

## Interim Report 2019/20 Q2

1 April – 30 September 2019

### Second quarter (July – September 2019)

- Net revenue increased by 7 percent to MSEK 954 (895).
- Operating profit (EBITA) increased by 8 percent to MSEK 126 (117), equivalent to an operating margin of 13.2 percent (13.1).
- Cash flow from operating activities increased to MSEK 79 (38).
- Profit after financial items increased by 4 percent to MSEK 100 (96).
- Profit after taxes increased by 7 percent to MSEK 78 (73).
- Return on equity was 24 percent (22). The equity ratio at the end of the period was 36 percent (40).
- Earnings per share after dilution for the latest 12-month period amounted to SEK 5.19 (SEK 5.05 for the 2018/19 financial year).

### The first six months (April – September 2019)

- Net revenue for the first six months increased by 7 percent to MSEK 1,969 (1,843). Organically, net revenue increased by 2 percent.
- Operating profit (EBITA) increased by 12 percent to MSEK 256 (229), equivalent to an operating margin of 13.0 percent (12.4).
- Profit after financial items increased by 10 percent to MSEK 205 (187) and profit after taxes increased to MSEK 160 (150).

**TRANSITION TO IFRS 16 FROM 1 APRIL 2019.**

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



## STATEMENT OF THE CHIEF EXECUTIVE

During the first six months of the financial year, we continued to build Lagercrantz and our four divisions. Overall, our performance was positive with an increase in net revenue of 7 percent to MSEK 1,969 and an increase in operating profit (EBITA) of 12 percent to MSEK 256. This meant a good operating margin of 13.0 percent (12.4) for the first six months and a return on working capital of 53 percent and an all-time-high in our earnings per share of SEK 5.19 on a moving 12-month basis. Since April 2019, we have completed three further acquisitions and two add-on acquisitions and the Group now consists of 54 niche-oriented companies, which all sell specialised products and solutions to other companies. Accordingly, there is a good diversification of fields of technology, sectors and geographies in the Group.

In an otherwise complex economic and geopolitical environment, it is satisfying to see that our total business volume was stable during the first six months. Meanwhile, we see indications of a slowdown with a lower growth rate as a consequence. An increased caution among our customers has led to purchasing decisions and future investments tending to be deferred to the future which is impacting our project-related businesses. Even so, a number of companies continue to show strong performance. The Group's largest units Elpress, R-Con, Asept, ACTE Denmark and Norway and the units Radonova and Precimeter have started the year strongly with good growth. All in all, we have a good diversification in the Group involving many different technology areas, customer segments and geographies. We monitor developments closely and adapt our efforts and actions to the prevailing situation in every company. This means that I am positive about the future even if the economic situation should become weaker.

*Jörgen Wigh*  
*President and CEO*

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### Second quarter (July – September 2019)

The market situation in the Group's main markets was mostly stable during the quarter. However, increased caution was noted in the market generally due to the geopolitical uncertainty and a feared economic slowdown. This led in some cases to deferred business decisions among customers and a lower growth rate. The Nordic countries continued to develop well, however, while we saw an increasing slowdown in Germany and the UK. In the export markets in Asia, in the USA and in the rest of Europe, sales increased.

Net revenue for the quarter increased by 7 percent to MSEK 954 (895). Acquired businesses made a contribution of MSEK 52 and the currency effect in net revenue was MSEK +5. Net revenue in comparable units, measured in local currency, was therefore unchanged compared to the year-earlier period.

Operating profit before amortisation of intangible assets (EBITA) increased by about 8 percent to MSEK 126 (117) during the quarter, where all the Group's divisions, apart from Mechatronics, showed growth. Operating margin (EBITA) amounted to 13.2 percent (13.1). A strong performance in most units, especially in the Electronics and Communications divisions and

acquisitions, contributed positively. However, some companies experienced a slowdown, and therefore MSEK 6 was reserved during the quarter for costs in connection with restructurings.

Consolidated profit before financial items (EBIT) in the second quarter increased by 5 percent to MSEK 106 (101), equivalent to an EBIT margin of 11.1 percent (11.3). Profit after net financial items increased to MSEK 100 (96). The currency effect on the profit amounted to MSEK +1 during the quarter. Profit after taxes during the period increased by 7 percent to MSEK 78 (73).

