

Year-End Report

Extenda Retail Holding 1 AB (publ)

Org Nr: 559167-1507

Q4 2024



January - December in brief

| | 2024 | 2023 | 2024 | 2023 |
|--|-----------|-----------|-----------|-----------|
| SEK thousands | Okt - Dec | Okt - Dec | Jan - Dec | Jan - Dec |
| Net sales* | 176,751 | 178,359 | 686,910 | 711,587 |
| of which Annual agreements continually renewed (%) | 85.7% | 80.5% | 86.0% | 79.9% |
| EBITDA | 35,446 | 30,177 | 156,458 | 140,609 |
| Adjusted EBITDA** | 49,668 | 38,763 | 175,346 | 166,774 |
| Adjusted EBITDA-margin (%) | 28.1% | 21.7% | 25.5% | 23.4% |

*Please see Note G2, **Adjusted EBITDA consists of EBITDA excluding items affecting comparability. Please see the details in Note G4. Please find definitions of KPIs and alternative performance measures on page 20.

The fourth quarter 2024

- Net sales were SEK 176,751 thousand. Software-related revenue, including our Hii Retail and Warehouse Management solutions, amounted to SEK 151,441 thousand and grew by 5.5%. The current challenging economic climate has made some customers more cautious with new spending commitments, affecting the pace of recurring revenue growth. Service revenues amounted to SEK 23,847 thousand and are SEK 9,732 thousand lower due to our shift away from large implementation projects, as our new products will require less services than the classic products, allowing much faster implementations.
- The share of annual agreements that are continually renewed (i.e., recurring revenue) amounts to 85.7% of Net sales, an increase of 5.2% from the prior year. Annual Recurring Revenue increased by SEK 52.4m to SEK 591.3m, corresponding to a growth ratio of 9.7%.
- The Adjusted EBITDA margin increased to 28.1% from 21.7% compared to the same period last year. Adjusted EBITDA amounts to SEK 49,668 thousand, an increase of SEK 10,905 thousand, mainly due to cost-saving measures that lowered costs for consultants and employees.

Comments from CEO Leendert Venema

I'm excited to announce that Extenda Retail is hitting its stride in the fourth quarter, with margins closing in on 30% and Annual Recurring Revenue growing 10%! This performance demonstrates the strength of our retail solutions portfolio, particularly our groundbreaking Hii Retail and NYCE.Logic cloud platforms which are key drivers of our growth.

One of our latest stand-out offerings, Hii Checkout Mobile, is making waves among our existing clients and in our pre-sales activities. This innovative solution is all about usability, allowing customers to streamline checkout processes, reduce wait times, and provide a solid backup for main POS outages. This quarter, we celebrated a massive milestone: a Hii Checkout customer achieved over 110,000 transactions in just 12 hours—our highest transaction volume ever on our new platform native to the Google Cloud! This truly showcases the reliability and scalability of our leading cloud-native solution for demanding retailers.

Our Warehouse Management System (WMS) platform, NYCE.LOGIC also had an outstanding quarter, landing several key deals and bringing in new clients. We worked hand-in-hand with a client to successfully implement an AutoStore warehouse, earning their trust for future collaborations. While we acknowledge that uncertainties linger as we enter 2025, our outlook remains positive. We're witnessing a surge in interest for new projects and investments from clients and the broader market—likely fueled by falling interest rates, easing inflation, and a strong demand for tech solutions. Our robust business model and significant presence in key sectors across Northern Europe position us to tackle challenges head-on and seize new opportunities.

Our strategic focus remains unwavering: driving innovation, expanding our market presence, and continuing to delight customers. Guided by our core values—Trust, Innovation, and Care—we're confident in maintaining our momentum. With our agile approach and commitment to cloud-based solutions, we're well-equipped to continue delivering recurring revenue growth and further enhanced margins in the quarters ahead.

Summary of financial information

The table below summarizes Extenda Retail's financial information. Please see the definitions on page 20.

