

INTERIM REPORT 1 APRIL - 30 JUNE 2020

FIRST QUARTER

- **Net sales** decreased by 4 percent and amounted to SEK 2,805 million (2,934).
- **Operating profit before amortisation of intangible non-current assets (EBITA)** decreased by 10 percent and amounted to SEK 306 million (341) corresponding to an EBITA margin of 10.9 percent (11.6).
- **Operating profit** decreased by 17 percent and amounted to SEK 243 million (292) corresponding to an operating margin of 8.7 percent (10.00).
- **Profit after tax** decreased by 19 percent and amounted to SEK 184 million (226) and **earnings per share before dilution** amounted to SEK 2.65 (3.35). For the latest twelve month period earnings per share before dilution amounted to SEK 12.15 (10.85).
- **Return on working capital (P/WC)** amounted to 54 percent (54).
- **Return on equity** amounted to 29 percent (31) and the **equity ratio** amounted to 34 percent (35).
- **Cash flow from operating activities** amounted to SEK 324 million (253). For the latest twelve month period, **cash flow per share from operating activities** amounted to SEK 17.70 (10.30).
- Since the start of the financial year three acquisitions have been completed, with total annual sales of about SEK 465 million.
- Covid-19 is estimated to have affected net sales negatively by approximately 7 percent.
- The Board of Directors proposes a **dividend** of SEK 4.00 (5.00) per share.
- The Board of Directors proposes that the number of shares in the company be increased by splitting each existing share, regardless of series, into four shares (what is referred to as 4:1 share split).

Group Summary SEKm	3 months			Rolling 12 months	
	30 Jun 2020	30 Jun 2019	Δ	30 Jun 2020	31 Mar 2020
Net sales	2,805	2,934	-4%	11,606	11,735
EBITA	306	341	-10%	1,329	1,364
EBITA-margin %	10.9	11.6		11.5	11.6
Profit after financial items	233	286	-19%	1,052	1,105
Profit for the period	184	226	-19%	831	873
Earnings per share before dilution, SEK	2.65	3.35	-21%	12.15	12.85
Earnings per share after dilution, SEK	2.65	3.35	-21%	12.10	12.80
Cash flow from operating activities per share, SEK	-	-		17.70	16.65
Return on equity, %	29	31		29	32
Equity ratio, %	34	35		34	36

Comparisons in parentheses refer to the corresponding period of the previous year, unless stated otherwise.

CEO'S COMMENTS

FIRST QUARTER – GOOD COST CONTROL GAVE STABLE MARGIN DESPITE TOUGH MARKET CONDITIONS

The first quarter of the financial year was strongly marked by the effects of the worldwide COVID-19 pandemic. As the comparative figures for the quarter were also very strong, we had relatively cautious expectations. The outcome was, however, somewhat better than we had feared at the beginning of the quarter. Sales fell by 4 percent and organic sales decreased by 7 percent compared with the corresponding period last year. Our companies have once again demonstrated their ability to act quickly and efficiently and have taken measures to adapt their costs to lower business volumes. A combination of long-term savings measures and effects from short-term cost reductions in the form of short-term furloughs and reduced travel expenses resulted in an EBITA margin of 10.9 percent, a decrease of only 0.7 percentage points compared with the corresponding period last year. Looking at development over the quarter, April was the weakest month, while there was some improvement in May and a clear stabilisation during the month of June as an effect of more customers reopening production.

The business situation varied between both geographies and segments. In terms of customer segments, the negative impact of the pandemic was most evident in demand for production components for the mechanical industry and special vehicles, in which many customers closed their production during the quarter. Although several customers in the segment began to re-open production at the end of the quarter, it is with a lower production rate and continued weak demand. Conversely, in other segments, we experienced increased demand, particularly in medical technology, but also in electronics, wind power, defence and infrastructure products for national and regional grids. The marine segment was already in a mode of caution at the start of the pandemic, and demand for new scrubber installations fell sharply compared with the corresponding period last year, when demand was at its strongest. We still make the assessment that the long-term underlying demand for scrubber installations remains, although there is considerable uncertainty about when, and to what extent, demand will pick up again. In the forest industry, and in sawmills in particular, demand during the quarter was very good.

We were also fortunate to have well functioning supply chains to a substantial extent during the quarter, which meant, in turn, that we were able to maintain favourable precision in deliveries to our customers.

In terms of our geographical presence, we perceived the business situation as most favourable in Denmark, while the business situation in the other Nordic countries was weak. We experienced consistent weak development in Switzerland, the Benelux countries, the United Kingdom and the United States, which were substantially affected by extensive lock-downs.

We have managed to maintain a P/WC of 54 percent, despite decreased operating profit thanks to an improved trend in working capital. Liquidity is good and cash flow from operating activities amounted to SEK 324 million, which is an improvement compared with the preceding year. To date we have not been impacted by any problems of customer losses and put great focus on working actively with our working capital to continue to generate good cashflow.

ACQUISITIONS

Early in the financial year, we conducted three acquisitions, adding annual sales of approximately SEK 465 million. As always, we have a large number of acquisition processes at various stages of progress. Due to the uncertainty caused by the pandemic, we chose not to complete additional acquisitions during the quarter, although we perceive favourable opportunities to continue our successful programme of acquisitions over the upcoming quarters.

OUTLOOK - CONTINUED DIFFICULTIES BUT MAKING GOOD SPEED

It is extremely difficult to foresee the pandemic's future course and its long-term impact on our markets. We are applying various scenarios and revising our impact assessments on an ongoing basis. As I mentioned earlier, our units implement measures on an ongoing basis to manage the situation and the balance between cost savings and long-term profitable growth is an issue we discuss daily. In my view, we must get used to the idea that it will take time to return to normal levels, at least in some customer segments of importance to us, such as special vehicles. In our best current assessment, we will experience a greater negative impact on volumes in the second quarter than in the first, compared with last year, given our order intake to date and the summer months ahead, with more extensive closures than normal among customers and suppliers alike.

