

ALLiGO

Interim report Q3
1 July – 30 September 2022

2022-10-28

Presenters

Clein Johansson Ullenvik

President & CEO



Irene Wisenborn Bellander

CFO



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

- Efficient and sustainable processes
- Common platform

Through our concept brands and specialist stores, we meet our customers throughout the Nordic region in whatever channels they choose to meet us

TOOLS

swedol

UNIVERN

GROLLS

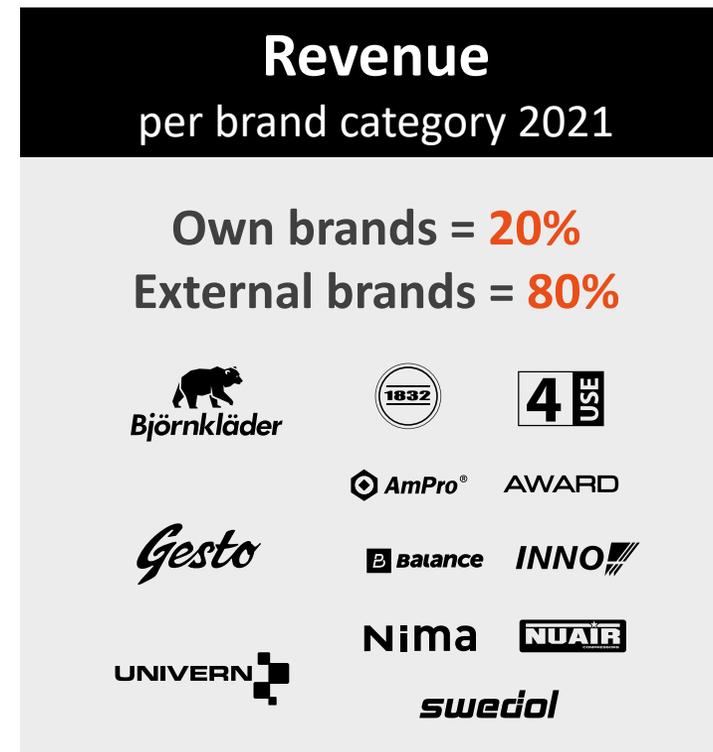
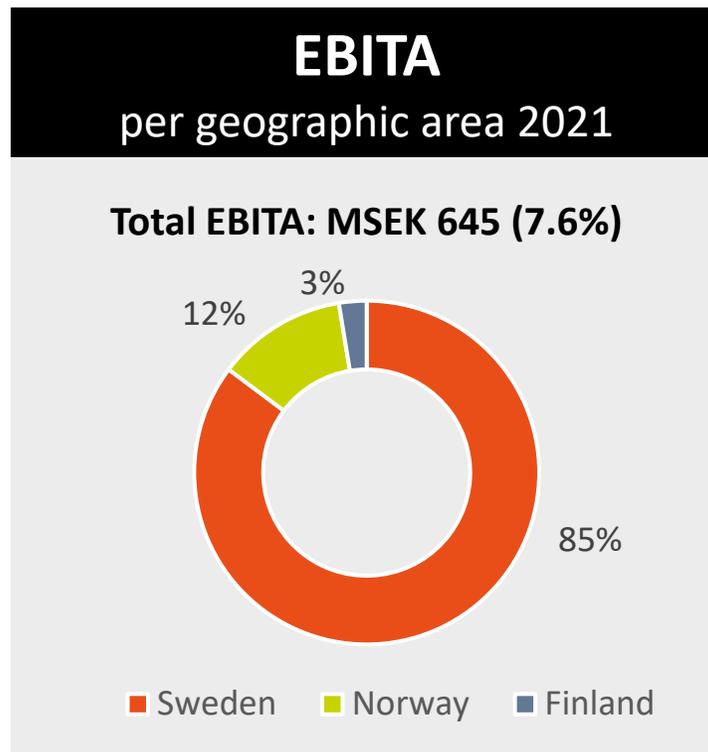
ALLiGO

Independent stores

SWEDEN: Mercus, Company Line, Reklamproffsen, Industriprofil, TriffiQ, Profilmakarna, Defacto and Magnusson Agentur.

NORWAY: Lunna, HE Seglem and LVH. **FINLAND:** Metaplan, Imatran Pultti and Liukkosen Pultti.

