

# Interim Report

Extenda Retail Holding 1 AB (publ)

Org Nr: 559167-1507

January 1 - December 31, 2023

## January 1 - December 31 in brief

Extenda Retail Holding 1 AB (publ) group was formed as a result of Symphony Technology Group's (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. 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. The group is referred to below as Extenda Retail.

SEK thousands	2023	2022	2023	2022
	Oct 1 - Dec 31	Oct 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Net sales	178,664	176,829	711,588	666,544
<i>of which Annual software agreements continually renewed (%)</i>	<i>80.5%</i>	<i>79.3%</i>	<i>79.8%</i>	<i>78.7%</i>
EBITDA	30,284	51,469	140,609	126,650
Adjusted EBITDA*	38,870	33,227	166,986	140,495
<i>Adjusted EBITDA-margin (%)</i>	<i>21.8%</i>	<i>18.8%</i>	<i>23.5%</i>	<i>21.1%</i>

\*Adjusted EBITDA consists of EBITDA excluding items affecting comparability. Please see details in Note G4. Please find definitions of KPIs and alternative performance measures on page 19.

### The fourth quarter 2023

- Net sales increased by SEK 1,835k, or 1.0%. Excluding the offerings being phased out and the negative currency effect, the growth was 4.9%. We see strong growth in our Hii Retail and Warehouse Management solutions. However, we also recognize that customers are more cautious toward new commitments due to macroeconomic conditions, impacting recurring revenue growth.
- The share of annual software agreements that are continually renewed (i.e., recurring revenue) amounts to 80.5% of Net sales. The Annual Recurring Revenue increased by SEK 15.4m to SEK 535.9m, corresponding to a growth ratio of 3.0% but 4.8% after adjusting for the negative currency effect.
- During the quarter we have focused on margin improvements. The adjusted EBITDA margin increased to 21.8% from 18.8% compared to the same period last year. Adjusted EBITDA amounts to SEK 38,870k, an increase of SEK 5,643k, which is mainly due to higher revenue offset by lower costs for consultants and hosting.

### Comments from President and CEO Leendert Venema

As we conclude the fourth quarter of 2023, I am pleased to reflect on our company's performance and strategic initiatives during this period.

Despite continuing economic and geopolitical headwinds in Europe, Extenda Retail received commitments to new, longer-term strategic projects with existing customers and continued to win additional new business in new territories. With the focus on margin and reducing shrinkage, large retailers, including Norway's largest operator, also invested in new machine learning technologies to help detect and reduce in-store theft. With solutions focused on solving real-life and immediate challenges, Extenda Retail continued to expand relationships, extend long-term commitments and win new business in a market highly focused on value and return.

We continue to invest heavily in research and development to launch key new features to meet evolving customer needs and market demands. We are also pleased that several large grocery retailers have embarked on their cloud-native Hii Retail journeys. These investments and market momentum continue to strengthen our competitive position and position us for continued growth and success in the years ahead.

In terms of financial performance, I am pleased to announce that our Q4 results met our high expectations. Revenue growth from our focus business remained robust, and we maintained disciplined cost management practices, resulting in improved operating margins and enhanced profitability. During 2023, we have proven the robustness of our Hii Retail solutions, driving high volumes at high speed through our technology. Discussions with customers, partners, and prospects continue to reinforce our view that our cloud-native High Intensity Retail (Hii) platform is exceptionally well-positioned to serve large retailers that require agility, security, speed, and robustness in their point-of-sale systems.

Looking forward, we remain cautiously optimistic about the outlook for 2024. While uncertainties persist, we believe that our resilient business model and strong market position, mainly in Northern Europe in society's critical sectors, will continue to serve us well in navigating challenges and capitalizing on opportunities. Our strategic priorities remain unchanged: driving innovation,

expanding market reach, and delivering delightfulness in the customer experience.

## Summary of financial information

The table below presents a summary of the financial information for Extenda Retail. Please see definitions on page 19.

