

# Q3 2017

Infront ASA – interim report





# HIGHLIGHTS

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- Best-ever quarter for Infront
- Q3 2017 revenue increased 30% to NOK 67.4 million from NOK 52.0 million in Q3 2016
  - Positive contribution from acquisitions of Inquiry Financial Europe AB, SIX News and migration of SIX Edge customers
- Adjusted EBITDA increased 60% to NOK 14.1 million from NOK 8.8 million in Q3 2016 driven by higher revenues across all segments
- Number of paying terminal subscribers increased 14% year-over-year
- Successfully completed oversubscribed IPO on Oslo Børs
- Opened Helsinki office to serve existing and potential Finnish customer base



We had a strong third quarter with a 30% increase in revenue compared to the same period last year. Our successful listing on Oslo Børs was an important milestone and we look forward to delivering on our growth strategy as a listed company. We also released a major upgrade to our financial terminal. The new Infront 8 will deliver value to our customers through innovative and user-friendly solutions, which combined with our geographical expansion will drive growth going forward.

- Kristian Nesbak, CEO and Founder



# OPERATIONAL REVIEW

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Infront provides a combination of real-time global market data, news, analytics and trading tools to private and institutional investors. These solutions have been developed by industry experts over the past 20 years delivering proven technology that keeps Infront's clients ahead of the game. The Infront terminal has become one of the most intuitive and flexible financial data terminals available, helping institutions reduce costs, adapt to fast changing market requirements and work more effectively with increasing amounts of information. Infront has offices in London, Paris, Cape Town, Johannesburg, Stockholm, Copenhagen, Helsinki and Oslo.

## Terminals and Solutions

Q3 2017 Terminals and Solutions revenue from external customers was NOK 51.0 million, representing a 30% growth from Q3 2016.

The migration of SIX Edge users to the Infront platform was a focus area throughout the quarter. As of 30 September 2017, more than 60% of the SIX Edge and Starweb net revenues had been migrated to Infront.

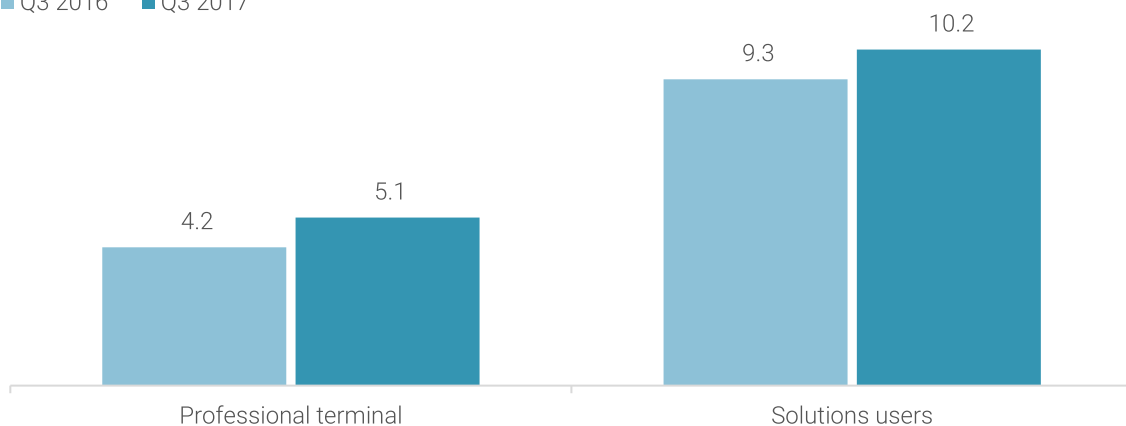
### Client base

The number of paying users increased by 14% to 15.3k in Q3 2017 (13.5k in Q3 2016) driven by the SIX Edge migration and organic growth. The number of professional terminal users rose by 21% and solutions users increased by 10% compared to Q3 2016.

