

## Transcript

### Q3 2023 Results Presentation

#### **Einar Bonnevie:**

Good morning ladies & gentleman. Finally Friday. Reporting day. Boom Shaka La. Welcome to the presentation of the results for Omda for the third quarter this year. The report and a copy of the presentation will be found on NewsWeb and omda.com. This webcast consists of approximately 40-minute presentation, and it will be followed by a live Q&A session as always. You can type in your questions at any time, and we will attend to them in due course. A recording of this webcast will also be made available on omda.com, and also a transcript shortly thereafter. I'm happy to be here, together with my long-term partner, Sverre. I think it's safe to say that we've been working together for more than just a couple of weeks, and with holding and controlling approximately 20% of the company, I think we have our skin in the game. But enough about that. Let's get the show on the road. Sverre, the floor is yours.

#### **Sverre Flatby:**

Thank you very much, Einar. One thing is to celebrate the 15 years with Mr. Bonnevie here, but I think there's a couple of other things we should celebrate today. And one thing is, we have had a successful rebranding of our company this quarter, and we see that this is some kind of a manifestation of our strategy. I think it's safe to say that, when it comes to our customers, they now see a more value-based approach to our products, and the vision of smarter ways to a safe and healthy world also is a kind of road to a branded house, rather than a house of brands. That also means we get more value out of our M&A strategy. It's a toolbox to get together with new target acquisitions, and make them profitable quicker. So, all in all, also for our shareholders and bondholders, this new strategy is very, very important.

Having said that, we are following the same plan. We are supposed to grow to a billion, and we will still do that, and we will use the same approach. And it's important for me to explain to you, starting in the bottom here, that we focus only on the large underlying market in healthcare and emergency responders, and we have focused only on the specialised solutions, number two there. And

the combination of that has given us, over the last 15 years, a very, very strong base of recurring revenues. And this platform, as you have seen in the recent quarters as well, is growing. It's growing organically very nicely, also even above our 5% to 10% guiding. So it's safe to say that, on top of this, we are now going to look more into M&A targets to accelerate growth, in addition to the nice organic growth we are seeing going forward as well. So, our strategy remains the same, the target remains the same, and we are going to focus on doing that.

Now, let's talk about the third quarter and the numbers. First of all, I would say it's safe to say it's strong, said in one word, and especially the platform of recurring revenue, which is important for everything in our business. It's also important for the predictability of the business, and also for the platform for further growth. And it's also, if you combine and look at the third quarter last year, and the actual growth in this quarter, the recurring revenue, it shows that the organic growth is very nice, and that the combination of the amount now reached on a run rate base and the growth here is very healthy for our company.

And then the EBITDA this quarter, 27%, is around or up against our target margin, which is very nice, and important for the stability going forward. We see this target 27% meaning that we have got to a new level of predictable profitability going forward. So, it's really not a quarterly thing for us, it's a new level of profitability. So we're quite happy having reached that number, that level, and we think that is important also for the growth going forward. You will also see this quarter a slightly higher gross margin, meaning the income quality is also getting better, which is important. And also the biggest cost item in the company, obviously the personnel expenses, also now are in line with a normal, the income we have, so that a predictable profitability can be kept going forward as well. And then also a good thing is that the other cost at the same time is also lower, compared to previous quarters, and especially in the third quarter last year.

So, all in all, I'm sure you agree that the summary of this shows a very strong position, not only for the quarter, but for the quarters to come and the years to come, and to continue our growth story and a profitable growth.

Now, we have business areas. These are software businesses. Since we have decentralised this, it's important to just give some voiceover when it comes to the development here. I'm not going into each of those areas in detail, but let me just elaborate a bit about the similarities. So, the similar thing with all of them is that we have these long-term customer contracts, meaning the recurring revenue streams are the same type of income for all of these. And secondly, you have the type of solutions that are sticky over time, sometimes many decades. But still you see there are differences here when it comes to profitability, and also organic growth. And you will always see some fluctuations there quarterly, within these business areas. And this is natural, because it has to do with how the customers actually implement these solutions, and add-ons, and upgrades, et cetera, so that means we will see fluctuations when it comes to income profitability in these areas going forward also.