Alligo at a glance



Number of stores* per geographic area: Sweden = 105, Norway = 60, Finland = 39

* October 2022

Alligo at a glance



Manufacturing



Construction



Public Sector



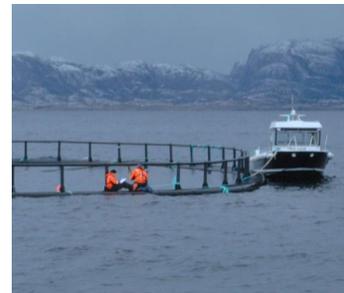
Transport
and Storage



Reparation and
Maintenance



Agriculture
and Forestry



Fishing and
Aquaculture



Oil and Gas

- The Nordic main markets – revenue of approximately SEK 50 billion per year
- Customers – a combination of small and medium-sized enterprises, large industrial companies, and the public sector within eight defined segments
- Main competitors – chains that focus on industry and construction and independent local operators

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

AGENDA

- Highlights Q3 2022
- Business update
- Financials
- Summary and outlook
- Q&A

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



Q3 in brief

- **Alligo's integration strategy close to be finalized:**
 - Disturbances in the logistic process in Sweden solved during the quarter.
 - Roll-out of Nordic standard assortment in all markets started.
- Two acquisitions finalized during the quarter:
 - LVH AS, based in Lillehammer, Norway
 - Magnusson Agentur AB, with one store in Vinslöv, Sweden
- Revenue increased by 14.1 per cent to 2,118 MSEK (1,856).
 - Driven by growth within Oil & Gas in Norway and continued growth of larger industrial customers in Finland.
- EBITA increased by 21 per cent to 181 MSEK (149) corresponding to an EBITA margin of 8.5 per cent (8.0).
- Cash flow from operating activities MSEK -91 (-64).



Status of the extensive integration efforts to build Alligo

- Completed activities related to the merger of Swedol and Tools



Common strategy and core values throughout the entire company



New financial and non-financial targets



Store integration



Legal structure



Coordination of logistics
- Norway ongoing



Pricing system



ERP
- Norway ongoing

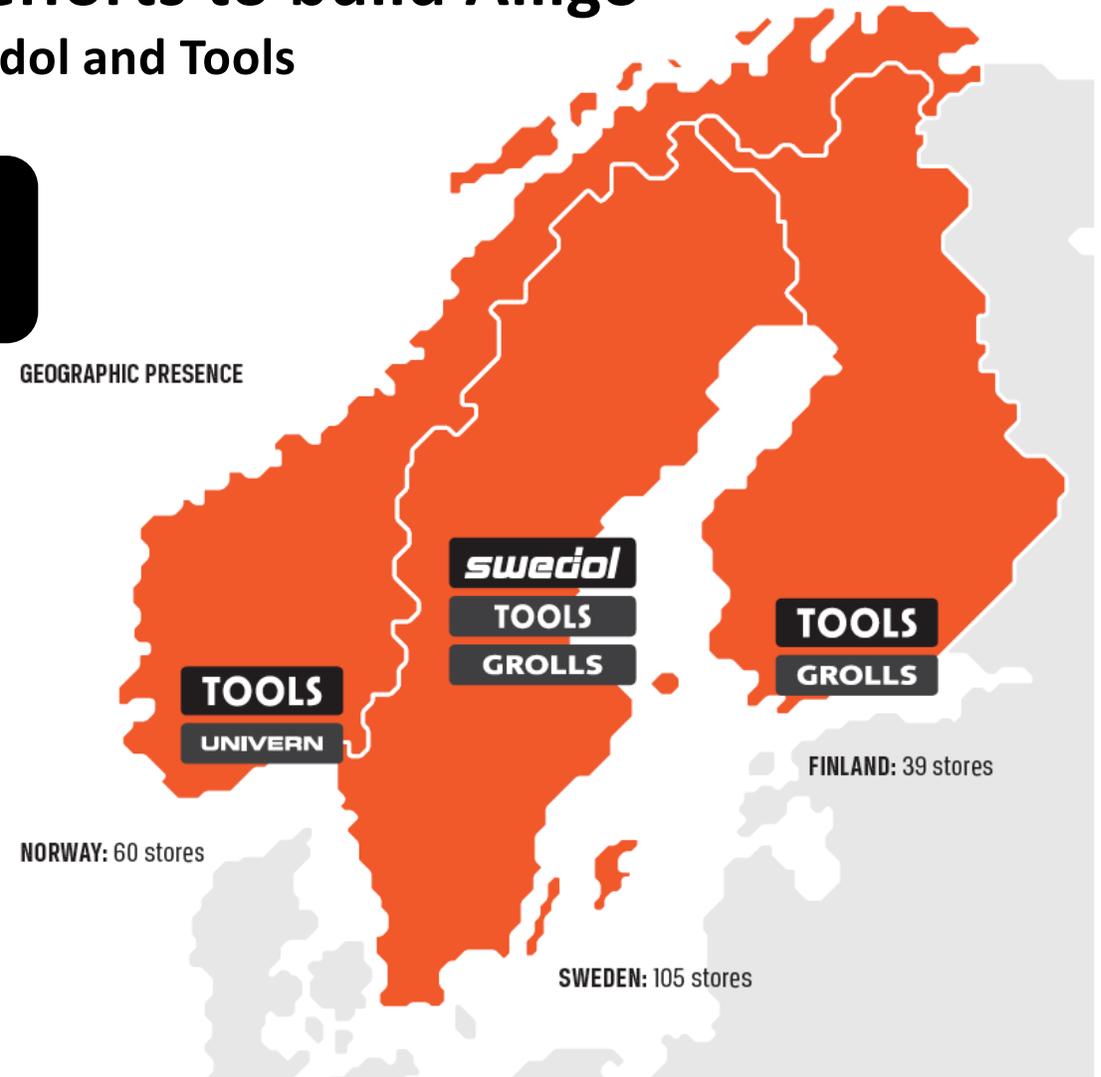
Status of the extensive integration efforts to build Alligo

