



# Good sales growth and strategic acquisition in Sweden

## January - March 2021

- Revenues increased by 6 percent to SEK 894 (844) million.
- Adjusted EBITA decreased by 2 percent and amounted to SEK 41.6 (42.6) million, corresponding to an adjusted EBITA margin of 4.7 (5.1) percent.
- Profit before tax amounted to SEK 30.8 (33.4) million.
- Profit after tax amounted to SEK 22.5 (25.8) million.
- Profit per share amounted to SEK 2.47 (2.85).
- New contracts relating to cloud services worth SEK 78 (51) million were contracted, an increase by 53 percent.
- Proact topped the list of suppliers of consulting services as well as infrastructure and operations in Radar's customer survey Supplier Quality 2020/21 in Sweden.

## Events after quarter ending

- On April 12 Conoa AB, with estimated annual revenues of SEK 80 million, was acquired for a total purchase price of SEK 105 million, on a cash-free and debt-free basis.

## Financial summary

Amounts in SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 2020/2021	Jan-Dec 2020
Total revenues	893.6	843.8	3,683.0	3,633.1
Growth, %	5.9	-7.3	10.2	6.6
of which currency rate effects, %	-3.9	1.3	-3.1	-1.7
of which effect from acquisitions and divestments %	4.0	7.3	3.5	7.0
Organic growth, % <sup>1)</sup>	5.9	-15.9	9.8	1.3
Adjusted EBITA <sup>2)</sup>	41.6	42.6	218.5	219.4
Adjusted EBITA margin, %	4.7	5.1	5.9	6.0
Operating profit (EBIT)	34.0	34.1	181.9	182.1
Operating margin (EBIT), %	3.8	4.0	4.9	5.0
Profit before tax	30.8	33.4	165.1	167.7
Net margin, %	3.5	4.0	4.5	4.6
Profit after tax	22.5	25.8	129.0	132.3
Profit margin, %	2.5	3.1	3.5	3.6
Earnings per share (outstanding shares), SEK <sup>3)</sup>	2.47	2.85	14.01	14.39
Return on capital employed, % <sup>4)</sup>	-	-	16.2	17.1
Cash flow from operations	-56.0	-30.0	442.1	468.1

1) Organic growth refers to growth excluding currency rate effects and acquired and divested companies.

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 only for full year and rolling 12 months.

## About Proact

Proact is Europe's leading specialist in data and information management with focus on cloud services and data centre solutions. We help our customers to store, connect, protect, secure and drive value through their data whilst increasing agility, productivity and efficiency.

We've completed thousands of successful projects around the world, have more than 4,000 customers and currently manage hundreds of petabytes of information in the cloud. We employ over 1,000 people in 15 countries across Europe and North America. Founded in 1994, our parent company, Proact IT Group AB (publ), was listed on Nasdaq Stockholm in 1999 (under the symbol PACT).

# Comments from the CEO of Proact

"Good sales growth and strategic acquisition in Sweden."



For Proact, the start of 2021 has remained influenced by covid-19 with lockdowns and other restrictions on many of our markets. Despite this, we managed to increase our revenues compared to the same quarter 2020, both in total and organically, i.e. excluding currency exchange effects and acquisitions and disposals. Revenues amounted to SEK 894 (844) million, corresponding to a growth of 5,9%, of which 5,9% organically. Different markets have been impacted differently by the pandemic, with Nordics & Baltics and UK showing good growth, while the development in Central and West was weaker. Primarily the Netherlands, in Business Unit West, has been impacted by prolonged sales cycles which has led to a significant decline especially for systems. Our continued assessment is that it predominately is longer sales cycles, primarily due to the pandemic, rather than lost deals.

The gross profit in the quarter declined somewhat compared to the same quarter last year, primarily due to a lower gross margin in our services business and low profitability in Business Unit West. The decline is partly due to a mix shift in the service business, and for some customers we see that a larger share of employees working from home has impacted the complexity in the customers' support needs and consequently our delivery costs.

To turn the trend with declining gross margins we have initiated several measures. During 2020 we implemented ServiceNow to automate and standardize our services business, which will enable efficiencies. We are also working closely with our customers to develop high quality services which create value and thus the opportunity for adequate margins for us. In addition, a specific action program has been initiated focused on improvements in both the system and service business in Business Unit West.

Adjusted EBITA in the quarter was SEK 41,6 (42,6) million, where a lower gross profit was compensated by continued low sales and administration costs. We continued to close managed cloud deals on a high level and new contracts for managed cloud services amounted to SEK 78 (51) million in the quarter, which gives a good basis for growth in the services business.

After the end of the quarter, we announced the completion of the acquisition of Conoa, a Swedish fast-growing company with specialist competence in modern platforms based on cloud technologies. Conoa is a very exciting company with very competent employees, which provides the foundation to an even stronger offering within cloud services and next generation infrastructure solutions.

As another element of our strategic focus on cloud services, we have also entered into a partnership with LogicMonitor, which will enable improved monitoring services based on industry leading tools within AIOps (artificial intelligence for operations).

To conclude, I see that we, despite a continued impact from the pandemic, continue to be well positioned and have taken important steps in further strengthening our offering within cloud services.

Kista, 22 April, 2021

Jonas Hasselberg  
CEO

# The Group's development

## Revenues and result

### January - March

For the first quarter, total revenues amounted to SEK 894 (844) million, an increase by 6 percent. Currency rate effects affected by -4 percent, acquisitions and divestments affected by 4 percent. Organically, revenues increased by 6 percent.

System revenues increased by 12 percent to SEK 535 (477) million and organically the increase was 10 percent. Service revenues decreased by 2 percent to SEK 358 (366) million and organically they were unchanged. Service revenues amounted to 40 percent of total revenues for the quarter.

