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Annual Report 2023



Agenda

- 1 Key Financials 2023
- 2 Division performance
- 3 Acquisitions
- 4 Financial comments
- 5 Review



Peter Lauring
CEO

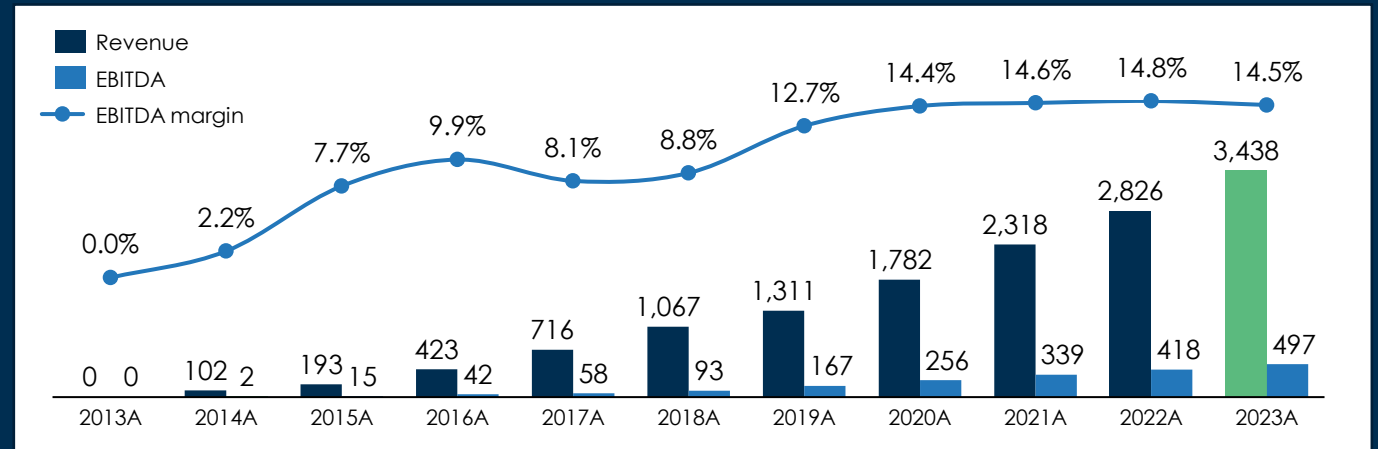


Mads Skovgaard
CFO

ECIT Drivers

- 2023 marks the 10th anniversary of ECIT
- Integrating IT, Accounting & Software
- Buy companies & build a Group
- Managed by entrepreneurs
- Tech driven Services provider

10 years performance



Mid-to-long term financial targets

Revenue
growth
>15%

Organic
growth
>5.5%

EBITDA
margin
>17.0%

Acquired
revenue -
10% of
proforma
revenue

Highlights

- **FY – 21.7% growth / 3.8% organic**
- **Macroeconomic – political conditions affected IT revenue, whereas F&A has done well**
- **Growth – next 3 – 6 months**
- **EBITDA result – group costs**
- **Cost savings program**

