

Q4 2017

Infront ASA – interim report





HIGHLIGHTS

- Q4 2017 revenue increased 24% to NOK 65.8 million from NOK 53.1 million in Q4 2016
 - Positive contribution from acquisitions of Inquiry Financial Europe AB, SIX News and finalised migration of SIX Edge customers
 - Invoicing of Nordnet contract from November 2017
 - Growth in all regions
 - 214% increase in adjusted EBITDA to NOK 14.0 million from NOK 4.5 million in Q4 2016 driven by higher revenues across all segments, increased gross margins and stable operating expenses
 - 23% growth in number of paying terminal subscribers year-over-year
 - Systems and products successfully upgraded to comply with new MiFID II requirements
 - Signed Infront Web Technology agreement with SEB – further manifesting the product's appeal to large retail institution
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- Full-year 2017 revenue increased 21% increase to NOK 253.6 million
 - 53% increase in adjusted full-year EBITDA to NOK 48.0 million
 - The Board of Directors propose a dividend of NOK 0.4 per share for 2017



2017 was an exciting year for Infront with growth in our core markets and a successful listing on Oslo Børs. We maintained a steady pace of terminal growth in Q4 2017 while updating our systems to ensure our customers have the tools they need to comply with EU's new financial markets regulations. Furthermore, we successfully completed the migration of SIX Edge customers to our suite of products, and we experienced increasing interest in our new retail web technology from leading financial institutions. Going into 2018, we see opportunities for further growth across all regions and products.

- Kristian Nesbak, CEO and Founder



OPERATIONAL REVIEW

Financial professionals in more than 50 countries rely on Infront for global real-time market data, trading, news, and analytics covering key markets. Infront's proven solutions are driven by our clients' business needs and have been developed by industry experts over 25 years. The Infront Professional terminal is the most flexible and intuitive terminal within the financial market, helping institutions reduce costs, adapt to fast changing market requirements, and work more efficiently with the increasing amounts of information available. Infront ASA has offices in seven countries.

Terminals and Solutions

Terminals and Solutions revenue from external customers was NOK 43.3 million, representing a 35% growth compared to Q4 2016.

The migration of SIX Edge users to the Infront platform was completed during Q4. As of 31 December 2017, 68% of the SIX Edge and Starweb net revenues had been migrated to Infront.

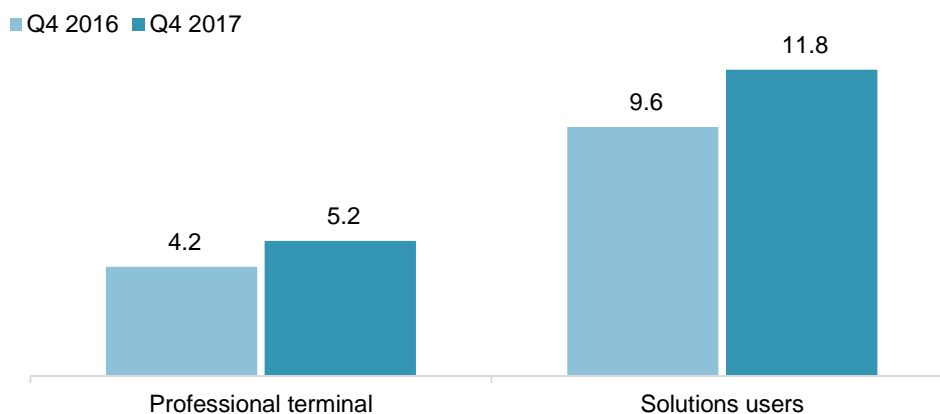
In November, Infront Web Technology was chosen by SEB to provide financial market data for the bank's web-based solutions targeting private investors, and small and mid-sized corporate customers. The solutions are available for both SEB's private and corporate clients as part of an open web service, while a log-in is required to use the full scope of the Infront offering. Initial revenue recognition for this contract is expected during Q1 2018.

Client base

The number of paying users increased by 23% to 17.1k in Q4 2017 (13.8k in Q4 2016) driven by the SIX Edge migration and organic growth. The number of professional terminal users rose by 24% and solutions users increased by 23% compared to Q4 2016.

Number of clients per Infront product:

'000s of users





News

Q4 2017 News revenue from external customers was NOK 13.4 million, a decrease of 6% from Q4 2016.