However, as you can see, the growth possibilities are clearly demonstrated here, if you look at some of these business areas, and also you see the profitability potential for those. If you look at those in upper right corner here, those two have been with us for 15 years, and there you can see the potential when it comes to EBITDA margin for companies that we have had for a long time. So, that means the 30% EBITDA is obviously a short-term, important level to keep. On the other hand, there are long-term potential if you look at the characteristics of these businesses. So, we're quite happy with the development here.

You also see differences in capex, because investment in transitions of software is different timing for these business areas. For instance, through acquisitions over years, we have two products doing almost the same. And then to create a common platform takes some time, and that happens with some of these business areas going forward as well. That's why you will always see jumping a bit up and down on the capex side. However, we stick to our guiding, and have a 10% capex going forward in our budget as well, in total, consolidated.

So, I would say this quarter, very well performed, high growth. You see many of those have, if you look at the rule of 40, you see how the potential there is for businesses like this, which we are very happy to see, and also on the consolidated basis.

I would also like to remind you why are these business not only a quarter with a good profitability and growth, but it's also a predictable business going forward. This is because the type of income, if you split that into four, which is normal way of putting it together, the recurring revenue and the licence sales are the softer part, the one and two here, which is more than 80% together, which is the very important part of our business, and of course the recurring revenue is the most precious one. But also number three here is services that are connected to these installations of software, meaning that it's also semi-recurring. So, that is why we have this visibility when you look into '24, '25, '26, that is a stable set of income types, these one, two, and three here. Number four is sometimes a bit hardware and other things, not that much a big part of [inaudible 00:10:44] always be there, based on acquisitions we have done, and there will always be something.

But all in all, this should give you the understanding of the quarter we have passed now, with the high profitability and growth, that this is a stable platform going forward, not only a one-time thing.

And then it's also important to think about why are these systems in production over decades, and what is actually going on here? If you look at the type of partners we have on the customer side, it's big organisations, publicly owned governmental entities. And they have of course not only one system, many of them, many have maybe five or ten systems from us, meaning we are diversified inside different countries, different regions, different hospitals, different departments. So, the summary of that, solid partners and high diversification gives us the stability and predictability.

And then the stickiness here is based on the fact that there's not a good business case for these customers to change these systems, and that's why they be there many times for decades. And that's also why we have our M&A strategy, to acquire similar systems with stable recurring revenue, instead of waiting for tenders, which might take many years, even ten years sometimes.

And also down to the right here, you know that churn is not very much in the last ten years for CSAM, it's always been below 2%, and that should also give you the actual understanding of the stability and the stability for our business going forward.

So, we're happy to see that is displayed very well in the third quarter. And if you look at our history, not going in detail, but to understand our numbers for the third quarter and going forward, we have had, if you look at the three milestones or periods to the left here, we started a small company, we started exporting ten years after, and then we became leading in the period between '15 and '20, and then we IPO'd. And from that point on, we had this in '22 and '23, a decentralisation process, and also with a margin expansion project called Triginta. And obviously the combination of that has not been so easy to display in the numbers, the value creation of this. But we are very happy to now conclude that the third quarter is a new level and a new era for Omda, and that the strong European growth until '25, and also becoming a world leader when it comes to digital healthcare niches in 2030, is still our goal. And I think we have shown in this history that it's possible, and we stick to our ambition, especially now after showing the numbers.

It's also important to explain the value of the decentralised model, because it's not only scalable when it comes to organic growth and the business KPIs and how to run the business. It's also scalable when it comes to further merger and acquisitions. And also a good thing, acquisitions now will be handled in one business area, without disturbing others. That means the scalability here is much better, and it's also not going to disturb the P&L of the others. So that means the KPIs, capital discipline, the integration processes, are a responsibility to those managers in the business, which gives us a transparent and predictable reporting of all of these activities going forward. So, we're quite happy with this decentralised model that is now fully implemented, and the project is over. Also with the margin expansion project is over, we are now back to trimming profitability in these entities. So, we're quite happy with that.

And now if you look at the four phases, it's important to understand the third quarter 2023 in the context of a ten-year perspective. Because what is it really? If you start on the left side and look at the three acquisitions we did prior to our IPO in '18-'19, you saw a dilution of the margin after we've done these acquisitions. And that is a normal cycle for a company like us, with a buy, integrate, and build process. Then you have the second phase, that was when we IPO'd, and then we acquired some bigger acquisitions compared to our size at that point in time. At the same time, we saw that it was cracking a bit with a centralised organisation, and we had to initiate the

decentralised model. And the combination of all of those BIB projects, we had to combine those in a huge project, and start that in the fourth quarter '22, and finalise it in the third quarter, this quarter we are now reporting, in '23.

