

Year-end Report 2019/20

The financial year 1 April 2019 – 31 March 2020 (12 months)

- Net revenue increased by 6 percent to MSEK 4,180 (3,932).
- Operating profit (EBITA) increased by 9 percent to MSEK 565 (519), equivalent to an operating margin of 13.5 percent (13.2).
- Profit after financial items increased by 7 percent to MSEK 460 (431).
- Profit after taxes amounted to MSEK 366 (342). Earnings per share after dilution, amounted to SEK 5.39 (5.05).
- Cash flow from operating activities amounted to MSEK 507 (462).
- Return on equity was 23 percent (24). The equity ratio at the end of the period was 39 percent (39).
- Six acquisitions were completed during the 2019/20 financial year, with combined annual revenue of about MSEK 210.
- As a result of the uncertainties in connection with the Covid-19 pandemic, the Board of Directors has postponed its proposal on a dividend for the year. Last year, the dividend amounted to SEK 2.50 per share.

1 January – 31 March 2020 (fourth quarter)

- Net revenue for the fourth quarter increased by 3 percent and amounted to MSEK 1,112 (1,078).
- Operating profit (EBITA) amounted to MSEK 152 (153), equivalent to an operating margin of 13.7 percent (14.2).
- Profit after financial items amounted to MSEK 126 (130) and profit after taxes amounted to MSEK 101 (104).
- Cash flow from operating activities during the quarter amounted to MSEK 177 (155).
- During the quarter, the subsidiary Asept International AB acquired the companies UNRO Dispenser System AB and SDP Scandinavian Dispenser Products AB. The companies generate combined annual revenue of MSEK 10 with good profitability.
- The effects of the Covid-19 pandemic on the financial results have been limited during the quarter but are expected to impact the Group during the coming quarters. Measures are being taken within the operations to handle a lower business volume.

TRANSITION TO IFRS 16 FROM 1 APRIL 2019.

As from 1 April 2019, the Group applies IFRS 16 Leases. The transition has been made using the so-called simplified approach, which means that comparative figures are not recalculated.

STATEMENT OF THE CHIEF EXECUTIVE

The past year

The 2019/20 financial year was a strong year for Lagercrantz. Profit after net financial items reached a new all-time-high of MSEK 460, compared to MSEK 431 in the previous year, and cash flow from operating activities increased to MSEK 507, or SEK 7.47 per share.

The portfolio of companies in the Group was also strengthened during the year, where the base increasingly consists of technology-leading product companies, market leaders in their respective niches. The build-up of the Group has occurred over many years and has been self-financed by the fact that already owned companies have generated positive cash flows that could be used for both dividends and for continued acquisitions.

The year also offered increased earnings per share to a new record level of SEK 5.39 per share (5.05) and we have a strong financial position with an equity ratio of 39 percent and substantial credit facilities for continued acquisitions and growth investments.

The strategy behind the successes

Lagercrantz Group's successes are due to the strategy that we have been pursuing consistently for several years. The organisational model involving decentralisation and management by objectives is well-established. Subsidiaries work according to clearly defined earnings and working capital targets as part of a business plan, which is adopted annually, incorporating concrete actions and initiatives. Management by objectives also encourages the identification of new opportunities when the market shows limited growth.

The Group's acquisition strategy is another important success factor. We are continuing to acquire profitable technology companies with strong market positions in niches. A focus on product companies has been the ambition in recent years and the proportion of proprietary products now represents just over 60 percent of Group sales. Our ambition is to reach 75 percent within a few years, which should have a positive impact on margins and on the potential for organic growth. During the year, six acquisitions were completed, where three (Dorotea Mekaniska in Sweden, G9 in Denmark and Frictape in Finland) will become new profit centres with proprietary products. The three others are smaller but equally important additions to pre-existing focus areas in the Group.

Sustainability is another reason for the Group's success. Long-term corporate social responsibility is a hallmark of the Group, and this applies economically, environmentally, socially and in relation to business ethics. Here, we have a lot to be proud of, given our more than 100-year history.

Finally, our focus on high value added is an important reason for the Group's successes. We measure this in the Group's rising

gross margin. With very specialised companies, we want to quickly meet customer demands by developing and adapting products and solutions that create added value.

I want to end the year by expressing my heartfelt thanks to all our dedicated employees for their outstanding work.

Future

Approaching the 2020/21 financial year, there is great uncertainty regarding market conditions and the business situation. The Covid-19 pandemic has had a very significant impact on society and business life in just a few months, and even though Lagercrantz has a strong platform, the Group will not be unaffected.

The health situation and our staff are our first priority. These matters are therefore prioritised locally in our businesses in line with local health authority recommendations.

Meanwhile, in each business we must align capacity to demand and fluctuations in business volume, and in many cases here, we are now preparing our businesses for a lower business volume.

As of today's date, incoming orders for the first five weeks of the financial year were in line with previous year overall, but with significant fluctuations among the companies. We see that volatility has increased and the order situation is still good within certain businesses, while other companies have seen a significant slowdown. We usually do not provide data on a monthly basis but in this situation we still want to be as transparent as possible, so we can report that the profit for April amounted to approximately MSEK 30, compared to MSEK 37 in April last year.

In times of great uncertainty, the Group's decentralised structure will really come into its own, where our more than 50 companies in about 100 operating locations ensure a large diversification of products, end customer markets and geographies. Given the extraordinary sense of responsibility, commitment and decision-making power I see among our local management teams, I am convinced that the Group is well-prepared and that we will handle every situation in an effective way.

Having said all this, I have the same confidence about the future as earlier. In the near term, the Group and all business operations will go through a very challenging period. However, in the longer term, the basis for our business concept, our focus and our platform of competitive technology companies is very strong.

