

Arribatec.

# Quarterly presentation Q1 2024

Geir Johansen, CEO



# Highlights Q1.



- Quarterly **revenue** of NOK 145m (150m) and -3.3% change compared to Q1 last year
  - **Easter** 2024 occurred in Q1 vs Q2 in 2023
- 4 of 5 business areas show positive **EBITDA**
- EBITDA at break-even for Q1, a reduction of NOK 5.5 compared to a year ago
- Adjusted EBITDA NOK 1.1m
- NOK 39 (40) in cash at the end of the quarter



- Signed partnership agreement with **Ayfie**, a Norwegian **AI company**. Together we have developed safe **enterprise BPM-system search capabilities** and are now ready to go to market with this unique offering.
- Signed **new partnership agreement** with **SAP, Jdox, Prophix**, and finalizing new partnership agreement with a second system provider for Business architecture & Business process management BA&BPM
- Signed a cooperation agreement with **Process Renewal Group** (PRG) to enhance and develop our global Business Architecture- and Business Process Management service offerings.
- Signed 430 new contracts and scope extensions for a total value of NOK 138 million

# Revenue and EBITDA

## Revenue

NOK 145m (150m)  
-3.3% qrt/qrt

## Recurring

NOK 60m (51m)  
+18% qrt/qrt  
41% of total revenue

## EBITDA

NOK 0.0m (5.3m)  
Margin 0.0%  
Adj. EBITDA 1.1m (n.a.)

