

Year-end Report 2020/21

Fourth quarter (1 January – 31 March 2021)

- Net revenue totalled MSEK 1,118 (1,112).
- Operating profit (EBITA) increased to MSEK 192 (152), equivalent to an operating margin of 17.2 percent (13.7).
- Profit after financial items increased by 32 percent to MSEK 166 (126).
- Profit after taxes increased to MSEK 126 (101).
- During the quarter, five businesses were acquired (VP Metall AS, Hovicon International B.V., Oy Esari Ab, Proagria Miljø A/S and Vihab AB) with a total business volume of approx. MSEK 200 on an annual basis.
- In March 2021, a clarified strategic direction and a reorganisation were announced and the Group's financial goals and sustainability ambitions were defined in greater detail.
- After the closing of the financial year, CW Lundberg AB was acquired with a business volume of approx. MSEK 185 and including subsidiaries in Sweden, Norway and Poland.

The financial year 1 April 2020 – 31 March 2021 (12 months)

- Net revenue for the financial year amounted to MSEK 4,091 (4,180).
- Operating profit (EBITA) increased by 9 percent to MSEK 616 (565), equivalent to an operating margin of 15.1 percent (13.5).
- Profit after financial items increased by 9 percent to MSEK 502 (460) and profit after taxes increased to MSEK 388 (366).
- Cash flow from operating activities amounted to MSEK 782 (507) during the financial year.
- Return on equity for the latest 12-month period amounted to 22 percent (23) and the equity ratio at the end of the period was 40 percent (39).
- Earnings per share after dilution for the financial year amounted to SEK 1.91 (1.80).
- The Board of Directors proposes a dividend of SEK 1.00 (0.67) per share.



STATEMENT OF THE CHIEF EXECUTIVE

“Strong year despite uncertain market conditions.”

The past year

The 2020/21 financial year was a new strong year for Lagercrantz, which underlines the strength in our business concept and our governance model based on decentralisation and management by objectives. Profit after net financial items for the full year reached a new all-time high of MSEK 502, compared to MSEK 460 in the previous year. Cash flow from operating activities increased to MSEK 782 (507). This result is very gratifying as the year was so obviously dominated by Covid-19, where during spring 2020 in particular, we perceived great uncertainty regarding the effects of the pandemic. I am convinced that we stood strong in the biting wind thanks to our organisational form with autonomous locally managed companies. During the year, we have seen many examples of great responsibility and proactivity among our managers and leaders, and therefore I want to express an extra big thanks to all our employees for the fantastic efforts in difficult times during the year.

After the uncertain spring of 2020, the second, third and fourth quarters of the financial year saw a gradual recovery with improved order intake, strengthened gross margins and restraint in terms of costs. Taken together, this resulted in stronger earnings. During the autumn, we also carried out a 3:1 share split in order to improve the liquidity in the share. We resumed acquisition activities, which were paused at the start of the pandemic and I can happily state that the end of the year was strong with an increase in profit in the final quarter of almost 30 percent and an all-time high operating margin in the fourth quarter of 17.2 percent. During the third and fourth quarters, we carried out no less than six acquisitions, which will strengthen the Group further. Early in the new 2021/22 financial year, a slightly larger transaction was made through the acquisition of the roof safety products company CW Lundberg. The acquisition adds a business volume of approximately MSEK 185 with a pro forma EBITA during 2020 of MSEK 33. In summary, our assessment is that Lagercrantz has its strongest platform ever and we are now delivering a record year for 2020/21 despite the pandemic.

Future

When I now look ahead, I am doing so with confidence. Hopefully, the vaccination programmes will mean that societies can open up and it is expected that a high willingness to invest will drive growth in the next few years. In such an external environment, I see good opportunities for many of Lagercrantz's businesses.

Ahead of the new financial year, we have adopted a programme for continued expansion, which we call “Lagercrantz towards one billion”. Here, the strategic direction and the financial goals are clarified, and we are carrying out a reorganisation of the divisions and putting an increased focus on sustainability.

We confirm in the strategy work that Lagercrantz's business concept has been successful over many years and represents a strong platform for future expansion. During the past 10 years, the share has generated a return of 30 percent per year including dividends. The expansion has been financed by cash flows from the business operations and has been characterised by acquisitions with an increased proportion of niche product companies, which has contributed a higher margin content and better conditions for organic growth, particularly for exports.

Looking ahead, the intention is to continue building a strong B2B Tech Group with leading businesses in different niches. By achieving the financial goals for 5 years, the objective is to build a Group with SEK 1 billion in profit within five years. The financial goals are ambitious with earnings growth (EBT) in excess of 15 percent annually over a business cycle, a return on equity of not less than 25 percent and a policy with a dividend payout ratio of 30-50 percent of the net profit. The ambition is that at least one third of growth shall be generated organically and the remainder through acquisitions of approximately 5-8 companies per year. Lagercrantz is and will continue to be a long-term owner where the Group will build long-term sustainable market positions where every business also contributes to societal benefit.



