

H1 2021 FINANCIAL REPORT

Company Announcement No. 28

31 August 2021

Management Report

May 20th, 2021 ECIT AS (ECIT) went from being a private company to become listed on the Euronext Growth Oslo stock exchange.

The listing was a transaction at NOK 685 million. NOK 405 million raised through sale of new shares and NOK 280 million through sale of existing shares.

With ECIT as a listed company it is possible for all existing shareholders in ECIT to acquire or to sell shares in ECIT at will (after lock-up) which has been a target since incorporation in 2013.

With a growth strategy and being listed should enable ECIT to finance future growth and business development.

For H1 2021 ECIT's financial performance has been in line with management expectations whereas organic growth for the period is somewhat negatively affected by Covid-19.

Based on the business fundament of entrepreneur driven deliverables within IT & Accounting / Payroll three factors are the driving forces behind the financial development of ECIT:

- I) Acquisitions
- II) Business development to improve performance
- III) Consolidation

Besides ECIT gradually is building a fundament of its own tech to support and improve service deliverables.

Additional information

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Selected financial information for the period 1 January – 30 June 2021 (H1)

Key figures and ratios (NOKm)	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenue	624	445	1.178	889
EBITDA*	80	57	146	103
EBIT	30	27	61	45
Profit for the period	17	20	39	32
Total revenue growth	40,2%	30,2%	32,6%	28,7%
Organic revenue growth	7,4%	0,9%	6,1%	4,9%
EBITDA margin*	12,7%	12,9%	12,4%	11,6%
Cash flow from operating activities			126	160
Free cash flow**			84	122
Net debt to EBITDA*			-0,1	0,0
Diluted earnings per share			0,04	0,03

*) Before special items

**) Free cash flow excluding IFRS16 leases, acquisitions, R&D investments and special items

2021 H1 highlights

- Combined revenue growth at 32.6% (28.7%) including an organic growth at 6.1% (31.2% growth from acquisitions and minus 4.7% growth from currency impact).
- EBITDA at NOK 146 million (103) with an EBITDA margin at 12.4% (11.6%).
- EBIT at NOK 61 million (45) affected by IPO expenses and other special item costs at NOK 8.0 million (0.0) and by higher amortizations coming from acquisitions.
- Free cash flow NOK 84 million (122) is affected by the impact on NWC of paying back VAT, Tax and other duties where the authorities had granted a prolonged payment period due to Covid19.
- Five acquisitions closed including Norian Group, as the largest ECIT acquisition up to date. These five acquisitions represent NOK 377 million in 2020 full year revenue.
- Right after listing ECIT started to increase the average ownership share in subsidiaries through purchase of minority shares (exercising partly the options to acquire subsidiary minority shares). By end August 2021 ECIT owns appr. 66% (61.1% by end June 2021) of revenue and 61% (53.7% by end June 2021) of EBITDA having paid MNOK 56 in cash and MNOK 11 in ECIT shares (all paid after 30 June 2021).

H1 2021 has demanded thorough management attention towards the listing process ended in May 2021. However, being a listed company is expected to be an advantage for ECIT going forward. In the light of these comments the financial performance for H1 2021 is perceived acceptable.

Financial highlights and key figures

Financial Key Figures (NOKm)	H1 2021	H1 2020
Condensed Income Statement		
Revenue	1.178	889
Gross Profit	918	686
EBITDA*	146	103
EBIT*	70	45
Special items	-8	0
Net financial expenses	-10	-2
Profit for the period	39	32
Cash Flow		
Operating activities	126	160
Free cash flow**	84	122
Gross investment in fixed assets	-10	-11
Investing activities	-229	-62
Financing activities	253	-2
Cash flow for the period	151	96
Financial position		
ECIT AS shareholders' share of equity	1.209	839
Non-controlling interest	192	198
Balance sheet total	2.602	1.937
Net working capital	-130	-159
Net interest bearing debt including IFRS16 leases	-45	-8
Net interest bearing debt excluding IFRS16 leases	-286	-196
Net debt to EBITDA*	-0,1	0,0
Financial ratios (%)		
Total revenue growth	32,6%	28,7%
Total organic revenue growth	6,1%	4,9%
EBITDA margin*	12,4%	11,6%
Effective tax rate	23,0%	25,8%
Solvency ratio	53,9%	53,5%
Capital expenditures in % of revenue	0,9%	1,2%
Share ratios		
Earnings per share	0,04	0,03
Diluted earnings per share	0,04	0,03
Total number of shares issued (Mio)	442,4	385,5
Average number of shares issued (Mio)	415,3	379,5
Total number of treasury shares (Mio)	3,8	4,1
Average number of treasury shares (Mio)	5,9	3,0
Non-Financials		
Number of FTE at 30 June	2.077	1.351

*) Before special items

**) Free cash flow excluding IFRS16 leases, acquisitions, R&D investments and special items

Financial developments

(NOKm)	H1 2021	H1 2020	Organic Growth	Acquisition impact	Currency Translation	Total Growth
Revenue	1.178	889	6,1%	31,2%	-4,7%	32,6%
Gross Profit	918	686	6,1%	32,5%	-4,8%	33,8%
EBITDA*	146	103	13,4%	31,2%	-3,4%	41,2%
Gross margin	77,9%	77,2%				0,7 p.p.
EBITDA margin*	12,3%	11,6%				0,7 p.p.