## NORWAY

Revenue NOK 101 (93m)  
+9% qrt/qrt  
70% of total

## EUROPE

Revenue NOK 22m (28m)  
-21% qrt/qrt  
15% of total

## R.O.W.

Revenue NOK 6m (11m)  
-52% qrt/qrt  
4% of total



17



Offices around  
the globe

373+



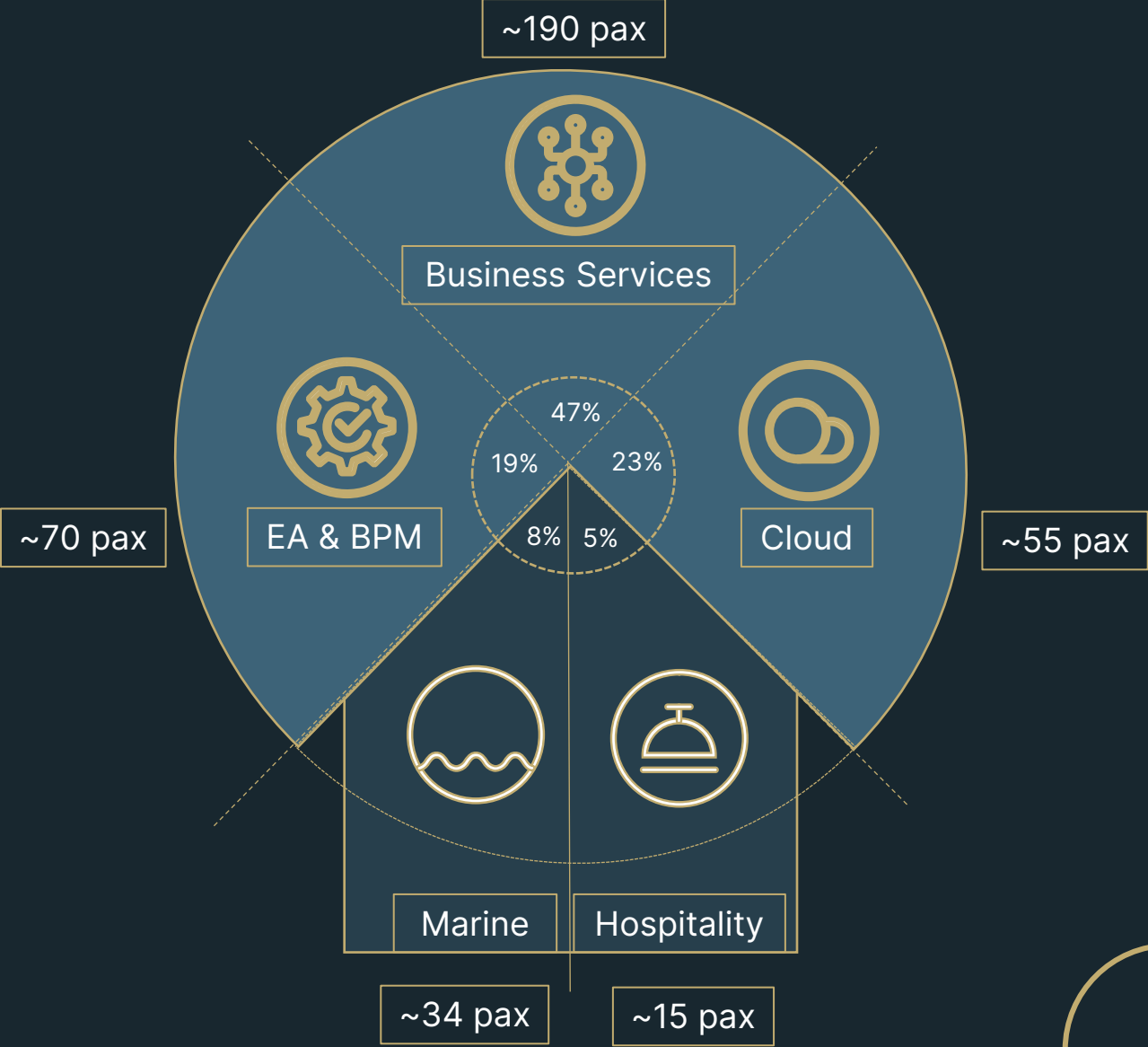
Employees across  
business areas\*

1700+



Clients across  
industries

# Arribatec's five business areas .





# Products & services .



Business Services	EA & BPM	Cloud	Hospitality
<b>ERP</b> <ul style="list-style-type: none"> <li>Consulting &amp; advisory</li> <li>Implementations</li> <li>Support &amp; maintenance</li> <li>Onboarding &amp; training</li> <li>✓ <i>Unit4, RamBase and SAP</i></li> </ul> <b>BI &amp; analytics</b> <ul style="list-style-type: none"> <li>Data platform</li> <li>✓ <i>Hypergene, PowerBI, Jdox &amp; Prophix</i></li> </ul> <b>Software development</b> <ul style="list-style-type: none"> <li>Customisation</li> <li>Integrations</li> <li>Development</li> </ul>	<b>Management systems</b> <ul style="list-style-type: none"> <li>Consulting &amp; advisory</li> <li>Implementations, maintenance &amp; development</li> <li>✓ <i>Qualiware, Ayfie</i></li> </ul> <b>Management consulting:</b> <ul style="list-style-type: none"> <li>Business process management</li> <li>Business architecture</li> <li>Change management</li> <li>Continuous improvement</li> <li>Project management</li> </ul> <b>Courses &amp; training</b>	<ul style="list-style-type: none"> <li>IT outsourcing</li> <li>Hybrid &amp; public cloud</li> <li>Helpdesk 24/7</li> <li>Security &amp; compliance</li> <li>IT infrastructure advisory</li> <li>Hardware lifecycle management</li> <li>Licence management</li> </ul>	<b>Digital hotel solutions</b> <ul style="list-style-type: none"> <li>Self-service kiosks with own IP for check in/out and payment</li> <li>Mobile check-in solutions</li> <li>Digital signage for conference rooms</li> <li>Transportation solutions for TVMs</li> </ul> <b>Marine</b> <b>Asset management &amp; PMS</b> <ul style="list-style-type: none"> <li>Own IP developed over 40 years</li> <li>Web-based asset management, planned maintenance &amp; HQSE</li> </ul> <b>Consulting</b> <ul style="list-style-type: none"> <li>Support &amp; managed services</li> <li>Database construction</li> <li>Integrations</li> </ul>

# Q1-24 performance per business areas vs. Q1-23

BizS 

-16%	11.7%
Revenue Growth	EBITDA margin
70m*	3.1m**
Revenue	EBITDA

EA-BPM 

-7.0 %	2.5%
Revenue Growth	EBITDA margin
27.6m*	0.7m**
Revenue	EBITDA

Cloud 

10.0%	9.2%
Revenue Growth	EBITDA margin
35.0m*	3.3m**
Revenue	EBITDA

HspT 

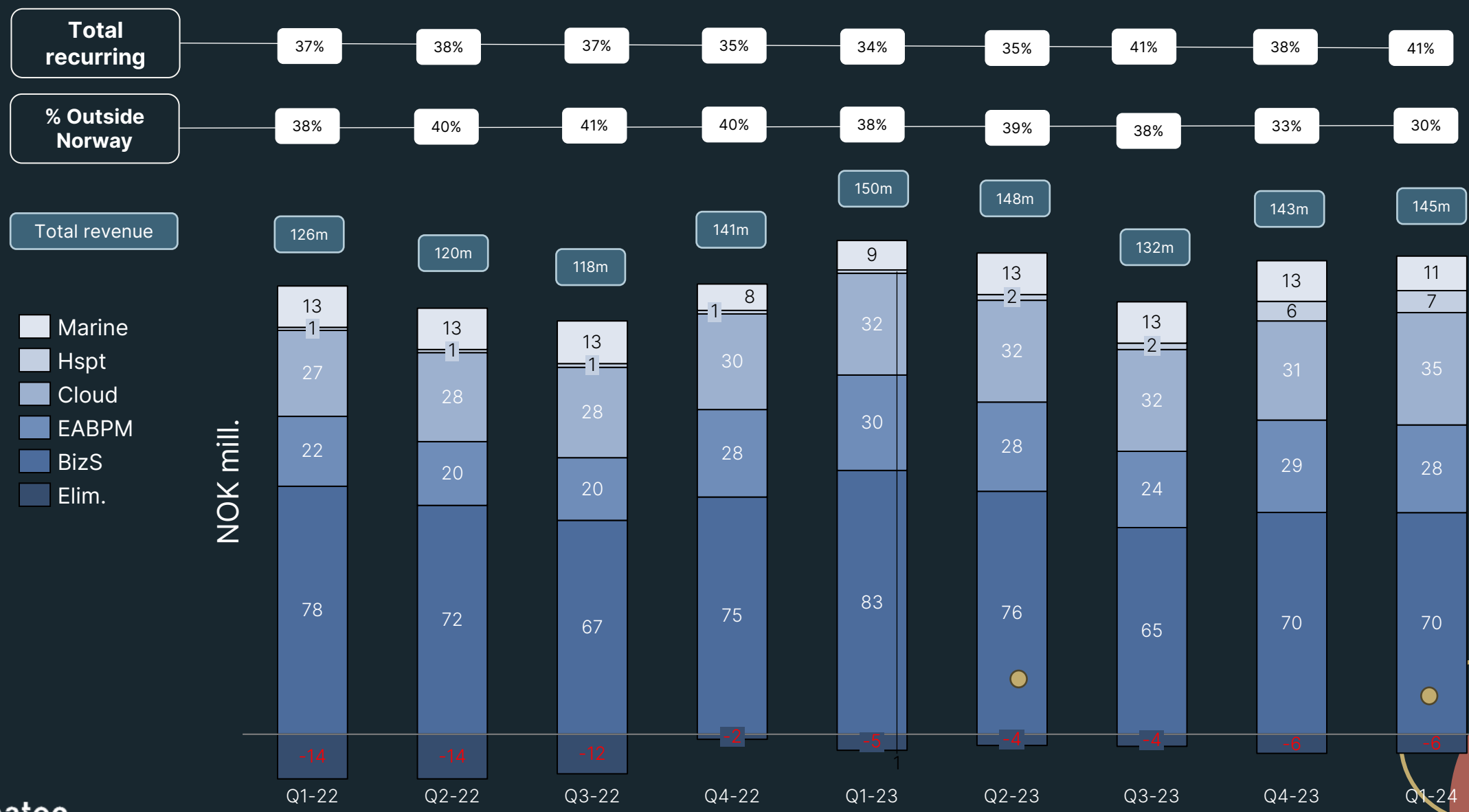
628%	-23%
Revenue Growth	EBITDA margin
9,9m*	-1,6m**
Revenue	EBITDA

