



INFRONT ASA

Q3 2020 Results

Kristian Nesbak, CEO & Co-founder
Max Hofer, CFO

13 November 2020



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BUSINESS UPDATE & OPERATIONAL REVIEW

Kristian Nesbak, CEO & Co-founder



We help you

gain unique market insight

& make the right decisions



Wing-to-wing Fintech service provider for professionals



Research



Asset mgmt



Advisory



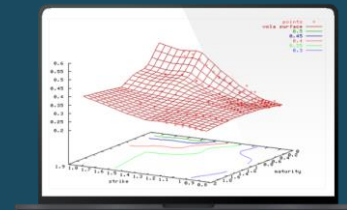
Treasury



Trading

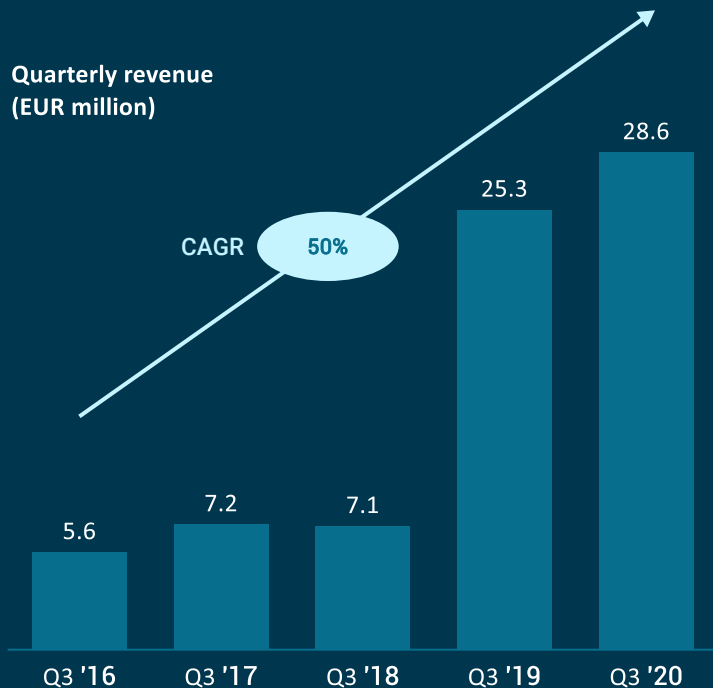


Valuation & compliance





This is Infront



We are **a leading European financial SaaS* provider**

Access to
120+
exchanges

8bn+
daily
data points

Offices in
10+
countries

~3500
customers



Q3 2020: Highlights

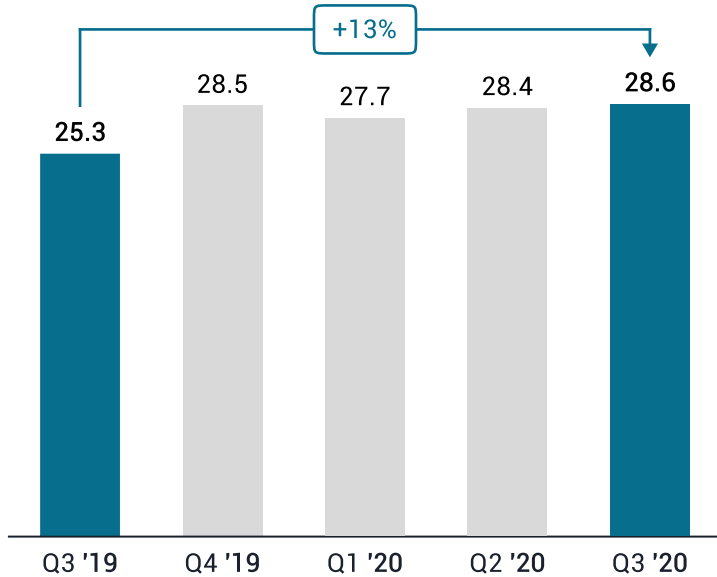
- Record high EBITDA of EUR 5.7m
- Meaningful cost-synergy capture
- Aligning and tailoring product portfolio
- Positioning Infront for growth



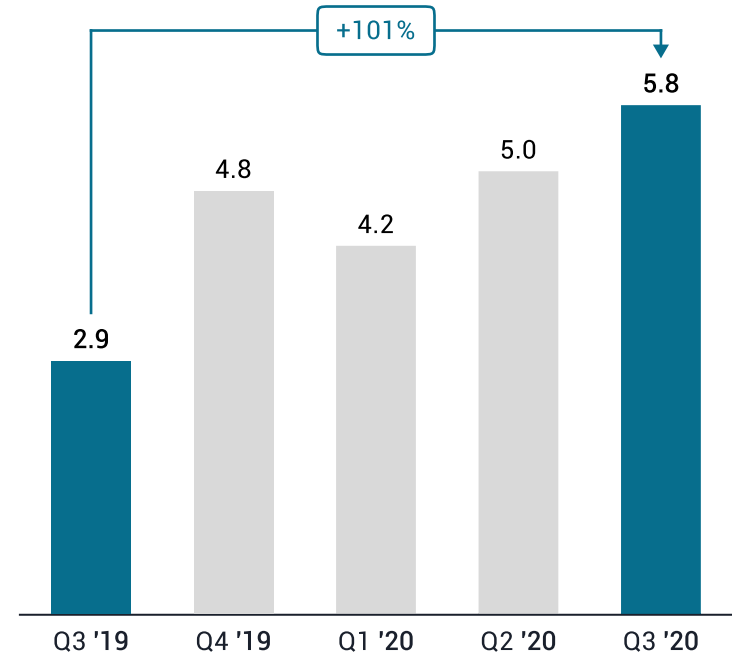


Q3 2020: Another solid quarter

Revenue (EUR million)

