

Year-end report

Extenda Retail Holding 1 AB (publ)
January 1 - December 31, 2022

January 1 - December 31 in brief

Extenda Retail Holding 1 AB (publ) group was formed as a result of Symphony Technology Groups (STG) acquisition of Extenda AB and certain retail-focused business units of Visma in September 2018 through Extenda Retail Holding 1 AB and its subsidiaries. The group is referred to below as Extenda Retail. On April 1, 2022, the group acquired the Dutch group Re-Vision. The Re-Vision group (Re-Vision) has been included in the Group numbers from April 1, 2022 and the operations are now fully integrated.

SEK thousands	2022	2021	2022	2021
	Okt 1 - Dec 31	Okt 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Total Adjusted Revenue*	176,925	150,370	667,180	604,279
Total Adjusted Cost*	(143,920)	(128,589)	(527,763)	(503,401)
Adjusted EBITDA*	33,005	21,781	139,417	100,877
Adjusted EBITDA-margin (%)	18.7%	14.5%	20.9%	16.7%

*Total Adjusted Revenue, Cost and EBITDA consist of Revenue, Cost, and EBITDA less items affecting comparability. Please see details in Note G2.

- The Annual Recurring Revenue (ARR) for the business organically increased (excluding Re-Vision) by SEK 67.7m to SEK 492.0m, corresponding to a growth ratio of 15.9%. Annual Recurring Revenue is the significant majority of the business, representing 80% of run-rate revenue at the end of 2022.
- In Q4 2022, total adjusted revenue grew by SEK 26,555k. The organic growth was around 7.5%, mostly driven by the software revenue and recurring support & services. Due to the group's continued strategy to grow its recurring revenue base and diverting from non-recurring and non-core activities, professional service revenue decreased somewhat.
- Adjusted EBITDA amounted to SEK 33,005k, corresponding to an adjusted EBITDA margin of 18.7%. In comparison to the same quarter last year, the margin improved by 4.2% and improved in SEK terms by SEK 11,224k. The business approach of driving improved labor efficiency is the main cause of the margin improvement.

Comments from CEO Leendert Venema

As we continue to experience economic and geo-political uncertainties, shoppers are tightening their spending on discretionary consumer goods due to shrinking disposal incomes. Now more than ever, retailers must respond with outstanding value, excellent customer service, and near-infinite on-shelf availability. The battle to attract a higher share of wallets in this most challenging backdrop begins with delighting customers with a shopping experience that is delivered across any fulfillment channel.

Through the launch of Extenda's native cloud platform, "Hii Retail" we are very well positioned to support our customers with best-in-class retail applications to deliver a delightful experience.. The funnel for Hii Retail is gaining momentum and has never been stronger. During Q4, Scandinavia's largest grocery chain started implementing Scan & Go in their first stores. A leading Iberian sportswear retailer, commenced the rollout of Hii Retail in a key market. In Scandinavia, a home & garden retailer started to implement Hii Retail across three countries. In addition, value-adding platform apps such as the Attendant Tablet, a mobile in-store employee productivity tool, are being trialed by Norway's largest retailer and implemented by one of Europe's largest in France.

To manage uncertainties in the physical supply chain, retailers and distributors continue to look to technology to mitigate risk and improve efficiency. Extenda Retail continues to win market share with the NYCE.LOGIC Warehouse Management System, most recently represented by a "Blueprinting" phase with one of the largest 3PLs in the Netherlands. This is in addition to a multi-site win with one of Europe's largest distributors of home-building supplies, with the rollout commencing in early 2023.

Despite the challenges faced by the consumer goods industry, Extenda Retail expects to continue building momentum during 2023. Its core install base remains very healthy, as the business benefits from the non-discretionary grocery and pharmacy sectors, representing 85% of the customer base. The pipeline remains robust, with existing customers committing to new products and services and increasing interest from new business prospects eager to learn more about the investment in Hii Retail, Re-vision, and NYCE.LOGIC. Three new resellers joined the Extenda family in Q4 to go to market with ExtendaGO.

With the developed world returning to a more normal state following widespread COVID-19 vaccination, Extenda Retail is increasing its outbound marketing events. Extenda Retail is present at NRF and Euroshop and expects to continue its healthy ARR growth in 2023 and beyond.

Summary of financial information

Total Adjusted Revenue

Total Adjusted Revenue is Total Revenue less items affecting comparability (please see Note G2 for details).

