

Year End Report

October - December 2023

Accuracy and high level of activity compensate for a challenging market

12 %

Growth

21 %

Adjusted EBITA %*

140 MSEK

Recurring net revenue from software LTM

Financial overview

Summary October - December

- Net sales MSEK 211 (188)
- Growth 12% (of which organic growth was 10%)
- Adjusted EBITA MSEK 45 (28)
- Average number of employees 534 (532)
- Earnings per share SEK 2.10 (0.90)

Summary January - December

- Net sales MSEK 751 (657)
- Growth 14% (of which organic growth was 9%)
- Adjusted EBITA MSEK 133 (92)
- Average number of employees 522 (490)
- Earnings per share SEK 5.28 (4.20)
- The Board of Directors proposes that a dividend of SEK 1.75 (1.75) per share be paid

Events during or after the period

Exercise of warrants in the Exsitec incentive programme 2017/2023

Exsitec changes Certified Adviser to Carnegie Investment Bank AB (publ)

Exsitec AS acquires IntegrasjonsPartner BITS AS

Key figures

Belopp i MSEK	Oct-Dec 2023	Oct-Dec 2022	change	Jan-Dec 2023	Jan-Dec 2022	change
Net sales	211	188	12%	751	657	14%
Recurring revenue from software	44	35	26%	140	112	25%
EBITA	42	22	90%	119	98	22%
Adjusted EBITA*	45	28	62%	133	92	46%
EBITA %	20,1%	11,9%		15,9%	14,9%	
Adjusted EBITA %*	21,2%	14,7%		17,8%	13,9%	
Operating profit	38	18	111%	101	79	27%
Profit or loss for the period	28	12	134%	71	56	26%
Earnings per share before dilution, SEK	2,16	0,94	131%	5,48	4,37	26%
Earnings per share after dilution, SEK	2,10	0,90	133%	5,28	4,20	26%
Average number of employees	534	532	0%	522	490	9%
Cash flow from operating activities	31	32	-3%	106	90	18%

* In adjusted EBITA, acquisition-related personnel expenses have been excluded. In the period January to December 2022, income from the divestment of a business line in the Danish company of MSEK 21 has been excluded.

A few words from our CEO

Accuracy and high level of activity compensate for a challenging market

Exsitec's operations involve delivering digital solutions that improve the business of our customers and make a real difference. By combining selected systems and services into a performing whole, we create the conditions for each customer to achieve their ambitions.

Our customers are medium-sized companies in Sweden, Norway and Denmark, where we cover a wide range of industries. No single customer represents more than a few percent of our turnover and no single industry is dominant. This means that we have a low specific risk exposure but are affected to some degree by everything that happens in the world around us, as our customers span nearly all industries.

It is with pride I am able to report that our result for the full year 2023 means we attained a streak of ten consecutive years of increased revenue and profitability. The fourth quarter in particular was a good indicator that we succeeded in our priorities of improving the quality within our operations while continuing to grow where the conditions allowed.

Revenue in the quarter amounted to MSEK 211 (188), and adjusted EBITA to MSEK 45 (28). This means a total growth for the quarter of 12%, of which 10% is organic, and an adjusted EBITA margin of 21%, up from 15% last year. This demonstrates that we have both a relevant offer and a quality in our ability to deliver. We had a favourable product mix in our sales for the quarter, meaning the margin is a good percentage point higher than that I would normally expect from the sales volume achieved. An improved margin going forward requires higher levels of internal efficiency – we do not believe that the market can withstand a margin expansion linked to pricing in the short- to medium-term.

We attained a net revenue of MSEK 751 (657) for the full year, with an adjusted EBITA of MSEK 133 (92). It is especially pleasing that we consistently delivered strongly on our priority of improving our margins during the year, and yet maintained double-digit growth. Our recurring net income from software increased by 25% during the year, to MSEK 140.

As you may remember, we sold our Flex-POS software business in Denmark in Q3 2022, which resulted in a capital gain of approximately MSEK 20, and a positive cash flow of a corresponding amount in Q4 2022, when we received the purchase price. We adjusted accordingly for this in our adjusted EBITA for 2022, but have not recalculated the other key figures, so an unusually strong cash flow relative to EBITA, specifically in Q4 2022, is the result of this one-off effect.

