Transcript
Q1 2026 Results Presentation

Sverre Flatby:
Good morning, everyone, and welcome. We will go through the key highlights from the first quarter 2026, and we will also go through the guidance. As you see here in the agenda, it's all connected, the Q1 results, the guidance, the AI aspects that's important to any business today, and we have done some deliveries in the first quarter. Then you have my colleague, Einar, who will go through the financials and of course the status within M&A and also, connected to that, leverage and financing. So, all in all, we have an exciting agenda.

And let me start with the key highlights when it comes to the first quarter. First of all, 119 million NOK is the sales, slightly lower than the first quarter in the previous year. However, as usual, the recurring revenue is growing normally, which is probably the most important thing when it comes to our top line.

And then when it comes to our income composition, it's important to understand the difference between if you compare the first quarter 2025 to the first quarter 2026. As you will see here on the first line on the top there, last year, the first quarter, we had 77% of our income as recurring while, in the first quarter, 82%. So that says something about the income composition. And those two lines that are relevant to look at that makes the difference between the first quarter '25 and '26 would be the professional services and the licencing. And the licence aspects or income is related to customer milestones, so they're always lumpy, so there's no surprises there. And then when it comes to professional services, most of it recurring, some of it related to customer milestones, decided by the customers. And also, we've used a lot of hours in the first quarter to prepare AI, which is a good thing, and I will go through that in detail. Then you understand the top line.

When it comes to the EBITDA, 24 million, 20% EBITDA margin, slightly also below same quarter last year. However, that is not affecting our plans. This is of course the same reason why this is slightly lower as with the income, the top line, and the income composition.

So, having said that, let's go through what does it mean. That that's what matters. What does the first quarter highlights mean? Our guidance, we guided last year for this year, and we said 500 to 525 in the top line. At that point in time, the currency were different than today. Of course, we cannot control how the currency is running through the year. However, we stick to our guiding, and I think this slide give you the overview of what's going on in 2026.

Let me be specific when it comes to our current organic business. We expect still the 500 to 525 to be our top line this year. We expect that the EBITDA will still be in the interval between 28% and 32%. And on top of that, we are an acquiring company. As you all know, this is how Omda has been growing the last 20 years, and we will continue to do that, and especially now in '26 and '27, when the profitability is in place, we will continue to grow through M&A. And the progress and the mature dialogues and projects we are in gives us the comfort that we now also could confirm that we will add business so that we can exit this year. We're closer to 600 rather than 500 in 2026 and into 2027. And similarly, and even more importantly, we have other dialogues going on to give us possibilities for '27.

Most of you have been discussing with us the recent years that the dilution of our EBITDA margin has been a problem. There are two things that is different going forward, and that is the size of Omda compared to those we acquire and also the type of acquisition targets we have at hand. That means we also think that for '27, we will stick to the fact that the current business, including that we acquire in '26, will stay in the interval between 28 and 32%. So that is what's going on in the short term.

Slightly more long term, we have actuals, remember from last year, and then we have a guidance for this year, but of course we will now get back on track and secure continued growth, so follow our plan. My colleague, Einar, will go through some of the status actions on the M&A side and of course the funding side, which is a part of the whole thing to get there. So we're quite happy entering now in the midst of the second quarter and see our guidance are in place and that we have the long-term strategy and actions going forward. What is important to every company in the world... and every company has to do its own unique thing to handle artificial intelligence. I think the first quarter, we have delivered a lot, which is very, very important, and you cannot take it lightly, and especially like a company as Omda is. With a huge responsibility when it comes to life critical systems, when it comes to regulations, certifications, it's not an easy task. However, it is a good thing. AI is a fantastic thing for Omda and for our customers, if it's handled in the right way, and that was really what it was about in the first quarter 2026.

