



# Interim Report



FOR THE PERIOD

1 January – 31 March

2019

## Significant business events

During the first quarter

- » Softronic has signed a framework agreement with Läkemedelsverket (the Medical Products Agency) for the development and management of websites

After the end of the period

- » Softronic and Kommunalarbetarnas arbetslöshetsskassa (the municipal workers' unemployment fund) have entered into an IT partnership

## First quarter 2019

- » Sales amounted to MSEK 183.6 (MSEK 187.3)
- » EBITDA amounted to MSEK 23.4 (MSEK 20.1)
- » Profit before tax amounted to MSEK 17.1 (MSEK 18.0)
- » Profit margin before tax was 9.3 % (9.6%)
- » Profit for the period after tax totalled MSEK 13.4 (MSEK 14.0)
- » Profit for the period after tax per share before and after dilution was SEK 0.25 (SEK 0.27)
- » Cash flow from operating activities was MSEK 5.8 (MSEK 30.5)
- » Total liquidity amounted to MSEK 137
- » The equity/assets ratio amounted to 60 % (68 %)



## Q1 2019 – a positive quarter

The first quarter of 2019 highlighted the underlying strength of Softronic's business model. The quarter saw the completion of two major projects, which always involve challenges where complex technical solutions are to be completed under severe time pressure. Despite this, the company has achieved sales that are only marginally lower (-2 %) than the corresponding period for the previous year, and the profit is also close to the corresponding period for the previous year (margin -0.3 percentage points). Sales totalled MSEK 183.6 with profit at MSEK 17.1, which corresponds to a margin of 9.3 %.

A lot of deals have been made during the period with some notable examples: A new agreement was signed with Läkemedelsverket (the Medical Products Agency) for the development and management of web solutions, and we have signed a framework agreement with the newly formed authority for digital administration DIGG, and our AI initiative has yielded several interesting assignments. As the new CEO, it is extremely gratifying to be able to state that Softronic is of importance to society and citizens in so many areas; from school portals to healthcare information, from booking systems to systems for fund-raising organisations and from logistics systems to food deliveries.

The extent of the company's offering and the quality of the employees' expertise has impressed me, and the mix of youth and experience, the curiosity displayed by new employees combined with the calm and stability of those who have been with us for some time all provide an extremely sound foundation to build on.

The market in which we operate seems to have an almost inexhaustible hunger for digitalisation, technical innovation and business support process development, which means that the demand for the type of solutions we offer is vast. But this fundamentally positive aspect brings with it a number of challenges such as the lack of staff with the requisite skills and leads to enormous competition and increased mobility. This is perhaps the greatest challenge we need to tackle in the short term, but we know that we have an excellent platform to do it from. The combination of exciting technology, a familiar workplace with colleagues to be challenged and inspired by, and the great community involvement makes Softronic an attractive workplace, something that has also come to light in our employee survey, which provided a very high rating, but also revealed areas where we can do better.

The underlying demand in the market in which we operate is, as I mentioned, very strong, but you can detect certain shifts within it. By way of example, it is interesting to note that the demand for skills in GDPR was great just 12-18 months ago, whereas today this demand has almost disappeared. Most companies and organisations either judge that they have met the new requirements set by GDPR concerning the processing of personal data, or it is a decline pending the next wave.

### Liquidity

The Group had MSEK 114 in cash and cash equivalents as of 31 March 2019. The total liquidity comprising cash and cash equivalents, as well as granted but unutilised credit lines, amounted to MSEK 137.

### Business events in 2019

Softronic signed a framework agreement in the first quarter with Läkemedelsverket (the Medical Products Agency) for the development and management of websites. Softronic and Kommunalarbetarnas arbetslöshetskassa (the municipal workers' unemployment fund) have entered into an IT partnership.

### Events after the end of the period

There have been no significant events after the end of the period.