With regards our improved margin, it is a pleasure to note that all units have contributed to the improvement, and our operations in Sweden have during 2023 delivered at a level exceeding our long-term financial targets. Denmark has, for the most part, seen a year of investments in new offers, where we made significant progress in our ambition to establish a business around Visma.net and Qlik, with which we are successful in Sweden. Operations in Norway have made an impressive turnaround following a very weak 2022, and the positive development that began in the first quarter continued quarter for quarter.

We saw the average order size of our business deals decrease by almost 15% in the fourth quarter, while the time from lead to deal increased by 20% compared to the same period in 2022. The average time for an order cycle in the quarter was 80% longer than the historical average. We have not changed segments, but instead believe the change in order size is due to customers preferring to choose cheaper solutions and not taking on larger commitments. Some customers buy in one phase, and wait to see the results of this before deciding on the next phase. An indication of this is that the number of deals per customer increased by 15% during the quarter compared to last year – with a larger number of business deals that were not only smaller but also took longer to complete. The total value of business secured was overall higher than last year, despite the challenges – as a whole, we have secured more business deals, both with new and existing customers, despite the long order cycles.

In my opinion, our large and ambitious sales force has been an even more important competitive advantage than normal in the current difficult market. In a good

market – especially one that is overheated – sales become more of the nature of order placement, in that you are assisting customers with already known needs, and the challenge is more about having the capacity to be able to deliver rather than finding customers. In a slower market, it's a different matter – you have to address your target group with a clear offer that puts the customer's ROI and low risk at the fore.

This means that quantity, precision and quality are all necessary aspects of the sales work. Quantity entails creating a dialogue with a number of potential customers in several channels, precision is based on qualification, so not too much time is wasted on business opportunities that don't have the prerequisites to lead to secured business deals, and high quality in preparing the offer is essential in order to not squander the cases that have the right prerequisites.

The large group of trainees we introduced in August 2023 is, up to this point, performing as in 2020 and 2021, but has a lower resource utilisation than in 2022, when there was significant pressure on the operations. The somewhat lower resource utilisation of our personnel in a slower – or possibly just less overheated – market has been fully compensated by a lower staff turnover. This results in a simpler flow in our delivery, and a lower need for replacement recruitment and training. We believe the conditions for a good margin are sound, even in the coming quarters, when the group of trainees progressively transitions from education to delivery.

An important part of our strategy is to carry out company acquisitions that strengthen our market position. In 2023, we experienced an imbalance between price level expectations, relative to the quality of acquisition candidates, and the cost of financing in an environment with rising interest rates. The capital market has been tough on companies seeking capital, and we have prioritised strengthening our balance sheet, our banking relationships, and our cash flow in order to create financial conditions for new business deals, when these can be done at a price that creates value for our owners. We concluded the year by announcing the acquisition of Integrasjonspartner Bits AS in Norway, a well-managed company with a solid reputation with which we have a longstanding collaborative relationship and which contributes an important component to our ambition to be a complete partner for our customers.

With 2024 ahead, we will continue to demonstrate patience in the M&A processes, but hope to secure a number of deals that contribute positively to our long-term growth. Our low level of debt and sound profitability provide us with good scope for new business deals without issuing new shares.

As far as other priorities for 2024, we will, among other things, continue to build a larger sales organisation, invest in expanding the integration business in all markets, and assist many of our customers in structuring and managing their data in order to give them the conditions to use AI tools in their activities. We have also initiated an evaluation of geographical expansion, though even here we intend to be ambitious yet patient, and will only take definitive steps once the right conditions are in place.

In the short term, we expect to face a continued challenging market situation, with long sales cycles and a halt in investment within certain industries, resulting in an appropriate level of general caution, with the priority being on precision and cost control, as was the case in 2023. In the longer term, we are positive about our conditions to grow. We see a continued high demand for business-supporting IT, and we at Exsitec are well equipped to provide our customers with the best possible IT support for their businesses, both now and in the future.

*Johan
Kallblad*



Events during or after the period

17 November 2023

Exercise of warrants in the Exsitec incentive programme 2017/2023

Six key individuals in Exsitec have, on 17 November 2023, utilised their opportunity to, through the exercise of warrants, subscribe for shares in Exsitec's long-term incentive programme 2017/2023 aimed at senior executives and other key individuals.

