

Interim Report Q2 2024

1 April – 30 June

Wednesday July 17, 2024



ALLiGO

Presenters

Clein Johansson Ullenvik

Group President & CEO



Irene Wisenborn Bellander

CFO



AGENDA

- **This is Alligo**
- Highlights Q2 2024
- Alligo's purchasing process & responsible sourcing
- Financials
- Summary and outlook
- Q&A



Alligo – a leading player in workwear, personal protection, tools and supplies in the Nordic region

9,335

MSEK Revenue*

2,443

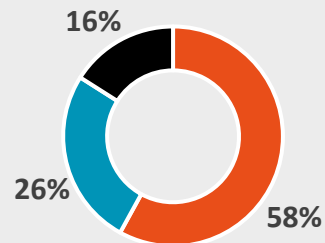
Employees*

210

Stores*

Revenue

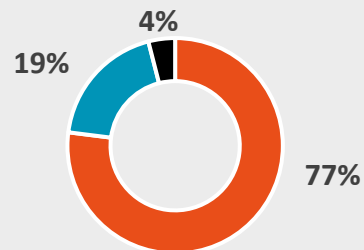
per geographic area 2023



SE NO FI

EBITA

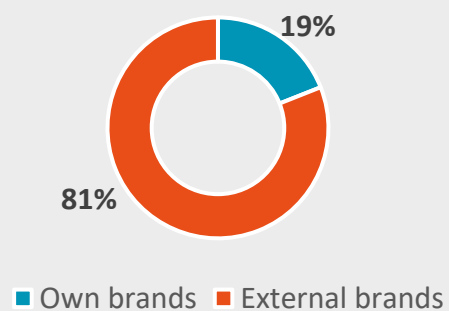
per geographic area 2023



SE NO FI

Revenue

per brand category 2023

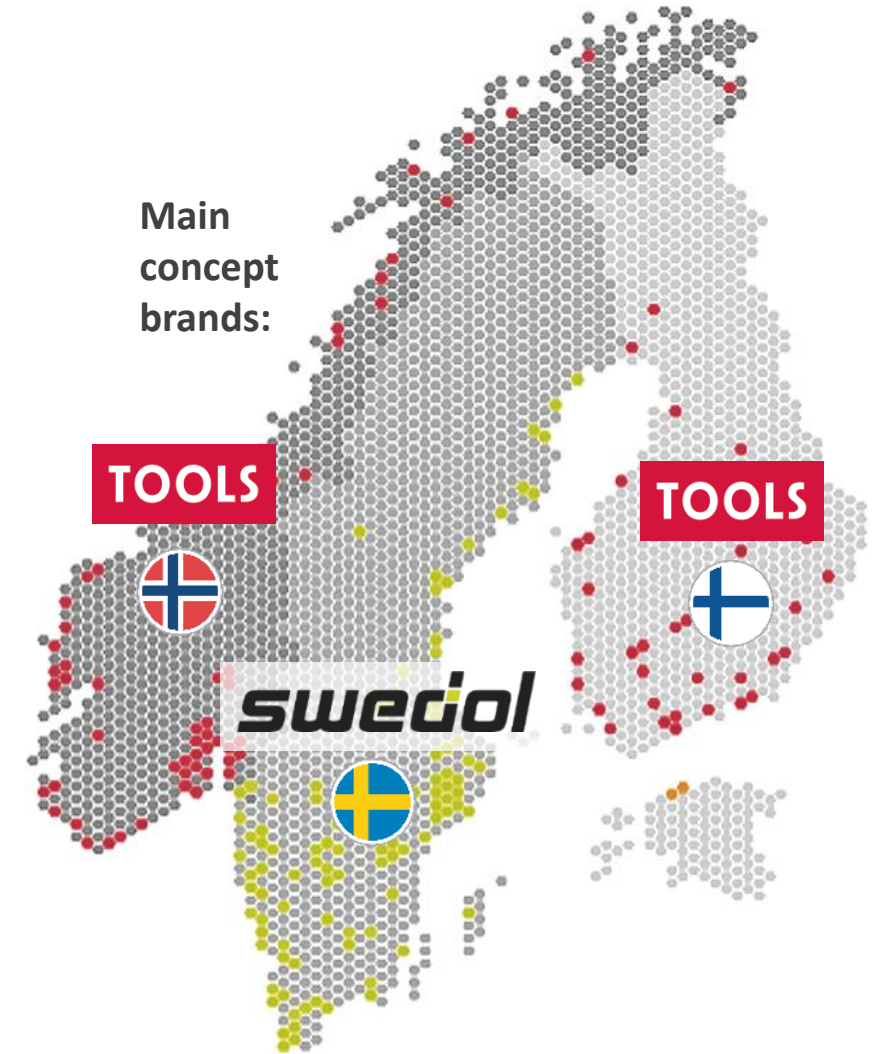


Own brands External brands

Main concept brands:

TOOLS

TOOLS



*FY 2023

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Q2 2024 business conditions

Market situation

- Continued weak market
 - Several customer segments in particular Construction
 - Stable demand in Oil & Gas industry in Norway

