PROACT

# Annual report 2022

## Contents



Pages 4-7 and 20-27 show the reviewed statutory sustainability report.

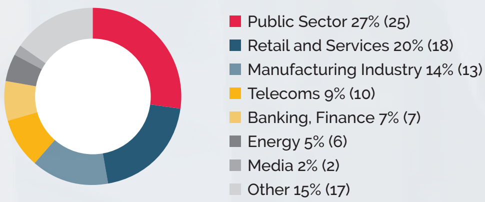
# Welcome to Proact

*Proact is Europe's leading data and information management specialist, focusing on cloud services and data centre solutions. We help our customers to store, network, protect, secure and add value from data through increased flexibility, productivity and efficiency.*

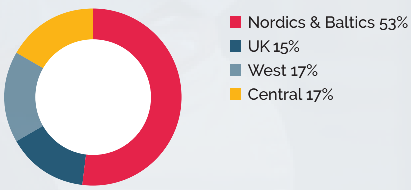
*Proact has about 1,200 specialists in more than 30 offices in 13 countries across Europe and in the USA. With more than 25 years in the industry, we have completed thousands of successful projects all over the world and now have more than 4,000 customers.*


Proact's primary target group segments focus on large and medium-sized companies and public sector entities with large volumes of business-critical digital information. The three biggest industry segments in 2022 were Public Sector, Trade & Services and Manufacturing Industry.

### Revenues per sector




### Revenues per Business Unit



# Year in Review

**Revenues during the year**

**4,757**

**SEK million**

**Profit before tax**

**244**

**SEK million**

**Proposed dividend**

**1.85**

**SEK per share**

### Successful 2022
2022 was a very successful year for Proact and the growth target of 10 per cent was significant exceeded, with revenue growth of 35 per cent during the year. The adjusted EBITA margin, with a target of 8 per cent, also developed positively and increased to 6.6 per cent (5.8).

### Highest ever level of new cloud service contracts
New cloud service contracts were contracted worth a total of SEK 563 million (402) , an increase of 40 per cent, which is the highest level ever, and recurring revenue, revenue from cloud and support services, amounted to SEK 1,457 million (1,194), an increase of 22 per cent.

### Strong increase in profitability
The strong revenue growth led to a significant increase in profitability, with an adjusted EBITA of SEK 315 million (204). However, increased costs as a result of higher inflation had a certain negative impact on the gross margins in the service business, and also on sales and administrative expenses.

### Exciting new business
Proact made a number of exciting new deals in 2022 with customers such as Bates Wells in the UK and Hoyng Rokh Monegier in the Netherlands, and signed framework agreements with customers such as the Legal, Financial and Administrative Services Agency (Kammarkollegiet) and the City of Gothenburg in Sweden. Several of these deals were made possible by the strategic acquisitions we have done, and we successfully delivered our entire range of solutions and services during the year to customers' data centres, in private and public clouds, and as outsourcing services. Our customer satisfaction index remains very strong and shows that we are delivering value to our customers, and we continued to rank high in several customer satisfaction surveys in 2022.

### New acquisition in Germany in line with our strategy
Acquisitions continue to be an important part of Proact's strategy, and sepago, a leading IT consultancy company in Germany within cloud services, IT security and organisational consultancy, was acquired during the year. Together with ahd, which was acquired in 2021, Proact's cloud services offering has now been significantly strengthened in the German market.

### Launch of new services
During the year, development of the portfolio and the service operations has continued in terms of both private and public cloud services, as well as support and consultancy services. A number of exciting services have been launched, such as Proact Managed Container Platform, a managed service for container development; SD Connect, a managed network service; and Monitoring Platform as a Service, an automated monitoring service.

### Employees our most important resource
Attracting and retaining employees continues to be one of Proact's key focus areas and a critical success factor. A number of initiatives were implemented during the year to develop both employees and managers within the company, and Proact was named one of Sweden's top ten companies for young talent.

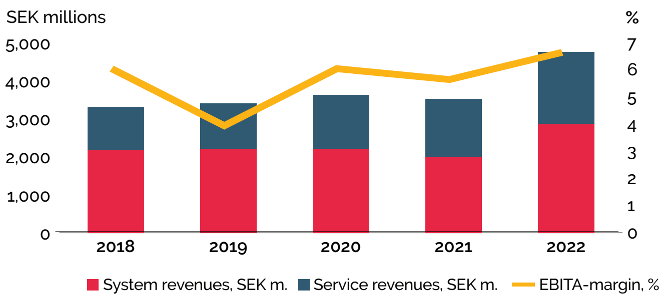
"Our customer satisfaction index remains very strong and shows that we are delivering value to our customers, and we continued to rank high in several customer satisfaction surveys in 2022.

**Key ratios**

| | 2022 | 2021 |
|---|---|---|
| Total revenues, SEK million | 4,756.8 | 3,525.0 |
| EBITA, SEK million | 313.1 | 197.5 |
| EBITA margin, % | 6.6 | 5.6 |
| Profit before tax, SEK million | 244.2 | 151.9 |
| Net margin, % | 5.1 | 4.3 |
| Earnings per share (outstanding shares), SEK [1] | 6.97 | 4.27 |
| Dividend per share, SEK [2] | 1.85 | 1.50 |

1) Proact has a long-term performance share program that may give rise to maximum dilution of 1.34 per cent. The company has bought back shares, which affects the key ratios and numbers above.
2) The Board of Directors will propose a dividend of SEK 1.85 per share to the 2023 Annual General Meeting for the 2022 fiscal year.

### Revenues and EBITA margin



# CEO's statement

*Proact delivered excellent results in 2022, with strong demand for our products and services. We believe that the market will continue to grow despite the turmoil in the world, and that the expertise and customer focus of our employees are key factors for success*

**Market recovery**

The world situation was both tumultous and uncertain in 2022 as well, where the year started with Russia's horrific attack on Ukraine. Sales cycles and the semiconductor delivery situation improved during the year. An improved market situation, combined with delivery of the the order backlog from the earlier semiconductor shortages, led to a very positive development of sales during the year.

The large intake of new cloud contracts that we saw in 2021 made a positive contribution to revenues in 2022, as did increased demand for consulting and support services. Our acquisitions in Germany, ahd in Dortmund in November 2021 and sepago in Cologne in July 2022, also contributed to the sales increase.

**Organic growth**

Overall, we saw a very positive sales development that resulted in an increase in revenue of 35 per cent to SEK 4,757 million (3,535). Organically, adjusted for acquisitions and currency effects, revenue increased by 24 per cent, with the systems business growing organically by 35 per cent and the service business by 6 per cent.

The cost situation during the year was affected by a sharp increase in inflation, as well as increased sales costs in the form of commissions, travel and other overhead costs. We have managed to absorb increased costs to a relatively large extent by actively working on the packaging and pricing of our products and services. Gross profit increased by 30 per cent despite a degree of pressure on the gross margin.

With strong growth and good cost control, profitability also developed positively and adjusted EBITA increased by 56 per cent to SEK 315 million (204), corresponding to a profitability margin of 6.6 per cent (5.8).

**Hybrid clouds**

We target medium and large enterprise customers where the IT infrastructure is often extensive, strategically important and technically complex. Our ambition is to help companies generate business value from their IT investments through our services and hybrid cloud solutions. These solutions make it possible to take advantage of modern cloud technologies that can be customised for specific needs in terms of performance, cost, flexibility, security, geography and regulatory requirements. Besides offering a complete portfolio of products and services, we compete by maintaining a local presence and a high level of specialised expertise. The year saw the launch of a number of new services that complement our portfolio of hybrid cloud solutions. These new services are making it possible for our customers to use local and private clouds seamlessly with the public global cloud services from companies such as Microsoft and Amazon Web Services.

**New cloud-based services**

To facilitate network connectivity between data centres, cloud services and a company's users, SD-Connect was launched during the year as a suite of software-based network services offering both increased flexibility and efficiency through AI-based automation. The new Proact Managed Container Platform service, which was also launched, enables companies to accelerate their digitalisation through modern and rapid application development in a hybrid cloud world. In both cases, the services can be integrated with platforms from global cloud providers and enable our customers to benefit from the latest technologies even if they lack the expertise to develop and maintain the underlying infrastructure.

Artificial intelligence is a rapidly evolving field with great potential, and is much talked about following the launch of services such as ChatGPT. During the year, Proact helped customers with expertise and solutions with regard to artificial intelligence, where the demands on the underlying IT infrastructure are unique in terms of computing capacity and the ability to handle very large volumes of data. We have seen growing interest in the healthcare sector during the year, as well as in the world of academia with customers such as Region Västra Götaland and the University of Turku.

**Increased customer satisfaction**

It is pleasing to see such high demand for our products and services during the year. But it is even more gratifying to know that our customers are happy with us. We measure customer satisfaction regularly and have established processes to deal with deviations and incidents. During the year, our Net Promoter Score increased to 46 and we sold products and services to a large number of completely new customers, which is clear evidence that we are good at what we do and have a strong offering. This includes the awards we received during the year from our key partners and the top rankings we received from external industry analysts.

**Sustainability a key requirement**

It is every bit as pleasing to see that sustainability is an increasingly important driving force and requirement in our customers' digital transformation and investments. Our focus on sustainability allows us to provide IT solutions that are energy-efficient and circular while also reducing the company's own environmental footprint. We have continued to consolidate operations into energy-efficient data centres where the share of renewable energy exceeds 95 per cent. Similarly, the well-being and diversity of our employees is very important both for the organisation and for me personally. As in previous years, further development of our managers and employees is important, and we have further broadened the range of Proact Academy programmes and developed our working environment during the year. The results of the annual employee survey remain stable and are at a good level in relation to external comparisons. However, I am not happy with the fact that the Employee Net Promoter Score fell slightly during the year, partly due to changes in connection with the integration of acquired companies.

**New position in Germany**

Acquisitions are a key part of our strategy to accelerate growth and broaden our expertise and service portfolio. sepago in Cologne, Germany was acquired in

July 2022 to increase the company's market presence and expertise in delivering IT consultancy services and public cloud transformation to large and medium-sized enterprises. sepago's 85 employees are experts in cloud technologies, focusing on Microsoft Azure, Microsoft 365 and Citrix virtual workplace solutions. The position on the German market has been significantly strengthened by sepago, alongside the acquisition of ahd that was completed at the end of 2021. Germany is one of Europe's biggest markets, and Proact now has a complete and competitive offering in the fields of digital transformation, cloud services and data centre solutions, with 300 employees and a local presence from Hamburg in the north to Munich in the south.

## Continued market growth

I cannot help but be proud of what everyone at Proact has accomplished over the past year. It began with a dreadful war that is still ongoing, and continued with energy crises, inflation and declining economies. With tireless focus on our customers' business needs, a good portfolio of products and services, and a very high degree of specialisation, our customer base, customer satisfaction, sales revenue and profitability have grown to new levels. There is still a great deal of uncertainty about the future, but we believe in continued market growth and are well positioned for the year to come. Finally, I would like to thank all my colleagues for their hard work, outstanding commitment and superb results over the past year.

Stockholm, March 2023

Jonas Hasselberg
CEO & President

"With strong growth and good cost control, profitability also developed positively and adjusted EBITA increased by 56 per cent.

# Value creation at Proact

## Resources

### Business capital
- Operations in 13 countries

### Relational capital
- Close cooperation with strategically selected suppliers with good reputations

### Human capital
- 1,253 employees, many with specialist expertise

### Financial capital
- SEK 1,673 million in capital employed

## Strategic focus areas

### Broaden our market positioning
Read more on page 7

### Accelerate our hybrid cloud offering
Read more on page 7

### High-quality service delivery with satisfied customers
Read more on page 7

### Focus on employees
Read more on page 7

### Accelerate growth through acquisitions
Read more on page 7

Core values:
Integrity Commitment Excellence

## Value created

### Customers
- Secure access to business-critical information and data
- Robust infrastructure
- Robust security procedures
- Reduced IT costs
- Secure, flexible IT systems
- Custom solutions

### Suppliers
- Ethical business
- Long-term partnerships

### Employees
- International environment
- Specialist expertise
- Development opportunities
- Attractive employer

### Communities
- Job opportunities
- Customer solutions that help to bring about more efficient utilisation of resources

### Shareholders
- Dividend yield
- Value growth

## Value distributed

### Suppliers
**3,338**
SEK million
Cost of goods and services

### Employees
**1,175**
SEK million
Salaries and remuneration

### Communities
**53**
SEK million
Income taxes

### Shareholders
**51**
SEK million
Dividends

The Board of Directors will propose distribution of a dividend of SEK 1.85 per share to the Annual General Meeting for the 2022 fiscal year.

### Remaining in the company for new investments
**140**
SEK million

# Vision, mission and targets

## Vision

Our vision is to be the world's most trusted IT services partner, enabling business value and growth for our customers.

## Mission

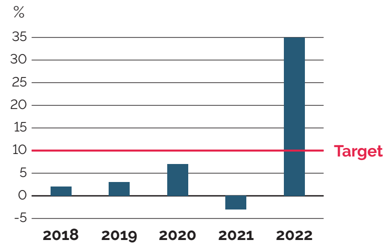
We offer a combination of world-class hybrid cloud solutions and uniquely specialized people to drive business value and growth through IT, generating lasting value for our customers.

### Long-term financial targets | Outcome | Historical target attainment

**>10%**

**Sales growth**
The average total sales growth should amount to at least 10 per cent per year.

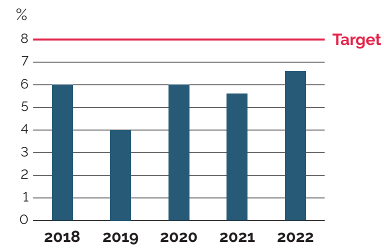
Sales growth amounted to 35 per cent.




**>8%**

**Margin**
The EBITA margin should amount to at least 8 per cent.

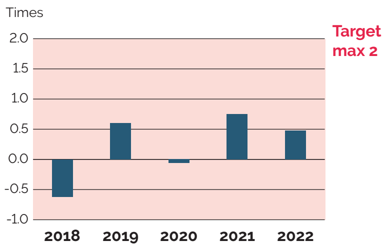
The company generated an EBITA margin of 6.6 per cent of revenues for the full year.




**<2 times**

**Debt levels**
Net debt should be less than twice EBITDA.

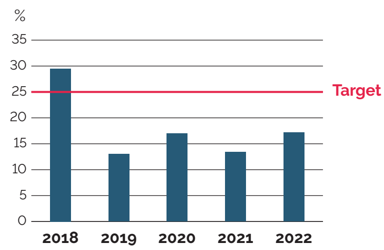
At the end of the year, the company had a net debt ratio of 0.48 times EBITDA.




**>20%**

**Return on capital employed**
Return on capital employed should amount to at least 20 per cent.

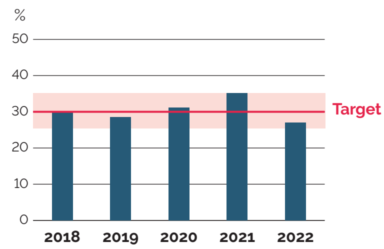
For 2022, the return on capital employed amounted to 17.2 per cent.




**25-35%**

**Dividends**
In the long term, the company intends to issue a dividend of 25-35 per cent of profit after tax.

A dividend of SEK 1.85 per share is proposed for 2022, which is equivalent to 27 per cent of profit after tax.



# Strategy

## Focus areas

The company works with five strategic focus areas in order to achieve set growth and profitability targets. These have been defined on the basis of the new needs of customers that have emerged during their journey towards digitalisation.

| Strategic focus areas | Priorities | Follow-up, 2022 |
|---|---|---|
| **Broaden our market position**<br>Our offering, geographical spread, expertise and strong partner relations provide us with good opportunities to further strengthen our market position – as a strategic partner, we help our customers in their efforts to digitalise, create greater flexibility and secure their data. | • Highlight the scope of our expertise and hybrid cloud offering.<br>• Reinforce our positioning in respect of security services.<br>• Reinforce our position on sustainability issues. | Our reinforced position in respect of hybrid clouds has allowed us to increase our presence at local industry events, on social media and in various branding initiatives. We have broadened our customers' perception of Proact as a cloud service partner – which has also helped to bring about further improvement of an already strong NPS from 2021. |
| **Accelerate our hybrid cloud offering**<br>We will continue to broaden our portfolio in respect of data centres and our own managed cloud services, as well as our own value-added services on top of the public cloud. We will increase our commercial focus on our cloud offering and thereby broaden the dialogue with existing and new customers. | • Grow our sales of our own managed cloud services.<br>• Continue to invest in sales development with emphasis on value-based cloud service sales.<br>• Greater focus on consultancy expertise with regard to hybrid clouds and security.<br>• Greater marketing focus on our hybrid cloud offering. | We have launched a number of key services in 2022, including our new SD-Connect network offering and our Proact Managed Container Platform (PMCP) service.<br>We have also accelerated our investments with regard to Proact Academy, with emphasis on sales training and sales materials linked to our standardised cloud services and value-based sales.<br>We have reinforced our technical competence base through employee development and recruitment, and through competence scaling from acquired companies. |
| **High-quality supply of service deliveries with satisfied customers**<br>We create a cost-effective organisation for the provision of services by means of consistent processes and procedures at our delivery hubs. We will continue to improve and streamline our service delivery by harmonising our delivery platforms and processes, increased automation and orchestration, and increasingly data-driven decision-making and monitoring. | • Further improve quality, efficiency and the customer experience.<br>• Faster time-to-market and transition in our service delivery.<br>• Continued development and automation of the delivery model across the four delivery hubs. | We have continued during the year to develop more efficient processes and procedures for delivery at our hubs. We have laid the organisational and technical foundations for continued and accelerated streamlining of our service delivery, in particular through increased levels of automation. |
| **Focus on employees**<br>Our core values will constitute the foundation for our corporate culture and create consensus with regard to how we add value for our stakeholders. We will be focusing on our employer brand so as to further improve Proact's position as an attractive employer. We will increase our focus on employee development and facilitate faster, more efficient recruitment of new talent to the company. We will continue working with our sustainability plan and implementing the content in our corporate manual and code of conduct. | • Greater investment in Proact Academy for employee development.<br>• Management development focusing on strategy.<br>• Further develop our ability to attract, develop and retain highly skilled employees.<br>• Greater focus on sustainability, prioritising diversity. | Work on leadership development has continued at a local level in our countries in 2022, and in early 2023 our global leadership development will continue with emphasis on strategy and employee engagement.<br>We have increased our focus on promoting the Proact employer brand, corporate culture and employees in various channels, including social media. |
| **Accelerate growth through acquisitions**<br>We are continuing to focus on supplementing organic growth with corporate acquisitions, leading to increased market shares in important geographical regions, contributing to growth within strategic focus areas. | • Focus on growth and broadening the service portfolio in line with the company's strategy.<br>• Increase market shares in important geographical regions.<br>• Integrate and develop acquired companies. | We acquired sepago GmbH in Germany during the year.<br>The integration of previous acquisitions of ahd GmbH in Germany and Conoa AB in Sweden is continuing. |

# Market review
## – The three most important trends

*The market in which Proact operates and the customers we work with are influenced by a number of long-term trends. We actively monitor market evolution and regularly interview our customers to ensure that we position ourselves correctly, develop new business opportunities and strengthen our competitiveness.*

**The way in which market trends affect our customers largely drives our strategic direction and day-to-day operations. The three key customer trends are:**

- Digitalisation and value creation from data
- Utilisation of hybrid clouds to facilitate more flexible and agile IT delivery
- Growing concerns about cyber-attacks and security risks in increasingly complex IT environments

## Trends

### Digitalisation

#### Customer challenges and opportunities

The digital transformation of society has created new customer needs, user behaviours and business requirements. This development means that businesses need to digitalise in order to streamline business processes, maintain market share and not risk losing revenue, customers and employees. Moreover, rapid digitalisation is paving the way for new types of IT and data-driven business models where companies are discovering new opportunities to drive growth and develop their business. For example, digitalisation enables new ways of analysing and processing data, often using IT-driven automation and artificial intelligence (AI). IT departments need to balance these opportunities with the risks of increased complexity, resource constraints and shrinking IT budgets.

#### Opportunities for Proact

Proact helps businesses to conceptualise, implement and build IT solutions so that they can achieve their digitalisation goals. The difficulty for our customers to find the right specialist skills for this complex journey of digitalisation means that Proact's consultancy activities are becoming increasingly important. The combination of Proact's geographical presence, consultative approach, technical expertise and strong portfolio makes us a unique partner in the market.

Our customers can store, connect, protect and secure their data together with Proact – and more quickly drive digitalisation, innovation, advanced analytics and automation. These types of projects are often prioritised by our customers, giving Proact major opportunities to broaden the dialogue with both technical and senior business stakeholders.

### Enabling fast and flexible IT through hybrid clouds

#### Customer challenges and opportunities

Different types of business data, workflows and applications have different requirements. Businesses need to evaluate their needs in respect of scalability, flexibility, availability, security and legal aspects when defining the type of solution that suits them best.

By combining different types of delivery models, more and more enterprises are starting to build hybrid cloud solutions that seamlessly combine different types of private, hosted and public cloud services. A well-designed hybrid IT environment enables faster, more secure and more efficient response to business needs and gives organisations new opportunities to drive their own innovation, increase flexibility, move data and applications more easily and allocate IT resources more quickly. How organisations balance the use of different IT delivery models varies depending on the industry, availability of skills and the strategic goals and direction of the enterprise.

#### Opportunities for Proact

As a strategic partner to our customers, Proact can help with everything from strategic advice to design, implementation, support and operation. Our strong portfolio and positioning gives our customers the flexibility to combine local IT infrastructure with private, hosted and public cloud services. We help our customers to choose and implement the right type of solution for each individual need. For instance, we offer Proact Hybrid Cloud, a hybrid cloud platform with the flexibility required to build an automated and secure IT ecosystem. This cloud platform gives our customers control while Proact takes responsibility for day-to-day operations.

To help organisations ensure that data is stored and processed in a way that complies with relevant laws and regulations, Proact customers can always choose the legal and physical location of their data storage. With data centres across Europe, our customers are offered opportunities that few of our competitors can match.

**WHY PROACT?**

Proact offers unique specialist expertise relating to services and IT infrastructure at customer data centres, in private clouds, in the public cloud or as a hybrid solution incorporating all these elements.

We have around 1,200 specialists working at more than 30 offices in 13 countries all over Europe and the USA – which means we are big enough to make a difference, yet small enough to care about our customers.

### Competitive situation

Proact's geographical presence – with specialist expertise across Europe – in combination with our strong portfolio of market-leading products and in-house consultancy, support and cloud services gives Proact a strong advantage in the market. We have further strengthened our competitiveness in recent years through acquisitions, recruitment and service development; which is also reflected in customer satisfaction (NPS), increased additional sales and new business in our growth areas.

Proact's competitors can be divided into three main segments:

- **Local and regional resellers and integrators** who, like Proact, sell infrastructure products from global manufacturers. They provide varying degrees of added value in terms of technical expertise, consultancy services and support services.
- **Global product manufacturers** who work with resellers and integrators such as Proact, and who also sell their products and services directly to customers. They usually offer limited or no local technical expertise, local consultancy or support services.
- **Local and regional providers of operating services and cloud services**. These competitors are either resellers of standardised cloud services or offer their own operating services and cloud services with an ambition to develop a portfolio of services (or hybrid cloud services) and expertise that matches the Proact offering.

## Cybersecurity

### Customer challenges and opportunities

Shortcomings in IT security can lead to business disruptions, with disastrous consequences. The number of cyberthreats and data breaches has increased significantly due to rapid technological developments, increased digitalisation and the macropolitical turmoil created in 2022. Businesses are now struggling with increased security threats, but also with stricter regulatory and commercial requirements introduced by the GDPR in 2018, forcing organisations to ensure strict control over their data management and location of data. With increased digitalisation and a more complex world where distributed and unstructured data is on the increase due to "Internet of Things" devices and edge computing, the number of potential attack points that enable security breaches is also increasing.

Many organisations lack in-house resources to deal with security threats, putting them at risk of missing out on business opportunities, losing sales, damaging their reputation or potentially having to deal with unhappy customers.

### Security opportunities for Proact:

Having Proact as an IT partner gives our customers unique access to local and international specialist expertise over much of Europe. This expertise, combined with our security solutions and services, helps our customers to prevent intrusions and to quickly detect and manage any intrusions that do occur, thanks to round-the-clock monitoring and processes via our Security Operations Centre (SOC).

Moreover, our backup and disaster recovery solutions and services ensure that our customers can quickly restore data and applications, allowing them to resume operations with minimal impact on employees and their own customers.

# Offering

*The Proact offering reflects our clear strategic positioning as data and information management specialists.*

We offer flexible, automated solutions that give customers the opportunity to combine their own infrastructure with private and public cloud platforms in combination with the cloud services and data centres run by Proact itself.

This offering includes all the components that our customers need in order to store and secure data in an increasingly complex environment.

Our solutions link data in order to facilitate innovation, allowing customers to develop their business and organisation and achieve the goals of the business.

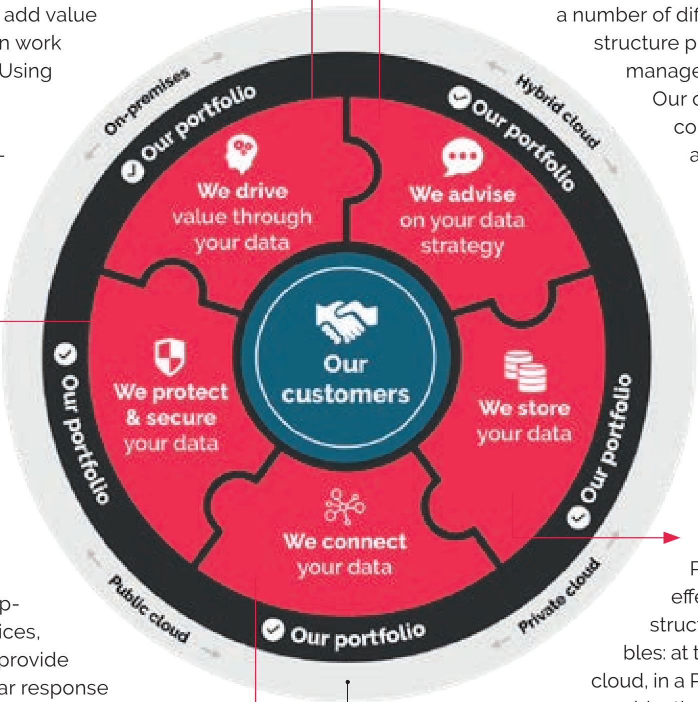
Our product and service offering is positioned in five different segments:

**Creating value through data**

Proact offers a series of solutions and services that make it possible for customers to add value through their data so that they can work smarter, faster and more flexibly. Using our solutions as a basis, the digitalisation journey can take place efficiently thanks to better innovation, automation, data analytics, artificial intelligence (AI) and development of modern workstation services.

**Consultancy services and advisory services**

Proact is an independent advisor and works with a number of different market-leading infrastructure platform types for the creation, management and processing of data. Our customers can maintain better control over their IT environments and data by working with Proact's specialists and utilising our consultancy services, while also benefiting from modern technology and hybrid services. We evaluate, design, implement, simplify, optimise and provide support for technical solutions – and always with a view to driving business benefits for our customers.




**Data protection and security**

We make sure data is protected and secure, regardless of the delivery model. We provide modern backup and disaster recovery solutions offering rapid recovery of large data volumes. These are often supplemented with our security services, which help to prevent intrusions, provide a clear overview and permit a clear response to malicious or unwanted activity in the infrastructure.

We provide local cloud platforms that are able to meet even the most stringent local legal requirements on our markets in terms of data security and uptime. Proact offers 24-hour monitoring, operational support and proprietary support services.

**Storage and infrastructure**

Proact offers flexible, cost-effective data storage and IT infrastructure for all types of IT deliverables: at the local data centre, in a private cloud, in a Proact cloud, in the public cloud, as a combination of multiple models (hybrid cloud) or in a fully outsourced environment. We adapt solutions in order to monitor, manage and support customers' storage and infrastructure. Our customers know exactly where their data is and who has access to it.

**Data networking**

Proact designs, installs and manages modern network solutions and offers services enabling fast and secure access to data – no matter where users are located.

**Delivery model**

Proact's extensive experience, broad specialist expertise, proprietary services and strong partners open up new opportunities for our customers to choose whether they want their data to be managed locally, as a private cloud, as a managed service, in a public cloud or as a combination of all of these in a hybrid cloud solution.

# Customers and partners

*Proact's customers are information-intensive companies and authorities with large volumes of business-critical digital information. The efficient supply of IT is completely crucial to the company's customers.*

**Customers**

All industries need IT environments which work well, so Proact has customers who operate in a wide range of different fields.

Proact works in close cooperation with customers on a local level, and at the same time makes the most of its strength as an international company. As an independent specialist, Proact's objective is always to understand customers' needs and requirements from both a business and a technical perspective.

Proact's customers are mainly large and medium-sized enterprises and authorities, and Proact currently enjoys good revenue distribution between different industry segments. The three biggest industry segments are Public Sector, Trade & Services and Manufacturing Industry. Proact's customer relations are often long-term, and in 2022 repeat customers accounted for around 93 (95) per cent of the Group's revenues. The ten biggest customers in 2022 were responsible for 21 (21) per cent of revenues, and no customer represented more than 6 (5) per cent. The biggest customers are active in a number of the countries in which Proact operates.

**Partners**

Proact has long-term close relationships with a small number of carefully selected strategic suppliers. Proact has a well-defined innovation process which allows it to evaluate new services and products from existing partners in a structured manner while also seeking and taking on services and products from new partners. This process ensures that Proact is always at the cutting edge of technical development and thereby able to use the very latest technology when designing new services and new IT infrastructure for its customers.

Examples of top providers include Azure, Cisco, Commvault, Dell, Equinix, Ironscales, Juniper, NetApp, Nvidia, Securonix, Veeam and VMware. In most cases, Proact works in partnership with two or more different suppliers within each technical field. This makes it possible for Proact to maintain extremely high levels of specialist expertise and awareness with regard to each product, while also reducing the risk of business disruptions should the relationship with any supplier be altered for any reason.

## Customer surveys

### Giarte and Radar

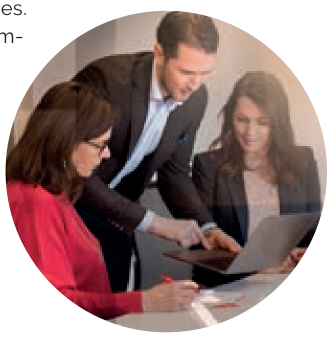
*One of the strongest driving forces for Proact is to establish good, long-term relationships with our customers. Proact continuously measures customer satisfaction and monitors and improves services in order to provide the best possible customer experience. That is why it is pleasing to see that these efforts have been recognised in external surveys as well.*

In the Netherlands, the Giarte IT Xperience Monitor (ITX) survey gauges customer satisfaction in the IT industry every year. More than 96 per cent of customers surveyed would recommend Proact as a provider of Managed Services, representing a 10 per cent increase from 2021.

Proact ranked in the top 3 for customer focus among large IT companies. Proact was the best of all companies surveyed in the Backup and System Integration services category. Proact also received top marks in the Service Workplace Management and Workplace Support Services categories.

Independent analysis company Radar Ecosystem Specialists gauges quality and value creation in the relationship between customers and suppliers in the IT sector in Sweden. In its Leverantörskvalitet 2022 (Supplier Quality 2022) report, Proact defends its place in the top 5 for two of the four areas covered by the report: Infrastructure and Operations and Consultancy Services.

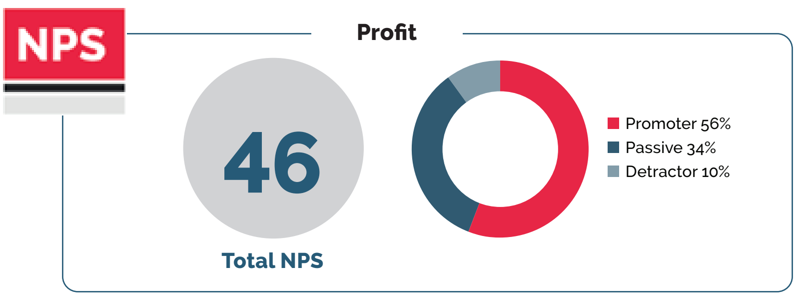
"The Radar Supplier Quality 2022 results show the importance of clarity when it comes to competence and delivery, which is reflected in customers' assessment of partnership and value in their relationships with suppliers. Suppliers that demonstrate outstanding competence and clarity in their offering have been rewarded when customers have been forced to focus on costs and profitability," says Hans Werner, CEO of Radar Ecosystem Specialists.

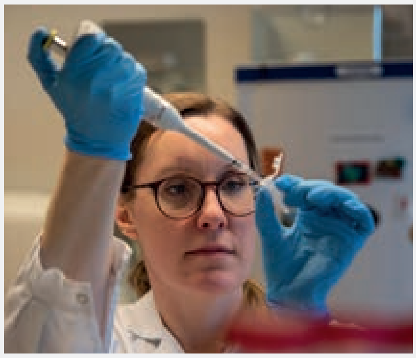


### 2022 Net Promoter Score (NPS)

NPS measures customers' responses when asked how likely they are to recommend Proact to others. The purpose of this metric is to gauge customer experience, and it indicates opportunities for growth. The measured value can vary from -100 to +100. The average NPS for Proact's industry is around 25. This year, Proact received an NPS of 46.

Participants who rate companies in the survey are divided into groups based on the score they give a company. Participants who give scores of 9-10 are deemed to be active promoters of the company. Passives give scores of 7-8, and participants who give scores of 6 or less are considered detractors. Using this classification, 56 per cent of Proact's customers in the survey are promoters, 34 per cent are passives and 10 per cent are detractors.



### Örebro University – Making AI easy and useful for everyone

Örebro University has been researching AI for over 20 years. The computing power for calculations used to be scattered across many smaller systems, while needs grew and there was an urgent need to reach out and make AI accessible to new users who did not have in-depth technical expertise.

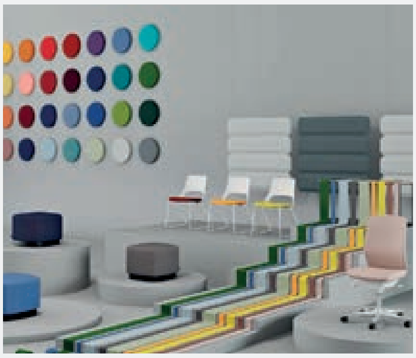
The university procured a major shared resource to meet the growing needs for computing power for AI applications. The assignment to deliver was assigned to Proact, which has worked in partnership with Örebro University on IT infrastructure for many years.

**We are seeing interest from many institutions with researchers in many fields who want to tap into the opportunities offered by AI and machine learning, ranging from mathematics to genetics and even criminology.**

Hans Jevrell, Enterprise Architect at Örebro University

Proact suggested a reference architecture for a unified technical platform with the option of expanding, and also using smaller computing servers. This solution provides much higher available capacity, with a common resource for AI computations to replace several smaller systems. The existing storage system could be upgraded and utilised for the AI computing resource. Stringent access control and data protection requirements are met by a solution managed by the IT department.

Örebro University's own specialisation in AI was of course a crucial factor behind the investment in the system, which was used directly in research areas such as image analysis, robotics and cryptanalysis, where there has always been a need for heavy computation. But there was also a notion right from the outset that it should be used as widely as possible and also become a resource for fields in which AI and machine learning are completely novel.



## Kinnarps

### – IT as a service helps interior design company Kinnarps to free up resources and build a more flexible environment

Kinnarps is a Swedish family business and is ranked as one of Europe's largest manufacturers of office furniture. It has six production sites and customers in around 40 countries.

The group's IT was previously managed in-house, with high ambitions. Business-oriented IT solutions were prioritised, while IT infrastructure became an increasingly complex and demanding task.

**We want to buy "bread and butter" – basic – functions and applications as services so that we can focus more closely on business-oriented IT.**

Sven Hellberg,
Operational Manager IT at Kinnarps

Kinnarps and Proact have worked together for many years; mostly on storage and backup initially. By switching to infrastructure as a service with partial outsourcing through Proact's ITIL-based Systems Management service, Kinnarps can quickly adapt its IT delivery to the needs of the business. Current data centre expertise is always available at Proact, and no recruitment is needed. Other benefits include good cost control thanks to volume-based pricing and lower capital investment requirements. Infrastructure as a service also provides relief that frees up time for development of business-oriented IT.

## Bates Wells

### – A robust solution enabling efficiency

London-based law firm Bates Wells, which specialises in legal representation and advice for charity organisations, needed a more efficient IT environment to keep up with internal demands.

A new solution was needed to ensure system uptime and reliability, and to facilitate employee timekeeping and management of hybrid workstations. They also needed to reduce the amount of time spent on day-to-day IT operations to free up time for IT innovation instead. One example of this involved the introduction of a new case law management system that required significant resources to enable it to be delivered quickly.

**Outsourcing the repetitive tasks linked with backup and disaster recovery has also eased the team's workload and made it possible for them to focus on more relevant projects.**

Stuart McHugh,
Head of IT at Bates Wells.

Proact implemented a modern infrastructure at Bates Wells that was complemented by Backup as a Service and Disaster Recovery as a Service. Connections for employee laptops were also introduced to ensure that security patches and software updates are applied quickly, keeping the company's systems as secure as possible. Bates Wells also chose Proact to provide round-the-clock alarm management for extra peace of mind.

## Schletter Solar GmbH

### – Focus on value-adding processes thanks to modern IT infrastructure in the cloud

The Schletter Group manufactures high-quality solar panel mounting systems that are used by customers all over the world. Their employees need access to reliable IT systems 24 hours a day.

**Our performance and IT security issues have finally been resolved thanks to Proact. Unexplained IT failures are now a thing of the past. Instead, we can rely on reliable maintenance, including monitoring of our entire IT solution.**

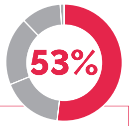
Rainer Daller, Vice President IT/ERP
at Schletter Solar GmbH.

The IT infrastructure at Schletter Solar grew over the years, creating large IT systems that ultimately were neither used nor maintained reliably and efficiently. Schletter Solar made a conscious decision to outsource its operations. Proact proposed a convincing solution, and together they decided to apply the "Lift & Shift" method, where data is transferred first to the Proact Hybrid Cloud (PHC) and then optimised.

By outsourcing the infrastructure, Schletter Solar GmbH can concentrate on the processes that actually create value for the company's customers, and hence for the company itself.

# Our Business Units

## Nordics & Baltics



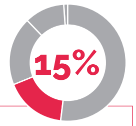

**FACTS**
**Revenues:** SEK 2,508 million
**Adjusted EBITA:** SEK 174.1 million
**EBITA Margin:** 6.9%
**Profit before tax:** SEK 40.1 million
**Countries:** Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Sweden and the USA.

