

APRIL - JUNE

Business as usual



46 %
GROWTH



13 %
EBITA %



28 %
SHARE OF RECURRING
SOFTWARE INCOME LTM

Financial summary

SUMMARY APRIL - JUNE

- Adjusted net revenue, MSEK 190 (130)
- Growth, 46% (of which is organic growth 8 %)
- Adjusted EBITA, MSEK 25 (22)
- Number of employees at the end of the period, 475 (369)

SUMMARY JANUARY - JUNE

- Adjusted net revenue, MSEK 371 (235)
- Growth, 58% (of which is organic growth 14 %)
- Adjusted EBITA, MSEK 58 (40)
- Number of employees at the end of the period, 475 (369)

EVENTS DURING THE QUARTER

Exsitec AB acquires Spot On Solutions i Norden AB and Strategibyårn NOGA aktiebolag

Key figures

Amount in MSEK	Apr-Jun 2022	Apr-Jun 2021	change	Jan-Jun 2022	Jan-Jun 2021	change	LTM	Jan-Dec 2021
Adjusted net revenue	190	130	46%	371	235	58%	672	536
Adjusted EBITA	25	22	12%	58	40*	47%	95	77*
Adjusted EBITA%	13%	17%		16%	17%		14%	14%
Share of recurring software income	28%	27%		26%	26%		28%	29%
Number of employees at the end of the period	475	369	29%	475	369	29%		435
Cash flow from operating activities	15	24	-36%	47	38	23%	56	47

* EBITA Q1 2021 adjusted for lay-off support from Tillväxtverket amounting to MSEK 3.3 related to 2020 and taken up as revenue in Q4 2020, was carried up as an expense at the time of the repayment claim in Q1 2021.

A few words from our CEO

Business as usual

With a customer base cutting across nearly all sectors, we can obviously not expect all our business prospects to be undisturbed by the world around us. We have customers of all kinds: those that suffer economic damage from high energy prices, the war in Ukraine, and the financial barriers against Russia, and those that benefit from the same events. Naturally, higher interest rates will discourage investment across the board, but our view is that the interest in digitalization remains strong.

In good times, purchases of business-supporting IT are driven by the need to support growth, and in less favorable times by the need to control operations and expenses. Thus, the demand for the systems and services we offer does not vanish, even though the motivating forces behind it may change.

In many ways it seems to me that this quarter, in the face of global uncertainty, has been business as usual for Exsitec. During the quarter we chose to work actively on returning to a pre-pandemic way of operating, with a significant increase in physical meetings with staff, customers, partners, between offices, and within our business areas. We have chosen to make this a priority to build corporate culture in a high-growth company like ours.

Net sales for the quarter amounted to MSEK 190 (MSEK 130), equivalent to a growth of 46 percent over the corresponding quarter last year. EBITA amounted to MSEK 25 (MSEK 22), an increase of 12 percent over the previous year. Recurring revenue from software accounted for 28 percent (27 percent) of net sales, while recurring revenue from support and infrastructure made up 8 percent (5 percent) of net sales. Lower margins were due to a weak performance in the Norwegian business unit that was acquired in Q2 2021 and not included the numbers last year, as well as increased personnel costs due to increased traveling. Our personnel costs for travel, conferences, kickoffs, and such have increased from about MSEK 2.5 in Q2 2021 to more MSEK 10 in Q2 2022 – excluding revenue foregone due to working hours lost. We do expect the personnel costs related to travel to be higher than during the pandemic also going forward, but it will also lead to positive effects when we come closer to our customers and each other.

Organic growth in the quarter was 8 percent - with capacity restrictions resulting from staff turnover in acquired units from 2021 being a limiting factor. Over the past year, staff turnover among staff joining the company through acquisitions was high. Some staff turnover after an acquisition is probably inevitable –

and, as long as we retain the customer base, does not need to represent a major loss of long-term value. It does, however, impact both revenue and profitability in the short term. It has a negative effect on our capacity to generate service revenue and it increases our costs related to training of new staff.

A stable business situation amid global uncertainty

During the second quarter we acquired Spot On Solutions with the subsidiary Strategibyårå NOGA and we thereby became the market leader on the E-commerce platform Litium on our markets. Litium is a flexible and scalable software that we feel is a good fit for our customer base, especially in B2B E-commerce. In addition to this we also made three smaller acquisitions in the quarter that will strengthen our market position and offering. Our overall view on M&A is that it is likely the uncertainties on the financial markets and higher interest rates will make it more difficult for sellers and buyers to agree on valuations. Nevertheless, we do not expect the current uncertainties to impact our M&A agenda in the longer term, and we continue our systematic effort to establish relations with companies of interest without forcing the pace of any agreements.