Within the framework of the incentive programme, a total of 5 125 warrants have been issued, each entitling the holder to subscribe for one hundred (100) new shares in Exsitec at a subscription price of SEK 18.00 per share. With the above transactions, all warrants issued within the framework of the incentive programme have been exercised for subscription of shares, and Exsitec was provided with MSEK 9.2 in cash and cash equivalents.

30 November 2023

Exsitec changes Certified Adviser to Carnegie Investment Bank AB (publ)

Exsitec changes Certified Adviser from Erik Penser Bank AB to Carnegie Investment Bank AB (publ).

20 December 2023

Exsitec AS acquires IntegrasjonsPartner BITS AS

IntegrasjonsPartner has just over 300 customers and sales of MNOK 50, with a forecasted EBITA of MNOK 6.4 for 2023. For 2024, IntegrasjonsPartner is expected to contribute MNOK 55 to Exsitec's sales and MNOK 9 to Exsitec's EBITA. Recurring revenue from proprietary software accounts for about 50% of IntegrasjonsPartner's total revenue, and the rest is consultancy services related to this software.

The purchase price amounts to a maximum of MNOK 75, divided into MNOK 60 to be paid upon acquisition and then a contingent consideration of a maximum of MNOK 15 if IntegrasjonsPartner achieves its profitability targets for 2024. The contingent consideration will be paid at the end of 2025.

The transfer of the shares took place on 8 January 2024.

About Exsitec & our market

We deliver digital solutions that improve our customers' businesses and make a real difference. By combining selected systems and services into a performing whole, we create the conditions for each customer to achieve their ambitions.

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 around 550 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.

Customers

Our more than 4 000 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.

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, as well as a support service that helps the customer with the use of the software.



Our sources of revenue

Just over 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. These revenues are predominantly from recurring contracts (SaaS pricing model), where the exception is when a customer obtains additional licensing on an existing installation.

Software revenue 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.

Comments on the reporting period

Items affecting comparability

There are no items affecting comparability for the reporting period.

During the third quarter of 2022, our Danish operations divested a business branch, which increased the year's other operating income and EBITA by MSEK 21.

Dividend and dividend policy

Exsitec's dividend target is to distribute 40 percent of profit after tax, taking into account the Company's financial position, capital structure and future growth prospects.

Our view is that in the coming year, allocating more capital to grow our business and strengthen our market position through acquisitions is more attractive than increasing the dividend.

The dividend is therefore proposed to remain at SEK 1.75 per share (33% of profit after tax), totalling MSEK 23.5.

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 31 December 2023, the Group's cash and cash equivalents amounted to MSEK 51 (46), an unused overdraft facility of MSEK 50 (20), and loans from credit institutions of MSEK 95 (139). Estimated conditional purchase prices for completed company and asset acquisitions totalled MSEK 23 (24). Shareholders' equity at the end of the period amounted to MSEK 415 (364).

Option and incentive programmes

Since 2017, the Company has had an incentive programme based on subscription warrants aimed at members of the Group's management team. In November 2023, the option programme was terminated, resulting in 512 500 new shares being issued and equity and cash and cash equivalents increasing by MSEK 9.2.

Following a resolution by Exsitec Holding's AGM in 2023, a long-term incentive programme for key individuals in the Group was launched in Q3. The incentive programme runs until Q2 2026 and can provide a maximum of 43 900 shares, corresponding to a dilution of approximately 0.33% of the total number of shares in the Company.

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 Holding's Certified Advisor is Carnegie Investment Bank AB (publ). The share is traded under the ticker EXS and has ISIN code: SE0014035762.

Risks and uncertainties

Exsitec Group is exposed in its operations to general business and financial risks. These risks have been described at depth in the Company's 2022 Annual Report. Beyond what is described in these documents, no additional material risks have emerged.

Publication of the report

This report was published on 5 February 2023, 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.

The report has been published in both English and Swedish. In the event of any discrepancies between the two, the Swedish version is to apply.

