

Quarterly Report Q3-2004



Mamut ASA – Q3 2004

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Highlights

- Operating revenues of MNOK 29.8 in 3Q04, up from MNOK 22.4 in 3Q03, a 33% growth.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of MNOK 1.3 in 3Q04 compared to MNOK -1.0 in 3Q03.
- Mamut has entered into a strategic partnership and OEM agreement with Swedish Wolters Kluwer unit Norstedts Juridik. The initial agreement covers Sweden and Norway with an option to extend the agreement in additional markets.
- Small Business Concierge will be launched in the UK, the Netherlands, Sweden and Norway during October and November, in cooperation with Microsoft.
- Mamut Business Software, version 9 and the low-end Mamut Accounting solution will be launched in all markets during Q4.
- Accredited by the ICAEW and short listed to the Small Business Software Package 2004 in the UK.
- Wortell has signed as the first Mamut Business Partner in the Netherlands
- "Best in test" award winner in PC World Norway with first and second position.

Financials

Mamut ASA increased its operating revenues by 33% to MNOK 29.8 in 3Q04 compared to MNOK 22.4 in 3Q03. Operating profit before depreciation (EBITDA) for 3Q04 was MNOK 1.3, compared with MNOK -1.0 in 3Q03. EBIT for 3Q04 was MNOK 0.2, compared to MNOK -2.1 in 3Q03. Profit before tax for 3Q04 was MNOK 0.3, compared with MNOK -2.0 in 3Q03. All growth in 2004 has been organic.

Cash and cash equivalents were MNOK 46.0 at the end of 3Q04, compared with MNOK 3.4 at 30.09.2003. Equity ratio was 81% and deferred revenues reached MNOK 10.8. Diluted earnings per share (EPS) was NOK 0.00 for 3Q04, compared with NOK -0.04 in 3Q03. EPS per 3Q04 was NOK 0.09, compared with NOK 0.05 per 3Q03.

For the first nine months of 2004 operating revenues amounted to MNOK 102.5, compared with MNOK 83.9 for the same period in 2003, a growth of 22%. EBITDA of MNOK 8.7 per 3Q04, compared to MNOK 6.0 for the same period in 2003. EBIT of MNOK 5.2 per 3Q04, compared to MNOK 2.4 for the same period in 2003

At the end of 3Q04, the Company had 161 employees compared to 138 at the end of 2003 and 136 at the end of 3Q03. The Company expects a moderate organisational growth in 2004 to serve new markets with local expertise.

Mamut software license sales and service agreements amounts to 92% of total revenues in 3Q04 and 93% YTD.

Markets

Mamut experienced organic growth in all markets in 3Q04 as a result of new partner agreements and launch of new products and services.

Operating revenues from Norway reached MNOK 22.7 in 3Q04, up from MNOK 19.3 in 3Q03, a 17% growth with EBITDA margin of 26%, reaching MNOK 6.0. Operating

revenues from Sweden reached MNOK 4.7 in 3Q04, up from MNOK 3.0 in 3Q03, a 58% growth. EBITDA in 3Q04 was MNOK 0.1 in Sweden. Operating revenues from other markets reached MNOK 2.4 in 3Q04, up from MNOK 0.1 in 3Q03. EBITDA in 3Q04 was MNOK -4.7 in other markets.

Small Business Concierge

Mamut continues the launch process of the Small Business Concierge initiative and the Mamut Business Software concept in European markets. The offering will, together with local technology partners, be rolled out in the UK, the Netherlands, Sweden and Norway during October and November. The roll-out will include joint marketing and sales initiatives from both Microsoft and Mamut.

Mamut and well-reputed Swedish market leader Norstedts Juridik have entered into a strategic partnership and OEM agreement. The agreement covers Sweden and Norway with an option to extend the agreement in additional markets. The partnership will combine Norstedts' knowledge in Legal, Accounting and Tax with Mamut's user-friendly and feature rich business software solutions.

