



# ecit

## Interim Report Q3 2022

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Peter Lauring  
CEO



Mads Skovgaard  
CFO

# ECIT in short

 **Founded in 2013**

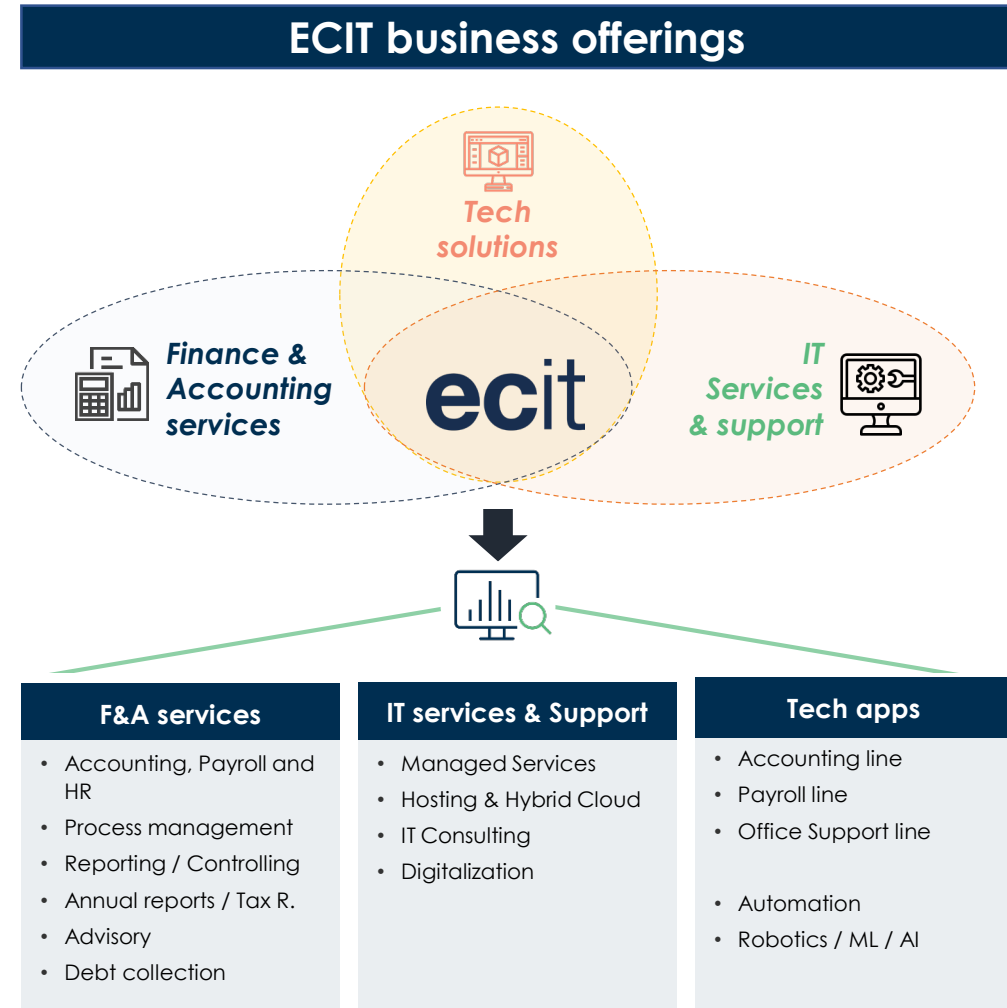
 **+130 acquisitions**

 **~250 partners**

 **People business (+ 2300)**

 **10 countries**

 **Strategic partner**



# Performance – Q3 and YTD 2022

## Financial summary

(NOKm)	Q3 2022	%	Q3 2021	%	YTD 2022	%	YTD 2021	%
Revenue	672	100.0%	557	100.0%	2,115	100.0%	1,735	100.0%
COGS	-153	22.8%	-114	20.4%	-466	22.0%	-374	21.6%
<b>Gross Profit</b>	<b>519</b>	<b>77.2%</b>	<b>443</b>	<b>79.6%</b>	<b>1,649</b>	<b>78.0%</b>	<b>1,361</b>	<b>78.4%</b>
PEX	-376	55.9%	-319	57.3%	-1,218	57.6%	-1,015	58.5%
OPEX	-45	6.7%	-43	7.8%	-148	7.0%	-120	6.9%
<b>EBITDA</b>	<b>99</b>	<b>14.7%</b>	<b>80</b>	<b>14.4%</b>	<b>283</b>	<b>13.4%</b>	<b>226</b>	<b>13.0%</b>
<b>KPIs</b>								
Total revenue growth	20.8%		35.6%		21.9%		33.6%	
M&A revenue growth	10.9%		28.5%		14.1%		28.7%	
Organic revenue growth	11.5%		7.9%		9.3%		6.8%	
EBITDA-margin	14.7%		14.4%		13.4%		13.0%	