And the whole point with this graph is obviously to show that these three phases has been a structured approach to get back to an ordinary organic business, performing around 30% plus/minus, depending on obviously acquisitions if we do that, but also from quarter to quarter there will be smaller fluctuations. But we will never deep dive into a new, let's say on the graph here, down below our target margin. We will stay around our current margins going forward, and see that the organic business will grow through acquisitions. Then it's one or two business areas might have a diluted margin in the shorter term, but in total it will not have the same impact.

So going forward, my theory will be that, if you see the first phase with three acquisitions, it will be more like that going forward in '24, '25, '26, and not like you have seen from '22 and '23. So, this is how we think, this is in the ten-years perspective, how are we going to work going forward. And the annual margin improvement now is dedicated to each business area. And I think it's fair to say we are very happy with the business area performance for the third quarter. It's given us a very strong platform. And it's now time, if you're still awake, Mr. Bonnevie, to dive into the numbers.

### **Einar Bonnevie**

I'm still here. Thank you, Sverre. All right. Again, before I proceed with the financials, if you have any questions, just type them in and we will attend to them after I've been through the numbers.

Okay. Numbers schnumbers. Most important ones are the annual recurring revenue. The recurring revenue. I mean, they have been increasing 26 quarters in a row, and this is really the backbone of our business. Obviously a very strong platform for doing M&As, and also for bondholders, this is really your collateral. Approaching 320 million on an annual run rate basis. And again, the counterparties here are public sector-like organisations. Very, very limited churn. We have experienced less than 2% annually over the last years. So, this is really the one to watch.

And not only rock solid counterparties, but it's also very diversified. We have business across seven different business areas, emergency obviously the largest one, and then a close tie with the others, all performing well this quarter. Not only diversification across seven business areas, but also in geography. Sweden being the largest country, that is really our home market, but you see an increase in the rest of the world so that is coming on strong. In total, we have customers in 27 countries across the world, biggest in the Nordics, but still we are increasing outside as well. And if that wasn't enough, very low customer concentration. We say that's more than 500, it's actually more than 600 customer contracts, so very, very diversified base.

All right. The revenue mix. And summing it up very easy, the income is higher, is 15% reported increase from same period last year. And most of this is related to the recurring revenue being higher. It comprises 80% of total sales in the quarter. And the increase in other income relates to the sale of the Finnish business that we reported on.

Okay. Income is higher, and the cost is lower, and this is really what the margin is all about. And if we compare to the fourth quarter of last year when we launched our margin improvement programme Triginta, we see that we are very close to our targets of 5% COGS, 15% other cost, and 50% salary and personnel. So, that is really our target cost distribution, and we are close to that in the third quarter.

The reduction in salary and personnel cost is obviously related to the reduction of FTEs employed. Again, part of the Triginta programme. And this is very comforting to see that we are actually seeing the results of the efforts in the numbers. And higher income and lower costs, that is what yields the margin. And the margin, we see a stark improvement from the same period last year, as we should expect, from 5% to 27%. And that is also 27 million kroner, since we are around 100 million kroner in sales in the quarter, and that represents an annual run rate of 107 million. So, that is also a very different level than we have been reporting on for the last quarters.

And higher income, lower costs, good margin. But did we do any tricks in... Did we use one of the tricks in the books, one of the oldest ones, namely increasing the capex? No, we didn't. The capex actually was unchanged in nominal kroner, and it was lower in percent, representing 8% of sales. So,

if you look at the cash EBITDA, or EBITDAC if you like, you see that that is probably a little stronger underlying margin than what we are reporting on.

Okay. If there's anything that could have been improved, it's the networking capital. We have a target of minus 10% or better. We are a little away from that in this quarter. That is primarily related to the fact that we have dissolved the accruals for the margin improvement programme, holiday payments, et cetera, et cetera. Again, we made accruals for this last year and during this year, and whenever there is a distance between when you show it on the P&L and when it appears in your cache, this will be the result. So, don't look too closely at the networking capital or cashflow, which explains the same thing, for precisely this quarter or the next, because of the disturbance from the accruals. But again, we maintain our target of minus 10% or better on networking capital, and of course we will monitor cash closely going forward.

