STORSKOGEN'S PORTFOLIO DIVERSIFICATION – A STRATEGY FOR PROSPERITY?

A CASE STUDY OF STORSKOGEN AND ITS JOURNEY ON THE PUBLIC MARKET

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ABSTRACT

This case study provides an in-depth description of the fast-paced M&A compounder Storskogen which has received noticeable media attention since its IPO in October 2021. Through examining the market sentiment surrounding the public market entry, the underwriting process, and its business model, potential reasons for its volatile and relatively poor stock performance are put forward. First, the bullish investor attitude towards the market, in general, was extended to serial acquirers and Storskogen in particular. The strong investor interest in Storskogen culminated in a tangible premium valuation at the time of the IPO, which industry professionals believe was reasonable. Secondly, the consecutive share price descent does not resemble a normalization process due to the steepness of the fall, and the number of banks involved in the transaction, nine, does not seem unwarranted. Too many underwriters would conceivably dilute accountability, thus alleviating fears of setting a too high price, although no evidence in supporting this was found. Thirdly, the consensus is that the business model of compounders can sustainably create shareholder value, especially those with a narrower niche. However, Storskogen's upcoming years will be imperative for its future as it will either demonstrate its benefits or show its lack of competitive advantages. Ultimately, this paper details the emerging sphere of compounders by analyzing its different categories and digging deeper into their characteristics and merits.

Keywords: Serial acquirer, M&A, growth, value creation, book-runners
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1. Introduction

Leading up to 2022, the stock market was thriving, and a cluster of companies referred to as "serial acquirers" garnered widespread acclaim. On the 6th of October 2021, the group of listed serial acquirers - including, e.g., Lifco, Instalco, and Indutrade - welcomed a new peer in the form of Storskogen to the public market. Storskogen's offering was in high demand, and the size of the Initial Public Offering (IPO) deal became one of the largest ever executed on the Swedish Stock Exchange, yet still significantly oversubscribed. A total of nine banks and three legal advisors, who collectively billed approximately SEK300m, participated in the underwriting process and booked some of the most prominent pension holders in Sweden, among other investors.

Shortly after its IPO, the stock price experienced a sharp ascent, surging by 59% by the beginning of the 2022. However, soon afterwards, Storskogen experienced a drastic decline in stock price, plummeting by around 89% from its peak to the end of 2022. This rapid change in sentiment has sparked interest in understanding the root cause of this phenomenon and the valuable lessons this case can teach us about the intricacies of stock market sentiments, complications in underwriting procedures, and the endurance of a serial acquirer's business model.

Previous literature has broadly covered the field of stock market sentiments (e.g., Pan, 2020; Siganoas et al., 2014; Baker and Wurgler, 2007), structural complications of an underwriting procedure (e.g., Corwin & Schultz, 2005; Davidson et al., 2006), M&A activities (e.g., Renneboog, 2008; McNamara et al., 2008; King et al., 2004), and M&A-centered business models (e.g., Scott Management, 2020; Canuck Analysts at Exploring Context, 2021; Carnegie, 2022), as well as investors' interest in compounders (e.g., Scott Management, 2020; Carnegie, 2021). However, gaps remain to be filled, and Storskogen provides an excellent case to enrich the aforementioned body of literature. Therefore, this study will focus on three questions to enhance the understanding of Storskogen's public journey:

1) Was the stock price inflated at the onset due to bullish market sentiment, hence leading to a period of normalization?
The analysis shows that the market sentiment around the IPO was significantly bullish, both for the overall market and regarding the compounder sphere, including Storskogen. Historically, Storskogen has attracted considerable interest when raising capital, culminating in an oversubscribed IPO with a substantial premium versus its peers. Industry professionals, however, deem the price to have been reasonable. The consecutive share price development is largely driven by a changing macro environment – with an equity beta of 2.1 - which has reduced investors' willingness to take on risk and resulted in a departure to more proven business models. The consensus from this paper hints that the stark decline is not entirely fair due to unforeseen events. Ultimately, the falling price does not characterize a normalization of valuation multiples but rather a more severe descent.

2) Were the number of book-runners involved in the underwriting process justifiable, and has it created an environment where no one is to blame for Storskogen's inadequate stock performance?
The research suggests that no definitive results could be established from the collected data concerning the number of banks involved in the underwriting procedure. Secondly, this case study highlights that deal size is one of many factors that motivate the number of underwriters, as there is a substantial disparity in the data. Thirdly, from the interviews conducted, no precise reason for why the number of underwriters would be unjustifiable was presented. Altogether, the number of banks should not be considered an adequate cause of a potential conflict of interest amongst the involved banks. Finally, several circumstances were presented to explain the seemingly high number, such as the placement risk of Storskogen, various strengths

among the banks, branding opportunities through significant media attention, and the banks' interest in establishing relationships with a potentially lucrative client going forward.

3) Are serial acquirers - Storskogen business model in particular - a durable business model in its ability to sustainably create shareholder value?
The quantitative aspects of the analysis clearly show that the aggregated peer group has achieved solid returns for its investors in the past, considerably better than chosen market indexes. Interviews with industry professionals suggest that compounders will likely be able to continue doing so. However, serial acquirers that focus on specific niches were favored. Even though the data did not support this, it revealed several flaws which the interviewees argued Storskogen suffers from. Not only does the company's severe diversification appear to be counterproductive in the sense of leading to complexity and thus higher risk, but it also puts the company's ability to improve the holdings adequately into question. Also, the market seems to dislike its high pace of M&A as issues surrounding how thorough one can perform the due-diligence process when acquiring at that speed emerges. In the end, both internal and external interviewees agree that Storskogen's future holds much potential, but it is contingent on improving its communication and demonstrating the merits of the business model.

1.1 Purpose

This case study aims to deepen the understanding of the steep ascent and subsequent significant hollowing of Storskogen's stock price after its IPO. To this end, this study will scrutinize the stock market's sentiment, the number of book-runners involved in the IPO procedure, and the durability of Storskogen's business model. Additionally, this study strives to furnish the current body of literature within the research topics with an applied example and hence enhance the understanding of compounders.

1.2 Contribution

This case study endeavors to expand the existing literature by conducting a comprehensive analysis of Storskogen by exploring three focus questions. Accordingly, the study employs a case method with comparative attributes and data collection involving quantitative benchmarking and qualitative interviews. Consequently, the study offers a comprehensive view of Storskogen's progression on the public market, providing essential insights for evaluating its IPO and subsequent contractions. Additionally, the study highlights the syndicate structure and its impact on the IPO process and the stock price drop.

To achieve its objectives, we sought a multifaceted case representing a tested but rapidly growing sector: companies that engage in serial acquisitions. As such, Storskogen has been deemed the most suitable alternative due to the size of its IPO deal, the significant media attention it received, the volatile stock price development, and its sensitivity to the macro environment.

Overall, this case study seeks to provide novel insights into the field of serial acquirers, an area that has not been sufficiently explored in academic research.

1.3 Outline

In section two, we present the current literature on stock market sentiment, conflicts of interest in underwriting procedures, M&A activity, compounders, M&A-centered business models, and investor interest in serial acquirers. Afterwards, in section three, we outline the research methodology applied in this case study. Section four will then detail and describe background information concerning the time prior to

Storskogen's IPO regarding both the peer's performance and the general sentiment on the stock market. Later on, section five gives an overview of Storskogen, its operational structure, and details about the IPO transaction. Once the background has been explained, section six will provide necessary data regarding the market sentiment, the development of the peer multiples, a benchmark of the underwriting process, and data on the sustainability of compounders. Eventually, in section seven, the case findings are analyzed concerning previous research, and discussions with industry professionals are held. Afterward, the research questions are answered in section eight, and the case study is concluded. Lastly, section nine will discuss potential areas which could prove insightful to investigate further.

2. Literature review

2.1 Stock market sentiment during the period pre and post the IPO of Storskogen

Stock market sentiment refers to investors' overall attitude or feeling about the financial markets and the securities traded within them. Various factors can influence it, such as economic data, news events, macroeconomic outlooks, and investor psychology. As an academic subject, it is studied by economists, financial analysts, and market researchers to understand how sentiment affects market behavior and price movements. In practice, sentiment analysis is used by traders and investors to inform their investment decisions, by market makers to assess risk, and by financial institutions to monitor and manage their portfolios (Corporate Finance Institute, 2021).

At the beginning of 2020, the Covid-19 crisis hit, and the stock markets worldwide fell into one of the most severe financial crises ever witnessed, albeit a short one. Stockholm Nasdaq OMX All-Share index (OMXSCAPGI) fell by 19% from February to March 2020, while the Dow Jones Index decreased by 22% during the same period (Ekonomifakta.se, 2023). Shortly after this turbulent stretch, the indexes started to recover and rose rapidly. The OMXSCAPGI index traded at pre-pandemic levels as soon as the 15th of September, 217 days after the initial crash. The lively markets continued with surging stock prices, and peak market levels were noted in January 2022, three months after Storskogen's IPO. Storskogen's share development depicted a similar upsurge, appreciating 59% between the 6th of October 2021 and the 4th of January 2022. The company's journey has since then taken a turn for the worse. As of the 16th of December, 2022, the stock had depreciated 89% since the peak mentioned above. During the same period, OMXSPGI suffered a 25% decrease in value.

Considering the initial hype of Storskogen's stock, and subsequent development towards a more skeptical investor sentiment, one cannot help but wonder if a potential bubble had formed that eventually burst, leading to a period of necessary normalization. Evidence that such a phenomenon plausibly could have been present in this case is presented by Pan (2020). The findings demonstrate that investor sentiment constitutes a significant factor in determining both the likelihood of stock market bubbles and their magnitude. Hence, as the investor sentiment was unquestionably bullish considering the steep ascent in securities following the initial shock of the Covid-19 pandemic, this might have surged the large herd of investors into an irrational state and consequently given rise to a bubble.

Nevertheless, in disregard to the potential presence of a bubble, given the difficulty of isolating and proving a bubble burst, it is still relevant to investigate the causality between sentiments and stock market returns. Several sources have been analyzing the relationship between investor sentiment and returns. For example, Siganoas et al. (2014) found a positive relationship between investor sentiment and volatility for 20

international markets. Other researchers have taken an even more transparent stand. Baker and Wurgler (2007) wrote the following in their paper:

"The question is no longer whether investor sentiment affects stock prices, but how to measure investor sentiment and quantify its effects."

Other research on the topic, e.g., Checkleya et al. (2017), suggests a causal relationship between sentiment and stock price returns, volatility, and volume. Their study argues that a wide range of sentiments, expressed in high volume, is a more powerful predictor of volatility and volume in the stock market than a near-consensus opinion about price direction. It was also noted that this causal relationship between sentiment and market behavior is short-lived, meaning it changes frequently. Therefore, the crowd of investors may be more like a quick and impulsive group rather than a wise and rational source of information. It thus raises the issue of interpreting a mass moving with significant noise.

Subsequently, it becomes a question of how one can utilize the knowledge of investor sentiment when trying to predict stock market returns and if some market players are doing it better than others. Schmeling (2007) demonstrates that institutional and retail investor sentiment can be used as proxies for smart money and noise trader risk, respectively. Institutional sentiment accurately forecasts stock market returns at intermediate time frames, while retail investor sentiment consistently exhibits directional inaccuracies. Additionally, examining even the most rudimentary trading strategies based on investor sentiment, they show a consistent discerning tendency towards profitability after accounting for systematic risk. Finally, the results further reveal that institutional investors factor in expected retail investor sentiment when forming their expectations, aligned with the notion that retail investors can serve as a proxy for noise trader risk.

Circling back to the case, the Storskogen IPO inevitably resulted in increased retail investors in the cap table. Therefore, an escalation in noise trader risk for the traded shares could have resulted from the heightened presence of retail investors. Also, the complexity of Storskogen's operations, characterized by infinite holding horizons and severe diversification, in combination with a diminishing M&A pace, may have exacerbated the impact of this increased risk. Thus, the question is whether this exacerbation of the stock's risk had anything to do with a progressive departure of institutional investors, i.e., the rational investors according to this theory.

All in all, the swift changes in investor sentiment towards the firm and the overall market present an area that warrants further investigation. Doing so would aid in fully understanding the market dynamics surrounding the case of Storskogen, as well as contributing to the current body of academic literature regarding stock market sentiment. Hence, the first research question is; was the stock price inflated at the onset due to bullish market sentiment, hence leading to a period of normalization?

2.2 Literature on complications in underwriting procedures

Underwriting processes are notoriously complex and involve several parties with conflicting interests. The company and the underwriters target a high valuation as fees and corresponding payouts increase, while investors, on the other hand, strive for a risk-reward tradeoff in the sense of a reasonable price tag. Hence, in these procedures, several challenges may emerge, and this section will detail a few of the common ones, as well as banks' importance in the processes.

Conflict of interest in an underwriting process is when the underwriter has a personal or financial interest in the transaction's outcome or the securities being issued. Those situations can lead to questionable or biased decisions that are not in the best interests of the issuer or the investors. In the case of Storskogen,

potential conflicts of interest could have arisen if the underwriters stood to gain financially from the successful completion of the offering in various ways or if the underwriters had an existing relationship with the issuer. For example, by increasing the valuation of Storskogen, the ability to rationalize a more significant issue follows, and subsequently, the fee for the underwriters rises concurrently. Other incentives for the underwriters to exaggerate the valuation could have been, e.g., if one of the underwriters had been involved in one of Storskogen's past capital raises. Their clients would thus have profited from a higher valuation, and the underwriter might have felt obligated to pitch an inflated valuation to benefit the bank's recurring investors. In general, if these conditions exist, in combination or separately, the underwriter may be incentivized to overestimate the value of the securities being offered or to overlook potential risks associated with the offering.

Multiple empirical investigations have examined the significance of banks in IPOs by evaluating, for example, the influence of the underwriter's reputation on the IPO process. The results of these studies suggest that a reputable underwriter can mitigate information asymmetry among intermediaries during the procedures (Rock, 1986; Beatty & Ritter, 1986; Allen & Faulhaber, 1989) and moderate the occurrence of underpricing (Baron & Holmström, 1980; Baron, 1982; Welch, 1989; Habib & Ljungqvist, 2001; Loughran & Ritter, 2004). Additionally, other academic research has focused on the cruciality of the book-building process and its effect on price stabilization (Benveniste & Spindt, 1989; Benveniste & Wilhelm, 1990; Chen & Ritter, 2000; Ljunqvist & Wilhelm, 2002). It is thus clear that there is a significant body of literature examining banks' absolute relevance in an IPO process, albeit early research gave limited attention to a holistic perspective of an underwriting syndicate.

More recently, scholars have acknowledged that looking at individual underwriters in isolation might be inadequate and therefore begun to study the syndicate structure. This string of literature shows, for instance, that the syndicate size, i.e., the number of banks participating in the underwriting, can vary due to various determinants. According to Corwin & Schultz (2005), the IPO syndicate size positively correlates with the issue size, measured by the gross proceeds. They further suggest that the banks that offer good analyst coverage are more likely to be selected for the syndicate. On the same topic, Ljunqvist et al. (2009) demonstrated that promising research, and the provision of research coverage for the issuer, attract co-management appointments for securities being offered. Also, such relationships can increase the probability of a particular bank winning more and more lucrative lead management in the future. With this in mind, it is no surprise that banks pitching to get the IPO mandates include information regarding their excellent equity researchers. Cooney et al. (2004) coined a term for this kind of competition, "beauty contest", highlighting that the banks compete to be chosen by the issuer and the lead manager.

Davidson et al. (2006) took another approach and showed that co-managers in IPO procedures primarily affected post-IPO activities. They remark that the number of co-managers ultimately signals placement risk. In other words, issues with more price uncertainty often hire more co-managers, exemplified by high-technology IPOs where often many advisors are involved. However, involving too many banks in an IPO raises the issue regarding responsibility and ownership in the underwriting process. Nevertheless, this body of literature has yet to receive commensurate attention compared to the well-documented crucial role of underwriters in the success of these transactions.

In the case of Storskogen, nine banks were involved in the transaction, and since the listing, the stock has decreased sharply, according to Affärsvärlden (2023) - a Swedish economy newspaper. Therefore, the example of Storskogen could serve as a vivid illustration of the possible consequences that can ensue when accountability and proprietorship are obfuscated in such circumstances. The above seen conflicts of interests might have been present, allowing the banks to push a too high price which would financially benefit themselves while the blame could be shared amongst them all. On the other hand, the number of

banks might have been justifiable due to the complexity of the offering. Nonetheless, it emphasizes the need for further investigation of the potential ramifications of having an excessive number of banks involved in IPO processes and how it may justify their involvement.

In foresight, it is fair to wonder about the second research question, i.e., were the number of book-runners involved in the underwriting process justifiable, and has it created an environment where no one is to blame for Storskogen's inadequate stock performance?

2.3 Background and research on the M&A market

There is no denying that M&A as a concept is widely researched. The magnitude and frequency of historical and current deals are a potential reason for academic interest. According to a report by IMAA, Institute for Mergers, Acquisitions & Alliances, there were 2,676 M&A transactions made on a global scale back in 1985, with an aggregated deal value of approximately USD347bn. This can be compared to 49,622 deals in 2022, with a total value of roughly USD3,390bn. Interestingly, despite the exponential increase in the number of transactions, their corresponding values have not expanded similarly. In fact, during 1999, a total of 33,132 deals were valued at USD4,116bn. This area of transactional patterns has its own body of research and is often credited to M&A cycles, illustrated in **Appendix 11.1**.

PWC wrote in an analysis in 2019 that just as the economy rises and falls in cycles, so does the volume and value of mergers and acquisitions. Another consulting firm, Deloitte (2020), attempted to explain the M&A cycles, referring to companies striving to achieve growth by taking advantage of beneficial market conditions. The report mentioned low-interest rates, high stock prices, which made payments in equity feasible, and the availability of cheap debt as some of those advantageous circumstances.

On an academic level, Globe & White (1993) were one of the first ones to empirically document such patterns of M&A waves, albeit with a focus on the US. Martynova & Renneboog (2008) built upon previous research and pointed out that during recent waves, European companies have begun to participate in similar M&A patterns as US firms previously had been documented to follow. Evidence has also been presented which suggests that participation at various stages in such waves yields different results (McNamara et al., 2008). Acquisition performance was found to be higher for early movers and vice versa with those entering at the top of the acquisition wave, although on an industry level. A similar conclusion was drawn by Carow et al. (2004), who showed that the combined return of the acquirer and acquiree were better for those that participated early in the acquisition waves. Besides arguments such as early movers being able to acquire the most attractive assets quickly and developing fruitful customer relationships early on, there are also purely financial aspects to the advantages (Mitchell & Mulherin, 1996; Song & Walkling, 2000). Because when momentum in the acquisition wave grows, more suitors will most likely enter the bidding processes, thus driving up the price tags. However, other scholars argue that first movers face disadvantages (Cho et al., 1998; Boulding & Christen, 2001). A significant part of their arguments revolves around dynamic market conditions. If those factors that made an acquisition attractive, to begin with, changes due to, e.g., new technology or various external factors, the early mover advantages may be wiped away and, in fact, instead benefit those who acted later as they had the current information available.

Additionally, Martynova & Renneboog (2008) observed that takeover activity is usually disrupted by a steep decline in the stock market and a subsequent economic recession, while they observed considerable heterogeneity in the triggers of takeover activity. Booms in M&A activity were, however, usually associated with times of economic recovery, credit expansion, rising stock market, and regulatory changes such as anti-trust legislation. Furthermore, they also found that managers' personal objectives can significantly influence takeover activity, where hubris could cause poor acquisitions. Jensen (1986), who coined the term

empire building, drew a similar conclusion. Managers pursued self-interest to create a larger company, hoping for increased compensation and power at the expense of shareholders and stakeholders. Other research has also found evidence that managers of companies involved in M&A transactions are likely to have relatively short horizons (Shleifer & Vishny, 2003).

Neglecting potential reasons for wanting to grow, growing is most often a key focus of a firm, and it can be obtained in one or two ways, organically or through M&A. Organic growth refers to, e.g., managing to increase the revenue from existing customer contracts. This type of growth is natural in relatively young industries where overall expansion is ongoing. Although, when a sector eventually matures with multiple active firms competing over a modest sector-wide growth, M&A may prove effective. This was observed by Davis (2012), where the book found that firms within mature markets commonly adopt strategies centered around M&A growth. These firms often chose to consolidate the industry to achieve cost synergies. Although, the same book raises an important question. According to Davis, 50 to 75% of M&A transactions fail to deliver their expected value. This finding is supported by research by leading consulting firms illustrating that most acquisitions and divestments do not maximize value and that many major deals are abandoned due to mismatched expectations of synergies and value creation (PWC, 2019; McKinsey, 2019).

Nevertheless, improving firm performance through M&A and reaping synergies in the form of, e.g., revenue growth or cost efficiencies, is the standard explanation for M&A (Capron, 1999; Martynova and Renneboog, 2008). There are several ways to realize said synergies. For example, cost efficiencies may be produced by optimizing the new staff force to avoid overlaps or better utilizing the shared wisdom and assets. On the other hand, revenue synergies can be accomplished through additional sales channels or improved usage of complementary capabilities and machines (Barney, 1991; Capron, 1999).

However, whether the sought-after improvements can be achieved post-merger and if M&A adds value persists. As aforementioned, studies conclude that managers are affected by their personal feelings and that expected synergies may be inflated. A meta-analytical study (King et al., 2004) has found robust results indicating that the acquiring firms' performance does not positively change as a function of their acquisition activity and is negatively affected to a modest extent. Also, some specific research has concluded that the historical success of M&A strategies is limited, e.g., Hitt et al. (2001) and Sirower (1997) argue that shareholder value creation is an elusive outcome of M&A strategies.

On the other hand, other prominent researchers state that acquisitions' value creation and post-performance dimension is a complex topic with divergent theoretical roots and arguments for both sides (Bauer et al., 2018; Ellis et al., 2009; Haspeslagh & Jemison, 1991). One of the main benefits brought forward in favor of M&A is that it can enable a firm's renewal at a speed not feasible through organic manners. Through purchasing technology or assets that a specific company believes to be too complex or time-consuming to develop internally, the company may promptly obtain crucial competitive advantages to fight off its competition. On that topic, Andrade (2001) found evidence supporting improved operational performance following mergers relative to industry peers. Another point of view regarding the acquisition performance debate was put forward by Haleblian & Finkelstein (1999). They argue that the more similar the target company is with past acquirees, the better they perform.

The discussion regarding M&A's role in value creation is as nuanced as the post-merger performance debate. Several researchers have noted that the creation of shareholder value, in general, is associated with growth in different kinds of accounting metrics (Ramezani et al., 2019; Tilles, 1963). Although, the issue with that, according to the authors, is that management subsequently focuses on a virtue they refer to as "growth for the sake of growth". The main finding of Ramezani et al. (2019) is that growth maximization

does not equal maximized shareholder value. On the other hand, companies with moderate growth demonstrate the highest rates of return and value creation for their owners. Like Khanna & Palepu (1999), they argue that managers must shift their priorities from "growth now, profitability later" to "profitable growth now". In line with this, Fuller & Jensen (2002) warn companies about conforming to market pressures for unrealistic growth targets as it sets up the firm for failure if external expectations are too challenging to meet.

Advocates of shareholder value creation through M&A strategies state that since it can aid earnings growth, a higher valuation may be justified (Andrade, 2001; Shleifer & Vishny, 2003; Hansson and Lenholm, 2022). Frick & Torres (2022) are also proponents, presenting evidence of value creation for firms undertaking a repetitive and strategic M&A practice. A different perspective can, however, be found in another body of research which states that mergers create value for the stockholders of the combined firm, where most of the gains accrue to the stockholders of the target firm (Jensen & Ruback, 1983; Jarrell et al., 1988; Andrade, 2001). These researchers have focused on analyzing the abnormal stock return following the deal's announcement. Yet, the value creation for the acquiring firm's shareholders remains slightly more ambiguous.

A more neutral stance on M&A's possible value creation was presented by Capron & Pistre (2002), who argue that bidders of target companies likely compete away abnormal returns for the winning bidder. Rather than reaping the benefits together through, e.g., a joint purchase, the bidders implicitly made winning the bidding process less appealing.

Despite mixed evidence supporting M&A's ability to create value and improve performance, the current body of research provides consistent evidence that post-deal value creation is contingent on the effective integration of the two formerly separate entities (Birkinshaw et al., 2000; Schweiger, 2002; Haspeslagh and Jemison, 1991; Larsson and Finkelstein, 1999). Thus, current research does not uniformly support managers' enthusiastic approach to growing through M&A if a clear game plan for post-merger integration has yet to be developed. Even then, the creation of shareholder value may be a tall order. Nevertheless, the unambiguous message regarding M&A's potential points to the subject being considerably complex, and the common denominator is that scholars believe the integration process to be crucial.

With that in mind, it is interesting to observe the emergence of firms with M&A as a core part of their strategy. Research has found that some firms have business models that evolve around structured and frequent M&A, which utilize M&A as part of their core business routines (Ginsberg & Baum, 1994; Heleblian et al., 2006). This type of company is often referred to as “compounders” and “serial acquirers” by industry professionals, and they share one common trait, a propensity for an active M&A agenda. Research on the characteristics and performance consequences of companies with such active M&A agendas is surprisingly low (Laamanen & Keil, 2008). Although according to Nelson & Winter (1982), these firms look to expand their organizational size through routinized acquisition processes. Interestingly, research further suggests that utilizing a framework like this reduced the firm’s likelihood of overpaying for the target (McNamara et al., 2008).

With that said, an exact definition of the number of acquisitions a firm must undertake within a given period or overall, to be labeled as a serial acquirer is yet to be determined. Some scholars, e.g., Fuller et al. (2002) and Karolyi et al. (2015), used a threshold of five acquisitions within three years between 1990 and 2000 for a company to be classified as a serial acquirer. On the other hand, Billett and Qian (2008) use another methodology, where a company is considered a compounder if it has purchased at least two targets over a five-year rolling window. A more general definition, which Macias et al. (2016) use, is the following:

"A company that is likely to undertake a large number of acquisitions, either over relatively continuous periods or in bursts of acquisitions."

Storskogen and a number of similar firms fit either of those definitions. Those companies will be called "compounders" or "serial acquirers" throughout the paper. In recent years, several of these compounders have demonstrated impressive stock returns. Coupling the robust shareholder return with the aforementioned lack of analysis on said industry further strengthens the need for research on the topic. Consequently, the third research question is as follows; are serial acquirers - Storskogen business model in particular - a durable business model in its ability to sustainably create shareholder value?

Before diving deep into the case of Storskogen, it is crucial to understand more about the mechanics of serial acquirers.

2.4 A deep down into compounders

In general, compounders attempt to identify businesses with leading positions within their respective niches but simultaneously lack sufficient organic reinvestment opportunities to effectively absorb the produced cash flow, according to Scott Management (2020). Said source states that compounders acquire these firms, often in private settings, at prices that generate a higher rate of return than the cost of capital. In most cases, the free cash flow generated by these portfolio companies is then used to finance additional acquisitions.

The compounder sphere can further be divided into subsections; an exact definition of those is, however, not public domain, but the following ones have been gathered from Scott Management (2020), Canuck Analysts at Exploring Context (2021), and Carnegie (2022). This paper will use the following categories: Roll Ups, Platforms, and Accumulators - Storskogen's category. A brief description of each of those is located below, with a more thorough one in **Appendix 11.2**, and **Appendix 11.3** shows similarities and differences between them.

The sources' first subcategory is Roll Ups, which includes compounders that meticulously integrate the acquired businesses to achieve profitable synergies between the portfolio companies and the parent company. Platform is the second subsection, and it includes compounders that build platforms in which they integrate the companies and attempt to extract synergies, but not across the platforms. These companies often try to improve their holdings with internal knowledge and expertise. The third category, Accumulators, is the category in which Storskogen is included. Accumulators generally have little to no integration and utilize an internal program for knowledge sharing, much like Platform companies. The last one is Holding companies. These compounders do not change the acquired businesses or integrate them with other portfolio firms. They instead attempt to improve and support the portfolio holdings through internal control functions and expertise. Carnegie (2022) uses the first three definitions of Scott management (2020), but decided to remove the Holding companies category, a methodology this paper will mimic.

2.4.1 Are the M&A centered business models feasible?

Despite the conflicting academic research backing compounders' core idea, Scott Management (2020) makes several arguments for why attentive serial acquirers create value in other ways than through financial engineering. First, compounders can target relatively small companies that other investors, e.g., financial or strategic buyers, believe are too small. Addtech was mentioned as an example, where its acquisitions have, on average, less than USD10m in revenue and about 20 employees. Secondly, by purchasing various firms,

the parent company automatically diversifies its exposure and reduces the business risk. Canuck Analysts at Exploring Context (2021) agree with this point and add that, as the compounder becomes increasingly diversified over time, the returns can compound with lower and lower idiosyncratic risk. Thirdly, serial acquirers often take legacy considerations into account. As sellers sometimes wish that their businesses carry on, independent of their involvement, they may be inclined to accept a lower price for that to happen. Scott Management (2020) believes that this benefits companies such as Addtech.

Besides stating compounders' appeal, Scott Management (2020) has identified a set of attributes that they argue make a serial acquirer successful. The starting point is that purchasing companies is relatively easy. Although finding the perfect fits and integrating them correctly is where the challenges lie, in line with several scholars (Birkinshaw et al., 2000; Schweiger, 2002; Haspeslagh and Jemison, 1991; Larsson and Finkelstein, 1999). Not only should a compounder look for targets with prosperous financial outlooks, but they also must be an excellent cultural fit with robust and committed management. On the other hand, the parent company should also have a standardized control environment to oversee the entire Group's financial well-being. Having robust control functions further helps with seamless onboarding and fewer hassles for the acquired firms. Furthermore, a realistic approach to financial targets is essential to accomplish a sense of shared understanding and to avoid unwanted behavior. After all, fostering a climate of best practice sharing is crucial. Compounders consist of several knowledgeable entrepreneurs and getting them to learn from one another can be effective for both inspiration and morale.

Before deep diving into the world of serial acquirers, Carnegie (2022) makes an interesting remark. According to them, the multiple-arbitrage of compounders, i.e., the discrepancy between what the serial acquirers as a public company are trading at and what they purchase the targets for, is a popular topic for both buy-side and sell-side investors. Although, Carnegie (2022) considers this focus to be misdirected. The argument is that public firms' valuation multiples may change swiftly over time, and sometimes due to external factors, meaning that basing one's business model on the assumption that the arbitrage will remain, and hopefully with a substantial spread, is risky. A final remark by Carnegie (2022) is that most successful compounders do not adopt that thinking, so why would the investors?

Considering the viability of serial acquirers' business models, Carnegie (2022) takes another point of view. Their standpoint is that if an investment, acquisition in this case, yields a higher Return on Invested Capital (ROIC) than the cost of capital, then the acquisition is value-creating. A compounder should hence keep acquiring targets as long as the return versus cost relation holds since compounders, in such instances, create shareholder value with the help of M&A. However, this benchmarking exercise might not be as straightforward as it sounds from a theoretical perspective. Berk & Demarzo (2017) concluded that the weighted average cost of capital (WACC) could change substantially for different investments. Finding the correct WACC for the exercise may therefore be challenging.

Nevertheless, according to Carnegie (2022), the typical Swedish serial acquirer pays an Enterprise Value divided by Earnings Before Interest, Taxes, and Amortization (EV/EBITA) multiple between 5-8x, which in a steady-state scenario returns pre-tax profits of roughly 13-20%, i.e., approximately the inverse of the paid multiple. Usually, the cost of capital for an acquirer is below that range, illustrating that compounders create value. On top of that return, Carnegie (2022) argues that organic growth is also a realistic expectation for the target companies. With the help of competent board members, best practice sharing, and well-developed control functions, portfolio companies gain an advantageous position for improvement. Furthermore, the source also states that investors during recent years of low-interest rates have favored this type of revenue growth visibility compounders offer, implying that firms may drive shareholder value by adopting the strategy. Although, this argument is only valid if the expected return exceeds the investment's costs.

To illustrate the potential of combining a routinized M&A agenda with organic growth, Carnegie (2022) utilizes a numerical example. Picture a firm with a high cash conversion at roughly 75%, where Free Cash Flow over EBITA (FCF/EBITA) is used as a proxy, which it can exclusively use for acquisitions with a price ranging from mid-to-high single-digit EBITA multiples. Each year, this would result in an increase of EBITA in the 10-15% range. Coupling this with an organic growth of 5%, i.e., a modest spread on top of the general overall GDP growth, implies an annual earnings expansion of ~15-20% if maintaining constant leverage ratios. This can be compared to the stock market's general pace of 4-10% per year, according to Carnegie (2022). This type of long-term robust performance is what Canuck Analysts (2021) find particularly attractive with compounders, which they summarized with the following quote:

"The allure of investing in a serial acquirer is the tendency of such companies to reinvest all or most of their free cash flow for a very long time at high rates of return. It's as simple as that."

Like Scott Management (2020), Carnegie (2022) has identified characteristics that function as enablers for a high sustained growth rate through M&A. First, a healthy balance sheet can keep the transaction pace alive without external capital raises, which are detrimental to existing shareholder value. Although, what might be even more critical is the compounder's ability to generate cash. As long as the serial acquirer generates positive cash flows, the current pace of M&A can be altered to adjust for possible times of financial hardships or prosperity. Carnegie (2022) argues that ROIC, or Return on Capital Employed (ROCE), are efficient metrics for determining how generative a business is, opposed to traditional cash conversion figures. The third pillar concerns a well-functioning M&A organization, capable of identifying attractive targets, negotiating and closing deals, and undertaking a considerable number of transactions yearly. Lastly, a qualified management team is vital to a compounder's long-term success, according to Carnegie (2022). Even though they may not impact the day-to-day operations that much, Carnegie (2022) found that successful compounders have management teams with long tenures and, on average, a significant stake in the firm. The line of thinking is that personal shareholding leads to skin in the game for management, which effectively aligns their interest with the interest of the shareholders and thus makes the M&A process as well thought out as possible.

2.4.2 Investor interest for compounders

Considering serial acquirers' remarkable ability to grow, Scott Management (2020) explains why compounders may have been overlooked or misunderstood. They argue that predominantly three factors cause potential misconceptions: the acquisition-oriented nature, their complexity, and Wall Street's convention to exclude future acquisitions from forecasts.

The first point links back to the academic discussion regarding M&A, where multiple prominent sources state that most transactions are value destructive or neutral at best. On that topic, hubris among managers may lead to unfavorable deals. Scott Management (2020) contextualizes this with a quote by a Fidelity Investments' Magellan Fund manager:

"Acquisitions, in general, make me nervous. There's a strong tendency for companies that are flush with cash and feeling powerful to overpay for acquisitions, expect too much from them, and then mismanage them."

Investors may thus naturally shy away from acquisitive companies when parts of the academic sphere, combined with well-known money managers, air on the side of caution when compounders are mentioned.

Secondly, the complexity argument suggests that a compounder has more moving parts than a traditional company. Initiatives to improve the underlying businesses are more likely to be overlooked in the case of a serial acquirer due to the continuing stream of deal announcements. To detail the argument Scott Management (2020) mentioned Lagercrantz. The company managed to improve its gross margin from 20% to 36% over roughly 15 years as it prioritized its own products, as opposed to third-party ones, while maintaining a swift M&A agenda. For an outsider, it may be difficult to fully grasp the internal improvement programs when you are regularly faced with M&A deals.

Lastly, Scott Management (2020) claims that analysts do not consider future acquisitions when valuing a company, even though they include investments towards, e.g., CAPEX and working capital. This approach may be reasonable for some firms but not for compounders as their business models evolve around routinized M&A. This "quirk" in analysts' thinking causes short-sighted views on serial acquirers' capabilities for future free cash flow growth.

Also, Carnegie (2022) mentions predominantly one risk/challenge associated with compounders. The critical argument brought forward by the source for successful serial acquirers is being able, over a long period, to demonstrate a high growth rate with an ROIC well above the WACC. Eventually, however, all companies that use M&A as a growth mechanism will face the law of diminishing returns, because when you grow, your targets also must grow, or at least the pace of deals. It may hence be more challenging to efficiently move the needle as larger firms generally have more suitors that drive up the price. This aligns with the earlier discussion of M&A waves (Mitchell & Mulherin, 1996; Song & Walking, 2000; Carrow et al., 2004; McNamara et al., 2008).

An interesting finding by Carnegie (2022) regarding diminishing returns is that most companies have a hard time making more than 20 acquisitions yearly. As continuously scaling the size of the target companies is difficult in practice, the law of diminishing M&A returns persists. A quote in Canuck Analysts at Exploring Context (2021) report summarized the relationship effectively:

"As a) average deal sizes grow and b) the amount of annual cash flow that must be reinvested grows, incremental returns on capital decline."

Both Canuck Analysts at Exploring Context (2021) and Carnegie (2022), therefore, believe scaling the internal M&A organization and making sure that the required human capital is maintained is a challenging but essential task for compounders in order not to create bottlenecks in the acquisition process. Interestingly, Carnegie (2022) observed that several of the compounders that have been successful historically on the Swedish market, e.g., Lifco, Indutrade, Addtech, and Lagercrantz, are considerably patient when screening for targets. Not only does this aid in gaining trust from the selling entrepreneur, which often is a crucial step as they are selling their life work, but it also enables them to identify gaps in their competence and obtain it promptly. This kind of routinized M&A is what McNamara et al. (2008) advocated, stating that it holds several benefits, e.g., in the form of being less likely to overpay for the targets. Although one potential drawback is that they may lose early mover advantages.

A finishing remark by Canuck Analysts at Exploring Context (2021) puts a conventional wisdom of investing, not only regarding compounders, in question. They argue that track records may serve as disfavor when analyzing serial acquirers. The argument stems from the diseconomies of scale that cause diminishing returns. What made previous acquisitions successful, e.g., the human capital and potential reach, will most likely have changed since then, as long as the compounder is not a Roll Ups that operates within one niche.

3. Methodology

3.1 Research design

As the purpose of this study is to detail the public journey of Storskogen and analyze potential value-creation characteristics of the emerging niche of serial acquirers, the case method methodology was chosen. A quote by Eisenhardt (1989) effectively captures the essence of said method:

> *"The case study is a research strategy which focuses on understanding the dynamics present within single settings."*

The benefit of such an approach is that several perspectives, e.g., academic research, interviews with relevant industry professionals, and available public sources, can be integrated to provide a comprehensive picture of the case. Also, using multiple different sources aid in eliminating biases that could surface if only a single data collection method were used (Yin, 2009). Furthermore, due to the sheer size of Storskogen's offering, one of the largest IPOs ever made in Sweden (Bloomberg, 2023), combined with the consecutive performance and the company's unique M&A swiftness, presents a rather complex and unique situation.

Although, early research on the case methodology questioned its scientific validity, stating that it is too situation-specific and difficult to generalize, raising the question if its usage is appropriate in this context (Yin, 1994; Weick, 1969). The authors, for example, problematized the occurrence of descriptive data, criticizing its applicableness. Weick, however, changed his opinion years later (Weick, 1979), thus instead agreeing with Cronbach (1975), stating that researchers should attempt to draw conclusions specific to situations to a greater extent. Evidence has further been put forward in favor of the method's advantages in this specific paper's circumstances. Yin (1994) communicated that the case methodology is widely used within the economics sphere, and Mills et al. (2010) argued that case studies are beneficial in the business realm when analyzing uncommon and atypical firms. Regarding the complexity of the case, Brown (2008) argues that case studies may be valuable in providing a holistic understanding of complicated situations. Also, as aforementioned in section 2.3, the academic literature regarding the compounder industry is relatively scarce. Case studies are particularly well-suited in those instances (Eisenhardt, 1989). The reason is that theory building from case studies does not rely on previous literature or prior empirical evidence. In the end, the method's purpose in this paper thus appears to be rationalized.

Lastly, as this paper's purpose surrounds assisting the readers in getting a deeper understanding of the case of Storskogen, a case methodology may prove to be more easily digestible for the audience. The readers will most likely be curious people in the finance industry or decision-makers within serial acquirers or various stakeholders. As this crowd plausibly has limited experience in reviewing academic literature, abstaining from such a format may prove to be beneficial. According to Siggelkow (2007), case studies are valuable as they, amongst other benefits, provide the reader with a concrete way of imagining how the conceptual argument might be applied. Utilizing a case when describing Storskogen can, thus, straightforwardly convey academic research without overcomplicating it for the target audience.

3.2 Research resources

This paper's primary source of information consists of interviews with several of Storskogen's key stakeholders. Due to the variety of interviewees, ranging from significant shareholders to managers at the firm, the discussion is detailed with several exciting perspectives. Early investors get the opportunity to explain the investment rationale and attractive features of Storskogen. At the same time, employees can

clarify any uncertainties regarding the operations and provide comprehensive insights into the company. Eight interviews were conducted, and the table below presents an overview of them.

Table 1 - List of interviewees' names, positions, companies, and dates

Name	Position	Company	Date
Monica Gutén	Investment Director Industry Products	Storskogen	06-03-2023
Peter Ahlgren	Partner & Head of Business Area Services	Storskogen	09-03-2023
Gustav Fredrikson	Stock Analyst	Kammarkollegiet	14-03-2023
Mikeal Håkansson	Portfolio Manager	Kammarkollegiet	14-03-2023
Lukas Lindkvist	Group CEO & Partner	Coeli	15-03-2023
Victor Björk Lindström	Investment Manager	Helix Kapital	22-03-2023
Richard Jonsson	CEO	Agio	22-03-2023
Henrik Arfvidsson	CEO at Coeli Private Equity	Coeli	22-03-2023

A quote by Rabionet (2011) effectively describes the attractive components of qualitative interviews:

"Qualitative interviewing is a flexible and powerful tool to capture the voices and the ways people make meaning of their experience."

In order to reap the benefits of the chosen interview technique, a high degree of flexibility and perseverance was adopted. When a sound mix of perspectives from potential interviewees was perceived to be achieved, detailed questions were prepared for each interview. This methodology enabled a tailored approach for extracting knowledge unique to the interviewee. However, questions were altered, omitted, and added during each talk if deemed reasonable as new angles emerged. The interviews can accordingly be labeled as conducted in a semi-structured fashion (Merriam, 1994). Accompanying advantages are, for example, that the drafted questions functioned as a guiding mechanism, but by allowing the meeting to roam freely, new interesting avenues were discovered.

Furthermore, all interviews were recorded, with the consent of the interviewees. This facilitated following the recommendations of Bryman & Bell (2013), who argued that transcribing the entire interviews are beneficial. Accordingly, 381 minutes of recordings and 54,107 words from the eight interviews have been collected. Key insights from the meetings were thus readily available following the meetings. It presented the opportunity to review the notes and detect essential parts that may have been overlooked previously. Importantly, references to the interviews have been verified afterward to reduce the risk of misinterpretation.

