

# INFRONT ASA Q2 2018 Results

24 August 2018

# Disclaimer

This Presentation might include certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements relate to future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts which are subject to material risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. Neither the Company nor any of its subsidiaries or any such person's officers or employees provide any assurance that the assumptions underlying such forward-looking statements are free from errors, nor do any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. The Company assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to its actual results.

AN INVESTMENT IN THE COMPANY INVOLVES SIGNIFICANT RISK AND SEVERAL FACTORS COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS THAT MAY BE EXPRESSED OR IMPLIED BY STATEMENTS AND INFORMATION IN THIS PRESENTATION. A NON-EXHAUSTIVE OVERVIEW OF RELEVANT RISK FACTORS THAT SHOULD BE TAKEN INTO ACCOUNT WHEN CONSIDERING AN INVESTMENT IN THE SHARES ISSUED BY THE COMPANY IS INCLUDED IN THIS PRESENTATION. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALISE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED IN THIS PRESENTATION. THE COMPANY DOES NOT INTEND, AND DOES NOT ASSUME ANY OBLIGATION, TO UPDATE OR CORRECT THE INFORMATION INCLUDED IN THIS PRESENTATION.

No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, neither the Company nor any of its subsidiaries nor any such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this Presentation. The contents of this Presentation are not to be construed as legal, business, investment or tax advice. Each recipient should consult its own legal, business, investment or tax adviser as to legal, business, investment or tax advice. By attending or receiving this Presentation you acknowledge that (i) you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's business, (ii) if you are a U.S. person, you are a QIB (as defined below), and (iii) if you are a non-U.S. person, you are a Qualified Investor or a Relevant Person (as defined below).

This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction or to any person in which or to whom it is unlawful to make such an offer or solicitation. The distribution of this Presentation and the offering, subscription, purchase or sale of securities issued by the Company are in certain jurisdictions restricted by law. Persons into whose possession this Presentation may come are required by the Company to inform themselves about, and to comply with, all applicable laws and regulations in force in any jurisdiction in or from which it invests in the securities issued by the Company or receives or possesses this Presentation and must obtain any consent, approval or permission required under the laws and regulations in force in such jurisdiction. The Company shall not have any responsibility or liability whatsoever for these obligations.



# Presenters and agenda

**Kristian Nesbak**  
*CEO & Co-founder*



**Max Hofer**  
*CFO*



## Agenda

- Q2 2018 Highlights
- Operations Review
- Financial Review
- Summary

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



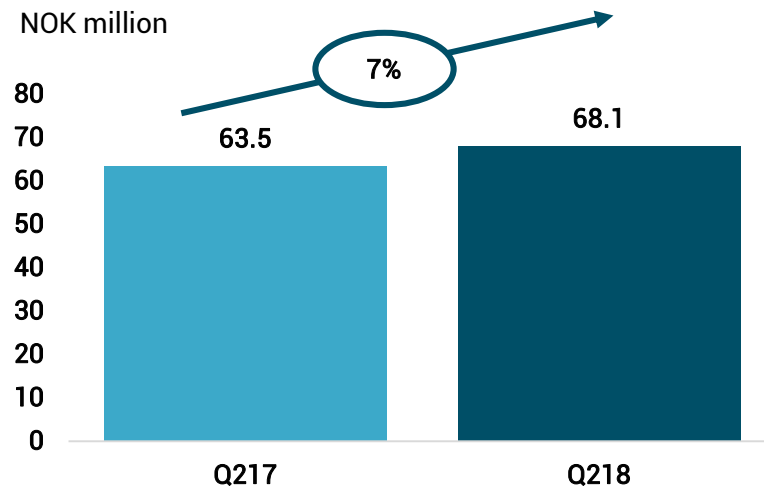
# Q2 2018: Underlying growth masked by foreign exchange rate movements

- Revenue increased 7% to NOK 68.1 million from NOK 63.5 million in Q2 2017
  - Revenue adjusted for foreign exchange translation effects increased 10% to NOK 69.7 million
- Continued positive contribution from the acquisition of Inquiry Financial Europe and the SIX transactions
- Revenue growth in South Africa and UK of 26% and 16% Q/Q
- EBITDA of NOK 11.0 million, up 171% from EBITDA of NOK 4.0 million in Q2 2017
- Number of paying terminal subscribers increased 17% YoY
- High activity levels in all segments and regions



