

# ecit

## HALF-YEAR REPORT 2022

INVESTOR PRESENTATION – 23 AUGUST 2022

### ECIT Poland

2 locations  
Nearshoring

### ECIT Denmark

+10 locations  
Accounting, Payroll & HR • IT-Services • Business Solutions

### ECIT Finland

2 locations

### ECIT UK

1 location  
Accounting, Payroll & HR

### ECIT Sweden

+30 locations  
Accounting, Payroll & HR • IT-Services • Business Solutions

### ECIT Lithuania

1 location  
Nearshoring

### ECIT Norway

+50 locations  
Accounting, Payroll & HR • IT-Services • Business Solutions

### ECIT Germany

1 location  
Accounting, Payroll & HR

### ECIT Serbia

1 location  
Accounting, Payroll & HR

### ECIT Romania

# Agenda

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Peter Lauring  
CEO



Mads Skovgaard  
CFO

# ECIT in short



Founded in 2013



+130 acquisitions



~250 partners



People business (+ 2200)

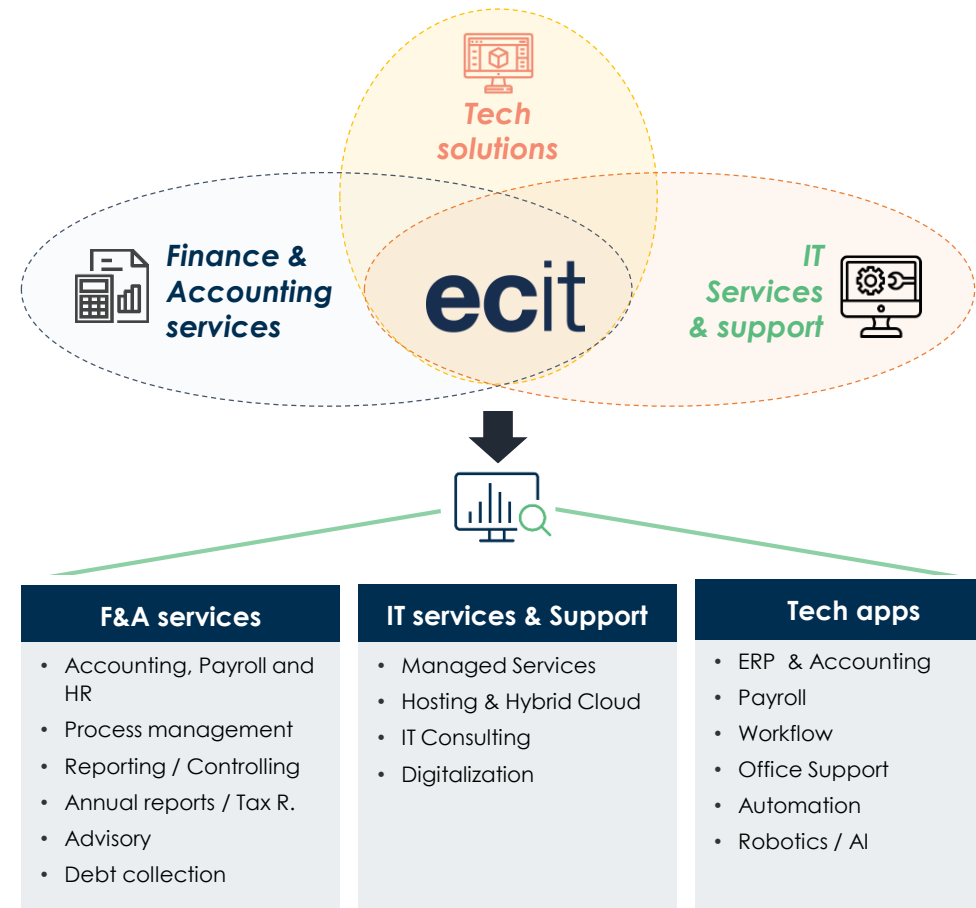


Present in 10 countries



Strategic partner

## ECIT business offerings





# Performance – Q2 and H1 2022

## Financial summary

(NOKm)	Q2 2022	%	Q2 2021	%	H1 2022	%	H1 2021	%
Revenue	733	100.0%	624	100.0%	1,442	100.0%	1,178	100.0%
COGS	-165	22.5%	-130	20.8%	-313	21.7%	-261	22.1%
<b>Gross Profit</b>	<b>568</b>	<b>77.5%</b>	<b>494</b>	<b>79.2%</b>	<b>1,129</b>	<b>78.3%</b>	<b>918</b>	<b>77.9%</b>
PEX	-425	58.0%	-370	59.2%	-845	58.6%	-695	59.0%
OPEX	-46	6.3%	-45	7.2%	-100	6.9%	-77	6.5%
<b>EBITDA</b>	<b>97</b>	<b>13.2%</b>	<b>80</b>	<b>12.7%</b>	<b>184</b>	<b>12.8%</b>	<b>146</b>	<b>12.4%</b>
<b>KPIs</b>								
Total revenue growth	17.3%		40.2%		22.4%		32.6%	
M&A revenue growth	9.4%		35.8%		16.1%		31.2%	
Organic revenue growth	8.9%		7.4%		7.7%		6.1%	
EBITDA-margin	13.2%		12.7%		12.8%		12.4%	

## Highlights – H1 2022

Revenue  
1,442m  
(1,178)

