

ALLiGO

Interim report
1 January – 31 March 2022

2022-04-28

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

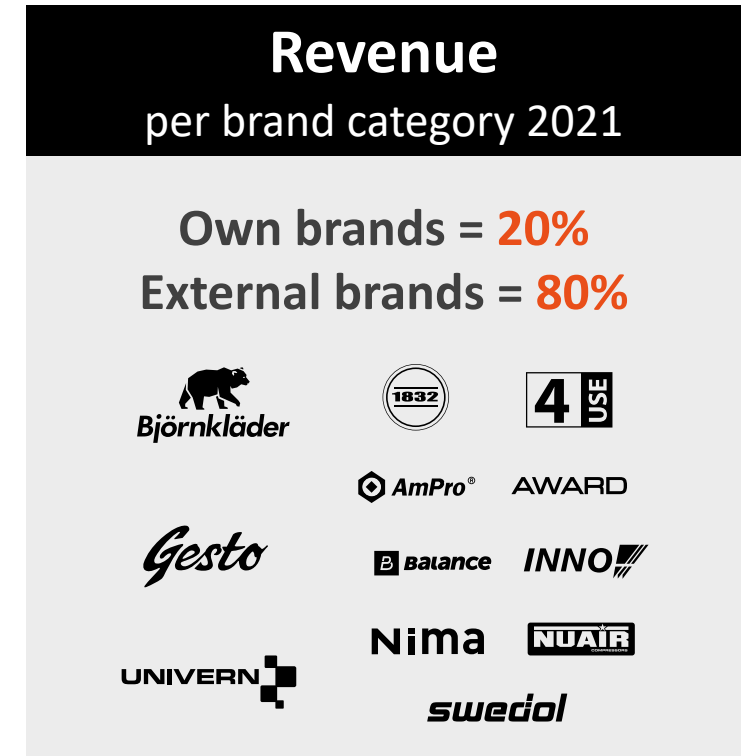
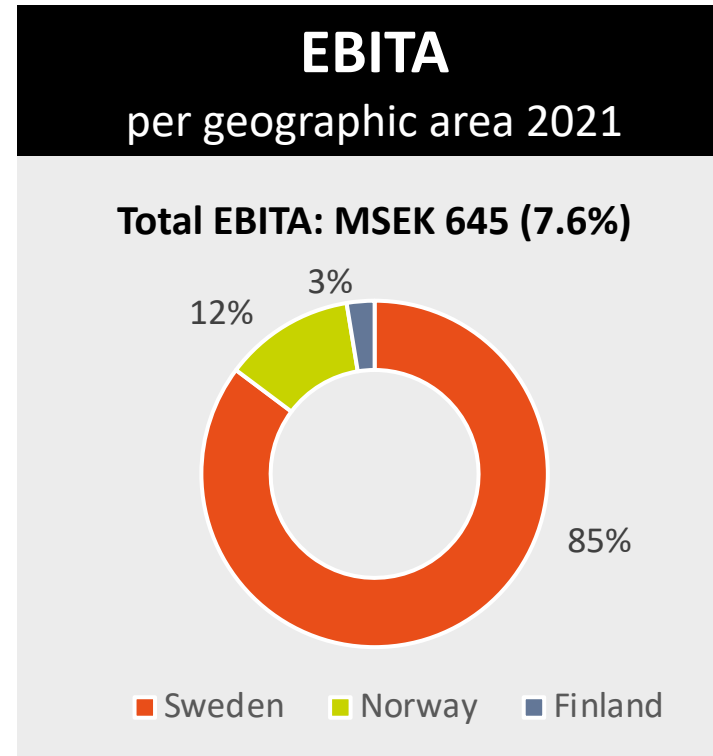
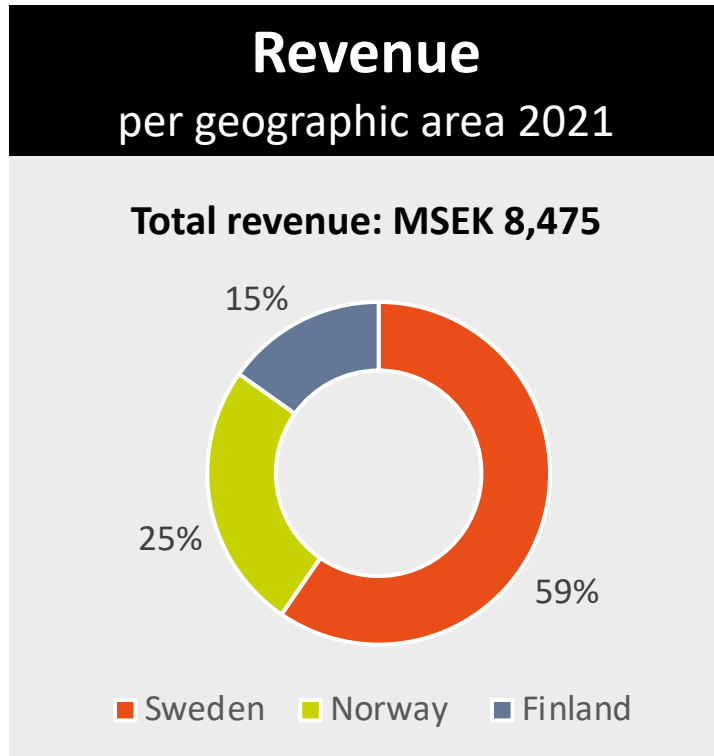
GROLLS

ALLiGO

Independent stores

SWEDEN: Mercus, Company Line, Reklamproffsen, Industriprofil, TriffiQ, Profilmakarna & Defacto. NORWAY: Lunna. FINLAND: Metaplan, Imatran Pultti & Liukkosen Pultti.