## Highlights – YTD 2022

**Revenue**  
**2,115m**  
(1,735)

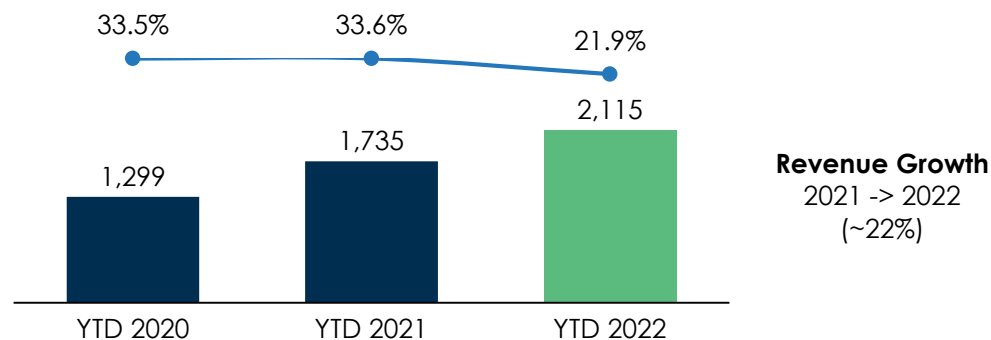
**21.9%**  
**Revenue**  
**growth**  
(33.6%)

**9.3%**  
**Organic**  
**growth**  
(6.8%)

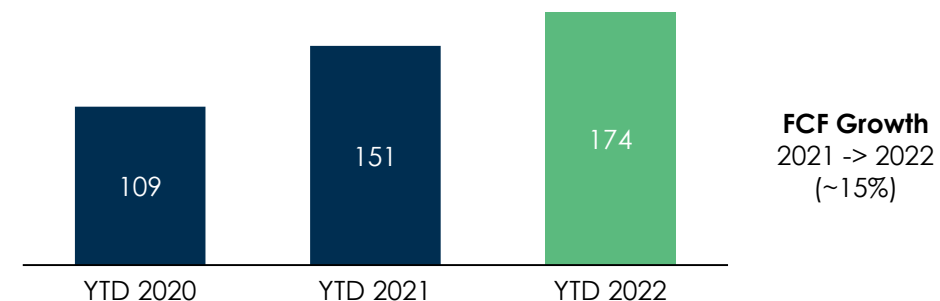
**13.4%**  
**EBITDA**  
**margin**  
(13.0%)

# Financial performance – Three year overview

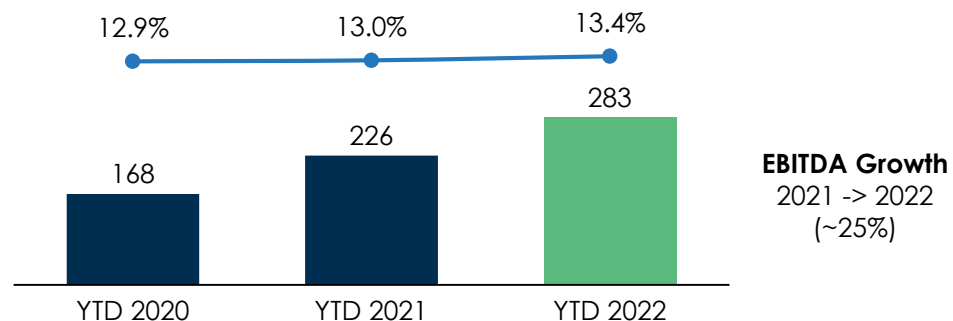
## Total revenue (NOKm)



