

Strong cloud services revenues and good demand despite delivery delays

October - December 2021

- Revenues decreased by 4 percent to SEK 942 (982) million.
- Adjusted EBITA decreased by 14 percent and amounted to SEK 56.9 (66.4) million, corresponding to an adjusted EBITA margin of 6.0 (6.8) percent. Items affecting comparability in the fourth quarter amounted to SEK -5.8 (-2.8) million attributable to acquisition related costs.
- Profit before tax amounted to SEK 37.4 (50.8) million.
- Profit after tax amounted to SEK 31.0 (40.1) million.
- Profit per share amounted to SEK 1.12 (1.43).
- New contracts relating to cloud services worth SEK 177 (142) million were contracted, an increase by 25 percent.
- Recurring revenues (revenues from cloud and support services) amounted to SEK 327 (289) million, corresponding to annualized rate of SEK 1,307 (1,157) million.
- During the quarter the acquisition of ahd in Germany was completed which strengthens Proact's offering in cloud services.

Financial summary

Amounts in SEK million	Oct -Dec 2021	Oct-dec 2020	Jan-Dec 2021	Jan-Dec 2020
Total revenues	942.4	982.1	3,525.0	3,633.1
Growth, %	-4.0	-0.9	-3.0	6.6
of which currency rate effects, %	0.4	-3.6	-1.2	-1.7
of which effect from acquisitions and divestments %	9.2	-	6.3	7.0
Organic growth, % ¹⁾	-13.7	2.7	-8.1	1.3
Adjusted EBITA ²⁾	56.9	66.4	204.4	219.4
Adjusted EBITA margin, %	6.0	6.8	5.8	6.0
Operating profit (EBIT)	41.6	53.9	166.2	182.1
Operating margin (EBIT), %	4.4	5.5	4.7	5.0
Profit before tax	37.4	50.8	151.9	167.7
Net margin, %	4.0	5.2	4.3	4.6
Profit after tax	31.0	40.1	117.2	132.3
Profit margin, %	3.3	4.1	3.3	3.6
Earnings per share (outstanding shares), SEK ³⁾	1.12	1.43	4.27	4.80
Return on capital employed, % ⁴⁾	-	-	13.4	17.1
Cash flow from operations	255.4	265.5	303.6	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 1.34 percent. The comparative figures have been adjusted for the 1:3 share split that was implemented in May 2021. 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

"Strong cloud services revenues and good demand despite delivery delays"



During the fourth quarter we have seen a higher demand in the systems business than earlier under the year. However, revenues were significantly affected by delivery delays at several of our suppliers. Even though we have seen a certain impact of the semiconductor shortages earlier during the year, it wasn't until December that we experienced a significant effect on large parts of our offering within storage and networking products. We are thus entering 2022 with a larger backlog than normal and a good underlying demand, which leaves us well positioned for the coming year.

Net sales during the quarter amounted to SEK 942 (982) million, which corresponds to a decline of 4 percent. Organically the decline in revenues was 14 percent, where systems revenues declined organically by 24 percent, while services revenues grew organically by 4 percent. As we previously have communicated, we estimate that delivery delays have had a negative effect on system revenues in the order of SEK 200 million.

It is very positive that we grew all our services businesses during the quarter. Two of our revenue streams, support and cloud services, are contracted services with recurring revenues that give stability and predictability in our business. Together they grew by 13 percent in the quarter to an annualized revenue run rate of SEK 1,307 (1,157) million. Our third services business, consulting services, also showed good growth of 31 percent in the quarter. We see strong demand for consulting services both within the acquired Conoa and within other of our specialist competencies.

We ended 2021 with closing a number of larger deals for contracted cloud services, where I especially want to highlight the UK where we closed a large contract partly as a result of a common effort by Proact UK and Cetus, which we acquired during the fourth quarter 2020. In total we contracted cloud services contracts of SEK 177 (142) million, which is the highest level in a single quarter ever for Proact.

The German company ahd that we acquired during the quarter is also a specialist within managed cloud services, and a company that I see fits very well with us at Proact. ahd has a large number of competent and qualified employees who complement us in Germany in an excellent way. Our overlap regarding customers is small, and geographically ahd is primarily present in central

Germany whereas we historically have been stronger in the southern parts. Their focus on services, primarily within multicloud, is also completely in line with the type of services where we have a strategic ambition to grow.

Adjusted EBITA during the quarter declined to SEK 56.9 (66.4) million, corresponding to a margin of 6.0 (6.8) percent. The decline is primarily a result of the reduced system revenues. We have during the quarter been able to keep up our gross margins, and our sales and administration costs have declined organically.

I also want to highlight some exciting new customer engagements. During the fourth quarter, Proact was chosen as the infrastructure supplier for AI (artificial intelligence) for the Västra Götaland region (VGR). The combination of Proact's specialists within AI infrastructure, and the reference architecture, Ontap AI, from Nvidia and NetApp, will facilitate for VGR to get started and achieve faster results with AI and machine learning. During the quarter we also won a deal with Afa Insurance, who is modernizing their IT from the bottom up with the support of Conoa that we acquired earlier in the year.

In order to be at the forefront of IT development, and to give our customers the right products and services, our staff as well as our relationships to our partners are important. It is thus gratifying that Proact was named Career company of the year 2022 and was awarded several partner prizes from Dell Technologies.

In conclusion I look back on a year where we have managed a number of large and unpredictable challenges in an admirable way. Despite a continued pandemic and restrictions, we have managed to grow our services business and we have acquired two very exiting companies, ahd and Conoa. We continue to strengthen our offering within hybrid cloud services, and we have continued to work closely with our customers, which gives us an excellent foundation for 2022.

Kista, 10 February 2022

Jonas Hasselberg
CEO

The Group's development

Revenues and result

Fourth quarter

For the fourth quarter, total revenues amounted to SEK 942 (982) million, a decrease by 4 percent. Currency rate effects affected by 0 percent, acquisitions and divestments affected by 9 percent. Organically, revenues decreased by 14 percent.

