



# Interim Report

FOR THE PERIOD:

1 January – 30 June



2020

## Significant business events

### Earlier in the year

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

### After the end of the period

- » The Swedish Tax Agency has renewed its trust in Softronic for its TAIS development project for temporary employment in Sweden.

## Second quarter 2020

- » Sales increased to MSEK 194.5 (MSEK 191.6)
- » EBITDA increased to MSEK 32.3 (MSEK 26.0)
- » Profit before tax increased to MSEK 26.0 (MSEK 19.8)
- » Profit margin before tax increased to 13.4 % (10.3 %)
- » Profit for the period after tax increased to MSEK 20.5 (MSEK 15.5)
- » Profit for the period after tax per share, before and after dilution, increased to SEK 0.39 (SEK 0.29)
- » Cash flow from operating activities increased to MSEK 42 (MSEK 19.1)

## First six months

- » Sales amounted to MSEK 375.1 (MSEK 375.2)
- » EBITDA increased to MSEK 55.9 (MSEK 49.4)
- » Profit before tax increased to MSEK 43.2 (MSEK 36.9)
- » Profit margin before tax increased to 11.5 % (9.8 %)
- » Profit for the period after tax increased to MSEK 33.9 (MSEK 28.9)
- » Profit for the period after tax per share, before and after dilution, increased to SEK 0.64 (SEK 0.55)
- » Cash flow from operating activities increased to MSEK 33.8 (MSEK 24.9)
- » Total liquidity amounted to MSEK 163
- » The equity/assets ratio increased to 63 % (57 %).



## Q2 2020 – an impressive profit!

At a time when so many areas face so much uncertainty, it is great to see how Softronic's business model has so far proved excellent in tackling the challenges we are facing. In the second quarter we succeeded in achieving a slight growth in sales, up by one and a half per cent to MSEK 194.5, despite the turmoil on the market. However, what is most pleasing is the fact that we reported a profit of MSEK 26.0 million, which represents a margin of 13.4 %. Sales for the first six months of the year amounted to MSEK 375.1 (375.2), while profit stood at MSEK 43.2 (36.9).

During the quarter we maintained the focus that we have had since March, when the Coronavirus pandemic took hold of the world in earnest. Our main focus has consistently been on finding ways to help keep our employees and their families safe. Early on we encouraged our employees to work from home if possible. This has helped to reduce the risk of them being infected at the office or at a customer's premises, but perhaps more significantly on their journey to or from work. As time passed and it became clear that this situation would be with us for some time, we have focused more and more on making sure that we are in continual contact with our employees. We have mostly had to make contact using digital aids and we believe that keeping in regular contact with colleagues is crucial for our mental well-being. Daily stand-ups, shared digital coffee breaks and video-based group meetings have helped us maintain a feeling of solidarity.

Of course we do not want to expose our customers or our partners to the risk of infection, so the same communication tools that have helped us manage this situation internally have enabled us to keep in regular contact with our customers. We have all been involved in what could be considered the world's biggest online training programme in digital communication platforms, and we have been using Teams, Zoom and Hangouts. We have now started to feel at home with this method of communicating with each other.

Our entire internal training programme 'Sustainable productivity' was also held remotely.

We have seen that the vast majority of our customers that do not operate in the most severely affected segments have been able to make the same changes to the way they work. Some customers have had to make redundancies, but we have mostly been able to shift resources that have been affected to other customers, where there are still high levels of demand. During the period the number of inquiries, business discussions and quotes was at the same high level as in the preceding quarters. This helped us achieve the profit described in the introduction, which means that we go into the third quarter in good spirits.

We have also seen a strong demand for solutions that help our customers make more extensive use of digital tools. We are pleased to have secured many deals where we help customers analyse their situation or implement the most recent tools from Microsoft. These customers include Anticimex Försäkring, Kommunalarbetarförbundet (Swedish Municipal Workers' Union) and FASAB6F. We are also increasing our focus on different kinds of 'digital employees', preferably in combination with internal and external helpers, and over time with a network of digital assistants that can send questions between themselves to ensure they reach the most suitable addressee. In this field we are happy to have been selected as a partner for Sweden's unemployment insurance funds as their Centre of Excellence for RPA technology.

We have now shown in practice that we can deliver to a high standard in these new circumstances, but we cannot deny that we are looking forward to a time when we can meet both our colleagues and customers much more. Of course, we hope that the positive developments we are seeing in Sweden at the moment will continue both during and after the summer, so that we can reach a new normal soon. We

now know that we can be effective when we work remotely and we will use the knowledge we have gained to be able to “work where we want” in the future.

Have a wonderful summer!