New contracts relating to cloud services worth SEK 78 (51) million were contracted during the quarter. The contracts normally have a term of three to five years. Total revenues from cloud services decreased by 4 percent and amounted to SEK 173 (180) million. Organically they increased by 1 percent.

The gross margin decreased in the quarter, compared with the same period previous year, primarily in the services operation. In particular, the profitability was negatively affected by the development in Business Unit West.

Sales and administration expenses decreased organically by 4 percent, while revenues increased organically by 6 percent. Sales and administration expenses decreased in part as a result of the implemented cost savings program, but also as a result of reduced travel and selling expenses due to the prevailing pandemic.

Adjusted EBITA decreased by 2 percent compared to previous year and amounted to SEK 41.6 (42.6) million. Adjusted EBITA margin was 4.7 (5.1) percent.

Profit before tax amounted to SEK 30.8 (33.4) million.

## Revenues by industry

	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 months	Jan-Dec 2020
<b>MSEK</b>				
Telecom	115	115	348	348
Bank, Finance	83	82	290	289
Oil, Energy	59	38	242	221
Manufacturing	103	86	467	450
Media	23	14	71	62
Trading & Services	134	172	648	687
Public sector	253	169	1,117	1,033
Other	124	168	500	545
<b>Total revenue</b>	<b>894</b>	<b>844</b>	<b>3,683</b>	<b>3,633</b>

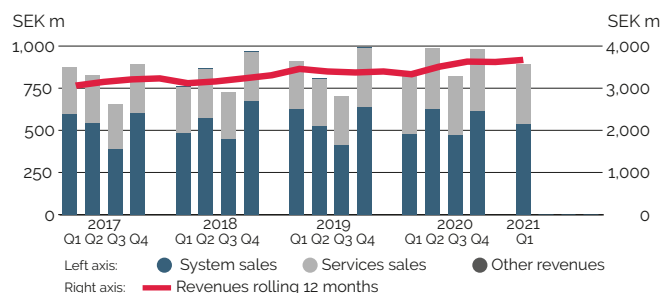
## Changes in reporting

As of this quarterly report, earnings are reported in Proact's new segment structure, with four Business Units:

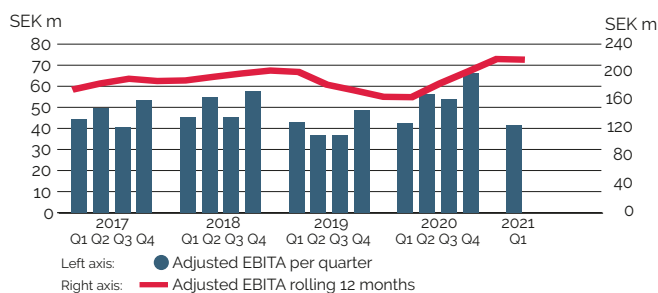
- Nordics & Baltics (Estonia, Finland, Latvia, Lithuania, Norway, Sweden and USA)
- UK (United Kingdom)
- West (Belgium, Netherlands and Spain)
- Central (Czech Republic and Germany)

At the same time, service revenues are reported as of this report divided into three service categories: support, cloud services and consulting services.

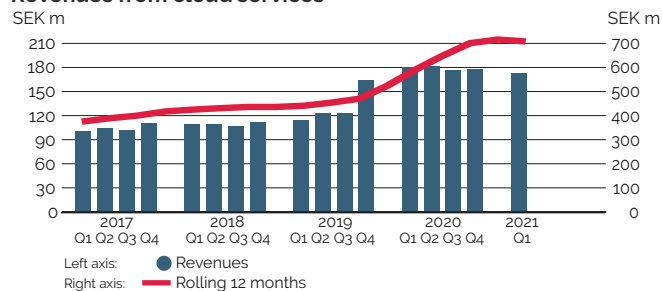
## Revenues



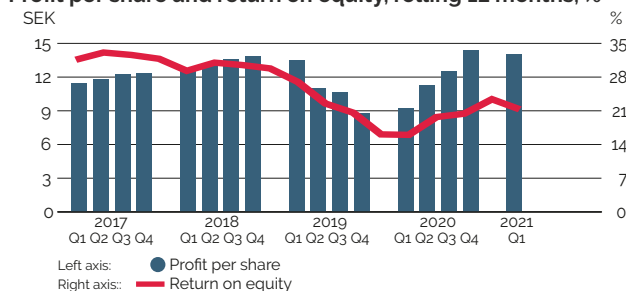
## Adjusted EBITA



## Revenues from cloud services



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



Amounts in SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 months	Jan-Dec 2020
Total Revenues	893.6	843.8	3,683.0	3,633.1
Cost of goods and services sold, excl. amortizations and depreciations	-667.0	-610.1	-2,744.9	-2,687.9
<b>Gross profit excl. amortizations and depreciations</b>	<b>226.6</b>	<b>233.7</b>	<b>938.1</b>	<b>945.2</b>
<i>Gross margin excl. amortizations and depreciations, %</i>	<i>25.4</i>	<i>27.7</i>	<i>25.5</i>	<i>26.0</i>
Operational expenses excl. amortizations and depreciations	-148.0	-150.8	-570.0	-572.8
<b>Adjusted EBITDA<sup>1)</sup></b>	<b>78.6</b>	<b>82.9</b>	<b>368.1</b>	<b>372.4</b>
<i>Adjusted EBITDA margin, %</i>	<i>8.8</i>	<i>9.8</i>	<i>10.0</i>	<i>10.3</i>
Depreciations and write-downs of tangible assets	-36.9	-40.2	-149.7	-153.0
<b>Adjusted EBITA<sup>1)</sup></b>	<b>41.6</b>	<b>42.6</b>	<b>218.5</b>	<b>219.4</b>
<i>Adjusted EBITA margin, %</i>	<i>4.7</i>	<i>5.1</i>	<i>5.9</i>	<i>6.0</i>
Amortizations and write-downs of intangible assets	-7.7	-8.5	-33.7	-34.6
Items affecting comparability	-	-	-2.8	-2.8
<b>Operating profit/loss (EBIT)</b>	<b>34.0</b>	<b>34.1</b>	<b>181.9</b>	<b>182.1</b>
<i>Operating margin (EBIT), %</i>	<i>3.8</i>	<i>4.0</i>	<i>4.9</i>	<i>5.0</i>