2023 results

Revenue: **3.4bn (21,7%)**

Organic growth: **3.8%**

EBITDA: **497m (14.5%)**

EBIT: **267m (7.8%)**

EPS: **0.25 NOK (0.21)**

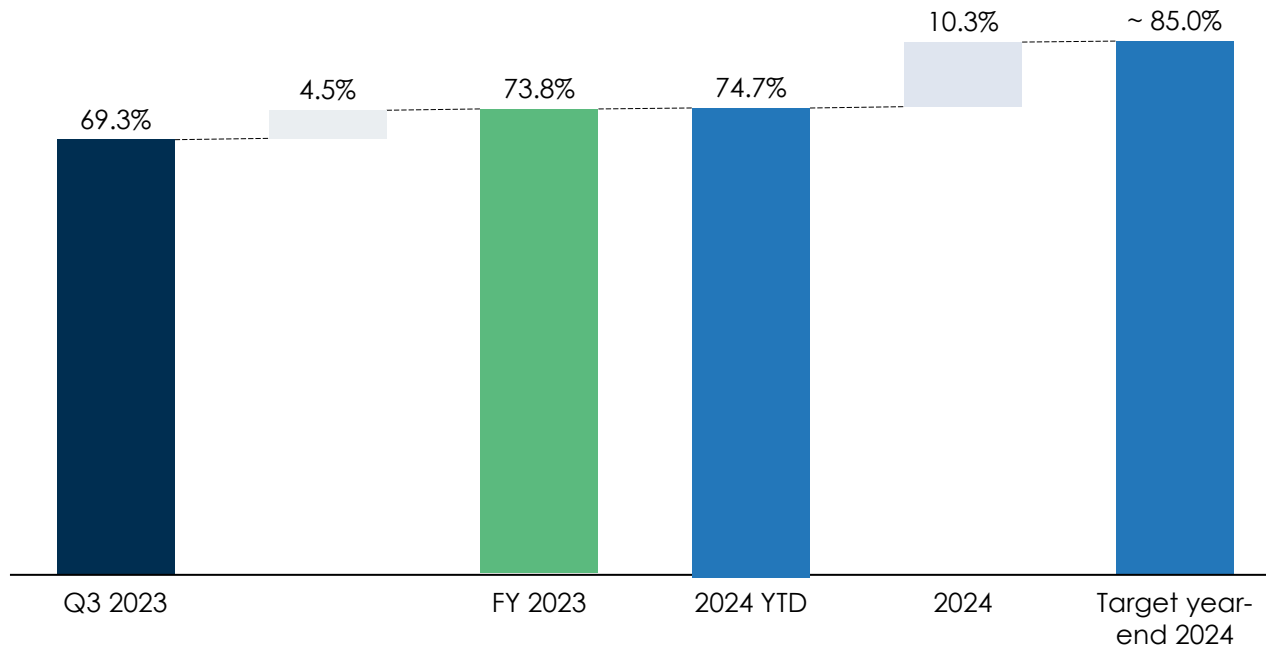
Free cash flow: **308m (221)**

10 largest companies: **~60%**
(revenue)

Mcap: **3.5bn**

shares: **454m**

Subsidiary ownership – update



2024 going towards 85% ownership in the relevant subsidiaries

Comments

- Increase Group share of Cash Flow.
- Acquisitions after June 2022 not affected for now.
- Building a Group – not a group of companies.

Divisions

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F&A division

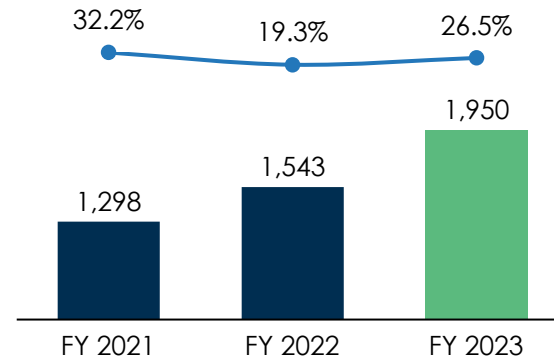
Financial overview – FY 2023

(NOKm)	FY 2023	FY 2022
Revenue	1,950	1,543
EBITDA	336	263
Total revenue growth	26.5%	19.3%
EBITDA-margin	17.2%	17.0%

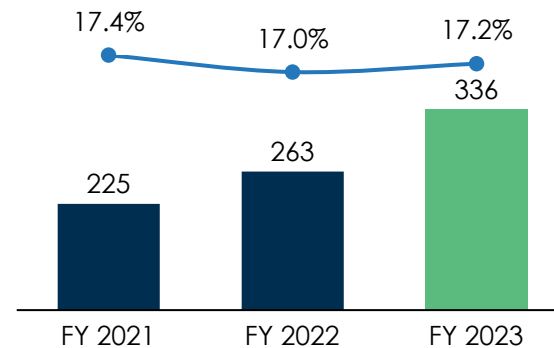
Financial overview – Q4 2023

(NOKm)	Q4 2023	Q4 2022
Revenue	482	410
EBITDA	85	77
Total revenue growth	17.5%	29.2%
EBITDA-margin	17.6%	18.6%

Revenue development



EBITDA and margin development



Comments

- Good organic growth.
- M&A activity – 6 companies acquired.
- 5 companies ~ 50% of revenue.
- Nearshoring.

IT division

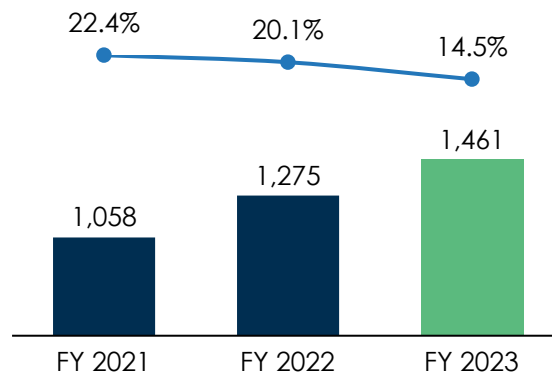
Financial overview – FY 2023

(NOKm)	FY 2023	FY 2022
Revenue	1,461	1,275
EBITDA	189	163
Total revenue growth	14.5%	20.1%
EBITDA-margin	12.9%	12.8%