### Number of clients per Infront product:

'000s of users

■ Q3 2016 ■ Q3 2017





## News

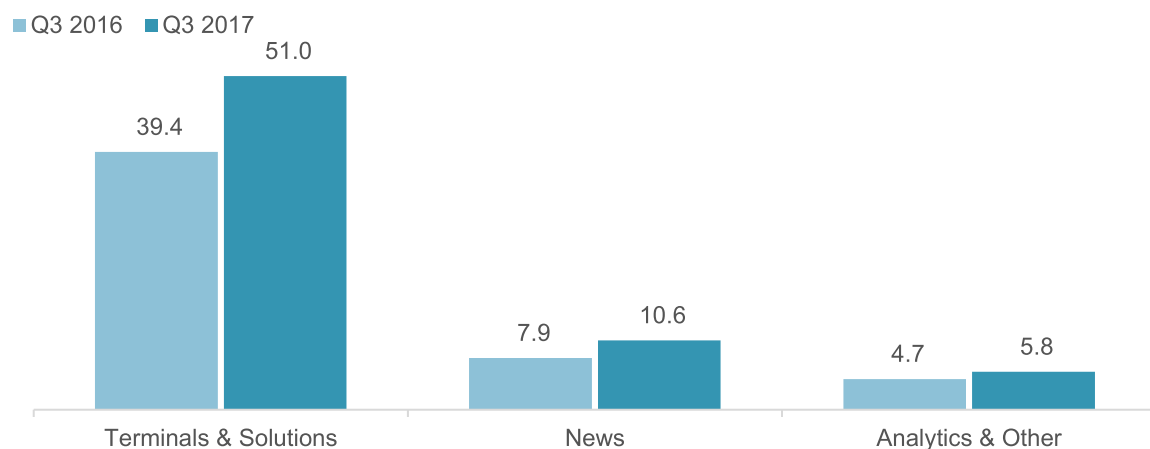
Q3 2017 News revenue from external customers was NOK 10.6 million, an increase of 34% from Q3 2016. Growth was mainly driven by the acquisition of SIX News in Q4 2016. The acquisition has been successfully integrated and is expected to contribute positively to the segment going forward.

## Analytics and Other

Q3 2017 Analytics and Other revenue from external customers was NOK 5.8 million, representing 23% growth from Q3 2016.

### Revenue per segment

(NOK million)



### Revenue per Region

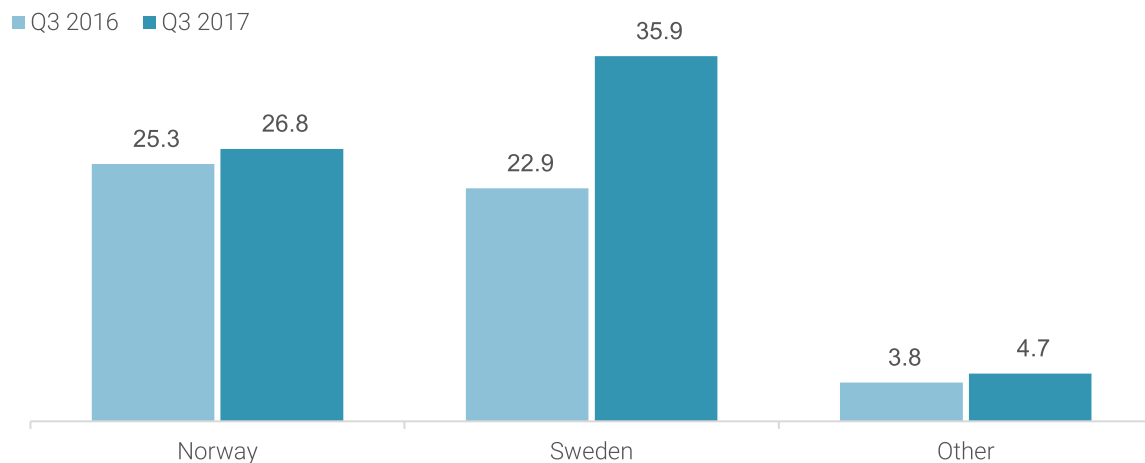
Q3 2017 revenue from Sweden increased 56% year-over-year with SIX News, SIX migration transactions and the acquisition of Inquiry Financial Europe AB as the main contributors. Revenue from Norway and Other regions had growth of 6% and 26% respectively on migration effects and organic growth.

Sweden and Norway represented 53% and 40% respectively of group revenue in Q3 2017.