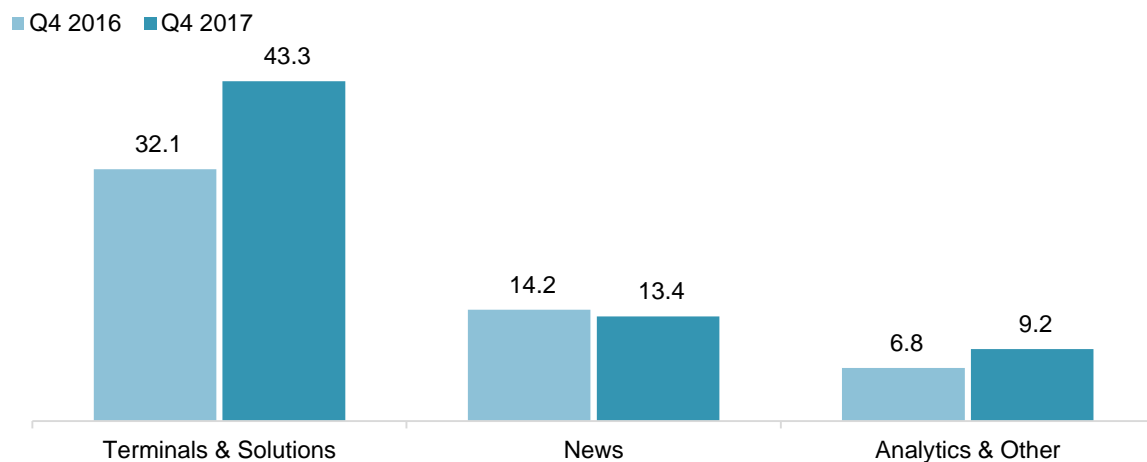
The News division has undergone some organizational changes to improve its ability to capture market opportunities across the Nordics. Furthermore, due to the recent acquisition of Inquiry Financial Europe AB, some IR and data-related activities were from Q4 2017 invoiced directly from Inquiry, thereby reducing revenue recognized by the News segment, while increasing the revenue recognized by the Analytics and Other segment.

Analytics and Other

Q4 2017 Analytics and Other revenue from external customers was NOK 9.2 million, representing 35% growth from Q4 2016. Revenue increased because of the acquisition of Inquiry Financial Europe AB and organic sales growth, as well as a revised allocation of tasks and revenue between this segment and the News segment.

Revenue per segment

(NOK million)



In Q4 2017, the unit providing business valuation and equity analysis tools was renamed Infront Analytics to reflect its integral part of the group and to strengthen corporate branding.

Revenue per Region

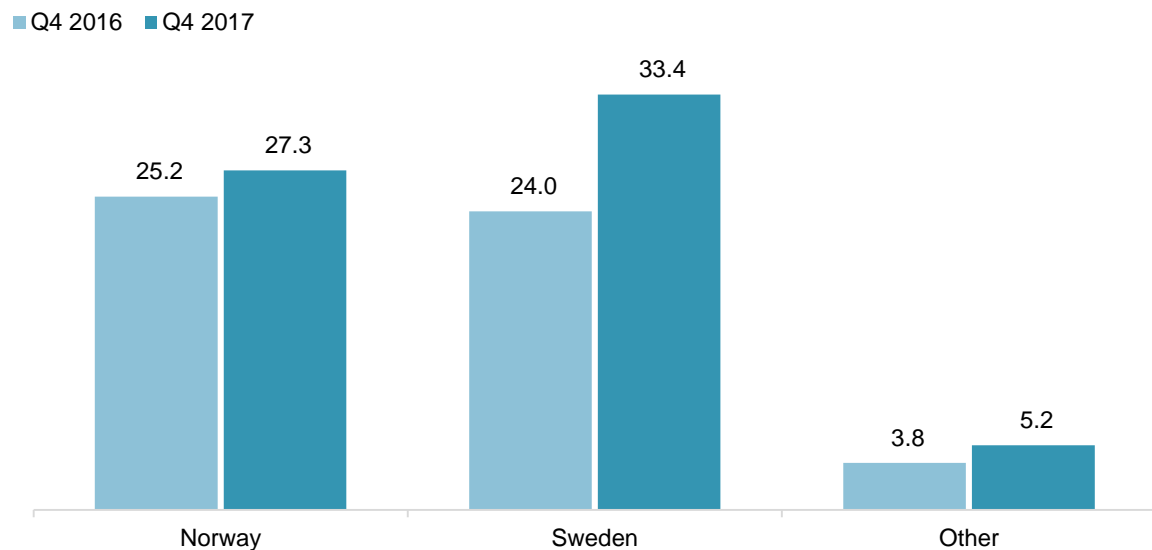
Q4 2017 revenue from Sweden increased 39% year-over-year with SIX News, SIX migration transactions and the acquisition of Inquiry Financial Europe AB as the main contributors. Revenue from Norway and Other regions had growth of 8% and 35% respectively on migration effects and organic growth.

