

# INFRONT ASA Q4 2019 Results

28 February 2020

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# Presenters and agenda

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



**Max Hofer**  
*CFO*



## Agenda

- *Q4 2019 Highlights*
- *Operational Review*
- *Financial Review*
- *Summary*

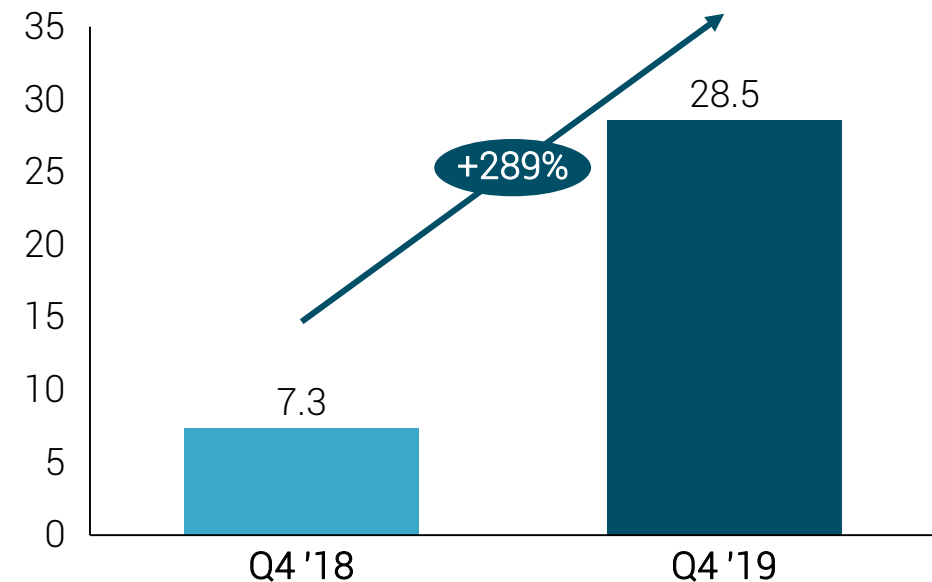
[ir@infrontfinance.com](mailto:ir@infrontfinance.com)



# Q4 2019: Strong revenue and user growth

- **vwd Group integration on track**
  - *Transaction closed in July 2019, transforming Infront into a top-three financial terminal provider in Europe*
- **Q4 2019 revenue increased 289% to EUR 28.5 million (EUR 7.3 million in Q4 2018)**
  - *vwd Group the main growth contributor with revenue of EUR 18.7 million in the period*
- **Adjusted EBITDA<sup>1</sup> of EUR 4.8 million compared to EUR 1.3 million in Q4 2018**
- **Strong increase in professional terminals and solutions users to 92.9k (17.9k in Q4 2018)**
  - *Driven by the inclusion of Infront Italia and vwd Group*
- **Annual Recurring Revenue (ARR) of more than EUR 108 million**

Quarterly revenue  
EUR million

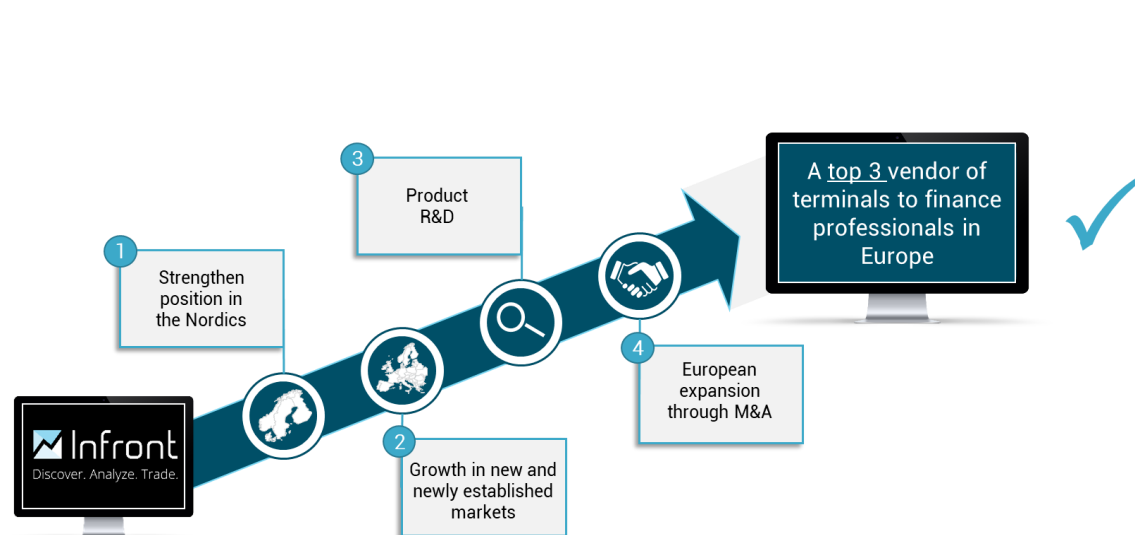


1) EBITDA Q4 2019 adjusted for transaction-related costs of EUR 56 thousand and other income of EUR 1.6 million.



# Infront continues to successfully pursue its strategic ambitions

## Successful execution of our ambitious long-term strategy...



## ...is clearly reflected in key figures...

	Q4 2018		Q4 2019
<b>ARR<sup>1</sup></b>	EUR 29m	~3.7x	EUR 108m
<b>Professional Users</b>	17.9k	~5x	92.9k
<b>Adj. EBITDA</b>	EUR 1.3m	~3x	EUR 4.8m
<b>No. countries with offices</b>	8	~1.6x	13

... and Infront sees continued room for growth and streamlining, both through product development and further industry consolidation

1) ARR = annual recurring revenue; revenue based on subscriptions amount to 95% of total Group revenue in the period.