### Risks and uncertainties

The risks and uncertainties that the Parent Company and the Group may face are primarily related to changes in employee capacity utilisation, average invoicing, employee turnover and salary costs, which all have a decisive effect on profitability. Changes in these key parameters have been commented above under the "The market".

## Softronic

*Softronic is an IT and management company whose business concept is to offer solutions based on modern IT in order to create better business and greater competitiveness for the company's customers.*

*By combining experience and innovation in cutting-edge technology with expertise in strategy and organisational development, Softronic assumes a holistic responsibility stretching from needs analysis and the development of transaction-intensive business solutions to implementation and operation.*

*The company was set up in 1984 and currently has approximately 450 employees at offices in Stockholm, Gothenburg, Malmö, Sundsvall and Arjeplog. Softronic is listed on the NASDAQ Stockholm Small Cap.*

## Other

### Reports for 2019

- Annual General Meeting 2019, 8 May, 17.30 at the company's premises
- Interim Report (April-June), 18 July
- Interim Report (July-Sept), 23 October

### Auditors' examination

This report has not been examined by the auditors.

### Information about the interim report

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Softronic AB (publ), CIN 556249-0192



**Per Adolfsson, Chief Executive Officer**  
Stockholm 8 May 2019

**Summary of Report on Comprehensive Income for the Group**  
**MSEK**

	2019 Jan-March	2018 Jan-March	2018 full year
<b>Revenue</b>	<b>183.6</b>	<b>187.3</b>	<b>737.2</b>
Goods for resale and other invoiced expenses	-52.3	-55.9	-229.8
Other external expenses	-9.2	-13.1	-51.8
Personnel costs	-98.7	-98.2	-380.6
Depreciation, tangible assets	-5.9	-2.1	-6.9
<b>Operating profit/loss</b>	<b>17.5</b>	<b>18.0</b>	<b>68.1</b>
Net financial income/expense <span>Note 2</span>	-0.4	0.0	0.2
Profit/loss before tax	17.1	18.0	68.3
Tax	-3.7	-4.0	-16.0
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>13.4</b>	<b>14.0</b>	<b>52.3</b>
Other comprehensive income			
<i>Items that will be reclassified to profit or loss</i>			
Translation differences	0.0	0.0	0.0
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>13.4</b>	<b>14.0</b>	<b>52.3</b>
Profit/loss for the period attributable to the Parent Company shareholders	13.4	14.0	52.3
Comprehensive income attributable to the Parent Company shareholders	13.4	14.0	52.3
Profit for the period per share, basic, SEK <span>Note 1</span>	0.25	0.27	0.99
Profit for the period per share, diluted, SEK <span>Note 1</span>	0.25	0.27	0.99



Summary of Balance Sheet for the Group				
MSEK		31/03/2019	31/03/2018	31/12/2018
<b>ASSETS</b>				
Goodwill	Note 4	109.3	109.3	109.3
Other intangible assets	Note 4	3.6	4.2	4.0
Non-current receivables		2.4	-	2.5
Right-of-use asset		51.1	-	-
Property, plant and equipment		7.5	10.6	8.3
<b>Total fixed assets</b>		<b>173.9</b>	<b>124.1</b>	<b>124.1</b>
Receivables, etc.		184.0	156.8	174.9
Cash and cash equivalents		114.2	118.0	113.0
<b>Total current assets</b>		<b>298.2</b>	<b>274.8</b>	<b>287.9</b>
<b>TOTAL ASSETS</b>		<b>472.1</b>	<b>398.9</b>	<b>412.0</b>
<b>EQUITY AND LIABILITIES</b>				
Equity		284.4	272.1	270.9
Deferred tax liabilities		1.5	1.8	1.6
Other provisions		4.1	-	4.1
Other current liabilities, leasing		33.0	-	-
Current liabilities		149.1	125.0	135.4
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>472.1</b>	<b>398.9</b>	<b>412.0</b>

Summary of Shareholders Equity for the Group			
	2019 Jan-March	2018 Jan-March	2018 full year
<b>Total equity, MSEK</b>			
Opening balance	271	258.1	258.1
Comprehensive income for the period	13.4	14.0	52.3
Dividends			-39.5
<b>Closing balance</b>	<b>284.4</b>	<b>272.1</b>	<b>270.9</b>
All equity is attributable to the Parent Company shareholders, as there are no non-controlling interests.			

