SOFTRONIC

2021

Annual Accounts

GoodTech – Technology that does good in society

INFORMATION FOR THE SHAREHOLDERS

2022 ANNUAL GENERAL MEETING FOR SOFTRONIC AB (PUBL), CIN 556249-0192

The Annual General Meeting will be held at 5:30 p.m. on 11 May 2022 at our premises at Hammarby Kaj 10A,

Specific notice will be given no earlier than six weeks and no later than four weeks prior to the meeting. In order to participate in the Annual General Meeting, shareholders must be registered in the shareholders' register held by Euroclear Sweden AB by 3 May 2022. Notification of participation in the meeting must have been received by the company at the following address Softronic AB (publ), Hammarby Kaj 10A, SE-120 32 Stockholm, Sweden, or by telephone at +46(0)8-51 90 90 00 or by e-mail at bolagsstamma@softronic.se, by 6 May 2022. Any shareholders who have registered their shares through the bank's notary department or other nominee must temporarily register the shares with Euroclear Sweden AB in their own name well in advance of 3 May 2022, in order to be entitled to participate in the Annual General Meeting.

PROPOSED APPROPRIATION OF PROFITS

A dividend of SEK 1.35 per share has been proposed. Should the meeting adopt the proposal for the dividends, the preliminary record date is 13 May 2022, with estimated disbursement on 18 May.

REPORTS AND FINANCIAL INFORMATION 2022

Interim Report (January–March), 21 April
Interim Report (April–June), 15 July
Interim Report (July–September), 20 October

ORDER INFORMATION

Reports and financial information are published on Softronic's website, www.softronic.se, where you can also download the annual report as a PDF.

CONTENTS

2021 Directors' Report

The Board of Directors and the Chief Executive Officer of Softronic AB (publ), CIN 556249-0192, hereby submit the annual accounts for the 2021 financial year.

Significant events and activities

Softronic is the parent company of a Group that has 10 Swedish subsidiaries, most of which are sub-consultants of Softronic AB (the Group structure appears in Note 9), working with IT and management. The Group's services cover everything from advice and new development to administration and operation. Its customers are primarily medium and large Swedish companies and organisations.

The following events have occurred in the past year:

- **Softronic and Effectplan signed a partnership agreement**
- **Softronic signed a framework agreement with the Swedish Research Council**
- **Softronic was awarded a framework agreement with the Swedish Council for Higher Education**
- **The Swedish Migration Agency awarded Softronic a framework agreement to adapt its Interpreter Portal.**
- **Softronic built a new specialist area in IT architecture**
- **Softronic concluded a new framework agreement with Stockholm Regional Council**
- **Softronic decided to join the new association Digitalisation Consultants**
- **Procon Digital started a collaboration with Softronic for Kommun-Kim**
- **Softronic signed a new framework agreement with the Swedish Tax Agency**
- **Softronic hired a new CEO, Charlotte Eriksson**

Personnel and external factors

The Group had on average 426 (424) employees in 2021. Employee turnover and salary development in the industry are high, but there has been somewhat of a slow-down. With skilled, competitive personnel as the Group's most important resource, the goal is to increase the number of employees and to continuously develop skills, for example, through the training investment initiative Gate 1.

Environmental work and R&D

Softronic works continually with both external and internal environmental issues. The company does not conduct business activities that require a licence. Softronic works continuously with the development of methods and products. Softronic works to reduce the impact on the environment by streamlining within IT and through IT, by supplying IT technology with a good environmental performance, and by offering a high proportion of cloud services (SaaS) and other solutions for greener IT. Softronic's environmental certification covers the entire Group and all of its offices. This certificate is proof that Softronic's environmental management system and environmental work meet the requirements in the standard ISO 14001:2015.

Sustainability reporting

Softronic's 2021 Sustainability Report is available as a separate document on the website.

Future development

Softronic operates in one area, IT and Digitalisation, which creates real operational benefits. This area has enjoyed strong growth over many years. The need for digitalisation on the Swedish market seems almost insatiable. Bearing in mind the strong foundation we have with our existing customer relationships and the solid support that our brand new customers represent for the future, we currently believe that the shortage of available competence is one of only a few challenges that we will face in the near future. However, it is Softronic's policy not to make any predictions.

Risks and uncertainties

The risks and uncertainties that the Parent Company and the Group may face are primarily related to changes in employee capacity utilisation, average invoicing, employee turnover and salary costs, all of which have a decisive impact on profitability. For financial risks, see Note 15. There are also uncertainties related to assessments of the economy, changes to the market and competition. For a description of internal control and other corporate governance, see the Corporate Governance Report on page 24. Added to this are the risks caused by the ongoing pandemic.

Debt/equity

The Group had no interest-bearing liabilities as of 31 December 2021, and with very good liquidity and good cash flow there is little risk of any loans being required. The Group has established a goal to only raise loans if required when making acquisitions. The Group's financial risks are very low. The Group has no material currency exchange exposure or high-risk financial instruments.

Sales and profit/loss

Group operations are wide-ranging and are reported as one business segment; see Note 16.

Turnover for the Group in 2021 amounted to MSEK 787 (MSEK 728), the majority of which took place in Sweden. Net turnover per employee amounts to MSEK 1.8 (MSEK 1.7). Sales of consultancy services and agreements amount to 80 % (83 %) of net sales. Other sales, 20 % (17 %), consists of licenses and goods, plus goods and services invoiced to third parties. The Group's expenses before depreciation and amortisation amounted to MSEK 671 (MSEK 618). Personnel costs amounted to MSEK 376 (MSEK 361). Operating profit/loss before depreciation and amortisation, EBITDA, for 2021 amounted to MSEK 116.7 (MSEK 110.7).

	2021	2020	2019	2018	2017
Income, MSEK	786.5	728.5	720.0	737.2	657.0
EBITDA, MSEK	116.7	110.7	97.0	75.0	75.5
Profit/loss before tax, MSEK	93.6	85.8	72.1	68.3	67.0
Profit margin, %	11.9	11.8	10.0	9.3	10.2
Balance sheet total, MSEK	428	516	454	412	387
Equity, MSEK	256	341	274	271	258
Liquidity	1.8	2.2	1.9	2.1	2.1
Equity/assets ratio, %	60	66	60	66	67
Avg. no. of employees	426	424	443	452	441

Parent Company

The Parent Company's sales (through subsidiaries as sub-consultants) amounted to MSEK 786 (MSEK 729), and the operating profit for the year amounted to MSEK 17 (MSEK 18). Total cash flow in the Parent Company amounted to MSEK -68 (MSEK 83). Softronic AB is listed on NASDAQ OMX Stockholm.

Financial position and investments

In 2021 a dividend of SEK 1.25 per share plus an additional dividend of SEK 1.75 was paid, totalling SEK 3.00 per share. The Group's cash and cash equivalents amounted to MSEK 131 (MSEK 200).
The total liquidity as of 31 December 2021, including unutilised credit lines, amounted to MSEK 154 (MSEK 223).
Total cash flow in the Group in 2021 amounted to MSEK -69 (MSEK 83). Cash flow from operating activities amounted to MSEK 111 (MSEK 103). Investment activities provided a cash flow of MSEK -2 (MSEK -1). Cash flow from financing activities amounted to MSEK -178 (MSEK -20). Asset items goodwill, other intangible assets and deferred tax asset/liability amount to MSEK 110 (MSEK 109). This corresponds to 43 % (32%) of equity.

The work of the Board of Directors

At the Annual General Meeting in May 2021, four Board members were re-elected and two members were newly elected. The Board of Directors also includes two employee representatives nominated by the members of the trade union club.
The work of the Board of Directors also requires the involvement of the CEO, COO and the CFO and, in certain cases, Business Area Managers. Eight Board meetings were held in 2021 and all members participated in all of the meetings. Over the year, the Board has discussed strategic issues with regard to the organisation and business acquisitions. The rules of procedure for the Board, together with instructions for the division of work between the Board and the Chief Executive Officer, are established in advance by the Board for one year at a time, starting and ending with the Annual General Meeting. The company has a Nomination Committee that consists of four people. The Nomination Committee should serve as a channel through which individual shareholders can communicate their proposals for the composition of the Board and ensure that these proposals are taken into consideration well in advance of the Annual General Meeting.

Remuneration to senior executives

The Remuneration Committee draws up “The Board of Directors’ proposal for remuneration principles for senior executives” and the application of these principles. This proposal is discussed by the Board of Directors before being presented to the Annual General Meeting for a resolution to be passed. Following the Annual General Meeting’s resolution, the Board of Directors makes a decision on the remuneration for the CEO. Based on a proposal from the CEO, the Remuneration Committee makes a decision on the remuneration for other members of the Group management team. The Board is informed of the Remuneration Committee’s decision. In terms of the Group management team, competitive salaries and other employment terms and conditions are applied.

The Board proposes that the AGM on 11 May 2022 pass a resolution on guidelines for remuneration and other employment terms and conditions for senior executives, which will be valid until 2025 unless they need to be revised before then. These guidelines cover the CEO and others in the company management team. The guidelines must contribute to the company’s business strategy, long-term interests and sustainability as described on the website www.softronic.se.

The Remuneration Committee comprises two external members whose main tasks are to prepare the Board’s decisions on issues relating to remuneration policies, remuneration and other employment terms and conditions for company management. The Remuneration Committee must monitor and evaluate programmes for variable remuneration for company management that are ongoing or that have been completed during the year. They must also monitor and evaluate the application of the guidelines for remuneration for company management. The general meeting must pass a resolution on these guidelines, as well as the relevant remuneration structures and remuneration levels at the company. The Board must prepare proposals for new guidelines at least every four years and these must be passed by a resolution at the Annual General Meeting. The CEO and other people in the company management team, where appropriate, do not attend the discussions and decision-making of the Board on issues relating to remuneration.

The guidelines for remuneration to senior executives state that all remuneration (basic salary, variable salary, pension and other benefits) must be competitive and allow qualified senior executives to be recruited and retained. No additional benefits are offered and no senior executives have stock options or convertible bonds from the company. The Board has the right to deviate from the guidelines in individual cases if special grounds exist. Variable pay is primarily related to quantitative targets. The Chief Executive Officer’s pension is a defined contribution plan. The general ITP pension plan or individual solutions at equivalent levels apply to other personnel. The notice period for the CEO is three months if he/she resigns; and six months if it is the company’s decision. The notice period for the other members is three to 12 months. The company’s elected Board members should be able to be remunerated on market terms for services within their respective areas of expertise not covered under Board work.