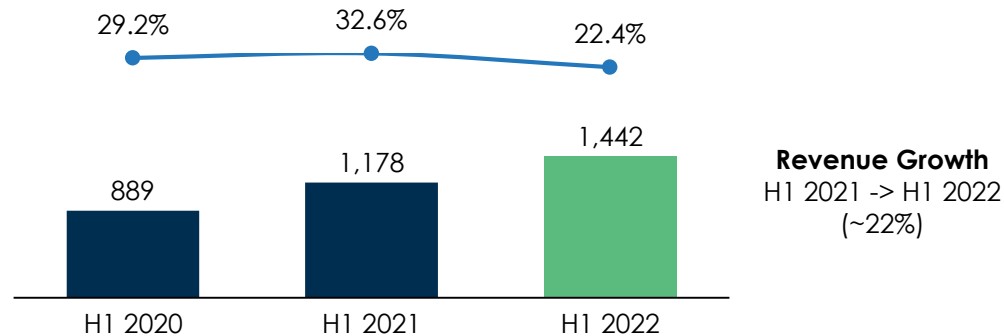
22.4%  
Revenue  
growth

7.7%  
Organic  
growth

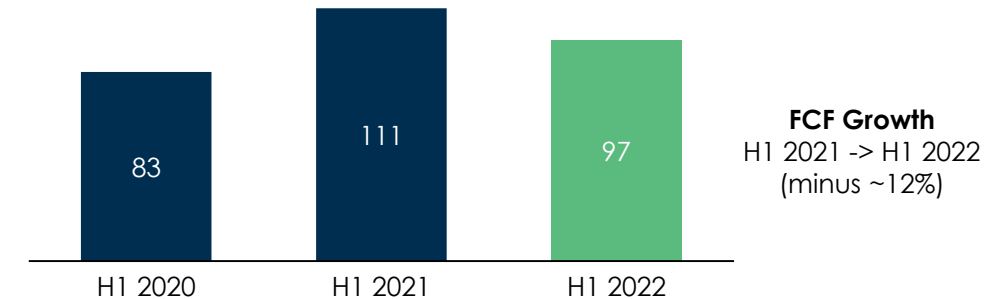
12.8%  
EBITDA  
margin

# Financial performance – H1 2022

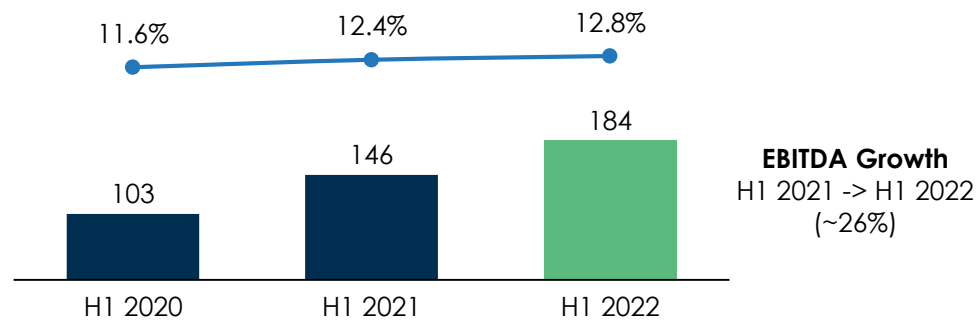
## Total revenue (NOKm)



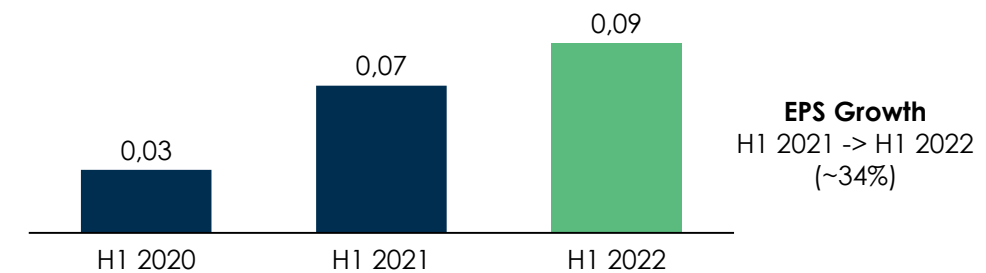
## Free cash flow (NOKm)



