

Interim Report

January-December 2023

Röko AB, Org.nr 559195-4812

October-December

- Net sales increased 16% to MSEK 1,478 (1,270)
- Operating profit increased 27% to MSEK 217 (170)
- Adj. EBITA increased 28% to MSEK 274 (215)
- Adj. EBITA margin increased to 19% (17%)
- Net profit increased 119% to MSEK 160 (73)
- Earnings per share* increased to SEK 10.80 (5.41)
- Two acquisitions, of which one add-on, with combined annual sales of MSEK 220 was completed during the quarter

January-December

- Net sales increased 30% to MSEK 5,614 (4,316)
- Operating profit increased 34% to MSEK 821 (612)
- Adj. EBITA increased 33% to MSEK 1,047 (787)
- Adj. EBITA margin increased to 19% (18%)
- Net profit increased 40% to MSEK 541 (386)
- Earnings per share* increased to SEK 38.78 (28.60)
- Three acquisitions, of which one add-on acquisition, with combined annual sales of MSEK 483 was completed during the period
- The Board of Directors propose that no dividend is to be paid to the shareholders for the financial year 2023

Events after the period

No significant events have occurred after 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 5,842 and RTM Adj. EBITA of MSEK 1,069.

Summary of financial performance

MSEK	Q4		Full Year	
	2023	2022	2023	2022
Net sales	1,478	1,270	5,614	4,316
Operating profit	217	170	821	612
Earnings per share (SEK)*	10.80	5.41	38.78	28.60
Adj. EBITA	274	215	1,047	787
Adj. EBITA margin	19%	17%	19%	18%
Net profit for the period	160	73	541	386

* Historical periods are restated based on the number of shares after the 1,000:1 split in January 2023. Earnings per share in the 2023 periods have been calculated with a new base of shares, following the new share issue in Q3.

Röko is a perpetual owner of European small and medium-sized businesses and today we own 24 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.

¹ See definitions on page 23

Comments from the CEO

For the quarter, net sales increased 16% from MSEK 1,270 to MSEK 1,478, driven by acquisitions and exchange rate differences. The companies' organic sales development was flat in SEK and decreased 2% in local currency. For the year, organic sales grew 2% in SEK but decreased 2% in local currency. Net sales increased from MSEK 4,316 to MSEK 5,614 during the year, representing a growth of 30%. Two acquisitions were completed during the fourth quarter, Snowminds in Denmark that was consolidated in the B2C segment and an add-on acquisition of Skywire in Australia that was acquired by Renovotec, a B2B company.

During the three-month period ending 31 December 2023 Adj. EBITA increased from MSEK 215 to MSEK 274. During the full year Adj. EBITA increased from MSEK 787 to MSEK 1,047, representing a growth of 33%. The Adj. EBITA margin increased during the period. We always work with improving margins in all our business units. Cash flow from operational activities increased to MSEK 335 (210) in the fourth quarter and MSEK 932 (515) for the full year.

The relation between interest-bearing net debt and Adj. EBITDA was 0.1x RTM at the end of the period. Financial net debt (including put / call option debt and deferred considerations) amounted to 2.2x RTM Adj. EBITDA at the end of the period, which is low in relation to our target of not exceeding 3.0x over a twelve-months period.

Return on capital employed was 13% for the full year, which is in line with last year, and is low to comparable companies that have been active longer than we have. The lower return is a result of Röko being a new company with high growth, mainly through acquisitions.

During the year, Röko completed a new share issue of MSEK 708. Following the completion of the new share issue and with the company's cash flow, Röko has repaid interest-bearing liabilities and reduced the interest-bearing net debt in relation to Adj. EBITDA from 1.5x in December 2022 to 0.1x in December 2023. Röko has a strong financial position with ample financial room for additional acquisitions.

Earnings per share increased by 36% in the year and amounted to SEK 38.78.

Fredrik Karlsson
CEO
Stockholm, 16 February 2024

Group performance in October-December

Net sales increased to MSEK 1,478 (1,270) during the quarter, driven by acquisitions and exchange rate differences. The companies' organic sales development was flat in SEK and decreased 2% in local currency. Earnings per share for the quarter increased to SEK 10.80 (5.41). Operating profit increased to MSEK 217 (170) during the period. Adj. EBITA was MSEK 274 (215). The Adj. EBITA margin increased to 19% (17%).