Pay and employment terms and conditions for the company’s employees have been taken into consideration when preparing these remuneration guidelines. The information about the employees’ total remuneration, the components in this remuneration, and the increase and rate of increase of the remuneration have been included in the decision-making data of the Remuneration Committee and the Board when evaluating the reasonableness of the guidelines and the restrictions that follow as a result. The remuneration report that is produced about paid and outstanding remuneration that is covered by these guidelines will contain information about the development of the gap between the remuneration of the company management team and the remuneration of the other employees.

The guidelines described above may be rejected by the Board if there are special reasons to do so in an individual case, and a deviation is required to meet the long-term interests and sustainability of the company or to ensure the company’s financial viability.

The proposal reflects to all intents and purposes the guidelines that were approved at the AGM in 2021.

Largest owners
The three largest owners in terms of percentage of votes and capital are Anders Eriksson & family & companies (33.8% of the votes and 21.3% of the capital), AB Traction (20.4 % of the votes and 22.0 % of the capital) and Stig Martín & companies (14.8% of the votes and 8.1% of the capital). A list of the ten largest owners is available in the Corporate Governance Report.

Authorisation from Annual General Meeting
The 2021 Annual General Meeting renewed the Board’s authorisation to decide on the acquisition of up to 10% of the company’s shares, plus its authorisation to decide on the issue of new shares equivalent to 10% of the share capital.

Pre-emption right for A shares
In accordance with the Articles of Association, any A shares transferred to an individual who was not previously an A shareholder in the company will promptly be offered to owners of Class A shares for redemption via written notice to the company’s Board. Acquisition of the shares must be verified and details must also be provided about the purchase price when ownership has been transferred through purchase. Further information on the pre-emption clause is available in the Articles of Association, which are published on the company website. Other than what is set out in the Articles of Association, the company knows of no agreements or contracts between shareholders that could result in any limitations on transferring shares. In Softronic’s Articles of Association, there is no limit to how many votes each shareholder may cast.

Nomination Committee
Petter Stillström, Traction, Chairman of the Board, Chairman of the Nomination Committee
Andreas Eriksson, represents Anders Eriksson and related parties
Joachim Spetz, Swedbank Robur Fonder AB
Stig Martín, Board member, own holdings

Remuneration Committee
Petter Stillström, Chairman
Victoria Bohlin, Board Member

Proposed appropriation of profits, Note 23

The following amounts are at the disposal of the Annual General Meeting (SEK):	
Profit carried forward	-21,177,193
Share premium reserve	27,429,316
Profit/loss for the year	117,262,074
	123,514,197

The Board and the Managing Director propose the following appropriation (SEK):

Dividend (52,632,803 shares at SEK 1.35 each)	71,054,284
Brought forward	52,459,913
	123,514,197

The Group’s accumulated profit attributable to the Parent Company shareholders amounts to TSEK 191,344 (TSEK 275,926).

Proposed dividend
The Board of Directors has decided to propose a dividend of SEK 1.35 per share to the Annual General Meeting. The dividend will be MSEK 71.1. The basis for the Board’s decision is the dividend policy, which takes into consideration the Group’s future liquidity requirements and investment ability. The company’s high liquidity and low indebtedness justify the amount of the dividend. See the dividend policy in Note 23.

Approval by the Board of Directors
The financial statements were authorised for publication by Softronic AB’s Board on 21/04/2022.

The Group's profit and loss statement and consolidated statement of comprehensive income

1 January-31 December **GROUP**			
TSEK	**NOTE**	**2021**	**2020**
Revenue	16	786,518	728,507
Capitalised development costs	7	965	-
Operating expenses			
Goods for resale and other invoiced expenses	22	-267,386	-227,171
Other external expenses	1.7	-27,738	-29,776
Staff costs	3	-375,650	-360,887
Depreciation/amortisation/impairment	7, 8.26	-22,779	-23,894
Operating income		**93,930**	**86,779**
Interest income and similar profit/loss items	4	330	368
Interest expenses and similar profit/loss items	26	-619	-1383
Net financial income/expense		**-289**	**-1,015**
Profit/loss before tax		**93,641**	**85,764**
Taxes	5	-19,929	-18,912
PROFIT/LOSS FOR THE PERIOD		**73,712**	**66,852**
Other comprehensive income			
Items that will be reclassified to profit/loss for the period			
Translation differences		-395	-4
COMPREHENSIVE INCOME FOR THE PERIOD		**73,317**	**66,848**
Profit/loss for the period attributable to the Parent Company's shareholders		**73,712**	**66,852**
Comprehensive income for the period attributable to the Parent Company shareholders		**73,317**	**66,848**
Profit/loss for the period per share attributable to the Parent Company shareholders before and after dilution, SEK	6	1.40	1.27

The Parent Company's profit and loss statement and consolidated statement of comprehensive income

1 January-31 December **PARENT COMPANY**			
TSEK	**NOTE**	**2021**	**2020**
Operating income			
Net sales	16	786,492	728,509
Operating expenses			
Goods for resale and other invoiced expenses	22	-617,799	-550,111
Other external expenses	1	-48,203	-49,962
Staff costs	3	-100,934	-108,002
Depreciation/amortisation/impairment	7, 8	-2,619	-3,042
Operating income		**16,937**	**17,392**
Profit from financial investments			
Profit from shares in Group companies	9	44,062	-681
Interest income and similar profit/loss items	4	21	131
Interest expenses and similar profit/loss items		-13	-48
Profit/loss before appropriations		**61,007**	**16,794**
Appropriations			
Group contributions paid		-	-1
Group contributions received		75,985	11,208
Profit/loss before tax		**136,992**	**28,001**
Tax on profit/loss for the year	5	-19,730	-6,636
PROFIT/LOSS FOR THE YEAR		**117,262**	**21,365**

The profit/loss for the year for the Parent Company is in line with the comprehensive income.

Consolidated Balance Sheet

31 December			
TSEK	**NOTE**	**2021**	**2020**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7	111,261	110,162
Other non-current receivables		3,268	2,347
Right-of-use asset	26	9,404	25,294
Property, plant and equipment	8	1,363	3,103
Deferred tax asset	5	-	-
TOTAL FIXED ASSETS		**125,296**	**140,906**
CURRENT ASSETS			
Inventories		408	161
Accounts receivable	15	85,224	83,329
Tax assets		-	2,565
Other receivables		4,408	2,944
Prepaid expenses and accrued income	10	82,084	85,922
Cash and cash equivalents	14	130,611	199,777
TOTAL CURRENT ASSETS		**302,735**	**374,698**
TOTAL ASSETS		**428,031**	**515,604**
EQUITY AND LIABILITIES			
Equity attributable to the Parent Company shareholders			
Share capital		21,053	21,053
Other contributed capital		44,004	44,004
Profit/loss brought forward and profit/loss for the year		191,344	275,926
Total equity attributable to the Parent Company shareholders		256,401	340,983
TOTAL EQUITY		**256,401**	**340,983**
LONG-TERM LIABILITIES			
Deferred tax liabilities	5	1,266	1,006
Lease liabilities	26	2,509	2,608
Other provisions	17	4,088	3,362
TOTAL LONG-TERM LIABILITIES		**7,863**	**6,976**
CURRENT LIABILITIES			
Accounts payable		49,268	36,119
Tax liabilities		9,460	-
Other current provisions	2	-	4,909
Other liabilities	26	33,734	50,956
Accrued expenses and deferred income	11	71,305	75,661
TOTAL CURRENT LIABILITIES		**163,767**	**167,645**
TOTAL EQUITY AND LIABILITIES		**428,031**	**515,604**

Parent Company Balance Sheet

31 December			
TSEK	**NOTE**	**2021**	**2020**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	7	-	-
Customer base	7	500	900
Capitalised development costs	7	516	-
Property, plant and equipment			
Equipment	8	1,176	2,916
Financial assets			
Shares in Group companies	9	10,894	11,148
Non-current receivables			
Other non-current receivables		3,253	2,347
TOTAL FIXED ASSETS		**16,339**	**17,311**
CURRENT ASSETS			
Inventories			
Goods for resale		408	161
Current receivables			
Accounts receivable	15	85,224	83,329
Tax assets		-	10,442
Other receivables		3,115	793
Prepaid expenses and accrued income	10	84,578	87,239
TOTAL CURRENT RECEIVABLES		**172,917**	**181,803**
Cash and bank balances	14	130,584	199,337
TOTAL CURRENT ASSETS		**303,909**	**381,301**
TOTAL ASSETS		**320,248**	**398,612**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (52,632,803 shares, quota value 0.40)		21,053	21,053
Statutory reserve		1,846	1,846
Total restricted equity		**22,899**	**22,899**
Non-restricted equity			
Profit brought forward		-21,177	116,302
Share premium reserve		27,429	27,429
Merger difference		-	-945
Profit/loss for the year		117,262	21,365
Total non-restricted equity		**123,514**	**164,151**
TOTAL EQUITY		**146,413**	**187,050**
LONG-TERM LIABILITIES			
Other provisions	17	4,088	3,362
TOTAL LONG-TERM LIABILITIES		**4,088**	**3,362**
CURRENT LIABILITIES			
Accounts payable		49,257	36,106
Liabilities to Group companies		61,552	105,232
Tax liabilities		2,653	-
Other current provisions	2	-	4,909
Other liabilities		7,261	8,067
Accrued expenses and deferred income	11	49,024	53,886
TOTAL CURRENT LIABILITIES		**169,747**	**208,200**
TOTAL EQUITY AND LIABILITIES		**320,248**	**398,612**

Equity

GROUP TSEK	Share capital	Other contributed capital	Profit brought forward and profit/loss for the year	Total equity
Equity at 01/01/2020	**21,053**	**44,004**	**209,078**	**274,135**
Comprehensive income for the period			66,848	66,848
Dividend			-	-
Equity at 31/12/2020	**21,053**	**44,004**	**275,926**	**340,983**
Comprehensive income for the period			73,317	73,317
Dividend			-157,899	-157,899
Equity at 31/12/2021	**21,053**	**44,004**	**191,344**	**256,401**

Profit carried forward includes translation differences of TSEK 0 (TSEK 337).

