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Press release



Absolent Group initiates cost reduction program

Absolent Group AB (publ) takes action to reduce costs within the group. The cost reduction program is a natural consequence of the ongoing consolidation of the acquired businesses as well as adapting to the market recovering from the effects of COVID-19. Within a short period of time, Absolent Group has implemented several measures including furloughs and reduction of non-essential costs. As a long-term measure, the new company-wide cost reduction program is estimated to generate annual savings of 50-60 MSEK and will result in one-time expenses of approximately 40-50 MSEK. The one-time expenses are expected to impact the second quarter of 2020. The action program is expected to start having a full effect during the last quarter of 2020.

In 2019, Absolent Group completed seven acquisitions resulting in 16 new companies in the group. To maximize synergies of the acquisitions, several companies will be merged, and some production sites and offices will be shutdown and relocated to common group facilities. As part of these mergers, we will continue to streamline our production processes and reduce costs of purchased components and raw materials.

Further, the demand has decreased in some customer segments due to COVID-19 and we expect that the market will need the remainder of 2020 and into 2021 to recover. The cost base of the concerned segments will be adjusted accordingly by reducing our workforce at the related production sites and offices.

In total, Absolent Group expects to reduce the global workforce by about a quarter of the total 530 employees within the next six months. We estimate that about 20 employees will be affected in Sweden, 80 employees in the United Kingdom and the remainder in the rest of the world. The process differs slightly in various countries, but notices has been placed where applicable and negotiations have been started with the relevant trade unions. Notices and redundancies affect both office and factory staff and the exact number of employees affected by the program will be known after all the negotiations have been completed.

Further information

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Absolent Group AB is listed on Nasdaq First North Growth Market.

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