13 May 2020

Jörgen Wigh
President and CEO

NET REVENUE AND PROFIT

The 2019/20 financial year (April 2019 – March 2020, 12 months)

The market situation in the Group's main markets in the Nordic countries and Northern Europe was stable during the financial year as a whole. During the year, Sweden accounted for 35 percent of the business volume, followed by Denmark with 15 percent and Norway and Finland with 10 and 6 percent, respectively. Exports outside the Nordic countries have increased in recent years and now represent about 34 percent of the business volume. In particular, sales in the rest of Europe and in China and the USA have developed well.

Consolidated net revenue for the financial year increased by 6 percent to MSEK 4,180 (3,932). Acquired businesses made a contribution of MSEK 210 and the currency effect on net revenue was MSEK 36. Net revenue in comparable units, measured in local currency, was therefore unchanged compared to the previous year.

Operating profit before amortisation of intangible assets (EBITA) for the financial year increased by 9 percent to MSEK 565 (519), equivalent to an operating margin of 13.5 percent (13.2). The Group's larger companies have generally reported a positive development during the year and in addition, acquired companies contributed profits in line with the expectations at the time of acquisition.

However, the uncertainty about the business situation as a result of the Covid-19 pandemic increased during the latter part of the final quarter of the financial year. The pandemic is expected to delay customer's investment and business decisions. The situation ahead of the coming quarters is thus uncertain and measures involving preparations for a lower business volume are underway in the Group.

Consolidated profit before financial items amounted to MSEK 483 (451). Profit after financial items increased by 7 percent to MSEK 460 (431). Total currency effects on the profit after net financial items amounted to MSEK 3 (9).

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Profit after taxes for the period amounted to MSEK 366 (342). Earnings per share after dilution for the 2019/20 financial year amounted to SEK 5.39 (5.05).

Fourth quarter (January – March 2020)

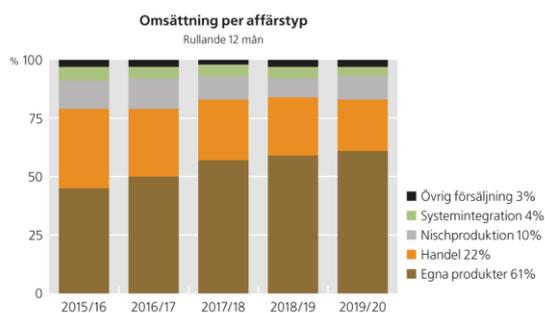
In the fourth quarter of the financial year, net revenue increased by 3 percent to MSEK 1,112 (1,078). Acquired businesses made a contribution of MSEK 45 to net revenue. Organic growth in comparable units was negative and amounted to -2 percent, measured in local currency. The currency effect on net revenue was MSEK 12 (19).

Operating profit before amortisation of intangible assets (EBITA) amounted to MSEK 152 (153), equivalent to an operating margin of 13.7 percent (14.2).

The Mechatronics division performed well during the quarter thanks to a strong development in a number of units and acquisitions also contributed positively. The Electronics division reported a weaker profit, with restructurings in several units as a consequence. Niche Products has also carried out a restructuring in its Danish unit for conveyor belt solutions, which had a negative impact on profit during the quarter.

Profit after net financial items for the quarter amounted to MSEK 126 (130). The total currency effect on profit after net financial items amounted to MSEK 1 (3).

Profit after taxes for the quarter amounted to MSEK 101 (104).



* Certain reclassifications have been made retrospectively for improved comparability

Divisions

| | Net revenue | | | | Operating profit (EBITA) | | | |
|---|--------------------------------|--------------------------------|------------------------------------|------------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| | 3 months Jan-Mar 2019/20 | 3 months Jan-Mar 2018/19 | 12 months Apr-Mar 2019/20 | 12 months Apr-Mar 2018/19 | 3 months Jan-Mar 2019/20 | 3 months Jan-Mar 2018/19 | 12 months Apr-Mar 2019/20 | 12 months Apr-Mar 2018/19 |
| MSEK | | | | | | | | |
| Electronics | 261 | 288 | 1,048 | 998 | 16 | 32 | 102 | 101 |
| <i>Operating margin</i> | | | | | 6.1% | 11.1% | 9.7% | 10.1% |
| Mechatronics | 345 | 288 | 1,222 | 1,122 | 59 | 43 | 197 | 172 |
| <i>Operating margin</i> | | | | | 17.1% | 14.9% | 16.1% | 15.3% |
| Communications | 256 | 252 | 966 | 918 | 43 | 47 | 151 | 137 |
| <i>Operating margin</i> | | | | | 16.8% | 18.7% | 15.6% | 14.9% |
| Niche Products | 250 | 250 | 944 | 894 | 41 | 44 | 149 | 149 |
| <i>Operating margin</i> | | | | | 16.4% | 17.6% | 15.8% | 16.7% |
| Parent Company/consolidatio n items | - | - | - | - | -7 | -13 | -34 | -40 |
| GROUP TOTAL | 1,112 | 1,078 | 4,180 | 3,932 | 152 | 153 | 565 | 519 |
| <i>Operating margin</i> | | | | | 13.7% | 14.2% | 13.5% | 13.2% |
| Amortisation, intangible assets | | | | | -21 | -18 | -83 | -68 |
| Financial items | | | | | -5 | -5 | -22 | -20 |
| PROFIT BEFORE TAXES | | | | | 126 | 130 | 460 | 431 |

NET REVENUE AND PROFIT BY DIVISION

FOURTH QUARTER (January– March 2020)

Electronics

Net revenue for the fourth quarter of the financial year decreased by 9 percent to MSEK 261 (288). Acquisitions made a contribution of MSEK 11. Several businesses experienced a weaker market due to the Covid-19 pandemic but volumes also decreased in the Swedish and German electronic components business.

