

# Interim Report

## January-June 2022

Röko AB, Org.nr 559195-4812

### April-June

- Net sales increased to MSEK 993 (471) driven by acquisitions and organic growth. Organic growth was 8 percent and exchange differences added 5 percent of growth
- Operating profit increased to MSEK 137 (67)
- Adj. EBITA increased to MSEK 173 (94)
- Adj. EBITA margin was 17 percent (20)
- Net profit increased to MSEK 95 (49)
- Earnings per share increased to SEK 14,153 (7,200)
- One acquisition with annual sales of MSEK 262 was completed during the period. See page 13.

### January-June

- Net sales increased to MSEK 1,889 (792) driven by acquisitions and organic growth. Organic growth was 9 percent and exchange rate differences added 4 percent of growth
- Operating profit increased to MSEK 271 (111)
- Adj. EBITA increased to MSEK 348 (150)
- Adj. EBITA margin was 18 percent (19)
- Net profit increased to MSEK 199 (82)
- Earnings per share increased to SEK 29,578 (12,100)
- Three acquisitions with combined annual sales of MSEK 553 was completed during the period. See page 13.

### Events after the period

After the end of the period, Röko acquired two companies: TECCON in Norway and Silk-Ka in the Netherlands. These companies have combined annual sales of MSEK 632. After the end of June, Röko completed a 2:1 share split, meaning that the total number of shares now amounts to 13,484.

### RTM<sup>1</sup>

During the last twelve months, Röko generated RTM net sales of MSEK 4,019 and RTM Adj. EBITA of MSEK 779. RTM figures include twelve months for all companies consolidated in the group balance sheet per 30 June 2022.

## Summary of financial performance

MSEK	Q2		H1		Full-year
	2022	2021	2022	2021	2021
Net sales	993	471	1,889	792	2,083
Operating profit	137	67	271	111	311
Earnings per share (SEK)	14,153	7,200	29,578	12,100	32,238
Adj. EBITA	173	94	348	150	403
Adj. EBITA margin	17%	20%	18%	19%	19%
Net profit for the period	95	49	199	82	217

Röko is a perpetual owner of European small- and medium sized businesses and today we own 21 companies in a variety of industries across Europe. Our team has more than 100 years of combined experience working with owner-managed businesses across markets and in different situations. To date, Röko has only acquired majority stakes in founder-owned companies, and the founders and management teams in our group companies remain invested in their own entity. We believe in empowering local management teams with autonomy and sharing incentives for local management to safeguard alignment of interest.

<sup>1</sup> See definitions on page 21

# Comments from the CEO

For the three-month period ending 30 June 2022 net sales increased from MSEK 471 to MSEK 993, driven by acquisitions, organic growth of 8% and 5% from exchange rate differences. During this period Röko acquired one company, located in the UK.

During the quarter ending 30 June 2022 Adj. EBITA increased from MSEK 94 to MSEK 173 driven by acquisitions and organic growth. Our group of diversified and independent businesses operates in different end markets and due to respective industry trends, the assessment of quarterly information in isolation can be misleading. The Adj. EBITA margin in the quarter decreased slightly from the same period last year. While the diversified nature of our group provides risk mitigation for market challenges, we experience that the high inflationary environment impacts all our companies and that some companies have not yet been able to transfer cost increases to their customers.

For the six-month period ending 30 June 2022 net sales increased from MSEK 792 to MSEK 1,889, driven by acquisitions, organic growth of 9% and 4% from exchange rate differences. During this period Röko acquired three companies, located in the UK.

During the six-month period ending 30 June 2022 Adj. EBITA increased from MSEK 150 to MSEK 348 driven by acquisitions and organic growth. The Adj. EBITA margin decreased slightly in the period.

The relation between financial net debt (including put / call option debt and earn-out obligations) and RTM Adj. EBITDA was 2.8x at the end of the period which is in line with our long-term target of being below 3.0x. During the six-month period Röko's shareholders have increased their equity commitments with an additional MSEK 1,079. The additional commitments provide ample room for further acquisitions.

Fredrik Karlsson  
CEO  
Stockholm, 31 August 2022

## Group performance in Apr-Jun

Net sales increased due to acquisitions and organic growth to MSEK 993 (471) during the quarter. Operating profit increased to MSEK 137 (67) during the period. Earnings per share for the quarter increased to SEK 14,153 (7,200).

Adj. EBITA increased to MSEK 173 (94). The Adj. EBITA margin was 17 (20) percent. Our definition of Adj. EBITA does not include costs for acquisitions, see definitions on page 21. Acquisition-related costs amounted to MSEK 3 (12) in the quarter.

Net financial items in the quarter increased to MSEK -15 (-5) and income tax increased to MSEK -27 (-14). The effective tax rate was 22% (22%).

Net profit for the period grew to MSEK 95 (49).

Capital employed increased by 7% from 2022-03-31 to 2022-06-30 to MSEK 5,561 (5,185). Return on Capital Employed\* (ROCE) decreased from 14% percent in 2021 full year to 13% percent in Q2 2022.

From 2022-03-31 to 2022-06-30, the Group's interest-bearing net debt increased by MSEK 167 to MSEK 1,057. In the period, the Group's put/call option debt for shares relating to non-controlling interests and earn-out obligation decreased by MSEK 9 to MSEK 1,392. Payment of Earn-out reduced the liability with MSEK 107 and the acquisition completed in the period increased the amount. Exchange rate differences increased the liability to non-controlling interests.

The operational cash flow increased to 134 (43) and cash amounted to MSEK 345 at the end of the period.

The Group's leverage, defined as financial net debt (Including put / call option debt for non-controlling interest and earn-out obligations) to RTM Adj. EBITDA, is 2.8x which is in line with our long-term target of not exceeding 3.0x. Short-term the group's leverage can exceed 3.0x depending on timing of acquisitions.

## Group performance in Jan-Jun

Net sales increased due to acquisitions and organic growth to MSEK 1,889 (792) during the period. Operating profit increased to MSEK 271 (111) during the period. Earnings per share for the six-month period increased to SEK 29,578 (12,100).