Adj. EBITDA  
-0.5m

Marine 

17,6%	21,4%*
Revenue Growth	EBITDA margin
10,9m*	2,3m**
Revenue	EBITDA

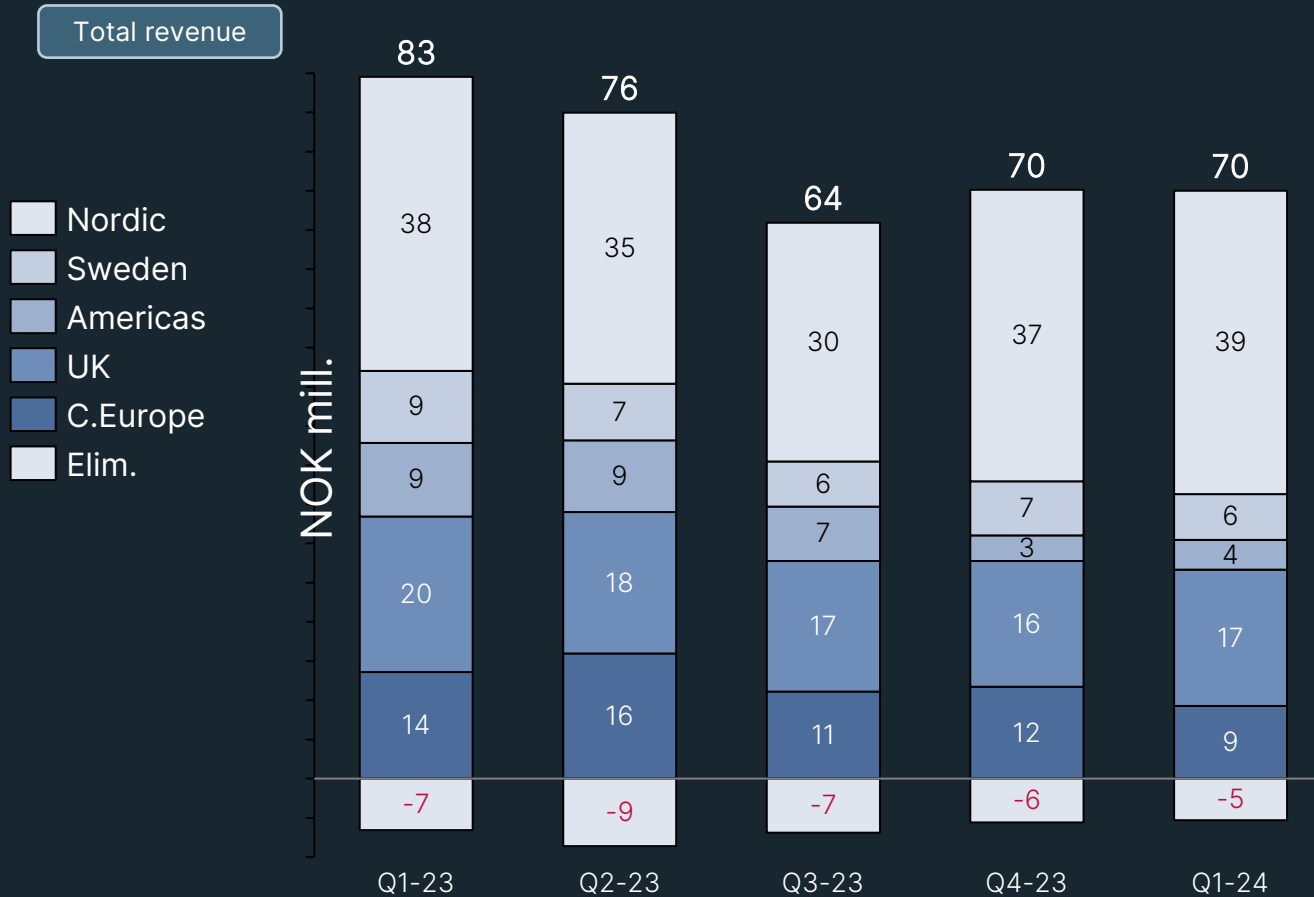
# Revenue development for each BA per quarter .



