

Einar Bonnevie:

Good morning, ladies and gentlemen. And welcome to the presentation of the achievements for Omda in the third quarter of 2024. The report and a copy of the presentation can be downloaded and found on our website omda.com, and of course also on NewsWeb. This presentation will consist of approximately 30-minute presentation and followed by a live Q&A session. You can type in your questions at any time and we will attend to them later. A recording of this webcast will also be made available on our website, and soon after a transcript will follow. And as always, I'm sitting here together with my long-time partner Sverre Flatby. And before we dive into the details and the presentations, Sverre, what is your high level main takeaways from the third quarter?

Sverre Flatby:

Good question. A few very important aspects we should talk about there. One is the fact that specialised solutions, they dominate. And if you look at our quarter now and the quarters before, several so-called one-size-fits all type of solution providers have tried and attempted to out-compete our solutions, but our solutions remain dominant. And I think that is a very important fact going forward, the recurring revenue stays on and grows. And this quarter it continued to grow and it has done so for 30 consecutive quarters. That one thing.

And secondly, also, large customers are expanding their solution portfolio of specialised systems. As demonstrated this quarter, a large region purchases new systems and the systems proven by the fact that we won a tender - a software for oncology tender - in the third quarter. And tender was one for a Region that actually handles three million inhabitants and is a highly mission-critical software. So if you combine those two facts, you see that long-term recurring revenue from 27 countries, diversified business with increased recurring revenue over time, coupled with ongoing deployment of new solutions and current big-customer sites. And those two put together that is actually a trend. So my friends, that trend is probably my main takeaway from the third quarter 2024. And what is your take on the numbers, Einar?

Einar Bonnevie:

My take on the numbers from a high-level perspective are three things really. First and most importantly, decentralisation works. Remember that the report and the P&L and what we see is really the weighted average over the performance in all business areas. And at first glance it looks decent, maybe a bit uninspiring. But dive in and look behind the obvious and we'll see that, except for one business area Emergency, all the other business areas they perform well, or dare I say very well. That's one thing.

Another thing is that the recent initiatives on FTEs, on cost and decentralisation of Emergency yet to show the impact. And this effect will be gradually visible over time. Remember that the closing of the divestment in Cebu was at the very end of the quarter. And then yes, we're seeing the same thing as you have. We still have some work to do on cash and cash management, and especially again in the Emergency business area. But that said, yes we are running thin on cash. But no, we are not running out of cash. Okay. These were my main takeaways, Sverre. So now maybe you could go through the presentation and give us some more insight on the details.

Sverre Flatby:

Sure. And let's start with our fundamentals. As I mentioned, the trend is very good and it's due to the fact that we have been having a strategy and a vision and a mission that is crystal clear on what

we are going to achieve and what we are for our customers for society. And this mission is not going to change. Running a business, we are going to do changes as we go, but this is not going to change. And what we have done over the years is to develop very good business areas. And the common thing with these areas is that they have a long-term relation with our customers, long-term recurring revenues, and they have a critical position among the customers. So, that is why we have these trends going on with the increased recurring revenue over time. And then, when we look at all these, without diving into the specifics, I would like to focus on the third quarter and what has actually happened here.

So if you look at this, and we're going to dive further into this, and Einar will go through numbers more in detail. But just to explain what Einar mentioned about what is performing well and what is not performing well. And as you will see, most of these, I would say actually all, are performing as expected or better except for Emergency. And I think that is a very important conclusion when you dive into the numbers and look at them, because that is also reflecting what are the measures that we have announced previously in the previous quarters? And how are we following those up to secure that the red circle here becomes green? And LIMS is the one that is yellow here and that is why we have over the past quarters explained the roadmap for LIMS, that it will take some time before they get back into a complete green situation.

