

Interim Report

Extenda Retail Holding 1 AB (publ.)

Org Nr: 559167-1507

Q1 2024



January - March in brief

SEK thousands	2024	2023	2023
	Jan - Mar	Jan - Mar	Jan - Dec
Net sales	169,824	175,865	711,587
<i>of which Annual software agreements continually renewed (%)</i>	84.7%	80.4%	79.9%
EBITDA	41,789	26,021	140,609
Adjusted EBITDA*	33,442	35,512	166,774
<i>Adjusted EBITDA-margin (%)</i>	19.7%	20.2%	23.4%

*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 first quarter 2024

- Net sales were SEK 169,824 thousand. Software revenue, including our Hii Retail and Warehouse Management solutions, is experiencing a 1.8 % growth. However, due to the current economic conditions, some customers are more conservative in making new spending commitments, impacting the pace of recurring revenue growth. Service revenues are SEK (4,180) thousand lower due to budget restraints for some of our larger customers. Excluding the offerings being phased out and the negative currency effect, the growth of Net Sales was flat with (0.3) %.
- The share of annual software agreements that are continually renewed (i.e., recurring revenue) amounts to 84.7% of Net sales. The Annual Recurring Revenue increased by SEK 10.2 m to SEK 536.4m, corresponding to a growth ratio of 1.9%.
- The adjusted EBITDA margin decreased to 19.7% from 20.2% compared to the same period last year. Adjusted EBITDA amounts to SEK 33,442k, a decrease of SEK (2,070) thousand, mainly due to lower revenue and increased provisions for variable salaries, partly offset by lower costs for consultants and hosting.

Comments from CEO Leendert Venema

As we enter the second quarter of 2024, I am pleased to assess our company's recent performance and strategic endeavors. Despite persistent economic and geopolitical challenges, Extenda Retail made notable progress during this period.

We successfully secured commitments for new strategic projects with existing clients and expanded into new territories, reflecting our ongoing efforts to drive growth. Additionally, collaborations with major retailers, including Norway's most prominent retailer, demonstrated a growing recognition of the value of our innovative solutions, particularly in addressing issues like loss prevention.

Customer focus remains paramount. Our R&D efforts delivered key new features addressing evolving industry best practices, which have been well-received by our customers. We are particularly encouraged by several large grocery retailers' adoption of our cloud-native Hii Retail solutions.

We launched our Loss Prevention solutions in late 2023 and see substantial interest in our machine-learning-driven software solutions for preventing in-store loss. We are currently running projects in The United Kingdom and The Netherlands and anticipate successes in Germany as well.

Despite facing challenges, we made strides in mitigating the impact, to maintain stability and profitability.

Uncertainties persist in 2024, but we maintain cautious optimism. With a robust business model and a strong foothold in critical sectors across Northern Europe, we are well-positioned to navigate challenges and seize opportunities. Our strategic priorities remain unchanged: driving innovation, expanding market reach, and enhancing customer satisfaction. By learning from the experiences of Q1 2024 and remaining agile in our approach, we aim to achieve improved performance in the quarters to come.

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 Q1

SEK thousands	2024	2023	2023
	Jan - Mar	Jan - Mar	Jan - Dec
Software revenue	143,888	141,364	568,255
Service revenue	24,912	29,092	132,551
Hosting and infrastructure*	778	3,074	6,523
Hardware and technical services*	245	2,335	4,258
Total Net sales	169,824	175,865	711,587

**Offerings being phased out over time.*

Software revenues grew during the period with SEK 2,524 thousand or 1.8% to SEK 143,888k. The expansion of retail and warehouse spaces is fueling demand for our Hii Retail suite and WMS software, making them the primary source of our product growth. Recurring subscription revenues now represent 84.7% of the net sales, vs. last year's 80.4%. While a respected technology research firm finds retailers in a cautious wait-and-see mode ("holding pattern"), they also predict a significant market upswing in 2024 and an even stronger one in 2025. Extenda Retail is well-positioned to capitalize on this future growth by focusing on accelerating recurring software revenue and driving revenue and profitability.

