



# Interim report

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**FOR THE PERIOD:**

**1 January – 31 March**

**2020**



## Significant business events

### During the first quarter

- » Softronic became the turnkey supplier and IT partner for FASAB6F

### After the end of the period

- » Softronic has signed a framework agreement with the Swedish National Board of Institutional Care (SIS)
- » Softronic's Board of Directors has decided to withdraw its proposal for the dividend that had previously been announced

## First quarter 2020

- » Sales amounted to MSEK 180.6 (MSEK 183.6)
- » EBITDA increased to MSEK 23.6 (MSEK 23.4)
- » Profit before tax increased to MSEK 17.2 (MSEK 17.1)
- » Profit margin before tax increased to 9.5 % (9.3 %)
- » Profit for the period after tax amounted to MSEK 13.4 (MSEK 13.4)
- » Profit for the period after tax per share, before and after dilution, amounted to SEK 0.25 (SEK 0.25)
- » Cash flow from operating activities amounted to MSEK - 8.2 (MSEK 5.8)
- » Total liquidity amounted to MSEK 127
- » The equity/assets ratio amounted to 65 % (60 %).

# Q1 2020 – turbulent times but a stable profit

We're currently in the middle of a situation that none of us have experienced before. The coronavirus has caused a pandemic that is having an enormous impact on people's lives, social settings, companies and public functions. I'll explain how this situation affects Softronic specifically a little later on, but I would firstly like to comment on our results for the first quarter. We reported a total profit of MSEK 17.2, with sales reaching MSEK 180.6 during the period. This is slightly higher than the first quarter of the previous year, despite a slight drop in sales (-1.6%).

Although our business looks safe and stable, we need to remember that we've not really seen the effects on the coronavirus yet, except in a small proportion of our customer segments. As a whole Softronic has a customer structure that offers good stability in turbulent times. We have a strong foundation, with approximately one third of our sales from the Public sector, around one third from the Private sector, and approximately the same proportion from Organisations. But at the moment we can't take anything for granted, which is why we're preparing to deal with significant fluctuations on the market.

The situation is changing very quickly, with market analysts updating their forecasts week by week. So far virtually all of these changes have been reductions, so we're getting ready for this uncertainty by working on several different scenarios for the future. If we look at the latest report from RADAR, their 'middle-case scenario' shows a reduction in the IT market of 12% in Sweden this year. Most of this reduction is in IT consulting, but the report also states the Travel Sector, Retail and Industry are the sectors that are being affected the most.

We've already seen some of our customers being forced to cut down on their IT investments; some planned projects are not going ahead, while projects that are underway are being postponed, reduced or stopped. But in parallel to this, some of our major customers are seeing a significant increase in demand and need new digitalisation measures to help relieve the pressure off their staff. We're therefore working hard to redistribute our staff wherever possible.

We're making thorough preparations to be able to deal with rapid decreases in demand, and we're ensuring that we are well-equipped if the crisis were to go on for a long time. It is also because of this situation that the Board decided to change its proposal for the dividend that it had previously announced. Our cash situation is good and we're safeguarding this so we can deal with any eventuality.

But at the same time we are working hard on creating and developing new commercial opportunities. Internally

we are talking about "accelerating & braking" at the same time, so that we can come out of this crisis in the best way possible. Some great news is that our letter of intent with FASAB6F, which I mentioned in the previous interim report, is now a finalised agreement. The negotiations were long and intense, with both parties working closely together to describe every aspect of our partnership. We're also happy about a brand new agreement with the National Board of Institutional Care for their web design and administration.

Our new investment in robot-assisted operational processes is starting to bear fruit, with several brand new projects starting up; and we will continue to develop our capacity in public cloud services.

As everyone can understand, it's extremely difficult for me to predict the future in the current circumstances, but I can't think of any other company in our sector that is in a better position to handle the challenges that lie ahead.

Written with one foot on the brake and the other on the accelerator.

## Liquidity

The Group had MSEK 104 in cash and cash equivalents as of 31 March 2019. The total liquidity comprising cash and cash equivalents, as well as granted unutilised credit lines, amounted to MSEK 127.

## Business events in 2020

Softronic has been entrusted as the turnkey supplier and IT partner for FASAB (Facklig Administration i Samverkan). This agreement covers technical operation, application management, service desk, IT workplace (MWP), operations, support, and the development and management of FASAB's operational system PUMA.

Since the end of the quarter, Softronic has signed a framework agreement with the National Board of Institutional Care (SIS) for consultancy services within graphic web design, availability and useability, and the systems development and management of Episerver.

