

Arribatec.

# Quarterly presentation

## Q3 2022 .

Geir Johansen, CEO



# Shows continued strong growth



## Revenue

↑ 25% Q3-22/Q3-21  
NOK 118.2m  
Organic Growth +12.7%



## Recurring

↑ 11% Q3-22/Q3-21  
NOK 44.2  
Recurring is 37% of  
total Q3 revenue

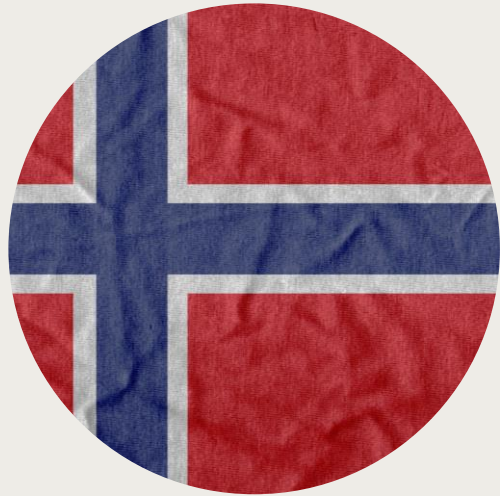


## Adj. EBITDA

Margin – 5.7%  
NOK -6.7m



# Geographic revenue growth & share of total



↑ 12% qrt/qrt  
NOK 70.2m  
59% of group revenue



↑ 52% qrt/qrt  
NOK 39.0m  
33% of group revenue



↑ 10% qrt/qrt  
NOK 8.9m  
8% of group revenue



# \ EA&BPM – some significant contracts won in Q3.

Combined value NOK 42m for the 4 contracts

Norwegian Directorate for Higher Education	Global IT firm	Large Norwegian bank	Statens Vegvesen	Norwegian energy company
<ul style="list-style-type: none"><li>• Value: 11,5 MNOK</li><li>• ARR 1,5 MNOK</li><li>• Start Nov. 2022</li><li>• Duration 6 years</li><li>• Implementing QualiWare and Hypergene</li></ul>	<ul style="list-style-type: none"><li>• Value: 17,5 MNOK</li><li>• ARR 2,5 MNOK</li><li>• Start July 2022</li><li>• Duration 7 years</li><li>• Implementation of QualiWare-based management system</li></ul>	<ul style="list-style-type: none"><li>• Value: 3 MNOK</li><li>• ARR 1 MNOK</li><li>• Start Nov 2022</li><li>• Duration 2 years. Thereafter annual extension, no min/max</li><li>• Upgrade to QualiWare</li></ul>	<ul style="list-style-type: none"><li>• Value: 5 MNOK</li><li>• ARR 1,25 MNOK</li><li>• Start: Nov 2022</li><li>• Contract duration: Annual extensions. No min/max</li><li>• Implement and support Management System.</li></ul>	<ul style="list-style-type: none"><li>• Value: 5 MNOK</li><li>• Contract duration: 1 years</li><li>• Framework for improvement, revise process architecture, establish ownership and perform process mapping.</li></ul>



# \ BizS: – some significant contracts won in Q3

Combined value NOK 27m for the 5 contracts

## OsloMet

- Total contract value 5,4 MNOK.
- Start of project November 2022
- Contract duration minimum 4 years
- Scope: migrate old on-prem environment to Hypergene private cloud

## HK-Dir (Public entity)

- Total contract value 4,0 MNOK.
- Start of project November 2022
- Contract duration minimum 3 years
- Implement complete new solution for Budget and Planning to follow up projects in the Higher education public sector.

## Electronic Manufacturer

- Total contract value 2,5 MNOK.
- -Start of project September 2022
- Contract duration minimum 3 years
- -Scope: Implement complete new and standard best practice Cloud ERP solution for manufacturing industry, digitizing and improving processes and system support

## Ferry and logistic service in public sector.

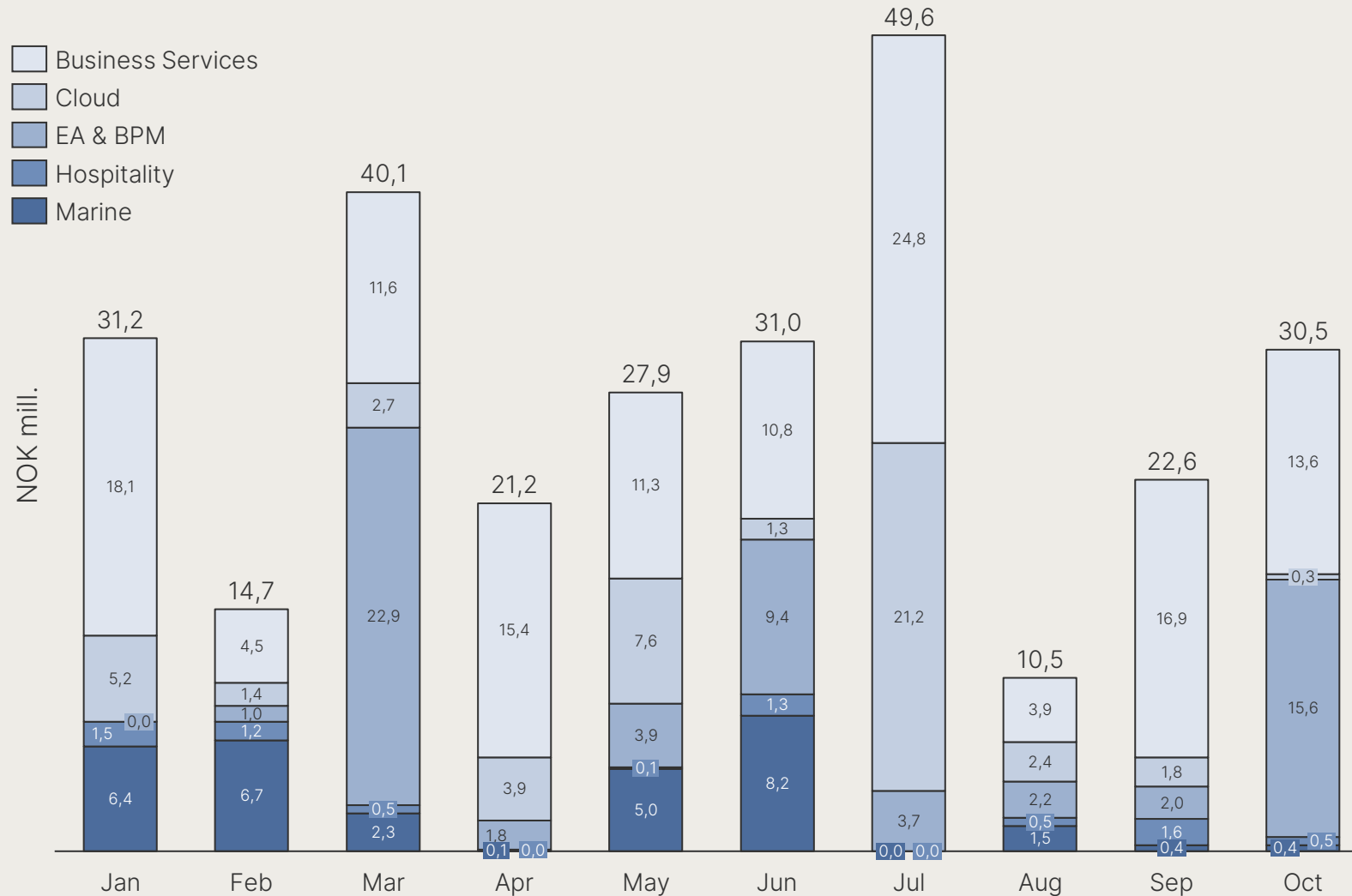
- Total contract value 1.5 MNOK.
- Start of project November 2022
- Contract duration minimum 3 years
- Implement complete new solution for Budget and Planning and financial reporting in the ferry sector. Digitizing and improving processes for financial reporting and system support