Adj. EBITA increased to MSEK 348 (150). The Adj. EBITA margin was 18 (19) percent. Our definition of Adj. EBITA does not include costs for acquisitions. Acquisition-related costs amounted to MSEK 12 (14).

Net financial items in the period increased to MSEK -19 (-7) and income tax increased to MSEK -53 (-23). The effective tax rate was 21% (22%).

Net profit for the period grew to MSEK 199 (82).

Capital employed increased by 31% percent from 2021-12-31 to 2022-06-30 to MSEK 5,561 (4,259). Return on Capital Employed\* (ROCE) for the first six months remained unchanged from full year 2021 at 14%.

From 2021-12-31 to 2022-06-30, the Group's interest-bearing net debt increased by MSEK 259 to MSEK 1,057. In the period, the Group's put/call option debt for shares relating to non-controlling interests and earn-out obligation increased by MSEK 237 to MSEK 1,392. MSEK 292 of the increase was attributed to the acquisitions completed in the period. Exchange rate differences increased the liability to non-controlling interests.

The operational cash flow increased to 212 (120) in the period.

\*) Return on capital employed for Q2 2022 and full-year 2021 has been calculated based on the opening and closing balance for each period and for the periods by annualizing Adj. EBITA for the period. Please refer to Reconciliation of alternative key performance indicators on page 22-23.

## Segment Overview

Net Sales	Q2		H1		Full-year
MSEK	2022	2021	2022	2021	2021
Segment B2B	648	287	1,256	446	1,177
Segment B2C	345	183	634	346	906
<b>Net Sales</b>	<b>993</b>	<b>471</b>	<b>1,889</b>	<b>792</b>	<b>2,083</b>

  

Adj. EBITA	Q2		H1		Full-year
MSEK	2022	2021	2022	2021	2021
Segment B2B	126	65	254	100	242
Segment B2C	60	39	112	64	190
<b>Adj. EBITA*</b>	<b>187</b>	<b>104</b>	<b>366</b>	<b>164</b>	<b>432</b>
Central costs	-13	-10	-18	-13	-29
<b>Group Adj. EBITA*</b>	<b>173</b>	<b>94</b>	<b>348</b>	<b>150</b>	<b>403</b>

  

Adj. EBITA margin	Q2		H1		Full-year
	2022	2021	2022	2021	2021
Segment B2B	19%	23%	20%	22%	21%
Segment B2C	18%	21%	18%	19%	21%
<b>Adj. EBITA* margin</b>	<b>19%</b>	<b>22%</b>	<b>19%</b>	<b>21%</b>	<b>21%</b>
<b>Group Adj. EBITA* margin</b>	<b>17%</b>	<b>20%</b>	<b>18%</b>	<b>19%</b>	<b>19%</b>

\*) Segmental Adj. EBITA does not include the amortization of intangible assets arising from the acquisition, acquisition costs, or other acquisition-related items which are reported as part of the operating income in the consolidated financial statements. They amount to MSEK 37 (27) in the quarter and MSEK 77 (39) for the first half year.

The Röko Group consists of 19 business units in different industries and no single customer or industry is individually significant to the group. No single business unit recognised sales based on the percentage of completion method.

Quarterly Adj. EBITA increased to MSEK 126 (65) for Segment B2B and to MSEK 60 (39) for Segment B2C. For the first six-month period Adj. EBITA increased to MSEK 254 (100) for Segment B2B and to MSEK 112 (64) for Segment B2C. Central group costs amounted to MSEK 13 (10) in the quarter and MSEK 18 (13) for the first six-month period. While central costs increased during the quarter and last six-month period they decreased as a share of sales.

### B2B performance in Apr-Jun

The B2B segment includes 13 business units, of which Dorsey was consolidated in June and has not contributed with any sales or profits in the quarter. Net sales increased to MSEK 648 (287) during the period. Adj. EBITA margin for the segment decreased 4 percentage points to 19% (23%). The companies have not been able to transfer cost increases to their customers yet. The segment Adj EBITA margin is stated before central costs.

### B2C performance in Apr-Jun

The B2C segment includes six business units. Net sales increased to MSEK 345 (183) during the period. Adj. EBITA margin for the segment decreased 3 percentage points to 18% (21%), as a result from cost increases from suppliers. The segment Adj. EBITA margin is stated before central costs.

### B2B performance in Jan-Jun

The B2B segment includes 13 business units, including Dorsey. Net sales increased to MSEK 1,256 (446) during the period. Adj. EBITA margin for the segment decreased 2 percentage points to 20% (22%). The price increases from suppliers have not been transferred to customers yet. The segment Adj. EBITA margin is stated before central costs.

## B2C performance in Jan-Jun

The B2C segment includes six business units. Net sales increased to MSEK 634 (346) during the period. Adj. EBITA margin for the segment decreased 1 percentage point to 18% (19%) due to not being able to transfer price increases yet. The segment Adj. EBITA margin is stated before central costs.

# Other financial information

## Parent Company

Röko AB is a perpetual owner of niche businesses across a variety of industries. Röko has 6 employees and recorded a net profit of MSEK 208 (115) in the first six months of 2022, of which MSEK 139 (23) in the second quarter. Röko AB received MSEK 165 (30) in dividends during the second quarter and MSEK 210 (121) during the first half year. Röko AB received MSEK 77 (45) in repayments of loans from the companies in the group during the first half-year 2022.

## Employees

At the end of the period, the number of employees was 1,028 (603). Acquisitions have added 141 employees since the beginning of the year.

## Events after the end of the reporting period

After the end of the period, Röko has completed two new acquisitions. TECCON, based in Norway, has been acquired and consolidated in the B2B segment in July. Silk-ka, based in the Netherlands, has been acquired and consolidated in the B2C segment in August. Additional information can be found under the section Acquisitions in the period.