The Service revenue for the current period is SEK (4,180) thousand lower than the corresponding period in the previous year. Cost pressures at one larger customer stemming from the challenging market environment contributed to lower service revenue in Q1 2024. The Service revenue will be lower since the Hii Retail solution calls for fewer implementation hours than the classic products.

Hosting and infrastructure, together with hardware and technical services, continue to decrease SEK (4,386) thousand, which is 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 22% 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 continued to negatively impact the Group's revenue in Q1 2024 of SEK (1,207) thousand. Approximately 7% of the company's total revenues were 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 Q1 2024 by SEK 142 thousand.

Result Q1

SEK thousands	2024	2023	2023
	Jan - Mar	Jan - Mar	Jan - Dec
Operating profit	18,056	(14,081)	(21,093)
Add back amortization, depreciation, and write-downs	23,733	40,101	161,702
Add back items affecting comparability	(8,347)	9,491	26,165
Adjusted EBITDA	33,442	35,512	166,774
Adjusted EBITDA-margin (%)	19.7%	20.2%	23.4%

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

Adjusted EBITDA has decreased by SEK (2,070) thousand to SEK 33,442 thousand, and the corresponding margin decreased from 20.2% to 19.7%, primarily due to somewhat less revenue, higher estimated accruals for variable salaries, less work capitalized offset by lower direct costs and external costs due to cost consciousness.

Our focus on direct costs, which are expenses directly tied to generating revenue like employee time and licensing fees, has paid off. Efficient partnerships in cost-effective locations and a decrease in service revenue led to lower costs, SEK 4,597 thousand, this year compared to last year. Additionally, phasing out our hosting service has further reduced costs.

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. Our focus on partnerships in cost-effective locations and a decrease in contracted resources further contribute to the fact that we achieved a lower overall cost level for maintaining our product suite. Adjusted for items affecting comparability, other external costs are SEK (48,904) thousand, SEK 4,941 thousand less than the same period last year.

Employee compensation costs this quarter reached SEK 81,041 thousand. After adjusting for one-time items, this represents a SEK 1,852 thousand increase compared to the same period last year. This rise is mainly due to two factors. First, this year's annual salary adjustments were higher due to the inflationary climate. Second, a larger provision was allocated for variable compensation than in the same period last year.

We continue to invest in our native cloud product. The capitalized work for our own account (i.e., work performed by our own employees and consultants) decreased somewhat compared to the same period last year. It amounted to SEK (18,651) thousand, compared to SEK (23,736) thousand in the same period last year.

The operating profit for the period was SEK 18,056 thousand, vs. last year of SEK (14,081) thousand, which included one-off items of SEK 8,347 thousand vs. last year's SEK (9,491) thousand and depreciation and amortization of SEK (23,733) thousand, vs. last year SEK (40,101) thousand. Amortization of intangible assets from the Visma/Extenda acquisition was finalized in September 2023. Hence, from October 2023, the quarterly amortizations will be approx. SEK 15,000 thousand less.

Net profit for the period was SEK 2,194 thousand, which includes net financial items of SEK (12,336) thousand and income tax of SEK (3,526) thousand. Net profit for the period previous year was SEK (31,356) thousand, which includes net financial items of SEK (16,770) thousand and income tax of SEK (506) thousand.

Financial position and cash flow in brief

SEK thousands	2024	2023	2023
	Mar 31	Mar 31	Dec 31
Non-current assets	997,586	1,002,793	982,458
Other current assets	183,092	269,426	187,755
Cash and cash equivalents	39,312	105,367	39,312
Total assets	1,180,678	1,272,219	1,170,213
Total equity	200,082	234,581	200,155
Non-current liabilities	652,080	679,803	655,893
Current liabilities	328,516	357,835	314,165
Total equity and liabilities	1,180,678	1,272,219	1,170,213

Total assets at the end of the period amounted to SEK 1,180,678 thousand compared to year-end 2023 of SEK 1,170,213 thousand, of which SEK 895,648 thousand 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 886,705k. Investments in intangible fixed assets were capitalized development for internally developed software. Investments in intangible fixed assets during the period Jan - Mar totaled SEK 18,651 thousand, and during the same period last year, SEK 23,736 thousand.

