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Annual Report 2022

Agenda

- 1 ECIT & Key Financials 2022
- 2 Division performance
- 3 Acquisitions
- 4 Financial review
- 5 Overall
- 6 Q&A



Peter Lauring
CEO



Mads Skovgaard
CFO

ECIT – fundamental drivers

- Integrating IT, Accounting & Software
- Managed by entrepreneurs
- Dual Ownership
- Buy & Integrate
- Tech driven Services provider

Highlights

Revenue: 2,826m

Organic growth 10.0%

EBITDA: 418m (14.8%)

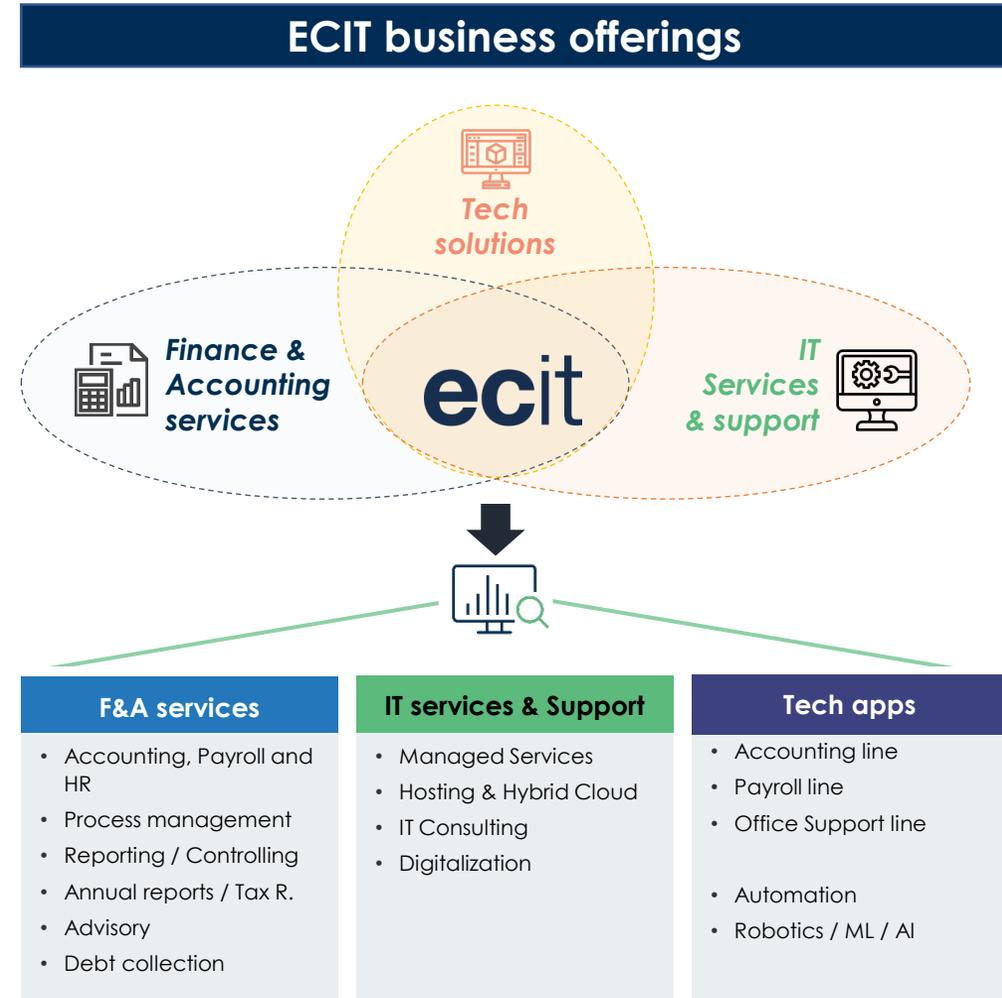
3 years development

~ 28% Revenue CAGR

~ 36% EBITDA CAGR

ECIT in short

- 
Founded in 2013
- 
+130 acquisitions
- 
~250 partners
- 
People business (+ 2300)
- 
9 countries
- 
Strategic partner