System revenues decreased by 16 percent to SEK 516 (617) million and organically by 24 percent, primarily due to delivery delays at several of the company's suppliers linked to the ongoing semiconductor shortage. Service revenues increased by 17 percent to SEK 425 (365) million and organically by 4 percent. Service revenues accounted for 45 (37) percent of the company's total revenues for the quarter.

New contracts relating to cloud services worth SEK 177 (142) million were contracted during the quarter. The contracts normally have a term of three to five years. Total revenues from cloud services increased by 16 percent and amounted to SEK 207 (178) million. Organically they increased by 1 percent. Recurring revenues, revenues from cloud and support services, amounted to SEK 327 (289) million, which corresponds to an annualized rate of SEK 1,307 (1,157) million. This corresponds to an increase of 13 percent, of which an organic increase of 3 percent.

Gross margins were unchanged during the quarter compared to the same period previous year. Positive development of mix and increased margins in the services business were offset by lower margins in the systems business.

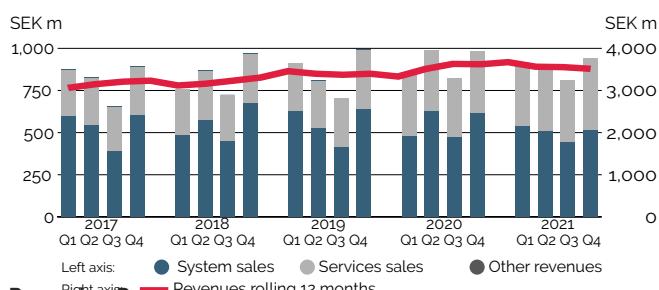
Sales and administration expenses decreased organically by 9 percent as a result of continued good cost control in combination with lower costs for commissions.

Adjusted EBITA decreased by 14 percent compared to the same period previous year and amounted to SEK 56.9 (66.4) million as a result of lower sales. Adjusted EBITA margin was 6.0 (6.8) percent. Profit before tax amounted to SEK 37.4 (50.8) million.

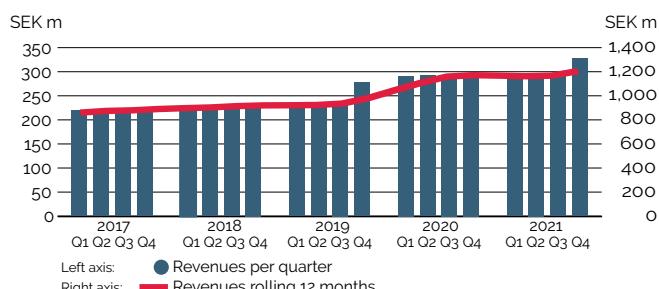
January - December

For the full year, total revenues amounted to SEK 3,525 (3,633) million, a decrease by 3 percent. Currency rate effects affected by -1 percent, acquisitions and divestments affected by 6 percent. Organically, revenues decreased by 8 percent.

Revenues



Recurring Revenues



System revenues decreased by 9 percent to SEK 2,002 (2,192) million and organically by 14 percent. Service revenues increased by 6 percent to SEK 1,519 (1,440) million and organically by 1 percent. Service revenues accounted for 43 (40) percent of the company's total revenues for the full year.

New contracts relating to cloud services worth SEK 402 (331) million were contracted during the full year. The contracts normally have a term of three to five years. Total revenues from cloud services increased by 1 percent and amounted to SEK 726 (716) million. Organically they were unchanged. Recurring revenues, revenues from cloud and support services, amounted to SEK 1,194 (1,160) million. This corresponds to an increase of 3 percent, of which an organic increase of 1 percent.

Gross margins increased during the year compared to the same period previous year, mainly through increased gross margins in the systems business.

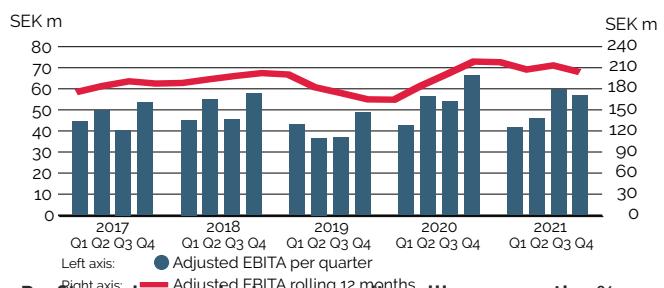
Sales and administration expenses decreased organically by 4 percent, while revenues decreased organically by 8 percent, as a result of continued good cost control and lower commissions.

Adjusted EBITA decreased by 7 percent compared to the same period previous year and amounted to SEK 204.4 (219.4) million. Adjusted EBITA margin was 5.8 (6.0) percent. Profit before tax amounted to SEK 151.9 (167.7) million.

Revenues by industry

MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2021	2020	2021	2020
Telecom	67	85	367	348
Bank, Finance	94	62	331	289
Oil, Energy	50	75	208	221
Manufacturing	119	110	442	450
Media	22	23	86	62
Trading & Services	177	153	628	687
Public sector	230	310	874	1,033
Other	182	164	588	545
Total revenue	942	982	3,525	3,633

Adjusted EBITA



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



	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Amounts in SEK million				
Total Revenues	942.4	982.1	3,525.0	3,633.1
Cost of goods and services sold, excl. amortizations and depreciations	-694.7	-726.5	-2,589.9	-2,687.9
Gross profit excl. amortizations and depreciations	247.7	255.7	935.1	945.2
Gross margin excl. amortizations and depreciations, %	26.3	26.0	26.5	26.0
Operational expenses excl. amortizations and depreciations	-150.9	-152.1	-579.5	-572.8
Adjusted EBITDA¹⁾	96.8	103.5	355.5	372.4
Adjusted EBITDA margin, %	10.3	10.5	10.1	10.3
Depreciations and write-downs of tangible assets	-39.9	-37.1	-151.2	-153.0
Adjusted EBITA¹⁾	56.9	66.4	204.4	219.4
Adjusted EBITA margin, %	6.0	6.8	5.8	6.0
Amortizations and write-downs of intangible assets	-9.5	-9.7	-31.2	-34.6
Items affecting comparability	-5.8	-2.8	-6.9	-2.8
Operating profit/loss (EBIT)	41.6	53.9	166.2	182.1
Operating margin (EBIT), %	4.4	5.5	4.7	5.0

1) EBITDA and EBITA before items affecting comparability

Cash flow

Fourth quarter

Cash flow for the quarter was SEK 136 (91) million, of which SEK 255 (266) million from operating activities.