Financial reports, The Group

Condensed consolidated statement of comprehensive income

Amounts in KSEK	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Operating income					
Net sales	2	211 064	188 314	751 273	656 582
Other operating income		1 540	868	6 159	25 574
Total operating income		212 604	189 182	757 432	682 156
Operating expenses					
Costs of external subcontractors and direct costs		-12 850	-12 938	-47 014	-50 096
Merchandise		-1 982	-1 580	-6 301	-6 744
Other external expenses		-18 395	-20 107	-71 219	-68 136
Personnel costs		-126 104	-120 850	-469 062	-420 102
Acquisition-related personnel expenses	4	-2 300	-5 333	-14 084	-15 054
Other operating expenses		-1 013	-104	-2 481	-1 504
Depreciation and impairments of tangible fixed assets		-7 477	-5 897	-27 924	-23 005
Depreciation and impairments of intangible assets		-4 500	-4 331	-18 555	-18 317
Total operating expenses		-174 621	-171 142	-656 639	-602 958
Operating profit		37 983	18 040	100 793	79 198
Other interest income and similar profit/loss items		992	0	1 104	144
Interest expenses and similar profit/loss items		-2 458	-2 145	-8 622	-5 441
Total profit from financial items		-1 466	-2 145	-7 518	-5 297
Profit or loss before tax		36 517	15 895	93 275	73 901
Income tax		-8 315	-3 838	-22 453	-17 784
Profit or loss for the period		28 202	12 057	70 822	56 117

Earnings per share calculated based on profit or loss for the period attributable to the Parent Company's shareholders	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Weighted average number of shares before dilution	13 072 228	12 888 396	12 934 732	12 842 150
Weighted average number of shares after dilution	13 400 896	13 400 896	13 400 896	13 354 650
Earnings per share in SEK, before dilution	2,16	0,94	5,48	4,37
Earnings per share in SEK, after dilution	2,10	0,90	5,28	4,20

Other comprehensive income	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<i>Items that can be reclassified to profit for the year</i>				
Exchange rate differences	-5 105	1 357	-6 957	5 724
Other comprehensive income for the period	-5 105	1 357	-6 957	5 724
Comprehensive income for the period	23 097	13 414	63 865	61 841

Profit or loss for the period and other comprehensive income for the period are as a whole attributable to the Parent Company's shareholders.

Condensed consolidated balance sheet

Amounts in KSEK	Note	2023-12-31	2022-12-31
ASSETS			
Fixed assets			
Goodwill		338 379	341 621
Other intangible assets		139 785	148 063
Tangible fixed assets		12 412	12 491
Right-of-use assets		59 832	27 518
Other long-term receivables		1 513	1 782
Deferred tax assets		763	970
Total fixed assets		552 685	532 445
Current assets			
Finished goods and merchandise		635	1 240
Accounts receivable		142 265	119 300
Other receivables		10 628	14 638
Prepayments and accrued income		47 677	34 913
Cash and cash equivalents		51 351	46 259
Total current assets		252 556	216 350
TOTAL ASSETS		805 241	748 795
EQUITY AND LIABILITIES			
Total equity		415 015	363 816
LIABILITIES			
Long-term liabilities			
Liabilities to credit institutions		60 962	85 062
Lease liabilities		35 548	9 179
Other long-term liabilities		11 068	17 247
Deferred tax liabilities		26 810	31 083
Total long-term liabilities		134 388	142 571
Short-term liabilities			
Liabilities to credit institutions		34 167	54 299
Lease liabilities		19 958	15 198
Trade payables		54 209	38 176
Current tax liabilities		24 328	16 810
Other short-term liabilities		52 227	46 539
Accruals and deferred income		70 949	71 386
Total short-term liabilities		255 838	242 408
TOTAL LIABILITIES		390 226	384 979
TOTAL EQUITY AND LIABILITIES		805 241	748 795

Condensed consolidated statement of changes in equity

Amounts in KSEK	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the year	Total equity
Opening balance on 1 January 2022	638	318 684	110	-25 439	293 994
Profit or loss for the period	-	-	-	56 117	56 117
Other comprehensive income	-	-	5 724	-	5 724
Total comprehensive income	-	-	5 724	56 117	61 841
Transactions with shareholders in their capacity as owners					
New issuance	6	24 991	-	-	24 997
Issuance expenses	-	-65	-	-	-65
Group adjustments	-	-	-	2 183	2 183
Dividend	-	-	-	-19 135	-19 135
Total shareholder transactions	6	24 926	-	-16 952	7 980
Closing balance on 31 December 2022	644	343 610	5 834	13 727	363 816

