



# Good growth, positive development in result and strong cash flow

## April - June 2020

- Revenues increased by 22 percent to SEK 987 (806) million.
- Adjusted EBITA increased by 53 percent and amounted to SEK 56.3 (36.7) million, corresponding to an adjusted EBITA margin of 5.7 (4.6) percent.
- Profit before tax amounted to SEK 40.1 (22.3) million.
- Profit after tax amounted to SEK 31.3 (12.8) million.
- Profit per share amounted to SEK 3.42 (1.40).
- New contracts relating to cloud services worth SEK 77 (96) million were concluded, a decrease by 20 percent.
- New services were launched in Proact's cloud services including Wide Area Network as-a-Service (WANaaS) and Service Management for Public Cloud.

## January - June 2020

- Revenues increased by 7 percent to SEK 1,830 (1,716) million.
- Adjusted EBITA increased by 24 percent and amounted to SEK 98.9 (79.9) million, corresponding to an adjusted EBITA margin of 5.4 (4.7) percent.
- Profit before tax amounted to SEK 73.5 (49.0) million.
- Profit after tax amounted to SEK 57.1 (34.4) million.
- Profit per share amounted to SEK 6.27 (3.74).
- New contracts relating to cloud services worth SEK 128 (157) million were concluded, a decrease by 18 percent.

### Financial summary

Amounts in SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Rolling 12 2019/20	Jan-Dec 2019
Total revenues	986.6	806.4	1,830.3	1,716.2	3,522.0	3,407.9
Growth, %	22.3	-7.0	6.7	5.5	3.4	2.7
Growth, currency adjusted, %	23.4	-8.5	6.5	2.9	2.4	0.5
Organic growth, % <sup>1)</sup>	14.4	-7.4	-1.1	5.0	-1.9	1.1
Adjusted EBITA <sup>2)</sup>	56.3	36.7	98.9	79.9	184.7	165.6
Adjusted EBITA margin, %	5.7	4.6	5.4	4.7	5.2	4.9
Operating profit (EBIT)	48.0	21.0	82.1	46.3	141.2	105.4
Operating margin (EBIT), %	4.9	2.6	4.5	2.7	4.0	3.1
Profit before tax	40.1	22.3	73.5	49.0	126.1	101.7
Net margin, %	4.1	2.8	4.0	2.9	3.6	3.0
Profit after tax	31.3	12.8	57.1	34.4	102.9	80.2
Profit margin, %	3.2	1.6	3.1	2.0	2.9	2.4
Earnings per share (oustanding shares), SEK <sup>3)</sup>	3.42	1.40	6.27	3.74	11.28	8.75
Return on capital employed, % <sup>4)</sup>	-	2.6	-	-	15.1	13.2
Cash flow from operations	178.8	75.4	148.7	77.0	401.2	329.5

1) Organic growth refers to growth excluding acquired and divested companies (Spain divested June 2019, PeopleWare acquired October 2019).

2) EBITA before items affecting comparability.

3) Proact has a long-term performance based share program that could give rise to dilution of maximum 0.44%. The company has bought back own shares which will affect the key ratios above.

4) Calculated for rolling 12 months.

## About Proact

Proact is Europe's leading independent data centre and cloud services provider. By delivering flexible, accessible and secure IT solutions and services, we help companies and authorities reduce risk and costs, whilst increasing agility, productivity and efficiency. We've completed over 5,000 successful projects around the world, have more than 3,500 customers and currently manage in excess of 100 petabytes of information in the cloud. We employ over 1,000 people with offices across 15 countries in Europe and North America. Founded in 1994, our parent company, Proact IT Group AB (publ), listed on Nasdaq Stockholm in 1999 (under the symbol PACT).

For further information about Proact's activities please visit us at [www.proact.eu](http://www.proact.eu)

# Report by the CEO of Proact

"Strong system sales in Business Unit Nordics in combination with continued good development of the company's contracted support and cloud services have contributed to the good result."



I am happy and proud that sales, earnings and cash flow are the best that the company has reported in a second quarter ever. Revenues increased by 22 percent to SEK 987 (806) million, where strong system sales in Business Unit Nordics in combination with continued good development of the company's contracted support and cloud services in Business Unit West have contributed to the good growth. Revenues from service operations increased by 28 percent, of which 7 percent organic, and system sales increased by 19 percent. Revenues from contracted services amounted to SEK 292 (230) million, of which cloud services increased by 48 percent to SEK 181 (122) million during the quarter. Service revenues have developed positively from the company PeopleWare, which was acquired last year. Adjusted EBITA increased by as much as 53 percent in the quarter to SEK 56.3 (36.7) million, corresponding to an EBITA margin of 5.7 (4.6) percent.

New sales of cloud services amounted to SEK 77 (96) million. The decline was mainly due to several of our customers being cautious about signing longer agreements due to the general uncertainty about the effects of the pandemic. Even for Proact, the uncertainty of the pandemic's short- and long-term effects remains high. The company has therefore taken several measures to reduce the company's costs by approximately SEK 40 million on an annual basis, with full effect from the fourth quarter of 2020, while we have been restrained with new recruitments.

Innovation and development of our offering has continued during the past quarter and recently a number of new cloud services were launched to the market. Wide Area Network as-a-Service (WANaaS) is an addition to our network services that enables secure and easy network connection to handle so-called multi-cloud solutions. The new Service Management for Public Cloud

service also aims to simplify multicloud solutions for our customers who want to use public cloud services for parts of their IT infrastructure.

The need to store and secure business-critical data has been great with our customers around Europe. Among other things, we have signed a comprehensive agreement with Fortnox in Sweden with the aim of modernising their business-critical platform from which they deliver cloud-based software solutions to their customers. In addition to designing the solution and delivering the underlying systems to the platform, Proact also provides associated contracted services for operation, backup and maintenance with a focus on secure and reliable data management. The deal is representative of Proact's strong position in the market with a portfolio of products and services that help the company's customers to manage and create value from data.

For Proact, the pandemic has meant a time of change, where we have made the necessary adjustments to continue to meet our customers' needs, further develop our offering and deliver our services while maintaining high quality. I am pleased with how well we have succeeded during the quarter and that it has also been reflected in a positive results development.

In conclusion, I would like to thank our CFO, Jonas Persson, who has chosen to leave after a long and successful career at the company. He will be replaced by Linda Höljö who will assume her position as CFO on 17 August.

Kista, 15 July, 2020

Jonas Hasselberg  
CEO

# The Group's development

## Revenues and result

### Second quarter

For second quarter, total revenues amounted to SEK 987 (806) million, an increase by 22 percent of which 14 percent were organic. In local currencies revenues increased by 23 percent.

System revenues increased by 19 percent to SEK 625 (523) million, of which 19 percent were organic. Service revenues increased by 28 percent to SEK 362 (283) million, of which 7 percent were organic. Service revenues represented 37 percent of total revenues for the second quarter.

