

INTERIM REPORT JANUARY–JUNE 2021

Q2

storskogen

SECOND QUARTER (1 APRIL–30 JUNE 2021)

- Net sales increased by 81 percent to SEK 3,821m (2,109).
- Operating profit (EBIT) grew by 46 percent to SEK 298m (204), equivalent to an operating margin of 7.8 percent (9.7).
- Adjusted operating profit before amortization of intangible non-current assets (EBITA) increased by 73 percent to SEK 383m (221), equivalent to an adjusted EBITA margin of 10.0 percent (10.5).
- Profit for the period climbed by 48 percent to SEK 210m (142).
- Earnings per A-share came to SEK 1.43 (1.31) and 1.39 (1.33) per B-share.
- Cash flow from operating activities amounted to SEK 891m (345).
- A private placement and two non-cash issues were carried out during the period June–July to a total amount of SEK 3,650 million before costs. An issue payment of SEK 2,460 million and the non-cash issues of a total of SEK 861 million were attributed to the second quarter. The remaining part of the issue proceeds was received during the third quarter. The cost of the issue amounted to SEK 19 million.
- 25 acquisitions were made during the quarter, with combined annual sales in 2020 of SEK 5,867m.
- On 4 May, Storskogen issued an unlisted senior unsecured bond for SEK 3,000m with a maturity of three years.
- A dividend was paid of SEK 4.00 per Series B share and SEK 4.09 per A-share.

FIRST HALF (1 JANUARY–30 JUNE 2021)

- Net sales increased by 61 percent to SEK 6,713m (4,177).
- Operating profit grew by 52 percent to SEK 530m (349), equivalent to an operating margin of 7.9 percent (8.3).
- Adjusted EBITA increased by 71 percent to SEK 654m (382), equivalent to an EBITA margin of 9.7 percent (9.2).
- Profit for the period climbed by 57 percent to SEK 381m (243).
- Cash flow from operating activities amounted to SEK 1,088m (251).
- Return on equity was 12.6 percent (11.4).
- 43 acquisitions were made during the period, with combined annual sales in 2020 of SEK 8,347m.

EVENTS AFTER THE QUARTER

- Acquisition of Jernbro Automation and an add-on acquisition to Perfect Hair were completed in July.
- Acquisition of five business units from Ceder Capital with a total turnover of approximately 900 MSEK has been agreed on and is expected to be finalized in October.
- After the quarter Storskogen has issued 2.7 million Series A shares and 1.3 million Series B shares generating proceeds of about SEK 329 million.

Amounts in parentheses are for the corresponding period in 2020.

PERFORMANCE MEASURES

SEK m	Apr-Jun 2021	Apr-Jun 2020	Change %	Jan-Jun 2021	Jan-Jun 2020	Change %	12 months until 30 Jun 2021	Full year 2020
Net sales	3,821	2,109	81	6,713	4,177	61	11,470	8,933
Operating profit	298	204	46	530	349	52	955	774
Operating margin, %	7.8	9.7		7.9	8.3		8.3	8.7
EBITA, adjusted	383	221	73	654	382	71	1,126	854
EBITA margin, adjusted, %	10.0	10.5		9.7	9.2		9.8	9.6
Profit after financial items	268	188	43	481	316	52	839	673
Profit for the period	210	142	48	381	243	57	711	574
Net debt/adjusted EBITDA (12 months)					2.6		4.4	1.9
Total assets (balance day)					9,650		27,546	12,002
Basic and diluted earnings per share, Series A, SEK	1.43	1.31		2.71	2.29		5.43	4.62
Basic and diluted earnings per share, Series B, SEK	1.39	1.33		2.63	2.29		5.36	4.69
Return on equity, % (12 months)					11.4		12.6	14.2
Return on capital employed, % (12 months)					9.5		8.4	10.1
Equity/assets ratio, %					38.0		31.8	43.8
Cash flow from operating activities	891	345		1,088	251		1,651	814

For definitions of alternative performance measures in accordance with the ESMA guidelines, see definitions of performance measures.

Comments by the CEO

Storskogen's 7,000 employees in 21 countries have been doing a fantastic job. Had we owned all our companies for the past 12 months (RTM) we would be looking at annual sales close to SEK 19 billion and EBITA of SEK 2.1 billion. The first half of the year brought organic EBITA growth of 43 percent and total EBITA growth of 71 percent. We made 25 acquisitions in the second quarter, some of them large and complex, such as Wibe Group, Brenderup Group and Artum. We have also strengthened our financing and are well positioned both operationally and strategically for further profitable growth.

A few of our companies are still being negatively affected by Covid-19, and disruption of global logistics and fluctuations in the price and supply of materials such as semiconductors are a challenge throughout the global economy. Many more of our companies, however, are seeing strong demand, and the cost discipline and efforts for capital efficiency from the pandemic year of 2020 has continued. This can be seen from our EBITA margin rising from 9.2 percent in the first half of last year to 9.7 percent in the first half of this year, with cash conversion for the past 12 months as high as 111 percent. The pandemic period has seen a series of investments in plant and machinery at our subsidiaries to increase productivity. While this pushed up capital expenditure from 1.9 to 2.8 percent of sales in the first half, we are already reaping the rewards with stronger growth and profitability. Strategically, we are focusing increasingly on organic growth, which means that we welcome value creation initiatives of this kind at our subsidiaries.

Numerous acquisitions and a stronger international presence

We made 43 acquisitions in the first half of the year, 18 in the first quarter and 25 in the second. If we include transactions agreed but not yet completed, we get to 48 acquisitions and rolling 12-month EBITA of almost SEK 2.3 billion. Besides several excellent add-ons, there have been some larger and more complex deals than before in the form of Wibe Group and Brenderup Group. The acquisition of Artum in Switzerland strengthens Storskogen strategically with an experienced team and a strong portfolio of companies in Switzerland and Germany.

As of today, we have M&A teams in six countries. We enter the autumn with almost four times as many persons working on acquisitions than at the start of the year, which bodes well for further sustainable growth.

We work continuously to preserve and develop our corporate culture, not least when it comes to recruitment. Our values centred around entrepreneurship, a long-term perspective, respect and professionalism are the key to our success. We have fantastic people out at our companies and are attracting some amazing talents keen to be part of Storskogen's journey.

Value-driven financing

To finance these acquisitions, we raised SEK 3.7 billion through a share issue directed at new company sellers and large professional investors, extended our loan facility by SEK 2 billion, and raised SEK 3 billion through a heavily oversubscribed bond issue – the second-largest unsecured bond issue by a first-time issuer in Swedish history. All in all, we are very happy with these capital raisings, which funded the quarter's acquisitions and further increased our industrial and geographical diversification.

As the long-term owner we are, a lot of hard work is done to ensure that our companies are in a good shape to be able to face whatever ups and downs the future holds. We want our companies to be well equipped with the right team in place, properly positioned strategically, long-term competitive and disciplined in terms of costs and cash flows. Fortune favours those who come prepared.

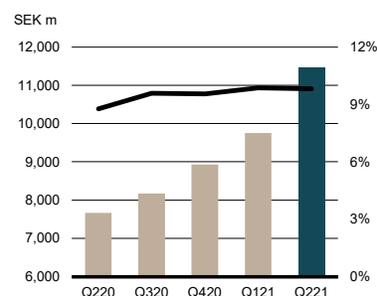
Daniel Kaplan, CEO



"Storskogen's 7,000 employees in 21 countries have been doing a fantastic job"

Daniel Kaplan, CEO

NET SALES AND ADJUSTED EBITA MARGIN, ROLLING 12 MONTHS



The Group's performance

SALES

Net sales for the second quarter increased by 81 percent to SEK 3,821 million (2,109), with organic sales growth of 21 percent. Net sales for the first half increased by 61 percent to SEK 6,713 million (4,177), with organic sales growth of 13 percent. Had Storskogen owned all subsidiaries for the past 12 months (RTM), it is estimated that the Group would have generated sales of SEK 18,630 million.

EARNINGS

In the second quarter, operating profit (EBIT) increased by 46 percent to SEK 298 million (204) and the operating margin to 7.8 percent (9.7). Adjusted operating profit before amortization of intangible non-current assets (EBITA) grew by 73 percent to SEK 383 million (221), equivalent to an adjusted EBITA margin of 10.0 percent (10.5). Organic adjusted EBITA growth was 32 percent for the quarter. Financial items amounted to SEK -29 million (-16) and profit after financial items increased by 43 percent to SEK 268 million (188). Profit after tax climbed by 48 percent to SEK 210 million (142).

The adjusted EBITA margin of 10.0 percent for the second quarter was an improvement on 9.4 percent for the first quarter but slightly down from 10.5 percent for the second quarter last year, of which around one percentage point was due to government support related to Covid-19. The second quarter of 2021 saw generally good demand and profitability improvements in the wake of the recovery from the pandemic. Higher costs for freight and materials have largely been offset through price increases. For comments on the individual business areas, go to pages 4-6.