Sweden and Norway represented 51% and 41% respectively of group revenue in Q4 2017.



Revenue per region:

(NOK million)



Outlook

Infront is committed to delivering outstanding value to its customers through innovative and user-friendly solutions. Continued product development is a key component of the business strategy. The new EU directives MiFID II and MiFIR, which were implemented at the start of 2018, will force more OTC (over-the-counter) trading towards more regulated markets. Infront provides its clients with the systems needed for coping with the increased regulatory burden.

The company maintains its focus on further strengthening its strong Nordic market position. The new office in Helsinki, Finland, which opened in Q3 2017, has improved the local position and service offering to customers in Finland. Infront expects to leverage its position and experience from Sweden, Norway and Denmark to grow the customer base in Finland in 2018. This will contribute to organic growth together with the other group offices.

Infront has a strong financial position at the end of 2017. Management will continue to pursue potential M&A opportunities to further improve the products and/or to expand the customer base. Infront has stated a goal of achieving a top-3 position in the market for terminals to financial professionals in Europe. With a strong pipeline in Europe and South Africa, a strengthened sales team and inorganic growth plans through add-on acquisitions, Infront continues to work towards this long-term goal.



FINANCIAL REVIEW

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

Profit and Loss

Q4 2017 operating revenue was NOK 65.8 million (NOK 53.1 million). The growth of 24% 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 positive impact from the SIX transaction.

Revenue in Q4 2017 was impacted by two exceptional items. One was a NOK 0.5 million customer credit. The second item was a reversal of NOK 1.1 million of internal revenue included in the Q3 2017 accounts, which should have been eliminated. The reversal had no impact on operating results. Adjusted for the reversal, underlying revenue increased from NOK 66.3 million in Q3 2017 to NOK 66.9 million in Q4 2017.

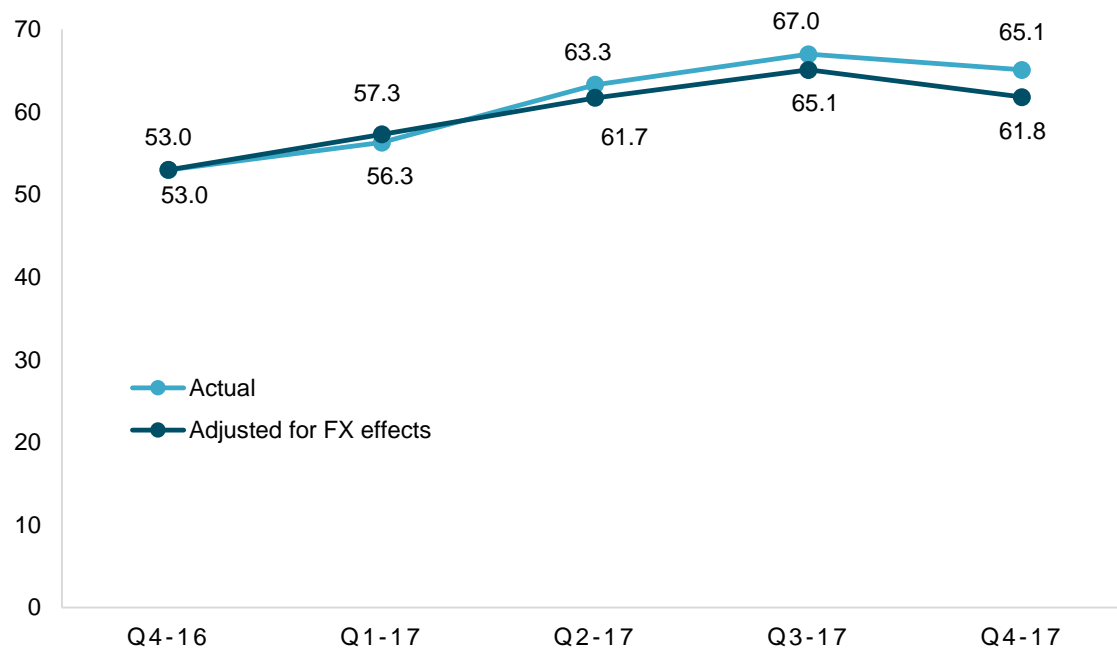
EBITDA adjusted for IPO-related costs of NOK 0.8 million and a one-time adjustment for impairment of customer contract of NOK 7.0 million, was NOK 14.0 million in Q4 2017, an increase of 214% compared to the same quarter last year (NOK 4.5 million).