In order to improve the potential to reach the goals, we are carrying out a reorganisation where the businesses in the Group, starting from the new 2021/22 financial year, are being divided into five divisions (compared to four previously). The new organisation clarifies the focus on attractive growth segments, which will create dynamism and clarity internally for employees, in relation to the stock market and in the acquisition market. The new structure with the divisions Electrify, Control, TecSec, Niche Products and International feels extremely exciting.

In acquisitions, we are broadening the work to cover a larger geographical area and are strengthening the divisions with increased resources. The details are provided further on in this year-end report.

In addition, “Lagercrantz towards one billion” means a greater focus on sustainability as we are convinced that there is a strong connection between sustainability and long-term value creation in the form of business and societal benefits. In recent years, we have advanced our positions in this area. Our sustainability work shall pervade the entire operations from evaluation of new businesses during acquisitions, during investments and development of existing businesses and in our conduct as a responsible owner.

Stockholm, 11 May 2021

Jörgen Wigh

President and CEO



NET REVENUE AND PROFIT

Quarter 4 (January – March 2021)

The market situation in the final quarter of the financial year was characterised by a continued recovery. Most of the Group’s approx. 55 businesses developed well while a handful were still negatively affected by the pandemic. Overall, incoming orders in the quarter were around 5 percent above last year’s level in comparable units.

The larger businesses in the Group are continuing to report both volume growth and improvements in earnings including Tormek, Elpress, Wapro and Nikodan, which all increased their business volumes on the export side and to their key accounts. The sales volume was negatively impacted by the handful of profit centres which were affected by the pandemic and by Cue Dee, which delivered a major project transaction last year.

Consolidated net revenue for the fourth quarter of the financial year amounted to MSEK 1,118 (1,112). Acquired businesses made a contribution of MSEK 80 and the currency effect on net revenue was negative, MSEK -42. Net revenue in comparable units, measured in local currency, was therefore minus 3 percent compared to the year-earlier period.

Operating profit (EBITA) for the quarter increased by 26 percent to MSEK 192 (152), equivalent to an operating margin of 17.2 percent (13.7). The improvement in

earnings was primarily attributable to the Electronics division, due to successfully completed restructurings and the Niche Products division, which reported a strong performance among the exporting product companies.

Profit after net financial items increased by 32 percent to MSEK 166 (126). The currency effect on the profit was negative in the quarter and amounted to MSEK -5 (+1).

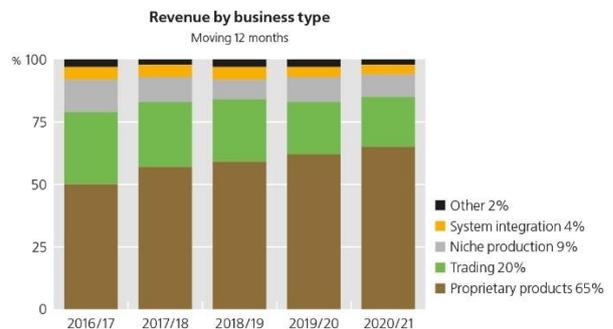
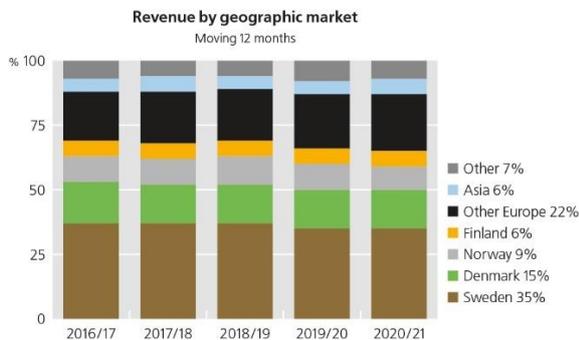
Profit after taxes for the period increased by 25 percent to MSEK 126 (101). Earnings per share (after dilution and adjusted for split) amounted to SEK 0.62 (0.50).

The financial year (April 2020–March 2021)

Net revenue for the financial year amounted to MSEK 4,091 (4,180). Net revenue in comparable units, measured in local currency, decreased by 4 percent, largely due to the units which are adversely affected by the pandemic.

Operating profit (EBITA) increased by 9 percent to MSEK 616 (565) and operating margin increased to 15.1 percent (13.5). Profit after net financial items increased by 9 percent to MSEK 502 (460). The currency effect on the profit was negative and amounted to MSEK -7 (+3).

Profit after taxes for the financial year amounted to MSEK 388 (366). Earnings per share (after dilution and adjusted for split) amounted to SEK 1.91, compared to SEK 1.80 for the 2019/20 financial year.