Net interest on interest-bearing debt decreased to MSEK -7 (-16), while net other financial items amounted to MSEK -4 (-2). Income tax decreased to MSEK -46 (-80) as last year's tax included a non-recurring tax expense of MSEK -41. The effective tax rate was 22% (52%). Net profit for the period increased to MSEK 160 (73).

Capital employed decreased by 4% during the quarter to MSEK 8,032 (8,362), largely driven by cash generation in the group. Return on Capital Employed* (ROCE) amounted to 13% in Q4 2023. The lower return is a result of Röko being a new company with high growth, mainly through acquisitions.

From 2023-09-30 to 2023-12-31, the Group's interest-bearing net debt decreased by MSEK 287 to MSEK 167. In the period, the Group's put/call option debt for shares relating to non-controlling interests and earn-out obligation increased to MSEK 2,440 (2,225) driven by acquisitions and revaluations.

The cash flow from operational activities increased to MSEK 335 (210) and cash amounted to MSEK 744 at the end of the period.

Group performance in January-December

Net sales increased to MSEK 5,614 (4,316) during the twelve-month period, driven by acquisitions. Organic sales increased 2% in SEK but decreased 2% in local currency. Earnings per share for the period increased to SEK 38.78 (28.60), with positive contribution from acquisitions and a negative impact from the new share issue. Operating profit increased to MSEK 821 (612) during the period. Adj. EBITA increased to MSEK 1,047 (787). The Adj. EBITA margin increased to 19% (18%).

Net interest on interest-bearing debt increased to MSEK -72 (-41), while net other financial items amounted to MSEK -32 (-18). Röko's interest expenses have increased during the year, solely explained by the increase in the reference rates from central banks. Income tax increased to MSEK -175 (-168). The effective tax rate decreased to 24% (30%) due to a non-recurring tax expense during last year. Net profit for the period grew to MSEK 541 (386).

Capital employed increased by 1% from 2022-12-31 to 2023-12-31 to MSEK 8,032 (7,944), driven by acquisitions and exchange rate differences. Return on Capital Employed* (ROCE) amounted to 13% for the year. The lower return is a result of Röko being a new company with high growth, mainly through acquisitions.

From 2022-12-31 to 2023-12-31, the Group's interest-bearing net debt decreased by MSEK 1,420 to MSEK 167. In the period, the Group's put/call option debt for shares relating to non-controlling interests and earn-out obligation increased by MSEK 254 to MSEK 2,440.

The cash flow from operational activities increased to MSEK 932 (515) and cash amounted to MSEK 744 at the end of the period.

The Group's Interest-bearing net debt in relation to RTM Adj. EBITDA is 0.1x. Total financial net debt (Including put/call option debt for non-controlling interest and earn-out obligations) to RTM Adj. EBITDA is 2.2x, 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.

During the year Röko completed three acquisitions; Godiva, a UK-based distributor of bearings, Snowminds, a Denmark-based ski instructor training provider and Skywire, an Australian IT hardware business that was acquired by Röko's subsidiary Renovotec. All acquisitions were financed solely with cash from the balance sheet.

*) Return on capital employed for the fourth quarter in 2023 has been calculated based on the opening and closing balance for the quarter and by annualizing Adj. EBITA for the quarter. Please refer to Reconciliation of alternative key performance indicators on page 24-25.

Segment Overview

Net Sales	Q4		Full Year	
	2023	2022	2023	2022
MSEK				
Segment B2B	973	928	3,698	2,965
Segment B2C	504	341	1,916	1,351
Net Sales	1,478	1,270	5,614	4,316
Adj. EBITA				
MSEK				
Segment B2B	185	172	696	574
Segment B2C	99	56	386	256
Adj. EBITA*	283	228	1,082	830
Central costs	-9	-14	-35	-43
Group Adj. EBITA*	274	215	1,047	787

*) Segmental Adj. EBITA does not include the amortization of intangible assets arising from 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 related to acquisitions amounted to MSEK 55 (42), and the acquisition costs were MSEK 2 (2) in the quarter. For the full year, the amortization of intangible assets related to acquisitions amounted to MSEK 219 (139), and the acquisitions costs were MSEK 7 (27) for the period.