Cash and cash equivalents by March 31, 2024, amounted to SEK 39,312 thousand and increased during the period from January to March by SEK 15,479 thousand. The net working capital change includes SEK 11,095 thousand repayment of withheld taxes. Cash Flow from current activities amounted to SEK 39,106 thousand. Investment in financial, intangible, and tangible assets was SEK (18,651) thousand, and lease payments were SEK (5,272) thousand.

Total equity amounted to SEK 200,082 thousand compared to year-end 2023 of SEK 200,155 thousand. The change derives from the profit of the period of SEK 2,194 thousand and currency differences in equity of SEK (2,268) thousand. The equity/assets ratio at the end of the period was 16.9%, and 18.4% in the same period last year.

Non-current liabilities have decreased by SEK 3,813 thousand compared to year-end 2023. 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 in the loan from Extenda Retail S.á.r.l., nominated in EUR and non-current lease liabilities since we prolonged the office lease in the Netherlands.

Current liabilities of SEK 328,516 thousand include the current part of SEK 36,356 thousand 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.

Investments

The group's total cash flow for investments (intangible, tangible, and financial) remains relatively consistent at a high % of revenue and amounts to SEK (18,651) thousand, compared to SEK (23,736) thousand in the same period last year. The investments primarily refer to the development of new functionality in our cloud-native solution, Hii Retail.

Seasonal variations

The business is somewhat seasonal in terms of Service revenue, with 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 39,312 thousand.

The current financing consists of a bond loan with a framework of SEK 1,000,000 thousand, of which SEK 550,000 thousand 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. 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 2024, Extenda Retail signed an amendment to extend the super senior revolving facility agreement to March 29, 2025. The facility is unused as of March 31, 2024. The available amount is SEK 75,000 thousand.

Significant risks and uncertainties

Extenda Retail's operations, financial position, and results are affected by several 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 2023.

Market and Technological Development

Macroeconomic and cyclical developments, as well as trends affecting specific customer segments, influence the Extenda Retail market. The financial climate influences demand from individuals and businesses and changes customers' buying patterns, which in turn influences investment plans and strategic initiatives. The market in 2023 was volatile, with higher-than-usual inflation and higher-than-recent benchmark interest rates.

Global change in retail continues, with digitalization and new ways of delivering customer service, creating powerful forces of change that affect the entire retail industry, including our customers. The changes brought about by digitalization, increased demand for customization, dynamic pricing, AI, and mobile-first strategies requires continued investment in development to ensure Extenda Retail can remain 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. Nevertheless, we believe that these developments offer us a strong and growing potential for new and additional sales of our market-leading offerings.

Operational risk

A prerequisite for both additional sales and maintaining our long-term customer relationships is the delivery of successful customer projects. Extenda Retail's business depends on continued strong renewals by its existing customer base, and the loss of key customers may significantly negatively impact Extenda Retail's financial results. It is of the utmost importance that we continue to put the customer at the center of everything we do, as quality issues in customer projects or not meeting customer expectations can lead to 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 2023 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, inflation and interest rates seem to be stabilizing. Heightened tensions seem to persist, at least during the first quarter. The market situation affects the Group with increased interest costs as well as some delay in revenue. A continued high inflation rate poses challenges to our costs 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 Q1 2024 totaled SEK (1,747) thousand, and income after tax amounted to SEK (1,747) thousand. Net financial items for Q1 2023 totaled SEK (1,942) thousand, and income after tax amounted to SEK (1,942) thousand.