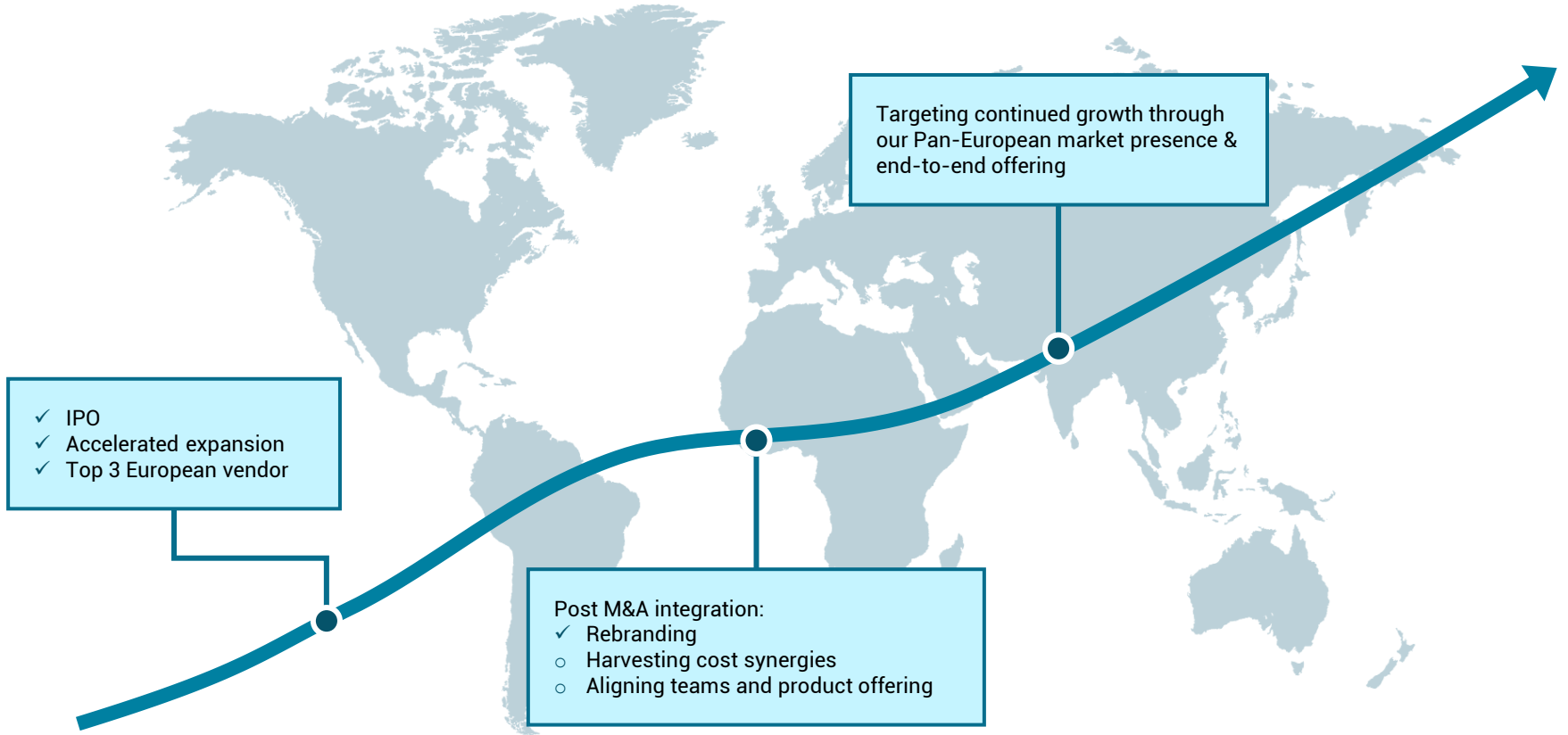


Adjusted EBITDA (EUR million)





Positioning Infront for accelerated growth





Strong customer base and attractive pipeline

Solid footprint:

Attractive growth potential:

- Diversified and high calibre customer/partner base includes a broad range of financial institutions, buy-side & sell-side clients, corporates, exchanges, etc.

DNB

ABG
SUNDAL COLLIER

LBΞBW

Pareto
Securities

EURONEXT

Börse
Stuttgart

T . . .

DZ BANK
Bank on Germany

BASF
We create chemistry

Danske Bank

... and many more ...