**Strong growth:**
2022 was a very strong year financially, with high demand from customers for system solutions in particular. Conoa, which was acquired in 2021, has helped to strenghten expertise in container solutions, and jointly the "Proact Managed Container Platform" service which enables customers to implement container-based development more quickly and efficiently has been developed.

Revenues increased by 33.1 per cent during the year, and increasing by 31.5 per cent organically. System revenues increased by 42.4 per cent, and organic growth amounted to 42.8 per cent. System revenues developed positively in most countries due to good demand and normalisation of delivery times in the second half of the year. Service revenues grew by 13.6 per cent and organic growth 7.6 per cent, with good demand in all service segments, particularly in the consultancy business.

Adjusted EBITA amounted to SEK 174.1 (115.3) million and the EBITA margin was 6.9 (6.1) per cent for the year. The EBITA and EBITA margin developed positively in Nordic & Baltics, mainly due to revenue growth.

## UK




**FACTS**
**Revenues:** SEK 712 million
**Adjusted EBITA:** SEK 36.4 million
**EBITA Margin:** 5.1%
**Profit before tax:** SEK 4.8 million
**Countries:** United Kingdom.

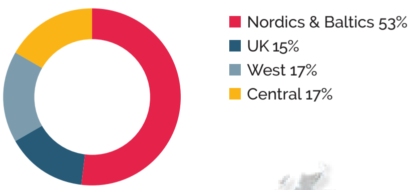
**Continued focus on hybrid cloud services**
In 2022, there has been major emphasis on hybrid and public cloud services, which are in increasing demand among customers. Offerings for specific customer segments, such as the healthcare sector, have also been successfully introduced during the year.

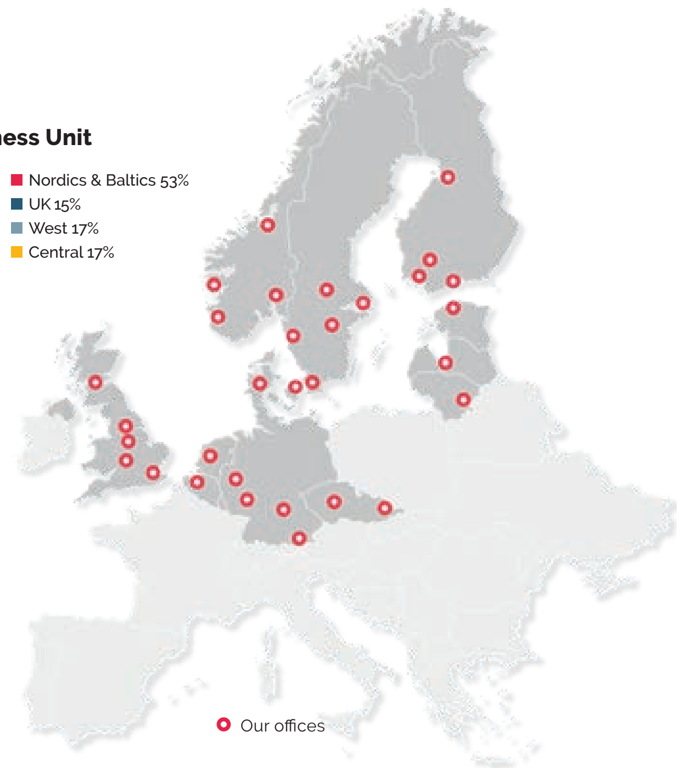
Revenue increased by 12.9 per cent during the year, with an organic increase of 6.9 per cent in revenue, where the difference is explained by currency effects. System revenues increased by 20.5 per cent and organic increase 14.1 per cent, with generally better demand in 2022 than in previous years, as well as normalisation of delivery times in the second six months of the year. Service revenues increased by 5.4 per cent while decreasing organically by 0.2 per cent, with cloud services showing good growth, offset by reduced support revenues linked to previously weak system sales.

Adjusted EBITA amounted to SEK 36.4 (34.7) million and the EBITA margin was 5.1 (5.5) per cent during the year. EBITA was positively affected by the increased revenues, while the EBITA margin was negatively affected by lower gross margins in the service business.

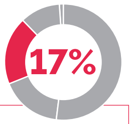
> **"**
> **sepago, with its strong expertise in hybrid cloud services, was acquired in 2022, and BU Central now has a strong position in the market for these type of services.**

**Revenues per Business Unit**



## West



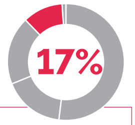

**FACTS**
**Revenues:** SEK 806 million
**Adjusted EBITA:** SEK 45.3 million
**EBITA Margin:** 5.6%
**Profit before tax:** SEK 6.0 million
**Countries:** Belgium, the Netherlands and Spain.

### Strong demand in modern workplace services and public clouds

For Business Unit West, the shift towards cloud services continued in the market and led to good growth in services, although system sales recovered in the fourth quarter. Work has continued during the year on developing value-added services for the public cloud, and a number of new customer engagements have been initiated in this area.

Revenues increased by 20.2 per cent during the year, and increased by 14.7 per cent organically. System revenues increased by 33.9 per cent and 27.8 per cent organically, mainly as a result of strong sales in the fourth quarter. Service revenues grew by 15.2 per cent and 9.9 per cent organically, with good underlying demand for cloud and consultancy services in particular. Adjusted EBITA amounted to SEK 45.3 (22.8) million and the EBITA margin was 5.6 (3.4) per cent for the year. The improvement in profitability is a result of both higher revenues and the efficiency programme implemented in early 2021.

## Central




**FACTS**
**Revenues:** SEK 789 million
**Adjusted EBITA:** SEK 45.7 million
**EBITA Margin:** 5.8%
**Profit before tax:** SEK 8.9 million
**Countries:** Czech Republic and Germany.

### Another strategic acquisition in the field of cloud services

Business Unit Central continued to expand its portfolio of contracted cloud services during the year. ahd, a specialist in hybrid cloud solutions, was acquired at the end of 2021, and work on integrating the company and harmonising the portfolios has been ongoing throughout the year. sepago, with its strong expertise in hybrid cloud services, was acquired in July 2022, and Business Unit Central now has a strong position in the market for these type of services, with a large and competent organisation.

Revenues grew by 103.3 per cent during the year, increasing organically by 18.5 per cent, thanks to good underlying demand. System revenues increased by 88.8 per cent and 29.8 per cent organically, supported by both normalised delivery times and good underlying demand. Service revenues increased by 125.6 per cent and 4.8 per cent organically, thanks to good growth in support and consultancy services. Adjusted EBITA amounted to SEK 45.7 million (30.9) and the EBITA margin was 5.8 (8.0) per cent for the year. EBITA for Central was positively affected mainly by the acquisitions of ahd and sepago. The EBITA margin fell as a result of reduced gross margins and increased sales and administration costs.

**Alexander Röttcher, IT Consultant Security, sepago, Germany**

**What was your first reaction when you heard about the acquisition of sepago by Proact?**

I was very surprised. And suddenly I understood why it had been so hard to make appointments with members from our management team the past few months.

After the first big surprise, I felt a little uncertainty: How will this influence my work? What is going to change? And as I had never heard about Proact before: What kind of company has bought us and for which reason? The on-site presentation held by Proact and the sepago management team, subsequent conversations, the public questionnaire and our weekly "change coffee meetings" were very helpful to answer all these initial questions. More importantly: I understood that our owners had invested both time and energy to find a buyer which best fits our working culture.

So finally, my initial uncertainty transformed into curiosity: How do I personally benefit by being part of an international company like Proact?

**How have you experienced the integration so far?**

As a consultant, I mostly work for our customers, so my everyday work has not been influenced much by the integration. We continue to deliver our services to our customers as we did before. However, our internal processes are changing noticeably — especially everything about billing and time booking. While necessary it still required some additional work from me to understand and follow the renewed specifications. Nevertheless, I am very happy as those changes improve the efficiency and professionality of our work.

Last year, I participated in **sepago's** audacious goal and now looking at Proact's vision, mission, and values I must agree: "That's a perfect match". Also **sepago** has become more international: with visits from abroad, internal English-speaking meetings, potential non-German customers and our first Fika at the office.

**What are your wishes and hopes for the future as a member of the Proact family?**

I'm looking forward to more internal networking with both my new German colleagues and my international colleagues. Knowledge exchanges and joint projects abroad will be very exciting, too. I'm in contact with our new colleagues from Helsinki, so I hope I can work from Finland one day. All in all, I'm really looking forward to seeing how things will develop going forward.

# Our most valuable asset

*Our employees are at the very heart of Proact. We achieve our success through our talented and dedicated employees and their cooperation towards common goals.*

Our vision and strategy, which involves developing our customer offering and increasing our growth, both organically and through acquisitions, means that our employees and their commitment and development are key. We perceive a number of particularly important areas that we need to go on developing over the next few years.

**Employer brand and recruitment**

Proact wants to be an attractive employer for both current and potential employees. We recognise the importance of strengthening our employer brand in the long term, both internally and externally. We promote Proact in digital campaigns, at trade fairs and in partnerships with – and visits to – universities and colleges. We also developed our website in 2022 and increased our social media presence, and these initiatives will continue in 2023.

The recruitment process is owned by every manager with the support of HR. We made a decision in 2022 to implement a new Applicant Tracking System (ATS) to further improve the process and the candidate experience, and the project is being run jointly across our countries.

Providing a warm welcome and introducing new employees is a high priority at Proact. Our active acquisition agenda means that induction is important not only for new employees, but for newly acquired companies as well. We took on over 270 new employees in 2022 and welcomed 83 colleagues via acquisitions.

**Talent development**

If Proact is to be able to offer our customers relevant solutions over time, talent development is not an opportunity – it is a must. For the most part, employees learn things as they go about their day-to-day work together with colleagues and customers. We offer rewarding roles and tasks so that our employees feel they are being challenged and helping to further to Proact's business development.

We also offer training via the Proact Academy. Employees receive education and training here, particularly in areas relating to sales and technology.

Proact increased investments in the Proact Academy in 2022 to facilitate learning still further and increase the pace of induction for new employees. A new Learning Management System (LMS) will be implemented in 2023 in order to streamline and improve active learning in respect of key areas within the organisation.

The annual appraisals between employees and managers are another important factor in individual development. These appraisals ensure that employees are given the opportunity for discussion and to devise plans for development.

**Leadership**

Leadership is all about creating sustainable results by developing both business and employees. Our leaders live our culture and values, communicate our vision and strategy and inspire us to give of our best in our day-to-day work.

At Proact, we want to give our leaders both the knowledge and the tools they need to develop.

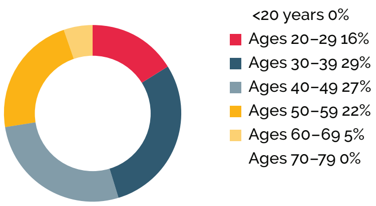
We work in a structured manner and maintain a long-term approach, identifying people with management talent and planning for promotion and succession. Leadership and succession planning takes place annually for all country managers and other people who report directly to the Group Management Team.

Our leaders undergo development through various initiatives. Leadership development has taken place at local level in our countries in 2022, and our global leadership development will be continuing in early 2023. The emphasis will be on strategy and employee engagement, as well as continuing to strengthen the Proact management network.

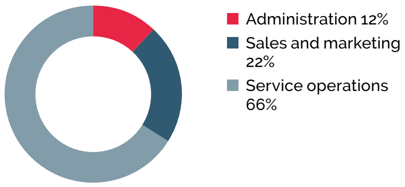
**Culture**

We are proud of our inclusive corporate culture and how our employees live up to our values and #ThePowerOfTogether. We value diversity and appreciate the things that make our employees different. Having a strong Proact culture is crucial as we welcome new colleagues and work together to achieve common goals. A project was established across all our countries in 2022 to further define our culture and promise to current and future employees in a more eloquent way.

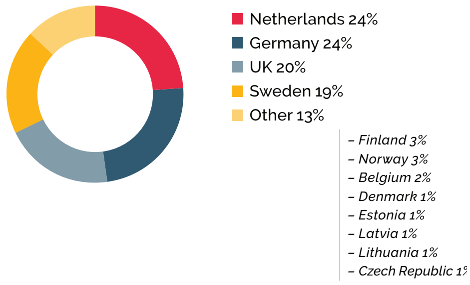
**Age structure**




**Distribution per function**




**Employees per country**

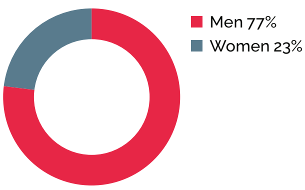



We conduct employee surveys every year in order to give all our employees the opportunity to make their voices heard and let us know how we can work together to improve Proact. We implemented a new platform in 2022 which enables us to follow up on the annual employee survey with pulse surveys in selected survey areas and/or selected parts of the organisation. The change of platform is also providing greater ease of use for the survey itself, but especially when it comes to working with the results.

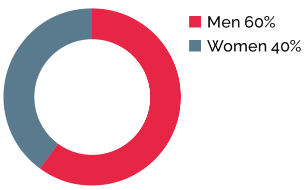
This survey is a valuable tool and provides a foundation for structured discussion and improvement of working methods and commitment. Working with the results of the employee survey is a high priority for Proact. The executive team makes decisions on measures of key importance for the company as a whole. Managers present results and work with their teams to devise activity plans for their respective fields of responsibility.

This year's survey achieved a response rate of 90 per cent, which is a very high response rate and a significant increase from the previous year's response rate of 84 per cent. The high response rate indicates a high level of commitment among Proact employees. Proact also performs well against the benchmark, which includes all industries. It is particularly pleasing to see that the leadership index has increased compared to last year's survey. That said, Proact's Employer Net Promoter Score (eNPS) has dropped to 10 for 2022, from 13 (2021). This deterioration is due to an increase in the percentage of "passives", not the percentage of "detractors", which is a positive factor. Analysis of the outcome shows that the eNPS value has largely been adversely affected by major organisational changes, including post-acquisition integration projects. Further increasing Proact employee satisfaction is a high priority.

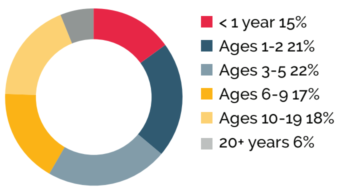
**Gender distribution, corporate management**




**Gender distribution, Board of Directors**




**Employees per employment time**



## Proact's core values

**Integrity**
- We are independent and navigate by our own compass, on the basis of honesty and respect.
- We are open and clear in our communication.
- We rely on one another and the people with whom we do business.
- We keep our promises and deliver on agreements made.

**Commitment**
- This constitutes the foundation for all our relationships.
- We formulate clear goals and have the best interests of our customers at heart.
- We guarantee the most outstanding service level possible for the projects we implement.
- We share our knowledge, our experience and our commitment.

**Excellence**
- Excellence is the very essence of what we supply.
- Decades of experience have given us a knowledge base that we always apply.
- Recruitment, training and development are reflected in our specialist expertise.
- We use our specialist expertise and experience to create custom solutions which add value in both the short and the long term.


### A future workplace for young talent

*In 2022, Proact was one of 100 companies in Sweden to receive the Årets Karriärföretag award, Career Company of the Year, which is presented to employers who offer unique career and development opportunities for talented young people. Proact was also voted one of the top ten employers offering the best career opportunities for young people in Sweden. The voting took place in the Karriärsföretagen qualified Young Professionals network, which comprises more than a thousand system scientists.*

**The judges gave the following reasons for selecting Proact.**
– Proact does an excellent job of employer branding by offering its employees good opportunities for development within the company. With a clear ambition to become a world leader in their industry, they invest everything in their workers in order to achieve the highest possible level of expertise.
– We are delighted to receive further recognition for our commitment and hard work for our employees. For a long time, training has been a natural element in our efforts to ensure that our employees enjoy their work, develop on a personal level and drive the company forward as a team. We have a special Proact spirit that we are immensely proud of, which is reflected in the number of people who choose to return to the company year after year. Winning the Årets Karriärföretag 2022 award was fantastic, but we had not dared to dream we might end up in the Swedish top ten. This proves that our way of working pays off and bears fruit," says Carina Dahl, Head of Houman Resources at Proact IT Sweden AB.

**We have a special Proact spirit that we are immensely proud of, which is reflected in our low employee turnover and the number of people who choose to return to the company year after year.**

Carina Dahl,
Head of Houman Reasources at
Proact IT Sweden AB

# Sustainability at Proact

*Proact's ambition is to ensure successful, long-term sustainable development for both our customers and our own company, balancing social, environmental and economic interests.*

**Structure of our sustainability work**
Guidelines for our sustainability efforts are established by the Board of Directors. The Chief Executive Officer bears ultimate responsibility for successful implementation of our sustainability strategy. The Group executive is responsible for devising a strategy and following up the results of the Group's sustainability work. A member of the Group executive is responsible for the sustainability agenda, and there is regular reporting on sustainability work at Group executive meetings. Day-to-day operational responsibility rests with the relevant business units and the joint delivery organisation, with the assistance of the expertise functions Legal, People & Culture, Portfolio & Technology, Commercial & Communications and Finance. Sustainability in respect of employees is one of the targets for all members of the corporate management's performance-based annual bonus scheme. Each member of the corporate management team may also be allocated personalised sustainability targets.

**Stakeholder involvement**
Open discussion with our stakeholders is crucial so that we can successfully identify factors that are crucial to our stakeholders, global trends and market expectations. We adopt a structured approach to stakeholder involvement, with regular surveys of customers and employees and investor meetings and gatherings. Interacting with our stakeholders on social media has become increasingly important as a way of understanding our stakeholders' perceptions in the countries in which we operate, and also at Group level.

**Our view of sustainability**
Proact maintains a holistic approach to sustainability which includes social, business-related and environmental perspectives. We have created a sustainability agenda on the basis of these perspectives, including relevant targets and activities where we can exert an influence and make a contribution. This involves consideration of important areas for stakeholders and the areas that Proact considers to be crucial for its sustainability work. The social agenda includes a number of crucial activities for employees, just as the business-related agenda includes activities for customers and suppliers. Proact does not manufacture its own products, but high-quality processes, reduced energy consumption and materials handling are prioritised at Proact in terms of the environment.

**UN Sustainable Development Goals**
Proact confirms the importance of the UN's Sustainable Development Goals (SDGs) as a collective global objective: to protect our planet and create prosperity for all. As a company, we can exert major influence by adapting the way in which we work to meet the needs of the generations of tomorrow. The SDGs that we think our activities can assist with have been integrated in our sustainability agenda.

Pages 4-7 and 20-27 show the sustainability report for the Group in accordance with Chapter 6 of the Swedish Company Accounts Act.

## Social agenda

### Employees

We believe in success through our employees. Our transformation, from a product company to a hybrid cloud service specialist, requires us to maintain and develop skills and expertise among our employees. We have a presence in various locations, so challenges and opportunities may differ. We have a shortage of certain skills in some places, for example, while elsewhere we are preparing for a generational shift. We must address these challenges and opportunities responsibly. Systematic planning and strong leadership are required alongside health and well-being issues.

Proact's employee strategy spearheads our ambition to create a company that turns our business plans into reality through a culture demonstrating high levels of commitment, professionalism, constant learning, openness and inclusion; a place of work that people do their best to get to. A strong culture, leadership development and talent development, alongside the employer brand and recruitment, are key areas in our employee strategy.

Leadership is one of our priorities, as we feel that this is the strongest driving force for both our success and a strong culture.

The leadership index was surveyed in 2022 as part of the employee survey, where we generally show very good results in comparison with other companies. It is also encouraging to see that we have strengthened our leadership index compared to the 2021 survey.

**Employee Index**

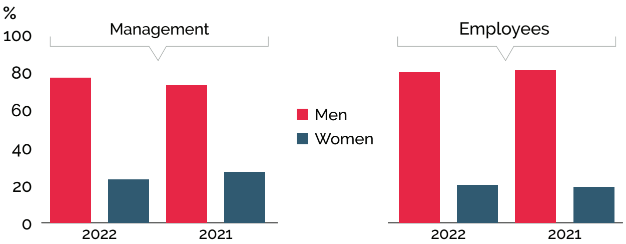
| | Proact | Benchmark All sectors |
|---|---|---|
| Leadership Index | 84 | 80 |
| Team Efficiency Index | 79 | 77 |
| Engagement Index | 80 | 80 |
| OSI Work Environment Index | 78 | 74 |
| Management Index | 66 | 67 |
| eNPS Index | 10 | 16 |

We are also of the opinion that diversity and inclusion is a key to driving innovation and reinforcing competitiveness. Employees with a wealth of backgrounds, perspectives and experience make the company more robust.

Proact must offer equal opportunities for employment, promotion, remuneration and all other employee-related processes and working methods, with no discrimination on grounds of ethnicity, skin colour, gender, gender identity, sexual orientation, civil status, pregnancy, parenthood, religion, political opinions, nationality, ethnic background, social origin, social status, affiliation to an indigenous population, disability, age or trade union membership (all grounds for discrimination).

We are committed to offering a place of work that gives our employees positive experiences in terms of both physical and mental health and well-being.

### Gender distribution




As far as gender is concerned, our aim is to achieve a gender balance of 70 men and 30 per cent women by 2025 throughout our entire workforce and at all management levels.

### Business ethics

Proact is an international company operating in a number of countries, all of which have different laws, cultures and traditions. All business must be run sustainably, in compliance with applicable legislation and in line with the company's values of integrity, commitment and excellence.

Our Code of Conduct includes 13 key principles applicable to all our employees and suppliers. It provides guidance on doing ethically correct business, respecting human rights and employee rights, and operating in compliance with legislation in respect of the environment, anti-corruption, competition and anti-discrimination.

Other documents and policies of relevance to our business ethics and compliance include:

- Company Handbook
- Data Privacy Policy
- Finance Policy
- Insider Policy
- Authorisations Policy
- Statement on slavery and human trafficking
- Vendor onboarding process

Compliance with laws and regulations is always a top priority for us, but in a changing world we are of the opinion that it is every bit as important to adopt a broader approach as regards compliance. Our Company Handbook includes guidelines, policies and processes to ensure good ethics both internally and with external parties.

Proact has a whistleblower policy that provides all employees with information on how suspected deviations from the company's Code of Conduct are to be reported. All Proact employees must report, without delay, any known breaches of the Code of Conduct or any concerns they may have with regard to breaches as specified in the policy.

Such reports and concerns will be examined in depth as a matter of urgency. Anyone reporting such fears in good faith will be protected by Proact from all forms of reprisal. The whistleblower policy is part of our Code of Conduct, which is communicated to all employees.

There were no whistleblower cases during the year.

### How we work

We have a compliance monitoring function in our legal team to investigate compliance and any complaints. This is headed by our General Counsel and includes the CFO and VP People & Sustainability. Our compliance function conducts audits which are compiled and presented to the Chief Executive Officer along with proposals for action.

Existing violations relate primarily to "Contract playbook rules", where customer contracts have failed to comply with the internal process for compilation or approval. The number of breaches has decreased in 2022 since we hired local legal representatives in our largest countries.

Training on the Code of Conduct and Company Handbook and all policies is important, and forms part of the local induction programme for new employees.

## Business-related agenda

### Customers and deliveries

We have an extensive history of long and close relationships with our customers. Our customers can be found in many sectors of society, and include both private companies and public organisations. The needs of our customers are at the heart of how we develop our products, services and processes – through both close cooperation and continuous and systematic feedback.

Finding efficient, secure and sustainable solutions for customers, often relating to large volumes of information, is at the very heart of what we do.

Information security is one of the most important aspects for our customers, and one of their biggest risks. We have held ISO certification in a number of our countries since 2013. It is crucially important for us to maintain this level and deliver in accordance with IS027001, quality management systems for information security. The quality management systems are specific to each country and require annual updates and audits.

In order to manage the trust which our customers have placed in us, our services are supplied in accordance with established standards such as "ITIL Service Management", which includes a number of processes for the supply of cost-effective IT services based on the customer's business.

The Proact Code of Conduct also constitutes a framework for our employees, allowing them to behave professionally with our customers and do responsible business. Ethical assessments and positions in respect of the business in which we want to be involved are discussed at the business areas' quarterly progress checks with the Chief Executive Officer.

### Suppliers

We spend significant sums on procuring goods every year. Most of our suppliers are based in Europe and North America, where compliance with basic human rights is good. Our suppliers are normally also major corporations that have devised extensive schemes relating to responsible, sustainable enterprise. All our suppliers undergo an approval process which involves evaluation of both product safety and sustainability aspects.

We have an extensive set of questions as part of our Vendor Management initiative this year, in order to gain a clear understanding of our suppliers' standards in terms of sustainability. The approval process is also documented in our Company Handbook. We also conduct regular follow-ups and reviews. Our aim is to ensure compliance with international principles relating to human rights, labour law, the environment and corruption.

**Kevin Janssen, Chief Technology Officer (CTO), BU West**

I started at Proact 12.5 years ago as a SharePoint Consultant. Since then, I have fulfilled various roles such as team leader, project manager, architect and manager. I recently took on the role as Proact's CTO for BU West.

**Tell us more about your role as CTO?**

As Proact's CTO for BU West, my role is to balance internal and external development of our services. It is my responsibility to ensure that we deliver added value to our customers in a rapidly changing technological environment.

Proact's vision is to become the worlds most trusted IT service provider, and our mission is to help customers create business value and growth through IT. This fit seamlessly with how I want to fulfill my role as CTO at Proact. It is essential to develop our propositions together and be as flexible and dynamic as possible to create business value for our customers based on these propositions. With rapidly changing technology, this demands a culture in which change is quickly embraced and where people look beyond the boundaries of their own department, which can be a challenge.

**How is Proact developing in relation to the market?**

We work in virtual teams at BU West, with specific focus areas across the organisation, and we all work with a common development plan. We analyse the development plan at regular intervals to see what improvements we want to make, what our customers need and how suppliers are changing, and we regularly ask for feedback. As a result of all this, we receive a continuous stream of new insights that assist with employee development. Our employees feel involved and take responsibility for their decisions. Our customers are at the heart of our development. Their feedback allows us to improve our services and our offering.

**How do you cooperate with your colleagues and customers?**

I believe that good relationships start with listening. This is something I personally value. By asking our customers the right questions, understanding their unique situations and recognising their specific needs, we can connect the right colleagues to work together on an ideal solution for our customers with our propositions in mind.

# Environmental agenda

### Work processes

As a technology company that does not manufacture its own products or have extensive logistics, Proact's biggest contribution to environmentally sustainable development rests in high-quality, resource-efficient, sustainable work processes, as well as reduced energy consumption and sustainable materials handling.

The company's objective is for all operations to have relevant certification so that they can be pursued in a safe, structured manner in accordance with the local requirements on the market in question. In most cases, the companies in the countries in which Proact works extensively hold accreditation to ISO9001 (quality), ISO14001 (environment) and ISO27001 (data security), but the companies in the countries in which Proact works less extensively are also certified in accordance with of the most common ISO systems.

### Energy and materials

As regards energy consumption, we are working in accordance with a devised schedule for reducing the number of data centres within the Group. Reducing the number of data centres will also reduce our consumption of electricity, heating and cooling. We closed one data centre in 2022 and no additional data centres were added when we took over sepago, and hence our total number of data centres has fallen. Further closures are planned for 2023.

Another clear objective is to continue to steer towards renewable energy, as well as increasing efficiency and utilisation at the remaining data centres. All in all, these initiatives are helping to reduce the company's environmental impact. The company analyses the level of renewable energy and the energy efficiency of our data centres so that we can constantly work on reducing our energy consumption and $CO_2$ emissions.

The efficiency of data centres is measured by the Power Usage Effectiveness (PUE) metric, which in 2022 was 1.32, which is relatively good compared to a market average of around 1.8 to 2.0. Besides continuously improving energy efficiency at our data centres, we are working to increase the level of renewable energy we use. Use of renewable energy stands at over 95 per cent at our data centres at present, and our ambition is to use only renewable energy for all our operations.

Circular economy is a prerequisite for sustainable development. Methods and processes devised are used to ensure that material is composted, that end-of-life electronics are recycled to the greatest extent possible and the paper and packaging are recycled correctly at Proact companies. We aim always to use limited resources efficiently in order to prevent or reduce any harmful impact on the environment as a consequence of what we do. This involves promoting systems for recycling and reuse of materials and efforts to prevent occupational injuries and illnesses.

Proact operates in compliance with applicable laws and regulations concerning disposal of electronic equipment.


**Mike Noble, MCS Networks Manager, Proact IT UK**

**How long have you worked at Proact, and what do you do?**

I joined during the first recruitment round at the start of lockdown in 2020. If anyone can get remote working correct it's the Networks manager, right? I run a highly skilled team of engineers who look after the connectivity infrastructure that binds all our solutions together.

**What is your proudest moment at Proact?**

I feel proud every day, but ibeing forced to choose, my team winning the internal award "Unsung hero of the month" in November 2022 ranks at the top. Being able to work with some of the smartest minds in the business to achieve a common goal and seeing everything work like a well-oiled machine and receiving customer praise — there's nothing more satisfying or rewarding to witness from a work perspective.

**What technology of tomorrow are you working on?**

We have some pretty good next-generation products to roll out. Connectivity-wise, we are investing in the latest IP fabrics for the datacentre, which are almost infinitely scalable and will allow many times more traffic to traverse. Last year in the UK alone, we switched 349 petabytes worth of data. In the future, this number will only go upwards. We need to learn today for tomorrow's infrastructure.

Another exciting development is in the firewall space. Our latest firewalls can heal themselves using AI/mesh technology. That means someone in Australia can be infected by a piece of malware, and within minutes our European based firewalls can heal themselves against that threat. That means you can be reading about the latest security threat over your cornflakes in the morning, knowing that we are already protected! The confidence we can instil in our clients with these technologies will be hard to match.

## Our sustainability goals

| TARGET | OUTCOME 2022 |
|---|---|
| **Social agenda** | |
| **Leadership**<br>Strengthen leadership in the company | ✓ |
| **e-NPS (employee satisfaction index)**<br>Increase from 13 to 19 | 10 |
| **Business-related agenda** | |
| **Diversity**<br>– Increase the propoartion of women to 30 per cent at all levels by 2025 | 20% |
| **Customers**<br>– Regular review of customer structure and ongoing contracts in accordance with a structured form<br>– Regular monitoring of customer satisfaction | ✓<br>✓ |
| **Suppliers**<br>– Take stock of suppliers' sustainability efforts<br>– Retain existing certifications at annual audits | ✓<br>✓ |
| **Environmental agenda** | |
| **Work processes**<br>– Retain existing certifications at annual audits | ✓ |
| **Energy/data centres**<br>– Reduce the number of data centres | 1 |
| – Improve energy efficiency at our data centres, PUE | 1.32 |
| – Increase the level of renewable energy at our data centres | >95% |

# Activities covered by the EU Taxonomy Regulation

### Revenues

Parts of Proact's revenue in cloud services are covered by the EU Taxonomy Regulation in activity 8.1, "Data processing, hosting and related activities" and contribute – where taxonomy-aligned – to the EU's environmental objective 1 on climate change mitigation. Proact's interpretation is that the cloud services where Proact is responsible for the processing of data constitute an activity that is covered by activity 8.1 and thus constitute eligible turnover. However, other cloud services such as monitoring, network services or public cloud services are eligible. The other revenue streams – i.e. systems, support and consultancy services – eligible under the EU Taxonomy Regulation.

Total revenue is recognised under IFRS in accordance with the accounting policies set out in Note 3 of the annual report and corresponds to the total revenue recognised in the consolidated statement of comprehensive income. Eligible turnover is the portion of total revenue that is attributable to performance obligations for services as defined above.

### CapEx

CapEx consists of investments in tangible and intangible fixed assets, including acquired assets and investments in right-of-use assets. The CapEx eligible for Proact according to the EU Taxonomy Regulation is that which is directly attributable to the cloud services in activity 8.1. According to the guidance from the European Commission in the FAQ published in 2022, it has been clarified that purchases of outputs from economic activities that are compliant with the taxonomy requirements and individual measures that enable the target activities to become low-carbon or lead to reduced greenhouse gas emissions are also eligible. This is the case even if the investments are not related to a turnover activity conducted by an enterprise. In Proact's case, this means that investments in buildings and leases under activity 7.7, and investments in leased vehicles under activity 6.5 are also applicable CapEx.

CapEx consists of the new investments in accordance with IFRS in Note 15 of the annual report for intangible assets (excluding goodwill), Note 16 for Tangible assets and as additional rights of use in Note 27 for Leased assets.

### OpEx

As OpEx, Proact has identified the costs that are directly related to maintenance and repairs of equipment reported as CapEx as stated above, as well as renovation costs and short-term leases where applicable. This includes both the cost of external purchases and the cost of Proact's own employees when performing this type of activity.

Eligible OpEx is such OpEx that is directly related to activity 8.1 or that is applicable in itself for activities described previously for CapEx. Proact has not identified any eligible OpEx.

### EU Taxonomy-aligned activities

To be taxonomy-aligned, activities in activity 8.1 require the data centres used to process data to meet a number of technical screening criteria. In addition, the suppliers of the equipment used must fulfil a number of other technical screening criteria.

As Proact does not own its own data centres in most cases, and purchases all equipment from suppliers, the data centre owners and equipment suppliers are required to meet all relevant technical screening criteria, including verifying and documenting the fact that they Do No Significant Harm (DNSH) and meet the minimum social safeguards set out in the EU taxonomy. Proact's view is that the majority of suppliers and data centres meet the relevant technical screening criteria to contribute to environmental objective 1 on climate change mitigation, but this needs to be confirmed by all suppliers and data centres and has not been completed as yet. Nor have we been able to ensure that DNSH has been taken into account by our suppliers in all respects and that minimum safeguards are in place, which means that we are not reporting any taxonomy-aligned activities for 2022.

The same assessment has been made for suppliers of company cars and premises. Proact's company car policy is to promote eco-friendly cars, and our premises must be sustainable. However, Proact has not been able to ensure that suppliers fulfil all screening criteria, including the minimum safeguards, and therefore no taxonomy-aligned activities are reported for 2022.

### Minimum safeguards and Do No Significant Harm (DNSH) criteria

The fulfilment of minimum safeguards and whether any significant harm is being done to any of the other EU environmental objectives are not reported as no taxonomy-aligned activities have been identified. However, it is Proact's view that Proact will be able to report for 2023 that the minimum safeguards are met and that no significant harm is done to the other environmental objectives. This is because many of the data centres and much of the equipment used for cloud services is expected to be taxonomy-aligned by that time.

# Taxonomy tables

## Proportion of taxonomy-aligned economic activities, Turnover

Proportion of turnover from products or services related to economic activities that are compatible with taxonomy requirements.

**Proportion of taxonomy-aligned economic activities**

| Proportion of turnover from products or services associated with Taxonomy-aligned economic activities | | | | Substantial contribution criteria, % | | | | | | Do No Significant Harm (DNSH) criteria | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Absolute turnover [SEK millions] | Proportion of turnover | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Climate change mitigation Yes/No | Climate change adaptation Yes/No | Water and marine resources Yes/No | Circular economy Yes/No | Pollution Yes/No | Biodiversity and ecosystems Yes/No | Minimum safeguards Yes/No | Taxonomy-aligned proportion of turnover, 2022 % | Taxonomy-aligned proportion of turnover, 2022-1 % | Category (enabling activities) | Category (transitional activities) |
| A. TAXONOMY ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| A.1. Environmentally sustainable activities (taxonomy-aligned) | | | | | | | | | | | | | | | | | | | | |
| Turnover of eligible taxonomy-aligned environmentally sustainable activities (A.1) | | 0 | 0 | | | | | | | | | | | | | | | | | |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | | |
| *Data processing, hosting and related activities* | 8.1 | 618 | 13 | | | | | | | | | | | | | | | | | |
| Turnover of taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned activities) (A.2) | | 618 | 13 | | | | | | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | **618** | **13** | | | | | | | | | | | | | | | | | |
| B. TAXONOMY NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| Turnover of non-eligible activities (B) | | 4,139 | 87 | | | | | | | | | | | | | | | | | |
| **Total (A + B)** | | **4,757** | **100** | | | | | | | | | | | | | | | | | |

## Proportion of taxonomy-aligned economic activities, CapEx

Proportion of CapEx from products or services related to economic activities that are compatible with taxonomy requirements.

**Proportion of taxonomy-aligned economic activities, CapEx**

| Proportion of CapEx from products or services associated with taxonomy-aligned economic activities | | | | Substantial contribution criteria, % | | | | | | Do No Significant Harm (DNSH) criteria | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Absolute turnover [SEK millions] | Proportion of turnover | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Climate change mitigation Yes/No | Climate change adaptation Yes/No | Water and marine resources Yes/No | Circular economy Yes/No | Pollution Yes/No | Biodiversity and ecosystems Yes/No | Minimum safeguards Y/N | Taxonomy-aligned proportion of CapEx, 2022 % | Taxonomy-aligned proportion of CapEx, 2022-1 % | Category (enabling activities) | Category (transitional activities) |
| A. TAXONOMY ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| A.1. Environmentally sustainable activities (taxonomy-aligned) | | | | | | | | | | | | | | | | | | | | |
| CapEx of eligible taxonomy-aligned activities (A.1) | | 0 | 0 | | | | | | | | | | | | | | | | | |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | | |
| *Data processing, hosting and related activities* | 8.1 | 75 | 30 | | | | | | | | | | | | | | | | | |
| *Acquisition and ownership of buildings* | 7.7 | 67 | 26 | | | | | | | | | | | | | | | | | |
| *Transport by car and related activities* | 6.5 | 35 | 14 | | | | | | | | | | | | | | | | | |
| CapEx of taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned activities) (A.2) | | 177 | 70 | | | | | | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | **177** | **70** | | | | | | | | | | | | | | | | | |
| B. TAXONOMY NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| CapEx of non-eligible activities (B) | | 76 | 30 | | | | | | | | | | | | | | | | | |
| **Total (A + B)** | | **253** | **100** | | | | | | | | | | | | | | | | | |

# Proportion of taxonomy compatible economic activities, OpEx

Proportion of OpEx from products or services associated with economic activities that are compatible with taxonomy requirements.