## Related party transactions

Transactions between Röko AB and the other Group companies have been eliminated in the consolidated financials as presented in this report. Any sale of goods or services between Group companies are done on market terms and at arm's length. Inter-group sales amounted to MSEK 59 in the quarter and MSEK 117 in the first six months. Röko has entered into commercial agreements with related parties to the companies in the Group with an amount equal to MSEK 13 for the first six months. The related party transactions are mostly relating to lease of properties for the companies' facilities. Röko's shareholders have contributed MSEK 138 (726) in equity injections during the second quarter and MSEK 535 (924) during the first six months. The equity injections have been partly funded by Röko's controlling shareholders, Fredrik Karlsson and Tomas Billing. They have together and in equal parts contributed MSEK 8 (42) during the second quarter and MSEK 31 (52) during the first six months. During the period, Röko has sold shares to local management teams in four companies. The transactions total MSEK 8 and have been made to fair market value. These transactions are bound by put-call option agreements enabling Röko to buy back these shares in the future.

## Risks and uncertainties

The risk factors which have the largest impact on Röko are the competitive situation, structural changes in the market, and general level of economic activity. The Röko Group is currently experiencing high inflation and supply chain shortages across the business segments and markets in which Röko operates. Deal activity is considered to have recovered slightly since a slow-down during the spring of 2022. Röko is also exposed to financial risks, including currency risks, interest rate risks, credit, and counterparty risks. The Group has MSEK 345 in cash, an additional MSEK 100 as an undrawn revolving credit facility and substantial capital available from existing shareholders.

The Parent Company is affected by the above risks and uncertainties in its capacity as owner of the subsidiary companies. For further information on Röko's risks and risk management, Röko refers to page 12 and Note 3 and 4 in the Annual Report for 2021.

## Accounting policies

The group applies International Financial Reporting Standards (IFRS) and interpretations from IFRIC, as adopted by the European Union, the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups and related interpretations and the Swedish Annual Accounts Act.

This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act and should be read together with the annual report for 2021. The most significant accounting policies under IFRS, the reporting norm applied in preparing this interim report, are set forth in Note 2 on pages 22-26 of the annual report for 2021, which were applied to the preparation of this interim report.

The interim information on pages 1-6 is an integrated part of this financial report. The parent company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's

recommendation, RFR 2 Accounting for Legal Entities. The interim report has not been reviewed by the company's auditors. This English report is an unofficial translation. In case of any discrepancy between the English and the Swedish version, the Swedish shall prevail.

## **Declaration of the Board of Directors**

The Board of Directors and the Chief Executive Officer warrant and declare that this interim month report gives a true and fair view of the Parent Company's and the Group's operations, financial positions and results, and that it describes significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 31 August 2022

Tomas Billing  
Chairman of the Board

Peter Sterky  
Director

Fredrik Karlsson  
CEO

Lilian Biner  
Director

Stina Andersson  
Director

# Financial statements

## Condensed Consolidated Income Statement

MSEK	Q2		H1		Full-year
	2022	2021	2022	2021	2021
Net sales	993	471	1,889	792	2,083
Cost of goods and services sold	-610	-316	-1,163	-514	-1,293
<b>Gross profit</b>	<b>384</b>	<b>154</b>	<b>727</b>	<b>277</b>	<b>790</b>
Sales and marketing expenses	-103	-14	-207	-50	-203
Administrative expenses	-114	-54	-212	-92	-224
Other operating income and expenses	-24	0	5	2	0
Other operating expenses	-7	-19	-41	-26	-52
<b>Operating profit</b>	<b>137</b>	<b>67</b>	<b>271</b>	<b>111</b>	<b>311</b>
Financial income	18	5	49	16	34
Financial expenses	-33	-10	-68	-23	-59
<b>Profit before tax</b>	<b>122</b>	<b>62</b>	<b>253</b>	<b>104</b>	<b>286</b>
Tax	-27	-14	-53	-23	-68
<b>Net profit for the period</b>	<b>95</b>	<b>49</b>	<b>199</b>	<b>82</b>	<b>217</b>
<b>Profit attributable to:</b>					
Parent Company shareholders	95	49	199	82	217
Non-controlling interests	-	-	-	-	-
<b>Profit for the period</b>	<b>95</b>	<b>49</b>	<b>199</b>	<b>82</b>	<b>217</b>
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders (SEK)	14,153	7,200	29,578	12,100	32,238

## Consolidated Statement of Comprehensive Income

MSEK	Q2		H1		Full-year
	2022	2021	2022	2021	2021
Net profit for the period	95	49	199	82	217
<b>Other comprehensive income</b>					
<i>Items that can later be reclassified to profit or loss:</i>					
Translation differences	63	-40	46	-15	49
<b>Other comprehensive income</b>	<b>63</b>	<b>-40</b>	<b>46</b>	<b>-15</b>	<b>49</b>
<b>Total comprehensive income for the period</b>	<b>158</b>	<b>9</b>	<b>246</b>	<b>67</b>	<b>266</b>
<i>Comprehensive income attributable to:</i>					
Parent Company shareholders	158	9	246	67	266