Proactive management

- Driving sales
- Growth by acquisitions
- Cost reductions
- Price adjustments
 - Sensitive categories
- Reducing inventories

Delivery capacity

- Good and stable with some disturbances in Vestby

Macro-economic factors

- Continued economic uncertainty in the business cycle
- Geopolitical turbulence incl. Red Sea

Q2 2024 in brief

– Acquisition-intensive quarter in a continued weak market

Revenue

+1.8%

Oil and Gas
customer
segment, bounce
back Easter

Organic growth

-3.2%

Acquisition-
driven growth
of 3.1 %

Operating cash flow

270

MSEK (287)

Adjusted EBITA

166

MSEK (201)

Customer
mix

Adjusted EBITA margin

6.8%

(8.4)

Gross margin

40.3%

(40.9)

Q2 2024 highlights

7 acquisitions signed, adding 300 MSEK in annual revenues

- Two welding companies in Sweden
- Strong Nordic position in welding services
 - Five companies with combined annual sales of approximately 250 MSEK

Coordination of logistics completed

- Three warehouses in Norway moved to the logistic centre in Vestby
- Start-up costs

Preparing launch of new services and collections

- Smartwear – clothing service
- 1832 – new collection own brand workwear

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Centralised purchasing in the Nordics

– Ensuring the right goods are purchased at the right price

- The Nordic assortment and purchasing team is responsible for ensuring that:
 - Alligo has the right offering for customers
 - The range meets customers' needs and demanding sustainability requirements
- Focus on reducing stock levels while maintaining availability
- Benefits with a consolidated supplier base:
 - Mitigate risks in the flow of goods
 - Secure Alligo's negotiating power
 - Enable responsible sourcing throughout the value chain
- Since 2020 Alligo has reduced the total number of suppliers by 50 percent



Responsible sourcing

– Site visit in China spring 2024

- Strong and long-term partnership enables:
 - More advanced deliveries – from workpants to advanced personal protection jackets
 - Better opportunities for control
- Focus of the site visit: to build relations, negotiate price, discuss sustainability and production development
- Examples of sustainability initiatives:
 - The Tangshan clothing factory employs local people providing continuity and a solid platform for training and development.
 - The glove factory in Xinya is at the forefront of recycling bio-based materials and has installed a solar park.



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Acquisition-intensive quarter in a continued weak market

– Decreased contribution margin due to negative mix effects

Revenues and EBITA

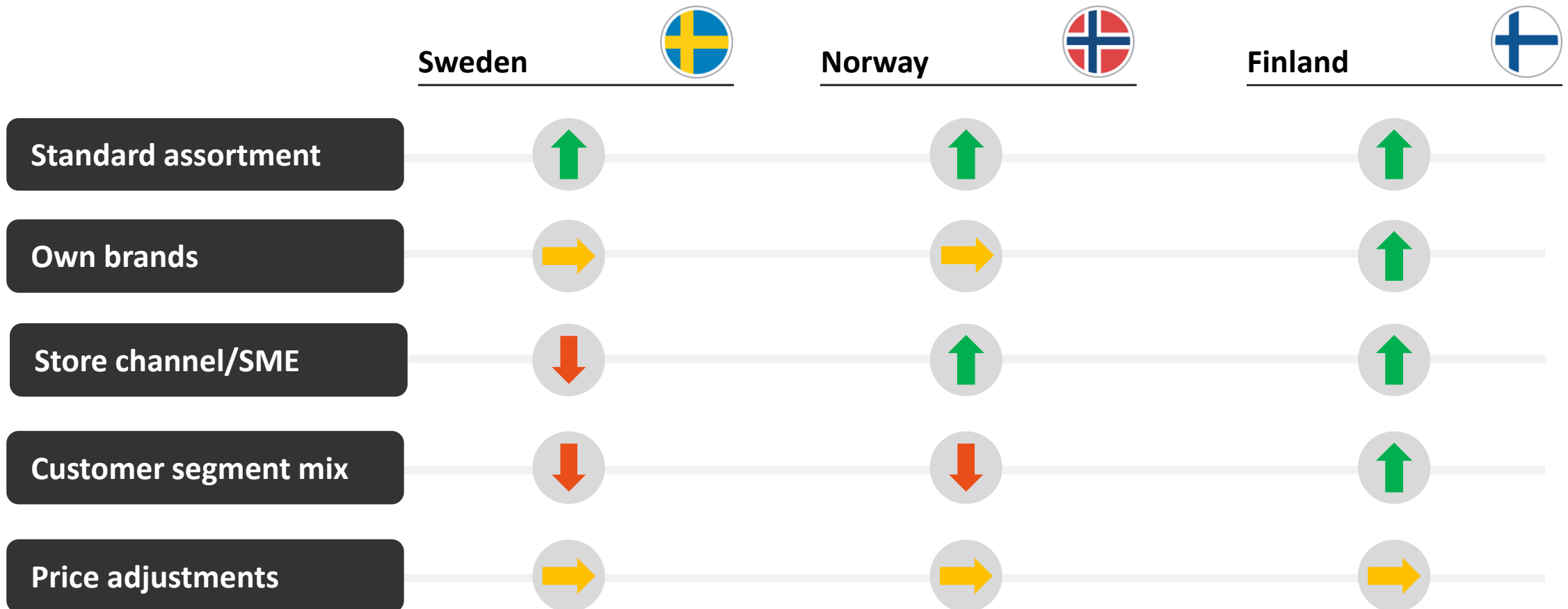
| MSEK | 2024 Apr-Jun | Δ, % | 2023 Apr-Jun | 2024 Jan-Jun | Δ, % | 2023 Jan-Jun |
|-------------------------------|-----------------|-------|-----------------|-----------------|-------|-----------------|
| Revenue | 2,432 | 1.8 | 2,388 | 4,601 | -1.6 | 4,675 |
| Adjusted EBITA | 166 | -17.4 | 201 | 250 | -23.8 | 328 |
| Amortisation | -15 | | -14 | -30 | | -29 |
| Items affecting comparability | -4 | | -4 | -8 | | -4 |
| Operating profit | 147 | | 183 | 212 | | 295 |
| Gross margin, % | 40.3 | | 40.9 | 40.7 | | 40.3 |
| Adjusted EBITA margin, % | 6.8 | | 8.4 | 5.4 | | 7.0 |