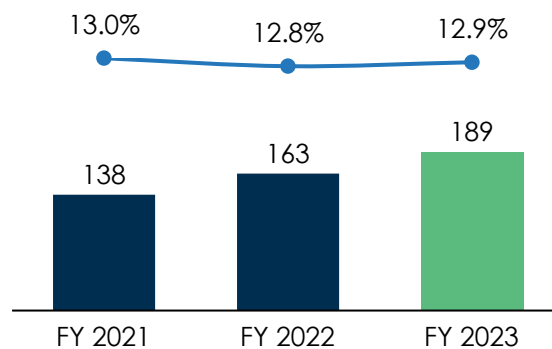
Financial overview – Q4 2023

(NOKm)	Q4 2023	Q4 2022
Revenue	433	373
EBITDA	61	55
Total revenue growth	16.4%	20.2%
EBITDA-margin	14.0%	14.9%

Revenue development



EBITDA and margin development



Comments

- Macroeconomic and local political conditions – organic growth.
- Specialized equipment (general) – Consultants for hire (Norway).
- Remaining business – expected performance.
- 5 companies ~ 66% of revenue

Tech division

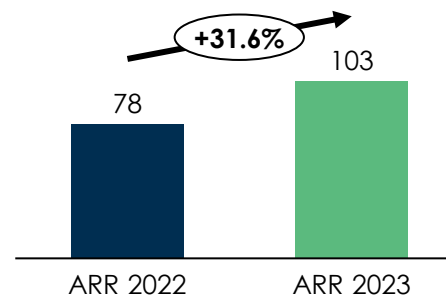
Financial overview – FY 2023

(NOKm)	FY 2023	FY 2022
Revenue	165	122
SaaS revenue	115	81
Consultancy services	50	41
EBITDA	12	8
Total revenue growth	34.3%	49.0%
EBITDA-margin	7.3%	6.5%

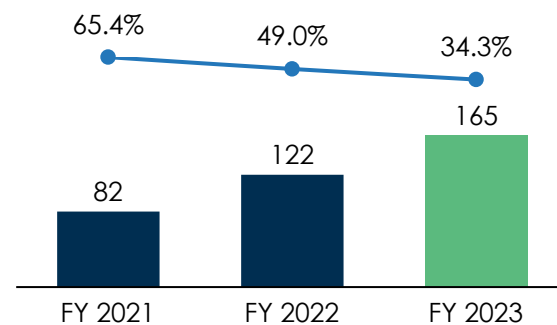
Financial overview – Q4 2023

(NOKm)	Q4 2023	Q4 2022
Revenue	52	34
SaaS revenue	36	22
Consultancy services	16	11
EBITDA	7	3
Total revenue growth	59.8%	1.8%
EBITDA-margin	13.3%	10.3%

Annual recurring revenue (own software)



Revenue development



Comments

- ECIT Software revenue and directly related consulting revenue.
- ARR development – ECIT core software revenue only.

Acquisitions in 2023

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M&A – Acquisitions in 2023

Q3 YTD 2023

Q4 2023

M&A acquired revenue (NOKm)

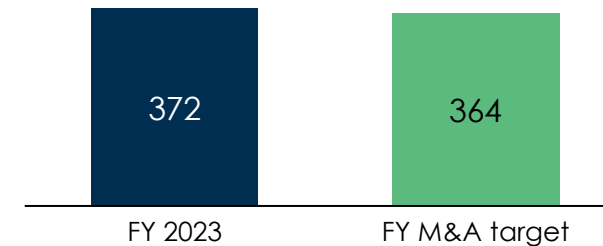
Revenue:
NOK 227m
EBITDA:
NOK 43m
Employees:
~159

RUBIC

Revenue:
NOK 112m
EBITDA:
NOK 11m
Employees:
~20

ELVERUM
REGNSKAP

Revenue:
NOK 4m
EBITDA:
NOK 0.5m
Employees:
~5



October

October

November

December

Revenue:
NOK 10m
EBITDA:
NOK -1m
Employees:
~10

Revenue:
NOK 19m
EBITDA:
NOK 1m
Employees:
~20

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Arr

Acquisitions

- 14 companies acquired.
- M&A target.
- Entry Iceland – F&A.
- Entry Sweden – IT consulting.