*) Before special items

Update on recent acquisitions

ECIT continues with a reasonable M&A pace completing 5 acquisition within the first six months of 2021.

Among the acquired companies were Norian Group, a F&A company providing accounting, payroll, and automation services (robot technology) in six countries.

In note 4 'Business combinations', an overview of the acquired companies has been made including a short introduction.

Integration of the acquired companies continues according to plan.

ECIT has a substantial M&A pipeline with targets identified within all business areas.

Revenue

For the first six of the months of 2021, revenue amounted to NOK 1,178 million against NOK 889 million last year. Revenue growth by division breaks down as follows:

(NOKm)	Q2 2021	Growth	H1 2021	Growth
IT	267	29,6%	533	31,9%
F&A	369	47,4%	669	33,7%
Tech	23	n/a	45	n/a
Group and elim.	-34	n/a	-69	n/a
Total	624	40,2%	1.178	32,6%

All three divisions deliver revenue growth.

Revenue per country:

(NOKm)	Q2 2021	Growth	H1 2021	Growth
Norway	446	30,5%	806	23,0%
Denmark	59	1,3%	144	3,0%
Sweden	96	117,5%	197	132,8%
Other	23	n/a	30	n/a
Total	624	40,2%	1.178	32,6%

*) 'Others' consist of UK, Germany, Finland, Serbia, Lithuania and Poland. Including elimination.

EBITDA before special items

For the first six months of 2021, EBITDA before special items amounts to NOK 146 million against NOK 103 million last year representing a growth of more than 40%. EBITDA growth per division for Q2 and YTD 2021 breaks down as follows:

NOKm	Q2 2021	Growth	H1 2021	Growth
IT	28	18,1%	49	21,7%
F&A	59	45,3%	110	41,2%
Tech	-4	n/a	-6	n/a
Group and elim.	-4	n/a	-8	n/a
Total	80	38,8%	146	41,2%

Although the margin is in line with expectations, acquired companies can have an impact onto ECIT Group margin development and lead to some fluctuations.

Special items, costs

Special item costs amount to NOK 8.4 million for the first six months of 2021 and are mainly costs derived from M&A activity. No special item cost incurred in 2020.

Amortizations and depreciations

The amortization and depreciations per Q2 and YTD 2021 break down as follows:

Depreciations & amortizations (NOKm)	Q2 2021	Q2 2020	H1 2021	H1 2020
Customer Contracts	-10	-7	-20	-13
R&D	-5	-3	-9	-5
Tangible assets	-6	-5	-11	-11
Right-of-use assets	-20	-15	-36	-29
Total	-42	-30	-76	-58

Financial items

The financial items totalled a net expense of NOK 10 million for H1 2021 compared to NOK 2 million for the same period last year. Most of the financial items costs are related to the IPO and exchange rate adjustments (mainly currency fluctuations in Danish and Swedish kroners)

(NOKm)	Q2 2021	Q2 2020	H1 2021	H1 2020
Interest on lease liabilities	-1	-1	-3	-3
Exchange rate adjustments	-2	1	-2	1
IPO expenses	-4	0	-4	0
Other interest cost, net	0	0	-1	0
Financial expenses, net	-7	0	-10	-2

Tax on profit for the period

The effective tax rate for H1 2021 are at 23.0% compared to 25.8% last year, and in line with expectations.

Profit for the period

Profit for the first six month of 2021 is NOK 39 million against NOK 32 million for the same period last year. Higher amortizations related to acquisitions,

special item cost and IPO related expenses has impacted the profit negatively for the first six months of 2021.

Ownership – Majority and minority

The shareholders of ECIT AS holds 61.1% of the generated revenue and 53.7% of the generated EBITDA before special items per 30 June 2021.

The process of ECIT increasing its ownership in the subsidiaries through purchase of minority shares has been initiated and is going as planned. The impact will be visible in Q3 but will not be finalized in Q3.

Average ownership per 30 June 2021 and 31 August 2021 measured on revenue and EBITDA break down as follows:

Ownership	Majority	Minority
<i>30 June 2021</i>		
Revenue	61,1%	38,9%
EBITDA*	53,7%	46,3%
<i>31 August 2021</i>		
Revenue	66,0%	34,0%
EBITDA*	60,9%	39,1%

*) Before special items

Diluted adjusted earnings per share

On 30 June 2021, the diluted adjusted earnings per share is NOK 0.04 per share compared to NOK 0.03 for the same period last year.

Earnings per share (m.NOK)	H1 2021	H1 2020
Profit of the year	39	32
Non-controlling interests	-23	-20
ECIT AS shareholders' share of profit for the year	16	12
(^{'000} shares)		
Total average number of shares	415.293	379.498
Average number of treasury shares	-5.898	-2.986
Average dilutive effect of warrant/options	500	500
Diluted average number of shares in circulation	409.895	377.012
Earnings per share of NOK 1	0,04	0,03
Diluted earnings per share of NOK 1	0,04	0,03

Cash flow

The summarized cash flow statement breaks down as follows:

Cash Flow Statement (NOKm)	H1 2021	H1 2020
Operating activities	126	160
Investing activities	-229	-62
Financing activities	253	-2
Cash flow for the period	151	96
Free cash flow	84	122

Cash flow from operating activities is NOK 126 million for the first six months of 2021 against NOK 160 million for the same period of 2020. Operating profit before amortization, depreciation and special items for the period is higher than last year, as Covid-19 pay back of net working capital led to a net decrease in cash flow from operating activities.

