



INFRONT ASA

Q1 2020 Results

15 May 2020



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# Presenters and agenda

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



**Max Hofer**  
*CFO*



## Agenda

- Q1 2020 Highlights
- Operational Review
- Financial Review
- Summary

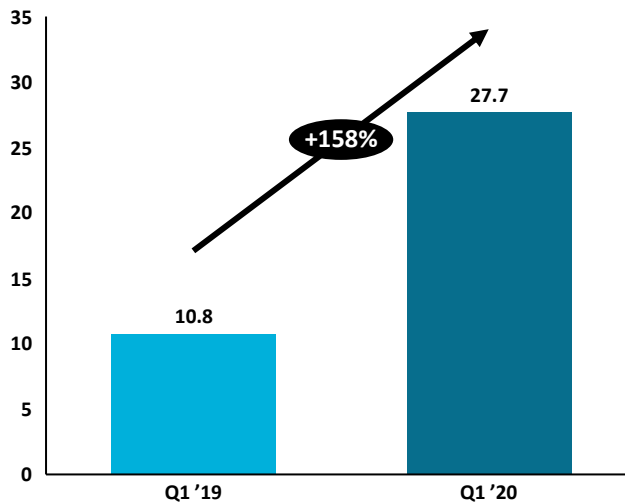
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# Q1 2020: Rapidly adapting to a changed environment

- **Strong recurring revenue-base and cash generation**
  - Maintaining a close interaction with customers and following-up opportunistic growth prospects
  - Lower non-recurring revenue in the DACH region
  - Strong cash position of EUR 23.3 million
- **vwd Group integration on track**
  - Cost-synergy efforts on track and long-term outlook unchanged
- **Q1 2020 revenue increased 158% to EUR 27.7 million (vs. EUR 10.8 million in Q1 2019)**
  - vwd Group the main growth contributor with revenue of EUR 17.4 million in the quarter
- **Adjusted EBITDA<sup>1</sup> of EUR 4.2 million (vs. EUR 1.9 million in Q1 2019)**

Quarterly revenue  
EUR million



1) EBITDA Q1 2020 adjusted for integration-related costs of EUR 483 thousand.



# Primary focus on operations amid COVID-19 outbreak

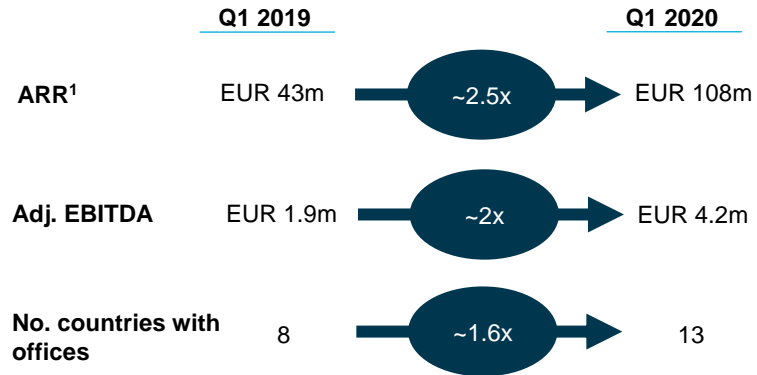
- **Primary focus on people and operations amid COVID-19 outbreak**
  - Focus on employee health and complying with local guidance
  - Quickly adapting to a new working environment
  - Smooth transition to home offices during lock-down
  - Ensuring stable systems to handle spike in activity
- **Short-term 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
  - Attractive prices vs. peers



# Increased size and broader offering

Now with a Pan-European presence

... and a broader offering



- Trading & Sell-Side
- Treasury & Risk
- +
- Valuation and Compliance
- +
- Investment Mgmt & Advisory