## Large European engineering group

- Total extension value 13.9 MNOK.
- Contract duration minimum 3 years
- Extension of existing scope



# Value of deals closed year to date

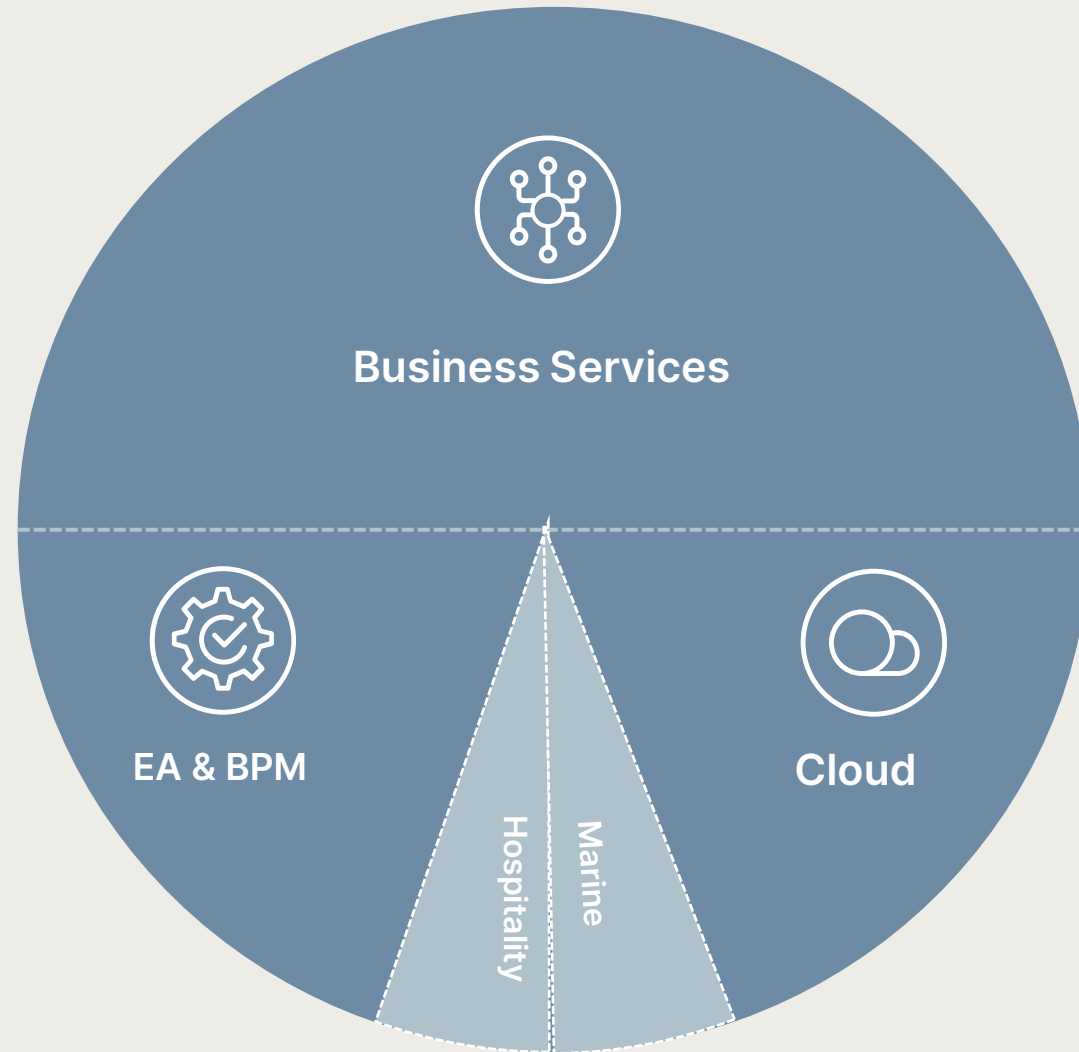


For the first 10 months of the year Arribatec Group has signed a total of 530 new contracts and scop extensions with a combined value of NOK 399 million.

Four Cloud the numbers excludes the contract announce in Q2 2022 for a large civil engineering contractor in Norway, as the final contract is not yet signed.