– Ongoing activities related to the merger of Swedol and Tools



Implementation of Nordic standard assortment

GEOGRAPHIC PRESENCE



Q3 in brief

- Alligo's integration strategy close to be finalized:
 - Disturbances in the logistic process in Sweden solved during the quarter.
 - Roll-out of Nordic standard assortment in all markets started.
- **Two acquisitions finalized during the quarter:**
 - LVH AS, based in Lillehammer, Norway
 - Magnusson Agentur AB, with one store in Vinslöv, Sweden
- **Revenue increased by 14.1 per cent to 2,118 MSEK (1,856).**
 - Driven by growth within Oil & Gas in Norway and continued growth of larger industrial customers in Finland.
- **EBITA increased by 21 per cent to 181 MSEK (149) corresponding to an EBITA margin of 8.5 per cent (8.0).**
- **Cash flow from operating activities MSEK -91 (-64).**



Sustainability is an integral part of Alligo's strategy

Vision

We're unbeatable

- ...as a partner to our customers
- ...as an employer
- ...as a partner to our suppliers
- ...as a leader in sustainable development in our industry

Strategic objectives

We are known as the leader in sustainable development in our industry

Strategies

- Continuously reduce the environmental impact of our operations
- Work with our suppliers to ensure sustainability throughout our value chain
- Help our customers reduce their environmental impact
- Communicate our sustainability work clearly and transparently

Non-financial targets

Responsible supplier relations 100%	Customer satisfaction >75	Sickness-related absence <5%	Share of female managers >30%	Climate impact ↓CO₂
All significant suppliers must have signed Alligo's code of conduct for suppliers	All concept brands in all Group geographic markets shall achieve a Customer Satisfaction Index (CSI) of more than 75	Sickness-related absence as a proportion of total scheduled time shall be less than 5 per cent	The share of female managers shall amount to more than 30 per cent	Carbon dioxide emissions from operations shall be reduced

Our main impact is outside our own operations



We are initiating a mapping of GHG emissions throughout our value chain as a basis for setting tangible goals for GHG emission reduction

Examples of initiatives that aims to use resources more efficiently

Our operations

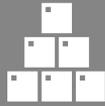


Reduce electricity consumption



Reduce waste

Transportation



Increase inbound container fill rate



Reduce use of air freight



Optimise logistics setup and replenishment

Sales



Design for sustainability



Optimise packaging

FINANCIALS



Group in summary – Profitable growth in challenging times

Revenues and EBITA

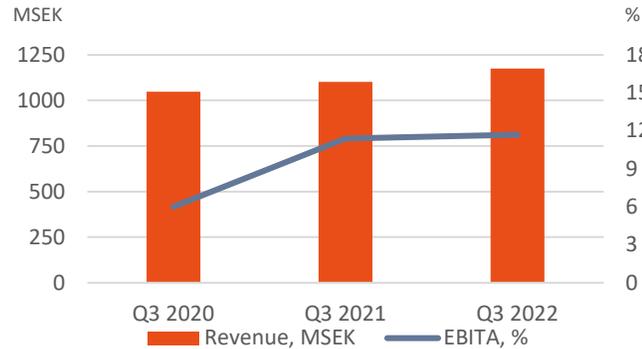
MSEK	2022 Jul- Sept	Δ, %	2021 Jul- Sep	2022 Jan- Sep	Δ, %	2021 Jan- Sep
Revenue	2,118	14.1	1,856	6,488	8.5	5,981
EBITA	181	21	149	458	16	395
<i>Amortisation</i>	-15		-16	-48		-47
<i>Items affecting comparability</i>	-		-113	-9		-115
Operating profit	166		20	401		233
EBITA margin,%	8.5		8.0	7.1		6.6

