

INTERIM REPORT JANUARY – JUNE 2021

Reporting period January – June

- Net sales increased 24.6 per cent to SEK 8,370 (6,720) million. Organically, net sales grew by 16.8 per cent.
- EBITA* increased 50.2 per cent to SEK 1,834 (1,221) million.
- The EBITA margin* improved 3.7 percentage points to 21.9 (18.2) per cent.
- Profit before tax grew 57.0 per cent to SEK 1,534 (977) million.
- Net profit for the period grew 57.2 per cent to SEK 1,151 (732) million.
- Earnings per share increased 56.2 per cent till SEK 2.50 (1.60).
- Cash flow from operating activities decreased 6.4 per cent to SEK 1,179 (1,259) million
- The pandemic did not negatively affect the market situation during the period.
- Ten new businesses were consolidated during the period with total annual net sales of about SEK 1,240 million.

Reporting period April – June

- Net sales increased 46.2 per cent to SEK 4,501 (3,079) million. Organically, net sales grew by 33.7 per cent.
- EBITA* increased by 79.1 per cent to SEK 1,019 (569) million
- The EBITA margin* improved 4.1 percentage points to 22.6 (18.5) per cent.
- Profit before tax grew 95.9 per cent to SEK 866 (442) million.
- Net profit for the period grew 95.8 per cent to SEK 650 (332) million.
- Cash flow from operating activities increased 9.4 per cent to SEK 858 (784) million.

Summary of financial performance

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
	2021	2020 ¹	change	2021	2020 ¹	change	change		2020 ¹
Net sales	8,370	6,720	24.6%	4,501	3,079	46.2%	15,432	12.0%	13,782
EBITA*	1,834	1,221	50.2%	1,019	569	79.1%	3,315	22.7%	2,702
EBITA margin*	21.9%	18.2%	3.7	22.6%	18.5%	4.1	21.5%	1.9	19.6%
Profit before tax	1,534	977	57.0%	866	442	95.9%	2,764	25.2%	2,207
Net profit for the period	1,151	732	57.2%	650	332	95.8%	2,104	24.9%	1,685
Earnings per share ²	2.50	1.60	56.2%	1.41	0.73	93.2%	4.57	24.5%	3.67
Return on capital employed	22.7%	18.0%	4.7	22.7%	18.0%	4.7	22.7%	3.1	19.6%
Return on capital employed excl. goodwill	159%	114%	45	159%	114%	45	159%	20	139%

* Before acquisition costs.

¹ In the first quarter 2021, the Group changed its accounting policies concerning call/put options issued in non-controlling interests.

Comparative figures have been recalculated for 2020 without this leading to any material impact on the reporting.

For more information, see the section on accounting policies.

² Comparative figures have been recalculated after the share split in May 2021, whereby each share was split into five new shares of the same share class (split 5:1).

COMMENTS FROM THE CEO

Lifco's primary target is to increase its earnings every year through organic growth as well as acquisitions. Net sales increased by 24.6 per cent to SEK 8,370 (6,720) million in the first half of the year, driven by organic growth and acquisitions. Exchange rate effects negatively impacted sales. The generally favourable market environment was a strong contributing factor to the organic growth of 16.8%.

During the first half of the year, EBITA* increased by 50.2 per cent to SEK 1,834 (1,221) million and the EBITA margin* improved by 3.7 percentage points to 21.9 (18.2) per cent. Improvements in profitability are a result of organic growth, Lifco's continual focus on profit margins, acquisitions and continued low sales and marketing activities as a result of the pandemic. Earnings per share during the period increased 56.2 per cent till SEK 2.50 (1.60).

All three business areas reported good sales and earnings growth during the first half of the year, and the development was stable in all divisions, except for Forest, for the six-month period. The quarterly comparison is affected by the negative effects of the pandemic in 2020 that primarily occurred during the second quarter 2020 and mainly affected the Dental business area. During the first six months 2021 the pandemic did not have any significant negatively impact on Lifco's sales and profit.

During the first half of the year, Lifco consolidated ten acquisitions, of which four in the Dental business area, four in Systems Solutions and two in Demolition & Tools. The acquisitions in Dental mean that Lifco continued to strengthen its position in the German market with Kaniedenta, Kentzler-Kaschner and Rissmann Dental, and carried out a small bolt-on acquisition in the Czech Republic. Acquisitions in Demolition & Tools pertained to both of the Italian companies Cangini Benne and MultiOne. Cangini Benne is a leading manufacturer of attachments for excavators and front loaders and MultiOne manufactures mini loaders. Systems Solutions' business was expanded with three British companies: T. Freemantle, a global manufacturer of cartoning and sleeving machinery; Cleveland Cascades, a global manufacturer of bespoke dry bulk loading chutes; and Spinaclean, which develops and sells vacuum cleaners and pressure washers for indoor and outdoor high-level cleaning. An assets and liabilities acquisition was consolidated in Systems Solutions pertaining to the German company ErgoPack's distributor in the US. The acquisitions will have a positive impact on Lifco's results and financial position during the year.

In the second quarter, Lifco announced the acquisition of four companies that will be consolidated into Systems Solutions during the third quarter 2021. These acquisitions pertain to the Italian companies DVG De Vecchi and Next Hydraulics, the German company Bode Components and Swedish Elvärmeprodukter i Skellefteå. The first three are market leaders in their respective niches. DVG De Vecchi manufactures and distributes components for coffee machines and Next Hydraulics manufactures telescopic cranes mainly used on light vehicles and also produces stabilisers for vehicles. Bode Components manufactures safety products for elevators and Elvärmeprodukter i Skellefteå sells heating products for floor, roof, ground and frost protection.

Lifco's financial position remains solid and interest-bearing net debt amounted to 1.2 times EBITDA* at 30 June 2021, which is well in line with our target of interest-bearing net debt of a maximum of three times EBITDA* and means that Lifco possesses the financial scope to make additional acquisitions.