1) EBITDA and EBITA before items affecting comparability

## Cash flow

### January - March

Cash flow for the quarter was SEK -96 (-89) million, of which SEK -56 (-30) million from operating activities. Cash flow from changes in working capital amounted to SEK -131 (-112) million, mainly related to an increase in accounts receivable by SEK 87 million, an increase in stock by SEK 12 million and a decrease in accounts payable by SEK 32 million. During the period, amortization of lease liabilities amounted to SEK 29 million.

### Investments

During the first quarter 2021, SEK 10 (26) million has been invested in fixed assets, of which SEK 3 (11) million in Proact Finance for customer deliveries.

## Financial position

Cash and cash equivalents amounted to SEK 393 million as of March 31, 2021, compared to SEK 290 million previous year. Of the total overdraft credit facility of SEK 158 million, none was utilized. Bank loans amounted to SEK 216 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 21 (20) percent.

### Net debt

SEK million	Mar 31 2021	Dec 31 2020	Mar 31 2020	Dec 31 2019
Cash and cash equivalents	393	468	290	373
Bank overdraft facilities	-	-	-	-
Liabilities to credit institutions excl. financial leasing liabilities	-216	-212	-237	-231
<b>Net cash (+)/Net debt (-) excl. financial leasing</b>	<b>177</b>	<b>257</b>	<b>53</b>	<b>142</b>
Financial leasing liabilities	-245	-234	-300	-303
<b>Net cash (+)/Net debt (-) incl. financial leasing</b>	<b>-68</b>	<b>22</b>	<b>-247</b>	<b>-161</b>
Unutilized bank overdraft facility	158	198	258	253
Total bank overdraft facility	158	198	258	253

## Income tax

The Group's tax expense includes the sum of current tax and deferred tax calculated on the basis of current tax rates in each country. The reported tax expense for the first quarter amounted to SEK 8.4 (7.6) million, corresponding to an efficient tax rate of 27 (23) 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 March 31, 2021, no shares have been acquired within this authorization.

As of March 31, 2021, 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 1,034 (1,021) employees as of March 31, 2021, of which the acquisition of Cetus has contributed with 45 employees.

## Parent Company in brief

The Parent Company's total revenues for the period amounted to SEK 26.5 (24.7) million. Profit before tax amounted to SEK 4.7 (-2.6) million.

The Parent Company's liabilities in a joint group currency account amounted as at 31 March 2021 to SEK 270 (240) 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 & Baltics

### Revenues and result

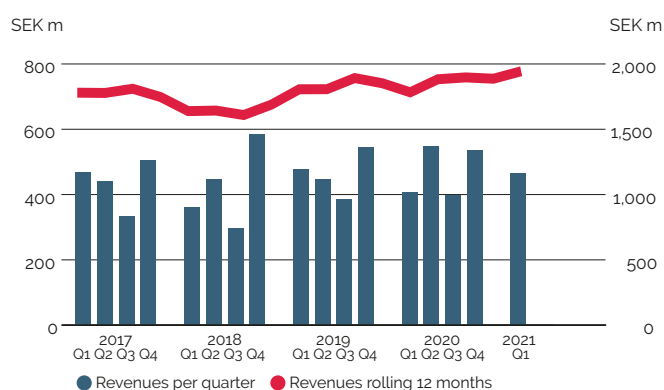
#### January - March

In Nordics & Baltics, revenues increased by 14 percent during the quarter and organically the increase was 16 percent. Revenues from system sales increased by 21 percent and organically the increase was 23 percent, thanks to strong sales, especially in Sweden. Revenues from services decreased by 1 percent and organically they increased by 1 percent. In particular, consulting revenues fell as several countries saw a weak start to the year for customers' demand for these services.

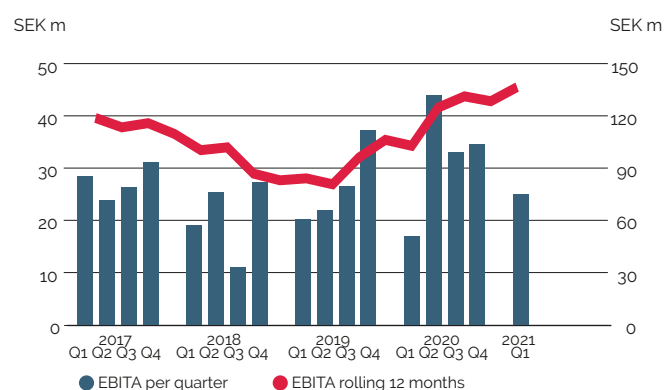
Adjusted EBITA amounted to SEK 25.0 (16.9) million and EBITA margin was 5.4 (4.1) percent for the quarter. In Nordics & Baltics EBITA was primarily positively affected by an increase in system sales.