## EBITDA (NOKm) and margins



## Earning per share (NOK)



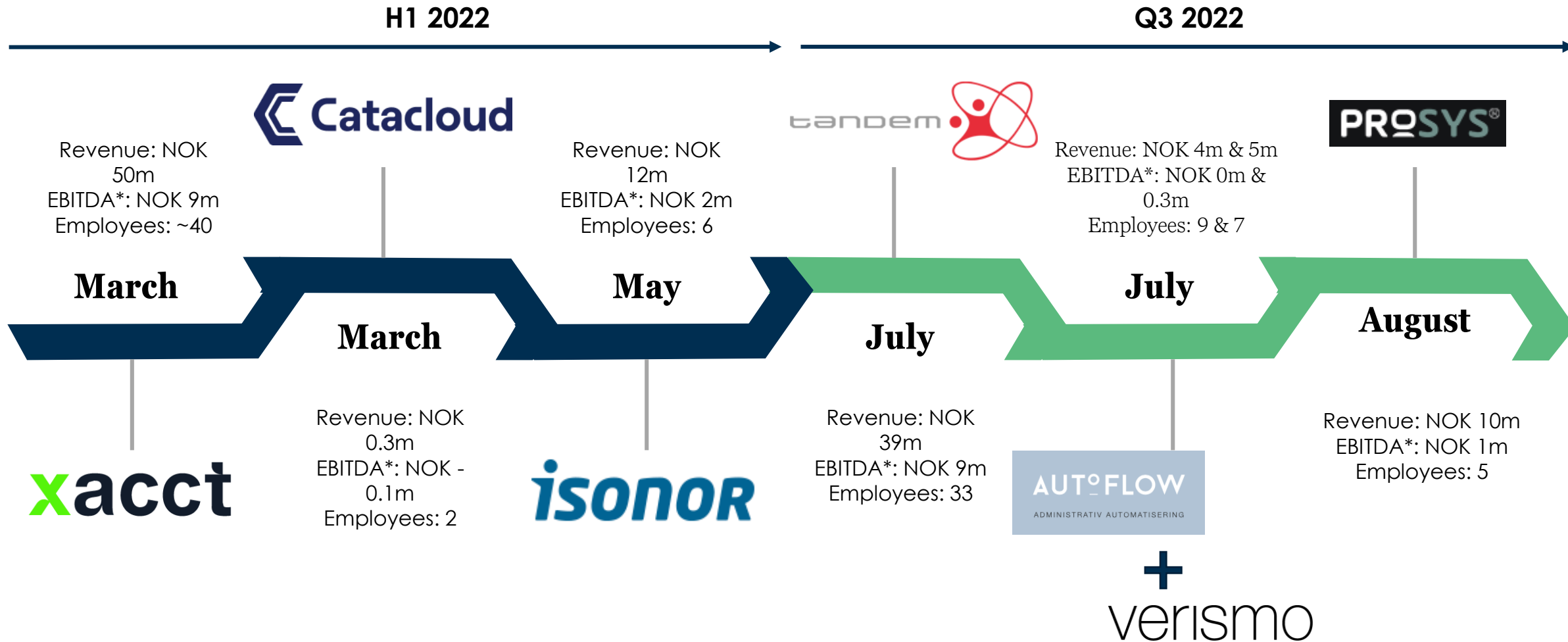
### Notes

EBITDA = EBITDA before special items.

Free cash flow = cash flow from operating activities less IFRS leasing and before special items, R&D and acquisitions

Earnings per share = earnings per share adjusted for one-off items

# M&A – Acquisitions in 2022



# Incentive scheme, share buy-back and capital allocation policy

## Share based incentive programme

### Purpose

- Reward long-term performance and loyalty – creating value to ECIT shareholders.

### Size

- Maximum of 5,500,000 shares and will consist of (a) a plan to issue warrants and (b) a share purchase plan\*.

### To benefit

- Key employees, Management, Executive management and Board of Directors.

## Share buy-back

### Purpose

- To fulfil the share-based incentive programme and to use as part payments in acquisitions.