Cash flow from investments is NOK 229 million and the increase compared to last

year can mainly be explained by the acquisition of Norian.

Cash flow from financing activities, NOK 253 million, is positively impacted by the capital increase from the IPO.

Free cash flow for the period is at NOK 84 million against NOK 122 million for the same period last year. The difference is primarily due to the development in net working capital.

Specification of free cash flow (NOKm)	H1 2021	H1 2020
Cash flow from operating (A)	126	160
Special items	8	0
Net investments in tangible assets	-10	-11
Repayment of lease liabilities	-41	-27
Free cash flow	84	122

Net working capital

On 30 June 2021, the Group's net working capital is NOK -130 million versus NOK -159 million last year.

The net working capital development to last year can to a large extent be explained by Covid-19 and the amount of postponed payments of VAT, employee withholding tax and other governmental payments.

Optimization of net working capital remains a priority within the ECIT Group.

ECIT's shareholders' share of equity

ECIT AS shareholders' share of equity is NOK 1,209 million on June 2021 (NOK 811 million on 31 December 2020). The development is primarily due to the capital increase made in connection with the IPO.

On 30 June 2021, the company's portfolio of treasury shares is 3,824,028 shares (7,972,050 shares on 31 December 2020).

The solvency ratio including non-controlling interest is 53.9% on June 30, 2021 against 53.5% for the same period last year.

Equity Statement (NOKm)	H1 2021	H1 2020
Equity at 1 January	972	891
Profit for the period	39	32
Currency translation, foreign enterprises	-3	17
Capital increase	406	36
Dividends distributed	-1	-1
Movement of treasury shares	22	-2
Transactions with minorities	-12	67
Other equity movements	-24	-3
Equity end of period	1.401	1.036

Net interest-bearing debt ('NIBD')

Consolidated net interest-bearing debt amounted to NOK -45 million (net cash) on June 2021 against NOK -8 million (net cash) for the same period last year. The financial gearing ratio (NIBD/EBITDA) including IFRS16 lease accounting is -0.1x on June 30, 2021 compared to 0.0x last year. The NIBD position and Debt leverage breaks down as follows:

Development in NIBD (NOKm)	30 JUN 2021	30 JUN 2020
Loans and credit facilities	178	96
Lease liabilities	241	188
Other interest bearing liabilities	0	2
Total financial liabilities	419	286
Other interest bearing receivables	72	46
Cash and cash equivalents	393	248
Total financial assets	464	294
Net debt / Net cash (-)	-45	-8
EBITDA, LTM (before special items)	319	252
Debt leverage	-0,1	0,0

ECIT has an option to acquire the minority shares in all partly owned subsidiaries within an agreed period. The option allows ECIT to acquire the remaining minority shares at a fixed price model based on last year's EBITDA multiplied with a fixed factor. The minority option debt per June 2021 is estimated to be approximately NOK 550 million and is not part of the NIBD statement.

Credit facility excl. leasing

The company has a credit facility agreement with Nordea with a total amount of NOK 475 million. As of June 2021, the credit facility has been utilized by NOK 123 million leaving NOK 352 million available.

Credit facilities (NOKm)	30 JUN 2021	30 JUN 2020
Credit facility gross	475	270
Credit facility utilized	-123	-76
Net credit facility available	352	194

IT division

Financial developments

(NOKm)	Q2 2021	Q2 2020	Total Growth	H1 2021	H1 2020	Organic Growth	Total Growth
Revenue	267	206	29,6%	533	404	16,1%	31,9%
Gross Profit	162	128	26,6%	319	249	14,3%	27,9%
EBITDA*	28	24	18,1%	49	40	19,1%	21,7%
Gross margin	60,5%	61,9%	-1,5 p.p.	59,8%	61,6%		-1,8 p.p.
EBITDA margin*	10,5%	11,5%	-1,0 p.p.	9,2%	10,0%		-0,8 p.p.

*) Before special items

IT in brief

ECIT provides a full stack of IT services solutions comprising managed services, hosting & hybrid cloud, IT consulting and digitization (BI/AI/ML** and Robotics) for SMEs and larger companies.

ECIT's range of services allows for one point of contact for all customer IT needs and flexibility to meet a broad range of customer demands.

The company has an extensive local office network of 26 IT offices, serving approximately 8,300 customers across the Nordics.

Financials

ECIT IT division delivers revenue growth in first H1 2021 of 31.9% (hereof organic growth of 16,1%). The growth is partly explained by acquisitions, and partly as a result of winning customers contracts.

The 2021 H1 EBITDA level is on par with expectations and trending at same margin as last year.

Market developments

ECIT is experiencing higher demand from existing as well as new and potential customers for more services and solutions which may be a result of Nordic countries easing Covid-19 restrictions.

ECIT IT Division has a solid pipeline with projects and new business leads which should result in continued organic revenue growth.

The increase in demand is broad across all ECIT IT Division services and solutions and will increase our commercial efforts.