Highlights Q2 2024

- Revenue increased by 1.8 %
 - Easter bounce back in Norway
 - Organic growth of -3.2 %
 - Acquisition-driven growth of 3.1 %
- Decreased contribution margin
 - Decreased share of SME and own brands 17.7 % (18.3)
- Adjusted EBITA decreased by 35 MSEK
 - Weak volumes and declining contribution margin
 - partly mitigated by cost savings
- Items affecting comparability mainly related to organizational changes
- Financial net -36 MSEK (-25)
 - -25 MSEK (-18) excluding IFRS 16
 - Q2 average interest rate 4.7% (4.3) - STIBOR

Q2 – Deteriorated contribution margin in Sweden and Norway

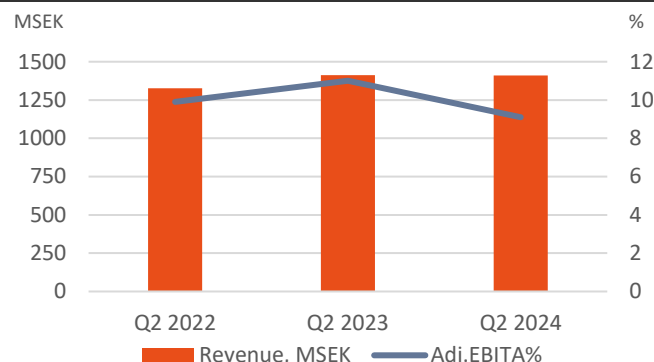
– Economic downturn primarily affects small and mid-sized companies



Decreased EBITA in all countries

– Declining volumes and negative customer segment and size mix

Sweden



Organic growth:

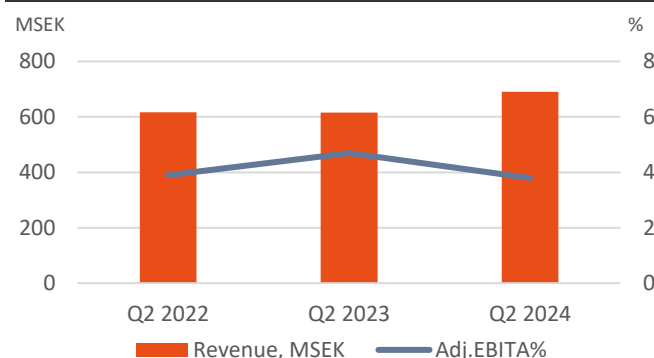
Q2 -6%
H1 -5%

Adj. EBITA margin:

Q2 9.1% (11.0)
H1 7.7% (8.9)

- Revenue in line with prior year
 - Continued slowdown in the market
 - Acquisitions counteract
- EBITA decreased by -26 MSEK
 - Declining volumes
 - Decreased margins - unfavourable customer mix
 - Cost reductions counteract

Norway



Organic growth:

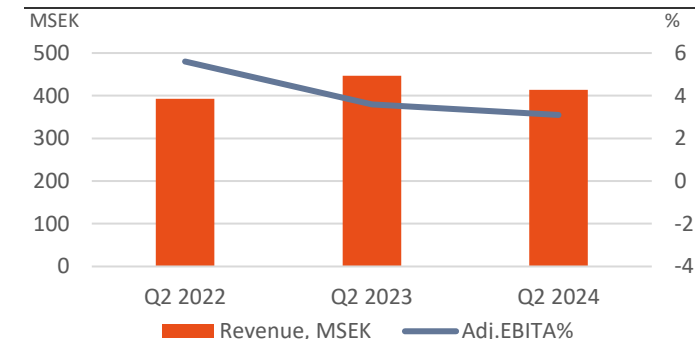
Q2 8%
H1 2%

Adj. EBITA margin:

Q2 3.8% (4.7)
H1 3.1% (5.0)

- Revenue increased by 12.4%
 - Continued strong market in Oil & Gas, positive Easter effect and FX
 - Acquisitions
- EBITA decreased by -3 MSEK
 - Decreased margins – unfavourable customer mix
 - Logistic coordination Vestby

Finland



Organic growth:

Q2 -12%
H1 -13%

Adj. EBITA margin:

Q2 3.1% (3.6)
H1 1.1% (3.1)

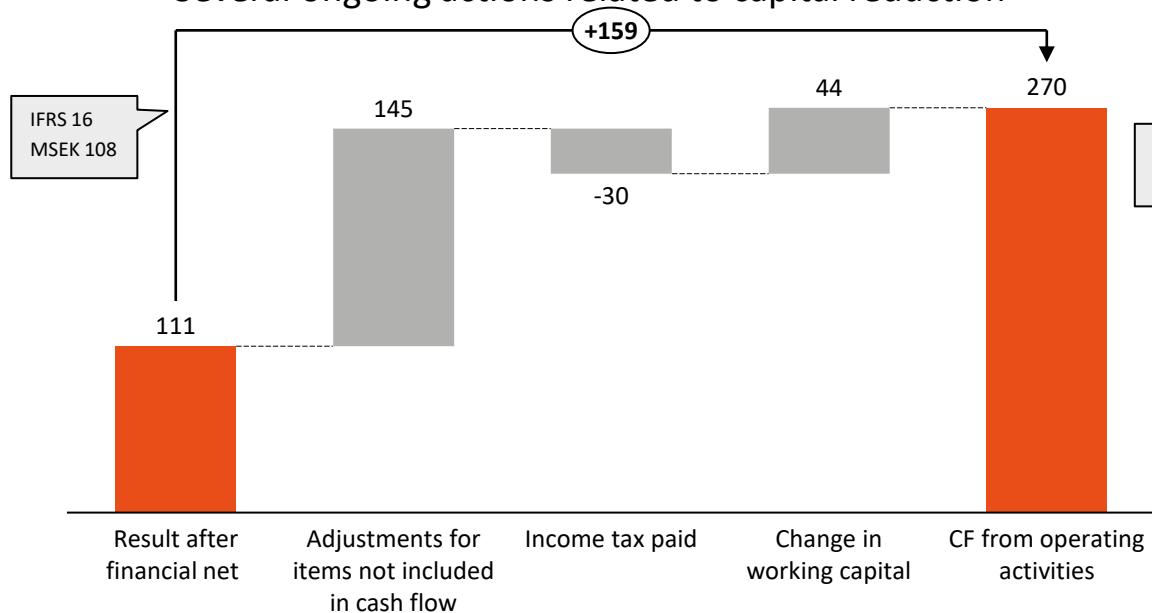
- Revenue decreased by -7.4 %
 - Continued slowdown in the market
 - Acquisitions counteract
- EBITA decreased by -3 MSEK
 - Declining volumes and investments in stores
 - Margin improvements counteract – increased share of own brands

Focus on increasing sales activity, and the SME- and own brand share

Q2 operating cash flow is slightly lower than last year

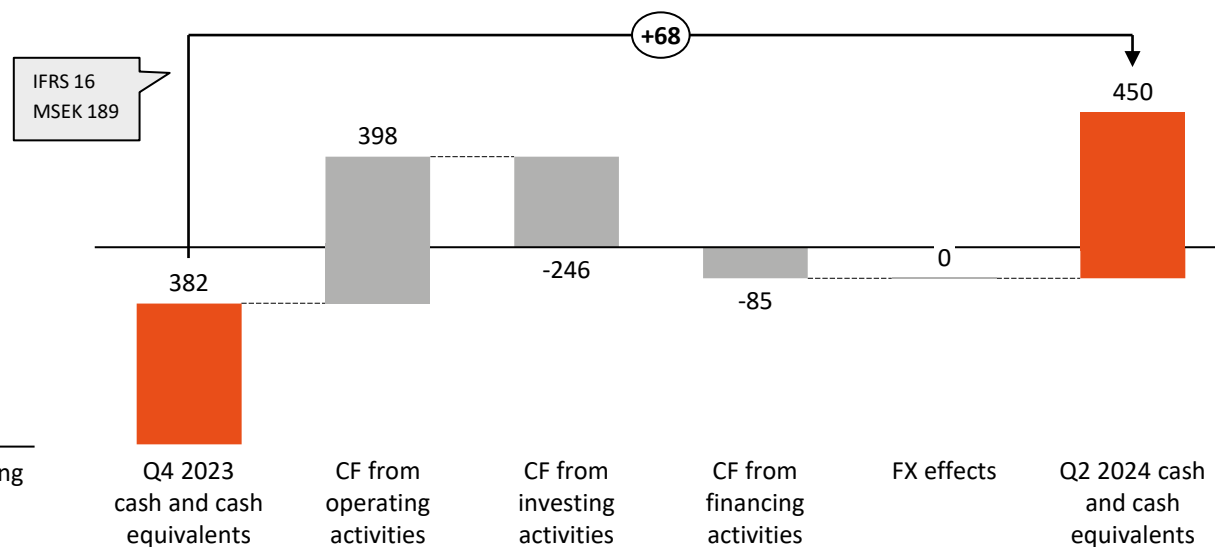
Q2 Operating activities

- Operating cash flow amounted to 270 MSEK (287)
 - Decreased EBITDA
 - Decreased inventory but increased T/R – customer mix
- Increased NWC/Sales 28.1 % (25.9)
 - Acquisitions, new stores, own brands
 - Several ongoing actions related to capital reduction



