



# Good growth and strong result development

## July - September 2020

- Revenues increased by 17 percent to SEK 821 (701) million.
- Adjusted EBITA increased by 46 percent and amounted to SEK 54.1 (36.9) million, corresponding to an adjusted EBITA margin of 6.6 (5.3) percent.
- Profit before tax amounted to SEK 43.4 (30.0) million.
- Profit after tax amounted to SEK 35.1 (24.2) million.
- Profit per share amounted to SEK 3.84 (2.64).
- New contracts relating to cloud services worth SEK 61 (87) million were contracted, a decrease by 30 percent.
- The Board of Directors proposes that the Extraordinary General Meeting on November 5 decides on a dividend of SEK 2.50 per share.
- During the quarter, ServiceNow was implemented, a new system for our service operations, which will improve the customer experience while enabling efficiencies in our service delivery.

## January - September 2020

- Revenues increased by 10 percent to SEK 2,651 (2,417) million.
- Adjusted EBITA increased by 31 percent and amounted to SEK 153.0 (116.8) million, corresponding to an adjusted EBITA margin of 5.8 (4.8) percent.
- Profit before tax amounted to SEK 116.9 (79.0) million.
- Profit after tax amounted to SEK 92.2 (58.6) million.
- Profit per share amounted to SEK 10.11 (6.38).
- New contracts relating to cloud services worth SEK 189 (244) million were contracted, a decrease by 22 percent.

## Events after the quarter

- On October 22nd Proact acquired Cetus Solutions Ltd, with estimated annual revenues of GBP 13 million, to a purchase price, cash free and debt free basis, of GBP 7.7 million.

### Financial summary

Amounts in SEK million	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Rolling 12 2019/20	Jan-Dec 2019
Total revenues	820.6	700.7	2,651.0	2,416.9	3,641.9	3,407.9
Growth, %	17.1	-3.3	9.7	2.8	7.6	2.7
Growth, currency adjusted, %	20.8	-4.3	10.6	0.7	7.6	0.5
Organic growth, % <sup>1)</sup>	6.9	-2.7	1.2	2.7	0.1	1.1
Adjusted EBITA <sup>2)</sup>	54.1	36.9	153.0	116.8	201.8	165.6
Adjusted EBITA margin, %	6.6	5.3	5.8	4.8	5.5	4.9
Operating profit (EBIT)	46.0	30.3	128.1	76.5	157.0	105.4
Operating margin (EBIT), %	5.6	4.3	4.8	3.2	4.3	3.1
Profit before tax	43.4	30.0	116.9	79.0	139.6	101.7
Net margin, %	5.3	4.3	4.4	3.3	3.8	3.0
Profit after tax	35.1	24.2	92.2	58.6	113.8	80.2
Profit margin, %	4.3	3.5	3.5	2.4	3.1	2.4
Earnings per share (outstanding shares), SEK <sup>3)</sup>	3.84	2.64	10.11	6.38	12.48	8.75
Return on capital employed, % <sup>4)</sup>	-	-	-	-	16.1	13.2
Cash flow from operations	53.8	43.8	202.6	120.8	411.3	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 result in dilution of maximum 0.89%. The company has bought back own shares which affects 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)

# Comments from the CEO of Proact

"I am very happy with strong results for the quarter and that we, after the quarter end, closed another acquisition."



It is very positive that the healthy development we saw during the second quarter has continued in the third quarter. We see a growth of 17 percent compared to the same quarter last year, of which 7 percent organically. The growth is mainly driven by one larger deal in Business Unit UK, and by good growth in Nordics and East. Our revenues in the quarter amounted to SEK 821 (701) million. The gross margin in the quarter decreased slightly, mainly due to a lower margin in some of the system deals, but also as a result of Peopleware having a lower gross margin than Proact's average. The combination of high sales and reduced sales and administration costs led to a significant improvement in profitability compared with the previous year. The adjusted EBITA of SEK 54.1 (36.9) million is the highest result we have reported in a third quarter. The cost reductions are a result of the cost program we implemented earlier this year, in combination with significantly reduced travel and other sales expenses as a consequence of the pandemic.

We work actively with acquisitions to accelerate our growth strategy. Therefore I'm very happy that we, after the close of the quarter, closed another acquisition, this time in the UK. Cetus Solutions Ltd complements and strengthens our offering in cloud and workplace services, which we now can offer our expanded common customer base. We see that the combination of Proact UK and Cetus leads to a stronger presence in the UK with good possibilities to grow faster than market in the future. I look forward to a successful collaboration with Cetus and would like to warmly welcome their employees to Proact.

We continue living in a world characterized by covid-19, where sales to certain customer segments has declined significantly. Other customer segments show good growth, and the need for our solutions increases when distance working and demand for digital solutions increase. A good example of how our offering and specialist competence within data and information handling

is appreciated in the market, is the recently announced deal with NHS Blood and Transplant (NHSBT) in the UK. NHSBT administers the blood and organ donor services in the UK, and Proact delivers a cloud-based solution for their business-critical IT infrastructure, which will enable increased flexibility and scalability.

The services business grows faster than the systems business in the quarter, in line with our strategy to increase the proportion of recurring revenues. We do see a clear impact from covid-19 for new sales of cloud services, which is lower than in the same quarter last year. In an uncertain world, where the possibility for physical meetings is limited, customers are more hesitant to enter multiyear contracts, especially with new suppliers. We continue to actively develop our offering and strengthen our customer relations during the pandemic, this will give us possibilities to new deals and long term growth.

As a result of the positive development in recent quarters and thanks to the company's stable financial position, the Board recommends, as previously communicated, that Proact pay a dividend of SEK 2.50 per share. The shareholders will decide on the dividend at an Extraordinary General Meeting on 5 November.

