

JULY - SEPTEMBER

GROWTH AND INVESTMENTS FOR THE FUTURE



97%
GROWTH



8%
EBITA %



29%
SHARE OF RECURRING
SOFTWARE INCOME LTM

FINANCIAL SUMMARY

SUMMARY JULY - SEPTEMBER

- Adjusted net revenue, MSEK 115 (59)
- Growth, 97% (of which is organic growth 22%)
- Adjusted EBITA, MSEK 9 (8)
- Number of employees at the end of the period, 419 (222)

EVENTS DURING THE QUARTER

- Record number of participants in this year's trainee programme at Exsitec

SIGNIFICANT EVENTS AFTER THE QUARTER

- Exsitec AB acquires Zedcom AB and Zedcom ISP AB

Key figures

Amount in MSEK	jul-sep 2021	jul-sep 2020	change	jan-sep 2021	jan-sep 2020	change	LTM	jan-dec 2020
Adjusted net revenue	115	58	97%	359*	208	72%	443	292
Adjusted EBITA	9	8	14%	55**	34	62%	74	53
Adjusted EBITA%	8%	13%		15%	16%		17%	18%
Share of recurring software income	31%	27%		29%	24%		29%	26%
Number of employees at the end of the period	419	222	88%	419	222	88%		
Cash flow from operating activities	-17	-3	-533%	25	38	-33%	36	49

* Net revenue jan-sep 2021, adjusted for the effect of a changed accounting principle relating to the accrual of recurring license income in Millnet B I AB, with a total of MSEK -5.9.

** EBITA jan-sep 2021, adjusted for the effect of a changed accounting principle relating to the accrual of recurring license income in Millnet B I AB, with a total of MSEK -1.8, and MSEK +3.3 for repayment claims relating to support from the Swedish Agency for Economic and Regional Growth for short-term furloughs during 2020.

A FEW WORDS FROM OUR CEO

Growth and investments for the future

The third quarter is always the most financially challenging for us due to the fact our business is based on our personnel doing work for our customers when our customers are ready to work with us. The summer is a period when our customers often have other priorities, and it isn't until September that we really get to find out how the business is going.

The slower pace of business around the summer holiday period also has benefits. When the business is running at a slightly slower pace, we are in a better position to train and welcome new employees, and by tradition we therefore start our large trainee programme immediately after the summer.

This quarter showed a normal seasonal pattern and we believe the business got off to a good start with an order value for new business in Sweden and Denmark that is more than 50% higher than the same period last year. For the operations in Norway, we lack relevant comparative data as it mainly consists of Vitari AS, which was acquired just before the summer. Our opinion is that the general interest in what we offer is good in all our markets, which creates good conditions for continued growth.

Adjusted net revenue for the quarter amounted to MSEK 115 (MSEK 58), which corresponds to a growth of approximately 97%. Approximately 22% of the growth is organic, and the rest is the result of previously communicated acquisitions. Recurring income from software amounted to MSEK 36 (MSEK 16), corresponding to 31% (27%) of adjusted net revenue, a new record level.

Adjusted EBITA for the quarter amounted to MSEK 9 (MSEK 8), which means a margin of 8% (13%).

As we presented in conjunction with last year's Q3 report, that result contained some non-recurring effects that had a positive effect on the margin of approximately 5%, and resulted in very low external costs. The main individual contribution to this was that IPO costs, which we previously assumed in the results and were re-entered to be assumed in the balance sheet.

In 2021, external costs are back to a normal level, which means that a margin comparison between 2020 and 2021 is not really relevant without bearing this in mind.

We increased the size of our trainee programme significantly during Q3 2021, which had a negative impact on our result of approximately MSEK 10 in the period. The corresponding cost last year was approximately MSEK 4. In line with the pandemic diminishing in strength, we have also encouraged our personnel to travel more, in connection with both our acquisitions and to visit our customers. There are grounds to expect that this will lead to higher costs over a period of time, but also to improved conditions for long-term growth.

Overall, both growth and results are in line with our internal forecast and our expectations, and we believe we have good control of the business, despite growth that is much higher than our financial targets.