\* BA figures Includes external- and group internal revenue pr BA



# BA Business Services – Region Nordics performs well



\* BA figures Includes external- and BA internal revenue pr Region

## NORDICS

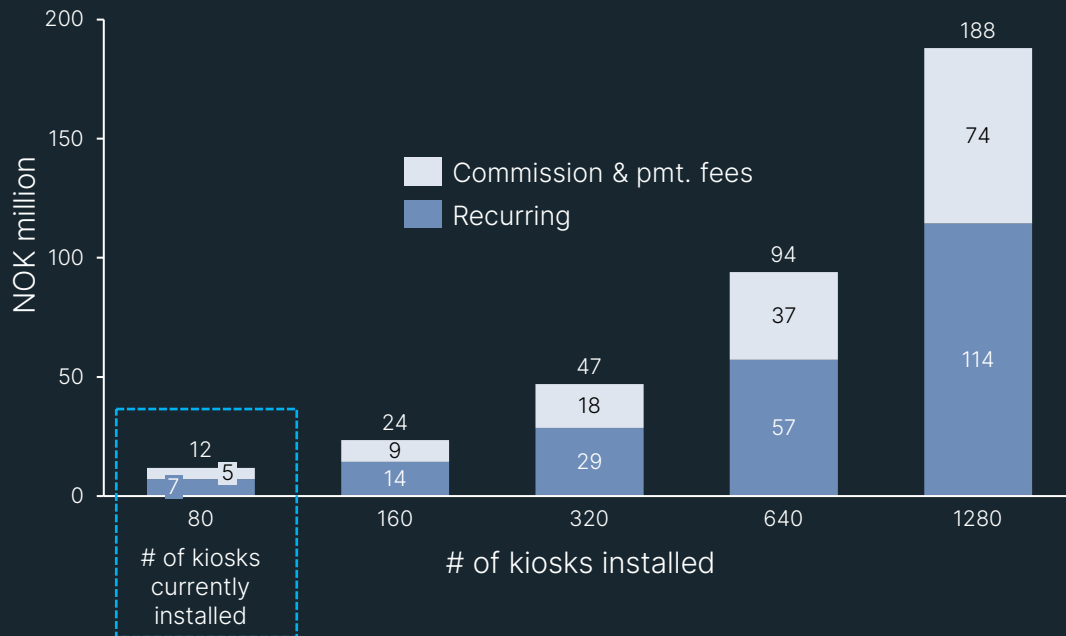
- Nordics delivered highest revenue ever at 39m, and a record EBITDA margin in Q1-24 of 21%
- Easter 2024 in Q1 vs Q2 in 2023, impact revenue by NOK 5-6m
- New software partnerships are evening out revenue fluctuations, particularly in Norway
- Our proprietary software, InstiPro is selling well in Norway
- Good demands for Cloud migration support for existing customers

# Hospitality update

## Status update

- 61 hotels signed up and 97 kiosks installed
- Currently present in Norway, Sweden, Denmark, Belgium, UK and Ireland
- Flytoget contract going as planned – first ticket machines will be installed in Q2
- Discussing with Flytoget about SW development projects post-project delivery