SEK thousands	2022	2021	2022	2021
	Okt 1 - Dec 31	Okt 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Software revenue and recurring support & services	139,008	111,222	524,225	427,063
Professional Services	30,985	32,793	115,510	136,127
Total Core Business	169,992	144,015	639,734	563,190
Hosting and infrastructure	3,196	3,298	12,850	17,690
Hardware and technical services	2,504	3,411	10,966	15,981
Other revenue	1,232	(354)	3,629	7,417
Total Adjusted Revenue	176,925	150,370	667,180	604,279

Q4 2022 (Oct - Dec 2022)

In comparison to the same quarter last year, Total Adjusted Revenue increased by SEK 26,555k, with the Core Business expanding by SEK 25,977k or 18.0%. Software revenues and recurring support & services, which make up our recurring subscription revenues and serve as our primary benchmark, increased by SEK 27,786 or 25.0% to SEK 139,008k during the period. Software revenues and recurring support & services, excluding the effects of the acquisition, grew organically by 12.4%, primarily driven by our new cloud-based Hii Retail package. In comparison to last year, recurring subscription revenues now account for 82% of the entire core business. According to a prominent technology research company, the market for retail software is anticipated to expand at a double-digit rate in the next five years. The organization remains focused on growing its recurring revenue base while enhancing productivity and scalability.

Extenda Retail has purposefully stopped selling non-recurring revenue items like perpetual licenses and professional services in order to concentrate on expanding its source of recurring revenue. As a result, the company's Professional Services revenue decreased by approximately SEK 1,808k compared to the same quarter of the previous year.

The process of phasing out non-core business as part of the strategic shift to being a software corporation continued. Revenue from hosting, technical services, and hardware declined by SEK 1,009k in the fourth quarter compared to the same period last year. Extenda Retail is phasing out the contracting of these services, which were related to the business acquired from Visma, and is being provided by external vendors.

Approximately one-fourth of the company's revenues are generated in the Norwegian subsidiary Extenda Retail AS and are billed in NOK. The weakening of the Swedish krona against the Norwegian krone positively impacted the Group's revenue in 2022. The fourth quarter 2021 income converted to the 2022 rate would have been SEK 1,526k higher.

12M 2022 (Jan - Dec 2022)

The Total Adjusted Revenue for the full year was SEK 667,180k. During the year, the Core Business increased organically by SEK 16,279k or 2.7%, and the Re-Vision group's acquisition accounted for the remainder of the growth. Generally, the comments are the same for the year-to-date period as they were for the fourth quarter, i.e., revenue from software and ongoing support & services both continue to grow. The business's transition to recurring services led to a decline in professional services. We intentionally reduced hosting, infrastructure, hardware, and technical services as these items are not core to our software business and are being discontinued and/or provided to our customers by third-party vendors.

Software sales and recurring support & services climbed by SEK 4,134k in the fourth quarter of 2022, up 3.1% from the third quarter. The majority stems from current customers rolling out our solutions to new stores. Due to seasonality impacts in the third quarter, when many clients decreased their projects over the summer, professional services climbed somewhat in the fourth quarter of 2022.

Approximately one-fourth of the company's revenues are generated in the Norwegian subsidiary Extenda Retail AS and are billed in NOK. The weakening of the Swedish krona against the Norwegian krone positively impacted the Group's revenue in 2022. Year-to-date income 2021 converted to the 2022 rate would have been SEK 8,239k higher.

Total Adjusted Costs

Total Adjusted Costs is Total Costs less items affecting comparability (please see Note G4 for details).

SEK thousands	2022	2021	2022	2021
	Okt 1 - Dec 31	Okt 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Direct costs	(45,466)	(47,445)	(178,396)	(191,340)
Other external costs	(43,476)	(31,791)	(149,739)	(115,061)
Personnel costs	(64,753)	(52,522)	(234,669)	(207,695)
Capitalized work for own account	9,787	3,960	35,055	10,697
Other operating expenses	(12)	(791)	(12)	(2)
Total Adjusted Costs	(143,920)	(128,589)	(527,763)	(503,401)

12M 2022 (Jan - Dec 2022)

The term "direct cost" refers to expenses that are directly related to revenue, such as license fees and labor costs (includes own employees, partners, and consultants). Increased labor efficiency and use of lower-cost labor accounts for the SEK 12,944k decrease in direct costs this year compared to 2021. The time spent on maintaining and developing our products, fees for partners, and other costs like IT environment, marketing, and office-related costs make up additional external costs. The group continues to transition to more cloud-delivered software, which has resulted in higher development efforts and costs for IT, particularly information security. These investments have driven an increase in 2022 of other external costs of SEK 34,678k compared to 2021. The last two quarters saw a gradual removal of the pandemic limitations, allowing participation in industry fairs and increasing marketing and travel expenses.