Infront generates most 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 17.9 million (NOK 16.8 million). The increase reflected the completion of the SIX transaction and higher activity.

Employee-related expenses were NOK 26.6 million (NOK 21.6 million). The increase of 23.6% was primarily due to inclusion of Inquiry Financial Europe AB, an increased number of employees related to the expansion in UK, Finland and South Africa, and general salary increases. The group employed 125 FTEs at the end of Q4 2017 (106).

Other operating expenses were NOK 8.1 million in Q4 2017 (NOK 10.2 million). This included NOK 0.8 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 7.3 million for the quarter.

The Q4 2017 EBITDA was NOK 20.2 million, compared to NOK 4.5 million in Q4 2016. EBITDA adjusted for IPO-related expenses and one-time impairment of customer contract was NOK 14.0 million (4.5 million), an increase of 214%.

Net financial expenses were NOK 5.6 million in Q4 2017 (net financial expenses of NOK 1.3 million). The changes were primarily a result of foreign exchange transactions and translations.

Income tax expenses for the period were NOK 0 million (NOK 0.5 million).



Net income for the period was NOK 3.1 million (NOK 0.4 million). This is equivalent to an earnings per share of NOK 0.12.

Financial position

Total assets at 31 December 2017 were NOK 273.1 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 cash proceeds from the issuing of new shares in the IPO.

Intangible assets and Equipment and fixtures increased to NOK 118.4 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 28.5 million at the end of Q4 2017, compared to NOK 24.9 million at the end of Q4 2016.

The Q4 2017 cash position was NOK 122.8 million, compared to NOK 37.6 million at the end of Q4 2016. The increase was largely related to net cash raised in the IPO.

Total non-current liabilities at the end of Q4 2017 were NOK 43.4 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 Q4 2017 were NOK 91.3 million, compared to NOK 95.1 million at the end of Q4 2016.

Cash Flow

Net cash flow from operational activities for the twelve months ending 31 December 2017 was NOK 32.8 million (NOK 29.9 million). It was negatively impacted by IPO-related payments of NOK 20.3 million while a reduction in net working capital in the period contributed NOK 10.5 million (contribution of NOK 3.5 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 42.0 million year-to-date (negative NOK 30.4 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 11.8 million YTD 2017 (NOK 12.6 million).

Net cash flow from financing activities was positive at NOK 92.6 million (NOK 3.8 million), reflecting the issuance of ordinary shares in the IPO completed in Q3 2017.

Dividend

In line with Infront's dividend policy, the board of directors proposes a dividend of NOK 0.4 per share for 2017 to the Annual General Meeting to be held on 27 April 2018.



INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Consolidated income statement

(unaudited)

(NOK 1.000)	Note	Q4 2017	Q4 2016	31.12.2017	31.12.2016
Revenues	2	65 836	53 079	253 600	210 372
Total operating revenues		65 836	53 079	253 600	210 372
Cost of services rendered		17 944	16 847	77 384	72 960
Salary and personnel expenses	3	26 634	21 552	94 506	72 195
Other operating expenses	6	8 056	10 223	50 768	33 823
Depreciation, amortisation and impairment loss		11 424	3 224	27 087	13 107
Other income		-6 976		-6 976	
Total operating expenses		57 081	51 955	242 769	192 085
Operating profit		8 754	1 123	10 830	18 287
Financial income		1 713	1 216	3 715	4 216
Financial expenses		-7 303	-2 469	-10 805	-6 434
Financial income/(expenses) - net		-5 590	-1 254	-7 090	-2 218
Profit before income tax		3 164	-130	3 741	16 069
Income tax expenses		-75	482	-605	-3 267
Profit for the period		3 089	352	4 345	12 802
Profit is attributable to:					
Owners of Infront AS		2 984	352	4 348	12 802
Non-controlling interests		106	0	-3	0
		3 089	352	4 345	12 802
Earnings per share					
Basic and diluted earnings per share		0.12	0.16	0.17	5.91
Number of shares		25 997 856	2 165 003	25 997 856	2 165 003