Other sources of knowledge were further utilized to provide additional depth and understanding of the case. In some instances, these sources were also used to verify specific information gathered during the interviews. A common attribute of all the sources is their high level of credibility. No source with questionable motives or a lack of acceptable reputation was thus chosen. Nevertheless, online sources such as newspaper articles, equity analyst reports, press releases, and financial statements were commonly leveraged. Another type of source that was used was academic literature. Included in this category are different articles and books written by prominent researchers. Lastly, to retrieve data regarding valuation

metrics and statistics for peers, Capital IQ and Bloomberg were utilized as the primary databases for quantitative information.

3.3 Validity and reliability

The validity and reliability of the case study methodology have been discussed in previous sections. However, a similar discussion regarding the information gathered from the interviews is still worth having. There is no denying that either one of the interviewees might have some hidden agenda. It could be that an employee at Storskogen wants to disregard negative aspects of the company to improve its image, as well as competitors wanting to demonstrate their own merits. Coeli, for example, is an asset manager that simultaneously operates a PE business, in that sense being an investor and competitor to Storskogen at the same time. Both employees at Kammarkollegiet admitted to predominantly investing in traditional companies, adjacent to the value investing niche, where Storskogen is not a perfect fit, according to both sources. Helix Kapital is a PE company focusing on Nordic growth-oriented investments - within industrial innovation, sustainable advancements, and digital conversion - and, therefore, a competitor to Storskogen. On the other hand, Jonsson's firm Agio was acquired by Storskogen in 2021 and currently has an ongoing business relationship with the firm, and Storskogen employs the other two interviewees.

Due to the potential biases, interpretation of the information was continuously made with caution and an objective mindset. Ultimately, the interviews can still be regarded as successful with high-quality data. The interviewees were all experienced people within relevant niches that possessed unique knowledge. Even though fractions of the information may have been tainted, the aggregated sum was not.

The critique could also be directed to the amount of conducted interviews, arguing that more would have been beneficial. Although, considering the variety of interviewees, representing some of the crucial stakeholders, the issue is mitigated. Also, other sources have been able to fill potential gaps.

4. Market background

This section will detail the time before Storskogen's IPO regarding both the peer's performance and the general sentiment on the stock market. This is deemed necessary due to the uniqueness of the rapid movements which markets around the world exhibited, but also to give the reader a more in-depth understanding of compounders on the public market.

As mentioned in section 2.3, academic literature does not unanimously support the value proposition of M&A. However, several so-called compounders have historically experienced relatively impressive returns. Carnegie (2022) mentioned Bergman & Beving as an example. A company that was listed in 1976 and which is often referred to as the original serial acquirer. The firm's fame, to a large extent, stems from its remarkable ability to grow and develop businesses. To illustrate, its market cap at the time of the listing was SEK25m, which in January of 2022 was SEK120,773m, including Group companies that have been spun off. The same source further indicates that the company's share had increased 64x during the initial 20 years, representing a Compounding Annual Growth Rate (CAGR) of 24%, excluding dividends. Since then, the CAGR has been 17%. Additionally, several of Storskogen's successful competitors, e.g., Addtech, Addlife, and Lagercrantz, have all been spun off from Bergman & Beving. Addtech became a separate entity and listed company in 2001. At that time, the company had SEK2,592 in sales with an Earnings Before Interest and Taxes (EBIT) margin of 8%. As of the last twelve months (LTM), December 31, 2022, the corresponding figures amount to SEK17,363 and 11%, i.e., a sales CAGR of roughly 10% and a margin expansion of almost 40%, in total. This impressive performance is not an isolated case. A few years after

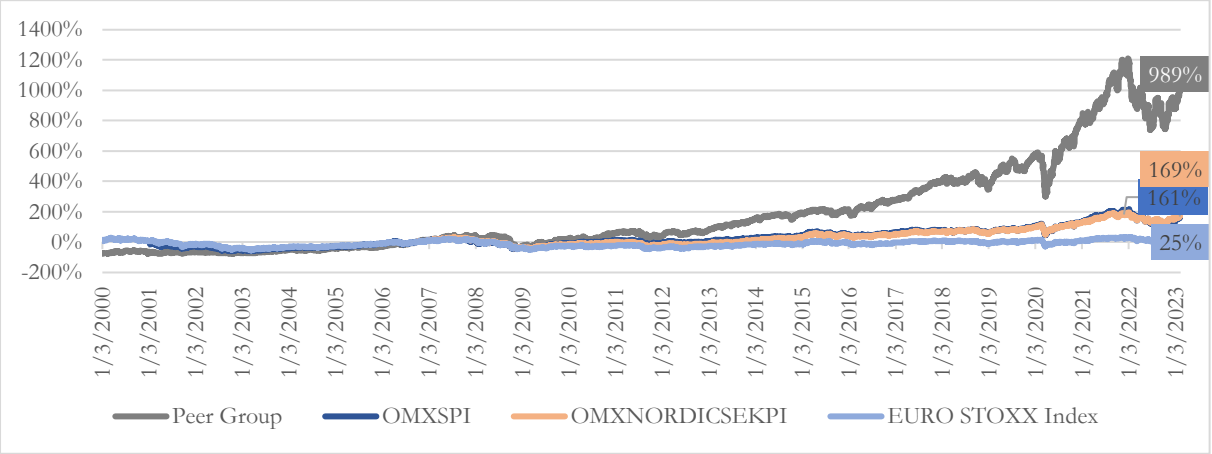
Addtech was spun off, Addlife entered the public sphere in March 2016. Its financial report covering the period up until December 31, 2022, demonstrates a revenue increase of SEK1,934 in 2016 to SEK9,084 in 2022, a CAGR of ~29%, while the margin has expanded from 7.3% to 8.9%.

A peer group to Storskogen was first put together to focus the study. Companies from each compounder category were chosen and equally distributed to capture the different types of serial acquirers, i.e., Roll ups, Platforms, and Accumulators. In the end, 12 peers became the basis of comparison to Storskogen. One international player was included in each segment to provide a broader perspective. Companies of varying sizes were also included to provide additional perspectives. As a result, the peer median market cap was USD6,145m, compared to Storskogen's of USD1,453m. **Appendix 11.4** contains short company descriptions, and a summary of the peer group's financial and valuation metrics can be found in **Appendix 11.5**, where NTM refers to as "Next Twelve Months".

Two crucial remarks prior to a more in-depth description of the companies are that Storskogen's financial history is relatively limited due to their public market entry in October of 2021, which may make comparisons more challenging. Also, due to the unique nature of serial acquirers, a reader should be notified of the differences between proforma and reported financial figures. Stock measures, e.g., assets, and flow measures, e.g., revenue, are integrated into the Group's common financial reports at different times. The stock measures are included as if the target was acquired at the beginning of the financial year, whereas flow measures are integrated as of the time of the acquisition. To illustrate how significant the discrepancies can be, as of Q3(22), Storskogen reported a pro forma rolling twelve months, RTM, revenue of SEK36.5bn, while the reported RTM sales figure was SEK30.5bn.

Nevertheless, the peer group has historically outperformed several market indexes, such as the OMX Stockholm All Share Index (OMXSPI), OMX Nordic All Share Index (OMXNORDICSEKPI), and EURO STOXX Index, rather aggressively. The relative performance grew even more prominent following the initial Covid-19 pandemic shock. When adopting a time perspective from 2000, the aggregated peer group has beaten the aforementioned benchmarks by several hundred percent, depicted in **Graph 1**. More recently, individual stocks, e.g., Lifco and Addtech, have increased by ~260% and ~330%, respectively, in the past five years. OMXSPI has risen by almost 55% during the same time.

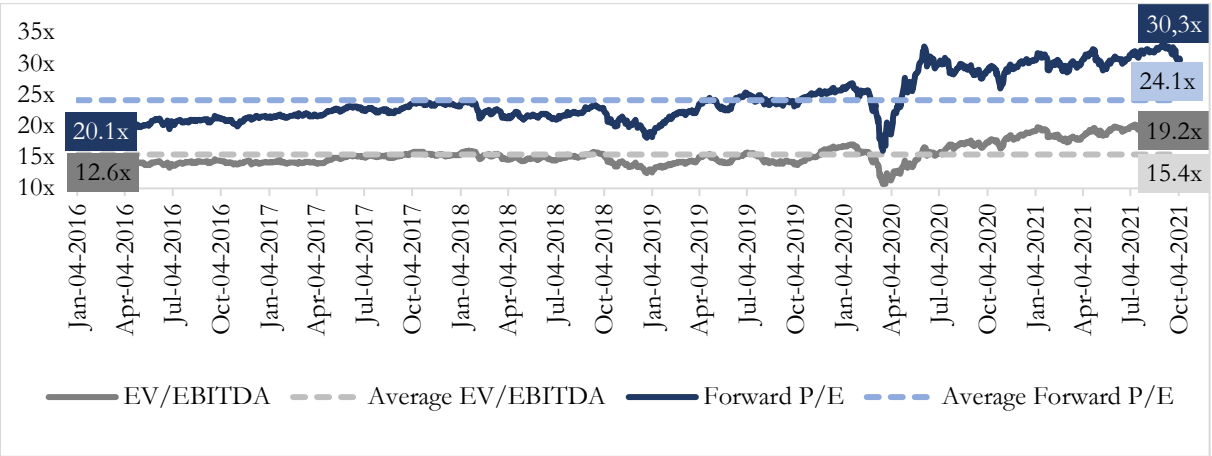
Graph 1 - Peer group' historical stock performance. Source: Capital IQ (2023)



Considering the remarkable stock price increases, it is not surprising that the peer group's valuation simultaneously has risen. When focusing on the beginning of 2016 to Storskogen's IPO in 2021, the aggregated peers' Enterprise Value over Earnings Before Interest, Taxes, Depreciation, and Amortization (EV/EBITDA) multiple increased from 20.1x to 30.3x, with the corresponding Forward Price over

Earnings, P/E, ratio increasing from 12.6x to 19.2x. As a benchmark, the average EV/EBITDA was 24.1x, and the mean P/E was 15.4x. The overall market movements during 2020 are evident in a sharp fall in the multiples, which then rose to levels higher than pre-pandemic shortly after. Until 6th October 2021, the IPO date, both multiples remained at those peak levels - see **Graph 2**.

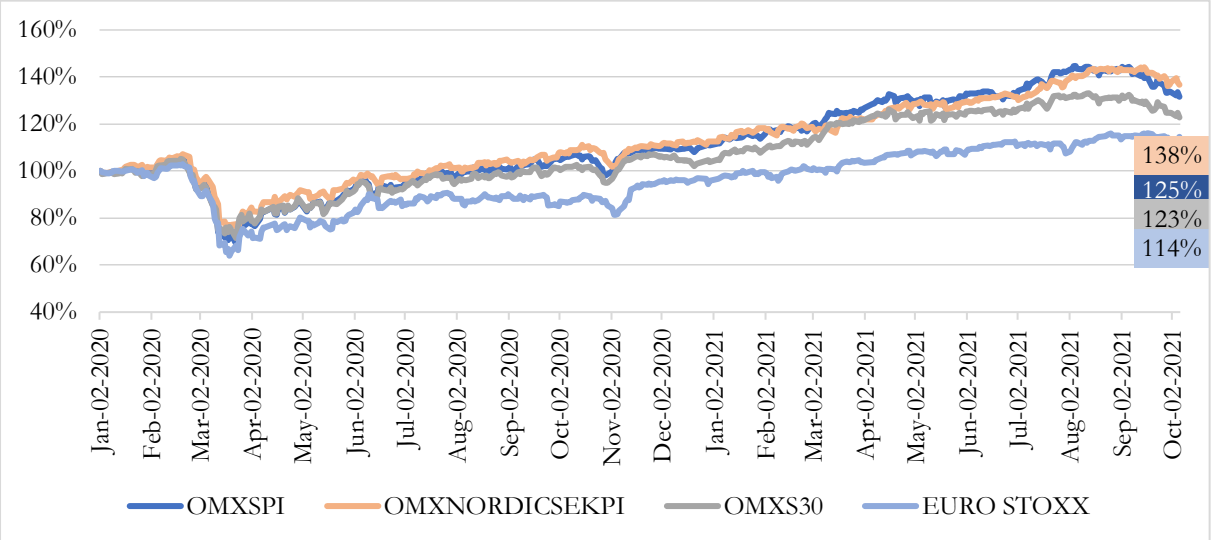
Graph 2 – Peer group valuation development historically. Source: Capital IQ (2023)



It appears that serial acquirers were sought after by investors during recent years. This begs the question of whether it was the specific sector that was attractive to invest in or if the overall market sentiment was robust. Understanding this may prove beneficial when attempting to figure out Storskogen's recent performance.

As was pointed out in section 2.1, the market sentiment around the time of Storskogen's IPO was substantially volatile, yet bullish. After the initial shock to the Covid-19 pandemic, market indexes worldwide quickly recovered and reached all-time high levels in 2021 and the beginning of 2022 - see **Graph 3** for illustration. Storskogen's first day of trading occurred on 6th October 2021, when the OMX30 index was up almost 17% year to date (YTD), 72% from the bottom noted on 23rd Mars 2020. Also, the aforementioned peers of Storskogen stock prices had risen 35% on average YTD, with a median of 32%. Since the start of 2020, the average and median increases were +95% and +102%, respectively. Hence, there is no denying that the firm entered the market during a time of optimism and bullishness.

Graph 3 - Overview of market indexes up until Storskogen's IPO, since 2020. Source: Capital IQ (2023)



5. Case background

5.1 Overview Storskogen

In 2012, the story of Storskogen began with the vision shared amongst its three founders - Daniel Kaplan (sitting CEO), Alexander Murad Bjärgård (sitting Head of M&A and Board Director), and Ronnie Bergström (former Head of Business Area Industry). They saw an opportunity to acquire profitable and stable small to medium-sized enterprises (SMEs) within the industrial sphere that did not fit existing organizational structures.

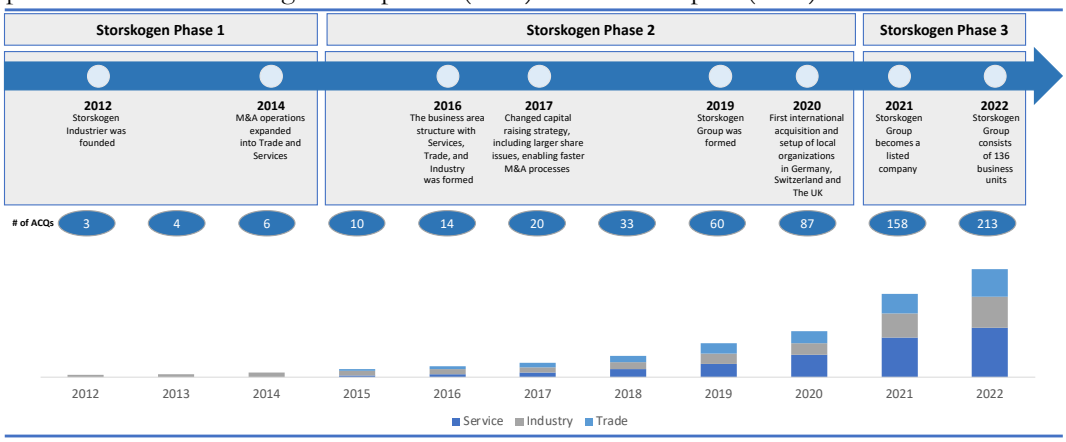
Their first significant move was the acquisition of Berco, STV, and ÅMV Productions, which together formed Storskogen. In 2014, the company broadened its horizons and added trade and service companies to its list of potential acquisition targets. Two years later, in 2016, the Industry, Trade, and Services business area structure was established, laying the foundation for the company's continued development. These business areas are noticeably diverse and include sub-industries such as technology, food and beverage, and consumer goods. Storskogen prides itself on having a keen eye for businesses that possess leading positions in their respective niche markets while striving to be their best owner.

In 2017, Storskogen took a bold step and changed its capital-raising strategy to include more significant share issuances that would sustain larger acquisitions, thus accelerating the M&A pace. Two years later, in 2019, the company solidified its position in the market by forming the Storskogen Group through the merger of Storskogen Industrier, Storskogen Utveckling, and Storskogen 3 Invest.

The company's first foreign acquisition was completed in 2020, and local M&A teams were then established in Germany, Switzerland, and the United Kingdom. Since then, Storskogen has been on a roll, executing acquisitions in Denmark, Norway, Germany, Switzerland, Singapore, and the UK. In the first half of 2021, the company completed 55 acquisitions, including its first purchases outside the Nordic region, propelling it to the status of a global business. Today, Storskogen's portfolio companies have a combined employee base in 28 countries, showcasing the company's tremendous growth and reach.

Taken together, since its formation, Storskogen has been a powerhouse in M&A activity, expanding to consist of 136 business units (BUs) - an entity that can either consist of a single company or a group - and over 12,945 employees as of Q4(22) (Annual Report, 2022). The firm's headquarters are in Stockholm, Sweden, but its investment organization has a global presence with over 100 employees in various countries.

Table 2 - The history of Storskogen; an overview of Storskogen's Key Events, Acquisitions and Sales development. Sources: Storskogen Prospectus (2021) & Annual Report (2022)



One of the defining features of Storskogen is its unique approach to ownership. Unlike many peers, Storskogen's goal is to hold onto its acquired companies indefinitely while adopting a hands-off approach, as it believes in preserving the qualities that have made the target companies successful. Another dimension of ownership is that the company historically has acquired a minimum of 90% of each target, hence not acquiring minority stakes.

The most important focus when searching for investment candidates for Storskogen is to locate stable businesses. Targets should have robust cash generation capabilities today instead of eventually in the future, with healthy risk profiles and leading market positions. As Storskogen aspires to own the holdings in perpetuity, the risk aspect becomes increasingly important. Due to that, each candidate's macro environment is analyzed to ensure continued relevance in the future. Naturally, businesses that are not ESG-aligned are excluded, and start-ups are often not considered as they do not fulfil the financial criteria.

Storskogen supports the entrepreneurs by taking care of tasks such as HR, communication, and legal with the help of central functions, allowing the entrepreneurs to focus on the core business. The acquired companies adhere to the Group's financial management and control principles, but they retain responsibility for operational decisions, thus fostering the entrepreneurial spirit. In this way, Storskogen nurtures the qualities that make the target companies successful, creating a win-win situation for both the company and the entrepreneur.

In October 2021, Storskogen Group went public on the Nasdaq Stockholm exchange. The company's IPO was highly successful at the beginning and one of the largest ones in Sweden historically, with the stock soaring in value during the first weeks of trading. Furthermore, the offering attracted much attention from investors as it was substantially oversubscribed, according to the company ("First day of trading in Storskogen's B-shares on Nasdaq Stockholm", 2021). After the initial hype of the new M&A machine on the stock market, the sentiment took a swift turn during the first trading days of 2022. Since then, the stock has been on a steady downward path.

However, Storskogen has continued to grow and invest in various innovative companies. To illustrate, the Group's annual net sales, compared to the previous year's, increased by 96% in 2022 (Year-End Report, 2022). Furthermore, the firm's reputation as a reliable partner for entrepreneurs continues to be strong, according to the same source, with the company always looking for new opportunities to support businesses at various stages of development. A short overview of the Group's financial and operational status can be found below, and a more comprehensive one is located in **Appendix 11.6.**

Table 3 – Overview of Storskogen's key financial and operational metrices. Sources: Annual Report (2022)

SEKm	**2022**	**2021**	**2020**
Net sales	34 250	17 496	8 933
EBITA	3 305	1 655	885
Adjusted EBITA	3 143	1 688	854
Adjusted EBITA margin, %	9,2	9,6	9,6
Earnings per share before/after dilution, SEK	0,9	0,6	0,5
Cash flow from operating activities	1 628	1 376	814
Interest-bearing net debt/adjusted RTM EBITDA, x	2,6	0,5	1,1
Adjusted cash conversion, %	59	73	70
Business Units	136	105	58
Employees	12 945	8 719	3 565
Countries with active subsidiaries	28	15	-

5.1.1 Operational overview of Storskogen

In order to effectively evaluate a serial acquirer like Storskogen, it is imperative to have a clear understanding of the various segments comprising the conglomerate. Comprehending the business will provide a nuanced view of its overall performance and future growth prospects. Furthermore, as previously mentioned, Storskogen's ambition is to acquire businesses with leading positions in their respective markets. The company believes the portfolio companies within each business area's vertical fit that description.

Currently, Storskogen has three business areas; Industry (39% of group revenue), Services (33% of group revenue), and Trade (28% of group revenue), which have three, seven, and four sub-verticals, respectively. The Industry business area incorporates traditional industrial B2B companies in the heavy or medium-heavy industry, serial production, and automaton. It is further divided into the verticals - Industrial Technology, Products, and Automation. Additionally, the business area Services offers a wide range of business services for both the public and private sectors. These services are divided into seven main verticals: Installation, Infrastructure, Engineering Services, Logistics, Contracting Services, Human Resources and Competence, and Digital Services. As the smallest segment of the three, one finds the Trade business area consisting of distributors and wholesalers with proprietary and external brands. Trade's four business verticals are - Home and Living, Niche Businesses, Health and Beauty, and Sports, Clothing, and Accessories (Annual Report, 2022). A more thorough description of the business areas and accompanying verticals are detailed in **Appendix 11.7**.

5.2 Storskogen IPO: background and details on the transaction

Due to the size of the offering, quite a few details and caveats were included in Storskogen's IPO transaction. This section will put forth some crucial details to give the reader a comprehensive overview of the deal.

Storskogen describes several reasons for wanting to enter the public markets. During Q1(21), Storskogen issued a bond of SEK3bn, which the company communicated attracted strong interest from investors, and it was the company's first step towards accessing the Swedish and international capital markets ("Storskogen intends to list its B-Shares on Nasdaq Stockholm, 2021). Also, Storskogen's prospectus states that the board of directors, as well as principal shareholders, believed that an IPO was an essential and natural next step in the company's development, reasonably also since they felt that there was a robust market demand for their stock following the successful bond issuance. An IPO would enable Storskogen to expand its shareholder base and further access the Swedish and international capital markets, thereby injecting capital needed for continued acquisitions and growth. Another reason the company mentioned for the IPO was that the company's awareness would increase.

From the interviews, it was further made clear that an important consideration was the number of shareholders pre-IPO. According to internal sources at Storskogen, approximately 1,500 investors had joined the firm over the years, and some of the capital injections had taken place relatively short before the public entry. Providing those shareholders with liquidity was deemed appropriate. Nyemissioner.se (2021) - an independent website that tracks capital raises of both public and private companies in Sweden – shows that Storskogen raised SEK1.2bn in 2019 and SEK0.4bn in 2021, as well as a capital raise in 2020 where the amount was not disclosed. Therefore, the board of directors might have believed that an IPO was an effective way to reward their investors. Employees at Coeli agree, noting that such a liquidity event was one of the selling points ahead of the transaction. To illustrate the potential upside, the latest round in 2021 was at SEK250 per share, which equals SEK25 after the company's 10:1 stock split, registered on 10 September 2021, whereas the IPO price was 38.5 (Nyemissioner.se, 2021).

Additional transaction details include the offer size of SEK13.399bn, where 45% was new capital, meaning that roughly SEK6bn equaled the gross primary proceeds from newly issued B-shares. The rest, about SEK7.4bn, originated from existing B-shares (Affärsvärlden, 2023). Furthermore, total commitments before the IPO totaled SEK11.050bn, approximately 82% of the transaction. Swedbank Robur, AMF, Capital World Investors, Lannebo Fonder, and Nordea Investment Management made the most significant commitments, with shares of 24.6%, 11.2%, 9%, 7.8%, and 6.7%, respectively, versus the total offer size. Cornerstone investors accounted for SEK7.250bn out of those pre-commitments, where AMF, Cliens Kapitalförvaltning, Danica Pension Livsforsikringsaktieselskab, ODIN Fonder, Swedbank Robur, and Spiltan categorized as cornerstones.

Also, the pre-money valuation was SEK56.4bn, and the post-money valuation equaled SEK62.4bn, according to Nyemissioner.se (2021). The prospectus (2021) further states that a variety of financial advisors were involved, a total of nine banks, where Carnegie, Goldman Sachs, and J.P. Morgan acted as Joint Global Coordinators and Joint Bookrunners, and Danske Bank, BNP, DNB, Nordea, SEB, and Swedbank acted as Joint Bookrunners. Further advisors consisted of Gernandt & Danielsson Advokatbyrå, Storskogen's legal advisor to Swedish law and Milbank, who covered the U.S. law, and White & Case, who functioned as the legal advisor to the Joint Global Coordinators and Joint Bookrunners. The fees for these services amounted to SEK298m, i.e., 2.2% of the total offering (Affärsvärlden.se, 2023).

Interestingly, a press release approximately two weeks before the IPO communicated that Storskogen's CEO, Daniel Kaplan, did not intend to sell any shares when entering the public market. Instead, he acquired an additional SEK150m worth of shares ("Storskogen intends to list its B-Shares on Nasdaq Stockholm, 2021). Although, the offering enabled other principal and existing shareholders to sell a portion of their holdings. For example, Ronnie Bergström, one of the founders, and the current head of business area Services, Peter Ahlgren, sold minor parts of their shares. On the other hand, the current head of M&A and corporate development and co-founder, Alexander Murad Bjärgård, did not buy nor sell shares.

6. The case of Storskogen

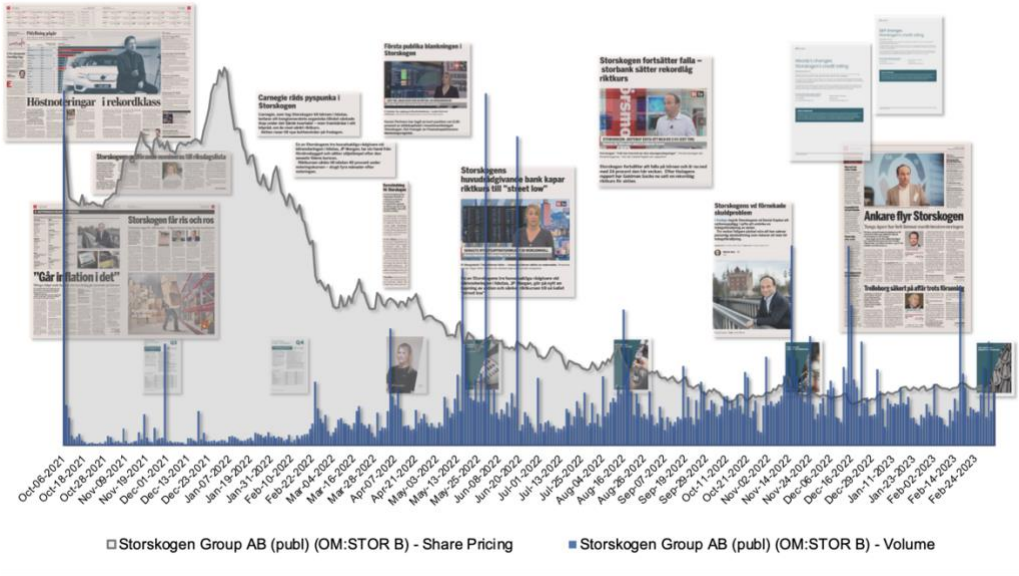
6.1 What has happened since the IPO

How did events unfold for Storskogen? As shown by the chart below, the young stock trajectory has been tumultuous. Until the onset of 2022, Storskogen performed admirably, achieving its highest stock price in January of that year. However, since then, the firm has experienced a substantial decline, with its stock losing 86% and currently hovering around SEK9 (Q1, 2022), which can be compared to OMXPI's decrease of roughly 17%. The difference is stark compared to its listing price of SEK38.5 and peak price of nearly SEK61.

It is noteworthy that Storskogen's IPO follows a similar narrative to Telia's in 2000. Telia's IPO was oversubscribed four times, and after an initial surge on the first day, Telia's stock quickly plummeted, and the price reached on that day still holds the highest for the company. Notably, the late 1990s and early 2000s witnessed a surge of interest in information technology, and in recent years, compounders have become a popular category. Furthermore, in recent years, Storskogen and EQT have done two of the most significant IPOs ever on the Stockholm Stock Exchange, sharing the spotlight with, e.g., Volvo Car Group and Telia as the largest IPOs ever listed on the Stockholm Stock Exchange.

Nevertheless, it is important to consider the timeline of events. Hence, to provide a comprehensive overview, this study will walk the reader through the significant events that have occurred until the Year-End Report, 2022.

Table 4 - Storskogen's public journey (2021-10-06 to 2023-02-16). Source: Capital IQ (2023) & Dagens Industri



6.1.1 Timeline of the major events[1]

Due to the interest surrounding Storskogen, much of the media attention has been focused on its M&A agenda and public journey. The ensuing section will include important transactions, either due to their size or strategic fit. Other aspects, such as news articles, will also be highlighted.

The Swedish business newspaper Dagens Industri (DI) released an IPO teaser in autumn 2021, revealing the top ten largest IPOs on the Stockholm Stock Exchange during the coming year, including Storskogen, Volvo Cars, and Truecaller. Moreover, on September 28th, the newspaper highlighted that the number of underwriters, i.e., nine, actively involved in Storskogen's IPO process, in combination with a low free float rate, could cause significant stock price movements due to the mix of limited supply with high demand due to widespread marketing activities by the underwriters. One day later, the same source released an article articulating that the conglomerate was living on the merits of its peers and was set to be listed at a massive premium. On the first day of trading for Storskogen, October 6th, the stock price rose by +31.17%, and the stock liquidity reached SEK2,347m.

Now public, Storskogen expanded further in November 2021, acquiring four companies in November alone. On the 4th, Special Wheels was acquired, which led to a stock price increase of +5.43%. Shortly after that, on November 5th, the stabilization period ended, and the overallotment option was exercised, resulting in a stock price surge of +7.24% and SEK128m in stock liquidity. However, not all of the news for Storskogen was positive. DI published an article titled "Headless career moves should raise questions among shareholders" on November 11th, questioning the company's decision not to have a more dedicated chairwoman.

[1] *In the following segment, all the financial information - Stock price changes and stock liquidity - is sourced from Börsdata.se. Also, a detailed list of all considered events can be found in* ***Appendix 11.8***

Three days prior to the release of the quarterly report, on November 15th, 2021, Cuben Utbildning, GD-Transport, and PerGus Maskinförmedling were acquired, resulting in a stock price effect of +4.83%. Although, this increase was offset by the subsequent adverse reaction to the quarterly report as the stock price fell by -2.95% (SEK 262m in stock liquidity). Due to the continuous high liquidity in the stock from the onset of its public journey, OMX includes the stock into its well-acknowledged benchmark index OMX Stockholm Benchmark (OMXSB), on November 23rd, 2021, according to DI.

Moving into 2022, DI published an article on February 18th stating that head advisor Carnegie was concerned about the conglomerate's organic growth collapsing during the fourth quarter of 2021. This news, combined with Storskogen's Year-End Report for January-December 2021, released on February 23rd, resulted in a -16.99% drop in stock price, with stock liquidity reaching SEK291m, primarily explained by a lower operating margin than expected. Two days later, on February 25th, JP Morgan, one of the three lead underwriters, issued a sell recommendation on Storskogen. Nonetheless, on March 9th, Storskogen acquired Tysse and received a first-time rating of Ba1 from Moody's, the best so-called "junk" grade on their scale, resulting in an +8.86% increase in stock price.

On March 16th, Storskogen acquired Session MAP, resulting in a +6.30% increase in stock price. Two weeks later, on March 29th, the company purchased Dimabay and entered into a bank facility agreement, resulting in another +11.41% increase in stock price. However, DI reported on April 5th that the lock-up period for 1 billion shares had been lifted, resulting in a -9.0% drop in Storskogen's stock price. Although, the stock recovered dramatically intraday to close at +6.5%. The following day, on April 6th, Storskogen released its annual report for 2021, resulting in a -1.94% decrease in stock price and SEK157m in total stock liquidity. Now trading at around SEK23 per share, Kuvari Partners takes the first short position on Storskogen at an amount equivalent to 0.56% of the Storskogen equity value.

Stepping into May, Storskogen started this month by making two acquisitions on the 9th, Acreto and Thermica, resulting in a -6.48% drop in stock price. However, on May 13th, the company made its first investment in Singapore, resulting in a bounceback of +11.42% in stock price. Nevertheless, following Storskogen's Interim Report for January-March 2022, released on May 17th, the stock dropped once again by -16.99% in combination with significant liquidity of SEK497m. According to DI, the explanation for the drop is that investors were faced with a lower result than expected, slimmer margins, and a negative cash flow during the first quarter.

JP Morgan downgraded their target price to "street low", SEK13, on June 15th. Fifteen days later, the announcement of a change in the number of shares and votes - due to a direct issue to the sellers of Thermica AS - in Storskogen Group AB resulted in a -9.14% drop in stock prices, now trading at approximately SEK14.5 per share.

Entering H2(22), the release of Storskogen's Interim Report for January-June 2022 on August 16th resulted in a -7.31% decrease in stock prices and another significant stock liquidity of SEK328m. During this trading day, the stock began with an upward surge due to greater revenue and profit than expected. However, towards the afternoon, the market noticed that the cash flow was significantly lower than the previous quarter, and Storskogen had stopped reporting its organic development. Pushing the stock price downwards once more. Goldman Sachs subsequently lowered their target price for Storskogen from SEK14.5 to SEK12.7 on August 18th.

Storskogen's Capital Markets Day 2022, held on September 27th, caused a further drop in the stock price of -11.42%, as the company discussed ensuring resilience in volatile market conditions by calibrating short-

term priorities. Going forward, Storskogen adjusted their interim focus to the following; 1) Calibrated acquisition rate to better maneuver uncertain market development, 2) Ensuring an efficient and cost-optimized organization, 3) Focus on operational optimization and opening up for possible divestments of underperforming companies, 4) Continued focus on cash flow and maintaining a strong balance sheet, and to ensure good liquidity, a new credit facility of SEK 300m was entered.

The expansion of the Group Management Team - where the head of Storskogen UK was included - on October 7th resulted in a -7.72% decrease in stock prices. However, the reorganization of the CEO's shareholding - Daniel Kaplan entered an option plan to avoid being forced to sell his shares - on October 14th resulted in a +6.41% increase in stock price. Although Kaplan had assured the market three weeks prior that he was not personally leveraged, mitigating the risk of a forced fire sale.

The following month, on November 15th, Storskogen's quarterly report for July - September was released, and the market reacted negatively, dumping the stock price by -17.88%. A reaction against the lowered adjusted EBITDA margin and anticipated significant fall in organic growth. One month later, S&P downgraded Storskogen's credit rating from BB+ to BB, and the stock dropped by -15.26%. Twelve days later, approximately a year after the IPO, DI reports that anchor investors have surrendered and are leaving Storskogen. The conglomerate's anchor investors, Lannebo Fonder, Odin Fonder, and Cliens Fonder, have completely exited the company by then.

Hence, Storskogen Group AB experienced a rollercoaster ride in 2022, with a series of acquisitions, events, and media attention significantly affecting stock prices and investor sentiment. Eventually, trading at SEK6.77 per share on December 16th, compared to its all-time high of SEK61.35 per share on January 4th of the same year.

Stepping into 2023, the market started optimistically. DI announced that the overall market took off during its first trading day, with last year's losers as the biggest winners. Storskogen, Sinch, and Truecaller are amongst the daily winners, with Storskogen's stock price surging just over 8%. Following this, the market remained in waiting upon the coming report season, and little happened to Storskogen's stock price journey during the time up until the Q4(22) report. The Year-End Report (2022) was released on February 16th, and it was received better than any of its predecessors, with a stock price appreciation of 6.53% and liquidity of SEK273m. This was primarily a reaction to Storskogen reporting better-than-expected operating margins.

After the Year-End report was released, this timeline of events was stopped, and no further event was considered. However, the following quantitative aspects of the research will extend to February 8th, 2023, instead of the 16th, as the paper initiated the analysis at that point.

6.2 Market sentiment analysis

As pointed out in section 4, the market sentiment around Storskogen's IPO was noticeably volatile yet bullish. Several of its peer companies, not the least Lifco and Addtech, had experienced increased stock prices by hundreds of percent. Market indexes worldwide had recovered and reached new highs months after the initial shocks of the pandemic.

PWC (2022) analyzed the Nordic IPO volumes between 2016 and 2021, where Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, and Sweden were included. The report illustrated an apparent ramp-up in IPO transactions after the Covid-19 pandemic, where total listings in 2021 were more than the aggregated sum between 2018-2020, illustrated in **Appendix 11.9**.

The equity capital markets thus appear to have been healthy and booming during 2021. This begs the question of whether the IPO of Storskogen was executed at an inflated stock price with abnormally high valuation multiples, driven by investors' apparent demand for such transactions and, thus, historically superior access to equity capital. Hence, the weak stock performance might have been a normalization, a regression back to the industry's historical averages.

To detail the question, this section will be quantitative, where benchmarking against relevant indexes will be performed. Section 6.5 will then present key findings from interviews with industry professionals regarding the sentiment and other research topics, which then section 7.1 will analyse in combination with the quantitative aspects.

6.2.1 Quantitative peer analysis

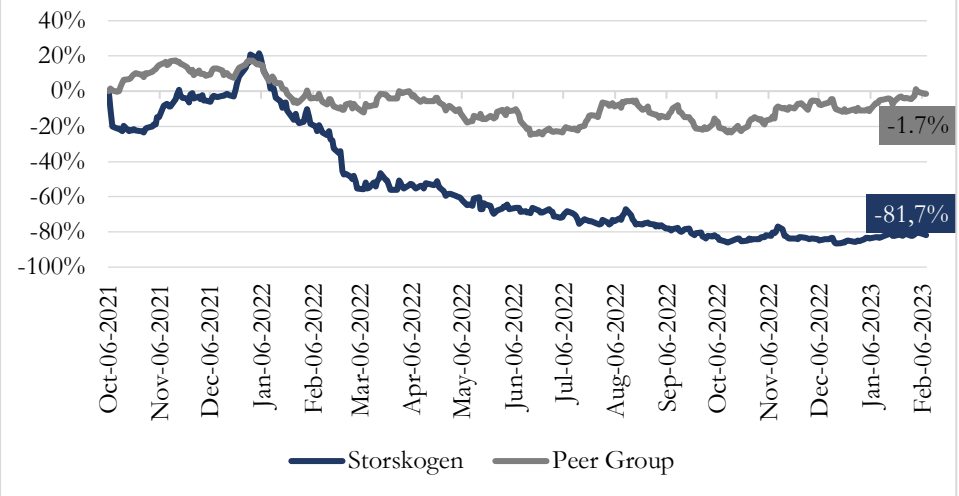
To portray the view regarding whether the decline in stock price is related to a general deteriorating market sentiment, reduced faith in compounders, or correction of overpriced IPOs, it is crucial to benchmark Storskogen with relevant reference points. Section 4 demonstrated that peers up until the IPO in October 2021 had outperformed the overall market by a substantial margin, while their valuation multiples not surprisingly expanded in conjunction. However, the question about the development since then, as well as Storskogen's performance, remains.

This analysis will focus on valuation multiples, EV/EBITDA and forward P/E, as well as stock performance. To provide a comprehensive picture of the situation, benchmarking will be conducted on three levels: Peers, relevant market indexes, and other IPOs during the same period. The following section will compare Storskogen to each of the benchmarks. The chosen period is October 6th, 2021, the IPO date, to February 8th, 2023.

6.2.1.1 Benchmark against peers

To start with, the analysis will focus on the peer companies' stock performance since the IPO. An aggregated graph showing the peer group taken together, as well as a table with each stock's relative performance during the period will be provided, and a summary statistic may be found in **Appendix 11.10**, where **Appendix 11.17.2** shows company betas.

Graph 4 and Table 5 - Stock price development since the IPO. Source: Capital IQ (2023)

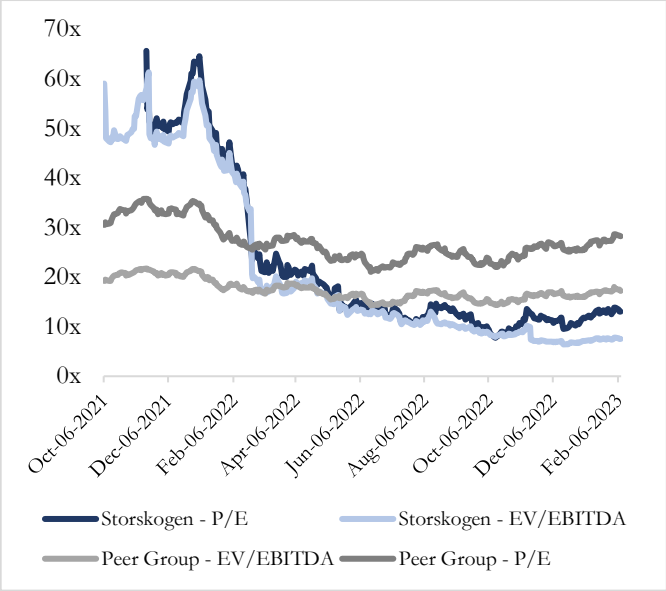


Company	Performance
Storskogen	-81,7%
Dometic	-43,2%
Lindab	-32,1%
NWG	-16,4%
Lifco	-8,5%
Bufab	-7,7%
Indutrade	-2,3%
Berry Global	0,0%
NIBE	+5,1%
Amphenol	+9,1%
Addtech	+21,9%
NCAB	+28,0%
HEICO	+29,6%

As seen in the illustrations above, Storskogen has undeniably performed worse than the peer group. Looking at the aggregate, the peer group is more or less break even since the IPO, while Storskogen is down more than 80%. Half of the peer group, i.e., six companies, have also experienced decreasing stock returns. Although none of these have fallen below 50% of its value at the onset, where Dometic marks the worst performer with a drop of 43.2%. Five peers exhibited increasing stock prices, where HEICO performed best, with an increase of ~30%. Berry Global did neither increase nor decrease.

The benchmarking will now compare the peer companies' valuation multiples. Once again, both aggregated, and individual metrics will be shown.

