

# Q1 2019

Infront ASA – interim report





# HIGHLIGHTS

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- **Acquisition of VWD will turn Infront into top-three financial terminal provider in Europe**
  - Adding ~50 000 professional users and ~2 400 customers
  - Highly complementary operations with significant cross- and upsell opportunities, significant cost savings identified
  - Expected to add approximately NOK 650m of annual revenue
  - Platform for growth across Europe and in other markets
  - Purchase price of EUR 130 million on EV basis with proposed financing through equity rights issue and bond issue, both fully underwritten
- **Infront Italia integration and synergy capture on track**
  - Initial savings of NOK 5 million per year realized by consolidation of exchange and data contracts
  - Infront Professional Terminal successfully launched in Italy
- **Q1 2019 revenue increased 52% to NOK 104.8 million from NOK 68.9 million in Q1 2018**
  - Inclusion of Infront Italia
  - Continued strong quarterly growth in UK, South Africa and Finland
  - Positive contribution from Infront Web Technology solutions
- **Q1 2019 EBITDA of NOK 15.1 million (NOK 13.4 million before IFRS 16 effects) compared to Q1 2018 EBITDA of NOK 14.5 million**
  - Continued personnel and other operational investments for geographic expansion and product development for future growth
  - Adjusted for M&A cost impact, EBITDA of NOK 15.6 million (NOK 13.8 million before IFRS 16 effects)
- **Number of paying professional users totalled 38.3k, up from 17.7k in Q1 2018**



Our ambition has been to become a top three provider of financial terminals in Europe. We are now delivering on that ambition with the announced acquisition of VWD and take-over of Market Connect late last year. Both are highly complementary businesses to Infront, both in terms of customers and products offerings. We will now be able to reach even more customers to drive organic growth, explore significant cross- and upsell opportunities from an expanded product range, and capture cost synergies from consolidating data feeds and other efficiencies.

- Kristian Nesbak, CEO and Founder



## OPERATIONAL REVIEW

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Financial professionals across Europe and South Africa rely on Infront for global real-time market data, trading, news, and analytics covering key markets. Infront's proven solutions have been developed over 20 years by industry experts and product development is closely driven by clients' business needs. The Infront Professional Terminal is the most user-friendly and flexible terminal in the financial market, helping institutions reduce costs, adapt to fast changing market requirements and work more effectively with increasing amounts of information. Infront is headquartered in Oslo, with offices in London, Paris, Milan, Cape Town, Johannesburg, Stockholm, Helsinki and Copenhagen.

### **Creating the leading European financial market solutions provider**

On 11 April 2019, Infront announced an agreement to acquire 100% of the shares in vwd Group GmbH ("VWD") for EUR 130 million on an enterprise value basis. The combined business will be among the top 3 providers of professional terminals in Europe and a leading full-service provider of real-time market information and portfolio management solutions to financial professionals with ~3 600 diversified customers and ~90 000 professional users. 2018 revenue for the combined company exceeded NOK 1 055 million and adjusted EBITDA was NOK 195 million, including an estimated near-term cost savings of NOK 25 million.

The transaction will be financed by a bond issue of EUR 105 million and an equity rights issue of approximately NOK 240 million (equivalent to approximately EUR 25 million), both fully underwritten.

VWD provides end-to-end technology and data solutions for the wealth management industry, combining data and feed solutions, publication and distribution systems, portfolio management- and regulatory technology services. The company has a significant market position in the German-speaking region, serving ~2 400 customers with ~50 000 professional users. VWD has approximately 400 employees and 2018 revenue was NOK 654 million, of which 98% recurring revenue through a SaaS delivery model, while adjusted EBITDA was approximately NOK 105 million.

Infront has estimated annual cost savings of NOK 25 million from consolidating data feeds and licenses to be realized over the course of the first 12 months after closing. Additional cost savings are expected to accrue over time from various operational efficiencies and scaling effects.



## **Infront Italia integration and synergy capture on track**

The integration of Infront Italia (previously Market Connect) has progressed according to plan and as of the end of Q1 2019, initial cost savings of approximately NOK 5 million on an annual basis were realized at group level by consolidating exchange and data contracts with the full effect expected from Q2.

In late March, Infront Italia introduced the Infront Professional Terminal to the Italian market with quality content covering the local financial market, including real-time data, news, reference data, corporate actions, regulated information and exchange notices. Infront Italia is the leading financial market data and content provider in Italy.

Infront acquired Market Connect in late 2018 in order to expand its European footprint. Infront Italia is now reported as part of the Terminals and Solutions segment.

## **Terminals and Solutions**

Terminals and Solutions revenue from external customers was NOK 81.6 million in Q1 2019, an increase of 80% from NOK 45.2 million in Q1 2018 due to the inclusion of Infront Italia, organic growth and new Infront Web Technology agreements. Approximately 35% of the segment's quarterly revenue was recognized in Swedish krona and 44% was recognized in Euro.

Revenue in the UK, South Africa and Finland continued to show good growth in Q1 2019. The addition of high-quality Italian market data to the Infront Professional Terminal has further strengthened the value proposition to financial professionals in Europe and worldwide.