Earnings per share after dilution for the latest 12-month period amounted to SEK 5.19, compared to SEK 5.05 for the 2018/19 financial year.

### The first six months (April – September 2019)

Net revenue for the first six months of the financial year increased by 7 percent to MSEK 1,969 (1,843). Organic growth in comparable units amounted to 2 percent, measured in local currency.

Operating profit before amortisation of intangible assets (EBITA) increased by 12 percent to MSEK 256 (229), representing an operating margin of 13.0 percent

(12.4). Profit before financial items amounted to MSEK 217 (196). Profit after financial items for the first six months increased by 10 percent to MSEK 205 (187). The currency effect on the profit amounted to MSEK +1.

Profit after taxes for the first six months amounted to MSEK 160 (150).

### Employees

At the end of the period, the number of employees in the Group was 1,536, compared to 1,450 at the beginning of the financial year. During the first six months, 45 employees were added via 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 30 September 2019:

Classes of shares	
A shares	3,263,802
B shares	66,256,125
Repurchased B shares	-1,802,679
<b>Total</b>	<b>67,717,248</b>

At 30 September 2019, Lagercrantz Group held 1,802,679 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. No shares were repurchased during the second quarter of the financial year.

During the second quarter, no redemptions or repurchases of options were carried out.

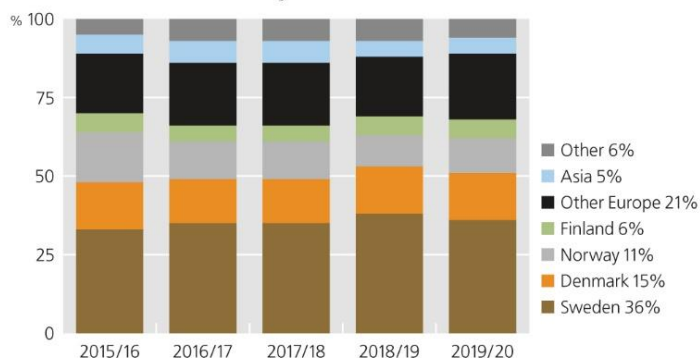
At the end of the period, Lagercrantz had three outstanding call option programmes for a total of 1,201,625 shares.

Option programme	Total number of outstanding options	Corresponds to number of shares	Redemption price
2018/21	500,000	500,000	104.80
2017/20	675,000	675,000	95.90
2016/19	26,625	26,625	100.70
<b>Total</b>	<b>1,201,625</b>	<b>1,201,625</b>	

After the end of the period, 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. The total number of outstanding options amounts after this to 1,619,525.