January - December

Cash flow for the full year was SEK -26 (126) million, of which SEK 304 (468) million from operating activities. Cash flow from changes in working capital amounted to SEK -50 (106) million, mainly related to a decrease in accounts receivable by SEK 47 million, decrease in accounts payable by SEK 102 million and an increase in short-term payables by SEK 57 million. During the period, SEK 359 million was paid for acquired businesses, net of cash, and repayments of leasing liabilities were made by SEK 122 million.

Investments

During the full year 2021, SEK 50 (105) million has been invested in fixed assets, of which SEK 16 (50) million in Proact Finance for customer deliveries.

Financial position

Cash and cash equivalents amounted to SEK 464 million as of December 31, 2021, compared to SEK 468 million the previous year. Of the total overdraft credit facility of SEK 158 million, none was utilized. Bank loans amounted to SEK 484 million and relate to a three-year revolving credit facility that Proact concluded an agreement of under the third quarter 2021. The facility amounts to

Net debt

SEK million	Dec 31 2021	Sep 30 2021	Dec 31 2020	Sep 30 2020
Cash and cash equivalents	464	321	468	396
Bank overdraft facilities	-	-	-	-
Liabilities to credit institutions excl. financial leasing liabilities	-484	-257	-212	-230
Net cash (+)/Net debt (-) excl. financial leasing	-20	64	257	166
Financial leasing liabilities	-241	-223	-234	-259
Net cash (+)/Net debt (-) incl. financial leasing	-261	-160	22	-92
Unutilized bank overdraft facility	158	158	198	250
Total bank overdraft facility	158	158	198	250

a total of SEK 600 million and has a possibility of up to two years extension. 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 (21) percent.

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 full year amounted to SEK 34.7 (35.4) million, corresponding to an efficient tax rate of 23 (21) percent.

Buy-back of own shares

The Annual General Meeting on May 6, 2021 authorized the Board to acquire up to 10 percent of the company's shares until the next Annual General Meeting. As of December 31, 2021, no shares have been acquired within this authorization.

As of December 31, 2021, the company holds 546,807 shares in own repository, which corresponds to 2.0 percent of the total number of shares.

Employees

The company had 1,178 (1,022) employees as of December 31, 2021, of which the acquisition of ahd and Conoa have contributed with 153 employees.

Parent Company in brief

The Parent Company's total revenues for the full year amounted to SEK 105.2 (108.6) million. Profit before tax amounted to SEK 39.4 (54.0) million.

The Parent Company's liabilities in a joint group currency account amounted as of 31 December 2021 to SEK 220 (297) million.

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

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

Fourth quarter

In Nordics & Baltics, revenues decreased by 2 percent during the quarter and organically by 14 percent, where the acquisition of Conoa contributed positively. System revenues decreased by 9 percent and organically by 21 percent. All countries decreased their system revenues, primarily as a result of delivery delays linked to the semiconductor shortage. Service revenues increased by 18 percent and organically by 7 percent, with a good development especially for cloud services. The Acquisition of Conoa contributed positively, primarily to consulting revenues.

Adjusted EBITA amounted to SEK 28.7 (34.5) million and EBITA margin was 5.5 (6.4) percent for the quarter. In Nordics & Baltics, EBITA was negatively affected mainly by lower sales.

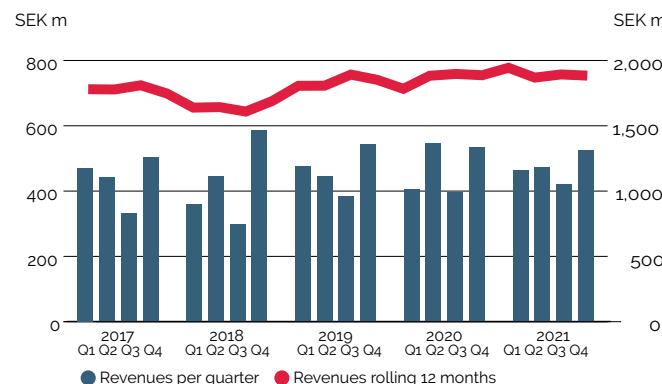
January - December

In Nordics & Baltics, revenues were unchanged for the full year and organically they decreased by 6 percent. System revenues decreased by 5 percent and organically by 11 percent. System revenues was primarily affected negatively by low sales in Norway, but also by semiconductor shortages which affected the fourth quarter in all countries. Service revenues increased by 12 percent and organically by 6 percent. In addition to the acquisition of Conoa, good growth in cloud and support services contributed to the organic growth.

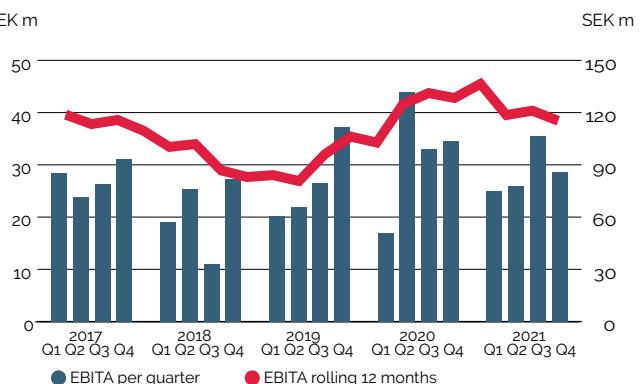
Adjusted EBITA amounted to SEK 115.3 (128.4) million and the EBITA margin was 6.1 (6.8) percent for the full year. In Nordics & Baltics EBITA was negatively affected mainly by the lower revenues, partly offset by an organic decline in sales and administration expenses and the acquisition of Conoa.

