

FORTNOX

Year-End Report 2016



Summary of the Fortnox Group for the full year 2016 (compared with the corresponding period during the previous year)

- » Net sales for the Group increased by 46.0 percent to SEK 189.3 million (129.7).
- » Operating profit amounted to SEK 41.9 million (24.5), corresponding to an operating margin of 22.1 percent (18.9).
- » The Parent Company reported an operating margin of 24.8 percent (23.2). The subsidiary Nox Finans reported a break-even financial performance in 2016
- » Operating profit includes non-recurring expenses of SEK 3.2 million related directly to Visma's bid. Excluding these non-recurring expenses, the operating margin for the Group amounts to 23.8 percent (18.9) and for the Parent Company to 26.7 percent (23.8)
- » Profit after tax was SEK 32.6 million (19.0).
- » Earnings per share were SEK 0.56 (0.33).
- » The Board of Directors proposes that the dividend be increased to SEK 0.20 (0.16).

Summary of the Fortnox Group for the period October-December 2016 (compared with the corresponding period during the previous year)

- » Net sales for the Group increased by 37.7 percent to SEK 53.6 million (38.9).
- » Operating profit amounted to SEK 12.5 million (9.1), corresponding to an operating margin of 23.4 percent (23.5). The Parent Company's operating margin totalled 26.3 percent (28.3).
- » Profit after tax was SEK 10.0 million (7.0).
- » Earnings per share were SEK 0.17 (0.12).
- » Net sales and operating profit include royalty payments received from Briox AB amounting to SEK 1.0 million (3.0). Excluding the royalty payments from Briox, net sales in the Group increased by 46.4 percent (37.1) and the operating margin rose to 21.9 percent (17.1).





With 155,000 customers, Fortnox is Sweden's leading supplier of online ERP systems for small companies, associations, schools and accounting firms. Fortnox offers a comprehensive range of internet-based programmes providing solutions for book-keeping, invoicing, sales support, time reporting and payroll administration, among other things. Our customers are able to access their programmes and information from any computer with an internet connection. Multiple users can be logged in simultaneously and can collaborate and share information. Customers no longer need to worry about installation, updating and back-up. The use of the programmes is attained through a licence for which the customer pays a monthly fee per user and programme module. Fortnox, founded in 2001, has 169 employees in the Group and is based in Växjö. The share is listed for trade on the NGM Nordic MTF exchange. Please visit www.fortnox.se for further information.



Comments from the Chief Executive Officer

New record-breaking year for Fortnox

As new CEO of Fortnox, I have the pleasure of beginning by presenting the Company's best ever financial results.

The uptake of new customers in 2016 remained very positive. We gained 40,000 new customers during the year, a new record. Overall, more than 155,000 customers now manage their book-keeping, invoicing and other administrative affairs in Fortnox's cloud-based programmes. We thereby further strengthened our position as the leading supplier of online ERP systems for small companies and organisations.

A crucial factor in our success is our unique network of office partners. Today, Fortnox has partnership agreements in place with all of the large accountancy and auditing firms in Sweden. 2016 saw the addition of our partnership with E&Y, while our collaboration with LRF Konsult was also enhanced. As of now, more than 14,400 accountancy consultants are affiliated and work continuously with our programmes. This represents an extremely significant channel for recruiting even greater numbers of new customers.

In total, sales increased to just over SEK 189 million in 2016. This is a 100% rise over a mere two years, a fantastic achievement. I have previously worked in growth companies in IT and telecommunications and know what it takes to stay at the top.

During the fourth quarter, sales increased by over 46 percent, adjusted for the royalty payments received from Briox AB (formerly FINT AB) in December 2015 and December 2016. The comparable growth for the fourth quarter of 2015 was 37 percent.

Adjusted for the income from Briox, operating profit for the quarter improved by close to 90 percent. The subsidiary Nox Finans also experienced positive development. Even though the operations remain in the start-up phase, the company broke even in 2016.

Fortnox therefore achieved the Group's financial targets by a good

margin, those being an average annual growth of a minimum 25 percent and an operating margin of a minimum 20 percent.