Q1-Q2 Operating, investing and financing activities

- Investing activities
 - E-commerce solutions, ERP, service concepts, new stores and store modifications (MSEK 61)
 - Acquisition of subsidiaries (MSEK 185)
- Financing activities
 - Increased usage revolving facility, amortization of leasing liabilities, dividends paid



Increased leverage but still a solid financial position

Overview of the financial position

| MSEK | 30 Jun 2024 | 30 Jun 2023 | 31 Dec 2023 |
|---|----------------|----------------|----------------|
| Non-current interest bearing liabilities | 2,965 | 2,571 | 2,624 |
| Current interest bearing liabilities | 433 | 375 | 398 |
| Cash and cash equivalents | -450 | -219 | -382 |
| Financial lease liabilities | -1,284 | -1,107 | -1,191 |
| Net operational liabilities | 1,664 | 1,620 | 1,449 |
| EBITDA*, LTM | 842 | 895 | 914 |
| Net operational liabilities/EBITDA*, ratio | 2.0 | 1.8 | 1.6 |

* Excl. IFRS 16

Highlights

- Ratio of net operational liabilities to EBITDA (excl. IFRS 16) of 2.0
- Cash and unutilized granted credit facilities of MSEK 1,150 at the end of the period
- Equity/assets ratio 39 %
- Total facility 2,300 MSEK excl. credit facility 400 MSEK +10 MEUR
 - Maturity March 2027
 - Q2 average interest rate 4.7% (4.3)
- Financial covenants fulfilled
- Continue to invest in organic growth and take advantage of potential good M&A opportunities

