



# Year-end report

FOR THE PERIOD:

1 January–31 December

2020

## Significant business events

### In the fourth quarter

- » Softronic entrusted to deliver SIAM services to FASAB6F
- » Softronic developed the T1D app, a completely unique app for Type 1 diabetes
- » Softronic developed RPA robots for IF Metall's unemployment insurance fund
- » Softronic signed a framework agreement with the Public Health Agency of Sweden
- » Softronic received a quality certificate from the Swedish Quality Base

### Earlier in the year

- » Softronic signed a framework agreement with the Swedish Association of Local Authorities and Regions (SALAR)
- » The digital employee Kommun-Kim was launched in five West Sweden municipalities
- » Softronic signed a cooperation agreement with AB Sjömat for the delivery of business systems and accompanying IT solutions
- » Softronic signed an agreement with Saltå Kvarn for the implementation of a business system, as well as application management and application operations
- » The Swedish Tax Agency renewed its trust in Softronic for its TAIS development project for temporary employment in Sweden.
- » Softronic signed a framework agreement with the Swedish National Board of Institutional Care (SIS)
- » Softronic's Board of Directors 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

- » Procon Digital started a collaboration with Softronic for Kommun-Kim

## Fourth quarter 2020

- » Sales increased to MSEK 193.3 (MSEK 187.8)
- » EBITDA increased to MSEK 29.0 (MSEK 27.4)
- » Profit before tax increased to MSEK 23.2 (MSEK 21.4)
- » Profit margin before tax increased to 12.0 % (11.4 %)
- » Profit for the period after tax increased to MSEK 17.8 (MSEK 16.4)
- » Profit for the period after tax per share, before and after dilution, increased to SEK 0.34 (SEK 0.31)
- » Cash flow from operating activities increased to MSEK 45.6 (MSEK 41.4)

## Full year 2020

- » Sales increased to MSEK 728.5 (MSEK 720.0)
- » EBITDA increased to MSEK 110.7 (MSEK 97.0)
- » Profit before tax increased to MSEK 85.8 (MSEK 72.1)
- » Profit margin before tax increased to 11.8 % (10.0 %)
- » Profit for the period after tax increased to MSEK 66.9 (MSEK 55.8)
- » Profit for the period after tax per share, before and after dilution, increased to SEK 1.27 (SEK 1.06)
- » Cash flow from operating activities increased to MSEK 103.3 (MSEK 76.4)
- » Total liquidity amounted to MSEK 223
- » The equity/assets ratio increased to 66 % (60 %).
- » The Board proposes a dividend of SEK 1.25 per share and an additional dividend of SEK 1.75 per share; a total of SEK 3.00 per share (SEK 0.00)



## Q4 2020 – record figures in the middle of the pandemic

I think “a remarkable year” is an expression we are going to hear a lot for some time to come. At the risk of repeating it, I find it difficult to come up with a better way of summarising 2020; it has been remarkable in so many ways.

A pandemic that has caused so much suffering across the world. Changes in travel that make us surprised to look up to the sky and see a plane fly overhead. Closed borders between countries where border areas have historically come together as a community, irrespective of nationality. Entire industries hit incredibly hard, resulting in higher unemployment. But one positive effect has been the wave of digitalisation that has enabled most people in Sweden to do their jobs remotely.

Against this backdrop, it is difficult to find one way of describing the situation facing our customers, as it has affected them in so many different ways. But most of them have succeeded in doing a lot more than simply keeping their businesses afloat. They have started new projects and initiatives, and they have often used any downtime to improve their processes and verify that previous plans work in reality.

It is with this in mind that we should view and assess our financial results. In the fourth quarter Softronic’s sales grew by just under 3 %, with growth for the full year of 2020 amounting to 1.2 %. Although it might not sound very impressive, this is purely organic growth. Forecasts from analysts described a market that had contracted significantly, so I think any growth should be seen as relatively strong in this context.

In the fourth quarter we reported a profit of MSEK 23.2 million, which is more than 8 % higher than the previous year (21.4 %). This resulted in a new record for Softronic for the full year, MSEK 85.8! This can be compared with MSEK 72.1 for the full year of 2019, a very respectable increase of 19 %.