Possible revenue scenarios based on number of kiosks installed going forward

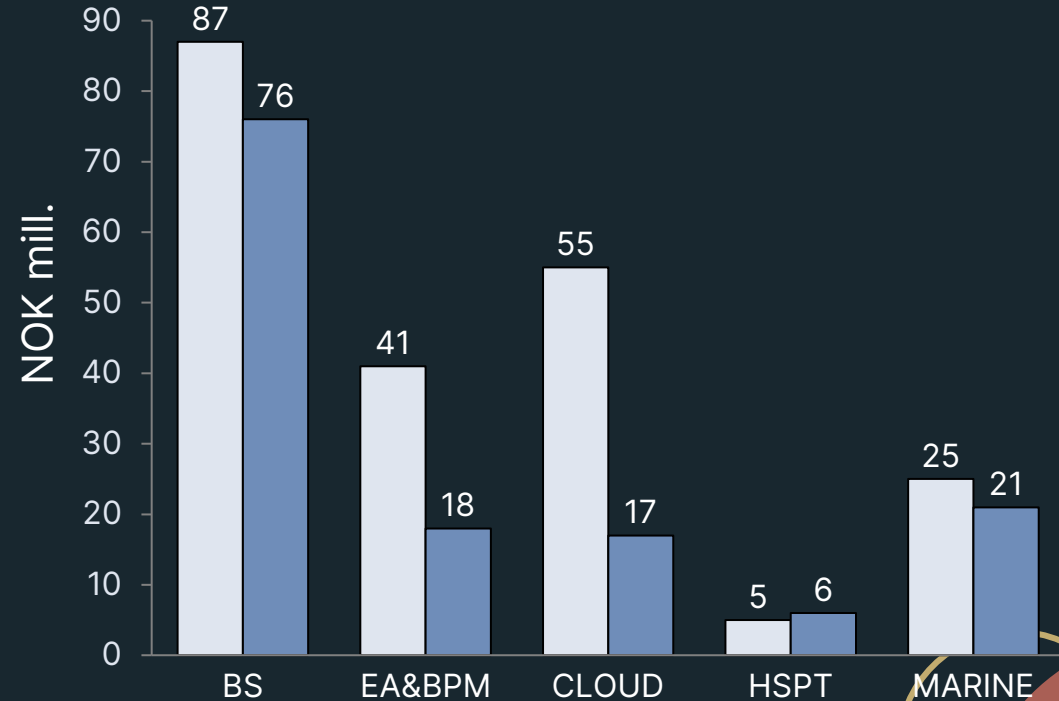
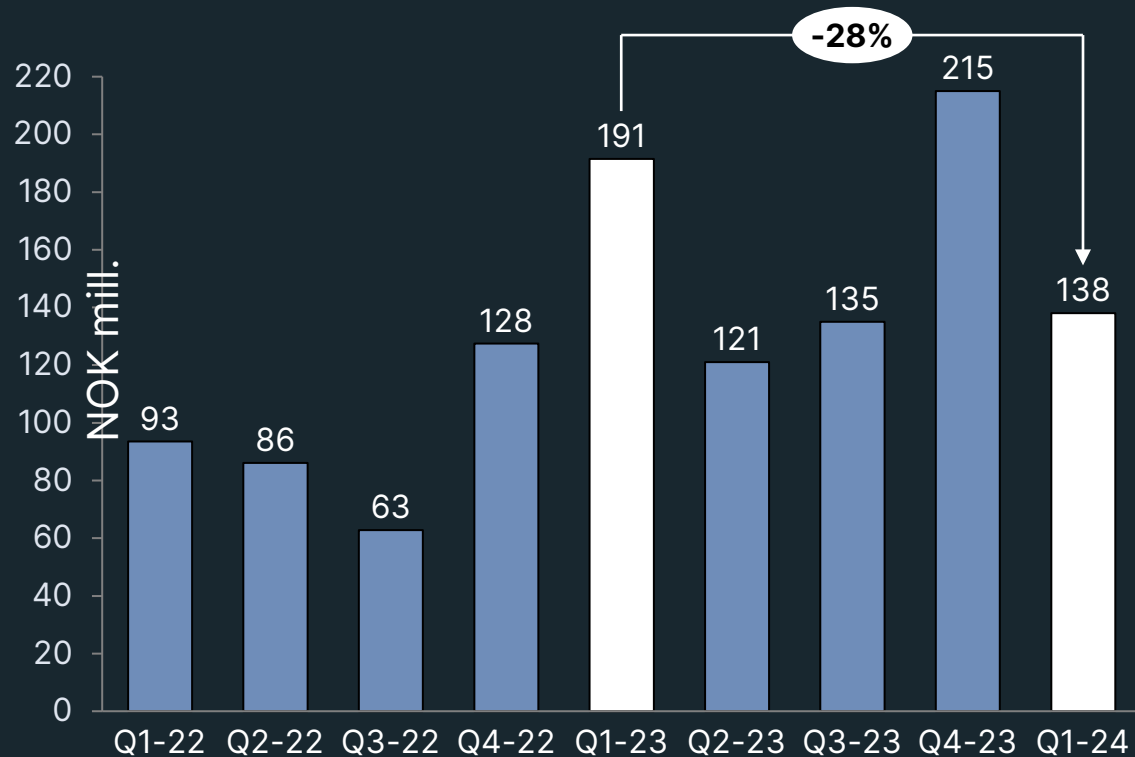


## 4 Revenue components for hotel kiosks

1. Hotel kiosks have an annual **recurring** revenue component consisting of **license, support and notifications** averaging approx. NOK 70-90.000 pr year
  2. **Commission on up-sale** (i.e. breakfast, late check-out etc.) on each kiosk
  3. **Payment transaction fee** for the payment volume that passes through most of the kiosks
  4. **Hardware** is paid for by hotels at installation
- As the cost associated with each of the revenue component is very modest, the margin becomes very attractive
  - The business model is a volume game