## Revenue per region:

(NOK million)



## Outlook

In Q3 2017, Infront opened a new office in Helsinki, Finland. This strengthens Infront's local position by improving the service offering to customers in Finland and is expected to drive organic growth in the Finnish market. This market is very similar to Sweden, Norway and Denmark, and Infront expects to leverage its position and experience from these markets to tap into an apparent market opportunity in Finland, with an initial impact in Q4 2017 and increasing momentum in 2018. The new location increased the total number of group offices to eight, in Europe and South Africa.

Infront will continue to deliver value to customers through innovative and user-friendly solutions. Product innovation is a substantial part of the business strategy and Infront is continuously working on new product releases. New EU regulations are a driving factor in the industry, and the MiFID II regulation, which will be implemented in 2018, will force more OTC (over-the-counter) trading towards more regulated markets. Infront will provide its clients with the systems needed for coping with the increased regulatory burden imposed by MiFID II.

Infront has a stated target of having a top-3 position in the market for terminals to financial professionals in Europe. With an attractive pipeline in Europe and South Africa, a strengthened sales team and inorganic growth plans through add-on acquisitions Infront continues to support this long-term target.



# FINANCIAL REVIEW

(Numbers for the corresponding period in 2016 are shown in brackets)

## Profit and Loss

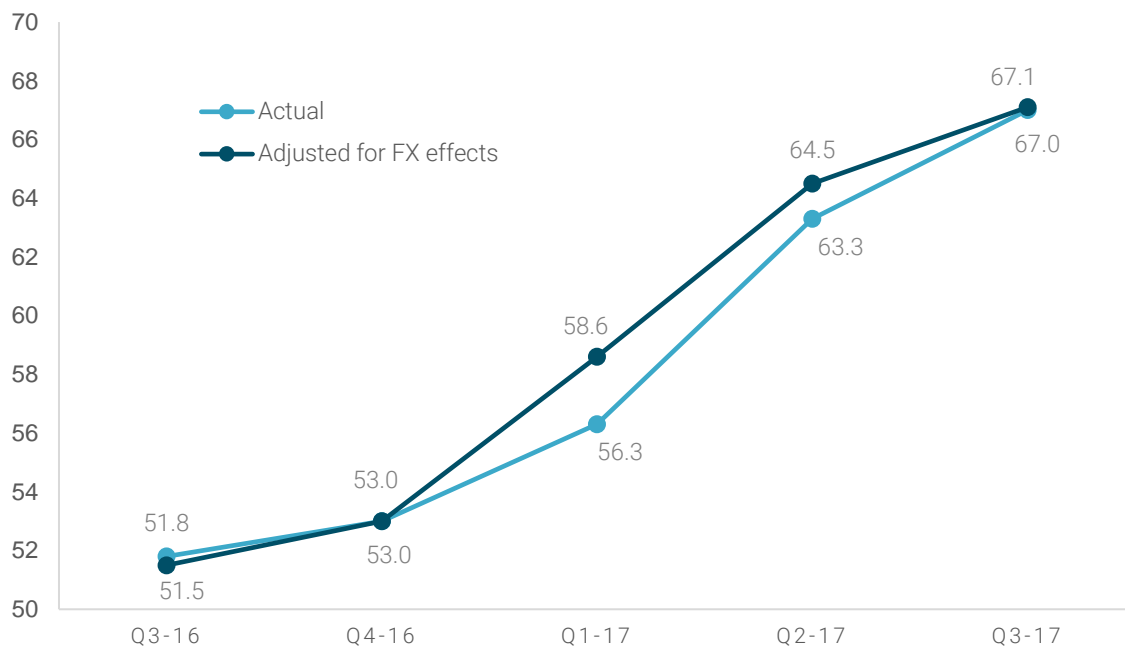
Q3 2017 operating revenue was NOK 67.4 million (NOK 52.0 million). The growth of 30% from the same period of last year was driven by increased sales and prices across the group, the inclusion of external revenues from the acquisition of Inquiry Financial Europe AB, as well as continued impact from the SIX transaction.

EBITDA adjusted for IPO-related costs of NOK 6.6 million, was NOK 14.1 million in Q3 2017, an increase of 60% compared to the same quarter last year (NOK 8.8 million).

Infront generates the vast majority of its revenue based on recurring subscription contracts for the products. To date in 2017, Infront has continued to show a steady growth of recurring revenue, which represented 99% of total sales in the period.