### Net Sales Q4

SEK thousands	2023	2022	2023	2022
	Oct 1 - Dec 31	Oct 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Software revenue	143,838	140,144	568,145	524,251
Service revenue	33,571	30,985	132,551	115,510
Hosting and infrastructure*	955	3,196	6,523	12,850
Hardware and technical services*	299	2,504	4,369	13,934
<b>Total Net sales</b>	<b>178,664</b>	<b>176,829</b>	<b>711,588</b>	<b>666,544</b>

*\*Offerings being phased out over time.*

Total Net Sales in Q4 increased with SEK 1,835k, whereas Software revenues grew during the year with SEK 3,694k or 2.6% to SEK 143,838k. Adjusted for the offering being phased out, growth was SEK 6,280k or 3.7%. From a product perspective, the primary source of growth continues to be within our new Hii Retail suite and our WMS software, driven by the continued rollout of new stores and warehouses. Recurring subscription revenues now represent 80.5% of the net sales, vs. last year's 79.3%.

According to a well-respected technology research firm, retailers were in a "holding pattern" in 2023: these uncertain times were used to sort out their strategy ahead. The research firm predicts the market will see a significant improvement in 2024 and an even better 2025. Extenda Retail's main goal is to accelerate revenue and profitability growth, driven by growth in recurring software revenue.

The Service revenue for the current period is higher than the corresponding period in the previous year, with SEK 2,586k (8.3%), as it benefited from strong demand. Hosting and infrastructure, together with Hardware and technical services, continue to decrease SEK (4,446)k, in line with the intentional plan to focus on recurring revenue streams with higher margins. These offerings are being phased out and will be provided to customers by suppliers other than Extenda Retail where needed.

Approximately 23% of the company's total revenues were generated from Extenda Retail AS, a Norwegian subsidiary. The strengthening of the Swedish krona against the Norwegian krone had a negative impact on the Group's revenue in Q4 2023 of SEK (2,667)k. Approximately 8% of the company's total revenues was generated from Re-Vision B.V., a subsidiary in the Netherlands, where the weakening of the Swedish krona against the Euro positively impacted the Group's revenue in Q4 2023 by SEK 513k.

## Result Q4

SEK thousands	2023	2022	2023	2022
	Oct 1 - Dec 31	Oct 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Operating earnings	5,944	(1,714)	(21,093)	(45,066)
Add back amortization, depreciation and write-downs	24,340	53,183	161,702	171,716
Add back items affecting comparability	8,586	(18,242)	26,377	13,845
<b>Adjusted EBITDA</b>	<b>38,870</b>	<b>33,227</b>	<b>166,986</b>	<b>140,495</b>
<b>Adjusted EBITDA-margin (%)</b>	<b>21.8%</b>	<b>18.8%</b>	<b>23.5%</b>	<b>21.1%</b>

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

Adjusted EBITDA has increased by SEK 5,643k to SEK 38,870k, and the corresponding margin increased from 18.8% to 21.8%.

Direct costs are expenses closely associated with revenue generation, including costs for dedicated time, licensing fees, and labor allocated explicitly for revenue creation. By adopting a business model that leverages cost-effective partnerships in different locations, we have a lower cost level (SEK 2,624k) than last year, even as we've increased our available working hours. The decrease is also due to lower hosting costs as we are phasing out that offering.

Other external costs include various consulting fees that primarily relate to the time dedicated to maintaining the product suite and developing new products and other expenditures such as IT infrastructure, marketing, and office-related costs. Adjusted for items affecting comparability, other external costs are SEK (35,313), SEK 8,283k less than the same period last year.

Other costs for employee compensation amount to SEK (67,481k), and adjusted for items affecting comparability, are SEK 2,728k higher than the same quarter last year. The somewhat higher costs are primarily attributed to the yearly salary increments, which have been higher in the current inflationary climate, and also due to an increased provision for variable compensation based on healthy business performance.

We continue to invest in our native cloud product. The capitalized work for our own account (i.e., work performed by own employees) decreased somewhat compared to the same period last year and amounted to SEK 7,763k, compared to SEK 9,787k the same period last year.

The operating earnings for the period were SEK 5,944k, vs. last year of SEK (1,714)k, which included one-off items of SEK (8,586)k vs. last year's SEK (18,242)k and depreciation and amortization of SEK (24,340)k, vs. last year SEK (53,183)k. Amortization of intangible assets from the Visma/Extenda acquisition was finalized in September 2023. Hence, from October 2023, the quarterly amortizations will be approx. 15,000k less.

Net earnings for the period were SEK (18,443)k, which includes net financial items of SEK (29,648)k and income tax of SEK 42,147k. Net earnings for the period previous year were SEK (14,440)k, which includes net financial items of SEK (15,688)k and income tax of SEK (2,961)k.