In Q1 2019, Infront launched the Web Trader Version 4 based on the latest generation of the Infront web platform. The technology enables Infront to rapidly develop device independent front-end solutions with professional grade speed, flexibility and robustness. The same technology is powering Mobile Apps, Infront's Web Toolkit and customer's web sites. The web platform has been successfully deployed with high performance and is expected to contribute to additional growth going forward.

The development of the next generation Infront Professional Terminal is well underway. *Infront 9* will be released later this year to strengthen the terminal further and add innovative features and novel solutions. The updated Infront Professional Terminal will further close the gap to the highest end of financial terminals and trading terminals.



## Client base

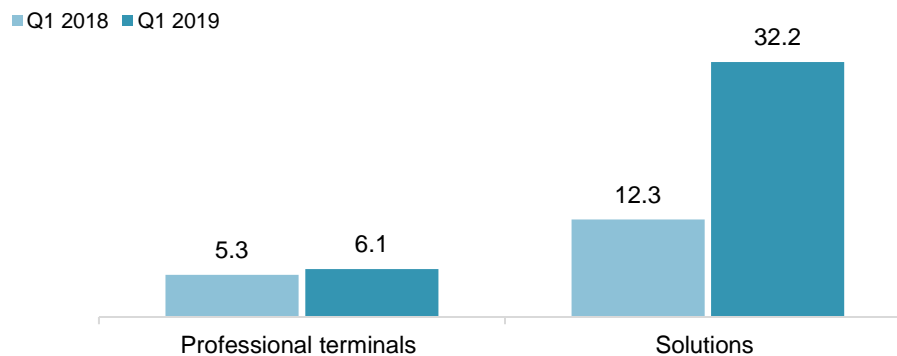
The number of paying professional users increased to 38.3k in Q1 2019 from 17.7k in Q1 2018 due to the inclusion of Infront Italia and continued solid customer development across all regions.

Terminal users represent paying users of Infront Professional Terminals for market data and analytics, Professional Trading Terminals and users of Market Connect's professional terminals. Solution users represent paying users of Infront Retail Trading Solutions and other solutions such as FX, mobile and media, and web and feed solution users of Market Connect. The Infront Web Technology solutions for SEB and Handelsbanken are not measured on a user level and are therefore not included in the user data.

The number of professional terminal users rose 13% and solutions users increased 162% compared to Q1 2018 including the impact of acquired users at Infront Italia.

### Number of paying professional users per Infront product:

'000s of users



## Infront News

Q1 2019 News revenue from external customers was NOK 13.5 million, a decrease of 9% from Q1 2018 (NOK 14.8 million). In Q1 2019, 82% of the segment revenue was recognized in Swedish krona.



News service Direkt's launch of *Insight Direkt* has progressed according to plan with strong growth in early 2019. To date, a wide range of companies have signed subscription agreements for *Insight Direkt*, a service that is specifically developed for small to mid-sized listed companies.

In Norway, TDN Direkt will launch a news service intended for business media in Q2 2019. TDN will also launch an Oslo-based studio which will offer a wide range of media services.

## Analytics and Other

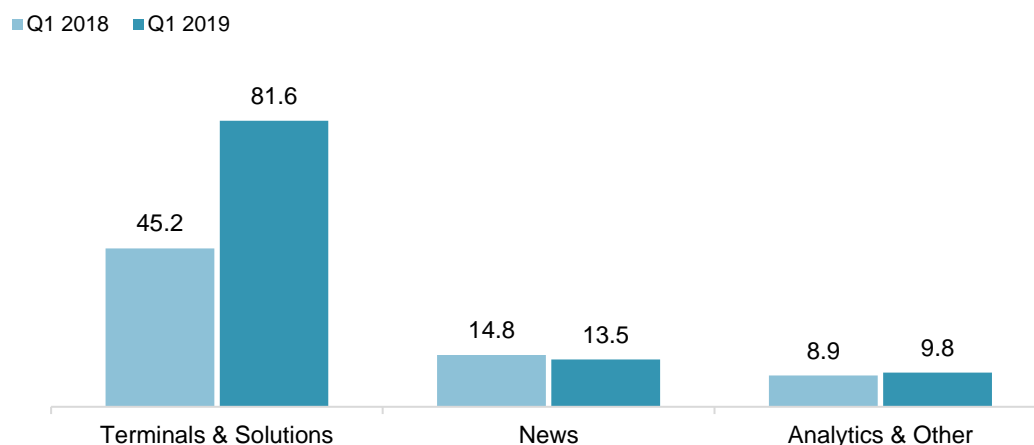
Q1 2019 Analytics and Other revenue from external customers was NOK 9.8 million, up 10% from Q1 2018 (NOK 8.9 million). Revenue increase reflected steady organic growth in Infront Analytics and revenue synergies due to an increased cooperation with Infront Data.

Infront made good progress on all core products and technology projects, including the new back-end architecture. The customer launch of the new functions module for Infront Excel add-in has received positive feedback, as has the implementation of the Stock Ideas generator widgets for Infront Web Solutions targeting retail investors. The company is continuously expanding its coverage of in-house company fundamentals driven by client demand. The Nordic Core consensus product is now in production at most of the core data providers and Infront is preparing to launch the IR Solutions product to European listed companies.

Additionally, Infront has signed a new agreement with FIS Marketmap for the Infront Analytics Visual platform which strengthens the solution offering to wealth management users from April 2019.