Softronic's Board of Directors decided to withdraw its proposal for a dividend of SEK 1.00 per share to the AGM in 2020 that had previously been announced. This decision was made as a result of the current climate, caused by the outbreak of Covid-19 and its effects on the world and markets, and the risk of the financial impact on Softronic's operations. A new decision on a dividend may be made at a later stage at an extraordinary general meeting if appropriate. The proposed dividend amounted to MSEK 53.

### **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, all of which have a decisive impact on profitability.

### **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 430 employees at offices in Stockholm, Gothenburg, Malmö, Sundsvall and Arjeplog. Softronic is listed on NASDAQ Stockholm Small Cap.

### **Other**

#### **Reports 2020**

- Annual General Meeting 2020, 13 May, 17.30 at the company's premises
- Interim Report (Apr-June), 17 July
- Interim Report (Jul-Sep), 22 October

#### **Auditors' examination**

This report has not been examined by the auditors.

#### **Information about the interim report**

Per Adolfsson, Chief Executive Officer

Email: [per.adolfsson@softronic.se](mailto:per.adolfsson@softronic.se)

Telephone: +46 (0)8-51 90 90 00

Softronic AB (publ), CIN 556249-0192

Stockholm, 9 April 2020

Per Adolfsson, CEO

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Consolidated income statement and other comprehensive income, MSEK	2020	2019	2019
	Jan-March	Jan-March	full year
<b>Revenue</b>	<b>180.6</b>	<b>183.6</b>	<b>720.0</b>
Goods for resale and other invoiced expenses	-53.9	-52.3	-211.0
Other external expenses	-7.9	-9.2	-32.0
Staff costs	-95.2	-98.7	-380.0
Depreciation, non-current assets <sup>1</sup>	-6.1	-5.9	-23.7
<b>Operating income</b>	<b>17.5</b>	<b>17.5</b>	<b>73.3</b>
Net financial income/expense <span style="float: right;"><u>note 2</u></span>	-0.3	-0.4	-1.2
<b>Profit/loss before tax</b>	<b>17.2</b>	<b>17.1</b>	<b>72.1</b>
Taxes	-3.8	-3.7	-16.3
<b>Profit/loss for the period</b>	<b>13.4</b>	<b>13.4</b>	<b>55.8</b>
<b>Other comprehensive income</b>			
<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>13.4</b>	<b>55.8</b>
Profit/loss for the period attributable to the Parent Company's shareholders	13.4	13.4	55.8
Comprehensive income attributable to the Parent Company's shareholders	13.4	13.4	55.8
Profit for the period per share, basic, SEK <span style="float: right;"><u>note 1</u></span>	0.25	0.25	1.06
Profit for the period per share, diluted, SEK <span style="float: right;"><u>note 1</u></span>	0.25	0.25	1.06

<sup>1</sup>of which depreciation for leasing in Q1 2020 was MSEK -5

<b>Summary of Balance Sheet</b>					
<b>Group, MSEK</b>		<b>3/31/2020</b>	<b>3/31/2019</b>	<b>12/31/2019</b>	
<b>ASSETS</b>					
Goodwill	<u>note 4</u>	109.3	109.3	109.3	
Other intangible assets	<u>note 4</u>	1.8	3.6	2.2	
Other non-current receivables		2.4	2.4	2.4	
Right-of-use asset		38.6	51.1	38.8	
Property, plant and equipment		5.0	7.5	5.6	
<b>Total non-current assets</b>		<b>157.1</b>	<b>173.9</b>	<b>158.3</b>	
Receivables, etc.		181.0	184.0	178.5	
Cash and cash equivalents		103.9	114.2	117.2	
<b>Total current assets</b>		<b>284.9</b>	<b>298.2</b>	<b>295.7</b>	
<b>Total assets</b>		<b>442.0</b>	<b>472.1</b>	<b>454.0</b>	
<b>EQUITY AND LIABILITIES</b>					
Equity		287.5	284.4	274.1	
Deferred tax liabilities		1.2	1.5	1.3	
Other provisions		3.8	4.1	3.8	
Other current liabilities, leasing		18.7	33.0	20.3	
Current liabilities <sup>1</sup>		130.8	149.1	154.5	
<b>Total equity and liabilities</b>		<b>442.0</b>	<b>472.1</b>	<b>454.0</b>	

<sup>1</sup>of which the current part of lease liabilities (IFRS 16) is MSEK 19 as of 31 Dec 2019

<b>Total summary of Equity</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
<b>Group, MSEK</b>	<b>Jan-March</b>	<b>Jan-March</b>	<b>full year</b>
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>	<b>274.1</b>	<b>271.0</b>	<b>270.9</b>
Comprehensive income for the period	13.4	13.4	55.8
Dividend	-	-	-52.6
<b>Closing balance</b>	<b>287.5</b>	<b>284.4</b>	<b>274.1</b>

All equity is attributable to the Parent Company's shareholders, as there are no non-controlling interests.

