

INFRONT ASA Q4 2017 Results

16 February 2018

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Presenters and agenda

Kristian Nesbak
CEO & Co-founder



Max Hofer
CFO



Agenda

- Q4 2017 Highlights
- Operations Review
- Financial Review
- Summary

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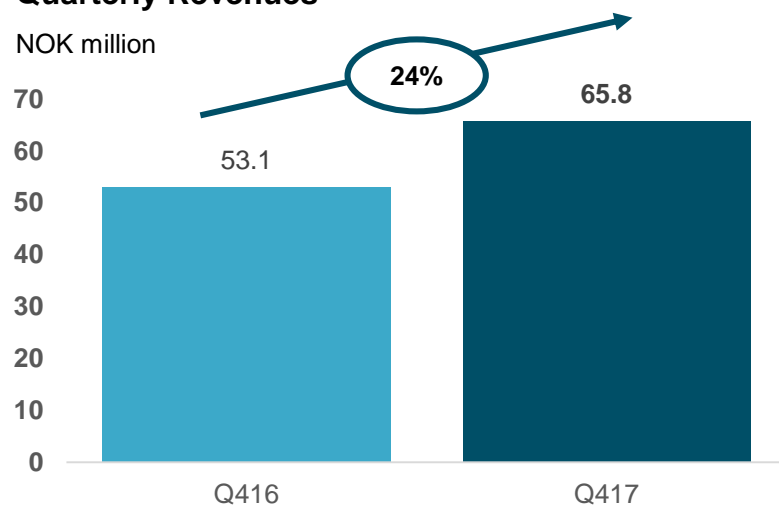
Q4 2017: A solid conclusion to an active year

- 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 migration of SIX Edge customers
- Adjusted EBITDA of NOK 14.0 million, up from NOK 4.5 million in Q4 2016
- Number of paying terminal subscribers increased 23% YoY
- Systems and products successfully upgraded to comply with new MiFID II requirements
- High activity levels in all segments and regions