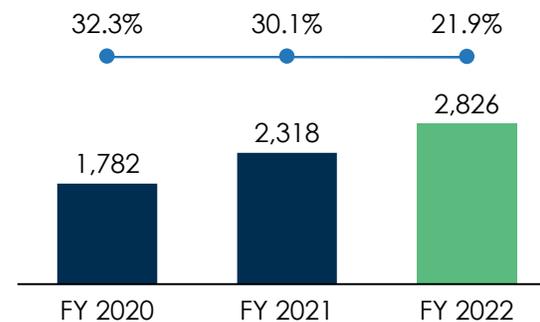


Performance – full-year 2022

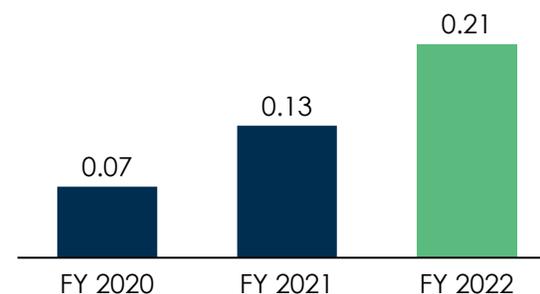
Financial summary

(NOKm)	FY 2022	FY 2021
Revenue	2,826	2,318
COGS	-529	-441
Gross Profit	2,297	1,877
PEX	-1,677	-1,384
OPEX	-203	-154
EBITDA*	418	339
KPIs		
Total revenue growth	21.9%	30.1%
Organic revenue growth	10.0%	5.5%
M&A revenue growth	13.0%	27.8%
EBITDA-margin	14.8%	14.6%

Revenue development



Adj. EPS development



Highlights

- 10% organic growth – Improved across all divisions.
- Revenue growth ~22%
- EBITDA improvement.
- EPS improvement.

Divisions

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Integration (mergers) & building ECIT

- “Building a group – not a group of companies”.
- 15 largest companies represent ~70% of Group revenue.
- New Division management team
- Strengthening ECIT.

4 Large mergers affecting 2022

20 companies  4 companies

Revenue: ~NOK 1 billion

FTE: ~425

F&A division

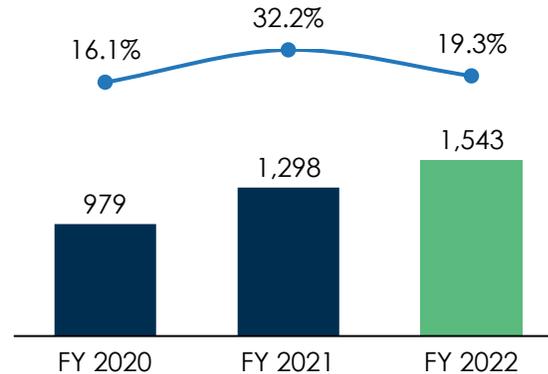
Financial overview – FY 2022

(NOKm)	FY 2022	FY 2021
Revenue	1,543	1,298
EBITDA	263	225
Total revenue growth	19.3%	32.2%
EBITDA-margin	17.0%	17.4%

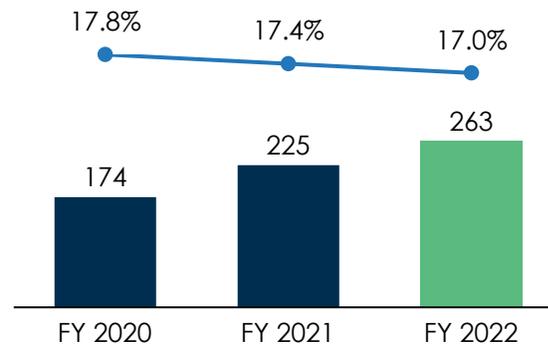
Financial overview – Q4 2022

(NOKm)	Q4 2022	Q4 2021
Revenue	410	316
EBITDA	77	63
Total revenue growth	29.2%	22.0%
EBITDA-margin	18.6%	19.9%

Revenue development



EBITDA and margin development



Comments

- Organic growth improvement.
- Consolidation – 5 largest F&A companies equals ~57% of division revenue.
- Nearshoring utilisation.
- Internal education