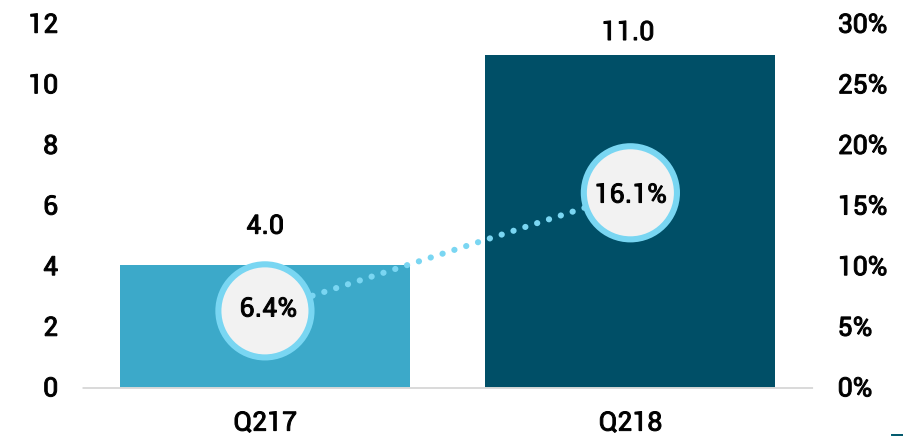
## Quarterly revenue

NOK million

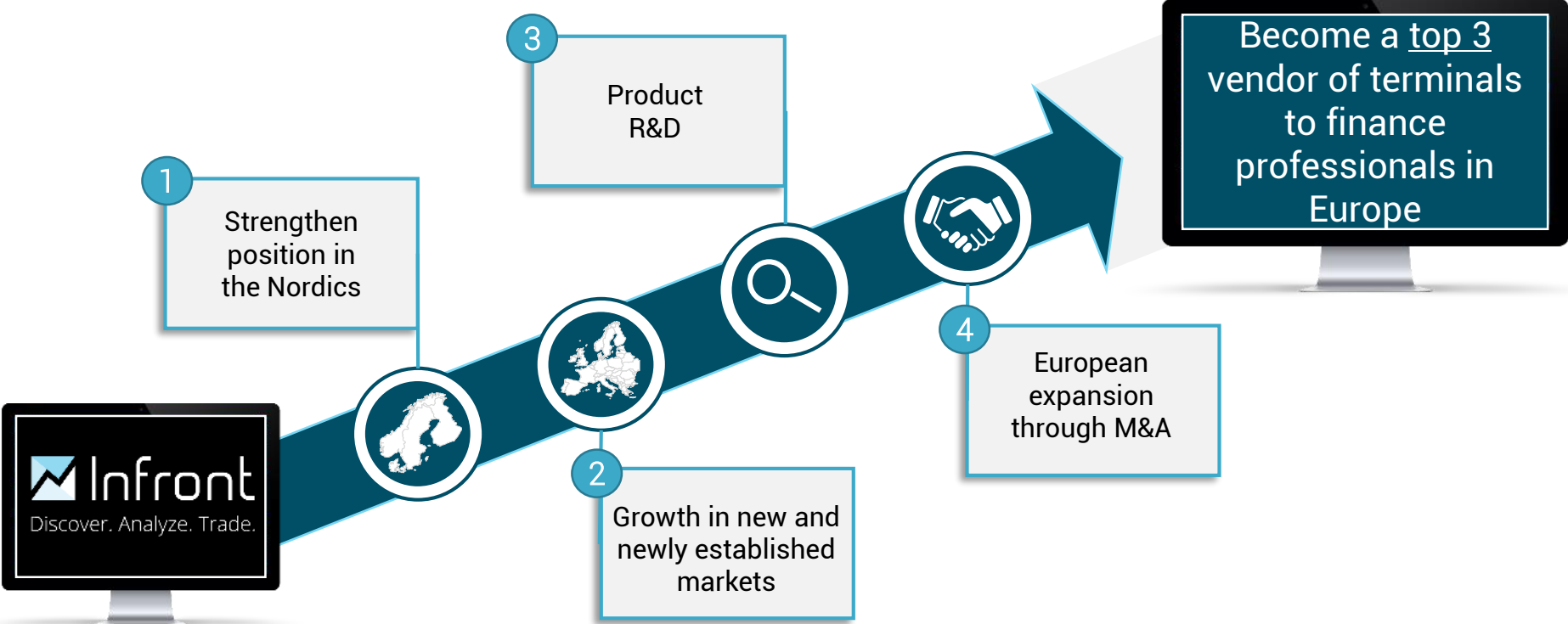


## EBITDA and margin

NOK million



# Infront maintains its long-term strategic ambitions

