



Storskogen Year-end 2021

23 February 2022

Today's presenters



Daniel Kaplan
CEO and co-founder



Lena Glader
CFO

Agenda

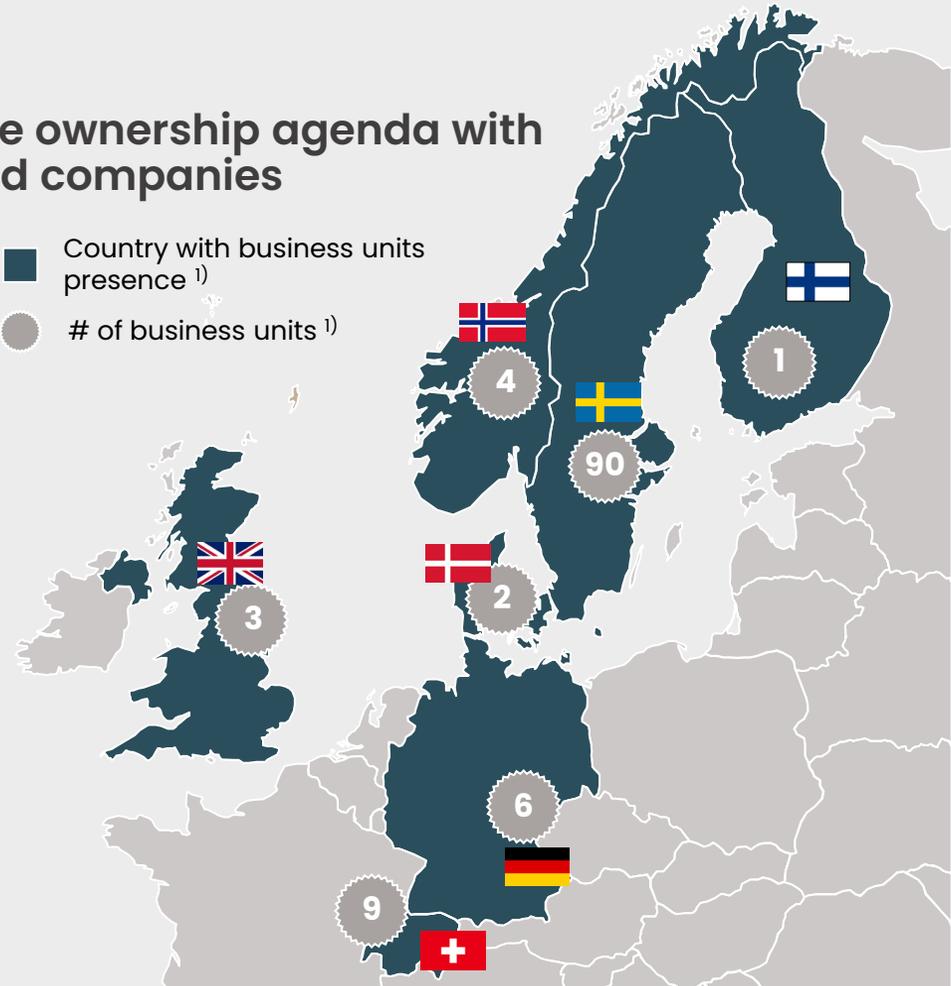
- **1. Storskogen and Q4 in brief**
- 2. Development by business area
- 3. Group financial performance
- 4. Key takeaways
- 5. Q&A

Storskogen in brief

Storskogen is an international compounder with an infinite ownership agenda with the vision to be the best owner of small- and medium sized companies

SME compounder with an infinite ownership agenda	Vision to be the best SME owner
Resilient business model	Strong execution track record supports future ambition

SEK 25.9bn in annual net sales ^{1) 3)}	SEK 2.8bn in annual adj. EBITA ^{1) 3)}	+10,000 employees ¹⁾
176 completed acquisitions since founding ^{2) 3)}	115 business units ¹⁾	13 verticals ⁵⁾



Our ambition is to be the leading SME compounder in all our geographies

¹⁾ Includes acquisitions completed as per 23 Feb 2022; ²⁾ As per 23 Feb 2022, including add-ons; ³⁾ Includes the add-on acquisition of mAnalyze, not press released. Considers Artum as 8 acquisitions and Ashe Invest and On Target as 1 acquisition. ⁴⁾ In January 2022, the vertical Construction & Infrastructure was separated into two verticals, Contracting Services and Infrastructure.

Our business areas as of 23 February

Highly diversified business split out across 3 business areas, 13 verticals ²⁾, 115 business units and +300 companies

SERVICES



Peter Ahlgren

No. of Business units	54 ¹⁾
No. of employees	4,728
Geographical presence	
No. of acquisitions since founding	90 ¹⁾

TRADE



Christer Hansson

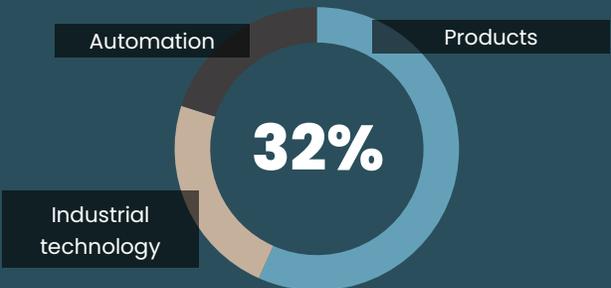
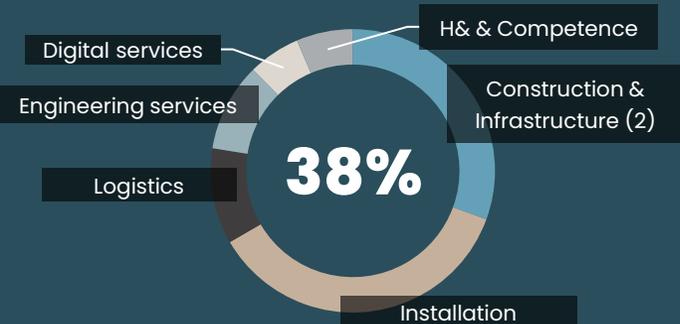
No. of Business units	27 ¹⁾
No. of employees	1,585
Geographical presence	
No. of acquisitions since founding	47 ¹⁾

INDUSTRY



Fredrik Bergegård

No. of Business units	34 ¹⁾
No. of employees	3,913
Geographical presence	
No. of acquisitions since founding	39 ¹⁾



¹⁾ Artum is considered as 8 acquisitions, while Ashe Invest and On Target is counted as 1 acquisition ²⁾ In January 2022, the vertical Construction & Infrastructure have been separated into two verticals, Infrastructure and Contracting Services, respectively. Storskogen will report according to this structure for the first time in the Interim report for the first quarter 2022. After the separation, Storskogen are divided in 13 verticals.