Operating profit (EBITA) for the quarter decreased to MSEK 16 (32), equivalent to an operating margin of 6.1 percent (11.1). Restructurings are in progress in the division and measures are being taken in several of the division's units. Unitronic in Germany is being restructured under new management, the Polish business is also being restructured, and in Norway the two LED and lighting control companies are being integrated.

The division's new acquisition in Denmark, G9, and the German company Schmitztechnik performed as expected. On 1 January 2020, Schmitztechnik was part the Group for 12 months and is no longer reported as an acquisition.

Mechatronics

Net revenue during the quarter increased by 20 percent to MSEK 345 (288). The acquisition Frictape contributed

MSEK 20 despite the negative effect of the pandemic with deferred installations.

Operating profit (EBITA) increased by 37 percent to MSEK 59 (43), representing an operating margin of 17.1 percent (14.9). The Group's largest unit, Elpress with electrical connection systems, continued to report strong growth and profitability. Cue Dee (masts and aerial brackets for telecommunications) delivered as planned according to the order from last summer. Swedwire (crash barrier wires) and Elfac (special cables) strengthened their profits compared to the previous year.

Communications

Net revenue for the quarter increased by 2 percent to MSEK 256 (252).

Operating profit (EBITA) amounted to MSEK 43 (47), equivalent to an operating margin of 16.8 percent (18.7). The division's larger units, R-Con (infrastructure for sprinkler installations), Radonova (radon measurement) and STV (video conferencing) are delivering strong results. Precimeter (flow measurement of metal flows) did not match the previous year's profit and was negatively impacted by a lower investment rate among aluminium smelters. Exidor (control equipment for maintenance vehicles) and Load Indicator (torque sensors) also reported lower demand and did not achieve the previous year's profit.

Niche Products

Net revenue for the fourth quarter amounted to MSEK 250 (250). Acquisitions made a contribution of MSEK 14.

Operating profit (EBITA) amounted to MSEK 41 (44), equivalent to an operating margin of 16.4 percent (17.6). The units Wapro (check valves and flow regulators for storm water systems), Tormek (sharpening machines) and Kondator (ergonomic office interior accessories) displayed a strong performance. Nikodan (conveyor belt solutions), had a negative effect on profit due to unprofitable project transactions. SIB (brush systems for snow clearance of airport runways) was negatively affected by a winter with very little snow and Dorotea Mekaniska was adversely impacted by delayed deliveries of components from Italy due to the pandemic.

PROFITABILITY AND FINANCIAL POSITION

Return on equity for the latest 12-month period amounted to 23 percent (24) and the return on capital employed was 17 percent (18). The Group's metric for return on working capital (P/WC) amounted to 64 percent (63).

The equity ratio was 39 percent (39). Equity per share totalled SEK 24.86 at the end of the period, compared to SEK 22.28 at the beginning of the financial year. Aside from profit, this metric was also affected by dividends paid.

At the end of the period, operational net indebtedness amounted to MSEK 1,056 compared to MSEK 928 at the end of the previous financial year. The change was mainly due to acquisitions, dividends of MSEK 169 in September 2019 and the operating cash flow. The operational net debt equity ratio was 0.6 (0.6). Net indebtedness including pension liability and the IFRS 16 effect amounted to MSEK 1,312 (1,004). The pension liability amounted to MSEK 76 (76) at the end of the financial year and the IFRS 16 effect amounted to MSEK 180.

CASH FLOW AND CAPITAL EXPENDITURES

Cash flow from operating activities during the financial year increased to MSEK 507 (462), equivalent to SEK 7.47 (6.83) per share. The introduction of IFRS 16 means an adjustment of the 2019/2020 year's figure between cash flow from operating activities, which

increased by MSEK 89 and cash flow from financing activities, which decreased by MSEK 89.

Investments in non-current assets amounted to MSEK 80 (80) during the financial year. Larger items included investment in production equipment, including a powder coating facility.

OTHER FINANCIAL INFORMATION

Parent Company and other consolidation items

The Parent Company's internal net revenue for the financial year amounted to MSEK 37 (36) and profit after net financial items was MSEK 598 (332). The result includes exchange rate adjustments on intra-Group lending of MSEK 7 (1) and dividends from subsidiaries during 2019 of MSEK 378 (337). Group contributions received during the financial year amounted to MSEK 252 (39). Net investments in non-current assets amounted to MSEK 0 (0). The Parent Company's equity ratio was 51 percent (50).

Employees

At the end of the period, the number of employees in the Group was 1,532, compared to 1,450 at the beginning of the financial year. During the financial year, 79 employees were added through acquisitions.

Share capital

The share capital amounted to MSEK 49 at the end of the period. The quota value per share amounted to SEK 0.70. Classes of shares were distributed as follows on 31 March 2020:

| Classes of shares | Number of shares |
|----------------------|-------------------|
| A shares | 3,263,802 |
| B shares | 66,256,125 |
| Repurchased B shares | -1,794,137 |
| Total | 67,725,790 |

At 31 March 2020, Lagercrantz Group held 1,794,137 own Class B shares, equivalent to 2.6 percent of the total number of shares and 1.8 percent of the votes in the Lagercrantz Group. Repurchased shares cover, inter alia, the company's obligations under outstanding call option programmes on repurchased shares. During the financial year, 417,900 options for B shares with a redemption price of SEK 154.40 were issued in accordance with the resolution of the 2019 AGM. These

options were acquired by about 60 managers and senior executives in the Group for a total of MSEK 4.8.