Combining Infront's offering across locations

Developing products and features in close cooperation with clients

Tapping into a wider customer audience



Ramping up our efforts in the UK

- Signed agreement to acquire a key local partner in the United Kingdom; NB Trader Solutions Ltd.
- NB Trader offers a modern Execution and OMS* System, enabling effortless management and routing of orders in a single, integrated platform
- Since Infront initiated its cooperation with NB Trader our traction in the UK-market has accelerated
- The transaction will:
 1. Enable Infront to bypass significant development efforts
 2. Serve as an important catalyst for Infront's future growth in the UK Market



Key facts:

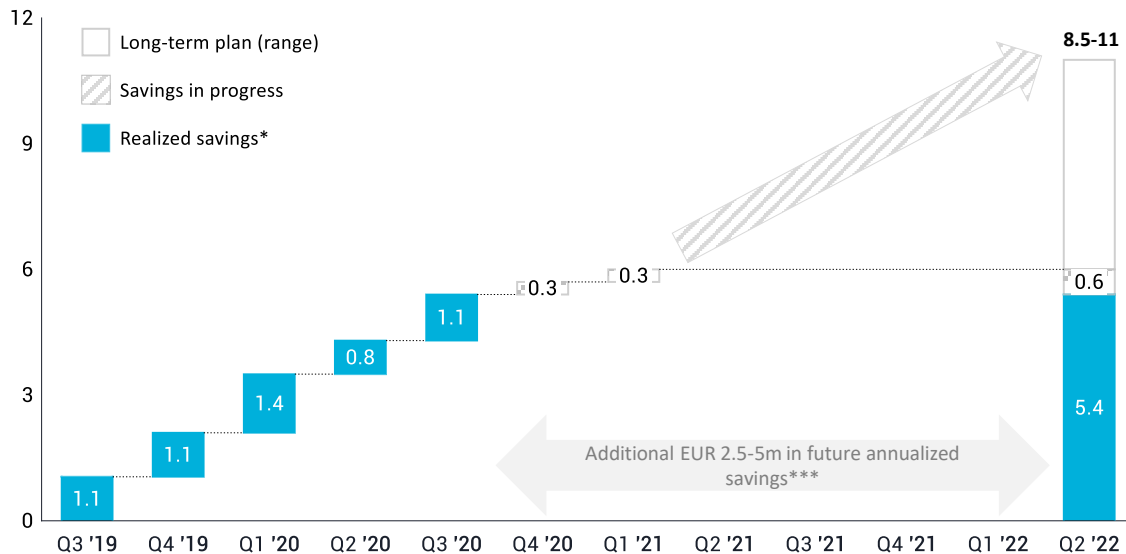
- Marginal revenue impact \approx EUR 1.3m
 - Run-rate expected to increase after closing
- Identified data cost-synergies
- Positive margin contribution

* Order Management System

YTD cost-synergies ahead of plan

One technology platform, organization, portfolio of products and services

Cost savings
EUR million



EUR 5.4 million in realized savings as of Q3 2020

P&L effect of realized synergies is usually fully captured over the next twelve following months

- Mainly due to cancellation notices (data, operational efficiencies, etc.)

Quarterly P&L impact of our cost savings efforts is currently EUR ~1.1 million

- On track to reach EUR 6 million in cost synergies by end of Q1 2021

Long-term cost-synergy target confirmed

* Annualized savings secured in previous quarters (including Q3 2020)

** Annualized value of total realized savings as per Q3 2020

*** Estimated future savings from additional operational efficiencies



Aspirations

**We are streamlining our offering across geographies
When we have reached our initial goal, we will:**

- **Be recognized as a leading European financial information & technology provider**
- **Deliver high single-digit net organic growth**
- **Achieve a long-term EBITDA-margin of +25%**





FINANCIAL REVIEW

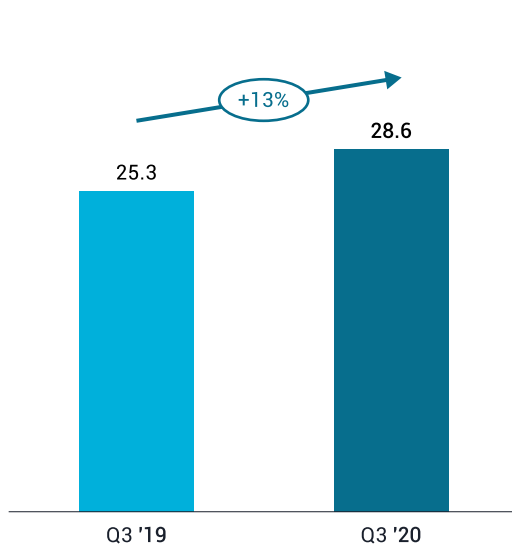
Max Hofer, CFO



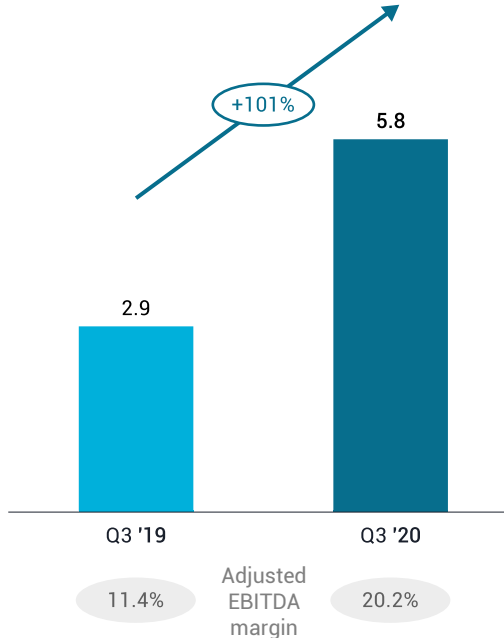


Q3 2020 Financial highlights

Quarterly revenue (EUR million)



Quarterly adjusted EBITDA (EUR million)



Revenue of EUR 28.6 million, up 13% from EUR 25.3 million in Q3 2019

- EUR 0.2 million increase from Q2 2020 mainly driven by project revenues
- 97% recurring subscription revenue, with ARR¹ at end of quarter of EUR 111m