Per Waldemarson
President and CEO

GROUP PERFORMANCE IN JANUARY – JUNE

Sales increased 24.6 per cent to SEK 8,370 (6,720) million. Organic growth was 16.8 per cent, acquisitions attributed 10.8 per cent and exchange rate effects had a negative impact on sales of 3.0 per cent. During the first half of the year, the German company Rissmann Dental, the Czech company Medema and the British companies T. Freemantle, Cleveland Cascades and Spinaclean as well as the majority of the German companies Kaniedenta and Kentzler-Kaschner and the Italian companies Cangini Benne and MultiOne were consolidated. The assets and liabilities acquisition of German ErgoPack's distributor in the US was also consolidated during the period.

EBITA* increased 50.2 per cent to SEK 1,834 (1,221) million and the EBITA margin* improved 3.7 percentage points to 21.9 (18.2) as a result of organic growth, Lifco's continual focus on profit margins, acquisitions and continued low sales and marketing activities as a result of the pandemic. Exchange rate effects had a negative impact on EBITA* of 4.0 per cent. During the period, 39 (34) per cent of EBITA* was generated in EUR, 25 (29) per cent in SEK, 12 (14) per cent in NOK, 7 (7) per cent in GBP, 5 (8) per cent in DKK, 5 (3) per cent in USD and 7 (5) per cent in other currencies.

Net financial items were SEK -34 (-28) million.

Profit before tax grew by 57.0 per cent to SEK 1,534 (977) million and net profit for the period increased by 57.2 per cent to SEK 1,151 (732) million.

Average capital employed excluding goodwill increased by SEK 141 million during the first half of the year, to SEK 2,079 million at 30 June 2021, compared with SEK 1,938 million at 31 December 2020.

EBITA* in relation to average capital employed excluding goodwill increased during the period to 159 per cent from 139 per cent at year-end.

The Group's net debt increased by SEK 1,746 million from 31 December 2020 to SEK 6,522 million at 30 June 2021, of which liabilities related to put/call options and additional considerations for acquisitions amounted to SEK 1,348 (908) million. Interest-bearing net debt increased by SEK 1,244 million since year-end and amounted to SEK 4,486 (3,815) million at 30 June 2021.

The net debt/equity ratio at 30 June 2021 was 0.7 (0.7) and net debt/EBITDA* was 1.8 (1.9) times. Interest-bearing net debt/EBITDA* was 1.2 (1.4) times. At period-end, 45 (41) per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities decreased by 6.4 per cent during the first half of the year, to SEK 1,179 (1,259) million, mainly on the back of the favourable market environment, which led to increased sales and therefore higher accounts receivable. Cash flow from investing activities was SEK -1,671 (-871) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE SECOND QUARTER

Sales increased by 46.2 per cent to SEK 4,501 (3,079) million in the second quarter. Organic growth was 33.7 per cent, acquisitions contributed 15.0 per cent while foreign exchange gains had a negative impact of 2.5 per cent. The comparison is affected by the negative effects of the pandemic primarily for the second quarter of 2020 that chiefly affected the Dental business area.

EBITA* increased 79.1 per cent to SEK 1,019 (569) million and the EBITA margin* improved 4.1 percentage points to 22.6 (18.5) as a result of Lifco's continual focus on profit margins, acquisitions and continued low sales and marketing activities as a result of the pandemic. Exchange rate effects had a negative impact on EBITA* of 3.9 per cent. During the second quarter, 37 (32) per cent of EBITA* was generated in EUR, 26 (30) per cent in SEK and 13 (16) per cent in NOK, 8 (8) per cent in GBP, 5 (1) per cent in USD, 4 (7) per cent in DKK and 7 (6) per cent in other currencies.

Net financial items were SEK -20 (-22) million.

Profit before tax grew by 95.9 per cent to SEK 866 (442) million. Net profit for the period grew 95.8 per cent to SEK 650 (332) million.

Average capital employed excluding goodwill increased by SEK 180 million to SEK 2,079 million at 30 June 2021, compared with SEK 1,899 million at 31 March 2021. EBITA* relative to average capital employed excluding goodwill increased from 151 per cent at 31 March 2021 to 159 per cent at 30 June 2021.

From 31 March 2021, the Group's net debt increased by SEK 618 million to SEK 6,522 million.

Dividends amounted to SEK 620 (34) million for the quarter. At the Annual General Meeting on 23 April 2021, the dividend for the 2020 financial year was set at SEK 6.00 per share, which is equivalent to a dividend of SEK 1.20 per share after the share split in May 2021. The total dividend to shareholders for the 2020 financial year was SEK 545.1 million, and was paid on 30 April 2021.

Cash flow from operating activities increased 9.4 per cent to SEK 858 (784) million, mainly on the back of improved operating profit for the quarter. Cash flow from investing activities was SEK -799 (-44) million, which was attributable to acquisitions and investments.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
	2021	2020	change	2021	2020	change	change		2020
Net sales	2,656	2,012	32.0%	1,317	841	56.6%	4,934	15.0%	4,290
EBITA*	600	385	55.8%	297	144	106%	1,113	23.9%	898
EBITA margin*	22.6%	19.1%	3.5	22.6%	17.1%	5.5	22.6%	1.7	20.9%

The companies in Lifco's Dental business area are leading suppliers of consumables, equipment and technical service to dentists across Europe, and the business area also has operations in the US. Lifco sells dental technology to dentists in the Nordic countries and Germany, and develops and sells medical record systems in Denmark, Sweden and Germany. The business area also includes a number of manufacturers which produce fitting products for dentures, disinfectants, saliva ejectors, bite registration and dental impression materials, bonding agents and other consumables that are sold to dentists through distributors around the world. In recent years, Dental has through acquisitions and organic growth increased its earnings in manufacturing, dental technology and software faster than in distribution, which has had a positive impact on margin growth in the business area.