Three business areas further divided into 13 verticals

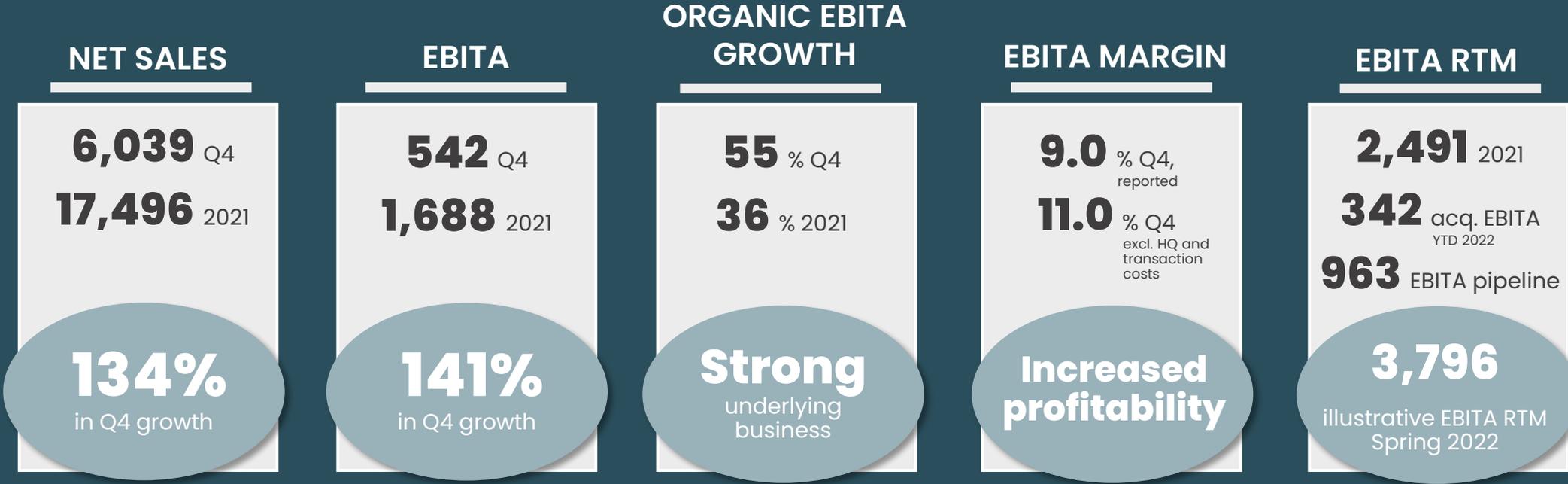
With 115 business units¹⁾ distributed over a wide range of verticals, driven by different macro trends and market characteristics, the portfolio is highly diversified

SERVICES							TRADE			INDUSTRY		
Contracting Services	Infrastructure	Installation	Logistics	Engineering Services	Digital Services	HR & Competence	Distributors	Brands	Producers	Automation	Industrial Technology	Products
7	13	14	5	4	7	4	15	9	3	7	16	11

¹⁾ As per 23 February 2022. At year end 2021, the organization consisted of 105 business units

Key numbers

A strong Q4 with an organic EBITA growth of 55% (141% in total) concluded a successful year for Storskogen. The current acquisition pipeline indicates continued growth in 2022



(SEKm unless otherwise stated)

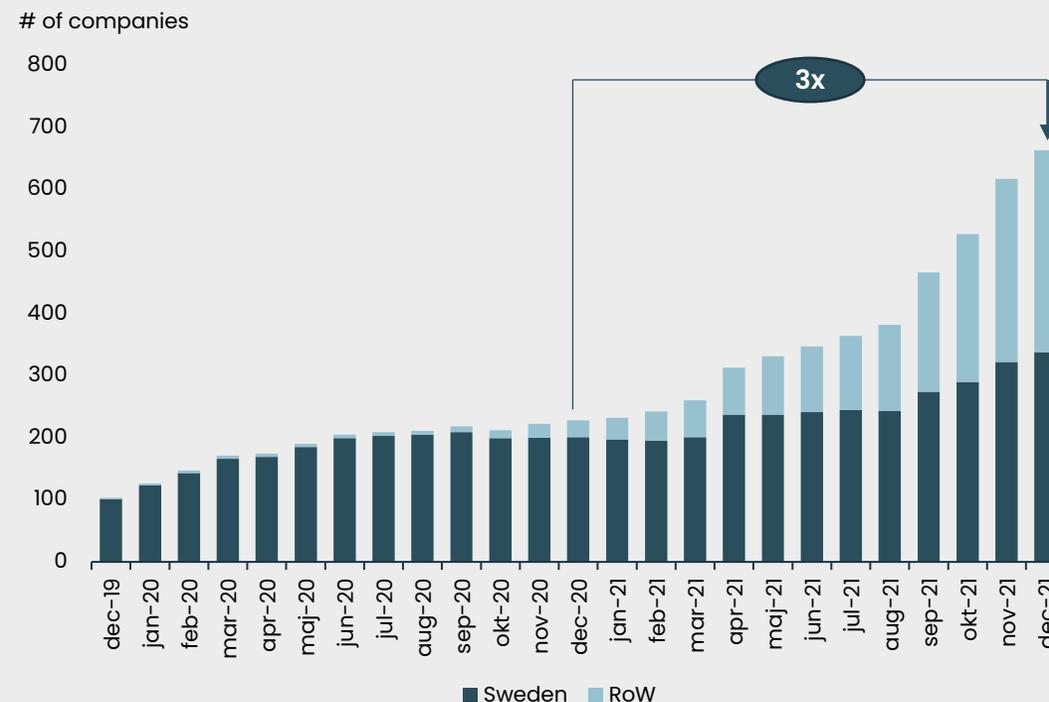
Acquisitions

Significant increase in dealflow driven by internationalization, enabling a broader selection of targets as well as diversification with decreased risks as a result

ACQUISITIONS IN THE QUARTER

- 20 acquisitions in Q4, with combined net sales of SEK 3,217m
- So far in Q1, Storskogen has completed 17 acquisitions
 - Net sales: SEK 2,763m
 - EBITA of: SEK 342m
- As per 23 February 2022, Storskogen has entered 30 LOIs and preferred buyer agreements
 - Net sales: SEK 6,278m
 - EBITA: SEK 963m
- Dealflow increased by 3x in 2021 compared to 2020
- 49% international dealflow in 2021, compared to 12% in 2020

DEALFLOW DEVELOPMENT



Acquisitions during 2021

A total of 71¹⁾ acquisitions, of which 34% add-ons, with an annual total EBITA contribution of approximately SEK 1,440m

		SERVICES						TRADE			INDUSTRY			
		Contracting Services	Infrastructure	Installation	Logistics	Engineering Services	Digital Services	HR & Competence	Distributors	Brands	Producers	Automation	Industrial Technology	Products
Business unit		 	 	 	 	 	 	 	 		 	 		
	Add-on		 	 				 	 		 			
		1	12	12	1	1	4	4	14	6	-	2	7	7

¹⁾ Considers Artum as 8 acquisitions and Ashe Invest and On Target as 1 acquisition.

