Year-end Report
October - December 2022

Strong demand and stabilization in Norway

19 %
Growth

15 %
EBITA %*

113 MSEK
Recurring net revenue from software LTM

Financial summary

Summary October - December

- Adjusted net sales 188 MSEK (158)
- Growth 19 % (of which is organic growth 4 %)
- Adjusted EBITA 28 MSEK (25)
- Number of employees at the end of the period 542 (435)

Summary January - December

- Adjusted net sales 657 MSEK (460)
- Growth 43 % (of which is organic growth 10 %)
- Adjusted EBITA 92 MSEK (77)
- Number of employees at the end of the period 542 (435)

Events during the quarter

No significant events during, or after the quarter.

Key figures

Amounts in MSEK	Oct-Dec 2022	Oct-Dec 2021	*change*	Jan-Dec 2022	Jan-Dec 2021	*change*
Net sales	188	158	19%	657	460	43%
Recurring revenue from software	32	29	10%	113	76	49%
EBITA	22	23	-1%	98**	67***	46%
Adjusted EBITA*	28	25	11%	92	77	20%
Operating profit	18	19	-4%	79	56	42%
Profit or loss for the period	12	13	-10%	56	40	40%
Earnings per share before dilution, SEK	0.94	1.05		4.37	3.26	
Earnings per share after dilution, SEK	0.90	1.01		4.20	3.13	
Number of employees at the end of the period	542	435		542	435	
Cash flow from operating activities	30	26	14%	92	51	86%

* In adjusted EBITA, acquisition-related personnel costs have been added for all periods.

** EBITA 2022 amounts to MSEK 98, of which MSEK 21 comes from the sale of the Danish subsidiary's business.

*** EBITA in Q1 2021 adjusted for the furlough scheme from the Swedish Agency for Economic and Regional Growth of MSEK 3.3 relating to 2020, which was recognised in Q4 2020, and expensed in connection with repayment claims in Q1 2021.

A few words from our CEO

Strong demand and stabilization in Norway

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

Our customers are medium-sized companies in Sweden, Norway and Denmark, where we cover a wide range of industries. No individual customer accounts for more than one percent of our sales, and no individual industry dominates. This means that we have a low specific risk exposure, but events in the outside world will impact us in some manner, as our customers span across nearly all sectors.

Digitalization is a high priority for businesses looking to streamline their workflow. As such, customer market conditions have remained good throughout 2022, including in the fourth quarter. We are however noticing a wait-and-see approach delaying project orders in the e-commece space.

During the fourth quarter, the average time from a qualified lead to a completed sale was about 50 percent longer than the historical average. Nevertheless, we still experienced a generally healthy interest from the market and even though deals took longer to complete we had the same new order volume as last year both in terms of deal size and number of deals. We are experiencing no major price pressure, but possibly a customer preference for somewhat simpler solutions. I do expect the macro economy to create some challenges for new sales, but we have a good potential for additional sales and on going work on our 4 000 existing customers.

The most significant challenge of 2022 was to ensure the availability of skilled personnel and managing a higher staff turnover than desired, which specifically concerns acquisitions carried out in 2021. Staff turnover in acquired entities has been twice as high as among organically hired employees, which has required us to put a lot of effort into recruiting and training new staff to maintain the volume of business and customer relationships. We believe that this situation will be a little easier to deal with in 2023, as fewer large acquisitions took place in 2022 compared to 2021. In general we are working hard on being an attractive employer and build culture by doing things together, which was difficult during the pandemic.

In Norway, we've taken more active control of operations following the second and third quarters' poor performance. Compared with the fourth quarter 2021, which was an intensive period of upgrades due to amendments to the Norwegian tax legislation, profitability in 2022 is still lower by MSEK 4 compared with 2021. With a better control over revenue and costs the operating performance measures are improving month by month. We expect Norway to perform on the same level as in the corresponding period last year in the first quarter, and then gradually improve in subsequent periods.

A particularly pleasing condition, which mostly affects our Norwegian operations, is Visma's launch of a cloud version of the Visma Business ERP system. All in all, approximately 1 000 of our customers are using an on-premise version of this system, and we have over the course of recent years converted some of them to Visma.net. However, many of the customers that use Visma Business rely on specific business processes and adaptations not suited to a Visma.net conversion. Hence, Visma Business Nxt, has been much awaited by our customer base.

