

ALLiGO

Year-end report
1 January – 31 December 2021

2022-02-15

Presenters

Clein Johansson Ullenvik

President & CEO



Irene Wisenborn Bellander

CFO



Ulf Lilius

Business Area Manager Component & Services



Alligo at a glance

Alligo is a leading player in workwear, personal protection, tools & supplies in the Nordic region.

Alligo creates value by making companies work. Our business model is based on efficient and sustainable processes within a common platform framework that offers economies of scale in key functions.

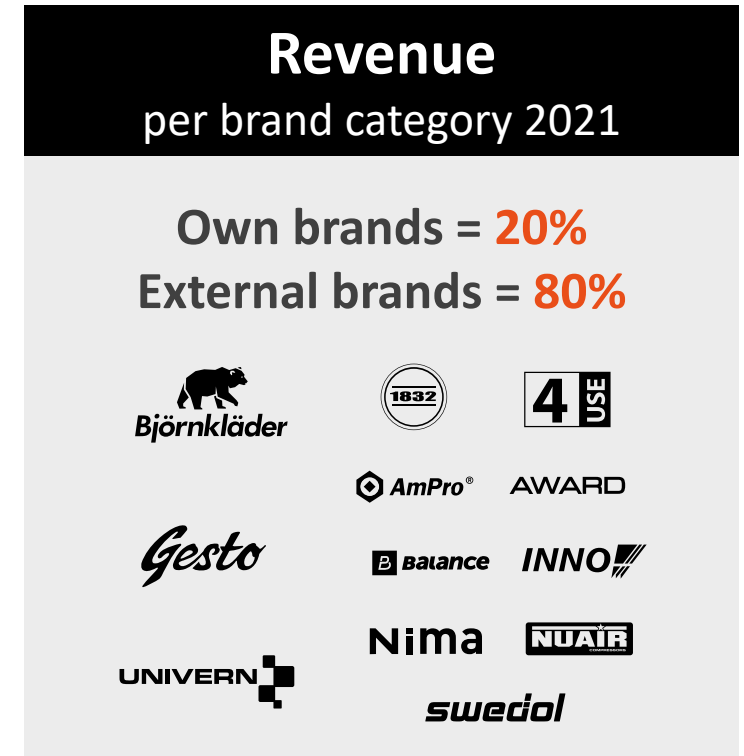
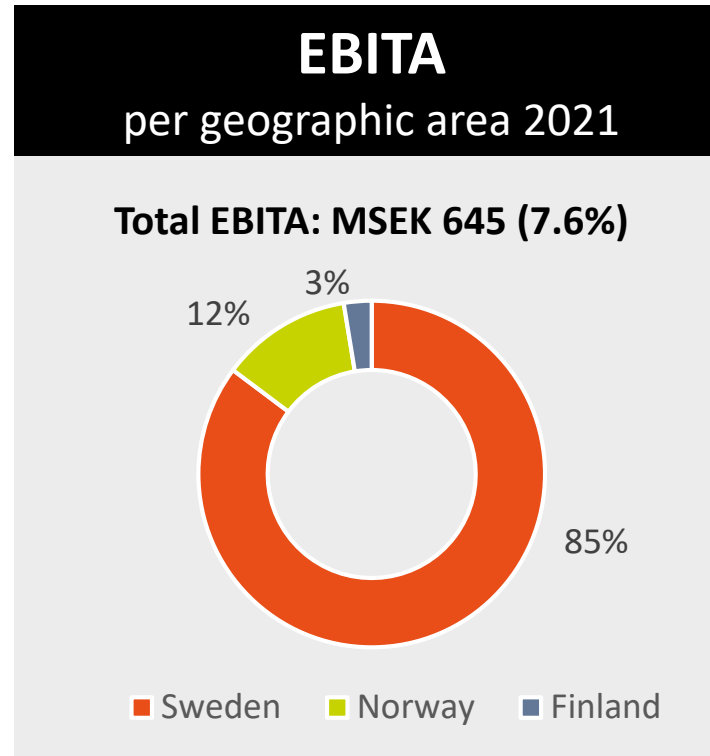
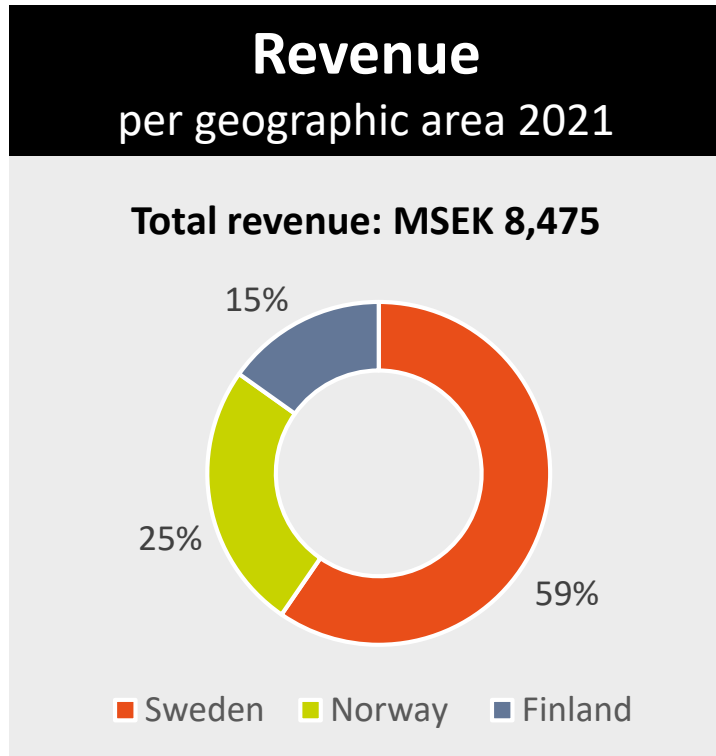
Through our concept brands Swedol, Tools, Grolls and Univern as well as local specialist brands, meet we professional customers throughout the Nordic region in whatever channels they choose to meet us.