The Röko Group consists of 24 business units in different industries and no single customer or industry is individually significant to the group.

Quarterly Adj. EBITA increased to MSEK 185 (172) for Segment B2B and increased to MSEK 99 (56) for Segment B2C before the allocation of central group costs. Central group costs amounted to MSEK 9 (14) in the quarter. For the full year, Adj. EBITA increased to MSEK 696 (574) for Segment B2B and increased to MSEK 386 (256) for Segment B2C before the allocation of central group costs. Central group costs amounted to MSEK 35 (43) for the period.

B2B performance in October-December

The B2B segment includes 15 business units of which all were included at the start of the period. Net sales increased to MSEK 973 (928) during the period, driven by acquisitions and with positive contribution from exchange rates. Adj. EBITA increased in the quarter, driven by acquisitions and with positive contribution from exchange rates. The B2B companies have worked with pricing initiatives to safeguard profit margins, partly at the expense of slower organic growth. The segment Adj. EBITA is stated before central costs.

B2C performance in October-December

The B2C segment includes nine business units of which one was consolidated during the quarter. Net sales increased to MSEK 504 (341) during the period, driven by acquisitions, organic growth and with positive contribution from exchange rates. Adj. EBITA increased in the quarter, driven by acquisitions and with positive contribution from exchange differences. Adj. EBITA is stated before central costs.

B2B performance in January-December

The B2B segment includes 15 business units of which one was consolidated in the period. Net sales increased to MSEK 3,698 (2,965) 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 during the period. The segment Adj. EBITA is stated before central costs.

B2C performance in January-December

The B2C segment includes eight business units of which all were included at the start of the period. Net sales increased to MSEK 1,916 (1,351) during the period, driven by acquisitions and with positive contribution from exchange rates. Adj. EBITA increased during the period. Some B2C companies experience slower demand and struggle to pass on cost increases fully, while others experience stronger demand and can improve their margins. 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 240 (248) in 2023, of which 93 (14) in the fourth quarter. The decrease in net profit is explained by higher interest expenses and by exchange rate differences on financial net debt related to acquisitions in foreign currencies. Röko AB received MSEK 73 (74) in dividends during the fourth quarter and MSEK 412 (325) during the full year. Röko AB received MSEK 171 (194) in repayments of loans from the companies in the group during 2023. During the year, Röko AB has converted an MSEK 400 loan to a wholly owned subsidiary to equity contribution.

Employees

At the end of the period, the number of employees in the Group was 1,426 (1,271 in December 2022). Acquisitions have added 105 employees since the beginning of the year.

Events after the end of the reporting period

No events have occurred after the end of the period.

Proposed dividend

The Board of Directors and Chief Executive Officer propose that the Annual General Meeting decides to not pay out a dividend to shareholders for the financial years 2023. No dividend was paid for the financial year 2022.

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 122 in the quarter. Röko has not entered into any commercial agreements with related parties to the companies in the Group in the quarter. Röko has existing commercial agreements with related parties with a yearly contract value of MSEK 36. 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 8. Röko's shareholders have contributed MSEK 1,189 (1,421) in equity injections during the year, of which 0 (148) in the fourth quarter. MSEK 708 of the equity injections was in the form a new share issue that has increased the number of outstanding shares with 10% to 14,832,500 shares. The equity injections have been partly funded by Röko's controlling shareholders, Fredrik Karlsson and Tomas Billing, through their respective holding companies. They have together and in equal parts contributed MSEK 0 (42) during the fourth quarter and MSEK 70 (81) during the full year.

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 167, which equals 0.1x RTM Adj. EBITDA. An increase of the interest rate with 1% on Röko's interest-bearing debt would impact our net profit with MSEK -5 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 744 in cash, credit commitments of MSEK 700 and an additional MSEK 250 as an undrawn revolving credit facility.

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.

Seasonal variations

The group's income exhibits seasonal variations, in particular relating to the B2C segment. The first and second quarter are normally stronger, and the third quarter weaker, on a comparable basis.