# Status update on key integration processes

## Sales and marketing

- **Marketing and vwd rebranding takes next steps**
  - *Infront well received as a financial technology and data provider in key vwd markets*
  - *Successful communication of new Infront brand to customers and employees*
- **Roll-out of data feed solution in all regions to deliver significant upselling potential**

## Technology and products

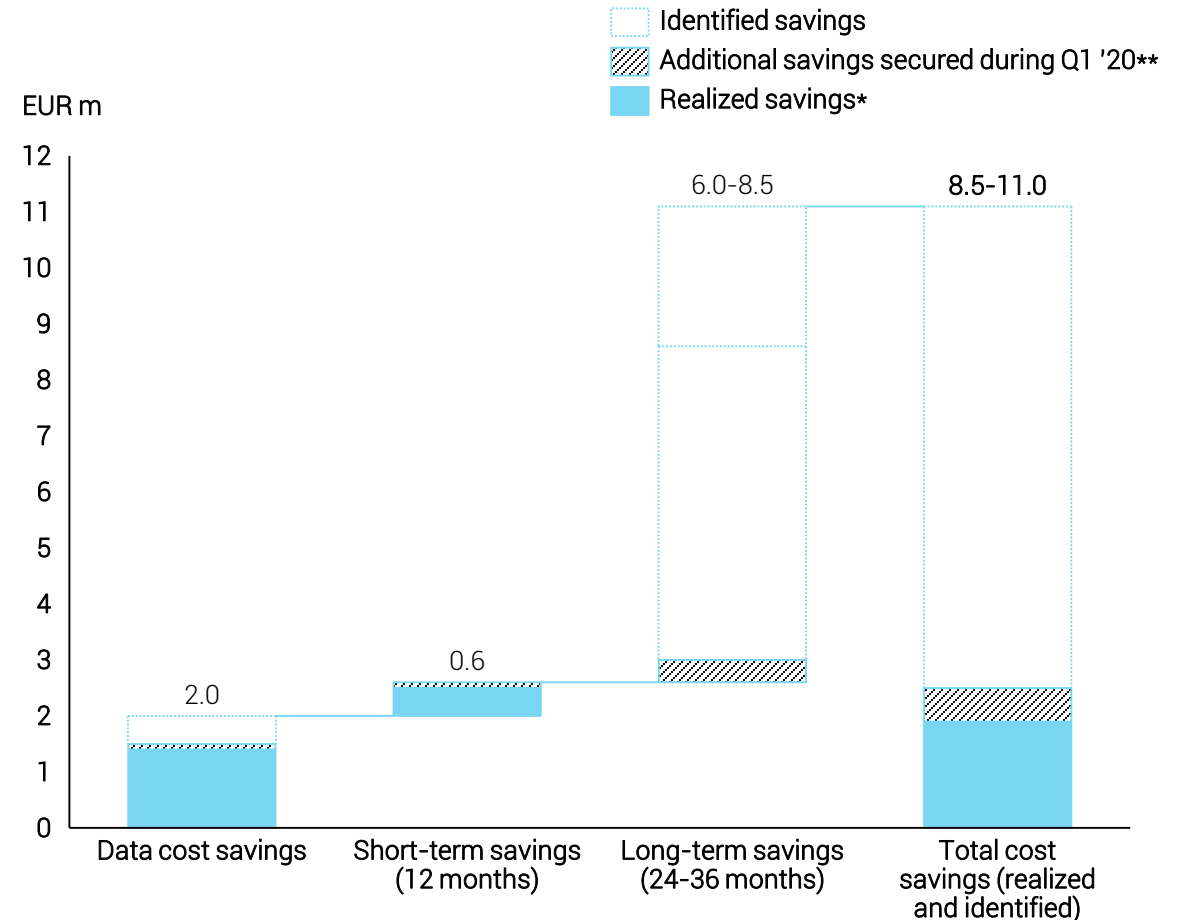
- **Merging and migrating legacy solutions within the group**
- **Merging and combining data intake**
  - *Better data breadth across all platforms*
  - *Cost optimization*
- **Combining existing product features and expertise to create new modules and solutions**
- **Key projects started in Q4 2019:**
  - *Merge of key market data intake*
  - *Improving Infront Professional Terminal product with additional content and features*
  - *Migrate existing customers*
  - *Integrate Portfolio Management solutions with real-time portfolio tracker and Infront Trading gateways*



# Continued progress made on capturing identified cost savings

- **Integration work ongoing with focus on efficient transition to joint product platform and combination of services and processes**
  - *One technology platform, organization, portfolio of products and services*
- **Consolidation of data feeds and licenses according to plan**
  - *Annual cost savings of EUR 2 million to be realized over the initial 12 months from optimization efforts – roughly EUR 1.4 million captured as of Q4 2019 – additional EUR 0.1m secured so far in Q1 '20*
  - *Additionally, target of EUR 0.5m in other short-term Opex savings overachieved by EUR 0.1m incl. savings secured in Q1 '20*
  - *Good traction in efforts and progress as envisaged*
- **Estimated EUR 6.0-8.5 million in total cost savings to be achieved over the next 24-36 months**
  - *Additional operational efficiencies and scaling from strengthened position and product offering, as well as expanded reach in Europe*
  - *Roughly EUR 0.4m in long-term savings have been secured during Q1 '20 already*