Despite the uncertain markets we can see that our new sales and order intake during the first half of the year has been strong, especially towards the end of the quarter, which should provide for a good fall. The third quarter is always a challenge for us with the summer period and the start of our large trainee program, but our view is that our diverse customer base and relevant offering will provide opportunities for growth and strong profitability for a long time to come.

*Johan
Kallblad*



Events during the quarter

Exsitec AB acquires Spot On Solutions i Norden AB and Strategibyån NOGA aktiefbolag

Spot On Solutions i Norden AB and Strategibyån NOGA (collectively referred to as Spot On) are specialists in e-commerce and market leaders on the e-commerce platform Litium. Last year, Spot On had sales of MSEK 65 with an EBITA amounting to MSEK 9 and LTM Q1 had sales of SEK 73 million with an EBITA amounting to approximately MSEK 11.

The purchase price amounts to a maximum of MSEK 95 divided into MSEK 70 in cash, including additional performance based payments, and approximately MSEK 25 through a directed new issue of a total of 131,879 shares in Exsitec Holding AB to the sellers. The acquisition is financed with own funds and an acquisition credit of MSEK 50. The newly issued shares are covered by a one-year lock-up from the effective date.

About Exsitec & our market

Exsitec helps medium-sized companies and organisations in the Nordic region to attain a simpler and more efficient working day by giving them the best possible IT support for their businesses.

We select good software, ensure they work together in our customers' businesses and take responsibility after delivery. Our goal is to be a secure and long-term partner in relation to business support IT systems, allowing the customer to focus on their own customers and their core business.

We have a comprehensive range of business support software and services that companies in our target group need - such as business systems, decision support, CRM, invoice management, e-commerce, warehousing systems, budget, forecasting and tailor-made applications.

Exsitec's head office is located in Linköping, and a total of almost 500 employees work at our 20 offices in Sweden, Norway and Denmark.

We live in a world where companies and organisations have to adopt digital tools in order to survive and be successful as part of a global competition, and our assessment is that the need for IT-based business systems is continuing to increase in our markets.

With what we offer and our way of working, we are well placed to continue to gain market share and have the opportunity to help new customers, while there is also great potential for existing customers to streamline increasing parts of their businesses through our wide range.

Our sources of revenue

Two-thirds of our revenue comes from consultancy services, where around 25% relates to projects with new customers and 75% relates to existing customers.

One-third of our revenue comes from resold software, support, and proprietary integrations between the software. More than 90% of these sources of revenue are from recurring contracts (SaaS pricing model), where the exception is when a customer obtains additional licensing on an existing installation.

Software revenue is growing faster than consultancy revenue, and represents a secure and profitable base in our business. The value for software suppliers in working with us is not only that we market and sell their software, but that we also account for "customer success" by configuring, integrating, training and supporting customers so that they become successful in their use of the systems, and as such continue to be customers for a long time.

Customers

Our more than 4000 customers can be found in many industries. The fact we can be of service to customers with widely differing businesses is due to our range being modular, meaning we can assemble combinations of software and services to suit many different industries.

In this way, it is a modularised structure based on general components, rather than customer-specific system development, which means the implementations are adapted to the customer's businesses. The purpose here is to achieve a high degree of customer-focused customisation at a reasonable cost.

Based on the fact we strive for a high degree of reuse, we offer ready-made integrations between the software we sell at a fixed price, as well as a support service that helps the customer with the use of the software.



Comments on the reporting period

Items affecting comparability

There are no items affecting comparability for the reporting period.

Comparative figures for the first half of 2021 have been adjusted in accordance with a correction made for full years in the year-end report 2022 regarding the reorganization of accrued income in the subsidiary Millnet B I as an effect of synchronization with the Group's accounting principles.

The Group

All comparative figures refer to the Group. The Parent Company's operations are focused on group-wide management, and operations are conducted in the wholly owned subsidiary Exsitec AB.

Liquidity and financial position

As of 30 June 2022, the Group's liquid assets amounted to MSEK 74 (104), and loans to credit institutions amounted to MSEK 180 (129). Shareholders' equity at the end of the period amounted to MSEK 233 (263).

In connection with the acquisition of Spot on Solutions in Norden AB and the wholly owned subsidiary Strategibyårn NOGA aktiebolag, the Group company Exsitec AB took out a new loan from SEB in May for a total of SEK 50 million.