So far in Q1 2022

A total of 17 completed acquisitions, of which 47% add-ons, with combined net sales of SEK 2,763m and EBITA of SEK 342m

Acquisitions	BU/ Add-on	Business area	Vertical	
Nimbus Group A/S	BU	Services	Infrastructure	
Christ & Wirth Haustechnik GmbH ¹⁾	BU	Services	Installation	
EVIAB	BU	Services	Installation	
Budettan AB	Add-on	Services	Infrastructure	
Markbyggarna i Skellefteå AB	Add-on	Services	Infrastructure	
Karriärkonsulten	Add-on	Services	HR & Competence	
Brandprojektering Sverige	BU	Services	Engineering Services	
Dansforum AB	Add-on	Services	HR & Competence	
El & Nätverksmontage i Stockholm AB	Add-on	Services	Installation	
mAnalyze	Add-on	Services	Digital Services	
L.J. Sot AB	Add-on	Services	Installation	
LNS Group	BU	Industry	Automation	
Tornado Group Ltd.	BU	Industry	Industrial Technology	
A&K Die Frische Küche GmbH	BU	Industry	Products	
Trollskes Maskinservice AB	Add-on	Industry	Automation	
Fremco AS	BU	Industry	Products	
2M2 Group	BU	Trade	Distributors	
Hudikhus	BU	Trade	Producers	

-  Services
-  Industry
-  Trade



Combined net sales

SEK 2,763m

Combined EBITA

SEK 342m

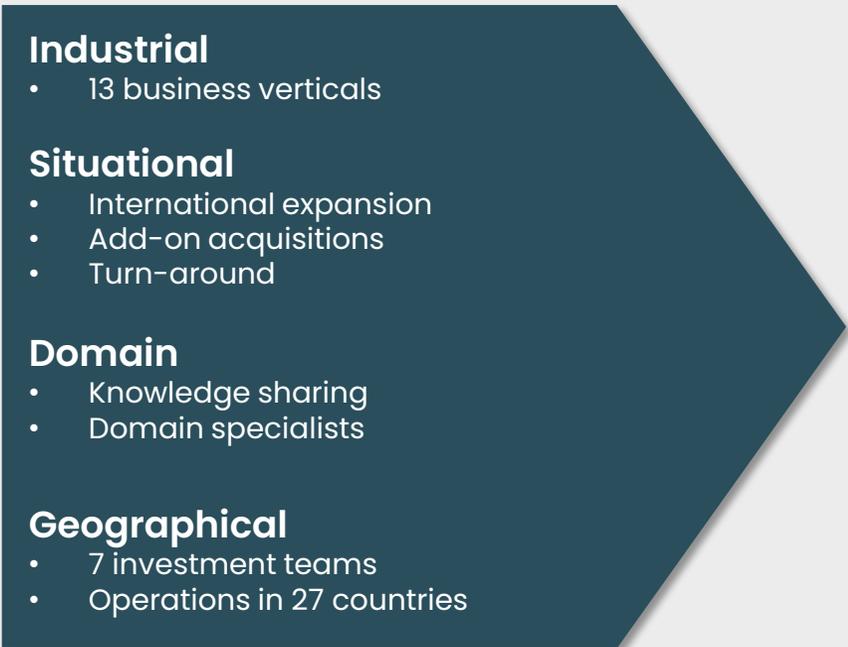
¹⁾ Signed acquisitions yet to be completed during 2022

Being the best SME owner

Storskogen's value contribution to its Business Units is all about decreasing risk and increasing upside, illustrated by the 1% organic EBITA growth in 2020 and 36% in 2021

>90 Group operations, 115 BU CEOs and +10.000 employees provide expertise...

...driving business improvement with a decentralized approach



Industrial

- 13 business verticals

Situational

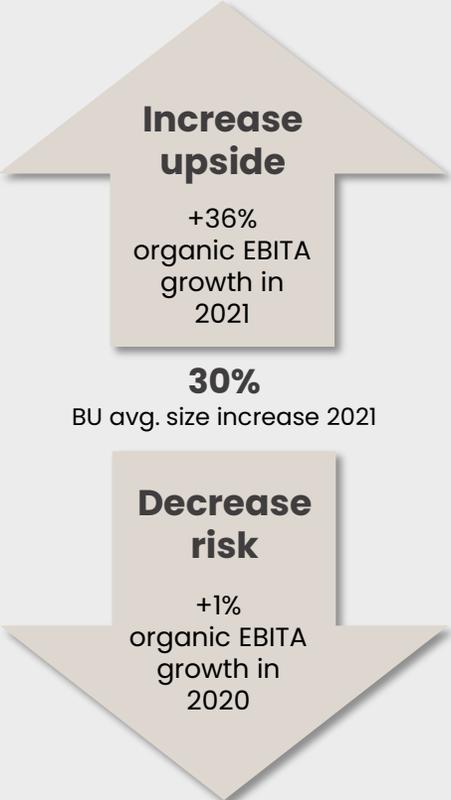
- International expansion
- Add-on acquisitions
- Turn-around

Domain

- Knowledge sharing
- Domain specialists

Geographical

- 7 investment teams
- Operations in 27 countries

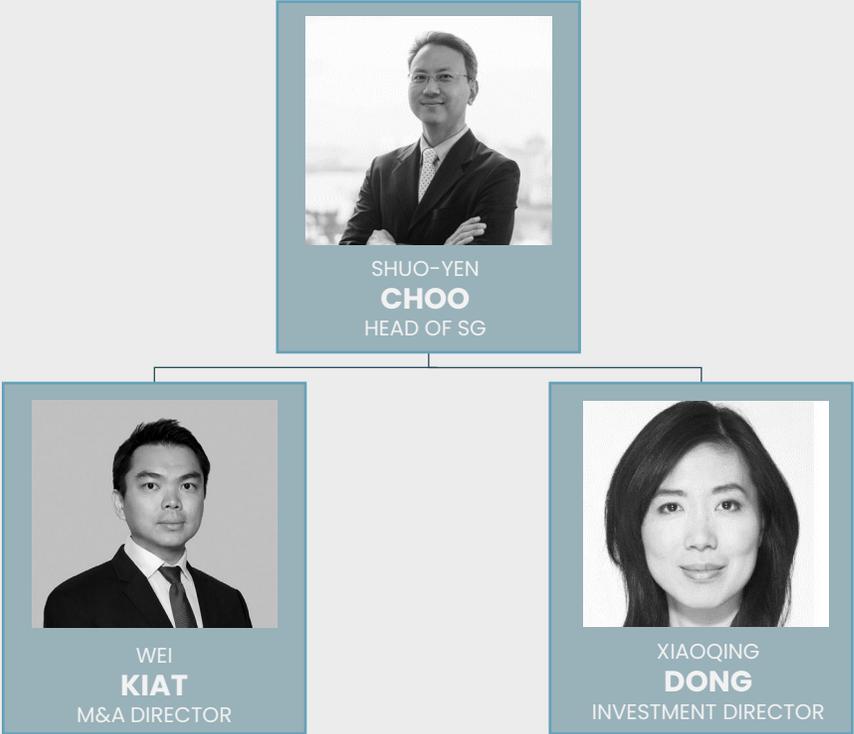


- Financing and stability
- Growth and add-on acquisitions
- Strategy development
- Operational excellence
- Governance and professionalism
- Team support and dependency

International expansion update

After a systemic and data-driven analysis, Singapore was identified as a mature and stable market with significant target opportunities. A team is already in place, working on the first acquisition

ESTABLISHING SINGAPORE (SG) DIVISION



MARKET EXPANSION RATIONALE



Agenda

1. Storskogen and Q4 in brief
- **2. Development by business area**
3. Group financial performance
4. Key takeaways
5. Q&A

Development by Business Area – Services

Uplift in Q4 throughout all verticals with underlying positive sentiment in terms of demand, but covid-19 will likely affect beginning of 2022 due to high absence

MARKET DEVELOPMENT IN Q4

- Q4 is a strong seasonal period for personnel intensive organizations. Sequential improvements in all verticals
- The fourth pandemic wave resulted in high levels of absence during last part of 2021 and beginning of 2022
- Positive outlook for 2022 if current trend of decrease in covid transmission rates persists