# \ Arribatec's five business areas .



# Q3 performance

## BizS

<b>46%</b> Revenue Growth	<b>10.3%</b> EBITDA margin
<b>67m*</b> Revenue	<b>6.9m**</b> EBITDA

- So far in 2022 BizS secured 250 new deals/scope extensions for a combined value of approx. NOK 140m
- Organic growth for the quarter is 20% when adjusting for the Integra acquisition in Q4-21.
- Good collaboration with our global partners Unit4, Rambase, Hypergene where the two latter is fuelling growth in the Nordics.
- Expecting similar activity in H2 compared to H1

## EA-BPM

<b>1.0 %</b> Revenue Growth	<b>8.8%</b> EBITDA margin
<b>20m*</b> Revenue	<b>1,7m**</b> EBITDA

- So far in 2022 EA&BPM secured 130 new deals/scope extensions for a combined value of approx. NOK 74m
- Delayed start of 3 larger projects impacted revenue and EBITDA for the quarter
- +22% increase in staff on the back of new contracts won during first half of the year
- ✓ Several large public sector bids are coming to market next two quarters

## Cloud

<b>28%</b> Revenue Growth	<b>1.0%</b> EBITDA margin
<b>28m*</b> Revenue	<b>0.3m**</b> EBITDA

- So far in 2022, Cloud secured 70 new deals/scope extensions for a combined value of NOK 48m
- Contract for NOK 60m announced in Q2 is now near finalization
- EBITDA reduced due to delay in recharge of price increases from our suppliers to all our customers
- Robust pipeline going forward
- New sales reps in Bergen, and potential candidates in process for Oslo and Stavanger





# Q3 performance

## HspT

<b>a lot +500%</b> Revenue Growth	<b>-181.0%</b> EBITDA margin
<b>1.2m*</b> Revenue	<b>-2.2**</b> EBITDA

- Significant shift upwards in demand for HspT's products after a busy summer for hotels
- So far, the BA is winning all tenders they bid on
- Interest from large Norwegian hotel brand names
- Pilot project agreement signed with Flytoget for delivering prototype of new ticketing machine. Prototype installed at Oslo S on 7 November- great exposure for the Arribatec Hospitality brand

## Marine

<b>-6.3%</b> Revenue Growth	<b>4.2%</b> EBITDA margin
<b>13.3m*</b> Revenue	<b>0.6m**</b> EBITDA

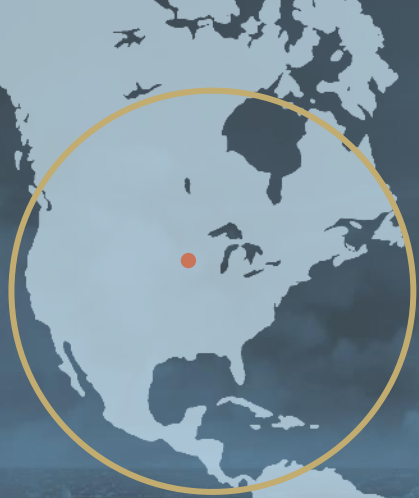
- Shows positive EBITDA for the first time since acquisition
- Adjustment of staff levels is major contributing factor to positive financials
- Considering to divest parts of own IP and associated production resources
- Going forward the focus is growth, and Marine is having good dialog with existing clients regarding system upgrades.





# People & organisation

Arribatec .