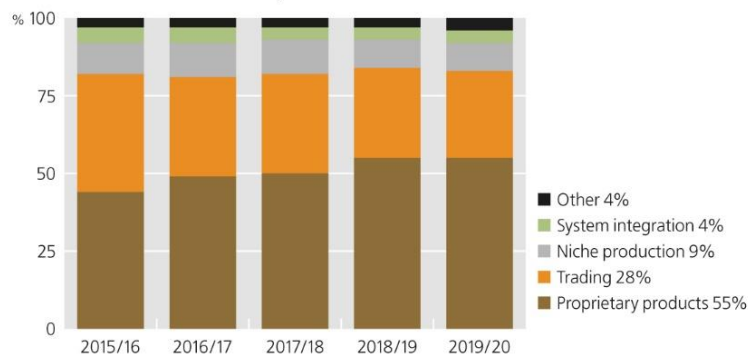
Revenue by geographic market

Moving 12 months



Revenue by business type

Moving 12 months



## DIVISIONS

	Net revenue					Operating profit (EBITA)				
	3 mos Jul-Sep 2019/20	3 mos Jul-Sep 2018/19	6 mos Apr-Sep 2019/20	6 mos Apr-Sep 2018/19	12 mos Apr-Mar 2018/19	3 mos Jul-Sep 2019/20	3 mos Jul-Sep 2018/19	6 mos Apr-Sep 2019/20	6 mos Apr-Sep 2018/19	12 mos Apr-Mar 2018/19
MSEK										
Electronics	264	234	525	465	998	30	22	59	42	101
Operating margin						11.4%	9.4%	11.2%	9.0%	10.1%
Mechatronics	266	267	554	556	1,122	42	44	86	88	172
Operating margin						15.8%	16.5%	15.5%	15.8%	15.3%
Communications	215	196	441	419	918	30	25	57	51	137
Operating margin						14.0%	12.8%	12.9%	12.2%	14.9%
Niche Products	209	198	449	403	894	34	34	73	65	149
Operating margin						16.3%	17.2%	16.3%	16.1%	16.7%
Parent Company/consolidation items	-	-	-	-	-	-10	-8	-19	-17	-40
<b>GROUP TOTAL</b>	<b>954</b>	<b>895</b>	<b>1,969</b>	<b>1,843</b>	<b>3,932</b>	<b>126</b>	<b>117</b>	<b>256</b>	<b>229</b>	<b>519</b>
Operating margin						13.2%	13.1%	13.0%	12.4 %	13.2%
Amortisation, intangible assets						-20	-16	-39	-33	-68
Financial items						-6	-5	-12	-9	-20
<b>PROFIT BEFORE TAXES</b>						<b>100</b>	<b>96</b>	<b>205</b>	<b>187</b>	<b>431</b>

## NET REVENUE AND PROFIT BY DIVISION

## SECOND QUARTER

## Electronics

Net revenue for the second quarter of the financial year increased by 13 percent to MSEK 264 (234). The increase was primarily attributable to acquisitions.

Operating profit (EBITA) increased by 36 percent to MSEK 30 (22), equivalent to an operating margin of 11.4 percent (9.4). The division's Danish, Norwegian, Swedish and Polish ACTE units in electronics distribution and IoT and the unit with robust systems for marine and military applications, ISIC, developed positively during the quarter. Unitronic in Germany displayed a weaker performance and the division's units within LED and lighting control did not match the result for the comparable period. The acquisitions of both Schmitztechnik and G9 are contributing as expected to the increase in profits.

## Mechatronics

Net revenue for the quarter amounted to MSEK 266 (267) and operating profit EBITA amounted to MSEK 42 (44), an operating margin of 15.8 percent (16.5). The largest unit in the division, Elpress in electrical connection systems, continued to perform well, and so did Norwesco

with electrical material, Swedwire with steel wires and the division's Finnish units.

Cue Dee, with masts and aerial brackets for mobile telephony did not achieve the previous year's profit but the company won a major project deal during the summer for delivery in Q3 and Q4. Elkapsling with IP-classed cabinets and enclosures also did not achieve the previous year's quarterly result and measures have been initiated because of this.

## Communications

Net revenue for the quarter increased by 10 percent to MSEK 215 (196) and operating profit EBITA amounted to MSEK 30 (25), an increase of 20 percent. The division's biggest unit, R-con, with infrastructure for sprinkler installations continued to display a strong performance. ISG-Nordic, which delivers camera solutions and STV within visual communication and remote meetings, also developed positively during the quarter. However, the units within control equipment for maintenance vehicles, Excidor, and gas measurement, GasIQ, did not achieve the previous year's profit.

## Niche Products

Net revenue during the quarter increased by 6 percent to MSEK 209 (198). Operating profit EBITA for the same period amounted to MSEK 34 (34), equivalent to an

EBITA margin of 16.3 percent (17.2). Asept, the division's largest unit, within dispensing of liquid foodstuffs is continuing to deliver strong results. Wapro with its check valves and flow regulators for sewerage systems and the new acquisition Dorotea Mekaniska, with amphibian machines for lake clearance and wetland and water conservation, are also delivering good profits. Tormek, within sharpening tools, is investing in international expansion, at the expense of quarterly profits. The division's Danish unit in conveyor belt solutions, Nikodan, displayed a weaker performance, related to a few major projects.

### PROFITABILITY AND FINANCIAL POSITION

Return on equity for the latest 12-month period amounted to 24 percent (22) and the return on capital employed was 17 percent (16). The Group's metric for return on working capital (P/WC) was 53 percent (50).