2016 was an eventful year in other respects too. At the Annual General Meeting in June, a largely entirely new Board of Directors was appointed. I, myself, am new to the role of CEO, having begun in mid-November. In the near future, Joachim Lindow is due to assume the role of CEO for our subsidiary Nox Finans, which offers the market's most intelligent financing solutions for small companies. Joachim Lindow has extensive experience of the banking and finance sector, most recently as Country Manager for Sweden at Ikano Bank.

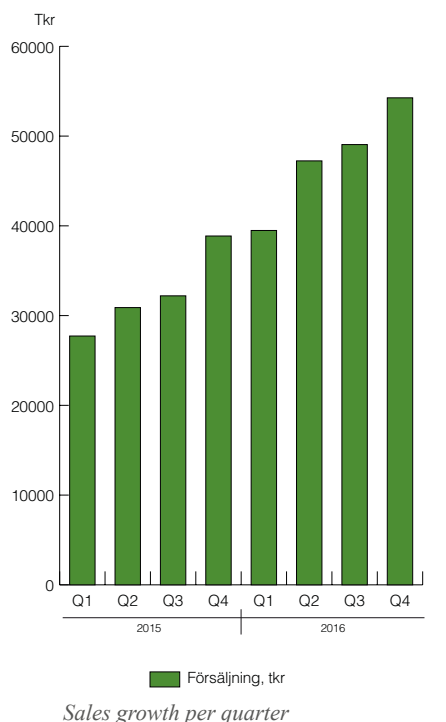
With many new faces in management boasting years of experience of digitalisation and financial operations, a record-breaking order book and stable finances, we are well equipped to face any coming challenges.

Growth retains its position as our highest priority. We will grow through both recruitment and new customers, as well as via additional sales to existing customers. There are still many companies who have not yet taken the step to manage their book-keeping in the cloud. For others, a lot of work is still required before their administrative flow is fully digitalised.

Fortnox works according to its motto "Small companies' best friend". We will accordingly continue to invest time and resources into improving our existing services while simultaneously concentrating on the development of new services and new functionality.

Lastly, I would like to express my gratitude to our customers, partners, employees and shareholders for their contributions to our successes in 2016, and to welcome you to a new, exciting year.

Sales, Group



Operations during the period October-December

Sales and order intake continued to develop positively. As of 31 December, Fortnox had approximately 155,000 customers. This is an increase of 40,000 customers, or 35 percent, compared with the equivalent date during the previous year.

Orders received also developed positively and increased by 34 percent compared with year-end 2015, to SEK 163 million. Orders received tend to reach their seasonal peaks during the first and fourth quarters, as many companies choose to switch supplier in conjunction with the beginning of a new financial year.

December saw the launch of a new, expanded and improved version of Fortnox Lön, one of Sweden's most widely-used payroll programmes. The updated programme includes several new functions allowing customers additional optimisation options for their digital flow, increasing the ease of use even further.

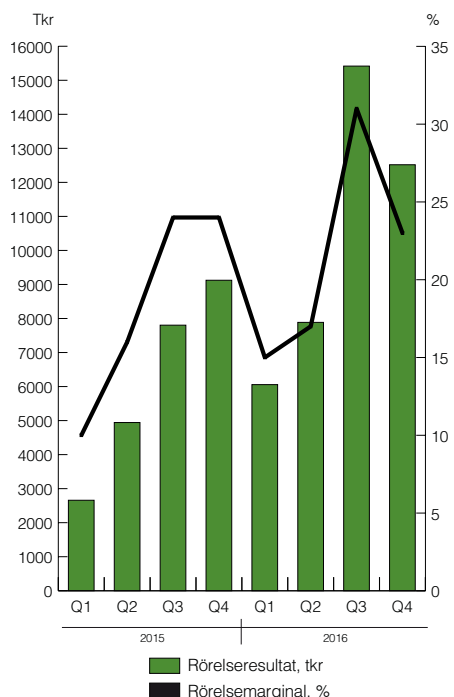
Development in the subsidiary Nox Finans went as planned. Sales improved and the operations yielded a positive result during the quarter. Over the course of the full year 2016, Nox Finans reports a break-even result. In December, a new share issue of SEK 6.5 million was executed. The issue proceeds will be used to facilitate continued growth.

Nils Carlsson, Fortnox's new CEO as of 14 November, has extensive experience of international digital business and has held leading positions at Eniro, Electrolux, Europolitan, Vodafone, Telenor and others.

