

Interim report January–September 2023

- Order intake MSEK 78.9 (112.5)
- Net sales MSEK 117.0 (126.9)
- Operating profit MSEK -2.6 (5.1)
- Profit after taxes MSEK -2.0 (3.8)

CEO comments

Current economic conditions dampen demand

As in the previous quarter, we face challenges in the warehousing and transportation sector, particularly in the American market. Reduced consumer spending and shifts in consumer buying behavior following the pandemic have resulted in a significant decrease in the need for transportation services, affecting our clients in this segment. As a result of the current situation, a prominent American transportation company filed for Chapter 11 bankruptcy in August. This company has been a significant project client for JLT since 2021 ([press release on November 17, 2021](#)). Anticipated deliveries in the project amounting to approximately 15 million kronor both this year and in 2024 will not be realized. Fortunately, the bankruptcy has not resulted in any credit losses for JLT.

The current macroeconomic situation is reflected in our order intake for the third quarter, which was 24 million kronor, a 12% decrease compared to the same period the previous year. However, the order intake has increased by 14% compared to the second quarter, and the beginning of the fourth quarter continues this trend. Revenue for the third quarter landed at 29 million kronor, a 21% decrease compared to the same quarter the previous year. This decline is also reported by other leading companies in the industry.

To adapt to the current market conditions, we have tightened cost control while continuing to drive our key strategies in sales channels and product development forward. Additionally, we have reorganized this year to increase efficiency and create a stronger focus on growth ([press release on September 19, 2023](#)).

Expanding in multiple geographies and industry sectors for long-term growth

To diversify our sales, our long-term strategy is to expand into various geographic regions and industry sectors. One step in this direction is our acquisition of a minority stake in our Australian partner, Control Synergy, which was completed in May ([press release on May 26, 2023](#)). Control Synergy has a strong presence with JLT's products in the mining sector, a segment that complements our sales in warehousing and transportation. In the long term, there is also potential for growth in other segments.

Our French subsidiary, established through the acquisition of our local sales partner in 2022, is also progressing positively according to plan.

Actively managing inventory reduction

During the global component shortage that affected the electronics industry in 2021 and 2022, JLT proactively made the decision to stock up on components. This allowed for record revenue in 2022, and our assessment is that JLT has gained significant market share. The sudden decrease in demand in 2023, combined with long lead times for components, has led to an increase in our inventory. At the end of the period, it was valued at 48 million kronor, compared to 37 million kronor at the same time the previous year. Currently, we do not see significant inventory obsolescence risk, and we are actively working to gradually reduce inventory levels.

Adapting the business to current market conditions and future recovery

We believe that the reduced order intake is a result of the current macroeconomic conditions, and we have adjusted our operations accordingly. At the same time, we are preparing for an upturn. As our target markets recover, we expect to achieve our long-term growth and profitability goals.

Per Holmberg, CEO

The Group's net sales and result for the period January to September 2023

For the period, the Group reported net sales of MSEK 117.0 (126.9), a decrease of 8 percent. The gross profit amounted to MSEK 46.0 (48.6) and the gross margin to 39.6 percent (38.6).

Operating expenses totaled MSEK 47.3 (42.1), of which other costs accounted for MSEK 17.9 (14.5). Personnel costs totaled MSEK 29.4 (27.6).

EBITDA for the period amounted to MSEK -0.5 (7.4).

Depreciation/amortization amounted to MSEK 2.6 (2.2) during the period, of which development expenditures were MSEK 2.0 (1.7), tangible fixed assets MSEK 0.2 (0.2), and goodwill 0.4 (0.3).

The Group's operating profit amounted to MSEK -2.6 (5.1).

The net financial result amounted to MSEK 0.2 (-0.4), leading to an MSEK -2.4 (4.8) profit before tax.

Fixed taxes for the Group totaling MSEK +0.5 (-1.0), led to a profit after tax of MSEK -2.0 (3.8).

