

Interim Report January-June 2021

(Figures in parentheses refer to outcomes in the year-earlier period.)

Second quarter of 2021

- Net sales amounted to SEK 230.1 million (170.1), up SEK 60.0 million or 35.3 percent. Acquisitions accounted for SEK 26.3 million or 15.4 percentage points of the increase.
- Operating profit totaled SEK 70.2 million (62.5), up SEK 7.7 million. Adjusted for acquisitions, operating profit amounted to SEK 69.6 million. Acquisition-related expenses impacted second-quarter earnings by SEK 1.3 million.
- Operating margin was 30.5 (36.8) percent. Adjusted for acquisitions, the operating margin was 34.1 percent.
- Profit after tax was SEK 54.3 million (48.2).
- Earnings per share after dilution amounted to SEK 0.89 (0.80).

January-June 2021

- Net sales amounted to SEK 428.6 million (330.8), up SEK 97.8 million or 29.6 percent. Acquisitions accounted for SEK 31.1 million or 9.4 percentage points of the increase.
- Operating profit totaled SEK 129.9 million (115.7), up SEK 14.2 million. Adjusted for acquisitions, operating profit amounted to SEK 130.5 million. Acquisition-related expenses impacted the interim period's earnings by SEK 3.1 million.
- Operating margin was 30.3 (35.0) percent. Adjusted for acquisitions, the operating margin was 32.8 percent.
- Profit after tax was SEK 100.2 million (89.2).
- Earnings per share after dilution amounted to SEK 1.65 (1.48).

Significant events in the second quarter

- Like the preceding year, the second quarter was marked by the ongoing coronavirus pandemic. While the pandemic has not had any major impact on the company's financial position, we have noted effects on transaction-based and loan-based services, in particular, as in previous quarters. Management is continuously assessing the potential impact of the coronavirus pandemic on Fortnox's results and financial position.
- Fortnox acquired 30 percent of Agoy IT AB ("Agoy"). The consideration paid was SEK 18 million. In connection with the acquisition, Fortnox entered into a partnership agreement with Agoy. The three-year agreement will enable Fortnox to offer cloud-based products for quarterly accounts, tax and financial statements. Accordingly, the company's offering in the area of accounting is now more complete.
- On April 27, 2021, Fortnox acquired a platform for startups from Bp Bolagspartner AB, Sweden's largest provider of ready-made companies. This means that customers can easily start a business by purchasing a company in an automated flow, integrated with Fortnox's other products and services. The consideration paid was SEK 45 million. During the fiscal year of 2020, the acquired operations generated estimated net sales of about SEK 20 million and operating profit of about SEK 10 million. For further information, refer to Note 4.
- During the quarter, three major and important migration projects entered the final: the switch to a new operating environment, and migrations to the new customer and billing system, and to the new system for payment and financial services.



Fortnox is a platform for business with services in areas such as accounting, invoicing, financing and co-workers. In addition to the core products, customers gain access to hundreds of other systems through partners who have connected with Fortnox. Fortnox was founded in 2001 with headquarters in Växjö. The share is listed on NGM Nordic SME. For further information see www.fortnox.se.

Financial information (Group)	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jan-Dec 2019
Net sales (SEK million)	230.1	170.1	428.6	330.8	693.7	532.1
EBIT (SEK million)	70.2	62.5	129.9	115.7	265.4	172.8
EBIT margin	30.5%	36.8%	30.3%	35.0%	38.3%	32.5%
Earnings per share, after dilution (SEK)	0.89	0.80	1.65	1.48	3.41	2.23
Cash flow from operating activities (SEK million)	50.5	113.0	137.2	130.9	273.5	195.8
Working capital at the end of the period (SEK million)	251.3	210.8	251.3	210.8	298.1	164.5

Net sales and results in the second quarter

Net sales amounted to SEK 230.1 million (170.1), up SEK 60.0 million or 35.3 percent. Acquisitions accounted for SEK 26.3 million or 15.4 percentage points of the increase.

Operating expenses amounted to SEK 164.8 million (111.0). Acquisition-related expenses impacted second-quarter earnings by SEK 1.3 million.

Operating profit totaled SEK 70.2 million (62.5), up SEK 7.7 million. Adjusted for acquisitions, the operating profit was SEK 69.6 million.

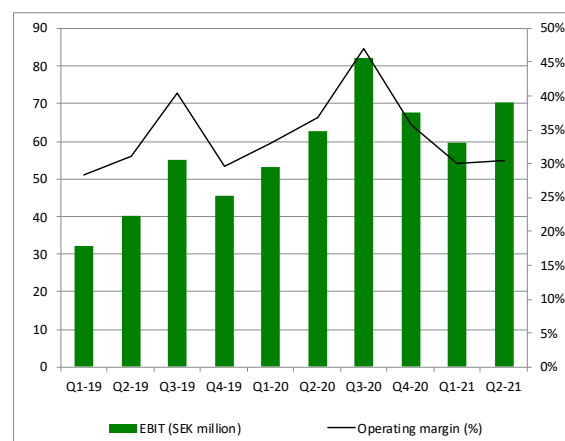
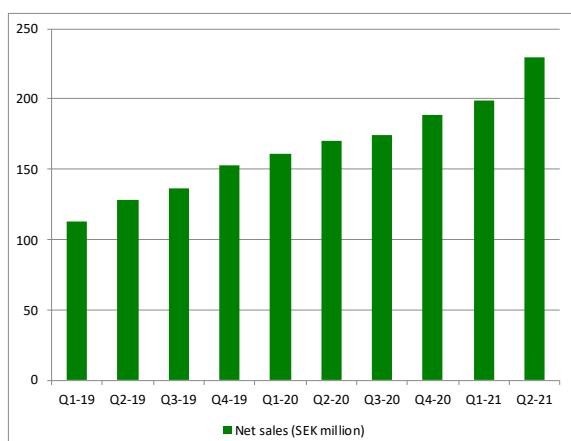
Operating margin was 30.5 percent (36.8). Adjusted for acquisitions, the operating margin was 34.1 percent.

At the end of the period, the number of customers was 400,000 (341,000), up 17 percent (19).

Annual Recurring Revenue (ARR¹) amounted to SEK 608 million (504).