Joachim Lindow was appointed as the new CEO of the subsidiary Nox Finans in December. He most recently served as Country Manager for Sweden at Ikano Bank. Joachim Lindow will take up the post in March 2017.

December also saw the start of Fortnox's move to its newly-constructed head office at Arenastaden in Växjö. All employees will have been moved in by the end of the first quarter of 2017.

Operating profit, Group



Income and profit

October - December 2016

Group

Net sales increased by 37.8 percent to SEK 53.6 million (38.9). Operating profit was SEK 12.5 million (9.1). This corresponds to an operating margin of 23.4 percent (23.5).

Profit before tax was SEK 12.9 million (9.0). Profit after tax amounted to SEK 10.0 million (7.0) and earnings per share were SEK 0.17 (0.12).

Excluding the royalty payments of SEK 1.0 million (3.0) received from Briox AB, net sales amounted to SEK 52.5 million, corresponding to growth of 46.4 percent and operating profit of SEK 11.5 million and giving an operating margin of 21.9 percent.

Parent Company

Net sales increased by 26.3 percent to SEK 46.8 million (37.1). Operating profit amounted to SEK 12.3 million (10.5), and the operating margin to 26.3 percent (28.3).

Profit before tax was SEK 12.3 million (10.5) and profit after tax was SEK 9.6 million (8.2). Earnings per share were SEK 0.16 (0.14).

Excluding the royalty payments of SEK 1.0 million (3.0) received from Briox AB, net sales amounted to SEK 45.8 million, corresponding to growth of 34.5 percent and operating profit of SEK 11.3 million and giving an operating margin of 24.7 percent.



January - December 2016

Group

Net sales during the period amounted to SEK 189.3 million (129.7), an increase of 46.0 percent. Operating profit was SEK 41.9 million (24.5). This corresponds to an operating margin of 22.1 percent (18.9). Profit was negatively impacted by non-recurring expenses totalling SEK 3.2 million, attributable to financial and legal consultancy fees associated with Visma's public takeover bid. The profit recorded in December includes royalty payments of SEK 1.0 million (3.0) received from Briox AB. Excluding these one-time transactions, operating profit was SEK 44.1 million and the operating margin was 23.3 percent.

Profit before tax was SEK 41.9 million (24.5). Profit after tax amounted to SEK 32.6 million (19.0) and earnings per share were SEK 0.56 (0.33).

Parent Company

Net sales increased by 34.2 percent to SEK 168.9 million (125.8). Operating profit amounted to SEK 41.9 million (29.2), and the operating margin to 24.8 percent (23.2). Profit was negatively impacted by non-recurring expenses totalling SEK 3.2 million, attributable to financial and legal consultancy fees associated with Visma's public takeover bid. The profit recorded in December includes royalty payments of SEK 1.0 million (3.0) received from Briox AB. Excluding these one-time transactions, operating profit was SEK 44.1 million and the operating margin was 26.3 percent.

Profit before tax was SEK 41.8 million (29.2) and profit after tax was SEK 32.6 million (22.7). Earnings per share were SEK 0.56 (0.39).

Cash flow and financial position

The Group's cash flow from operating activities for 2016 was SEK 48.7 million (54.0). The Group's liquid resources at the end of the period amounted to SEK 60.3 million (45.8). Liquid resources include customer deposits in the subsidiary Nox Finans amounting to SEK 14.9 million (11.6). An amount of SEK 10 million of these liquid resources is pledged as security for utilised credit in Nox Finans. Current liabilities at the end of the period amounted to SEK 97.8 million (73.1). The Group has no non-current liabilities. The equity/assets ratio was 37 percent (33).

In December, a new share issue of SEK 6.5 million was executed in Nox Finans. Fortnox's participating interest in Nox Finans is equivalent to 92.4 percent.

Investments and returns

The Group's investments during the period amounted to SEK 30.9 million (29.8), of which capitalised development costs constituted SEK 22.0 million (27.6). These capitalised development costs include internally-generated costs for development work of SEK 13.3 million (15.2). Depreciation and amortisation during the period totalled SEK 10.2 million (5.0).

Equity

At the end of the quarter, equity in the Group amounted to SEK 58.7 million (36.9). Share capital was SEK 1,168,345 (1,168,345), divided between 58,417,259 shares with a quotient value of SEK 0.02.