New contracts relating to cloud services worth SEK 77 (96) million were concluded during the quarter. The contracts has terms of three to five years. Total revenues from cloud services amounted to SEK 181 (122) million, an increase by 48 percent of which 13 percent were.

Adjusted EBITA increased by 53 percent compared to previous year and amounted to SEK 56.3 (36.7) million. Adjusted EBITA margin was 5.7 (4.6) percent. Growth with good profitability in combination with shifting of the product mix to a larger proportion of services, had a positive impact on the EBITA margin. The result includes costs for savings measures, including staff reductions, amounting to approximately SEK 5 million. Sales and administrative expenses increased by 5 percent for comparable units at the same time organic growth of revenues was 14 percent.

Profit before tax amounted to SEK 40.1 (22.3) million.

### January - June

For the first six months, total revenues amounted to SEK 1,830 (1,716) million, an increase by 7 percent of which –1 percent were organic. In local currencies revenues increased by 7 percent. System revenues decreased by 4 percent to SEK 1,102 (1,152) million, of which –5 percent were organic. Service revenues increased

by 29 percent to SEK 728 (563) million, of which 7 percent were organic. Service revenues represented 40 percent of total revenues for the first six months.

New contracts relating to cloud services worth SEK 128 (157) million were concluded during the first six months. The contracts has terms of three to five years. Total revenues from cloud services amounted to SEK 361 (236) million, an increase by 53 percent of which 17 percent were organic.

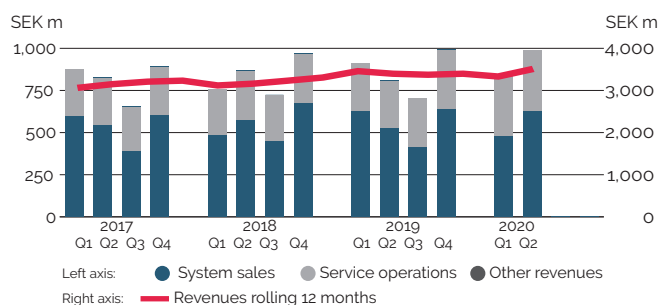
Adjusted EBITA increased by 24 percent and amounted to SEK 98.9 (79.9) million for the first six months. Adjusted EBITA margin was 5.4 (4.7) percent. During first six months, the product mix has shifted to a larger proportion of services, which had a positive impact on the EBITA margin. The result includes costs for savings measures, including staff reductions, amounting to approximately SEK 5 million. Sales and administrative expenses increased by 2 percent for comparable units.

Profit before tax amounted to SEK 73.5 (49.0) million.

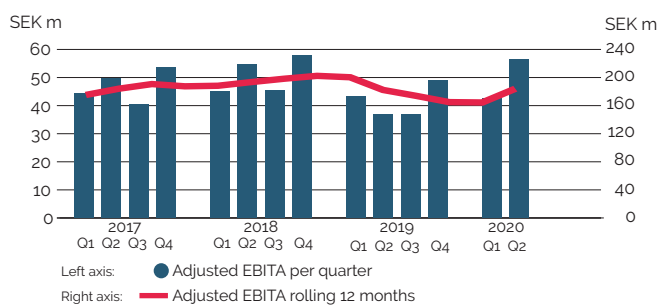
### Revenues per industry

SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Rolling 12 mths	Jan-Dec 2019
Telecom	85	83	200	151	352	303
Bank, Finance	61	64	143	165	286	308
Oil, Energy	48	41	87	109	203	226
Manufacturing	134	137	219	255	493	529
Media	8	11	21	36	43	58
Trading & Services	213	191	385	421	724	760
Public sector	262	157	431	355	919	844
Other	176	124	344	224	500	381
<b>Total revenue</b>	<b>987</b>	<b>806</b>	<b>1,830</b>	<b>1,716</b>	<b>3,522</b>	<b>3,408</b>

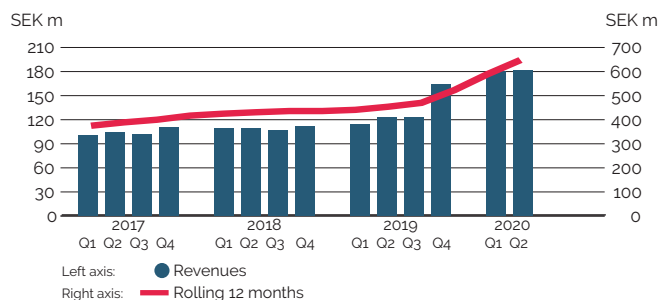
### Revenues



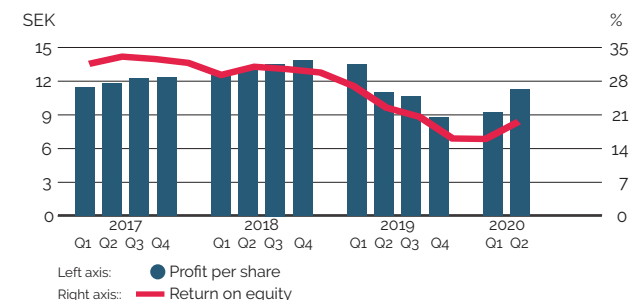
### Adjusted EBITA



### Revenues from cloud service



### Profit per share and return on equity, rolling 12 months, %



Amounts in SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Rolling 12 mths	Jan-Dec 2019
Total Revenues	986.6	806.4	1,830.3	1,716.2	3,522.0	3,407.9
Cost of goods and services sold, excl. amortizations and depreciations	-738.7	-594.4	-1,348.8	-1,282.4	-2,574.9	-2,508.5
Gross profit excl. amortizations and depreciations	247.9	212.0	481.6	433.8	947.1	899.3
<i>Gross margin excl. amortizations and depreciations, %</i>	<i>25.1</i>	<i>26.3</i>	<i>26.3</i>	<i>25.3</i>	<i>26.9</i>	<i>26.4</i>
Operational expenses excl. amortizations and depreciations	-151.7	-142.5	-302.6	-290.9	-607.8	-596.1
Adjusted EBITDA <sup>1)</sup>	96.1	69.5	179.0	142.9	339.3	303.2
<i>Adjusted EBITDA margin, %</i>	<i>9.7</i>	<i>8.6</i>	<i>9.8</i>	<i>8.3</i>	<i>9.6</i>	<i>8.9</i>
Depreciations and write-downs of tangible assets	-39.8	-32.8	-80.0	-63.0	-154.6	-137.6
Adjusted EBITA <sup>1)</sup>	56.3	36.7	98.9	79.9	184.7	165.6
<i>Adjusted EBITA margin, %</i>	<i>5.7</i>	<i>4.6</i>	<i>5.4</i>	<i>4.7</i>	<i>5.2</i>	<i>4.9</i>
Amortizations and write-downs of intangible assets	-8.3	-6.7	-16.9	-13.4	-32.2	-28.7
Items affecting comparability	-	-9.1	-	-20.2	-11.3	-31.5
Operating profit/loss (EBIT)	48.0	21.0	82.1	46.3	141.2	105.4
<i>Operating margin (EBIT), %</i>	<i>4.9</i>	<i>2.6</i>	<i>4.5</i>	<i>2.7</i>	<i>4.0</i>	<i>3.1</i>

1) EBITDA and EBITA before items affecting comparability

## Cash flow

### Second quarter

Cash flow for the quarter was SEK 118 (-31) million, of which SEK 179 (75) million from operating activities.