PARENT COMPANY TSEK	Share capital	Statutory reserve	Share premium reserve	Profit/loss brought forward and profit/loss for the year	Total equity
Equity at 01/01/2020	**21,053**	**1,846**	**27,429**	**116,302**	**166,630**
Profit/loss for the year				21,365	21,365
Dividend				-	-
Merger difference				-945	-945
Equity at 31/12/2020	**21,053**	**1,846**	**27,429**	**136,722**	**187,050**
Profit/loss for the year				117,262	117,262
Dividend				-157,899	-157,899
Equity at 31/12/2021	**21,053**	**1,846**	**27,429**	**96,085**	**146,413**

Cash flow statement

1 January-31 December		GROUP		PARENT COMPANY	
TSEK	NOTE	2021	2020	2021	2020
Operating activities					
Profit/loss before tax		93,641	85,764	136,992	28,001
Adjustment for non-cash items	12	22,805	23,594	-117,146	-9,188
		116,446	**109,358**	**19,846**	**18,813**
Income tax paid		-7,904	-18,112	-6,635	-20,412
Cash flow from operating activities before changes in working capital		**108,542**	**91,246**	**13,211**	**-1,599**
Changes in working capital					
Change in inventories		-247	-101	-247	-101
Change in current receivables		479	2,844	-1,556	10,944
Change in current liabilities		2,497	9,094	79,133	74,072
Cash flow from operating activities		**111,271**	**103,083**	**90,541**	**83,316**
Investment activities					
Acquisition of business combinations	13	-400	-400	-400	-400
Sale of non-current assets	8	-1,499	-	-516	-
Acquisition of property, plant and equipment	8	-479	-159	-479	-159
Cash flow from investing activities		**-2,378**	**-559**	**-1,395**	**-559**
Financing activities					
Amortisation of lease liabilities	26	-20,160	-19,920	-	-
Dividends paid		-157,899	-	-157,899	-
Cash flow from financing activities		**-178,059**	**-19,920**	**-157,899**	**0**
Cash flow for the year		**-69,166**	**82,604**	**-68,753**	**82,757**
Cash and cash equivalents at the beginning of the year		199,777	117,173	199,337	116,580
Exchange rate differences in cash and cash equivalents		-	-	-	-
Cash and cash equivalents at the end of the year	14	**130,611**	**199,777**	**130,584**	**199,337**

	GROUP		PARENT COMPANY	
Interest paid affecting cash flow	2021	2020	2021	2020
Interest expenses paid	-619	-1,175	-13	-45
Of which interest expenses paid, IFRS 16 lease interest:	-603	-1,100	-	-
Interest income received	33	132	21	131

Accounting and valuation policies

Softronic's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and an interpretation from the International Financial Reporting Committee (IFRIC) that has been approved by the EC Commission for application within the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 'Supplementary Accounting Rules for Groups' has also been applied. The Parent Company applies the Swedish Annual Accounts Act and RFR 2. This means that in all material respects, the same accounting policies are applied in the Parent Company and in the Group.

Amended accounting policies in 2021
No new or amended standards or interpretations have been applied from 2021 that have had any material impact on the Group's financial statements. None of the other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2021 have had a material impact on the Group's financial statements.

Future changes to accounting principles (issued standards and interpretations not yet in force)
A number of new or amended IFRS will come into force in the coming financial year; however, Softronic has chosen not to apply any of these standards in advance. No plans have been made to implement new items or amendments in advance that will become applicable from the financial year 2021. New or amended IFRS that will become applicable from 2022 are not considered to have any significant effect on the financial statements.

Basis for preparing the accounts
The accounts are based on historical cost with the exception of additional considerations, which are valued at fair value through the profit and loss statement.

Use of estimates
The preparation of financial statements in accordance with IFRS requires the company to make estimates and assumptions about the future. These estimates and assumptions affect the reported amounts for assets and liabilities, income and expenses, plus information about contingent assets and contingent liabilities. The estimates are made on an ongoing basis and are based on historical experiences and expectations of future events that are considered to be reasonable under current circumstances. Even if these are made based on the company's best knowledge of current events and actions, the actual result may differ from the estimates. The estimates are made, for example, for impairment analyses (see Note 7 and below under "Intangible assets" for the assessment of intangible assets, and below under "Property, plant and equipment"), the rates of completion of projects and reporting of other income (see below under "Revenue recognition"), valuations of loss assignments (see below under "Revenue recognition"), assessment of customer losses (see Note 15) and valuations of deferred tax assets (see Note 5).

Consolidated financial statements
The consolidated financial statements include the Parent Company, Softronic AB (publ), and its subsidiaries. A subsidiary is included in the consolidated financial statements from the date when the Parent Company has a controlling influence over the company, and is no longer included from the date when the Parent Company's controlling influence over the company ceases. Controlling influence refers to the right to form a company's financial and operative strategies, which can normally be assumed if a company directly or indirectly owns more than 50 % of the votes. The consolidated financial statements have been prepared in accordance with the acquisition method. The acquisition method means that goodwill is created when the cost exceeds the fair value of the Group's share in the acquired subsidiary's net assets at the time of acquisition. If the eventual additional consideration has been agreed, it is included in the acquisition analysis if the amount can be estimated reliably. The effects of the remeasurement of the liability related to conditional consideration are reported in profit/loss for the period. Transaction costs are expensed in the consolidated accounts. For acquisitions that entail less than 100% ownership but where there is a controlling influence, the minority share is determined as either a proportionate share of the fair value of identifiable net assets excluding goodwill or fair value. Internal Group transactions are eliminated in the consolidated financial statements.

Translation of foreign subsidiaries
Foreign business is translated using the current method, where all assets and liabilities are calculated at the closing rate of exchange. All items in the profit and loss statement are calculated at the average exchange rate. Translation differences are reported under Comprehensive income. In the event of future disposal of foreign business operations, the translation differences will be transferred to the profit and loss statement.

Receivables and liabilities in foreign currency
Transactions in foreign currency are calculated at the rate applicable on the day of the transaction. Financial assets and liabilities expressed in foreign currencies are reported in the balance sheet, calculated at the rate applicable at the closing rate of exchange. Realised and unrealised exchange rate differences are reported in the profit and loss statement. There is no forward cover.

Revenue recognition
Income is reported to the extent that it is likely that the financial advantages will benefit the Group and income can be reliably calculated. Provisions are made for loss risks. The following specific criteria must also be met before income is reported:

SALE OF SERVICES
Consultancy services within IT are primarily billed on an ongoing basis, whereby revenue is recognised at the same time the work is done. Payment terms are 30–60 days.
Work done at a fixed price is reported based on the degree of completion (successive income recognition). The degree of completion is calculated as the number of work hours completed in relation to the total number of work hours estimated for each individual agreement. Work completed but not invoiced is reported as accrued income. If the invoiced amount exceeds the value of accrued income, the difference is reported as deferred income. Fixed-price work that is expected to incur a loss is offset directly, with the entire loss recognised in the period in which it can be established. Contract assets and liabilities exist as advance payments and accrued income.
For composite services that contain different components, for example, systems development, goods and licences, where the payment flows are continuous during the agreement period, these components are recognised individually where possible, and are recognised as income when the control and ownership of each component has been transferred to the purchaser.
The company has decided to apply the following practical solutions:
- For disclosures on the total amount of the transaction price distributed to the performance obligations which are unfulfilled (or partially unfulfilled) at the end of the reporting period, the company will not disclose the value related to the following exceptions:
▪ the performance obligation is part of an agreement with an original expected term of at the most one year, and
▪ the company is entitled to remuneration from a customer at an amount that directly corresponds to the value of the company's performance for the customer to date.
- the company does not expect to have any agreements where the period between delivery of the services to the customer and payment from the customer exceeds one year. As a result, the company does not adjust the transaction price based on the effects of a significant financing component.

SALE OF GOODS
Revenue is recognised when control of the good has transferred to the buyer and when the significant risks and advantages associated with ownership of the goods, primarily IT equipment, have been transferred to the purchaser and when the amount of revenue can be reliably calculated. Payment terms are 30–60 days.

SALE OF LICENCES
Income from the sale of licences (own and third party) is allocated using the straight-line approach over the entire licence period as the obligation is undertaken. Where there is no obligation and the control has transferred to the purchaser, the income is booked in the same period as the cost. Payment terms are 30–60 days.

GOVERNMENT GRANTS
Government grants are recognised when there is reasonable certainty that the conditions associated with the grants are met and the grants will be received.
Government grants relating to costs are recognised in the profit and loss account as a reduction of the related costs. If the grants cannot be allocated to an expense, the government grants are recognised in "Other operating income".

INTEREST
Interest income is reported using the effective interest method.

Segment reporting
The Group's operations are considered to be a single business segment. The definition of operating segments in IFRS 8 was scrutinised in conjunction with the initial implementation of IFRS 8 in the 2009 Annual Report. The result of this review has thereafter been updated on an annual basis taking into consideration whether new or modified events or relationships required a reassessment. The Group's operations target Swedish customers, which means that most of the sales are in Sweden. The reason that more business segments have not been identified is because the business is run, managed, reported and viewed as one segment. The business is moving towards the bundling of services, which means that it is becoming increasingly difficult to separately identify and analyse individual components. Internal pricing between Group companies is set at market price.

Tax
Current tax is based on each company's taxable income. Deferred tax reflects the tax effect of the difference between the values stated in the accounts and the fiscal values, plus the value of unutilised fiscal deficit. The carrying amount of deferred tax assets is tested on every balance sheet date and reduced to the extent it is no longer likely that sufficiently large taxable profit will be available in order to utilise the whole or part of the deferred tax assets.

Borrowing costs
Borrowing costs are charged against the profit for the period to which they refer. Within the Group, there are no "qualifying assets" for which interest expense is included in cost.

Inventories
Inventories are valued at the lowest of cost and fair value (net realisable value).

Property, plant and equipment
Property, plant and equipment are reported at cost, with deductions for accumulated depreciation and any impairment. Straight-line depreciation is applied over the useful life of the asset, which for plant and machinery is 3-5 years with regard to residual value. The carrying amount for tangible

assets is tested in respect of any impairment requirement when events or changed circumstances indicate that the carrying amount may not be recoverable. If the carrying amount exceeds the recoverable amount, an impairment loss is recorded in the profit and loss statement.

Research and development costs
Research costs are expensed as they are incurred. The development of software and rights are primarily connected to customer assignments, whereby expensing occurs in conjunction with the assignment being recognised as revenue. Self-financed development is capitalised and is subject to depreciation if it is a sizeable amount and considered to lead to future income or reduction in costs. For the Parent Company, the costs of research and development are expensed as they are incurred.