Quarterly Revenues

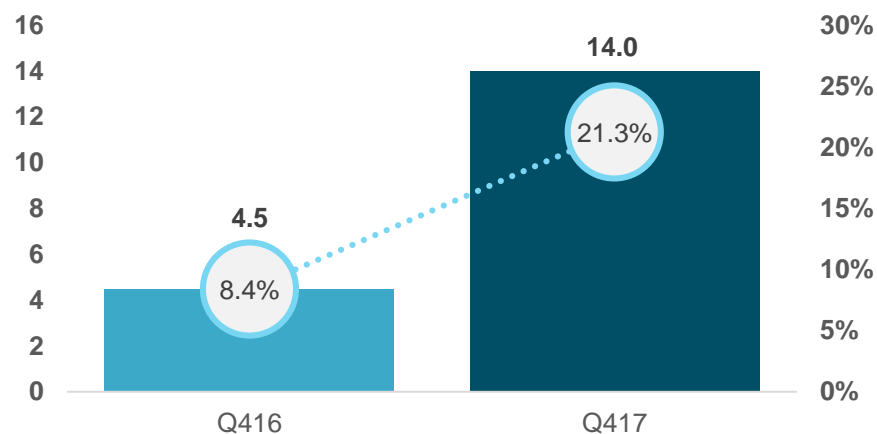
NOK million



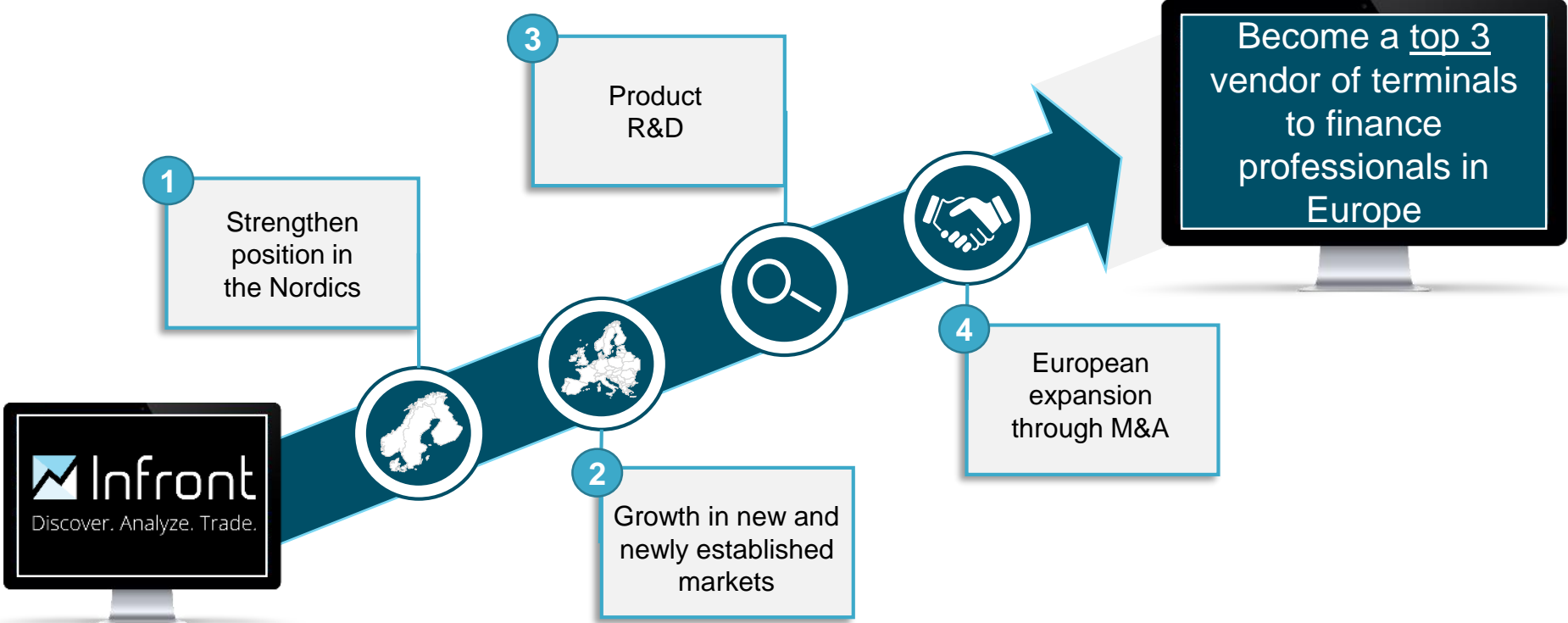
Adjusted EBITDA* and margin

NOK million

Margin



Infront maintains its long-term strategic ambitions

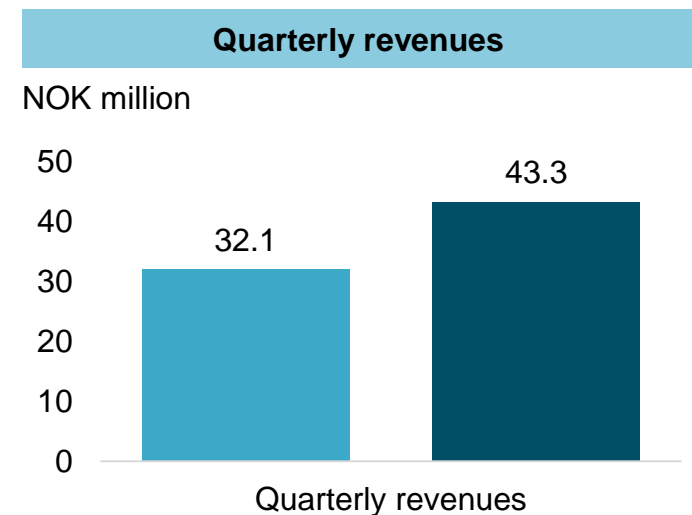
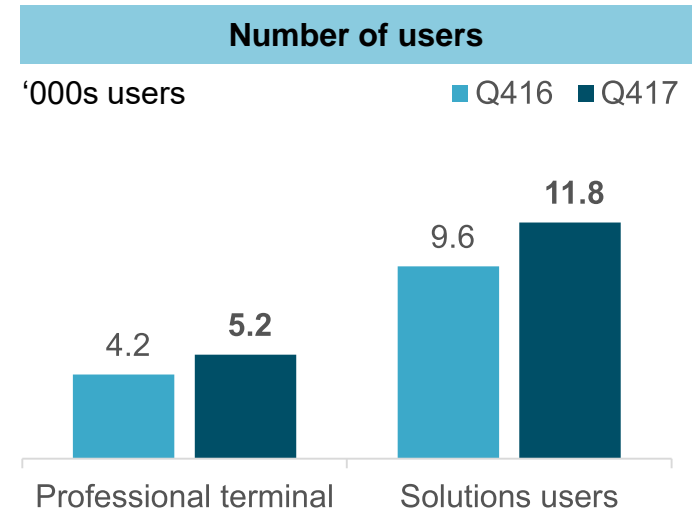




