

Interim Report

First quarter 2023

Röko AB, Org.nr 559195-4812

January-March

- Net sales increased 55% to MSEK 1,387 (896)
- Operating profit increased 72% to MSEK 232 (135)
- Adj. EBITA increased 65% to MSEK 288 (175)
- Adj. EBITA margin was 21% (20%)
- Net profit increased to MSEK 162 (104)
- Earnings per share* increased to SEK 12.00 (7.71)
- One acquisition with annual sales of MSEK 255 was completed during the period

Events after the period

No events with a material impact on Röko have occurred after the end of the period.

Rolling twelve months - RTM¹

During the last twelve months, the companies that were consolidated in the Röko Group at the end of the period (referred to as RTM), generated RTM net sales of MSEK 5,534 and RTM Adj. EBITA of MSEK 1,027.

Summary of financial performance

MSEK	Q1		Full Year
	2023	2022	2022
Net sales	1,387	896	4,316
Operating profit	232	135	612
Earnings per share (SEK)*	12.00	7.71	28.60
Adj. EBITA	288	175	787
Adj. EBITA margin	21%	20%	18%
Net profit for the period	162	104	386

* Historical periods are restated based on the number of shares after the 1,000:1 split in January 2023.

Röko is a perpetual owner of European small and medium-sized businesses and today we own 23 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.

See definitions on page 22

Comments from the CEO

For the quarter, net sales increased 55% from MSEK 896 to MSEK 1,387, driven by acquisitions and exchange rate differences. Including exchange rate differences, the companies' sales were slightly positive in the quarter, but shrunk 2.6% organically and in local currency. During this period Röko acquired one company located in the UK. The company was consolidated on March 31 and had no profit impact during the quarter.

During the three-month period ending 31 March 2023 Adj. EBITA increased 65% from MSEK 175 to MSEK 288 largely driven by acquisitions. The Adj. EBITA margin increased slightly in the period and is explained by acquisitions with high profitability in the quarter. We still struggle with margins in a number of our business units. Acquisitions completed since the first quarter last year impact the seasonality of the Group where the first two quarters are positively impacted. Cash flow from operational activities amounted to MSEK 222 (117).

The relation between financial net debt (including put / call option debt and deferred considerations) and RTM Adj. EBITDA was 3.4x at the end of the period which is above our long-term target of being below 3.0x. Short-term, the target can be exceeded because of acquisitions which is the case as we completed an acquisition and a purchase of shares in a subsidiary with cash. Of the total financial net debt, the interest-bearing net debt amounts to 1.5x RTM Adj. EBITDA.

The put/call option debt has increased with MSEK 84 because of acquisitions completed in the period. In total the put / call option debt and deferred considerations amounted to MSEK 2,264 at the end of the period.

Return on capital employed was 14% for the quarter and is low compared to comparable companies that have been active longer than we have. The lower return is a result of Röko being a new company with very high growth, mainly through acquisitions, which impact the metric in three ways. Acquisitions completed at the end of the reporting period add capital employed but do not contribute profits and hence has a negative relative impact on the calculated return rate. Capital employed stemming from acquisitions will be reduced over time due to amortizations. Acquired companies will increase profits over time without a corresponding increase in capital employed.

Röko has received approval from our shareholders to increase our equity capital through a new share issue of up to MSEK 1,000 until the end of 2024. In addition, Röko AB has existing undrawn MSEK 450 in capital commitments from our shareholders. Thus, Röko has ample financial room for additional acquisitions.

During the quarter Röko completed the acquisition of Godiva, a UK-based distributor of bearings, financed solely with cash.

Fredrik Karlsson
CEO
Stockholm, 28 April 2023

Group performance in January-March

Net sales increased to MSEK 1,387 (896) during the quarter, driven by acquisitions and with positive contribution from exchange rate differences. Including exchange rate differences, the companies' sales were slightly positive in the quarter, but shrunk 2.6% in local currency as approximately one third of the Group companies experienced shrinking sales in the period.