ACQUISITIONS IN Q4

Business units



Add-ons

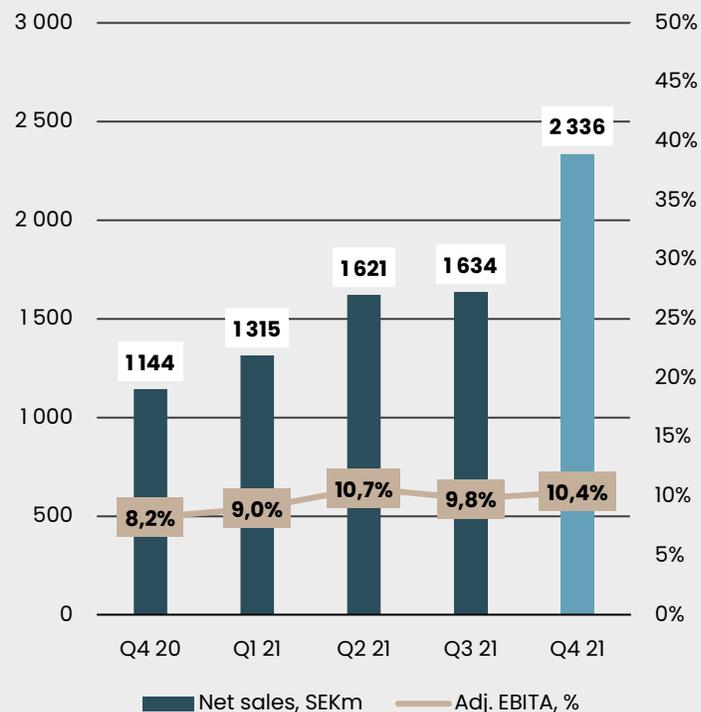


Combined net sales of SEK 1,257m

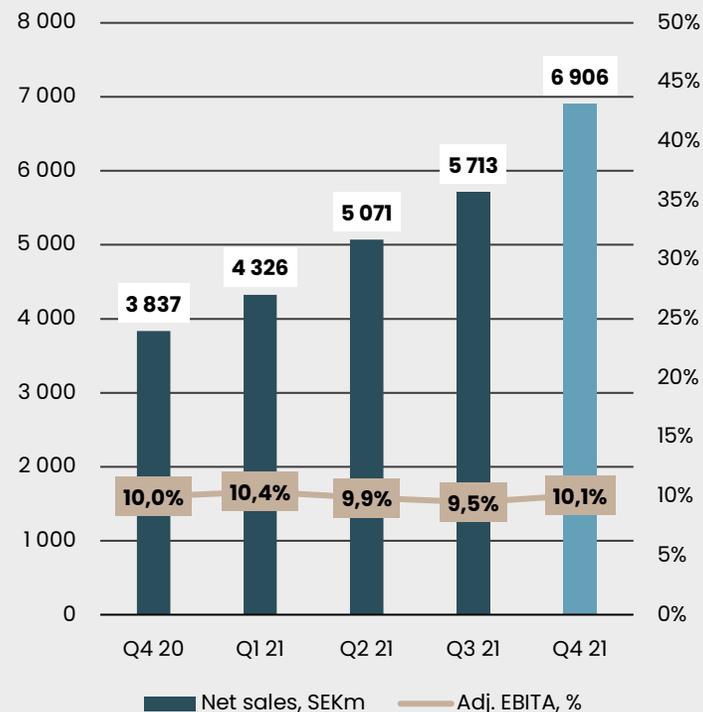
Financial development – Services

Continued recovery in Q4 with solid outlook for 2022

NET SALES AND ADJ. EBITA MARGIN (Q)



NET SALES AND ADJ. EBITA MARGIN (LTM)



COMMENT

- Q4 net sales increased by 104% to SEK 2,336m
- Q4 adj. EBITA of SEK 243m, at a margin of 10.4% (10.9% excluding transaction costs)
- Q4 saw positive contribution from M&A and favourable comparison due to one-off item in 2020
- FY 2021 organic EBITA growth of 21%
- FY 2021 net sales growth of 80% to SEK 6,906m

Development by business area – Trade

Top-line growth driven by strong B2B demand in Distributors and Brands. Supply chain issues and cost levels persist, but price increases have been successful

MARKET DEVELOPMENT IN Q4

- Strong sales and continued good B2B demand, partly driven by covid recovery
- Shortage of products and components to some extent mitigated by above-normal inventory levels
- Freight and material prices remain high, but price increases have been successful
- Beginning of 2022 affected by covid-19

ACQUISITIONS IN Q4

Business units

JULIAN BOWEN



Add-ons

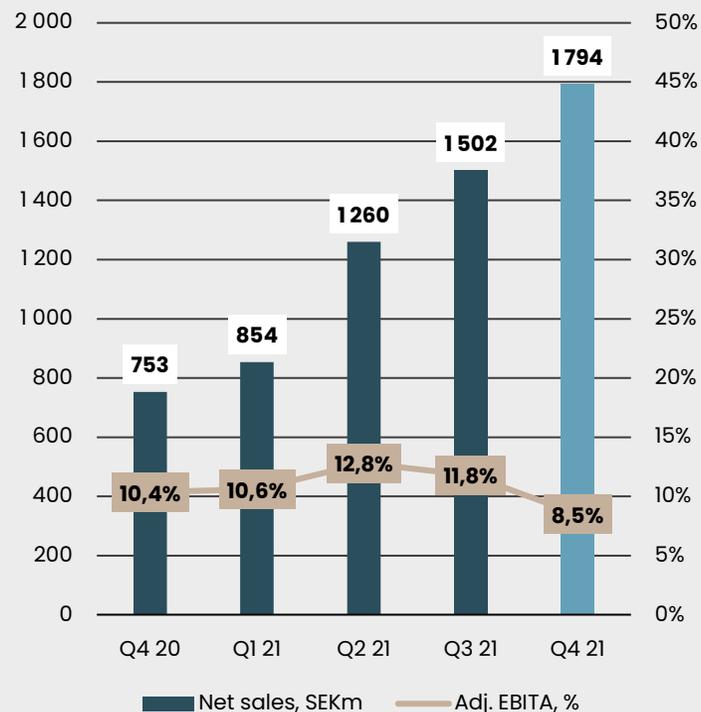
SPECIAL
Wheels

Combined net sales of SEK 782m

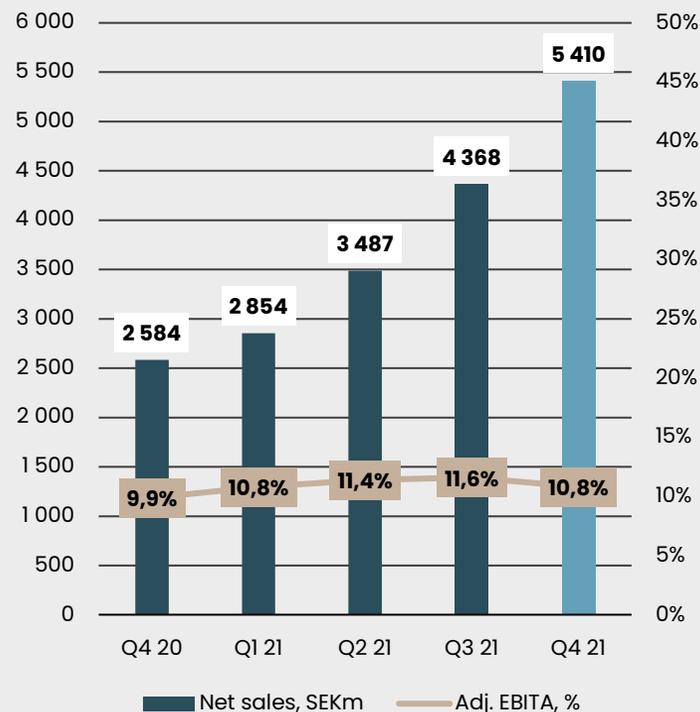
Financial development – Trade

Non-recurring inventory adjustments negatively impacted Q4 margins, but organic EBITA growth has been extraordinary for the full year

