



Strong growth in recurring services

October - December 2023

- Revenues decreased by 5.6 per cent to SEK 1,360.0 million (1,440.1).
- Adjusted EBITA decreased by 10.9 per cent and amounted to SEK 91.1 million (102.2), corresponding to an adjusted EBITA margin of 6.7 per cent (7.1).
- Earnings before tax amounted to SEK 82.6 million (86.0).
- Earnings after tax amounted to SEK 65.5 million (64.0).
- Earnings per share amounted to SEK 2.39 (2.34).
- New contracts relating to cloud services worth SEK 197.0 million (142.0) were contracted, an increase by 38.7 per cent.
- Recurring revenues (revenues from cloud and support services) amounted to SEK 436.9 million (387.9), corresponding to an annualised rate of SEK 1,747.6 million (1,551.6) and an increase of 12.6 per cent.
- A share buy-back program was launched during the quarter and as of December 31, 218,500 shares have been acquired within the program.

January - December 2023

- Revenues increased by 1.9 per cent to SEK 4,847.3 million (4,756.8).
- Adjusted EBITA decreased by 4.1 per cent and amounted to SEK 302.1 million (315.0), corresponding to an adjusted EBITA margin of 6.2 per cent (6.6).
- Cost efficiency program implemented with estimated savings amounting to between SEK 45 and 50 million in the current year, which has resulted in restructuring costs during the second quarter, accounted for as items affecting comparability of SEK -19.8 million.
- Earnings before tax amounted to SEK 218.3 million (244.2).
- Earnings after tax amounted to SEK 173.1 million (191.5).
- Earnings per share amounted to SEK 6.29 (6.97).
- New contracts relating to cloud services worth SEK 548.0 million (563.1) were contracted, a decrease by 2.7 per cent.
- Recurring revenues (revenues from cloud and support services) amounted to SEK 1,692.5 million (1,457.2), an increase of 16.1 per cent.
- On August 28th, Proacts subsidiary in Lithuania was divested, which had a positive effect on the operating profit of SEK 3.1 million, which is reported under items affecting comparability.
- The Board of Directors proposes that the Annual General Meeting resolves on a dividend of SEK 2.00 (1.85) per share.

Financial summary

Amounts in SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Total Revenues	1,360.0	1,440.1	4,847.3	4,756.8
Growth, %	-5.6	52.8	1.9	34.9
of which currency rate effects, %	1.8	6.2	3.8	4.4
of which effects from acquisitions and divestments, %	-0.4	6.7	0.5	7.7
Organic growth, % ¹	-6.9	39.9	-2.3	22.8
Adjusted EBITA ²	91.1	102.2	302.1	315.0
Adjusted EBITA margin, %	6.7	7.1	6.2	6.6
Operating profit (EBIT)	77.3	88.7	229.8	260.6
Operating margin (EBIT), %	5.7	6.2	4.7	5.5
Earnings before tax	82.6	86.0	218.3	244.2
Net Margin, %	6.1	6.0	4.5	5.1
Earnings after tax	65.5	64.6	173.1	191.5
Profit Margin, %	4.8	4.5	3.6	4.0
Earnings per share (outstanding shares), SEK ³	2.39	2.34	6.29	6.97
Return on capital employed, % ⁴	-	-	16.3	17.2
Cash flow from operations	240.5	354.7	532.0	454.3

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

2) EBITA before items affecting comparability.

3) Proact has long-term performance-based share programs that could result in dilution of maximum 1.84 per cent.

The company has bought back own shares which affects the key ratios above.

4) Calculated only for full year and rolling 12 months

About Proact

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

We have completed thousands of successful projects around the world, have more than 4 000 customers and currently manage hundreds of petabytes of information in the cloud. We employ over 1 200 people in 12 countries in Europe and in North America.

Founded in 1994, our parent company, Proact IT Group AB (publ) was listed on Nasdaq Stockholm in 1999 (under the symbol PACT).

Comments from the CEO of Proact



“A strong fourth quarter with good growth within cloud services.”

A strong fourth quarter with continued good development in the services business in most of the markets concludes another successful year for Proact.

Compared to last year's record quarter, where sales increased by more than 50%, the revenue in the quarter fell by 5.6% to SEK 1,360 million (1,440) and organic growth amounted to -6.9%.

The revenue in the systems business decreased by 11% and organically by 11.4% compared to the same quarter last year. The decline can largely be explained by the strong recovery in system sales in the second half of 2022 when the backlog during the semiconductor shortage could be delivered. To some extent, the quarter has also been characterised by longer sales cycles and a more reserved market.

The services business continued to show good growth in most markets during the quarter driven by cloud and support services that more than compensated for a weaker development in consulting services, linked to the system business. In total, the services business increased by 4.8% to SEK 547 million (522) and organically by 1.9%. Recurring revenues from contracted cloud and support services increased by 12.6% to an annual rate of SEK 1,748 million (1,552).

We concluded an agreement for our contracted cloud services to a record high SEK 197 million (142) with the majority in BU West and BU Nordic & Baltics, which provides a good platform for future growth. There is a good demand for our solutions and services and Proact is well positioned when our customers and the market move towards more complex hybrid cloud solutions.

The cost efficiency program that was launched during the second quarter has been implemented and the effects are visible in both COGS and selling and administrative expenses. Cost efficiencies and the growth in the services business compensate for a slightly lower margin in the system business, which results in a gross margin after depreciation in line with the previous year, 22.2% (22.5).

Adjusted EBITA decreased in the quarter to SEK 91 million (102), which corresponds to a margin of about 6.7% (7.1) as the lower income was not fully compensated by lower costs and other efficiencies.

Thanks to a strong balance sheet, during the quarter we initiated a share buy-back program in accordance to the mandate given at the 2023 annual general meeting and within the framework we have so far acquired 218,500 shares.

Close cooperation with customers and partners is our highest priority. In the 2023 customer survey, we were awarded a Net Promoter Score (NPS) of 59, which is a significant increase from last year's 46. During the quarter, Dell recognised Proact with two awards for our work focusing on data protection and security and data center sales. We are also very proud to be the first partner in Sweden to be able to offer our own support for Dell PowerStore. We have also expanded our cloud competence within Microsoft Azure.

During the quarter, we implemented changes in the group management, where in January we welcomed María Gomez as the new Business Unit Director for BU Central and announced that Noora Jayasekara will take over as the new CFO in the spring. María and Noora both bring solid experience and broad competence that will contribute to Proact's continued journey of growth and success.

Our long-term goals of 10% revenue growth, of which about half organic and 8% EBITA margin remain, and we are well equipped with a strong market offer and implemented efficiency improvements.