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, 16 February 2024

Tomas Billing
Chairman of the Board

Peter Sterky
Director

Fredrik Karlsson
Director and CEO

Lilian Biner
Director

Angela Langemar Olsson
Director

Financial statements

Condensed Consolidated Income Statement

MSEK	Q4		Full Year	
	2023	2022	2023	2022
Net sales	1,478	1,270	5,614	4,316
Cost of goods and services sold	-863	-799	-3,343	-2,668
Gross profit	614	470	2,271	1,648
Sales and marketing expenses	-178	-146	-634	-474
Administrative expenses	-199	-136	-714	-482
Other operating income and expenses	0	7	2	18
Other operating expenses	-21	-25	-105	-98
Operating profit	217	170	821	612
Net Interest on interest-bearing debt	-7	-16	-72	-41
Net other financial items*	-4	-2	-32	-18
Profit before tax	207	153	716	554
Tax	-46	-80	-175	-168
Net profit for the period	160	73	541	386
Profit attributable to:				
Parent Company shareholders	160	73	541	386
Non-controlling interests	-	-	-	-
Profit for the period	160	73	541	386
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders (SEK)**	10.80	5.41	38.78	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. 2023 numbers after the new share issue completed in Q4 2022 have been calculated with the average number of shares for the respective periods.

Consolidated Statement of Comprehensive Income

MSEK	Q4		Full Year	
	2023	2022	2023	2022
Net profit for the period	160	73	541	386
Other comprehensive income				
Items that can later be reclassified to profit or loss:				
Hedge of net investments	-12	-	-52	-
Tax related to hedge of net investments	-	-	-	-
Hedge of debt	27	-	-24	-
Tax related to hedge of debt	-	-	-	-
Translation differences	-192	51	-4	143
Other comprehensive income	-177	51	-80	143
Total comprehensive income for the period	-17	124	461	528
Comprehensive income attributable to:				
Parent Company shareholders	-17	124	461	528

Condensed Consolidated Balance Sheet

MSEK	2023-12-31	2022-12-31
ASSETS		
Non-current assets		
Intangible assets	7,481	7,339
Tangible assets	697	747
Other long-term securities and receivables	38	15
Total non-current assets	8,216	8,101
Current assets		
Inventories	874	843
Accounts receivables	642	597
Other current receivables	59	28
Prepaid expenses/accrued Income	84	53
Cash and cash equivalents	744	558
Total current assets	2,403	2,079
TOTAL ASSETS	10,619	10,180
EQUITY AND LIABILITIES		
Equity		
Share capital	1	1
Other contributed capital	4,443	3,254
Translation reserve	93	173
Non restricted equity incl. net income	406	226
Equity attributable to parent company shareholders	4,942	3,653
Non-controlling interest	–	–
Total equity	4,942	3,653
Non-current liabilities		
Non-current interest-bearing liabilities incl. leasing	416	460
Other non-current liabilities, put/call debt and earn-out liabilities	2,346	2,034
Deferred tax liability	742	719
Other provisions, non-current	3	4
Total non-current liabilities	3,507	3,217
Current liabilities		
Current interest-bearing liabilities incl. leasing	977	2,202
Accounts payable	321	352
Advances from customers	261	198
Current tax liabilities	83	67
Other current liabilities, put/call debt and earn-out liabilities	276	321
Accrued expenses and prepaid Income	251	168
Total current liabilities	2,169	3,309
TOTAL EQUITY AND LIABILITIES	10,619	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	-	-	-	386	386
Other comprehensive income					
Items which can later be reclassified to profit or loss					
Hedge of net investments	-	-	-	-	-
Tax related to hedge of net investments	-	-	-	-	-
Hedge of debt	-	-	-	-	-
Tax related to hedge of debt	-	-	-	-	-
Translation differences	-	-	143	-	143
Total other comprehensive income	-	-	143	386	529
Total comprehensive income for the period	-	-	143	386	529
Transactions with owners					
Shareholder's contribution	-	1,427	-	-	1,427
Transaction costs relating to capital increase	-	-12	-	-	-12
Revaluation of liabilities to non-controlling interests*	-	-	-	-282	-282
Closing balance per 2022-12-31	1	3,254	173	226	3,653
Opening balance per 2023-01-01	1	3,254	173	226	3,653
Net profit for the period	-	-	-	541	541
Other comprehensive income					
Items which can later be reclassified to profit or loss					
Hedge of net investments**	-	-	-52	-	-52
Tax related to hedge of net investments**	-	-	-	-	-
Hedge of debt**	-	-	-24	-	-24
Tax related to hedge of debt**	-	-	-	-	-
Translation differences**	-	-	-4	-	-4
Total other comprehensive income	-	-	-80	541	461
Total comprehensive income for the period	-	-	-80	541	461
Transactions with owners					
Shareholder's contribution	-	1,189	-	-	1,189
Transaction costs relating to capital increase	-	-	-	-	-
Revaluation of liabilities to non-controlling interests*	-	-	-	-361	-361
Closing balance per 2023-12-31	1	4,443	93	406	4,942