Net Sales Q4

| | 2024 | 2023 | 2024 | 2023 |
|----------------------------------|----------------|----------------|----------------|----------------|
| SEK thousands | Okt - Dec | Okt - Dec | Jan - Dec | Jan - Dec |
| Software-related revenue | 151,441 | 143,523 | 590,759 | 568,255 |
| Service revenue | 23,847 | 33,579 | 91,587 | 132,551 |
| Hosting and infrastructure* | 790 | 951 | 3,133 | 6,523 |
| Hardware and technical services* | 672 | 306 | 1,432 | 4,258 |
| Total Net sales | 176,751 | 178,359 | 686,910 | 711,587 |

*Offerings being phased out over time.

Software-related revenues grew during the period with SEK 7,918 thousand or 5.5% to SEK 151,441 thousand. The growth and modernization of core technology for retail and warehouse spaces drive demand for our Hii Retail suite and WMS software, positioning them as key contributors to our product growth. Our software-related annual agreements continually renewed now account for 85.7% of net sales, up from 80.5% last year. Extenda Retail is well-positioned to capitalize on this anticipated growth by accelerating recurring software-related revenue and enhancing revenue and profitability.

Service revenue for the current period is SEK (9,732) thousand less than during the same period last year. The decrease in service revenue for Q4 2024 continues our shift away from large implementation projects, as the Hii Retail solution requires fewer implementation hours than the classic products.

Hosting and infrastructure, together with hardware and technical services, remain at a low level, which aligns with our plan to discontinue these offerings.

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 negatively impacted the Group's revenue by SEK (393) thousand in Q4 2024. Approximately 5% 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 by SEK 137 thousand in Q4 2024.

Result Q4

| | 2024 | 2023 | 2024 | 2023 |
|---|---------------|---------------|----------------|----------------|
| SEK thousands | Okt - Dec | Okt - Dec | Jan - Dec | Jan - Dec |
| Operating profit | 11,369 | 5,459 | 55,511 | -21,093 |
| Add back amortization, depreciation and write-downs | 24,077 | 24,718 | 100,948 | 161,702 |
| Add back items affecting comparability | 14,223 | 8,586 | 18,888 | 26,165 |
| Adjusted EBITDA | 49,668 | 38,763 | 175,346 | 166,774 |
| Adjusted EBITDA-margin (%) | 28.1% | 21.7% | 25.5% | 23.4% |

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

Adjusted EBITDA increased by SEK 10,905 thousand to SEK 49,668 thousand. The corresponding margin increased from 21.7% to 28.1%, primarily driven by reduced direct, external, and employee costs. This aligns closely with our strategy to enhance efficiencies and improve fixed cost leverage to better align with our future requirements.

Total cost Q4

| | 2024 | 2023 | 2024 | 2023 |
|--|------------------|------------------|------------------|------------------|
| SEK thousands | Okt - Dec | Okt - Dec | Jan - Dec | Jan - Dec |
| Direct cost | (24,370) | (26,156) | (97,013) | (112,570) |
| Other external costs | (47,363) | (49,129) | (189,611) | (213,443) |
| Other costs for employee compensation | (85,708) | (89,410) | (317,578) | (322,839) |
| Work performed by the group and capitalized | 15,280 | 18,382 | 62,028 | 77,304 |
| Amortizations, depreciations and write-downs | (24,077) | (24,718) | (100,948) | (161,702) |
| Other operating expenses | (490) | (2,931) | (4,054) | (6,185) |
| Total cost | (166,728) | (173,962) | (647,176) | (739,436) |

Our focus on direct costs, which are expenses directly tied to generating revenue like resource time and licensing fees, has paid off. Efficient partnerships in cost-effective locations and a decrease in service revenue led to lower costs, SEK 1,786 thousand, this quarter compared to the same quarter last year.