23



Offices around the globe



440



Employees across 5 business areas



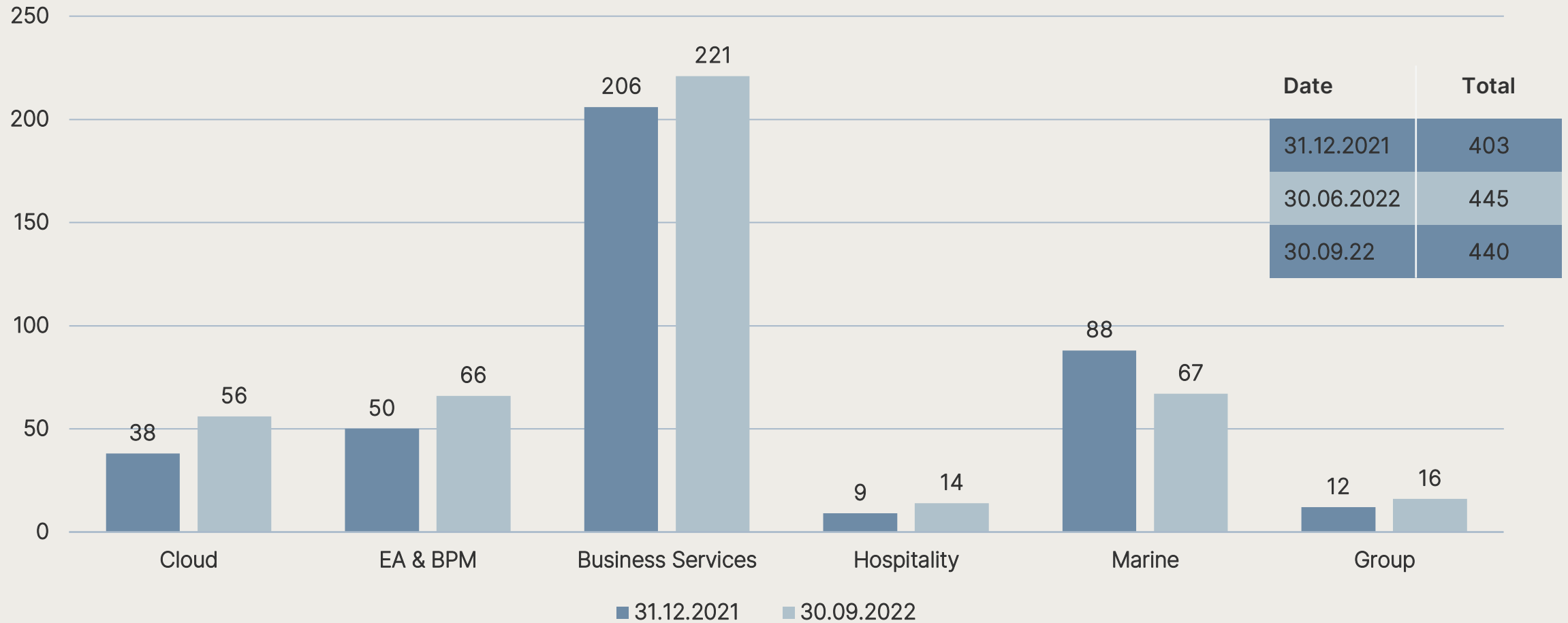
1200+



Customers across different industries



# Headcount\*



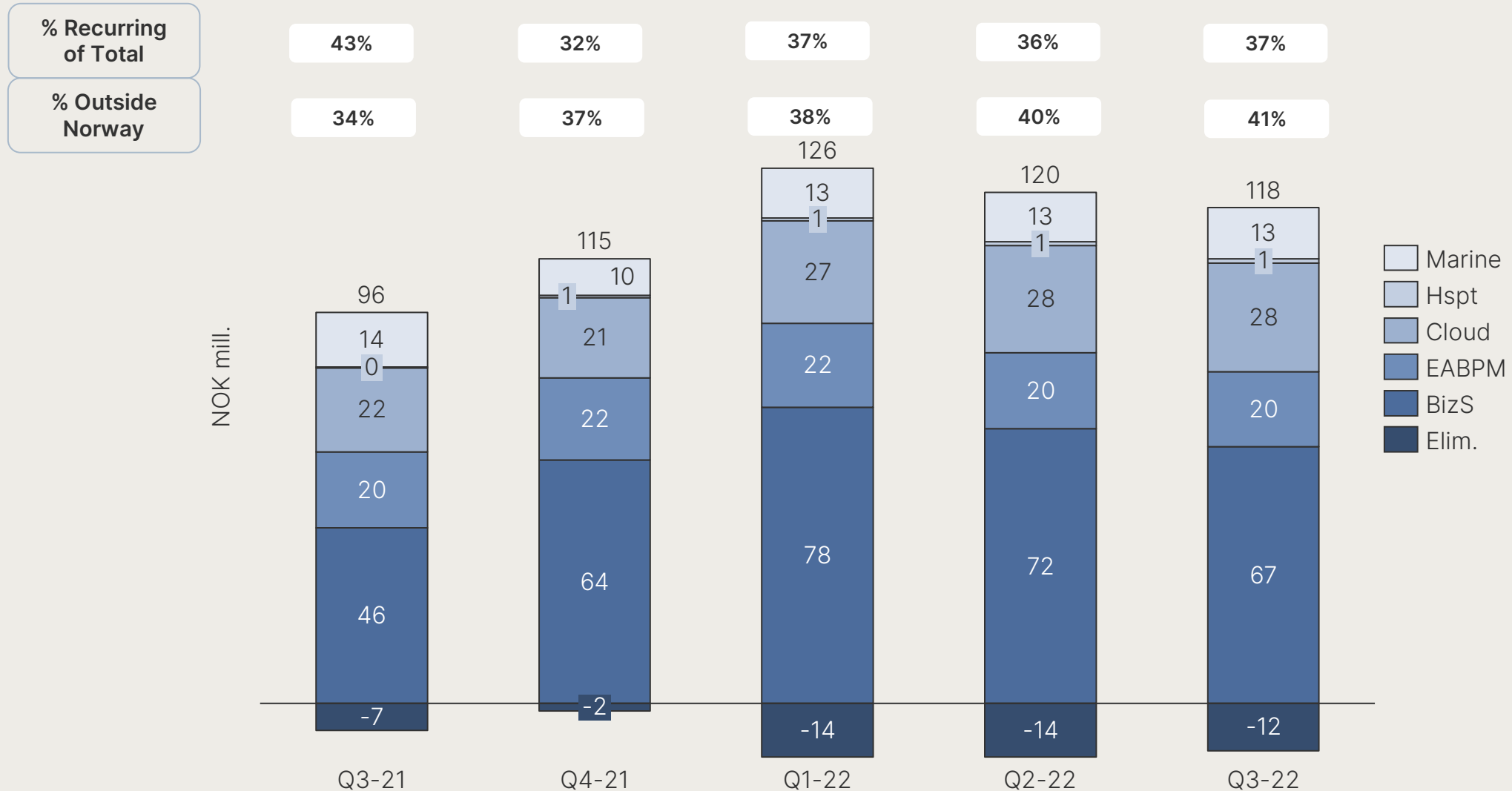
\*Includes long term contracted personnel which constitute 60 persons in Q3 where the majority is in Business Services. A reduction from 82 in Q2