Alligo at a glance



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

* December 31st 2021

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

AGENDA

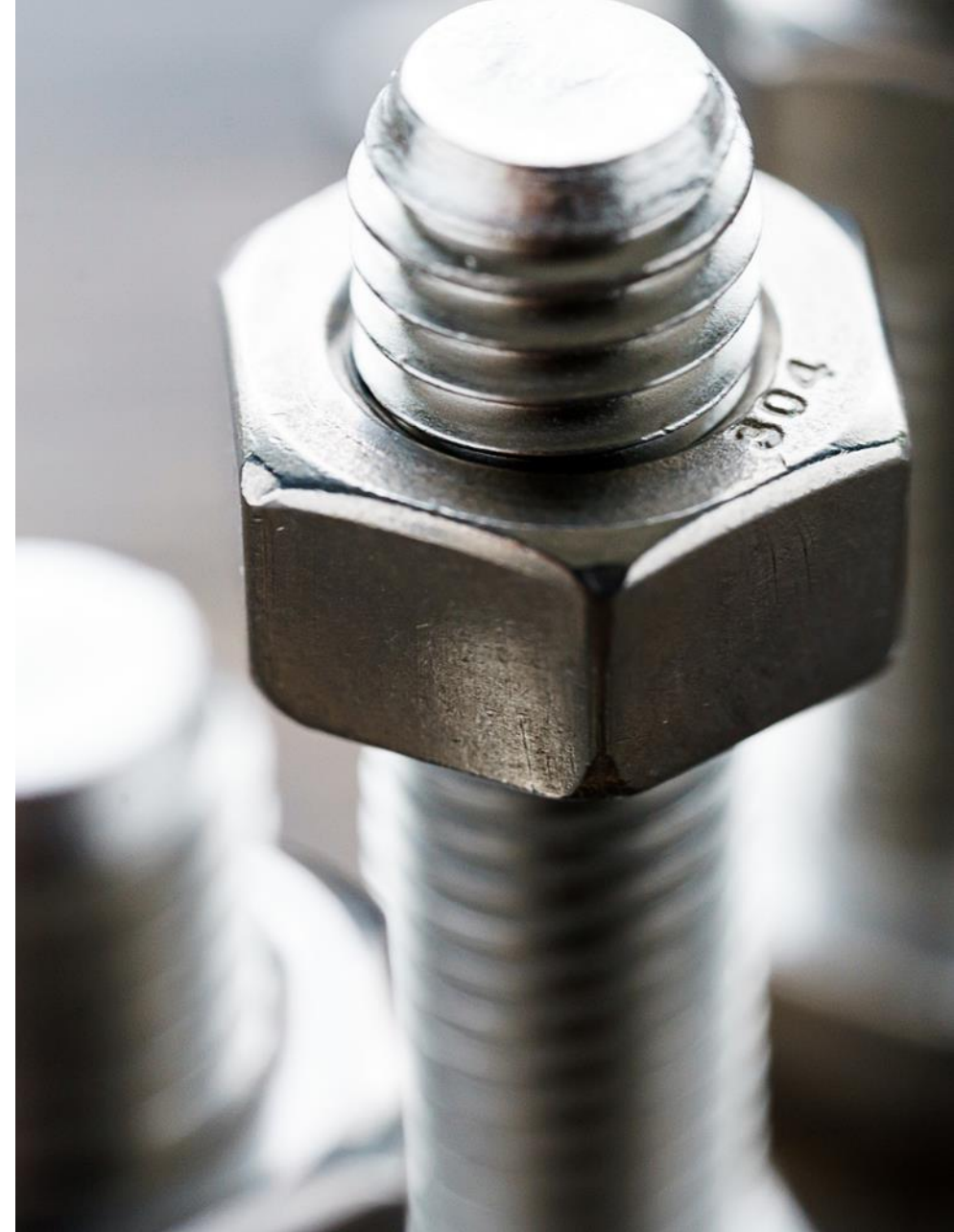
- Highlights Q1 2022
- Business update
 - Non-financial targets
- Financials
- Summary and outlook
- Q&A

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



Q1 in brief

- Split between Alligo and Momentum Group completed
 - Extraordinary General Meeting on March 23rd, - distribution of all shares in Momentum Group to the shareholders of Alligo. Furthermore, a new Board of Directors was elected. Göran Näsholm was elected as Chairman
- Two acquisitions finalized during the quarter:
 - Lunna - Norwegian tools and workwear company with three shops north of Oslo
 - Liukkosen Pultti - Finnish workwear and tools company with one shop in Lahti
- Change of management in Finland
- Revenue increased by 6.5 % to 2,095 MSEK (1,968)
 - Calendar and currency effects and recent acquisitions had a positive impact Strong winter sales in Q4 counteract
- EBITA increased by 28 % to MSEK 105 (82) corresponding to an EBITA margin of 5.0 % (4.2)
- Cash flow from operating activities MSEK -30 (173)