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

**Translation differences amount to MSEK 169, hedge of net investments to MSEK -52 and hedge of debt to -24 at 2023-12-31.

Condensed Consolidated Statement of Cash Flows

MSEK	Q4		Full Year	
	2023	2022	2023	2022
Operating activities				
Operating profit	217	170	821	612
Non-cash items	86	75	358	262
Other financial items	-12	0	-13	-6
Interest received	10	2	19	2
Interest paid	-21	-26	-111	-63
Tax paid	-72	-96	-224	-189
Cash flow before changes in working capital	208	126	848	618
Changes in working capital				
Increase/decrease in inventory	19	21	75	-84
Increase/decrease in receivables	-14	26	0	11
Increase/decrease in accounts payable	122	38	9	-30
Total change in working capital	126	84	84	-103
Cash flow from operating activities	335	210	932	515
Investing activities				
Investments in intangible assets	0	-1	-18	-1
Divestments of intangible assets	-1	0	1	0
Investments in tangible assets	-26	-14	-70	-49
Divestments of tangible assets	7	0	12	0
Acquisition of subsidiaries after subtracting cash	-38	-533	-339	-2,438
Divestments of subsidiaries	1	0	3	3
Changes in non-current assets	-11	1	-5	0
Cash flow from investing activities	-67	-546	-416	-2,486
Financing activities				
Shareholder's contribution	-	148	1,189	1,421
Debt issued	-1	425	1	1,187
Debt repayment	-48	-60	-1,267	-242
Other financing activities	49	8	-74	-9
Payments to non-controlling interests	-38	-34	-182	-125
Cash flow from financing activities	-39	488	-334	2,231
Cash flow of the period	229	152	183	260
Cash and cash equivalents at beginning of period	525	402	558	290
Translation differences	-11	4	3	8
Cash and cash equivalents at end of period	744	558	744	558

Business Segments

MSEK	Q4		Full Year	
	2023	2022	2023	2022
Segment B2B	185	172	696	574
Segment B2C	99	56	386	256
Central Group functions	-9	-14	-35	-43
Adj. EBITA*	274	215	1,047	787
Amortisation of intangible assets	-55	-43	-219	-148
<i>Amortization of intangible assets arising from acquisitions</i>	-55	-42	-219	-147
Acquisition related costs	-2	-2	-7	-27
Operating profit	217	170	821	612
Net financial items	-11	-17	-104	-58
Profit before tax	207	153	716	554

*) Segmental Adj. EBITA does not include the amortization of intangible assets arising from 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 57 (44) in the quarter and MSEK 226 (166) for the full year.

The Röko Group consists of 24 business units in different industries and no single customer or industry is individually significant to the group.

Quarterly Adj. EBITA increased to MSEK 185 (172) for Segment B2B and increased to MSEK 99 (56) for Segment B2C, before allocation of central group function costs. Central group costs decreased from MSEK 14 to MSEK 9. Central group function costs decrease as a share of Adj. EBITA. In the year Adj. EBITA increased to MSEK 696 (574) for Segment B2B and increased to MSEK 386 (256) for Segment B2C, before allocation of central group function costs. Central group costs decreased from MSEK 35 to MSEK 43. Central group function costs decrease as a share of Adj. EBITA.