Infront

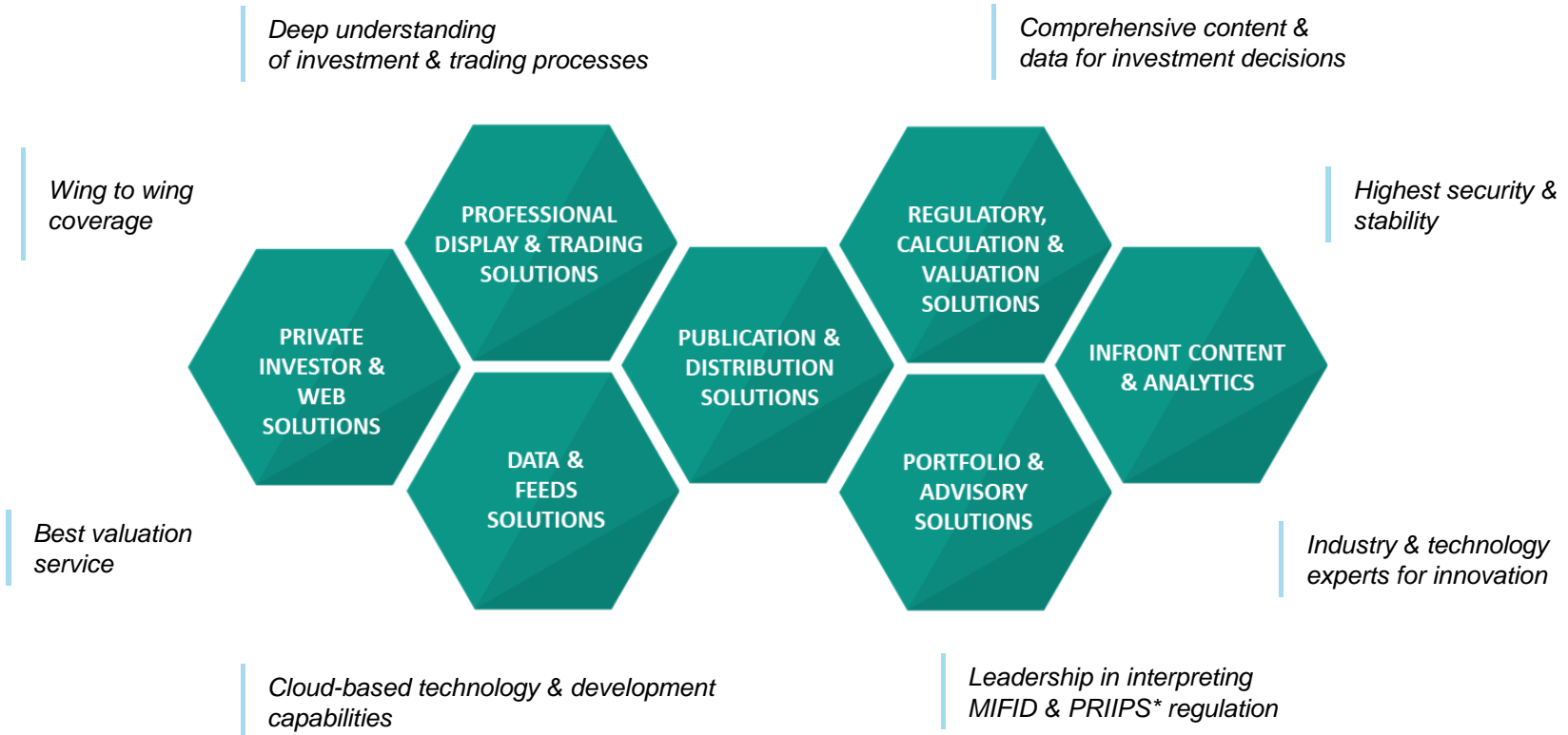
+

vwdgroup:

Attractive opportunities for selling new products/solutions to existing and new clients

1) ARR = annual recurring revenue; revenue based on subscriptions and volume-based revenue amounted to 98% of total Group revenue during Q1 2020

# Infront: Now a full-service financial solutions provider



# Operational update

## Sales and marketing

- **New marketing campaigns**
- **Joint sales efforts across geographies**
  - Coordinating cross-selling efforts for new product groups (ex. Portfolio & Advisory Solutions + Regulatory & Calculation Solutions)
- **vwd rebranding going according to plan**



## Technology and products

- **Released an improved excel add-in with better data capacity**
- **Combining existing product features and expertise to create new modules and better solutions**