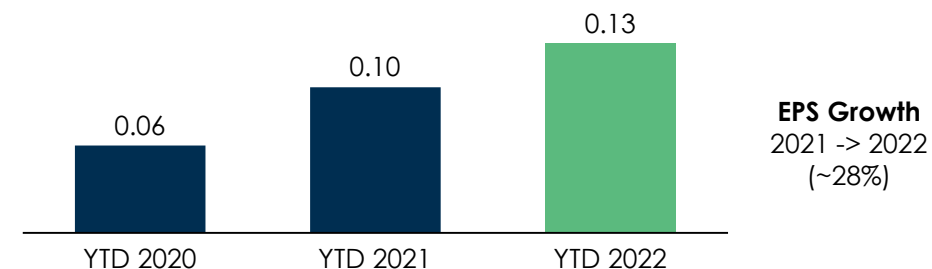
## Free cash flow (NOKm)



## 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

# Divisions

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# F&A division

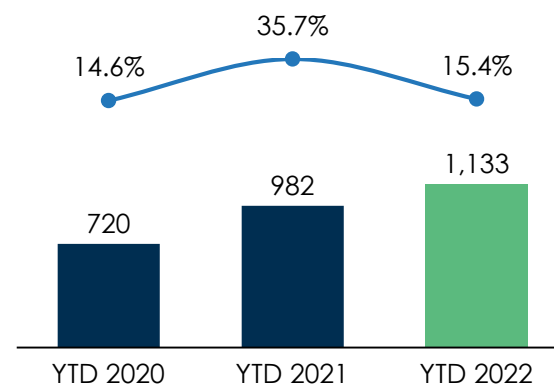
## Financial overview – Q3 2022

(NOKm)	Q3 2022	Q3 2021
Revenue	340	313
<b>EBITDA</b>	<b>53</b>	<b>52</b>
Total revenue growth	9.5%	42.5%
EBITDA-margin	15.5%	16.7%

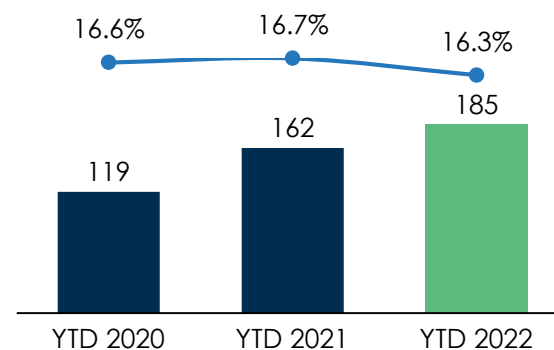
## Financial overview – YTD 2022

(NOKm)	YTD 2022	YTD 2021
Revenue	1,133	982
<b>EBITDA</b>	<b>185</b>	<b>162</b>
Total revenue growth	15.4%	35.7%
EBITDA-margin	16.3%	16.7%

## Revenue development



## EBITDA and margin development



## Comments

- Improved organic growth.
- Margin affected by consolidation.
- Internal education program.

# IT division

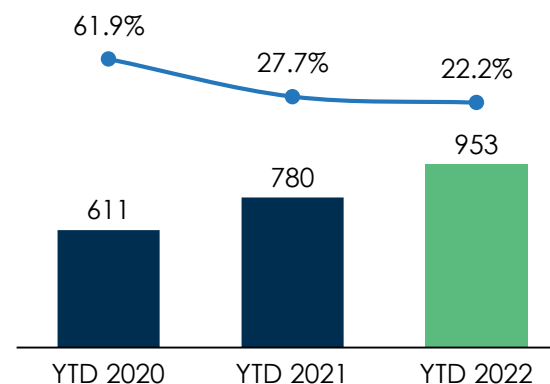
## Financial overview – Q3 2022

(NOKm)	Q3 2022	Q3 2021
Revenue	323	247
<b>EBITDA</b>	<b>48</b>	<b>35</b>
Total revenue growth	30.5%	19.5%
EBITDA-margin	14.8%	14.0%