OPERATIONAL
REVIEW

Continued growth in Terminals and Solutions user base

- Revenue of NOK 43.3 million, up **35% from** Q4 2016
- Number of **paying users increased 23% YoY**
 - SIX Edge migration and organic growth
- Implementation of **Nordnet** project going according to plan
 - Initial revenue impact in Q4
- **SIX Edge** user migration completed
- Infront terminal 8.0 launched
- Post Q4 events:
 - Framework agreement with tier-one financial institution signed in South Africa



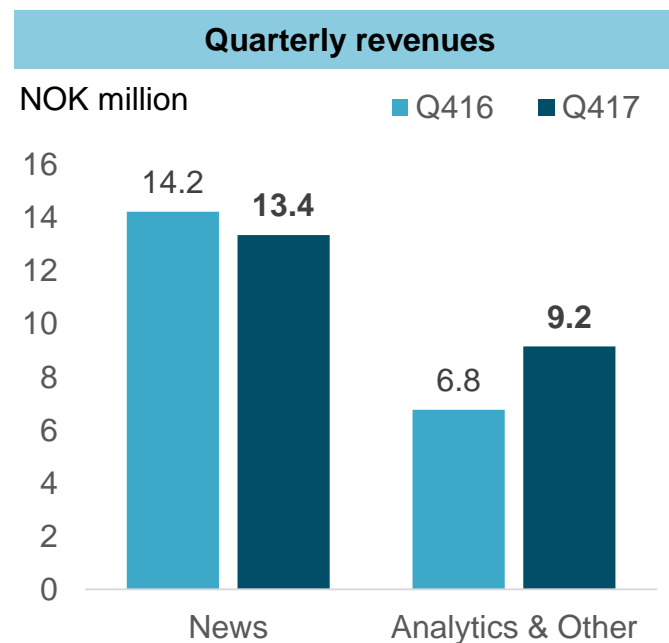
High activity for Infront retail web solutions

- **Signed significant contract with SEB** for web solutions product in Q4 2017
 - Nordic retail investors and SME customers
 - Roll-out proceeding in line with plan with full revenue impact expected in Q2 2018
- SEB is the third large solutions **contract signed** in addition to
 - Nordnet in 2017 with invoicing from Q4 2017
 - Pareto in 2016
- **Strong drivers for further growth**
 - Growing interest in personal savings / investment products in low-interest macro environment
 - Banks seeking increased efficiency and standardized solutions
 - Increased digitization of trade and push for MiFID II compliant processes



Continued positive development for the News and Analytics / Other

- News and Analytics / Other **grew by 7% YoY**
- Some News revenues relocated 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
- Infinancials renamed Infront Analytics to reflect integral part of group offering and strengthen corporate branding
- Product development and **product roadmap on-track** for 2018