SEK million	Oct-Dec 2021	Oct-Dec 2020	Change, %	Jan-Dec 2021	Jan-Dec 2020	Change, %
System revenues	363	397	-9	1,283	1,352	-5
Service revenues	163	138	18	599	534	12
of which support revenue	68	66	3	269	259	4
of which revenue from cloud services	49	38	28	186	151	23
of which consulting revenue	46	34	35	145	124	16
Other	1	-	143	2	1	109
Total revenues	526	535	-2	1,884	1,887	-
Adjusted EBITA	28.7	34.5	-17	115.3	128.4	-10
Margin, %	5.5	6.4		6.1	6.8	

Revenues



Adjusted EBITA



Revenues and result

Fourth quarter

In UK, revenues decreased by 19 percent during the quarter and organically by 16 percent. System revenues decreased by 42 percent and organically by 33 percent. During the fourth quarter system revenues were affected negatively by delivery delays linked to semiconductor shortages. In addition long decision cycles still affect sales negatively. Service revenues increased by 8 percent, and organically by 4 percent, driven by good demand for consulting services.

Adjusted EBITA amounted to SEK 3.0 (11.2) million and the EBITA margin was 2.3 (7.0) percent for the quarter. EBITA and the EBITA margin decreased as a result of lower system sales.

January - December

In UK, revenues increased by 4 percent during the full year, due to the acquisition of Cetus. Organically revenues decreased by 8 percent. System revenues decreased by 1 percent and organically by 16 percent, due to long decision cycles during the year and the impact of semiconductor shortages on deliveries during the fourth quarter. Service revenues increased by 9 percent and organically by 1 percent.

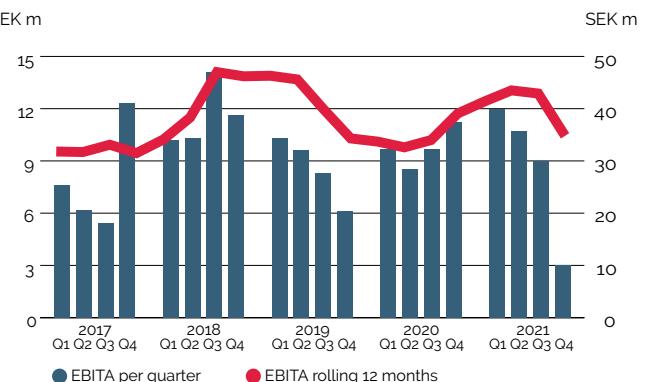
Adjusted EBITA amounted to SEK 34.7 (39.1) million and the EBITA margin was 5.5 (6.5) percent for the full year. In UK the EBITA margin was negatively affected mainly by the lower revenues, partly offset by an organic decline in sales and administration expenses and the acquisition of Cetus.

SEK million	Oct-Dec 2021	Oct-Dec 2020	Change, %	Jan-Dec 2021	Jan-Dec 2020	Change, %
System revenues	49	85	-42	309	312	-1
Service revenues	82	76	8	321	293	9
of which support revenue	27	25	8	108	92	18
of which revenue from cloud services	47	44	5	177	185	-4
of which consulting revenue	9	7	23	35	17	111
Other	-	-	-	-	-	-
Total revenues	131	161	-19	630	605	4
Adjusted EBITA	3.0	11.2	-73	34.7	39.1	-11
Margin, %	2.3	7.0		5.5	6.5	

Revenues



Adjusted EBITA



Revenues and result

Fourth quarter

In West, revenues decreased by 9 percent during the quarter and organically by 8 percent. System revenues decreased by 18 percent and organically by 17 percent, with the impact of delivery delays linked to semiconductor shortages contributed to the decline. Service revenues decreased by 6 percent and organically by 4 percent, where lost and renegotiated cloud contracts contributed negatively while a good demand for consulting services had a positive effect on sales.

Adjusted EBITA amounted to SEK 12.3 (1.4) million and the EBITA margin was 7.1 (0.8) percent for the quarter.

The action program which was initiated during the first quarter has been successfully implemented, which resulted in that the gross margin and hence the gross profit increased during the quarter. Together with low sales and administration expenses this contributed to the increase in EBITA and EBITA margin compared to the previous year.

January - December

In West, revenues decreased by 13 percent during the full year and organically by 11 percent. System revenues decreased by 29 percent and organically by 27 percent. Service revenues decreased by 6 percent and organically by 2 percent.

Adjusted EBITA amounted to SEK 22.8 (29.5) million and EBITA margin was 3.4 (3.8) percent for the full year.

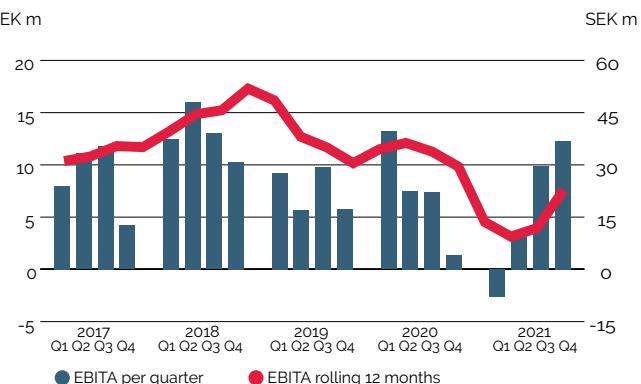
Long sales cycles and customers' uncertainty regarding Covid-19 brought a sharp decline in system revenues during the first six months of the year, and service revenues decreased for the same reason. During the last quarter semiconductor shortages also affected sales negatively. Despite higher gross margins and lower sales and administration expenses the decrease in revenues resulted in a decrease in EBITA and EBITA margin. An action program was initiated during the beginning of the year, which resulted in a significantly improved profitability during the second half of the year.