Graph 5 and Table 6 – Valuation multiples development since the IPO. Source: Capital IQ (2023)



	EV/EBITDA			P/E		
Company	**2021-10-06**	**2023-02-08**	**Delta**	**2021-10-06**	**2023-02-08**	**Delta**
Storskogen	59,10x	7,54x	-87,2%	67,67x	12,56x	-80,9%
Dometic	13,52x	8,00x	-40,8%	17,89x	14,61x	-18,3%
NCAB	34,28x	20,80x	-39,3%	39,82x	26,21x	-34,2%
Lifco	29,84x	20,01x	-32,9%	34,08x	34,38x	0,9%
Lindab	12,61x	8,71x	-30,9%	17,81x	17,16x	-3,6%
Bufab	17,23x	12,75x	-26,0%	24,28x	16,00x	-34,1%
Indutrade	26,22x	19,64x	-25,1%	39,31x	31,99x	-18,6%
Addtech	27,67x	21,20x	-23,4%	42,49x	33,05x	-22,2%
NWG	10,78x	8,31x	-22,9%	14,78x	13,42x	-9,2%
Amphenol	20,20x	16,60x	-17,8%	29,75x	26,14x	-12,1%
NIBE	41,69x	37,20x	-10,8%	60,93x	49,04x	-19,5%
HEICO	38,11x	34,08x	-10,6%	51,23x	55,46x	8,2%
Berry Global	7,61x	7,51x	-1,4%	9,80x	7,97x	-18,7%
Peer mean	**23,3x**	**17,9x**	**-23,5%**	**31,8x**	**27,1x**	**-15,1%**
Peer median	**23,2x**	**18,1x**	**-24,2%**	**31,9x**	**26,2x**	**-18,5%**

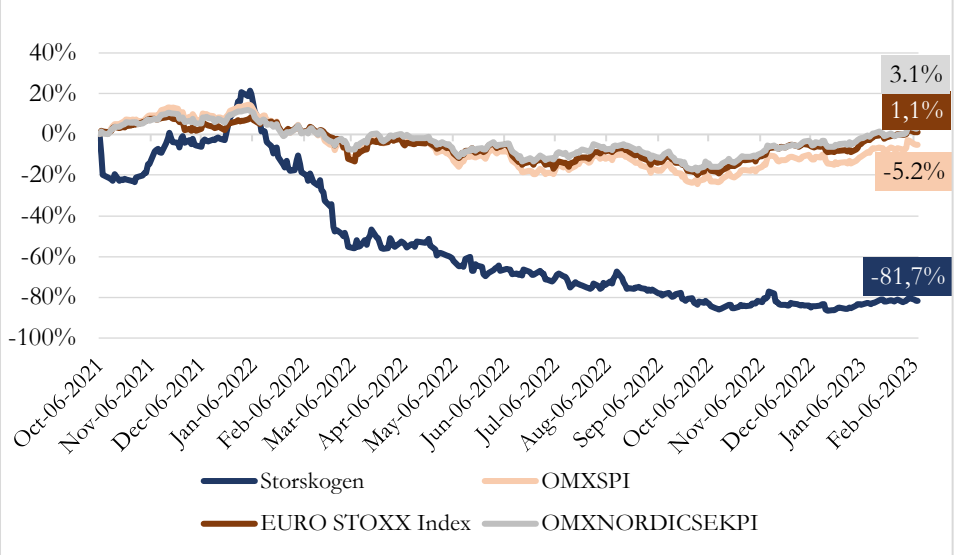
Several interesting findings can be seen in the graph/table. First of all, the EV/EBITDA multiple at which Storskogen closed its first day of trading was almost three times larger than the peer average and median, ~59x versus ~23x, and the P/E ratio were roughly twice as large, ~68x versus ~32x. Secondly, Storskogen's multiple contractions in EV/EBITDA have been almost 4x the peer group average and more than 5x for the P/E ratio. On an individual stock basis, no other company has experienced a decrease in the valuation multiples of more than 41%, whereas Storskogen's EV/EBITDA has fallen ~87% and the P/E ratio ~81%. Thirdly, the diminishing multiples have not necessarily regressed to historical averages or the current means but rather even further. As was seen in **Graph 2**, the historical mean EV/EBITDA multiple is 15.4x, while the corresponding figure for the P/E ratio is 24.1x. As with the stock performance, the development of Storskogen does not appear to be an industry-wide phenomenon but rather an isolated company-specific event.

6.2.1.2 Benchmark against the market

Three proxies have been utilized when comparing Storskogen with the market: OMXSPI, OMXNORDICSEKPI, and EURO STOXX Index. The combination of these is deemed appropriate because it is a blend of the Swedish, Nordic, and Eurozone markets. Combining benchmarks from all of these aims to remove market-specific trends that might have biased the local market's performance. Storskogen is also increasingly expanding its geographical reach, especially within Europe, which further supports this index choice. The focus in this section will exclusively be on relative index performance, as

valuation metrics are not applicable in these cases. Also, a summary statistics table can be found in **Appendix 11.11**.

Graph 6 and Table 7 - Market indexes' development since the IPO. Source: Capital IQ (2023)



Company/Index	Performance
Storskogen	-81,7%
OMXSPI	-5,2%
EURO STOXX Index	+1,1%
OMXNORDICSEKPI	+3,1%

Similar to the comparison to the peer companies, when focusing on the indexes, the above table and graph do not reflect the development which Storskogen has experienced. None of the indexes are, in fact, more than ~5% down from the starting period, and they all closed the period at similar points to which they started it. The Swedish index performed relatively the worst, but the magnitude of the downfall is not close to Storskogen's. When OMXSPI was down the most, it had fallen by roughly 24% since October 6th, 2021, whereas Storskogen has dropped more than 80%. Thus, the company's stock performance can not solely be explained by an overall deteriorating market.

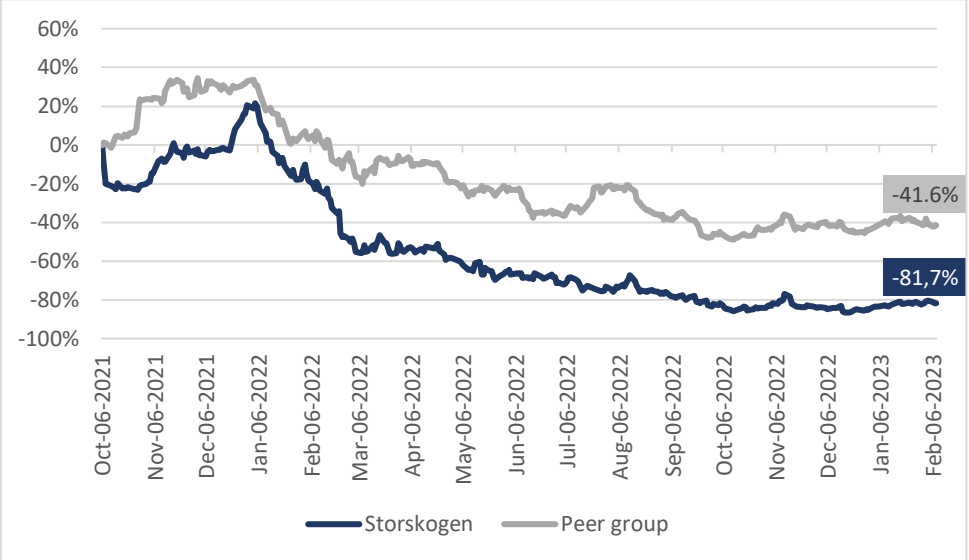
6.2.1.3 Benchmark against other IPOs during the same period

Another interesting benchmark is against other companies that entered the public market at roughly the same time. This is deemed necessary because of the possibility of a temporary IPO frenzy that might have led to overvalued listings. As seen in **Appendix 11.9**, 2021 marked a historic year with abnormally high IPO volumes. Weak stock performances following those public entries should hence not necessarily be a surprise or fair assessment of the company's operational performance if the companies traded at unreasonable multiples, to begin with. There could, accordingly, have been an isolated IPO phenomenon that might hinder any extrapolated conclusions.

To make the comparison as comprehensive and fair as possible, only private firms' listings on the Nasdaq Stockholm exchange are included in this paper's benchmarking. Moreover, the chosen period is the entire 2021. According to Nyemissioner.se (2021), twenty companies meet those criteria besides Storskogen. There is no denying that Storskogen was a large transaction considering the median pre-money valuation of SEK3,893m, compared to Storskogen's SEK56,400m. However, the average is SEK11,518, but that number is largely biased by the Volvo Car IPO with a pre-money valuation of SEK137,253m. As Capital IQ, the source of the analysis' financial metrics, uses market-weighted portfolios when making tailored indexes, as opposed to an equally weighted methodology, Volvo Car was excluded from the analysis as it skewed the aggregated numbers too much. Nevertheless, after fine-tuning the included firms, the median and average of the remaining 19 companies are more in line with each other, SEK3,825m and SEK4,901m, respectively.

Due to the large number of firms, the chart below will show an aggregated comparison, but the table will demonstrate the top five and bottom five companies. Nonetheless, summary statistics of all the companies can be found in **Appendix 11.12**. The stock performance will first be shown, followed by valuation multiples development.

Graph 7 and Table 8 - Other IPOs' stock performance since the IPO. Source: Capital IQ (2023)

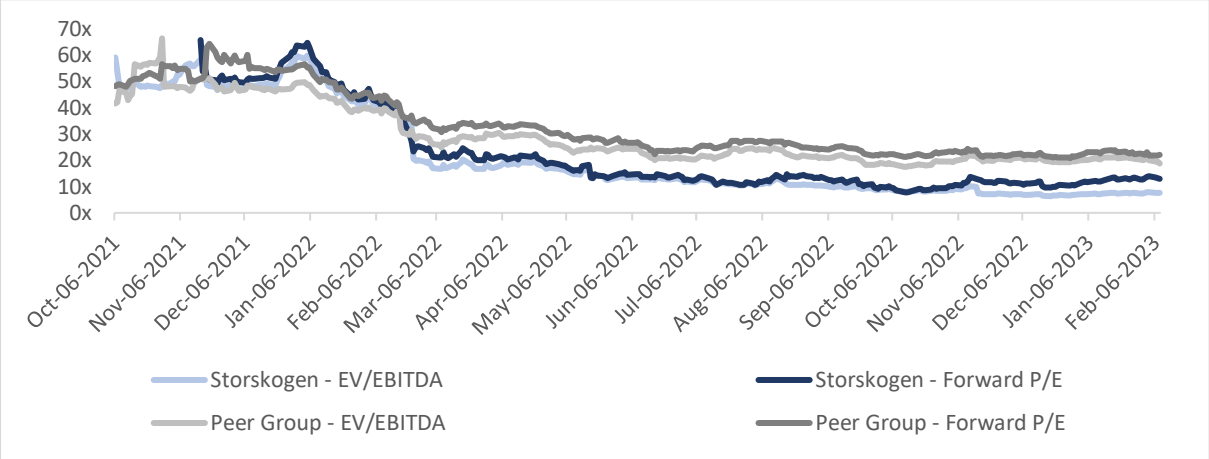


Company	Performance
Pierce	-85,5%
Storskogen	-81,7%
Cint	-78,8%
CTEK	-78,5%
Klarabo Sverige	-61,8%
Nivika Fastigheter	-54,0%
Linc	-16,8%
Hemnet	-9,8%
Norva24	+9,2%
Nordisk Bergteknik	+20,2%
MilDef	+89,8%

Interestingly, other IPOs have moved similarly to Storskogen but with less downward pressure. The peer group and Storskogen traded similarly until the start of 2022 when Storskogen's stock fell considerably more in value than the aggregated IPOs. Since then, however, they have developed noticeably similar. In the end, Storskogen was down ~81% as of February 8th, 2023, when the aggregated IPO group had fallen ~42%. The difference is tangible but significantly smaller than the other comparisons this paper has performed. The other compounders, taken together, were basically break-even during the period, while the worst market index had lost ~5% in value.

In order to detail the analysis further, valuation multiples of other IPOs as well as Storkogen's, will now be compared. Similar to the above, a graph will illustrate the aggregated group versus Storskogen and two tables with the best and worst performers will be provided.

Graph 8 and Table 9/10 - Other IPOs' valuation multiples since the IPO. Source: Capital IQ (2023)



	EV/EBITDA				P/E		
Company	**2021-10-06 (or applicable)**	**2023-02-08**	**Delta**	**Company**	**2021-10-06 (or applicable)**	**2023-02-08**	**Delta**
Storskogen	59,10x	7,54x	-87,2%	Cint Group	118,48x	9,32x	-92,1%
Truecaller	81,48x	18,23x	-77,6%	Storskogen	65,67x	13,04x	-80,1%
Norva24	40,17x	16,37x	-59,2%	CTEK	71,49x	15,63x	-78,1%
Hemnet	85,09x	34,70x	-59,2%	Truecaller	94,96x	23,69x	-75,1%
Revolutionrace	32,99x	14,90x	-54,8%	Sleep Cycle	45,54x	21,55x	-52,7%
Sleep Cycle	26,48x	12,43x	-53,1%	Revolutionrace	31,57x	15,28x	-51,6%
CTEK	40,96x	20,71x	-49,4%	Nordisk Bergteknik	20,00x	10,32x	-48,4%
Nordisk Bergteknik	9,64x	7,53x	-21,9%	Hemnet	64,71x	38,73x	-40,1%
Arla Plast	7,40x	8,98x	21,3%	Norva24	37,51x	23,36x	-37,7%
Cint Group	98,65x	171,29x	73,6%	MilDef	43,79x*	41,59x	-5,0%
Pierce	24,03x	51,59x*	114,7%	Arla Plast	15,29x	15,49x	1,3%
MilDef	21,76x	76,37x	250,9%	Pierce	27,13x	51,69x	90,5%
Peer mean	**43,98x**	**32,42x**	**-0,2%**	**Peer mean**	**49,36x**	**23,31x**	**-39,1%**
Peer median	**36,58x**	**16,37x**	**-51,2%**	**Peer median**	**45,54x**	**18,59x**	**-50,0%**

*Note(s): * The metric was not available at the given date, meaning that the closest in time instead was chosen.*

Similar patterns as those that could be detected when analyzing the stock prices can be seen when comparing the valuation multiples. Many comparable firms have also experienced significant multiple contractions, where firms such as Hemnet, Norva24, and Truecaller have fallen roughly 60% or more in terms of their EV/EBITDA. Furthermore, Storskogen was not the worst performer when looking at the forward P/E ratio; Cint Group claims that throne. Some other IPOs have thus experienced similar journeys to Storskogen since October 6th, 2021.

6.2.1.4 Premium valuations impact on expectations

As this paper has not mapped valuation multiples of each of the other IPOs versus their respective peer companies, it cannot draw any broader conclusion on whether the chosen IPO comparable firms were put on the public market at abnormally high multiples. What, however, can be said is that the IPO firms have performed significantly worse than the other benchmarks chosen in this paper. The movements do not appear to be a consequence of a deteriorating market but rather company-specific cases, at least in the case of Storskogen. Also, Storskogen received a tangible valuation premium during the IPO process. Before moving on to the qualitative discussion, the analysis will dig deeper into the received premium valuation.

Generally, companies are awarded premium valuations when investors deem their outlook/track-record superior relative to its peers. Trading at higher valuation multiples in those cases thus makes sense as the specific company reasonably will grow into the higher multiple, either through growing, e.g., the top-line faster or expanding the margins to a larger extent. In other words, the market expects the firm to outperform the competitors regarding certain financial metrics. A premium valuation is accordingly accompanied by pressure to meet the relatively more difficult demands from the market and investors. Hence, in the case of Storskogen, it begs the question if the expectations from investors were too high, thus setting up the firm for failure if those external expectations are not met (Fuller & Jensen, 2002).

To detail the question, the analysis will focus on Storskogen's operational performance and stock development on its quarterly reporting days. To proxy the market's expectations, financial consensus numbers and metrics are utilized. Due to a lack of access to such databases, this analysis will utilize DI for consensus misses or beats. Other metrics, for example, sales and stock movements, are gathered from quarterly reports and Capital IQ. As seen in the news articles, the headline metrics that investors seem to

focus most on are sales- and adjusted EBITA growth. Accordingly, those two financial figures will be shown for each report.

Table 11 - Summary of Storskogen's performance during its quarterly reporting days. Source: Dagens Industri, Quarterly reports and Capital IQ (2023)

	Quarterly		Growth (Year over year)		Factset/Infront Consensus		Stock movement	
	Event	Date	Sales	adj. EBITA	Sales	adj. EBITA	That day	Since IPO
2021	Q3(21)	18 November 2021	+118%	+110%	+1%	-3%	-3,0%	-2,2%
	Q4(21)	23 February 2022	+134%	+141%	+9%	-9%	-17,0%	-45,4%
2022	Q1(22)	17 May 2022	+140%	+107%	+7%	-2%	-17,0%	-67,0%
	Q2(22)	16 August 2022	+140%	+129%	+15%	+20%	-7,3%	-72,6%
	Q3(22)	15 November 2022	+77%	+57%	-2%	+2%	-17,9%	-82,2%
	Q4(22)	16 February 2023	+63%	+71%	+11%	+13%	+6,5%	-80,0%
Average			**+112%**	**+103%**	**+7%**	**+4%**	**-9%**	**-58%**
Median			**+126%**	**+109%**	**+8%**	**+0%**	**-12%**	**-70%**

Note(s): Consensus refers to the difference between consensus and actuals

The above-seen table's central finding is the discrepancy between consensus beats and consecutive stock performance. Storskogen has been able to beat consensus figures, either in sales or adjusted EBITA, or both, every quarter since the IPO, but the stock has traded down on average 9% during those days. On average, revenue growth and adjusted EBITA growth have been 112% and 103%, respectively. During the first four quarters as a public firm, Storskogen exhibited three-digit year-over-year growth in both metrics. Although, the stock fell during all four days. The Q4(22) report was the only one that was perceived positively by the market, assuming that the stock return can be a proxy for that.

However, the above analysis may not ultimately determine whether expectations have been unreasonably high or flawed due to problems with, e.g., causality. There could, for instance, be other reasonable explanations for trading down the stock ~18%, despite a yearly growth of roughly 80% in sales, e.g., where poor guidance, weak cash flows, and a weakened M&A pipeline may be such explanations. Although, it still effectively illustrates the harsh market reactions to seemingly solid reports. Thus, this section does not conclude that the market has expected too much from Storskogen but rather highlights the issue.

6.3 The underwriting process

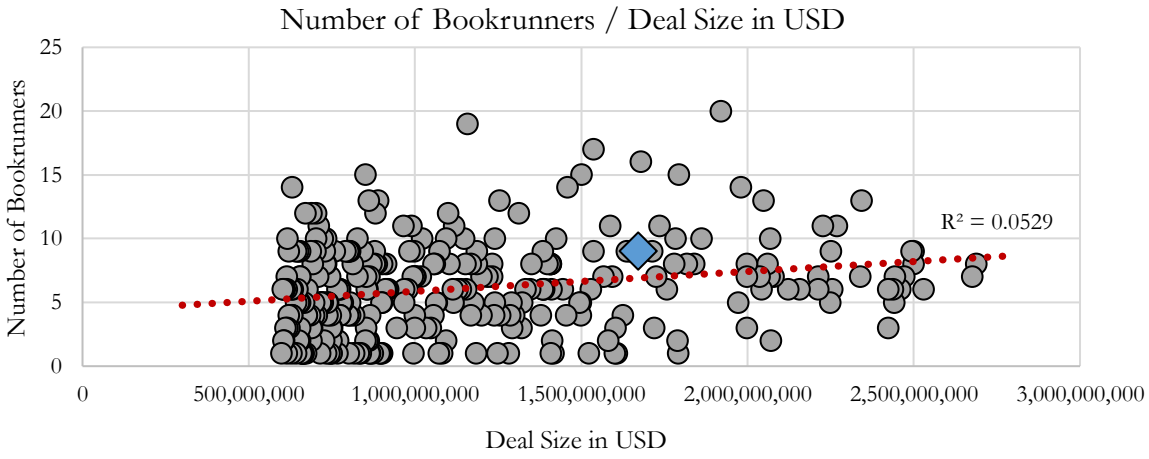
As the prevalent consensus states, IPOs are complex transactions involving numerous parties, including e.g., the company going public, its management team, investors, and underwriters. Underwriters are vital in managing the offering and ensuring appropriate pricing. Thus, the role of a well-managed underwriter syndicate is crucial and has received commensurate academic attention previously referred to in section 2.2.

Although, the discussion concerning a possible dilution of accountability and proprietorship in having an unjustified number of underwriters remains undone. Therefore, it is imperative to investigate if too many banks were involved in the IPO processes of Storskogen, not only to contribute to the current body of literature but also to analyze if it may have impacted the subsequent development of Storskogen's stock. To do so, this paper benchmarked Storskogen against a peer group of other IPO processes.

When assessing the feasibility of the number of book-runners, an extensive benchmark of 299 IPOs, gathered from Bloomberg (2023) on eleven exchanges, was executed. The sample was selected based on exchange and deal size. Firstly, the Stockholm Stock Exchange was naturally included due to Storskogen's decision to enter that specific market. Secondly, the Nordic stock exchanges - Oslo, Helsinki, and CSE - were included due to their geographical proximity. Finally, NYSE, NASDAQ, Hong Kong, Shanghai, Shenzen, EURONEXT, Tokyo, and London were all chosen based on their size as they make up the eight most significant stock exchanges, where EURONEXT is an umbrella market of three sub-exchanges. The sample was further filtered from these marketplaces on deal sizes ranging from USD600m to USD2,700m. To establish a common currency, the daily spot rates for the issuing currency to USD - e.g., SEK/USD - were gathered from Capital IQ (2023).

Graph 9 depicts a scatter plot of the IPOs included - a complete list can be found in **Appendix 11.13**. From the graph, no definitive pattern can be found. Furthermore, Storskogen does not stand out as a potential outlier as it is placed in the midst of the data sample. However, as can be seen by the red dotted line - linear trend line - Storskogen has placed itself above what ought to be expected based on its deal size. Nevertheless, since the R-square of this sample size is significantly low, such a conclusion cannot be drawn. Instead, one should interpret this result as an indication that the deal size and the number of book runners within this sample have little correlation. Subsequently, the number of book-runners probably depends on the individual IPO processes' peculiarities.

Graph 9 - Correlation between the number of book-runners and offer deal size. Source: Bloomberg Deal Finder (2023), Capital IQ (2023)



*** Filter: 0,6bn USD - 2,7bn USD on offer day (conversion rate for that specific date), 2018-01-01 - 2022-02-22.*

Moreover, Table 12 illustrates the number of IPOs completed in each market, the average deal size, and the average number of book-runners employed for IPOs within the aforementioned sample. It is evident from the table that the smaller Nordic markets unsurprisingly have fewer executed IPOs during the observed time frame. However, the situation changes when examining the average deal size. Stockholm has the second-largest average deal size after London, with approximately USD180m, preceding Oslo in third place. This suggests that the number of IPOs performed has little correlation with the deal size in the sample.

Furthermore, the data reveals a significant disparity in the average number of book-runners utilized among markets. Shanghai's IPOs stand out as an example where, on average, fewer than two book-runners are employed. In contrast, Hong Kong reported an average of 8.83 book-runners, a notable difference. For

Stockholm, an average of 6.67 book-runners was reported, slightly lower than that of Storskogen. However, this discrepancy might be expected given that Storskogen's deal size exceeded the exchange's average.

Table 12 - Table overview of IPOs on sampled exchanges, Source: Bloomberg Deal Finder (2023) & Capital IQ (2023)

	Sum of IPOs	Average Deal Size in USDm	Average Number of Bookrunners
EN	10	1 260	6,10
Helsinki	1	643	5,00
Hong Kong	53	1 159	8,83
London	22	1 467	5,64
NASDAQ	70	1 210	6,90
New York	83	1 100	6,16
Oslo	4	1 268	6,00
Shanghai	36	1 035	1,86
Shenzhen	11	1 049	2,00
Stockholm	6	1 441	6,67
Tokyo	3	817	8,67
Grand Total	**299**	**1 164**	**6,12**

***Filter: 0,6bn USD - 2,7bn USD on offer day (conversion rate for that specific date), 2018-01-01 - 2022-02-22*

6.4 The sustainability of compounders

When attempting to determine the viability of a particular company's/industry's ability to create shareholder value sustainably, it is natural to look at historical performance while adopting a critical mindset of how to extrapolate the figures. A common proxy for shareholder value creation is the specific company's stock performance, as that metric ultimately determines how much return the investor receives, if excluding potential dividends. Therefore, this section will describe the peer group's performance and consecutive stock market returns. Section 6.5 will then demonstrate key findings from meetings with industry professionals that section 7.3 will analyze in depth. In that way, section 7.3 will combine the findings from this section with insights from the interviews to pinpoint if the business model of compounders can drive increased stock prices sustainably and how Storskogen differentiates itself.

6.4.1 Compounders' historical performance

To start with, the analysis will focus on the comparable firms' operational track records. The peer group has managed to exhibit attractive growth and margin expansion historically. When adopting a three-year perspective, the median sales growth amounts to 14.40%, with a mean of 15.40%, where the corresponding EBITA growth figures equal 16.73% and 20.43%. These impressive metrics remain relatively constant when instead utilizing a ten-year period. In that case, the median and mean revenue increase was 11.83% and 12.41%, respectively, while EBITA grew with a median and mean of 15.70% and 16.41%, respectively. An interesting finding is that the peer group taken together has increased its profit margin to a greater extent than the sales, implying that growth does not necessarily come at the expense of profitability. Potential reasons may, e.g., be purchasing targets with a higher margin than the acquirer or managing to improve the portfolio companies' underlying profitability over time. operationally

At the same time, the peer group's Net Debt (ND) over EBITDA, ND/EBITDA, has remained relatively constant, even decreasing slightly, over a ten-year time frame. According to Carnegie (2022), this metric is a good proxy for the health of each firm's balance sheet, effectively depicting whether it is stretched or not.

A decade ago, the mean ND/EBITDA was 2.1x, while it today, and three years ago, is 1.9x. Another point of view regarding the companies' capital structures is to compare the change in debt as a portion of total capital with the development of the absolute debt amount. Over the period, the mean debt has increased by 130%, whereas debt/capital has gone from 50.72% to 43.07%. Hence, the swift growth has not solely been fueled by cheap debt as a consequence of a favorable interest rate environment (Gamber, 2020). Therefore, this suggests that equity has been the primary source of payment method, thus potentially diluting the shareholders through issuing new shares to the owners of the targets. Although both the median and average amount of shares outstanding have decreased over a five-year period, implying that the aggregated peer group might not have diluted its shareholders. Summary statistics of the margin and sales CAGRs and leverage development can be found in **Appendix 11.5**.

Regarding profitability and performance, the peer group's average ROCE since 2012 has been 15%. Individual companies have exhibited a ROCE of 23% over the period, e.g., Addtech, while Dometic has the lowest with a mean of 7%. Regarding ROIC, the mean since 2013 has been 12%, where Dometic marks the worst performer with an average of 6%, whereas NCAB's respective figure amounts to almost 30%. **Appendix 11.14** shows the peer group's historical ROCE and ROIC development table, where **Appendix 11.15** describes the methodology behind the calculations.

Clearly, the peer group truly is M&A-focused, considering their cash acquisition spend between 2016 and 2021. If relating it to the companies' revenue, the average is 8%.

Table 13 - Overview of peer transactions. Source: Carnegie (2022), Capital IQ (2023), Hansson & Lenholm (2022), and Authors

	Average transactions per year 2016-2021 (Carnegie & Authors)	Average cash used for acquisitions/sales 2016-2021 (Capital IQ)	Recent average paid multiples, exl. earn-outs and synergies (Hansson & Lenholm, 2022; Authors)
Indutrade	12	6,8%	7.5x EBITA
Lifco	12	12,2%	7.5x EBITA
Amphenol	5	9,8%	2.5x Sales
Bufab	2	4,5%	6.5x EV/EBITA
NCAB	2	5,0%	7x EBITA
Berry Global	1	13,2%	7,5x EBITDA
NWG	3	3,5%	*NA*
HEICO	4	9,7%	*NA*
Lindab	2	1,1%	*NA*
Dometic	2	16,0%	>15x EBITDA
Addtech	12	6,3%	8x EBITA
NIBE	5	8,1%	*NA*
Storskogen*	**24**	**24,6%**	**7.5x EBITA**

*Note(s): *Does not have data for the entire period*

In the table above, noticeable differences in the M&A pace of the serial acquirers are evident. Some compounders acquire, on average, two companies per year, whereas Storskogen is at the top of the list with 24 purchases. It is thus not surprising that Storskogen's average cash acquisition ratio is considerably higher than the peer group's. Although, similarities emerge when instead shifting the focus to the average paid multiples, excluding earn-out and synergies. For those companies that report such metrics, the usual multiples are around 7-8x EBITA, where Dometic marks as an exemption with a significantly higher average.

The aggregated group appears to have performed operationally well historically. However, the question regarding their shareholder value creation remains. Also, as mentioned earlier, the compounder sphere can be divided into subsections. So far, it is not clear how these different types of serial acquirers differ in terms

of performance versus each other, as well as how Storskogen differs. The analysis will hence move on to comparing the various compounder categories and looking at their stocks.

Firstly, each company's stock performance will be shown, where the firms will be lumped together into the three categories. As a reminder, Storskogen is an Accumulator.

Table 14 - Overview of compounder categories' stock performance. Source: Capital IQ (2023)

Category	Company	Capital IQ data since	Aggregated	CAGR
Roll Ups	Lindab	2006	35%	2%
	Berry Global	2012	306%	14%
	Bufab	2014	488%	22%
	NCAB	2018	834%	56%
Platforms	Dometic	2015	30%	3%
	HEICO	1968	81 003%	13%
	NWG	2016	136%	13%
	NIBE	1997	40 024%	26%
Accumulators	Amphenol	1991	28 019%	19%
	Addtech	2001	5 432%	20%
	Indutrade	2005	2 769%	20%
	Lifco	2014	761%	27%
	Storskogen	**2021**	**-82%**	**-**
All peers	Peer average	2005	13 320%	20%
	Peer median	2009	798%	20%
Roll Ups	Roll Ups Average	2013	416%	23%
	Roll Ups Median	2013	397%	18%
Platforms	Platforms Average	1999	30 298%	14%
	Platforms Median	2006	20 080%	13%
Accumulators	Accumulators Average	2003	9 245%	22%
	Accumulators Median	2003	4 100%	20%

In the peer group, all companies except two, Lindab and Dometic, have been able to grow their stock with a CAGR of above 10%. Considerable differences between the firms are evident, where annual growth rates vary from 2% to 56%. Interestingly, the different types of compounders have experienced varying CAGRs. Even though a clear winner is difficult to extract as it depends on the choice of median or average, Platform compounders seem to be the worst performers.

With a peer group average stock performance and median CAGR of 20%, investors have indeed received attractive returns from the companies. Nevertheless, comparing the return to the overall market is still needed to understand the relative performances. The chosen timeframe will span from the average peer companies' historical data availability, i.e., 2005, to February 8th, 2023.

Table 15 - Overview of market indexes development. Source: Capital IQ (2023)

Market Index	Total increase	CAGR
EURO STOXX	68,4%	2,9%
OMXNORDICSEKPI*	171,3%	5,7%
OMXS30	200,1%	6,3%
OMXSPI	276,4%	7,6%

*Note(s): * Available data from 3rd October 2006*

The best-performing market index during the period is OMXSPI, which has returned 7.6% per year, and the worst is EURO STOXX, with a CAGR of 2.9%. Storskogen's peer group has undeniably outperformed the indexes with a tangible margin, implying that their shareholders have gained significant value in excess return.

Explaining the above-seen stock returns may prove difficult as many factors are at play. Although, a reasonable assumption is that underlying operational performance has had a key role when determining how well a stock should return. Previously in the paper, Carnegie (2022) and Scott Management (2020) presented various characteristics that make compounders attractive and competitive in the long-term. They both agree that the most important aspect is that those firms must be able to invest their capital at higher rates than their cost of capital over a long time. Compounders should also have a healthy balance sheet and be cash generative, where ROIC and ROCE function as cash generation proxies to enable a rapid pace of M&A. Considering ROIC, Berk & Demarzo (2017) agree and argue that the metric is the most powerful one to understand the underlying business performance. Lastly, Carnegie (2022) believes that a management team that has been with the company for numerous years and has skin in the game is also essential.

This analysis will include several financial and operational figures to capture the above-mentioned crucial aspects. Firstly, growth and profitability metrics will be shown to give an overall impression of the companies. Secondly, to demonstrate the well-being of each company's balance sheets, ND/EBITDA will be provided. Thirdly, ROCE and ROIC will illustrate the firms' ability to generate cash and their returns. Those return metrics will be compared to their WACCs to determine how capital efficient they are. Fourthly, a table with the CEOs' and CFOs' tenures at each firm will be provided, accompanied by their respective holdings in the firms. In **Appendix 11.16**, tables with growth, profitability, return, and leverage metrics, divided by respective compounder categories, can be found.

In terms of Growth, Revenue, Gross Profit, and EBIT are utilized. As previously mentioned, the peer group has grown its EBIT more than its sales historically, implying a margin expansion. However, this trend cannot be expanded to include the gross profit as it has grown in line with sales. The corresponding CAGRs on an aggregated peer group level are 13%, 13%, and 17% for revenue, gross profit, and EBIT, respectively. These patterns are further evident when comparing the various compounder groups as well. Also, Platform compounders appear to have performed relatively superior, whereas Accumulators' performance lag the other categories. In terms of Storskogen, the company distinguishes itself in primarily two ways. First, its CAGRs are significantly higher than the combined peer group average and all individual peers. However, it is the only company that has experienced higher sales growth compared to EBIT growth. Lindab's EBIT CAGR is on par with the corresponding figure for revenue, although the rest of the sample has managed to grow EBIT relatively more.

Regarding the financial well-being of the firms, the analysis will now show each company's ND/EBITDA as of February 8th. The overall peer average is 1.9x ND/EBITDA, and the corresponding median value is 1.6x. Discrepancies between the comparable firms are accordingly evident. For example, Berry Global has a ratio of 4.5x, whereas NCAB has 0.8x. Roll Ups have the most leverage, with an average and median of 2.6x and 2.5x, respectively. The other two categories have similar ratios ranging from 1.3x to 1.7x. Storskogen does not differentiate itself as much as with the above-seen CAGRs; however, it is in the upper range with a ratio of 2.8x.

Moving on to the cash generation aspects, the analysis will focus on ROIC, ROCE, and WACC. **Appendix 11.17** illustrates a breakdown and definition of the WACCs.

For ROCE, the Accumulator niche appears to have the most robust ROCEs with an average of 19.8%, as opposed to Roll Ups' corresponding mean of 14.5%, and Platforms' of 11.0%. On the other hand, Storskogen's ROCE has varied between 5.3% in 2021 to 13.3% in 2017, with an average of 9.0%.

The ROIC figures are somewhat similar between the years 2013 and 2022. Not surprisingly, the average Accumulators' ROIC has been the highest, 15.2%, compared to Roll Ups' average of 12.2%, and Platforms' of 10.3%. Storskogen's values were in the range of 6.1-9.3% between 2019 and 2021.

An interesting comparison to the above-stated cash generative and profitability metrics is the corresponding WACCs. According to our calculations, the peer group average and median are 11.1% and 11.7%, respectively. The differences between the various compounder groups are slight, ranging from 10.0% to 12.1%. This can be compared to Storskogen's WACC of 17.3%. Four companies, five with Storskogen, had an implied WACC above its ROIC (2022): Lindab, Berry Global, Bufab, and Dometic. Three are part of the Roll-Ups niche, one is a Platform company, and Storskogen is the only Accumulator.

The final benchmarking exercise will be management tenure and holding in the company. **Appendix 11.18** provides a complete overview of when the CEO and CFO joined each firm, their total holding stake in USD, and the corresponding percentage of the total common shares outstanding, CSO. The absolute figures might not necessarily be as informative as the relative portion of the overall shares as some of the peer companies are multiple times larger than others.

Some CEOs have been at the companies significantly longer than others, e.g., NIBE's CEO Gerteric Lindquist has been at the firm since 1989, whereas Bufab's CEO joined the firm in 2022. Due to the significant differences, the median tenure, 2017-06-16, is proposed to describe the peer group's situation more accurately. Moving on, these CEOs, on average, hold 0,66% of the overall shares, with a median of 0.15%. To a large extent, the overall average is biased by two of the Platform compounders, NIBE and HEICO, whose CEOs own 3.23% and 2.91% of the shares, respectively. Consequently, the Platform niche has a considerably higher average and median, 1.79% and 1.84%, compared to Roll Ups' average of 0.06%, and Accumulators' of 0.12%. On the other hand, Daniel Kaplan, Storskogen's CEO, has been at the company since the company's inception in 2012 and simultaneously holds 2.13% of the outstanding common shares. Kaplan's significant commitment to the firm was further demonstrated during the IPO when he acquired an additional SEK150m of shares, as described in section 5.2.

The story differs slightly for the CFOs as the tenures are more similar. No single person has been the CFO of these companies before 2008, when Anders Forsén was appointed at NCAB. Accordingly, the median and average tenures are close to each other, 2016-08-31 and 2015-07-02, respectively. Their relative portions of the total CSO are also lower than the CEOs', with a mean of 0.13% and a median of 0.02%. As with the CEOs, the average is significantly impacted by single CFOs' holdings, where, e.g., Forsén owns 1.32% of the shares. Roll-Ups CFOs thus have a noticeably higher average and median than the other groups. Finally, Storskogen's CFO joined the company at the start of 2019 and owns 0.04% of the outstanding common shares.

Table 16 – Key points from peer benchmarking. Source: Capital IQ (2023)

		Growth CAGR*			Debt	Cash Generation (avg. 2012-2022)		Value adding	% of CSO	
		Revenue	Gross Profit	EBIT	ND/EBITDA	ROCE	ROIC	ROIC > WACC?	CEO	CFO
Roll Ups	Lindab	7%	6%	7%	1,7x	11%	9%	No	0,13	-
	Berry Global	14%	14%	18%	4,5x	9%	7%	No	0,06	0,02
	Bufab	12%	12%	21%	3,2x	12%	9%	No	-	0,07
	NCAB	18%	20%	30%	0,8x	29%	29%	Yes	0,04	1,32
Platforms	Dometic	16%	15%	19%	3,2x	7%	6%	No	0,24	0,00
	HEICO	16%	16%	16%	1,0x	14%	12%	Yes	2,91	0,06
	NWG	9%	12%	16%	1,5x	12%	12%	Yes	0,78	0,04
	NIBE	17%	18%	20%	0,9x	10%	10%	Yes	3,23	0,01
Accumulators	Amphenol	12%	12%	15%	1,1x	19%	17%	Yes	0,24	0,02
	Addtech	8%	8%	9%	1,8x	23%	17%	Yes	0,09	0,01
	Indutrade	11%	11%	14%	1,7x	18%	13%	Yes	0,01	0,00
	Lifco	13%	14%	19%	1,3x	20%	13%	Yes	0,15	0,00
	Storskogen	**65%**	**64%**	**63%**	**2,8x**	**9%**	**7%**	**No**	**2,13**	**0,04**

Note(s): Refers to the total CAGR since the start of the available data on Capital IQ. Please see Appendix 11.15 for a reminder of when the data first was available.

6.5 Qualitative findings from interviews

Name/Company/Role	Purpose	Key Findings
Monika Gutén Storskogen Investment Director Industry Products	1) Understanding Storskogen's M&A process 2) How does Storskogen's model create value	1) Storskogen M&A organization is noticeably experienced, and each acquisition is assessed toward clear standards 2) Storskogen might not have communicated its business model sufficiently or clear enough 3) The quality of the purchases is not affected by a high M&A pace, rather the resources current holdings may receive 4) Strives to be the best owner of each holding firm and the reduced M&A pace is thus beneficial to figure out the optimal corporate structure needed for that
Peter Ahlgren Storskogen Partner & Head of Business Area Services	1) Understanding Storskogen 2) Storskogen compared to peers 3) Feasibility of compounders	1) Stable companies with proven business models are acquired, not firms that potentially might prove to be fruitful in the future 2) Soft factors are important in acquisition processes 3) The business model of compounders is proven and not so different from one another 4) Tailored approach to organic growth, enabled through niche competence within each business vertical
Gustav Fredrikson Kammarkollegiet Stock Analyst	1) Equity investors' view on compounders 2) Attractive features of compounders	1) The business model of compounders undoubtedly works with several role models 2) Too complex to understand the underlying risks of Storskogen due to its great variety of verticals 3) The 10 largest holdings account for 40% of the EBITA, so how diversified is Storskogen really? 4) The sentiment surrounding compounders have taken a severe beating over the past year, and Storskogen might have been unproportionally punished by that
Mikael Håkansson Kammarkollegiet Portfolio Manager	1) Credit investors' view on compounders 2) Attractive features of compounders	1) Positive that Storskogen managed to extend certain debt obligations from 2024 to 2025, however, was it long enough? 2) Too complex to understand the underlying risks of Storskogen due to its great variety of verticals

		3) A good idea to slow down on acquisitions and prioritize the current holding companies, if Storskogen can prove itself during this economic downturn, investor sentiment will most likely return
Lukas Lindkvist Coeli Group CEO	1) Why did Coeli invest 2) Why did Coeli sell 3) Sustainability of compounders	1) Compounders are to a large extent a financial product, built on multiple arbitrage 2) The business model of compounders, where a player purchases complementary firms and package them together so they together create more value is absolutely sustainable 3) Having a dedicated entrepreneur is critical for the success of the business 4) Possessing specialized knowledge within a diversified set of areas is difficult
Victor Björk Lindström Helix Kapital Investment Manager	1) Understanding similar players 2) How is Storskogen to compete against	1) Helix Kapital has encountered Storskogen in several bidding processes 2) Their focus market, which Storskogen partly also targets, have become increasingly crowded over the past years with new and more investors 3) Believe compounders that have a narrower niche have a more clear cut value creation model 4) Keeping the entrepreneurs happy and incentivized is extremely important
Richard Jonsson Agio CEO	1) How is Storskogen as an owner 2) Pros and cons of Storskogen 3) Is the model sustainable?	1) Storskogen is the optimal owner, described as a "humane capitalist" 2) The portfolio companies set their own targets and run the business as they wish 3) Appreciates the Storskogen network as a variety of competencies are easily accessible, both through planned seminars, but also through spontaneous phone calls 4) The business model of compounders is sustainable, however, does the market fully grasp their potential?
Henrik Arfvidsson Coeli Private Equity CEO	1) Why did Coeli invest 2) Why did Coeli sell 3) Sustainability of compounders	1) Storskogen was a diversified private company that held a portfolio that was difficult to replicate, with severe growth outlooks and a solid investor base 2) How can economies of scale be achieved with the substantial number of verticals? 3) The downtrading is not completely fair due to a great variety of negative factors which could not have been foreseen prior to the IPO 4) Might not have been entirely ready regarding the increased transparency and requirements on communication when changing from a private to public setting

7. Analysis and Discussion

7.1 Stock market sentiment

A combination of the authors' analysis and all the conducted interviews point to a remarkably bullish and robust market sentiment surrounding the time of Storskogen's IPO. Not only had the chosen peer group, on an aggregated level, enjoyed appreciated stock prices of almost 300% since the start of 2015 until Storskogen's public market entry date, but market indexes had quickly bounced back and reached new heights following the Covid-19 pandemic crash. The Nordic IPO market was also flourishing, with the number of transactions in 2021 roughly equalling the total of the past three years. In the ensuing section, a discussion will be held to answer the first research question, whether Storskogen's IPO price was inflated, consequently leading to a normalization period.