## Financial position and cash flow in brief

SEK thousands	2023	2022
	Dec 31	Dec 31
Non-current assets	982,458	1,025,399
Other current assets	163,922	171,833
Cash and cash equivalents	23,833	106,337
<b>Total assets</b>	<b>1,170,213</b>	<b>1,303,568</b>
Total equity	200,155	275,415
Non-current liabilities	655,893	688,037
Current liabilities	314,165	340,116
<b>Total equity and liabilities</b>	<b>1,170,213</b>	<b>1,303,568</b>

Total assets at the end of the period amounted to SEK 1,170,213k compared to year-end 2022 of SEK 1,303,568k, of which SEK 886,705k consisted of intangible assets, primarily goodwill and other intangible assets arising in connection with the acquisition of Re-Vision group April 1, 2022, and STG's acquisitions of Visma Retail and Extenda. Previous year the intangible assets amounted to SEK 964,294k. Investments in intangible fixed assets were capitalized development for internally developed software. Investments in intangible fixed assets during the period Jan - Dec totaled SEK 80,738k, and during the same period last year, SEK 81,275k.

Cash and cash equivalents by December 31, 2023, amounted to SEK 23,833k and decreased during the period from January to December by SEK (83,460k). The net working capital row change includes SEK 24,200k of repayment of withheld taxes. Cash Flow from current activities amounted to SEK 55,343k. Investment in subsidiaries was SEK 37,069k paid as earn-out to the previous owners of Extenda AB. The earnout was the final payment for the acquisition, and no further liability remains. Investment in financial, intangible, and tangible assets was SEK (81,068k), and lease payments were SEK (20,666k).

Total equity amounted to SEK 200,155k compared to year-end 2022 of SEK 275,415k. The decrease derives from the income statement and currency differences in equity of SEK (16,116)k. The equity/assets ratio at the end of the period was 17.1%, and 21.1% in the same period last year.

Non-current liabilities have decreased by SEK 32,144k compared to year-end 2022. The decrease is due mainly to the reclassification of long-term debt to short-term debt for the deferred payments of taxes for social charges and withholding taxes, offset by currency differences of the loan from Extenda Retail S.á.r.l nominated in EUR.

Current liabilities of SEK 314,165k include the current part SEK 34,751k of deferred payments of taxes for social charges and withholding taxes, including interest, given to the Group as support to help companies through the Corona pandemic. Other current liabilities have decreased by SEK 33,156k.

## Investments

The group's total cash flow from investments (intangible, tangible, and financial) remains consistently healthy and amounts to SEK (81,068k) compared to the same period last year of SEK (82,664k). The investments primarily refer to development of new functionality in our cloud-native solution, Hii Retail.

## Seasonal variations

The business is somewhat seasonal regarding Service revenue, where there is less service revenue in June-August due to the summer holidays in the Nordics. A reversal of the accrual for vacation is expected in July and August.

## Financing

Cash and cash equivalents in the group consist of bank balances. At the end of the period, cash and cash equivalents amounted to SEK 23,833k.

The current financing consists of a bond loan with a framework of SEK 1,000,000,000, of which SEK 550,000,000 has been used. The bond was issued at the end of March 2022 and runs for five years with an interest rate of 3M STIBOR plus a 6.75% margin. There are no ongoing covenants attached to the bond loan. In case of an increase in the loan amount, the leverage ratio must not exceed 4.25. The Group also has a shareholder loan from Extenda Retail S.á.r.l. Interest accrues at a fixed rate of 5% and is payable on demand. The loan has a five-year maturity.

In Q1 2023, Extenda Retail signed an amendment to extend the super senior revolving facility agreement to March 29, 2024. The facility is unused as of December 31, 2023. The available amount is SEK 75,000,000.

## Significant risks and uncertainties

Extenda Retail's operations, financial position, and results are affected by a number of risks and uncertainty factors. Managing these risks is necessary for Extenda Retail to meet its short- and long-term goals. These risks can be divided into three main categories: market-related, operational risk, and financial. These risks are described in the group's annual report for 2022.

### Market and Technological Development

The development of the broader economy and trends impacts specific customer segments and the market opportunities for Extenda Retail. The financial climate impacts demand from individuals and companies and changes customer buying patterns, affecting our customers' investment plans and strategic initiatives.

