

Q3 2022

Interim report

CGit Holding AB (publ)



Financial overview, the Group

(TSEK)

Financial overview, the Group	2022 Third Quarter	2021 Third Quarter	2022 First three quarters	2021 First three quarters	2021 Full year
Net sales	73 881	20 645	125 104	74 160	135 569
Operating profit before depreciation and amortization (EBITDA)	2 173	845	5 088	3 591	4 924
Operating profit (EBIT)	1 202	-21	2 246	1 054	1 537
Profit after tax	928	-88	1 625	663	1 000
Profit per share after tax (SEK)	0.59	-0.06	1.03	0.42	0.63
Number of shares	1 576 000	1 576 000	1 576 000	1 576 000	1 576 000

- Revenues increased by MSEK 53.2 to MSEK 73.9 (MSEK 20.7 for the same period last year). In the previous report (Q2), we highlighted that we had made some significant deals, but due to component shortages, delivery and invoicing will be delayed until the second half of 2022 and the first half of 2023. Q3 shows delivery in line with expectations for the quarter, but we still note that the component shortage remains as problematic as in the previous quarter, and we expect it to continue into 2023.
- Annual recurring revenue (ARR) from operating activities is in line with the previous year and amounts to MSEK 6.5 (MSEK 6.5 in the same period last year).
- Gross margin for operating activities is 15.6 percent (37.5 percent).
- EBITDA amounts to MSEK 2.2 (MSEK 0.85), corresponding to a margin of 2.9 percent (4.1).
- During the period, a cost of TSEK 88 was incurred for the development of our software solution linked to AI.
- Cash and bank balance fell during the quarter from MSEK 2.5 to MSEK 1.5. CGit's growth will positively affect our cash flow in the long term, but as accounts receivables have grown substantially in Q3, the short-term impact is negative.
- The Group's profit per share for the third quarter of 2022 amounts to SEK 0.59 (-0.06).

Calendar

Year-end report (Q4):

February 3, 2023

Mission statement

We increase our customers' competitiveness by pushing the envelope with innovative, smart, and simple solutions.



Business description

CGit is an IT company based in Mölndal and is part of a Group where the wholly owned subsidiary CGit has been active in the construction and development of IT since 2007, including AI/Deep Learning platforms, data centers, security, management, hosting, networks & communications, and backup/DR.

The company delivers products, solutions, and expertise in the following business areas: AI solutions and services, Enterprise IT infrastructure, IT operations and hosting, and IT products/solutions. Currently, we have around 120 customers across Sweden in a wide range of industries.

CGit helps companies get the most out of their existing IT solutions and find maximum business advantage in planned investments. We achieve this by working closely with a small number of carefully selected partners who work together to create synergies.

Our position is that we cannot meet tomorrow's challenges with yesterday's technology, and working with CGit should always be valuable, profitable, and timely.

Words from CEO



Together with our customers, we have made several major AI infrastructure deals in Q3 with profitability. As a result, we are experiencing exceptional growth and have improved our market position in AI, further consolidating our position as the leading player in AI infrastructure and associated services in the Nordic region. It also creates favorable conditions for us to develop our other AI solutions and AI as a Service.

Together with our customers, we have made several major AI infrastructure deals in Q3 with profitability. As a result, we are experiencing exceptional growth and have improved our market position within the AI-field, further consolidating our position as the leading player in AI infrastructure and associated services in the Nordic region. It also creates favorable conditions for us to develop our other AI solutions and AI as a Service.

CGit is well-equipped to face the turbulent global context we currently find ourselves. We do this by having several revenue legs compensate each other in these times. Our targeted increase in service

revenues is having a positive impact directly through our consulting payments. Also, it generates more deals and business opportunities as our experienced consultants become natural advisors to our customers, who can sometimes feel disoriented when the market is as changeable as it is. There is a start-up period when we take on new consultants, yet on service revenues alone, we see an increase in CM of 175% compared to the corresponding period last year.

Digitalization in Swedish and Nordic enterprises is taking off, and the level of maturity and awareness is constantly increasing. Companies are beginning

to realize that it may be the one component that determines their survival or at least maintain their market share or ensure their competitiveness. At the same time, there is more focus on cybersecurity than there has been for a long time, partly because of the international situation. Digitalization revolves around blockchain, big data management, edge computing, digital twins linked to industry 4.0, and AI (Artificial Intelligence).