### January - June

Cash flow for the first six months was SEK 28 (-65) million, of which SEK 149 (77) million from operating activities. During the period, amortization of lease liabilities was made by SEK 70 million.

### Investments

During the first six months SEK 48 (48) million has been invested in fixed assets.

## Financial position

Cash and cash equivalent amounted to SEK 389 million as of June 30, 2020, compared with SEK 219 million last year. Of the total overdraft credit facility of SEK 245 million, none was utilized. Bank loans amounted to SEK 230 million and relate to a three-year revolving credit facility. Investments in IT-equipment for the cloud operations are financed through leasing agreements. The Group's equity ratio at the end of the period was 20 (21) percent.

### Net debt

SEK million	Jun 30 2020	Mar 31 2020	Jun 30 2019	Mar 31 2019
Cash and cash equivalents	389	290	219	246
Bank overdraft facilities	-	-	-6	-6
Liabilities to credit institutions excl. financial leasing liabilities	-230	-237	-110	-112
<b>Net cash (+)/Net debt (-) excl. financial leasing</b>	<b>159</b>	<b>53</b>	<b>103</b>	<b>128</b>
Financial leasing liabilities	-266	-300	-258	-247
<b>Net cash (+)/Net debt (-) incl. financial leasing</b>	<b>-108</b>	<b>-247</b>	<b>-155</b>	<b>-118</b>
Unutilized bank overdraft facility	245	258	242	242
Total bank overdraft facility	245	258	248	249

## Income tax

The group's tax expense includes total current tax and deferred tax calculated based on applicable tax rates in the respective countries. Reported tax cost for the first six months 2020 amounts to SEK 16.4 (14.6) million, corresponding to an efficient tax rate of 22 (30) percent.

## Buy-back of own shares

The Annual General Meeting on May 6, 2020 authorized the Board to acquire up to 10 percent of the Company's shares until the next Annual General Meeting. As of June 30, 2020, no shares have been acquired under this authorization.

As of June 30, 2020, the company holds 182,269 shares in own repository, which corresponds to 2.0 percent of the total number of shares.

## Employees

The company employed 1,000 (815) as at June 30, 2020, of which acquisition of PeopleWare has contributed with 224 employees.

## Parent Company in brief

Parent Company's total revenues for the first six months amounted to SEK 53.9 (50.0) million. Profit before tax amounted to SEK -13.9 (0) million.

Parent Company's liabilities in a joint group currency account amounted as at 30 June 2020 to SEK 234 (324) million. At the end of the period, the number of people employed by the parent company totalled 18 (17).

Parent Company's operations have remained unchanged over the period. There have been no significant transactions with related parties.

# Business Units

## Nordics

### Revenue and result

#### Second quarter

In Nordics, revenues increased during the quarter by 24 percent. Revenues from system sales increased by 31 percent at the same time revenues from service operation increased by 5 percent. The positive growth within the system operations is mainly attributable to the Swedish operations.

Adjusted EBITA amounted to SEK 41.1 (19.2) million and EBITA margin was 8.0 (4.6) percent for the second quarter. In Nordics EBITA margin was positively affected by good system sales with retained margin at the same time sales and administration expenses decreased by 4 percent.

#### January - June

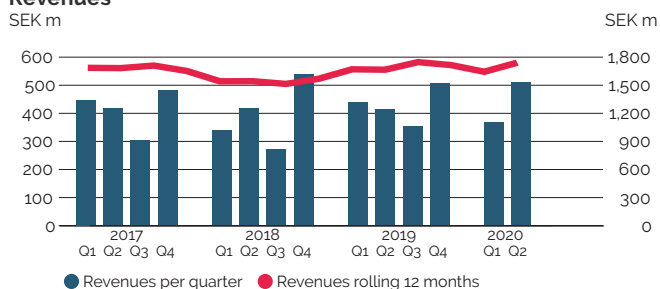
In Nordics, revenues increased during the first six months by 3 percent. Revenues from system sales increased by 2 percent at the same time revenues from service operation increased by 7 percent.

Adjusted EBITA amounted to SEK 55.9 (35.6) million and EBITA margin was 6.4 (4.2) percent.

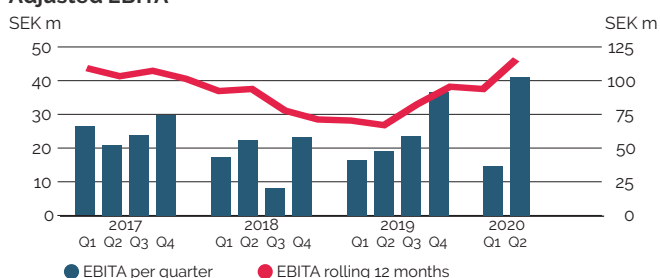
In Nordics profitability in both system and service operations improved during the period, at the same time sales and administration expenses decreased by 3 percent.

SEK million	Apr-Jun 2020	Apr-Jun 2019	Change, %	Jan-Jun 2020	Jan-Jun 2019	Change, %	Rolling 12 mths	Jan-Dec 2019
Revenues	511	414	24	879	853	3	1,741	1,715
Adjusted EBITA	41.1	19.2	114	55.9	35.6	57	115.8	95.6
Margin, %	8.0	4.6		6.4	4.2		6.7	5.6

#### Revenues



#### Adjusted EBITA



## UK

### Revenue and result

#### Second quarter

In UK, revenues decreased by 5 percent during the quarter.

System revenues decreased by 4 percent during the quarter while revenues from service operation decreased by 5 percent, however, revenue from cloud services increased by 4 percent.

Adjusted EBITA amounted to SEK 8.5 (9.6) million and EBITA margin was 6.7 (7.2) percent for the second quarter. In the UK, the EBITA margin was affected by a deterioration in profitability in the systems operations, while profitability in the service operation improved and sales and administration costs decreased by 11 percent.