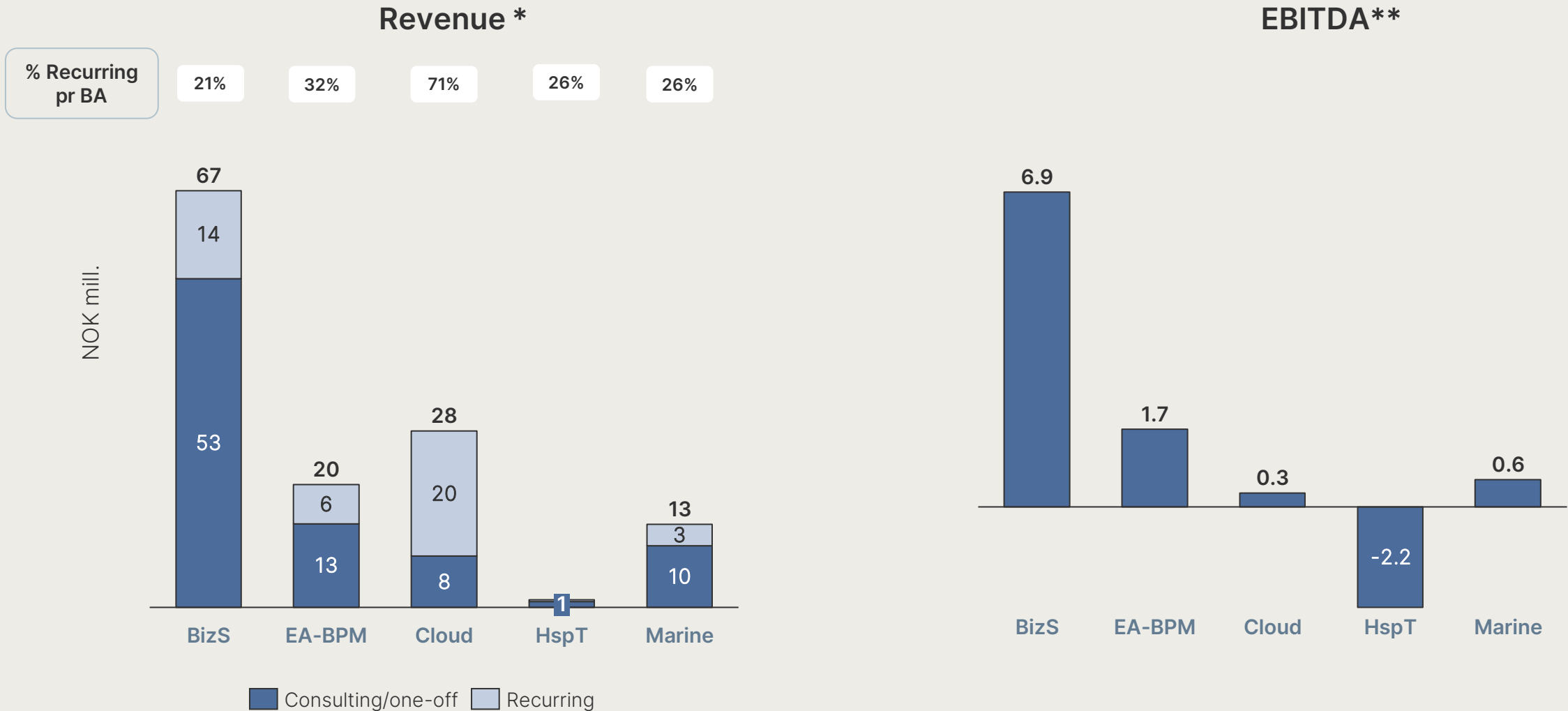
# Financial Review



# Revenue development for each BA per quarter



# \ Q3-22 Business area size and profitability .

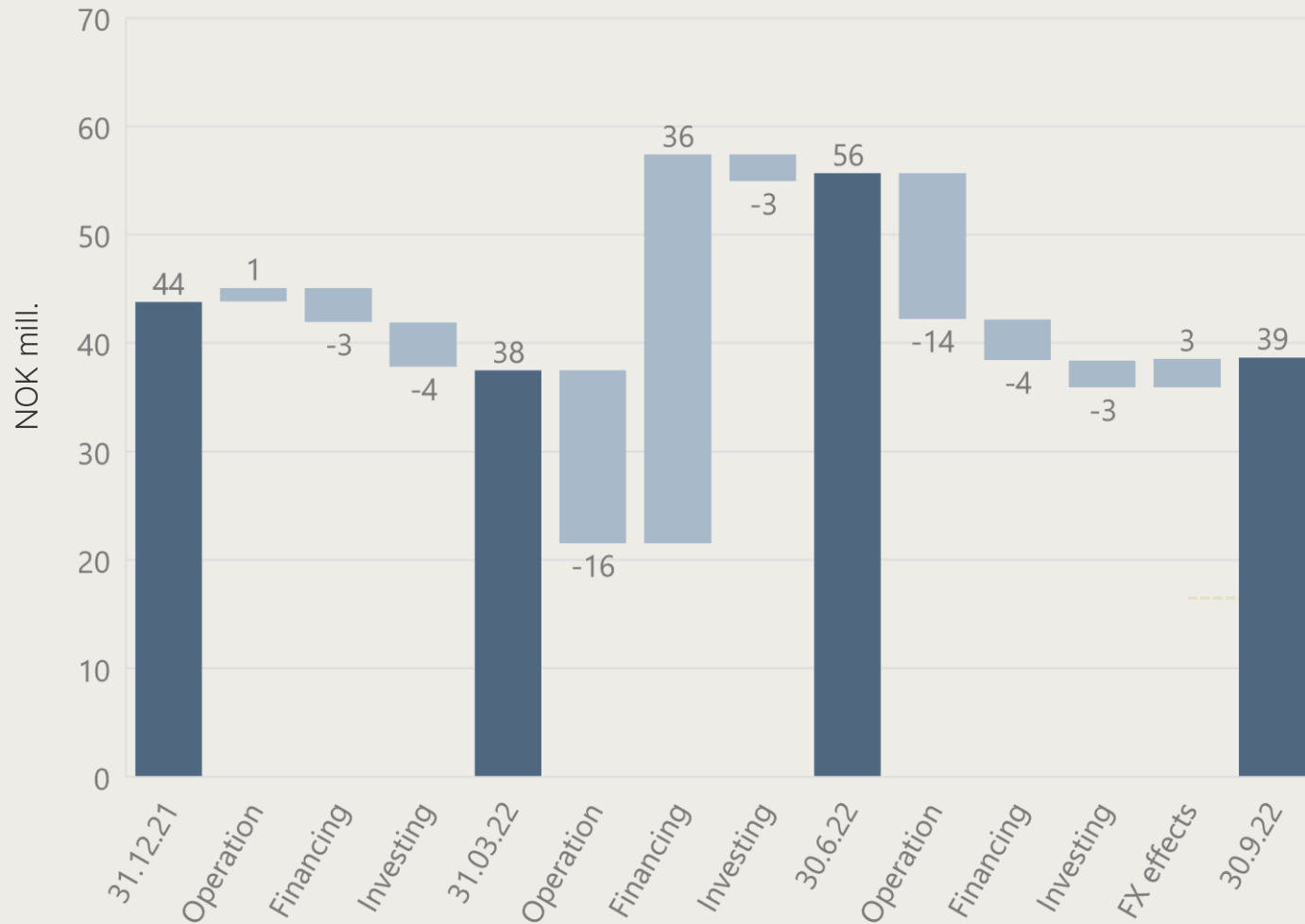


\* Includes external- and group internal revenue

\*\*BA EBITDA is calculated before Group overhead allocation