During the period, development costs totaling MSEK 3.0 (3.4) were capitalized, MSEK 0.4 (0.8) of which internally generated. The full capitalized amount of MSEK 3.0 during the period refers to JLT Software Solutions AB.

The development of Android OS and complementary software solutions within the subsidiary JLT Software Solutions continues and affected the group's results during the period by MSEK -3.2 (-2.4).

Order intake during the period amounted to MSEK 78.9 (112.5), and the order backlog at the end of the period amounted to MSEK 15.3 (39.8).

Prepaid service agreements recognized as liability totaled MSEK 25.2 (24.2).



Income Statement, MSEK	2023 Q3	2022 Q3	2023 Q1-3	2022 Q1-3	2022 Year
Net Revenues	28.7	36.1	116.3	126.0	167.2
Gross Profit	11.3	14.6	46.0	48.6	66.6
Gross margin	39.4%	40.5%	39.6%	38.6%	39.9%
Other income	0.0	0.2	0.7	0.8	1.1
<i>Of which:</i>					
<i>Other operating income</i>	0.0	0.0	0.3	0.0	0.0
<i>Capitalized work on own account</i>	0.0	0.2	0.4	0.8	1.1
Sales & marketing costs	-6.3	-6.0	-21.8	-21.9	-31.0
Overhead and R&D costs	-7.1	-6.4	-25.4	-20.2	-27.5
EBITDA	-2.1	2.4	-0.5	7.4	9.2
EBITDA margin	-7.2%	6.5%	-0.4%	5.8%	5.5%
Depreciation	-0.9	-0.7	-2.6	-2.2	-2.9
<i>Of which:</i>					
<i>Property, plants and equipment</i>	-0.1	-0.1	-0.2	-0.2	-0.3
<i>Intangible fixed assets</i>	-0.7	-0.6	-2.0	-1.7	-2.1
<i>Goodwill</i>	-0.1	-0.1	-0.4	-0.3	-0.5
Result from associated companies	0.4	0.0	0.4	0.0	0.0
Operating Profit/Loss	-2.6	1.6	-2.6	5.1	6.3
Operating margin	-9.2%	4.5%	-2.3%	4.0%	3.7%

Comments on the result for the third quarter

The group's revenue decreased by 21 percent during the third quarter compared to the same period in the previous year. The gross margin for the quarter was 39.4 percent (40.5).

The acquisition of a minority stake in Control Synergy in Australia has impacted financial fixed assets by MSEK 2.8, of which MSEK 0.7 represents goodwill. Pre-tax equity interests amounted to MSEK 0.4 (0) for the quarter.

Inventory levels remain high, which is a result of building safety stock to ensure deliveries during a period of component shortages and long lead times. Inventory will gradually be reduced in the coming quarters, assuming that the component situation does not become problematic again.

Order intake for the quarter amounted to MSEK 23.9 (27.3).

Financial position and cash flow

Cash flow amounted to MSEK -16.2 (-12.2) after dividend of MSEK 5.7 (7.8) and acquisition of minority stake in Control Synergy of MSEK 2.8. The Group's cash and cash equivalents amounted to MSEK 11.8 (27.9) on the balance sheet date.

The solidity was 56 percent (55), and the equity amounted to MSEK 52.5 (59.4).

Parts of the cash and cash equivalents are under discretionary management according to a stated investment policy with a maximum of 20 percent in shares or share-based investments. The amount held is determined by the current cash requirement.

There are no interest-bearing liabilities.