Net sales in Dental increased by 32.0 per cent to SEK 2,656 (2,012) million during the first half of the year, positively affected by organic growth and acquisitions. The quarterly comparison is affected by the negative effects of the pandemic in 2020 that primarily occurred during the second quarter of 2020.

EBITA* increased by 55.8 per cent to SEK 600 (385) million during the first half of the year and the EBITA margin* improved by 3.5 percentage points to 22.6 (19.1) per cent. Profitability was impacted positively from organic growth, Lifco's continual focus on profit margins, acquisitions and continued low sales and marketing activities as a result of the pandemic.

The dental market remains generally stable. The results of individual companies in Lifco's Dental business may in any individual quarter be influenced by significant fluctuations in exchange rates, calendar effects (such as Easter), gained or lost contracts in procurements of consumables by public-sector or major private-sector customers and fluctuations in the delivery of equipment. In the second quarter of the year, there were no individual events that had a substantial impact on the earnings of the Dental group as a whole.

As of January 2021, the German operations Kaniedenta and Rissmann Dental were consolidated. Kaniedenta produces and sells dental consumables primarily for the German market. The company had a turnover of about EUR 29 million in 2019 and has 35 employees. The acquisition comprised the majority of the shares. Rissmann Dental is a dental laboratory and had sales of approximately EUR 4.1 million in 2019. The company has about 50 employees. The acquisition was an assets and liabilities acquisition. As of February 2021, the majority of the German company Kentzler-Kaschner was consolidated, which sells consumables to the dental market, mainly in Germany. The company had a turnover of about EUR 3.6 million in 2020 and has 20 employees. As of March 2021, the Czech

company Medema was consolidated, which sells consumables and smaller sized equipment to dental clinics and dental laboratories in the Czech Republic. The company had a turnover in 2020 of about CZK 26 million, corresponding to about EUR 1 million. The company has four employees and the acquisition comprised all of the shares.

Demolition & Tools

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
	2021	2020	change	2021	2020	change	change		2020
Net sales	2,226	1,637	36.0%	1,311	775	69.2%	3,823	18.2%	3,234
EBITA*	601	355	69.3%	369	176	110%	996	32.8%	750
EBITA margin*	27.0%	21.7%	5.3	28.1%	22.7%	5.4	26.1%	2.9	23.2%

The Demolition & Tools business area develops, manufactures and sells equipment for the construction and demolition industries. The Group is the world's leading supplier of demolition robots and crane attachments. The Group is also one of the leading global suppliers of excavator attachments. The business area's EBITA margin may fluctuate between quarters due to single, major special orders and changes to the product mix.

Net sales increased by 36.0 per cent to SEK 2,226 (1,637) million in the first half of the year, driven by organic growth and acquisitions. The market environment was generally good. EBITA* increased by 69.3 per cent to SEK 601 (355) million during the same period and the EBITA margin* improved by 5.3 percentage points to 27.0 (21.7) per cent. The EBITA margin* was impacted positively by organic growth, profitable special orders, Lifco's continual focus on profit margins, acquisitions and continued low sales and marketing activities as a result of the pandemic.

As of February 2021, the majority of the Italian company MultiOne was consolidated, a leading manufacturer of mini loaders and attachments. The company had a turnover of around EUR 27 million in 2020 and has 46 employees. From April 2021, the majority of the shares of the Italian company Cangini Benne, a leading manufacturer of attachments for excavators and front loaders, were consolidated. Cangini Benne had a turnover of about EUR 35 million in 2020 and has 115 employees.

Systems Solutions

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
	2021	2020	change	2021	2020	change	change		2020
Net sales	3,488	3,071	13.6%	1,873	1,463	28.0%	6,675	6.7%	6,258
EBITA*	695	536	29.7%	386	274	40.9%	1,325	13.6%	1,166
EBITA margin*	19.9%	17.5%	2.4	20.6%	18.7%	1.9	19.9%	1.3	18.6%

Through its operating units, the Systems Solutions business area operates in industries offering systems solutions. Systems Solutions is divided into five divisions: Construction Materials, Contract Manufacturing, Environmental Technology, Service and Distribution (previously Interiors for Service Vehicles) and Forest.

Net sales in Systems Solutions increased by 13.6 per cent to SEK 3,488 (3,071) million during the first half of the year, mainly on the back of organic growth in all divisions except Forest. The market environment for Systems Solutions was generally favourable during the period.

During the first half of the year, EBITA* increased by 29.7 per cent to SEK 695 (536) million and the EBITA margin* improved by 2.4 percentage points to 19.9 (17.5) per cent. Improvements in profitability are a result of Lifco's continual focus on profit margins, organic growth, acquisitions and continued low sales and marketing activities as a result of the pandemic.

Construction Materials reported good performance in sales and profitability in the first half of the year.

Contract Manufacturing reported stable sales and profitability development during the six-month period.

Environmental Technology had a strong development in sales and profitability during the period due to healthy demand for consumer durables and continued healthy demand in the aftermarket segment.

Service and Distribution saw a good development in sales and profitability during the first half of the year as a result of acquisitions, a favorable market situation and profitability focus.

Forest had lower sales and improved earnings and profitability during the first six months of the year, which was due to the project-related part of the business, in which sales and earnings can fluctuate substantially between the quarters. These variations do not usually correlate with the underlying market situation but instead depend largely on the outcome of specific projects.

In the Environmental Technology division, the British company Cleveland Cascades was consolidated as of February 2021, a global leader in the design and manufacture of bespoke dry bulk loading chutes. The company had a turnover of around GBP 5.1 million in 2020 and has some 30 employees. The acquisition comprised all of the shares. In the Service and Distribution division, the British company T. Freemantle was consolidated as of January 2021, a niche manufacturer of cartoning and sleeving machinery. The company had a turnover of around GBP 5.0 million in 2019 and has some 40 employees. The acquisition comprised all of the shares. From April 2021, the British company Spinaclean, which develops and sells vacuum cleaners and pressure washers for indoor and outdoor

high-level cleaning, was consolidated into the Environmental Technology division. Spinaclean had a turnover of about GBP 5.8 million in 2020 and has some 20 employees. The acquisition comprised all of the shares. ErgoPack's distributor in the US was also consolidated in the Environmental Technology division from May 2021. The company had a turnover of about USD 4.2 million in 2020, all of which was generated by the German company ErgoPack GmbH, which Lifco acquired in 2019. The acquisition of the distributor in the US was an assets and liabilities acquisition.