Other external costs include a range of consulting fees, mainly for maintaining our product suite and developing new products, and spending on IT infrastructure, marketing, and office-related expenses. Other external costs decreased by SEK 1,766 thousand, when adjusted for items affecting comparability, the costs were in line with the same period last year. Our focus on building partnerships in cost-efficient locations and reducing contracted resources has helped lower the overall cost of maintaining our product suite.

Other costs for employee compensation for this quarter totaled SEK 85,708 thousand, marking a decrease of SEK 3,702 thousand compared to the same period last year. Adjusted for items affecting comparability, the decrease amounts to SEK 11,464 thousand. The items affecting comparability, totaling SEK 13,262 thousand in Q4 2024, include a provision for restructuring, shifting some services from our staff to service partners, and adapting the business to a new cost structure. The decrease primarily reflects the overall reduction in staff and the lowered variable salary compensation.

We continue to invest in our cloud-native 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 as the cloud-native is live and incremental investments are lower than the initial build investment. It amounted to SEK 15,280 thousand, compared to SEK 18,382 thousand in the same period last year.

The operating profit for the period was SEK 11,369 thousand, vs. SEK 5,459 thousand last year. This included one-off items of SEK (14,223) thousand vs. last year's SEK (8,586) thousand and depreciation and amortization of SEK (24,077) thousand vs. SEK (24,718) thousand last year. Net profit for the period was SEK (5,860) thousand, which includes net financial items of SEK (15,101) thousand and income tax of SEK (2,128) thousand. Net profit for the period previous year was SEK (17,346) thousand, which includes net financial items of SEK (31,040) thousand and income tax of SEK 42,927 thousand.

Financial position and cash flow in brief

| | 2024 | 2023 |
|-------------------------------------|------------------|------------------|
| SEK thousands | Dec 31 | Dec 31 |
| Noncurrent assets | 965,747 | 982,458 |
| Other current assets | 129,883 | 163,922 |
| Cash and cash equivalents | 20,909 | 23,833 |
| Total assets | 1,116,539 | 1,170,213 |
| Total equity | 219,806 | 200,155 |
| Noncurrent liabilities | 581,166 | 655,893 |
| Current liabilities | 315,567 | 314,165 |
| Total equity and liabilities | 1,116,539 | 1,170,213 |

Total assets at the end of the period amounted to SEK 1,116,539 thousand compared to year-end 2023 of SEK 1,170,213 thousand, of which SEK 881,076 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. As of December 31, 2023, the intangible assets amounted to SEK 886,705 thousand. Investments in intangible fixed assets consist of capitalized development for internally developed software. The investments in intangible fixed assets during the period Jan - Dec totaled SEK 65,815 thousand, and during the same period last year, SEK 80,738 thousand.

Cash and cash equivalents by December 31, 2024, amounted to SEK 20,909 thousand and decreased by SEK 2,924 thousand during the period from January to December. The net working capital change includes SEK 34,700 thousand repayments of deferred taxes from the Corona pandemic. Cash Flow from current activities amounted to SEK 59,333 thousand. Investment in financial, intangible, and tangible assets was SEK (65,815) thousand, and lease payments were SEK (21,541) thousand. We also borrowed SEK 25,000 thousand during December from the revolving credit facility; to manage swings in customer payments, which was fully repaid in January 2025.

Total equity amounted to SEK 219,806 thousand, compared to SEK 200,155 thousand at year-end 2023. The change derives from the net profit of SEK (23,400) thousand, currency differences in equity of SEK (5,537) thousand and a non-cash shareholders' contribution from Extenda Retail S.á.r.l. of SEK 48,587 thousand. The equity/assets ratio at the end of the period was 19.7%, compared to 17.1% in the same period last year.

Noncurrent liabilities decreased by SEK 74,727 thousand compared to year-end 2023. The non-cash shareholders' contribution of the loan note from Extenda Retail S.á.r.l. increased equity and decreased loan liabilities by SEK 48,587 thousand. The decrease is mainly due to the reclassification of long-term debt to short-term debt for the deferred payments of taxes for social charges and withholding taxes paid during 2024. Noncurrent lease liabilities decreased due to reclassification to short-term liabilities.

