

Interim Report January-March 2021

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

First quarter of 2021

- Net sales amounted to SEK 198.5 million (160.7), up SEK 37.7 million or 23.5 percent. Acquisitions accounted for SEK 4.0 million or 3.0 percentage points of the increase.
- Operating profit totaled SEK 59.7 million (53.2), up SEK 6.5 million. Adjusted for acquisitions, operating profit amounted to SEK 60.9 million. Acquisition-related expenses impacted first-quarter earnings by SEK 1.9 million.
- Operating margin was 30.1 (33.1) percent. Adjusted for acquisitions, the operating margin was 31.4 percent.
- Profit after tax was SEK 45.9 million (41.0).
- Earnings per share after dilution amounted to SEK 0.76 (0.68).

Significant events in the first quarter

- Like the preceding year, the first quarter was marked by the ongoing coronavirus pandemic. The pandemic has not had any major impact on the company's financial position to date, but the weaker trend for transaction-based services was noticeable also during the first quarter. Fortnox took timely measures to slow the spread of the virus, while continuing to operate as usual wherever possible. Fortnox initiatives have proved successful, and the company has maintained a high level of activity throughout the entire period. Management is continuously assessing the potential impact of the coronavirus pandemic on Fortnox's results and financial position.
- On March 11, 2021, the Group acquired 100 percent of the shares in the unlisted company, Offerta Group AB ("Offerta"). Offerta operates Sweden's largest marketplace for services. More than 80,000 assignments in more than 140 sectors are brokered through Offerta's marketplace. For further information, refer to Note 4.
- Fortnox applied for a digital business mailbox from the Swedish Agency for Digital Government (DIGG). The digital business mailbox entails that Fortnox customers can receive tax returns, tax records and various regulatory decisions directly into their accounting system – sorted, processed and ready. DIGG's processing of the application is expected to be completed before the summer. If the company receives a positive response, the service will be launched gradually during the second half of 2021.

Financial information (Group)	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Jan-Dec 2019
Net sales (SEK million)	198.5	160.7	693.7	532.1
EBIT (SEK million)	59.7	53.2	265.4	172.8
EBIT margin	30.1%	33.1%	38.3%	32.5%
Earnings per share, after dilution (SEK)	0.76	0.68	3.41	2.23
Cash flow from operating activities (SEK million)	86.8	17.9	273.5	195.8
Working capital at the end of the period (SEK million)	264.1	162.3	298.1	164.5



Fortnox is a platform for business with services in areas such as accounting, invoicing, financing and coworkers. 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.

Net sales and results in the first quarter

Net sales amounted to SEK 198.5 million (160.7), up SEK 37.7 million or 23.5 percent. Acquisitions accounted for SEK 4.0 million or 3.0 percentage points of the increase.

Operating expenses amounted to SEK 142.8 million (110.6). Acquisition-related expenses impacted first-quarter earnings by SEK 1.9 million.

Operating profit totaled SEK 59.7 million (53.2), up SEK 6.5 million.

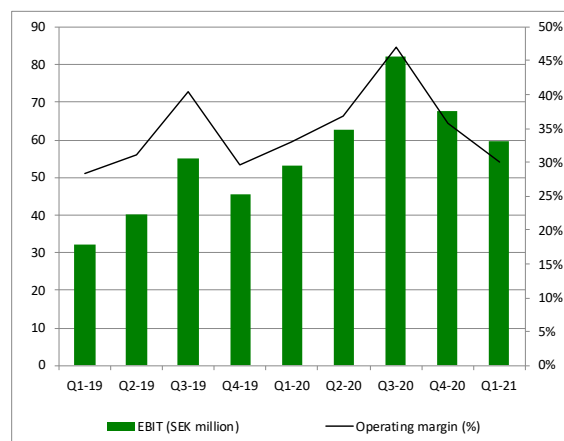
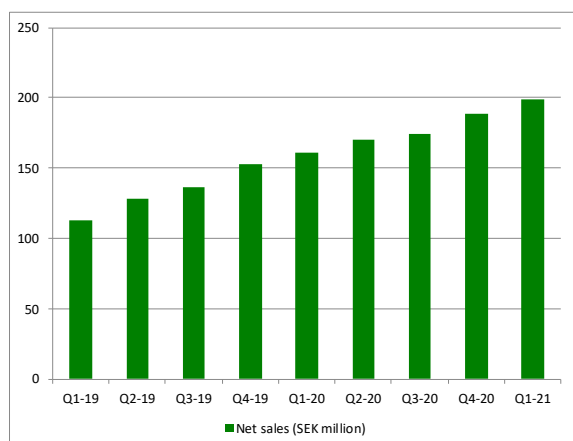
Operating margin was 30.1 percent (33.1). Adjusted for acquisitions, the operating margin was 31.4 percent.

