

JULY - SEPTEMBER

**A multi-faceted quarter
– but demand remains healthy**



39 %
GROWTH



17* %
EBITA %



29 %
SHARE OF RECURRING
SOFTWARE INCOME LTM

Financial summary

SUMMARY JULY - SEPTEMBER

- Adjusted net revenue, MSEK 159 (115)
- Growth, 39% (of which is organic growth 13 %)
- Adjusted EBITA, MSEK 5 (9)
- Number of employees at the end of the period, 545 (419)

SUMMARY JANUARY - SEPTEMBER

- Adjusted net revenue, MSEK 531 (350)
- Growth, 52% (of which is organic growth 14 %)
- Adjusted EBITA, MSEK 63 (52)
- Number of employees at the end of the period, 545 (419)

EVENTS DURING THE QUARTER

The subsidiary iAdvice ApS divests business branch

Key figures

Amount in MSEK	Jul-Sep 2022	Jul-Sep 2021	change	Jan-Sep 2022	Jan-Sep 2021	change	LTM	Jan-Dec 2021
Net revenue	159	115	39%	531	350	52%	717	536
EBITA	26	9	295%	85	48	174%	109	73
Adjusted EBITA	5*	9	-44%	63*	52**	22%	88*	77**
EBITA%	17%	8%		16%	14%		15%	14%
Adjusted EBITA%	3%	8%		12%	15%		16%	14%
Share of recurring software income	29%	31%		27%	29%		28%	29%
Number of employees at the end of the period	545	419	30%	545	419	30%		435
Cash flow from operating activities	-4	-17		43	20			47

* EBITA Q3 2022 adjusted for the Danish subsidiary's sale of part of the business, which increased other operating income and EBITA by MSEK 21.3
 ** 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

A multi-faceted quarter – but demand remains healthy

Due to the holiday period, the third quarter is always our calmest, which gives us a great opportunity to welcome and take care of many new employees. This year we chose to scale up the trainee programme to its largest size to date, encompassing more than 85 new members of staff within both the consulting business and the sales operations.

We have implemented trainee programmes for ten years, and we have a lot of data on how long it takes for the initiative to achieve profitability. The people we accept and develop often become the key individuals in our operations down the line.

Because of the concerns around the world, we have a slightly raised level of preparedness for changes in demand. We have an internal signalling system for lead inflow and order and we can see that both the lead inflow and order intake have stayed at relatively good levels during the third quarter, we do not see a particular reason for concern about the business in the short term. Our considered opinion is that the demand for digitalization of medium-sized businesses is a very long-term trend, and that our business model, which allows for a step-by-step implementation based on components, has a big future ahead of it.

One fact that bears testament to the strong underlying demand is that we increased our net sales from MSEK 115 to MSEK 159, which implies a quarter-to-quarter growth of 39 percent, 13 percent of which is organic. Demand is healthy across all our geographic markets, even if it varies across our solution areas. Simply put, the demand for solutions based on efficiency and

data analysis currently exceeds the demand for digital commerce solutions.

The reported EBITA in the quarter amounted to 26 MSEK. This includes capital gains of 20 MSEK from the divestment of cash register operations in Denmark. Our adjusted EBITA for the quarter amounted to MSEK 5, compared with MSEK 9 in the previous year; the deterioration is fully attributable to the Norwegian operations. The EBITA margin for Sweden and Denmark jointly is slightly better than the corresponding period previous year.

While Norway has seen strong organic growth, the efficiency and the level of costs have not been at reasonable levels. We are making changes in management, with the former sales manager taking a position as acting CEO and recruitment to find a new permanent CEO ongoing. We see that the demand for our services in Norway is good, which is the most important prerequisite for running profitable operations, so we have unchanged confidence for Norway in the long term, even if we are disappointed with the result in the quarter.

Recurrent revenue from software amounted to 29 (31) percent during the quarter, and recurrent revenue from support contracts and operating support amounted to 10 (8) percent. The somewhat lower share of software revenue is attributable in full to the acquisition of Spot On Solutions. This is due to the fact that Spot On Solutions services are e-commerce and services in e-commerce are driven by consulting and not by recurring revenue from software.

Changes in Denmark

One year ago, we acquired the minority interest in our Danish subsidiary and became the 100 percent owner of its operations. In this capacity, we have over the year made an effort to place the Swedish and Danish offerings on a more equal footing.