Employees

The number of employees in the Group at the end of the period was 169, compared with 139 on the corresponding date during the previous year. In addition, the Company engages consultants for individual projects.



The Fortnox share

Fortnox AB is traded on the NGM Nordic MTF exchange. The Fortnox share was listed at SEK 29.90 on 30 December. This corresponds to a market value of approximately SEK 1,747.0 million. During 2016, the share has traded at a highest listed price of SEK 31.79 on 24 November, while the lowest price of SEK 15.30 was listed on 28 June.

Ten largest shareholders as at 31 December 2016.

Shareholder	Number	%
FIRST KRAFT AB	12,220,659	20.92%
SWEDBANK ROBUR NY TEKNIK BTI	3,017,000	5.16%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	2,383,092	4.08%
NORDNET PENSIONS FÖRSÄKRING AB	2,156,458	3.69%
BENGTSSON, PEDER KLAS-AKE	2,018,000	3.45%
RBC INVESTOR SERVICES BANK SA, LUX AIF CLIENTS	2,014,974	3.45%
CBNY-NORGES BANK	1,730,000	2.96%
BERGSTRÖM, BIRGER	1,495,000	2.56%
SPILTAN AKTIEFOND SVERIGE	1,125,648	1.93%
NETFONDS ASA, NQI	1,096,718	1.88%
Other shareholders	29,159,710	49.9%
Total	58,417,259	100.0%

Prospects

Fortnox is confident that there continues to be a substantial growth potential for the Company's services and products. This applies both to existing and potential customers. The digitalisation and automation of ever more work tasks and functions in society is beneficial for Fortnox.

This development is accelerated by Fortnox's office partners, who apply various initiatives to encourage their customers to transfer their administration to the cloud. By the year 2020, cloud-based services are expected to account for 95-100 percent of the accountancy sector's IT solutions.

Financial calendar

Annual General Meeting	28 March 2017
Interim Report for the period January – March	27 April 2017
Interim Report for the period April – June	18 August 2017
Interim Report for the period July – September	18 October 2017

Significant events after the end of the report period

No significant events have taken place after the end of the report period.

NB

This information is information that Fortnox AB is obliged to make public pursuant to the EU Market Abuse Regulation and Securities Market Act. The information was submitted for publication, through the agency of the contact person set out below, at 08:30 CET on 9 February 2017.

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

Växjö, 9 February 2017

Fortnox AB (publ)

Nils Carlsson

For further information, please contact:

Nils Carlsson, Chief Executive Officer

Accounting principles

This interim report has been prepared in accordance with the Annual Accounts Act.

Condensed Consolidated Income Statement

Amounts in SEK	01/16-12/16	01/15-12/15	10/16-12/16	10/15-12/15
Net sales	189,301,482	129,684,183	53,525,584	38,868,265
Own work capitalised	13,338,664	15,233,777	3,645,754	4,189,255
Other operating income	1,350,307	0	737,158	0
	203,990,453	144,917,960	57,908,496	43,057,520
Operating expenses				
Purchased services	-24,797,610	-14,501,255	-7,315,439	-4,867,592
Other external expenses	-41,398,768	-28,074,795	-11,500,453	-8,257,887
Personnel costs	-85,669,788	-72,819,146	-23,638,435	-19,210,243
Depreciation and amortisation of tangible and intangible fixed assets	-10,246,590	-4,992,197	-2,936,088	-1,597,568
	-162,112,756	-120,387,393	-45,390,415	-33,933,290
Operating profit	41,877,697	24,530,567	12,518,081	9,124,230
Profit from financial items				
Interest income and similar profit/loss items	1,234	12,601	619	216
Interest expenses and similar profit/loss items	-41,968	-85,927	337,890	-79,524
	-40,734	-73,326	338,509	-79,308
Profit after financial items	41,836,961	24,457,241	12,856,590	9,044,922
Tax	-9,282,845	-5,431,380	-2,857,802	-2,012,664
PROFIT FOR THE PERIOD	32,554,116	19,025,861	9,998,788	7,032,258
Attributable to				
Shareholders in the Parent Company	32,554,436	19,429,754	9,958,731	7,144,627
Minority interests	320	-403,893	40,057	-112,369