## Recurring revenue development

(NOK million)





Cost of services rendered for the period was NOK 21.4 million (NOK 18.3 million). The increase reflected the progress of the SIX transaction and higher activity.

Employee-related expenses were NOK 23.3 million (NOK 18.3 million). The increase of 27.4% was primarily due to inclusion of Inquiry Financial Europe AB, an increase of group staff levels in connection with expansion in UK, Finland and South Africa, and general salary increases. The group employed 122 FTEs at the end of Q3 2017 (99).

Other operating expenses were NOK 15.2 million in Q3 2017 (NOK 8.7 million). This included NOK 6.6 million in expenses for external consultants and advisors used as part of the IPO process. Adjusted for these costs, other operating expenses were stable at NOK 8.6 million for the quarter.

The Q3 2017 EBITDA was NOK 7.5 million, compared to NOK 8.8 million in Q3 2016. EBITDA adjusted for IPO-related expenses was NOK 14.1 million (8.8 million), an increase of 60%.

Net financial expenses were NOK 0.5 million in Q3 2017 (net financial income of NOK 0.4 million). The changes were primarily a result of foreign exchange transactions and translations.

Income tax expenses for the period were NOK 0.6 million (NOK 1.3 million).

Net income for the period was NOK 2.2 million (NOK 4.6 million). This equaled a Q3 2017 earnings per share of NOK 0.08.

## Financial position

Total assets at 30 September 2017 were NOK 274.7 million, compared to NOK 181.3 million at the end of December 2016. This was due to an increase in non-current assets and the net addition to equity from the IPO.

Intangible assets and Equipment and fixtures increased to NOK 124.3 million (NOK 117.5 million), primarily related to the acquisition of Inquiry Financial Europe AB and investments in IT hardware.

Trade and other receivables were NOK 32.1 million at the end of Q3 2017, compared to NOK 24.9 million at the end of Q4 2016.

The Q3 2017 cash position was NOK 115.6 million, compared to NOK 37.6 million at the end of Q4 2016. The increase was largely impacted by net cash raised in the IPO.

Total non-current liabilities at the end of Q3 2017 were NOK 53.8 million, compared to NOK 45.5 million at the end of Q4 2016. The increase was primarily due to the fair value estimate of the option related to payment for the remaining stake in Inquiry Financial Europe AB.

Current liabilities at the end of Q3 2017 were NOK 88.5 million, compared to NOK 95.1 million at the end of Q4 2016.



## Cash Flow

Net cash flow from operational activities for the nine months ending 30 September 2017 was NOK 18.6 million (NOK 18.7 million). It was impacted by IPO-related payments of NOK 14.7 million and a reduction in net working capital in for the period of NOK 4.9 million (increase of NOK 5.3 million), related to an increase in trade and other payables as well as a positive contribution from deferred revenues.

Net cash flow from investing activities was negative at NOK 34.1 million year-to date (negative NOK 28.5 million). The increase in investments was related to acquisition of 77.22% of Inquiry Financial Europe AB, payment to SIX Financial Information related to the takeover of operations of SIX News (the Nordic operations) and investments in IT hardware. Investments in software development was stable at NOK 8.5 million YTD 2017 (NOK 8.9 million).

Net cash flow from financing activities was positive at NOK 92.7 million (NOK 0.0 million), reflecting the issuance of ordinary shares in the IPO completed in Q3 2017.





# INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

## Consolidated income statement

(unaudited)

(NOK 1.000)	Note	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Revenues	2	67 428	51 986	187 764	157 294
Total operating revenues		67 428	51 986	187 764	157 294
Cost of services rendered		21 382	18 321	59 440	56 113
Salary and personnel expenses	3	23 343	16 155	67 872	50 643
Other operating expenses	6	15 247	8 697	42 712	23 600
Depreciation and amortisation		5 423	3 311	15 663	9 773
Total operating expenses		65 395	46 484	185 688	140 129
Operating profit		2 033	5 501	2 076	17 164
Financial income		911	1 548	2 002	3 000
Financial expenses		-1 395	-1 105	-3 502	-3 965
Financial income/(expenses) - net		-484	443	-1 500	-965
Profit before income tax		1 549	5 945	576	16 200
Income tax expense		627	-1 300	680	-3 749
Profit for the period		2 176	4 645	1 256	12 451
Profit is attributable to:					
Owners of Infront AS		2 224	4 645	1 364	12 451
Non-controlling interests		-48	0	-108	0
		2 176	4 645	1 256	12 451
Earnings per share					
Basic and diluted earnings per share		0.08	2.17	0.05	5.81
Number of shares		25 997 856	2 165 003	25 997 856	2 165 003