Our operations relating to cash register systems in Denmark have not been a good fit for our primary target group, and we do not consider the exposure it has entailed to smaller retail customers to be a priority market. As such, we have transferred the operations to an industry colleague, which should be able to grow them to a scale and a level of focus beyond our capacity.

During the quarter, we also acquired a small business, QiS, with activities involving reporting and data analysis software from Qlik. This is an area in which we have a lot of experience from Sweden. Apart from this, the offering currently comprises Visma Business, Visma.net, and services related to IT/infrastructure and Microsoft Azure. This is a subset of our offering in Sweden and, in our assessment, provides a good basis for driving further growth.

Priorities and outlook

We have taken on a significant cost with the ongoing trainee program – but on the other hand, we have had limited staffing in much of our operations throughout the year. Demand has remained strong, and we are confident in our ability to stay competitive and gain market share even in a more difficult context.

In this quarter we have made a change to the group management where Adam Österlund leaves his role as Head of Swedish business operations and Vice

President of Exsitec AB. This means that the managers of the Swedish business areas as well as the managers for Norway and Denmark report directly to me. The benefit is that all six of the business areas are somewhat equal in terms of revenue which creates an inspirational and competitive culture where the business managers can learn from each other.

We are ahead of our internal top-level growth projections, so our goal to reach net sales of SEK 1 billion with an EBITA margin of 20 percent between 2023 and 2025 remains unchanged. Therefore, our focus in the coming years will be to improve the margins and somewhat less on growth. A few of our business areas are already showing margins at this level. Specifically, a margin improvement is required in the Norwegian operations.

We consider ourselves well equipped to continue to run a business with good growth and good profitability for a very long time to come.

*Johan
Kallblad*



Events during the quarter

The subsidiary iAdvice ApS divests business branch

Our Danish operation has divested the branch of operations related to cash registers and cash solutions for stores to Amero ApS.

The offer regarding cash registers and cash solutions is only offered in Denmark via iAdvice and is outside Exsitec's and iAdvice's primary target group. The divestment means that iAdvice will be able to focus on its core business while at the same time that the customers who use cash registers and cash solutions will get a better suited supplier in Amero. In 2021, the income from the branch amounted to just under SEK 13 million.

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 today over 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

During the quarter, our Danish operation's divestment of business branch has increased other operating income and EBITA by MSEK 21.

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 and in turn its subsidiaries.

Liquidity and financial position

As of 30 September 2022, the Group's liquid assets amounted to MSEK 45 (81), and loans to credit institutions amounted to MSEK 162 (124). Shareholders' equity at the end of the period amounted to MSEK 223 (239).

Liquidity for our Danish operation's divestment of MSEK 21 is received in October and affects liquidity in the fourth quarter.

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 September	Shares	%
Syntrans AB (Chairman of the Board)	2 400 000	17,7%
Creades AB	1 231 724	9,1%
Cliens Fonder	1 229 936	9,1%
Martin Gren (Grenspecialisten)	1 048 777	7,7%
Johan Kallblad	1 025 000	7,6%
Nordnet Pensionsförsäkring	807 066	5,9%
Berenberg Funds	679 207	5,0%
Enter Fonder	625 504	4,6%
Lannebo Fonder	504 318	3,7%
Handelsbanken Fonder	449 569	3,3%
Other owners	3 574 346	26,3%
	13 575 447	100,0%