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During the autumn, we have therefore initiated the ninth trainee programme in a row, with as many as 68 participants. It is by far the largest trainee programme to date, which is natural when bearing in mind our growth, and the fact we are in a good position to run the trainee programme as there are no longer pandemic restrictions that prevent us from meeting on a more regular basis.

After the end of the third quarter, we acquired Zedcom, who are specialists in green IT operations, and the Visma.net business system. In addition to strengthening our position as market leader in Visma.net Financials and Project Management, we have also added a new offer for green IT operations that we believe can bring about great benefit for our existing customers. With this acquisition, we have also established ourselves in Östersund, our now northernmost office.

Great focus during Q3 has also been to continue the integration of Millnet BI, WooCode and Vitari. We put a lot of effort into finding common ways of working and exchanging lessons learnt from our acquisitions, as the goal is to get all parts of Exsitec to constantly perform at a high level. We assume all integration and acquisition costs directly in the result in the period in which they arise, as we believe acquisitions are part of the core business and not something extraordinary.

The Board of Directors have decided to update our financial targets to something that better reflects the prevailing good market conditions. The new goal is for Exsitec to exceed SEK 1 billion in revenue, with a 20% EBITA margin sometime during the period 2023 - 2025. This goal is deemed to be achievable without issuing new equity. Our opinion is that our historical performance and the growth in recurring income provide good support for the new goal.

In connection with the new goal, we have implemented changes in our corporate governance, and divided the operations in Sweden into three areas – the ERP business area, led by Niklas Ek, Insight business area, led by Anders Uddenberg, and Customer Experience business area, led by Eric Lindholm. The aim is to be able to grow further in line with our new financial goals, and create a more decentralised structure.

The management work in Exsitec is carried out in parallel in our operations in Denmark and Norway, as well as in these business areas. Group management thereby consists of myself, the three business area managers, and Johnny Hansen, CEO of Denmark, Asle Sjøbotten, CEO of Norway, together with Emma Billenius (Head of HR), and Anna Gustafsson (CFO).

In addition, there is a group management support team with Jonas Boquist (COO), Fredrik Lundell (Head of Sales), Magnus Sewerin (Head of Cross-Sales) and Adam Österlund (parental leave), who all previously belonged to the management group, together with Hanna Löfving (Head of Marketing & Communication) and Hampus Strandqvist (Head of M&A/Investor Relations).

On the whole, I feel that we negotiated the third quarter with a sound financial outcome, have good momentum in the business, and that we are looking forward to the end of the financial year.

*Johan
Kallblad*



EVENTS DURING THE QUARTER

Record number of participants in this year's trainee programme at Exsitec

For the ninth year running, Exsitec's trainee programme has once again got under way, this time with 68 new colleagues in Sweden, Norway and Denmark, who, over a six-month period, will explore working life as consultants and business developers. The programme is carefully planned in order to train and test the participants in both fictional and real cases together with their mentors, and thereby prepare the participants to be able to handle their own assignments in the future.

"Our trainees continue to surprise us with their competence and ability to quickly provide value to our customers. The fact we are standing here, this time with a record-breaking batch of trainees, is such fun, and I am convinced that we will once again exceed our potential in giving these new colleagues a really fun and exciting start to their careers", says Johan Kallblad, CEO of Exsitec

SIGNIFICANT EVENTS AFTER THE QUARTER

Exsitec AB acquires Zedcom AB and Zedcom ISP AB

Zedcom are specialists in Visma.net and IT operations with ancillary services. Last year, Zedcom had a revenue of MSEK 45, with an EBITA result amounting to MSEK 3.3, and the LTM revenue of Zedcom is around MSEK 49, with an LTM EBITA result amounting to approximately MSEK 7. The forecast for 2021 is that Zedcom will have a revenue of MSEK 52, with an EBITA result amounting to approximately MSEK 9, and the contribution to Exsitec's revenue and result is at the same level as the forecast.

"Zedcom is an industry colleague that we have come to know well and have been impressed by. They have shared our passion in helping customers for a very long time, and have the same business model with a large share of recurring income," says Exsitec's CEO, Johan Kallblad. "Together, we achieve a scale that makes it possible to invest even more in expertise and ecosystems around Visma.net, and take advantage of the position as market leader in the fastest growing business system in Sweden."