Divisions

	Net revenue				Operating profit (EBITA)			
	3 months Jan-Mar 2020/21	3 months* Jan-Mar 2019/20	12 months Apr-Mar 2020/21	12 months* Apr-Mar 2019/20	3 months Jan-Mar 2020/21	3 months* Jan-Mar 2019/20	12 months Apr-Mar 2020/21	12 months* Apr-Mar 2019/20
MSEK								
Electronics	258	278	973	1,117	37	20	108	113
Operating margin					14.3%	7.2%	11.1%	10.1%
Mechatronics	330	356	1,249	1,261	63	58	212	193
Operating margin					19.1%	16.3%	17.0%	15.3%
Communications	214	239	822	897	39	40	134	140
Operating margin					18.2%	16.7%	16.3%	15.6%
Niche Products	316	239	1,047	905	61	41	206	153
Operating margin					19.3%	17.2%	19.7%	16.9%
Parent Company/consolidati on items	-	-	-	-	-8	-7	-44	-34
GROUP TOTAL	1,118	1,112	4,091	4,180	192	152	616	565
Operating margin					17.2%	13.7%	15.1%	13.5%
Amortisation intangible assets					-23	-21	-87	-82
Financial items					-3	-5	-27	-23
PROFIT BEFORE TAXES					166	126	502	460

*Companies have been moved between the divisions, see Interim Report Q1 2020/21 for description. Comparative figures have been recalculated.

NET REVENUE AND PROFIT BY DIVISION

FOURTH QUARTER

Electronics

Net revenue during the quarter amounted to MSEK 258 (278).

Lower business volume as a result of the pandemic, particularly in Denmark for electronic components and the phase-out of business volume that occurred due to a previous restructuring of low profit business had a negative impact on the division's business volume. In addition, the currency effect, primarily DKK, had a negative impact on net revenue. However, a recovery was noted in other business units in Denmark and in the Germany-based businesses.

Operating profit (EBITA) for the quarter increased by 85 percent to MSEK 37 (20), and the operating margin strengthened to 14.3 percent (7.2). The division's measures during the year, involving successful restructurings of businesses in Germany, Poland and Norway, and the improved market situation in Germany contributed to the improvement in earnings.

Mechatronics

Net revenue for the quarter amounted to MSEK 330 (356).

A positive performance in the wind power industry and the expansion of electrical infrastructure has contributed to a strong development for several of the division's companies, including in the Group's largest company Elpress. There was a negative impact on revenue in the quarter compared to previous year, mainly due to postponed international telecom projects for Cue Dee and limited travel and access to helidecks for Frictape.

Operating profit improved by 9 percent and amounted to MSEK 63 (58), which meant an improved operating margin to 19.1 percent (16.3). The new acquisitions Esari and VP Metall and a strong quarter from Elpress, Kpro and Norwesco contributed to the improvement in earnings.

Communications

Net revenue for the quarter amounted to MSEK 214 (239). Operating profit (EBITA) amounted to MSEK 39 (40), equivalent to an operating margin of 18.2 percent (16.7).

A positive development was noted in several businesses including in Precimeter, ISG Nordic and Leteng, which reported volume growth and improvements in earnings. Continued challenges were noted in Radonova due to the pandemic, which has limited the opportunities for radon measurement in apartment blocks. R-Con displayed good order intake but invoicing was impacted by a move to new premises. COBS and STV did not match last year's performance.

Niche Products

Net revenue during the quarter increased by 32 percent to MSEK 316 (239). The increase was primarily attributable to existing operations but was also due to acquisitions to some extent.

Operating profit (EBITA) increased by 49 percent to MSEK 61 (41), equivalent to an operating margin of 19.3 percent (17.2).

Strong volume growth and improved earnings were noted in several of the division's niche product companies, where Tormek, Nikodan and Wapro reported strong growth, among other units.

Continued challenges for Asept and SIB, which are being adversely affected by the pandemic, resulted in lower sales to fast food chains, restaurants and airports.

PROFITABILITY AND FINANCIAL POSITION

Return on equity for the latest 12-month period amounted to 22 percent (23) and the return on capital employed was 17 percent (17). The Group's metric for return on working capital (P/WC) was 67 percent (64).

The equity ratio was 40 percent (39). Equity per share totalled SEK 9.12 at the end of the period, compared to SEK 8.29 at the beginning of the financial year. Aside from profit, this metric was also affected by dividends paid, currency-related translation differences and redemption of options.

At the end of the period, operational net indebtedness amounted to MSEK 992 compared to MSEK 1,056 at the beginning of the year. The operational net debt equity ratio was 0.5 (0.6).

Net indebtedness including pension liability and the IFRS 16 effect amounted to MSEK 1,314 (1,312). The pension liability amounted to MSEK 76 (76) and liabilities related to finance leases according to IFRS 16 amounted to MSEK 246 (180).

CASH FLOW AND CAPITAL EXPENDITURES

Cash flow from operating activities during the fourth quarter amounted to MSEK 173 (177). During the financial year, the equivalent figure was MSEK 782 (507). Gross investments in property, plant and equipment amounted to MSEK 68 (80) during the financial year, of which the largest items related to production facilities and equipment.

OTHER FINANCIAL INFORMATION

Parent Company and other consolidation items

The Parent Company's net revenue for the financial year amounted to MSEK 36 (37) and profit after net financial items and taxes was MSEK 305 (407). The result includes exchange rate adjustments on intra-Group lending of MSEK -7 (7) and dividends from subsidiaries of MSEK 222 (378).