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

On March 31, 2024, the Parent Company had SEK 534,732 thousand in Long-term liabilities consisting of the Bond Loan of SEK 550,000 thousand offset by prepaid loan fees of SEK 15,268 thousand and a long-term receivable of SEK 540,638 thousand to Extenda Retail Holding 3 AB.

On March 31, 2023, the Parent Company had SEK 529,643 thousand in Long-term liabilities consisting of the Bond Loan of 550,000 SEK offset by prepaid loan fees of SEK 20,357 thousand and a long-term receivable of SEK 538,672 thousand 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 2023.

Condensed consolidated statement of profit and loss and other comprehensive income

SEK thousands	Note	2024	2023	2023
		Jan - Mar	Jan - Mar	Jan - Dec
Net Sales		169,824	175,865	711,587
Other operating income		12,300	1,058	6,756
Total revenue		182,124	176,924	718,343
Direct cost		(25,414)	(30,890)	(112,570)
Other external costs		(48,947)	(58,310)	(213,443)
Other costs for employee compensation		(81,808)	(83,336)	(322,839)
Work performed by the group and capitalized		17,424	22,478	77,304
Amortizations, depreciations and write-downs		(23,733)	(40,101)	(161,702)
Other operating expenses		(1,589)	(844)	(6,185)
Total cost		(164,068)	(191,004)	(739,436)
Operating profit		18,056	(14,081)	(21,093)
Financial income		7,728	711	911
Financial costs		(20,064)	(17,480)	(82,072)
Net financial items		(12,336)	(16,770)	(81,161)
Profit before tax		5,720	(30,850)	(102,254)
Income tax		(3,526)	(506)	41,898
Net profit for the period		2,194	(31,356)	(60,356)
Other comprehensive income				
<i>Items that can be reclassified to profit or loss</i>				
<i>Translation differences from operations abroad</i>		(2,268)	(9,478)	(14,904)
Total other comprehensive income		(2,268)	(9,478)	(14,904)
Total comprehensive income for the period		(73)	(40,834)	(75,259)
Profit for the period attributable to:				
Parent Company shareholders		2,194	(31,356)	(60,356)
Total comprehensive income attributable to:				
Parent Company shareholders		(73)	(40,834)	(75,259)

Condensed report on the financial position of the Group

SEK thousands	Note	2024	2023	2023
		Mar 31	Mar 31	Dec 31
Non-current assets				
Intangible assets and goodwill		895,648	945,546	886,705
Property, plant, and equipment		7,222	10,312	7,815
Right-of-use assets		55,086	46,265	44,558
Deferred tax assets		38,959	-	42,728
Other non-current assets		670	670	652
Total non-current assets		997,586	1,002,793	982,458
Current assets				
Trade receivables		110,331	122,775	134,204
Current tax assets		8,697	11,245	6,990
Contract assets		11,030	22,021	14,190
Other current assets		13,723	8,019	8,538
Cash and cash equivalents		39,312	105,367	23,833
Total current assets		183,092	269,426	187,755
Total assets		1,180,678	1,272,219	1,170,213
Equity				
Share capital		500	500	500
Other contributed capital		868,441	868,441	868,441
Reserves		(29,769)	(20,863)	(27,501)
Retained earnings including profit for the period		(639,090)	(613,497)	(641,284)
Total equity		200,082	234,581	200,155
Non-current liabilities				
Provisions		1,523	7,959	1,927
Loan liabilities		582,481	573,884	578,792
Non-current lease liabilities		42,487	39,113	37,583
Deferred tax liabilities		-	1,158	-
Other interest-bearing non-current liabilities		25,589	57,689	37,591
Total non-current liabilities		652,080	679,803	655,893
Current liabilities				
Trade payables		60,338	57,244	62,817
Other interest-bearing current liabilities		36,356	33,881	34,974
Current tax liabilities		174	0	93
Current lease liabilities		20,556	18,191	16,402
Contract liabilities		101,959	109,405	104,840
Other current liabilities		109,133	139,114	95,262
Total current liabilities		328,516	357,835	314,165
Total equity and liabilities		1,180,678	1,272,219	1,170,213