## Consolidated Balance Sheet

MSEK	2022-06-30	2021-06-30	2021-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	4,838	2,622	3,984
Tangible assets	610	386	506
Other long-term securities and receivables	16	6	14
<b>Total non-current assets</b>	<b>5,463</b>	<b>3,013</b>	<b>4,504</b>
<b>Current assets</b>			
Inventories	626	207	424
Current receivables	481	247	370
Other current receivables	60	23	54
Prepaid expenses/accrued Income	40	21	43
Cash and cash equivalents	345	701	290
<b>Total current assets</b>	<b>1,552</b>	<b>1,199</b>	<b>1,180</b>
<b>TOTAL ASSETS</b>	<b>7,015</b>	<b>4,213</b>	<b>5,684</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	1	1
Other contributed capital	2,368	1,617	1,838
Translation reserve	76	-34	30
Non restricted equity inc. net income	255	117	122
<b>Equity attributable to parent company shareholders</b>	<b>2,699</b>	<b>1,701</b>	<b>1,991</b>
Non-controlling interest	-	-	-
<b>Total equity</b>	<b>2,699</b>	<b>1,701</b>	<b>1,991</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities inc. leasing	376	219	285
Other non-current liabilities, put / call debt and earn-out liabilities	1,363	634	1,050
Deferred tax liability	439	242	365
Other provisions, non-current	1	15	1
<b>Total non-current liabilities</b>	<b>2,179</b>	<b>1,109</b>	<b>1,702</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities inc. leasing	1,435	996	1,118
Accounts payable	350	139	256
Advance from customer	17	17	15
Current tax liabilities	91	46	89
Other current liabilities, put / call debt and earn-out liabilities	116	132	382
Accrued expenses/prepaid Income	129	72	132
<b>Total current liabilities</b>	<b>2,137</b>	<b>1,403</b>	<b>1,992</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,015</b>	<b>4,213</b>	<b>5,684</b>



## Consolidated Statement of Changes in Equity

MSEK	Share capital	Other contributed capital	Translation reserve	Non. Restr equity	Total
Opening balance per 2021-12-31	1	1,838	30	122	1,991
Net profit for the period	-	-	-	199	199
<b>Other comprehensive income</b>					
<b>Items which can later be reclassified to profit or loss</b>					
Translation differences	-	-	46	-	46
<b>Total other comprehensive income</b>	-	-	<b>46</b>	<b>199</b>	<b>246</b>
<b>Total comprehensive income for the period</b>	-	-	<b>46</b>	<b>199</b>	<b>246</b>
<b>Transactions with owners</b>					
Shareholder's contribution	-	537	-	-	537
Transaction costs relating to capital increase	-	-8	-	-	-8
Revaluation of liabilities to non-controlling interests	-	-	-	-67	-67
<b>Closing balance per 2022-06-30</b>	<b>1</b>	<b>2,368</b>	<b>76</b>	<b>255</b>	<b>2,699</b>

\*Revaluation of put / call options for shares relating to non-controlling interests and earn-outs

MSEK	Share capital	Other contributed capital	Translation reserve	Non. Restr equity	Total
Opening balance per 2020-12-31	1	693	-19	45	720
Net profit for the period	-	-	-	82	82
<b>Other comprehensive income</b>					
<b>Items which can later be reclassified to profit or loss</b>					
Translation differences	-	-	-15	-	-15
<b>Total other comprehensive income</b>	-	-	<b>-15</b>	<b>82</b>	<b>67</b>
<b>Total comprehensive income for the period</b>	-	-	<b>-15</b>	<b>82</b>	<b>67</b>
<b>Transactions with owners</b>					
Shareholder's contribution	-	936	-	-	936
Transaction costs relating to capital increase	-	-12	-	-	-12
Revaluation of liabilities to non-controlling interests	-	-	-	-10	-10
<b>Closing balance per 2021-06-30</b>	<b>1</b>	<b>1,617</b>	<b>-34</b>	<b>117</b>	<b>1,701</b>

\*Revaluation of put / call options for shares relating to non-controlling interests and earn-outs

## Consolidated Statement of Cash Flows

MSEK	Q2		H1		Full-year
	2022	2021	2022	2021	2021
<b>Operating activities</b>					
Operating profit	137	67	271	111	312
Non-cash items	57	37	114	59	107
Other financial items	0	0	2	0	0
Interest received	2	0	0	1	0
Interest paid	2	-6	-22	-10	-26
Tax paid	-24	-18	-68	-22	-86
<b>Cash flow before changes in working capital</b>	<b>174</b>	<b>81</b>	<b>298</b>	<b>139</b>	<b>307</b>
Changes in working capital					
Increase/decrease in inventory	-24	-9	-72	-10	-16
Increase/decrease in receivables	2	-13	-15	-10	-62
Increase/decrease in accounts payable	-19	-16	1	0	19
<b>Total change in working capital</b>	<b>-41</b>	<b>-38</b>	<b>-86</b>	<b>-19</b>	<b>-58</b>
<b>Cash flow from operating activities</b>	<b>134</b>	<b>43</b>	<b>212</b>	<b>120</b>	<b>248</b>
<b>Investing activities</b>					
Investments in intangible assets	0	0	-1	0	0
Divestments of intangible assets	0	0	0	0	0
Investments in tangible assets	-13	-9	-25	-23	-51
Divestments of tangible assets	0	0	0	0	-2
Acquisition of subsidiaries after subtracting cash	-331	-578	-891	-914	-1,735
Divestments of subsidiaries	1	0	3	0	0
<b>Cash flow from investing activities</b>	<b>-343</b>	<b>-587</b>	<b>-914</b>	<b>-936</b>	<b>-1,788</b>
<b>Financing activities</b>					
Shareholder's contribution	138	726	535	924	1,140
Debt issued	109	391	375	544	625
Debt repayment	-35	-95	-76	-110	-83
Translation debt call- and put option	-65	-21	-72	-31	-49
Other financing activities	-18	-17	-6	-6	0
<b>Cash flow from financing activities</b>	<b>129</b>	<b>984</b>	<b>757</b>	<b>1,321</b>	<b>1,632</b>
<b>Cash flow of the period</b>	<b>-81</b>	<b>441</b>	<b>55</b>	<b>504</b>	<b>93</b>
Cash and cash equivalents at beginning of period	421	263	290	192	192
Translation differences	5	-3	0	5	5
<b>Cash and cash equivalents at end of period</b>	<b>345</b>	<b>701</b>	<b>345</b>	<b>701</b>	<b>290</b>

## Business Segments

MSEK	Q2		H1		Full-year
	2022	2021	2022	2021	2021
Segment B2B	126	65	254	100	242
Segment B2C	60	39	112	64	190
Central Group functions	-13	-10	-18	-13	-29
<b>Adj. EBITA*</b>	<b>173</b>	<b>94</b>	<b>348</b>	<b>150</b>	<b>403</b>
Amortization of intangible assets arising from acquisitions	-33	-15	-64	-25	-73
Acquisition related costs	-3	-12	-12	-14	-19
<b>Operating profit</b>	<b>137</b>	<b>67</b>	<b>271</b>	<b>111</b>	<b>311</b>
Net financial items	-15	-5	-19	-7	-26
<b>Profit before tax</b>	<b>122</b>	<b>62</b>	<b>253</b>	<b>104</b>	<b>286</b>

\*) Segmental Adj. EBITA does not include the amortization of intangible assets arising from the acquisition, acquisition costs, and other acquisition-related items which are reported as part of the operating income in the consolidated financial statements. They amount to MSEK 37 (27) in the quarter and MSEK 77 (39) for the first six-month period.