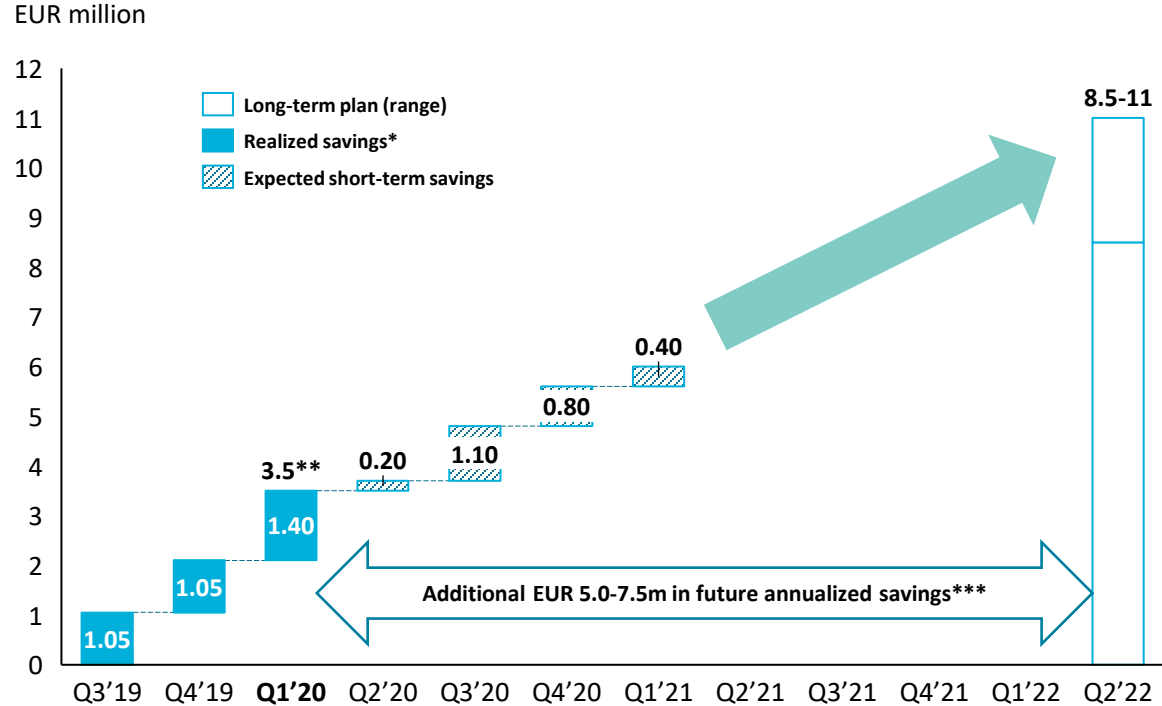




# Post-merger integration: capturing identified cost savings

## One technology platform, organization, portfolio of products and services

- Efforts and progress going according to plan
  - Long-term target unchanged
- EUR 3.5 million in realized savings as of Q1 2020
- P&L effect of realized synergies is typically fully captured over the next twelve following months
  - Mainly due to cancellation notices (data, operational efficiencies, etc.)
- As of end of Q1 2020, the quarterly P&L effect of our cost savings efforts so far is approximately EUR 0.4 million



\* Annualized savings secured in previous quarters (including Q1 2020)