### Liquidity

The Group had MSEK 140 in cash and cash equivalents as of 30 June 2020. The total liquidity comprising cash and cash equivalents, as well as granted unutilised credit lines, amounted to MSEK 163.

### Business events in 2020

After the end of the period the Swedish Tax Agency renewed its trust in Softronic for the TAIS development project. The TAIS (temporary employment in Sweden) Project aims at achieving a level playing field for Swedish and foreign employers and employees.

During the year 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. 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.

### 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. As well as the financial risks described in the latest annual report, there are uncertainties in economic assessments, changes to markets and competition. The Covid-19 pandemic adds uncertainty to economic and market assessments.

### 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

- Interim Report (Jul-Sep), 22 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

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The Board of Directors and Chief Executive Officer certify that this interim report gives a true and fair view of the development of the Group's operations, financial position and results, and describes the significant risks and uncertainty factors facing the company and the companies within the Group.

Stockholm 17 July 2020

Per Adolfsson, CEO

Petter Stillström, Chairman of the Board of Directors

Stig Martín, Board Member

Britten Wennman, Board Member

Victoria Bohlin, Board Member

Susanna Marcus, Board Member

Cecilia Nilsson, Board Member (employee representative)

Tomas Högström, Board Member  
(employee representative)

<b>Consolidated income statement and other comprehensive income, MSEK</b>		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
		April-June	April-June	Jan-June	Jan-June	full year
<b>Revenue</b>		<b>194.5</b>	<b>191.6</b>	<b>375.1</b>	<b>375.2</b>	<b>720.0</b>
<b>Goods for resale and other invoiced expenses</b>		-60.5	-55.9	-114.4	-108.2	-211.0
Other external expenses		-7.2	-8.2	-15.1	-17.4	-32.0
Staff costs		-94.5	-101.5	-189.7	-200.2	-380.0
Depreciation, non-current assets <sup>1</sup>		-6.0	-5.9	-12.1	-11.8	-23.7
<b>Operating income</b>		<b>26.3</b>	<b>20.1</b>	<b>43.8</b>	<b>37.6</b>	<b>73.3</b>
Net financial income/expense	<a href="#">note 2</a>	-0.3	-0.3	-0.6	-0.7	-1.2
<b>Profit/loss before tax</b>		<b>26.0</b>	<b>19.8</b>	<b>43.2</b>	<b>36.9</b>	<b>72.1</b>
Taxes		-5.5	-4.3	-9.3	-8.0	-16.3
<b>Profit/loss for the period</b>		<b>20.5</b>	<b>15.5</b>	<b>33.9</b>	<b>28.9</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	0.0	0.0
<b>Comprehensive income for the period</b>		<b>20.5</b>	<b>15.5</b>	<b>33.9</b>	<b>28.9</b>	<b>55.8</b>
Profit/loss for the period attributable to the Parent Company's share <sup>1</sup>		20.5	15.5	33.9	28.9	55.8
Comprehensive income attributable to the Parent Company's share <sup>1</sup>		20.5	15.5	33.9	28.9	55.8
Profit for the period per share, basic, SEK	<a href="#">note 1</a>	0.39	0.29	0.64	0.55	1.06
Profit for the period per share, diluted, SEK	<a href="#">note 1</a>	0.39	0.29	0.64	0.55	1.06

<sup>1</sup>of which depreciation for leasing for Q2 2020 was MSEK 5 (MSEK 5); MSEK 10 (MSEK 9) for 2020 accumulated; and MSEK 19 for the full year 2019.

## Summary of Balance Sheet

Group, MSEK		2020-06-30	2019-06-30	2019-12-31
<b>ASSETS</b>				
Goodwill	<a href="#">note 4</a>	109.3	109.3	109.3
Other intangible assets	<a href="#">note 4</a>	1.3	3.1	2.2
Other non-current receivables		2.4	2.4	2.4
Right-of-use asset		34.4	47.5	38.8
Property, plant and equipment		4.3	6.7	5.6
<b>Total non-current assets</b>		<b>151.7</b>	<b>169.0</b>	<b>158.3</b>
Receivables, etc.		199.2	191.7	178.5
Cash and cash equivalents		140.5	75.9	117.2
<b>Total current assets</b>		<b>339.7</b>	<b>267.6</b>	<b>295.7</b>
<b>Total assets</b>		<b>491.4</b>	<b>436.6</b>	<b>454.0</b>
<b>EQUITY AND LIABILITIES</b>				
Equity		307.8	247.2	274.1
Deferred tax liabilities		1.2	1.4	1.3
Other provisions		3.4	3.7	3.8
Other current liabilities, leasing		14.0	28.9	20.3
Current liabilities <sup>1</sup>		165.0	155.4	154.5
<b>Total equity and liabilities</b>		<b>491.4</b>	<b>436.6</b>	<b>454.0</b>

<sup>1</sup>of which the current part of lease liabilities (IFRS 16) on 30 June 2020 was MSEK 20, on 30 June 2019 it was MSEK 19, and on 31 December 2019 it was MSEK 19.