Highlights Q3

- Revenue increased by 14.1% to MSEK 2,118 MSEK (1,856)
 - Organic growth of 10.2%
 - Positive currency effects 2.9%
 - Same number of trading days
- EBITA increased by 21% to MSEK 181 (149)
 - Increased volumes, integration synergies, and price increases contribute positively and compensate for higher purchasing
- EBITA margin of 8.5% (8.0)
- Integration project close to be finalized:
 - 204 stores (213)
 - 17.8% own brands (22.0) but 17.5 adjusted for divested business
 - Restructuring reserve – release of MSEK 14
- Effective tax rate of 21.9% (100)

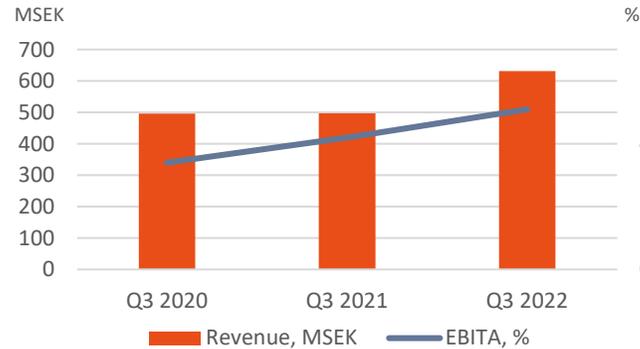
Revenues and EBITA per market Q3

Sweden



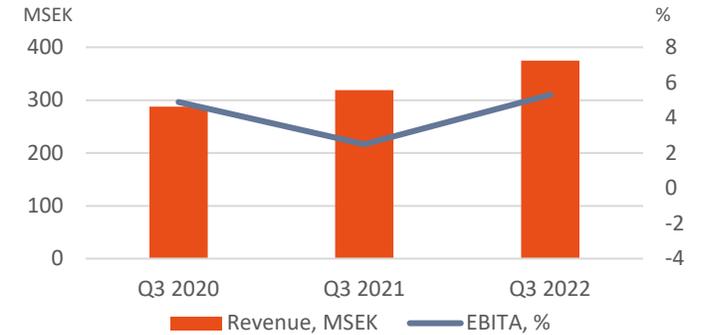
- Revenue increased by 6,7% to MSEK 1,175 (1,101)
 - Organic growth of 8,6%
 - Small and medium-sized enterprises
 - Continued disruption in the industrial segment due to the change of business system in Q2
- EBITA increased to MSEK 137 MSEK (125)
- EBITA margin 11.7 % (11.4)
- Higher volumes, integration synergies, good margin development in stores mitigated by challenges in the industrial segment.

Norway



- Revenue increased by 27,0% to MSEK 631 (497)
 - Organic growth of 15,1%
 - Oil and Gas segment
- EBITA increased to MSEK 32 (21)
- EBITA margin 5.1% (4.2)
- Higher volumes and integration synergies contribute positively
- Intensified focus going forward on improving sales- and assortment management besides sales activities in stores