Operating profit increased to MSEK 232 (135) during the period. Earnings per share for the quarter increased to SEK 12.00 (7.71). Adj. EBITA increased to MSEK 288 (175). The Adj. EBITA margin was 21% (20%) percent. Our definition of Adj. EBITA does not include costs for acquisitions, see definitions on page 22. Acquisition-related costs amounted to MSEK 4 (9) in the quarter.

Net interest on interest-bearing debt increased to MSEK -25 (-6), while net other financial items amounted to MSEK -7 (2). Income tax increased to MSEK -39 (-26). The effective tax rate was 20% (20%). Net profit for the period grew to MSEK 162 (104).

Capital employed increased by 5% from 2022-12-31 to 2023-03-31 to MSEK 8,313 (7,944). Return on Capital Employed* (ROCE) amounted to 14% in Q1 2023. Quarterly ROCE can be misleading due to timing of acquisitions and the fact that Röko is a young company with high growth, predominantly through acquisitions. Quarterly ROCE during Q1 is positively impacted by seasonality in some business units.

From 2022-12-31 to 2023-03-31, the Group's interest-bearing net debt increased by MSEK 120 to MSEK 1,707. In the period, the Group's put/call option debt for shares relating to non-controlling interests and earn-out obligation increased by MSEK 78 to MSEK 2,264. MSEK 9 of the increase is related to currency and MSEK 87 to acquisitions completed in the quarter. The debt was reduced by MSEK -19 because of purchases of shares from non-controlling interests and payments of deferred considerations.

The cash flow from operational activities increased to MSEK 222 (117) and cash amounted to MSEK 375 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 3.4x which is higher than our long-term target of not exceeding 3.0x. Short-term the group's leverage can exceed 3.0x depending on timing of acquisitions. Interest-bearing net debt in relation to RTM Adj. EBITDA is 1.5x.

During the quarter Röko completed the acquisition of Godiva, a UK-based distributor of bearings, financed solely with cash from the balance sheet.

*) Return on capital employed for Q1 2023 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 23-24.

Segment Overview

Net Sales	Q1		Full year
	2023	2022	2022
MSEK			
Segment B2B	874	607	2,965
Segment B2C	513	289	1,351
Net Sales	1,387	896	4,316
Adj. EBITA	Q1		Full year
MSEK	2023	2022	2022
Segment B2B	165	128	574
Segment B2C	131	53	256
Adj. EBITA*	296	181	830
Central costs	-8	-6	-43
Group Adj. EBITA*	288	175	787

*) Segmental Adj. EBITA does not include the amortization of intangible assets (including from assets arising from the acquisitions), acquisition costs, or other acquisition-related items which are reported as part of the operating income in the consolidated financial statements. The amortization of intangible assets amounted to MSEK 52 (31), and the acquisition costs were MSEK 4 (9) in the quarter.

The Röko Group consists of 23 business units in different industries and no single customer or industry is individually significant to the group.

Quarterly Adj. EBITA increased to MSEK 165 (128) for Segment B2B and increased to MSEK 131 (53) for Segment B2C before the allocation of central group costs. Central group costs amounted to MSEK 8 (6) in the quarter.

B2B performance in January-March

The B2B segment includes 15 business units of which one was consolidated at the end of the period. Net sales increased to MSEK 874 (607) during the period, driven by acquisitions and with positive contribution from exchange rates. The input-cost increases for our B2B segment are still high and some companies have not been passing these on to customers in full. The segment Adj EBITA is stated before central costs.

B2C performance in January-March

The B2C segment includes eight business units of which all were included at the start of the period. Net sales increased to MSEK 513 (289) during the period, driven by acquisitions and with positive contribution from exchange rates. Adj. EBITA increased during the quarter. Acquisitions completed since the first quarter 2022 experience seasonality which impact the business segment's EBITA with approximately MSEK 40 in the first quarter. Several companies in the segment experienced slower demand in the period, and hence difficulties to pass on input-cost increases to customers. The segment Adj. EBITA 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 AB has 7 employees and recorded a net profit of MSEK -41 (69) in the first quarter of the year. The negative result is explained by exchange rate differences on Röko AB's receivables in Group companies. Röko AB received MSEK 17 (46) in dividends during the quarter and received MSEK 70 (34) in repayments of loans from the companies in the group during the quarter. During the quarter Röko completed an acquisition and acquired shares in a subsidiary financed solely by cash in the balance sheet.