<b>Summary of Cash Flow Statement</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
<b>Group, MSEK Note 3</b>	<b>Jan-March</b>	<b>Jan-March</b>	<b>full year</b>
Cash flow from operating activities			
before changes in working capital	13.2	17.2	78.4
Changes to working capital,	-21.4	-11.4	-2.0
<b>Cash flow from operating activities</b>	<b>-8.2</b>	<b>5.8</b>	<b>76.4</b>
Cash flow from investing activities	-0.2	0.0	-0.8
Cash flow from financing activities	-4.9	-4.6	-71.4
<b>Cash flow for the year/period</b>	<b>-13.3</b>	<b>1.2</b>	<b>4.2</b>
Cash and cash equivalents at the start of the year/period	117.2	113.0	113.0
Cash and cash equivalents at the end of the year/period	103.9	114.2	117.2
Cash flow from operating activities per share, basic, SEK. <u>Note 1</u>	-0.16	0.11	1.45
Cash flow from operating activities per share, after dilution, SEK. <u>Note 1</u>	-0.16	0.11	1.45

Performance measures for the Group , Note 5		2020	2019	2019
Net profit/loss		Jan-March	Jan-March	full year
Earnings per share, basic/diluted, SEK	<u>note 1</u>	0.25	0.25	1.06
EBITDA, MSEK		23.6	23.4	97.0
EBITDA margin, %		13.1	12.7	13.5
Operating margin, %		9.7	9.5	10.2
Profit margin, %		9.5	9.3	10.0
Profitability, equity, %		20.3	19.4	20.6

Sales		2020	2019	2019
		Jan-March	Jan-March	full year
Net sales, MSEK		181	184	720
Sales of consultancy services, MSEK		79	90	334
Sales of agreements, MSEK		69	58	258
Invoiced to third parties, services, MSEK		14	16	57
Invoiced to third parties, other, MSEK		12	16	53
Sales of licenses, MSEK		4	3	15
Sales of hardware, MSEK		3	1	3
Other operating income, MSEK		0	0	0
Sales per employee, TSEK		418	422	1,625

Financial position	3/31/2020
Equity, MSEK	288
Equity/assets ratio, %	65
Cash and cash equivalents, MSEK	104
Unutilised credit lines, MSEK	23

Employees		2020	2019	2019
		Jan-March	Jan-March	full year
Average during the period		432	435	443
Number at the end of the period		427	435	437
Number of structural dismissals for the period		2	-	4

Development per quarter	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Net sales, MSEK	187.3	199.4	157.4	193.1	183.6	191.6	157.0	187.8	180.6
Profit/loss for the period before tax, MSEK	18	20.6	11.1	18.6	17.1	19.8	13.8	21.4	17.2
Profit margin before tax, %	9.6	10.3	7.1	9.6	9.3	10.3	8.8	11.4	9.5

<b>Income statement summary</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
<b>Parent Company, MSEK</b>	<b>Jan-March</b>	<b>Jan-March</b>	<b>full year</b>
Revenue	181	183	720
Costs	-163	-166	-709
<b>Operating income</b>	<b>18</b>	<b>17</b>	<b>11</b>
Net financial income/expense	-	-	-
Appropriations*	-	-	62
<b>Profit/loss before tax</b>	<b>18</b>	<b>17</b>	<b>73</b>
Taxes	-4	-4	-16
<b>Net profit/loss</b>	<b>14</b>	<b>13</b>	<b>57</b>

\*net Group contributions paid/received

<b>Summary of Balance Sheet</b>	<b>3/31/2020</b>	<b>3/31/2019</b>	<b>12/31/2019</b>
<b>Parent Company, MSEK</b>			
<b>ASSETS</b>			
Non-current assets	18	43	40
Non-current receivables	2	2	2
Current assets	276	279	288
<b>Total assets</b>	<b>296</b>	<b>324</b>	<b>330</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	179	175	167
Non-current liabilities	4	4	4
Current liabilities, non-interest-bearing	113	145	159
<b>Total equity and liabilities</b>	<b>296</b>	<b>324</b>	<b>330</b>

<b>Summary of Cash Flow Statement</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
<b>Parent Company, MSEK</b>	<b>Jan-March</b>	<b>Jan-March</b>	<b>full year</b>
Cash flow from operating activities	-14	1	58
Cash flow from investing activities	0	0	-1
Cash flow from financing activities	0	-	-53
<b>Cash flow for the year/period</b>	<b>-14</b>	<b>1</b>	<b>4</b>
Cash and cash equivalents at the start of the year/period	117	113	113
Cash and cash equivalents at the end of the year/period	103	114	117

# Notes

## Accounting principles and supplementary information

Softronic AB (publ) applies the IFRS standards (International Financial Reporting Standards) as adopted by the EU.