I want to thank our customers and partners for the past year and above all I want to thank all colleagues for their commitment that makes Proact the great company we are.

We have an exciting year ahead that I look forward to with optimism.

Solna 8 February 2024

Jonas Hasselberg,
CEO

The Group's development October-December

Revenues and result

For the fourth quarter, total revenues amounted to SEK 1,360.0 million (1,440.1), a decrease by 5.6 per cent. Currency rate effects affected positively by 1.8 per cent, and acquisitions and divestments affected negatively by 0.4 per cent. Organically, revenues decreased by 6.9 per cent.

System revenues decreased by 11.0 per cent to SEK 812.0 million (912.1) and organically they decreased by 11.4 per cent, compared to the same period previous year, primarily due to a strong comparison quarter.

Service revenues increased by 4.8 per cent to SEK 547.3 million (522.0) and organically they increased by 1.9 per cent, as a result of good demand for support and cloud services both in the current and previous quarters. Service revenues accounted for 40.2 per cent (36.3) of the company's total revenues for the quarter.

New contracts relating to cloud services worth SEK 197.0 million (142.0) were contracted during the quarter. The contracts normally have a term of three to five years. Total revenues from cloud services increased by 12.7 per cent and amounted to SEK 282.2 million (250.4). Organically they increased by 8.1 per cent. Recurring revenues, revenues from cloud and support services, amounted to SEK 436.9 million (387.9), corresponding to an annualised rate of SEK 1,747.6 million (1,551.6). This corresponds to an increase of 12.6 per cent in the quarter, of which the organic increase was 9.3 per cent.

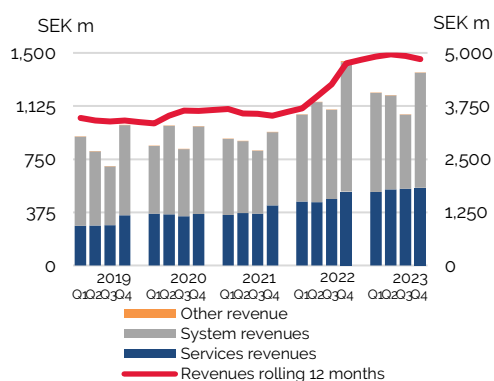
The gross margin after depreciation decreased in the quarter, compared to the same period previous year, and amounted to 22.2 per cent (22.5), as a result of a lower margin in the system business. The gross margin in the services business increased primarily due to efficiencies and the cost-saving program, offset to some extent by decreased revenues in the consulting business.

Sales and administration expenses decreased organically by 6.2 per cent primarily as a result of the implemented cost savings, partially offset by investments in sale capacity and inflationary cost increases.

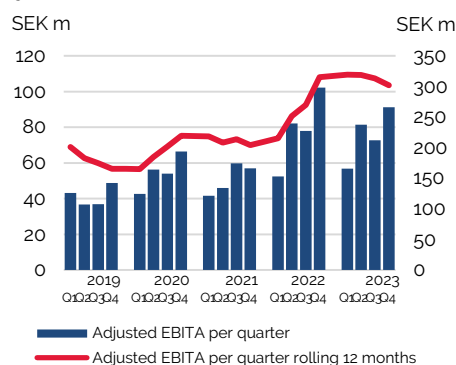
Adjusted EBITA decreased by 10.9 per cent compared to the same period previous year and amounted to SEK 91.1 million (102.2) as the increase in gross margins and organically reduced costs did not fully compensate for the decline in sales. Adjusted EBITA margin decreased to 6.7 per cent (7.1). Profit before tax amounted to SEK 82.6 million (86.0) and was positively affected by an adjustment of the earn-out related to the acquisition of sepago of SEK 7.7 million.

Proact reports items affecting comparability separately to show the development in the underlying business. Items affecting comparability refer to items that are non-recurring and are not part of the ordinary business. During the fourth quarter of 2023, non-recurring items amounted to SEK 0.0 million (0.1).

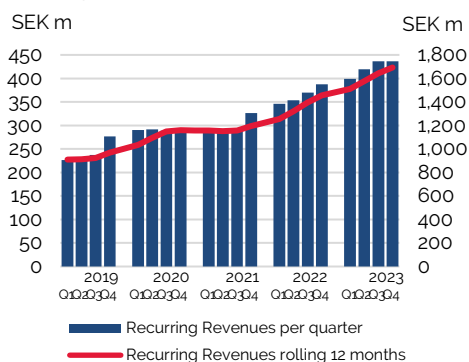
Revenues



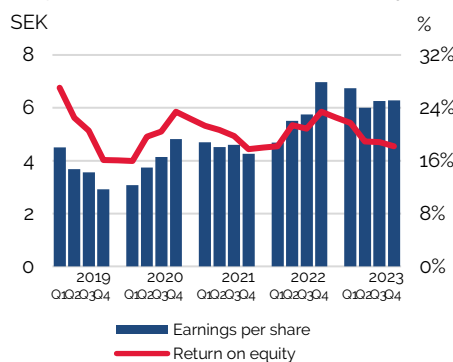
Adjusted EBITA



Recurring Revenues



Earnings per share, and return on equity 12 months, %



The Group's development January-December

Revenues and result

During the year, total revenues amounted to SEK 4,847.3 million (4,756.8), an increase by 1.9 per cent. Currency rate changes affected volumes positively by 3.8 per cent, and acquisitions and divestments affected positively by 0.5 per cent. Organically, revenues decreased by 2.3 per cent.

System revenues decreased by 5.7 per cent to SEK 2,698.0 million (2,861.4) and organically they decreased by 8.0 per cent.

Service revenues increased by 13.5 per cent to SEK 2,144.6 million (1,889.0) and the organic increase was 6.3 per cent. Service revenues accounted for 44.2 per cent (39.7) of the company's total revenues for the year.

New contracts relating to cloud services worth SEK 548.0 million (563.1) were contracted during the year. The contracts normally have a term of three to five years. Total revenues from cloud services increased by 16.3 per cent and amounted to SEK 1,097.4 million (943.8). Organically they increased by 8.5 per cent.

The gross margin increased during the year, compared to the same period previous year, driven by the positively development within the services business.

Sales and administration expenses increased organically by 1.9 per cent, primarily due to inflation-driven cost increases.

Adjusted EBITA decreased by 4.1 per cent compared to the same period previous year and amounted to SEK 302.1 million (315.0) as increases in selling and administrative costs were not fully offset by increased gross profit. Adjusted EBITA margin amounted to 6.2 per cent (6.6).

Profit before tax amounted to SEK 218.3 million (244.2), where the financial net was positively affected due to a write-down of future additional purchase price related to the acquisition of sepago with the amount of SEK 14.6 million.