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

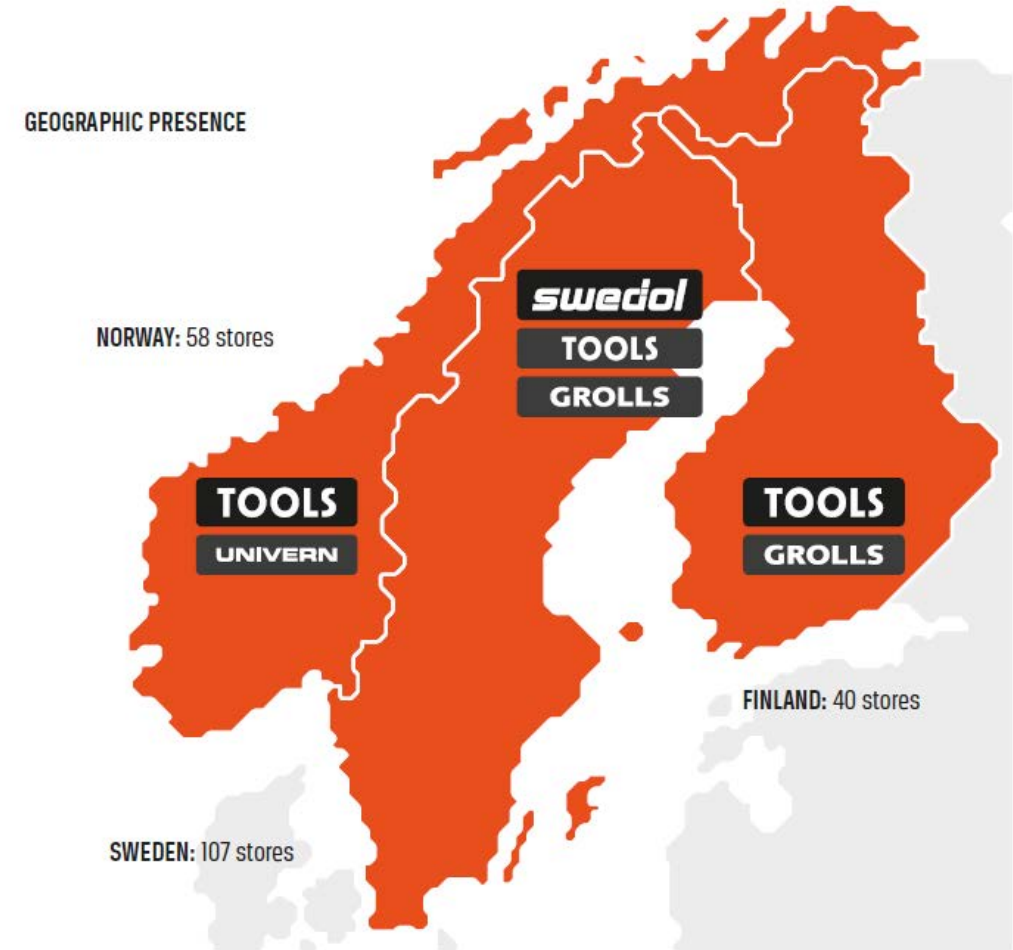
- We offer a product assortment with focus on consumables and a high degree of standardisation
- Services are an important part of our offering

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

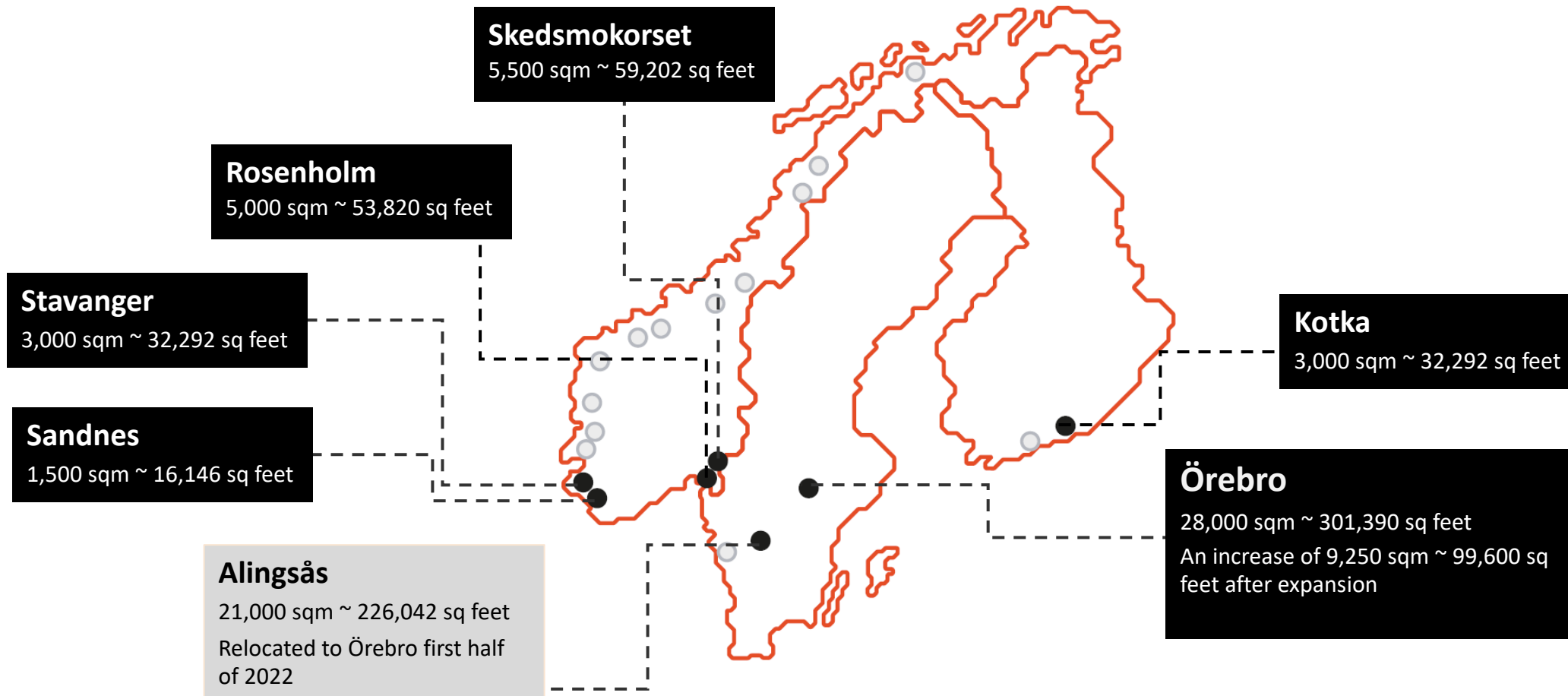
Status of the extensive integration efforts to build Alligo