When customers transition to Visma Business Nxt, some integrations and adaptations have to be reengineered, which will generate a lot of work for our consultancy organization. We have already secured an order book of more than 10 000 hours' work in Norway, despite limited marketing. A long-term effect is that a larger part of the revenue stream will be of recurrent nature, sparing us the volatility of technical upgrade projects that come in intermittently and partly outside our control.

In our Swedish operation, demand has generally been solid. The same goes for Denmark, where we streamlined the business during the third quarter by selling the retail/pos activities. The operation in Denmark is thus somewhat smaller, but better focused and therefore, in our assessment, better positioned for growth. A segment facing weaker demand, however, is e-commerce solutions; although we concentrate on B2B customers, the overall weakness on the consumer side is spilling over into our segment. We are doing some costs reductions, reducing overhead and capacity somewhat, primarily through ordinary employee turnover.

The financial team has done exceptional work with our transition to IFRS accounting this period. Some key performance indicators change as a result of this process but on the whole, it has been carried out smoothly. Our hope is that accounting in accordance with IFRS will make our reports more readily accessible to international investors, thereby making it easier to invest in Exsitec. With this transition, we are switching to recognizing revenue from the sale of software on a net basis, which reduced net sales by MSEK 92 but has no impact on profit or loss.

When it comes to financial key figures, there is an impact in that we, in connection with our acquisitions, have often included stay on requirements in contingent consideration arrangements and vendor notes. In accordance with IFRS, such contingent considerations shall be recognized as personnel expenses. As such, we are now indicating them separately, as they are unrelated to the payment of salaries and concern only how business transactions relating to our acquisitions have been conducted. A contingent consideration is a practical tool for financing acquisitions, ensuring a certain amount of continuity, and safeguarding the respect for contractual guarantees.

Our net sales for the full year 2022 amounted to MSEK 657, as compared to net sales of MSEK 460 in 2021—a growth of more than 43 percent. Organic growth was approximately 10%. For the fourth quarter, net sales amounted to MSEK 188 compared to MSEK 158 in the corresponding period in the previous year—a growth of 19 percent. In the quarter organic growth was approx 4%. For the year as a whole, adjusted EBITA amounted to MSEK 92 (a 14 percent margin) against MSEK 77 (a 17 percent margin). For the fourth quarter, adjusted EBITA amounted to MSEK 28 (15 percent), against MSEK 25 (16 percent). The EBITA is 2 percent lower due to the fact that Norway is still not on par with last year.

We have over the past year chosen to refrain from some large acquisitions. The background to this decision is partner because of the uncertainty in the global economy but also a difficulty for buyers and sellers to reach a common view of the valuation. Our solid cash flows are improving our finances, and during 2023 we will focus on organic growth and internal efficiency, but also doing some selective M&A.

Despite a degree of uncertainty worldwide, I am very comfortable with Exsitec, our staff and our business model and look forward to a strong 2023.

Johan Kallblad

About Exsitec & our market

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

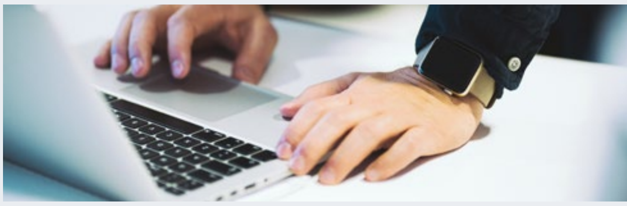
Our goal is to be a secure and long-term partner in relation to business support IT systems, allowing the customer to focus on their own customers and their core business.

We have a comprehensive range of business support software and services that companies in our target group need - such as business systems, decision support, CRM, invoice management, e-commerce, warehousing systems, budget, forecasting and tailor-made applications.

Exsitec's head office is located in Linköping, and today over 550 employees work at our 20 offices in Sweden, Norway and Denmark.

We live in a world where companies and organisations have to adopt digital tools in order to survive and be successful as part of a global competition, and our assessment is that the need for IT-based business systems is continuing to increase in our markets.