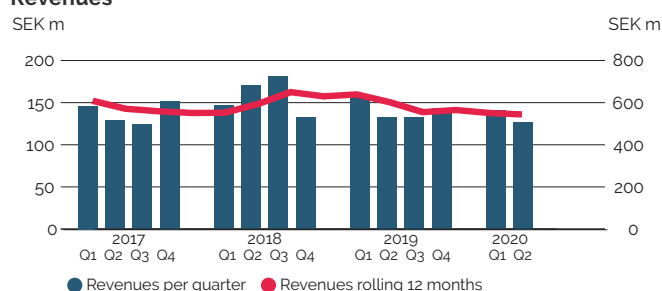
#### January - June

In UK, revenues decreased by 7 percent during the first six months. System revenues decreased by 14 percent, at the same time revenues from service operation decreased by 2 percent, however, revenue from cloud services increased by 9 percent.

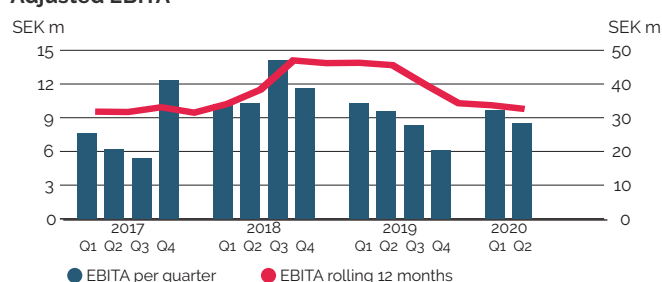
Adjusted EBITA amounted to SEK 18.2 (19.9) million and EBITA margin was 6.8 (6.9) percent for the first six months. In UK, the unchanged EBITA margin was mainly attributable to lower revenues with maintained profitability and decreased sales and administration expenses by 7 percent.

SEK million	Apr-Jun 2020	Apr-Jun 2019	Change, %	Jan-Jun 2020	Jan-Jun 2019	Change, %	Rolling 12 mths	Jan-Dec 2019
Revenues	127	133	-5	268	289	-7	544	565
Adjusted EBITA	8.5	9.6	-11	18.2	19.9	-9	32.6	34.3
Margin, %	6.7	7.2		6.8	6.9		6.0	6.1

#### Revenues



#### Adjusted EBITA



# Business Units

## West

### Revenue and result

#### Second quarter

In West, revenues increased by 41 percent during the quarter, of which organic growth was 10 percent. System revenues increased by 5 percent, of which 2 percent were organic, at the same time service revenues increased by 103 percent, of which 24 percent were organic. Cloud service revenues increased by 144 percent, of which 37 percent were organic.

Adjusted EBITA amounted to SEK 14.0 (1.6) million and EBITA margin was 4.6 (0.7) percent for the second quarter.

The acquisition of PeopleWare, during the fourth quarter of 2019, is proceeding according to plan and has had a positive impact on result. The improvement measures implemented during the second half of 2019 in Germany and the Netherlands continue to yield results. At the same time, personnel changes led to increased costs in the quarter, where sales and administration expenses for comparable units increased by 9 percent.

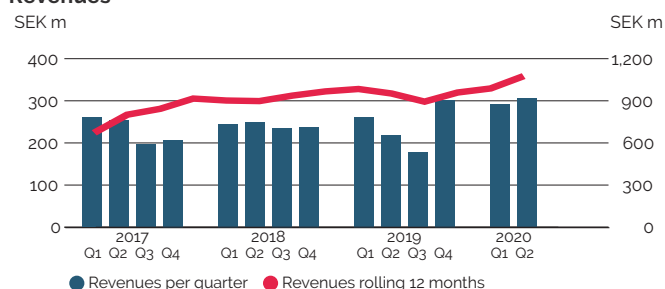
#### January - June

In West, revenues increased by 24 percent during the first six months, of which -4 percent were organic. System revenues decreased by 12 percent, of which -15 percent were organic and service revenues increased by 93 percent, of which 16 percent were organic. Revenues from cloud services increased by 140 percent, of which 34 percent were organic.

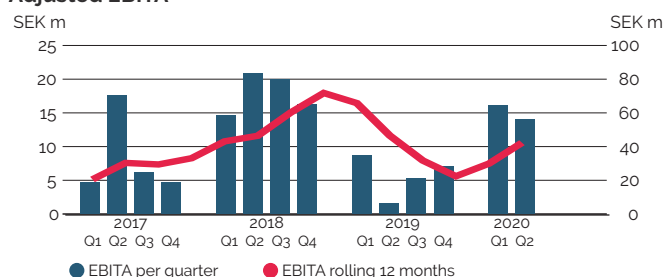
Adjusted EBITA amounted to SEK 30.1 (10.2) million and EBITA margin was 5.0 (2.1) percent for the first six months. The improved EBITA margin is mainly due to a significantly larger share of service revenues, the effects of previously implemented improvement measures in Germany and the Netherlands and good cost control.

SEK million	Apr-Jun 2020	Apr-Jun 2019	Change, %	Jan-Jun 2020	Jan-Jun 2019	Change, %	Rolling 12 mths	Jan-Dec 2019
Revenues	306	217	41	597	480	24	1,076	959
Adjusted EBITA	14.0	1.6	788	30.1	10.2	194	42.3	22.4
Margin, %	4.6	0.7		5.0	2.1		3.9	2.3

#### Revenues



#### Adjusted EBITA



## East

### Revenue and result

#### Second quarter

In East, revenues increased by 9 percent during the quarter.

System revenues increased by 13 percent and service revenues increased by 3 percent. Adjusted EBITA amounted to SEK 3.4 (3.3) million and EBITA margin was 7.2 (7.7) percent for the second quarter.

In East, EBITA margin was negatively impacted on a slightly lower profitability within system business, at the same time sales and administrative expenses decreased by 1 percent.

#### January - June

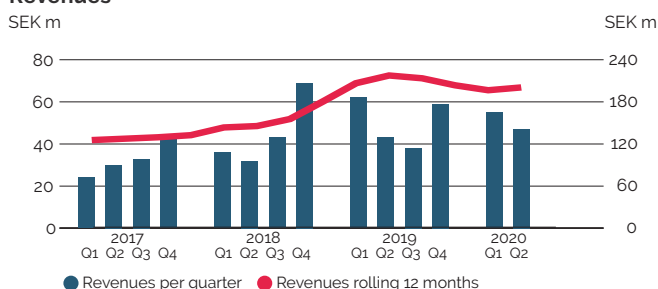
In East, revenues decreased by 3 percent during the first six months. System revenues decreased by 6 percent and service revenues increased by 4 percent.

Adjusted EBITA amounted to SEK 8.3 (9.3) million and EBITA margin was 8.1 (8.8) percent for the first six months.