Employees

At the end of the period, the number of employees in the Group was 1,374 (1,271 in December 2022). Acquisitions have added 68 employees since the beginning of the year.

Events after the end of the reporting period

No events with a material impact on Röko AB have occurred after the end of the reporting 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. Intragroup sales amounted to MSEK 148 in the quarter. Röko has entered into commercial agreements with related parties to the companies in the Group with an amount equal to MSEK 38 for the quarter. The related party transactions are mostly relating to lease of properties for the companies' facilities. Loans from related parties arising from acquisitions amount to MSEK 7.

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. The Röko Group has interest-bearing net debt of MSEK 1,707, which equals 1.5x RTM Adj. EBITDA. An increase of the interest rate with 1% on Röko's interest-bearing debt would impact our net profit with MSEK -18 for the next 12-month period. The M&A market is volatile, and the number of opportunities can be low during uncertain periods. We believe that there is a risk for lower transaction volumes in the near term. Röko is also exposed to financial risks, including currency risks, interest rate risks, credit, and counterparty risks. At the end of the period the Group had MSEK 375 in cash, an additional MSEK 75 as an undrawn revolving credit facility and an additional MSEK 450 in committed 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 14 and Note 3 and 4 in the Annual Report for 2022.

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.

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. In respect of the Parent Company, the report has been prepared in accordance with the Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. The accounting policies have been applied in accordance with those which are presented in Note 2 on pages 24-28 in the 2022 Annual Report and should be read in conjunction with these.

The interim information on pages 1-6 is an integrated part of this financial report. This English report is an unofficial translation. In case of any discrepancy between the English and the Swedish version, the Swedish shall prevail. This interim report has not been reviewed by the company's auditors.

Declaration of the Board of Directors

The Board of Directors and the Chief Executive Officer warrant and declare that this interim 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, 28 April 2023

Tomas Billing
Chairman of the Board

Peter Sterky
Director

Fredrik Karlsson
Director and CEO

Lilian Biner
Director

Stina Andersson
Director

Financial statements

Condensed Consolidated Income Statement

MSEK	Q1		Full year
	2023	2022	2022
Net sales	1,387	896	4,316
Cost of goods and services sold	-813	-553	-2,668
Gross profit	574	343	1,648
Sales and marketing expenses	-155	-105	-474
Administrative expenses	-157	-98	-482
Other operating income and expenses	1	29	18
Other operating expenses	-30	-34	-98
Operating profit	232	135	612
Net Interest on interest-bearing debt	-25	-6	-41
Net other Financial items*	-7	2	-18
Profit before tax	201	130	554
Tax	-39	-26	-168
Net profit for the period	162	104	386
Profit attributable to:			
Parent Company shareholders	162	104	386
Non-controlling interests			
Profit for the period	162	104	386
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders (SEK)**	12.00	7.71	28.60

**Interest on leasing obligations and currency gains / losses on revaluations of financial debt, including earn-out obligations*

***Per share data for the historical periods have been re-stated based on the 1,000:1 share split*

Consolidated Statement of Comprehensive Income

MSEK	Q1		Full year
	2023	2022	2022
Net profit for the period	162	104	386
Other comprehensive income			
Items that can later be reclassified to profit or loss:			
Hedge of net investments after tax	-44	-	-
Translation differences	55	-16	143
Other comprehensive income	11	-16	143
Total comprehensive income for the period	173	88	529
Comprehensive income attributable to:			
Parent Company shareholders	173	88	529