Condensed consolidated statement of changes in equity

Equity attributable to the Parent Company's shareholders

SEK thousands	Note	2024	2023	2023
		Mar 31	Mar 31	Dec 31
Equity				
Opening balances		200,155	275,415	275,415
<i>Changes in equity</i>				
Profit for the period		2,194	(31,356)	(60,356)
Translation differences		(2,268)	(9,478)	(14,904)
Total comprehensive income		(73)	(40,834)	(75,260)
Ending balance		200,082	234,581	200,155

Condensed consolidated cash flow Statement

SEK thousands	Note	2024	2023	2023
		Jan - Mar	Jan - Mar	Jan - Dec
Operating profit		18,056	(14,081)	(21,093)
Adjustment for non-cash items, etc.		21,041	36,265	155,425
Interest received		201	62	911
Interest and financial items paid		(14,778)	(13,989)	(64,747)
Income tax paid		-	-	(42)
Cash flow from operations before to changes in working capital		24,521	8,258	70,454
Cash flow from changes to working capital				
Change in current receivables		21,524	11,026	4,461
Change in current liabilities		(6,939)	8,199	(19,570)
Cash flow from current activities		39,106	27,484	55,345
Investing activities				
Acquisitions of subsidiaries		-	-	(37,069)
Acquisitions of intangible assets		(18,651)	(23,736)	(80,738)
Acquisitions of property, plant, and equipment		(346)	(64)	(607)
Change in other non-current assets		-	277	277
Cash flow from investing activities		(18,997)	(23,522)	(118,136)
Financing activities				
Lease liability payments		(5,272)	(5,175)	(20,719)
Cash flow from financing activities		(5,272)	(5,175)	(20,719)
Cash flow for the period		14,837	(1,213)	(83,511)
Cash and cash equivalents at start of period		23,833	106,337	106,337
Translation difference on cash and cash equivalents		643	242	1,007
Cash and cash equivalents at end of period		39,312	105,367	23,833

Parent company income statement

SEK thousands	Note	2024	2023	2023
		Jan - Mar	Jan - Mar	Jan - Dec
Other external costs		(1)	(1)	(2)
Other operating expenses		(0)	-	(249)
Total cost		(1)	(1)	(251)
Operating profit		(1)	(1)	(251)
Financial income		14,737	12,772	56,369
Financial costs		(16,484)	(14,712)	(64,086)
Profit before tax		(1,747)	(1,942)	(7,968)
Appropriations		-	-	12,674
Income tax		-	-	2,541
Net profit for the period		(1,747)	(1,942)	7,247
Total comprehensive income for the period		(1,747)	(1,942)	7,247

Parent company balance sheet

SEK thousands	Note	2024	2023	2023
		Mar 31	Mar 31	Dec 31
Long-term assets				
Shares in group companies		870,932	870,932	870,932
Long-term receivables from group companies		540,638	538,672	550,736
Deferred tax assets		2,541	-	2,541
Total long-term assets		1,414,111	1,409,604	1,424,208
Short-term assets				
Trade receivables		-	320	12,674
Current tax assets		-	-	64
Total current assets		-	320	12,738
Total assets		1,414,111	1,409,924	1,436,946
Equity				
<i>Restricted equity</i>				
Share capital (50,000 shares)		500	500	500
Total restricted equity		500	500	500
<i>Unrestricted equity</i>				
Retained earnings		847,053	839,806	839,806
Profit for the period		(1,747)	(1,942)	7,247
Total unrestricted equity		845,305	837,864	847,053
Total equity		845,805	838,364	847,553
Long-term liabilities				
Loan liabilities		534,732	529,643	533,460
Total long-term liabilities		534,732	529,643	533,460
Short-term liabilities				
Accounts payable		-	-	3
Short-term liabilities to group companies		33,574	41,918	55,931
Total current liabilities		33,574	41,918	55,934
Total equity and liabilities		1,414,111	1,409,924	1,436,946

Statement of changes in equity

Equity attributable to the Parent Company's shareholders

SEK thousands	Note	2024 Mar 31	2023 Mar 31	2023 Dec 31
Equity				
Opening balances		847,553	840,306	840,306
<i>Changes in equity</i>				
Earnings for the period		(1,747)	(1,942)	7,247
Total comprehensive income		(1,747)	(1,942)	7,247
Ending balance		845,805	838,364	847,553

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.

