



SOFTRONIC

2023

Interim Report

1 January–30 June

Significant business events

During the second quarter

- » Softronic is a leader at creating customer satisfaction according to Radar's supplier quality review for 2023
- » Softronic signed an agreement with Sida for efficient task management

Earlier in the year

- » Softronic established operations in Karlstad
- » Subsidiary Consultus and Region Skåne signed a framework agreement for change leadership
- » Softronic was once again chosen as a framework supplier for the Swedish Financial Supervisory Authority
- » A partnership was entered into with VALEGA within CM1

After the end of the period

- » Softronic entered into an operating agreement with AB SOLOM, Sollentuna Municipality's health and care company
- » Softronic was awarded assignments by the Swedish Tax Agency for agile system development

Second quarter 2023

- » Sales amounted to MSEK 202.3 (MSEK 206.3)
- » EBITDA was MSEK 20.4 (MSEK 26.1)
- » Profit before tax totalled MSEK 17.3 (MSEK 21.4)
- » Profit margin before tax amounted to 8.6 % (10.4 %)
- » Profit for the period after tax amounted to MSEK 13.5 (MSEK 16.5)
- » Earnings per share for the period after tax, basic and diluted, amounted to SEK 0.26 (SEK 0.31)
- » Cash flow from operating activities amounted to MSEK 4.4 (MSEK 33.3)

First six months of 2023

- » Sales increased to MSEK 435.5 (MSEK 428.5)
- » EBITDA was MSEK 49.3 (MSEK 61.2)
- » Profit before tax totalled MSEK 42.8 (MSEK 51.2)
- » Profit margin before tax amounted to 9.8 % (11.9 %)
- » Profit for the period after tax amounted to MSEK 33.5 (MSEK 39.7)
- » Earnings per share for the period after tax, basic and diluted, amounted to SEK 0.64 (SEK 0.75)
- » Cash flow from operating activities amounted to MSEK 22.9 (MSEK 36.7)
- » Total liquidity amounted to MSEK 104



Investments in focus areas impact profit compared to previous year

Costs for investments impact profit

Softronic is reporting sales for the second quarter that are in line with the previous year, MSEK 202 compared to MSEK 206. The operating margin amounts to 8.5 % (10.7 %) and the operating profit to MSEK 17.1 (MSEK 22.0). The lower profit is largely due to extensive investments we have chosen to make within security, both internal activities and establishment of new offers on the market.

Enhanced Group management and further development of operative solutions

During the quarter, we made key changes within the organisation to enhance our operative services and security services in their own business area. We are continuing to develop our operative solutions efficiently and securely and increasing the rate of the ongoing transformation to hybrid and cloud solutions. Christer Samuelsson was named business area head. Christer has extensive experience in security, operations and workplace services from the both the IT consultant and banking sectors. We also strengthened the team with Jenny Magnell, who will be responsible for one of our business areas within system development and administration. Jenny has extensive and broad experience from the IT consulting sector. We welcome Jenny and Christer to the Group management team.

Focus on sales generates returns

A lot of time and effort has been directed to business development and tenders since we are experiencing slightly lower demand in some customer segments. This resulted in an accelerated flow of business during the quarter.

We are renewing and increasing our commitments at several of our customers within the member organisation segment.

We are winning new business and tenders for system development, system administration and operations in both the private and the public sectors.

Our customers show their confidence

We are very pleased that once again, for the eighth consecutive year, we are at the top of the list as a supplier of business-oriented IT services in Radar's annual review of customer satisfaction among Swedish IT managers. We would like to extend a warm thank you to our customers for their continued faith in us and the opportunity to develop our years-long collaborations.

Continued need for competence

Since demand continues to be stable in most of our customer segments, we have a strong focus on both competence-enhancing activities for our existing employees and the recruitment of new employees. During the quarter, we focused on skills development within SAF3 and an agile work method and participated at the DevSum developer conference. We are continuing to recruit at the same time as we are following the market's development.

Business events in 2023

Softronic is a leader at creating operative, tactical and strategic values for customers in the special year 2023, according to Radar's major supplier quality review.

Sida and Softronic signed an agreement for efficient task management that entails achieving secure, traceable and effective workflows for various types of tasks that are less person-dependent at Sida using effective and robust system support.

Softronic established operations in Karlstad with a focus on system development and administration.

Region Skåne and Softronic subsidiary Consultus signed a framework agreement for Consultus to train the region's managers and employees in change leadership.

Softronic was once again chosen by the Swedish Financial Supervisory Authority to be a framework supplier of IT consultants within the area of System Development and Administration.

Softronic entered into a partnership with VALEGA Chain Analytics for crypto transaction monitoring within CM1.