Option programme

Since 2017, the Company has had an incentive programme based on subscription warrants aimed at members of the Group's management team. Upon full utilisation of the Company's incentive programme, 512 500 shares will be issued. The total maximum dilution resulting from the Company's incentive programme amounts to 4.0%.

General accounting principles

The Group and the Parent Company apply BFNAR 2012:1 Annual Report and Consolidated Financial Statements (Q3).

The stock

Exsitec Holding's share has been listed on Nasdaq First North since 16 September 2020. For companies affiliated with Nasdaq First North, a Certified Advisor is required who, among other things, shall exercise certain supervision. Exsitec Holdings Certified Advisor is Erik Penser Bank AB. The share is traded under the ticker EXS and has ISIN code: SE0014035762.

Owners as per end of June	Shares	%
Syntrans AB (Chairman of the Board)	2 400 000	18,8%
Clients Fonder	1 229 936	9,6%
Creades AB	1 122 046	8,8%
South Street Invest AB (CEO)	1 025 000	8,0%
Grenspecialisten	882 045	6,8%
Berenberg Funds	672 592	5,3%
Enter Fonder	625 504	4,9%
Lannebo Fonder	504 318	3,9%
Nordnet Pensionsförsäkring	495 811	3,9%
Handelsbanken Fonder	449 569	3,5%
Other owners	3 481 575	27,0%
	12 888 396	100%

Publication of the report

This report was published on 15 July 2022, at 08:00. The report was published simultaneously on the company's website.

This quarterly report has not been reviewed by the company's auditors.

Financial reports, The Group

The Group's income statement

Amount in TSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
<i>Operating income</i>				
Net revenue	189 710	130 174	371 061	235 172
Other operating income	812	232	1 640	-2 699
Total operating income	190 523	130 406	372 701	232 473
<i>Operating expenses</i>				
Costs for external subcontractors, licences and direct costs	-36 875	-26 359	-68 269	-45 354
Merchandise	-1 671	-1 950	-3 006	-3 654
Other external expenses	-22 302	-13 693	-39 843	-22 510
Personnel costs	-103 413	-65 745	-200 385	-120 060
Depreciation and impairments of tangible fixed assets	-1 110	-595	-2 165	-1 013
Other operating expenses	-653	-258	-841	-359
Total operating expenses	-166 023	-108 600	-314 509	-192 950
EBITA RESULT	24 500	21 806	58 192	39 523
Depreciation and impairments of tangible fixed assets	-27 472	-17 574	-51 738	-32 264
OPERATING RESULT	-2 973	4 232	6 453	7 259
<i>Result from financial items</i>				
Other interest income and similar items	70	1	81	12
Interest expenses and similar items	-1 101	-845	-1 755	-1 172
Total financial items	-1 031	-844	-1 674	-1 160
RESULT AFTER FINANCIAL ITEMS	-4 004	3 388	4 780	6 099
Tax on the result for the year	-4 448	-5 311	-11 334	-8 144
RESULT FOR THE PERIOD	-8 451	-1 923	-6 554	-2 045
Number of shares before full dilution	12 888 396	12 680 420	12 888 396	12 680 420
Number of shares after full dilution	13 400 896	13 192 920	13 400 896	13 192 920
Earnings per share before full dilution	-0,7	-0,1	-0,5	-0,2
Earnings per share after full dilution	-0,6	-0,1	-0,5	-0,2
Average number of shares before full dilution	12 832 714	12 192 710	12 794 615	12 192 710
Average number of shares after full dilution	13 345 214	12 705 210	13 307 115	12 705 210
Number of shares outstanding at the end of the period	12 888 396	12 680 420	12 888 396	12 680 420

The Group's balance sheet

Amount in TSEK	30/06/2022	30/06/2021	31/12/2021
ASSETS			
<i>Fixed assets</i>			
Goodwill	357 547	316 290	300 987
Other intangible fixed assets	0	1 158	0
Tangible fixed assets	19 740	13 826	18 637
Other long-term receivables	1 698	1 243	1 136
Total fixed assets	378 985	332 517	320 760
<i>Current assets</i>			
Finished goods and merchandise	2 075	727	1 351
Accounts receivable	100 797	70 323	109 636
Other receivables	7 949	330	707
Prepaid expenses and accrued income	46 305	19 744	35 881
Cash and bank balances	73 662	104 178	82 782
Total current assets	230 788	195 302	230 357
TOTAL ASSETS	609 773	527 819	551 117
EQUITY AND LIABILITIES			
Equity	233 226	263 326	230 862
<i>Long-term liabilities</i>			
Deferred taxes	0	1 636	0
Liabilities to credit institutions	124 573	94 135	100 842
Other liabilities	32 883	13 400	23 734
Total long-term liabilities	157 457	109 171	124 576
<i>Short-term liabilities</i>			
Liabilities to credit institutions	55 763	34 887	42 944
Accounts payable	28 908	20 756	42 214
Current tax liabilities	16 061	3 589	11 810
Other liabilities	51 011	52 007	53 007
Accrued expenses and prepaid income	67 346	44 083	45 704
Total short-term liabilities	219 090	155 322	195 679
TOTAL EQUITY AND LIABILITIES	609 773	527 819	551 117