SEK million	Jan-Mar 2021	Jan-Mar 2020	Change, %	Rolling 12 months	Jan-Dec 2020
System revenues	332	274	21	1,410	1 352
Service revenues	131	133	-1	532	534
<i>of which support     revenue</i>	65	62	4	261	259
<i>of which revenue from     cloud services</i>	40	36	11	155	151
<i>of which consulting     revenue</i>	26	34	-23	116	124
Other	1	-	-	1	1
<b>Total revenues</b>	<b>464</b>	<b>407</b>	<b>14</b>	<b>1,944</b>	<b>1,887</b>
Adjusted EBITA	25.0	16.9	48	136.5	128.4
Margin, %	5.4	4.1		7.0	6.8

#### Revenues



#### Adjusted EBITA



## UK

### Revenues and result

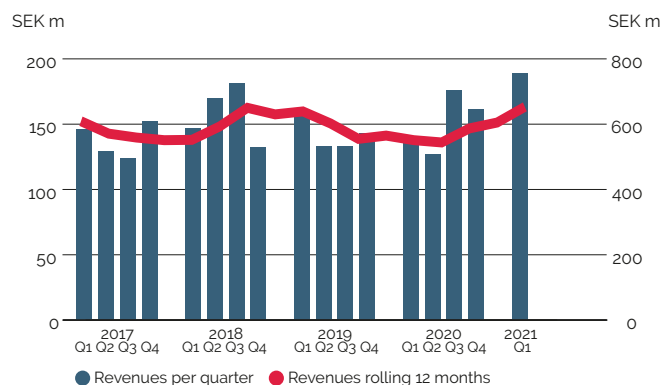
#### January - March

In UK, revenues increased by 34 percent during the quarter, with the acquisition of Cetus Solutions contributing to the increase in combination with organically increased revenues of 19 percent. System revenues increased by 73 percent, while organically the increase was 45 percent, positively affected by some major deals. Revenues from services increased by 2 percent, while organically they decreased by 2 percent.

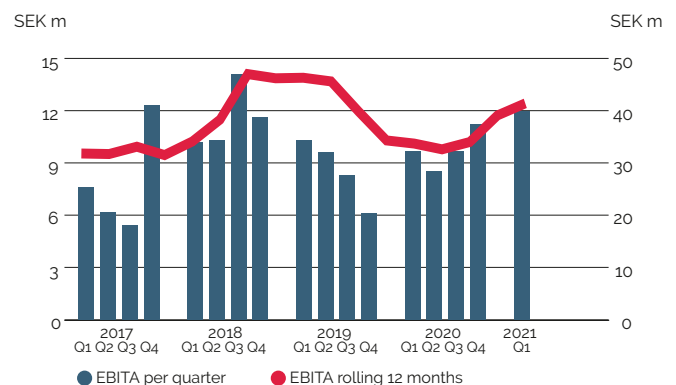
Adjusted EBITA amounted to SEK 12.0 (9.7) million and the EBITA margin was 6.3 (6.9) percent for the quarter. In UK, The EBITA margin was positively affected by lower sales and administration expenses and the acquisition of Cetus, to some extent offset by lower gross margins.

SEK million	Jan-Mar 2021	Jan-Mar 2020	Change, %	Rolling 12 months	Jan-Dec 2020
System revenues	110	64	73	358	312
Service revenues	79	77	2	295	293
<i>of which support revenue</i>	26	24	7	93	92
<i>of which revenue from cloud services</i>	45	50	-9	180	185
<i>of which consulting revenue</i>	8	3	139	22	17
Other	-	-	-	-	-
<b>Total revenues</b>	<b>189</b>	<b>141</b>	<b>34</b>	<b>653</b>	<b>605</b>
Adjusted EBITA	12.0	9.7	23	41.4	39.1
Margin, %	6.3	6.9		6.3	6.5

#### Revenues



#### Adjusted EBITA



## Revenues and result

### January - March

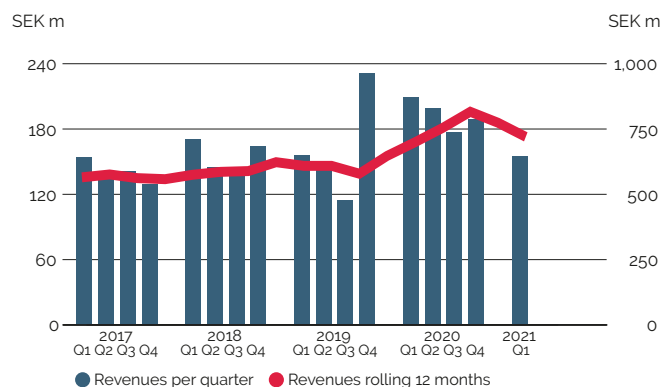
In West, revenues decreased by 26 percent during the quarter and organically the decrease was 22 percent. System revenues decreased by 58 percent and organically the decrease was 56 percent. Service revenues decreased by 7 percent and organically the decrease was 2 percent.

Adjusted EBITA amounted to SEK -2.6 (13.2) million and EBITA margin was -1.7 (6.3) percent for the quarter.

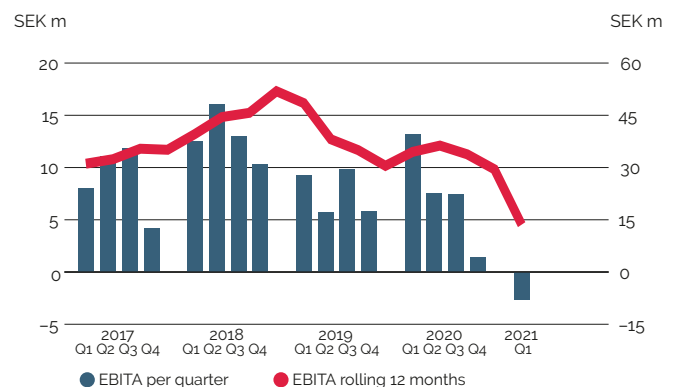
Long sales cycles and customers' uncertainty regarding Covid-19 led to a sharp decline in system revenues. Service revenues also decreased for the same reason. Reduced sales in combination with a changed mix in service sales led to a significant reduction in gross profit, which together generated a loss despite a decrease in sales and administration expenses. Sales and administration expenses decreased organically by 9 percent. To reverse the profitability trend, an action program has been initiated.

