

OCTOBER - DECEMBER STRONG GROWTH AND INFLOW OF ORDERS



121 %
GROWTH



13 %
EBITA %



29 %
SHARE OF RECURRING
SOFTWARE INCOME LTM

FINANCIAL SUMMARY

SUMMARY OCTOBER - DECEMBER

- Adjusted net revenue, MSEK 186 (84)
- Growth, 121% (of which is organic growth 25 %)
- Adjusted EBITA, MSEK 25 (15)
- Number of employees at the end of the period, 435 (227)

SUMMARY JANUARY - DECEMBER

- Adjusted net revenue, MSEK 536 (292)
- Growth, 83 % (of which is organic growth 21 %)
- Adjusted EBITA, MSEK 77 (52)
- Number of employees at the end of the period, 435 (227)
- The board suggests a dividend of 1,50 SEK/share, a total of MSEK 19.1

EVENTS DURING THE QUARTER

- Exsitec AB acquires Zedcom AB and Zedcom ISP AB

Key figures

Amount in MSEK	okt-dec 2021	okt-dec 2020	change	jan-dec 2021	jan-dec 2020	change
Adjusted net revenue	186	84	121%	536	292	83%
Adjusted EBITA	25	15*	62%	77*	52	46%
Adjusted EBITA%	13%	18%		14%	18%	
Share of recurring software income	30%	29%		29%	26%	
Number of employees at the end of the period	435	227	91%	435	227	91%
Cash flow from operating activities	27	11	143%	47	49	-4%

* EBITA 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

Strong growth and inflow of orders

Exsitec's core business is to help medium-sized companies in the Nordic countries to use IT to improve their operations. The market is highly fragmented and the underlying demand is strong. The entire year has been characterised by strong growth driven both by acquisitions and strong organic sales and this also summarizes the fourth quarter of the year.

The adjusted net turnover for the quarter amounts to MSEK 186 (MSEK 84) representing a growth of 121% compared to the same period the previous year. The organic growth represents 25% and a strong inflow of new orders points to continued strong growth opportunities also as we look towards 2022.

EBITA for the quarter amounts to MSEK 25 (MSEK 15) representing an improvement of just over 66%. The margin is 13% (18%) where the lower margin in part is a result of some of the acquisitions we have made of businesses with a historically lower level of profitability. We are running a long-term change programme to improve the situation, which typically involves sales, recruiting, and reporting systems. During the period we have prioritized growth over optimizing profitability, and we have made substantial investments in our trainee programme and also in the integration of acquired operations and in our existing employees and business.

Our objective is to reach an EBITA margin of 20% some time during the period 2023 - 2025 and an important component in this is to increase our recurring software revenue. These revenues are growing by 124% and amount to MSEK 56 (MSEK 25) corresponding to

30% (29%) of the adjusted net turnover. Another prioritized area is the recurring revenue on contracts for support and infrastructure services, which during the quarter amounted to MSEK 13 (MSEK 3), representing 7% (3%) of the adjusted net turnover.

Next year our ability to attract, develop and retain qualified personnel will be crucial. We have invested substantially in the largest trainee programme so far adding more than 60 new members of staff, who we are training in our offering. Autumn is our main season for recruitment, but for a second year we have chosen to bring in new employees also in January, resulting in 30 new colleagues joining us in the beginning of 2022.

We are overall satisfied with the financial outcome of the period. Looking ahead we will continue to focus on growth but also strive to improve margins in the areas where we see potential.

Our business unit in Norway has demonstrated stronger growth than expected during the quarter but there is more to do in terms of profitability. In a similar way, the business unit in Denmark has also shown strong organic growth. We have driven a very substantial trainee programme there relative to the size of our business, which has had a negative short-term effect on the margins. The Swedish operations have focused in part on the integration of the acquisitions we have made, but the situation is generally 'business as usual' with a sound focus on our personnel, keeping the customers satisfied and adding new business.

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The business unit 'Insikt' (Insight) is experiencing extremely strong growth and its focus lies primarily on organic growth, as well as the attraction and training of new employees. The business unit 'Kundupplevelse' (Customer Experience) has lost many employees following the acquisition of WooCode earlier in the year and we have had to compensate for this with new recruitments and increased use of sub-contractors. In this, we have managed to fulfill our customer's expectations, but the situation is not ideal since the focus shifts to a defence strategy rather than a growth-focused aspect.