## EUR 2.5 million in annual cost savings already secured



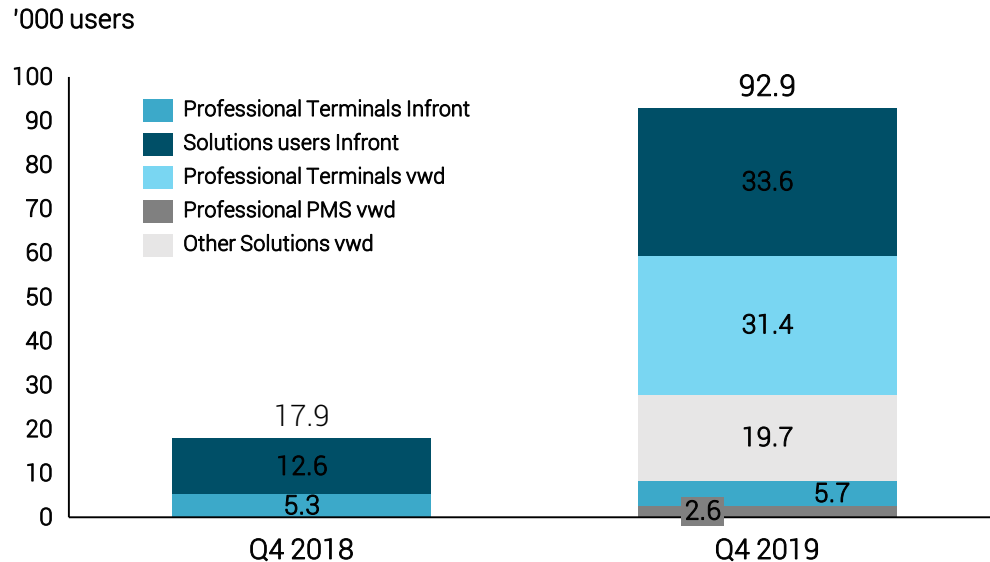
\* Annualized value of realized savings as per Q4 2019

\*\* Additional savings secured during Q1 2020 as of February 20th



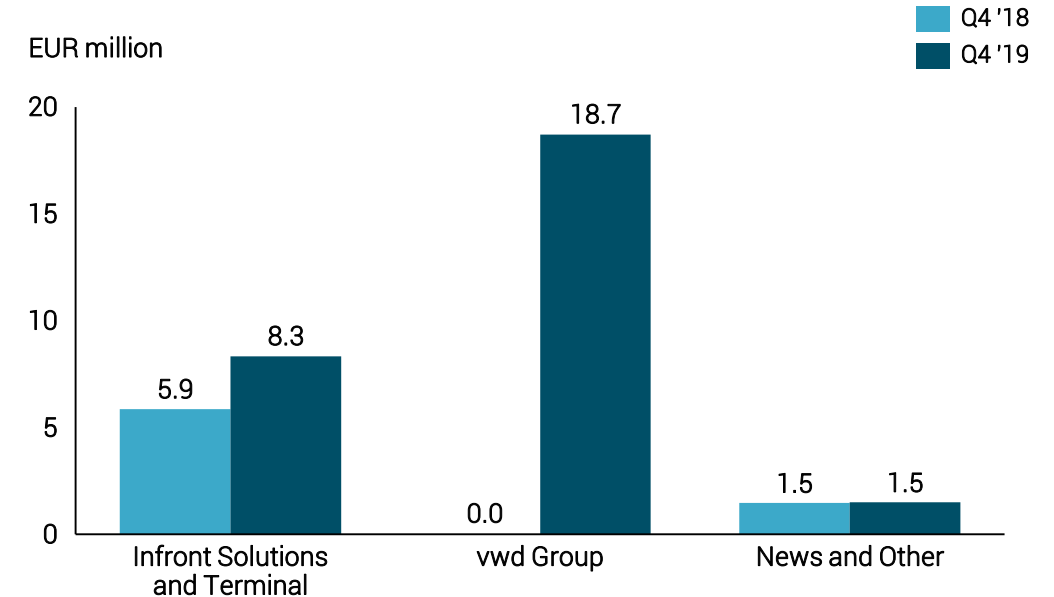
# Acquisitions are the main driver for user and revenue growth

## Number of professional users



- Strong growth in number of professional users due to acquisitions of Market Connect and vwd Group<sup>1</sup>

## Segment revenues



- Solutions and Terminal YoY revenue growth primarily driven by the inclusion of Infront Italia and some organic growth
- vwd Group revenue now reflects a full quarter (included from 17 July 2019)
- News and Other revenue stable YoY

<sup>1</sup>) vwd's Professional terminals users represent mainly users of vwd Market Manager and Investment Manager. Professional PMS users represent users of vwd Portfolio and Advisory Management Systems. The "Other Solutions" mainly include light weighted users of other smaller trading solutions.





