Exsitec Holding AB

2022

Annual report

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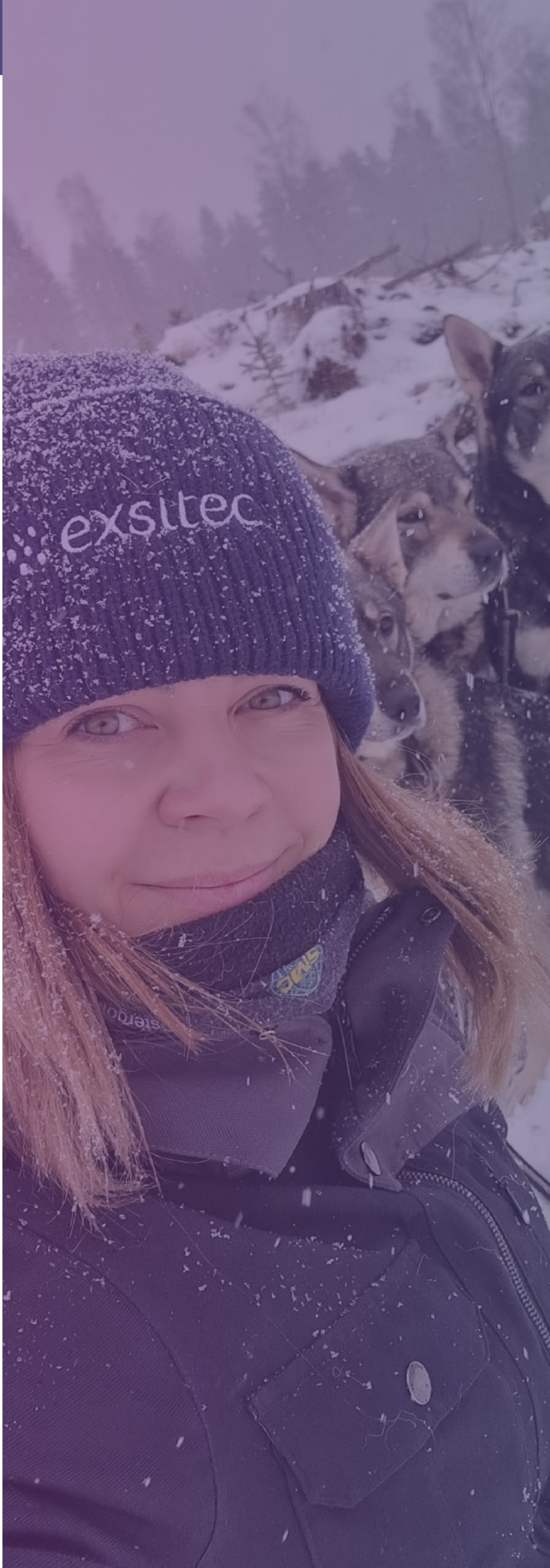
The report has been published in both English and Swedish. This is an unaudited translation of the Swedish report. Should there be any disparities between the Swedish and the English version, the Swedish version shall prevail.



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.

exsitec

Digital solutions that make a difference

The year in brief

- Net sales amounted to MSEK 657 (460), an increase of 43 percent.
- Adjusted EBITA amounted to MSEK 92 (77), corresponding to a margin of 14 (17) percent.
- Recurring software revenue amounted to MSEK 112 (78), an increase of 49 percent.
- Profit or loss after tax amounted to MSEK 56 (40).
- Basic earnings per share amounted to SEK 4.37 (3.26). Diluted earnings per share amounted to SEK 4.20 (3.13).
- The Board proposes that dividend of SEK 1.75 (1.50) per share be paid for the financial year 2022.
- The number of employees at year-end was 542 (435).

Significant events during the year

Exsitec AB acquires Atopto AB, Spot on Solutions i Norden AB and Vimur AB.

Exsitec AS acquires Mantle Analytics AS.

iAdvice ApS acquires assets of InfoSolutions ApS and all shares in QiS ApS and divests a business branch relating to cash registers and point-of-sale solutions.

During the fourth quarter, the Group changes accounting policy from K3 to IFRS.

Awards during the year

Visma Partner of the Year

Medius Partner of the Year

Planacy Partner of the Year

Career Company

Equal Consulting Company

Brilliant – Top Employer

Best Trainee Programme of the Year

Märta combines football with consulting

» For me, it is key to have a job where the employer encourages my passion for football. It would have been difficult otherwise »

Sofie is involved in establishing Exsitec in Luleå

» During my years in the area of tourism, I got used to living in the mountains. When I chose an office at Exsitec, my aim was to go as far northward as possible »

Daniel is pushing the data analysis field forward in Norway

» Becoming a part of Exsitec is fully in line with our commitment to provide our customers with the most innovative solutions for their companies »

Vd har ordet

The past year

Looking back at the past year, what really stands out in one's mind is the troublesome and unpredictable external environment, where the war in Ukraine and the continued supply chain disruptions were compounded by the rising inflation and higher interest rates. We must humbly recognize that we have enjoyed much simpler and more predictable circumstances than many in the world around us, and the demand for digital solutions has remained a high priority for companies in our target group. The vast majority of our revenue comes from our long-standing customers, which is a confirmation that we add significant value to their businesses.

At the start of 2022, there were still strict restrictions in place across our markets due to COVID-19. These were gradually lifted, and from the second quarter onwards, we were able to operate our business the way we wish. This entailed that the costs of travel, conferences, etc. increased—but the conditions to create and maintain the company culture we want are much better when we have the opportunity to engage in various activities together with colleagues and customers.

Over the year, the limited availability of experienced personnel has presented a challenge. As such, we have intensified our efforts to develop our reputable trainee programme, and we welcomed more than 100 new recruits from the programme during the year. The onboarding and training of that many new employees is a major task for our organization. Nevertheless, our ten years of running the trainee programmes have taught us that the time it takes to create profitability and increase our capacity in this manner actually is very predictable.

During 2021, the majority of our new staff joined us through acquisitions. We have learned that staff turnover is typically twice as high among employees joining through acquisitions as among employees joining through other channels. For us, company culture is an essential building block, and we often choose to put culture before a minimized staff turnover. We see considerable long-term value in integrating our acquisitions with joint systems and working procedures, even if it results in greater friction in the short term.

We continue to have a positive basic view of growing our customer base through acquisitions. A larger overall customer base gives us the opportunity to achieve economies of scale, for example in our support function, and we get a wider target group to communicate with. The new customers can be assisted with more offers, and an enhanced supply capacity removes risks and personal dependencies and strengthens the offering to our target group. We are also investing a lot of time and money in organic sales and marketing to find new customers that can benefit from our offering. The systems we are selling have a very long lifespan, and we believe that our long-term growth and profitability are best served by striking a balance between organic sales and acquisitions.

Financial development

Our staff has spent a great deal of effort during the year on preparing the transition to IFRS, and our annual accounts for 2022 constitute our first reporting in accordance with said standards. Even though this process has put a heavy load on the accounting function, it has not had any material impact on our operations.

We can conclude that the year as a whole has seen very good growth for us, with net sales amounting to MSEK 657 compared with the previous year's MSEK 460, equivalent to a growth of 43 percent. Our adjusted EBITA amounted to MSEK 92, compared with MSEK 76 in the corresponding period 2021. Earnings per share amounted to SEK 4.37, compared with SEK 3.26 in 2021. The lower margin of 14 percent, down from 17 percent, is mainly a consequence of an issue with the profitability of the Norwegian operations, which showed a net profit of zero for the year. More about that later.

Performance of our business segments

The year in Denmark

Our smallest business area is the one in Denmark, which during the year was subject to a substantial restructuring. Firstly, we divested our business relating to cash register systems during the third quarter, because we considered the opportunities for growth limited as the customers fell outside our typical target group. However, the business itself was sound, and as we found a motivated buyer, the sale resulted in a capital gain of approximately MSEK 20.

During the year, we also launched operations in decision support on Qlik's platform, which in Sweden is a very significant branch of activity, and acquired a small company with about 40 new customers to use as a launch pad for further development.

In addition, we have over the course of the year strengthened our position in relation to Visma's business systems, both by increasing the number of customers that use Visma Business and by taking the position as market leader for Visma.net. After the year-end, we received an acknowledgement that our efforts are beginning to yield results when Visma for the first time named us Partner of the Year also in Denmark.

Net sales in Denmark increased by 22 percent during the year, to MSEK 49 (40). EBITA, adjusted for the divestment of the cash register business, amounted to MSEK 3 (2).

The year in Norway

When the year started, our over-arching strategy was to boost the local profitability by putting a greater emphasis on organic sales and rejuvenating the work force somewhat by implementing the same trainee programme that has served us so well in Sweden. During the year, it became apparent that the revenue generation from new offerings made slower progress than we had hoped, despite a healthy order intake. At the same time, costs increased sharply.

Although in principle, we still hold this strategy to be the right course in the long term, we have to appreciate that the changes were introduced too quickly for the business to absorb them. During the year, we made the decision to implement changes within the management team, and an interim CEO took over in the fourth quarter. A new CEO will take office at the end of the first quarter of 2023. With a clearer focus on results, the effects were not long in coming; towards the end of the year, the financial performance was restored to acceptable levels, with good conditions for growth.

One positive element during the year was Visma's development of Business Nxt, which is a cloud version of the Visma Business business system. The customers that use this software form our most important source of revenue, and a new version implies the possibility to increase project sales as well as a longer lifetime with our customer base—and, over time, a greater proportion of recurring revenue. We have some ten customers running the software on a pilot basis, and we have secured project commitments that provide good prerequisites for 2023.

Net sales in Norway increased during the year, from MSEK 77 to MSEK 147. Most of the growth relates to the acquisition of Vitari, which was carried out in mid-2021 and consolidated as of June 2021. Adjusted EBITA was MSEK -1, compared with MSEK +9 in the previous year.

The year in Sweden

The operations in Sweden were stable and showed solid growth and good performance as well as a high degree of stability on the customer side. Over the year, there have been challenges relating to the supply of experienced staff and accommodating the staff turnover in some of the entities we acquired in 2021.

The market was very strong in the year as a whole, even though we were sensing a certain moderation towards the end of the year, with protracted decision-making processes. In essence, this is hardly surprising in view of all the uncertainties presented by the outside world. At the same time, the general investment readiness ought to diminish considering the increased costs of financing.

The slowdown is particularly noticeable in the e-commerce area, which typically involves projects on a somewhat larger scale. In times of uncertainty, it is easier to make decisions on, for example, automation, which ensures a rapid and fairly certain return. A project to open additional sales channels, on the other hand, is perceived as more risky. At the same time, we assess our positioning towards B2B e-commerce to be less vulnerable than of those dealing with more consumer-oriented solutions.

Net sales in Sweden increased by 34 percent during the year, to MSEK 460 (344), and adjusted EBITA increased to MSEK 90 (63).

The market and our priorities going forward

2021 and 2022 marked a very expansive period for us, driven both by a generally high demand for digital operational support among our customers and target groups and a favourable market for business combinations, which has allowed us to expand our customer base much faster than we could have done organically.

Our financial target is to reach net sales of MSEK 1,000 with an EBITA margin of 20 percent adjusted for acquisition-related personnel expenses sometime during the period 2023–2025, and up to now, we have put a little more focus on growth than on margins.

As we enter a period with higher costs of financing and more overall uncertainty regarding economic activity, it seems like a good time for us to review our existing assets and ensure that we consolidate our position and streamline our operations wherever possible. This stance has also been triggered by our weak performance in Norway in terms of profit, and since Q4 2022, some initiatives have been carried out and others are under way with the aim of strengthening our margins.

The uncertainties notwithstanding, we feel that the market is doing well overall; although deals take longer to close, the overall level of activity is healthy, with many interesting deliveries in the order backlog and plenty of new business opportunities in our sales pipeline. Our existing customers remain loyal and, as always, account for the largest part of our turnover. However, the conditions for acquisition are currently worse than before, since buyers and sellers have difficulty finding price levels that work for both parties.

Yet, on balance, our informed opinion is that 2023 will be a year that continues to provide the conditions for good growth.

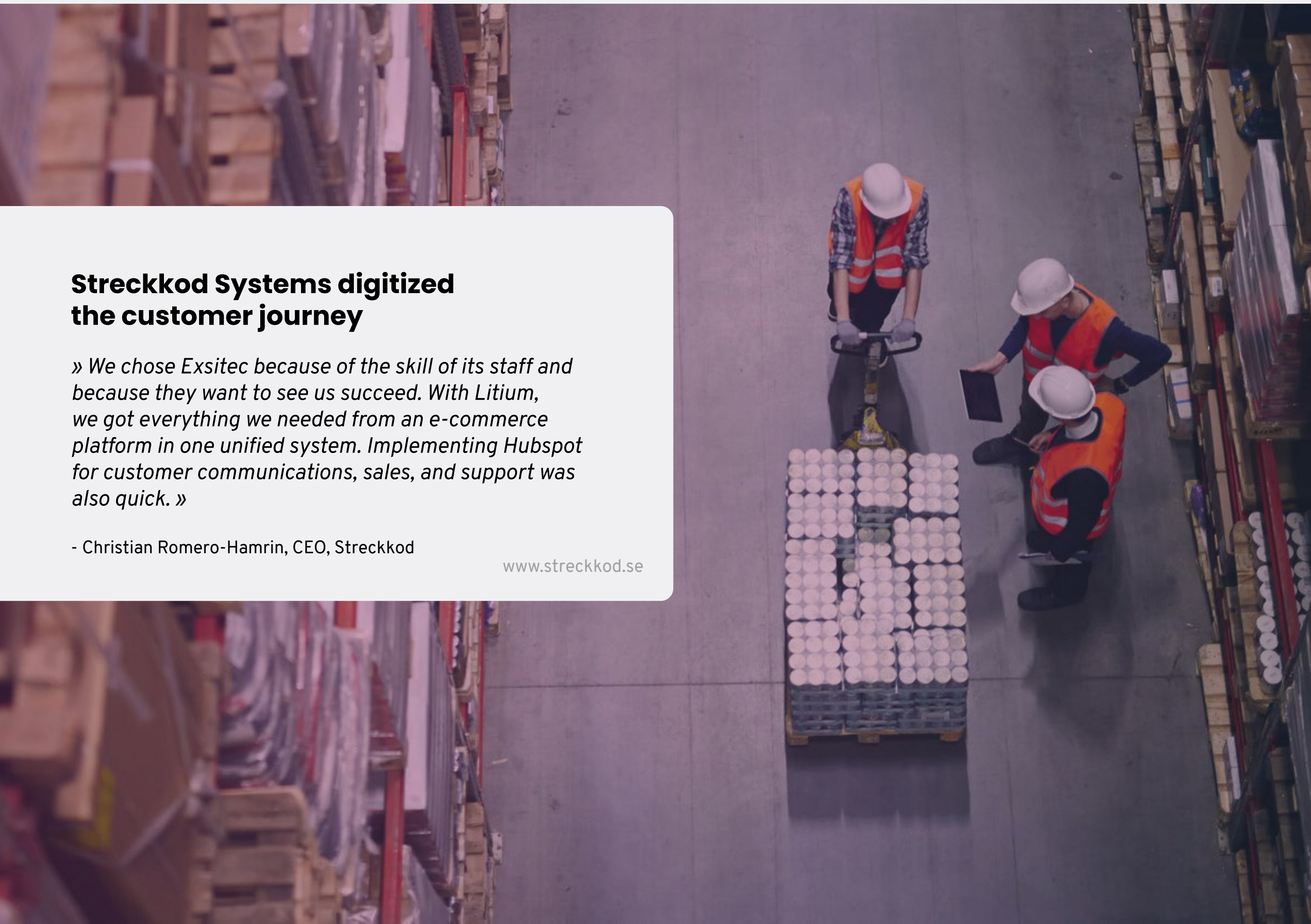
Johan Kallblad

Boråstapeter opted for modern and flexible invoice management

» We went with Medius, because we got the impression that it is a modern and flexible program that can be easily adapted to needs that may change over time. We were really impressed with the smooth implementation phase, and Exsitec's consultants guided us through the process with a high level of professionalism and commitment. »

- Jessica Kuhlman, Finance Manager, Boråstapeter

www.borastapeter.se



Streckkod Systems digitized the customer journey

» We chose Exsitec because of the skill of its staff and because they want to see us succeed. With Litium, we got everything we needed from an e-commerce platform in one unified system. Implementing Hubspot for customer communications, sales, and support was also quick. »

- Christian Romero-Hamrin, CEO, Streckkod

www.streckkod.se

5 reasons to invest in Exsitec

Market-leading position in IT-supporting software for medium sized companies

The combination of a comprehensive and high-quality offering and a market-leading position in our areas of expertise gives us a strong position in the market. We select good software, ensure that it works in the customer's operations, and take responsibility after delivery, which allows our customers to focus on what they do best: their business and their clients. We want to live with our customers for a long time—preferably forever—by applying digital tools to solve the operational problems that arise in their everyday life.

The software we select is in part industry specific but mostly industry agnostic, which means that our customers are active in a very wide range of industries, from wholesalers to IT consultants and software companies.

Underlying growth with selective acquisitions added on top

Our land-and-expand model is about not doing everything at once; rather, we assist new customers with one initial operational problem first to create trust in our ability to accompany them on a long journey of digitalization. Consequently, our customers tend to stay with us for a long time, and we can grow from an existing customer for an extended period of time from its first software purchase.

In addition, we are using acquisitions to grow our customer base more rapidly. By growing through acquisitions, we can both enhance our market position and achieve certain economies of scale. Moreover, we can help the acquired customer base with more business problems by means of our wider offering.

In the past ten years, we have carried out more than 15 acquisitions of varying sizes, and, in combination with our land-and-expand model, our annual average growth rate has been 34 percent since 2012.

Popular trainee programme

We have implemented trainee programmes ever since 2013, and today, the trainee programme ranks among the largest and most popular in Sweden. The trainee programme is one of the cornerstones of our growth journey and without all hungry trainees, Exsitec would not have been the organization it is today. We are very proud of our ability to accept students from different universities and get them to deliver customer value after completing the trainee programme, and this has ensured that Exsitec is less restricted by a lack of IT skills than other companies in our industry. About 40 percent of all employees have completed the trainee programme, and a majority of our managers have received training through our internal leadership programmes. In 2022, we accepted about 100 trainees in Sweden, Norway, and Denmark.

Proven good profitability

Our financial target is to achieve an EBITA margin of 20 percent by the end of 2025. Over the past five years, the average EBITA margin was 17 percent. The enhancing of performance will be derived from improved efficiency in the consultancy organization coupled with a slightly higher proportion of bundled deliverables and more recurring software revenue.

Balanced revenue model with limited capital requirements and low risk

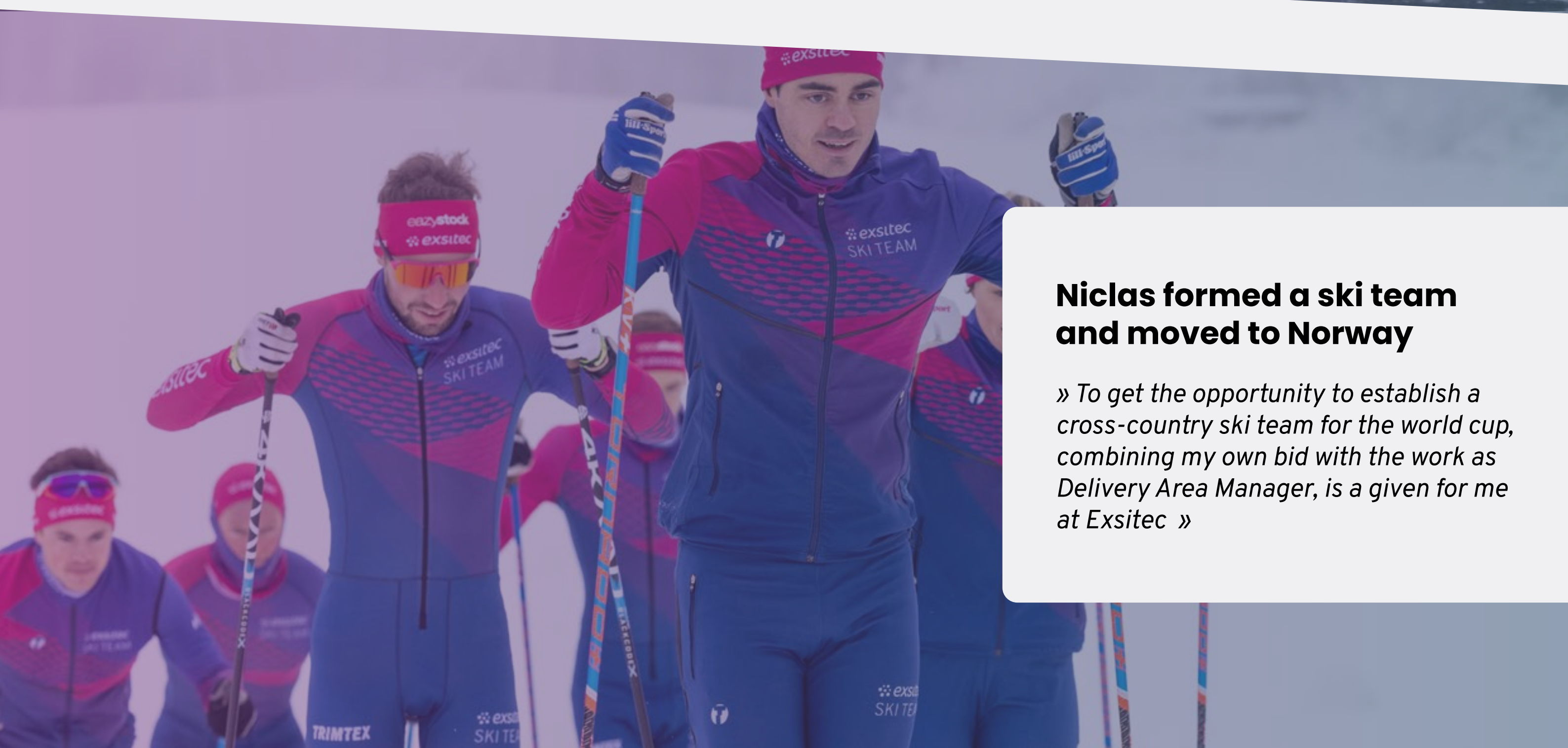
During 2022, we served approximately 4,000 customers, none of which accounted for more than 1.5 percent of our sales. Our revenue model is based on three cornerstones: revenue from software, from consultancy services, and from ongoing support. The basis of our software revenue is that we are a retailer for about 20 software products delivered in a SaaS model, which gives us low internal development costs but high customer loyalty as we offer ready-made integrations between the software products and provide overall support through a single point of contact. Over the years, we have proved our ability to add new offerings and gradually reduce our dependency on individual suppliers. Thus, our revenue is, for the most part, recurring in nature, and we have a low degree of reliance on individual customers and suppliers.

Exsitec gave Lena's career a boost

» The combination of experience and youthful drive allows us to create fantastic outcomes for the customers together »

Niclas's experience creates a backdrop of security

» The more advanced and tricky it gets to resolve the customers issues, the more fun I have at work »



Niclas formed a ski team and moved to Norway

» To get the opportunity to establish a cross-country ski team for the world cup, combining my own bid with the work as Delivery Area Manager, is a given for me at Exsitec »

Our mission

We deliver →
we provide →
in the long term

We work with och
creates digital things

A solution to a problem
A composition of things

We deliver digital solutions that improve our customers' businesses and make a real difference.