The Röko Group consists of 19 business units in different industries and no single customer or industry is individually significant to the group. No single business unit recognised sales based on the percentage of completion method.

Quarterly Adj. EBITA increased to MSEK 126 (65) for Segment B2B and to MSEK 60 (39) for Segment B2C, before allocation of central group function costs. For the six-month period Adj. EBITA increased to MSEK 254 (100) for Segment B2B and to MSEK 112 (64) for Segment B2C, before allocation of central group function costs.

## Recognition of Net Sales

### Time of revenue recognition

MSEK	Q2		
	B2B	B2C	Total
Over time	40	345	385
At a specific point in time	608	0	608
<b>Net Sales Q2 2022</b>	<b>648</b>	<b>345</b>	<b>993</b>

MSEK	B2B	B2C	Total
Over time	26	183	209
At a specific point in time	262	0	262
<b>Net Sales Q2 2021</b>	<b>287</b>	<b>183</b>	<b>471</b>

MSEK	H1		
	B2B	B2C	Total
Over time	84	634	717
At a specific point in time	1 172	0	1 172
<b>Net Sales H1 2022</b>	<b>1 256</b>	<b>634</b>	<b>1 889</b>

MSEK	B2B	B2C	Total
Over time	38	346	384
At a specific point in time	408	0	408
<b>Net Sales H1 2021</b>	<b>446</b>	<b>346</b>	<b>792</b>

### Revenue segmentation

MSEK	Q2		
	B2B	B2C	Total
Products	566	319	886
Services	82	26	108
<b>Net Sales Q2 2022</b>	<b>648</b>	<b>345</b>	<b>993</b>

MSEK	B2B	B2C	Total
Products	205	162	367
Services	82	21	104
<b>Net Sales Q2 2021</b>	<b>287</b>	<b>183</b>	<b>471</b>

MSEK	H1		
	B2B	B2C	Total
Products	1 088	584	1 672
Services	168	49	217
<b>Net Sales in Jan-Jun 2022</b>	<b>1 256</b>	<b>634</b>	<b>1 889</b>

MSEK	B2B	B2C	Total
Products	305	306	611
Services	141	40	181
<b>Net Sales in Jan-Jun 2021</b>	<b>446</b>	<b>346</b>	<b>792</b>

## Acquisitions January-June 2022

19 business units were consolidated as per 2022-06-30. In the first six months 2022, three acquisitions were completed. MCCN Holdings and ETB Technologies were acquired and consolidated during the first quarter and Dorsey Construction Materials was acquired and consolidated at the end of June. Acquisition-related costs for the period amounted to MSEK 3 (12) in the quarter and MSEK 12 (14) for the first six-month period and have impacted the company's profits.

The table below for acquired net assets includes all the acquisitions completed in the period, and for these acquisitions the analysis is preliminary.

The purchase price allocation includes all acquisitions made during the last six months as well as payments made for acquisitions in previous periods.

### Acquired net assets

Net assets, MSEK. Preliminary analysis of acquisitions from 1 January 2022	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences		384	384
Tangible assets	8		8
Inventories, accounts receivable and other receivables	204		204
Accounts payable and other liabilities	-67		-67
Deferred tax	-1	-79	-81
Cash and cash equivalents	129		129
<b>Net assets</b>	<b>272</b>	<b>305</b>	<b>577</b>
Goodwill		470	470
<b>Total net assets</b>	<b>272</b>	<b>775</b>	<b>1 047</b>
Put / call option debt to non-controlling interests		-292	-292
<b>Cash flow effect</b>			<b>MSEK</b>
Purchase price			-755
o/w withheld purchase price			21
Cash in acquired companies			129
<b>Total cash flow effect</b>			<b>-605</b>
Cash paid for acquisitions in previous periods			-284

Röko has paid an earn-out obligation of MSEK 107 from acquisitions completed prior to the period.

### Acquisitions

Consolidated in month	Acquisitions	Segment	Net sales RTM (Icl currency)	Employees	Röko ownership
March	MCCN Holdings (Brownell)	B2B	10	40	70%
March	ETB Technologies	B2B	27	65	65%
June	Dorsey Construction Materials Ltd	B2B	20	36	80%

MCCN Holdings (with the operating company Brownell Ltd) is a UK-based developer and manufacturer of moisture control and humidity protection products for technical applications. ETB Technologies is a Scotland-based IT hardware refurbishment company focused on networking and storage equipment. Dorsey Construction Materials is a UK-based specialist supplier of niche construction accessories for brickwork. Acquisitions completed during the period have added MSEK 133 of sales and MSEK 41 of operating profit to the six-month period. If the companies would have been consolidated since January 1, 2022, they would have added an additional MSEK 222 of sales and MSEK 49 to operating profit for the six-month period.

After the end of the period, Röko has completed two acquisitions. In July, Röko acquired TECCON, a Norway-based manufacturer of electrician products that has been consolidated in the B2B segment in July 2022. In August Röko acquired Silk-Ka, a Netherlands-based company specializing in Artificial flowers and plants that has been consolidated in the B2C segment in August 2022. The companies had combined sales of MSEK 632 and EBITA of MSEK 144 in the 12-month period leading up to June 2022.