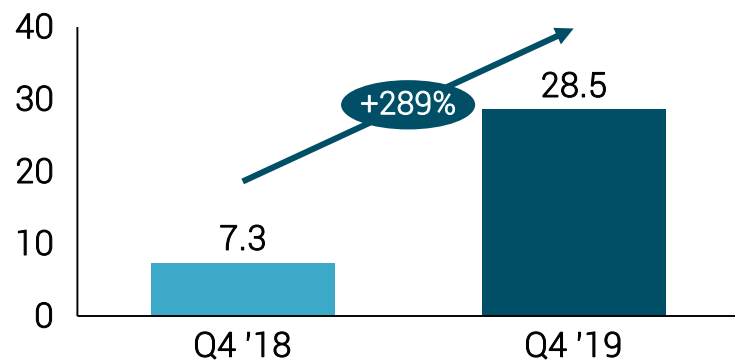


**FINANCIAL  
REVIEW**

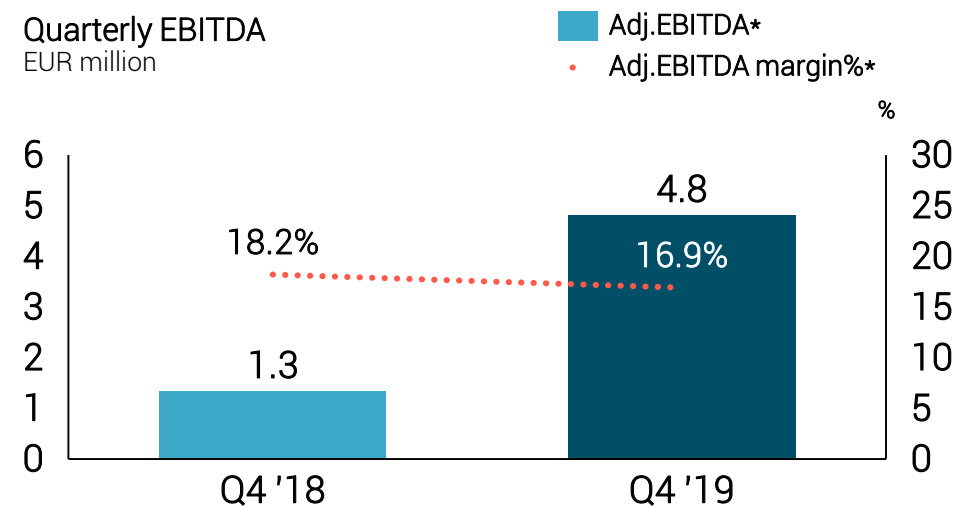
# Q4 2019 financial highlights

- **Revenue of EUR 28.5 million, up 289% from EUR 7.3 million in Q4 2018**
  - 22% of Q4 2019 revenue was recognized in foreign currency
  - 95% was recurring subscription revenue, with ARR<sup>1</sup> at end of quarter of EUR 108m+
- **Adjusted EBITDA<sup>2</sup> of EUR 4.8 million compared to EUR 1.3 million in Q4 2018**
  - Adj. EBITDA before IFRS 16 implementation EUR 3.4 million
- **Adjusted EBITDA margin of 16.9% compared to 18.2% in Q4 2018**
  - Margin decrease reflects lower margin levels in acquired businesses

Quarterly revenue  
EUR million



Quarterly EBITDA  
EUR million



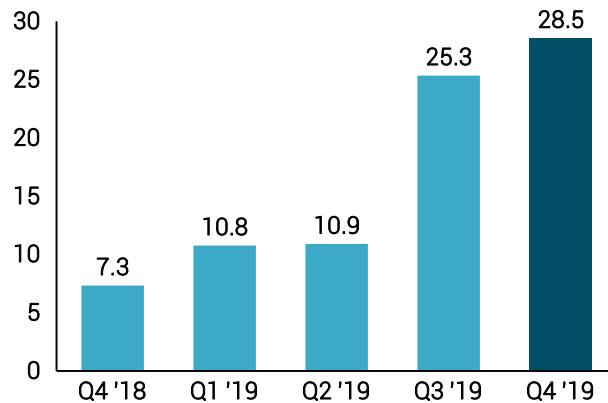
1) ARR = Annual Recurring Revenue

2) EBITDA Q4 2019 adjusted for transaction-related costs of EUR 56 thousand and other income of EUR 1.6 million. Adj. EBITDA margin Q4 2019 before IFRS 16 implementation at 11.9%

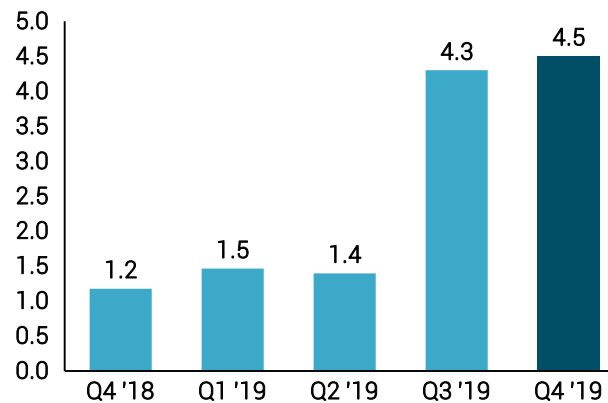


# Margins stabilized in wake of recent acquisitions

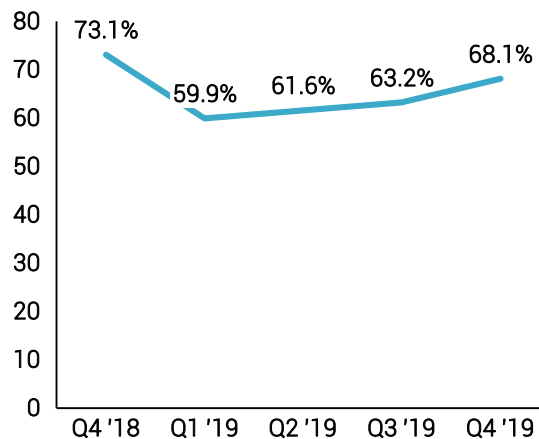
Revenue  
EUR million



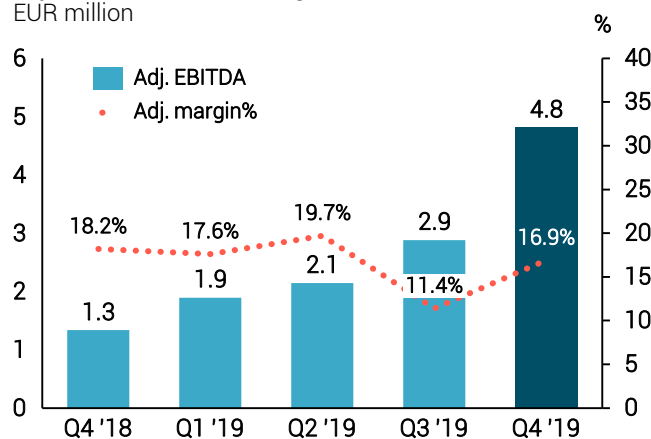
Adjusted<sup>1</sup> Opex<sup>2</sup>  
EUR million