Specialist brands

SWEDEN: Mercus, Company Line, Reklamproffsen, Industriprofil, TriffiQ, Profilmakarna and Defacto. FINLAND: Metaplan and Imatran Pultti.

Alligo at a glance



Number of stores per geographic area: Sweden = 109, Norway = 55, Finland = 39

AGENDA

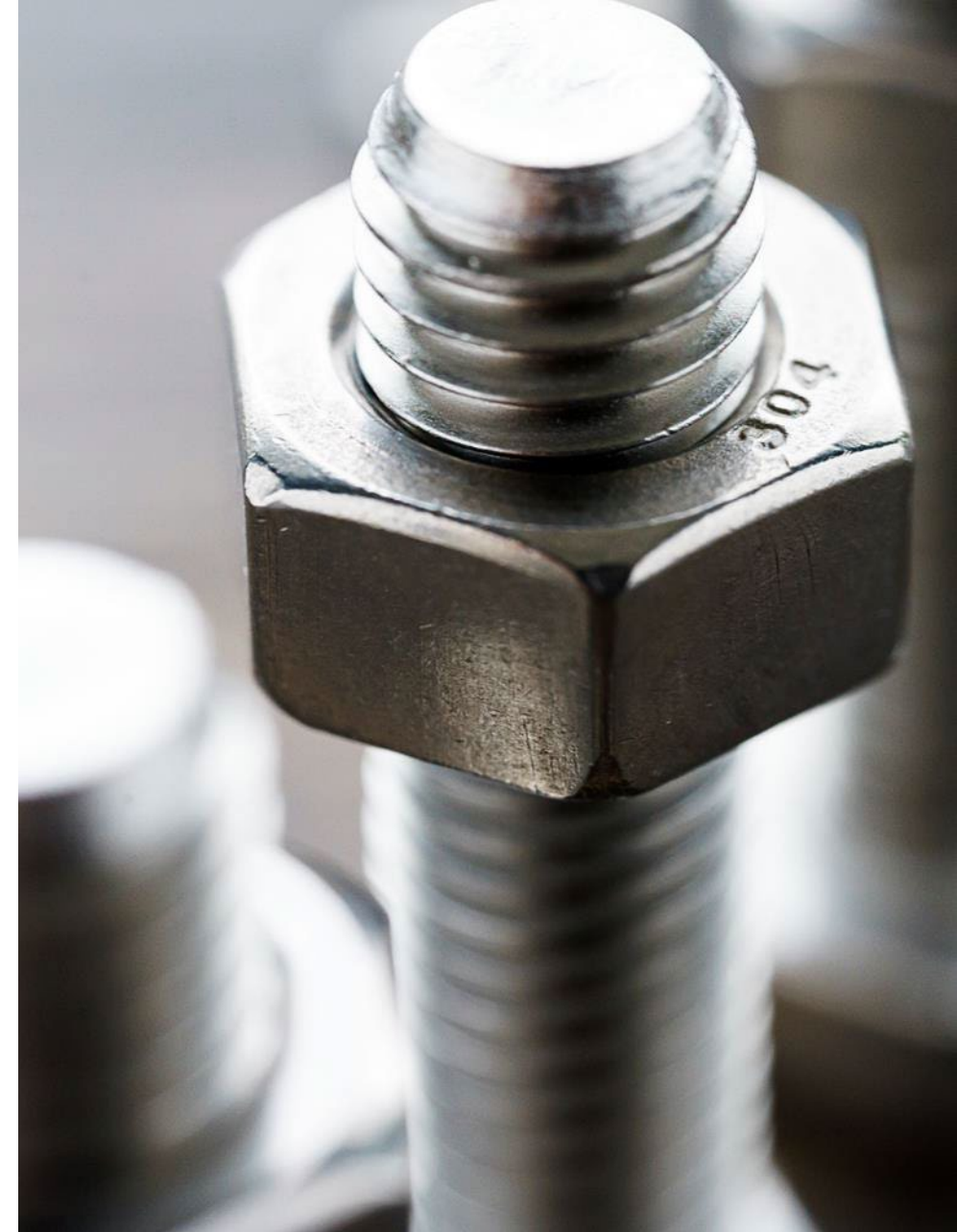
- Highlights Q4 2021
- Business update
 - Financial targets
- Financials
- Component & Services
- Summary and outlook
- Q&A

All figures in the presentation apply to continuing operations unless otherwise stated



Q4 in brief

- The work to split of the Group into two separate listed companies proceeds according to plan
- Name change from Momentum Group to Alligo
- Change of management
- Acquisition of workwear specialist RAF Romerike Arbeidstøy AS and divestment of Gigant AB in the aim to refine the business
- Tools Swedish logistics operations initiated from Alingsås to Alligo's current logistics centre Örebro
- Revenue increased by 10% to MSEK 2,458 (2,237)
- Weather conditions and product mix strong positive impact
- EBITA increased by 54% to MSEK 250 (162), corresponding to an EBITA margin of 10.2% (7.2)
- Cash flow from operating activities MSEK 512 (489)



Our desired position – from different perspectives

WE WANT TO BE A FULLY INTEGRATED COMPANY

Customers

- We focus on professional customers in eight defined industry segments
- Our priority is to be strong facing the end customers

Offering

- We offer a product assortment with focus on consumables and a high degree of standardisation
- Services are an important part of our offering

Go-to-market

- We meet our customers where they want to meet us – through several sales channels
- Our digital channels support and drive different types of sales
- We meet our customers through several concept brands and have the ambition to reduce these to one main brand per country over time