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



Alligo's integrated Nordic logistics function

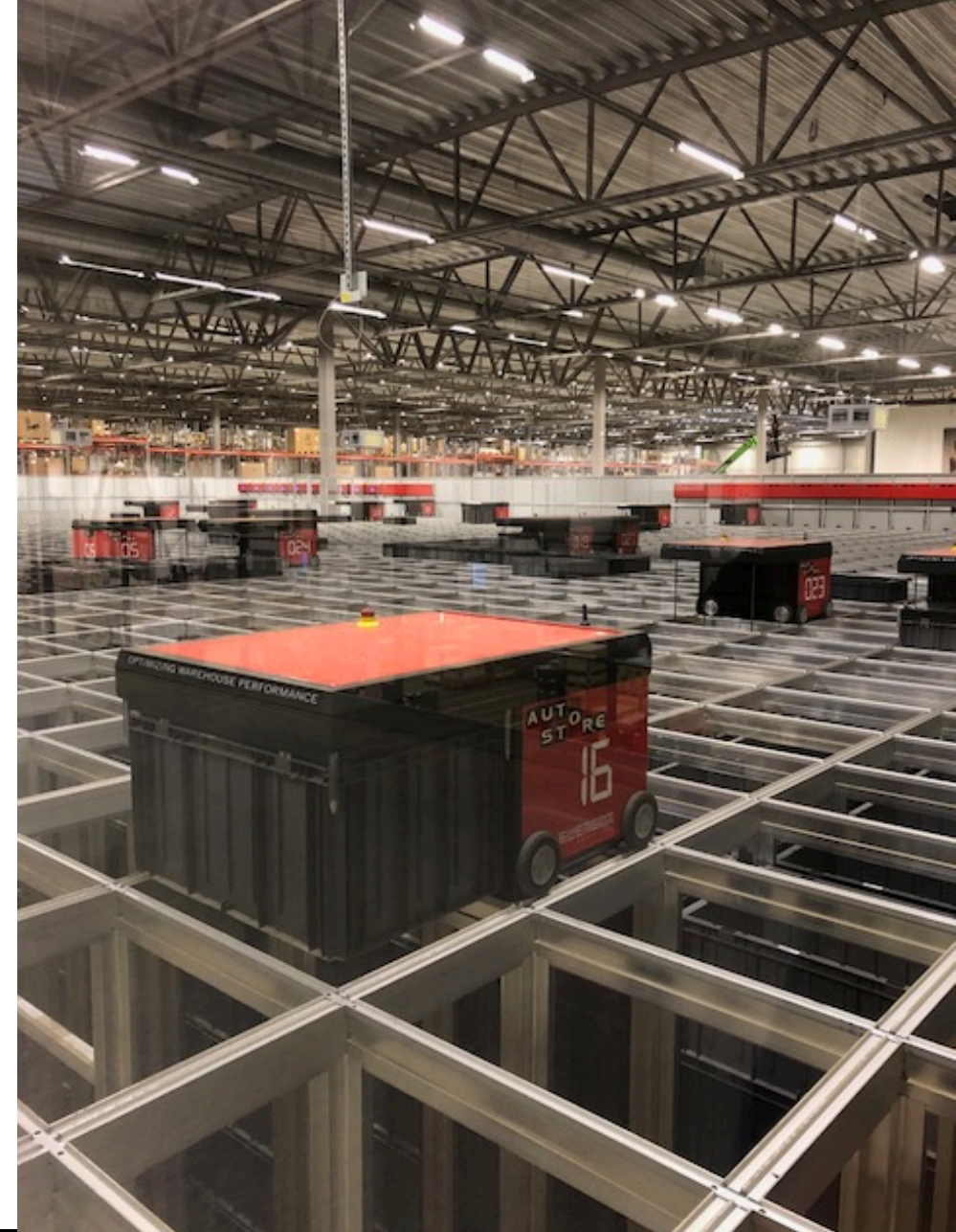
- From 20 to 7 warehouses and units since mid-2020



Logistic Centre Örebro

- a compact, automated warehouse system

- Alligo's largest centre - a modern facility that currently covers an area of about 28,000 sqm
 - Expanded in 2020 with + 9,250 sqm ~ 99,600 sq feet
 - Capacity is continuously increasing
- Further investments in automation are being made to handle volumes from Tools following the relocation from Alingsås – to be completed in the first half of 2022
 - Annual estimated cost savings of MSEK 25
- Automated picking with AutoStore:
 - Robots work from above, picking up boxes ordered by the system and transporting them to the picking stations
- Current capacity:
 - 90,000 bins, 92 robots, and 30 picking ports (an increase with 14,000 bins, 38 robots, and 10 picking ports)
 - 1,000 goods received order lines per day
 - 13,000 average picked order lines per day



