



Interim Report

FOR THE PERIOD:

1 January – 31 March



2021

Significant business events

During the first quarter

- » 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

First quarter 2021

- » Sales increased to MSEK 199.6 (MSEK 180.6)
- » EBITDA increased to MSEK 25.4 (MSEK 23.6)
- » Profit before tax increased to MSEK 19.9 (MSEK 17.2)
- » Profit margin before tax increased to 10.0 % (9.5 %)
- » Profit for the period after tax increased to MSEK 15.7 (MSEK 13.4)
- » Profit for the period after tax per share, before and after dilution, increased to SEK 0.30 (SEK 0.25)
- » Cash flow from operating activities increased to MSEK 17.4 (MSEK -8.2)
- » Total liquidity amounted to MSEK 235
- » The equity/assets ratio amounted to 67 % (65 %).



Q1 2021 – our figures remain strong

Looking back at the first quarter of 2021, we're delighted that a number of new deals, combined with our existing deals, have produced such great results. We almost reached sales of MSEK 200, but fell just short at MSEK 199.6. This represents growth of 10.5 % compared with the same period in 2020 (MSEK 180.6), which is extremely positive.

Profit also went up, ending at MSEK 19.9, an increase of just under 16 % over the year (MSEK 17.2 in Q1 2020), with a profit margin of 10 %. There have been a number of factors that have contributed to these strong figures, particularly the surge of new deals, but also the fact that the ongoing pandemic has put a halt to a lot of expenses.

These new deals include framework agreements that we have been awarded in both the private and public sector, with customers such as the Swedish Prosecution Authority/the Swedish Economic Crime Authority, Stockholm Regional Council and one of the largest banks in Sweden. These deals also include new projects with, for example, a major insurance company, an experiences company that operates in several countries, and one of our main customers in Organisationsverige. It is true that it can sometimes take time for new framework agreements to have an impact, but we are able to create high levels of growth over time once we have had chance to come in and show what we can do.

Although the market has remained stable as a whole, there are still huge differences between the sectors. Companies that have seen less demand from their customers have often been using this time to review their internal processes and systems, while those that have been under enormous external pressure have only had time to manage their day-to-day operations. All in all this has resulted in us seeing high levels of demand for specific competences, particularly in the development area as a whole.

This means that our operations are fundamentally stable at the moment. However, we are facing a situation that we believe is only right to tell you about. In the second quarter of 2020 we completed a multi-year project that involved scanning documents, which resulted in a high accumulated surplus in Q2 2020; so our profit will be relatively weaker for Q2 this year.

Most people, including us, have been working remotely for more than one year now, and many of us are longing to meet our colleagues, discuss projects and create new opportunities together. At the same time we have discovered that so many things can be done extremely well remotely: working groups can work together even if they are not sitting next to each other; remote working helps with commuting issues, etc. Although we do not think that working remotely full time is going to be the solution of the future, we also think that we will not completely go back to the previous model either. We believe the solution will involve us making use of technology where this work well, but also developing the way we work together on site.

We will continue to focus on "GoodTech – Technology that does good in society", not only through our own deliveries and collaborations with customers, but also by playing an active role in industry-wide investments that can have an even bigger impact when we work together. So it was only natural for us to be involved in the creation of a joint association called 'Digitalisation Consultants', whose ambition is to work towards a "a smart and fossil-free society". We are also delighted that our own Sustainability Coordinator Sofia Ouachi has been offered and has accepted a place on the Board of this association.

In this period the results from the RADAR Group's annual supplier comparison was presented, with us ending up in the top 5 for the sixth year in a row. It is true that it would have been great to have been at the top of this list, but we realise that our long-term stability is probably even more important to us at this moment in time. We would like to thank our customers for putting their trust in us and for giving us such a high score!

Liquidity

The Group had MSEK 212 in cash and cash equivalents as of 31 March 2021. The total liquidity comprising cash and cash equivalents, as well as granted unutilised credit lines, amounted to MSEK 235.