Global changes in the retail industry 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. 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 mainly pertain to currency, interest rate, 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 2022 Annual Report.

## Other information

We continue to condemn the ongoing Russian invasion of Ukraine and actively support Ukrainian humanitarian efforts. Financially, the conflict may have negatively affected our earnings and positions. We closely monitor developments, adapting strategies to navigate ongoing geopolitical challenges, including rising tension in the Middle East. Extenda Retail currently has no operations in Russia or the Middle East. It is not possible to quantify the long-term effects of these situations.

## Current market situation

Globally, rising inflation and interests, fueled by heightened tensions, affect the Group with increased interest costs. A continued high inflation rate poses challenges to our cost and future revenue.

## Events after the end of the reporting period

There are no other significant events after the reporting period to be reported.

## 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.á.r.l, which is ultimately owned by STG Fund V and the management.

Net financial items for Q4 2023 totaled SEK (1,797)k, and income after tax amounted to SEK 13,172k. Net financial items for Q4 2022 totaled SEK (2,118)k, and income after tax amounted to SEK (2,020)k.

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

On December 31, 2023, the Parent Company had SEK 533,460k in Long-term liabilities consisting of the Bond Loan of 550,000 SEK offset by prepaid loan fees of SEK 16,540k and a long-term receivable of SEK 550,736k to Extenda Retail Holding 3 AB.

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 3 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 2022.

## Condensed consolidated statement of profit and loss and other comprehensive income

SEK thousands	Note	2023	2022	2023	2022
		Oct 1 - Dec 31	Oct 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Net sales	G2	178,664	176,829	711,588	666,544
Other operating income	G4	800	29,386	6,755	32,971
<b>Total revenue</b>		<b>179,464</b>	<b>206,215</b>	<b>718,343</b>	<b>699,515</b>
Direct cost		(42,723)	(45,737)	(174,986)	(178,396)
Other external costs		(38,399)	(52,338)	(170,723)	(196,156)
Other costs for employee compensation		(72,981)	(65,928)	(260,424)	(230,648)
Work performed by the group and capitalized		7,763	9,787	34,584	35,055
Amortizations, depreciations and write downs		(24,340)	(53,183)	(161,702)	(171,716)
Other operating expenses		(2,840)	(530)	(6,185)	(2,719)
<b>Total cost</b>		<b>(173,520)</b>	<b>(207,928)</b>	<b>(739,436)</b>	<b>(744,581)</b>
<b>Operating earnings</b>		<b>5,944</b>	<b>(1,714)</b>	<b>(21,093)</b>	<b>(45,066)</b>
Financial income		801	5,375	911	10,646
Financial costs		(30,449)	(21,063)	(82,072)	(70,334)
<b>Earnings before tax</b>		<b>(23,705)</b>	<b>(17,401)</b>	<b>(102,254)</b>	<b>(104,754)</b>
Income tax		42,147	2,961	41,898	948
<b>Net earnings for the period</b>		<b>18,443</b>	<b>(14,440)</b>	<b>(60,356)</b>	<b>(103,806)</b>
<b>Other comprehensive income</b>					
<i>Items that can be reclassified to profit or loss</i>					
Translation differences from operations abroad		(2,765)	1,198	(16,116)	4,269
<b>Total other comprehensive income</b>		<b>(2,765)</b>	<b>1,198</b>	<b>(16,116)</b>	<b>4,269</b>
<b>Total comprehensive income for the period</b>		<b>15,678</b>	<b>(13,242)</b>	<b>(76,472)</b>	<b>(99,537)</b>
<b>Earnings for the period attributable to:</b>					
Parent Company shareholders		18,443	(14,440)	(60,356)	(103,806)
<b>Total comprehensive income attributable to:</b>					
Parent Company shareholders		15,678	(13,242)	(76,472)	(99,537)

