

Q3 2018

Infront ASA – interim report





HIGHLIGHTS

- **Q3 2018 revenue increased 1% to NOK 68.3 million from NOK 67.4 million in Q3 2017**
 - User growth in all regions
 - Strong performance in South Africa and UK, new sales emerging in Finland
 - Positive contribution from Infront Web Technology solutions
 - Revenue adjusted for foreign exchange translation effects was NOK 70.2 million
- **EBITDA of NOK 11.1 million, up from NOK 7.5 million in Q3 2017**
 - Adjusted EBITDA decreased to NOK 11.0 million from NOK 14.1 million in Q3 2017 on the back of higher employee costs and other operating expenses due to investments in future growth
- **16% increase in number of paying terminals and solutions users to 17.8k from 15.3k in Q3 2017**
- **Launch of "Nordic Core Consensus" with five leading Nordic investment banks to provide high-quality consensus estimates to IR customers and the participating banks**



We added new terminal and solutions subscribers across all regions in Q3 2018. Another quarter of strong growth in UK and South Africa confirmed traction in two important new markets, and we were pleased to see our Helsinki office also contributing to new sales. Implementation of our retail web technology solutions at SEB progressed well and interest is strong from other leading financial institutions. Recently, we also launched a new, innovative consensus service with five leading Nordic Investment banks that addresses uncertainties created by MiFID II. We expect further growth ahead driven by new solutions, a good pipeline of organic growth opportunities and an intensified focus on accretive M&A opportunities.

- Kristian Nesbak, CEO and Founder



OPERATIONAL REVIEW

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 our 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, Cape Town, Johannesburg, Stockholm, Helsinki and Copenhagen.

Terminals and Solutions

Terminals and Solutions revenue from external customers was NOK 45.0 million in Q3 2018, representing 2% growth compared to Q3 2017. Approximately 59% of the quarterly revenue within this segment is recognized in Swedish krona. The migration of SIX Edge users had a positive impact on revenue measured YoY.

The positive development in South Africa and UK continued with revenue up 10% and 31% respectively from Q2 2018. The company also had revenue growth in Finland as new subscribers were added during the quarter.

In November 2017, 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. Initial invoicing commenced in the first half of 2018. A normalized revenue level was reflected in Q3 2018, as planned.

Client base

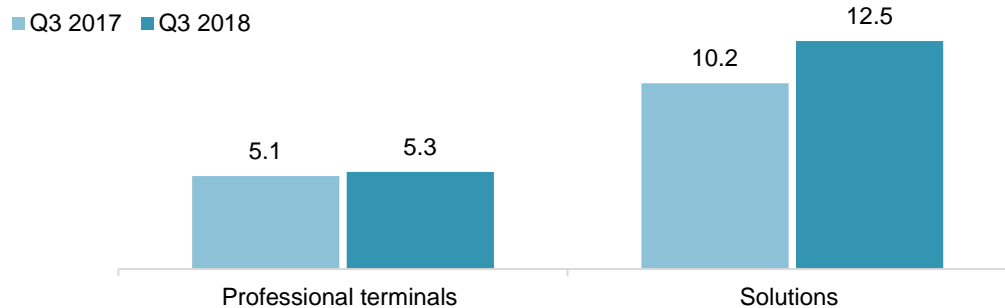
The number of paying users increased by 16% to 17.8k in Q3 2018 (15.3k in Q3 2017) driven by the SIX Edge migration and organic growth in all regions. Terminal users represent paying users of Infront professional terminals for market data and analytics and professional trading terminals. Solution users represent paying users of Infront retail trading solutions and other solutions such as FX, mobile and media. The Infront Web Technology solution for SEB is not measured on a user level and is therefore not included in the user data.

The number of Professional terminal users rose 3% and solutions users increased 22% compared to Q3 2017.