Status of the extensive integration efforts to build Alligo

- Merger of Swedol and Tools
 - Store integration
 - Implementation of Nordic standard assortment
 - Coordination of the logistics
 - Pricing system system Sweden
 - ERP Sweden
- Common core values throughout the entire company
- New financial and non-financial targets

SWEDEN

Main store brand: **Swedol**

Other store brands: **Tools & Grolls**

Specialist brands: **Mercus, Company Line, Reklamproffsen, Industriprofil, TriffiQ, Profilmakarna & Defacto**

Total no. of stores: **109**

NORWAY

Main store brand: **Tools**

Other store brands: **Univern**

Total no. of stores: **55**

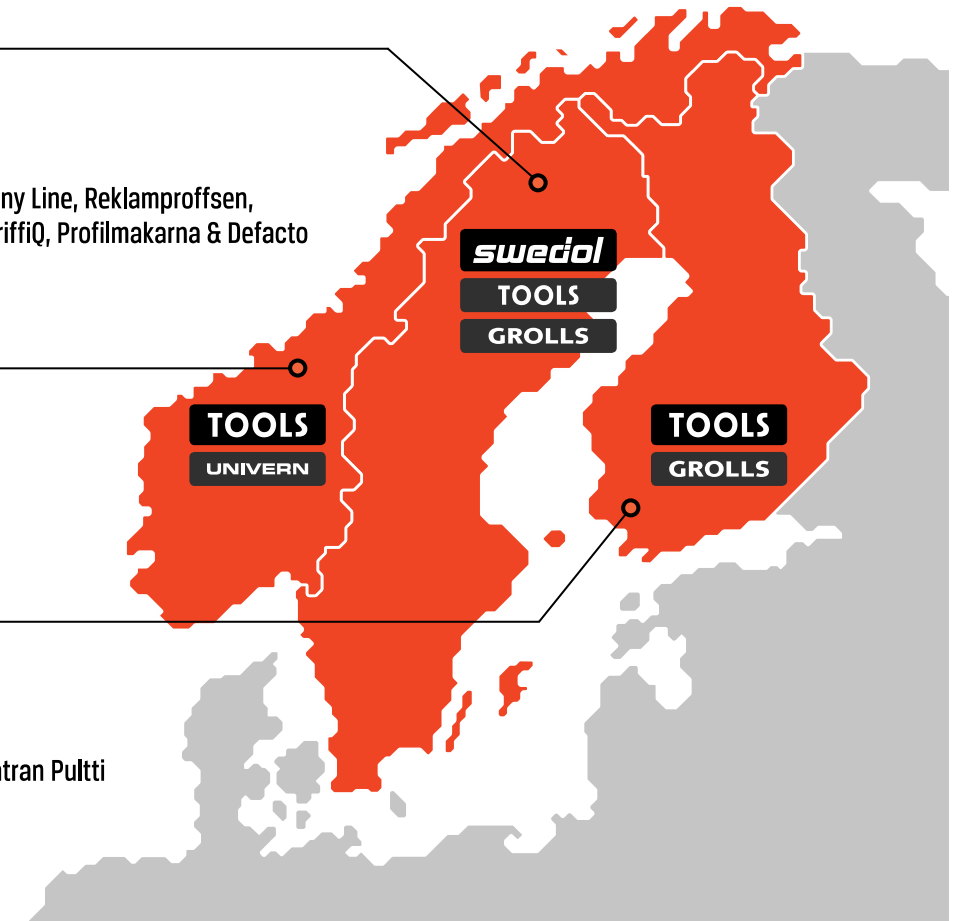
FINLAND

Main store brand: **Tools**

Other store brands: **Grolls**

Specialist brands: **Metaplan & Imatran Pultti**

Total no. of stores: **39**



Financial targets

<p>Organic growth</p> <p>>5%</p>	<p>EBITA margin</p> <p>>10%</p>	<p>Indebtedness</p> <p><3X</p>	<p>Dividend</p> <p>30-50%</p> <p>of net profit</p>
<p>Average organic growth shall exceed 5% per year over a business cycle. Further growth shall also be made through acquisitions</p>	<p>EBITA margin shall be more than 10% per year over a business cycle</p>	<p>Ratio of net operational liabilities to EBITDA excl. IFRS 16 shall be less than a multiple of 3</p>	<p>Dividend as a percentage of net profit shall amount to 30-50%, taking into account other factors such as financial position, cash flow and growth opportunities</p>

Five reasons to invest in Alligo

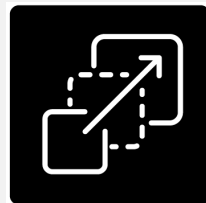
1

Attractive market growth and resilient customer segments



2

Scalable platform is a foundation for continued growth



3

Own brands and services increase competitiveness and profitability



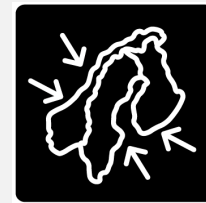
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Sustainability as an integrated part of the business



5

A leader in the consolidation of the Nordic markets



FINANCIALS



Group in summary

Revenues and EBITA

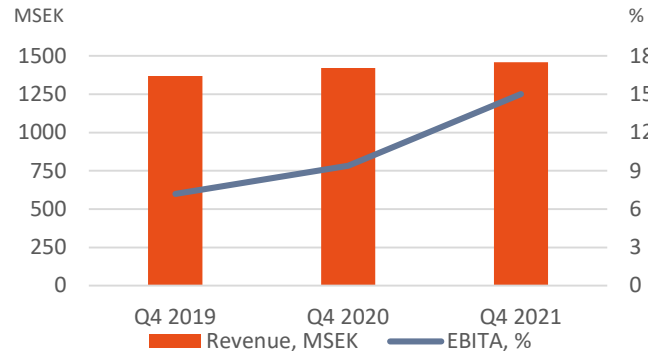
MSEK	2021 Oct-Dec	Δ, %	2020 Oct-Dec	2021 Jan-Dec	Δ, %	2020 Jan-Dec
Revenue	2,458	10	2,237	8 475	17	7 237
EBITA	250	54	162	645	54	419
<i>Amortisation</i>	16		15	63		52
<i>Items affecting comparability</i>	40		0	155		106
Operating profit	194	32	147	427	76	261
EBITA margin,%	10.2		7.2	7.6		5.8