IT division

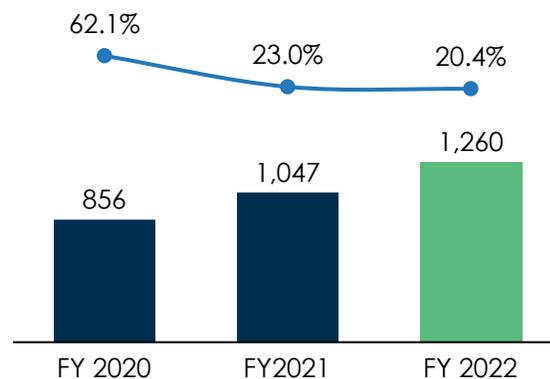
Financial overview – FY 2022

(NOKm)	FY 2022	FY 2021
Revenue	1,260	1,047
EBITDA	164	140
Total revenue growth	20.4%	23.0%
EBITDA-margin	13.0%	13.4%

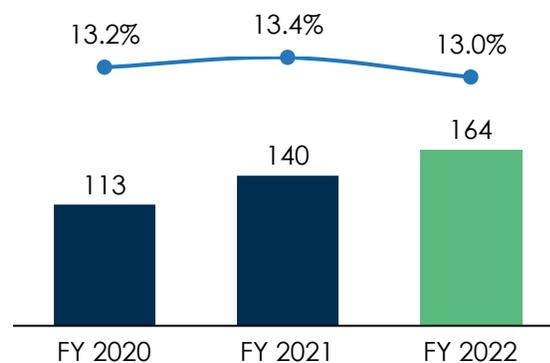
Financial overview – Q4 2022

(NOKm)	Q4 2022	Q4 2021
Revenue	365	307
EBITDA	52	56
Total revenue growth	18.8%	13.9%
EBITDA-margin	14.3%	18.2%

Revenue development



EBITDA and margin development



Comments

- Revenue recognition – from gross to net of 78m (58m).
- Good organic growth.
- Normalised delivery situation (Q4 2022).
- Consolidation – 5 largest IT companies ~75% of division revenue.

Tech division

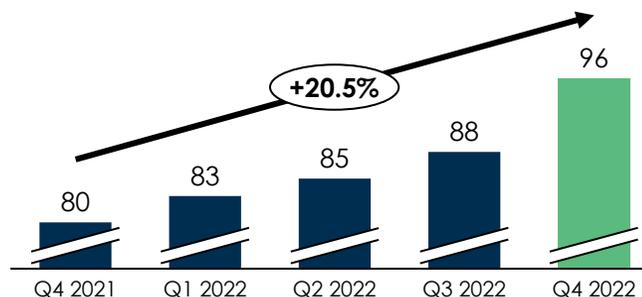
Financial summary – FY 2022

(NOKm)	FY 2022	FY 2021
Revenue	143	97
EBITDA	6	-2
Total revenue growth	46.9%	37.1%
EBITDA-margin	4.0%	-2.1%

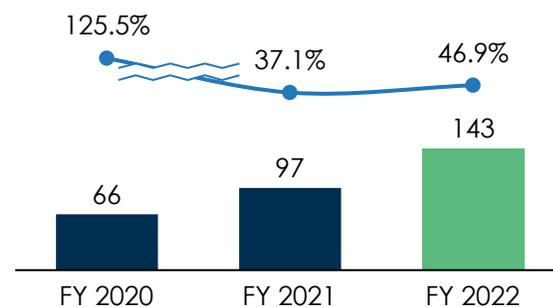
Financial summary – Q4 2022

(NOKm)	Q4 2022	Q4 2021
Revenue	46	34
EBITDA	6	4
Total revenue growth	33.3%	39.6%
EBITDA-margin	13.4%	13.1%