Intangible assets
Intangible assets are reported at cost, with deductions for accumulated amortisation and any impairment. Straight-line depreciation is applied over the useful life of the asset, which for the customer base and software is 5 years. Goodwill is not amortised by the Group. For the Parent Company, goodwill is amortised on a straight-line basis over a period of 5 years. The value of intangible assets that are not subject to amortisation is tested annually in respect of any impairment need and when events or changed circumstances indicate that the carrying amount may not be recoverable. An impairment test is carried out for each cash-generating unit to calculate a recoverable amount, which is compared with the book value. This is then used to determine if impairment is required. The recoverable amount is first calculated from the value in use. If there are estimations of the net realisable values, these are compared with the value in use, whereby the highest amount is used. The value in use is calculated from the incoming and outgoing payments that the asset creates. In addition to this, any payments connected to a final sale are attached. Incoming and outgoing payments are discounted to present value. Provisions for additional considerations are valued at their fair value.

Leasing
Assets (right-of-use assets) and liabilities arising from a lease are initially recognised on a present value basis. Lease liabilities include the present value of the following lease payments. Lease payments are discounted using the interest rate implicit in the lease. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The weighted incremental borrowing rate applied to lease liabilities recognised in the balance sheet was 3.0 per cent **Right-of-use assets are measured at cost. Rights-of-use assets are normally depreciated on a straight-line basis over the term of the lease. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease period is reassessed if an option is exercised or not exercised. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that change is within the control of the lessee.**

IFRS 16 has been implemented using the simplified transition method with the effect being initially recognised on the adoption date, which means that the financial statements from prior periods and key performance indicators have not been restated to reflect the adoption of IFRS 16. Softronic has opted to adopt the relief rules regarding short-term leases and agreements where the underlying asset is of a low value. These leases are instead expensed on a straight-line basis over the lease term

Cash flow statement
The cash flow statement is prepared in accordance with the indirect method.

Pensions
The majority of the Group's employees are covered by the ITP plan. The Group has chosen to take out pension insurance with Alecta for the employees covered by the ITP plan. The ITP plan is a defined-benefit plan, and pension payments are related to the employee's final salary and the total length of service under the plan. Alecta cannot submit sufficient information in respect of the proportion of defined-benefit obligations or the plan assets and expenses associated with the plan, which is why the ITP plan, as previously, is reported as a defined-contribution plan. Group employees not covered by the ITP plan are included in the defined-contribution plan.

Financial instruments
IFRS 9 has been applied for the current financial year and the comparison year. Differences between the principles are outlined in the section below.

The Group's financial assets and liabilities consist of the following items: accounts receivable, other current receivables, accrued income, cash and cash equivalents, accounts payable, other current liabilities and accrued expenses and deferred income, as well as liabilities for provisions for additional considerations.

(i) Initial recognition
Financial assets and financial liabilities are recognised when the Group becomes party to the instrument's contractual terms and conditions. Purchase and sale of financial assets are recognised on the trade date, which is the date the Group commits to purchase or sell the asset.
At initial recognition, financial instruments are measured at fair value plus; in the case of a financial asset not measured at fair value through profit or loss, transaction costs are directly attributable to the acquisition or issue of the financial asset or the financial liability such as fees and commissions. Transaction costs attributable to financial assets that are recognised at fair value through profit or loss are expensed directly in the profit and loss statement.

(ii) Classification and measurement
Classification and measurement according to IFRS 9, applicable from 01 January 2019

The Group classifies its financial assets and liabilities in the amortised cost category. Classification is based on the purpose for which the financial asset or liability was acquired.

Financial assets measured at amortised cost
Classification of investments in debt instruments is based on the Group's business model for managing financial assets and the contractual terms and conditions for the assets' cash flows. The Group only reclassifies debt instruments when it changes its business model for managing the instruments.

Assets that are held with the objective to collect contractual cash flows and where these cash flows solely pertain to principal and interest on the principal amount outstanding are measured at amortised cost. The carrying amount of the assets is adjusted based on any expected credit losses that are recognised (see impairment below). Interest income from the financial assets is recognised using the effective interest method, and is included in financial income in the consolidated statement of comprehensive income.

The Group's financial assets that are measured at amortised cost consist of the following items: accounts receivable, other current receivables, accrued income and cash and cash equivalents.

Financial liabilities are measured at fair value in the profit and loss statement. Financial liabilities measured at fair value in the profit and loss statement are conditional on additional considerations for acquisitions. Financial liabilities measured at fair value through the profit and loss statement are also recognised in subsequent periods at fair value. The change in value is recognised in the consolidated statement of comprehensive income.

Financial liabilities measured at fair value through the consolidated statement of comprehensive income are classified as current liabilities if they are due for payment within 12 months of the balance sheet date. If they are due for payment after more than 12 months of the balance sheet date, they are classified as long-term liabilities.

Financial liabilities measured at amortised cost
The Group's other financial liabilities are measured after initial recognition at amortised cost using the effective interest method.

The Group's financial liabilities which are measured at amortised cost consist of accounts receivable, other current receivables, accrued expenses and deferred income.

Loan receivables and accounts receivable
Loan receivables and accounts receivable are financial assets that are not derivatives, which have fixed or determinable payments and which are not listed in an active market. They are included in current assets with the exception of items due for payment more than 12 months after the end of the reporting period, in which case they are classified as non-current assets. The Group's "loan receivables and accounts receivable" consist of accounts receivable, other current receivables, accrued income and cash and cash equivalents, which consist of financial instruments and which are recognised based on the time of acquisition at amortised cost using the effective interest method.

(iii) Derecognising financial instruments
Derecognition of financial instruments
Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred, and the Group has transferred almost all of the risks and benefits associated with ownership.

Profits and losses that arise due to derecognition from the balance sheet are reported directly in the statement of comprehensive income under the item for financial income and expenses.

Derecognition of financial liabilities
Financial liabilities are removed from the balance sheet when the obligation has been settled, cancelled or in any other way terminated. The difference between the carrying amount of a financial liability (or part of a financial liability) which is extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

When the terms and conditions for a financial liability are renegotiated and not derecognised from the balance sheet, a profit or loss is recognised in the statement of comprehensive income. Profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted to the original effective interest rate.

(iv) Impairment of financial assets
Impairment of financial assets which are recognised at amortised cost in accordance with IFRS 9.
The Group assesses expected future credit losses associated with assets which are carried at amortised cost. The Group recognises a loss allowance for expected credit losses on each reporting date.
For accounts receivable, the Group applies a simplified approach in terms of the loss allowance; in other words, the allowance corresponds to the expected loss over the entire lifetime of the accounts receivable. In order

to measure expected credit losses, accounts receivable have been grouped based on distributed credit risk characteristics and the number of past due days. The Group uses forward-looking variables for expected credit losses. Expected credit losses are recognised in the Group's consolidated statement of comprehensive income under the item for external expenses.

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or group of financial assets require impairment. A financial asset or group of financial assets may only be deemed to require impairment and be impaired if there is objective evidence that impairment is required due to one or more events arising after initial recognition of the asset ("incurred loss event") which impact estimated future cash flows for a financial asset or group of financial assets that can be reliably estimated.
Objective evidence that impairment is required includes, for example, indications that a debtor or group of debtors are experiencing financial problems, interest payments or payments on principal are skipped or delayed, likelihood that a debtor or group of debtors will file bankruptcy or undergo reconstruction or observable indications that expected future cash flows will diminish, such as changes in overdue liabilities or other financial circumstances that correlate with credit losses.

For the loan receivables and accounts receivable category, impairment is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows (excluding future credit losses that have not taken place), discounted to the financial asset's original effective interest rate. The asset's carrying amount is impaired, and the impaired amount is recognised in the Group's consolidated statement of comprehensive income under the item for other external expenses.
If the impairment requirement diminishes in a subsequent period and the reduction can objectively be attributed to an event that occurred after the impairment was recognised (for example the debtor's creditworthiness improves), a reversed impairment of the previously recognised impairment is recognised in the Group's consolidated statement of comprehensive income. For financial risks, see Note 15.

Group contributions
Group contributions that the parent company receives from subsidiaries or makes to subsidiaries are recognised as appropriations.

Adoption of the financial statements
The Parent Company's and the Group's accounts will be adopted by the Annual General Meeting on 11 May 2022.

Notes

NOTE 1 Fees to auditors

	GROUP		PARENT COMPANY	
TSEK, PricewaterhouseCoopers	**2021**	**2020**	**2021**	**2020**
Auditing assignment*	743	735	743	735
Auditing activities in addition to the auditing assignment	-	-	-	-
Tax advice	-	-	-	-
Other operations	-	-	-	-
Total audit	**743**	**735**	**743**	**735**

*Auditing costs for subsidiaries are charged to the Parent Company.

NOTE 2 Other current provisions

	GROUP		PARENT COMPANY	
TSEK	**2021**	**2020**	**2021**	**2020**
Provisions for the completion of projects	-	4,909	-	4,909

NOTE 3 Employee information and remuneration to the Board and Chief Executive Officer

			(of which men)	
AVG. NO. OF EMPLOYEES	**2021**	**2020**	**2021**	**2020**
Sweden, Parent Company	83	93	63	69
Subsidiaries				
Sweden	343	331	258	248
Total, Group	**426**	**424**	**321**	**317**

	2021		**2020**	
GENDER DIVISION, %	Board of Directors	Company mgmt.	Board of Directors	Company mgmt.
Group				
Men	73	87	60	89
Women	27	13	40	11
Parent Company				
Men	63	87	43	89
Women	37	13	57	11

SALARY, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS	2021		2020	
TSEK	Salary and remuneration	Social security contributions	Salary and remuneration	Social security contributions
Parent Company	61,032	22,301	64,974	23,076
(pension costs)		(9,857)		(10,802)
Subsidiaries	190,570	64,591	178,157	58,097
(pension costs)		(19,605)		(18,297)
Group	**251,602**	**86,892**	**243,131**	**81,173**
(pension costs)		(29,462)		(29,099)

Of the Parent Company pension costs, TSEK 690 (654) refers to the Board members and the Chief Executive Officer group. The corresponding amount for the subsidiaries is TSEK 0 (0).