Revenue by industry

Amounts in SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Telecom	71.4	81.5	356.1	425.8
Bank, Finance	60.1	94.7	293.7	312.8
Energy	76.4	69.8	266.0	251.2
Manufacturing	148.7	208.9	532.0	675.2
Media	44.2	31.3	128.3	113.3
Trading & Services	309.2	329.8	987.7	970.3
Public sector	490.9	422.8	1,570.3	1,272.9
Other	159.1	201.3	713.2	735.3
Total revenue	1,360.0	1,440.1	4,847.3	4,756.8

During the year, non-recurring items amounted to SEK -16.7 million (-5.8) and relate to the cost saving program communicated during the first quarter and implemented during the second quarter, as well as the realised profit from the sale of Proact's Lithuanian subsidiary.

Amounts in SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Total Revenues	1,360.0	1,440.1	4,847.3	4,756.8
Cost of goods and services sold, excl. amortisations and depreciations	-1,018.2	-1,077.0	-3,597.6	-3,557.5
Gross profit excl. amortisations and depreciations	341.9	363.1	1,249.7	1,199.3
Gross margin excl. amortisations and depreciations, %	25.1	25.2	25.8	25.2
Operational expenses, excl. amortisations and depreciations	-208.2	-215.7	-775.2	-720.4
Adjusted EBITDA¹	133.6	143.6	474.5	475.1
Adjusted EBITDA margin, %	9.8	10.0	9.8	10.0
Depreciations and write-downs of tangible assets	-42.5	-41.3	-172.4	-160.1
Adjusted EBITA¹	91.1	102.2	302.1	315.0
Adjusted EBITA margin, %	6.7	7.1	6.2	6.6
Amortizations and write-downs of intangible assets	-13.9	-17.3	-55.7	-52.5
Items affecting comparability in EBITA	-0.0	3.8	-16.7	-2.0
Operating profit/loss (EBIT)	77.3	88.7	229.8	260.6
Operating margin (EBIT), %	5.7	6.2	4.7	5.5

1) EBITDA and EBITA before items affecting comparability

Cash flow

October - December

Cash flow for the quarter was SEK 135.4 million (209.3), of which SEK 240.5 million (353.4) from operating activities. Cash flow from changes in working capital amounted to SEK 93.2 million (198.9).

The cash flow from investment activities was SEK -11.8 million (-39.3) and cash flow from financing activities amounted to SEK -93.4 million (-105.9), primarily affected by repayment of loans of SEK 25.0 million, amortization of leasing liabilities of SEK 37.5 million (33.7) and buy-back of own shares with SEK 19.6 million (0.0).

January - December

Cash flow for the year was SEK 50.0 million (12.2) of which SEK 532.0 million (443.2) from operating activities. Cash flow from changes in working capital amounted to SEK 105.5 million (-20.5). Cash flow from investing activities amounted to SEK -51.9 million (-194.3) and cash flow from financing activities was SEK -430.1 million (-247.5) which consisted of repayments of loans, dividends of SEK -50.8 million (-41.2), amortisations of leasing liabilities of SEK 118.0 million (133.1) and buy-back of own shares with SEK 19.6 million (0.0).

Investments

During the year 2023, SEK 45.3 million (41.0) has been invested in fixed assets, of which SEK 9.1 million (9.8) in Proact Finance for customer deliveries.

During the first quarter, the minority in the Czech subsidiary was acquired, and Proact now owns 100 per cent of the shares, which affected the cash flow from investments negatively by SEK 8.4 million for the year.

Financial position

Cash and cash equivalents amounted to SEK 547.9 million as of December 31, 2023, compared to SEK 505.7 million previous year. Of the total bank overdraft facility of SEK 154.5 million, none was utilised. Bank loans amounted to SEK 222.0 million and relate partly to a three-year credit facility of EUR 20 million from Svensk Exportkredit (Swedish Export Credit Corporation), and to a three-year revolving credit facility that Proact signed during the third quarter of 2021. The facility amounts to a total of SEK 600 million, of which SEK 0.0 million was utilized as of December 31, 2023, and it has been extended by a maximum of two years, which means that it runs until the third quarter of 2026.

Investments in IT equipment for the cloud operations are financed through leasing agreements.

The Group's equity ratio at the end of the period was 24.9 per cent (21.8).

Net debt

	Dec 31	Sep 30	Dec 31	Sep 30
Amounts in SEK million	2023	2023	2022	2022
Cash and cash equivalents	547.9	429.3	505.7	284.9
Bank overdraft facilities	-	-	-	-
Liabilities to credit institutions, excl. liabilities related to financial leasing	-221.9	-256.0	-442.1	-507.4
Net cash (+)/Net debt (-) excl. financial leasing	326.0	173.3	63.6	-222.4
Financial leasing liabilities	-246.4	-255.0	-290.6	-261.4
Net cash (+)/Net debt (-) incl. financial leasing	79.6	-81.7	-227.0	-483.9
Unutilized bank overdraft facility	154.5	154.7	159.2	158.9
Total bank overdraft facility	154.5	154.7	159.2	158.9

Income tax

The Group's tax expense includes the sum of current tax and deferred tax calculated based on current tax rates in each country. The reported tax expense for the year amounted to SEK 45.2 million (52.6), corresponding to an efficient tax rate of 20.7 per cent (21.5).

Buy-back of own shares

The Annual General Meeting on May 4, 2023, authorized the Board to acquire up to 10.0 percent of the company's shares until the next Annual General Meeting. As of December 31, 2023, 218,500 shares have been acquired within this authorization.

As of December 31, 2023, the company held 720,210 shares in own repository, which corresponds to 2.7 per cent of the total number of shares.

Employees

The company had 1,171 employees (1,253) as of December 31, 2023.

Parent Company in brief

The Parent Company's total revenues for the period amounted to SEK 152.0 million (139.9). Profit before tax amounted to SEK 142.3 million (73.8).

The Parent Company's liabilities in a joint group currency account amounted to SEK 409.0 million (312.9) as of 31 December 2023.

At the end of the period, the number of employees in the parent company totalled 20 (18).

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

Business Units

Nordic & Baltics Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Sweden, and the US

Net sales



Jan-Dec 2023

Revenues and result

October – December

In Nordic & Baltics, revenues decreased by 3.0 per cent during the quarter and organically by 1.8 per cent, where the difference is due to exchange rate effects and to a smaller extent the divestiture of the Lithuanian subsidiary. System revenues decreased by 6.2 per cent and organically by 4.8 per cent with a good underlying demand but where the revenues last year were particularly strong. Service revenues increased by 6.8 per cent and organically by 7.6 per cent, with good growth in cloud service contracts.