In conclusion, this quarter can be summarized as very successful. To some extent this is due to specific circumstances, including very low travel and sales costs due to the pandemic. In the short term, uncertainties about the development of the pandemic remains, but we remain convinced that we can achieve our long term goals.

Kista, 23 October, 2020

Jonas Hasselberg  
CEO

# The Group's development

## Revenues and result

### Third quarter

For the third quarter, total revenues amounted to SEK 821 (701) million, an increase by 17 percent of which 7 percent organically. In local currencies revenues increased by 21 percent.

System revenues increased by 14 percent to SEK 473 (415) million, of which 11 percent organically. Service revenues increased by 22 percent to SEK 348 (285) million, of which 1 percent organically. Service revenues amounted to 42 percent of total revenues for the quarter.

New contracts relating to cloud services worth SEK 61 (87) million were contracted during the quarter. The contracts normally have a term of three to five years. Total revenues from cloud services amounted to SEK 176 (123) million, an increase by 43 percent of which 10 percent organically.

Sales and administration expenses decreased by 12 percent for comparable units, while revenues increased organically by 7 percent. Selling and administrative expenses decreased in part as a result of the announced cost savings program, but also due to reduced travel and selling expenses due to the prevailing pandemic.

Adjusted EBITA increased by 46 percent compared to previous year and amounted to SEK 54.1 (36.9) million. Adjusted EBITA margin was 6.6 (5.3) percent. The gross margin decreased slightly in the quarter, partly due to a number of strategic system deals but also due to the fact Peopleware's gross margins are lower than Proact's average. Revenue growth, combined with lower sales and administrative expenses, had a positive effect on the EBITA margin.

Profit before tax amounted to SEK 43.4 (30.0) million.

### January - September

For the first nine months, total revenues amounted to SEK 2,651 (2,417) million, an increase by 10 percent of which 1 percent organically. In local currencies revenues increased by 11 percent.

System revenues increased by 1 percent to SEK 1,575 (1,567) million, of which -1 percent organically. Service revenues increased by 27 percent to SEK 1,075 (849) million, of which 5 percent organically. Service revenues amounted to 41 percent of total revenues for the period.

New contracts relating to cloud services worth SEK 189 (244) million were contracted during the first nine months. The contracts normally have a term of three to five years. Total revenues from cloud services amounted to SEK 537 (359) million, an increase by 50 percent of which 14 percent organically.

Sales and administration expenses decreased by 6 percent for comparable units while revenues increased by 1 percent organically.

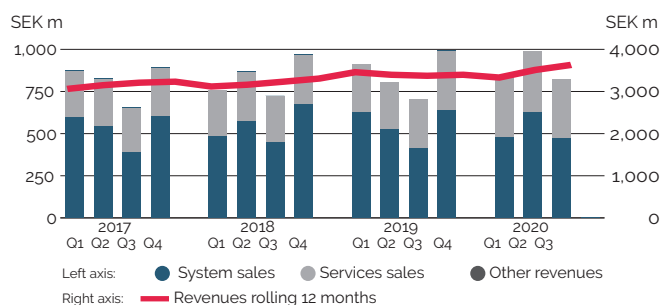
Adjusted EBITA increased by 31 percent and amounted to SEK 153.0 (116.8) million. Adjusted EBITA margin was 5.8 (4.8) percent. During the first nine months, good growth in combination with unchanged sales and administration costs had a positive effect on the EBITA margin. The result includes related to the cost saving program, including staff reductions, amounting to approximately SEK 5 million.

Profit before tax amounted to SEK 116.9 (79.0) million.

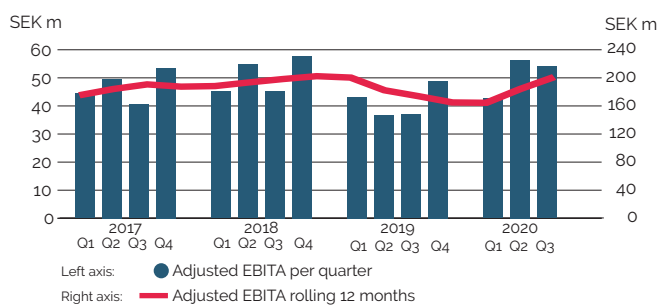
### Revenues by industry

SEK million	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Rolling 12 mths	Jan-Dec 2019
Telecom	62	67	263	218	347	303
Bank, Finance	84	68	227	233	301	308
Oil, Energy	59	34	146	142	229	226
Manufacturing	120	57	340	312	556	529
Media	18	10	40	46	52	58
Trading & Services	148	103	533	524	769	760
Public sector	292	183	723	539	1,028	844
Other	37	178	381	402	359	381
<b>Total revenue</b>	<b>821</b>	<b>701</b>	<b>2,651</b>	<b>2,417</b>	<b>3,642</b>	<b>3,408</b>