Business events in 2021

Softronic has concluded a new framework agreement with Stockholm Regional Council for 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

Other

Reports 2021

- 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 interim report

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Stockholm, 22 April 2021

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

Consolidated income statement and other comprehensive income, summary, MSEK			
	2021	2020	2020
	Jan-March	Jan-March	full year
Revenue	199.6	180.6	728.5
Goods for resale and other invoiced expenses	-64.9	-53.9	-227.1
Other external expenses	-7.4	-7.9	-29.8
Staff costs	-101.9	-95.2	-360.9
Depreciation, non-current assets ¹	-5.4	-6.1	-23.9
Operating income	20.0	17.5	86.8
Net financial income/expense	<u>note 2</u>	-0.3	-1.0
Profit/loss before tax	19.9	17.2	85.8
Taxes	-4.2	-3.8	-18.9
Profit/loss for the period	15.7	13.4	66.9
Other comprehensive income			
<i>Items that will be reclassified to profit or loss</i>			
Translation differences	0.0	0.0	0.0
Comprehensive income for the period	15.7	13.4	66.9
Profit/loss for the period attributable to the Parent Company's shareholders	15.7	13.4	66.9
Comprehensive income attributable to the Parent Company's shareholders	15.7	13.4	66.9
Profit for the period per share, basic, SEK	<u>note 1</u>	0.25	1.27
Profit for the period per share, diluted, SEK	<u>note 1</u>	0.25	1.27

¹of which depreciation for leasing for Q1 2021 was MSEK -5 (MSEK -5); and MSEK -20 for the full year 2020.

Summary of Balance Sheet			
Group, MSEK	2021-03-31	2020-03-31	2020-12-31
ASSETS			
Goodwill	109.3	109.3	109.3
Other intangible assets	0.8	1.8	0.9
Other non-current receivables	2.3	2.4	2.3
Right-of-use asset	20.9	38.6	25.3
Property, plant and equipment	2.5	5.0	3.1
Total non-current assets	135.8	157.1	140.9
Receivables, etc.	180.8	181.0	174.9
Cash and cash equivalents	212.4	103.9	199.8
Total current assets	393.2	284.9	374.7
Total assets	529.0	442.0	515.6
EQUITY AND LIABILITIES			
Equity	356.7	287.5	341.0
Deferred tax liabilities	1.0	1.2	1.0
Other provisions	3.4	3.8	3.4
Other current liabilities, leasing	2.1	18.7	2.6
Current liabilities ¹	165.8	130.8	167.6
Total equity and liabilities	529.0	442.0	515.6

¹ of which current part of the leasing liability (IFRS 16) is MSEK 16 as of 31 Mar 2021

Total summary of Equity			
Group, MSEK	2021	2020	2020
	Jan-March	Jan-March	full year
TOTAL EQUITY			
Opening balance	341.0	274.1	274.1
Comprehensive income for the period	15.7	13.4	66.9
Dividend	-	-	-
Closing balance	356.7	287.5	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 Note 3	2021	2020	2020
	Jan-March	Jan-March	full year
Cash flow from operating activities before changes in working capital	18.5	13.2	91.3
Changes to working capital,	-1.1	-21.4	11.8
Cash flow from operating activities	17.4	-8.2	103.1
Cash flow from investing activities	-	-0.2	-0.6
Cash flow from financing activities	-4.8	-4.9	-19.9
Cash flow for the year/period	12.6	-13.3	82.6
Cash and cash equivalents at the start of the year/period	199.8	117.2	117.2
Cash and cash equivalents at the end of the year/period	212.4	103.9	199.8
Cash flow from operating activities per share, basic, SEK. Note 1	0.33	-0.16	1.96
Cash flow from operating activities per share, after dilution, SEK. Note 1	0.33	-0.16	1.96

Performance measures for the Group , Note 4		2021	2020	2020
Net profit/loss		Jan-March	Jan-March	full year
Earnings per share, basic/diluted, SEK	<u>note 1</u>	0.30	0.25	1.27
EBITDA, MSEK		25.4	23.6	110.7
EBITDA margin, %		12.7	13.1	15.2
Operating margin, %		10.0	9.7	11.9
Profit margin, %		10.0	9.5	11.8
Profitability, equity, %		21.4	20.3	21.8