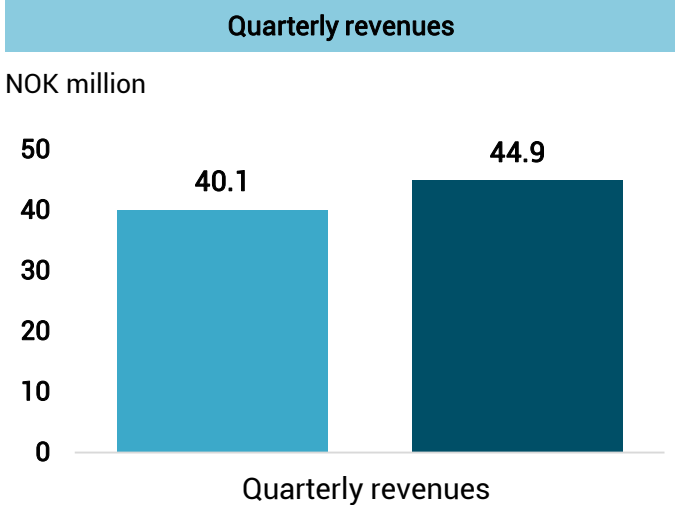
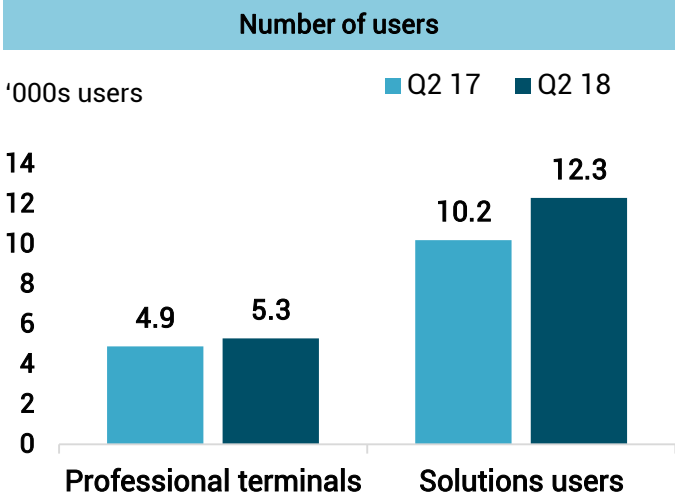




**OPERATIONAL  
REVIEW**

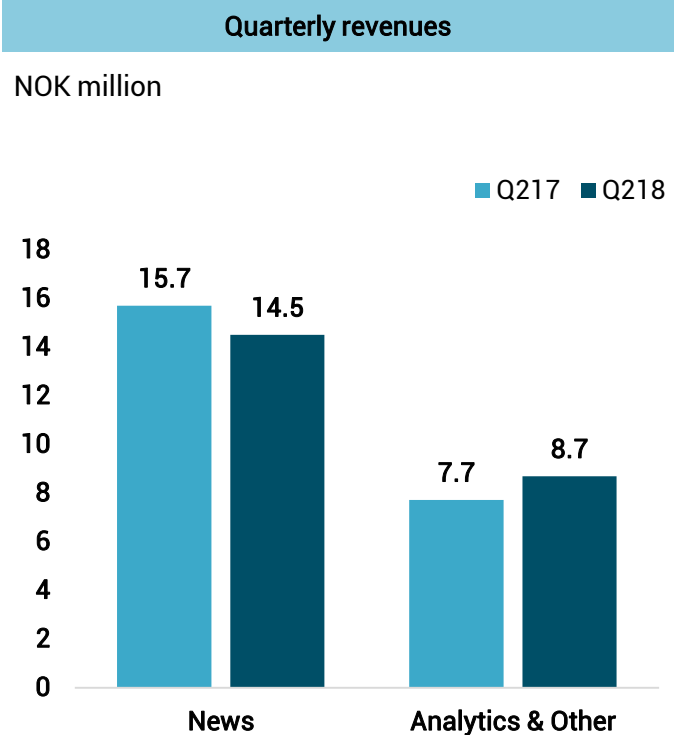
# Steady growth in user base for Terminals and Solutions