# Cash flow development

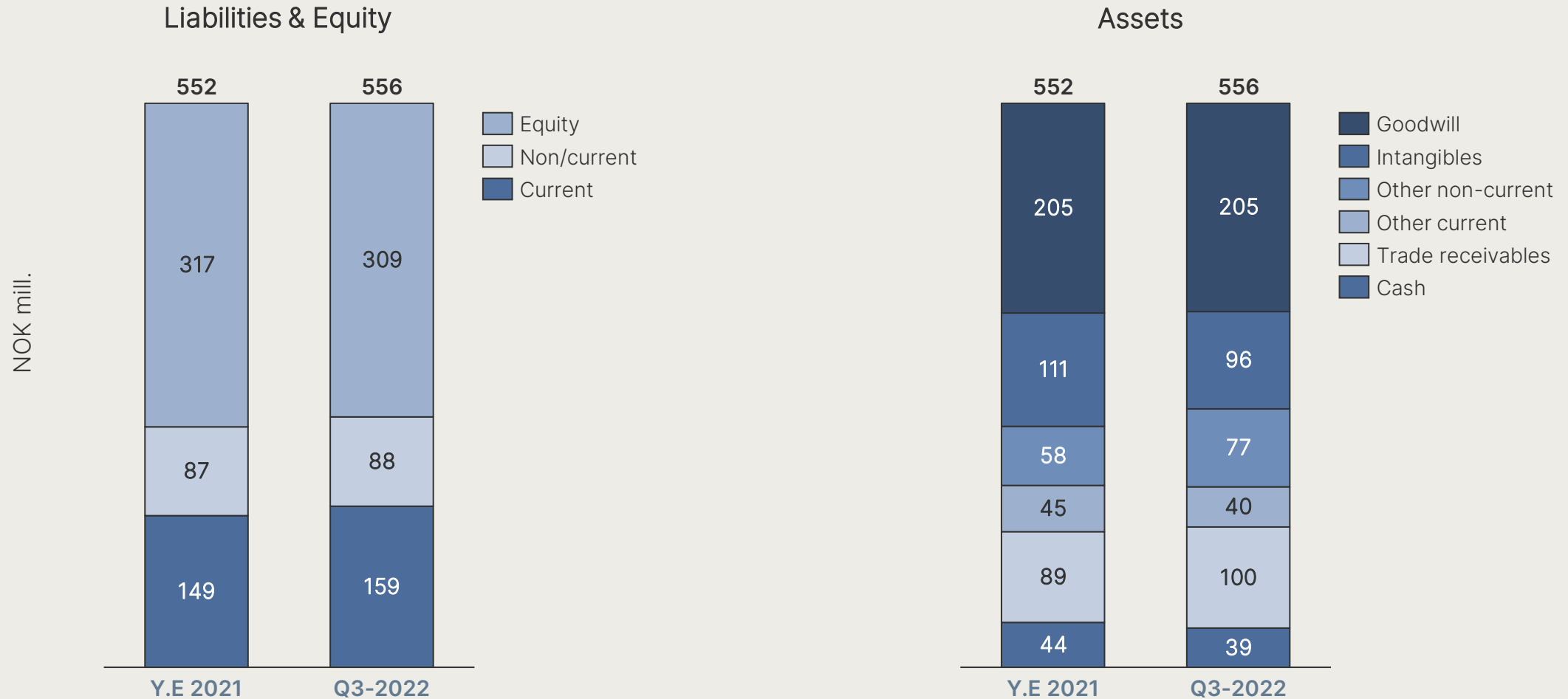


- Financing Q3 includes repair issue and repayment of credit facilities
- New credit facility (kassakreditt) of NOK 20m established in July. This facility is not included in the chart.
- Of the total cash balance, restricted cash accounts for NOK 14m.
- Pr today NOK 62 in cash and credit facilities