# Sales - new contracts and scope extensions .

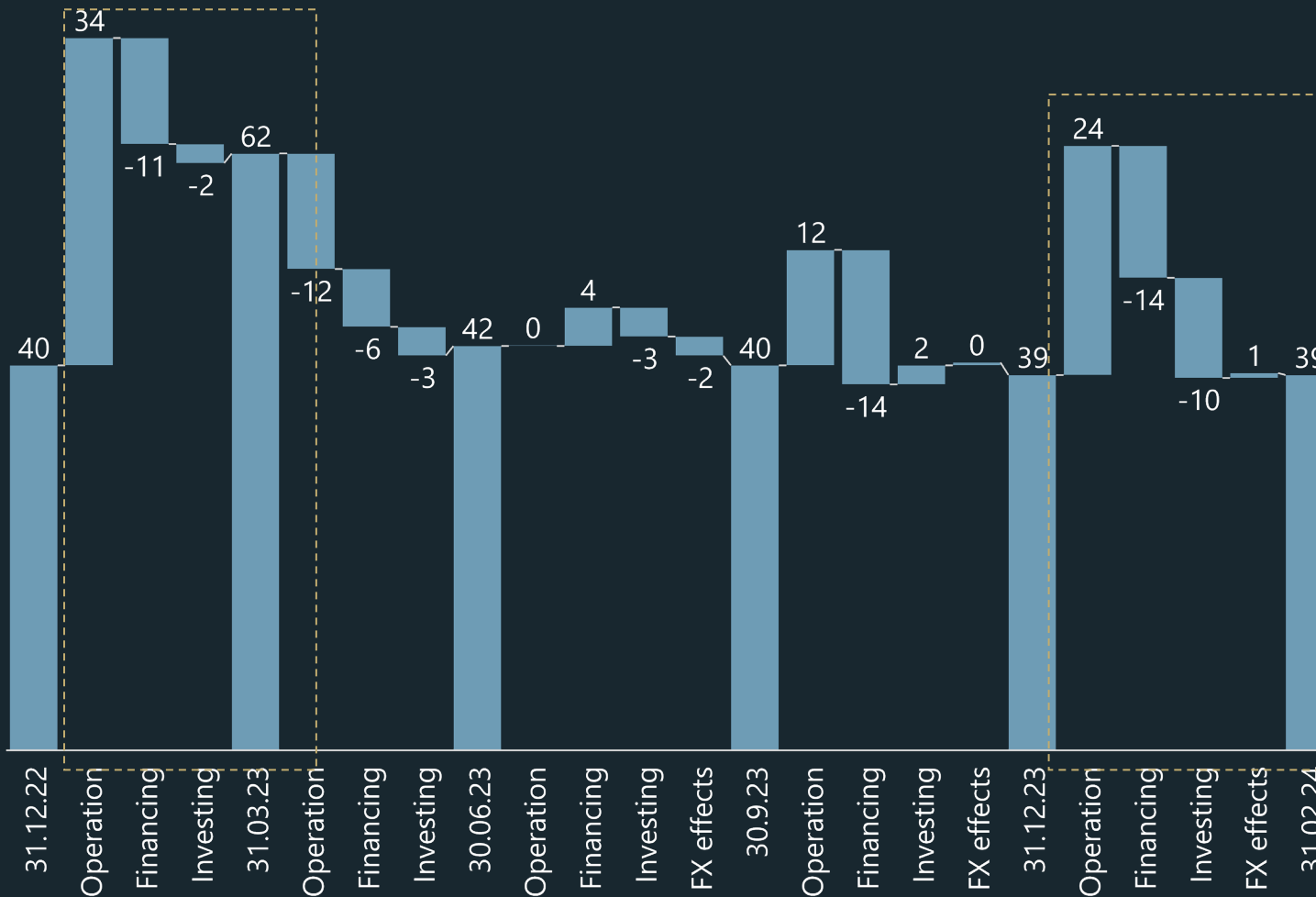
Q4: 430 contracts for a total value of NOK 138 million (191m in Q1-23)



Q1-23 Q1-24

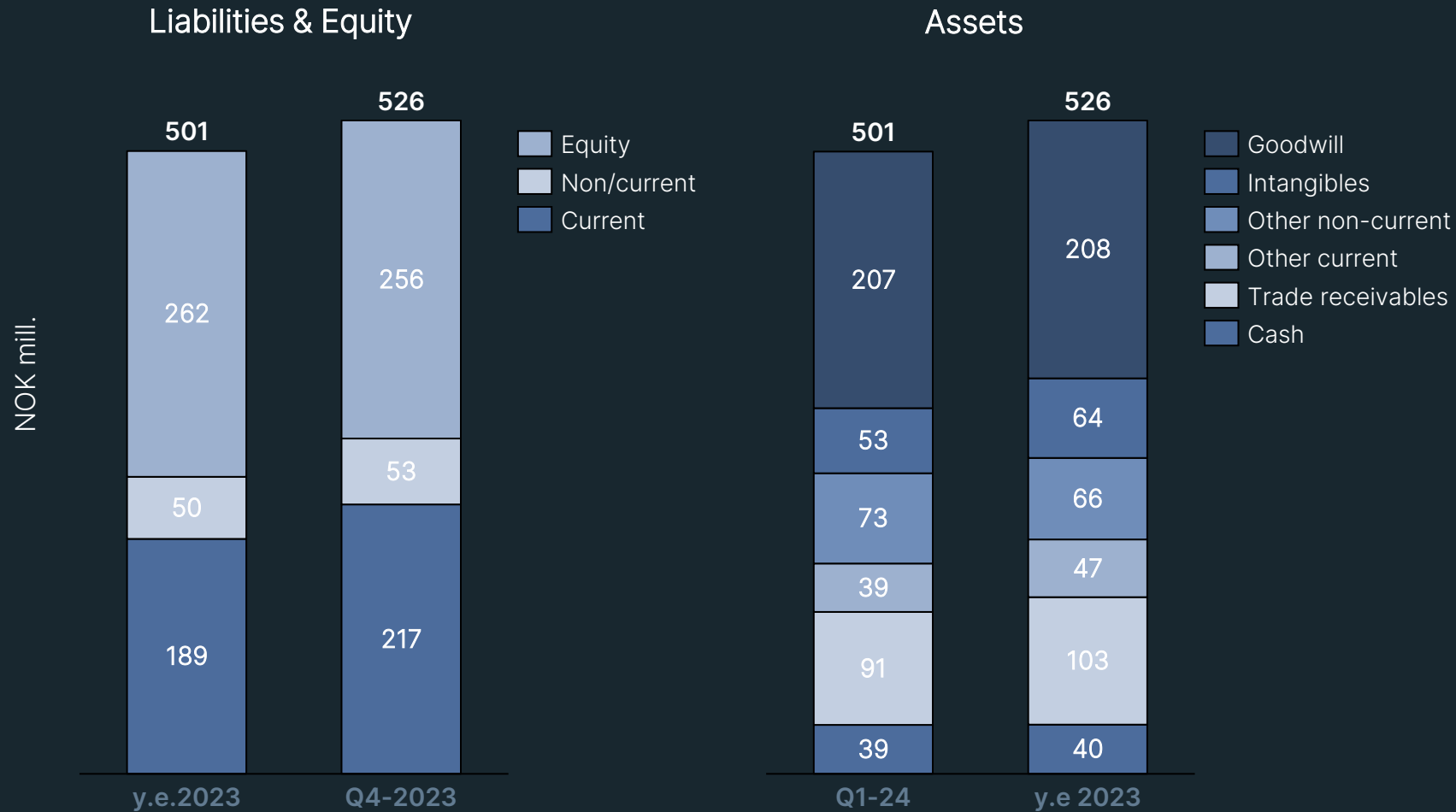
# Cash flow development.