Our biggest business unit 'ERP' has performed very well during the period demonstrating strong growth and profitability, while we have also allocated time for integration, in this case of Zedcom. A positive effect is that the business has embraced the new infrastructure offering added by Zedcom, and we have already made a handful of new deals with our existing customers.

We have made a change in our organisation: Adam Österlund has assumed the position as Head of Swedish business operations and Vice President of Exsitec AB. This feels like a great step for me personally, being able to delegate several of my tasks to a manager with full focus on the Swedish business overall. Hopefully, the time made free for me means that I can drive the quality in our overall management in all our markets.

The single most important element in our long-term success is the corporate culture in which we together develop long and progress promoting relationships with our customers.

Our focus in the near future is to train all the new members of the staff who have joined us and just as much, to take care of all the existing employees in order to be the best possible place to work at and one that will welcome many individual career developments. In 2021 it has been difficult to develop corporate culture considering the pandemic restrictions introduced again and again – we have worked with digital cook-alongs, digital hackatons and many other digital initiatives but it's when we get together, all of us, that we truly become one Exsitec.

In conclusion, as we start 2022 I must feel confident, with a fabulous customer base, an attractive offering, and a great competent group of colleagues together in a thriving market.

*Johan
Kallblad*



EVENTS DURING THE QUARTER

Exsitec AB acquires Zedcom AB and Zedcom ISP AB

Zedcom is a specialist in Visma.net and IT operational services with offices in Stockholm and Östersund. Exsitec and Zedcom have been colleagues in the industry since a long time and Zedcom has always been an impressive colleague. The company shares our passion in helping the customers over long periods and we also share business models with a large proportion of recurring revenue. Together Exsitec and Zedcom will become the market leader in Visma.net, the fastest growing ERP system in Sweden. With Zedcom a new offering will be added in the form of IT operational and related services with servers 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

In the first quarter the accrued revenue in the subsidiary Millnet B I was reallocated as an effect of the synchronization with the group's accounting principles. The reallocation is reported in the income statement but should have been recorded in the balance sheet. The correction has a negative impact on the net turnover for the first quarter of MSEK 15 and a negative impact on the adjusted net turnover of MSEK 3. EBITA and cash flow from operations is reduced by MSEK 5, meaning that the net turnover for the first quarter and the adjusted net turnover amounted to MSEK 102 and EBITA amounted to MSEK 17.

At the time of acquiring the remaining shares in the subsidiary iAdvice, an increase in goodwill was reported amounting to MSEK 20. Since no new assets have been added, a correction has been made against the equity. The equity capital is reduced by MSEK 20 and amounts to MSEK 249. In the second and third quarters depreciations have been made; depreciations that should not have been done, meaning that the revenue on a full year basis is increased by just over MSEK 1.

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 31 December 2021, the Group's liquid assets amounted to MSEK 83 (59), and loans to credit institutions amounted to MSEK 144 (2). Shareholders' equity at the end of the period amounted to MSEK 231 (142).

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 4.0%.

Dividend and dividend policy

The board has adopted a dividend policy saying that the goal is to pay a dividend of 40% of the generated cash flow from operations, with due consideration to the financial position and growth opportunities for the company.

The board suggests a dividend of 1,50 SEK/share, a total of MSEK 19.1, which is 41% of the adjusted cash flow from operations for 2021.

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 8 February 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	okt-dec 2021	okt-dec 2020	jan-dec 2021	jan-dec 2020
<i>Operating income</i>				
Net revenue	185 976	84 055	536 045	292 352
Other operating income	988	3 551	-1 072	4 297
Total operating income	186 964	87 606	534 973	296 649
<i>Operating expenses</i>				
Costs for external subcontractors, licences and direct costs	-41 113	-17 993	-107 155	-56 663
Merchandise	-3 196	-1 641	-8 454	-8 114
Other external expenses	-19 862	-8 129	-56 976	-29 872
Personnel costs	-96 528	-40 710	-285 362	-147 306
Depreciation and impairments of tangible fixed assets	-1 042	-360	-2 897	-1 420
Other operating expenses	-348	-127	-791	-792
Total operating expenses	-162 089	-68 960	-461 635	-244 167
EBITA RESULT	24 875	18 646	73 338	52 482
Depreciation and impairments of tangible fixed assets	-14 223	-9 442	-78 166	-37 761
OPERATING RESULT	10 652	9 204	-4 828	14 721
<i>Result from financial items</i>				
Other interest income and similar items	364	1	326	50
Interest expenses and similar items	-1 094	-282	-2 490	-1 160
Total financial items	-730	-281	-2 164	-1 110
RESULT AFTER FINANCIAL ITEMS	9 922	8 923	-6 992	13 611
Tax on the result for the year	-5 307	-3 871	-15 073	-11 007
The minority's share on the result for the year		-81		138
RESULT FOR THE PERIOD	4 615	4 971	-22 065	2 742
Number of shares before full dilution	12 756 523	11 705 000	12 756 523	11 705 000
Number of shares after full dilution	13 269 023	12 217 500	13 269 023	12 217 500
Earnings per share before full dilution	0,4	0,4	-1,7	0,2
Earnings per share after full dilution	0,3	0,4	-1,7	0
Average number of shares before full dilution	12 733 361	11 705 000	12 345 838	8 924 499
Average number of shares after full dilution	13 245 861	12 217 500	12 858 338	9 436 999
Number of shares outstanding at the end of the period	12 756 523	11 705 000	12 756 523	11 705 000