Publication of the report

This report was published on 28 September 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	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
<i>Operating income</i>				
Net revenue	159 478	114 897	530 539	350 069
Other operating income	23 066	639	24 706	-2 060
Total operating income	182 545	115 536	555 246	348 009
<i>Operating expenses</i>				
Costs for external subcontractors, licences and direct costs	-31 160	-20 688	-99 429	-66 042
Merchandise	-2 157	-1 604	-5 164	-5 258
Other external expenses	-22 235	-14 605	-62 078	-37 115
Personnel costs	-98 867	-68 774	-299 252	-188 834
Depreciation and impairments of tangible fixed assets	-1 207	-842	-3 371	-1 855
Other operating expenses	-556	-83	-1 398	-442
Total operating expenses	-156 182	-106 596	-470 692	-299 546
EBITA RESULT	26 362	8 940	84 554	48 463
Depreciation and impairments of tangible fixed assets	-30 238	-31 680	-81 976	-63 944
OPERATING RESULT	-3 876	-22 740	2 577	-15 481
<i>Result from financial items</i>				
Other interest income and similar items	64	99	146	111
Interest expenses and similar items	-1 062	-374	-2 817	-1 546
Total financial items	-998	-275	-2 671	-1 435
RESULT AFTER FINANCIAL ITEMS	-4 874	-23 015	-95	-16 916
Tax on the result for the year	-5 441	-1 622	-16 775	-9 766
RESULT FOR THE PERIOD	-10 316	-24 637	-16 870	-26 682
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	-0,8	-1,9	-1,3	-2,1
Earnings per share after full dilution	-0,8	-1,9	-1,3	-2,0
Average number of shares before full dilution	12 888 396	12 680 420	12 826 335	12 214 764
Average number of shares after full dilution	13 400 896	13 192 920	13 338 835	12 727 264
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	30/09/2022	30/09/2021	31/12/2021
ASSETS			
<i>Fixed assets</i>			
Goodwill	337 271	286 704	300 987
Other intangible fixed assets	0	996	0
Tangible fixed assets	19 811	14 608	18 637
Other long-term receivables	1 866	1 250	1 136
Total fixed assets	358 947	303 558	320 760
<i>Current assets</i>			
Finished goods and merchandise	1 565	1 387	1 351
Accounts receivable	83 165	55 021	109 636
Other receivables	28 248	471	707
Prepaid expenses and accrued income	47 606	19 702	35 881
Cash and bank balances	44 709	81 004	82 782
Total current assets	205 293	157 585	230 357
TOTAL ASSETS	564 240	461 143	551 117
EQUITY AND LIABILITIES			
Equity	223 181	238 689	230 862
<i>Long-term liabilities</i>			
Deferred taxes	0	1 636	0
Liabilities to credit institutions	106 299	89 390	100 842
Other liabilities	44 470	13 400	23 734
Total long-term liabilities	150 769	104 426	124 576
<i>Short-term liabilities</i>			
Liabilities to credit institutions	55 642	35 042	42 944
Accounts payable	24 691	15 383	42 214
Current tax liabilities	18 288	3 670	11 810
Other liabilities	41 625	44 313	53 007
Accrued expenses and prepaid income	50 044	19 620	45 704
Total short-term liabilities	190 290	118 028	195 679
TOTAL EQUITY AND LIABILITIES	564 240	461 143	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		787		
Result for the period			-16 870	
Closing equity as of 30 September 2022	644	239 407	-16 870	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			-26 682	199
Closing equity as of 30 September 2021	634	264 737	-26 682	0

The Group's cash flow analysis

Amount in TSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
<i>Operating activities</i>				
Result after financial items	-4 874	-23 015	-95	-16 916
Adjustments for items not included in the cash flow	31 399	32 488	85 361	65 801
Paid tax	-3 641	-3 698	-10 794	-11 107
Cash flow from operating activities before changes in working capital	22 884	5 776	74 473	37 778
<i>Changes in working capital</i>				
Change in inventory	511	-655	-173	-628
Change in receivables	-1 376	15 348	7 342	22 981
Change in operating liabilities	-26 020	-37 912	-39 072	-39 839
Cash flow from operating activities	-4 001	-17 443	42 570	20 292
<i>Investment activities</i>				
Acquisition of subsidiaries	-7 702	0	-109 529	-218 597
Purchase of minority interest	0	0	0	-26 138
Acquisition of intangible fixed assets	-401	0	-2 981	-158
Acquisition of tangible fixed assets	-1 376	-559	-2 287	-2 590
Cash flow from investing activities	-9 479	-559	-114 797	-247 483
<i>Financing activities</i>				
New issue	0	0	24 933	133 884
Borrowed loans	0	0	75 806	142 000
Repayment of loans	-15 197	-5 358	-46 321	-10 139
Repayment of lease liabilities	-423	-225	-1 244	-707
Change in long-term receivables	-271	193	-771	210
Dividend to shareholders	0	0	-19 135	-16 387
Foreign currency translation difference	445	194	229	99
Cash flow from financing activities	-15 446	-5 196	33 497	248 960
CASH FLOW OF THE PERIOD	-28 926	-23 198	-38 731	21 769
Liquidity at the beginning of the period	73 662	104 178	82 782	59 178
Exchange rate difference in liquid funds	-27	24	658	57
Liquidity at the end of the period	44 709	81 004	44 709	81 004