- Revenue of NOK 44.9 million, up **12% from Q2 2017**
- Number of **paying users increased 17% YoY**
- Increased revenue from South Africa and UK reflecting ambition to grow in new markets
- Implementation of **Nordnet** project going according to plan
- Continued positive impact from SIX Edge users
- Initial invoicing related to SEB contract during 1H, full normalized revenue impact expected later in 2018



# Stable development in News, Analytics & Other

- Underlying stable revenue from the News division negatively impacted by foreign exchange rates
- Some News revenues reallocated to the Analytics and Other segment as a result of internal reorganization between Direkt and Inquiry as well as impact of restatement of internal revenues
- Analytics and Other division **increased 13% YoY**





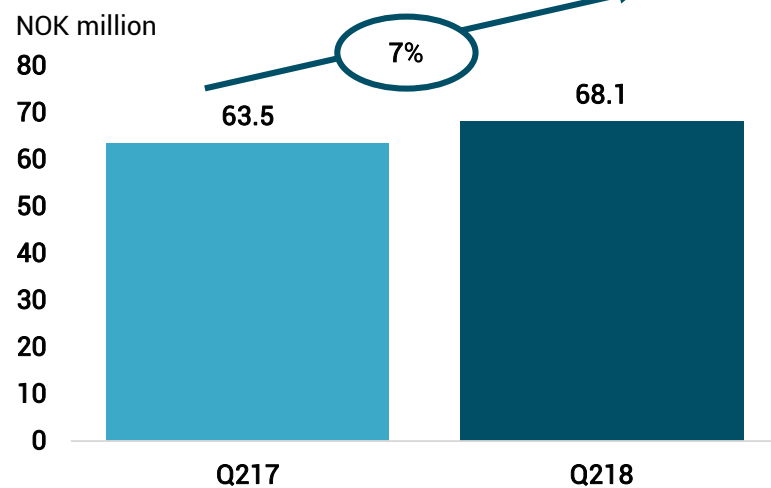


**FINANCIAL  
REVIEW**

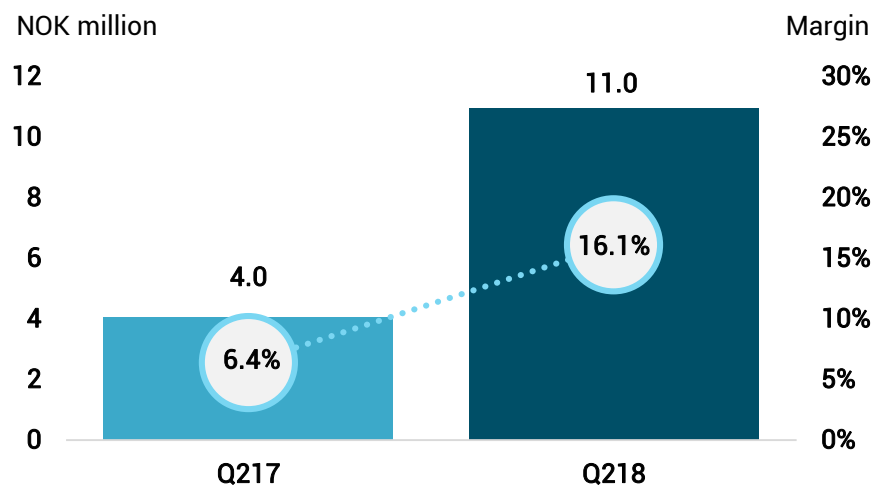
# Q2 2018 financial highlights

- Revenue of NOK 68.1 million – up from NOK 63.5 million in Q2 2017
  - Revenue adjusted for foreign exchange translation effects increased 10% to NOK 69.7 million
- Gross Profit of NOK 46.0 million - up from NOK 44.0 million in Q2 2017
- Improved EBITDA margin of 16.1% - up from 6.4% in Q2 2017