So let me just repeat what I've said before when it comes to our position, when you look at AI as a threat. Of course, it looks like a threat when it comes to how can code and products change, which is a fair thing to estimate that it will. Code will be created. There are millions of different codes in the world, and they will change faster and faster every day because of AI. However, in this situation, it is difficult to think that the code itself is what matters. What matters is the patient and the process around the patient. That means AI increases our productivity, it doesn't reduce our system's relevance. So when we do, like every software company in the world are doing these days, we are of course make completely different approach to development, and we have to do that simply because the toolsets that are available has changed even just a couple of months back.

So what we have been doing is of course, what you see here in those two pictures, is the transition from manual work on many of our processes over to agent-based AI development. And what does that mean? Does it mean that our people are irrelevant and we use agents instead? No, that does not mean that, quite the opposite. The heads, the people, those that really understand the complexity of the processes inside specialised healthcare and emergency, those people that are prompting the correct way and using the agents and designing new agents the correct way, those are the valuable people here. It is not an AI task to get to produce that on its own. That is not going to happen based on the criticality.

So what we've been doing in the first quarter is important. That's why I would like to explain it properly. We have an AI governance framework established in the first quarter, which is probably one of the most important thing to do in these days when things are happening so fast.

So the key achievements, some of those… First of all, we have put it together, this governance framework, group-wide. And why it matters, well, we support them, a scalable AI adoption. Meaning that all our 10 business units, they have tools, they have rules, they have a governance platform, they have everything they can share to do the things the right way. That is very, very important. That is a first quarter delivery. And similarly, there are specifics in our quality management system. And also, when it comes to our certifications that the governance around these rules, GDPR, MDR, IVR, EU Act, et cetera, all of those are important, and that matters much because it gives us the ability to strengthen our compliance position and our readiness when it comes to certifications. This is important to our customers, that's why we have to do it this way. And also, internally, we have established formal bodies that handles this across the company-wide situation we're in, and that also reduces operational regulatory risk important to the business as well.

And then we are a development company and we have development cycles in 10 different business units, and of course to manage that in a standardised way is very, very important. So that enables us not only to do it the right way, but also to innovate by having rules on how to do it the proper way. And that also brings me to, when it comes to innovation, of course there has to be excitement around AI and all the possibilities on the product side, efficiency side, and also on the customer side when it comes to develop software. So we have also launched an AI champion network to make sure that, across all the business units, we could share all the exciting things that goes on. So that reinforces Omda's position when it comes to also developing our mission critical software further.

So I'm really happy to say that this has been one of the most exciting quarters in our history although it doesn't show in the numbers, because many of our people centrally and of course many people in the business units have been doing this rather than, for instance, increasing professional services, which is one of the reasons why professional services is slightly lower in the first quarter than some of you might expect.

I know when you look at these things, that might key takeaways here, the numbers, '24 EBITDA, then the guidance, we are sticking to that, and then the inorganic growth, M&A, and of course that we have done the AI governance framework. Do you think it's important as well?

Einar Bonnevie:

Yeah. Thank you, Sverre. Yeah, I'm going to saying I think... AI is important, but, again, human intelligence I think is still needed, but maybe blend of the two is really what really matters. If I understand it correctly, also it's not like you can have an AI approach or you can postpone it, because it's also part of... you mentioned the EU AI Regulation Act, a tongue twister there. It comes into effect in the 1st of August this year, and so that is comply or die. I mean, it's not like you can choose to be compliant or not. In our line of business, we have to, don't we?

Sverre Flatby:
Exactly, and I think it's a good business position to be in.
It's actually a good thing for us. All the AI hype and the AI threat is really not a hype and it's really not a threat.

Einar Bonnevie:
Not a hype, not a threat, but possibilities.
Okay, let's take a look at the numbers, go through the financials. Before I go through them, please keep in mind that you can, if you have any questions, type them in, and we will attend to them after my presentation.

Okay, let's take a look at the financials. We said in the report that this wasn't an eventful quarter, and you can see that the income is more or less on par with the same quarter last year. What you see is that the recurring revenue keeps growing. Those parts of the business that are more lumpy, licence sales is always lumpy. And also, you see professional services, they are lower this quarter than the same quarter last year.