However, it is as expected, and it follows the plan. So all in all, I would say we are quite happy with the trends and the performance this quarter, and are now going to explain further about Emergency and the actions taken to secure a better performance. Before that, I was talking about our recurring revenues. And I think it is important to understand the value creation of what's going on also in the third quarter. 81% of our sales are being recurring. And as you see we have four in prioritised sequence here, four income types. And the first two are most precious ones and of course recurring revenue the most important. And the combo there, 83% is very good. And as you all know, number three here, the professional services are also some kind of semi-recurring, because it's always something with our customers. So this combination makes it very visible over time. So all in all, I think you have to see that the quality of income is very, very good this quarter.

And don't forget, when I talk about these trends and the increased recurring revenues, independent of oil prices, financial crisis or presidential elections for that matter, our income is coming. We don't lose money, because these customers are there and they are paying their bills. And more than 90% of our recurring revenue stems from very important public or public-owned businesses. And there are diversified, 600 contracts, 27 countries. So there's no binary threats to our recurring revenue streams. And in the bottom here, you see the high stickiness over decades and the low churn is continued. And all of this makes us very happy when we exit the third quarter, see what's going on with the trends in the market. So all in all, a very strong position to be in.

This is just a snapshot from a report. The PDF that was published seven o'clock this morning and just to shortly comment on this, 103 million in sales, this total income this quarter and an EBITDA of 21%. It's decent. It could have been better, but decent. And the simplicity of our numbers is also important to remind everyone about, because if you see the three income types that matters and the three cost types that matters, you'll analyse the business clearly. And as we did the previous quarters, just to look at the income side, the software part is really good, high quality and growing. The professional services is still slightly weaker than we expected and we want it to be. And on the cost side, cost of goods sold is actually developing very well. And also other costs is where we want it to be. So then again the salary and personnel at that cost is too high.

And we explained during our previous quarterly presentations that we have some actions and measures. And I'm going to explain thoroughly what the status of those, and what the outcome will

be. So, we're not going to do anything new. We are just going to follow up what we have announced previously in the previous quarters. So let me go through those we announced the previous quarter and see the status there. First of all, professional services, degree of invoicing and price increases. That is something we've been working on. And as Einar know mentioned initially Emergency is the area where this is actually not performing well. So all in all we can see that the trend is okay. The professional services will get back in the right level on the right level, and the measures taken on the Emergency side will be the rest of the measures are going to explain today.

And first of all, we said in the previous quarter and the first quarter we're going to review the sub-performing BAs. And since we have now concluded it is the one business area, let's also focus on what we're going to do and we are not going to do something new. And, we're going to do what has been our successful approach earlier just to continue what we are doing and make sure that we decentralise this business area. And why should we decentralise this business area? Well, when we IPO'd we were about the same size under in total as this business area. And it's no doubt that the decentralisation of our original IPO situation, the decentralisation has been a success. So we're going to continue that success and make sure that we decentralise this area. So that is one thing we're going to go deeper into that and what it means.

And then we also mentioned inshoring and remote development phase out. And what is that? Well, it is a more modernised approach and also it has to do with customers, what they want as well, that a local approach to development is a better model. So that is one thing. And the good news for the third quarter is that we actually closed the divestment of our Philippine operation, the CSAM Philippines. So that is done and that will also reduce the number of FTEs in the company in the short term, but also more in the next quarters as well. So that is the combo of that. And also the third one I mentioned previously is this collection of activities altogether is the action plan we are following systematically each quarter, to secure that we get where we want to be.

Nothing is going very fast so you won't see it directly in the numbers in the third quarter, but I will explain properly what the actions here mean when it comes to, for instance, cost of salary and personnel. But all in all these activities are the most important takeaways from the third quarter when it comes to margin improvement, from 21% and better. So let me explain this graph for all of you. On the left-hand side you have the number of FTEs and in the bottom here you see our quarter now in a broader perspective. You see here from '22 until '25. And what is the graph showing? Well, the graph is actually showing the number of FTEs each quarter since the first quarter 2022, and until the third quarter this year. And I have deliberately taken these circles, added those in the third quarter in '22, '23, '24 to explain to you the numbers of the third quarter, because if you look at it, you see the trend of the number of FTEs, versus the cost, because in the circle here you see the cost in million Norwegian Kroner for the specific quarter.