Gross Margin %



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



- Revenue growth mainly driven by acquisitions of Infront Italia and vwd, but also organic growth, price increases and growth in retail trading solutions
- Q4 2019 positively impacted by EUR 1.4m one-off revenue recognition in vwd
- YoY decline in margins reflects inclusion of Infront Italia and vwd
- Increase in adjusted Opex reflects Infront Italia and vwd, as well as higher personnel costs across the group to support future growth.
- Adjusted EBITDA increased by 261% YoY (incl. IFRS16 effects) following the acquisitions and synergy effects across the group
- Cost savings capture on track with consolidation of data feeds and licenses expected to yield ~EUR 2.5m in annual cost savings by 2021. Other mid-and long-term cost savings of EUR 6-8.5m annually identified and related activities initiated.

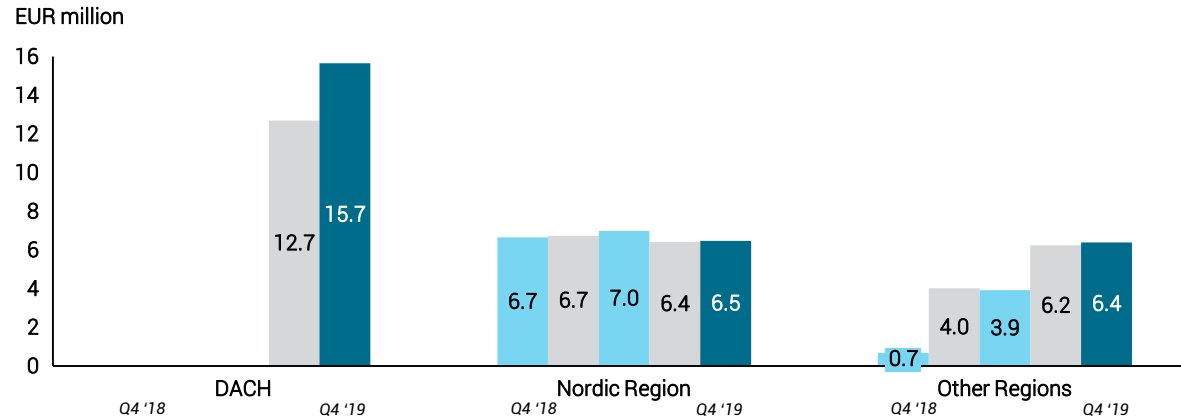
1) Adjusted for transaction-related costs and other income incurred

2) Adjusted EBITDA of EUR 3.4m and adjusted EBITDA margin of 11.9% in Q4 2019 before IFRS 16 implementation, the IFRS 16 effects positively impacted Q4 2019 Opex by EUR 1.4m



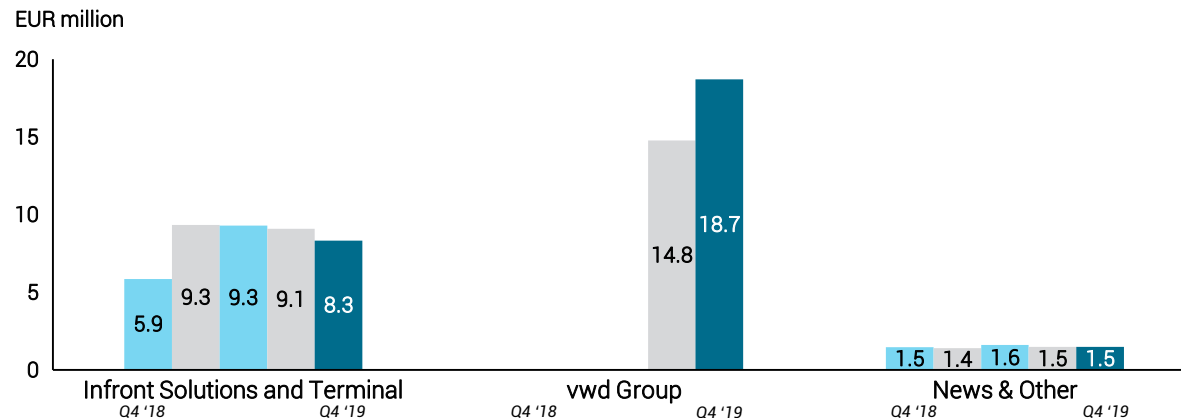
# Acquisition driving revenue growth across regions and segments

## Revenue per Region



- **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 6.4 million, up from EUR 0.7 million in Q4 2018 driven by inclusion of Infront Italia and vwd.