To improve and make
a difference is to be
forward thinking
and proactive

It works – for
real and long-term

By combining selected systems and services into a performing whole, we create the conditions for each customer to achieve their ambitions.

We select market leaders
components and combines
for the customer's needs, both
ready systems but also
our services are given space

Different compositions
to different customers

Growth, profitability,
streamlining, new
markets etc etc

Our strategy

We want to be a place where our employees can develop and thrive.

Our customer relations shall be mutually and ever evolving, and we shall be our customers' first choice for new IT investments.

We strive for a high rate of recurring revenue.

Our operations shall be sustainable for our employees as well as our environment.

Our decisions and actions shall be characterized by good ethics and stand up to external scrutiny.

Our aims

A strong company culture is the most important success factor for Exsitec.

We select good software products, ensure that they work together in the customer's business, and take responsibility for the whole.

We aim to be the market leader in the software we sell on our markets.

Trainee programmes and internal succession and sales talent management are core elements of our operations.

We make acquisitions that strengthen our market position or expand our customer base.

Our objectives

Ever-evolving customer relationships

Our offering, in combination with the right skillset, makes us an ever-relevant alternative for current and future customers.

Our company culture

A strong company culture is the most important success factor for Exsitec. The culture is in a constant state of flux and takes on new forms in a professional environment where employees thrive and develop.

Sustainable business conduct

Our business shall be characterized by good ethics and stand up to external scrutiny. In addition, it shall be conducted in a robust way with long-term and realistic objectives. Clearly, it is also a matter of fostering sustainability for the people within our business.

Sweden

Revenue: 467 MSEK
Employees: 390
Cities: Luleå, Borlänge, Söderhamn, Stockholm, Uppsala, Linköping, Norrköping, Jönköping, Borås, Göteborg, Malmö, Helsingborg, Karlstad, Örebro

Norway

Revenue: 147 MSEK
Employees: 116
Cities: Hvalstad, Stjørdal, Tønsberg, Sandnes

Denmark

Revenue: 49 MSEK
Employees: 36
Cities: Aarhus, Köpenhamn

Together, we are digitalizing the Nordics

During 2022, we have continued to invest in our employees by offering education and development opportunities that encourage their professional growth and individual well-being. We believe in providing a workplace where everyone can feel at home and flourish, regardless of which Nordic city they are in.

By investing in our employees, taking responsibility for the industry and applying our culture, we believe that Exsitec can remain a leading employer in the IT sector while we at the same time help shape the future of the industry as a whole.

Exsitec's culture

A strong company culture is one of the most important success factors for Exsitec. The culture is in a constant state of flux and takes on new forms in a professional environment where our employees thrive and develop.

Exsitec's culture is based on the values that guide our actions: ambition, simplicity, commercial reasonableness, and joy. Our culture ultimately stems from the people working with us and their unique contributions to the company. Every person at Exsitec is an important part of our culture, and we encourage diversity and pluralism to create a dynamic and inclusive workplace. As a rapidly growing company, we look at our culture as an organic process that is constantly changing and evolving as new colleagues join the company, not least through our acquisitions.

We believe that recruiting people who share our values and can contribute to our continued development will enable us to create a strong and positive culture at Exsitec.

We train the IT specialists of the future

At Exsitec, we take responsibility for training the IT specialists of the future, thus combating the skills shortage within the IT industry. We are dedicated to creating a working environment that encourages the training and skills development of our employees. We believe that investing in our employees will empower us to continue to supply the best solutions to our customers and at the same time strengthen the IT industry as a whole.

We endeavour to offer our employees opportunities for further training and skills development, both within and outside the company, to ensure that they have the skills necessary to address the challenges the IT industry is facing. By supporting and encouraging our employees to continue to develop their knowledge and skills, we are helping to forge the IT specialists of the future while consolidating our position as a leading operator in the IT industry.

» I am constantly impressed by all the extremely nice and competent colleagues around me. It is something I greatly appreciate.»

Lars Hellgren, Business Systems Consultant

In-house training and career

At Exsitec, we view career development as a common journey that the company undertakes together with the individual. We have no wish to put our employees in boxes where it is predetermined what their roles will involve today and in the future. Instead, we want our employees to feel that they have room to develop at their own pace, with influence over when and if they want to take their next career steps.

We believe that a large part of achieving our growth objectives is about giving our employees the opportunity to experience a variety of roles and grow in their careers. We are proud to offer our employees a wide range of carrier paths and support them in finding the right one that leads towards attaining their personal and professional goals.

» We are a responsive company with leaders who listen. We think that it is more important to find your own way than to go the formal route. »

Mats Stegemann, Head of Culture

We urge our employees to take initiatives and try out new roles within the company, at the same time as we ensure that training and development opportunities are available to strengthen their skills and abilities. Examples of training include the trainee programme, the mentoring programme, the project management academy, and our leadership programme.

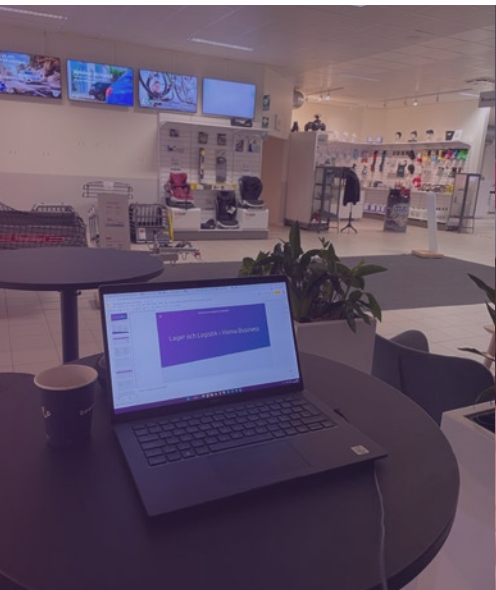
For us, it is important that you as an employee take responsibility for your own development with support from the company's managers. By offering our employees the opportunity to grow within the company, we believe that we not only contribute to our own growth but also to the creation of a workplace where our employees can thrive and feel motivated to develop together with us.

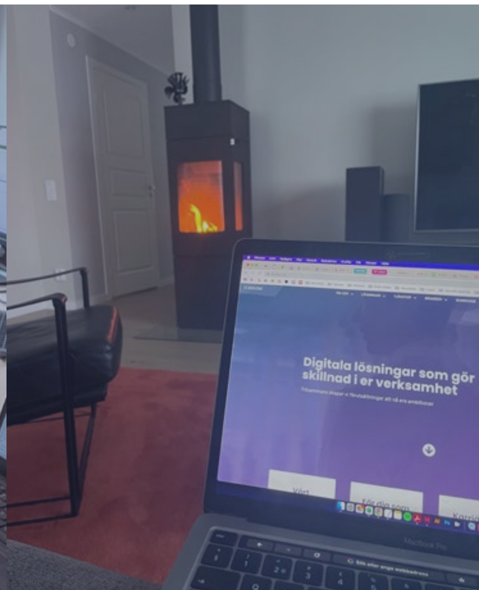
Welcome home

At Exsitec, we want our employees to feel at home in the workplace. We are proud to have offices from Copenhagen in the south and Stavanger in the west to Stockholm in the east and Luleå in the north. In smaller towns, capitals, university cities. We ensure that each office has its own unique culture while maintaining a strong corporate identity across the entire company.

We believe it to be of importance that our employees get the opportunity to work in a location that feels right for them, and that they have access to support and resources that make it possible for them to flourish within the company regardless of where they are located geographically.

We strive to create a workplace where our employees can thrive and develop and where they can feel like part of a community that extends across the entire country.





An attractive employer

After the success of our trainee programmes year after year—not least the most recent, in which 88 recent graduates participated—we now have one of the most attractive trainee programmes in Sweden. In early 2023, we were named among the top six trainee programmes in IT by Karriärföretaget. This award reflects the achievements during 2022.

» We are incredibly proud to have been recognized as one of the most attractive trainee programmes in the country. We invest in our employees from day one and give them opportunities to grow and develop in the company. This award is a confirmation that our strategy is right and that we continue to be a strong employer for talents. »

Emma Billenius, Head of HR

To ensure continued and long-term growth, we will work towards establishing the employer brand even more strongly in relation to both young professionals and candidates of a more executive nature.

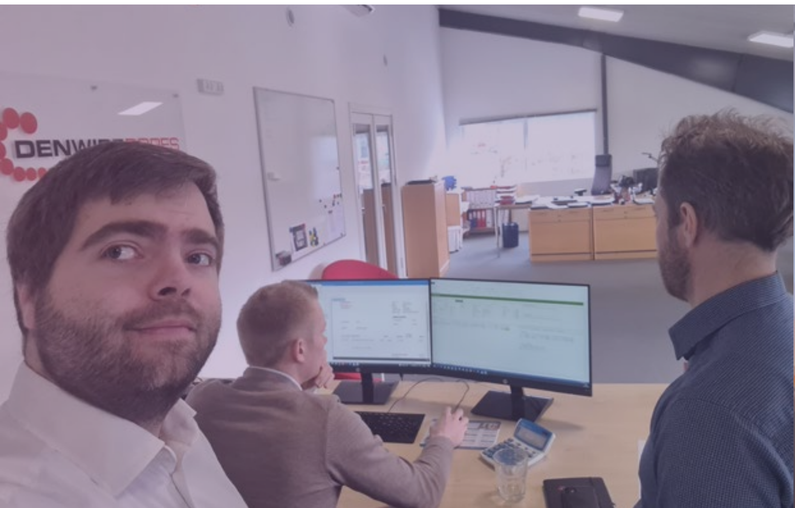
Employee satisfaction

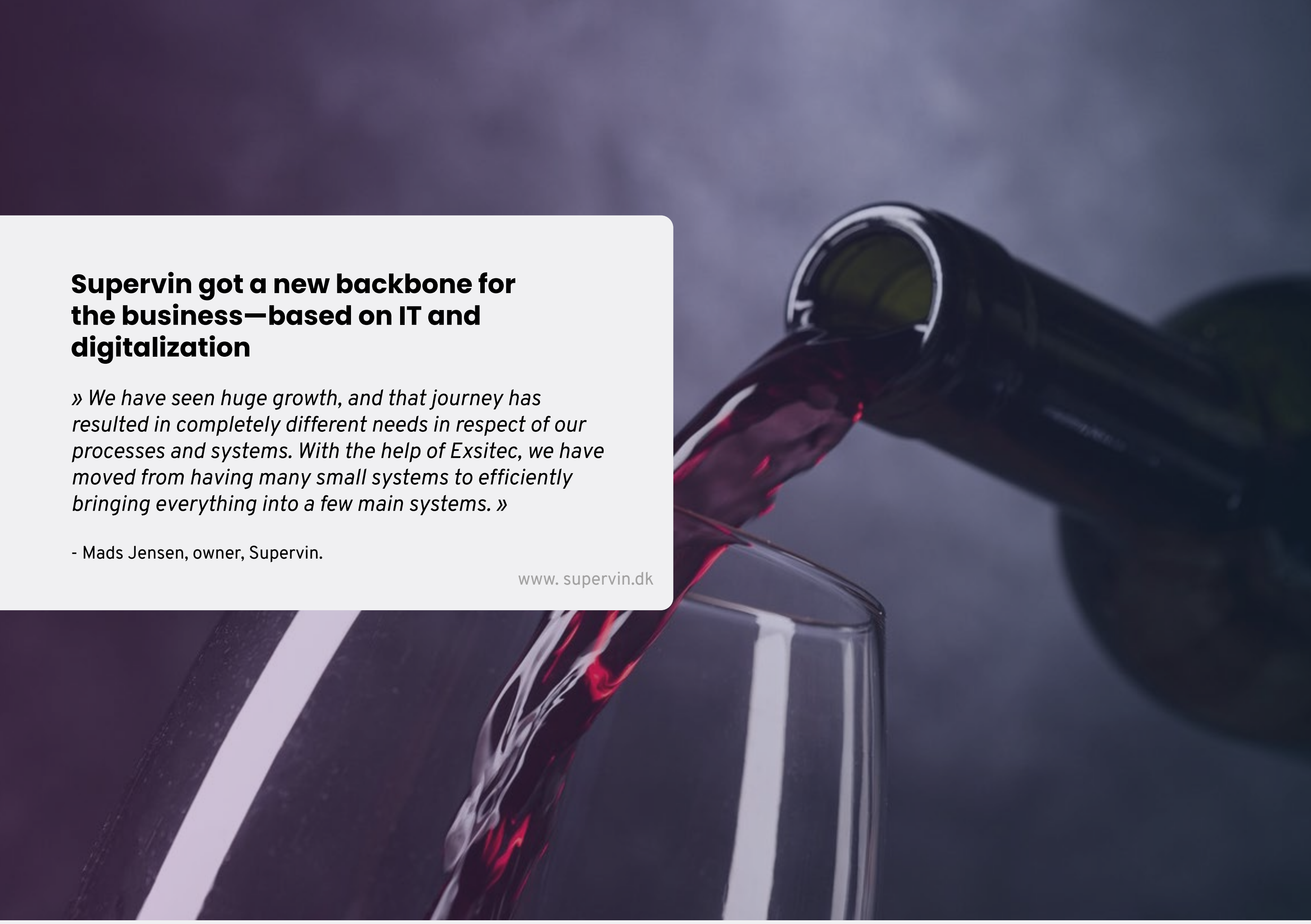
At Exsitec, we are continuously engaged in efforts to improve our working environment and culture, and we seek to always be one of the most attractive employers. As such, we conduct regular employee evaluations to measure employee satisfaction and identify where we can intensify our efforts to make Exsitec a better place to work together. We believe that listening to our employees and continuously developing our culture are our best means to continue to offer present and future colleagues the best possible career prospects.

Work on gender equality

At Exsitec, we are incredibly proud that Cinode named us a gender-equal consulting company in 2022. This award is very important to us, as we actively promote gender equality and diversity both within the company and in the industry at large. The percentage of women in Exsitec's workforce is curently 40 percent.

Although there is a positive trend for more companies to achieve the title "Equal Consulting Company", the industry still has a long way to go to achieve complete equality. We are committed to continue working to promote gender equality in the workplace and promote the position of women in the technology sector.



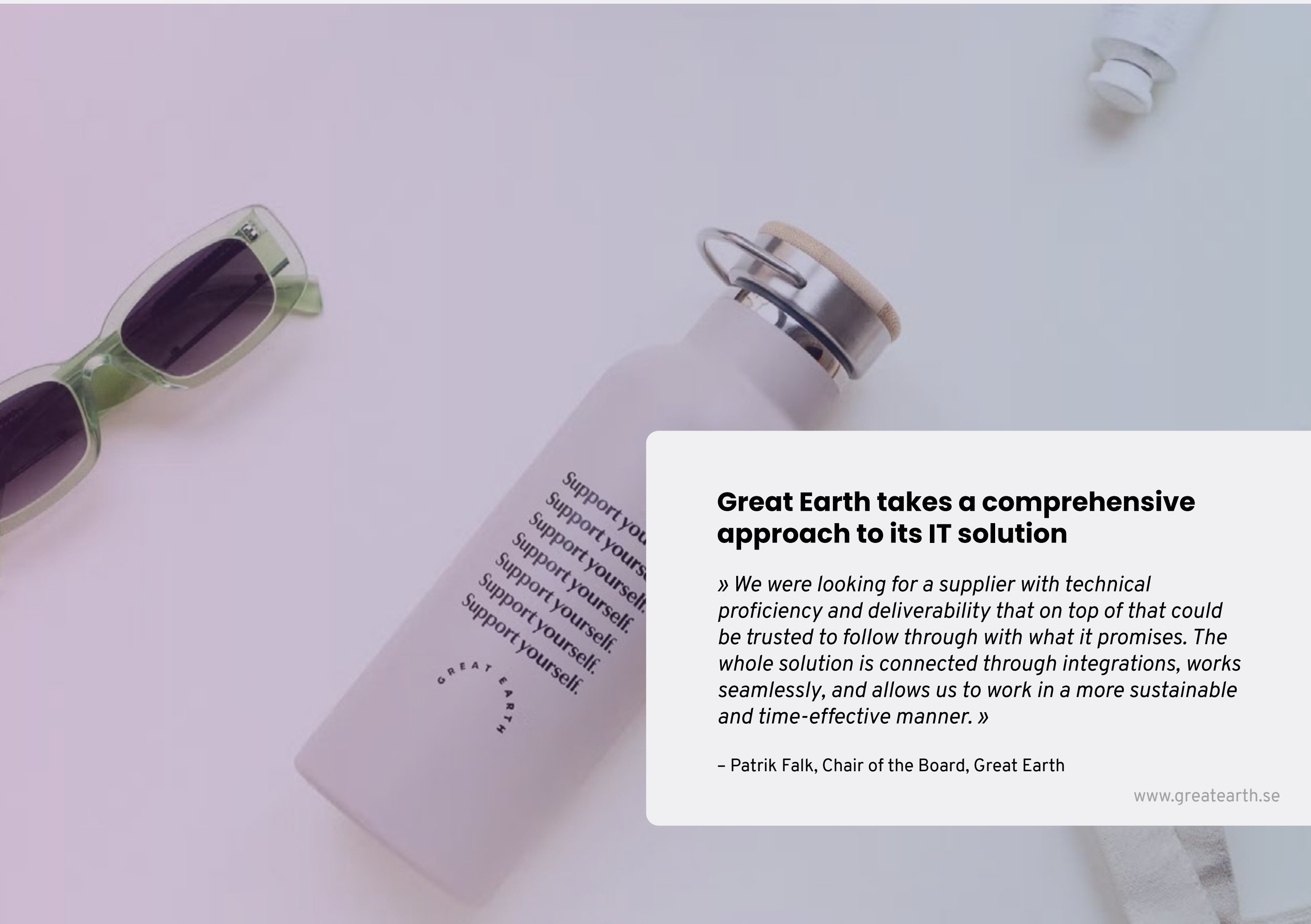



Supervin got a new backbone for the business—based on IT and digitalization

» We have seen huge growth, and that journey has resulted in completely different needs in respect of our processes and systems. With the help of Exsitec, we have moved from having many small systems to efficiently bringing everything into a few main systems. »

- Mads Jensen, owner, Supervin.

www. supervin.dk



Great Earth takes a comprehensive approach to its IT solution

» We were looking for a supplier with technical proficiency and deliverability that on top of that could be trusted to follow through with what it promises. The whole solution is connected through integrations, works seamlessly, and allows us to work in a more sustainable and time-effective manner. »

– Patrik Falk, Chair of the Board, Great Earth

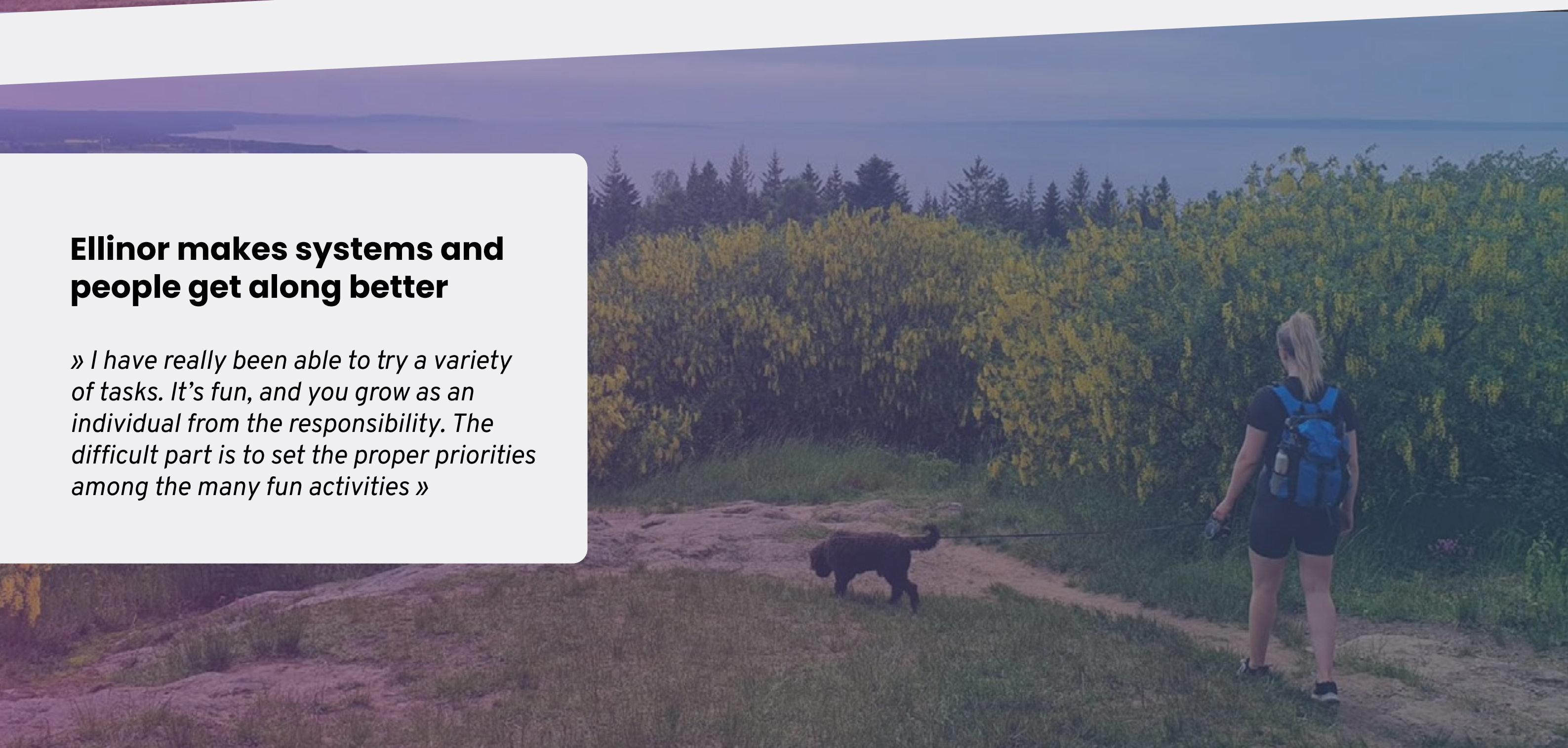
www.greatearth.se

Tine combines her job in marketing with her dream of becoming a singer

» I am working to spread Exsitec's brand, and it was extra fun that my appearance on The Voice could contribute to Exsitec getting some additional PR and visibility as a company »

Philip took his bike from Miami to San Diego

» If you have a dream to accomplish something, my experience is that Exsitec will always have your back »



Ellinor makes systems and people get along better

» I have really been able to try a variety of tasks. It's fun, and you grow as an individual from the responsibility. The difficult part is to set the proper priorities among the many fun activities »

We let sustainability take place in our everyday life

Exsitec's greatest opportunity to contribute to a sustainable future is closely linked to the business model and its capacity to create more efficient and simpler modes of working for our customers. In addition, there is strong and healthy awareness of sustainability issues among our staff as we let such matters take place in our everyday lives.

An obvious guideline

The human impact on the climate and the ecological balance undermines the conditions for the planet in the long term.

The lack of equality and diversity and poor mental and physical health present considerable costs and inefficiencies to society.

In view of these challenges, it is a matter of course for us to hold sustainability as one of the key strategic guidelines of the company.