The most common explanation for the positive sentiment from the meetings with industry professionals was that money was basically free. Jonsson (2023/03/22) expressed this by remarking on the historically low-interest rates which had been in effect for several years, in line with Gamber (2020). Additionally, Jonsson (2023/03/22) explained that money was not only cheap, but abundant capital existed due to recent quantitative easings. Other interviewees agreed, and Björk Lindström (2023/03/22) added that, as a result, there was a lot of money on the sidelines ready to be invested, referred to as dry powder in the private equity community. Consequently, Ahlgren (2023/03/09) noted that investors' risk appetite was higher than it is nowadays in early 2023. On that note, Fredrikson (2023/03/14) commented on the IPO market and investors' propensity for risk. He stated that since money was so abundant, many investors had started to look for alternative investments in the hunt for alpha. Consequently, essentially any firm could be put on the public market in 2020/2021, and the issuance would still attract significant investor interest. One phenomenon that resulted from this - or that may have caused it - was a significant number of traders subscribing for shares on the opening day of trading with the intention of selling them later the same day.

The market sentiment was undoubtedly strong. Naturally, the question regarding the sentiment surrounding compounders, Storskogen included, becomes the next topic of discussion.

If using stock returns as a proxy for investor sentiment, in alignment with Checkleya et al. (2017), compounders were definitely sought after during the years leading up to Storskogen's IPO, considering their excess return versus various market indexes. Not surprisingly, Björk Lindström (2023/03/22) stated that serial acquirers were extremely popular during 2021. Interestingly, this statement involves both the entrepreneurs who aspire to sell their businesses, but also investors. The founders plausibly considered selling to compounders as an attractive and exciting opportunity due to word-of-mouth from past sellers. The M&A pace of several compounders had accelerated post-pandemic, and entrepreneurs could therefore sell to the emerging segment of serial acquirers. The previously mentioned reasons were brought forward when wondering why investors opted for compounders, i.e., high-risk appetite in combination with favorable access to cheap capital. Carnegie (2022), Lindkvist (2023/03/15), and Håkansson (2023/03/14) agreed and added that the market conditions were highly favorable around the time of the IPO. Altogether, the market dynamics that favor M&A transactions, e.g., access to cheap capital, low-interest rates, and high stock prices (Deloitte, 2020), and accordingly compounders, were robust.

Fredriksson (2023/03/14) explained why cheap capital is beneficial for a serial acquirer by noting that what makes those kinds of firms attractive is their ability to invest their capital at higher rates than their cost of capital, similar to the arguments by Carnegie (2022) and Canuck Analysts at Exploring Context (2021). In a low-interest rate environment, the cost of debt naturally reduces, but also the cost of equity as the risk

premium demanded by investors decreases. Due to the combination of a high-risk appetite with abundant access to cheap capital, serial acquirers could more easily achieve an ROIC above their WACC.

Moving on to Storskogen, establishing an understanding of the interest for the company prior to the public market entry is challenging via desktop research due to the low requirements on transparency and disclosure for private companies in Sweden. However, Arfvidsson (2023/03/22), who invested in Storskogen through one of Coeli's Private Equity funds years before the IPO, could detail the sentiment surrounding the company. As a background, Arfvidsson mentioned that the investment was distributed across two separate share issues as the fund had not been able to get full allocation during the first one. Arfvidsson further noted that Storskogen executed multiple issuances over the years, and they were all considerably trendy where investors fought to get their wanted shares. Lindkvist (2023/03/15) painted a similar picture as he said that several customers of Coeli wanted to invest in Storskogen as they had heard the pitch from Daniel Kaplan. Taken together, the robust market sentiment seems to extend to both compounders in general and Storskogen in particular, ultimately evidenced by the oversubscribed IPO.

As Adam Smith, often called the father of Economics according to Investopedia (2023), in his book Wealth of Nations, 1776, explained, the price of a certain asset is determined by its demand and supply (Smith, 1776). In the case of Storskogen, the demand aspect was undoubtedly high and had been for some years, whereas the supply was rather limited considering the limited free float. Extending the rudimentary logic of Smith (1776) thus results in a high price for Storskogen.

At the IPO date, Storskogen closed its first day of trading at SEK50.5, roughly an increase of 30% from that morning's price of SEK38.5. The closing price implied an EV/EBITDA multiple and P/E ratio of ~59x and ~67x, respectively, compared to the corresponding peer averages of ~23x and ~32x. A substantial premium was accordingly awarded to Storskogen by the market during the early days. Section 6.2.1.4 noted that receiving valuation premiums is not a unique or necessarily an alarming phenomenon. Rather, it signifies the market's confidence in the specific company. Whether or not that price was excessively steep and hence inflated by an overconfident investor base with high expectations and overall bullish sentiment will now be addressed.

As with the explanation of the hype surrounding compounders, the interviewees predominantly shared one view regarding the IPO price, and that opinion was that the price was nothing out of the ordinary. Björk Lindström (2023/03/22) began his exposition by stating that the price had not been a topic of conversation he had indulged himself in previously, yet explaining that the market sets the price, not the banks or Storskogen. If the IPO was priced at SEK38.5 per share, then that was the investor community's fair assessment of the company's value at that time. Lindkvist (2023/03/15) and Arfvidsson (2023/03/22) shared the impression and noted that the price was within the expected range that investors pre-IPO had been communicated. Like Björk Lindström (2023/03/22), both Coeli employees said that the price had not been of any concern and thus did not warrant further investigation. On the other hand, Håkansson (2023/03/14) and Fredriksson (2023/03/14) spontaneously felt that the price was a bit high when looking purely at the multiples, although, simultaneously confessing that they had not analyzed it in detail and if the market wanted to pay SEK38.5 per share, that most likely was a reasonable price given the sentiment. Despite the premium valuation, the interviewees accordingly appear to believe that the price was not abnormally high.

Section 6.2.1.1 illustrated that Storskogen's share price fall has not necessarily been a regression back to historical or current peer averages but rather a fall far below those levels. The speed at which the sentiment shifted for the company is aligned with Checkleya et al. (2017), who argued that the relationship between sentiment and stock prices is a short-lived measurement, implying that once investors change their minds,

stock prices may quickly be affected. In line with this, Ahlgren (2023/03/09) remarked that the stock market tends to think in lines of quarters instead of years which the traded companies often focus on. Moreover, Arfvidsson (2023/03/22) and Björk Lindström (2023/03/22) feel like the downward pressure is not entirely fair as Storskogen has faced several unforeseeable events since the IPO. The company has managed to execute its communicated strategy fashionably. However, investors tend to flee to more proven business models with longer track records when the overall market sentiment quickly deteriorates, in this case due to a war in the neighbouring countries and an overall difficult macro-environment. As a reminder, Storskogen's public journey dates to October 2021, and its foundation was in 2012. Both interviewed analysts at Kammarkollegiet agree with this reasoning and state that investors' interest in compounders since the start of 2022 has fallen noticeably, where serial acquirers that have demonstrated healthy returns over entire business cycles have been favored. On that note, Björk Lindström (2023/03/22) argued that the public journey most likely would have looked different if the company had instead entered the public market a few years before, giving the market more time to become acquainted with the business model.

Furthermore, as was noted in section 6.1.1, several anchor investors abandoned Storskogen approximately one year after the IPO in November 2022. Schmeling (2007) wrote that institutional money could be used as a proxy for smart money, unlike retail investors, who are labeled as noise traders. Even though this was months after the initial downtrading began, and despite any causal relationship, it was a bearish signal to retail investors, which worsened the stock's sentiment even more.

Hence, a combination of high expectations with a challenging market that hinders easy access to growth capital and investors opting for more proven business models seems like plausible explanations for Storskogen's relatively poor stock performance. Section 6.2.1.4 distinctly shows that the market has had ambitious goals for the firm considering the large swings on its reporting days. Additionally, the departure to companies investors are more comfortable with can be seen in section 6.2.1.3, where it is clearly illustrated that other IPOs during 2021 also have experienced sizable downward pressure. Relative to the performance of compounders and the market overall, the IPO peer group performed significantly worse. Although, as section 6.2.1.4 pointed out, this analysis can not establish if there was an IPO bubble of some sort. However, it points to investors instead of requesting firms with longer track records.

To amalgamate, this section indicates that Storskogen's IPO price was a fair premium valuation, awarded by an optimistic market that, as of early 2023, has fallen well below historical peer averages rather than a normalization. The reason is largely caused by a substantially different macro environment that has caused investors to shift demand to compounders, and businesses in general, with track records over entire business cycles, despite Storskogen's continued operational execution.

Nevertheless, as both Håkansson (2023/03/14) and Fredriksson (2023/03/14) felt, the received multiples represented a tangible premium compared to its peers. So far, the analysis has allured that the IPO market during 2021 was unprecedented and booming. An interesting question is thus whether the underwriters, in the process, levered the optimistic sentiment to raise the price even further. A total of nine banks were involved in the process, potentially diluting the accountability of inflating the price. Therefore, the ensuing section will attempt to pinpoint if the number of underwriters was excessive, enabling a too-high price.

7.2 Number of book runners

As this case study has previously mentioned, an issue with an excessive number of banks involved in the underwriting process of an IPO might dilute accountability and proprietorship. Thus, hoisting the opportunity to leverage an optimistic market sentiment without adequate risk of facing repercussions in the case of a significant drop in share price after the first trading date. Moreover, the underwriting syndicate as

an aggregated form is still being researched, with Corwin and Shults (2005) and Davidson et al. (2006) regarded as pioneers. They concluded that the deal size and placement risk increase the need for more underwriting banks. Posing the question if the complexity and magnitude of the Storskogen IPO were enough to justify the number of banks involved or if there could have existed an underlying conflict of interest in the sheer number of banks involved in the IPO procedure, possibly diluting the accountability amongst involved banks?

Throughout all the interviews, this topic was covered, and the common thread was a shared latent skepticism, yet, no definitive opinion could be established. Fredrikson (2023/03/14) began by sharing his initial feeling of the number of banks being above average and continued by questioning the need for a more-than-average number of banks selling the already-hyped IPO, although noting that he did not know the actual mean. A similar concern was expressed by Arfvidsson (2023/03/22), who pointed out that the syndicate and Storskogen seemed very keen to utilize their momentum and continue the high investment demand evident in the previous section and wondered if this was to satisfy a demanding market or if there was some other reason for this.

On a contradictory note, Ahlgren (2023/03/09) supported the number of banks by arguing that Storskogen was interested in banks that had access to different types of investors and that a greater number of banks also meant more active analysts covering Storskogen post-IPO. Ahlgren continued by arguing that the banks themselves have little reason to be more numerous since their fee is volume based and must be split amongst them, as well as coordination amongst them becomes increasingly challenging when including more players. Nevertheless, even though the arguments brought forward by Ahlgren against a supposedly excessive syndicate size are factually correct, i.e., that the banks involved may face administrative hurdles and receive less compensation, it is fair to wonder about the relevance of the arguments in this case. Splitting the fee, which in Storskogen's IPO was ~SEK300m, between, e.g., six or nine underwriters undoubtedly affects the revenue earned by the investment banks; however, being included in the transaction might have its own value. In that scenario, the money might be considered a hygiene factor which, together with other components, comprise the attraction of the deal. Hence, there might be several other reasons why many banks are keen to be part of a publicly acknowledged IPO procedure, which will be discussed further down. Nonetheless, firstly, it is interesting to establish whether the number of banks involved was quantitatively aligned with what could be expected.

From the benchmark in section 6.3, the data shows that the IPO process of Storskogen had a greater number of banks involved in the procedure than what ought to be expected, in line with the aforementioned statement from Fredriksson (2023/03/14). However, given the low R-squared and significant disparity in the average number of book-runners involved between the sampled exchanges, little to none can be said about whether the amount is excessive, solely based on a quantitative benchmark. Therefore, no definitive correlation can be established between deal size and the number of book-runners within the sample, contrary to Corwin & Shultz (2005). Instead, it sheds light on the importance of evaluating based on other variables that might alter the presumably sufficient number of banks involved.

With that said, variables such as branding opportunities for involved banks, the complexity of Storskogen's business model, and previously established relationships with banks are imperative to consider. Thinking in terms of the branding opportunity for involved banks, it is clear that Storskogen was considered a high-profile case that received much attention. Lindkvist (2023/03/15) commented on it as;

"Dream position for Daniel Kaplan, everybody wanted in."

Hence, being part of the syndicate unsurprisingly resulted in significant media attention for the involved banks. Also, due to the substantial interest in the stock amongst investors, it became attractive and almost critical for banks to be able to offer current and future clients a part of the offering.

Interestingly though, compared with the IPO of Volvo during the same year - a deal size of SEK20bn - which also garnered much media attention, Storskogen had two more banks in their underwriting syndicate, yet around SEK5.5bn less in deal size. Davidson et al. (2006) could argue that this has to do with the comparatively more significant placement risk of Storskogen, arguably due to the complexity and lesser transparency of the Storskogen business model. In line with that, Fredriksson (2023/03/14) said the following to describe that phenomenon;

"The severe diversity makes it challenging to understand the risk you actually take when investing in Storskogen."

Therefore, due to the complexity of Storskogen's business model, the company should be expected to go with a more numerous syndicate structure. Nevertheless, this only partly determines why Storskogen would choose nine banks in the IPO procedure. Ahlgren (2023/03/09) mentioned that previous relations and various banks' strengths were also determinants on which banks to involve. For example, some firms might have a stronger institutional investor base, while others have robust international reach and the required knowledge to effectively analyze specific firms. Connecting back to the term "beauty contest" coined by Clooney et al. (2004), banks will stress their strengths to become included in the syndicate and henceforth increase their likelihood of being included in future M&A procedures. Such behavior was most likely present in the case of Storskogen since inclusion would tie a relationship to a client that had explicitly communicated that they would make a substantial number of acquisitions going forward.

Altogether, it becomes apparent that the reasons for justifying the number of banks involved are numerous considering, e.g., the placement risk of Storskogen, the banks' myriad of strengths, considerable branding opportunities through significant media attention, and the banks' interest in establishing relationships with a potentially lucrative client going forward.

With that said, Fredriksson (2023/03/14) continued by commenting on the timing and strategy of the whole IPO as follows;

"Storskogen and Vestum are two well-timed IPOs that were listed in October and garnered substantial volumes that generated a trade rush. It makes them prime examples of brilliant IPO procedures that are able to push the price upwards artificially."

Meaning that due to the substantial liquidity of the stock, index inclusion and other benefits of high trading volumes can be used to amplify a trading momentum. However, Fredriksson also stated that this should not be considered deceptive since traders are generally rational and well-informed.

Hence, Storskogen's IPO procedure appears to have attracted a significant and attractive investor base of both institutional and retail investors early on, spawning considerable stock liquidity and, consequently, index inclusions, subsequently rendering an artificial price push in a market environment with a seemingly insatiable appetite for the stock. Yet, the notion that the number of banks would create a situation where the IPO price was misleading and wrongly pushed upwards should be dismissed.

Thus, as the last two sections have demonstrated, the reasons for Storskogen's stock price journey cannot exhaustively be explained by the stock market sentiment's dynamics and events, nor should it be justified

by the number of banks involved in the underwriting syndicate. As a consequence, the analysis needs to shift from an exogenous perspective towards an endogenous one by questioning the sustainability and feasibility of Storskogen's business model.

7.3 Sustainable and feasibility of business model

The above sections illustrate that the public journey of Storskogen should not be attributed to an inflated IPO price, nor does the underwriting process appear to deserve the blame. Still, the company, one of the largest public entries ever performed on the Nordic market, lost 89% of its value in 14 months. Rational actor theory, which is the foundation of the efficient market hypothesis and standard economic theory, assumes that all available information is processed and used, and that investors behave rationally (Investopedia, 2022). Even though the essence of the theory, i.e., that individuals always are rational, is widely questioned, it is hard to believe that the market would trade down a stock that much without cause. Hence, investors plausibly have identified some risks that this paper so far has not been able to capture. The subsequent analysis will therefore move on to scrutinizing the business model of Storskogen and its peers, trying to pinpoint if investors may fear its ability to sustainably create shareholder value.

7.3.1 An internal perspective of Storskogen

To start with, Ahlgren (2023/03/09) noted that the business model of compounders is not a recent phenomenon. It is a proven and tested concept that has existed for decades in Sweden and internationally. Ahlgren further stated that the common strategy utilized by such firms is not difficult to grasp; they are all attempting to identify well-run businesses with prosperous future outlooks. Also, as entrepreneurs are the core of the targets, ensuring a committed and solid cultural fit is imperative, in line with Scott Management (2020). Value is therethrough created by purchasing the companies at reasonable multiples and managing them appropriately. In that way, Ahlgren argues that different compounders are noticeably similar. The differences are rather in aspects such as degree of centralization, division of responsibilities, and broad as opposed to a narrow investment focus. All variations have pros and cons; for example, having a narrow focus reduces one's pool of potential investment candidates. However, you can channel your knowledge more precisely. Although, overall, compounders are very similar, according to Ahlgren. Taken together, the description is similar to the proposed one in section 2.4.

What primarily distinguishes Storskogen is its comprehensive focus, and the pace at which it historically has conducted its M&A. Ahlgren (2023/03/09) means that Storskogen's business model is carefully developed with the advantages and disadvantages of the various focus areas in mind. The sweeping focus results in a significant pool of potential targets to acquire; according to Storskogen's annual report 2021, approximately 400,000 potential acquisitions within the company's investment criteria were believed to exist in Europe. Due to that, Ahlgren conveys that Storskogen can be extremely picky when choosing firms from that colossal pool, as opposed to being picky within one closed segment with much fewer candidates. It is thus the belief of Storskogen that a big investment sphere is preferable. Also, the wide focus inevitably leads to considerable diversification, enabling returns to be compounded with lower and lower idiosyncratic risk (Canuck Analysts at Exploring Context, 2021).

Gutén (2023/03/06) concurs and adds that the M&A organization at Storskogen is exceptionally competent, both within the financial aspects and regarding reviewing individual targets. Employees with an extensive background within, e.g., industrial products, which Gutén has, verify every acquisition's potential before a deal. In that way, the quality is never compromised, despite a rapid pace. Having an experienced team in place might not be unique for Storskogen, however, the latest remark is an important one according to both Ahlgren (2023/03/09) and Gutén (2023/03/06), as there exists a misconception in the market that

Storskogen acquires loose candidates just to execute transactions and grow. This disbelief is plausibly caused by flawed communication from Storskogen's side, according to Gutén, who argues that the company can be clearer regarding how meticulous its process is. Arfvidsson (2023/03/22), who knew the company well prior to its IPO, agrees and wonders if Storskogen perhaps underestimated the increased scrutiny and transparency requirements accompanying a public entry.

Considering the M&A pace, as Table 13 illustrates, Storskogen has acquired at an unseen speed compared to the chosen peer group. However, the rate at which Storskogen has conducted its transactions in the past is not that dramatic, according to Ahlgren, as it is largely a consequence of the surrounding market environment and can easily be calibrated to adapt to changing trends. This is in line with Deloitte (2020), which found that the pace of acquisitions largely depends on how beneficial the current market conditions are, where interest rates and availability of cheap capital were mentioned. Nonetheless, Carnegie (2022) stated that having an organization that can undertake a considerable amount of transactions yearly is an attractive feature for compounders, an aspect which undeniably can be attributed to Storskogen. Interestingly, the same source also found that compounders generally have a hard time making more than 20 purchases per year, a barrier that Storskogen has broken.

A few other components of Storskogen's business model were further mentioned that differentiate the company from its peers. First of all, Ahlgren explained that despite Storskogen's many verticals, with business units that have a high degree of independence, a differentiator compared to peers is relatively many central functions, recommended by Scott Management (2020). Jonsson (2023/03/22) agreed and mentioned that Agio, i.e., the company which Jonsson owns and is the CEO of that was bought by Storskogen in 2021, is run by its management, not Storskogen. However, if Agio or Jonsson needs assistance with, e.g., accounting practices or lawyers, Storskogen's resources are immediately at its disposal. Secondly, Storskogen's ambition is not to integrate the target companies into a larger entity, thus removing the target firm's name and plausibly also parts of the organizational structure and strategy. Instead, each holding company is allowed to keep their names/brands and intended to be kept perpetually. In that way, the focus is always long-term as opposed to short-term profit and value maximization, which Jonsson argues other kinds of owners push for. Due to this, Jonsson described Storskogen as follows:

"Human capitalists that do not tolerate weak results, but simultaneously encourage the holding companies in a healthy and balanced manner. They are the perfect owners who allow entrepreneurs to fulfill their goals without micromanaging. A little bit like being bought and supervised by your rich grandpa."

7.3.2 An external perspective of Storskogen

Moving on to the history of compounders, there is no doubt that serial acquirers have been able to provide their investors with ample returns, as seen in section 4. All interviewees further argue that serial acquirers, as a broad term, are attractive and here to stay, agreeing with Frick & Torres (2002), who found that companies that undertake repetitive and strategic M&A practices create value. Lindkvist (2023/03/15), for example, said that contingent on having an experienced and skilled team, compounders can identify undervalued assets in lucrative niches, integrate them, and reap the accompanying synergies, thus making the grouped value considerably higher than the stand-alone values. This view was shared by other industry professionals, not the least Björk Lindström (2023/03/22), who used a similar explanation and then the following quote:

"In that way, one plus one can equal three."

Fredriksson (2023/03/14) additionally stated that the compounding model is definitely compelling, where companies such as Assa Abloy function as role models. The analogy contained an interesting remark that others agreed with. A serial acquirer should preferably stick to primarily one given segment to optimize the acquisitive strategy, as Assa Abloy has done. This is in line with Haleblian & Finkelstein (1999), who found that the more similar the target company is with past acquisitions, the better they perform. Both previously seen arguments by Lindkvist (2023/03/15) and Björk Lindström (2023/03/22) were primarily targeted toward those kinds of compounders. The main reasons put forward by these sources, but also Håkansson (2023/03/14) and Arfvidsson (2023/03/22), were that if too many diverse and not overlapping companies are brought together, it is challenging to extract lucrative synergies, the underlying business risk is challenging to establish, and maintaining the required knowledge to develop the portfolio companies further is tough.

Disregarding the interviewees employed at Storskogen, the consensus thus seems to favor Roll Ups. Accordingly, they agree with the current body of academic literature regarding M&A's potential for value creation. Current evidence is in disagreement regarding M&A's pros and cons, however, research provides consistent evidence that post-deal value creation is contingent on the effective integration of the two formerly separate entities (Birkinshaw et al., 2000; Schweiger, 2002; Haspeslagh and Jemison, 1991; Larsson and Finkelstein, 1999). A quote by Björk Lindström (2023/03/22) effectively summarizes the views of the external interviewees:

"Compounders that have a narrow focus have significant competitive advantages. They have an edge."

An apparent mismatch emerges when considering Storskogen's diverse portfolio, illustrated in section 5.1.1, and applying the above-seen investor logic. Fredriksson (2023/03/14) argued that the flaws of a diverse focus could be attributed to Storskogen. For example, the number of verticals makes the company too complex and hence puts Storskogen's ability to possess the required knowledge to improve the holding firms satisfactorily and gain potential synergies into question. Scott Management (2020) argued that compounders are noticeably complex due to relatively many moving parts. Concerning the vast number of business units in Storskogen undoubtedly leads to abundant moving components, thus laying the foundation of Fredriksson's complexity argument. All external interviewees shared the concern that Storskogen's extreme diversity requires a vast range of competencies and resources. Ultimately, the market seems to fear that Storskogen solely purchases companies without truly developing them.

Håkansson (2023/03/14) continued on the same path by noting that it is remarkably challenging to assess the underlying risk when all the portfolio companies on an aggregated level have thousands of competitors. In that sense, Håkansson argues that diversification increases the business risk of Storskogen due to its complexity, in contrast to Scott Management (2020) and Canuck Analysts at Exploring Context (2021). Furthermore, Björk Lindström (2023/03/22) began the interview by stating that Helix Kapital currently has eight companies spread over its three segments, which Björk Lindström believed was rather diverse. Then, Björk Lindström mentioned that Helix Kapital had encountered Storskogen in bidding procedures in each of its current niches, an anecdote illustrating Storskogen's breadth.

Although, Björk Lindström (2023/03/22) also conveyed that soft factors, e.g., perpetual holding and not changing the organizational structure or brand name, included in Storskogen's offer when bidding for targets is attractive. This aligns with Scott Management (2020), who argued that one's offer might look more compelling by considering legacy considerations. Jonsson (2023/03/22) shared that opinion and communicated that those were some of the defining reasons for selling to Storskogen.

Taking another approach, Lindkvist (2023/03/15) considers entrepreneurs to be a crucial part of a compounder's chances of success. Storskogen has historically on average purchased a minimum of 90% of each holding company (Prospectus, 2021), and it does not require the sellers to re-invest in Storskogen, according to Jonsson (2023/03/22), hence, Lindkvist is worried that the owners may not be properly financially incentivized. Björk Lindström (2023/03/22) shared this view by stating that re-investments are preferable as it aligns interest. Also, Björk Lindström wonders if Storskogen's attraction versus selling entrepreneurs may have faded nowadays compared to pre-IPO as sellers then became a part of the journey to the public market. As a result, the common belief amongst the interviewees was that it might not be beneficial to adopt a hands-off approach when you purchase a stake that big.

Another concern brought up by the external interviewees is Storskogen's ability to generate organic growth, which may function as a proxy for the holding companies' operational well-being and quality. The fear primarily originates from a belief that the industry professionals admitted was a bit harsh, briefly mentioned earlier in this section, that Storskogen basically purchases everything that moves. Taking the M&A pace into consideration, Fredriksson speculates that the reputation is a consequence of the market doubting how thoroughly one can perform the due-diligence process when acquiring at that pace. In that sense, Jensen's (1986) *empire-building* and the inclination for managers to allow personal objectives to impact acquisitions, proposed by Martynova & Renneboog (2008), come to mind. Perhaps, growth has been such an embedded part of the company that too short time horizons have been adopted, ultimately compromising the stability of the firms in favor of the core focus, growth (Shleifer & Vishny, 2003). Also, as Davis (2012) observed, 50-75% of M&A transactions do not deliver their expected value, i.e., similar findings to PWC (2019), McKinsey (2019), and Fidelity Investments' Magellan Fund manager in Scott Management (2020). Hence, if purchasing over 200 firms, many are expected to underdeliver.

Tied to the above critique is the number of transactions Storskogen executes yearly. Carnegie (2022) found that some of the most successful compounders, e.g., Lifco, Indutrade, Addtech, and Lagercrantz, chose to be considerably patient when acquiring companies, thus executing fewer annual transactions. Accompanying benefits is that you are able to identify gaps in your knowledge and secure it as soon as possible, a key hurdle for serial acquirers according to both Canuck Analysts at Exploring Context (2021) and Carnegie (2022), but the patient M&A also reasonably leads to lower risk of overpaying (McNamara et al., 2008). In conjunction with this, Björk Lindström (2023/03/22) mentioned that Helix Kapital's sphere has become increasingly crowded, in terms of bidders, over the past years, indicating that the same could be said about Storskogen. As mentioned previously, M&A activity moves in patterns similar to waves, where early adopters yield superior returns (McNamara et al., 2008; Carow et al., 2004), plausibly as more bidders join the procedures at the end, thus competing away abnormal returns (Capron & Pistre, 2002). A combination of a high M&A pace with more competitors plausibly leads to higher price tags. Nevertheless, Jonsson (2023/03/22) mentioned that Storskogen was impressively rapid in the bidding process, although not necessarily offering more than the other bidders. In the end, Storskogen's pace was believed to, e.g., result in too high paid multiples, especially during recent years, by several interviewees, even though the case of Agio and Table 13 indicates similar price tags as other compounders.

7.3.3 Comparative analysis of internal and external perspectives

However, several of the risks mentioned above are not necessarily relevant or, in some cases, mitigated by internal practices, according to Storskogen. First of all, the broad focus is, as Ahlgren (2023/03/09) mentioned, a conscious decision to ensure a larger pool of interesting prospects. The attractiveness of this perhaps shifts depending on whether the person one asks prefers to diversify her/himself or if the holdings should be diversified instead. Secondly, criticizing Storskogen for potentially having a modest ability to

generate synergies may not be entirely fair considering the purpose of the company's M&A agenda, which the annual report 2021 articulates:

"As an owner, Storskogen does not have a general synergy agenda or goal of forcing gains through, for example, mergers, staff reductions, or the relocation of production. … On the other hand, we are happy to create value in the subsidiaries by helping them to improve certain aspects of their businesses."

Thirdly, as was pointed out by Gutén (2023/03/06), comprehensive knowledge is found in-house. Through hiring people with cutting-edge competence within specific segments, Storskogen possesses niche knowledge within a vast range of tasks and analyses. Although, Gutén simultaneously admitted that it is challenging to have the required expertise within all niches within the many verticals, agreeing with the external interviews, thus opening the possibility of outsourcing certain knowledge in the future as scaling the internal team can prove costly. This is in line with both Canuck Analysts at Exploring Context (2021) and Carnegie (2022), who pointed out that scaling knowledge is difficult yet significantly important for compounders not to create bottlenecks within the organization. A recommendation regarding external or internal knowledge was, however, not given.

Fourthly, even though Jonsson (2023/03/22) was not required to re-invest, Jonsson is anyways motivated to keep evolving Agio. Jonsson mentions that a considerable motivator entrepreneurs encounter when being included in the Storskogen network is the many accomplished and ambitious entrepreneurs one becomes a part of. Consequently, Jonsson argues that joining such a successful crowd motivates one to continue improving the firm. Also, the inherent drive of a founder undoubtedly contributes. Important to highlight, however, is that Jonsson's admirable aspirations might not necessarily be representable for all the CEOs.

As aforementioned by Ahlgren (2023/03/09), the pace at which Storskogen acquires firms depends on market conditions. For example, since 2022 when the market has become increasingly shaky, the company has adapted and accordingly reduced the pace, in line with Martynova & Renneboog (2008). Although, less resources have been able to be devoted to the current holdings over the past years due to the high number of acquisitions, this will change going forward due to the slowdown (Gutén, 2023/03/06). Also, this paper has not found evidence supporting that the high number of transactions is accompanied by relatively higher prices, a fear communicated during some of the interviews.

Concerning the fear of low-quality holdings and Storskogen's questioned ability to improve its portfolio companies, as mentioned above, both sources at Storskogen remark this as utterly incorrect. Quality transactions are always the priority, and a staff with the necessary knowledge to execute such deals is in place. After the acquisitions, Storskogen tailors the path forward for each holding company by placing one or more employees on the respective portfolio firm's board. Through assisting with long-term perspectives, as opposed to dealing with day-to-day business, Storskogen helps their holding companies to develop robust plans without telling them how to reach the goals set by themselves. This part is what Jonsson (2023/03/22) especially enjoys. Jonsson continues to run Agio in a way deemed appropriate, while receiving assistance with certain strategic decisions and mundane tasks such as accounting and legal. In that sense, Jonsson comments on the fear of the market that Storskogen leaves too much responsibility to the entrepreneurs, instead stating that this is one of the main attractions of having Storskogen as an owner.

"Through allowing the portfolio companies to set the goals and operate the business as deemed appropriate, each decision is anchored at the core of the business and hence easier to strive for."

Another way to help the portfolio companies, which was briefly mentioned above, is the Storskogen network. Gutén (2023/03/06) states that the CEOs love the network, and Jonsson (2023/03/22) agrees. They have a few meetings each year, but they are also encouraged to reach out to one another with any questions, thereby fostering a climate of best practice sharing, which is crucial, according to Scott Management (2020). Jonsson exemplifies by saying that any CEO can contact others anytime, regardless of a business segment. Furthermore, possessing the aggregated knowledge that results from having many CEOs in one group also facilitates helping each other with potential hurdles. To contextualize, Gutén mentioned that some firms are naturally more mature than others, hence, they can aid in the growth process by sharing their experiences. Also, the portfolio companies can group together, e.g., source certain products to lower overall costs. However, the interviewees questioned the network's ability to lead to benefits that affect the Group's results tangibly. Håkansson (2023/03/14) noted that the scale at which these common sourcing practices and knowledge sharing would have to be considerable to move the needle effectively.

Nevertheless, going forward, all the external industry professionals argue that Storskogen has the potential to continue its solid operational growth journey. The consensus is that a reduced M&A pace is sound, allowing the company to instead focus on executing a handful of deals annually. At the same time, it will free up resources to enable a more hands-on approach with the current holdings, advocated by industry professionals considering Storskogen's large majority stakes, and enable developing the organization to handle the vast number of business units while lowering the debt burden. Consequently, it will allow Storskogen to scale its knowledge base and grow into its portfolio's significant size. In that sense, the firm may improve its ability to distinctively assist its holding companies and communicate its strategy more unequivocal to the public.

Furthermore, Fredriksson (2023/03/14) conveyed that the Q4(22) report showed robust signs, and Fredriksson simultaneously believes that if Storskogen can prove its diversification through maintaining margins during this economic downturn, investor interest will most likely return. Tied to this is a belief shared amongst several interviewees that everything has a price. The stock has traded down significantly, and at these levels, a conglomerate compounder with prosperous growth prospects looks rather compelling. Nevertheless, at first, Fredriksson impugned the diversification of Storskogen by noting that its top 10 largest holdings account for roughly 40% of the Group's EBITA, although stating that the portfolio has not faced a sour market yet, providing Storskogen with the ability to prove itself now. Additionally, Arfvidsson (2023/03/22) and Björk Lindström (2023/03/22) maintain that Storskogen has executed its strategy solidly in the past, and considering the many potential targets left in the pool, Björk Lindström is optimistic about the company's future. In the end, if Storskogen demonstrates resilience in the years ahead, thus proving the perks of its model, the interviewees argue that investors will soon return.

The interviews with Storskogen employees also believe that the future looks prosperous for the company. Through improving communication and giving the market more time to understand the model, Gutén (2023/03/06) argues that the quality of the holdings will be made clear. Ahlgren (2023/03/09) points out that the underlying cash flow is robust and will be able to serve both equity and debt in the ensuing years thanks to the stable companies Storskogen purchases. An interesting factor, brought up by Ahlgren as well as external interviews with, e.g., Lindkvist (2023/03/15) and Arfvidsson (2023/03/22), is that the composition of the SMEs in Storskogen's portfolio is not possible to put together alone as an investor, hence, if one wants that exposure, Storskogen is the natural destination. In the end, the reduced M&A pace has been a blessing in disguise, according to Gutén, where the firm can take a step back and evaluate the journey and its destination, an opinion shared by the external interviewees.

7.3.4 Quantitative perspectives

Following the qualitative analysis with industry professionals, the analysis will move on to quantitative aspects from section 6.4 to see if the data support any of the above-stated preferences. For example, Roll Ups appear to be the absolute favourite compounder model; the ensuing part of this section will attempt to determine if that might be due to individual inclinations or if those serial acquirers can be labeled as the superior compounder category.

Table 17 - Comparison of key metrics for compounders. Source: Capital IQ (2023) & Authors

	Growth				Debt	Cash Generation		Value adding	Skin in the game		Shareholder value
	Revenue	Gross Profit	EBIT	EBIT expansion?	ND/EBITDA	ROCE	ROIC	ROIC > WACC?	CEO	CFO	Stock return
Roll Ups	3	3	2	+4%	2	2	2	1/4	4	3	1
Platforms	2	2	3	+6%	3	3	3	3/4	2	1	3
Accumulators	4	4	4	+4%	4	1	1	4/4	3	4	2
Storskogen	**1**	**1**	**1**	**-2%**	**1**	**4**	**4**	**No**	**1**	**2**	**4**

Note(s): the highest is always a "1", low leverage is assumed to be optimal, and the mean values for the different categories are used. Also, concerning the ROIC > WACC metric, the figure represents how many companies in the group managed to accomplish that relation.

The second part of section 6.4.1 brought up several key metrics that are especially important for compounders, according to said sources. Interestingly, no apparent winners or losers emerge when viewing all the figures together. Prior to discussing the table, it is important to remind the reader of Storskogen's limited financial history compared to their peers, potentially limiting takeaways.

As seen in Table 17, the superior category varies depending on which metric one chooses to focus on. Accumulators are, e.g., the worst when targeting growth metrics. Still, at the same time, they have the healthiest balance sheets, and all companies are able to deploy their capital at higher rates than their accompanying costs. Storskogen is undoubtedly unique in its growth aspects and has a management team with significant skin in the game. However, the other metrics do not imply an equally positive picture. Compared to the averages of the compounder categories, Storskogen has the highest debt and worst cash generation capabilities.

Regarding the debt, Håkansson (2023/03/14) mentioned that the company managed to extend some of its obligations during February 2023, although noting that pushing the principal payment one year into the future did not necessarily move the needle. Also, Storskogen has not expanded its EBIT more than its revenue, implying unprofitable growth. This critique can be linked to the virtue proposed by Ramezani et al. (2019), growth for the sake of growth. Maximizing growth does not equal maximized shareholder value. Instead, growing modestly in a profitable manner is the preferred alternative.

Another shortfall is Storskogen's higher WACC compared to the ROIC. Carnegie (2022) raised this key concern when analyzing compounders: their ability to sustainably invest at higher rates than their costs. Eventually, all serial acquirers face the law of diminishing returns, according to the source, implying that Storskogen might have fallen victim to such a phenomenon. The company has grown tangible over the past decade, perhaps reaching a size where the transactions are becoming increasingly challenging. Furthermore, three of the interviews, i.e., Björk Lindström (2023/03/22), Fredriksson (2023/03/14), and Håkansson (2023/03/14), also consider the ROIC versus WACC comparison an important determinant of a compounder's attractiveness. Fredriksson (2023/03/14) also stated that equity research analysts, in general, use a WACC of 9% for Storskogen, significantly below the one calculated by us. This relates to the

previous discussion regarding the difficulties of establishing the correct WACC by Berk & Demarzo (2017). However, the relationship would remain despite the lowered cost of capital.

Section 7.1 demonstrated that the market had changed significantly since the start of 2022. Capital has become increasingly expensive, and investors' risk appetite has dropped significantly. As a result, companies with proven business models, preferably with track records stretching over an entire economic cycle, are in demand. Considering that growing through M&A will be more arduous and expensive going forward, investors might hence argue that the edge of Storskogen is fading, i.e., its propensity for growth. Although, with a management with a considerable stake in the company and its diversification benefits yet to be shown, the future may not look as rough.

7.3.5 The sustainability of Storskogen's business model

Coupling the quantitative with the qualitative, the interviewees' penchant for Roll Ups is not supported by the data. They are superior in some aspects but fall short in others. This aligns with Ahlgren's (2023/03/09) comment regarding that pros and cons accompany different focus areas. Important to highlight is that the chosen companies are just a fraction of the total sphere of compounders, meaning that on an accumulated level, other results may lie. Nevertheless, each conducted interview regards compounders as a sustainable model, despite the academic literature's mixed evidence in favor of M&A, perhaps not surprising considering their historical stock return, with an aggregated average CAGR of 20% over more than a decade. Although, the focus according to the external interviews should be directed on selected niches to enable lucrative synergies. The arguments follow Scott Management's (2020) logic strikingly, i.e., purchasing companies is not necessarily difficult. Finding the perfect targets and integrating them appropriately is where the challenges lie. Storskogen's unique focus on diversified growth is therefore considerably criticized by industry professionals, where the market is afraid that Storskogen has too loose investment criteria and simultaneously does not sufficiently push the holdings forward. A current CEO of one of the holding companies confirms Storskogen as an owner is hands-off, partly confirming the fear of the market but simultaneously describing it as a key selling point. Poor communication may be blamed for the market's pessimistic view, but the consensus is nonetheless that by providing Storskogen more time to demonstrate the benefits and strengths of its holdings, investors will return. With that said, the company has a lot to prove, where its capital allocation efficiency and profitability are some of the areas that must be improved. In the end, as Canuck Analysts at Exploring Context (2021) mentioned, what has made previous acquisitions successful or not changes continuously, implying that Storskogen's faith is yet to be decided.

8. Conclusion

The case of Storskogen, a fast-paced and diversified serial acquirer, is fascinating for several reasons. M&A as a concept is a widely researched topic, however, its benefits are ambiguous and questioned by many scholars. Opponents argue that shareholder value creation is an elusive outcome of M&A strategies, and if a value is created, it is mainly attributed to the target company. Still, a segment of serial acquirers, so-called compounders, has emerged and become increasingly popular. Those firms have historically managed to significantly outperform multiple market indexes, where the outperformance has grown even more prominent since the initial shock of the Covid-19 pandemic, despite solid index recoveries. Amid this overall positive market sentiment, Storskogen entered Nasdaq Stockholm as one of the largest IPOs ever made on the Nordic market on the 6th of October 2021. Nine banks assisted in the transaction, together billing almost SEK300m. Its public journey has been significantly volatile, where the stock rose sharply until the beginning of 2022, reaching its current all-time high of SEK61, compared to SEK6.77 per share at the end of 2022. This stark fall and the unique market dynamics pose various questions. For example, has the development been a normalization from inflated levels? Was the number of underwriters

reasonable, or were they too many, which diluted the accountability of potentially selling too high a price? Also, is the business model of compounders able to create sustainable shareholder value, and how does Storskogen differentiate itself?

First, this paper demonstrates that the market was considerably bullish in terms of three areas at the time of the IPO: overall market indexes, the serial acquirer sphere, and Storskogen. A high-risk appetite, in combination with favorable access to cheap capital, were seen as major causes for said optimism. Sources illustrate that Storskogen has been exceptional at creating a hype when issuing capital in the past, thus managing to include accomplished investors and well-known high-net-worth individuals. This was further seen when it entered the public market as the offering was oversubscribed and rose almost 30% on the first day. As of the first day's closing, Storskogen's EV/EBITDA and P/E multiples were ~2.5x and ~2.1x higher than the aggregated peer group averages. However, industry professionals did not consider the substantial premium inflated, even though two interviewees spontaneously felt it was a bit high. Instead, the argument brought forward was that Storskogen, or the banks, are not the ones setting the price. Therefore, if the market chose the price, concluding that it was inflated is challenging. Nevertheless, the unfavorable stock development seems to a large extent to have been caused by a combination of deteriorating compounder sentiment, with investors lowered willingness to take risks and hence their departure to companies with more proven business models. Taken together, it does not seem like a normalization as the trading multiples as of early 2023 are significantly lower than peer averages, historical and current.