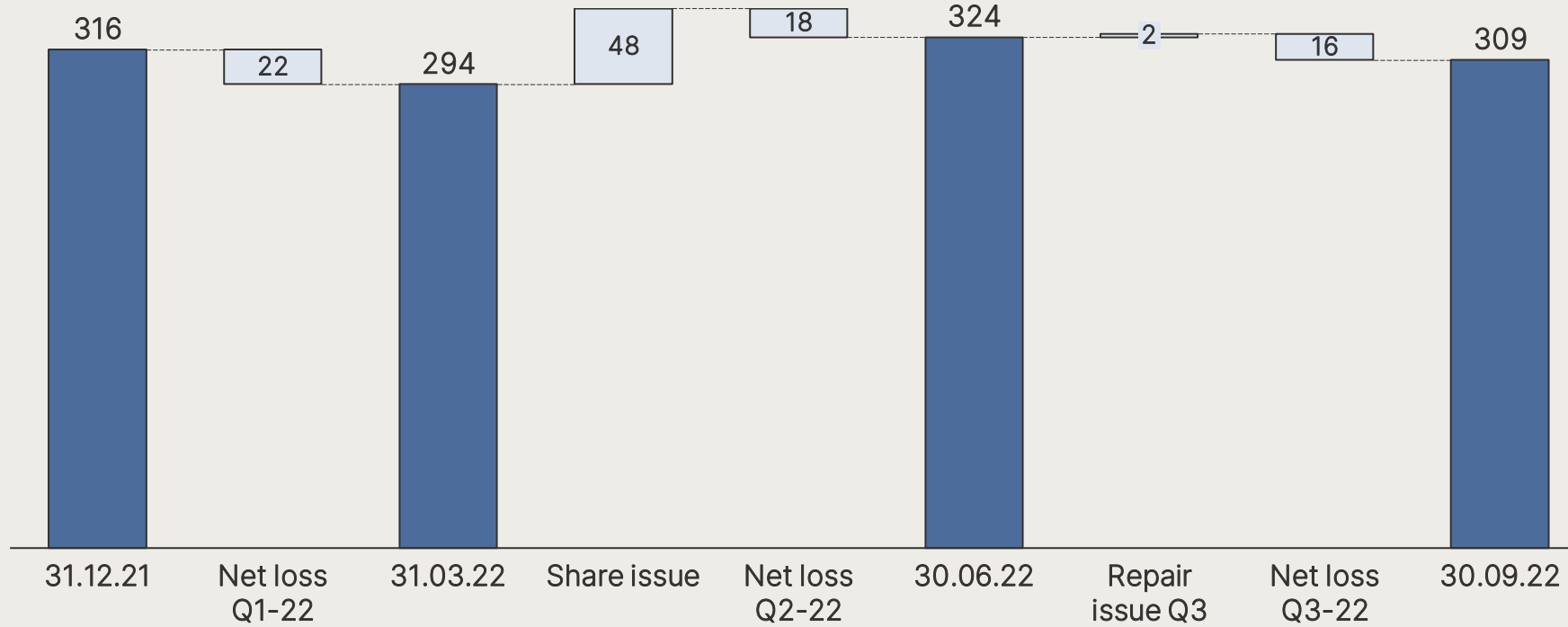




# Balance sheet development

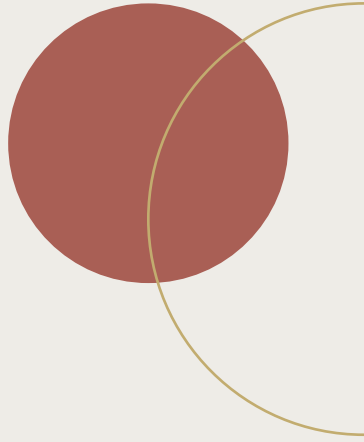


# Equity development



# Outlook

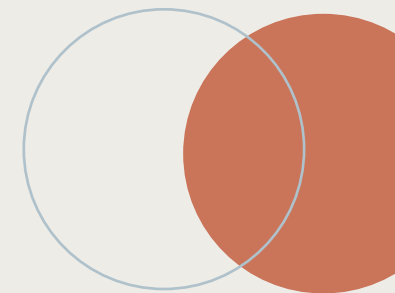
- Increased focus on efficiency and chargeability to improve profitability
- Partnership with Hypergene and Rambase will drive growth in Nordics and UK
- EA&BPM will expand outside of Norway in 2023
- Planning for Hospitality to go break even during 2023
- Marine has completed adjustment of cost base – growth focus for 2023
- All internal integration projects



# Appendix

Financial Figures

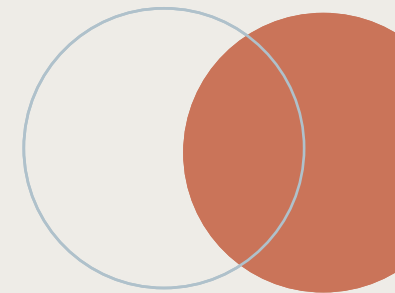
# Profit & Loss



NOK thousand	Note	For the quarter end		Year to date		Full year 2021
		30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Revenue	<a href="#">3</a>	118 235	94 361	364 419	297 961	413 938
Materials, software and services		(29 923)	(23 102)	(88 310)	(67 822)	(92 859)
<b>Gross profit</b>		<b>88 312</b>	<b>71 260</b>	<b>276 108</b>	<b>230 139</b>	<b>321 079</b>
Salary and personnel costs		(73 172)	(74 161)	(243 336)	(192 386)	(272 679)
Other operating expenses		(21 810)	(10 992)	(57 163)	(40 017)	(55 201)
<b>Total operating expenses</b>		<b>(94 982)</b>	<b>(85 153)</b>	<b>(300 499)</b>	<b>(232 403)</b>	<b>(327 879)</b>
<b>EBITDA</b>		<b>(6 671)</b>	<b>(13 893)</b>	<b>(24 391)</b>	<b>(2 265)</b>	<b>(6 800)</b>
Depreciation, amortization and impairment		(13 716)	(8 076)	(39 683)	(22 883)	(42 970)
<b>EBIT</b>		<b>(20 386)</b>	<b>(21 969)</b>	<b>(64 073)</b>	<b>(25 148)</b>	<b>(49 770)</b>
Financial income	<a href="#">4</a>	1 733	2 774	4 314	3 904	2 598
Financial expense	<a href="#">4</a>	(1 038)	(3 544)	(3 173)	(5 543)	(6 487)
<b>Profit/(loss) before tax</b>		<b>(19 691)</b>	<b>(22 739)</b>	<b>(62 933)</b>	<b>(26 787)</b>	<b>(53 660)</b>
Tax expense		2 380	3 084	6 437	649	4 802
<b>Profit/(loss) after tax</b>		<b>(17 312)</b>	<b>(19 655)</b>	<b>(56 496)</b>	<b>(26 137)</b>	<b>(48 858)</b>
<b>Attributable to:</b>						
Equity holders of the parent company		(17 312)	(19 655)	(56 496)	(26 137)	(48 858)
Earnings per share: basic	<a href="#">10</a>	(0.03)	(0.04)	(0.09)	(0.06)	(0.10)
Earnings per share: diluted	<a href="#">10</a>	(0.03)	(0.04)	(0.09)	(0.06)	(0.10)



# Balance Sheet

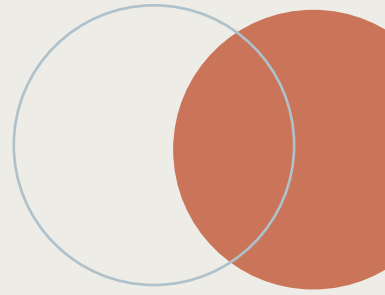


NOK thousand	Note	30 Sep 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and equipment		6 989	7 445
Right-of-use assets	<a href="#">6</a>	45 926	30 266
Goodwill	<a href="#">5</a>	205 220	205 279
Customer relations	<a href="#">5</a>	37 279	46 031
Other Intangible assets	<a href="#">5</a>	59 027	65 047
Other non-current assets		6 713	10 678
Deferred tax assets		16 908	9 511
<b>Total non-current assets</b>		<b>378 063</b>	<b>374 259</b>
<b>Current assets</b>			
Accounts receivable		99 626	88 674
Other receivables		1 741	2 290
Contract assets		17 321	19 549
Inventory		5 752	3 179
Other current assets		15 131	20 320
Cash and cash equivalents		38 699	43 758
<b>Total current assets</b>		<b>178 269</b>	<b>177 771</b>
<b>TOTAL ASSETS</b>		<b>556 332</b>	<b>552 029</b>