Despite all of the uncertainty, our future outlook remains fundamentally positive. Our focus on growing in niche markets affords us opportunities in a number of interesting segments, even in the deep economic downturn currently impacting the world. The pandemic is likely to accelerate several mega-trends, already in progress, where we hold favourable positions such as environment-improving technologies, electrification and infrastructure. We have great belief in our own capacity and strategies and, for the long term, continue to aim for our ambitious targets.

Niklas Stenberg

President and CEO



GROUP DEVELOPMENT

Sales development

Net sales in the Addtech Group decreased during the period by 4 percent to SEK 2,805 million (2,934). The organic growth amounted to -7 percent and acquired growth amounted to 4 percent. Exchange rate changes had a negative effect of 1 percent on net sales, corresponding to SEK 46 million.

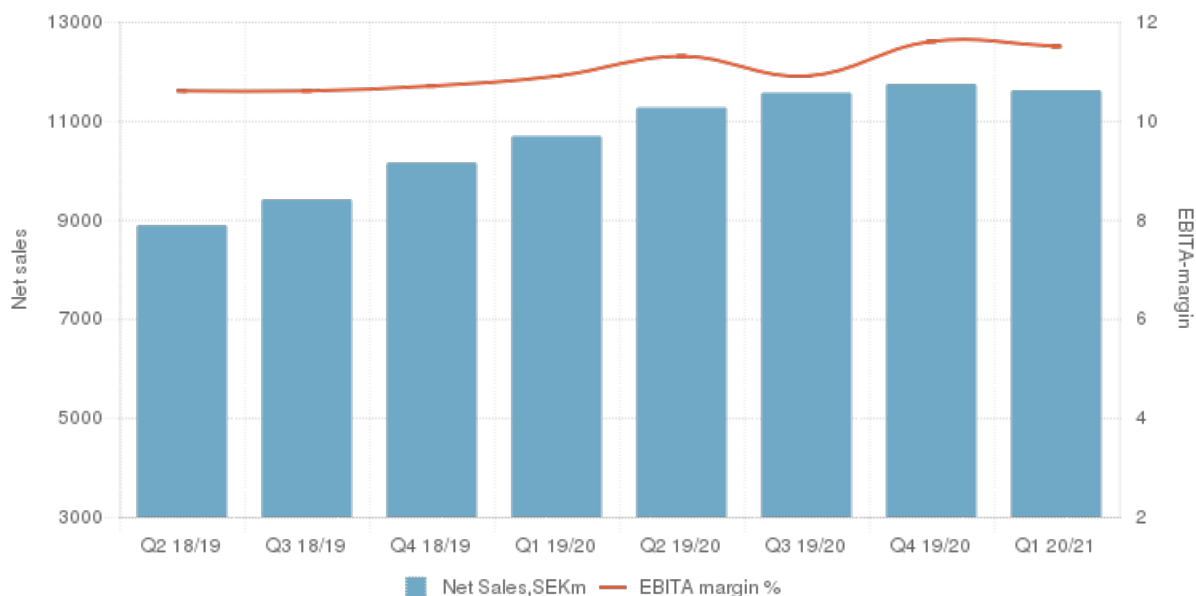
Profit development

EBITA for the period amounted to SEK 306 million (341), representing a decrease of 10 percent. Operating profit decreased during the period by 17 percent to SEK 243 million (292) and the operating margin amounted to 8.7 percent (10.0). Net financial items were SEK -10 million (-6) and profit after financial items decreased by 19 percent to SEK 233 million (286).

Profit after tax for the period decreased by 19 percent to SEK 184 million (226) and the effective tax rate amounted to 21 percent (21). Earnings per share before dilution for the period amounted to SEK 2.65 (3.35).

For the latest twelve month period, earnings per share before dilution amounted to SEK 12.15 (10.85).

Net sales and EBITA margin, rolling 12 months



DEVELOPMENT IN THE BUSINESS AREAS

AUTOMATION

Net sales in Automation decreased by 1 percent to SEK 583 million (591) and EBITA decreased by 17 percent to SEK 50 million (60).

Market

The Automation business area was affected somewhat negatively by COVID-19. The greatest negative impact was on demand from the Nordic engineering sector, particularly in the units exposed to small and medium-sized customers. The units outside the Nordic region experienced major challenges in terms of restrictions and closures. The units exposed to the medical technology sector, the defence industry and the data and telecom sectors developed positively.

COMPONENTS

Net sales in Components decreased by 2 percent to SEK 496 million (504) and EBITA decreased by 6 percent to SEK 50 million (54).

Market

On the whole, the Components business area was affected moderately negatively by COVID-19. The units in special vehicles and the engineering sector experienced the greatest negative impact. The units exposed to the medical technology and electronics sectors developed favourably, with sales of components and solutions for which demand increased due to the pandemic. Geographically, Finland had the best market situation while Sweden faced the greatest challenges. Nonetheless, Denmark and Norway experienced a stable business situation in the market segments in which the companies operate.

ENERGY

Net sales in Energy increased by 10 percent to SEK 683 million (619) and EBITA increased by 21 percent to SEK 81 million (67).

Market

The business situation was very positive in the Energy business area in the first quarter, affected only marginally by COVID-19. Sales of infrastructure products for national and regional grids and for wind power, held at high levels and the market situation remained stable throughout the quarter. The units that are active in sales of niche products for electrical power distribution, as well as construction and installation experienced clear effects of the pandemic through decreased demand.

INDUSTRIAL PROCESS

Net sales in Industrial Process decreased by 17 percent to SEK 669 million (807) and EBITA decreased by 29 percent to SEK 73 million (103).

Market

The Industrial Process business area was impacted very negatively by the effects of COVID-19. The market situation for the companies in the forest industry was very positive, but otherwise demand decreased in most market segments, primarily in special vehicles, the engineering sector and in the marine segment. Demand for solutions for scrubber installations remained low due to the uncertainty surrounding the oil price and the prevailing pandemic, and sales decreased by approximately 50 percent compared with the corresponding period last year.

POWER SOLUTIONS

Net sales in Power Solutions decreased by 9 percent to SEK 381 million (417) and EBITA decreased by 23 percent to SEK 50 million (65).