Equity per share totalled SEK 22.39 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. The equity ratio was 36 percent compared to 39 percent at the start of the financial year, where the introduction of IFRS 16 from and including the present financial year impacted the equity ratio negatively by 2 percentage points, i.e. if the introduction had not occurred, the equity ratio would have been 38 percent.

At the end of the period, operational net indebtedness amounted to MSEK 1,191 compared to MSEK 928 at the beginning of the financial year. Net indebtedness including pension liability and the IFRS 16 effect amounted to MSEK 1,411. The pension liability amounted to MSEK 76 (67) and the IFRS 16 effect amounted to MSEK 144.

### CASH FLOW AND CAPITAL EXPENDITURES

Cash flow from operating activities during the second quarter amounted to MSEK 79 (38) and to MSEK 191 (127) during the first six months. Gross investments in non-current assets amounted to MSEK 21 (13) during the second quarter, of which the largest items related to production facilities and equipment. The effect of the implementation of IFRS 16 gave an offset between cash flow from operating activities, which increased by MSEK 22 and cash flow from financing activities, which decreased by MSEK 22.

### OTHER FINANCIAL INFORMATION

#### Parent Company and other consolidation items

The Parent Company's internal net revenue for the first six months of the financial year amounted to MSEK 18 (18) and profit after net financial items was MSEK 345 (316). The result includes exchange rate adjustments on intra-Group lending of MSEK 3.8 (0) and dividends from subsidiaries of MSEK 363 (337).

Net investments in non-current assets amounted to MSEK 0 (0). The Parent Company's equity ratio was 52 percent (56).

### ACQUISITIONS

During the second quarter of the financial year, Lagercrantz acquired G9, consisting of the two companies Landskab, Park & Byrum A/S and Came Danmark A/S. G9 develops, designs and supplies products for park and city environments including security products such as automatic height-adjustable bollards and barriers and products for water and wetlands. G9 has strong market positions within its product areas and works directly with customers in direct channels such as architects offices, park management and municipalities. G9 generates annual revenue of approximately MDKK 42, with good profitability.

After the end of the period, Lagercrantz acquired 70 percent of Frictape, consisting of the two companies Frictape Net Oy and Frictape Oü. The operations are a leading supplier of security products for helidecks, primarily offshore, all over the world. Frictape generates annual revenue of approx. MEUR 7, with good profitability. The former owners will remain as owners of almost 30 percent of the shares with a call option for Lagercrantz and a put option for the minority, which means that Lagercrantz can become the owner of 100 percent in four years at the earliest. Frictape will form part of the Mechatronics division as from October 2019.

The difference between paid and remeasured contingent consideration of MSEK 6 (2) was taken up as revenue as other operating income during the second quarter.

During the quarter, MSEK 40 (0) was paid in contingent consideration for previous acquisitions.



## Acquisition analysis last 12 months Oct 2018 - Sept 2019

The following analysis is preliminary and includes Schmitztechnik GmbH, Dorotea Mekaniska AB and G9

Net assets of acquired companies at time of acquisition	Book value in companies	Fair value adjustment	Consolidated fair value
Intangible non-current assets	0	143	143
Other non-current assets	4	0	4
Inventories	47	0	47
Other current assets *	41	0	41
Other liabilities	-51	-37	-88
<b>Net identifiable assets/liabilities</b>	<b>41</b>	<b>106</b>	<b>147</b>
Consolidated goodwill	-	-	141
<b>Estimated purchase price **</b>	<b>-</b>	<b>-</b>	<b>288</b>

\*) of which, cash and cash equivalents MSEK 9

\*\* Includes conditional additional consideration of SEK 20 million, which represents 51% of the maximum outcome.

### ACCOUNTING POLICIES

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 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, 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 of 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 impact 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.

See the company's Annual Report 2018/19 for further accounting policies.

**ALTERNATIVE PERFORMANCE MEASURES**

The company presents certain financial metrics in the interim report that are not defined according to IFRS. The company considers that these metrics provide more valuable supplementary information to investors and shareholders as they enable evaluation of trends and the company's performance. 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. During the previous financial year, the financial metric EBITA began to be applied and therefore the previous period has been adjusted for comparability. Expanded information has been provided in this report with regard to definitions of certain financial metrics, see page 14.