All right. We are really back to where we started when we IPO'd, and the reason why we started Omda in the first place, namely we want to grow, we want to grow based on the foundation of the structural growth, and the very stable recurring revenues with very limited churn. We want to grow. We want to grow as fast as we can organically. We have guided on 5% to 10% annually. We maintain the guidance, although we do recognise that we have been 11% for the second quarter, and now 11% per annum for the third quarter. So, we have admittedly been a little above that, again in line with how the market is growing globally. So, we'll grow as fast as we can organically, but there is a limit of how fast the market grows, and we want to grow faster than that. We want to be the consolidator in this Pacman game.

And I think based on the results and based on the new level, as Sverre was referring to, we are going to concentrate more on M&A going forward. We are going to maintain the level, we're going to continue to stay profitable, and we are going to grow as fast as we can organically, but I think we will see an increased focus on M&A going forward. And we maintain our 1 billion target. We may not reach it as fast as we hoped for, but rest assured, we will do what it takes to reach there, but profitably.



Okay. Before we jump into the Q&As, and there haven't been many questions so far, so either we have been crystal clear or we are totally confusing, one of the two. But again, please sign up to our newsletter and receive all the juicy news from us, whether it's company news or just financial news, and you will be the first to know.

All right. That's it. Actually Sverre, there are no questions. Let me refresh here to see if there's something with my Mac or whatever it is. No, it isn't. There are actually no questions. So... All right. Let's just leave it there. Let's leave it for one minute. Okay, here one comes, and it's one from Emilie. Just one there. And the question is from... Hi, Emilie. How are the customers responding to the cost reductions? Are you able to continue to deliver according to customer demand, given the headcount reduction? So, Sverre, what is the response to that?

### **Sverre Flatby**

Yeah. I think the answer is yes, we are able to do that. I think the successful rebranding and also the successful decentralisation has made it clear that it's actually easier. We are working closer to the customers with this model, and also have done recently, even just a few days ago, upgraded the important big solutions with our customers. So, we are doing that with the right number of heads compared to our income at this point in time. So, it's fair to say I think this is a healthy combination of the number of heads and our current recurring revenues.

And also I see potential here, because our central cost of a number of people centrally also at the same time gives us the possibility to grow through acquisitions, without increasing the common service and headcount cost in the central part of the company as well. So yes, we are quite happy to say that it's now working better, it's more transparent, and as you saw from the business area reporting there, you also can see a transparent development in each area.

### **Einar Bonnevie**

Okay. Thank you, Sverre. There's another question here from Karl, and again, if you have any questions just type them in, and we will attend to them. From Karl. "Thanks Einar and Sverre." Thank you. Karl. "How do you see the M&A pipeline and valuations?" Another one for you, Sverre. What can you say?

**Sverre Flatby**

Yeah. I can say that we've actually had very high activity in 2023 when it comes to acquisitions and dialogues, although transaction-wise it hasn't been many. That's different reasons for that. But we feel now that the price or the development in the market is in our favour. We see from many of the dialogues we have ongoing that it's going in the right direction. And as I mentioned, the size and the number of these targets that we are following and discussing closely with at this point in time also will represent a nice add-on for us, without having to go very much down in profitability, because that is also an important part of the characteristics of the current pipeline, is that we would like to acquire companies also that has not so much effect on our profitability. And the good thing is also that now we have doubled the size since we IPO'd, meaning that the impact is also smaller when we do M&A. So, we are happy with the pipeline, and we'll see, we will focus more on it going forward, so just follow us and something will happen.

**Einar Bonnevie**

All right. And I guess there was a second part of that question related to valuations. Let me just comment on that. Devaluations and some of the pricing we saw, we have been reluctant also, because we saw the expectations from some of the entrepreneurs and smaller companies was really too high to be justified financially. I guess this is based on the market in 2021, there was an expectation among the private players and the entrepreneurs that was just unjustifiable. I guess that is what Warren Buffett called irrational exuberance. But we see that people are sobering up, valuations are approaching a more sober level, and there are absolute opportunities out there where I think we can bridge the gap somehow. We will find a solution. So, we see more opportunities also on the valuation side.

Okay. There's another question here about the pipeline, Sverre, and I don't know if that pipeline refers to M&A or the organic business, but since we've now commented on M&A, maybe you can comment on the organic business. How do you see 2024 shaping up in terms of pipeline opportunities?