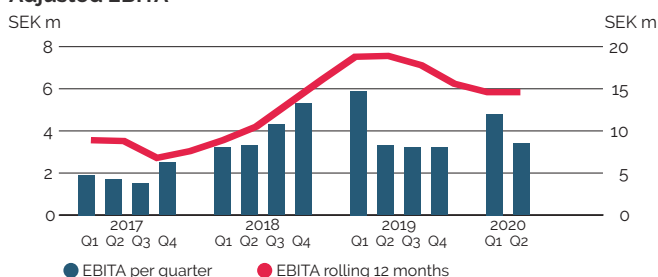
In East, result was negatively impacted mainly by lower revenues in combination with a slightly lower profitability within system business. At the same time sales and administrative expenses decreased by 1 percent.

SEK million	Apr-Jun 2020	Apr-Jun 2019	Change, %	Jan-Jun 2020	Jan-Jun 2019	Change, %	Rolling 12 mths	Jan-Dec 2019
Revenues	47	43	9	102	105	-3	199	202
Adjusted EBITA	3.4	3.3	2	8.3	9.3	-11	14.6	15.6
Margin, %	7.2	7.7		8.1	8.8		7.3	7.7

#### Revenues



#### Adjusted EBITA





## Proact Finance

### Revenue and result

#### Second quarter

Proact Finance revenues increased for the second quarter compared to the same period last year and amounted to SEK 34 (28) million. Net financial items amounted to SEK 1.1 (1.0) million. Profit before tax amounted to SEK -1.2 (1.0) million. Result were charged with installation costs relating to new leasing contracts which are not accrued during leasing period.

#### January - June

Proact Finance revenues decreased for the first six months compared to the same period last year and amounted to SEK 57 (60) million. Net financial items amounted to SEK 1.8 (1.9) million. Profit before tax amounted to SEK -0.2 (1.5) million. Future contracted cash flows from Proact Finance amounted to SEK 171 (174) million, a decrease by 2 percent.

SEK million	Apr-Jun 2020	Apr-Jun 2019	Change, %	Jan-Jun 2020	Jan-Jun 2019	Change, %	Rolling 12 mths	Jan-Dec 2019
Revenues	34	28	21	57	60	-5	94	97
EBIT	-2.3	0	N/A	-2.0	-0.3	N/A	-3.4	-1.7
Net financial items	1.1	1.0	8	1.8	1.9	-2	3.8	3.9
Profit before tax	-1.2	1.0	N/A	-0.2	1.5	N/A	0.4	2.2

### Operating segments

**Nordics:** Sweden, Norway, Finland, USA and Denmark

**UK:** United Kingdom

**East:** Estonia, Latvia, Lithuania, Czech Republic and Slovakia

**West:** Netherlands, Belgium, Spain and Germany

**Proact Finance:** Proact's own in-house finance company is reported separately as this company supports all geographical regions.

Jan-Jun 2020 SEK million	Nordics	UK	West	East	Proact Finance	Groupwide	Eliminations	Group
Total revenue	879	268	597	102	57	72	-145	1,830
EBITDA, before items affecting comparability	75.3	44.7	53.5	10.5	-2.0	-3.0	-	179.0
Depreciations and write-down on tangible fixed assets	-19.4	-26.5	-23.4	-2.2	-	-8.5	-	-80.0
EBITA, before items affecting comparability	55.9	18.2	30.1	8.3	-2.0	-11.5	-	98.9
Items affecting comparability	-	-	-	-	-	-	-	-
EBITA	55.9	18.2	30.1	8.3	-2.0	-11.5	-	98.9
Amortizations and write-down on intangible fixed assets	-0.7	-4.4	-8.8	-0.4	-	-2.6	-	-16.9
EBIT	55.1	13.9	21.3	7.9	-2.0	-14.1	-	82.1
Net financial items	-3.4	-1.9	-1.8	0.8	1.8	-4.2	-	-8.6
Profit before tax	51.8	12.0	19.5	8.7	-0.2	-18.3	-	73.5
Tax								-16.4
Comprehensive income for the period								57.1

Jan-Jun 2019 SEK million	Nordics	UK	West	East	Proact Finance	Groupwide	Eliminations	Group
Total revenue	853	289	480	105	60	68	-139	1,716
EBITDA, before items affecting comparability	54.0	44.1	21.7	11.6	-0.2	11.8	-	142.9
Depreciations and write-down on tangible fixed assets	-18.3	-24.2	-11.4	-2.3	-0.1	-6.6	-	-63.0
EBITA, before items affecting comparability	35.6	19.9	10.2	9.3	-0.3	5.2	-	79.9
Items affecting comparability	-	-	-8.6	-	-	-11.6	-	-20.2
EBITA	35.6	19.9	1.6	9.3	-0.3	-6.4	-	59.7
Amortizations and write-down on intangible fixed assets	-0.7	-4.3	-5.1	-0.4	-	-2.9	-	-13.4
EBIT	34.9	15.6	-3.5	8.9	-0.3	-9.3	-	46.3
Net financial items	-1.1	-2.0	-0.4	-0.1	1.9	4.3	-	2.7
Profit before tax	33.8	13.7	-3.8	8.8	1.5	-5.0	-	49.0
Tax								-14.6
Comprehensive income for the period								34.4

# Market Review

Understanding market trends, identifying new technology with commercial potential, and then building competence around this is something Proact always have been strong in. In this way, we can be at the forefront of the market's development and establish ourselves early in segments where demand is expected to grow. This is a successful cornerstone of our strategy – but we are also seeing some major, widespread trends from the buyers.

For our customers, IT has historically been a tool mainly for rationalisation and efficiency. In particular, with Proact's focus on data centres, sales have largely been driven by new technology with a constantly improving price/performance ratio.

Well-functioning IT delivery is, of course, a prerequisite for any organisation to run efficiently, but the ongoing digital transformation adds a new dimension giving IT an even greater strategic importance.

Cost savings and/or efficiency are no longer the main drivers of customer IT investments. Instead, people are expecting IT to drive business development, business revenue and business growth.

## Flexibility and hybrid delivery models

To drive business and business development through IT, there is a strong and widespread vision of a cloud-based IT infrastructure. However, there are very few organisations in Proact's segments that can, or will, put everything into public clouds. This could be for any number of reasons, including data sovereignty, data regulations, organisations' internal policies, security concerns, cost implications and latency issues, to name but a few.

Instead, we are seeing that most of our customers choose a hybrid solution that takes advantage of the benefits of traditional IT infrastructure, managed cloud services, private cloud services and public cloud services.

However, this type of hybrid delivery model adds complexity. Organisations face new challenges, especially relating to security and networking – and this opens up new opportunities for systems and cloud integrators with a strong range of services and expertise.

# Other information

## Events after the balance sheet date

No events of significance to the Group have occurred since the end of the report period, in addition to closely monitoring the development of the spread of covid-19. See further Risks and uncertainty below.

## Transactions with related parties

No transactions between Proact and related parties, which have significantly affected the Group's position and profits, have taken place during the quarter.

## Risks and uncertainty factors within the enterprise

The company has in the current situation difficulties to assess consequences' of United Kingdom's forthcoming exit from EU. Short term, currency rate effects will affect the group's financial statements.