Financial reports, parent company

Parent Company's income statement

Amount in TSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
<i>Operating income</i>				
Net revenue	3 511	1 350	10 534	4 050
Other operating income	0	0	12	108
Total operating income	3 511	1 350	10 546	4 158
<i>Operating expenses</i>				
Other external expenses	-1 180	-472	-3 831	-1 836
Personnel costs	-2 551	-726	-6 622	-2 446
Depreciation and impairments of tangible fixed assets	0	-25	0	-80
Total operating expenses	-3 731	-1 222	-10 453	-4 362
EBITA RESULT	-219	128	93	-204
Depreciation and impairments of tangible fixed assets	-5 580	-5 580	-16 741	-16 741
OPERATING RESULT	-5 800	-5 452	-16 648	-16 945
<i>Result from financial items</i>				
Other interest income and similar items	767	265	2 027	401
Interest expenses and similar items	0	-3	0	-8
Total financial items	767	262	2 027	393
RESULT AFTER FINANCIAL ITEMS	-5 033	-5 190	-14 621	-16 552
PROFIT BEFORE TAX	-5 033	-5 190	-14 621	-16 552
Tax on the result for the period	0	-41	0	-41
RESULT FOR THE PERIOD	-5 033	-5 231	-14 621	-16 593

Parent Company's balance sheet

Amount in TSEK	30/09/2022	30/09/2021	31/12/2021
ASSETS			
<i>Fixed assets</i>			
Goodwill	5 580	27 902	22 322
Shares in group companies	111 331	71 333	86 333
Total fixed assets	116 911	99 235	108 655
<i>Current assets</i>			
Receivables from group companies	117 717	105 100	133 401
Other receivables	0	158	114
Prepaid expenses and accrued income	199	101	90
Cash and bank balances	1 202	27 155	864
Total current assets	119 117	132 514	134 469
TOTAL ASSETS	236 028	231 749	243 124
EQUITY AND LIABILITIES			
Equity	233 235	230 938	242 058
<i>Long-term liabilities</i>	0	0	0
Total long-term liabilities	0	0	0
<i>Short-term liabilities</i>			
Liabilities to credit institutions	0	0	71
Accounts payable	328	57	0
Current tax liabilities	113	97	9
Other liabilities	788	343	697
Accrued expenses and prepaid income	1 564	314	360
Total short-term liabilities	2 793	811	1 066
TOTAL EQUITY AND LIABILITIES	236 028	231 749	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			-14 621
Closing equity as of 30 September 2022	645	247 211	-14 621

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			-16 593
Closing equity as of 30 September 2021	634	246 897	-16 593

Parent Company's cash flow analysis

Amount in TSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
<i>Operating activities</i>				
Result after financial items	-5 033	-5 190	-14 621	-16 552
Adjustments for items not included in the cash flow	5 580	5 605	16 795	16 821
Paid tax	57	-3	104	-145
Cash flow from operating activities before changes in working capital	604	412	2 278	124
<i>Changes in working capital</i>				
Change in receivables	-4 333	-13 237	15 635	-103 536
Change in operating liabilities	630	-494	1 624	164
Cash flow from operating activities	-3 099	-13 319	19 537	-103 248
<i>Investment activities</i>				
Shareholder contribution provided	0	0	-24 998	-16 811
Cash flow from investing activities	0	0	-24 998	-16 811
<i>Financing activities</i>				
New issue	0	0	24 933	133 884
Repayment of lease liabilities	0	-25	0	-80
Dividend to shareholders	0	0	-19 135	-16 387
Cash flow from financing activities	0	-25	5 798	117 417
CASH FLOW OF THE PERIOD	-3 099	-13 343	337	-2 641
Liquidity at the beginning of the period	4 301	40 499	864	29 796
Liquidity at the end of the period	1 202	27 155	1 202	27 155

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 2023
Year-end report 2022

Certified advisor

Exsitec's Certified Advisor is Erik Penser Bank.

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