At the end of the period, Lagercrantz had three outstanding call option programmes as follows:

| Option programme | Total number of outstanding options | Corresponds to number of shares | Redemption price |
|------------------|-------------------------------------|---------------------------------|------------------|
| 2019/22 | 417,900 | 417,900 | 154.40 |
| 2018/21 | 500,000 | 500,000 | 104.80 |
| 2017/20 | 234,500 | 234,500 | 95.90 |
| Total | 1,152,400 | 1,152,400 | |

Acquisitions

During the financial year, Dorotea Mekaniska, G9, Frictape, SDP and Unro were acquired. Dorotea Mekaniska is a leader within amphibian machines for lake clearance and wetland and water conservation and G9 designs and supplies products for park and city environments including security products. Frictape is a leading supplier of security products for helidecks.

During the fourth quarter, Lagercrantz's subsidiary Asept International AB acquired the two companies UNRO Dispenser System AB and SDP Scandinavian Dispenser Products AB. The companies generate

combined annual revenue of MSEK 10 with good profitability.

Transaction costs for the acquisitions carried out during the financial year amounted to about MSEK 3.1, and are included in administrative expenses in the income statement, to the extent they arose during the period. The effect of the acquisitions on consolidated revenue during the fourth quarter was MSEK 45 and the effect on profit before taxes was MSEK 4 after acquisition costs.

The difference between paid and remeasured contingent consideration of MSEK 4 (-3) was taken up as revenue as other operating income during the fourth quarter.

The annual impairment test did not result in any write-downs of goodwill. During the financial year, MSEK 40 (19) was paid in contingent consideration for previous acquisitions. During the quarter, MSEK 0 (0) was paid in contingent consideration for previous acquisitions.

Preliminary purchase price allocation

| Acquired net assets at time of acquisition | Book value in companies | Fair value adjustment | Fair value consolidated |
|---|-------------------------|-----------------------|-------------------------|
| Intangible non-current assts | 1 | 123 | 124 |
| Other non-current assets | 4 | 0 | 4 |
| Inventories and work in progress | 43 | 0 | 43 |
| Other short-term receivables *) | 62 | 0 | 62 |
| Interest-bearing liabilities | 0 | 0 | 0 |
| Other liabilities | -47 | -26 | -73 |
| Net of identified assets/liabilities | 62 | 97 | 159 |
| Goodwill | - | - | 163 |
| Estimated Purchase price ** | - | - | 322 |

* of which, cash and cash equivalents MSEK 32

** Includes conditional additional consideration of MSEK 22,8, which represents 52% of the maximum outcome.

The above analysis is preliminary considering allocation of excess value.

ALTERNATIVE PERFORMANCE MEASURES

The company presents certain financial metrics in the year-end report that are not defined according to IFRS. The company considers that these metrics provide more valuable supplementary information to investors and shareholders. Since not all companies calculate financial metrics in the same way, these are not always comparable with metrics used by other companies. Therefore, these financial metrics should not be regarded as a substitute for metrics defined according to IFRS.

ACCOUNTING POLICIES

The year-end report for the Group has been prepared in accordance with IFRS with application of IAS 34, *Interim Financial Reporting*, the Swedish Annual Accounts Act and the Swedish Securities Markets Act.

Apart from in the financial statements and accompanying notes, disclosures according to IAS 34.16A are also presented in other parts of the report. The year-end report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Markets Act, which is in accordance with the provisions of RFR 2, *Accounting for Legal Entities*.

The same accounting policies and judgement criteria have been applied as in the Lagercrantz Group's Annual Report 2018/19. In addition, new IFRS standards and IFRIC interpretations, primarily IFRS 16 (Leases) were applied. For the Lagercrantz Group, IFRS 16 is applied for the financial year beginning on 1 April 2019 and means that assets and liabilities attributable to leases are recognised in the balance sheet equivalent to the discounted value of the remaining payments for all leases. In the income statement, interest and depreciation are recognised instead of lease expenses.

In the transition to the new standard, the Group has opted to apply the modified retrospective method, simplified approach, without the requirement of restating comparative periods. The leases mainly include rental of premises but also vehicles and production equipment. Leases shorter than 12 months and of minor values are not included in the calculation. The incoming lease liability consists of the remaining leasing fees, discounted by the Group's marginal borrowing rate on 1 April 2019. The right-of-use asset is measured at an

amount corresponding to the lease liability, adjusted for any prepaid or accrued lease fees. The effect in connection with the introduction of IFRS 16 on 1 April 2019, means that lease liabilities increased by about MSEK 142, of which MSEK 63 were non-current and MSEK 79 were current. Right-of-use assets increased by about MSEK 142 and are included in the item property, plant and equipment. Equity was not impacted since the increase in right-of-use assets was equivalent to the increase in lease liabilities.

Previously, operating leases were recognised as operating expenses within EBITA but after the introduction of IFRS 16, operating lease costs are recognised as depreciation and financial expenses. There is no effect on total cash flow, but cash flow from operating activities will increase as most of the lease payments are classified as amortisation of lease liabilities, i.e. within financing activities. The lease payments for right-of-use assets have no effect on cash flow from investing activities as they are not classified as investing activities (but as payment of interest and lease liabilities). Apart from the introduction of IFRS 16, there are no other new or amended IFRS standards or interpretations, which have an impact on the financial statements for 2019/2020.

See the company's Annual Report 2018/19 for more information.

OTHER INFORMATION

Transactions with related parties

Transactions between Lagercrantz and related parties with a significant impact on the company's financial position and results have not occurred, aside from redemption and repurchase of options as described under Share capital above and transfer of the Finnish subsidiaries within the Group during the financial year.

Risks and uncertainty factors

The most important risk factors for the Group are the state of the economy, structural changes in the market, supplier and customer dependence, the competitive situation, cyber risks (IT attacks), pandemics and foreign exchange trends. The Parent Company is impacted by the above-mentioned risks and uncertainty factors through its capacity as owner of subsidiaries.



For additional information, please refer to the 2018/19 Annual Report.

Covid-19 effects

The Group is affected like other companies by the Covid-19 pandemic. The effects were limited during the fourth quarter of the financial year but shall affect the operations to a greater extent during the coming quarters.