SALARY AND OTHER REMUNERATION PER COUNTRY AND TO BOARD MEMBERS, ETC. AND EMPLOYEES	2021		2020	
TSEK	Board of Directors and MD	Other employees	Board of Directors and MD	Other employees
Parent Company				
Sweden	4,056	56,976	3,725	61,249
(of which bonuses, etc.)	(1,674)		(1,522)	
Subsidiaries				
Sweden	0	190,570	0	178,157
(of which bonuses, etc.)	(-)		(-)	
Other countries	-	-	-	-
(of which bonuses, etc.)	(-)		(-)	
Total in subsidiaries	0	190,570	0	178,157
(of which bonuses, etc.)	(-)		(-)	
Total, Group	**4,056**	**247,546**	**3,725**	**239,406**
(of which bonuses, etc.)	(1,674)		(1,522)	

As per the decision of the Annual General Meeting, the Board of Directors' remuneration consists of TSEK 1,050 (660), of which TSEK 300 (220) goes to the Chair and the remaining TSEK 750 is equally distributed between the five members. The Chief Executive Officer and the employee representatives do not receive any Board fees. Salary and other remuneration (excluding variable pay) for the CEO, Per Adolfsson, amounted to TSEK 2,382 (2,203), company car benefits TSEK 41 (0) and pension costs TSEK 690 (654). The Chief Executive Officer receives a bonus-based pension according to the ITP plan, where the annual pension costs are limited to 30 % of the fixed salary. The retirement age follows the ITP plan. Performance-based variable pay in 2021 amounted to TSEK 1,674 (1,522). Variable pay is not qualifying income for pension purposes and is capped at TSEK 2,200 (2,000). Charlotte Eriksson has been hired as the CEO, starting on 1 May 2022, with Per Adolffson's employment ending on 30 April. The Chief Executive Officer's notice period is 3 months, and in the case of termination on the part of the company, the notice period increases to 6 months. Besides the salary during the notice period, there is no severance pay.

Salary and other remuneration for other senior executives, 8 (9) people, amounted to TSEK 10,236 (9,859), plus variable pay at TSEK 6,660 (5,563); company car benefits amounted to TSEK 267 (393) and pension costs amounted to TSEK 2,551 (2,604). A list of other senior executives is available on the website. Variable pay for other senior executives is based solely on the company's profit/loss. Pension benefits for senior executives are provided according to the ITP plan or a similar plan. Some senior executives have chosen a defined-contribution pension plan within the cost framework of the pension plan. The retirement age follows the ITP plan. For other senior executives, variable pay is not qualifying income for pension purposes. The notice period for other senior executives is between 3 and 12 months. Besides the salary during the notice period, there is no severance pay.

No subscription options or other financial instruments are issued to Board members, the Chief Executive Officer or other senior executives. Over the year, the Remuneration Committee has provided the Board with recommendations on remuneration principles for senior executives. The Chief Executive Officer's remuneration for 2021 was decided by the Board, based on the Remuneration Committee's recommendation. Remuneration for other senior executives was determined by the Chief Executive Officer after consultation with the Chairman of the Board. According to the decision at the most recent Annual General Meeting, the guidelines for remuneration to senior executives are that all remuneration must be competitive and allow qualified senior executives to be recruited and retained.

Alecta

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension commitments for retirement and family pensions (or family pensions) are secured through insurance with Alecta. In accordance with a statement from the Swedish Financial Reporting Board, UFR 10 'Reporting of ITP 2 plans financed through insurance with Alecta', this is a defined-contribution plan that covers several employers. For the 2021 financial year, the company has not had access to information that would make it possible to report the proportionate share of the plan's commitments, plan assets and costs, which means that it was not possible to report the plan as a defined-benefit plan. The ITP 2 pension plan that is secured through insurance from Alecta is therefore reported as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated on an individual basis and is dependent on salary, previously earned pension and expected remaining length of service. The expected fees for the next reporting period for the ITP 2 insurance policies with Alecta are MSEK 8 (2020: MSEK 9). The collective consolidation level is the market value of Alecta's assets as a percentage of the insurance commitments calculated using Alecta's actuarial methods and assumptions, which are not in agreement with IAS 19. The collective consolidation level should normally be allowed to vary between 125 and 175 per cent. If Alecta's collective consolidation level falls below 125 per cent or exceeds 175 per cent, measures will be taken with the aim of creating conditions for the consolidation level to return to the normal interval. At a low level of consolidation, one potential measure could be to raise the contractual price of new policies and increase existing benefits. At a high level of consolidation, one potential measure could be to reduce premiums. At the end of 2021, Alecta's surplus at the collective consolidation level amounted to 172 per cent (2020: 148 per cent).

NOTE 4 Interest income and similar profit/loss items

	GROUP		PARENT COMPANY	
TSEK	**2021**	**2020**	**2021**	**2020**
Interest income, etc.	330	368	21	131
	330	**368**	**21**	**131**
Of which for Group companies	-	-	-	-

Interest income refers to return on cash and cash equivalents.

NOTE 5 Taxes

TAX EXPENSE	GROUP		PARENT COMPANY	
TSEK	**2021**	**2020**	**2021**	**2020**
Current tax	-19,669	-19,176	-19,730	-6,636
Deferred tax	-260	264	-	-
Tax expense	**-19,929**	**-18,912**	**-19,730**	**-6,636**

DIFFERENCE BETWEEN CURRENT AND EFFECTIVE TAX				
TSEK	**2021**	**2020**	**2021**	**2020**
Reported profit/loss before tax	93,641	85,764	136,993	28,001
Tax according to the current tax rate, 20.6 % (21.4 %)	-19,290	-18,353	-28,220	-5,992
Tax effect, non-deductible expenses	-797	-852	-732	-808
Tax effect on non-taxable income	158	293	9,222	164
Group contributions without tax effect	-	-	-	-
Outcome for which deferred tax is not considered	-	-	-	-
Tax adjustment from previous year	-	-	-	-
	-19,929	**-18,912**	**-19,730**	**-6,636**

DEFERRED TAX LIABILITIES				
TSEK	**2021**	**2020**	**2021**	**2020**
Temporary difference, amortisation of goodwill from acquired net assets	-1,266	-1,006	-	-
Temporary difference, intangible assets	-	-	-	-
Loss carry-forward	-	-	-	-
	-1,266	**-1,006**	-	-

The deferred tax expense for 2021 refers to other changes in values in respect of deferred tax assets. Deferred tax liabilities are reported as intangible assets (acquired customer base and software). This tax liability is dissolved five years after the acquisition.
Every year a valuation is made of the deferred tax asset and the tax asset, where the value is assessed based on the profit development.

NOTE 6 Earnings per share

Adjustments were made for the subdivision of shares, bonus issues and bonus issue elements for new share issues.
When calculating the profit/loss per share attributable to Parent Company shareholders, the number of shares totalled as follows:

	2021	2020
Average number of shares, basic, thousands [1]	52,633	52,633
Average number of shares, diluted, thousands [1]	52,633	52,633
Number of shares at period end, basic, thousands [1]	52,633	52,633
Number of shares at period end, diluted, thousands [1]	52,633	52,633

Calculation of the Profit/loss for the period per share: The profit/loss for the period divided by the number of shares at period end, diluted

[1]Besides the shares, there are no outstanding potential equity instruments.

NOTE 7 Intangible assets

GROUP ACCUMULATED COST TSEK	Goodwill	Customer base	Software	Total
Opening balance, 01/01/2020	109,262	42,678	10,796	162,736
Business acquisitions	-	-	-	-
Closing balance, 31/12/2020	109,262	42,678	10,796	162,736
Capitalised development costs	-	-	1,499	1,499
Business acquisitions	-	-	-	-
Closing balance, 31/12/2021	**109,262**	**42,678**	**12,295**	**164,235**

ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT TSEK	Goodwill	Customer base	Software	Total
Opening balance, 01/01/2020	-	40,928	10,323	51,251
Depreciation for the year	-	850	473	1,323
Closing balance, 31/12/2020	-	41,778	10,796	52,574
Depreciation for the year	-	400	-	400
Closing balance, 31/12/2021	**-**	**42,178**	**10,796**	**52,974**

CARRYING AMOUNT	Goodwill	Customer base	Software	Total
At 31/12/2020	109,262	900	0	110,162
At 31/12/2021	**109,262**	**500**	**1,499**	**111,261**

PARENT COMPANY ACCUMULATED COST TSEK	Goodwill	Customer base	Software	Total
Opening balance, 01/01/2020	4,840	14,223	1,169	20,232
Business acquisitions	-	-	-	-
Closing balance, 31/12/2020	4,840	14,223	1,169	20,232
Capitalised development costs	-	-	516	516
Business acquisitions	-	-	-	-
Closing balance, 31/12/2021	**4,840**	**14,223**	**1,685**	**20,748**

ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT TSEK	Goodwill	Customer base	Software	Total
Opening balance, 01/01/2020	4,840	12,923	1,169	18,932
Depreciation for the year	-	400	0	400
Closing balance, 31/12/2020	4,840	13,323	1,169	19,332
Depreciation for the year	-	400	0	400
Closing balance, 31/12/2021	**4,840**	**13,723**	**1,169**	**19,732**

CARRYING AMOUNT, TSEK	Goodwill	Customer base	Software	Total
At 31/12/2020	0	900	0	900
At 31/12/2021	**0**	**500**	**516**	**1,016**

A test of the impairment requirement is carried out annually in accordance with IAS 36. A recoverable amount is calculated for a cash-generating unit and then compared with the book value. This is then used to determine if impairment is required. The recoverable amount is first calculated from the value in use. If there are estimations of the net realisable value, these are compared with the value in use, whereby the highest amount is used to determine the recoverable amount. The value in use is calculated from the incoming and outgoing payments that the asset creates. In addition to this, a payment that is connected to a final disposal is then added. Incoming and outgoing payments are discounted to present value. Company management bases the cash flow forecasts on assumptions related to two important parameters: the discount factor and the growth rate of primarily sales and personnel costs.

The method for determining the discount factor uses assumptions based on an analysis of the level of the interest rate, the risk profile and the yield requirement. The method for determining the growth rate uses assumptions based on historic trends supplemented with external and internal forecasts about own growth and the industry average and where a prudent approach is applied throughout the process. The EBITA margin for the forecast period has been assumed to be at the same level as in 2021. The discount factor before tax that is calculated using the above method is 11.5 % (11.5 %), including a risk factor. The calculation is based on the forecast values for 2022-2026, after which a growth rate of 1% (1%) has been assumed. The Group as a whole is considered a cash-generating unit (CGU) due to its organisational affinity. All acquisitions are integrated into the operations and are not individually identifiable. A test of the impairment requirement has shown that the carrying amounts are well below the recoverable amount, even when making reasonable changes to the above-mentioned key assumptions. A sensitivity analysis in accordance with IAS 36, point 134, is not reported with reference to that stated above.