Röko consolidates all subsidiary companies to 100% provided the contractual put and call option agreements regarding outstanding ownership with all minority shareholders in each respective company. The put / call debt with non-controlling interests is valued based on the expected cash outflow to exercise the options and is based on the metric applied in the agreements.

Goodwill arises from acquisitions due to human resources, key personnel experience and skill in the acquired entity as well as geographical market extension. No part of goodwill arising from acquisitions is tax deductible.

## Financial Instruments

### Specification of leasing in the balance sheet and income statement

MSEK	H1	
	2022	2021
<b>Reported in the balance sheet</b>		
The following amounts related to leasing agreements are reported in the balance sheet:		
<b>Right of use assets (reported as rights of use assets in the Balance Sheet)</b>		
Properties and premises	409	235
<b>Total</b>	<b>409</b>	<b>235</b>
<b>Lease liabilities</b>		
Long term (reported as non-current liabilities in the Balance Sheet)	358	188
Short term (reported as current liabilities in the Balance Sheet)	51	48
<b>Total lease liabilities</b>	<b>409</b>	<b>235</b>
<b>MSEK</b>	<b>2022</b>	<b>2021</b>
<b>Reported in the income statement</b>		
The following amounts related to leasing agreements are reported in the income statement		
<b>Depreciation on right of use assets</b>		
Properties and premises	25	12
<b>Total</b>	<b>25</b>	<b>12</b>
Interest expense	8	5

## Financial assets in the balance sheet

MSEK	Financial assets at amortised costs
<b>Per 2022-06-30</b>	
Accounts Receivables	481
Other non-current financial receivables	16
Cash and cash equivalents	345
<b>Sum</b>	<b>841</b>
<b>Per 2021-12-31</b>	
Accounts Receivables	370
Other non-current financial receivables	14
Cash and cash equivalents	290
<b>Sum</b>	<b>674</b>

## Financial liabilities in the balance sheet

MSEK	Classification in the fair value hierarchy	Liabilities valued at fair value which affect equity	Financial liabilities at amortised cost	Total
<b>Per 2022-06-30</b>				
Interest-bearing borrowings		–	1,402	1,402
Accounts payable - trade		–	350	350
Put / call option debt*	3	1,363	–	1,363
Deferred considerations*	3	29	–	29
Other Liabilities		–	439	439
<b>Total</b>		<b>1,392</b>	<b>2,190</b>	<b>3,582</b>
<b>Per 2021-12-31</b>				
Interest-bearing borrowings		–	1,087	1,087
Accounts payable - trade		–	256	256
Put / call option debt*	3	1,050	–	1,050
Deferred considerations*	3	106	–	106
Other Liabilities		–	365	365
<b>Total</b>		<b>1,155</b>	<b>1,709</b>	<b>2,864</b>

\* Deferred considerations are liabilities which are recognised at fair value over the income statement and put / call option debt is valued at fair value over equity in accordance with IFRS 9.

Financial instruments are valued at their fair value depending on the classification of fair value in the hierarchy: Quoted prices (level 2) and non-observable market data points (level 3). The liabilities that Röko has which are non-observable are put / call liabilities for non-controlling shares in the subsidiary companies and earn-out obligations. No transfers between the levels have occurred during the quarter, or during last year. Changes in the value of put / call debts are made in equity over the balance sheet while changes in the value of earn-out liabilities occur in the Income Statement. In case the interest-rate impact is deemed to be material an amendment is made in the period. The fair value of short-term borrowing corresponds to the carrying amount, as the discounting effect is not significant.

The tables below display changes and recognitions of deferred considerations and put / call option liabilities.

## Deferred considerations

MSEK	2022-06-30	2021-12-31
<b>Opening balance</b>	<b>106</b>	<b>83</b>
Acquisitions in the period	27	75
Paid purchase prices	-107	-53
Expense/Reversal via equity in the balance sheet	-	-
Interest	-	-
Exchange rate differences	3	-
<b>Closing balance</b>	<b>29</b>	<b>106</b>

## Option liabilities

MSEK	2022-06-30	2021-12-31
<b>Opening balance</b>	<b>1,050</b>	<b>368</b>
Acquisitions in the period	292	591
Paid purchase prices	-	5
Expense/Reversal via equity in the balance sheet	-	85
Interest	-	-
Exchange rate differences	21	1
<b>Closing balance</b>	<b>1,363</b>	<b>1,050</b>

MSEK 8 of the option liabilities are to be exercised within 12 months, MSEK 166 between one and three years and 1,189 after more than three years.



## Parent Company performance in Q2 2022

Röko AB, 559195-4812

### Condensed Parent Company Income Statement

MSEK	Q2		H1	
	2022	2021	2022	2021
Other operating income*	2	0	15	5
Administrative expenses	-10	-8	-17	-13
<b>Operating profit</b>	<b>-8</b>	<b>-8</b>	<b>-2</b>	<b>-8</b>
Profit from shares in group companies**	165	30	210	121
Financial income	18	6	50	18
Financial expenses	-35	-6	-51	-16
<b>Profit after financial items</b>	<b>139</b>	<b>23</b>	<b>208</b>	<b>115</b>
Appropriations	-	-	-	-
Tax	-	-	-	-
<b>Net profit for the period</b>	<b>139</b>	<b>23</b>	<b>208</b>	<b>115</b>

\* Invoicing of group-wide services

\*\* Profit from shares in group companies are dividends received from the group companies during each respective period.