The Group's balance sheet

Amount in TSEK	2021-12-31	2020-12-31
ASSETS		
<i>Fixed assets</i>		
Goodwill	300 987	80 248
Tangible fixed assets	18 637	3 669
Other long-term receivables	1 136	1 348
Total fixed assets	320 760	85 266
<i>Current assets</i>		
Finished goods and merchandise	1 351	692
Accounts receivable	109 636	47 003
Other receivables	707	1 777
Prepaid expenses and accrued income	35 881	22 973
<i>Cash and bank balances</i>	82 782	59 178
Total current assets	230 357	131 622
TOTAL ASSETS	551 117	216 888
EQUITY AND LIABILITIES		
Equity	230 862	141 630
Minority interest	0	6 053
<i>Long-term liabilities</i>		
Liabilities to credit institutions	100 842	1 765
Other liabilities	23 734	2 400
Total long-term liabilities	124 576	4 165
<i>Short-term liabilities</i>		
Liabilities to credit institutions	42 944	663
Accounts payable	42 214	20 288
Current tax liabilities	11 810	6 401
Other liabilities	53 087	16 799
Accrued expenses and prepaid income	45 625	20 891
Total short-term liabilities	195 680	65 041
TOTAL EQUITY AND LIABILITIES	551 117	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	53	151 758		
Issue expenses		-2 927		
Change in the Group's composition		-20 471		-6 053
Exchange rate difference		-729		
Result for the period			-22 065	
Closing equity as of 31 December 2021	638	252 289	-22 065	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		-163		-752
Exchange rate difference		-102		-63
Result for the period			2 742	-139
Closing equity as of 31 December 2020	585	138 302	2 742	6 053

The Group's cash flow analysis

Amount in TSEK	okt-dec 2021	okt-dec 2020	jan-dec 2021	jan-dec 2020
<i>Operating activities</i>				
Result after financial items	9 922	8 923	-6 992	13 611
Adjustments for items not included in the cash flow	15 265	9 210	81 063	39 236
Paid tax	-2 483	-445	-13 589	-8 579
Cash flow from operating activities before changes in working capital	22 704	17 688	60 482	44 268
<i>Changes in working capital</i>				
Change in inventory	1 034	-29	406	-453
Change in receivables	-55 080	-19 163	-32 098	-3 094
Change in operating liabilities	58 095	12 521	18 256	8 275
Cash flow from operating activities	26 753	11 017	47 045	48 996
<i>Investment activities</i>				
Acquisition of subsidiaries	-66 460	0	-285 057	0
Purchase of minority interest	0	0	-26 138	0
Acquisition of intangible fixed assets	0	-17	-158	-371
Acquisition of tangible fixed assets	-534	420	-3 124	-790
Sale of tangible fixed assets	0	-1 000	0	0
Cash flow from investing activities	-66 994	-597	-314 477	-1 161
<i>Financing activities</i>				
New issue	15 000	0	148 884	47 570
Borrowed loans	32 500	-568	174 500	0
Repayment of loans	-5 951	-32 200	-16 089	-38 200
Repayment of lease liabilities	-322	-219	-1 029	-866
Change in long-term receivables	126	-1 034	337	-1 019
Dividend to shareholders	0	0	-16 387	0
Foreign currency translation difference	631	-168	729	-157
Minority interests	0	-138	0	-138
Repurchase of shares	0	0	0	-834
Cash flow from financing activities	41 984	-34 327	290 945	6 356
CASH FLOW OF THE PERIOD	1 743	-23 907	23 512	54 191
Liquidity at the beginning of the period	81 004	83 122	59 178	5 024
Exchange rate difference in liquid funds	35	-37	92	-37
Liquidity at the end of the period	82 782	59 178	82 782	59 178