## Quarterly Revenue

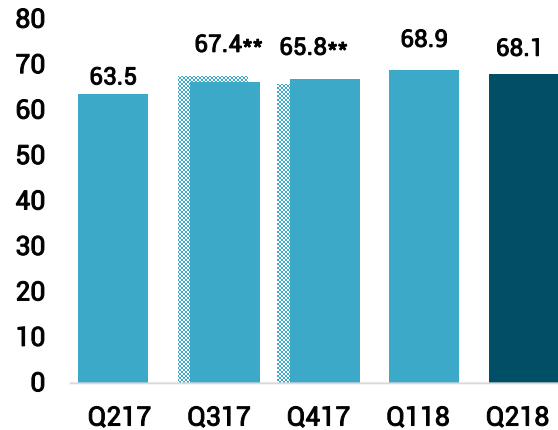


## EBITDA and margin

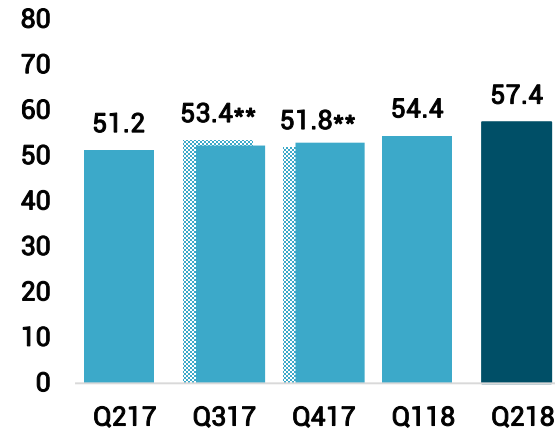


# Revenue and gross margin impacted by FX movements

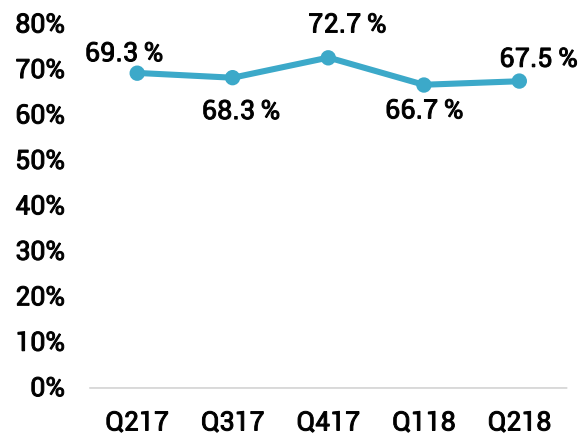
**Revenue**  
NOK million



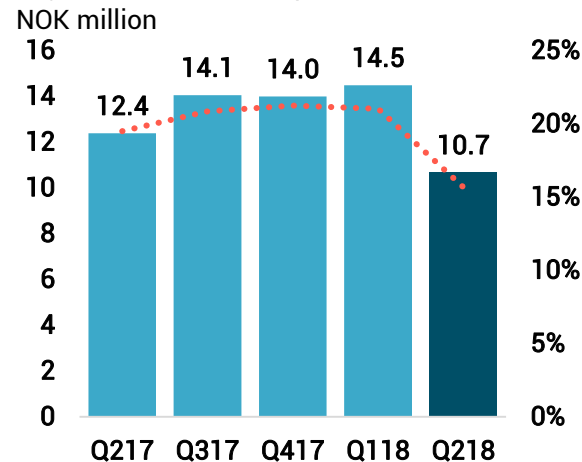
**Adj\*. Opex**  
NOK million



**Gross Margin %**



**Adj. EBITDA\* and margin**



- 7% YoY revenue growth driven by the SIX and Inquiry acquisitions, partly offset by negative impact from FX movements
- Gross Margin fairly stable YoY. Adjusted for FX movements, Gross Margin would have been 69.4%
- Adjusted Opex increased due to a larger customer base, the opening of a new office, together with other investments in sales, marketing and product development
- Adj. EBITDA negatively impacted YoY by FX and increased Opex

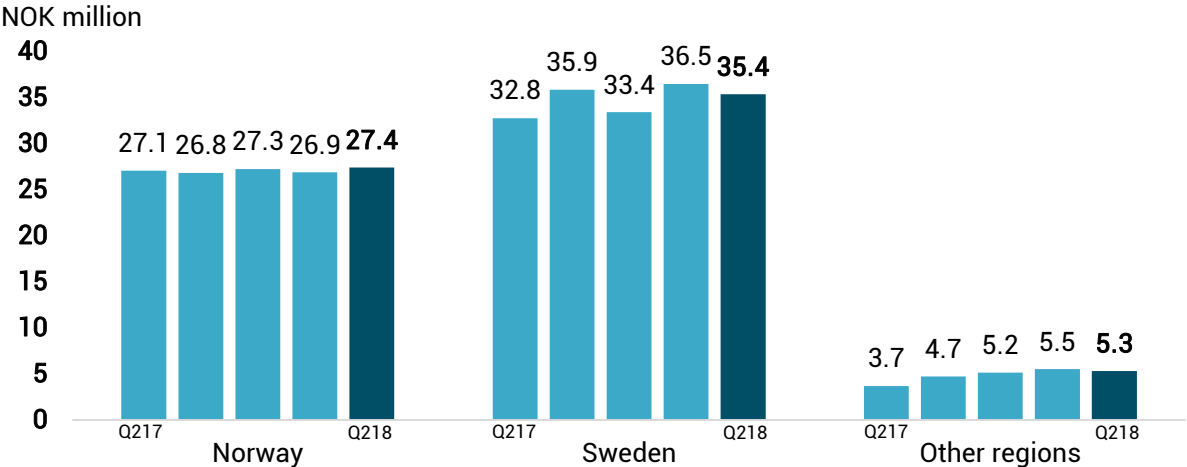
\* Adjusted for IPO-related costs incurred and one-time adjustment for impairment (of acquired SIX contracts)