Adjusted EBITA amounted to SEK 51.8 million (65.4) and the EBITA margin was 6.7 per cent (8.2) for the quarter. The lower EBITA margin is a result of the decrease in system revenue compared to previous year and were the growth within system sales and the efficiency improvement does not compensate the decrease sales.

January – December

In Nordic & Baltics, revenues increased by 4.4 per cent during the year and organically by 3.9 per cent. System revenues increased by 0.8 per cent and organically by 0.7 per cent. System revenues developed positively primarily in Sweden and Norway due to good demand. Service revenues increased by 13.9 per cent and organically by 12.4 per cent, with good demand primarily within the support- and cloud segments.

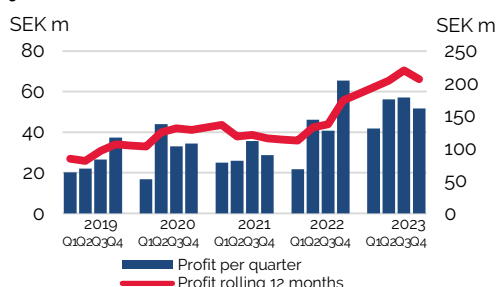
Adjusted EBITA amounted to SEK 206.9 million (174.1) and the EBITA margin was 7.9 per cent (6.9) for the year. In Nordic & Baltics, EBITA and EBITA margin developed positively due to increased revenues in combination with higher gross margins, partly offset by higher sales expenses.

Amounts in SEK million	Oct-Dec	Oct-Dec	Change,	Jan-Dec	Jan-Dec	Change,
	2023	2022	%	2023	2022	%
System revenues	570.6	608.4	-6.2	1,840.5	1,825.9	0.8
Service revenues	205.5	192.4	6.8	775.4	680.7	13.9
of which support revenue	94.0	82.7	13.6	355.2	303.6	17.0
of which revenue from cloud services	62.5	52.9	18.1	237.9	197.4	20.5
of which consulting revenue	49.0	56.8	-13.7	182.3	179.6	1.5
Other	0.7	0.5	32.4	3.3	1.6	108.4
Total Revenues	776.8	801.2	-3.0	2,619.3	2,508.2	4.4
Adjusted EBITA	51.8	65.4	-20.8	206.9	174.1	18.8
Margin, %	6.7	8.2		7.9	6.9	

Revenues



Adjusted EBITA





Revenues and result

October – December

In UK, revenues decreased by 8.4 per cent during the quarter and organically by 13.0 per cent, where the difference is due to currency rate effects. System revenues decreased by 21.5 per cent and organically by 25.4 per cent, compared to a strong fourth quarter 2022, but partly due to longer sales cycles. Service revenues increased by 5.8 per cent and increased organically by 0.5 per cent, with growth mainly in cloud services that compensate for lower consulting revenue. The decrease in consulting revenues is connected to the lower system sales.

Adjusted EBITA amounted to SEK 4.5 million (6.3) and the EBITA margin was 2.7 per cent (3.5) for the quarter. Both EBITA and EBITA margin decreased because of decreased revenues, partly offset by higher gross margins and lower sales and administration expenses.

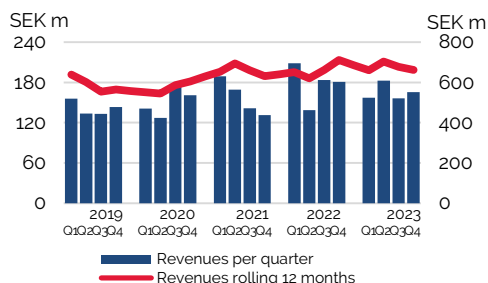
January – December

In UK, revenues decreased by 7.0 per cent during the year, and organically by 12.1 per cent, where the difference is due to currency rate effects. System revenues decreased by 24.2 per cent and organically by 28.4 per cent due to somewhat longer sales cycles compared to previous year. Service revenues increased by 12.1 per cent and organically by 5.9 per cent, with cloud services showing good growth, which was offset by decreased consulting revenues connected to lower system sales.

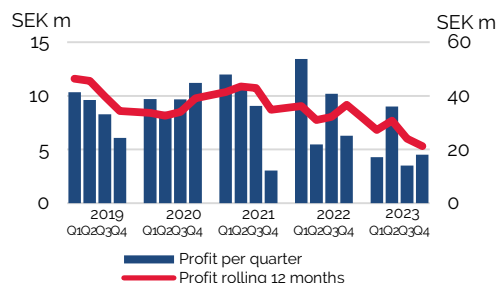
Adjusted EBITA amounted to SEK 21.3 million (36.4) and the EBITA margin was 3.2 per cent (5.1) during the year. Both EBITA and the EBITA margin were negatively affected by decreasing revenues partly offset by increased gross margins compared to previous year.

Amounts in SEK million	Oct-Dec 2023	Oct-Dec 2022	Change, %	Jan-Dec 2023	Jan-Dec 2022	Change, %
System revenues	71.5	91.0	-21.5	282.3	372.4	-24.2
Service revenues	94.0	88.8	5.8	379.4	338.4	12.1
<i>of which support revenue</i>	26.8	27.2	-1.6	106.5	104.1	2.3
<i>of which revenue from cloud services</i>	60.6	51.7	17.2	239.2	196.2	21.9
<i>of which consulting revenue</i>	6.6	9.9	-33.3	33.7	38.1	-11.5
Other	-	0.8	-	-	0.8	-
Total Revenues	165.4	180.7	-8.4	661.7	711.6	-7.0
Adjusted EBITA	4.5	6.3	-28.4	21.3	36.4	-41.5
Margin, %	2.7	3.5		3.2	5.1	

Revenues



Adjusted EBITA





Revenues and result

October – December

In West, revenues decreased by 15.3 per cent during the quarter and organically by 19.4 per cent, where the difference is due to currency effects. System revenues decreased by 49.3 per cent and organically by 51.6 per cent. Service revenues increased by 6.8 per cent and organically by 1.7 per cent with support services showing high growth due to renewed contracts with existing customers and new contracts, while consulting revenues decreased organically, partly because of a lack of personnel in some competence areas, and partly due to lower demand in other areas.

Adjusted EBITA amounted to SEK 12.9 million (13.7) and the EBITA margin was 6.2 per cent (5.5) for the quarter where the lower EBITA is a direct consequence of lower revenue and an increase of EBITA margin as a result of the growth in support- and cloud services and the efficiency program.