CGit has been working with AI and AI Infrastructure since 2017. To be one of the market leaders in AI, AI as a Service, and AI infrastructure solutions at this stage creates an excellent basis for us. We have been part of setting the standard for the architecture around these solutions. During these years, we have been responsible for designing, implementing, delivering, and supporting many of the largest AI installations in the Nordic region. It has generated broad and deep expertise in the field, experience, and comprehensive know-how about Swedish and Nordic businesses and how digitalization can create new conditions for their operations and future.

Today we also have our own proprietary product for AI, AiQu, an orchestrator for AI workflows. In parallel with the development of AiQu, we have built up deep and broad expertise in consulting in the field of AI and also created applicable concepts for AI as a Service.

With this product portfolio, we want to make the benefits of AI available to all companies. The most common application where CGit today contributes with knowledge in AI to various companies or organizations is through work related to language management, data/information management, and image and video management, often referred to as "vision". In industry, the most common uses and applications of AI are quality control and various safety and maintenance prevention models. With new technology, we create new measuring points in the company's processes, creating new values and opportunities. Using "vision", we can create new data to complement existing data and thereby categorize/find anomalies in an entirely new way. In this way, CGit contributes to the development of companies into Industry 4.0.

AI Vision works in all applications where a human with process knowledge uses the eyes to check,

assess, and decide on action visually. As a result, the use cases are extensive. By understanding its customers' operations, CGit aims to teach and demonstrate the value of new technology through practical applications of an AI model, thus contributing to the further development of AI.

I have described parts of our AI journey within CGit. Using CGit's existing infrastructure and processes, we can offer companies a cost-effective production of AI. With all data processing on CGit-owned systems, we keep all data handled in Sweden. Through our AiQu software, we always manage the customer's data in complete separation from other companies' data. We can also provide the monitoring of systems to ensure production. In summary, CGit can deliver AI from A to Z.

With these prerequisites in the AI area, an expanded consulting team of 25 percent more people in Q3, and a well-established business around Managed Services (operation, support, and hosting of advanced IT infrastructure), I look forward to the continued building of our house of knowledge. In addition, the insight of our customers into the paradigm shift around Industry 4.0 will further enable us to deliver on our plan and see continued growth in the coming years.

Mattias Bergkvist, CEO CGit

Significant events during the period:

- 2022/07/01** **CGit enters an order with a new customer, value MSEK 1.**
 An existing customer entrusts CGit to deliver its next-generation network infrastructure. The customer, operating in the global telecommunications market, decides to invest in new technology to meet greater demand, business requirements, security needs, and capacity. With the latest technology CGit delivers, the customer ensures that the information is always secure and available.
- 2022/07/07** **CGit enters an order with a new customer, value MSEK 34.**
 An existing customer entrusts CGit to deliver a new AI/Deep Learning platform. The customer is active in the automotive sector and works with solutions for autonomous driving. The customer has designed a unique, scalable, open platform to support driver acceptance, use, and reliability.
 With the new AI platform CGit delivers, the customer ensures the continued development of its solution, and that capacity is secured to meet market needs.
- 2022/07/14** **CGit enters an order with a new customer, value MSEK 8.4.**
 One of our existing customers entrusts CGit to deliver its new data management solution, which we base on the latest data storage technology linked to AI-Deep Learning platforms. The customer is active in the automotive sector and works with software solutions for driverless vehicles. We base the order on a 60-day evaluation process to ensure that the technology meets the expectations and goals set by the customer. In developing the solution, we discussed other options, but CGit and the customer have, through careful validation, landed on this particular solution. However, in consultation with CGit, the customer has the right to change it.
 With the new order delivered by CGit, the customer ensures the continued development of its AI/Deep Learning platform.
- 2022/08/04** **CGit enters an order with an existing customer, value MSEK 1.1.**
 An existing customer entrusts CGit to deliver its next-generation storage solution. The customer is a store chain that sells accessories for consumer electronics. The customer has decided to invest in new technology to meet the security and capacity requirements of the business. With the latest technology that CGit delivers, the customer ensures that the information is always secure and available with high capacity.
- 2022/08/19** **CGit enters an order with a new customer, value MSEK 21.**
 An existing customer entrusts CGit to supply it with a new AI/Deep Learning platform. The customer is active in the automotive sector and works with solutions for autonomous driving. It has designed its unique, scalable, open platform to support driver acceptance, use, and reliability.
 With the new AI platform CGit delivers, the customer further ensures the continued development of its solution, and that capacity is secured to meet the ever-increasing market needs.

Significant events after the end of the period:

- 2022/10/05** **CGit delivers the MLOps software AiQu to a leading player in, among other things, research and innovation.**
 With AiQu, the player will increase its GPU resources' utilization and efficiency – whether in the public cloud, its data centers, or with local clients. The main reasons for choosing AiQu include the simplicity of the software, the low requirements for the underlying infrastructure, and the fact that the development of the software takes place in Sweden.