ACQUISITIONS

Lifco made the following consolidations in the first six months of the year:

Consolidated from month	Acquisitions	Business area	Net sales	Employees
January	Kaniedenta	Dental	EUR 29m ¹	35
January	Rissmann Dental	Dental	EUR 4.1m ¹	50
January	T. Freemantle	Systems Solutions	GBP 5.0m ¹	40
February	MultiOne	Demolition & Tools	EUR 27m	46
February	Cleveland Cascades	Systems Solutions	GBP 5.1m	30
March	Kentzler-Kaschner	Dental	EUR 3.6m	20
March	Medema	Dental	EUR 1m	4
April	Spinaclean	Systems Solutions	GBP 5.8m	20
April	Cangini Benne	Demolition & Tools	EUR 35m	115
May	ErgoPack's distributor in the US	Systems Solutions	USD 4.2m ²	-

¹ Refers to net sales in 2019.

² All of the turnover was generated by the German company ErgoPack GmbH, which was acquired by Lifco in 2019.

Further information on the acquisitions is provided on page 18. The figures for net sales and number of employees refer to estimated annual net sales and the number of employees at the acquisition date.

Taken together, the acquisitions will have a positive impact on Lifco's results and financial position in the current year.

OTHER FINANCIAL INFORMATION

Employees

The average number of employees was 5,784 (5,446) in the first half of the year. At the end of the period, the number of employees was 6,014 (5,382). Acquisitions added around 360 employees.

Events after the end of the reporting period

On 8 June 2021, Lifco announced the acquisition of all shares in Elvärmeprodukter i Skellefteå, which sells heating products for floor, roof, ground and frost protection, mainly in Sweden. The company had a turnover of around SEK 38 million in 2020 and has eleven employees. Elvärmeprodukter i Skellefteå will be consolidated in the Systems Solutions business area, Construction Materials division, from July 2021.

On 23 April 2021, Lifco announced the acquisition of the majority of the shares of the Italian company DVG De Vecchi, a leading manufacturer and distributor of coffee machines. DVG De Vecchi

had a turnover of about EUR 16 million in 2020 and has 39 employees. DVG De Vecchi will be consolidated in the Systems Solutions business area, Service and Distribution division from July 2021.

On 24 June 2021, Lifco announced the acquisition of the majority of the shares of the Italian company Next Hydraulics, a leading manufacturer of telescopic cranes mainly used on light vehicles. The company also produces stabilisers for vehicles. Next Hydraulics had a turnover of about EUR 21 million in 2020 and has 43 employees. Next Hydraulics will be consolidated in the Systems Solutions business area, Service and Distribution division from July 2021.

On 30 June 2021, Lifco announced the acquisition of all shares in the German company Bode Components, a leading manufacturer of safety products for elevators. Bode Components generated sales of about EUR 5 million in 2020 and has nine employees. Bode Components will be consolidated in the Systems Solutions business area, Construction Materials division, from August 2021.

The individual acquisitions will not have a significant impact on Lifco's earnings and financial position in the current year.

Related party transactions

No significant transactions with related parties took place during the period.

Division of the company's shares (share split)

On 23 April 2021, the Annual General Meeting resolved, in accordance with the Board's proposal, to approve a division of the company's shares (share split) so that each current share is divided into five new shares of the same class (5:1 split). On 28 April 2021, the Board announced that the record date for the split would be 7 May 2021, meaning that the last day for trading of the share before the split was Wednesday, 5 May 2021, and the first day of trading in the split shares was Thursday, 6 May 2021.

The total number of shares in the company after the split increased from 90,843,260 to 454,216,300 shares, of which 30,379,850 were Class A shares and 422,836,450 were Class B shares. The Class A shares represent 303,798,500 votes and the Class B shares represent 423,836,450 votes, for a total of 727,634,950 votes. The share capital is unchanged at SEK 18,168,652.

The company's shares received new ISIN codes in connection with the split: Class A shares: SE0015949193, Class B shares: SE0015949201.

Annual General Meeting 2021

The 2021 Annual General Meeting was held on 23 April in Stockholm. The main resolutions of the Meeting were as follows: • The dividend for the 2020 financial year was set at SEK 6.00 per share (before the 5:1 share split). The record date for the right to dividends was set at 27 April 2021, with payment on 30 April 2021. • Carl Bennet, Ulrika Dellby, Annika Espander, Dan Frohm, Erik Gabrielson, Ulf Grunander, Johan Stern, Caroline af Ugglas, Axel Wachtmeister and Per Waldemarson were re-elected members of the Board. Carl Bennet was re-elected Chairman of the Board. • The registered public accounting firm PricewaterhouseCoopers AB was re-elected as the company's auditors for a one-year term. • Fees for the Board and auditors were adopted, as were principles for the work of the Nomination Committee. • Resolution to approve a division of the company's shares (share split) so that each current share is divided into five new shares of the same class (5:1 split).

Board members and senior executives have acquired synthetic call options in Lifco

The Board of Directors of Lifco was informed by the company's principal shareholder, Carl Bennet AB, on 31 May 2021 that Board members and senior executives in Lifco have acquired synthetic call options in Lifco issued by Carl Bennet AB.

Carl Bennet AB has offered all Board members elected by the general meeting, excluding Carl Bennet, and all senior executives in Lifco, 21 people in total, to acquire synthetic call options in Lifco issued by Carl Bennet AB. In total 415,201 options were acquired at a price corresponding to the market value of the options on the date of transaction, according to an external valuation statement. The total market value of the options at the time of the transaction has been calculated at SEK 9.5 million.