Condensed Consolidated Balance Sheet

MSEK	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Non-current assets			
Intangible assets	7,466	4,519	7,339
Tangible assets	758	622	747
Other long-term securities and receivables	15	15	15
Total non-current assets	8,239	5,156	8,101
Current assets			
Inventories	903	563	843
Accounts receivables	637	431	597
Other current receivables	32	41	28
Prepaid expenses/accrued Income	55	39	53
Cash and cash equivalents	375	421	558
Total current assets	2,002	1,495	2,079
TOTAL ASSETS	10,241	6,650	10,180
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1	1
Other contributed capital	3,254	2,234	3,254
Translation reserve	184	14	173
Non restricted equity incl. net income	376	219	226
Equity attributable to parent company shareholders	3,815	2,468	3,653
Non-controlling interest	–	–	–
Total equity	3,815	2,468	3,653
Non-current liabilities			
Non-current interest-bearing liabilities incl. leasing	462	332	460
Other non-current liabilities, put/call debt and earn-out liabilities	2,112	1,283	2,034
Deferred tax liability	736	412	719
Other provisions, non-current	4	4	4
Total non-current liabilities	3,315	2,029	3,217
Current liabilities			
Current interest-bearing liabilities incl. leasing	2,146	1,405	2,202
Accounts payable	333	326	352
Advances from customers	96	20	198
Current tax liabilities	39	72	67
Other current liabilities, put/call debt and earn-out liabilities	315	213	321
Accrued expenses and prepaid Income	184	116	168
Total current liabilities	3,112	2,153	3,309
TOTAL EQUITY AND LIABILITIES	10,241	6,650	10,180

Condensed Consolidated Statement of Changes in Equity

MSEK	Share capital	Other contributed capital	Translation reserve**	Non. Restr equity	Total
Opening balance per 2022-01-01	1	1,838	30	122	1,991
Net profit for the period	-	-	-	104	104
Other comprehensive income					
Items which can later be reclassified to profit or loss					
Hedge of net investments after tax	-	-	-	-	-
Translation differences	-	-	-16	-	-16
Total other comprehensive income	-	-	-16	-	-16
Total comprehensive income for the period	-	-	-16	104	88
Transactions with owners					
Shareholder's contribution	-	403	-	-	403
Transaction costs relating to capital increase	-	-6	-	-	-6
Revaluation of liabilities to non-controlling interests*	-	-	-	-7	-7
Closing balance per 2022-03-31	1	2,234	14	219	2,468
Opening balance per 2023-01-01	1	3,254	173	226	3,653
Net profit for the period	-	-	-	162	162
Other comprehensive income					
Items which can later be reclassified to profit or loss					
Hedge of net investments after tax	-	-	-44	-	-44
Translation differences	-	-	55	-	55
Total other comprehensive income	-	-	11	162	173
Total comprehensive income for the period	-	-	11	162	173
Transactions with owners					
Shareholder's contribution	-	-	-	-	-
Transaction costs relating to capital increase	-	-	-	-	-
Revaluation of liabilities to non-controlling interests*	-	-	-	-12	-12
Closing balance per 2023-03-31	1	3,254	184	376	3,815

*Revaluation of put/call options for shares relating to non-controlling interests