Annual recurring revenue



Revenue development



Comments

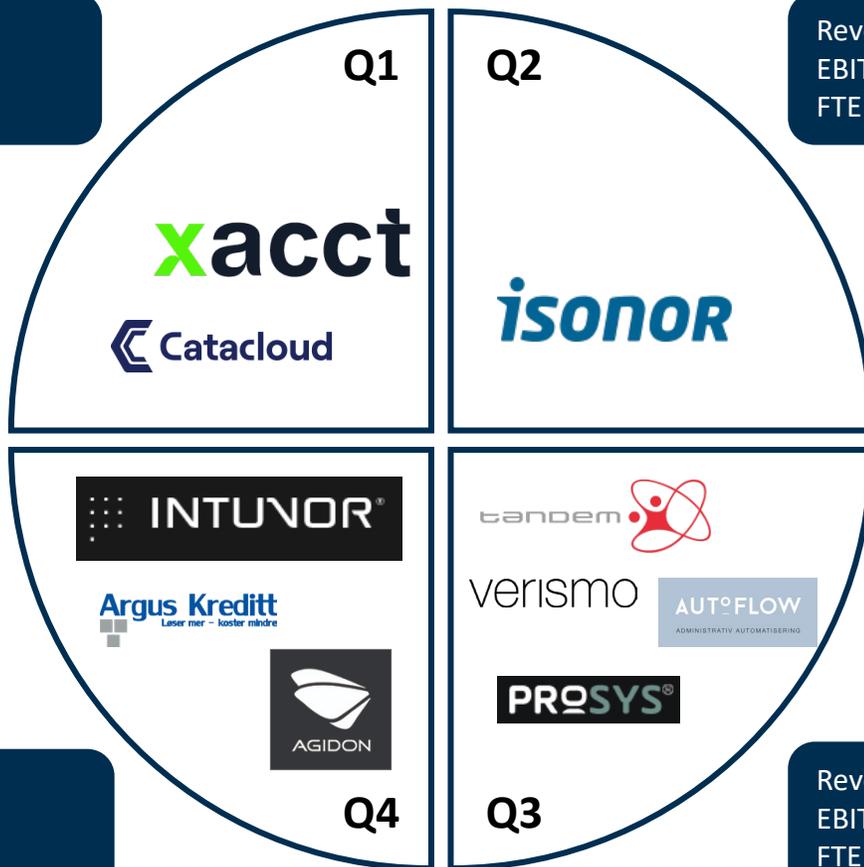
- Revenue recognition – from gross to net of 25m (7m).
- Reasonable organic growth – consulting revenue – ARR.
- ECIT system implementation.
- Several systems are gaining revenue traction.

Acquisitions in 2022

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Acquisitions in 2022

Revenue: 50m
EBITDA: 9m
FTE: 39

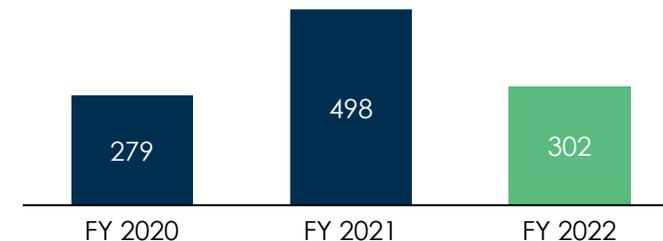


Revenue: 12m
EBITDA: 2m
FTE: 6

Revenue: 171m
EBITDA: 25m
FTE: 136

Revenue: 69m
EBITDA: 10m
FTE: 54

M&A acquired revenue (NOKm)



Acquisitions

- In general, acquisitions is adding volume, competence base, capacity, product & services, technology, and geographical presence.
- Cloud-based ERP system
- Cloud-based HR-system

Financial review

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Financial review

Profit & loss summarized

(NOKm)	Q4 2022	Q4 2021	Growth	FY 2022	FY 2021	Growth
Revenue	792	629	25.9%	2,826	2,318	21.9%
EBITDA	135	113	19.5%	418	339	23.1%
Profit for the year	67	51	30.7%	177	115	53.9%
Adj. profit for the year	60	54	10.4%	159	118	35.1%
<i>P&L items:</i>						
Restructuring & transaction costs	-1	-1	-37.8%	-13	-9	45.9%
Financial income	12	15	-20.0%	50	27	85.9%
Financial expenses	-8	-17	-52.9%	-38	-41	-6.8%
KPIs						
Total revenue growth	25.9%	22.7%		21.9%	30.1%	
Organic revenue growth	16.2%	2.4%		10.0%	5.5%	
M&A revenue growth	9.6%	22.6%		13.0%	27.8%	
Currency impact	0.1%	-2.3%		-1.1%	-3.2%	
EBITDA-margin	17.0%	18.0%		14.8%	14.6%	
Diluted EPS	0.09	0.04	102.9%	0.23	0.12	91.7%
Adj. diluted EPS	0.08	0.02	246.8%	0.21	0.13	61.3%

Comments

- Reasonable 2022 revenue growth.
- Good Q4 2022 organic growth.
- IFRS 15 Changed accounting for third-party software revenue and some Tech revenue – in total 103m (65).
- Consolidation – impacting a third of the business.
- Limited impact from cost inflation in 2022.
- Sale of Cloud Connection AS (ass. Comp.) and ECIT Invent AS (F&A subsidiary).
- EPS improvement.