### Proportion of taxonomy compatible economic activities, OpEx

| Proportion of OpEx from products or services associated with taxonom-aligned economic activities | | | | Substantial contribution criteria, % | | | | | | Do No Significant Harm (DNSH) criteria | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Absolute turnover [SEK millions] | Proportion of turnover | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Climate change mitigation Yes/No | Climate change adaptation Yes/No | Water and marine resources Yes/No | Circular economy Yes/No | Pollution Yes/No | Biodiversity and ecosystems Yes/No | Minimum safeguards Y/N | Taxonomy-aligned proportion of OpEx, 2022 % | Taxonomy-aligned proportion of OpEx, 2022-1 % | Category (enabling activities) | Category (transitional activities) |
| A. TAXONOMY ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| A.1. Environmentally sustainable activities (taxonomy-aligned) | | | | | | | | | | | | | | | | | | | | |
| OpEx of eligible taxonomy-aligned activities (A.1) | | 0 | 0 | | | | | | | | | | | | | | | | | |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | | |
| *Data processing, hosting and other services* | 8,1 | 0.4 | 9 | | | | | | | | | | | | | | | | | |
| OpEx of taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned activities) (A.2) | | 0.4 | 9 | | | | | | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | **0.4** | **9** | | | | | | | | | | | | | | | | | |
| B. TAXONOMY NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| OpEx of non-eligible activities (B) | | 3.9 | 91 | | | | | | | | | | | | | | | | | |
| **Total (A + B)** | | **4.3** | **100** | | | | | | | | | | | | | | | | | |

# Remuneration report 2022

## Introduction

This report describes how the guidelines for remuneration of senior executives of Proact, adopted by the 2020 Annual General Meeting, have been implemented in 2022. The report also includes information on remuneration to Proact's Chief Executive Officer and a summary of Proact's outstanding share and share price related schemes. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes. Information on the work of the remuneration committee in 2022 can be found on pages 43-47 in the corporate governance report. Directors' fees are not covered by this report. Such fees are decided annually by the Annual General Meeting and are disclosed in Note 9 of the 2022 Annual Report. Further information on senior executives can also be found in Note 9 of the 2022 Annual Report.

## Development in 2022

The Chief Executive Officer summarises the company's overall performance in his report on pages 2-3 of the 2022 Annual Report.

## The company's remuneration policy, application, purpose and deviations

One prerequisite for successful implementation of Proact's strategy and safeguarding of its long-term interests, including sustainability aspects, require Proact to be able to recruit and retain qualified employees. For this, Proact needs to be able to offer competitive remuneration to its employees. Proact's remuneration guidelines make it possible to offer senior executives competitive overall remuneration. According to the guidelines on remuneration, remuneration to senior executives must be in line with market conditions and must comprise the following components: fixed cash salary, flexible cash remuneration, pension benefits and other benefits. The variable cash reimbursement must be linked to financial and non-financial criteria. These may be involve customised quantitative or qualitative targets. These criteria must be formulated so that they promote Proact's strategy and long-term interests, including sustainability aspects, by maintaining a clear link to the strategy, for example, or promoting the long-term development of the executive.

The guidelines can be found in the Directors' Report in the 2022 Annual Report. In 2022, Proact has complied with the applicable remuneration guidelines adopted by the General Meeting. There have been no deviations from the guidelines, and no deviations from the decision-making process that has to be applied according to the guidelines in order to determine the remuneration. The auditor's opinion on Proact's compliance with the guidelines can be found on the Proact website, www.proact.eu. No compensation has been claimed back. Besides the remuneration covered by the remuneration guidelines, Proact's Annual General Meetings have made a decision to introduce long-term, share-based incentive schemes.

**Total remuneration to the Chief Executive Officer in 2022 and 2021, SEK thousands**

| | | Fixed remuneration | | Performance-related pay 1) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Financial year | Basic salary | Other benefits 3) | One-year perfomance-related pay | Multiyear performance-related pay | Extraordinary items | Pension costs | Total remuneration | Percentage of fixed remuneration and performance related pay 2) |
| Jonas Hasselberg, CEO | 2022 | 4,201 | 26 | 1,545 | 0 | – | 1,273 | 7,045 | 78/22 |
| | 2021 | 4,079 | 4 | 0 | 0 | – | 1,196 | 5,278 | 100/0 |

1) The performance-related pay was earned during the year. Multiannual share-based remuneration is included when it is paid and thus earned
2) Pension costs are accounted for as fixed remuneration
3) Car benefit and health benefit

## Outstanding share and share price-related incentive schemes

Proact has implemented four share incentive schemes (2019/2021, 2020/2022, 2021/2023 and 2022/2024) for the Group executive and key employees. To participate in the share incentive schemes, the Group executive and key employees must have invested in shares themselves (savings shares). The Group executive and key employees may be awarded zero to five share rights (performance shares) per savings share at the end of the schemes. Performance shares are awarded free of charge and are subject to three-year vesting periods and continued employment. The vesting of performance shares requires fulfilment of specific performance conditions. In the first program (2019/2021), the performance conditions were earnings per share in 2021 (relative weighting 50%) and net revenues in 2021 (relative weighting 50%). In the second program (2020/2022), the targets are earnings per share in 2022 (relative weighting ~33%), net revenues in 2022 (relative weighting ~33%) and return on capital employed in 2022 (relative weighting ~33%). In the third program (2021/2023), the targets are earnings per share in 2023 (relative weighting ~33%), net revenues in 2023 (relative weighting ~33%) and return on capital employed in 2023 (relative weighting ~33%). In the fourth program (2022/2024), the targets are earnings per share in 2024 (relative weighting ~33%), net revenues in 2024 (relative weighting ~33%) and return on capital employed in 2024 (relative weighting ~33%).

The 2019/2021 incentive programme expired in 2022. As the minimum level of performance conditions was not met, this resulted in no performance shares being issued. For the remaining programmes, a maximum of 368,000 performance shares may be allocated if the schemes meet the conditions, corresponding to 0.45% (2020/2022), 0.45% (2021/2023) and 0.44% (2022/2024) of the shares in the company after dilution.

**Remuneration of the Chief Executive Officer in shares**

| | | | | | | Information 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Main conditions for the share incentive program | | | | | Opening balance | During the year | | | Closing balance |
| Name, position of executive | Name of program | Performance period | Allocation date | Vesting date | End of the lock-in period | Share rights at start of year | Awarded [1] | Vested | Expired | Subject to performance conditions |
| Jonas Hasselberg, CEO | LTI Plan 2019 | 2019-2021 | 9 May 2019 | 2022 Q1 reporting date | 2022 Q1 reporting date | 13,500 | | | -13,500 | 0 |
| | LTI Plan 2020 | 2020-2022 | 6 May 2020 | 2023 Q1 reporting date | 2023 Q1 reporting date | 13,500 | | | | 13,500 |
| | LTI Plan 2021 | 2021-2023 | 6 May 2021 | 2024 Q1 reporting date | 2024 Q1 reporting date | 13,500 | | | | 13,500 |
| | LTI Plan 2022 | 2022-2024 | 5 May 2022 | 2025 Q1 reporting date | 2025 Q1 reporting date | | 13,500 | | | 13,500 |
| | | | | | | **40,500** | **13,500** | **0** | **-13,500** | **40,500** |

1) Shares include only share rights in the program, all of which are performance shares. Savings shares invested by the Chief Executive Officer himself in order to participate in the program are not included in the table. All shares subject to performance conditions are awarded but unvested and subject to lock-in.

**Application and performance of the Chief Executive Officer in the reported financial year**

The performance criteria for the Chief Executive Officer's performance-related pay have been chosen in order to implement the company's strategy and encourage actions that are in the long-term interests of the company. The selection of performance criteria has taken into account the strategic objectives and short- and long-term business priorities for 2022.

The non-financial performance criteria also contribute to sustainability and the company's values.

The table below describes how the criteria for performance-related pay have been applied during the reported financial year.

**Performance of the Chief Executive Officer in the reported financial year: performance-related pay**

| Name, position of executive | Description of criteria related to the performance component | Relative weighting of performance criteria, % | A) Measured performance and B) Actual award/remuneration outcome |
|---|---|---|---|
| Jonas Hasselberg, CEO | Organic revenues | 40 | A) SEK 4,548 million<br>B) SEK 608 thousand |
| | Earnings before tax | 50 | A) SEK 244 million<br>B) SEK 938 thousand |
| | eNPS = Employee Net Promoter Score | 10 | A) 10<br>B) SEK 0 thousand |

## Comparative information on changes in remuneration and company results

**Changes in remuneration and company results over the last five reported financial years**

| Annual change | 2018/2017 | 2019/2018 | 2020/2019 | 2021/2020 | 2022/2021 | 2022 |
|---|---|---|---|---|---|---|
| **Remuneration to the Chief Executive Officer** | | | | | | |
| Chief Executive Officer [1] | 1% | 4% | 3% | 9% | 33% | SEK 7,045 thousand |
| **Proact performance** | | | | | | |
| EBITA | 7% | 33% | 61% | 9% | 59% | 313 1 MSEK |
| **Average remuneration per full-time equivalent employed by the company** | | | | | | |
| Average remuneration per FTE [2] | 1% | 6% | 5% | 0% | 7% | SEK 983 thousand |

1) 2018 includes costs for severance pay to the Chief Executive Officer.
2) Employees of the Swedish subsidiaries.

# The share

Proact shares have been listed on Nasdaq Stockholm with ticker symbol PACT since July 1999. The share capital amounts to SEK 10,618,837, divided over 28,001,658 shares with a quotient value of 0.38. All shares entitle the holder to an equal share of the company's assets and profits and entitle the holder to one vote at the Annual General Meeting. At the Annual General Meeting, every individual entitled to a vote may vote with the full number of votes he owns and represents in shares, without limitation as to voting rights.

### Stock exchange

7.5 million Proact shares of a value of SEK 583 million were traded in 2022 at an average price of SEK 77.6. The share price at the start of the year was SEK 87.0, compared with SEK 83.0 at year-end.

### Ownership structure

Proact had 6,903 shareholders as at 31 December 2022, of whom most were private individuals with small holdings. There were 66 shareholders with holdings in excess of 20,000 shares, the largest of these being Aktiebolaget Grenspecialisten with a holding of 3,107,334 shares and Livförsäkringsbolaget Skandia with 3,041,823 shares.

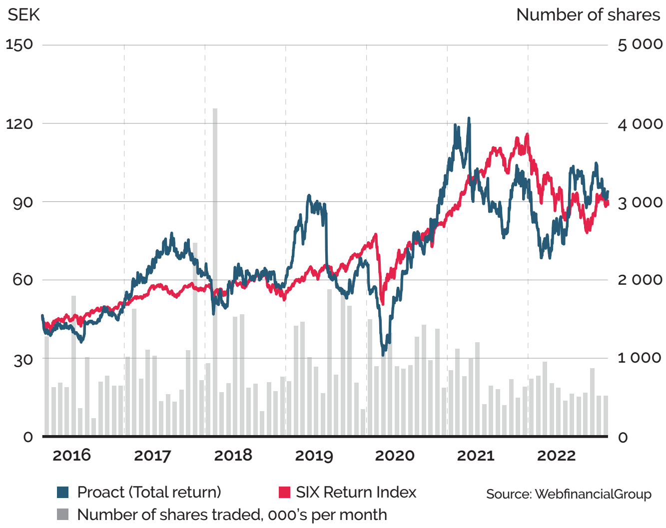
At the Annual General Meeting held on 5 May 2022, the Board of Directors was authorised to acquire up to 10 per cent of the company's shares by the next Annual General Meeting. Up to and including 31 December 2022, no shares have been bought back under this authorisation. The company holds 546,807 shares in its own custody as at 31 December 2022.

As far as the Board of Directors is aware, there are no contracts between shareholders requiring specific information in accordance with the Swedish Company Accounts Act.

### Shareholder value

Shareholder value arises when the company is positioned correctly and has long-term profitability. Proact upholds its creation of long-term profitability for its shareholders by constantly focusing on good business development with improved profitability within the Company and reinforcement of the Company's market-leading position as a specialist and independent integrator in Europe.

### Share price development



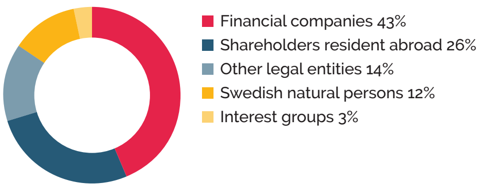

**Number of shares per shareholder**

| Holding | Number of share-holders | Percentage of shareholders | Number of shares | Percentage of share capital |
|---|---|---|---|---|
| 1 – 500 | 5,284 | 76.5 | 638,676 | 2.3 |
| 501 – 1,000 | 685 | 9.9 | 497,277 | 1.8 |
| 1,001 – 5,000 | 744 | 10.8 | 1,577,271 | 5.6 |
| 5,001 – 10,000 | 85 | 1.2 | 592,943 | 2.1 |
| 10,001 – 15,000 | 28 | 0.4 | 342,872 | 1.2 |
| 15,001 – 20,000 | 11 | 0.2 | 192,862 | 0,7 |
| 20,001 – | 66 | 1.0 | 24,159,757 | 86.3 |
| **Total, 31/12/2022** | **6,903** | **100.0** | **28,001,658** | **100.0** |

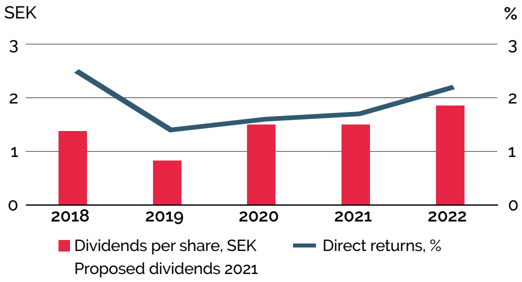
**Shareholders as at 31 December 2022**

| | Number of shares | Percentage of capital and votes |
|---|---|---|
| Aktiebolaget Grenspecialisten | 3,107,334 | 11.1 |
| Livförsäkringsbolaget Skandia | 3,041,823 | 10.9 |
| Länsförsäkringar Småbolag Sverige V | 2,295,380 | 8.2 |
| Alcur Select | 2,000,969 | 7.1 |
| Ing Luxembourg SA | 1,970,127 | 7.0 |
| Skandia Sverige Hållbar | 1,260,294 | 4.5 |
| HSBC Bank Plc, W8IMY | 1,017,241 | 3.6 |
| State Street Bank and Trust CO, W9 | 996,682 | 3.6 |
| Unionen | 871,491 | 3.1 |
| Avanza Pension | 679,867 | 2.4 |
| Other | 10,760,450 | 38.4 |
| **Total** | **28,001,658** | **100.0** |

**Distribution of ownership, % of capital** (Euroclear)




## Dividends




**Key ratios per share** [1)]

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Profit after tax, SEK[2)] | 6.97 | 4.27 | 4.80 | 2.92 | 4.62 |
| Share price, 31 December, SEK | 83.00 | 87.00 | 91.00 | 61.33 | 54.47 |
| Dividend, SEK[3)] | 1.85 | 1.50 | 1.50 | 0.83 | 1.38 |
| Direct returns, % | 2.2 | 1.7 | 1.6 | 1.4 | 2.5 |
| Equity, SEK[4)] | 33.49 | 25.88 | 21.93 | 19.09 | 17.04 |
| Average number of shares, thousands | 27,455 | 27,455 | 27,455 | 27,455 | 27,474 |
| Number of outstanding shares at end of period, thousands | 27,455 | 27,455 | 27,455 | 27,455 | 27,455 |
| Number of bought-back own shares at end of period, thousands | 547 | 547 | 547 | 547 | 547 |

1) Key ratios recalculated after the split in May 2021.
2) Calculated on the basis of the weighted average number of outstanding shares. There is no dilution in the periods reported above. Proact have a long-term performance share program that may involve dilution not exceeding 1.34 per cent.
3) The Board of Directors will propose distribution of a dividend of SEK 1.85 per share to the 2023 Annual General Meeting for the 2022 fiscal year.
4) Calculated on outstanding shares at end of period.

## Five reasons to own shares in Proact

| | |
|---|---|
| **Market-leading offering** | Proact has a competitive offering in respect of data centre solutions with associated consultancy and support services, as well as cloud services. Proact supplies flexible, secure IT services that help customers to reduce risks, lower costs and increase productivity. |
| **Attractive non-cyclical market** | Increased digitalisation is a clear global trend, so having an IT infrastructure that works well is of increasingly strategic importance and is a prerequisite for efficient running of core business. In addition, the increasing share of recurring revenues leads to further stability in Proact's financial results, so the part of the IT market in which Proact operates is relatively insensitive to economic fluctuations. |
| **Clear strategy for growth** | The need for ongoing streamlining, as well as a growing demand for solutions and services in Proact's specialist fields, is indicating major potential for growth for the company. Implementation of relevant activities relating to the sale, marketing and development of our offering and service deliverables is ensured regularly so as to create good organic growth in existing markets, as well as ensuring that we have relevant partners. There is also expansion into new markets, as well as specialist areas such as security and networks. Growth through acquisition is another important part of the strategy. |
| **Focus on increased margins** | To improve the EBITA margin, the focus will remain on continuous streamlining of operations and continued good cost control. The target of increasing the percentage of contracted services from the company's total revenues is also expected to have a positive effect on the EBITA margin. |
| **Share dividend** | Proact's business has a good cash-generating ability thanks to a strong financial position and efficient management of operating capital. The company's dividend policy is to distribute 25–35 per cent of its profit after tax. |

# Directors' report

*The Board of Directors and the Chief Executive Officer of Proact IT Group AB (publ), corporate ID number 556494-3446, hereby submit the annual financial statements and consolidated financial statements for the 2022 financial year. The consolidated balance sheet and income statement and the balance sheet and income statement for the parent company will be ratified at the Annual General Meeting on 4 May 2023.*

## General information

The name of the company is Proact IT Group AB (publ), and the company has its registered office in Stockholm, Sweden, at the address Frösundaviks Allé 1, 169 04 Solna. The company has been listed on Nasdaq Stockholm under the ticker symbol PACT since 1999.

## Business approach

Proact is one of Europe's leading data and information management specialists, focusing on cloud services and data centre solutions. We help our customers to store, network, protect and secure their data and add value using it, focusing on increased flexibility, productivity and efficiency. Proact has implemented thousands of successful projects, mainly in Europe, has more than 4,000 customers and manages hundreds of thousands of petabytes of information in the cloud. Proact comprises wholly-owned and partly-owned subsidiaries in Europe, North America and Japan. As at 31 December 2022, Proact employed 1,253 employees in Belgium, the Czech Republic, Denmark, Estonia, Finland, Germany, Latvia, Lithuania, the Netherlands, Norway, Spain, Sweden, the United Kingdom and the USA. Proact Finance AB is a wholly-owned subsidiary which offers customers financial services for both services and products via the Group's other subsidiaries.

The parent company, Proact IT Group AB (publ), is globally responsible for issues relating to the Group as a whole.

## The past year

The company has continued to develop its portfolio in 2022, primarily with regard to cloud services, and a number of new products and solutions have been introduced.

Demand for Proact's solutions has been good throughout the year, leading to strong growth in all revenue streams following a couple of years characterised by uncertainty due to the COVID-19 pandemic. Supply chain disruptions due to the semiconductor shortage that led to revenue delays in late 2021 have normalised in 2022, also contributing to the strong growth in system sales.

sepago, a leading IT consulting company in Germany in the field of cloud services, IT security and organisational consulting, was acquired in July 2022. The purchase price amounts to EUR 12 million, with an additional purchase price of up to EUR 4 million.

The company saw growth of 34.9 per cent (-3) in 2022 while also concluding cloud contracts worth a total of SEK 563 million (402), representing an increase of 40.1 per cent compared with the previous year. Adjusted EBITA amounted to SEK 315 million (204.4). This decrease is mainly due to lower organic sales. Cash flow has been positive and the company has net liabilities amounting to SEK 227 million (261).

## Group revenue and profit

For 2022 as a whole, the company's revenues amounted to SEK 4,757 million (3,525), representing an increase of 34.9 per cent.

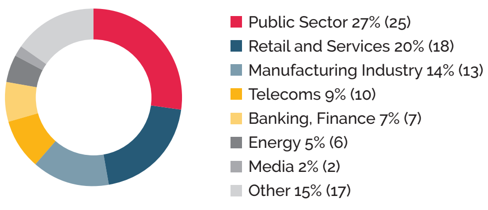
**Revenues per Business Unit**

| SEK millions | Jan–Dec 2022 | Jan–Dec 2021 | Jan–Dec 2020 |
|---|---|---|---|
| Nordics & Baltics | 2,508 | 1,884 | 1,887 |
| UK | 712 | 630 | 605 |
| West | 806 | 671 | 774 |
| Central | 789 | 388 | 395 |
| Groupwide | -58 | -48 | -17 |
| **Total revenues** | **4,757** | **3,525** | **3,633** |

For Business Unit Nordics & Baltics, total revenues increased by 33.1 per cent over the year. System revenues increased by 42.1 per cent, while service revenues increased by 13.6 per cent. Organic growth amounted to 31.5 per cent. For Business Unit UK, total revenues increased by 12.9 per cent. Organic growth amounted to 6.9 per cent. System revenues increased by 20.5 per cent, while revenues from service operations increased by 5.4 per cent. For Business Unit West, total revenues increased by 20.2 per cent. System revenues increased by 33.9 per cent, while service revenues increased by 15.2 per cent. For Business Unit Central, total revenues increased by 103.3 per cent. Organic growth amounted to 18.5 per cent. System revenues increased by 88.8 per cent, while service revenues increased by 125.6 per cent. Future contracted cash flows from Proact Finance amounted to SEK 101 million (129) as at 31 December 2022.

Proact has good revenue distribution in respect of its various industry segments. The three biggest industry segments are Public Sector, Trade & Services and Manufacturing Industry.

### Revenues per sector




**Revenues per operating segment**

| SEK millions | Jan–Dec 2022 | Jan–Dec 2021 | Jan–Dec 2020 |
|---|---|---|---|
| System sales | 2,861 | 2,002 | 2,192 |
| Service operations | 1,889 | 1,519 | 1,440 |
| Other revenues | 6 | 3 | 1 |
| **Total revenues** | **4,757** | **3,525** | **3,633** |

System revenues increased compared with the previous year, amounting to SEK 2,861 million (2,002) during the year. When adjusted for currency effects[1] and acquisitions and divestments, system revenues increased by 35.2 per cent. The revenues for the services business, attributable to consultancy services, contract customer support, management and cloud services, increased by 24.3 per cent compared to the previous year. When adjusted for currency effects[1] and acquisitions and divestments, system revenues increased by 6.3 per cent.

New contracts have been concluded relating to cloud services to the value of SEK 563 (402) million. The revenues from cloud services are recognised as income over the term of the contract, which is normally between 3 and 5 years. Both customer support and cloud services are contributing to a positive development of the company's total recurring revenues, which is important for the company's future growth in profits. Revenues for the year from cloud services totalled SEK 944 million (726) , an increase of 30 per cent. Revenues for the year from support services totalled SEK 513 million (468), an increase of 9.6 per cent. Revenues for the year from consultancy services totalled SEK 432 million (325), an increase of 32.9 per cent.

Adjusted operating profit before depreciation of intangible assets, adjusted EBITA, for the full year 2022 totalled SEK 315 million (204), which is an increase of 54.4 per cent compared to the previous year. Profit before tax amounted to SEK 244 million (152) for the same period, representing an increase of 60.5 per cent.

**EBITA per Business Unit**

| SEK millions | Jan–Dec 2022 | Jan–Dec 2021 | Jan–Dec 2020 |
|---|---|---|---|
| Nordics & Baltics | 174.1 | 115.3 | 128.4 |
| UK | 36.4 | 34.7 | 39.1 |
| West | 45.3 | 22.8 | 29.5 |
| Central | 45.7 | 30.9 | 28.2 |
| Groupwide | 13.7 | 0.6 | –5.6 |
| **Adjusted EBITA (before exceptional items)** | **315.1** | **204.4** | **219.4** |
| Exceptional items | 2.0 | -6.9 | -2.8 |
| **EBITA** | **313.1** | **197.5** | **216.7** |

EBITA increased in Business Unit Nordics & Baltics and Business Unit UK due to revenue growth. EBITA increased in Business Unit West due to the increased revenue and the efficiency programme implemented in 2021. EBITA in Business Unit Central increased, mainly due to the acquisitions of ahd and sepago.

The reported tax expense over the financial year amounted to SEK 53 (35) million, equivalent to an effective tax rate of 22 per cent (23).

Earnings per share amounted to SEK 6.97 (4.27).

## Financial position and cash flow

The Group's liquid funds amounted to SEK 505 million (464) as at 31 December 2022. In addition to this, the Group has an unused overdraft facility of SEK 159 (158) million. The equity ratio was 21.8 per cent (21.0) as at 31 December 2022. Net liabilities have fallen by SEK 34 million over the year (net liabilities increased by 283 in 2021), and as at 31 December 2022 the company has net liabilities of SEK 227 (million 261). Excluding leasing liabilities, the Group has net cash amounting to SEK 64 million (net liabilities amounting to 20 in 2021).

Cash flow amounted to SEK 12 million (-26) for the year as a whole, of which SEK 443 million (304) was from operating activities. SEK 41 million (50) has been invested in fixed assets, of which SEK 9.8 million (16) was invested in Proact Finance in respect of customer deliverables, and SEK 153 (359) million has been paid out in respect of acquisition of companies. A change in loans from credit institutes and use of overdraft facilities have had a total impact of SEK -62 (million 262) on cash flow. Dividends paid to the parent company's shareholders amounted to SEK 41 million (41).

Of total bank overdraft facilities of SEK 159 million (158), SEK 0 million (0) has been utilised. Bank loans amount to SEK 441 million (484). The parent company has bank loans of SEK 441 million (484) relating to a three-year credit facility totalling SEK 600 million. The credit facility was drawn in the second quarter of 2021 and will run until July 2024, with the option of extending for up to two years. This facility has been extended by one year in 2022. This bank loan includes lending terms in respect of net debt in relation to EBITDA. The lending terms have been met by a good margin in 2022 and as at 31 December 2022. The Group also uses invoice factoring in Sweden and Finland.

Total goodwill for the Group amounts to SEK 984 million (821), attributable primarily to the operations in the Netherlands, the United Kingdom, Sweden, Germany and Norway. Other intangible assets amount to SEK 231 million (225) and are depreciated over a useful life of five to ten years. The increase in goodwill and other intangible assets relates primarily to the acquisition of sepago.

The Group's total deductions for losses amount to SEK 96 million (95). It has been assessed that of this amount, SEK 29 million (9) can be made use of against future taxable profits and the tax effect of the estimated future deduction has been recorded as a deferred tax claim. As at 31 December 2022, a total of SEK 26 million (17) has been recorded as deferred tax receivables, of which SEK 7 million (2) is attributable to fiscal deficits. Tax expense for the year amounts to SEK 53 million (35). Tax paid throughout the year amounts to SEK 47 (million 44).

## Employees

The average number of employees over the year was 1,160 (1,027). On 31 December 2022, the company employed 1,253 people (1,178). The acquisition of sepago added a further 80 people.

## Parent company

The parent company's revenues for the year totalled SEK 140 million (105). Profit before tax for the year amounted to SEK 74 million (39). This result is largely due to dividends and Group contributions from subsidiaries. The parent company's liabilities in a joint Group currency account amounted to SEK 313 million (220) as at 31 December 2022. At the end of the period, the number of people employed by the parent company totalled 18 (17).

The parent company's operations remained unchanged during the period and comprise groupwide functions and work relating to capital market and shareholder relations. There have been no significant transactions with related parties besides those with the executive in the capacity of employees.

1) Currency effects are the differences between revenues for the year, translated at the currency exchange rates for the year and the previous year respectively.

**Environment**

The company does not carry on any business affected by registration or licence obligations under the Swedish Environmental Code.

**Research and development**

The company's research and development operations are run by means of an innovation process established within the company. This process is ensuring that the company will meet the market's needs and requirements as effectively as possible, and also that new products and services will be developed in a time-efficient, cost-effective manner. No research and development expenditure has been capitalised.

The company also maintains close contact with the leading and most important suppliers of data storage and cloud service solutions. The company also keeps track of technical developments in the company's focus areas by means of participation in trade fairs and seminars.

**Risks and uncertainty factors**

The Group manages financial risks on the basis of a finance policy laid down by the Board. The Group's operational risks are mainly assessed and managed by the Group executive and reported to the company's audit committee and Board of Directors.

See the section entitled "Risks and risk management" for a detailed description of risks and risk management.

**Board and executive**

Jonas Hasselberg has been Chief Executive Officer and President of Proact IT Group AB since 1 September 2018. Other senior executives in 2022 were Ann-Charlotte Arnshav (VP Service Operations) (until August 2022). Paul de Freene (VP Service Operations) (from October 2022), Danny Duggal (VP Commercial & Communications), Jonas Ekman (VP Mergers & Acquisitions). Linda Höljö (CFO), Mark van Liempt (Business Unit Director West), Madeleine Samuelson (VP People & Sustainability), Rene Schulein (Business Unit Director Central). Per Sedihn (CTO & VP Portfolio & Technology), Magnus Lönn (Business Unit Director NOBA) (from July 2022) and Martin Thompson (Business Unit Director UK).

Anna Söderblom was elected Chair of the Board at the Annual General Meeting held on 5 May 2022. Martin Gren, Erik Malmberg, Annikki Schaeferdiek and Thomas Thuresson were re-elected to the Board.

Each year, the Board defines an agenda for the Board and instructions for the Chief Executive Officer. This agenda determines – among other things – which issues are to be discussed at the Board meetings, the forms of Board meetings, minutes and reports, as well as the distribution of work between the Board and the Chief Executive Officer.

The Board has met 13 times in 2022. At all ordinary general meetings, the Board has discussed Proact's operations and financial position, looking at lines of business and financial administration. In addition, the Board has discussed strategic issues such as financial targets, the establishment of business and operational plans, acquisitions, issues relating to personnel and organisation, legal issues and essential policies. Individual Board members have assisted the Group executive on various issues of a strategic nature. The Board has appointed two Board members to make up an audit committee, two to make up a remuneration committee, and two to make up an M&A committee.

The company's auditor participates in Board meetings at least once a year and on such occasions reports on observations from the inspection. The audit committee has met four times over the year.

The company's auditor has participated in all meetings of the audit committee throughout the year.

**Guidelines on remuneration for senior executives**

The 2020 Annual General Meeting decided that the following guidelines for remuneration to senior executives should apply until the 2024 Annual General Meeting, unless circumstances arise that necessitate revision of this at an earlier stage.

These guidelines include the Chief Executive Officer, the Deputy Chief Executive Officer and the corporate management team. The guidelines must be applied to remuneration agreed and amendments made to remuneration agreed previously when the guidelines have been adopted by the 2020 Annual General Meeting. The guidelines do not cover remuneration decided upon by the Annual General Meeting.

**Promotion of the company's business strategy, long-term interests and sustainability by the guidelines**

The combination of digitisation and rapid technical development in the fields of data analytics and artificial intelligence, for example, means that customers' IT infrastructures are becoming increasingly complex, with growing information volumes.

If Proact is to be relevant to customers, it must go on ensuring an excellent customer experience and providing a market-leading offering and delivery model.

Essentially, Proact is working in accordance with the following strategies in order to achieve this:

- **Broaden our market position** – Our offering, geographical spread, expertise and strong partner relations provide us with good opportunities to further strengthen our market position – as a strategic partner, we help our customers in their efforts to digitalise, create greater flexibility and secure their data.
- **Accelerate our hybrid cloud offering** We must continue to broaden our portfolio in respect of data centres and our own managed cloud services, as well as our own value-added services on top of the public cloud. We must increase our commercial focus on our cloud offering and thereby broaden the dialogue with existing and new customers.
- **High quality service delivery with satisfied customers** – Consistent processes and procedures at our delivery hubs create a cost-effective organisation for service delivery. We will continue to improve and streamline our service delivery by harmonising our delivery platforms and processes, increased automation and orchestration, and increasingly data-driven decision-making and monitoring.
- **Accelerate growth through acquisition** – We are continuing to focus on supplementing organic growth with strategic corporate acquisitions, leading to increased market shares in important geographical regions and contributing to growth within strategic focus areas.

Successful implementation of the company's business strategy and safeguarding of the company's long-term interests, including its sustainability, require the company to be able to recruit and retain qualified employees. For this, the company needs to be able to offer competitive remuneration. These guidelines make it possible to offer senior executives competitive overall remuneration.

Long-term share-related incentive schemes have been established within the company. Decisions on these have been made by the Annual General Meeting, so they are not covered by these guidelines. This is why the long-term share related incentive program proposed by the Board for adoption by the 2022 Annual General Meeting is not covered either. This program essentially corresponds to existing schemes. These programs include the Chief Executive Officer and corporate management team, among others. The performance requirements used to assess the outcome of the schemes are clearly linked with the business strategy, and hence to the company's long-term value creation, including its sustainability. These performance requirements currently include earnings per share, net revenues and return on capital employed. The schemes also define requirements for personal investment and multi-year holdings. Flexible cash remuneration covered by these guidelines must aim to promote the company's business strategy and long-term interest, including its sustainability.

**Forms of compensation, etc.**
Remuneration must be in line with market conditions and must comprise the following components: fixed cash salary, flexible cash remuneration, pension benefits and other benefits. The Annual General Meeting may also – independently of these guidelines – make decisions on remuneration related to shares and share prices, for example.

It must be possible to gauge compliance with criteria for the payment of flexible cash remuneration over a period of one or more years. The flexible remuneration must be limited in terms of the maximum amount paid annually and on average, and flexible cash remuneration for senior executives must amount to no more than 70 per cent of the fixed annual cash salary.

Further flexible cash remuneration may be payable under extraordinary circumstances, provided that such extraordinary events are limited in time and are implemented merely at individual level, either with a view to recruiting or retaining employees or as compensation for extraordinary effort that goes above and beyond the individual's regular work. Such remuneration must not exceed an amount equivalent to 50 per cent of the fixed annual cash salary, and it must not be paid more than once per year per individual. Decisions on such remuneration must be made by the Board pursuant to proposals by the remuneration committee.

Pension benefits, including health insurance, must be of defined-contribution type for the Chief Executive Officer. Flexible cash remuneration must not be pensionable. The pension premiums for defined-contribution pension must amount to no more than 30 per cent of the fixed annual cash salary. Pension benefits, including health insurance, must be of defined-contribution type for other senior executives unless the executive is covered by a defined-benefit pension according to compulsory collective agreement provisions. Flexible cash remuneration must the pensionable to the extent defined by compulsory collective agreement provisions that are applicable to the executive. The pension premiums for defined-contribution pension must amount to no more than 25 per cent of the fixed annual cash salary.

Other benefits may include life insurance, health insurance and car benefits. Premiums and other expenses relating to such benefits must not exceed, in total, a maximum of 20 per cent of the fixed annual cash salary. As regards employment conditions governed by regulations other than Swedish ones and relating to pension benefits and other benefits, appropriate adjustments may be implemented in order to ensure mandatory compliance with such regulations or defined local practice, complying with the overall purpose of these guidelines as far as possible.

**Termination of employment**
When employment is terminated by the company, the notice period must not exceed twelve months. In total, fixed cash salary during the notice period and severance pay must not exceed an amount corresponding to eighteen monthly salaries for all senior executives. When employment is terminated by the executive, the notice period must not exceed six months, with no entitlement to severance pay.

**Criteria for allocation of flexible cash remuneration, etc.**
Flexible cash remuneration must be linked to predefined, measurable criteria, which may be financial or non-financial. They may also involve customised quantitative or qualitative targets. These criteria must be formulated so that they promote the company's business strategy and long-term interests, including sustainability, by maintaining a clear link to the business strategy, for example, or promoting the long-term development of the executive.

The extent to which the criteria have been met must be assessed/established when the measurement period for compliance with criteria for payment of flexible cash remuneration comes to an end. The remuneration committee prepares the assessment in respect of flexible cash remuneration to the Chief Executive Officer. The Chief Executive Officer is responsible for assessment in respect of flexible cash remuneration to other officers. As far as financial targets are concerned, this assessment must be based on the latest financial information published by the company.

**Salaries and employment terms for employees**
When preparing the Board's proposals for these remuneration guidelines, salaries and employment terms for the Group's employees have been taken into account in that information on employees' overall remuneration, remuneration components, increases in remuneration and the rate of increase over time have constituted elements in the decision data used by the remuneration committee and the Board when evaluating the fairness of the guidelines and the restrictions pursuant to the same. The development of the difference between remuneration to senior executives and remuneration to other employees will be outlined in the remuneration report.

**The decision-making process for establishing, reviewing and implementing the guidelines**
The Board has established a remuneration committee. The work of the committee includes preparing the Board's decisions regarding proposals for guidelines for remuneration to senior executives. The Board must compile proposals for new guidelines every four years as a minimum and submit these proposals to the Annual General Meeting for a decision to be made. The guidelines must apply until new guidelines have been adopted by the Annual General Meeting. The remuneration committee must also monitor and evaluate flexible remuneration schemes for the corporate executive, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels within the company. The Chief Executive Officer and other members of the corporate executive do not attend Board meetings to discuss and make decisions on issues relating to remuneration if they are impacted by the issues at hand.

### Deviating from the guidelines

The Board may decide to deviate entirely or partly from the guidelines on a temporary basis if there are specific reasons for doing so in a particular case and deviation is necessary in order to safeguard the long-term interests of the company, including its sustainability, or in order to guarantee the financial strength of the company. As stated above, the work of the remuneration committee includes discussing the Board's decisions on remuneration issues, which includes decisions on deviation from the guidelines.

There have been no deviations from the guidelines in 2022.

### Performance share progam

A decision was made at the Annual General Meeting on 5 May, with the requisite majority, to implement a performance share program in accordance with the Board's proposal. The 2022 performance share program follows the same structure as the performance share program decided at the 2021 annual general meeting, with the same performance targets. The 2022 performance share program has been formulated to drive profitability and growth and includes around 19 individuals; the company's Chief Executive Officer, the Group executive and other key individuals within the company. For more information, see Note 9 and the remuneration report.

### Corporate governance

Corporate governance at Proact IT Group AB (publ) is based on the Companies Act, the Swedish Company Accounts Act, the Articles of Association, the listing agreement with Nasdaq Stockholm and the Swedish Code of Corporate Governance. The corporate governance report, including the Board of Directors' report on internal auditing for 2022, has been compiled as a separate document which can be found on page 43. The report is also published on the Proact website.

### Sustainability report

In accordance with Chapter 6, Section 11 of the Swedish Company Accounts Act, Proact IT Group AB (publ) has compiled the statutory sustainability report on pages 4–7 and 20–28 in the annual report.

### Ownership structure

Proact shares have been listed on Nasdaq Stockholm with ticker symbol PACT since July 1999. Proact had 6,903 (5,761) shareholders as at 31 December 2022, most of whom were private individuals with small holdings. The two biggest shareholders, each with holdings in excess of 10 per cent, were Aktiebolaget Grenspecialisten with a holding of 11.1 per cent and Livförsäkringsbolaget Skandia with a holding of 10.9 per cent.

As far as the Board of Directors is aware, there are no contracts between shareholders requiring specific information in accordance with the Swedish Company Accounts Act.

### The share

Share capital amounts to SEK 10,618,837, divided over 28,001,658 shares with a quotient value of 0.38. All shares entitle the holder to an equal share of the company's assets and profits and entitle the holder to one vote at the Annual General Meeting. At the Annual General Meeting, every individual entitled to a vote may vote with the full number of votes he owns and represents in shares, without limitation as to voting rights.

### Buy-back of own shares

Shares are bought back partly with a view to adjusting the company's capital structure, and partly with a view to using bought-back shares as cash in or for the financing of acquisitions of companies or businesses.