Adjusted EBITDA² of EUR 5.8 million compared to EUR 2.9 million in Q3 2019

- Adjusted EBITDA margin of 20.2% compared to 11.4% in Q3 2019 driven by cost savings
- EBITDA of EUR 5.7 million

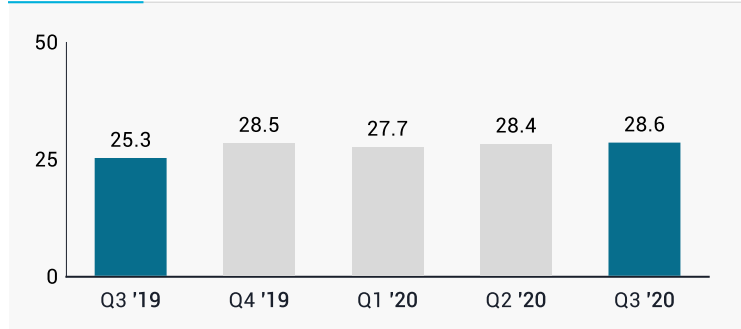
1) ARR = Annual Recurring and volume-based Revenue

2) EBITDA Q3 2020 adjusted for integration-related costs of EUR 0.1 million

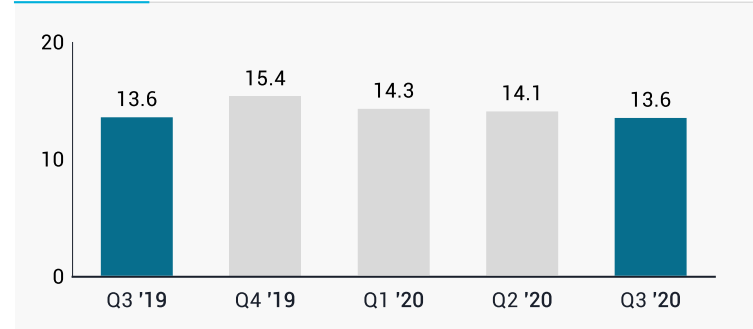


Key financials

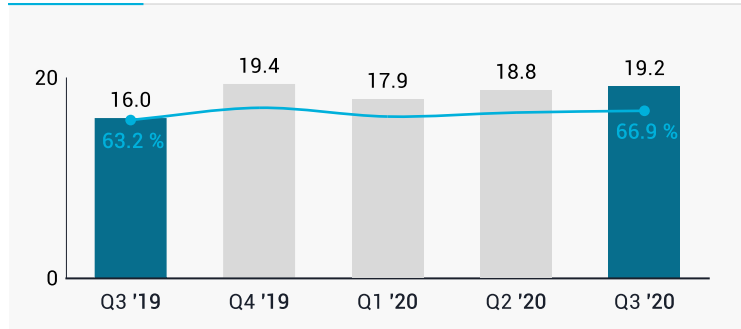
Revenue (EUR million)



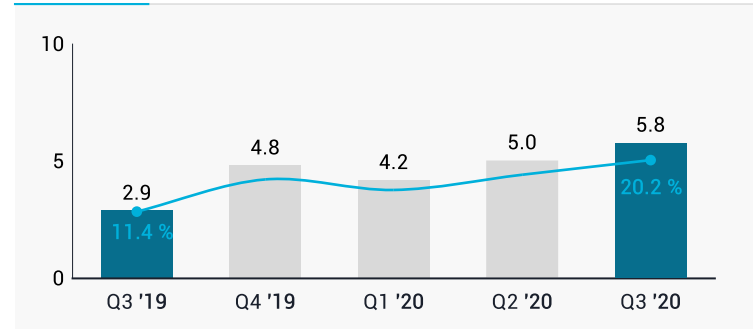
Adj. Salary & Other Opex¹ (EUR million)



Gross profit and margin (EUR million)



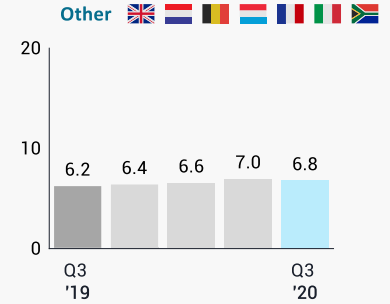
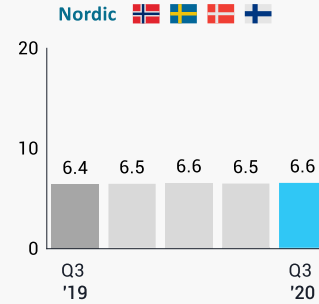
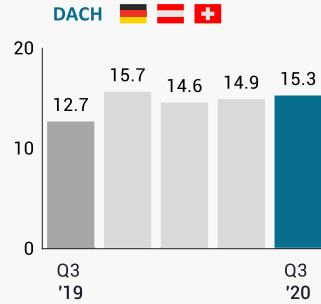
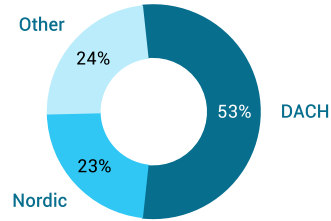
Adj. EBITDA¹ and margin (EUR million)