The Parent Company's equity ratio was 54 percent (52).

Employees

The number of employees at the end of the period amounted to 1,626, compared to 1,532 at the start of the financial year. The number of employees added during the year to existing units amounted to 54 and employees added due to acquisitions amounted to 131. Restructuring measures, primarily connected to the pandemic, have meant that the number of employees fell by 91, approx. 6 percent of employees at the start of the year.

Share capital

The share capital amounted to MSEK 49 at the end of the period. The quota value per share amounted to SEK 0.23. Classes of shares were distributed as follows on 31 March 2021:

Classes of shares	Number
A shares	9,791,406
B shares	198,768,375
Repurchased B shares	-5,139,011
Total	203,420,770

On 31 March 2021, Lagercrantz Group held 5,139,011 own Class B shares, equivalent to 2.5 percent of the total number of shares and 1.7 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, 1,200,000 options for B shares with a redemption price of SEK 78.20 were issued in accordance with the resolution of the 2020



AGM. These options were acquired by about 60 managers and senior executives in the Group for a total of MSEK 6.8.

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

Option programme	Number of outstanding Options*	Redemption price
2020/24	1,200,000	78.20
2019/22	1,253,700	52.10
2018/21	643,900	35.30
Total	3,097,600	

*An option carries the right to purchase one share

ACQUISITIONS

Starting from January 2021, the acquisitions were consolidated of VP Metall AS, Hovicon International B.V and Oy Esari Ab, as announced during the third quarter of the financial year.

During the fourth quarter, Lagercrantz acquired the Danish niche product company Proagria Miljø A/S which is being coordinated with Wapro Group. Proagria develops and sells valves, gates used to control water flows as well as other components used by aquaculture (land-based fish farms). Proagria is based in Otterup on Fyn in Denmark and generates annual revenue of approximately MDKK 40.

Preliminary purchase price allocation

The below analysis includes acquisitions in the latest 12 months before closing day. The analysis is preliminary and includes Sajas Group, Nexlan, VP Metall, Esari, Hovicon, Vihab and Proagria.

	Book value in companies	Fair value adjustment	Fair value consolidated
Acquired net assets at time of acquisitions			
Intangible non-current assts	7	124	131
Other non-current assets	35		35
Inventories and work in progress	77		77
Other short-term receivables *)	104		104
Interest-bearing liabilities	-8		-8
Other liabilities	-105	-27	-132
Net of identified assets/liabilities	110	97	207
Goodwill			122
Estimated Purchase price			329

* of which cash and cash equivalent MSEK 27

** includes conditional additional consideration of MSEK 41, which represents 58% of the maximum outcome

During the fourth quarter, Lagercrantz's subsidiary PST acquired the company Viberande hantering i Ängelholm AB (Vihab). Vihab generates annual revenue of approx. MSEK 5.

After the end of the financial year, all the shares in CWL Group AB were acquired with wholly-owned subsidiaries in Sweden, Norway and Poland. CW Lundberg is a leader in safety products for roofs. Most sales are generated in Sweden but the company is also pursuing international expansion in Europe. Development, marketing and production are situated in Mora and the group generated sales in the 2020 calendar year of approximately MSEK 185 with a pro forma operating profit (EBITA) of approx. MSEK 33.

During the fourth quarter, the difference between reserved, paid and remeasured contingent consideration amounted to MSEK 6 (4), which was taken up as revenue as other operating income. During the quarter, MSEK 0 (0) was paid in contingent consideration for previous acquisitions and for the financial year the equivalent figure was MSEK 45 (40).

The annual impairment test did not result in any write-downs of goodwill.

ACCOUNTING PRINCIPLES

The Interim Report for the Group has been prepared in accordance with IFRS standards 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 Interim 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 2019/20, with the addition of new IFRS standards and IFRIC interpretations.

See Lagercrantz's Annual Report 2019/20 for further accounting policies.

ALTERNATIVE PERFORMANCE MEASURES

Lagercrantz presents certain financial metrics in the interim report that are not defined according to IFRS. Lagercrantz considers that these metrics provide more valuable supplementary information to investors and shareholders as they enable evaluation of trends and the company's performance. Therefore, these financial metrics should not be regarded as a substitute for metrics defined according to IFRS. Expanded information has been provided in this report with regard to definitions of certain financial metrics, see page 17.

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.

Risks and uncertainty factors

The most important risk factors for the Group are the state of the economy, structural changes in the market, customer and supplier dependence, the competitive situation, IT risks/cyber 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 2019/20 Annual Report.

Covid-19 effects

The Group's different businesses were impacted to a varying degree by the Covid-19 pandemic during the financial year, but all in all, the Group's operations could be conducted without larger disruptions.

Situation-adapted measures have been implemented in the subsidiaries where it is required to meet the challenges resulting from the pandemic but also to take advantage of future growth opportunities. The Group has also analysed the conditions for government support and applied for support where the criteria were considered to be met. No material impairment losses or bad debt losses have occurred during the financial year.