And the main reason why this number is higher than it should be is that the end of the quarter a lot of reductions were taken, and not on the average of the quarter. So that is the main reason. And I explained the actions we've taken previously to do this and to put everything into a planned perspective, what did we do in the mid-22? We started the decentralisation and then we had the so-called Project Triginta to secure that we have the trend of reducing the number of FTEs in the company, compared to income. And what we now do is to carry through those actions I presented on the previous slide. And then there are a couple of things that will change completely the number of FTEs in the company in a short term. And that is, one, the divestment, which immediately as you see from the number of FTEs also had an impact in the third quarter in the late third quarter.

But then again, we have a remote sourcing ramp-down project, meaning that we also reduced further the same level once more, during the first half year in 2025. And this is very important to

understand to analyse our numbers. And then I will say as important as the other actions, we mentioned decentralisation of Emergency. What is that? Well, we have identified, when we looked at our budgeting for '25, what are these natural businesses inside the Emergency business area? So there are four business units that will be created based on that decentralisation process. And when we analyse it, we find also there a lot of possibilities to reduce FTEs compared to income. So all in all, and this is not a guiding, but I think it's very important for everyone that looks at our numbers, is this last trend showing on that slide. You see that what is happening now is the combo of the divestment ramp-down and decentralisation will reduce our number of FTEs very much.

And that is actually the most important thing when you see exiting the third quarter, 2024, that will help us make sure that margin improvements are coming. So that means since we have this under control that we will continue using our business model. And many of you that have followed us, you have seen this slide hundreds of times. But I think it's important we are not going to change any of that. We have this strong position in healthcare focus on this trend I mentioned with specialised healthcare, which is a very strong that creates this long-term recurring revenue. And then to focus on the profitable growth there. At the same time we will continue to acquire companies with strong recurring revenue that have the same characteristics that are current business areas. So that's what we're going to do.

And also I would like to say we are not going to change or reduce our ambitions when it comes to growth. You might say we are maybe a bit behind when it comes to the ambitions in time, but we are still going to do exactly the same with the same ambition and we will focus on those four organic growth, profitability, cash, discipline and acquisitions. So we are going to be strong in Europe and also worldwide. And as you see from our numbers, we are getting stronger outside the Nordics. So this is not only an ambition, we are actually showing that we're doing it. So that's why Einar I think it's fair to say we should now dive into the details of the numbers. So, here you are.

Einar Bonnevie:

Okay. Thank you, Sverre. Now comes the fun part. Let's have a look at the numbers, the performance in Q3. I like to remind us all that what we see really again the weighted average performance of all the business areas. All right. 103 million in total income, decent uptick from the same period last year. And the organic growth seems a little slow, 3%, but again it's a combination of all the business areas. 3% in constant currency, around 5% in NOK. That said to keep in mind that the licence and recurring software, recurring revenue, they comprise 83% of total sales. They grew 6%. So the most precious part of income grows a little faster. The margin 21%, right? That was down from last year. But, again it's decent but again we'll see that it's really a combination of the growth and the performance in all the business areas.

COGS gross margin, quarter by quarter we improve a 6.5%, approaching our target of 5%. Down from 7.3 in the same quarter last year. And then salary and personnel, yes, it's still too high. It's down from the second quarter and first quarter partly, mostly because of seasonality, holiday pay in the Nordics. And you see a stark reduction in the number of personnel. But again, the 271 employees, that's the end of the quarter and not the average. And then, other cost is actually where it's supposed to be. We're guided over around 15% and that is where it is. But as we said, decent results, but maybe a bit uninspiring. But again this is the weighted average and statistics is like a bikini, what it reveals is interesting, but what it hides is vital. So let's go into the details.

