



# Interim report

FOR THE PERIOD:

1 January – 30 June



2021

## Significant business events

### During the second quarter

- » Softronic builds up a new specialist area in IT architecture
- » The Swedish Migration Agency has awarded Softronic a framework agreement to adapt its Interpreter Portal

### Earlier in the year

- » Softronic concluded a new framework agreement with the Stockholm Regional Council
- » Softronic decided to join the new association Digitalisation Consultants
- » Procon Digital started a collaboration with Softronic for Kommun-Kim

## Second quarter 2021

- » Sales amounted to MSEK 194.6 (MSEK 194.5)
- » EBITDA was MSEK 26.0 (MSEK 32.3)
- » Profit before tax totalled MSEK 20.3 (MSEK 26.0)
- » Profit margin before tax amounted to 10.4 % (13.4 %)
- » Profit for the period after tax amounted to MSEK 15.8 (MSEK 20.5)
- » Profit for the period after tax per share, before and after dilution, amounted to SEK 0.30 (SEK 0.39)
- » Cash flow from operating activities amounted to MSEK 24.5 (MSEK 42.1)

## First six months of 2021

- » Sales increased to MSEK 394.2 (MSEK 375.1)
- » EBITDA was MSEK 51.4 (MSEK 55.9)
- » Profit before tax totalled MSEK 40.2 (MSEK 43.2)
- » Profit margin before tax amounted to 10.2 % (11.5 %)
- » Profit for the period after tax amounted to MSEK 31.5 (MSEK 33.9)
- » Profit for the period after tax per share, before and after dilution, amounted to SEK 0.60 (SEK 0.64)
- » Cash flow from operating activities increased to MSEK 41.9 (MSEK 33.9)
- » Total liquidity amounted to MSEK 97
- » The equity/assets ratio amounted to 55 % (63 %).



## Q2 2021 – profit in line with our expectations

In the Q1 interim report, we announced that our profit for Q2 would be weaker than the same period in 2020 and gave the underlying reason for this (conclusion of a long-term project). The results for the second quarter have now confirmed what we expected. Although we have reported virtually the same level of sales, our profit is just under SEK 6 million lower than last year. This shows that our day-to-day business is making satisfactory progress.

During the quarter we won some important deals, starting with the Swedish Migration Agency. This deal is a very good example of one of Softronic's specialities; taking over solutions that have been developed by another company or organisation and developing them effectively. In this case, the contract is for a 'Tolkportal' (Interpreter Portal), which is used to place approximately 120,000 orders for interpreter services every year.

We also won the assignment to develop a brand new system for a well-known financial company, while continuing to attract new business system customers with our Microsoft Business Central solution. We are seeing a modest, but steady increase in new customers from the municipality sector as well, both for the 'Booking and Funding' and chatbot solutions. In this period we signed a number of new agreements with municipalities in different parts of Sweden, and we are currently involved in many discussions to expand these kinds of solutions to new areas of municipal activities.

When looking at the market as a whole, it is fair to say that 'cybersecurity' has quickly become one of the most used terms, not only internally in the sector, but also when IT is discussed in a wider forum. At the start of the period, most of the discussions centred around information security, primarily what kind of data you can and should place with major global companies and organisations. The main reason for this was an EU ruling that people have named after the Australian lawyer who pursued the case, Maximilian Schrems; his name also appears with the numeral 'II' after it when referring to the second EU ruling in this matter. These rulings basically mean that the 'Privacy Shield', which has been used as a kind of guarantee for transferring personal data from the EU to the USA, was ruled not to be valid.

As a result many Swedish companies and organisations have looked at this issue again and in several cases have reassessed the decisions they previously made. At the same time we are seeing many customers who are progressing with and expanding a strategy that involves them moving large parts of their data processing to the Cloud.

Recently, another aspect of IT security has attracted much more publicity. In Sweden, a lot of coverage was given to COOP (and many other companies, not only in Sweden but also around the world) when it fell victim to a blackmail attempt using 'ransomware'. This is when an attacker illegally gains access to the company's data and then encrypts it, taking the victim's data hostage and requesting high sums of money to restore this data to its original form. As with all kinds of blackmail, there are high risks associated with paying the blackmailer and you are also helping to feed the criminal organisation behind the crime. Although this is not a new problem, it is increasing not only in terms of the number of people affected, but also the amount of damage caused and the blackmailer's demands.

We predict that this area will remain firmly in the spotlight for many years to come and we are looking forward to working closely with our Partner Customers to create solutions that can withstand these attacks as effectively as possible. This is not a problem that customers and suppliers can solve by themselves, so we all need to work closely together.