NOTE 8 Property, plant and equipment

EQUIPMENT	GROUP		PARENT COMPANY	
TSEK	**2021**	**2020**	**2021**	**2020**
Opening cost	24,853	31,267	14,499	19,676
Purchases	479	159	479	159
Business combinations, mergers	-	-	-	1,106
Sales and disposals	-1,917	-6,573	-	-6,442
Accumulated cost	**23,415**	**24,853**	**14,978**	**14,499**
Opening depreciation	-21,750	-25,682	-11,583	-14,334
Business combinations, mergers	-	-	-	-1,049
Sales and disposals	1,917	6,574	-	6,442
Depreciation for the year	-2,219	-2,642	-2,219	-2,642
Accumulated depreciation	**-22,052**	**-21,750**	**-13,802**	**-11,583**
Closing residual value according to plan	**1,363**	**3,103**	**1,176**	**2,916**

NOTE 9 Shares and participations in subsidiaries

Company name	Corporate identity number	Registered office	2021 Number of shares	2021 Cost	2021 Book value	2020 Number of shares	2020 Cost	2020 Book value
Softronic Drift AB	556073-3338	Stockholm	5,000	596	600	5,000	596	600
Softronic Techsupport AB	556310-7407	Stockholm	1,000	7,718	100	1,000	7,718	100
Softronic Premium Konsult AB	556612-1165	Stockholm	1,000	37,854	3,657	1,000	37,854	3,657
Softronic Dokumenthantering AB	556483-8349	Arjeplog	2,000	2,113	2,113	2,000	2,113	2,113
Softronic Yarrow AB	556395-2315	Stockholm	1,000,000	24,640	1,640	1,000,000	24,640	1,640
Programmera QT i Sverige AB	556592-8180	Stockholm	1,000	100	100	1,000	100	100
Programmera Förvaltning i Sverige AB	556487-2066	Stockholm	1,000	102	102	1,000	102	102
Softronic Hosting Partner AB	556725-3694	Stockholm	1,000	2,010	400	1,000	2,010	400
Softronic Dokumentkompetens AB	556682-9809	Stockholm	1,000	3,023	423	1,000	3,023	423
Softronic Baltic AS	10243040	Estonia	-	-	-	1,000	1,293	254
Consultus AB	556277-9388	Stockholm	16,000	1,752	1,752	16,000	1,752	1,752
Softronic UK Ltd	03719555	England	-	-	-	2	-	-
				79,908	**10,887**		**81,201**	**11,141**

Cost includes shareholder's contributions, but not Group contributions paid. Every company is wholly-owned by Softronic AB.

NOTE 10 Prepaid expenses and accrued income

TSEK	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Work carried out but not invoiced	48,308	45,237	48,308	45,237
Other	33,776	40,685	36,270	42,002
	82,084	**85,922**	**84,578**	**87,239**

Work completed but not invoiced refers solely to revenue-related contract assets. Impairments related to contract assets were not material.

NOTE 11 Accrued expenses and deferred income

TSEK	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Deferred income	39,590	42,227	39,590	42,227
Holiday pay liability	11,858	11,468	3,193	3,260
Social security contributions	17,342	17,408	5,001	5,525
Other	2,515	4,558	1,240	2,874
	71,305	**75,661**	**49,024**	**53,886**

Deferred income refers to revenue-related contractual liabilities and pertains to service agreements. Contractual liabilities concerning 2020 were fully recognised in 2021.

NOTE 12 Adjustment for non-cash items

TSEK	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Depreciation, amortisation and impairment	22,735	23,894	2,619	3,042
Group contributions	–	–	-75,985	-11,205
Anticipated dividend	–	–	-44,000	–
Other	70	-300	220	-1,025
	22,805	**23,594**	**-117,146**	**-9,188**

NOTE 13 Business combinations

No acquisitions took place in 2021. Amounts paid in respect of acquisitions from previous years refer to TSEK 400 for the consideration for "Charity" from 2018; TSEK 400/year for 5 years.

ACQUISITION OF SUBSIDIARIES **Details of acquired net assets** TSEK	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Remitted compensation	–	–	–	–
Amounts paid in respect of acquisitions from previous years	–	–	–	–
Total consideration paid	**-**	**-**	**-**	**-**

Acquired assets and liabilities (fair value) TSEK	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Shares in subsidiaries	–	–	–	–
Other intangible assets	–	–	–	–
Current assets	–	–	–	–
Cash and cash equivalents	–	–	–	–
Current liabilities	–	–	–	–
Amounts paid in respect of acquisitions from previous years	–	–	–	–
	-	**-**	**-**	**-**
Total cash flow attributable to acquisition of subsidiaries*	**-**	**-**	**-**	**-**

* Total consideration paid by the Group less acquired cash and cash equivalents

ACQUISITION OF OPERATIONS, ASSETS AND LIABILITIES **Details of acquired net assets** TSEK	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Remitted compensation for acquisitions in 2018 of TSEK 2,000; TSEK 400 for five years, see note 17	400	400	400	400
Less unpaid portion	–	–	–	–
Total consideration paid	**400**	**400**	**400**	**400**

Acquired assets and liabilities TSEK	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Goodwill	–	–	–	–
Other intangible assets	–	–	–	–
Amounts paid in respect of previous acquisitions	400	400	400	400
	400	**400**	**400**	**400**
Total cash flow attributable to acquisition of assets and liabilities	**-400**	**-400**	**-400**	**-400**

	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Total cash flow attributable to acquisitions	**-400**	**-400**	**-400**	**-400**

NOTE 14 Cash and cash equivalents and current investments

TSEK	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Cash and cash equivalents/Cash and bank balances	130,611	199,777	130,584	199,337

Cash and cash equivalents comprise cash and bank balances that are immediately available or in short-term investments. The Group's liquid transactions are made through a central bank account system held by the Parent Company. As per the balance sheet date, the Group had unutilised overdraft facilities of MSEK 23.

NOTE 15 Financial instruments and financial risk management

Financial assets and liabilities

The Group's financial assets and liabilities consist of the categories listed in the balance sheet, where the carrying amounts are the same as fair value: accounts receivable, other current receivables, accrued income, cash and cash equivalents, accounts payable, other current liabilities and accrued expenses and deferred income, as well as liabilities for provisions for additional considerations.

Financial risks

The financial risks in the operations are low. There is a finance policy in place and checks are carried out by the controller. The primary financial risk the Group faces is credit risk. The Group has a large share of recurring income, but no single customer represents more than 10% of sales, even when aggregating individual customers at the Group level. The Group does not have a significant concentration of credit risk with an individual customer, counterparty or geographic region, and the Group works actively on an ongoing basis to mitigate this risk with assistance from the credit and requirement processes. Receivables are impaired when there is objective evidence that past due amounts will not be paid. An age analysis of accounts receivable is presented below. In terms of other financial risks, the Group has strong equity and no interest-bearing liabilities, except for lease liabilities where the risk is very low. Currency risk is very low since the percentage of foreign receivables and liabilities is low. Market risks such as price and interest rate risks (there is no external financing) are negligible other than in minor, individual cases and do not have a major impact on the Group. Financial instruments such as derivatives, etc., are not used and therefore do not represent a risk.

	GROUP		PARENT COMPANY	
TSEK	**2021**	**2020**	**2021**	**2020**
Accounts receivable	85,224	83,329	85,224	87,329
Lease liabilities	2,509	2,608	-	-

Accounts receivable are non-interest bearing and normally have a credit period of 30-60 days.

Age analysis of accounts receivable, as of 31 December, Group, TSEK

Past due accounts receivable (days)	Total	<30	30-60	60-90	90-120	>120
2021	**1,608**	829	296	86	14	383
2020	**2,323**	2,076	16	-	-	231

As of 31 December 2021, TSEK 0 (755) of the account receivables in the Group was reserved as bad debt. Bad debt losses of TSEK 0 (392) occurred in the Group during 2021.

NOTE 16 Income

The operations are run as a single segment and the income is primarily from Sweden. No customer fulfils the requirements set out in IFRS 8, point 34 regarding information about large customers. The Parent Company's distribution of revenue per revenue category is basically the same as the Group's, as subsidiaries mostly only work as sub-consultants for the Parent Company. Parent Company sales to subsidiaries amounted to TSEK 0 (0) and its purchases from subsidiaries MSEK 350 (323).

	GROUP	
MSEK	**2021**	**2020**
Sales consultancy services	293	301
Sales agreements	340	305
Services invoiced to third parties	72	53
Invoiced to third parties, other	44	49
Sales licences	15	11
Sales hardware	23	9
Total income	**787**	**728**

NOTE 17 Provisions

	GROUP		PARENT COMPANY	
TSEK	**2021**	**2020**	**2021**	**2020**
Opening balance, provisions, consideration and pension provisions	3,362	3,881	3,362	3,881
Additional provisions	-	-	-	-
Changes in pension provision	1,126	-119	1,126	-119
Utilised provisions*	-400	-400	-400	-400
Reclassified unused amounts	-	-	-	-
Total provisions	**4,088**	**3,362**	**4,088**	**3,362**

Provisions refer to considerations and pension commitments in the form of the fair value of liabilities. Additional considerations are dependent on future income and profit. Utilised provisions refer to the additional consideration of TSEK 2,000 for "Charity" for 2018. This is paid at TSEK 400/year for 5 years; TSEK 400 remains.

NOTE 18 Pledged assets and contingent liabilities

	GROUP		PARENT COMPANY	
TSEK	**2021**	**2020**	**2021**	**2020**
Charges for unutilised overdraft facilities	23,125	23,125	23,125	23,125
Total pledged securities	**23,125**	**23,125**	**23,125**	**23,125**
Contingent liabilities	**None**	**None**	**None**	**None**

NOTE 19 Transactions with closely related parties

No transactions with closely related parties took place during the year that affected the company's profit/loss and financial position other than Board fees determined by the AGM, and dividends.

NOTE 20 Information about the Parent Company

Softronic AB is a public limited company (publ) with its registered office in Stockholm, Sweden.
The head office address is Hammarby Kaj 10A, SE-120 32 Stockholm, Sweden. The quota value for the share is SEK 0.40 and the total number of shares amounts to 52,632, 803. There are 3,370,000 A shares and each share corresponds to 10 votes. There are 49,262,803 B shares and each share corresponds to 1 vote. A shares are to be offered to existing A shareholders for redemption. B shares are listed on the OMX NASDAQ Stockholm. Softronic is one of Sweden's leading IT and management consultancy firms. We combine in-depth management expertise with qualified IT knowledge, and we can therefore provide our customers with a global approach to change processes, which often include IT, strategic development and human change.