Secondly, the results remain ambiguous whether the number of banks involved were too many and thus caused a conflict of interest among them, potentially diluting the accountability of pushing a too-high price. In the conducted benchmark, no conclusive results were found, signaling that it is not enough to solely look at deal size within the sample to motivate the number of banks involved. Especially so since the disparity between the number of banks for various deal sizes was substantial. Moreover, during the interviews, no explicit reason was presented for why the number of banks would be unjustifiable. Hence, the number of banks should not be considered an adequate cause of a potential conflict of interest amongst the involved banks and, therefore, not function as an explanation for Storskogen's consecutive stock price development. Instead, several circumstances were presented for which the number of banks could be explained, e.g., the placement risk of Storskogen, various strengths amongst the banks, branding opportunities through significant media attention, and the banks' interest in establishing relationships with a potentially lucrative client going forward. Together, it showcases an IPO that has effectively utilized media attention, attracted a diverse investor base, and spawned considerable stock liquidity and price surge in a very optimistic market environment.

Thirdly, concerning the viability of compounders to sustainably create shareholder value, a partner at Storskogen first made the distinction that serial acquirers, in general, are very similar. Still, they are often grouped into three categories depending on, e.g., the breadth of each company's focus. Overall, the consensus across all interviews was that compounders, as a broad term, are able to create shareholder value sustainably. However, an overwhelming preference for the so-called Roll Ups was apparent when talking to industry professionals, where several arguments were brought forward. Those compounders stick to one niche where they consolidate a fragmented market with the help of cutting-edge knowledge to reap lucrative synergies. Interestingly, the available data did however not support the superiority of Roll Ups. Storskogen, labeled as an Accumulator, instead focuses on finding attractive targets across different niches and not necessarily having a synergy-focused business model. It was believed to be less appealing due to several company-specific attributes. Not only was the diversification of Storskogen considered to add substantial complexity to the case, but the pace at which the company executes its deals was also criticized when interviewees wondered how thorough the due diligence can be. Although, in the end, internal and external

interviewees agreed that Storskogen's public development might not have been entirely fair due to several unforeseeable macro events. The benefits of the diverse portfolio of holdings have not had the opportunity to show themselves so far. Investors argue that investor interest will return if Storskogen demonstrates resilience and the underlying quality of its holdings during the upcoming market downturn.

In the end, everything has a price, and the case of Storskogen remains a complex topic with divergent opinions. Today it seems that the company is partly misunderstood by the general public, plausibly caused by flawed communication. Due to a hardened macro environment and its depreciated stock development, Storskogen finds itself in a situation where it will not afford to sustain its previously high M&A pace. Consequently, external growth will be slim, and they will have much to prove in their ability to grow organically before investor interest can be expected to return. However, there is no denying that industry professionals believe in the underlying business and watch the situation with interest from the sidelines. Therefore, the ensuing years will probably be a make or break for the firm, where its underlying qualities may emerge or appear lacking.

Will Storskogen be able to future-proof its business model and join acclaimed industry peers as a trusted and acknowledged compounder with an accompanied premium valuation, or will Storskogen crumble under its own structure - much like a Collateralized Debt Obligation back in 2008?

9. Implications for future research

Unfortunately, numerous interesting avenues had to be neglected to narrow the focus of this study. As was mentioned in section 2.5, the multiple-arbitrage angle of compounders was removed. Although, several interviewees argue that serial acquirers, to a large extent, are a financial product that leverages financial arbitrage. Also, the pattern of M&A waves is well-documented by previous scholars, and recent studies show that the number of transactions throughout the past years has been at record levels. However, an extensive analysis of this phenomenon's potential impact on Storskogen's development was not conducted. Additionally, several qualitative aspects regarding compounders' attractiveness were mentioned by e.g., Carnegie (2022) and Scott Management (2020), although those were put aside in favour of the more quantitative ones. To conclude, delving deeper into their areas could prove important and informative.

10. Literature

10.1 Academic Literature

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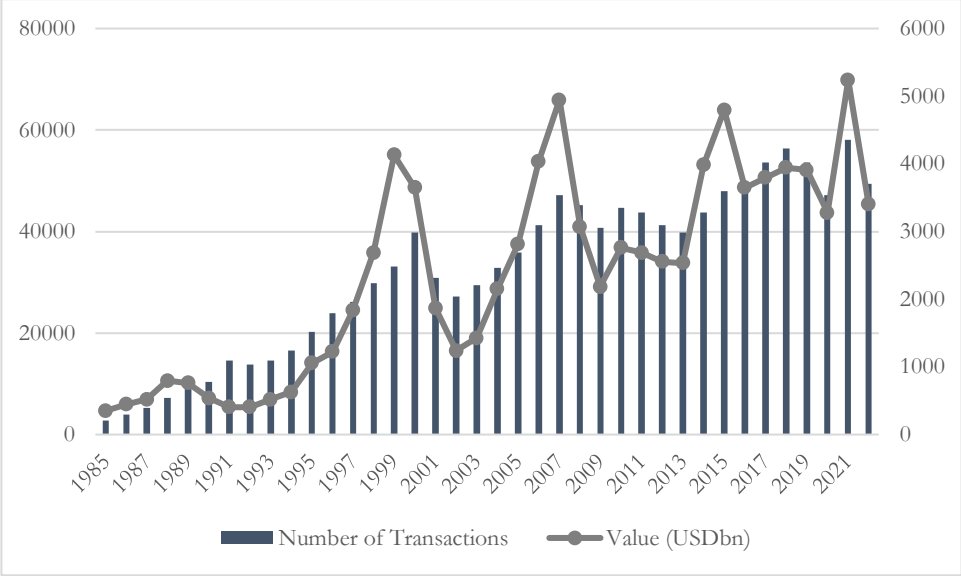
11. Appendix

11.1 Illustration of global M&A cycles



Source: IMAA - Accessed on 2023-01-20

11.2 Subcategories within the compounder sphere

Roll Ups
These serial acquirers operate within one single large total addressable market (TAM) in a specific country and/or sector. These markets are most often larger than the many individual ones that Platform and Accumulators work within, according to Carnegie (2022). Carnegie (2022) uses an analogy to better demonstrate the difference between Roll Ups and the other categories: Roll Ups compounders are sector specialists, while Platform and Accumulators are generalists.

Companies within this category carefully integrate the target companies into the Group structure to reap the maximum amount of synergies. Scott Management (2020) further states that the focus is usually on scale-driven synergies and that the products are generally commodity-like. Roll Ups utilize the integration process most of all the categories. Focusing on one specific niche aids in this task as they can understand the targets and couple them together due to their similarities.

A few examples of international firms within this niche are Waste Management, Betty Global, and Johnson Service, whereas Swedish examples include Bufab, Lindab, Coor, Instalco, and Beijer Ref (Scott Management, 2020; Carnegie, 2022).

Platform
Platform compounders, on the other hand, can be seen as a few Roll Ups in one company. In other words, these firms build platforms within specific industries where they, to some extent, integrate the portfolio holdings but do not integrate between different platforms. Scott Management (2020) concludes that this category integrates less than Roll Ups but more than the other categories while at the same time targeting firms that differentiate themselves with their products.

Due to the inherent differences between the holdings, Platform compounders usually have independent management teams to lead the different business areas (Carnegie, 2022). Also, the variation in firm

characteristics makes cost synergies less common. Best practices and knowledge sharing instead become the primary sources of synergies (Scott Management, 2020)

The different industry focus further creates some difficulties that Platform serial acquirers have to deal with (Carnegie, 2022). For example, the due diligence process becomes increasingly challenging when the firm targets new markets, as the competence for analyzing those new deals may not be in place. Instead of continuously expanding the internal M&A organization Carnegie (2022) proposes to delegate as much of the bolt-on acquisitions to the portfolio companies.

Both international and Swedish companies are operating as Platform compounders, with the following being a few examples; Danaher, Roper, Interpump, Lifco, Assa Abloy, Nibe, Embracer Group, Vimian, and Dometic (Scott Management, 2020; Carnegie, 2022).

Accumulator
A key difference between Accumulators and the aforementioned categories is that they target a wide range of niche industries (Carnegie, 2022). Their main goal is to find quality businesses at reasonable prices, regardless of the sector. To preserve as much of the target company as possible, decentralized organizational structures are used. In that way, the entrepreneurial spirit is kept intact. The parent company provides the portfolio companies with financial KPIs, but the subsidiaries take the day-to-day decisions to get there.

Similar to the challenges Portfolio compounders face in terms of not being able to have an M&A organization that reasonably can be expected to possess the required knowledge to enter completely new markets, Accumulators also face. The challenge might be more tangible for Accumulators as integration is not a focus. Their M&A teams must be agile and prepared to conduct extensive due diligence before each deal (Carnegie, 2022).

Although, in terms of some aspects, Accumulators are somewhat similar to Platform compounders. Due to the spread of business models, integration is usually not a focus (Scott Management, 2020). Instead, shared operational excellence programs are utilized to improve and inspire entrepreneurs. Also, product differentiation is essential for Accumulators, much like Platform compounders (Scott Management, 2020).

Several prominent companies are included in this category, where Constellation Software, Addtech, Judges Scientific, Vitec Software, Volati, Lifco, Storskogen, and Addtech are included (Scott Management, 2020; Carnegie, 2022).

Holding Company
Scott Management (2020) reports that this category includes firms with a portfolio of unrelated businesses with very low integration. Therefore, the main type of influence from the parent company is through seats on the target company's board of directors. The Swedish investment company Investor AB is a well-known firm that Scott Management (2020) labels as a Holding company. Other examples include IAC, Leucadia, Bollore, and HAL Holding.

Similarly to the method Carnegie (2022) decided to use, i.e., excluding Holding companies from the study, this paper will adopt. The reason is the major difference between their business models. For example, Storskogen acquires at least 50% of private targets, usually above 90%, with a relatively high frequency. Investor, on the other hand, has 75%, if EQT is included, of its portfolio in listed assets that it has owned over a long period. Furthermore, those investments are spread across some of the stock market's largest firms. Atlas Copco, ABB, AstraZeneca, and SEB are just a few of their portfolio holdings. Even though 20% of the Investor's assets derive from a subsidiary called Patricia Industries that focuses on majority ownership in private markets, the difference between a firm like Investor and Storskogen is deemed too large.

11.3 Illustrative table of different compounder categories

Illustrative table of different compounder categories

Type	Roll-up	Platform	Accumulator	Holding Company
Degree of Integration	High			Low
Attributes	Commodity-like product Scale-driven synergy targets	Product differentiation, clustering of subsidiaries Shared operational excellence programs	Product differentiation, little to no integration Shared operational excellence programs	Portfolio of unrelated businesses Influence only-via board representation
Resource & Process Constraint	●○○	●●○	●●●	*NA*
TAM definition	Often a single, large industry and/or country	Multiple industries of larger size, often multinational	Many small industries, usually multinational	*NA*
Examples	Waste Management, Betty Global, Johnson Service, Bufab, Lindab, Coor, Instalco, Beijer Ref	Danaher, Roper, Interpump, Lifco, Assa Abloy, Nibe, Embracer Group, Vimian, Dometic	Constellation Software, Addtech, Judges Scientific, Vitec Software, Volati, Lifco, Storskogen, Addtech	Investor, IAC, Leucadia, Bollore, HAL Holding

Sources: Scott Management (2020), Canuck Analysts at Exploring Context (2021), Carnegie (2022).

11.4 Description of the peer group companies

Category	Company	Industry	Employees	Description
Roll Ups	Lindab	Building Products	4 853	Lindab develops, manufactures, markets, distributes, and sells products and system solutions for construction and improved indoor climate.
	Berry Global	Metal and Glass Containers	46 000	Berry Global manufactures and supplies non-woven, flexible, and rigid products in consumer and industrial end markets.
	Bufab	Trading Companies and Distributors	1 841	Bufab operates as a trading company that provides solutions for sourcing, quality control, and logistics for C-parts in Sweden and internationally.
	NCAB	Electronic Components	587	NCAB manufactures and sells printed circuit boards (PCBs) worldwide. The firm was founded in 1993 and is headquartered in Bromma, Sweden.
Platforms	Dometic	Auto Parts and Equipment	8 487	Dometic provides solutions for mobile living in the areas of food and beverage, climate, power and control, safety and security, and hygiene and sanitation in the Americas, Germany, Australia, the United Kingdom, France, Italy, Sweden, the Netherlands, Canada, and internationally.
	HEICO	Aerospace and Defense	6 500	HEICO designs, manufactures, and sells aerospace, defense, and electronic related products and services.
	NWG*	Building Products	1 455	Nordic Waterproofing Holding produces and supplies waterproofing products and services for buildings and infrastructure primarily in Sweden, Finland, Denmark, Norway, Belgium, the Netherlands, Poland, the United Kingdom, and Germany.
	NIBE	Building Products	21 300	NIBE develops, manufactures, markets, and sells various energy-efficient solutions for indoor climate comfort, and components and solutions for intelligent heating and control in Nordic countries, rest of Europe, North America, and internationally.
Accumulators	Amphenol	Electronic Components	91 000	Amphenol primarily designs, manufactures, and markets electrical, electronic, and fiber optic connectors in the United States, China, and internationally.
	Addtech	Trading Companies and Distributors	3 861	Addtech operates as a technology trading company in Sweden, Denmark, Finland, Norway, rest of Europe, and internationally.
	Indutrade	Industrial Machinery	9 128	Indutrade manufactures, develops, and sells components, systems, and services to various industries worldwide.
	Lifco	Industrial Conglomerates	6 512	Lifco has a broad focus, where some of its holding companies focus on stainless steel products, but others handle measuting instruments for the surveying and construction industries.

* Nordic Waterproofing Holding, will be abbreviated throughout the thesis

Source: Capital IQ (2023-03-13)

11.5 Overview of the peer group[2]

Company Name	Market Capitalization	LTM Net Debt	Enterprise Value	LTM Revenue	LTM EBITDA	LTM EBIT	NTM Revenue	NTM EBITDA	NTM EPS
Indutrade	8 027,0	783,5	8 811,7	2 549,2	410,2	330,0	2 701,72	459,26	0,69
Lifco	9 077,5	619,0	9 706,0	2 033,6	465,1	376,4	2 106,44	478,49	0,58
Amphenol Corporation	48 329,5	3 143,5	51 551,5	12 623,0	3 000,2	2 607,3	12 579,96	3 061,22	3,0
Bufab	1 018,8	355,0	1 372,8	795,5	110,4	87,8	794,15	104,4	1,58
NCAB Group	1 244,7	60,2	1 304,9	415,9	58,9	54,1	444,8	66,62	0,24
Berry Global Group	7 483,1	9 288,0	16 771,1	13 982,0	2 083,0	1 276,0	13 772,62	2 123,14	7,67
NWG	381,4	79,7	462,7	409,8	46,1	36,6	403,76	48,5	1,23
HEICO Corporation	20 723,3	242,4	21 335,5	2 208,3	585,5	489,2	2 612,21	704,42	3,05
Lindab	1 099,2	304,1	1 403,3	1 104,3	151,1	133,6	1 124,76	146,24	0,97
Dometic Group	2 174,2	1 447,0	3 621,2	2 808,5	420,8	313,4	2 634,88	385,57	0,47
Addtech	4 807,3	432,7	5 240,0	1 638,3	218,2	179,6	1 761,49	249,07	0,51
NIBE	21 467,7	674,6	22 142,2	3 471,6	556,9	459,7	4 078,44	720,97	0,21
Storskogen Group	1 453,4	1 166,9	2 623,0	2 873,5	317,5	215,4	3 303,61	384,67	0,12
Peer High	48 329,5	9 288,0	51 551,5	13 982,0	3 000,2	2 607,3	13 772,62	3 061,22	7,67
Peer Low	381,4	60,2	462,7	409,8	46,1	36,6	403,76	48,5	0,21
Peer Mean	10 486,1	1 452,5	11 976,9	3 670,0	675,5	528,6	3 751,27	712,33	1,68
Peer Median	6 145,2	525,9	7 025,9	2 121,0	415,5	321,7	2 359,32	422,42	0,83

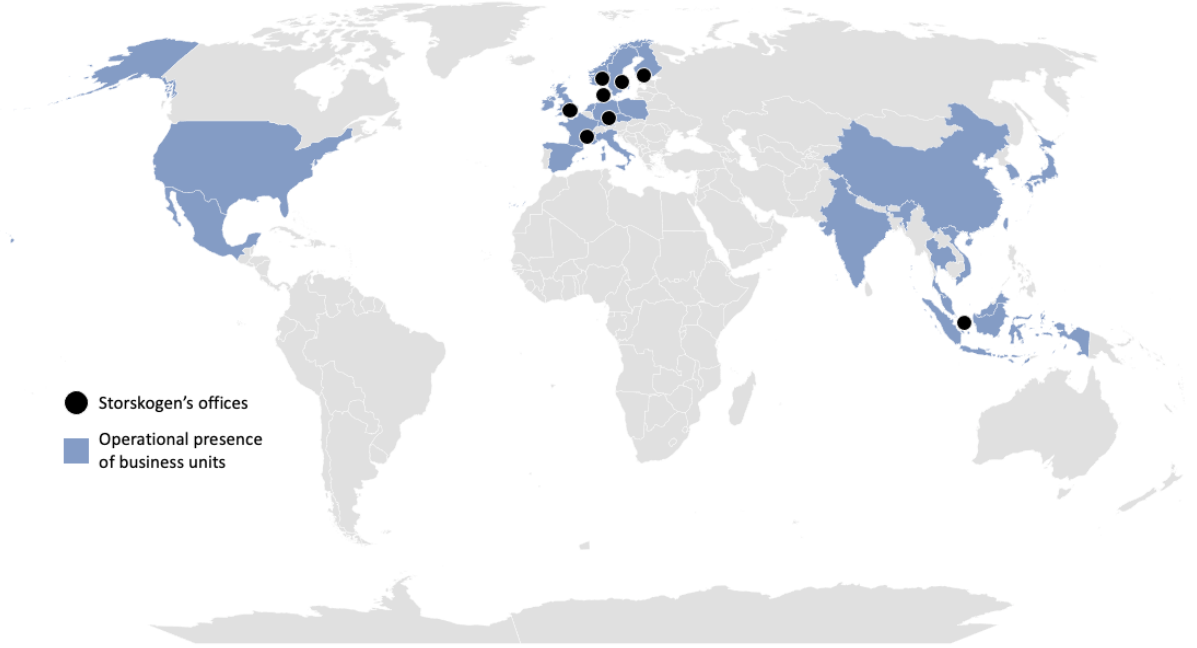
Company Name	EV/Sales	EV/EBITDA	EV/EBIT	NTM EV/Sales	NTM EV/EBITDA	NTM P/E
Indutrade	3,5x	19,6x	26,7x	3,26x	19,19x	31,99x
Lifco	4,8x	20,0x	25,8x	4,61x	20,28x	34,38x
Amphenol Corporation	4,1x	17,2x	19,8x	4,10x	16,84x	27,12x
Bufab	1,7x	12,4x	15,6x	1,73x	13,15x	17,19x
NCAB Group	3,1x	21,6x	24,1x	2,93x	19,59x	27,27x
Berry Global Group	1,2x	8,1x	13,1x	1,22x	7,90x	8,03x
NWG	1,1x	9,2x	11,4x	1,15x	9,54x	12,94x
HEICO Corporation	9,7x	35,0x	43,6x	8,17x	30,29x	57,18x
Lindab	1,3x	8,7x	10,5x	1,25x	9,60x	14,85x
Dometic Group	1,3x	8,0x	11,6x	1,37x	9,39x	14,61x
Addtech	3,2x	22,0x	29,1x	2,97x	21,04x	35,19x
NIBE	6,4x	37,7x	48,2x	5,43x	30,71x	49,75x
Storskogen Group	0,9x	7,5x	12,2x	0,79x	6,82x	7,53x
Peer High	9,7x	37,7x	48,2x	8,17x	30,71x	57,18x
Peer Low	1,1x	8,0x	10,5x	1,15x	7,90x	8,03x
Peer Mean	3,4x	18,3x	23,3x	3,18x	17,29x	27,54x
Peer Median	3,2x	18,4x	22,0x	2,95x	18,01x	27,20x

Company Name	Revenues Growth (1y)	EBITA G. (1y)	Revenues G. (3y)	EBITA G. (3y)	Revenues G. (5y)	EBITA G. (5y)	Revenues G. (10y)	EBITA G. (10y)
Indutrade	24,41%	24,14%	13,60%	20,57%	12,72%	19,26%	12,41%	16,41%
Lifco	23,30%	25,97%	15,90%	25,16%	16,53%	22,04%	13,30%	23,91%
Amphenol	16,06%	15,63%	15,30%	15,16%	12,48%	12,22%	11,39%	11,86%
Bufab	43,43%	24,17%	24,70%	32,04%	21,37%	23,63%	15,28%	18,66%
NCAB	59,84%	69,42%	35,70%	55,62%	-	-	-	-
Berry Global	(2,13%)	(2,99%)	12,90%	11,47%	13,67%	10,11%	11,52%	11,71%
NWG*	18,56%	(3,41%)	11,60%	13,97%	14,71%	15,14%	10,02%	17,84%
HEICO	18,37%	21,14%	2,40%	2,43%	7,69%	9,70%	9,42%	11,88%
Lindab	27,62%	17,58%	6,30%	14,67%	7,65%	22,82%	5,51%	12,17%
Dometic	38,33%	19,76%	17,20%	13,52%	16,21%	14,70%	14,15%	15,29%
Addtech	33,06%	37,56%	14,50%	22,28%	17,23%	23,48%	12,59%	16,52%
NIBE	22,11%	13,23%	14,20%	18,30%	14,71%	16,25%	14,53%	16,43%
Storskogen	116,95%	106,84%	70,33%	79,61%	78,11%	74,60%	-	-
Peer High	59,84%	69,42%	35,70%	55,62%	21,37%	23,63%	15,28%	23,91%
Peer Low	(2,13%)	(3,41%)	2,40%	2,43%	7,65%	9,70%	5,51%	11,71%
Peer Mean	26,91%	21,85%	15,40%	20,43%	14,09%	17,21%	11,83%	15,70%
Peer Median	23,85%	20,45%	14,40%	16,73%	14,71%	16,25%	12,41%	16,41%

[2] Source: Capital IQ as of 2023-02-09

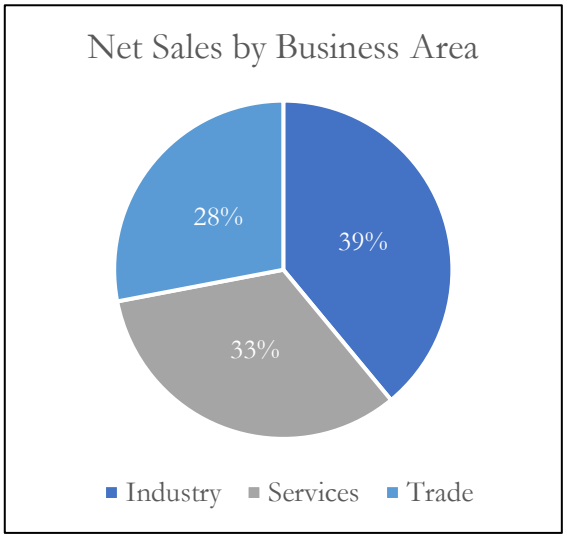
Company Name	ND/EBITDA	ND/EBITDA (-3)	ND/EBITDA (-5)	ND/EBITDA (-10)	D/Capital	D/Capital (-3)	D/Capital (-5)	D/Capital (-10)	D	D (-3)	D (-5)	D (-10)
Indutrade	1,7x	1,3x	1,3x	1,8x	43,64%	47,44%	43,69%	51,33%	958,5	627,1	388,5	234,0
Lifco	1,3x	1,3x	1,4x	1,6x	38,25%	40,05%	40,69%	48,89%	800,7	516,0	368,7	199,5
Amphenol	1,1x	1,3x	1,6x	1,4x	40,71%	45,30%	46,70%	41,13%	4 871,4	3 806,1	3 542,6	1 706,5
Bufab	3,2x	3,4x	2,3x	3,5x	57,36%	56,23%	43,76%	46,97%	395,7	217,8	106,8	75,2
NCAB	1,0x	1,7x	-	1,3x	52,96%	25,81%	44,45%	-	84,4	10,0	12,4	-
Berry Global	4,5x	4,7x	4,0x	5,1x	75,62%	87,61%	84,81%	111,87%	9 912,0	11 446,0	5 668,0	4 478,0
NWG*	1,7x	1,4x	1,5x	1,5x	38,64%	40,01%	26,30%	46,23%	107,1	78,2	34,9	44,0
HEICO	0,4x	0,2x	0,3x	0,8x	11,37%	22,98%	32,82%	14,35%	381,9	562,0	674,0	131,8
Lindab	1,7x	1,1x	1,2x	1,3x	34,80%	29,20%	26,25%	45,72%	349,1	200,9	142,4	219,0
Dometic	3,2x	3,5x	1,9x	3,5x	42,76%	42,68%	42,08%	72,46%	1 912,3	1 252,5	1 021,6	844,6
Addtech	1,8x	1,8x	2,0x	2,0x	49,56%	44,20%	35,99%	27,67%	405,4	193,4	94,9	37,7
NIBE	1,1x	0,9x	1,2x	1,7x	31,11%	36,39%	40,15%	51,31%	947,9	855,0	788,3	458,1
Storskogen	3,4x	0,6x	3,4x	1,8x	31,29%	42,98%	-	-	732,0	109,2	-	-
Peer High	4,5x	4,7x	4,0x	5,1x	75,62%	87,61%	84,81%	111,87%	9 912,0	11 446,0	5 668,0	4 478,0
Peer Low	0,4x	0,2x	0,3x	0,8x	11,37%	22,98%	26,25%	14,35%	84,4	10,0	12,4	37,7
Peer Mean	1,9x	1,9x	1,7x	2,1x	43,07%	43,16%	42,31%	50,72%	1 760,5	1 647,1	1 070,3	766,2
Peer Median	1,7x	1,4x	1,5x	1,6x	41,74%	41,36%	41,38%	46,97%	603,1	539,0	378,6	219,0

11.6 Storskogen business overview



Source: Annual Report 2022

Industry	39%
Industrial Technology	14%
Products	13%
Automation	12%
Services	33%
Installation	11%
Infrastructure	7%
Engineering Services	5%
Logistics	4%
Contracting Services	3%
Human Resources & Competence	3%
Digital Services	2%
Trade	28%
Home & Living	10%
Niche Businesses	9%
Health & Beauty	4%
Sports, Clothing, and Accessories	4%



Source: Annual Report 2022

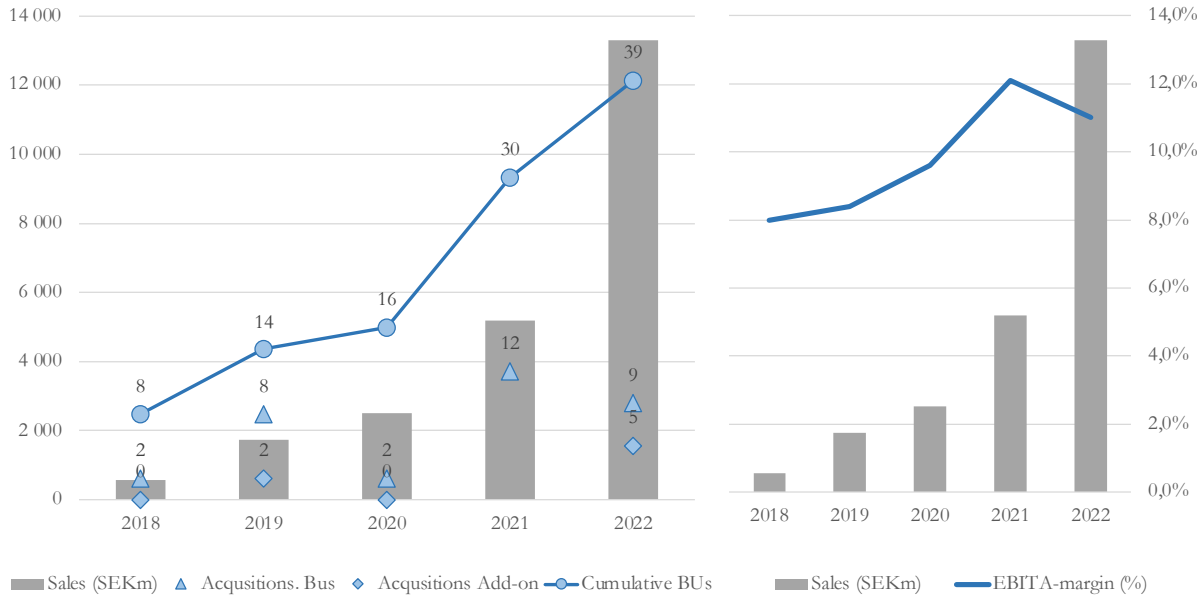
11.7 Business structure: description of business areas and verticals

11.7.1 Business area: Industry (39% of group revenue)

The Industry business area incorporates traditional industrial B2B companies in the heavy or medium-heavy industry, serial production, and automaton. It saw a significant increase in revenue from 2018 to 2022, with net sales rising from SEK563m in 2018 to SEK13,288m in 2022 (Year-End Report, 2022). During 2022, the business area reported an 11% organic growth in net sales. Furthermore, adjusted EBITA also increased significantly; it rose from SEK626m the year before to SEK1,460m, a 133% increase. This, however, meant the adjusted EBITA margin was 11.0%, down from 12.1% the previous year. With an organic EBITA growth of 1%, pressuring the business sector's financial performance (Year-End Report, 2022).

Considering the M&A pace within the area, the growth can predominantly be attributed to acquisitions attempting to integrate complementary businesses and products to create a more comprehensive and diverse portfolio. The Industry business sector is further divided into three business verticals. In the ensuing sections, we delve into the individual characteristics and contributions of each of the Industry's three business verticals.

Graph 10/11 - Business Area Industry's M&A activity and Sales development, 2018-2022; Business Area Industry's sales and EBITA margin development, 2018-2022. Sources: Storskogen Prospectus (2021) & Annual Report (2022)



***Disclaimer - Figures on acquisitions of BUs and Add-on might contain slight errors due to certain undisclosed information*

11.7.1.1 Business vertical: Industrial Technology (36% of business area total sales)

The Industrial Technology vertical of the Industry business area is composed of 17 BUs (two acquisitions during 2022) situated across Sweden, Switzerland, and Germany, with 1,800 employees (Annual Report, 2022). These units are engaged in heavy engineering operations and generated a revenue of SEK4,782m in 2022 (Year-End Report, 2022). It encompasses a range of activities, including the cutting and refining of steel structures, foundry operations, and contract manufacturing of machinery components. Its largest market is the Nordic countries, and the customer base primarily comprises companies in the automotive, construction, and building industries and traditional industrial sectors (Annual Report, 2021 - 2022).

Storskogen projects growth within the sub-segment in the coming years, driven by two key structural indicators: cost optimization through high-quality products and an increasing demand for production excellence (Storskogen Prospectus, 2021; Annual Report, 2022).

11.7.1.2 Business vertical: Products (33% of business area total sales)

The Products business vertical consists of 13 BUs (with two acquisitions in 2022) and offers a wide range of customized product solutions (Annual Report, 2022). As of 2022, these business units reached an aggregated net sales of SEK4,432m (Year-End Report, 2022). Together the BUs employ 1,624 individuals and provide customized product solutions in various domains, such as automobile cabinets, custom-built interiors for hotels and public spaces, furniture manufacturing, and integrated circuits. The key customers for these businesses are furniture manufacturers, the automotive industry, and companies requiring industrial applications (Annual Report, 2021 - 2022).

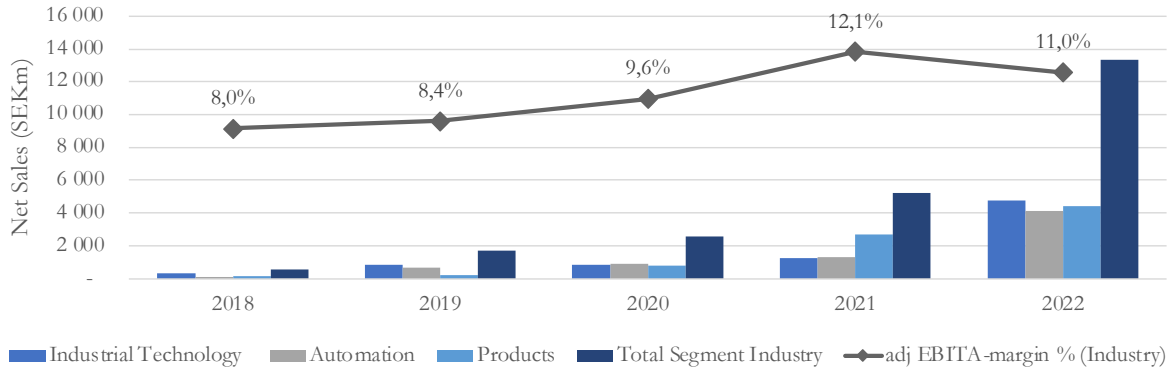
The portfolio companies are headquartered in Sweden, Germany, and Switzerland but serve a global market. Competitors in the market include ROL Ergo, a producer of van body cabinets in Sweden, and other Analog Application Specific Integrated Circuits manufacturers (Annual Report, 2021 - 2022). Going forward, increasing B2C delivery, along with the macrotrends of urbanization, digitalization, and increased leisure time, are key drivers for future growth in the market (Storskogen Prospectus, 2021; Annual Report, 2022).

11.7.1.3 Business vertical: Automation (31% of business area total sales)

The Automation vertical comprises nine BUs (five acquisitions during 2022) and recorded net sales of SEK4,133m in 2022 (Annual Report, 2022). This can be compared to 2018 when only one company made up the business vertical with a revenue of SEK95m (Storskogen Prospectus, 2021). It employs 1,852 individuals across Sweden and Denmark and specializes in providing technologically advanced automation solutions to a diverse range of industries, including the automotive, wood, traditional, and food sectors. These companies operate on a project basis, focusing on delivering asset-light solutions and receiving advance payments (Annual Report, 2021 - 2022).

Its primary markets are Sweden, Denmark, Finland, and Norway, where they compete against established players such as ABB, Kuka, and Fanuc. Storskogen anticipates that the automation segment is poised for continued growth in the coming years, particularly in the DACH region. This is driven by efficiency gains in production, cost optimization, capacity enhancement, and improved work environment (Storskogen Prospectus, 2021; Annual Report, 2022).

Graph 12 - Business Area Industry's adj EBITA margin and sales distribution among its verticals, 2018-2022. Sources: Storskogen Prospectus (2021) & Annual Report (2022)

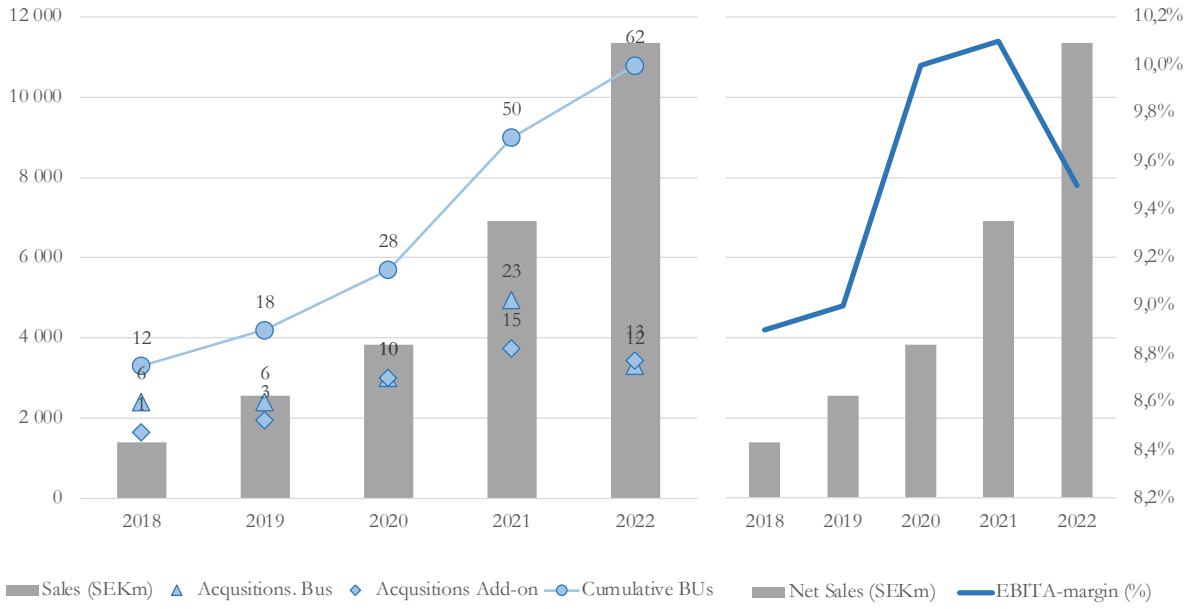


11.7.2 Business area: Service (33% of group revenue)

The Services business area, established in 2016, has become Storskogen's second most significant business area, accounting for 33% of the Group's sales in 2022 with SEK11,351 in revenue and a 9.5% Adjusted EBITA margin. Organic growth in net sales during 2022 was 14%, while the organic EBITA growth contracted by -5% (Year-End Report, 2022). Comprised of 62 BUs and 5,140 employees, the Services business area offers a wide range of business services for the public and private sectors (Annual Report, 2022). These services are divided into seven main verticals. In a recent organizational shift (2022), Construction and Infrastructure have been divided into two separate verticals (Year-End Report, 2022).

As a business area, Services contains a broad range of offerings through its verticals. Over the years, Services has grown through platform and add-on acquisitions over the years, growing from six separate BUs in 2017 to 28 in 2020 and 62 in 2022 (Year-End Report, 2022). In the following paragraphs, we delve into the individual characteristics and contributions of each of Services' seven business verticals.

Graph 13/14 - Business Area Service's M&A activity and Sales development, 2018-2022; Business Area Service's sales and EBITA margin development, 2018-2022. Sources: Storskogen Prospectus (2021) & Annual Report (2022)



***Disclaimer - Figures on acquisitions of BUs and Add-on might contain slight errors due to certain undisclosed information*

11.7.2.1 Business vertical: Installation (32% of business area total sales)

The Installation business vertical is a key component of the Service segment's revenue. Comprised of fourteen BUs (two acquisitions in 2022), with a workforce of approximately 2,042, this vertical primarily provides installation services to real estate and construction clients (Annual Report, 2022). In 2022, Installation recorded net sales of SEK3,635m, mainly through the utilization of fixed-price contracts (Year-End Report, 2022).

Its various enterprises offer a broad spectrum of services, such as painting, plumbing, ventilation, heating, and electrical and technical installations. These BUs operate across Sweden and Switzerland and face competition from prominent players like Bravida, Instalco, Assemblin, Midroc, and locally established SMEs.

The group projects continued growth for the Installation segment, driven by increasing demand for fire and security surveillance, building management systems, urbanization, social infrastructure, housing, and sustainability initiatives, and the increasing importance and growth of Internet of Things (IoT) (Storskogen Prospectus, 2021; Annual Report, 2022).

11.7.2.2 Business vertical: Infrastructure (20% of business area total sales)

Infrastructure is the second largest vertical within the Services business area and holds a significant portion of the revenue generated by the Services unit, accounting for 20% in 2022. The segment includes fourteen BUs; together, the BUs employ 812 people and generate combined net sales of nearly SEK2,273m in 2022 (Year-End Report, 2022; Annual Report, 2021 - 2022).

The vertical comprises companies proficient in excavation, demolition, and foundation work, which entails heavy land-related or railway infrastructure work. Most often, the firms are subcontracted to large construction companies, serving B2B customers from Sweden's public and private sectors. Furthermore, it is a highly competitive market, vying against established players such as PEAB, Infranord, Rosenqvist Entreprenad, Delete, SH Bygg, and various local niche companies.

Storskogen maintains a robust market presence, particularly in Sweden's middle and southern regions. Going forward, the growth of this segment is underpinned by various drivers, such as the aging infrastructure, rising government spending on infrastructure work, and the growing emphasis on environmentally friendly and sustainable investments (Storskogen Prospectus, 2021; Annual Report, 2022).

11.7.2.3 Business vertical: Engineering Services (16% of business area total sales)

The Engineering Services business vertical, a cornerstone of the Service segment, recorded a net sales figure of SEK1,772m in 2022 (Year-End Report, 2022). This vertical comprises eight BUs (with four acquisitions made in 2022) and employs 503 individuals (Annual Report, 2021 - 2022).

The primary markets for Engineering Services are Sweden, Norway, Finland, and Denmark, where Storskogen holds a strong market position. Engineering Services faces competition from prominent players in the industry, such as Borga, Hallmaker, Peab, NCC, Tyrens, Sweco, Diagona, and Mätteknik. Taken together, these players largely share a customer base consisting of developers, construction companies, private property owners, and infrastructure firms.

While any concrete growth prospects are hard to distinguish, Storskogen believes that the industries that constitute the main customer group for Engineering Services will experience strong growth during the coming years as the overall economic landscape expands—thereby driving growth in the group's entities (Storskogen Prospectus, 2021; Annual Report, 2022).

11.7.2.4 Business vertical: Logistics (11% of business area total sales)

The Logistics vertical, an integral component of the Service segment, comprises six BUs (including one acquisition in 2022), specializing in providing freight forwarding and supplementary logistics services. During 2022, the vertical reported net sales of SEK 1,257m (Annual Report, 2022). In recent years, this business vertical has demonstrated a substantial rise in revenue, attributed to a well-established customer base, many of whom have maintained a steadfast relationship with the company for over a decade.

This business vertical primarily provides freight forwarding and auxiliary logistics services across domestic and international markets, with operations centered in Sweden and division services extended to Denmark, Finland, and Norway. The Logistics segment comprises 238 employees and faces competition from prominent industry players such as GDL, Ancotrans, DSL, Schenker, and other freight forwarders and shipping companies (Annual Report, 2022). B2B customers form the bulk of the customer base, comprising a diverse range of industries, including industrial corporations, restaurants, and ports.

Storskogen anticipates this segment to continue its growth trajectory, driven by increased international trade and the corresponding spur in demand for industrial products (Storskogen Prospectus, 2021; Annual Report, 2022).

11.7.2.5 Business vertical: Contracting Services (8% of business area total sales)

Contracting Services is a newly established business vertical, split from Infrastructure in 2022. During its first year, it reported net sales of SEK 913m, and employed 423 people across its 6 BUs (Annual Report, 2022).

The vertical encompasses business units specializing in providing services and contracting solutions to the construction and civil engineering markets. These companies cater to various customers, including construction companies, property and plant owners, and industrial companies. They offer a wide range of services such as project management, construction and installation, maintenance, and repair work. In general, these BUs have a reputation for providing high-quality services, and their expertise in the construction and civil engineering industry has earned the trust of their clients. Overall, they play a role in developing and maintaining infrastructure in various markets. Competition is mostly local, but as a segment, they share some common bigger competitors with Infrastructure.