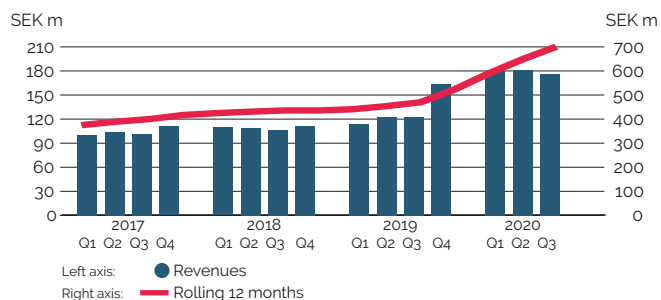
### Revenues



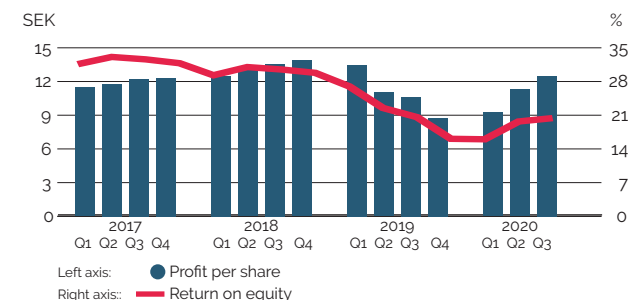
### Adjusted EBITA



### Revenues from cloud services



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



Amounts in SEK million	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Rolling 12 mths	Jan-Dec 2019
Total Revenues	820.6	700.7	2,651.0	2,416.9	3,641.9	3,407.9
Cost of goods and services sold, excl. amortizations and depreciations	-612.6	-501.3	-1,961.4	-1,783.7	-2,686.3	-2,508.5
Gross profit excl. amortizations and depreciations	208.0	199.4	689.6	633.2	955.7	899.3
<i>Gross margin excl. amortizations and depreciations, %</i>	<i>25.3</i>	<i>28.5</i>	<i>26.0</i>	<i>26.2</i>	<i>26.2</i>	<i>26.4</i>
Operational expenses excl. amortizations and depreciations	-118.1	-129.2	-420.7	-420.1	-596.7	-596.1
Adjusted EBITDA <sup>1)</sup>	89.9	70.2	268.9	213.1	359.0	303.2
<i>Adjusted EBITDA margin, %</i>	<i>11.0</i>	<i>10.0</i>	<i>10.1</i>	<i>8.8</i>	<i>9.9</i>	<i>8.9</i>
Depreciations and write-downs of tangible assets	-35.8	-33.3	-115.9	-96.3	-157.2	-137.6
Adjusted EBITA <sup>1)</sup>	54.1	36.9	153.0	116.8	201.8	165.6
<i>Adjusted EBITA margin, %</i>	<i>6.6</i>	<i>5.3</i>	<i>5.8</i>	<i>4.8</i>	<i>5.5</i>	<i>4.9</i>
Amortizations and write-downs of intangible assets	-8.0	-6.6	-24.9	-20.1	-33.6	-28.7
Items affecting comparability	-	-0.0	-	-20.2	-11.3	-31.5
Operating profit/loss (EBIT)	46.0	30.3	128.1	76.5	157.0	105.4
<i>Operating margin (EBIT), %</i>	<i>5.6</i>	<i>4.3</i>	<i>4.8</i>	<i>3.2</i>	<i>4.3</i>	<i>3.1</i>

1) EBITDA and EBITA before items affecting comparability

## Cash flow

### Third quarter

Cash flow for the quarter was SEK 7 (-5) million, of which SEK 54 (44) million from operating activities.

### January - September

Cash flow for the first nine months was SEK 35 (-70) million, of which SEK 203 (121) million from operating activities. During the period, amortization of lease liabilities amounted to SEK 100 million.

## Investments

During the first nine months, SEK 62 (73) million has been invested in fixed assets.

## Financial position

Cash and cash equivalent amounted to SEK 396 million as of September 30, 2020, compared to SEK 217 million last year. Of the total overdraft credit facility of SEK 250 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 22 (23) percent.

### Net debt

SEK million	Sep 30 2020	Jun 30 2020	Sep 30 2019	Jun 30 2019
Cash and cash equivalents	396	389	217	219
Bank overdraft facilities	-	-	-7	-6
Liabilities to credit institutions excl. financial leasing liabilities	-230	-230	-111	-110
<b>Net cash (+)/Net debt (-) excl. financial leasing</b>	<b>166</b>	<b>159</b>	<b>99</b>	<b>103</b>
Financial leasing liabilities	-259	-266	-262	-258
<b>Net cash (+)/Net debt (-) incl. financial leasing</b>	<b>-92</b>	<b>-108</b>	<b>-163</b>	<b>-155</b>
Unutilized bank overdraft facility	250	245	249	242
Total bank overdraft facility	250	245	255	248

## 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 nine months 2020 amounted to SEK 24.7 (20.4) million, corresponding to an efficient tax rate of 21 (26) 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 September 30, 2020, no shares have been acquired under this authorization.

As of September 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 had 979 (835) employees as of September 30, 2020, of which the acquisition of PeopleWare has contributed with 218 employees.

## Parent Company in brief

The Parent Company's total revenues for the period amounted to SEK 78.8 (70.9) million. Profit before tax amounted to SEK -15.9 (22.9) million.

The Parent Company's liabilities in a joint group currency account amounted as at 30 September 2020 to SEK 234 (306) million.

At the end of the period, the number of people employed by the parent company totalled 16 (17).

The 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

#### Third quarter

In Nordics, revenues increased by 2 percent during the quarter. Revenues from system sales increased by 2 percent and revenues from service operation increased by 3 percent. The positive growth is mainly attributable to the Swedish operations.

Adjusted EBITA amounted to SEK 29.7 (23.5) million and EBITA margin was 8.1 (6.6) percent for the quarter. In Nordics EBITA margin was positively affected by sales growth with stable margins, while sales and administration expenses decreased by 8 percent.

#### January - September

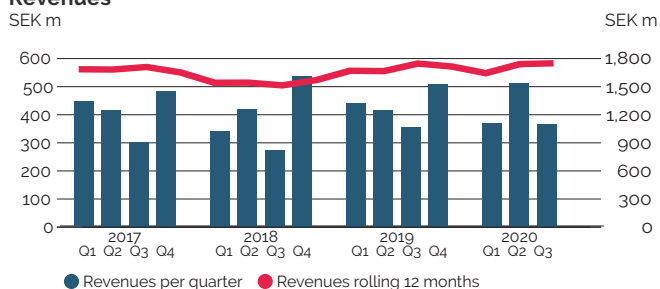
In Nordics, revenues increased by 3 percent during the period. Revenues from system sales increased by 2 percent and revenues from service operation increased by 6 percent. Revenues from cloud services increased by 8 percent.