The Group's accounts*

Income statement, MSEK	2023 Q3	2022 Q3	2023 Q1-3	2022 Q1-3	2022 Year
Net revenue	28.7	36.3	117.0	126.9	168.3
Operating expenses					
Materials and supplies	-17.4	-21.5	-70.3	-77.4	-100.5
Other external costs	-4.8	-4.2	-17.9	-14.5	-20.4
Personnel costs	-8.6	-8.3	-29.4	-27.6	-38.1
Depreciation	-0.9	-0.7	-2.6	-2.2	-2.9
Result from associated company	0.4	0.0	0.4	0.0	0.0
Operating profit/loss	-2.6	1.6	-2.6	5.1	6.3
Net financial items	0.1	0.0	0.2	-0.4	-0.3
Profit/Loss after financial items	-2.5	1.6	-2.4	4.8	6.0
Taxes	0.4	-0.4	0.5	-1.0	-0.7
Net profit/loss for the period	-2.1	1.2	-2.0	3.8	5.3
Earnings/loss per share (SEK)	-0.07	0.04	-0.07	0.13	0.18
Earnings/loss per share after dilution	-0.07	0.04	-0.07	0.13	0.18

Balance sheet, MSEK	2023 30 Sep	2022 30 Sep	2022 31 Dec
Assets			
Intangible assets	12.3	10.6	11.6
Property, plant and equipment	1.0	1.1	1.2
Non-current financial assets	2.7	0.3	0.3
Total non-current assets	16.0	12.0	13.1
Inventories	48.2	37.2	46.3
Current receivables	17.9	31.6	37.1
Cash and cash equivalents	11.8	27.9	28.0
Total current assets	77.9	96.7	111.4
Total assets	93.9	108.7	124.5
Equity and liabilities			
Share capital	28.7	28.7	28.7
Restricted equity	15.0	13.1	14.4
Retained earnings	9.1	17.5	16.9
Total equity	52.8	59.4	59.9
Provisions	1.7	1.6	1.7
Long-term liabilities	-	-	-
Current liabilities	39.3	47.8	62.9
Total equity and liabilities	93.9	108.7	124.5

* Mathematical rounding

Statement of cash flows, MSEK	2023 Q1-3	2022 Q1-3	2022 Year
Cash flow resulting from current operations before changes in working capital	-1.0	6.5	10.3
Change in working capital	-3.5	-6.5	-8.4
Operating activities	-4.5	0.0	1.9
Investing activities	-5.9	-5.8	-7.6
Financing activities	-5.7	-6.4	-6.4
Cash flow for the year excluding short-term investments	-16.2	-12.2	-12.1
Cash flow for the year including short-term investments	-16.2	-12.2	-12.1
Cash and cash equivalents	11.8	27.9	28.0
Net debt*	-11.8	-27.9	-28.0

Statement of changes in equity, MSEK	2023 30 Sep	2022 30 Sep	2022 31 Dec
Opening equity	59.9	60.0	60.0
Profit/loss for the period	-2.0	3.8	5.3
Translation differences	0.6	2.0	1.0
New share issue	0.0	1.3	1.3
Dividend	-5.7	-6.4	-6.4
Closing equity	52.8	59.4	59.9

Key data		2023 Q1-3	2022 Q1-3	2022
EBITDA margin	%	-0.4	5.8	5.5
Operating margin	%	-2.3	4.0	3.7
Profit margin	%	-2.1	3.8	3.6
Capital employed	MSEK	52.8	59.4	59.9
ROACE	%	-6	11	10
Equity	MSEK	52.8	59.4	59.9
Return on equity	%	-5	9	9
Net indebtedness incl. short-term deposits	MSEK	-11.8	-27.9	-28.0
Debt/equity ratio	times	0	0	0
Solidity	%	56	55	48
Earnings/loss per share	SEK	-0.07	0.13	0.18
Equity per share	SEK	1.84	2.07	2.09
Net debt per share*	SEK	-0.41	-0.97	-0.98
Closing market price of share	SEK	4.84	5.22	5.20
No. of shares outstanding	x 1.000	28,712	28,712	28,712
Average number of shares outstanding	x 1.000	28,712	28,632	28,632
No. of shares outstanding after dilution	x 1.000	29,712	29,712	29,712

*Negative value = net cash