### Revenue per segment

(NOK million)





## Revenue per region

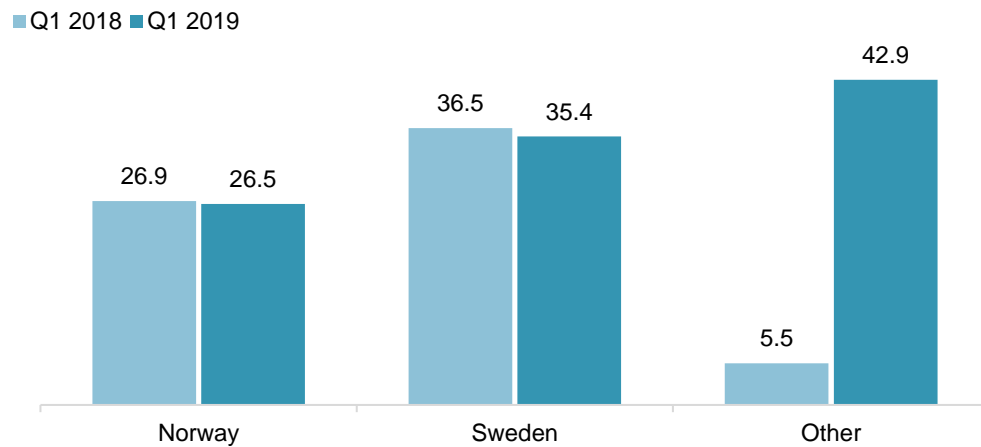
Q1 2019 revenue from Sweden was NOK 35.4 million, a decrease of NOK 3% YoY. The decrease was due to revenue reallocation of roughly NOK 3.5 million between Sweden and other regions and the currency headwind from Swedish krona. Adjusted for these effects, the quarterly revenue from Sweden was at NOK 40.0 million in Q1 2019. Revenue from Norway stable at NOK 26.5 million, slight impact from a contract loss in non-core business.

Revenue from Other regions, including the full revenue recognition from Infront Italia, increased to NOK 42.9 million in revenue, as well as supported by organic growth in UK, South Africa, France, Finland and other regions.

Sweden, Norway and Italy represented 34%, 25% and 31% respectively of group revenue in the quarter, as other regions represented the remaining 10% of revenue.

## Revenue per region:

(NOK million)





## Outlook

Completing the acquisition of VWD and ensuring a successful integration of both VWD and Infront Italia are key priorities for the Company in 2019. The acquisitions provide a strong platform for long-term organic growth in Europe and in other markets and offer significant opportunities for up- and cross selling to the existing customer base.

Infront will proactively develop its top-three position in the European market for terminals to financial professionals and seek to expand its customer base by leveraging additional data sources, new products and services and an extended geographical reach provided through VWD and Infront Italia.

The company may also consider further add-on acquisitions to strengthen its position in selected markets and its overall technology offering. 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.

In addition to acquisitions and synergy capture, Infront expects continued organic growth in the number of users in all regions to contribute to growth in revenue and earnings in 2019.





# FINANCIAL REVIEW

(Figures for the corresponding period in 2018 are shown in brackets)

## Profit and Loss First Quarter

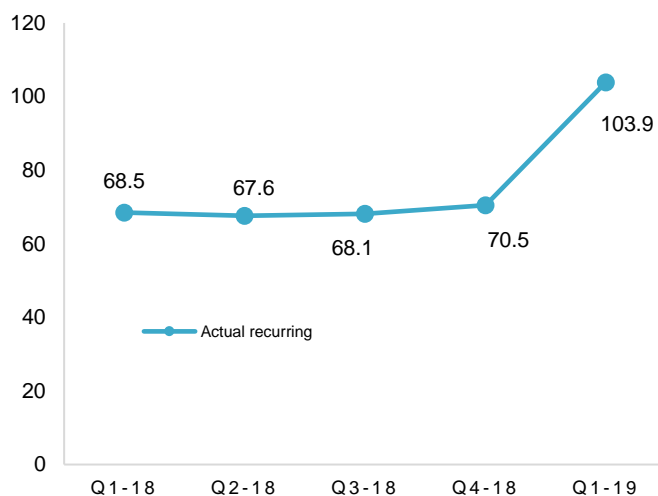
Q1 2019 operating revenue was NOK 104.8 million (NOK 68.9 million), an increase of 52% from the same quarter last year, driven by higher sales and prices across the group, full revenue recognition from Infront Italia, as well as continued growth in new markets led by South Africa and UK.

Q1 2019 EBITDA included Market Connect transaction-related costs of NOK 0.5 million. Adjusted EBITDA increased by 7.5% to NOK 15.6 million from adjusted EBITDA of NOK 14.5 million in Q1 2018. Before implementation of IFRS 16, adjusted EBITDA amounted to NOK 13.8 million compared to NOK 14.5 million in adjusted EBITDA for the same period last year. This decrease was mainly due to high employee and other operational investments related to geographic expansion and product development for future growth.

Infront generates most of its revenue from recurring subscription contracts for its services. To date in 2019, Infront has continued to show an underlying growth in subscription revenue, which represented 99% of total sales for the period.