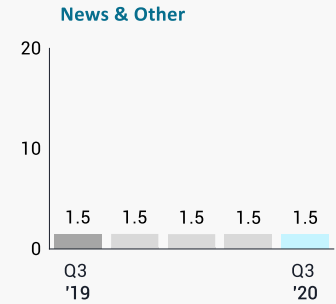
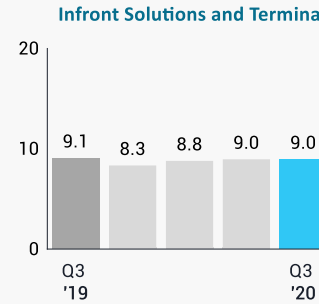
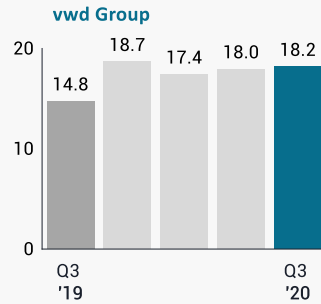
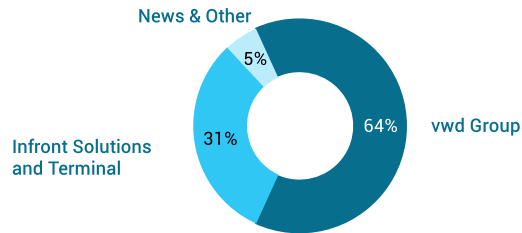
1) Adjusted for integration and transaction-related items

Revenue development across regions and segments

Revenue, across regions (EUR million)



Revenue, across segments (EUR million)



New operating segments*

Infront's operating segments reorganized by product & solution areas:

Terminal and Feed Solutions

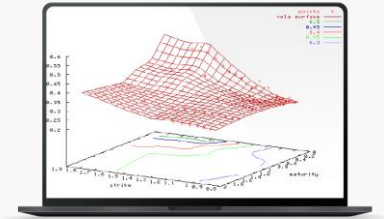
Includes terminal and feed solutions for the entire group. The main products are comprised of the Infront Professional Terminal (IPT), data and feed solutions, electronic trading solutions, the Market Manager and the Investment Manager.

Portfolio and Regulatory Solutions

Contains various products and tools for the buy-side, such as portfolio management software, advisory tools, as well as regulatory services and calculation solutions ("fair value") for a broad range of financial institutions.

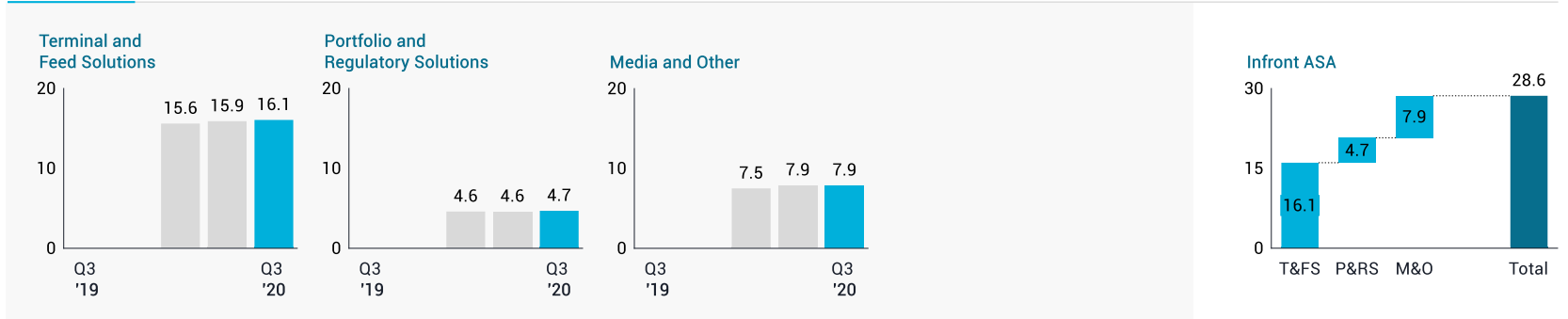
Media and Other

Media publishing and listing services, news services as well as ancillary activities related to other products and solutions.

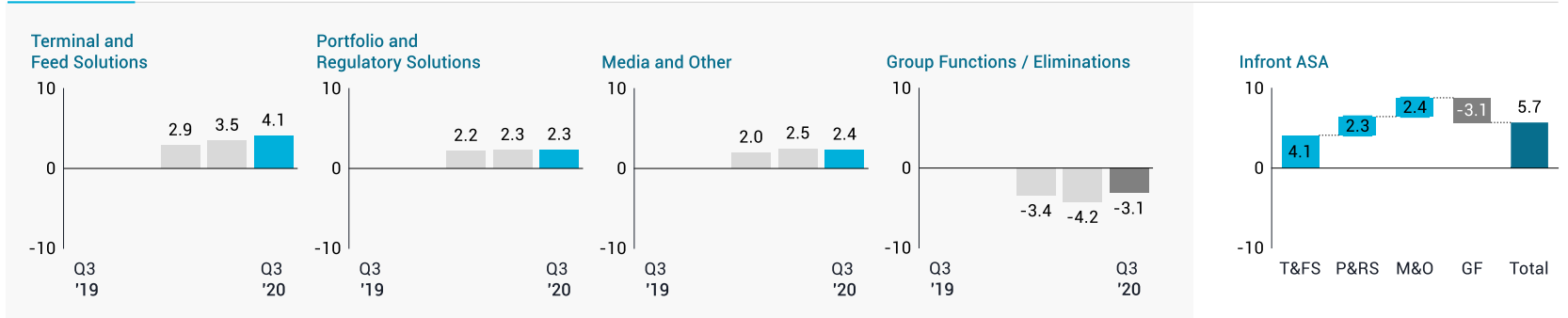


Overview of Infront's new operating segments

Revenue, across new segments (EUR million)