**Translation differences amount to MSEK 228 and hedge of net investments to MSEK -44 at 2023-03-31.

Condensed Consolidated Statement of Cash Flows

MSEK	Q1		Full year
	2023	2022	2022
Operating activities			
Operating profit	232	135	612
Non-cash items	85	43	262
Other financial items	2	13	-6
Interest received	1	0	2
Interest paid	-31	-24	-63
Tax paid	-74	-50	-189
Cash flow before changes in working capital	215	117	618
Changes in working capital			
Increase/decrease in inventory	23	-42	-84
Increase/decrease in receivables	38	5	11
Increase/decrease in accounts payable	-54	38	-30
Total change in working capital	7	0	-103
Cash flow from operating activities	222	117	515
Investing activities			
Investments in intangible assets	-0	-4	-1
Divestments of intangible assets	-	-	0
Investments in tangible assets	-13	-13	-49
Divestments of tangible assets	-	-	0
Acquisition of subsidiaries after subtracting cash	-202	-568	-2,438
Divestments of subsidiaries	-	-	3
Changes in non-current assets	0	-	0
Cash flow from investing activities	-215	-585	-2,486
Financing activities			
Shareholder's contribution	-	399	1,421
Debt issued	-	261	1,187
Debt repayment	-61	-34	-242
Other financing activities	-120	-	-9
Payments to non-controlling interests	-12	-7	-125
Cash flow from financing activities	-192	618	2,231
Cash flow of the period	-186	151	260
Cash and cash equivalents at beginning of period	558	290	290
Translation differences	3	-20	8
Cash and cash equivalents at end of period	375	421	558

Business Segments

MSEK	Q1		Full year
	2023	2022	2022
Segment B2B	165	128	574
Segment B2C	131	53	256
Central Group functions	-8	-6	-43
Adj. EBITA*	288	175	787
Amortisation of intangible assets	-52	-31	-148
<i>Amortization of intangible assets arising from acquisitions</i>	-50	-29	-139
Acquisition related costs	-4	-9	-27
Operating profit	232	135	612
Net financial items	-31	-4	-58
Profit before tax	201	130	554

*) Segmental Adj. EBITA does not include the amortization of intangible assets (including from assets arising from the acquisitions), 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 56 (40) in the quarter.

The Röko Group consists of 23 business units in different industries and no single customer or industry is individually significant to the group.

Quarterly Adj. EBITA increased to MSEK 165 (128) for Segment B2B and increased to MSEK 131 (53) for Segment B2C, before allocation of central group function costs. Central group costs increased from MSEK 6 to MSEK 8. Central group function costs decrease as a share of Adj. EBITA.

Segmentation of net sales

MSEK	Q1		
	B2B	B2C	Total
Products	792	491	1,283
Services	82	22	104
Net Sales Q1 2023	874	513	1,387

MSEK	B2B	B2C	Total
Products	521	266	786
Services	86	23	110
Net Sales Q1 2022	607	289	896

MSEK	Full year		
	B2B	B2C	Total
Products	2,623	1,259	3,882
Services	342	92	434
Net Sales in Jan-Dec 2022	2,965	1,351	4,316

Recognition of net sales over time

MSEK	Q1		
	B2B	B2C	Total
Over time	43	0	43
At a specific point in time	831	513	1,344
Net Sales Q1 2023	874	513	1,387

MSEK	B2B	B2C	Total
Over time	45	0	45
At a specific point in time	562	289	851
Net Sales Q1 2022	607	289	896

MSEK	Full year		
	B2B	B2C	Total
Over time	180	0	180
At a specific point in time	2,785	1,351	4,136
Net Sales in Jan-Dec 2022	2,965	1,351	4,316

Acquisitions January-March 2023

23 business units were consolidated as per 2023-03-31. During the quarter, one acquisition was completed. Godiva, a UK-based company was acquired and consolidated at the end of the period. During the period Röko acquired shares in a subsidiary from a non-controlling shareholder in accordance with a put/call option agreement. Acquisition-related costs amounted to MSEK 4 (9) in the quarter.

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 full year as well as payments made for acquisitions in previous periods.

Acquired net assets

Net assets, MSEK. Preliminary analysis of acquisitions from January 1st 2023	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	-	72	72
Tangible assets	2	-	2
Inventories, accounts receivable and other receivables	158	-	158
Accounts payable and other liabilities	-31	-	-31
Deferred tax	-	-18	-18
Cash and cash equivalents	76	-	76
Net assets	205	54	259
Goodwill		88	88
Total net assets	205	142	347
Put/call option debt for non-controlling interests		-72	-72
Cash flow effect			MSEK
Purchase price			-276
<i>o/w withheld purchase price</i>			3
Cash in acquired companies			76
Total cash flow effect			-197
Cash paid for acquisitions in previous periods			-5

Acquisitions

Consolidated in month	Acquisitions	Segment	Net sales RTM (MSEK)	Employees	Röko ownership
March	Godiva Ltd	B2B	255	68	75%

Godiva is a UK-based distributor of bearings and spare parts for automotive and industrial customers. The acquisition completed during the period have added MSEK 0 of sales and MSEK 0 of operating profit for the period. If the company would have been consolidated since January 1, 2023, it would have added an additional MSEK 68 of sales, MSEK 11 of Adj. EBITA and MSEK 10 to operating profit for the period.

