



Interim Report

FOR THE PERIOD:

1 January – 30 September

2021

Significant business events

Earlier in the year

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

After the end of the period

- » Softronic has signed a framework agreement with the Swedish Research Council
- » Softronic has been awarded a framework agreement with the Swedish Council for Higher Education

Third quarter 2021

- » Sales increased to MSEK 182.2 (MSEK 160.1)
- » EBITDA increased to MSEK 29.1 (MSEK 25.8)
- » Profit before tax totalled MSEK 23.1 (MSEK 19.4)
- » Profit margin before tax increased to 12.7 % (12.1 %)
- » Profit for the period after tax increased to MSEK 18.3 (MSEK 15.2)
- » Profit for the period after tax per share, before and after dilution, increased to SEK 0.35 (SEK 0.29)
- » Cash flow from operating activities amounted to MSEK 20.8 (MSEK 23.8)

January – September 2021

- » Sales increased to MSEK 576.4 (MSEK 535.2)
- » EBITDA was MSEK 80.5 (MSEK 81.7)
- » Profit before tax increased to MSEK 63.3 (MSEK 62.6)
- » Profit margin before tax amounted to 11.0 % (11.7 %)
- » Profit for the period after tax increased to MSEK 49.8 (MSEK 49.1)
- » Profit for the period after tax per share, before and after dilution, increased to SEK 0.95 (SEK 0.93)
- » Cash flow from operating activities increased to MSEK 62.7 (MSEK 57.7)
- » Total liquidity amounted to MSEK 112
- » The equity/assets ratio amounted to 61 % (68 %).



Q3 2021 – an impressive quarter

After a second quarter that saw a drop in profit similar to the same period last year, which is what we had been expecting, I am now delighted to report a major boost to both our sales and profit figures. Sales rose by almost 14 %, from approximately MSEK 160 in 2020 to just over MSEK 182 this year. The increase in profit was actually slightly stronger, from MSEK 19.4 in 2020 to more than MSEK 23 million in the last quarter, up by 19 %. So when we summarise the year so far up to the end of the third quarter, we have seen growth of just under 8 % compared with the previous year and we are just ahead of last year's profit.

We benefit from operating on a market that is particularly strong. Following the initial, brief decline at the start of the Covid pandemic around 18 months ago, our market quickly stabilised. Now that most people have had their vaccinations and we have been able to recharge our batteries over the summer holidays, which was much needed, demand is currently at a level I have rarely seen before. Added to the fact that we have improved our success rate for procurements and invested in the recruitment of more salespeople, we have given ourselves a very strong foundation on which to build. The challenge is to increase our workforce with more talented IT experts; this is a challenge that we have been facing for some time now. Several different figures are circulating for the current shortage of IT professionals on the Swedish market. According to the trade organisation IT & Telekomföretagen, this shortage will be 70,000 people in 2024 if the current trend continues.

Softronic is trying to play its part through our trainee programme 'Gate 1', where we hire 20-30 recent graduates every year and provide them with more training to enable them to quickly become productive employees. We may be able to increase the scope of this programme even further, but many more initiatives of this kind are needed to cover the long-term need. As a country, Sweden has fallen down the list for digitalisation and the situation will not improve if the skills shortage gets rapidly worse.

During the quarter we were awarded two new framework agreements for consulting, both of which were in the knowledge sector: the Swedish Council for Higher Education and the Swedish Research Council. We see this as proof of our expertise in significant areas of IT consulting and proof of our competitiveness. In addition to this, we have taken over a framework agreement for chatbots for Allmännyttiga Bostadsbolag (Public Housing) through their interest

organisation Public Housing Sweden. We are also involved in an unusually high number of sales processes, particularly in the area of IT operations. There is strong demand both for a move to public clouds and for local deliveries. The new area that we set up, Architectural Services, has also got off to a good start, with three brand new customers for Softronic and many consultants already working on assignments!

We are continuing to focus heavily on Information Security and IT Security (Cyber Security) with our customers, and we are constantly expanding our offers in both of these areas. We are also focusing a lot on Data Protection (GDPR) and the legality of using US cloud services.