Highlights Q4

- Revenue increased by 13% to MSEK 2,458 (2,237)
 - Sales increase comparable stores 7.3%
 - Currency effects 1.3%
- EBITA increased by 54% to MSEK 250 (162)
- Items affecting comparability
 - Capital loss divested business
- EBITA margin of 10.2% (7.2)
- Integration project according to plan
 - 203 stores (218)
 - 20.2% own brands
 - Restructuring reserve – release of MSEK 26
- Effective tax rate of -24,9%

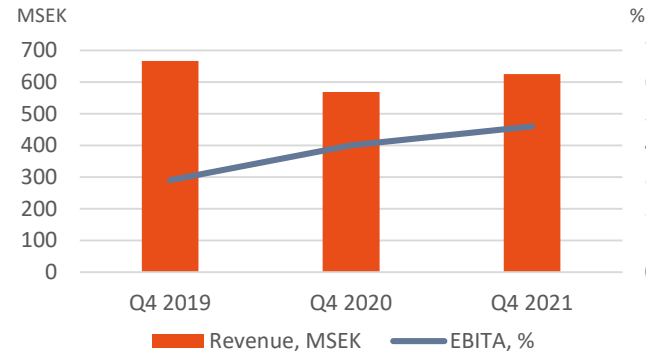
Revenues and EBITA per market Q4

Sweden



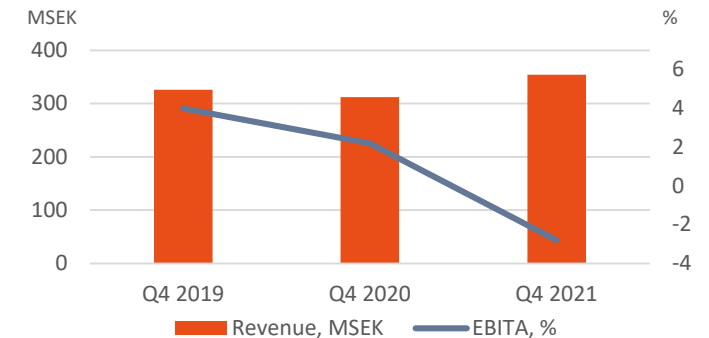
- Revenue increased 9% to MSEK 1,548 (1,420)
 - Small and midsize companies
 - Challenges in industrial segment remains
- EBITA increased to MSEK 232 (133)
- EBITA margin 15.0% (9.4)
- Cold weather, integration synergies, and implemented price increases contribute positively

Norway



- Revenue increased 10% to MSEK 625 (569)
 - RAF Romerike Arbeidstøy AS
 - Weak oil and gas segment
- EBITA increased to MSEK 29 (23)
- EBITA margin 4.6% (4.9)
- Cold weather and integration synergies contribute positively

Finland

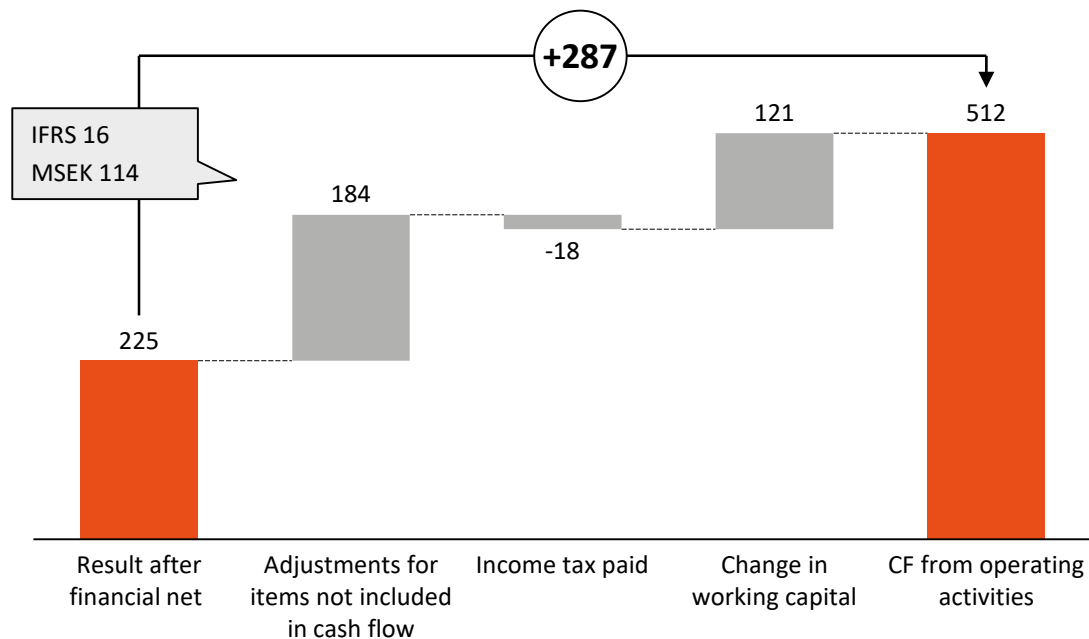


- Revenue increased by 13% to MSEK 354 (312)
 - Imatran Pultti Oy
 - Customer mix
- EBITA decreased to MSEK -10 (7)
- EBITA margin -2.8% (2.2)
- Negative customer mix, not been able to compensate for supplier price increases
- Focus on sales and assortment management