NOTE 21 Events after the balance sheet date

No events with a significant effect on the Parent Company's or Group's financial position or profit/loss occurred between the closing date and the publication of this annual report.

NOTE 22 Goods for resale and other invoiced expenses

Goods for resale and other invoiced expenses refer to project-related costs in the form of sub-consultants and materials.

NOTE 23 Appropriation of profits

Proposed appropriation of profits

The following amounts are at the disposal of the Annual General Meeting (SEK):	
Profit carried forward	-21,177,193
Share premium reserve	27,429,316
Profit/loss for the year	117,262,074
	123,514,197

The Board and the Managing Director propose the following appropriation (SEK):

Dividend (52,632,803 shares at SEK 1.35 each)	71,054,284
Brought forward	52,459,913
	123,514,197

The Group's accumulated profit attributable to the Parent Company shareholders amounts to TSEK 191,344 (TSEK 275,926).

Dividend policy
The aim is for the long-term dividend level to amount to around 50% of profits after tax, depending on the company's capital requirements for investments and changes to working capital, as well as the shareholders' desire for a good dividend yield.
The basis for the Board's proposal above is the dividend policy, which takes into consideration the Group's future liquidity requirements and investment ability. The company's high liquidity and low indebtedness justify the amount of the dividend.

NOTE 24 Definition of alternative performance measures

Softronic's financial statements contain alternative performance measures that supplement the measures defined in applicable regulations for financial reporting. Alternative key figures are given, as they provide more in-depth information than the measures defined in the regulations. The alternative performance measures are disclosed because they are used by management to evaluate the financial performance and are thereby believed to give analysts and other stakeholders valuable information in order to evaluate the financial position and results. In the section below, Softronic has defined how the alternative performance measures are calculated by Softronic. Definitions of performance measures may deviate from the definitions given by other companies, even though the measures have the same names. The alternative performance measures originate from the consolidated accounts and are not measures of our financial results or liquidity in accordance with IFRS, which is why they should not be considered to be alternatives to net profit, operating profit or other performance measures in accordance with IFRS, or as an alternative to cash flow as a measure of our liquidity.

Key performance indicators	Definition/explanation of information value and purpose	Calculation full year 2021
Net profit/loss	**Provides a more nuanced and in-depth understanding of profit development**	
Operating margin, %	Operating profit/income	(93.9/786.5)*100=11.9
Profit margin, %	Profit/loss before tax/income	(93.6/786.5)*100=11.9
EBITDA margin, %	Operating profit before depreciation and amortisation/income	(116.7/786.5)*100=14.8
Profitability, equity, %	Profit for the 12-month period/average equity over 5 quarters	(73712/(1401112/5))*100=26.3
EBITDA, MSEK	Operating profit before depreciation and amortisation	93.9+22.8=116.7
Sales, MSEK	**Provides a more in-depth insight into the distribution of sales**	
Sales of consultancy services	Income from consultancy services	293
Sales of agreement services	Income from agreement services	340
Sales of services for invoices to third parties	Income from services for invoices to third parties	72
Sales of invoices to third parties, other	Income from invoices to third parties, other	44
Sale of licences	Income from licences	15
Sales of hardware	Income from hardware	23
Sales per employee, TSEK	Income/number of employees on average	(786.5/426)*1,000=1,846
Financial position	**Provides a good overview of total liquidity and solvency**	
Equity/assets ratio, %	Total equity/total equity and liabilities	256.4/428*100=60
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	131+23=154
Employees	**Provides a summary of changes in staff**	
Average during the period, quantity	Number of employees on average	426
Number at the end of the period	Number of employees	427
Number of structural dismissals during the period	Number of structural dismissals	5

NOTE 25 Capital

The Group's objective with regard to the capital structure is to secure the Group's ability to continue operating, so that it can continue to generate returns for shareholders, provide benefits for other stakeholders, and to maintain an optimal capital structure to keep the cost of capital down. To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the debt ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including the items Short-term borrowing and Long-term borrowing) less cash and cash equivalents. Total capital is calculated as Total equity in the consolidated balance sheet plus net debt. The Group's capital structure is assessed as meeting its targets.

NOTE 26 Right-of-use assets and lease liabilities

RIGHT-OF-USE ASSETS	GROUP	
TSEK	**2021**	**2020**
Right-of-use assets, rental of premises and vehicles	9,404	25,294
Total	**9,404**	**25,294**

LEASE LIABILITIES	GROUP	
TSEK	**2021**	**2020**
Current	6,895	20,781
Non-current	2,509	2,608
Total	**9,404**	**23,389**

The following amounts related to leases are recognised in the profit and loss account:

DEPRECIATION OF RIGHTS-OF-USE	GROUP	
TSEK	**2021**	**2020**
Depreciation, Rights-of-use, rental of premises and vehicles	-20,160	-19,920
Total	**-20,160**	**-19,920**

INTEREST EXPENSES LEASING, INCLUDING IN FINANCIAL EXPENSES	GROUP	
TSEK	**2021**	**2020**
Interest expenses, leasing rights-of-use	-603	-1,100
Total	**-603**	**-1,100**

The total cash flow for leases in 2021 was TSEK 20,763 (21,020) of which amortisation, TSEK 20,160 (19,920) and interest TSEK 603 (1,100), where the amount TSEK 20,763 (21,020) reduced the cost row for other external expenses in the profit and loss account.
The Group primarily leases offices and vehicles. Rental contracts for office premises are normally 3–6 years with a renewal option. For vehicles the term of the lease is normally 3 years.
From 1 January 2019 leases are recognised as a right-of-use asset and a corresponding liability. Payments associated with short-term leases for office leases and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the profit and loss account. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and office equipment.
The table below outlines the duration of the lease liabilities.

	GROUP	
	2021	**2020**
Due for payment within one year	6,895	20,781
Due for payment in more than a year, but within five years	2,509	2,608
Due for payment in more than five years	-	-

The undersigned hereby certify that the consolidated financial statements and annual report have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and in accordance with generally accepted auditing standards, and give a true and fair view of the development of the Group's and company's operations, financial position and results, and describe the significant risks and uncertainty factors facing the companies within the Group.

Stockholm, 21 April 2022

Per Adolfsson
Chief Executive Officer

Stig Martín
Board member

Petter Stillström
Chairman of the Board

Cristina Petrescu
Board member

Victoria Bohlin
Board member

Susanna Marcus
Board member

Johan Bergh
Board member

Mikael Filén
Employee representative

Tomas Högström
Employee representative

Our audit report is hereby submitted on 21 April 2022
PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised public accountant

Auditor's Report

To the Annual General Meeting of Softronic AB (publ),
CIN 556249-0192.

Report on the annual report and consolidated financial statements

Our opinion

We have conducted an audit of the annual accounts and consolidated accounts of Softronic AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 1–20 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide in all material respects a true and fair picture of the Parent Company's financial position as of 31 December 2021, and of its financial results and cash flow for the year in accordance with the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide in all material respects a true and fair picture of the Group's financial position as of 31 December 2021, and of its financial results and cash flow for the year in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The Director's Report has been prepared in accordance with the other sections contained in the annual report and consolidated financial statements.

We therefore recommend to the General Meeting that the profit and loss statement and the balance sheet be adopted for both the parent company and the Group.

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 Board of Directors of the Parent Company and Group 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 received is sufficient and suitable as a basis for our opinion.

Our audit approach

Audit scope and approach

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered the areas where the Chief Executive Officer and the Board 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 the Board and Chief Executive Officer overriding internal controls, including, inter alia, consideration of whether there is 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 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 as to 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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the materiality for the financial statements as a whole. 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 are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts for the period in question. 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 matter

Revenue recognition

The consolidated income for 2021 amounts to MSEK 786.5 and is the Group's largest profit item. Consolidated income comprises primarily consultancy services, which are carried out on a cost plus basis and in accordance with fixed-price agreements.

Income for projects on a cost plus basis is recognised as the consultancy hours are supplied to the customer in accordance with customer agreements. During the invoicing process, an assessment is made to ensure that income and costs are recognized in the correct period, and an assessment is also made as to whether there have been any unforeseen costs or any additional hours in the projects.

Income for ongoing fixed-price projects is recognised in line with the principles of successive income recognition, where the degree of completion is calculated based on the number of hours worked at the closing date, compared with the expected total number of hours in the customer assignment. Changes to the assessment of the total number of hours for the assignment can have a material impact on recognised income and costs.

In view of the above, revenue recognition contains an element of subjective assessment, which affects the reporting of income and costs in the Group, see page 9 and Note 16 for the company's description of revenue.

How our audit addressed this key audit matter

The most important audit steps are summarised below:

Charted and evaluated the company's procedures for reporting and monitoring projects, including how company management identifies and assesses projects where there is a risk of a loss.

Customer agreements have been checked at random against the company's reporting. We have also checked that invoicing is being carried out in accordance with the agreements.

We have verified that income is recognised in the correct period and at the correct amount, by examining accrued income and accounts receivable at the end of the financial year.

We have audited a selection of customer invoices and payments received.

Valuation of goodwill

The Group has significant intangible assets as a result of its acquisitions. The value of intangible assets is recognised in the consolidated balance sheet as MSEK 111. This consists of MSEK 109 goodwill. In accordance with IAS 36, the Group tests on an annual basis as a minimum whether there is a need for the impairment of recognised goodwill. This testing is done by calculating the recoverable amount of the business and comparing it to the carrying value of the business. The recoverable amount is determined by company management by calculating the company's ability to generate cash flow in the future. In the audit we have focused on the valuation of goodwill as this item contains the management's estimate of the future earning ability of the business and an assessment of the discount rate. Changes to these assessments can have a material impact on the carrying amount. There is a more detailed description of the company's impairment testing in Note 7 and the Use of estimates section on page 8.

How our audit addressed this key audit matter

Evaluated Softronic's process for testing goodwill for impairment. With assistance from PwC's internal valuation specialists, examined the accuracy of the calculation model and evaluated the accuracy of the utilised discount rate.

Evaluated the accuracy of assumptions that have been made and conducted sensitivity analyses for modified assumptions.

Evaluated the forecasting ability of management by comparing previous forecasts with actual outcomes.

We have examined whether the disclosure requirements in the annual accounts observe IAS 36.

Information other than disclosed in the annual report and consolidated accounts

This other information comprises the 2021 Annual Report, but does not comprise the annual accounts and our audit report with respect to this. The Board of Directors and Chief Executive Officer are responsible for this other information.