Finally I would like to mention our new investment, Specialist Consulting in IT architecture. We are seeing a growing need for architectural competence, particularly in the field of 'solution architecture'. Effective security solutions and knowledge of architecture go hand in hand. We have recruited an experienced powerhouse in this field, Vanessa Löfving, who is going to build this new area.

I hope you all continue to have a wonderful summer.

### Liquidity

The Group had MSEK 74 in cash and cash equivalents as of 30 June 2021. The total liquidity comprising cash and cash equivalents, as well as granted unutilised credit lines, amounted to MSEK 97.

### Business events in 2021

The Swedish Migration Agency has awarded Softronic a framework agreement to adapt its Interpreter Portal. At the moment interpreter assignments are ordered by email, phone or through the interpreting agencies' own websites. The aim of this framework agreement is to develop an inhouse interpreter portal (Tolkportal) that will manage every order.

Softronic is building up a new specialist area in IT architecture. This specialist area will expand Softronic's range of services, as we will be able to offer specialists in all architecture areas. This will make us stronger in new priority IT investments. It will also enable us to support our customers to effect strategic change in their IT architecture.

The Stockholm Regional Council has awarded Softronic a framework agreement to provide consultants for Business Intelligence assignments.

Softronic decided to join the new association Digitalisation Consultants in order to accelerate our strategic work for a smart and fossil-free society after the coronavirus crisis.

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.

### Softronic

Goodtech – Technology that does good in 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

- Interim Report (Jul-Sep), 20 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 uncertainties facing the company and the companies within the Group.

Stockholm 16 July 2021

Per Adolfsson, CEO

Petter Stillström, Chairman of the Board

Stig Martín, Board Member

Victoria Bohlin, Board Member

Susanna Marcus, Board Member

Cristina Petrescu, Board Member

Johan Bergh, Board Member

Tomas Högström, Board Member (employee representative)

Mikael Filén, Board Member (employee representative)

<b>Consolidated income statement and other comprehensive income, summary, MSEK</b>		2021	2020	2021	2020	2020
		April-June	April-June	Jan-June	Jan-June	full year
<b>Revenue</b>		<b>194.6</b>	<b>194.5</b>	<b>394.2</b>	<b>375.1</b>	<b>728.5</b>
<b>Goods for resale and other invoiced expenses</b>		-63.3	-60.5	-128.2	-114.4	-227.1
Other external expenses		-6.9	-7.2	-14.3	-15.1	-29.8
Staff costs		-98.4	-94.5	-200.3	-189.7	-360.9
Depreciation, non-current assets <sup>1</sup>		-5.5	-6.0	-10.9	-12.1	-23.9
<b>Operating income</b>		<b>20.5</b>	<b>26.3</b>	<b>40.5</b>	<b>43.8</b>	<b>86.8</b>
Net financial income/expense	<a href="#">note 2</a>	-0.2	-0.3	-0.3	-0.6	-1.0
<b>Profit/loss before tax</b>		<b>20.3</b>	<b>26.0</b>	<b>40.2</b>	<b>43.2</b>	<b>85.8</b>
Taxes		-4.5	-5.5	-8.7	-9.3	-18.9
<b>Profit/loss for the period</b>		<b>15.8</b>	<b>20.5</b>	<b>31.5</b>	<b>33.9</b>	<b>66.9</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>15.8</b>	<b>20.5</b>	<b>31.5</b>	<b>33.9</b>	<b>66.9</b>
Profit/loss for the period attributable to the Parent Company's shareholders		15.8	20.5	31.5	33.9	66.9
Comprehensive income attributable to the Parent Company's shareholders		15.8	20.5	31.5	33.9	66.9
Profit for the period per share, basic, SEK	<a href="#">note 1</a>	0.30	0.39	0.60	0.64	1.27
Profit for the period per share, diluted, SEK	<a href="#">note 1</a>	0.30	0.39	0.60	0.64	1.27

<sup>1</sup>of which depreciation for leasing for Q2 2021 was MSEK -5 (MSEK -5); MSEK -10 (MSEK -10) for 2021 accumulated; and MSEK -20 for the full year 2020.