Within the Group, preparations are being made for negative effects from the pandemic and a lower business volume. The measures are being taken to reduce negative effects and in order to follow the local authorities' recommendations.

The measures taken include the following:

- Investment and recruitment freeze
- Deferred bonus and salary negotiations
- Salary waivers
- Negotiation with landlords
- Reduction in working hours for employees and terminations of employment

Post-balance sheet events

After the end of the financial year, a merger was registered between a Swedish holding company and the Finnish holding company. In connection with this, a transfer was carried out of the Finnish subsidiaries to the Finnish holding company, with the aim of creating a legal organisational structure in Finland.

No other significant events for the company have occurred after the balance sheet date on 31 March 2020.

Annual General Meeting 2020

The 2020 Annual General Meeting (AGM) will be held on 25 August 2020. To have a matter addressed at the

AGM, requests from shareholders must be received no later than 8 July 2020. The Annual Report will be published at the end of June/start of July 2020.

Notice convening AGMs shall be published on the company's website no earlier than six weeks and no later than four weeks before the AGM. All shareholders whose names are recorded in the share register five days before the AGM can participate in person, or by proxy. Notice of participation must be given to the company in accordance with the convening notice.

Election Committee

An Election Committee has been appointed ahead of the 2020 AGM.

Proposals to the Election Committee from shareholders may be sent to: valberedningen@lagercrantz.com

More information is available on www.lagercrantz.com

Dividend

As a result of the uncertainties in connection with the Covid-19 pandemic, the Board of Directors of Lagercrantz Group AB has postponed its proposal on a dividend for the year. In the previous year, the dividend was SEK 2.50 per share, which was equivalent to MSEK 169 in total.

Stockholm, 13 May 2020

Jörgen Wigh
President and CEO

Segment information by quarter

| Net revenue | 2019/20 | | | | 2018/19 | | | |
|-----------------------------|--------------|--------------|------------|--------------|--------------|--------------|------------|------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| MSEK | | | | | | | | |
| Electronics | 261 | 262 | 264 | 261 | 288 | 245 | 234 | 231 |
| Mechatronics | 345 | 323 | 266 | 288 | 288 | 278 | 267 | 289 |
| Communications | 256 | 269 | 215 | 226 | 252 | 247 | 196 | 223 |
| Niche Products | 250 | 245 | 209 | 240 | 250 | 241 | 198 | 205 |
| Parent | - | | | - | - | | | - |
| Company/consolidation items | | - | - | | | - | - | |
| GROUP TOTAL | 1,112 | 1,099 | 954 | 1,015 | 1,078 | 1,011 | 895 | 948 |

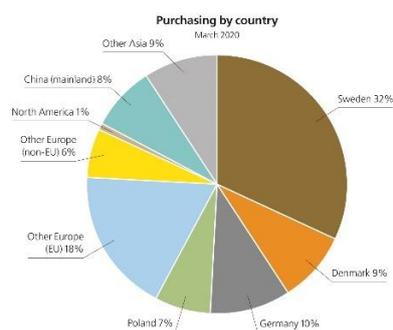
| EBITA | 2019/20 | | | | 2018/19 | | | |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| MSEK | | | | | | | | |
| Electronics | 16 | 27 | 31 | 28 | 32 | 27 | 22 | 20 |
| Mechatronics | 59 | 52 | 42 | 44 | 43 | 41 | 44 | 44 |
| Communications | 43 | 51 | 30 | 27 | 47 | 39 | 25 | 26 |
| Niche Products | 41 | 34 | 34 | 40 | 44 | 40 | 34 | 31 |
| Parent | -7 | -8 | -10 | -9 | -13 | -10 | -8 | -8 |
| Company/consolidation items | | | | | | | | |
| GROUP TOTAL | 152 | 156 | 127 | 130 | 153 | 137 | 117 | 113 |

| EBITA margin | 2019/20 | | | | 2018/19 | | | |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| % | | | | | | | | |
| Electronics | 6.1 | 10.3 | 11.7 | 10.7 | 11.1 | 11.0 | 9.4 | 8.7 |
| Mechatronics | 17.1 | 16.1 | 15.8 | 15.3 | 14.9 | 14.7 | 16.5 | 15.2 |
| Communications | 16.8 | 19.0 | 14.0 | 11.9 | 18.7 | 15.8 | 12.8 | 11.7 |
| Niche Products | 16.4 | 13.9 | 16.3 | 16.7 | 17.6 | 16.6 | 17.2 | 15.1 |
| Parent | - | | - | - | - | | - | - |
| Company/consolidation items | | - | | | | - | - | - |
| GROUP TOTAL | 13.7 | 14.2 | 13.3 | 12.8 | 14.2 | 13.6 | 13.1 | 11.9 |

Revenue by geographical market

| Moving 12 months Apr-Mar | 2019/20 | 2018/19 | 2017/18 | 2016/17 | 2015/16 |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Sweden | 1,474 | 1,441 | 1,259 | 1,156 | 1,066 |
| Denmark | 640 | 578 | 520 | 506 | 406 |
| Norway | 392 | 425 | 358 | 325 | 418 |
| Finland | 258 | 229 | 208 | 177 | 157 |
| Rest of Europe | 882 | 806 | 667 | 575 | 588 |
| Asia | 208 | 190 | 189 | 143 | 223 |
| USA | 191 | 210 | 119 | 159 | 149 |
| Others | 135 | 53 | 91 | 56 | 50 |
| GROUP TOTAL | 4,180 | 3,932 | 3,410 | 3,097 | 3,057 |

Of the Group's total income of MSEK 4,180, MSEK 315 refers to sales over time in accordance with IFRS 15.