Condensed Consolidated Balance Sheet

Amounts in SEK

31 Dec 2016 31 Dec 2015

ASSETS

Fixed assets

Intangible fixed assets

Capitalised development costs	57,838,363	45,273,844
Goodwill	0	400,000
	57,838,363	45,673,844

Tangible fixed assets

Inventories	2,014,492	1,165,318
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Financial fixed assets

Deferred tax assets	1,546,206	1,772,349
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Total fixed assets	61,399,061	48,611,511
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Current assets

Current receivables

Trade receivables	16,513,314	13,685,342
Accounts receivable financing	15,781,550	0
Other receivables	316,386	331,337
Prepaid expenses and accrued income	2,271,787	1,978,394
	34,883,037	15,995,073

Cash and bank balances	60,261,030	45,835,718
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Total current assets	95,144,067	61,830,791
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TOTAL ASSETS	156,543,128	110,442,302
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Condensed Consolidated Balance Sheet

Amounts in SEK

31 Dec 2016 31 Dec 2015

EQUITY AND LIABILITIES

Equity

Restricted equity

Share capital	1,168,345	1,168,345
Other contributed capital	48,382,310	48,382,310
Other equity, including profit for the year	7,998,982	-13,339,536
Equity attributable to shareholders in the Parent Company	57,549,637	36,211,119
Minority interests	1,157,118	672,989
Total equity	58,706,755	36,884,108

Non-current liabilities

Other non-current liabilities	0	500,000
Total non-current liabilities	0	500,000

Current liabilities

Advance payments from customers	1,665,387	1,760,150
Trade payables	8,157,292	6,237,174
Current tax liabilities	9,944,415	3,010,365
Other liabilities	17,104,013	16,878,301
Accrued expenses and deferred income	60,965,266	45,172,204
Total current liabilities	97,836,373	73,058,194

TOTAL EQUITY AND LIABILITIES

156,543,128 110,442,302

Changes in equity attributable to the Parent Company

Opening equity	36,211,119	26,205,537
Dividend	-9,346,761	-7,594,245
New share issue	0	145,000
Profit for the period	32,554,116	19,025,861
Minority share of profit for the year	-320	403,893
Acquisition of minority share	-1,868,516	-1,974,927
Closing equity	57,549,637	36,211,119

Cash Flow Statement for the Group

Amounts in SEK

01/16-12/16 01/15-12/15

Operating activities		
Profit after financial items	41,836,961	24,457,241
Adjustments for non-cash items	10,246,590	4,992,197
Tax paid	-9,282,845	-2,209,417
Cash flow from operating activities before changes in working capital	42,800,706	27,240,021
Cash flow from changes in working capital		
Change in current receivables	-18,809,364	-501,817
Change in current liabilities	24,705,719	27,224,386
Cash flow from operating activities	48,697,061	53,962,590
Investing activities		
Acquisition of shares in subsidiary	-7,664,705	-2,030,000
Investments in intangible fixed assets	-22,026,749	-27,635,249
Investments in tangible fixed assets	-1,233,534	-169,438
Cash flow from investing activities	-30,924,988	-29,834,687
Financing activities		
New share issue	6,500,000	145,000
Dividend	-9,346,761	-7,594,244
Borrowings	-500,000	500,000
Shareholders' contribution	0	625,000
Cash flow from financing activities	-3,346,761	-6,324,244
CASH FLOW FOR THE PERIOD	14,425,312	17,803,659
Cash flow for the year		
Liquid resources at the beginning of the period	45,835,718	28,032,059
Liquid resources at the end of the period	60,261,030	45,835,718

Condensed Parent Company Income Statement

Amounts in SEK	01/16-12/16	01/15-12/15	10/16-12/16	10/15-12/15
Net sales	168,826,366	125,802,492	46,837,066	37,084,228
Own work capitalised	12,854,723	14,536,122	3,610,600	4,027,280
Other operating income	0	0	0	0
	181,681,089	140,338,614	50,447,666	41,111,508
Operating expenses				
Purchased services	-18,066,754	-12,090,603	-5,013,731	-3,795,888
Other external expenses	-34,844,882	-25,911,306	-8,802,521	-7,429,030
Personnel costs	-78,185,603	-68,874,220	-21,858,466	-18,022,905
Depreciation and amortisation of tangible and intangible fixed assets	-8,715,455	-4,256,666	-2,460,246	-1,377,687
	-139,812,694	-111,132,795	-38,134,964	-30,625,510
Operating profit	41,868,395	29,205,819	12,312,702	10,485,998
Profit from financial items				
Interest income and similar profit/loss items	1,021	12,343	529	213
Interest expenses and similar profit/loss items	-41,968	-8,654	-1,213	-2,847
	-40,947	3,689	-684	-2,634
Profit after financial items	41,827,448	29,209,508	12,312,018	10,483,364
Tax	-9,276,702	-6,473,849	-2,741,624	-2,327,417
PROFIT FOR THE PERIOD	32,550,746	22,735,659	9,570,394	8,155,948