### Size

- Under the share buyback program shares may be acquired for a total maximum amount of NOK 8 million.

### Timing

- The program will be executed starting from this presentation and last until 16th November 2022.

## Capital allocation

### Priority of capital allocation:

1. To pay down IBD when the financial gearing is above limit.
2. Acquisitions, business development and other value-adding investments.
3. Shareholder distribution including dividends and ECIT share buy-back programme.

# F&A division

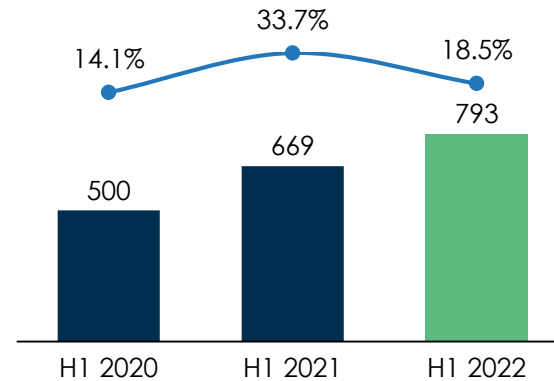
## Financial overview – Q2 2022

(NOKm)	Q2 2022	Q2 2021
Revenue	403	369
<b>EBITDA</b>	<b>71</b>	<b>59</b>
Total revenue growth	9.2%	47.4%
EBITDA-margin	17.6%	16.1%

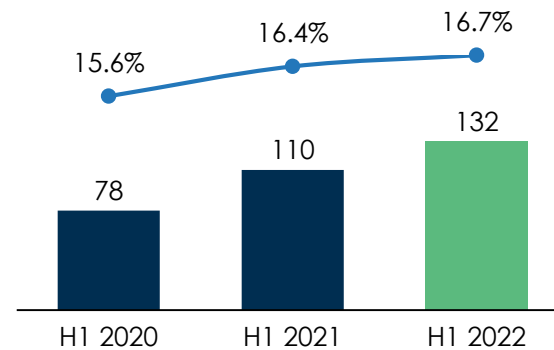
## Financial overview – H1 2022

(NOKm)	H1 2022	H1 2021
Revenue	793	669
<b>EBITDA</b>	<b>132</b>	<b>110</b>
Total revenue growth	18.5%	33.7%
EBITDA-margin	16.7%	16.4%