Cash flow impacted by assortment-merge and supply-side disruptions

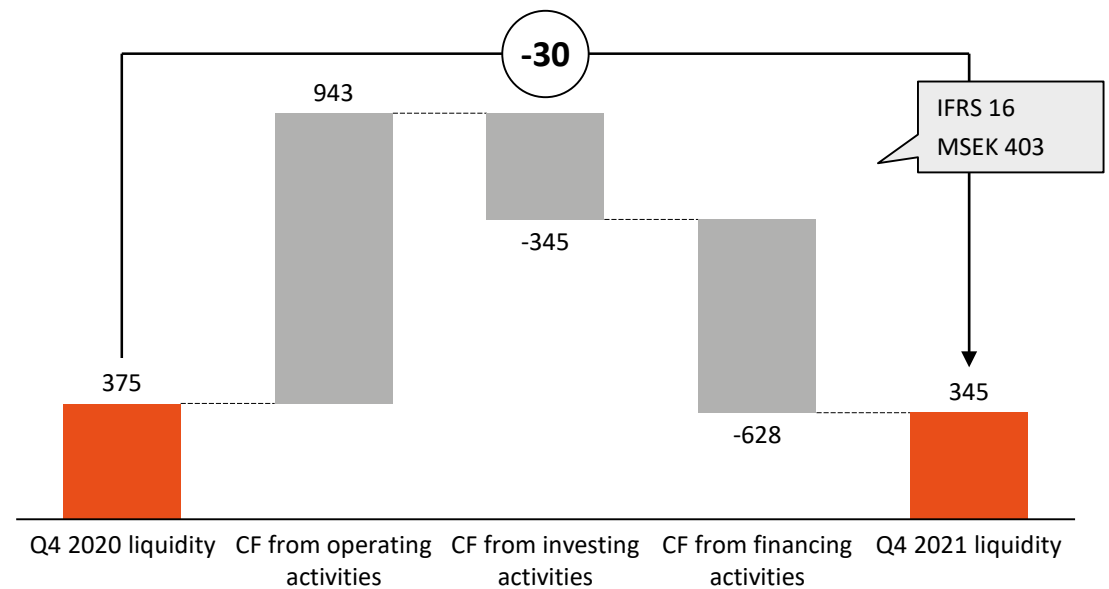
Q4 Operating activities

- In line with Q4 last year but negative impact from build-up of inventories throughout the year
 - Business growth, assortment and mix
 - Supply chain disruptions and higher freight costs



Q1-Q4 Operating, investing and financing activities

- Investing activities Alligo – Implementation of new ERP, store adaptations and expansion of Alligo’s warehouse and logistics facility (MSEK 166)
- Investing activities Component & Services – M&A related (MSEK 120)



Strong financial position

Overview of the financial position

MSEK	31 Dec 2021	31 Dec 2020
Non-current interest bearing liabilities	2,095	2,219
Current interest bearing liabilities	463	487
Cash and cash equivalents	-286	-375
Financial lease liabilities	-1,013	-1,004
Net provision for pensions	0	-34
Net operational liabilities	1,259	1,293
EBITDA*, LTM	747	494
Net operational liabilities / EBITDA*, x	1.7	2.6

* Excl. IFRS 16

Key figures

- Ratio of net operational liabilities to EBITDA (excl. IFRS 16) of 1.7
- Unutilized credit facilities of 1 048 MSEK at the end of the period
- Equity/assets ratio 40%
- Funding after separate listing of the Business area Component & Services expected to be in line with current structure

COMPONENT & SERVICES



Business Area Components & Services

Interim Report Q4 2021 | 1 January - 31 December 2021

- **Revenue** increased by 14%¹ for the quarter and by 11% percent¹ for the reporting period

- Good underlying demand
- Global component shortage affected deliveries during the quarter

MSEK	QUARTER (3 mos)			REPORTING PERIOD (12 mos)		
	2021 Oct-Dec	2020 Oct-Dec	Δ, %	2021 Jan-Dec	2020 Jan-Dec	Δ, %
Revenue	402	297	35	1,491	1,163	28
EBITA ²	49	40	23	193	156	24
EBITA margin ² , %	12.2	13.5		12.9	13.4	

- **EBITA²** increased by 23% to MSEK 49 (40) for the quarter, corresponding to an **EBITA margin²** of 12.2% (13.5). For the reporting period, **EBITA²** increased by 24%
 - Organic sales growth in combination with good cost control and contributions from acquisitions as well as well-managed price increases from suppliers
- Acquisition of Mekano, Mekano in Sävedalen, Assemblins, Öbergs and Intertechna completed during 2021. The acquisitions strengthen the focus and market position

1) For comparable units in local currency, adjusted for the number of trading days this year compared to the corresponding period in the preceding year.

2) Excluding any items affecting comparability and amortisation of intangible assets arising in connection with corporate acquisitions.

Business Area Components & Services

Market's best partner for the industry

Operates, develops and acquires successful companies in the Nordic region

THREE MAIN FOCUS AREAS

COMPONENTS & SERVICES

Potential acquisition targets with competitive offerings of industrial components, services and solutions for maintenance, repairs and operations.

GROUP COMPANIES TODAY



Revenue: MSEK 1,000 / EBITA: MSEK 135

TECHNICAL SERVICE

Potential acquisition targets with competitive offerings of technical service for the industrial sector, including solutions for digitalised maintenance, etc.

GROUP COMPANIES TODAY



Revenue: MSEK 325 / EBITA: MSEK 30

SPECIALISTS

Potential acquisition targets with a competitive edge in specialist areas / market niches for the industrial sector.