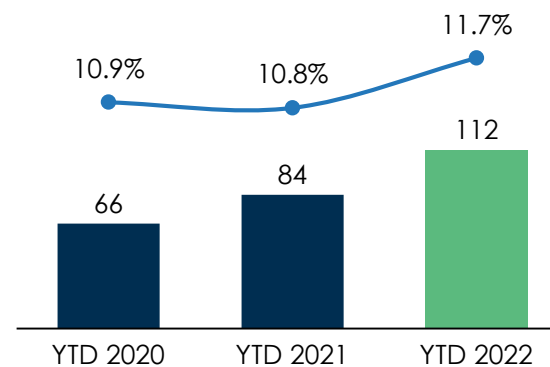
## Financial overview – YTD 2022

(NOKm)	YTD 2022	YTD 2021
Revenue	953	780
<b>EBITDA</b>	<b>112</b>	<b>84</b>
Total revenue growth	22.2%	27.7%
EBITDA-margin	11.7%	10.8%

## Revenue development



## EBITDA and margin development



## Comments

- Good organic growth.
- Large orders.
- Margin affected by consolidation.



# Tech division

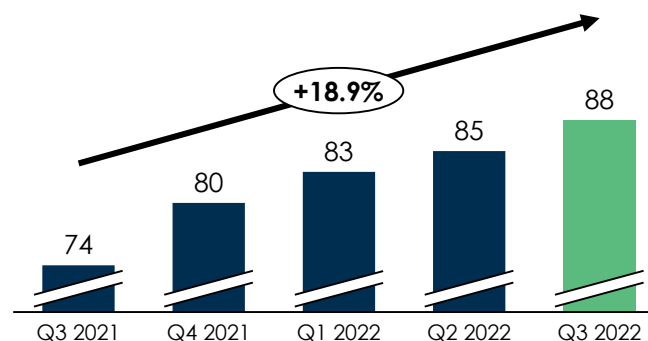
## Financial summary – Q3 2022

(NOKm)	Q3 2022	Q3 2021
Revenue	39	23
<b>EBITDA</b>	<b>2</b>	<b>0</b>
Total revenue growth	67.3%	45.8%
EBITDA-margin	4.9%	1.7%

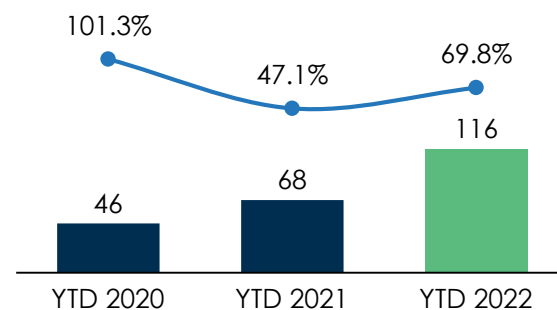
## Financial summary – YTD 2022

(NOKm)	YTD 2022	YTD 2021
Revenue	116	68
<b>EBITDA</b>	<b>0</b>	<b>-6</b>
Total revenue growth	69.8%	47.1%
EBITDA-margin	-0.4%	-8.6%

## Annual recurring revenue



## Revenue development



## Comments

- Good organic growth – consulting revenue.
- ECIT systems - Implementation takes time (ARR).
- Two systems to be mentioned – Intect (DK payroll system) – ECIT Digital (invoice handling).

# Acquisitions YTD

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# M&A – Acquisitions in 2022

Revenue: 50m  
EBITDA: 9m  
FTE: 39

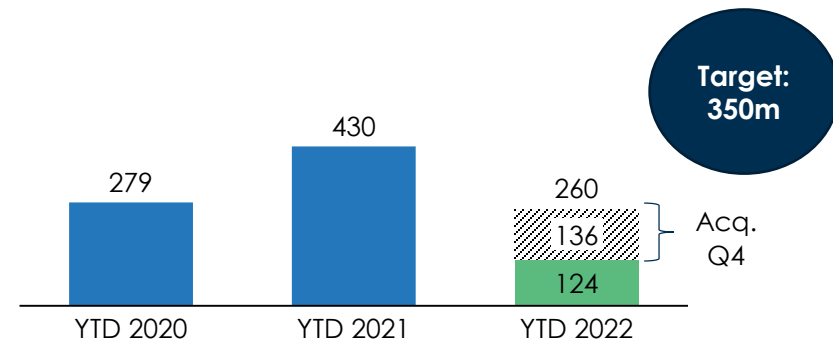


Revenue: 12m  
EBITDA: 2m  
FTE: 6

Revenue: 136m  
EBITDA: 19m  
FTE: 140

Revenue: 62m  
EBITDA: 10m  
FTE: 52

## M&A acquired revenue (NOKm)



## Acquisitions:

- General strengthen competence base, industry position and geographical presence.
- F&A: Competence base and customer portfolio.
- IT: Business process automation, Cloud services portfolio and Digitalization.
- SW/Tech: Cloud-based ERP system and HR-system.
- Debt collection.