## Statement of comprehensive income

(unaudited)

(NOK 1.000)	Note	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Profit for the period		2 176	4 645	1 256	12 451
Other comprehensive income (net of tax):					
Exchange differences on translation of foreign operations		-280	-815	1 085	-1 212
<hr/>					
Total comprehensive income for the period		1 896	3 830	2 341	11 239
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Total comprehensive income is attributable to:					
Owners of Infront AS		1 940	3 830	2 410	11 239
Non-controlling interests		-44	0	-70	0
<hr/>					
		1 896	3 830	2 340	11 239



## Consolidated statement of financial position

(unaudited)

(NOK 1.000)	Note	30.09.2017	31.12.2016
ASSETS			
Non-current assets			
Equipment and fixtures		2 243	1 387
Intangible assets		122 055	116 161
Deferred tax asset		2 147	654
Pension assets		283	314
Receivables		289	302
Total non-current assets		127 016	118 818
Current assets			
Trade and other receivables		32 113	24 919
Cash and cash equivalents		115 600	37 569
Total current assets		147 713	62 487
TOTAL ASSETS		274 729	181 306

(NOK 1.000)	Note	30.09.2017	31.12.2016
EQUITY AND LIABILITIES			
Equity			
Share capital		2 600	217
Share premium		105 283	7 863
Other equity		21 891	32 690
Total equity attributable to owners of the parent		129 774	40 769
Non-controlling interests		2 559	0
Total equity		132 332	40 769
Non-current liabilities			
Derivative financial instruments		7 828	0
Pension liabilities		498	485
Deferred tax liabilities		279	857
Other non-current financial liabilities		45 245	44 118
Total non-current liabilities		53 849	45 460
Current liabilities			
Borrowings		107	1 704
Trade and other payables		54 763	56 863
Other current financial liabilities		14 436	16 739
Deferred revenue		16 895	14 897
Current tax liabilities		2 346	4 874
Total current liabilities		88 547	95 077
Total liabilities		142 397	140 537
TOTAL EQUITY AND LIABILITIES		274 729	181 306



## Consolidated statement of cash flows

(unaudited)

(NOK 1.000)	Note	YTD 2017	YTD 2016
Cash flows from operating activities			
Profit (loss) before tax		576	16 200
<i>Adjustments for</i>			
Taxes paid		-2 528	-1 543
Depreciation, amortisation and net impairment losses		15 663	9 773
Pension expense without cash effect		39	-372
Change in operating assets and liabilities, net of effects from purchase of controlled entities			
Change in trade receivable and other receivables		-5 026	1 640
Change in derivative financial instruments		109	0
Change in deferred revenue		-71	560
Change in trade and other payables		9 840	-7 516
Net cash inflow from operating activities		18 601	18 741
Cash flows from investing activities			
Payment for acquisitions of subsidiary, net of cash acquired	5	-8 822	-18 960
Payment for intangible assets		-15 248	0
Payment for property, plant and equipment		-1 553	-629
Payment for software development costs		-8 490	-8 925
Net cash (outflow) from investing activities		-34 113	-28 514
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares		94 313	0
Increase / Decrease in borrowings		-1 597	0
Net cash (outflow) from financing activities		92 717	0
Net increase/(decrease) in cash and cash equivalents		77 204	-9 773
Cash and cash equivalents 1 January		37 569	36 418
Effects of exchange rate changes on cash and cash equivalents		826	-2 609
Cash and cash equivalents 30 September		115 600	24 037



## Consolidated statement of changes in equity

(unaudited)