Finland

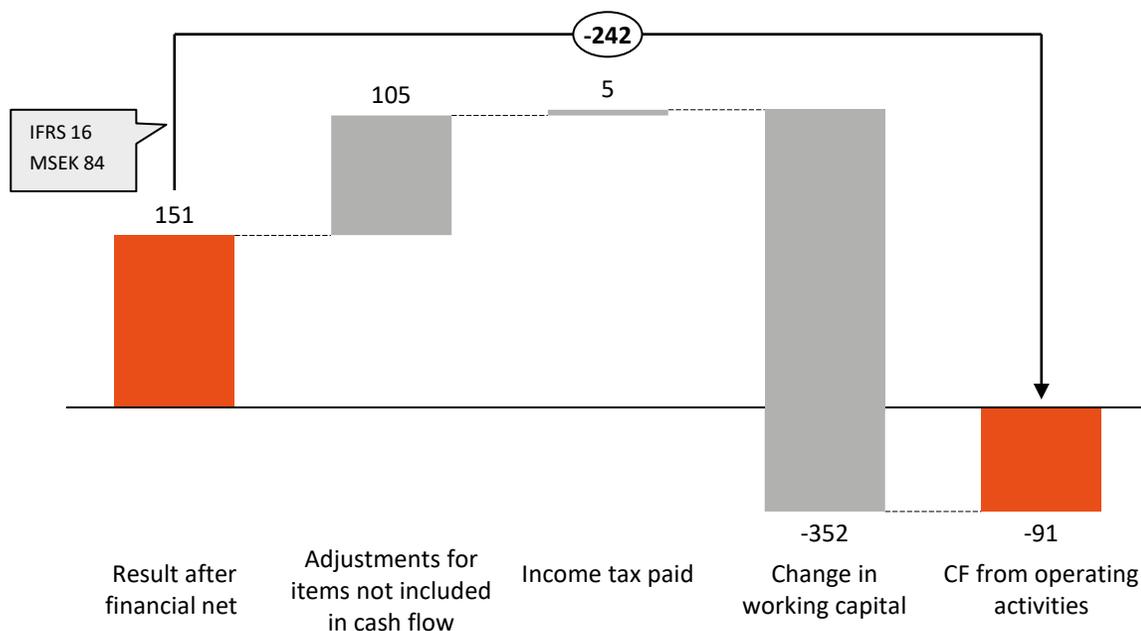


- Revenue increased by 17,6 % to MSEK 375 (319)
 - Organic growth of 8,8%
 - Larger industrial customers
- EBITA increased to MSEK 20 (8)
- EBITA margin 5.3% (2.5)
- Higher volumes and continued improved sales management
- Focus forward on investment in stores in order to attract more small and medium-sized enterprises

Cash flow temporarily impacted by higher inventory levels due to assortment-merge and roll out of own brands

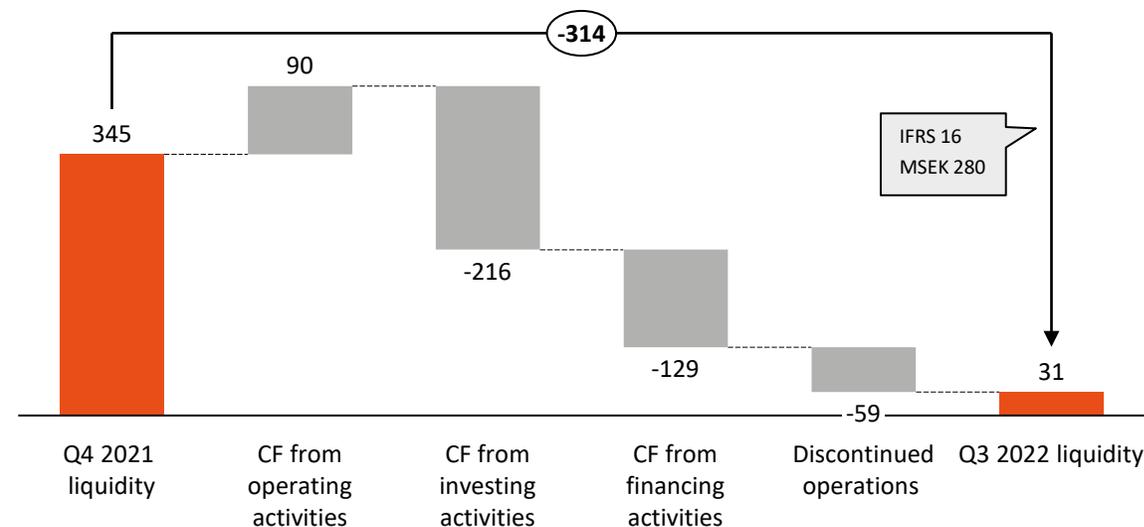
Q3 Operating activities

- Operating cash flow lower compared to Q3 last year
- Increased working capital due to inventory build-up, prepayments to own brand suppliers, and business growth
 - Assortment-merge incl own brands
 - Higher purchase prices, FX and costs for freight



Q1-Q3 Operating, investing and financing activities

- Investing activities
 - Implementation of new ERP, e-commerce investments, store adaptations, and expansion of Alligo's warehouse and logistics facility (MSEK 97)
 - Acquisition of subsidiaries (MSEK 119)
- Financing activities – refunding during Q1
 - Amortization free term loan MSEK 1,100 and an RCF of MSEK 1,200
 - Dividend paid MSEK -88
 - Utilized overdraft facility MSEK 136



Increased net debt, but still a strong financial position

Overview of the financial position

MSEK	30 Sep 2022	31 Dec 2021
Non-current interest bearing liabilities	2,298	2,095
Current interest bearing liabilities	483	463
Cash and cash equivalents	-31	-286
Financial lease liabilities	-973	-1,013
Net provision for pensions	0	0
Net operational liabilities	1,777	1,259
EBITDA*, LTM	797	747
Net operational liabilities / EBITDA*, x	2.2	1.7

* Excl. IFRS 16

Key figures

- Ratio of net operational liabilities to EBITDA (excl. IFRS 16) of 2.2
- Unutilized credit facilities of MSEK 907 at the end of the period
- Equity/assets ratio 40 per cent
- Refunding in the first quarter due to separate listing of Momentum Group
 - Maturity 3+1+1 year
- Continue to invest in organic growth and take advantage of potential good M&A opportunities