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 of the group's 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 %	The share of female managers shall amount to more than 30 %	Carbon dioxide emissions from operations shall be reduced

FINANCIALS



Group in summary

Revenues and EBITA

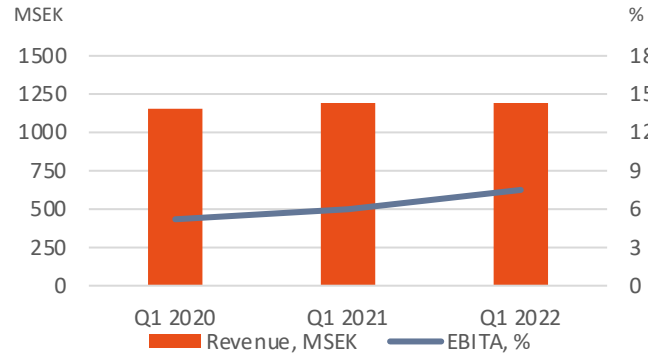
MSEK	2022 Jan-Mar	Δ, %	2021 Jan-Mar	31/03/2022 12 months to	2021 Jan-Dec
Revenue	2,095	6.5	1,968	8,544	8,417
EBITA	105	28	82	668	645
<i>Amortisation</i>	-16		-15	-64	63
<i>Items affecting comparability</i>	-9		-	-164	-155
Operating profit	80	19	67	440	427
EBITA margin,%	5.0		4.2	7.8	7.7

Highlights Q1

- Revenue increased by 6.5 % to MSEK 2,095 (1,968)
 - Organic growth 2.7%
 - Positive currency effects 2.6%
- EBITA increased by 28 % to MSEK 105 (82)
 - Mixed negative effects
- Items affecting comparability -9 MSEK (-)
 - Costs ahead of the separate listing of Momentum Group of MSEK 5
 - Severance costs in connection with a change of management in Finland of MSEK 4
- EBITA margin of 5.0 % (4.2)
- Integration project according to plan
 - 205 stores (216)
 - 16.8% own brands (19.3) but 16.6 adjusted for divested business)
 - Restructuring reserve – release of MSEK 13
- Effective tax rate of -21.1% (-21.1)

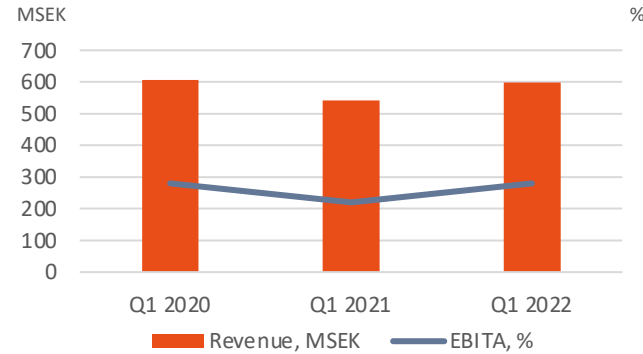
Revenues and EBITA per market Q1

Sweden



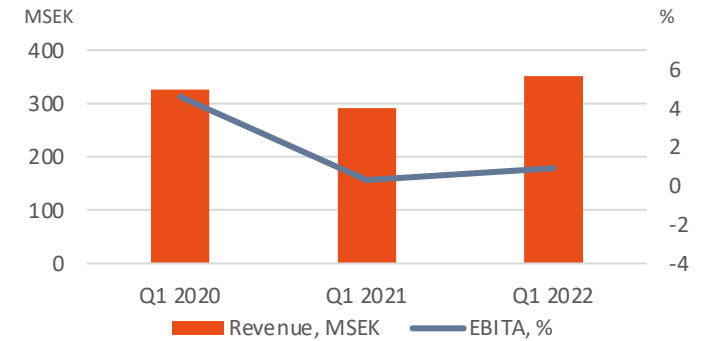
- Revenue in line with PY MSEK 1,192 (1,191)
 - Growth Industrial segment
 - General restraint small and midsize companies
 - Campaign sales
 - Divestment Gigant in Q4 2021
- EBITA increased to MSEK 89 (72)
- EBITA margin 7.5% (6.0)
- Integration synergies and implemented price increases contribute positively. Unfavourable product category and customer segment mix counteracts

Norway



- Revenue increased by 11% to MSEK 599 (541)
 - Acquisitions of RAF Romerike Arbeidstøy and Lunna
 - Positive currency effects
 - Slight improvement in the Oil and Gas segment
- EBITA increased to MSEK 17 (12)
- EBITA margin 2.8% (2.2)
- Higher volumes and integration synergies contribute positively. Unfavourable product category mix counteracts