Adjusted EBITDA and Earnings for the period

Adjusted EBITDA is EBITDA less items affecting comparability (please see Note G4 for details).

SEK thousands	2022	2021	2022	2021
	Okt 1 - Dec 31	Okt 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Operating earnings	(1,713)	33,420	(45,065)	(8,898)
Add back Amortization, depreciation and write-downs	44,024	33,442	162,557	130,800
Add back items affecting comparability*	(9,306)	(45,081)	21,925	(21,024)
Adjusted EBITDA	33,005	21,781	139,417	100,877

*Please see Note G4 for details

Adjusted EBITDA for Q4 2022 has increased by SEK 11,224k to SEK 33,005k.

The operating earnings for the period Jan - Dec 2022 were SEK (45,065)k, vs. the same period last year of SEK (8,898)k, which included one-off items of SEK 21,925k, vs. last year SEK (21,024k) and depreciation and amortization of SEK (162,557)k, vs. last year SEK (130,800)k. One-off items for the period Jan - Dec 2022 were largely related to the acquisition of the Re-Vision group and the bond financing activity, as well as the reversal of an earn-out. The Re-vision acquisition drives the increase in amortization. Earnings after tax for the period were SEK (103,806)k, which includes net financial items of SEK (59,689)k and income tax of SEK 948k. Earnings after tax for the previous year period were SEK (61,222)k, including net financial items of SEK (60,348)k and income tax of SEK 8,024k.

Financial position in brief

	2022	2021
SEK thousands	Dec 31	Dec 31
Long-term assets	1,068,429	872,371
Other short-term assets	180,078	141,154
Cash and cash equivalents	106,337	148,024
Total Assets	1,354,844	1,161,549
Total equity	286,374	385,910
Long-term liabilities	759,489	518,590
Short-term liabilities	308,982	257,049
Total equity and liabilities	1,354,844	1,161,549

Total assets by the end of the year increased by SEK 193,295 to SEK 1,354,844k; the previous year ended at SEK 1,161,549k. The acquisition of Re-Vision resulted in an increase in long-term assets of SEK 247,990k. Intangible assets, notably goodwill and other intangible assets from STG's purchases of Visma Retail and Extenda, make up the remaining amount. The development of internally produced software was capitalized through investments in intangible fixed assets. Intangible fixed asset investments for the period were SEK 81,309 million, compared to SEK 36,624 million during the same period last year. Our significantly increased investments in our cloud-based Hii Retail product drove this rise.

Cash and cash equivalents on December 31, 2022, amounted to SEK 106,336k and decreased during the period from January to December by SEK 48,999k. Cash Flow from current activities amounted to SEK (43,066)k SEK, change in net working capital includes SEK (5,800)k in deferred tax payments. Acquisition of subsidiaries had a cash outflow of SEK (139,314)k, Investment in intangible assets was SEK (81,309)k, and in tangible assets was SEK (430)k. The new Bond had a positive cash inflow of SEK 550,000k, offset by the repayment of the Barings loan of SEK 319,234k.

Total equity amounted to SEK 286,373k compared to the year-end of SEK 385,910k. The decrease derives from the income statement offset by currency differences in equity of SEK 4,269k. Lease liability payments amounted to SEK (15,646)k.

Long-term liabilities have increased with SEK 240,899k compared to the same period last year. The increase is due to the new Bond loan of SEK 550,000k offset by the repayment of the Barings loan of SEK 319,234k. Short-term liabilities of SEK 308,982k have increased by 51,933, mostly due to higher contract liabilities (more prepaid revenue).

Significant risks and uncertainties

Market and Technological Development

The broader economy and trends that impact specific customer segments all impact the market opportunities for Extenda Retail. The financial climate impacts demand from individuals and companies and changes customer buying patterns, affecting investment plans and strategic initiatives.

Global changes in retail continue, with digitalization and new customer service models creating powerful forces for change that affect the entire retail sector, including our customers. The changes that result from digitalization, increased demand for personalization, dynamic pricing, AI, and mobile-first strategies require continued investment in development to ensure that Extenda Retail can continue to be at the forefront of developing next-generation retail solutions.

This rapid industry change can lead to longer sales cycles because customers need to make strategic choices that have long-term implications for their businesses. We believe these developments offer us strong and increasing potential for new and additional sales of our market-leading offerings.