Post-balance sheet events

Apart from the acquisitions described above, no significant events for the company have occurred after closing day on 31 March 2021.

Annual General Meeting 2021

The 2021 Annual General Meeting (AGM) will be held on 24 August 2021. The Annual Report will be published at the beginning of July 2021.

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. Notice of participation must be given to the company in accordance with the convening notice.

Election Committee for appointment of directors

An Election Committee has been appointed ahead of the 2021 AGM. Proposals to the Election Committee from shareholders may be sent to the company for forwarding or may be sent by e-mail to valberedningen@lagercrantz.com.

More information is available on www.lagercrantz.com

Dividend

The Board of Directors of Lagercrantz Group proposes a dividend of SEK 1.00 (0.67) per share. The total dividend corresponds to MSEK 203 (135).

Stockholm, 11 March 2021.

Jörgen Wigh,
President and CEO

This report has not been subject to review by the company's auditors.



Segment information by quarter*

Net revenue	2020/21				2019/20			
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Electronics	258	255	236	224	278	279	281	279
Mechatronics	330	311	295	313	356	335	273	297
Communications	214	237	172	199	239	251	198	209
Niche Products	316	275	215	241	239	234	202	230
Parent Company/consolidation items	-	-	-	-	-	-	-	-
GROUP TOTAL	1,118	1,078	918	977	1,112	1,099	954	1,015

Operating profit (EBITA)	2020/21				2019/20			
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Electronics	37	32	23	16	20	29	33	31
Mechatronics	63	51	52	46	58	52	39	43
Communications	39	46	21	28	40	48	28	24
Niche Products	61	51	43	51	41	35	36	41
Parent Company/consolidation items	-8	-12	-7	-17	-7	-8	-10	-9
GROUP TOTAL	192	168	132	124	152	156	126	130

Operating margin	2020/21				2019/20			
%	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Electronics	14.3	12.5	9.7	7.1	7.2	10.4	11.7	11.1
Mechatronics	19.1	16.4	17.6	14.7	16.3	15.5	14.3	14.5
Communications	18.2	19.4	12.2	14.1	16.7	19.1	14.1	11.5
Niche Products	19.3	18.5	20.0	21.2	17.2	15.0	17.8	17.8
Parent Company/consolidation items	-	-	-	-	-	-	-	-
GROUP TOTAL	17.2	15.6	14.4	12.7	13.7	14.2	13.2	12.8

*Companies have been moved between the divisions, see Interim Report Q1 2020/21 for description. Comparative figures have been recalculated.

Revenue by geographical market

Financial year Apr-Mar	2020/21	2019/20	2018/19	2017/18	2016/17
Sweden	1,441	1,474	1,441	1,259	1,156
Denmark	608	640	578	520	506
Norway	351	392	425	358	325
Finland	263	258	229	208	177
Rest of Europe	905	882	806	667	575
Asia	239	208	190	189	143
USA	202	191	210	119	159
Other	82	135	53	91	56
GROUP TOTAL	4,091	4,180	3,932	3,410	3,097

The currency effect between the years 2020/21 and 2019/20 amounted to MSEK -71 and impacted revenue negatively by approx. 2 percent.



Pro forma financial information, new division structure, segment information per quarter

In March 2021, a clarification was announced of the strategic direction and the financial goals. A reorganisation is being carried out with the aim of preparing the Group for continued growth with the vision of building a strong B2B Tech Group with leading businesses in different niches, as of April 1, 2021. The operations are being divided into five divisions (compared to four previously) starting from the new 2021/22 financial year, as follows. The new organisation clarifies the focus on attractive growth segments, which will create dynamism and clarity internally for employees, and externally in relation to the stock market and in the acquisition market.

A short description follows below of the divisions and their focus.

Electrify Division

The shift towards a CO₂-neutral society is expected to require major investments in and development of the electricity infrastructure. Approximately 75 percent of the former Mechatronics division consisted of businesses with this focus and these units now constitute the basis of the Electrify division. The units have received more inquiries from, for instance wind power producers, network developers as well as train and battery manufacturers looking for new products and solutions. The division's latest acquisitions VP Metall in Norway and Oy Esari AB in Finland, will strengthen the position further in this area. The ambition through organic growth and additional acquisitions is to strengthen the position in this growing area, which is of critical importance for society. The acquisitions should complement the focus and strengthen the potential for exports with a main emphasis on the Nordic countries and Northern Europe, but supplementary acquisitions in other parts of the world may also be of interest. The division consists of Elpress, VP Metall, Elkapsling, Esari, Steelo, Dooman, Norwesco, Exilight, Enkom Active, Elfac, Kpro, EFC, Cue Dee and Swedwire.

Control Division

The measure and control technology field is a structurally growing area, among other things, due to the possibilities of measuring, controlling and regulating equipment remotely due to better sensors and communication solutions. This contributes to lower use of resources and a more sustainable society. In the past 10 years, Lagercrantz has built a portfolio of niche companies in total within this area. The division also consists of the Vanpee companies, which are concentrated on lighting control and the shift to LED. The ambition through organic growth and acquisitions is to strengthen the position within the growing control technology area. The division consists of the units Radonova, Precimeter, Excidor, GasiQ, Leteng, Vanpee Norway, Denmark and Sweden, Direktronik and Load Indicator.