Consolidated Income Statement – condensed

| MSEK | 3 months Jan-Mar 2019/20 | 3 months Jan-Mar 2018/19 | Financial year 2019/20 | Financial year 2018/19 |
|--|--------------------------------|--------------------------------|---------------------------|---------------------------|
| Net revenue | 1,112 | 1,078 | 4,180 | 3,932 |
| Cost of goods sold | -700 | -676 | -2,618 | -2,488 |
| GROSS PROFIT | 412 | 402 | 1,562 | 1,444 |
| Selling expenses | -204 | -187 | -769 | -703 |
| Administrative expenses | -91 | -83 | -341 | -309 |
| Other operating income and operating expenses | 14 | 3 | 31 | 19 |
| PROFIT BEFORE NET FINANCIAL ITEMS (EBIT) ¹ | 131 | 135 | 483 | 451 |
| Net financial items* | -5 | -5 | -23 | -20 |
| PROFIT AFTER FINANCIAL ITEMS | 126 | 130 | 460 | 431 |
| Taxes | -25 | -26 | -94 | -89 |
| NET PROFIT FOR THE PERIOD | 101 | 104 | 366 | 342 |
| <i>¹) Of which:</i> | | | | |
| - amortisation of intangible non-current assets arising in connection with acquisitions: | (-21) | (-18) | (-82) | (-68) |
| - depreciation of other non-current assets*: | (-42) | (-14) | (-152) | (-56) |
| Operating profit (EBITA) | 152 | 153 | 565 | 519 |
| Earnings per share, SEK | 1.49 | 1.54 | 5.40 | 5.05 |
| Earnings per share after dilution, SEK | 1.49 | 1.54 | 5.39 | 5.05 |
| Weighted number of shares after repurchases, ('000) | 67,726 | 67,687 | 67,717 | 67,682 |
| Weighted number of shares after repurchases adjusted after dilution ('000) ** | 67,931 | 67,706 | 67,872 | 67,682 |
| Number of shares after repurchases during the period ('000) | 67,726 | 67,687 | 67,726 | 67,687 |

* IFRS 16 Leases affects depreciation (other non-current assets), which increased by MSEK 25 in the quarter and by MSEK 90 for the financial year 2019/20. Operating expenses decreased by MSEK 26 in the quarter and by MSEK 92 in the financial year. Net financial items increased by MSEK 1 in the quarter and by MSEK 3 in the financial year.

** In view of the redemption price on outstanding call options during the period (SEK 95.90, SEK 104.80 and SEK 154.40) and the average share price (SEK 129.25) during the latest 12-month period when the option programmes were outstanding, there was a dilutive effect of 0.23 percent. For the latest quarter, there was a dilutive effect of 0.30 percent (average share price SEK 141.53).

Consolidated Statement of Comprehensive Income and Other Comprehensive Income

| MSEK | 3 months Jan-Mar 2019/20 | 3 months Jan-Mar 2018/19 | Financial year 2019/20 | Financial year 2018/19 |
|---|--------------------------------|--------------------------------|------------------------------|---------------------------|
| Net profit for the period | 101 | 104 | 366 | 342 |
| Other comprehensive income | | | | |
| <u>Items that have been reposted or that may be reposted to net profit for the period</u> | | | | |
| Change in translation reserve | 2 | 20 | -4 | 7 |
| Translation differences transferred to net profit for the period | - | - | - | - |
| <u>Items that cannot be reposted to net profit for the period</u> | | | | |
| Actuarial effects on pensions | -2 | -10 | -2 | -10 |
| Taxes attributable to actuarial effects | - | 2 | - | 2 |
| COMPREHENSIVE INCOME FOR THE PERIOD | 101 | 116 | 360 | 341 |

Consolidated Statement of Financial Position – condensed

| MSEK | 31 Mar 2020 | 31 Mar 2019 |
|---|----------------|----------------|
| ASSETS | | |
| Goodwill | 1,518 | 1,327 |
| Other intangible non-current assets | 758 | 721 |
| Property, plant and equipment * | 480 | 266 |
| Financial assets | 23 | 14 |
| Inventories | 562 | 528 |
| Trade receivables and contract assets | 716 | 688 |
| Other current receivables | 175 | 171 |
| Cash and bank balances | 117 | 139 |
| TOTAL ASSETS | 4,349 | 3,854 |
| EQUITY AND LIABILITIES | | |
| Equity | 1,684 | 1,508 |
| Non-current liabilities ** | 1,104 | 1,190 |
| Trade payables and contract liabilities | 367 | 373 |
| Others current liabilities ** | 1,194 | 783 |
| TOTAL EQUITY AND LIABILITIES | 4,349 | 3,854 |
| Interest-bearing assets | 117 | 139 |
| Interest-bearing liabilities, excluding pension liabilities * | 1,353 | 1,066 |

* IFRS 16 Leases affects the Group's financial position as follows: right-of-use assets of MSEK 179 million have arisen and are included in property, plant and equipment. Lease liabilities increased by MSEK 97 in the item non-current liabilities and MSEK 83 in current liabilities and equity was affected negatively by MSEK 1. No restatement of previous periods has occurred.

** Reclassifications have occurred between non-current and current liabilities as of 31 March 2020, comparable periods have been restated.