At the Annual General Meeting held on 5 May 2022, the Board of Directors was authorised to acquire up to 10 per cent of the company's shares by the next Annual General Meeting.

Up to and including 31 December 2022, no shares have been bought back under this authorisation.

During 2022, no shares in the company's own custody have been used for acquisitions of companies.

The total number of own shares held by the company is 546,807 as at 31 December 2022, which is equivalent to 2.0 per cent of the total number of shares. The total purchase price paid for shares in own custody is SEK 32.5 million, corresponding to an average acquisition value of SEK 59 per share.

### Significant events after the end of the fiscal year

No significant events have occurred after the end of the financial year.

### Expectations of the future

Most of our customers are large and medium-sized companies and organisations within a range of different industries on the majority of markets in Europe. The rapid rate of digitisation taking place within the majority of industries means that IT is taking on more and more strategic importance, as an IT function that works well is frequently a prerequisite for efficient running of the core business. In turn, this means that the underlying growth in digital business-critical information is still high. The combination of rapid digitisation and the increasing volume of business-critical information means that IT infrastructure is becoming increasingly complex and new demands are being made. As a result, more and more companies and organisations are evaluating options for using various services and new fields of technology in order to simplify their IT operations and ensure that their supply of IT services meets the requirements defined by business operations and their customers.

Securing business-critical information is of utmost importance, whether it is to comply with various regulations, legal requirements or to protect against mistakes, sabotage or malicious software code. Information security is thus a very important part of the business and affects the business decisions made.

One clear market trend is that more customers want to offer in-house IT as a service, where users themselves order and consume different types of IT service based on the needs of each individual user. To facilitate the supply of IT as a service, companies and authorities are implementing a combination of private and public cloud services, known as hybrid clouds, to an ever-increasing extent. The aim of this is to be able to supply cost-effective, flexible IT services to both internal and external users.

Besides the above market trends, automation – for instance – is an area that is becoming increasingly important. This creates opportunities to facilitate administration and thereby reduce complexity and risks. Automating the underlying elements at a data centre allows IT services to be supplied more quickly, and these services are more capable of supporting the commercial requirements and needs demanded by the business.

The need for ongoing streamlining, as well as a growing demand for solutions and services in Proact's specialist fields, is indicating major potential for growth for the company. Proact has established methods, processes and services to offer so as to meet demand on the market and provide the most effective support to its customers.

## Dividend policy

The company's policy on dividends is adapted to suit the Group's profit level, financial position and investment requirements. The dividend proposal is weighed up between shareholders' expectations for reasonable direct returns and the company's need to be able to finance itself. In the long term, Proact intends to issue a dividend of 25–35 per cent of profits after tax.

## Dividend proposal and proposed appropriation of profits

The Board of Directors will propose a dividend of SEK 1.85 (1.50) per share to the Annual General Meeting for the 2022 fiscal year.

**The Annual General Meeting has at its disposal:**

| | | |
|---|---|---|
| Retained earnings | 276,801,688 | SEK |
| Profit/loss for the year | 68,753,761 | SEK |
| **Total non-restricted equity** | **345,555,450** | **SEK** |

**The Board of Directors proposes appropriation of retained earnings as follows:**

| | | |
|---|---|---|
| Dividend, SEK 1.85 per share | 50,791,474 | SEK |
| Carried forward | 294,763,976 | SEK |
| **Total** | **345,555,450** | **SEK** |

## The Board of Directors proposes appropriation of retained earnings as follows:

There are 28,001,658 registered shares within the company, of which – as at 30 March 2023 – 546,807 shares are bought-back own shares not entitled to dividends.

The Board submits the following statement of motivation in accordance with Chapter 18, section 4 of the Companies Act with regard to the proposed appropriation of profits:

The proposed dividend amounts to 12 per cent of the company's equity and 6 per cent of the Group's equity. Non-restricted equity in the parent company at the end of the 2022 financial year amounted to SEK 345,555,450. The annual report indicates that the Group's equity ratio amounts to 21.8 per cent. It may further be noted that the Group has cash and cash equivalents amounting to approximately SEK 505 million, unutilised bank overdraft facilities amounting to approximately SEK 159 million and net debt of SEK 221 million.

For the company's accounted profit/loss for the financial year and its situation as at 31/12/2022, see the income statement and balance sheet below, the equity report and the cash flow analyses, as well as the notes pertaining to these.

# Risks and risk management

Proact's risk management framework aims to identify, control and reduce the risks linked with its operations.

Proact ensures that decisions on risks are made at the right level of the business, dependent on the impact a risk may have on Proact's business objectives. Risks may be identified by each subsidiary or by Group functions, and actions are approved locally or at Group level as defined in the risk framework. Risks limited to local operations are generally managed within each subsidiary or business unit, but certain legal, strategic and financial risks are managed at Group level.

All risks and mitigation measures are evaluated regularly so as to determine the impact of the activities.

| Business and operations / legal and regulatory issues | Handling |
|---|---|
| **IT systems and cybersecurity** | **IT systems and cybersecurity** |
| Proact manages large volumes of business-critical data for its customers. Incidents involving cybersecurity may have a significant adverse impact on Proact's business, operations, financial results and relationships with customers and suppliers. | Proact invests major resources in cybersecurity and has a number of employees who are tasked with ensuring that the company goes on implementing improved measures to reduce the risk of unauthorised access and suchlike. Proact has internally appointed both information security, and data protection officers for the Group, who work together in close collaboration. All employees receive mandatory annual training on cybersecurity and privacy. |
| **Workers and talent management** | **Workers and talent management** |
| An inability to recruit, develop, motivate and retain qualified employees could have a negative impact on Proact's success. | As future success is dependent on the ability to maintain its reputation as an attractive employer, Proact has a number of customised training schemes and in-house schemes. Employer branding and talent acquisition is a key focus for Proact's People and Culture strategy. This includes further development of our ability to attract, develop and retain both employees with high and/or niche skill competencies, and also young talent. |
| **Acquisitions and integration** | **Acquisitions and integration** |
| The implementation of acquisitions involves risk. The acquired company's relations with customers, suppliers and key individuals may be adversely affected. This is also a risk that integration processes may become more costly or more time-consuming than calculated, and that anticipated synergies may fail to emerge. | Proact evaluates potential candidates for acquisition on the basis of an evaluation model, which includes potential synergy effects and how well the candidate for acquisition supports Proact's strategies. A review (due diligence) of the entire company takes place in due course before a decision is made so that any risks can be evaluated. A structured integration plan overseen by a steering group at Group level is followed. Experience gained from acquisition and integration work carried out creates a strong foundation for successful limitation of these risks in future. |
| **Management of contracts** | **Management of contracts** |
| Inherited contract risk due to acquisition. | Proact focuses on contract management during integration, including training of relevant new colleagues on contract compliance processes, and amendment of contract documentation. |

| Market and environment | Handling |
|---|---|
| **The general market, political and economic situation** | **The general market, political and economic situation** |
| The general market situation affects the options and inclination of Proact's existing and potential customers to invest. | Proact operates over a significant geographical area, and the company has a broad customer base in a large number of industries. As digital information volumes for storage and archiving are growing to a great extent while Proact is at the same time offering its customers streamlining and cost savings, Proact's impact on the general market, political and economic situation is relatively limited. The fact that approximately a third of Proact's total sales are contracted for one to five years also alleviates the effects of market fluctuations. Rising inflation, as well as the overall global economy more generally is continuing to affect both individual customers' decision-making processes and desire to invest. Continued geopolitical uncertainty as a result of Russia's war against Ukraine also risks creating further uncertainty among customers, as well as possible disruptions to Proact's supply chains. Proact has every chance of continuing to provide contracted services such as support and operating services and outsourcing services. However, there is still a risk that Proact could be adversely affected financially by continued supply chain disruptions, as well as by customers' willingness to invest. In the short term, the company's good liquidity and stable financing mean that the continued assessment is that the situation can be managed. Proact has implemented – and will continue to implement – measures that we believe are in the best interests of our employees, our customers, our suppliers and other third parties. |
| **Customers** | **Customers** |
| A limited geographical presence or a presence in an industry sector may affect Proact's business. | Proact has a good risk spread with regard to geographical presence and customer segments. Our biggest customers can be found in the sectors of trade/services, the public sector, telecoms a nd the manufacturing industry and are spread over a number of countries. Proact's ten biggest customers are responsible for 21 per cent (21) of sales, and no one customer represents more than 6 per cent (5) of revenues. |
| **Suppliers** | **Suppliers** |
| Dependence on key suppliers may affect Proact's ability to deliver on customer contracts. | Proact works continuously with evaluation of various suppliers in order to minimise risk exposure and dependency. As an independent integrator, Proact has the opportunity to achieve a good balance between a number of market-leading strategic suppliers in combination with smaller niche suppliers in the respective product areas. |

| Products and technology | Products and technology |
|---|---|
| Risk of not meeting market requirements. The IT sector is constantly undergoing development as regards products and technology, with requirements for more efficient solutions helping customers to save money. | Proact is constantly evaluating new technologies and developing new products and services in close partnership with its customers and suppliers to be able to provide the best solutions possible for the market. |

| Competitors | Competitors |
|---|---|
| Most competition risk comes from integrators focusing on general IT business, public cloud services suppliers and global IT service companies. | Proact's competitive advantages lie mainly in being an independent integrator with specialist expertise and extensive experience with regard to data centres with associated consultancy and support ser- vices, and also in the field of cloud services. Our international geographical spread, close relationship with customers locally, and varied customer base from an industry perspective puts us in a strong competitive position. Customer satisfaction survey results continue to be strong, with ratings increased since last year. We are constantly developing our product portfolio, expertise and strong partner relationships to further strengthen our market position and competitive advantage. |

## Financial risks / Handling

### Liquidity risk

Liquidity risk is the risk of the company not being able to meet its payment obligations in full, or of only doing so on significantly unfavourable terms due to a shortage of cash.

**Handling – Liquidity risk**

Fundamentally, liquidity risk is managed with caution at Proact. Liquidity planning, in combination with credit limits and lending facilities, is used to ensure that the Group has sufficient liquid funds at all times.

At the end of the year, Proact had cash and cash equivalents amounting to SEK 505 million (464) and an unutilised overdraft facility of SEK 159 million (158), and at the same time net cash has decreased by SEK 34 million to SEK 227 million during the 2022 financial year. Liabilities relating to leasing in accordance with the IFRS 16 accounting rules - see also Note 27 - has had a negative impact on net liabilities in the amount of SEK 49 million. Excluding leasing liabilities, the company has net cash amounting to SEK 64 million. According to the company's finance policy, the parent company must manage the Group's investments of surplus liquidity. Investments must be made in bank accounts or in interest-bearing securities. Securities must relate to government bonds or treasury bills. Investments may only be made with counterparties with a high credit rating of at least A- (Standard & Poor's) or A2 (Moody's). Short-term liquidity requirements are currently provided for by overdraft facilities. To ensure that these needs can be met, a strong financial position is required in combination with active efforts to gain access to such credit.

### Finance risk

"Finance risk" relates to the risk of the financing of the Group's capital requirements and refinancing of outstanding loans being impaired or made more expensive.

**Handling – Finance risk**

Bank loans amount to SEK 441 million (484). The parent company has bank loans amounting to SEK 441 million (484) and relates to a three-year revolving credit facility for a total of SEK 600 million that Proact agreed in the third quarter of 2021.

This contract has an option for an extension of up to two years, where Proact has used the option to extend the contract with one year during 2022. This bank loan includes lending terms in respect of net debt in relation to EBITDA. The lending terms have been met by a good margin in 2022 and as at 31 December 2022. See Note 24 for further information. The company also uses invoice factoring in Sweden and Finland. With invoice factoring, the risk remains with the company until the customer pays. Overdraft facilities granted amounted to SEK 159 million, of which SEK 159 million was unutilised as at 31 December 2022. The company is unable to guarantee that no capital requirement will arise. Failure to generate profits or meet future needs for finance may substantially affect the market value of the company.

### Capital

The group's objective is to maintain a stable financial position which safeguards the Group's ability to continue operating and generating returns for shareholders, while also benefiting other stakeholders.

**Handling – Capital**

Proact's managed capital consists of equity. The company's objective is to use established strategies to achieve a good financial position and so prepare profits for shareholders by increasing the value of the managed capital. There are no external capital requirements other that those referred to in the Swedish Companies Act. A dividend of SEK 41,182,277, equivalent to SEK 1.50 per share, was distributed in 2022 for the 2021 fiscal year.

### Credit/counterparty risk

Credit risk is the risk that the counterparty in a transaction will not meet its financial obligations and that collateral does not cover the company's receivables.

**Handling – Credit/counterparty risk**

The predominant element of Proact's credit risk relates to receivables from customers. Proact's sales are divided over a large number of end-customers spread over a broad geographical area, which limits the concentration of credit risk. The credit risk within the Group must be kept to a minimum by establishing a credit limit for each and every one of the company's customers and partners, as well as entering into contracts were considered necessary with a view to minimising credit risk. Below is an analysis of accounts receivable as at 31 December:

| | 2022 | % | 2021 | % |
|---|---|---|---|---|
| Not due | 712.6 | 83.9 | 468.1 | 85.8 |
| < 30 days | 111.9 | 13.2 | 65.6 | 12.0 |
| 31 - 60 days | 17.0 | 2.0 | 8.6 | 1.6 |
| 61 - 90 days | 4.2 | 0.5 | –0.6 | –0.1 |
| >90 days | 4.2 | 0.5 | 3.8 | 0.7 |
| **Total** | **849.8** | **100.0** | **545.5** | **100.0** |

The credit quality of non-overdue receivables is deemed to be good. Customer losses for the year amount to SEK 0 thousand (0). Reserves for uncertain receivables amount to SEK 870 thousand (960). Of total trade receivables, 3 per cent (2) are older than 30 days.

| Risk | Handling |
|---|---|
| **Currency risk** | **Currency risk** |
| Currency risk is the risk of changes in currency exchange rates having an adverse effect on the income statement, balance sheet and cash flow. | Proact is particularly subject to exchange rate risks in the USD and EUR currencies, as most of its purchases are from suppliers which invoice in these currencies. The currency risk which may arise is managed by means of a currency clause with customers. This covers the currency risk which may occur from the time of tendering until delivery to the customer, and also by hedging major purchases in foreign currencies. Under Proact's financial policy, all exposure in excess of EUR 200 thousand/ USD 250 thousand must be hedged. The fair value of outstanding forward contracts as at 31 December 2022 amounted to SEK -5,496 thousand (-1,291). The purchase and sale of foreign currencies is reported in Note 14.<br><br>*Sensitivity analysis*<br>The Group's profit is affected by factors such as changes in foreign currency exchange rates in relation to SEK. Many of the Group's purchases are made in EUR and USD, while at the same time sales to end customers are made in local currency. A 10 per cent change in currency exchange rates would affect profit before tax as follows:<br>SEK/EUR +/- 10% SEK +/- 19 million (effect on equity after tax SEK +/- 15 million)<br>SEK/USD +/-10% SEK +/-23 million (effect on equity after tax SEK +/-18 million).<br>The effects above have been calculated based on circumstances in 2022 and the events must be viewed as isolated, without measures being taken to compensate for any drop-off in earnings. |
| **Interest rate risk** | **Interest rate risk** |
| Interest risk is the risk that permanent changes in market interest rates will adversely affect cash flow or the fair value of financial assets and liabilities. Interest rate risk exposure arises mainly from outstanding external loans. The impact on net interest is partly due to average interest terms on borrowings. | In accordance with the Group's financial policy, all external borrowings have short interest terms; three months on average. No interest rate derivatives were utilised to manage this risk in 2022. Lending and interest rates are specified in greater detail in Note 24.<br><br>*Sensitivity analysis*<br>An instantaneous reasonable change in the interest rate as at 31 December would have no significant impact on the Group's profit or equity. The balances attributable to interest-bearing liabilities are not affected by an instantaneous change in the interest rate as they are valued at accrued acquisition cost. Liabilities to credit institutions have variable interest rates, and the reported interest rate is on a par with the current interest rate on liabilities to credit institutions, and other financial assets and liabilities have short terms. On the basis of this, the book values of all financial assets and liabilities are deemed to be a reasonable estimate of their fair values. |

| Sustainability risks | Handling |
|---|---|
| **Risks involving business ethics** | **Risks involving business ethics** |
| Risk of improper business practices in our sales operations. Proact must be awarded assignments in accordance with applicable procurement rules and on the basis of principles involving business ethics. | Proact maintains a zero-tolerance approach to bribery in accordance with the Proact code of conduct, which all employees have viewed. All employees complete mandatory annual bribery and corruption awareness training. The company has a whistleblower policy that provides all employees with information on how to report suspected deviations. |
| **Equality and diversity** | **Equality and diversity** |
| Risk of damage to employer brand. | Proact promotes diversity in the workplace and ensures that people with similar qualifications are given the same employment terms and opportunities without diction or discrimination on the basis of age, race, skin colour, national origin, religion, gender or disability. |
| **Social and environmental responsibility** | **Social and environmental responsibility** |
| Risk of improper practices in our supply chains, Proact complies with applicable laws, standards and guidelines in respect of health, safety and the environment. | Proact operates in compliance with all applicable laws and industry standards with regard to working hours and working conditions for employees and undertakes appropriate measures to ensure that our suppliers also operate in compliance with these laws and standards. Proact tolerates no forms of contemporary slavery, human trafficking or breaches of human rights in either the business or the supply chain. Proact always aims to use limited resources efficiently in order to prevent or reduce any harmful impact on the environment as a consequence of what the company does. |

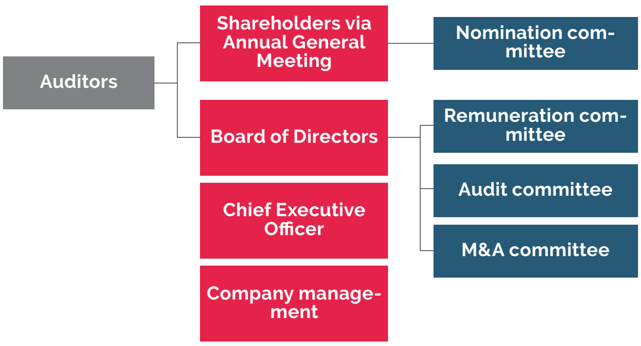
# Corporate governance report

Proact IT Group AB (publ) is a parent company in the Proact Group which consists of a number of subsidiaries as outlined in the annual report, Note 17.

This corporate governance report has been compiled in accordance with the Swedish Company Accounts Act and the Swedish Code of Corporate Governance.

The parent company and Group are governed via the Annual General Meeting, the Board of Directors and the Chief Executive Officer in accordance with the Swedish Companies Act, the Swedish Company Accounts Act, the company's Articles of Association, the listing agreement with Nasdaq Stockholm and the Swedish Code of Corporate Governance. This code is based on the "comply or explain" principle. Proact deviates from the recommendations of the code in respect of one item: the company's half-yearly and nine-monthly reports have not been reviewed by the auditors. The Board has determined that based on the complexity of the company and the business risks, such a review would not add value coreresponding to the resources and costs involved.

### Governance structure




### Annual General Meeting

The Annual General Meeting is the highest governing body of Proact. The Annual General Meeting of Proact IT Group AB is held annually in April or May in Stockholm. The time and date of the meeting is published at the latest when the interim report for the third quarter is issued and published simultaneously on the company's website. The Annual General Meeting elects Proact's Board of Directors and its Chair. The other tasks of the Annual General Meeting also include

- approving and adopting the company's income statements 'and balance sheets
- making decisions on allocation of the company's profit
- making decisions on changes to the Articles of Association
- electing auditors
- making decisions on discharge from liability for Board members and the Chief Executive Officer
- making decisions on remuneration for for Board of Directors and auditors
- approving the appointment of a nomination committee

Shareholders who do not have the opportunity to attend the General Meeting in person may instead participate via a representative. The Board of Directors also has the option of allowing shareholders to participate by postal vote.

The "Ownership" section in the Directors' Report indicates the direct or indirect shareholdings in the company which represent at least one-tenth of the voting rights for all shares in the company.

The "Shares" section also indicates the restrictions on how many votes each shareholder can cast at an Annual General Meeting.

### Annual General Meeting 2022

Proact's Annual General Meeting was held by postal vote on 5 May 2022. 46 shareholders representing 51.2 per cent of both the number of shares and the total number of votes in the company exercised their voting rights by postal vote. Among other things, the following decisions were made:

- The income statement and balance sheet, and the consolidated income statement and consolidated balance sheet were approved and adopted.
- The Board's remuneration report was approved.
- The Board's proposal for a dividend of SEK 1.50 per share for the financial year 2021 was adopted.
- The Board of Directors and Chief Executive Officer were granted discharge from liability for the 2021 fiscal year.
- Remuneration payable to the Board of Directors was set at a total of SEK 2,055,000.
- Remuneration to the auditors will be paid in accordance with an approved invoice. PwC were re-elected as auditors.
- Anna Söderblom was newly elected as a Board member and was also elected as Chair of the Board.
  The following other Board members were re-elected:
  – Martin Gren
  – Annikki Schaeferdiek
  – Thomas Thuresson
  – Erik Malmberg
- A decision was made, with the requisite majority, to implement the performance share program in accordance with the Board's proposal. This program has been formulated to drive profitability and growth and includes around 19 individuals; the company's Chief Executive Officer, the Group executive management team and other key
  individuals within the company.
  For more information, see Note 9.
- Establishment of principles for the appointment of a nomination committee for the 2023 Annual General Meeting.
- A decision was made to authorise the Board to make decisions on the new issue of shares.
  It was noted that payment through set-off must only take place in connection with acquisitions.
- A decision was made to authorise the Board to implement buy-back and transfers of the company's own shares. It was also decided that the Board can only buy back shares in such numbers that bought-back shares, together with any newly issued shares according to the authorisation decided upon in the section above, do not exceed a total of 10 per cent of the now outstanding number of shares. It was noted that payment through set-off must only take place in connection with acquisitions and that the company is not allowed to sell its own shares on Nasdaq Stockholm.

## Nomination committee

At the Annual General Meeting of Proact held on 6 May 2022, a decision was made for the nomination committee to comprise of representatives for the four biggest shareholders in terms of votes as at 30 September 2022; or the five biggest shareholders in terms of votes in the cases stated in the paragraph below. The nomination committee therefore has the right to require the attendance of the Chair of the Board at meetings of the nomination committee. The Chair of the Board must, without delay, contact the four biggest shareholders in terms of votes in accordance with Euroclear Sweden's list of shareholders as at 30 September 2022, and offer each and every one of them the opportunity to appoint a member of the nomination committee within a reasonable time.

If there is a change in the company's ownership structure after 30 September but before the date occurring two months before the forthcoming Annual General Meeting, and if a shareholder constituting one of the four biggest shareholders in the company in terms of votes after this change expresses a desire to the Chair of the nomination committee to become part of the nomination committee, this shareholder shall have the right to either appoint a further member of the nomination committee or, if so decided by the nomination committee, to appoint a member of the nomination committee who will replace the member that is the smallest shareholder in terms of votes after the change in ownership and that has appointed a member of the nomination committee. In addition, any member appointed by a shareholder that has sold more than half of its shareholding after 30 September and thus no longer constitutes one of the ten biggest shareholders in the company will be obliged to resign from the company's nomination committee within two weeks of the date of the sale.

The names of the members of the nomination committee must be published as soon as the nomination committee has been appointed. If any of the biggest owners declines to appoint a representative on the nomination committee, the next shareholder in order of size must be given the opportunity to appoint such a representative. A representative of the shareholders is appointed Chair of the nomination committee. The mandate period of the nomination committee continues until a new nomination committee has been appointed.

Where appropriate, the nomination committee must prepare and submit to the Annual General Meeting proposals for:

- election of a Chair for the meeting
- election of a Chair of the Board and other company directors
- directors' fees divided between the Chair and other company directors, plus remuneration for committee work
- election of and payment to auditors (where appropriate)
- decisions on principles for the appointment of a nomination committee

## Work of the nomination committee

The composition of the nomination committee was announced on 13 October 2022: it consists of Malin Ruijsenaars, Chair (Aktiebolaget Grenspecialisten), Stephanie Göthman (Livförsäkringsbolaget Skandia), Johannes Wingborg (Länsförsäkringar Fondförvaltning AB) and Wilhelm Gruvberg (Alcur Fonder AB). This nomination committee represented a total of around 38 per cent of votes in Proact as at 30 September 2022.

The nomination committee has applied rule 4.1 in the Swedish Code of Corporate Governance as its diversity policy when devising the proposal for the Board, with the aim of achieving effective composition of the Board in terms of diversity and breadth with regard to factors such as gender, nationality, age and industry experience. The ambition of the nomination committee is to propose a Board composition where members complement one another with their respective experience and skills in a manner that gives the Board the opportunity to help bring about positive development of the company. The nomination committee always focuses on diversity so as to ensure that the Board has different perspectives on its Board work and the considerations made. The nomination committee also takes into account the need for rejuvenation and carefully examines whether the proposed Board members have the opportunity to devote sufficient time and care to their Board work. All shareholders have the opportunity to consult the nomination committee with suggestions for Board members. The nomination committee has held several minuted meetings.

A report on the work of the nomination committee is published on the Proact website – www.proact.se, at the latest in connection with the notice to attend the 2023 Annual General Meeting.

## Board of Directors

Proact's Board of Directors makes decisions on issues relating to Proact's strategic focus, investments, finance, organisational issues, acquisitions and divestments and more important policies. The Board must also ensure that correct information is given to Proact's stakeholders in accordance with the governing regulations mentioned above.

## Board composition and diversity

According to the Articles of Association, the Board of Directors must consist of three to eight members, with at most five deputy members. These members, and where appropriate their deputies, are elected each year at the Annual General Meeting for the period until the next Annual General Meeting. At the Annual General Meeting held on 5 May 2022, it was decided that the Board would consist of five members and no deputies for the period until the next Annual General Meeting. The nomination committee applies the Swedish Code of Corporate Governance, section 4.1, as its diversity policy. The objective is to propose composition of a Board with complementary experience and skills, also demonstrating diversity in terms of age, gender, nationality and industry experience. The composition of the present Board is the result of the work of the nomination committee prior to the 2022 Annual General Meeting. The Board comprises members with experience of various industries, and there is even gender distribution.

The Articles of Association contain no provisions relating to the appointment or compulsory retirement of Board members or to amendments to the Articles of Association.

The Board is deemed to be compliant with the stock exchange rules from Nasdaq Stockholm and the Swedish Code of Corporate Governance in respect of requirements for independent Board members.

Every fiscal year, the Board of Directors carries out – either independently or with the help of external parties – a review of the work of the Board and CEO by means of:

- Evaluation of the work of the Board. A Board evaluation is carried out in the fourth quarter of the financial year with the assistance of an external consultant. The results of the questionnaire will be discussed by the Board and communicated to the nomination committee. The nomination committee will then hold interviews with all members during the same quarter or the first quarter of next year.
- Evaluation of the work of the CEO.
- The CEO's view of the work of the Board.

This review forms the basis for the Board's future working methods.

## Board remuneration

The Annual General Meeting on 5 May 2022 set the Board's total remuneration at SEK 2,055,000, of which the Chair of the Board will receive SEK 575,000 and the other members SEK 275,000 each. A total of SEK 400,000 will be payable for committee work. No further payments have been made to the Board over the year.

Board members are not included in any share or share price-related incentives schemes issued by the company.

## The Board's procedures

The work of the Board is governed by a set of procedures established annually which regulate the members' mutual division of work, decision-making arrangements, signing on behalf of the company, a meeting agenda for the Board and the tasks of the Chair. The work of the Board follows a set agenda intended to ensure that the Board's information needs are satisfied and that there is an appropriate distribution of work between the Board and the Chief Executive Officer.

In 2022, the Board held 13 meetings compared with 14 in the previous year. The control issues arising at Board meetings are dealt with by the Board where appropriate following preparation by the remuneration committee, M&A committee or audit committee. In addition, the company's auditors report directly at least once a year to the Board their observations from the review and their assessments of the company's internal control.

Besides the ongoing follow-up and monitoring of business, over the year the Board of Directors has dealt with corporate strategy, acquisitions, capital structure and organisational questions.

**Composition of the Board and attendance at Board meetings, 2022**

| Board member | Remuneration committee | Audit committee | M&A committee | Attendance at Board meetings, % |
|---|---|---|---|---|
| Anna Söderblom (from the 2022 Annual General Meeting) | ● | | ● | 100 |
| Annikki Schaeferdiek | | | | 100 |
| Martin Gren | ● | | | 100 |
| Thomas Thuresson | | ● | | 100 |
| Erik Malmberg | | ● | ● | 100 |
| Eva Elmstedt (until the 2022 Annual General Meeting) | ● | | ● | 100 |

**Board members' independence in respect of Proact, Proact's management team and major owners**

| Board member | Function | Date of birth | Nationality | Elected | Independent | Shareholding, 31/12/2022 |
|---|---|---|---|---|---|---|
| Anna Söderblom | Chair | 1963 | Swedish | 2022 | Yes | 3,500 |
| Martin Gren | Member | 1962 | Swedish | 2017 | No | 3,137,334[1] |
| Annikki Schaeferdiek | Member | 1969 | Swedish | 2017 | Yes | 3,000 |
| Thomas Thuresson | Member | 1957 | Swedish | 2018 | Yes | 1,500 |
| Erik Malmberg | Member | 1982 | Swedish | 2020 | Yes | – |

1) Holding personally and via legal entity.

**FEBRUARY**
Year-end report, report from auditors, review BU West, acquisitions

**MARCH**
Decision on annual reports, preparation of Annual General Meeting

**APRIL**
Interim report January–March, review of the service delivery organisation and acquisitions.

**MAY**
Annual General Meeting, inaugural Board meeting, establishment of instructions and policies. Election of committees. Start-up strategy and review of portfolio, market and communication.

**JUNE**
Acquisitions

**JULY**
Interim report, January–June

**SEPTEMBER**
Strategy and business plan, plus sustainability, budget guidelines, review BU UK

**OCTOBER**
Interim report, January–September. Risk review and review BU Central

**DECEMBER**
Establishment of budgets. Organisational development. Evaluation of the work of the Board, the Chief Executive Officer and the corporate management team. Review BU NOBA.

### Other information on Board members

- Anna Söderblom (Teacher/researcher at the Stockholm School of Economics plus Board work, previous senior positions at Microsoft, Posten and Industrifonden, among others). Member of the Board at Länsförsäkringar Liv, BTS Group, Midway Holding, B3 Consulting Group and Dedicare.
- Martin Gren (founder and advisor to Axis Communications AB)
  Chair at Axis Communications AB.
  Member of the Board at Askero Sagoboks Förlag AB, AB Grenspecialisten and H. Lundén Holding AB.
- Annikki Schaeferdiek (Founder and CEO of Syster P AB plus Board work, international experience in the IT/telecom industry).
  Chair of the Board at Formpipe Software AB
  Director of Syster P AB, Axiell Group AB and Addtech AB.
- Thomas Thuresson (Board work and CEO of Tetra Laval Real Estate AB, various previous positions at Alfa Laval Group, including as CFO)
  Chair of the Board at Terratech Group AB
  Director of JM AB and Skiold A/S and member of the Advisory Board for Solix Group AB.
- Erik Malmberg (Investment Advisory Professional, Triton Advisers (Sweden) AB).
  No other directorships

### Remuneration committee

The duty of the remuneration committee is to examine the principles for remuneration, including performance-based remuneration and pension terms for the company's senior executives, and to give recommendations to the Board concerning these issues. Issues relating to the Chief Executive Officer's terms of employment, remuneration and benefits are prepared by the remuneration committee and decided upon by the Board of Directors. This committee also discusses the general starting points for setting salary levels within the Group.

More information on remuneration to the Chief Executive Officer and other corporate executive employees can be found in the annual report, Note 9.

The remuneration committee comprises two Board members and has held two minuted meetings during the year, as well as maintaining constant contact by telephone and e-mail.

### Audit committee

The job of the audit committee is to prepare Board work on quality assurance of the company's financial reporting. This committee maintains constant contact with the company's external auditors in order to stay abreast of the focus and scope of the audit and discuss views on the company's risks. Decisions by the Board are required for non-audit services from the selected auditor that exceed SEK 500 thousand. Total fees for non-audit services must not exceed 70 per cent of the budgeted audit fee. This committee is also tasked with providing its evaluation of the audit work to the nomination committee and with assisting the nomination committee with production of the nomination committee's proposals to the Annual General Meeting concerning the election of auditors and the size of the audit fee. The committee also deals with issues related to internal control, risks, insurance and GDPR.

After the 2022 Annual General Meeting, the audit committee comprises two Board members. The Chair of the audit committee prepares and convenes the meetings of the audit committee. The audit committee has held four minuted meetings during the year, as well as maintaining constant contact by telephone and email.

### M&A committee

The committee's job is to prepare the Board's work on acquisitions in accordance with the company's acquisition strategy. This work includes evaluating potential acquisition candidates and assisting the management in matters such as financing, business valuation and pipeline of potential acquisitions.

During the year, the M&A committee consisted of two Board members and held seven meetings for which minutes were kept.

### External auditors

The Annual General Meeting which was held on 5 May 2022 elected the firm of auditors Öhrlings PricewaterhouseCoopers AB (PwC), with Nicklas Kullberg as principal auditor, for the period up to the 2023 Annual General Meeting.

The auditors review the Board's and the Chief Executive Officer's management of the company and the quality of the company's accounts documentation.

The auditors' report on the results of their review to shareholders by means of the audit report, which is presented at the Annual General Meeting. In addition, the auditors submit detailed reports at the meetings of the audit committee with the committee and to the Board of Directors at least once a year.

The company's half-yearly and nine-monthly reports have not been reviewed by the auditors. This is a deviation from the recommendation in the Swedish Code of Corporate Governance. The Board is of the opinion that any such review on the basis of a cost perspective is not necessary, given the company's degree of complexity and business risks.

PwC performs certain services for Proact in addition to audits. When PwC is engaged to provide services other than auditing, this takes place in accordance with the rules decided upon by the audit committee for approval of the nature and scope of the services and remuneration for the same. Proact is of the opinion that execution of these services is within the guidelines and has not impacted upon PwC's independence.

Further information on remuneration to the auditors can be found in the annual report, Note 8.

### Chief Executive Officer and Group executive

Jonas Hasselberg has been Chief Executive Officer and President of Proact IT Group AB since 1 September 2018. Jonas Hasselberg holds a Master of Science degree in Engineering Physics from KTH Royal Institute of Technology and has experience of senior positions at Telia Company, Nokia, Mycronic and Microsoft. Jonas Hasselberg owned 29,700 shares in the company as at 31 December 2022. Jonas Hasselberg has no significant shareholdings or co-ownership in companies with which Proact has significant business relationships.

The Chief Executive Officer manages operations in accordance with the instructions of the Board of Directors and the approved distribution of work between the Board and the Chief Executive Officer. The Chief Executive Officer is responsible for keeping the Board informed and for ensuring that the Board is provided with the requisite decision data. The Chief Executive Officer presents reports to the Board but is not a Board member. This is in accordance with applicable policy, in which neither the Chief Executive Officer nor another senior executive has to be a Board member in the parent company. In ongoing contact, the Chief Executive Officer keeps the Chair informed of the development and financial position of the company and the Group besides providing periodic reporting.

The Chief Executive Officer and other members of the corporate executive hold regular meetings in order to review results development, update forecasts and plans, and make decisions on various issues.

As at 31 December 2022, Proact's Group executive consisted of the Chief Executive Officer and ten other senior executives.

The subsidiaries running operations report to the relevant Business Unit Directors, who in turn report directly to the Chief Executive Officer. Reporting takes place on a monthly basis, with more in-depth quarterly reviews of the operations in question. The Boards of Directors of the subsidiaries principally consist of members of Proact's Group executive. Chair positions at the subsidiaries are held either by the Chief Executive Officer of Proact IT Group AB or by the relevant Business Unit Directors.

### Remuneration to senior executives

The Annual General Meeting held on 6 May 2020 adopted the Board's proposal concerning guidelines for remuneration to senior executives, which should apply until the 2024 Annual General Meeting, unless circumstances arise that necessitate revision of this at an earlier stage. These guidelines include the Chief Executive Officer, the Deputy Chief Executive Officer and the corporate management team. The guidelines must promote the company's business strategy, long-term interests and sustainability.

### Provision of information

Proact strives to maintain communication with its shareholders and other stakeholders which is correct, clear, factual, reliable and quick. It must also be characterised by openness.

Proact regularly publishes interim reports and annual reports in Swedish and English. Events which are deemed to affect rates are published as press releases. The Proact website also includes a wide range of company information which is updated regularly.

In addition, Proact communicates with the capital market and the media by means of meetings with analysts and journalists in connection with the publication of the interim reports and annual reports. Representatives of Proact also take part regularly in various meetings of shareholders and analysts.

### The Board's internal control report

#### Control environment

Internal controls at Proact are based on a control environment which includes organisation, decision paths, authorisations and responsibilities. This is documented and communicated in steering documentation such as internal policies, guidelines and instructions. For example, this is applicable to the distribution of work between the Board of Directors and the Chief Executive Officer, and between the various units within the organisation, and also via instructions for rights of authorisation, accounting and reporting, etc. The Board follows up to ensure compliance with set principles for financial reporting and internal controls, and also maintains the appropriate relationships with the company's auditors.

The corporate executive reports to the Board based on established procedures. The corporate executive is responsible for the system of internal controls which is required for handling significant risks in ongoing operations. For example, guidelines and instructions for various officials are compiled in order to reinforce understanding and the importance of their respective roles, and hence also to contribute towards good internal control.

#### Risk assessment and inspection activities

The Board holds overall responsibility for risk management. Clear organisation and decision-making arrangements aim to create good awareness of risks among employees and well considered risk-taking. The risk assessment includes identification, charting and assessment of risks at all levels within the Group. Activities and reporting take place regularly in order to maintain good internal control, and hence to prevent and detect risks.

#### Information and communication

Essential guidelines and manuals – such as the Company Handbook and finance policy – affect financial reporting and are updated and communicated regularly to the relevant personnel within the Group. There are both formal and informal information channels for the corporate executive and Board for essential information from employees. For external communication, the company complies with the governing rules discussed previously.

#### Follow-up

The Board receives monthly financial statements, as well as non-conformance reports relating to the company's profit and position. Extraordinary incidents and emerging risks are also reported each month. The Board regularly evaluates the information submitted by the corporate executive. The work of the Board also includes ensuring that measures are implemented with regard to any shortcomings and proposals for measures which have arisen during external audits. Given the size of the company, there is no separate department for internal audits. Instead, this work is carried out from the Group finance function together with the company's own lawyers. The company performs regular audits of its subsidiaries. The outcome is reported to the CEO, CFO and Board of Directors.

