



2023

Interim Report

1 January–30 September

Significant business events

In the third quarter

- » 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

Earlier in the year

- » 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
- » 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

Third quarter 2023

- » Sales increased to MSEK 183.8 (MSEK 172.8)
- » EBITDA increased to MSEK 32.1 (MSEK 28.2)
- » Profit before tax increased to MSEK 29.1 (MSEK 23.9)
- » Profit margin before tax increased to 15.8 % (13.8 %)
- » Profit for the period after tax increased to MSEK 23.0 (MSEK 18.9)
- » Earnings per share for the period, basic and diluted, increased to SEK 0.44 (SEK 0.36)
- » Cash flow from operating activities amounted to MSEK -5.0 (MSEK 9.7)

January–September 2023

- » Sales increased to MSEK 619.3 (MSEK 601.3)
- » EBITDA was MSEK 81.4 (MSEK 89.4)
- » Profit before tax totalled MSEK 71.9 (MSEK 75.1)
- » Profit margin before tax amounted to 11.6 % (12.5 %)
- » Profit for the period after tax amounted to MSEK 56.5 (MSEK 58.6)
- » Earnings per share for the period after tax, basic and diluted, amounted to SEK 1.07 (SEK 1.11)
- » Cash flow from operating activities amounted to MSEK 17.9 (MSEK 46.4)
- » Total liquidity amounted to MSEK 96



Softronic posts a strong third quarter

Third quarter brings growth and strong profit margin

Softronic reports growth and improved profit for the third quarter compared to the previous year: Sales amount to MSEK 184 compared to MSEK 173, i.e., 6 % organic growth. The operating margin amounts to 15.6 % (14.0 %) and the operating profit to MSEK 28.6 (MSEK 24.2).

Turnkey and bundled services an advantage in a weaker market

Since Q2 2023, the IT industry has been more clearly impacted by the economic downturn than before. The market in general is experiencing a slow-down. There is still a long-term need for digital solutions, but decisions regarding IT investments in the near future are taking longer. There is more available competence, which has not been the case for a long time. Competition for consultancy assignments is becoming tougher. Softronics has a clear advantage from focusing on turnkey deliveries and bundled services for its customers. Our long-term commitments continue even during downturns. In some areas, we have instead seen an increase during the quarter. One explanation for the strong performance is also Softronic's varied and to some extent more recession-proof customer portfolio. We also dedicate a lot of time and energy to business development and tender work.

During the period, the entire company gathered in Visby for a conference. We view it as an important investment for creating personal engagement and being an attractive employer. We are continuing to follow the market's development but currently see a greater need for competence and recruitment.

Considerable interest in artificial intelligence and cloud transformation

Interest in artificial intelligence (AI) and, for example, Chat GPT has increased enormously. We recently held a well-attended seminar together with Microsoft on the possibilities of generative AI. The development is progressing quickly, and we are working with the transition and the possibilities this will entail, both in the form of internal efficiency at Softronic and further developing our AI offer to the market and our customers.

Another technology shift that is more evident than before in our customer segment is a greater focus on cloud transformation. This is nothing new in and of itself, but we are supporting more and more of our customers with a shift to cloud or hybrid solutions.

Continued work on security and increased regulatory requirements

Even if conversations within the industry revolve increasingly around AI, the risks of cyber attacks are continuing to rise. In order to manage security risks, more regulatory requirements will determine how IT solutions and data must be managed. Therefore, we are continuing to be fully committed to our work on secure solutions and our security offer.

Business events in 2023

Softronic signed a three-year agreement with AB SOLOM, Sollentuna Municipality's health and care company and largest IT operator.

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.

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 different 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 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.

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 73 in cash and cash equivalents as at 30 September 2023. The total liquidity comprising cash and cash equivalents, as well as granted unutilised credit lines, amounted to MSEK 96.

During the second quarter, a dividend of MSEK 52.6 (MSEK 71.1) 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 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, Arjeplog and Karlstad. Website: www.softronic.se**

Other

Reports 2024

- Year-end report 2023, 22 February
- Annual Report 2023, 10 April
- Interim Report (Jan–March), 24 April
- 2023 Annual General Meeting, 24 April, 5:30 p.m. at the company's premises
- Interim Report (Apr–June), 17 July
- Interim Report (July–Sept), 24 October

Information about the interim report

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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 performance, and describes the significant risks and uncertainty factors facing the company and the companies within the Group.