SEK million	Jan-Mar 2021	Jan-Mar 2020	Change, %	Rolling 12 months	Jan-Dec 2020
System revenues	32	77	-58	210	255
Service revenues	123	131	-7	510	519
of which support revenue	12	14	-14	55	57
of which revenue from cloud services	78	84	-7	336	342
of which consulting revenue	32	33	-4	119	120
Other	-	-	-	-	-
<b>Total revenues</b>	<b>155</b>	<b>209</b>	<b>-26</b>	<b>720</b>	<b>774</b>
Adjusted EBITA	-2.6	13.2	-120	13.6	29.5
Margin, %	-1.7	6.3		1.9	3.8

### Revenues



### Adjusted EBITA



## Central

### Revenues and result

#### January - March

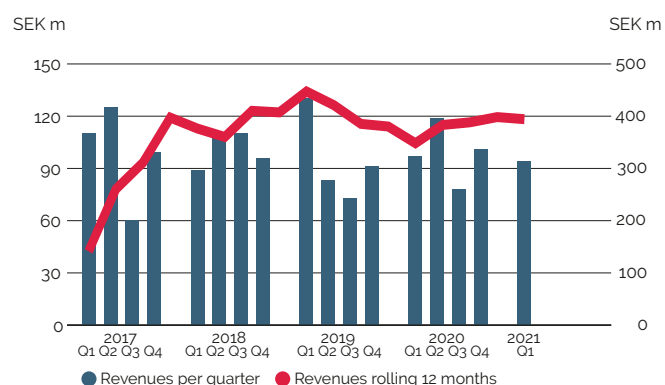
In Central, revenues decreased by 3 percent during the quarter and organically they increased by 2 percent. System revenues decreased by 5 percent and organically they were unchanged. Service revenues were unchanged and organically they increased by 5 percent.

Adjusted EBITA amounted to SEK 7.2 (5.7) million and EBITA margin was 7.7 (5.8) percent for the quarter.

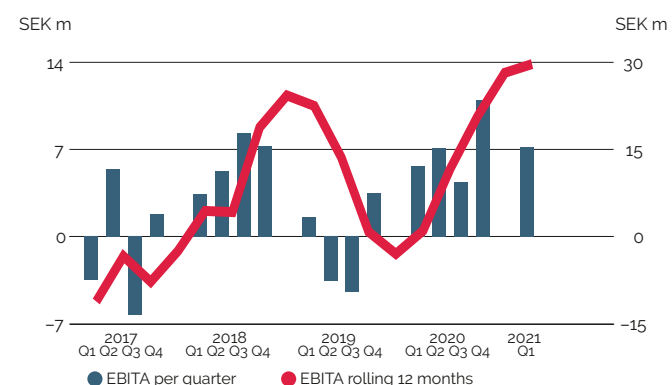
In Central, EBITA was positively affected primarily by reduced sales and administration expenses of 24 percent and the action program implemented in 2019 has continued to make a positive contribution to the development of profitability. Organically, sales and administration expenses decreased by 19 percent.

SEK million	Jan-Mar 2021	Jan-Mar 2020	Change, %	Rolling 12 months	Jan-Dec 2020
System revenues	60	64	-5	252	255
Service revenues	33	33	0	139	139
<i>of which support revenue</i>	9	9	9	38	37
<i>of which revenue from cloud services</i>	18	18	-3	75	75
<i>of which consulting revenue</i>	6	6	-7	26	26
Other	-	-	-	1	1
<b>Total revenues</b>	<b>94</b>	<b>97</b>	<b>-3</b>	<b>391</b>	<b>395</b>
Adjusted EBITA	7.2	5.7	28	29.7	28.2
Margin, %	7.7	5.8		7.6	7.1

#### Revenues



#### Adjusted EBITA





## Proact Finance

### Revenues and result

#### January - March

Proact Finance revenues decreased for the quarter compared to the same period previous year due to a decrease in financed volume and amounted to SEK 12 (24) million. Net financial items amounted to SEK 0.9 (0.8) million. Profit before tax amounted to SEK 4.1 (1.0) million. Future contracted cash flows from Proact Finance amounted to SEK 159 (151) million, an increase of 5 per cent.

SEK million	Jan-Mar 2021	Jan-Mar 2020	Change, %	Rolling 12 months	Jan-Dec 2020
Revenues	12	24	-48	94	105
EBIT	3.1	0.3	1,116	2.5	-0.4
Net financial items	0.9	0.8	24	4.0	3.8
Profit before tax	4.1	1.0	299	6.4	3.4

## Operating segments

**Nordics & Baltics:** Estonia, Finland, Latvia, Lithuania, Norway, Sweden and USA

**UK:** United Kingdom

**West:** Belgium, Netherlands and Spain

**Central:** Czech Republic and Germany

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

Jan-Mar 2021 SEK million	Nordics & Baltics	UK	West	Central	Proact Finance	Groupwide	Eliminations	Group
Total revenue	464	189	155	94	12	34	-54	894
EBITDA, before items affecting comparability	34.8	24.1	5.6	10.0	3.1	0.9	-	78.6
Depreciations and write-down on tangible fixed assets	-9.7	-12.1	-8.3	-2.8	-	-4.0	-	-36.9
EBITA, before items affecting comparability	25.0	12.0	-2.6	7.2	3.1	-3.1	-	41.6
Items affecting comparability	-	-	-	-	-	-	-	-
EBITA	25.0	12.0	-2.6	7.2	3.1	-3.1	-	41.6
Amortizations and write-down on intangible fixed assets	-	-3.2	-2.0	-0.4	-	-2.0	-	-7.7
EBIT	25.0	8.7	-4.6	6.8	3.1	-5.2	-	34.0
Net financial items	-0.8	-0.8	-0.7	-0.4	0.9	-1.3	-	-3.1
Profit before tax	24.2	7.9	-5.3	6.4	4.1	-6.5	-	30.8
Tax	-	-	-	-	-	-	-	-8.4
Comprehensive income for the period	-	-	-	-	-	-	-	22.5