The performance as you can see is in its entirety impacted by the performance in the Emergency business area, now to be decentralised. Let us go through this and spend a little time on this graph. This is really a graphical representation of the table found in the quarterly report. You see on the

bars there, the light green is the organic growth in that business era of the last four quarters, so trend growth if you like. The dark green is the growth in the third quarter. Then the purple bar is the EBITDA in that business era in the third quarter. And finally the purple line is our EBITDA target of 30%. You see there between the grey area between five and 10% is really where we have guided our organic growth should be.

All right. If you look at this, you see that all business areas except for Emergency, they perform well or very well. Take Connected Imaging, the growth in the third quarter is higher than the trend. Same thing with Health Analytics. The growth in the third quarter higher than the trend. Same thing in LIMS which is growing very fast. Same thing with Medication Management. Last quarter some people were asked us, "The growth was a bit slow in Medication Management, what happened?" They're working on a new contract that's where we just described and we see the results now. I think it was time well spent. And Woman & Child also grows as it should.

So the growth in all business areas except for the one that isn't decentralised is within our guided range, between five and 10%. Then have a look at the profitability measured in EBITDA terms. Connected Imaging is around there. Health Analytics seems to be a little below. But hey, keep in mind there's no Capex in Health Analytics. So if you added a 10% globalised complex, you would actually get 35%. And then we have LIMS. We have said that that is an area it's growing fast, received a tonne of contracts, but the performance it'll take some years. For instance, the Danish contract would take some years until it reaches and comes on plateau. But from then on, it'll perform very well. This is an investment that we are doing in this business area we think is absolutely brilliant.

Then Medication Management won new contracts far outperforming our targets on profitability and the same thing with Woman & Child. Decent growth, absolutely, and decent profitability. And that leaves us with Emergency. And what we are going to do now is to say that, okay, hey, the recipe that we gave to all the other business areas that works so well, we are going to prescribe exactly the same recipe for Emergency, do the exactly the same thing. One more thing, on Health Analytics, we have done two acquisitions within that business area and the last one was completed in the first quarter 2021. Coming back to what we have said about how long does it take. We said it takes two years for our buy, integrate and build model. So we said that, "Okay." Sorry, I said '21, I meant '22. So first quarter, '22, two years after our first quarter, '24, what did we see in the second quarter this year? We saw performance was improving. And now in the third quarter we see that the performance is improving even a little more.

And again we say what we do and we do what we say. Okay. And of course, Emergency, I said that was a culprit and, of course, it has a huge impact on the total results when you see that this represents such a big part of our total business, 43%. We see that the other business areas we are a well-diversified company and also geographically. Interesting to note that 'rest of the world' is approaching 20% of total sales. Speaking of sales, the most important part of revenue is the recurring revenue. And we see that it is steadily increasing, has been so for almost a decade. It's now grew 6% year over year, and annual recurring revenue now represents 334 million. So this is very comfortable and again the counterparties within the public sector and minimal churn.

The revenue mix is a favourable one. We saw that again, software and new licences and recurring revenue represents a large part, 84% of total sales. And also, please note that year to date, if you look at the year-to-date numbers, you'll see that the increase in sales year to date on licences is notable. Notable indeed. And hardware sales, they were a bit low this quarter, nothing special, seasonality. They come and go. We wouldn't be surprised if they pick up in the fourth quarter. Again professional services, they were a bit lower than expected and on par with last year. But again, if we

break it down and see who performs and who do not perform, it's not like nothing has happened. Most business areas they perform on par or above last year, or well above last year.