Market

The Power Solutions business area was affected very negatively by the effects of COVID-19. The sharply declining market for special vehicles was what most affected the business area as a whole, with sales decreasing by approximately 25 percent because of the prevailing situation. The market situation otherwise remained favourable for customised battery solutions and for the companies operating in power supply and wind power. The business situation in data and telecom developed positively over the quarter.

OTHER FINANCIAL INFORMATION

Profitability, financial position and cash flow

The return on equity at the end of the period was 29 percent (31), and return on capital employed was 19 percent (21). Return on working capital P/WC (EBITA in relation to working capital) amounted to 54 percent (54).

At the end of the period the equity ratio amounted to 34 percent (35). Equity per share, excluding non-controlling interest, totalled SEK 44.00 (40.60). The Group's net debt at the end of the period amounted to SEK 2,855 million (2,282) excluding pension liabilities of SEK 328 million (313). The net debt/equity ratio, calculated on the basis of net debt excluding provisions for pensions amounted to 0.9 (0.8).

Cash and cash equivalents consisting of cash and bank equivalents and approved but non-utilised credit facilities amounted to SEK 1,949 million (1,000) at 30 June 2020.

Cash flow from operating activities amounted to SEK 324 million (253) during the period. Company acquisitions and disposals including settlement of contingent consideration regarding acquisitions implemented in previous years amounted to SEK 730 million (249). Investments in noncurrent assets totalled SEK 16 million (33) and disposal of non-current assets amounted to SEK 1 million (2). Repurchase of call options amounted to SEK 0 million (12) and issued call options amounted to SEK 17 million (18).

Employees

At the end of the period, the number of employees was 3,022, compared to 2,981 at the beginning of the financial year. During the period, completed acquisitions and disposals resulted in a net increase of the number of employees by 92. The average number of employees in the latest 12-month period was 2,959.

Ownership structure

At the end of the period the share capital amounted to SEK 51.1 million.

Class of shares	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Class A shares, 10 votes per share	3,229,500	32,295,000	4.7%	33.2%
Class B shares, 1 vote per share	64,968,996	64,968,996	95.3%	66.8%
Total number of shares before repurchases	68,198,496	97,263,996	100.0%	100.0%
Repurchased class B shares	-942,918		1.4%	1.0%
Total number of shares after repurchases	67,255,578			

Addtech has three outstanding call option programmes for a total of 900,000 shares. Call options issued on repurchased shares entail a dilution effect of about 0.2 percent during the latest 12-month period. Addtech's own shareholdings fully meet the needs of the outstanding call option programmes.

Outstanding programme	Number of options	Corresponding number of shares	Proportion of total shares	Exercise price	Expiration period
2019/2023	300,000	300,000	0.4%	321.80	5 Sep 2022 - 2 Jun 2023
2018/2022	300,000	300,000	0.4%	232.90	6 Sep 2021 - 3 Jun 2022
2017/2021	300,000	300,000	0.4%	178.50	14 Sep 2020 - 4 Jun 2021
Total	900,000	900,000			

Acquisitions and disposals

On 1 April, Elkome Group Oy, Finland, was acquired to become part of the Automation business area. Elkome develops, integrates and delivers solutions for applications in industrial IoT primarily for industrial production, smart cities and infrastructure. The offering includes customized computer systems, test systems, info kiosks, software, sensors and industrial communication. The company has sales of about EUR 8 million and 38 employees.

On 2 April Peter Andersson AB, Sweden, was acquired to become part of the Energy business area. Andersson System supplies both trading products and own products within electrical accessories for office and kitchen environments, to the Swedish and Norwegian markets. The products are sold through retailers of office furniture, office interiors, AV equipment, computer accessories and kitchen furnishings. The company has sales of about SEK 30 million and 9 employees.

On 8 April Valutec Group AB, Sweden, was acquired to become part of the Industrial Process business area. Valutec is one of the world's leading manufacturers of timber kilns to the forest industry. The company has sales of about SEK 350 million and 45 employees.

Acquisitions completed as of the 2019/2020 financial year are distributed among the Group's business areas as follows:

Acquisitions (disposals)	Closing	Net sales, SEKm*	Number of employees*	Business Area
Omni Ray AG, Switzerland	April, 2019	330	65	Automation
Thurne Teknik AB, Sweden	April, 2019	100	19	Industrial Process
AB N.O. Rönne, Sweden	April, 2019	8	4	Industrial Process
Best Seating Systems Walter Tausch GmbH, Austria	May, 2019	23	5	Power Solutions
Thiim A/S, Denmark	June, 2019	70	15	Automation
Profelec Oy, Finland	July, 2019	6	2	Energy
BKC Products Ltd., Great Britain	August, 2019	12	5	Industrial Process
Promector Oy, Finland	August, 2019	24	20	Automation
Wireco-NB Oy, Finland	February, 2020	23	6	Energy
Caligo Industria Oy, Finland	February, 2020	70	9	Industrial Process
DMC Digital Motor Control GmbH, Germany	March, 2020	30	10	Power Solutions
Q-tronic B.V, Netherlands	March, 2020	45	10	Power Solutions
Elkome Group Oy, Finland	April, 2020	85	38	Automation
Peter Andersson AB, Sweden	April, 2020	30	9	Energy
Valutec Group AB, Sweden	April, 2020	350	45	Industrial Process

* Refers to assessed condition at the time of acquisition and disposal, respectively, on a full-year basis.

Acquisitions completed during the period have had an effect of SEK 87 million on Group net sales, SEK 0 million on operating profit and SEK -2 million on profit after tax for the period.

Addtech normally employs an acquisition structure comprising basic purchase consideration and contingent consideration. The outcome of contingent purchase considerations is determined by the future earnings reached by the companies and is subject to a fixed maximum level. Of considerations not yet paid for acquisitions during the period, the discounted value amounts to SEK 99 million. The contingent purchase considerations fall due for payment within three years and the outcome is subject to a maximum of SEK 169 million.

Transaction costs for acquisitions that resulted in an ownership transfer during the period, amounted to SEK 3 million (2) and are reported under Selling expenses.