## Condensed report on the financial position of the Group

SEK thousands	Note	2023	2022
		Dec 31	Dec 31
<b>Non-current assets</b>			
Intangible assets and goodwill		886,705	964,294
Property, plant and equipment		7,815	11,299
Right-of-use assets		44,558	47,402
Deferred tax assets		42,728	1,474
Other non-current assets		652	929
<b>Total long-term assets</b>		<b>982,458</b>	<b>1,025,399</b>
<b>Current assets</b>			
Trade receivables		134,204	139,788
Current tax assets		6,990	5,956
Contract assets		14,190	14,481
Other current assets		8,538	11,608
Cash and cash equivalents		23,833	106,337
<b>Total current assets</b>		<b>187,755</b>	<b>278,170</b>
<b>Total assets</b>		<b>1,170,213</b>	<b>1,303,568</b>
<b>Equity</b>			
Share capital		500	500
Other contributed capital		868,441	868,441
Reserves		(27,501)	(11,385)
Retained earnings including earnings for the period		(641,284)	(582,141)
<b>Total equity</b>		<b>200,155</b>	<b>275,415</b>
<b>Non-current liabilities</b>			
Provisions		1,927	8,259
Loan liabilities		578,792	572,563
Non-current lease liabilities		37,583	40,381
Other interest-bearing non-current liabilities		37,591	66,833
<b>Total non-current liabilities</b>		<b>655,893</b>	<b>688,037</b>
<b>Current liabilities</b>			
Trade payables		62,817	54,340
Other interest-bearing current liabilities		34,751	24,138
Current tax liabilities		93	34
Current lease liabilities		16,402	18,919
Contract liabilities		104,840	114,267
Other current liabilities	G3	95,262	128,418
<b>Total current liabilities</b>		<b>314,165</b>	<b>340,116</b>
<b>Total equity and liabilities</b>		<b>1,170,213</b>	<b>1,303,568</b>

## Condensed consolidated statement of changes in equity

Equity attributable to the Parent Company's  
shareholders

SEK thousands	2023	2022
	Dec 31	Dec 31
<b>Opening balance</b>	<b>275,415</b>	<b>385,910</b>
<b><i>Changes in equity</i></b>		
Earnings for the period	(60,356)	(103,806)
Adjustments*	-	(10,959)
Other	1,212	-
Translation differences	(16,116)	4,269
<b>Total comprehensive income</b>	<b>(75,260)</b>	<b>(110,495)</b>
<b>Ending balance</b>	<b>200,155</b>	<b>275,415</b>

\*The opening balance has changed due to recalculated currency difference in Intangible Assets (SEK -23,392k) and deferred tax liabilities (SEK - 8,782k) as well as changed estimations of Right of use assets (SEK -8,278k) and operating lease obligations (SEK -14,448k).

## Condensed consolidated cash flow Statement

SEK thousands	Note	2023	2022	2023	2022
		Oct 1 - Dec 31	Oct 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Operating earnings		5,944	(1,714)	(21,093)	(45,066)
Adjustment for non-cash items, etc.		30,498	19,435	155,426	140,536
Interest received		801	-	911	-
Interest and financial items paid		(14,458)	(13,344)	(64,747)	(74,033)
Income tax paid		270	-	(42)	(64)
<b>Cash flow from operations</b>					
<b>before to changes in working capital</b>		<b>23,055</b>	<b>4,377</b>	<b>70,455</b>	<b>21,373</b>
<b>Cash flow from changes to working capital</b>					
Change in current receivables		609	(11,507)	4,461	(21,525)
Change in current liabilities		(15,873)	15,665	(19,573)	(35,640)
<b>Cash flow from current activities</b>		<b>7,790</b>	<b>8,535</b>	<b>55,343</b>	<b>(35,792)</b>
<b>Investing activities</b>					
Acquisitions of subsidiaries		-	-	(37,069)	(139,314)
Acquisitions of intangible assets		(17,457)	(23,763)	(80,738)	(81,275)
Acquisitions of tangible assets		(128)	(1,349)	(607)	(1,389)
Change in financial assets		-	-	277	-
<b>Cash flow from investing activities</b>		<b>(17,585)</b>	<b>(25,112)</b>	<b>(118,137)</b>	<b>(221,978)</b>
<b>Financing activities</b>					
Lease liability payments		(4,957)	(6,381)	(20,666)	(20,600)
New borrowings		-	-	-	550,000
Loan repayment		-	-	-	(319,234)
<b>Cash flow from financing activities</b>		<b>(4,957)</b>	<b>(6,381)</b>	<b>(20,666)</b>	<b>210,166</b>
<b>Cash flow for the period</b>		<b>(14,752)</b>	<b>(22,958)</b>	<b>(83,460)</b>	<b>(47,604)</b>
<b>Cash and cash equivalents at start of period</b>		<b>40,037</b>	<b>126,007</b>	<b>106,336</b>	<b>148,024</b>
Translation difference on cash and cash equivalents		(1,452)	3,287	957	5,916
<b>Cash and cash equivalents at end of period</b>		<b>23,833</b>	<b>106,336</b>	<b>23,833</b>	<b>106,336</b>