Our potential

Quality work on sustainability issues is important to us because it breeds involvement and dissemination of knowledge among our staff.

In addition, it makes us relevant as an employer and a supplier, as, in our view, the sustainability issue today has become an integral part of everyday life and is not something that can be addressed internally as a distinct focus area.

Our way of working

Sustainability work is constantly evolving. Our Sustainability Manager has, in consultation with the company's Board of Directors, defined a set of objectives based on the recognized ESG framework.

We have opted to translate the terms to instill a more casual feeling together with our own concept 'The Sustainability Year', which involves dividing the year into focus periods. More information about this can be found below.

The work involves initiatives aimed at establishing sustainable business practices in tandem with our customers as well as supporting activities such as cooperation with women's associations in IT, but of course also the continuous improvement of internal procedures and guidelines.

Reporting

Together with our auditors, we have evaluated the extent to which our operations fall under the EU taxonomy or the newer Corporate Sustainability Reporting Directive.

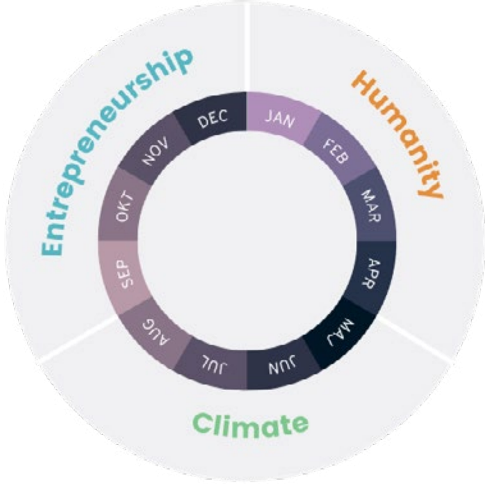
Together, we have judged that we currently are not subject to these regulations, but we are planning and preparing our operations to manage that kind of reporting in the future.

The Sustainability Year

The Sustainability Year is a concept of our own invention, which aims to create a recurring structure for initiatives linked to sustainability.

We divide the year into three focus periods, based on humanity, climate, and entrepreneurship, respectively.

These periods consist of planned activities but also encourage our aware employees to contribute to the effort.



This area includes issues regarding social responsibility, which comprise areas such as gender parity, diversity, human rights, occupational health and safety, and equality.

We launch initiatives to support developments in this field, but the work mainly involves actively taking into account issues of equality and diversity and ensuring that we have insurance policies, compensatory time practices, and guidelines in place in the best interest of our employees. To set up programmes for skills development and personal development.

Exsitec’s objective

To provide a workplace free from discrimination, where our employees can develop and thrive.

This area relates to climate change and how to manage Earth’s resources in a responsible manner.

For an IT company, travel and management of electronics are the key areas to address. As such, we shall locate our offices in the proximity of train stations and have procedures for selecting and handling IT equipment responsibly. In addition, our staff shall receive training relating to climate impact.

Exsitec’s objective

To document our environmental impact and reduce our footprint on an annual basis.

This objective involves corporate governance topics such as sustainability reporting, due diligence, business models, strategies, and whistleblower systems.

This is about how we conduct our business responsibly, which entails that our level of reporting and transparency shall be appropriate in proportion to the scope of our operations.

Exsitec’s objective

To carry out operations that can stand up to external scrutiny

Selected initiatives

Climate Challenge

The month of May marks the beginning of the climate period, and we are kicking it off by challenging all the company's offices to join our internal climate competition.

Fannys förebilder

We have been a sponsor of the Fannys Förebilder podcast [Fanny's role models] since 2020. This is a cooperation that gives exposure as well as internal pride.

Cooperation with WCN

A number of events have been carried out in tandem with WCN (Women's Career Network).
This awakes pride among colleagues and creates role models for future talents.

Climate report

During the past year, Exsitec prepared its first climate report. This effort created the structure and conditions needed for the forthcoming sustainability reporting under the CSRD.

Sustainable IT operations

Our operating business in Östersund helps customers towards climate smart and secure operations. The service can easily be scaled up and down in step with the customer's needs.

Sustainable business

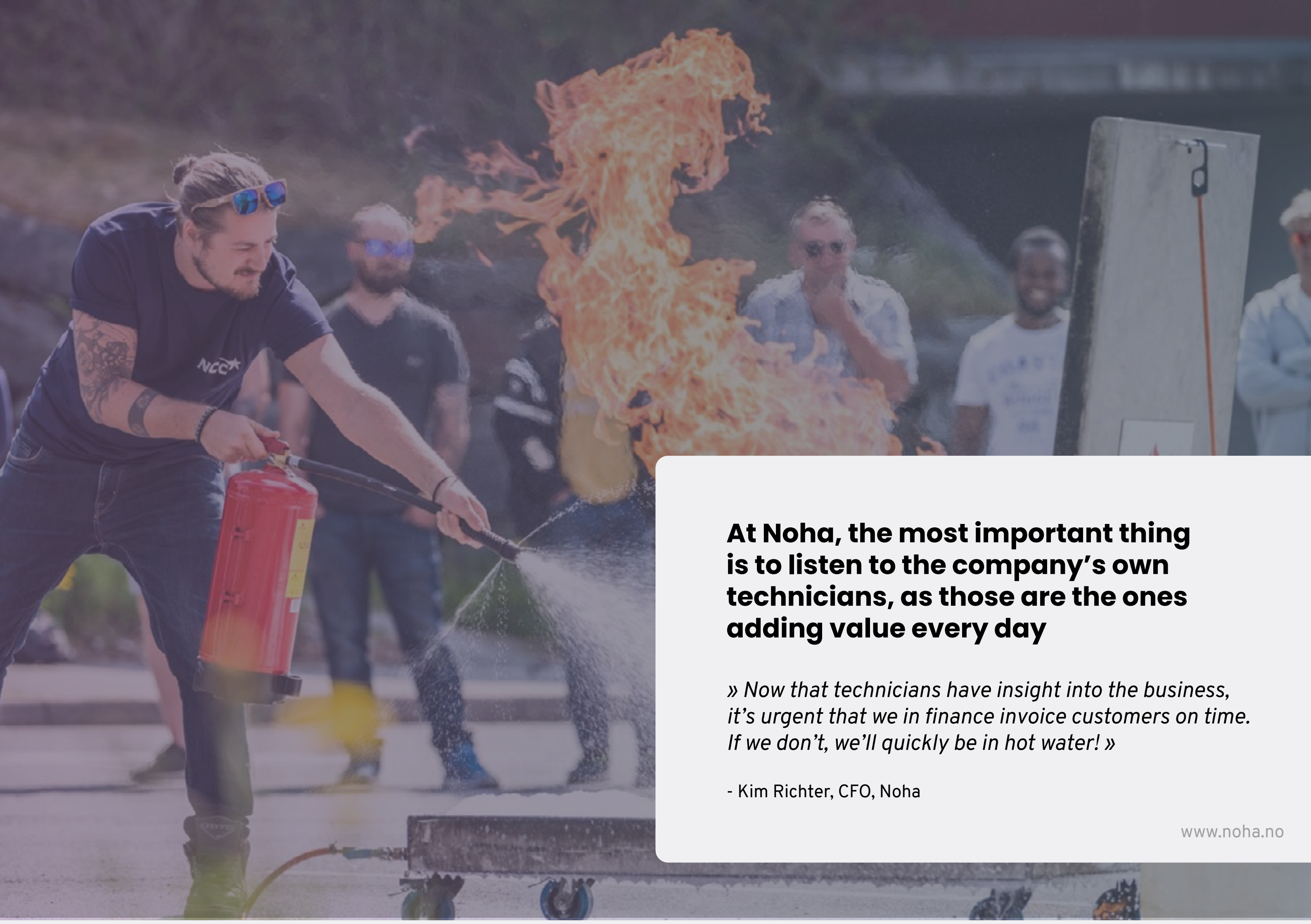
Naturally, our largest sustainability impact by far comes from the hundreds of projects carried out with our customers every year.
Our projects save an immense amount of resources each year as our digitalization of work processes progresses.

Equality & diversity

Several projects that seek to promote equality and diversity, both at Exsitec and in the IT industry at large, are under way.

Health & wellness

Friday runs, step challenges, or team training for the skiing relay race Stafettvasan.
The wellness allowance is put to good use, in combination with an activity bonus paid per employee per month.



At Noha, the most important thing is to listen to the company's own technicians, as those are the ones adding value every day

» Now that technicians have insight into the business, it's urgent that we in finance invoice customers on time. If we don't, we'll quickly be in hot water! »

- Kim Richter, CFO, Noha

www.noha.no

Møller Eiendom chose Visma.net ERP

» We depend on Exsitec's deliverables to function. And they do. Exsitec has helped us find solutions and processes that make it possible for us to avoid having to take on more employees to manage accounting and administration. The time gained from having better systems increases our profitability. »

– Mette Arntzen Bjerke, Concept & Digitalization Manager, Møller Eiendom

www.mollereiendom.no

Share information

Exsitec Holding AB is listed on Nasdaq First North Growth Market since 16 September 2020 and trades under the ticker EXS. The ISIN code is SE0014035762.

Share turnover and performance

As a result of the general reassessment of companies, the market capitalization has fallen since the beginning of 2022. During the year, 1,651,293 shares were traded, and the average volume per day of trading was 6,579 shares. The total value traded in 2020 amounted to MSEK 259. At the end of the year, Exsitec Holding's market capitalization amounted to MSEK 1,759, and the closing share price for the year was SEK 136.50 per share. The share traded at a high of SEK 232 (on 4 January) and a low of SEK 123 (on 16 November).

Share capital

As of 31 December, the share capital amounted to SEK 644,420 (637,826). The number of shares amounted to 12,888,396 (12,756,517), none of which held in own custody, and the quota value was SEK 0.05 per share. All shares carry the same voting rights at the annual general meeting, which means that one share entitles the holder to cast one vote. Moreover, all shares carry equal entitlement to the company's earnings and assets. Exsitec Holding AB did not hold any of its own shares during 2022, nor at the time of publication of this report.

Share performance

Ownership

The largest shareholders as of 2022-12-31 and known changes thereafter.

Owners	Shares	%
Syntrans AB (Chairman of the Board)	2 400 000	18,6%
Creades AB	1 297 977	10,1%
Cliens Fonder	1 229 936	9,5%
Grenspecialisten	1 090 351	8,5%
Southstreet Invest AB (CEO)	1 025 000	8,0%
Berenberg Funds	679 207	5,3%
Enter Fonder	625 504	4,9%
Handelsbanken Fonder	470 000	3,6%
Humle Fonder	434 039	3,4%
Danske Invest	420 000	3,3%
Other owners	3 216 382	25,0 %
	12 888 396	**100 %**

Dividend policy

In light of the change of accounting policy to IFRS, the Board of Directors has resolved on a new dividend policy. According to the new policy, Exsitec's goal is to distribute 40 percent of profit after tax, taking into account the Company's financial position, capital structure, and future growth prospects.

Ordinary dividends

The Board of Directors proposes that a dividend of SEK 1.75 per share be paid, which is equivalent to 40 percent of the profit after tax for 2022.

Management Team

During the year, the management team for Exsitec Holding AB has changed to better reflect how the management work is conducted. The previous management group has been divided into a management group and people in senior positions. The management team includes Johan Kallblad, Anna Gustafsson, Emma Billenius and Jonas Boquist.

Johan Kallblad

Anna Gustafsson

Emma Billenius

Jonas Boquist

Johan Kallblad

Chief Executive Officer
since 2010

Born: 1972

Education: Master of Science in Industrial Economics at the University of Technology at Linköping University. Executive Management Program at Stockholm School of Economics.

Ongoing assignments: Board member of Southstreet Invest AB, Östsvenska Handelskammaren and Buzzcloud AB

Holdings in Exsitec: 1,025,000 shares (through company)

Anna Gustafsson

Chief Financial Officer
since 2010

Born: 1977

Education: Degree of Master of Science in Business Administration and Economics at Jönköping International Business School.

Holdings in Exsitec: 11,200 shares and 625 warrants

Emma Billenius

Chief Human Resources Officer
since 2013

Born: 1981

Education: Subject teacher education in Swedish with a focus on upper secondary school at Linköping University.

Ongoing assignments: Board member of Redeploy AB, board deputy in Carsoftus Invest AB

Holdings in Exsitec: 1,500 shares and 1 250 warrants

Jonas Boquist

Chief Operating Officer
since 2016

Born: 1973

Education: Master of Science in Physics and Electrical Engineering at KTH Royal Institute of Technology.

Ongoing assignments: Board deputy in Boquist Psykoterapi AB

Holdings in Exsitec: 12,500 shares and 625 warrants

Board of Directors

Peter Viberg

Anders Englund

Åsa Holmström

Per Eriksson

Erlend Sogn

Per Eriksson

Board member since 2022

Born: 1961

Education: Master of Business Administration from Stockholm University.

Ongoing assignments: Board member of Accedo.tv, Elysium Studios AB and Lady Luck Games, and Senior Advisor at eEquity.

Other assignments over the past 5 years: Executive at CASCADE GLOBAL LTD, CEO at NetEnt.

Independent in relation to major shareholders.

Holdings in Exsitec: -

Peter Viberg

Chairman since 2017

Born: 1963

Education: Master of Science in Physics and Electrical Engineering at Linköping University.

Ongoing assignments: Board member and CEO of Syntrans AB, chairman of Maskinia AB, board member Vita Vonni AB

Other assignments over the past 5 years: Chairman of the Board of Attentec AB, Shapeline AB and Skyqraft AB. Board member of Wematter AB.

Dependent in relation to major shareholders.

Holdings in Exsitec: 2,400,000 shares (through company)

Anders Englund

Board member since 2017

Born: 1960

Education: Master of Science in Computer Science at Linköping University.

Ongoing assignments: Marketing Manager at Attentec AB.

Other assignments over the past 5 years: CEO at Attentec AB, Board member of IT & Telekomföretagen.

Independent in relation to major shareholders.

Holdings in Exsitec: 4,000 shares

Åsa Holmström

Board member since 2019

Born: 1965

Education: Mathematics and computer technology at Stockholm University.

Ongoing assignments: Chairman of the Board of E-Gogo E-Sports AB. Board member of The Incredible Journey AB and Nerve Consulting AB.

Other assignments over the past 5 years: Board member of Exalt AB (publ) and CEO of Ninetech AB.

Independent in relation to major shareholders.

Holdings in Exsitec: 4,000 shares (through company)

Erlend Sogn

Board member since 2022

Born: 1964

Education: Gothenburg School of Economic.

Ongoing assignments: Board member of Sportscomputing AB and Subscription Asset AB, Chairman of the Board of Onetwo3 AB.

Other assignments over the past 5 years: Managing Director of Visma Software AS and Visma Real Estate AS

Independent in relation to major shareholders.

Holdings in Exsitec: -

Financial reports

Org.nr. 559116-6532

Management Report

The Board of Directors and Chief Executive Officer of Exsitec Holding AB, corporate registration number 559116-6532, seated in Östergötland county, municipality of Linköping, hereby present the annual and consolidated accounts for the financial year 2022. All amounts are stated in KSEK, swedish krona, unless specified otherwise.

The operations in general

Exsitec supplies IT support with the aim of reducing our customers' administration and helping our customers derive insights from their data, retain and acquire customers, use e-commerce and digital marketing to increase their sales and presence, and provide access to the support systems for as many users as possible in their operations. Our vision is to make the daily lives of our customers more efficient, simple, and enjoyable by means of the best possible IT support for their businesses. We select good software and cloud services, ensure that they work together in the customer's operations, and take responsibility after the project by offering support, management, and further development of the customer's IT systems.

Net sales and profit

In 2022, net sales amounted to MSEK 657, which corresponds to a growth of 43 percent over the 2021 turnover. Organic growth accounted for 10 percent of the sales growth, while the rest was attributable to acquisitions. Adjusted EBITA amounted to MSEK 92, which is an increase compared with the previous year's MSEK 72 and entails an adjusted EBITA margin of 14 percent.

Significant events during the financial year

During the year, six acquisitions were carried out, one in Norway, two in Denmark, and three in Sweden. Of these acquisitions, Spot On Solutions i Norden AB is the significant one. Overall, Spot On Solutions i Norden AB contributed net sales of MSEK 43.

During the last quarter of 2022, Exsitec Holding AB moved from reporting in accordance with K3 to IFRS. The aim is to improve transparency and clarity towards our investors and the stock market. The most significant impact is that we henceforth report our recurrent software revenue on a net basis, which reduces net sales but has no impact on profit or loss.

In 2022, Exsitec was ranked among the top ten most attractive and exciting employers of IT students in Karriärföretagen's annual award. We have a strong focus on attracting young talent, and in August, we launched the largest trainee programme in the Group's history with 90 new colleagues in Sweden, Norway, and Denmark.

In addition, we were named Partner of the Year by Visma, Medius, and Planacy, which we take as a token that we are doing a good job for both our partners and the customers that use their software.

Future development

During 2022, we continued to work towards reaching our financial targets sometime between 2023 and 2025: an EBITA margin adjusted for acqusition-related personnel expenses of 20 percent and net sales of MSEK 1,000. We still see that the growing proportion of recurring contract revenue gives us a good opportunity to strengthen our margins. When we succeed in our vision of serving our customers in ever-evolving customer relations, it lays a solid foundation for our operations and finances. Our expectation for 2023 is that we will give priority to organic growth and profitability, and we may, if opportunities arise, carry out selective acquisitions.

Multi-year overview

Multi-year overview, The Group

	2022	2021	2020*	2019*	2018*
Net sales	656 582	460 187	292 352	261 884	177 657
EBITA	97 515	66 604	52 482	36 803	29 865
EBITA (%)	15%	15%	18%	14%	17%
Adjusted EBITA**	91 569	76 548	49 182	36 803	29 865
Adjusted EBITA (%)**	14%	17%	17%	14%	17%
Profit or loss after net financial items	73 901	52 985	13 611	874	-3 621
Operating margin (%)	12%	12%	5%	1%	neg.
Return on equity (%)	20%	180%	9%	1%	neg.
Balance sheet total	748 795	660 658	216 888	196 263	200 164
Solidity (%)	49%	45%	68%	50%	54%
Average number of employees	490	431	207	168	129

*The periods 2018 to 2020 are prepared in accordance with previously applied accounting policies, K3.
** Adjusted EBITA excludes the following: acqusition-related personnel expenses for all periods; MSEK 21 from the Danish subsidiary's sale of business in 2022; adjustment for economic relief packages of MSEK 3.3 from the Swedish Agency for Economic and Regional Growth recognized as revenue in Q4 2020 and expensed in 2021 in connection with a repayment claim.

Multi-year overview, Parent Company

	2022	2021	2020	2019	2018
Net sales	14 545	6 950	2 400	–	–
EBITA	508	1 084	406	-2	-72
Profit or loss after net financial items	2 954	765	-8 741	-23 441	-10 048
Balance sheet total	231 471	243 124	130 627	126 954	161 310
Solidity (%)	99%	99%	100%	72%	70%
Average number of employees	5	1	–	–	–

Proposed appropriation of profit or loss

The following funds are available to the annual general meeting:

Share premium	343 610 523
Retained profit	-96 399 275
Profit or loss for the year	-19 017 040
	228 194 208

The Board of Directors proposes the following distribution:

Dividend to shareholders (SEK 1.75 per share)	22 554 693
Carried forward to new account	205 639 515
	228 194 208

Financial reports, The Group

Consolidated income statement

	Note	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Operating income			
Net sales	6	656 582	460 187
Other operating income	9	25 574	-1 072
Total operating income		**682 156**	**459 115**
Operating expenses			
Costs of external subcontractors and direct costs		-50 096	-31 297
Merchandise		-6 744	-8 454
Other external expenses	7, 31	-68 136	-44 097
Personnel expenses	8	-420 102	-285 362
Acquisition-related personnel expenses	34	-15 054	-6 644
Other operating expenses	10	-1 504	-791
Depreciation of tangible fixed assets		-23 005	-15 866
Amortization of intangible assets		-18 317	-10 806
Total operating expenses		**-602 958**	**-403 317**
Operating profit		**79 198**	**55 798**
Other interest income and similar items		144	326
Interest expenses and similar items		-5 441	-3 139
Total profit from financial items	**11**	**-5 297**	**-2 813**
Profit or loss before tax		**73 901**	**52 985**
Income tax	12	-17 784	-12 758
Profit or loss for the year		**56 117**	**40 227**

Earnings per share calculated based on profit or loss for the year attributable to the parent company's shareholders	Jan-Dec 2022	Jan-Dec 2021
Weighted average number of shares before dilution	12 842 150	12 345 838
Weighted average number of shares after dilution	13 354 650	12 858 338
Earnings per share before dilution, SEK	4.37	3.26
Earnings per share after dilution, SEK	4.20	3.13

Other comprehensive income	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Items that may be reclassified to profit or loss		
Translation differences for the year	5 724	110
Other comprehensive income for the year	**5 724**	**110**
Total comprehensive income for the year	**61 841**	**40 337**

Consolidated balance sheet

	Note	2022-12-31	2021-12-31	2021-01-01
ASSETS				
Fixed assets				
Goodwill	16	341 621	261 144	80 248
Other intangible assets	16	148 063	119 139	–
Tangible fixed assets	15,30	12 491	12 262	1 241
Right-of-use assets	17	27 518	39 113	25 779
Other long-term receivables	21	1 782	1 136	1 348
Deferred tax assets	26	970	1 068	–
Total fixed assets		**532 445**	**433 862**	**108 616**
Current assets				
Inventories	18	1 240	1 351	692
Accounts receivable	20	119 300	109 636	47 003
Other receivables	21	14 638	707	1 778
Prepaid expenses and accrued income	22	34 913	32 320	21 074
Cash and cash equivalents	23	46 259	82 782	59 178
Total current assets		**216 350**	**226 796**	**129 725**
TOTAL ASSETS		**748 795**	**660 658**	**238 341**
EQUITY AND LIABILITIES				
Equity	24			
Share capital		644	638	585
Other contributed capital		343 610	318 684	169 853
Reserves		5 834	110	–
Retained earnings incl. net profit for the year		13 728	-25 438	-28 809
Equity attributable to the parent company's shareholders		**363 816**	**293 994**	**141 629**
Non-controlling interests				6 053
Total equity		**363 816**	**293 994**	**147 682**
Long-term liabilities				
Liabilities to credit institutions	25,30	85 062	95 611	–
Other long-term liabilities	27	17 247	8 487	2 400
Lease liabilities	17	9 179	19 317	15 246
Deferred tax liabilities	26	31 083	25 092	–
Total long-term liabilities		**142 571**	**148 507**	**17 646**
Short-term liabilities				
Liabilities to credit institutions	25,30	54 299	41 800	–
Lease liabilities		15 198	16 978	8 635
Accounts payable		38 176	42 214	20 288
Current tax liabilities		16 810	11 810	6 400
Other short-term liabilities	28	46 539	53 086	16 799
Accrued expenses and deferred income	29	71 386	52 269	20 891
Total short-term liabilities		**242 408**	**218 157**	**73 013**
TOTAL EQUITY AND LIABILITIES		**748 795**	**660 658**	**238 341**