\*\* Annualized value of total realized savings as per Q1 2020

\*\*\* Estimated future savings from additional operational efficiencies



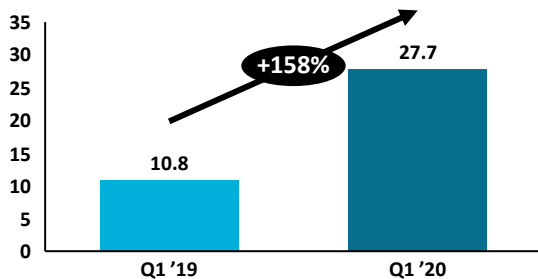
# FINANCIAL REVIEW



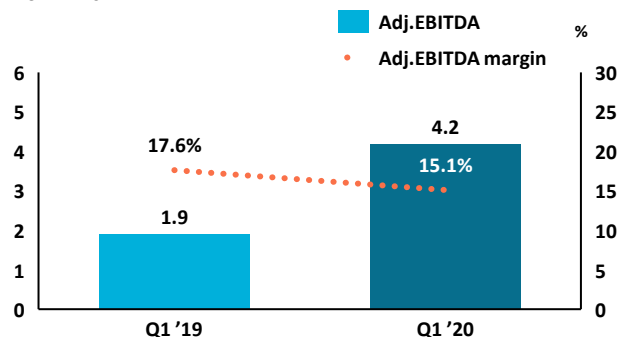
# Q1 2020 financial highlights

- **Revenue of EUR 27.7 million, up 158% from EUR 10.8 million in Q1 2019**
  - EUR 0.8 million decline from Q4 2019 mainly due to reduction in non-recurring revenues
  - 24% of Q1 2020 revenue recognized in foreign currency
  - 98% recurring subscription revenue, with ARR<sup>1</sup> at end of quarter of EUR 108m+
- **Adjusted EBITDA<sup>2</sup> of EUR 4.2 million compared to EUR 1.9 million in Q1 2019**
  - **Adjusted EBITDA margin of 15.1% compared to 17.6% in Q1 2019** due to lower margin levels in acquired businesses

**Quarterly revenue**  
EUR million



**Quarterly EBITDA**  
EUR million

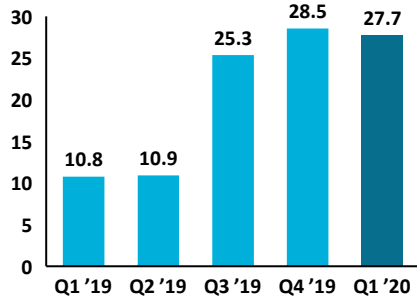


1) ARR = Annual Recurring Revenue

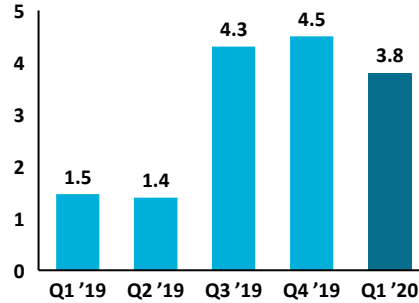
2) EBITDA Q1 2020 adjusted for integration-related costs of EUR 483 thousand

# Margins stabilizing following recent acquisitions

**Revenue**  
EUR million

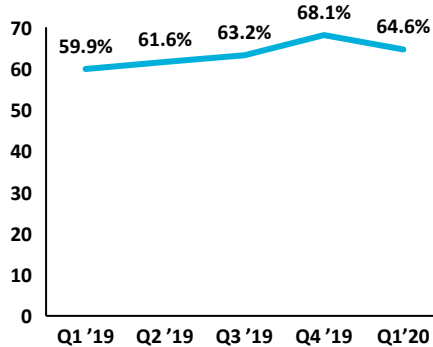


**Adjusted<sup>1</sup> Opex<sup>2</sup>**  
EUR million

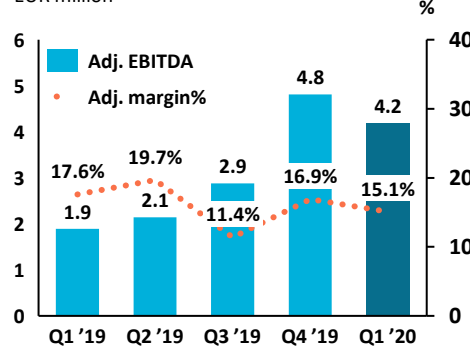


- YoY revenue growth driven by acquisition of vwd
  - QoQ reduction mainly caused by higher one-off revenue in Q4 2019
- Q1 2020 gross margin reflecting baseline going forward
  - QoQ decline in gross margin reflects full-year periodization adjustment in Q4 2019 for Infront Italia

**Gross Margin %**



**Adjusted EBITDA<sup>1</sup> and margin<sup>2</sup>**  
EUR million



- QoQ decrease in adjusted Opex mainly reflects reduced use of subcontractors & consultants
- Adjusted EBITDA increased by 121% YoY following acquisitions and synergy effects across the group
- Post M&A cost savings initiatives on track:
  - Annual run-rate of EUR 3.5 million
  - Expected additional mid-and long-term annual cost savings of EUR 5.0-7.5 million