Operational risk

One prerequisite for additional sales and maintenance of our long-term customer relationships is the delivery of successful customer projects. It is of the utmost importance that we continue to place the customer at the center of everything we do, as failures in customer projects or in living up to customer expectations can result in long-term damage to our good reputation in the market.

Financial risk

Extenda Group is exposed to a number of financial risks in its operations. Financial risks principally pertain to currency risks, interest-rate risks and credit, and counterparty risks. Risk management is regulated by the finance policy adopted by the Board. The ultimate responsibility for managing the Group's financial risks and developing methods and principles of financial risk

management lies with the Extenda Retail management team. For more information concerning these risks, refer to Note G29, Financial Risk Management, and Financial Instruments of the Extenda Retail Annual Report of 2021.

Other information

Russian invasion of Ukraine

On February 24, 2022, Russia initiated an invasion of Ukraine. Extenda Retail condemns these acts of violence and actively supports Ukrainian humanitarian efforts. Extenda Retail is conducting no operations in Russia today. The Group has a small number of highly valued employees in Ukraine through our partners and through our subsidiary, which constitutes ~2% of Extenda Retail's workforce, who are affected to varying degrees by the invasion. In financial terms, the Russian invasion of Ukraine may have a somewhat negative impact on the development of the Group's earnings and positions. Extenda Retail has mitigated the impact by employing those Ukrainians to whom it was possible to relocate to Sweden. At the current time, it is impossible to assess the direct consequences of the conflict for Extenda Retail.

Events after the end of the reporting period

No significant events after the reporting period.

Parent company

The Parent Company Extenda Retail Holding 1 AB (publ) (559167-1507) was established in 2018 and was registered with the Swedish Companies Registration Office for the first time on July 5, 2018. The company is owned by Extenda Retail S.A.R.L, which is ultimately owned by STG Fund V and the management.

Net financial items for Q4 2022 totaled SEK (2,118)k. The company has sent group contributions of SEK (22,493)k, and income after tax amounted to SEK (24,514)k. Net financial items for Q4 2021 totaled SEK (-)k, and income after tax amounted to SEK (-)k.

Investments in property, plant, and equipment, and intangible assets for the period amounted to SEK - (-).

Net financial items for Jan - Dec 2022 totaled SEK (5,690)k, appropriations of SEK (22,493)k and income after tax amounted to SEK (28,186)k, Net financial items for Jan - Dec 2021 totaled SEK (-)k, and income after tax amounted to SEK (-)k.

Investments in property, plant, and equipment, and intangible assets for Jan - Sep 2022 amounted to SEK - (-).

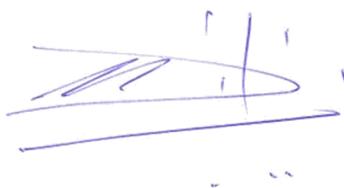
On December 31, 2022, the Parent Company had SEK 528,370k in Long term liabilities consisting of the Bond Loan of 550,000 SEK offset by prepaid loan fees of SEK 21,630k and a long-term receivable of SEK 541,258k to Extenda Retail Holding 2 AB.

Extenda Retail Holding 1 AB has no significant related party transactions other than transactions with group companies. All transactions with related parties are carried out on market-based terms. The nature and scope of related party transactions during the period are essentially the same as in 2021.

Statement of assurance

The CEO assures that the interim report provides a true and fair review of the Parent Company and the Group's operations, position, and earnings and describes the material risks and uncertainties faced by the Parent Company and the Group.

Stockholm, February 28, 2023



Leendert Venema
CEO

This interim report is unaudited.

Condensed consolidated statement of profit and loss and other comprehensive income