The synthetic call options are related to the Lifco Class B share and have a maturity of four years and may be exercised during the period 1 March–31 May 2025. The exercise price per option is SEK 223.71, corresponding to 122 per cent of the volume-weighted average price paid for the Lifco Class B share on Nasdaq Stockholm during the period 24–28 May 2021. When exercising the option, the option holder will receive a cash payment from the option issuer corresponding to the market value of the share at the time of the exercise reduced by the exercise price. The terms and conditions for the options contain a cap, entailing that the maximum payout for each option is SEK 326.40. The options are not subject to any transfer restrictions.

Lifco has not been involved in the offer, which was provided by Carl Bennet AB to Board members and senior executives in Lifco on its own initiative. The offer does not incur any costs for Lifco.

Risks and uncertainties

The risk factors which have the biggest impact for Lifco are the competitive situation, structural changes in the market and general level of economic activity. Lifco is also exposed to financial risks, including currency risks, interest rate risks, credit and counterparty risks.

During the first six months 2021 the pandemic did not have any significant negatively impact on Lifco's sales and profit. Lifco continues to monitor the effects of the pandemic.

The Parent Company is affected by the above risks and uncertainties in its capacity as owner of the subsidiary companies. For further information on Lifco's risks and risk management, see the 2020 Annual Report.

Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. In respect of the Parent Company, the report has been prepared in accordance with the Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. The accounting policies have been applied in accordance with those which are presented in the 2020 Annual Report and should be read in conjunction with these.

In the first quarter of 2021, the Group changed its accounting policies concerning call/put options issued in non-controlling interests. Changes in value of these options were previously recognised in profit or loss. The changed accounting policy means that these changes in value are instead

recognised in equity as shareholder transactions. The Group is of the opinion that this reporting is justified since it better reflects the significance of the transaction and thus provides a more true and fair view. Comparative figures have been recalculated for 2020 without this leading to any material impact on the reporting.

This report has not been examined by the company's auditors.

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer warrant and declare that this six-month report gives a true and fair view of the Parent Company's and Group's operations, financial positions and results, and that it describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Enköping, 16 July 2021

Carl Bennet
Chairman of the Board

Ulrika Dellby
Director

Dan Frohm
Director

Erik Gabrielson
Director

Ulf Grunander
Director

Annika Espander
Director

Anders Lorentzson
Director, employee
representative

Johan Stern
Vice Chairman

Caroline af Ugglas
Director

Axel Wachtmeister
Director

Per Waldemarson
President and CEO, Director

Peter Wiberg
Director,
employee representative

FINANCIAL CALENDAR

The report for the third quarter will be published on 22 October.

The year-end report and the report for the fourth quarter will be published on 2 February 2022.

FURTHER INFORMATION

Media and investor relations: Åse Lindskog, ir@lifco.se, telephone: +46 730 24 48 72.

TELECONFERENCE

Media and analysts are welcome to call in to a teleconference, where CEO Per Waldemarson and CFO Therése Hoffman will present the interim report. After the presentation, there will be an opportunity to ask questions.

Time: Friday, 16 July at 10:30 a.m. CEST

Link to the presentation: <https://tv.streamfabriken.com/lifco-q2-2021>

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LIFCO IN BRIEF

Lifco offers a safe haven for small and medium-sized businesses. Lifco's business concept is to acquire and develop market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. Lifco is guided by a clear philosophy centred on long-term growth, a focus on profitability and a strongly decentralised organisation. The Group has three business areas: Dental, Demolition & Tools and Systems Solutions. At year-end, the Lifco Group consisted of 175 operating companies in 31 countries. In 2020, Lifco reported EBITA of SEK 2,702 million on net sales of SEK 13.8 billion. The EBITA margin was 19.6 per cent. Read more at www.lifco.se.

This information constitutes information that Lifco AB is required to publish under the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication through the aforementioned contact person on 16 July 2021, at 7.30 a.m. CEST.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	SIX MONTHS			SECOND QUARTER			FULL YEAR 2020
	2021	2020	change	2021	2020	change	
Net sales	8,370	6,720	24.6%	4,501	3,079	46.2%	13,782
Cost of goods sold	-4,814	-3,940	22.2%	-2,587	-1,823	41.9%	-7,968
Gross profit	3,556	2,780	27.9%	1,914	1,256	52.4%	5,814
Selling expenses	-845	-775	9.0%	-445	-345	29.0%	-1,491
Administrative expenses	-1,058	-953	11.0%	-536	-424	26.4%	-1,921
Development costs	-71	-55	29.1%	-37	-28	32.1%	-121
Other income and expenses	-14	8	-275%	-10	5	-300%	-12
Operating profit	1,568	1,005	56.0%	886	464	90.9%	2,269
Net financial items	-34	-28	21.4%	-20	-22	-9.1%	-62
Profit before tax	1,534	977	57.0%	866	442	95.9%	2,207
Tax	-383	-245	56.3%	-216	-110	96.4%	-522
Net profit for the period	1,151	732	57.2%	650	332	95.8%	1,685
Profit attributable to:							
Parent Company shareholders	1,137	723	57.3%	644	326	97.2%	1,665
Non-controlling interests	14	9	55.6%	6	6	0.0%	20
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	2.50	1.60	56.2%	1.41	0.73	93.2%	3.67
EBITA*	1,834	1,221	50.2%	1,019	569	79.1%	2,702
Depreciation of tangible assets	190	178	6.7%	97	89	9.0%	344
Amortisation of intangible assets	8	5	60.0%	5	2	150%	16
Amortisation of intangible assets arising from acquisitions	243	204	19.1%	123	102	20.6%	412