SUMMARY AND OUTLOOK



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



4

Sustainability as an integrated part of the business



5

A leader in the consolidation of the Nordic markets



Outlook

- **Majority of the integration work completed**
 - focus on driving sales, developing our offer and streamlining our processes.
 - Nordic standard assortment and roll-out of own brands
- Good availability for the autumn and winter season
 - Capital reduction
- Continued sales- and assortment management and investments in small- and mid-sized companies
 - Norway and Finland
- Challenging environment – review the organization's cost structure
- Supplementing organic growth with acquisitions



Four overarching themes for 2022



Make our **people** grow



Continue the **integration** work and ascertain impact of ongoing activities



Ensure **profitable growth** in all parts of our business



Improve **collaboration** and **processes**

From now on, there will be three overarching themes



Make our **people** grow



Ensure **profitable growth** in all parts of our business



Improve **collaboration** and **processes**

Outlook

- Majority of the integration work completed
 - focus on driving sales, developing our offer and streamlining our processes.
 - Nordic standard assortment and roll out of own brands
- **Good availability for the autumn and winter season**
 - Capital reduction
- **Continued sales- and assortment management and investments in small- and mid-sized companies**
 - Norway and Finland
- **Challenging environment – review the organization's cost structure**
- **Supplementing organic growth with acquisitions**





Q&A

APPENDIX



Our material sustainability issues support the global goals



Financial targets

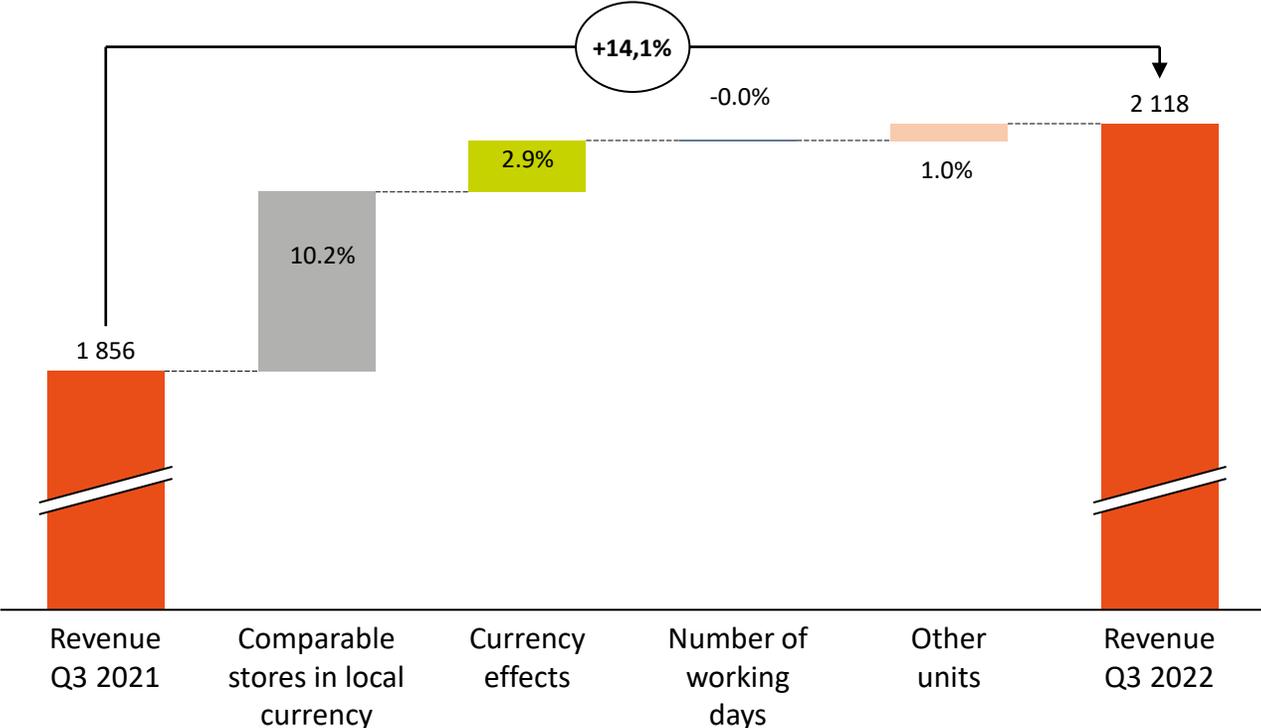
Organic growth >5%	EBITA margin >10%	Indebtedness <3X	Dividend 30-50% of net profit
Average organic growth shall exceed 5 per cent per year over a business cycle. Further growth shall also be made through acquisitions	EBITA margin shall be more than 10 per cent per year over a business cycle	Ratio of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