Amounts in KSEK	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the year	Total equity
Opening balance on 1 January 2023	644	343 610	5 834	13 727	363 816
Profit or loss for the period	-	-	-	70 822	70 822
Other comprehensive income	-	-	-6 957	-	-6 957
Total comprehensive income	-	-	-6 957	70 822	63 865
Transactions with shareholders in their capacity as owners					
New issuance	26	9 200	-	-	9 226
Issuance expenses	-	-51	-	-	-51
Share-related incentive programme	-	-	715	-	715
Dividend	-	-	-	-22 555	-22 555
Total shareholder transactions	26	9 149	715	-22 555	-12 665
Closing balance on 31 December 2023	670	352 759	-408	61 994	415 015

Condensed consolidated cash flow statement

Amounts in KSEK	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Cash flow from operating activities					
Profit or loss before tax		36 517	15 895	93 275	73 901
Adjustment for items not included in cash flow		14 954	15 454	61 655	56 284
Income tax paid		-3 552	-7 058	-18 484	-17 852
Cash flow from operating activities before changes in working capital		47 919	24 292	136 446	112 333
Change in working capital		-16 951	7 647	-30 076	-22 232
Cash flow from operating activities		30 968	31 939	106 370	90 101
Cash flow from investing activities					
Acquisition of subsidiaries, net of cash and cash equivalents	3	-1 617	-12 575	-7 954	-78 346
Change in long-term receivables		-	422	281	-349
Investments in intangible assets		-1 789	-390	-5 789	-3 371
Investments in tangible assets		-821	-180	-4 166	-2 467
Cash flow from investing activities		-4 227	-12 723	-17 628	-84 533
Cash flow from financing activities					
Borrowings		-	-	-	50 000
Amortisation of loans		-8 542	-13 575	-44 233	-54 710
Amortisation of lease liabilities		-7 128	-4 990	-24 903	-19 803
New issuance, net of transaction expenses		9 174	-	9 174	-
Dividend to shareholders		-	-	-22 555	-19 135
Cash flow from financing activities		-6 496	-18 565	-82 517	-43 648
Cash flow for the period		20 245	651	6 225	-38 080
Cash and cash equivalents at the beginning of the period		32 421	44 709	46 259	82 782
Exchange-rate differences in cash and cash equivalents		-1 315	899	-1 133	1 557
Cash and cash equivalents at end of period		51 351	46 259	51 351	46 259
<i>Cash flow disclosures</i>					
Interest paid		-1 477	-2 145	-6 039	-5 297

Finansiella rapporter, moderbolaget

Parent Company's condensed income statement

Amounts in KSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Operating income				
Net sales	375	4 011	17 025	14 545
Other operating income	2	-	2	12
Total operating income	377	4 011	17 027	14 557
Operating expenses				
Other external expenses	-968	-1 364	-5 158	-5 195
Personnel costs	-3 804	-2 233	-14 406	-8 854
Depreciation and amortisation of tangible and intangible fixed assets	-	-5 580	-	-22 322
Total operating expenses	-4 772	-9 177	-19 564	-36 371
Operating profit	-4 394	-5 166	-2 537	-21 814
Other interest income and similar profit/loss items	3 206	935	6 076	2 962
Interest expenses and similar profit/loss items	-245	-8	-468	-8
Total profit from financial items	2 962	927	5 608	2 954
Appropriations	-	-	-	-
Profit or loss before tax	-1 433	-4 239	3 071	-18 860
Income tax	289	-157	-650	-157
Profit or loss for the period	-1 144	-4 396	2 421	-19 017

There are no items recognised in other comprehensive income in the Parent Company. Total comprehensive income thus equals profit or loss for the period.