## Parent Company Balance Sheet

MSEK	2022-06-30	2021-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixtures	–	–
Shares in group companies	4,814	3,686
Long-term receivables	10	5
Deferred tax receivables	–	–
<b>Total non current assets</b>	<b>4,824</b>	<b>3,691</b>
<b>Current assets</b>		
Receivables in group companies	687	728
Current tax receivables	1	1
Prepaid expenses/accrued Income	1	–
Cash and cash equivalents	68	87
<b>Total current assets</b>	<b>758</b>	<b>816</b>
<b>TOTAL ASSETS</b>	<b>5,582</b>	<b>4,507</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Restricted equity</b>		
Equity	1	1
<b>Total restricted equity</b>	<b>1</b>	<b>1</b>
<b>Non-restricted equity</b>		
Other contributed capital	2,368	1,833
Non restricted equity incl. net income	402	194
<b>Total non-restricted equity</b>	<b>2,770</b>	<b>2,027</b>
<b>Total equity</b>	<b>2,770</b>	<b>2,027</b>
<b>Non-current liabilities</b>		
Other non-current liabilities	1,342	1,045
Deferred tax payables	–	–
<b>Total non-current liabilities</b>	<b>1,342</b>	<b>1,045</b>
<b>Current liabilities</b>		
Debt to credit institutions	1,358	1,043
Accounts payable	7	2
Liabilities to group companies	75	91
Current tax liabilities	–	1
Other current liabilities	30	294
Accrued expenses/prepaid Income	–	5
<b>Total current liabilities</b>	<b>1,470</b>	<b>1,435</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,582</b>	<b>4,507</b>

## Parent Company of changes in equity

MSEK	Share capital	Other contributed capital	Non. Restr equity	Total
Opening balance per 2021-12-31	1	1,833	194	2,027
Net profit for the period	-	-	208	208
<b>Other comprehensive income</b>				
<b>Items which can later be reclassified to profit or loss</b>				
Translation differences	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>208</b>	<b>208</b>
<b>Transactions with owners</b>				
Shareholder's contribution	-	543	-	543
Transaction costs	-	-8	-	-8
<b>Closing balance per 2022-06-30</b>	<b>1</b>	<b>2,368</b>	<b>402</b>	<b>2,770</b>

\*Revaluation of put / call options for shares relating to non-controlling interests and earn-outs

# Key Performance Indicators

	Q2		H1		Full Year
	2022	2021	2022	2021	2021
Net sales for the period, MSEK	993	471	1,889	792	2,083
RTM* Net sales, MSEK	4,019	-	4,019	-	-
Adj. EBITA*, MSEK	173	94	348	150	403
Adj. EBITA* margin	17%	20%	18%	19%	19%
RTM Adj. EBITA*, MSEK	779	-	779	-	-
RTM Adj. EBITA* margin	19%	-	19%	-	-
Adj. EBITDA*, MSEK	187	108	399	175	462
Adj. EBITDA* margin	19%	23%	21%	22%	22%
Capital employed*, MSEK	5,561	-	5,561	-	4,259
Return on capital employed	13%	n.a.	14%	13%	14%
Return on equity	15%	n.a.	17%	13%	
Financial net debt*, MSEK	2,477	1,070	2,477	1,070	1,952
Interest-bearing net debt*, MSEK	1,057	279	1,057	279	798
Financial net debt*/ RTM Adj EBITDA, times	2,8x	-	2,8x	-	-
Equity/assets ratio	39%	40%	39%	40%	35%
Number of shares	6,742	6,742	6,742	6,742	6,742
Number of employees, end of the period	1,028	603	1 028	603	846

\* See definitions on page 21

# Definitions and objectives

The report includes financial key ratios that are based on IFRS (e.g. earnings per share) and in addition Röko also use additional other key ratios (Alternative KPI - Alternative Key Performance Indicators) to describe and assess the Group's operations. These Alternative metrics and Alternative KPIs are to be considered as a complement to the financial reporting as presented in accordance with IFRS. Note that these definitions may differ somewhat from other companies' definitions of the same terms.

Adj. EBITA	Adj. EBITA is considered a relevant metric for investors who wish to understand the earnings generated by Röko's acquired companies and is the metric used for internal tracking of performance per business segment. Adj. EBITA, defined as earnings before interest, taxes, and amortization as well as acquisition expenses. Adj. EBITA serves as an approximation for the cash flow before tax, under the assumption that capital expenditures mirror depreciation, which is normally the case, as Röko invests in asset-light businesses.
Adj. EBITA margin	Adj. EBITA divided by net sales.
Adj. EBITDA	Adj. EBITDA is considered a relevant metric for investors who wish to understand the earnings generated by Röko's acquired companies. Adj. EBITDA, defined as earnings before interest, taxes, depreciation, and amortization as well as acquisition expenses. Adj. EBITDA serves as an approximation for the cash flow before capital expenditures and tax.
Adj. EBITDA margin	Adj. EBITDA divided by net sales.
RTM	RTM information of net sales and Adj. EBITA is based on the companies' reported figures from the group reporting during the period in the most recent rolling twelve months that the companies have been consolidated in the Group. For companies that have been acquired during the last twelve months the company's own monthly reporting for the months prior to consolidation is included for net sales and Adj. EBITA. The RTM metric is unaudited or otherwise reviewed (IRSE 2410). RTM net sales and Adj. EBITA is based on local GAAP for the not consolidated financial information of the last twelve months for subsidiaries owned on the balance sheet date, for the elimination of internal sales and profits. As the Röko Group is growing rapidly through acquisitions, RTM gives a better understanding of the Group's current sales and earnings potential than the IFRS accounting.
Financial net debt	Röko uses the alternative KPI total net debt. This allows users of the financial reports to assess the Group's ability to pay dividends, make strategic investments and meet its financial obligations. The KPI is defined as follows: current and non-current liabilities to credit institutions, bonds, interest-bearing pension provisions, liabilities related to put/call options for non-controlling interests and additional considerations relating to acquisitions less cash and cash equivalents.
Earnings per share	Profit after tax attributable to Parent Company shareholders, divided by the average number of shares outstanding.
Interest-bearing net debt	Röko uses the alternative KPI interest-bearing net debt. This allows users of the financial reports to assess the Group's ability to pay dividends, make strategic investments and meet its financial obligations. Röko defines the KPI as follows: current and non-current liabilities to credit institutions, bonds as well as interest-bearing pension provisions less cash and cash equivalents.
Equity/assets ratio	Equity divided by total assets (balance sheet total).
Capital employed	Capital employed is used as a base for calculating returns and for measuring efficiency for the Group. Capital employed is useful in helping users of the financial reports to understand how the Group finances itself. Röko defines capital employed as total assets less cash and cash equivalents, interest-bearing pension provisions and non-interest-bearing liabilities except for liabilities related to put/call options and additional considerations relating to acquisitions.
Return on equity	Net profit for the period divided by average equity.
Return on capital employed	Adj. EBITA divided by average capital employed for the period, calculated as the average of the last four quarters. The measure is an approximation for the pre-tax cash return.
Organic growth	Net sales for companies that have been consolidated in the group for the entire period as well as for the entire comparable period. FX from the prior period has been used for both periods to calculate the fixed currency growth and the organic growth is calculated as an arithmetic mean.