After the end of the period, Softronic signed a three-year agreement with AB SOLOM, Sollentuna Municipality's health and care company and largest actor within IT operations.

Softronic was awarded assignments by the Swedish Tax Agency for agile system development. The Swedish Tax Agency decided to award Softronic the assignment to deliver agile development teams.

Significant events in 2023

In January 2023, Softronic AB reclassified 370,000 Class A shares to a corresponding number of Class B shares in the company. After the reclassification, the number of shares amounts to 52,632,803, of which 3,000,000 of series A and 49,632,803 of series B.

Liquidity

The Group had MSEK 81 in cash and cash equivalents as at 30 June 2023. The total liquidity comprising cash and cash equivalents, as well as granted unutilised credit lines, amounted to MSEK 104. During the second quarter, a dividend of MSEK 52.6 (MSEK 71) was paid.

Events after the end of the period

There have been no other 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, salary costs and material security-related threats, all of which may have had a decisive impact on profitability. In addition to the financial risks described in the latest annual report, factors include uncertainties in economic assessments, changes to markets and competitors.

About 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 administration 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, Arjeplog and Karlstad. Website: www.softronic.se

Other

Reports 2023

- Interim Report (July-Sept), 18 October

Auditors' examination

This report has not been examined by the auditors.

Information about the interim report

Charlotte Eriksson, Chief Executive Officer
Email: charlotte.eriksson@softronic.se
Telephone: +46 (0)8-51 90 90 00
Softronic AB (publ), CIN 556249-0192

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 uncertainty factors facing the company and the companies within the Group.

Stockholm 17 July 2023

Charlotte Eriksson, CEO

Petter Stillström, Chair of the Board of Directors

Victoria Bohlin

Susanna Marcus

Cristina Petrescu

Johan Bergh

Andreas Eriksson

Tomas Högström, (employee representative)

Mikael Filén, (employee representative)

Condensed consolidated profit and loss statement and other comprehensive income, MSEK					
	2023	2022	2023	2022	2022
	April–June	April–June	Jan–June	Jan–June	full year
Revenue	202,3	206,3	435,5	428,5	797,1
Capitalised development costs	-	0,7	-	1,7	1,7
Goods for resale and other invoiced expenses	-68,3	-73,9	-159,9	-155,1	-285,5
Other external expenses	-8,9	-8,2	-18,2	-17,1	-39,0
Staff costs	-104,7	-98,8	-208,1	-196,8	-369,1
Depreciation, non-current assets ¹	-3,3	-4,1	-7,0	-9,4	-17,3
Operating income	17,1	22,0	42,3	51,8	87,9
Net financial income/expense <u>note 2</u>	0,2	-0,6	0,5	-0,6	-0,9
Profit/loss before tax	17,3	21,4	42,8	51,2	87,0
Taxes	-3,8	-4,9	-9,3	-11,5	-18,8
Profit/loss for the period	13,5	16,5	33,5	39,7	68,2
Other comprehensive income					
<i>Items that will be reclassified to profit or loss</i>					
Translation differences	0,0	0,0	0,0	0,0	0,0
Comprehensive income for the period	13,5	16,5	33,5	39,7	68,2
Profit/loss for the period attributable to the Parent Company's shareholders	13,5	16,5	33,5	39,7	68,2
Comprehensive income attributable to the Parent Company's shareholders	13,5	16,5	33,5	39,7	68,2
Earnings per share for the period, basic, SEK <u>note 1</u>	0,26	0,31	0,64	0,75	1,30
Earnings per share for the period, diluted, SEK <u>note 1</u>	0,26	0,31	0,64	0,75	1,30

¹of which depreciation for leasing for Q2 2023 is MSEK -3 (MSEK -3), MSEK 6 (MSEK -8) for 2023 accumulated, MSEK -15 for full year 2022.

Condensed Balance Sheet			
Group, MSEK	30.06.2023	30.06.2022	31.12.2022
ASSETS			
Goodwill	109,3	109,3	109,3
Other intangible assets	3,0	3,9	3,4
Other non-current receivables	3,3	3,3	3,3
Right-of-use asset	40,4	52,3	45,9
Property, plant and equipment	4,7	5,9	5,4
Total non-current assets	160,7	174,7	167,3
Receivables, etc.	172,0	157,6	149,6
Cash and cash equivalents	81,2	80	117,0
Total current assets	253,2	237,6	266,6
Total assets	413,9	412,3	433,9
EQUITY AND LIABILITIES			
Equity	234,5	225,1	253,6
Deferred tax liabilities	2,1	1,7	1,9
Other provision	3,1	3,6	3,3
Other non-current liabilities, leasing	24,2	35,8	30,1
Current liabilities ¹	150,0	146,1	145,0
Total equity and liabilities	413,9	412,3	433,9