Number of paying users per Infront product:

'000s of users



News

Q3 2018 News revenue from external customers was NOK 14.9 million, a decrease of 3% from Q3 2017. In late 2017, the News division was restructured to improve its ability to capture market opportunities across the Nordics. Furthermore, due to the acquisition of Infront Data AB (earlier Inquiry Financial Europe AB), some IR and data-related activities were from Q4 2017 invoiced directly from Infront Data, thereby reducing revenue recognized by the News division, while increasing the revenue recognized by the Analytics and Other segment. After the restructuring, the News segment had an average quarterly revenue of NOK 14.8 million in 2017.

In Q3 2018, 83% of the quarterly revenue in this segment was recognized in Swedish krona.

Analytics and Other

Q3 2018 Analytics and Other revenue from external customers was NOK 8.3 million, a growth of 3% from Q3 2017. Revenue increase reflected steady organic growth in Infront Analytics and positive revenue synergies due to increased integration with Infront Data, as well as a revised allocation of tasks and revenue between this division and the News division.

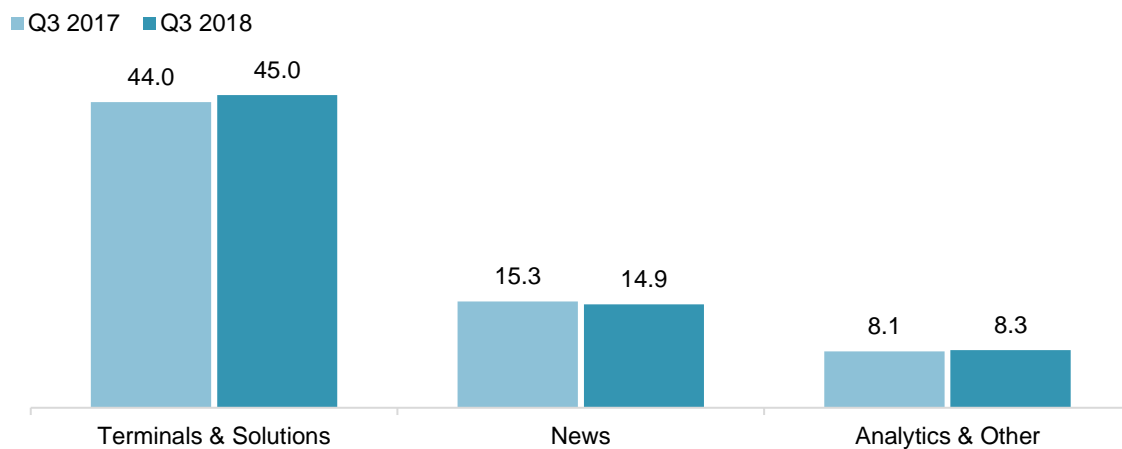
On 11 October, Infront announced a collaboration with five major Nordic research providers to establish a new "Nordic Core Consensus". The consensus estimates, provided by Infront, combines financial data from the five top-ranked investment banks ABG Sundal Collier, SEB, Nordea, Danske Bank and Carnegie.



The “Nordic Core Consensus” is an innovative partnership that addresses uncertainties regarding production and distribution of consensus estimates after implementation of MiFID II. Infront collates and analyzes the collected data to provide high quality consensus estimates to its IR customers and the participating investment banks, while at the same time securing the intellectual property rights of the estimate contributors.

Revenue per segment

(NOK million)