Revaluation of contingent consideration had a net effect of SEK 0 million (12) during the period. The impact on profits are reported under Other operating income and Other operating expenses, respectively.

According to the preliminary acquisitions analyses, the assets and liabilities included in the acquisitions were as follows, during the period:

SEKm	Carrying amount at acquisition date	Adjustment to fair value	Fair value
Intangible non-current assets	22	504	526
Other non-current assets	23	-	23
Inventories	46	-	46
Other current assets	159	-	159
Deferred tax liability/tax asset	-2	-107	-109
Other liabilities	-90	-	-90
Acquired net assets	158	397	555
Goodwill ¹⁾			497
Non-controlling interests			-130
Consideration ²⁾			922
Less: cash and cash equivalents in acquired businesses			-107
Less: consideration not yet paid			-99
Effect on the Group's cash and cash equivalents			716

1) Goodwill is justified by expected future sales trend and profitability as well as the personnel included in the acquired companies.

2) The consideration is stated excluding acquisition expenses.

With the acquisition of Valutec Group AB comes a commitment to acquire the remaining 14 percent of the company. This commitment is valued to SEK 98 million and is reported as a non-current interest-bearing liability.

Parent Company

Parent Company net sales amounted to SEK 18 million (15) and profit after financial items was SEK 4 million (-3). Net investments in non-current assets were SEK 0 million (0). The Parent Company's financial net debt was SEK 346 million (+94) at the end of the period.

OTHER DISCLOSURES

Accounting policies

The interim report has been prepared in accordance with IFRS as adopted by the EU, with IAS 34 Interim Financial Reporting being applied. Apart from in the financial statements and their accompanying notes, disclosures in accordance with IAS 34.16A also appear in other parts of the interim report. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in accordance with the provisions of RFR 2 Accounting for Legal Entities.

In the interim report, the same accounting principles and bases of calculation have been applied as in the most recent annual report, with the exception of the amended accounting principles described below.

New and amended standards for the 2020/2021 financial year

Other new or amended IFRS are not expected to have any significant effects on the Addtech Group.

Governmental support measures

Those governmental support measures that have been received or will be received as an effect of the Covid-19 pandemic will be recognized in the income statement when it is reasonably certain that the conditions for receiving the support have been met or will be met.

Alternative performance measures

The Company presents certain financial measures in the interim report that are not defined according to IFRS. The Company believes that these measures provide valuable supplemental information to investors and the Company's management as they allow for evaluation of trends and the Company's performance. Since all companies do not calculate financial measures in the same way, they are not always comparable to measures used by other companies. These financial measures should therefore not be considered to be a replacement for measurements as defined under IFRS. For definitions and reconciliation tables of the performance measures that Addtech uses, please see page 18-21.

Risks and factors of uncertainty

Addtech's profit and financial position, as well as its strategic position, are affected by a number of internal factors under Addtech's control and by a number of external factors over which Addtech has limited influence. The most important risk factors for Addtech are the state of the economy, combined with structural change and the competitive situation.

The Covid-19 pandemic that erupted during the beginning of 2020 affects the entire world market and will also affect Addtech. Addtech continues to follow the recommendations of the relevant authorities and takes relevant health precautions to protect staff and reduce the spread of infection in society. There are challenges in the supply chain and uncertainties exist about our customers' ability to keep their businesses running at full capacity. We prepare and take measures on an ongoing basis to be able to act quickly and meet a decrease in sales. All companies in the Group have prepared action plans and cost-cutting programs ready to be executed to protect earnings, liquidity and cash flow.

Addtech has four operating subsidiaries within the UK as well as a few other subsidiaries doing business with the UK. The effects of Brexit are to this date unknown, but all affected subsidiaries are closely monitoring the developments. Addtech Group's total exposure to possible negative effects from Brexit are not considered material. Beside this, risks and uncertainty factors are the same as in previous periods, please see section Risks and uncertainties (page 41-43) in the annual report for 2019/2020 for further details.

The Parent Company is indirectly affected by the above risks and uncertainty factors due to its role in the organisation.

Effects of the covid-19 pandemic

After the outbreak of the Covid-19 pandemic the Swedish government has decided on a number of government support measures. The same has also been decided in other countries where the Addtech group operates. Addtech has analyzed the conditions for these support measures and has applied where the criterias are judged to be met.

At the end of the first quarter, approximately 120 of the Group's total approximately 3,000 employees have been notified of redundancy and a further 800 employees are affected by short-term lay-offs. For the group in total EBITA is affected positively by approximately SEK 25 million from governmental support measures.

Sales in the first quarter of 2020/2021 are estimated to have been negatively affected by approximately 7 percent compared to sales in the previous year due to the current pandemic. No significant write-downs have been done due to the current pandemic.

Transactions with related parties

No transactions between Addtech and related parties that have significantly affected the Group's position and earnings have taken place during the period.

Seasonal effects

Addtech's sales of high-tech products and solutions in the manufacturing industry and infrastructure are not subject to major seasonal variations. The number of production days and customers' demand and willingness to invest can vary over the quarters.

2020 Annual General Meeting

The Annual General Meeting of Addtech AB will be held on Friday, 28 August 2020, at 2.00 p.m. at IVA, Grev Turegatan 16, Stockholm.

As a precautionary measure to reduce the risk of spreading the Coronavirus, Addtech has determined that no beverages or food will be served, that the customary presentations will be kept as brief as possible and that the number of non-shareholders attending will be subject to certain limitations. The number of Board members, auditors, Nomination Committee members, employees and functionaries attending at the Meeting will be minimised. In light of the authorities' regulations, Addtech would like to urge all shareholders to consider carefully the possibility of using the option of postal voting or exercising their right to vote by issuing a power of attorney to someone who the shareholder knows will be attending the Annual General Meeting, rather than attending the meeting in person. Addtech is monitoring developments closely and will update this information as and when necessary.

The notice of the Annual General Meeting will be published in the second half of July 2020 and will also be posted on www.addtech.com.