Our statement of opinion regarding the annual accounts and the consolidated accounts does not include this information and we state no opinion in assurance of this other information.

As part of our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and to consider whether this information is materially incompatible with the annual accounts and consolidated accounts. During this review, we also take into account the knowledge we have otherwise acquired during the audit and make a judgement as to whether the information otherwise contains material misstatements.

If, on the basis of the work performed regarding this information, we conclude that the other information contains any material misstatement, we are under a duty to report it. We have nothing to report in this respect.

Responsibility of the Board of Directors and Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and for ensuring that they give a fair presentation in accordance with the Swedish Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU, and the Swedish Annual Accounts Act. The Board of Directors and the Chief Executive Officer 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 Chief Executive Officer 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. However, the going concern basis of accounting is not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

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 the consolidated accounts is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Our opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Softronic AB (publ) for 2021 and the proposed appropriations of the company's profit or loss. We recommend that the General Meeting distribute the profit in accordance with the proposal in the Directors' Report and grant the members of the Board of Directors and the Chief Executive Officer discharge from liability for the financial year.

Basis for opinions

We have conducted our audit in accordance with generally accepted accounting standards in Sweden. Our responsibilities under those standards are further described in the Auditor's responsibility 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 received is sufficient and suitable as a basis for our opinion.

Responsibility of the Board of Directors and Chief Executive Officer

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's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation 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 organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil 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 Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company.
- in any other way has acted in contravention of the Swedish Companies Act, the Swedish 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 the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Our 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 Softronic AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report #[checksumma] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinions

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 Softronic AB (publ) in accordance with generally accepted auditing standards 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.

Responsibility of the Board of Directors and Chief Executive Officer

The Board of Directors and the Managing Director are responsible for the preparation of the ESEF report in accordance with 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 as to 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 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 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 audit 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 the internal control. 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 technical validation of the ESEF report, i.e. if the file containing the ESEF report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 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 ESEF report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

PricewaterhouseCoopers AB was appointed as the auditor for Softronic AB (publ) at the General Meeting on 6 May 2021 and has been the company's auditor since 10 May 2017.

Stockholm, 21 April 2022

PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised public accountant

CORPORATE GOVERNANCE REPORT FOR SOFTRONIC AB, CORPORATE IDENTITY NUMBER 556249-0192, FOR THE 2021 FINANCIAL YEAR
Softronic AB ('Softronic') is a Swedish public limited company, listed on NASDAQ Stockholm. Softronic follows the Swedish Companies Act, the guidelines for issuers on NASDAQ Stockholm, other applicable laws and regulations, plus the Swedish Code of Corporate Governance ('the Code). The Articles of Association also form the basis for the company's management. The content of the Articles of Association is regulated by the Swedish Companies Act and is adopted at the Annual General Meeting. Softronic's Articles of Association are available on the company website, www.softronic.se.

General meeting of shareholders
The general meeting of shareholders is the company's highest decision-making entity. This meeting is where Softronic shareholders make decisions on key issues, such as adopting the profit and loss statements and balance sheets, the distribution of dividends to shareholders, the composition of the Board, discharging the Board of Directors and Chief Executive Officer from liability, changes to the Articles of Association, the election of auditors and the principles for remuneration to the management team. The general meeting of shareholders shall be prepared and implemented in such a way so as to create conditions for the shareholders to exercise their rights in an active and informed manner.

Shareholders entered in the shareholders' register on the record date and who register their participation in the meeting have the right to be present at and vote in the meeting, either personally or via an authorised representative. Each shareholder has the right to have a matter dealt with at the Annual General Meeting. Information on the time and location for the meeting is published on the Softronic website.

As of 31 December 2021, there were 3,370,000 A shares and each share corresponds to 10 votes. There were 49,262,803 B shares and each share corresponds to 1 vote.

The Softronic website details the meeting's authorisation for the Board to make decisions on the acquisition of own shares or the issue of new shares. The 2021 Annual General Meeting renewed the Board's authorisation to decide on the acquisition of up to 10% of the company's shares, plus its authorisation to decide on the issue of new shares equivalent to 10% of the share capital.

The Board and the work of the Board
Five Board members were re-elected and two members were newly appointed at the Annual General Meeting in May 2021. The Board of Directors comprises Petter Stillström (Chairman), Stig Martín, Cristina Petrescu, Victoria Bohlin, Susanna Marcus and Johan Bergh. The Board of Directors also has two employee representatives nominated by the personnel, Mikael Filén and Tomas Högström. For more information about the Board Members, visit the website: www.softronic.se.

The company has a nomination committee that consists of four people. The Nomination Committee should serve as a channel through which individual shareholders can communicate their proposals for the composition of the Board and ensure that these proposals are taken into consideration well in advance of the Annual General Meeting.

The company also has a Remuneration Committee, consisting of Petter Stillström and Victoria Bohlin. The Remuneration Committee held one meeting at which both members were present. According to the decision at the latest Annual General Meeting, similar to the Board's proposal for the next meeting, the guidelines for remuneration to senior executives are that all remuneration must be competitive and allow qualified senior executives to be recruited and retained. The work of the Board of Directors also requires the involvement of the CEO, CFO and the COO, and in certain cases, Business Area Managers. Eight Board meetings were held in 2021 and all members participated in all of the meetings. Over the year, the Board has discussed strategic issues with regard to the organisation and business acquisitions. The rules of procedure for the Board, together with instructions for the division of work between the Board and the Chief Executive Officer, are established in advance by the Board for one year at a time, starting and ending with the Annual General Meeting.

The Board has not created a formal audit committee. Instead, the entire Board carried out the audit committee's tasks in that one meeting was held during the year at which all Board members were present. It is the Board's opinion that the Board, in its entirety, best possesses the experience and expertise within auditing, financing and internal checking that may be necessary to complete audit committee assignments. Information on Board members, the composition of the Remuneration Committee and the required information on the Chief Executive Officer's qualifications, work experience, significant roles outside of the company, shareholding and independence are available on the Softronic website. The work of the Board is evaluated once a year using a questionnaire and a discussion. Decisions on appointing or expelling a Board member, together with any changes to the Articles of Association are detailed in the Articles of Association available on the company website.

All members of the Board of Directors elected at the Annual General Meeting are independent in relation to the company and its management. Petter Stillström (through indirect ownership, Traction) and Stig Martín are not independent in relation to major shareholders.

Chief Executive Officer
The Chief Executive Officer is responsible for the ongoing management and control of the Group's operations. This includes implementation of the Group's overall strategy, business governance, controls and compilation of the financial reporting, allocation of financial resources and responsibility for financing and risk management. The rules of procedure for the Board regulate the division of work between the Board and the Chief Executive Officer.

Remuneration
The guidelines for remuneration to senior executives include the application of market employment conditions for the management team. In addition to a fixed salary, senior executives also receive performance-based variable pay. An evaluation of this remuneration policy including variable pay, remuneration structures and remuneration levels was carried out by the Board and the remuneration committee during the year and the determination was made that they are competitive. The Group does not have any outstanding share-based incentive programmes for senior executives or other employees. For more information, see Note 3 of the annual accounts.

Nomination Committee
The company's Nomination Committee comprises the following members: Petter Stillström, Traction, Chairman of the Nomination Committee; Andreas Eriksson, represents Anders Eriksson and related parties; Joachim Spetz, Swedbank Robur Fonder AB; Stig Martín, Board Member, own holdings. Petter Stillström is the Chairman of the Nomination Committee. The company deviates from 2.4 in the code as Petter Stillström is the Chairman of the Nomination Committee and a Board member. This is because he is considered to be the most suitable person for both positions.

Internal control and governance processes
Governance within Softronic is based on the vision, strategy and objectives within the Group that are used when preparing business plans, budgets and forecasts. Financial and personnel functions are coordinated within the Group staff, where the responsibility for internal control is managed. Business and administrative processes are followed up on a continuous basis, with results being followed up via financial internal reporting and analysis, to ensure ongoing governance and good internal control. Softronic's governance and internal control system is well designed. Given this, and noting the size of the company, the Board has chosen not to conduct a separate internal audit. The Board's responsibility with regard to internal control is laid down in the Swedish Companies Act and presented in the financial statements. The audit complies with applicable laws and regulations for Nasdaq-listed companies.

Shareholders on 31 December 2021	A shares	B shares	Share in capital %	Votes %
Anders Eriksson & family & companies	1,875,400	9,318,160	21.3%	33.8%
Traction	589,000	11,000,000	22.0%	20.4%
Stig Martín & companies	891,600	3,345,600	8.1%	14.8%
Swedbank Robur Fonder	-	3,500,000	6.6%	4.2%
Avanza Pension (insurance company)	-	1,382,089	2.6%	1.7%
Rambas AB	-	840,900	1.6%	1.0%
Nordnet Pensionsförsäkring AB	-	666,062	1.3%	0.8%
Mats Olof Ekberg	8,000	400,000	0.8%	0.6%
Sällskapet Barnavård	8,000	257,000	0.5%	0.4%
KBC Bank NV		255,793	0.5%	0.3%
Other shareholders	2,000	18,297,199	34.7%	22.0%
Total number of shares	3,370,000	49,262,803		
Total percentage capital/votes			100.0%	100.0%

Stockholm, 21 April 2022

Stig Martín
Board member

Petter Stillström
Chairman of the Board

Cristina Petrescu
Board member

Victoria Bohlin
Board member

Susanna Marcus
Board member

Johan Bergh
Board member

Mikael Filén
Employee representative

Tomas Högström
Employee representative

AUDITOR'S STATEMENT REGARDING THE CORPORATE GOVERNANCE REPORT
To the General Meeting of Softronic AB (publ), CIN 556249-0192

Assignments and division of work
The Board of Directors is responsible for the Corporate Governance Report for 2021 on pages 24-25 and also for ensuring that this report has been prepared in accordance with the Swedish Annual Accounts Act.

Audit scope and approach
Our examination has been conducted in accordance with FAR's auditing standard RevU 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.

Our opinion
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 of the same law are consistent with the annual accounts and consolidated accounts, and conform to the Swedish Annual Accounts Act.

Stockholm, 21 April 2022
PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised public accountant

SOFTRONIC

GoodTech – Technology that does good in society

Softronic's ambition is to be a leader when it comes to providing innovative digital solutions that help companies and organisations create real social benefits.

Together with our customers, we work for the digitalisation of society and thereby contribute to a more sustainable future. That's what we call GoodTech.