\*\* Adjusted for one-off accounting effect and one-off customer credit Q3 and Q4 revenues of NOK 66.3 and NOK 67.4 million respectively – adj. for one-off accounting effect OPEX in Q3 and Q4 of NOK 52.3 and NOK 52.9 million



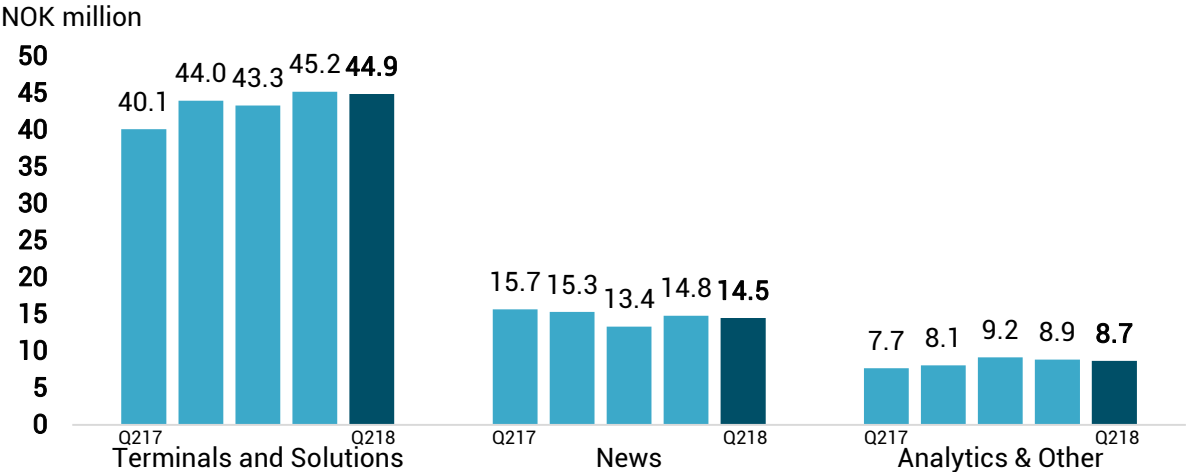
# Revenue growth across all regions

## Revenues per Region



- Norway:** Revenue up NOK 0.3 million, or 1%, YoY to NOK 27.4 million. Organic growth driving increase in revenue YoY and QoQ
- Sweden:** Revenue increased NOK 2.6 million, or 8%, YoY to NOK 35.4 million. Mostly due to the SIX and Inquiry transactions, and continued overall positive operational developments in the region. Adjusted for FX effects, revenue was NOK 36.9 million