Revenue per region

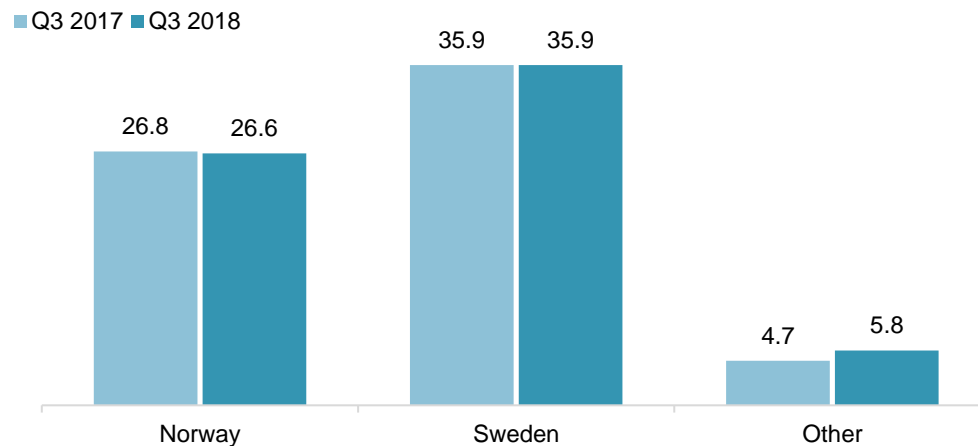
Q3 2018 revenue from Sweden was NOK 35.9 million, unchanged YoY. The positive contribution from SIX News, SIX migration transactions and solution sales was offset by a weaker Swedish krona relative to the Norwegian krone. Adjusted for foreign exchange movements, the quarterly revenue from Sweden increased 6% to NOK 38.0 million when compared to Q3 2017. Revenue from Norway decreased 1% and Other regions recorded an increase of 21% driven by organic growth.

Sweden and Norway represented 53% and 39%, respectively, of group revenue in Q3 2018.



Revenue per region:

(NOK million)



Outlook

Infront is committed to deliver outstanding value to its customers through innovative and user-friendly solutions. Continued product development is a key component of the business strategy. The “Nordic Core Consensus”, which provides relevant, high-quality consensus estimates to both corporate IR customers and leading Nordic investment banks, represents an innovative response to some of the challenges introduced with the implementation of MiFID II and MiFIR from the start of 2018.

Infront expects continued growth in the number of users of both terminals and the new retail solutions as the company implements new customer contracts. Infront’s offices in Europe and South Africa see increased momentum in their respective markets, and the company expects all regions to contribute to growth for the remainder of 2018.

Infront continues to pursue M&A opportunities to further improve the products and service offering, and to expand the customer base. These activities continued at an intensified level during Q3 2018.

Infront targets a top-3 position in the market for terminals to financial professionals in Europe. Infront continues to work towards this long-term target, supported by a strong pipeline in Europe and South Africa, a strengthened sales team, and the financial flexibility to actively pursue add-on acquisitions.



FINANCIAL REVIEW

(Figures for the corresponding period in 2017 are shown in brackets)

Profit and Loss Third Quarter

Q3 2018 operating revenue was NOK 68.3 million (NOK 67.4 million), an increase of 1% from the same quarter last year, driven by higher sales and prices across the group, growth in new markets led by South Africa and UK, as well as continued positive impact from the SIX transactions.

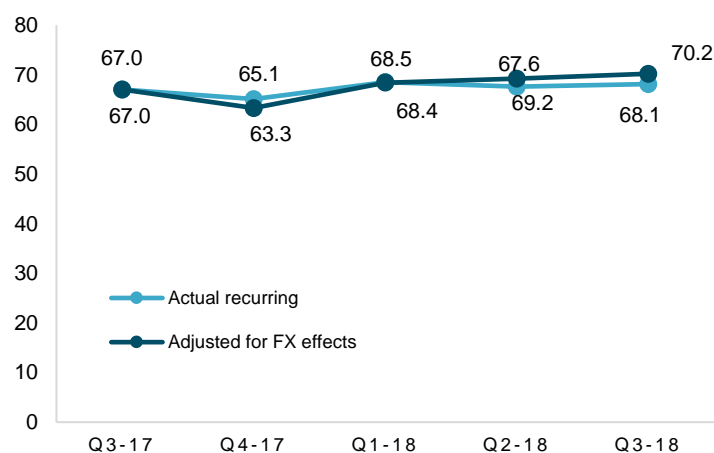
In Q3 2018, approximately 61% of revenue was recognized in foreign currencies. These moved in an unfavorable direction measured year-over-year, which in turn had a negative impact on revenue of NOK 2.0 million in the reporting currency (NOK).