## Revenue per Segment

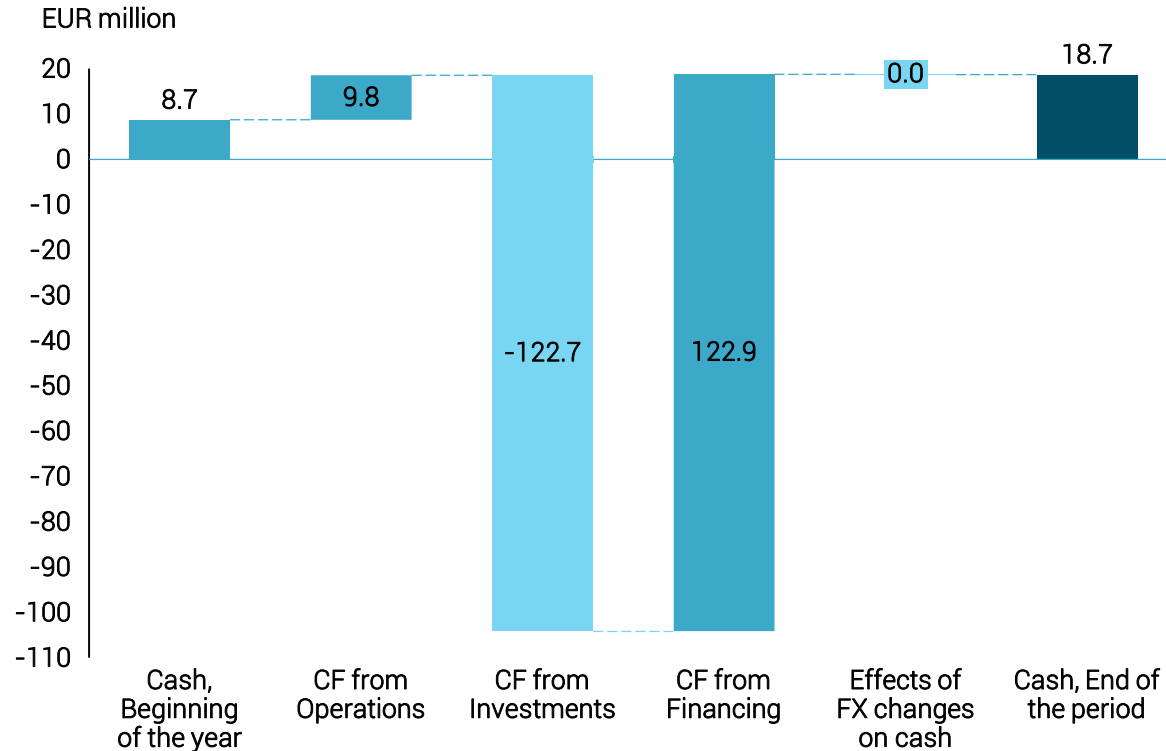


- **Revenue per Segment:** Terminal and Solutions revenue increased 42% YoY due to the Infront Italia acquisition, organic growth and new Infront Web Technology sales. News and Other non-core business increased by 2%. The vwd segment is fully included in Q4.



# Cash Flow 2019

YTD 2019 Cash Flow significantly impacted by M&A activity



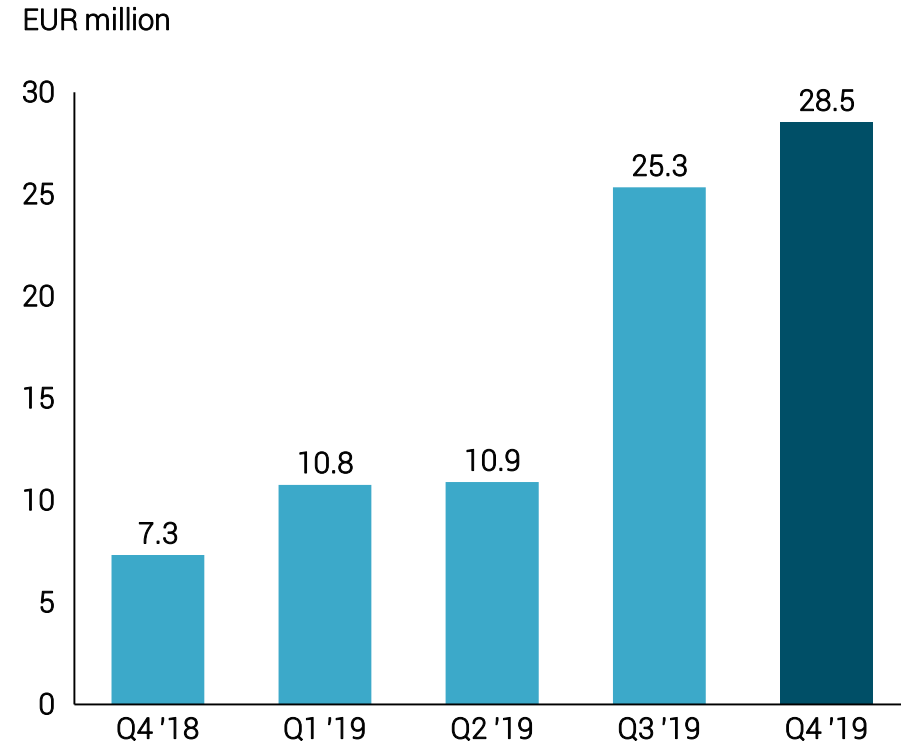
- Operating CF: EUR +9.8 million**  
 Loss before tax of EUR 9.1 million, partly explained by acquisition-related costs of EUR 5.0 million  
 Non-cash charges of EUR 8.5 million and interest reclassification of EUR 6.7 million
- Investing CF: EUR -122.7 million**  
 Mainly reflecting the EUR 130.7 million paid for vwd and EUR 5.0 million of other investments, partly offset the cash balance acquired in vwd of EUR 12.9 million
- Financing CF: EUR +122.9 million**  
 Mainly net proceeds from the equity- and bond issues of EUR 23.6 million and EUR 102.3 million, respectively
- End of the period cash position: EUR 18.7 million**



# Summary

- *Leading European position secured with acquisitions of vwd Group and Infront Italia*
- *Focus going forward on integration and synergy capture*
- *95% recurring subscription revenue base with ARR of EUR 108m+ per Q4 2019*
- *Future potential from up- and cross-selling supports long-term organic growth ambition*
- *Potential for further attractive M&A opportunities*