In the past, we have said that large part of the professional services are also recurring or semi-recurring, if you like. The recurring part is still there. The non-recurring part is near this quarter. And as Sverre said, for two reasons, one is a lot of the people that have been building ours, they've been occupied with AI. We think that will pay enormous dividends in the future because that is... To be really good at AI and to utilise that in not only in an efficient way, but in a secure and safe and compliant way is key to increasing efficiency and lowering CapEx, getting more out of the resources you have, so it's an investment for the future. The other part of the professional services, seasonality, approach a common goal. But you see that we haven't changed our guiding, so take that as a hint.

On the right there, I have a new pie chart for your information. You can see in the report we have the typical where are our customers, where are our people, but this is also in what currencies does the income... The income, it comes in different currencies, and that is not a unique one-to-one related to the countries and where the customers are. You can have customers in one country, and it can be income in a different currency. But what you see is that in Swedish krona and euro and pounds, all those currencies, 80% of the currencies, you see that that is where the Norwegian kroner are appreciated tremendously this year. There's a huge smoothness in currency. And in Norwegian kroner, only 17% of the income is actually in Norwegian kroner. Just keep that in mind that, when there are huge currency fluctuations, it impacts the top line.

What isn't impacted, and this is the old favourite of mine, the recurring software revenues, and this chart goes back to the first quarter 2017. It's nine years, people, and you see they have been increasing steadily each and every quarter amounting to 98 million in the last four quarters. This quarter, 392 millions in the annual run rate, so we're close to 400 million, people. Isn't this a beauty?

Okay. I'd like to just... We presented this. In the last presentation, we presented the four quarter results. I'd just like to restate our targets. Guidance is one thing. Guidance, we guide for the current year, but we have long-term targets. These are our five-year targets. Organic growth of 5 to 10%, and you can see that it was lower this quarter. Don't put too much into statistical outliers, I guess that's what I'm saying. We maintain that target. We absolutely maintain our target of acquired growth, 10 to 20% per annum, and EBITDA of more than 30% over the long haul. CapEx, to reduce the CAPEX from 10% to 5%. The last years, we have been around 10%. You see that, the first quarter this year, we are around the 9%, and we have said that we will try to reduce CaPex by approximately one percentage point per year, so we are en route for that. COGS, from 6% of total revenue down to 5%. You see that it's having an effect in the first quarter as well. We're heading in the right direction.

Salary and personnel expenses, of course, you see it's actually reduced for first quarter last year and from the fourth quarter last year, but still in percentage points higher than where we would like it to be. There's no drama there, so it's more about the income should have been higher than the cost is out of control. Other costs, again, it's slightly higher the OpEx, the other costs, this quarter than we would like it to be. Still below the previous target of 15%, but we're not there at 10%, so a little higher than that. Again, there are seasonalities there, but also some is linked to certification, MDR, EU Act, the ISO 27001, cybersecurity, and the list goes on. So there's been a lot of extra cost related to that we've taken this quarter. And last but absolutely not least, we have a bond loan of 500 million NOK. We have said that... We used to think that the price on that should been lower. We think we should, going forward long term, have an interest rate of closer to 5 than 10%.

Before I continue, on that note, let me take a little dive into M&A. We continue to have, as I said, very high activity on the area. We have more than 400 targets in our database. It's our proprietary database. We do most of the deal sourcing ourselves, if not all of it. We have several dialogues going on. I know that we have been repeating this message for some quarters. That doesn't mean that it's untrue, on the contrary, I'd like to say. But things are announceable when they are. Once the babies are born, you will be invited to take a look.

In short, again, we restate and reiterate our target of 10 to 20% in organic growth per annum. We will continue to value it should it be smaller bolt-ons or large, more transformative deals. We are opportunistic. We can do them both. Sometimes you can do the bolt-ons. The three most recent acquisitions were all bolt-on acquisitions. But that is not to say that we're not working on and interested in the large, more transformative deals, but the terms have to be right. When they are, we will strike. We see that the current market provides opportunities. We think all the uncertainty... Especially also related to AI, it has created uncertainties and opportunities, and more opportunities than challenges from an M&A perspective. And again, we are long-term thinkers. We create value for the long-term. And if we can utilise on the short-term noise to do deals that create long-term value, we will.