## Summary of Balance Sheet

Group, MSEK	2021-06-30	2020-06-30	2020-12-31
<b>ASSETS</b>			
Goodwill	109.3	109.3	109.3
Other intangible assets	0.7	1.3	0.9
Other non-current receivables	3.3	2.4	2.3
Right-of-use asset	17.1	34.4	25.3
Property, plant and equipment	2.0	4.3	3.1
<b>Total non-current assets</b>	<b>132.4</b>	<b>151.7</b>	<b>140.9</b>
Receivables, etc.	180.5	199.2	174.9
Cash and cash equivalents	73.8	140.5	199.8
<b>Total current assets</b>	<b>254.3</b>	<b>339.7</b>	<b>374.7</b>
<b>Total assets</b>	<b>386.7</b>	<b>491.4</b>	<b>515.6</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	214.6	307.8	341.0
Deferred tax liabilities	1.1	1.2	1.0
Other provisions	4.1	3.4	3.4
Other current liabilities, leasing	1.4	14.0	2.6
Current liabilities <sup>1</sup>	165.5	165	167.6
<b>Total equity and liabilities</b>	<b>386.7</b>	<b>491.4</b>	<b>515.6</b>

<sup>1</sup>of which the current part of lease liabilities (IFRS 16) on 30/06/2021 was MSEK 16, on 30/06/2020 it was MSEK 20, and on 31/12/2020 it was MSEK 21.

## Total summary of Equity

Group, MSEK	2021	2020	2020
	Jan - June	Jan - June	full year
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>	<b>341.0</b>	<b>274.1</b>	<b>274.1</b>
Comprehensive income for the period	31.5	33.9	66.9
Merger difference	-	-0.2	-
Dividend	-157.9	-	-
<b>Closing balance</b>	<b>214.6</b>	<b>307.8</b>	<b>341.0</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	2021	2020	2021	2020	2020
	April-June	April-June	Jan - June	Jan - June	full year
Cash flow from operating activities					
before changes in working capital	19.7	25.8	38.2	39.0	91.3
Changes to working capital,	4.8	16.3	3.7	-5.1	11.8
<b>Cash flow from operating activities</b>	<b>24.5</b>	<b>42.1</b>	<b>41.9</b>	<b>33.9</b>	<b>103.1</b>
Cash flow from investing activities	-0.4	-0.5	-0.4	-0.7	-0.6
Cash flow from financing activities	-162.7	-5.0	-167.5	-9.9	-19.9
<b>Cash flow for the year/period</b>	<b>-138.6</b>	<b>36.6</b>	<b>-126.0</b>	<b>23.3</b>	<b>82.6</b>
Cash and cash equivalents at the start of the year/period	212.4	103.9	199.8	117.2	117.2
Cash and cash equivalents at the end of the year/period	73.8	140.5	73.8	140.5	199.8
Cash flow from operating activities per share, basic, SEK. Note 1	0.47	0.80	0.80	0.64	1.96
Cash flow from operating activities per share, after dilution, SEK. Note 1	0.47	0.80	0.80	0.64	1.96

Performance measures for the Group , Note 4		2021	2020	2021	2020	2020
Net profit/loss		April-June	April-June	Jan - June	Jan - June	full year
Earnings per share, basic/diluted, SEK	<a href="#">note 1</a>	0.30	0.39	0.60	0.64	1.27
EBITDA, MSEK		26.0	32.3	51.4	55.9	110.7
EBITDA margin, %		13.4	16.6	13.0	14.9	15.2
Operating margin, %		10.5	13.5	10.3	11.7	11.9
Profit margin, %		10.4	13.4	10.2	11.5	11.8
Profitability, equity, %		20.9	21.8	20.9	21.8	21.8

		2021	2020	2021	2020	2020
Sales		April-June	April-June	Jan - June	Jan - June	full year
Net sales, MSEK		195	195	394	375	728
Sales of consultancy services, MSEK		75	86	157	165	301
Sales of agreements, MSEK		84	77	165	146	305
Invoiced to third parties, services, MSEK		18	14	35	28	53
Invoiced to third parties, other, MSEK		11	14	23	25	49
Sales of licenses, MSEK		6	3	8	7	11
Sales of hardware, MSEK		1	1	6	4	9
Sales per employee, TSEK		457	451	925	870	1 718

Financial position		2021-06-30	2020-06-30	2020-12-31
Equity, MSEK		215	308	341
Equity/assets ratio, %		55	63	66
Cash and cash equivalents, MSEK		74	140	200
Unutilised credit lines, MSEK		23	23	23

		2021	2020	2021	2020	2020
Employees		April-June	April-June	Jan - June	Jan - June	full year
Average during the period		426	431	426	431	424
Number at the end of the period		425	431	425	431	422
Number of structural dismissals for the period		-	2	-	4	13

Development per quarter	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
Net sales, MSEK	191.6	157.0	187.8	180.6	194.5	160.1	193.3	199.6	194.6
Profit/loss for the period before tax, I	19.8	13.8	21.4	17.2	26	19.4	23.2	19.9	20.3
Profit margin before tax, %	10.3	8.8	11.4	9.5	13.4	12.1	12.0	10.0	10.4