Consolidation in the Nordic IT market landscape continues in general at relative high level which ECIT see as an upside since midmarket and lower enterprise customers have fewer potential competitors to choose from when seeking a new IT supplier.

F&A division

Financial developments

(NOKm)	Q2 2021	Q2 2020	Total Growth	H1 2021	H1 2020	Organic Growth	Total Growth
Revenue	369	250	47,4%	669	500	0,9%	33,7%
Gross Profit	339	232	45,9%	619	468	0,1%	32,1%
EBITDA	59	41	45,3%	110	78	5,8%	41,2%
Gross margin	92,0%	92,9%	-1,0 p.p.	92,5%	93,6%		-1,1 p.p.
EBITDA margin	16,1%	16,3%	-0,2 p.p.	16,5%	15,6%		0,9 p.p.

F&A in brief

ECIT's F&A segment provides end-to-end coverage of solutions within F&A services to SMEs and larger companies, offering basic accounting, F&A management support, payroll & HR and debt collection.

This service offering provides customers with flexibility, expertise and one point of contact.

The Company has an extensive local office network of 78 F&A offices serving a broad range of approximately 17,300 customers across the countries ECIT operate in.

Financials

Revenue for the first six month of the year was NOK 669 million representing a growth of 33.7% (hereof organic growth of 0,9%).

The acquired growth mainly comes from two large acquisitions; Norian Group (April 2021) and Modern Ekonomi Group (November 2020).

The EBITDA margin improvement is a result of the focused strategy towards more automation and improvement of

processes and control in combination with the ongoing consolidation of the F&A companies in ECIT.

Market developments

All though the general activity levels within the F&A business seems to get back to normal, the first six-month performance of the year has been impacted by Covid-19. Some parts of ECIT's business segments including Payroll Services and services to the Entertainment industry has been impacted by the Covid-19 pandemic.

The F&A market is fragmented, with a lot of opportunity to consolidate. The industry is consolidating and ECIT is taking part in that process, with a clear M&A strategy.

With the acquisition of Norian Group, the F&A division has become more international now serving F&A customers in 9 countries. Norian has also brought substantial knowledge within business development, automation and quality control as well as experience with large customers which has strengthened the ECIT F&A division and the ECIT Group in general.

Tech division

Financial developments

(NOKm)	Q2 2021	Q2 2020	Total Growth	H1 2021	H1 2020	Organic Growth	Total Growth
Revenue	23	15	47,8%	45	30	14,9%	47,8%
Gross Profit	18	12	50,6%	36	24	12,9%	48,5%
EBITDA	- 4	0	0,0%	6	2		
Gross margin	79,2%	77,8%	1,5 p.p.	80,1%	79,7%		0,4 p.p.
EBITDA margin	-18,2%	1,0%	-19,1 p.p.	-14,0%	-5,6%		-8,4 p.p.

Tech in brief

ECIT's Technology division was founded in 2017, with the aim of providing customers with actionable financial insight about their business.

Through a customer portal, ECIT eases customers' administrative processes with user friendly applications and automated workflows.

The Technology division is also working to increase ECIT's F&A division's operational efficiency, allowing it to take full ownership of the customer experience and relationship.

Since foundation the Technology division has grown to have more than 10,000 customers.

Financials

The Tech division continues to grow at a reasonable pace - revenue growth rate of 47.8% (hereof organic growth of 14,9%).

Annual recurring revenue (ARR) has increased to NOK 69 million (per June 2021) compared to NOK 58 million at year end 2020.

The EBITDA for the first six month came out negative which can be explained by further investments in the Tech division -

mainly coming from substantial recruitment in the areas of management, sales and development.

Market developments

ECIT see a strong trend within automation of processes connected to the F&A division. This is both driven by new available technology and new players in the market. ECIT is investing seriously in this area aspiring to be the long-term leading company in technology adoption within the F&A outsourcing industry.

Moving from on-premise solutions to cloud-based solutions is an increasing trend in a F&A industry. Cloud based solutions creates flexibility in delivery models as well as simplifying IT infrastructure. Having our own cloud-based software product-line within payroll ECIT see possibilities in utilizing the market to grow our market share in both product offerings and services.

The combination of Accounting and IT in ECIT has proved to be an advantage also in Software development, where ECIT are able to include both our employees and customers in our development processes. User centric development is important to be able to keep up with the increased expectations of user friendliness and seamlessness.

Interim condensed financial statements

Condensed Income Statement (NOKm)	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenue	624	445	1.178	889
Direct costs	-130	-92	-261	-203
Gross Profit	494	354	918	686
Other external expenses	-45	-31	-77	-49
Staff costs	-370	-265	-695	-534
EBITDA before special items	80	57	146	103
Special items, net	-8	0	-8	0
EBITDA after special items	71	57	137	103
Amortizations and depreciations	-42	-30	-76	-58
EBIT	30	27	61	45
Financial items, net	-7	0	-10	-2
Profit before tax	23	27	51	44
Tax on profit for the period	-5	-7	-12	-11
Profit for the period	17	20	39	32
<i>Earnings per share:</i>				
Earnings per share (NOK)			0,04	0,03
Diluted earnings per share (NOK)			0,04	0,03