EBITDA was NOK 11.1 million in Q3 2018, an increase of 48% compared to the same quarter last year (NOK 7.5 million). Adjusted EBITDA decreased by 21% to NOK 11.0 million from NOK 14.1 million in Q3 2017 on the back of higher employee costs and other operating expenses due to investments in future growth. Q3 2017 EBITDA included IPO- and M&A-related costs of NOK 6.6 million.

Infront generates most of its revenue from recurring subscription contracts for its services. To date in 2018, Infront has continued to show an underlying growth in subscription revenues, which represented 99% of total sales for the period.

Subscription revenues development

(NOK million)





Cost of services rendered for the period was NOK 22.6 million (NOK 21.4 million). The increase reflected the completion of the SIX transactions and general cost increases during the period.

Employee-related expenses were NOK 26.4 million (NOK 23.3 million). The increase primarily reflected staff increases due to the inclusion of Infront Data, an increased number of employees across the Group, and general salary increases. The group employed 131 FTEs at the end of Q3 2018 (122).

Other operating expenses were NOK 8.2 million in Q3 2018, compared to NOK 8.6 million same quarter last year (adjusted for IPO costs and M&A-related processes).

Net financial expenses were NOK 1.0 million in Q3 2018 (net financial expenses of NOK 0.5 million). The change was primarily a result of foreign exchange transactions and translations.

Income tax expense for the period was negative NOK 0.5 million (NOK 0.6 million).

Net income for this quarter was NOK 4.6 million (NOK 2.2 million). This is equivalent to earnings per share of NOK 0.18 (NOK 0.08).

Profit and Loss Year to date

Revenue in the first nine months of 2018 was NOK 205.3 million (NOK 187.8 million), an increase of 9% from the same period last year.

EBITDA was NOK 36.5 million in the first nine months of 2018, an increase of 106% compared to the same period last year (NOK 17.7 million). Adjusted EBITDA for other income (of NOK 0.3 million) amounted to NOK 36.2 million in first nine months 2018, an increase of 7% YoY, compared to adjusted EBITDA of NOK 34.0 million same period last year, which was adjusted for IPO- and M&A- related costs of NOK 16.2 million.

Net income for the first nine months of 2018 was NOK 22.5 million (NOK 1.3 million). This is equivalent to earnings per share of NOK 0.86 (NOK 0.08).

Financial position

Total assets as of 30 September 2018 were NOK 242.1 million, compared to NOK 274.9 million at the end of December 2017. The decrease reflected the negative cash effects from payment for the remaining shares of Infront Data, payment of dividend and SIX transaction-related payments, as well as the decrease of combined total fixed and intangible assets due to depreciation and amortization.

The combined book value of Intangible assets and Equipment and fixtures decreased to NOK 106.2 million (NOK 115.6 million).



Trade and other receivables were NOK 32.1 million at the end of Q3 2018, compared to NOK 30.0 million at the end of 2017.

The Q3 2018 cash position was NOK 97.0 million, compared to NOK 122.8 million at the end of 2017. The decrease was related to payment of 10.4 million dividend in May, the acquisition of the remaining shares of Infront Data, payment of the last installment for SIX News and purchase of new equipment and fixtures.

Total non-current liabilities at the end of Q3 2018 were NOK 30.2 million, compared to NOK 42.8 million at the end of 2017. The decrease was primarily due to the payment for the remaining stake in Infront Data in Q1 2018 and SIX transaction-related payments.

Current liabilities at the end of Q3 2018 were NOK 65.6 million, compared to NOK 94.3 million at the end of 2017.

Cash Flow

Net cash flow from operational activities as of 30 September 2018 was NOK 18.3 million (NOK 18.6 million same period last year). Cash flow experienced a positive impact from increased profit before tax, and experienced a negative impact from deferred revenue, an increase in net working capital and taxes paid.