Consolidated Statement of Changes in Equity

| MSEK | Financial year 2019/20 | Financial year 2018/19 |
|--|---------------------------|------------------------------|
| Opening balance | 1,508 | 1,303 |
| Comprehensive income for the period | 360 | 341 |
| Shareholders' contribution from minority shareholders in subsidiaries | 12 | - |
| Dividend to minority shareholders in subsidiaries | -10 | - |
| Transactions with owners | | |
| Dividend | -169 | -135 |
| Subscription, redemption and acquisition of options on repurchased shares, net | -17 | -1 |
| Repurchase of own shares | - | - |
| CLOSING BALANCE | 1,684 | 1,508 |

Consolidated Statement of Cash Flows – condensed

| MSEK | 3 months Jan-Mar 2019/20 | 3 months Jan-Mar 2018/19 | Financial year 2019/20 | Financial year 2018/19 |
|--|--------------------------------|--------------------------------|------------------------------|------------------------------|
| Operating activities | | | | |
| Profit after financial items | 126 | 130 | 460 | 431 |
| Adjustments for taxes paid, items not included in cash flow, etc. | 50 | -8 | 143 | 11 |
| Cash flow from operating activities before changes in working capital | 176 | 122 | 603 | 442 |
| Cash flow from changes in working capital | | | | |
| Increase (-)/Decrease (+) in inventories | 13 | 10 | 3 | -25 |
| Increase (-)/Decrease (+) in operating receivables | -53 | -32 | 11 | -36 |
| Increase (+)/Decrease (-) in operating liabilities | 42 | 55 | -110 | 81 |
| CASH FLOW FROM OPERATING ACTIVITIES | 177 | 155 | 507 | 462 |
| Investing activities | | | | |
| Investment in businesses | -13 | -111 | -260 | -141 |
| Investments in/disposals of other non-current assets, net | -19 | -31 | -91 | -73 |
| Cash flow from investing activities | -32 | -142 | -351 | -214 |
| Financing activities | | | | |
| Dividends, redemption of options & repurchase of own shares/options | -10 | 13 | -196 | -138 |
| Financing activities | -156 | -6 | 18 | -105 |
| Cash flow from financing activities | -166 | 7 | -178 | -243 |
| CASH FLOW FOR THE PERIOD | -22 | 20 | -22 | 5 |
| Cash and cash equivalents at the beginning of the period | 138 | 120 | 139 | 134 |
| Cash and cash equivalents at the end of the period | 117 | 139 | 117 | 139 |

* IFRS 16 Leases affects cash flow from operating activities, which increased by MSEK 25 and cash flow from financing activities, which decreased by MSEK 25 during the fourth quarter 2019/20. For the financial year, the effect on operating activities was an increase of MSEK 89 and a decrease on financing activities of MSEK 89.

Financial instruments

For all of the Group's financial assets, fair value is estimated to equal the carrying amount. Liabilities measured at fair value consist of contingent consideration payments and call options, which are measured using discounted estimated cash flows and are therefore included in level 3 under IFRS 13.

| Carrying amount, MSEK | 31 Mar 2020 | 31 Mar 2019 |
|--|---------------------------|---------------------------|
| Assets measured at fair value | - | - |
| Assets measured at amortised cost | 803 | 782 |
| TOTAL ASSETS, FINANCIAL INSTRUMENTS | 803 | 782 |
| Liabilities measured at fair value | 199 | 185 |
| Liabilities measured at amortised cost | 1,503 | 1,399 |
| TOTAL LIABILITIES, FINANCIAL INSTRUMENTS | 1,702 | 1,584 |
| Change in contingent considerations | | |
| | Financial year 2019/20 | Financial year 2018/19 |
| Opening balance | 185 | 191 |
| Liabilities settled during the year | -47 | -19 |
| Remeasurement of liabilities during the year | -14 | -2 |
| Year's liabilities from acquisitions during the year | 76 | 16 |
| Exchange difference | -1 | -1 |
| Carrying amount at end of the period | 199 | 185 |

Parent Company Balance Sheet – condensed

| MSEK | 31 Mar 2020 | 31 Mar 2019 |
|-------------------------------------|--------------|--------------|
| ASSETS | | |
| Property, plant and equipment | 1 | 1 |
| Financial assets | 2,599 | 2,573 |
| Current receivables | 851 | 553 |
| Cash and bank balances | - | - |
| TOTAL ASSETS | 3,451 | 3,127 |
| EQUITY AND LIABILITIES | | |
| Equity | 1,748 | 1,564 |
| Untaxed reserves | 56 | - |
| Non-current liabilities * | 720 | 920 |
| Current liabilities * | 927 | 643 |
| TOTAL EQUITY AND LIABILITIES | 3,451 | 3,127 |

* Reclassifications have occurred between non-current and current liabilities as of 31 March 2020, comparable periods have been restated.

Parent Company Income Statement – condensed

| MSEK | 3 months Jan-Mar 2019/20 | 3 months Jan-Mar 2018/19 | Financial year 2019/20 | Financial year 2018/19 |
|---|--------------------------------|--------------------------------|------------------------------|------------------------------|
| Net revenue | 9 | 9 | 37 | 36 |
| Administrative expenses | -18 | -15 | -70 | -72 |
| Other operating income and operating expenses | - | - | - | - |
| PROFIT/LOSS BEFORE NET FINANCIAL ITEMS | -9 | -6 | -33 | -36 |
| Financial income | 267 | 40 | 648 | 384 |
| Financial expenses | -4 | -4 | -17 | -16 |
| PROFIT AFTER FINANCIAL ITEMS | 254 | 30 | 598 | 332 |
| Appropriations | -56 | - | -56 | - |
| Taxes | -41 | -7 | -35 | 1 |
| NET PROFIT FOR THE PERIOD | 157 | 23 | 507 | 333 |

Key ratios

In the table below, key ratios are partly presented that are not defined according to IFRS. For definition of these, see below.