With what we offer and our way of working, we are well placed to continue to gain market share and have the opportunity to help new customers, while there is also great potential for existing customers to streamline increasing parts of their businesses through our wide range.



Customers

Our more than 4 000 customers can be found in many industries. The fact we can be of service to customers with widely differing businesses is due to our range being modular, meaning we can assemble combinations of software and services to suit many different industries.

It is a modularised structure based on general components, rather than customer-specific system development, which means the implementations are adapted to the customer's businesses. The purpose here is to achieve a high degree of customer-focused customisation at a reasonable cost.

Based on the fact we strive for a high degree of reuse, we offer ready-made integrations between the software we sell, as well as a support service that helps the customer with the use of the software.

Our sources of revenue

Just over two-thirds of our revenue comes from consultancy services, where around 25% relates to projects with new customers and 75% relates to existing customers.

One-third of our revenue comes from resold software, support, and proprietary integrations between the software. These revenues are predominantly from recurring contracts (SaaS pricing model), where the exception is when a customer obtains additional licensing on an existing installation.

Software revenue represents a secure and profitable base in our business. The value for software suppliers in working with us is not only that we market and sell their software, but that we also account for "customer success" by configuring, integrating, training and supporting customers so that they become successful in their use of the systems, and as such continue to be customers for a long time.

Comments on the reporting period

Items affecting comparability

There are no items affecting comparability for the reporting period.

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

Dividend and dividend policy

As the company changes its accounting principles to IFRS, the Board has adopted a new dividend policy where the ambition is that the dividend shall be 40 percent of the profit after taxes. The dividend shall take into consideration Exsitecs' financial position, capital structure and growth opportunities.

The board suggests a dividend of 1.75 SEK/share, a total of MSEK 22.6, which is 40% of the adjusted cash flow from operations for 2022.

The Group

All comparative figures refer to the Group. The Parent Company's operations are focused on group-wide management, and operations are conducted in the wholly owned subsidiary Exsitec AB and in turn its subsidiaries.

Liquidity and financial position

As of 31 December 2022, the Group's liquid assets amounted to MSEK 46 (83), and loans to credit institutions amounted to MSEK 139 (144). Shareholders' equity at the end of the period amounted to MSEK 364 (294).

Option programme

Since 2017, the Company has had an incentive programme based on subscription warrants aimed at members of the Group's management team. Upon full utilisation of the Company's incentive programme, 512 500 shares will be issued. The total maximum dilution resulting from the Company's incentive programme amounts to 4.0%.

General accounting principles

The 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. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The stock

Exsitec Holding's share has been listed on Nasdaq First North since 16 September 2020. For companies affiliated with Nasdaq First North, a Certified Advisor is required who, among other things, shall exercise certain supervision. Exsitec Holdings Certified Advisor is Erik Penser Bank AB. The share is traded under the ticker EXS and has ISIN code: SE0014035762.

Owners as per end of December	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%**

Publication of the report

This report was published on 8 February 2023, at 08:00. The report was published simultaneously on the company's website.

This quarterly report has not been reviewed by the company's auditors.

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

Financial reports, The Group

Condensed consolidated statement of comprehensive income

Amout in KSEK	Note	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Revenue					
Net sales	4,8	188 314	158 224	656 582	460 187
Other operating income		868	988	25 574	-1 072
Total revenue		**189 182**	**159 212**	**682 156**	**459 115**
Operating expenses	4				
Costs of external subcontractors and direct costs		-12 938	-13 361	-50 096	-31 297
Merchandise		-1 580	-3 196	-6 744	-8 454
Other external expenses	8	-20 107	-15 850	-68 136	-44 097
Personnel expenses		-120 850	-96 528	-420 102	-285 362
Acquisition-related personnel expenses	7	-5 333	-2 286	-15 054	-6 644
Other operating expenses		-106	-349	-1 504	-791
Depreciation and impairments of tangible fixed assets		-5 897	-5 001	-23 005	-15 866
Depreciation and impairments of intangible assets		-4 331	-3 849	-18 317	-10 806
Total operating expenses		**-171 142**	**-140 420**	**-602 958**	**-403 317**
Operating profit		**18 040**	**18 792**	**79 198**	**55 798**
Net financial items		-2 145	-899	-5 297	-2 813
Profit or loss after financial items		**15 895**	**17 893**	**73 901**	**52 985**
Income tax		-3 838	-4 520	-17 784	-12 758
Profit or loss for the period		**12 057**	**13 373**	**56 117**	**40 227**