<b>Income statement summary</b>			
<b>Parent Company, MSEK</b>	2021	2020	2020
	Jan - June	Jan - June	full year
Revenue	394	375	729
Costs	-354	-331	-711
<b>Operating income</b>	<b>40</b>	<b>44</b>	<b>18</b>
Net financial income/expense	-	-	-1
Appropriations*	-	-	11
<b>Profit/loss before tax</b>	<b>40</b>	<b>44</b>	<b>28</b>
Taxes	-8	-9	-7
<b>Net profit/loss</b>	<b>32</b>	<b>35</b>	<b>21</b>

\*net Group contributions paid/received

<b>Summary of Balance Sheet</b>			
<b>Parent Company, MSEK</b>	2021-06-30	2020-06-30	2020-12-31
	<b>ASSETS</b>		
Non-current assets	14	17	15
Non-current receivables	3	2	2
Current assets	260	330	381
<b>Total assets</b>	<b>277</b>	<b>349</b>	<b>398</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	61	200	187
Non-current liabilities	4	3	3
Current liabilities, non-interest-bearing	212	146	208
<b>Total equity and liabilities</b>	<b>277</b>	<b>349</b>	<b>398</b>

<b>Summary of Cash Flow Statement</b>			
<b>Parent Company, MSEK</b>	2021	2020	2020
	Jan - June	Jan - June	full year
Cash flow from operating activities	32	24	84
Cash flow from investing activities	-	-1	-1
Cash flow from financing activities	-158	0	-
<b>Cash flow for the year/period</b>	<b>-126</b>	<b>23</b>	<b>83</b>
Cash and cash equivalents at the start of the year/period	199	117	116
Cash and cash equivalents at the end of the year/period	73	140	199



# 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 2020 Annual Report.

The estimates follow the same principles as in the Annual Accounts of 2020.

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 2021 are not considered to have any material effect on the financial statements. In terms of IFRS 16 as of 30 June 2021, the right-of-use asset amounted to MSEK 17 (MSEK 34) and the leasing liability was MSEK 14 (MSEK 34) (recognised under other long-term liabilities as MSEK 1 and current liabilities as MSEK 13). Amortisation and depreciation of MSEK 5 were carried out in the second quarter of 2021 (accumulated 2021: MSEK 10) while interest expense was MSEK 0.2 (accumulated 2021: 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.

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.

## 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>2021 Jan-June</b>	<b>2020 Jan-June</b>	<b>2020 full year</b>
Net investments in equipment	-	-0.3	-0.2
Acquisition of business combinations	-0.4	-0.4	-0.4
<b>Total invested</b>	<b>-0.4</b>	<b>-0.7</b>	<b>-0.6</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 Jan-June 2021
<b>Net profit/loss</b>	Provides a more nuanced and in-depth understanding of profit development	
Operating margin, %	Operating profit/income	$(40.5/394.2)*100=10.3$
Profit margin, %	Profit/loss before tax/income	$(40.2/394.2)*100=10.2$
EBITDA margin, %	Operating profit before depreciation and amortisation/income	$(51.4/394.2)*100=13.0$
Profitability, equity, %	Profit for the 12-month period/average equity over 5 quarters	$(64519/(1543043/5))*100=20.9$
EBITDA, MSEK	Operating profit before depreciation and amortisation	$40.5+10.9=51.4$
<b>Sales, MSEK</b>	Provides a more in-depth insight into the distribution of sales	
Sales of consultancy services	Income from consultancy services	157
Sales of agreement services	Income from agreement services	165
Sales of services for invoices to third parties	Income from services for invoices to third parties	35
Sales of invoices to third parties, other	Income from invoices to third parties, other	23
Sale of licences	Income from licences	8
Sales of hardware	Income from hardware	6
Sales per employee, TSEK	Income/number of employees on average	$(394.2/426)*1,000=925$
<b>Financial position</b>	Provides a good overview of total liquidity and solvency	
Equity/assets ratio, %	Total equity/total equity and liabilities	$214.6/386,7*100=55$
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	$74+23=97$
<b>Employees</b>	Provides a summary of changes in staff	
Average during the period, quantity	Number of employees on average	426
Number at the end of the period	Number of employees	425
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) and the Swedish Securities Market Act. This information was submitted for publication through the offices of Per Adolfsson on 16 July 2021 at 8.00am (CET). This report along with other information about Softronic AB is available at [www.softronic.se](http://www.softronic.se).