Basic facts about the Group

The share

The Company's share is available for trading on Spotlight Stock Market under the ticker CGIT B, ISIN code is SE0010636837. Spotlight Stock Market is a subsidiary of ATS Finans AB, an investment firm under the supervision of the Swedish Financial Supervisory Authority. Spotlight operates a trading platform that is not a regulated market.

The share capital of CGit amounts to SEK 788 000 divided into 1 576 000 shares with a quota value of SEK 0.50 per share. All are issued and fully paid. The Company has two class shares: 100 000 are class A shares, and 1 476 000 are class B shares. Each A share carries ten (10) votes per share, while each B share carries one (1) vote per share. They all have equal rights to a portion of the assets and profits of the Company.

Cash flow / Going concern

CGit's growth will positively affect our cash flow in the long term, but as accounts receivables have grown substantially in Q3, the short-term impact is negative.

Accounting and valuation policies

We have prepared the report in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 (K3), which are unchanged from the previous year. Please refer to the Company's most recent annual report for further information.

The consolidated accounts combine the activities of the Parent Company and all its subsidiaries. Subsidiaries are all entities in which the Group has the power to govern the financial and operating policies to obtain economic benefits. The Group achieves and exercises control by holding more than half of the votes. Intra-group transactions and balance sheet items are eliminated in full on consolidation, including unrealized profits and losses on transactions between Group companies.

Auditor's statement on the interim report

The report has not been subject to review by the Company's auditor.

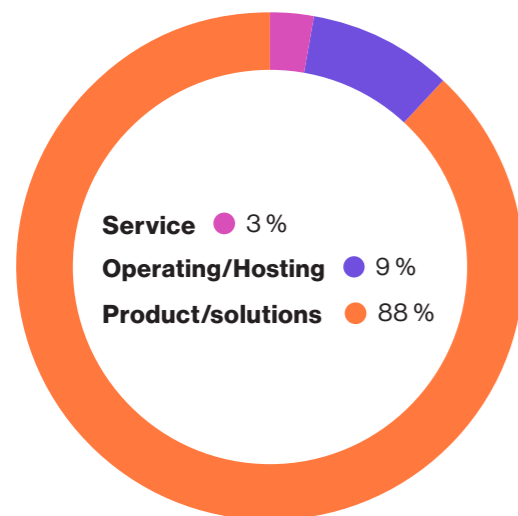
Staff

As of September 30, 2022, the Group has 36 employees.

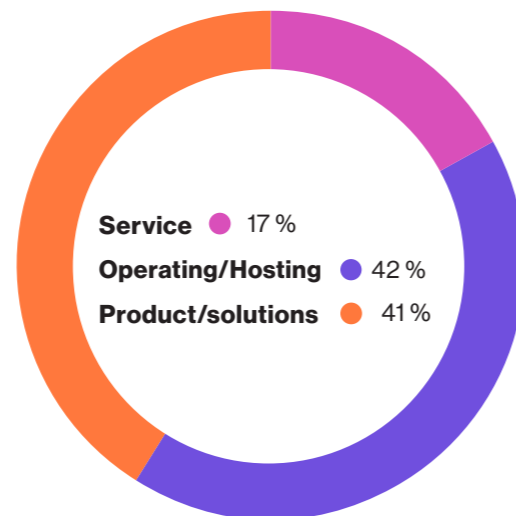
Important dates

Year-end report (Q4): February 3, 2023

Total sales
2022 Q3



Total CM
2022 Q3



Founder Christian Gustavsson

Consolidated Income Statement

All amounts in TSEK

	Third Quarter		First three quarters		Full year
Consolidated Income Statement	2022	2021	2021	2020	2021
Operating income					
Net sales	73 881	20 645	125 104	74 160	135 569
Capitalized own development work	88	268	422	499	1 846
Other operating income	532	329	3 230	2 429	1 599
Total operating income	74 501	21 242	128 756	77 088	139 014
Operating costs					
Merchandise & services purchased	-62 374	-12 909	-94 175	-48 105	-98 529
Other external costs	-2 886	-2 157	-8 565	-8 587	-11 711
Personnel costs	-6 779	-5 206	-20 562	-16 479	-23 515
Other operating costs	-289	-125	-366	-326	-335
Total operating costs before depreciation	-72 328	-20 397	-123 668	-73 497	-134 090
Operating profit before depreciation and amortization (EBITDA)	2 173	845	5 088	3 591	4 924
Depreciation of intangible and tangible fixed assets	-971	-866	-2 842	-2 537	-3 387
Operating profit (EBIT)	1 202	-21	2 246	1 054	1 537
Income from financial items					
Interest costs and similar items	-70	-53	-196	-154	-214
Profit before tax for the period	1 132	-74	2 050	900	1 323
Tax expense for the period	-204	-14	-425	-237	-323
Profit for the period	928	-88	1 625	663	1 000
Profit per share after tax	0.59	-0.06	1.03	0.42	0.63
Profit attributable to shareholders of the Parent Company	830	-159	1 603	538	921
Profit attributable to non-controlling interests	98	71	22	125	79