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	SIX MONTHS			SECOND QUARTER			2020
	2021	2020	change	2021	2020	change	
Net profit for the period	1,151	732	57.2%	650	332	95.8%	1,685
Other comprehensive income							
<i>Items which can later be reclassified to profit or loss:</i>							
Hedge of net investment	-33	82	-140%	20	-28	-171%	57
Translation differences	209	-222	-194%	-143	-353	-59.5%	-530
Tax related to other comprehensive income	7	-18	-139%	-5	6	-183%	-13
Total comprehensive income for the period	1,334	574	132%	522	-43	-1,314%	1,199
<i>Comprehensive income attributable to:</i>							
Parent Company shareholders	1,318	567	132%	518	-47	-1,202%	1,184
Non-controlling interests	16	7	129%	4	4	-	15
	1,334	574	132%	522	-43	-1,314%	1,199

SEGMENT OVERVIEW

Lifco's operations are monitored and evaluated by the CEO and resources are allocated based on information from the three operating segments Dental, Demolition & Tools and Systems Solutions. The defined quantitative limits have been exceeded only by Dental and Demolition & Tools. One further operating segment, Systems Solutions, is presented. This operating segment consists of a merger of those divisions which have similar economic characteristics and which do not individually meet the defined quantitative limits. These divisions are Construction Materials, Contract Manufacturing, Environmental Technology, Service and Distribution and Forest.

NET SALES TO EXTERNAL CUSTOMERS

No sales are made between the segments.

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
	2021	2020	change	2021	2020	change	change	2020	
Dental	2,656	2,012	32.0%	1,317	841	56.6%	4,934	15.0%	4,290
Demolition & Tools	2,226	1,637	36.0%	1,311	775	69.2%	3,823	18.2%	3,234
Systems Solutions	3,488	3,071	13.6%	1,873	1,463	28.0%	6,675	6.7%	6,258
Group	8,370	6,720	24.6%	4,501	3,079	46.2%	15,432	12.0%	13,782

Net sales by type of income:

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
	2021	2020	change	2021	2020	change	change	2020	
Dental products	2,656	2,012	32.0%	1,317	841	56.5%	4,934	15.0%	4,290
Machinery and tools	2,226	1,637	36.0%	1,311	775	69.2%	3,823	18.2%	3,234
Construction Materials	603	591	2.0%	323	302	7.0%	1,170	1.0%	1,158
Contract Manufacturing	687	590	16.4%	369	321	15.0%	1,302	8.0%	1,205
Environmental Technology	1,000	876	14.2%	546	372	46.8%	1,813	7.3%	1,689
Service and Distribution	888	651	36.4%	454	321	41.4%	1,698	16.2%	1,461
Forest	310	363	-14.6%	181	147	23.1%	692	-7.1%	745
Group	8,370	6,720	24.6%	4,501	3,079	46.2%	15,432	12.0%	13,782

EBITA

A breakdown of results by segment is made up to and including EBITA. EBITA is reconciled to profit before tax in accordance with the following table:

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR 2020
	2021	2020	change	2021	2020	change	change		
Dental	600	385	55.8%	297	144	106%	1,113	23.9%	898
Demolition & Tools	601	355	69.3%	369	176	110%	996	32.8%	750
Systems Solutions	695	536	29.7%	386	274	40.9%	1,325	13.6%	1,166
Central Group functions	-62	-55	12.7%	-33	-25	32.0%	-119	6.3%	-112
EBITA before acquisition costs	1,834	1,221	50.2%	1,019	569	79.1%	3,315	22.7%	2,702
Acquisition costs	-23	-12	91.7%	-10	-3	233%	-32	52.4%	-21
EBITA	1,811	1,209	49.8%	1,009	566	78.3%	3,283	22.5%	2,681
Amortisation of intangible assets arising from acquisitions	-243	-204	19.1%	-123	-102	20.6%	-451	9.5%	-412
Net financial items	-34	-28	21.4%	-20	-22	-9.1%	-68	9.7%	-62
Profit before tax	1,534	977	57.0%	866	442	95.9%	2,764	25.2%	2,207

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 June 2021	30 June 2020	31 Dec 2020
ASSETS			
Intangible assets	13,513	11,701	11,610
Tangible assets	1,774	1,491	1,504
Financial assets	246	182	199
Inventories	2,424	2,014	1,864
Accounts receivable	2,160	1,645	1,533
Current receivables	486	477	382
Cash and cash equivalents	1,178	781	1,170
TOTAL ASSETS	21,781	18,291	18,262
EQUITY AND LIABILITIES			
Equity	9,350	8,061	8,676
Non-current interest-bearing liabilities incl. pension provisions	2,450	1,459	2,311
Other non-current liabilities and provisions	2,533	2,017	2,164
Current interest-bearing liabilities	3,903	3,689	2,649
Accounts payable - trade	1,183	805	796
Other current liabilities	2,362	2,260	1,666
TOTAL EQUITY AND LIABILITIES	21,781	18,291	18,262

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	30 June 2021	30 June 2020	31 Dec 2020
Opening equity	8,614	7,915	7,915
Comprehensive income for the period	1,318	567	1,184
Change in value, owner transactions	-123	2	-8
Dividend	-545	-477	-477
Closing equity	9,264	8,007	8,614
<i>Equity attributable to:</i>			
Parent Company shareholders	9,264	8,007	8,614
Non-controlling interests	86	54	62
	9,350	8,061	8,676