There's one again, one culprit and that is within Emergency. So it is all linked to that business area. Cost is developing favourably. There's still more to do on PersEx, yes, but of course. We will continue to focus on the gross margin, of course, targeting 5%. We are on track, slowly but surely, we are getting there. When it comes to the number of employees, again the reduction in FTEs, they were implemented at the end of the quarter. This is in entirety explained by the divestment of the Philippines operations. We agreed the terms at the end of June, at the end of the second quarter. We said during the second quarter presentation that we would close the transaction during the second half of this year. Okay. We closed it during the third quarter at the very last day. And then also the 20 people were released from their duties. But that happened on the very last day of the quarter. So obviously it had no impact on numbers.

So the 271 FTEs that we present is the end of the last day of the quarter, it's not the average. So that will have effect from the fourth quarter and onwards. And the same thing with the decentralisation of Emergency. That will take place in the fourth quarter this year. So that will have a full effect from the first quarter next year. That is what you should put into your model. Okay. Other costs? Half of it, office, lease software for internal use, et cetera. It's where it should be. Okay, the EBITDA margin. Yes, it's below target for reasons that I have explained, again it's a weighted average. Most business areas except for Emergency and also LIMS, they are on, at, or above the targets. That said it is a significant improvement compared to the first quarter of this year. And also, please note year-to-date is not only this quarter. Year-to-date EBITDA margin has improved and also the nominal number, the NOK and the cash EBITDA. So year-to-date is also we see an improvement there.

And the current ongoing initiatives both like the divestment of Cebu, the effect that it has had already and then the gradual effect it will have over the next half year will have a positive effect. The same thing with the decentralisation of Emergency and the right sizing or the cost structure there. It will have an effect but it's yet to come. We have started but we are not there. Again during the fourth quarter we will complete the decentralisation of Emergency. You will see the full effect from the first quarter. So that is that.

The Capex. It is just what we have always guided on. Our guidance is around 10%. It was less than 10% during the third quarter last year. It's less than 10% this year. What you may notice that the Capex not related to software, the PP&E was reduced. It's normally around 1%. It was one-tenth of this quarter. We didn't have to invest that much. We are managing it efficiently and we didn't really have to invest. So if you don't have to spend the money, we don't. Okay. The networking capital and cash. Let me spend some time on this. I would say a bit disappointing, we must admit, compared to our targets. So there's absolutely no doubt there's still more to be done in this field. But again, why is it as it is? First, remember there is seasonality in the networking capital and cash numbers, typically, approximately 50% our recurring revenues, they are invoiced and paid up front on annual fees. And right now remember 334, so say 340. So more than 150 to 200 millions are to be invoiced and paid annually up front. All right? That will be invoiced in the fourth quarter.

So this quarter and it'll be paid in at the end of this quarter and early next quarter. So that is the seasonality of the business. That said, our target is to have a networking capital minus 10% or better. It was minus five same time last year is minus five now. A few things that should be adjusted for like the sale of the Philippines operations as a seller credit and also Norwegian tax refund arrangement that usually is paid in the third quarter now paid in the fourth quarter. No drama there, but it represents approximately two percentage points. So in all fairness it should be minus seven versus minus five, but still not good enough. So you should expect to see a stark improvement

in Q4 and especially Q1. And again we are a bit thinner on cash than that we would've liked, but we now, we're fine and we are not running out of cash.

Okay. That's said, again, our target and goals, they remain the same and we will continue to grow organically, precious put hard, and we will try and we will continue to do smart acquisitions like the one we just announced with Predicare. And we will probably continue to work on those small, smart acquisitions that will take us there. Okay. To conclude our priorities, we will continue to focus on organic growth and as you have seen it is very good in all business areas except one. We will continue to improve the margin and we have told you how. And it's about maintaining growth and reducing the salary personnel as simple as that. Cash discipline, yes. Cash conversion, networking, capital, everything that has to do with the account receivable. Everything that has to do with that, it's a focus and top priority area. We will continue to further decentralise, again that the medicine that works so well for all the other business areas. We'll prescribe the same for Emergency and we have full confidence it'll work there too.