At the end of the period, the number of customers was 385,000 (328,000), up 17 percent (20).

Annual Recurring Revenue (ARR¹) amounted to SEK 590 million (479).

Average Revenue Per Customer (ARPC²) amounted to SEK 171 (160).

Net sales and results	Fortnox AB	Fortnox Finans AB	Offerta Group AB	Others	Group
Net sales (SEK million)	173.5 (141.6)	24.6 (23.1)	4.8 (0)	0.8 (0.2)	198.5 (160.7)
EBIT (SEK million)	55.5 (49.4)	5.9 (5.5)	-0.5 (0)	0.3 (-2.2)	59.7 (53.2)



Investments in the first quarter

The Group's investments in tangible and intangible assets amounted to SEK 20.2 million (15.5).

Capitalized development costs accounted for SEK 19.6 million (15.4). Capitalized development costs included internally generated development costs of SEK 8.9 million (7.9).

Depreciation and amortization of tangible and intangible assets amounted to SEK 18.2 million (14.5).

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.

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.

Cash flow and financial position in the fourth quarter

The Group's cash flow from operating activities was SEK 86.7 million (17.9).

At the end of the period, the Group's cash and cash equivalents amounted to SEK 470.1 million (265.6).

During the quarter, receivables pertaining to factoring and purchased receivables decreased SEK 13.4 million and amounted to SEK 113.3 million (110.5) at the end of the period. Current receivables totaled SEK 175.6 million (189.1) at the end of the period.

Current liabilities amounted to SEK 381.6 million (292.4).

The Group's working capital amounted to SEK 264.1 million (162.3).

Non-current liabilities consisted solely of lease liability³⁾ and amounted to SEK 154.3 million (156.2).

The equity/assets ratio was 58.6 percent (39.3).

Personal

At the end of the period, the number of employees was 488 (352). 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	382 (294)	53 (50)	51	2 (8)	488 (352)

Parent Company in the first quarter

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

In the quarter, net sales for the Parent Company amounted to SEK 173.5 million (141.6), up 22.5 percent.

Operating profit totaled SEK 55.5 million (49.4). The operating margin was 32.0 percent (34.9) for the period.

Profit after tax was SEK 44.3 million (37.1).

The Parent Company's investments in tangible assets amounted to SEK 0.2 million (0.1) and investments in intangible assets amounted to SEK 12.8 million (12.8).

At the end of the period, working capital amounted to SEK 226.6 million (137.7).

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

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 first 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 first quarter, the Group had transactions with ArtOn24 AB regarding rent, which amounted to SEK 5.0 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

Fortnox has signed a cooperation agreement with Agoy IT AB ("Agoy"). The agreement extends over three years, entailing that Fortnox can offer products for quarterly accounts, tax and financial statements. Accordingly, the company's offering in the area of accounting is now complete. At the same time, Fortnox has signed an agreement to acquire 30 percent of Agoy. The purchase price is SEK 18 million.

Fortnox also acquired a platform for startups from Bp Bolagspartner AB, which is 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 purchase price is SEK 45 million. In 2020, the acquired operations generated estimated net sales of some SEK 20 million and operating profit of SEK 10 million.

Shares and share capital

At the end of the period, consolidated equity amounted to SEK 759.6 million (290.8).