I have discussed the reasons for this higher profit in previous reports during the year. It is due to a combination of greater efficiency and a growth in sales, but also savings from travel and physical training courses, as well as tax relief during certain periods of the year. We are, of course, extremely pleased with these figures as a whole. Right now it is quite difficult to imagine

that back in March, we were putting together crisis plans for how we would survive the effects of the Coronavirus.

In terms of our business, we secured more and bigger deals in AI and RPA, four new customers among European ferry companies, and several cloud transition projects. We also celebrated our long-lasting partnership with FASAB by signing a ground-breaking SIAM agreement combined with staff transfers in December. During the year we signed several new framework agreements as well, which will be important in the coming years.

We also carried out a complete overhaul of the invoicing section of our MRM membership system, which was used for the first customer this month. This overhaul along with a consolidation of our resources for CRM systems means that we are now ready to branch out more widely on the market for operating systems built on CRM. After pulling out all the stops, we received a certificate for our quality system from Svensk Kvalitetsbas (Swedish Quality Base) in the fourth quarter.

### Liquidity

The Group had MSEK 200 in cash and cash equivalents as of 31 December 2020. The total liquidity comprising cash and cash equivalents, as well as granted unutilised credit lines, amounted to MSEK 223.

### Business events in 2020

Softronic was entrusted to deliver an SIAM service (Service Integration and Management). This service helps FASAB6F with the operational and tactical control of its entire IT delivery. The introduction of this service has also included staff transfers from FASAB6F to Softronic. Softronic developed the T1D app, a completely unique app for Type 1 diabetes, which was launched on 27 October to provide professional, quality-assured information and functionality. Softronic started collaborating with IF Metall’s unemployment insurance fund, which includes developing and operating RPA robots to manage standardised communication, taking the pressure of its administrators. Softronic signed a framework agreement with the Public Health Agency of Sweden for IT consultancy services in two procurement areas: Delivery management and Systems development and management. Softronic received a quality certificate from the Swedish Quality Base.

Earlier in the year Softronic signed a framework agreement with the Swedish Association of Local Authorities and Regions (SALAR) for 'IT consultancy services 2019', which enables SALAR and Inera AB to suborder consultancy services. The digital employee Kommun-Kim was launched on the websites of the following municipalities: Hårryda, Partille, Mölndal, Stenungsund and Tjörn.

Softronic signed an agreement with AB Sjömat for the implementation of a new modern business system solution, Microsoft Dynamics 365 Business Central. This deal also includes other Microsoft 365 products, integrations with external systems, operations and application management. Softronic signed an agreement with Saltå Kvarn for the implementation of a business system, as well as application management and application operations. The Swedish Tax Agency once again renewed its trust in Softronic for its TAIS development project for temporary employment in Sweden.

Softronic signed a framework agreement with the Swedish National Board of Institutional Care (SIS) for Episerver. Softronic was entrusted as the turnkey supplier and IT partner for FASAB (Facklig Administration i Samverkan).

After the end of the period Procon Digital started a collaboration with Softronic for Kommun-Kim. Procon's digital self-service solutions are located in areas visited by many people in the municipality on a daily basis, giving the municipality an effective way of providing information. At the same time the municipality's digital employee, the chatbot Kommun-Kim, can answer questions at any time of the day or night.

#### 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.

#### Proposed dividend

The Board has decided to propose to the AGM a dividend of

SEK 1.25 per share, plus an additional dividend of SEK 1.75, totalling SEK 3.00 per share (the dividend decided last year was SEK 0.00 following a decision to withdraw the proposal of SEK 1.00 as a result of the Covid-19 outbreak).

The Board has observed the dividend policy when making its decision, based on the Group's liquidity requirements and investment capability. The proposed dividend is higher than the normal level set out in the dividend policy. However, this can be justified because the company's high liquidity and non-existent indebtedness allow for additional complementary acquisitions and continued organic growth.

Softronic's strong financial position contributes to the competitiveness of the company in procurements from large companies and organisations, and in the introduction of new business models as cloud services.