(NOK 1.000)	Attributable to the owners of the parent						Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Translation differences	Retained earnings	Total		
Balance at 31 December 2015	214	6 156	-1	1 645	19 578	27 593	0	27 593
Profit/loss for 1 January to 30 September 2016	0	0	0	0	12 451	12 451	0	12 451
Currency translation differences	0	0	0	-1 212	0	-1 212	0	-1 212
Capital increase	0	0	0	0	0	0	0	0
Balance at 30 September 2016	214	6 156	-1	433	32 029	38 832	0	38 832
Balance at 31 December 2016	217	7 863	0	-50	32 740	40 769	0	40 769
Non-controlling interests on acquisition of subsidiary	0	0	0	0	0	0	2 629	2 629
Profit/loss for 1 January to 30 September 2017	0	0	0	0	1 363	1 363	-108	1 256
Currency translation differences	0	0	0	1 047	0	1 047	38	1 085
Net proceeds from shares issued	2 383	97 420	0	0	-5 490	94 313	0	94 313
Preliminary estimate of fair value of put option – acquisition of subsidiary	0	0	0	0	-7 719	-7 719	0	-7 719
Balance at 30 September 2017	2 600	105 283	0	996	20 894	129 773	2 559	132 332



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## Note 1. Accounting principles

### General Information

Infront ASA, the parent company of the Infront Group (the Group) is a limited liability company incorporated and domiciled in Norway, with its head office in Fjordalléen 16, 0250 Oslo.

The Group is a leading market data and trading solution provider in the Nordics. The Infront terminal is an intuitive and flexible terminal within the financial markets offering global real-time market data, trading, news and analytics covering key markets. In addition, the Group comprise the leading financial news agencies in Sweden and Norway.

These consolidated financial statements have been approved for issuance by the Board of Directors on 09 November 2017.

### Basis of Preparation

The interim consolidated financial statements for the third quarter 2017, ending 30 September 2017, were prepared in accordance with IAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual report for 2016.

The accounting policies adopted in the interim financial statements are consistent with the standards and interpretations followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

The standards and interpretations effective from 1 January 2017 do not have a significant impact on the Group's consolidated interim financial statements.



## Note 2. Segment information

Revenue per region 30.09.2017

	Norway	Sweden	Other	Eliminations	Consolidated
Revenue					
External customers	79 525	95 932	12 306	0	187 764
Inter-segment	38 162	11 732	4 794	-54 687	0
Total revenue	117 687	107 664	17 100	-54 687	187 764
EBITDA	-13 235	30 648	326	0	17 739
Total assets	218 284	70 530	25 173	-124 693	189 293
Total liabilities	83 511	38 174	18 828	12 656	153 169
Depreciation and amortisation	14 616	981	67	0	15 663

Revenue per region 30.09.2016

	Norway	Sweden	Other	Eliminations	Consolidated
Revenue					
External customers	75 464	70 798	11 030	0	157 294
Inter-segment	33 753	10 220	3 368	-47 341	0
Total revenue	109 217	81 019	14 398	-47 341	157 294
EBITDA	13 982	13 716	-760	0	26 937
Total assets	100 487	40 183	21 447	-73 563	88 554
Total liabilities	53 003	28 637	14 495	-44 359	51 776
Depreciation and amortisation	9 418	310	77	0	9 805



Revenue per segment 30.09.2017

	Terminals and Solutions	News	Analytics and other	Eliminations	Consolidated
Revenue					
External customers	137 398	32 996	17 370	0	187 764
Inter-segment	34 866	14 006	5 814	-54 687	0
Total revenue	172 264	47 002	23 185	-54 687	187 764
EBITDA	778	11 701	5 260	0	17 739
Total assets	240 955	43 503	29 528	-124 693	189 293
Total liabilities	99 866	27 972	12 675	12 656	153 169
Depreciation and amortisation	14 726	332	606	0	15 663

Revenue per segment 30.09.2016

	Terminals and Solutions	News	Analytics and other	Eliminations	Consolidated
Revenue					
External customers	119 209	23 871	14 213	0	157 294
Inter-segment	32 497	11 476	3 368	-47 341	0
Total revenue	151 706	35 347	17 581	-47 341	157 294
EBITDA	20 165	4 946	1 829	0	26 937
Total assets	118 881	20 029	23 207	-73 563	88 554
Total liabilities	67 098	15 783	13 254	-44 359	51 776
Depreciation and amortisation	9 448	281	77	0	9 805





### Note 3. Number of employees

Number of employees (full-time equivalents) at the end of the third quarter was 122 in 2017 and 99 in 2016.