Other comprehensive income	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Items that can be reclassified to profit for the year				
Exchange rate differences	1 357	-579	5 464	110
Other comprehensive income for the period	**1 357**	**-579**	**5 464**	**110**
Total comprehensive income for the period	**13 414**	**12 794**	**61 581**	**40 337**

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

Earnings per share calculated based on profit or loss for the period attributable to the parent company's shareholders	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Weighted average number of shares before dilution	12 888 396	12 733 361	12 842 150	12 345 838
Weighted average number of shares after dilution	13 400 896	13 245 861	13 354 650	12 858 338
Earnings per share before dilution	0.94	1.05	4.37	3.26
Earnings per share after dilution	0.90	1.01	4.20	3.13

Condensed consolidated balance sheet

Amout in KSEK	Note	2022-12-31	2021-12-31	2021-01-01
ASSETS				
Fixed Assets				
Goodwill	6	341 621	261 144	80 248
Other intangible assets		148 063	119 139	0
Tangible fixed assets		12 491	12 262	1 241
Right-of-use assets		27 518	39 113	25 779
Other long-term receivables		1 782	1 136	1 348
Deferred tax assets		970	1 068	0
Total fixed assets		**532 445**	**433 862**	**108 616**
Current assets				
Finished goods and merchandise		1 240	1 351	692
Accounts receivable		119 300	109 636	47 003
Other receivables		14 638	707	1 778
Prepayments and accrued income		34 913	32 320	21 074
Cash and cash equivalents		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				
Total equity		**363 816**	**293 994**	**147 682**
LIABILITIES				
Long-term liabilities				
Liabilities to credit institutions		85 062	100 842	0
Lease liabilities		9 179	19 317	15 246
Other long-term liabilities		17 247	3 256	2 400
Deferred tax liabilities		31 083	25 092	0
Total long-term liabilities		**142 571**	**148 507**	**17 646**
Short-term liabilities				
Liabilities to credit institutions		54 299	42 944	0
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		46 539	51 942	16 799
Accruals and deferred income		71 386	52 269	20 891
Total short-term liabilities		**242 408**	**218 157**	**73 013**
TOTAL LIABILITIES		**384 979**	**366 664**	**90 659**
TOTAL EQUITY AND LIABILITIES		**748 795**	**660 658**	**238 341**

Condensed consolidated statement of changes in equity

Amout in KSEK	Share capital	Other contributed capital	Reserves	Retained earnings 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 period	–	–	–	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 in their capacity as owners							
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**

Amout in KSEK	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the year	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
Opening balance on 1 January 2022	**638**	**318 684**	**110**	**–25 439**	**293 994**	**0**	**293 994**
Profit or loss for the period	–	–	–	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 in their capacity as owners							
New issuance	6	24 991	–	–	**24 997**	–	**24 997**
Issuance expenses	–	–65	–	–	**–65**	–	**–65**
Group 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**