In the first half, operating profit increased by 52 percent to SEK 530 million (349), equivalent to an operating margin of 7.9 percent (8.3). Adjusted EBITA grew by 71 percent to SEK 654 million (382), equivalent to an adjusted EBITA margin of 9.7 percent (9.2). Organic adjusted EBITA growth was 43 percent, and the remaining growth was attributed to acquisitions. Financial items amounted to SEK -48 million (-33) and profit after financial items increased by 52 percent to SEK 481 million (316). Profit after tax climbed by 57 percent to SEK 381 million (243). Had all subsidiaries been owned by Storskogen for the past 12 months, the Group would have generated adjusted EBITDA of SEK 2,573 million and adjusted EBITA of SEK 2,089 million.

RETURNS

The return on equity for the past 12 months was 12.6 percent (11.4), while the return on capital employed was 8.4 percent (9.5).

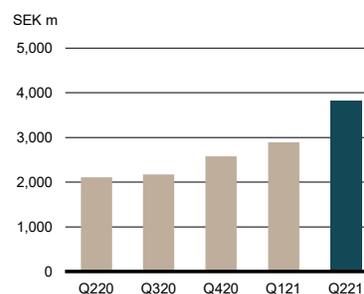
Net sales by business area and for the Group

SEK m	2021			2020			12 months until 30 Jun	Full year 2020
	Apr-Jun	Apr-Jun	Change %	Jan-Jun	Jan-Jun	Change %		
Services	1,621	876	85	2,936	1,702	73	5,071	3,837
Trade	1,260	628	101	2,114	1,211	75	3,487	2,584
Industry	942	605	56	1,665	1,264	32	2,920	2,519
Operations	3,823	2,108	81	6,715	4,177	61	11,478	8,940
Group operations	-1	0		-2	0		-9	-6
Net sales, Group	3,821	2,109	81	6,713	4,177	61	11,470	8,933

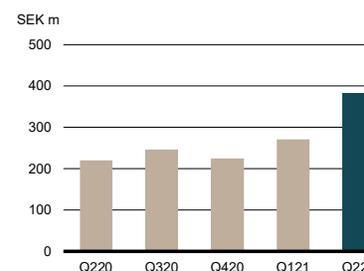
Operating profit (EBIT)

SEK m	2021			2020			12 months until 30 Jun	Full year 2020
	Apr-Jun	Apr-Jun	Change %	Jan-Jun	Jan-Jun	Change %		
Services	173	118	46	292	171	71	504	382
Trade	161	70	131	252	110	129	399	257
Industry	114	43	164	201	115	76	328	242
Group operations	-66	-11		-92	-13		-105	-27
EBITA, adjusted	383	221	73	654	382	71	1,126	854
Reversal of adjusted item	-43	7		-49	13		-31	32
EBITA	339	228	49	605	396	53	1,095	885
Amortisation of intangible non-current assets	-42	-24		-75	-47		-140	-111
Operating profit, EBIT	298	204	46	530	349	52	955	774

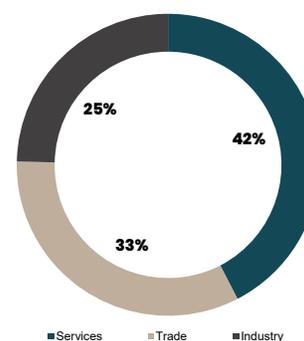
NET SALES BY QUARTER



OPERATING PROFIT (ADJUSTED EBITA) BY QUARTER



BREAKDOWN OF SALES BY BUSINESS AREA, Q2 2021



Services business area

RESULTS

Net sales in the Services business area increased by 85 percent to SEK 1,621 million (876) for the second quarter and by 73 percent to SEK 2,936 million (1,702) for the first half. Organic sales growth for the first half was 7 percent.

Operating profit increased by 33 percent to SEK 149 million (112) for the quarter and by 76 percent to SEK 270 million (153) for the first half of the year. Adjusted EBITA grew by 46 percent to SEK 173 million (118) for the quarter and by 71 percent to SEK 292 million (171) for the first half. The adjusted EBITA margin was 10.7 percent (13.5) for the quarter and 10.0 percent (10.0) for the first half. Organic adjusted EBITA growth for the first half was 29 percent.

SEK m	2021 Apr-Jun	2020 Apr-Jun	Change %	2021 Jan-Jun	2020 Jan-Jun	Change %	12 months until 30 Jun	Full year 2020
Net sales	1,621	876	85	2,936	1,702	73	5,071	3,837
EBITA, adjusted	173	118	46	292	171	71	504	382
EBITA margin, adjusted, %	10.7	13.5		10.0	10.0		9.9	10.0
Number of employees					1,480		3,316	1,822
Number of business units					23		45	28

Profitability in Installation and Engineering & Infrastructure – was slightly weaker than last year, due largely to stiffer competition for contracts awarded in late 2020 and early 2021 and performed during the period. The other areas performed well, with good capacity utilisation and profitability. Companies in the Services business area are generally encountering healthy demand, and the outlook for the rest of the year is positive.

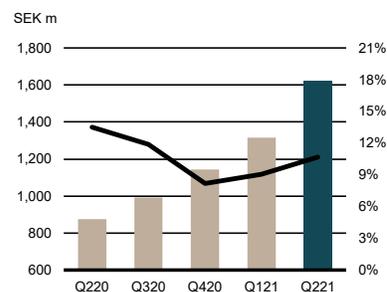
ACQUISITIONS DURING THE QUARTER

The second quarter saw the acquisition of the full-service digital agency Bombayworks, the IT-consultancy AGIO System och Kompetens i Skandinavien; groundworks contractor Harrysson Entreprenad; groundworks contractor LM-Transport; architects Lindberg Stenberg Arkitekter; Newton Kompetensutveckling, a provider of technology, business, law and IT training and consulting; Zymbios Logistics Contractor, which supplies third-party logistics and associated distribution services; pipework servicing and installation company Nordisk VVS-teknik; and EnRival, a provider of recruitment and labour market services. These companies had combined annual sales for the 2020 financial year of SEK 2,717 million.

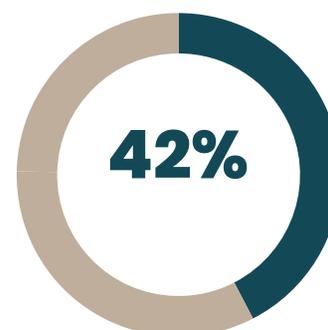


The Services business area comprises service companies with strong positions in specific B2B niche markets. Amongst installation, specialist logistics, engineering and infrastructure. It consists of 45 business units.

SALES, SEK M ADJUSTED EBITA MARGIN, %



SHARE OF GROUP SALES, Q2 2021



Trade business area

RESULTS

Net sales in the Trade business area increased by 101 percent to SEK 1,260 million (628) for the second quarter and by 75 percent to SEK 2,114 million (1,211) for the first half. Organic sales growth for the first half was 17 percent.

Operating profit increased by 185 percent to SEK 187 million (66) for the quarter, positively affected by revaluations of contingent considerations, and by 130 percent to SEK 248 million (108) for the first half. Adjusted EBITA grew by 131 percent to SEK 161 million (70) for the quarter and by 129 percent to SEK 252 million (110) for the first half. The adjusted EBITA margin was 12.8 percent (11.1) for the quarter and 11.9 percent (9.1) for the first half. Organic adjusted EBITA growth for the first half was 51 percent.

SEK m	2021 Apr-Jun	2020 Apr-Jun	Change %	2021 Jan-Jun	2020 Jan-Jun	Change %	12 months until 30 Jun	Full year 2020
Net sales	1,260	628	101	2,114	1,211	75	3,487	2,584
EBITA, adjusted	161	70	131	252	110	129	399	257
EBITA margin, adjusted, %	12.8	11.1		11.9	9.1		11.4	9.9
Number of employees					618		1,348	666
Number of business units					13		23	14

The increased profitability in the second quarter compared to last year was a result of strong demand, especially within Brands and Distributors that benefited from strong B2B activity combined with good cost control. Higher costs for freight and materials have largely been offset through price increases, but disrupted supply chains due to Covid-19 may affect the companies if the situation does not improve. Covid-19 is still affecting a few subsidiaries, but these are expected to show improved profitability as restrictions are eased.

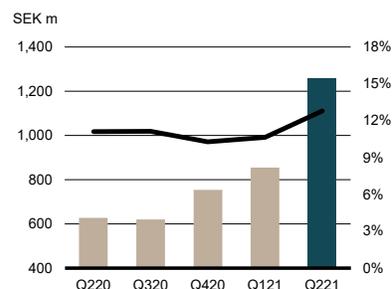
ACQUISITIONS DURING THE QUARTER

The second quarter saw the acquisition of SGS Engineering UK, a leading online retailer of power tools and related products in the UK; Mattbolaget i Uddevalla, a manufacturer and distributor of flooring materials; Stockholm Kvadratmeter, a surface treatment and flooring contractor and wholesaler; Vårdväsken, which sells health care equipment; sunshade company Persiennkompaniet Norden; flooring and buildings materials distributor R. Ardbo Golv; Silanex, which produces and sells products and systems to protect against damp; sports wholesaler Jofrab TWS; Lan Assistans Sweden (Ecochange), a supplier of bicycles for subsidy schemes; Ashe Invest, a wholesaler of sporting and outdoor goods; and clothing and footwear distributor On Target. These companies had combined annual sales for the 2020 financial year of SEK 1,224 million.