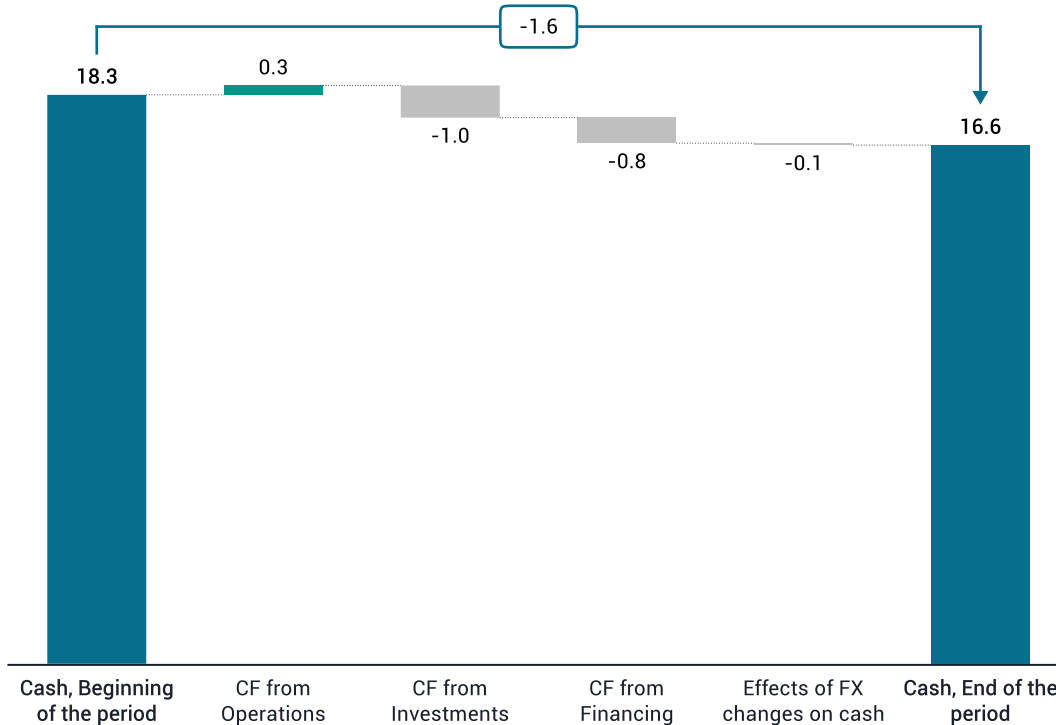
EBITDA, per segment (EUR million)





Cash Flow in Q3 2020 impacted by seasonality effects

Q3 2020 Cash Flow (EUR million)



Operating CF: EUR 0.3 million

- Non-cash charges of EUR 3.2 million
- Seasonal negative net working capital effect of EUR -2.3 million
- Interest cash payment EUR 1.6 million

Investing CF: EUR -1.0 million

- Mainly reflecting capitalized R&D and EUR 0.4 million in other investments

Financing CF: EUR -0.8 million

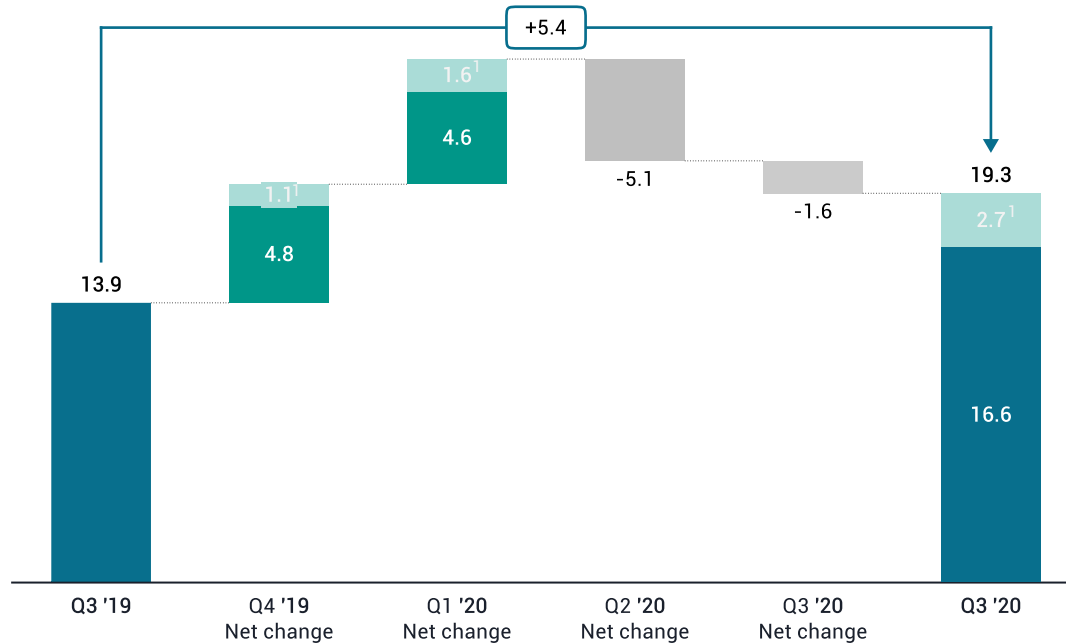
- Repayments of lease liabilities of EUR 0.8 million