TecSec Division

The technical security area is growing in line with the development of society with more care for people and critical societal functions. Lagercrantz currently has seven companies, which are contributing to this societal development. The companies include security companies offering technical surveillance and entry control solutions, companies within sprinkler systems and fire protection but also more niche businesses such as Frictape, which offers security solutions on helidecks. The assessment is that the need for technical security will continue to increase in the future. This implies growth opportunities for both existing and new companies within the division. In April 2021 CW Lundberg was acquired, leading within roof and façade security. The new division TecSec consists of R-Con, ISG Nordic, STV, COBS, Idesco, Frictape and CW Lundberg.

Niche products division

Division Niche Products has successfully been built up since the division was established in 2012. The focus is and has been on acquiring, refining and on finding the next level of clearly niche product companies. Lagercrantz has often been seen as a good owner for taking a previously family-owned business to the next level. The units have been able to expand with Lagercrantz as a strong financial owner with new network of contacts and experience. Growth has often come from investments in export markets but sometimes also by building structural capital and strengthening the position in the domestic market. Division Niche Products consists of Asept, Hovicon, Tormek, SIB, Sajas, Kondator, Dorotea Mekaniska, Nikodan, PST, Profsafe, Thermod, Vendig, Wapro and Proagra.

International Division

Lagercrantz's business concept, involving acquisitions and decentralised governance of niche technology companies has been successful for many years with a geographical base in the Nordic countries. The assessment is that the concept is just as viable in other markets with similar conditions and business culture. Division International is based on businesses and management resources with international experience in Denmark and Sweden and shall grow through acquisitions of mainly product companies in new niches, primarily in Denmark, Norway, Germany, Poland, the Benelux countries and the UK. The division shall also grow organically and through supplementary acquisitions for the division's pre-existing companies. The division currently consists of just over 10 companies in Denmark, Norway, Germany, Sweden, Poland and the UK. The new division International consists of Schmitztechnik, Skomø, G9, ISIC, Unitronic, E-tech, NST DK, CAD Kompagniet and the Acte companies in Denmark, Norway, Sweden and Poland.



Segment information by quarter

Pro forma financial information, new division structure

A preliminary pro forma statement is presented below for the new division structure. The statement has been prepared on the assumption that the division structure was effective from the 2019/20 financial year.

Net revenue	2020/21				2019/20			
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Electrify	320	304	283	302	338	312	276	301
Control	156	162	119	141	161	175	142	156
TecSec	136	159	133	133	171	180	126	129
Niche Products	313	271	212	238	236	231	199	227
International	193	182	171	163	206	201	211	202
Parent Company/ consolidation items	-	-	-	-	-	-	-	-
GROUP TOTAL	1,118	1,078	918	977	1,112	1,099	954	1,015

Operating profit (EBITA)	2020/21				2019/20			
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Electrify	57	49	45	42	53	45	39	43
Control	30	29	9	15	23	35	19	17
TecSec	22	28	24	21	26	31	16	16
Niche Products	61	53	44	51	42	32	36	42
International	30	21	17	12	15	21	26	21
Parent Company/ consolidation items	-8	-12	-7	-17	-7	-8	-10	-9
GROUP TOTAL	192	168	132	124	152	156	126	130

Operating margin	2020/21				2019/20			
%	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Electrify	17.8	16.1	15.9	13.9	15.7	14.4	14.1	14.3
Control	19.2	17.9	7.6	10.6	14.3	20.0	13.4	10.9
TecSec	16.2	17.6	18.0	15.8	15.2	17.2	12.7	12.4
Niche Products	19.5	19.6	20.8	21.4	17.8	13.9	18.1	18.5
International	15.5	11.5	9.9	7.4	7.3	10.4	12.3	10.4
Parent Company/ consolidation items	-	-	-	-	-	-	-	-
GROUP TOTAL	17.2	15.6	14.4	12.7	13.7	14.2	13.2	12.8



Consolidated Income Statement – condensed

MSEK	3 months Jan-Mar 2020/21	3 months Jan-Mar 2019/20	Financial year 2020/21	Financial year 2019/20
Net revenue	1,118	1,112	4,091	4,180
Cost of goods sold	-687	-700	-2,513	-2,618
GROSS PROFIT	431	412	1,578	1,562
Selling expenses	-188	-204	-722	-769
Administrative expenses	-84	-91	-349	-341
Other operating income and operating expenses	10	14	22	31
PROFIT BEFORE FINANCIAL ITEMS (EBIT) ¹⁾	169	131	529	483
Net financial items	-3	-5	-27	-23
PROFIT AFTER FINANCIAL ITEMS	166	126	502	460
Taxes	-40	-25	-114	-94
NET PROFIT FOR THE PERIOD	126	101	388	366
<i>¹⁾ Of which:</i>				
- amortisation of intangible non-current assets arising in connection with acquisitions:	(-23)	(-21)	(-87)	(-82)
- depreciation of other non-current assets:	(-43)	(-42)	(-158)	(-152)
Operating profit (EBITA)	192	152	616	565
The information below refers to conditions after the 3:1 split				
Earnings per share, SEK	0.62	0.50	1.91	1.80
Earnings per share after dilution, SEK	0.62	0.50	1.91	1.80
Weighted number of shares after repurchases, ('000)	203,421	203,178	203,307	203,151
Weighted number of shares after repurchases adjusted after dilution ('000) *	204,061	203,793	203,673	203,616
Number of shares after repurchases during the period ('000)	203,421	203,178	203,421	203,178