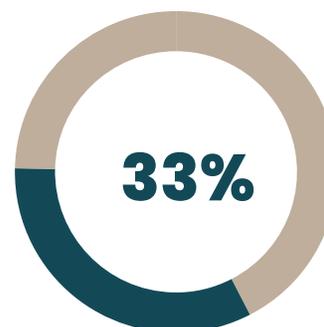


The Trade business area focuses on companies with strong brands in their markets, mostly distributors and wholesalers with both their own and external brands. It consists of 23 business units.

SALES, SEK M ADJUSTED EBITA MARGIN, %



SHARE OF GROUP SALES, Q2 2021



Industry business area

RESULTS

Net sales in the Industry business area increased by 56 percent to SEK 942 million (605) for the second quarter and by 32 percent to SEK 1,665 million (1,264) for the first half. Organic sales growth for the first half was 16 percent.

Operating profit decreased by 25 percent to SEK 28 million (37) for the quarter but increased by 1 percent to SEK 103 million (102) for the first half. Adjusted EBITA grew by 164 percent to SEK 114 million (43) for the quarter and by 76 percent to SEK 201 million (115) for the first half. The adjusted EBITA margin was 12.1 percent (7.1) for the quarter and 12.1 percent (9.1) for the first half. Organic adjusted EBITA growth for the first half was 53 percent.

SEK m	2021 Apr-Jun	2020 Apr-Jun	Change %	2021 Jan-Jun	2020 Jan-Jun	Change %	12 months until 30 Jun	Full year 2020
Net sales	942	605	56	1,665	1,264	32	2,920	2,519
EBITA, adjusted	114	43	164	201	115	76	328	242
EBITA margin, adjusted, %	12.1	7.1		12.1	9.1		11.2	9.6
Number of employees					1,074		2,263	1,050
Number of business units					15		26	16

The stronger adjusted EBITA margin was due to a generally strong recovery from the Covid-19 pandemic, which had a significant impact in the second quarter of 2020, especially in the traditional engineering and automotive industry. Several subsidiaries have invested in plant and machinery over the past year, which has increased their capacity and efficiency now that demand is strong. The ongoing transition to greener production is clearly benefiting the Automation area. As in the Services business area, price competition and project direction issues in the construction industry are negatively affecting some subsidiaries. There are still some shortages of materials, especially semiconductors in the automotive industry, which is affecting subsidiaries in the Industry business area to varying degrees, albeit not significantly at an aggregated level. Higher costs for materials have largely been offset through price increases.

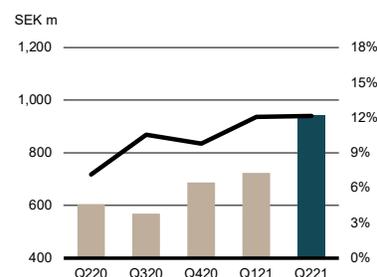
ACQUISITIONS DURING THE QUARTER

The second quarter saw the acquisition of Scandia Steel Sweden, a producer of steel pipe piles for foundations and reinforcements; Roleff GmbH & Co, a German specialist in industrial maintenance services, mechanical steel processing and automation solutions; Wibe, a carve-out from Schneider Electric which produces cable ladders; Artum AG and subsidiaries in Switzerland and Germany, which have operations in all three of Storskogen's business areas, the largest being in Industry; and Brenderup Group, which manufactures and sells trailers, including boat trailers. These companies had combined annual sales for the 2020 financial year of SEK 3,900 million.

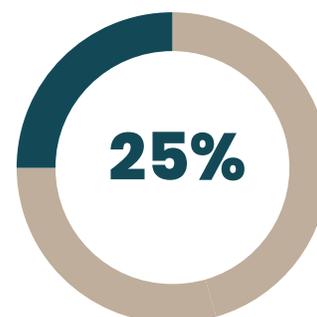


The Industry business area focuses on traditional B2B industrial companies in heavy and medium-heavy industry, manufacturing and automation. It consists of 26 business units.

SALES, SEK M ADJUSTED EBITA MARGIN, %



SHARE OF GROUP SALES, Q2 2021



Acquisitions

Storskogen has been active in the M&A market and made 25 acquisitions in the second quarter with a total of 2,144 employees and combined sales for the 2020 financial year of SEK 5,867 million. The number of platform acquisitions amounted to 17 and eight were add-ons. Three of the platform acquisitions were outside Sweden: one in Switzerland, one in the UK and one in Germany. No disposals were made during the quarter.

ACQUISITIONS DURING THE PERIOD

Acquisitions completed in the period January–June 2021 break down between the Group's business areas as follows:

Acquisitions (divestment)	Acquisition date	Net sales, SEK m (2020)	Number of employees	Share of capital/votes, % unit	Business
Pierre Entreprenad i Gävle AB	January	177	55	90.1	Services
Örnsberg El Tele & Data AB	January	62	29	90.1	Services
Continovagruppen, incl. subsidiaries	January	219	47	90.1	Trade
Ockelbo Kabelteknik AB	January	106	31	100	Services
Tjällmo Grävmaskiner AB, incl. subsidiaries	January	149	44	100	Services
Strand i Jönköping AB, incl. subsidiaries	January	132	36	95.0	Services
Allan Eriksson Mark AB	January	70	31	100	Services
Såg- och Betongborrning i Uddevalla AB	January	99	34	100	Services
Nymålat i Skellefteå AB	January	39	43	94.8	Services
BEC Trägolvsprodukter AB	January	10	2	100	Trade
Delér Måleri AB	January	100	59	94.8	Services
Stockholm Industrigolv AB	January	2	1	94.8	Services
Strigo AB, incl. subsidiaries	February	133	237	90.2	Services
PerfectHair AG	February	321	121	75.0	Trade
Primulat AS, incl. subsidiaries	March	360	190	100	Trade
Danmatic A/S, incl. subsidiaries	March	264	32	75.0	Industry
Top Swede Konfektion AB, incl. fellow subsidiary	March	142	12	91.0	Trade
HP Rör AB, incl. subsidiaries	March	95	27	94.0	Services
AGIO System och Kompetens i Skandinavien AB	April	107	75	90.1	Services
Bombayworks AB, incl. subsidiaries	April	70	75	90.1	Services
SGS Engineering UK Ltd, incl. subsidiaries	April	314	55	80.0	Trade
Scandia Steel Sweden AB, incl. subsidiaries	May	435	95	95.0	Industry
Mattbolaget i Uddevalla AB	May	23	6	100	Trade
Harrysson Entreprenad Aktiebolag (HEAB)	May	133	25	90.1	Services
Stockholm Kvadratmeter AB	May	60	10	100	Trade
Aktiebolaget LM-Transport	May	81	25	90.1	Services
Lindberg Stenberg Arkitekter Aktiebolag	May	60	50	90.1	Services
Vårdvåskan AB, incl. subsidiaries	May	70	25	90.1	Trade
Persiennkompaniet Norden Aktiebolag	May	45	15	90.1	Trade
R. Ardbo Golv AB	June	52	9	100	Trade
Silanex AB	June	8	1	100	Trade
Jofrab TWS AB, incl. subsidiaries	June	207	50	100	Trade
Lan Assistans Sweden AB (Ecochange)	June	227	13	90.1	Trade
Newton Kompetensutveckling AB, incl. subsidiaries	June	58	35	100	Services
Zymbios Logistics Contractor AB	June	43	30	90.1	Services
Roleff GmbH & Co. KG, incl. subsidiaries	June	175	140	95.1	Industry
Aktiebolaget Wibe, incl. subsidiaries	June	735	230	100	Industry
Ashe Invest AB, incl. subsidiaries	June	128	10	75.0	Trade
On Target AB	June	90	5	75.0	Trade
Nordisk VVS-Teknik AB	June	128	40	92.0	Services Industry, Services & Trade
Artum AG, incl. subsidiaries	June	1,745	500	97.3	Trade
Enrival AB	June	63	195	92.0	Services
Brenderup Group AB, incl. subsidiaries	June	810	430	98.7	Industry

A further two acquisitions have been made since the end of the quarter: an add-on to PerfectHair in the Trade business area; and Jernbro Automation, an add-on to Elektroautomatik in the Industry business area.

An agreement has also been entered into on the acquisition of a portfolio from Ceder Capital consisting of Viameetrics Group, Buildercom Group, DeroA (Adero) and SoVent in the Services business area and Kumla Handtagsfabrik (Persson Innovation) in the Industry business area. The transaction is expected to be completed in October. The combined sales of these companies is estimated at about 900 million and an overall EBITA margin of between 15 and 20 percent.