Again, speaking of M&A, if I were an outsider taking a look at Omda, I would say that there's value there to do calculation of what is the price and what is the intrinsic value. So we will continue to value share buybacks. As you noted on the last AGM, we were granted the proxy to do share buybacks. As soon as we can, we will value that. At the end of the day, it's all about capital allocation, where should we invest our money. Because we are now moving into territory where we have positive EBITDA, positive cash EBITDA, and maybe also more attractive funding, we see that we are collecting cash although on balance sheet and we can probably do some of the smaller acquisitions with cash from operations or maybe using some other kind of facility. Okay, that was M&A.

Back to funding, and it also relates to M&A because really they are interlinked. You can do acquisitions, but you need to finance acquisitions, especially the larger ones. Leverage, we continue to de-lever. You see here from the fourth quarter '24, we are definitely in high-yield territory. We see the three lines here. The top line is really approximately where high yield is on leverage, that is, on scale from 1 to 7 here on this graph. We put higher there, around five times. And then I've introduced the BB+ when you start to be more bankable. The lower line, the purple line around two times EBITDA leverage where you are moving into investment grade. So you see that we are heading for kind of investment-grade leverage situation in a couple of quarters. So that is where we currently are, and we are heading in the right direction, and this should give us opportunities to evaluate financing alternatives to the current bond loan.

So, again, lower leverage and strong performance, continuous strong performance, that opens up the opportunities. Again, interest rate is the single largest cost or cash item in the P&L. For those who haven't followed us, the bond is callable there in December at 104.3. It's a make whole until then. We're currently trading below 200 bps, and that always signal to us that we should absolutely put refinancing on the agenda, and on the agenda it is. Again, I've showed you the graph, where is the income and what kind of currency do we get our income, the revenue, and we absolutely think that the currency on the bond financing should be linked to where we have the income. I guess that's what you call a natural hedge.

Okay. To sum it up, Q1, it's a profitable quarter and uneventful one. It came and went, but we're still profitable. 2026, the guidance, we reiterate the guidance, so that means that... But again, take into account the FX impact and everything, but still we reiterate the guidance both organically and inorganically, again, so that means we have a high activity on M&A. Over long-term growth ambitions, they are maintained, and we reiterate those as well. And last but not least, we are actively considering and working on refinancing, so don't be surprised if something happens there.

Okay. Now, it's time for Q&A, and let me see if there are any questions. There isn't any questions at the moment, at least not on my screen here, so it doesn't seem like there are any questions. Okay. It just won't pop in right now. There's one question here. Again, if you have any questions, please type them in and we will attend to them. There is a little delay for when you type in your questions to when they appear on my screen, approximately 26 seconds or so, so that's why I will leave it a little time.

Okay. The first question here, and I guess this goes to you, Sverre. It's about the 2026 guiding. It's from Sivert, and it says, "Can you give some more substance to why you keep full year 2026 guiding?" The first quarter was soft, so why do we maintain the guiding?

Sverre Flatby:
Yeah, the point is normally if you look at the order intake in a company like Omda, it will always be things that might have happened even years ago when it was ordered, so projects are going on, and some project might pop in one quarter, and some projects in another quarter. So we are quite comfortable with what's coming and when it comes, although it doesn't come in the first quarter, especially the lumpy part of licences. So that is one thing. And secondly, the same thing happens with milestones with the recurring part of... or the non-recurring part of professional services, because they are linked to milestones as well. And if you look at the milestones, how will we come back to our guidance when the first quarter is soft? The simple answer is we compile all these milestones from 10 different business units into one separate latest forecast, and that stays the same. That is the real answer on how the predictability is still there or we have these lumpiness between quarters. Isn't that right, Mr. Bonnevie?