SEK thousands	Note	2022	2021	2022	2021
		Okt - Dec	Okt - Dec	Jan - Dec	Jan - Dec
Net revenue		176,839	150,783	666,544	604,424
Other operating income		29,376	53,541	32,971	56,120
Total revenue	G2	206,215	204,324	699,515	660,544
Direct cost		(45,737)	(48,884)	(178,396)	(193,852)
Other external costs		(61,496)	(38,766)	(205,314)	(134,187)
Personnel costs		(65,928)	(52,980)	(230,648)	(219,412)
Work performed by the group and capitalized		9,787	3,960	35,055	10,697
Amortizations, depreciations and write downs		(44,024)	(33,442)	(162,557)	(130,800)
Other operating expenses		(530)	(791)	(2,719)	(1,888)
Total cost		(207,928)	(170,903)	(744,580)	(669,442)
Operating earnings		(1,713)	33,420	(45,065)	(8,898)
Financial income		1,267	195	2,937	547
Financial costs		(16,954)	(15,994)	(62,626)	(60,895)
Earnings before tax		(17,401)	17,621	(104,754)	(69,246)
Income tax		2,961	7,864	948	8,024
Earnings for the period		(14,440)	25,485	(103,806)	(61,222)
Other comprehensive income					
<i>Items that can be reclassified to profit or loss</i>					
Translation differences from operations abroad		1,198	2,384	4,269	4,831
Total other comprehensive income		1,198	2,384	4,269	4,831
Total comprehensive income for the period		(13,242)	27,869	(99,536)	(56,391)
Earnings for the period attributable to:					
Parent Company shareholders		(14,440)	25,485	(103,806)	(61,222)
Total comprehensive income attributable to:					
Parent Company shareholders		(13,242)	27,869	(99,536)	(56,391)

Condensed report on the financial position of the Group

SEK thousands	Note	2022 Dec 31	2021 Dec 31
Long-term assets			
Intangible assets		987,686	778,094
Tangible assets		11,299	13,790
Rights of use assets		68,514	73,320
Deferred tax assets		-	6,187
Other non-current receivables		929	980
Total long-term assets		1,068,429	872,371
Short-term assets			
Accounts receivable		142,771	102,824
Current tax assets		7,693	6,845
Contract assets		14,480	14,310
Other current assets		15,135	17,175
Cash and cash equivalents		106,337	148,024
Total short-term assets		286,415	289,178
Total assets		1,354,844	1,161,549
Equity			
Share capital		50	50
Other paid-in capital		868,441	868,441
Reserves		4,843	630
Retained earnings including earnings for the period		(586,961)	(483,211)
Total equity		286,374	385,910
Long-term liabilities			
Provisions	G3	48,036	71,348
Interest-bearing liabilities		572,563	306,018
Operating lease obligations non-current		62,977	68,119
Deferred tax liabilities		9,079	-
Other long-term liabilities		66,833	73,106
Total long-term liabilities		759,489	518,590
Short-term liabilities			
Accounts payable		57,323	60,061
Operating lease obligations current		14,298	11,829
Contract liabilities		111,748	76,616
Other current liabilities		125,613	108,543
Total short-term liabilities		308,982	257,049
Total equity and liabilities		1,354,844	1,161,549

Condensed consolidated statement of changes in equity

Equity attributable to the Parent Company's shareholders

	2022	2021
SEK thousands	Dec 31	Dec 31
Opening balance	385,910	419,791
<i>Changes in equity</i>		
Earnings for the period	(103,806)	(61,222)
Other comprehensive income	4,269	4,831
Total comprehensive income	(99,536)	(56,391)
<i>Transactions with owners</i>		
Shareholder contributions received	-	25,000
Dividend	-	(2,490)
Total	-	22,510
Ending balance	286,374	385,910

Condensed consolidated cash flow Statement

SEK thousands	Note	2022 Dec 31	2021 Dec 31
Operating earnings		(45,065)	(8,898)
Adjustment for non-cash items, etc.		133,754	131,123
Interest received		0	547
Interest and financial items paid		(75,528)	(37,585)
Income tax paid		(65)	(298)
Cash flow from operations before to changes in working capital		13,096	84,888
Cash flow from changes to working capital			
Change in inventories		-	274
Change in current receivables		(23,792)	(17,142)
Change in current liabilities		(32,370)	64,410
Cash flow from current activities		(43,066)	132,430
Investing activities			
Acquisitions of subsidiaries		(139,314)	(11,751)
Acquisitions of intangible assets		(81,309)	(36,624)
Acquisitions of tangible assets		(430)	(473)
Acquisitions of financial assets		-	1
Cash flow from investing activities		(221,053)	(48,847)
Financing activities			
Shareholder contributions received		-	25,000
Paid dividend		-	(2,409)
Lease liability payments		(15,646)	(11,749)
New borrowings		550,000	-
Loans repayment		(319,234)	-
Cash flow from financing activities		215,120	10,842
Cash flow for the period		(48,999)	94,425
Cash and cash equivalents at start of period		148,024	49,407
Translation difference on cash and cash equivalents		7,311	4,192
Cash and cash equivalents at end of period		106,336	148,024