Condensed statement of other comprehensive income

Condensed statement of comprehensive income (NOKm)	H1 2021	H1 2020
Profit for the period	39	32
<i>Items that may be reclassified to the income statement:</i>		
Foreing exchange adjustments of subsidiaries	-3	17
Other comprehensive income	-3	17
Total comprehensive income	37	50
<i>Attributabe to:</i>		
Shareholders in ECIT AS	12	32
Non-controlling interests	25	18

Condensed cash Flow statement

Condensed Cash Flow Statement (NOKm)	H1 2021	H1 2020
Operating profit before amortisation and depreciation (EBITDA) before special items	146	103
Special items	-8	0
Corporation tax, paid	-30	-18
Change in net working capital (NWC)	19	74
Cash flow from operating activities (A)	126	160
Net investments in tangible assets	-10	-11
Net investments in Research & Development	-8	-15
Net Investments in subsidiaries*	-225	-31
Net investments in other activities	9	-10
Change in other financial assets	6	5
Cash flow from investing activities (B)	-229	-62
Cash flow from operating and investing activities (A+B)	-102	98
Repayment of lease liabilities	-41	-27
Loans and credit facilities	1	37
Capital increase	378	0
Sale and purchase of treasury shares	3	-2
Transactions with minorities	-23	33
Dividends distributed	-66	-44
Cash flow from financing activities	253	-2
Cash flow for the period	151	96
Cash and cash equivalents 1 January	246	152
Cash flow for the period	151	96
Currency translation adjustments	-4	0
Cash and cash equivalents end of period	393	248

*) Refer to note 4, Business Combinations

Condensed balance sheet – Assets

Condensed balance sheet - Assets (NOKm)	30 JUN 2021	30 JUN 2020	31 DEC 2020
Goodwill	918	685	728
Customer contracts	317	251	276
Research & development	85	75	82
Deferred tax assets	26	23	15
Intangible assets	1.345	1.034	1.101
Land, buildings and equipment	61	70	70
Right-of-use assets	234	182	194
Tangible assets	296	252	264
Other financial assets	60	47	17
Other receivables, interest bearing	51	37	56
Other receivables	6	4	2
Total non-current assets	1.757	1.374	1.440
Inventories	12	8	11
Trade receivables	288	221	288
Other receivables, interest bearing	21	9	21
Other receivables	130	78	101
Cash and cash equivalents	393	248	246
Total current assets	845	563	667
Total assets	2.602	1.937	2.107

Condensed balance sheet – Equity and liabilities

Condensed balance sheet - Liabilities (NOKm)	30 JUN 2021	30 JUN 2020	31 DEC 2020
Share capital	442	385	388
Treasury shares	-4	-4	-8
Reserves and retained earnings	771	458	431
ECIT AS shareholders share of Equity	1.209	839	811
Non-controlling interest	192	197	161
Total equity	1.401	1.036	972
Lease liabilities	169	136	139
Borrowings (interest bearing)	144	95	117
Provisions	29	34	47
Other non-current liabilities	10	6	0
Deferred tax liabilities	70	51	60
Total non-current liabilities	423	322	363
Lease liabilities	72	52	62
Borrowings (interest bearing)	34	1	21
Provisions	8	19	32
Tax payables	34	32	38
Trade payables	87	70	98
Deferred income	41	37	35
Dividend	69	10	134
Other current liabilities	433	358	352
Total current liabilities	777	578	772
Equity and liabilities	2.602	1.937	2.107

Condensed statement of equity at 30 June 2021

Condensed Equity Statement 2021 (NOKm)	Share Capital	Not reg. Capital increase	Share premium	Treasury shares	Retained earnings	Shareholders share of equity	Non-controlling interests	Total equity
Equity at 1 January	388	4	371	-8	55	811	161	972
Profit for the year	0	0	0	0	16	16	23	39
Net exchange differences recognized in OCI	0	0	0	0	-5	-5	2	-3
Other comprehensive income	0	0	0	0	-5	-5	2	-3
Total comprehensive income	0	0	0	0	11	11	26	37
<i>Transactions with shareholders:</i>								
Capital increase	54	1	351	0	0	406	0	406
Dividends distributed	0	0	0	0	0	0	-1	-1
Sale and purchase of treasury shares	0	0	0	4	18	22	0	22
Addition of non-controlling interests, customer contracts	0	0	0	0	0	0	10	10
Addition of non-controlling interests, net assets	0	0	0	0	0	0	8	8
Acquisition and disposal of shares from/to non-controlling interests	0	0	0	0	-18	-18	-12	-30
IPO expenses	0	0	-24	0	0	-24	0	-24
Total transactions with owners	54	1	327	4	0	387	6	392
Equity end of period	442	5	698	-4	67	1.209	192	1.401