* In view of the redemption price (after split) on outstanding call options during the period (SEK 35.30, SEK 52.10 and SEK 78.20) and the average share price (after split) of SEK 60.78 during the latest 12-month period, when the option programmes were outstanding, there was a dilutive effect of 0.18 percent for the latest 12-month period. For the latest quarter, there was a dilutive effect of 0.31 percent (average share price of SEK 74.04).

Consolidated Statement of Comprehensive Income and Other Comprehensive Income

MSEK	3 months Jan-Mar 2020/21	3 months Jan-Mar 2019/20	Financial year 2020/21	Financial year 2019/20
Net profit for the period	126	101	388	366
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	35	2	-51	-4
Debt instruments measured at fair value	-9	-	-18	-
<u>Items that cannot be reposted to net profit for the period</u>				
Actuarial effects on pensions	-2	-2	-2	-2
Taxes attributable to actuarial effects	0	0	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	150	101	317	360



Consolidated Statement of Financial Position – condensed

MSEK	31 Mar 2021	31 Mar 2020
ASSETS		
Goodwill	1,609	1,518
Other intangible non-current assets	785	758
Property, plant and equipment	586	480
Financial assets	21	18
Inventories	655	562
Trade receivables and earned but not yet invoiced income	672	716
Other current receivables	131	180
Cash and bank balances	151	117
TOTAL ASSETS	4,610	4,349
EQUITY AND LIABILITIES		
Equity	1,855	1,684
Non-current liabilities	1,172	1,102
Trade payables and advance payment from customers	402	367
Other current liabilities	1,181	1,196
TOTAL EQUITY AND LIABILITIES	4,610	4,349
Interest-bearing assets	151	117
Interest-bearing liabilities, excluding pension liabilities *	1,389	1,353

* Including IFRS 16 effect in the form of future lease and rental obligations.

Consolidated Statement of Changes in Equity

MSEK	Financial year 2020/21	Financial year 2019/20
Opening balance	1,684	1,508
Comprehensive income for the period	317	360
Shareholders' contributions from minority owners in the Group	3	12
Dividend to minority owners in subsidiaries	-5	-10
Transactions with owners:		
Dividend	-135	-169
Redemption and acquisition of options on repurchased shares, net	-9	-17
Repurchase of own shares	-	-
CLOSING BALANCE	1,855	1,684

Consolidated Statement of Cash Flows

MSEK	3 months Jan-Mar 2020/21	3 months Jan-Mar 2019/20	Financial year 2020/21	Financial year 2019/20
Operating activities				
Profit after financial items	166	126	502	460
Adjustments for taxes paid, items not included in cash flow, etc.	-10	50	144	143
Cash flow from operating activities before changes in working capital	156	176	646	603
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventories	-6	13	-2	3
Increase (-)/Decrease (+) in operating receivables	-7	-53	126	11
Increase (+)/Decrease (-) in operating liabilities	30	41	12	-110
Cash flow from operating activities	173	177	782	507
Investing activities				
Investment in businesses	-131	-13	-325	-260
Investments in/disposals of other non-current assets, net	-31	-19	-90	-91
Cash flow from investing activities	-162	-32	-415	-351
Financing activities				
Dividends, redemption of options & repurchase of own shares/options	-1	-10	-147	-196
Financing activities	5	-156	-186	18
Cash flow from financing activities	4	-166	-333	-178
CASH FLOW FOR THE PERIOD	15	-21	34	-22
Cash and cash equivalents at the beginning of the period	136	138	117	139
Cash and cash equivalents at the end of the period	151	117	151	117

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 on minority interests, which are measured using discounted estimated cash flows and are therefore included in level 3 under IFRS 13.