The share capital amounted to SEK 1.2 million (1.2), distributed between 60,817,470 shares (59,785,293) (quota value SEK 0.02).

	Mar 31 2021	Mar 31 2020	Dec 31 2020	Mar 31 2019
No. of shares outstanding at the end of the period	60,817,470	59,785,293	60,135,293	59,785,293
Share price at the end of the period (SEK)	389.0	164.0	462.5	168.0

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

The ten largest shareholders on March 31, 2021 are shown in the table below:

Shareholder	No. of shares	%
FIRST KRAFT AB	12,578,071	20.68%
STATE STREET BANK AND TRUST CO, W9	6,576,447	10.81%
SWEDBANK ROBUR FONDER	4,039,692	6.64%
MORGAN STANLEY & CO INTL PLC, W8IMY	2,492,256	4.10%
THE NORTHERN TRUST COMPANY	1,658,347	2.73%
SPILTAN FONDER AB	1,343,461	2.21%
BENGTSOON, PEDER KLAS-ÅKE	1,294,625	2.13%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	1,239,468	2.04%
JP MORGAN CHASE BANK N.A.	1,122,422	1.85%
WE ENABLE BUSINESS IN SWEDEN AB	876,666	1.44%
Others	27,596,015	45.37%
Total	60,817,470	100.00%

Financial calendar

- Interim report, January-June 2020 August 19, 2021
- Interim report, January-September 2020 October 26, 2021

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 April 28, 2021 at 8:30 a.m. CEST.

This interim report has not been audited.

Växjö, April 28, 2021

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

SEK 000s	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Jan-Dec 2019
Net sales	198,459	160,722	693,723	532,084
Other operating income	4,080	3,106	14,605	13,201
Total operating income	202,540	163,828	708,327	545,285
Own work capitalized	8,925	7,900	31,071	23,574
Services purchased	-24,661	-23,887	-96,321	-81,570
Other external costs	-36,226	-18,238	-74,773	-76,286
Employee benefit expenses	-72,708	-61,876	-236,274	-194,783
Depreciation, amortization and impairment of tangible and intangible assets	-18,177	-14,547	-66,615	-43,400
Total operating expenses	-142,848	-110,648	-442,912	-372,465
Operating profit	59,692	53,181	265,416	172,820
Financial items	-804	-879	-3,262	-1,099
Profit before tax	58,888	52,302	262,154	171,721
Tax	-12,950	-11,348	-56,770	-37,073
Profit for the period	45,938	40,954	205,384	134,648
Other comprehensive income				
Other comprehensive income	0	0	0	0
Comprehensive income for the period	45,938	40,954	205,384	134,648
Earnings per share				
– before dilution, SEK	0.76	0.69	3.42	2.25
– after dilution, SEK	0.76	0.68	3.41	2.23
Average no. of shares outstanding				
– before dilution, 000s	60,287	59,785	60,029	59,758
– after dilution, 000s	60,444	60,292	60,292	60,266