The Board of Directors proposes a dividend of SEK 4.00 (5.00) per share, corresponding to a total dividend of about SEK 269 million (336). Addtech's dividend policy is to propose a dividend that exceeds 30 percent of average Group profit after tax over a business cycle. In proposing a dividend, the Group's equity, long-term financing and investment needs, growth plans and other factors are taken into account that the Company's Board of Directors consider important. With this in mind and taking into account the current global situation due to the Coronavirus pandemic, the Board has decided to propose a dividend of SEK 4.00.

The Board of Directors proposes to the Annual General Meeting that the number of shares in the company be increased by splitting each existing share, regardless of series, into four shares (what is referred to as 4:1 share split).

Events after the end of the period

No events requiring reporting have occurred after the end of the period.

Stockholm July 14, 2020

Niklas Stenberg
CEO and President

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

FURTHER INFORMATION

Publication

This information is information that Addtech AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 8.15 a.m CET on 14 July 2020.

Future information

2020-08-28 Annual General Meeting 2020 will be held at IVA, Grev Turegatan 16, Stockholm at 2.00 p.m
2020-10-23 Interim report 1 April - 30 September 2020
2021-02-04 Interim report 1 April - 31 December 2020
2020-05-18 Year-end report 1 April 2020 - 31 March 2021

For further information, please contact:

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BUSINESS AREA

Net sales by business area	2020/2021		2019/2020		
	Quarterly data, SEKm				
	Q1	Q4	Q3	Q2	Q1
Automation	583	694	588	552	591
Components	496	578	489	511	504
Energy	683	604	596	593	619
Industrial Process	669	732	800	865	807
Power Solutions	381	434	377	402	417
Group items	-7	-4	-4	-6	-4
Addtech Group	2,805	3,038	2,846	2,917	2,934

EBITA by business area	2020/2021		2019/2020		
	Quarterly data, SEKm				
	Q1	Q4	Q3	Q2	Q1
Automation	50	99	51	57	60
Components	50	65	41	58	54
Energy	81	78	62	75	67
Industrial Process	73	113	95	134	103
Power Solutions	50	68	36	62	65
Parent Company and Group items	2	-16	-49	-6	-8
EBITA	306	407	236	380	341
Depr. of intangible non-current assets	-63	-55	-48	-51	-49
– of which acquisitions	-60	-49	-47	-49	-47
Operating profit	243	352	188	329	292

Net sales	3 months		Rolling 12 months	
	SEKm			
	30 Jun 2020	30 Jun 2019	30 Jun 2020	31 Mar 2020
Automation	583	591	2,417	2,425
Components	496	504	2,074	2,082
Energy	683	619	2,476	2,412
Industrial Process	669	807	3,066	3,204
Power Solutions	381	417	1,594	1,630
Group items	-7	-4	-21	-18
Addtech Group	2,805	2,934	11,606	11,735

EBITA and EBITA margin	3 months				Rolling 12 months			
	30 Jun 2020		30 Jun 2019		30 Jun 2020		31 Mar 2020	
	SEKm	%	SEKm	%	SEKm	%	SEKm	%
Automation	50	8.5	60	10.2	257	10.6	267	11.0
Components	50	10.2	54	10.7	214	10.3	218	10.5
Energy	81	11.9	67	10.9	296	12.0	282	11.7
Industrial Process	73	10.9	103	12.8	415	13.5	445	13.9
Power Solutions	50	13.1	65	15.7	216	13.6	231	14.2
Group items	2		-8		-69		-79	
EBITA	306	10.9	341	11.6	1,329	11.5	1,364	11.6
Depr. of intangible non-current assets	-63		-49		-217		-203	
– of which acquisitions	-60		-47		-205		-192	
Operating profit	243	8.7	292	10.0	1,112	9.6	1,161	9.9

DISAGGREGATION OF REVENUE

Net sales by the subsidiaries geographical location		3 months 30 Jun 2020					
SEKm	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
Sweden	158	201	237	232	238	-4	1,062
Denmark	141	130	147	119	23	-3	557
Finland	93	106	63	140	29	0	431
Norway	63	48	169	100	26	0	406
Europe	121	5	56	44	50	-	276
Other countries	7	6	11	34	15	0	73
Total	583	496	683	669	381	-7	2,805

Net sales by the subsidiaries geographical location		3 months 30 Jun 2019					
SEKm	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
Sweden	172	216	193	211	265	-1	1,056
Denmark	127	139	145	167	23	-3	598
Finland	100	96	48	146	28	0	418
Norway	57	51	160	165	27	0	460
Europe	133	2	72	62	49	0	318
Other countries	2	0	1	56	25	0	84
Total	591	504	619	807	417	-4	2,934

CONSOLIDATED INCOME STATEMENT, CONDENSED

SEKm	3 months		Rolling 12 months	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	31 Mar 2020
Net sales	2,805	2,934	11,606	11,735
Cost of sales	-1,959	-2,029	-8,018	-8,088
Gross profit	846	905	3,588	3,647
Selling expenses	-447	-459	-1,857	-1,869
Administrative expenses	-150	-171	-686	-707
Other operating income and expenses	-6	17	67	90
Operating profit	243	292	1,112	1,161
- as % of net sales	8.7	10.0	9.6	9.9
Financial income and expenses	-10	-6	-60	-56
Profit after financial items	233	286	1,052	1,105
- as % of net sales	8.3	9.7	9.1	9.4
Income tax expense	-49	-60	-221	-232
Profit for the period	184	226	831	873
Profit for the period attributable to:				
Equity holders of the Parent Company	179	224	817	862
Non-controlling interests	5	2	14	11
Earnings per share before dilution, SEK	2.65	3.35	12.15	12.85
Earnings per share after dilution, SEK	2.65	3.35	12.10	12.80
Average number of shares after repurchases, '000s	67,197	67,112	67,145	67,123
Number of shares at end of the period, '000s	67,256	67,205	67,256	67,149

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	3 months		Rolling 12 months	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	31 Mar 2020
Profit for the period	184	226	831	873
<i>Components that will be reclassified to profit for the year</i>				
Cash flow hedges	-1	1	-1	1
Foreign currency translation differences for the period	-158	26	-125	59
<i>Components that will not be reclassified to profit for the year</i>				
Actuarial effects of the net pension obligation	-	-	-9	-9
Other comprehensive income	-159	27	-135	51
Total comprehensive income	25	253	696	924
Total comprehensive income attributable to:				
Equity holders of the Parent Company	23	250	683	910
Non-controlling interests	2	3	13	14