#### Softronic

Goodtech – technology that benefits society. We offer innovative digital solutions that help companies and organisations to create a real benefit to society. Our services in IT and management range from advice and new development to management and operations.

Our customers are primarily medium and large Swedish companies and organisations. Softronic was formed in 1984 and is listed on the Stockholm Stock Exchange, Nasdaq OMX. It has approximately 430 employees in Stockholm, Gothenburg, Malmö, Sundsvall and Arjeplog. [www.softronic.se](http://www.softronic.se)

#### Other

##### Reports 2021

- Annual Report 2020, 15 April
- Interim Report (Jan-March), 22 April
- Annual General Meeting 2021, 6 May
- Interim Report (Apr-June), 16 July
- Interim Report (Jul-Sep), 20 October

##### Auditors' examination

This report has not been examined by the auditors

##### Information about the year-end report

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Softronic AB (publ), CIN 556249-0192

The Chief Executive Officer certifies that this year-end 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, 25 February 2021

Per Adolfsson, Chief Executive Officer, Softronic AB (Publ.)

<b>Consolidated income statement and other comprehensive income, summary, MSEK</b>		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>full year</b>	<b>full year</b>
<b>Revenue</b>		<b>193.3</b>	<b>187.8</b>	<b>728.5</b>	<b>720.0</b>
<b>Goods for resale and other invoiced expenses</b>		-64.6	-55.0	-227.1	-211.0
Other external expenses		-8.0	-7.9	-29.8	-32.0
Staff costs		-91.7	-97.5	-360.9	-380.0
Depreciation, non-current assets <sup>1</sup>		-5.7	-5.9	-23.9	-23.7
<b>Operating income</b>		<b>23.3</b>	<b>21.5</b>	<b>86.8</b>	<b>73.3</b>
Net financial income/expense	<u>note 2</u>	-0.1	-0.1	-1.0	-1.2
<b>Profit/loss before tax</b>		<b>23.2</b>	<b>21.4</b>	<b>85.8</b>	<b>72.1</b>
Taxes		-5.4	-5.0	-18.9	-16.3
<b>Profit/loss for the period</b>		<b>17.8</b>	<b>16.4</b>	<b>66.9</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
<b>Comprehensive income for the period</b>		<b>17.8</b>	<b>16.4</b>	<b>66.9</b>	<b>55.8</b>
Profit/loss for the period attributable to the Parent Company's shareh		17.8	16.4	66.9	55.8
Comprehensive income attributable to the Parent Company's shareh		17.8	16.4	66.9	55.8
Profit for the period per share, basic, SEK	<u>note 1</u>	0.34	0.31	1.27	1.06
Profit for the period per share, diluted, SEK	<u>note 1</u>	0.34	0.31	1.27	1.06

<sup>1</sup>of which depreciation for leasing for Q4 2020 was MSEK -5 (MSEK -5); MSEK -20 (MSEK 14) for Jan-Dec; and MSEK -19 for the full year 2019.

<b>Summary of Balance Sheet</b>		
<b>Group, MSEK</b>	<b>2020-12-31</b>	<b>2019-12-31</b>
<b>ASSETS</b>		
Goodwill	109.3	109.3
Other intangible assets	0.9	2.2
Other non-current receivables	2.3	2.4
Right-of-use asset	25.3	38.8
Property, plant and equipment	3.1	5.6
<b>Total non-current assets</b>	<b>140.9</b>	<b>158.3</b>
Receivables, etc.	174.9	178.5
Cash and cash equivalents	199.8	117.2
<b>Total current assets</b>	<b>374.7</b>	<b>295.7</b>
<b>Total assets</b>	<b>515.6</b>	<b>454.0</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	341.0	274.1
Deferred tax liabilities	1.0	1.3
Other provisions	3.4	3.8
Other current liabilities, leasing	2.6	20.3
Current liabilities <sup>1</sup>	167.6	154.5
<b>Total equity and liabilities</b>	<b>515.6</b>	<b>454.0</b>

<sup>1</sup>of which the current part of lease liabilities (IFRS 16) was MSEK 21 on 31 December 2020, and MSEK 19 on 31 December 2019.