11.7.2.6 Business vertical: Human Resources and Competence (8% of business area total sales)

As the newest single business vertical in the Service area, Human Resources and Competence contributed to SEK879m in net sales in 2022 (Year-End Report, 2022). Comprising five BUs (one acquisition in 2022) and a workforce of 780 individuals, this vertical offers specialized services in adult education, labor market training, corporate education, staffing, recruitment, and support/matching services to private entities and the Swedish authorities (Annual Report, 2022).

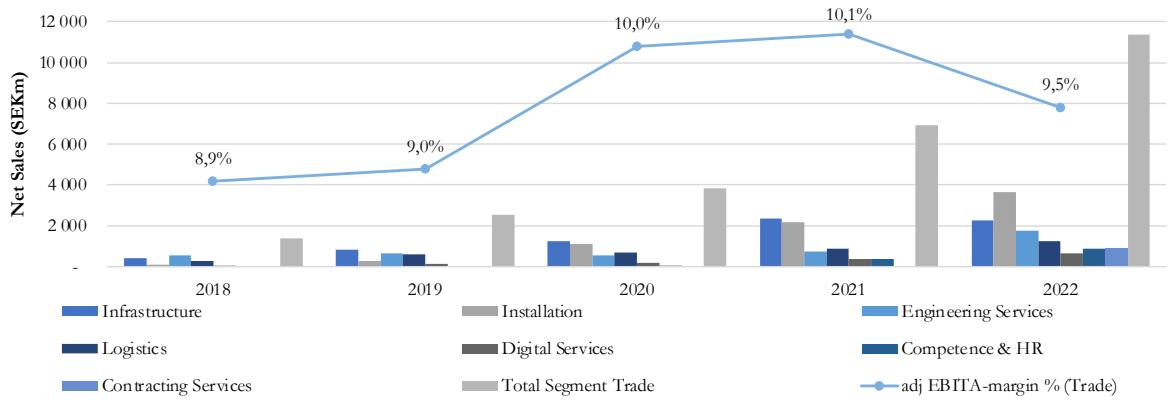
With revenue primarily generated from long-term public tender contracts, as well as a focus on the Swedish market, the vertical faces competition from established players, including Hermods, KUI, Eductus, Infokomp, Cuben, Consensum, Astar, TUC i Tranås, Academedia, Yrkesakademin, KYH, Jensen Education, and Lernia. Yet, despite the substantial competition, Storskogen has established a strong presence in niche areas of the education industry. An industry with market growth primarily driven by increased government expenditure on education, the expanding market for adult education, and a growing population and immigration rate (Storskogen Prospectus, 2021; Annual Report, 2022).

11.7.2.7 Business vertical: Digital Services (6% of business area total sales)

The Digital Services business vertical garnered net sales of SEK643m in 2022 (Year-End Report, 2022). Comprising nine BUs, two of which were acquisitions made during 2021. With a workforce of 342 individuals, this vertical offers a spectrum of IT and digital services, predominantly leveraging time-based billing models (Annual Report, 2022).

B2B customers across the private and public sectors are the primary recipients of the business vertical's broad array of digital services, including information logistics, data output services, document handling, e-commerce, and recent additions of digital products such as SaaS tools. The Digital Services vertical competes with established players in the market, including Grebban Design, HiQ, KnowIT, Sigma, Visma, Forsman & Bodenfors, Doberman, Creuna, ARK AB, and Weland Solutions, in a dynamic and rapidly evolving market where incremental advancements and disruptive innovation are key drivers of growth (Storskogen Prospectus, 2021; Annual Report, 2022).

Graph 15 - Business Area Service's adj EBITA margin and sales distribution among its verticals, 2018-2022. Sources: Storskogen Prospectus (2021) & Annual Report (2022)

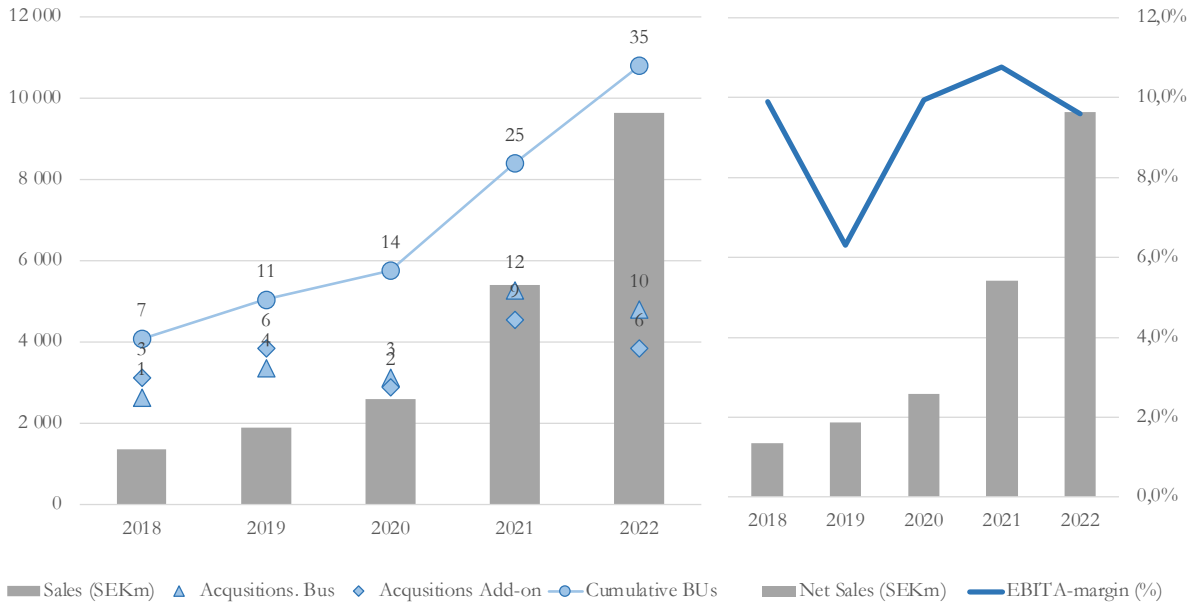


11.7.3 Business area: Trade (28% of group revenue)

The Trade business area consists of distributors and wholesalers with proprietary and external brands. It experienced a challenging 2022, with cumbersome market conditions, but the year also included several successful acquisitions; the business area reported a significant increase in net sales, totaling SEK9,637 million, a 78% increase from the previous year. This growth was driven by organic growth of 10%, while M&A activities accounted for the rest. The results of this growth were reflected in the absolute adjusted EBITA, which increased by 59% to SEK923m, yet, with organic EBITA growth of -14%. This translated into an adjusted EBITA margin of 9.6%, compared to 10.8% in the previous year (Year-End Report, 2022).

Over 2,417 individuals spread over 25 BUs comprise the business area, which is divided into three distinct verticals, which will be detailed in the following paragraphs (Annual Report, 2022). These sub-segments are predominantly located in Sweden, Norway, the UK, and Switzerland. Their businesses span several niches, e.g., digitization, working capital optimization, inventory optimization, and sound corporate governance.

Graph 16/17- Business Area Trade's M&A activity and Sales development, 2018-2022; Business Area Trade's sales and EBITA margin development, 2018-2022. Sources: Storskogen Prospectus (2021) & Annual Report (2022)



***Disclaimer - Figures on acquisitions of BUs and Add-on might contain slight errors due to certain undisclosed information*

11.7.3.1 Business vertical: Home and Living (35% of business area total sales)

The Home and Living vertical is made up of thirteen BUs and accounted for 35% of Trade's revenue in 2022. Previously part of a different divisional split prior to 2022 - as all the other verticals in the business area Trade, the Home and Living vertical reported a total revenue of SEK 3,378m in 2022. Moreover, this vertical employs 734 people across its companies (Annual Report, 2022).

These businesses specialize in complete or partial production or assembly of their proprietary products, including offerings such as awnings, blinds, and poultry equipment. Its customer base includes awning dealers, resellers, and farmers, who purchase the products either directly or through intermediaries. Its competition includes companies such as KD Solskydd, Myresjöhus, and Lohmann.

11.7.3.2 Business vertical: Niche Businesses (31% of business area total sales)

The Niche Businesses vertical is the second largest vertical in terms of net sales within Trade, reporting SEK 3,021m in net sales during 2022. It encompasses seven BUs and employs 551 people (Annual Report, 2022). As a vertical, it offers a diverse range of products and services. This includes functional clothing, power tools, workshop accessories, and other input products sold through both own and external brands. Products are distributed to both resellers and directly to consumers, with typical customers being workwear resellers, event organizers, and individual consumers. Its customer base is mostly spread out across Sweden, Norway, Finland, Denmark, the UK, and Switzerland. Lastly, it faces competition from players such as Newbody, Jallas, Blåkläder, Carpart Automotive Partner, and Guldbolaget in these markets.

11.7.3.3 Business vertical: Health and Beauty (19% of business area total sales)

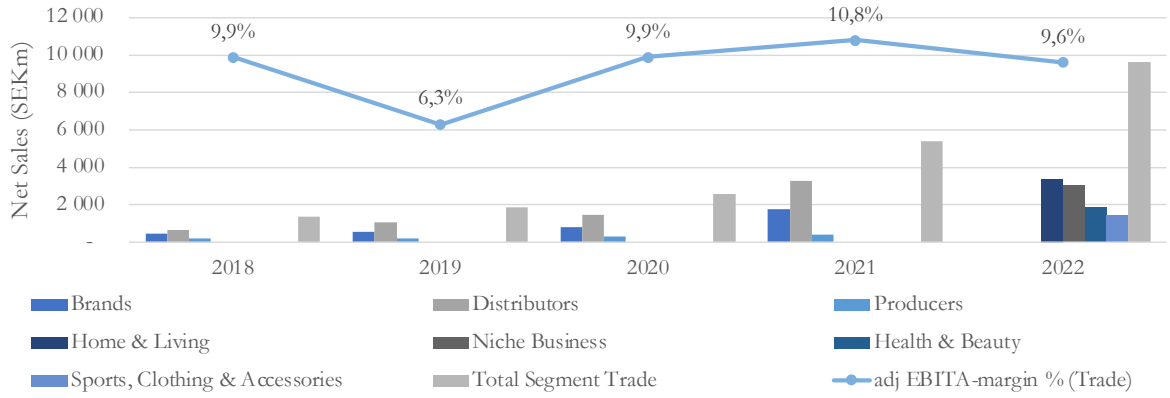
The Health and Beauty vertical recorded net sales of SEK 1,866m in 2022, and it comprises seven BUs and employs 894 people (Annual Report, 2022). It is made up of business units that specialize in haircare and cosmetics. While many of these companies distribute well-known brands, they also have their proprietary brands available to a range of resellers, including hairdressers and e-commerce companies, in each market. These companies are known for their commitment to quality assurance and logistics, which has helped

them build strong relationships with brand owners. Competitors include, e.g., Douglas Parfümerie, and Session MAP.

11.7.3.4 Business vertical: Sports, Clothing, and Accessories (15% of business area total sales)

The vertical Sports, Clothing, and Accessories is the smallest vertical in the Trade business area regarding net sales. In 2022, net sales amounted to SEK 1,395m, employing 238 people across its eight BUs (Annual Report, 2022). This group includes companies that provide a variety of products for end-customers engaged in different activities, such as equipment and materials in the form of clothing and accessories. Some of the companies specialize in cycling or outdoor recreational activities. These companies sell their products directly to customers as well as through resellers, but all of them share a common trait: a strong brand within their respective niche markets. The businesses are known for their high-quality products and have gained a reputation for being reliable and trustworthy among their customer base. Among their competitors are Dogman, Wikholm Form, Bikester, and Chain Reaction Cycles.

Graph 18 - Business Area Trade's adj EBITA margin and sales distribution among its verticals, 2018-2022. Sources: Storskogen Prospectus (2021) & Annual Report (2022)



11.8 List of events since IPO

2021-09-18: Dagens Industri releases an IPO teaser for the autumn, of 2021, naming Storskogen, Volvo Cars, Truecaller as the top-10 biggest IPOs on the Stockholm Stock Exchange.
2021-09-27: Storskogen Group AB set their IPO at SEK 38.5, valuing the company at BSEK 56.4.
2021-09-28: Dagens Industri highlights the number of underwriters active in the process and underlines the low free float rate, flagging for significant stock price movements as a consequence.
2021-09-29: Dagens Industri states that Storskogen is living on its peers' merits and will be listed on a massive premie.
2021-10-01: First high-profile investor (Karl-Johan Persson, chairman of H&M) announces a sales of 20% of his shares on the first day of trading.
2021-10-05: Last subscription day
2021-10-06: First day of trading. Stock price change +31.17% | 2347 MSEK (stock liquidity during the day)
2021-10-07: Storskogen trading at SEK45.44
2021-10-11: Storskogen completes the acquisition from Ceder Capital (Adero, Buildercom, SoVent, Viametrics, and Persson Innovation). Stock price change -0.31% | 40 MSEK (stock liquidity during the day)

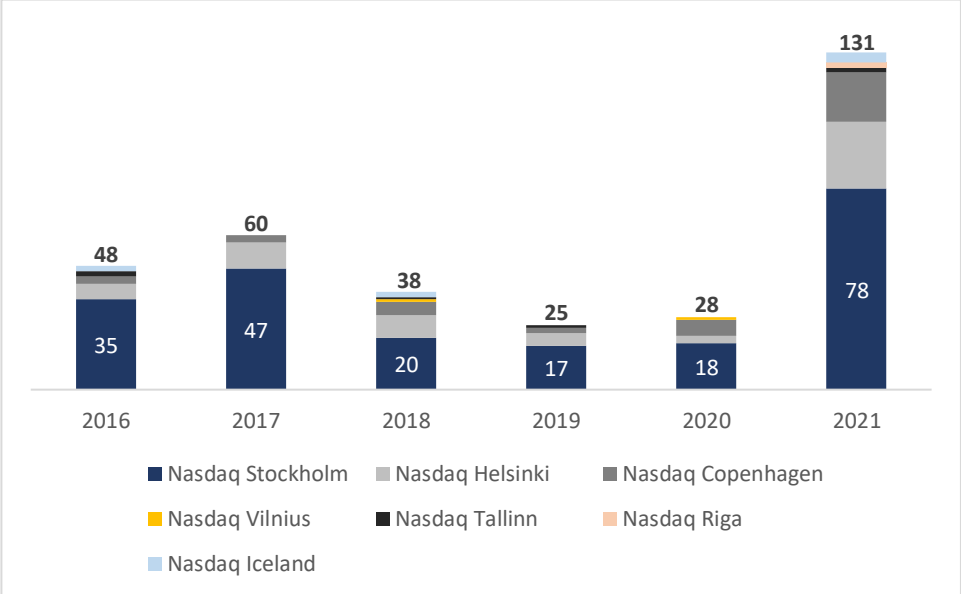
2021-10-13: Storskogen acquires VINAB. Stock price change -0.91% | 59.3 MSEK (stock liquidity during the day)
2021-10-13: Stabilisation notice. Stock price change -0.86% | 73.4 MSEK (stock liquidity during the day)
2021-10-14: Dagens Industri releases the following article, "Storskogen is back at its listing price - immense stabilization actions from Carnegie at the listing day", highlighting that the hype might be over
2021-10-15: Storskogen UK acquires Julian Bowen Ltd. Stock price change +4.10% | 36.1 MSEK (stock liquidity during the day)
2021-10-20: Storskogen acquires DRIVE Demolering Riv Entreprenad. Stock price change -0.46% | 14.8 MSEK (stock liquidity during the day)
2021-10-20: Dagens Industri releases the following article, "The stock market is no longer swallowing the bait - newcomers are flopping in a row". Highlighting Storskogen as one of the beacons of this trend
2021-10-21: Stabilisation notice. Stock price change -0.56% | 12.6 MSEK (stock liquidity during the day)
2021-10-29: Increased number of shares and votes in Storskogen Group AB. Stock price change +0.30% | 62.5 MSEK (stock liquidity during the day)
2021-11-01: Storskogen acquires Larssons Måleri i Umeå AB. Stock price change +0.85% | 55.6 MSEK (stock liquidity during the day)
2021-11-02: Storskogen acquires Flexi Heater Sverige. Stock price change +1.49% | 20.4 MSEK (stock liquidity during the day)
2021-11-03: Storskogen acquires FON Anlegg. Stock price changes 0.00% | 26.8 MSEK (stock liquidity during the day)
2021-11-04: Storskogen acquires Special Wheels. Stock price change +5.43% | 31.2 MSEK (stock liquidity during the day)
2021-11-04: Stabilisation notice. Stock price change -0.05% | 22.0 MSEK (stock liquidity during the day)
2021-11-05: Exercise of overallotment option and end of stabilization period. Stock price change +7.24% | 128 MSEK (stock liquidity during the day)
2021-11-09: Storskogen publishes prospectus and applies for admission to trading of bonds on Nasdaq Stockholm. Stock price change +1.00% | 32.2 MSEK (stock liquidity during the day)
2021-11-11: Dagens Industri releases the following article, "Headless career moves should raise questions among shareholders", highlighting the fact that the sitting chairwomen will join the Swedish Parliament and arguably be forced to step down as chairwomen. Inquiring why the thousands of owners in the newly listed company should question why they did not get a more dedicated chairwoman
2021-11-15: Storskogen acquires Cuben Utbildning, GD-Transport, and PerGus Maskinförmedling. Stock price change +4.83% | 36.8 MSEK (stock liquidity during the day)
2021-11-18: Storskogen Group AB - Intermin Report January - September 2021. Stock price change, -2.95% | 262 MSEK (stock liquidity during the day)
2021-11-23: Dagens Industri announces that OMX includes Storskogen in OMX Stockholm Benchmark (OMXSB)
2021-11-24: Storskogen successfully issues senior unsecured bonds of SEK 2 billion. Stock price change +1.01% | 49.5 MSEK (stock liquidity during the day)
2021-11-30: Storskogen acquires Budettan. Stock price change -1.76% | 803 MSEK (stock liquidity during the day)
2022-12-01: Storskogen NOSSAB. Stock price change +2.49% | 30.5 MSEK (stock liquidity during the day)
2021-12-08: Storskogen acquires 2M2 Group. Stock price change +1.03% | 24.5 MSEK (stock liquidity during the day)
2021-12-20: Storskogen acquires Markbyggarna i Skellefteå. Stock price change -0.89% | 49.4 MSEK (stock liquidity during the day)
2021-12-21: Storskogen acquires SF Tooling Group, and Vikingsun. Stock price change +4.39% | 104 MSEK (stock liquidity during the day)

2021-12-23: Storskogen acquires Hans Krämmerer, and Fremco. Stock price change +3.70% | 35.7 MSEK (stock liquidity during the day)
2021-12-27: Storskogen acquires LNS. Stock price change +4.76% | 43.5 MSEK (stock liquidity during the day)
2021-12-30: Storskogen acquires Nimbus Group. Stock price change +3.92% | 48.0 MSEK (stock liquidity during the day)
2022-01-05: Storskogen acquires EVIAB Group, and Trollskes Maskinservice. Stock price change -1.47% | 28.7 MSEK (stock liquidity during the day)
2022-01-13: Storskogen acquires Dansforum. Stock price change -0.29% | 41.5 MSEK (stock liquidity during the day)
2022-01-17: Storskogen acquires Tornado Group. Stock price change -2.14% | 39.4 MSEK (stock liquidity during the day)
2022-01-18: Storskogen acquires L.J. Sot. Stock price change -3.78% | 52.6 MSEK (stock liquidity during the day)
2022-01-21: Storskogen acquires A&K-Die Frische Küche, and successfully issues subsequent senior unsecured bonds of 1 BSEK. Stock price change -4.66 | 92.9 MSEK (stock liquidity during the day)
2022-01-26: Storskogen publishes prospectus and applies for admission to trading of bonds on Nasdaq Stockholm. Stock price change +3.87% | 55.3 MSEK (stock liquidity during the day)
2022-02-04: Storskogen acquires Brandprojektering Sverige. Stock price change -4.36% | 54.9 MSEK (stock liquidity during the day)
2022-02-08: Storskogen acquires El&Nätverksmontage i Stockholm. Stock price change -3.47% | 41.4 MSEK (stock liquidity during the day)
2022-02-09: Storskogen acquires Hudikhus. Stock price change +4.72% | 70.9 MSEK (stock liquidity during the day)
2022-02-11: Storskogen acquires Christ & Wirth. Stock price change -3.35% | 38.3 MSEK (stock liquidity during the day)
2022-02-14: Dagens Industri announces that the Storskogen share falls below listing price
2022-02-18: Dagens Industri releases article stating that the head advisor Carnegie is fearing hollowing momentum within Stroskogen as the conglomerates organic growth collapsed during the fourth quarter of 2021
2022-02-22: Storskogen acquires Karriärkonsulten. Stock price change +1.53% | 117 MSEK (stock liquidity during the day)
2022-02-23: Storskogen Group AB - Year-end Report January - December 2021. Stock price change, -16.99% | 291 MSEK (stock liquidity during the day)
2022-02-23: Dagens Industri announces that after the significant fall in share price after the Year-end Report, Storskogen is the worst-performing stock since the turn of the year
2022-02-25: Dagens Industri announces that JP Morgan (one of three head underwriters) have put out a sell recommendation on Storskogen
2022-03-01: Storskogen acquires Nitro Consult AB. Stock price change -2.70% | 127 MSEK (stock liquidity during the day)
2022-03-08: Storskogen acquires Hedson Technologies International. Stock price change +0.36% | 96.8 MSEK (stock liquidity during the day)
2022-03-09: Storskogen acquires Tysse, and is assigned a first-time rating of Ba1 from Moody's. Stock price change +8.86% | 105 MSEK (stock liquidity during the day)
2022-03-15: Storskogen acquires PR Home of Scandinavia, Stop-Start Transport, and Extra UK. Stock price change -4.45% | 60.1 MSEK (stock liquidity during the day)
2022-03-16: Storskogen acquires Session MAP. Stock price change +6.30% | 89 MSEK (stock liquidity during the day)

2022-03-17: Annette Brodin Rampe proposed as the new chairman of StorskogenStock price change +3.33% | 144 MSEK (stock liquidity during the day)
2022-03-24: Storskogen acquires Vokus Personal AG. Stock price change +4.71% | 78.3 MSEK (stock liquidity during the day)
2022-03-25: Storskogen acquires INGENIØR'NE, Scandinavian Cosmetics Group, and Swedwise. Stock price change -0.63% | 46.9 MSEK (stock liquidity during the day)
2022-03-29: Storskogen acquires Dimabay, and enters into a bank facility agreement. Stock price change +11.41% | 132 MSEK (stock liquidity during the day)
2022-04-05: Dagens Industri announces that the lock-up period for 1 billion shares has been lifted and the stock crumbles by -9.0%, ahead of a massive bounceback to +6.5% at closing.
2022-04-06: Storskogen Group AB - Annual Report for 2021. Stock price change, -1.94% | 157 MSEK (stock liquidity during the day)
2022-04-08: Storskogen's subsidiary PV Systems acquires DETAB. Storskogen's subsidiary Vikingsun acquires Dafra. Stock price change -3.06% | 201 MSEK (stock liquidity during the day)
2022-04-12: Storskogen's subsidiary Båstadgruppen acquires Matterhorn Sverige. Stock price change -0.39% | 72.5 MSEK (stock liquidity during the day)
2022-04-12: Dagens Industri announces the first public short position on Storskogen. This position is taken by Kuvari Partners and amounts to 0.56% of the equity value in Storskogen.
2022-04-13: Storskogen acquires JO Sport. Stock price change -3.09% | 72.5 MSEK (stock liquidity during the day)
2022-04-19: Storskogen acquires Danboring. Stock price change -1.92% | 59.9 MSEK (stock liquidity during the day)
2022-05-04: Storskogen's subsidiary Örnsbergs El & Data acquires EIFabriken. Stock price change -0.99% | 76.8 MSEK (stock liquidity during the day)
2022-05-05: Storskogen acquires Fabco Sanctuary, and Storskogen's subsidiary SGD acquires Golv & Mattvaruhuset. Stock price change -1.19% | 64.7 MSEK (stock liquidity during the day)
2022-05-06: Storskogen stock price reaches a new record low at half of the listing price, SEK 19 per share.
2022-05-09: Storskogen acquires Acreto, and Thermica. Stock price change -6.48% | 111 MSEK (stock liquidity during the day)
2022-05-13: Storskogen makes its first investment in Singapore. Stock price change +11.42% | 222 MSEK (stock liquidity during the day)
2022-05-17: Storskogen Group AB - Intermin Report January - March 2022. Stock price change, -16.99% | 497 MSEK (stock liquidity during the day)
2022-05-31: New number of shares and votes in Storskogen Group AB, and Storskogen resolves on a directed share issue to the sellers of Thermica. Stock price change +2.87% | 992 MSEK (stock liquidity during the day)
2022-06-03: Storskogen resolves a directed issue to the seller of Acreto. Stock price change +7.11% | 154 MSEK (stock liquidity during the day)
2022-06-15: Dagens Industri announces that JP Morgan degrades their target course to "street low"
2022-06-30: New number of shares and votes in Storskogen Group AB. Stock price change -9.14% | 160 MSEK (stock liquidity during the day)
2022-08-16: Storskogen Group AB - Intermin Report January - June 2022. Stock price change, -7.31% | 328 MSEK (stock liquidity during the day)
2022-08-18: Dagens Industri announces that Goldman Sachs has lowered their target course to SEK 12.70 from previously low SEK 14.5
2022-09-05: Dagens Industri announces a new record low price level for Storskogen, trading at SEK11.115 per share, after a significant fall of 8.2% during the day.

2022-09-20: Dagens Industri announces a new record low price level for Storskogen, trading at SEK10 per share, after a significant fall of 10% during the day. Worst performing stock on the large cap list at Nasdaq Stockholm
2022-09-23: Storskogen enters into a new term facility agreement. Stock price change +4.42% | 68.4 MSEK (stock liquidity during the day)
2022-09-27: Storskogen Capital Markets Day 2022: Ensuring resilience in volatile market conditions by calibrating short-term priorities. Stock price change -11.42% | 95.4 MSEK (stock liquidity during the day)
2022-10-03: Nomination Committee appointed for Storskogen Group AB's Annual general meeting 2023. Stock price change -3.58% | 63.3 MSEK (stock liquidity during the day)
2022-10-07: Storskogen expands Group Management Team. Stock price change -7.72% | 52 MSEK (stock liquidity during the day)
2022-10-14: Storskogen's CEO rearranges his shareholding. Stock price change +8.70% | 64.3 MSEK (stock liquidity during the day)
2022-10-17: Dagens Industri announces that the sitting CEO of Storskogen, Daniel Kaplan, went into an option plan in order to avoid a forced sale of his shares. Three weeks prior, he had assured the market that he isn't personally leveraged, which could risk a forced fire sale
2022-11-15: Storskogen Group AB - Intermin Report January - September. Stock price change, -17.88% | 306 MSEK (stock liquidity during the day)
2022-12-14: Moody's changes Storskogen's credit rating. Stock price change +0.17% | 84.9 MSEK (stock liquidity during the day)
2022-12-15: S&P changes Storskogen's credit rating. Stock price change -15.26% | 245 MSEK (stock liquidity during the day)
2022-12-27: Dagens Industri announces that anchor investors surrender and leaves Storskogen. Approximately a year after the IPO, the anchor investors, Lannebo Fonder, Odin Fonder, and Cliens Fonder, have done a full retreat from the conglomerate.
2023-01-02: Dagens Industri announces that the new year opens strong and takes off on the first day, with last year's losers as the biggest winners. Storskogen, Sinch, and Truecaller are amongst the daily winners, with Storskogen's stock price surging just over 8%.
2023-02-16: Storskogen Group AB - Year End Report 2022. Stock price change +6.53% | 273 MSEK (stock liquidity during the day)

11.9 IPO activity in the Nordics historically



Source: PWC (2022)

11.10 Summary statistics of Peer group[3]

11.10.1 Stock price development for peers since the IPO

Company	IPO date (06/10-21)	Peak Price	Minimum price	2023-02-08
Storskogen	50,5	60,95	38,7	9,258
% change	-	*20,7%*	*-23,4%*	*-81,7%*
Lifco	231,5	273,3	226,4	211,8
% change	-	*18,1%*	*-2,2%*	*-8,5%*
Indutrade	239	277,2	233,3	233,5
% change	-	*16,0%*	*-2,4%*	*-2,3%*
Amphenol	74,53	87,94	74	81,28
% change	-	*18,0%*	*-0,7%*	*9,1%*
NCAB	55,1	96,5	54	70,55
% change	-	*75,1%*	*-2,0%*	*28,0%*
Bufab	312	449	312	288
% change	-	*43,9%*	*0,0%*	*-7,7%*
Berry Global	61,65	73,93	60,04	61,64
% change	-	*19,9%*	*-2,6%*	*0,0%*
NWG	201,5	270	198	168,4
% change	-	*34,0%*	*-1,7%*	*-16,4%*
HEICO	134,69	149,8	133,37	174,56
% change	-	*11,2%*	*-1,0%*	*29,6%*
Lindab	223,8	322	223,8	152
% change	-	*43,9%*	*0,0%*	*-32,1%*
Dometic	127,05	144,5	114,3	72,12
% change	-	*13,7%*	*-10,0%*	*-43,2%*
Addtech	155	220	155	189
% change	-	*41,9%*	*0,0%*	*21,9%*
NIBE	107,35	136,85	104,25	112,85
% change	-	*27,5%*	*-2,9%*	*5,1%*

[3] Source: Capital IQ as of 2023-02-09

11.10.2 EV/EBITDA development for peers since the IPO

Company	IPO date (06/10-21)	Peak Price	Minimum price	2023-02-08
Storskogen	59,10x	61,34x	6,42x	7,54x
% change	-	*3,8%*	*-89,1%*	*-87,2%*
Dometic	13,52x	14,78x	7,04x	8,00x
% change	-	*9,3%*	*-47,9%*	*-40,8%*
NWG	10,78x	13,99x	7,07x	8,31x
% change	-	*29,8%*	*-34,4%*	*-22,9%*
Lindab	12,61x	15,83x	6,41x	8,71x
% change	-	*25,6%*	*-49,2%*	*-30,9%*
Bufab	17,23x	23,76x	10,14x	12,75x
% change	-	*37,9%*	*-41,2%*	*-26,0%*
Lifco	29,84x	33,42x	15,73x	20,01x
% change	-	*12,0%*	*-47,3%*	*-32,9%*
Indutrade	26,22x	28,13x	16,54x	19,64x
% change	-	*7,3%*	*-36,9%*	*-25,1%*
NIBE	41,69x	52,82x	26,60x	37,20x
% change	-	*26,7%*	*-36,2%*	*-10,8%*
Berry Global	7,61x	8,59x	6,94x	7,51x
% change	-	*12,8%*	*-8,8%*	*-1,4%*
Amphenol	20,20x	22,43x	14,54x	16,60x
% change	-	*11,0%*	*-28,0%*	*-17,8%*
Addtech	27,67x	36,05x	16,78x	21,20x
% change	-	*30,3%*	*-39,3%*	*-23,4%*
NCAB	34,28x	49,49x	14,80x	20,80x
% change	-	*44,4%*	*-56,8%*	*-39,3%*
HEICO	38,11x	42,93x	28,71x	34,08x
% change	-	*12,6%*	*-24,7%*	*-10,6%*

11.10.3 Forward P/E development for peers since the IPO

Company	IPO date (06/10-21)	Peak Price	Minimum price	2023-02-08
Storskogen	65,67x	65,67x	7,76x	12,56x
% change	-	0,0%	-88,2%	-80,9%
NCAB	39,82x	57,60x	16,03x	26,21x
% change	-	44,7%	-59,8%	-34,2%
HEICO	51,23x	58,94x	45,20x	55,46x
% change	-	15,1%	-11,8%	8,2%
Addtech	42,49x	56,97x	25,45x	33,05x
% change	-	34,1%	-40,1%	-22,2%
Amphenol	29,75x	34,62x	22,05x	26,14x
% change	-	16,4%	-25,9%	-12,1%
Dometic	17,89x	19,74x	8,42x	14,61x
% change	-	10,3%	-52,9%	-18,3%
Lindab	17,81x	25,25x	8,60x	17,16x
% change	-	41,8%	-51,7%	-3,6%
Lifco	34,08x	46,51x	21,71x	34,38x
% change	-	36,5%	-36,3%	0,9%
Bufab	24,28x	32,10x	9,96x	16,00x
% change	-	32,2%	-59,0%	-34,1%
NWG	14,78x	19,78x	9,30x	13,42x
% change	-	33,8%	-37,1%	-9,2%
NIBE	60,93x	79,30x	33,29x	49,04x
% change	-	30,2%	-45,4%	-19,5%
Berry Global	9,80x	11,29x	5,70x	7,97x
% change	-	15,2%	-41,9%	-18,7%
Indutrade	39,31x	45,20x	24,23x	31,99x
% change	-	15,0%	-38,4%	-18,6%

11.11 Market indexes development since the IPO[4]

Company/Index	IPO date (06/10-21)	Peak Price	Minimum price	2023-02-08
Storskogen	50,5	61,35	6,774	9,258
% change	-	21,5%	-86,6%	-81,7%
OMXSPI	912,9407	1045,275	690,0693	865,5568
% change	-	14,5%	-24,4%	-5,2%
EURO STOXX Index	448,93	487,72	359,45	453,72
% change	-	8,6%	-19,9%	1,1%
OMXNORDICSEKPI	541,48829	606,74596	445,15769	558,07816
% change	-	12,1%	-17,8%	3,1%

11.12 Summary statistics of other IPOs[5]

11.12.1 Other IPOs' stock price development since 6th October 2021

Company	IPO date (06/10-21 or applicable)	Peak Price	Minimum price	2023-02-08
Storskogen	50,5	61,4	6,8	9,3
% change	-	*21%*	*-87%*	*-82%*
KlaraBo Sverige	49,1	50,4	12,4	18,8
% change	-	*3%*	*-75%*	*-62%*
Synsam	54,0	77,4	38,9	44,6
% change	-	*43%*	*-28%*	*-17%*
Nivika Fastigheter	96,0	96,0	39,5	44,2
% change	-	*0%*	*-59%*	*-54%*
Norva24	31,4	38,8	21,2	34,3
% change	-	*24%*	*-32%*	*9%*
Cint	94,4	151,2	20,0	20,0
% change	-	*60%*	*-79%*	*-79%*
Netel	52,0	48,9	28,5	28,5
% change	-	*-6%*	*-45%*	*-45%*
Truecaller	52,0	138,6	31,8	42,2
% change	-	*167%*	*-39%*	*-19%*
Byggfakta	71,0	79,0	24,7	41,5
% change	-	*11%*	*-65%*	*-42%*
Nordisk Bergteknik	26,0	45,1	24,9	31,3
% change	-	*73%*	*-4%*	*20%*

[4] Source: Capital IQ as of 2023-02-09
[5] Source: Capital IQ as of 2023-02-09

11.12.2 Other IPOs' stock price development since 6th October 2021 - Continuing

Company	IPO date (06/10-21 or applicable)	Peak Price	Minimum price	2023-02-08
Cary Group	93,0	116,2	40,6	70,0
% change	-	*25%*	*-56%*	*-25%*
CTEK	160,5	210,0	34,5	34,5
% change	-	*31%*	*-78%*	*-78%*
Profoto	100,0	125,0	75,2	80,7
% change	-	*25%*	*-25%*	*-19%*
Sleep Cycle	69,9	73,0	30,0	42,5
% change	-	*4%*	*-57%*	*-39%*
Linc	86,8	101,7	43,8	72,2
% change	-	*17%*	*-50%*	*-17%*
MilDef	44,2	89,0	38,0	83,9
% change	-	*101%*	*-14%*	*90%*
Arla Plast	50,7	53,0	34,0	35,4
% change	-	*5%*	*-33%*	*-30%*
Hemnet	172,2	187,4	110,5	155,3
% change	-	*9%*	*-36%*	*-10%*
Pierce	62,0	72,0	7,0	9,0
% change	-	*16%*	*-89%*	*-85%*
Revolutionrace	69,0	108,0	21,2	40,6
% change	-	*57%*	*-69%*	*-41%*

11.12.3 Other IPOs' valuation multiples development since 6th October 2021

	EV/EBITDA			P/E		
Company	**IPO Date (or applicable)**	**2023-02-08**	**Delta**	**IPO Date (or applicable)**	**2023-02-08**	**Delta**
Storskogen	59,10x	7,54x	-87,2%	65,67x	13,04x	-80,1%
Truecaller	81,48x	18,23x	-77,6%	94,96x	23,69x	-75,1%
Norva24	40,17x	16,37x	-59,2%	37,51x	23,36x	-37,7%
Hemnet	85,09x	34,70x	-59,2%	64,71x	38,73x	-40,1%
Revolutionrace	32,99x	14,90x	-54,8%	31,57x	15,28x	-51,6%
Sleep Cycle	26,48x	12,43x	-53,1%	45,54x	21,55x	-52,7%
CTEK	40,96x	20,71x	-49,4%	71,49x	15,63x	-78,1%
Profoto	26,75x	14,62x	-45,3%	25,22x	16,64x	-34,0%
Byggfakta	27,56x	15,82x	-42,6%	54,61x	59,26x	8,5%
Nivika Fastigheter	44,22x	25,64x	-42,0%	38,01x	23,45x	-38,3%
KlaraBo Sverige	55,53x	32,55x	-41,4%	61,64x	17,15x*	-72,2%
Netel	15,16x	8,94x	-41,0%	14,51x	7,95x	-45,3%
Synsam	13,24x	8,01x	-39,5%	27,91x	18,05x	-35,3%
Cary Group**	38,27x	27,02x	-29,4%	63,79x	32,54x	-49,0%
Nordisk Bergteknik	9,64x	7,53x	-21,9%	20,00x	10,32x	-48,4%
Arla Plast	7,40x	8,98x	21,3%	15,29x	15,49x	1,3%
Cint Group	98,65x	171,29x	73,6%	118,48x	9,32x	-92,1%
Pierce	24,03x	51,59x*	114,7%	27,13x	51,69x	90,5%
MilDef	21,76x	76,37x	250,9%	43,79x*	41,59x	-5,0%
Linc	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Peer mean	**39,39x**	**26,03x**	**-14,9%**	**46,21x**	**21,32x**	**-38,7%**
Peer median	**32,99x**	**15,82x**	**-42,0%**	**41,77x**	**18,05x**	**-45,3%**

*Note(s): * The metric was not available at the given date, meaning that the closest in time instead was chosen. ** Cary Group was delisted 18th October 2022 as it was acquired, the multiples are hence at that date. n.m. is assigned when the multiple is either higher than 300, or lower than 0.*

APPENDIX 11.13 CAN BE FOUND LAST DUE TO ITS SIZE

11.14 Peer group historical ROCE/ROIC development[6]

	ROCE												
Company Name	**FY2022**	**FY2021**	**FY2020**	**FY2019**	**FY2018**	**FY2017**	**FY2016**	**FY2015**	**FY2014**	**FY2013**	**FY2012**	**Average**	**Median**
Indutrade	15,9%	16,9%	15,7%	15,6%	18,6%	19,5%	17,0%	22,3%	19,4%	16,1%	20,4%	*18,0%*	*17,0%*
Lifco	20,9%	18,5%	17,3%	17,6%	19,3%	20,0%	19,3%	20,3%	14,9%	24,7%	23,1%	*19,6%*	*19,3%*
Amphenol	20,6%	17,7%	16,4%	18,9%	22,2%	16,8%	17,9%	17,2%	17,7%	19,8%	19,2%	*18,6%*	*17,9%*
Bufab	14,1%	14,2%	10,9%	8,9%	12,2%	12,0%	12,3%	9,9%	10,8%	13,6%	11,6%	*11,9%*	*12,0%*
NCAB	*NA*	25,8%	19,8%	35,3%	35,0%	101,0%	37,7%	37,2%	0,3%	-0,4%	0,8%	*26,6%*	*30,4%*
Berry Global	9,1%	9,3%	8,8%	5,9%	10,1%	10,3%	9,3%	9,7%	7,7%	9,0%	8,0%	*8,8%*	*9,1%*
NWG	13,8%	14,8%	13,0%	11,2%	11,8%	12,2%	14,2%	11,4%	13,2%	12,6%	7,8%	*12,4%*	*12,6%*
HEICO	13,3%	12,3%	11,4%	17,2%	15,8%	13,6%	15,2%	14,7%	14,2%	13,3%	15,4%	*14,2%*	*14,2%*
Lindab	12,7%	16,4%	11,9%	12,8%	10,9%	8,8%	8,6%	8,5%	9,6%	10,1%	9,1%	*10,8%*	*10,1%*
Dometic	7,2%	6,2%	5,6%	7,1%	8,6%	7,0%	8,1%	7,6%	5,9%	7,3%	7,5%	*7,1%*	*7,2%*
Addtech	20,5%	16,2%	18,5%	23,1%	21,6%	25,2%	21,6%	19,6%	26,8%	27,0%	32,2%	*22,9%*	*21,6%*
NIBE	*NA*	12,2%	11,5%	9,9%	10,2%	10,0%	9,3%	10,1%	8,4%	9,9%	10,0%	*9,2%*	*10,0%*
Storskogen	***NA***	**5,3%**	**7,5%**	**6,3%**	**12,4%**	**13,3%**	***NA***	***NA***	***NA***	***NA***	***NA***	*4,1%*	*7,5%*
Peer Group Average	12,3%	15,0%	13,4%	15,3%	16,4%	21,4%	15,9%	15,7%	12,4%	13,6%	13,7%		
Peer Group Median	13,9%	15,5%	12,4%	14,2%	14,0%	12,9%	14,7%	13,0%	12,0%	12,9%	10,8%		

	ROIC											
Company Name	**FY2022**	**FY2021**	**FY2020**	**FY2019**	**FY2018**	**FY2017**	**FY2016**	**FY2015**	**FY2014**	**FY2013**	**Average**	**Median**
Indutrade	12,9%	14,2%	12,9%	12,0%	14,3%	12,9%	12,5%	14,9%	13,5%	13,6%	*13,4%*	*13,2%*
Lifco	14,8%	15,5%	14,0%	12,5%	14,7%	12,7%	12,3%	14,3%	12,3%	11,1%	*13,4%*	*13,3%*
Amphenol	19,2%	16,9%	16,7%	17,0%	20,4%	11,9%	16,1%	18,8%	18,1%	17,8%	*17,3%*	*17,4%*
Bufab	10,1%	12,5%	9,8%	8,0%	10,1%	9,9%	8,6%	7,4%	8,6%	9,8%	*9,5%*	*9,8%*
NCAB	*25,4%*	20,1%	26,1%	32,5%	42,1%	31,1%	28,8%	23,8%	NA	NA	*28,7%*	*27,5%*
Berry Global	9,0%	8,8%	7,9%	5,7%	NA	9,0%	8,3%	8,6%	8,9%	7,4%	*8,2%*	*8,6%*
NWG	12,2%	13,1%	14,6%	10,9%	10,0%	11,6%	15,8%	9,4%	11,6%	10,0%	*11,9%*	*11,6%*
HEICO	12,1%	12,2%	13,2%	15,8%	14,3%	10,7%	11,9%	11,9%	11,8%	11,0%	*12,5%*	*12,0%*
Lindab	10,7%	14,0%	9,7%	10,9%	9,0%	7,3%	6,8%	6,6%	7,8%	8,0%	*9,1%*	*8,5%*
Dometic	5,8%	6,0%	2,7%	6,6%	7,4%	7,0%	8,7%	NA	NA	NA	*6,3%*	*6,6%*
Addtech	14,4%	12,6%	16,0%	16,4%	16,0%	17,8%	15,9%	15,7%	20,3%	20,3%	*16,5%*	*16,0%*
NIBE	*13,2%*	12,3%	11,6%	9,7%	10,1%	9,9%	8,0%	9,9%	8,4%	10,1%	*10,3%*	*10,0%*
Storskogen	***6,4%***	**6,1%**	**9,3%**	**6,7%**	**8,0%**	**8,3%**	***NA***	***NA***	***NA***	***NA***	*7,5%*	*7,4%*
Peer Group Average	13,3%	13,2%	12,9%	13,2%	14,0%	12,6%	12,8%	11,8%	10,1%	9,9%		
Peer Group Median	12,6%	12,8%	13,1%	11,5%	14,3%	11,2%	12,1%	11,9%	11,7%	10,5%		

11.15 ROIC/ROCE definitions

Several sources this paper has utilized, not only Berk & Demarzo (2017) and Carnegie (2022), believe that ROIC and ROCE are important metrics. However, past scholars and industry professionals disagree about how to define the ratios, specifically ROIC. Some examples of ROIC definitions include Capital IQ, which uses Net income subtracted by dividends in the numerator, and Total capital in the denominator. Popular finance websites such as Wallstreetprep.com and Investopedia.com instead argue that EBIT * (1- Tax rate (%)) divided by Fixed assets + NWC, as well as (Net income - dividends) / (Debt + Equity) are the correct formulas. Berk & Demarzo (2017) assert that to fully capture the total return a company yields, one has to

[6] Source: Capital IQ as of 2023-03-10

consider both equity and debt investors. Subsequently, the authors suggest that EBIT * (1-tax rate) is the most effective numerator because the interest to the debt investors is included, as well as the bottom line, after tax, which shows how much is left to the equity holders. As a result, the denominator should include the Book Value of Equity and Net Debt.