FINANCIAL
REVIEW

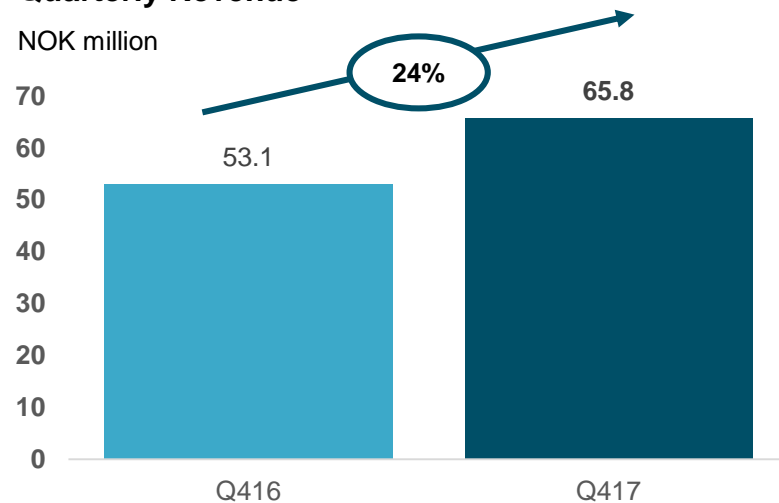
Q4 2017 financial highlights

Operational improvements and scalability of business model reflected in financial results:

- Revenue of NOK 65.8 million – up from NOK 53.1m in Q4 2016
- Gross Margin of 72.7% - up from 68.3% in Q4 2016
- Improved adj. EBITDA margin of 21.3% - up from 8.4% in Q4 2016