Financial review

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Financial review

Profit & loss summarized

(NOKm)	Q4 2023	Q4 2022	Growth	FY 2023	FY 2022	Growth
Revenue	933	792	17.9%	3,438	2,826	21.7%
EBITDA	142	135	5.2%	497	418	18.9%
EBIT	79	84	-5.6%	267	230	16.0%
Profit for the period	51	67	-23.9%	174	177	-1.5%
Adj. profit for the period	54	62	-13.0%	184	159	15.8%
<i>P&L items:</i>						
Restructuring & transaction costs	-13	-2	729.2%	-20	-13	50.8%
Financial income	17	13	30.4%	37	48	-23.1%
Financial expenses	-15	-8	89.0%	-53	-38	39.4%
KPIs						
Total revenue growth	17.9%	25.9%	-8 p.p.	21.7%	21.9%	-0.3 p.p.
Organic revenue growth	-3.9%	16.2%	-20.1 p.p.	3.8%	10.0%	-6.2 p.p.
M&A revenue growth	18.2%	9.6%	8.6 p.p.	14.6%	13.0%	1.6 p.p.
Currency impact	3.6%	0.1%	3.5 p.p.	3.3%	-1.1%	4.4 p.p.
EBITDA-margin	15.2%	17.0%	-1.8 p.p.	14.5%	14.8%	-0.3 p.p.
EBIT-margin	8.5%	10.5%	-2.1 p.p.	7.8%	8.1%	-0.4 p.p.
Adj. diluted EPS	0.09	0.08	15.3%	0.25	0.21	20.8%

Comments

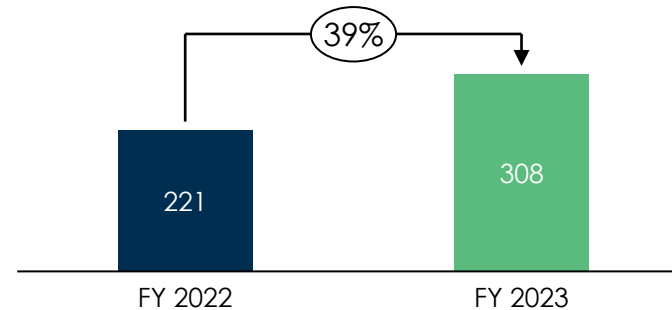
- Good performance across most metrics.
- Macroeconomic headwind impacted certain parts of our IT business.
- Remaining business in ECIT performed in accordance with expectations.
- Higher group costs – lowering the EBITDA margin. Cost savings program initiated.
- Proposed dividend – NOK 0.06 per share

Cash Flow & financial position

Cash Flow Statement

(NOKm)	FY 2023	FY 2022
EBITDA	497	418
Restructuring & transaction costs	-20	-13
Corporation tax, paid	-69	-58
Change in NWC	15	-20
Cash flow from operations	423	327
Cash flow from investing	-284	-314
Cash flow from financing	-137	-96
Cash flow for the period	2	-83
Cash flow from operations	423	327
Restructuring & transaction costs	20	13
Net investments in tangible assets	-26	-20
Repayment of lease liabilities	-109	-98
Free cash flow	308	221

Free cash flow (NOK million)







Financial position (NOK million)

(NOKm)	FY 2023	FY 2022
NIBD ex. leasing debt	354	125
NIBD	637	350
Leverage ratio	1.2x	0.8x
Undrawn revolving facility	216	423

Comments

- Solid cash flow from operations – increased EBITDA and positive change in net working capital.
- NIBD ex. Leasing at NOK 354 million (125)
- Leverage ratio at 1.2x.

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

Key Financial targets		FY 2023	Mid-to-long term targets	Management comments	
Growth					
Total revenue growth		21.7%	> 15.0%	<ul style="list-style-type: none"> Based on an assumption of stable macro economic development. Financial targets unchanged except of M&A target. New dynamic M&A target – measured as 10% of proforma revenue LTM. The 17% EBITDA margin target is excluding the potential impact from large acquisitions. 	
Organic revenue growth		3.8%	> 5.5%		
Recurring & repeatable revenue		79.0%	> 75.0%		
Earnings					
EBITDA-margin		14.5%	>17.0%		
Leverage					
Leverage ratio (NIBD/EBITDA)		1.2x	< 2.5x		
Mergers & acquisitions					
M&A acq. revenue		372	364		

Review

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Review

2023 result

1

Cost management 2024 – cost reduction based on 2023 cost base

2

Macroeconomic conditions + local NO conditions – can affect organic growth – 3-6 months

3

Acceptable EBITDA margin – +40% FCF – +20% EPS improvement

4

Nearshoring & Δ Subsidiary ownership share (Group share of CF) – main projects for 2024

5

Reasonable M&A activity – re new M&A target – pipeline ok – financial headroom ok

6

Acceptable 2023 results – cost mgmt. to be improved