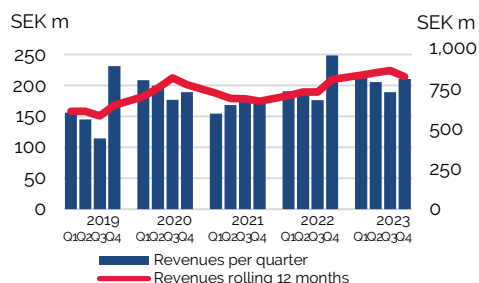
January – December

In West, revenues increased by 2.2 per cent during the year corresponding to an organically decrease of 5.4 per cent where the difference explains by currency effects. System revenues decreased by 16.8 per cent and organically by 22.9 per cent. Service revenues increased by 10.2 per cent and organically by 2.1 per cent, with a good underlying demand primarily for cloud and support services, while consulting revenues decreased due to lack of personnel in some competence areas and due to lower demand in other areas.

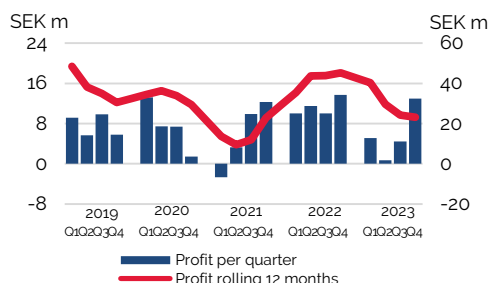
Adjusted EBITA amounted to SEK 23.2 million (45.3) and the EBITA margin was 2.8 per cent (5.6) for the year. The decrease is attributable to lower gross margins and higher sales and administration expenses due to cost inflation and increased usage of external subcontractors.

Amounts in SEK million	Oct-Dec	Oct-Dec	Change,	Jan-Dec	Jan-Dec	Change,
	2023	2022	%	2023	2022	%
System revenues	50.1	98.7	-49.3	200.5	240.9	-16.8
Service revenues	160.0	149.8	6.8	622.4	564.9	10.2
<i>of which support revenue</i>	17.7	14.1	25.3	69.8	54.9	27.3
<i>of which revenue from cloud services</i>	109.8	97.5	12.7	420.1	368.7	13.9
<i>of which consulting revenue</i>	32.5	38.2	-14.9	132.6	141.3	-6.2
Other	0.2	-	-	0.2	-	-
Total Revenues	210.3	248.4	-15.3	823.2	805.8	2.2
Adjusted EBITA	12.9	13.7	-5.5	23.2	45.3	-48.8
Margin, %	6.2	5.5		2.8	5.6	

Revenues



Adjusted EBITA





Revenues and result

October – December

In Central, revenues increased by 2.7 per cent during the quarter but decreased organically by 2.4 per cent, where the development is due to currency effects. System revenues increased by 4.4 per cent and decreased organically by 1.3 per cent. Service revenues increased by 1.1 per cent but decreased organically by 3.5 per cent. The organically decrease explains by lower revenue from consulting, partly due to due to fewer employed consultants, which was to some extent counteracted by a higher demand in the support business.

Adjusted EBITA amounted to SEK 16.6 million (15.8) and the EBITA margin was 7.2 per cent (7.1) for the quarter. In Central, EBITA and the EBITA margin were primarily affected positively by the increased revenues, in combination with lower sales- and administration expenses.

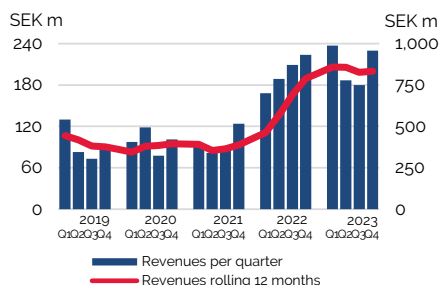
January - December

In Central, revenues increased by 5.6 per cent during the year due to the acquisition of sepago and currency effects but decreased organically by 6.8 per cent. System revenues decreased by 10.7 per cent and organically by 18.9 per cent, due to longer sales cycles and macroeconomic uncertainty. Service revenues increased by 23.4 per cent and organically by 6.2 per cent due to good organic growth in all services areas.

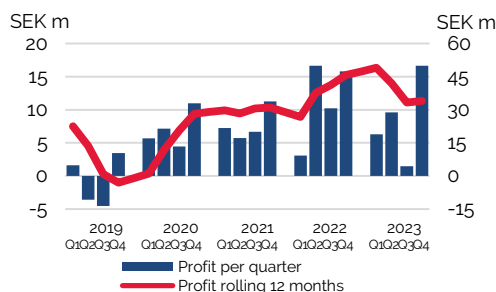
Adjusted EBITA amounted to SEK 34.0 million (45.7) and the EBITA margin was 4.1 per cent (5.8) for the year. In Central, EBITA and the EBITA margin were negatively affected primarily by lower sales in combination with increased sales and administration expenses, partly related to cost inflation, and partly to integration costs attributable to acquisitions.

Amounts in SEK million	Oct-Dec 2023	Oct-Dec 2022	Change, %	Jan-Dec 2023	Jan-Dec 2022	Change, %
System revenues	118.5	113.5	4.4	371.9	416.4	-10.7
Service revenues	110.9	109.7	1.1	459.3	372.3	23.4
<i>of which support revenue</i>	16.3	13.5	20.8	63.4	48.9	29.7
<i>of which revenue from cloud services</i>	69.6	65.3	6.7	281.0	242.2	16.0
<i>of which consulting revenue</i>	25.0	30.9	-19.2	114.9	81.2	41.5
Other	0.2	0.3	-27.3	1.9	0.5	266.7
Total Revenues	229.7	223.6	2.7	833.2	789.2	5.6
Adjusted EBITA	16.6	15.8	5.3	34.0	45.7	-25.6
Margin, %	7.2	7.1		4.1	5.8	

Revenues



Adjusted EBITA



Operating segments

Nordics & Baltics: Denmark, Estonia, Finland, Latvia, Lithuania (divested August 28, 2023), Norway, Sweden, and USA | **UK:** United Kingdom | **West:** Belgium and the Netherlands | **Central:** Czech Republic and Germany |

As the operations in Proact Finance have decreased significantly due to the decision to primarily offer financing via partners, Proact Finance is no longer reported as a separate segment, but is instead reported as part of Groupwide.