Jan-Mar 2020 SEK million	Nordics & Baltics	UK	West	Central	Proact Finance	Groupwide	Eliminations	Group
Total revenue	407	141	209	97	24	34	-68	844
EBITDA, before items affecting comparability	27.7	23.1	21.6	8.9	0.3	1.4	-	82.9
Depreciations and write-down on tangible fixed assets	-10.8	-13.4	-8.4	-3.3	-	-4.4	-	-40.2
EBITA, before items affecting comparability	16.9	9.7	13.2	5.7	0.3	-3.1	-	42.6
Items affecting comparability	-	-	-	-	-	-	-	-
EBITA	16.9	9.7	13.2	5.7	0.3	-3.1	-	42.6
Amortizations and write-down on intangible fixed assets	-0.4	-2.2	-4.0	-0.6	-	-1.3	-	-8.5
EBIT	16.5	7.5	9.2	5.0	0.3	-4.4	-	34.1
Net financial items	-2.5	-1.0	-0.4	-0.2	0.8	2.7	-	-0.7
Profit before tax	13.9	6.5	8.8	4.9	1.0	-1.7	-	33.4
Tax	-	-	-	-	-	-	-	-7.6
Comprehensive income for the period	-	-	-	-	-	-	-	25.8

# 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 markets 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

### Proposed appropriations of profits

The Board will propose a dividend of SEK 4.50 (2.50) per share to the Annual General Meeting for the 2020 financial year.

### Events after the balance sheet date

On April 12 Proact acquired Conoa AB. Conoa is a specialist in next-generation IT infrastructure that enables modern development for its customers. The acquisition strengthens Proact's portfolio, expertise and services in hybrid cloud and data center solutions in the Swedish and European markets. The purchase price amounts to SEK 105 million on a cash-free and debt-free basis, which corresponds to 10.5 times EBITA. The purchase price will be paid during a period of 18 months after completed acquisition. Conoa is expected to contribute approximately SEK 80 million in increased annual revenues for Proact and the acquisition is financed through the existing credit facility and by 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.

### 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 currently not seen any major effects from United Kingdom's exit from the EU, except for changes in currency rates which can impact the financial statements of the group short term.

The continued 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. 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. There are still risks 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 2020, page 26.

### 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 2020.

### Annual General Meeting

The Annual General Meeting will be held at Thursday May 6, 2021. The Board of Directors have decided that Annual General Meeting is to take place without physical attendance of shareholders, representatives or third parties on account of the coronavirus, and that shareholders will only have the opportunity to exercise their voting rights by post prior to the meeting. Information on the decisions made by the Annual General Meeting will be published on 6 May 2021 as soon as the outcome of the postal vote has been finalised.

## Financial calendar

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 22 April 2021  
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 22 April 2021.

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

# Financial reports

## Consolidated statement of comprehensive income

Amounts in SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 months	Jan-Dec 2020
System income	535.4	477.3	2,250.3	2,192.1
Service income	357.5	366.0	1,431.2	1,439.7
<i>of which support revenue</i>	113.4	110.2	447.9	444.8
<i>of which revenue from cloud services</i>	172.9	180.4	708.0	715.5
<i>of which consulting revenue</i>	71.3	75.4	275.3	279.4
Other operating income	0.7	0.5	1.6	1.3
<b>Total income</b>	<b>893.6</b>	<b>843.8</b>	<b>3,683.0</b>	<b>3,633.1</b>
Cost of goods and services sold	-697.3	-643.2	-2,870.9	-2,816.7
<b>Gross profit</b>	<b>196.3</b>	<b>200.6</b>	<b>812.1</b>	<b>816.4</b>
Sales and marketing expenses	-98.4	-99.1	-359.2	-359.9
Administration expenses	-63.9	-67.4	-268.2	-271.7
Items affecting comparability	-	-	-2.8	-2.8
Disposal of subsidiary	-	-	-	-
<b>Operating profit/loss (EBIT)</b>	<b>34.0</b>	<b>34.1</b>	<b>181.9</b>	<b>182.1</b>
Net financial items	-3.1	-0.7	-16.8	-14.4
<b>Profit before tax</b>	<b>30.8</b>	<b>33.4</b>	<b>165.1</b>	<b>167.7</b>
Income tax	-8.4	-7.6	-36.1	-35.4
<b>Comprehensive income for the period</b>	<b>22.5</b>	<b>25.8</b>	<b>129.0</b>	<b>132.3</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)	10.1	-0.2	2.3	-8.0
Tax effect of change of reserve (net investment in foreign operations)	-2.2	0.0	-0.5	1.7
Translation differences from remaining foreign operations	19.8	3.7	-11.7	-27.8
Total items which may be reversed later in the income statement	27.8	3.5	-9.9	-34.1
<b>Total comprehensive income for the period</b>	<b>50.3</b>	<b>29.4</b>	<b>119.1</b>	<b>98.3</b>
<b>Comprehensive income attributable to:</b>				
Shareholders of the Parent company	22.6	26.1	128.3	131.7
Holdings without a controlling influence	-0.2	-0.2	0.7	0.7
<b>Total comprehensive income for the period attributable to:</b>				
Shareholders of the Parent company	50.4	29.5	118.5	97.7
Holdings without a controlling influence	-0.1	-0.1	0.6	0.6