Recognition of net sales over time

MSEK	Q4		Totalt
	B2B	B2C	
Over time	93	0	93
At a specific point in time	881	504	1,385
Net Sales Q4 2023	974	504	1,478

MSEK	B2B	B2C	Totalt
Over time	54	0	54
At a specific point in time	875	341	1,216
Net Sales Q4 2022	928	341	1,270

MSEK	Full Year		Totalt
	B2B	B2C	
Over time	345	0	345
At a specific point in time	3,353	1,916	5,269
Net Sales in Jan-Dec 2023	3,698	1,916	5,614

MSEK	B2B	B2C	Totalt
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

Segmentation of net sales

MSEK	Q4		Totalt
	B2B	B2C	
Products	885	395	1,280
Services	88	110	197
Net Sales Q4 2023	973	504	1,478

MSEK	B2B	B2C	Totalt
Products	835	318	1,153
Services	94	23	117
Net Sales Q4 2022	928	341	1,270

MSEK	Full Year		Totalt
	B2B	B2C	
Products	3,394	1,756	5,150
Services	304	161	464
Net Sales in Jan-Dec 2023	3,698	1,916	5,614

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

Acquisitions January-December 2023

24 business units were consolidated as per 2023-12-31. During the period, three acquisition was completed. Godiva, a UK-based company was acquired and consolidated at the end of the first quarter. Snowminds, a Denmark-based company was acquired and consolidated in the fourth quarter. Skywire, an Australian company was acquired and consolidated at the end of the fourth quarter. During the period Röko acquired shares in a subsidiary from a non-controlling shareholder in accordance with a put/call option agreement and received a payment for a reduction in purchase price for an acquisition

in 2022. Acquisition-related costs amounted to MSEK 2 (2) in the fourth quarter and amounted to MSEK 7 (27) in the year.

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	0	180	180
Tangible assets	3	-	3
Inventories, accounts receivable and other receivables	196	-	196
Accounts payable and other liabilities	-139	-	-139
Deferred tax	-0	-43	-43
Adjustments to previous acquisitions	8	-	8
Cash and cash equivalents	167	-	167
Net assets	234	137	371
Goodwill	-	220	220
Total net assets	234	357	591
Put/call option debt for non-controlling interests	-	-148	-148

Cash flow effect

	MSEK
Purchase price	-444
<i>o/w withheld purchase price</i>	37
Cash in acquired companies	167
Total cash flow effect	-240
Cash paid for acquisitions in previous periods	-99

Acquisitions

Consolidated in month	Acquisitions	Segment	Net Sales RTM (lokal valuta)	Employees	Röko ownership
March	Godiva Ltd	B2B	20	68	75%
October	Snowmind ApS	B2C	61	22	60%
December	Skywire Pty	B2B	18	15	80%

Godiva is a UK-based distributor of bearings and spare parts for automotive and industrial customers. Snowminds is a Denmark-based company that sells ski instructor trainings for consumers. Skywire, a Renovotec add-on, is an Australian IT hardware distributor. The acquisitions completed during the period have added MSEK 245 of sales, MSEK 50 in Adj. EBITA and MSEK 42 of operating profit for the period. If the companies would have been consolidated since January 1, 2023, it would have added an additional MSEK 228 of sales, MSEK 22 of Adj. EBITA and MSEK 15 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	2023-12-31	2022-12-31
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	469	518
Total	469	518
Lease liabilities		
Long term (reported as non-current liabilities in the Balance Sheet)	403	447
Short term (reported as current liabilities in the Balance Sheet)	80	70
Total lease liabilities	483	518
	Full Year	
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	77	61
Total	77	61
Interest expense	21	21

Financial assets in the balance sheet

MSEK	Financial assets at amortised cost
Per 2023-12-31	
Accounts Receivables	642
Other non-current financial receivables	38
Cash and cash equivalents	744
Sum	1,423
Per 2022-12-31	
Accounts Receivables	597
Other non-current financial receivables	15
Cash and cash equivalents	558
Sum	1,169

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 2023-12-31				
Interest-bearing borrowings		–	910	910
Accounts payable - trade		–	321	321
Put/call-option debt*	3	2,346	–	2,346
Deferred considerations*	3	94	–	94
Other liabilities**		–	742	742
Total		2,440	1,973	4,413
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

* 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	2023-12-31	2022-12-31
Opening balance	152	106
Acquisitions in the period	37	154
Paid purchase prices	-99	-111
Expense/Reversal via income statement	-	-
Interest	-	-
Exchange rate differences	4	3
Closing balance	94	152

MSEK 42 of the deferred considerations are to be exercised within 12 months and MSEK 52 between one and three years.