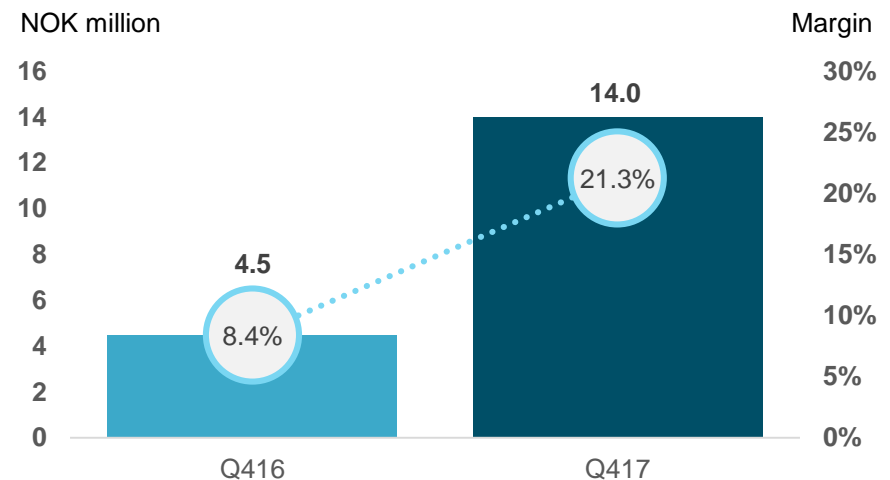
Quarterly Revenue

NOK million



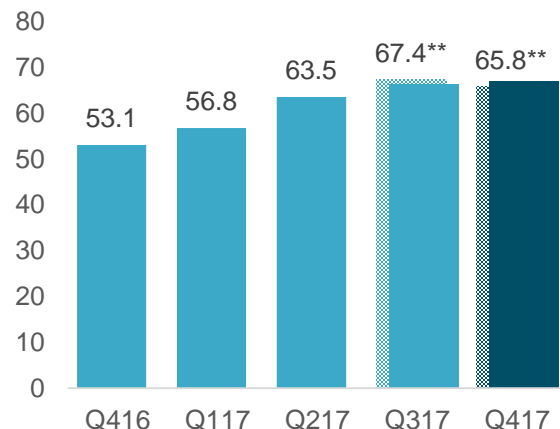
Adjusted EBITDA* and margin

NOK million

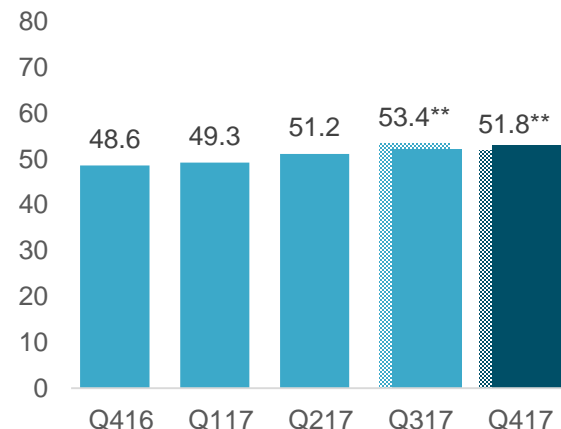


Solid Q4 impacted by one-off accounting effects

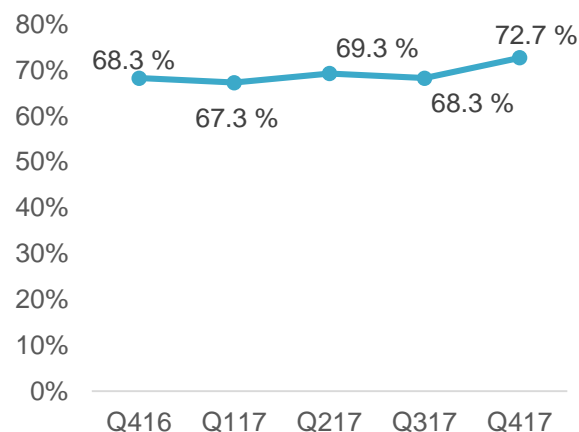
Revenue
NOK million



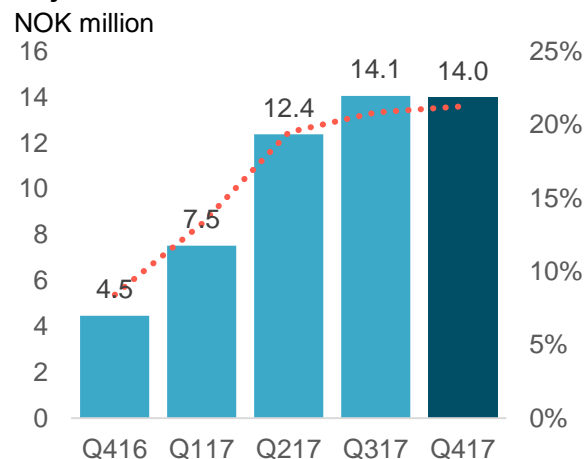
Adj*. Opex
NOK million



Gross Margin %



Adj. EBITDA*



- 24% YoY revenue growth driven by acquisitions of SIX News and SIX Edge customer base, and Inquiry Financial Europe AB
- One-time reversal of previously recognized internal revenue of NOK 1.1 million and customer credit adjustment of NOK 0.5 million impacted Q4 2017 revenue. No impact on operating profit from reversal. Underlying revenue run-rate of NOK 67.4 million in Q4 2017
- Gross Margin improved YoY on scaling effects, increased relative share of higher-margin products sold and adjustments to provisions
- Adjusted Opex decreased due to lower COGS and stable other Opex

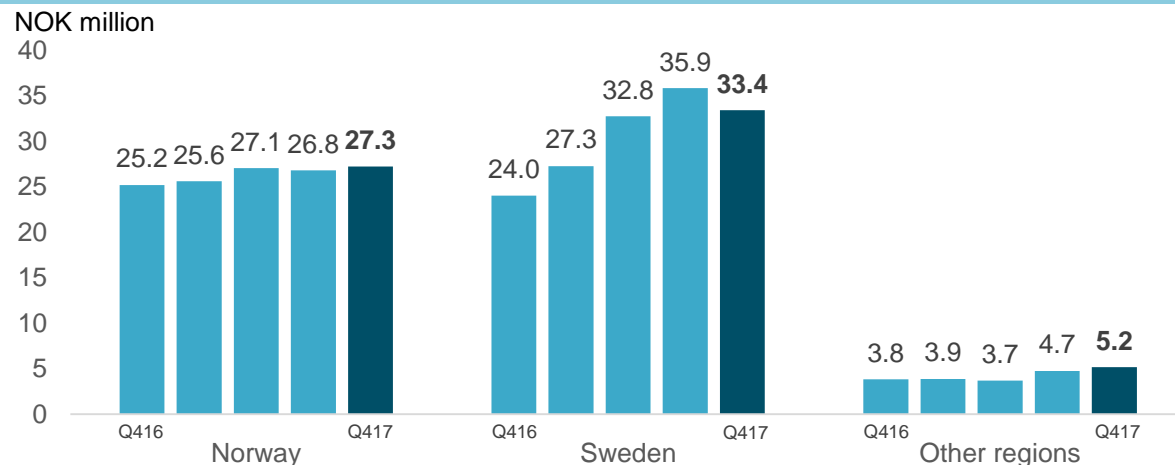
* Adjusted for IPO-related costs incurred and one-time adjustment for impairment (of acquired SIX Edge customerbase)

