



Interim Report

FOR THE PERIOD:

1 January – 31 March



2022

Significant business events

During the first quarter

- » Agreement signed with the Swedish Sports Confederation (RF)
- » Cloud partnership started with Hifab
- » New framework agreement signed with the Swedish Tax Agency
- » Charlotte Eriksson hired as the new CEO, starting 2 May 2022

Proposed dividend

- » The Board proposes a dividend of SEK 1.35 per share (SEK 1.25 and an additional SEK 1.75; a total of SEK 3.00)

First quarter 2022

- » Sales increased to MSEK 222.2 (MSEK 199.6)
- » EBITDA increased to MSEK 35.1 (MSEK 25.4)
- » Profit before tax increased to MSEK 29.8 (MSEK 19.9)
- » Profit margin before tax increased to 13.4 % (10.0 %)
- » Profit for the period after tax increased to MSEK 23.2 (MSEK 15.7)
- » Profit for the period after tax per share, before and after dilution, increased to SEK 0.44 (SEK 0.30)
- » Cash flow from operating activities amounted to MSEK 3.4 (MSEK 17.4)
- » Total liquidity amounted to MSEK 151



Q1 2022 – Forecasts show that our good business climate is set to continue

We have recently experienced events that we thought had been consigned to the history books only a few years ago. Firstly there was a pandemic that caused significant chaos throughout the world, followed by an unprovoked invasion of a country that is relatively close to our borders in February of this year. However, neither an infectious virus nor a war could suppress the need for IT competence that we are seeing on the Swedish market. Having said that, both have had and will have an impact on the way we work.

In the first quarter of this year we reported both substantial growth and an incredibly sharp rise in our profit. Sales amounted to more than MSEK 222, which is a 11.3% increase on Q1 2021; while profit before tax stood at MSEK 29.8, an increase of almost 50% on the same period in the previous year.

The main challenge for most companies that operate on the Swedish IT market is to be able to find sufficient numbers of people who have the relevant competence. Both customers and suppliers are often competing for the same competencies and there is a definite risk that this could trigger the kind of inflation we are seeing in other areas. Something that has fascinated me for a long time is the fact that the consultancy rate of SEK 1,000 per hour that was charged 20 years ago is still used to this day; despite the fact that other prices and salaries have increased significantly over the same period of time. One reasonable explanation for this is that the average capacity has increased considerably over this period. However, there is a natural ceiling in terms of the number of hours that are available, which means that this trend cannot continue indefinitely.

Another consideration is whether the heightened security risk in the world will result in a quicker transition to the public cloud or whether it will have the opposite effect. The Baltic countries were the first to place vital data for their countries in the cloud, as they thought it was more secure there than on the ground in Tallinn or Riga. However, other people have made a different assessment, stating that this information would be more secure in smaller and more geographically widespread data centres than if it was concentrated in a few gigantic centres that are

owned by American companies. I think that this is a discussion that we will be having for some time to come.

Let us now take a look at our day-to-day operations. At the beginning of 2022 we worked intensely on implementing the projects that we were awarded towards the end of last year, while also securing several new assignments. For example we have signed a new framework agreement with the Swedish Tax Agency, which shows the confidence this agency still has in us. We have also been entrusted by the Swedish Sports Confederation to take over the management of their central system; we will be working with them to further develop their IT environment. Another extremely exciting assignment is the complete cloud transformation for Hifab. We are benefiting from framework agreements that we had already been awarded as well, resulting in very high demand for resources.

So is there a risk of any dark clouds on the horizon? In recent years we have learnt not to take anything for granted and that the unexpected can happen at any time. It is clear that there are IT security risks that are increasing dependency on the general security situation. Everyone is now fully aware that cyber warfare is a reality. There is also a risk that inflation, which had been kept under control for many years, will create problems in a number of areas.

However, recent years have shown us that our industry can thrive, even when confronted with difficult external circumstances, so I think that it is reasonable for us to be positive about the future. This is going to be my final report as the CEO of Softronic. I would like to take this opportunity to thank everyone for so many enjoyable and inspirational years, and I would like to end by wishing the new CEO every success in the future.

Liquidity

The Group had MSEK 128 in cash and cash equivalents as of 31 March 2022. The total liquidity comprising cash and cash equivalents, as well as granted unutilised credit lines, amounted to MSEK 151. The proposed dividend amounts to SEK 1.35/share, totalling MSEK 71.

Business events in 2022

Softronic has signed an agreement with the Swedish Sports Confederation (RF) for the application management of its operational system IdrottOnline. IdrottOnline is an operational system that focuses on managing grants and a central register for people, organisations and activities in the Swedish sporting world.

Softronic has signed an agreement with Hifab to become its IT partner for the transformation of its IT environment from physical data centres to Azure.

This will help Hifab achieve its strategic objective to have a more flexible, secure and mobile IT environment, as it works to provide its operations with modern IT support.