Stable cash position at NOK 40m at the end of each quarter



- Net cash flow from operation was NOK +24m for Q1 2024.
- Net cash flow from investing activities was NOK -10.4m in Q1. Main component is payment for earn out to sellers of Integra at NOK 7.5m..
- Net cash flow from financing was NOK -13.7, where NOK -6.8m is change in overdrafts and NOK -4.8 in installments on lease liabilities.
- Arribatec had NOK 39.6m in cash and cash equivalents at the end of the quarter.

# Balance sheet development.



# Outlook .

- Robust demand for cloud services will drive growth for our cloud- and managed IT-services
- Cloud migrations and related digital transformation projects are expected to increase
- Hospitality to grow significantly over next quarters – building SaaS revenue base – consulting for Flytoget boosts revenue
- Growth for Marine will continue with large projects available in the market
- Partnership with AI/ML companies will be pursued
- Our partnership-strategy will continue, and additional partnerships will be pursued and established
- Demand for hyper automation is rapidly increasing, and should provide for additional revenue streams
- Focus on improving EBITDA margin



A background image showing three people (two men and one woman) sitting in a modern office setting, smiling and engaged in conversation. The image is dimmed to serve as a backdrop for the text.

# Arribatec.

we simplify complexity

# Condensed consolidated statements of profit and loss

NOK thousand	Note	For the quarter end		Year to date	
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Revenue	<u>3</u>	142 958	140 550	572 981	504 968
Materials, software and services		(31 454)	(26 724)	(132 673)	(115 035)
<b>Gross profit</b>		<b>111 504</b>	<b>113 825</b>	<b>440 308</b>	<b>389 934</b>
Salary and personnel costs		(93 088)	(95 463)	(346 608)	(338 800)
Other operating expenses		(16 600)	(28 078)	(69 236)	(85 241)
<b>Total operating expenses</b>		<b>(109 688)</b>	<b>(123 542)</b>	<b>(415 845)</b>	<b>(424 041)</b>
<b>EBITDA</b>		<b>1 816</b>	<b>(9 716)</b>	<b>24 463</b>	<b>(34 107)</b>
Depreciation, amortization and impairment	<u>4, 5</u>	(11 192)	(16 549)	(48 307)	(56 232)
<b>EBIT</b>		<b>(9 376)</b>	<b>(26 266)</b>	<b>(23 844)</b>	<b>(90 339)</b>
Financial income	<u>6</u>	466	877	3 208	5 191
Financial expense	<u>6</u>	(3 218)	(2 107)	(9 414)	(5 280)
<b>Profit/(loss) before tax</b>		<b>(12 127)</b>	<b>(27 495)</b>	<b>(30 050)</b>	<b>(90 428)</b>
Tax expense		1 402	598	6 634	7 035
<b>Profit/(loss) after tax</b>		<b>(10 725)</b>	<b>(26 897)</b>	<b>(23 416)</b>	<b>(83 393)</b>
<b>Attributable to:</b>					
Equity holders of the parent company		(10 725)	(26 897)	(23 416)	(83 393)
Earnings per share: basic	<u>7</u>	(0.16)	(0.04)	(0.34)	(0.13)
Earnings per share: diluted	<u>7</u>	(0.16)	(0.04)	(0.34)	(0.13)

# Consolidated statements of financial position

NOK thousand	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and equipment		6 436	6 517
Right-of-use assets	4	28 442	41 719
Goodwill	5	206 457	204 581
Customer relations	4	24 125	34 637
Other Intangible assets	4	43 771	41 934
Other non-current assets		3 989	5 323
Deferred tax assets		18 576	12 322
<b>Total non-current assets</b>		<b>331 794</b>	<b>347 034</b>
<b>Current assets</b>			
Accounts receivable		90 898	88 214
Other receivables		1 398	1 128
Contract assets		26 221	16 276
Inventory		1 548	3 777
Other current assets		9 893	18 484
Cash and cash equivalents		39 371	40 449
<b>Total current assets</b>		<b>169 329</b>	<b>168 328</b>
<b>TOTAL ASSETS</b>		<b>501 123</b>	<b>515 362</b>