## Parent company income statement

SEK thousands	Note	2023		2022	
		Oct 1 - Dec 31	Oct 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Other external costs		(1)	98	(2)	1
Other expenses		(245)	(0)	(249)	-
Operating expenses		-	-	-	(3)
<b>Operating earnings</b>		<b>(246)</b>	<b>98</b>	<b>(251)</b>	<b>(2)</b>
Interest income and similar items		15,081	11,915	56,369	31,649
Interest expenses and similar items		(16,878)	(14,033)	(64,086)	(37,339)
<b>Earnings before tax</b>		<b>(2,044)</b>	<b>(2,020)</b>	<b>(7,968)</b>	<b>(5,692)</b>
Appropriations		12,674	-	12,674	(22,493)
Income tax		2,541	-	2,541	-
<b>Earnings for the period</b>		<b>13,172</b>	<b>(2,020)</b>	<b>7,247</b>	<b>(28,186)</b>
Total comprehensive income for the period		13,172	(2,020)	7,247	(28,186)

## Parent company balance sheet

SEK thousands	Note	2023	2022	
		Dec 31	Dec 31	
<b>Long-term assets</b>				
Shares in group companies		870,932	870,932	
Long-term receivables from group companies		550,736	541,258	
<b>Total long-term assets</b>		<b>1,424,208</b>	<b>1,412,189</b>	
<b>Short-term assets</b>				
Short-term receivables from group companies		12,674	28,760	
Prepaid expenses and accrued income		64	99	
<b>Total short-term assets</b>		<b>12,738</b>	<b>28,859</b>	
<b>Total assets</b>		<b>1,436,946</b>	<b>1,441,048</b>	
SEK thousands		2022	2021	
		Dec 31	Dec 31	
<b>Equity</b>				
<i>Restricted equity</i>				
Share capital (50,000 shares)		500	500	
<b>Total restricted equity</b>		<b>500</b>	<b>500</b>	
<i>Unrestricted equity</i>				
Retained earnings		839,806	867,991	
Earnings for the period		7,247	(28,186)	
<b>Total unrestricted equity</b>		<b>847,053</b>	<b>839,806</b>	
<b>Total equity</b>		<b>847,553</b>	<b>840,306</b>	
<b>Long-term liabilities</b>				
Long-term liabilities		533,460	528,370	
<b>Total long-term liabilities</b>		<b>533,460</b>	<b>528,370</b>	
<b>Short-term liabilities</b>				
Accounts payable		3		
Short-term liabilities to group companies		55,931	72,372	
<b>Total short-term liabilities</b>		<b>55,934</b>	<b>72,372</b>	
<b>Total equity and liabilities</b>		<b>1,436,946</b>	<b>1,441,048</b>	

## Statement of changes in equity

SEK thousands	2023 Dec 31	2022 Dec 31
<b>Opening balance</b>	<b>840,306</b>	<b>868,491</b>
<i>Changes in equity</i>		
Earnings for the period	7,247	(28,186)
<b>Total comprehensive income</b>	<b>7,247</b>	<b>(28,186)</b>
<b>Ending balance</b>	<b>847,553</b>	<b>840,306</b>

## 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 2022 Annual Report and should be read in conjunction with that Annual Report.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. Those that are significant to the consolidated financial statements are described in the notes in the 2022 Annual Report. We have changed one estimation in the numbers from 2022. Regarding IFRS 16 and leasing, we have shorted the estimated lease period. This reduced the Right of use assets with SEK (8,278)k and lease liabilities with SEK (14,448)k and increased equity with SEK 12,327k and deferred taxes with SEK (1,815)k. We also corrected the currency effect on intangibles assets, reducing intangible assets with SEK (23,392)k and equity with SEK (20,541)k and tax with SEK (4,010)k. There are no other changes in the estimates and judgments compared to the Annual Report 2022.