Adjusted EBITA amounted to SEK 85.5 (59.1) million and EBITA margin was 6.9 (4.9) percent.

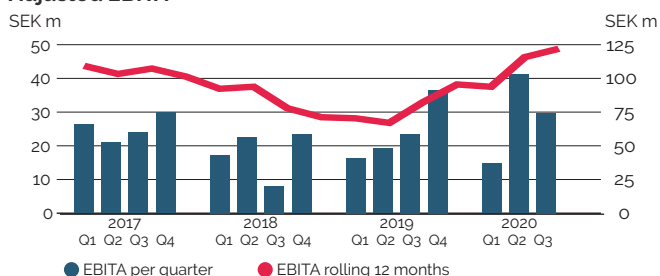
In Nordics profitability in service operations improved during the period while sales and administration expenses decreased by 4 percent.

SEK million	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %	Rolling 12 mths	Jan-Dec 2019
Revenues	364	356	2	1,243	1,208	3	1,750	1,715
Adjusted EBITA	29.7	23.5	26	85.5	59.1	45	122.0	95.6
Margin, %	8.1	6.6		6.9	4.9		7.0	5.6

#### Revenues



#### Adjusted EBITA



## UK

### Revenue and result

#### Third quarter

In UK, revenues increased by 32 percent during the quarter. System revenues increased by 91 percent during the quarter and revenues from service operation decreased by 11 percent. The strong growth in system revenues is primarily due to a large deal with NHS Blood and Transport.

Adjusted EBITA amounted to SEK 9.7 (8.3) million and EBITA margin was 5.5 (6.2) percent for the quarter. In the UK, the EBITA margin was affected by a lower profitability mainly in the systems business, while sales and administration costs decreased by 6 percent.

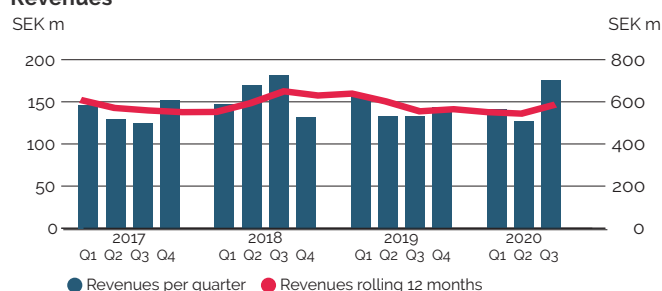
#### January - September

In UK, revenues increased by 5 percent during the period. System revenues increased by 17 percent and revenues from the services business decreased by 5 percent. Revenue from cloud services increased by 6 percent.

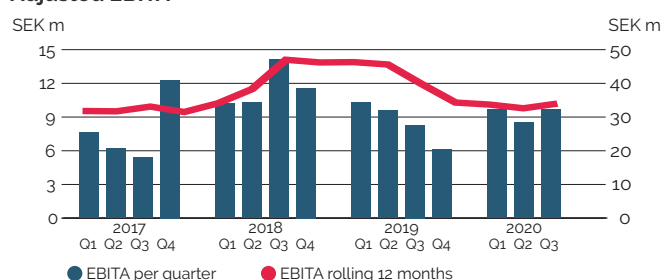
Adjusted EBITA amounted to SEK 27.9 (28.2) million and EBITA margin was 6.3 (6.7) percent for the period. In UK, the reduced EBITA margin is attributable to lower profitability in the system business, partly offset by reduced sales and administration expenses of 7 percent.

SEK million	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %	Rolling 12 mths	Jan-Dec 2019
Revenues	176	133	32	444	422	5	587	565
Adjusted EBITA	9.7	8.3	17	27.9	28.2	-1	34.0	34.3
Margin, %	5.5	6.2		6.3	6.7		5.8	6.1

#### Revenues



#### Adjusted EBITA



# Business Units

## West

### Revenue and result

#### Third quarter

In West, revenues increased by 38 percent during the quarter, while organically decreasing by 4 percent. System revenues decreased by 1 percent, of which 14 percent was a decrease organically. At the same time service revenues increased by 80 percent, of which 7 percent organically. Cloud service revenues increased by 121 percent, of which 26 percent was organically.

Adjusted EBITA amounted to SEK 10.3 (5.2) million and EBITA margin was 4.2 (2.9) percent for the quarter.

The acquisition of PeopleWare, during the fourth quarter of 2019, is proceeding according to plan and has had a positive impact on the result. Sales and administration expenses for comparable units decreased by 11 percent.

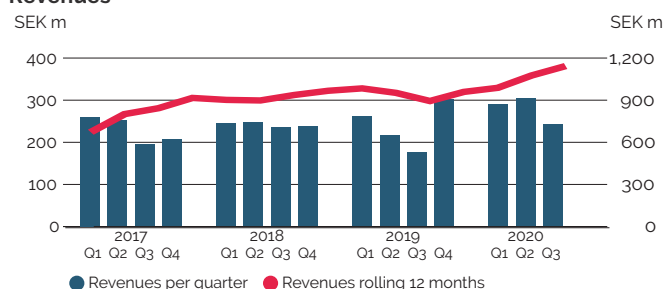
#### January - September

In West, revenues increased by 28 percent during the period, while organically decreasing by 3 percent. System revenues decreased by 10 percent, of which 15 percent organically, while service revenues increased by 88 percent, of which 13 percent organically. Revenues from cloud services increased by 133 percent, of which 31 percent organically.