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 option 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	2023-03-31	2022-03-31
Reported in the balance sheet		
The following amounts related to leasing agreements are reported in the balance sheet:		
Right of use assets (reported as rights of use assets in the Balance Sheet)		
Properties and premises	527	427
Total	527	427
Lease liabilities		
Long term (reported as non-current liabilities in the Balance Sheet)	451	316
Short term (reported as current liabilities in the Balance Sheet)	77	111
Total lease liabilities	527	427
	Q1	
MSEK	2023	2022
Reported in the income statement		
The following amounts related to leasing agreements are reported in the income statement		
Depreciation on right of use assets		
Properties and premises	19	12
Total	19	12
Interest expense	5	4

Financial assets in the balance sheet

MSEK	Financial assets at amortised cost
Per 2023-03-31	
Accounts Receivables	637
Other non-current financial receivables	15
Cash and cash equivalents	375
Sum	1,026
Per 2022-12-31	
Accounts Receivables	597
Other non-current financial receivables	15
Cash and cash equivalents	558
Sum	1,169
Per 2022-03-31	
Accounts Receivables	431
Other non-current financial receivables	15
Cash and cash equivalents	421
Sum	866

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
Per 2023-03-31				
Interest-bearing borrowings		–	2,081	2,081
Accounts payable - trade		–	333	333
Put/call-option debt*	3	2,112	–	2,112
Deferred considerations*	3	152	–	152
Other liabilities**		–	736	736
Total		2,264	3,150	5,415

MSEK	Classification in the fair value hierarchy	Liabilities valued at fair value which affect equity*	Financial liabilities at amortised cost	Total
Per 2022-12-31				
Interest-bearing borrowings		–	2,145	2,145
Accounts payable - trade		–	352	352
Put/call-option debt*	3	2,034	–	2,034
Deferred considerations*	3	152	–	152
Other liabilities**		–	719	719
Total		2,186	3,215	5,401

MSEK	Classification in the fair value hierarchy	Liabilities valued at fair value which affect equity*	Financial liabilities at amortised cost	Total
Per 2022-03-31				
Interest-bearing borrowings		–	1,310	1,310
Accounts payable - trade		–	326	326
Put/call-option debt*	3	1,282	–	1,282
Deferred considerations*	3	119	–	119
Other liabilities**		–	412	412
Total		1,401	2,048	3,449

* 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.

** Other liabilities consist of acquisition related deferred tax liabilities and other deferred tax liabilities

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	2023-03-31	2022-12-31
Opening balance	152	106
Acquisitions in the period	3	154
Paid purchase prices	-5	-111
Expense/Reversal via income statement	-	-
Interest	-	-
Exchange rate differences	2	-
Closing balance	152	152

Option liabilities

MSEK	2023-03-31	2022-12-31
Opening balance	2,034	1,050
Acquisitions in the period	84	768
Paid purchase prices	-14	-5
Expense/Reversal via equity in the balance sheet	-	162
Interest	-	-
Exchange rate differences	7	59
Closing balance	2,112	2,034

MSEK 102 of the option liabilities are to be exercised within 12 months, MSEK 207 between one and three years and MSEK 1,956 after more than three years.