This paper, in the end, used the definition of Berk & Demarzo (2017), where the effective tax rate, as opposed to the respective countries' rates, was utilized. An important remark is further that how much of the cash that should be subtracted is rather arbitrary as solely the operating cash is supposed to be taken away. Although, to avoid making any assumptions regarding operating versus minimum cash needs, all cash balances were seen as operating. In the end, the formula for ROIC looked like this:

$$ROIC = \frac{EBIT \times (1 - Effective\ Tax\ Rate)}{Book\ Value\ of\ Equity + Total\ Debt - Total\ Cash}$$

The main difference between ROIC and ROCE, in general, is the subtraction of tax expenses in ROIC, as well as including the total debt. Therefore, cash is labeled as maintenance cash. Those two were the only adjustments made when choosing the ROCE formula to keep the metrics as consistent as possible. Thus, its formula is given below:

$$ROCE = \frac{EBIT}{Book\ Value\ of\ Equity + Total\ Debt}$$

11.16 Overview of different compounder categories' Growth, Profitability, Leverage, and Return metrics[7]

			Revenue				Gross Profit				EBIT			
	Company	**Capital IQ data since**	**Start**	**2022**	**Aggregated Growth**	**CAGR**	**Start**	**2022**	**Aggregated Growth**	**CAGR**	**Start**	**2022**	**Aggregated Growth**	**CAGR**
Roll Ups	NCAB	2015	1 200,0	4 457,7	271%	18%	327,5	1 414,4	332%	20%	70,3	589,6	739%	30%
	Lindab	1989	1343,9	12 366,0	820%	7%	519,0	3 458,0	566%	6%	155,2	1 348,0	769%	7%
	Bufab	2009	1 725,1	8 431,0	389%	12%	505,1	2 389,0	373%	12%	64,6	930,0	1 340%	21%
	Berry Global	2009	22 064,6	145 748,9	561%	14%	3 780,1	24 548,6	549%	14%	1 364,9	13 301,1	875%	18%
Platforms	NIBE	1996	617,0	40 071,0	6 394%	17%	140,4	12 609,0	8 881%	18%	39,8	5 863,0	14 631%	20%
	Dometic	2001	1 224,0	29 764,0	2 332%	16%	363,8	7 881,0	2 066%	15%	72,0	3 221,0	4 374%	19%
	NWG	2012	1 671,7	4 343,4	160%	9%	351,0	1 184,3	237%	12%	75,2	395,3	426%	16%
	HEICO	1988	142,0	24 370,9	17 063%	16%	57,8	9 521,4	16 373%	16%	26,2	5 398,9	20 506%	16%
Accumulators	Lifco	2010	4 591,3	21 552,0	369%	13%	1 577,6	9 008,0	471%	14%	424,2	3 989,0	840%	19%
	Addtech	2001	2 502,0	14 038,0	461%	8%	729,0	4 321,0	493%	8%	201,0	1 480,0	636%	9%
	Indutrade	2002	3 078,0	27 016,0	778%	11%	1 051,0	9 362,0	791%	11%	204,0	3 497,0	1 614%	14%
	Amphenol	1990	2 798,1	131 582,7	4 603%	12%	896,7	41 990,1	4 583%	12%	271,9	27 161,9	9 890%	15%
	Storskogen	2017	**1 699,2**	**34 250,0**	**1 916%**	**65%**	**345,6**	**6 775,0**	**1 860%**	**64%**	**140,7**	**2 684,0**	**1 808%**	**63%**
All peers	Peer average	2002	3 579,8	38 645,1	2 850%	13%	858,25	10 640,6	2 976%	13%	247,4	5 597,9	4 720%	17%
	Peer median	2002	1 698,4	22 961,5	669%	13%	512,05	8444,5	558%	13%	115,2	3 359,0	1 107%	17%
Roll Ups	Roll Ups Average	2006	6 583,4	42 750,9	510%	13%	1 282,9	7 952,5	455%	13%	413,75	4 042,2	930%	19%
	Roll Ups Median	2009	1 534,5	10 398,5	475%	13%	512,05	2 923,5	461%	13%	112,75	1 139,0	822%	19%
Platforms	Platforms Average	1999	913,7	24 637,3	6 487%	14%	228,3	7 798,9	6 889%	15%	53,3	3 719,6	9 984%	18%
	Platforms Median	1999	920,5	27 067,5	4 363%	16%	245,7	8 701,2	5 474%	15%	55,9	4 310,0	9 502%	18%
Accumulators	Accumulators Average	2001	3 242,4	48 547,2	1 553%	11%	1 063,6	16 170,3	1 584%	12%	275,275	9 032,0	3 245%	14%
	Accumulators Median	2002	2 938,1	24 284,0	619%	12%	973,85	9 185,0	642%	12%	237,95	3 743,0	1 227%	15%

[7] Source: Capital IQ as of 2023-03-10

			Gross Profit Margin			EBIT Margin		
	Company	**Capital IQ data since**	**Start**	**2022**	**Delta (p.p.)**	**Start**	**2022**	**Delta (p.p.)**
Roll Ups	NCAB	2015	27,3%	31,7%	4,4	5,9%	13,2%	7,4
	Lindab	1989	38,6%	28,0%	-10,7	11,5%	10,9%	-0,6
	Bufab	2009	29,3%	28,3%	-0,9	3,7%	11,0%	7,3
	Berry Global	2009	17,1%	16,8%	-0,3	6,2%	9,1%	2,9
Platforms	NIBE	1996	22,8%	31,5%	8,7	6,5%	14,6%	8,2
	Dometic	2001	29,7%	26,5%	-3,2	5,9%	10,8%	4,9
	NWG	2012	21,0%	27,3%	6,3	4,5%	9,1%	4,6
	HEICO	1988	40,7%	39,1%	-1,6	18,5%	22,2%	3,7
Accumulators	Lifco	2010	34,4%	41,8%	7,4	9,2%	18,5%	9,3
	Addtech	2001	29,1%	30,8%	1,6	8,0%	10,5%	2,5
	Indutrade	2002	34,1%	34,7%	0,5	6,6%	12,9%	6,3
	Amphenol	1990	32,0%	31,9%	-0,1	9,7%	20,6%	10,9
	Storskogen	**2017**	**20,3%**	**19,8%**	**-0,6**	**8,3%**	**7,8%**	**-0,4**
All peers	Peer average	2002	30%	31%	1,01	8%	14%	5,62
	Peer median	2002	30%	31%	0,19	7%	12%	5,63
Roll Ups	Roll Ups Average	2006	28%	26%	-1,86	7%	11%	4,24
	Roll Ups Median	2009	28%	28%	-0,62	6%	11%	5,11
Platforms	Platforms Average	1999	29%	31%	2,53	9%	14%	5,36
	Platforms Median	1999	26%	29%	2,32	6%	13%	4,77
Accumulators	Accumulators Average	2001	32%	35%	2,36	8%	16%	7,26
	Accumulators Median	2002	33%	33%	1,08	9%	16%	7,79

		ROCE										
	Company	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Roll Ups	NCAB	0,8%	-0,4%	0,3%	37,2%	37,7%	101,0%	35,0%	35,3%	19,8%	25,8%	-
	Lindab	9,1%	10,1%	9,6%	8,5%	8,6%	8,8%	10,9%	12,8%	11,9%	16,4%	12,7%
	Bufab	11,6%	13,6%	10,8%	9,9%	12,3%	12,0%	12,2%	8,9%	10,9%	14,2%	14,1%
	Berry Global	8,0%	9,0%	7,7%	9,7%	9,3%	10,3%	10,1%	5,9%	8,8%	9,3%	9,1%
Platforms	NIBE	10,0%	9,9%	8,4%	10,1%	9,3%	10,0%	10,2%	9,9%	11,5%	12,2%	-
	Dometic	7,5%	7,3%	5,9%	7,6%	8,1%	7,0%	8,6%	7,1%	5,6%	6,2%	7,2%
	NWG	7,8%	12,6%	13,2%	11,4%	14,2%	12,2%	11,8%	11,2%	13,0%	14,8%	13,8%
	HEICO	15,4%	13,3%	14,2%	14,7%	15,2%	13,6%	15,8%	17,2%	11,4%	12,3%	13,3%
Accumulators	Lifco	23,1%	24,7%	14,9%	20,3%	19,3%	20,0%	19,3%	17,6%	17,3%	18,5%	20,9%
	Addtech	32,2%	27,0%	26,8%	19,6%	21,6%	25,2%	21,6%	23,1%	18,5%	16,2%	20,5%
	Indutrade	20,4%	16,1%	19,4%	22,3%	17,0%	19,5%	18,6%	15,6%	15,7%	16,9%	15,9%
	Amphenol	19,2%	19,8%	17,7%	17,2%	17,9%	16,8%	22,2%	18,9%	16,4%	17,7%	20,6%
	Storskogen	**-**	**-**	**-**	**-**	**-**	**13,3%**	**12,4%**	**6,3%**	**7,5%**	**5,3%**	**-**
	Peer average	13,7%	13,6%	12,4%	15,7%	15,9%	21,4%	16,4%	15,3%	13,4%	15,0%	12,3%
	Peer median	10,8%	12,9%	12,0%	13,0%	14,7%	12,9%	14,0%	14,2%	12,4%	15,5%	13,9%
	Roll Ups Average	7,3%	8,1%	7,1%	16,3%	17,0%	33,0%	17,1%	15,7%	12,8%	16,4%	9,0%
	Roll Ups Median	8,5%	9,5%	8,7%	9,8%	10,8%	11,2%	11,6%	10,9%	11,4%	15,3%	12,7%
	Platforms Average	10,2%	10,8%	10,4%	10,9%	11,7%	10,7%	11,6%	11,3%	10,4%	11,4%	11,4%
	Platforms Median	8,9%	11,2%	10,8%	10,7%	11,8%	11,1%	11,0%	10,5%	11,4%	12,2%	13,3%
	Accumulators Average	23,7%	21,9%	19,7%	19,9%	19,0%	20,4%	20,4%	18,8%	17,0%	17,3%	19,5%
	Accumulators Median	21,8%	22,3%	18,5%	20,0%	18,6%	19,8%	20,4%	18,2%	16,8%	17,3%	20,6%

		ROIC									
	Company	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Roll Ups	NCAB	-	-	23,8%	28,8%	31,1%	42,1%	32,5%	26,1%	20,1%	25,4%
	Lindab	8,0%	7,8%	6,6%	6,8%	7,3%	9,0%	10,9%	9,7%	14,0%	10,7%
	Bufab	9,8%	8,6%	7,4%	8,6%	9,9%	10,1%	8,0%	9,8%	12,5%	10,1%
	Berry Global	7,4%	8,9%	8,6%	8,3%	9,0%	-	5,7%	7,9%	8,8%	9,0%
Platforms	NIBE	10,1%	8,4%	9,9%	8,0%	9,9%	10,1%	9,7%	11,6%	12,3%	13,2%
	Dometic	-	-	-	8,7%	7,0%	7,4%	6,6%	2,7%	6,0%	5,8%
	NWG	10,0%	11,6%	9,4%	15,8%	11,6%	10,0%	10,9%	14,6%	13,1%	12,2%
	HEICO	11,0%	11,8%	11,9%	11,9%	10,7%	14,3%	15,8%	13,2%	12,2%	12,1%
Accumulators	Lifco	11,1%	12,3%	14,3%	12,3%	12,7%	14,7%	12,5%	14,0%	15,5%	14,8%
	Addtech	20,3%	20,3%	15,7%	15,9%	17,8%	16,0%	16,4%	16,0%	12,6%	14,4%
	Indutrade	13,6%	13,5%	14,9%	12,5%	12,9%	14,3%	12,0%	12,9%	14,2%	12,9%
	Amphenol	17,8%	18,1%	18,8%	16,1%	11,9%	20,4%	17,0%	16,7%	16,9%	19,2%
	Storskogen					**8,3%**	**8,0%**	**6,7%**	**9,3%**	**6,1%**	**6,4%**
	Peer average	9,9%	10,1%	11,8%	12,8%	12,6%	14,0%	13,2%	12,9%	13,2%	13,3%
	Peer median	10,5%	11,7%	11,9%	12,1%	11,2%	14,3%	11,5%	13,1%	12,8%	12,6%
	Roll Ups Average	6,3%	6,3%	11,6%	13,1%	14,3%	15,3%	14,3%	13,4%	13,8%	13,8%
	Roll Ups Median	8,0%	8,6%	8,0%	8,4%	9,5%	10,1%	9,4%	9,7%	13,3%	10,4%
	Platforms Average	7,8%	10,6%	10,4%	11,1%	9,8%	10,4%	10,8%	10,5%	10,9%	10,8%
	Platforms Median	10,1%	11,6%	9,9%	10,3%	10,3%	10,0%	10,3%	12,4%	12,2%	12,1%
	Accumulators Average	15,7%	16,1%	15,9%	14,2%	13,8%	16,4%	14,5%	14,9%	14,8%	15,3%
	Accumulators Median	15,7%	15,8%	15,3%	14,2%	12,8%	15,4%	14,4%	15,0%	14,8%	14,6%

Category	Company	ND/EBITDA
Roll Ups	Lindab	1,7x
	Berry Global	4,5x
	Bufab	3,2x
	NCAB	0,8x
Platforms	Dometic	3,2x
	HEICO	1,0x
	NWG	1,5x
	NIBE	0,9x
Accumulators	Amphenol	1,1x
	Addtech	1,8x
	Indutrade	1,7x
	Lifco	1,3x
	Storskogen	**2,8x**
All peers	Peer average	1,9x
	Peer median	1,6x
Roll Ups	Roll Ups Average	2,6x
	Roll Ups Median	2,5x
Platforms	Platforms Average	1,7x
	Platforms Median	1,3x
Accumulators	Accumulators Average	1,5x
	Accumulators Median	1,5x

11.17 - WACC definition and breakdown

When evaluating an investment, not solely M&A transactions, a common way to do so is by comparing the expected return to the cost of capital. The investment should be executed if the cost is below what the firm estimates to yield. Pinpointing what the capital costs largely depends on the capital structure as a company that is solely financed with equity only has to consider that capital, whereas the opposite means that debt only should be kept in mind. A mixture of these subsequently leads to the capital cost being influenced by equity and debt, a phenomenon referred to as the weighted-average cost of capital, WACC (Berk & Demarzo, 2017). The WACC is the average rate the company is expected to pay after-tax to finance its assets (Investopedia, 2023). Accordingly, an investment can be benchmarked against the WACC, which functions as a hurdle rate, to determine its attractiveness.

To calculate the WACC, each capital source's cost is multiplied by its respective weights and added together. An important remark is that the market values should be used instead of the book values. Therefore, for listed firms, the market capitalization, i.e. number of shares outstanding multiplied by the current stock price, is utilized for the equity weight, and the net debt represents the debt component. The cost of equity might not necessarily be straightforward to compute as companies are not contractually obligated to pay a predetermined fee to the stockholders. However, the expected return for equity investors, estimated with the famous Capital Asset Pricing Model, CAPM, is a widely used proxy. This model makes several assumptions, which in most cases, are rather unrealistic. For example, CAPM assumes perfect capital markets, rational investors, and no financial frictions (Berk & Demarzo, 2017). Nevertheless, it is a widely used method to determine an asset's expected/required rate of return. The CAPM formula looks like this:

$$E(R_i) = R_f + B_i \times (E(R_m) - R_f)$$

A risk-free rate, the beta of the specific asset, and the expected return of the market are inputs required to extract the expected return from the CAPM model. The risk-free rate should reflect the rate at which investors can borrow and lend at, risk-free. As borrowing without risk might not be entirely possible in practice, it is more of a theoretical exercise. Berk & Demarzo (2017) recommends using short-term treasuries as a proxy; however, common practice within the financial sphere is to adopt long-term yields instead. The authors point out that market participants often argue that the maturity of the risk-free rate should match the investment's horizon, thus favoring longer yields. Also, treasury bills should not be used in cases where the firms are located elsewhere, hence, the rate must consider the geographical location. On the other hand, the beta measures how much risk the investment will add to the market portfolio (Investopedia, 2023). It is calculated by taking the regression of the percentage price change of the stock relative to the percentage price change of its benchmark according to Capital IQ. The final component is the market return. Berk & Demarzo (2017) acknowledges that the concept is flawed in the sense that no portfolio consists of all securities on the globe but moved on to the reasoning that market indexes are often utilized instead. As with the risk-free rate, the market return input requires a geographical analysis. When calculating the required rate of return of a stock in the US, it would, for example, be reasonable to use, e.g., the S&P 500 index, but OMXSPI would be better for a Swedish firm.

The parenthesis within the CAPM formula is the risk premium and the excess return an investor can expect from investing in a risky market portfolio. Industry professionals often have considerably varying measures of such premiums due to different risk perspectives. To capture the different views on the topic, PWC conducts a survey each year where the company asks large capital investors and other actors on the Swedish stock market regarding the risk premiums, as well as risk-free rates, they are using. Actors included in the sample are, e.g., advisors within corporate finance, fund managers, and private equity players.

With the inputs mentioned above, the expected/required rate of return for equity investors can be determined. Left in the WACC formula is thus the cost of debt. Opposed to equity, debt involves predetermined payments that the lendee has to pay the lender, implying that establishing the cost should be easier. Although a borrower can default, the prearranged rate can not be used without adjustments. The reason is that the Yield to Maturity, YTM, i.e., the predetermined rate, assumes that all payments are made in time. Failure to do so would result in a lower yield. Also, not all debt arrangements are public information, meaning the rates cannot be found for an external party. Due to these difficulties, the cost of debt is often calculated in the same way as the cost of equity, with the help of CAPM. The risk-free rate and market risk premium are the same, it is only the beta that differs. In the context of debt, the beta is usually proxied from the company's credit rating. Bo Becker, Cevian Capital Professor of Finance at the Department of Finance at SSE, advocates assigning firms a debt beta depending on their credit health. A firm with a AAA rating from an internationally reputable credit rating agency is given a 0 debt beta, whereas most other investment grade companies get a 0,1. On the other hand, Junk ratings are granted a beta of 0,2 and below based on their proximity to the investment grade hurdle.

As the WACC should reflect the average cost of capital after tax, the final component is the tax rate. Berk & Demarzo (2017) argue that industry professionals often use each country's corporate tax rate. In the end, after the aforementioned components have been gathered, the WACC can be calculated with the following formula:

$$R(WACC) = \frac{E}{E+D} \times R_e + \frac{D}{E+D} \times R_d \times (1-T)$$

Despite the considerable interest and usage of the WACC, the metric also has received much criticism from opponents. One of the main arguments is that the inputs are largely historical or current when attempting

to estimate future returns. Not only is the expected market returns backward-looking, but the beta's derivation also suffers from the same flaw. The risk-free rate is different in the sense of being the current values for specific proxies, however, they are not forward-looking. Another point Berk & Demarzo (2017) brought forward is that using a WACC for an entire company may be misleading. Various investments plausibly have different risk profiles, and using the same WACC for those projects can thus yield unreasonable results.

Before showing the WACC calculations for Storskogen and its peer group, it is favorable to detail different ways to derive the various key inputs. The beta provided on, e.g., Yahoo Finance is, in most cases, the equity beta, also referred to as the levered beta, i.e., one of the components of the cost of equity. However, the levered beta contains two risks, business and financial (Investopedia, 2023). As the beta calculation is a linear regression of the firm's past performance, the leverage component is backward looking. Although, as mentioned, the CAPM formula aims to forecast expected returns. Therefore, standard practice is to unlever the beta and then leverage it with a forward-looking target debt ratio. The formula used for these recalculations can also be applied to the unlevered cost of capital, which is the pre-tax WACC.

$$r_u = \frac{E}{E+D} r_E + \frac{D}{E+D} r_D \rightarrow \beta_U = \frac{E}{E+D} \beta_E + \frac{D}{E+D} \beta_D$$

With the above in mind, the analysis will now explain the thought process, calculations, and inputs of the WACC estimates for the peer group and Storskogen. PWC's 2022 study of market risk premiums and risk-free rates were utilized for the Swedish inputs to reduce the number of assumptions. However, as pointed out earlier, the American stocks required another geographically closer proxy. Hence, the 10-year treasury bill as of 8th February 2023 was used for the risk-free rate, and the market risk premium was inspired by Social Science Research Networks 2022 study. Also, most of the peers had a relatively standard leverage target, for example, that the ND/EBITDA should be below 3x. Transforming that into a reasonable leverage ratio requires several assumptions, and the method thus chose another way. Instead, a methodology recommended by Bo Becker, where the average leverage over the past 5 years for the entire group was used. The rather long period aims to reflect what a company within the sphere plausibly should aim for over different cycles. The credit ratings are pulled from Capital IQ's estimates, and the accompanying betas follow the aforementioned procedure. Lastly, the tax rates followed the typical approach and accordingly consisted of each nation's current corporate tax rate.

When determining the asset beta of a specific firm, it is common to take the median or average of the peer group's. However, as the goal was to establish all of the companies' WACCs, the previously mentioned technique of unlevering the stocks' equity betas was adopted. In the end, a required rate of return on the equity portion was 18.7% for Storskogen, compared to a median of 12.6% in the peer group and a cost of debt of 4.2%, where the corresponding median figure for the comparable firms was 3.5%. Weighting these components together results in a WACC of 17.3% for Storskogen and a median value of 11.7% for the peers.

11.17.1 Overview of WACC inputs (I/II)

Category	Company	MCAP	Net Debt	E/(E+D)	Target leverage	r(f)	Risk premium	Tax rate
Roll Ups	Lindab	1 092,5	292,8	79%	91%	2,7%	7,6%	20,6%
	Berry Global	7 483,1	9 288,0	45%	91%	3,7%	5,6%	21,0%
	Bufab	1 012,5	352,8	74%	91%	2,7%	7,6%	20,6%
	NCAB	1 237,0	53,1	96%	91%	2,7%	7,6%	20,6%
Platforms	Dometic	2 160,9	1 438,1	60%	91%	2,7%	7,6%	20,6%
	HEICO	20 723,3	640,2	97%	91%	3,7%	5,6%	21,0%
	NWG	379,0	79,2	83%	91%	2,7%	7,6%	20,6%
	NIBE	21 336,2	613,3	97%	91%	2,7%	7,6%	20,6%
Accumulators	Amphenol	48 329,5	3 437,2	93%	91%	3,7%	5,6%	21,0%
	Addtech	4 777,9	430,1	92%	91%	2,7%	7,6%	20,6%
	Indutrade	7 977,8	778,7	91%	91%	2,7%	7,6%	20,6%
	Lifco	9 021,9	615,2	94%	91%	2,7%	7,6%	20,6%
	Storskogen	1379	1131	55%	91%	2,7%	7,6%	20,6%
All peers	Peer average	10 461	1 502	83%	91%	3,0%	7,1%	20,7%
	Peer median	6 131	614	91%	91%	2,7%	7,6%	20,6%

Source: Capital IQ (2023-03-12), PWC (2022), Science Research Networks (2022), and Authors

11.17.2 Overview of WACC inputs (II/II)

Category	Company	Equity Beta	Credit Rating est	Debt Beta	Asset Beta	Re-levered Equity beta	r(e)	r(d)	Implied WACC
Roll Ups	Lindab	1,3	BBB-	0,10	1,2	1,3	12,6%	3,5%	11,7%
	Berry Global	1,1	BB+	0,20	1,0	1,1	9,9%	4,8%	9,3%
	Bufab	1,4	BB-	0,25	1,3	1,4	13,3%	4,6%	12,5%
	NCAB	1,8	BBB-	0,10	1,6	1,8	16,4%	3,5%	15,1%
Platforms	Dometic	1,4	BB-	0,25	1,3	1,4	13,3%	4,6%	12,5%
	HEICO	0,9	BBB	0,10	0,8	0,9	8,7%	4,3%	8,2%
	NWG	0,8	BBB-	0,10	0,7	0,8	8,8%	3,5%	8,2%
	NIBE	1,2	BBB+	0,10	1,1	1,2	11,8%	3,5%	11,0%
Accumulators	Amphenol	1,0	BBB+	0,10	0,9	1,0	9,3%	4,3%	8,8%
	Addtech	1,3	BBB	0,10	1,2	1,3	12,6%	3,5%	11,7%
	Indutrade	1,4	BBB-	0,10	1,3	1,4	13,3%	3,5%	12,4%
	Lifco	1,3	BBB+	0,10	1,2	1,3	12,6%	3,5%	11,7%
	Storskogen	2,1	BB	0,20	1,93	2,10	18,7%	4,2%	17,3%
All peers	Peer average	1,2	-	0,13	1,14	1,24	11,9%	3,9%	11,1%
	Peer median	1,3	-	0,10	1,19	1,30	12,6%	3,5%	11,7%

Source: Capital IQ (2023-03-12)

11.18 Overview of Group Management's tenures and holdings

Category	Company	CEO Since	CEO Share Stake	% of CSO	CFO Since	CFO Share Stake	% of CSO
Roll Ups	Lindab	2018-06-01	1 419 134	0,13	2018-09-01	-	-
	Berry Global	2017-02-01	4 229 071	0,06	2014-01-01	1 597 250	0,02
	Bufab	2022-08-01	-	-	2017-11-01	683 701	0,07
	NCAB	2021-06-01	418 446	0,04	2008-01-01	13 585 547	1,32
Platforms	Dometic	2018-01-01	4 951 349	0,24	2019-10-01	53 402	0,00
	HEICO	1990-02-01	694 131 207	2,91	2012-06-01	15 348 363	0,06
	NWG	2015-10-01	3 112 773	0,78	2020-03-01	149 066	0,04
	NIBE (SEK)	1989-01-01	7 249 054 895	3,23	2011-11-01	1 768 914	0,01
Accumulators	Amphenol	2017-04-01	113 620 406	0,24	2015-07-01	9 420 040	0,02
	Addtech	2020-08-01	4 561 815	0,09	2018-05-01	682 409	0,01
	Indutrade	2017-04-01	1 049 393	0,01	2018-07-01	39 822	0,00
	Lifco	2019-02-01	14 331 476	0,15	2011-01-01	30 998	0,00
	Storskogen	**2012-01-01**	**33 424 205**	**2,13**	**2019-01-01**	**662 600**	**0,04**
All peers	Peer average	2013-11-15	674 239 997	0,66	2015-07-02	3 613 293	0,13
	Peer median	2017-08-16	4 561 815	0,15	2016-08-31	683 701	0,02
Roll Ups	Roll Ups Average	2019-11-16	1 516 663	0,06	2014-08-17	3 966 625	0,35
	Roll Ups Median	2019-12-01	1 419 134	0,06	2015-12-02	1 597 250	0,07
Platforms	Platforms Average	2003-03-18	1 987 812 556	1,79	2016-01-15	4 329 936	0,03
	Platforms Median	2002-12-01	349 541 278	1,84	2016-01-31	958 990	0,02
Accumulators	Accumulators Average	2018-07-17	33 390 773	0,12	2015-10-31	2 543 317	0,01
	Accumulators Median	2018-03-02	9 446 646	0,12	2016-11-29	361 116	0,01

Source: Capital IQ (2023-03-15)

11.13 Table of IPO Sample

Source: Bloomberg Deal Finder (2022-02-22) & Capital IQ for Market Currencies (2022-02-22)

Name	Industry	Exchange Name	IPO Trading Date	Deal Size	Bookrunners	Spot	Deal Size in USD	Number of Bookrunners
Lufax Holding Ltd	Specialty Finance	New York	2020-10-30	2688590000	GS,HSBC,UBSIN,BofA,PINGA,MS,CLSA,JEFF	1,00	2 688 590 000	8
Volvo Car AB	Automotive	Stockholm	2021-10-29	2,3E+10	BNPP,GSI,HSBC,JPM,MORST,NORDE,SEB	8,59	2 677 538 248	7
NU Holdings Ltd/Cayman Islands	Banking	New York	2021-12-09	2529566900	MS,ALLEN,CITI,GS,HSBC,UBS	1,00	2 529 566 900	6
RoyaltyPharmaPLC	Biotech&Pharma	NASDAQ	2020-06-16	2501350000	JPM,BofA,CITI,COWEN,EVERC,GS,MS,SUNRH,UBSIN	1,00	2 501 350 000	9
Blackrock ESG Capital Allocati		New York	2021-09-28	2500000000	BofA,AMERF,MS,OPP,RBCCM,STIFE,UBSIN,WFS	1,00	2 500 000 000	8
China Yangtze Power Co Ltd	Electric Utilities	London	2020-09-25	1962960000	CLSA,CHINC,CITI,CS,GSI,HUATA,ML,MS,UBS	0,79	2 493 470 860	9
BumbleInc	InternetMedia&Services	NASDAQ	2021-02-11	2472500000	GS,CITI,JPM,MS,JEFF,RBCCM,EVRCO	1,00	2 472 500 000	7
China Pacific Insurance Group	Insurance	London	2020-06-17	1965360000	CHINC,HSBC,HUATA,JPM,MS,UBS	0,80	2 461 314 966	6
THG PLC	E-Commerce Discretionary	London	2020-09-16	1881370000	BARCS,CITI,GS,HSBC,JPM,JEFF,NUMIS	0,77	2 444 893 504	7
Fix Price Group PLC	Retail - Discretionary	London	2021-03-05	1768910000	BofA,CITI,JPM,MS,VTBCA	0,72	2 441 728 208	5
KE Holdings Inc	Real Estate Services	New York	2020-08-13	2438000000	GS,MS,CHREN,JPM,CICC,GS	1,00	2 438 000 000	6
AutoStore Holdings Ltd	Technology Hardware	Oslo	2021-10-20	2,0266E+10	ABGSU,CARN,CITI,JPM,JEFf,MS	8,36	2 424 915 376	6
iQIYIInc	InternetMedia&Services	NASDAQ	2018-03-29	2423640000	GS,MLPFS,CS	1,00	2 423 640 000	3
China Tourism Group Duty Free	Retail - Discretionary	Hong Kong	2022-08-25	1,8389E+10	ABCI,BOCIN,BOCOM,CCBIN,CITIC,CMBI,CICCH,CSFCO,DBS,GUOTA,HAITN,ICBCI,UBSSE	7,85	2 343 640 273	13
LyftInc	InternetMedia&Services	NASDAQ	2019-03-29	2340000000	JPM,CS,JEFF,UBSIN,KEYBC,RBCCM,STIFE	1,00	2 340 000 000	7
Allfunds Group Plc	Technology Services	EN	2021-04-23	1881986000	BNPP,SANT,BARCS,BofA,CAIXA,CITI,CS,HSBC,ING,INTES,MS	0,83	2 269 914 365	11
RobinhoodMarketsInc	AssetManagement	NASDAQ	2021-07-29	2255460000	GS,JPM,BARCB,CITI,WFS,MIZ	1,00	2 255 460 000	6
XPInc	AssetManagement	NASDAQ	2019-12-11	2251450000	GS,JPM,MS,ITAU,XPINV,BofA,CITI,CS,UBS	1,00	2 251 450 000	9
Blackrock Health Sciences Trus	Asset Management	New York	2020-01-29	2250000000	MS,BofA,UBSIN,RJA,WFS	1,00	2 250 000 000	5

Yum China Holdings Inc	Leisure Facilities & Services	Hong Kong	2020-09-10	1,7267E+10	CMBI,CITI,UBS,GS,AMTDG,AGRIB,BOCI,CLSA,CICCH,HSBC,ICBCI	7,75	2 227 917 973	11
ShoalsTechnologiesGroupInc	RenewableEnergy	NASDAQ	2021-01-27	2213750000	GS,JPM,GUGG,UBSIN,MS,BARCB,CS	1,00	2 213 750 000	7
WarnerMusicGroupCorp	EntertainmentContent	NASDAQ	2020-06-03	2213750000	MS,GS,CS,BofA,CITI,JPM	1,00	2 213 750 000	6
PlaytikaHoldingCorp	EntertainmentContent	NASDAQ	2021-01-15	2157980000	MS,CS,CITI,GS,UBS,BofA	1,00	2 157 980 000	6
Huatai Securities Co Ltd	Asset Management	London	2019-06-17	1691560000	CS,HSBC,HUATA,JPM,MS,JPM	0,80	2 124 248 094	6
Azelis Group NV	Chemicals	EN	2021-09-17	1771350000	BNP,BARCB,GS,HSBCC,ING,JPM,GS	0,85	2 079 293 344	7
Yihai Kerry Arawana Holdings C	Wholesale - Consumer Staples	Shenzhen	2020-10-15	1,3933E+10	CICC,CSFCO	6,72	2 072 017 696	2
Rocket Cos Inc	Specialty Finance	New York	2020-08-06	2070000000	GS,MS,CS,JPM,RBCCM,ALLEN,BCLY,BofA,CITI,UBS	1,00	2 070 000 000	10
Deliveroo PLC	Internet Media & Services	London	2021-03-31	1500000000	BofA,CITI,GSI,JPM,JEFF,NUMIS,GSI	0,73	2 066 457 266	7
XPeng Inc	Automotive	Hong Kong	2021-07-07	1,6019E+10	ABCI,BOCI,CLSA,CITI,FUTU,JPM,ML,USTGR	7,77	2 062 192 641	8
China Bohai Bank Co Ltd	Banking	Hong Kong	2020-07-16	1,5898E+10	ABCI,BOCI,BOCOM,CCBI,CLSA,CMBI,CICCH,CMSHK,DB,GUNAN,HAITO,ICBCC,SPDB	7,75	2 050 205 374	13
Dr Martens PLC	Apparel & Textile Products	London	2021-01-29	1489250000	BARCB,GSI,HSBC,ML,MS,RBCAN	0,73	2 042 642 783	6
La Francaise des Jeux SAEM	Leisure Facilities & Services	EN	2019-11-21	1840580000	BNP,CITI,CACIB,GSI,HSBBC,NATIX,SG	0,90	2 036 941 124	7
PIMCO Dynamic Income Opportuni		New York	2021-01-27	2000000000	MS,BofA,UBS	1,00	2 000 000 000	3
Blackrock Capital Allocation T	Asset Management	New York	2020-09-25	2000000000	BofA,MS,UBSIN,WFS,STFL,AMERF,RBCCM,OPP	1,00	2 000 000 000	8
AppLovinCorp	EntertainmentContent	NASDAQ	2021-04-15	2000000000	MS,JPM,BofA,CITI,KKRCA,CS,UBSIN	1,00	2 000 000 000	7
Dun & Bradstreet Holdings Inc	Technology Services	New York	2020-07-01	1981050000	GS,BofA,JPM,BCLY,CITI,CS,HSBC,JEFF,RBCCM,WFS,DB,BMO,SUNTR,TORDO	1,00	1 981 050 000	14
China International Capital Co	Institutional Financial Svcs	Shanghai	2020-11-02	1,3198E+10	BOCIC,GALAX,ORSEC,PINGA,SHUCL	6,69	1 972 705 728	5
GDS Holdings Ltd	Telecommunications	Hong Kong	2020-11-02	1,4882E+10	ABCI,BOCI,CCBI,CLSA,CMBI,EVERB,CICCH,COWEN,DBSA,GUNAN,HAITO,ICBCC,JPM,ML,ORIEN,RBCHK,RJA,TSI,UOBKA,ZTAI	7,75	1 920 051 917	20
MaravaiLifeSciencesHoldings	Biotech&Pharma	NASDAQ	2020-11-20	1863000000	MS,GS,JEFF,BofA,CS,UBS,RWB,WBC,STFL,KEYBC	1,00	1 863 000 000	10
Evergrande Property Services G	Real Estate Services	Hong Kong	2020-12-02	1,427E+10	ABCI,CCBI,CLSA,CMBI,HAITO,HUATA,ICBCC,UBSSE	7,75	1 840 908 156	8
China Resources Mixc Lifestyle	Real Estate Services	Hong Kong	2020-12-09	1,4105E+10	ABCIS,BOCI,CCBI,CMBI,CICCH,CITI,GS,ICBCC	7,75	1 819 450 661	8

ESR Group Ltd	Real Estate Owners & Developers	Hong Kong	2019-11-01	1,4065E+10	ABCI,BOCIN,CCBI,CLSA,CMBI,CICCH,CITI,CACIB,CS,DBSA,DB,GS,DAEWO,MS,UOBKA	7,84	1 794 646 697	15
EasternBanksharesInc	Banking	NASDAQ	2020-10-15	1792880000	KBW	1,00	1 792 880 000	1
China Zheshang Bank Co Ltd	Banking	Shanghai	2019-11-26	1,2597E+10	CITIC,CICC	7,04	1 790 491 081	2
QualtricsInternationalInc	Software	NASDAQ	2021-01-28	1783500000	MS,JPM,BCLY,BofA,DB,GS,HSBC,CITI,BMO,TSI	1,00	1 783 500 000	10
OlaplexHoldingsInc	HouseholdProducts	NASDAQ	2021-09-30	1779850000	GS,JPM,MS,BARCB,BofA,EVERC,JEFF,RJA	1,00	1 779 850 000	8
CGN Power Co Ltd	Electric Utilities	Shenzhen	2019-08-26	1,2574E+10	BOCIC,CDBSE,CICC,CSFCO,GUOTA,MINSH	7,15	1 758 376 507	6
Elanco Animal Health Inc	Biotech & Pharma	New York	2018-09-20	1736040000	GS,JPM,MS,BNPPA,BofAM,BCLY,CITI,CS,DB,EVRCO,COWEN	1,00	1 736 040 000	11
Li Auto Inc	Automotive	Hong Kong	2021-08-12	1,3437E+10	BOCI,CLSA,CMBI,CICCH,FUTU,GS,UBSAH	7,78	1 726 752 024	7
XPeng Inc	Automotive	New York	2020-08-27	1720400000	CS,JPM,BofA	1,00	1 720 400 000	3
Tianqi Lithium Corp	Chemicals	Hong Kong	2022-07-13	1,3458E+10	BNP,BTG,CMBI,CHIGA,CICCH,CS,FUTU,HUATA,MS	7,85	1 714 397 516	9
Corebridge Financial Inc	Insurance	New York	2022-09-15	1680000000	JPM,BNPPA,BofA,CITI,DB,EVERC,GS,HSBC,JEFF,MIZ,MS,PNC,PIPR,SMBC,WFS,JPM	1,00	1 680 000 000	16
Storskogen Group AB	Asset Management	Stockholm	2021-10-06	1,4761E+10	BNPP,CARNE,DNBSW,DANBN,GSI,JPM,NORDE,SEB,SWED	8,82	1 672 958 897	9
OatlyGroupAB	Beverages	NASDAQ	2021-05-20	1649550000	MS,CS,JPM,BCLY,JEFF,BNPPA,BofA,PIPR,RBC	1,00	1 649 550 000	9
Pinterest Inc	Internet Media & Services	New York	2019-04-18	1638750000	GS,JPM,ALLEN,BofAM,BARCS,CITI,CS,DB,RBCCM	1,00	1 638 750 000	9
PDD Holdings Inc	E-Commerce Discretionary	NASDAQ	2018-07-26	1626400000	CS,GS,CICC,CHIRE	1,00	1 626 400 000	4
RLX Technology Inc	Tobacco & Cannabis	New York	2021-01-22	1607700000	CITI	1,00	1 607 700 000	1
Shanghai United Imaging Health	Medical Equipment & Devices	Shanghai	2022-08-22	1,0988E+10	CITIC,CICC,HAITO	6,85	1 604 438 928	3
Hygon Information Technology C	Technology Hardware	Shanghai	2022-08-12	1,08E+10	CITIC	6,74	1 601 708 489	1
Network International Holdings	Technology Services	London	2019-04-10	1217780000	BARCS,C,NBDI,GS,JPMCA,MS,CITI	0,76	1 593 473 169	7
Hangzhou Tigermed Consulting C	Health Care Facilities & Svcs	Hong Kong	2020-08-07	1,2313E+10	CLSA,CMBI,CICCH,CS,HANI,HAITO,ICBCC,JEFLL,ML,ORIEN,UBSAH	7,75	1 588 658 430	11
Jinko Solar Co Ltd	Renewable Energy	Shanghai	2022-01-26	1E+10	CITIC,CSFCO	6,32	1 582 003 132	2
Full Truck Alliance Co Ltd	Software	New York	2021-06-22	1567500000	MS,CICC,GS,UBSIN,HUATA,CITI,NOM	1,00	1 567 500 000	7
UiPath Inc	Software	New York	2021-04-21	1538570000	MS,CS,JPM,BofA,BARC,WFS,BMO,MIZ,SMBC,KEYBC,TDSEC,TSI,COWEN,EVRCO,MACQU,NOM,RBCCM	1,00	1 538 570 000	17