### Recurring subscription revenue development (actual)

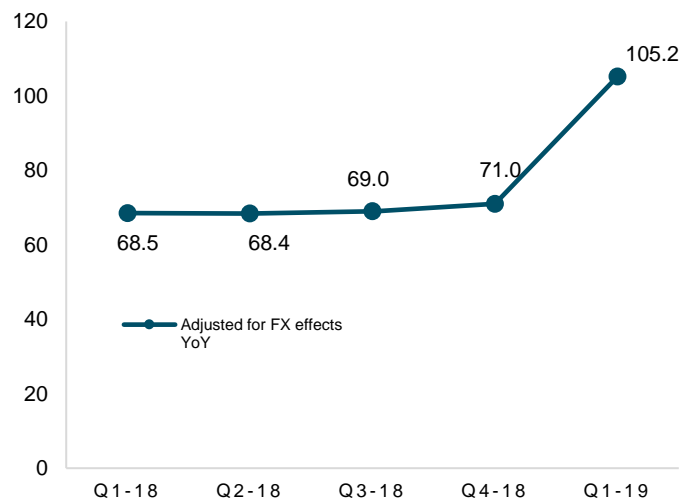
(NOK million)





## Recurring subscription revenue development (adjusted for FX effects)

(NOK million)



Cost of services rendered for the period was NOK 42.0 million (NOK 23.0 million). The increase reflected the revenue growth, and the full impact from the inclusion of Infront Italia.

Employee-related expenses were NOK 30.1 million (NOK 24.8 million). The increase reflected additional employees due to geographic expansion and investment in product development for future growth. The group employed 143 FTEs at the end of Q1 2019 (126).

Other operating expenses were NOK 17.6 million in Q1 2019. Adjusted for Market Connect transaction-related costs of NOK 0.5 million, other operating expenses amounted to NOK 17.1, compared to NOK 6.6 million during the same quarter last year.

Net financial income was NOK 1.6 million in Q1 2019 (net financial income of NOK 4.4 million). The change was primarily a result of foreign exchange transactions and translations.

Income tax expense for the period was NOK 0.9 million (NOK 1.8 million).

Net income for this quarter was NOK 10.2 million (NOK 11.9 million). This is equivalent to earnings per share of NOK 0.39 (NOK 0.46).



## Financial position

Total assets as of 31 March 2019 were NOK 457.2 million, compared to NOK 393.6 million at the end of December 2018. The increase reflected the increased tangible and right-of-use assets, and trade and other receivables due to the acquisition of Market Connect, combined with the cash effects from interest payments of long-term debt (related to financing of M&A) and SIX transaction-related payments.

The combined book value of Intangible assets and equipment and fixtures amounted to NOK 181.9 million (NOK 188.0 million). Right-of-use assets at the end of the period amounted to NOK 33.4 million. For detailed implementation of IFRS 16 refer to note 8 *Right-of-use assets and lease liabilities (IFRS 16)* in this interim report.

Trade and other receivables were NOK 136.4 million at the end of Q1 2019, compared to NOK 99.3 million same quarter last year. The increase mainly reflected the inclusion of Market Connect business in Infront Italia.

At the end of Q1 2019 the cash position was NOK 83.5 million, compared to NOK 87.0 million at the end of 2018. The decrease was a result of positive operating cash flow of NOK 8.1 million, negative investing cash flow of NOK 7.1 million and negative financing cash flow of NOK 2.0 million as well as exchange rate effects on cash position at the beginning of the year of NOK 2.4 million.

Total non-current liabilities at the end of Q1 2019 were NOK 110.7 million, compared to NOK 82.1 million at the end of 2018. The increase was primarily due to combined effects of an M&A-related loan facility of NOK 60.0 million from December 2018, SIX transaction-related payments and lease liabilities of NOK 28.7 million from the implementation of IFRS 16.

Current liabilities at the end of Q1 2019 were NOK 192.8 million, compared to NOK 164.5 million at the end of 2018. The increase reflected the full impact from inclusion of acquired Market Connect business and the current lease liabilities from implemented IFRS 16.



## Cash Flow

Net cash flow from operational activities was NOK 8.1 million at the end of Q1 2019 (negative NOK 5.5 million). Cash flow experienced a positive impact from improved operating profit while net working capital movements reduced cash flow by NOK 7.7 million in the quarter.

Net cash flow from investing activities was negative at NOK 7.1 million (negative NOK 10.7 million). Investments in Q1 2019 were related to SIX transaction-related payments of NOK 2.0 million, investments in new office equipment of NOK 0.7 million and investments in software developments of NOK 4.5 million in the quarter.

Net cash flow from financing activities was negative at NOK 2.0 million (negative 0.4 million). The quarterly financing cash flow reflected payments of lease liabilities of NOK 2.0 million in the period due to the newly implemented IFRS 16 (commencing from 1 January 2019).



# INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

## Consolidated income statement

(unaudited)

(NOK 1.000)	Note	Q1 2019	Q1 2018
Revenues	2	104 823	68 913
Total operating revenues		104 823	68 913
Cost of services rendered		42 032	22 976
Salary and personnel expenses	4, 7	30 105	24 815
Other operating expenses	8	17 597	6 632
Depreciation and amortization	8	5 571	5 149
Other income		-	-
Total operating expenses		95 305	59 572
Operating profit		9 517	9 341
		-	-
Financial income		4 486	4 961
Financial expenses	8	-2 891	-575
Financial income/(expenses) - net		1 595	4 386
Profit before income tax		11 112	13 727
Income tax expenses		-904	-1 842
Profit for the period		10 209	11 884
Profit is attributable to:			
Owners of Infront ASA		10 209	11 884
Non-controlling interests		-	-
		10 209	11 884
Earnings per share			
Basic and diluted earnings per share		0.39	0.46
Average number of basic/(diluted) shares		25 997 856	25 997 856



## Statement of comprehensive income

(unaudited)

(NOK 1.000)	Note	Q1 2019	Q1 2018
Profit for the period		10 209	11 884
<i>Other comprehensive income (net of tax):</i>			
Exchange differences on translation of Foreign operations		-4 010	-4 500
<b>Total comprehensive income for the period</b>		<b>6 199</b>	<b>7 384</b>
Total comprehensive income is attributable to:			
Owners of Infront ASA		6 199	7 384
Non-controlling interests		-	-



## Consolidated statement of financial position

(unaudited)

(NOK 1.000)	Note	31.03.2019	31.12.2018
<b>ASSETS</b>			
Non-current assets			
Equipment and fixtures		3 529	3 168
Right-of-use assets	8	33 397	-
Intangible assets		178 343	184 800
Deferred tax asset		7 271	5 718
Pension assets		488	398
Receivables		14 279	13 254
<b>Total non-current assets</b>		<b>237 307</b>	<b>207 338</b>
Current assets			
Trade and other receivables		136 405	99 321
Cash and cash equivalents		83 510	86 953
<b>Total current assets</b>		<b>219 915</b>	<b>186 274</b>
<b>TOTAL ASSETS</b>		<b>457 223</b>	<b>393 612</b>
(NOK 1.000)	Note	31.03.2019	31.12.2018
<b>EQUITY AND LIABILITIES</b>			
Equity			
Share capital		2 600	2 600
Share premium		105 284	105 284
Share option program	7	1 534	994
Other equity		44 337	38 139
<b>Total equity attributable to owners of the parent</b>		<b>153 755</b>	<b>147 017</b>
Non-controlling interests		-	-
<b>Total equity</b>		<b>153 755</b>	<b>147 017</b>
Non-current liabilities			
Borrowings		52 726	52 726
Lease liabilities	8	28 677	-
Derivative financial instruments		-	-
Pension liabilities		3 014	2 425
Deferred tax liabilities		2 533	1 002
Other non-current financial liabilities		23 741	25 934
<b>Total non-current liabilities</b>		<b>110 690</b>	<b>82 087</b>
Current liabilities			
Borrowings		7 541	7 541
Current lease liabilities	8	4 657	-
Trade and other payables		121 579	104 635
Other current financial liabilities		16 538	12 926
Deferred revenue		42 024	37 493
Current tax liabilities		438	1 914
<b>Total current liabilities</b>		<b>192 777</b>	<b>164 509</b>
<b>Total liabilities</b>		<b>303 467</b>	<b>246 597</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>457 223</b>	<b>393 612</b>



## Consolidated statement of cash flows

(unaudited)

(NOK 1.000)	Note	31.03.2019	31.03.2018
Cash flows from operating activities			
Profit (loss) before tax		11 112	13 727
<i>Adjustments for</i>			
Taxes paid		-1 476	-515
Depreciation, amortization and net impairment losses		5 571	5 149
Pension expense without cash effect		561	36
Changes in conditional consideration		-	1 420
<i>Change in operating assets and liabilities, net of effects from purchase of controlled entities</i>			
Change in trade receivable and other receivables		-48 265	-9 210
Change in derivative financial instruments		-	-
Change in provisions		-	-
Change in deferred revenue		22 014	-171
Change in trade and other payables		18 582	-15 934
Net cash inflow from operating activities		8 099	-5 499
Cash flows from investing activities			
Payment for acquisitions of subsidiary, net of cash acquired	6	-	-5 839
Payment for intangible assets		-2 000	-1 916
Payment for property, plant and equipment		-660	-121
Payment for software development costs		-4 459	-2 846
Receipt of government grants		-	-
Net cash outflow from investing activities		-7 119	-10 721
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	-
Proceeds from borrowings		-	-
Repayments of borrowings		-	-393
Repayments of lease liabilities	8	-1 991	-
Dividends paid		-	-
Net cash inflow from financing activities		-1 991	-393
Net increase/(decrease) in cash and cash equivalents		-1 010	-16 614
Effects of exchange rate changes on cash and cash equivalents		-2 433	-2 281
Cash and cash equivalents at beginning of period		86 953	122 796
Cash and cash equivalents at end of period		83 510	103 902





## Consolidated statement of changes in equity

(unaudited)

(NOK 1.000)	Share capital	Share premium	Treasury shares	Share option program	Translation differences	Retained earnings	Attributable the owners of the parent	Minority interest	Total equity
Balance at 31 December 2017	2 600	105 284	-	-	2 135	25 038	135 054	2 681	137 735
Profit/loss for the year	-	-	-	-	-	16 525	16 525	-	16 525
Currency translation differences	-	-	-	-	36	-	36	-	36
Acquisition of non-controlling interest	-	-	-	-	-3 158	-	-3 158	-2 681	-5 839
Put option to non-controlling interest	-	-	-	-	7 962	-	7 962	-	7 962
Share Option program	-	-	-	994	-	-	994	-	994
Dividend	-	-	-	-	-10 399	-	-10 399	-	-10 399
Balance at 31 December 2018	2 600	105 284	-	994	-3 424	41 563	147 017	-	147 017
Profit/loss for Q1 2019	-	-	-	-	-	10 209	10 209	-	10 209
Currency translation differences	-	-	-	-	-4 010	-	-4 010	-	-4 010
Share option program	-	-	-	541	-	-	541	-	541
Dividend	-	-	-	-	-	-	-	-	-
Balance at 31 March 2019	2 600	105 284	-	1 534	-7 434	51 772	153 755	-	153 755



# 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 Munkedamsveien 45, 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 6 May 2019.