Condensed Parent Company Balance Sheet

Amounts in SEK

31 Dec 2016 31 Dec 2015

ASSETS

Fixed assets

Intangible fixed assets

Capitalised development costs	49,574,822	38,412,837
Goodwill	0	400,000
	49,574,822	38,812,837

Tangible fixed assets

Inventories	1,989,922	1,133,188
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Financial fixed assets

Participating interests in Group companies	24,613,705	16,729,000
Deferred tax assets	0	220,000
	24,613,705	16,949,000
Total fixed assets	76,178,449	56,895,025

Current assets

Trade receivables	16,008,505	13,564,990
Receivables from Group companies	1,427,281	289,725
Other receivables	84,217	305,590
Prepaid expenses and accrued income	1,964,463	1,854,232
	19,484,466	16,014,536

Cash and bank balances	53,942,255	30,674,371
Total current assets	73,426,721	46,688,907

TOTAL ASSETS	149,605,170	103,583,932
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Condensed Parent Company Balance Sheet

Amounts in SEK

31 Dec 2016 31 Dec 2015

EQUITY AND LIABILITIES

Equity

Restricted equity

Share capital	1,168,345	1,168,345
Reserve for development costs	11,987,890	0
	13,156,235	1,168,345

Non-restricted equity

Share premium reserve	48,382,310	48,382,310
Profit/loss brought forward	-27,802,094	-29,203,102
Profit for the period	32,550,746	22,735,660
	53,130,962	41,914,868

Total equity	66,287,197	43,083,213
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Non-current liabilities

Other non-current liabilities	0	500,000
Total non-current liabilities	0	500,000

Current liabilities

Advance payments from customers	1,665,387	1,760,150
Trade payables	6,159,924	5,542,596
Current tax liabilities	9,756,214	1,252,064
Other liabilities	7,154,953	5,164,851
Accrued expenses and deferred income	58,581,495	46,281,058
Total current liabilities	83,317,973	60,000,719

TOTAL EQUITY AND LIABILITIES	149,605,170	103,583,932
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Changes in equity

Opening equity	43,083,213	27,796,798
Dividend	-9,346,761	-7,594,244
New share issue	0	145,000
Profit for the period	32,550,746	22,735,660
Closing equity	66,287,197	43,083,214

The amount presented under "New share issue" refers to the net value of the issue proceeds as per the reporting date less issue costs, with consideration given to the tax effect.

Parent Company Cash Flow Statement

Amounts in SEK

01/16-12/16 01/15-12/15

Operating activities

Profit after financial items	41,827,448	29,209,508
Adjustments for non-cash items	8,715,455	4,256,666
Tax paid	-9,276,702	-2,209,417
Cash flow from operating activities before changes in working capital	41,266,201	31,256,757

Cash flow from changes in working capital

Change in current receivables	-3,397,471	-606,273
Change in current liabilities	23,244,794	16,092,142
Cash flow from operating activities	61,113,524	46,742,626

Investing activities

Investments in intangible fixed assets	-19,100,640	-23,338,041
Investments in tangible fixed assets	-1,233,534	-169,438
Acquisition of shares in subsidiary	-7,664,705	-2,030,000
Cash flow from investing activities	-27,998,879	-25,537,479

Financing activities

New share issue	0	145,000
Shareholders' contribution	0	-9,375,000
Dividend	-9,346,761	-7,594,244
Borrowings	-500,000	500,000
Cash flow from financing activities	-9,846,761	-16,324,244

CASH FLOW FOR THE PERIOD

23,267,884 4,880,903

Cash flow for the year

Liquid resources at the beginning of the period	30,674,371	25,793,468
Liquid resources at the end of the period	53,942,255	30,674,371



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