Statement of comprehensive income

(unaudited)

(NOK 1.000)	Note	Q4 2017	Q4 2016	31.12.2017	31.12.2016
Profit for the period		3 089	352	4 345	12 802
Other comprehensive income (net of tax):					
Exchange differences on translation of foreign operations		3 209	-482	4 294	-1 694
<hr/>					
Total comprehensive income for the period		6 298	-130	8 639	11 108
Total comprehensive income is attributable to:					
Owners of Infront AS		6 142	-130	8 553	11 108
Non-controlling interests		156	0	86	0
<hr/>					
		6 298	-130	8 639	11 108



Consolidated statement of financial position

(unaudited)

(NOK 1.000)	Note	31.12.2017	31.12.2016
ASSETS			
Non-current assets			
Equipment and fixtures		2 515	1 387
Intangible assets		115 879	116 161
Deferred tax asset		2 733	654
Pension assets		434	314
Receivables		297	302
Total non-current assets		121 858	118 818
Current assets			
Trade and other receivables		28 503	24 919
Cash and cash equivalents		122 774	37 569
Total current assets		151 277	62 487
TOTAL ASSETS		273 134	181 306

(NOK 1.000)	Note	31.12.2017	31.12.2016
EQUITY AND LIABILITIES			
Equity			
Share capital		2 600	217
Share premium		105 284	7 863
Other equity		27 837	32 690
Total equity attributable to owners of the parent		135 720	40 769
Non-controlling interests		2 681	0
Total equity		138 401	40 769
Non-current liabilities			
Derivative financial instruments		8 022	0
Pension liabilities		510	485
Deferred tax liabilities		496	857
Other non-current financial liabilities		34 388	44 118
Total non-current liabilities		43 416	45 460
Current liabilities			
Borrowings		0	1 704
Trade and other payables		53 323	56 863
Other current financial liabilities		17 994	16 739
Deferred revenue		21 002	14 897
Current tax liabilities		-1 002	4 874
Total current liabilities		91 317	95 077
Total liabilities		134 733	140 537
TOTAL EQUITY AND LIABILITIES		273 134	181 306



Consolidated statement of cash flows

(unaudited)

(NOK 1.000)	Note	31.12.2017	31.12.2016
Cash flows from operating activities			
Profit (loss) before tax		3 741	16 069
<i>Adjustments for</i>			
Taxes paid		-5 876	-2 142
Depreciation, amortisation and net impairment losses		27 087	13 107
Pension expense without cash effect		-104	-580
Fair value (gains)/losses on financial assets at fair value through profit or loss		-2 516	0
Change in operating assets and liabilities, net of effects from purchase of controlled entities			
Change in trade receivable and other receivables		-851	-2 191
Change in derivative financial instruments		302	0
Change in deferred revenue		3 553	425
Change in trade and other payables		7 473	5 226
Net cash inflow from operating activities		32 809	29 914
Cash flows from investing activities			
Payment for acquisitions of subsidiary, net of cash acquired	5	-8 822	-18 960
Payment for intangible assets		-18 831	0
Payment for property, plant and equipment		-2 518	0
Payment for software development costs		-11 824	-12 559
Receipt of government grants		0	1 110
Net cash (outflow) from investing activities		-41 995	-30 409
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares		94 244	1 708
Increase / Decrease in borrowings		-1 636	1 704
Sale of treasury shares		0	361
Net cash inflow from financing activities		92 608	3 773
Net increase/(decrease) in cash and cash equivalents		83 423	3 278
Cash and cash equivalents 1 January		37 569	36 418
Effects of exchange rate changes on cash and cash equivalents		1 782	-2 127
Cash and cash equivalents 31 December		122 774	37 569