Jan-Dec 2023	Nordics & Baltics						Groupwide	Eliminations	Group
Amounts in SEK million	Baltics	UK	West	Central	Groupwide	Eliminations			
Total revenue	2,619.3	661.7	823.2	833.2	184.0	-274.0		4,847.3	
EBITDA before items affecting comparability	245.0	76.0	70.2	65.5	17.9	-		474.5	
Depreciations and write-downs on tangible fixed assets	-38.1	-54.7	-47.0	-31.6	-1.1	-		-172.4	
EBITA before items affecting comparability	206.9	21.3	23.2	34.0	16.8	-		302.1	
Items affecting comparability	-4.8	-1.0	-6.5	-2.0	-2.5	-		-16.7	
EBITA	202.1	20.3	16.7	31.9	14.4	-		285.5	
Amortizations and write-downs on intangible fixed assets	-5.7	-5.4	-8.3	-29.9	-6.5	-		-55.7	
EBIT	196.4	14.9	8.5	2.1	7.9	-		229.8	
Net Financial Items	10.4	-2.7	-10.3	-7.2	-1.7	-		-11.5	
Earnings before tax	206.8	12.2	-1.8	-5.1	6.1	-		218.3	
Tax								-45.2	
Comprehensive income for the period								173.1	

Jan-Dec 2022	Nordics & Baltics						Groupwide	Eliminations	Koncernen
Amounts in SEK million	Baltics	UK	West	Central	Groupwide	Eliminations			
Total revenue	2,508.2	711.6	805.8	789.2	214.8	-272.7		4,756.8	
EBITDA before items affecting comparability	209.7	83.6	78.8	73.6	29.0	-		475.1	
Depreciations and write-downs on tangible fixed assets	-35.6	-47.2	-33.5	-27.9	-15.8	-		-160.1	
EBITA before items affecting comparability	174.1	36.4	45.2	45.7	13.7	-		315.1	
Items affecting comparability	-	-	-	-5.8	3.8	-		-2.0	
EBITA	174.1	36.4	45.2	39.9	17.5	-		313.1	
Amortizations and write-downs on intangible fixed assets	-5.7	-5.1	-7.9	-23.1	-10.7	-		-52.5	
EBIT	168.4	31.3	37.3	16.9	6.8	-		260.6	
Net Financial Items	-3.1	-3.0	-2.9	-4.2	-3.1	-		-16.4	
Earnings before tax	165.2	28.3	34.4	12.6	3.6	-		244.2	
Tax								-52.6	
Comprehensive income for the period								191.5	

Market review

Proact's strategic direction and operations are largely driven by the core trends in the market. Over the last few years, there have been three overarching trends:

- Digitalisation and value creation from data
- Hybrid cloud adoption for flexible and agile IT delivery
- Concerns about cybersecurity and increasing IT complexities

Digitalisation and value creation from data

Businesses need to digitalise in order to streamline processes, maintain market share and drive growth as well as operational and financial efficiency. IT-driven automation, artificial intelligence and more effective delivery of internal and external IT services enable new ways of analysing and processing data. This also increases complexity, resource constraints and new IT budget needs. Proact's portfolio of professional services, infrastructure solutions, and cloud services are increasingly important as customers need the right specialist skills for digitalisation.

Proact helps conceptualise, implement and build IT solutions and can store, connect, protect and secure data to drive digitalisation, innovation, advanced analytics and automation.

Hybrid cloud adoption

Different types of business data, workflows and applications have different requirements. Hybrid cloud solutions seamlessly combine different types of private, hosted and public cloud services for faster, more secure and more efficient response to business needs. However, how businesses balance different IT delivery models varies depending on industry, availability of skills and strategic goals. If done in the wrong way, customers will not only fail to leverage the

advantages of hybrid cloud, but also increase the risks of security threats and accelerated costs.

Proact helps customers with everything from assessing their current IT estate and providing strategic advice to design, delivery, implementation, support and full-service management. Proact's strong portfolio and skills give customers unique flexibility to combine on-premises IT infrastructure with private, hosted and public cloud services.

Cybersecurity

The number of cyberthreats and data breaches has increased significantly due to rapid technological developments, increased digitalisation and geopolitical turmoil. Most businesses struggle with how to best manage security threats and stricter regulatory requirements, especially with distributed and unstructured data increasing potential attack points. Many organisations lack in-house resources to deal with security threats, putting them at risk of missing out on business opportunities, losing sales, and damaging their reputations.

Proact offers unique access to local and international specialist expertise, well-packaged security solutions and services, business continuity blueprints, backup and disaster recovery solutions and services as well as round-the-clock monitoring and processes via its own Security Operations Centres.

Other information

Events after the balance sheet date

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

Transactions with related parties

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

Risks and uncertainty factors within the business

Proact is not significantly affected by ongoing conflicts in the world. However, the development of the global economy, in the form of inflation, exchange rate fluctuations, lower economic growth and disturbances in supply chains, can entail increased risks for Proact. Delivery disruptions linked to the global semiconductor shortage at present has a limited effect on Proact, as the situation normalised during the second half of 2022, but new disturbances could negatively affect the ability for Proact to deliver customer orders received. Otherwise, no risks or uncertainties have changed in comparison to those described in the most recently published annual report. For a more detailed description of significant risks and uncertainty factors, please see Proact's annual report for 2022.

Alternative Performance Measures

The company presents financial key figures in the interim report that are not defined according to IFRS. The company believes that these key figures provide valuable supplementary information to investors and the company's management. For definitions of the financial ratios, see the Annual Report 2022.

Proposed appropriations of profits

The Board proposes a dividend of SEK 2.00 (1.85) per share to the Annual General Meeting for the 2023 business year, corresponding to SEK 55 million (51). This corresponds to 32 per cent (27) of the year's net profit, in line with Proact's dividend policy to distribute 25 – 35 per cent of profits after tax.

Annual General Meeting

The Annual General Meeting will be held at 4 pm on May 7, 2024 in Solna. The annual report will be published and be made available on Proact's webpage, www.proact.eu during the second week of April. The Nomination Committee's proposal will be presented in the notice to the Annual general Meeting and on the company's website, www.proact.eu

Financial calendar

7 May 2024	Interim Report Q1 2024
7 May 2024	Annual General Meeting 2024
12 Jul 2024	Interim Report Q2 2024
25 Oct 2024	Interim Report Q3 2024
11 Feb 2025	Interim Report Q4 2024

Solna 8 February, 2024
Proact IT Group AB (publ)

Jonas Hasselberg
CEO

This interim report has not been audited.

Note

The information in this interim report is such information as Proact IT Group (publ) is obliged to publish pursuant to the EU Market Abuse Regulation, the Securities Market Act, and/or the Act on Trading in Financial Instruments. This information was submitted for publication at 8:00 (CET) on 8 February, 2024.