### Basis of Preparation

The interim consolidated financial statements for the first quarter 2019, ending 31 March 2019, 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 2018.

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 2018.

The standards and interpretations effective from 01 January 2019 do not have a significant impact on the Group's consolidated interim financial statements. For further information of this impact refer to note 8 *Right-of-use assets and lease liabilities (IFRS 16)*.



## Note 2. Segment information

(NOK 1.000)

Revenue by region as of 31.03.2019

	Norway	Sweden	Other	Eliminations	Consolidated
Revenue					
External customers	26 490	35 445	42 887	-	104 823
Inter-segment	19 987	9 580	2 229	-31 796	-
<b>Total revenue</b>	<b>46 477</b>	<b>45 026</b>	<b>45 116</b>	<b>-31 796</b>	<b>104 823</b>
EBITDA	-13 031	20 108	8 012	-	15 089
Inter-segment	8 589	-10 818	2 229	-	-
<b>Total assets</b>	<b>186 862</b>	<b>72 152</b>	<b>198 209</b>	<b>-</b>	<b>457 223</b>
Inter-segment	150 099	68 860	22 788	-241 748	-
<b>Total liabilities</b>	<b>80 832</b>	<b>42 184</b>	<b>180 451</b>	<b>-</b>	<b>303 467</b>
Inter-segment	84 398	67 966	32 215	-184 579	-
Depreciation and amortization	1 917	947	2 708	-	5 571
Inter-segment	-1 318	-80	-	1 398	-

Revenue by region as of 31.03.2018

	Norway	Sweden	Other	Eliminations	Consolidated
Revenue					
External customers	26 882	36 498	5 533	-	68 913
Inter-segment	12 682	7 247	2 120	-22 049	-
<b>Total revenue</b>	<b>39 564</b>	<b>43 745</b>	<b>7 653</b>	<b>-22 049</b>	<b>68 913</b>
EBITDA	-5 387	21 674	-1 797	-	14 490
Inter-segment	3 999	-6 119	2 120	-	-
<b>Total assets</b>	<b>194 723</b>	<b>48 613</b>	<b>16 450</b>	<b>-</b>	<b>259 786</b>
Inter-segment	33 998	43 462	11 172	-88 632	-
<b>Total liabilities</b>	<b>83 148</b>	<b>18 055</b>	<b>11 347</b>	<b>-</b>	<b>112 550</b>
Inter-segment	-14 130	47 885	11 899	-45 654	-
Depreciation and amortization	4 642	453	54	-	5 149
Inter-segment	-1 350	-81	-	1 432	-



(NOK 1.000)

Product breakdown as of 31.03.2019

	Terminals and Solutions	News	Analytics and Other	Eliminations	Consolidated
Revenue					
External customers	81 567	13 475	9 780	-	104 823
Inter-segment	18 967	8 901	3 928	-31 796	-
<b>Total revenue</b>	<b>100 535</b>	<b>22 376</b>	<b>13 708</b>	<b>-31 796</b>	<b>104 823</b>
EBITDA	9 463	3 299	2 327	-	15 089
Inter-segment	-11 192	7 523	3 669	-	-
Total assets	403 052	45 032	9 139	-	457 223
Inter-segment	187 915	24 242	29 591	-241 748	-
Total liabilities	255 406	33 075	14 987	-	303 467
Inter-segment	174 413	9 405	761	-184 579	-
Depreciation and amortization	4 217	636	718	-	5 571
Inter-segment	-1 859	-571	-246	2 676	-

Product breakdown as of 31.03.2018

	Terminals and Solutions	News	Analytics and Other	Eliminations	Consolidated
Revenue					
External customers	45 223	14 804	8 887	-	68 913
Inter-segment	11 709	7 026	3 315	-22 049	-
<b>Total revenue</b>	<b>56 931</b>	<b>21 830</b>	<b>12 202</b>	<b>-22 049</b>	<b>68 913</b>
EBITDA	8 995	4 125	1 370	-	14 490
Inter-segment	-8 553	5 456	3 097	-	-
Total assets	225 461	20 498	13 827	-	259 786
Inter-segment	52 307	18 707	17 617	-88 632	-
Total liabilities	99 443	9 386	3 721	-	112 550
Inter-segment	30 424	13 362	1 868	-45 654	-
Depreciation and amortization	4 688	148	313	-	5 149
Inter-segment	-1 303	-48	-81	1 432	-



### **Disaggregation of revenues (IFRS 15)**

The group's total revenue is disaggregated by major revenue streams by geographical areas and by product segments shown in the tables above. However, the reportable product segments are often aggregated to form single reportable segments for geographical areas due to the integrated service across group and the licenses are often sold together. It is, however, not possible to obtain information in order to present the revenue streams in a disaggregated level across both reportable product segments and geographical areas. Therefore, the disaggregation of income is not included in this note. The group's revenue are subscription based revenues which consist of: terminal subscription revenue which was obtained on a regular monthly (up to annual) basis and recurring; solution subscription revenue which was obtained by the time of delivery of service with inclusion of the initial entrance service and thereafter become regular recurring subscription revenue.