CONSOLIDATED BALANCE SHEET, CONDENSED

SEKm	30 Jun 2020	30 Jun 2019	31 Mar 2020
Goodwill	2,442	1,896	1,997
Other intangible non-current assets	1,673	1,272	1,243
Property, plant and equipment	900	816	936
Financial non-current assets	61	57	64
Total non-current assets	5,076	4,041	4,240
Inventories	1,765	1,580	1,642
Current receivables	2,020	2,058	2,261
Cash and cash equivalents	453	233	363
Total current assets	4,238	3,871	4,266
Total assets	9,314	7,912	8,506
Total equity	3,150	2,782	3,076
Interest-bearing provisions	328	313	332
Non-interest-bearing provisions	371	361	284
Non-current interest-bearing liabilities	1,972	1,170	2,154
Non-current non-interest-bearing liabilities	4	3	2
Total non-current liabilities	2,675	1,847	2,772
Non-interest-bearing provisions	52	47	46
Current interest-bearing liabilities	1,336	1,345	462
Current non-interest-bearing liabilities	2,101	1,891	2,150
Total current liabilities	3,489	3,283	2,658
Total equity and liabilities	9,314	7,912	8,506

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONDENSED

SEKm	30 Jun 2020	30 Jun 2019	31 Mar 2020
Opening balance	3,076	2,520	2,520
Exercised, issued and repurchased options	17	6	16
Repurchase of treasury shares	-	-	-42
Dividend, ordinary	-	-	-336
Dividend, non-controlling interests	-	0	-10
Change non-controlling interests	130	3	4
Option debt, acquisition	-98	-	-
Total comprehensive income	25	253	924
Closing balance	3,150	2,782	3,076

CONSOLIDATED CASH FLOW STATEMENT, CONDENSED

SEKm	3 months		Rolling 12 months	
	30 Jun 2020	30 Jun 2019	30 Jun 2019	31 Mar 2020
Profit after financial items	233	286	1,052	1,105
Adjustment for items not included in cash flow	129	74	409	354
Income tax paid	-60	-45	-288	-273
Changes in working capital	22	-62	15	-69
Cash flow from operating activities	324	253	1,188	1,117
Net investments in non-current assets	-15	-31	-86	-102
Acquisitions and disposals	-730	-249	-911	-430
Cash flow from investing activities	-745	-280	-997	-532
Dividend paid to shareholders	-	-	-336	-336
Repurchase of own shares/change of options	17	6	-15	-26
Other financing activities	513	-40	408	-145
Cash flow from financing activities	530	-34	57	-507
Cash flow for the period	109	-61	248	78
Cash and cash equivalents at beginning of period	363	295	233	295
Exchange differences on cash and cash equivalents	-19	-1	-28	-10
Cash and cash equivalents at end of period	453	233	453	363

FAIR VALUES ON FINANCIAL INSTRUMENTS

SEKm	30 Jun 2020			31 Mar 2020		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
Derivatives - fair value, hedge instruments	2	2	-	6	6	-
Derivatives - fair value through profit	7	7	-	5	5	-
Total financial assets at fair value per level	9	9	-	11	11	-
Derivatives - fair value, hedge instruments	1	1	-	1	1	-
Derivatives - fair value through profit	4	4	-	4	4	-
Contingent considerations - fair value through profit	233	-	233	151	-	151
Total financial liabilities at fair value per level	238	5	233	156	5	151

The fair value and carrying amount are recognised in the balance sheet as shown in the table above.

For quoted securities, the fair value is determined on the basis of the asset's quoted price in an active market, level 1.

As at the reporting date the Group had no items in this category.

For currency contracts and embedded derivatives, the fair value is determined on the basis of observable market data, level 2.

For contingent considerations, a cash-flow-based valuation is performed, which is not based on observable market data, level 3.

For the Group's other financial assets and liabilities, fair value is estimated to be the same as the carrying amount.

Contingent considerations	30 Jun 2020	31 Mar 2020
Opening balance	151	198
Acquisitions during the year	99	63
Reversed through profit or loss	0	-52
Consideration paid	-14	-65
Interest expenses	3	3
Exchange differences	-6	4
Closing balance	233	151

KEY FINANCIAL INDICATORS

	12 months ending				
	30 Jun 2020	31 Mar 2020	30 Jun 2019*	31 Mar 2019	31 Mar 2018
Net sales, SEKm	11,606	11,735	10,687	10,148	8,022
EBITDA, SEKm	1,557	1,579	1,216	1,137	881
EBITA, SEKm	1,329	1,364	1,165	1,085	838
EBITA-margin, %	11.5	11.6	10.9	10.7	10.5
Operating profit, SEKm	1,112	1,161	980	910	701
Operating margin, %	9.6	9.9	9.2	9.0	8.7
Profit after financial items, SEKm	1,052	1,105	947	865	665
Profit for the period, SEKm	831	873	737	672	526
Working capital	2,448	2,415	2,159	2,029	1,591
Return on working capital (P/WC), %	54	56	54	53	53
Return on equity, %	29	32	31	29	28
Return on capital employed, %	19	21	21	21	22
Equity ratio, %	34	36	35	36	39
Net debt, incl pensions, SEKm	3,183	2,585	2,595	1,960	1,405
Net debt, incl pensions / equity ratio, multiple	1.0	0.8	0.9	0.8	0.7
Net debt, incl pensions / EBITDA, multiple	2.0	1.6	2.1	1.7	1.6
Net debt excl. pensions, SEKm	2,855	2,253	2,282	1,700	1,176
Net debt, excl pensions / equity ratio, multiple	0.9	0.7	0.8	0.7	0.6
Interest coverage ratio, multiple	18.7	20.5	22.6	22.1	22.7
Average number of employees	2,959	2,913	2,697	2,590	2,283
Number of employees at end of the period	3,022	2,981	2,896	2,759	2,358

*Performance based figures for rolling 12 months in the income statement exclude the effect of IFRS 16.