Change in equity, the Group

Amount in TSEK	Share capital	Free reserves	Result for the year	Minority interest
Opening equity as of 1 January 2022	638	252 289	-22 065	0
Appropriation according to a resolution of the Annual General Meeting		-22 065	22 065	
Dividend		-19 135		
New issue	6	24 991		
Issue expenses		-65		
Change in the Group's composition		2 605		
Exchange rate difference		516		
Result for the period			-6 554	
Closing equity as of 30 June 2022	644	239 136	-6 554	0

Amount in TSEK	Share capital	Free reserves	Result for the year	Minority interest
Opening equity as of 1 January 2021	585	138 302	2 742	6 053
Appropriation according to a resolution of the Annual General Meeting		2 742	-2 742	
Fund issue		-16 387		
New issue	49	136 762		
Issue expenses		-2 927		
Repurchase of shares		6 380		-6 156
Exchange rate difference		-135		-96
Result for the period			-2 045	199
Closing equity as of 30 June 2021	634	264 737	-2 045	0

The Group's cash flow analysis

Amount in TSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
<i>Operating activities</i>				
Result after financial items	-4 004	3 388	4 780	6 099
Adjustments for items not included in the cash flow	28 641	19 216	53 962	33 313
Paid tax	-2 036	-2 686	-7 153	-7 409
Cash flow from operating activities before changes in working capital	22 601	19 918	51 589	32 003
<i>Changes in working capital</i>				
Change in inventory	-121	99	-684	27
Change in receivables	-1 089	-5 684	8 718	7 633
Change in operating liabilities	-5 906	9 996	-13 052	-1 927
Cash flow from operating activities	15 486	24 329	46 572	37 736
<i>Investment activities</i>				
Acquisition of subsidiaries	-101 827	-126 483	-101 827	-218 597
Purchase of minority interest	0	-26 138	0	-26 138
Acquisition of intangible fixed assets	-2 580	-158	-2 580	-158
Acquisition of tangible fixed assets	-464	-707	-911	-2 031
Cash flow from investing activities	-104 871	-153 486	-105 318	-246 924
<i>Financing activities</i>				
New issue	24 933	133 884	24 933	133 884
Borrowed loans	75 806	70 000	75 806	142 000
Repayment of loans	-10 567	-4 781	-31 124	-4 781
Repayment of lease liabilities	-426	-231	-821	-482
Change in long-term receivables	-475	24	-500	17
Dividend to shareholders	-19 135	-16 387	-19 135	-16 387
Foreign currency translation difference	-572	-91	-216	-95
Cash flow from financing activities	69 565	182 418	48 944	254 156
CASH FLOW OF THE PERIOD	-19 820	53 261	-9 803	44 968
Liquidity at the beginning of the period	93 835	50 969	82 782	59 178
Exchange rate difference in liquid funds	-353	-54	684	33
Liquidity at the end of the period	73 662	104 178	73 662	104 178

Financial reports, parent company

Parent Company's income statement

Amount in TSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
<i>Operating income</i>				
Net revenue	3 511	1 350	7 023	2 700
Other operating income	0	0	12	108
Total operating income	3 511	1 350	7 035	2 808
<i>Operating expenses</i>				
Other external expenses	-1 351	-804	-2 651	-1 365
Personnel costs	-2 150	-865	-4 071	-1 720
Depreciation and impairments of tangible fixed assets	0	-36	0	-55
Total operating expenses	-3 501	-1 704	-6 722	-3 140
EBITA RESULT	10	-354	313	-332
Depreciation and impairments of tangible fixed assets	-5 581	-5 580	-11 161	-11 161
OPERATING RESULT	-5 570	-5 934	-10 848	-11 493
<i>Result from financial items</i>				
Other interest income and similar items	772	115	1 260	136
Interest expenses and similar items	0	-4	0	-6
Total financial items	772	110	1 260	131
RESULT AFTER FINANCIAL ITEMS	-4 798	-5 825	-9 588	-11 362
Year-end appropriations	0	0	0	0
PROFIT BEFORE TAX	-4 798	-5 825	-9 588	-11 362
Tax on the result for the period	0	9	0	0
RESULT FOR THE PERIOD	-4 798	-5 814	-9 588	-11 362