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

	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 months	Jan-Dec 2020
Earnings per share for the period attributable to the shareholders of the parent company, SEK	2.47	2.85	14.01	14.39
Equity per share attributable to the shareholders of the parent company, SEK	71.35	60.53	71.35	65.78
Cash flow from operations per share, SEK	-6.12	-3.28	48.31	51.15
Number of outstanding shares at end of period	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

1) 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	31 mar 2021	31 mar 2020	31 dec 2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
Goodwill	573.4	532.8	551.7
Other intangible fixed assets	109.8	89.5	112.2
Tangible fixed assets	324.2	391.0	309.8
Other long-term receivables	430.4	365.4	408.8
Deferred tax receivables	17.8	17.2	15.9
<b>Current assets</b>			
Inventories	25.3	18.9	13.0
Trade and other receivables	1,194.0	1,104.7	1,044.3
Cash and cash equivalents	392.7	289.8	468.3
<b>Total assets</b>	<b>3,067.6</b>	<b>2,809.3</b>	<b>2,923.9</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to the shareholders of the parent company	652.9	553.9	601.9
Equity attributable to holdings without a controlling influence	3.0	1.5	3.1
<b>Total equity</b>	<b>655.9</b>	<b>555.5</b>	<b>605.0</b>
<b>Long-term liabilities</b>			
Long-term liabilities, interest-bearing	370.4	454.5	358.9
Long-term liabilities, non-interest-bearing	509.1	381.9	461.1
Deferred tax liabilities	33.9	27.4	33.2
<b>Short-term liabilities</b>			
Short-term liabilities, interest-bearing	141.0	133.1	131.0
Short-term liabilities, non-interest-bearing	1,357.3	1,257.0	1,334.7
<b>Total equity and liabilities</b>	<b>3,067.6</b>	<b>2,809.3</b>	<b>2,923.9</b>

## Consolidated Statement of Changes in Equity

Amounts in SEK million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
At beginning of period	605.0	525.9	525.9
Total comprehensive income for the period	50.3	29.4	98.3
Dividend	–	–	–22.9
Dividend to holdings without a controlling influence	–	–	–0.2
Financial liability to holdings without a controlling influence	–	–	2.4
Share savings and share option programs	0.6	0.1	1.5
<b>At end of period</b>	<b>655.9</b>	<b>555.4</b>	<b>605.0</b>

Holdings without a controlling influence: Proact Lietuva UAB 26.14 percent and Proact Czech Republic, s.r.o. 14.7 percent.

## Consolidated Cash Flow Statement in Brief

Amounts in SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 months	Jan-Dec 2020
Cash flow from operating activities before changes in working capital	74.5	82.1	354.2	361.8
Cash flow from changes in working capital	-130.5	-112.1	87.8	106.3
<b>Cash flow from operating activities</b>	<b>-56.0</b>	<b>-30.0</b>	<b>442.1</b>	<b>468.1</b>
Cash flow from investing activities	-9.6	-25.3	-133.0	-148.7
Cash flow from financing activities	-30.5	-34.0	-190.0	-193.4
<b>Total cash flow for the period</b>	<b>-96.2</b>	<b>-89.3</b>	<b>119.1</b>	<b>126.0</b>
Cash and cash equivalents at beginning of the period	468.3	373.2	289.8	373.2
Currency translation difference in cash and cash equivalents	20.6	6.0	-16.2	-30.8
<b>Cash and cash equivalents at end of the period</b>	<b>392.7</b>	<b>289.9</b>	<b>392.7</b>	<b>468.3</b>

## Key ratios

	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 months	Jan-Dec 2020
<b>Total revenue, SEK millions</b>	<b>894</b>	<b>844</b>	<b>3,683</b>	<b>3,633</b>
of which attributable to acquisition and divestments, SEK millions	33	74	277	318
of which currency effects, SEK millions	-33	12	-104	-59
Total revenue, organic, SEK million	893	757	3,510	3,373
<b>Organic growth total revenue, %</b>	<b>5.9</b>	<b>-15.9</b>	<b>9.8</b>	<b>1.3</b>
<b>System revenue, SEK millions</b>	<b>535</b>	<b>477</b>	<b>2,250</b>	<b>2,192</b>
of which attributable to acquisition and divestments, SEK millions	24	10	74	61
of which currency effects, SEK millions	-17	5	-61	-38
Total system revenue, organic, SEK million	529	461	2,237	2,169
<b>Organic growth system revenue, %</b>	<b>10.5</b>	<b>-25.7</b>	<b>10.2</b>	<b>-0.6</b>
<b>Service revenue, SEK millions</b>	<b>357</b>	<b>366</b>	<b>1,431</b>	<b>1,440</b>
of which attributable to acquisition and divestments, SEK millions	8	66	196	254
of which currency effects, SEK millions	-16	7	-43	-21
Total service revenue, SEK millions	366	294	1,278	1,206
<b>Organic growth service revenue, %</b>	<b>-0.2</b>	<b>5.9</b>	<b>9.2</b>	<b>5.1</b>
<b>EBITDA, SEK million</b>	<b>78.6</b>	<b>82.9</b>	<b>365.3</b>	<b>369.6</b>
EBITDA margin, %	8.8	9.8	9.9	10.2
Depreciation and write-down on tangible assets, SEK million	-36.9	-40.2	-149.7	-153.0
<b>EBITA, SEK million</b>	<b>41.6</b>	<b>42.6</b>	<b>215.7</b>	<b>216.7</b>
EBITA margin, %	4.7	5.1	5.9	6.0
Depreciation and write-down on intangible assets, SEK million	-7.7	-8.5	-33.7	-34.6
<b>EBIT, SEK million</b>	<b>34.0</b>	<b>34.1</b>	<b>181.9</b>	<b>182.1</b>
EBIT margin, %	3.8	4.0	4.9	5.0
<b>Profit before tax, SEK million</b>	<b>30.8</b>	<b>33.4</b>	<b>165.1</b>	<b>167.7</b>
Net margin, %	3.5	4.0	4.5	4.6
<b>Profit after tax, SEK million</b>	<b>22.5</b>	<b>25.8</b>	<b>129.0</b>	<b>132.3</b>
Profit margin, %	2.5	3.1	3.5	3.6
Equity	655.9	555.5	655.9	605.0
Total assets	3,067.6	2,809.3	3,067.6	2,923.9
<b>Equity ratio, %</b>	<b>21.4</b>	<b>19.8</b>	<b>21.4</b>	<b>20.7</b>
<b>Capital turnover rate, times</b>	<b>-</b>	<b>-</b>	<b>1.3</b>	<b>1.3</b>
<b>Return on equity, % <sup>1)</sup></b>	<b>-</b>	<b>-</b>	<b>21.3</b>	<b>23.4</b>
Financial costs included in net financial items, SEK million	4.5	2.8	22.4	20.7
Capital employed	1,167.2	1,143.1	1,167.2	1,094.9
<b>Return on capital employed, % <sup>1)</sup></b>	<b>-</b>	<b>-</b>	<b>16.2</b>	<b>17.1</b>
Investments in fixed assets, SEK million	44.9	48.8	265.2	269.1
<b>Profit before tax per employee, SEK thousands</b>	<b>31.0</b>	<b>33.8</b>	<b>169.5</b>	<b>172.3</b>
Average number of employees	994	991	974	973