<b>Total summary of Equity</b>	<b>2020</b>	<b>2019</b>
<b>Group, MSEK</b>	<b>full year</b>	<b>full year</b>
<b>TOTAL EQUITY</b>		
<b>Opening balance</b>	<b>274.1</b>	<b>270.9</b>
Comprehensive income for the period	66.9	55.8
Dividend	-	-52.6
<b>Closing balance</b>	<b>341.0</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>Group, MSEK</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>full year</b>	<b>full year</b>
<b>Group, MSEK Note 3</b>				
Cash flow from operating activities				
before changes in working capital	33.2	28.6	91.5	78.4
Changes to working capital,	12.4	12.8	11.8	-2.0
<b>Cash flow from operating activities</b>	<b>45.6</b>	<b>41.4</b>	<b>103.3</b>	<b>76.4</b>
Cash flow from investing activities	0.0	-0.6	-0.6	-0.8
Cash flow from financing activities	-5.1	-4.7	-20.1	-71.4
<b>Cash flow for the year/period</b>	<b>40.5</b>	<b>36.1</b>	<b>82.6</b>	<b>4.2</b>
Cash and cash equivalents at the start of the year/period	159.3	81.1	117.2	113.0
Cash and cash equivalents at the end of the year/period	199.8	117.2	199.8	117.2
Cash flow from operating activities per share, basic, SEK. <a href="#">Note 1</a>	0.87	0.79	1.96	1.45
Cash flow from operating activities per share, after dilution, SEK. <a href="#">Note 1</a>	0.87	0.79	1.96	1.45

Performance measures for the Group , Note 4		2020	2019	2020	2019
		Oct-Dec	Oct-Dec	full year	full year
<b>Net profit/loss</b>					
Earnings per share, basic/diluted, SEK	<a href="#">note 1</a>	0.34	0.31	1.27	1.06
EBITDA, MSEK		29.0	27.4	110.7	97.0
EBITDA margin, %		15.0	14.6	15.2	13.5
Operating margin, %		12.1	11.4	11.9	10.2
Profit margin, %		12.0	11.4	11.8	10.0
Profitability, equity, %		21.8	20.6	21.8	20.6

Sales	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	full year	full year
Net sales, MSEK	193	188	728	720
Sales of consultancy services, MSEK	78	83	301	334
Sales of agreements, MSEK	82	71	305	258
Invoiced to third parties, services, MSEK	15	14	53	57
Invoiced to third parties, other, MSEK	12	14	49	53
Sales of licenses, MSEK	2	4	11	15
Sales of hardware, MSEK	4	2	9	3
Other operating income, MSEK	0	0	0	0
Sales per employee, TSEK	464	424	1 718	1 625

Financial position	2020-12-31	2019-12-31
Equity, MSEK	341	274
Equity/assets ratio, %	66	60
Cash and cash equivalents, MSEK	200	117
Unutilised credit lines, MSEK	23	23

Employees	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	full year	full year
Average during the period	417	443	424	443
Number at the end of the period	422	437	422	437
Number of structural dismissals for the period	2	1	13	4

Development per quarter	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20
Net sales, MSEK	193.1	183.6	191.6	157.0	187.8	180.6	194.5	160.1	193.3
Profit/loss for the period before tax, MSEK	18.6	17.1	19.8	13.8	21.4	17.2	26	19.4	23.2
Profit margin before tax, %	9.6	9.3	10.3	8.8	11.4	9.5	13.4	12.1	12.0

<b>Income statement summary</b>	<b>2020</b>	<b>2019</b>
<b>Parent Company, MSEK</b>	<b>full year</b>	<b>full year</b>
Revenue	729	720
Costs	-711	-709
<b>Operating income</b>	<b>18</b>	<b>11</b>
Net financial income/expense	-1	-
Appropriations*	11	62
<b>Profit/loss before tax</b>	<b>28</b>	<b>73</b>
Taxes	-7	-16
<b>Net profit/loss</b>	<b>21</b>	<b>57</b>