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.

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 September 2021, the Group's liquid assets amounted to MSEK 81.0 (83.1), and loans to credit institutions amounted to MSEK 124.4 (35.7). Shareholders' equity at the end of the period amounted to MSEK 242.6 (136.5).

In conjunction with the acquisition of Zedcom AB and Zedcom ISP AB, the Group company, Exsitec AB, took out a new loan from SEB in October for a total of MSEK 25.

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 4.1%.

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.

General accounting principles

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

Publication of the report

This report was published on 10 November 2021, 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	jul-sep 2021	jul-sep 2020	jan-sep 2021	jan-sep 2020
<i>Operating income</i>				
Net revenue	114 897	58 164	364 812	208 297
Other operating income	639	266	-2 060	746
Total operating income	115 536	58 430	362 752	209 043
<i>Operating expenses</i>				
Costs for external subcontractors, licences and direct costs	-20 688	-10 921	-75 804	-38 670
Merchandise	-1 604	-2 678	-5 257	-6 473
Other external expenses	-14 605	-5 261	-37 115	-21 743
Personnel costs	-68 774	-31 106	-188 834	-106 596
Depreciation and impairments of tangible fixed assets	-842	-350	-1 855	-1 060
Other operating expenses	-83	-330	-443	-665
Total operating expenses	-106 596	-50 646	-309 308	-175 207
EBITA RESULT	8 940	7 784	53 445	33 836
Depreciation and impairments of tangible fixed assets	-31 680	-9 450	-63 943	-28 319
OPERATING RESULT	-22 740	-1 666	-10 499	5 517
<i>Result from financial items</i>				
Other interest income and similar items	99	4	111	49
Interest expenses and similar items	-374	-284	-1 546	-878
Total financial items	-275	-280	-1 435	-829
RESULT AFTER FINANCIAL ITEMS	-23 015	-1 946	-11 933	4 688
Tax on the result for the year	-1 622	-1 603	-10 832	-7 136
The minority's share on the result for the year	0	32	0	219
RESULT FOR THE PERIOD	-24 637	-3 517	-22 765	-2 229
Number of shares before full dilution	12 680 420	11 705 000	12 680 420	11 705 000
Number of shares after full dilution	13 192 920	12 217 500	13 192 920	12 217 500
Earnings per share before full dilution	-1.9	-0.3	-1.8	-0.2
Earnings per share after full dilution	-1.9	-0.3	-1.7	0
Average number of shares before full dilution	12 680 420	10 435 769	12 214 764	7 987 480
Average number of shares after full dilution	13 192 920	10 948 269	12 727 264	8 499 980
Number of shares outstanding at the end of the period	12 680 420	11 705 000	12 680 420	11 705 000

The Group's balance sheet

Amount in TSEK	2021-09-30	2020-09-30	2020-12-31
ASSETS			
<i>Fixed assets</i>			
Goodwill	286 704	89 680	80 248
Other intangible fixed assets	996	0	0
Tangible fixed assets	14 608	4 057	3 669
Other long-term receivables	1 250	324	1 348
Total fixed assets	303 558	94 061	85 266
<i>Current assets</i>			
Finished goods and merchandise	1 387	667	692
Accounts receivable	55 021	28 872	47 003
Other receivables	471	1 588	1 777
Prepaid expenses and accrued income	34 445	22 349	22 973
<i>Cash and bank balances</i>	81 004	83 122	59 178
Total current assets	172 329	136 598	131 622
TOTAL ASSETS	475 887	230 659	216 888
EQUITY AND LIABILITIES			
Equity	242 592	136 467	141 630
Minority interest	0	6 436	6 053
<i>Long-term liabilities</i>			
Deferred taxes	1 636	0	0
Liabilities to credit institutions	89 390	22 932	1 765
Other liabilities	13 400	2 600	2 400
Total long-term liabilities	104 426	25 532	4 165
<i>Short-term liabilities</i>			
Liabilities to credit institutions	35 042	12 752	663
Accounts payable	15 383	10 961	20 288
Current tax liabilities	4 735	4 468	6 401
Other liabilities	44 313	13 608	16 799
Accrued expenses and prepaid income	29 396	20 435	20 891
Total short-term liabilities	128 869	62 224	65 041
TOTAL EQUITY AND LIABILITIES	475 887	230 659	216 888