Condensed statement of equity at 30 June 2020

Condensed Equity Statement 2020 (NOKm)	Share Capital	Not reg. Capital increase	Share premium	Treasury shares	Retained earnings	Shareholders share of equity	Non-controlling interests	Total equity
Equity at 1 January	374	25	312	-2	64	772	119	891
Profit for the year	0	0	0	0	12	12	20	32
Net exchange differences recognized in OCI	0	0	0	0	19	19	-1	17
Other comprehensive income	0	0	0	0	19	19	-1	17
Total comprehensive income	0	0	0	0	31	31	19	50
<i>Transactions with shareholders:</i>								
Capital increase	12	-25	48	0	0	36	0	36
Dividends distributed	0	0	0	0	0	0	-1	-1
Sale and purchase of treasury shares	0	0	0	-2	0	-2	0	-2
Addition of non-controlling interests, customer contracts	0	0	0	0	0	0	22	22
Addition of non-controlling interests, net assets	0	0	0	0	0	0	42	42
Acquisition and disposal of shares from/to non-controlling interests	0	0	0	0	4	4	-1	3
Other adjustments	0	0	0	0	-2	-2	-2	-4
Total transactions with owners	12	-25	48	-2	2	35	60	96
Equity end of period	385	0	360	-4	97	839	197	1.036

Notes

1. General information and basis for preparation

General information

ECIT (the Group) consists of ECIT AS (the Company) and its subsidiaries. The head office is located in Oslo, Norway.

ECIT's condensed interim financial statements for the first half year of 2021 were authorized for issue by the board of directors on 30 August 2021.

Basis of preparation

The interim consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting with requirements according to Norwegian GAAP "Forenklet IFRS". 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 consolidated financial statements as at 31 December 2020.

In preparing the consolidated interim Financial Report, management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of the Group's assets, liabilities, income and expenses. The estimates and judgements made are based on historical experience and other factors that management assesses to be reliable, but that, by nature, are associated with uncertainty and unpredictability and may therefore prove incomplete or incorrect.

As a result of the uncertainties inherent in connection to the above, periodic adjustment may occur.

Reference is made to ECIT Group's 2020 Annual Report for a description of accounting policies.

The condensed interim financial statements are unaudited.

2. Segment reporting

NOKm	IT		F&A		Tech		Group & Elimination		Total Group	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Revenue	533	404	669	500	45	30	-69	-46	1.178	889
Revenue %	45,3%	45,5%	56,8%	56,3%	3,8%	3,4%	-5,8%	-5,2%	100,0%	100,0%
Gross Profit	319	249	619	468	36	24	-55	-56	918	686
Gross Profit % - share of total	34,7%	36,3%	67,4%	68,2%	3,9%	3,5%	-6,0%	-8,1%	100,0%	100,0%
EBITDA*	49	40	110	78	-6	-2	-8	-14	146	103
EBITDA % - share of total	33,8%	39,2%	75,7%	75,7%	-4,3%	-1,7%	-5,1%	-13,2%	100,0%	100,0%
Gross margin	59,8%	61,6%	92,5%	93,6%	80,1%	79,7%	80,6%	119,7%	77,9%	77,2%
EBITDA margin*	9,2%	10,0%	16,5%	15,6%	-14,0%	-5,6%	10,9%	29,4%	12,4%	11,6%

*) Before special items

Revenue per country (NOKm)	IT		F&A		Tech		Group & Elimination		Total Group	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Norway	408	305	397	357	23	15	-21	-21	806	655
Norway %	50,6%	46,5%	49,2%	54,4%	2,8%	2,3%	-2,6%	-3,2%	100,0%	100,0%
Denmark	96	94	60	55	12	7	-24	-16	144	140
Denmark %	66,6%	67,4%	41,8%	39,3%	8,2%	4,8%	-16,7%	-11,4%	100,0%	100,0%
Sweden	29	5	181	79	10	9	-23	-8	197	85
Sweden %	14,8%	6,1%	91,6%	93,2%	5,1%	10,4%	-11,5%	-9,6%	100,0%	100,0%
Other*	0	0	31	10	0	0	-1	-1	30	8
Other* %	0,0%	0,0%	102,3%	115,3%	0,0%	0,0%	-2,3%	-15,3%	100,0%	100,0%
Total	533	404	669	500	45	30	-69	-46	1.178	889

*) 'Others' consist of UK, Germany, Finland, Serbia, Lithuania and Poland

3. Special items

Special items are used in connection with the presentation of profit or loss for the year to distinguish consolidated operating profit from exceptional items, which by their nature are not related to the Group's ordinary operations or investment in future activities.

Special items comprise of:

- Transactions- and restructuring costs relating to acquisition
- Restructuring costs etc. relating to fundamental structural and managerial reorganizations

Special Items (NOKm)	Q2 2021	Q2 2020	H1 2021	H1 2020
Transactions costs related to acquisitions	6	0	7	0
Restructuring cost relating to acquisitions	2	0	2	0
Total special items, costs	8	0	8	0

4. Business combinations

Acquisitions during the year

During the first half year of 2021 the following companies have been acquired*:

Acquired companies during the year (NOKm)	Country	Division	Acquisition Month	Revenue	FTE
<i>Fully consolidated subsidiaries</i>					
ASK Outsourcing AB	Sweden	F&A	February	10	8
Aktiv Kontroll AS	Norway	F&A	March	7	10
Norian Group	International	F&A	April	265	550
PC-System Senteret AS	Norway	IT	June	18	16
Sum				300	584
<i>Recognized as associated company</i>					
Value Group	Norway	F&A	June	77	83
Total				377	667

*) Revenue and number of FTE's are based on 2020 financials.

Brief about acquisitions

Ask Outsourcing Group AB

Ask Outsourcing Group AB is a Swedish outsourcing company that manages and develops companies' operations within finance, management, and IT.