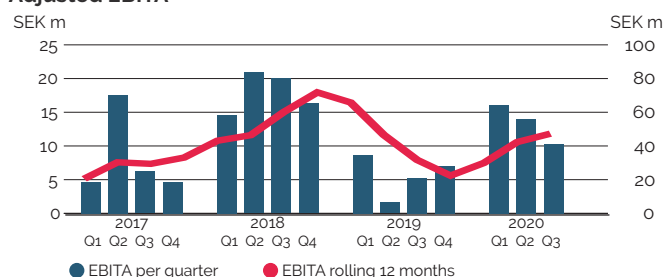
Adjusted EBITA amounted to SEK 40.3 (15.5) million and EBITA margin was 4.8 (2.4) percent for the period. The improved EBITA margin is mainly due to the effects of previously implemented improvement measures in Germany.

SEK million	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %	Rolling 12 mths	Jan-Dec 2019
Revenues	244	177	38	841	657	28	1,143	959
Adjusted EBITA	10.3	5.2	96	40.3	15.5	161	47.3	22.4
Margin, %	4.2	2.9		4.8	2.4		4.1	2.3

#### Revenues



#### Adjusted EBITA



## East

### Revenue and result

#### Third quarter

In East, revenues increased by 16 percent during the quarter. System revenues increased by 28 percent and service revenues increased by 1 percent. Adjusted EBITA amounted to SEK 4.9 (3.2) million and EBITA margin was 11.1 (8.4) percent for the quarter.

In East, the EBITA margin was positively affected by reduced sales and administration expenses of 9 percent.

#### January - September

In East, revenues increased by 2 percent during the period. System revenues increased by 2 percent and service revenues increased by 3 percent.

Adjusted EBITA amounted to SEK 13.2 (12.5) million and EBITA margin was 9.0 (8.7) percent for the period.

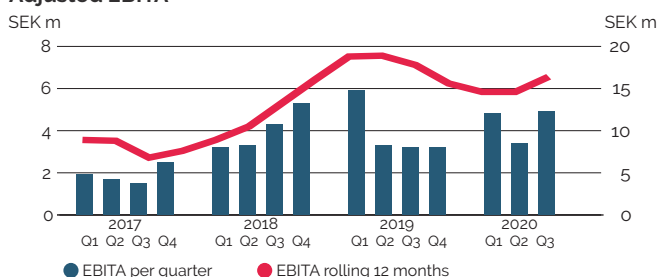
The EBITA margin was positively affected by reduced sales and administration expenses of 4 percent.

SEK million	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %	Rolling 12 mths	Jan-Dec 2019
Revenues	44	38	16	147	143	2	205	202
Adjusted EBITA	4.9	3.2	54	13.2	12.5	6	16.4	15.6
Margin, %	11.1	8.4		9.0	8.7		8.0	7.7

#### Revenues



#### Adjusted EBITA





## Proact Finance

### Revenue and result

#### Third quarter

Proact Finance revenues increased for the quarter compared to the same period last year and amounted to SEK 19 (18) million. Net financial items amounted to SEK 1.0 (0.9) million. Profit before tax amounted to SEK 1.6 (1.2) million.

#### January - September

Proact Finance revenues decreased for the period compared to the same period last year and amounted to SEK 77 (79) million. Net financial items amounted to SEK 2.9 (2.8) million. Profit before tax amounted to SEK 1.5 (2.7) million. Future contracted cash flows from Proact Finance amounted to SEK 156 (157) million, a decrease of 1 percent.

SEK million	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %	Rolling 12 mths	Jan-Dec 2019
Revenues	19	18	6	77	79	-2	96	97
EBIT	0.6	0.3	131	-1.4	-0.1	N/A	-3.0	-1.7
Net financial items	1.0	0.9	11	2.9	2.8	4	3.9	3.9
Profit before tax	1.6	1.2	33	1.5	2.7	-44	0.9	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-Sep 2020 SEK million	Nordics	UK	West	East	Proact Finance	Groupwide	Eliminations	Group
Total revenue	1,243	444	841	147	77	105	-205	2,651
EBITDA, before items affecting comparability	114.4	65.3	74.2	16.5	-1.4	-0.1	-	268.9
Depreciations and write-down on tangible fixed assets	-28.8	-37.4	-33.9	-3.3	-	-12.4	-	-115.9
EBITA, before items affecting comparability	85.5	27.9	40.3	13.2	-1.4	-12.5	-	153.0
Items affecting comparability	-	-	-	-	-	-	-	-
EBITA	85.5	27.9	40.3	13.2	-1.4	-12.5	-	153.0
Amortizations and write-down on intangible fixed assets	-1.1	-6.4	-13.1	-0.6	-	-3.7	-	-24.9
EBIT	84.4	21.5	27.3	12.6	-1.4	-16.3	-	128.1
Net financial items	-4.0	-2.8	-2.9	0.6	2.9	-5.0	-	-11.2
Profit before tax	80.4	18.7	24.4	13.3	1.4	-21.2	-	116.9
Tax								-24.7
Comprehensive income for the period								92.2

Jan-Sep 2019 SEK million	Nordics	UK	West	East	Proact Finance	Groupwide	Eliminations	Group
Total revenue	1,208	422	657	143	79	98	-191	2,417
EBITDA, before items affecting comparability	87.2	65.1	32.7	16.0	0.1	12.0	-	213.1
Depreciations and write-down on tangible fixed assets	-28.1	-36.9	-17.3	-3.5	-0.1	-10.4	-	-96.3
EBITA, before items affecting comparability	59.1	28.2	15.5	12.5	-0.1	1.7	-	116.8
Items affecting comparability	-	-	-8.6	-	-	-11.6	-	-20.2
EBITA	59.1	28.2	6.8	12.5	-0.1	-9.9	-	96.6
Amortizations and write-down on intangible fixed assets	-1.1	-6.4	-7.7	-0.6	-	-4.2	-	-20.1
EBIT	58.0	21.8	-0.9	11.9	-0.1	-14.2	-	76.5
Net financial items	-3.0	-2.8	-0.5	-0.1	2.8	6.0	-	2.5
Profit before tax	55.0	19.0	-1.3	11.8	2.8	-8.2	-	79.0
Tax								-20.4
Comprehensive income for the period								58.6

# 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.

In addition to the above event after the balance sheet date, the continued development of the spread of covid-19 is closely monitored. See further under Risks and uncertainty factors 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 currently has a better insight into the short-term consequences of covid-19 and continues to make the assessment 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. However, there is still significant uncertainty about the future development of the pandemic and its effect on economies and companies. 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 furloughed any 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, compared to those commented upon in the latest 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. For definitions of the financial ratios, see the Annual Report 2019.