Current liabilities of SEK 315,567 thousand include the current part of SEK 28,338 thousand of deferred payments of taxes for social charges and withholding taxes to support companies through the Corona pandemic.

Investments

The group's total cash flow for investments (intangible, tangible, and financial) has come down as % of revenue as the product becomes more feature complete. It amounts to SEK (65,815) thousand for January - December 2024, compared to SEK (80,738) thousand last year. The investments primarily refer to developing 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.

Financing

The group's cash and cash equivalents consist of bank balances. At the end of the period, they amounted to SEK 20,909 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 had a shareholder loan from Extenda Retail S.á.r.l. with a fixed interest rate of 5.0% payable on demand and five-year maturity. As of September 30, 2024, the loan was contributed by Extenda Retail S.á.r.l. as a shareholder contribution, improving the equity and the equity/asset ratio (%).

In Q1 2024, Extenda Retail signed an amendment to extend the super senior revolving facility agreement to March 30, 2025. As of December 31, 2024, the facility was drawn with SEK 25,000 thousand. The total credit facility amounts to SEK 75,000 thousand.

Significant risks and uncertainties

Risks and uncertainty factors affect Extenda Retail's operations, financial position, and results. Managing these risks is necessary for Extenda Retail to meet its short-term goals. These risks can be divided into three main categories: market-related, operational, and financial. The group's annual report for 2023 describes these risks in greater detail.

Market and Technological Development

Macroeconomic and cyclical developments and trends affecting specific customer segments influence the Extenda Retail market. The financial climate influences demand from individuals and businesses and changes customers' buying patterns, influencing investment plans and strategic initiatives. The market in 2023 was volatile, with higher-than-usual inflation and higher-than-recent benchmark interest rates. In 2024, the interest rates started to decrease, but normal course uncertainties remain.

Global change in retail continues, with digitalization and new ways of delivering customer service, creating powerful forces of change that affect the entire retail and distribution industries, including our customers. The changes brought about by digitalization, increased demand for customization, dynamic pricing, AI, and mobile-first strategies require continued investment development to ensure Extenda Retail can remain at the forefront of developing next-generation solutions for retailers and distributors.

This rapid industry change can lead to longer sales cycles because customers must make strategic choices with long-term implications for their businesses. Nevertheless, these developments offer us a strong and growing potential for new and additional sales of our market-leading, cloud-native offerings.

Operational risk

A prerequisite for 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. The group has a bond loan and a credit facility. The bond loan matures in March 2027, and the credit facility is renewed annually. 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

The ongoing conflicts in Ukraine and the Middle East are deeply concerning. While the conflicts may have financially impacted our business, Extenda Retail has no direct operations in either Russia or the Middle East. We are monitoring the situation and are ready to adapt our strategies to navigate these geopolitical challenges. Due to the unpredictable nature of these events, it is difficult to quantify their long-term effects on our operations. However, we remain committed to our core business and customer service globally.

Current market situation

Globally, inflation and interest rates seem to be stabilizing or having a declining trend while the heightened geopolitical tensions persist. The market situation affects the Group with high interest costs and some revenue delays.

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 2024 totaled SEK (2,331) thousand, and income after tax amounted to SEK 5,211 thousand. Net financial items for Q4 2023 totaled SEK (1,797) thousand, and income after tax amounted to SEK 13,172 thousand.

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

On December 31, 2024, the Parent Company had SEK 538,549 thousand in Long-term liabilities consisting of the Bond Loan of SEK 550,000 thousand offset by prepaid loan fees of SEK 11,451 thousand and a long-term receivable of SEK 583,553 thousand to Extenda Retail Holding 3 AB.

On December 31, 2023, the Parent Company had SEK 533,460 thousand in Long-term liabilities consisting of the Bond Loan of 550,000 SEK offset by prepaid loan fees of SEK 16,540 thousand and a long-term receivable of SEK 550,736 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 related party transactions 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.