The spread of covid-19 means that many companies may be in a financially strained situation with liquidity problems, declining sales and in the long run impact on earnings. Against this background, Proact is working in parallel to secure short-term solutions and to find long-term alternatives in the current situation. The company has conducted an analysis of how this pandemic may affect the company's operations and financial position. Proact's assessment is that in the short term, the Group can handle the resulting situation as the company has good liquidity and stable financing. The company's ability to continue to supply contracted services such as support and operations services and outsourcing services is good. If the pandemic becomes prolonged, there is a risk that supply chains will be adversely affected, which in turn can affect the availability of the products and sub-components that the company sells. Proact has not laid off staff and has only received governmental contribution in the form of reductions in social security costs to a very limited extent.

Otherwise, no risks or uncertainty factors have altered, by comparison with those commented upon in the last Annual Report issued. For a more detailed description of significant risks and uncertainty factors, please see Proact's annual report for 2019, page 28.

## Alternative Performance Measures

The company presents financial key figures in the interim report that are not defined according to IFRS. The company believes that these key figures provide valuable supplementary information to investors and the company's management. Definitions for the financial ratios, see Annual Report 2019.

## Annual General Meeting May 6 2020

Board members Eva Elmstedt (chairman), Martin Gren, Annikki Schaeferdiek and Thomas Thuresson were re-elected. Erik Malmberg was elected to the Board.

Decision was made that no dividend should be paid for the financial year 2019. For the financial year 2018 a dividend of SEK 4.15 per share was paid.



## Financial calendar

23 Oct 2020

Interim Report Q3 2020

11 Feb 2021

Year-end Report 2020

The Board of Directors and the managing Director guarantee that this interim report provides a true and fair view of the activities, position and profits of Proact and the Group. During the first half of the year, the spread of covid-19 has been added as a risk and uncertainty factor in comparison with those commented on in the most recent annual report.

Kista 15 July 2020

Proact IT Group AB (publ)

Jonas Hasselberg  
CEO

Eva Elmstedt  
Chairman

Martin Gren

Annikki Schaeferdiek

Thomas Thuresson

Erik Malmberg

This interim report has not been audited.

## Note

The information in this interim report is such information as Proact IT Group (publ) shall publish in accordance with lagen om värdepappersmarknad, the Securities Market Act, and/or lagen om handel med finansiella instrument, the Act on Trading in Financial Instruments. This information was submitted for publication at 13:00 (CET) on 15 July 2020.

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Org.no: 556494-3446  
Reg. Office: Stockholm

# Financial reports

## Consolidated statement of comprehensive income

Amounts in SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Rolling 12 months	Jan-Dec 2019
System income	624.9	523.2	1,102.2	1,152.1	2,153.1	2,203.1
Service income	361.5	282.9	727.5	563.4	1,367.2	1,203.0
Other operating income	0.1	0.4	0.7	0.7	1.7	1.8
<b>Total income</b>	<b>986.6</b>	<b>806.4</b>	<b>1,830.3</b>	<b>1,716.2</b>	<b>3,522.0</b>	<b>3,407.9</b>
Cost of goods and services sold	-772.1	-620.8	-1,415.2	-1,333.0	-2,701.4	-2,619.2
<b>Gross profit</b>	<b>214.5</b>	<b>185.6</b>	<b>415.1</b>	<b>383.2</b>	<b>820.6</b>	<b>788.6</b>
Sales and marketing expenses	-93.8	-96.5	-192.8	-196.2	-402.6	-406.0
Administration expenses	-72.8	-59.1	-140.2	-120.5	-265.4	-245.8
Items affecting comparability	-	-	-	-11.1	-11.3	-22.4
Disposal of subsidiary	-	-9.1	-	-9.1	-0.0	-9.1
<b>Operating profit/loss (EBIT)</b>	<b>48.0</b>	<b>21.0</b>	<b>82.1</b>	<b>46.3</b>	<b>141.2</b>	<b>105.4</b>
Net financial items	-7.9	1.3	-8.6	2.7	-15.1	-3.7
<b>Profit before tax</b>	<b>40.1</b>	<b>22.3</b>	<b>73.5</b>	<b>49.0</b>	<b>126.1</b>	<b>101.7</b>
Income tax	-8.8	-9.4	-16.4	-14.6	-23.3	-21.5
<b>Comprehensive income for the period</b>	<b>31.3</b>	<b>12.8</b>	<b>57.1</b>	<b>34.4</b>	<b>102.9</b>	<b>80.2</b>
<b>Other comprehensive income</b>						
<b>Items which may be reversed later in the income statement</b>						
Change of hedging reserve (net investment in foreign operations)	0.9	0.3	0.7	-0.4	0.3	-0.9
Tax effect of change of reserve (net investment in foreign operations)	-0.2	-0.1	-0.2	0.1	-0.1	0.2
Translation differences from remaining foreign operations	-19.8	3.7	-16.1	15.4	-16.5	15.0
Total items which may be reversed later in the income statement	-19.1	3.9	-15.5	15.0	-16.3	14.3
<b>Total comprehensive income for the period</b>	<b>12.2</b>	<b>16.7</b>	<b>41.6</b>	<b>49.4</b>	<b>86.6</b>	<b>94.4</b>
<b>Comprehensive income attributable to:</b>						
Shareholders of the Parent company	31.3	12.8	57.4	34.2	103.2	80.1
Holdings without a controlling influence	-0.0	0.0	-0.2	0.2	-0.3	0.1
<b>Total comprehensive income for the period attributable to:</b>						
Shareholders of the Parent company	12.3	16.7	41.8	49.2	86.9	94.3
Holdings without a controlling influence	-0.1	0.1	-0.2	0.2	-0.3	0.1

## Data per share<sup>1)</sup>

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Rolling 12 months	Jan-Dec 2019
Earnings per share for the period attributable to the shareholders of the parent company, SEK	3.42	1.40	6.27	3.74	11.28	8.75
Equity per share attributable to the shareholders of the parent company, SEK	61.89	52.34	61.89	52.34	61.89	57.28
Cash flow from operations per share, SEK	19.53	8.23	16.25	8.42	43.84	36.01
Number of outstanding shares at end of period	9,151,617	9,151,617	9,151,617	9,151,617	9,151,617	9,151,617
Weighted average number of outstanding shares	9,151,617	9,151,617	9,151,617	9,151,617	9,151,617	9,151,617

<sup>1)</sup> Proact has a long-term performance based share program that could give rise to dilution of maximum 0.44 percent.