NET SALES AND ADJ. EBITA MARGIN (Q)



NET SALES AND ADJ. EBITA MARGIN (LTM)



COMMENT

- Q4 net sales increased by 138% to SEK 1,794m
- Q4 EBITA of SEK 153m, corresponding to a margin of 8.5% (8.9% excluding transaction costs)
- Q4 results include non-recurring inventory adjustments of SEK -41m, or 2.3% of sales
- FY 2021 Organic EBITA growth of 35%
- FY 2021 net sales growth of 109% to SEK 5,410m

Development by business area – Industry

Generally good momentum with strong demand and order intake, as well as good pricing power. Expect positive sentiment to continue despite component shortage

MARKET DEVELOPMENT IN Q4

- Underlying favourable industry markets with high demand and strong order intake
- Higher production efficiency and price increases mitigate increase in steel prices and other commodities
- Due to continued supply chain disruptions, material and component shortage is still significant

ACQUISITIONS IN Q4

Business units

PERSSON

 **Hans Kämmerer GmbH**
Schweißwerk - Maschinenbau

Vinab
VERKSTADSINDUSTRI / NORR AB

SF TOOLING
GROUP

Add-ons

JERNBRO

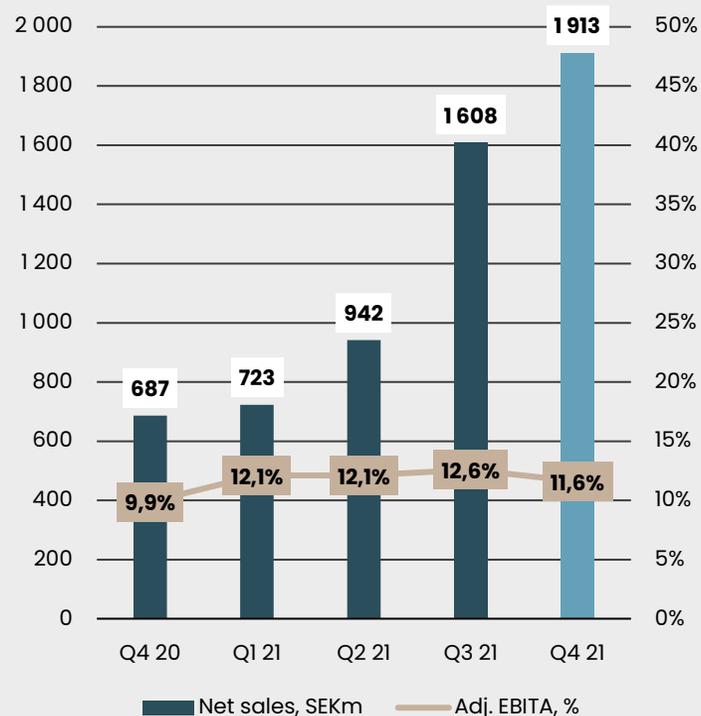

flexi heater
FLEXIHEATER.SE

Combined net sales of SEK 973m

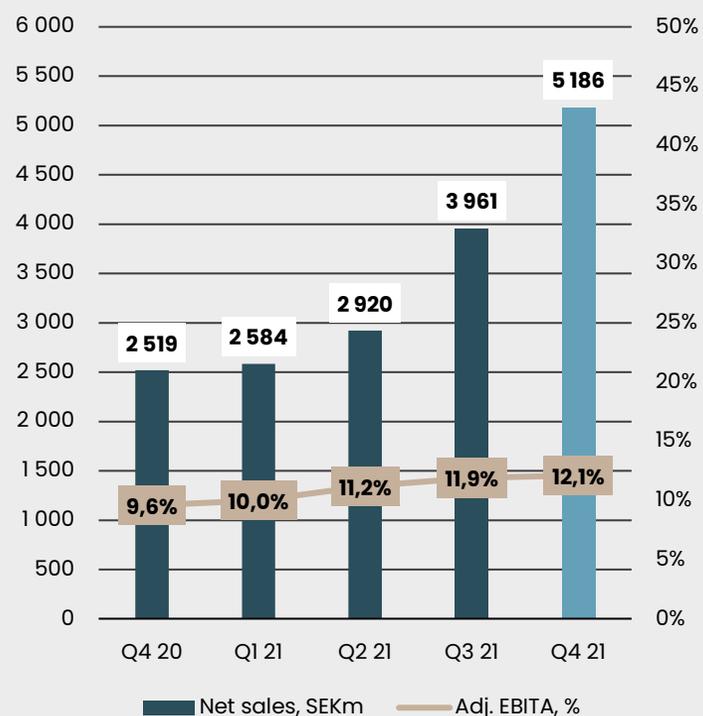
Financial development – Industry

Continued solid demand and contribution from acquisitions

NET SALES AND ADJ. EBITA MARGIN (Q)



NET SALES AND ADJ. EBITA MARGIN (LTM)



COMMENT

- Q4 net sales increased by 178% to SEK 1,913m.
- Q4 adj. EBITA of SEK 222m, corresponding to a margin of 11.6% (13.2% excluding transaction costs).
- FY 2021 organic EBITA growth of 53%.
- FY 2021 net sales growth of 106% to SEK 5,186m.

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Key financial performance Q4 2021

Net sales increased by 134%, EBITA by 141%

- Q4 net sales growth of 134% to SEK 6,039m. Organic sales growth of 23% in Q4 and 17% in FY 2021
- EBITA growth of 141% in Q4, of which 55% organic. FY 2021 organic EBITA growth of 36%
- Q4 EBITA margin of 9.0%. EBITA margin from business areas, excluding group functions and transaction costs, was 11.0% (9.4% in Q4 2020)
- RTM EBITA of SEK 2,491m, a margin of 10.8%
- FY 2021 ROE of 10.4% and ROCE of 9.1%, both diluted by share issue in October
- FY 2021 cash conversion of 73%
- Net debt / Adj. EBITDA (RTM) below target at 1.3x