Statement of Assurance

The Board of Directors assures that the interim report provides an accurate 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, 2025



Leendert Venema
CEO
Stockholm



Johnie Tristan Treadwell
Chairman of the Board
Menlo Park



Adam Hendricks
Board Member
Menlo Park



Edoardo Bounous
Board Member
London



Mahinder Mathrani
Board Member
Bangalore



Laura Shesgreen
Board Member
Dublin



Håkan Valberg
Board Member
Lissabon

This interim report is unaudited.

Condensed consolidated statement of profit and loss and other comprehensive income

| SEK thousands | Note | 2024 | 2023 | 2024 | 2023 |
|---|------|------------------|------------------|------------------|------------------|
| | | Okt-Dec | Okt-Dec | Jan - Dec | Jan - Dec |
| Net Sales | G2 | 176,751 | 178,359 | 686,910 | 711,587 |
| Other operating income | | 1,346 | 1,062 | 15,777 | 6,756 |
| Total revenue | | 178,097 | 179,421 | 702,687 | 718,343 |
| Direct cost | | (24,370) | (26,156) | (97,013) | (112,570) |
| Other external costs | | (47,363) | (49,129) | (189,611) | (213,443) |
| Other costs for employee compensation | | (85,708) | (89,410) | (317,578) | (322,839) |
| Work performed by the group and capitalized | | 15,280 | 18,382 | 62,028 | 77,304 |
| Amortizations, depreciations and write-downs | | (24,077) | (24,718) | (100,948) | (161,702) |
| Other operating expenses | | (490) | (2,931) | (4,054) | (6,185) |
| Total cost | | (166,728) | (173,962) | (647,176) | (739,436) |
| Operating profit | | 11,369 | 5,459 | 55,511 | (21,093) |
| Financial income | | 302 | 249 | 964 | 911 |
| Financial costs | | (15,403) | (31,289) | (72,213) | (82,072) |
| Net financial items | | (15,101) | (31,040) | (71,249) | (81,161) |
| Profit before tax | | (3,732) | (25,581) | (15,738) | (102,254) |
| Income tax | | (2,128) | 42,927 | (7,661) | 41,898 |
| Net profit for the period | | (5,860) | 17,346 | (23,400) | (60,356) |
| Other comprehensive income | | | | | |
| Items that can be reclassified to profit or loss | | | | | |
| Translation differences from operations abroad | | 2,132 | (7,256) | (5,537) | (14,904) |
| Total other comprehensive income | | 2,132 | (7,256) | (5,537) | (14,904) |
| Total comprehensive income for the period | | (3,729) | 10,091 | (28,936) | (75,259) |
| Profit for the period attributable to: | | | | | |
| Parent Company shareholders | | (5,860) | 17,346 | (23,400) | (60,356) |
| Total comprehensive income attributable to: | | | | | |
| Parent Company shareholders | | (3,729) | 10,091 | (28,936) | (75,259) |