SEK million	Oct-Dec 2021	Oct-Dec 2020	Change, %	Jan-Dec 2021	Jan-Dec 2020	Change, %
System revenues	43	52	-18	180	255	-29
Service revenues	129	137	-6	491	519	-5
of which support revenue	13	14	-8	51	57	-11
of which revenue from cloud services	81	91	-11	316	342	-7
of which consulting revenue	35	32	12	123	120	3
Other	-	-	-	-	-	-
Total revenues	172	189	-9	671	774	-13
Adjusted EBITA	12.3	1.4	751	22.8	29.5	-23
Margin, %	7.1	0.8		3.4	3.8	

Revenues



Adjusted EBITA



Central

Revenues and result

Fourth quarter

In Central, revenues increased by 23 percent during the quarter and organically they decreased by 16 percent. The acquisition of ahd contributed positively primarily to revenues in cloud services but also to system revenues and consulting revenues. System revenues decreased by 8 percent and organically by 22 percent, as a result primarily of delivery delays linked to semiconductor shortages. Service revenues increased by 76 percent while organically they decreased by 6 percent.

Adjusted EBITA amounted to SEK 11.3 (11.0) million and the EBITA margin was 9.1 (10.9) percent for the quarter.

In Central, EBITA was positively affected primarily by the acquisition of ahd. Lower organic sales and lower gross margins affected the profit negatively, to some extent offset by lower sales and administration expenses.

January - December

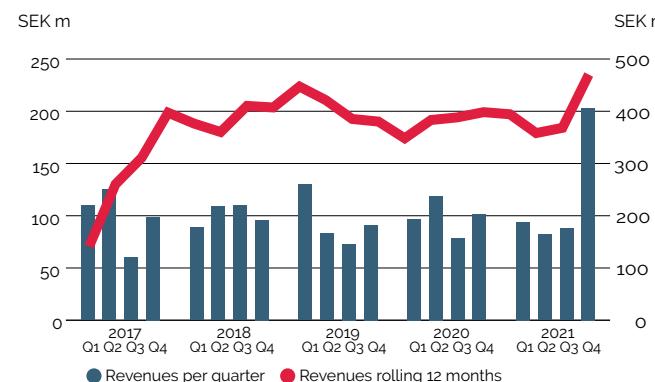
In Central, revenues decreased by 2 percent during the full year and organically by 9 percent, as a result of low systems sales both before the summer and during the fourth quarter. System revenues decreased by 14 percent and organically by 15 percent. Service revenues increased by 19 percent and organically they were unchanged.

Adjusted EBITA amounted to SEK 30.9 (28.2) million and EBITA margin was 8.0 (7.1) percent for the full year.

In Central, EBITA was positively affected primarily by reduced sales and administration expenses, which led to the increased EBITA margin.

SEK million	Oct-Dec 2021	Oct-Dec 2020	Change, %	Jan-Dec 2021	Jan-Dec 2020	Change, %
System revenues	59	64	-8	221	255	-14
Service revenues	64	36	76	165	139	19
of which support revenue	10	10	5	39	37	4
of which revenue from cloud services	42	19	118	96	75	28
of which consulting revenue	11	7	61	30	26	14
Other	1	-	83	3	1	219
Total revenues	124	101	23	388	395	-2
Adjusted EBITA	11.3	11.0	3	30.9	28.2	10
Margin, %	9.1	10.9		8.0	7.1	

Revenues



Adjusted EBITA



Revenues and result

Fourth quarter

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 13 (28) million. Management has earlier during the year made a decision to primarily offer external financing solutions to customers, which has contributed to the decline in revenues. Net financial items amounted to SEK 0.8 (0.9) million. Profit before tax amounted to SEK 0.4 (1.9) million.

January - December

Proact Finance revenues decreased for the full year compared to the same period previous year due to a decrease in financed volume and amounted to SEK 51 (105) million. Net financial items amounted to SEK 3.5 (3.8) million. Profit before tax amounted to SEK 9.9 (3.4) million. Future contracted cash flows from Proact Finance amounted to SEK 129 (171) million, a decrease of 25 percent.

SEK million	Oct-Dec 2021	Oct-Dec 2020	Change, %	Jan-Dec 2021	Jan-Dec 2020	Change, %
Revenues	13	28	-53	51	105	-51
EBIT	-0.4	1.0		6.5	-0.4	
Net financial items	0.8	0.9	-11	3.5	3.8	-9
Profit before tax	0.4	1.9		9.9	3.4	

Operating segments

Nordics & Baltics: Denmark, 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-Dec 2021 SEK million	Nordics & Baltics	UK	West	Central	Proact Finance	Groupwide	Eliminations	Group
Total revenue	1,884	630	671	388	51	134	-233	3,525
EBITDA, before items affecting comparability	155.2	84.1	55.9	45.0	6.5	9.0	-	355.5
Depreciations and write-down on tangible fixed assets	-39.8	-49.3	-33.1	-14.0	-	-14.9	-	-151.2
EBITA, before items affecting comparability	115.3	34.8	22.8	30.9	6.5	-5.9	-	204.4
Items affecting comparability	-1.2	-	-	-5.8	-	-	-	-6.9
EBITA	114.2	34.8	22.8	25.2	6.5	-5.9	-	197.5
Amortizations and write-down on intangible fixed assets	-4.3	-6.9	-7.9	-4.3	-	-7.8	-	-31.2
EBIT	109.9	27.8	14.9	20.8	6.5	-13.7	-	166.2
Net financial items	-13.0	-3.3	-2.5	-1.6	3.5	2.7	-	-14.3
Profit before tax	96.9	24.5	12.4	19.2	9.9	-11.0	-	151.9
Tax							-34.7	
Comprehensive income for the period							117.2	