Aktiv Kontroll AS

Aktiv Kontroll AS is a Norwegian company that specializes within debt collection, invoice management and credit services.

Norian Group

Norian Group is an international F&A company providing accounting, payroll, and automation services (robot technology) in six countries (Norway, Sweden, Finland, Germany, Poland, and Lithuania).

PC system Senteret AS (PCSS)

PCSS is a co-owner of two other companies; Cloud Connection AS (50%) and Connect HRM AS (34%) which operate within the same technology areas as PCSS, but with a higher degree of specialization. Cloud Connection AS also owns a part of Cloud Controller AS (40%), delivering qualified accounting and payroll services.

Value Group

Value Group is the first company in a separate grouping within ECIT, which focuses on 24SevenOffice as an ERP platform.

Payments of acquisitions

The acquisitions have been paid partly with cash and partly with treasury shares.

Adjusted for the fair value of acquired cash, cash equivalents and paid out earn out for prior acquisitions of NOK 15 million, the net cash flow for new subsidiaries amounted to NOK 240 million (outflow) during the first half year of 2021.

No deferred payments were recognized as part of the acquisitions during the period. Paid earn out obligations below are subject to prior acquisitions.

Payments of acquisitions (NOKm)	H1 2021
Cash payment, new subsidiaries	-240
Paid Earn Out obligation	-17
Majority share of cash in acquired companies	32
Net investments in subsidiaries	-225
Share payment, new subsidiaries	-16
Cash payment, new subsidiaries	-240
Total investment in subsidiaries	-256

Earnings impact

The acquired companies in 2021 have contributed with NOK 78,4 million to the Group's revenue and with NOK 9.5 million to the Group's EBITDA as of 30 June 2021.

Transaction costs

Transactions costs of NOK 6.6 million were recognized during the period.

Fair value of acquired net assets and recognized goodwill

Provisional fair values of acquired assets and liabilities at the acquisition date are given in the table below.

The intangible assets mainly consist of Goodwill and is primarily related to synergy effects from integration with ECIT's existing business. Goodwill is non-deductible for tax purposes.

Integration of the acquired companies is still ongoing, and consequently net assets, including goodwill and other intangible assets, may be adjusted, and off-balance sheet items may be recognized for up to 12 months after the acquisition date in accordance with IFRS 3.

Business combination (NOKm)	Fair Value
Research & Development	7
Property, plant and equipment	3
Financial fixed assets	17
Right-of-use assets	59
Deferred tax	2
Trade receivables	36
Other receivables	164
Cash and cash equivalents	38
Total Assets	326
Lease liabilities	59
Trade payables	29
Other payables	198
Total Liabilities	285
Non-controlling interest' share of acquired net assets	8
Acquired net assets	33
Cash payments	240
Share payments	16
Goodwill and intangible assets arising from the acquisition	223

5. Shareholder information

Shareholders Top 20	Total shares	Ownership	Voting share
CGL Holding AS & CGL Holding II AS (Peter Lauring)**	42.336.068	9,57%	49,90%
Varnar Kapital AS	25.000.000	5,65%	3,07%
Paradigm Capital Management, Inc.	25.000.000	5,65%	3,07%
IC Services 2 AS	24.422.535	5,52%	3,00%
Mikkel Walde Holding ApS	15.524.827	3,51%	1,91%
Y-Not ApS	14.840.253	3,35%	1,82%
MP Pensjon PK	10.622.154	2,40%	1,30%
Bras Kapital AS	9.363.138	2,12%	1,15%
Veiby Invest AS	6.566.389	1,48%	0,81%
Anglo Supply AS	6.485.604	1,47%	0,80%
Fidelity Management & Research Co. LLC	6.250.000	1,41%	0,77%
Arctic Securities AS***	5.606.519	1,27%	0,69%
Deka Investment GmbH	5.600.000	1,27%	0,69%
Loe Equity AS	4.713.545	1,07%	0,58%
Infolink Holding AS	4.503.248	1,02%	0,55%
Litu AS	4.178.388	0,94%	0,51%
Pa Kompetens Lön Sverige AB	3.912.895	0,88%	0,48%
P H Mathiesen Holding Af 2018 ApS	3.821.965	0,86%	0,47%
Job Gruppen AS	3.577.598	0,81%	0,44%
Y ApS	3.564.711	0,81%	0,44%
Total	225.889.837	51,06%	72,40%
Other shareholders	216.471.916	48,94%	27,60%
Total number of shares	442.361.753	100,00%	100,00%

*) Excluding 3.903.078 treasury shares

**) CGL Holding II AS: 36,484,940 shares, CGL Holding AS: 4,951,128 shares, Peter Lauring: 900,000 shares. Adjusted for Peter Lauring's maximum voting right of 49.9% according to ECIT's articles of association

***) With reference to section 6 event after the reporting period, the 5,606,519 shares were purchased as part of the stabilization program following the listing.

ECIT AS is owned through a multiple share class structure where Peter Lauring, the CEO and Founder, is the largest owner holding 9,57% of the economic interest and 49,9% of the voting rights through CGL Holding AS and CGL Holding II AS.

Other large owners are mainly financial institutions and hedge funds as well as other members of the management.

Management and employees holding in total 58,1% of the shares in ECIT AS are highly aligned with the interest of the company.