Consolidated statement of changes in equity

	Share capital	Other contributed capital	Reserves	Retained profit or loss including net profit for the year	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
Opening balance on 1 January 2021	**585**	**169 853**	**0**	**-28 809**	**141 629**	**6 053**	**147 682**
Profit or loss for the year	–	–	–	40 227	**40 227**	–	**40 227**
Other comprehensive income	–	–	110	–	**110**	–	**110**
Total comprehensive income	**–**	**–**	**110**	**40 227**	**40 337**	**–**	**40 337**
Transactions with shareholders							
New issuance	53	151 758	–	–	**151 811**	–	**151 811**
Issuance expenses	–	-2 927	–	–	**-2 927**	–	**-2 927**
Transactions with non-controlling interests	–	–	–	-20 471	**-20 471**	-6 053	**-26 524**
Dividend	–	–	–	-16 387	**-16 387**	–	**-16 387**
Total shareholder transactions	**53**	**148 831**	**–**	**-36 858**	**112 026**	**-6 053**	**105 973**
Closing balance on 31 December 2021	**638**	**318 684**	**110**	**-25 439**	**293 994**	**0**	**293 994**

	Share capital	Other contributed capital	Reserves	Retained profit or loss including net profit for the year	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
Opening balance on 1 January 1 2022	**638**	**318 684**	**110**	**-25 439**	**293 994**	**0**	**293 994**
Profit or loss for the year	–	–	–	56 117	**56 117**	–	**56 117**
Other comprehensive income	–	–	5 724	–	**5 724**	–	**5 724**
Total comprehensive income	**–**	**–**	**5 724**	**56 117**	**61 841**	**–**	**61 841**
Transactions with shareholders							
New issuance	6	24 991	–	–	**24 997**	–	**24 997**
Issuance expenses	–	-65	–	–	**-65**	–	**-65**
Consolidated adjustments	–	–	–	2 183	**2 183**	–	**2 183**
Dividend	–	–	–	-19 135	**-19 135**	–	**-19 135**
Total shareholder transactions	**6**	**24 926**	**0**	**-16 952**	**7 980**	**–**	**7 980**
Closing balance on 31 December 2022	**644**	**343 610**	**5 834**	**13 727**	**363 816**	**0**	**363 816**

Consolidated cash flow statement

	Note	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Cash flow from operating activities			
Profit or loss after financial items		73 902	52 986
Adjustments for items not included in cash flow	35	56 283	33 316
Income tax paid		−17 852	−13 589
Cash flow from operating activities before change in working capital		**112 333**	**72 713**
Cash flow from change in working capital			
Increase/Decrease in operating receivables		−3 979	−31 692
Increase/Decrease in operating liabilities		−18 253	11 892
Total change in working capital		**−22 232**	**−19 800**
Cash flow from operating activities		**90 101**	**52 193**
Cash flow from investing activities			
Acquisition of subsidiaries less acquired cash and cash equivalents	33	−78 346	−241 964
Change in long-term receivables		−349	337
Acquisition of intangible assets		−3 371	−158
Investment in tangible fixed assets		−2 467	−3 124
Cash flow from investing activities		**−84 533**	**−244 909**
Cash flow from financing activities			
Borrowings	32	50 000	155 000
Repayment of loans		−54 710	−17 589
Repayment of lease liabilities	32	−19 803	−13 260
New issuance, net of issuance expenses		–	136 811
Dividend to shareholders		–	−2 927
Transactions with non-controlling interests		−19 135	−16 387
Cash flow from financing activities		–	−26 138
Kassaflöde från finansieringsverksamheten		**−43 648**	**215 510**
Cash flow for the year		**−38 080**	**23 514**
Cash and cash equivalents at the beginning of the year		82 782	59 178
Exchange rate difference on cash and cash equivalents		1 557	90
Cash and cash equivalents at the end of the year		**46 259**	**82 782**
Cash flow disclosures			
Interest paid		−5 297	−2 813

Financial reports, Parent Company

Parent Company's income statement

	Note	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Operating income			
Net sales	39	14 545	6 950
Other operating income	42	12	108
Total operating income		**14 557**	**7 058**
Operating expenses			
Other external expenses	40	−5 195	−2 692
Personnel costs	41	−8 854	−3 282
Depreciation/amortization of fixed tangible and intangible assets		−22 322	−22 322
Total operating expenses		**−36 371**	**−28 296**
Operating profit		**−21 814**	**−21 238**
Other interest income and similar items	43	2 962	765
Interest expenses and similar items	43	−8	0
Total profit from financial items		**2 954**	**765**
Year-end appropriations			
Profit or loss before tax		**−18 860**	**−20 473**
Tax on profit for the year	44	−157	0
Profit or loss for the year		**−19 017**	**−20 473**

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

Parent Company’s balance sheet

	Note	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Goodwill	45	–	22 322
Participations in group companies	46	111 331	86 333
Receivables from group companies		90 000	–
Total fixed assets		**201 331**	**108 655**
Current assets			
Receivables from group companies		27 823	133 401
Other receivables	47	4	114
Prepaid expenses and accrued income	48	405	90
Cash and cash equivalents	49	1 908	864
Total current assets		**30 140**	**134 469**
TOTAL ASSETS		**231 471**	**243 124**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24, 50	644	638
Total restricted equity		**644**	**638**
Non-restricted equity			
Share premium reserve		343 611	318 684
Retained profit or loss		−96 400	−56 791
Profit or loss for the year		−19 017	−20 473
Total non-restricted equity		**228 194**	**241 420**
Total equity		**228 838**	**242 058**
Long-term liabilities			
Total long-term liabilities		**–**	**–**
Short-term liabilities			
Liabilities to credit institutions			
Accounts payable		447	0
Current tax liabilities		291	9
Other short-term liabilities	51	952	697
Accrued expenses and deferred income	52	943	360
Total short-term liabilities		**2 633**	**1 066**
TOTAL EQUITY AND LIABILITIES		**231 471**	**243 124**

Parent Company's statement of changes in equity

	Share capital	Share premium reserve	Retained profit or loss including net profit for the year	Total equity
Opening balance on 1 January 2021	**585**	**169 853**	**−40 404**	**130 034**
Profit or loss and comprehensive income for the year	–	–	−20 473	**−20 473**
Total comprehensive income	**–**	**–**	**−20 473**	**−20 473**
Transactions with shareholders				
New issuance	53	151 758	–	**151 811**
Issuance expenses	–	−2 927	–	**−2 927**
Dividend	–	–	−16 387	**−16 387**
Total shareholder transactions	**53**	**148 831**	**−16 387**	**132 497**
Closing balance on 31 December 2021	**638**	**318 684**	**−77 264**	**242 058**

	Share capital	Share premium reserve	Retained profit or loss including net profit for the year	Total equity
Opening balance on 1 January 1 2022	**638**	**318 684**	**−77 264**	**242 058**
Profit or loss and comprehensive income for the year	–	–	−19 017	**−19 017**
Total comprehensive income	**–**	**–**	**−19 017**	**−19 017**
Transactions with shareholders				
New issuance	6	24 991	–	**24 997**
Issuance expenses	–	−65	–	**−65**
Dividend	–	–	−19 135	**−19 135**
Total shareholder transactions	**6**	**24 926**	**−19 135**	**5 797**
Closing balance on 31 December 2022	**644**	**343 610**	**−115 416**	**228 838**

Parent Company's cash flow statement

	Note	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Cash flow from operating activities			
Profit or loss after financial items		−18 860	−20 473
Adjustments for items not included in cash flow	53	22 268	22 322
Income tax paid		125	−35
Cash flow from operating activities before change in working capital		**3 533**	**1 814**
Cash flow from change in working capital			
Change in short-term operating receivables		105 361	88
Change in short-term operating liabilities		1 284	507
Total change in working capital		**106 645**	**595**
Cash flow from operating activities		**110 178**	**2 409**
Cash flow from investing activities			
Change in intra-group receivables		−90 000	−132 027
Shareholder contributions		–	−16 811
Cash flow from investing activities		**−90 000**	**−148 838**
Cash flow from financing activities			
New issuance		–	133 884
Dividend to shareholders		−19 135	−16 387
Cash flow from financing activities		**−19 135**	**117 497**
Cash flow for the year		**1 044**	**−28 932**
Cash and cash equivalents at the beginning of the year		864	29 796
Cash and cash equivalents at the end of the year		**1 908**	**864**

Notes

Note 1. General information

These consolidated financial statements cover the parent company Exsitec Holding AB, corporate registration number 5591166532, and its subsidiaries. Exsitec Holding AB is a parent company registered in Sweden and seated in Linköping with address at Snickaregatan 40, 582 26, Linköping, Sweden.

The activities of the parent company and its subsidiaries include IT support by providing support, management, and further development of the IT systems of the customers.

These consolidated financial statements were approved for publication by the Board of Directors on 30 March 2023.

Unless otherwise specified, all amounts are stated in thousands of SEK (KSEK). Figures in parentheses refer to the comparative period.

Note 2. Summary of important accounting policies

The note contains a list of the significant accounting policies applied in the preparation of these consolidated financial statements. These policies have been applied consistently for all presented years. The consolidated financial statements cover Exsitec Holding AB and its subsidiaries.

Basis of preparation of the financial statements

The consolidated accounts of the Exsitec group have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRS IC) as endorsed by the EU.

The consolidated accounts have been prepared in accordance with the cost model, except for certain financial liabilities measured at fair value.

These consolidated financial statements comprise Exsitec's first annual report prepared in accordance with IFRS. Historic financial information has been restated as of 1 January 2021, which is the date of transition to IFRS-based accounting. Explanations of the transition from previously applied accounting policies to IFRS and the effect of the restatement on statements of comprehensive income and equity are provided in Note 37.

The preparation of financial statements in compliance with IFRS requires the use of certain important estimates for accounting purposes. Furthermore, management must make certain judgments when applying the Group's accounting principles. Segments that involve a high degree of judgement, are complex, or where assumptions and estimates are of material significance to the consolidated financial statements, are presented in Note 5.

New and amended standards not yet applied by the Group

A number of new standards and interpretations come into force for financial years beginning 1 January 2023 and later and have not been applied in the preparation of these financial statements. No published standards and interpretations that have not yet come into effect have impacted the Group.

Group contributions from the parent company to subsidiaries and to the parent company from subsidiaries are recognized as appropriations. Shareholder contributions are recognized in the parent company as an increase in the carrying amount of the share and in the receiving company as an increase in equity.

Consolidated financial statements

Subsidiaries

Subsidiaries are all companies in which the Group holds a controlling influence. The Group controls a company when it is exposed to or is entitled to variable returns from its holding in the company and is able to influence the return through the influence it exercises in the company. Subsidiaries are included in the consolidated financial statements as of the date when the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which the controlling influence ceases.

When recognizing the Group's business acquisitions, the purchase method is used.

Intra-group transactions, balance-sheet items, and unrealized gains and losses arising from transactions between Group companies are eliminated. Intra-group losses may be an indication of impairment, which must be recognized in the consolidated accounts. Where appropriate, the accounting policies for subsidiaries

cont. note 2

have been amended to ensure consistent application of the Group's policies.

Non-controlling interests in the profit or loss and equity of subsidiaries are reported separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and evaluating the performance of the operating segments. In the Group, this function has been identified as the CEO.

Exsitec's CEO judges the performance of the business based on the three operating segments of the Group: Sweden, Norway and Denmark. These segments are also the reportable segments of the Group. The Group management's assessment of the Group's performance is primarily based on EBITDA.

Translation of foreign currency

Functional currency and reporting currency

Items included in the financial statements of the various entities within the Group are measured in the currency used in the economic environment where each entity is mainly active (functional currency). In the consolidated financial statements, the Swedish krona (SEK) is used. This is the Parent Company's functional currency and the Group's reporting currency.

Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency at the rates of exchange applicable on the transaction date or the date when the items are remeasured. Exchange rate gains and losses that arise in conjunction with payments of such transactions or in conjunction with translation of monetary assets and liabilities denominated in foreign currency at the exchange rate on the balance sheet date are recognized in profit or loss.

Exchange rate gains and losses that relate to loans, and cash and cash equivalents, are recognized in profit or loss as financial income or expenses. All other exchange rate gains and losses are recognized in the other operating income/expenses items in profit or loss.

Group companies

The performance and financial position of all Group companies with different functional currencies to the reporting currency (none of which have a high-inflation currency as their functional currency) are translated to the Group's reporting currency as below:

- The assets and liabilities for each of the balance sheets are translated at the prevailing rate on the balance sheet date;
- revenues and expenses for each of the income statements are translated at average rates of exchange (provided that the average rate is a reasonable approximation of the accumulated effect of the rates prevailing on the balance sheet date—and otherwise at the prevailing rate on the balance sheet date); and
- any translation differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and translated at the rate on the balance sheet date.

Revenue recognition

The Group offers its customers IT support and process solutions by implementing, configuring and integrating software in the customer's environment and developing analyses and reports according to the customer's requirements. In addition to implementation services, Exsitec offers ongoing consulting services to its customers, in the form of support and software upgrades.

Consulting services (including implementation, configuration, software upgrades and ongoing support) are usually performed at a fixed hourly rate, and the total price depends on the number of hours purchased by the customer. Revenues from consulting services are recognized over time, as the commitment is fulfilled, which coincides with the amount Exsitec is entitled to invoice.

Support services where the customer pays a fixed amount for Exsitec's commitment to provide support during a period of time are recognized as revenue on a straight-line basis over the contractual period. Revenue from hosting services (infrastructure) is recognized on a straight-line basis over the contractual period.

The software implemented by the Group is supplied by a third party. As such, Exsitec has analyzed whether Exsitec acts as an agent or principal in relation to the sale of third-party licences (software revenue). As Exsitec does not obtain control of the software before its transfer to the customer, it has been assessed that Exsitec is acting as an agent. Revenue from this performance obligation is thus recognized at the net amount to which the Group is entitled less the fee paid to the software provider and is recognized as revenue at the start of each license period.

Contracts with customers do not contain any material discounts, penalties or other forms of variable remuneration. Where customers pay in advance, a contractual liability arises, which is recognized as deferred income. Receivables are recognized when the obligations have been satisfied, as this is the point at which the consideration becomes unconditional (that is, only the passage of time is required for payment to be made).

Interest income

Interest income is recognized as revenue using the effective interest method.

Government grants

Government grants are recognized at fair value when there is reasonable assurance that the grants will be received and the Group will comply with the conditions attached to the grants.

Government grants that relate to the recovery of costs are recognized in profit or loss over the same periods as the costs for which they are intended to compensate.

Current and deferred income tax

The taxation expense for the period comprises current tax calculated on the taxable profit for the period at the applicable tax rates adjusted for changes in deferred tax assets and liabilities relating to temporary differences and unused tax losses.

The current tax expense is calculated on the basis of the tax rules that as of the balance sheet date have been enacted or in practice enacted in the countries in which the parent company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in tax returns for situations where applicable tax rules are subject to interpretation and assesses whether it is probable that a tax authority will deem an uncertain tax treatment as acceptable. The Group measures its recognized taxes based on either the most likely amount or the expected value, depending on which method best predicts the outcome of the uncertainty.

Deferred tax is reported based on the temporary differences between the value for tax purposes of assets and liabilities and the carrying amount in the consolidated financial statements. However, a deferred tax liability is not recognized if it arises from the initial recognition of goodwill. Deferred tax is also not recognized if it arises from a transaction that is the initial recognition of an asset or liability that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is calculated by applying the tax rates (and laws) that have been adopted or announced as of the balance sheet date and are expected to apply when the deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred taxes relating to temporary differences arising from interests in subsidiaries, associated companies and joint ventures are not recognized if the parent entity is able to control the timing of the reversal of the temporary difference and it is considered probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legal right of set-off for current tax assets and liabilities and when the deferred tax assets and liabilities pertain to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, and where the intention is to settle the balances through net payments.

Current and deferred tax is recognized in profit or loss, except when it relates to items recognized in other comprehensive income or directly in equity. In such events, the tax is also recognized in other comprehensive or equity, respectively.

Leases

The Group's leases relate essentially to premises and cars. Leases normally specify a fixed duration between 1 and 5 years, but there may be an option to extend the lease.

Contracts may contain both leasing and non-leasing components. The Group allocates the consideration in the lease to the lease and non-lease components based on their relative stand-alone prices. However, for lease payments for properties where the Group is the lessee, the Group has elected not to separate the lease and non-lease components. Instead, they are recognized as a single lease component.

cont. note 2

The terms are negotiated separately for each contract and include a wide range of contractual terms. There are no specific terms or restrictions associated with the leases, except that the lessor shall retain the rights to pledged leased assets. The leased assets may not be used as collateral for loans.

Assets and liabilities arising from leases are initially measured at present value.

Lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or a rate, initially measured using the index or rate applicable at the commencement date; and
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option
- lease termination penalties, if the lease term reflects that the Group will exercise an option to terminate the lease.

If the Group is reasonably certain to exercise an option to extend a lease, lease payments for that extension period are included in the measurement of the liability.

The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be determined easily, as is normally the case for the Group's leases, the lessee's marginal borrowing rate is used, which is the interest rate that the individual lessee would have to pay to borrow the funds necessary to purchase an asset of similar value to the right of use, in a similar economic environment and with similar terms and collateralization.

The Group is exposed to possible future increases in variable lease payments based on an index or interest rate, which are not included in the lease liability until they become effective. When adjustments to lease payments based on an index or interest rate become effective, the lease liability is remeasured and adjusted against the right of use.

Lease payment are apportioned between amortization of principal and interest. Interest is recognized in profit or loss over the lease term, in a manner that results in a fixed rate of interest for the lease liability recognized in the respective period.

Right-of-use assets are measured at cost and include the following:

- the initial measurement of the lease liability; and
- payments made on or before the date on which the leased asset is made available to the lessee.

Right-of-use assets are amortized on a straight-line basis over the shorter of the asset's useful life and the length of the lease term. If the Group is reasonably certain that a purchase option will be exercised, the right of use is amortized over the useful life of the underlying asset.

Lease payments that are attributable to short-term leases and leases for which the underlying asset has a low value are recognized as a cost on a straight-line basis over the lease term. Short-term leases are leases where the lease term is 12 months or less. Leases for which the underlying asset is of low value relate mainly to IT equipment, office equipment, and small office furniture.

Options to extend and terminate contracts

Options to extend or terminate leases are included in the Group's leases contracts. These terms are used to maximize flexibility in managing the contracts. Options to extend or terminate leases are included in the asset and the liability where it is reasonably certain that they will be exercised.

Accounting in subsequent periods

The lease liability is remeasured when the lease agreement is amended or if there are changes in the cash flow based on the original contractual terms. Changes in cash flows based on original contractual terms occur when: the Group changes its initial assessment of whether extension and/or termination options will be exercised; there are changes in previous assessments of whether a purchase option will be exercised; and lease payments change as a result of changes in an index or interest rate. A remeasurement of the lease liability leads to a corresponding adjustment of the right-of-use asset.

If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining remeasurement shall be recognized in profit or loss. The right-of-use asset is tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Business combinations

The purchase method is used to account for the Group's business combinations, irrespective of whether the acquisition comprises equity interests or other assets. The purchase price for the acquisition of a

cont. note 2

subsidiary comprises the fair values of:

- assets transferred
- liabilities incurred by the Group to previous owners
- shares issued by the Group
- assets or liabilities arising from a contingent consideration arrangement
- previous equity interest in the acquiree

Identifiable assets acquired and liabilities and contingent liabilties assumed in a business combination are, with rare exceptions, initially measured at fair value on the acquisition date. For each acquisition—that is, on an acquisition-by-acquisition basis—the Group determines whether non-controlling interests in the acquiree are recognized at fair value or at the non-controlling interest's proportionate share of the carrying amount of the acquiree's net identifiable assets.

Acquisition-related costs are expensed as incurred.

Goodwill is the amount whereby:

- consideration transferred,
- any non-controlling interest in the acquiree, and
- the fair value of the previous equity interest in the acquiree on the acquisition date (if the business combination was implemented in stages) exceed the fair value of the identifiable net assets acquired. If the amount is less than the fair value of the net assets acquired, in the case of a bargain purchase, the difference is recognized directly in profit or loss.

In cases where a purchase consideration is deferred, in part or in full, future payments shall be discounted to their present value on the acquisition date. The discount rate is the company's incremental lending rate, which is the interest rate that the company would incur to finance the purchase by borrowing over a similar period and on similar terms.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as financial liabilities are remeasured each period at fair value. Any revaluation gains and losses are recognized in profit or loss.

If the business combination is achieved in stages, the previous equity interest in the acquiree is remeasured to the fair value on the acquisition date. Any gain or loss arising from the remeasurement is recognized in profit or loss.

Intangible assets

Goodwill

Goodwill arising on business combinations is included in intangible assets. Goodwill is not amortized, but tested for impairment annually, or more frequently if events or changes in circumstances indicate a possible impairment. Goodwill is recognized at cost less accumulated impairment losses. On the sale of an entity, the carrying amount of goodwill is included in the resulting gain/loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units wherein benefits from the synergies of the combination are expected to arise. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level within the Group at which the goodwill in question is monitored for internal management purposes.

Brands and customer relationships

All brands and customer relationships have been acquired through business combinations. Brands and customer relationships acquired by means of business combination are recognized at fair value on the acquisition date. They have a finite useful life and are recognized at cost less accumulated amortization and impairment losses. The estimated useful life of brands is 1 year, as acquired entities are integrated relatively quickly, and the useful life of customer relationships is 10 years.

Tangible fixed assets

Tangible fixed assets are recognized at cost less depreciation. The cost includes such expenses that are directly attributable to the acquisition of the asset.

Additional expenses are added to the carrying amount of the asset or recognized as a separate asset, as appropriate, only where it is likely that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured in a reliable manner. The carrying amount of any replaced component is removed from the balance sheet. All other repairs and maintenance are expensed in the statement of comprehensive income in the period in which they arise.

Depreciation is performed on a straight-line basis to allocate their cost of acquisition less estimated residual value over the estimated useful life. The useful lives are as follows:

- Buildings and land 5-20 years
- Equipment, tools, fixtures and fittings 5-7 years

The residual value and useful life of the assets are assessed on each balance sheet date and adjusted as required.

The carrying amount of each asset is immediately written down to the recoverable amount if the carrying amount exceeds the estimated recoverable amount. Gains or losses from divestments are established through a comparison between the sales revenue and the carrying amount, and are recognized, as appropriate, in the operating result in the income statement.

Impairment of non-financial assets

Goodwill and intangible assets with an indeterminate useful life and intangible assets that are not ready for use are not amortized; instead, an assessment of the need for impairment is conducted annually or when there is an indication of an impairment. Assets that are depreciated/amortized are assessed for impairment whenever events or new conditions provide indication that the carrying amount may not be recoverable. The asset's value is written down by the amount by which the carrying amount exceeds the recoverable value. The recoverable value is the higher of the fair value of the asset less cost to sell and value in use of the asset. When tested for impairment, assets are grouped on the lowest levels where there are largely independent cash flows (cash-generating units). Assets (other than goodwill) that have previously been written down are tested for reversal on each balance sheet date.

Financial instruments

The Group's financial assets and liabilities consist of the following items: other long-term receivables, accounts receivable, cash and cash equivalents, other receivables (in part), accrued income, liabilities to credit institutions, accounts payable, other liabilities (short- and long-term, in part), contingent consideration, and accrued expenses.

a) Initial recognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets and liabilities are recognized on the trade date, the date on which the Group commits to purchase or sell the asset.