Consolidated Balance Sheet

All amounts in TSEK

Consolidated Balance Sheet	2022 Q3	2021
ASSETS		
Fixed assets		
Intangible assets		
Capitalized expenditure for development works	6 598	5 920
Tangible fixed assets		
Machinery and other technical equipment	269	453
Equipment, tools, fixtures, and fittings	11 657	9 545
Total fixed assets	18 524	15 918
Current assets		
Inventories, etc.		
Finished goods and merchandise	41	12
Current receivables		
Accounts receivable	40 716	8 969
Current tax asset	294	0
Other receivables	99	7 035
Prepayments and accrued income	2 273	3 274
Cash and bank balance	1 451	5 868
Total current assets	44 874	25 158
Total assets	63 398	41 076

Consolidated Balance Sheet

All amounts in TSEK

Consolidated Balance Sheet	2022 Q3	2021
EQUITY AND LIABILITIES		
Equity		
Share capital	788	788
Other contributed capital	5 460	5 460
Other equity including net result for the period	8 690	7 087
Equity relating to shareholders of the Parent Company	14 938	13 335
None-controlling influence	113	91
Total equity	15 051	13 426
Non-current liabilities		
Liabilities to credit institutions	6 675	4 892
Total non-current liabilities	6 675	4 892
Current liabilities		
Liabilities to credit institutions	4 213	3 695
Customer advances	117	45
Accounts payable	32 280	6 077
Current tax liability	0	399
Other liabilities	2 351	9 423
Accruals and deferred income	2 711	3 119
Total current liabilities	41 672	22 758
Total equity and liabilities	63 398	41 076



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Parent Company Income Statement

All amounts in TSEK

Parent Company Income Statement	Third quarter		First three quarters		Full year
	2022	2021	2022	2021	2021
Operating income					
Net sales	840	840	2 520	2 520	3 659
Total operating income	840	840	2 520	2 520	3 659
Operating costs					
Other external costs	-135	-121	-469	-435	-578
Personnel costs	-705	-705	-1 865	-2 296	-3 070
Total operating expenses	-840	-826	-2 334	-2 731	-3 648
Operating income	0	14	186	-211	11
Income from financial items					
Interest costs and similar items	0	0	-1	-1	-1
Total financial items	0	0	-1	-1	-1
Income after financial items	0	14	185	-212	10
Appropriations					
Group contributions received	0	0	0	0	0
Tax expense for the period	-1	0	-38	0	-4
Profit for the period	-1	14	147	-212	6

Parent Company Balance Sheet

All amounts in TSEK

Parent Company Balance Sheet	2022 Q3	2021
ASSETS		
Fixed assets		
Financial assets		
Interests in Group companies	1 790	1 790
Total fixed assets	1 790	1 790
Current assets		
Current receivables		
Accounts receivable	0	350
Receivables from Group companies	5 666	5 188
Other receivables	13	0
Prepayments and accrued income	102	396
Total current receivables	5 781	5 934
Cash and bank balance		
Cash and bank balance	392	41
Total current assets	6 173	5 975
Total assets	7 963	7 765

Parent Company Balance Sheet

All amounts in TSEK

Parent Company Balance Sheet	2022 Q3	2021
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	788	788
Unrestricted equity		
Share premium fund	5 460	5 460
Retained earnings	904	898
Profit for the period	147	6
Total equity	7 299	7 152
Non-current liabilities		
Liabilities to credit institutions	0	0
Total non-current liabilities	0	0
Current liabilities		
Accounts payable	134	33
Current tax liability	83	128
Other liabilities	257	277
Accruals and deferred income	190	175
Total current liabilities	664	613
Total equity and liabilities	7 963	7 765

CGIT /

CGit is an IT consulting company based in Mölndal, Sweden, that is part of a Group. The Company focuses on advanced Data Center solutions, including specialized solutions and consulting services related to Artificial Intelligence (AI) development and production. CGit currently has around 220 customers across various industries, and is a full-service IT support partner to 80 of these.

FOR MORE INFORMATION /

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