Share classes

The shares are divided into three share classes A (9%), B (76%) and C-shares (15%).

A-shares are not subject to listing but carry 10 votes per share and are all owned by Peter Lauring. A-shares are to be converted to B-shares when Mr. Lauring is no longer a part of ECIT, or in case of a sale to a third party or listing of the A-shares.

B-shares carry one vote per share and are listed on Euronext Growth Oslo. Shareholders prior to listing and active operational shareholders in the Group are subject to lock up for a period of 6 and 12 months after listing.

C-shares are not subject to listing and carry one vote per share. They are established to accommodate for Danish shareholders owning ECIT shares through a holding company. All C-shares are subject to lock up for a period of 36 months after listing, except for 15% which may be converted to B-shares and sold after 12 months. 25% of each holders' C-shares may be converted to B-shares in December each year upon the board's consent. After 36 months C-shares may be converted to B-shares in connection with the annual general meeting each year.

6. Events after the reporting period

With reference to the company announcement No. 19, the greenshoe option for a total of 643,481 new shares were exercised at a subscription prices of NOK 8 per share (equal to the subscription price in the private placement carried out in advance of the listing on Euronext Growth Oslo).

As a result, the Company's share capital was increased by NOK 643,481 through the issuance of 643,481 new Class B shares, each with a nominal value of NOK 1 (total shares of 6.250.000 of which 5.606.519 was purchased as part of the stabilization program following the listing).

In November 2020 ECIT acquired approximately 87.5% of the shares in Modern Ekonomi AB at 3.90 SEK per share. Subsequently ECIT has acquired further 1.35% of the outstanding shares in Modern Ekonomi AB. Modern Ekonomi AB has published its intention to apply for delisting on 11th of June 2021.

Starting on 6th of August 2021 the share price of Modern Ekonomi AB was triggered by trading up to a peak on the 10th of August at 358 SEK per share. As per 30th of August the share price is around 34 SEK.

The book value of Modern Ekonomi AB in ECITs accounts is recognized at cost price, and ECIT does not believe that the latest movements of Modern Ekonomi AB's share price merits any re-valuation. ECIT has as per reporting date sold 170 493 shares at an average price of 56.4 SEK.

Definition of financial highlights and ratios

Selected financial ratios and key figures are provided by the management in the report to allow the reader to gain better understanding of the Group's underlying performance. The alternative performances measures provided may be defined or calculated differently than for other companies.

Financial ratios

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
EBITDA margin	=	$\frac{\text{Operating profit before amortization and depreciation (EBITDA), before special items} \times 100}{\text{Net revenue}}$
Solvency ratio	=	$\frac{\text{Equity end of reporting period} \times 100}{\text{Total assets end of reporting period}}$
Capital expenditure in % of revenue	=	$\frac{\text{Cash investment in tangible assets} \times 100}{\text{Net revenue}}$
Leverage ratio	=	$\frac{\text{Net interest-bearing debt}}{\text{APM operating profit before amortization and depreciation (EBITDA), before special items, last twelve months}}$

Key figures for financial performance

Net investments in subsidiaries = The comparative figures have been amended to reflect that acquisition and sale of subsidiaries must be reported based on net cash payment. Net cash payment corresponds to the cash payment for the shares, less cash holdings in the subsidiaries at the time of acquisition or sale. The effect of the new subsidiary's balance sheet is therefore eliminated.

Net working capital = Receivables and other current operating assets less trade payables and other current operating liabilities. Tax payable and earn out obligation are not included. Net working capital are not be compared to the change in net working capital in the cash flow statement since the effect of acquired companies are eliminated in the cash flow statement.

Net-interest-bearing-debt = Interest bearing debt less cash and cash equivalents. Option debt are not included.

Organic revenue growth = Growth in companies where ECIT Group legally had control in both the actual period and the comparison period. The organic growth is calculated on a monthly basis.

Acquisitions impact = The impact on the total growth which relies on new acquisitions during the period.

Currency translation = The impact on the total growth due to change in exchange rate changes.

Total revenue growth = Organic growth, acquisitions impact and currency translation in total. Total growth in the Tech division are mainly revenue within ECIT Group, since the Tech division are used in the automatization process of the IT and F&A division.

Free Cash Flow = Cash flow from operating activities before special items, less net investments in tangible assets and repayment of lease liabilities. Free cash flow as presented is a key performance measurement for the management of ECIT Group.

Number of customers = customers who have generated revenue for the group within the last twelve months.

Leverage ratio = operating profit before amortizations and depreciations (EBITDA) are calculated on proforma figures in order to match the full impact from new acquisitions on net interest bearing debt.

Majority share of revenue and operating profit before amortizations and depreciations and special items (EBITDA) = Shareholders of ECIT AS' share of revenue and operating profit before amortizations and depreciations (EBITDA) and special items. The share is calculated on legal figures for the last twelve months and with the ownership as of 30 June 2021.

Annual recurring run rate (ARR) = measures the run rate of revenue derived from customer relationships that are contractually recurring (subscription revenue) or structurally repeatable by nature, such as revenue derived from per e-invoice charge (repeatable transactions revenue). Recurring agreements are valued at the monthly recurring revenue base at the end of the quarter multiplied by 12.