PRELIMINARY ACQUISITION ANALYSIS FOR THE PERIOD

Refers to acquisitions completed during the period January-June 2021:

SEK m	Services	Trade	Industry	Total
Intangible assets	236	464	1,535	2,235
Other non-current assets	122	261	581	963
Inventories	10	373	676	1,060
Other current assets	357	333	578	1,268
Cash and cash equivalents	275	342	432	1,049
Deferred tax liabilities/tax assets	-80	-122	-291	-493
Liabilities to credit institutions	-58	-115	-512	-685
Other liabilities	-382	-415	-1,183	-1,980
Acquired net assets	480	1,122	1,817	3,419
Goodwill	1,169	1,520	2,456	5,145
Non-controlling interests	-104	-298	-156	-558
Purchase price including contingent consideration	1,546	2,343	4,118	8,006
Less cash and cash equivalents in acquired operations	-275	-342	-432	-1,049
Less unpaid purchase consideration	-159	-134	-329	-622
Less Share issue, non cash	-	-100	-761	-861
Effect on consolidated cash and cash equivalents	1,112	1,767	2,595	5,474

Significant acquisitions during the period

SEK m	Artum - included in Industry	Brenderup - included in Industry	Wibe - included in Industry	Total included in Industry
Intangible assets	669	387	386	1,442
Other non-current assets	174	162	207	543
Inventories	326	150	62	537
Other current assets	201	133	150	484
Cash and cash equivalents	250	82	18	350
Deferred tax liabilities/tax assets	-86	-88	-86	-259
Liabilities to credit institutions	-429	-49	-	-478
Other liabilities	-336	-293	-434	-1,063
Acquired net assets	769	484	303	1,556
Goodwill	956	453	681	2,090
Non-controlling interests	-79	-12	-	-90
Purchase price including contingent consideration	1,646	926	984	3,556
Less cash and cash equivalents in acquired operations	-250	-82	-18	-350
Less unpaid purchase consideration	-	-	-297	-297
Less Share issue, non cash	-761	-	-	-761
Effect on consolidated cash and cash equivalents	635	844	669	2,148

Artum will be allocated to the business areas Services, Trade and Industry when a final audited acquisition balance is available.

Purchase consideration and estimates

The total purchase consideration for the period's acquisitions is SEK 8,006 million, of which SEK 5,145 million has been recognised as goodwill. Had these acquisitions been made with effect from 1 January 2021, it is estimated that they would have contributed SEK 4,177 million to the Group's net sales and around SEK 428 million to the Group's profit after tax. No material changes were made during the period to the Group's acquisition analyses for previous years' acquisitions. The acquisition analyses for acquisitions made in the first half of 2021 are preliminary, as the Group has not received complete information from these companies. All acquisitions have been reported using the acquisition method.

Goodwill

The amount recognised as goodwill on the date of acquisition is the purchase price less the fair value of the net assets acquired. This goodwill is justified by the companies' future earnings potential. On June 30, 2021, the Group recognised total goodwill of SEK 9,750 million (3,703). The Group's goodwill is tested for impairment as required, and at least annually, by cash-generating unit. Impairment tests were performed during the quarter, but no losses were identified. An impairment test was conducted during the quarter and no need for impairments were identified.

Step-ups etc.

The amounts recognised for intangible non-current assets, such as customer relationships and brands, have been measured at the discounted value of future cash flows. The amortization period is determined by an estimate of the annual decline in sales attributable to the respective asset. Customer relationships are generally written down over a period of between five and ten years. The amortization period is based on historical customer attrition, competition in the market, degree of integration with the customer's business, and importance of the aftermarket (such as servicing and warranties). Brands are not amortised on an ongoing basis and are tested for impairment annually in accordance with IAS 36 and so are not amortised over a set period. Other step-ups identified in acquisitions during the period relate to buildings and inventories. Buildings are generally depreciated over 25 years, while inventories are depreciated based on turnover.

Acquisition-related expenses

Acquisition-related expenses consist of fees to advisers in connection with due diligence. These expenses have been reported as administrative expenses in the income statement and statement of other comprehensive income. Acquisition-related expenses for acquisitions completed during the period totalled SEK 27 million (4).

Contingent considerations

A contingent consideration is a conditional purchase consideration that is normally based on the acquired company's results during the first few years, either as a binary outcome if a certain level of earnings is achieved, or on a scale where the amount rises with the earnings of the acquired company in a predetermined future accounting period. This contingent consideration liability generally crystallises, if the criteria are met, one to three years from the date of acquisition. At the time of the transaction, the contingent consideration is measured at fair value by calculating the present value of the likely outcome using a discount rate of 9.6 percent (9.6). The likely outcome is based on the Group's projections for the respective entity and dependent on future earnings generated by the entity, with a set maximum. The discounted value of unpaid contingent considerations for the period's acquisitions is SEK 622 million (22), while the total liability recognised for discounted contingent consideration on 30 June was SEK 892 million (56).

Non-controlling interests

The Group measures holdings where it does not have a controlling interest at fair value based on full goodwill using the latest known market value, which is defined as the purchase price.

Acquisition-related disclosures

All acquisitions during the period took the form of purchases of shares.

EFFECT OF ACQUISITIONS ON THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS JAN-JUN 2021

SEK m	Services	Trade	Industry	Total
Effect after the acquisition date included in consolidated profit				
Sales	601	558	176	1,335
Profit for the year	30	61	28	118
Effect if the acquisitions had been completed on January 1				
Sales	1,138	1,325	1,714	4,177
Profit for the year	85	144	198	428

Acquisitions completed during the first half of 2021 increased the Group's net sales by SEK 1,335 million, EBITA by SEK 140 million and profit after tax by SEK 118 million. Transaction costs for these acquisitions came to SEK 27 million and are included in administrative expenses in the consolidated income statement.

Other financial information

FINANCIAL POSITION

The Group had equity of SEK 8,771 million (3,671) and an equity/assets ratio of 31.8 percent (38.0) on 30 June 2021.

In the second quarter 0.9 million Series A shares were issued and 11.2 million Series B-shares were issued in a directed new issue, generating proceeds of SEK 2,460 million and a cost of SEK 19 million. An additional 3.4 million Class B shares were issued via a non-cash issue of SEK 861 million as part of the purchase price for Lan Assistans Sweden AB (Ecochange) and Artum AG. Storskogen also successfully issued an unsecured bond for SEK 3,000 million in a programme limited to SEK 4,000 million. The bonds have a maturity of three years and pay interest at a rate 300 basis points above the three-month Stockholm interbank offered rate (STIBOR). In addition, Storskogen's loan facility was extended by SEK 2,000 million.

Cash and cash equivalents totalled SEK 6,593 million (1,476) on 30 June 2021. The Group also had unutilised credit facilities of SEK 280 million at the end of the period. The Group's net debt, including lease liabilities in accordance with IFRS 16, increased during the second quarter by SEK 2,816 million to SEK 6,693 million by June 30, 2021. Net debt/EBITDA, based on the adjusted EBITDA reported for the most recent 12-month period, amounted to 4.4 (2.6). Had Storskogen owned all subsidiaries throughout this 12-month period, net debt/adjusted EBITDA (RTM) would have been 2.6.

In addition to interest-bearing non-current and current liabilities, net debt includes contingent consideration liabilities and liabilities for outstanding minority options of SEK 1,659 million (334). Net debt/EBITDA excluding these liabilities based on adjusted EBITDA (RTM) for the most recent 12-month period would thus have been 2.0.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities was SEK 891 million (345) for the second quarter and SEK 1,088 million (251) for the first half. The Group's cash conversion ratio, measured as adjusted EBITDA after change in working capital and net investments in tangible non-current assets as a percentage of adjusted EBITDA, was 175 percent (114) for the quarter and 134 percent (57) for the first half.

The Group's net investments in tangible non-current assets amounted to SEK 101 million (29) for the second quarter, or 2.6 percent (1.4) of net sales, and SEK 189 million (78) for the first half, or 2.8 percent (1.9) of net sales. Acquisitions of subsidiaries, including payments of contingent considerations for acquisitions in previous years, came to SEK 3,998 million (479) for the quarter and SEK 5,457 million (1,069) for the first half.

Dividends of SEK 536 million (300) were paid to shareholders in the Parent Company, and SEK 22 million (16) to non-controlling interests.

EMPLOYEES

At the end of the period, the Group had 6,974 (3,194) employees. Acquisitions carried out during the second quarter increased the number of employees by 2,144.

SHAREHOLDERS

On 30 June 2021, the Company had 116.3 million Series B shares and 26.2 million Series A shares held by a total of 1,400 shareholders, breaking down as follows:

Share structure

Class of share	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Series A share, 10 votes per share	26,200,000	262,000,000	18.4	69.3
Series B share, 1 vote per share	116,316,934	116,316,934	81.6	30.7
Tota number of shares	142,516,934	378,316,934	100.0	100.0

Ten largest shareholders on 30 June 2021

	Series A	Series B	Percentage of capital	Percentage of votes
Daniel Kaplan ¹⁾	6,774,786	733,559	5.3	18.1
Ronnie Bergström ²⁾	6,774,806	-	4.8	17.9
Alexander Bjärgård	6,645,368	166,595	4.8	17.6
Peter Ahlgren ³⁾	6,005,040	-	4.2	15.9
AMF	-	8,200,000	5.8	2.2
Philian Invest AB	-	4,522,754	3.2	1.2
Christer Hansson ⁴⁾	-	4,288,511	3.0	1.1
We Own Big Forest i Malmö AB	-	2,275,000	1.6	0.6
Länsförsäkringar Skaraborg	-	2,241,697	1.6	0.6
Aeternum Capital AS	-	2,000,000	1.4	0.5
Total largest shareholders	26,200,000	24,428,116	35.5	75.7
Other	-	91,888,818	64.5	24.3
Total	26,200,000	116,316,934	100.0	100.0

¹⁾ Includes shares owned by Firm Factory AB

²⁾ Includes shares owned by Ångsmon AB

³⁾ Includes shares owned by Ribbylund Management AB

⁴⁾ Includes shares owned by Scalata Invest AB

PARENT COMPANY

The Parent Company generated net sales of SEK 25 million (0) for the second quarter and SEK 45 million (0) for the first half, and a loss of SEK 143 million (12) for the second quarter and SEK 132 million (16) for the first half.