Condensed consolidated statement of financial position

SEK 000s	Mar 31 2021	Mar 31 2020	Dec 31 2020	Dec 31 2019
Assets				
Intangible assets	447,575	103,203	121,383	96,658
Tangible assets	31,365	6,535	32,799	6,988
Right-of-use assets	170,161	174,298	172,310	56,611
Deferred tax assets	710	699	773	555
Total non-current assets	649,811	284,735	327,265	160,812
Accounts receivable	39,664	65,720	43,473	36,958
Receivables factoring	2,424	74,550	20,564	78,926
Purchased receivables	110,910	35,931	106,160	19,841
Prepaid expenses and accrued income	21,273	12,035	19,687	10,507
Other receivables	1,363	843	1,660	786
Cash and cash equivalents	470,056	265,579	412,614	267,067
Total current assets	645,689	454,657	604,158	414,086
Total assets	1,295,500	739,392	931,423	574,898
Equity				
Share capital	1,216	1,196	1,203	1,196
Other contributed capital	392,618	88,639	102,632	88,639
Retained earnings incl. profit for the period	365,747	200,992	365,422	189,931
Total shareholders equity attributable to Parent Company shareholders	759,582	290,827	469,257	279,766
Liabilities				
Lease liability	154,302	156,170	156,131	45,545
Total non-current liabilities	154,302	156,170	156,131	45,545
Lease liability	21,157	18,666	20,529	10,958
Accounts payable	20,397	14,824	16,940	19,381
Tax liabilities	53,212	29,924	57,292	37,752
Other liabilities	70,443	49,041	21,307	15,499
Accrued expenses and deferred income	216,406	179,940	189,966	165,997
Total current liabilities	381,615	292,394	306,035	249,587
Total liabilities	535,918	448,565	462,166	295,132
Total equity and liabilities	1,295,500	739,392	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	0	0	40,954	40,954
<i>Transactions with the Group's owners</i>				
Dividends paid	0	0	-29,893	-29,893
Total transactions with the Group's owners	0	0	-29,893	-29,893
Closing equity, March 31, 2020	1,196	88,639	200,992	290,827
Opening equity, April 1, 2020	1,196	88,639	200,992	290,827
Comprehensive income for the period	0	0	164,430	164,430
<i>Transactions with the Group's owners</i>				
New share issue	7	13,993	0	14,000
Total transactions with the Group's owners	7	13,993	0	14,000
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	0	0	45,938	45,938
<i>Transactions with the Group's owners</i>				
Dividends paid	0	0	-45,613	-45,613
New share issue	14	289,986	0	290,000
Total transactions with the Group's owners	14	289,986	-45,613	244,387
Closing equity, March 31, 2021	1,216	392,618	365,747	759,582

Condensed consolidated statement of cash flows

SEK 000s	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Jan-Dec 2019
Operating activities				
Profit before tax	58,888	52,302	262,154	171,721
Non-cash adjustments	17,940	14,547	66,615	43,400
Income tax paid	-29,043	-17,623	-38,605	-25,688
	47,784	49,226	290,164	189,433
Increase (-)/decrease (+) in accounts receivable	12,742	-28,762	-6,515	1,550
Increase (-)/decrease (+) in receivables factoring	18,140	4,376	58,361	-30,975
Increase (-)/decrease (+) in purchased receivables	-4,750	-16,089	-86,319	-19,841
Increase (-)/decrease (+) in other operating receivables	-2,046	-2,669	-11,398	-5,450
Increase (+)/decrease (-) in other operating liabilities	14,900	11,797	29,231	61,062
Cash flow from operating activities	86,770	17,879	273,524	195,779
Investing activities				
Acquisitions of tangible assets	-599	-116	-30,888	-3,210
Acquisitions of intangible assets	-19,596	-15,418	-64,846	-43,125
Acquisition of subsidiaries, net cash	-4,489	0	0	0
Cash flow from investing activities	-24,683	-15,534	-95,735	-46,335
Financing activities				
Overdraft facilities	0	0	0	-49,064
New share issue	0	0	14,000	1,074
Repayment of lease liability	-4,645	-3,833	-16,350	-10,996
Dividends paid to Parent Company owners	0	0	-29,893	-20,907
Cash flow from financing activities	-4,645	-3,833	-32,243	-79,893
Cash flow for the period	57,442	-1,489	145,547	69,551
Cash and cash equivalents at the beginning of the period	412,614	267,067	267,067	197,516
Cash and cash equivalents at the end of the period	470,056	265,579	412,614	267,067

1) A reclassification of amounts in cash flow for the first quarter of 2020 was made for items in "Cash flow from operating activities." Cash flow from changes in other operating receivables was reduced by 7,520 to negative 2,669. Cash flow from changes in operating liabilities was reduced by the corresponding amount. Cash flow from operating activities was unchanged at 17,879.