## Consolidated Balance Sheet in Brief

Amounts in SEK million	30 June 2020	30 June 2019	31 Dec 2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
Goodwill	506.7	403.6	516.4
Other intangible fixed assets	77.2	59.5	93.2
Tangible fixed assets	346.5	325.1	384.3
Other long-term receivables	423.1	354.7	350.9
Deferred tax receivables	19.7	15.4	16.2
<b>Current assets</b>			
Inventories	11.8	30.4	20.2
Trade and other receivables	1,114.7	913.6	1,122.2
Cash and cash equivalents	388.6	218.9	373.2
<b>Total assets</b>	<b>2,888.2</b>	<b>2,321.1</b>	<b>2,876.7</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to the shareholders of the parent company	566.4	479.0	524.2
Equity attributable to holdings without a controlling influence	1.3	1.8	1.7
<b>Total equity</b>	<b>567.7</b>	<b>480.8</b>	<b>525.9</b>
<b>Long-term liabilities</b>			
Long-term liabilities, interest-bearing	419.5	282.4	453.3
Long-term liabilities, non-interest-bearing	458.6	356.2	379.4
Deferred tax liabilities	25.8	20.7	28.1
<b>Short-term liabilities</b>			
Short-term liabilities, interest-bearing	124.4	94.2	127.6
Short-term liabilities, non-interest-bearing	1,292.2	1,086.8	1,362.4
<b>Total equity and liabilities</b>	<b>2,888.2</b>	<b>2,321.1</b>	<b>2,876.7</b>

## Consolidated Statement of Changes in Equity

Amounts in SEK million	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
At beginning of period	525.9	469.6	469.6
Total comprehensive income for the period	41.6	49.4	94.4
Dividend	–	–38.0	–38.0
Dividend to holdings without a controlling influence	–0.1	–0.3	–0.3
Financial liability to holdings without a controlling influence	–	–	0.0
Share savings and share option programs	0.3	–	0.0
<b>At end of period</b>	<b>567.7</b>	<b>480.8</b>	<b>525.9</b>

Holdings without a controlling influence: Proact Lietuva UAB 26.14 percent.

## Consolidated Cash Flow Statement in Brief

Amounts in SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Rolling 12 months	Jan-Dec 2019
Cash flow from operating activities before changes in working capital	93.3	58.5	174.3	112.0	329.5	267.1
Cash flow from changes in working capital	85.5	16.8	-25.6	-35.0	71.7	62.4
<b>Cash flow from operating activities</b>	<b>178.8</b>	<b>75.4</b>	<b>148.7</b>	<b>77.0</b>	<b>401.2</b>	<b>329.5</b>
Cash flow from investing activities	-21.3	-42.4	-46.6	-53.6	-199.1	-206.2
Cash flow from financing activities	-40.0	-64.4	-73.9	-88.0	-13.6	-27.6
<b>Total cash flow for the period</b>	<b>117.5</b>	<b>-31.4</b>	<b>28.2</b>	<b>-64.5</b>	<b>188.5</b>	<b>95.7</b>
Cash and cash equivalents at beginning of the period	289.9	246.0	373.2	269.9	218.9	269.9
Currency translation difference in cash and cash equivalents	-18.7	4.3	-12.8	13.5	-18.7	7.5
<b>Cash and cash equivalents at end of the period</b>	<b>388.6</b>	<b>218.9</b>	<b>388.6</b>	<b>218.9</b>	<b>388.6</b>	<b>373.2</b>

## Key ratios

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Rolling 12 mths	Jan-Dec 2019
<b>Total revenue, SEK millions</b>	<b>987</b>	<b>806</b>	<b>1,830</b>	<b>1,716</b>	<b>3,522</b>	<b>3,408</b>
of which currency effect total revenues, SEK million	-9	13	3	42	33	72
Currency adjusted total revenues, SEK million	995	794	1,827	1,674	3,489	3,336
<b>Currency adjusted growth total revenues, %</b>	<b>23.4</b>	<b>-8.5</b>	<b>6.5</b>	<b>2.9</b>	<b>2.4</b>	<b>0.5</b>
System revenues, SEK millions	625	523	1,102	1,152	2,153	2,203
of which currency effect system revenues, SEK million	-7	7	-1	26	14	42
Currency adjusted system revenues, SEK million	632	516	1,104	1,126	2,139	2,161
<b>Currency adjusted growth total revenues, %</b>	<b>20.7</b>	<b>-10.2</b>	<b>-4.2</b>	<b>6.6</b>	<b>-5.8</b>	<b>-0.6</b>
Services revenues, SEK millions	362	283	728	563	1,367	1,203
of which currency effect services revenues, SEK million	-2	6	5	16	19	30
Currency adjusted services revenues, SEK million	363	277	723	547	1,348	1,173
<b>Currency adjusted growth total revenues, %</b>	<b>28.5</b>	<b>-4.6</b>	<b>28.3</b>	<b>-3.4</b>	<b>18.7</b>	<b>3.0</b>
<b>EBITDA, SEK million</b>	<b>96.1</b>	<b>60.4</b>	<b>179.0</b>	<b>122.7</b>	<b>328.0</b>	<b>271.7</b>
EBITDA margin, %	9.7	7.5	9.8	7.1	9.3	8.0
Depreciation and write-down on tangible assets, SEK million	-39.8	-32.8	-80.0	-63.0	-154.6	-137.6
<b>EBITA, SEK million</b>	<b>56.3</b>	<b>27.7</b>	<b>98.9</b>	<b>59.7</b>	<b>173.4</b>	<b>134.2</b>
EBITA margin, %	5.7	3.4	5.4	3.5	4.9	3.9
Depreciation and write-down on intangible assets, SEK million	-8.3	-6.7	-16.9	-13.4	-32.2	-28.7
<b>EBIT, SEK million</b>	<b>48.0</b>	<b>21.0</b>	<b>82.1</b>	<b>46.3</b>	<b>141.2</b>	<b>105.4</b>
EBIT margin, %	4.9	2.6	4.5	2.7	4.0	3.1
<b>Profit before tax, SEK million</b>	<b>40.1</b>	<b>22.3</b>	<b>73.5</b>	<b>49.0</b>	<b>126.1</b>	<b>101.7</b>
Net margin, %	4.1	2.8	4.0	2.9	3.6	3.0
<b>Profit after tax, SEK million</b>	<b>31.3</b>	<b>12.8</b>	<b>57.1</b>	<b>34.4</b>	<b>102.9</b>	<b>80.2</b>
Profit margin, %	3.2	1.6	3.1	2.0	2.9	2.4
Equity	567.7	480.8	567.7	480.8	567.7	525.9
Total assets	2,888.2	2,321.1	2,888.2	2,321.1	2,888.2	2,876.7
<b>Equity ratio, %</b>	<b>19.7</b>	<b>20.7</b>	<b>19.7</b>	<b>20.7</b>	<b>19.7</b>	<b>18.3</b>
<b>Capital turnover rate, times</b>	<b>0.3</b>	<b>0.3</b>	<b>0.6</b>	<b>0.8</b>	<b>1.4</b>	<b>1.3</b>
<b>Return on equity, %</b>	<b>5.6</b>	<b>2.6</b>	<b>10.4</b>	<b>7.2</b>	<b>19.6</b>	<b>16.1</b>
Financial costs included in net financial items, SEK million	9.4	0.6	12.2	0.9	22.6	11.3
Capital employed	1,111.6	857.4	1,111.6	857.4	1,111.6	1,106.8
<b>Return on capital employed, %</b>	<b>4.4</b>	<b>2.6</b>	<b>7.7</b>	<b>6.9</b>	<b>15.1</b>	<b>13.2</b>
Investments in fixed assets, SEK million	36.3	59.4	85.2	131.4	394.5	440.7
<b>Profit before tax per employee, SEK thousands</b>	<b>41.2</b>	<b>27.7</b>	<b>74.9</b>	<b>61.1</b>	<b>137.8</b>	<b>122.0</b>
Average number of employees	973	804	981	803	915	834