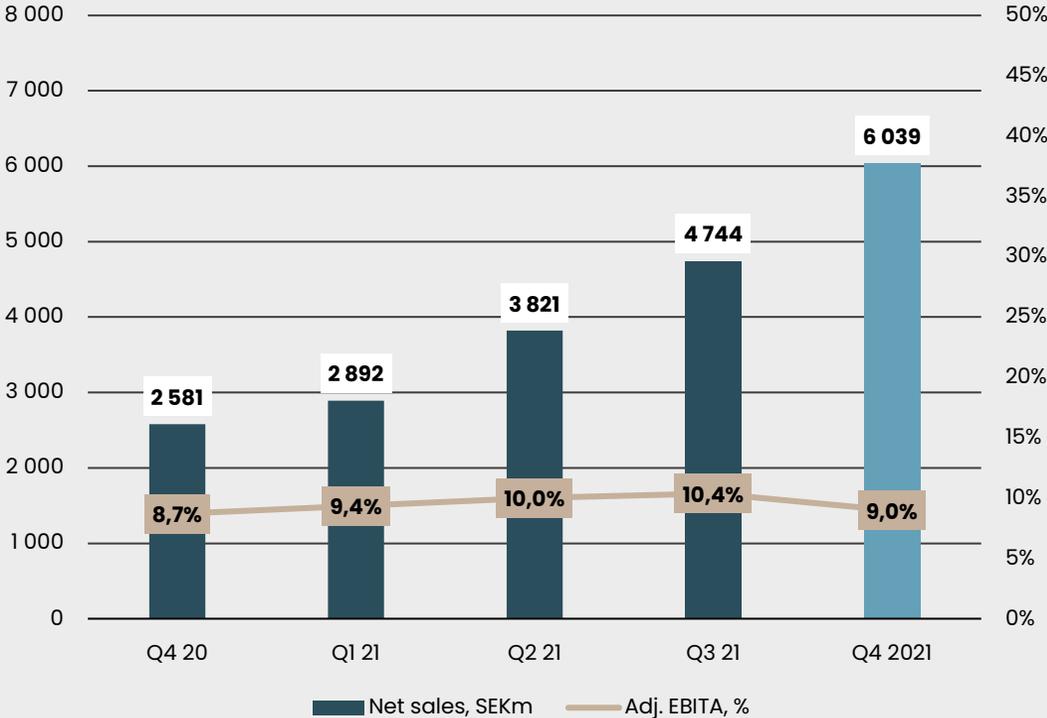
SEKm	2021 Q4	2020 Q4	Chg., %	2021	RTM ¹⁾
Net sales	6,039	2,581	134	17,496	23,182
Adj. EBITDA	716	320		2,249	3,115
Adj. EBITA	542	225	141	1,688	2,491
Adj. EBITA margin, %	9.0	8.7		9.6	10.8
Net profit	251	162	55	947	
EPS, SEK	0.13	0.12		0.60	
ROE, %				10.4	
ROCE, %				9.1	
Operational cash flow	699	344	103	1,376	
Cash conversion, %	97.8	70.3		72.6	
Net debt / Adj. RTM EBITDA, x				1.3	

1) RTM (proforma)

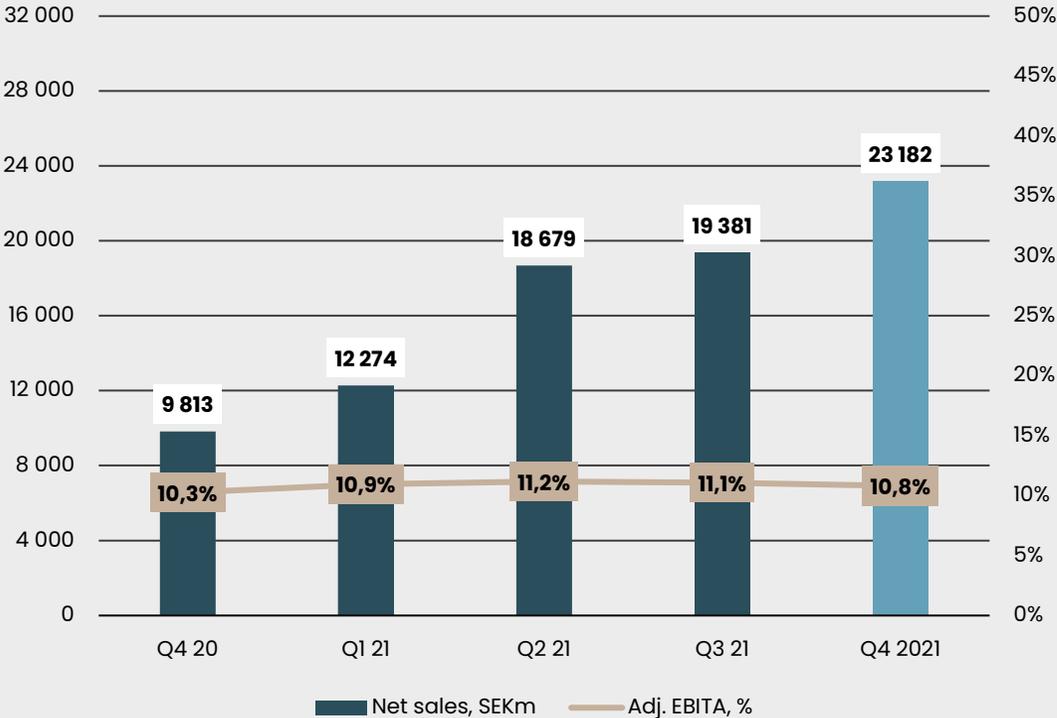
Net sales and EBITA trend

Consistent sales growth demonstrated by a strong M&A engine. Growth-enabling upscaling of organization and transaction costs affected EBITA by SEK 120m in Q4

NET SALES AND ADJUSTED EBITA MARGIN (Q)