1) Adjusted for transaction-related costs incurred

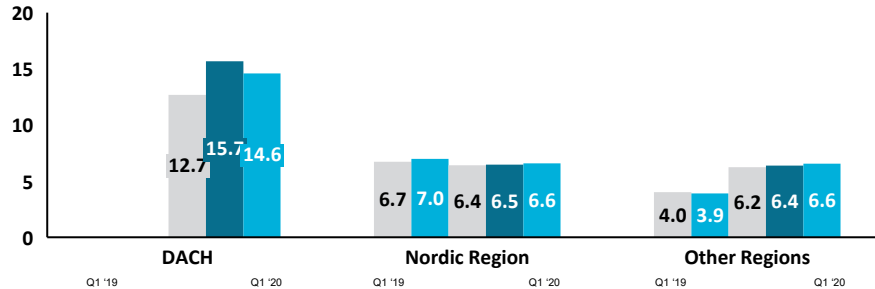
2) Adjusted EBITDA of EUR 3.4m and adjusted EBITDA margin of 12.1% in Q1 2020 before IFRS 16 implementation, the IFRS reduces Q1 2020 Opex by EUR 0.6 million.



# Revenue development across regions and segments

## Revenue per Region

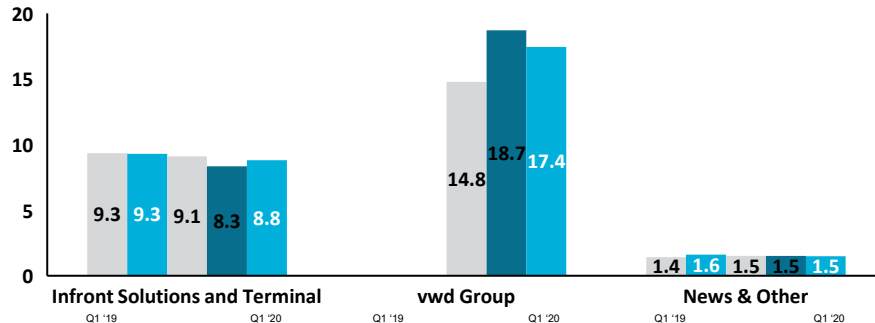
EUR million



- **DACH:** Revenue from new markets and subsidiaries in Germany (D), Austria (A) and Switzerland (CH) following recent acquisition of vwd Group.
- **Nordic Region:** Stable underlying revenue. Slightly impacted by weaker NOK vs. EUR.
- **Other regions:** Revenue of EUR 6.6 million, up from EUR 4.0 million in Q1 2019 driven by inclusion of vwd.