I personally think that we would all benefit from shifting the focus to more specialised IT security issues. The consequences of internal failings or external attacks in this area are much more severe, not only for the organisations who are affected, but also for society as a whole (sustainable digital society). When the entire system is taken hostage in blackmail situations and sensitive data such as bank details, account card details or passwords are going adrift, it destroys a lot of value. But these are huge challenges that are difficult to manage, which explains why people prefer to focus on the risk of 'harmless' personal data going adrift when using modern communication and collaboration tools.

Liquidity

The Group had MSEK 89 in cash and cash equivalents as of 30 September 2021. The total liquidity comprising cash and cash equivalents, as well as granted unutilised credit lines, amounted to MSEK 112.

Business events in 2021

Softronic has been awarded a framework agreement for IT consulting services for the Swedish Research Council. The Swedish Research Council is Sweden's largest governmental research funding body, and supports research of the highest quality within all scientific fields.

Softronic has been awarded a framework agreement with the Swedish Council for Higher Education for IT resource consultants in the areas of Systems Development, Usability and Management.

The Swedish Migration Agency has awarded Softronic a framework agreement to adapt its Interpreter Portal. 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.

Nomination Committee appointed

The Nomination Committee in Softronic until the AGM in 2022 are:

Petter Stillström, Traction

Andreas Eriksson, represents Anders Eriksson incl. family Stig Martín, own holdings

Joachim Spetz, Swedbank Robur Fonder

These members represent owners with a total of 59 % of the capital and 74 % of the votes.

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

Other

Reports 2022

- Year-end report 2021, 25 February
- Annual Report 2021, 21 April
- Interim Report (Jan-March), 21 April
- Annual General Meeting 2022, 1 May, 17.30 at the company's premises
- Interim Report (Apr-June), 15 July
- Interim Report (Jul-Sep), 20 October

Information about the interim report

Per Adolfsson, Chief Executive Officer

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Softronic AB (publ), CIN 556249-0192

The Chief Executive Officer certifies 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, 20 October 2021

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

Auditor Assessment report, Softronic AB (publ), corporate identity number 556249-0192

Auditor's report on the review of summary interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed the summary interim financial information (interim report) of Softronic AB (publ) as of 30 September 2021 and the nine-month period that ended on this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not been prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act in the case of the Group, and in accordance with the Annual Accounts Act in the case of the parent company.

Stockholm, 20 October 2021

PricewaterhouseCoopers AB
Nicklas Kullberg
Authorised public accountant

Consolidated income statement and other comprehensive income, summary, MSEK	2021 Jun-Sep	2020 Jun-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 full year
Revenue	182.2	160.1	576.4	535.2	728.5
Capitalised development costs	0.3	-	0.3	-	-
Goods for resale and other invoiced expenses	-69.4	-48.1	-197.6	-162.5	-227.1
Other external expenses	-6.1	-6.7	-20.4	-21.8	-29.8
Staff costs	-77.9	-79.5	-278.2	-269.2	-360.9
Depreciation, non-current assets ¹	-6.1	-6.1	-17.0	-18.2	-23.9
Operating income	23.0	19.7	63.5	63.5	86.8
Net financial income/expense <i>note 2</i>	0.1	-0.3	-0.2	-0.9	-1.0
Profit/loss before tax	23.1	19.4	63.3	62.6	85.8
Taxes	-4.8	-4.2	-13.5	-13.5	-18.9
Profit/loss for the period	18.3	15.2	49.8	49.1	66.9
Other comprehensive income					
<i>Items that will be reclassified to profit or loss</i>					
Translation differences	-0.4	0.0	-0.4	0.0	0.0
Comprehensive income for the period	17.9	15.2	49.4	49.1	66.9
Profit/loss for the period attributable to the Parent Company's share	18.3	15.2	49.8	49.1	66.9
Comprehensive income attributable to the Parent Company's share	17.9	15.2	49.4	49.1	66.9
Profit for the period per share, basic, SEK <i>note 1</i>	0.35	0.29	0.95	0.93	1.27
Profit for the period per share, diluted, SEK <i>note 1</i>	0.35	0.29	0.95	0.93	1.27

¹of which depreciation for leasing for Q3 2021 was MSEK -5 (MSEK -5); MSEK -15 (MSEK -15) for 2021 accumulated; and MSEK -20 for the full year 2020.