Condensed Parent Company Income Statement

Röko AB, 559195-4812

MSEK	Q1		Full year
	2023	2022	2022
Other operating income*	23	13	19
Administrative expenses	-8	-7	-38
Operating profit	16	6	-19
Profit from shares in group companies**	17	46	325
Financial income	44	33	135
Financial expenses	-117	-16	-193
Profit after financial items	-41	69	248
Appropriations	-	-	-
Tax	-	-	-
Net profit for the period	-41	69	248

* Invoicing of group-wide services

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

Net profit for the period and total comprehensive income for the period are the same and therefore no Comprehensive Income Statement for the Parent company is presented.

Condensed Parent Company Balance Sheet

MSEK	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Non-current assets			
Shares in group companies	6,765	4,463	6,419
Long-term receivables	6	6	6
Total non current assets	6,771	4,469	6,425
Current assets			
Receivables in group companies	1,288	689	1,391
Current tax receivables	0	–	1
Prepaid expenses/accrued Income	1	0	1
Cash and cash equivalents	4	113	34
Total current assets	1,427	802	1,427
TOTAL ASSETS	7,851	5,271	7,851
EQUITY AND LIABILITIES			
Restricted equity			
Equity	1	1	1
Total restricted equity	1	1	1
Non-restricted equity			
Other contributed capital	3,254	2,229	3,254
Non restricted equity incl. net income	401	263	442
Total non-restricted equity	3,655	2,492	3,696
Total equity	3,656	2,493	3,697
Non-current liabilities			
Other non-current liabilities	1,860	1,278	1,765
Total non-current liabilities	1,860	1,278	1,765
Current liabilities			
Debt to credit institutions	2,057	1,271	2,118
Accounts payable	1	2	3
Liabilities to group companies	337	106	114
Current tax liabilities	–	1	–
Other current liabilities	153	120	154
Accrued expenses and prepaid Income	0	1	0
Total current liabilities	2,549	1,501	2,389
TOTAL EQUITY AND LIABILITIES	8,064	5,271	7,851

Parent Company Statement of changes in equity

MSEK	Share capital	Other contributed capital	Non. Restr equity	Share premium account	Total
Opening balance per 2022-01-01	1	1,833	194	-	2,027
Net profit for the period	-	-	69	-	69
Other comprehensive income					
Transactions with owners					
Shareholder's contribution	-	403	-	-	403
Transaction costs	-	-6	-	-	-6
Closing balance per 2022-03-31	1	2,229	263	-	2,493
Opening balance per 2023-01-01	1	3,254	442	-	3,697
Net profit for the period	-	-	-41	-	-41
Other comprehensive income					
Transactions with owners					
Shareholder's contribution	-	-	-	-	-
Transaction costs	-	-	-	-	-
Closing balance per 2023-03-31	1	3,254	401	-	3,656

Key Performance Indicators

	Q1		Full year
	2023	2022	2022
Net sales for the period, MSEK	1,387	896	4,316
RTM* Net sales, MSEK	5,534	3,449	5,259
Adj. EBITA*, MSEK	288	175	787
Adj. EBITA* margin	21%	20%	18%
RTM Adj. EBITA*, MSEK	1,027	715	1,005
RTM Adj. EBITA* margin	19%	21%	19%
Adj. EBITDA*, MSEK	321	212	902
Adj. EBITDA* margin	23%	24%	21%
Capital employed*, MSEK	8,313	5,185	7,944
Return on capital employed	14%	15%	13%
Return on equity	17%	19%	14%
Financial net debt*, MSEK	3,971	2,290	3,773
Interest-bearing net debt*, MSEK	1,707	889	1,587
Financial net debt*/ RTM Adj EBITDA, times	3.4x	2.9x	3.3x
Interest-bearing net debt*/ RTM Adj EBITDA, times	1.5x	1.1x	1.5x
Equity/assets ratio	37%	37%	36%
Number of shares	13,484,000	13,484,000	13,484,000
Number of employees, end of the period	1,374	962	1,271

* See definitions on page 22.

Definitions and objectives

The report includes financial key ratios that are based on IFRS (e.g. earnings per share) and in addition Röko also uses 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, annualized if the period is shorter than 12 months, divided by average equity, calculated as the average of the opening, and closing balance for the period.
Return on capital employed	Adj. EBITA for the period, annualized if the period is shorter than 12 months, divided by average capital employed for the period, calculated as the average of the opening, and closing balance for the period. 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 22.