<sup>1)</sup> Calculated only for full year and rolling 12 months.

For a five-year summary, see Note 2. Definitions of key ratios, see Annual Report 2020.

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-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net sales	26.5	24.7	108.6
Cost of goods and services sold	–	–	–
<b>Gross profit</b>	<b>26.5</b>	<b>24.7</b>	<b>108.6</b>
Administration expenses	–31.8	–30.0	–120.7
<b>Operating profit</b>	<b>–5.3</b>	<b>–5.3</b>	<b>–12.2</b>
Net financial items	9.9	2.8	36.2
<b>Profit after financial items</b>	<b>4.7</b>	<b>–2.6</b>	<b>24.0</b>
Provisions	–	–	30.0
<b>Profit before tax</b>	<b>4.7</b>	<b>–2.6</b>	<b>54.0</b>
Income tax	–1.0	0.5	–1.6
<b>Comprehensive income for the period</b>	<b>3.7</b>	<b>–2.0</b>	<b>52.5</b>

## Parent Company's Balance Sheet, in brief

Amounts in SEK million	31 Mar 2021	31 Mar 2020	31 dec 2020
<b>ASSETS</b>			
Fixed assets	851.1	798.5	765.9
Current assets	108.4	123.2	205.5
<b>Total assets</b>	<b>959.5</b>	<b>921.7</b>	<b>971.4</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted Equity	78.1	55.0	76.6
Non-restricted Equity	321.8	307.7	319.1
<b>Equity</b>	<b>400.0</b>	<b>362.7</b>	<b>395.7</b>
Long-term liabilities	228.0	249.2	222.9
Short-term liabilities	331.5	309.8	352.8
<b>Total equity and liabilities</b>	<b>959.5</b>	<b>921.7</b>	<b>971.4</b>



# Explanatory information

## Note 1 ► Accounting principles

The consolidated accounts for the interim report have been compiled in accordance with IAS 34 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 2020, 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

	Apr-Mar 2020/2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Total revenue, SEK million	3,683	3,633	3,408	3 318	3 243
EBITDA, SEK million	365.3	369.6	271.7	231.1	218.8
EBITDA margin, %	9.9	10.2	8.0	7.0	6.7
EBITA, SEK million	215.7	216.7	134.2	200.5	188.1
EBITA margin, %	5.9	6.0	3.9	6.0	5.8
EBIT, SEK million	181.9	182.1	105.4	164.5	155.6
EBIT margin, %	4.9	5.0	3.1	5.0	4.8
Profit before tax, SEK million	165.1	167.7	101.7	167.8	151.1
Net margin, %	4.5	4.6	3.0	5.1	4.7
Profit after tax, SEK million	129.0	132.3	80.2	127.3	114.0
Profit margin, %	3.5	3.6	2.4	3.8	3.5
Equity ratio, %	21.4	20.7	18.3	21.2	19.8
Capital turnover rate, times	1.3	1.3	1.3	1.6	1.7
Return on equity, %	21.3	23.4	16.1	29.8	31.8
Return on capital employed, %	16.2	17.1	13.2	29.5	29.2
Dividend to shareholders of the Parent company, SEK million <sup>1)</sup>	22.9	22.9	38.0	34.3	32.4
Investments in fixed assets, SEK million	265.2	269.1	440.7	83.8	166.7
Financial costs included in net financial items, SEK millions	22.4	20.7	11.3	3.9	11.4
Profit before tax per employee, SEK thousands	169	172	122	211	189
Average number of employees	974	973	834	797	799
Earnings per share for the period, SEK <sup>2)</sup>	14.01	14.39	8.75	13.87	12.22

<sup>1)</sup> Relates to the year in which the dividend was executed. For business year 2019 a dividend of SEK 2.50, total SEK 22.9 million, was made. The Board of Directors will propose to the Annual General Meeting a dividend of 4.50 per share for 2020 business year.

<sup>2)</sup> 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.