**Notes:**

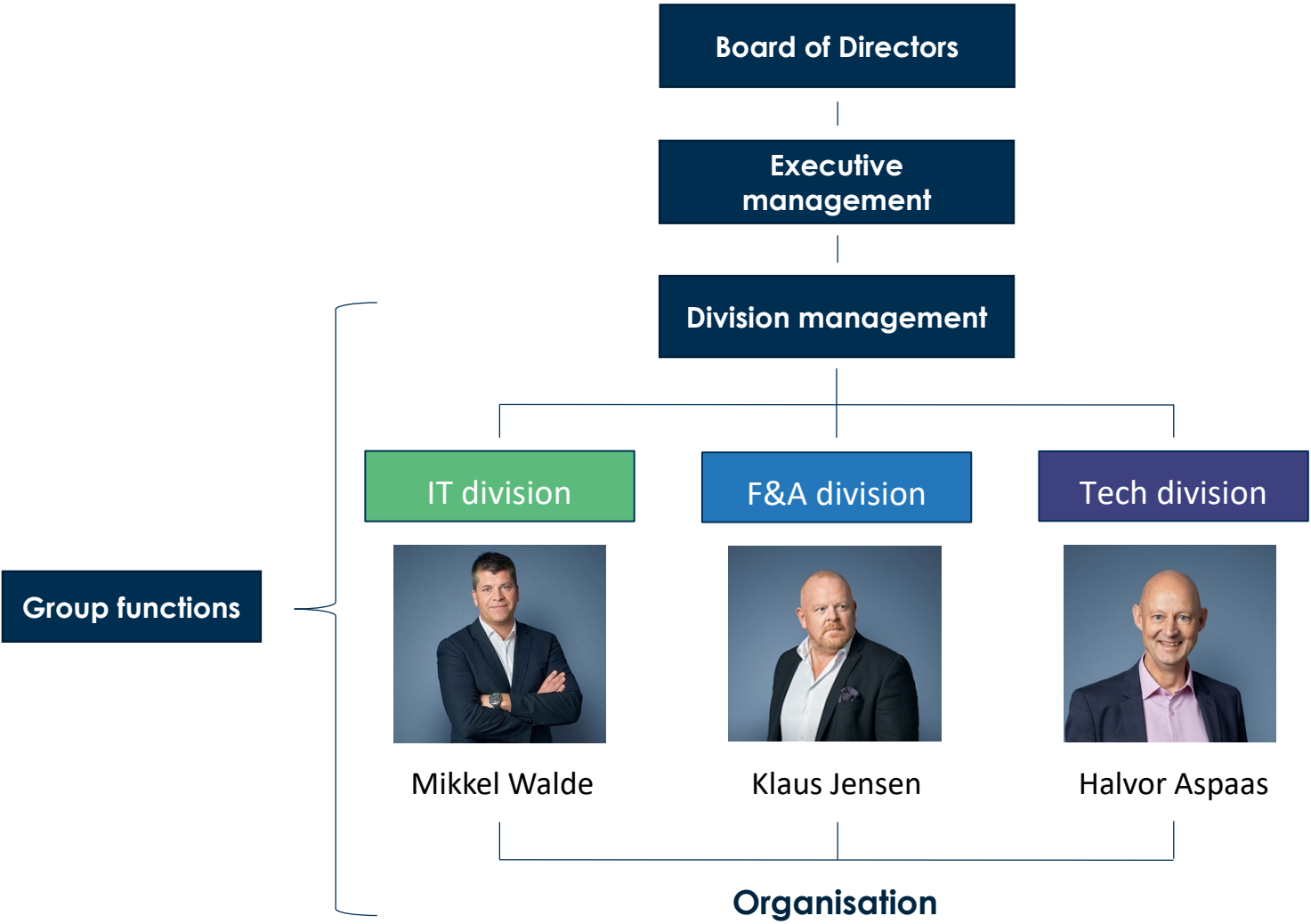
Yearly revenue in acquired companies prior to the acquisitions  
EBITDA including IFRS lease accounting  
Acquired companies as of November 17<sup>th</sup> 2022

# Other

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# New management structure



## Comments

- New mgmt. structure.
- Three divisions – F&A, IT and Tech.
- New Division MD's.
- ECIT origin.