Average Revenue Per Customer (ARPC²) amounted to SEK 178 (164).

Net sales and results	Fortnox AB	Fortnox Finans AB	Offerta Group AB	Others	Group
Net sales (SEK million)	185.4 (148.7)	25.7 (25.9)	26.4 (0)	5.0 (0,1)	230.1 (170.1)
EBIT (SEK million)	64.7 (55.8)	5.2 (7.9)	0,8 (0)	1.0 (-1,7)	70.2 (62.5)



1) Annual Recurring Revenue (ARR) is calculated by multiplying MRR by 12. Monthly Recurring Revenue (MRR) is defined as the opening value of the next month's revenue from subscription services in financial administration.

2) Average Revenue Per Customer (ARPC) and month is calculated by dividing net sales (excluding non-recurring revenue) by the number of customers at the end of the month. To avoid seasonal variations, Fortnox has elected to report ARPC over a rolling 12-month period.

Investments in the second quarter

The Group's investments in tangible and intangible assets, excluding acquisitions, amounted to SEK 23.8 million (24.7).

Capitalized development costs accounted for SEK 20.0 million (15.5). Capitalized development costs included internally generated development costs of SEK 10.3 million (7.2).

Depreciation and amortization of tangible and intangible assets amounted to SEK 21.2 million (14.8).

Cash flow and financial position in the second quarter

The Group's cash flow from operating activities was SEK 50.5 million (113.0).

At the end of the period, the Group's cash and cash equivalents amounted to SEK 393.7 million (334.1).

During the quarter, receivables pertaining to factoring and purchased receivables increased SEK 28.8 million and amounted to SEK 142.2 million (83.4) at the end of the period. Current receivables totaled SEK 217.1 million (159.1) at the end of the period.

Company acquisitions, net cash, amounted to SEK 63.8 million (0).

Current liabilities amounted to SEK 359.5 million (282.4).

The Group's working capital amounted to SEK 251.3 million (210.8).

Non-current liabilities consisted solely of lease liability³⁾ and amounted to SEK 159.9 million (152.6).

The equity/assets ratio was 61.4 percent (44.8).

Summary of January-June 2021

Net sales amounted to SEK 428.6 million (330.8), up 29.6 percent (36.5). Acquisitions accounted for SEK 31.1 million or 9.4 percentage points of the increase.

Operating profit totaled SEK 129.9 million (115.7), corresponding to an operating margin of 30.3 percent (35.0). Adjusted for acquisitions, operating profit amounted to SEK 130.5 million and the operating margin was 32.8 percent.

The Group's investments in tangible and intangible assets, excluding acquisitions, amounted to SEK 44.0 million (40.3). Capitalized development costs accounted for SEK 39.6 million (31.0). Capitalized development costs included internally generated development costs of SEK 19.3 million (15.1).

Depreciation and amortization of tangible and intangible assets amounted to SEK 39.4 million (29.4).

The Group's cash flow from operating activities was SEK 137.2 million (130.9). Company acquisitions, net cash, amounted to SEK 68.3 million (0).

Employees

At the end of the period, the number of employees was 516 (357). The company also engages external consultants for specific projects.

No. of employees at the end of the period	Fortnox AB	Fortnox Finans AB	Offerta Group AB	Others	Group
No. of employees	410 (298)	55 (52)	49 (0)	2 (7)	516 (357)

3) The lease liability pertains primarily to leases of office properties

Parent Company January-June 2021

Parent Company revenue is mainly derived from subscription services for financial administration.

Net sales for the Parent Company amounted to SEK 358.9 million (290.3), up 23.6 percent.

Operating profit totaled SEK 120.2 million (105.2). The operating margin was 33.5 percent (36.2) for the period.

Profit after tax was SEK 95.6 million (79.8).

The Parent Company's investments in tangible assets amounted to SEK 2.2 million (9.3) and investments in intangible assets amounted to SEK 27.9 million (24.8).

At the end of the period, working capital amounted to SEK 219.7 million (181.3).

Significant risks and uncertainties

The company's business operations are exposed to certain types of risk that could affect its results or financial position to a greater or lesser extent. These can be divided into industry and business-specific risks and financial risks. Management's overall view of the risks that could affect the business operations are described in the most recently published Annual Report. A more detailed description of the risk scenario for the Group and the Parent Company can be found on page 60 of Fortnox's 2020 Annual Report.

The situation arising from the coronavirus pandemic should now be added. Although no direct effects have been noted on the company's results as yet (as described under *Significant events in the second quarter* on page 1), management is continuously monitoring the situation.

The company's revenue is largely derived from subscriptions and is therefore relatively stable. One risk of a more general and long-term nature that could affect the company is the development of the economic situation for companies in Sweden, and whether it will continue to deteriorate over an even longer period.

Related party transactions

During the second quarter, the Group had transactions with ArtOn24 AB regarding rent, which amounted to SEK 4.9 million (4.3).

Board member Olof Hallrup controls ArtOn 24, and via First Kraft AB, about 21 percent (21) of the votes in Fortnox AB (publ).

Related party transactions are undertaken at market prices.

For information on other significant related party transactions, refer to Note 6.

Significant events after the end of the interim period

No significant events were reported after the end of the period.

Shares and share capital

At the end of the period, consolidated equity amounted to SEK 826.1 million (353.1).

The share capital amounted to SEK 1.2 million (1.2), distributed between 60,974,470 shares (60,135,293) (quota value SEK 0.02).

	Jun 30 2021	Jun 30 2020	Dec 31 2020	Mar 31 2019
No. of shares outstanding at the end of the period	60,974,470	60,135,293	60,135,293	59,785,293
Share price at the end of the period (SEK)	420.8	255.0	462.5	168.0

Fortnox AB has been listed on NGM Nordic SME since May 14, 2007.