For a five-year summary, see Note 2. Definitions of key ratios, see Annual Report 2019.

Key figures Proact reports and monitors the business by are common key figures used by the industry and by companies' listed on Nasdaq Stockholm.

## Parent Company's Income Statement, in brief

Amounts in SEK million	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	53.9	50.0	100.9
Cost of goods and services sold	–	–	–
<b>Gross profit</b>	<b>53.9</b>	<b>50.0</b>	<b>100.9</b>
Administration expenses	–68.5	–61.5	–125.8
<b>Operating profit</b>	<b>–14.6</b>	<b>–11.5</b>	<b>–24.8</b>
Net financial items	0.7	11.5	64.6
<b>Profit after financial items</b>	<b>–13.9</b>	<b>–0.0</b>	<b>39.8</b>
Provisions	–	–	20.6
<b>Profit before tax</b>	<b>–13.9</b>	<b>–0.0</b>	<b>60.4</b>
Income tax	3.6	1.3	0.2
<b>Comprehensive income for the period</b>	<b>–10.3</b>	<b>1.3</b>	<b>60.6</b>

## Parent Company's Balance Sheet, in brief

Amounts in SEK million	30 June 2020	30 June 2019	31 Dec 2019
<b>ASSETS</b>			
Fixed assets	770.3	714.3	791.5
Current assets	119.9	106.2	140.7
<b>Total assets</b>	<b>890.2</b>	<b>820.5</b>	<b>932.2</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted Equity	55.4	53.7	54.8
Non-restricted Equity	299.2	251.6	309.9
<b>Equity</b>	<b>354.6</b>	<b>305.3</b>	<b>364.6</b>
Long-term liabilities	241.2	120.8	242.9
Short-term liabilities	294.5	394.5	324.8
<b>Total equity and liabilities</b>	<b>890.2</b>	<b>820.5</b>	<b>932.3</b>



# Explanatory information

## Note 1 ► Accounting principles

The consolidated accounts for the interim report have been compiled in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and the Swedish Annual Accounts Act. The Parent Company's accounts have been compiled in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities). The Group applies the same accounting principles as those described in the annual report for 2019, with the exception of the additional accounting principle for government grants. Government grants are reported in the financial statements when there is reasonable certainty the grant will be received and that the company will meet the conditions associated with the grant. Government grants relating to cost coverage are systematically accrued and reported as income in the profit for the year in the same way and over the same periods as the costs the grants are intended to compensate for. The grants are reported as deductions from corresponding costs such as cost reduction.

### Financial instruments

Proact's financial instruments consist of derivatives, accounts receivable, cash and cash equivalents, accounts payable, accrued trade creditors and interest-bearing liabilities. Derivative instru-

ments are recognized in the balance sheet as per the contract date and are valued at fair value, both initially and in subsequent revaluations. All derivatives are reported continuously at fair value with the value changes reported in the statement of comprehensive income within cost sold for those derivatives that are linked to accounts payable and financial items for the derivatives that are linked to financial leasing contracts. Derivatives are valued at fair value within level 2, i.e. fair value determined on the basis of valuation techniques with observable market data, either directly (as price) or indirectly (hence to price). All other financial assets have been classified as loans and receivables, which includes accounts receivable and cash and cash equivalents. All other financial liabilities have been classified as other financial liabilities valued at amortized cost, which includes accounts payable, accrued supplier costs and liabilities to credit institutions. Liabilities to credit institutions run at variable interest rates, and reported interest rates are on a par with current interest on liabilities to credit institutions and other financial assets and liabilities with short maturities. Based on this, the book values of all financial assets and liabilities are judged to be a reasonable estimate of fair value.

## Note 2 ► Five-year summary

	Jul-Jun 2019/2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2016 <sup>1)</sup>
Total revenue, SEK million	3,522	3,408	3,318	3,243	2,922
EBITDA, SEK million	328.0	271.7	231.1	218.8	191.4
EBITDA margin, %	9.3	8.0	7.0	6.7	6.6
EBITA, SEK million	173.4	134.2	200.5	188.1	163.9
EBITA margin, %	4.9	3.9	6.0	5.8	5.6
EBIT, SEK million	141.2	105.4	164.5	155.6	137.2
EBIT margin, %	4.0	3.1	5.0	4.8	4.7
Profit before tax, SEK million	126.1	101.7	167.8	151.1	133.7
Net margin, %	3.6	3.0	5.1	4.7	4.6
Profit after tax, SEK million	102.9	80.2	127.3	114.0	96.7
Profit margin, %	2.9	2.4	3.8	3.5	3.3
Equity ratio, %	19.7	18.3	21.2	19.8	18.4
Capital turnover rate, times	14	1.3	1.6	1.7	1.7
Return on equity, %	19.6	16.1	29.8	31.8	29.8
Return on capital employed, %	15.1	13.2	29.5	29.2	27.2
Dividend to shareholders of the Parent company, SEK million <sup>2)</sup>	38.0	38.0	34.3	32.4	25.1
Investments in fixed assets, SEK million	394.5	440.7	83.8	166.7	60.5
Financial costs included in net financial items, SEK millions	22.6	11.3	3.9	11.4	8.3
Profit before tax per employee, SEK thousands	138	122	211	189	185
Average number of employees	915	834	797	799	723
Earnings per share for the period, SEK <sup>3)</sup>	11.28	8.75	13.87	12.22	10.32

1) Years prior to 2017 has not been recalculated according to new accounting principles (IFRS 15), which are applied as from January 2018.

2) Relates to the year in which the dividend was executed. For business year 2018 a dividend of SEK 4.15, total SEK 38.0 million, was made. The Annual General Meeting 2020 decided that no dividend will be paid for 2019 business year.

3) Calculated on the basis of the weighted average number of outstanding shares. Proact has a long-term performance based share program that could give rise to dilution of maximum 0.44 percent.