\*net Group contributions paid/received

<b>Summary of Balance Sheet</b>	<b>2020-12-31</b>	<b>2019-12-31</b>
<b>Parent Company, MSEK</b>		
<b>ASSETS</b>		
Non-current assets	15	40
Non-current receivables	2	2
Current assets	381	288
<b>Total assets</b>	<b>398</b>	<b>330</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	187	167
Non-current liabilities	3	4
Current liabilities, non-interest-bearing	208	159
<b>Total equity and liabilities</b>	<b>398</b>	<b>330</b>

<b>Summary of Cash Flow Statement</b>	<b>2020</b>	<b>2019</b>
<b>Parent Company, MSEK</b>	<b>full year</b>	<b>full year</b>
Cash flow from operating activities	84	57
Cash flow from investing activities	-1	-1
Cash flow from financing activities	-	-53
<b>Cash flow for the year/period</b>	<b>83</b>	<b>3</b>
Cash and cash equivalents at the start of the year/period	116	113
Cash and cash equivalents at the end of the year/period	199	116

# Notes

## Accounting principles and supplementary information

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

The year-end 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 December 2020, the right-of-use asset amounted to MSEK 25 and the leasing liability was MSEK 23 (reported under other long-term liabilities as MSEK 2 and current liabilities as MSEK 21). Amortisation and depreciation of MSEK 5 were carried out in the fourth quarter of 2020 (accumulated 2020: MSEK 20) while interest expense was MSEK -0.2 (accumulated 2020: MSEK -1.1). Softronic has opted to adopt the relief rules regarding short-term leases and agreements where the underlying asset is of a low value.

There have been no material transactions between related parties, except for commercial transactions between companies within the Group that were carried out on market terms.

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 its parent company Softronic AB, while in the fourth quarter two wholly-owned foreign subsidiaries that had been dormant were liquidated, Softronic Danmark A/S and Softronic Inc.

## 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 full year</b>	<b>2019 full year</b>
Net investments in equipment	-0.2	-0.4
Acquisition of business combinations	-0.4	-0.4
<b>Total invested</b>	<b>-0.6</b>	<b>-0.8</b>

## Note 4

### Key performance indicators

Softronic's financial statements contain alternative key performance indicators that supplement the measures defined in applicable regulations for financial reporting, such as income, profit or loss, or earnings per share. Alternative key performance indicators are given as they provide more in-depth information than the measures defined in the regulations. The alternative key performance indicators 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 full year 2020
<b>Net profit/loss</b>	Provides a more nuanced and in-depth understanding of profit development	
Operating margin, %	Operating profit/income	$(86.8/728.5)*100=11.9$
Profit margin, %	Profit/loss before tax/income	$(85.8/728.5)*100=11.8$
EBITDA margin, %	Operating profit before depreciation and amortisation/income	$(110.7/728.5)*100=15.2$
Profitability, equity, %	Profit for the 12-month period/average equity over 5 quarters	$(66852/(1533494/5))*100=21.8$
EBITDA, MSEK	Operating profit before depreciation and amortisation	$86.8+23.9=110.7$
<b>Sales, MSEK</b>	Provides a more in-depth insight into the distribution of sales	
Sales of consultancy services	Income from consultancy services	301
Sales of agreement services	Income from agreement services	305
Sales of services for invoices to third parties	Income from services for invoices to third parties	53
Sales of invoices to third parties, other	Income from invoices to third parties, other	49
Sale of licences	Income from licences	11
Sales of hardware	Income from hardware	9
Sales per employee, TSEK	Income/number of employees on average	$(728.5/424)*1,000=1,718$
<b>Financial position</b>	Provides a good overview of total liquidity and solvency	
Equity/assets ratio, %	Total equity/total equity and liabilities	$341.0/515,6*100=66$
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	$200+23=223$
<b>Employees</b>	Provides a summary of changes in staff	
Average during the period, quantity	Number of employees on average	424
Number at the end of the period	Number of employees	422
Number of structural dismissals during the period	Number of structural dismissals	13

The information in this year-end 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 25 February 2021 at 8.00am (CET). This report along with other information about Softronic AB is available at [www.softronic.se](http://www.softronic.se).