### Note 4. Investment in subsidiaries

30.09.2017

<b>Company</b>	<b>Date of acquisition</b>	<b>Consolidated (yes/no)</b>	<b>Registered office</b>	<b>Voting share</b>	<b>Ownership share</b>
The Online Trader Sweden AB	14.03.2007	yes	Stockholm	100%	100%
Nyhetsbyrån Direkt AB	01.12.2008	yes	Stockholm	100%	100%
CatalystOne AS	30.10.2009	yes	Oslo	100%	100%
Infinancials SA*	04.06.2012	yes	Paris	100%	100%
Infront Financial Information Ltd	03.07.2015	yes	London	100%	100%
TDN Finans AS	22.04.2016	yes	Oslo	100%	100%
Infront SA (Pty) Ltd	05.10.2016	yes	Johannesburg	100%	100%
Inquiry Financial Europe AB	07.03.2017	yes	Stockholm	77%	77%
Infront Finland OY	28.09.2017	yes	Helsinki	100%	100%

\*4 shares of 636 155 (0%) is held by executive Management in Norway.

### Note 5. Business combination

The Infront Group effected two acquisitions in 2016. It refers to the financial statement for 2016 for further information. In March 2017 the acquisition of Inquiry Financial Europe AB was effected. Refer to the Q1 2017-report for further information. In 28 September 2017 the Group opened a new office in Finland and the incorporation of Infront Finland OY was effected. This newly incorporated entity has not been consolidated in the financial statements for third quarter 2017.



## Note 6. IPO and M&A related expenses

Expenses as at 30 September 2017:

(NOK 1.000)

	External expenses	Internal expenses	Total
Cost of services rendered			
Salary and personnel costs			
Other operating expenses	16 232		16 232
Sum	16 232		16 232



## DEFINITIONS AND GLOSSARY

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### **Alternative Performance Measures and certain terms used**

The Group's financial information in this interim report is prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the Group presents certain non-IFRS financial measures/alternative performance measures (APM):

- EBITDA represents operating profit before depreciation, amortisation and impairment
- Adjusted EBITDA represents EBITDA adjusted for IPO-related costs
- Quarterly recurring revenue represents quarterly recurring operating revenue
- Quarterly recurring revenue adjusted for FX effects represents quarterly recurring operating revenue adjusted for the foreign currency translation and transaction effects year-over-year

The non-IFRS financial measures/APM presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with IFRS or other generally accepted accounting principles), as a measure of the Group's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The non-IFRS financial measures/APM presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results. The Company believes that the non-IFRS measures/APM presented herein are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation, amortisation and impairment, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred), business practice or based on non-operating factors. Accordingly, the Group discloses the non-IFRS financial measures/APM presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies and across periods, and of the Group's ability to service its debt. Because companies calculate the non-IFRS financial measures/APM presented herein differently, the Group's presentation of these non-IFRS financial measures/APM may not be comparable to similarly titled measures used by other companies.

The non-IFRS financial measure/APM are not part of the Company's Consolidated Financial Statements, and are thereby not audited. The Company can give no assurance as to the correctness of such non-IFRS financial measures/APM and investors are cautioned that such information involve known and unknown risks, uncertainties and other factors, and are based on



numerous assumptions. Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these non-IFRS financial measures/APM.

For definitions of certain terms and metrics used throughout this interim report, see the table below.

The following definitions and glossary apply in this interim report unless otherwise dictated by the context.

APM	Alternative Performance Measure as defined in ESMA Guidelines on Alternative Performance Measures dated 5 October 2015
Group	The Company and its subsidiaries
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards as adopted by the EU
Interim Financial Statements	The Group's unaudited financial statements as of, and for the nine month period ended, 30 September 2017
IPO	Initial public offering
M&A	Mergers and acquisitions
MiFID II	Directive 2014/65/EU

## Infront ASA

### Headquarters

Fjordalléen 16  
0250 Oslo

### Website

[infrontfinance.com](http://infrontfinance.com)

### E-mail

[ir@infrontfinance.com](mailto:ir@infrontfinance.com)

### Twitter

[@infrontfinance](https://twitter.com/infrontfinance)



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