Option liabilities

MSEK	2023-12-31	2022-12-31
Opening balance	2,034	1,050
Acquisitions in the period	148	762
Divestments in the period (management purchases)	3	6
Paid purchase prices	-18	-5
Expense/Reversal via equity in the balance sheet	184	162
Interest	-	-
Exchange rate differences	-4	59
Closing balance	2,346	2,034

MSEK 103 of the option liabilities are to be exercised within 12 months, MSEK 1,183 between one and three years and MSEK 1,060 after more than three years.

Condensed Parent Company Income Statement

Röko AB, 559195-4812

MSEK	Q4		Full Year	
	2023	2022	2023	2022
Other operating income*	2	-	26	19
Administrative expenses	-9	-9	-32	-38
Operating profit	-7	-9	-6	-19
Profit from shares in group companies**	73	74	412	325
Financial income	132	57	309	135
Financial expenses	-105	-109	-475	-193
Profit after financial items	93	14	240	248
Appropriations	-	-	-	-
Tax	-	-	-	-
Net profit for the period	93	14	240	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	2023-12-31	2022-12-31
ASSETS		
Non-current assets		
Shares in group companies	7,438	6,419
Long-term receivables	5	6
Total non current assets	7,443	6,425
Current assets		
Receivables in group companies	820	1,391
Other receivables	1	–
Current tax receivables	–	1
Prepaid expenses/accrued Income	3	1
Cash and cash equivalents	387	34
Total current assets	1,210	1,427
TOTAL ASSETS	8,654	7,851
EQUITY AND LIABILITIES		
Restricted equity		
Equity	1	1
Total restricted equity	1	1
Non-restricted equity		
Other contributed capital	3,735	3,254
Non restricted equity incl. net income	683	442
Share premium account	708	–
Total non-restricted equity	5,126	3,696
Total equity	5,127	3,697
Non-current liabilities		
Other non-current liabilities	2,080	1,765
Total non-current liabilities	2,080	1,765
Current liabilities		
Debt to credit institutions	886	2,118
Accounts payable	–	3
Liabilities to group companies	497	114
Current tax liabilities	–	–
Other current liabilities	64	154
Accrued expenses and prepaid Income	–	0
Total current liabilities	1,447	2,389
TOTAL EQUITY AND LIABILITIES	8,654	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	–	–	248	–	248
Other comprehensive income					
Transactions with owners					
Shareholder's contribution	–	1,433	–	–	1,433
Share issue	–	–	–	–	–
Transaction costs	–	-12	–	–	-12
Closing balance per 2022-12-31	1	3,254	442	–	3,697
Opening balance per 2023-01-01	1	3,254	442	–	3,697
Net profit for the period	–	–	240	–	240
Other comprehensive income					
Transactions with owners					
Shareholder's contribution	–	481	–	–	481
Share issue	–	–	–	708	708
Transaction costs	–	–	–	–	–
Closing balance per 2023-12-31	1	3,735	682	708	5,127

Key Performance Indicators

	Q4		Full Year	
	2023	2022	2023	2022
Net sales for the period, MSEK	1,478	1,270	5,614	4,316
RTM* Net sales, MSEK	5,842	5,259	5,842	5,259
Adj. EBITA*, MSEK	274	215	1,047	787
Adj. EBITA* margin	19%	17%	19%	18%
RTM Adj. EBITA*, MSEK	1,069	1,005	1,069	1,005
RTM Adj. EBITA* margin	18%	19%	18%	19%
Adj. EBITDA*, MSEK	305	247	1,186	902
Adj. EBITDA* margin	21%	19%	21%	21%
Capital employed*, MSEK	8,032	8,106	8,032	7,944
Return on capital employed	13%	11%	13%	13%
Return on equity	13%	8%	13%	14%
Financial net debt*, MSEK	2,607	3,773	2,607	3,773
Interest-bearing net debt*, MSEK	167	1,587	167	1,587
Financial net debt*/ RTM Adj EBITDA, times	2.2x	3.7x	2.2x	3.3x
Interest-bearing net debt*/ RTM Adj EBITDA, times	0.1x	1.5x	0.1x	1.5x
Equity/assets ratio	47%	37%	47%	36%
Number of shares, average	14,832,500	13,484,000	13,949,510	13,484,000
Number of shares, end of the period	14,832,500	13,484,000	14,832,500	13,484,000
Number of employees, end of the period	1,426	1,271	1,426	1,271

* See definitions on page 23.