Parent company income statement

SEK thousands	Note	2022 Okt - Dec	2021 Okt - Dec	2022 Jan - Dec	2021 Jan - Dec
Operating revenues		-	-	-	-
Other external costs		98	-	1	-
Operating earnings		98	-	-2	-
Interest income and similar items		11,915	-	31,649	-
Interest expenses and similar items		(14,033)	-	(37,339)	-
Earnings before tax		(2,020)	-	(5,692)	-
Appropriations		(22,493)	-	(22,493)	320
Earnings for the period		(24,514)	-	(28,186)	320
Total comprehensive income for the period		(24,514)	-	(28,186)	320

Parent company balance Sheet

SEK thousands	Note	2022 Dec 31	2021 Dec 31
Long-term assets			
Shares in group companies		870,932	870,932
Long term receivables from group companies		541,258	-
Total long-term assets		1,412,189	870,932
Short-term assets			
Short term receivables from group companies		28,760	320
Prepaid expenses and accrued income		99	-
Total short-term assets		28,859	320
Total assets		1,441,048	871,252
Equity			
<i>Restricted equity</i>			
Share capital (50,000 shares)		50	50
Total restricted equity		50	50
<i>Unrestricted equity</i>			
Retained earnings		868,441	868,121
Earnings for the period		(28,186)	320
Total unrestricted equity		840,256	868,441
Total equity		840,306	868,491
Long-term liabilities			
Long-term liabilities		528,370	-
Total long-term liabilities		528,370	0
Short-term liabilities			
Short-term liabilities to group companies		72,372	2,761
Total short-term liabilities		72,372	2,761
Total equity and liabilities		1,441,048	871,252

Statement of changes in equity

SEK thousands	2022	2021
	Dec 31	Dec 31
Opening balance	868,491	845,661
<i>Changes in equity</i>		
Earnings for the period	(28,186)	320
Total comprehensive income	(28,186)	320
<i>Transactions with owners</i>		
Shareholder contributions received	-	25,000
Dividend	-	(2,490)
Total	0	22,510
Ending balance	840,305	868,491

Notes

Note G1, Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. For the Parent Company, the report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2. The Accounting policies adopted are consistent with those applied for in the 2021 Annual Report and should be read in conjunction with that Annual Report.

For practical reasons, the figures in this interim report have not been rounded off, which is why notes and tables may not total correct amounts. Unless otherwise specified, all figures pertain to SEK thousands (k). The interim report provides alternative performance measures for monitoring the Group's operations.

The business is somewhat seasonal regarding Professional Services, where there is less services revenue in June-August, and also a reversal of the accrual for vacation is expected in July and August.

New and changed accounting standards in 2022

None of the standards and statements that have been published by the IASB and are effective for annual periods beginning on or after January 1, 2022, have had any significant impact on the financial statements of the Group.

Note G2, Total revenue

Total revenue is divided up into the following lines of operations:

SEK thousands	2022	2021	2022	2021
	Okt - Dec	Okt - Dec	Jan - Dec	Jan - Dec
Software revenue and recurring support & services	139,008	111,222	524,225	427,063
Professional Services	30,985	32,793	115,510	136,127
Hosting and infrastructure	3,196	3,298	12,850	17,690
Hardware and technical services	2,504	3,411	10,966	15,981
Other revenue	30,522	53,600	35,964	63,682
Total Revenue	206,215	204,324	699,515	660,544

Note G3, Recognition of financial instruments at fair value

Extenda Retail's financial assets are essentially non-interest-bearing and interest-bearing receivables, in which cash flows represent only payment for the initial investment and, where applicable, interest. Their value is intended to be held to maturity and is carried at amortized cost, which is a reasonable estimate of fair value. Financial liabilities are, for the most part, recognized at amortized cost. Financial instruments measured at fair value on the balance sheet are contingent considerations consisting of liabilities with a value of SEK 37,069k. Contingent consideration liabilities are recognized at fair value based on management's best estimate of the most likely outcome (level 3, as defined in IFRS 13). Other assets and liabilities are recognized at amortized cost.

Note G4, Items affecting comparability

Accounting and Valuation Principles

Items affecting comparability refer to material items and events related to changes in the Group's structure or industry, which are relevant to understanding the Group's performance on a like-for-like basis. Group EBITDA is adjusted for items affecting comparability to enable the reader to monitor and analyze underlying profitability adjusted for items that affect comparability between periods.