Cash flow statement, the Group		2019	2018	2018
Summary, MSEK	<u>Note 3</u>	Jan-March	Jan-March	full year
Cash flow from operating activities				
before changes in working capital		17.2	13.5	61.8
Changes in working capital		-11.4	17.0	3.6
Cash flow from operating activities		5.8	30.5	65.4
Cash flow from investing activities		0.0	-0.2	-0.6
Cash flow from financing activities		-4.6	0.0	-39.5
<b>CASH FLOW FOR THE YEAR/PERIOD</b>		<b>1.2</b>	<b>30.3</b>	<b>25.3</b>
Cash and cash equivalents at the beginning of the year/period		113.0	87.7	87.7
Cash and cash equivalents at the end of the year/period		114.2	118.0	113.0
Cash flow from operating activities per share, basic, SEK. <u>Note 1</u>		0.11	0.58	1.24
Cash flow from operating activities per share, after dilution, SEK. <u>Note 1</u>		0.11	0.58	1.24

**Key figures the Group, see Note 5 for definitions**

<b>Profit</b>	<b>2019 Jan-March</b>	<b>2018 Jan-March</b>	<b>2018 full year</b>
Profit per share, basic/diluted, SEK	0.25	0.27	0.99
EBITDA, MSEK	23.4	20.1	75.0
EBITDA margin, %	12.7	10.7	10.2
Operating margin, %	9.5	9.6	9.2
Profit margin, %	9.3	9.6	9.3
Profitability, equity, %	19.4	22.7	20.0

<b>Sales</b>	<b>2019 Jan-March</b>	<b>2018 Jan-March</b>	<b>2018 full year</b>
Net sales, MSEK	184	187	737
Sales, consultancy services, MSEK	90	94	356
Sales, agreements, MSEK	58	50	217
Invoiced to third parties, services, MSEK	16	22	87
Invoiced to third parties, other, MSEK	16	17	54
Sales, licenses, MSEK	3	3	15
Sales, hardware, MSEK	1	1	8
Other operating income, MSEK	0	0	0
Sales per employee, TSEK	422	413	1.631

<b>Financial position</b>	<b>31/03/2019</b>
Equity, MSEK	284
Equity/assets ratio, %	60
Cash and cash equivalents, MSEK	114
Unutilised credit lines, MSEK	23

<b>Employees</b>	<b>2019 Jan-March</b>	<b>2018 Jan-March</b>	<b>2018 full year</b>
Average during the period	435	453	452
Number at the end of the period	435	458	438
Number of structural dismissals	0	1	4

<b>Development per quarter</b>	<b>Q1/17</b>	<b>Q2/17</b>	<b>Q3/17</b>	<b>Q4/17</b>	<b>Q1/18</b>	<b>Q2/18</b>	<b>Q3/18</b>	<b>Q4/18</b>	<b>Q1/19</b>
Net sales, MSEK	160.8	167.0	142.7	186.5	187.3	199.4	157.4	193.1	183.6
Profit/loss for the period before tax,	12.1	16.8	14.3	23.8	18.0	20.6	11.1	18.6	17.1
Profit margin before tax, %	7.5	10.1	10.0	12.8	9.6	10.3	7.1	9.6	9.3

### Parent Company Summary of Income Statement

MSEK	2019 Jan-March	2018 Jan-March	2018 full year
Revenue	183	187	737
Costs	-166	-169	-728
<b>Operating profit/loss</b>	<b>17</b>	<b>18</b>	<b>9</b>
Net financial income/expense	-	-	2
Appropriations*	-	-	61
<b>Profit/loss before tax</b>	<b>17</b>	<b>18</b>	<b>72</b>
Tax	-4	-4	-16
<b>NET PROFIT</b>	<b>13</b>	<b>14</b>	<b>56</b>