		2021	2020	2020
Sales		Jan-March	Jan-March	full year
Net sales, MSEK		200	181	728
Sales of consultancy services, MSEK		82	79	301
Sales of agreements, MSEK		81	69	305
Invoiced to third parties, services, MSEK		17	14	53
Invoiced to third parties, other, MSEK		13	12	49
Sales of licenses, MSEK		2	4	11
Sales of hardware, MSEK		5	3	9
Sales per employee, TSEK		469	418	1 718

Financial position		2021-03-31	2020-03-31	2020-12-31
Equity, MSEK		357	288	341
Equity/assets ratio, %		67	65	66
Cash and cash equivalents, MSEK		212	104	200
Unutilised credit lines, MSEK		23	23	23

		2021	2020	2020
Employees		Jan-March	Jan-March	full year
Average during the period		426	432	424
Number at the end of the period		427	427	422
Number of structural dismissals for the period		-	2	13

Development per quarter	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21
Net sales, MSEK	183.6	191.6	157.0	187.8	180.6	194.5	160.1	193.3	199.6
Profit/loss for the period before tax, I	17.1	19.8	13.8	21.4	17.2	26	19.4	23.2	19.9
Profit margin before tax, %	9.3	10.3	8.8	11.4	9.5	13.4	12.1	12.0	10.0

Income statement summary			
	2021	2020	2020
Parent Company, MSEK	Jan-March	Jan-March	full year
Revenue	200	181	729
Costs	-180	-163	-711
Operating income	20	18	18
Net financial income/expense	-	-	-1
Appropriations*	-	-	11
Profit/loss before tax	20	18	28
Taxes	-4	-4	-7
Net profit/loss	16	14	21

*net Group contributions paid/received

Summary of Balance Sheet			
Parent Company, MSEK	2021-03-31	2020-03-31	2020-12-31
ASSETS			
Non-current assets	15	18	15
Non-current receivables	2	2	2
Current assets	399	276	381
Total assets	416	296	398
EQUITY AND LIABILITIES			
Equity	203	179	187
Non-current liabilities	3	4	3
Current liabilities, non-interest-bearing	210	113	208
Total equity and liabilities	416	296	398

Summary of Cash Flow Statement			
Parent Company, MSEK	2021	2020	2020
	Jan-March	Jan-March	full year
Cash flow from operating activities	13	-14	84
Cash flow from investing activities	-	-	-1
Cash flow from financing activities	-	-	-
Cash flow for the year/period	13	-14	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	212	103	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 31 March 2021, the right-of-use asset amounted to MSEK 21 and the leasing liability was MSEK 18 (recognised under other long-term liabilities as MSEK 2 and current liabilities as MSEK 16). Amortisation and depreciation of MSEK 5 was carried out in the first quarter of 2021, while interest expense was MSEK -0.2. 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

Allocation of investments MSEK	2021 Jan-March	2020 Jan-March	2020 full year
Net investments in equipment	-	-0.2	-0.2
Acquisition of business combinations	-	-	-0.4
Total invested	0.0	-0.2	-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 Q1 2021
Net profit/loss	Provides a more nuanced and in-depth understanding of profit development	
Operating margin, %	Operating profit/income	$(20.0/199.6)*100=10.0$
Profit margin, %	Profit/loss before tax/income	$(19.9/199.6)*100=10.0$
EBITDA margin, %	Operating profit before depreciation and amortisation/income	$(25.4/199.6)*100=12.7$
Profitability, equity, %	Profit for the 12-month period/average equity over 5 quarters	$(69141/(1616022/5))*100=21.4$
EBITDA, MSEK	Operating profit before depreciation and amortisation	$20.0+5.4=25.4$
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	81
Sales of services for invoices to third parties	Income from services for invoices to third parties	17
Sales of invoices to third parties, other	Income from invoices to third parties, other	13
Sale of licences	Income from licences	2
Sales of hardware	Income from hardware	5
Sales per employee, TSEK	Income/number of employees on average	$(199.6/426)*1,000=469$
Financial position	Provides a good overview of total liquidity and solvency	
Equity/assets ratio, %	Total equity/total equity and liabilities	$356.7/529.0*100=67$
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	$212+23=235$
Employees	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	427
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). This information was submitted for publication through the offices of Per Adolffson on 22 April 2021 at 8.00am (CET). This report along with other information about Softronic AB is available at www.softronic.se.