GROUP COMPANIES TODAY



Revenue: MSEK 140 / EBITA: MSEK 15

Business Area Components & Services

Focus in the short to medium term

- Prepare the listing of new Momentum Group – planned for H1 2022
- Business development through active ownership
- Manage companies through decentralized responsibility and enable employee development
- Growth through acquisitions of sustainable companies

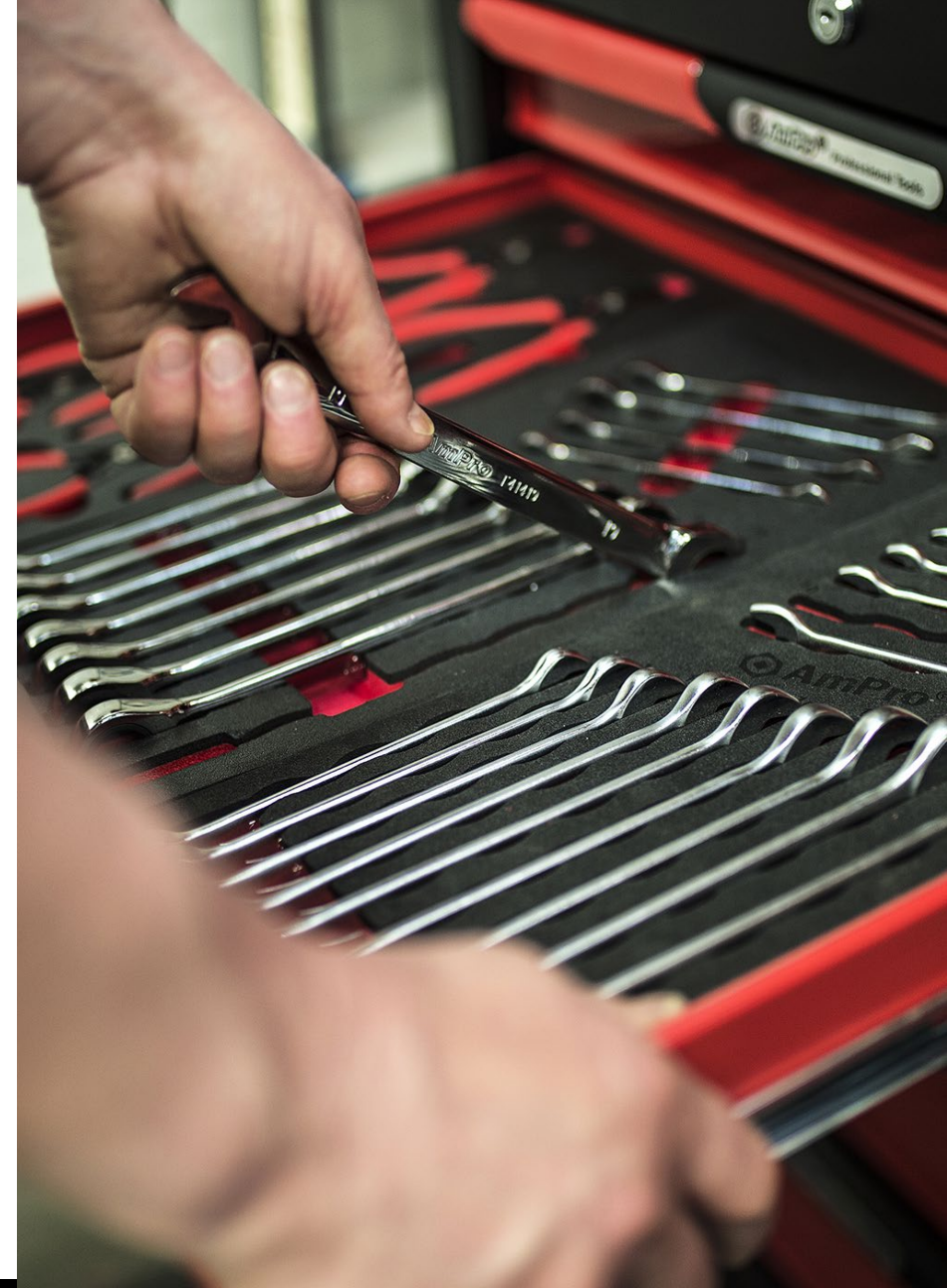


SUMMARY AND OUTLOOK



Split preparations

- Name change from Momentum Group to Alligo AB
- Management changes
 - Clein Ullenvik, CEO and Irene Wisenborn Bellander, CFO of Alligo
 - Ulf Lilius, CEO and Niklas Enmark CFO of subsidiary Momentum Group
- Conversion of Nordstjernan's shares from class A to class B
- Separate listing of Momentum Group in H1



Four overarching themes for 2022

Make our people grow	Continue the coordination work and ascertain impact of ongoing activities	Get on track with growth and margins in all parts of our business	Improve collaboration and processes
<ul style="list-style-type: none">• Continue work with our core values• Build platform for structured competence development• Trainings on products, sales and leadership	<ul style="list-style-type: none">• Assortment harmonisation• Roll-out of own brands• Pricing• Sales network coordination• Concept brands• Systems• Logistics• Legal structure	<ul style="list-style-type: none">• Clear view of what to sell to whom• Deliver on growth initiatives and take market share• Manage high-inflation environment• Active acquisition agenda	<ul style="list-style-type: none">• Common view on process work and continual improvements• Supply chain flow and availability of goods• Cross-functional cooperation• Performance management

Outlook

- Large changes in the operations, preventive measures taken to make the transformation as smooth as possible
 - New common price system
 - Implementation of IT and ERP system in Tools
 - Move of logistic centre from Alingsås to Örebro
- Continued in supply chain due to the pandemic and energy rationing in China
- Q1 2022 will be affected by early winter sales Q4 2021