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	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Jan-Dec 2019
Net sales	173,492	141,585	611,039	464,187
Own work capitalized	7,758	7,006	27,225	21,067
Other operating income	612	290	2,602	2,534
	181,862	148,881	640,867	487,788
Services purchased	-17,743	-17,054	-67,988	-56,804
Other external costs	-36,190	-22,152	-94,595	-81,489
Employee benefit expenses	-62,255	-52,529	-203,090	-163,198
Depreciation, amortization and impairment of tangible and intangible assets	-10,182	-7,772	-38,364	-28,496
Total operating expenses	-126,371	-99,507	-404,037	-329,989
Operating profit	55,492	49,374	236,829	157,799
Financial items	405	287	1,458	264
Profit after financial items	55,897	49,661	238,288	158,063
Appropriations	0	-2,251	-7,636	-7,270
Profit before tax	55,897	47,410	230,651	150,793
Tax	-11,577	-10,294	-49,920	-32,848
Profit for the period	44,320	37,117	180,732	117,946

Condensed Parent Company balance sheet

SEK 000s	Mar 31 2021	Mar 31 2020	Dec 31 2020	Dec 31 2019
Assets				
Intangible assets	105,436	91,289	100,846	85,675
Tangible assets	29,475	6,428	31,174	6,871
Financial assets	383,727	63,532	63,507	63,532
Total non-current assets	518,638	161,249	195,527	156,078
Accounts receivable	32,022	64,982	42,973	36,059
Interest-bearing receivables from Group companies	100,000	70,000	100,000	70,000
Other receivables from Group companies	33,239	1,823	31,464	2,194
Other receivables	939	428	748	337
Prepaid expenses and accrued income	18,669	11,814	17,736	10,886
Cash and bank balances	358,329	249,571	339,685	235,566
Total current assets	543,198	398,618	532,607	355,042
Total assets	1,061,836	559,868	728,134	511,120
Equity				
<i>Restricted equity</i>				
Share capital	1,216	1,196	1,203	1,196
Development fund	104,302	92,347	99,182	79,766
<i>Unrestricted equity</i>				
Share premium reserve	392,618	88,639	102,632	88,639
Retained earnings	202,819	79,655	72,820	4,183
Profit for the period	44,320	37,117	180,732	117,946
Total equity	745,276	298,954	456,569	291,730
Current liabilities				
Accounts payable	13,183	11,988	14,596	16,276
Liabilities to Group companies	4,491	5,206	6,618	5,079
Current tax liabilities	34,157	26,660	50,055	31,778
Other liabilities	64,410	46,171	18,419	13,185
Accrued expenses and deferred income	200,320	170,890	181,877	153,072
Total current liabilities	316,560	260,914	271,565	219,390
Total equity and liabilities	1,061,836	559,868	728,134	511,120

Performance measures for the Group

The company presents some 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. Some non-IFRS measures are presented in the following table.

	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Jan-Dec 2019
<u>IFRS financial measures</u>				
Net sales	198.5	160.7	693.7	532.1
Profit for the period (SEK million)	45.9	41.0	205.4	134.6
Earnings per share before dilution (SEK)	0.76	0.69	3.42	2.25
Earnings per share after dilution (SEK)	0.76	0.68	3.41	2.23
<u>Alternative performance measures</u>				
ARR (SEK million)	590.2	478.6	552.6	444.7
ARPC (SEK)	171	160	169	154
EBIT (SEK million)	59.7	53.2	265.4	172.8
EBIT margin	30.1%	33.1%	38.3%	32.5%
Profit margin	23.1%	25.5%	29.6%	25.3%
Equity per share after dilution (SEK)	12.57	4.82	7.78	4.64
Equity at the end of the period (SEK million)	759.6	290.8	469.3	279.8
Total assets at the end of the period (SEK million)	1 295.5	739.4	931.4	574.9
Working capital at the end of the period (SEK million)	264.1	162.3	298.1	164.5
Cash flow from operating activities (SEK million)	86.8	17.9	273.5	195.8
Equity/assets ratio	58.6%	39.3%	50.4%	48.7%
<u>Non-financial measures</u>				
No. of customers at the end of the period	385,000	328,000	367,000	313,000
No. of employees at the end of the period	488	352	401	329
Average no. of shares outstanding before dilution (000s)	60,287	59,785	60,029	59,758
Average no. of shares outstanding after dilution (000s)	60,444	60,292	60,292	60,266
No. of shares outstanding at the end of the period before dilution (000s)	60,817	59,785	60,135	59,785
No. of shares outstanding at the end of the period after dilution (000s)	60,974	60,292	60,292	60,292