Net cash flow from investing activities was negative at NOK 30.0 million year-to-date (negative NOK 34.1 million). Payment for the acquisition of the remaining shares of Infront Data amounted to NOK 5.8 million and payments for SIX transactions amounted to NOK 15.0 million in the period. Investments in software development was stable at NOK 8.1 million in the first nine months of 2018 (NOK 8.5 million).

Net cash flow from financing activities was negative at NOK 10.5 million, compared to NOK 92.7 million in the same period last year due to the cash inflow from issuance of ordinary shares in IPO.



INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Consolidated income statement

(unaudited)

(NOK 1.000)	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenues	2	68 264	67 428	205 282	187 764
Total operating revenues		68 264	67 428	205 282	187 764
Cost of services rendered		22 589	21 382	67 704	59 440
Salary and personnel expenses	4, 7	26 428	23 343	76 239	67 872
Other operating expenses		8 200	15 247	25 126	42 712
Depreciation and amortization		4 950	5 423	14 962	15 663
Other income		-3	-	-293	-
Total operating expenses		62 164	65 395	183 737	185 688
Operating profit		6 100	2 033	21 545	2 076
Financial income		-2	911	7 137	2 002
Financial expenses		-989	-1 395	-3 581	-3 502
Financial income/(expenses) - net		-991	-484	3 555	-1 500
Profit before income tax		5 109	1 549	25 100	576
Income tax expenses		-519	627	-2 619	680
Profit for the period		4 590	2 176	22 481	1 256
Profit is attributable to:					
Owners of Infront ASA		4 590	2 176	22 481	1 364
Non-controlling interests		-	-	-	-108
		4 590	2 176	22 481	1 256
Earnings per share					
Basic and diluted earnings per share		0.18	0.08	0.86	0.08
Average number of basic/(diluted) shares		25 997 856	25 997 856	25 997 856	16 604 296



Statement of comprehensive income

(unaudited)

(NOK 1.000)	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Profit for the period		4 590	2 176	22 481	1 256
<i>Other comprehensive income (net of tax):</i>					
Exchange differences on translation of					
Foreign operations		-3 672	-280	-6 056	1 085
Total comprehensive income for the period		918	1 896	16 425	2 341
Total comprehensive income is attributable to:					
Owners of Infront ASA		918	1 940	16 425	2 411
Non-controlling interests		-	-44	-	-70



Consolidated statement of financial position

(unaudited)

(NOK 1.000)	Note	30.09.2018	31.12.2017
ASSETS			
Non-current assets			
Equipment and fixtures		2 657	2 515
Intangible assets		103 525	113 048
Deferred tax asset		6 147	5 822
Pension assets		483	434
Receivables		236	297
Total non-current assets		113 047	122 115
Current assets			
Trade and other receivables		32 111	29 991
Cash and cash equivalents		96 986	122 796
Total current assets		129 098	152 787
TOTAL ASSETS		242 145	274 902

(NOK 1.000)	Note	30.09.2018	31.12.2017
EQUITY AND LIABILITIES			
Equity			
Share capital		2 600	2 600
Share premium		105 284	105 284
Other equity		38 505	27 171
Total equity attributable to owners of the parent		146 388	135 055
Non-controlling interests		-	2 681
Total equity		146 388	137 735
Non-current liabilities			
Derivative financial instruments		-	8 022
Pension liabilities		834	510
Deferred tax liabilities		2 921	-
Other non-current financial liabilities		26 446	34 293
Total non-current liabilities		30 201	42 825
Current liabilities			
Trade and other payables		41 732	53 475
Other current financial liabilities		7 502	17 994
Deferred revenue		19 262	21 002
Current tax liabilities		-2 941	1 870
Total current liabilities		65 556	94 341
Total liabilities		95 756	137 167
TOTAL EQUITY AND LIABILITIES		242 145	274 902



Consolidated statement of cash flows

(unaudited)