Condensed report on the financial position of the Group

| SEK thousands | Note | 2024 Dec 31 | 2023 Dec 31 |
|---|------|------------------|------------------|
| Noncurrent assets | | | |
| Intangible assets and goodwill | | 881,076 | 886,705 |
| Property, plant, and equipment | | 5,520 | 7,815 |
| Right-of-use assets | | 44,741 | 44,558 |
| Deferred tax assets | | 33,759 | 42,728 |
| Other noncurrent assets | | 652 | 652 |
| Total noncurrent assets | | 965,747 | 982,458 |
| Current assets | | | |
| Trade receivables | | 105,456 | 134,204 |
| Current tax assets | | 5,498 | 6,990 |
| Contract assets | | 8,473 | 14,190 |
| Other current assets | | 10,455 | 8,538 |
| Cash and cash equivalents | | 20,909 | 23,833 |
| Total current assets | | 150,792 | 187,755 |
| Total assets | | 1,116,539 | 1,170,213 |
| Equity | | | |
| Share capital | | 500 | 500 |
| Other contributed capital | | 917,028 | 868,441 |
| Reserves | | (33,038) | (27,501) |
| Retained earnings including profit for the period | | (664,684) | (641,284) |
| Total equity | | 219,806 | 200,155 |
| Noncurrent liabilities | | | |
| Provisions | | 1,805 | 1,927 |
| Loan liabilities | | 537,991 | 578,792 |
| Noncurrent lease liabilities | | 30,838 | 37,583 |
| Other interest-bearing noncurrent liabilities | | 10,531 | 37,591 |
| Total noncurrent liabilities | | 581,166 | 655,893 |
| Current liabilities | | | |
| Trade payables | | 47,974 | 62,817 |
| Other interest-bearing current liabilities | | 53,526 | 34,974 |
| Current tax liabilities | | 68 | 93 |
| Current lease liabilities | | 21,966 | 16,402 |
| Contract liabilities | | 85,896 | 104,840 |
| Other current liabilities | | 106,136 | 95,262 |
| Total current liabilities | | 315,567 | 314,165 |
| Total equity and liabilities | | 1,116,539 | 1,170,213 |

Condensed consolidated statement of changes in equity

Equity attributable to the Parent Company's shareholders

| SEK thousands | Note | 2024 Dec 31 | 2023 Dec 31 |
|-----------------------------------|------|----------------|-----------------|
| Equity | | | |
| Opening balances | | 200,155 | 275,415 |
| <i>Changes in equity</i> | | | |
| Profit for the period | | (23,400) | (60,356) |
| Shareholders Contribution | | 48,587 | - |
| Translation differences | | (5,537) | (14,904) |
| Total comprehensive income | | 19,651 | (75,260) |
| Ending balance | | 219,806 | 200,155 |

Condensed consolidated cash flow Statement

| SEK thousands | Note | 2024 | 2023 |
|--|------|-----------------|------------------|
| | | Jan - Dec | Jan - Dec |
| Operating profit | | 55,511 | (21,093) |
| Adjustment for non-cash items, etc. | | 98,329 | 155,425 |
| Interest received | | 964 | 911 |
| Interest and financial items paid | | (67,692) | (64,747) |
| Income tax paid | | (167) | (42) |
| Cash flow from operations before changes in working capital | | 86,943 | 70,454 |
| Cash flow from changes to working capital | | | |
| Change in current receivables | | 36,760 | 4,461 |
| Change in current liabilities | | (64,370) | (19,570) |
| Cash flow from current activities | | 59,333 | 55,345 |
| Investing activities | | | |
| Acquisitions of subsidiaries | | - | (37,069) |
| Acquisitions of intangible assets | | (65,815) | (80,738) |
| Acquisitions of property, plant and equipment | | (1,121) | (607) |
| Change in other non-current assets | | - | 277 |
| Cash flow from investing activities | | (66,936) | (118,136) |
| Financing activities | | | |
| Lease liability payments | | (21,541) | (20,719) |
| New borrowings | | 25,000 | - |
| Cash flow from financing activities | | 3,459 | (20,719) |
| Cash flow for the period | | (4,144) | (83,511) |
| Cash and cash equivalents at start of period | | 23,833 | 106,337 |
| Translation difference on cash and cash equivalents | | 1,220 | 1,007 |
| Cash and cash equivalents at end of period | | 20,909 | 23,833 |