## Quarterly Revenues





# Next Quarterly Report

- Quarterly Report Q1 2020 to be published on 15 May 2020
- [IR Mailing list](#)



# Appendix



# Successfully completed the vwd Group acquisition in July 2019

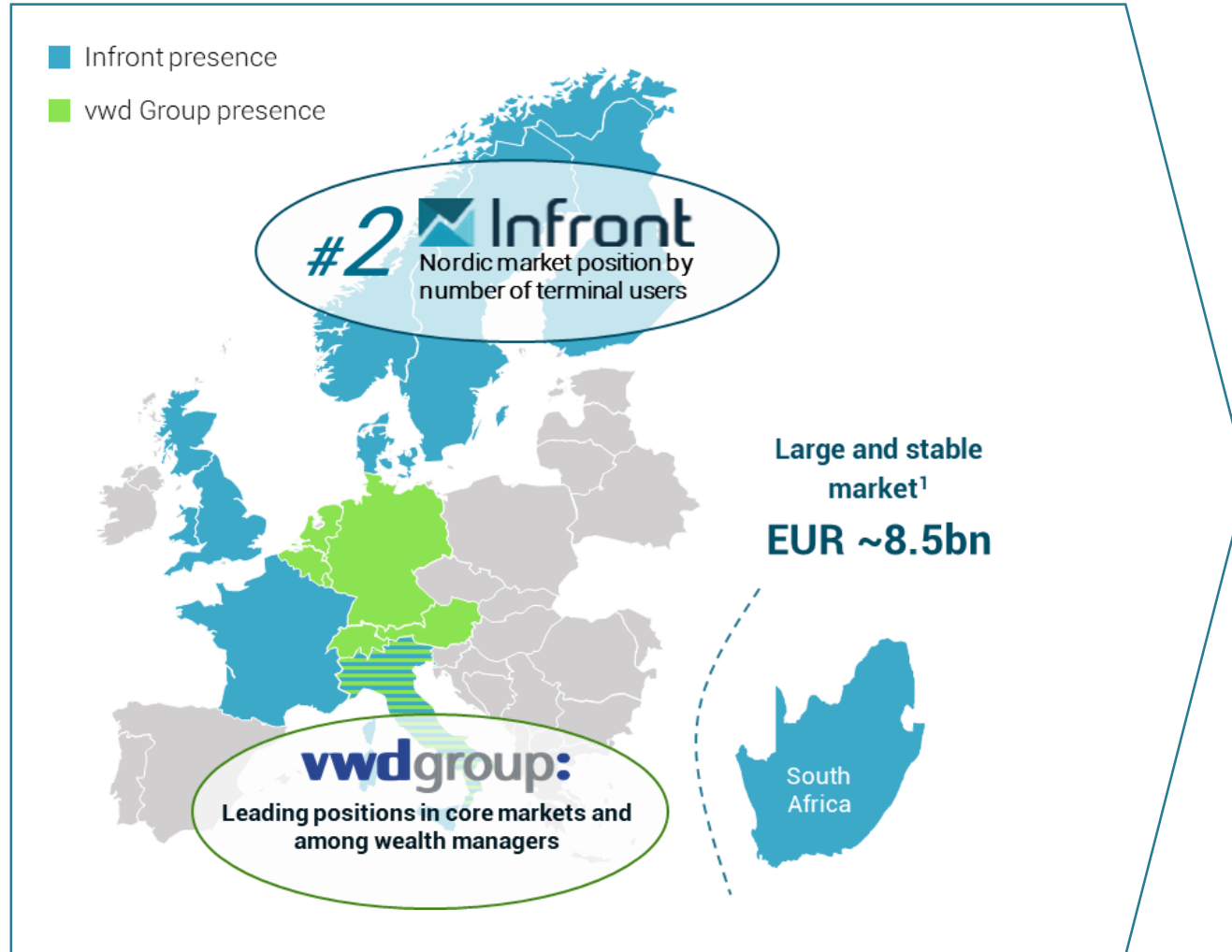


- Transaction closed on 17 July 2019 and consolidated from that date
- Final purchase price of EUR ~130 million on an enterprise value basis
- Financed through the issue of a four-year EUR 105 million bond<sup>1</sup> in April and an oversubscribed NOK 242 million rights issue in June 2019
- Reporting currency changed to EUR from NOK
- Segment reporting adjusted to reflect new group structure:
  - *Infront Solutions and Terminal*
  - *vwd Group*
  - *News and Other*

1) Senior secured bond with EUR 200m maximum borrowing limit and a floating coupon of 3m EURIBOR + 5.75% p.a.. Final maturity of the instrument is 15 May 2023 and only incurrence covenants are applicable.



# Creating the leading European provider of financial market data



- Diversified revenue base with more than 92 000 professional users, ~3 600 customers, broader product offering and more markets
- Highly complementary operations with significant cross- and upselling opportunities
- Exposure to the growing regulatory technology segment as well as the wealth and asset management market
- More than 500 employees in 13 countries
- Platform for growth across Europe and in other markets

# Profit and Loss statement

EUR 1.000	Q4 19	Q4 18	YTD Q4 19	YTD Q4 18
Revenues	28,495	7,295	75,364	28,622
Other revenues	40	32	180	117
<b>Total operating revenues</b>	<b>28,534</b>	<b>7,327</b>	<b>75,544</b>	<b>28,740</b>
Cost of services rendered	9,103	1,969	26,923	9,034
Salary and personell costs	10,883	2,848	26,458	10,800
Other operating expenses	4,558	1,723	16,641	4,345
Depreciation, amortisation and net impairment losses	3,815	513	8,505	2,073
Other income	-2,354	0	-2,816	-31
Other losses/(gains) - net	0	0	0	0
Total operating expenses	26,006	7,053	75,710	26,221
<b>Operating profit</b>	<b>2,528</b>	<b>274</b>	<b>-166</b>	<b>2,519</b>
Financial income	625	38	4,065	780
Financial expenses	-2,758	-576	-13,024	-949
Financial income/(expenses) - net	-2,133	-538	-8,959	-169
Profit before income tax	395	-264	-9,126	2,349
Income tax expense	-1,680	-281	38	-553
<b>Profit for the period</b>	<b>-1,285</b>	<b>-545</b>	<b>-9,087</b>	<b>1,797</b>