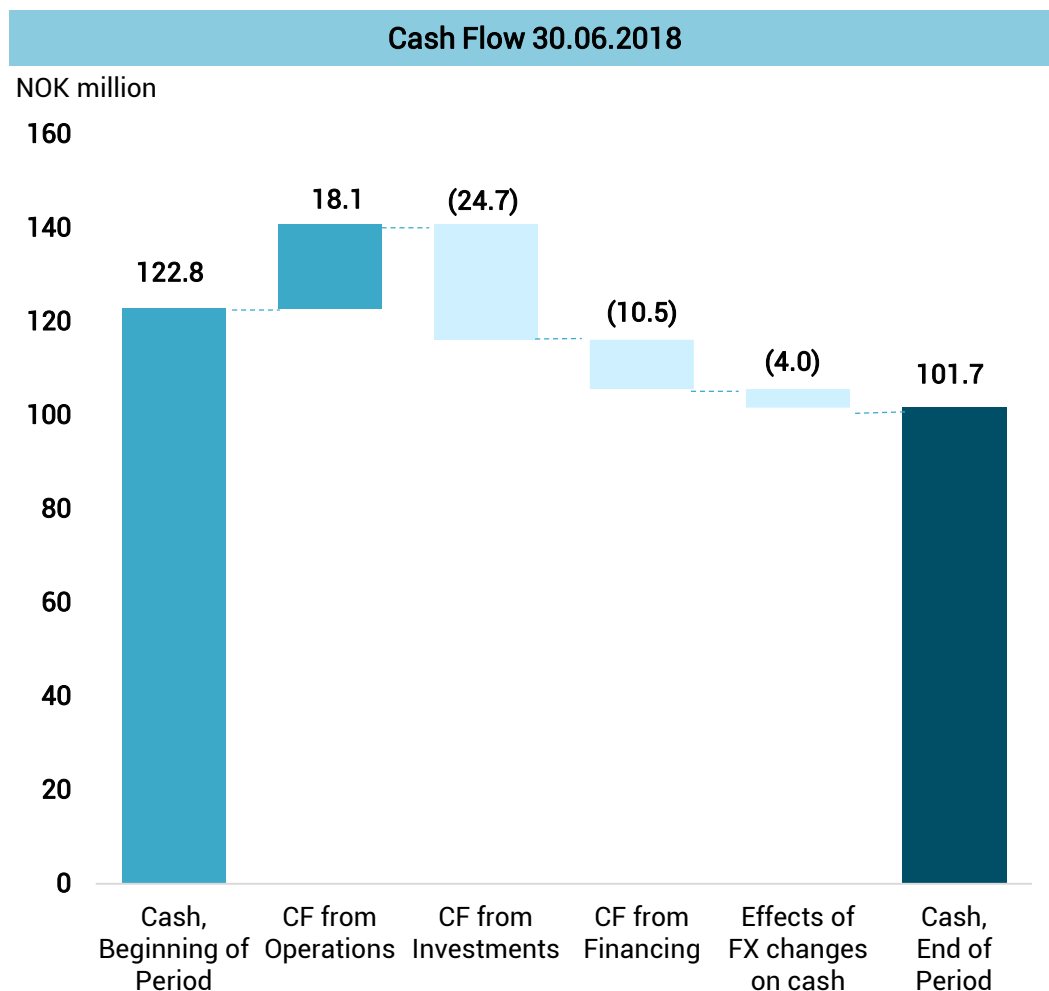
## Revenues per Segment



- Other regions:** Up NOK 1.6 million, or 44%, YoY to 5.3 million, reflecting organic growth outside the Nordic region and ramp-up of activity at new offices
- Revenues per Segment:** Impact from reorganization of News and Analytics & Other segment



# Solid cash position



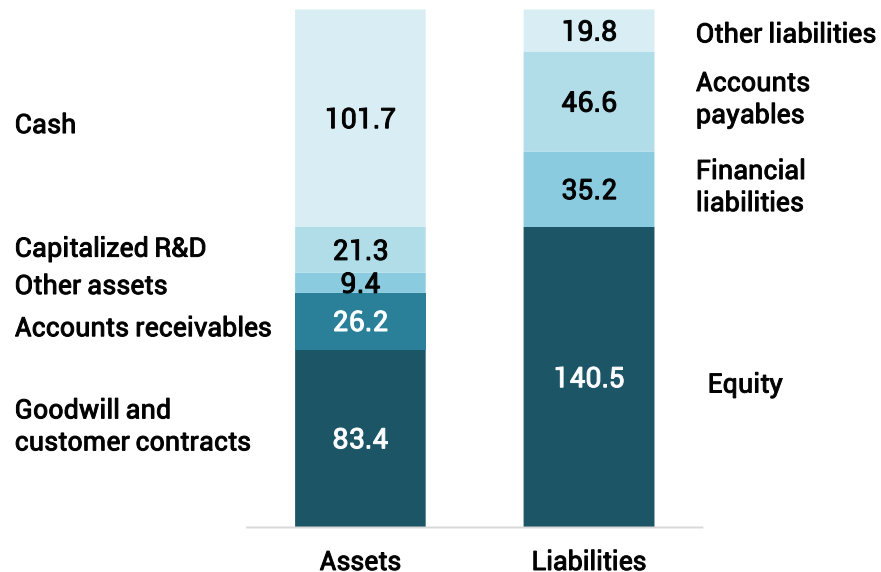
- **Operating CF: NOK 18.1 million**
  - Profit before tax of NOK 20.0m
  - Net working capital increased as a result of a reduction in trade and other payables of NOK 6.4m and trade receivables of NOK 2.3m
- **Investing CF: Negative NOK 24.7 million**
  - NOK 5.8 million used for acquisition of the remaining stake in Inquiry
  - NOK 12.8 million used for SIX News and Edge payments
  - NOK 6.1 million of capex & capitalized R&D, of which NOK 5.5 million was capitalized software development cost
- **Financing CF:**
  - Dividend of NOK 10.4 million paid
- **End Q2 cash position: NOK 101.7 million**