Once again the Swedish Tax Agency entrusted Softronic with a framework agreement for contract services in the field of IT. This is a 2-year framework agreement that covers the following areas: Team assignments, Analysis and investigation, and Development.

The Board of Softronic has hired Charlotte Eriksson as its new CEO, starting 2 May 2022.

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.

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

- Annual General Meeting 2022, 11 May, 17.30, Hammarby Kaj 10A
- Interim Report (Apr-June), 15 July
- 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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Stockholm, 21 April 2022

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

Consolidated income statement and other comprehensive income, summary, MSEK	2022	2021	2021
	Jan-March	Jan-March	full year
Revenue	222.2	199.6	786.5
Capitalised development costs	1.0	-	1.0
Goods for resale and other invoiced expenses	-81.2	-64.9	-267.4
Other external expenses	-8.9	-7.4	-27.7
Staff costs	-98.0	-101.9	-375.7
Depreciation, non-current assets ¹	-5.3	-5.4	-22.8
Operating income	29.8	20.0	93.9
Net financial income/expense	0.0	-0.1	-0.3
	<u>note 2</u>		
Profit/loss before tax	29.8	19.9	93.6
Taxes	-6.6	-4.2	-19.9
Profit/loss for the period	23.2	15.7	73.7
Other comprehensive income			
<i>Items that will be reclassified to profit or loss</i>			
Translation differences	0.0	0.0	-0.4
Comprehensive income for the period	23.2	15.7	73.3
Profit/loss for the period attributable to the Parent Company's shareholders	23.2	15.7	73.7
Comprehensive income attributable to the Parent Company's shareholders	23.2	15.7	73.3
Profit for the period per share, basic, SEK	0.44	0.30	1.40
	<u>note 1</u>		
Profit for the period per share, diluted, SEK	0.44	0.30	1.40
	<u>note 1</u>		

¹of which depreciation for leasing for Q1 2022 was MSEK -5 (MSEK -5); and MSEK -20 for the full year 2021.

Summary of Balance Sheet			
Group, MSEK	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Goodwill	109.3	109.3	109.3
Other intangible assets	3.1	0.8	2.0
Other non-current receivables	3.3	2.3	3.3
Right-of-use asset	4.8	20.9	9.4
Property, plant and equipment	1.3	2.5	1.3
Total non-current assets	121.8	135.8	125.3
Receivables, etc.	190.5	180.8	172.1
Cash and cash equivalents	127.6	212.4	130.6
Total current assets	318.1	393.2	302.7
Total assets	439.9	529.0	428.0
EQUITY AND LIABILITIES			
Equity	279.6	356.7	256.4
Deferred tax liabilities	1.5	1.0	1.3
Other provisions	4.1	3.4	4.1
Other current liabilities, leasing	2.1	2.1	2.5
Current liabilities ¹	152.6	165.8	163.7
Total equity and liabilities	439.9	529.0	428.0

¹of which current part of the leasing liability (IFRS 16) as of 31 March 2022 is MSEK 3

Total summary of Equity			
Group, MSEK	2022	2021	2021
	Jan-March	Jan-March	full year
TOTAL EQUITY			
Opening balance	256.4	341.0	341
Comprehensive income for the period	23.2	15.7	73.3
Dividend	-	-	-157.9
Closing balance	279.6	356.7	256.4

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	2022	2021	2021
	Jan-March	Jan-March	full year
Cash flow from operating activities before changes in working capital	16.0	18.5	108.6
Changes to working capital,	-12.6	-1.1	2.7
Cash flow from operating activities	3.4	17.4	111.3
Cash flow from investing activities	-1.7	-	-2.4
Cash flow from financing activities	-4.7	-4.8	-178.1
Cash flow for the year/period	-3.0	12.6	-69.2
Cash and cash equivalents at the start of the year/period	130.6	199.8	199.8
Cash and cash equivalents at the end of the year/period	127.6	212.4	130.6
Cash flow from operating activities per share, basic, SEK. Note 1	0.06	0.33	2.11
Cash flow from operating activities per share, after dilution, SEK. Note 1	0.06	0.33	2.11

Performance measures for the Group , Note 4		2022	2021	2021
Net profit/loss		Jan-March	Jan-March	full year
Earnings per share, basic/diluted, SEK	note 1	0.44	0.30	1.40
EBITDA, MSEK		35.1	25.4	116.7
EBITDA margin, %		15.8	12.7	14.8
Operating margin, %		13.4	10.0	11.9
Profit margin, %		13.4	10.0	11.9
Profitability, equity, %		30.3	21.4	26.3

		2022	2021	2021
Sales		Jan-March	Jan-March	full year
Net sales, MSEK		222	200	787
Sales of consultancy services, MSEK		82	82	293
Sales of agreements, MSEK		89	81	340
Invoiced to third parties, services, MSEK		27	17	72
Invoiced to third parties, other, MSEK		9	13	44
Sales of licenses, MSEK		13	2	15
Sales of hardware, MSEK		2	5	23
Sales per employee, TSEK		523	469	1 846