** 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 of NOK 52.3 and NOK 52.9 million



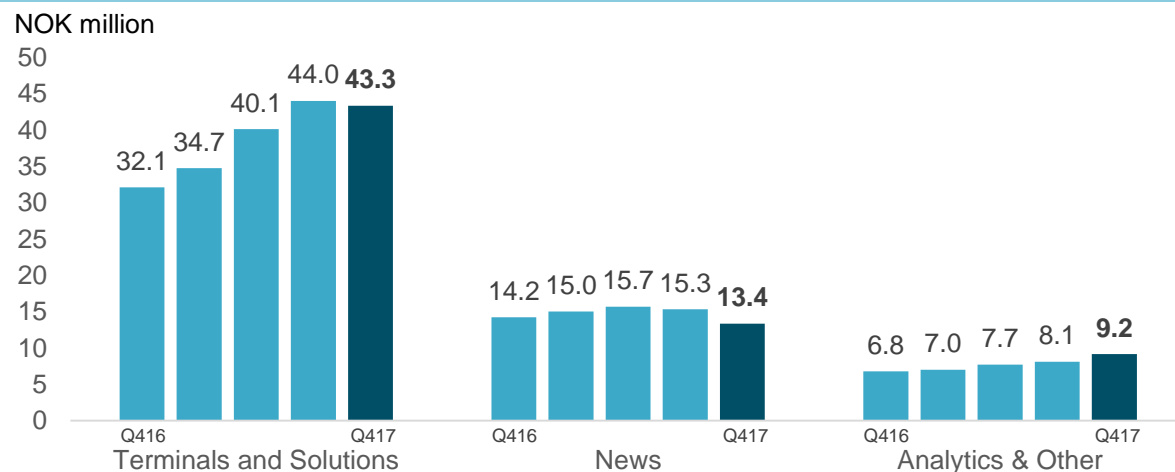
Stable performance impacted by reorganization and one-off accounting adjustments

Revenues per Region



- **Norway:** Revenue up NOK 2.1 million, or 8%, YoY to NOK 27.3 million. Organic growth leading to increase in revenues QoQ despite one-off customer credit
- **Sweden:** Revenue increased NOK 9.4 million, or 39%, YoY to NOK 33.4 million, mostly due to SIX and Inquiry transactions and continued overall positive operational developments. Reversal of internal revenue impacted QoQ performance
- **Other regions:** Up NOK 1.3 million, or 35%, YoY to 5.2 million, reflecting ramp-up of activity at new offices