Performance measures for the Group per quarter

	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<u>IFRS financial measures</u>									
Net sales (SEK million)	198.5	188.4	174.6	170.1	160.7	153.3	136.5	128.8	113.5
Profit for the period (SEK million)	45.9	52.4	63.8	48.2	41.0	35.4	43.1	31.1	25.0
Earnings per share after dilution (SEK)	0.76	0.87	1.06	0.80	0.68	0.59	0.72	0.52	0.42
<u>Alternative performance measures</u>									
Growth compared with prev. quarter	5.4%	7.9%	2.6%	5.8%	4.9%	12.3%	6.0%	13.5%	5.9%
ARR (SEK million)	590.2	552.6	532.7	504.3	478.6	444.7	411.6	386.4	367.3
ARPC (SEK)	171	169	167	164	160	154	148	142	137
EBIT (SEK million)	59.7	67.6	82.2	62.5	53.2	45.4	55.2	40.1	32.2
EBIT margin	30.1%	35.9%	47.1%	36.8%	33.1%	29.6%	40.4%	31.1%	28.4%
Profit margin	23.1%	27.8%	36.5%	28.4%	25.5%	23.1%	31.6%	24.1%	22.1%
Equity per share after dilution (SEK)	12.46	7.78	6.91	5.86	4.82	4.64	4.05	3.34	2.81
Equity at the end of the period (SEK million)	759.6	469.3	416.8	353.1	290.8	279.8	244.4	201.2	169.4
Total assets at the end of the period (SEK million)	1 295.5	931.4	848.6	788.1	739.4	574.9	513.8	515.3	485.8
Working capital at the end of the period (SEK million)	264.1	298.1	254.9	210.8	162.3	164.5	136.9	95.3	66.8
Cash flow from operating activities (SEK million)	86.8	93.0	49.6	113.0	17.9	77.4	20.0	57.9	40.5
Equity/assets ratio	58.6%	50.4%	49.1%	44.8%	39.3%	48.7%	47.6%	39.1%	34.9%
<u>Non-financial measures</u>									
No. of customers at the end of the period (000s)	385	367	351	341	328	313	297	286	273
No. of employees at the end of the period	488	401	396	357	352	329	318	294	274

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. 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 and customer relationships. Trademarks with an indeterminable useful life are recognized at cost less any accumulated impairment. Customer relationships 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.

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 is 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:

- **Business owners** – Responsible for sales and marketing of Entrepreneur's and Money's offering to companies that are not accounting firms or their clients. Business owners is responsible for the relationship with its customers. Industry-specific solutions for defined customer groups are developed within Business Owners.
- **Accounting firm** – Responsible for sales and marketing of Entrepreneur's and Money's offering to accounting firms and their clients. Firm is responsible for the relationship with accounting firms and their clients. Industry-specific solutions for accounting firms are developed within Accounting Firm.

- **Entrepreneur** – Responsible for product development, user support and sales to existing customers for services in financial administration and insurance services.
- **Money** – 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	Business owners	Accounting firm	Entrepreneur	Money	Offerta
	Jan-Mar 2021	Jan-Mar 2021	Jan-Mar 2021	Jan-Mar 2021	Jan-Mar 2021
SEK 000s					
Revenues (from external customers)	28,921	63,725	82,932	21,378	4,829
Revenues (from other segments)		83	1,258	1,615	
Operational segment result	20,366	38,313	44,948	494	-327
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
	Jan-Mar 2021	Jan-Mar 2021
SEK 000s		
Revenues (from external customers)	755	202,540
Revenues (from other segments)	-2,956	
Operational segment result	-45,521	58,273
Reversal of expensed capitalized expenditures for development work	10,671	10,671
Own work capitalized	8,925	8,925
Depreciation and amortization	-18,177	-18,177
Operating profit	-44,102	59,692
Financial items	-804	-804
Profit before tax	-44,906	58,888