## Revenue development



## EBITDA and margin development



## Management comments

- Improved organic revenue growth – less Covid19 effects.
- Positive EBITDA margin development.
- Mergers are gradually absorbed into the organisation



# IT division

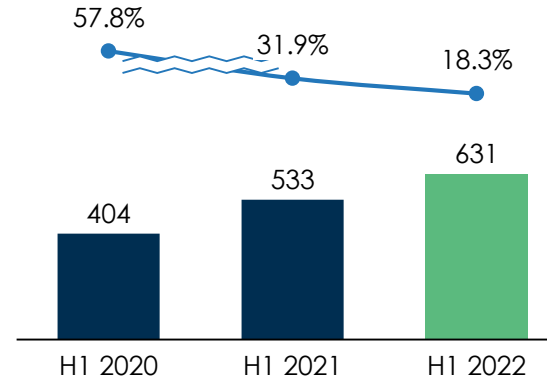
## Financial overview – Q2 2022

(NOKm)	Q2 2022	Q2 2021
Revenue	314	267
<b>EBITDA</b>	<b>31</b>	<b>28</b>
Total revenue growth	17.6%	29.6%
EBITDA-margin	9.8%	10.5%

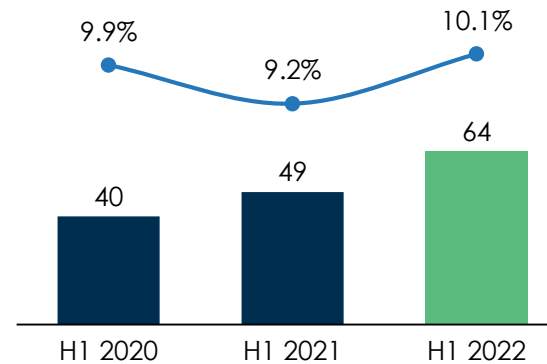
## Financial overview – H1 2022

(NOKm)	H1 2022	H1 2021
Revenue	631	533
<b>EBITDA</b>	<b>64</b>	<b>49</b>
Total revenue growth	18.3%	31.9%
EBITDA-margin	10.1%	9.2%

## Revenue development



## EBITDA and margin development



## Management comments

- Good demand for our IT services and solutions.
- IT supply challenges affects growth & earnings figures.
- Mergers are gradually absorbed in the organisation – 13 companies merged to become 3 companies~ Revenue NOK 700 million – +200 FTE's.

# Tech division

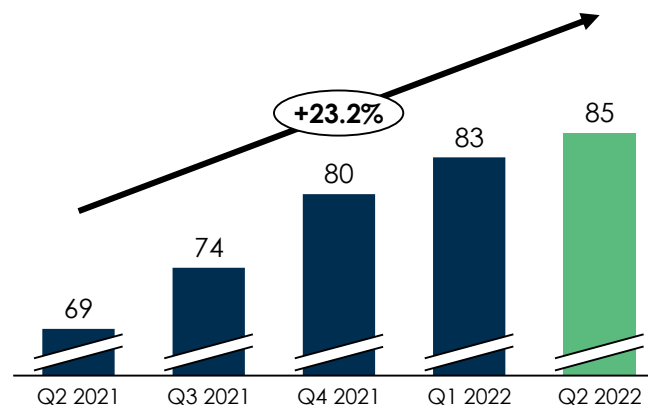
## Financial summary – Q2 2022

(NOKm)	Q2 2022	Q2 2021
Revenue	45	23
<b>EBITDA</b>	<b>0</b>	<b>-4</b>
Total revenue growth	99.4%	47.8%
EBITDA-margin	-0.5%	-18.2%