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

Revenue bridge third quarter 2022

Revenue year-on-year Q3



Condensed consolidated income statement

MSEK	2022 JUL-SEP	2021 JUL-SEP	2022 JAN-SEP	2021 JAN-SEP	30/09/2022 12 months to	2021 JAN-DEC
Revenue	2,118	1,856	6,488	5,981	8,924	8,417
Other operating income	36	20	92	63	120	91
Total operating income	2,154	1,876	6,580	6,044	9,044	8,508
Cost of goods sold	-1,256	-1,084	-3,887	-3,552	-5,322	-4,987
Personnel costs	-380	-361	-1,243	-1,208	-1,675	-1,640
Depreciation, amortisation, impairment losses and reversal of impairment losses	-112	-187	-360	-435	-488	-563
Other operating expenses	-240	-224	-689	-616	-964	-891
Total operating expenses	-1,988	-1,856	-6,179	-5,811	-8,449	-8,081
Operating profit	166	20	401	233	595	427
Financial income	1	0	3	2	4	3
Financial expenses	-16	-18	-38	-41	-48	-51
Net financial items	-15	-18	-35	-39	-44	-48
Profit/loss after financial items	151	2	366	194	551	379
Taxes	-33	-2	-79	-42	-125	-88
Profit/loss for the period, continuing operations	118	0	287	152	426	291
Profit/loss for the period, discontinued operations	-	38	3,581	108	3,612	139
Profit/loss for the period, Group total	118	38	3,868	260	4,038	430
Profit/loss for the period attributable to:						
Parent Company shareholders	118	37	3,868	259	4,038	429
Profit/loss for the period, continuing operations	118	0	287	152	426	291
Profit/loss for the period, discontinued operations excluding impact on earnings of the distribution of Momentum Group	-	37	28	107	59	138
Impact on earnings of the distribution of Momentum Group	-	-	3,553	-	3,553	-
Non-controlling interests	0	1	0	1	0	1
Profit/loss for the period, continuing operations	0	0	0	0	0	0
Profit/loss for the period, discontinued operations	-	1	0	1	0	1
Earnings per share, SEK						
Continuing operations, before and after dilution	2.34	0.00	5.69	3.00	8.44	5.75
Discontinued operations excluding impact on earnings of the distribution of Momentum Group, before and after dilution	-	0.75	0.55	2.15	1.17	2.75
Impact on earnings of the distribution of Momentum Group, before dilution	-	-	70.38	-	70.38	-
Impact on earnings of the distribution of Momentum Group, after dilution	-	-	70.38	-	70.36	-

Condensed consolidated balance sheet

MSEK	30/09/2022	30/09/2021	31/12/2021
ASSETS			
Non-current assets			
Intangible non-current assets	2,632	2,853	2,577
Right-of-use assets	943	941	935
Tangible non-current assets	550	529	532
Financial investments	0	1	0
Other non-current receivables	23	0	14
Deferred tax assets	70	91	75
Total non-current assets	4,218	4,415	4,133
Current assets			
Inventories	2,187	1,991	1,856
Accounts receivable	1,216	1,315	1,154
Other current receivables	324	273	277
Cash and cash equivalents	31	145	286
Discontinued operations, assets held for distribution	-	-	973
Total current assets	3,758	3,724	4,546
TOTAL ASSETS	7,976	8,139	8,679

MSEK	30/09/2022	30/09/2021	31/12/2021
EQUITY AND LIABILITIES			
Equity			
Equity attributable to Parent Company shareholders	3,211	3,257	3,429
Non-controlling interests	2	19	19
Total equity	3,213	3,276	3,448
Non-current liabilities			
Non-current interest-bearing liabilities	1,668	1,483	1,421
Non-current lease liabilities	630	670	674
Provisions for pensions	0	33	0
Other non-current liabilities and provisions	392	440	399
Total non-current liabilities	2,690	2,626	2,494
Current liabilities			
Current interest-bearing liabilities	140	124	124
Current lease liabilities	343	361	339
Accounts payable	960	1,021	1,144
Other current liabilities	630	731	620
Discontinued operations, liabilities held for distribution	-	-	510
Total current liabilities	2,073	2,237	2,737
TOTAL LIABILITIES	4,763	4,863	5,231
TOTAL EQUITY AND LIABILITIES	7,976	8,139	8,679