The ten largest shareholders on June 30, 2021 are shown in the table below:

Shareholder	No. of shares	%
FIRST KRAFT AB	12,578,071	20.63%
STATE STREET BANK AND TRUST CO, W9	4,207,379	6.90%
SWEDBANK ROBUR TOTAL	3,848,962	6.31%
MORGAN STANLEY & CO INTL PLC, W8IMY	2,512,781	4.12%
THE NORTHERN TRUST COMPANY	1,617,594	2.65%
SPILTAN TOTAL	1,342,686	2.20%
JP MORGAN CHASE BANK N.A.	1,300,691	2.13%
BENGTSSON, PEDER KLAS-ÅKE	1,293,550	2.12%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	1,243,406	2.04%
AMF PENSIONS FÖRSÅKRING AB	1,022,000	1.68%
Others	30,007,350	49.22%
Total	60,974,470	100.00%

Financial calendar

- Interim report, January-September 2021 October 26, 2021
- Year-end report, January-December 2021 February 16, 2022

Financial reports, press releases and other information have been published on Fortnox's website www.fortnox.se.

Publication

This information is such that Fortnox AB (publ) is required to publish under the EU Market Abuse Regulation (MAR). The information was submitted for publication, through the agency of the contact person below, on August 19, 2021 at 8:30 a.m. CEST.

This interim report has not been audited.

Växjö, August 19, 2021

Fortnox AB (publ)
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Condensed consolidated statement of profit or loss and other comprehensive income

SEK 000s	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jan-Dec 2019
Net sales	230,130	170,062	428,589	330,784	693,723	532,084
Other operating income	4,829	3,497	8,909	6,604	14,605	13,201
Total operating income	234,959	173,559	437,499	337,388	708,327	545,285
Own work capitalized	10,349	7,236	19,274	15,136	31,071	23,574
Services purchased	-20,557	-26,265	-45,219	-50,152	-96,321	-81,570
Other external costs	-41,174	-17,690	-77,400	-35,928	-74,773	-76,286
Employee benefit expenses	-92,162	-59,482	-164,870	-121,358	-236,274	-194,783
Depreciation, amortization and impairment of tangible and intangible assets	-21,239	-14,843	-39,416	-29,390	-66,615	-43,400
Total operating expenses	-164,783	-111,044	-307,631	-221,692	-442,912	-372,465
Operating profit	70,176	62,515	129,868	115,696	265,416	172,820
Financial items	-1,427	-942	-2,231	-1,821	-3,262	-1,099
Profit before tax	68,749	61,573	127,637	113,875	262,154	171,721
Tax	-14,491	-13,335	-27,440	-24,683	-56,770	-37,073
Profit for the period	54,259	48,238	100,197	89,192	205,384	134,648
Other comprehensive income						
Other comprehensive income	0	0	0	0	0	0
Comprehensive income for the period	54,259	48,238	100,197	89,192	205,384	134,648
Earnings per share						
– before dilution, SEK	0.89	0.80	1.65	1.49	3.42	2.25
– after dilution, SEK	0.89	0.80	1.65	1.48	3.41	2.23
Average no. of shares outstanding						
– before dilution, 000s	60,930	60,059	60,610	59,922	60,029	59,758
– after dilution, 000s	60,974	60,292	60,711	60,292	60,292	60,266

Condensed consolidated statement of financial position

SEK 000s	Jun 30 2021	Jun 30 2020	Dec 31 2020	Dec 31 2019
Assets				
Intangible assets	500,957	109,789	121,383	96,658
Tangible assets	33,048	14,977	32,799	6,988
Right-of-use assets	181,569	169,439	172,310	56,611
Shares in associated companies	18,016	0	0	0
Long-term receivables	300	0	0	0
Deferred tax assets	737	703	773	555
Total non-current assets	734,627	294,908	327,265	160,812
Accounts receivable	49,257	61,034	43,473	36,958
Receivables factoring	2,064	50,730	20,564	78,926
Purchased receivables	140,088	32,720	106,160	19,841
Prepaid expenses and accrued income	22,908	13,576	19,687	10,507
Other receivables	2,795	1,059	1,660	786
Cash and cash equivalents	393,712	334,116	412,614	267,067
Total current assets	610,825	493,235	604,158	414,086
Total assets	1,345,451	788,143	931,423	574,898
Equity				
Share capital	1,219	1,203	1,203	1,196
Other contributed capital	404,859	102,632	102,632	88,639
Retained earnings incl. profit for the period	420,006	249,230	365,422	189,931
Total shareholders' equity attributable to Parent Company shareholders	826,084	353,065	469,257	279,766
Liabilities				
Lease liability	159,857	152,630	156,131	45,545
Total non-current liabilities	159,857	152,630	156,131	45,545
Lease liability	27,365	18,600	20,529	10,958
Accounts payable	19,916	18,068	16,940	19,381
Tax liabilities	58,836	37,258	57,292	37,752
Other liabilities	29,866	16,719	21,307	15,499
Accrued expenses and deferred income	223,528	191,802	189,966	165,997
Total current liabilities	359,510	282,447	306,035	249,587
Total liabilities	519,367	435,078	462,166	295,132
Total equity and liabilities	1,345,451	788,143	931,423	574,898

Condensed consolidated statement of changes in equity

SEK 000s	Share capital	Other contributed capital	Retained earnings incl. profit for the period	Total equity
Opening equity, January 1, 2020	1,196	88,639	189,931	279,766
Comprehensive income for the period			89,192	89,192
<i>Transactions with the Group's owners</i>				
Dividends paid			-29,893	-29,893
New share issue	7	13,993		14,000
Total transactions with the Group's owners	7	13,993	-29,893	-15,893
Closing equity, June 30, 2020	1,203	102,632	249,230	353,065
Opening equity, July 1, 2020	1,203	102,632	249,230	353,065
Comprehensive income for the period			116,192	116,192
Closing equity, December 31, 2020	1,203	102,632	365,422	469,257
Opening equity, January 1, 2021	1,203	102,632	365,422	469,257
Comprehensive income for the period			100,197	100,197
<i>Transactions with the Group's owners</i>				
Dividends paid			-45,613	-45,613
New share issue	17	302,227		302,243
Total transactions with the Group's owners	17	302,227	-45,613	256,630
Closing equity, June 30, 2021	1,219	404,859	420,006	826,084