NOK thousand	Note	30 Sep 2022	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	<a href="#">9</a>	192 788	163 773
Other paid in capital		216 414	196 700
Exchange differences		1 021	398
Other equity		(100 861)	(44 365)
<b>Total equity</b>		<b>309 362</b>	<b>316 506</b>
<b>Non-current liabilities</b>			
Interest bearing loans	<a href="#">7</a>	20 205	27 902
Non-current lease liabilities	<a href="#">6</a>	30 171	19 148
Other non-current financial liabilities		0	96
Deferred tax liabilities		14 796	17 084
Provisions		22 914	22 789
<b>Total non-current liabilities</b>		<b>88 087</b>	<b>87 018</b>
<b>Current liabilities</b>			
Current financial liabilities	<a href="#">7</a>	11 986	9 523
Current lease liabilities	<a href="#">6</a>	17 341	12 346
Accounts payable		20 670	21 227
Contract liabilities		32 019	21 483
Current tax payable		2 202	1 046
Other current liabilities		74 665	82 880
<b>Total current liabilities</b>		<b>158 883</b>	<b>148 505</b>
<b>Total liabilities</b>		<b>246 970</b>	<b>235 523</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>556 332</b>	<b>552 029</b>



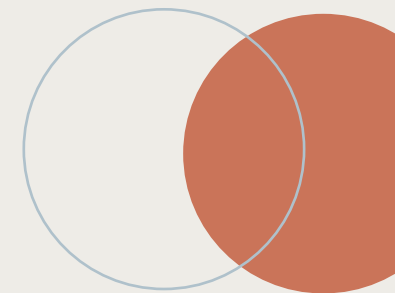
# Cash flow



NOK thousand	Note	For the quarter end		Year to date		Full year 2021
		30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
<b>Operating activities</b>						
Profit/(Loss) before tax		(19 691)	(22 739)	(62 933)	(26 787)	(53 660)
Taxes paid		(693)	0	(1 566)	(982)	(982)
<b>Adjustments for:</b>						
- Finance income and expense	4	(695)	762	(1 140)	1 639	3 890
- (Increase)/decrease in trade receivables		(5 623)	3 228	(10 951)	(7 608)	(6 874)
- (Decrease)/increase in trade payables		634	1 468	(557)	(17 080)	(13 257)
- Depreciation and amortization	5, 6	12 889	8 076	38 856	22 883	39 611
- Impairment losses on intangible assets	5	827	0	827	0	3 359
Change in other current accounts		(1 182)	(6 317)	9 244	(4 985)	1 715
<b>Net cash flows operating activities</b>		<b>(13 535)</b>	<b>(15 523)</b>	<b>(28 221)</b>	<b>(32 919)</b>	<b>(26 197)</b>
<b>Investing activities</b>						
Cash received through business combination	8	0	1 255	0	21 967	29 857
Cash consideration Investment in subsidiaries	8	0	(258)	0	(101 730)	(118 299)
Capitalized tangible and intangible assets	5	(4 002)	(1 913)	(9 654)	(15 158)	(27 416)
Interest received		247	99	256	99	212
<b>Net cash flows investing activities</b>		<b>(3 755)</b>	<b>(817)</b>	<b>(9 398)</b>	<b>(94 822)</b>	<b>(115 647)</b>
<b>Financing activities</b>						
Proceeds from borrowings		0	(71)	0	15 722	18 445
Change in overdrafts		2 273	1 932	(2 432)	(7 451)	(2 067)
Repayment of debt		(1 702)	(2 348)	(4 292)	(2 348)	(3 006)
Interest paid		(315)	(342)	(503)	(1 186)	(2 507)
Instalments lease liabilities		(3 599)	(4 508)	(12 152)	(6 926)	(13 293)
Proceeds from shares issued		1 813	0	51 813	0	0
Share issue cost		(927)	(544)	(3 084)	(544)	(600)
<b>Net cash flows financing activities</b>		<b>(2 457)</b>	<b>(5 882)</b>	<b>29 350</b>	<b>(2 735)</b>	<b>(3 028)</b>
Net change in cash and cash equivalents		(19 836)	(22 222)	(8 359)	(130 476)	(144 872)
Cash and cash equivalents at beginning of period		55 730	78 586	43 758	188 270	188 270
Currency translation		2 804	(253)	3 299	(1 682)	361
<b>Cash and cash equivalents at end of period, incl. restricted cash</b>		<b>38 699</b>	<b>56 111</b>	<b>38 699</b>	<b>56 111</b>	<b>43 758</b>
-whereof restricted cash		15 235	9 277	15 235	9 277	11 810



# Equity



NOK thousand	Equity related to the shareholders of the parent company				
	Restricted		Exchange differences	Other equity	Total Equity
	Share capital	Other paid in capital			
Balance on 1 January 2021	117 203	194 510	8	4 493	316 214
Result of the period				(48 858)	(48 858)
Comprehensive income for the period			390		390
<b>Total comprehensive result for the period</b>	0	0	390	(48 858)	(48 469)
Other equity transactions		(2 870)			(2 870)
Share consideration relating to business combination 2020 (Facil, Microsky and Innit)		(45 607)			(45 607)
Capital increase related to business combinations	11 628	74 929			86 557
Conditional share consideration relating to acquisition of Integra – shares to be issued during 2022 and 2023		11 281			11 281
Capital increase related to merger with subsidiary Arribatec AS	34 941	(34 941)			0
Share issue cost		(600)			(600)
<b>Closing balance 31 Dec 2021</b>	163 773	196 700	398	(44 365)	316 506
Balance on 1 January	163 773	196 700	398	(44 365)	316 506
Result of the period				(56 496)	(56 496)
Comprehensive income for the period			623		623
<b>Total comprehensive result for the period</b>	0	0	623	(56 496)	(55 873)
Capital increase	29 015	22 798			51 813
Share issue cost		(3 084)			(3 084)
<b>Closing balance 30 Sep 2022</b>	192 788	216 414	1 021	(100 861)	309 362