Ryan Specialty Holdings Inc	Insurance	New York	2021-07-22	1538220000	JPM,BMO,BARCB,GS,KBW,RBCCM,UBSIN,WFS,WBC	1,00	1 538 220 000	9
China Railway Signal & Communi	Transportation Equipment	Shanghai	2019-07-22	1,053E+10	BOCIC,CITIC,CICC,GSGHW,MSHX,TFESE	6,88	1 530 323 068	6
CICC Anhui Traffic Control Exp	REIT	Shanghai	2022-11-22	1,088E+10	CMS	7,14	1 523 958 932	1
New Oriental Education & Techn	Consumer Services	Hong Kong	2020-11-09	1,1646E+10	CS,UBSSE,ML,CLSA,CICCH,CITI,ABCI,BOCI,CCBI,CMBI,HSBC,ICBCC,MACQ,NOMUR,STRWN	7,75	1 502 086 249	15
BlackRock Science & Technology		New York	2019-06-26	1500000000	MS,BofAM,UBSIN,RJA,WFS	1,00	1 500 000 000	5
Neuberger Berman Next Generati		New York	2021-05-27	1500000000	BofA,MS,UBSIN,WFS	1,00	1 500 000 000	4
Unity Software Inc	Software	New York	2020-09-18	1495000000	GS,CS,BARCL,BofA,WBC	1,00	1 495 000 000	5
Blue Moon Group Holdings Ltd	Household Products	Hong Kong	2020-12-16	1,1307E+10	ABCI,BNP,BOCI,CCBI,CMBI,CMBC,CICCH,CITI,FUTU,HSBC,ICBCC,ML,UBSAH,KAYHI	7,75	1 458 608 266	14
ZTO Express Cayman Inc	Transportation & Logistics	Hong Kong	2020-09-29	1,1282E+10	CICCH,CITI,GSGRP,UBSAH	7,75	1 455 669 906	4
Oscar Health Inc	Health Care Facilities & Svcs	New York	2021-03-03	1444599000	GS,MS,WFS,ALLEN,CS,BofA	1,00	1 444 599 000	6
GFL Environmental Inc	Commercial Support Services	New York	2020-03-03	1425000000	JPM,BMO,GS,RBCDS,SCOTI,RJAME,STIFE,BCPAR,TORDO,BARCL	1,00	1 425 000 000	10
Huaxia China Jiaojian Expressw		Shanghai	2022-04-28	9399000000	N/A	6,63	1 418 374 430	1
Chongqing Rural Commercial Ban	Banking	Shanghai	2019-10-29	9987519500	CICC,CSFCO	7,07	1 413 501 585	2
Marqeta Inc	Internet Media & Services	NASDAQ	2021-06-09	1411360000	GS,JPM,CITI,BARCB,WBC,KEYBC	1,00	1 411 360 000	6
Reynolds Consumer Products Inc	Household Products	NASDAQ	2020-01-31	1410380000	CS,GS,JPM,BCLY,CITI,EVRCO,RBCCM,HSBC	1,00	1 410 380 000	8
Ping An Guangzhou Comm Invest	REIT	Shenzhen	2021-06-21	9114000000	PINGA	6,47	1 409 352 384	1
SentinelOne Inc	Software	New York	2021-06-30	1408750000	MS,BCLY,BofA,DB,GS,JEFF,UBS,WFS	1,00	1 408 750 000	8
Aston Martin Lagonda Global Ho	Automotive	London	2018-10-03	1083012900	BofAM,CS,DB,GSI,HSBC,JPM,UNICR,GS	0,77	1 407 771 770	8
StoneCo Ltd	Technology Services	NASDAQ	2018-10-25	1400000000	GS,JPM,CITI,ITAU,CS,MS,BofAM,BTGPA	1,00	1 400 000 000	8
EQT AB	Asset Management	Stockholm	2019-09-24	1,3467E+10	GS,JPM,MS,NORDE,SEB,UBS	9,69	1 389 277 192	6
Trainline PLC	Internet Media & Services	London	2019-06-21	1093410000	BARCB,JPMCA,KKR,MS,NUMIS,MS	0,79	1 388 157 477	6
Affirm Holdings Inc	Technology Services	NASDAQ	2021-01-13	1386210000	MS,GS,ALLEN,BCLY,CS,RBCCM,TSI,DB,SIEWI	1,00	1 386 210 000	9
Petershill Partners PLC	Asset Management	London	2021-09-28	1022680000	BNPP,BAML,GSI,JPMCA,UBS,JPM	0,74	1 385 163 414	6

Churchill Capital Corp VII	Asset Management	New York	2021-02-12	1380000000	CITI,JPM,BofA,GS	1,00	1 380 000 000	4
TuSimple Holdings Inc	Transportation Equipment	NASDAQ	2021-04-15	1351352100	MS,BofA,CITI,COWEN,CS,JPM,NOM,RBCCM	1,00	1 351 352 100	8
SmileDirectClub Inc	Medical Equipment & Devices	NASDAQ	2019-09-12	1346351000	JPM,CITI,BofAM,JEFF,UBS,CS	1,00	1 346 351 000	6
Peloton Interactive Inc	Leisure Products	NASDAQ	2019-09-26	1334000000	GS,JPM,BofAM,BCLY,UBS,COWEN	1,00	1 334 000 000	6
HashiCorp Inc	Software	NASDAQ	2021-12-09	1322400000	MS,GS,JPM,BofA,CITI	1,00	1 322 400 000	5
Shanghai Rural Commercial Bank	Banking	Shanghai	2021-08-19	8583551800	CITIC,GUOTA,HAITO	6,49	1 321 664 762	3
GoodRx Holdings Inc	Health Care Facilities & Svcs	NASDAQ	2020-09-23	1313650000	MS,GS,JPM,BCLY,BofA,CITI,CS,RBCCM,UBS,COWEN,DB,EVRCO	1,00	1 313 650 000	12
Shimao Services Holdings Ltd	Real Estate Services	Hong Kong	2020-10-30	1,007E+10	CICCH,GS,HSBC,MS	7,75	1 298 530 982	4
Kaspi.KZ JSC	Software	London	2020-10-15	999999000	CITI,MS,RENCA	0,77	1 292 238 806	3
Hertz Global Holdings Inc	Retail - Discretionary	NASDAQ	2021-11-09	1291080000	GS,BARCS,DB,JPM,MS	1,00	1 291 080 000	5
CALB Co Ltd	Automotive	Hong Kong	2022-10-06	1,0102E+10	CITI,CS,HUATA,JPM	7,85	1 286 912 717	4
Everdisplay Optronics Shanghai	Technology Hardware	Shanghai	2021-05-28	8171701200	ORSEC	6,37	1 283 163 934	1
Li Auto Inc	Automotive	NASDAQ	2020-07-30	1256380000	GS,MS,UBS,CICCH	1,00	1 256 380 000	4
Trip.com Group Ltd	Internet Media & Services	Hong Kong	2021-04-19	9750080000	JPM,CICCH,GS,CMBI,HSBC,ABCIS,BOCI,CCBI,DBSA,HAITO,ICBCI,MIZUH,NOMUR	7,77	1 255 476 408	13
Cohen & Steers Tax-Advantaged	Asset Management	New York	2020-10-28	1250000000		1,00	1 250 000 000	1
Tradeweb Markets Inc	Institutional Financial Svcs	NASDAQ	2019-04-04	1242000000	JPM,C,GS,MS,BARCL,CS,MLPFS,DB,UBSIN,WFC	1,00	1 242 000 000	10
Bridgepoint Group PLC	Asset Management	London	2021-07-21	907298000	BNPPA,BofA,CITI,JPM,MS	0,73	1 241 615 349	5
Nongfu Spring Co Ltd	Beverages	Hong Kong	2020-09-08	9599030000	CLSA,CICCH,CITI,MS	7,75	1 238 525 387	4
agilon health Inc	Health Care Facilities & Svcs	New York	2021-04-15	1232570000	JPM,BofA,DB,GS,NOM,TSI,WFS,WBC	1,00	1 232 570 000	8
Sotera Health Co	Health Care Facilities & Svcs	NASDAQ	2020-11-20	1232570000	JPM,CS,GS,JEFF,BARCB,CITI,RBCCM	1,00	1 232 570 000	7
Nordnet AB publ	Asset Management	Stockholm	2020-11-25	1,0378E+10	ABGSU,CARNG,CITI,DNB,JPM,BEREN,SEB	8,52	1 218 304 146	7
Array Technologies Inc	Renewable Energy	NASDAQ	2020-10-15	1201750000	GS,JPM,GUGG,MS,CS,BCLY,UBS	1,00	1 201 750 000	7
Alphawave IP Group PLC	Semiconductors	London	2021-05-13	855652300	BMO,BARCB,JPM,BARCB	0,71	1 200 595 350	4

Mercari Inc	E-Commerce Discretionary	Tokyo	2018-06-19	1,3066E+11	DAIWA,MUMSS,DAIWA,JPM,ML,MIZUH,MS,SMBNI	110,02	1 187 638 611	8
Sunac Services Holdings Ltd	Real Estate Services	Hong Kong	2020-11-19	9204600000	ABCI,BOCI,CMBI,CICCH,CITI,CS,HUATA,ICBCC,MS	7,75	1 187 201 655	9
Ningxia Baofeng Energy Group C	Chemicals	Shanghai	2019-05-16	8154962900	CITIC	6,88	1 184 660 057	1
Linklogis Inc	Software	Hong Kong	2021-04-09	9155840000	CLSA,CICCH,CHREN,CITI,GS	7,78	1 177 064 076	5
Zhuzhou CRRC Times Electric Co	Transportation Equipment	Shanghai	2021-09-07	7555048800	CITIC,CICC,GUOTA,HAITO	6,47	1 168 300 493	4
Dongguan Rural Commercial Bank	Banking	Hong Kong	2021-09-29	9092873000	ABCI,AMTDG,CCBI,CMBI,CMSHK,FORTH,HAITO,ICBCC	7,78	1 168 108 634	8
Shenwan Hongyuan Group Co Ltd	Institutional Financial Svcs	Hong Kong	2019-04-26	9089519500	ABCI,BOCI,BOCOM,CCBI,CMBI,EVERB,CICCH,CSCI,CITI,CS, DAIWA,FORTH,GS,GUNAN,HAITO,HSBC,ICBCC,S&W,ZTAI	7,84	1 158 843 887	19
Hansoh Pharmaceutical Group Co	Biotech & Pharma	Hong Kong	2019-06-14	9040440000	CICCH,CMSHK,CITI,GS,MS,UBSAH	7,83	1 155 062 094	6
NIO Inc	Automotive	New York	2018-09-12	1151840000	MS,JPM,GS,CS,DB,BofAM,CITI,UBS	1,00	1 151 840 000	8
Topsports International Holdin	Retail - Discretionary	Hong Kong	2019-10-10	9007540000	CMBI,CICCH,CSCI,CS,GS,HSBC,ICBCC,ML,MS,ML	7,84	1 148 560 528	10
Ozon Holdings PLC	E-Commerce Discretionary	NASDAQ	2020-11-24	1138500000	MS,CITI,GS,SBERB,UBS,VTBCA	1,00	1 138 500 000	6
Freshworks Inc	Software	NASDAQ	2021-09-22	1128600000	MS,JPM,BofA,BCLY,JEFF,MS	1,00	1 128 600 000	6
Ping An Healthcare and Technol	Retail - Consumer Staples	Hong Kong	2018-05-04	8773162100	CCBI,CLSA,CMBI,CICC,CMSHK,CITI,HSBC,JPM,PINGA,UBSAH ,UBSAH	7,85	1 117 697 087	11
CTP NV	Real Estate Owners & Developers	EN	2021-03-25	947936000	ERSTE,GS,KEMPE,MS,UBS	0,85	1 116 532 391	5
Adyen NV	Technology Services	EN	2018-06-13	946896000	ABN,BAML,CITI,JPM,MS,JPM	0,85	1 115 044 748	6
ContextLogic Inc	Software	NASDAQ	2020-12-16	1104000000	GS,JPM,BofA,CITI,DB,UBS,RBCCM,CS	1,00	1 104 000 000	8
TPG Inc	Asset Management	NASDAQ	2022-01-13	1100060000	JPM,GS,MS,TPGCA,BofA,CITI,DB,EVRCO,UBS,WFS,BMO,BCLY	1,00	1 100 060 000	12
Jiangxi Bank Co Ltd	Banking	Hong Kong	2018-06-26	8597750000	AMTDG,CCBI,CEBIN,CLSA,CMBI,CHIIN,ESSEN,HAITO,ICBCC,CCBI	7,85	1 095 363 616	10
Conduit Holdings Ltd	Insurance	London	2020-12-02	820650000	JEFF,PANMU	0,75	1 094 900 736	2
ASR Microelectronics Co Ltd	Semiconductors	Shanghai	2022-01-14	6882725100	HAITO	6,35	1 083 398 936	1
ZoomInfo Technologies Inc	Software	NASDAQ	2020-06-04	1074680000	JPM,MS,BCLY,CS,BofA,DB,RBCCM,UBSIN,WFS	1,00	1 074 680 000	9
Smithson Investment Trust PLC	Asset Management	London	2018-10-19	822510000	INVBA	0,77	1 072 065 379	1
Tencent Music Entertainment Gr	Internet Media & Services	New York	2018-12-12	1066000000	MS,GS,BofAM,DB,JPM	1,00	1 066 000 000	5

TELUS International CDA Inc	Technology Services	New York	2021-02-03	1063750000	JPM,MS,BARCB,BofA,CIBC	1,00	1 063 750 000	5
WuXi AppTec Co Ltd	Health Care Facilities & Svcs	Hong Kong	2018-12-13	8282070000	BOCI,CLSA,CMSHK,CHREN,GS,HUATA,MS,UBSAH	7,81	1 060 098 175	8
Verallia SA	Containers & Packaging	EN	2019-10-04	962661000	BNPP,SANT,BARCB,C,CA,CS,DB,SG	0,91	1 056 708 013	8
Smoore International Holdings	Tobacco & Cannabis	Hong Kong	2020-07-10	8190250000	CLSA,CICCH,DAIWA,GUNAN	7,75	1 056 682 377	4
Kanzhun Ltd	Internet Media & Services	NASDAQ	2021-06-11	1048800000	GS,MS,UBSIN	1,00	1 048 800 000	3
Jaws Mustang Acquisition Corp	Asset Management	New York	2021-02-02	1035000000	CS,BofA,GS	1,00	1 035 000 000	3
Chewy Inc	E-Commerce Discretionary	New York	2019-06-14	1023000000	MS,JPM,ALLEN,BCPAR,BofAM,BCLY,JEFF,RBCCM,UBS,WFS	1,00	1 023 000 000	10
Farfetch Ltd	E-Commerce Discretionary	New York	2018-09-21	1017610000	GS,JPM,ALLEN,UBS,CS,DB,WFS	1,00	1 017 610 000	7
Bright Health Group Inc	Health Care Facilities & Svcs	New York	2021-06-24	1002140000	JPM,BCLY,BofA,CITI,GS,MS,PIPR	1,00	1 002 140 000	7
Ares Acquisition Corp	Asset Management	New York	2021-02-02	1000000000	UBS,CITI,MS,BCLY	1,00	1 000 000 000	4
Western Asset Diversified Inco		New York	2021-06-28	1000000000	MS,BofA,WFS	1,00	1 000 000 000	3
Toast Inc	Technology Services	New York	2021-09-22	1000000000	GS,MS,JPM,KEYBC,WBC,PIPR,MS	1,00	1 000 000 000	7
MainStay CBRE Global Infrastru		New York	2021-10-27	1000000000	MS,BofA,RJA,WFC,RBCCM,STFL,OPP	1,00	1 000 000 000	7
Fluence Energy Inc	Renewable Energy	NASDAQ	2021-10-28	998200000	JPM,BCLY,BofA,CITI,CS,EVERC,HSBC,MS,UBSIN	1,00	998 200 000	9
Xinjiang Daqo New Energy Co Lt	Renewable Energy	Shanghai	2021-07-22	6447000000	CICC	6,47	996 352 734	1
Petco Health & Wellness Co Inc	Retail - Discretionary	NASDAQ	2021-01-14	993600000	GS,BofA,CITI,EVRCO,CS,UBSIN,WFS	1,00	993 600 000	7
Mobileye Global Inc	Automotive	NASDAQ	2022-10-26	990150000	GS,MS,BCLY,CITI,EVRCO,BofA,MIZ,RBC,BNPPA,NOM,WRC	1,00	990 150 000	11
Var Energi ASA	Oil & Gas Producers	Oslo	2022-02-16	8733640000	ABGSU,BOFAS,CARN,DNB,JPM,JEFf,MSCOL,PARET,SPBM	8,88	983 550 138	9
Asymchem Laboratories Tianjin	Health Care Facilities & Svcs	Hong Kong	2021-12-10	7636190000	BOCOM,CLSA,CITI,CS,GS,GUNAN	7,80	979 144 334	6
Vimian Group AB	Health Care Facilities & Svcs	Stockholm	2021-06-18	8365670000	ABGSU,BARCB,CARNG,CITI,DNB,NORDE	8,64	968 782 570	6
Haidilao International Holding	Leisure Facilities & Services	Hong Kong	2018-09-26	7556633800	CMBI,CICCH,CITI,GS,KAYHI	7,81	967 496 806	5
Informatica Inc	Software	New York	2021-10-27	967150000	GS,JPM,BofA,CITI,CS,DB,RBCCM,UBSIN,WFS,LIONT,NOM	1,00	967 150 000	11
Tuya Inc	Software	New York	2021-03-18	946607000	MS,BofA,CICC	1,00	946 607 000	3

DoubleLine Yield Opportunities		New York	2020-02-26	920000000	UBSIN,MS,WFS,BofA,STFL,RBCCM	1,00	920 000 000	6
Ming Yuan Cloud Group Holdings	Software	Hong Kong	2020-09-25	7100510000	CICCH,CMSHK,CITI,FUTU,GFSEC,HAITO	7,75	916 187 746	6
GoHealth Inc	Insurance	NASDAQ	2020-07-15	913500000	GS,BofA,MS,BCLY,CS,EVRCO,RBCCM,WBC	1,00	913 500 000	8
Elkem ASA	Chemicals	Oslo	2018-03-22	7046170000	ABGSU,CARN,CITI,MS,NDUK,MS	7,73	911 622 846	6
BeiGene Ltd	Biotech & Pharma	Hong Kong	2018-08-08	7084799800	CLSA,CICCH,CS,DB,GS,MS,UBSAH,MS	7,85	902 605 054	8
CICC GLP Warehouse Logistics C	REIT	Shanghai	2021-06-21	5835000000	CICC	6,47	902 300 983	1
Ming Yang Smart Energy Group L	Renewable Energy	London	2022-07-13	756851000	CLSA,CICC,HSBC,HAITO,UBS	0,84	902 226 805	5
H World Group Ltd	Leisure Facilities & Services	Hong Kong	2020-09-22	6975190000	CLSA,CMB,GS,JPM,MS	7,75	900 004 774	5
Hubei Wanrun New Energy Techno	Technology Hardware	Shanghai	2022-09-29	6388583500	DNGHA	7,12	897 197 357	1
Suzhou Novosense Microelectron	Semiconductors	Shanghai	2022-04-22	5811180200	EVERB	6,50	893 821 457	1
Thoughtworks Holding Inc	Technology Services	NASDAQ	2021-09-15	889736000	GS,JPM,CS,BofA,CITI,RBCCM,HSBC,COWEN,NOM,PIPR,RWB,WMS,WBC	1,00	889 736 000	13
Samsara Inc	Software	New York	2021-12-15	886579000	MS,ALLEN,EVERC,GS,JPM,RBCCM,WFS,WBC	1,00	886 579 000	8
Jinke Smart Services Group Co	Real Estate Services	Hong Kong	2020-11-17	6832290000	BOCI,CLSA,CICCH,CMSHK,CITI,ESSEN,GUOSE,GUNAN,HAITO,HUATA,ICBCI,SHENW	7,75	881 339 032	12
Zai Lab Ltd	Biotech & Pharma	Hong Kong	2020-09-28	6827570000	JPM,GS,CITI,JEFLL,BofA,CS,CICCH,HAITO	7,75	880 968 817	8
Gitlab Inc	Software	NASDAQ	2021-10-14	880880000	GS,JPM,BofA,RBCCM,UBSIN,TSI,PIPR,GS	1,00	880 880 000	8
Cushman & Wakefield PLC	Real Estate Services	New York	2018-08-02	879750000	MS,JPM,GS,UBS,BofAM,BCLY,CITI,CS,WBC	1,00	879 750 000	9
AZEK Co Inc/The	Consumer Services	New York	2020-06-12	879463000	BCLY,BofA,GS,JEFF,CITI,CS,DB,RBCCM	1,00	879 463 000	8
Hoymiles Power Electronics Inc	Renewable Energy	Shanghai	2021-12-20	5578000000	CITIC	6,38	874 856 883	1
Dropbox Inc	Software	NASDAQ	2018-03-23	869400000	GS,JPM,ALLEN,DB,BofAM,RBCCM,JEF,MACQU	1,00	869 400 000	8
People's Insurance Co Group of	Insurance	Shanghai	2018-11-16	6012000000	CITIC,CICC,ESSEN,GSGHW	6,94	866 394 777	4
PIMCO Access Income Fund		New York	2022-01-27	866000000		1,00	866 000 000	1
Zoom Video Communications Inc	Software	NASDAQ	2019-04-18	864000000	MS,GS,JPM,CS,BofAM,RBCCM,WFC	1,00	864 000 000	7
Ganzhou Teng Yuan Cobalt New M	Metals & Mining	Shenzhen	2022-03-17	5478090800	DONGX	6,35	863 180 827	1
Compute Health Acquisition Cor	Asset Management	New York	2021-02-05	862500000	GS,GS	1,00	862 500 000	2

Sunshine Insurance Group Co Lt	Insurance	Hong Kong	2022-12-09	6705374500	ABCI,BNP,BOCOM,CCBI,CLSA,CMBI,CICCH,CMSHK,HUATA,ICBCC,SOSEI,SHENW,UBSAH	7,79	861 256 722	13
Shenzhen Mindray Bio-Medical E	Medical Equipment & Devices	Shenzhen	2018-10-16	5934080100	BOCI,HTUNI	6,91	858 580 641	2
On Holding AG	Apparel & Textile Products	New York	2021-09-15	858360000	GS,MS,JPM,ALLEN,UBS,CS	1,00	858 360 000	6
China Feihe Ltd	Food	Hong Kong	2019-11-13	6702370000	ABCI,AMTDG,CCBIN,CLSA,CMSHK,JPM	7,83	855 900 689	6
American Well Corp	Health Care Facilities & Svcs	New York	2020-09-17	853301000	MS,GS,PIPR,UBS,CS,COWEN,BEREN	1,00	853 301 000	7
Contemporary Amperex Technolog	Automotive	Shenzhen	2018-06-11	5461506800	CSFCO,GSGHW,INDUS	6,40	853 187 134	3
SenseTime Group Inc	Software	Hong Kong	2021-12-30	6641250000	ABCI,BOCIN,CCBI,CMBI,CICCH,CMSHK,DBSA,FUTU,HSBC,HAITO,ICBCC,LINTR,ORIEN,UOBKA,ZR2PS	7,80	851 522 001	15
FTAC Hera Acquisition Corp	Asset Management	NASDAQ	2021-03-04	851478000	CITI,JPM	1,00	851 478 000	2
Joinn Laboratories China Co Lt	Biotech & Pharma	Hong Kong	2021-02-26	6548210000	BOCI,BOCOM,CLSA,CMBI,CICCH,CMSHK,HAITO,ICBCC,ML	7,76	844 162 407	9
Sany Heavy Energy Co Ltd	Renewable Energy	Shanghai	2022-06-22	5610922900	CITIC	6,70	837 351 197	1
Shenzhen Hello Tech Energy Co	Electric Utilities	Shenzhen	2022-09-19	5828653800	HTUNI	7,01	831 939 852	1
LifeStance Health Group Inc	Health Care Facilities & Svcs	NASDAQ	2021-06-10	828000000	MS,GS,JPM,JEFF,TPGCA,UBSIN,WBC	1,00	828 000 000	7
Confluent Inc	Software	NASDAQ	2021-06-24	828000000	MS,JPM,GS,BofA,CITI,BCLY,CS,DB,UBS,WFS	1,00	828 000 000	10
PowerSchool Holdings Inc	Software	New York	2021-07-28	817106000	GS,BARCB,CS,UBSIN	1,00	817 106 000	4
Qi An Xin Technology Group Inc	Software	Shanghai	2020-07-22	5718945800	CSFCO	7,00	816 957 245	1
Oxford Nanopore Technologies P	Biotech & Pharma	London	2021-09-30	602844000	BARCS,CITI,GUGG,JPMCA,BEREN,ML,NUMIS,RBCAN	0,74	813 939 108	8
Neoen SA	Electric Utilities	EN	2018-10-17	698176000	BARCS,JPM,NATIX,SG	0,87	805 649 665	4
Onewo Inc	Real Estate Services	Hong Kong	2022-09-29	6319200000	ABCI,BOCI,CCBI,CLSA,CMBI,CITI,GS,GUOSE,ICBCC	7,85	805 018 243	9
Driven Brands Holdings Inc	Retail - Discretionary	NASDAQ	2021-01-15	805000000	MS,BofA,GS,JPM,BCLY	1,00	805 000 000	5
Core & Main Inc	Industrial Support Services	New York	2021-07-23	802326000	GS,CS,JPM,BofA,CITI,RBCCM,RWB,BARCB,DB	1,00	802 326 000	9
Cathay Biotech Inc	Chemicals	Shanghai	2020-08-12	5560621100	CITIC	6,94	801 565 632	1
PIMCO Energy & Tactical Credit	Asset Management	New York	2019-01-30	800000000	UBS,MS,MLPFS,WFS	1,00	800 000 000	4
Albertsons Cos Inc	Retail - Consumer Staples	New York	2020-06-26	800000000	BofA,GS,JPM,CITI,CS,MS,WFS,BARCB,DB	1,00	800 000 000	9

Zhejiang Leapmotor Technologie	Automotive	Hong Kong	2022-09-29	6279312000	ABCI,CCBI,CLSA,CICCH,CSICF,CITI,HUATA,JPM,TIGBR	7,85	799 936 813	9
Autohome Inc	Internet Media & Services	Hong Kong	2021-03-15	6141450000	ABCI,CICCH,PINGA,CS,DB,GS,HAITO,HSBC,GS	7,77	790 822 699	9
D-MARKET Elektronik Hizmetler	E-Commerce Discretionary	NASDAQ	2021-07-01	783012000	MS,JPM,GS,BofA,UBS	1,00	783 012 000	5
Leslie's Inc	Retail - Discretionary	NASDAQ	2020-10-29	782000000	GS,BofA,JEFF,MS,NOM	1,00	782 000 000	5
Nuveen Dynamic Municipal Oppor	Asset Management	New York	2020-08-27	780000000	MS,BofA,UBS,WFS,NUVEE	1,00	780 000 000	5
DigitalOcean Holdings Inc	Software	New York	2021-03-24	775500000	MS,GS,JPM,BCLY,BofA,KEYBC	1,00	775 500 000	6
Pop Mart International Group L	Wholesale - Discretionary	Hong Kong	2020-12-11	6008770000	CLSA,CHREN,MS,MS	7,75	775 243 136	4
DouYu International Holdings L	Entertainment Content	NASDAQ	2019-07-17	774951700	MS,JPM,BofAM,CMBI	1,00	774 951 700	4
Majorel Group Luxembourg SA	Technology Services	EN	2021-09-24	660000000	BNPP,BASL,CITI,GS,JPM,UBSIN	0,85	772 833 724	6
Sino Biological Inc	Biotech & Pharma	Shenzhen	2021-08-16	4979640100	CITIC,DBS	6,47	769 092 020	2
Certara Inc	Biotech & Pharma	NASDAQ	2020-12-11	768506000	JEFF,MS,BofAM,BARCB,CS,WBC	1,00	768 506 000	6
Diversey Holdings Ltd	Chemicals	NASDAQ	2021-03-25	767307000		1,00	767 307 000	1
AvidXchange Holdings Inc	Software	NASDAQ	2021-10-13	759000000	GS,JPM,BofA,BARCB,CS,KEYBC,DB,PIPR,GS	1,00	759 000 000	9
LINK Mobility Group Holding AS	Software	Oslo	2020-10-21	6916290000	ABGSU,CARN,JEFF	9,21	751 266 813	3
Tianneng Battery Group Co Ltd	Automotive	Shanghai	2021-01-18	4872713900	CITIC	6,49	750 537 390	1
Conx Corp	Asset Management	NASDAQ	2020-10-30	750000000	DB	1,00	750 000 000	1
Screaming Eagle Acquisition Co	Asset Management	NASDAQ	2022-01-06	750000000	GS,CITI	1,00	750 000 000	2
CanSino Biologics Inc	Biotech & Pharma	Shanghai	2020-08-13	5200808100	BOHAI,CITIC,CICC	6,94	748 867 241	3
C3.ai Inc	Software	New York	2020-12-09	748650000	MS,JPM,BofA,DB	1,00	748 650 000	4
Datadog Inc	Software	NASDAQ	2019-09-19	745200000	MS,GS,JPM,CS,BCLY,JEFF,RBCCM	1,00	745 200 000	7
Bestechnic Shanghai Co Ltd	Technology Hardware	Shanghai	2020-12-16	4862100100	CSFCO	6,53	744 259 751	1
Antin Infrastructure Partners	Asset Management	EN	2021-09-24	632501000	BNPP,BOFAS,CITI,JPM,MSEUR	0,85	740 633 489	5
Nova Ljubljanska Banka dd	Banking	London	2018-11-14	566487600	CITI,DB,JPM,CITI	0,77	737 950 368	4

Moonpig Group PLC	E-Commerce Discretionary	London	2021-02-02	540050000	C,HSBC,JPMCA,JEFF,NUMIS	0,73	736 887 349	5
DR Corp Ltd	Apparel & Textile Products	Shenzhen	2021-12-15	4676369100	CSFCO	6,37	734 400 575	1
NEXTracker Inc	Electrical Equipment	NASDAQ	2023-02-09	734160000	JPM,BNPPA,BARCB,BofA,CITI,HSBC,KEYBC,MIZ,SCOTI,TSI	1,00	734 160 000	10
BJ's Wholesale Club Holdings I	Retail - Consumer Staples	New York	2018-06-28	733125000	BofAM,DB,GS,JPM,MS,CITI,JEFF,WFS	1,00	733 125 000	8
Hayward Holdings Inc	Electrical Equipment	New York	2021-03-12	732593000	BofA,GS,NOM,CS,GUGG,JEFF,MS,RWB	1,00	732 593 000	8
Life Time Group Holdings Inc	Leisure Facilities & Services	New York	2021-10-07	730462000	GS,MS,BofA,DB,JPM,WFS,BMO,MIZ,RBCCM	1,00	730 462 000	9
Isoftstone Information Technol	Technology Services	Shenzhen	2022-03-15	4630022500	CSFCO,MINSH	6,37	726 676 999	2
Root Inc/OH	Insurance	NASDAQ	2020-10-28	724431600	GS,BARCB,CITI,CS,DB,EVERC,MS,TSI,UBSIN,WFS	1,00	724 431 600	10
DocuSign Inc	Software	NASDAQ	2018-04-27	723695000	MS,JPM,BofAM,CITI,DB	1,00	723 695 000	5
Cint Group AB	Software	Stockholm	2021-02-19	5961600000	ABGSU,CARNG,DANSK,JEFF,NDASS	8,26	721 373 921	5
Levi Strauss & Co	Apparel & Textile Products	New York	2019-03-21	716834000	GS,JPM,MLPFS,MS,EVRCO	1,00	716 834 000	5
Liaoning Chengda Biotechnology	Biotech & Pharma	Shanghai	2021-10-28	4581500000	CITIC,GALAX,CMS,MSHX,PINGA	6,39	716 777 746	5
Guojin CRCC Chongqing Suiyu Ex	REIT	Shanghai	2022-07-08	4793000000	CITIC	6,69	716 078 525	1
Bausch + Lomb Corp	Medical Equipment & Devices	New York	2022-05-06	711907000	MS,BARCS,BofA,CITI,DB,EVERC,GS,GUGG,JPM,JEFF,WFC	1,00	711 907 000	11
Dlocal Ltd/Uruguay	Technology Services	NASDAQ	2021-06-03	710296000	JPM,CITI,GS,MS,HSBC,BofA,UBSIN	1,00	710 296 000	7
Nuveen Municipal Credit Opport		New York	2019-09-17	705000000	MS,UBSIN,WFS,NUVEE	1,00	705 000 000	4
Crowdstrike Holdings Inc	Software	NASDAQ	2019-06-12	703800000	GS,JPM,BCLY,BofA,CS,JEFF,RBCCM,STFL,HSBC,MACQU,PJC,SUNRH	1,00	703 800 000	12
Rackspace Technology Inc	Software	NASDAQ	2020-08-05	703500000	GS,CITI,JPM,RBCCM,EVERC,BMO,BCLY,CS,DB,HSBC	1,00	703 500 000	10
Bank of Guizhou Co Ltd	Banking	Hong Kong	2019-12-30	5456000000	ABCI,AMTDG,CCBI,CLSA,CMBI,CNISI,GOLSE,HAITO,ICBCC	7,79	700 760 227	9
Procore Technologies Inc	Software	New York	2021-05-20	697470000	GS,JPM,BARCS,JEFF	1,00	697 470 000	4
Doximity Inc	Software	New York	2021-06-24	696670000	MS,JPM,GS,PIPR,WBC	1,00	696 670 000	5
Stevanato Group SpA	Medical Equipment & Devices	New York	2021-07-16	693384000	MS,BofA,JEFF,CITI,KEYBC,UBS,WFS,WBC	1,00	693 384 000	8
Shanghai Junshi Biosciences Co	Biotech & Pharma	Shanghai	2020-07-15	4835714800	CICC,GUOTA,HAITO	6,99	691 913 577	3

Poly Property Services Co Ltd	Real Estate Services	Hong Kong	2019-12-19	5381990000	ABCI,BOCOM,CCBI,CLSA,CMBI,ESSEN,GFSEC,GUNAN,HUATA,SHENW,UBSAH,WINTC	7,80	690 343 004	12
Pontem Corp	Asset Management	New York	2021-01-13	690000000	CS,GUGG	1,00	690 000 000	2
Apollo Strategic Growth Capita	Asset Management	New York	2021-02-10	690000000	DB,BCLY,CS	1,00	690 000 000	3
Airtel Africa PLC	Telecommunications	London	2019-06-28	541120000	ABG,BNPPA,BofAM,BARC,CITI,GSI,HSBC,JPMCA,SB	0,79	687 634 224	9
Virtus Artificial Intelligence		New York	2019-10-29	686362000	BofAM,MS,WFS,UBS	1,00	686 362 000	4
Envista Holdings Corp	Medical Equipment & Devices	New York	2019-09-18	677230000	JPM,GS,MS,EVERC,JEFF,RWB	1,00	677 230 000	6
Pharmaron Beijing Co Ltd	Health Care Facilities & Svcs	Hong Kong	2019-11-28	5293650000	CLSA,CHREN,GS,ORNTH	7,83	676 344 890	4
Sana Biotechnology Inc	Biotech & Pharma	NASDAQ	2021-02-04	675625000	MS,GS,JPM,BofA	1,00	675 625 000	4
Zheshang Securities Zhejiang E	REIT	Shanghai	2021-06-21	4360000000	CICC	6,47	674 212 903	1
Shandong Gold Mining Co Ltd	Metals & Mining	Hong Kong	2018-09-28	5246280000	ABCI,BNP,BOCOM,CCBI,CMBI,EVERB,CSFCO,GUNAN,HAITO,ICBCC,LONGA,MS	7,82	670 453 689	12
Figs Inc	E-Commerce Discretionary	New York	2021-05-27	667577000	GS,MS,BCLY,CS,BofA	1,00	667 577 000	5
CICT Mobile Communication Tech	Technology Hardware	Shanghai	2022-09-26	4757190400	SHUCL	7,14	666 207 851	1
First Trust High Yield Opportu	Asset Management	New York	2020-06-26	665000000	MS	1,00	665 000 000	1
Hunan Yuneng New Energy Batter	Technology Hardware	Shenzhen	2023-02-09	4499970200	CSFCO	6,78	663 653 688	1
Nuveen Core Plus Impact Fund		New York	2021-04-28	661250000		1,00	661 250 000	1
Beijing Kingsoft Office Softwa	Software	Shanghai	2019-11-18	4631859900	CICC	7,02	659 517 862	1
MINISO Group Holding Ltd	Retail - Discretionary	New York	2020-10-15	656320000	GS,BofA	1,00	656 320 000	2
Nayuki Holdings Ltd	Beverages	Hong Kong	2021-06-30	5093925800	ABCI,CMBI,HAITO,HUINF,JPM	7,77	655 944 315	5
Selectquote Inc	Insurance	New York	2020-05-21	655500000	CS,MS,EVRCO,RBCCM,BCLY,CITI,JEFF	1,00	655 500 000	7
Frontier Group Holdings Inc	Transportation & Logistics	NASDAQ	2021-04-01	655500000	CITI,BCLY,MS,DB,BofAM,EVERC,JPM,NOMUR,UBSIN	1,00	655 500 000	9
Dynatrace Inc	Software	New York	2019-08-01	655218000	GS,JPM,CITI,RBCCM,BCAPR,JEFF,UBS	1,00	655 218 000	7
Guggenheim Active Allocation F		New York	2021-11-24	655000000	BofA,MS,WFS	1,00	655 000 000	3
Trustpilot Group PLC	Internet Media & Services	London	2021-03-23	473290000	DANBN,JPM,BEREN,MS,MS	0,73	652 175 111	5

AVIC Chengdu UAS Co Ltd	Machinery	Shanghai	2022-06-29	4367250000	AVICS,CSFCO	6,70	651 750 537	2
Signify Health Inc	Health Care Facilities & Svcs	New York	2021-02-11	648600000	GS,JPM,BCLY,DB,BofA,PIPR,RWB,UBSIN,WBC	1,00	648 600 000	9
Mister Car Wash Inc	Retail - Discretionary	New York	2021-06-25	646875000	BofA,MS,GS,JEF,BMO,UBSIN	1,00	646 875 000	6
China Youran Dairy Group Ltd	Food	Hong Kong	2021-06-18	4993735800	BOCOM,CLSA,CSICF,CITI,CS,FUTU,HSBC,HUATA,ICBCC	7,76	643 266 509	9
Kojamo Oyj	Real Estate Owners & Developers	Helsinki	2018-06-15	553455000	GSI,JPM,NORDE,OPBAN,NORDE	0,86	643 253 138	5
Beijing Roborock Technology Co	Home & Office Products	Shanghai	2020-02-21	4518675800	CITIC	7,03	642 889 268	1
China East Education Holdings	Consumer Services	Hong Kong	2019-06-12	4957810000	ABCI,BNP,CMBI,CICCH,GUNAN,HAITO	7,83	633 538 984	6
PHC Holdings Corp	Medical Equipment & Devices	Tokyo	2021-10-14	7,1786E+10	NIKKO,MUMSS,GSI,JPM,KKRCA,ML,MIZUH,MS,SMBNI,NOMUR,MIZUH,BofA,GS,JPM	113,64	631 724 381	14
Monday.com Ltd	Software	NASDAQ	2021-06-10	630850000	GS,JPM,ALLEN,JEF	1,00	630 850 000	4
Visional Inc	Commercial Support Services	Tokyo	2021-04-22	6,8217E+10	MS,NOMUR,NOMUR,MUMSS	108,14	630 804 868	4
Jiangsu Financial Leasing Co L	Specialty Finance	Shanghai	2018-03-01	4000000000	HTUNI	6,36	629 237 521	1
Broadstone Net Lease Inc	REIT	New York	2020-09-17	629000000	JPM,GS,BMO,MS,CAPON,TSI	1,00	629 000 000	6
Medlive Technology Co Ltd	Internet Media & Services	Hong Kong	2021-07-15	4845560000	CICCH,GS,HAITO	7,77	623 798 410	3
Clearwater Analytics Holdings	Software	New York	2021-09-24	621000000	GS,JPM,MS,CS,RBCCM,WFS,OPP,PIPR,WBC	1,00	621 000 000	9
Chindata Group Holdings Ltd	Telecommunications	NASDAQ	2020-09-30	621000000	MS,CITI,UBSIN,CHIRE	1,00	621 000 000	4
HUTCHMED China Ltd	Biotech & Pharma	Hong Kong	2021-06-30	4795960000	BOCIN,CMBI,CICCH,CMSHK,CS,DBCAP,HSBC,JEFLL,MQB,MS	7,77	617 575 289	10
Yatsen Holding Ltd	E-Commerce Discretionary	New York	2020-11-19	616875000	MS,GS,CICCH	1,00	616 875 000	3
China Resources Microelectroni	Semiconductors	Shanghai	2020-02-27	4312870000	CICC	7,00	615 728 460	1
Legalzoom.com Inc	Commercial Support Services	NASDAQ	2021-06-30	615698000	JPM,MS,BCLY,BofA,CITI,CS,JEFF	1,00	615 698 000	7
Focus Financial Partners Inc	Asset Management	NASDAQ	2018-07-26	615404000	GS,BofAM,KKRCA,BMO,RBCCM,SUNTR	1,00	615 404 000	6
Yidu Tech Inc	Software	Hong Kong	2021-01-15	4731830000	CICCH,CITI,GS	7,75	610 280 737	3
Elliott Opportunity II Corp	Asset Management	New York	2021-06-29	609500000	CS,CITI,UBS,BTIG,GUGG,MCP	1,00	609 500 000	6

Bluescape Opportunities Acquis	Asset Management	New York	2020-10-28	607500000	CITI,BCLY	1,00	607 500 000	2
Pegasus Acquisition Co Europe	Asset Management	EN	2021-04-29	500000000	CITI,JPM	0,83	605 840 300	2
Moderna Inc	Biotech & Pharma	NASDAQ	2018-12-07	604348000	MS,GS,JPM,BofAM,BCLY,PJC	1,00	604 348 000	6
Cloudflare Inc	Software	New York	2019-09-13	603750000	GS,MS,JPM,JEF,WFS,RBCCM	1,00	603 750 000	6
Far Peak Acquisition Corp	Asset Management	New York	2020-12-03	600000000	WFC	1,00	600 000 000	1

***Filter: 0,6bn USD - 2,7bn USD on offer day (conversion rate for that specific date), 2018-01-01 - 2022-02-22 ***