Condensed consolidated statement of cash flows

SEK 000s	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020 ¹⁾	Jan-Dec 2020 ²⁾	Jan-Dec 2019
Operating activities						
Profit before tax	68,749	61,573	127,637	113,875	262,154	171,721
Non-cash adjustments	21,477	14,843	39,416	29,390	66,615	43,400
Income tax paid	-11,462	-6,926	-40,505	-24,549	-38,605	-25,688
	78,764	69,490	126,549	118,716	290,164	189,433
Increase (-)/decrease (+) in accounts receivable	-9,594	4,686	3,148	-24,076	-6,515	1,550
Increase (-)/decrease (+) in receivables factoring	359	23,821	18,500	28,197	58,361	-30,975
Increase (-)/decrease (+) in purchased receivables	-29,178	3,210	-33,928	-12,879	-86,319	-19,841
Increase (-)/decrease (+) in other operating receivables	-4,252	-2,087	-6,299	-4,756	-11,398	-5,450
Increase (+)/decrease (-) in other operating liabilities	14,351	13,927	29,251	25,724	29,231	61,062
Cash flow from operating activities	50,451	113,047	137,221	130,926	273,524	195,779
Investing activities						
Acquisitions of tangible assets	-3,824	-9,213	-4,423	-9,329	-30,888	-3,210
Acquisitions of intangible assets	-20,013	-15,536	-39,609	-30,954	-64,846	-43,125
Acquisition of subsidiaries, net cash	-45,000	0	-49,489	0	0	0
Acquisition of financial assets	-18,789	0	-18,789	0	0	0
Cash flow from investing activities	-87,627	-24,749	-112,310	-40,283	-95,735	-46,335
Financing activities						
Overdraft facilities	0	0	0	0	0	-49,064
New share issue	12,243	14,000	12,243	14,000	14,000	1,074
Repayment of lease liability	-5,798	-3,868	-10,443	-7,702	-16,350	-10,996
Dividends paid to Parent Company owners	-45,613	-29,893	-45,613	-29,893	-29,893	-20,907
Cash flow from financing activities	-39,168	-19,761	-43,813	-23,594	-32,243	-79,893
Cash flow for the period	-76,344	68,537	-18,902	67,049	145,547	69,551
Cash and cash equivalents at the beginning of the period	470,056	265,579	412,614	267,067	267,067	197,516
Cash and cash equivalents at the end of the period	393,712	334,116	393,712	334,116	412,614	267,067

1) A reclassification of amounts in cash flow for the first half-year of 2020 was made for items in "Cash flow from operating activities". Cash flow from changes in operating receivables was reduced by 7,520. Cash flow from changes in operating liabilities was reduced by the corresponding amount. Cash flow from operating activities was unchanged at 130,926.

2) A reclassification of amounts in cash flow for full-year 2020 was made for items in "Cash flow from operating activities". Income tax paid was reduced by 16,439 to negative 38,605, cash flow from changes in receivables from receivables factoring increased by 7,520 to 58,361, and cash flow from changes in operating liabilities was reduced by 23,959 to 29,231. Cash flow from operating activities was unchanged at 273,524.

Condensed Parent Company income statement

SEK 000s	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jan-Dec 2019
Net sales	185,420	148,754	358,912	290,338	611,039	464,187
Own work capitalized	9,111	6,353	16,868	13,359	27,225	21,067
Other operating income	1,301	608	1,914	899	2,602	2,534
	195,832	155,715	377,695	304,596	640,867	487,788
Services purchased	-13,306	-18,148	-31,049	-35,202	-67,988	-56,804
Other external costs	-35,145	-21,971	-71,336	-44,123	-94,595	-81,489
Employee benefit expenses	-72,315	-51,682	-134,570	-104,211	-203,090	-163,198
Depreciation, amortization and impairment of tangible and intangible assets	-10,351	-8,128	-20,533	-15,901	-38,364	-28,496
Total operating expenses	-131,118	-99,929	-257,488	-199,436	-404,037	-329,989
Operating profit	64,715	55,786	120,207	105,160	236,829	157,799
Financial items	294	343	700	630	1,458	264
Profit after financial items	65,009	56,129	120,907	105,790	238,288	158,063
Appropriations	0	-1,651	0	-3,902	-7,636	-7,270
Profit before tax	65,009	54,477	120,907	101,887	230,651	150,793
Tax	-13,683	-11,804	-25,260	-22,097	-49,920	-32,848
Profit for the period	51,326	42,674	95,646	79,790	180,732	117,946

Condensed Parent Company balance sheet

SEK 000s	Jun 30 2021	Jun 30 2020	Dec 31 2020	Dec 31 2019
Assets				
Intangible assets	112,159	95,937	100,846	85,675
Tangible assets	29,436	14,879	31,174	6,871
Financial assets	447,507	63,445	63,507	63,532
Total non-current assets	589,101	174,261	195,527	156,078
Accounts receivable	38,139	59,618	42,973	36,059
Interest-bearing receivables from Group companies	115,000	100,000	100,000	70,000
Other receivables from Group companies	35,202	1,763	31,464	2,194
Other receivables	1,090	621	748	337
Prepaid expenses and accrued income	20,551	12,839	17,736	10,886
Cash and bank balances	292,044	255,728	339,685	235,566
Total current assets	502,026	430,568	532,607	355,042
Total assets	1,091,127	604,829	728,134	511,120
Equity				
<i>Restricted equity</i>				
Share capital	1,219	1,203	1,203	1,196
Development fund	111,123	92,748	99,182	79,766
<i>Unrestricted equity</i>				
Share premium reserve	404,859	102,632	102,632	88,639
Retained earnings	195,997	79,254	72,820	4,183
Profit for the period	95,646	79,790	180,732	117,946
Total equity	808,845	355,627	456,569	291,730
Current liabilities				
Accounts payable	13,025	15,091	14,596	16,276
Liabilities to Group companies	3,991	4,957	6,618	5,079
Current tax liabilities	38,768	32,970	50,055	31,778
Other liabilities	20,229	14,357	18,419	13,185
Accrued expenses and deferred income	206,269	181,828	181,877	153,072
Total current liabilities	282,282	249,202	271,565	219,390
Total equity and liabilities	1,091,127	604,829	728,134	511,120

Performance measures for the Group

The company presents financial measures in the interim report that are not prescribed by IFRS. The company believes that these non-IFRS measures provide valuable supplementary information for investors and the company's management, as they enable an assessment of the company's financial performance and financial position. Since financial measures are calculated differently by different companies, they are not always comparable with the measures used by other companies. These financial measures should not, therefore, be considered a substitute for IFRS measures.