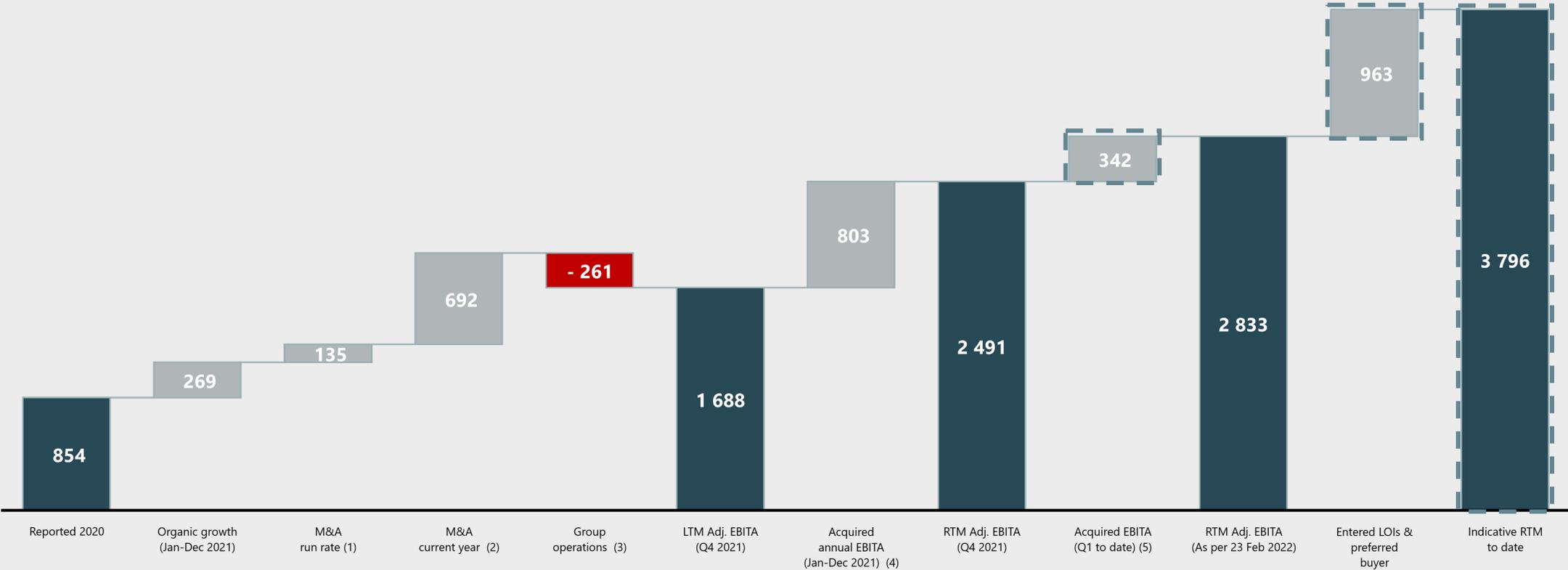


RTM NET SALES AND RTM ADJ. EBITA



Illustrative EBITA growth bridge

Contribution from recent acquisitions has increased EBITA from SEK 854m in FY 2020 to SEK 2,491m RTM EBITA in 2021 and further to SEK 2,833m including 2022 acquisitions to-date



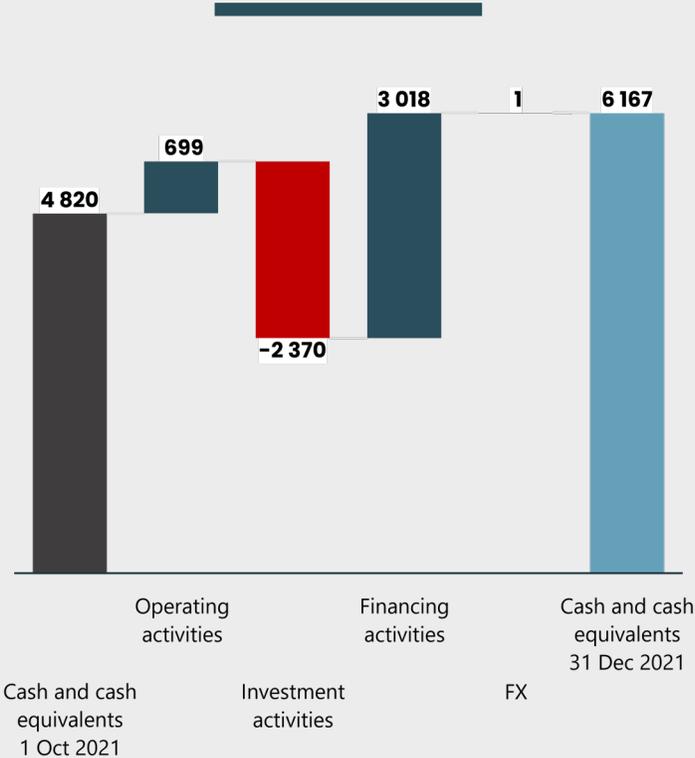
Illustrative; numbers based on latest annual financials

¹⁾ From companies acquired 15 Jan-31 Dec 2020 (M&A Runt Rate, not included in organic) ²⁾ From companies acquired 1 Jan-31 Dec 2021. ³⁾ Compared to last year including adjustments for items affecting comparability, whereof SEK 78m transaction costs. ⁴⁾ Additional contribution from acquisitions during Jan-Dec if the companies had been owned the last 12 months. ⁵⁾ Includes completed acquisitions as of 22 Feb.

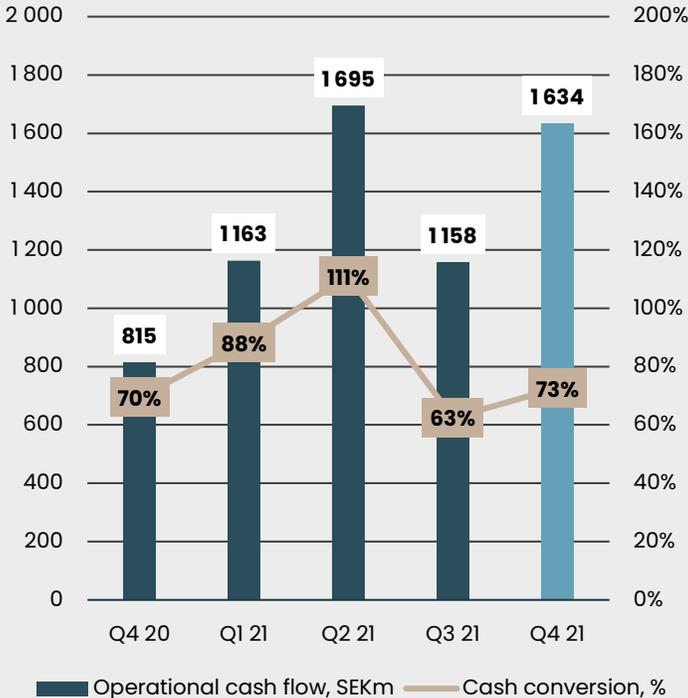
Cash flow

Cash conversion of 73%, driven by a slight decrease in inventory build-up

CASH FLOW BRIDGE



OPERATIONAL CASH FLOW AND CASH CONVERSION (LTM)



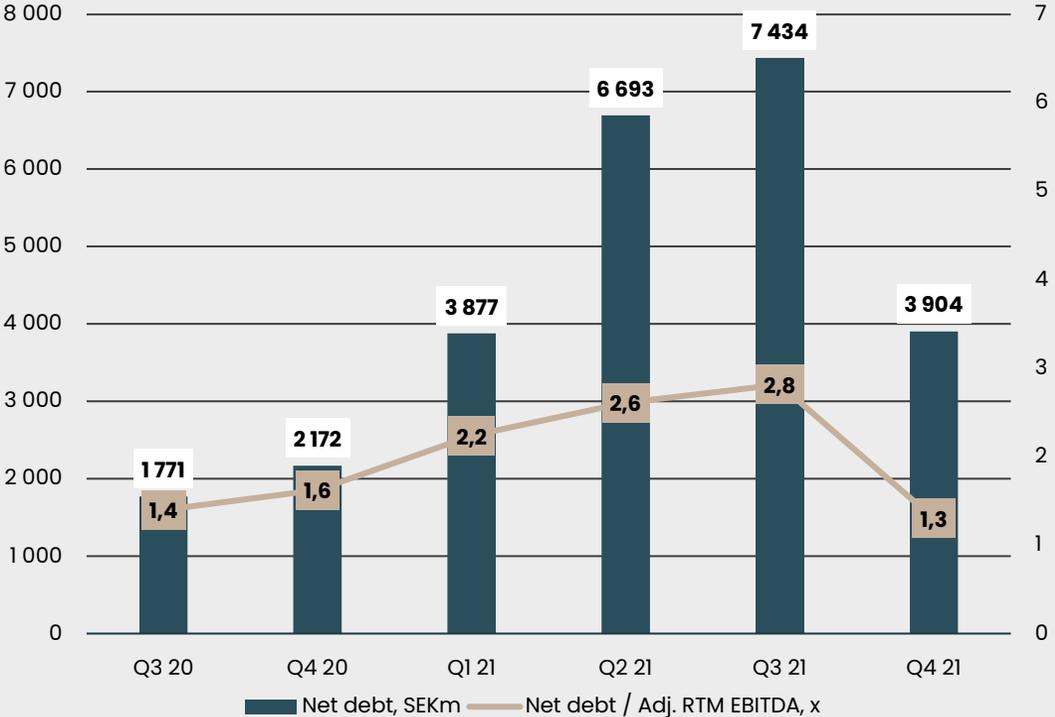
COMMENT

- Cash flow from operations increased to SEK 699m in Q4
- Cash conversion of 98% in Q4. LTM cash conversion at 73% vs. target of >70%
- Acquisitions totaled SEK 2,255m in Q4
- Cash and cash equivalents totaled SEK 6.2bn in the end of Q4
- Capex/sales 1.9% in Q4, 2.0% in 2021