Financial position		2022-03-31	2021-03-31	2021-12-31
Equity, MSEK		280	357	256
Equity/assets ratio, %		64	67	60
Cash and cash equivalents, MSEK		128	212	131
Unutilised credit lines, MSEK		23	23	23

		2022	2021	2021
Employees		Jan-March	Jan-March	full year
Average during the period		425	426	426
Number at the end of the period		419	427	427
Number of structural dismissals for the period		3	-	5

Development per quarter	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22
Net sales, MSEK	180.6	194.5	160.1	193.3	199.6	194.6	182.2	210.1	222.2
Profit/loss for the period before tax, I	17.2	26.0	19.4	23.2	19.9	20.3	23.1	30.3	29.8
Profit margin before tax, %	9.5	13.4	12.1	12.0	10.0	10.4	12.7	14.4	13.4

Income statement summary			
	2022	2021	2021
Parent Company, MSEK	Jan-March	Jan-March	full year
Revenue	222	200	786
Costs	-193	-180	-769
Operating income	29	20	17
Net financial income*	-	-	44
Appropriations**	-	-	76
Profit/loss before tax	29	20	137
Taxes	-7	-4	-20
Net profit/loss	22	16	117

*anticipated dividend of MSEK 44 received from subsidiaries in 2021
**net Group contributions paid/received

Summary of Balance Sheet			
	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Non-current assets	13	15	13
Non-current receivables	3	2	3
Current assets	311	399	304
Total assets	327	416	320
EQUITY AND LIABILITIES			
Equity	168	203	146
Non-current liabilities	4	3	4
Current liabilities, non-interest-bearing	155	210	170
Total equity and liabilities	327	416	320

Summary of Cash Flow Statement			
	2022	2021	2021
Parent Company, MSEK	Jan-March	Jan-March	full year
Cash flow from operating activities	-3	13	91
Cash flow from investing activities	-	-	-1
Cash flow from financing activities	-	-	-158
Cash flow for the year/period	-3	13	-68
Cash and cash equivalents at the start of the year/period	131	199	199
Cash and cash equivalents at the end of the year/period	128	212	131

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 2021 Annual Report.

The estimates follow the same principles as in the Annual Accounts of 2021.

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 31 March 2022, the right-of-use asset amounted to MSEK 5 (MSEK 21) and the leasing liability was MSEK 5 (MSEK 18) (recognised under other long-term liabilities as MSEK 2 and current liabilities as MSEK 3). Amortisation and depreciation of MSEK 5 were carried out in the first quarter of 2022 (accumulated 2021: MSEK 20) while interest expense was MSEK -0.0 (accumulated 2021: 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.

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. Softronic's Chairman Petter Stillström is also the Chairman of Hifab Group, as well as indirectly being a major shareholder in both Softronic and Hifab through his ownership of Traction. Stillström was not involved in the business decision nor the negotiations between the parties relating to the IT partnership agreement that was signed in March 2022.

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	2022 Jan-March	2021 Jan-March	2021 full year
Net investments in equipment	-0.5	-	-0.5
Capitalised development costs	-1.2	-	-1.5
Acquisition of business combinations	-	-	-0.4
Total invested	-1.7	0.0	-2.4

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 Q1 2022
Net profit/loss	Provides a more nuanced and in-depth understanding of profit development	
Operating margin, %	Operating profit/income	$(29.8/222.2)*100=13.4$
Profit margin, %	Profit/loss before tax/income	$(29.8/222.2)*100=13.4$
EBITDA margin, %	Operating profit before depreciation and amortisation/income	$(35.1/222.2)*100=15.8$
Profitability, equity, %	Profit for the 12-month period/average equity over 5 quarters	$(81133/(1339676/5))*100=30.3$
EBITDA, MSEK	Operating profit before depreciation and amortisation	$29.8+5.3=35.1$
Sales, MSEK	Provides a more in-depth insight into the distribution of sales	
Sales of consultancy services	Income from consultancy services	82
Sales of agreement services	Income from agreement services	89
Sales of services for invoices to third parties	Income from services for invoices to third parties	27
Sales of invoices to third parties, other	Income from invoices to third parties, other	9
Sale of licences	Income from licences	13
Sales of hardware	Income from hardware	2
Sales per employee, TSEK	Income/number of employees on average	$(222.2/425)*1,000=523$
Financial position	Provides a good overview of total liquidity and solvency	
Equity/assets ratio, %	Total equity/total equity and liabilities	$279.6/439.9*100=64$
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	$128+23=151$
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	419
Number of structural dismissals during the period	Number of structural dismissals	3

The information in this interim report is the information that Softronic AB (publ) must publish in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (MAR). This information was submitted for publication through the offices of Per Adolfsson on 21 April 2022 at 8.00am (CET). This report along with other information about Softronic AB is available at www.softronic.se.