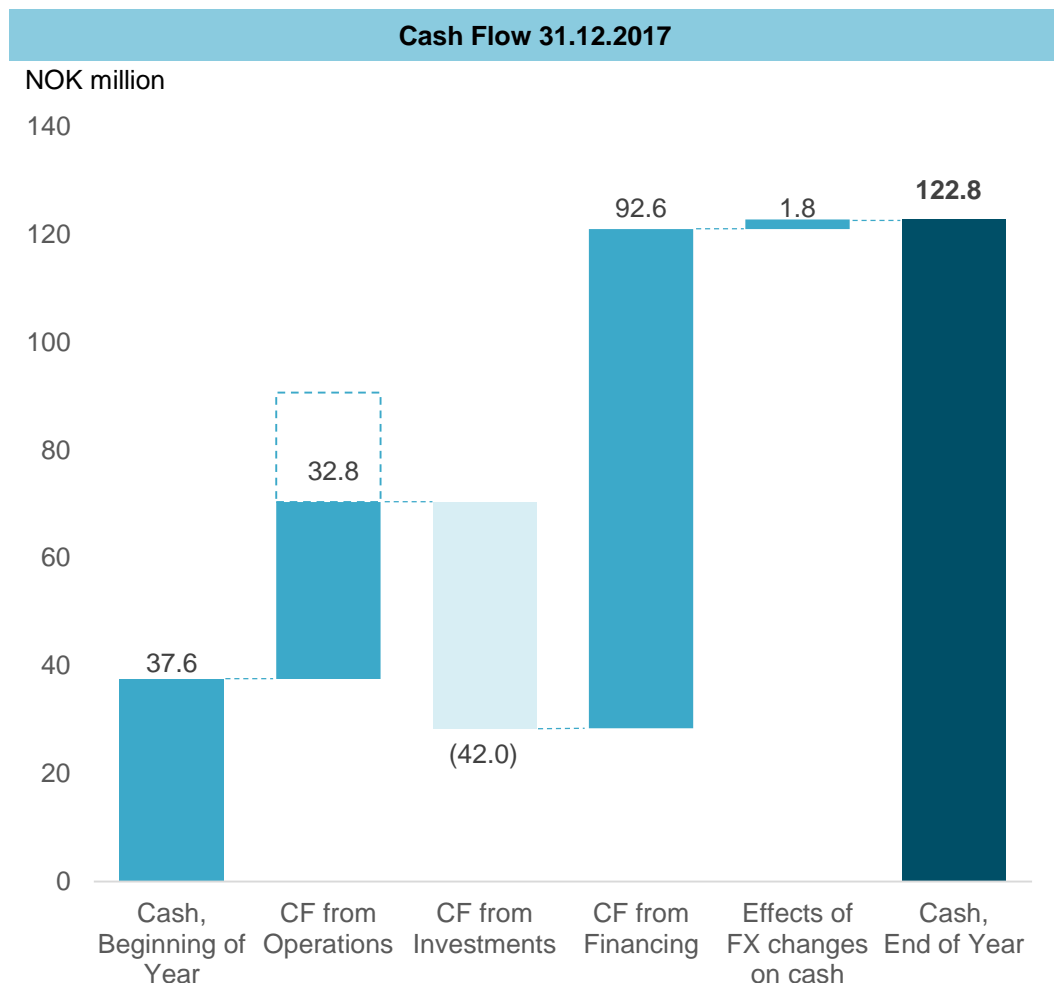
Revenues per Segment



- **Revenues per Segment:** Impact from reorganization of News and Analytics & Other segment. Revenue-reversal impacted News segment



Operating cash flow and IPO proceeds resulted in solid cash position



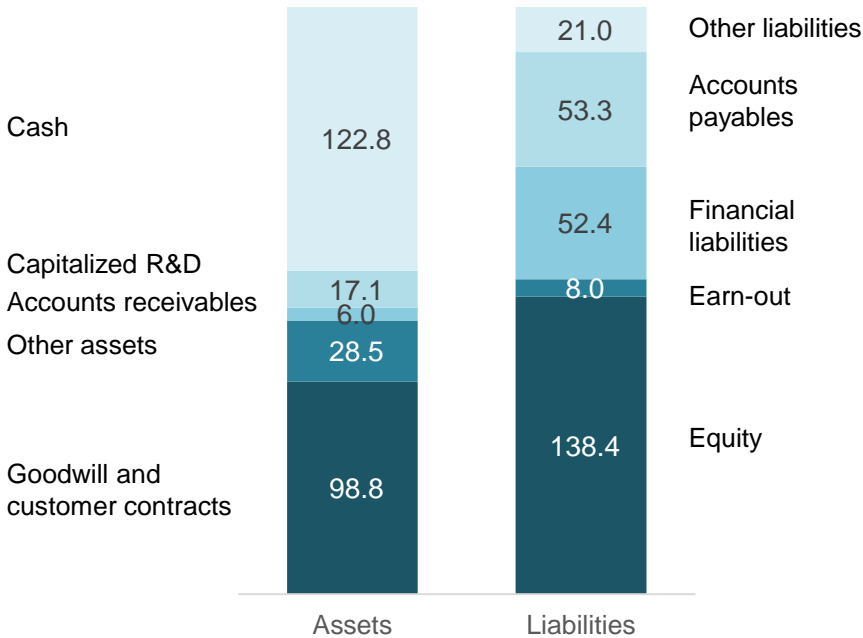
- **Operating CF:** NOK 32.8 million – significantly impacted by one-off payments related to IPO process of NOK 20.3 million
- **Investing CF:** Negative NOK 42.0 million
 - NOK 8.8 million used for acquisition of a majority stake in Inquiry Financial Europe AB
 - NOK 18.8 million used for SIX News and Edge payments
 - **Capex & Capitalized R&D** of NOK 14.3 million, of which NOK 11.8 million were capitalized software development costs
- **Financing CF:** Net proceeds from issue of new shares of NOK 94.2 million and repayment of remaining outstanding credit facility of NOK 1.6 million
- **Cash position:** end of Year: NOK 122.8 million, up by NOK 83.4m vs. Q4 2016