Carrying amount, MSEK	31 Mar 2021	31 Mar 2020
Assets measured at fair value	-	-
Assets measured at amortised cost	792	803
TOTAL ASSETS, FINANCIAL INSTRUMENTS	792	803
Liabilities measured at fair value	175	199
Liabilities measured at amortised cost	1,509	1,503
TOTAL LIABILITIES, FINANCIAL INSTRUMENTS	1,684	1,702
Change in contingent considerations including call options.	Financial year 2020/21	Financial year 2019/20
Opening balance	199	185
Liabilities settled during the year	-70	-47
Remeasurement of liabilities during the year	10	-14
Year's liabilities from acquisitions during the year	41	76
Exchange difference	-5	-1
Carrying amount at the end of the period	175	199



Parent Company Income Statement – condensed

MSEK	3 months Jan-Mar 2020/21	3 months Jan-Mar 2019/20	Financial year 2020/21	Financial year 2019/20
Net revenue	9	10	36	37
Administrative expenses	-20	-18	-76	-70
Other operating income and operating expenses	-	-	2	0
OPERATING PROFIT	-11	-8	-38	-33
Financial income	200	98	428	479
Financial expenses	-1	-5	-26	-17
PROFIT AFTER FINANCIAL ITEMS	188	85	364	429
Appropriations	-36	-14	-36	-14
Taxes	-33	-14	-23	-8
NET PROFIT FOR THE PERIOD	119	57	305	407

Parent Company Balance Sheet – condensed

MSEK	31 Mar 2021	31 Mar 2020
ASSETS		
Property, plant and equipment	-	1
Financial assets	2,828	2,734
Current receivables	876	684
Cash and bank balances	-	-
TOTAL ASSETS	3,704	3,419
EQUITY AND LIABILITIES		
Equity	1,944	1,784
Untaxed reserves	49	14
Non-current liabilities	719	720
Current liabilities	992	901
TOTAL EQUITY AND LIABILITIES	3,704	3,419

Key ratios

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

	2020/21	Financial year			
		2019/20	2018/19	2017/18	2016/17
Revenue	4,091	4,180	3,932	3,410	3,096
Change in revenue, %	-2.1	6.3	15.3	10.1	1.3
Operating profit (EBITA)	616	565	519	436	409
Operating margin (EBITA), %	15.1	13.5	13.2	12.8	13.2
EBIT	529	483	451	378	361
EBIT margin, %	12.9	11.6	11.5	11.1	11.7
Profit after financial items	502	460	431	358	351
Profit margin, %	12.3	11.0	10.7	10.5	11.3
Profit after taxes	388	366	342	286	274
Equity ratio, %*	40	39	39	36	41
Return on working capital (P/WC), %	67	64	63	60	66
Return on capital employed, %	17	17	18	17	20
Return on equity, %	22	23	24	23	25
Net debt (+) /receivables (-), MSEK **	1,314	1,312	1,004	1,102	628
Net debt/equity ratio, times**	0.7	0.8	0.7	0.9	0.6
Operational net debt (+)/receivables (-), MSEK	992	1,056	928	1,035	565
Operational net debt/equity ratio, times	0.5	0.6	0.6	0.8	0.5
Interest coverage ratio, times	12	13	15	14	22
Number of employees at end of period	1,626	1,532	1,450	1,387	1,247
Revenue outside Sweden, MSEK	2,650	2,706	2,491	2,151	1,940

* The equity ratio includes the IFRS 16 effect from 1 April 2019.

** Net debt and net debt/equity ratio includes 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.

	2020/21	Financial year			
		2019/20	2018/19	2017/18	2016/17
Number of shares at end of period after repurchases ('000)	203,421	203,178	203,061	202,968	203,956
Weighted number of shares after repurchases, ('000)	203,307	203,151	203,046	203,604	203,823
Weighted number of shares after repurchases & dilution ('000)	203,673	203,616	203,046	203,772	204,291
Earnings per share, SEK	1.91	1.80	1.68	1.40	1.34
Earnings per share after dilution, SEK	1.91	1.80	1.68	1.40	1.34
Cash flow from operating activities per share after dilution, SEK *	3.84	2.49	2.28	1.38	1.84
Equity per share, SEK	9.12	8.29	7.43	6.42	5.87
Latest price paid per share, SEK	79.10	38.60	33.33	27.83	29.00

*Includes the IFRS 16 effect from 1 April 2019.

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).

EBIT margin

Profit before net financial items 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 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 liabilities related to financial leases according to 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 liabilities related to financial leases according to 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 effects of 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.

Earnings per share

Profit for the year attributable to the Parent Company's shareholders in relation to the weighted number of shares outstanding after repurchases.

Earnings per share after dilution

Profit for the year attributable to the Parent Company's shareholders in relation to the weighted number of shares outstanding after repurchases and dilution.

Interest coverage ratio

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

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.

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. Equity portion of untaxed reserves included as equity in the parent company.

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 08.00 CET on 11 May 2021.

Reporting dates:

16 July 2021 Quarterly Report Q1 for the period 1 April–30 June 2021
24 August 2021 Annual General Meeting for the 2020/21 financial year.
22 October 2021 Quarterly Report Q2 for the period 1 April–30 September 2021

For further information, please contact:

Jörgen Wigh, President, phone +46 8 700 66 70
Kristina Elfström Mackintosh, CFO, phone +46 8 700 66 70

Lagercrantz Group AB (publ)
Box 3508, 103 69 Stockholm
Phone +46 8 700 66 70
Corporate identity number 556282-4556
www.lagercrantz.com

This Year-End Report is a translation from the Swedish version. Should there be any discrepancies, the Swedish version shall prevail.