Condensed consolidated cash flow statement

Amout in KSEK	Note	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Cash flow from operating activities					
Profit or loss after financial items		15 896	17 894	73 902	52 986
Adjustment for items not included in cash flow		15 454	11 136	56 283	33 316
Income tax paid		−7 058	−2 483	−17 852	−13 589
Cash flow from operating activities before change in working capital		**24 292**	**26 547**	**112 333**	**72 713**
Change in working capital		5 924	−135	−20 769	−21 300
Cash flow from operating activities		**30 216**	**26 413**	**91 564**	**51 413**
Cash flow from investing activities					
Acquisition of subsidiaries, net of cash and cash equivalents	5,6	−12 575	−36 570	−78 346	−241 964
Change in long-term receivables		422	126	−349	337
Investment in intangible assets		−390	–	−3 371	−158
Investment in tangible assets		−180	−534	−2 467	−3 124
Cash flow from investing activities		**−12 723**	**−36 978**	**−84 533**	**−244 909**
Cash flow from financing activities					
Principal repayments of lease liabilities		−4 990	−4 165	−19 803	−13 260
New issuance, net of transaction expenses		–	0	0	133 884
Borrowings		–	25 000	50 000	155 000
Amortization of loans		−11 852	−8 527	−56 173	−16 089
Dividend to shareholders		–	–	−19 135	−16 387
Transactions with non-controlling interests		–	–	–	−26 138
Cash flow from financing activities		**−16 842**	**12 308**	**−45 111**	**217 010**
Cash flow for the period		**651**	**1 743**	**−38 080**	**23 514**
Cash and cash equivalents at the beginning of the period		44 709	81 004	82 782	59 178
Exchange rate difference on cash and cash equivalents		899	35	1 557	90
Cash and cash equivalents at the end of the period		**46 259**	**82 782**	**46 259**	**82 782**
Cash flow disclosures					
Interest paid		−2 145	−899	−5 297	−2 813

Financial reports, parent company

Parent Company's income statement

Amout in KSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Revenue				
Net sales	4 011	2 900	14 545	6 950
Other operating income	–	–	12	108
Total revenue	**4 011**	**2 900**	**14 557**	**7 058**
Operating expenses				
Other external charges	−1 364	−767	−5 195	−2 692
Personnel expenses	−2 233	−837	−8 854	−3 282
Depreciation of fixed tangible and intangible assets	−5 580	−5 580	−22 322	−22 322
Total operating expenses	**−9 177**	**−7 184**	**−36 371**	**−28 296**
Operating profit	**−5 166**	**−4 284**	**−21 814**	**−21 238**
Other interest income and similar items				
Interest expenses and similar items				
Net financial items	927	363	2 954	765
Profit or loss after financial items	**−4 239**	**−3 921**	**−18 860**	**−20 473**
Transfers to / from untaxed reserves				
Income tax	−157	41	−157	0
Profit or loss for the period	**−4 396**	**−3 880**	**−19 017**	**−20 473**

The parent company has no items recognized as other comprehensive income, which is why total comprehensive income for the period is the same as profit/loss for the period.

Parent Company’s balance sheet

Amout in KSEK	2022-12-31	2021-12-31
ASSETS		
Fixed Assets		
Intangible assets	0	22 322
Financial assets	111 331	86 333
Receivables from group companies	90 000	–
Total fixed assets	**201 331**	**108 655**
Current assets		
Current receivables		
Receivables from group companies	27 823	133 401
Other receivables	4	114
Prepayments and accrued income	405	90
Total current receivables	**28 232**	**133 605**
Cash and bank balances	1 908	864
Total current assets	**30 140**	**134 469**
TOTAL ASSETS	**231 471**	**243 124**
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity	644	638
Non-restricted equity	228 194	241 420
TOTAL EQUITY	**228 838**	**242 058**
LIABILITIES		
Long-term liabilities		
Total long-term liabilities	**–**	**–**
Short-term liabilities		
Accounts payable	447	0
Current tax liabilities	291	9
Other short-term liabilities	952	697
Accruals and deferred income	943	360
Total short-term liabilities	**2 633**	**1 066**
TOTAL LIABILITIES	**2 633**	**1 066**
TOTAL EQUITY AND LIABILITIES	**231 471**	**243 124**

Notes to the consolidated financial statements

Note 1. General information

This interim report covers the parent company Exsitec Holding AB, corporate registration number 559116-6532, 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.

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

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. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

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 are Exsitec's first financial statements 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 11.

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.

Parent Company

The Parent Company applies RFR 2 Accounting for Legal Entities and the Annual Accounts Act. The application of RFR 2 means that the Parent Company, in the interim report of the legal entity, applies all IFRS and statements adopted by the EU to the extent possible within the framework of the Swedish Annual Accounts Act, the Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation.

In connection with the transition to accounting under IFRS in the consolidated accounts, the Parent Company has adopted RFR 2. The transition to RFR 2 has had no effect on the Parent Company.

Preparing reports in accordance with RFR 2 requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain assessments when applying the Parent Company's accounting principles. The areas involving a high degree of assessment, complexity, or such areas where assumptions and estimates are significant to the Annual Report and the consolidated accounts are disclosed at the end of this note.