Condensed consolidated statement of cash flows

MSEK	2022 JUL-SEP	2021 JUL-SEP	2022 JAN-SEP	2021 JAN-SEP	30/09/2022 12 months to	2021 JAN-DEC
Operating activities						
Profit/loss after financial items	151	2	366	194	551	379
Adjustment for non-cash items	105	238	361	486	531	656
Income taxes paid	5	-41	-76	-97	-92	-113
Cash flow from operating activities before changes in working capital	261	199	651	583	990	922
Change in inventories	-165	-70	-283	-158	-396	-271
Change in operating receivables	-186	-46	-73	-116	-179	-222
Change in operating liabilities	-1	-147	-205	9	107	321
Cash flow from operating activities	-91	-64	90	318	522	750
Investing activities						
Net investments in non-current assets	-21	-24	-97	-96	-167	-166
Acquisition of subsidiaries and other business units	-8	-	-119	-19	-131	-31
Divestment of subsidiaries and other business units	-	-	-	-	-23	-23
Cash flow from investing activities	-29	-24	-216	-115	-321	-220
Financing activities						
Borrowings	199	0	1,791	0	1,791	0
Repayment of loans	-86	-82	-1,833	-321	-1,998	-486
Other transactions with shareholders	-	-	-	-15	-	-15
Repurchase/sale of share options	-	-	1	-3	-16	-20
Repurchase/sale of treasury shares	-	-	-	9	-	9
Dividends paid	-	-	-88	-76	-88	-76
Cash flow from financing activities	113	-82	-129	-406	-311	-588
Cash flow for the period, continuing operations	-7	-170	-255	-203	-110	-58
Cash flow for the period, discontinued operations (see note 7)	-	-4	7	-30	64	27
Cash flow for the period, Group total	-7	-174	-248	-233	-46	-31
Cash and cash equivalents at the beginning of the period	38	317	345	375	145	375
Exchange difference in cash and cash equivalents	0	2	0	3	-2	1
Cash and cash equivalents in discontinued operations	-	-	-66	-	-66	-
Cash and cash equivalents at the end of the period	31	145	31	145	31	345¹

1) 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.

Key performance indicators

Group, MSEK	2022 JUL-SEP	2021 JUL-SEP	2022 JAN-SEP	2021 JAN-SEP	30/09/2022 12 months to	2021 JAN-DEC
IFRS KEY PERFORMANCE INDICATORS						
Earnings per share, SEK						
Continuing operations, before and after dilution	2.34	0.00	5.69	3.00	8.44	5.75
Discontinued operations, before and after dilution ¹	-	0.75	0.55	2.15	1.17	2.75
Impact on earnings of the distribution of Momentum Group, before dilution	-	-	70.38	-	70.38	-
Impact on earnings of the distribution of Momentum Group, after dilution	-	-	70.38	-	70.36	-
ALTERNATIVE KEY PERFORMANCE INDICATORS						
Income statement-based KPIs						
Revenue, MSEK	2,118	1,856	6,488	5,981	8,924	8,417
Operating profit, MSEK	166	20	401	233	595	427
Items affecting comparability	-	-113	-9	-115	-49	-155
Amortisation of intangible assets in connection with corporate acquisitions	-15	-16	-48	-47	-64	-63
EBITA, MSEK	181	149	458	395	708	645
Depreciation/amortisation of tangible and other intangible non-current assets ²	-26	-40	-78	-90	-104	-116
EBITDA excl. IFRS 16, MSEK	204	186	524	474	797	747
Profit after financial items, MSEK	151	2	366	194	551	379
Operating margin, %	7.8	1.1	6.2	3.9	6.7	5.1
EBITA margin, %	8.5	8.0	7.1	6.6	7.9	7.7
Profit margin, %	7.1	0.1	5.6	3.2	6.2	4.5
Profitability KPIs						
Return on working capital (EBITA/WC) ³ , %					34	36
Return on capital employed ³ , %					10	7
Return on equity ⁴ , %					15	13
Financial position KPIs						
Net financial liabilities, MSEK	2,750	2,403	2,750	2,403	2,750	2,272
Net operational liabilities, MSEK	1,777	1,462	1,777	1,462	1,777	1,259
Ratio of net operational liabilities to EBITDA excl. IFRS 16					2.2	1.7
Equity ⁵ , MSEK	3,211	3,257	3,211	3,257	3,211	3,429
Equity/assets ratio ⁴ , %	40	40	40	40	40	40
Other KPIs						
No. of employees at the end of the period	2,367	2,343	2,367	2,343	2,367	2,319
Share price at the end of the period, SEK	77	200	77	200	77	192

1) Adjusted for the impact on earnings of the distribution of Momentum Group AB.

2) 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.

3) KPI 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.

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

5) Refers to equity attributable to the Parent Company's shareholders.