# Board of Directors

| | Anna Söderblom | Martin Gren | Thomas Thuresson | Erik Malmberg | Annikki Schaeferdiek |
|---|---|---|---|---|---|
| **Role** | Chair | Member | Member | Member | Member |
| **Current position** | Teacher and researcher at Stockholm School of Economics, | | Chief Executive Officer of Tetra Laval Real Estate AB | Investment advisor at Triton Advisers (Sweden) AB | Chief Executive Officer of Syster P AB |
| **Date of birth** | 1963 | 1962 | 1957 | 1982 | 1969 |
| **Elected** | 2022 | 2017 | 2018 | 2020 | 2017 |
| **Training** | Bachelor's degree in mathematics, Lund University. PhD, Stockholm School of Economics | Honorary doctorate in entrepreneurship from Lund University of Technology | Graduate in Business Administration, Lund University BPSE, IMD | MBA, Stockholm School of Economics | MSc from the Institute of Technology at Linköping University |
| **Experience** | Board work, senior positions at companies including Nokia, Ericsson, Posten och Industrifonden | Founder of and advisor to Axis Communications AB. | Board work and Chief Executive Officer at Tetra Laval Real Estate AB, various previous positions at Alfa Laval Group. | Investment Advisory Professional at Triton Advisers (Sweden) AB and share analyst at Goldman Sachs International. | Board work, international experience of the IT/telecoms industry, Chief Executive Officer of Netwise, business area manager at an Ericsson multimedia unit, founder of Syster P. |
| **Other directorships** | Director: Länsförsäkringar Liv, BTS Group, Midway Holding, B3 Consulting Group and Dedicare | Chair: Axis Communications AB. Director: Askero Sagoboks Förlag AB, AB Grenspecialisten and H. Lundén Holding AB. | Chair: Terratech Group AB. Director: JM AB and Skiold A/S. Member of the Advisory Board: Solix Group AB | No other directorships. | Chair: Formpipe Software AB. Director: Syster P AB , Axiell Group AB and Addtech AB. |
| **Independence in respect of Proact, Proact's executive and major owners** | Yes | No | Yes | Yes | Yes |
| **Number of shares** | 3,500 | 3,137,334 | 1,500 | – | 3,000 |

# Management




| | Jonas Hasselberg | Linda Höljö | Danny Duggal | Jonas Ekman |
|---|---|---|---|---|
| Role | CEO & President, | CFO & VP Investor relations | VP Commercial & Communications | VP Mergers & Acquisitions |
| Date of birth | 1967 | 1972 | 1979 | 1975 |
| Employed since | 2018 | 2020 | 2011 | 2019 |
| Number of shares | 29,700 | 4,050 | 4,050 | 4,050 |




| | Paul de Freene | Mark van Liempt | Magnus Lönn | Madeleine Samuelson |
|---|---|---|---|---|
| Role | VP Services Operation | Business Unit Director, West | Business Unit Director, Nordics & Baltics | VP People & Sustainability |
| Date of birth | 1969 | 1968 | 1974 | 1972 |
| Employed since | 2022 | 2019 | 2022 | 2022 |
| Number of shares | – | 2,700 | 3,000 | 1,350 |



| | René Schülein | Per Sedihn | Martin Thompson |
|---|---|---|---|
| Role | Business Unit Director, Central | CTO and VP Portfolio & Technology | Business Unit Director, UK |
| Date of birth | 1966 | 1964 | 1979 |
| Employed since | 2020 | 1994 | 2003 |
| Number of shares | 4,050 | – | 2,700 |

# Contents

# Consolidated statement of comprehensive income

| Amounts in SEK thousands | Note | 2022 | 2021 |
|---|---|---|---|
| | 1 | | |
| System revenues | | 2,861,442 | 2,002,402 |
| Service revenues | | 1,889,002 | 1,519,360 |
| *of which support revenue* | | *513,344* | *468,051* |
| *of which revenue from cloud services* | | *943,844* | *725,982* |
| *of which consulting revenue* | | *431,814* | *325,327* |
| Other revenues | | 6,379 | 3,191 |
| **Total revenues** | 2,3 | **4,756,823** | **3,524,953** |
| Cost of goods and services sold | 5, 6, 7, 9, 13, 14, 19 | -3,704,152 | -2,713,526 |
| **Gross profit** | 5, 28 | **1,052,671** | **811,427** |
| Sales and marketing expenses | 9, 13 | -466,820 | -383,771 |
| Administration expenses | 5, 6, 8, 9, 13 | -325,254 | -261,430 |
| **Operating profit** | 7, 8, 13, 14, 27 | **260,597** | **166,226** |
| Financial income | 10 | 9,973 | 5,477 |
| Financial expenses | 11 | -26,416 | -19,806 |
| **Profit before tax** | 14 | **244,154** | **151,897** |
| Income tax | 12 | -52,614 | -34,728 |
| **Profit/loss for the year** | | **191,540** | **117,169** |
| **Other comprehensive income** | | | |
| **Items that can be transferred to profit/loss for the year** | | | |
| Hedging of net investment in foreign operations | | 29,918 | 11,511 |
| Tax effect of hedging of net investment in foreign operations | | -6,163 | -2,371 |
| Translation differences | | 29,465 | 22,963 |
| **Total items that can be transferred to profit/loss for the year, after tax** | | **53,220** | **32,103** |
| **Total comprehensive income for the year** | | **244,760** | **149,272** |
| **Profit/loss for the year attributable to:** | | | |
| Parent Company's shareholders | | 191,258 | 117,130 |
| Non-controlling interests | 17 | 282 | 39 |
| | | **191,540** | **117,169** |
| **Total comprehensive income for the year attributable to:** | | | |
| Parent Company's shareholders | | 244,122 | 149,075 |
| Non-controlling interests | | 638 | 197 |
| | | **244,760** | **149,272** |
| **Earnings per share** | | | |
| Earnings per share for profit/loss attributable to | | | |
| parent company shareholders, before dilution, SEK [1] | 31 | 6.97 | 4.27 |
| parent company shareholders, after dilution, SEK [1] | 31 | 6.97 | 4.27 |
| Weighted average number of outstanding shares | | 27,454,851 | 27,454,851 |

1) The company has a long-term performance share program which may involve maximum dilution of 1.34 per cent.

# Consolidated balance sheet

| Amounts in SEK thousands | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| | 1 | | |
| **ASSETS** | | | |
| **FIXED ASSETS** | | | |
| Goodwill | 5, 15 | 983,637 | 820,708 |
| Other intangible assets | 5, 15 | 230,729 | 224,869 |
| Tangible fixed assets | 5, 16 | 74,167 | 83,113 |
| Right-of-use assets | 27 | 292,680 | 239,792 |
| Other non-current receivables | 18, 21, 27 | 548,185 | 412,324 |
| Deferred tax receivables | 12 | 25,590 | 16,866 |
| **TOTAL FIXED ASSETS** | | **2,154,988** | **1,797,672** |
| **CURRENT ASSETS** | | | |
| Inventories | 19 | 64,065 | 15,618 |
| Accounts receivable | 14, 20 | 849,777 | 545,476 |
| Current tax receivables | | 1,757 | 10,616 |
| Other receivables | | 53,109 | 67,414 |
| Prepaid expenses and accrued income | 21 | 612,492 | 494,242 |
| Cash and cash equivalents | 26 | 505,684 | 463,934 |
| **TOTAL CURRENT ASSETS** | | **2,086,884** | **1,597,300** |
| **TOTAL ASSETS** | | **4,241,872** | **3,394,972** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | 30 | | |
| Equity pertaining to the parent company's shareholders | | | |
| Share capital (28,001,658 shares, quotient value SEK 0.38) | | 10,619 | 10,619 |
| Other capital contributions | | 297,964 | 297,964 |
| Other reserves | | 71,963 | 19,098 |
| Retained earnings including profit/loss for the year | | 538,987 | 382,930 |
| **Equity pertaining to the parent company's shareholders** | | **919,533** | **710,611** |
| **Equity pertaining to non-controlling interests** | 17 | **3,888** | **3,249** |
| **TOTAL EQUITY** | | **923,421** | **713,860** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Bank loans | 24 | 440,665 | 482,920 |
| Leasing liabilities | | 177,156 | 136,989 |
| Other non-current liabilities | 23, 24, 27 | 750,416 | 497,202 |
| Deferred tax liabilities | 12 | 73,121 | 69,183 |
| **Non-current liabilities, total** | | **1,441,358** | **1,186,294** |
| **Current liabilities** | | | |
| Accounts payable | 14 | 625,050 | 416,294 |
| Current tax liabilities | | 39,957 | 15,312 |
| Bank loans | 24 | - | - |
| Leasing liabilities | | 113,416 | 104,193 |
| Other liabilities | 22, 24 | 161,977 | 157,141 |
| Accrued expenses and prepaid income | 23 | 936,693 | 801,878 |
| **Current liabilities, total** | | **1,877,093** | **1,494,818** |
| **TOTAL LIABILITIES** | | **3,318,451** | **2,681,112** |
| **TOTAL EQUITY AND LIABILITIES** | | **4,241,872** | **3,394,972** |

# Consolidated statement of changes in equity

| | Attributable to the parent company's shareholders | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Amounts in SEK thousands, Note 30 | Share capital | Other capital contribu-tions | Hedging of net investment in foreign operations | Translation of foreign subsidiaries | Retained earnings, inc. profit/loss for the year | Total | Attributable to non-controlling interests | Total sharehold-ers' equity |
| **Opening balance as at 1 January 2021** | **10,619** | **297,964** | **-9,107** | **-3,739** | **306,212** | **601,949** | **3,052** | **605,000** |
| Profit/loss for the year | - | - | - | - | 117,130 | 117,130 | 39 | 117,169 |
| Other comprehensive income | - | - | 9,140 | 22,805 | - | 31,945 | 158 | 32,103 |
| **Total comprehensive income for the year** | **-** | **-** | **9,140** | **22,805** | **117,130** | **149,075** | **197** | **149,272** |
| **Transactions with shareholders** | | | | | | | | |
| Dividends | - | - | - | - | -41,182 | -41,182 | - | -41,182 |
| Long-term incentive program | - | - | - | - | 771 | 771 | - | 771 |
| **Total transactions with shareholders** | **-** | **-** | **-** | **-** | **-40,412** | **-40,412** | **-** | **-40,412** |
| **Closing balance as at 31 December 2021** | **10,619** | **297,964** | **33** | **19,066** | **382,930** | **710,611** | **3,249** | **713,860** |
| **Opening balance as at 1 January 2022** | **10,619** | **297,964** | **33** | **19,066** | **382,930** | **710,611** | **3,249** | **713,860** |
| Profit/loss for the year | - | - | - | - | 191,258 | 191,258 | 282 | 191,540 |
| Other comprehensive income | - | - | 23,722 | 29,142 | - | 52,864 | 356 | 53,220 |
| **Total comprehensive income for the year** | **-** | **-** | **23,722** | **29,142** | **191,258** | **244,122** | **638** | **244,760** |
| **Transactions with shareholders** | | | | | | | | |
| Dividends | - | - | - | - | -41,182 | -41,182 | - | -41,182 |
| Long-term incentive program | - | - | - | - | 5,984 | 5,984 | - | 5,984 |
| **Total transactions with shareholders** | **-** | **-** | **-** | **-** | **-35,198** | **-35,198** | **-** | **-35,198** |
| **Closing balance as at 31 December 2022** | **10,619** | **297,964** | **23,755** | **48,208** | **538,987** | **919,535** | **3,888** | **923,421** |

# Consolidated cash flow statement

| Amounts in SEK thousands | Note | 2022 | 2021 |
|---|---|---|---|
| | 26 | | |
| **CASH FLOW FROM OPERATIONS FOR THE YEAR** | | | |
| **Operating profit for the year** | | **260,597** | **166,226** |
| **Adjustment for items not affecting cash flow:** | | | |
| Reversal of depreciation and impairment of fixed assets | 5, 15, 16 | 212,576 | 182,397 |
| Financial leasing sales | 27 | 36,714 | 46,799 |
| Reversal of unrealised items | | 746 | 10,408 |
| Reversal of other non-cash items | | 5,896 | -1,670 |
| Changes in provisions | | 5,725 | 2,453 |
| Income tax paid [1)] | 12 | -46,886 | -44,481 |
| **Cash flow from operating activities before changes in working capital** | | **474,726** | **362,132** |
| **Cash flow from changes in working capital** | | | |
| Inventories | | -45,131 | -2,203 |
| Operating receivables | | -447,026 | -2,756 |
| Operating liabilities | | 471,688 | -45,050 |
| **Cash flow from current operations** | | **454,257** | **312,123** |
| **INVESTMENT ACTIVITIES** | | | |
| Acquisition of businesses | 17, 32 | -153,357 | -359,403 |
| Capital expenditure on tangible fixed assets | 16 | -39,360 | -43,974 |
| Disposals of tangible fixed assets | 16 | 1,888 | 3,771 |
| Investments in intangible fixed assets | 15 | -1,648 | -5,775 |
| Decrease, non-current receivables | 18 | 396 | 793 |
| Increase, non-current receivables | 18 | -2,540 | -32 |
| **Cash flow from investment activities** | | **-194,621** | **-404,620** |
| **FINANCING ACTIVITIES** | | | |
| Dividends | | -41,182 | -41,182 |
| Borrowing | | 95,912 | 707,372 |
| Repaid loans | | -158,221 | -445,137 |
| Interest earned | | 2,905 | 75 |
| Interest paid | | -15,215 | -10,884 |
| Amortisation of leasing debt | | -133,145 | -122,372 |
| Other cash flow from financing activities | | 1,554 | -21,714 |
| **Cash flow from financing activities** | | **-247,392** | **66,158** |
| **CASH FLOW FOR THE YEAR** | | **12,244** | **-26,339** |
| Cash and cash equivalents at start of year | | 463,934 | 468,309 |
| Translation difference in cash and cash equivalents | | 29,506 | 21,964 |
| **CASH AND CASH EQUIVALENTS AT YEAR-END** | | **505,684** | **463,934** |

1) Income tax SEK 52,614 (34,728) thousand, tax paid SEK 46,886 (44,481) thousand.
Net adjustment for items that do not affect cash flow and paid tax SEK 5,728 (-9,753) thousand.

# Income statement, parent company

| Amounts in SEK thousands | Note | 2022 | 2021 |
|---|---|---|---|
| Revenues | 4, 14 | 139,931 | 105,180 |
| **Gross profit** | 4 | **139,931** | **105,180** |
| Administration expenses | 5, 9 | -144,421 | -120,038 |
| **Operating profit** | 9 | **-4,490** | **-14,858** |
| Financial income | 10 | 96,721 | 52,811 |
| Financial expenses | 11 | -18,413 | -8,592 |
| **Profit before tax and appropriations** | 14 | **73,818** | **29,361** |
| Group contribution | | - | 10,000 |
| **Profit before tax** | 14 | **73,818** | **39,361** |
| Income tax | 12 | -5,064 | -893 |
| **Profit/loss for the year** | | **68,754** | **38,468** |

# Statement of comprehensive income, parent company

| Amounts in SEK thousands | 2022 | 2021 |
|---|---|---|
| Profit/loss for the year | 68,754 | 38,468 |
| Other comprehensive income | - | - |
| **Total comprehensive income for the year** | **68,754** | **38,468** |

# Balance sheet, parent company

| Amounts in SEK thousands | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **FIXED ASSETS** | | | |
| Intangible fixed assets | 5, 15 | 13,837 | 23,115 |
| Tangible fixed assets | 5, 16 | 262 | 489 |
| Shares in Group companies | 17 | 491,802 | 491,802 |
| Current receivables from Group companies | | 696,997 | 543,186 |
| Deferred tax receivables | 12 | 1,074 | 122 |
| **TOTAL FIXED ASSETS** | | **1,203,972** | **1,058,714** |
| **CURRENT ASSETS** | | | |
| Current tax receivables | | - | 980 |
| Current receivables from Group companies | 18 | 94,115 | 105,636 |
| Other receivables | | 1,310 | 336 |
| Prepaid expenses and accrued income | 21 | 13,497 | 12,589 |
| Cash and cash equivalents | 26 | - | - |
| **TOTAL CURRENT ASSETS** | | **108,922** | **119,541** |
| **TOTAL ASSETS** | | **1,312,894** | **1,178,255** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | 30 | | |
| **Restricted equity** | | | |
| Share capital (28,001,658 shares, quotient value SEK 0.38) | | 10,619 | 10,619 |
| Statutory reserve | | 28,236 | 28,236 |
| Capitalised development costs | | 42,889 | 41,647 |
| **Total restricted equity** | | **81,744** | **80,502** |
| **Non-restricted equity** | | | |
| Retained earnings | | 276,801 | 274,773 |
| Profit/loss for the year | | 68,754 | 38,468 |
| **Total non-restricted equity** | | **345,555** | **313,241** |
| **TOTAL EQUITY** | | **427,299** | **393,743** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Liabilities to credit institutions | 24 | 440,665 | 482,920 |
| Liabilities to Group companies | 18 | 12,581 | 12,179 |
| **Non-current liabilities, total** | | **453,246** | **495,099** |
| **Current liabilities** | | | |
| Accounts payable | | 7,905 | 7,188 |
| Liabilities to Group companies | 18, 26 | 401,789 | 268,610 |
| Other liabilities | 22, 24, 32 | 11,696 | 6,263 |
| Accrued expenses and prepaid income | 23 | 10,959 | 7,352 |
| **Current liabilities, total** | | **432,349** | **289,413** |
| **TOTAL LIABILITIES** | | **885,595** | **784,512** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,312,894** | **1,178,255** |

# Statement of changes in equity, parent company

| Amounts in SEK thousands Note 30 | Number of shares | Share capital | Statutory reserve | Capitalised development costs | Retained earnings | Profit/loss for the year | Total share-holders' equity |
|---|---|---|---|---|---|---|---|
| **Closing balance as at 31 December 2020** | **28,001,658** | **10,619** | **28,236** | **37,751** | **266,624** | **52,456** | **395,686** |
| Transfer of previous year's profit | - | - | - | - | 52,456 | -52,456 | - |
| Dividends | - | - | - | - | -41,182 | - | -41,182 |
| Long-term incentive scheme | - | - | - | - | 771 | - | 771 |
| Reversal of capitalised development costs | - | - | - | 3,896 | -3,896 | - | - |
| Profit/loss for the year | - | - | - | - | - | 38,468 | 38,468 |
| **Closing balance as at 31 December 2021** | **28,001,658** | **10,619** | **28,236** | **41,647** | **274,773** | **38,468** | **393,743** |
| | | | | | | | |
| Transfer of previous year's profit | - | - | - | - | 38,468 | -38,468 | - |
| Dividends | - | - | - | - | -41,182 | - | -41,182 |
| Long-term incentive scheme | - | - | - | - | 5,984 | - | 5,984 |
| Reversal of capitalised development costs | - | - | - | 1,242 | -1,242 | - | - |
| Profit/loss for the year | - | - | - | - | - | 68,754 | 68,754 |
| **Closing balance as at 31 December 2022** | **28,001,658** | **10,619** | **28,236** | **42,889** | **276,801** | **68,754** | **427,299** |

# Cash flow statement, parent company

| Amounts in SEK thousands | Note | 2022 | 2021 |
|---|---|---|---|
| | 26 | | |
| **CASH FLOW FROM OPERATIONS FOR THE YEAR** | | | |
| **Profit/loss for the year** | | **68,754** | **38,468** |
| Adjustment for items not affecting cash flow: | | | |
| Depreciation and write-downs of fixed assets | 5, 15, 16 | 11,061 | 8,443 |
| Write-down of shares in subsidiaries | 17 | - | - |
| Other financial items | | 20,426 | 8,969 |
| Other adjustments | | 5,981 | 771 |
| Income tax [1)] | 12 | 2,937 | -47 |
| **Cash flow from operating activities before changes in working capital** | | **109,159** | **56,604** |
| **Cash flow from changes in working capital:** | | | |
| Operating receivables | | 9,627 | 85,812 |
| Operating liabilities | | 139,670 | -63,375 |
| **Cash flow from current operations** | | **258,456** | **79,041** |
| **INVESTMENT ACTIVITIES** | | | |
| Capital expenditure on tangible fixed assets | 16 | -164 | -163 |
| Disposals of tangible fixed assets | 16 | - | 2 |
| Investments in intangible fixed assets | 15 | -1,392 | -4,467 |
| Changes in non-current receivables | 18 | -153,811 | -296,558 |
| **Cash flow from investment activities** | | **-155,367** | **-301,186** |
| **FINANCING ACTIVITIES** | | | |
| Dividends | | -41,182 | -41,182 |
| Borrowing | | 95,912 | 707,372 |
| Repaid loans | | -158,221 | -445,137 |
| Other cash flow from financing activities | | 402 | 1,092 |
| **Cash flow from financing activities** | | **-103,089** | **222,145** |
| **CASH FLOW FOR THE YEAR** | | **-** | **-** |
| Cash and cash equivalents at start of year | | - | - |
| **CASH AND CASH EQUIVALENTS AT YEAR-END** | | - | **-** |

1) Income tax SEK 5,064 (893) thousand, tax paid SEK 2,127 (940) thousand. Net non-cash adjustment and tax paid SEK 2,937 (-47) thousand.

# Notes to the accounts

## Note 1 ▶ Accounting policies

**Corporate information**
Proact IT Group AB (publ)
Frösundaviks Allé 1
SE-169 04 Solna, Sweden
Registered office: Stockholm, Sweden
Company registration number: 556494-3446

The consolidated accounts and annual report relating to the 2022 financial year for Proact IT Group AB have been prepared by the Board of Directors and Chief Executive Officer, who on 30 March 2023 have approved this annual report and these consolidated accounts for publication. The annual report and consolidated accounts will be submitted to the Annual General Meeting on 4 May 2023 for approval and adoption. The parent company is a Swedish limited company (publ) listed on NASDAQ Stockholm and based in Stockholm, Sweden. The primary operations of the Group involve offering specialist skills in the field of storage and archiving of large volumes of business-critical information.

**Subsidiary information**
The following subsidiaries, as companies, are exempt from the obligation to prepare notes and, where applicable, a directors' report in accordance with the provisions for companies and to apply the publication provisions under Article 264 (3) of the German Commercial Code (Handelsgesetzbuch, HGB). Proact IT Germany GmbH, HRB 132327, Hamburg.

**General accounting policies**
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and interpretation pronouncements from the International Financial Reporting Interpretations Committee (IFRIC) as assumed by the EU. In addition, Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary accounting rules for groups) has been applied.

The annual financial statements for Proact IT Group AB have been compiled in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities). Differences between the parent company's and the Group's applied accounting policies stem from the limited opportunities for applying IFRS to the parent company as a consequence of the Annual Accounts Act, and in some cases because of applicable tax regulations.

**Significant differences between the Group's and parent company's accounting policies**
The parent company is compliant with the same accounting policies as the Group, with the following exceptions. Shares in subsidiaries are reported in the parent company in accordance with the cost method. There may also be Group contributions within the parent company which are reported as appropriations at the parent company. As of the 2016 financial year, the parent company is setting aside capitalised development costs relating to software to the Fund for development costs within restricted equity. This fund is being reduced with depreciation on these capitalised development costs. The parent company reports all leasing as operational leasing.

**Uncertain assessments and estimates**
The balance sheet includes uncertainty in assessment and estimates, primarily in the items goodwill and deferred tax receivables attributable to loss carryforwards.

As regards goodwill and intellectual property rights, the write-down test is based on assumptions on the future on the basis of circumstances which are known at the time of testing. When calculating utilisation value of assets assumptions are made about future earnings evolution. Future earnings may not accord with the assumptions made if conditions in the market change without the company executive adapting the organisation and business in accordance with the changed market conditions; in which case future earnings may be worse and thus the need for major adjustments to recorded amounts may arise. More information on write-down testing can be found in Note 15.

Fiscal deficits are capitalised insofar as they are deemed to be potentially usable against future tax profits on the basis of assumptions on future profit development. See Note 12 for further information.

**Changes to accounting policies and information**
The Group applies the same accounting principles as those described in the annual report for 2021. No new standards have been adopted by the EU, and no amended or revised standards, interpretations and improvements that are to be applied as of 1 January 2022 have resulted in any changes f or the Group.

**2023 and ahead**
IASB has not published any new standards approved by the EU application as of 1 January 2023.

**Consolidated accounts**
***Scope of the Group***
The Group includes Proact IT Group AB and all companies over which the parent company has a controlling influence. The Group checks a company when it is entitled to a variable return from its holding in the company and has the opportunity to influence this return through its influence within the company, which normally means that the parent company owns more than 50 per cent of votes for all shares and participations.

Subsidiaries are included in the consolidated financial statements from the day on which controlling influence passes to the Group. They are excluded from the consolidated financial statements from the day on which the controlling influence ceases.

Internal Group transactions, balance sheet items, revenues and expenses on transactions between Group companies are eliminated. Profit or loss arising from intra-group transactions and that are recorded as assets are also eliminated. The accounting policies for subsidiaries have been amended where necessary in order to guarantee consistent application of the Group's principles.

***The purchase method***
The purchase method is used to report on the Group's operating acquisitions. The purchase price for the acquisition of a subsidiary is made up of the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities which are a consequence of a contract on a contingent purchase price. Acquisition-related expenses are reported in the income statement when they arise. Identifiable acquired assets and transferred liabilities in a business combination are initially valued at fair value on the acquisition date. For every acquisition, the Group decides whether all non-controlling interests in the acquired company are recognised at fair value or at the proportional percentage of the net assets of the acquired company.

The amount by which the purchase price, any holding without a controlling influence and the fair value on the acquisition date of earlier shareholdings exceeds the fair value of the Group's share of identifiable acquired net assets is recognised as goodwill. If this amount falls below the fair value for the assets of the acquired subsidiary, in the event of what is known as a "bargain purchase", the difference is recognised directly in the statement of comprehensive income.

***Translation of foreign subsidiaries***
The consolidated financial statements are presented in Swedish kronor (SEK), which is the parent company's functional currency. All amounts are shown in thousands if nothing else is specified.

Income statement and balance sheet items, including goodwill, of companies with functional currencies other than SEK are translated into SEK. As a result, assets and liabilities are translated at the rate on the balance sheet date and the income statement items at the average rate over the period. Translation differences are presented as a separate item under Other comprehensive income in the statement of comprehensive income. When investments are divested, the previous translation differences are recognised in the statement of comprehensive income as part of capital gains.

Transactions and balance sheet items in a currency other than the functional currency are translated in each operation to the functional currency using the average exchange rate for transactions for the period and the exchange rate as at the balance sheet date for balance sheet items.

***Non-controlling interests***
Non-controlling interests comprise the part of subsidiary results and net assets which are not directly or indirectly owned by the parent company. The Group handles transactions with non-controlling interests as transactions with the Group's shareholders. In the case of acquisitions from non-controlling interests, the difference between the purchase price paid and the current acquired share of the book value of the subsidiary's net assets is recognised against equity. Profits and losses on divestments to non-controlling interests are also recognised against equity.

In 2010, Proact signed a contract concerning the purchase of 60 per cent of Storyflex Inc. The business is being run under the name Proact Czech Republic, s.r.o. The parties have entered into a contract which meant that Proact had the opportunity/an obligation to acquire the remaining share within three to seven years of the time of acquisition. A further 20 per cent was acquired in 2013, along with a further 6 per cent in 2014. This agreement concerning the opportunity/obligation to acquire the remaining percentage expired in 2018. No agreement concerning buyout has been concluded, which is why the estimated value of the selling options assigned to owners without a controlling influence that were previously recognised as a financial liability in the consolidated balance sheet has been converted into a share of equity that is attributable to owners without a controlling influence.

## Note 2 ▶ Reporting by segment

The information below is presented from an executive perspective, which means that it is presented in the manner applied in internal reporting. Reportable segments are identified on the basis of internal reporting to the highest executive decision-maker. The Group has identified the Chief Executive Officer as its highest executive decision-maker.

The company manages and reports on results by operating segment, known as Business Units (BUs). Transactions between units take place under market conditions. Total assets/liabilities per segment are not reported to the highest executive decision maker. The same range of products and services is offered within each BU, with the exception of Proact Finance.

**The business units are as follows:**

| | |
|---|---|
| Nordics & Baltics: | Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Sweden and the USA |
| UK: | United Kingdom |
| West: | Belgium and the Netherlands |
| Central: | Czech Republic and Germany |

| **Financial year 2022** | **Nordics & Baltics** | **UK** | **West** | **Central** | **Groupwide** | **Eliminations** | **Group** |
|---|---|---|---|---|---|---|---|
| External revenues | 2,458,360 | 699,317 | 749,392 | 771,117 | 78,637 | - | 4,756,823 |
| Internal revenues | 49,805 | 12,303 | 56,393 | 18,104 | 136,116 | -272,721 | - |
| **Total revenues** | **2,508,165** | **711,620** | **805,785** | **789,221** | **214,753** | **-272,721** | **4,756,823** |
| **Profit before tax and exceptional items** | **165,242** | **28,268** | **34,358** | **18,415** | **-171** | **-** | **246,112** |
| Exceptional items [1] | - | - | - | -5,773 | 3,815 | - | -1,958 |
| **Profit before tax** | **165,242** | **28,268** | **34,358** | **12,642** | **3,644** | - | **244,154** |
| Tax | | | | | | | -52,614 |
| **Profit/loss for the year** | | | | | | | **191,540** |

1) This item is not presented in accordance with IFRS, but as it is included in internal reporting the company has opted to include it in the presentation above, see also Note 13.

| **Financial year 2021** | **Nordics & Baltics** | **UK** | **West** | **Central** | **Groupwide** | **Eliminations** | **Group** |
|---|---|---|---|---|---|---|---|
| External revenues | 1,822,905 | 619,167 | 653,484 | 377,976 | 51,421 | - | 3,524,953 |
| Internal revenues | 60,868 | 11,023 | 17,133 | 10,227 | 133,849 | -233,100 | - |
| **Total revenues** | **1,883,773** | **630,190** | **670,617** | **388,203** | **185,270** | **-233,100** | **3,524,953** |
| **Profit before tax and exceptional items** | **98,054** | **24,506** | **12,429** | **24,969** | **-1,159** | **-** | **158,799** |
| Exceptional items [1] | -1,150 | - | - | -5,752 | - | - | -6,902 |
| **Profit before tax** | **96,904** | **24,506** | **12,429** | **19,217** | **-1,159** | - | **151,897** |
| Tax | | | | | | | -34,728 |
| **Profit/loss for the year** | | | | | | | **117,169** |

1) This item is not presented in accordance with IFRS, but as it is included in internal reporting the company has opted to include it in the presentation above, see also Note 13.

| **Geographical information** | **2022** | **2021** |
|---|---|---|
| **External revenues [1,2]** | | |
| Sweden | 1,506,782 | 1,167,015 |
| United Kingdom | 699,317 | 619,167 |
| The Netherlands | 675,903 | 599,813 |
| Germany | 723,220 | 349,011 |
| Other countries | 1,151,601 | 789,947 |
| **Total** | **4,756,823** | **3,524,953** |

1) These revenues are attributable to the geography in question, based on the country in which the company is located. There is no other information, e.g. on whether the company has sales to customers in other countries.
2) The section "Risks and risk management" include information stating that an individual customer is responsible for most of the net sales.

| **Intangible and tangible fixed assets and right-of-use assets** | **31 Dec 2022** | **31 Dec 2021** |
|---|---|---|
| Sweden | 265,188 | 252,871 |
| United Kingdom | 351,454 | 337,163 |
| The Netherlands | 311,782 | 309,141 |
| Germany | 583,457 | 400,115 |
| Other countries | 82,412 | 69,192 |
| **Total** | **1,594,293** | **1,368,482** |

## Note 3 ▶ Revenues per sector

### ACCOUNTING POLICIES

**Revenue recognition**
Proact is applying IFRS 15 “Revenue from Contracts with Customers” as of 1 January 2018. The basic principle for revenue reporting is that Proact should report revenues on the basis of the fact that everything commences from a contract concerning the sale of a product or service between two parties. Thus the first action is to identify a customer contract, which generates an asset (rights, i.e. a promise of obtaining remuneration) and a liability (commitment, i.e. a promise to transfer goods/services) for the vendor. The commitments (performance commitments) in the contract are identified and the transaction price is distributed over various commitments, if there is more than one. Income is recognised when the commitment to supply promised goods or services to the customer is fulfilled.

**Revenue streams**
The Group mainly generates revenues through:
- System sales – sale and installation of hardware and software
- Maintenance and support services
- Independent IT consultancy services
- Cloud services

**System sales**
Every item of hardware and software is a separate performance undertaking. Income from the sale of hardware and software is recognised when Proact has transferred all material risks and benefits associated with ownership of the product, i.e. when the customer takes control of hardware and/or software. In most cases this is at the time of transferring legal ownership and when the goods are physically handed over to the purchaser. The sale has not been completed in cases where material risks associated with the ownership of the goods remain. The income is recognised only when the sale has been completed.

Invoicing takes place at the time of delivery, or in certain cases at the time of approval of the deliverable. Customer does not have the right to return hardware or software after the time of delivery or approval of the deliverable. The payment terms are normally between 30 and 90 days. Proact has no guarantee obligations to the customer.

Proact acts as the principal for the sale of supplier guarantees and maintenance. Income and expenses for this are recognised gross in the income statement and on a straight-line basis over the contract period.

**Services**
***Maintenance and support income***
Maintenance and support income stems mainly from fixed price service agreements. Maintenance and support are two different performance commitments, and the income is recognised on a straight-line basis over the contract period.

***IT consultancy services***
IT consultancy services have been divided into six different performance commitments: Analysis and Design, Implementation (Installation, Project Management, Documentation, Training) and Operation.

Proact sells consultancy services with three different charging options: current account, fixed price and time banks. Income is reported as the work is carried out in the case of sales on a current account basis. Fixed price projects, or capped current account, are recognised as they are completed. Of the estimated total income for a project, during each period the proportion settled corresponds to the share of estimated total costs accumulated during the period. Time banks are billed in advance and income is recognised as consultancy hours are used.

***Cloud services***
Income from cloud services has been divided into five different performance commitments: Service Management, Premium Support Plus, Customer Support, Private Cloud and Shared Cloud.

Income from cloud service activities is recognised when the performance commitments are fulfilled, which normally takes place on a straight-line basis over the term of the contract. If the cloud services are sold together with installation, any income for installation and costs for installation are reported on a straight-line basis over the term of the contract.

Proact charges cloud services on the basis of two different measurement methods: a fixed basic charge and a fixed price per unit for any usage in excess of an agreed volume included in the fixed basic charge.

The various services (performance commitments) included in a cloud service offering can be recognised as a single performance commitment if the services mean that all performance commitments are fulfilled over the same period. In these cases, the income is recognised for the charge per unit that is charged to the customer on a monthly basis.

If any performance commitment – such as customer support – is performed over any period of time, part of the income per unit must be allocated to that service and recognised when this performance commitment is fulfilled.

***Volume discounts***
Proact has contracts with customers for the storage of data where the pricing model means that the customer pays a certain price per GB stored. The contract includes volume discounts where the price per GB is reduced for every additional GB stored if the customer exceeds certain levels during the specific measurement period (month/quarter). With these contracts, the customer is charged monthly for a minimum capacity (GB).

***Income and usage measured on a monthly basis***
With use of storage space (GB) measured on a monthly basis, the amount of income to which Proact is entitled for the period is determined at the end of the month. The income is recognised on the basis of the amount invoiced during the month.

***Income and usage measured on a quarterly basis***
Proact has to calculate performance-related pay for volume discounts (price per GB) where usage is measured per quarter. Proact has to estimate how many GB the customer will use during the period, and hence how much expected remuneration is to be recognised.

**Rental income**
Income from leasing operations is generated on an ongoing basis, and rental income is recognised on a straight-line basis over the rental period. Sale of leasing income amounts to SEK 43,065 thousand (51,420). These are included in the segment Groupwide.

**Composite customer contracts**
Sales in the form of what are known as composite customer contracts, which may include hardware, software and service in a single contract, are common in the Group’s business. If the contract includes various services and/or products and services (a composite customer contract), it is necessary to calculate distribution of the transaction price between each service and product (performance commitment) promised in the contract on the basis of the independent selling price of the products and services. More information on the various performance commitments that can be included in a composite contract is provided above, and when income is recognised for each performance commitment.