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Financial reports

Consolidated statement of comprehensive income

Amounts in SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
System revenue	812.0	912.7	2,698.0	2,861.4
Service revenue	547.3	522.0	2,144.6	1,889.0
<i>of which support revenue</i>	154.7	137.5	595.2	513.3
<i>of which revenue from cloud services</i>	282.2	250.4	1,097.4	943.8
<i>of which consulting revenue</i>	110.4	134.1	452.1	431.8
Other operating revenue	0.8	5.4	4.7	6.4
Total revenue	1,360.0	1,440.1	4,847.3	4,756.8
Cost of goods and services sold	-1,057.8	-1,115.3	-3,758.1	-3,704.2
Gross profit	302.2	324.7	1,089.2	1,052.7
Sales and marketing expenses	-137.6	-141.5	-504.5	-466.8
Administration expenses	-87.4	-94.5	-338.4	-319.5
Items affecting comparability	0.0	-0.1	-16.7	-5.8
Operating profit/loss (EBIT)	77.3	88.7	229.8	260.6
Net financial items	5.3	-2.7	-11.5	-16.4
Earnings before tax	82.6	86.0	218.3	244.2
Income tax	-17.0	-21.4	-45.2	-52.6
Comprehensive income for the period	65.5	64.6	173.1	191.5
Other comprehensive income				
Items which may be reversed later in the income statement				
Change of hedging reserve (net investment in foreign operations)	-12.9	6.7	0.3	29.9
Tax effect of change of reserve (net investment in foreign operations)	2.7	-1.4	-0.1	-6.2
Translation differences from remaining operations	-16.1	8.9	54.5	29.8
Total items which may be reversed later in the income statement	-26.4	14.2	54.7	53.6
Total comprehensive income for the period, net after tax	39.1	78.8	227.8	245.1
Comprehensive income attributable to:				
Shareholders of the Parent company	65.5	64.4	172.6	191.3
Holdings without a controlling influence	-0.0	0.2	0.5	0.3
Total comprehensive income for the period attributable to:				
Shareholders of the Parent company	39.1	78.5	228.1	244.5
Holdings without a controlling influence	-0.0	0.4	-0.3	0.6
Data per share¹				
Earnings per share for the period attributable to the shareholders of the parent company, SEK	2.39	2.34	6.29	6.97
Equity per share attributable to the shareholders of the parent company, SEK	36.97	33.49	36.97	33.49
Cash flow from operations per share, SEK	8.82	12.86	19.50	16.13
Number of outstanding shares at end of period	27,281,448	27,454,851	27,281,448	27,454,851
Weighted average number of outstanding shares	27,445,125	27,454,851	27,466,985	27,454,851

1) Proact has a long-term performance-based share program that could give rise to dilution of maximum 1.84 per cent.

Consolidated Balance Sheet in brief

Amounts in SEK million	Dec 31 2023	Dec 31 2022
ASSETS		
Fixed assets		
Goodwill	983.6	983.6
Other intangible fixed assets	177.3	230.7
Tangible fixed assets	319.3	366.8
Other long-term receivables	544.6	548.2
Deferred tax receivables	22.5	25.6
Current assets		
Inventories	15.4	64.1
Trade and other receivables	1,433.9	1,517.1
Cash and cash equivalents	547.9	505.7
Total assets	4,044.4	4,241.9
EQUITY AND LIABILITIES		
Equity attributable to the shareholders of the parent company	1,008.6	919.5
Equity attributable to holdings without a controlling influence	-	3.9
Total equity	1,008.6	923.4
Long-term liabilities		
Long-term liabilities, interest-bearing	386.4	631.3
Long-term liabilities, non-interest-bearing	756.9	737.0
Deferred tax liabilities	58.2	73.1
Short-term liabilities		
Short-term liabilities, interest-bearing	109.8	118.7
Short-term liabilities, non-interest-bearing	1,724.5	1,758.4
Total equity and liabilities	4,044.4	4,241.9

Consolidated statement of changes in Equity

Amounts in SEK million	Dec 31 2023	Dec 31 2022
At beginning of period	923.4	713.9
Total comprehensive income for the period	227.8	245.1
Dividend	-50.8	-41.2
Share savings and share option programs	-28.0	6.0
Buy-back of own shares	-19.6	-
Utilized shares from holding of own shares	2.7	-
At end of period	1,008.6	923.4

Holdings without a controlling influence: Proact Lietuva UAB 26.14 per cent, was divested August 28, 2023.

Consolidated Cash Flow Statement in brief

Amounts in SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
CASH FLOW FROM OPERATIONS FOR THE YEAR				
Operating profit for the year	77.3	88.7	229.8	260.6
Adjustment for items not affecting cash flow:				
Reversal of depreciation and impairment of fixed assets	56.4	58.6	228.2	212.6
Financial leasing sales	10.1	8.0	33.0	36.7
Reversal of non-cash items	7.9	9.4	-9.0	6.5
Change in provisions	-3.3	4.4	-0.2	5.3
Income tax paid	-1.0	-13.3	-54.7	-46.9
Cash flow from operating activities before changes in working capital	147.3	155.9	427.0	474.7
Cash flow from changes in working capital				
Inventories	4.6	-9.4	49.5	-45.1
Operating receivables	-269.8	-311.0	64.6	-447.0
Operating liabilities	358.3	519.2	-9.1	471.7
Cash flow from operating activities	240.5	354.7	532.0	454.3
INVESTMENT ACTIVITIES				
Acquisition of businesses	0.5	-25.8	-8.0	-153.4
Capital expenditure on tangible fixed assets	-13.0	-13.3	-44.3	-39.4
Disposals of tangible fixed assets	0.9	0.3	1.1	1.9
Investments in intangible fixed assets	-0.3	-0.4	-1.0	-1.6
Increase / decrease, non current receivables	0.2	0.0	0.3	0.4
Cash flow from investing activities	-11.8	-39.3	-51.9	-194.6
FINANCING ACTIVITIES				
Dividend	-	-	-50.8	-41.2
Borrowings and repaid loans	-25.0	-71.1	-224.2	-62.3
Interest earned	-1.0	0.7	10.4	2.9
Interest paid	-8.5	-3.8	-25.1	-15.2
Amortisation of leasing debt	-37.5	-33.7	-118.0	-133.1
Other cash flow from financing activities	-21.4	2.0	-22.4	1.4
Cash flow from financing activities	-93.4	-105.9	-430.1	-247.5
Total cash flow for the period	135.4	209.4	50.0	12.1
Cash and cash equivalents at beginning of the period	429.3	284.9	505.7	463.9
Currency translation difference in cash and cash equivalents	-16.8	11.4	-7.8	29.7
Cash and cash equivalents at end of the period	547.9	505.7	547.9	505.7