Finland

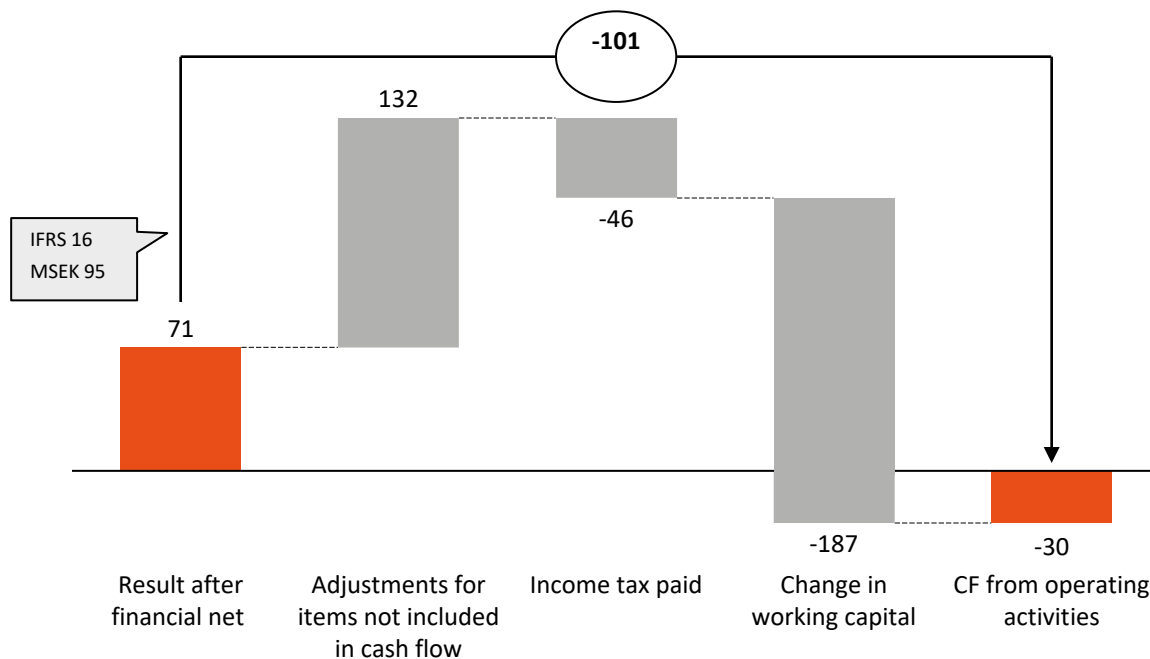


- Revenue increased by 21% to MSEK 351 (291)
 - Acquisitions of Imatran Pultti and Liukkosen Pultti
 - Growth of larger industrial customers
 - Positive currency effects
- EBITA increased to MSEK 3 (1)
- EBITA margin 0.9% (0.2)
- Unfavourable customer mix, difficulties in passing on price increases from suppliers
- Focus forward on sales and assortment management, roll out of own brands, and price adjustments

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

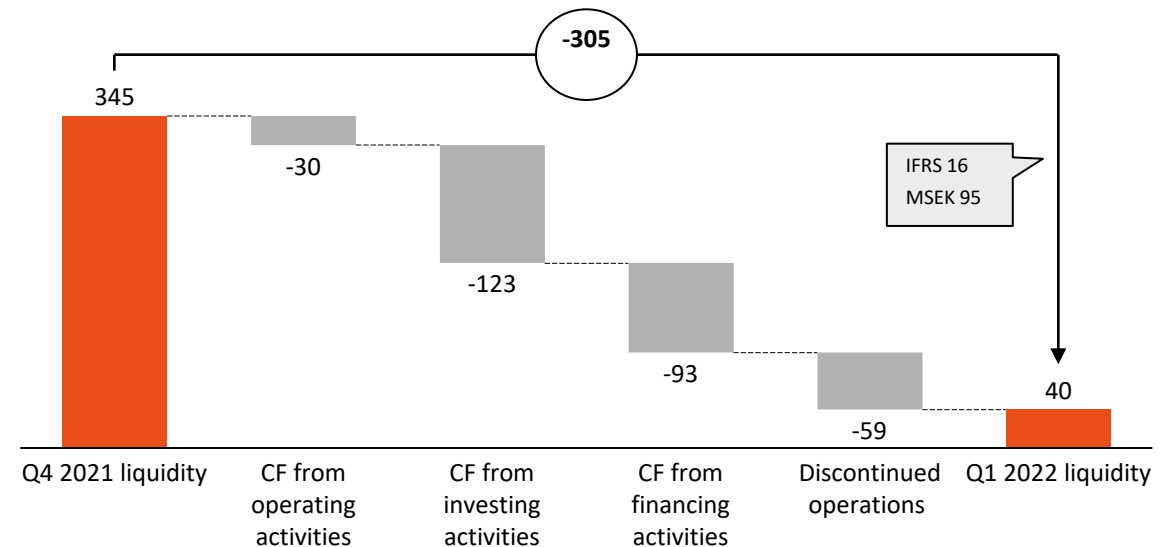
Q1 Operating activities

- Lower operating cash flow compared to Q1 last year due to decreased accounts payable, prepayments to own brand suppliers, and inventory build-up
 - Business growth, assortment, and mix
 - Supply chain disruptions and higher freight costs



Q1 Operating, investing and financing activities

- Investing activities
 - Implementation of new ERP, store adaptations and expansion of Alligo’s warehouse and logistics facility (MSEK 35)
 - Acquisition of subsidiaries (MSEK 88)
- Financing activities – refunding
 - Amortization free term loan MSEK 1,100 and an RCF of MSEK 1,200



Strong financial position

Overview of the financial position

MSEK	31 Mar 2022	31 Dec 2021
Non-current interest bearing liabilities	2,227	2,095
Current interest bearing liabilities	346	463
Cash and cash equivalents	-40	-286
Financial lease liabilities	-1,014	-1,013
Net provision for pensions	0	0
Net operational liabilities	1,519	1,259
EBITDA*, LTM	772	747
Net operational liabilities / EBITDA*, x	2.0	1.7