Financial instruments are initially recognized at fair value plus, for an asset or financial liability not carried at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs relating to financial assets and liabilities recognized at fair value through profit or loss are expensed in the income statement.

b) Financial assets – Classification and valuation

The Group classifies and measures all its financial assets in the 'amortized cost' category. The classification of investments in debt instruments depends on the Group's business model for the management of financial assets and the contractual terms of the cash flows of the assets.

c) Financial liabilities – Classification and valuation

The Group classifies and measures its financial liabilities in the category of amortized cost and fair value through profit or loss. Financial liabilities are classified as short-term liabilities if they fall due within 12 months of the balance sheet date. If they fall due later than 12 months from the balance sheet date, they are classified as long-term liabilities.

Financial liabilities measured at amortized cost

After initial recognition, the Group's financial liabilities are measured at amortized cost using the effective interest method. Any difference between the amount received (net of transaction costs) and the repayment amount is recognized in profit or loss over the period of the loan. Fees paid for borrowing facilities are recognized as transaction costs for the borrowing to the extent that it is probable that some or all of the credit line will be drawn. In such cases, the fee is recognized when the credit line is drawn. When there is no evidence that it is probable that some or all of the credit line will be drawn, the fee is recognized as a prepayment for financial services and spread over the term of the relevant loan commitment.

Financial liabilities measured at amortized cost consist

cont. note 2

of liabilities to credit institutions, accounts payable, other liabilities (short- and long-term, part of the items) and accrued expenses.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value are recognized in the balance sheet on the trade date and are measured at fair value, both initially and in subsequent revaluations. All changes in fair value are recognized directly in profit or loss in the rows Other operating income or Other operating expenses. Financial liabilities at fair value through profit or loss consist entirely of contingent considerations and are included in the items other long-term and short-term liabilities.

d) Derecognition of financial assets and financial liabilities

Financial assets are removed from the statement of financial position when the right to receive cash flows of the financial instrument has expired or been transferred, and the Group has transferred the significant risks and rewards of ownership of the asset.

Financial liabilities are removed from the statement of financial position when the contractual obligation is fulfilled or otherwise extinguished. When the terms of a financial liability are renegotiated, and not derecognized from the balance sheet, a gain or loss is recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

e) Set-off of financial instruments

Financial assets and liabilities are set off and recognized at a net amount in the balance sheet, but only when there is a legal right to set off the recognized amounts and there is an intention to settle them with a net amount or to simultaneously realize the asset and settle the debt. The legal right must not be dependent on future events and must be legally binding on the company and the counterparty, both in normal business operations and in the event of suspension of payments, insolvency, or bankruptcy.

f) Impairment of financial assets

Assets recognized at amortized cost.

The Group assesses the expected future credit losses attributable to assets recognized at amortized cost. The Group recognizes a credit loss allowance for such expected credit losses on each reporting date. For accounts receivable, the Group applies the simplified approach to providing for expected credit loss; that is, the loss allowance will correspond to the expected loss over the life of the receivable. To measure the expected credit losses, accounts receivable are grouped based on shared credit risk characteristics and the days past due. The Group employs forward-looking variables for expected credit losses. Expected credit losses are recognized in the consolidated income statement under the other operating expenses item.

Inventory

Inventories are recognized at the lower of cost or net realizable value. The cost of merchandise is determined after deduction of discounts. Net realizable value is the estimated selling price in operating activities less applicable variable sales expenses.

Accounts receivable

Accounts receivable are initially recognized at the amount that is unconditional. Subsequently, they are recognized at amortized cost using the effective interest method less any credit provision.

Cash and cash equivalents

In both the balance sheet and the cash flow statement, cash and cash equivalents include balances with banks.

Share capital

Ordinary shares are classified as equity. Transaction expenses that are directly attributable to the issue of new shares or options are recognized net after tax in equity as a deduction from the issue proceeds.

Accounts payable

Accounts payable are payment obligations related to goods or services acquired from suppliers in the course of the operating activities. The amounts are unsecured and are usually paid within 30 days. Accounts payable and other payables are classified as short-term liabilities if they fall due within one year (or in the normal operating cycle if that is longer).

If not, they are classified as long-term liabilities. Accounts receivable are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

Borrowings

Borrowings are initially recognized at fair value, net after transaction expenses. Borrowings are

cont. note 2

subsequently recognized at amortized cost, and any difference between the amount received (net after transaction expenses) and the repayment amount is recognized in profit or loss over the period of the loan using the effective interest method. Fees paid for borrowing facilities are recognized as transaction costs for the borrowing to the extent that it is probable that some or all of the credit line will be drawn. In such cases, the fee is recognized when the credit line is drawn. When there is no evidence that it is probable that some or all of the credit line will be drawn, the fee is recognized as a prepayment for financial services and spread over the term of the relevant loan commitment.

Borrowings are removed from the balance sheet when the obligations have been settled, cancelled, or otherwise terminated. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Borrowings are classified as short-term liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

Remuneration of employees

Short-term employee remuneration

Liabilities for salaries and remunerations, including non-monetary benefits and compensated absences, that are expected to be settled within 12 months after the end of the financial year are recognized as short-term liabilities at the undiscounted amount expected to be paid when the liabilities are settled. The cost is recognized in the statement of comprehensive income as the services are rendered by the employees. The liability is recognized as an obligation relating to remuneration of employees in the consolidated balance sheet.

Pension obligations

The Group only has defined contribution plans. In respect of defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance schemes pursuant to mandatory or contractual obligations or on a voluntary basis. The Group has no further payment obligations once the contributions are paid. The contributions are recognized as personnel expenses when they fall due for payment. Prepaid contributions are recognized as an asset to the extent the Group may benefit from cash repayments or a reduction in future payments.

Warrants

Premium received for warrants issued at market price has been recognized in equity as an increase in retained earnings. In the case that a warrant in the future is exercised to subscribe for shares, the exercise price received is recognized in part in share capital (corresponding to the quota value) and in part in other contributed capital (relating to the premium). As the participants paid market price for the warrants, no cost has been charged to the income statement.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

profit attributable to the parent company shareholders

by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

To calculate diluted earnings per share, the amounts used to calculate basic earnings per share are adjusted by taking the following into account:

The effect after tax of dividends and interest expenses on potential ordinary shares, and

the weighted average of the additional ordinary shares that would have been outstanding assuming the conversion of all potential ordinary shares.

Dividend

Dividend to the shareholders of the parent company is recognized as a liability in the consolidated financial statements in the period when the dividend is approved by the parent company's shareholders.

Cash flow statement

The cash flow statement is drawn up using the indirect *method. The reported cash flow covers only transactions resulting in cash payments.*

Note 3. Management of financial risk

Financial risk factors

The Group's activities expose it to a wide range of financial risks, including various market risks (currency risk and interest rate risk), credit risk, liquidity risk, and refinancing risk. The Group endeavours to minimize potentially adverse effects on the Group's financial performance. The objectives of the Group's financial activities are to:

- ensure that the Group can fulfil its payment obligations,
- manage financial risks,
- ensure access to adequate funding, and
- optimize the Group's net financial result.

The Group's risk management is handled by a central finance division, which identifies, evaluates and hedges financial risks in close cooperation with the operational units of the Group. The Board of Directors has prepared written instructions for overall risk management as well as guidelines for specific areas such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, refinancing risk, and the use of derivatives and non-derivative financial instruments and investment of excess liquidity.

Currency risk

The Group is exposed to currency risk arising from exposure to various currencies, primarily with respect to accounts receivable and accounts payable in euro (EUR), Norwegian kroner (NOK), and dollars (USD). The risk mainly consists of fluctuations in the currencies of the receivables or payables that have arisen in a functional currency other than that of the company in question. Currency risk also includes contracted payment flows in a currency other than the respective company's functional currency. To financially hedge future flows in foreign currency, the Group may enter into forward foreign exchange contracts. No forward foreign exchange contracts have been concluded in any of the periods.

The table below shows accounts receivable and accounts payable in currencies other than the functional currency of each company:

	2022-12-31		2021-12-31		2021-01-01	
Belopp i KSEK	EUR	USD	EUR	USD	EUR	USD
Kundfordringar	1 287	5 080	304	73	1 020	322
Leverantörs-skulder	127	4 949	592	3 211	86	2 211

Sensitivity analysis – transaction exposure

If the Swedish krona had weakened/strengthened by 10 percent against the EUR, with all other variables held constant, the translated profit or loss after tax for the financial year 2022 would have been KSEK 88 (2021: KSEK 173) lower/higher, mainly due to gains/losses from the translation of accounts receivable and accounts payable.

If the Swedish krona had weakened/strengthened by 10 percent against the USD, with all other variables held constant, the translated profit or loss after tax for the financial year 2022 would have been KSEK 261 (2021: KSEK 482) lower/higher, mainly due to gains/losses from the translation of accounts receivable and accounts payable.

Moreover, currency risk arises from the translation of foreign subsidiaries' income statements and balance sheets into the reporting currency of the Group, which is SEK—so-called translation exposure. The Group has subsidiaries in Norway and Denmark. Hence, there is exposure to NOK as well as DKK.

Sensitivity analysis – translation exposure

If the Swedish krona had weakened/strengthened by 10 percent against the NOK, with all other variables held constant, the effect would have been that other comprehensive income and equity would have been KSEK 2,538 (2021-12-31: KSEK 655) lower/higher, when translating the foreign subsidiaries' balance sheets and income statements.

If the Swedish krona had weakened/strengthened by 10 percent against the DKK, with all other variables held constant, the effect would have been that other comprehensive income and equity would have been KSEK 2,394 (2021-12-31: KSEK 2,913) lower/higher, when translating the foreign subsidiaries' balance sheets and income statements.

Interest rate risk

All liabilities to credit institutions consist of loans in SEK with floating interest rates that expose the Group to interest rate risk in respect of the cash flow. The Group's total borrowings are in SEK. The floating interest rate is based on STIBOR 3M. The Group does not hedge its interest rate risk with regard to future cash flows.

Sensitivity analysis

If the interest rates on borrowings as of 31 December 2022 would have been 200 basis points higher/lower, with all other variables held constant, the calculated profit or loss after tax for the financial year would have been KSEK 2,203 (2021-12-31: KSEK 2,272) lower/higher, mainly due to higher/lower interest expenses for floating-rate borrowings.

cont. note 3

(b) Credit risk

Credit risk arises through balances with banks and credit institutions and through customer credit exposure, including outstanding receivables. Only banks and credit institutions that have been awarded a credit rating of at least 'A' by an independent assessor are accepted. The Group has no contract assets.

Credit risk is managed at Group level, with the exception of credit risk in respect of outstanding accounts receivable, where an analysis is performed by each respective company within the Group. Each company of the Group is responsible for monitoring and analyzing the credit risk relating to each new customer. In cases where there is no independent credit assessment, a risk assessment of the customer's credit standing is carried out, taking into account said customer's financial position, past experience and other factors. Individual risk limits are set based on internal or external credit assessments, in accordance with the limits established by the Board of Directors. The use of credit limits is monitored on a regular basis.

No credit limits were exceeded during the reporting period, and management does not expect any losses to be incurred from non-payment by these counterparties. Historically, the Group has experienced an insignificant level of credit losses. Based on historical data showing very low credit losses and a forward-looking assessment, the expected credit losses are not significant for any customers.

At as 2021-01-01	Receivables not past due	Up to 30 days past due	31-60 days past due	61-120 days past due	More than 120 days past due	Total
Gross carrying amount – accounts receivable	41 818	4 786	300	91	568	**47 563**
Loss allowance	–	–	-33	-73	-454	**-560**
Net carrying amount – accounts receivable	41 818	4 786	267	18	114	**47 003**

At as 2021-12-31	Receivables not past due	Up to 30 days past due	31-60 days past due	61-120 days past due	More than 120 days past due	Total
Gross carrying amount – accounts receivable	99 473	8 814	1 654	692	1 458	**112 091**
Loss allowance	–	–	-735	-554	-1 166	**-2 455**
Net carrying amount – accounts receivable	99 473	8 814	919	138	292	**109 636**

At as 2022-12-31	Receivables not past due	Up to 30 days past due	31-60 days past due	61-120 days past due	More than 120 days past due	Total
Gross carrying amount – accounts receivable	109 302	6 896	3 036	601	1 365	**121 200**
Loss allowance	–	–	-327	-481	-1 092	**-1 900**
Net carrying amount – accounts receivable	109 302	6 896	2 709	120	273	**119 300**

The change in the loss allowance during the financial year is specified below:

	Account receivable 2022-12-31	Account receivable 2021-12-31
As of 1 January	**2 455**	**560**
Increase/Decrease of loss allowance, change recognized in profit or loss	-533	2 036
Accounts receivable derecognized during the year	-22	-141
As of 31 December	**1 900**	**2 455**

Liquidity and refinancing risk

The Group ensures, through a prudent approach to liquidity management, that there are sufficient funds at hand to meet the demands of the ongoing operations. At the same time, it is ensured that the Group has sufficient credit lines available under agreed credit facilities to be able to repay debts as they fall due. The executive management monitors rolling forecasts for the Group's liquidity reserve (including undrawn credit facilities) and cash and cash equivalents based on expected cash flows. The analyses are generally carried out by the operating companies, taking into account the guidelines and limitations drawn up by the Group management. The limitations differ between regions as the liquidity in different markets is taken into account. The Group also monitors balance-sheet-based liquidity measures against internal and external requirements and ensures access to external financing.

Refinancing risk is defined as the risk that difficulties arise in refinancing the Group, that financing cannot be obtained, or that it only can be obtained at greater cost. The risk is contained through the Group's ongoing evaluation of various financing solutions. The Group's borrowings consist of liabilities to credit institutions (SEB). There is a bank overdraft facility, which has not been utilized on any of the balance sheet dates. The borrowings with SEB are subject to covenants. All covenants were fulfilled on each balance sheet date. Covenants are tested quarterly, and in the event of a breach, SEB is entitled to renegotiate the terms of all credits and other involvements with SEB for each of the companies in the Group, or, if negotiation fails to lead

cont. note 3

to an agreement, to immediately terminate all credits and other agreements concluded with companies within the Group.

There is an undrawn bank overdraft facility of MSEK 20 as of 2022-12-31 (MSEK 20 on 2021-12-31 and MSEK 20 on 2021-01-01). For additional information about the Group's borrowings and details on covenants, see Note 25 Borrowings.

The table below analyses the financial liabilities of the Group broken down by the time remaining on the balance sheet date until the contractual due date. The amounts specified in the table are the contractual undiscounted cash flows. Future cash flows in foreign currency have been calculated based on the exchange rate effective at the balance sheet date, and future cash flows related to floating rates are based on the interest rate prevailing on the balance sheet date.

At as 2021-01-01	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total	Reported value
Financial liabilities							
Liabilities to credit institutions	–	–	–	–	–	–	–
Lease liabilities	2 276	6 827	8 770	8 643	95	**26 610**	**23 881**
Accounts payable	20 288	–	–	–	–	**20 288**	**20 288**
Contingent consideration	–	2 000	2 400	–	–	**4 400**	**4 400**
Other liabilities	1 097	–	–	–	–	**1 097**	**1 097**
Accrued expenses	4 079	–	–	–	–	**4 079**	**4 079**
Total financial liabilities	**27 740**	**8 827**	**11 170**	**8 643**	**95**	**56 474**	**53 745**

At as 2021-12-31	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total	Reported value
Financial liabilities							
Liabilities to credit institutions	11 050	34 519	44 041	54 799	–	**144 409**	**137 411**
Lease liabilities	4 449	13 346	14 590	8 650	–	**41 035**	**36 295**
Accounts payable	42 214	–	–	–	–	**42 214**	**42 214**
Contingent consideration	4 826	2 400	5 377	4 750	–	**17 353**	**17 353**
Other liabilities	10 345	–	–	–	–	**10 345**	**10 345**
Accrued expenses	3 008	–	–	–	–	**3 008**	**3 008**
Total financial liabilities	**75 892**	**50 265**	**64 008**	**68 199**	**–**	**258 364**	**246 626**

At as 2022-12-31	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total	Reported value
Financial liabilities							
Liabilities to credit institutions	15 048	44 526	57 021	31 706	–	**148 301**	**139 361**
Lease liabilities	4 547	13 642	5 772	5 358	–	**29 319**	**24 377**
Accounts payable	38 176	–	–	–	–	**38 176**	**38 176**
Contingent consideration	5 377	3 933	8 683	6 317	–	**24 310**	**24 310**
Other liabilities	6 159	–	–	–	–	**6 159**	**6 159**
Accrued expenses	8 130	–	–	–	–	**8 130**	**8 130**
Total financial liabilities	**77 437**	**62 101**	**71 476**	**43 381**	**–**	**254 395**	**240 513**

cont. note 3

Calculation and disclosure of fair value

Below is information about financial instruments measured at fair value based on their classification within the fair value hierarchy. At present, only financial liabilities in the form of contingent considerations are measured at fair value. The different levels are defined as follows:

(a) Level 1 financial instruments

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 financial instruments.

Observable data for the asset or liability other than quoted prices included in Level 1, either directly (that is, as price quotations) or indirectly (that is, derived from price quotations).

(c) Level 3 financial instruments.

In cases where one or several significant inputs are not based on observable market information.

There are no financial assets measured at fair value in any of the periods.

The Group's financial liabilities measured at fair value consist, in all periods, of contingent consideration recognized in Level 3 of the fair value hierarchy.

Specific measurement techniques used to measure financial instruments include:

Contingent consideration – expected cash flows are estimated based on the terms of the acquisition agreement and the company's knowledge of the business and how the current economic environment is likely to affect it.

There were no transfers between levels during the year.

Level 3 financial instruments

	Contingent consideration in connection with business combinations
Opening balance on 2021-01-01	**4 400**
Acquisition	14 953
Payment	-2 000
Closing balance on 2021-12-31	**17 353**

	Contingent consideration in connection with business combinations
Opening balance in 2022-01-01	**17 353**
Acquisition	14 183
Payment	-6 816
Change in fair value recognized in the statement of comprehensive income	-410
Closing balance on 2022-12-31	**24 310**

Level 3 inputs for fair value measurement and the measurement process

Contingent consideration: The fair value of the contingent consideration arrangement is based on management's assessment of what is likely to be paid given the terms of the contract for transfer of shares.

Note 4. Management of capital

The Group's objective in respect of capital structure is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to reduce the cost of capital.

To maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares, or sell assets in order to reduce liabilities.

The Group assesses its capital based on net debt in relation to adjusted EBITA. This indicator is calculated as net debt divided by adjusted EBITA. Net debt is calculated as total borrowings (comprising the items Long-term liabilities to credit institutions and Short-term liabilities to credit institutions) less cash and cash equivalents. Adjusted EBITA is calculated as operating profit before depreciation/amortization and impairment of acquisition-related intangible assets and acquisition-related personnel expenses.

The Group's strategy is to have a balanced capital structure where the debt ratio between net debt and adjusted EBITA is monitored continuously at each balance sheet date, as follows:

	2022-12-31	2021-12-31
Interest-bearing liabilities	139 361	143 786
Less: cash and cash equivalents	–46 259	–82 782
Net debt	**93 102**	**61 004**
Adjusted EBITA	**91 569**	**76 548**
Net debt / Adjusted EBITA	**1,02**	**0,80**

The change in the debt ratio is primarily attributable to the acquisitions carried out.

Note 5. Important estimates and assessments for accounting purposes

The Group makes estimates and assumptions about the future. By definition, the estimates for accounting purposes that follow from such estimates and assumptions will rarely correspond to the actual outcome. The estimates and assumptions that involve a material risk of significant adjustments to the carrying amounts of assets and liabilities during the next financial year are set out in general terms below.

Impairment testing of goodwill

The Group tests goodwill for impairment annually, in accordance with the accounting policy described in Note 2. The recoverable amount of the cash-generating units is determined by calculating the value in use. This calculation requires certain estimates to be made. The calculation is based on cash-flow projections based on budgets set by management for the next five years. Cash flows beyond the five-year period are extrapolated at the growth rate 2 percent (2021: 2 percent). The growth rate used is consistent with industry forecasts. For each cash-generating unit to which a significant amount of goodwill has been allocated, the key assumptions on which the calculation of value in use is based are set out below: The same discount rate and long-term growth rate have been used for all segments.

- Discount rate before tax amounting to 10 percent (10 percent).
- Long-term growth rate amounting to 2 percent.

Significant estimates and judgements concerning the term of the lease

When the term of the lease is established, management takes into consideration all information that provides a financial incentive to exercise an option to extend or renounce an option to terminate the lease. Options to extend a lease are included in the lease term only where it is reasonable to assume that the lease will be extended (or not terminated). This assessment is reviewed when a significant event or change in circumstances that affects this assessment occurs and the change is within the lessee's control.

Note 6. Segment reporting and information on net sales

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

The Group's operations are managed and reported based on the three operating segments Sweden, Norway, and Denmark. The operations of all operating segments offer business-supporting IT to medium-sized companies.

	Sweden		Norway		Denmark		Other/ Eliminations		Total, Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net sales, external	460 699	343 568	147 089	76 708	48 794	39 911	–	–	**656 582**	**460 187**
Net sales, internal	6 130	2 040	448	116	103	154	-6 681	-2 310	**0**	**0**
Total net sales	**466 829**	**345 608**	**147 537**	**76 824**	**48 897**	**40 065**	**-6 681**	**-2 310**	**656 582**	**460 187**
Other income	3 881	-2 105	538	925	21 143	0	12	108	**25 574**	**-1 072**
Total income	**470 710**	**343 503**	**148 075**	**77 749**	**70 040**	**40 065**	**-6 669**	**-2 202**	**682 156**	**459 115**
Operating costs excluding depreciation, amortization and impairment, external	-366 688	-271 537	-137 705	-65 240	-43 277	-33 958	-13 965	-5 910	**-561 635**	**-376 645**
Operating costs excluding depreciation, amortization and impairment, internal	-12 948	-7 229	-7 520	-2 985	-751	-781	21 219	10 995	**0**	**0**
Depreciation of tangible fixed assets	-15 417	-11 466	-4 294	-874	-3 223	-3 473	-71	-53	**-23 005**	**-15 866**
Total costs	**-395 053**	**-290 232**	**-149 519**	**-69 099**	**-47 251**	**-38 212**	**7 183**	**5 032**	**-584 640**	**-392 511**
EBITA	**75 657**	**53 271**	**-1 444**	**8 650**	**22 789**	**1 853**	**514**	**2 830**	**97 516**	**66 604**
Acquisition-related personnel expenses	13 747	6 644	–	–	1 308	–	–	–	**15 055**	**6 644**
Other exceptional items affecting comparability	–	3 300	–	–	-21 000	–	–	–	**-21 000**	**3 300**
Adjusted EBITA*	**89 404**	**63 215**	**-1 444**	**8 650**	**3 097**	**1 853**	**514**	**2 830**	**91 571**	**76 548**

* Adjusted EBITA excludes acquisition-related personnel expenses for all periods, the Danish operation's sale of business in Q3 of MSEK 21, see note 9, and a reversal of expensed repayment to the Swedish Agency for Economic and Regional Growth in Q1 2021, which in fact was related to the financial year 2020.

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.