Change in equity, the Group

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	
Dividend		-16 387		
New issue	49	136 762		
Issue expenses		-2 927		
Change in the Group's composition		6 380		-6 156
Exchange rate difference		-131	-19	-96
Result for the period			-22 765	199
Closing equity as of 30 September 2021	634	264 742	-22 784	0

Amount in TSEK	Share capital	Free reserves	Result for the year	Minority interest
Opening equity as of 1 January 2020	102	98 443	-6 963	7 007
Appropriation according to a resolution of the Annual General Meeting		-6 963	6 963	
Fund issue	408	-408		
New issue	75	52 425		
Issue expenses		-4 930		
Repurchase of shares		-482		-352
Exchange rate difference		26		
Result for the period			-2 229	-219
Closing equity as of 30 September 2020	585	138 111	-2 229	6 436

The Group's cash flow analysis

Amount in TSEK	jul-sep 2021	jul-sep 2020	jan-sep 2021	jan-sep 2020
<i>Operating activities</i>				
Result after financial items	-23 015	-1 922	-11 933	4 688
Adjustments for items not included in the cash flow	32 488	10 254	65 915	30 026
Paid tax	-3 698	-1 938	-11 106	-8 134
Cash flow from operating activities before changes in working capital	5 776	6 394	42 876	26 580
<i>Changes in working capital</i>				
Change in inventory	-655	-196	-628	-424
Change in receivables	15 348	1 022	22 981	16 069
Change in operating liabilities	-37 912	-9 853	-39 839	-4 246
Cash flow from operating activities	-17 443	-2 633	25 390	37 979
<i>Investment activities</i>				
Acquisition of subsidiaries	0	0	-279 749	0
Purchase of minority interest	0	0	-26 138	0
Acquisition of intangible fixed assets	0	-354	-158	-354
Acquisition of tangible fixed assets	-559	-666	-2 590	-1 210
Sale of tangible fixed assets	0	1 000	0	1 000
Change in the Group's composition	0	0	56 053	0
Cash flow from investing activities	-559	-20	-252 582	-564
<i>Financing activities</i>				
New issue	0	47 570	133 884	47 570
Borrowed loans	0	568	142 000	568
Repayment of loans	-5 358	-1 000	-10 139	-6 000
Repayment of lease liabilities	-225	-216	-707	-647
Change in long-term receivables	193	7	211	15
Dividend to shareholders	0	0	-16 387	0
Foreign currency translation difference	194	11	99	11
Minority interests	0	196	0	0
Repurchase of shares	0	-5	0	-834
Cash flow from financing activities	-5 196	47 131	248 961	40 683
CASH FLOW OF THE PERIOD	-23 198	44 478	21 769	78 098
Liquidity at the beginning of the period	104 178	38 644	59 178	5 024
Exchange rate difference in liquid funds	24	0	57	0
Liquidity at the end of the period	81 004	83 122	81 004	83 122

FINANCIAL REPORTS, PARENT COMPANY

Parent Company's income statement

Amount in TSEK	jul-sep 2021	jul-sep 2020	jan-sep 2021	jan-sep 2020
<i>Operating income</i>				
Net revenue	1 350	600	4 050	800
Other operating income	0	0	108	0
Total operating income	1 350	600	4 158	800
<i>Operating expenses</i>				
Other external expenses	-472	500	-1 836	-238
Personnel costs	-726	-234	-2 446	-246
Depreciation and impairments of tangible fixed assets	-25	0	-80	0
Total operating expenses	-1 222	266	-4 362	-484
EBITA RESULT	128	866	-204	316
Depreciation and impairments of tangible fixed assets	-5 580	-5 580	-16 741	-16 741
OPERATING RESULT	-5 452	-4 715	-16 945	-16 425
<i>Result from financial items</i>				
Earnings from shares in group companies	0	0	0	13 971
Other interest income and similar items	265	75	401	75
Interest expenses and similar items	-3	-240	-8	-730
Total financial items	262	-165	393	13 316
RESULT AFTER FINANCIAL ITEMS	-5 190	-4 880	-16 552	-3 109
Year-end appropriations	0	0	0	0
PROFIT BEFORE TAX	-5 190	-4 880	-16 552	-3 109
Tax on the result for the period	-41	-222	-41	0
RESULT FOR THE PERIOD	-5 231	-5 102	-16 593	-3 109