* Excl. IFRS 16

Key figures

- Ratio of net operational liabilities to EBITDA (excl. IFRS 16) of 2.0
- Unutilized credit facilities of 1,190 MSEK at the end of the period
- Equity/assets ratio 40%
- Refunding in the quarter due to separate listing of Momentum Group
- Continue to invest in organic growth and take advantage of potential good M&A opportunities

SUMMARY AND OUTLOOK



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 systems in Tools
 - Relocation of the logistic centre from Alingsås to Örebro
- Continued uncertainty in the supply chain due to:
 - The pandemic and energy rationing in China
 - The war in Ukraine
- Assortment merge and roll out of own brands
- Growth opportunities
 - Reactivate salesforce
 - M&A



Q&A



APPENDIX



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



4

Sustainability as an integrated part of the business



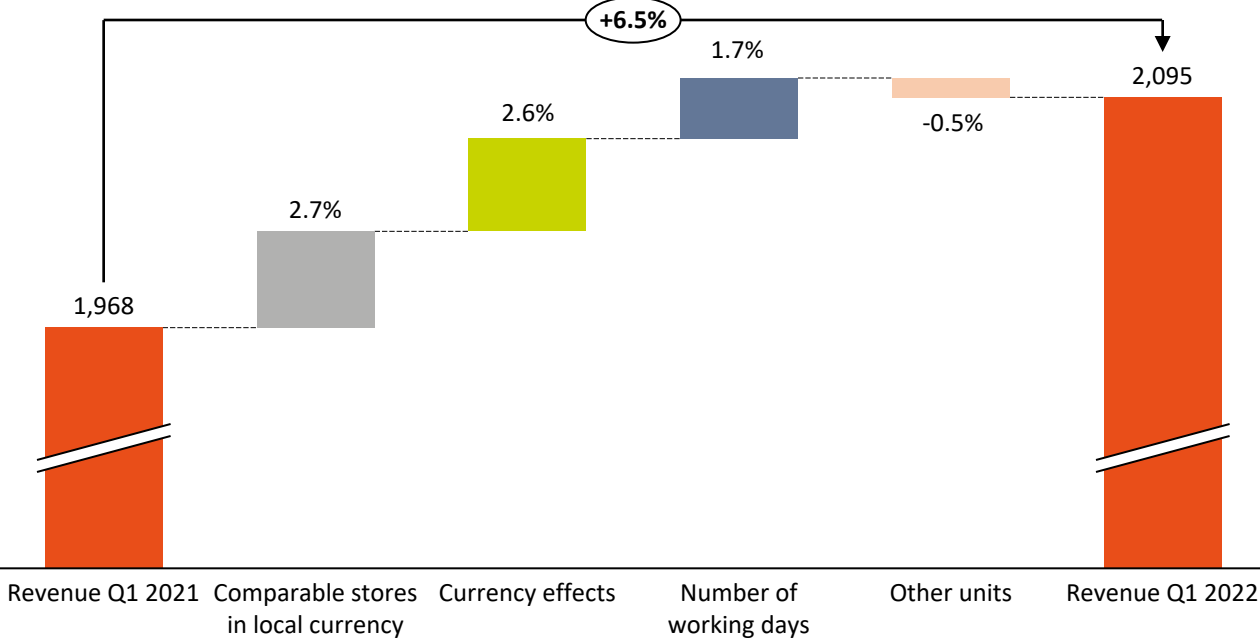
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A leader in the consolidation of the Nordic markets



Revenue bridge first quarter 2022

Revenue year-on-year Q1



Condensed consolidated income statement

MSEK	2022 JAN-MAR	2021 JAN-MAR	31/03/2022 12 months to	2021 JAN-DEC
Revenue	2,095	1,968	8,544	8,417
Other operating income	27	26	92	91
Total operating income	2,122	1,994	8,636	8,508
Cost of goods sold	-1,278	-1,182	-5,083	-4,987
Personnel costs	-423	-423	-1,640	-1,640
Depreciation, amortisation, impairment losses and reversal of impairment losses	-124	-124	-563	-563
Other operating expenses	-217	-198	-910	-891
Total operating expenses	-2,042	-1,927	-8,196	-8,081
Operating profit	80	67	440	427
Financial income	1	1	3	3
Financial expenses	-10	-11	-50	-51
Net financial items	-9	-10	-47	-48
Profit/loss after financial items	71	57	393	379
Taxes	-15	-12	-91	-88
Profit/loss for the period, continuing operations	56	45	302	291
Profit/loss for the period, discontinued operations	3,581	32	3,688	139
Profit/loss for the period, Group total	3,637	77	3,990	430
Profit/loss for the period attributable to:				
Parent Company shareholders	3,637	77	3,989	429
Profit/loss for the period, continuing operations	56	45	302	291
Profit/loss for the period, discontinued operations excluding impact on earnings of the distribution of Momentum Group	28	32	134	138
Impact on earnings of the distribution of Momentum Group	3,553	-	3,553	-
Non-controlling interests	0	0	1	1
Profit/loss for the period, continuing operations	0	0	0	0
Profit/loss for the period, discontinued operations	0	0	1	1
Earnings per share, SEK				
Continuing operations ¹	1.10	0.90	5.95	5.75
Discontinued operations excluding impact on earnings of the distribution of Momentum Group ¹	0.55	0.65	2.65	2.75
Impact on earnings of the distribution of Momentum Group ¹	70.40	-	70.40	-