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

	2022	2021
Revenue from customer contracts	656 582	460 187
Other income	25 574	-1 072
Total income	**682 156**	**459 115**

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

	Sweden		Norway		Denmark		Total, Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Consultancy services	343 811	271 536	76 429	38 936	30 670	22 498	**450 910**	**332 970**
Revenue from software	58 252	43 528	44 295	26 414	9 705	7 818	**112 252**	**77 760**
Support and infrastructure services	45 636	22 983	20 149	10 113	–	–	**65 785**	**33 096**
Other	12 999	5 521	6 216	1 245	8 420	9 595	**27 635**	**16 361**
Total revenue	**460 698**	**343 568**	**147 089**	**76 708**	**48 795**	**39 911**	**656 582**	**460 187**

cont. note 6

Revenue from external customers broken down by country, based on the location of customers:	Sweden		Norway		Denmark		Total, Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Sweden	441 715	323 297	1 558	1 276	444	645	**443 717**	**325 218**
Norway	13 440	13 401	145 489	75 011	331	136	**159 260**	**88 548**
Denmark	1 555	2 571	19	128	46 277	37 738	**47 851**	**40 437**
Other	3 989	4 299	23	293	1 742	1 392	**5 754**	**5 984**
Total revenue	**460 699**	**343 568**	**147 089**	**76 708**	**48 794**	**39 911**	**656 582**	**460 187**

Fixed assets, other than financial instruments, and deferred tax assets based on the physical location of the asset, are set out in the table below:

	2022-12-31	2021-12-31	2021-01-01
Sweden	492 014	407 776	107 360
Norway	17 940	16 765	–
Denmark	22 491	9 321	1 256
Total	**532 445**	**433 862**	**108 616**

The Group's contracts usually either run at a fixed hourly rate or have an expected duration of not more than one year. Hence, the practical expedient available in IFRS 15 is applied, and no disclosure is given on unfulfilled commitments attributable to said contracts.

Assets and liabilities attributable to customer contracts

The Group recognizes the following assets and liabilities attributable to customer contracts:

	2022-12-31	2021-12-31	2021-01-01
Short-term non-invoiced receivables from customers	23 393	15 928	13 383
Contract liabilities – Advances from customers	14 355	16 589	9 739

Short-term non-invoiced receivables from customers are recognized as accrued income in the balance sheet, and contract liabilities are recognized as deferred income in the balance sheet.

Revenue recognized in relation to contract liabilities

The table below shows the share of revenue recognized during the financial year that is attributable to contract liabilities.

Recognized revenue attributable to contract liabilities that existed at the start of the period:

	2022	2021
Advances from customers	16 589	9 739

Note 7. Auditor's fees

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Ernst & Young AB		
Audit engagement	1 189	1 009
Fees for audit-related services	45	330
Tax consultancy services	27	39
Other services	355	48
Total, Ernst & Young AB	**1 616**	**1 426**
Other auditors		
Audit engagement	587	206
Fees for audit-related services	119	–
Tax consultancy services	8	–
Other services	87	84
Total, other auditors	**801**	**290**

Note 8. Remuneration of employees, etc.

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Remuneration of employees		
Salaries and remunerations	294 698	207 950
Social security contributions	77 180	57 378
Pension expenses (defined contribution)	23 633	19 624
Total remuneration of employees	**395 511**	**284 952**

	2022-01-01 - 2022-12-31		2021-01-01 - 2021-12-31	
	Salaries and remunerations	Of which bonus payments	Salaries and remunerations	Of which bonus payments
Salaries and remunerations				
Board members, CEOs and other senior executives	11 896	–	8 927	–
Other employees	282 802	–	199 023	–
Total salaries and remunerations	**294 698**	**–**	**207 950**	**–**

	2022-01-01 - 2022-12-31		2021-01-01 - 2021-12-31	
	Social security contributions	Of which pension expenses	Social security contributions	Of which pension expenses
Social security contributions				
Board members, CEOs and other senior executives	5 806	2 079	3 848	1 378
Other employees	95 007	21 554	73 154	18 246
Total social security contributions	**100 813**	**23 633**	**77 002**	**19 624**

	2022-01-01 - 2022-12-31			2021-01-01 - 2021-12-31		
	Number on the balance sheet date	Of whom women	Of whom others	Number on the balance sheet date	Of whom women	Of whom others
Average number of employees with geographic distribution by country						
Sweden	345	138	207	349	132	217
Denmark	38	6	32	31	6	25
Norway	107	44	63	51	19	32
Total average number of employees with geographic distribution by country	**490**	**188**	**302**	**431**	**157**	**274**

cont. note 8

	2022-01-01 - 2022-12-31			2021-01-01 - 2021-12-31		
	Number on the balance sheet date	Of whom women	Of whom others	Number on the balance sheet date	Of whom women	Of whom others
Gender distribution of the Group's board members and other senior executives (including subsidiaries)						
Board members	5	1	4	4	1	3
CEO and other senior executives	13	3	10	9	2	7
Total	**18**	**4**	**14**	**13**	**3**	**10**

	2021-01-01 - 2021-12-31			
	Basic salary / board fees	Other benefits	Pension expenses	Total
Remuneration and other benefits				
Chairman of the Board Peter Viberg	190	–	–	**190**
Board member - Anders Englund	95	–	–	**95**
Board member - Åsa Holmström	95	–	–	**95**
Chief Executive Officer	1 757	79	621	**2 457**
Other senior executives (8)	6 449	262	757	**7 468**
Total remuneration and other benefits	**8 586**	**341**	**1 378**	**10 305**

	2022-01-01 - 2022-12-31			
	Basic salary / board fees	Other benefits	Pension expenses	Total
Remuneration and other benefits				
Chairman of the Board Peter Viberg	330	–	–	**330**
Board member - Anders Englund	165	–	–	**165**
Board member - Per Eriksson	133	–	–	**133**
Board member - Åsa Holmström	165	–	–	**165**
Board member - Erlend Sogn	133	–	–	**133**
Chief Executive Officer Johan Kallblad	2 203	84	634	**2 921**
Other senior executives (3)	2 440	67	706	**3 213**
Total remuneration and other benefits	**5 569**	**151**	**1 340**	**7 060**

In addition to board fee, board member Erlend Sogn received, through own company, KSEK 261 (2021: KSEK 0) for consultancy relating to management assistance within the Group.

Other benefits relate to car benefits.

Guidelines

The Chairman and members of the Board of Directors are paid fees in accordance with the resolutions of the General Meeting on 2022-04-29. No fees have been paid to other board members who are in receipt of a salary for employment in Group companies.

As regards management, the General Meeting have resolved upon the following guidelines relating to remuneration. The remuneration of the Chief Executive Officer and other senior executives consists of basic salary, variable remuneration, other benefits, pensions, etc. Other senior executives are the three people who, together with the Chief Executive Officer, comprise the Group management. After a strategic review of the Group management work, during the year we have reduced the group management to four people - CEO, CFO, HR manager and Strategy manager. The purpose of a small group management team is to be able to quickly and efficiently make decisions on group-wide issues.

Other senior executives also include business area managers, who were part of the group management in the previous year, and other key personnel.

Pension benefits and other benefits to the Chief Executive Officer and other senior executives are paid out as part of the total remuneration.

cont. note 8

Pension (defined contribution plans)

The retirement age for the Chief Executive Officer and other senior executives is 65. The pension premium shall amount to 4.5 percent up to 7.5 times the income base amount and 30 percent of the pensionable pay thereafter.

No pension commitments have been made regarding board members that do not have a permanent employment relationship with any of the companies within the Group.

Severance payment

Between the company and the Chief Executive Office, a mutual notice period of six months applies. In the event of termination at the request of the company or the Chief Executive Officer, no severance payment shall be made.

Share-based payments

The general meeting on 11 December 2017 resolved to introduce an incentive scheme by means of a directed issue of 5,125 warrants to, at that point, senior executives and key individuals in Exsitec Holding AB. Each warrant entitles the holder to subscribe for 100 shares at a subscription price of SEK 18 per share during the period 15 November 2023 to 15 December 2023.

Below is a list of outstanding warrants:

	2022-01-01 - 2022-12-31		2021-01-01 - 2021-12-31	
Warrants	Average exercise price in SEK per warrant	Number of warrants	Average exercise price in SEK per warrant	Number of warrants
At as 1 januari	1 800	5 125	1 800	5 125
At as 31 december	1 800	5 125	1 800	5 125

As of each balance sheet date, senior executives hold the following number of warrants:

2022-12-31	2021-12-31	2021-01-01
1 875	2 500	5 125

Note 9. Other operating income

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Other operating income		
Foreign exchange gains	1 901	667
Gains from divestments of fixed assets	698	592
Gains from divestment of business branch*	21 000	–
Other income	1 975	–2 331
Total other operating income	**25 574**	**–1 072**

* The Danish subsidiary's divestment of a smaller business branch that was outside the company's core business.

Note 10. Other operating expenses

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Other operating expenses		
Foreign exchange losses	–1 503	–748
Losses from divestments of fixed assets	–1	–43
Total other operating expenses	**–1 504**	**–791**

Note 11. Financial income and expenses

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Financial income		
Interest income	144	48
Other financial income	–	278
Total financial income	**144**	**326**

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Financial expenses		
Interest expenses, liabilities to credit institutions	–3 970	–2 201
Interest expenses, lease liabilities	–772	–648
Other financial expenses	–387	–283
Exchange rate differences	–312	–7
Total financial expenses	**–5 441**	**–3 139**
Net financial items	**–5 297**	**–2 813**

Note 12. Income tax

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Current tax on profit for the year	-21 501	-14 399
Adjustments relating to previous years	–	-704
Total current tax	**-21 501**	**-15 103**
Origination and reversal of temporary differences	3 717	2 345
Total deferred tax	**3 717**	**2 345**
Total income tax	**-17 784**	**-12 758**

Reconciliation between theoretical tax cost and reported tax

Tax at Swedish tax rate of 20.6 percent (2021: 20.6 percent).

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Profit or loss before tax	73 901	52 986
Income tax calculated at the Swedish tax rate (20.6 percent)	-15 224	-10 915
Tax effect of:		
Non-taxable income	1	48
Non-deductible costs	-3 056	-1 468
Deductible expenses not included in profit or loss	–	603
Effect of changed tax rate	–	–
Previously unrecognized tax losses used during the year	566	-217
Difference in foreign tax rates	-72	-105
Tax attributable to previously reported results	–	-704
Income tax	**-17 784**	**-12 758**

The weighted average tax rate for the Group was 24.1 percent (2021: 24.1 percent)

Note 13. Earnings per share

Earnings per share are calculated by dividing the profit for the year by a weighted average number of ordinary shares outstanding during the period.

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Basic earnings per share	4,37	3,26
Diluted earnings per share	4,20	3,13

Performance measures used in the calculation of earnings per share	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Profit attributable to the parent company's shareholders, KSEK	56 117	40 227

Calculation of weighted average number of shares	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Weighted average number of ordinary shares, used in the calculation of basic earnings per share	12 842 150	12 345 838
Adjustment for calculation of diluted earnings per share:		
Options	512 500	512 500
Weighted average number of ordinary shares and potential ordinary shares, used as denominator for calculation of diluted earnings per share	13 354 650	12 858 338

Note 14. Investments in subsidiary undertakings

The Group had the following subsidiaries on 2022-12-31:

	Country of registration and operation	Operation	Proportion of ordinary shares held directly by the parent company (%)	Proportion of ordinary shares held by the Group (%)
Exsitec AB	Sweden	IT consultant	100	100
Exsitec AB owns in turn:				
Exsitec AS	Norway	IT consultant	100	100
Exsitec Helsingborg AB	Sweden	dormant	100	100
iAdvice ApS	Denmark	IT consultant	100	100
Irativ AS	Norway	dormant	100	100
Spot On Solutionas AB	Sweden	IT consultant	100	100
Vimur AB	Sweden	IT consultant	100	100
Zedcom AB	Sweden	IT consultant	100	100
Zedcom ISP AB	Sweden	IT consultant	100	100

Note 15. Tangible fixed assets

At as 2021-01-01	Buildings and land	Equipment, tools, fixtures and fittings	Total
Cost	–	3 793	3 793
Accumulated depreciation	–	-2 552	-2 552
Carrying amount	**–**	**1 241**	**1 241**

Financial year 2021	Buildings and land	Equipment, tools, fixtures and fittings	Total
Opening balance	**–**	**1 241**	**1 241**
Acquisitions during the year	–	3 124	3 124
Added through business combinations	6 533	3 807	10 340
Disposals and retirements	–	-433	-433
Exchange rate differences	–	-142	-142
Depreciation for the year	-33	-1 835	-1 868
Carrying amount	**6 500**	**5 762**	**12 262**

At as 2021-12-31	Buildings and land	Equipment, tools, fixtures and fittings	Total
Cost	6 533	10 149	16 682
Accumulated depreciation	-33	-4 387	4 420
Carrying amount	**6 500**	**5 762**	**12 262**

Financial year 2022	Buildings and land	Equipment, tools, fixtures and fittings	Total
Opening balance	**6 500**	**5 762**	**12 262**
Acquisitions during the year	506	1 961	2 467
Added through business combinations	–	725	725
Disposals and retirements	–	–	–
Exchange rate differences	21	28	49
Depreciation for the year	-80	-2 932	-3 012
Carrying amount	**6 947**	**5 544**	**12 491**

At as 2022-12-31	Buildings and land	Equipment, tools, fixtures and fittings	Total
Cost	7 060	12 863	19 923
Accumulated depreciation	-113	-7 319	-7 432
Carrying amount	**6 947**	**5 544**	**12 491**

Note 16. Intangible assets

At as 2021-01-01	Goodwill	Customer relations	Trade-marks	Total
Cost	203 993	–	–	203 993
Accumulated depre-ciation	-123 744	–	–	-123 744
Carrying amount	**80 249**	**–**	**–**	**80 249**

Financial year 2021	Goodwill	Customer relations	Trade-marks	Total
Opening balance	**80 249**	**–**	**–**	**80 249**
Acquisitions during the year	180 894	124 992	3 892	309 778
Exchange rate diffe-rences	2	1 040	20	1 062
Depreciation for the year	–	-8 348	-2 458	-10 806
Carrying amount	**261 145**	**117 684**	**1 454**	**380 283**

At as 2021-12-31	Goodwill	Customer relations	Trade-marks	Total
Cost	384 889	126 032	3 912	514 833
Accumulated depre-ciation	-123 744	-8 348	-2 458	-134 550
Carrying amount	**261 145**	**117 684**	**1 454**	**380 283**

Financial year 2022	Goodwill	Customer relations	Trade-marks	Total
Opening balance	**261 145**	**117 684**	**1 454**	**380 283**
Acquisitions during the year	77 962	44 070	1 781	123 813
Exchange rate diffe-rences	2 514	1 373	18	3 905
Depreciation for the year	–	-15 649	-2 668	-18 317
Carrying amount	**341 621**	**147 478**	**585**	**489 684**

At as 2022-12-31	Goodwill	Customer relations	Trade-marks	Total
Cost	465 365	171 475	5 711	642 551
Accumulated depre-ciation	-123 744	-23 997	-5 126	-152 867
Carrying amount	**341 621**	**147 478**	**585**	**489 684**

Impairment testing of goodwill

Exsitec monitors goodwill allocated to the three operating segments Sweden, Norway, and Denmark. Goodwill is monitored on the operating segment level.

The recoverable amount of goodwill is determined based on the calculated value in use. Exsitec has judged that sales growth, EBITDA margin, discount rate and long-term growth rate are the main assumptions involved in the impairment testing. Calculations of value in use are based on estimated future cash flows

cont. note 16

before tax based on management-approved budgets covering a five-year period. The calculation is based on the experience of management and historical data. The growth rate sustainable in the long term for the operating segments has been assessed based on industry forecasts.

Goodwill broken down by operating segment	2022-12-31	2021-12-31	2021-01-01
Goodwill			
Sweden	250 889	178 277	69 925
Norway	76 317	72 544	0
Denmark	14 415	10 324	10 324
Total goodwill	**341 621**	**261 145**	**80 249**

Right-of-use asset	2022-12-31	2021-12-31	2021-01-01
Discount rate before tax* (Sweden)	9,4%	10,4%	10,4%
Long-term growth rate** (Sweden)	2,0%	2,0%	2,0%
Discount rate before tax* (Norway)	9,4%	10,4%	10,4%
Long-term growth rate** (Norway)	2,0%	2,0%	2,0%
Discount rate before tax* (Denmark)	9,4%	10,4%	10,4%
Long-term growth rate** (Denmark)	2,0%	2,0%	2,0%

* Discount rate before tax used in discounting of estimated future cash flows.
** Weighted average growth rate used to extrapolate cash flows beyond the forecast period.

Sensitivity analysis for goodwill:

The recoverable amount exceeds the carrying amount of goodwill by a significant margin. This is valid also under the assumptions that:

- The discount rate before tax would have been 10 (2021-12-31: 10) percent higher
- the estimated growth rate for extrapolating cash flows beyond the five-year period would have been 2 (2021-12-31: 2) percentage points lower.

The key assumptions, in addition to discount rate and long-term growth rate, are sales growth and EBITDA margin. A change in these assumptions of 5 percentage points would not result in any impairment loss.

Note 17. Leases

The following amounts relating to leases are recognized in the balance sheet:

	2022-12-31	2021-12-31	2021-01-01
Right-of-use assets			
Premises	23 687	35 528	24 666
Vehicles	3 831	3 585	1 113
Total right-of-use assets	**27 518**	**39 113**	**25 779**

	2022-12-31	2021-12-31	2021-01-01
Lease liabilities			
Long-term	9 179	19 317	15 246
Short-term	15 198	16 978	8 635
Total lease liabilities	**24 377**	**36 295**	**23 881**

Added right-of-use assets in 2022 amounted to KSEK 6,411 (2021: KSEK 26,303).

The following amounts relating to leases are recognized in the income statement:

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Depreciation of right-of-use assets		
Premises	−16 806	−12 536
Vehicles	−3 187	−1 462
Total depreciation of right-of-use assets	**−19 993**	**−13 998**

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Other		
Interest expenses (included in financial expenses)	768	819
Expenditure attributable to leases for which the underlying asset is of low value that are not short-term leases (included in Other external expenses)	985	217
Total other	**1 753**	**1 036**

No material variable lease payments that are not included in the lease liability have been identified.

Contracted investments relating to right-of-use assets at the end of the reporting period that are not yet recognized in the financial statements amount to KSEK 32,195.

The total cash flow relating to leases was KSEK 21,556 (2021: KSEK 14,296).

For information about the maturity of the lease liability, see Note 3 Management of financial risk.

Note 18. Inventory

The Groups inventory consists entirely of finished goods and merchandise.

Cost of goods is included in the item Merchandise in the income statement and amounts to KSEK 6,744 (2021: KSEK 8,454).

Note 19. Financial instruments by category

2021-01-01	Financial assets at amortized cost	Total
Financial assets in the balance sheet		
Other long-term receivables	1 348	**1 348**
Accounts receivable	47 003	**47 003**
Other short-term receivables (part of the item)	1 778	**1 778**
Accrued income	13 383	**13 383**
Cash and cash equivalents	59 178	**59 178**
Total financial assets in the balance sheet	**122 690**	**122 690**

2021-01-01	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Financial liabilities in the balance sheet			
Liabilities to credit institutions (long and short term)	–	–	**-**
Contingent consideration (included in the item other long- and short-term liabilities)	4 400	–	**4 400**
Accounts payable	–	20 288	**20 288**
Other short-term liabilities (part of the item)	–	1 097	**1 097**
Accrued expenses	–	4 079	**4 079**
Total financial liabilities in the balance sheet	**4 400**	**25 464**	**29 864**

2021-12-31	Finansiella tillgångar värderade till upplupet anskaffnings-värde	Summa
Financial assets in the balance sheet		
Other long-term receivables	1 136	**1 136**
Accounts receivable	109 636	**109 636**
Other short-term receivables (part of the item)	707	**707**
Accrued income	15 928	**15 928**
Cash and cash equivalents	82 782	**82 782**
Total financial assets in the balance sheet	**210 192**	**210 192**

2021-12-31	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Financial liabilities in the balance sheet			
Liabilities to credit institutions (long and short term)	–	137 411	**137 411**
Contingent consideration (included in the item other long- and short-term liabilities)	17 353	–	**17 353**
Accounts payable	–	42 214	**42 214**
Other short-term liabilities (part of the item)	–	10 345	**10 345**
Accrued expenses	–	3 008	**3 008**
Total financial liabilities in the balance sheet	**17 353**	**192 978**	**210 331**

2022-12-31	Financial assets at amortized cost	Total
Financial assets in the balance sheet		
Other long-term receivables	1 782	**1 782**
Accounts receivable	119 300	**119 300**
Other short-term receivables (part of the item)	3 224	**3 224**
Accrued income	23 393	**23 393**
Cash and cash equivalents	46 259	**46 259**
Total financial assets in the balance sheet	**193 962**	**193 962**

2022-12-31	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Financial liabilities in the balance sheet			
Liabilities to credit institutions (long and short term)	–	139 361	**139 361**
Contingent consideration (included in the item other long- and short-term liabilities)	24 310	–	**24 310**
Accounts payable	–	38 176	**38 176**
Other short-term liabilities (part of the item)	–	6 159	**6 159**
Accrued expenses	–	8 130	**8 130**
Total financial liabilities in the balance sheet	**24 310**	**191 826**	**216 136**

In addition to the financial instruments specified in the table (above), the Group has financial liabilities in the form of lease liabilities, which are recognized and measured in accordance with IFRS 16 Leases.

Note 20. Accounts receivable

	2022-12-31	2021-12-31	2021-01-01
Accounts receivable			
Accounts receivable	121 200	112 091	47 563
Minus: loss allowance for expected credit losses	-1 900	-2 455	-560
Total accounts receivable	**119 300**	**109 636**	**47 003**

As the discount effects are not material, the fair value of accounts receivable corresponds to the carrying amount.

Note 21. Other receivables (long and short term)

	2022-12-31	2021-12-31	2021-01-01
Other long-term receivables			
Rental deposits	1 782	1 136	1 348
Total other long-term receivables	**1 782**	**1 136**	**1 348**

	2022-12-31	2021-12-31
Opening balance	**1 136**	**1 348**
Incoming receivables	662	99
Amortization, outgoing claims	–37	–339
Exchange rate differences	21	28
Carrying amount	**1 782**	**1 136**

	2022-12-31	2021-12-31	2021-01-01
Other short-term receivables			
Taxes and charges	11 414	–	–
Other short-term receivables	3 224	707	1 778
Total other short-term receivables	**14 638**	**707**	**1 778**

Note 22. Prepaid expenses and accrued income

	2022-12-31	2021-12-31	2021-01-01
Prepaid expenses and accrued income			
Accrued income	23 393	15 928	13 383
Other prepaid expenses	11 520	16 392	7 691
Total prepaid expenses and accrued income	**34 913**	**32 320**	**21 074**

Accrued income consists entirely of short-term receivables in the form of time spent that is not yet invoiced. Exsitec has no remaining obligations in respect of these receivables. For additional information, see Note 6 Segment reporting and information about net sales.

Note 23. Cash and cash equivalents

	2022-12-31	2021-12-31	2021-01-01
Cash and cash equivalents			
Bank balances	46 259	82 782	59 178
Total cash and cash equivalents	**46 259**	**82 782**	**59 178**

Note 24. Share capital and other contributed capital

Share capital and other contributed capital	Number of shares	Share capital	Other contributed capital
As at 2021-01-01	**11 705 000**	**585**	**169 853**
New issuance	1 051 523	53	148 831
As at 2021-12-31	**12 756 523**	**638**	**318 684**
New issuance	131 873	6	24 926
As at 2022-12-31	**12 888 396**	**644**	**343 610**

As of 2022-12-31, the share capital consists of 12,888,396 (2021-12-31: 12,756,523 and 2021-01-01: 11,705,000) ordinary shares, each with the quota value SEK 0.05 (2021-12-31: SEK 0.05 and 2021-01-01: SEK 0.05).