**OTHER INFORMATION****Related-party transactions**

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 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.

**Post-balance sheet events**

After the end of the period, Lagercrantz acquired Frictape, see information under Acquisitions.

The incentive programme that was approved by the Annual General Meeting 2019, relating to call options on repurchased Class B shares, was subscribed for after the end of the period, see information under Share capital.

No other significant events for the company have occurred after the balance sheet date on 30 September 2019.

**Annual General Meeting 2019**

The 2019 AGM was held on 27 August 2019 in Stockholm. The Meeting discharged the Board of Directors and the President & CEO from liability for their administration during 2018/19.

Minutes from the AGM are published on the company's website.

**Certification**

The Board of Directors and the CEO believe that the undersigned interim report provides a true and fair overview of the Company's and the Group's operations, their financial position and performance and describes the material risks and uncertainty factors facing the Company and the Group.

Stockholm, 23 October 2019

Anders Börjesson  
Chairman of the Board

Anna Almlöf  
Board member

Fredrik Börjesson  
Board member

Anna Marsell  
Board member

Lennart Sjölund  
Board member

Ulf Södergren  
Board member

Jörgen Wigh  
President and Board member

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

## Segment information by quarter

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

Operating profit (EBITA)		2019/20			2018/19	
MSEK	Q2	Q1	Q4	Q3	Q2	Q1
Electronics	30	28	32	27	22	20
Mechatronics	42	44	43	41	44	44
Communications	30	27	47	39	25	26
Niche Products	34	40	44	40	34	31
Parent Company/consolidation items	-10	-9	-13	-10	-8	-8
<b>GROUP TOTAL</b>	<b>126</b>	<b>130</b>	<b>153</b>	<b>137</b>	<b>117</b>	<b>113</b>

EBITA margin		2019/20			2018/19	
%	Q2	Q1	Q4	Q3	Q2	Q1
Electronics	11.4	10.7	11.1	11.0	9.4	8.7
Mechatronics	15.8	15.3	14.9	14.7	16.5	15.2
Communications	14.0	11.9	18.7	15.8	12.8	11.7
Niche Products	16.3	16.7	17.6	16.6	17.2	15.1
Parent Company/consolidation items	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>13.2</b>	<b>12.8</b>	<b>14.2</b>	<b>13.6</b>	<b>13.1</b>	<b>11.9</b>



## Consolidated Income Statement – condensed

MSEK	3 months Jul-Sep 2019/20	3 months Jul-Sep 2018/19	6 months Apr-Sep 2019/20	6 months Apr-Sep 2018/19	Moving 12- months, Oct-Sep 2018/19	Financial year 2018/19
Net revenue	954	895	1,969	1,843	4,058	3,932
Cost of goods sold	-605	-567	-1,246	-1,172	-2,562	-2,488
<b>GROSS PROFIT</b>	<b>349</b>	<b>328</b>	<b>723</b>	<b>671</b>	<b>1,496</b>	<b>1,444</b>
Selling expenses	-176	-161	-363	-339	-727	-703
Administrative expenses	-74	-71	-155	-146	-318	-309
Other operating income and operating expenses	7	5	12	10	21	19
<b>OPERATING PROFIT *)</b>	<b>106</b>	<b>101</b>	<b>217</b>	<b>196</b>	<b>472</b>	<b>451</b>
Net financial items*	-6	-5	-12	-9	-23	-20
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>100</b>	<b>96</b>	<b>205</b>	<b>187</b>	<b>449</b>	<b>431</b>
Taxes	-22	-23	-45	-37	-97	-89
<b>NET PROFIT FOR THE PERIOD</b>	<b>78</b>	<b>73</b>	<b>160</b>	<b>150</b>	<b>352</b>	<b>342</b>
*) Of which:						
- amortisation of intangible assets arising in connection with acquisitions:	(-20)	(-16)	(-39)	(-33)	(-74)	(-68)
- depreciation of other non-current assets *:	(-37)	(-15)	(-73)	(-28)	(-101)	(-56)
Operating profit (EBITA)	126	117	256	229	546	519
Earnings per share, SEK	1.15	1.08	2.36	2.22	5.20	5.05
Earnings per share after dilution, SEK	1.15	1.08	2.36	2.22	5.19	5.05
Weighted number of shares after repurchases, ('000)	67,717	67,687	67,710	67,678	67,698	67,682
Weighted number of shares after repurchases adjusted after dilution ('000) **	67,968	67,721	67,938	67,720	67,794	67,682
Number of shares after repurchases during the period ('000)	67,717	67,687	67,717	67,687	67,717	67,687