**Sverre Flatby**

Well, as we've had dialogue for many years for many of these targets, I see that we are able to continue many dialogues at the same time. And I think it has been increasing the last couple of quarters. That means that when we

enter '24, I'm sure that we will be able to close some of them. So, I see that there are the types of target with the right size, meaning that big enough but not so big that it impacts too much, and it's a volume of them, and also some of them performing okay, or some of them even very good, and put together that as a package and try to close a handful of those, will give us the ability to get back to where we were when we were able to grow 40% in total annually, which was our original plan. So, I think we will be back on that approach and with that target from '24 and going forward, as I see it now.

And also the number of targets are increasing, they're coming into our database. We see there are a lot of interesting companies outside the Nordics coming in, and we also see that there are many interesting types of specialised software that are there in these specialised hospitals, and also in emergency response organisations. And to put those together with us also increases our value chains. So it's not only a M&A to increase the turnover and profitability, but also the complete strategy for the long-term race here gives us a very, very strong value chain. So, we're very happy at the moment and see '24 as an acquisition year.

### **Einar Bonnevie**

Okay. Now the questions are coming in, so thank you. And one more from Emilie here, Sverre, on the different segments. Can you comment on the growth and profitability by segment? Because there is a variation there. The segments that are experiencing lower growth, how do these look going forward? And on the other hand, how long do you expect LIMS to outperform? So there were several questions in one there, Emilie. But Sverre, there is... I mean, why don't they all perform the same?

### **Sverre Flatby**

Yeah. That's a good question. Obviously we have different states or different life of these different areas, and I think things will happen. If you talk about LIMS as one which has been in focus for a while, it has a huge potential going forward. It has a 40-year history of recurring revenue, and with the same customers. So, we see that it's also decades going forward. So in that sense, whether it jumps up and down for some quarters, in the long run, it doesn't really matter as I see it.

Obviously there are also things, capex for instance, with the LIMS technology shift. And why do we do that technology shift? Well, it is to secure that the

delivery of add-on components, new licences, increased recurring revenue, is done easier, quicker, both for us and for the customers. And these things will not be done in one quarter. So, we still see a huge potential in LIMS, which has been publicly announced with the national contract in Denmark, for instance. So, these things will take time, but it will come back to a 30% margin, and also I would say a higher growth on a high level when it comes to LIMS. And all of the others, I mentioned the two, Medication Management and the Woman & Child, that has been with us for 15 years, that performs very well and have huge potential as well, and perform way above the normal EBITDA of 30%.

And then we have on the other side smaller, complex things like the merger of our Health Analytics area. This is an integration that is not finished yet, because we acquired it in the beginning of the first half-year in '22, meaning it's the first half-year of '24, we should be finished with the Health Analytics integration. And there are some things there with common systems, income types that has to be changed, et cetera, so you'll see some ups and downs in that type of business. And our biggest area, Public Safety, you see now this quarter performing extremely well when it comes to growth, and a very nice EBITDA. There are huge potential there, but also fluctuations when it comes to quarters. That has to do with large customers' deliveries that comes one quarter and maybe another quarter it doesn't come, so there will be fluctuations, but still recurring revenue, very high, and stable, long-term customers. So all in all, to put this together, it is going to be stable in total.

And also for Connected Healthcare and Medical Imaging, they are put together as one entity in the company at the moment. The reason for that is 90% of customers have the same set of products, integration of infrastructure for imaging and also imaging tools on the top, meaning that it's much better synergy to keep that as one department. And we see that they also have some capex technology transition activities going on, because they need to put different products into one platform, and again, that would also take some time. But customers are with us, and we have thousands of users, ten thousands of users for these tools on the top, and those will get a new platform in 2024. But then again, the actual income and the growth and the profitability of such an activity will come later. So we are not worried about it, but that is why it will create fluctuations in total within all these business areas. But then again, fluctuations are not a deep dive that we

had when we had this reorganisation and this big Triginta project in the last year and the first half-year this year. Hopefully that was enough, Emilie.