Q&A

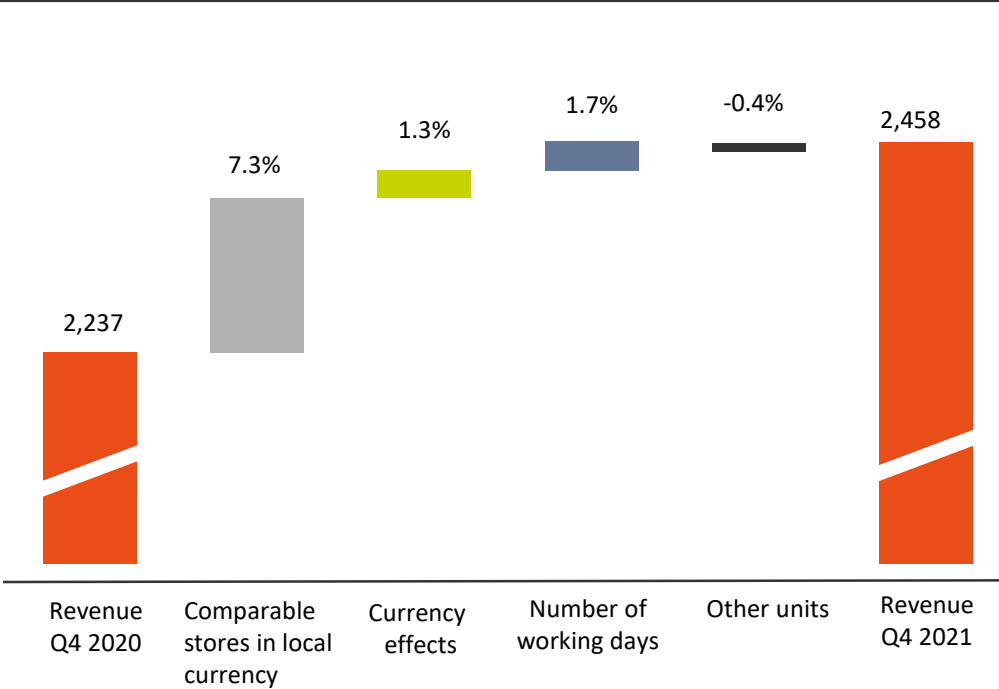


APPENDIX



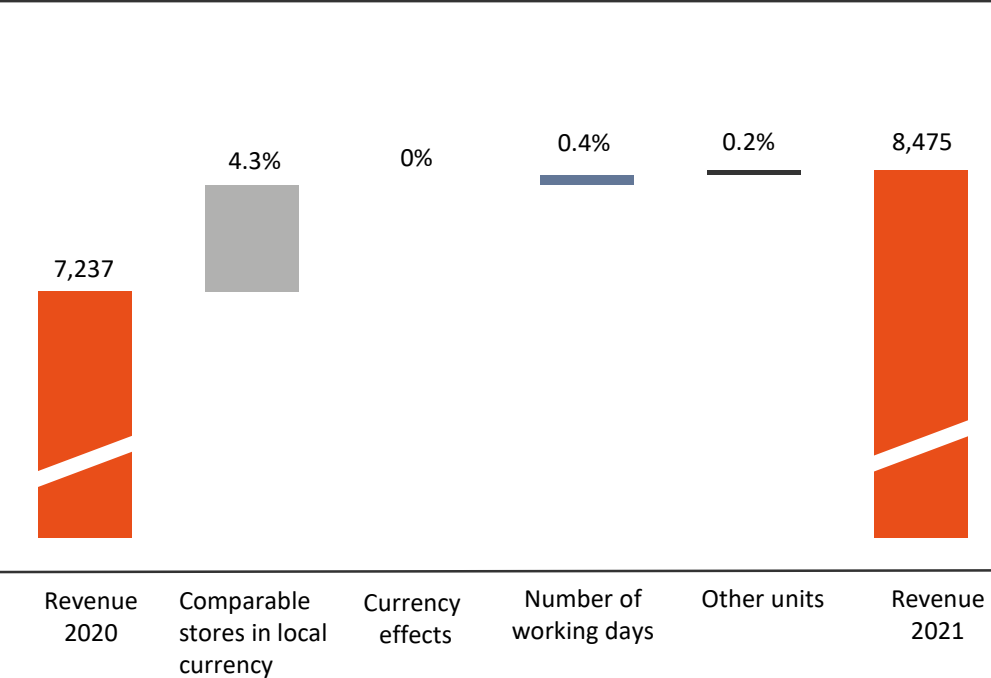
Revenue bridge fourth quarter 2021

Revenue year-on-year Q4



Revenue bridge full-year 2021

Revenue year-on-year full-year 2021



Condensed consolidated income statement

MSEK	2021	2020	2021	2020	2020
	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC	FINANCIAL YEAR 9 MONTHS
Revenue	2,458	2,237	8,475	7,237	6,019
Other operating income	6	8	33	35	29
Total operating income	2,464	2,245	8,508	7,272	6,048
Cost of goods sold	-1,435	-1,355	-4,987	-4,504	-3,713
Personnel costs	-432	-412	-1,640	-1,342	-1,107
Depreciation, amortisation, impairment losses and reversal of impairment losses	-128	-129	-563	-489	-431
Other operating expenses	-275	-202	-891	-676	-571
Total operating expenses	-2,270	-2,098	-8,081	-7,011	-5,822
Operating profit	194	147	427	261	226
Financial income	1	0	3	4	3
Financial expenses	-10	-13	-51	-48	-42
Net financial items	-9	-13	-48	-44	-39
Profit/loss after financial items	185	134	379	217	187
Taxes	-46	-30	-88	-52	-42
Profit/loss for the period, continuing operations	139	104	291	165	145
Profit/loss for the period, discontinued operations	31	30	139	118	84
Profit/loss for the period, Group total	170	134	430	283	229
Of which, attributable to:					
Parent Company shareholders	170	135	429	282	228
Non-controlling interests	0	-1	1	1	1