\* IFRS 16 Leases affects depreciation of other non-current assets, which increased by MSEK 22 in the quarter and by MSEK 43 in the first six months of 2019/20. Operating expenses decreased by MSEK 22 in the quarter and by MSEK 44 in the first six months. Finance expenses decreased by MSEK 0.8 in the quarter and by MSEK 1.5 in the first six months.

\*\* In view of the redemption price on outstanding call options during the period (SEK 100.70, SEK 95.90 and SEK 104.80) and the average share price (SEK 108.34) during the latest 12-month period when the option programmes were outstanding, there was a dilutive effect of 0.14 percent for the latest 12-month period. For the past quarter, there was a dilutive effect of 0.37 percent (average share price SEK 125.96).

## Consolidated Statement of Comprehensive Income and Other Comprehensive Income

MSEK	3 months Jul-Sep 2019/20	3 months Jul-Sep 2018/19	6 months Apr-Sep 2019/20	6 months Apr-Sep 2018/19	Moving 12- months, Oct-Sep 2018/19	Financial year 2018/19
Net profit for the period	78	73	160	150	352	342
<b>Other comprehensive income</b>						
<u>Items that have been reposted/may be reposted to net profit for the period</u>						
Change in translation reserve	3	-8	13	-2	22	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	-	-	-	-	-10	-10
Taxes attributable to actuarial effects	-	-	-	-	2	2
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>81</b>	<b>65</b>	<b>173</b>	<b>148</b>	<b>366</b>	<b>341</b>

## Consolidated Statement of Financial Position – condensed

MSEK	30 Sep 2019	30 Sep 2018	31 Mar 2019
<b>ASSETS</b>			
Goodwill	1,406	1,250	1,327
Other intangible non-current assets	764	677	721
Property, plant and equipment*	431	248	266
Financial assets	14	11	14
Inventories	579	537	528
Trade receivables and contract assets	684	666	688
Other current receivables	156	138	171
Cash and bank balances	126	116	139
<b>TOTAL ASSETS</b>	<b>4,160</b>	<b>3,643</b>	<b>3,854</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1,516	1,448	1,508
Non-current liabilities*	362	578	590
Trade payables and contract liabilities	351	304	373
Other current liabilities*	1,931	1,313	1,383
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,160</b>	<b>3,643</b>	<b>3,854</b>
Interest-bearing assets	126	116	139
Interest-bearing liabilities, excluding pension liabilities**	1,461	1,077	1,066

\* IFRS 16 Leases affects the Group's financial position as of 30, September 2019 as follows: right-of-use assets of MSEK 144 million have arisen and are included in property, plant and equipment. Lease liabilities increased by MSEK 66 in the item non-current liabilities and MSEK 78 in current liabilities. No restatement of previous periods has occurred.

\*\* including IFRS 16

## Consolidated Statement of Changes in Equity

MSEK	6 months Apr-Sep 2019/20	6 months Apr-Sep 2018/19	Moving 12- months, Oct-Sep 2018/19	Financial year 2018/19
Opening balance	1,508	1,303	1,448	1,303
Comprehensive income for the period	173	148	366	341
Shareholders' contribution	12	-	12	-
<b>Transactions with owners</b>				
Dividend	-169	-	-304	-135
Redemption and acquisition of options on repurchased shares, net	-8	-3	-6	-1
Repurchase of own shares	-	-	-	-
<b>CLOSING BALANCE</b>	<b>1,516</b>	<b>1,448</b>	<b>1,516</b>	<b>1,508</b>