\*net Group contributions paid/received

### Parent Company Summary of Balance Sheet

MSEK	31/03/2019	31/03/2018	31/12/2018
<b>ASSETS</b>			
Fixed assets	43	170	43
Non-current receivables	2	-	3
Current assets	279	260	282
<b>TOTAL ASSETS</b>	<b>324</b>	<b>430</b>	<b>328</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	175	159	162
Long-term liabilities	4	-	5
Current liabilities, non-interest-bearing	145	271	161
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>324</b>	<b>430</b>	<b>328</b>

### Parent Company Cash flow statement

MSEK	2019 Jan-March	2018 Jan-March	2018 full year
Cash flow from operating activities	1	32	67
Cash flow from investing activities	0	0	-1
Cash flow from financing activities	-	-	-39
<b>CASH FLOW FOR THE YEAR/PERIOD</b>	<b>1</b>	<b>32</b>	<b>27</b>
Cash and cash equivalents at the beginning of the year/period	113	86	86
Cash and cash equivalents at the end of the year/period	114	118	113



# Notes

## Accounting principles and supplementary information

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act.

Group operations are wide-ranging and are therefore reported as a segment.

The Group applies the same accounting principles and uses the same bases for calculation as in the 2018 Annual Report.

The estimates follow the same principles as in the Annual Accounts of 2018.

Comprehensive income is reported as an extended profit and loss account, including items previously recognised in equity.

The Group's financial assets and liabilities comprise accounts receivable, other non-current receivables, other current receivables, prepaid expenses, accrued income, cash and cash equivalents, other provisions, accounts payable, other current liabilities, accrued expenses and deferred income, with the carrying amounts the same as fair value.

New and amended IFRS that have become applicable from 2019 are not considered to have any material effect on the financial statements. IFRS 15, which came into force from 1 January 2018, where revenue is recognised in a way that reflects the transfer of good/services to customers and where integrated contracts are recognised as separate obligations, does not have a material effect on the Group's financial statements and there are no transition problems; no recalculations have therefore been made. IFRS 16, which applies from 1 January 2019, where assets and liabilities for leases are recognised in the balance sheet, does not affect the Group's financial statements, except for reallocation within the financial statements and a higher balance

sheet total, with different performance measures as a result, for example, the solvency measure.

The transition method outlined in IFRS 16 has been implemented based on the forward-looking method without historical recalculation. In the first quarter of 2019, utilisation rights were MSEK 51 and the leasing debt was MSEK 51 (reported under other long-term liabilities and short-term liabilities). Amortisation and depreciation have been calculated at approximately MSEK 4.6, and the interest expense was approximately MSEK 0.4. Softronic has opted to adopt the relief rules regarding short-term leases and agreements where the underlying asset is of a low value.

IFRS 9 "Financial instruments", which came into force on 1 January 2018, is not considered to have a material effect on the financial statements and there are no transition problems.

No transactions with closely related parties took place during the year that affected the company's profit/loss and financial position.

In this report there is only an overview of the Parent Company's profit and loss statement and balance sheet, as the Group's sales and balance sheet items are mostly in the Parent Company.

## Note 1

### Earnings per share

The number of shares before and after dilution when calculating earnings and cash flow per share amounted to 52,632,803 shares.

## Note 2

### Net financial income/expense

This item includes interest income and interest expense.

## Note 3

### Cash flow statements

#### Allocation of investments (MSEK)

	2019 Jan-March	2018 Jan-March	2018 full year
Net investments in equipment	-	-0.2	-0.2
Business combinations	-	-	-0.4
Combinations, amounts paid for previous acquisitions	-	-	-
Total:	0.0	-0.2	-0.6

## Note 4

### Business combinations

No acquisitions were made during the first quarter of 2019.