(NOK 1.000)	Note	30.09.2018	30.09.2017
Cash flows from operating activities			
Profit (loss) before tax		25 100	576
<i>Adjustments for</i>			
Taxes paid		-4 811	-2 528
Depreciation, amortization and net impairment losses		14 962	15 663
Pension expense without cash effect		273	39
Changes in conditional consideration		-	-
<i>Change in operating assets and liabilities, net of effects from purchase of controlled entities</i>			
Change in trade receivable and other receivables		-3 439	-5 026
Change in derivative financial instruments		-	109
Change in provisions		-3 073	-
Change in deferred revenue		-639	-71
Change in trade and other payables		-10 079	9 840
Net cash inflow from operating activities		18 293	18 601
Cash flows from investing activities			
Payment for acquisitions of subsidiary, net of cash acquired	6	-5 839	-8 822
Payment for intangible assets		-14 961	-15 248
Payment for property, plant and equipment		-1 036	-1 553
Payment for software development costs		-8 125	-8 490
Receipt of government grants		-	-
Net cash outflow from investing activities		-29 960	-34 113
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	94 313
Proceeds from borrowings		-68	-1 597
Dividends paid		-10 399	-
Net cash inflow (outflow) from financing activities		-10 467	92 717
Net increase/(decrease) in cash and cash equivalents		-22 134	77 204
Effects of exchange rate changes on cash and cash equivalents		-3 676	826
Cash and cash equivalents at beginning of period		122 796	37 569
Cash and cash equivalents at end of period		96 986	115 600



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 2016	217	7 861	-1	-50	32 742	40 769	-	40 769
Profit/loss for 1 January to 31 December 2017	-	-	-	-	3 676	3 676	3	3 679
Currency translation differences	-	-	-	2 185	-	2 185	-	2 185
Issue of share capital	435	99 370	-	-	-	99 804	-	99 804
Transferred from other equity	1 949	-1 949	-	-	-	-	-	-
Cost of equity issues	-	-	-	-	-3 661	-3 661	-	-3 661
Put option to non-controlling interest	-	-	-	-	-7 719	-7 719	-	-7 719
Non-controlling interest arising on business Combinations	-	-	-	-	25 038	135 054	2 678	2 678
Balance at 31 December 2017	2 600	105 284	-1	2 135	25 038	135 056	2 681	137 735
Balance at 31 December 2017	2 600	105 284	-1	2 135	22 481	22 481	2 681	137 735
Profit/loss for 1 January to 30 September 2018	-	-	-	-	-	-5 548	-	22 481
Currency translation differences	-	-	-	-5 548	-5 839	-5 839	-	-5 548
Acquisition of non-controlling interest in Inquiry AB	-	-	-	-	7 956	7 956	-	-5 839
Put option to non-controlling interest	-	-	-	-	-10 399	-10 399	-	7 956
Dividend	-	-	-	-	39 237	143 707	-	-10 399
Balance at 30 September 2018	2 600	105 284	-1	-3 414	32 742	40 769	2 681	146 388



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 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 08 November 2018.

Basis of Preparation

The interim consolidated financial statements for the third quarter 2018, ending 30 September 2018, 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 2017.

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 2017.

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

(NOK 1.000)

Revenue per region 30.09.2018

	Norway	Sweden	Other	Eliminations	Consolidated
Revenue					
External customers	80 912	107 749	16 621	-	205 282
Inter-segment	37 311	20 702	6 414	-64 427	-
Total revenue	118 223	128 451	23 035	-64 427	205 282
EBITDA	-23 634	65 383	-5 243	-	36 506
Inter-segment	11 350	-17 764	6 414	-	-
Total assets	184 991	50 557	6 597		242 145
Inter-segment	12 155	54 576	23 405	-90 136	-
Total liabilities	53 886	31 269	10 601		95 756
Inter-segment	6 875	23 629	13 418	-43 922	-
Depreciation and amortization	13 553	1 323	86	-	14 962
Inter-segment	-3 961	-236	-	4 197	-