Parent Company's condensed balance sheet

Amounts in KSEK	2023-12-31	2022-12-31
ASSETS		
Fixed assets		
Participations in group companies	111 331	111 331
Receivables from group companies	90 000	90 000
Total fixed assets	201 331	201 331
Current assets		
Receivables from group companies	–	27 823
Other receivables	292	4
Prepayments and accrued income	263	405
Cash and bank balances	26 775	1 908
Total current assets	27 330	30 140
TOTAL ASSETS	228 661	231 471
EQUITY AND LIABILITIES		
Equity		
Restricted equity	670	644
Non-restricted equity	217 924	228 194
Total equity	218 594	228 838
LIABILITIES		
Total long-term liabilities	–	–
Short-term liabilities		
Liabilities to group companies	4 925	–
Accounts payable	505	447
Current tax liabilities	1 160	291
Other short-term liabilities	1 199	952
Accruals and deferred income	2 278	943
Total short-term liabilities	10 067	2 633
TOTAL LIABILITIES	10 067	2 633
TOTAL EQUITY AND LIABILITIES	228 661	231 471

Noter

Note 1. Accounting policies

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRS IC) as endorsed by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities.

The accounting policies applied are consistent with those applied in the preparation of the 2022 Annual Report, except for the additional policy on asset acquisitions described below.

Exsitec recognises contingent considerations attributable to asset acquisitions as part of the cost of the asset. The contingent consideration is measured at the fair value of the future conditional payments at the time of acquisition and a financial liability is recognised at the same value. In the subsequent period, the financial liability is recognised at amortised

cost in accordance with IFRS 9. Subsequent changes in the value of the financial liability are recognised as a change in the value of the asset when the change in value of the conditional purchase price depends on the use of the asset. Separately acquired intangible assets are recognised at cost. In subsequent periods, they are recognised at cost less accumulated amortisation and impairment. The useful life of separately acquired intangible assets is 10 years. An individual assessment is made for each acquisition to determine whether it should be classified as a business combination or an asset acquisition. If the acquisition entails that the acquiree's processes, personnel and systems are taken over, it is usually a business combination. Otherwise, the acquisition is an asset acquisition.

In 2023, two asset acquisitions were made where part of the purchase price consists of a conditional contingent consideration.

Note 2. Segment reporting and information on net sales

The Group's highest operating decision maker is the CEO, who uses adjusted EBITA to assess the performance of the operating segments.

The Group's operations are managed and reported through the three operating segments Sweden, Norway, and Denmark. The activities in all operating segments offer IT business support to medium-sized companies.

The column Other/Eliminations includes unallocated costs for the Parent Company and Group eliminations. Common overhead costs are distributed between the segments.

Intersegment sales are made on market conditions and are eliminated on consolidation. The amounts provided to the CEO in respect of segment revenue are measured consistently with the financial statements.

Interest income and interest expenses are not allocated to the segments, as this type of activity is driven by the central financing function, which manages the liquidity of the Group.

Amounts in KSEK	Sweden		Norway		Denmark		Other/ Eliminations		Group	
	Oct-Dec		Oct-Dec		Oct-Dec		Oct-Dec		Oct-Dec	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales, external	151 242	132 807	44 193	43 114	15 629	12 392	-	0	211 064	188 314
Net sales, internal	742	1 574	22	7	33	35	-798	-1 616	0	0
Total net sales	151 984	134 381	44 216	43 121	15 662	12 427	-798	-1 616	211 064	188 314
Other income	1 502	978	36	73	0	-183	2	-	1 540	868
Total income	153 486	135 359	44 252	43 194	15 662	12 244	-796	-1 616	212 604	189 182
Operating costs excluding depreciation, amortisation and impairment, external	-106 767	-107 053	-37 391	-39 484	-13 888	-10 801	-4 598	-3 576	-162 644	-160 914
Operating costs excluding depreciation, amortisation and impairment, internal	813	-3 127	-1 472	-2 788	-341	-319	1 000	6 234	0	0
Depreciation and impairments of tangible fixed assets	-5 810	-3 957	-724	-1 074	-944	-849	-	-18	-7 477	-5 897
Total costs	-111 764	-114 137	-39 586	-43 346	-15 173	-11 969	-3 598	2 640	-170 121	-166 811
EBITA	41 722	21 222	4 666	-152	489	275	-4 394	1 024	42 483	22 370
Depreciation and impairments of intangible assets									-4 500	-4 331
Operating profit									37 983	18 040
Other interest income and similar profit/loss items									992	0
Interest expenses and similar profit/loss items									-2 458	-2 145
Total profit from financial items									-1 466	-2 145
Profit or loss before tax									36 517	15 895
Income tax									-8 315	-3 838
Profit for the year									28 202	12 057