## Consolidated Statement of Cash Flows

MSEK	3 months Jul-Sep 2019/20	3 months Jul-Sep 2018/19	6 months Apr-Sep 2019/20	6 months Apr-Sep 2018/19	Moving 12- months, Oct-Sep 2018/19	Financial year 2018/19
<b>Operating activities</b>						
Profit after financial items	100	95	205	187	449	431
Adjustments for taxes paid, items not included in cash flow, etc.	18	1	53	17	47	11
<b>Cash flow from operating activities before changes in working capital</b>	<b>118</b>	<b>96</b>	<b>258</b>	<b>204</b>	<b>496</b>	<b>442</b>
<b>Cash flow from changes in working capital</b>						
Increase (-)/Decrease (+) in inventories	-13	3	-16	-45	4	-25
Increase (-)/Decrease (+) in operating receivables	-38	-10	20	-13	-3	-36
Increase (+)/Decrease (-) in operating liabilities *	12	-51	-71	-19	29	81
<b>Cash flow from operating activities</b>	<b>79</b>	<b>38</b>	<b>191</b>	<b>127</b>	<b>526</b>	<b>462</b>
<b>Investing activities</b>						
Investment in businesses	-117	-2	-186	-25	-302	-141
Investments in/disposals of other non-current assets, net	-21	-13	-44	-25	-92	-73
<b>Cash flow from investing activities</b>	<b>-138</b>	<b>-15</b>	<b>-230</b>	<b>-50</b>	<b>-394</b>	<b>-214</b>
<b>Financing activities</b>						
Dividends, redemption of options & repurchase of own shares/options	-170	-	-178	-3	-313	-138
Financing activities *	247	-12	204	-92	191	-105
<b>Cash flow from financing activities</b>	<b>77</b>	<b>-12</b>	<b>26</b>	<b>-95</b>	<b>-122</b>	<b>-243</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>18</b>	<b>11</b>	<b>-13</b>	<b>-18</b>	<b>10</b>	<b>5</b>
Cash and cash equivalents at the beginning of the period	108	105	139	134	116	134
Cash and cash equivalents at the end of the period	126	116	126	116	126	139

\* IFRS 16 Leases affects cash flow from operating activities, which increased by MSEK 22 and cash flow from financing activities, which decreased by MSEK 22 during the second quarter 2019/20. For the first six months, the effect on operating activities was an increase of MSEK 43 and a decrease on financing activities of MSEK 43.

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

Carrying amount, MSEK	30 Sep 2019	31 Mar 2019
Assets measured at fair value	-	-
Assets measured at amortised cost	773	782
<b>TOTAL ASSETS, FINANCIAL INSTRUMENTS</b>	<b>773</b>	<b>782</b>
Liabilities measured at fair value	101	129
Liabilities measured at amortised cost	1,623	1,399
<b>TOTAL LIABILITIES, FINANCIAL INSTRUMENTS</b>	<b>1,724</b>	<b>1,527</b>

	6 months Apr – Sep 2019/20	Financial year 2018/19
Change in contingent consideration		
Opening balance	129	153
Liabilities settled during the year	-40	-19
Remeasurement of liabilities during the year	-9	-4
Year's liabilities from acquisitions during the year	21	-
Exchange difference	-	-1
Carrying amount at end of the period	101	129

## Parent Company Balance Sheet – condensed

MSEK	30 Sep 2019	30 Sep 2018	31 Mar 2019
<b>ASSETS</b>			
Property, plant and equipment	1	-	1
Financial assets	2,651	2,423	2,573
Current receivables	714	607	553
Cash and bank balances	1	-	-
<b>TOTAL ASSETS</b>	<b>3,367</b>	<b>3,030</b>	<b>3,127</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1,738	1,683	1,564
Untaxed reserves	-	-	-
Non-current liabilities	20	320	320
Current liabilities	1,609	1,027	1,243
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,367</b>	<b>3,030</b>	<b>3,127</b>