The Parent Company applies different accounting principles than the Group in the cases listed below:

Forms of presentation

The profit and loss accounts and balance sheet follow the format of the Swedish Annual Accounts Act. The statement of changes in equity follows the Group's format but must contain the columns specified in the Swedish Annual Accounts Act. Furthermore, there are differences in designations, compared with the consolidated accounts, particularly in respect of financial income and expenses and equity.

Shareholder and Group contributions

Group contributions provided by the Parent Company to subsidiaries and Group contributions received by the Parent Company from subsidiaries are recognised as appropriations. Shareholder contribution provided is recognised in the Parent Company as an increase in the carrying amount of the investment and in the recipient company as an increase in equity.

Financial instruments

IFRS 9 is not applied in the Parent Company. Instead, the Parent Company applies the items specified in RFR 2 (IFRS 9 Financial instruments, pp. 3–10).

Financial instruments are valued at cost. In subsequent periods, financial assets acquired to be held in the short term will be recognised in accordance with the lowest value principle at the lower of cost and market value. Derivative instruments with a negative fair value are recognised at this value.

When calculating the net realisable value of receivables recognised as current assets, the impairment testing and loss allowance principles of IFRS 9 shall be applied. For a claim that is carried at amortised cost at Group level, this means that the loss reserve recognised in the Group in accordance with IFRS 9 shall also be recognised in the Parent Company.

Leased assets

The Parent Company has chosen not to apply IFRS 16 Leases but has instead chosen to apply RFR 2 (IFRS 16 Leases, pp. 2–12). This decision means that no right-of-use asset and lease liability are recognised in the balance sheet, and instead, the lease payments are recognised as an expense on a straight-line basis over the lease term.

Shares in subsidiaries

Shares in subsidiaries are valued at cost, if appropriate less impairment losses.

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.

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 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.

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 (recurring 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.

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.

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 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, 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.

Note 3. 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% (2021: 2%). 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:

- Discount rate before tax 10% (10%)
- Long-term growth rate 2%

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 4. 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 through the three operating segments Sweden, Norway, and Denmark. The activities in all operating segments offer IT business support to medium-sized companies.

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

	Sweden		Norway		Denmark		Other/ Eliminations		The Group	
	Oct-Dec		Oct-Dec		Oct-Dec		Oct-Dec		Oct-Dec	
Amout in KSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from the segment	132 807	104 769	43 114	41 268	12 392	12 186	0	0	188 314	158 224
Intersegment revenue	1 574	1 027	7	86	35	37	-1 616	-1 150	0	0
Net sales	**134 381**	**105 796**	**43 121**	**41 354**	**12 427**	**12 223**	**-1 616**	**-1 150**	**188 314**	**158 224**
Other income	978	843	73	78	-183	67	0	0	868	988
Total revenue	**135 359**	**106 639**	**43 194**	**41 432**	**12 244**	**12 290**	**-1 616**	**-1 150**	**189 181**	**159 212**
Operating costs excluding depreciation and impairments, external	-107 053	-80 496	-39 484	-34 615	-10 801	-10 549	-3 576	-5 910	-160 914	-131 570
Operating costs excluding depreciation and impairments, internal	-2 343	-3 027	-2 932	-2 483	-352	-3	5 627	5 513	0	0
Depreciation and impairments of tangible fixed assets	-3 957	-3 762	-1 074	-271	-849	-956	-18	-13	-5 897	-5 002
Total costs	**-113 353**	**-87 285**	**-43 490**	**-37 369**	**-12 002**	**-11 508**	**2 033**	**-410**	**-166 811**	**-136 572**
EBITA	**22 006**	**19 355**	**-296**	**4 064**	**242**	**782**	**417**	**-1 560**	**22 370**	**22 641**
Adjusted EBITA*	**26 799**	**21 641**	**-296**	**4 064**	**782**	**782**	**417**	**-1 560**	**27 703**	**24 926**

* In adjusted EBITA, acquisition-related personnel costs have been excluded for all periods.