Stockholm, 18 October 2023

Charlotte Eriksson, Chief Executive Officer, Softronic AB (Publ)

Auditor Assessment Report, Softronic AB (publ), CIN 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 condensed interim financial information (interim report) of Softronic AB (publ) as at 30 September 2023 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, 18 October 2023

PricewaterhouseCoopers AB
Nicklas Kullberg
Authorised public accountant

Condensed consolidated profit and loss statement and other comprehensive income, MSEK					
	2023	2022	2023	2022	2022
	July–Sept	July–Sept	Jan–Sept	Jan–Sept	full year
Revenue	183,8	172,8	619,3	601,3	797,1
Capitalised development costs	-	0,0	-	1,7	1,7
Goods for resale and other invoiced expenses	-58,6	-59,0	-218,5	-214,1	-285,5
Other external expenses	-7,0	-6,5	-25,2	-23,6	-39,0
Staff costs	-86,1	-79,1	-294,2	-275,9	-369,1
Depreciation, non-current assets ¹	-3,5	-4,0	-10,5	-13,4	-17,3
Operating income	28,6	24,2	70,9	76,0	87,9
Net financial income/expense	note 2	0,5	-0,3	1,0	-0,9
Profit/loss before tax	29,1	23,9	71,9	75,1	87,0
Taxes	-6,1	-5,0	-15,4	-16,5	-18,8
Profit/loss for the period	23,0	18,9	56,5	58,6	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	23,0	18,9	56,5	58,6	68,2
Profit/loss for the period attributable to the Parent Company's shareholders	23,0	18,9	56,5	58,6	68,2
Comprehensive income attributable to the Parent Company's shareholders	23,0	18,9	56,5	58,6	68,2
Earnings per share for the period, basic, SEK	note 1	0,44	0,36	1,07	1,11
Earnings per share for the period, diluted, SEK	note 1	0,44	0,36	1,07	1,11

of w hich depreciation for leasing for Q3 2023 is MSEK -3 (MSEK -3), MSEK -9 (MSEK -12) for 2023 accumulated, MSEK -15 for full year 2022.

Condensed Balance Sheet			
Group, MSEK	30.09.2023	30.09.2022	31.12.2022
ASSETS			
Goodwill	109,3	109,3	109,3
Other intangible assets	2,8	3,7	3,4
Other non-current receivables	3,3	3,3	3,3
Right-of-use asset	38,6	49,3	45,9
Property, plant and equipment	5,1	5,7	5,4
Total non-current assets	159,1	171,3	167,3
Receivables, etc.	195,8	149,9	149,6
Cash and cash equivalents	72,6	86,2	117,0
Total current assets	268,4	236,1	266,6
Total assets	427,5	407,4	433,9
EQUITY AND LIABILITIES			
Equity	257,5	244,0	253,6
Deferred tax liabilities	2,2	1,8	1,9
Other provision	3,0	3,5	3,3
Other non-current liabilities, leasing	22,4	33,1	30,1
Current liabilities ¹	142,4	125,0	145,0
Total equity and liabilities	427,5	407,4	433,9

¹of w hich the current part of lease liabilities (IFRS 16) w as MSEK 13 (MSEK 14) on 30 September 2023, MSEK 13 (MSEK 4) on 31 December 2022

Condensed Total Equity Group, MSEK	2023	2022	2022
	Jan–Sept	Jan–Sept	full year
TOTAL EQUITY			
Opening balance	253,6	256,4	256,4
Comprehensive income for the period	56,5	58,6	68,2
Dividend	-52,6	-71,0	-71,0
Closing balance	257,5	244,0	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
	July–Sept	July–Sept	Jan–Sept	Jan–Sept	full year
Cash flow from operating activities before changes in working capital	21,6	18,1	53,7	47,9	63,0
Changes in working capital	-26,6	-8,4	-35,8	-1,5	17,6
Cash flow from operating activities	-5,0	9,7	17,9	46,4	80,6
Cash flow from investing activities	-0,7	-0,1	-0,7	-8,2	-8,2
Cash flow from financing activities	-2,9	-3,4	-61,6	-82,6	-86,0
Cash flow for the year/period	-8,6	6,2	-44,4	-44,4	-13,6
Cash and cash equivalents at the start of the year/period	81,2	80,0	117,0	130,6	130,6
Cash and cash equivalents at the end of the year/period	72,6	86,2	72,6	86,2	117,0
Cash flow from operating activities per share, basic, SEK. Note 1	-0,09	0,18	0,34	0,88	1,53
Cash flow from operating activities per share, diluted, SEK. Note 1	-0,09	0,18	0,34	0,88	1,53

Key performance indicators for the Group, Note 4		2023	2022	2023	2022	2022
Net profit/loss		July–Sept	July–Sept	Jan–Sept	Jan–Sept	full year
Earnings per share, basic/diluted, SEK	note 1	0,44	0,36	1,07	1,11	1,30
EBITDA, MSEK		32,1	28,2	81,4	89,4	105,2
EBITDA margin, %		17,5	16,3	13,1	14,9	13,2
Operating margin, %		15,6	14,0	11,4	12,6	11,0
Profit margin, %		15,8	13,8	11,6	12,5	10,9
Return on equity, %		26,2	33,3	26,2	33,3	27,1