Amounts in KSEK	Sweden		Norway		Denmark		Other/ Eliminations		Group	
	Oct-Dec		Oct-Dec		Oct-Dec		Oct-Dec		Oct-Dec	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
EBITA	41 722	21 222	4 666	-152	489	275	-4 394	1 024	42 483	22 370
Acquisitions-related personell costs	1 715	4 793	-	-	584	540	-	-	2 300	5 333
Other items affecting comparability	-	-	-	-	-	-	-	-	-	-
Adjusted EBITA	43 438	26 015	4 666	-152	1 073	815	-4 394	1 024	44 783	27 703

Amounts in KSEK	Sweden		Norway		Denmark		Other/ Eliminations		Group	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales, external	535 060	460 699	160 606	147 089	55 606	48 794	-	-	751 273	656 582
Net sales, internal	2 993	6 130	226	448	631	103	-3 850	-6 681	0	0
Total net sales	538 053	466 829	160 832	147 537	56 238	48 897	-3 850	-6 681	751 273	656 582
Other income	5 912	3 881	245	538	0	21 143	2	12	6 159	25 574
Total income	543 965	470 710	161 077	148 075	56 238	70 040	-3 848	-6 669	757 432	682 156
Operating costs excluding depreciation, amortisation and impairment, external	-405 016	-366 688	-137 640	-137 705	-47 941	-43 277	-19 564	-13 965	-610 161	-561 635
Operating costs excluding depreciation, amortisation and impairment, internal	-15 608	-12 948	-4 288	-7 520	-980	-751	20 875	21 219	0	0
Depreciation and impairments of tangible fixed assets	-20 397	-15 417	-3 935	-4 294	-3 592	-3 223	-	-71	-27 924	-23 005
Total costs	-441 021	-395 053	-145 863	-149 519	-52 513	-47 251	1 311	7 183	-638 085	-584 640
EBITA	102 945	75 657	15 214	-1 444	3 724	22 789	-2 537	514	119 346	97 516
Depreciation and impairments of intangible assets									-18 555	-18 317
Operating profit									100 793	79 198
Other interest income and similar profit/loss items									1 104	144
Interest expenses and similar profit/loss items									-8 622	-5 441
Total profit from financial items									-7 518	-5 297
Profit or loss before tax									93 275	73 901
Income tax									-22 453	-17 784
Profit for the year									70 822	56 117

Amounts in KSEK	Sweden		Norway		Denmark		Other/ Eliminations		Group	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
EBITA	102 945	75 657	15 214	-1 444	3 724	22 789	-2 537	514	119 346	97 516
Acquisitions-related personell costs	11 757	13 747	-	-	2 327	1 308	-	-	14 084	15 054
Other items affecting comparability	-	-	-	-	-	-21 000	-	-	-	-21 000
Adjusted EBITA	114 701	89 404	15 214	-1 444	6 052	3 097	-2 537	514	133 430	91 571

The Group has recognised the following amounts attributable to revenue in the statement of comprehensive income:

Amounts in KSEK	Oct-Dec 2023	Oct-Dec 2022
Revenue from customer contracts	211 064	188 314
Other revenue	1 540	868
Total revenue	212 604	189 182

Amounts in KSEK	Jan-Dec 2023	Jan-Dec 2022
Revenue from customer contracts	751 273	656 582
Other revenue	6 159	25 574
Total revenue	757 432	682 156

The Group's revenue from customer contracts is set out in the table below, broken down by category:

Amounts in KSEK	Sweden		Norway		Denmark		Group	
	Oct-Dec		Oct-Dec		Oct-Dec		Oct-Dec	
	2023	2022	2023	2022	2023	2022	2023	2022
Consultancy services	105 791	97 136	23 343	23 677	11 161	8 527	140 295	129 341
Revenue from software	28 539	20 373	13 000	11 778	2 128	2 658	43 667	34 809
Support and infrastructure services	14 217	11 994	5 489	5 252	–	–	19 706	17 246
Other	2 695	3 304	2 361	2 407	2 339	1 207	7 396	6 918
Total revenue	151 242	132 807	44 193	43 114	15 629	12 392	211 064	188 314

Amounts in KSEK	Sweden		Norway		Denmark		Group	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2023	2022	2023	2022	2023	2022	2023	2022
Consultancy services	384 469	343 811	86 303	76 429	39 772	30 670	510 545	450 910
Revenue from software	84 708	58 252	46 902	44 295	8 406	9 704	140 016	112 252
Support and infrastructure services	53 934	45 636	21 949	20 149	–	–	75 883	65 785
Other	11 950	12 999	5 452	6 216	7 428	8 420	24 829	27 635
Total revenue	535 060	460 699	160 606	147 089	55 606	48 794	751 273	656 582

Note 3. Financial instruments

The table below shows the Group's financial instruments measured at fair value. For definitions of fair value hierarchies, see Note 3 Management of financial risk in the Annual Report 2022.