Contract assets and liabilities vary to an extent throughout the reporting period. The majority of customers are invoiced in advance for monthly, quarterly or on an annual basis for the subscriptions. The Group has customers who are invoiced after the service are rendered, monthly. Contract liabilities (deferred income) are therefore registered in relation to the payments invoiced in advance monthly, quarterly or annually to customers. Customers have payment terms varying from 14-45 days.



## Note 3. Transactions with related parties

### Transactions with associated companies

The Group has various transactions with associated companies. All the transactions have been carried out as part of the ordinary operations and at arms-length prices. The most significant transactions are as follows:

(NOK 1.000)

<b>Per 31.03.2019</b>		<b>Sales to related parties</b>	<b>Purchases from related parties</b>
Infront ASA	Norway	18 773	11 144
TDN Finans AS	Norway	1 213	254
Infront Sweden AB	Sweden	194	19 015
Nyhetsbyrå Direkt AB	Sweden	7 687	1 124
Infront Data AB	Sweden	1 699	259
Infront Analytics SAS	France	2 229	-
<b>Group total</b>		<b>31 796</b>	<b>31 796</b>

<b>Per 31.03.2018</b>		<b>Sales to related parties</b>	<b>Purchases from related parties</b>
Infront ASA	Norway	11 521	8 593
TDN Finans AS	Norway	1 616	240
The Online Trader Sweden AB	Sweden	188	11 700
Nyhetsbyrå Direkt AB	Sweden	5 865	1 299
Infront Data AB	Sweden	1 195	218
Infront Analytics SAS	France	2 120	-
<b>Group total</b>		<b>22 049</b>	<b>22 049</b>



## Note 4. Number of employees

Number of employees (full-time equivalents) at the end of the first quarter was 143 in 2019 and 126 in 2018.

## Note 5. Investment in subsidiaries

31.03.2019

<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>
Infront 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 SAS	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%
Infront Data AB	07.03.2017	yes	Stockholm	100%	100%
Infront Finland OY	28.09.2017	yes	Helsinki	100%	100%
Infront Italia SRL	29.11.2018	yes	Milan	100%	100%

## Note 6. Business combination

On 20 December 2018, Infront Group acquired Market Connect division from Spafid Connect S.p.A, a subsidiary of Mediobanca S.p.A based in Italy, with agreed purchase price of EUR 8.5 million. The full financial impact was included in the newly incorporated entity Infront Italia SRL and was consolidated in the Q1 2019 financial statements. More details regarding this acquisition refer to Infront group annual report 2018 note 22 *Business combination- Acquisition of Market Connect*.



## Note 7. Share options

On 27 June 2018, the Board resolved to issue share options to management of the Company. The resolution was made on the basis of the approval by the Annual General Meeting of 27 April 2018 to authorize the Board of Directors of Infront ASA to issue new shares to management under a long-term incentive program.

A total of 1 032 927 options for shares of the Company were distributed amongst management 26 June 2018. Each option, when exercised, will give the right to acquire one share in the Company. The options are granted without consideration. Pursuant to the vesting schedule, 1/3 of the options will vest annually after the grant date (as long as the option holder is still engaged by the Company). The exercise price is equal to NOK 27.13 per share. Any options not exercised by the 5th anniversary of the grant date will be void.

The share option program consists of three tranches, as displayed in the table below:

Allotment of share options	Fair value (NOK)	Strike price	Grant date	Vesting date	Expiry date	Latest exercise schedule	Total number of share options	Exercised share options	Average exercise price	Remaining share options
Tranche I	1 197 541	27.13	26/06/2018	26/06/2019	26/06/2023	NA	344 309	-	-	344 309
Tranche II	1 700 232	27.13	26/06/2018	26/06/2020	26/06/2023	NA	344 309	-	-	344 309
Tranche III	2 103 315	27.13	26/06/2018	26/06/2021	26/06/2023	NA	344 309	-	-	344 309
<b>Total</b>	<b>5 001 088</b>						<b>1 032 927</b>	-	-	<b>1 032 927</b>





### Fair value of the options

The fair value of the options is determined when the options are allotted and expensed over the vesting period. The fair value at grant date is determined using an adjusted form of the Black-Scholes Model, that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at the grant date, expected price volatility of the underlying share and risk-free interest rate. The expected share price volatility is based on historical volatility for a selection of comparable listed companies. Risk free interest rate is based on treasury bonds with similar duration as the option program.

### Share options currently held by primary insiders of Infront ASA:

<b>Name</b>	<b>Position</b>	<b>Number of share options</b>
Max Martin Hofer	CFO	387 347
Martin Holtet	CTO	232 408
Joachim Rosli	Head of Sales	103 293
<b>SUM</b>		<b>723 048</b>



## Note 8. Right-of-use assets and lease liabilities (IFRS 16)

IFRS 16 was implemented for the Group with effect as of 01.01.2019.