# Strong balance sheet provides strategic and financial flexibility

Balance Sheet 30.06.2018

NOK million



- Stable NOK amount of total R&D expenses capitalized over time, resulting in stable activated R&D levels and depreciation
- Goodwill and customer contracts related to recent acquisitions of SIX and Inquiry
- Financial liabilities represent calculated value of outstanding payments over next five years to SIX



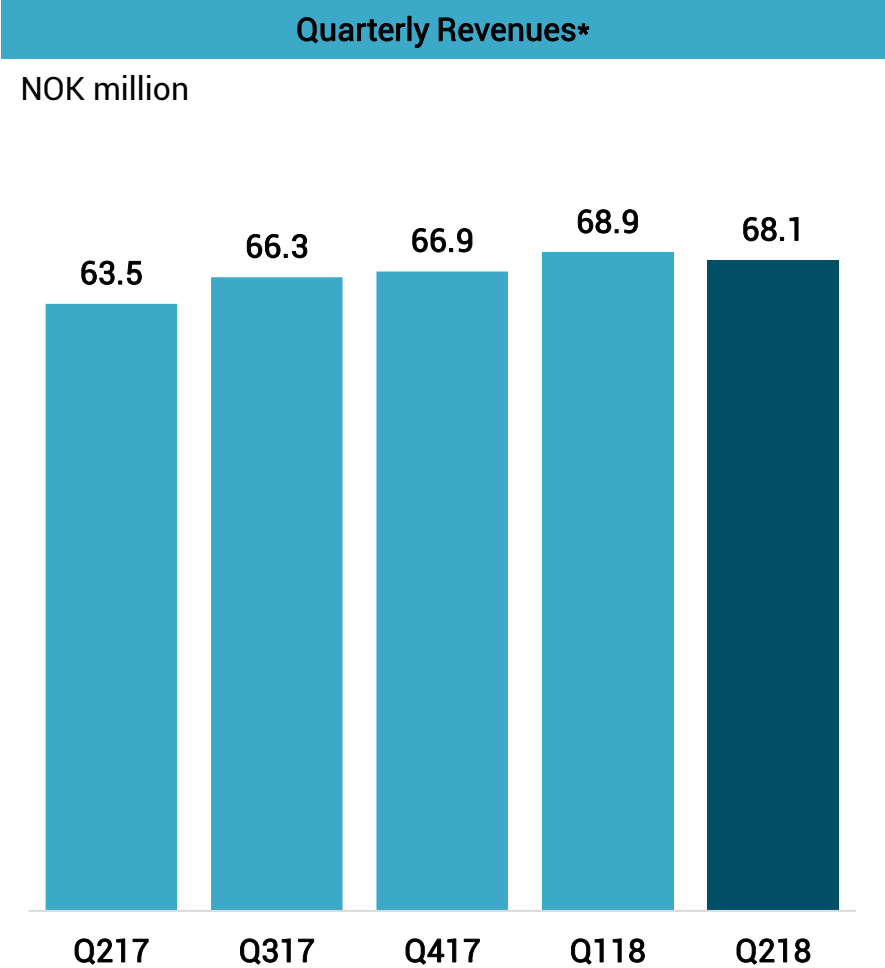
# Update on M&A activities

- M&A pipeline strengthened YTD
- Rationale for M&A strategy verified in talks with potential targets
- Currently pursuing 3-5 short-list opportunities
- Sticking to our prioritization of opportunities
  - Customerbase
  - Tech/features



# Summary

- Continued user growth supports underlying recurring revenue base
- Sales pipeline expanding in all regions and support organic growth ambitions
- Actively pursuing M&A targets



\* Adjusted for one-off accounting effect in Q3 and Q4 2017





Q&A

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

# Next Quarterly Report

- Quarterly Report Q3 2018 to be published on 09 November 2018
- [IR Mailing list](#)