## Total summary of Equity

Group, MSEK	2020	2019	2019
	Jan - June	Jan - June	full year
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>	<b>274.1</b>	<b>270.9</b>	<b>270.9</b>
Comprehensive income for the period	33.9	28.9	55.8
Merger difference	-0.2	-	-
Dividend	-	-52.6	-52.6
<b>Closing balance</b>	<b>307.8</b>	<b>247.2</b>	<b>274.1</b>

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

## Summary of Cash Flow Statement

Group, MSEK Note 3	2020	2019	2020	2019	2019
	April-June	April-June	Jan - June	Jan - June	full year
Cash flow from operating activities					
before changes in working capital	25.8	19.3	39.0	36.5	78.4
Changes to working capital,	16.3	-0.2	-5.1	-11.6	-2.0
<b>Cash flow from operating activities</b>	<b>42.1</b>	<b>19.1</b>	<b>33.9</b>	<b>24.9</b>	<b>76.4</b>
Cash flow from investing activities	-0.5	0.0	-0.7	0.0	-0.8
Cash flow from financing activities	-5.0	-57.4	-9.9	-62.0	-71.4
<b>Cash flow for the year/period</b>	<b>36.6</b>	<b>-38.3</b>	<b>23.3</b>	<b>-37.1</b>	<b>4.2</b>
Cash and cash equivalents at the start of the year/period	103.9	114.2	117.2	113.0	113.0
Cash and cash equivalents at the end of the year/period	140.5	75.9	140.5	75.9	117.2
Cash flow from operating activities per share, basic, SEK. <a href="#">Note 1</a>	0.80	0.36	0.64	0.47	1.45
Cash flow from operating activities per share, after dilution, SEK. <a href="#">Note 1</a>	0.80	0.36	0.64	0.47	1.45

Performance measures for the Group , Note 5		2020	2019	2020	2019	2019
Net profit/loss		April-June	April-June	Jan - June	Jan - June	full year
Earnings per share, basic/diluted, SEK	<a href="#">note 1</a>	0.39	0.29	0.64	0.55	1.06
EBITDA, MSEK		32.3	26.0	55.9	49.4	97.0
EBITDA margin, %		16.6	13.6	14.9	13.2	13.5
Operating margin, %		13.5	10.5	11.7	10.0	10.2
Profit margin, %		13.4	10.3	11.5	9.8	10.0
Profitability, equity, %		21.8	19.2	21.8	19.2	20.6

		2020	2019	2020	2019	2019
Sales		April-June	April-June	Jan - June	Jan - June	full year
Net sales, MSEK		195	192	375	375	720
Sales of consultancy services, MSEK		86	94	165	184	334
Sales of agreements, MSEK		77	66	146	124	258
Invoiced to third parties, services, MSEK		14	14	28	30	57
Invoiced to third parties, other, MSEK		13	12	25	28	53
Sales of licenses, MSEK		3	5	7	8	15
Sales of hardware, MSEK		1	0	4	1	3
Other operating income, MSEK		0	1	0	0	0
Sales per employee, TSEK		451	425	870	847	1 625

Financial position		2020-06-30	2019-06-30	2019-12-31
Equity, MSEK		308	247	274
Equity/assets ratio, %		63	57	60
Cash and cash equivalents, MSEK		140	76	117
Unutilised credit lines, MSEK		23	23	23

		2020	2019	2020	2019	2019
Employees		April-June	April-June	Jan - June	Jan - June	full year
Average during the period		431	451	431	443	443
Number at the end of the period		431	448	431	448	437
Number of structural dismissals for the period		2	2	4	2	4

Development per quarter	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20
Net sales, MSEK	199.4	157.4	193.1	183.6	191.6	157.0	187.8	180.6	194.5
Profit/loss for the period before tax,	20.6	11.1	18.6	17.1	19.8	13.8	21.4	17.2	26.0
Profit margin before tax, %	10.3	7.1	9.6	9.3	10.3	8.8	11.4	9.5	13.4