Jan-Dec 2020 SEK million	Nordics & Baltics	UK	West	Central	Proact Finance	Groupwide	Eliminations	Group
Total revenue	1,887	605	774	395	105	142	-274	3,633
EBITDA, before items affecting comparability	169.2	88.2	63.3	40.9	-0.4	11.2	-	372.4
Depreciations and write-down on tangible fixed assets	-40.8	-49.2	-33.9	-12.8	-	-16.4	-	-153.0
EBITA, before items affecting comparability	128.4	39.1	29.5	28.2	-0.4	-5.2	-	219.4
Items affecting comparability	-	-2.8	-	-	-	-	-	-2.8
EBITA	128.4	36.3	29.5	28.2	-0.4	-5.2	-	216.7
Amortizations and write-down on intangible fixed assets	-1.5	-9.2	-15.6	-2.5	-	-5.8	-	-34.6
EBIT	126.9	27.1	13.9	25.6	-0.4	-11.0	-	182.1
Net financial items	-33.0	-3.6	-2.9	-0.9	3.8	22.2	-	-14.4
Profit before tax	93.9	23.5	11.0	24.8	3.4	11.2	-	167.7
Tax							-35.4	
Comprehensive income for the period							132.3	

Market Review

Proact actively monitors market development and regularly interviews customers to make sure the company positions itself correctly, develops new business opportunities and reinforces its competitiveness. With the knowledge gained from these observations, Proact has identified several megatrends and customer priorities that the company is working strategically to leverage, including digital transformation and innovation, leveraging multi-cloud and ensuring security.

Digital transformation and innovation

Proact is currently observing a tendency of accelerated digitalisation during Covid-19 in combination with a lack of in-house IT skills. More types of businesses and sectors are exploring innovative ways to analyse and process ever-larger data volumes – often with the assistance of IT-driven artificial intelligence (AI), automation and data analytics. At the same time, IT departments are battling with redundancy, complexity and resource constraints while also attempting to meet increasingly stringent user demands within tight budgets. A clear trend to cope with these opportunities and challenges is a balance between traditional IT infrastructure and a future-oriented cloud strategy. This balance allows customers to gain the best of both worlds as they ensure security, enable resources, reduce cost and open up new possibilities to move data quickly and enable faster innovation.

Multicloud

To better facilitate their own delivery of IT, companies and authorities are increasingly choosing multicloud solutions combining different types of cloud services and on-premises infrastructure. This allows a faster, more secure and efficient response to business needs as well as prepares organisations for new territory such as edge computing.

IT security

Information security is highly prioritised at all companies and organisations, where threats from cyberattacks and other vulnerabilities are growing. This, in combination with the regulatory and commercial requirements for secure data management, means that investments in security solutions and skills will increase. Many companies and organisations do not have their own resources to handle current security threats, so they risk missing out on business opportunities, losing sales, harming the company's reputation, or potentially having to deal with dissatisfied customers. This shortage of resources in the market increases the willingness to adopt security services.

Other information

Events after the balance sheet date

No events of significance to the Group have occurred since the end of the report period.

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. During the latest quarter, Proact has experienced a major impact on supply chains due to the global semiconductor shortage. 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 on May 5, 2022. The Annual Report will be published and available on Proact's website, www.proact.eu, during the second week of April.

The work of the Nomination Committee before the Annual General Meeting has not yet been completed. For more information, see the company's website www.proact.eu.

Financial calendar

26 Apr 2022	Interim Report Q1 2022
5 May 2022	Annual General Meeting 2022
14 Jul 2022	Interim Report Q2 2022
25 Oct 2022	Interim Report Q3 2022
9 Feb 2023	Year-end Report 2022

Kista 10 February 2022
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 10 February 2022.

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Financial reports

Consolidated statement of comprehensive income

Amounts in SEK million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
System income	515.9	617.0	2,002.4	2,192.1
Service income	425.4	364.7	1,519.4	1,439.7
of which support revenue	119.9	110.8	468.1	444.8
of which revenue from cloud services	206.8	178.3	726.0	715.5
of which consulting revenue	98.7	75.6	325.3	279.4
Other operating income	11	0.5	3.2	1.3
Total income	942.4	982.1	3,525.0	3,633.1
Cost of goods and services sold	-728.8	-758.7	-2,713.5	-2,816.7
Gross profit	213.6	223.5	811.4	816.4
Sales and marketing expenses	-98.3	-93.1	-383.8	-359.9
Administration expenses	-68.0	-73.6	-254.5	-271.7
Items affecting comparability	-5.8	-2.8	-6.9	-2.8
Operating profit/loss (EBIT)	41.6	53.9	166.2	182.1
Net financial items	-4.2	-3.2	-14.3	-14.4
Profit before tax	37.7	50.8	151.9	167.7
Income tax	-6.4	-10.7	-34.7	-35.4
Comprehensive income for the period	31.0	40.1	117.2	132.3
<i>Other comprehensive income</i>				
<i>Items which may be reversed later in the income statement</i>				
Change of hedging reserve (net investment in foreign operations)	3.2	-8.7	11.5	-8.0
Tax effect of change of reserve (net investment in foreign operations)	-0.7	1.9	-2.4	1.7
Translation differences from remaining foreign operations	7.4	-13.6	23.0	-27.8
Total items which may be reversed later in the income statement	9.9	-20.4	32.1	-34.1
Total comprehensive income for the period	40.9	19.7	149.3	98.3
<i>Comprehensive income attributable to:</i>				
Shareholders of the Parent company	30.9	39.2	117.1	131.7
Holdings without a controlling influence	0.1	0.9	0.0	0.7
<i>Total comprehensive income for the period attributable to:</i>				
Shareholders of the Parent company	40.7	18.9	149.1	97.7
Holdings without a controlling influence	0.2	0.8	0.2	0.6

Data per share¹⁾

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Earnings per share for the period attributable to the shareholders of the parent company, SEK	1.12	1.43	4.27	4.80
Equity per share attributable to the shareholders of the parent company, SEK	25.88	21.93	25.88	21.93
Cash flow from operations per share, SEK	9.30	9.67	11.06	17.05
Number of outstanding shares at end of period	27,454,851	27,454,851	27,454,851	27,454,851
Weighted average number of outstanding shares	27,454,851	27,454,851	27,454,851	27,454,851

1) Proact has a long-term performance based share program that could give rise to dilution of maximum 1.34 percent. The comparative figures have been adjusted for the 1:3 share split that was implemented in May 2021.