Parent company income statement

| SEK thousands | Note | 2024 | 2023 | 2024 | 2023 |
|--|------|----------------|----------------|----------------|----------------|
| | | Okt - Dec | Okt - Dec | Jan - Dec | Jan - Dec |
| Other external costs | | - | (1) | (2) | (2) |
| Other operating expenses | | - | (245) | - | (249) |
| Total cost | | - | (246) | (2) | (251) |
| Operating profit | | - | (246) | (2) | (251) |
| Financial income | | 13,719 | 15,081 | 57,652 | 56,369 |
| Financial costs | | (16,050) | (16,878) | (66,459) | (64,086) |
| Profit before tax | | (2,331) | (2,044) | (8,810) | (7,968) |
| Appropriations | | 8,812 | 12,674 | 8,812 | 12,674 |
| Income tax | | (1,270) | 2,541 | (1,270) | 2,541 |
| Net profit for the period | | 5,211 | 13,172 | (1,268) | 7,247 |
| Total comprehensive income for the period | | 5,211 | 13,172 | (1,268) | 7,247 |

Parent company balance sheet

| SEK thousands | Note | 2024 Dec 31 | 2023 Dec 31 |
|---|------|------------------|------------------|
| Noncurrent assets | | | |
| Shares in group companies | | 919,519 | 870,932 |
| Noncurrent receivables from group companies | | 583,553 | 550,736 |
| Deferred tax assets | | 1,271 | 2,541 |
| Total noncurrent assets | | 1,504,343 | 1,424,208 |
| Current assets | | | |
| Trade receivables | | 8,973 | 12,674 |
| Current tax assets | | 68 | 64 |
| Total current assets | | 9,042 | 12,738 |
| Total assets | | 1,513,385 | 1,436,946 |
| Equity | | | |
| <i>Restricted equity</i> | | | |
| Share capital (50,000 shares) | | 500 | 500 |
| Total restricted equity | | 500 | 500 |
| <i>Unrestricted equity</i> | | | |
| Retained earnings | | 895,640 | 839,806 |
| Profit for the period | | (1,268) | 7,247 |
| Total unrestricted equity | | 894,372 | 847,053 |
| Total equity | | 894,872 | 847,553 |
| Noncurrent liabilities | | | |
| Loan liabilities | | 538,549 | 533,460 |
| Total noncurrent liabilities | | 538,549 | 533,460 |
| Current liabilities | | | |
| Accounts payable | | - | 3 |
| Current liabilities to group companies | | 79,964 | 55,931 |
| Total current liabilities | | 79,964 | 55,934 |
| Total equity and liabilities | | 1,513,385 | 1,436,946 |

Statement of changes in equity

Equity attributable to the Parent Company's shareholders

| SEK thousands | Note | 2024 Dec 31 | 2023 Dec 31 |
|-----------------------------------|------|----------------|----------------|
| Equity | | | |
| Opening balances | | 847,553 | 840,306 |
| Changes in equity | | | |
| Earnings for the period | | (1,268) | 7,247 |
| Shareholders Contribution | | 48,587 | - |
| Total comprehensive income | | 47,319 | 7,247 |
| Ending balance | | 894,872 | 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 2023 Annual Report and should be read in conjunction with that Annual Report.

Preparing financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. The notes in the 2023 Annual Report describe those that are significant to the consolidated financial statements.

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:

| | 2024 | 2023 | 2024 | 2023 |
|----------------------------------|----------------|----------------|----------------|----------------|
| SEK thousands | Okt – Dec | Okt – Dec | Jan – Dec | Jan – Dec |
| Software-related Revenue | 151,441 | 143,523 | 590,759 | 568,255 |
| Service Revenue | 23,847 | 33,579 | 91,587 | 132,551 |
| Hosting and infrastructure* | 790 | 951 | 3,133 | 6,523 |
| Hardware and technical services* | 672 | 306 | 1,432 | 4,258 |
| Total Net Sales | 176,751 | 178,359 | 686,910 | 711,587 |