### **Einar Bonnevie**

According to James Bond, the world is not enough. All right. On the question about the networking capital, from Jonas, did not quite understand the drag on cash flow due to the working capital prepayment. Please explain why this, and when will you collect? Okay. Try to explain that one. Okay. The main reason is, when you do an accrual, like we did last year, we accrued for the expenses related to releasing personnel, and that is the salary and the severance package, it's holiday pay accrued, public duties, employee taxes, et cetera, et cetera. And you see them in the P&L in one quarter, or in one report, and you actually pay out later. That is when the money is leaving a bank. So you have it recorded as debt, and then you pay back the debt, and that working capital deteriorates. So, that is really the thing.

Okay. And another one related to the working capital, I'll take that one while we are here. Which specific actions are we taking to improve the working capital position, and to what extent is the organisation incentivized in this regard? Good questions. Well, the one thing related to the accruals and the different periods when you see it in the P&L and when you see it on a bank account, that is really a thing of the past so that will take care of itself. When it comes to more operational issues like making sure that we have long credit days, long credit from the suppliers, and that we can collect the cash from the customers as quickly as possible, that is really the responsibility of the business area managers, and it's part of their KPIs, and they are measured by it. And again, it can always improve, it can always improve operationally, and we will. So, continuous improvement, never rest.

Okay. So, that was that, but... And Jonas said thanks, and thank you, Jonas. All right. A bit on the bond refinancing. Well, let me take this one about the incentivization, since we measured that, the business area managers, they are measured on this small number of KPIs. And the question here is, how are the incentives for the sector heads or the business area managers? Very short, Sverre.

**Sverre Flatby**

It's very simple. It should just reflect what we have as a consolidated KPI. And the main thing is obviously organic growth, and secondly the profitability, and then capital discipline is also there, taking care of the cash, and also capex. And the fourth and the most important thing when it comes to the faster growth is obviously that they're also responsible for integrating, measuring that new acquisitions be fully integrated as fast as possible. That's the methodology.

**Einar Bonnevie**

Okay. And now we have a few questions. Sorry, that was the wrong question. You'll have me excused. There was one more about the M&A. There should... How do you look at different levels of financing the potential M&A deals? Okay. Financing M&A, there are several ways to do that. In the past we have done... I mean, you can pay cash up front. We have also settled in shares, and you see we have a share buyback programme that allows us to settle wholly or partially in kind. We can also use earnouts, and we can use seller credits. So, we have all the tools in our toolbox. And again, this is very much about using the right tools for the right job.

Okay. And this leads us to... I mean, speaking of financing, now we will comment on this one. And that is, thanks for a good presentation. Thank you, Viktor. Could you give us an update on the process of refinancing of the bond? Yes, we can do that. As you probably saw from the press release this morning, we not only released the numbers and report for the third quarter, we also released news that we have mandated Carnegie and DNB to help us to refinance the current bond. The current bond Omda 01 Pro 500 million outstanding currently, and running the coupon is three-month NIBOR plus 500 basis points. So, that is how that one looks. And we are going to refinance that bond.

And we have a roadshow planned, so starting in a few meetings today, and next week we'll go on the roadshow, and we will meet a number of investors, hopefully a lot of the current investors, they will roll their exposure and be with us for the next leg of the journey, and hopefully also some new ones. We are looking forward to meeting a number of investors the coming week on the roadshow. And once we know how it goes, you'll be the first to know.

Okay. And from Oscar, also related to the bond refinancing. You are looking to refinance the bond. Yes, we are indeed. Is it set that you are aiming for the same

sizes, 500 million? Yes, initially that is what it is. Or are you flexible? Initially it is the 500. What is the margin for the bond today? Three-month NIBOR plus 500 bips. And do you believe you can keep roughly the same margin? Time will tell. I mean, at the end of the day, it's a little give and take, but the current bond is trading actually a little above par, so that gives us an indication. That is about all I can say.

And then from Jonas, again related to the spread, can you elaborate on the bond refinancing process? I think I just did. Will the spread be wider or tighter? Well, that's the \$1,000 question. I can live with a tighter spread, so that's for sure. We'll see how it goes.

Okay. And now again, one more, Sverre, for you, and that is related to M&A, also to margins. Another one from Viktor. Going forward, are you likely to focus on M&A targets with slightly higher EBITDA margins than historically, in order to reduce the temporary dip in margins after acquisitions? So, we have traditionally, Sverre, we have acquired turnaround or turn-better, margins hovering around EBITDA plus/minus zero. So, what do we think going forward?