Parent Company's balance sheet

Amount in TSEK	2021-09-30	2020-09-30	2020-12-31
ASSETS			
<i>Fixed assets</i>			
Goodwill	27 902	50 224	44 643
Shares in group companies	71 333	54 522	54 522
Equipment, tools and installations	255		0
Total fixed assets	99 490	104 746	99 165
<i>Current assets</i>			
Receivables from group companies	105 100	750	1 374
Other receivables	158	99	182
Prepaid expenses and accrued income	102	45	110
Cash and bank balances	27 155	63 962	29 796
Total current assets	132 514	64 856	31 462
TOTAL ASSETS	232 005	169 602	130 627
EQUITY AND LIABILITIES			
Equity	230 938	135 292	130 034
<i>Long-term liabilities</i>			
Liabilities to credit institutions	148	21 000	0
Total long-term liabilities	148	21 000	0
<i>Short-term liabilities</i>			
Liabilities to credit institutions	107	12 000	0
Accounts payable	57	846	178
Current tax liabilities	97	0	44
Other liabilities	343	139	157
Accrued expenses and prepaid income	314	325	214
Total short-term liabilities	919	13 310	593
TOTAL EQUITY AND LIABILITIES	232 005	169 602	130 627

Change in equity, Parent Company

Amount in TSEK	Share capital	Free reserves	Result for the year
Opening equity as of 1 January 2021	585	137 816	-8 367
Appropriation according to the Annual General Meeting, including dividends		-8 367	8 367
Dividend		-16 387	
New issue	49	136 762	
Issue expenses		-2 927	
Result for the period			-16 593
Closing equity as of 30 September 2021	634	246 897	-16 593

Amount in TSEK	Share capital	Free reserves	Result for the year
Opening equity as of 1 January 2020	102	113 052	-22 323
Reversal of the previous year's result		-22 323	22 323
Fund issue	408	-408	
New issue	75	52 425	
Issue expenses		-4 930	
Result for the period			-3 109
Closing equity as of 30 September 2020	585	137 816	-3 109

Parent Company's cash flow analysis

Amount in TSEK	jul-sep 2021	jul-sep 2020	jan-sep 2021	jan-sep 2020
<i>Operating activities</i>				
Result after financial items	-5 190	-4 880	-16 552	-3 109
Adjustments for items not included in the cash flow	5 605	5 580	16 821	16 741
Group contribution	0	0		0
Paid tax	-3	-79	-145	-79
Cash flow from operating activities before changes in working capital	412	621	124	13 553
<i>Changes in working capital</i>				
Change in receivables	-13 237	11 194	-103 536	4 477
Change in operating liabilities	-494	1 282	164	1 266
Cash flow from operating activities	-13 319	13 097	-103 248	19 296
<i>Investment activities</i>				
Shareholder contribution provided	0	0	-16 811	0
Cash flow from investing activities	0	0	-16 811	0
<i>Financing activities</i>				
<i>New issue</i>	0	47 570	133 884	47 570
Repayment of loans	0	0	0	-3 000
Repayment of lease liabilities	-25	0	-80	0
Dividend to shareholders	0	0	-16 387	0
Group contribution received	0	0		0
Cash flow from financing activities	-25	47 570	117 417	44 570
CASH FLOW OF THE PERIOD	-13 343	60 667	-2 641	63 866
Liquidity at the beginning of the period	40 499	3 295	29 796	96
Liquidity at the end of the period	27 155	63 962	27 155	63 962

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



8 February 2022
Year-end report 2021

CERTIFIED ADVISOR

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