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jan-Dec 2019
<u>IFRS financial measures</u>						
Net sales	230.1	170.1	428.6	330.8	693.7	532.1
Profit for the period (SEK million)	54.3	48.2	100.2	89.2	205.4	134.6
Earnings per share before dilution (SEK)	0.89	0.80	1.65	1.49	3.42	2.25
Earnings per share after dilution (SEK)	0.89	0.80	1.65	1.48	3.41	2.23
<u>Alternative performance measures</u>						
ARR (SEK million)	608.2	504.3	608.2	504.3	552.6	444.7
ARPC (SEK)	178	164	178	164	169	154
EBIT (SEK million)	70.2	62.5	129.9	115.7	265.4	172.8
EBIT margin	30.5%	36.8%	30.3%	35.0%	38.3%	32.5%
Profit margin	23.6%	28.4%	23.4%	27.0%	29.6%	25.3%
Equity per share after dilution (SEK)	13.61	5.86	13.61	5.86	7.78	4.64
Equity at the end of the period (SEK million)	826.1	353.1	826.1	353.1	469.3	279.8
Total assets at the end of the period (SEK million)	1,345.5	788.1	1,345.5	788.1	931.4	574.9
Working capital at the end of the period (SEK million)	251.3	210.8	251.3	210.8	298.1	164.5
Cash flow from operating activities (SEK million)	50.5	113.0	137.2	130.9	273.5	195.8
Equity/assets ratio	61.4%	44.8%	61.4%	44.8%	50.4%	48.7%
<u>Non-financial measures</u>						
No. of customers at the end of the period	400,000	341,000	400,000	341,000	367,000	313,000
No. of employees at the end of the period	516	357	516	357	401	329
Average no. of shares outstanding before dilution (000s)	60,930	60,059	60,610	59,922	60,029	59,758
Average no. of shares outstanding after dilution (000s)	60,974	60,292	60,711	60,292	60,292	60,266
No. of shares outstanding at the end of the period before dilution (000s)	60,974	60,135	60,974	60,135	60,135	59,785
No. of shares outstanding at the end of the period after dilution (000s)	60,974	60,292	60,974	60,292	60,292	60,292

Performance measures for the Group per quarter

	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
<u>IFRS financial measures</u>								
Net sales (SEK million)	230.1	198.5	188.4	174.6	170.1	160.7	153.3	136.5
Profit for the period (SEK million)	54.3	45.9	52.4	63.8	48.2	41.0	35.4	43.1
Earnings per share after dilution (SEK)	0.89	0.76	0.87	1.06	0.80	0.68	0.59	0.72
<u>Alternative performance measures</u>								
Growth compared with prev. quarter	16.0%	5.4%	7.9%	2.6%	5.8%	4.9%	12.3%	6.0%
ARR (SEK million)	608.2	590.2	552.6	532.7	504.3	478.6	444.7	411.6
ARPC (SEK)	178	171	169	167	164	160	154	148
EBIT (SEK million)	70.2	59.7	67.6	82.2	62.5	53.2	45.4	55.2
EBIT margin	30.5%	30.1%	35.9%	47.1%	36.8%	33.1%	29.6%	40.4%
Profit margin	23.6%	23.1%	27.8%	36.5%	28.4%	25.5%	23.1%	31.6%
Equity per share after dilution (SEK)	13.55	12.46	7.78	6.91	5.86	4.82	4.64	4.05
Equity at the end of the period (SEK million)	826.1	759.6	469.3	416.8	353.1	290.8	279.8	244.4
Total assets at the end of the period (SEK million)	1,345.5	1,295.5	931.4	848.6	788.1	739.4	574.9	513.8
Working capital at the end of the period (SEK million)	251.3	264.1	298.1	254.9	210.8	162.3	164.5	136.9
Cash flow from operating activities (SEK million)	50.5	86.8	93.0	49.6	113.0	17.9	77.4	20.0
Equity/assets ratio	61.4%	58.6%	50.4%	49.1%	44.8%	39.3%	48.7%	47.6%
<u>Non-financial measures</u>								
No. of customers at the end of the period (000s)	400	385	367	351	341	328	313	297
No. of employees at the end of the period	516	488	401	396	357	352	329	318

Definitions and disclosures

Earnings per share before dilution

Profit for the period after tax attributable to Parent Company shareholders divided by the weighted average number of ordinary shares outstanding during the period.

Earnings per share after dilution

Profit for the period after tax attributable to Parent Company shareholders divided by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares during the period.

Operating profit (EBIT)

Operating income less operating expenses. A measure of profitability used by investors to assess the company's profitability.

EBIT/Operating margin

Operating profit expressed as a percentage of net sales. A measure of profitability used by investors to assess the company's profitability.

Profit margin

Profit for the period expressed as a percentage of net sales. A measure of profitability used by investors to assess the company's profitability.

Equity per share after dilution

Equity divided by the number of shares outstanding at the end of the period after dilution. A measure used to assess the company's financial position.

Total assets

The total amount of assets owned by a company, or total liabilities and equity. A measure used to assess the capital structure of the company.

Working capital

Current assets less current liabilities. A measure used to assess the capital tied-up in the company.

Equity/assets ratio

Equity expressed as a percentage of total assets. A measure used to assess the company's long and short-term solvency and capital structure.

Growth compared with the preceding quarter

Percentage increase in net sales compared with the preceding quarter. A measure used to assess the company's growth.

No. of customers at the end of the period

The number of companies, sole traders or other legal entities that, directly or through an accounting firm, subscribe to one or more of Fortnox's products/services at the end of the period.

ARR

Annual Recurring Revenue. MRR multiplied by 12. Monthly Recurring Revenue (MRR) is defined as the opening value of the next month's revenue from subscription services in financial administration. ARR is a measure used to assess the company's recurring revenue.