SEK thousands	2022 Okt - Dec	2021 Okt - Dec	2022 Jan - Dec	2021 Jan - Dec
Items affecting revenue				
Received claim from M&A insurance	-	52,325	-	52,325
Reversal of Earn-out	28,550	-	28,550	-
Re-invoiced consultancy cost to partner (net zero)	-	-	-	1,627
FX in Revenue	740	1,371	3,786	1,944
Onerous contracts (M&A insurance related)	-	258	-	369
Total items affecting revenue	29,290	53,954	32,336	56,265
Items affecting direct costs				
Integration costs Re-vision	(271)	-	-	-
Onerous contracts (M&A insurance related)	-	(1,440)	-	(2,512)
Total items affecting direct costs	(271)	(1,440)	0	(2,512)
Items affecting other external costs				
Consultancy costs re-invoiced to partner (net zero)	-	-	-	(1,627)
One offs auditors and lawyers (M&A Re-vision, M&A insurance, carve-out)	(3,158)	(1,799)	(18,623)	(4,519)
New Delivery model - outsourcing and offshoring	-	(3,520)	(3,020)	(7,037)
Onerous contracts for office leases	(9,159)	-	(9,159)	-
Policy framework & IT security	(1,432)	(378)	(3,497)	(1,538)
IFRS conversion & Go-to-Market	-	(719)	-	(1,603)
Cost related to Ukraine war	(685)	-	(1,897)	-
Integration costs Re-Vision	(2,546)	-	(9,369)	-
Start-up costs for India office (offshoring)	(923)	-	(1,422)	-
Other	(118)	(558)	(547)	(1,083)
Cost regarding Kaseya incident & log4j	-	-	-	(1,720)
Total items affecting other external costs	(18,020)	(6,975)	(47,533)	(19,126)
Items affecting personnel cost				
Severance - Rightsizing and offshoring/outsourcing	-	(289)	(328)	(9,224)
Staff cost - Re-vision integration related	(1,176)	-	(3,692)	-
Time spent Kaseya incident	-	(170)	-	(2,493)
Total items affecting personnel costs	(1,176)	(458)	(4,021)	(11,717)
Items affecting operating expenses				
FX in operating expenses	(517)	(1,881)	(2,707)	(1,886)
Total items affecting operating expenses	(517)	-	(2,707)	(1,886)
Total items affecting comparability in EBITDA	9,306	45,081	(21,925)	21,024

Note G5, Events after the end of the reporting period

No significant events after the reporting period.

Note G6, Transactions with related parties

Extenda Group carries out normal commercial transactions with subsidiaries. No other significant transactions with related parties occurred.

Note G7, Summary of financial information

SEK thousands	2022	2021	2022	2021
	Okt 1 - Dec 31	Okt 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Total revenue	206,215	204,324	699,515	660,544
Items affecting comparability in Revenue	(29,290)	53,954	(32,336)	(56,265)
Total adjusted revenue	176,925	258,278	667,180	604,279
Operating earnings	(1,713)	33,420	(45,065)	(8,898)
Operating margin, %	-0.8%	16.4%	-6.4%	-1.3%
EBITDA	42,310	66,862	117,492	121,902
Items affecting comparability in EBITDA	(9,306)	(45,081)	21,925	(21,024)
Adj. EBITDA	33,005	21,781	139,417	100,877
Adj. EBITDA margin, %	18.7%	8.4%	20.9%	16.7%
Net financial items	(15,358)	(15,799)	(59,689)	(60,348)
Earnings for the period	(14,440)	25,485	(103,806)	(61,222)
Profit margin, %	neg	neg	neg	neg
Total assets	1,354,844	1,161,549	1,354,844	1,161,549
Cash and cash equivalents	106,337	148,024	106,337	148,024
Interest-bearing liabilities	572,563	306,018	572,563	306,018
Equity	286,374	385,910	286,374	385,910
Net debt	466,226	157,993	466,226	157,993
Equity/assets ratio, %	21.1%	33.2%	21.1%	33.2%

Note G8, Acquisitions

Acquisition of Re-vision Group

On April 3, 2022, the Group acquired the Dutch Group Re-Vision through the Holding company Innovation Retail Solutions Holding B.V. Re-Vision helps retailers deliver extraordinary shopping experiences by incorporating digital commerce capabilities into the physical store environment. Consumers can enjoy a digital in-store shopping experience on their own or with a retailer-provided device. Retailers can shape the consumer journey to deliver a unique brand experience. Solutions include capabilities such as Scan & Go and Self-Scan tied to a Machine Learning platform to harvest and identify patterns in data. Use-cases for this platform include Loss Prevention and Product Up-Sell Recommendations. The acquisition is part of the company's strategy to grow organically and through acquisitions. Re-Vision Group provides opportunities for new business as we gain expanded product offerings and a larger customer base in countries where we have limited sales today, including Germany, the United Kingdom, and the Netherlands.