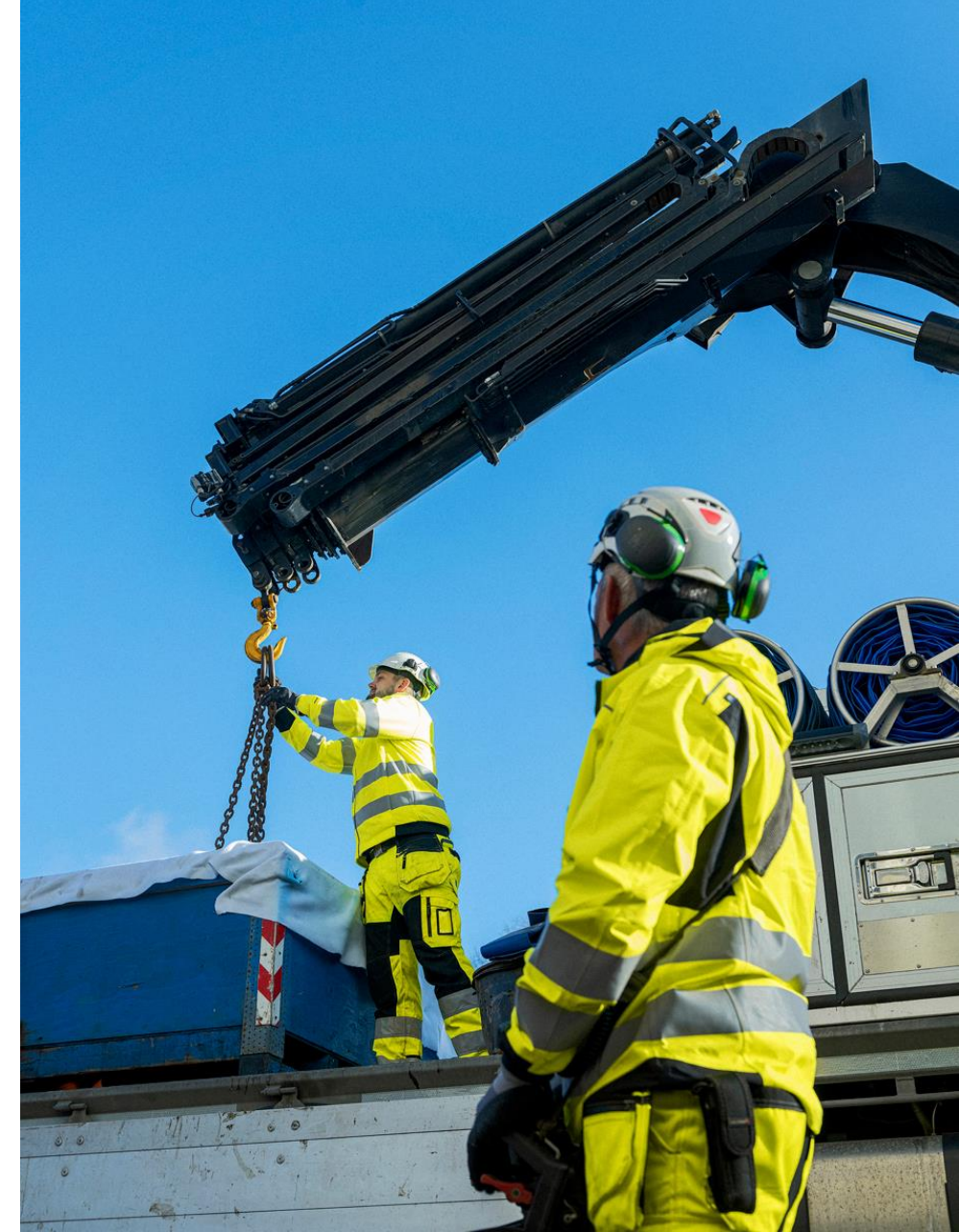
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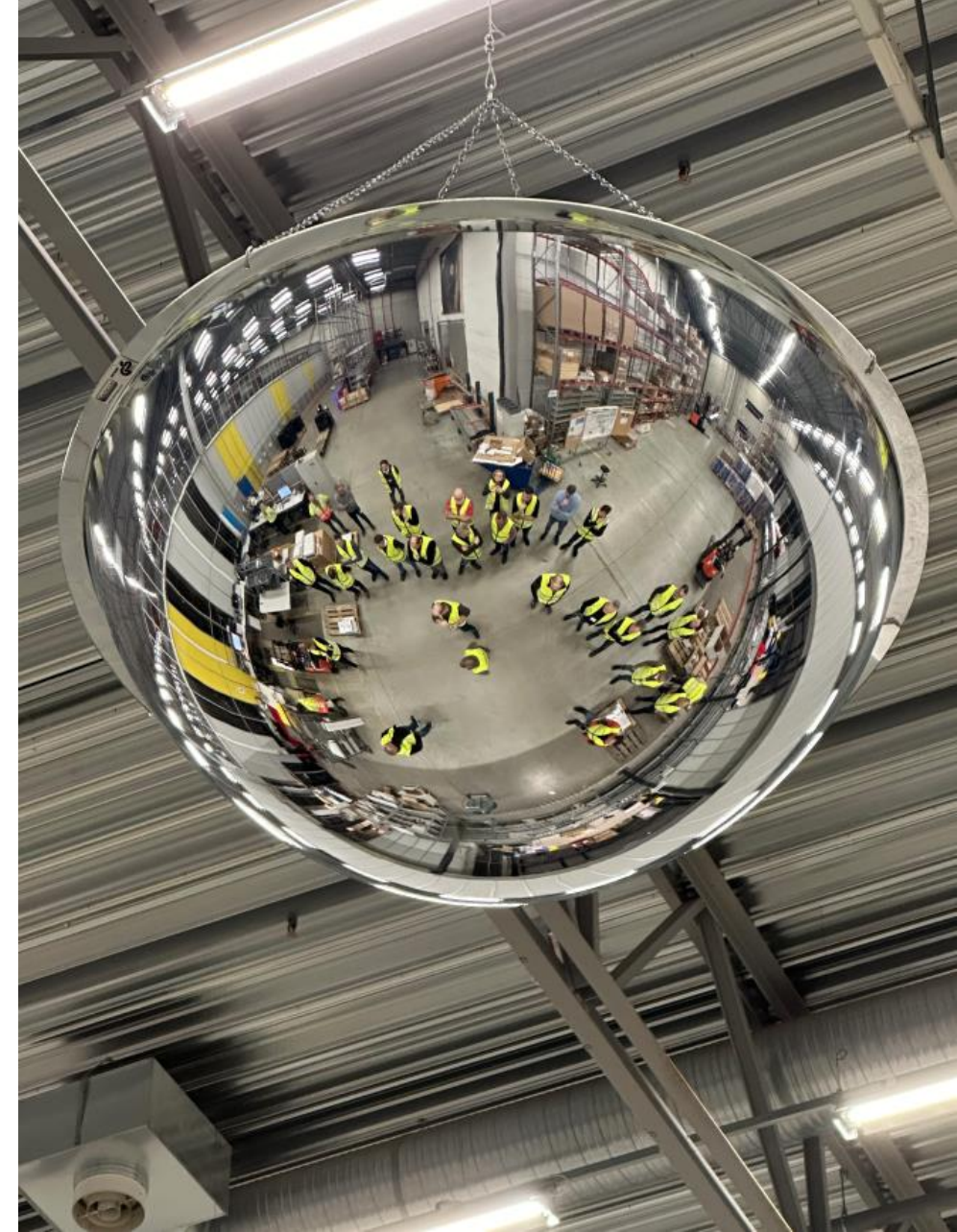
Q2 2024 in summary