ARPC

Average Revenue Per Customer and month. Net sales (excluding non-recurring revenue) divided by the number of customers at the end of the month. To avoid seasonal variations, Fortnox has elected to report ARPC over a rolling 12-month period. The value of ARPC on a 12-month rolling basis is calculated using the average ARPC over the past 12 months. ARPC is a measure used to assess the trend for customer purchases of additional services.

Number of employees at the end of the period

The number of people employed at the end of the period.

NOTES

Note 1 Significant accounting policies

The interim report has been prepared in accordance with the EU-adopted IFRS standards issued by the International Accounting Standards Board (IASB) and the EU-adopted IFRIC interpretations. In addition, the Swedish Financial Reporting Board's recommendation, RFR 1 Supplementary Accounting Rules for Groups, has been applied. This report for the Group was prepared in accordance with IAS 34 Interim Reporting and the applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act, Chapter 9 Interim Reports, and RFR 2, Accounting for Legal Entities.

The accounting policies applied correspond with those applied in the preparation of the 2020 Annual Report, apart from the amended standards that apply from January 1, 2021. The amendments did not have any material effect on the Group's financial reporting. See the section "New and revised IFRS not yet applied" in the 2020 Annual Report for more information.

During the period, the Group acquired intangible assets, including trademarks, customer relationships and software. Trademarks with an indeterminable useful life are recognized at cost less any accumulated impairment. Customer relationships and software with a determinable useful life are recognized at cost less any accumulated amortization and any impairments. The useful life of acquired customer relationships has been calculated at ten years and acquired software has been calculated at five years.

During the period, the Group acquired investments in associates. Associates are companies in which the Group has significant influence, but not control, over financial and operating policy decisions, usually by holding 20-50 percent of the company's voting rights. From the date on which the significant influence is obtained, investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, the carrying amount of the Group's equity investment in the associate is adjusted to reflect the Group's share of the net assets of the associate, as well as consolidated goodwill and any other residual value of consolidated gains or losses. In consolidated profit for the year, "Share of profits of associate" refers to the Group's share of the associate's net profit or loss, adjusted for any depreciation/amortization, impairment losses and elimination of acquired surplus or deficit values. These participations less distributions received from associates constitute the main change in the carrying amount of investments in associates. The Group's share of associates' other comprehensive income is presented as a separate item of the Group's other comprehensive income. On acquisition of the investment, any difference between the cost of acquisition and the investor's share of the fair values of the net identifiable assets and liabilities of the associate is accounted for using the same principles as for business combinations. Transaction costs, except those directly attributable to the issue of equity or debt instruments, are included in cost. When the Group's share of losses of an associate equals or exceeds the carrying amount of its interest in the associate, the Group's interest is reduced to zero. Losses are also offset against any long-term financial interests that, in substance, form part of the investor's net investment in the associate. Additional losses are only recognized to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Use of the equity method ceases from the date that significant influence ceases. Goodwill arising from investments in associates is included in the carrying amount of the investments in associates. Unrealized profits on transactions with associates are eliminated to the extent they reflect the Group's interest in the company. Unrealized losses are eliminated in the same manner as unrealized profits, but only to the extent there is no evidence of impairment. Investments in associates in the Parent Company are accounted for using the cost method.

Other disclosures in accordance with IAS 34.16A are included in the financial statements and their related notes, as well as other parts of the interim report.

Note 2 Key judgments and estimates

To prepare the interim report in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these key judgments and estimates.

The accounting estimates and assumptions are regularly reviewed. The effect of a change in an accounting estimate is recognized in the period of the change, if the change affects that period only, or the period of the change and future periods if the change affects both.

The critical judgments and sources of estimation uncertainty have not changed when adopting the new accounting policies and are therefore the same as those in the most recent annual report.

Note 3 Operating segments and revenue streams

The Group's operations are organized into operating segments based on those parts of the operations that the company's chief operating decision-maker follows up, known as the 'management approach'.

Each operating segment has a manager who is responsible for the day-to-day operations and regularly reports the outcome of the operating segment's performance to the Executive Management Team. The Group's internal reporting is organized so that the Executive Management Team can monitor revenue and results. The Group's segments have been identified on the basis of this internal reporting.

During the second half of 2020, Fortnox transitioned to a new organizational structure. Monitoring and reporting are therefore conducted in accordance with a new segment division as of 2021. A new segment was added in the first quarter through acquisition. For reasons of comparability, the segment reporting for 2021 is being carried out in accordance with the earlier structure.

The division into operating segments is based on the varying responsibilities for the services and target groups that each segment has. The following operating segments exist:

- **Företagande** – Responsible for sales and marketing of Entreprenören's and Pengar's offering to companies that are not accounting firms or their clients. Företagande is responsible for the relationship with its customers. Industry-specific solutions for defined customer groups are developed within Företagande.
- **Byrån** – Responsible for sales and marketing of Entreprenören's and Pengar's offering to accounting firms and their clients. Byrån is responsible for the relationship with accounting firms and their clients. Industry-specific solutions for accounting firms are developed within Byrån.
- **Entreprenören** – Responsible for product development, user support and sales to existing customers for services in financial administration and insurance services.
- **Pengar** – Responsible for product development, user support and sales to existing customers for payment and financial services.
- **Offerta** – Responsible for product development, user support and sales of service brokerage services. Offerta is responsible for transactions with and offering to all companies.

The Group's operating segments	Företagande	Byrån	Entreprenören	Pengar	Offerta
SEK 000s	Apr-Jun 2021	Apr-Jun 2021	Apr-Jun 2021	Apr-Jun 2021	Apr-Jun 2021
Revenues (from external customers)	32,615	66,826	92,306	20,203	21,726
Revenues (from other segments)	0	0	1,537	2,272	0
Operational segment result	22,506	38,396	51,145	-1,999	2,160
Reversal of expensed capitalized expenditures for development work					
Own work capitalized					
Depreciation and amortization					
Operating profit					
Financial items					
Profit before tax					

The Group's operating segments	Intra-Group and eliminations	Group
SEK 000s	Apr-Jun 2021	Apr-Jun 2021
Revenues (from external customers)	1,283	234,959
Revenues (from other segments)	-3,809	
Operational segment result	-40,806	71,402
Reversal of expensed capitalized expenditures for development work	9,664	9,664
Own work capitalized	10,349	10,349
Depreciation and amortization	-21,239	-21,239
Operating profit	-42,032	70,176
Financial items	-1,427	-1,427
Profit before tax	-43,459	68,749