EBITDA margin development

Three-year EBITDA margin development

	2020	2021	2022
1 Reported EBITDA-%	14.4%	14.6%	14.8%
2 Integration (acquisition)		+ ~0.5%p Norian Group*	+ ~0.4%p Norian Group*
3 Consolidation (mergers)			+ ~0.4%p Merger impact
4 Est. underlying EBITDA-%	14.4%	~15.1%	~15.6%

Comments

- Acquisitions and mergers affect EBITDA margin.
- Lower margin in Norian Group (from 2021).
- A third of ECIT was merged late 2021 / start 2022.
- Integration improvement – continue in 2023.

Notes

Underlying business = EBITDA-% for the group excluding large acquisitions (Norian Group) and large mergers (+20 companies merged into four)
 EBITDA = EBITDA before transactions- and restructuring costs

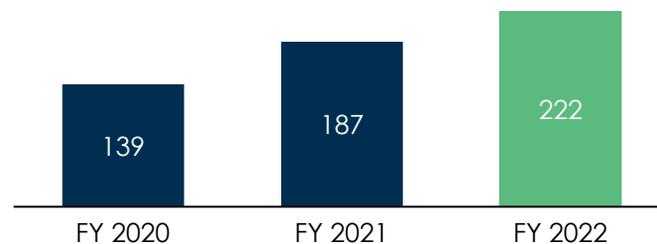
*) Norian Group was acquired in April 2021 – consequently only included in nine months in 2021.

Cash Flow & financial position

Cash Flow Statement

(NOKm)	FY 2022	FY 2021
EBITDA	418	339
Transaction and restructuring costs	-13	-9
Corporation tax, paid	-58	-40
Change in NWC	-20	-42
Cash flow from operations	327	249
Cash flow from investing	-315	-319
Cash flow from financing	-94	95
Cash flow for the year	-83	25
Free cash flow	221	154
Covid-19 impact on NWC	1	33
Free cash flow incl. Covid-19	222	187

Free cash flow (NOK million)



Financial position (NOK million)

(NOKm)	FY 2022	FY 2021
Net-interest-bearing-debt (NIBD)	350	137
Leverage ratio	0.8x	0.4x
NIBD ex. leasing debt	124	-99
Undrawn revolving facility	423	588

Comments

- FCF – increase from higher EBITDA - reduction from higher NWC.
- Comparable figures adjusted for Covid-19 impact.
- Financing activities – leasing & dividends in 2022 versus listing 2021.
- NIBD at NOK 350 million (137) incl. IFRS16.
- NIBD at NOK 124 million (excl. IFRS 16).
- Leverage ratio 0.8x (0.4x).
- NOK +400 million in financial headroom.
- Partly hedged interest rate

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

Key Financial targets		FY 2022 ex. Adj.	FY 2022 incl. Adj.	Mid-to-long term targets
Growth				
Total revenue growth		22.9%	21.9%	> 15.0%
Organic revenue growth		11.2%	10.0%	> 5.5%
Recurring & repeatable revenue		77.0%	77.0%	> 75.0%
Earnings				
EBITDA-margin		14.3%	14.8%	> 17.0%
Leverage				
Leverage ratio (NIBD/EBITDA)		0.8x	0.8x	< 2.5x
Mergers & acquisitions				
M&A acq. Revenue, NOKm		302	302	350

Management comments

- Financial targets unchanged including acquisition target.
- Based on an assumption of stable macro economic development.
- Price increases are expected to impact revenue growth in 2023 to offset the effect of cost inflation.

Overall

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Overall evaluation

FY 2022

- 1 *Full-year 2022 financial performance – on plan*
- 2 *Organic growth – all divisions ahead of last year*
- 3 *Margin improvement / mergers & consolidation*
- 4 *New management structure (Divisions)*
- 5 *EPS improvement (increase in ownership / earnings)*
- 6 *M&A – activity level unchanged – solid pipeline*

Q&A

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