**Costs for obtaining customer contracts**
Costs for obtaining customer contracts are capitalised in accordance with IFRS 15. In Proact’s case, this relates to sales commissions only. The costs are then charged to expenses over the period that Proact believes the customer will remain with Proact. For 2022, expensed sales commissions for obtaining customer contracts amounted to SEK 14,798 thousand (12,746).

| | Group | |
|---|---|---|
| **Revenues per operating segment** | **2022** | **2021** |
| System revenue | 2,861,442 | 2,002,402 |
| Service operations | 1,889,002 | 1,519,360 |
| *of which support revenue* | *513,344* | *468,051* |
| *of which revenue from cloud services* | *943,844* | *725,982* |
| *of which consulting revenue* | *431,814* | *325,327* |
| Other revenues | 6,379 | 3,191 |
| **Total** | **4,756,823** | **3,524,953** |

| | Group | |
|---|---|---|
| **Revenues per operating segment** | **2022** | **2021** |
| Nordics & Baltics | 2,508,165 | 1,883,773 |
| UK | 711,620 | 630,190 |
| West | 805,785 | 670,617 |
| Central | 789,221 | 388,203 |
| Groupwide | 214,753 | 185,270 |
| Eliminations | -272,721 | -233,100 |
| **Total** | **4,756,823** | **3,524,953** |

| | Group | |
|---|---|---|
| **Revenues per sector** | **2022** | **2021** |
| Public sector | 1,272,937 | 874,043 |
| Retail and wholesale trade and services | 970,299 | 628,373 |
| Manufacturing industry | 675,200 | 441,714 |
| Telecoms | 425,783 | 367,003 |
| Banking, finance | 312,847 | 331,111 |
| Energy | 251,155 | 208,342 |
| Media | 113,261 | 86,348 |
| Other details | 735,341 | 588,019 |
| **Total** | **4,756,823** | **3,524,953** |

## Note 3 – *Continued*

| Contract assets[1] | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | Opening balance 2022 | Total system and service revenues for the year | *of which revenues attributable to performance commitments fulfilled and invoiced during the year* | Contract assets settled during the year, attributable to performance commitments fulfilled in previous years | Remaining contract assets, attributable to performance commitments fulfilled in previous years | Additional contract assets, attributable to performance commitments fulfilled during the year | Closing balance 2022 |
| Accrued system revenues | 5,513 | 2,861,442 | *2,854,643* | -5,513 | - | 6,799 | 6,799 |
| Accrued service revenues | 44,591 | 1,889,002 | *1,774,880* | -27,359 | 17,232 | 96,890 | 114,122 |
| **Total contract assets** | **50,104** | | | | | | **120,921** |

1) There have been no provisions or write-downs relating to contract assets in 2022.

| Contract assets[2] | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | Opening balance, 2021 | Total system and service revenues for the year | *of which revenues attributable to performance commitments fulfilled and invoiced during the year* | Contract assets settled during the year, attributable to performance commitments fulfilled in previous years | Remaining contract assets, attributable to performance commitments fulfilled in previous years | Additional contract assets, attributable to performance commitments fulfilled during the year | Closing balance, 2021 |
| Accrued system revenues | 2,204 | 2,002,402 | *1,996,889* | -2,204 | - | 5,513 | 5,513 |
| Accrued service revenues | 37,003 | 1,519,360 | *1,474,769* | -21,204 | 15,799 | 28,792 | 44,591 |
| **Total contract assets** | **39,207** | | | | | | **50,104** |

2) There have been no provisions or write-downs relating to contract assets in 2021.

| Contract liabilities | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | Opening balance 2022 | Total system and service revenues for the year | *of which taken up as income, attributable to contracts concluded in previous years* | *of which taken up as income, attributable to contracts concluded during the year* | Deferred revenues, attributable to contracts concluded during the year | Deferred revenues, attributable to contracts concluded during the year | Closing balance 2022 |
| Deferred system revenues | 591,146 | 2,861,442 | *327,865* | 2,533,577 | 291,874 | 313,657 | 605,531 |
| Deferred service revenues | 536,451 | 1,889,002 | *331,511* | 1,557,491 | 196,156 | 559,597 | 755,753 |
| **Total contract liabilities** | **1,127,597** | | | | | | **1,361,284** |

| Contract liabilities | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | Opening balance, 2021 | Total system and service revenues for the year | *of which taken up as income, attributable to contracts concluded in previous years* | *of which taken up as income, attributable to contracts concluded during the year* | Deferred revenues, attributable to contracts concluded during the year | Deferred revenues, attributable to contracts concluded during the year | Closing balance, 2021 |
| Deferred system revenues | 501,160 | 2,002,402 | *257,497* | 1,744,905 | 245,295 | 345,851 | 591,146 |
| Deferred service revenues | 520,224 | 1,519,360 | *315,732* | 1,203,628 | 205,157 | 331,294 | 536,451 |
| **Total contract liabilities** | **1,021,384** | | | | | | **1,127,597** |

| Long-term contracts with performance commitments that are not yet fulfilled or are partially unfulfilled, are expected to generate revenues: | within 1 year | within 1-2 years | 3 years and later | Total agreed revenues for performance commitments that are not yet fulfilled or are partially unfulfilled |
|---|---|---|---|---|
| Expected system revenues | 318,900 | 170,138 | 202 423 | 691 461 |
| Expected service revenues | 659 163 | 270 573 | 271 281 | 1,201,017 |
| **Total** | **978,063** | **440,711** | **473 704** | **1,892,478** |

## Note 4 ▶ Intra-Group purchases and sales

Of the parent company's total purchasing expenses and sales income, SEK 54,859 (49,272) thousand, 41 (44) per cent, refers to purchasing and SEK 136,116 (105,180) thousand, 97 (100) per cent, refers to sales to other Group companies.

## Note 5 ▶ Depreciation and write-down of fixed assets

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Depreciation/write-downs included in expenses for sold goods and services** | | | | |
| Depreciation | | | | |
| – Intangible assets | 41,439 | 22,879 | - | - |
| – Tangible assets | 14,097 | 14,441 | - | - |
| – Spare parts and demonstration equipment | 2,534 | 3,451 | - | - |
| – Right-of-use assets | 88,591 | 82,877 | - | - |
| **Write-downs** | | | | |
| – Intangible assets | 3,815 | - | 3,815 | - |
| **Depreciation included in administration expenses** | | | | |
| – Intangible assets | 7,238 | 8,368 | 6,855 | 7,802 |
| – Tangible assets | 18,959 | 16,963 | 391 | 641 |
| – Right-of-use assets | 35,903 | 33,418 | - | - |
| **Total** | **212,576** | **182,397** | **11,061** | **8,443** |

## Note 6 ▶ Research and development costs

No research and development costs relating to services or products were specifically charged to income or capitalised during the year.

## Note 7 ▶ Operating expenses

The difference between total revenues and recognised operating profit is explained by the following expense items:

| | Group | |
|---|---|---|
| **Operating expenses by expense type** | **2022** | **2021** |
| Product cost | 2,875,397 | 2,052,669 |
| Other expenses | 196,052 | 134,422 |
| Personnel expenses | 1,212,201 | 989,239 |
| Depreciation and write-downs | 212,576 | 182,397 |
| **Total operating expenses** | **4,496,226** | **3,358,727** |

## Note 8 ▶ Information about auditor's remuneration

Auditing assignments are the statutory review of the annual report and bookkeeping and administration by the Board of Directors and Chief Executive Officer.

Other statutory assignments include other quality assurance services to be implemented in accordance with statute, the articles of association, regulations or contracts.

Tax advice includes both advice and review of compliance of tax.

Other services are other assignments.

| | Group | | Parent company | |
|---|---|---|---|---|
| **Fees and remuneration** | **2022** | **2021** | **2022** | **2021** |
| **Öhrlings PricewaterhouseCoopers AB** [1] | | | | |
| Audit assignments | 4,748 | 3,909 | 900 | 550 |
| Other statutory assignments | - | 10 | - | - |
| Tax advice | - | - | - | - |
| Other services | - | 116 | - | 200 |
| **Other auditors** | | | | |
| Audit assignments | 619 | 640 | - | - |
| **Total** | **5,367** | **4,675** | **900** | **750** |

1) Öhrlings PricewaterhouseCoopers AB have been the selected auditors since the 2017 Annual General Meeting.

Of audit assignments, SEK 1,877 (1,489) thousand relates to PwC Sweden; of Other statutory assignments, SEK 0 (10) thousand relates to PwC Sweden; of Tax advice fees, SEK 0 (0) thousand relates to PwC Sweden; and of Fees for other services, SEK 0 (116) thousand relates to PwC Sweden.

## Note 9 ▶ Average number of employees, salaries, other remuneration and social costs, etc.

### ACCOUNTING POLICIES

**Employee benefits**

***Pensions***

In defined contribution plans the Group pays contributions to a separate legal entity. The contributions are charged to income as they arise. The Group has no legal obligations other than paying something above the ongoing contributions.

The Group has no defined benefit pension plans.

***Severance pay***

The Group reports expenses for severance pay in the statement of comprehensive income when it is demonstrably obliged either to give notice to employees in accordance with a detailed formal plan without the option of recall, or to provide compensation as a result of an offer made to encourage voluntary resignation from employment. Benefits due more than 12 months after the balance sheet date are discounted to net present value.

***Bonus program***

Where there are legal commitments the Group recognises a liability and a cost for bonuses based on a formula that allows for sales and/or gains in accordance with the company's bonus models.

## Note 9 – *Continued*

| Average number of employees | Average number 2022 | Average number 2021 | of which women 2022 | of which women 2021 | of which men 2022 | of which men 2021 |
|---|---|---|---|---|---|---|
| **Parent company** | | | | | | |
| Sweden | 18 | 16 | 8 | 8 | 10 | 8 |
| **Subsidiaries** | | | | | | |
| Sweden | 219 | 199 | 28 | 24 | 191 | 174 |
| Norway | 40 | 41 | 8 | 7 | 32 | 33 |
| Finland | 33 | 32 | 3 | 1 | 30 | 31 |
| Denmark | 15 | 13 | 1 | 1 | 14 | 12 |
| Latvia | 13 | 13 | 4 | 4 | 9 | 10 |
| Lithuania | 12 | 14 | 3 | 3 | 9 | 11 |
| Estonia | 18 | 19 | 4 | 4 | 14 | 15 |
| Czech Republic | 15 | 17 | 4 | 6 | 11 | 12 |
| The Netherlands | 282 | 287 | 41 | 39 | 241 | 248 |
| Belgium | 19 | 17 | 2 | 1 | 17 | 16 |
| Spain | 2 | 2 | - | - | 2 | 2 |
| Germany | 231 | 105 | 59 | 31 | 172 | 74 |
| United Kingdom | 249 | 253 | 56 | 52 | 193 | 201 |
| USA | - | - | - | - | - | - |
| **Total subsidiaries** | **1,146** | **1,011** | **211** | **174** | **935** | **837** |
| **Group total** | **1,165** | **1,027** | **219** | **182** | **945** | **845** |

| Board members and senior executives | Number 2022 | Number 2021 | of which women 2022 | of which women 2021 | of which men 2022 | of which men 2021 |
|---|---|---|---|---|---|---|
| **Group and parent company** | | | | | | |
| Board members and Chief Executive Officer/ President | 6 | 6 | 2 | 2 | 4 | 4 |
| Other senior executives | 10 | 10 | 2 | 3 | 8 | 7 |

| Salaries, remuneration and payroll overheads | Salaries and remuneration to the Board of Directors and Chief Executive Officer (of which bonuses, etc.) 2022 | 2021 | Salaries and remuneration to other employees 2022 | 2021 | Salaries and remuneration Total 2022 | 2021 | Payroll overheads (of which pension expenses) 2022 | 2021 |
|---|---|---|---|---|---|---|---|---|
| Parent company | 8,649 | 6,365 | 26,544 | 23,608 | 35,193 | 29,973 | 16,719 | 15,190 |
| | (2,406) | (451) | | | (2,406) | (451) | (4,976) | (4,634) |
| Subsidiaries | 34,214 | 24,081 | 866,048 | 720,454 | 900,262 | 744,535 | 222,582 | 183,182 |
| | (7,801) | (4,797) | | | (7,801) | (4,797) | (53,467) | (47,168) |
| **Group total** | **42,863** | **30,446** | **892,592** | **744,062** | **935,455** | **774,508** | **239,301** | **198,372** |
| | (10,207) | (5,248) | | | (10,207) | (5,248) | (58,443) | (51,802) |

**Remuneration to the Board of Directors and senior executives**

| | Directors' fees[1] 2022 | Directors' fees[1] 2021 | Committee fees[1] 2022 | Committee fees[1] 2021 | Total fees 2022 | Total fees 2021 |
|---|---|---|---|---|---|---|
| Chairman of the Board Eva Elmstedt (until May) | 229 | 540 | 46 | 89 | 275 | 629 |
| Chairman of the Board Anna Söderlund (from May) | 335 | - | 64 | - | 399 | - |
| Board member Martin Gren | 262 | 233 | 60 | 60 | 322 | 293 |
| Board member Annikki Schaeferdiek | 262 | 233 | - | - | 262 | 233 |
| Board member Thomas Thuresson | 262 | 233 | 115 | 115 | 377 | 348 |
| Board member Erik Malmberg | 262 | 233 | 115 | 94 | 377 | 327 |
| **Total** | **1,612** | **1,473** | **400** | **358** | **2,012** | **1,831** |

1) Relates to the actual fee for the calendar year in question according to a resolution by the Annual General Meeting.

| | Chief Executive Officer 2022 Jonas Hasselberg | Chief Executive Officer 2021 Jonas Hasselberg | Other senior executives 2022 | Other senior executives 2021 |
|---|---|---|---|---|
| Set salaries | 4,201 | 4,079 | 18,417 | 16,733 |
| Performance-related pay | 1,545 | - | 3,453 | 1,979 |
| Benefits | 26 | 4 | 712 | 699 |
| Pension costs | 1,273 | 1,196 | 1,748 | 2,076 |
| Severance pay | - | - | - | 1,249 |
| **Total** | **7,045** | **5,278** | **24,330** | **22,736** |

## Note 9 – *Continued*

All Group companies have only defined contribution pension plans. The Chief Executive Officer's pension premium is equivalent to 30 per cent of his set annual salary. The variable element of the salary provides no entitlement to a pension. Retirement age is 65. The Chief Executive Officer's pensionable salary for the year amounted to SEK 4,201 thousand (4,079). There are no other pension liabilities besides the paid-in pension contributions. The company must give the Chief Executive Officer nine months' notice of termination of employment, and the Chief Executive Officer must give the company six months' notice. If employment is terminated by the company, severance pay of nine months' basic salary will also be payable to the Chief Executive Officer. The severance pay must be offset against any payment from a new employer. The variable element of the Chief Executive Officer's salary is based on the company's growth and profit, as well as employee-related targets.

There were ten (ten) other senior executives in 2022. Of the other senior executives, six people are employed by the parent company and four people are employed by subsidiaries. Proact's pension terms in accordance with a defined-contribution pension plan are applicable to other senior executives. The variable element of the salary entitles the incumbent to a pension in some cases, and retirement age is 65. The pensionable salary for other senior executives for the year amounted to SEK 16,164 thousand (16,372) for the year. There are no other pension liabilities besides the paid-in pension contributions. The company must give other senior executives 3-9 months' notice of termination of employment, and other senior executives must give the company 3-6 months' notice. Should the company give notice to terminate their employment, other senior executives are entitled to severance pay of 0-12 months' salary.

The variable element of the salaries of other senior executives is based on growth, earnings and employee-related targets both locally and within the Group.

Queries relating to remuneration and benefits to the Chief Executive Officer and other senior executives will be dealt with by the Board of Directors and its remuneration committee.

**Long-term incentive program**

The 2019 Annual General Meeting decided to introduce a long-term incentive program in the form of a performance share program, LTI 2019. This program ran from 2019 until April 2022. The program was designed for 17 senior executives and other key personnel. Participation in LTI 2019 requires participants to own a certain number of shares in Proact throughout the entire period, and they must also be employed by Proact throughout the entire period and at the time of allocation. The Chief Executive Officer can invest 900 shares (equivalent to 2,700 after the 2021 split), senior management 450 shares (equivalent to 1,350 after the 2021 split) and other key employees 340 shares (equivalent to 1,020 after the 2021 split). All participants have the same performance targets. The number of shares allocated will be dependent on how well the performance targets are met. Participants can be assigned a maximum of five new shares in Proact IT Group AB for every share with which they participate if the performance targets defined by the Board in respect of net revenues and profit per share for 2021 are met. The shares will be allocated after the first quarterly report for 2022 is published. No shares were allocated in this program as none of the performance targets were met.

The 2020 Annual General Meeting decided to introduce a long-term incentive program in the form of a performance share program, LTI 2020. This program will run from 2020 until April 2023. The program was designed for 17 senior executives and other key personnel. Participation in LTI 2020 requires participants to own a certain number of shares in Proact throughout the entire period, and they must also be employed by Proact throughout the entire period and at the time of allocation. The Chief Executive Officer can invest 900 shares (equivalent to 2,700 after the 2021 split), senior management 450 shares (equivalent to 1,350 after the 2021 split) and other key employees 340 shares (equivalent to 1,020 after the 2021 split). All participants have the same performance targets. The number of shares allocated will be dependent on how well the performance targets are met. Participants can be assigned a maximum of five new shares in Proact IT Group AB for every share with which they participate if the performance targets defined by the Board in respect of net revenues, profit per share and return on capital employed for 2022 are met. The shares will be allocated after the first quarterly report for 2023 is published. A maximum of 123,000 performance shares can be awarded to participants in the program.

The 2021 Annual General Meeting decided to introduce a long-term incentive program in the form of a performance share program, LTI 2021. This program will run from 2021 until April 2024. The program was designed for 17 senior executives and other key personnel. Participation in LTI 2021 requires participants to own a certain number of shares in Proact throughout the entire period, and they must also be employed by Proact throughout the entire period and at the time of allocation. The Chief Executive Officer can invest up to 900 shares (equivalent to 2,700 after the 2021 split), senior management up to 450 shares (equivalent to 1,350 after the 2021 split) and other key employees up to 340 shares (equivalent to 1,020 after the 2021 split). All participants have the same performance targets. The number of shares allocated will be dependent on how well the performance targets are met. Participants can be assigned a maximum of five new shares in Proact IT Group AB for every share with which they participate if the performance targets defined by the Board in respect of net revenues, profit per share and return on capital employed for 2023 are met. The shares will be allocated after the first quarterly report for 2024 is published. A maximum of 123,000 performance shares can be awarded to participants in the program.

The 2022 Annual General Meeting decided to introduce a long-term incentive program in the form of a performance share program, LTI 2022. This program will run from 2022 until May 2025. The program was designed for 19 senior executives and other key personnel. Participation in LTI 2022 requires participants to own a certain number of shares in Proact throughout the entire period, and they must also be employed by Proact throughout the entire period and at the time of allocation. The Chief Executive Officer is able to invest up to 2,700 shares, the corporate management team up to 1,350 shares and other key personnel up to 1,020 shares. All participants have the same performance targets. The number of shares allocated will be dependent on how well the performance targets are met. Participants can be assigned a maximum of five new shares in Proact IT Group AB for every share with which they participate if the performance targets defined by the Board in respect of net revenues, profit per share and return on capital employed for 2024 are met. The shares will be allocated after the first quarterly report for 2025 is published. A maximum of 122,000 performance shares can be awarded to participants in the program.

**Options**

There are no option programmes.

**Proact shareholdings of the Board of Directors, the Chief Executive Officer and other senior executives**

| Board of Directors | Shareholding in Proact 31 Dec 2022 |
|---|---:|
| Anna Söderblom | 3,500 |
| Martin Gren [1)] | 3,137,334 |
| Annikki Schaeferdiek | 3,000 |
| Thomas Thuresson | 1,500 |
| Erik Malmberg | - |

1) Holding personally and via legal entity.

| Chief Executive Officer and other senior executives | Shareholding in Proact 31 Dec 2022 |
|---|---:|
| Jonas Hasselberg (CEO and President) | 29,700 |
| Linda Höljö | 4,050 |
| Danny Duggal | 4,050 |
| Jonas Ekman | 4,050 |
| Paul de Freene | - |
| Mark van Liempt | 2,700 |
| Magnus Lönn | 3,000 |
| Madeleine Samuelson | 1,350 |
| René Schülein | 4,050 |
| Per Sedihn | - |
| Martin Thompson | 2,700 |

## Note 10 ▶ Financial revenues

| | Group | | Parent company | |
|---|---:|---:|---:|---:|
| | 2022 | 2021 | 2022 | 2021 |
| Interest income | 6,456 | 4,726 | 2,702 | 28 |
| Interest income from Group companies | - | - | 15,799 | 7,751 |
| Income from participations in Group companies | - | - | 49,527 | 35,415 |
| Other items | 3,517 | 751 | 28,693 | 9,617 |
| **Total** | **9,973** | **5,477** | **96,721** | **52,811** |

The Group's entire interest income is attributable to loans and receivables. For shares in Group companies, see also Note 17.

## Note 11 ▶ Financial expenses

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Interest expenses | 20,127 | 14,576 | 12,065 | 5,943 |
| Interest expenses to Group companies | - | - | 5,063 | 1,082 |
| Exchange rate differences | 460 | 2,075 | - | - |
| Other items | 5,829 | 3,155 | 1,285 | 1,567 |
| **Total** | **26,416** | **19,806** | **18,413** | **8,592** |

All of the Group's interest expenses are attributable to loans and other liabilities.

## Note 12 ▶ Income tax

### ACCOUNTING POLICIES

**Taxes**
Deferred taxes are calculated according to the balance sheet method for all temporary differences that arise between the carrying value and the tax-related value of assets and liabilities. Deferred tax assets including as yet unexercised tax loss carryforwards are recognised only if it is deemed that they can be exercised. Deferred tax liabilities/tax assets are reassessed each year at the current tax rate and reported in the consolidated statement of comprehensive income as part of tax for the year. Tax liabilities/tax assets are assessed at nominal amounts and in accordance with the applicable tax rules and rates. Net deferred tax assets and deferred tax liabilities are recognised if they relate to the same tax authority.

| | Group | | Parent company | |
|---|---|---|---|---|
| **Tax expense (-)/tax income (+)** | 2022 | 2021 | 2022 | 2021 |
| Current tax for the year | -76,411 | -39,219 | -6,016 | -988 |
| Adjustment relating to previous years' tax | -2,957 | -1,014 | - | - |
| Deferred tax | 26,754 | 5,505 | 952 | 95 |
| **Tax in the income statement** | **-52,614** | **-34,728** | **-5,064** | **-893** |

During the year, the Group paid tax of SEK 46,866 thousand (44,481), and SEK 2,127 thousand (940) for the parent company.

| | Group | | Parent company | |
|---|---|---|---|---|
| **Reconciliation of effective tax** | 2022 | 2021 | 2022 | 2021 |
| Reported profit before tax | 244,154 | 151,897 | 73,818 | 39,361 |
| Tax for the parent company, based on Swedish 20.6 (20.6) per cent tax rate | -50,296 | -31,291 | -15,206 | -8,108 |
| Difference attributable to foreign tax rates | -2,175 | -2,253 | - | - |
| Non-deductible costs | -23,165 | -3,259 | -61 | -80 |
| Non-taxable income | 20,338 | 3,001 | 10,203 | 7,295 |
| Losses for the year for which no deferred tax claims have been capitalised | -4,942 | -874 | - | - |
| Tax effect for the year relating to capitalised unused loss carryforwards from previous years | 7,492 | - | - | - |
| Tax effect for the year relating to non-capitalised unused loss carryforwards from previous years | 2,430 | 1,262 | - | - |
| Adjustment relating to previous years' tax | -2,714 | -1,013 | - | - |
| Adjustment relating to previous years' deferred tax | -167 | 590 | - | - |
| Adjustment of deferred tax due to changed tax rate in Sweden | - | -475 | - | - |
| Other taxes | 585 | -416 | - | - |
| Other adjustments relating to deferred tax | - | - | - | - |
| **Tax expense (-)/tax income (+)** | **-52,614** | **-34,728** | **-5,064** | **-893** |

**Deferred tax assets and tax liabilities**
There are temporary differences in cases of differences between the reported tax values of assets or liabilities. The Group's temporary differences and loss carry-forwards have resulted from deferred tax liabilities and deferred tax assets associated with the following items:

| 2022<br>Deferred tax assets | Opening balance | Deferred tax reported in income statement (+ income/- expense) | Recognised in other comprehensive income | Deferred tax reported in balance sheet | Exchange rate differences | Closing balance |
|---|---|---|---|---|---|---|
| Unused loss carryforwards | 2,280 | 4,050 | - | - | 381 | 6,711 |
| Goodwill | - | - | - | - | - | - |
| Other intangible assets | -53 | 949 | - | - | - | 896 |
| Tangible fixed assets | 14,236 | 2,650 | - | - | 17 | 16,903 |
| Hedging of net investment in foreign operations | - | - | 6,163 | -6,163 | - | - |
| Provisions | -878 | 267 | - | 44 | 68 | -499 |
| Other details | 1,437 | 242 | - | - | 30 | 1,709 |
| Net reporting | -156 | 42 | - | - | -16 | -130 |
| **Total deferred tax assets** | **16,866** | **8,200** | **6,163** | **-6,119** | **480** | **25,590** |

| 2022<br>Deferred tax liabilities | Opening balance | Deferred tax reported in income statement (- income/+ expense) | Recognised in other comprehensive income | Deferred tax reported in balance sheet | Exchange rate differences | Closing balance |
|---|---|---|---|---|---|---|
| Goodwill | 10,556 | -3,871 | - | - | 395 | 7,080 |
| Other intangible assets | 52,892 | -10,425 | - | 11,507 | 4,721 | 58,695 |
| Tangible fixed assets | -463 | 23 | - | -18 | -16 | -474 |
| Provisions | -265 | 1,840 | - | -3 | 68 | 1,640 |
| Other details | 6,619 | - | - | -319 | 10 | 6,310 |
| Net reporting | -156 | 42 | - | - | -16 | -130 |
| **Total deferred tax liabilities** | **69,183** | **-12,391** | **-** | **11,167** | **5,162** | **73,121** |

## Note 12 – *Continued*

| 2021<br>Deferred tax assets | Opening balance | Deferred tax reported in income statement (+ income/- expense) | Recognised in other comprehensive income | Deferred tax reported in balance sheet | Exchange rate differences | Closing balance |
|---|---|---|---|---|---|---|
| Unused loss carryforwards | 1,445 | 786 | - | - | 49 | 2,280 |
| Goodwill | 321 | -342 | - | 10 | 11 | - |
| Other intangible assets | -94 | 41 | - | - | - | -53 |
| Tangible fixed assets | 12,675 | 1,541 | - | - | 20 | 14,236 |
| Hedging of net investment in foreign operations | - | - | 2,371 | -2,371 | - | - |
| Provisions | 243 | -1,061 | - | -102 | 42 | -878 |
| Other details | 1,564 | -140 | - | - | 13 | 1,437 |
| Net reporting | -301 | 155 | - | - | -10 | -156 |
| **Total deferred tax assets** | **15,853** | **980** | **2,371** | **-2,463** | **125** | **16,866** |

| 2021<br>Deferred tax liabilities | Opening balance | Deferred tax reported in income statement (- income/+ expense) | Recognised in other comprehensive income | Deferred tax reported in balance sheet | Exchange rate differences | Closing balance |
|---|---|---|---|---|---|---|
| Goodwill | 6,709 | 3,543 | - | - | 304 | 10,556 |
| Other intangible assets | 20,974 | -5,558 | - | 36,340 | 1,136 | 52,892 |
| Tangible fixed assets | -477 | 75 | - | -18 | -43 | -463 |
| Provisions | - | -369 | - | -3 | 107 | -265 |
| Other details | 6,312 | - | - | 304 | 3 | 6,619 |
| Net reporting | -301 | 155 | - | - | -10 | -156 |
| **Total deferred tax liabilities** | **33,217** | **-2,154** | **-** | **36,623** | **1,497** | **69,183** |

Net deferred tax assets and tax liabilities are reported when there is a legal set-off right for current tax assets and liabilities. Deferred tax assets have been reported for unused loss carryforwards relating to tax losses in the subsidiaries where the company has assessed that it will be possible to utilise these unused loss carryforwards against future taxable profits. Expected taxable profits have been calculated individually for each company. As at 31 December 2022, it has been deemed possible to utilise 30 per cent of total loss carryforwards in the Group against future taxable profits. Deferred tax assets/liabilities attributable to deductible temporary differences relating to interests in subsidiaries are reported insofar as it is likely that the temporary difference will be returned in the future and there will be taxable profits against which the deduction can be utilised. The profit for the year has resulted in the Group being able to report a tax expense amounting to SEK 52,614 thousand (34,728).

**Parent company**

| 2022 | Opening balance | Deferred tax | Closing balance |
|---|---|---|---|
| Unused loss carryforwards | - | - | - |
| Temporary differences | 122 | 952 | 1,074 |
| **Total deferred tax asset (+)/ tax liability (-)** | **122** | **952** | **1,074** |

| 2021 | Opening balance | Deferred tax | Closing balance |
|---|---|---|---|
| Unused loss carryforwards | - | - | - |
| Temporary differences | 27 | 95 | 122 |
| **Total deferred tax asset (+)/ tax liability (-)** | **27** | **95** | **122** |

**Unutilised loss carryforwards**
Unutilised loss carryforwards are reported as deferred tax assets when it is likely that these can be utilised to offset future taxable excesses. The parent company's unutilised loss carryforwards amount to SEK 0 thousand (0). The Group's unutilised loss carryforwards amount to SEK 96,499 thousand (95,290), of which SEK 28,740 (8,558) thousand has been deemed to be utilisable, which is why deferred tax receivables of SEK 6,711 thousand (2,280) have been reported.

**Can be utilised at the latest by:**

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Not subject to time limit | 96,499 | 95,290 |
| **Total unutilised loss carryforwards** | **96,499** | **95,290** |

## Note 13 ▶ Exceptional items

Exceptional items as stated below have affected the operating profit in 2022.

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| Administration expenses | 1,958 | 6,902 |
| **Total** [1] | **1,958** | **6,902** |

1) Exceptional items for 2022 relate to expenses of SEK 5.8 million in connection with acquisitions in operating profit. In EBITA, exceptional items amounted to SEK 3.2 million, which also includes compensation from a supplier, which in the operating profit has been offset by impairment of intangible assets. Exceptional items for 2021 relate to expenses of SEK 6.9 million in connection with acquisitions.

## Note 14 ▶ Foreign currencies

The currency exchange rates used for the Group's significant currencies throughout the year appear in the table below.

| | Rate, balance sheet date | | Average rate | |
|---|---|---|---|---|
| **Currency** | 2022 | 2021 | 2022 | 2021 |
| EUR | 11.1283 | 10.2269 | 10.6317 | 10.1449 |
| USD | 10.4371 | 9.0437 | 10.1245 | 8.5815 |
| GBP | 12.5811 | 12.1790 | 12.4669 | 11.8022 |
| NOK | 1.0572 | 1.0254 | 1.0523 | 0.9980 |
| CZK | 0.4607 | 0.4105 | 0.4329 | 0.3956 |
| DKK | 1.4965 | 1.3753 | 1.4290 | 1.3641 |
| JPY | 0.0792 | 0.0785 | 0.0771 | 0.0781 |

| **Exchange rate differences affecting net result for the year (+ profit, - loss)** | Group | | Parent company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Recognised within cost of sold product | 14,520 | 2,684 | - | - |
| Recognised within net financial items | 540 | -2,075 | 28,693 | 9,616 |

**Invoicing and goods purchased in foreign currencies**
Most goods are purchased from the USA and Europe, and therefore the company is affected by changes in the dollar, pound and euro exchange rate respectively.

| | Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | | | 2021 | | | |
| **Invoicing and goods purchased in: (Amounts in SEK thousands)** | Invoicing | Percentage of total revenues | Goods purchases | Percentage of total purchases | Invoicing | Percentage of total revenues | Goods purchases | Percentage of total purchases |
| EUR | 2,208,453 | 46 | 1,480,838 | 40 | 1,427,771 | 41 | 918,505 | 34 |
| USD | 501,089 | 11 | 729,028 | 20 | 331,152 | 9 | 508,232 | 19 |
| GBP | 724,287 | 15 | 362,601 | 10 | 618,913 | 18 | 293,255 | 11 |
| Other currencies | 1,322,994 | 28 | 1,131,685 | 31 | 1,147,117 | 33 | 993,534 | 37 |
| **Total** | **4,756,823** | **100** | **3,704,152** | **100** | **3,524,953** | **100** | **2,713,526** | **100** |

**Accounts receivable and accounts payable in foreign currencies**

| | Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | | | 2021 | | | |
| **Accounts receivable and accounts payable in: (Amounts in SEK thousands)** | Accounts receivable | Percentage of total accounts receivable | Accounts payable | Percentage of total accounts payable | Accounts receivable | Percentage of total accounts receivable | Accounts payable | Percentage of total accounts payable |
| EUR | 378,951 | 25 | 308,426 | 49 | 224,925 | 41 | 153,985 | 37 |
| USD | 54,442 | 4 | 98,600 | 16 | 51,321 | 9 | 64,646 | 16 |
| GBP | 91,639 | 6 | 95,181 | 15 | 73,204 | 13 | 42,166 | 10 |
| Other currencies | 324,745 | 65 | 122,843 | 20 | 196,026 | 36 | 155,497 | 37 |
| **Total** | **849,777** | **100** | **625,050** | **100** | **545,476** | **100** | **416,294** | **100** |

## Note 14 – *Continued*

**Hedges as at 31 December 2022**
The Group does not utilise hedge accounting. Concluded forward contracts constitute financial hedges.

As at the balance sheet date, hedged accounts receivable amounted to USD 3,499 thousand (5,613) and EUR 2,375 thousand (6,319) in the Group. In Swedish kronor, the hedged amount totals SEK 62,941 thousand (115,387). The effect on profit is recognised within the operating profit in the statement of comprehensive income. The fair value of these forward contracts as at 31 December 2022 meant an unrealised loss of SEK -627 thousand, which has affected the statement of comprehensive income by an equivalent amount. The previous year's unrealised result was a loss amounting to SEK -38 thousand.

As at the balance sheet date, hedged accounts payable amounted to USD 13,643 (7,990) thousand and EUR 8,552 thousand (9,942) in the Group. In Swedish kronor, the hedged amount totals SEK 237,563 thousand (173,931). The effect on profit is recognised within the operating profit in the statement of comprehensive income. The fair value of these forward contracts as at 31 December 2022 meant an unrealised loss of SEK -1,476 thousand, which has affected the statement of comprehensive income by an equivalent amount. The previous year's unrealised result was a profit amounting to SEK 229 thousand.

Hedged receivables in leasing contracts as at the balance sheet date amount to EUR 3,002 thousand (3,893), GBP 3,629 thousand (4,651), USD 11 (21) thousand and NOK 7,458 thousand (16,234) within the Group. In Swedish kronor, the hedged amount totals SEK 87,065 thousand (113,300). The effect on profit is recognised within the operating profit in the statement of comprehensive income. The fair value of these forward contracts as at 31 December 2022 meant an unrealised loss of SEK -3,809 thousand (1,483), which has affected the statement of comprehensive income by an equivalent amount.

The parent company had outstanding forward contracts as at 31 December 2022 totalling EUR 2,110 thousand (1,199) and USD 163 thousand (142).

The fair value of these forward contracts as at 31 December 2022 meant an unrealised profit of SEK -361 thousand (-4).

As at 31 December 2022, accounts receivable in foreign currencies amounted to SEK 623,152 thousand (419,045) and accounts payable amounted to SEK 534,067 thousand (308,388).

**Net investments (excluding goodwill) in foreign subsidiaries**
Net assets in foreign subsidiaries divided by currency. When translating foreign subsidiaries' balance sheets to Swedish kronor, the Group is exposed to exchange rate fluctuations. The effect on equity in 2022 for the translation of foreign subsidiaries' accounts to Swedish kronor was SEK 29,143 thousand (22,805).

The Group's exposure in equity to currency exchange rate fluctuations on the balance sheet date was as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Amount in thousands | Amount | Converted to SEK acc. to exchange rate on balance sheet date | Amount | Converted to SEK acc. to exchange rate on balance sheet date |
| CZK | 46,155 | 21,263 | 38,304 | 15,722 |
| DKK | 12,150 | 18,182 | 748 | 1,029 |
| EUR | 14,533 | 161,728 | 9,483 | 96,982 |
| GBP | 20,958 | 263,675 | 18,862 | 229,720 |
| USD | -579 | -6,043 | -736 | -6,656 |
| NOK | 107,950 | 114,122 | 95,430 | 97,855 |
| JPY | 301 | 24 | 734 | 58 |

## Note 15 ▶ Intangible fixed assets

### ACCOUNTING POLICIES

**Goodwill**
Reported goodwill is the difference between – on the one hand – the acquisition value of Group company shares, the value of non-controlling interests in the acquired operations and the actual value of a previously owned share, and on the other hand the reported value in the acquisition analysis of acquired assets and transferred liabilities. A write-down test is carried out each year, as well as when there is an indication that an asset has fallen in value. Goodwill is allocated to cash-generating units for the purposes of write-down testing. Each and every one of these cash-generating units goes to make up the Group's Business Units. In cases where the carrying amount of the asset exceeds its estimated recoverable amount, the value of the asset is written down to its recoverable amount.

**Other intangible assets**
***Customer relations, brands and support contracts***
Customer relations, brands and support contracts that are identified upon the acquisition of companies are recognised as intangible assets at acquisition value (fair value at the time of acquisition). Customer relations and brands are depreciated on a straight-line basis over a maximum of ten years. In each case a useful life is set over which the support contracts are depreciated on a straight-line basis according to plan. If there are indications of impairment, the asset's recoverable amount is assessed. In cases where the carrying amount of the asset exceeds its estimated recoverable amount, the value of the asset is written down to its recoverable amount.

***Capitalised software expenses***
Capitalised software expenses are made up of expenses in connection with implementation and adaptation of software which can be capitalised. Capitalised software is depreciated on a straight-line basis over a maximum of 5 years. If there are indications of impairment, the asset's recoverable amount is assessed. In cases where the carrying amount of the asset exceeds its estimated recoverable amount, the value of the asset is written down to its recoverable amount.

**Write-downs**
Assets that have an indeterminate useful life are not amortised but are tested annually to see whether there is any need for write-down. Assets which are depreciated/amortised are assessed in terms of decrease in value whenever an event or a change in circumstances indicates that the carrying amount may not be recoverable. Write-down takes place in the amount by which the reported value of the asset exceeds its recovery value. The recovery value is the higher of an asset's fair value minus sales costs and value in use. When assessing the write-down requirement, assets are grouped at the lowest levels at which there are separately identifiable cash-generating units.

## Note 15 – *Continued*

| | Group | | | | Parent company |
|---|---|---|---|---|---|
| | Goodwill | Customer relations | Other intangible assets | Total | Other intangible assets |
| Opening acquisition value as at 1 January 2022 | 896,065 | 445,912 | 117,434 | 1,459,411 | 68,104 |
| Acquisitions during the year | - | - | 1,648 | 1,648 | 1,392 |
| Accumulated acquisition values in acquired companies | - | - | 22 | 22 | - |
| Acquisitions for the year via corporate acquisitions | 117,104 | 44,179 | - | 161,283 | - |
| Sales/disposals | - | - | - | - | - |
| Exchange rate differences | 49,006 | 24,692 | 6,500 | 80,198 | - |
| **Closing accumulated acquisition value** | **1,062,175** | **514,782** | **125,605** | **1,702,562** | **69,496** |
| Opening depreciation and write-downs, 1 January 2022 | -75,357 | -262,372 | -76,105 | -413,834 | -44,989 |
| Depreciation for the year | - | -38,203 | -10,473 | -48,676 | -6,855 |
| Write-downs for the year | - | - | -3,815 | -3,815 | -3,815 |
| Sales/disposals | - | - | - | - | - |
| Exchange rate differences | -3,180 | -14,490 | -4,200 | -21,870 | - |
| **Accumulated depreciation and write-downs** | **-78,537** | **-315,064** | **-94,594** | **-488,195** | **-55,659** |
| **Book value as at 31 December 2022** | **983,638** | **199,718** | **31,011** | **1,214,367** | **13,837** |
| Opening acquisition value as at 1 January 2021 | 625,369 | 308,826 | 96,359 | 1,030,554 | 63,637 |
| Acquisitions during the year | - | - | 5,775 | 5,775 | 4,467 |
| Accumulated acquisition values in acquired companies | - | - | 11,026 | 11,026 | - |
| Acquisitions for the year via corporate acquisitions | 243,951 | 123,121 | - | 367,072 | - |
| Sales/disposals | - | - | -81 | -81 | - |
| Exchange rate differences | 26,745 | 13,964 | 4,355 | 45,064 | - |
| **Closing accumulated acquisition value** | **896,065** | **445,912** | **117,434** | **1,459,411** | **68,104** |
| Opening depreciation and write-downs, 1 January 2021 | -73,699 | -229,542 | -63,413 | -366,654 | -37,187 |
| Depreciation for the year | - | -21,580 | -9,667 | -31,247 | -7,802 |
| Sales/disposals | - | - | 81 | 81 | - |
| Exchange rate differences | -1,658 | -11,250 | -3,106 | -16,014 | - |
| **Accumulated depreciation and write-downs** | **-75,357** | **-262,372** | **-76,105** | **-413,834** | **-44,989** |
| **Book value as at 31 December 2021** | **820,708** | **183,539** | **41,329** | **1,045,577** | **23,115** |

| | Group | |
|---|---|---|
| **Distribution of goodwill per cash-generating unit** | **31 Dec 2022** | **31 Dec 2021** |
| Nordics & Baltics | 200,854 | 198,948 |
| UK | 210,759 | 204,022 |
| West | 193,009 | 180,024 |
| Central | 379,015 | 237,714 |
| **Total** | **983,637** | **820,708** |

| | Group WACC, before tax | | Group Growth in the terminal period | |
|---|---|---|---|---|
| **Cash-generating unit** | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| Nordics & Baltics | 10.8% | 10.2% | 3.0% | 2.0% |
| UK | 10.5% | 9.9% | 3.0% | 2.0% |
| West | 10.5% | 9.9% | 3.0% | 2.0% |
| Central | 10.7% | 10.1% | 3.0% | 2.0% |

**Write-down test**
Any goodwill write-down requirements are tested each year by calculating the future utilisation value of each cash-generating unit. Impairment requirements are present if the reported value of goodwill exceeds the calculated utilisation value.