# Financial review

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# Financial review

## Profit & loss summarized

(NOKm)	Q3 2022	Q3 2021	Growth	YTD 2022	YTD 2021	Growth
Revenue	672	557	20.8%	2,115	1,735	21.9%
<b>EBITDA</b>	<b>99</b>	<b>80</b>	<b>22.6%</b>	<b>283</b>	<b>226</b>	<b>24.9%</b>
Profit for the period	45	25	82.3%	110	64	72.4%
<b>Adj. profit for the period</b>	<b>33</b>	<b>25</b>	<b>32.7%</b>	<b>97</b>	<b>76</b>	<b>26.6%</b>
<b>P&amp;L items</b>						
Special items, net	-2	0	n/a	-11	-8	34%
Financial income	19	6	208%	37	12	204%
Financial expenses	-13	-8	63%	-30	-24	25%
<b>KPIs</b>						
Total revenue growth	20.8%	35.6%	-14.8 p.p.	21.9%	33.6%	-11.7 p.p.
M&A revenue growth	10.9%	28.5%	-17.6 p.p.	14.1%	28.7%	-14.6 p.p.
Organic revenue growth	11.5%	7.9%	3.6 p.p.	9.3%	6.8%	2.5 p.p.
Currency impact	-1.6%	-0.8%	-0.8 p.p.	-1.5%	-1.9%	0.4 p.p.
EBITDA-margin	14.7%	14.4%	0.3 p.p.	13.4%	13.0%	0.4 p.p.
EPS	0.04	0.03	23.5%	0.13	0.10	28.2%

## Comments

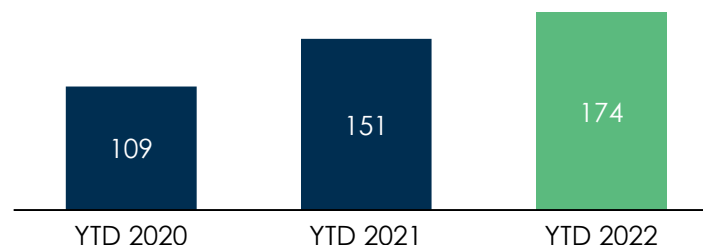
- Revenue development according to plan.
- Currency impact (YTD) – on par with last year.
- Increased interest rate.
- Divestment of associated company Cloud Connection AS and sale F&A subsidiary ECIT Invent AS.
- EPS improvement.

# Cash Flow & Net Working Capital

## Cash Flow Statement

(NOKm)	YTD 2022	YTD 2021
EBITDA	283	226
Special items	-11	-8
Corporation tax, paid	-44	-30
Change in NWC	14	-2
<b>Cash flow from operations</b>	<b>241</b>	<b>186</b>
Cash flow from investing	-223	-293
Cash flow from financing	-79	116
<b>Cash flow for the period</b>	<b>-61</b>	<b>8</b>
<b>Free cash flow</b>	<b>173</b>	<b>118</b>
<i>Covid-19 impact</i>		
NWC Covid-19 impact	1	33
<b>Free cash flow, incl. Covid-19</b>	<b>174</b>	<b>151</b>

## Free cash flow incl. Covid-19 (NOK million)



## Change in Net Working Capital (NWC)

(NOKm)	YTD 2022	YTD 2021
Accounts receivables	-4	12
Accounts payable	7	-19
Delayed payments, Covid-19	-1	-33
Other change in NWC	12	38
<b>Total change in NWC</b>	<b>14</b>	<b>-2</b>

## Comments

- NWC back to normal (offset the high NWC last quarter).
- Cash flow from operations match cash outflow from investments.
- Financing activities – 2022 leasing & dividends – 2021 listing.