Einar Bonnevie:
That's right. Here is a question, a question from above is from Jesus. It says, "Could you share with us the constant currency revenue you had in 2026?" Not exactly sure what you asked for there. But if you ask about the impact in the first quarter, we saw that we were starting at the end of the year with euro and Swedish krona closer to 12 or closer to 110, and we're ending the quarter substantially lower, and we're now at 10.7 at the euro and 0.98 on the Swedish krona, but it wasn't the elevator down. It has been walking down the stairs. So the average on the quarter is that dramatic, but it's heading in that direction.

Okay. Another one on finance since I'm at it. Well, we have two questions pending, this is one of them, and it's related to leverage, and I think that's a very Interesting question. The question is, "What is your thinking around the trade off between keeping the leverage around investment grade levels with lower cost versus higher leverage and more investment opportunity?" That is of course a balance, and I guess at the end of the day it comes down to what kind of leverage is that ideal balance. What I can say is that we do not foresee that we are going back to leverage where we were in the past above five times. That will be a stretch. The cost of capital is high, probably too high. So that comes to a point where the cost of capital actually limits the opportunities more than open up for them, because the cost of capital and the discount rate would have to be much higher in order to take on and do the acquisition. That is where that stops from a financial perspective.

On the other hand, if we were to stop acquisitions, we could not only move to investment grade or closer to investment grade, but we are well below that and have less than two times. So we would actually de-lever very quickly if we stopped acquiring and just focus on optimising in the current business. But that would mean that we wouldn't be a collector, we wouldn't be an acquirer, we wouldn't be following the strategy that we have communicated, so that would stop that. So we have to find a balance between insanely fast growth and having a very high leverage and then almost no leverage at all and just have the organic growth.

To sum it up, the reason why we have communicated 10 to 20% inorganic growth is that we see that that is where we probably can strike the balance between a reasonable leverage and an attractive cost of capital, and at the same time having a growth that is well above what we can do organically. That is also to say that if you have an acquisition that represents 10 to 20%, even if they are turnaround or turn-better candidates, which they very often are, they will not impact the EBITDA substantially. You can experience speed bumps and maybe a quarter two where you get a hit on the profitability, but it will not be by a huge magnitude that will move into very high leveraged territory, again smaller speed bumps. That is also why we have this target 10 to 20%. But again, there isn't a textbook where you can just look it up to find the answer to this question. It's all about also to see opportunities out there. But we think this is how we've found a balance.

Okay. This is another question about AI, Sverre, and the AI...
“Are costs related to AI implementation mostly behind us or do you see them as a steady or accelerating?”

Sverre Flatby:
Yeah, that’s a very good question. If you look at the pricing model for many of those companies that delivers the engine behind this, some of those are expensive, some of those are maybe unpredictable in a way. So what we’ve done is to create some rules, as I mentioned, during the first quarter, sand also a set of methodologies and components and solutions that we have control over. That means also we have control over the cost when it comes to how these systems are paid for. So that’s one thing on the other cost side and the software side.

And when it comes to using ours, I think we are now entering... and in the second quarter and forward, we are entering a completely different day-to-day work because now we have in place using the internal approach to create this platform. And then, now, we see that it’s behind us. So I would rather say it will be the opposite going forward, that we will see more efficiency. And also, according to what Einar said, it would also help the CapEx versus sales over time starting this year and gradually be lower over time because of the efficiency behind these tools. So yes, most of that is behind us. That was the short answer to a very good question, and I used even shorter time than you did on the last question because that was a very long answer.

Einar Bonnevie:
That was a very long answer, but it was also a very complex question.
Okay. See how long you must have got to spend on next question, Sverre?

Sverre Flatby:
Yeah, we’ll see.

Einar Bonnevie:
Okay.

Sverre Flatby:
Depending on the question.

Einar Bonnevie:
Yeah, it's a long question. It's divided into two parts.

Sverre Flatby:
Okay. Let's have the first one first then.