Parent Company's balance sheet

Amount in TSEK	30/06/2022	30/06/2021	31/12/2021
ASSETS			
<i>Fixed assets</i>			
Goodwill	11 161	33 482	22 322
Shares in group companies	111 331	71 333	86 333
Total fixed assets	122 492	104 815	108 655
<i>Current assets</i>			
Receivables from group companies	113 000	91 777	133 401
Other receivables	266	158	114
Prepaid expenses and accrued income	316	187	90
Cash and bank balances	4 301	40 499	864
Total current assets	117 883	132 621	134 469
TOTAL ASSETS	240 375	237 436	243 124
EQUITY AND LIABILITIES			
Equity	238 268	236 169	242 058
<i>Long-term liabilities</i>			
Total long-term liabilities	0	0	0
<i>Short-term liabilities</i>			
Liabilities to credit institutions	0	0	71
Accounts payable	98	542	0
Current tax liabilities	56	60	9
Other liabilities	767	232	697
Accrued expenses and prepaid income	1 186	433	360
Total short-term liabilities	2 107	1 267	1 066
TOTAL EQUITY AND LIABILITIES	240 375	237 436	243 124

Change in equity, Parent Company

Amount in TSEK	Share capital	Free reserves	Result for the year
Opening equity as of 1 January 2022	638	261 893	-20 473
Appropriation according to the Annual General Meeting, including dividends		-20 473	20 473
Dividend		-19 135	
New issue	7	24 991	
Issue expenses		-65	
Result for the period			-9 588
Closing equity as of 30 June 2022	645	247 211	-9 588

Amount in TSEK	Share capital	Free reserves	Result for the year
Opening equity as of 1 January 2021	585	137 816	-8 367
Reversal of the previous year's result		-8 367	8 367
Fund issue		-16 387	
New issue	49	136 762	
Issue expenses		-2 927	
Result for the period			-11 362
Closing equity as of 30 June 2021	634	246 897	-11 362

Parent Company's cash flow analysis

Amount in TSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
<i>Operating activities</i>				
Result after financial items	-4 798	-5 825	-9 588	-11 362
Adjustments for items not included in the cash flow	5 580	5 616	11 161	11 216
Paid tax	25	-2	47	-142
Cash flow from operating activities before changes in working capital	807	-210	1 620	-288
<i>Changes in working capital</i>				
Change in receivables	19 889	-78 595	20 023	-90 299
Change in operating liabilities	63	344	994	658
Cash flow from operating activities	20 760	-78 461	22 637	-89 929
<i>Investment activities</i>				
Shareholder contribution provided	-24 998	-16 811	-24 998	-16 811
Cash flow from investing activities	-24 998	-16 811	-24 998	-16 811
<i>Financing activities</i>				
New issue	24 933	133 884	24 933	133 884
Repayment of lease liabilities	0	-36	0	-55
Dividend to shareholders	-19 135	-16 387	-19 135	-16 387
Cash flow from financing activities	5 798	117 462	5 798	117 442
CASH FLOW OF THE PERIOD	1 560	22 190	3 437	10 702
Liquidity at the beginning of the period	2 741	18 309	864	29 796
Liquidity at the end of the period	4 301	40 499	4 301	40 499

Definitions

Share of recurring software income

Share of recurring software income, excluding items that interfere with the comparison with other periods, of adjusted net revenue.

LTM

Last twelve months.

EBITA

Operating result plus depreciation and impairments on intangible fixed assets.

EBITA %

Operating result plus depreciation and impairments on intangible fixed assets as a percentage of net revenue.

Adjusted EBITA

Operating result plus depreciation and impairments on intangible fixed assets excluding items affecting comparability. The purpose is to show EBITA excluding items that interfere with the comparison with other periods.

Adjusted net revenue

The business' main income, invoiced expenses, side income, and income corrections, excluding items affecting comparability. The purpose is to show net revenue excluding items that interfere with the comparison with other periods.

Number of employees at the end of the period

Refers to the number of employees at the end of the period, converted to full-time employees.

Net revenue

The business' main income, invoiced expenses, side income, and income corrections.

Organic growth

Change in net revenue excluding acquired units during the last 12 months.

Upcoming reports



28 October 2022
Quarterly Report Q3

8 February 2023
Year-end report 2022

Certified advisor

Exsitec's Certified Advisor is Erik Penser Bank.

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