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 31 December 2016	0	0	0	0	12 802	12 802	0	12 802
Currency translation differences	0	0	0	-1 695	0	-1 695	0	-1 695
Capital increase	3	1 705	0	0	0	1 708	0	1 708
Sale/Purchase of own shares	0	0	0	0	362	362		362
Balance at 31 December 2016	217	7 861	-1	-50	32 742	40 769	0	40 769
Balance at 31 December 2016	217	7 861	-1	-50	32 742	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 31 December 2017	0	0	0	0	4 348	4 348	-3	4 345
Currency translation differences	0	0	0	4 291	0	4 291	55	4 346
Net proceeds from shares issued	2 383	97 423	0	0	-5 775	94 032	0	94 032
Preliminary estimate of fair value of put option – acquisition of subsidiary	0	0	0	0	-7 719	-7 719	0	-7 719
Balance at 31 December 2017	2 600	105 284	-1	4 240	23 596	135 721	2 681	138 401



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 comprises the leading financial news agencies in Sweden and Norway.

These consolidated financial statements have been approved for issuance by the Board of Directors on 15 February 2018.

Basis of Preparation

The interim consolidated financial statements for the fourth quarter 2017, ending 31 December 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 31.12.2017

	Norway	Sweden	Other	Eliminations	Consolidated
Revenue					
External customers	106 776	129 356	17 467	0	253 600
Inter-segment	75 696	20 378	6 806	-102 880	0
Total revenue	182 472	149 735	24 273	-102 880	253 600
EBITDA	16 367	21 556	-5	0	37 917
Total assets	224 977	89 806	27 848	-69 497	273 134
Total liabilities	75 942	63 738	20 964	-25 912	134 733
Depreciation and amortisation	25 679	1 310	98	0	27 087

Revenue per region 31.12.2016

	Norway	Sweden	Other	Eliminations	Consolidated
Revenue					
External customers	100 663	94 845	14 865	0	210 372
Inter-segment	50 853	11 797	5 199	-67 849	0
Total revenue	151 516	106 642	20 064	-67 849	210 372
EBITDA	24 792	9 121	-2 519	0	31 394
Total assets	130 798	102 543	29 137	-82 877	179 602
Total liabilities	74 848	97 319	14 052	-47 386	138 833
Depreciation and amortisation	12 661	400	46	0	13 107



Revenue per segment 31.12.2017

	Terminals and Solutions	News	Analytics and other	Eliminations	Consolidated
Revenue					
External customers	162 215	59 399	31 985	0	253 600
Inter-segment	71 863	22 141	8 876	-102 880	0
Total revenue	260 311	63 609	32 560	-102 880	253 600
EBITDA	14 306	15 628	7 983	0	37 917
Total assets	264 200	45 505	32 926	-69 497	273 134
Total liabilities	121 637	26 129	12 879	-25 912	134 733
Depreciation and amortisation	25 827	390	871	0	27 087

Revenue per segment 31.12.2016

	Terminals and Solutions	News	Analytics and other	Eliminations	Consolidated
Revenue					
External customers	138 359	47 696	24 317	0	210 372
Inter-segment	50 853	11 797	5 199	-67 849	0
Total revenue	208 191	45 713	24 317	-67 849	210 372
EBITDA	23 405	6 378	1 611	0	31 394
Total assets	167 310	64 562	30 607	-82 877	179 602
Total liabilities	133 281	41 497	11 440	-47 386	138 833
Depreciation and amortisation	12 554	510	43	0	13 107



Note 3. Number of employees

Number of employees (full-time equivalents) at the end of the fourth quarter was 125 in 2017 and 106 in 2016.

Note 4. Investment in subsidiaries

31.12.2017

Company	Date of acquisition	Consolidated (yes/no)	Registered office	Voting share	Ownership share
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%
Infront Analytics 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. Infinancials SA changed name to Infront Analytics SA on 09 November 2017.

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. 28 September 2017 the Group opened a new office in Finland and the incorporation of Infront Finland OY was effected.



Note 6. IPO and M&A related expenses

Expenses as at 31 December 2017:

(NOK 1.000)

	External expenses	Internal expenses	Total
Cost of services rendered			
Salary and personnel costs			
Other operating expenses	17 025		17 025
Sum	17 025		17 025



DEFINITIONS AND GLOSSARY

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 and one-off adjustment for impairment of customer contract.
- 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 twelve month period ended, 31 December 2017
IPO	Initial public offering
M&A	Mergers and acquisitions
MiFID II	Directive 2014/65/EU

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