For practical reasons, the figures in this interim report have not been rounded off, which is why notes and tables may not total the 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.

### New and changed accounting standards in 2023

Companies have previously been required to provide information about significant disclosures and accounting principles in IAS 1 - information about accounting principles, which has now been replaced by material information about accounting principles. The purpose is to ensure more company-specific information, less standardized and irrelevant information and that material information is not obscured by other information. None of the other standards and statements that have been published by the IASB and are effective for annual periods beginning on or after January 1, 2023, have had any significant impact on the financial statements of the Group.

### Note G2, Net Sales

Total revenue is divided into the following lines of operations:

SEK thousands	2023	2022	2023	2022
	Oct 1 - Dec 31	Oct 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Software revenue	143,838	140,144	568,145	524,251
Service revenue	33,571	30,985	132,551	115,510
Hosting and infrastructure*	955	3,196	6,523	12,850
Hardware and technical services*	299	2,504	4,369	13,934
<b>Total Net sales</b>	<b>178,664</b>	<b>176,829</b>	<b>711,588</b>	<b>666,544</b>

\*Revenue that will be phased out over time

### 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 current liabilities with a value of SEK 0k. 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	2023	2022	2023	2022
	Oct 1 - Dec 31	Oct 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
<b>Items affecting Other operating income</b>				
Reversal of earn-out	-	28,550	-	28,550
<b>Total items affecting Other operating income</b>	<b>0</b>	<b>28,550</b>	<b>0</b>	<b>28,550</b>
<b>Items affecting Direct costs</b>				
Integration costs Re-vision	-	(391)	(108)	(1,137)
Onerous contracts and license fees (M&A insurance related)	-	-	(2,167)	-
<b>Total items affecting Direct costs</b>	<b>0</b>	<b>(391)</b>	<b>(2,275)</b>	<b>(1,137)</b>
<b>Items affecting Other external costs</b>				
Legal and other services (M&A, M&A insurance, carve-out)	(86)	534	(1,091)	(18,623)
Outsourcing and offshoring of functions to India and Moldova	35	(1,422)	(2,526)	(4,442)
IT security & IT restructuring of the IT environment	(2,441)	(1,432)	(5,586)	(3,497)
Integration costs Re-Vision	(408)	(6,088)	(1,857)	(8,232)
Other	(186)	(334)	(324)	(2,444)
<b>Total items affecting Other external costs</b>	<b>(3,086)</b>	<b>(8,742)</b>	<b>(11,384)</b>	<b>(37,238)</b>
<b>Items affecting Other costs for employee compensation</b>				
Outsourcing and offshoring of functions to India and Moldova	(5,500)	-	(12,718)	(328)
Integration costs Re-Vision	-	(1,175)	-	(3,692)
<b>Total items affecting Other costs for employee compensation</b>	<b>(5,500)</b>	<b>(1,175)</b>	<b>(12,718)</b>	<b>(4,020)</b>
<b>Total items affecting comparability in EBITDA</b>	<b>(8,586)</b>	<b>18,242</b>	<b>(26,377)</b>	<b>(13,845)</b>

## Note G5, Events after the end of the reporting period

There are no significant events after the reporting period to be reported.

## 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

Please find definitions of KPIs and alternative performance measures on page 19.

SEK thousands	2023	2022	2023	2022
	Oct 1 - Dec 31	Oct 1 - Dec 31	Jan 1 - Dec 31	Jan 1 - Dec 31
Net Sales	178,664	176,829	711,588	666,544
Total revenue	179,464	206,215	718,343	699,515
Annual software agreements that are continually renewed	143,838	140,144	568,145	524,251
Share of annual software agreements continually renewed	80.5%	79.3%	79.8%	78.7%
Operating earnings	5,944	(1,714)	(21,093)	(45,066)
Operating margin, %	3.3%	-0.8%	-2.9%	-6.4%
EBITDA	30,284	51,469	140,609	126,650
Items affecting comparability	8,586	(18,242)	26,377	13,845
Adj. EBITDA	38,870	33,227	166,986	140,495
Adj. EBITDA margin, %	21.8%	18.8%	23.5%	21.1%
Net financial items	(29,648)	(15,687)	(81,161)	(59,688)
Net earnings for the period	18,443	(14,440)	(60,356)	(103,806)
Profit margin, %	10.3%	neg	neg	neg
Total assets	1,170,213	1,303,568	1,170,213	1,303,568
Cash and cash equivalents	23,833	106,337	23,833	106,337
Loan liabilities	578,792	572,563	578,792	572,563
Equity	200,155	275,415	200,155	275,415
Net debt	554,959	466,226	554,959	466,226
Equity/assets ratio, %	17.1%	21.1%	17.1%	21.1%

## 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 are able to grow their business 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 been 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 European offices.