Other disclosures

ACCOUNTING POLICIES

The Group's interim report has been prepared in accordance with the relevant sections of the Annual Accounts Act and IAS 34 Interim Financial Reporting. The Parent Company's interim report has been prepared in accordance with the Annual Accounts Act, Chapter 9: Interim Reporting. The Parent Company applies RFR 2. The same accounting policies and assumptions have been applied for the Group and the Parent Company as in the most recent Annual Report. No new or amended standards have had or are expected to have any material effect on the Group. All amounts in this report are expressed in millions of Swedish kronor (SEK) unless otherwise indicated. Rounding differences may occur.

RISKS AND UNCERTAINTIES

The Storskogen Group's diversified business model, with 94 business units that are active in a variety of industries and have a large number of customers and suppliers, limits the Group's business and financial risks. In addition to the risks described in Storskogen's 2020 Annual Report, the Group's assessment is that the Covid-19 pandemic, if it does not subside as currently expected, could impact a number of business units within the Group in the form of health risks for employees, customers and suppliers, operational disruptions and a weaker financial position. Some subsidiaries in the Group could be affected by the disruption of supply chains and higher commodity prices that cannot be offset with price increases. The Group believes, however, that its diversified business model will limit the operational and financial impact of these risks. This is supported by the business units' operational and financial performance during the 2020 financial year and the first half of 2021.

RELATED-PARTY TRANSACTIONS

The nature and scope of transactions with related parties are presented in the 2020 Annual Report. No significant new transactions took place during the period.

ESTIMATES AND JUDGEMENTS

The preparation of the interim report requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may differ from these estimates and judgements. The critical judgements and sources of uncertainty in estimates are the same as in the most recent Annual Report.

2021 ANNUAL GENERAL MEETING

The Annual General Meeting on 12 May resolved to pay a dividend of SEK 536 million to shareholders, equivalent to SEK 4.09 per Series A share and SEK 4.00 per Series B share, and to re-elect Elisabeth Thand Ringqvist (Chair), Alexander Bjärgård, Bengt Braun, Louise Hedberg and Johan Thorell as the members of the Board. Peter Ahlgren chose not to be re-elected. The meeting also resolved to reappoint Ernst & Young as auditor, to issue Series A and Series B shares through directed issues, and to authorise the Board to decide on new issues of Series B shares and/or convertibles.

SUBSEQUENT EVENTS AFTER THE PERIOD

A further two acquisitions have been made since the end of the quarter: an add-on to PerfectHair in the Trade business area; and Jernbro Automation, an add-on to Elektroautomatik in the Industry business area. An agreement has also been entered into on the acquisition of a portfolio from Ceder Capital consisting of Viometrics Group, Buildercom Group, DeroA and SoVent in the Services business area and Kumla Handtagsfabrik in the Industry business area. The transaction is expected to be completed in October. It is estimated that these companies have combined annual sales of around SEK 900 million with an overall EBITA margin of between 15 and 20 percent.

Since the end of the period, Storskogen has issued 2,7 million Series A shares and 1,3 million Series B shares generating proceeds of about SEK 329 million.

The Board and Chief Executive Officer hereby provide an assurance that the interim report provides a true and fair view of developments in the Parent Company's and the Group's operations, financial position and results, and describes material risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 16 August 2021

Storskogen Group AB

Elisabeth Thand Ringqvist
Director
Chair

Alexander Bjärgård
Director

Bengt Braun
Director

Louise Hedberg
Director

Johan Thorell
Director

Daniel Kaplan
CEO

REVIEW REPORT

Storskogen Group AB (publ), corporate identity number 559223-8694

INTRODUCTION

We have reviewed the condensed interim report for Storskogen Group AB (publ) as of June 30, 2021 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, August 16, 2021

Ernst & Young AB

Åsa Lundvall
Authorized Public Accountant

Financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS, CONDENSED

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun	Full year 2020
Net sales	3,821	2,109	6,713	4,177	11,470	8,933
Cost of goods sold	-2,974	-1,669	-5,258	-3,329	-9,057	-7,128
Gross profit	847	439	1,455	848	2,413	1,805
Selling expenses	-306	-156	-528	-315	-878	-664
Administrative expenses	-275	-122	-459	-247	-715	-503
Other operating income	151	48	224	81	370	227
Other operating expenses	-120	-6	-162	-18	-235	-91
Operating profit	298	204	530	349	955	774
Financial income	1	4	5	5	7	7
Financial expenses	-31	-20	-53	-37	-123	-108
Profit after financial items	268	188	481	316	839	673
Tax	-58	-46	-100	-72	-127	-100
Net profit for the period	210	142	381	243	711	574
Profit for the year attributable to:						
Owners of the parent company	187	133	355	229	668	542
Non-controlling interests	23	9	26	14	43	32
Basic and diluted earnings per share, Series A, SEK	1.43	1.31	2.71	2.29	5.43	4.62
Basic and diluted earnings per share, Series B, SEK	1.39	1.33	2.63	2.29	5.36	4.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, CONDENSED

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun	Full year 2020
Profit for the period	210	142	381	243	711	574
Other comprehensive income						
Items that have or may be transferred to profit for the year						
Exchange differences, foreign operations	-14	-7	9	-9	7	-11
Gains/losses on holding of derivatives for cash flow hedging	-1	5	-7	5	1	13
Other comprehensive income for the period, net of tax	-15	-2	2	-4	8	2
Comprehensive income for the period	195	140	383	239	720	576
Comprehensive income for the period attributable to:						
Owners of the parent company	175	130	360	225	678	543
Non-controlling interests	20	9	23	14	42	33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED

SEK m	30 June 2021	30 June 2020	31 December 2020
Assets			
Intangible assets	12,454	4,104	5,154
Property, plant and equipment	2,633	1,298	1,471
Financial non-current assets	127	22	24
Deferred tax assets	55	3	4
Total non-current assets	15,269	5,427	6,653
Inventories	2,198	993	935
Trade receivable	2,385	1,172	1,227
Current receivables	1,096	582	576
Current investments	6	0	745
Cash and cash equivalents	6,593	1,476	1,866
Total current assets	12,277	4,223	5,349
Total assets	27,546	9,650	12,002
Equity and liabilities			
Total equity	8,771	3,671	5,262
Interest-bearing non-current liabilities	10,920	3,395	3,629
Non-interest-bearing non-current liabilities	1,151	319	637
Provisions	217	29	34
Deferred tax liabilities	770	247	263
Total non-current liabilities	13,058	3,991	4,564
Interest-bearing current liabilities	712	292	484
Trade payable	1,457	588	652
Non-interest-bearing current liabilities	3,548	1,108	1,041
Total current liabilities	5,717	1,988	2,176
Total equity and liabilities	27,546	9,650	12,002

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONDENSED

SEK m	30 June 2021	30 June 2020	31 December 2020
Opening equity attributable to owners of the parent company	4,909	2,905	2,905
Comprehensive income			
Profit for the period	355	229	542
Other comprehensive income for the period	4	-4	1
Comprehensive income for the period	360	225	543
Transactions with the Group's owners			
Contributions from and value transfers to owners			
Dividends paid	-536	-300	-300
Share issue, cash	2,347	618	2,001
Share issue, non-cash	100	-	-
Transaction costs on issue of shares	-19	-13	-80
Share capital paid but not registered, cash	282	-	8
Share issue non-cash not registered	761	-	-
Change in fair value of minority option	-356	-32	-164
Total contributions from and value transfers to owners	2,579	273	1,465
Changes in ownership of subsidiaries			
Acquisition/divestment of non-controlling interests	7	0	-3
Total changes in ownership of subsidiaries	7	0	-3
Total transactions with the Group's owners	2,585	274	1,462
Closing equity attributable to owners of the parent company	7,854	3,403	4,909
Opening equity in non-controlling interests			
Profit for the period	26	14	32
Other comprehensive income for the period	-2	0	1
Comprehensive income for the period	23	14	33
Dividends to non controlling interests	-22	-19	-21
Acquisition/divestment of non-controlling interests	4	2	-5
Non-controlling interests arising on business combinations from before	558	69	144
Closing equity in non-controlling interests	916	268	353
Total equity	8,771	3,671	5,262