- Revenue growth mainly driven by acquisitions of Infront Italia and vwd, but also organic growth, price increases and growth in retail trading solutions
- Q4 2019 positively impacted by EUR 1.5m one-off revenue recognition
- YoY decline in gross margin reflects inclusion of Infront Italia and vwd
- Increase in adjusted Opex reflects Infront Italia and vwd, as well as higher personnel costs across the group to support future growth.
- Adjusted EBITDA increased by 261% YoY (incl. IFRS16 effects) following the acquisitions and synergy effects across the group
- Cost savings capture on track with consolidation of data feeds and licenses to yield ~EUR 2.5m in annual cost savings by 2021. Other mid-and long-term cost savings of EUR 6-8.5m annually identified and related activities initiated.



# Balance statement

EUR 1.000	31.12.2019	31.12.2018
Equipment and fixtures (PPE)	2,947	318
R-o-U assets	13,671	0
Intangible assets	173,987	18,576
Deferred tax asset	6,574	575
Pension assets	646	40
Receivables	192	1,332
<b>Total Non-current Assets</b>	<b>198,017</b>	<b>20,842</b>
Trade and other receivables	12,532	9,984
Cash and cash equivalents	18,703	8,740
<b>Total Current Assets</b>	<b>31,235</b>	<b>18,724</b>
<b>Total Assets</b>	<b>229,252</b>	<b>39,566</b>
Share capital	458	279
Share premium	34,883	11,273
Treasury shares	0	100
Share option program	404	0
Other equity	-5,428	3,126
Total equity attributable to owners of the parent	30,317	14,778
Non-controlling interests	2,686	0
<b>Total Equity</b>	<b>33,003</b>	<b>14,778</b>
Long term borrowings	101,757	5,300
Lease liabilities	11,283	0
Pension liabilities	8,659	244
Deferred tax liabilities	19,987	101
Other non-current financial liabilities	2,895	2,607
<b>Total Non-current Liabilities</b>	<b>144,581</b>	<b>8,252</b>
Short term borrowings	10,000	758
Current lease liabilities	2,643	0
Trade and other payables	29,333	10,518
Other current financial liabilities	3,316	1,299
Deferred revenue	4,758	3,769
Current tax liabilities	1,619	192
<b>Total Current Liabilities</b>	<b>51,669</b>	<b>16,536</b>
<b>Total Liabilities</b>	<b>196,250</b>	<b>24,788</b>
<b>Total Equity and Liabilities</b>	<b>229,252</b>	<b>39,566</b>

- **Total assets increase driven by acquisition**  
*Reflecting the inclusion of vwd*
- **Right of use assets and liabilities increased as a consequence of IFRS 16**
- **Total non-current liabilities increase due to bond issue**  
*Increase of non-current liabilities reflecting book value of bond EUR 101.8 million, deferred tax liabilities increase due inclusion of vwd and the consequence of IFRS 16*
- **Strengthened cash position**  
*Better aligned with current scale*





# Cash flow statement

EUR 1.000	YTD Q4 19	YTD Q4 18
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	-9,126	2,349
Taxes paid	-259	-195
Depreciation, amortisation and net impairment losses	8,505	2,073
Pension expense without cash effect	-499	2
Reclassification Interest expense/income	6,697	0
Net foreign exchange movements	1,446	0
Net working capital movements	3,055	-333
<b>Net cash inflow from operating activities</b>	<b>9,818</b>	<b>3,896</b>
<b>Cash flows from investing activities</b>		
Payment for acquisition of subsidiary, net of cash acquired	-130,676	-620
Payment for intangible assets	-876	-10,479
Payment for property, plant and equipment	-1,473	-142
Payment for software development costs	-2,622	-1,192
Cashflow from other investing activities	12,932	0
<b>Net cash (outflow) from investing activities</b>	<b>-122,714</b>	<b>-12,433</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issuance of ordinary shares	23,618	0
Proceeds from borrowings	10,000	6,107
Repayments of borrowings	-5,744	-7
Proceeds from bond issue	102,256	0
Repayments of lease liabilities	-2,386	0
Dividends paid	0	-1,088
Net interest paid/received	-4,861	0
<b>Net cash inflow from financing activities</b>	<b>122,884</b>	<b>5,011</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10,451</b>	<b>-3,525</b>
Cash and cash equivalents 1 January	8,740	12,479
Effects of exchange rate changes on cash and cash equivalents	-25	-213
<b>Cash and cash equivalents</b>	<b>18,703</b>	<b>8,740</b>

- **Operating CF: EUR +9.8 million**

*Loss before tax of EUR 9.1 million, partly explained by acquisition-related costs of EUR 5.0 million*

*Non-cash charges of EUR 8.5 million and interest reclassification of EUR 6.7 million*

- **Investing CF: EUR -122.7 million**

*Mainly reflecting the EUR 130.7 million paid for vwd and EUR 5.0 million of other investments, partly offset the cash balance acquired in vwd of EUR 12.9 million*

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*Mainly net proceeds from the equity- and bond issues of EUR 23.6 million and EUR 102.3 million, respectively*

- **End of the period cash position: EUR 18.7 million**