Consolidated Balance Sheet in Brief

Amounts in SEK million	31 Dec 2021	31 dec 2020
ASSETS		
Fixed assets		
Goodwill	820.7	551.7
Other intangible fixed assets	224.9	112.2
Tangible fixed assets	322.9	309.8
Other long-term receivables	412.3	408.8
Deferred tax receivables	16.9	15.9
Current assets		
Inventories	15.6	13.0
Trade and other receivables	1,117.8	1,044.3
Cash and cash equivalents	463.9	468.3
Total assets	3,395.0	2,923.9
EQUITY AND LIABILITIES		
Equity attributable to the shareholders of the parent company	710.6	601.9
Equity attributable to holdings without a controlling influence	3.3	3.1
Total equity	713.9	605.0
Long-term liabilities		
Long-term liabilities, interest-bearing	620.8	358.9
Long-term liabilities, non-interest-bearing	496.3	461.1
Deferred tax liabilities	69.2	33.2
Short-term liabilities		
Short-term liabilities, interest-bearing	133.3	131.0
Short-term liabilities, non-interest-bearing	1,361.5	1,334.7
Total equity and liabilities	3,395.0	2,923.9

Consolidated Statement of Changes in Equity

Amounts in SEK million	Jan-Dec 2021	Jan-Dec 2020
At beginning of period	605.0	525.9
Total comprehensive income for the period	149.3	98.3
Dividend	-41.2	-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	0.8	1.5
At end of period	713.9	605.0

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	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operating activities before changes in working capital	112.0	90.6	353.6	361.8
Cash flow from changes in working capital	143.4	174.9	-50.0	106.3
Cash flow from operating activities	255.4	265.5	303.6	468.1
Cash flow from investing activities	-292.7	-86.5	-404.6	-148.7
Cash flow from financing activities	173.7	-88.3	74.7	-193.4
Total cash flow for the period	136.4	90.7	-26.3	126.0
Cash and cash equivalents at beginning of the period	320.6	396.0	468.3	373.2
Currency translation difference in cash and cash equivalents	6.9	-18.4	21.9	-30.8
Cash and cash equivalents at end of the period	463.9	468.3	463.9	468.3

Key ratios

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Total revenue, SEK millions	942	982	3,525	3,633
of which attributable to acquisition and divestments, SEK millions	115	–	255	318
of which currency effects, SEK millions	4	-36	-44	-59
Total revenue, organic, SEK million	823	1,018	3,314	3,373
Organic growth total revenue, %	-13.7	2.7	-8.1	1.3
System revenue, SEK millions	516	617	2,002	2,192
of which attributable to acquisition and divestments, SEK millions	64	–	155	61
of which currency effects, SEK millions	4	-21	-18	-38
Total system revenue, organic, SEK million	448	638	1,866	2,169
Organic growth system revenue, %	-24.2	0.3	-14.0	-0.6
Service revenue, SEK millions	425	365	1,519	1,440
of which attributable to acquisition and divestments, SEK millions	51	–	98	254
of which currency effects, SEK millions	–	-15	-25	-21
Total service revenue, SEK millions	374	380	1,446	1,206
Organic growth service revenue, %	4.0	7.2	0.8	4.9
EBITDA, SEK million	91.0	100.8	348.6	369.6
EBITDA margin, %	9.7	10.3	9.9	10.2
Depreciation and write-down on tangible assets, SEK million	-39.9	-37.1	-151.2	-153.0
EBITA, SEK million	51.2	63.6	197.5	216.7
EBITA margin, %	5.4	6.5	5.6	6.0
Depreciation and write-down on intangible assets, SEK million	-9.5	-9.7	-31.2	-34.6
EBIT, SEK million	41.6	53.9	166.2	182.1
EBIT margin, %	4.4	5.5	4.7	5.0
Profit before tax, SEK million	37.4	50.8	151.9	167.7
Net margin, %	4.0	5.2	4.3	4.6
Profit after tax, SEK million	31.0	40.1	117.2	132.3
Profit margin, %	3.3	4.1	3.3	3.6
Equity	713.9	605.0	713.9	605.0
Total assets	3,395.0	2,923.9	3,395.0	2,923.9
Equity ratio, %	21.0	20.7	21.0	20.7
Capital turnover rate, times	0.3	0.3	1.1	1.3
Return on equity, %¹⁾	–	–	17.8	23.4
Financial costs included in net financial items, SEK million	5.8	4.5	19.8	20.7
Capital employed	1,467.9	1,094.9	1,467.9	1,094.9
Return on capital employed, %¹⁾	–	–	13.4	17.1
Investments in fixed assets, SEK million	325.3	147.1	550.7	269.1
Profit before tax per employee, SEK thousands	34.8	52.4	147.9	172.3
Average number of employees	1,074.7	969.5	1,027.3	973

1) 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-Dec 2021	Jan-Dec 2020
Net sales	105.2	108.6
Cost of goods and services sold	-	-
Gross profit	105.2	108.6
Administration expenses	-120.0	-120.7
Operating profit	-14.8	-12.2
Net financial items	44.2	36.2
Profit after financial items	29.4	24.0
Provisions	10.0	30.0
Profit before tax	39.4	54.0
Income tax	-0.9	-1.6
Comprehensive income for the period	38.5	52.5

Parent Company's Balance Sheet, in brief

Amounts in SEK million	31 Dec 2020	31 dec 2020
ASSETS		
Fixed assets	1,058.7	765.9
Current assets	119.5	205.5
Total assets	1,178.2	971.4
EQUITY AND LIABILITIES		
Restricted Equity	80.5	76.6
Non-restricted Equity	313.2	319.1
Equity	393.7	395.7
Long-term liabilities	495.1	222.9
Short-term liabilities	289.4	352.8
Total equity and liabilities	1,178.2	971.4