And last but not least, we will continue to focus on M&A. If we can do smart moves, smart acquisitions, we will, of course, do them. Okay. Before we go into the Q&A session, remember to subscribe to our newsletter, just scan this code with your mobile phone and you can sign up for the newsletter. Okay. Time to move into Q&A and we have some questions here. We have currently 13 questions. We will attend to them and as we address them you can continue to type in your questions as we speak. One of the first questions here as [inaudible 00:40:40] relates to the performance in the Emergency and that question is can you expand on the slower growth in Emergency? It seems like it was driven by tough competition given the strong growth last year. What drove the strong growth last year in 2023 and what has changed? Did we lose any customers or any churn? Or what happened?

Sverre Flatby:

No. Not at all. Not lost customers. That's not what's going on. It's actually a large implementation project. So much of professional services, for instance, in one of the areas that becomes a separate business area. So we see also inside the Emergency the same that we see when we transparently look at all the different other business areas we have. So, no. There's no trouble there. It is the simplicity of the combo of the continued projects going on, versus the number of heads you have in the company. So when we dived into the decentralisation, we see that there are a couple of things on the income side, efficiency and invoice hours, as we have talked about. And there's a couple of things on the number of FTEs. So the actions I presented a few minutes ago, they will solve this problem, this challenge in Emergency.

Einar Bonnevie:

Okay. There's another question on Emergency. You may have answered it partly already, but the question is, "What is the problem with Emergency and what are you doing to address it?"

Sverre Flatby:

Yeah. I think a more general answer to what is the problem is actually in my head that it isn't decentralised, because it's complex software, it's also a lot of different types of software. And to get synergies between them and to have all these business areas to perform well, the clarity and responsibility is actually more important than people think. So we are now working on appointing the four leaders and will, from the 1st of January solve the problem, by being decentralised. So that

is actually in my head the fundamental challenge that it hasn't been. So all in all we're quite happy with the development there.

Einar Bonnevie:

Okay. Let's continue with Emergency. And there's a question here from John. "What will the effects from reduction in FTEs be on personnel expenses in Q4 and what are expected cost effects from reductions in Emergency?"

Sverre Flatby:

Well, we haven't published these numbers in the quarter, but as I showed you in the graph, when it comes to the number of personnel trends. And you can download the presentation and you will see the trend there, so you can make your own calculations. But, obviously there are a number of people. When we decentralised we see that there are a number of people there as well. So all in all the summary of the ramp down of the remote sourcing process and together with the Emergency process, decentralisation, we see that the summary of that brings us back to where we want to be. And that's the most important thing and you can do your own calculation using that slide.

Einar Bonnevie:

Okay, another one on the FTE side. Let's take a look at that. I believe we touched upon it. It came in before I went through, but, "Did the head count reduction have any impact on opex in Q3?" And, "What was the timing of the reduction in Q3 and when do you expect the additional 30 FTEs being planned for 2025? And can you say something about the timing for this cut?" I combined two of your questions, Emilio. So as we said, the employees, the 30 FTEs that left us in the third quarter, sorry 20, they left us on the last day on the quarter, so we had no impact on Q3 whatsoever. It will have impact on Q4. And the remaining 30 that are still there, what can we say about those?

Sverre Flatby:

What we can say is that each business area that uses ... It's primarily three business areas using these people, they have the plans to secure that we ramp down everything within the first six months of next year. So that is the plan. And before that the decentralisation will add reduction in Emergency.

Einar Bonnevie:

Okay. A question about the income side, a few questions from John here. And one is related to professional services and the question is, "What's the status of professional services? What has been done and what are the effects so far?"

Sverre Flatby:

Well, all the business areas has gone through in detail the effect on how each individual is performing. And the good thing is that every employee in the company, including Einar and myself, we are logging our hours to secure that we have a complete company-wide statistics. And based on that, all the business area managers have done a thorough walkthrough of how this is working. And as Einar mentioned when we went through the slide per business area, I think all of them are performing well and has had the effect entering the third quarter, compared to last year. So all in all, that has went really well, except for Emergency where we see it's relatively slower than it should be.