For assets and liabilities measured at amortised cost, the carrying amount is equal to the fair value. For short-term assets and liabilities, the discounting effect is not material, and for long-term liabilities the interest rate is floating, and the credit risk has not changed since the loan was taken out.

Amounts in KSEK	Conditional contingent consideration in connection with business combinations
Opening balance on 2022-10-01	21 077
Acquisition	3 233
Payment	–
Change in fair value recognised in the statement of comprehensive income	–
Closing balance on 2022-12-31	24 310

Amounts in KSEK	Conditional contingent consideration in connection with business combinations
Opening balance on 2023-10-01	17 369
Acquisition	–
Payment	–1 617
Change in fair value recognised in the statement of comprehensive income	–
Closing balance on 2023-12-31	15 752

Amounts in KSEK	Conditional contingent consideration in connection with business combinations
Opening balance on 2022-01-01	17 353
Acquisition	14 183
Payment	–6 816
Change in fair value recognised in the statement of comprehensive income	–410
Closing balance on 2022-12-31	24 310

Amounts in KSEK	Conditional contingent consideration in connection with business combinations
Opening balance on 2023-01-01	24 310
Acquisition	–
Payment	–7 954
Change in fair value recognised in the statement of comprehensive income	–604
Closing balance on 2023-12-31	15 752

Note 4. Acquisition-related personnel expenses

In some of the acquisitions carried out, purchase prices have been conditional on sellers remaining with the Company. These are not recognised as a purchase price but as a separate transaction. As such, a personnel expense arises, and, in subsequent periods, accrued expenses. The table below shows how these items from acquisitions have affected/are expected to affect personnel expenses in the income statement.

	jan-mar	apr-jun	jul-sep	Oct-Dec
2022	1 848	3 349	4 525	5 333
2023	5 281	3 654	2 849	2 300
2024	2 007	1 591	939	670
2025	417	139	–	–

Note 5. Related party transactions

There have been no transactions with related parties in the period.

Note 6. Events after the balance sheet date

Exsitec AS completed the acquisition of IntegrationsPartner BITS AS on 8 January 2024.

Definitions

Recurring net revenue from software

Revenue from software, for example on SaaS solutions or subscriptions, with a recurring nature.

LTM

Latest twelve months.

EBITA

Operating profit before amortization and impairment of intangible assets.

EBITA %

Operating profit before amortization and impairment of intangible assets as a percentage of net sales.

Adjusted EBITA

Operating profit before amortization and impairment of intangible assets and less acquisition-related personnel expenses and other exceptional items affecting comparability. The purpose is to show EBITA exclusive of items that would affect the comparability with other periods.

Adjusted EBITA %

Operating profit before amortization and impairment of intangible assets and less acquisition-related personnel expenses and other exceptional items affecting comparability as a percentage of net sales.

Net sales

The undertaking's main income, invoiced costs, additional income and income adjustments.

Organic growth

Change in net sales less acquired entities during the past 12 months.

Operating margin (%)

Operating profit as percentage of net sales.

Return on equity (%)

Profit or loss after net financial items as a percentage of adjusted equity (equity and untaxed reserves less deferred tax).

Balance sheet total

The total assets of the company.

Equity ratio (%)

Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of the balance sheet total.

Upcoming reports

15 March 2024	Annual Report 2023
17 April 2024	Quarterly Report Q1 2024
07 May 2024	Annual General Meeting
12 July 2024	Quarterly Report Q2 2024
16 October 2024	Quarterly Report Q3 2024
4 February 2025	Year End Report 2024

Certified Advisor

Exsitec's Certified Advisor is **Carnegie Investment Bank AB (publ)**.

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