Summary of Balance Sheet			
Group, MSEK	2021-09-30	2020-09-30	2020-12-31
ASSETS			
Goodwill	109.3	109.3	109.3
Other intangible assets	0.9	1.1	0.9
Other non-current receivables	3.3	2.4	2.3
Right-of-use asset	12.4	29.6	25.3
Property, plant and equipment	1.4	3.7	3.1
Total non-current assets	127.3	146.1	140.9
Receivables, etc.	165.7	173.0	174.9
Cash and cash equivalents	88.9	159.3	199.8
Total current assets	254.6	332.3	374.7
Total assets	381.9	478.4	515.6
EQUITY AND LIABILITIES			
Equity	232.5	323.0	341.0
Deferred tax liabilities	1.1	1.2	1.0
Other provisions	4.1	3.4	3.4
Other current liabilities, leasing	2.1	8.9	2.6
Current liabilities ¹	142.1	141.9	167.6
Total equity and liabilities	381.9	478.4	515.6

¹of which the current part of lease liabilities (IFRS 16) on 30 Sep 2021 was MSEK 8, on 30 Sep 2020 it was MSEK 21, and on 31 Dec 2020 it was MSEK 21.

Total summary of Equity			
Group, MSEK	2021	2020	2020
	Jan-Sep	Jan-Sep	full year
TOTAL EQUITY			
Opening balance	341.0	274.1	274.1
Comprehensive income for the period	49.4	49.1	66.9
Merger difference	-	-0.2	-
Dividend	-157.9	-	-
Closing balance	232.5	323.0	341.0

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

Summary of Cash Flow Statement					
Group, MSEK	2021	2020	2021	2020	2020
Note 3	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	full year
Cash flow from operating activities					
before changes in working capital	22.6	19.3	60.8	58.3	91.3
Changes to working capital,	-1.8	4.5	1.9	-0.6	11.8
Cash flow from operating activities	20.8	23.8	62.7	57.7	103.1
Cash flow from investing activities	-0.3	0.1	-0.7	-0.6	-0.6
Cash flow from financing activities	-5.4	-5.1	-172.9	-15.0	-19.9
Cash flow for the year/period	15.1	18.8	-110.9	42.1	82.6
Cash and cash equivalents at the start of the year/period	73.8	140.5	199.8	117.2	117.2
Cash and cash equivalents at the end of the year/period	88.9	159.3	88.9	159.3	199.8
Cash flow from operating activities per share, basic, SEK. Note 1	0.40	0.45	1.19	1.10	1.96
Cash flow from operating activities per share, after dilution, SEK. Note 1	0.40	0.45	1.19	1.10	1.96

Performance measures for the Group , Note 4		2021	2020	2021	2020	2020
Net profit/loss		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	full year
Earnings per share, basic/diluted, SEK	note 1	0.35	0.29	0.95	0.93	1.27
EBITDA, MSEK		29.1	25.8	80.5	81.7	110.7
EBITDA margin, %		16.0	16.1	14.0	15.3	15.2
Operating margin, %		12.6	12.3	11.0	11.9	11.9
Profit margin, %		12.7	12.1	11.0	11.7	11.8
Profitability, equity, %		23.0	22.6	23.0	22.6	21.8

		2021	2020	2021	2020	2020
Sales		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	full year
Net sales, MSEK		182	160	576	535	728
Sales of consultancy services, MSEK		57	58	214	223	301
Sales of agreements, MSEK		86	77	251	223	305
Invoiced to third parties, services, MSEK		14	10	49	38	53
Invoiced to third parties, other, MSEK		10	12	33	37	49
Sales of licenses, MSEK		2	2	10	9	11
Sales of hardware, MSEK		13	1	19	5	9
Sales per employee, TSEK		431	378	1 356	1 248	1 718

Financial position		2021-09-30	2020-09-30	2020-12-31
Equity, MSEK		233	323	341
Equity/assets ratio, %		61	68	66
Cash and cash equivalents, MSEK		89	159	200
Unutilised credit lines, MSEK		23	23	23

		2021	2020	2021	2020	2020
Employees		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	full year
Average during the period		423	423	425	429	424
Number at the end of the period		423	418	423	418	422
Number of structural dismissals for the period		4	1	4	3	13