	Sweden		Norway		Denmark		Other/ Eliminations		The Group	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
Amout in KSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from the segment	460 699	343 568	147 089	76 708	48 794	39 911	0	0	656 582	460 187
Intersegment revenue	6 130	2 040	448	116	103	154	-6 681	-2 310	0	0
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 revenue	**470 710**	**343 503**	**148 075**	**77 749**	**70 040**	**40 065**	**-6 669**	**-2 202**	**682 156**	**459 115**
Operating costs excluding depreciation and impairments, 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 and impairments, internal	-12 948	-7 229	-7 520	-2 985	-751	-781	21 219	10 995	0	0
Depreciation and impairments 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**
Adjusted EBITA**	**89 404**	**63 215**	**-1 444**	**8 650**	**3 097**	**1 853**	**514**	**2 830**	**91 571**	**76 548**

** In adjusted EBITA, acquistions-related personell costas have been excluded for all periods as well as the sale of the Danish subsidiary's business branch. In Q1 2021 the EBITA is ajdusted for the furlough scheme from the Swedish Agency for Economic and Regional Growth of MSEK 3.3 relating to 2020, which was recognised in Q4 2020, and expensed in connection with repayment claims in Q1 2021..

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:

Amout in KSEK	Oct-Dec 2022	Oct-Dec 2021
Revenue from customer contracts	188 314	158 224
Other revenue	868	988
Total revenue	**189 182**	**159 212**

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

	Sweden		Norway		Denmark		The Group	
	Oct-Dec		Oct-Dec		Oct-Dec		Oct-Dec	
Amout in KSEK	2022	2021	2022	2021	2022	2021	2022	2021
Consultancy services	97 136	78 188	23 677	22 904	8 527	6 663	129 341	107 756
Recurring revenue from software	20 373	15 198	11 778	12 954	2 658	2 088	34 809	30 240
Support and infrastructure services	11 994	9 145	5 252	4 592	0	0	17 246	13 737
Other	3 304	2 238	2 407	818	1 207	3 435	6 918	6 491
Total revenue	**132 807**	**104 769**	**43 114**	**41 268**	**12 392**	**12 186**	**188 314**	**158 224**

Amout in KSEK	Jan-Dec 2022	Jan-Dec 2021
Revenue from customer contracts	656 582	460 187
Other revenue	25 574	-1 072
Total revenue	**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		Koncern	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
Amout in KSEK	2022	2021	2022	2021	2022	2021	2022	2021
Consultancy services	343 811	271 301	76 429	38 936	30 670	22 498	450 910	332 735
Recurring 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	0	0	65 785	33 096
Other	12 999	5 521	6 216	1 245	8 420	9 595	27 635	16 596
Total revenue	**460 698**	**343 333**	**147 089**	**76 708**	**48 795**	**39 911**	**656 582**	**460 187**

Note 5. Financial instruments

Calculation and disclosure of fair value

The table below shows financial instruments measured at fair value, based on how they are classified in the fair value hierarchy. 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.

Amout in KSEK	Contingent consideration in connection with business combinations
Opening balance on 2021-01-01	**4 400**
Acquisition	14 953
Payment	-2 000
Change in fair value recognized in the statement of comprehensive income	0
Closing balance on 2021-12-31	**17 353**

Amout in KSEK	Contingent consideration in connection with business combinations
Opening balance on 2022-01-01	**17 353**
Acquisition	12 183
Payment	-6 816
Change in fair value recognized in the statement of comprehensive income	-410
Closing balance on 2022-12-31	**22 310**

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 6. 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**

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**

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**

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**

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 7. Acquisition-related personnel costs

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

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
2021	1 453	1 453	1 453	2 286
2022	1 848	3 349	4 525	5 333
2023	5 253	3 614	2 794	2 255

Acquisition-related personnel costs from completed acquisitions maturing in 2024 or later amount to a maximum of KSEK 5 710.

Note 8. 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 include all subsidiaries within the Group and key management personnel in the Group and persons closely associated with them. Transactions are conducted on market terms.

In sales of goods and services, KSEK 7 (254) were sold to companies controlled by key management personnel. Sales to the Company decreased as the key management person divested their ownership in the Company controlled by the key management person in early 2022. Receivables from companies controlled by key management personnel amounted to KSEK 0 (76) on the balance sheet date 2022-12-31. The opening balance 2021-01-01 on receivables to companies controlled by key management personnel amounted to KSEK 38.