NOK thousand	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	194 802	193 361
Other paid in capital		214 085	215 645
Exchange differences		3 767	679
Other equity		(150 555)	(127 758)
<b>Total equity</b>		<b>262 100</b>	<b>281 927</b>
<b>Non-current liabilities</b>			
Interest bearing loans	9	12 928	18 883
Non-current lease liabilities	4	16 836	26 727
Other non-current financial liabilities		1 804	967
Deferred tax liabilities		7 707	10 590
Provisions		10 685	14 202
<b>Total non-current liabilities</b>		<b>49 959</b>	<b>71 369</b>
<b>Current liabilities</b>			
Interest bearing loans - current portion	9	26 460	12 328
Current lease liabilities	4	12 909	16 765
Accounts payable		39 816	31 879
Contract liabilities		24 319	16 476
Current tax payable		1 691	650
Other current liabilities		83 869	83 969
<b>Total current liabilities</b>		<b>189 065</b>	<b>162 066</b>
<b>Total liabilities</b>		<b>239 024</b>	<b>233 435</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>501 123</b>	<b>515 362</b>

# Consolidated statements of changes in 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 2022	163 773	196 700	398	(44 365)	316 506
Result of the period				(83 393)	(83 393)
Other comprehensive income for the period			282		282
<b>Total comprehensive result for the period</b>	0	0	282	(83 393)	(83 111)
Capital issue, April	28 000	22 000			50 000
Share issue, repair offer, July	1 015	798			1 813
Share issue cost		(3 280)			(3 280)
Share consideration relating to acquisition of Integra		(2 872)			(2 872)
Capital issue in relation to acq. of Integra, Nov	573	2 299			2 872
<b>Closing balance 31 Dec 2022</b>	193 361	215 645	679	(127 758)	281 927
Balance on 1 January	193 361	215 645	679	(127 758)	281 927
Result of the period				(23 416)	(23 416)
Other comprehensive income for the period			3 087		3 087
<b>Total comprehensive result for the period</b>	0	0	3 087	(23 416)	(20 329)
Capital issue, Feb	0				0
Share issue cost		(118)			(118)
Share consideration relating to acquisition of Integra		(8 409)			(8 409)
Capital issue in relation to acq. of Integra, Dec	1 442	6 968			8 409
Share option cost				620	620
<b>Closing balance 31 Dec 2023</b>	194 802	214 085	3 767	(150 555)	262 100

# Consolidated cash flow statement

NOK thousand	Note	For the quarter end		Year to date	
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Operating activities</b>					
Profit/(Loss) before tax		(12 127)	(27 495)	(30 050)	(90 428)
Taxes paid		(1 082)	0	(2 192)	(1 566)
<b>Adjustments for:</b>					
- Finance income and expense	4	2 751	1 214	6 203	73
- (Increase)/decrease in trade receivables		8 365	11 412	(2 684)	460
- (Decrease)/increase in trade payables		10 913	11 209	7 937	10 652
- Depreciation and amortization	5, 6	11 372	11 762	48 488	50 618
- Impairment losses on intangible assets	5	0	4 787	0	5 614
Calculated cost of employee share option program		620	0	620	0
Change in other current accounts		(8 750)	(11 434)	5 340	(2 190)
<b>Net cash flows operating activities</b>		<b>12 062</b>	<b>1 455</b>	<b>33 663</b>	<b>(26 766)</b>
<b>Investing activities</b>					
Sale of intangible assets	5	0	9 347	0	9 347
Cash consideration earn-out payment	8	(3 704)	0	(3 704)	0
Purchase of property, plant and equipment		(1 057)	(271)	(2 693)	(1 964)
Purchase and development of intangible assets	5	(9 649)	(5 920)	(16 502)	(13 881)
Interest received		152	36	563	291
<b>Net cash flows investing activities</b>		<b>(14 257)</b>	<b>3 191</b>	<b>(22 336)</b>	<b>(6 207)</b>
<b>Financing activities</b>					
Change in overdrafts		5 038	(0)	12 677	(2 432)
Repayment of debt		(1 769)	(1 172)	(6 173)	(5 464)
Interest paid		(300)	(194)	(1 161)	(697)
Received Gov.grants (SkatteFUNN)		3 301	3 493	3 301	3 493
Instalments lease liabilities		(4 504)	(3 780)	(20 038)	(15 932)
Proceeds from shares issued		0	0	0	51 813
Share issue cost		(111)	(197)	(118)	(3 280)
<b>Net cash flows financing activities</b>		<b>1 655</b>	<b>(1 849)</b>	<b>(11 511)</b>	<b>27 501</b>
Net change in cash and cash equivalents		(540)	2 797	(184)	(5 472)
Cash and cash equivalents at beginning of period		40 161	38 699	40 449	43 758
Currency translation		(250)	(1 047)	(893)	2 163
<b>Cash and cash equivalents at end of period, incl. restricted cash</b>		<b>39 371</b>	<b>40 449</b>	<b>39 371</b>	<b>40 449</b>
-whereof restricted cash		12 111	13 492	12 111	13 492