Condensed consolidated balance sheet

MSEK	31/12/2021	31/12/2020
ASSETS		
Non-current assets		
Intangible non-current assets	2,577	2,784
Right-of-use assets	935	952
Tangible non-current assets	532	506
Financial investments	0	1
Other non-current receivables	14	0
Deferred tax assets	75	70
Total non-current assets	4,133	4,313
Current assets		
Inventories	1,856	1,761
Accounts receivable	1,154	1,141
Other current receivables	277	222
Cash and cash equivalents	286	375
Discontinued operations, assets held for distribution	973	-
Total current assets	4,546	3,499
TOTAL ASSETS	8,679	7,812

EQUITY AND LIABILITIES

Equity

Equity attributable to parent company shareholders	3,429	3,037
Non-controlling interests	19	14
Total equity	3,448	3,051
Non-current liabilities		
Non-current interest-bearing liabilities	1,421	1,544
Non-current lease liabilities	674	641
Provisions for pensions	0	34
Other non-current liabilities and provisions	399	378
Total non-current liabilities	2,494	2,597
Current liabilities		
Current interest-bearing liabilities	124	124
Current lease liabilities	339	363
Accounts payable	1,144	1,022
Other current liabilities	620	655
Discontinued operations, liabilities held for distribution	510	-
Total current liabilities	2,737	2,164
TOTAL LIABILITIES	5,231	4,761
TOTAL EQUITY AND LIABILITIES	8,679	7,812

Condensed consolidated statement of cash flows

MSEK	2021	2020	2021	2020	2020
	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC	FINANCIAL YEAR 9 MONTHS
Operating activities					
Profit/loss after financial items, continuing operations	185	134	379	217	187
Profit/loss after financial items, discontinued operations ¹	40	38	176	151	107
Adjustment for non-cash items	184	149	710	587	527
Income taxes paid	-18	-17	-144	-70	-58
Cash flow from operating activities before changes in working capital	391	304	1,121	885	763
Change in inventories	-112	55	-282	199	167
Change in operating receivables	-119	19	-279	46	113
Change in operating liabilities	352	111	383	61	43
Cash flow from operating activities	512	489	943	1,191	1,086
Investing activities					
Net investments in non-current assets	-70	-48	-171	-152	-148
Acquisition of subsidiaries and other business units	-24	-4	-151 ²	-1,757	-1,749
Divestment of subsidiaries and other business units	-23	0	-23	0	0
Cash flow from investing activities	-117	-52	-345	-1,909	-1,897
Financing activities					
Borrowings	0	0	0	1,752	555
Repayment of loans	-176	-151	-527	-669	-500
Shareholder contributions received	0	2	0	2	2
Other transactions with shareholders	0	0	-15	-26	-26
Repurchase/sale of call options	-17	0	-20	0	0
Repurchase/sale of treasury shares	0	0	9	0	0
Dividends paid	0	0	-76	0	0
Cash flow for the period	202	288	-31	341	-780
Cash and cash equivalents at the beginning of the period	145	88	375	37	1,157
Exchange difference in cash and cash equivalents	-2	-1	1	-3	-2
Cash and cash equivalents at the end of the period	345³	375	345³	375	375

1) For information about the impact of the Components & Services business area on consolidated cash flow in each section, see note 5 Discontinued operations.

2) In comparison with cash and cash equivalents on the balance sheet, MSEK 286 can be found on the line Cash and cash equivalents and MSEK 59 on the line Assets held for distribution.

3) Of the total of MSEK -151 of cash flow from the acquisition of subsidiaries and other business units, MSEK -31 pertains to business combinations in continuing operations and MSEK -120 to business combinations in discontinued operations.

Key performance indicators

MSEK	12 MONTHS TO	
	31/12/2021	31/12/2020
IFRS KEY PERFORMANCE INDICATORS		
Profit for the period ¹ , MSEK	430	283
Earnings per share, continuing operations ² , SEK	5.75	3.85
Earnings per share, discontinued operations ³ , SEK	2.75	2.85
Earnings per share, total operations ³ , SEK	8.50	6.50
ALTERNATIVE KEY PERFORMANCE INDICATORS		
Income statement-based KPIs		
Revenue, MSEK	8,475	7,237
Operating profit, MSEK	427	261
Items affecting comparability	-155	-106
Amortisation of intangible assets in connection with corporate acquisitions	-63	-52
EBITA, MSEK	645	419
Depreciation/amortisation of tangible and other intangible non-current assets ⁴	-116	-85
EBITDA excl. IFRS 16, MSEK	747	494
Profit after financial items, MSEK	379	217
Operating margin, %	5.0	3.6
EBITA margin, %	7.6	5.8
Profit margin, %	4.5	3.0
Profitability KPIs		
Return on working capital (EBITA/WC), %	36	23 ⁵
Return on capital employed, %	7	6 ⁵
Return on equity ⁶ , %	13	12
Financial position KPIs		
Net financial liabilities, MSEK	2,272	2,331 ⁵
Net operational liabilities, MSEK	1,259	1,293 ⁵
Equity ^{2,5} , MSEK	3,429	3,037
Equity/assets ratio, %	40	39 ⁵
Other KPIs		
No. of employees at the end of the period	2,319	2,341
Share price at the end of the period, SEK	192	142

1) These key performance indicators include the acquisition of Swedol as of 1 April 2020.

2) Refers to the Group total (continuing operations and discontinued operations).

3) Before and after dilution.

4) Total depreciation/amortisation of tangible and intangible non-current assets, excluding amortisation of intangible assets in connection with corporate acquisitions and the effects of IFRS 16.

5) Margin calculated on the basis of the figures reported in the financial statements. This means that profit/loss items for previous periods are recalculated and based on continuing operations, while balance sheet items for previous periods are not recalculated.

6) Refers to equity attributable to the parent company's shareholders.