But then again, to fix that, the decentralisation and the transparency and focus and responsibility will fix that as well.

Einar Bonnevie:

Okay. There are some more questions on FTEs and the Philippines, and also the timing of the effects. And the question is, "What will the effect be from the Philippines divestment be in total? And what the effect will we see in the results in Q4, Q1 and Q2 next year?" So I guess this relates to the timing. When will it kick in? You have touched upon it, but maybe can it be more precise? Or how should we think about this?

Sverre Flatby:

Well again, we haven't published specifically what this part and the other part is doing. But the simple calculation is this, that the summary of the number heads reduced in the fourth quarter, based on Emergency decentralisation is one thing. And the first two quarters next year we will finalise the ramp down of the Philippines. And the summary of that is bringing us back to where we want to be. That is actually the calculation that I've done.

Einar Bonnevie:

Okay. Thank you. Another question on the Philippines. I'm trying to group them here. "How similar are the opex/FTE levels or the Philippines FTEs versus on a group level?" That is a very good question and the thing is, way back in 2008, or actually before, when the Cebu operations was first acquired, the cost difference was substantial. But, over time it's fair to say that, one, the salary increases in the Philippines has been higher than it has been in the Nordic. Inflation has been higher, new pension schemes, et cetera, have been introduced. And also the Norwegian Kroner has weakened very much against the Filipino Peso. So the huge cost advantage is really disappearing. It's still there, but it's not as on the same magnitude it was 10, 15 years ago. It varies a bit, the cost level. So the lowest paid are definitely on the salary base alone, more competitive. The highest paid are approaching Nordic salaries. So that that's where we are. I think I'll leave it at that.

And then there's a question still on salaries and I completely understand, because that's what we have to attack. COGS and other costs, yes, but those are the costs in [inaudible 00:50:36]. We need to focus on FTEs, because that is where the bills are. And, "Can you explain what the difference between personnel expenses in Q3 last year to this year consist of?" So you're probably asking about why the jump? And the reason is, there are several things. One is the annual salary increase that comes. That is one part. One part, there are actually more people. That is another part. And some consultancy, and guess where most of the consultants are? In Emergency. So that is a cocktail of those really. Okay. And then, let's move on to M&A sphere. There are some questions here on M&A and that is about the M&A funnel. "How many targets do you have that are a good fit with your existing business areas? And are you in DD with any? And what are the size of these targets?" I guess we've got to tread carefully here.

Sverre Flatby:

Yeah. I agree. It's, of course, difficult for me to talk about things going on that are not published. But, what I can say in general is that we have, as you've seen, there have been a slow action on the M&A side the last couple of years. Although we started with one that we published now that will be closed in the fourth quarter. But, that doesn't mean that we don't have high activity on the area. So what

we have, we have a lot of discussions, both with smaller targets the size of that with the one we published, and we also have discussions with bigger ones. So we do that and had that for years. And also the one we published, just as an example, we've talked to them for many years, more than five years. So all in all I'm confident that we have a funnel that is good enough to reach the targets that we published when we IPO'd. I know that we are slightly behind when it comes to the year we hoped to be there. But, all in all the funnel is good and we handle it properly, so you just have to wait to see. And we will publish the new projects when they arrive.

Einar Bonnevie:

Okay. We have six minutes left and five questions, so let's try to attend to them. Another question related to M&A and funding of it. "How many newly issued shares will be bought back and how much dilution should be expected in the long run? And what are your competitive advantages when it comes to acquisitions, compared to other serial acquirers?" Let me take the first one and you can take the second one, Sverre. We have bought back shares amounting to approximately 30 million NOKs. And you can see in the table, in the report you'll find an overview of what's bought back. And there's no dilution in buying back shares and using them. There will be a dilution if you issue new shares as a compensation for an acquisition. And the competitive advantage, what are they Sverre?