| | Financial year | | | | |
|--|----------------|---------|---------|---------|---------|
| | 2019/20 | 2018/19 | 2017/18 | 2016/17 | 2015/16 |
| Revenue | 4,180 | 3,932 | 3,410 | 3,096 | 3,057 |
| Change in revenue, % | 6.3 | 15.2 | 10.1 | 1.3 | 7.0 |
| Operating profit (EBITA) | 565 | 519 | 436 | 409 | 355 |
| Operating margin (EBITA), % | 13.5 | 13.2 | 12.8 | 13.2 | 11.6 |
| EBIT | 483 | 451 | 378 | 361 | 315 |
| EBIT margin, % | 11.6 | 11.5 | 11.1 | 11.7 | 10.3 |
| Profit after financial items | 460 | 431 | 358 | 351 | 307 |
| Profit margin, % | 11.0 | 10.7 | 10.5 | 11.3 | 10.0 |
| Profit after taxes | 366 | 342 | 286 | 274 | 241 |
| Equity ratio, %* | 39 | 39 | 36 | 41 | 40 |
| Return on working capital (P/WC) | 64 | 63 | 60 | 66 | 71 |
| Return on capital employed, % | 17 | 18 | 17 | 20 | 21 |
| Return on equity, % | 23 | 24 | 23 | 25 | 25 |
| Net debt (+) /receivables (-), MSEK ** | 1,312 | 1,004 | 1,102 | 628 | 606 |
| Net debt/equity ratio, times | 0.8 | 0.7 | 0.9 | 0.6 | 0.6 |
| Operational net debt (+)/receivables (-), MSEK | 1,056 | 928 | 1,035 | 565 | 551 |
| Operational net debt/equity ratio, times | 0.6 | 0.6 | 0.8 | 0.5 | 0.5 |
| Interest coverage ratio times * | 13 | 15 | 14 | 22 | 20 |
| Number of employees at end of period | 1,532 | 1,450 | 1,387 | 1,247 | 1,230 |
| Revenue outside Sweden, MSEK | 2,706 | 2,491 | 2,151 | 1,940 | 1,991 |

* The equity ratio and interest coverage ratio includes the IFRS 16 effect from 1 April 2020 and it impacted the equity ratio negatively by 1 percentage point.

The interest coverage ratio excluding IFRS 16 amounts to 15 times.

** Net debt and net debt/equity ratio include pensions. The IFRS effect is included from 1 April 2019.

Per-share data

In the table below, key ratios are partly presented that are not defined according to IFRS. For definition of these, see below.

| | Financial year | | | | |
|---|----------------|---------|---------|---------|---------|
| | 2019/20 | 2018/19 | 2017/18 | 2016/17 | 2015/16 |
| Number of shares at end of period after repurchases ('000) | 67,726 | 67,687 | 67,656 | 67,985 | 67,844 |
| Weighted number of shares after repurchases, ('000) | 67,717 | 67,682 | 67,868 | 67,941 | 67,889 |
| Weighted number of shares after repurchases & dilution ('000) | 67,872 | 67,682 | 67,924 | 68,097 | 68,121 |
| Earnings per share, SEK | 5.40 | 5.05 | 4.21 | 4.03 | 3.55 |
| Earnings per share after dilution, SEK | 5.39 | 5.05 | 4.21 | 4.02 | 3.54 |
| Cash flow from operations per share after dilution, SEK * | 7.47 | 6.83 | 4.14 | 5.51 | 3.77 |
| Equity per share, SEK | 24.86 | 22.28 | 19.26 | 17.61 | 15.22 |
| Latest price paid per share, SEK | 115.80 | 100.00 | 83.50 | 87.00 | 77.50 |

Definitions

Return on equity

Net profit after tax as a percentage of average equity (opening plus closing balance for the period, divided by two).

Return on working capital (P/WC)

Operating profit (EBITA) as a percentage of average working capital, (opening balance plus closing balance for the period, divided by two), where working capital consists of inventories, trade receivables and claims on customers less trade payables and advance payment from customers.

Return on capital employed

Profit after financial items, plus financial expenses as a percentage of average capital employed (opening balance plus closing balance for the period, divided by two).

Operating profit (EBITA)

Operating profit before amortisation of intangible non-current assets arising in connection with acquisitions.

Operating margin

Operating profit (EBITA) as a percentage of net revenue.

Equity per share

Equity divided by the number of outstanding shares on the balance sheet date.

Cash flow per share after dilution

Cash flow in relation to the weighted average number of shares outstanding after repurchases and adjusted for dilution.

Cash flow from operating activities per share

Cash flow from operating activities in relation to the weighted average number of shares outstanding after repurchases and adjusted for dilution.

Net debt/receivables

Interest-bearing provisions and liabilities including pension liabilities and including IFRS 16, less cash and cash equivalents and investments in securities.

Net debt/equity ratio

Interest-bearing provisions and liabilities including pension liabilities and including IFRS 16, less cash and cash equivalents and investments in securities, divided by equity plus non-controlling interests.

Operational net debt/receivables

Interest-bearing provisions and liabilities, excluding pensions and excluding IFRS 16, less cash and cash equivalents and investments in securities.

Operational net debt/equity ratio

Interest-bearing provisions and liabilities excluding pensions and excluding IFRS 16, less cash and cash equivalents and investments in securities, divided by equity plus non-controlling interests.

Change in revenue

Change in net revenue as a percentage of the preceding year's net revenue.

Interest coverage ratio

Profit after financial items plus financial expenses divided by financial expenses.

EBIT margin

Profit before net financial items as a percentage of net revenue.

Debt/equity ratio

Interest-bearing liabilities divided by equity, plus non-controlling interests.

Equity ratio

Equity, plus non-controlling interests as a percentage of total assets.

Capital employed

Total assets, less non-interest-bearing provisions and liabilities.

Profit margin

Profit after financial items, less participations in associated companies as a percentage of net revenue.

This information is such information that Lagercrantz Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 14.00 p.m. CET on 13 May 2020.

Reporting dates

17 July 2020 Quarterly Report Q1 for the period 1 April 2020 - 30 June 2020
25 August 2020 Annual General Meeting for the 2019/20 financial year
23 October 2020 Quarterly Report Q2 for the period 1 July 2020 - 30 September 2020

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