The Group's operating segments	Företagande	Byrån	Entreprenören	Pengar	Offerta
SEK 000s	Jan-Jun 2021	Jan-Jun 2021	Jan-Jun 2021	Jan-Jun 2021	Jan-Jun 2021
Revenues (from external customers)	61,536	130,551	175,238	41,581	26,555
Revenues (from other segments)		83	2,795	3,887	
Operational segment result	42,872	76,709	96,093	-1,505	1,833
Reversal of expensed capitalized expenditures for development work					
Own work capitalized					
Depreciation and amortization					
Operating profit					
Financial items					
Profit before tax					

The Group's operating segments	Intra-Group and eliminations	Group
SEK 000s	Jan-Jun 2021	Jan-Jun 2021
Revenues (from external customers)	2,038	437,499
Revenues (from other segments)	-6,765	
Operational segment result	-86,327	129,675
Reversal of expensed capitalized expenditures for development work	20,335	20,335
Own work capitalized	19,274	19,274
Depreciation and amortization	-39,416	-39,416
Operating profit	-86,134	129,868
Financial items	-2,231	-2,231
Profit before tax	-88,365	127,637

The Group's operating segments	Företagande	Byrån	Entreprenören	Pengar	Offerta
SEK 000s	Apr-Jun 2021	Apr-Jun 2021	Apr-Jun 2021	Apr-Jun 2021	Apr-Jun 2021
Type of service					
Subscription-based	28,923	56,045	67,229		21,623
Transaction-based	3,199	9,016	26,607	11,900	
Lending-based	493	1,709		6,606	
Others	-1	56	6	3,969	103
Revenues	32,615	66,826	93,843	22,475	21,726

The Group's operating segments	Intra-Group and eliminations	Group
SEK 000s	Apr-Jun 2021	Apr-Jun 2021
Type of service		
Subscription-based		173,821
Transaction-based	-3,278	47,445
Lending-based		8,808
Others	752	4,885
Revenues	-2,526	234,959

The Group's operating segments	Företagande	Byrån	Entreprenören	Pengar	Offerta
SEK 000s	Jan-Jun 2021	Jan-Jun 2021	Jan-Jun 2021	Jan-Jun 2021	Jan-Jun 2021
Type of service					
Subscription-based	55,296	110,134	131,143		26,452
Transaction-based	5,321	17,211	46,798	25,741	
Lending-based	920	3,189		12,329	
Others	-1	100	92	7,398	103
Revenues	61,536	130,634	178,033	45,468	26,555

The Group's operating segments	Intra-Group and eliminations	Group
SEK 000s	Jan-Jun 2021	Jan-Jun 2021
Type of service		
Subscription-based		323,024
Transaction-based	-6,128	88,943
Lending-based		16,439
Others	1,401	9,093
Revenues	-4,727	437,499

The Group's operating segments	Services for financial administration		Payment and financial services		Service brokerage services	
SEK 000s	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020
Revenues (from external customers)	185,429	146,057	27,446	27,288	21,726	
Revenues (from other segments)	5,923	3,305	1,715	1,528		
Operating profit	66,013	55,786	5,189	7,868	1,312	
Financial items						
Profit before tax						

The Group's operating segments	Other services		Intra-Group and eliminations		Group	
SEK 000s	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020
Revenues (from external customers)	358	214			234,959	173,559
Revenues (from other segments)			-7,638	-4,833		
Operating profit	-318	-1,650	-2,021	512	70,176	62,515
Financial items			-1,427	-942	-1,427	-942
Profit before tax			-3,447	-431	68,749	61,573

The Group's operating segments	Services for financial administration		Payment and financial services		Service brokerage services	
SEK 000s	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Revenues (from external customers)	355,855	284,932	53,909	52,075	26,555	
Revenues (from other segments)	9,602	6,305	3,357	2,668		
Operating profit	121,505	105,160	11,095	13,406	807	
Financial items						
Profit before tax						

The Group's operating segments	Other services		Intra-Group and eliminations		Group	
SEK 000s	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Revenues (from external customers)	1,180	380			437,499	337,388
Revenues (from other segments)	3		-12,962	-8,973		
Operating profit	15	-3,892	-3,554	1,023	129,868	115,696
Financial items			-2,231	-1,821	-2,231	-1,821
Profit before tax			-5,785	-798	127,637	113,875

The Group's operating segments	Services for financial administration		Payment and financial services		Service brokerage services	
SEK 000s	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020
Type of service						
Subscription-based	152,198	123,632			21,623	
Transaction-based	35,483	20,438	16,928	18,448		
Lending-based			8,808	7,370		
Others	3,671	5,292	3,424	2,997	103	
Revenues	191,352	149,362	29,160	28,816	21,726	

The Group's operating segments	Other services		Intra-Group and eliminations		Group	
SEK 000s	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020
Type of service						
Subscription-based					173,821	123,632
Transaction-based	361	214	-5,327	-1,420	47,445	37,681
Lending-based					8,808	7,370
Others	-3		-2,311	-3,413	4,885	4,876
Revenues	358	214	-7,638	-4,833	234,959	173,559

The Group's operating segments	Services for financial administration		Payment and financial services		Service brokerage services	
SEK 000s	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Type of service						
Subscription-based	296,572	240,389			26,452	
Transaction-based	62,001	42,981	33,937	35,987		
Lending-based			16,439	12,943		
Others	6,884	7,867	6,889	5,813	103	
Revenues	365,457	291,237	57,266	54,743	26,555	

The Group's operating segments	Other services		Intra-Group and eliminations		Group	
SEK 000s	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Type of service						
Subscription-based					323,024	240,389
Transaction-based	1,183	380	-8,178	-2,560	88,943	76,788
Lending-based					16,439	12,943
Others			-4,784	-6,413	9,093	7,267
Revenues	1,183	380	-12,962	-8,973	437,499	337,388

Note 4 Business combinations

Note 4.1 Acquisition of Offerta Group AB

On March 11, 2021, the Group acquired 100 percent of the shares in the unlisted company, Offerta Group AB. The consideration, which was based on the accounts on February 28, 2021, amounted to SEK 300 million, adjusted for net cash and deviations from normalized working capital. Of the SEK 300 million, SEK 10 million was paid in cash and SEK 290 million was paid through newly issued shares in Fortnox AB (publ) on 11 March 2021. The number of newly issued shares amounted to 682,177. The subscription price for the new share issue was established at SEK 425, which corresponded to the average of the daily volume-weighted rate for the Fortnox share on the NGM Nordic SME for the last 20 trading days prior to 15 February 2021.