Sverre Flatby:

Well, if you take an example, like the acquisition we announced a few weeks ago, that is a typical thing where the owners see that the best home for their solution is Omda. And such a triage solution, a highly valuable methodology and software that has been working for 20 years. And then we add that to contracts and processes that we have, then you see the synergy. So that is why we get more out of it and also it's good for their customers and for their employees.

Einar Bonnevie:

Okay. Two more questions here that relates back to the salary, personal expenses, EBITDA margins and the timing. Let's take those. And one is about the seasonality effect on the salaries. The seasonality effect, typically, you see it in the third quarter, it's related to holiday pay arrangements and the accounting for these under GAAP, SGAAP and NGAAP. It amounts to, say, roughly 10 million NOKs if you compare Q2 to Q3, around there. And then one question from Defa, and that relates to the margin. "You say your current ongoing initiatives are expected to take you to your EBITDA margin of 30%. Can you give us a detailed bridge from where we are today to your 30% goal, with what each step will bring and the circa timing of it?" How precise can we be? Maybe we get a chance to go more into the detail later today.

Sverre Flatby:

Yeah. This is at one thing that the graph that I went through today, which is in the presentation you can download ... If you use that to calculate, I think you'll find the answer. I think it's as simple as that. As you see the strong growth on your recurring revenue that will stay there and you see the reduction of FTEs, you will get the answer.

Einar Bonnevie:

But, maybe one way to think about this Sverre is that we said that we have launched the initiative of the de-ramping in Cebu. We have sold and we closed that divestment. Approximately half of them,

they left us at the last day of the third quarter. They're not there in the fourth quarter. The rest will gradually be phased out until the second quarter next year.

Sverre Flatby:

That is correct.

Einar Bonnevie:

And so, that's one way of thinking about it. And also, I think you said that the decentralisation of Emergency will take place and be completed in the fourth quarter.

Sverre Flatby:

It's also correct.

Einar Bonnevie:

So we'll heading into the first quarter next year with a completely decentralised organisation?

Sverre Flatby:

That's correct. And if you put that into your calculation, you will get the answer.

Einar Bonnevie:

Okay. Two more questions. One really relates to M&A, I assume, and that is, "What is the size of the seller's credit?" Right now there is no seller credit, so no off-balance sheet seller credit. In the bond agreement we have a carve-out for up to 100 million NOKs in seller credit. But right now, there is zero. Okay. There's one more question and one-and-a-half minutes, so I think this aligns well. The last question is a little different. "Good morning." Thank you. Good morning to you too. "Would you consider to sell the company if there is an offer at four to five times sales? And what is your agenda for succession and deepening the bench?"

There's really two questions bundled as one. First, when it comes to selling the company, if someone makes a bid for the company, that will be handled according laws and regulations and good corporate governance. So that would be handled by the board and decided by all shareholders. And recommendation would come from the board on any offer. So that is really a board and general assembly question. And the last, "What is your agenda for succession and deepening the bench?" We will not live forever Sverre, even if we ... We can try, but we'll probably die trying. So what about succession?

Sverre Flatby:

Yeah. We're going to stay there forever. I think that's the initial plan. And of course what's going on now is very interesting. We're going to stay there to reach our goals and we'll see what happens.

Einar Bonnevie:

So you're not getting rid of us that easy. We actually enjoy what we're doing and we are on the right track. Okay. There seems to be no more questions and time is up. We hope you have enjoyed this presentation and hopefully you have come to the same conclusion as we have. The glass is not empty, it is half full, and we will promise to keep filling it over the coming quarters. Tune in again late

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February when we will present the results from the fourth and final quarter of this year. And until we meet again, thanks for watching. Enjoy your weekend. Take care and stay safe.