KEY FINANCIAL INDICATORS PER SHARE

SEK	12 months ending				
	30 Jun 2020	31 Mar 2020	30 Jun 2019	31 Mar 2019	31 Mar 2018
Earnings per share before dilution	12.15	12.85	10.85	9.85	7.70
Earnings per share after dilution	12.10	12.80	10.80	9.80	7.65
Cash flow from operating activities per share	17.70	16.65	10.30	7.80	8.05
Shareholders' equity per share	44.00	44.95	40.60	36.80	31.10
Share price at the end of the period	374.40	244.50	282.00	193.00	168.00
Average number of shares after repurchases, '000s	67,145	67,123	67,061	67,047	66,950
Average number of shares adjusted for repurchases and dilution, '000s	67,303	67,300	67,157	67,189	67,178
Number of shares outstanding at end of the period, '000s	67,256	67,149	67,205	67,057	66,992

For definitions of key financial indicators, see page 18-20.

PARENT COMPANY INCOME STATEMENT

SEKm	3 months		Rolling 12 months	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	31 Mar 2020
Net sales	18	15	74	71
Administrative expenses	-16	-24	-100	-108
Operating profit/loss	2	-9	-26	-37
Interest income and expenses and similar items	2	6	-8	-4
Profit after financial items	4	-3	-34	-41
Appropriations	-	-	310	310
Profit before taxes	4	-3	276	269
Income tax expense	-1	0	-61	-60
Profit for the period	3	-3	215	209
Total comprehensive income	3	-3	215	209

PARENT COMPANY BALANCE SHEET

SEKm	30 Jun 2020	30 Jun 2019	31 Mar 2020
Intangible non-current assets	1	-	1
Property, plant and equipment	0	1	0
Non-current financial assets	3,679	2,902	2,808
Total non-current assets	3,680	2,903	2,809
Current receivables	466	639	563
Cash and bank balances	3	-	-
Total current assets	469	639	563
Total assets	4,149	3,542	3,372
Equity	526	663	506
Untaxed reserves	131	447	131
Provisions	15	16	15
Non-current liabilities	1,462	813	1,727
Current liabilities	2,015	1,603	993
Total equity and liabilities	4,149	3,542	3,372

DEFINITIONS

Return on equity²

Earnings after tax divided by equity. The components are calculated as the average of the last 12 months.
Return on equity measures the return generated on owners' invested capital.

Return on working capital (P/WC)¹

EBITA divided by working capital.

P/WC is used to analyse profitability and is a measure that encourages high EBITA and low working capital requirements.

Return on capital employed¹

Profit before tax plus financial expenses as a percentage of capital employed. The components are calculated as the average of the last 12 months.

Return on capital employed shows the Group's profitability in relation to externally financed capital and equity, see the reconciliation table on page 21.

EBITA¹

Operating profit before amortisation of intangible assets.

EBITA is used to analyse the profitability generated by operating activities, see reconciliation table on page 21.

EBITA-margin¹

EBITA as a percentage of net sales.

EBITA margin is used to show the degree of profitability in operating activities.

EBITDA¹

Operating profit before depreciation and amortisation.

EBITDA is used to analyse the profitability generated by operating activities, see reconciliation table on page 21.

Equity per share¹

Equity divided by number of shares outstanding at the reporting period's end.

This measures how much equity is attributable to each share and is published to make it easier for investors to conduct analyses and make decisions.

Financial net debt¹

The net of interest-bearing debt and provisions minus cash and cash equivalents.

Net debt is used to monitor changes in debt, analyse the Group indebtedness and its ability to repay its debts using liquid funds generated from the Group's operating activities if all debt fell due for repayment today and any necessary refinancing.

Financial net debt/EBITDA¹

Net financial debt divided by EBITDA.

Net financial debt compared with EBITDA provides a performance measure for net debt in relation to cash-generating earnings in the business, i.e. it gives an indication of the business' ability to repay its debts. This measure is generally used by financial institutions to measure creditworthiness.

Financial items¹

Finance income minus finance costs.

Used to describe changes in the Group's financial activities.

Acquired growth¹

Changes in net sales attributable to business acquisitions compared with the same period last year.

Acquired growth is used as a component to describe the change in consolidated net sales in which acquired growth is distinguished from organic growth, divestments and exchange rate effects, see reconciliation table on page 21.

Cash flow from operating activities per share¹

Cash flow from operating activities, divided by the average number of outstanding shares after repurchase.

This measure is used so investors can easily analyse the size of the surplus generated per share from operating activities.

Net investments in non-current assets¹

Investments in non-current assets minus sales of non-current assets.

This measure is used to analyse the Group's investments in renewing and developing property, plant and equipment.

Net debt excluding pensions¹

The net of interest-bearing debt and provisions excluding pensions minus cash and cash equivalents.

A measure used to analyse financial risk, see reconciliation table on page 21.

Net debt excluding pensions/ equity ratio^{1 2}

Net debt excluding pensions divided by shareholders' equity.

A measure used to analyse financial risk, see reconciliation table on page 21.

Organic growth¹

Changes in net sales excluding currency effects, acquisitions and divestments compared with the same period last year.

Organic growth is used to analyse underlying sales growth driven a change in volumes, product range and price for similar products between different periods, see reconciliation table on page 21.

Profit after financial items¹

Profit/loss for the period before tax.

Used to analyse the business' profitability including financial activities.

Earnings per share (EPS)

Shareholders' share of profit for the period after tax, divided by the weighted average number of shares during the period.

Earnings per share (EPS), diluted

Shareholders' share of profit for the period after tax, divided by the weighted average number of shares during the period, adjusted for the additional number of shares in the event of outstanding options being used.

Interest coverage ratio¹

Earnings after net financial items plus interest expense and bank charges divided by interest expense and bank charges.

This performance indicator measures the Group's capacity through its business operations and finance income to generate a sufficiently large surplus to cover its finance costs, see reconciliation table on page 21.