## Parent Company Income Statement – condensed

MSEK	3 months Jul-Sep 2019/20	3 months Jul-Sep 2018/19	6 months Apr-Sep 2019/20	6 months Apr-Sep 2018/19	Moving 12- months, Oct-Sep 2018/19	Financial year 2018/19
Net revenue	9	9	18	18	36	36
Administrative expenses	-15	-20	-32	-36	-68	-72
Other operating income and operating expenses	-	-	-	-	-	-
<b>OPERATING PROFIT</b>	<b>-6</b>	<b>-11</b>	<b>-14</b>	<b>-18</b>	<b>-32</b>	<b>-36</b>
Financial income	2	2	368	341	411	384
Financial expenses	-4	-3	-9	-7	-18	-16
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>-8</b>	<b>-12</b>	<b>345</b>	<b>316</b>	<b>361</b>	<b>332</b>
Appropriations	-	-	-	-	-	-
Taxes	2	2	4	4	1	1
<b>NET PROFIT FOR THE PERIOD</b>	<b>-6</b>	<b>-10</b>	<b>349</b>	<b>320</b>	<b>362</b>	<b>333</b>

## Key ratios

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

	Moving 12-months, Oct-Sep 2018/19	Financial year			
		2018/19	2016/18	2015/16	2014/15
Revenue	4,058	3,932	3,410	3,096	3,057
Change in revenue, %	13.8	15.2	10.1	1.3	7.0
Operating profit (EBITA)	546	519	436	409	355
Operating margin (EBITA), %	13.5	13.2	12.8	13.2	11.6
EBIT	472	451	378	361	315
EBIT margin, %	11.6	11.5	11.1	11.7	10.3
Profit after financial items	449	431	358	351	307
Profit margin, %	11.1	10.7	10.5	11.3	10.0
Profit after taxes	352	342	286	274	241
Equity ratio, %*	36	39	36	41	40
Return on working capital (P/WC), %	53	54	52	58	58
Return on capital employed, %	17	18	17	20	21
Return on equity, %	24	24	23	25	25
Net debt (+) /receivables (-), MSEK **	1,335	1,004	1,102	628	606
Net debt/equity ratio, times	0.9	0.7	0.8	0.5	0.6
Operational net debt (+)/receivables (-), MSEK	1,191	928	1,035	565	551
Operational net debt/equity ratio, times	0.6	0.6	0.9	0.5	0.5
Interest coverage ratio, times	15	16	14	22	20
Number of employees at end of period	1,536	1,450	1,387	1,247	1,230
Revenue outside Sweden, MSEK	2,609	2,491	2,151	1,940	1,991

\* The equity ratio includes the IFRS 16 effect from 1 April 2019 and it impacted the equity ratio negatively by 2 percent.

\*\* 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.

	Moving 12-months, Oct-Sep 2018/19	Financial year			
		2018/19	2017/18	2016/17	2015/16
Number of shares at end of period after repurchases ('000)	67,717	67,687	67,656	67,985	67,844
Weighted number of shares after repurchases, ('000)	67,698	67,682	67,868	67,941	67,889
Weighted number of shares after repurchases & dilution ('000)	67,794	67,682	67,924	68,097	68,121
Earnings per share, SEK	5.20	5.05	4.21	4.03	3.55
Earnings per share after dilution, SEK	5.19	5.05	4.21	4.02	3.54
Cash flow from operations per share after dilution, SEK *	7.76	6.83	4.14	5.51	3.77
Equity per share, SEK	22.39	22.28	19.26	17.61	15.22
Latest price paid per share, SEK	125.40	100.00	83.50	87.00	77.50

\*Includes IFRS 16 from 1 April 2019 where the effect of IFRS 16 on 2019/20 was positive by SEK 0.65 per share.



## 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)

Profit before net financial items (EBIT) 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 number of shares outstanding after repurchases and 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 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 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 a.m. CET on 23 October 2019.

### Reporting dates:

29 January 2020	Quarterly Report Q3 for the period 1 October 2019–31 December 2019
13 May 2020	Year-end Report for the period 1 April 2019–31 March 2020
17 July 2020	Quarterly Report Q1 for the period 1 April–30 June 2020

The Annual Report for the 2018/19 financial year was published on 1 July 2019 on [www.lagercrantz.com](http://www.lagercrantz.com).

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