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	SIX MONTHS		SECOND QUARTER		FULL YEAR
	2021	2020	2021	2020	2020
Operating activities					
Operating profit	1,568	1,005	886	464	2,269
Non-cash items	441	387	225	193	772
Interest and financial items, net	-34	-28	-20	-22	-62
Tax paid	-362	-337	-188	-169	-593
Cash flow before changes in working capital	1,613	1,027	903	466	2,386
<i>Changes in working capital</i>					
Inventories	-343	37	-68	159	208
Current receivables	-436	12	-98	205	145
Current liabilities	345	183	121	-46	73
Cash flow from operating activities	1,179	1,259	858	784	2,812
Business acquisitions and sales, net	-1,543	-778	-724	-21	-1,056
Net investment in tangible assets	-115	-81	-67	-13	-223
Net investment in intangible assets	-13	-12	-8	-10	-25
Cash flow from investing activities	-1,671	-871	-799	-44	-1,304
Borrowings/repayment of borrowings, net	1,082	-263	498	-608	-472
Dividends paid	-545	-	-545	-	-477
Dividends paid to non-controlling interests	-80	-38	-75	-34	-49
Cash flow from financing activities	457	-301	-122	-642	-998
Cash flow for the period	-35	87	-63	98	510
Cash and cash equivalents at beginning of period	1,170	729	1,266	714	729
Translation differences	43	-35	-25	-31	-69
Cash and cash equivalents at end of period	1,178	781	1,178	781	1,170

ACQUISITIONS IN 2021

Ten new businesses were consolidated in the first half of the year. The acquisitions pertain to the assets in the German company Rissmann Dental and ErgoPack's distributor in the US, and to all of the shares in the Czech company Medema and the British companies T. Freemantle, Cleveland Cascades and Spinaclean. The consolidated acquisitions also include the majority of both of the German companies Kaniedenta and Kentzler-Kaschner as well as both of the Italian companies Cangini Benne and MultiOne.

The purchase price allocation includes all acquisitions made during the first half of the year.

Acquisition-related expenses of SEK 23 million are included in administrative expenses in the consolidated income statement for the first half of the year. Since the respective consolidation dates, the acquired companies have added SEK 594 million to consolidated net sales and SEK 158 million to EBITA. If the businesses had been consolidated as of 1 January 2021, net sales for the year would have increased by a further SEK 150 million and EBITA would have increased by a further SEK 39 million.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	4	1,064	1,068
Tangible assets	114	-	114
Inventories, accounts receivable and other receivables	508	-40	468
Accounts payable and other liabilities	-413	-287	-700
Cash and cash equivalents	212	-	212
Net assets	425	737	1,162
Goodwill	-	879	879
Total net assets	425	1,616	2,041

Effect on cash flow, SEK million

Consideration	2,041
<i>Consideration not paid</i>	-313
Cash and cash equivalents in acquired companies	-212
Consideration paid relating to acquisitions from previous years	27
Total cash flow effect	1,543

FINANCIAL INSTRUMENTS

SEK million	30 June 2021	30 June 2020	31 Dec 2020
Financial assets at amortised cost			
Accounts receivable	2,160	1,645	1,533
Other non-current financial receivables	27	11	11
Cash and cash equivalents	1,178	781	1,170
Total	3,365	2,437	2,714
Liabilities at fair value through profit or loss			
Other liabilities ¹	1,348	908	986
Financial liabilities at amortised cost			
Interest-bearing borrowings	6,308	5,107	4,916
Accounts payable - trade	1,183	805	796
Total	8,839	6,820	6,698

¹ Other liabilities classified as financial instruments refer to mandatory put/call options related to non-controlling interests and additional considerations.

The carrying amount is the same as the fair value. Financial instruments at fair value are classified into different levels depending on how fair value is determined. All financial instruments at fair value in the Lifco Group have been classified as level 3, i.e. non-observable inputs. The fair value of short-term borrowings is equal to the carrying amount, as the discount effect is insignificant.

KEY PERFORMANCE INDICATORS

ROLLING TWELVE MONTHS TO	2021 30 JUNE	2020 31 DEC	2020 30 JUNE
Net sales, SEK million	15,432	13,782	13,672
Change in net sales, %	12.0	-0.5	-1.2
EBITA*, SEK million	3,315	2,702	2,468
EBITA margin*, %	21.5	19.6	18.1
EBITDA*, SEK million	3,689	3,062	2,818
EBITDA margin*, %	23.9	22.2	20.6
Capital employed, SEK million	14,614	13,812	13,706
Capital employed excl. goodwill and other intangible assets, SEK million	2,079	1,938	2,173
Return on capital employed, %	22.7	19.6	18.0
Return on capital employed excl. goodwill, %	159	139	114
Return on equity, %	23.4	19.9	18.9
Net debt, SEK million	6,522	4,776	5,275
Net debt/equity ratio	0.7	0.6	0.7
Net debt/EBITDA*	1.8	1.6	1.9
Interest-bearing net debt, SEK million	4,486	3,242	3,815
Interest-bearing net debt/EBITDA*	1.2	1.1	1.4
Equity/assets ratio, %	42.9	47.5	44.1
Number of shares, thousand ¹	454,216	90,843	90,843
Average number of employees	5,784	5,491	5,446

¹ In May 2021, Lifco carried out a share split whereby each share was split into five new shares of the same share class (split 5:1).

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	SIX MONTHS		SECOND QUARTER		FULL YEAR
	2021	2020	2021	2020	2020
Administrative expenses	-59	-51	-31	-18	-106
Other operating income ¹	-	-	-	-	147
Operating profit	-59	-51	-31	-18	41
Finansnetto ²	658	887	680	788	954
Profit after financial items	599	836	649	770	995
Appropriations	-	6	-	6	-31
Tax	5	-9	-5	5	-27
Net profit for the period	604	833	644	781	937

¹ Invoicing of Group-wide services.