When estimating the future utilisation value, the future cash flows of the respective cash-generating units have been calculated based on the forthcoming year's budget and forecasts for a further 4 years, assuming an eternal growth rate of 3 (2) per cent.

A Weighted Average Cost of Capital (WACC) before tax of between 10-11 per cent (10-11) has been used for calculation, depending on risk factor in the various cash-generating units. Besides these important assumptions in respect of WACC and future growth, profitability (margin on profit before tax) of 6-8 per cent (6-7) has been estimated. The corporate executive's determination of important assumptions, and the values inherent in these, are based on a reflection of earlier experiences. Eternal growth of 3 per cent has been deemed reasonable on the market in which the company is active. The assessment is based on a weighted analysis of both products and services, and also on higher growth earlier in the first years of the forecast period.

The company has implemented sensitivity analyses based on isolated changes of lower budget levels, lower growth figures and higher weighted capital costs.

In the event of an increase of 2 percentage points in weighted average cost of capital, all cash-generating units would still have good margins for the recoverable amount compared with the reported value.

If the growth rate in terms of net sales were to fall by 1 percentage point during the forecast period, the recoverable amount for all cash-generating units would still exceed the reported values by a good margin.

If the long-term growth rate in terms of net sales were to fall by 1 percentage point, the recoverable amount for all cash-generating units would still exceed the reported values by a good margin.

No write-down requirement was deemed to exist as at 31 December 2022.

## Note 16 ▶ Tangible fixed assets

### ACCOUNTING POLICIES

Property, plant and equipment are recognised at acquisition value less depreciation and write-downs. Expenditure that can be directly attributed to the acquisition of the asset is included in the historical cost. Depreciation of property, plant and equipment is based on the acquisition value of the assets and the estimated useful life. In this regard, a depreciation time of three years is applied for computers and technical equipment, five years for machinery and equipment, three years for spare parts and 50 years for buildings. The useful life of the assets is tested on every balance sheet date and adjusted where required. The book value of assets is written down to recovery value if the asset's book value exceeds its assessed recovery value. Profits and losses during disposal are determined through comparison between the sales income and reported value, and are reported in the statement of comprehensive income.

| | Group | | | | | Parent company |
|---|---|---|---|---|---|---|
| | Computers and machines | Inventories | Spare parts | Buildings | Total | Computers and machines |
| Opening acquisition value as at 1 January 2022 | 331,342 | 60,427 | 68,834 | 18,414 | 479,017 | 3,702 |
| Acquisitions during the year [1] | 35,155 | 3,139 | 1,066 | - | 39,360 | 164 |
| Accumulated acquisition values in acquired companies | 501 | 1,558 | - | - | 2,059 | - |
| Sales/disposals | -87,512 | -1,159 | -24 | - | -88,695 | -33 |
| Reclassifications [1] | -19,061 | 2,049 | - | - | -17,012 | - |
| Exchange rate differences | 22,516 | 3,669 | 2,557 | 619 | 29,361 | - |
| **Closing accumulated acquisition value** | **282,941** | **69,683** | **72,433** | **19,033** | **444,090** | **3,833** |
| | | | | | | |
| Opening depreciation and write-downs, 1 January 2022 | -279,604 | -46,345 | -65,298 | -4,657 | -395,904 | -3,213 |
| Depreciation for the year | -27,402 | -5,356 | -2,534 | -298 | -35,590 | -391 |
| Sales/disposals | 86,286 | 583 | 4 | - | 86,873 | 33 |
| Reclassifications | 1,162 | -1,618 | 499 | - | 43 | - |
| Exchange rate differences | -19,898 | -2,822 | -2,463 | -162 | -25,345 | - |
| **Accumulated depreciation and write-downs** | **-239,456** | **-55,558** | **-69,792** | **-5,117** | **-369,923** | **-3,571** |
| **Book value as at 31 December 2022** | **43,485** | **14,125** | **2,641** | **13,916** | **74,167** | **262** |
| | | | | | | |
| Opening acquisition value as at 1 January 2021 | 321,459 | 59,123 | 66,222 | 16,766 | 463,570 | 3,551 |
| Acquisitions during the year [1] | 40,644 | 1,928 | 1,402 | - | 43,974 | 163 |
| Accumulated acquisition values in acquired companies | 8,654 | 1,274 | - | - | 9,928 | - |
| Sales/disposals | -34,551 | -3,258 | -1,058 | - | 38,867 | -12 |
| Reclassifications [1] | -16,411 | - | - | - | -16,411 | - |
| Exchange rate differences | 11,547 | 1,360 | 2,268 | 1,648 | 16,823 | - |
| **Closing accumulated acquisition value** | **331,342** | **60,427** | **68,834** | **18,414** | **479,017** | **3,702** |
| | | | | | | |
| Opening depreciation and write-downs, 1 January 2021 | -277,135 | -43,666 | -60,140 | -3,971 | -384,912 | -2,584 |
| Depreciation for the year | -26,252 | -4,866 | -3,451 | -286 | -34,855 | -641 |
| Sales/disposals | 34,256 | 3,112 | 244 | - | 37,612 | 12 |
| Exchange rate differences | -10,473 | -925 | -1,951 | -400 | -13,749 | - |
| **Accumulated depreciation and write-downs** | **-279,604** | **-46,345** | **-65,298** | **-4,657** | **-395,904** | **-3,213** |
| **Book value as at 31 December 2021** | **51,738** | **14,082** | **3,536** | **13,757** | **83,113** | **489** |

1) Includes SEK 17,012 thousand (16,411) reclassified from fixed assets Computers and machines to financial leasingsales.

## Note 17 ▶ Shares in Group companies

| Shares in Group companies | Company registration number | Headquarters | Number of shares | Share of equity, % | Book value, SEK thousands 31 December 2022 | Book value, SEK thousands 31 December 2021 |
|---|---|---|---|---|---|---|
| Proact IT Sweden AB | 556328-2754 | Stockholm, SE | 47,456,047 | 100.00 | 96,672 | 96,672 |
| Proact IT Norge AS | 971,210,737 | Oslo, NO | 3,475,000 | 100.00 | 49,523 | 49,523 |
| Proact Finland OY | 1084241-2 | Espoo, FI | 20,000 | 100.00 | 15,519 | 15,519 |
| Proact Systems A/S | 18,803,291 | Brøndby, DK | 600 | 100.00 | - | - |
| Proact Finance AB | 556396-0813 | Sollentuna, SE | 500,000 | 100.00 | 5,000 | 5,000 |
| Proact IT Latvia SIA | LV40003420036 | Riga, LV | 850 | 100.00 | 8,499 | 8,499 |
| Proact Lietuva UAB | 110861350 | Vilnius, LT | 7,386 | 73.86 | 7,845 | 7,845 |
| Proact Netherlands B.V. | 20136449 | Breda, NL | 44,419 | 100.00 | 79,131 | 79,131 |
| Proact Estonia AS | 115131151 | Tallinn, EE | 22,757 | 100.00 | 11,388 | 11,388 |
| Proact IT (UK) Ltd | 07493526 | Chesterfield, UK | 775,000 | 100.00 | 62,112 | 62,112 |
| Databasement International Holding B.V. | 27326003 | Zoetermeer, NL | 1,802 | 100.00 | 142,658 | 142,658 |
| Proact Belgium BVBA | 090211403 | Drongen, BE | 6,408 | 100.00 | - | - |
| Proact Czech Republic, s.r.o. | 24799629 | Prague, CZ | - | 85.30 | 13,455 | 13,455 |
| Proact U.S. LLC | - | Delaware, USA | - | 100.00 | - | - |
| Proact IT Germany GmbH | HRB 132327 | Hamburg, DE | 210,000 | 100.00 | - | - |
| | | | | | **491,802** | **491,802** |

Any impairment requirements in respect of shares in subsidiaries are tested each year by calculating the future utilisation value of each individual subsidiary, as referred to in Note 15.

| | Parent company | |
|---|---|---|
| **Shares in subsidiaries** | **31 Dec 2022** | **31 Dec 2021** |
| Opening book value | 491,802 | 491,802 |
| Write-downs | - | - |
| **Closing accumulated acquisition value** | **491,802** | **491,802** |
| **BOOK VALUE** | **491,802** | **491,802** |

| | Parent company | |
|---|---|---|
| **Income from participations in Group companies** | **2022** | **2021** |
| Dividends, earned | 49,527 | 35,415 |
| **Total** | **49,527** | **35,415** |

**Acquisition of further interests in 2022 from non-controlling interests**
No further interests from non-controlling interests have been acquired in 2022.

**Acquisition of further interests in 2021 from non-controlling interests**
No further interests from non-controlling interests have been acquired in 2021.

**Profit, equity and cash flow pertaining to non-controlling interests**

| | Equity | Profit | Cash flow | Percentage of non-controlling interests | Equity | Profit | Cash flow | Percentage of non-controlling interests |
|---|---|---|---|---|---|---|---|---|
| **SEK thousands** | **31 Dec 2022** | **2022** | **2022** | **2022** | **31 Dec 2021** | **2021** | **2021** | **2021** |
| Proact Lietuva UAB | 762 | -217 | 870 | 26 | 938 | -207 | -509 | 26 |
| Proact Czech Republic, s.r.o. | 3,127 | 499 | 845 | 15 | 2,311 | 245 | -1,765 | 15 |
| | **3,888** | **282** | **1,714** | | **3,249** | **39** | **-2,274** | |

## Note 18 ▶ Receivables and liabilities with Group companies and Other long-term receivables

| | Parent company | | |
|---|---|---|---|
| | <1 year | 1-5 years | >5 years |
| Receivables with group companies due within | 94,115 | 107,945 | 589,052 |
| Liabilities with Group companies due within | 401,789 | - | 12,581 |

There are no subordinated loans to foreign subsidiaries.

| | Group | |
|---|---|---|
| **Other non-current receivables** | **31 Dec 2022** | **31 Dec 2021** |
| Blocked accounts of tenancy agreements | 1,274 | 935 |
| Receivables relating to financial leasing | 36,669 | 46,800 |
| Pre-paid expenses and accrued income – Non-current [1)] | 509,495 | 362,165 |
| Other non-current receivables | 747 | 2,424 |
| **Total** | **548,185** | **412,324** |

1) See also Note 21.

## Note 19 ▶ Inventories

### ACCOUNTING POLICIES

Stock is valued at the lowest of the acquisition value and the net selling price. The net realisable value is the estimated sales price in operating activities, after deductions for estimated expenses for preparation and for achieving a sale.

The acquisition value for inventories is based on the first-in first-out principle (FIFO) and includes costs arising upon acquisition of the inventories and their transport to their current location and condition.

Inventories are valued at the acquisition value or the net realisable value, whichever is the lower. The reported value of goods in stock may need to be written down if they are exposed to damage, if all or some of them become too old or if their sale prices decline. Stock value as at 31 December 2022 amounted to SEK 64,065 thousand (15,618). During the year, the Group wrote down inventories to the value of SEK 170 thousand (81) due to obsolescence. At the same time, write-downs amounting to SEK 149 thousand (42) were reversed in 2022 as it was possible to sell inventories written down previously.

## Note 20 ▶ Accounts receivable

### ACCOUNTING POLICIES

**Accounts receivable**
Accounts receivable are amounts attributable to customers in respect of goods or services sold that are implemented in current operations. Accounts receivable generally fall due for payment within 30-90 days, and so all accounts receivable have been classified as current assets. Accounts receivable are initially recognised at the transaction price. The Group holds accounts receivable for the purpose of collecting contractual cash flows.

***Provisions for uncertain receivables and write-downs***
The Group applies the simplified method for calculating expected credit losses. This method means that expected losses throughout the entire term of the receivable are used as a basis for accounts receivable and contract assets.

Provision for expected credit loss is based on the credit risk characteristics of the accounts receivable and contract assets and the number of days of delay.

The contract assets are attributable to as yet uninvoiced work and essentially have the same risk characteristics as already invoiced work for the same type of contract.

The Group it is therefore of the opinion that the loss levels for accounts receivable is a reasonable estimate of the loss levels for contract assets.

Expected credit losses are based on customers' payment histories together with the loss history.

Accounts receivable and contract assets are impaired when it has been established that it will not be possible to recover any amount.

Credit losses are recognised in the income statement as a cost of goods and services sold.

| | Group | |
|---|---|---|
| | **31 Dec 2022** | **31 Dec 2021** |
| Accounts receivable | 850,647 | 546,436 |
| Provisions for impairment of accounts receivable | -870 | -960 |
| **Accounts receivable – net** | **849,777** | **545,476** |

The Group has had customer losses of SEK 296 thousand in 2022.
The Group has had customer losses of SEK 0 thousand in 2021.
See the section entitled "Risks and risk management" for risks and age analysis relating to accounts receivable.

Contract assets are reported separately: see Note 3 Revenue and Note 21 Interim receivables.

## Note 21 ▶ Prepaid expenses and accrued income

| | Group | | Parent company | |
|---|---|---|---|---|
| **Current** | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| Prepaid rental costs | 5,081 | 5,389 | - | - |
| Prepaid leasing fees | 3,807 | 4,129 | - | - |
| Prepaid insurance premiums | 5,402 | 5,732 | - | - |
| Prepaid maintenance charges | 168,128 | 136,285 | - | - |
| Prepaid system costs | 292,207 | 269,586 | - | - |
| Other prepaid expenses | 78,045 | 36,707 | 12,280 | 12,589 |
| Accrued service revenues | 38,620 | 27,359 | - | - |
| Accrued system revenues | 6,799 | 5,513 | - | - |
| Other accrued revenues | 14,403 | 3,542 | 1,217 | - |
| **Total current interim receivables** | **612,492** | **494,242** | **13,497** | **12,589** |
| | | | | |
| **Non-current** | | | | |
| Prepaid rental costs | 22 | 20 | - | - |
| Prepaid leasing fees | 11 | 31 | - | - |
| Prepaid maintenance charges | 117,141 | 86,875 | - | - |
| Prepaid system costs | 298,573 | 242,201 | - | - |
| Other prepaid expenses | 12,256 | 8,507 | - | - |
| Accrued service revenues | 76,325 | 17,232 | - | - |
| Accrued system revenues | - | - | - | - |
| Other accrued revenues | 5,167 | 7,299 | - | - |
| **Total non-current interim receivables** [1] | **509,495** | **362,165** | **-** | **-** |

1) Non-current interim receivables are included as part of Other non-current receivables in the balance sheet.

## Note 22 ▶ Other liabilities

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| Employee tax at source | 34,058 | 30,127 | 793 | 708 |
| Social security contributions | 14,535 | 12,338 | 7,633 | 3,953 |
| VAT liabilities | 70,171 | 50,238 | - | 1,598 |
| Advance payments from customers | 2,605 | 7,663 | - | - |
| Deferred payment of part of purchase price | 4,957 | 28,864 | - | - |
| Other items | 35,651 | 27,911 | 361 | 4 |
| **Total** | **161,977** | **157,141** | **8,787** | **6,263** |

All liabilities are due for payment within one year.

## Note 23 ▶ Accrued expenses and deferred income

| | Group | | Parent company | |
|---|---|---|---|---|
| **Current** | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| Accrued wages and salaries | 62,146 | 44,427 | 5,021 | 2,150 |
| Accrued holiday pay liabilities | 44,640 | 40,134 | 2,372 | 2,315 |
| Accrued social costs | 38,617 | 22,612 | 373 | 206 |
| Accrued servicing costs | 14,411 | 7,701 | - | - |
| Accrued non-recurring costs | 2,518 | - | - | - |
| Prepaid system revenues | 289,719 | 299,272 | - | - |
| Prepaid service revenues | 364,480 | 340,295 | - | - |
| Other items | 120,162 | 47,437 | 3,193 | 2,681 |
| **Total current interim liabilities** | **936,693** | **801,878** | **10,959** | **7,352** |
| | | | | |
| **Non-current** | | | | |
| Accrued servicing costs | 3,316 | - | - | - |
| Prepaid system revenues | 370,905 | 291,874 | - | - |
| Prepaid service revenues | 360,640 | 196,156 | - | - |
| Other items | - | 4,592 | - | - |
| **Total non-current interim liabilities** [1] | **734,861** | **492,622** | **-** | **-** |

1) Non-current interim liabilities are included as part of Other non-current liabilities in the balance sheet.

## Note 24 ▸ Financial assets and liabilities

### ACCOUNTING POLICIES

**Financial assets and liabilities**
The Group classifies its financial assets in the following categories: financial assets valued at fair value via the statement of comprehensive income, financial assets valued at accrued acquisition cost, financial instruments held to maturity and financial assets that can be sold. Classification depends on the purpose for which the instruments were acquired. The Group establishes the classification of the instruments at the time of first recognition. Only the categories relevant to the Group are described below.

The Group classifies its financial liabilities in the following categories: financial liabilities valued at fair value via the statement of comprehensive income, plus other financial liabilities valued at accrued acquisition cost.

Risks linked with financial instruments, sensitivity analyses, etc. are described in the section entitled "Risks and risk management" in the annual financial statements.

***Financial assets valued at fair value via the statement of comprehensive income***
Assets in this category are constantly valued at fair value with value changes recorded in the statement of comprehensive income. This category consists of two subgroups: financial assets and liabilities held for trading and other financial assets and liabilities which the company has initially opted to value at fair value in the statement of comprehensive income. A financial asset is classified as a holding for trade if it is acquired with a view to being sold in the short term. Proact only has derivatives in the group financial asset held for trading.

***Financial assets valued at accrued acquisition cost***
Loans receivable and accounts receivable are non-derivative financial assets with determined or determinable payments which are not listed on an active market. It is significant that they are incurred when the Group supplies money, products or services directly to a customer without the intention of purchasing with the accrued claim. They are included in current assets, with the exception of items with due dates more than 12 months after the balance sheet date which are classified as fixed assets. The Group's financial lease receivables are reported in the balance sheet in the other non-current receivables entry.

Assets in this category are valued at accrued acquisition cost after the acquisition date. Accrued historical cost is determined from the effective interest that is calculated at the date of acquisition. Accounts receivable are recognised at the amount expected to be paid following individual assessment. The expected maturity of accounts receivable is short, and so the value has been recognised at a nominal amount without discount. Provision for expected credit loss is based on the credit risk characteristics of the accounts receivable and contract assets and the number of days of delay. The contract assets are attributable to as yet uninvoiced work and essentially have the same risk characteristics as already invoiced work for the same type of contract. The Group it is therefore of the opinion that the loss levels for accounts receivable is a reasonable estimate of the loss levels for contract assets. Expected credit losses are based on customers' payment histories together with the loss history. Write-downs of accounts receivable are reported in operating expenses.

***Financial liabilities valued at fair value via the statement of comprehensive income***
Liabilities in this category are constantly valued at fair value with value changes recorded in the income statement. This category comprises financial liabilities reported by the company at fair value via the statement of comprehensive income. Proact has carried out present value calculation of additional purchase prices as they arise in this category, as well as derivatives.

The effective portion of the change in fair value of a derivative instrument identified as a net investment that qualifies for hedge accounting is recognised through other comprehensive income in the hedging reserve in equity. The ineffective portion of the change in value is recognised immediately in the income statement as other income or other expenses.

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity. The gain or loss attributable to the ineffective portion is recognised directly in the income statement as other income or other expenses.

***Other financial liabilities valued at accrued acquisition cost***
Accounts payable are without security and are normally paid within 30 days. The fair value of accounts payable and other liabilities is considered to correspond to their recognised values, as they are current by nature.

Borrowing is initially recognised at fair value, net after transaction costs. Borrowing is then recognised at accrued cost and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in the statement of comprehensive income, distributed across the loan period, with the application of the effective interest method. Accounts payable are without security and are normally paid within 30 days.

**Inclusion of derivative instruments**
Derivatives are included in the balance sheet on contract date and are valued at fair value, both at first inclusion and when subsequently reassessed. All derivatives are reported on an ongoing basis at fair value, with value changes reported in the statement of comprehensive income within cost of sold product for the derivatives linked with accounts payable or financial items respectively for the derivatives linked with financial leasing contracts.

***Calculation of fair value***
The fair value of financial instruments such as forward exchange contracts which are not traded on an active market is established by using valuation techniques. Such methods may include an analysis of recent transactions of similar instruments or discounting of anticipated cash flows.

The nominal value less any assessed credits, for accounts receivable and liabilities to suppliers, are assumed to correspond to their fair value.

The fair value of additional purchase prices is calculated by discounting the future contracted or assessed cash flow at the current market rate of interest available to the Group for similar financial instruments. The fair value of financial liabilities is calculated for disclosure in a note by discounting the future contracted or assessed cash flow at the current market rate of interest available to the Group for similar financial instruments.

| Other financial liabilities valued at accrued acquisition cost | Group | | Parent company | |
|---|---|---|---|---|
| | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| **Non-interest-bearing** | | | | |
| Currency derivatives | 5,496 | 1,487 | 361 | 4 |
| Other liabilities [1] | 57,014 | 27,505 | 20,854 | 2,521 |
| Accounts payable | 625,050 | 416,294 | 7,905 | 7,188 |
| **Total non-interest-bearing** | **687,560** | **445,286** | **29,120** | **9,713** |
| **Interest-bearing** | | | | |
| Liability on acquisition – Current [1] | 4,957 | 28,864 | - | - |
| Liability on acquisition – Non-current [1] | 12,786 | - | - | - |
| Bank loans, of which current portion | - | - | - | - |
| Bank loans, of which non-current portion | 440,665 | 482,920 | 440,665 | 482,920 |
| Leasing liabilities [2] | 290,572 | 241,182 | - | - |
| **Total interest-bearing** | **748,980** | **752,966** | **440,665** | **482,920** |
| **Total other financial liabilities valued at accrued acquisition cost** | **1,436,540** | **1,198,252** | **469,785** | **492,633** |

1) Deferred payment of part of the purchase price for acquisition of sepago GmbH SEK 12,786 (0) thousand, SEK 4,957 (8,099) thousand for acquisition of Cetus Solutions Ltd and SEK 0 (20,765) thousand for acquisition of Conoa AB.
2) See also Note 27.

| Interest-bearing liabilities, Group, 31 Dec 2022 | Interest | Maturity | Book value |
|---|---|---|---|
| Liability on acquisition [1] | 0% - 10% | 2023-2024 | 17,743 |
| Utilised overdraft facility, Nordea [2], [3] | Base rate +2.0% | 31/12/2022 | - |
| Bank loan, Nordea [3] | STIBOR 3M +1.25% | 16/07/2025 | 154,000 |
| Bank loan, Nordea [3] | EURIBOR 3M +1.25% | 16/07/2025 | 286,665 |
| Leasing liability [4] | 4.17% - 7.48% | 2023 | 113,416 |
| Leasing liability [4] | 3.06% - 6.19% | 2024-2027 | 177,156 |
| **Total interest-bearing liabilities** | | | **748,980** |

1) The interest rate used in the present value calculation for sepago GmbH is 7.5 per cent with a term until 2023 and 10 per cent with a term until 2024, and 0 per cent for Cetus with a term until 2023.
2) Interest will be payable over three months.
3) The limit for the Group overdraft facility is SEK 159,214 thousand, and for the parent company SEK 150,000 thousand, of which the Group amount utilised amounted to SEK 0 thousand and SEK 0 thousand for the parent company.
4) Interest will be payable over one month.

# Note 24 – *Continued*

Of the above interest-bearing liabilities, current loans that fall due in 2023 amount to SEK 0 thousand. Of the bank loan maturing on 16 July 2025, this amount of SEK 440,665 (482,920) thousand relates to a three-year credit facility totalling SEK 600 million. This credit facility has two extension options of one year each, occurring after 12 and 24 months respectively. The first extension option was exercised in 2022. This bank loan includes lending terms in respect of net debt in relation to EBITDA. The lending terms have been met by a good margin in 2022 and as at 31 December 2022.

| **Interest-bearing liabilities, Group, 31 Dec 2021** | **Interest** | **Maturity** | **Book value** |
|---|---|---|---|
| Liability on acquisition [1] | 2% | 2022 | 8,099 |
| Liability on acquisition [1] | 2% | 2022 | 20,765 |
| Utilised overdraft facility, Nordea [2, 3] | Base rate +2.0% | 31/12/2021 | - |
| Bank loan, Nordea [3] | LIBOR 3M +1.25% | 16/07/2024 | 17,903 |
| Bank loan, Nordea [3] | STIBOR 3M +1.25% | 16/07/2024 | 293,000 |
| Bank loan, Nordea [3] | EURIBOR 3M +1.25% | 16/07/2024 | 172,017 |
| Leasing liability [4] | 1.18%-3.56% | 2022 | 104,193 |
| Leasing liability [4] | 1.18%-3.56% | 2023-2026 | 136,989 |
| **Total interest-bearing liabilities** | | | **752,966** |

1) The interest rate used when carrying out a present value calculation for Cetus Solutions Ltd. and Conoa AB is 2 per cent, with a term until 2022.
2) Interest will be payable over three months.
3) The limit for the Group overdraft facility is SEK 158,209 thousand, and for the parent company SEK 150,000 thousand, of which the Group amount utilised amounted to SEK 0 thousand and SEK 0 thousand for the parent company.
4) Interest will be payable over one month.

| **Interest-bearing liabilities, parent company, 31 December 2022** | **Interest** | **Maturity** | **Book value** |
|---|---|---|---|
| Bank loan, Nordea [1] | STIBOR 3M +1.25% | 16/07/2025 | 154,000 |
| Bank loan, Nordea [1] | EURIBOR 3M +1.25% | 16/07/2025 | 286,665 |
| **Total interest-bearing liabilities** | | | **440,665** |

Of the above interest-bearing liabilities, current loans that fall due in 2023 amount to SEK 0 thousand. Of the parent company's bank loan above, maturing on 16 July 2025, this amount of SEK 440,665 thousand (482,920) relates to a three-year credit facility totalling SEK 600 million. This credit facility has two extension options of one year each, occurring after 12 and 24 months respectively. The first extension option was exercised in 2022. This bank loan includes lending terms in respect of net debt in relation to EBITDA. The lending terms have been met by a good margin in 2022 and as at 31 December 2022.

1) Interest will be payable over three months.

| **Interest-bearing liabilities, parent company, 31 December 2021** | **Interest** | **Maturity** | **Book value** |
|---|---|---|---|
| Bank loan, Nordea [1] | LIBOR 3M +1.25% | 16/07/2024 | 17,903 |
| Bank loan, Nordea [1] | STIBOR 3M +1.25% | 16/07/2024 | 293,000 |
| Bank loan, Nordea [1] | EURIBOR 3M +1.25% | 16/07/2024 | 172,017 |
| **Total interest-bearing liabilities** | | | **482,920** |

Of the above interest-bearing liabilities, current loans that fall due in 2022 amount to SEK 0 thousand. Of the parent company's bank loan above, maturing on 16 July 2024, this amount of SEK 482,920 thousand relates to a three-year credit facility totalling SEK 600 million. This credit facility has two extension options of one year each, occurring after 12 and 24 months respectively. This bank loan includes lending terms in respect of net debt in relation to EBITDA. The lending terms have been met by a good margin in 2021 and as at 31 December 2021.

1) Interest will be payable over three months.

**Group term analysis, financial liabilities as at 31 December 2022**

**Contractual undiscounted amounts including future interest payments**

| | **On request** | **<3 mths** | **3-12 mths** | **1-5 years** | **>5 years** |
|---|---|---|---|---|---|
| Currency derivatives | - | - | 4,030 | 1,466 | - |
| Liability on acquisition – Current element [1] | - | - | - | 4,957 | - |
| Liability on acquisition – Non-current element [1] | - | - | - | 12,786 | - |
| Bank loans, of which non-current portion | - | 4,056 | 12,168 | 440,665 | - |
| Accounts payable | - | 625,050 | - | - | - |
| Other liabilities | - | 57,014 | - | - | - |
| Leasing liabilities | - | 15,123 | 45,368 | 241,965 | - |
| | **-** | **701,252** | **61,566** | **701,839** | **-** |

1) Liability on acquisition of sepago GmbH SEK 12,786 thousand (0), and on acquisition of Cetus Solutions Ltd SEK 4,957 thousand (8,099).

**Group term analysis, financial liabilities as at 31 December 2021**

**Contractual undiscounted amounts including future interest payments**

| | **On request** | **<3 mths** | **3-12 mths** | **1-5 years** | **>5 years** |
|---|---|---|---|---|---|
| Currency derivatives | - | 4 | 274 | 1,209 | - |
| Liability on acquisition – Current element [1] | - | - | 28,864 | - | - |
| Liability on acquisition – Non-current element [1] | - | - | - | - | - |
| Bank loans, of which non-current portion | - | 1,509 | 4,527 | 498,209 | - |
| Accounts payable | - | 416,294 | - | - | - |
| Other liabilities | - | 27,505 | - | - | - |
| Leasing liabilities | - | 12,397 | 37,190 | 198,348 | - |
| | **-** | **457,709** | **70,855** | **697,766** | **-** |

1) Debt on acquisition of Cetus Solutions Ltd SEK 8,099 thousand (21,897) and Conoa AB SEK 20,765 thousand.

**Parent company term analysis, financial liabilities as at 31 December 2022**

**Contractual undiscounted amounts including future interest payments**

| | **On request** | **<3 mths** | **3-12 mths** | **1-5 years** | **>5 years** |
|---|---|---|---|---|---|
| Bank loans, of which non-current portion | - | 4,056 | 12,168 | 440,665 | - |
| Accounts payable | - | 7,905 | - | - | - |
| | **-** | **11,961** | **12,168** | **440,665** | **-** |

**Parent company term analysis, financial liabilities as at 31 December 2021**

**Contractual undiscounted amounts including future interest payments**

| | **On request** | **<3 mths** | **3-12 mths** | **1-5 years** | **>5 years** |
|---|---|---|---|---|---|
| Bank loans, of which non-current portion | - | 1,509 | 4,527 | 498,209 | - |
| Accounts payable | - | 7,188 | - | - | - |
| | **-** | **8,697** | **4,527** | **498,209** | **-** |

## Note 24 – *Continued*

**Financial assets and liabilities per valuation category**

| Group, 2022 | Assets and liabilities valued at fair value through statement of comprehensive income | Financial assets valued at accrued acquisition cost | Other financial liabilities valued at accrued acquisition cost | Total carrying amount | Fair value [2] |
|---|---|---|---|---|---|
| Lease receivables | - | 70,489 | - | 70,489 | 70,489 |
| Rent deposits | - | 1,029 | - | 1,029 | 1,029 |
| Accounts receivable | - | 849,777 | - | 849,777 | 849,777 |
| Other receivables | - | 140,487 | - | 140,487 | 140,487 |
| Cash and cash equivalents | - | 505,684 | - | 505,684 | 505,684 |
| Currency derivatives [1] | - | - | - | - | - |
| **Total financial assets [3,4]** | **-** | **1,567,466** | **-** | **1,567,466** | **1,567,466** |
| Accounts payable | - | - | 625,050 | 625,050 | 625,050 |
| Other liabilities | - | - | 57,014 | 57,014 | 57,014 |
| Bank loans | - | - | 440,665 | 440,665 | 440,665 |
| Liabilities, acquisitions | - | - | 4,957 | 4,957 | 4,957 |
| Currency derivatives [1] | 5,496 | - | - | 5,496 | 5,496 |
| Leasing liabilities | - | - | 290,572 | 290,572 | 290,572 |
| **Total financial liabilities [3]** | **5,496** | **-** | **1,418,258** | **1,423,754** | **1,423,754** |

1) Assets and liabilities relating to currency derivatives are recognised in Other non-current receivables, Other receivables, Other non-current liabilities, Other liabilities and Accrued expenses.
2) Recognised values are a reasonable estimate of fair value.
3) The Group's exposure to various risks associated with the financial instruments is described in the section entitled Risks and risk management. The maximum exposure to credit risk as at the balance sheet date corresponds to the fair value for each category of financial assets stated above.
4) Financial assets pledged as security, see Note 25.

**Financial assets and liabilities per valuation category**

| Group, 2021 | Assets and liabilities valued at fair value through statement of comprehensive income | Financial assets valued at accrued acquisition cost | Other financial liabilities valued at accrued acquisition cost | Total carrying amount | Fair value [2] |
|---|---|---|---|---|---|
| Lease receivables | - | 90,236 | - | 90,236 | 90,236 |
| Rent deposits | - | 935 | - | 935 | 935 |
| Accounts receivable | - | 545,476 | - | 545,476 | 545,476 |
| Other receivables | - | 60,945 | - | 60,945 | 60,945 |
| Cash and cash equivalents | - | 463,934 | - | 463,934 | 463,934 |
| Currency derivatives [1] | 224 | - | - | 224 | 224 |
| **Total financial assets [3,4]** | **224** | **1,161,526** | **-** | **1,161,750** | **1,161,750** |
| Accounts payable | - | - | 416,294 | 416,294 | 416,294 |
| Other liabilities | - | - | 27,505 | 27,505 | 27,505 |
| Bank loans | - | - | 482,920 | 482,920 | 482,920 |
| Liabilities, acquisitions | - | - | 28,864 | 28,864 | 28,864 |
| Currency derivatives [1] | 1,487 | - | - | 1,487 | 1,487 |
| Leasing liabilities | - | - | 241,182 | 241,182 | 241,182 |
| **Total financial liabilities [3]** | **1,487** | **-** | **1,196,765** | **1,198,252** | **1,198,252** |

1) Assets and liabilities relating to currency derivatives are recognised in Other non-current receivables, Other receivables, Other non-current liabilities, Other liabilities and Accrued expenses.
2) Recognised values are a reasonable estimate of fair value.
3) The Group's exposure to various risks associated with the financial instruments is described in the section entitled Risks and risk management. The maximum exposure to credit risk as at the balance sheet date corresponds to the fair value for each category of financial assets stated above.
4) Financial assets pledged as security, see Note 25.

| | Group, 2022 | | | Group, 2021 | | |
|---|---|---|---|---|---|---|
| **Borrowing** | **Current** | **Non-current** | **Total** | **Current** | **Non-current** | **Total** |
| Loans with pledged assets | | | | | | |
| Bank loans | - | 440,665 | 440,665 | - | 482,920 | 482,920 |
| **Total loans with pledged assets** | **-** | **440,665** | **440,665** | **-** | **482,920** | **482,920** |
| **Loans without pledged assets** | | | | | | |
| Accounts payable | 625,050 | - | 625,050 | 416,294 | - | 416,294 |
| **Total loans without pledged assets** | **625,050** | **-** | **625,050** | **416,294** | **-** | **416,294** |
| **Total borrowing** | **625,050** | **440,665** | **1,065,715** | **416,294** | **482,920** | **899,214** |

## Note 24 – *Continued*

**Calculation of fair value**
According to IFRS 9, certain financial instruments must be valued at fair value in the balance sheet. To do this, information is required on valuation at fair value for each level in the following fair value hierarchy:
Level 1) Listed prices (unadjusted) on active markets for identical assets or liabilities.
Level 2) Observable inputs for assets or liabilities other than quoted prices included in level 1, either directly (i.e. prices) or indirectly (i.e. derived from prices).
Level 3) Data for assets or liabilities which is not based on observable market data (i.e. non-observable data).

In category 2, the Group has receivables and liabilities relating to currency hedges at a net value of SEK 4,862 thousand as at 31 December 2022. Receivables of SEK 0 thousand (0) are recognised in Other non-current receivables, SEK 10,358 thousand (224) in Other receivables and SEK 5,496 thousand (1,487) in Other liabilities.

Currency hedges are valued at market value in that early allocation of currency hedging takes place in order to find out what the forward price would be in the event of maturity at the balance sheet date. In the case of currency hedging of EUR to SEK, for example, the difference in interest rates between Sweden and Europe for the remaining original term is used, which provides the number of points to be deducted from the original forward price. The difference between the new forward price and the original forward price gives the market value of the currency hedge.

The Group has no financial assets and liabilities in category 1 and category 3. No transfers between the categories have taken place during the period.

## Note 25 ▶ Assets pledged, contingent liabilities and commitments

### ACCOUNTING POLICIES

**Provisions**
A provision is recognised in the balance sheet when there is a commitment as a consequence of an event that has occurred, and it is likely that an outflow of resources will be required to settle the obligation, and that a reliable estimate of the amount can be made. Where the time at which payment is made is material, provisions must be set at the net present value of the payments which are expected to be required to settle the liability.

**Contingent liabilities**
A contingent liability is present when there is a possible commitment that stems from events that have occurred and its existence is confirmed only by one or more uncertain future events. Contingent liabilities are not recognised as a liability or provision, because it is not likely that an outflow of resources will be required or the size of the commitment cannot be calculated in a reliable manner. Thus information is provided unless the likelihood of outflow of resources is extremely low.

**Pledged assets**

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| Chattel mortgages [1] | 7,489 | 6,883 | - | - |
| Blocked resources [2] | 1,029 | 935 | - | - |
| Security, bank loans [3] | 589,487 | 374,532 | 96,672 | 96,672 |
| Pledged accounts receivable [4] | 11,338 | 3,949 | - | - |
| **Total pledged assets** | **609,343** | **386,299** | **96,672** | **96,672** |

1) Chattel mortgages refer to security placed for overdraft facilities in Finland amounting to SEK 7,489 thousand (6,883).
2) Security for rental contract SEK 1,029 thousand (935). Blocked liquid funds are included in the item Other non-current receivables.
3) Shares in subsidiaries as security for bank loans of SEK 440,665 thousand (482,920) with Nordea.
4) Pledged for overdraft facility in Proact Czech Republic, s.r.o.

**Contingent liabilities**
The parent company has contingent liabilities relating to bank guarantees and other guarantees and other business arising during normal business operations. No significant liabilities are expected to stem from these contingent liabilities.

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| Guarantees for | | | | |
| Other guarantees, subsidiaries [1] | 256 | 307 | 10,549 | 26,981 |
| **Total contingent liabilities** | **256** | **307** | **10,549** | **26,981** |

1) Other guarantees, subsidiaries relates to customer commitments of SEK 1,995 thousand, supplier guarantees of SEK 6,703 thousand and guarantees for leased vehicles of SEK 1,851 thousand.