Offerta Group AB runs Sweden's largest marketplace for services. Each year, more than 80,000 assignments in more than 140 sectors are brokered through Offerta's marketplace.

The acquisition gives the Group a new vertical that is in line with the strategic choices, with a focus on use and users. In addition to the obvious synergy of the Group's customers as contractors in Offerta's platform, there are also opportunities such as financing for contractors and purchasers, as well as the brokerage of, for example, accounting services within Offerta.

Acquisition-related costs attributable to the acquisition, which are included in the Parent Company's other external costs, amounted to SEK 3.3 million, of which none was charged to the second quarter of 2021 and SEK 1.9 million was charged to the interim period.

During the second quarter 2021, the subsidiary contributed SEK 21.6 million to the Group's net sales and SEK 1.3 million to the Group's profit before tax. During the interim period January-June 2021, the subsidiary contributed SEK 26.5 million to the Group's net sales and SEK 0.8 million to the Group's profit before tax.

Effects of acquisitions in 2021

The preliminary effects of the acquisition in the Group's assets and liabilities are reported below. The acquisition analysis may be adjusted over a twelve-month period.

The acquired company's net assets at the time of acquisition based on the information that was available on the date of acquisition:

SEK 000s

Intangible assets	
Customer relationships	54,000
Tradenames	43,000
Other intangible assets	11,578
Accounts receivable and other receivables	11,084
Cash and cash equivalents	25,658
Accounts payable and other liabilities	-22,674
Deferred tax liabilities	-11,124
Net identifiable assets and liabilities	111,522
Consolidated goodwill	208,625
Consideration transferred	320,147

Goodwill is mainly attributable to synergy effects as described above, together with know-how in the existing organization and customer and market organization.

Note 4.2 Acquisition of platform for startups from Bp Bolagspartner AB

On April 27, 2021, the Group acquired a platform for startups from BP Bolagspartner AB, Sweden's largest provider of ready-made companies. This acquisition means that customers can easily start a business by purchasing a company in an automated flow, integrated with Fortnox's other products and services. During the fiscal year of 2020, the acquired operations generated estimated net sales of about SEK 20 million and operating profit of about SEK 10 million.

Following the acquisition, the net assets were transferred to a newly established company, Fortnox Lagerbolag AB. The consideration of SEK 45 million was paid in cash on April 27, 2021.

The acquisition is expected to realize customer synergies by improving new customer acquisition in the core business ("Start a company") and a strengthened offering throughout the entire business journey for startups. A simple startup service has been requested by both businesses and accounting firms, and they can now start new companies via the website or by logging in to the Fortnox platform. Accounting firms and existing customers can start new companies directly in the programs they use on a day-to-day basis.

Acquisition-related costs attributable to the acquisition, which are included in the Parent Company's other external costs, amounted to SEK 1.3 million, of which SEK 1.2 million was charged to the second quarter.

During the second quarter 2021 and the interim period January-June 2021, the subsidiary contributed SEK 4.6 million to the Group's net sales and SEK 1.3 million to the Group's profit before tax. Some of the acquired operation is conducted in the Parent Company, which has also made a positive contribution to the parent company's profit.

Effects of acquisitions in 2021

The preliminary effects of the acquisition in the Group's assets and liabilities are reported below. The acquisition analysis may be adjusted over a twelve-month period.

The acquired company's net assets at the time of acquisition based on the information that was available on the date of acquisition:

SEK 000s

Intangible assets	
Software	7,000
Accounts receivable and other receivables	1,662
Cash and cash equivalents	1,400
Accounts payable and other liabilities	-3,037
Deferred tax liabilities	-1,339
Net identifiable assets and liabilities	5,686
Consolidated goodwill	39,314
Consideration transferred	45,000

Goodwill is mainly attributable to synergy effects as described above, together with know-how in the existing organization.

Note 4.3 Revenue and profit if business combinations had been completed at the beginning of the fiscal year

If all the Group's business combinations during the interim period had occurred by January 1, 2021, management estimates that consolidated net sales would have amounted to SEK 231.6 million and profit before tax to SEK 70.7 million for the second quarter of 2021, and SEK 452.6 million and SEK 131.6 million, respectively for the January-June period of 2021.

Note 5 Goodwill

SEK 000s

Accumulated cost	
Opening balance, January 1, 2021	0
Business combinations	208,625
Closing balance, March 31, 2021	208,625
Business combinations	39,314
Closing balance, June 30, 2021	247,939
Carrying amounts	
As of March 31, 2021	208,625
As of June 30, 2021	247,939

Note 6 Related party

Other related-party transactions

Parent Company	Sales of services to related parties		Purchase of services from related parties		Others	
	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020
SEK 000s						
Subsidiaries						
Fortnox Finans AB	3,772	1,971	1,514	1,528	411	403
Fortnox Försäkringar AB		70				
Offerta Group AB	8					
Fortnox Lagerbolag AB	2,343					

Parent Company	Sales of services to related parties		Purchase of services from related parties		Others	
	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
SEK 000s						
Subsidiaries						
Fortnox Finans AB	7,515	5,013	3,040	2,668	818	691
Fortnox Försäkringar AB	52	140	3			
Offerta Group AB	8					
Fortnox Lagerbolag AB	2,343				24	

Parent Company	Receivables from related parties		Liabilities to related parties	
	Jun 30 2021	Jun 30 2020	Jun 30 2021	Jun 30 2020
SEK 000s				
Subsidiaries				
Fortnox Finans AB	131,856	101,622		
Fortnox Försäkringar AB	52	140	3,991	4,957
Offerta Group AB	63			
Fortnox Lagerbolag AB	18,231			