Learn more at [www.extendaretail.com](http://www.extendaretail.com) or follow the company on LinkedIn.

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### All financial information is posted on

[extendaretail.com](http://extendaretail.com) immediately after publication.

### Financial calendar

May 30, 2024: Q1 2024 Interim report

April 30, 2024: Annual Report 2023

## Definitions of KPIs 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 complements 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.

### Net Sales

Net sales is the sum of gross sales minus any discounts.

### Total revenue

Total revenue is the total revenue from recurring and non-recurring revenue streams.

### Annual software agreements that are continually renewed

Annual software agreements that are continually renewed (i.e., recurring revenue) is an APM that is defined as revenue from customers for the provision of goods or services during the term of a contract where the customer cannot continue to benefit from the full functionality of the goods or services without ongoing payments and revenue streams that are expected to recur for more than 12 months. Recurring revenues are mainly revenues from software, support, and maintenance contracts. Revenue from, e.g., system implementation and migration is not recognized as recurring revenue.

*The APM is used to follow the group's sales and the trend to convert non-recurring revenue to recurring revenue.*

### Share of annual software agreements that are continually renewed (%)

Annual software agreements that are continually renewed (i.e., recurring revenue) in percent of Net Sales.

*The APM is used to follow the group's sales increase and the trend to convert non-recurring revenue to recurring revenue in %.*

### Operating earnings

Result before financial items and tax.

### Operating margin (%)

Result before financial items and tax as a percentage of total revenue.

### EBITDA

Result before interest, taxes, depreciation, amortization, and write-downs (Earnings before Interest, Tax, Depreciation, and Amortization).

*The APM is used to follow up on the company's results generated by ongoing operations. The APM enables comparisons of profitability between companies and industries.*

### Items affecting comparability

Significant events and transactions that are relevant to pay attention to when a period's results are compared with another. Items affecting comparability refer to restructuring costs (consulting costs, costs related to staff reductions, loss agreements, and write-downs, acquisition costs, legal costs, and advisory costs in connection with the establishment of new subsidiaries, integration costs (consulting costs, fees, and write-downs)) in connection with acquisitions or mergers, write-downs of any additional purchase price, write-downs, and transactions from strategic decisions, such as capital gains and losses from the sale of businesses that are essential individually or in the aggregate, material customer losses, disputes, and insurance matters as well as severance pay or similar to members of the group's management team or in its subsidiaries.

*Items affecting comparability are excluded to make it easier to compare results between periods.*

### Adjusted EBITDA

Result before interest, taxes, depreciation, amortization, and write-downs (Earnings before Interest, Tax, Depreciation, and Amortization) with items affecting comparability added back.

*The APM is used to follow up on the company's results generated by ongoing operations. The APM enables comparisons of profitability between companies and industries.*

**Adjusted EBITDA-margin (%)**

Result before interest, taxes, depreciation, amortization, and write-downs (Earnings before Interest, Tax, Depreciation, and Amortization) with items affecting comparability added back as a percentage of Net Sales.

*The APM reflects the operational profitability of the business before amortization and write-downs of acquisition-related intangible assets. The APM, along with sales growth, is one important component to monitor the company's profitability.*

**Net financial items**

Interest income and similar items less interest expense and similar items.

**Net earnings for the period**

Results after financial items, tax, and end-of-year appropriations.

*The APM is used to follow up on the company's final result after tax.*

**Total Assets**

The group's total assets

**Cash and cash equivalents**

Cash and bank equivalents are assets held in bank accounts.

**Loan liabilities**

Loan liabilities are the current and non-current parts of interest-bearing loans.

**Net debt**

Loan liabilities less cash and cash equivalents.

**Equity/assets ratio (%)**

Equity as a percentage (%) of total assets.

*The APM shows the percentage of the assets financed with equity capital. The aim is to be able to assess the group's ability to pay in the long term.*