## Extraordinary General Meeting

An Extraordinary General Meeting to consider the Board's proposal for a dividend will be held on November 5, 2020, at 4 pm at Proact IT Group ABs office, Kistagången 2 in Kista.

In order to reduce the risk of spreading covid-19, the company has taken preventive measures, including providing postal voting.

For more information, see the company's website [www.proact.eu](http://www.proact.eu).

# Other information

## Events after the balance sheet date

On October 22, Proact acquired Cetus Solutions Ltd. Cetus is a specialist in cloud and workplace services and gives us the opportunity to deliver cloud solutions and modern workplace services in the UK. The purchase price, on cash free debt free basis, amounts to GBP 7.7 million, which corresponds to 8.0 times EBITA. The purchase price is paid over a period of at least 18 months after completion of the acquisition. Cetus has an estimated annual turnover of GBP 13 million. The acquisition is financed with bank loans of GBP 8 million and cash. The company is consolidated as of the acquisition date. At the time of publication of this report, there are no financial statements that can form the basis for a detailed description of the acquisition. For this reason, no information is provided on the fair value of acquired receivables and acquired assets and liabilities.



## Financial calendar

5 Nov 2020	Extraordinary General Meeting
11 Feb 2021	Year-end Report 2020
22 Apr 2021	Interim Report Q1 2021
6 May 2021	Annual General Meeting 2021
14 Jul 2021	Interim Report Q2 2021
21 Oct 2021	Interim Report Q3 2021
10 Feb 2022	Year-end Report 2021

Kista 23 October 2020  
Proact IT Group AB (publ)

Jonas Hasselberg  
CEO

This interim report has not been audited.

## Note

The information in this interim report is such information as Proact IT Group (publ) is obliged to publish pursuant to the EU Market Abuse Regulation, the Securities Market Act, and/or the Act on Trading in Financial Instruments. This information was submitted for publication at 08:00 (CET) on 23 October 2020.

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

# Financial reports

## Consolidated statement of comprehensive income

Amounts in SEK million	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Rolling 12 months	Jan-Dec 2019
System income	472.9	415.0	1,575.1	1,567.1	2,211.0	2,203.1
Service income	347.5	285.3	1,075.0	848.7	1,429.4	1,203.0
Other operating income	0.2	0.4	0.9	1.1	1.5	1.8
<b>Total income</b>	<b>820.6</b>	<b>700.7</b>	<b>2,651.0</b>	<b>2,416.9</b>	<b>3,641.9</b>	<b>3,407.9</b>
Cost of goods and services sold	-642.8	-527.2	-2,058.0	-1,860.2	-2,817.1	-2,619.2
<b>Gross profit</b>	<b>177.9</b>	<b>173.6</b>	<b>593.0</b>	<b>556.7</b>	<b>824.9</b>	<b>788.6</b>
Sales and marketing expenses	-73.9	-89.0	-266.7	-285.1	-387.5	-406.0
Administration expenses	-57.9	-54.3	-198.1	-174.8	-269.1	-245.8
Items affecting comparability	-	-	-	-11.1	-11.3	-22.4
Disposal of subsidiary	-	-0.0	-	-9.1	-	-9.1
<b>Operating profit/loss (EBIT)</b>	<b>46.0</b>	<b>30.3</b>	<b>128.1</b>	<b>76.5</b>	<b>157.0</b>	<b>105.4</b>
Net financial items	-2.6	-0.3	-11.2	2.5	-17.4	-3.7
<b>Profit before tax</b>	<b>43.4</b>	<b>30.0</b>	<b>116.9</b>	<b>79.0</b>	<b>139.6</b>	<b>101.7</b>
Income tax	-8.3	-5.8	-24.7	-20.4	-25.8	-21.5
<b>Comprehensive income for the period</b>	<b>35.1</b>	<b>24.2</b>	<b>92.2</b>	<b>58.6</b>	<b>113.8</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)	-0.1	-0.3	0.7	-0.7	0.5	-0.9
Tax effect of change of reserve (net investment in foreign operations)	0.0	0.1	-0.1	0.2	-0.1	0.2
Translation differences from remaining foreign operations	1.9	5.2	-14.2	20.6	-19.8	15.0
Total items which may be reversed later in the income statement	1.9	5.0	-13.7	20.0	-19.4	14.3
<b>Total comprehensive income for the period</b>	<b>37.0</b>	<b>29.2</b>	<b>78.6</b>	<b>78.6</b>	<b>94.4</b>	<b>94.4</b>
<b>Comprehensive income attributable to:</b>						
Shareholders of the Parent company	35.1	24.1	92.5	58.4	114.2	80.1
Holdings without a controlling influence	-0.0	0.1	-0.3	0.3	-0.4	0.1
<b>Total comprehensive income for the period attributable to:</b>						
Shareholders of the Parent company	37.0	29.1	78.8	78.3	94.9	94.3
Holdings without a controlling influence	-0.0	0.1	-0.3	0.3	-0.5	0.1

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

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Rolling 12 months	Jan-Dec 2019
Earnings per share for the period attributable to the shareholders of the parent company, SEK	3.84	2.64	10.11	6.38	12.48	8.75
Equity per share attributable to the shareholders of the parent company, SEK	66.00	55.52	66.00	55.52	66.00	57.28
Cash flow from operations per share, SEK	5.88	4.78	22.13	13.20	44.94	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 0.89 percent.