*Offerings 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 Okt - Dec | 2023 Okt - Dec | 2024 Jan - Dec | 2023 Jan - Dec |
|--|-------------------|-------------------|-------------------|-------------------|
| Items affecting Other operating income | | | | |
| Settlement fee | (95) | - | 9,208 | - |
| Total items affecting Other operating income | (95) | - | 9,208 | - |
| Items affecting Direct costs | | | | |
| Integration costs Re-vision | - | - | - | (108) |
| Onerous contracts and license fees (M&A insurance related) | - | - | - | (2,167) |
| Total items affecting Direct costs | - | - | - | (2,275) |
| Items affecting Other external costs | | | | |
| Legal and other services (M&A, M&A insurance, carve-out) | (38) | (85) | (153) | (1,091) |
| Outsourcing and offshoring of functions to India and Moldova | - | 12 | - | (2,526) |
| IT security & IT restructuring of the IT environment | (359) | (2,441) | (518) | (5,586) |
| Integration costs Re-Vision | - | (300) | - | (1,857) |
| Office restructuring | (60) | - | (623) | - |
| Redundancies (associated external cost) | (483) | - | (861) | - |
| Other | 74 | (272) | 7 | (324) |
| Total items affecting Other external costs | (866) | (3,086) | (2,148) | (11,384) |
| Items affecting Other costs for employee compensation | | | | |
| Redundancies | (13,262) | - | (25,948) | - |
| Outsourcing and offshoring of functions to India and Moldova | - | (5,500) | - | (12,506) |
| Total items affecting Other costs for employee compensation | (13,262) | (5,500) | (25,948) | (12,506) |
| Total items affecting comparability in EBITDA | (14,223) | (8,586) | (18,888) | (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 | 2024 | 2023 |
|---|-----------|-----------|-----------|-----------|
| | Okt - Dec | Okt - Dec | Jan - Dec | Jan - Dec |
| Net Sales | 176,751 | 178,359 | 686,910 | 711,587 |
| Total revenue | 178,097 | 179,421 | 702,687 | 718,343 |
| Annual agreements that are continually renewed | 151,441 | 143,523 | 590,759 | 568,255 |
| Share of annual software-related agreements continually renewed | 85.7% | 80.5% | 86.0% | 79.9% |
| Operating profit | 11,369 | 5,459 | 55,511 | (21,093) |
| Operating profit, % | 6.4% | 3.0% | 7.9% | neg |
| EBITDA | 35,446 | 30,177 | 156,458 | 140,609 |
| Items affecting comparability | (14,223) | (8,586) | (18,888) | (26,165) |
| Adj. EBITDA | 49,668 | 38,763 | 175,346 | 166,774 |
| Adj. EBITDA margin, % | 28.1% | 21.7% | 25.5% | 23.4% |
| Net financial items | (15,101) | (31,040) | (71,249) | (81,161) |
| Net profit for the period | (5,860) | 17,346 | (23,400) | (60,356) |
| Profit margin, % | neg | 10.0% | neg | neg |
| Total assets | 1,116,539 | 1,170,213 | 1,116,539 | 1,170,213 |
| Cash and cash equivalents | 20,909 | 23,833 | 20,909 | 23,833 |
| Loan liabilities | 537,991 | 578,792 | 537,991 | 578,792 |
| Equity | 219,806 | 200,155 | 219,806 | 200,155 |
| Net debt | 517,082 | 554,959 | 517,082 | 554,959 |
| Equity/assets ratio, % | 19.7% | 17.1% | 19.7% | 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) and checkout, WMS, Customer Intelligence and 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 worldwide 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 European offices. Its headquarters is situated in Stockholm, Sweden.

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

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extendaretail.com immediately after publication.

Financial calendar

April 30, 2025 : 2024 Annual Report

May 30, 2025: Q1 2025 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 nonrecurring revenue streams.

Annual agreements that are continually renewed

Annual software-related 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 and also include recurring services related to software. For example, 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 of converting nonrecurring revenue to recurring revenue.

Share of annual agreements that are continually renewed (%)

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

The APM is used to track the group's sales increase and the trend of converting nonrecurring revenue to recurring revenue in percentage.

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 tracks the company's results generated by ongoing operations and 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 business's operational profitability before amortization and write-downs of acquisition-related intangible assets. Along with sales growth, the APM is one important component of monitoring 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 noncurrent 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 assess the group's ability to pay in the long term.