<b>Income statement summary</b>			
<b>Parent Company, MSEK</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Jan - June</b>	<b>Jan - June</b>	<b>full year</b>
Revenue	375	376	720
Costs	-331	-339	-709
<b>Operating income</b>	<b>44</b>	<b>37</b>	<b>11</b>
Net financial income/expense	-	0	-
Appropriations*	-	-	62
<b>Profit/loss before tax</b>	<b>44</b>	<b>37</b>	<b>73</b>
Taxes	-9	-8	-16
<b>Net profit/loss</b>	<b>35</b>	<b>29</b>	<b>57</b>

<b>Summary of Balance Sheet</b>			
<b>Parent Company, MSEK</b>	<b>2020-06-30</b>	<b>2019-06-30</b>	<b>2019-12-31</b>
<b>ASSETS</b>			
Non-current assets	17	41	40
Non-current receivables	2	3	2
Current assets	330	261	288
<b>Total assets</b>	<b>349</b>	<b>305</b>	<b>330</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	200	147	167
Non-current liabilities	3	4	4
Current liabilities, non-interest-bearing	146	154	159
<b>Total equity and liabilities</b>	<b>349</b>	<b>305</b>	<b>330</b>

<b>Summary of Cash Flow Statement</b>			
<b>Parent Company, MSEK</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Jan - June</b>	<b>Jan - June</b>	<b>full year</b>
Cash flow from operating activities	24	16	58
Cash flow from investing activities	-1	0	-1
Cash flow from financing activities	0	-53	-53
<b>Cash flow for the year/period</b>	<b>23</b>	<b>-37</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	140	76	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 30 June 2020, the right-of-use asset amounted to MSEK 34 and the leasing liability was MSEK 34 (reported under other long-term liabilities as MSEK 14 and current liabilities as MSEK 20). Amortisation and depreciation of MSEK 5 were carried out in the second quarter of 2020 (accumulated 2020: MSEK 10) while interest expense was MSEK 0.3 (accumulated 2020: MSEK -0.6). 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 of 2020 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 MSEK</b>	<b>2020 Jan-June</b>	<b>2019 Jan-June</b>	<b>2019 full year</b>
Net investments in equipment	-0.3	-	-0.4
Acquisition of business combinations	-0.4	-	-0.4
<b>Total invested</b>	<b>-0.7</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, MSEK</b>	<b>2020 Jan-June</b>	<b>2019 Jan-June</b>	<b>2019 full year</b>
Amounts paid in respect of previous acquisitions <sup>1</sup>	0.4	-	0.4
Total cost paid	0.4	0.0	0.4
<b>ACQUIRED ASSETS AND LIABILITIES</b>			
Amounts paid in respect of previous acquisitions <sup>1</sup>	0.4	-	0.4
<b>Total acquired</b>	<b>0.4</b>	<b>0.0</b>	<b>0.4</b>
<b>Total cash flow attributable to acquisitions</b>	<b>-0.4</b>	<b>0.0</b>	<b>-0.4</b>

## Note 5

### Key performance indicators

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.



Key performance indicators	Definition/explanation of information value and purpose	Calculation Jan-June 2020
<b>Net profit/loss</b>		
Provides a more nuanced and in-depth understanding of profit development		
Operating margin, %	Operating profit/income	$(43.8/375.1)*100=11.7$
Profit margin, %	Profit/loss before tax/income	$(43.2/375.1)*100=11.5$
EBITDA margin, %	Operating profit before depreciation and amortisation/income	$(55.9/375.1)*100=14.9$
Profitability, equity, %	Profit for the 12-month period/average equity over 5 quarters	$(60794/((1394768/5))*100=21.8$
EBITDA, MSEK	Operating profit before depreciation and amortisation	$43.8+12.1=55.9$
<b>Sales, MSEK</b>		
Provides a more in-depth insight into the distribution of sales		
Sales of consultancy services	Income from consultancy services	165
Sales of agreement services	Income from agreement services	146
Sales of services for invoices to third parties	Income from services for invoices to third parties	28
Sales of invoices to third parties, other	Income from invoices to third parties, other	25
Sale of licences	Income from licences	7
Sales of hardware	Income from hardware	4
Sales per employee, TSEK	Income/number of employees on average	$(375.1/431)*1,000=870$
<b>Financial position</b>		
Provides a good overview of total liquidity and solvency		
Equity/assets ratio, %	Total equity/total equity and liabilities	$307.8/491.4*100=63$
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	$140+23=163$
<b>Employees</b>		
Provides a summary of changes in staff		
Average during the period, quantity	Number of employees on average	431
Number at the end of the period	Number of employees	431
Number of structural dismissals during the period	Number of structural dismissals	4

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) and the Swedish Securities Market Act. This information was submitted for publication through the offices of Per Adolffsson on 17 July 2020 at 8.00am (CET). This report along with other information about Softronic AB is available at [www.softronic.se](http://www.softronic.se).