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun	Full year 2020
Profit after financial items	268	188	481	316	838	673
Adjustment for non-cash items	230	121	334	208	626	500
Income tax paid	-89	-36	-216	-127	-258	-170
Change in working capital	481	72	489	-146	445	-189
Cash flow from operating activities	891	345	1,088	251	1,651	814
Net investments in non-current assets	-97	-15	552	-79	-302	-933
Subsidiary/business acquisitions and divestments	-3,998	-479	-5,457	-1,069	-6,283	-1,894
Cash flow from investment activities	-4,095	-493	-4,905	-1,147	-6,585	-2,828
Dividend to owners of the parent company	-536	-300	-536	-300	-536	-300
Dividends to minority owners	-22	-19	-22	-19	-24	-21
Proceeds from issues of shares	2,441	605	2,609	605	4,013	2,009
Other financing activities	5,473	29	6,490	360	6,597	468
Cash flow from financing activities	7,356	315	8,541	646	10,051	2,156
Cash flow for the period	4,151	167	4,724	-249	5,117	142
Cash and equivalents at beginning of period	2,445	1,311	1,866	1,730	1,476	1,730
Exchange rate differences in cash and cash equivalents	-4	-2	2	-4	1	-6
Cash and equivalents at end of period	6,593	1,476	6,593	1,476	6,593	1,866

ITEMS BY SEGMENT AND BREAKDOWN OF REVENUE

2021					
Jan-Jun, SEK m	Services	Trade	Industry	Group operations	Total
Net sales	2,936	2,114	1,665	-2	6,713
Cost of goods sold	-2,312	-1,644	-1,255	-46	-5,258
Gross profit	624	470	410	-48	1,455
Selling expenses	-228	-179	-109	-12	-528
Administrative expenses	-179	-92	-162	-27	-459
Other operating income	78	86	55	5	224
Other operating expenses	-25	-36	-91	-10	-162
Operating profit	270	248	103	-92	530
Financial income	0	3	3	-2	5
Financial expenses	-12	-8	-5	-28	-53
Profit before tax	259	243	101	-122	481
Reversal of financial income/expenses	11	5	2	30	48
Reversal of amortization and impairments of intangible assets	38	19	17	0	75
EBITA	309	267	121	-92	605
Items affecting comparability	-16	-15	81	-	49
EBITA, adjusted	292	252	201	-92	654

2021					
Jan-Jun, SEK m	Services	Trade	Industry	Group operations	Total
Sweden	2,840	1,371	1,110	-2	5,318
Within the EU, excluding Sweden	41	238	345	-	624
Outside the EU	56	505	210	-	771
Total net sales	2,936	2,114	1,665	-2	6,713

2020					
Jan-Jun, SEK m	Services	Trade	Industry	Group operations	Total
Net sales	1,702	1,211	1,264	0	4,177
Cost of goods sold	-1,349	-981	-990	-9	-3,329
Gross profit	353	230	274	-9	848
Selling expenses	-127	-90	-94	-4	-315
Administrative expenses	-90	-56	-101	-1	-247
Other operating income	20	34	27	0	81
Other operating expenses	-3	-9	-5	0	-18
Operating profit	153	108	102	-13	349
Financial income	2	2	1	0	5
Financial expenses	-6	-6	-4	-22	-37
Profit before tax	148	104	99	-36	316
Reversal of financial income/expenses	5	4	2	22	33
Reversal of amortization and impairments of intangible assets	23	12	12	0	47
EBITA	175	120	114	-13	396
Items affecting comparability	-5	-10	1	-	-13
EBITA, adjusted	171	110	115	-13	382

2020					
Jan-Jun, SEK m	Services	Trade	Industry	Group operations	Total
Sweden	1,620	923	895	0	3,437
Within the EU, excluding Sweden	29	126	286	-	442
Outside the EU	53	162	83	-	297
Total net sales	1,702	1,211	1,264	0	4,177

REVENUE FROM CUSTOMER CONTRACTS

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 m t.o.m 30 jun 2021	Full year 2020
Construction & Infrastructure	600	296	1,078	592	1,754	1,268
Installation	455	244	821	403	1,543	1,125
Logistics	218	162	417	339	769	692
Construction	170	130	341	279	617	556
Digital Services	103	43	158	88	244	175
Competence and HR	77	-	125	-	147	22
Intragroup sales within the business area	-2	-	-2	-	-3	-1
Total, Services segment	1,621	876	2,936	1,702	5,071	3,837
Distributors	705	338	1,228	661	2,037	1,470
Brands	443	202	706	389	1,116	799
Producers	115	87	184	161	341	319
Intragroup sales within the business area	-3	-	-4	-	-7	-3
Total, Trade segment	1,260	628	2,114	1,211	3,487	2,584
Automation	330	212	589	425	1,057	893
Industrial Technology	251	213	490	453	896	859
Product Solutions	380	180	613	385	1,016	789
Intragroup sales within the business area	-20	-	-27	-	-50	-23
Total, Industry segment	942	605	1,665	1,264	2,920	2,519
Intragroup sales eliminations	-1	0	-2	0	-9	-6
Total	3,821	2,109	6,713	4,177	11,470	8,933

THE GROUP'S MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial assets, SEK m	30 June 2021				30 June 2020			
	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through OCI	Total carrying amount	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through OCI	Total carrying amount
Financial non-current assets	117	7	3	127	11	5	6	22
Trade receivable	2,385	-	-	2,385	1,172	-	-	1,172
Current receivables	561	-	5	566	208	-	-	208
Current investments	-	6	-	6	-	0	-	0
Cash and cash equivalents	6,593	-	-	6,593	1,476	-	-	1,476
Total	9,656	13	8	9,677	2,868	5	6	2,878

Financial liabilities, SEK m	30 June 2021				30 June 2020			
	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at fair value through OCI	Total carrying amount	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at fair value through OCI	Total carrying amount
Interest-bearing non-current liabilities	7,101	-	-	7,101	3,035	-	-	3,035
Non-interest-bearing non-current liabilities	13	376	-	390	6	33	-	40
Interest-bearing current liabilities	444	-	-	444	160	-	-	160
Trade payable	1,457	-	-	1,457	588	-	-	588
Non-interest-bearing current liabilities	2,562	516	0	3,078	665	22	-	688
Total	11,577	892	0	12,469	4,456	56	-	4,511

30 June 2021				
Financial assets, SEK m	Financial assets	Financial assets	Financial assets	Total carrying amount
	measured at amortised cost	measured at fair value through profit or loss	measured at fair value through OCI	
Financial non-current assets	10	6	7	24
Trade receivable	1,227	–	–	1,227
Current receivables	279	–	10	289
Current investments	–	745	–	745
Cash and cash equivalents	1,866	–	–	1,866
Total	3,382	752	17	4,150

30 June 2020				
Financial liabilities, SEK m	Financial liabilities	Financial liabilities	Financial liabilities	Total carrying amount
	measured at amortised cost	measured at fair value through profit or loss	measured at fair value through OCI	
Interest-bearing non-current liabilities	3,189	–	–	3,189
Non-interest-bearing non-current liabilities	0	232	–	232
Interest-bearing current liabilities	330	–	–	330
Trade payable	652	–	–	652
Non-interest-bearing current liabilities	758	27	1	785
Total	4,928	259	1	5,188

VALUATION AT FAIR VALUE

Fair value is the price that at the time of valuation would be obtained on the sale of an asset or paid on the transfer of a liability through an orderly transaction between market participants. The table below shows financial instruments valued at fair value, based on how the classification in the fair value hierarchy is made. The different levels are defined as follows:

Level 1 - Listed prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Observable input data for assets or liabilities other than quoted prices included in level 1, either directly (ie as price quotations) or indirectly (ie derived from price quotations)

Level 3 - Asset or liability input data that is not based on observable market data (ie non-observable input data)

MEASUREMENT OF FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

For assets and liabilities valued at accrued acquisition value, the carrying amount is considered to be a good approximation of the fair value. Given the prevailing low interest rate situation, calculations show that there is no significant difference between accrued acquisition value and fair value.

Financial assets, SEK m	30 June 2021					30 June 2020				
	Level 1	Level 2	Level 3	Other ¹⁾	Total carrying amount	Level 1	Level 2	Level 3	Other ¹⁾	Total
Financial non-current assets	–	3	–	124	127	–	6	–	16	22
Trade receivable	–	–	–	2,385	2,385	–	–	–	1,172	1,172
Current receivables	–	5	–	561	566	–	–	–	208	208
Current investments	6	–	–	–	6	0	–	–	–	0
Cash and cash equivalents	6,593	–	–	–	6,593	1,476	–	–	–	1,476
Total	6,598	8	–	3,070	9,677	1,476	6	–	1,396	2,878

Financial liabilities, SEK m	30 June 2021					30 June 2020				
	Level 1	Level 2	Level 3	Other ¹⁾	Total carrying amount	Level 1	Level 2	Level 3	Other ¹⁾	Total
Interest-bearing non-current liabilities	–	–	–	7,101	7,101	–	–	–	3,035	3,035
Non-interest-bearing non-current liabilities	–	–	376	13	390	–	–	33	6	40
Interest-bearing current liabilities	–	–	–	444	444	–	–	–	160	160
Trade payable	–	–	–	1,457	1,457	–	–	–	588	588
Non-interest-bearing current liabilities	–	0	516	2,562	3,078	–	–	22	665	688
Total	–	0	892	11,577	12,469	–	–	56	4,456	4,511

30 June 2021

Financial assets, SEK m	Level 1	Level 2	Level 3	Other ¹⁾	Total carrying amount
Financial non-current assets	0	7	–	16	23
Trade receivable	0	–	–	1,227	1,227
Current receivables	0	10	–	279	289
Current investments	745	–	–	–	745
Cash and cash equivalents	1,866	–	–	–	1,866
Total	2,611	17	–	1,522	4,150

30 June 2021

Financial liabilities, SEK m	Level 1	Level 2	Level 3	Other ¹⁾	Total carrying amount
Interest-bearing non-current liabilities	–	–	–	3,189	3,189
Non-interest-bearing non-current liabilities	–	–	232	0	232
Interest-bearing current liabilities	–	–	–	330	330
Trade payable	–	–	–	652	652
Non-interest-bearing current liabilities	–	1	27	758	785
Total	–	1	259	4,928	5,188

¹⁾ To be able to reconcile the financial instruments with the balance sheet items, financial instruments not measured other assets and liabilities are presented in the Other column.