## Consolidated Balance Sheet in Brief

Amounts in SEK million	30 Sep 2020	30 Sep 2019	31 Dec 2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
Goodwill	511.2	409.5	516.4
Other intangible fixed assets	70.9	54.6	93.2
Tangible fixed assets	336.5	339.5	384.3
Other long-term receivables	405.5	345.7	350.9
Deferred tax receivables	20.3	17.0	16.2
<b>Current assets</b>			
Inventories	13.6	32.4	20.2
Trade and other receivables	1,034.3	835.8	1,122.2
Cash and cash equivalents	396.0	216.6	373.2
<b>Total assets</b>	<b>2,788.4</b>	<b>2,251.1</b>	<b>2,876.7</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to the shareholders of the parent company	604.0	508.1	524.2
Equity attributable to holdings without a controlling influence	1.3	1.9	1.7
<b>Total equity</b>	<b>605.3</b>	<b>510.0</b>	<b>525.9</b>
<b>Long-term liabilities</b>			
Long-term liabilities, interest-bearing	412.6	280.3	453.3
Long-term liabilities, non-interest-bearing	449.3	352.7	379.4
Deferred tax liabilities	25.2	18.1	28.1
<b>Short-term liabilities</b>			
Short-term liabilities, interest-bearing	123.6	101.9	127.6
Short-term liabilities, non-interest-bearing	1,172.3	988.0	1,362.4
<b>Total equity and liabilities</b>	<b>2,788.4</b>	<b>2,251.1</b>	<b>2,876.7</b>

## Consolidated Statement of Changes in Equity

Amounts in SEK million	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
At beginning of period	525.9	469.6	469.6
Total comprehensive income for the period	78.6	78.6	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	0.9	–	0.0
<b>At end of period</b>	<b>605.3</b>	<b>510.0</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	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Rolling 12 months	Jan-Dec 2019
Cash flow from operating activities before changes in working capital	96.9	74.2	271.2	186.2	352.1	267.1
Cash flow from changes in working capital	-43.0	-30.5	-68.6	-65.4	59.2	62.4
<b>Cash flow from operating activities</b>	<b>53.8</b>	<b>43.8</b>	<b>202.6</b>	<b>120.8</b>	<b>411.3</b>	<b>329.5</b>
Cash flow from investing activities	-15.6	-24.0	-62.2	-77.6	-190.7	-206.2
Cash flow from financing activities	-31.2	-25.0	-105.1	-113.0	-19.8	-27.6
<b>Total cash flow for the period</b>	<b>7.1</b>	<b>-5.3</b>	<b>35.3</b>	<b>-69.8</b>	<b>200.8</b>	<b>95.7</b>
Cash and cash equivalents at beginning of the period	388.6	218.9	373.2	269.9	216.6	269.9
Currency translation difference in cash and cash equivalents	0.3	3.0	-12.4	16.5	-21.4	7.5
<b>Cash and cash equivalents at end of the period</b>	<b>396.0</b>	<b>216.6</b>	<b>396.0</b>	<b>216.6</b>	<b>396.0</b>	<b>373.2</b>