Working capital¹

Working capital (WC) is measured through an annual average defined as inventories plus accounts receivable less accounts payable.

Working capital is used to analyse how much working capital is tied up in the business, see reconciliation table on page 21.

Operating margin¹

Operating profit as a percentage of net sales.

This measure is used to specify the percentage of sales that is left to cover interest and tax, and to provide a profit, after the company's costs have been paid.

Operating profit¹

Operating income minus operating expenses.

Used to describe the Group's earnings before interest and tax.

Debt/equity ratio^{1 2}

Financial net liabilities divided by equity.

A measure used to analyse financial risk.

Equity ratio^{1 2}

Equity as a percentage of total assets.

The equity/assets ratio is used to analyse financial risk and show the percentage of assets that are funded with equity.

Capital employed¹

Total assets minus non-interest-bearing liabilities and provisions.

Capital employed shows the size of the company's assets that have been lent to the company's owners or that have been lent out by lenders, see reconciliation table on page 21.

Outstanding shares

Total number of shares less treasury shares repurchased by the Company.

¹The performance measure is an alternative performance measure according to ESMA's guidelines.

²Minority interest is included in equity when the performance measures are calculated.

RECONCILIATION TABLES ALTERNATIVE PERFORMANCE MEASURES

EBITA and EBITDA Addtech Group, SEKm	12 months ending				
	30 Jun 2020	31 Mar 2020	30 Jun 2019*	31 Mar 2019	31 Mar 2018
Operating profit (EBIT)	1,112	1,161	980	910	701
Amortization, intangible assets (+)	217	203	185	175	137
EBITA	1,329	1,364	1,165	1,085	838
Depreciation, tangible assets (+)	228	215	51	52	43
EBITDA	1,557	1,579	1,216	1,137	881

Working capital and return on working capital (P/WC)					
Addtech Group, SEKm	30 Jun 2020	31 Mar 2020	30 Jun 2019*	31 Mar 2019	31 Mar 2018
EBITA (12 months rolling)	1,329	1,364	1,165	1,085	838
Inventory, yearly average (+)	1,643	1,594	1,400	1,304	1,037
Accounts receivables, yearly average (+)	1,843	1,854	1,644	1,542	1,231
Accounts payables, yearly average (-)	1,038	1,033	885	817	677
Working capital (average)	2,448	2,415	2,159	2,029	1,591
Return on working capital (R/RK) (%)	54%	56%	54%	53%	53%

Acquired- and organic growth							
Addtech Group	3 months				12 months		
	30 Jun 2020		30 Jun 2019		30 Jun 2020		31 Mar 2020
Acquired growth (SEKm, %)	130	(4%)	255	(11%)	649	(6%)	774 (8%)
Organic growth (SEKm, %)	-212	(-7%)	283	(12%)	270	(3%)	765 (8%)
Divestments (SEKm, %)	-1	(0%)	-36	(-2%)	-24	(0%)	-59 (-1%)
Exchange rate effect (SEKm, %)	-46	(-1%)	37	(1%)	24	(0%)	107 (1%)
Total growth (SEKm, %)	-129	(-4%)	539	(22%)	919	(9%)	1,587 (16%)

Interest coverage ratio					
Addtech Group	12 months ending				
	30 Jun 2020	31 Mar 2020	30 Jun 2019*	31 Mar 2019	31 Mar 2018
Profit after financial items, SEKm	1,052	1,105	947	865	665
Interest expenses and bank charges, SEKm (+)	60	57	44	41	31
Total	1,112	1,162	991	906	696
Interest coverage ratio	18.7	20.5	22.6	22.1	22.7

Net debt excl. pensions and net debt, excl pensions/equity ratio					
Addtech Group	12 months ending				
	30 Jun 2020	31 Mar 2020	30 Jun 2019*	31 Mar 2019	31 Mar 2018
Financial net debt, SEKm	3,183	2,585	2,595	1,960	1,405
Pensions, SEKm (-)	-328	-332	-313	-260	-229
Net debt excluding pensions, SEKm	2,855	2,253	2,282	1,700	1,176
Equity, SEKm	3,150	3,076	2,782	2,520	2,131
Net debt to Equity ratio (excluding pensions)	0.9	0.7	0.8	0.7	0.6

Capital employed and return on capital employed					
Addtech Group, SEKm	30 Jun 2020	31 Mar 2020	30 Jun 2019*	31 Mar 2019	31 Mar 2018
Profit after financial items	1,052	1,105	947	865	665
Financial expenses (+)	82	79	56	62	71
Profit after financial items plus financial expenses	1,134	1,184	1,003	927	736
Total assets, yearly average (+)	8,380	7,926	6,800	6,324	4,996
Non-interest-bearing liabilities, yearly average (-)	-1,995	-1,947	-1,695	-1,604	-1,319
Non-interest-bearing provisions, yearly average (-)	-383	-379	-388	-378	-335
Capital employed	6,002	5,600	4,717	4,342	3,342
Return on capital employed, %	19%	21%	21%	21%	22%

*Performance based figures for rolling 12 months in the income statement exclude the effect of IFRS 16.



This is Addtech

Addtech is a Swedish, listed technology trading group that combines the flexibility and speed of a small company with the resources of a large company. We acquire, own and develop independent subsidiaries that sell various high-tech products and solutions to customers, primarily within industry and infrastructure. With in-depth expertise in a number of different niches, our subsidiaries generate added technical, financial and sustainable value for customers and suppliers alike, thus helping increase the efficiency and competitiveness of all involved. We currently own some 130 companies in 20 countries, and have a long history of sustainable, profitable growth.

Our vision

We are to be a leader in value-adding technology trading, perceived as the most skilled and long-term partner of our customers, suppliers and employees.

Business concept in brief

Addtech offers high-tech products and solutions for companies in the manufacturing and infrastructure sectors. Addtech contributes added technical and financial value by being a skilled and professional partner for customers and manufacturers.

We build shareholder value through:

- our 130 subsidiaries and their capacity to generate earnings growth
- corporate governance that ensures the companies achieve even better results and development
- acquisitions that bring in new employees, customers and suppliers

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