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 2024

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, 2024, 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	2024	2023	2023
	Jan - Mar	Jan - Mar	Jan - Dec
Software revenue	143,888	141,364	568,255
Service revenue	24,912	29,092	132,551
Hosting and infrastructure*	778	3,074	6,523
Hardware and technical services*	245	2,335	4,258
Total Net sales	169,824	175,865	711,587

*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	2024	2023	2023
		Jan - Mar	Jan - Dec
Items affecting Other operating income			
Settlement fee	9,157	-	-
FX in Revenue	-	-	-
Total items affecting Other operating income	9,157	-	-
Items affecting Direct costs			
Integration costs Re-vision	-	(109)	(108)
Onerous contracts and license fees (M&A insurance related)	-	(770)	(2,167)
Total items affecting Direct costs	-	(879)	(2,275)
Items affecting Other external costs			
Legal and other services (M&A, M&A insurance, carve-out)	-	(1,781)	(1,091)
Outsourcing and offshoring of functions to India and Moldova	-	(1,851)	(2,526)
IT security & IT restructuring of the IT environment	(5)	(1,236)	(5,586)
Integration costs Re-Vision	-	(494)	(1,857)
Other	(38)	897	(324)
Total items affecting Other external costs	(43)	(4,465)	(11,384)
Items affecting Other costs for employee compensation			
Outsourcing and offshoring of functions to India and Moldova	(767)	(4,147)	(12,506)
Total items affecting Other costs for employee compensation	(767)	(4,147)	(12,506)
Total items affecting comparability in EBITDA	8,347	(9,491)	(26,165)

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 conducts 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 20.

SEK thousands	2024	2023	2023
	Jan - Mar	Jan - Mar	Jan - Dec
Net Sales	169,824	175,865	711,587
Total revenue	182,124	176,924	718,343
Annual software agreements that are continually renewed	143,888	141,364	568,255
Share of annual software agreements continually renewed	84.7%	80.4%	79.9%
Operating profit	18,056	-14,081	-21,093
Operating profit margin, %	9.9%	-8.0%	-2.9%
EBITDA	41,789	26,021	140,609
Items affecting comparability	8,347	-9,491	-26,165
Adj. EBITDA	33,442	35,512	166,774
Adj. EBITDA margin, %	19.7%	20.2%	23.4%
Net financial items	-12,336	-16,770	-81,161
Net profit for the period	2,194	-31,356	-60,356
Profit margin, %	1.2%	<i>neg</i>	<i>neg</i>
Total assets	1,180,678	1,271,950	1,170,213
Cash and cash equivalents	39,312	105,367	23,833
Loan liabilities	582,481	573,884	578,792
Equity	200,082	234,581	200,155
Net debt	543,169	468,518	554,959
Equity/assets ratio, %	16.9%	18.4%	17.1%

About Extenda Retail

Extenda Retail simplifies innovation 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 Extenda Retail's solutions.

Since the fall of 2018, STG Partners, a US-based private equity firm with a proven track record of successful investments in technology companies, has backed Extenda Retail. Extenda Retail has a strong Nordic and European presence with several offices throughout Europe. Its headquarters is situated in Stockholm, Sweden.

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

August 30, 2024: Q2 2024 Interim report

Definitions of KPIs and alternative performance measures

The Interim Report includes key financial 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 are 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 are 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 profit

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 track the company's results generated by ongoing operations. The APM enables profitability comparisons 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 profitability comparisons 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 profit for the period

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

The APM is used to track the company's results 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.