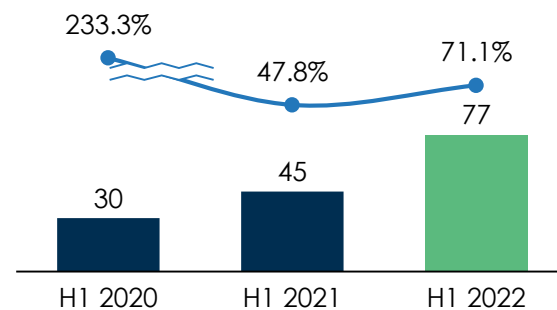
## Financial summary – H1 2022

(NOKm)	H1 2022	H1 2021
Revenue	77	45
<b>EBITDA</b>	<b>-2</b>	<b>-6</b>
Total revenue growth	71.1%	47.8%
EBITDA-margin	-3.1%	-14.0%

## Annual recurring revenue\*



## Revenue development



## Management comments

- Good demand for our software and various tech solutions.
- Revenue almost doubled in Q2 ~70% at H1 2022.
- ARR growth at ~23%.
- Product portfolio gradually improved – completed.

A person's hands are shown typing on a laptop keyboard. The laptop is open, and the screen displays some text. The background is a blurred office environment. The entire image has a blue overlay. The text "Financial review" is centered over the image.

# Financial review

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# Financial review

## Profit & loss summarized

(NOKm)	Q2 2022	Q2 2021	Growth	H1 2022	H1 2021	Growth
Revenue	733	624	17.3%	1,442	1,178	22.4%
<b>EBITDA</b>	<b>97</b>	<b>80</b>	<b>21.3%</b>	<b>184</b>	<b>146</b>	<b>26.1%</b>
Profit for the period	33	17	92.3%	65	39	66.9%
<b>Adj. profit for the period</b>	<b>38</b>	<b>29</b>	<b>31.0%</b>	<b>64</b>	<b>51</b>	<b>23.7%</b>
<b>P&amp;L items</b>						
Special items, net	-5	-8	-38%	-9	-8	5%
Financial income	4	5	-16%	18	6	203%
Financial expenses	-6	-12	-51%	-17	-16	6%
<b>KPIs</b>						
Total revenue growth	17.3%	40.2%	-22.9 p.p.	22.4%	32.6%	-10.2 p.p.
M&A revenue growth	9.4%	35.8%	-26.4 p.p.	16.1%	31.2%	-15.1 p.p.
Organic revenue growth	8.9%	7.4%	1.5 p.p.	7.7%	6.1%	1.6 p.p.
Currency impact	-1.0%	-3.0%	2 p.p.	-1.4%	-4.7%	3.3 p.p.
EBITDA-margin	13.2%	12.7%	0.5 p.p.	12.8%	12.4%	0.4 p.p.
EPS	0.06	0.04	53.2%	0.09	0.07	33.8%

## Management comments

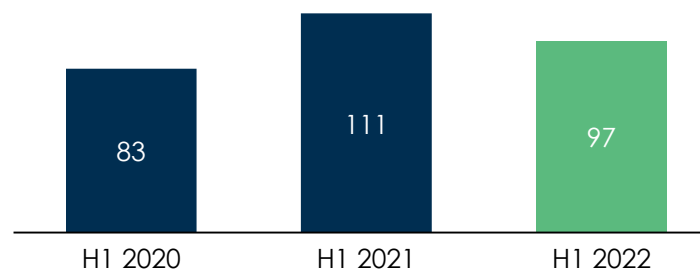
- Revenue targets according to plan
- Revenue currency impact minus 1.4% (minus 4.7%).
- Increased interest expense in exchange for IPO expenses last year.
- Financial income – sale Cloud Connection.
- Improved H1 EPS