End of the period cash position:
EUR 16.6 million



Solid underlying cash generation over the past 12 months

Cash Development adjusted for one-off transaction-related outflows (EUR million)



- Cash development in line with underlying seasonality
 - Higher cash inflows in Q4 and Q1
- Deleveraging of the company expected to accelerate as the quarterly impact of cost synergies increases
- Net change in cash position since end of Q3 2020 includes transaction related items of approx. EUR 2.7 million¹.
 - EUR 1.1 million in Q4 2020
 - EUR 1.6 million in Q1 2020

1) Adjustment for: M&A advisory fees, M&A legal expenses and post-M&A integration project in Q4 2019 and Q1 2020



Investment summary

- A leading player with a pan-European footprint
- Strong track record of achieving long term growth
- Positioning for the future by aligning product offering
- Capturing and monetizing significant cost-synergies
- Attractive pipeline of strategic growth prospects





Q&A





Next Quarterly Report:

- Q4 2020 to be published 12 February 2021
- [IR Mailing list](#)
- ir@infrontfinance.com



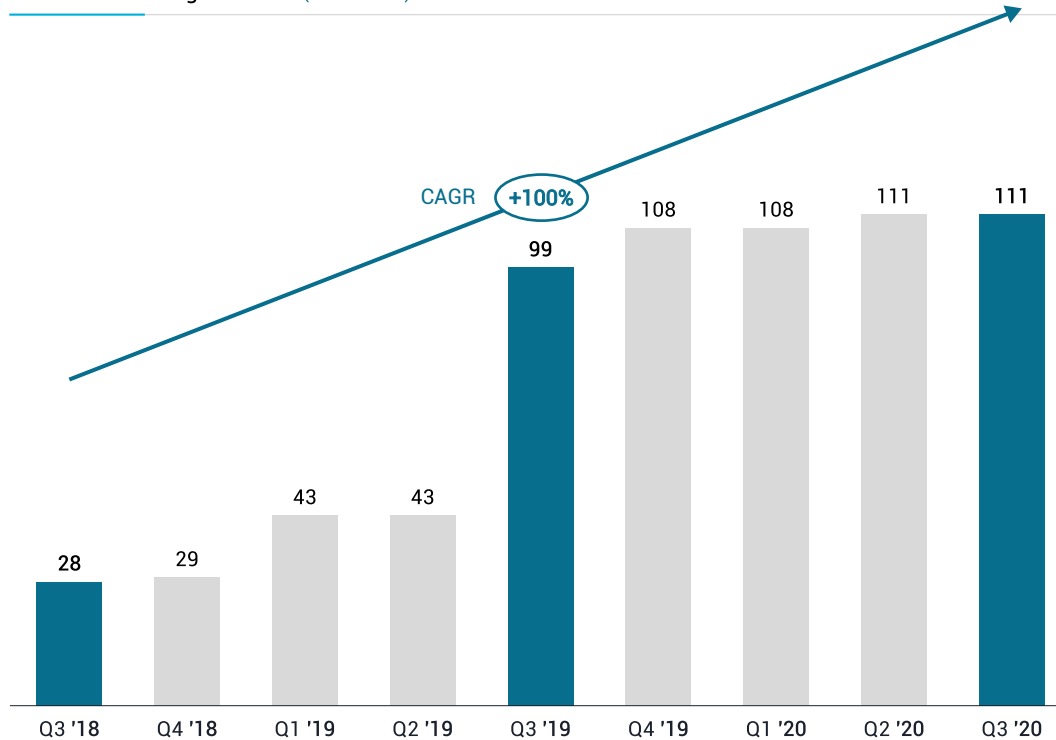
APPENDIX





Annual Recurring Revenue

Annual Recurring Revenue (EUR million)



- Annual Recurring Revenue breakdown:
- Subscription-based revenues in Q3 2020: EUR 103 million (EUR 103 million in Q2 2020)
- Volume-based revenues in Q3 2020: EUR 8 million (EUR 8 million in Q2 2020)
 - volume-based revenues include subscription revenues that are also consumption based and thereby also variable (e.g. depend on trading volumes)



Profit and Loss

EUR 1000	Quarter		YTD	
	Q3 19	Q3 20	Q3 19	Q3 20
Revenues	25,299	28,640	46,870	84,749
Other revenues	50	-9	140	-17
Total operating revenues	25,348	28,631	47,010	84,732
Cost of services rendered	9,317	9,466	17,820	28,890
Salary and personnel costs	9,312	10,757	15,575	33,355
Other operating expenses	8,066	2,873	12,083	10,166
Depreciation, amortisation and net impairment losses	2,911	3,537	4,689	10,177
Other income	-463	-175	-463	-1,164
Other losses/(gains) - net	0	0	0	0
Total operating expenses	29,144	26,458	49,704	81,424
Operating profit	-3,796	2,173	-2,695	3,308
Financial income/(expenses) - net	-5,738	-2,632	-6,826	-5,806
Profit before income tax	-9,533	-459	-9,521	-2,498
Income tax expense	1,706	324	1,718	-1,881
Profit for the period	-7,827	-135	-7,803	-4,379

Revenue

- QoQ revenue increase mainly caused by project revenues

Gross margin

- QoQ improvement driven by data-cost synergies

Personnel

- QoQ decrease mainly reflects the severance payment accrual of EUR 0.9m in the previous quarter