Specification of business combinations (MSEK)			
	2019 Jan-March	2018 Jan-March	2018 full year
Total cost	-	-	2.0
Amounts paid in respect of previous acquisitions	-	-	-
Less unpaid portion	-	-	-1.6
Total cost paid	0.0	0.0	0.4
<b>Acquired assets and liabilities</b>			
Other intangible assets <sup>2</sup>	-	-	2.0
Amounts paid in respect of previous acquisitions	-	-	-
Less unpaid portion	-	-	-1.6
	0.0	0.0	0.4
<b>Total cash flow attributable to acquisitions<sup>1</sup></b>	<b>0.0</b>	<b>0.0</b>	<b>-0.4</b>

<sup>1</sup> Cost paid less acquired cash and cash equivalents.

<sup>2</sup> Relates to the acquisition of the assets and liabilities of Bisnode, with a remaining purchase price of MSEK 1.6.

## Note 5

### Key figures

Softronic's financial statements contain alternative performance measures that supplement the measures defined in applicable regulations for financial reporting, such as income, profit or loss, or earnings per share. Alternative key figures are given, as they provide more in-depth information than the measures defined in the regulations. The alternative performance measures are disclosed below because they are used by management to evaluate the financial performance and are thereby believed to give analysts and other stakeholders valuable information in order to evaluate Softronic's financial position and results. In the section below, we have defined how the alternative performance measures are calculated by Softronic. Definitions of performance measures may deviate from the definitions given by other companies, even though the measures have the same names. The alternative performance measures originate from the consolidated accounts and are not measures of our financial results or liquidity in accordance with IFRS, which is why they should not be considered to be alternatives to net profit, operating profit or other key measures in accordance with IFRS, or as an alternative to cash flow as a measure of our liquidity.



Key figures	Definition/explanation of information value and purpose	Calculation Q1 2019
<b>Profit</b>	Provides a more nuanced and in-depth understanding of profit development	
Operating margin, %	Operating profit/income	$(17.5/183.6) \times 100 = 9.5$
Profit margin, %	Profit before tax/income	$(17.1/183.6) \times 100 = 9.3$
EBITDA margin, %	Operating profit before depreciation and amortisation/income	$(23.4/183.6) \times 100 = 12.7$
Profitability, equity, %	Profit for the 12-month period/average equity over 5 quarters	$(51712/(1333390/5)) \times 100 = 19.4$
EBITDA, MSEK	Operating profit before depreciation and amortisation	$17.5 + 5.9 = 23.4$
<b>Sales</b>	Provides a more in-depth insight into the distribution of sales	
Sales of consultancy services, MSEK	Income from consulting services	90
Sales of agreement services, MSEK	Income from agreement services	58
Sales of services for invoices to third parties, MSEK	Income from services for invoices to third parties	16
Sales of invoices to third parties, other, MSEK	Income from for invoices to third parties, other	16
Sales of licences, MSEK	Income from licences	3
Sales of hardware, MSEK	Income from hardware	1
Sales per employee, TSEK	Income/number of employees on average	$(183.6/435) \times 1,000 = 422$
<b>Financial position</b>	Provides a good overview of total liquidity and solvency	
Equity/assets ratio, %	Total equity/total equity and liabilities	$284.4/472.1 \times 100 = 60$
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	$114 + 23 = 137$
<b>Employees</b>	Provides a summary of changes in staff	
Average during the period	Number of employees on average	435
Number at the end of the period	Number of employees	435
Number of structural dismissals during the period	Number of structural dismissals	-

The information in this interim report is the information that Softronic AB (publ) must publish in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (MAR). This information was submitted for publication, through the agency of Softronic AB, on 8 May 2019 at 8.00am (CET). This report and additional information about Softronic AB are available at [www.softronic.se](http://www.softronic.se).

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