Key ratios

Amounts in SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2023	2022	2023	2022
Total revenue	1,360.0	1,440.1	4,847.3	4,756.8
of which attributable to acquisition and divestments	-6.3	63.4	22.1	271.0
of which currency effects	25.5	58.6	179.3	156.4
Total revenue, organic	1,340.8	1,278.7	4,646.0	4,174.0
Organic growth total revenue, %	-6.9	39.9	-2.3	22.8
System revenue	812.0	912.7	2,698.0	2,861.4
of which attributable to acquisition and divestments	-4.0	30.0	-4.5	69.5
of which currency effects	7.7	31.2	69.8	84.5
Total system revenue, organic	808.3	851.4	2,632.8	2,707.4
Organic growth system revenue, %	-11.4	65.0	-8.0	35.2
Services revenue	547.3	522.0	2,144.6	1,889.0
of which attributable to acquisition and divestments	-2.3	33.3	26.6	201.6
of which currency effects	17.8	27.3	109.3	71.8
Total service revenue, organic	531.8	461.5	2,008.7	1,615.7
Organic growth service revenue, %	1.9	8.5	6.3	6.3
EBITDA	133.6	147.3	457.9	473.2
EBITDA margin, %	9.8	10.2	9.4	9.9
Depreciation and write-down on tangible assets	-42.5	-41.3	-172.4	-160.1
EBITA	91.2	106.0	285.5	313.1
EBITA margin, %	6.7	7.4	5.9	6.6
Amortization and write-down on intangible assets	-13.9	-17.3	-55.7	-52.5
EBIT	77.3	88.7	229.8	260.6
EBIT marginal, %	5.7	6.2	4.7	5.5
Earnings before tax	82.6	86.0	218.3	244.2
Net margin, %	6.1	6.0	4.5	5.1
Earnings after tax	65.5	64.6	173.1	191.5
Profit margin, %	4.8	4.5	3.6	4.0
Equity	1,008.6	923.4	1,008.6	923.4
Total assets	4,044.4	4,241.9	4,044.4	4,241.9
Equity ratio, %	24.9	21.8	24.9	21.8
Capital turnover rate, times¹	-	-	1.2	1.2
Return on equity, %¹	-	-	18.2	23.4
Financial costs included in net financial items	6.3	9.1	40.0	26.7
Capital employed	1,504.8	1,673.4	1,504.8	1,673.4
Return on capital employed, %¹	-	-	16.3	17.2
Investments in fixed assets	43.3	84.8	148.3	397.5
Earnings before tax per employee, SEK thousands	72.9	71.7	188.2	210.6
Average number of employees	1,132.0	1,199.2	1,160.0	1,159.5

1) Calculated only for full year and rolling 12 months.

For a five-year summary, see Note 2. For definitions of key ratios, see Annual Report 2022.

The key ratios that Proact reports and monitors the business by are common key ratios used by the industry and by companies listed on Nasdaq Stockholm.

Parent Company's Income Statement, in brief

Amounts in SEK million	Jan-Dec 2023	Jan-Dec 2022
Net sales	152.0	139.9
Cost of goods and services sold	-	-
Gross profit	152.0	139.9
Administration expenses	-151.9	-144.4
Operating profit	0.1	-4.5
Net financial items	142.2	78.3
Earnings after financial items	142.3	73.8
Provisions	-	-
Earnings before tax	142.3	73.8
Income tax	-0.7	-5.1
Comprehensive income for the period	141.5	68.8

Parent Company's Balance Sheet, in brief

Amounts in SEK million	Dec 31 2023	Dec 31 2022
ASSETS		
Fixed assets	1,143.8	1,204.0
Current assets	97.7	108.9
Total assets	1,241.6	1,312.9
EQUITY AND LIABILITIES		
Restricted Equity	47.1	81.7
Non-restricted Equity	451.0	345.6
Equity	498.1	427.3
Long-term liabilities	234.7	453.2
Short-term liabilities	508.9	432.3
Total equity and liabilities	1,241.6	1,312.9

Explanatory information

Note 1. Accounting principles

The consolidated accounts for the interim report have been compiled in accordance with IAS 34 and the Swedish Annual Accounts Act. The Parent Company's accounts have been compiled in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities). The Group applies the same accounting principles as those described in the annual report for 2022.

Financial instruments

Proact's financial instruments consist of derivatives, accounts receivable, cash and cash equivalents, accounts payable, accrued trade creditors and interest-bearing liabilities. Derivative instruments are recognized in the balance sheet as per the contract date and are valued at fair value, both initially and in subsequent revaluations. All derivatives are reported continuously at fair value with the value changes reported in the statement of comprehensive income within cost of goods sold for those derivatives that are linked to accounts

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

Note 2. Five-year summary

Amounts in SEK million	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019
Total revenue	4,847.3	4,756.8	3,525.0	3,633.1	3,407.9
EBITDA	457.9	473.2	348.6	369.6	271.7
<i>EBITDA margin, %</i>	9.4	9.9	9.9	10.2	8.0
EBITA	285.5	313.1	197.5	216.7	134.2
<i>EBITA margin, %</i>	5.9	6.6	5.6	6.0	3.9
EBIT	229.8	260.6	166.2	182.1	105.4
<i>EBIT margin, %</i>	4.7	5.5	4.7	5.0	3.1
Earnings before tax	218.3	244.2	151.9	167.7	101.7
<i>Net margin, %</i>	4.5	5.1	4.3	4.6	3.0
Earnings after tax	173.1	191.5	117.2	132.3	80.2
<i>Profit margin, %</i>	3.6	4.0	3.3	3.6	2.4
<i>Equity ratio, %</i>	24.9	21.8	21.0	20.7	18.3
Capital turnover rate, times	1.2	1.2	1.1	1.3	1.3
<i>Return on equity, %</i>	18.2	23.4	17.8	23.4	16.1
<i>Return on capital employed, %</i>	16.3	17.2	13.4	17.1	13.2
Dividend to shareholders of the Parent company ¹	50.8	41.2	41.2	22.9	38.0
Investments in fixed assets	148.3	397.5	550.7	269.1	440.7
Financial costs included in net financial items	40.0	26.7	19.8	20.7	11.3
Earnings before tax per employee, SEK thousands	188.2	210.6	147.9	172.3	122.0
Average number of employees	1,160.0	1,159.5	1,027.3	973.4	833.5
Earnings per share for the period, SEK ²	6.29	6.97	4.27	4.80	2.92

¹) Relates to the year in which the dividend was executed. For the fiscal year 2022 a dividend of SEK 1.85, total SEK 50.8 million, was made.

²) Calculated on the basis of the weighted average number of outstanding shares. The comparative figures have been adjusted for the 1:3 share split that was implemented in May 2021. Proact has long-term performance-based share programs that could give rise to dilution of maximum 1.84 per cent.