- Acquisition-intensive quarter in a continued weak market
- Increased acquisition pace – seven acquisitions signed, two of which in welding.
- Strengthened competitiveness by continued focus on
 - Sales and assortment management
 - Workwear
 - Price adjustments
 - Supplier partnership
 - Logistics – investments in Vestby
- Good delivery capacity



Outlook 2024

- Alligo is well-positioned in a weaker market
- ...ready when market returns:
 - Refining our sales work
 - Developing our offer
 - Adapting the cost structure to market conditions
- Continue to creating value through own brands, services and acquisitions:
 - Launch of INNO and 1832
 - Smartwear
 - Strong acquisition pipeline – strong Nordic welding offer
- Aiming to set climate targets in line with SBTi





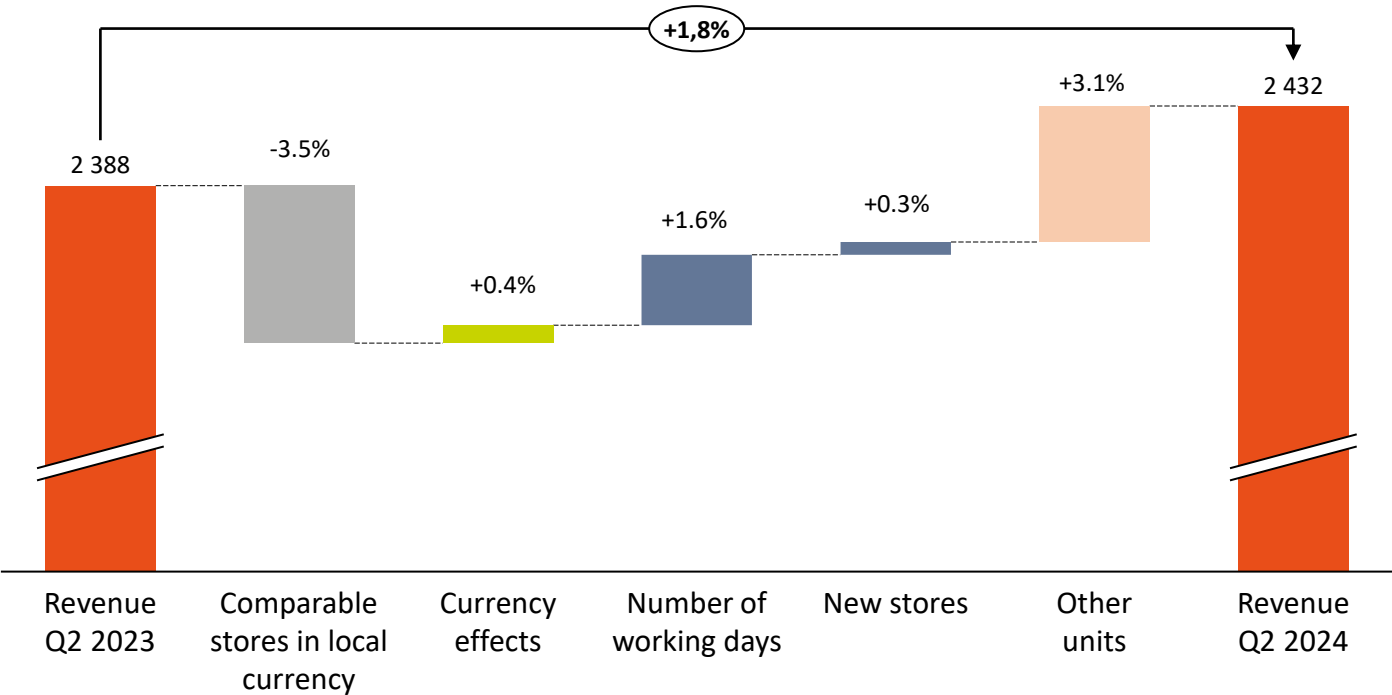
Q&A

APPENDIX



Revenue bridge second quarter 2024

Revenue year-on-year Q2



IFRS 16 effects on cash flow

| MSEK | 2024 Apr-Jun | 2023 Apr-Jun | 2024 Jan-Jun | 2023 Jan-Jun | 2023 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| IFRS 16 effects on cash flow from operations | 108 | 66 | 189 | 148 | 365 |
| IFRS 16 effects on cash flow from financing activities | -108 | -66 | -189 | -148 | -365 |

2024 – seven acquisitions signed, adding ≈320 MSEK in annual revenues

– as well as 77 employees and 13 stores

| Acquisition | Product category | Date signing | Annual revenue (MSEK)* | Employees | Stores |
|--|---|--------------|------------------------|-----------|-----------|
|  Hämeen Teollisuuspalvelu Oy** | Industrial Components/Tools/Workwear/Protective Equipment | April 2024 | 87 | 14 | 1 |
|  Riihimäen Teollisuuspalvelu Oy** | Industrial Components/Tools/Workwear/Protective Equipment | April 2024 | 82 | 28 | 4 |
|  Wiklunds i Bollnäs AB | Tools/Workwear/Protective Equipment | May 2024 | 28 | 6 | 1 |
|  New Promotion Sverige AB (70%) | Profile Clothing/Product Media | June 2024 | 44 | 6 | 2 |
|  Workwear AS | Tools/Workwear/ Protective Equipment | June 2024 | 27 | 9 | 2 |
|  T.Brantestig Svetsmaskinservice AB | Welding | June 2024 | 26 | 8 | 1 |
|  Sundholm Welding AB | Welding | June 2024 | 23 | 6 | 2 |
| | | | 317 | 77 | 13 |