# Cash Flow & Net Working Capital

## Cash Flow Statement

(NOKm)	H1 2022	H1 2021
EBITDA	97	80
Change in NWC	3	19
Cash flow from operations	140	126
Cash flow from investing	-135	-229
Cash flow from financing	-39	253
<b>Cash flow for the period</b>	<b>-34</b>	<b>151</b>
<i>Adjusted free cash flow:</i>		
Cash flow from operations	140	126
Special items	9	8
Investments in tangible assets	-8	-10
Repayment of lease liabilities	-45	-41
<b>Adjusted free cash flow</b>	<b>96</b>	<b>84</b>
<i>Covid-19 impact</i>		
NWC Covid-19 impact	1	27
<b>Covid-19 adj. free cash flow</b>	<b>97</b>	<b>111</b>

## Free cash flow (NOK million)



## Change in Net Working Capital (NWC)

(NOKm)	H1 2022	H1 2021
Accounts receivables	-41	15
Accounts payable	-4	-27
Delayed payments, Covid-19	-1	-27
Other change in NWC	49	58
<b>Total change in NWC</b>	<b>3</b>	<b>19</b>

## Management comments

- Improved operational performance – increased NWC.
- Δ Q2 2022 NWC –June invoicing - improvement July/August
- Financing activities – 2022 leasing & dividends – 2021 listing.

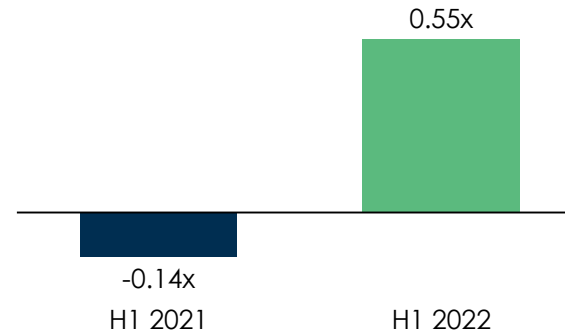


# Net debt and leverage ratio

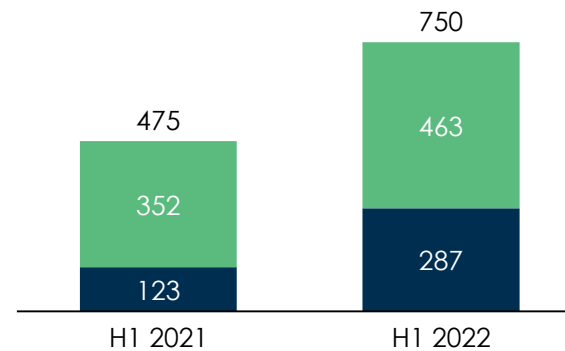
## Net interest bearing debt (NOKm)

(NOKm)	H1 2022	H1 2021
Borrowings	313	178
Lease liabilities	199	241
<b>Total interest bearing liabilities</b>	<b>512</b>	<b>419</b>
Interest bearing receivables	63	72
Cash and cash equivalents	234	393
<b>Total interest bearing assets</b>	<b>297</b>	<b>464</b>
<b>Net debt / Net cash (-)</b>	<b>215</b>	<b>-45</b>
EBITDA*, LTM	390	319
<b>Leverage ratio</b>	<b>0.55x</b>	<b>-0.14x</b>

## Leverage ratio



## Revolving facility (NOKm)



## Management comments

- Net debt NOK 215 million (net cash of NOK 45 million).
- Leverage ratio at 0.55x (minus 0.14x).
- NOK 450 million headroom under the revolving facility.
- Hedging against interest rate risk



# Overall evaluation

**H1 2022**

- 1 *H1 2022 results in line with expectations*
- 2 *Organic growth – F&A doing better (less Covid-19 effects) + Tech*
- 3 *IT Supply challenges – however improving*
- 4 *Margin improvement / Mergers & consolidation*
- 5 *EPS improvement*
- 6 *M&A – “comes out like ketchup” – strong pipeline – financial headroom*



Q&A

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