Strong balance sheet provides financial flexibility

Balance Sheet 31.12.2017

NOK million

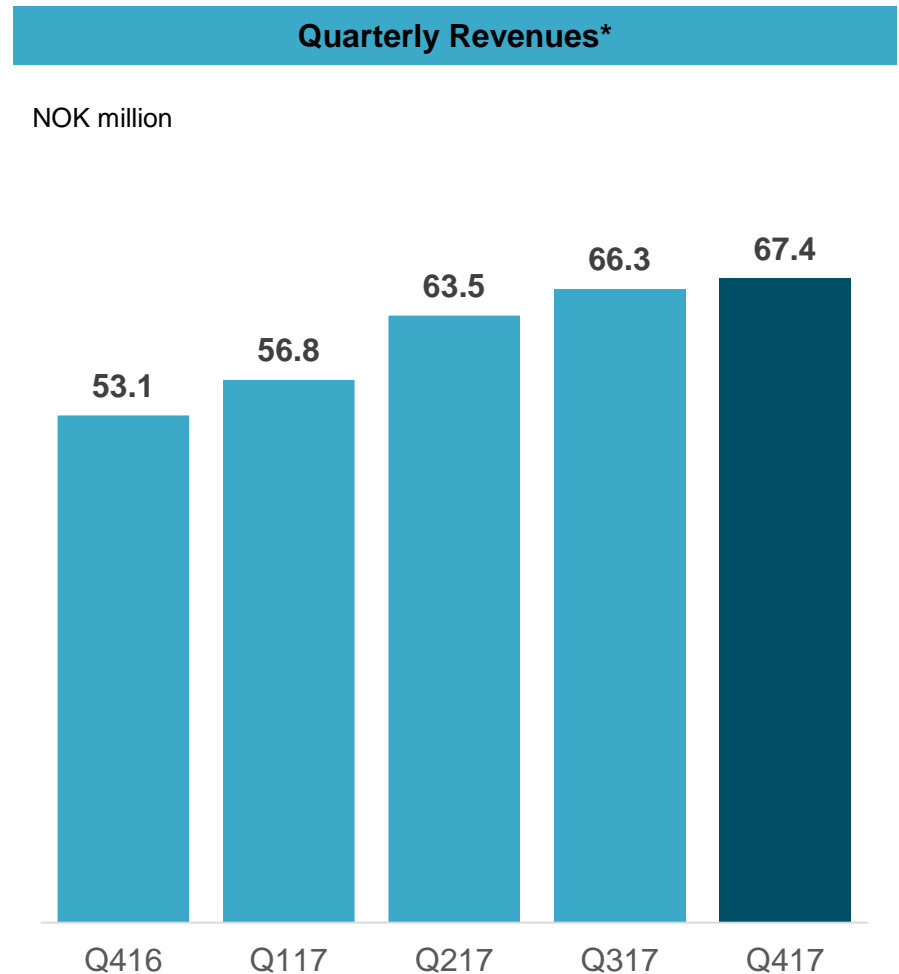


- Capitalized R&D: stable NOK amount of total R&D expenses capitalized
- Goodwill and customer contracts related to recent acquisitions of TDN, SIX and Inquiry – impairment loss of NOK 6.9 million linked to SIX Edge customer contracts
- Financial liabilities represent calculated value of outstanding payments over next six years to SIX
- Earn-out represents value of option to acquire remaining shares in Inquiry



Summary

- Solid underlying development in recurring revenue base
- Positive development of sales pipeline in all regions supporting organic growth ambitions
- Board of Directors proposing dividend payment of NOK 0.4/share in line with dividend policy
- Actively evaluating M&A opportunities



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



Q&A

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Next Quarterly Report

- Q1 2018 report to be published on 15 May 2018
- [IR Mailing list](#)