The Group's operating segments	Business owners	Accounting firm	Entrepreneur	Money	Offerta
	Jan-Mar 2021	Jan-Mar 2021	Jan-Mar 2021	Jan-Mar 2021	Jan-Mar 2021
SEK 000s					
Type of service					
Subscription-based	26,372	54,088	63,913		4,829
Transaction-based	2,122	8,195	20,191	13,840	
Lending-based	427	1,480		5,723	
Others		44	86	3,430	
Revenues	28,921	63,808	84,190	22,993	4,829

The Group's operating segments	Intra-Group and eliminations	Group
	Jan-Mar 2021	Jan-Mar 2021
SEK 000s		
Type of service		
Subscription-based		149,203
Transaction-based	-2,850	41,498
Lending-based		7,630
Others	648	4,208
Revenues	-2,202	202,540

The Group's operating segments	Services for financial administration		Payment and financial services		Service brokerage services	
	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020
SEK 000s						
Revenues (from external customers)	170,426	138,875	26,463	24,787	4,829	
Revenues (from other segments)	3,679	3,000	1,642	1,140		
Operating profit	55,492	49,374	5,906	5,538	-505	
Financial items						
Profit before tax						

The Group's operating segments	Other services		Intra-Group and eliminations		Group	
	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020
SEK 000s						
Revenues (from external customers)	822	166			202,540	163,828
Revenues (from other segments)	3		-5,324	-4,140		
Operating profit	333	-2,242	-1,534	511	59,692	53,181
Financial items			-804	-879	-804	-879
Profit before tax			-2,174	-368	58,888	52,302

The Group's operating segments	Services for financial administration		Payment and financial services		Service brokerage services	
	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020
SEK 000s						
Type of service						
Subscription-based	144,374	116,757			4,829	
Transaction-based	26,517	22,543	17,010	17,539		
Lending-based			7,630	5,573		
Others	3,213	2,575	3,465	2,816		
Revenues	174,105	141,875	28,105	25,927	4,829	

The Group's operating segments	Other services		Intra-Group and eliminations		Group	
	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020
SEK 000s						
Type of service						
Subscription-based					149,203	116,757
Transaction-based	823	166	-2,852	-1,140	41,498	39,108
Lending-based					7,630	5,573
Others	3		-2,473	-3,000	4,208	2,391
Revenues	825	166	5,324	4,140	202,540	163,828

Note 4 Business combinations

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 at 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 other external costs, amounted to SEK 3.3 million, of which SEK 1.9 million was charged to the first quarter of 2021.

During the first quarter, the subsidiary contributed SEK 4.8 million to the Group's net sales and negative SEK 0.5 million to the Group's profit before tax. If the acquisition had occurred on January 1, 2021, the management estimates that the Group's net sales would have been SEK 215.3 million and profit before tax would have been SEK 58.2 million for the first quarter of 2021.

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 5 Goodwill

SEK 000s

Accumulated cost	
Opening balance, January 1, 2021	0
Business combinations	208,625
Closing balance, March 31, 2021	208,625
Carrying amounts	
As of March 31, 2021	208,625

Note 6 Related party

Other related-party transactions

	Sales of services to related parties		Purchase of services from related parties		Others	
	Jan-Mar 2021	Jan-mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020
SEK 000s						
Subsidiaries						
Fortnox Finans AB	3,743	3,042	1,642	1,140	407	287
Fortnox Försäkringar AB	52	70	3			

	Receivables from related parties		Liabilities to related parties	
	Mar 31 2021	Mar 31 2020	Mar 31 2021	Mar 31 2020
SEK 000s				
Subsidiaries				
Fortnox Finans AB	133,239	71,753		
Fortnox Försäkringar AB		70	4,491	5,206