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

	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Total revenue, SEK million	3,525	3,633	3,408	3 318	3 243
EBITDA, SEK million	348.6	369.6	271.7	231.1	218.8
EBITDA margin, %	9.9	10.2	8.0	7.0	6.7
EBITA, SEK million	197.5	216.7	134.2	200.5	188.1
EBITA margin, %	5.6	6.0	3.9	6.0	5.8
EBIT, SEK million	166.2	182.1	105.4	164.5	155.6
EBIT margin, %	4.7	5.0	3.1	5.0	4.8
Profit before tax, SEK million	151.9	167.7	101.7	167.8	151.1
Net margin, %	4.3	4.6	3.0	5.1	4.7
Profit after tax, SEK million	117.2	132.3	80.2	127.3	114.0
Profit margin, %	3.3	3.6	2.4	3.8	3.5
Equity ratio, %	21.0	20.7	18.3	21.2	19.8
Capital turnover rate, times	1.1	1.3	1.3	1.6	1.7
Return on equity, %	17.8	23.4	16.1	29.8	31.8
Return on capital employed, %	13.4	17.1	13.2	29.5	29.2
Dividend to shareholders of the Parent company, SEK million ¹⁾	41.2	22.9	38.0	34.3	32.4
Investments in fixed assets, SEK million	550.7	269.1	440.7	83.8	166.7
Financial costs included in net financial items, SEK millions	19.8	20.7	11.3	3.9	11.4
Profit before tax per employee, SEK thousands	148	172	122	211	189
Average number of employees	1,027	973	834	797	799
Earnings per share for the period, SEK ²⁾	4.27	4.80	2.92	4.62	4.07

1) Relates to the year in which the dividend was executed. For business year 2020 a dividend of SEK 4.50, total SEK 41.2 million, was made.

2) Calculated on the basis of the weighted average number of outstanding shares. The comparative figures have been adjusted for the 1:3 share split that was implemented in May 2021. Proact has a long-term performance based share program that could give rise to dilution of maximum 1.34 percent.

Note 3 ► Acquired companies net assets at the time of acquisition

Conoa AB	Apr 2021
Intangible fixed assets	-
Tangible fixed assets	2
Financial fixed assets	-
Trade and other receivables	10
Cash and cash equivalents	15
Long-term liabilities	-1
Accounts payable and other short-term liabilities	-9
Net identifiable assets	16
Goodwill	81
Fair value adjustment acquired intangible assets	29
Deferred tax related to acquired assets	-6
Purchase price	120
Deduct:	
Acquired cash	-15
Deferred payment of part of consideration	-21
Net outflow of cash	84

ahd GmbH & Co. KB	Oct 2021
Intangible fixed assets	11
Tangible fixed assets	33
Financial fixed assets	-
Trade and other receivables	52
Cash and cash equivalents	14
Long-term liabilities	-
Accounts payable and other short-term liabilities	-66
Net identifiable assets	44
Goodwill	162
Fair value adjustment acquired intangible assets	94
Deferred tax related to acquired assets	-28
Purchase price	272
Deduct:	
Acquired cash	-14
Deferred payment of part of consideration	-
Net outflow of cash	258

The acquisition relates to 100 percent of the shares and votes in Conoa AB. The acquisition was completed on April 12, 2021.

Total acquisition costs charged to earnings in 2021 amounted to SEK 1.2 million.

Of the total purchase price of SEK 120 million, SEK 99 million was paid in cash at the time of acquisition, the rest of the purchase price will be settled 18 months after the acquisition date.

In the acquisition, the purchase price was higher than the recognised assets of the acquired business, which resulted in the acquisition analysis giving rise to intangible assets.

Goodwill in this acquisition is motivated by the fact that the acquisition is an important part of Proact's growth strategy with the ambition to broaden the offering and expand its presence in the company's key markets. The pace of innovation among the company's customers drives a clear demand for new types of IT infrastructure solutions that simplify and streamline the development of so-called cloud native applications.

Conoa, founded in 2012, is a privately-owned company with 28 employees and has thanks to its strong growth been awarded the Gazell business award for six consecutive years (2016-2021) by Dagens Industri and to Super company by Veckans Affärer.

Through the acquisition of Conoa, Proact strengthens its offering and expertise in modern platforms such as Kubernetes and container technologies.

The acquisition was completed on April 12, 2021 and until year-end 2021 Conoa has contributed with SEK 116 million in revenues and SEK 6 million in operating profit. If Proact had owned Conoa for the full year Conoa would have contributed of approximately SEK 145 million to the Group's sales and of approximately SEK 9 million in operating profit.

The acquisition relates to 100 percent of the shares and votes in ahd GmbH & Co KB. The acquisition was completed on October 26, 2021.

Total acquisition costs charged to earnings in 2021 amounted to SEK 5.7 million.

The purchase price of EUR 26.2 million was paid in cash.

In the acquisition, the purchase price was higher than the recognised assets of the acquired business, which resulted in the acquisition analysis giving rise to intangible assets.

Goodwill in this acquisition is motivated by the fact that the acquisition is an important part of Proact's growth strategy with the ambition to broaden the offering and expand its presence in the company's key markets. The acquisition of ahd strengthens Proact's position on the German market especially for multi cloud services, in line with the company's long-term strategy to grow the proportion of recurring revenues especially within cloud services.

ahd is a privately-owned company with 120 employees founded over 30 years ago and is based in Germany with its head office in Dortmund. The company has a customer base and an offer that complements Proact's well.

The acquisition was completed on October 26, 2021 and until year-end 2021 ahd has contributed with SEK 39 million in revenues and SEK -5 million in operating profit. If Proact had owned ahd for the full year ahd would have contributed with approximately SEK 271 million to the Group's sales and with approximately SEK 8 million in operating profit.