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. The report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities.

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 2019 Annual Report.

The estimates follow the same principles as in the Annual Accounts of 2019.

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 2020 are not considered to have any material effect on the financial statements. In terms of IFRS 16 as of 31 March 2019, the right-of-use asset amounted to MSEK 39 and the leasing liability was MSEK 39 (reported under other long-term liabilities as MSEK 19 and current liabilities as MSEK 20). Amortisation and depreciation of MSEK -5 was carried out in the first quarter of 2020, while interest expense was MSEK -0.3. Softronic has opted to adopt the relief rules regarding short-term leases and agreements where the underlying asset is of a low value.

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.

In the first quarter the wholly-owned subsidiary Softronic 1 AB merged with the parent company Softronic AB.

## Note 1

### Profit/loss 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

<b>Allocation of investments</b> <b>MSEK</b>	2020 Jan-March	2019 Jan-March	2019
			full year
Net investments in equipment	-0.2	-	-0.4
Acquisition of business combinations	-	-	-0.4
<b>Total invested</b>	<b>-0.2</b>	<b>0.0</b>	<b>-0.8</b>

## Note 4

### Acquisition of business combinations

No acquisitions took place in 2020.

<b>Specification of business combinations,</b> <b>MSEK</b>	2020 Jan-March	2019 Jan-March	2019
			full year
Amounts paid in respect of previous acquisitions <sup>1</sup>	-	-	0.4
Total cost paid	0.0	0.0	0.4
<b>ACQUIRED ASSETS AND LIABILITIES</b>			
Amounts paid in respect of previous acquisitions <sup>1</sup>	-	-	0.4
<b>Total acquired</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>
<b>Total cash flow attributable to acquisitions</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.4</b>

<sup>1</sup>Relates to the acquisition of the assets and liabilities of Bisnode with a remaining purchase price of MSEK 1.2 of MSEK 2.0, MSEK 0.4 having been paid in 2019.

## Note 5

### Performance measures

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 key figures 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.

Definition of key ratios 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 performance measures in accordance with IFRS, or as an alternative to cash flow as a measure of our liquidity.



<b>Performance measures</b>	<b>Definition/explanation of information value and purpose</b>	<b>Calculation Q1 2020</b>
<b>Net profit/loss</b>	Provides a more nuanced and in-depth understanding of profit development	
Operating margin, %	Operating profit/income	(17.5/180.6)*100=9.7
Profit margin, %	Profit/loss before tax/income	(17.2/180.6)*100=9.5
EBITDA margin, %	Operating profit before depreciation and amortisation/income	(23.6/180.6)*100=13.1
Profitability, equity, %	Profit for the 12-month period/average equity over 5 quarters	(55805/(1371332/5))*100=20.3
EBITDA, MSEK	Operating profit before depreciation and amortisation	17.5+6.1=23.6
<b>Sales, MSEK</b>	Provides a more in-depth insight into the distribution of sales	
Sales of consultancy services	Income from consultancy services	79
Sales of agreement services	Income from agreement services	69
Sales of services for invoices to third parties	Income from services for invoices to third parties	14
Sales of invoices to third parties, other	Income from invoices to third parties, other	12
Sale of licences	Income from licences	4
Sales of hardware	Income from hardware	3
Sales per employee, TSEK	Income/number of employees on average	(180.6/432)*1,000=418
<b>Financial position</b>	Provides a good overview of total liquidity and solvency	
Equity/assets ratio, %	Total equity/total equity and liabilities	287.5/442,0*100=65
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	104+23=127
<b>Employees</b>	Provides a summary of changes in staff	
Average during the period, quantity	Number of employees on average	432
Number at the end of the period	Number of employees	427
Number of structural dismissals during the period	Number of structural dismissals	2

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 offices of Per Adolfsson on 9 April 2020 at 8.00am (CET). This report along with other information about Softronic AB is available at [www.softronic.se](http://www.softronic.se).

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Växel: +46 (0)8-51 90 90 00 »Fax: +46 (0)8-51 90 91 00 »E-post: [info@softronic.se](mailto:info@softronic.se)  
Huvudkontor: Softronic AB (publ), Hammarby Kaj 10A, 120 32 Stockholm »Org. nr: 556249-0192  
STOCKHOLM »GÖTEBORG »MALMÖ »SUNDSVALL »ARJEPLOG »[www.softronic.se](http://www.softronic.se)