FINANCIAL REPORTS, PARENT COMPANY

Parent Company's income statement

Amount in TSEK	okt-dec 2021	okt-dec 2020	jan-dec 2021	jan-dec 2020
<i>Operating income</i>				
Net revenue	2 900	1 600	6 950	2 400
Other operating income	0	0	108	0
Total operating income	2 900	1 600	7 058	2 400
<i>Operating expenses</i>				
Other external expenses	-767	-697	-2 692	-935
Personnel costs	-837	-813	-3 282	-1 059
Depreciation and impairments of tangible fixed assets	0	0	0	0
Total operating expenses	-1 604	-1 510	-5 974	-1 994
EBITA RESULT	1 296	90	1 084	406
Depreciation and impairments of tangible fixed assets	-5 580	-5 581	-22 322	-22 322
OPERATING RESULT	-4 284	-5 491	-21 238	-21 916
<i>Result from financial items</i>				
Earnings from shares in group companies	0	0	0	13 971
Other interest income and similar items	363	0	765	75
Interest expenses and similar items	0	-141	0	-871
Total financial items	363	-141	765	13 175
RESULT AFTER FINANCIAL ITEMS	-3 921	-5 632	-20 473	-8 741
Year-end appropriations	0	374	0	374
PROFIT BEFORE TAX	-3 921	-5 258	-20 473	-8 367
Tax on the result for the period	41	0	0	0
RESULT FOR THE PERIOD	-3 880	-5 258	-20 473	-8 367

Parent Company's balance sheet

Amount in TSEK	2021-12-31	2020-12-31
ASSETS		
<i>Fixed assets</i>		
Goodwill	22 322	44 643
Shares in group companies	86 333	54 522
Total fixed assets	108 655	99 165
<i>Current assets</i>		
Receivables from group companies	133 401	1 374
Other receivables	114	182
Prepaid expenses and accrued income	90	110
Cash and bank balances	864	29 796
Total current assets	134 469	31 462
TOTAL ASSETS	243 124	130 627
EQUITY AND LIABILITIES		
Equity	242 058	130 034
<i>Long-term liabilities</i>		
Liabilities to credit institutions	0	0
Total long-term liabilities	0	0
<i>Short-term liabilities</i>		
Accounts payable	0	178
Current tax liabilities	9	44
Other liabilities	697	157
Accrued expenses and prepaid income	360	214
Total short-term liabilities	1 066	593
TOTAL EQUITY AND LIABILITIES	243 124	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	53	151 758	
Issue expenses		-2 927	
Result for the period			-20 473
Closing equity as of 31 December 2021	638	261 893	-20 473

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			-8 367
Closing equity as of 31 December 2020	585	137 816	-8 367

Parent Company's cash flow analysis

Amount in TSEK	okt-dec 2021	okt-dec 2020	jan-dec 2021	jan-dec 2020
<i>Operating activities</i>				
Result after financial items	-3 921	-5 632	-20 473	-8 741
Adjustments for items not included in the cash flow	5 580	5 581	22 322	22 322
Group contribution	0	374	0	374
Paid tax	111	122	-35	43
Cash flow from operating activities before changes in working capital	1 770	445	1 814	13 998
<i>Changes in working capital</i>				
Change in receivables	-28 404	-772	-131 939	2 589
Change in operating liabilities	343	-839	507	427
Cash flow from operating activities	-26 291	-1 166	-129 618	17 014
<i>Investment activities</i>				
Shareholder contribution provided	-15 000	0	-31 811	0
Cash flow from investing activities	-15 000	0	-31 811	0
<i>Financing activities</i>				
<i>New issue</i>	15 000	0	148 884	47 570
Repayment of loans	0	-33 000	0	-36 000
Dividend to shareholders	0	0	-16 387	0
Group contribution received	0	0	0	1 117
Cash flow from financing activities	15 000	-31 883	132 497	12 687
CASH FLOW OF THE PERIOD	-26 291	-34 165	-28 932	29 701
Liquidity at the beginning of the period	27 155	63 962	29 796	96
Liquidity at the end of the period	864	29 797	864	29 797

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



29 April 2022

Quarterly report Q1
Annual General Meeting

15 July 2022

Quarterly Report Q2

28 October 2022

Quarterly Report Q3

8 February 2023

Year-end report 2022

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