		2023	2022	2023	2022	2022
Sales		July–Sept	July–Sept	Jan–Sept	Jan–Sept	full year
Net sales, MSEK		184	173	619	601	797
Sales of consultancy services, MSEK		60	53	207	209	276
Sales of agreements, MSEK		92	87	273	264	349
Invoiced to third parties, services, MSEK		16	19	60	75	100
Invoiced to third parties, other, MSEK		9	9	28	26	34
Sales of licenses, MSEK		5	3	33	21	27
Sales of hardware, MSEK		2	2	18	6	11
Sales per employee, TSEK		424	427	1 454	1 456	1 925

Financial position		30.09.2023	30.09.2022	31.12.2022
Equity, MSEK		258	244	254
Equity/assets ratio, %		60	60	58
Cash and cash equivalents, MSEK		73	86	117
Unutilised credit lines, MSEK		23	23	23

		2023	2022	2023	2022	2022
Employees		July–Sept	July–Sept	Jan–Sept	Jan–Sept	full year
Average number during the period		434	405	426	413	414
Number at the end of the period		432	405	432	405	415
Number of structural dismissals for the period		-	4	2	8	9

Development per quarter		Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23
Net sales, MSEK		182,2	210,1	222,2	206,3	172,8	195,8	233,2	202,3	183,8
Profit/loss for the period before tax, M		23,1	30,3	29,8	21,4	23,9	11,9	25,5	17,3	29,1
Profit margin before tax, %		12,7	14,4	13,4	10,4	13,8	6,1	10,9	8,6	15,8

Condensed Profit and Loss Statement			
	2023	2022	2022
Parent Company, MSEK	Jan–Sept	Jan–Sept	full year
Revenue	619	601	797
Costs	-549	-527	-781
Operating income	70	74	16
Net financial income/expense	2	0	0
Appropriations*	-	-	69
Profit/loss before tax	72	74	85
Taxes	-14	-17	-18
Net profit/loss	58	57	67

*net Group contributions paid/received

Condensed Balance Sheet			
	30.09.2023	30.09.2022	31.12.2022
Parent Company, MSEK			
ASSETS			
Non-current assets	17	18	17
Non-current receivables	3	3	3
Current assets	243	211	254
Total assets	263	232	274
EQUITY AND LIABILITIES			
Equity	147	133	143
Non-current liabilities	3	3	3
Current liabilities, non-interest-bearing	113	96	128
Total equity and liabilities	263	232	274

Condensed Cash Flow Statement			
	2023	2022	2022
Parent Company, MSEK	Jan–Sept	Jan–Sept	full year
Cash flow from operating activities	10	22	64
Cash flow from investing activities	-1	-7	-7
Cash flow from financing activities	-53	-71	-71
Cash flow for the year/period	-44	-56	-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	73	75	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 September 2023, the right-of-use asset amounted to MSEK 39 (MSEK 49) and the leasing liability was MSEK 36 (MSEK 47) (recognised under other non-current liabilities as MSEK 22 and current liabilities as MSEK 13). Amortisation and depreciation of MSEK 3 were carried out in the third quarter of 2023 (accumulated 2023: MSEK 9) while interest expense was MSEK -0.3 (accumulated 2023: MSEK -0.9). 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

Profit/loss 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–Sept	2022 Jan–Sept	2022 full year
Net investments in equipment	-0,7	-5,6	-5,6
Capitalised development costs	-	-2,2	-2,2
Liquidity flows from previous years' acquisitions	-	-0,4	-0,4
Total invested	-0,7	-8,2	-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–Sept 2023
Profit	Provides a more nuanced and in-depth understanding of profit development	
Operating margin, %	Operating profit/income	$(70.9/619.3)*100=11.4$
Profit margin, %	Profit/loss before tax/income	$(71.9/619.3)*100=11.6$
EBITDA margin, %	Operating profit before depreciation and amortisation/income	$(81.4/619.3)*100=13.1$
Return on equity, %	Profit for the 12-month period/average equity over 5 quarters	$(66102/(1262921/5))*100=26.2$
EBITDA, MSEK	Operating profit before depreciation and amortisation	$70.9+10.5=81.4$
Sales, MSEK	Provides a more in-depth insight into the distribution of sales	
Sales of consultancy services	Income from consultancy services	207
Sales of agreement services	Income from agreement services	273
Sales of services for invoices to third parties	Income from services for invoices to third parties	60
Sales of invoices to third parties, other	Income from invoices to third parties, other	28
Sale of licences	Income from licences	33
Sales of hardware	Income from hardware	18
Sales per employee, TSEK	Income/number of employees on average	$(619.3/426)*1,000=1,454$
Financial position	Provides a good overview of total liquidity and solvency	
Equity/assets ratio, %	Total equity/total equity and liabilities	$257.5/427,5*100=60$
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	$73+23=96$
Employees	Provides a summary of changes in staff	
Average number during the period	Number of employees on average	426
Number at the end of the period	Number of employees	432
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). This information was submitted for publication

through the offices of CEO Charlotte Eriksson on 18 October 2023 at 8:00 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.

A horizontal dotted line consisting of small red dots, positioned above the contact information.

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