Adj. EBITA compared with financial statements in accordance with IFRS

MSEK	Q1		Full year
	2023	2022	2022
Operating profit	232	135	612
Amortisation of intangible assets	52	31	148
Acquisition costs	4	9	27
Adj. EBITA	288	175	787

Adj. EBITDA compared with financial statements in accordance with IFRS

MSEK	Q1		Full year
	2023	2022	2022
Operating profit	232	135	612
Depreciation of tangible assets	33	37	115
<i>of which Depreciation of leasing rights</i>	<i>19</i>	<i>24</i>	<i>61</i>
Amortisation of intangible assets	52	31	148
<i>of which Amortisation of intangible assets from acq.</i>	<i>50</i>	<i>29</i>	<i>139</i>
Acquisition costs	4	9	27
Adj. EBITDA	321	212	902

Net debt compared with financial statements in accordance with IFRS

MSEK	2023-03-31	2022-03-31	2022-12-31	2021-12-31
Non-current interest-bearing liabilities	16	16	13	19
Current interest-bearing liabilities	2,070	1,294	2,132	1,068
Cash and cash equivalents	-375	-421	-558	-290
Interest-bearing net debt	1,707	889	1,587	798
Put/call debt for non-controlling shares and earn-out debt	2,264	1,401	2,186	1,155
Total Financial Net Debt	3,971	2,290	3,773	2,269

RTM Net sales and Adj. EBITA*

MSEK	Q1	Q1	Full year
	2023	2022	2022

Net sales according to consolidated IS	4,806	2,658	4,316
Addition of non-consolidated net sales from April 1 (January 1 for Full year) to the acquisition date			
Segment B2B	480	666	506
Segment B2C	248	125	436
RTM Net sales	5,534	3,449	5,259
Adj. EBITA Last Twelve Months	900	521	787
Addition of non-consolidated Adj. EBITA from April 1 (January 1 for Full year) to the acquisition date			
Segment B2B	75	169	94
Segment B2C	52	25	124
Adj. RTM EBITA	1,027	715	1,005

Capital employed

MSEK	2023-03-31	2022-03-31	2022-12-31	2021-12-31
Constituents of Capital employed				
Equity	3,815	2,468	3,653	1,991
Interest-bearing debt	2,081	1,310	2,145	1,403
Leasing	527	427	518	316
Put/call debt for non-controlling shares and earn-out debt	2,264	1,401	2,186	1,155
Less cash	-375	-421	-558	-290
Capital employed	8,313	5,185	7,944	4,259
Average Capital employed (used for ROCE)**	8,129	4,722	6,102	2,965

Return on capital employed (ROCE)

MSEK	Q1		Full year
	2023	2022	2022
Constituents of ROCE			
Adj. EBITA	288	175	787
Annualized Adj. EBITA	1,151	700	787
Average capital employed	8,129	4,722	6,102
ROCE in %	14%	15%	13%

Organic growth

MSEK	Q1		Full year
	2023	2022	2022
Net sales, including sales for comparable companies***	859	858	1,478
FX impact	-22		-61
Organic sales in constant currency	836	858	1,417
<i>Organic growth constant currency</i>	-3%		8%
<i>Growth comparable companies (actual currency)</i>	0%		12%

* The twelve-month period referred to is the reported financials for the Röko Group in the period from 1 April 2022 / 2021 to 31 March 2023 / 2022. For full year the period is from 1 January 2022 to 31 December 2022.

**Average capital employed is calculated as the average of the opening balance and closing balance of capital employed for each period.

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

Financial calendar

Second quarter 2023	20 July 2023
Third quarter 2023	27 October 2023
Year-end 2023	16 February 2023

Questions

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Röko in brief

Röko is a perpetual owner of European small-and medium-sized businesses and today we own 23 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.