Opex

- QoQ decrease mainly reflects reduced use of subcontractors & consultants
- Reduced travel-activity also had a positive effect on other operating expenses
- Adjusted EBITDA of EUR 5.8 million
- Integration initiatives on track



Cash flow statement

EUR 1000	Quarter		YTD	
	Q3 19	Q3 20	Q3 19	Q3 20
Cash flows from operating activities				
Profit (loss) before tax	-9,533	-459	-9,521	-2,498
Taxes paid	-4	-350	-183	-822
Depreciation, amortisation and net impairment losses	2,911	3,537	4,689	10,177
Pension expense without cash effect	260	-337	332	-193
Interest expense including non-cash items	2,501	1,874	3,480	5,587
Interest cash expense in the period	-764	-1,619	-1,742	-4,945
Net working capital movements	1,610	-2,346	33	-3,364
Net cash inflow from operating activities	-3,020	300	-2,912	3,943
Cash flows from investing activities				
Payment for acquisition of subsidiary, net of cash acquired	-117,731	0	-117,731	0
Payment for intangible assets	-204	-299	-601	-816
Payment for property, plant and equipment	-541	-133	-992	-654
Payment for software development costs	-1,207	-597	-2,051	-1,860
Net cash (outflow) from investing activities	-119,683	-1,029	-121,375	-3,331
Cash flows from financing activities				
Net proceeds from issuance of ordinary shares	0	0	23,424	0
Proceeds from borrowings	10,000	0	10,000	0
Repayments of borrowings	-5,819	0	-5,819	0
Proceeds from bond issue	0	0	102,256	0
Dividends paid	0	0	0	-87
Repayments of lease liabilities	-499	-819	-909	-2,506
Net cash inflow from financing activities	3,682	-819	128,952	-2,593
Net increase/(decrease) in cash and cash equivalents	-119,021	-1,548	4,665	-1,981
Cash and cash equivalents at the beginning of period	132,464	18,254	8,740	18,703
Effects of exchange rate changes on cash and cash equivalents	435	-62	473	-78
Cash and cash equivalents	13,878	16,645	13,878	16,645

Operating CF: EUR 0.3 million

- Non-cash charges of EUR 3.2 million
- Seasonal negative net working capital effect of EUR -2.3 million
- Interest cash payment EUR 1.6 million

Investing CF: EUR -1.0 million

- Mainly reflecting capitalized R&D and EUR 0.4 million in other investments

Financing CF: EUR -0.8 million

- Repayments of lease liabilities of EUR 0.8 million

End of the period cash position:
EUR 16.6 million



Statement of Financial Position

EUR 1000	31 December 2019	31 March 2020	30 June 2020	30 September 2020
Equipment and fixtures (PPE)	2,947	2,903	2,828	2,696
R-o-U assets	13,671	12,945	12,346	11,543
Intangible assets	173,987	171,370	170,221	168,649
Deferred tax asset	5,790	7,259	6,729	7,071
Pension assets	646	650	652	341
Receivables	192	139	215	292
Total Non-current Assets	197,234	195,266	192,991	190,592
Trade and other receivables	12,533	21,414	22,430	19,639
Cash and cash equivalents	18,703	23,305	18,254	16,645
Total Current Assets	31,236	44,719	40,684	36,284
Total Assets	228,470	239,985	233,675	226,876
Share capital	458	459	459	459
Share premium	34,883	35,076	35,076	35,076
Share option program	317	398	545	685
Other equity	-6,985	-7,641	-11,483	-10,971
Total equity attributable to owners of the parent	28,673	28,292	24,597	25,249
Non-controlling interests	2,686	2,891	3,134	3,207
Total Equity	31,359	31,183	27,731	28,456
Long term borrowings	101,757	102,406	102,462	102,399
Lease liabilities	11,283	10,795	10,218	9,465
Pension liabilities	8,659	8,742	8,812	8,435
Deferred tax liabilities	20,068	19,639	19,242	18,799
Other non-current financial liabilities	2,895	2,711	2,727	2,422
Total Non-current Liabilities	144,661	144,293	143,461	141,520
Short term borrowings	10,000	10,000	10,000	10,000
Current lease liabilities	2,643	2,468	2,491	2,475
Trade and other payables	29,333	40,546	37,018	33,602
Other current financial liabilities	3,316	1,437	1,243	1,182
Deferred revenue	4,759	6,370	6,932	5,356
Current tax liabilities	2,399	3,688	4,799	4,285
Total Current Liabilities	52,450	64,509	62,483	56,900
Total Liabilities	197,111	208,802	205,944	198,420
Total Equity and Liabilities	228,470	239,985	233,675	226,876



Continued focus on safeguarding people and operations

- **Primary focus on people and operations amid COVID-19 outbreak**
 - Focus on employee health and complying with local guidance
 - Quickly adapted to a new working environment with rapid transition to home offices during lock-down
 - Positive short-term impact on costs
 - Ensuring stable systems to handle any spike in activity
- **Short-term risks and mitigations**
 - Non-recurring revenue (i.e. consulting fees) could face a temporary reduction
 - Potentially reduced organic growth
 - Capacity to adjust operations accordingly
- **Resilient business model**
 - Recurring revenue base provides good visibility for the next 12 months and beyond
 - We empower working remotely:
 - Infront's IPT Terminal can be installed on any modern computer
 - Our web-solutions are compatible with most browsers
 - Our products and solutions are needed by our clients