Net sales

Net sales are the sum of gross sales less its returns, allowances, and discounts.

Put / call options for shares relating to non-controlling interests

Put / call options for shares relating to non-controlling interests is the sum of obligations to exercise put and call options to purchase the outstanding shares held by non-controlling interest. The value of the put / call liability is the current estimate of the future outflows to acquire the shares in accordance with agreements with all non-controlling interests.

## Reconciliation of alternative metrics

The interim report presents alternative metrics (KPIs) for assessing the Group's performance. The primary alternative KPIs presented in this interim report are Adj. EBITA, Adj. EBITDA, net debt, and capital employed. Definitions of the alternative KPIs are presented on page 21.

### Adj. EBITA compared with financial statements in accordance with IFRS

MSEK	Q2		H1		Full Year
	2022	2021	2022	2021	2021
<b>Operating profit</b>	<b>137</b>	<b>67</b>	<b>271</b>	<b>111</b>	<b>311</b>
Amortisation of intangible assets	33	15	64	25	73
Acquisition costs	3	12	12	14	19
<b>Adj. EBITA</b>	<b>173</b>	<b>94</b>	<b>348</b>	<b>150</b>	<b>403</b>

### Adj. EBITDA compared with financial statements in accordance with IFRS

MSEK	Q2		H1		Full Year
	2022	2021	2022	2021	2021
<b>Operating profit</b>	<b>137</b>	<b>67</b>	<b>271</b>	<b>111</b>	<b>311</b>
Depreciation of tangible assets	12	8	25	13	35
Amortisation of intangible assets	35	21	90	37	97
<i>of which Amortisation of intangible assets from acq.</i>	<i>33</i>	<i>15</i>	<i>64</i>	<i>25</i>	<i>73</i>
Acquisition costs	3	12	12	14	19
<b>Adj. EBITDA</b>	<b>187</b>	<b>108</b>	<b>399</b>	<b>175</b>	<b>462</b>

### Net debt compared with financial statements in accordance with IFRS

MSEK	2022-06-30	2021-06-30	2022-03-31	2021-03-31	2021-12-31
	Non-current interest-bearing liabilities	325	171	220	160
Current interest-bearing liabilities	1,077	808	1,090	523	852
Cash and cash equivalents	-345	-701	-421	-263	-290
<b>Interest-bearing net debt</b>	<b>1,057</b>	<b>279</b>	<b>889</b>	<b>420</b>	<b>798</b>
Put / call debt for non-controlling shares and earn-out debt	1,420	791	1,520	689	1,636
<b>Total Financial Net Debt</b>	<b>2,477</b>	<b>1,070</b>	<b>2,409</b>	<b>1,109</b>	<b>2,433</b>

## RTM Net sales and Adj. EBITA\*

MSEK	Q2	Q1
	2022	2022
Net sales according to consolidated IS	3,181	2,658
Addition of non-consolidated net sales from July 1 to the acquisition date		
Segment B2B	838	666
Segment B2C	0	125
<b>RTM Net sales</b>	<b>4,019</b>	<b>3,449</b>
Adj. EBITA Last Twelve Months	601	521
Addition of non-consolidated Adj. EBITA from July 1 to the acquisition date		
Segment B2B	177	169
Segment B2C	0	25
<b>Adj. RTM EBITA</b>	<b>779</b>	<b>715</b>

## Capital employed

MSEK	2022-06-30	2021-06-30	2022-03-31	2021-12-31
Constituents of Capital employed				
Equity	2,703	1,701	2,468	1,991
Interest bearing debt	1,402	980	1,310	1,087
Leasing	409	235	427	316
Put / call debt for non-controlling shares and earn-out debt	1,392	791	1,401	1,155
Less cash	-345	-701	-421	-290
<b>Capital employed</b>	<b>5,561</b>	<b>3,006</b>	<b>5,185</b>	<b>4,259</b>
Average Capital employed (used for ROCE)	5,373	2,338	4,722	2,965

## Organic growth

MSEK	Q2		H1	
	2022	2021	2022	2021
Net sales, including sales for comparable companies**	487	430	748	661
FX impact	-21		-29	0
<b>Organic revenue in fixed currency</b>	<b>466</b>	<b>430</b>	<b>719</b>	<b>661</b>
<i>Organic growth constant currency</i>	<i>8%</i>		<i>9%</i>	
<i>Growth with actual currency</i>	<i>13%</i>		<i>13%</i>	

\* The twelve-month period referred to in 2022 is the reported financials for the Röko Group in the period from 1 July 2021 to 30 June 2022. For Q1 the period is from 1 April 2021 to 31 March 2022.

\*\* Includes companies that were owned by Röko for the entire current period as well as for the full comparable period.

## Financial calendar

Report for the third quarter 2022	30 November 2022
Full-year Report 2022	28 February 2023

## Questions

CFO & Deputy CEO  
Johan Bladh  
johan@roko.se  
+46 73 533 3573

Investor Relations  
Andreas Larsson  
ir@roko.se  
+46 70 970 7555

## Röko in brief

Röko is a perpetual owner of European small-and medium-sized businesses and today we own 21 companies in a variety of industries across Europe. We are a Swedish company, and our team has more than 100 years of combined experience working with owner-managed businesses across markets and in different situations.