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 23.

Adj. EBITA compared with financial statements in accordance with IFRS

MSEK	Q4		Full Year	
	2023	2022	2023	2022
Operating profit	217	170	821	612
Amortisation of intangible assets related to acquisitions	55	43	219	148
Acquisition costs	2	2	7	27
Adj. EBITA	274	215	1,047	787

Adj. EBITDA compared with financial statements in accordance with IFRS

MSEK	Q4		Full Year	
	2023	2022	2023	2022
Operating profit	217	170	821	612
Depreciation of tangible assets	31	32	138	115
<i>of which Depreciation of leasing rights</i>	<i>15</i>	<i>18</i>	<i>77</i>	<i>61</i>
Amortisation of intangible assets	56	43	221	148
<i>of which Amortisation of intangible assets from acq.</i>	<i>55</i>	<i>42</i>	<i>219</i>	<i>147</i>
Acquisition costs	2	2	7	27
Adj. EBITDA	305	247	1,186	902

Net debt compared with financial statements in accordance with IFRS

MSEK	2023-12-31	2022-12-31	2023-09-30	2022-09-30
Non-current interest-bearing liabilities	14	13	9	18
Current interest-bearing liabilities	896	2,132	970	1,729
Cash and cash equivalents	-744	-558	-525	-402
Interest-bearing Net Debt	167	1,587	454	1,345
Put/call debt for non-controlling shares and earn-out debt	2,440	2,186	2,225	1,573
Total Financial net debt	2,607	3,773	2,679	2,917

RTM Net Sales and RTM Adj. EBITA*

MSEK	Q4	
	2023	2022
Net sales according to consolidated IS	5,614	4,316
Addition of non-consolidated Net Sales from October 1 (January 1 for Full year) to the acquisition date		
Segment B2B	194	506
Segment B2C	34	436
RTM Net Sales	5,842	5,259
Adj. EBITA Last Twelve Months	1,047	787
Addition of non-consolidated Adj. EBITA from October 1 (January 1 for Full year) to the acquisition date		
Segment B2B	24	94
Segment B2C	-2	124
RTM Adj. EBITA	1,069	1,005

Capital employed

MSEK	2023-12-31	2022-12-31	2023-09-30	2022-09-30
Constituents of Capital employed				
Equity	4,942	3,653	5,176	3,575
Interest-bearing debt	910	2,145	980	1,747
Leasing	483	518	506	497
Put/call debt for non-controlling shares and earn-out debt	2,440	2,186	2,225	1,573
Less cash	-744	-558	-525	-402
Capital employed	8,032	7,944	8,362	6,991
Average Capital employed (used for ROCE)**	7,988	6,197	8,153	5,625

Return on capital employed

MSEK	Q4		Full Year	
	2023	2022	2023	2022
Constituents of ROCE				
Adj. EBITA	274	215	1,047	787
Annualized Adj. EBITA	1,096	859	1,047	787
Average capital employed	8,196	7,467	7,988	6,197
ROCE in %	13%	12%	13%	13%

Organic growth

MSEK	Q4		Full Year	
	2023	2022	2023	2022
Net sales, including sales for comparable companies***	1,276	1,270	3,651	3,575
FX impact	-25		-154	
Organic sales in constant currency	1,251	1,270	3,651	3,575
<i>Growth comparable companies (actual currency)</i>	0%		2%	
<i>Organic growth constant currency</i>	-2%		-2%	

* For full year the period is from 1 January 2022 to 31 December 2022 and 2023.

**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

Year-end 2023	16 February 2023
Annual Report 2023	29 March 2024
First-quarter 2024	24 April 2024
Annual General Meeting	24 April 2024

Questions

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Röko in brief

Röko is a perpetual owner of European small-and medium-sized businesses and today we own 24 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.