*Currency rate: EUR 11.6 NOK 1.0

** Regulatory approval received July 5, estimated to be completed in August 2024

2023 – six acquisitions signed, adding 330 MSEK in annual revenues

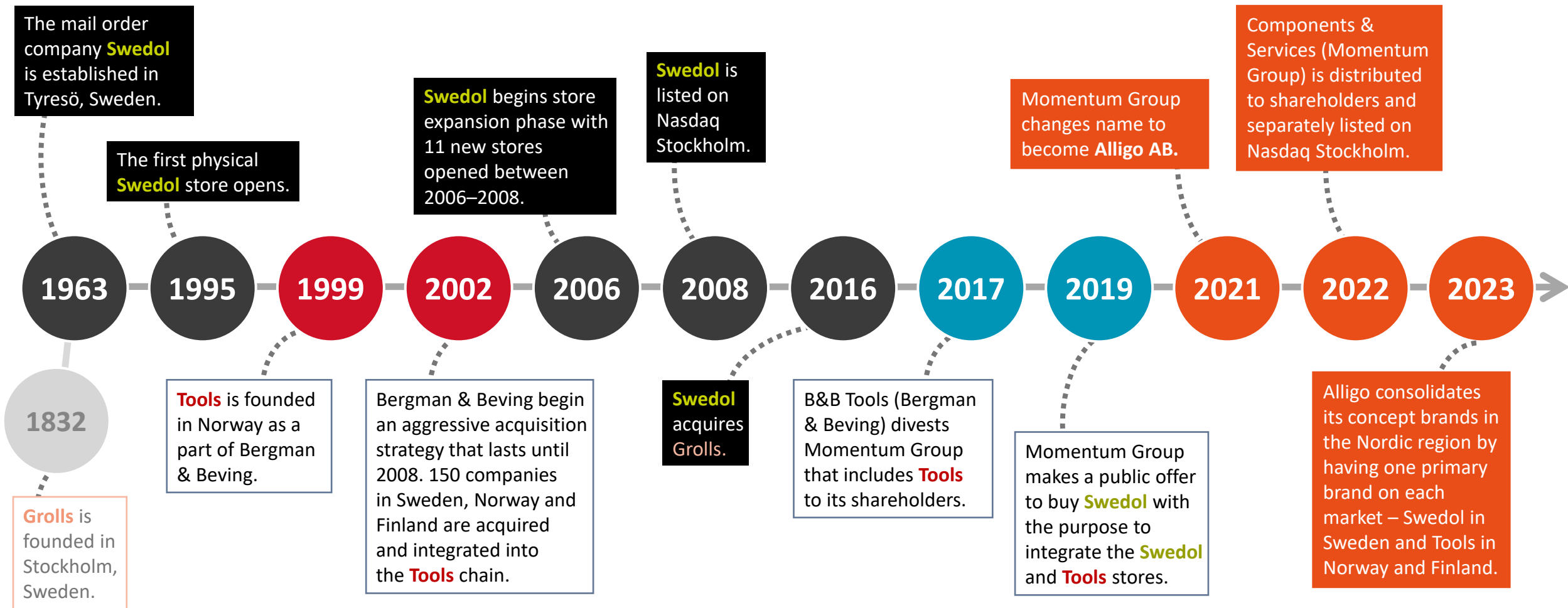
– as well as 80 employees and 8 stores

| Acquisition | Product category | Date signing | Annual revenue (MSEK)* | Employees | Stores |
|---|---|--------------|------------------------|-----------|----------|
|  Kitakone Oy | Workwear/Tools | April 2023 | 34 | 8 | 1 |
|  Topline AB (70%) | Workwear/Profile Clothing/Product Media | May 2023 | 60 | 16 | 2 |
|  Tampereen Pirkka-Hitsi Oy | Welding | June 2023 | 57 | 13 | 2 |
|  Tore Vagle AS** | Industrial Components/Tools/ | Dec 2023 | 38 | 11 | 1 |
|  Svets och Tillbehör i Sverige AB** | Welding/Tools | Dec 2023 | 120 | 24 | 1 |
|  Svetspartner i Malmö AB** | Welding/Tools | Dec 2023 | 25 | 8 | 1 |
| | | | 334 | 80 | 8 |

*Currency rate: EUR 11,4, NOK 0,98

** Completed in Jan 2024

The origins of Alligo



Five reasons to invest in Alligo

1

Market growth and resilient customer segments



2

Scalable platform a foundation for continued growth



3

Own brands increase competitiveness and profitability



4

Sustainability an integrated part of the business



5

Leader in the consolidation process on the Nordic markets



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Read more at alligo.com/interimreport Q2