In purchases of goods and services, KSEK 261 (0) were purchased from companies controlled by key management personnel. The receivable remained on the balance sheet date 2022-12-31 as an accounts payable, which is due 2023-01-31. No accounts payable to related parties existed on the balance sheet date 2021-12-31.

Note 9. 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.

Note 10. Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Note 11. Effects of the transition to International Financial Reporting Standards (IFRS)

This year-end report is Exsitec Holding AB's (Exsitec's) first year-end 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.

Amout in KSEK	Note	1 January 2021 According to previously applied accounting policies	Overall effect of transition to IFRS	According to IFRS	Note	31 December 2021 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	1 067	1 067
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**	**21 453**	**238 341**		**551 117**	**109 541**	**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	63 021	-25 439
Equity attributable to the parent company's shareholders		**141 629**		**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	0	100 842
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	-20 478	3 256
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	0	42 944
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	-1 145	51 942
Accruals and deferred income	b	20 891	0	20 891	b	45 624	6 645	52 269
TOTAL EQUITY AND LIABILITIES		**216 888**	**21 453**	**238 341**		**551 117**	**109 541**	**660 658**

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	Note	2021-10-01 - 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	g	185 976	-27 752	158 224
Other operating income		-1 072	0	-1 072		988	0	988
Total revenue		**534 973**	**-75 858**	**459 115**		**186 964**	**-27 752**	**159 212**
Costs of external subcontractors, licenses and direct costs	g	-107 155	75 858	-31 297	g	-41 113	27 752	-13 361
Merchandise		-8 454	0	-8 454		-3 196	0	-3 196
Other external expenses	c	-56 976	12 879	-44 097	c	-19 862	4 012	-15 850
Personnel expenses	b	-285 362	-6 644	-292 006	b	-96 528	-2 286	-98 814
Other operating expenses		-791	0	-791		-348	0	-348
Depreciation and impairments of tangible and intangible fixed assets	h	-81 063	54 390	-26 673	h	-15 265	6 416	-8 849
Operating profit		**-4 828**	**60 626**	**55 798**		**10 652**	**8 142**	**18 794**
Net financial items	c	-2 164	-648	-2 812	c	-730	-170	-900
Profit or loss before tax		**-6 992**	**59 978**	**52 986**		**9 922**	**7 973**	**17 895**
Income tax	e	-15 073	2 315	-12 758	e	-5 307	787	-4 520
Profit or loss for the year		**-22 065**	**62 292**	**40 227**		**4 615**	**8 760**	**13 375**
Other comprehensive income for the year								
Items that may be reclassified to profit or loss								
Exchange rate differences	f	0	110	110	f	0	-579	-579
Items not to be reclassified to profit or loss								
Other comprehensive income for the year		**0**	**110**	**110**		**0**	**-579**	**-579**
Total comprehensive income for the period		**-22 065**	**62 403**	**40 338**		**4 615**	**8 181**	**12 796**

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) Restatement of business combinations

During 2021, four business combinations were carried out in total. For detailed information about these acquisitions, see Note 6 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.

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".

Definitions

Recurring net revenue from software
Recurring net revenue from software, excluding items that interfere with the comparison with other periods.

LTM
Last twelve months.

EBITA
Operating result plus depreciation and impairments on intangible assets.

EBITA %
Operating result plus depreciation and impairments on intangible assets as a percentage of net revenue.

Adjusted EBITA
Operating result plus depreciation and impairments on intangible assets excluding items affecting comparability. The purpose is to show EBITA excluding items that interfere with the comparison with other periods.

Number of employees at the end of the period
Refers to the number of employees at the end of the period, converted to full-time employees.

Net revenue
The business' main income, invoiced expenses, side income, and income corrections.

Organic growth
Change in net revenue excluding acquired units during the last 12 months.

Upcoming reports

30 March 2023	Annual Report 2022
28 April 2023	Quarterly Report Q1 2023
14 July 2023	Quarterly Report Q2 2023
27 October 2023	Quarterly Report Q3 2023
9 February 2023	Year-end report 2023

Certified Advisor

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