Level 2 derivatives have been valued at fair value based on data from the issuing institution.

Change in financial liabilities Level 3, SEK m	OB	Aquisition	Paid	Remeasured	Present Value	CB
Contingent considerations	259	622	-28	40	-2	892

The fair value of the contingent earn outs has been calculated based on the expected outcome of the targets set in the contracts, given a discount rate of 9.6% (9.6).

PERFORMANCE MEASURES

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Net sales	3,821	2,109	6,713	4,177	11,470	8,933
Operating profit	298	204	530	349	955	774
Operating margin, %	7.8	9.7	7.9	8.3	8.3	8.7
EBITDA, adjusted	506	294	880	523	1,529	1,172
EBITA, adjusted	383	221	654	382	1,126	854
EBITA margin, %	10.0	10.5	9.7	9.2	9.8	9.6
Profit after financial items	268	188	481	316	839	673
Profit for the period	210	142	381	243	711	574
Working capital				874	1,218	1,093
Return on working capital, % (12 months)				76.9	92.4	78.1
Return on equity, % (12 months)				11.4	12.6	14.2
Return on capital employed, % (12 months)				9.5	8.4	10.1
Equity/assets ratio, %				38.0	31.8	43.8
Net debt (balance day)				2,546	6,693	2,172
Debt/equity ratio (balance day)				0.7	0.8	0.4
Net debt/adjusted EBITDA (12 months)				2.6	4.4	1.9
Interest coverage ratio	9.7	10.5	10.0	9.4	7.8	7.3
Average number of employees (12 months)				3,056	4,478	3,154
Number of employees at end of period				3,194	6,974	3,565
Cash flow from operating activities	891	345	1,088	251	1,651	814
Cash conversion, %	175.2	113.5	134.1	57.3	110.9	69.5
Basic and diluted earnings per share, Series A, SEK	1.43	1.31	2.71	2.29	5.43	4.62
Basic and diluted earnings per share, Series B, SEK	1.39	1.33	2.63	2.29	5.36	4.69

PARENT COMPANY INCOME STATEMENT, CONDENSED

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun	Full year 2020
Net sales	25	-	45	0	56	11
Gross profit	25	0	45	0	56	11
Administrative expenses	-62	-11	-96	-13	-115	-33
Other operating income	1	0	1	-	1	-
Other operating cost	-9	0	-9	-	-9	-
Operating profit	-45	-11	-59	-13	-67	-22
Financial income	13	14	55	24	488	457
Financial expenses	-125	-15	-140	-26	-171	-57
Profit after financial items	-157	-12	-144	-16	250	379
Appropriations	-	-	-	-	123	123
Tax	15	-	12	-	10	-2
Profit for the period	-143	-12	-132	-16	383	500

PARENT COMPANY BALANCE SHEET, CONDENSED

SEK m	30 June 2021	30 June 2020	31 December 2020
Assets			
Intangible non-current assets	0	0	0
Financial non-current assets	13,876	5,776	5,923
Total non-current assets	13,876	5,776	5,923
Current receivables	1,174	490	1,358
Cash and cash equivalents	-	-	744
Total current assets	5,299	616	1,125
Total current assets	6,473	1,106	3,228
Total assets	20,349	6,882	9,151
Equity and liabilities			
Restricted equity	1	1	1
Unrestricted equity	8,406	3,764	5,604
Total equity	8,407	3,765	5,604
Non-current liabilities	9,679	2,968	3,108
Current liabilities	2,264	149	438
Total equity and liabilities	20,350	6,882	9,151

Definitions and calculations

PERFORMANCE MEASURES

Storskogen presents a number of performance measures that are not defined in accordance with IFRS. The Company considers these measures to provide valuable supplementary information for investors and the Company's management, as they allow an evaluation of trends and the Company's performance. As not all companies calculate these measures in the same way, they are not always comparable with those used by other companies. These measures should therefore not be regarded as replacing measures that are defined in accordance with IFRS. Definitions of the measures used, most of which are alternative performance measures, are presented below.

RETURN ON EQUITY¹

Profit including the minority's share of the profit for the year, after tax as a percentage of total equity, including the minority's share of equity. Equity is calculated as average amounts for the past four quarters. The purpose is to analyse profitability in relation to equity.

SEK m			12 months until 30 Jun 2020	12 months until 30 Jun 2021	Full year 2020
Profit after tax			360	711	574
Equity			3,167	5,663	4,051
Return on equity, %			11.4	12.6	14.2

RETURN ON WORKING CAPITAL¹

Adjusted EBITA divided by working capital. Working capital is calculated as average amounts for the past four quarters. The purpose is to analyse profitability in relation to working capital.

SEK m			12 months until 30 Jun 2020	12 months until 30 Jun 2021	Full year 2020
EBITA, adjusted			672	1,125	854
Working capital			874	1,218	1,093
Return on working capital, %			76.9	92.4	78.1

RETURN ON CAPITAL EMPLOYED¹

Operating profit plus financial income as a percentage of capital employed. Capital employed is calculated as average amounts for the past four quarters. The purpose is to analyse profitability in relation to capital employed.

SEK m			12 months until 30 Jun 2020	12 months until 30 Jun 2021	Full year 2020
Operating profit			552	955	774
Financial income			5	7	7
Operating profit including financial income			557	962	781
Capital employed			5,883	11,449	7,731
Return on capital employed, %			9.5	8.4	10.1

EBITA¹

Operating profit before amortization of intangible non-current assets. The purpose is to assess the Group's operating activities. EBITA serves as a complement to operating profit, as it provides an indication of the cash results of operations.

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Operating profit	298	204	530	349	955	774
Amortization/depreciation of intangible non-current assets	42	24	75	47	140	111
EBITA	339	228	605	396	1,094	885

EBITDA¹

Operating profit before depreciation, amortization and impairment losses. The purpose is to assess the Group's operating activities. EBITDA serves as a complement to operating profit.

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Operating profit	298	204	530	349	955	774
Amortization/depreciation	165	97	302	188	543	429
EBITDA	463	301	831	537	1,498	1,203

FINANCIAL ITEMS¹

Financial income less financial expense. The purpose is to present developments in the Group's financing activities.

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Financial income	1	4	5	5	7	7
Financial expenses	-31	-20	-53	-37	-123	-108
Net financial items	-29	-16	-48	-33	-116	-101

ADJUSTED EBITA¹

Operating profit before amortization and impairment losses on intangible non-current assets, excluding items affecting comparability such as revaluations of contingent considerations and inventory step-ups to fair value on acquisitions and amortizations and depreciations. The purpose is to assess the Group's operating activities. EBITA serves as a complement to operating profit, as it provides an indication of the cash results of operations. Adjusted EBITA facilitates comparisons of EBITA between periods.

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Operating profit	298	204	530	349	955	774
Items affecting comparability	43	-7	49	-13	31	-32
Amortization/depreciation of intangible non-current assets	42	24	75	47	140	111
EBITA, adjusted	383	221	654	382	1,125	854

ADJUSTED EBITA MARGIN¹

Adjusted EBITA as a percentage of net sales. The purpose is to provide a guide to profitability in relation to sales.

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Operating profit	383	221	654	382	1,125	854
Items affecting comparability	3,821	2,109	6,713	4,177	11,470	8,933
EBITA-margin, adjusted, %	10.0	10.5	9.7	9.2	9.8	9.6

ADJUSTED EBITDA¹

Operating profit before depreciation, amortization and impairment losses, excluding items affecting comparability such as revaluations of contingent considerations and inventory step-ups to fair value on acquisitions and amortizations and depreciations. The purpose is to assess the Group's operating activities. EBITDA serves as a complement to operating profit. Adjusted EBITDA facilitates comparisons of EBITDA between periods.

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Operating profit	298	204	530	349	955	774
Items affecting comparability	43	-7	49	-13	31	-32
Amortisation/depreciation	165	97	302	188	543	429
EBITDA, adjusted	506	294	880	523	1,529	1,172

ITEMS AFFECTING COMPARABILITY¹

Items such as revaluations of contingent considerations and amortization of step-ups to fair value on acquisitions are excluded to facilitate comparisons between periods.