Revenue per region 30.09.2017

	Norway	Sweden	Other	Eliminations	Consolidated
Revenue					
External customers	79 525	95 932	12 306	-	187 764
Inter-segment	38 162	11 732	4 794	-54 687	-
Total revenue	117 687	107 664	17 100	-54 687	187 764
EBITDA	-32 981	55 188	-4 468	-	17 740
Inter-segment	19 747	-24 541	4 794	-	-
Total assets	248 269	24 739	1 721		274 729
Inter-segment	-37 222	47 725	23 453	-33 956	-
Total liabilities	99 588	32 596	10 213		142 397
Inter-segment	-23 313	7 513	8 616	7 184	-
Depreciation and amortization	14 427	1 169	67	-	15 663
Inter-segment	-4 627	-189	-	4 815	-



(NOK 1.000)

Revenue per segment 30.09.2018

	Terminals and Solutions	News	Analytics and other	Eliminations	Consolidated
Revenue					
External customers	135 186	44 190	25 906	-	205 282
Inter-segment	34 110	20 647	9 670	-64 427	-
Total revenue	169 296	64 836	35 576	-64 427	205 282
EBITDA	19 973	11 990	4 543	-	36 506
Inter-segment	-25 346	16 309	9 037	-	-
Total assets	213 272	23 911	4 962	-	242 145
Inter-segment	29 878	30 741	29 517	-90 136	-
Total liabilities	64 599	18 788	1 369	-	95 756
Inter-segment	29 122	12 909	1 892	-43 922	-
Depreciation and amortization	13 577	396	988	-	14 962
Inter-segment	-3 817	-144	-236	4 197	-

Revenue per segment 30.09.2017

	Terminals and Solutions	News	Analytics and other	Eliminations	Consolidated
Revenue					
External customers	118 881	46 049	22 834	-	187 764
Inter-segment	34 866	14 006	5 814	-54 687	-
Total revenue	153 748	60 056	28 648	-54 687	187 764
EBITDA	1 886	11 623	4 230	-	17 740
Inter-segment	-18 945	13 131	5 814	-	-
Total assets	256 923	11 653	6 153	-	274 729
Inter-segment	-21 269	31 850	23 376	-33 956	-
Total liabilities	102 025	20 210	20 162	-	142 397
Inter-segment	-7 460	7 762	-7 487	7 184	-
Depreciation and amortization	14 394	476	794	-	15 663
Inter-segment	-4 483	-144	-189	4 815	-



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)

Per 30.09.2018		Sales to related parties	Purchases from related parties
Infront ASA	Norway	33 709	24 937
TDN Finans AS	Norway	3 602	777
The Online Trader Sweden AB	Sweden	401	34 406
Nyhetsbyrån Direkt AB	Sweden	17 044	3 675
Infront Data AB	Sweden	3 256	633
Infront Analytics SAS	France	6 414	-
Group total		64 427	64 427

Per 30.09.2017		Sales to related parties	Purchases from related parties
Infront ASA	Norway	34 866	18 414
TDN Finans AS	Norway	3 295	-
The Online Trader Sweden AB	Sweden	-	35 397
Nyhetsbyrån Direkt AB	Sweden	10 711	876
Infront Data AB	Sweden	1 021	-
Infront Analytics SAS	France	4 794	-
Group total		54 687	54 687



Note 4. Number of employees

Number of employees (full-time equivalents) at the end of the third quarter was 131 in 2018 and 122 in 2017.

Note 5. Investment in subsidiaries

30.09.2018

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 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%

* Inquiry Financial Europe AB changed name to Infront Data AB on 10 July 2018.

Note 6. Business combination

The Infront Group acquired the 22.78% of remaining shares of Infront Data AB in March 2018. The Group owns 100% shares of Infront Data AB as of 30 September 2018.



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
Total	5 001 088						1 032 927	-	-	1 032 927



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:

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



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, amortization and impairment
- Adjusted EBITDA represents EBITDA adjusted for IPO- and 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, 30 September 2018
IPO	Initial public offering
M&A	Mergers and acquisitions
MiFID II	Directive 2014/65/EU

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