## Revenue per Segment

EUR million

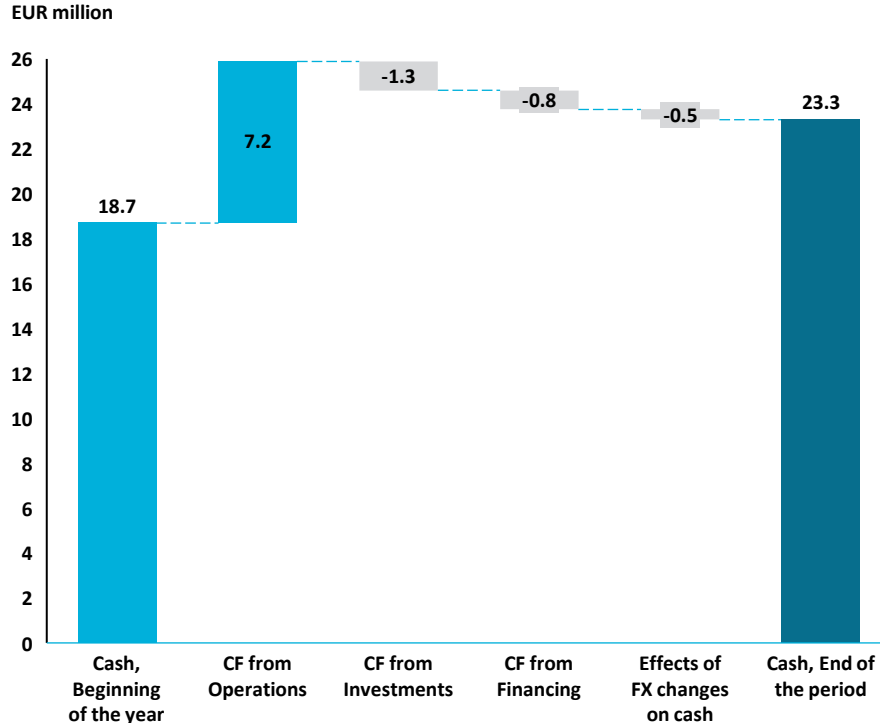


- **Revenue per Segment:** Terminal and Solutions revenue stable QoQ, slightly negatively impacted by weaker NOK vs. EUR.
- **News and Other** non-core business increased by 4%.
- **The vwd segment** QoQ decrease reflecting one-off revenue of EUR 1.5m in Q4-19.



# Solid cash generation in Q1 2020

## Q1 2020 Cash Flow – Net increase of EUR 5.1 million

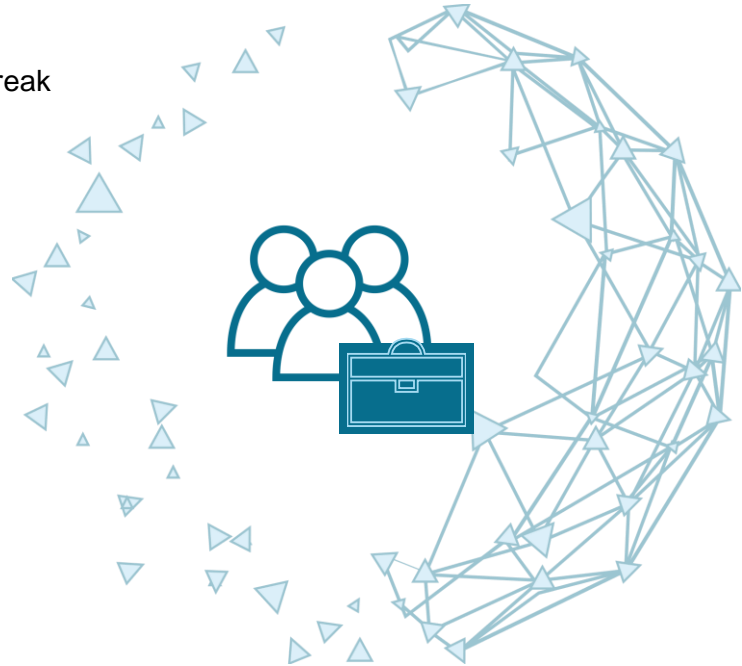


- **Operating CF: EUR +7.2 million**  
Non-cash charges of EUR 3.4 million and a positive working capital effect of EUR 3.4 million (seasonal)  
Interest paid EUR 1.6 million (coupon payment)
- **Investing CF: EUR -1.3 million**  
Mainly reflecting capitalised R&D and EUR 0.6 million of other investments
- **Financing CF: EUR -0.8 million**  
Mainly repayments of lease liabilities:  
EUR 0.5 million of repayments for property, EUR 0.2 million for data centres and EUR 0.1 million for other lease liabilities
- **End of the period cash position: EUR 23.3 million**



# Summary

- Safeguarding people and operations amid COVID-19 outbreak
- Good visibility for recurring-revenue base
- Short-term focus on operations and synergy capture
- Attractive sales pipeline within the medium-term
- Strong cash position
- Opportunistic M&A strategy





# Q&A





## Next Quarterly Report

- Quarterly Report Q2 2020 to be published on 19 August 2020
- [IR Mailing list](#)



# Appendix



# Profit and Loss

EUR 1.000	Q1 20	Q4 19	Q1 19
Revenues	27,720	28,495	10,706
Other revenues	-3	40	54
<b>Total operating revenues</b>	<b>27,717</b>	<b>28,534</b>	<b>10,760</b>
Cost of services rendered	9,823	9,103	4,314
Salary and personnel costs	10,833	10,883	3,090
Other operating expenses	3,983	4,558	1,513
Depreciation, amortisation and net impairment losses	3,393	3,815	865
Other income	-626	-2,354	0
Other losses/(gains) - net	0	0	0
Total operating expenses	27,406	26,006	9,783
<b>Operating profit</b>	<b>311</b>	<b>2,528</b>	<b>977</b>
Financial income	1,907	625	460
Financial expenses	-2,069	-2,758	-297
Financial income/(expenses) - net	-162	-2,133	164
Profit before income tax	149	395	1,141
Income tax expense	-1,159	-3,323	-93
<b>Profit for the period</b>	<b>-1,010</b>	<b>-2,927</b>	<b>1,048</b>