Condensed consolidated balance sheet

MSEK	31/03/2022	31/03/2021	31/12/2021
ASSETS			
Non-current assets			
Intangible non-current assets	2,633	2,864	2,577
Right-of-use assets	951	1,018	935
Tangible non-current assets	545	526	532
Financial investments	0	1	0
Other non-current receivables	14	0	14
Deferred tax assets	76	71	75
Total non-current assets	4,219	4,480	4,133
Current assets			
Inventories	1,959	1,828	1,856
Accounts receivable	1,213	1,233	1,154
Other current receivables	240	189	277
Cash and cash equivalents	40	370	286
Discontinued operations, assets held for distribution	-	-	973
Total current assets	3,452	3,620	4,546
TOTAL ASSETS	7,671	8,100	8,679

MSEK	31/03/2022	31/03/2021	31/12/2021
EQUITY AND LIABILITIES			
Equity			
Equity attributable to Parent Company shareholders	3,055	3,159	3,429
Non-controlling interests	2	24	19
Total equity	3,057	3,183	3,448
Non-current liabilities			
Non-current interest-bearing liabilities	1,558	1,545	1,421
Non-current lease liabilities	669	715	674
Provisions for pensions	0	31	0
Other non-current liabilities and provisions	399	400	399
Total non-current liabilities	2,626	2,691	2,494
Current liabilities			
Current interest-bearing liabilities	1	124	124
Current lease liabilities	345	344	339
Accounts payable	1,006	1,064	1,144
Other current liabilities	636	694	620
Discontinued operations, liabilities held for distribution	-	-	510
Total current liabilities	1,988	2,226	2,737
TOTAL LIABILITIES	4,614	4,917	5,231
TOTAL EQUITY AND LIABILITIES	7,671	8,100	8,679

Condensed consolidated statement of cash flows

MSEK	2022 JAN-MAR	2021 JAN-MAR	31/03/2022 12 months to	2021 JAN-DEC
Operating activities				
Profit/loss after financial items	71	57	393	379
Adjustment for non-cash items	132	123	665	656
Income taxes paid	-46	-46	-113	-113
Cash flow from operating activities before changes in working capital	157	134	945	922
Change in inventories	-74	-16	-329	-271
Change in operating receivables	27	33	-228	-222
Change in operating liabilities	-140	22	159	321
Cash flow from operating activities	-30	173	547	750
Investing activities				
Net investments in non-current assets	-35	-37	-164	-166
Acquisition of subsidiaries and other business units	-88	-	-119	-31
Divestment of subsidiaries and other business units	-	-	-23	-23
Cash flow from investing activities	-123	-37	-306	-220
Financing activities				
Borrowings	1,550	0	1,550	0
Repayment of loans	-1,643	-95	-2,034	-486
Other transactions with shareholders	-	-	-15	-15
Repurchase/sale of share options	-	-3	-17	-20
Repurchase/sale of treasury shares	-	2	7	9
Dividends paid	-	-	-76	-76
Cash flow from financing activities	-93	-96	-585	-588
Cash flow for the period, continuing operations	-246	40	-344	-58
Cash flow for the period, discontinued operations (see note 7)	7	-46	80	27
Cash flow for the period, Group total	-239	-6	-264	-31
Cash and cash equivalents at the beginning of the period	345	375	370	375
Exchange difference in cash and cash equivalents	0	1	0	1
Cash and cash equivalents in discontinued operations	-66	-	-66	-
Cash and cash equivalents at the end of the period	40	370	40	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 JAN-MAR	2021 JAN-MAR	31/03/2022 12 months to	2021 JAN-DEC
IFRS KEY PERFORMANCE INDICATORS				
Earnings per share, SEK				
Continuing operations ¹	1.10	0.90	5.95	5.75
Discontinued operations ²	0.55	0.65	2.65	2.75
Impact on earnings of the distribution of Momentum Group ¹	70.40	-	70.40	-
ALTERNATIVE KEY PERFORMANCE INDICATORS				
Income statement-based KPIs				
Revenue, MSEK	2,095	1,968	8,544	8,417
Operating profit, MSEK	80	67	440	427
Items affecting comparability	-9	-	-164	-155
Amortisation of intangible assets in connection with corporate acquisitions	-16	-15	-64	-63
EBITA, MSEK	105	82	668	645
Depreciation/amortisation of tangible and other intangible non-current assets ³	-27	-25	-118	-116
EBITDA excl. IFRS 16, MSEK	128	103	772	747
Profit after financial items, MSEK	71	57	393	379
Operating margin, %	3.8	3.4	5.1	5.1
EBITA margin, %	5.0	4.2	7.8	7.7
Profit margin, %	3.4	2.9	4.6	4.5
Profitability KPIs				
Return on working capital (EBITA/WC) ⁴ , %			36	36
Return on capital employed ⁴ , %			7	7
Return on equity ⁵ , %			14	13
Financial position KPIs				
Net financial liabilities, MSEK	2,533	2,352	2,533	2,272
Net operational liabilities, MSEK	1,519	1,331	1,519	1,259
Ratio of net operational liabilities to EBITDA excl. IFRS 16			2.0	1.7
Equity ⁶ , MSEK	3,055	3,159	3,055	3,429
Equity/assets ratio ⁶ , %	40	39	40	40
Other KPIs				
No. of employees at the end of the period	2,328	2,366	2,328	2,319
Share price at the end of the period, SEK	139	155	139	192

1) Before and after dilution.

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

3) 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.

4) 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.

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

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