¹of which the current part of lease liabilities (IFRS 16) was MSEK 13 (MSEK 14) on 30 June 2023, MSEK 13 (MSEK 4) on 31 December 2022

Condensed Total Equity			
Group, MSEK	2023	2022	2022
	Jan–June	Jan–June	full year
TOTAL EQUITY			
Opening balance	253,6	256,4	256,4
Comprehensive income for the period	33,5	39,7	68,2
Dividend	-52,6	-71,0	-71,0
Closing balance	234,5	225,1	253,6

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

Condensed Cash Flow Statement					
Group, MSEK Note 3	2023	2022	2023	2022	2022
	April–June	April–June	Jan–June	Jan–June	full year
Cash flow from operating activities before changes in working capital	17,1	13,8	32,1	29,8	63,0
Changes in working capital	-12,7	19,5	-9,2	6,9	17,6
Cash flow from operating activities	4,4	33,3	22,9	36,7	80,6
Cash flow from investing activities	0,0	-6,4	0,0	-8,1	-8,2
Cash flow from financing activities	-55,6	-74,5	-58,7	-79,2	-86,0
Cash flow for the year/period	-51,2	-47,6	-35,8	-50,6	-13,6
Cash and cash equivalents at the start of the year/period	132,4	127,6	117,0	130,6	130,6
Cash and cash equivalents at the end of the year/period	81,2	80,0	81,2	80,0	117,0
Cash flow from operating activities per share, basic, SEK. Note 1	0,08	0,63	0,44	0,70	1,53
Cash flow from operating activities per share, diluted, SEK. Note 1	0,08	0,63	0,44	0,70	1,53

Key performance indicators for the Group, Note 4		2023	2022	2023	2022	2022
Net profit/loss		April–June	April–June	Jan–June	Jan–June	full year
Earnings per share, basic/diluted, SEK	note 1	0,26	0,31	0,64	0,75	1,30
EBITDA, MSEK		20,4	26,1	49,3	61,2	105,2
EBITDA margin, %		10,1	12,7	11,3	14,3	13,2
Operating margin, %		8,5	10,7	9,7	12,1	11,0
Profit margin, %		8,6	10,4	9,8	11,9	10,9
Return on equity, %		25,2	33,9	25,2	33,9	27,1

		2023	2022	2023	2022	2022
Sales		April–June	April–June	Jan–June	Jan–June	full year
Net sales, MSEK		202	206	436	429	797
Sales of consultancy services, MSEK		70	74	147	156	276
Sales of agreements, MSEK		91	88	181	177	349
Invoiced to third parties, services, MSEK		21	29	44	56	100
Invoiced to third parties, other, MSEK		9	8	20	18	34
Sales of licenses, MSEK		8	5	28	18	27
Sales of hardware, MSEK		3	2	16	4	11
Sales per employee, TSEK		475	503	1 032	1 028	1 925

Financial position		30.06.2023	30.06.2022	31.12.2022
Equity, MSEK		235	225	254
Equity/assets ratio, %		57	55	58
Cash and cash equivalents, MSEK		81	80	117
Unutilised credit lines, MSEK		23	23	23

		2023	2022	2023	2022	2022
Employees		April–June	April–June	Jan–June	Jan–June	full year
Average number during the period		426	410	422	417	414
Number at the end of the period		431	408	431	408	415
Number of structural dismissals for the period		2	1	2	4	9

Development per quarter		Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23
Net sales, MSEK		194,6	182,2	210,1	222,2	206,3	172,8	195,8	233,2	202,3
Profit/loss for the period before tax, M		20,3	23,1	30,3	29,8	21,4	23,9	11,9	25,5	17,3
Profit margin before tax, %		10,4	12,7	14,4	13,4	10,4	13,8	6,1	10,9	8,6

Condensed Profit and Loss Statement		2023	2022	2022
Parent Company, MSEK		Jan–June	Jan–June	full year
Revenue		436	428	797
Costs		-394	-379	-781
Operating income		42	49	16
Net financial income/expense		1	-	0
Appropriations*		-	-	69
Profit/loss before tax		43	49	85
Taxes		-9	-11	-18
Net profit/loss		34	38	67

*net Group contributions paid/received

Condensed Balance Sheet		30.06.2023	30.06.2022	31.12.2022
Parent Company, MSEK				
ASSETS				
Non-current assets		16	18	17
Non-current receivables		3	3	3
Current assets		228	228	254
Total assets		247	249	274
EQUITY AND LIABILITIES				
Equity		124	114	143
Non-current liabilities		3	4	3
Current liabilities, non-interest-bearing		120	131	128
Total equity and liabilities		247	249	274

Condensed Cash Flow Statement		2023	2022	2022
Parent Company, MSEK		Jan–June	Jan–June	full year
Cash flow from operating activities		17	27	64
Cash flow from investing activities		-	-7	-7
Cash flow from financing activities		-53	-71	-71
Cash flow for the year/period		-36	-51	-14
Cash and cash equivalents at the start of the year/period		117	131	131
Cash and cash equivalents at the end of the year/period		81	80	117

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 2022 Annual Report.