Einar Bonnevie:
Yes, the first one first, and it relates to medical imaging, or connected imaging as we call it, "Connected imaging represents approximately 20% of your revenues." That is correct. "Premium assets in this space, like Sectra, Promedicas, Intelerad, trade at very high multiples, about 20 times EBITDA." The question is, "How do your products compare to theirs, and," and this is where it continues, "what is your perspective on the strategic value of this division?"

Sverre Flatby:
Yeah, that's one thing that is important when it comes to our position versus the bigger players in different areas. And for one, a very important thing is that if you compare us in general to, for instance, EPR vendors when it comes to how you deliver the central systems in many of the regions, especially here in the Nordics, they have vendors delivering those standardised systems in the middle. There's also what's happening when it comes to commodities or like MRIs. And then of course everything has to do with hardware as well and software connected to that.

The bigger vendors, there are... in that sense, none of those, in real life, are competitors. Some components might compete, but normally we are the specialised one. So that means, for instance, if you look at an area like cardio, we have mechanisms or functionalities that are deep diving into processes that will be our focus and rather integrate and share things with companies like Sectra, as the one I've mentioned. But of course we have other components in that area, like a stack of XDS storaging and orchestrating and sharing mechanisms for when you share images, and that could be integrated with every vendor, so that is other types.

All in all, strategically, I think our focus will still be to focus on the specialised integratable component as the main priority while we also share integration components and storage components, which partly overlap and partly competes with the bigger vendors.

Einar Bonnevie:
Okay. Thank you, Sverre.
And I'll archive this one...
And then it's a question about... it's about other operating costs. "In Q4, you specifically highlighted costs not related to operational activities. Were these at the similar level in Q1, and should we expect any further non-operational cost in the coming quarters?" That is correct, but it's also a minor, relatively minor... The biggest part of other operational costs, they are software for internal use, it's office lease, it's legal assistance, audits and things like that. And then you have the bumpiness, like, as I mentioned, the certification, MDR, et cetera, and maybe some short-term things related for acquisitions, et cetera, that can be a bit lumpy. But I think it's fair to say it's not an enormous amount, but yes, that can vary in the quarters.

And then, it's in Norwegian, it seems more like an observation. It's just say, "Income measured in constant currency shows that the company has growth in revenues without the effect of currency, if you have a constant currency," and I guess this links to an advice. "This should be calculated and reported. If you don't do this today, is this possible to do going forward?" Thank you for that. Let us take a look at that and see if we can come back to that one.

Okay. Then the last question here is... One more question pending. This is the last one. I'll refresh, but again it will take approximately 20 seconds from when you type in a question till I see it here. Question is, "What is in the other net financial costs, is it mainly FX or something else as well?" Yes, it's mainly FX. You see it in the P&L there, and it varies from line to... from quarter to quarter. And if you have a huge effect on a movement in FX, you see typically a huge movement here as well. Okay, so that was the last question here.

Let me just give it a second or two. Anything more you would like to add, Sverre, before we round it off? Anything we have forgotten to answer? Any questions we should have received that we haven't?

Sverre Flatby:
No, I don't think so. Somebody that might be concerned that it is an uneventful first quarter, if you look at '24, the first half year of '24, the first half year of '25, and the first half year or '26, you will see that the second

half year is always the best. That is one thing. And for those of you that calculate, you will of course see that the second quarter is going to be much better profitability than the first quarter, obviously, given the fact that we have guided. I think it's fair to say that we are quite comfortable when it comes to our guiding. I think that is important to say.

And do you agree, probably? You are the numbers guy.

Einar Bonnevie:
Yes. It's hard to disagree.
Okay. Let me check to see if there are any more questions.
No, we have... It states here we have reached the end.

Okay. Time to round it off then. We'll get back to work here. We are releasing our Q2 numbers on the 27th of August, so you can join in then and see... And if something happens before, we will give you a heads up. So until we speak again, please enjoy summer. Take care and stay safe.