### **Sverre Flatby**

I think that the reason why we did it the way we did it is that we saw a huge value creation in the fact that we acquired sub-performance companies that had a very valuable recurring revenue, that we knew we can drag back to 30% or more in EBITDA margin. So, we are not really buying companies, we are really not focused most on how they perform. However, yes, I think if you look at our current pipeline, the statistics from that, we see that there are a lot of those that are actually performing much better than the historical acquisitions we've done, at least the last six, seven, I would say. So, that means in general I would think that '24, '25, that the average target will not be sub-performing, rather be performing a little or well. So, that's why I foresee that the '24, '25 and the quarters going forward that we won't see any big dips. It will be more like fluctuations going on when we do acquisitions, rather than these more heavy sub-performing acquisitions we had in 2022.

### **Einar Bonnevie**

Okay. Thank you, Sverre. There are currently two more questions pending. I'll attend to the first one, and that is another one from Karl. Who says thanks. Thank you, Karl, for watching and for raising questions. With regards to the

share buyback programme, it seems that low liquidity limits the amount of buybacks. Do you agree? Well, it's very hard to disagree, so that is what it is. Have you considered buying back shares via larger tenders off-market? Okay, few words on the share buyback programme. We are buying back shares, but again, there are some limitations there. So, we are not totally free to do whatever we would like to. It's the bondholders' agreement, that's one thing. And the other thing is the so-called MAR regulation within EU that limits the amount or percentage of how much of the traded and free liquidity you can buy each day. So, that really limits us, so we are not totally free to operate in the market. So, that is currently how it is.

One last question, which I will address. And while we answer this one, if you have any more questions, we have nine minutes left, you can just type them in while I answer this one. And that is also related to the share price, from Andreas. Do you have any views on the share price? Why so weak? Are you cheap now compared to similar players? How do you compare to many other SaaS or ARR companies, listed and unlisted? Okay. If we're cheap now or not, I guess that depends if you ask the CFO or if you ask me as a shareholder. I'd say the best thing is to do the comparison, do the analysis, compare Omda and our performance to other companies. Look at the cash flow, look at the direction. In which direction are we moving, and how fast are we moving? So, that is I guess what I can say. And as you probably have noted, we are buying back our own shares, so if that's any indication at all.

Again, the share price is what it is. Sverre and I and the rest of the management team, we are working hard on the business, improving the business. And I am personally a firm believer that, at the end of the day, if you run a good business and a sound business, that will be reflected in the share price. Again, as the Oracle from Omaha has said, in the short run, the market is a voting machine. In the long run, it is a weighing machine.

Okay. Enough about this philosophy. One question from Ole here. Thank you, Ole. Are your software developers dedicated to a specific business area, or are you able to use your size to shift between areas to focus on specific projects? And to what extent is the technology similar? More questions in one and six minutes left, so you can elaborate on that one, Sverre.



**Sverre Flatby**

Yes, I think a good question. And first of all, yes, they are connected to a business area, because developing these highly complex systems, for instance, algorithms related to cancer, for instance, you need to understand the software, what it's used for. And when we talk about life and death of patients, obviously the people need to have a specific competency. It's not only coding. So, in that sense, the important key persons are in these business areas.

However, we have also common resources in our consulting company that are able to help us scale when it comes to boosting development project, or even add testers, for instance, to secure that we could move faster in these business areas when necessary. So then they pay for an internal service doing that, so then we have the ability to scale.

And the questions of technology. When you are a serial acquirer as we are, we acquire different technologies, so we have to live with that. And do that become a problem? Not really, because these software types are in production for decades, as we have talked about today, and the technology is really not in the focus here. The focus is the value creation that the customers get from the functionality of the technology. So, we have a long experience with migrating to new technology platforms over time, but that might take five to ten years, we don't need to do any change of platforms that are overnight to satisfy customers.

So, in summary, we have different technologies, but we use the same methodology, meaning that we can certify the same way and make sure that we create software that also look nice in our new, branded Omda way. So, in summary, we both have separate teams but also work together as a company.

**Einar Bonnevie:**

Thank you, Sverre. Okay. Looking here on the Q&A, there seems to be no more questions. No, there aren't. Okay. We hope you have enjoyed this presentation, and thank you for spending this morning together with us. Tune in again on the 1st of March when we will present the results for the fourth quarter of this year. And until we meet again, thanks for watching. Take care. Enjoy your weekend, and stay safe.