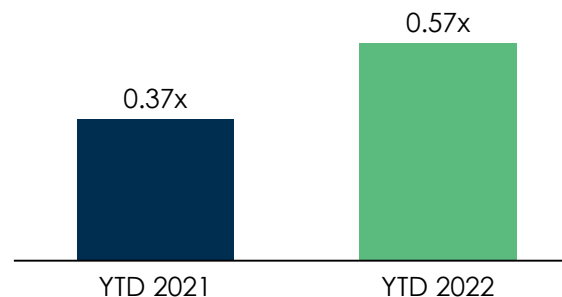


# Net debt and leverage ratio

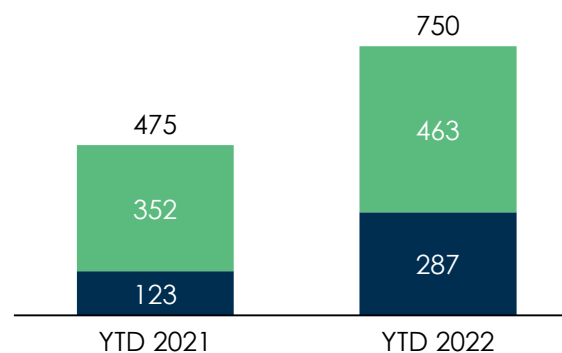
## Net interest bearing debt (NOKm)

(NOKm)	YTD 2022	YTD 2021
Borrowings	307	190
Lease liabilities	192	239
<b>Total interest bearing liabilities</b>	<b>499</b>	<b>428</b>
Interest bearing receivables	62	56
Cash and cash equivalents	207	248
<b>Total interest bearing assets</b>	<b>269</b>	<b>304</b>
<b>Net debt / Net cash (-)</b>	<b>231</b>	<b>125</b>
EBITDA, LTM	407	333
<b>Leverage ratio</b>	<b>0.57x</b>	<b>0.37x</b>

## Leverage ratio



## Revolving facility (NOKm)



## Comments

- NIBD at NOK 38 million (excl. IFRS 16).
- NIBD at NOK 231 million (125) incl. IFRS16.
- Leverage ratio 0.57x (0.37x).
- NOK +450 million in financial headroom.
- Partly hedge of interest rate

# Share buyback & Dividend

## Management comments

- The 1st share buyback program was announced 23 August 2022 of NOK 8 million.
- 1,205 thousand shares were bought back at an average price of NOK 6.64 during the program.
- A second share buyback program has been announced starting the 17th November 2022 of NOK 4 million. The program is to end the 22 December 2022.
- As of 30th September 2022, ECIT AS holds 1,850 thousand treasury shares.

<u>Announced allocations to shareholders 2022 (NOKm)</u>	<b>Q1 2022</b>	<b>Q2 2022</b>	<b>Q3 2022</b>	<b>Q4 2022</b>	<b>Total 2022 announced</b>
Dividend (NOK 0.04 per share)	0.0	17.9	0.0	0.0	<b>17.9</b>
Share buyback 1 - NOK 8 million	0.0	0.0	5.4	2.6	<b>8.0</b>
Share buyback 2 - NOK 4 million	0.0	0.0	0.0	4.0	<b>4.0</b>
<b>Total announced allocations</b>	<b>0.0</b>	<b>17.9</b>	<b>5.4</b>	<b>6.6</b>	<b>29.9</b>

# Overall

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# Overall evaluation

**YTD Q3 2022**





- 1 *YTD Q3 2022 results and development – on plan*
- 2 *Organic growth – all divisions ahead of last year*
- 3 *Margin improvement / mergers & consolidation*
- 4 *EPS improvement (increase in ownership / earnings)*
- 5 *New management structure (Divisions)*
- 6 *M&A – reasonable activity level – quality in pipeline improving*

# Q&A

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# Key financial targets (mid-to-long term ambitions)

Key Financial targets		2022 YTD	Mid-to-long term targets	Management comments
<b>Growth</b>				<ul style="list-style-type: none"> <li>Organic growth affected by Covid-19 recovery (F&amp;A).</li> <li>Acquired revenue target expected to be within 2022 range.</li> <li>EBITDA margin affected by mergers – consolidation processes</li> </ul>
Total revenue growth		21.9%	> 15.0%	
Organic revenue growth		9.3%	> 5.5%	
Recurring & repeatable revenue		77.0%	> 75.0%	
<b>Earnings</b>				
EBITDA-margin		13.4%	> 17.0%	
<b>Leverage</b>				
Leverage ratio (NIBD / EBITDA)		0.6x	< 2.5x	
<b>Mergers &amp; acquisitions</b>				
M&A acq. revenue, NOKm		260	350	