On transition to IFRS 16, the Group recognized NOK 39.1 million in right-of-use assets and NOK 39.1 million of lease liabilities at the beginning of the year.

Accounting principles applied are described in the Group's annual report 2018.

The Group's lease consists of office buildings. The movements of the Group's right-of-use assets and lease liabilities are presented below:

### Right-of-use assets

(NOK 1.000)

	Office buildings
<i>Acquisition cost 01.01.2019</i>	39 056
Additions	-
Disposals and write-downs	-
<i>Acquisition costs 31.03.2019</i>	39 056
<i>Accumulated depreciation and impairment 01.01.2019</i>	-
Depreciation	-1 277
Impairment losses in the period	-
Disposals	-
Transfers and reclassifications	4 382
<i>Total right-of-use assets as of 31.03.2019</i>	33 397

### Lease liabilities

(NOK 1.000)

<i>At initial implementation 01.01.2019</i>	39 056
New lease liabilities in the period	-
Leasing payments for the principal portion of the lease liability	-1 727
Interest expenses on lease liabilities	385
<i>Total lease liabilities at 31.03.2019</i>	33 333

Whereof:

Current lease liabilities within 1 year	4 657
Non-current lease liabilities over 1 year	28 676



#### IFRS 16 effects on the income statement Q1 2019

(+) positive effect (-) negative effect

(NOK 1.000)

Depreciation	-1 277
Leasing payments for the principal portion of the lease liability	1 727
<i>Effect on Operating profit in the period</i>	450
Interest expense on lease liabilities	-385
<i>Effect on profit before income tax in the period</i>	64



## **Note 9. Subsequent events**

### **New acquisition**

11 April 2019, the Company entered into an agreement to acquire 100% of the shares in vwd Group GmbH ("VWD") from a fund managed by The Carlyle Group (Carlyle) to create the leading European financial market solutions provider. The purchase price is EUR 130 million on an enterprise value basis. The transaction is proposed financed by a bond issue of EUR 105 million and an equity rights issue of approximately NOK 240 million (equivalent to approximately EUR 25 million), both fully underwritten. VWD has approximately 400 employees and 2018 revenue was NOK 654 million, of which 98% was recurring revenue through a SaaS delivery model, and an adjusted EBITDA of NOK 105 million.

The combined business will be a leading full-service provider of real-time market information and portfolio management solutions to financial professionals in Europe with ~3 600 diversified customers and ~90 000 professional users. Annual 2018 revenue for the combined company exceeded NOK 1 055 million and adjusted EBITDA was NOK 195 million, including estimated near-term synergies of NOK 25 million. The Company has estimated initial cost savings, after the completion of transaction, of NOK 25 million from consolidating data feeds and licenses to be realized through the first 12 months and with further cost savings expected over time from operational efficiencies and scaling effects.

### **Financing of the acquisition**

Infront proposes to finance the acquisition of VWD through a combination of new equity and a new senior secured bond issue. The purchase price shall be paid in cash upon completion of the transaction.

The new equity is proposed be raised through a fully underwritten rights issue of approximately NOK 240 million (equivalent to approximately EUR 25 million).

The rights issue is fully underwritten by a syndicate consisting of ABG Sundal Collier ASA and Danske Bank, Norwegian Branch, the Company's two largest shareholders Lindeman AS (owned by co-founder and CIO, Morten Lindeman) and Nesbak AS (owned by co-founder and CEO, Kristian Nesbak), as well as FLKX Capital AS (owned by the Company's CFO, Max Hofer), Gujac Holding AS (owned by the Chairman of the Board, Gunnar Jacobsen) and Benjamin Røer (member of the Board of Directors). Other shareholders were invited to participate in the underwriting syndicate and submit pre-commitments in the rights issue until 26 April.

The Company will call for an extraordinary general meeting ("EGM") to be held end of May 2019 to resolve the rights issue. The shareholders mentioned above holding approximately 34% of the shares in the Company have undertaken to vote in favor of the rights issue at the EGM. Terms of



the rights issue, including the subscription price and the number of shares to be issued, will be proposed by the Board of Directors and are expected to be announced the day before the EGM.

The full terms of the rights issue will be included in a prospectus that shall be approved by the Financial Supervisory Authority of Norway (the “FSA”). The prospectus will be published prior to the subscription period and will form the basis for the subscription in the rights issue. Subject to timely prospectus approval, the subscription period will start shortly after the EGM.

The senior secured bond issue of EUR 105m was fully underwritten by a syndicate consisting of ABG Sundal Collier ASA and Danske Bank, Norwegian Branch. On 29 April 2019, the Company announced the successful placement of the bond in the market. Settlement is expected to be 15 May 2019, with final maturity 15 May 2023. The bonds have a floating coupon of 3m EURIBOR + 5.75% p.a. An application will be made for the bonds to be listed on Oslo Børs.

### **Conditions and timetable**

Subject to regulatory clearance, the parties expect to complete the transaction in June/July 2019.

The Company will prepare and publish a prospectus for the rights issue, which will be subject to approval by the Norwegian Financial Supervisory Authority prior to publication.



## 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, amortization and impairment
- Adjusted EBITDA represents EBITDA adjusted for M&A- related costs and other income
- 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, amortization 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 three month period ended, 31 March 2019
IPO	Initial public offering
M&A	Mergers and acquisitions
MiFID II	Directive 2014/65/EU

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