The purchase price amounted to SEK 241,449k, including Re-Vision's cash received of SEK 59,308k, SEK 42,827k was paid in shares in Extenda Retail Sarl, ending with 139,314 in net cash consideration. Re-Vision Group contributes with Net Sales of approximately EUR 6,000k, Net result of EUR 1,575k, and some 40 staff.

The preliminary effects of the acquisitions on the group's assets and liabilities are reported below. The acquisition analysis may be adjusted during twelve months.

SEK thousands	Re-Vision
Cash paid	198,621
Promissory note	42,827
Additional purchase price and other settlements, non-paid	-
Total consideration	241,449
Recognised amounts of identifiable assets and liabilities	
Short-term assets	9,093
Cash and cash equivalents	59,308
Short-term liabilities	(67,409)
Deferred tax receivables/liabilities net	(14,592)
Tangible assets	7,059
Intangible assets	102,817
Net identifiable assets and liabilities	96,276
Goodwill	145,173
Total value	241,449
Cash consideration	
SEK thousands	
Cash paid	198,621
Cash and cash equivalents in the acquired companies	(59,308)
Cash consideration	139,314

Acquisition-related costs of approximately SEK 17,962k are included in the group's results. No part of reported goodwill is expected to be tax deductible.

About Extenda Retail

Extenda Retail makes innovation simple for leading retailers and 3PLs. With Extenda Retail's frictionless, game-changing software, retailers and logistics providers can grow their businesses and optimize their customers' experience.

The extensive portfolio includes the Hii Retail cloud platform, POS (point-of-sale) & Checkout, WMS, Customer Intelligence & Loyalty, and Pharmacy software. With over 40 years as an industry leader in retail software development, hundreds of retail chains with a presence in over 37 countries across the globe utilize solutions by Extenda Retail.

Since the fall of 2018, Extenda Retail has operated under the new brand, backed by STG Partners, a US-based private equity firm with a proven track record of successful investments in technology companies. Extenda Retail has a strong Nordic, and European presence with a headquarter in Stockholm, Sweden, and several offices around Europe.

Learn more at www.extendaretail.com or follow the company on LinkedIn.

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All financial information is posted on

extendaretail.com immediately after publication.

Financial calendar

May 31, 2023: Interim report Q1, 2023

Definitions and alternative performance measures

The Interim Report includes financial key ratios based on IFRS. In addition, other key ratios (Alternative Performance Measures – APMs) are used by the Company and other interests to describe the Group's operations, which cannot be discerned or derived from the financial statements. These APMs are to be regarded as a complement to the financial reporting presented in accordance with IFRS. It should be noted that the APMs defined below may differ somewhat from other companies' definitions of the same terms.

Software revenue and recurring support & services - Sales of recurring software products (both SAAS and on-prem solutions). Includes software license fees and maintenance. Consists of the following software systems: Hii Retail Cloud Solutions, Customer Engagement, In-store & checkout, Warehouse Management, ExtendaGO, Retail Back Office, and Pharmacy. Sales of recurring support agreements and recurring long-term service agreements.

Profit or loss

Adjusted Revenue - Revenue less items affecting comparability.

Operating profit – Profit before financial items and tax.

Operating profit % – Profit before financial items and tax as a percentage of revenue.

Profit before tax – Profit after net financial items.

Net financial income – Interest income and similar items less interest expense and similar items.

Margins

Operating margin – Operating profit as a percentage of turnover.

Profit margin – Profit for the year as a percentage of turnover.

Adjusted EBITDA – Operating profit before depreciation and amortization and items affecting comparability.

Adjusted EBITDA % – Operating profit before depreciation and amortization of goodwill related to acquisitions and items affecting comparability and as a percentage of revenue.

EBITDA – Earnings before interest, taxes, depreciation, and amortization.

EBITDA % – Operating profit before depreciation and amortization as a percentage of revenue.

Capital structure

Balance sheet total – Total assets.

Equity – Equity at the end of the year.

Interest-bearing debt – Long and short-term interest-bearing debt.

Equity ratio – Equity as a percentage of total assets.

Cash flow and liquidity

Cash and cash equivalents – Cash in hand and at banks and short-term investments.

Cash flow before investments – Cash flow from on-prem activities.

Cash flow after investments – Cash flow from operating activities minus capital expenditure.

Employees

Average number of employees – Average number of annual employees based on measurements at the end of each month.