² Net financial items include SEK 623 (771) million in dividends received during the six-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 June 2021	30 June 2020	31 Dec 2020
ASSETS			
Financial assets	5,842	4,989	4,777
Current receivables	6,940	6,039	6,204
Cash and cash equivalents	345	328	625
TOTAL ASSETS	13,127	11,356	11,606
EQUITY AND LIABILITIES			
Equity	3,790	3,628	3,731
Untaxed reserves	75	65	75
Provisions	15	11	23
Non-current interest-bearing liabilities	1,785	946	1,779
Current interest-bearing liabilities	3,689	3,511	2,463
Current non-interest-bearing liabilities	3,773	3,195	3,535
TOTAL EQUITY AND LIABILITIES	13,127	11,356	11,606
Pledged assets	-	-	-
Contingent liabilities	207	211	199

DEFINITIONS AND OBJECTIVES

Return on equity	Net profit for the period divided by average equity.
Return on capital employed	EBITA before acquisition costs divided by capital employed.
Return on capital employed excluding goodwill and other intangible assets	EBITA before acquisition costs divided by capital employed excluding goodwill and other intangible assets.
EBITA	EBITA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated after investments in tangible and intangible assets requiring reinvestment but before investments in intangible assets attributable to acquisitions. Lifco defines earnings before interest, tax and amortisation (EBITA) as operating profit before amortisation and impairment of intangible assets arising from acquisitions. In its financial reports, Lifco excludes acquisition costs, which is indicated by an asterisk.
EBITA margin	EBITA divided by net sales.
EBITDA	EBITDA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated before investments in non-current assets. Lifco defines earnings before interest, tax, depreciation and amortisation (EBITDA) as operating profit before depreciation, amortisation and impairment of tangible and intangible assets. In its financial reports, Lifco excludes acquisition costs, which is indicated by an asterisk.
EBITDA margin	EBITDA divided by net sales.
Net debt/equity ratio	Net debt divided by equity.
Net debt	Lifco uses the alternative KPI net debt. Lifco considers that this is a useful additional KPI which allows users of the financial reports to assess the Group's ability to pay dividends, make strategic investments and meet its financial obligations. Lifco defines the KPI as follows: current and non-current liabilities to credit institutions, bonds, interest-bearing pension provisions, liabilities related to put/call options and additional considerations relating to acquisitions as well as lease liabilities less cash and cash equivalents.

Earnings per share

Profit after tax attributable to Parent Company shareholders, divided by the average number of shares outstanding.

Interest-bearing net debt

Lifco uses the alternative KPI interest-bearing net debt. Lifco considers that this is a useful additional KPI which allows users of the financial reports to assess the Group's ability to pay dividends, make strategic investments and meet its financial obligations. Lifco defines the KPI as follows: current and non-current liabilities to credit institutions, bonds as well as interest-bearing pension provisions less cash and cash equivalents.

Equity/assets ratio

Equity divided by total assets (balance sheet total).

Capital employed

Capital employed is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed is useful in helping users of the financial reports to understand how the Group finances itself. Lifco defines capital employed as total assets less cash and cash equivalents, interest-bearing pension provisions and non-interest-bearing liabilities with the exception of liabilities related to put/call options and additional considerations relating to acquisitions, calculated as the average of the last four quarters.

Capital employed excluding goodwill and other intangible assets

Capital employed excluding goodwill and other intangible assets is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed excluding goodwill and other intangible assets is useful in helping users of the financial reports to understand the impact of goodwill and other intangible assets on that capital which requires a return. Lifco defines capital employed excluding goodwill and other intangible assets as total assets less cash and cash equivalents, interest-bearing pension provisions, non-interest-bearing liabilities with the exception of liabilities related to put/call options and additional considerations relating to acquisitions, goodwill and other intangible assets, calculated as the average of the last four quarters.

RECONCILIATION OF ALTERNATIVE KEY PERFORMANCE INDICATORS

The interim report presents alternative key performance indicators for assessing the Group's performance. The primary alternative KPIs presented in this interim report are EBITA, EBITDA, net debt and capital employed. Definitions of the alternative KPIs are presented on pages 21–22.

EBITA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2021	SIX MONTHS 2020	FULL YEAR 2020
Operating profit	1,568	1,005	2,269
Amortisation of intangible assets arising from acquisitions	243	204	412
EBITA	1,811	1,209	2,681
Acquisition costs	23	12	21
EBITA before acquisition costs	1,834	1,221	2,702

EBITDA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2021	SIX MONTHS 2020	FULL YEAR 2020
Operating profit	1,568	1,005	2,269
Depreciation of tangible assets	190	178	344
Amortisation of intangible assets	8	5	16
Amortisation of intangible assets arising from acquisitions	243	204	412
EBITDA	2,009	1,392	3,041
Acquisition costs	23	12	21
EBITDA before acquisition costs	2,032	1,404	3,062

Net debt compared with financial statements in accordance with IFRS

SEK million	30 June 2021	30 June 2020	31 Dec 2020
Non-current interest-bearing liabilities including pension provisions	1,916	1,051	1,909
Current interest-bearing liabilities	3,748	3,545	2,503
Cash and cash equivalents	-1,178	-781	-1,170
Interest-bearing net debt	4,486	3,815	3,242
Put/call options, additional considerations	1,348	908	986
Lease liability	688	552	548
Net debt	6,522	5,275	4,776

Capital employed and capital employed excluding goodwill and other intangible assets compared with financial statements in accordance with IFRS

SEK million	30 June 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Total assets	21,781	20,979	18,262	18,624
Cash and cash equivalents	-1,178	-1,266	-1,170	-865
Interest-bearing pension provisions	-45	-43	-44	-45
Non-interest-bearing liabilities	-4,732	-4,311	-3,639	-3,852
Capital employed	15,826	15,359	13,409	13,862
Goodwill and other intangible assets	-13,513	-13,085	-11,610	-11,933
Capital employed excluding goodwill and other intangible assets	2,313	2,274	1,799	1,929

Capital employed and capital employed excluding goodwill and other intangible assets calculated as the average of the last four quarters compared with financial statements in accordance with IFRS

SEK million	Average	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Capital employed	14,614	15,826	15,359	13,409	13,862
Capital employed excluding goodwill and other intangible assets	2,079	2,313	2,274	1,799	1,929
EBITA*	Total 3,315	1,019	815	782	699
Return on capital employed	22.7%				
Return on capital employed excluding goodwill and other intangible assets	159%				