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Revaluation of additional purchase price	43	-7	49	-13	22	-40
Fair value adjustments of acquired assets	0	-	0	-	8	8
Items affecting comparability	43	-7	49	-13	31	-32

CASH CONVERSION ¹

Operating cash flow in relation to adjusted EBITDA. Operating cash flow is calculated using adjusted EBITDA minus changes in operating capital minus cash flow from net investments in tangible assets. The purpose is to analyze the cash conversion of the operation.

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
EBITDA, Adjusted	506	294	880	523	1,529	1,172
Change in net working capital	481	69	489	-146	445	-189
Net capital expenditure	-101	-29	-189	-78	-279	-168
Operating Cash Flow	887	334	1,180	300	1,695	815
EBITDA, Adjusted	506	294	880	523	1,529	1,172
Cash conversion, %	175.2	113.5	134.1	57.3	110.9	69.5

NET DEBT ¹

Interest-bearing liabilities (including minority options and contingent consideration liabilities) minus cash and cash equivalents. The purpose is to show the Group's true level of debt.

SEK m	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Interest-bearing liabilities	3,687	11,632	4,113
Earn-outs	56	892	259
Options for minority	279	767	411
Current investments	0	-6	-745
Cash and cash equivalents	-1,476	-6,593	-1,866
Net debt	2,546	6,693	2,172

NET DEBT/ADJUSTED EBITDA ¹

Net debt in relation to the cash results of operations. The purpose is to provide an indication of the business's ability to service its debt. This measure is widely used by financial institutions to measure creditworthiness.

SEK m	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Net debt	2,546	6,693	2,172
EBITDA, adjusted	962	1,529	1,172
Net debt/EBITDA, adjusted	2.6	4.4	1.9

ORGANIC ADJUSTED EBITA GROWTH ¹

Change in adjusted EBITA, excluding acquisition and divestment effects from acquisitions, relative to the same period the previous year. Acquired entities are included in organic adjusted EBITA growth once they have been part of the Storskogen Group for 12 months. The purpose is to analyse underlying growth in operating profit.

ORGANIC GROWTH ¹

Change in net sales, excluding acquisition and divestment effects from acquisitions, relative to the same period the previous year. Acquired entities are included in organic growth once they have been part of the Storskogen Group for 12 months. The purpose is to analyse underlying growth in net sales.

BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is used to assess the value of the Company's outstanding shares. The average number of shares is not currently exposed to any dilution effects.

SEK thousands	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Net profit for the period related to Series A shares	37,422	26,530	71,099	45,845	142,278	108,345
Net profit for the period related to Series B shares	149,688	106,120	284,396	183,380	569,111	433,378
Basic and diluted weighted average number of shares outstanding, Series A*	26,200,000	20,305,556	26,200,000	20,000,000	26,200,000	23,444,444
Basic and diluted weighted average number of shares outstanding, Series B*	107,506,667	80,000,000	108,140,206	80,000,000	106,165,196	92,348,948
Basic and diluted earnings per share, Series A, SEK	1.43	1.31	2.71	2.29	5.43	4.62
Basic and diluted earnings per share, Series B, SEK	1.39	1.33	2.63	2.29	5.36	4.69

INTEREST COVERAGE RATIO ¹

Operating profit plus financial income divided by financial expense. The purpose is to present earnings in relation to interest costs.

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Operating profit	298	204	530	349	955	774
Financial income	1	4	5	5	7	7
Profit after financial items, net, including financial expenses	299	208	534	353	962	781
Financial expenses	-31	-20	-53	-37	-123	-108
Interest coverage ratio	9.7	10.5	10.0	9.4	7.8	7.3

WORKING CAPITAL ¹

Working capital is calculated as current operating receivables (inventories, accounts receivable and other non-interest-bearing current receivables) less current operating liabilities (accounts payable and other non-interest-bearing current liabilities excluding contingent consideration liabilities). The components are calculated as average amounts for the past four quarters. The purpose is to analyse the capital tied up in the balance sheet by the Group's operating activities.

SEK m	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Inventories	893	1,270	963
Accounts receivable	952	1,501	1,086
Other current receivables	351	651	495
Accounts payable	-550	-875	-607
Other current liabilities	-771	-1,328	-844
Working capital	874	1,218	1,093

OPERATING MARGIN ¹

Operating profit as a percentage of net sales. The purpose is to show the share of net sales left over after operating expenses.

SEK m	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	12 months until 30 Jun 2021	Full year 2020
Operating profit	298	204	530	349	955	774
Net sales	3,821	2,109	6,713	4,177	11,470	8,933
Operating margin, %	7.8	9.7	7.9	8.3	8.3	8.7

OPERATING PROFIT/LOSS (EBIT)

Operating revenue less operating expenses. The purpose is to present the Group's earnings before interest and tax.

DEBT/EQUITY RATIO ¹

Net debt divided by equity. The purpose is to show the size of debt in relation to equity, i.e. a measure of capital strength and financial risk. A high debt/equity ratio will correspond to a low equity/assets ratio, while a low debt/equity ratio will correspond to a high equity/assets ratio.

SEK m	Jun 30 2020	Jun 30 2021	Dec 31 2020
Net debt	2,546	6,693	2,172
Equity	3,671	8,771	5,262
Debt/equity ratio	0.7	0.8	0.4

EQUITY/ASSETS RATIO ¹

Equity as a percentage of total assets. The purpose is to show the proportion of assets that are financed with equity.

SEK m	Jun 30 2020	Jun 30 2021	Dec 31 2020
Equity	3,671	8,771	5,262
Total assets	9,650	27,546	12,002
Equity/assets ratio, %	38.0	31.8	43.8

CAPITAL EMPLOYED¹

Total assets less non-interest-bearing liabilities and provisions. The components are calculated as average amounts for the past four quarters. The purpose of this measure is to track the amount of capital that is employed in operations and financed by shareholders and lenders.

SEK m			Jun 30 2020	Jun 30 2021	Dec 31 2020
Total assets, weighted value			7,785	15,020	9,957
Non-interest-bearing liabilities			-1,653	-3,125	-1,955
Provisions			-250	-445	-271
Capital employed			5,883	11,449	7,731

NUMBER OF OUTSTANDING SHARES

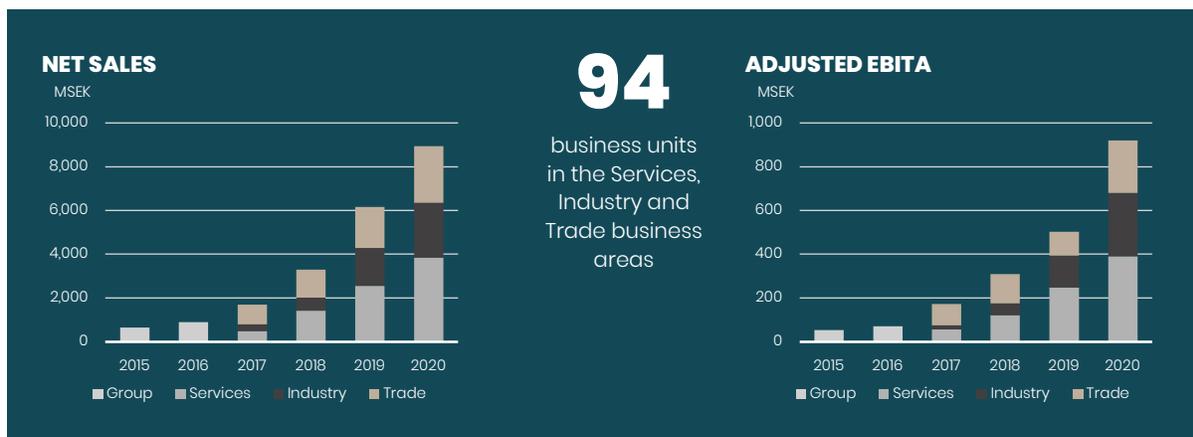
Total number of shares. This number is used primarily to calculate performance measures such as earnings per share which are defined in accordance with IFRS.

Total number of registered shares			Jun 30 2020	Jun 30 2021	Dec 31 2020
Serie A shares			25,000,000	26,200,000	26,200,000
Serie B shares			103,436,123	116,316,934	105,792,864
Number of outstanding shares			128,436,123	142,516,934	131,992,864

¹ The performance measure is an alternative performance measure according to ESMA's guidelines.

About Storskogen

Storskogen is a privately owned group of companies with a vision to be the best owner of small and medium-sized enterprises. Storskogen's companies share a common focus on good profitability, stable cash flows and a strong position in their niche market. Stable and profitable companies are not built overnight and are seldom cast in the same mould. We therefore take a long-term perspective when we acquire and support companies in their continued development, without setting a limit on our ownership horizon.



OUR VISION

Storskogen's vision is to be the best owner of small and medium-sized enterprises.

BUSINESS CONCEPT

Storskogen's business concept is to acquire and manage a diversified group of profitable enterprises with a strong position in their respective markets, and to do so without setting a limit on our ownership horizon.



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