**Commitments**
As at 31 December 2022, the company had no contracted commitments which had not yet been reported in the financial statements which would result in significant future disbursements, except for commitments relating to operating and support activities. For leasing commitments, see Note 27.

## Note 26 ▶ Supplementary information on the cash flow statement

### ACCOUNTING POLICIES

**Cash and cash equivalents and short-term investments**
Cash and cash equivalents are deposited in bank accounts or invested in Swedish interest-bearing securities. Cash and cash equivalents belong to the category of loans and receivables. The maturity of investments included in cash and cash equivalents is three months at the most.

**Cash flow analysis**
The indirect method has been applied when drawing up the cash flow statement. When applying the indirect method, net payments to and from current operations are calculated by adjusting the net result for changes in operating income and expenses during the period, items which are not included in the cash flow and items which are included in the cash flow of investment and financing business. Cash and cash equivalents comprise cash balances and immediately accessible holdings in banks and corresponding institutes, and short-term investments with a maturity from the acquisition date of less than three months and which are exposed to only a minimal risk of value fluctuation. Comparative figures have been recalculated since the cash flow presentation changed in 2022 compared to the previous year.

**Information concerning interest paid**
During the period, interest received in the Group amounted to SEK 2,905 (75) thousand and SEK 2,702 (28) thousand in the parent company. During the period, interest paid in the group amounted to SEK 15,215 (10,884) thousand and SEK 12,065 (5,943) in the parent company.

**Acquisition of subsidiaries and activities**
sepago GmbH in Germany was acquired in the third quarter of 2022. The purchase price for this company was settled with cash and cash equivalents, SEK 120 million paid in 2022 and a deferred purchase price of EUR 4 million, on a cash-free and debt-free basis. Conoa AB in Sweden was acquired in the second quarter of 2021. The purchase price for this company was settled with cash and cash equivalents, SEK 99 million being paid in 2021 and SEK 21 million to be paid in 2022. ahd GmbH & Co. was acquired in the fourth quarter of 2021. The purchase price for this company was settled with cash and cash equivalents, EUR 26.2 million being paid in 2021. (SEK 265,8 million) which has been paid during 2021.

**Acquisitions from non-controlling interests**
No acquisitions of further interests from non-controlling interests have taken place in 2022.

**Divestment of subsidiaries and activities**
No subsidiaries or operations were sold in 2022 or 2021.

**Acquisition of intangible fixed assets**
Intangible fixed assets worth SEK 1,648 thousand (5,775) were acquired during the year.

**Acquisition of tangible fixed assets**
Tangible fixed assets worth SEK 39,360 thousand (43,974) were acquired during the year.

**Dividends to non-controlling interests**
During the year, dividends amounting to SEK 0 thousand (0) were paid out to holders without a controlling influence in a partly-owned subsidiary in the Baltic region.

| Cash and cash equivalents | Group 31 Dec 2022 | Group 31 Dec 2021 | Parent company 31 Dec 2022 | Parent company 31 Dec 2021 |
|---|---|---|---|---|
| Cash and bank balances [1, 2] | 505,684 | 463,934 | - | - |

1) Of Group cash and cash equivalents, SEK 19,874 thousand (10,801) relates to partly-owned companies in the Baltic region and the Czech Republic.
2) The parent company's cash and cash equivalents relate to the balance of the Group account and are recognised as liabilities to Group companies, amounting to SEK 312,885 thousand (220,271) as at 31 December 2022.

**Blocked liquid assets**
The Group has total blocked liquid assets of SEK 1,274 thousand (935). Of these, SEK 1,274 thousand (935) are included in Other long-term receivables and relate to security for rental contracts. See Note 18.

**Transactions not settled in cash and cash equivalents**
There were no transactions settled by means of payment methods other than cash and cash equivalents in 2022.

There were no transactions settled by means of payment methods other than cash and cash equivalents in 2021.

**Specification of cash flow from financing activities**

| | | | Changes not affecting cash flow | | | |
|---|---|---|---|---|---|---|
| 2022 | Opening balance | Cash flow | Translation differences | Acquisition-related | Other details | Closing balance |
| Long-term bank loans | 482,920 | -62,309 | 20,054 | - | - | 440,665 |
| Other non-current liabilities [1] | 634,191 | -2,310 | 36,457 | - | 213,210 | 881,548 |
| Current bank loans | -1,876 | - | - | - | -654 | -2,530 |
| Other current liabilities | 261,334 | -132,864 | -39,607 | 139,376 | 47,154 | 275,393 |
| **Total** | **1,376,569** | **-197,483** | **16,904** | **139,376** | **259,710** | **1,595,076** |

| 2021 | Opening balance | Cash flow | Translation differences | Acquisition-related | Other details | Closing balance |
|---|---|---|---|---|---|---|
| Long-term bank loans | 211,806 | 262,235 | 8,879 | - | - | 482,920 |
| Other non-current liabilities [1] | 608,192 | -13,135 | 21,252 | - | 17,882 | 634,191 |
| Current bank loans | - | - | - | - | - | - |
| Other current liabilities | 244,473 | -120,160 | 10,333 | 28,613 | 98,075 | 261,334 |
| **Total** | **1,062,594** | **128,940** | **40,464** | **28,613** | **115,957** | **1,376,569** |

1) Non-current interim liabilities, which are included in Other non-current liabilities in the balance sheet, are classified under working capital in the cash flow statement.

## Note 27 ▶ Leasing

### ACCOUNTING POLICIES

In Proact operations, the Group acts as both lessor and lessee.

**Proact as lessee**
As of 1 January 2019, Proact is applying IFRS 16 Leases to replace IAS 17 Leases. Proact is applying the simplified transition method, and the primary impact on the company's accounts originates from the recognition of IT equipment, vehicles, office equipment and rental contracts relating to premises. This change means that leasing contracts (with the exception of short-term leasing contracts and leasing contracts of lesser value) are recognised as right-of-use assets and leasing liabilities in the balance sheet. Assets and liabilities arising from leasing agreements are initially recognised at present value. Leasing liabilities include the present value of the following lease payments:

- set charges (including set charges in substance), after deductions for any benefits that are to be obtained in connection with the conclusion of the leasing agreement
- variable lease charges dependent on an index or price, valued initially with the help of the index or price on the initial date
- amounts that are expected to be paid by the lessee according to residual value guarantees
- the redemption price for an option to buy if the company is reasonably certain to exercise such an option.

Right of use is depreciated on a straight-line basis throughout the right of use period. Short-term leasing contracts are contracts of less than 12 months, and contracts of lesser value include contracts containing assets of less than EUR 5,000. In the comprehensive income report, the linear operational leasing cost is replaced with a cost for depreciation of the right-of-use asset and an interest cost attributable to the leasing liability.

Leasing agreements may include both leasing and non-leasing components. As regards leasing agreements in respect of vehicles, the group has opted not to separate different leasing components, but instead to report these as a single leasing component. Non-leasing components are separated for other leasing agreements.

Any options to extend the agreement or terminate it early must be included when calculating the length of the leasing period, if it is reasonably certain that these options will be exercised. A thorough evaluation of the financial benefits must be performed before making a decision to exercise an option. The leasing period is equivalent to the initial term of the agreement for most of Group's agreements. Leasing contracts containing a buyout option are not treated as short-term contracts even if the term is less than 12 months.

Proact uses different discount rates depending on the terms of its agreements and the geographical market. Leasing payments are discounted by the interest rate implicit in the leasing agreement. If this interest-rate cannot be established easily – which is normally the case for the Group's leasing agreements – the lessee's marginal loan rate must be used: this is the interest rate that the individual lessee would have to pay to borrow the necessary funds to buy an asset of similar value as the right of use in a similar economic environment, with similar terms and securities. The Group determines the marginal loan rate as follows:

- when it is possible to do so, finance that has recently been obtained by a third party is used as a starting point and then adjusted in order to reflect changes in the finance criteria since the finance was obtained.
- adjustments are made for the specific terms of the agreement, e.g. the lease period, country, currency and security.

Proact is exposed to any future increases in flexible lease payments based on an index or an interest rate that are not included in the leasing liability until they come into force. When adjustments of lease payments based on an index or an interest rate come into force, the leasing liability is revalued and adjusted to the right of use. Lease payments are distributed between repayment of the loan and interest. The interest is reported in the income statement over the leasing period in a manner that means a fixed interest rate for the leasing liability recognised for the period in question.

**Proact as lessor**
Where Proact is a lessor in accordance with a financial leasing agreement, the transaction is recognised as a sale and a lease receivable. It comprises the future minimum lease charges and any residual values guaranteed to the lessor. Lease charges received are recognised as interest income and repayment of lease receivables.

### Leasing commitments

***Lessors – Financial leasing agreements***
Proact offers customers lease financing, hire purchase, via Proact Finance AB. Future amortisations plus interest will be received as follows:

| | Gross investment | Present value of future minimum lease payments | Gross investment | Present value of future minimum lease payments |
|---|---|---|---|---|
| | **31 Dec 2022** | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2021** |
| Within 0-1 year | 36,220 | 33,818 | 46,472 | 43,434 |
| Within 1-5 years | 38,263 | 36,671 | 49,026 | 46,802 |
| After more than 5 years | - | - | - | - |
| | **74,483** | **70,489** | **90,236** | **90,236** |
| Unearned finance income | - | 3,994 | - | 5,262 |
| | **74,483** | **74,483** | **95,498** | **95,498** |

The total variable charge included in profit for the year amounted to SEK 1,459 thousand (1,793). Financial revenues included in profit for the year amounted to SEK 3,561 thousand (4,659). At the end of the leasing period, customers are offered the opportunity to purchase the underlying asset at the applicable market price. Profit on the sale of underlying assets during the year amounted to SEK 0.8 million.

**Lessees − IFRS 16**
The following amounts related to leasing agreements are reported in the balance sheet:

| Assets with right of use | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| IT equipment | 116,603 | 106,816 |
| Premises | 107,816 | 71,980 |
| Cars | 52,720 | 46,610 |
| Office equipment | 15,541 | 14,386 |
| | **292,680** | **239,792** |

| Leasing liabilities | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Current | 113,416 | 104,193 |
| Non-current | 177,156 | 136,989 |
| | **290,572** | **241,182** |

Additional rights of use in 2022 amounted to SEK 125,985 thousand (93,881) .

The following amounts related to leasing agreements are reported in the income statement:

| Depreciation on rights of use | 2022 | 2021 |
|---|---|---|
| IT equipment | -59,014 | -56,723 |
| Premises | -29,485 | -26,146 |
| Cars | -30,375 | -29,831 |
| Office equipment | -5,620 | -3,595 |
| | **-124,494** | **-116,295** |

| Other items in the income statement | 2022 | 2021 |
|---|---|---|
| Interest expenses (included in financial expenditure) | -6,192 | -5,989 |
| Expenses attributable to short-term leasing agreements and leasing agreements where the asset is of low value | -54 | -543 |
| Expenses attributable to variable lease payments that are not included in leasing liabilities | - | - |
| | **-6,246** | **-6,532** |

The total cash flow in respect of leasing agreements in 2022 amounted to SEK 133 million (122) .

## Note 28 ▶ Information on related parties

Proact IT Sweden AB has a customer contract with Axis Communications AB, co. reg. no. 556253-6143. Revenues generated from this contract amounted to SEK 24.7 million in 2022, and Proact IT Sweden AB has an outstanding receivable of SEK 4.4 million due from Axis Communications AB as at 31 December 2021. All transactions with Axis Communication AB took place at market price.

Axis Communication AB is an affiliate of Proact IT Group AB via Martin Gren, who has been a Board member at Proact IT Group AB since the 2017 Annual General Meeting, while also being founder, advisor and Chairman at Axis Communication AB.

## Note 29 ▶ Events subsequent to balance sheet date

No significant events have occurred after the end of the financial year.

## Note 30 ▶ Equity

### ACCOUNTING POLICIES

**Equity**
Costs attributable to the new issue of shares or options are included in equity as a reduction in cash and cash equivalents. The buy-back of own shares is classified as own shares and recognised in equity as a deduction.

**Dividends**
Dividends proposed by the Board of Directors reduce distributable funds and are recognised as liabilities once the Annual General Meeting has approved the dividend.

**Share capital**
The share capital item relates to the parent company's share capital.

**Total no. of shares**
According to the Articles of Association, the number of shares in the company must be no fewer than 15 million and no more than 60 million. A total of 28,001,658 shares in the company had been issued as at 31 December 2022.

| | |
|---|---|
| Total number of shares as at 1 January 2022 | 28,001,658 |
| **Total number of shares as at 31 December 2022** | **28,001,658** |
| **No. of shares bought back** | |
| Opening balance, bought-back own shares in own custody, 1 January 2022 | 546,807 |
| **Number of bought-back own shares in own custody as at 31 December 2022** | **546,807** |

**Other capital contributions**
Other capital contributions comprises capital arising from transactions with shareholders, such as premium issues.

**Hedging of net investment in foreign operations**
Exchange rate differences concerning net investment in operations in the United Kingdom, the Netherlands, Germany and the USA.

**Translation of foreign subsidiaries**
Other reserves consist of translation differences attributable to the translation of foreign subsidiaries.

| Specification of translation differences | Group |
|---|---|
| Opening balance, 1 January 2022 | 19,066 |
| Change, 2022 | 29,142 |
| **Closing balance, 31 December 2022** | **48,208** |

## Note 30 – *Continued*

**Retained earnings**
Retained earnings in the group includes results for the year and previous year, dividends to shareholders, the buy-back of own shares, disposal of businesses and acquisitions from non-controlling interests.

**Attributable to non-controlling interests**
This item refers to non-controlling interests in Latvia and the Czech Republic.

**Capital**
Proact's managed capital consists of equity. The company's objective is to use established strategies to achieve a good financial position and so prepare profits for shareholders by increasing the value of the managed capital. There are no external capital requirements other that those referred to in the Swedish Companies Act.

**Parent company**
Each share entitles the holder to one vote. All shares issued are fully paid up. A dividend of SEK 41,182 thousand, equivalent to SEK 1.50 per share, was distributed in 2022 for the 2021 fiscal year. The Board of Directors will propose to the AGM on 4 May 2023 the distribution of a dividend of SEK 1.85 per share for the 2022 fiscal year. The parent company has not issued any share options or conversion rights.

**Proposed distribution of profits**
The Board of Directors will propose a dividend of SEK 1.85 per share (1.50) to the Annual General Meeting for the 2022 fiscal year.

| The Annual General Meeting has at its disposal (non-restricted equity in the parent company), SEK thousands: | 2022 |
|---|---|
| Retained earnings | 276,801 |
| Profit/loss for the year | 68,754 |
| **Total non-restricted equity** | **345,555** |
| **The Board of Directors proposes appropriation of retained earnings as follows:** | |
| Dividend SEK 1.85 per outstanding share [1)] | 50,791 |
| Carried forward | 294,764 |
| **Total** | **345,555** |

1) There are 28,001,658 registered shares within the company, of which – as at 30 March 2022 – 546,807 shares are bought-back shares not entitled to dividends.

The total of the dividend of SEK 50,791,474 proposed above may change, but to no more than SEK 51,803,067, if ownership of the number of bought-back own shares changes prior to the record day for dividends.

## Note 31 ▶ Earnings per share

Earnings per share are calculated by dividing the result attributable to the shareholders in the parent company by the "Weighted average number of outstanding shares".

| | 2022 | 2021 |
|---|---|---|
| Profit per share for the year pertaining to the parent company's shareholders | 191,258 | 117,130 |
| Weighted average total number of shares | 28,001,658 | 28,001,658 |
| Weighted average number of outstanding shares | 27,454,851 | 27,454,851 |
| **Earnings per share before dilution, SEK** | **6.97** | **4.27** |
| **Earnings per share after dilution, SEK** | **6.97** | **4.27** |

Proact has a long-term performance share scheme which may give rise to dilution not exceeding 1.34 per cent.

## Note 32 ▶ Acquisitions

**Acquisition, sepago GmbH.**

**Acquired companies' net assets at the time of acquisition**

| Amounts in SEK thousands | 1 Jul 2022 |
|---|---|
| Intangible fixed assets | 21 |
| Tangible fixed assets | 18,025 |
| Financial fixed assets | 230 |
| Trade and other receivables | 39,407 |
| Cash and cash equivalents | 4,977 |
| Non-current liabilities | - |
| Accounts payable and other current liabilities | -55,969 |
| **Net identifiable assets** | **6,692** |
| Goodwill | 99,991 |
| Fair value adjustment on acquired intangible fixed assets | 41,508 |
| Deferred tax on acquired assets | -12,286 |
| **Purchase price including estimated future deferred purchase price** | **135,900** |
| Removed: | |
| Acquired cash | -4,977 |
| Deferred payment of part of purchase price | -15,357 |
| **Net cash flow** | **115,566** |

**Identification of surplus values**

| Amounts in SEK thousands | 1 Jul 2022 |
|---|---|
| Intangible fixed assets | |
| Goodwill | 99,991 |
| Customer contract | 41,508 |
| **Total identifiable surplus values on intangible assets** | **141,498.7** |
| **Deferred tax on surplus values on intangible fixed assets** | |
| Customer contract | -12,289 |
| **Total deferred tax on surplus values on intangible assets** | **-12,289** |
| **Net identifiable surplus values on intangible assets** | **129,213** |

This acquisition relates to 100 per cent of shares and votes in sepago GmbH.This acquisition was completed on 1 July 2022.

Total acquisition costs affecting profits in 2022 amount to SEK 4.1 million.

The preliminary acquisition analysis was updated in the fourth quarter of 2022: see the table. The main difference from the previously reported values in the acquisition analysis is a decrease in goodwill of SEK 18.2 million based on an updated present value calculation of the additional purchase price, plus a decrease in the adjustment for acquired intangible assets of SEK 8.3 million based on an updated valuation of the same. This change has had no impact on the result.

Of the total purchase price of SEK 135.9 million, SEK 120.3 million has been paid in cash at the time of acquisition; while the remaining conditional purchase price will be paid over a period of 2.5 years provided that sepago GmbH achieves the expected EBITA and established business targets. The purchase price for the acquisition was greater than the recognised assets of the acquired business, and as a result the acquisition analysis gives rise to intangible assets.

The goodwill in this acquisition is justified by the fact that the acquisition is an important part of Proact's growth strategy with the ambition to broaden the company's offering and expand its presence in its key markets. The acquisition of sepago GmbH strengthens Proact's market presence and expertise in delivering IT consultancy services and public cloud transformation to large and medium-sized enterprises in the German market, which is in line with the company's long-term strategy to broaden its services and expand into hybrid cloud services.

sepago GmbH, which was founded in 2002, is a privately owned company based in Germany which employs 82 employees and has more than 100 active customers. The company's head office is in Cologne. The company has a customer base and an offering that complement the Proact customer base and offering well.

The acquisition was implemented on 1 July 2022, and sepago GmbH has contributed SEK 55.0 million in revenues and an operating profit of SEK -3.8 million for 2022. If Proact had owned sepago GmbH for the full year, sepago would have contributed approximately SEK 119.1 million to the Group's net sales and an operating profit of approximately SEK -5.1 million.

**Acquisition of ahd GmbH & Co. KB**

**Acquired companies' net assets at the time of acquisition**

| Amounts in SEK thousands | 26 Oct 2021 |
|---|---|
| Intangible fixed assets | 10,936 |
| Tangible fixed assets | 33,458 |
| Financial fixed assets | - |
| Trade and other receivables | 39,961 |
| Cash and cash equivalents | 13,959 |
| Non-current liabilities | - |
| Accounts payable and other current liabilities | -66,287 |
| **Net identifiable assets** | **32,027** |
| Goodwill | 174,366 |
| Fair value adjustment on acquired intangible fixed assets | 93,646 |
| Deferred tax on acquired assets | -27,719 |
| **Purchase price including estimated future deferred purchase price** | **272,320** |
| Removed: | |
| Acquired cash | -13,959 |
| Deferred payment of part of purchase price | - |
| **Net cash flow** | **258,360** |

**Identification of surplus values**

| Amounts in SEK thousands | 26 Oct 2022 |
|---|---|
| Intangible fixed assets | |
| Goodwill | 174,366 |
| Customer contract | 93,646 |
| **Total identifiable surplus values on intangible assets** | **268,011** |
| **Deferred tax on surplus values on intangible fixed assets** | |
| Customer contract | -27,719 |
| **Total deferred tax on surplus values on intangible assets** | **-27,719** |
| **Net identifiable surplus values on intangible assets** | **240,292** |

This acquisition relates to 100 per cent of shares and votes in ahd GmbH & Co KB.This acquisition was completed on 26 October 2021.

Total acquisition costs affecting profits in 2021 amount to SEK 5.7 million.

The purchase price of EUR 26.2 million has been paid in cash.

The purchase price for the acquisition was greater than the recognised assets of the acquired business, and as a result the acquisition analysis gives rise to intangible assets.

The balance sheet items for the acquisition analysis were finalised in the third quarter of 2022: see the table. The main difference between preliminary and final values for the acquisition analysis is an increase in goodwill of SEK 13.0 million, with a corresponding decrease in other receivables. The change had no impact on the result.

# Certification

The undersigned assure that the consolidated and annual financial statements have been prepared in accordance with international financial reporting standards IFRS as adopted by the EU, as well as with good accounting practice, and give a fair view of the Group's and the parent company's financial position and results, and that the Directors' Report gives a fair summary of the development of the operations, position and results of the Group and the parent company, as well as describing significant risks and uncertainty factors facing the companies which form part of the Group.

Solna 30 March 2023

Anna Söderblom
Chairman

Martin Gren
Board member

Annikki Schaeferdiek
Board member

Erik Malmberg
Board member

Thomas Thuresson
Board member

Jonas Hasselberg
Chief Executive Officer

Our audit report was submitted on 31 March 2023
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant

# Auditor’s report

Unofficial translation

**To the general meeting of the shareholders of Proact IT Group AB (publ), corporate identity number 556494-3446**

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Proact IT Group AB (publ) for the year 2022 except for the corporate governance statement on pages 41-47. The annual accounts and consolidated accounts of the company are included on pages 32-81 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 41-47. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the consolidated statement of comprehensive income and the consolidated balance sheet för the group and the income statement and the balance sheet for the parent company.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Our audit approach

***Audit scope***

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

***Materiality***

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

| Key audit matters | How our audit addressed the Key audit matter |
|---|---|
| *Recognition of revenues from sales of systems in the right amount and for the right period*<br>Revenues from the sale of systems account for more than half of the Proact Group's reported net sales, and these sales sometimes take place in the form of what are known as composite customer contracts, where hardware, software, services, and support and maintenance may all be included in one and the same contract.<br>The price of the contract is normally set for the contract as a whole, and not on a per product or per service basis. Contracts are therefore divided up into components, and revenue is distributed among each element of the contract. The revenue for each subcomponent is then recognized when the customer has been given control over the element in question. Thus this means that the time of revenue recognition does not normally coincide with invoicing and payment from the customer. This means that the corporate management team has to make estimates and assessments in respect of the independent sale prices of the various elements of customer contracts, which has an influence when reporting sales margins.<br>As a consequence of the inherent complexity of revenue recognition and the element of estimates and assessments from the corporate management team, we have deemed revenues from the sale of systems to be a key audit matter.<br><br>*Please see Notes 1 and 3 in the annual report for 2022.* | We have focused a significant part of our audit on evaluating Proact's principles and underlying assumptions in order to divide revenues from system sales over different elements.<br>This has been done by the undertaking the following review procedures:<br>• Analysis of revenues over the year, compared with the previous year.<br>• Mapped and evaluated selected controls over revenue reporting.<br>• Reviewing a selection of major new contracts and sales against contract terms and Proact's guidelines for assessing revenue recognition.<br>• Performing tests of random samples to ensure that revenues have been recognized for the right period and in the right amount.<br>• Evaluating assumptions in revenue recognition principles by comparing deviating margins for system sales. |
| *Imapirment testing*<br>The consolidated balance sheet reports goodwill at a value of SEK 1,184 million, while the parent company's balance sheet includes shares in subsidiaries amounting to SEK 492 million.<br>Goodwill and acquisition-related surplus values correspond to the difference between the value of net assets and the purchase price paid in the event of an acquisition. The resulting goodwill is distributed between cash-generating units, which may differ from the level that was once generated by the acquisition as the new business is integrated into the Group. Unlike other assets, there is no depreciation of goodwill: instead, this is examined each year for impairment or when there are any indications of a need of impairment.<br>Other acquisition-related surplus values are depreciated over the estimated useful life. When management identifies cash-generating units for impairment, the carrying amount is compared with the recoverable amount. If the recoverable amount is significantly less than the carrying amount, the asset is impaired to its estimated recoverable amount. The recoverable amount is established by calculating the value-in-use value of the asset. When calculating the value-in-use, the corporate management team must make assumptions on future growth and margin development.<br>Future events and new information may change these assessments and estimates, and it is therefore particularly important for the corporate management team to regularly reassess whether the value of the acquisition-related intangible assets can be justified with regard to assessments made. Management's calculation of the value-in-use of assets is based on the budget for the next year and forecasts for the following four years.<br>A more detailed description of these assumptions can be found in Note 15. A weighted average cost of capital before tax of 10-11 per cent per cent (10-11 per cent) has been used, dependent on the assessed market risk for the various cash-generating units.<br>Management has based its assumptions on future development on historical experience and analyses performed at the time of the acquisitions. Impairment tests naturally involve more estimates and assessments from management, which is why we have deemed this to be a key audit matter.<br><br>*Please see Notes 1 and 15 in the Annual Report for 2022 for the accounting policies specified above.* | In our audit, we have focused in particular on how the corporate management team has tested write-down requirements and what surplus values have been identified.<br><br>We have undertaken the following review procedures:<br>• Evaluating the Proact process for testing acquisition-related surplus values and goodwill, as well as shares in subsidiaries for write-down.<br>• Reviewing how the corporate management team has identified cash-generating units and compared this with how Proact follows up goodwill internally.<br>• Obtained market data on the discount rate applied with the assistance of PwC's in-house valuation specialists.<br>• Evaluating the plausibility of assumptions made and performing sensitivity analyses for altered assumptions.<br>• Evaluating the management's forecasting capability by comparing previous forecasts with actual outcomes.<br><br>Based on materiality confirm that there are sufficient notes in the annual financial statements. |

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-31 and pages 87-89. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

## Report on other legal and regulatory requirements

**The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss**

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Proact IT Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

### The auditor's examination of the ESEF report

#### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors (and the Managing Director) have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Proact IT Group AB (publ) for the financial year 2022 .

Our examination and my (our) opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Proact IT Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors (and the Managing Director) are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires me (us) to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts [and consolidated accounts]. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

#### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 41-47 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 STOCKHOLM, was appointed auditor of Proact IT Group AB (publ) by the general meeting of the shareholders on the 5 May 2022 and has been the company's auditor since the 2 May 2018.

Stockholm March 31, 2023
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

# Auditor's statement on the statutory sustainability report

**To the Annual General Meeting of Proact IT Group AB (publ), co. reg. no. 556494-3446**

**Mission and division of responsibility**
The Board of Directors is responsible for the sustainability report for 2022 on pages 4–7 and 16–22, and for ensuring that it is compiled in accordance with the Swedish Company Accounts Act.

**Focus and scope of the review**
Our review was conducted in accordance with FAR recommendation RevR 12 Auditor's statement on the statutory sustainability report. This means that our review of the sustainability report has a different focus and is on a significantly smaller scale than the focus and scale of any audit in accordance with International Standards on Auditing and generally accepted accounting policies in Sweden. We consider that our review gives us sufficient grounds for our opinions.

**Opinions**
A sustainability report has been compiled.

Stockholm, 31 March 2023
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant

# Five-year summary [1)]

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Income statement (SEK millions)** | | | | | |
| Total revenues | 4,756.8 | 3,525.0 | 3,633.1 | 3,407.9 | 3,317.7 |
| EBITDA | 473.2 | 348.6 | 369.6 | 271.7 | 231.1 |
| EBITA | 313.1 | 197.5 | 216.7 | 134.2 | 200.5 |
| EBIT | 260.6 | 166.2 | 182.1 | 105.4 | 164.5 |
| Profit before tax | 244.2 | 151.9 | 167.7 | 101.7 | 167.8 |
| Profit/loss for the year | 191.5 | 117.2 | 132.3 | 80.2 | 127.3 |
| EBITDA margin, % | 9.9 | 9.9 | 10.2 | 8.0 | 7.0 |
| EBITA margin, % | 6.6 | 5.6 | 6.0 | 3.9 | 6.0 |
| EBIT margin, % | 5.5 | 4.7 | 5.0 | 3.1 | 5.0 |
| Net margin, % | 5.1 | 4.3 | 4.6 | 3.0 | 5.1 |
| Profit margin, % | 4.0 | 3.3 | 3.6 | 2.4 | 3.8 |
| **Equity, provisions and liabilities (SEK millions)** | | | | | |
| Equity | 923.4 | 713.9 | 605.0 | 525.9 | 469.6 |
| Balance sheet total | 4,241.9 | 3,395.0 | 2,923.9 | 2,876.7 | 2,213.1 |
| Capital employed | 1,673.4 | 1,467.9 | 1,094.9 | 1,106.8 | 599.7 |
| Net cash (+)/Net debt (-) | -227.0 | -261 | 22.0 | -160.7 | 142.3 |
| **Financial key ratios** | | | | | |
| Equity ratio, % | 21.8 | 21.0 | 20.7 | 18.3 | 21.2 |
| Capital turnover rate, times | 1.2 | 1.1 | 1.3 | 1.3 | 1.6 |
| Cash flow, SEK millions | 12.2 | -26.3 | 126.0 | 95.7 | 39.0 |
| Investments in fixed assets, SEK millions | 397.5 | 550.7 | 269.1 | 440.7 | 83.8 |
| Return on equity, % | 23.4 | 17.8 | 23.4 | 16.1 | 29.8 |
| Return on capital employed, % | 17.2 | 13.4 | 17.1 | 13.2 | 29.5 |
| Dividend to parent company's shareholders, SEK millions [2)] | 41.2 | 41.2 | 41.2 | 22.9 | 38.0 |
| Key ratios per employee | | | | | |
| Average number of employees on annual basis | 1,160 | 1,027 | 973 | 834 | 798 |
| Number of employees at year-end | 1,258 | 1,178 | 1,022 | 1,016 | 810 |
| Profit before tax per employee, SEK thousands | 211 | 148 | 172 | 122 | 210 |
| **Data per share** | | | | | |
| Earnings per share (total number of shares), SEK | 6.84 | 4.18 | 4.70 | 2.86 | 4.54 |
| Earnings per share (outstanding shares), SEK [3)] | 6.97 | 4.27 | 4.80 | 2.92 | 4.62 |
| Equity per share (total number of shares), SEK | 32.84 | 25.38 | 21.50 | 18.72 | 16.71 |
| Equity per share (outstanding shares), SEK [3)] | 33.49 | 25.88 | 21.93 | 19.09 | 17.04 |
| Cash flow from current operations per share | | | | | |
| (total no. of shares), SEK | 15.83 | 10.84 | 16.72 | 11.77 | 8.67 |
| Cash flow from current operations per share | | | | | |
| (outstanding shares), SEK [3)] | 16.14 | 11.06 | 17.05 | 12.00 | 8.84 |
| Total number of shares at end of period | 28,001,658 | 28,001,658 | 28,001,658 | 28,001,658 | 28,001,658 |
| Total number of outstanding shares at end of period [3)] | 27,454,851 | 27,454,851 | 27,454,851 | 27,454,851 | 27,454,851 |
| Weighted average number of shares (total number of shares) | 28,001,658 | 28,001,658 | 28,001,658 | 28,001,658 | 28,001,658 |
| Weighted average number of shares (outstanding shares) [3)] | 27,454,851 | 27,454,851 | 27,454,851 | 27,454,851 | 27,473,829 |
| Number of own shares held at end of period | 546,807 | 546,807 | 546,807 | 546,807 | 546,807 |
| Number of warrants at end of period | - | – | – | – | – |
| Share price as at 31 December, SEK | 83.00 | 87.00 | 91.00 | 61.33 | 54.47 |

1) The Board of Directors will propose distribution of a dividend of SEK 1.85 per share to the Annual General Meeting for the 2022 fiscal year.
2) Proact has a long-term performance share program which may give rise to dilution not exceeding 1.34 per cent.
The company has also bought back shares that are in its own custody, which affects the key ratios and figures above.

# Definition of performance measures

### Alternative performance measures

This financial report refers to a number of performance measures. Some of these are defined in accordance with IFRS, while others are alternative performance measures and are not presented in accordance with applicable regulations and frameworks for financial reporting. The performance measures are used within the Group in order to help both investors and the management to analyse Proact's business. The performance measures used in this financial report are described, defined and justified below.

| Financial performance measure | Definition | Purpose |
|---|---|---|
| Gross margin | Gross profit as a percentage of total revenues. | Gross profit in relation to total revenues shows profitability at gross profit level and provides profit comparability over time. |
| EBIT | Operating profit before net financial items and tax. | EBIT provides a general view of total profit generated by the business. |
| EBIT margin | Operating profit/loss as a percentage of total revenues. | EBIT in relation to total revenues shows operational profitability and provides profit comparability over time. |
| EBITA | Profit after depreciation of tangible fixed assets but before amortization of intangible assets, net financial items and tax. | EBITA gives a more correct view of which profit is generated by the business when depreciation of intangible assets – which is impacted extensively by assessment of the amortization period – is excluded. |
| Adjusted EBITA | Profit after depreciation of tangible fixed assets but before amortization of intangible assets, net financial items and tax, adjusted for exceptional items. | Adjusted EBITA gives a more correct view of which profit is generated by the business when amortization of intangible assets affected extensively by assessment of the amortization period, as well as non-recurring items that vary from regular operations, is excluded. |
| EBITA margin | EBITA as a percentage of total revenues. | EBITA in relation to total revenues shows profitability at EBITA level and provides profit comparability over time. |
| EBITDA | Profit before depreciation and amortization (tangible and intangible assets), net financial items and tax. | In addition to amortization of intangible assets, EBITDA also excludes depreciation of tangible assets, both of which are affected extensively by assessed depreciation and amortization periods. |
| EBITDA margin | EBITDA as a percentage of total revenues. | EBITDA in relation to total revenues shows profitability at EBITDA level and provides profit comparability over time. |
| Equity per share | Equity attributable to the parent company's shareholders, per share. | The book value per share provides a guideline on the valuation level of a share on the stock exchange in relation to the funds in the company. |
| Non recurring items | Items in the income statement that are non-recurring and have affected the profit and are important to be aware of in order to understand the underlying result. | It is necessary to be aware of and be able to take into account items that deviate from normal operations so that Proact's development can be analysed and assessed correctly. |
| Capital turnover rate, times | Revenues expressed as a percentage of the average balance sheet total. | This is used to show the efficiency of the use of total capital for the company. |
| Cash flow | Change in cash and cash equivalents. | The cash flow shows the net amount of cash and cash equivalents generated and used within the company. |
| Net cash/Net debt | Cash and cash equivalents minus interest-bearing liabilities to credit institutions. | To assess the ability to use available cash and cash equivalents to pay off all liabilities if they were to fall due on the date of the calculation. |
| Net margin | Profit before tax as a percentage of total revenues. | The net margin provides comparable profitability regardless of the corporation tax rate. |
| Organic growth | Growth in net sales, excluding the net sales contributed to the Group by companies acquired during the year, plus currency effects. | Shows the underlying growth, i.e. growth excluding acquired growth. |
| Earnings per share | Earnings attributable to the parent company's shareholders per share. | Earnings per share is used to establish the value of the company's outstanding shares. |
| Profit per employee | Profit before tax divided by the average number of employees during the year. | This is a measure of efficiency showing profitability per employee. |
| Return on equity | Profit for the period after tax, expressed as a percentage of average equity. | Return on equity shows what the company is generating in terms of profitability, returns, on capital invested by owners. |
| Return on capital employed | Profit after net financial items plus financial expenses, expressed as a percentage of the average capital employed. | For evaluating the profitability and efficiency of Proact's capital employed. |
| Debt levels | Net debt in relation to EBITDA. | Net debt/EBITDA is a theoretical measure of how many years it would take with current earnings (EBITDA) to pay off the company's liabilities. |
| Equity ratio | Equity including minority interests as a percentage of balance sheet total. | The key ratio is an indicator of the company's leverage for financing the company. |
| Capital employed | Balance sheet total minus non-interest bearing liabilities inclusive of deferred tax liabilities. | Capital employed measures the company's ability to meet the needs of the business in addition to cash and cash equivalents. |
| Currency effects | Net sales and profit for the period, translated into currency exchange rates for the previous year. | Show underlying growth, i.e. growth excluding the effect of changes in currency exchange rates. |
| Profit margin | Profit for the period after tax as a percentage of total revenues. | The profit margin makes it possible to compare profitability including the corporation tax rate. |

# Shareholder information

## Annual General Meeting 2023

The Annual General Meeting will take place at 4 pm on 4 May 2023 at Citykonferensen, Ingenjörshuset, Malmskillnadsgatan 46, Stockholm. The Board has decided that shareholders can opt to exercise their voting rights by post before the meeting.

Shareholders who are recorded in the shareholder register kept by Euroclear Sweden on Tuesday, 25 April 2023 and who have registered as described below shall be entitled to participate in the Annual General Meeting. Shareholders whose shares are registered through a bank or other nominee must therefore temporarily register under their own names in the shareholder register to be entitled to participate in the Annual General Meeting, either personally or through a proxy. Such re-registration must be completed in sufficient time prior to 25 April 2023.

**Registration**

Shareholders who wish to attend the Annual General Meeting by physical attendance must notify the company of their participation no later than Thursday, 27 April 2023.

Registration will take place by post, telephone or email. Address for registration: Computershare AB, "Proact IT Group AB:s Annual General Meeting", Box 5267, 102 46 Stockholm, Sweden, Phone number: +46 (0)771 24 64 00, Email: info@computershare.se.

**Postal voting**

Shareholders wishing to participate in the Annual General Meeting by means of postal voting must register by casting their postal vote no later than Thursday, 27 April 2023 so that the postal vote is received by Computershare no later than 27 April.

The postal voting form available on the company's website, www.proact.eu, must be used for postal voting. When completed and signed, the postal voting form can be sent by post to Computershare AB, "Proact IT Group AB:s årsstämma" [Proact IT Group AB Annual General Meeting], Box 5267, SE-102 46 Stockholm, Sweden, or by email to info@computershare.se.

## Future information dates

| | |
|---|---|
| Interim report, 1st quarter | 4 May 2023 |
| Annual General Meeting | 4 May 2023 |
| Half-yearly report | 14 July 2023 |
| Interim report, 3rd quarter | 27 October 2023 |
| Year-end report | 8 February 2024 |

## Further information

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