- QoQ revenue reduction mainly due to higher one-off revenues in Q4 2019 in vwd
- QoQ decline in gross margin reflects full-year periodisation adjustment in Q4 2019 for Infront Italia
  - Q1 2020 reflecting actual baseline
- QoQ decrease in adjusted Opex mainly reflects reduced use of subcontractors & consultants
- Financial income of EUR 1.9 million reflects a net FX gain in the quarter
- Post M&A cost savings initiatives on track:
  - Annual run-rate of EUR 3.5 million
  - Expected additional mid-and long-term annual cost savings of EUR 5.0-7.5 million



# Cash Flow Statement

EUR 1.000	Q1 20	Q1 19
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	149	1,141
Taxes paid	-51	-147
Depreciation, amortisation and net impairment losses	3,393	865
Pension expense without cash effect	29	58
Interest expense including non-cash items	1,919	33
Interest cash expense in the period	-1,625	0
Net working capital movements	3,371	-1,208
<b>Net cash inflow from operating activities</b>	<b>7,187</b>	<b>742</b>
<b>Cash flows from investing activities</b>		
Payment for acquisition of subsidiary, net of cash acquired	0	0
Payment for intangible assets	-225	-205
Payment for property, plant and equipment	-333	-68
Payment for software development costs	-733	-458
Cashflow from other investing activities	0	0
<b>Net cash (outflow) from investing activities</b>	<b>-1,291</b>	<b>-731</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issuance of ordinary shares	0	0
Proceeds from borrowings	0	0
Repayments of borrowings	0	0
Proceeds from bond issue	0	0
Repayments of lease liabilities	-838	-205
<b>Net cash inflow from financing activities</b>	<b>-838</b>	<b>-205</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,058</b>	<b>-194</b>
Cash and cash equivalents 1 January	18,703	8,740
Effects of exchange rate changes on cash and cash equivalents	-455	100
<b>Cash and cash equivalents</b>	<b>23,305</b>	<b>8,646</b>

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- **End of period cash position: EUR 23.3 million**



# Statement of Financial Position

EUR 1.000	31.03.2020	31.12.2019
Equipment and fixtures (PPE)	2,903	2,947
R-o-U assets	12,945	13,671
Intangible assets	171,370	173,987
Deferred tax asset	7,259	5,790
Pension assets	650	646
Receivables	139	192
<b>Total Non-current Assets</b>	<b>195,266</b>	<b>197,234</b>
Trade and other receivables	21,414	12,533
Cash and cash equivalents	23,305	18,703
<b>Total Current Assets</b>	<b>44,719</b>	<b>31,236</b>
<b>Total Assets</b>	<b>239,985</b>	<b>228,470</b>
Share capital	459	458
Share premium	35,076	34,883
Treasury shares	0	0
Share option program	398	317
Other equity	-7,641	-6,985
Total equity attributable to owners of the parent	28,292	28,673
Non-controlling interests	2,891	2,686
<b>Total Equity</b>	<b>31,183</b>	<b>31,359</b>
Long term borrowings	102,406	101,757
Lease liabilities	10,795	11,283
Pension liabilities	8,742	8,659
Deferred tax liabilities	19,639	20,068
Other non-current financial liabilities	2,711	2,895
<b>Total Non-current Liabilities</b>	<b>144,293</b>	<b>144,661</b>
Short term borrowings	10,000	10,000
Current lease liabilities	2,468	2,643
Trade and other payables	40,546	29,333
Other current financial liabilities	1,437	3,316
Deferred revenue	6,370	4,759
Current tax liabilities	3,688	2,399
<b>Total Current Liabilities</b>	<b>64,509</b>	<b>52,450</b>
<b>Total Liabilities</b>	<b>208,802</b>	<b>197,111</b>
<b>Total Equity and Liabilities</b>	<b>239,985</b>	<b>228,470</b>