All shares issued by the parent company are paid in full.

Note 25. Borrowings

	2022-12-31	2021-12-31	2021-01-01
Long-term loans with pledged collateral			
Liabilities to credit institutions (bank loans)	85 062	95 611	–
Total long-term loans with pledged collateral	**85 062**	**95 611**	**–**

	2022-12-31	2021-12-31	2021-01-01
Short-term loans with pledged collateral			
Liabilities to credit institutions (bank loans)	54 299	41 800	–
Total short-term loans with pledged collateral	**54 299**	**41 800**	**–**

	2022-12-31	2021-12-31	2021-01-01
Total borrowings	**139 361**	**137 411**	**–**

Liabilities to credit institutions will mature by May 2026 and bear interest at an average rate of 3.5 percent annually (2021: 1.9 percent annually). All loans bear interest at a floating rate.

There are no long-term loans without collateral.

The Group's borrowings are in SEK.

For liabilities to credit institutions, collateral has been provided in the form of business mortgages in the amount of KSEK 25,400. For additional information, see Note 30 Pledged assets.

Liabilities to credit institutions are subject to pledges to fulfil certain covenants. These covenants are that the ratio between the Group's net debt and EBITDA shall never exceed 1.5.

The Group complied with all covenants (loan terms) in 2022 and 2021.

The carrying amount of the Group's borrowings corresponds to the fair value, since the interest rate on the borrowings is variable and the credit risk has not changed since the borrowings were contracted.

Bank overdraft facility

The Group has a granted bank overdraft facility in SEK of KSEK 20,000. Of the bank overdraft facility granted, KSEK 0 was utilized as of 31 December 2022 (KSEK 0 as of 2021-12-31 and KSEK 0 as of 2021-01-01).

Note 26. Deferred tax

Deferred tax liabilities break down as follows:

Deferred tax liabilities	Trademarks	Customer relations	Rights of use	Total
As at 2021-01-01	**–**	**–**	**–**	**–**
Increase through business combinations	-826	-26 306		-27 132
Recognized in profit or loss	521	1 752	–	2 273
Exchange rate differences	-5	-228		-233
As at 2021-12-31	**-310**	**-24 782**	**–**	**-25 092**
Increase through business combinations	-372	-9 163	–	-9 535
Recognized in profit or loss	564	3 287		3 851
Exchange rate differences	-4	-303		-307
As at 2022-12-31	**-122**	**-30 961**	**–**	**-31 083**

Deferred tax liabilities	Unused tax losses	Lease liabilities	Other	Total
As at 2021-01-01	**–**	**–**	**–**	**–**
Increase through business combinations	–	5	1 000	1 005
Recognized in profit or loss	–	159	-117	42
Exchange rate differences		-4	25	21
As at 2021-12-31	**–**	**160**	**908**	**1 068**
Increase through business combinations	–	46	–	46
Recognized in profit or loss	–	41	-176	-135
Exchange rate differences		-36	27	-9
As at 2022-12-31	**–**	**211**	**759**	**970**

Deferred taxes – net	2022-12-31	2021-12-31	2021-01-01
Deferred tax assets	970	1 068	–
Amounts set off against deferred tax liabilities	–	–	–
Carrying amount, deferred tax assets	**970**	**1 068**	**–**
Deferred tax liabilities	31 083	25 092	–
Amounts set off against deferred tax assets	–	–	–
Carrying amount, deferred tax liabilities	**31 083**	**25 092**	**–**

Note 27. Other long-term liabilities

	2022-12-31	2021-12-31	2021-01-01
Other long-term liabilities			
Contingent consideration	17 247	8 487	2 400
Total other long-term liabilities	**17 247**	**8 487**	**2 400**

Note 28. Other short-term liabilities

	2022-12-31	2021-12-31	2021-01-01
Other short-term liabilities			
VAT	20 455	23 846	8 952
Personnel-related liabilities (taxes and charges)	12 862	10 029	4 750
Contingent consideration	7 063	8 866	2 000
Other liabilities	6 159	10 345	1 097
Total other short-term liabilities	**46 539**	**53 086**	**16 799**

Note 29. Accrued expenses and deferred income

	2022-12-31	2021-12-31	2021-01-01
Accrued expenses and deferred income			
Accrued interest expenses	1 072	583	46
Accrued salaries	19 333	9 460	1 036
Accrued holiday pay	23 230	18 185	4 688
Accrued social security contri-butions	5 266	4 444	1 303
Deferred income (contract liabilities)	14 355	16 589	9 739
Other items	8 130	3 008	4 079
Total accrued expenses and deferred income	**71 386**	**52 269**	**20 891**

Deferred income consists entirely of advances from customers that are contract liabilities in accordance with the definition in IFRS 15 Revenue from Contracts with Customers. For additional information, see Note 6 Segment reporting and information on net sales.

Note 30. Pledged assets and contingent liabilities

	2022-12-31	2021-12-31	2021-01-01
Pledged assets			
Business mortgages	25 400	19 200	17 000
Equipment subject to retention of title	3 831	6 375	2 428
Total pledged assets	**29 231**	**25 575**	**19 428**

Note 31. Related party transactions

Exsitec Holding AB is the ultimate parent company preparing consolidated financial statements. No single party has a controlling influence over Exsitec Holding AB. The company Syntrans AB, which is owned by Exsitec Holding AB's Chairman of the Board, has significant influence over Exsitec Holding AB. In addition to the aforementioned entities, related parties are all subsidiaries within the Group and key management personnel in the Group and persons closely associated with them. Transactions are conducted on market terms.

The following related party transactions have taken place:

(a) Sales of goods and services	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Companies controlled by key management personnel	7	254
Total	**7**	**254**

(b) Purchases of goods and services	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Companies controlled by key management personnel	261	–
Total	**261**	**–**

Outstanding balances arising from sales and purchases of goods and services	2022-12-31	2021-12-31	2021-01-01
Receivables from related parties			
Companies controlled by key management personnel	–	50	38
Total receivables from related parties	**–**	**50**	**38**
Liabilities to related parties			
Companies controlled by key management personnel	261	–	–
Total liabilities to related parties	**261**	**–**	**–**

The Group has not made any provisions for doubtful debts attributable to related parties. No security has been provided for the receivables.

Receivables from related parties arise mainly from sales transactions and fall due 1 month after the date of sale.

Liabilities to related parties arise mainly from purchase transactions and fall due 1 month after the date of purchase.

See Note 8 Remuneration of employees, etc. for information about the remuneration of senior executives.

Note 32. Changes in liabilities under financing activities

	2021-01-01	Cash inflow	Cash outflow	Non-cash items New leases	2021-12-31
Lease liabilities	23 881	–	-13 260	25 674	**36 295**
Liabilities to credit institutions	–	155 000	-17 589	–	**137 411**
Total	**23 881**	**155 000**	**-30 849**	**25 674**	**173 706**

	2022-01-01	Cash inflow	Cash outflow	Non-cash items New leases	2022-12-31
Lease liabilities	36 295	–	-19 803	7 885	**24 377**
Liabilities to credit institutions	137 411	50 000	-48 050*	–	**139 361**
Total	**173 706**	**50 000**	**-68 853**	**7 885**	**163 738**

* Deductions of repayments in the cash flow statement totaling KSEK 6,660 relate to liabilities to credit institutions incurred through acquisitions.

Note 33. Business combinations

Business combinations during the financial year 2022

During 2022, several acquisitions were carried out, which are presented in the table below. Of these, only Spot On Solutions AB is judged to be significant. Other acquisitions have been judged to be individually immaterial and information about them is therefore provided in aggregate.

Company	Included in operating segments	Share acquired	Purchase price	Goodwill
Spot On Solutions AB	Sweden	100 %	79 000	51 063
Vimur AB	Sweden	100 %	17 033	13 239
Atopto AB	Sweden	100 %	15 000	8 310
Info Solution ApS	Denmark	100 %	2 113	1 289
QiS ApS	Denmark	100 %	6 412	2 625
Mantle AS	Norway	100 %	2 142	1 436
Total			**121 700**	**77 962**

Acquisition Spot On Solutions AB

On May 9 2022, the parent company acquired 100% of the share capital of Spot On Solutions AB, a group operating in e-commerce. Identified surplus values are linked to customer relations and brands.

The following table summarizes the purchase price paid for Spot On Solutions AB and the fair value of assets acquired and liabilities assumed recognized on the acquisition date.

Amout in KSEK	
PURCHASE PRICE	
Cash and cash equivalents	50 002
Equity instruments (131 789 common shares)	24 998
Contingent consideration	4 000
Total consideration paid	**79 000**
FAIR VALUE OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Cash and cash equivalents	**3 631**
Intangible assets (customer relations and brands)	29 421
Tangible fixed assets	509
Other current assets	16 504
Long-term liabilities	-4 750
Deferred tax liabilities	-6 061
Accounts payable and other liabilities	-11 317
Total identifiable net assets	**27 937**
Goodwill	**51 063**

Goodwill

Goodwill is attributable to, among other things, synergies and staffing. No part of the goodwill recognized is expected to be tax deductible.

Revenues and performance of acquired business

The acquisition of Spot On Solutions AB contributed revenue of KSEK 42 865 to the Group for the period May to December 2022. Spot On Solutions AB also contributed a loss of KSEK 3 285 for the same period.

If the acquisition of Spot On Solutions AB had been completed on 1 January 2022, the consolidated pro forma revenue and loss for 2022 is KSEK 65 569 and KSEK 1 460 respectively.

These amounts have been calculated by using the subsidiary's result adjusted for differences in accounting policies between the Group and the subsidiary.

Acquisition-related costs

Acquisition-related costs of KSEK 666 are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Equity instruments

The fair value of the 131 789 ordinary shares in Exsitec Holding AB that were issued as part of the consideration was based on the market price on the date of acquisition.

Contingent consideration

The contingent consideration is determined by profitability and accrues based on a fixed percentage of TB-ARR for the period June 2021 to May 2025. The maximum amount of the contingent consideration is KSEK 5 000.

Amout in KSEK	2022
Cash flow used to acquire subsidiaries, less acquired cash and cash equivalents:	
Purchase price settled in cash	50 002
Less: Acquired cash and cash equivalents	-3 631
Net cash outflow from investing activities	**46 371**

cont. note 33

Aggregated information of smaller acqusitions

During the year, the group carried out several smaller acquisitions which are listed in the table above.

The following table summarizes the purchase price paid for the aggregated aqcusitions and the fair value of assets acquired and liabilities assumed recognized on the acquisition date.

Amout in KSEK	
PURCHASE PRICE	
Cash and cash equivalents	32 516
Contingent consideration	10 184
Total consideration paid	**42 700**
FAIR VALUE OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Likvida medel	**7 357**
Intangible assets (customer relations and brands)	16 430
Tangible fixed assets	216
Other current assets	5 619
Deferred tax liabilities	-3 474
Accounts payable and other liabilities	-10 347
Total identifiable net assets	**15 801**
Goodwill	**26 899**

Goodwill

Goodwill is attributable to, among other things, synergies and staffing. KSEK 25 610 of goodwill recognized is expected to be tax deductible.

Revenues and performance of acquired business

The aggregated acquisitions contributed revenue of KSEK 11 404 to the Group during 2022. The units also contributed a profit of KSEK 2 486 for the same period.

If the acquisition of the aggregated units had been completed on 1 January 2022, the consolidated pro forma revenue and profit for 2022 is KSEK 29 315 and KSEK 6 321 respectively.

These amounts have been calculated by using the subsidiary's result adjusted for differences in accounting policies between the Group and the subsidiary.

Acquisition-related costs

Acquisition-related costs of KSEK 503 are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Contingent consideration

The contingent consideration is determined by profitability and accrues based on a fixed percentage of TB-ARR for the years 2022-2025. The maximum amount of the contingent consideration is KSEK 10 184.

Amout in KSEK	2022
Cash flow used to acquire subsidiaries, less acquired cash and cash equivalents:	
Purchase price settled in cash	32 516
Less: Acquired cash and cash equivalents	-7 357
Net cash outflow from investing activities	**25 159**

cont. note 33

Business combinations during the financial year 2021

Company	Included in operating segments	Share acquired	Purchase price	Goodwill
Millnet B I AB	Sweden	100%	110 953	59 366
Vitari AS	Norway	100%	124 718	72 542
Zedcom (AB och ISP AB)	Sweden	100%	57 500	27 745
Woocode AB	Sweden	100%	38 700	21 242
Total			**331 871**	**180 895**

Millnet B I AB

On 2021-01-07, the parent company acquired 100% of the share capital of Millnet B I AB, a group operating in business intelligence. Identified surplus values are linked to customer relations and brands.

The following table summarizes the purchase price paid for Millnet B I AB and the fair value of assets acquired and liabilities assumed recognized on the acquisition date.

Amout in KSEK	
PURCHASE PRICE	
Cash and cash equivalents	96 000
Contingent consideration	14 953
Total consideration paid	**110 953**
FAIR VALUE OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Cash and cash equivalents	**19 295**
Intangible assets (customer relations and brands)	46 311
Tangible fixed assets	325
Other current assets	14 829
Deferred tax liabilities	-11 094
Accounts payable and other liabilities	-18 079
Total identifiable net assets	**51 587**
Goodwill	**59 366**

Goodwill

Goodwill is attributable to, among other things, synergies and staffing. No part of the goodwill recognized is expected to be tax deductible.

Revenues and performance of acquired business

The acquisition of Millnet B I AB contributed revenue of KSEK 80 230 to the Group for the period 2021-01-07 to 2021-12-31. Millnet B I AB also contributed a profit of KSEK 22 700 for the same period.

These amounts have been calculated by using the subsidiary's result adjusted for differences in accounting policies between the Group and the subsidiary.

Acquisition-related costs

Acquisition-related costs of KSEK 515 are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Contingent consideration

The contingent consideration is determined by profitability and accrues based on a fixed percentage of TB-ARR for the years 2021-2023. The maximum amount of the contingent consideration is KSEK 14 953.

Amout in KSEK	2021
Cash flow used to acquire subsidiaries, less acquired cash and cash equivalents:	
Purchase price settled in cash	96 000
Less: Acquired cash and cash equivalents	-19 295
Net cash outflow from investing activities	**76 705**

cont. note 33

Vitari AS

On 2021-06-04, the parent company acquired 100% of the share capital of Vitari AS, a group operating in ERP. Identified surplus values are linked to customer relations and brands.

The following table summarizes the purchase price paid for Vitari AS and the fair value of assets acquired and liabilities assumed recognized on the acquisition date.

Amout in KSEK	
PURCHASE PRICE	
Cash and cash equivalents	124 718
Total consideration paid	**124 718**
FAIR VALUE OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Cash and cash equivalents	**29 057**
Intangible assets (customer relations and brands)	41 575
Tangible fixed assets (including rights of use)	9 192
Financial assets	97
Deferred tax assets	1 000
Other current assets	12 421
Deferred tax liabilities	-9 146
Accounts payable and other liabilities	-32 020
Total identifiable net assets	**57 176**
Goodwill	**72 542**

Goodwill

Goodwill is attributable to, among other things, synergies and staffing. KSEK 1 000 of goodwill recognized is expected to be tax deductible.

Revenues and performance of acquired business

The acquisition of Vitari AS contributed revenue of KSEK 78 361 to the Group for the period 2021-06-04 to 2021-12-31. Vitari AS also contributed a profit of KSEK 6 676 for the same period.

If the acquisition of Vitari AS had been completed on 1 January 2021, the consolidated pro forma revenue and profit for 2021 is KSEK 140 256 and KSEK 7 099 respectively.

These amounts have been calculated by using the subsidiary's result adjusted for differences in accounting policies between the Group and the subsidiary.

Acquisition-related costs

Acquisition-related costs of KSEK 471 are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Amout in KSEK	2021
Cash flow used to acquire subsidiaries, less acquired cash and cash equivalents:	
Purchase price settled in cash	124 718
Less: Acquired cash and cash equivalents	-29 057
Net cash outflow from investing activities	**95 661**

cont. note 33

Zedcom AB & Zedcom ISP AB

On 2021-10-28, the parent company acquired 100% of the share capital of Zedcom AB & Zedcom ISP AB, a group operating in ERP and IT operations. Identified surplus values are linked to customer relations and brands.

The following table summarizes the purchase price paid for the companies and the fair value of assets acquired and liabilities assumed recognized on the acquisition date.

Amout in KSEK	
PURCHASE PRICE	
Cash and cash equivalents	42 500
Equity instruments (76 103 common shares)	15 000
Total consideration paid	**57 500**
FAIR VALUE OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Cash and cash equivalents	**5 930**
Intangible assets (customer relations and brands)	26 366
Tangible fixed assets (including rights of use)	647
Financial assets	2
Other current assets	11 617
Deferred tax liabilities	-5 431
Accounts payable and other liabilities	-9 375
Total identifiable net assets	**29 755**
Goodwill	**27 745**

Goodwill

Goodwill is attributable to, among other things, synergies and staffing. No part of the goodwill recognized is expected to be tax deductible.

Revenues and performance of acquired business

The acquisition of Zedcom AB & Zedcom ISP AB contributed revenue of KSEK 9 181 to the Group for the period 2021-10-28 to 2021-12-31. The companies also contributed a profit of KSEK 490 for the same period.

If the acquisition of Zedcom AB & Zedcom ISP AB had been completed on 1 January 2021, the consolidated pro forma revenue and profit for 2021 is KSEK 57 244 and KSEK 7 321 respectively.

These amounts have been calculated by using the subsidiary's result adjusted for differences in accounting policies between the Group and the subsidiary.

Acquisition-related costs

Acquisition-related costs of KSEK 525 are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Equity instruments

The fair value of the 76 103 ordinary shares in Exsitec Holding AB that were issued as part of the consideration was based on the market price on the date of acquisition.

Amout in KSEK	2021
Cash flow used to acquire subsidiaries, less acquired cash and cash equivalents:	
Purchase price settled in cash	42 500
Less: Acquired cash and cash equivalents	-5 930
Net cash outflow from investing activities	**36 570**

WooCode AB

On 2021-04-19, the parent company acquired 100% of the share capital of WooCode AB, a group operating in e-commerce. Identified surplus values are linked to customer relations and brands.

The following table summarizes the purchase price paid for WooCode AB and the fair value of assets acquired and liabilities assumed recognized on the acquisition date.

Amout in KSEK	
PURCHASE PRICE	
Cash and cash equivalents	38 700
Total consideration paid	**38 700**
FAIR VALUE OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Cash and cash equivalents	**7 672**
Intangible assets (customer relations and brands)	14 632
Tangible fixed assets	176
Other current assets	4 318
Long-term liabilities	-153
Deferred tax liabilities	-3 096
Accounts payable and other liabilities	-6 091
Total identifiable net assets	**17 458**
Goodwill	**21 242**

Goodwill

Goodwill is attributable to, among other things, synergies and staffing. No part of the goodwill recognized is expected to be tax deductible.

Revenues and performance of acquired business

The acquisition of WooCode AB contributed revenue of KSEK 15 516 to the Group for the period 2021-04-19 to 2021-12-31. WooCode AB also contributed a profit of KSEK 1 105 for the same period.

If the acquisition of WooCode AB had been completed on 1 January 2021, the consolidated pro forma revenue and profit for 2021 is KSEK 31 196 and KSEK 2 356 respectively.

These amounts have been calculated by using the subsidiary's result adjusted for differences in accounting policies between the Group and the subsidiary.

Acquisition-related costs

Acquisition-related costs of KSEK 211 are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Amout in KSEK	2021
Cash flow used to acquire subsidiaries, less acquired cash and cash equivalents:	
Purchase price settled in cash	38 700
Less: Acquired cash and cash equivalents	-7 672
Net cash outflow from investing activities	**31 028**

Note 34. Acquisition-related personnel expenses

Some of the acquisitions carried out have involved contingent considerations conditional upon the seller remaining with the company. These are not recognized as part of the purchase price but as a separate transaction, which gives rise to a personnel expense and, in subsequent periods, accrued expenses. The table below shows how these items from completed acquisitions have affected/are expected to affect personnel expenses in the income statement.

	jan-mar	apr-jun	jul-sep	oct-dec	Total
2021	1 453	1 453	1 453	2 286	**6 645**
2022	1 848	3 349	4 525	5 333	**15 055**
2023	5 253	3 614	2 794	2 255	**13 916**

Acquisition-related personnel expenses from completed acquisitions that fall due in 2024 or later amount to not more than KSEK 5,710.

Note 35. Adjustment for non-cash items

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Adjustment for non-cash items		
Depreciation, amortization and impairment	41 322	26 672
Acquisition-related personnel expenses	15 054	6 644
Exchange gains/losses	−93	–
Other	–	–
Total adjustment for non-cash items	**56 283**	**33 316**

Note 36. Significant events after the end of the period

No significant events have taken place since the end of the period.

Note 37. Effekter vid övergången till International Financial Reporting Standards (IFRS)

This annual report is Exsitec Holding AB's (Exsitec's) first annual report prepared in accordance with IFRS. The accounting policies set out in note 2 were applied during the preparation of the consolidated financial statements of Exsitec as of 31 December 2022, for the comparative information presented as of 31 December 2021, and during the preparation of the opening IFRS statement of financial position (opening balance sheet) as of 1 January 2021 (the Group's date of transition to IFRS). The preparation of the opening IFRS balance sheet as of 1 January 2021 and the balance sheet as of 31 December 2021 involved adjusting amounts that in previous annual financial statements were reported in accordance with BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3). An explanation of how the transition from the previously applied accounting policies to IFRS has affected the Group's results and position is provided in the tables below and in the related notes.

Choices made in the transition to IFRS

The transition to IFRS is reported in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards. The main rule is that all applicable IFRS and IAS standards that have entered into force and been endorsed by the EU shall be applied retrospectively. However, IFRS 1 contains transitional provisions that give companies some choice.

The exemptions from full retrospective application of all standards that are granted by IFRS and that Exsitec has chosen to apply in the transition from earlier applied accounting policies to IFRS are set out below.

i) Leases

The Group has opted to apply the exemption to apply IFRS 16 from the date of transition (1 January 2021) and prospectively. The chosen exemption means that the lease liability is measured at the present value of the remaining lease payments discounted at the lessee's incremental borrowing rate. The right-of-use asset is measured at an amount equal to the lease liability adjusted for prepaid lease payments. In addition, the Group has made the following choices based on IFRS 1 at the date of transition:

- Leases where the lease term is short (less than 12 months) and leases where the underlying asset is of low value are not recognized in the right-of-use asset or the lease liability.
- Used ex-post estimates in the determination of the lease term where the lease contains options to extend or terminate the lease.

ii) Exemption for business combinations

IFRS 1 provides an option to apply the principles of IFRS 3 Business Combinations either prospectively from the date of transition to IFRS or from a specific date before the date of transition. This provides relief from a full retrospective application, which would require all business combinations prior to the date of transition to be restated. The Group has elected to apply IFRS 3 prospectively for business combinations carried out after the date of transition to IFRS. Business combinations carried out before the date of transition have, therefore, not been restated.

iii) Exception for cumulative translation differences

IFRS 1 allows cumulative translation differences recognized in equity to be set to zero at the date of transition to IFRS. This is a relief compared to determining cumulative translation differences in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates from the date a subsidiary was formed or acquired. Exsitec has chosen to set all cumulative translation differences in the translation reserve to zero, reclassifying them to retained earnings as of the date of transition to IFRS on 1 January 2021.