Net debt

Leverage of 1.3 at end-Q4, below financial targets supporting future growth

NET DEBT AND LEVERAGE RATIO



COMMENT

- Net debt decreased to SEK 3.9bn
- Financial net debt, excluding earn-outs and minority options, amounted to SEK 1.7bn
- Leverage of 1.3 times Adj. RTM EBITDA, facilitating flexibility for future growth
- Leverage measured on financial net debt of 0.5x
- Decrease in leverage primarily driven by IPO proceeds of SEK 7,169 after costs
- SEK 2,000m in unsecured senior bonds raised in Q4

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Key takeaways

The results in 2021 demonstrated Storskogen's operational excellence and provides a strong position for continuous growth going forward

98%
in FY 2021 EBITA growth

36%
in FY 2021 organic EBITA growth

2,833
MSEK in EBITA RTM per 23 Feb 2022

963
MSEK in EBITA pipeline



Positive outlook despite uncertain context



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Q&A

Today's presenters



Daniel Kaplan
CEO and co-founder

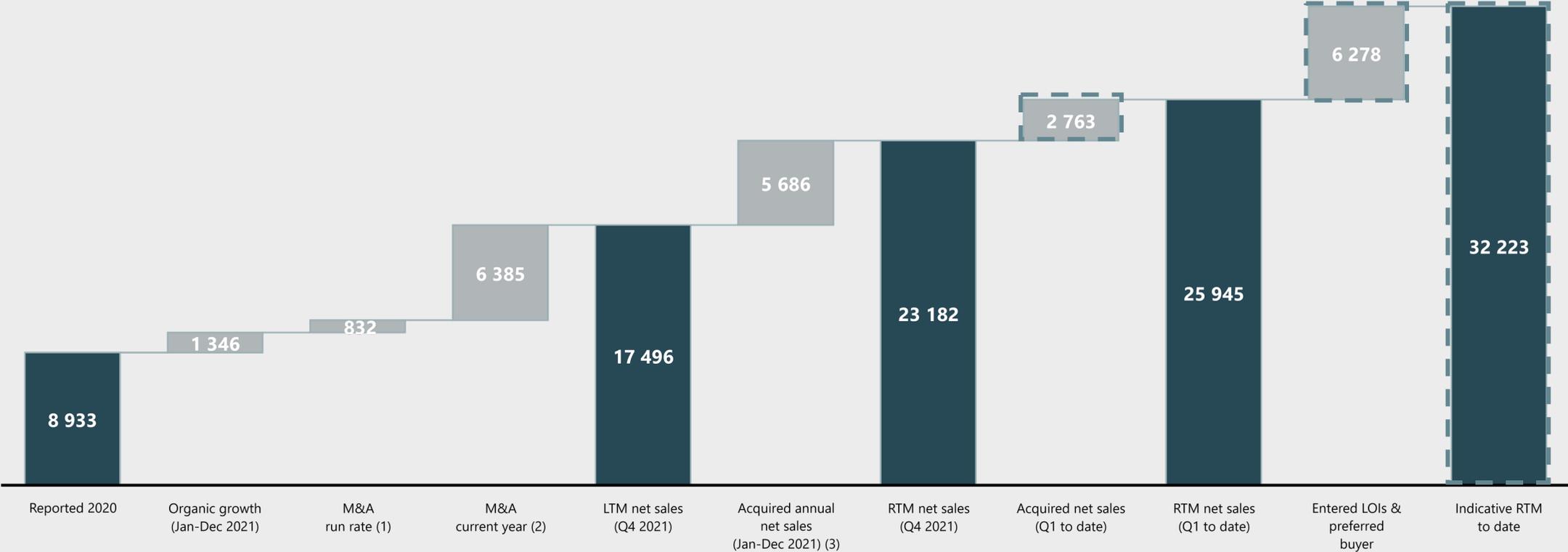


Lena Glader
CFO

Appendix

Illustrative net sales growth bridge

Net sales development is driven by organic growth as well as acquisitions. RTM net sales acquired during 2021 contribute with over 160% in growth



 Illustrative; numbers based on latest annual financials

¹⁾ From companies acquired 15 Jan-31 Dec 2020 (M&A Run Rate, not included in organic) ²⁾ From companies acquired 1 Jan-31 Dec 2021. ³⁾ Additional contribution from acquisitions during Jan-Dec if the companies had been owned the last 12 months. ⁵⁾ Includes completed acquisitions as of 22 Feb.

Overview of financial guidance

Significantly stronger organic EBITA-growth but weaker margins due to non-recurring inventory adjustments

	<u>MEDIUM TERM</u>	<u>VALUE DRIVERS</u>	<u>2021</u>
EBITA	<p>2021 will show very strong growth, driven by both organic performance and pace of acquisitions</p> <p>We intend to continue our M&A strategy and maintain growth levels in line with historical performance, in part supported by primary proceeds from the IPO</p> <p>Organic growth in line with real GDP growth +1-2%</p>	<p>Acquisitions to make up the largest growth driver which will be funded through cash generation and future debt issuance, taking into account our capital structure policy</p> <p>In the event of significant M&A activity driven by the availability of attractive target companies, we may use potential future equity issuances to the extent the market allows</p> <p>Organic growth is driven by strong operational performance of portfolio companies and higher growth contribution from companies acquired outside of Sweden</p>	<p>36% org.</p> <p>96% rep.</p>
EBITA margin	around 10% over time	Diversified portfolio of profitable and stable businesses offering margins in-line with historical performance	9.6%
Cash conversion¹	> 70%	On average, low capital requirements across the portfolio and strong focus on cash generation	72.6%
Leverage²	2.0-3.0x ³ Net Debt / Adj. RTM EBITDA ⁴ , not exceeding 3.5x	Storskogen aims to invest its cash flow in organic growth initiatives and acquisitions while maintaining a responsible capital structure Leverage may temporarily exceed 3.0x due to timing of acquisitions	1.3x
Dividend	Dividend payout ratio of 0-20% of net income	Profits and cash flows will primarily be used for value enhancing organic growth initiatives and acquisitions	10.8%

¹ Defined as (EBITDA-maintenance capex-change in WC)/EBITDA. ² Net debt (Interest-bearing liabilities (including minority options and earn-out liabilities) minus cash and cash equivalents.) in relation to the cash results of operations. ³ Leverage may temporarily exceed 3.0x Net debt/EBITDA due to timing of acquisitions. ⁴ Adj. RTM EBITDA defined as Reported EBITDA for the period adjusted to reflect EBITDA generated by businesses acquired during that period as if those acquisitions had occurred on the first day of that period.