## Key ratios

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Rolling 12 mths	Jan-Dec 2019
<b>Total revenue, SEK millions</b>	<b>821</b>	<b>701</b>	<b>2,651</b>	<b>2,417</b>	<b>3,642</b>	<b>3,408</b>
of which currency effect total revenues, SEK million	-26	7	-23	50	-0	72
Currency adjusted total revenues, SEK million	847	693	2,674	2,367	3,642	3,336
<b>Currency adjusted growth total revenues, %</b>	<b>20.8</b>	<b>-4.3</b>	<b>10.6</b>	<b>0.7</b>	<b>7.6</b>	<b>0.5</b>
System revenues, SEK millions	473	415	1,575	1,567	2,211	2,203
of which currency effect system revenues, SEK million	-16	4	-17	30	-5	42
Currency adjusted system revenues, SEK million	489	411	1,592	1,537	2,216	2,161
<b>Currency adjusted growth total revenues, %</b>	<b>17.8</b>	<b>-8.0</b>	<b>1.6</b>	<b>2.2</b>	<b>-1.0</b>	<b>-0.6</b>
Services revenues, SEK millions	347	285	1,075	849	1,429	1,203
of which currency effect services revenues, SEK million	-10	4	-5	20	5	30
Currency adjusted services revenues, SEK million	358	281	1,080	829	1,424	1,173
<b>Currency adjusted growth total revenues, %</b>	<b>25.3</b>	<b>1.5</b>	<b>27.3</b>	<b>-1.8</b>	<b>24.5</b>	<b>3.0</b>
<b>EBITDA, SEK million</b>	<b>89.9</b>	<b>70.2</b>	<b>268.9</b>	<b>192.9</b>	<b>347.7</b>	<b>271.7</b>
EBITDA margin, %	11.0	10.0	10.1	8.0	9.5	8.0
Depreciation and write-down on tangible assets, SEK million	-35.8	-33.3	-115.9	-96.3	-157.2	-137.6
<b>EBITA, SEK million</b>	<b>54.1</b>	<b>36.9</b>	<b>153.0</b>	<b>96.6</b>	<b>190.6</b>	<b>134.2</b>
EBITA margin, %	6.6	5.3	5.8	4.0	5.2	3.9
Depreciation and write-down on intangible assets, SEK million	-8.0	-6.6	-24.9	-20.1	-33.6	-28.7
<b>EBIT, SEK million</b>	<b>46.0</b>	<b>30.3</b>	<b>128.1</b>	<b>76.5</b>	<b>157.0</b>	<b>105.4</b>
EBIT margin, %	5.6	4.3	4.8	3.2	4.3	3.1
<b>Profit before tax, SEK million</b>	<b>43.4</b>	<b>30.0</b>	<b>116.9</b>	<b>79.0</b>	<b>139.6</b>	<b>101.7</b>
Net margin, %	5.3	4.3	4.4	3.3	3.8	3.0
<b>Profit after tax, SEK million</b>	<b>35.1</b>	<b>24.2</b>	<b>92.2</b>	<b>58.6</b>	<b>113.8</b>	<b>80.2</b>
Profit margin, %	4.3	3.5	3.5	2.4	3.1	2.4
Equity	605.3	510.0	605.3	510.0	605.3	525.9
Total assets	2,788.4	2,251.1	2,788.4	2,251.1	2,788.4	2,876.7
<b>Equity ratio, %</b>	<b>21.7</b>	<b>22.7</b>	<b>21.7</b>	<b>22.7</b>	<b>21.7</b>	<b>18.3</b>
<b>Capital turnover rate, times</b>	<b>0.3</b>	<b>0.3</b>	<b>0.9</b>	<b>1.1</b>	<b>1.4</b>	<b>1.3</b>
<b>Return on equity, %</b>	<b>6.0</b>	<b>4.9</b>	<b>16.3</b>	<b>12.0</b>	<b>20.4</b>	<b>16.1</b>
Financial costs included in net financial items, SEK million	4.0	2.3	16.2	3.2	24.3	11.3
Capital employed	1,141.6	892.2	1,141.6	892.2	1,141.6	1,106.8
<b>Return on capital employed, %</b>	<b>4.2</b>	<b>3.7</b>	<b>11.8</b>	<b>11.0</b>	<b>16.1</b>	<b>13.2</b>
Investments in fixed assets, SEK million	36.9	53.0	122.0	184.3	378.4	440.7
<b>Profit before tax per employee, SEK thousands</b>	<b>45.4</b>	<b>37.4</b>	<b>120.3</b>	<b>98.4</b>	<b>146.9</b>	<b>122.0</b>
Average number of employees	957	803	972	803	950	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-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	78.8	70.9	100.9
Cost of goods and services sold	–	–	–
<b>Gross profit</b>	<b>78.8</b>	<b>70.9</b>	<b>100.9</b>
Administration expenses	–94.6	–87.3	–125.8
<b>Operating profit</b>	<b>–15.7</b>	<b>–16.5</b>	<b>–24.8</b>
Net financial items	–0.2	39.4	64.6
<b>Profit after financial items</b>	<b>–15.9</b>	<b>22.9</b>	<b>39.8</b>
Provisions	–	–	20.6
<b>Profit before tax</b>	<b>–15.9</b>	<b>22.9</b>	<b>60.4</b>
Income tax	4.0	1.9	0.2
<b>Comprehensive income for the period</b>	<b>–11.9</b>	<b>24.8</b>	<b>60.6</b>

## Parent Company's Balance Sheet, in brief

Amounts in SEK million	30 Sep 2020	30 Sep 2019	31 Dec 2019
<b>ASSETS</b>			
Fixed assets	762.6	718.2	791.5
Current assets	120.7	93.3	140.7
<b>Total assets</b>	<b>883.3</b>	<b>811.4</b>	<b>932.2</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted Equity	56.4	54.5	54.8
Non-restricted Equity	297.2	274.3	309.9
<b>Equity</b>	<b>353.6</b>	<b>328.8</b>	<b>364.6</b>
Long-term liabilities	241.1	122.1	242.9
Short-term liabilities	288.5	360.5	324.8
<b>Total equity and liabilities</b>	<b>883.3</b>	<b>811.4</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

	Oct-Sep 2019/2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2016 <sup>1)</sup>
Total revenue, SEK million	3,642	3,408	3,318	3,243	2,922
EBITDA, SEK million	347.7	271.7	231.1	218.8	191.4
EBITDA margin, %	9.5	8.0	7.0	6.7	6.6
EBITA, SEK million	190.6	134.2	200.5	188.1	163.9
EBITA margin, %	5.2	3.9	6.0	5.8	5.6
EBIT, SEK million	157.0	105.4	164.5	155.6	137.2
EBIT margin, %	4.3	3.1	5.0	4.8	4.7
Profit before tax, SEK million	139.6	101.7	167.8	151.1	133.7
Net margin, %	3.8	3.0	5.1	4.7	4.6
Profit after tax, SEK million	113.8	80.2	127.3	114.0	96.7
Profit margin, %	3.1	2.4	3.8	3.5	3.3
Equity ratio, %	21.7	18.3	21.2	19.8	18.4
Capital turnover rate, times	1.4	1.3	1.6	1.7	1.7
Return on equity, %	20.4	16.1	29.8	31.8	29.8
Return on capital employed, %	16.1	13.2	29.5	29.2	27.2
Dividend to shareholders of the Parent company, SEK million <sup>2)</sup>	–	38.0	34.3	32.4	25.1
Investments in fixed assets, SEK million	378.4	440.7	83.8	166.7	60.5
Financial costs included in net financial items, SEK millions	24.3	11.3	3.9	11.4	8.3
Profit before tax per employee, SEK thousands	147	122	211	189	185
Average number of employees	950	834	797	799	723
Earnings per share for the period, SEK <sup>3)</sup>	12.48	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. An Extraordinary General Meeting will be held on November 5, 2020, where the Board of Directors will propose a dividend of SEK 2.50 per share, total SEK 23 million, for the 2019 financial 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 0.89 percent.