Reconciliation between previously applied accounting policies and IFRS

According to IFRS 1, the Group shall present a reconciliation between equity and total comprehensive income recognized under the previously applied accounting policies and equity and total comprehensive income under IFRS. The Group's transition to IFRS accounting has had no impact on total cash flows from operating, investing or financing activities. However, there has been a reclassification of cash flow between financing activities and cash flow from operating activities, as amortization of lease liabilities is recognized in financing activities following the transition to IFRS. Under previously applied accounting policies, the total cash flow from leases was recognized in operating activities. The following tables show the reconciliation between previously applied accounting policies and IFRS, for equity and total comprehensive income and for each period. The related notes are presented below the tables.

cont. note 37

Amout in KSEK	1 januari 2021				31 december 2021			
	Note	According to previously applied accounting policies	Overall effect of transition to IFRS	According to IFRS	Note	According to previously applied accounting policies	Overall effect of transition to IFRS	According to IFRS
ASSETS								
Fixed Assets								
Goodwill	a	80 248	0	80 248	a	300 987	-39 842	261 145
Customer relations (recognized in the item Other intangible assets)	b, d	0	0	0	b, d	0	117 684	117 684
Brands (recognized in the item Other intangible assets)	b, d	0	0	0	b, d	0	1 454	1 454
Right-of-use assets	c	0	25 779	25 779	c	0	39 113	39 113
Buildings and land		0	0	0		6 500	0	6 500
Equipment, tools, fixtures and fittings	c	3 669	-2 428	1 241	c	12 137	-6 375	5 762
Other long-term receivables		1 348	0	1 348		1 136	0	1 136
Deferred tax assets	e	0	0	0	e	0	1 068	1 068
Current assets								
Inventories (Finished goods and merchandise)		692	0	692		1 351	0	1 351
Accounts receivable		47 003	0	47 003		109 636	0	109 636
Other receivables		1 777	0	1 777		707	0	707
Prepayments and accrued income	c	22 973	-1 899	21 074	c	35 881	-3 561	32 320
Cash and cash equivalents		59 178	0	59 178		82 782	0	82 782
TOTAL ASSETS		**216 888**	**21 452**	**238 341**		**551 117**	**109 542**	**660 658**
EQUITY AND LIABILITIES								
Equity								
Share capital		585	0	585		638	0	638
Other contributed capital		169 853	0	169 853		318 684	0	318 684
Reserves	f	0	0	0	f	0	110	110
Retained earnings incl. net profit for the year		-28 809	0	-28 809		-88 460	63 022	-25 438
Equity attributable to the parent company's shareholders		**141 629**	**0**	**141 629**		**230 862**	**63 132**	**293 994**
Non-controlling interests		6 053	0	6 053		0	0	0
Total equity		**147 682**	**0**	**147 682**		**230 862**	**63 132**	**293 994**
Long-term liabilities								
Liabilities to credit institutions	c	1 765	-1 765	0	c	100 842	-5 231	95 611
Lease liabilities	c	0	15 246	15 246	c	0	19 317	19 317
Other long-term liabilities	b	2 400	0	2 400	b	23 734	-15 247	8 487
Deferred tax liabilities	e	0	0	0	e	0	25 092	25 092
Short-term liabilities								
Liabilities to credit institutions	c	663	-663	0	c	42 944	-1 144	41 800
Lease liabilities	c	0	8 635	8 635	c	0	16 978	16 978
Accounts payable		20 288	0	20 288		42 214	0	42 214
Current tax liabilities		6 400	0	6 400		11 810	0	11 810
Other short-term liabilities	b	16 799	0	16 799	b	53 087	0	53 087
Accruals and deferred income	b	20 891	0	20 891	b	45 624	6 644	52 268
TOTAL EQUITY AND LIABILITIES		**216 888**	**21 453**	**238 341**		**551 117**	**109 542**	**660 658**

cont. note 37

Amout in KSEK	Note	2021-01-01 - 2021-12-31 Income statement (according to previously applied accounting policies)	Overall effect of transition to IFRS	According to IFRS
Net sales	g	536 045	-75 858	460 187
Other operating income		-1 072	0	-1 072
Total revenue		**534 973**	**-75 858**	**459 115**
Costs of external subcontractors, licenses and direct costs	g	-107 155	75 858	-31 297
Merchandise		-8 454	0	-8 454
Other external expenses	c	-56 976	12 879	-44 097
Personnel expenses	b	-285 362	-6 644	-292 006
Other operating expenses		-791	0	-791
Depreciation and impairments of tangible and intangible fixed assets	h	-81 063	54 391	-26 672
Operating profit		**-4 828**	**60 626**	**55 798**
Financial income		326	0	326
Financial costs		-2 490	-649	-3 139
Net financial items	c	-2 164	-649	-2 813
Profit or loss before tax		**-6 992**	**59 977**	**52 985**
Income tax	e	-15 073	2 315	-12 758
Profit or loss for the year		**-22 065**	**62 292**	**40 227**
Other comprehensive income for the year				
Items that may be reclassified to profit or loss				
Exchange rate differences	f	0	110	110
Items not to be reclassified to profit or loss				
Other comprehensive income for the year		**0**	**110**	**110**
Total comprehensive income for the period		**-22 065**	**62 403**	**40 337**

cont. note 37

a) Goodwill

In accordance with previously applied accounting policies, goodwill has been amortized over its estimated useful life. Under IFRS, goodwill is not amortized; instead, annual impairment tests are performed. As goodwill is not amortized under IFRS, the amortization of goodwill recorded under previously applied accounting policies is reversed from 1 January 2021.

In the balance sheet, the goodwill item has been reduced by adjustments related to the translation of business combinations (for a complete list of adjustments and items affected, see b below) and increased by the reversal of goodwill amortization recognized in 2021.

b) Omräkning av rörelseförvärv

b) Restatement of business combinations

During 2021, four business combinations were carried out in total. For detailed information about these acquisitions, see Note 33 Business combinations. In connection with the transition to IFRS, these acquisitions were restated to align with IFRS 3 Business Combinations. As a result of this restatement, additional intangible assets in the form of customer relations and brands were identified. These items have been reclassified from goodwill, thus reducing the goodwill item. The restatement of the acquisitions has also resulted in the addition of a deferred tax liability related to these assets. Customer relations and brands are recognized in the balance sheet in the Other intangible assets item.

For two acquisitions carried out in 2021, a contingent consideration was identified which depends on sales representatives remaining with the company. In accordance with IFRS, this part of the contingent consideration is considered a separate transaction, and it is therefore not recognized as part of the consideration transferred for these business combinations. As the consideration transferred was reduced under IFRS, the goodwill item was decreased by the same amount. From 2021 and onwards, a liability gradually increases, and a cost is recognized in the Personnel expenses item. This cost amounts to KSEK 6 644 for 2021 and to KSEK 2 286 for the period October to December 2021.

c) Leases

Under the previously applied accounting policies, the Group reported leases of premises as operational leases and leases of vehicles as financial leases. All effects of previously recognized financial leases are reversed as of 2021-01-01, and from this date, all leases are recognized in accordance with IFRS 16. In accordance with IFRS 16, all of the Group's leases (with the exception of short-term leases and leases where the underlying asset is of low value) will now be recognized in the statement of financial position as lease liabilities and right-of-use assets.

Right-of-use assets are recognized at an amount equal to the lease liability adjusted for prepaid lease payments. The value of the right-of-use asset is KSEK 25 779 as of 2021-01-01 and KSEK 39 113 as of 2021-12-31. The lease liability is measured at the present value of the remaining lease payments. On the liability side, the recognized long-term lease liability amounts to KSEK 15 246 as of 2021-01-01 and KSEK 19 317 as of 2021-12-31, and the recognized short-term lease liability amounts to KSEK 8 635 as of 2021-01-01 and KSEK 16 978 as of 2021-12-31.

The tangible fixed assets and lease liabilities related to vehicles, which under the currently applied accounting policies are classified as financial leases and recognized in the Equipment, tools, fixtures and fittings item and on the liability side in the Liabilities to credit institutions item, have been reversed and instead recognized in accordance with IFRS 16 as of 1 January 2021. This adjustment has not had any impact on retained earnings at the transition date, 2021-01-01.

In the income statement, other external expenses decrease by KSEK 12 879 for 2021 and by KSEK 4 012 for the period October to December 2021, due to the reversal of lease payments. Instead, amortization is recognized (amortization increases), see note h, and interest expenses attributable to the lease liability are recognized in the amount of KSEK -648 for 2021 and KSEK -170 for the period October to December 2021.

d) Intangible assets

In connection with the restatement of business combinations carried out in 2021 (see b above), two types of intangible assets were identified compared to the previous accounting: customer relations and brands. These have been reclassified from goodwill to customer relations and brands, respectively. All customer relations have a useful life of 10 years, and all brands have a useful life of 1 year. The incremental amortization of customer relations and brands for 2021 amounts to KSEK 10 806. For Oct-Dec 2021, the incremental amortization of customer relations and brands amounts to KSEK 3 849.

cont. note 37

e) Deferred tax

Adjustments to deferred tax consist mainly of those effects on deferred tax that have arisen from the translation of business combinations and of deferred tax relating to additional right-of-use assets and lease liabilities.

f) Translation differences

Amounts that are redirected in the Statement of comprehensive income and reclassified from the “Retained earnings” item to the “Reserves” item in the Balance Sheet relate to translation differences attributable to foreign subsidiaries, which, under previously applied accounting policies, were recognized directly in retained earnings. There is also an adjustment of translation differences due to IFRS adjustments, mainly on goodwill, other additional intangible assets and leases. Under the previously applied accounting policies, translation differences were recognized in equity instead of in other comprehensive income.

g) Revenue recognition – revenue from the sale of third-party licences

Adjustments to net sales comprise revenue from the sale of third-party licences, which under the previously applied accounting policies was recognized on a gross basis. As Exsitec does not obtain control of the software before its transfer to the customer, it has been assessed that Exsitec is acting as an agent. Revenue from this performance obligation is thus recognized according to IFRS at the net amount to which the Group is entitled less the fee paid to the software provider. The adjustment has been made between the lines ”Net sales” and ”Costs of external subcontractors, licenses and direct costs”.

h) Adjustments to depreciation and amortization in the income statement

The table below shows all the adjustments made to the depreciation and amortization item:

Specification of depreciation and amortization adjustments	Note	2021	Oct-Dec 2021
Reversal of amortization, goodwill	a)	78 166	14 223
Incremental amortization, customer relations and brands	d)	-10 806	-3 849
Incremental amortization, rights of use	c)	-13 948	-4 259
Reversal of amortization, financial leases	c)	1 029	322
Overall effect on depreciation and amortization in profit or loss		54 441	6 437

i) Reclassifications

Balance sheet

The following balance sheet items have been reclassified: ”Cash and bank” is referred to as ”Cash and cash equivalents”. According to IFRS, provisions are not to be reported under a separate heading called ”Provisions”, but under either ”Long-term liabilities” or ”Short-term liabilities” depending on their nature. As such, Deferred tax liabilities have been reclassified as “Long-term liabilities”.

Under the currently applied accounting policies, other contributed capital has been recognized together with retained earnings in an item called Non-restricted reserves. On transition to IFRS, the part of this item that relates to the surplus value of new issues has been reclassified to the Other contributed capital item.

Statement of comprehensive income

Compared to previous accounting policies, additional items are now recognized in Other comprehensive income. Exsitec has chosen to present the report as a ”Statement of Comprehensive Income”.

Notes Parent Company

Note 38. The parent company's accounting policies

The most important accounting policies applied in the preparation of these annual accounts are set forth below. Unless otherwise specified, these policies have been applied consistently for all presented years.

The parent company's financial statements are prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. In cases where the parent company applies other accounting policies than the Group's accounting policies, which are described in Note 2 in the consolidated financial statements, this is specified below.

The annual accounts have been prepared using the cost model.

The preparation of financial statements in compliance with RFR 2 requires the use of certain important estimates for accounting purposes. Furthermore, management must make certain judgments when applying the parent company's accounting policies. Segments that involve a high degree of judgement, are complex, or where assumptions and estimates are of material significance to the annual accounts, are presented in Note 5 in the consolidated financial statements.

The parent company's activities expose it to a wide range of financial risks: market risk (currency risk and interest rate risk), credit risk, and liquidity risk. The parent company's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimize potential adverse effects on the Group's financial performance. For more information about financial risks, see Note 3 in the consolidated financial statements.

The parent company applies different accounting policies than the Group in the cases specified below:

Forms of presentation
The income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act's form of presentation. The statement of changes in equity follows the Group's form of presentation but shall contain the columns specified by the Annual Accounts Act. Furthermore, this results in differences in terms compared to the consolidated financial statements, primarily regarding financial income and costs and equity.

Shareholder contributions and group contributions
Group contributions from the parent company to subsidiaries and to the parent company from subsidiaries are recognized as appropriations. Shareholder contributions paid are recognized in the parent company as an increase in the carrying amount of the share and in the receiving company as an increase in equity.

Goodwill
Goodwill in the parent company consists entirely of goodwill arising in connection with mergers of subsidiaries. The parent company does not apply IAS 38 p. 107, which prescribes that intangible assets with indefinite useful life shall not be amortized. Instead, goodwill is amortized in accordance with Ch. 4 Sec. 4 of the Swedish Annual Accounts Act. The amortization period of goodwill in the parent company is 5 years.

Financial instruments
The parent company does not apply IFRS 9. The parent company instead applies the items specified in RFR 2 (IFRS 9 Financial instruments, p. 3–10).

Financial instruments are measured on the basis of cost. In subsequent periods, financial assets that are acquired with the intention of being held in the short term will be recognized in accordance with the lowest value principle at the lower of cost or market ('LOCOM'). Derivative instruments with a negative fair value are recognized at that value.

When calculating the net realizable value of receivables recognized as current assets, the impairment testing and loss allowance principles of IFRS 9 shall be applied. For a receivable recognized at amortized cost at Group level, this entails that the loss allowance recognized in the Group in accordance with IFRS 9 should also be recognized in the parent company.

Leased assets
The parent company has opted to not apply IFRS 16 Leases, but instead applies RFR 2 IFRS 16 Leases p. 2–12. This choice implies that no rights-of-use assets or lease liabilities are recognized in the balance sheet; instead, lease fees are recognized as an expense on a straight-line basis over the lease term.

Participations in subsidiaries
Participations in subsidiaries are measured at cost, less impairment losses where appropriate.

Note 39. Net sales

The parent company has recognized the following amounts attributable to revenue in the income statement:

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Net sales		
Management fee	14 545	6 950
Total net sales	**14 545**	**6 950**

All revenue derives from Sweden, Norway, and Denmark.

Of the parent company's net sales, 100 percent (100 percent) came from sales to other companies in the group.

Note 40. Auditor's fees

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Ernst & Young AB		
Audit engagement	1 157	604
Fees for audit-related services	45	–
Other services	55	48
Total, Ernst & Young	**1 257**	**652**

Note 41. Remuneration of employees, etc.

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Remuneration of employees		
Salaries and remunerations	6 287	2 138
Social security contributions	2 257	851
Pension expenses		
Defined-contribution plans	1 145	634
Total remuneration of employees	**9 689**	**3 623**

Salaries, other remunerations and social security contributions	2022-01-01 - 2022-12-31		2021-01-01 - 2021-12-31	
	Salaries and remunerations (of which bonus payments)	Social security contributions (of which pension expenses)	Salaries and remunerations (of which bonus payments)	Social security contributions (of which pension expenses)
Board members, CEOs and other senior executives	4 716 (0)	2 750 (1 042)	2 138 (0)	1 485 (634)
Other employees	1 571 (0)	652 (103)	–	
Total	**6 287 (0)**	**3 402 (1 145)**	**–**	**1 485 (634)**

Average number of employees with geographic distribution by country	2022-01-01 - 2022-12-31			2021-01-01 - 2021-12-31		
	Number on the balance sheet date	Of whom women	Of whom others	Number on the balance sheet date	Of whom women	Of whom others
Sverige	5	1	4	1	–	1

Gender distribution of the parent company's board members and other senior executives	2022-01-01 - 2022-12-31			2021-01-01 - 2021-12-31		
	Number on the balance sheet date	Of whom women	Of whom others	Number on the balance sheet date	Of whom women	Of whom others
Board members	5	1	4	4	1	3
CEO and other senior executives*	4	2	2	1	–	1
Total Parent Company	**9**	**3**	**6**	**5**	**1**	**4**

* One of the senior executives is employed by and receives a salary in a subsidiary.

For information about remuneration of senior executives, see Note 8 Remuneration of employees, etc. in the notes for the Group.

Note 42. Other operating income

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Other operating income		
Gain from divestment of fixed asset	–	108
Other income	12	–
Total other operating income	**12**	**108**

Note 43. Interest income and similar items and interest expenses and similar items

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Interest income and similar items		
Interest income, Group companies	2 962	765
Total interest income and similar items	**2 962**	**765**

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Interest expenses and similar items		
Other financial expenses	-8	–
Total interest expenses and similar items	**-8**	**–**
Total net financial items	**2 954**	**765**

Note 44. Tax on profit for the year

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Current tax		
Current tax on profit for the year	-157	–
Adjustments relating to previous years	–	–
Total current tax	**-157**	**–**

Income tax on the parent company's profit before tax differs from the theoretical amount that would have resulted from the use of the Swedish tax rate on the profit in the consolidated companies as follows:

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Reported tax		
Profit or loss before tax	-18 860	-20 473
Income tax calculated at the Swedish tax rate, 20.6 percent (2021: 20.6 percent)	3 885	4 218
Tax effect of:		
Non-taxable income	0	–
Non-deductible costs	-4 609	-4 604
Deductible expenses not included in profit or loss	–	603
Deductible deficit from previous years	566	-217
Total recognized tax	**-157**	**0**

Note 45. Goodwill

Goodwill	2022-12-31	2021-12-31
Cost, opening balance	111 608	111 608
Accumulated cost, closing balance	**111 608**	**111 608**
Amortization, opening balance	-89 287	-66 965
Amortization for the year	-22 321	-22 322
Accumulated amortization, closing balance	**-111 608**	**-89 287**
Carrying amount	**–**	**22 321**

Note 46. Participations in subsidiaries

The Parent Company holds shares in the following subsidiaries:

Name	Reg.no.	Registered office and country of registration and operation	Number of shares	Book value 2022-12-31	2021-12-31	2021-01-01
Exsitec AB	556592-7455	Sweden	245 101	111 331	86 333	54 522

Reconciliation of participations in subsidiaries	2022-12-31	2021-12-31	2021-01-01
Cost, opening balance	86 333	54 522	54 522
Shareholder contributions	24 998	31 811	–
Carrying amount	**111 331**	**86 333**	**54 522**

Exsitec AB owns in turn:

Namn	Reg.no.	Registered office and country of registration and operation	Number of shares	Book value 2022-12-31
iAdvice ApS	31 171 377	Denmark	118 750	34 691
Exsitec Helsingborg AB	559225-1085	Sweden	50 000	50
Exsitec AS	984 489 234	Norway	213 014	124 718
Irativ AS	927 093 138	Norway	100	31
Zedcom ISP AB	556787-6452	Sweden	1 000	11 400
Zedcom AB	556668-0699	Sweden	1 000	53 600
Spot On Solutions i Norden AB	556857-8883	Sweden	52 084	93 836
Vimur AB	556739-1593	Sverige	1 000	23 500

Note 47. Other receivables

	2022-12-31	2021-12-31
Other receivables		
Taxes and charges	4	114
Total other receivables	**4**	**114**

Note 48. Prepaid expenses and accrued income

	2022-12-31	2021-12-31
Prepaid expenses and accrued income		
Prepaid lease costs	8	–
Other prepayments	397	90
Total prepaid expenses and accrued income	**405**	**90**

Note 49. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises the following:

	2022-12-31	2021-12-31
Cash and cash equivalents		
Bank balances	1 908	864
Total cash and cash equivalents	**1 908**	**864**

Note 50. Share capital

See Note 24 for the Group for information about the share capital of the parent company.

Note 51. Other short-term liabilities

	2022-12-31	2021-12-31
Other short-term liabilities		
VAT	529	558
Personnel-related liabilities (taxes and charges)	423	139
Total other short-term liabilities	**952**	**697**

Note 52. Accrued expenses and deferred income

	2022-12-31	2021-12-31
Accrued expenses and deferred income		
Accrued holiday pay	137	42
Accrued social security contributions	43	13
Other accrued expenses	763	305
Total accrued expenses and deferred income	**943**	**360**

Note 53. Adjustment for non-cash items

	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Adjustment for non-cash items		
Depreciation, amortization and impairment	22 268	22 322
Total adjustment for non-cash items	**22 268**	**22 322**

Note 54. Related party transactions

Exsitec Holding AB is the ultimate parent company of the Group. No single party has a controlling influence over Exsitec Holding AB. The company Syntrans AB, which is owned by Exsitec Holding AB's Chairman of the Board, has significant influence over Exsitec Holding AB. In addition to the aforementioned entities, related parties are the subsidiaries of Exsitec Holding AB and key senior executives in the parent company and persons closely associated with them. Transactions are conducted on market terms.

In the purchase of goods and services, KSEK 261 (0) was purchased from companies controlled by key management personnel. The purchase was conducted during the fourth quarter, and the claim, which falls due on 2023-01-31, remained in accounts payable as of 2022-12-31. On the balance sheet date 2021-12-31, there were no accounts payable to related parties. There were no other transactions with related parties during 2022 or 2021. The liabilities to related parties mostly come from purchase transactions and fall due 1 month after the date of purchase.

See Note 8 and Note 41 for information about the remuneration of senior executives.

Note 55. Significant events after the end of the period

No significant events have taken place since the end of the period.

Note 56. Proposed appropriations of profit or loss

The following funds are available to the annual general meeting:

Proposed appropriations of profit or loss	2022-12-31
Retained profit	343 611
Balanced result	−96 399
Profit or loss for the year	−19 017
Total	**228 194**

The Board of Directors proposes the following distribution of funds:

	2022-12-31
Dividend to shareholders	22 555
Carried forward to new account	205 640
Total	**228 194**

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.

Number of employees

The average number of employees during the financial year.

Signature of the annual financial statements

Linköping, Sweden, 30 March 2023

The Group's income statements and balance sheets will be submitted for adoption by the Annual General Meeting on 2023-04-28.

The Board of Directors and the Chief Executive Officer confirm that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and provide a true and fair view of the Group's financial position and performance. The annual financial statements have been prepared in accordance with generally accepted accounting standards and give a true and fair view of the parent company's financial position and results.

The Management Report for the Group and the parent company gives a true and fair view of the development of the Group's and the parent company's operations, position, and performance, and describes the material risks and uncertainties faced by the parent company and the companies belonging to the Group.

Johan Kallblad
CEO

Peter Viberg
Chairman of the Board

Anders Englund

Åsa Holmström

Per Eriksson

Erlend Sogn

Our audit report was submitted on 30 March 2023.

Ernst & Young AB

Clas Tegidius
Authorized Accountant