Development per quarter	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21
Net sales, MSEK	157.0	187.8	180.6	194.5	160.1	193.3	199.6	194.6	182.2
Profit/loss for the period before tax, l	13.8	21.4	17.2	26.0	19.4	23.2	19.9	20.3	23.1
Profit margin before tax, %	8.8	11.4	9.5	13.4	12.1	12.0	10.0	10.4	12.7

Income statement summary			
Parent Company, MSEK	2021	2020	2020
	Jan-Sep	Jan-Sep	full year
Revenue	576	535	729
Costs	-514	-472	-711
Operating income	62	63	18
Net financial income/expense	-	-	-1
Appropriations*	-	-	11
Profit/loss before tax	62	63	28
Taxes	-13	-14	-7
Net profit/loss	49	49	21

*net Group contributions paid/received

Summary of Balance Sheet			
Parent Company, MSEK	2021-09-30	2020-09-30	2020-12-31
ASSETS			
Non-current assets	13	16	15
Non-current receivables	3	2	2
Current assets	258	322	381
Total assets	274	340	398
EQUITY AND LIABILITIES			
Equity	78	216	187
Non-current liabilities	4	3	3
Current liabilities, non-interest-bearing	192	121	208
Total equity and liabilities	274	340	398

Summary of Cash Flow Statement			
Parent Company, MSEK	2021	2020	2020
	Jan-Sep	Jan-Sep	full year
Cash flow from operating activities	48	43	84
Cash flow from investing activities	-1	-1	-1
Cash flow from financing activities	-157	-	-
Cash flow for the year/period	-110	42	83
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	89	159	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 September 2021, the right-of-use asset amounted to MSEK 12 (MSEK 30) and the leasing liability was MSEK 10 (MSEK 30) (recognised under other long-term liabilities as MSEK 2 and current liabilities as MSEK 8). Amortisation and depreciation of MSEK 5 were carried out in the third quarter of 2021 (accumulated 2021: MSEK 15) while interest expense was MSEK 0.1 (accumulated 2021: MSEK 0.5). Softronic has opted to adopt the relief rules regarding short-term leases and agreements where the underlying asset is of a low value.

Self-financed development is capitalised and is subject to depreciation if it is a sizeable amount and considered to lead to future income or reduction in costs. For the Parent Company, the costs of research and development are expensed as they are incurred.

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

Allocation of investments MSEK	2021 Jan-Sep	2020 Jan-Sep	2020 full year
Net investments in equipment	-	-0.2	-0.2
Capitalised development costs	-0.3	-	-
Acquisition of business combinations	-	-0.4	-0.4
Total invested	-0.3	-0.6	-0.6

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. Definitions of key performance indicators may deviate from the definitions given by other companies, even though the measures have the same names. The alternative key performance indicators 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-Sep 2021
Profit	Provides a more nuanced and in-depth understanding of profit development	
Operating margin, %	Operating profit/income	$(63.5/576.4)*100=11.0$
Profit margin, %	Profit/loss before tax/income	$(63.3/576.4)*100=11.0$
EBITDA margin, %	Operating profit before depreciation and amortisation/income	$(80.5/576.4)*100=14.0$
Profitability, equity, %	Profit for the 12-month period/average equity over 5 quarters	$(67566/(1467710/5))*100=23.0$
EBITDA, MSEK	Operating profit before depreciation and amortisation	$63.5+17.0=80.5$
Sales, MSEK	Provides a more in-depth insight into the distribution of sales	
Sales of consultancy services	Income from consultancy services	214
Sales of agreement services	Income from agreement services	251
Sales of services for invoices to third parties	Income from services for invoices to third parties	49
Sales of invoices to third parties, other	Income from invoices to third parties, other	33
Sale of licences	Income from licences	10
Sales of hardware	Income from hardware	19
Sales per employee, TSEK	Income/number of employees on average	$(576.4/425)*1,000=1,356$
Financial position	Provides a good overview of total liquidity and solvency	
Equity/assets ratio, %	Total equity/total equity and liabilities	$232.5/381.9*100=61$
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	$89+23=112$
Employees	Provides a summary of changes in staff	
Average during the period, quantity	Number of employees on average	425
Number at the end of the period	Number of employees	423
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). This information was submitted for publication through the offices of Per Adolffson on 20 October 2021 at 8.00am (CET). This report along with other information about Softronic AB is available at www.softronic.se.