The estimates follow the same principles as in the Annual Accounts of 2022.

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 2023 are not considered to have any material effect on the financial statements. In terms of IFRS 16 as at 30 June 2023, the right-of-use asset amounted to MSEK 40 (MSEK 52) and the leasing liability was MSEK 37 (MSEK 36) (recognised under other non-current liabilities as MSEK 24 and current liabilities as MSEK 13). Amortisation and depreciation of MSEK 3 were carried out in the second quarter of 2023 (accumulated 2023: MSEK 6) while interest expense was MSEK -0.3 (accumulated 2023: 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.

Capitalised development costs are in balance and are subject to capitalisation if the costs are sizeable and considered to lead to future income or cost reductions. For the Parent Company, research and development costs are expensed as they are incurred.

There have been no material transactions with related parties other than commercial transactions between companies within the Group that were carried out on market terms, except for the payment of Board fees and a dividend to shareholders in accordance with the resolution of the Annual General Meeting, and the sale of the Hifab Group on market terms. The Hifab Group is a related party because Petter Stillström, the chair of Softronic, is also a Board member of Hifab Group and indirectly a majority shareholder of both Softronic and Hifab through his ownership in 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

Earnings per share

The number of shares (basic and diluted) when calculating earnings and cash flow per share amounted to 52,632,803.

Note 2

Net financial income/expense

This item includes interest income and interest expense.

Note 3

Cash flow statements

Allocation of investments MSEK	2023 Jan–June	2022 Jan–June	2022 full year
Net investments in equipment	-	-5,5	-5,6
Capitalised development costs	-	-2,2	-2,2
Liquidity flows from previous years' acquisitions	-	-0,4	-0,4
Total invested	0,0	-8,1	-8,2

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 financial statements and are not measures of our financial performance or liquidity in accordance with IFRS, which is why they should not be considered to be alternatives to net profit, operating profit or other key performance indicators 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 2023
Net profit/loss		
	Provides a more nuanced and in-depth understanding of profit development	
Operating margin, %	Operating profit/income	$(42.3/435.5)*100=9.7$
Profit margin, %	Profit/loss before tax/income	$(42.8/435.5)*100=9.8$
EBITDA margin, %	Operating profit before depreciation and amortisation/income	$(49.3/435.5)*100=11.3$
Return on equity, %	Profit for the 12-month period/average equity over 5 quarters	$(61968/(1230617/5))*100=25.2$
EBITDA, MSEK	Operating profit before depreciation and amortisation	$42.3+7.0=49.3$
Sales, MSEK		
	Provides a more in-depth insight into the distribution of sales	
Sales of consultancy services	Income from consultancy services	147
Sales of agreement services	Income from agreement services	181
Sales of services for invoices to third parties	Income from services for invoices to third parties	44
Sales of invoices to third parties, other	Income from invoices to third parties, other	20
Sale of licences	Income from licences	28
Sales of hardware	Income from hardware	16
Sales per employee, TSEK	Income/number of employees on average	$(435.5/422)*1,000=1,032$
Financial position		
	Provides a good overview of total liquidity and solvency	
Equity/assets ratio, %	Total equity/total equity and liabilities	$234.5/413,9*100=57$
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	$81+23=104$
Employees		
	Provides a summary of changes in staff	
Average number during the period	Number of employees on average	422
Number at the end of the period	Number of employees	431
Number of structural dismissals during the period	Number of structural dismissals	2

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 CEO Charlotte Eriksson on 17 July 2023 at 11:00 a.m. (CET). This report along with other information about Softronic AB is available at www.softronic.se.

GoodTech – leading technology that does good in society

Softronic's ambition is to be a leader when it comes to providing innovative digital solutions that help companies and organisations create real social benefits.

Together with our customers, we work for the digitalisation of society and thereby contribute to a more sustainable future. That's what we call GoodTech.

Switchboard: +46 (0)8-51 90 90 00 » Fax: +46 (0)8-51 90 91 00 » E-post: info@softronic.se
Headquarters: Softronic AB (publ), Hammarby Kaj 10A, 120 32 Stockholm, Sweden » CIN: 556249-0192
STOCKHOLM » GOTHENBURG » MALMÖ » SUNDSVALL » ARJEPLOG » www.softronic.se