Mamut will launch a new version of the award-winning product portfolio Mamut Business Software (MBS) and low-end Accounting solution in all markets during Q4. The new MBS version includes over 800 new features and improvements that will strengthen the company's position in a number of new segments. The version will be the building block of the Small Business Concierge.

Mamut Business Software has been accredited by the Institute of Chartered Accountants in England and Wales (ICAEW). The ICAEW is an independent UK association of chartered accountants with over 125,000 members, and the accreditation is a confirmation that Mamut Business Software fulfils consumer and technical quality criteria in addition to complying with UK legislation and regulations for financial and information systems.

Mamut Business Software is among four short listed candidates for the Small Business Software Package of the Year. The awards will be presented at the Accountancy Age Awards for Excellence on Wednesday 10th November 2004 in London.

Mamut and the Dutch SMB system network integrator Wortell have entered into an agreement in order to leverage on core competencies and the companies' offering to the SMB segment. Wortell has become the first Mamut Business Partner in the Netherlands.

Outlook

Mamut is well positioned for further growth in its existing markets and the company will increase its market activities in the next 12 months. The Company keeps its focus on building strategic partnerships with international companies in order to extend the distribution of Mamut Business Software in Europe.

Oslo, October 6 2004
The Board of Directors
Mamut ASA

PROFIT AND LOSS STATEMENT

(All figures in NOK 1.000)

	Q3 2004	Q3 2003	YTD 04	YTD 03	2003
Operating revenues	29 770	22 370	102 451	83 894	115 811
Cost of goods sold	1 906	1 639	6 722	5 229	7 560
Personnel costs	17 428	13 442	56 658	46 555	64 830
Other operating expenses	9 118	8 254	30 403	26 157	35 183
Total operating expenses	28 452	23 335	93 783	77 941	107 573
EBITDA	1 318	(965)	8 668	5 953	8 237
Depreciation	1 159	1 132	3 431	3 598	4 887
EBIT	159	(2 097)	5 237	2 355	3 351
Net financial items	100	50	370	50	50
Profit before tax	259	(2 047)	5 607	2 405	3 401
Tax	73	(573)	1 570	673	1 066
Net profit	186	(1 474)	4 037	1 732	2 336
<i>EBITDA - margin</i>	<i>4 %</i>	<i>-4 %</i>	<i>8 %</i>	<i>7 %</i>	<i>7 %</i>
<i>EBIT - margin</i>	<i>1 %</i>	<i>-9 %</i>	<i>5 %</i>	<i>3 %</i>	<i>3 %</i>

REVENUES BREAKDOWN

	Q3 2004	Q3 2003	YTD 04	YTD 03	2003
Software Licenses	14 850	11 897	49 263	42 136	60 349
Software Service Agreements	12 485	8 463	46 501	35 814	46 019
Other Products & Services	2 435	2 010	6 687	5 944	9 443
Total	29 770	22 370	102 451	83 894	115 811

GEOGRAPHICAL DISTRIBUTION

	Q3 2004	Q3 2003	YTD 04	YTD 03	2003
NORWAY					
Operating revenues	22 705	19 349	84 487	74 682	101 549
Operating expenses	16 729	14 973	58 522	51 879	72 553
EBITDA	5 976	4 376	25 965	22 803	28 996
Depreciation	1 094	1 070	3 240	3 413	4 639
EBIT	4 882	3 306	22 725	19 390	24 357
SWEDEN					
Operating revenues	4 675	2 956	12 495	8 952	13 895
Operating expenses	4 624	4 173	15 332	14 068	17 924
EBITDA	51	(1 217)	(2 837)	(5 116)	(4 029)
Depreciation	65	62	191	185	248
EBIT	(14)	(1 279)	(3 028)	(5 301)	(4 277)
OTHER MARKETS					
Operating revenues	2 390	65	5 469	260	367
Operating expenses	7 099	4 189	19 929	11 994	17 096
EBITDA	(4 709)	(4 124)	(14 460)	(11 734)	(16 729)
Depreciation	-	-	-	-	-
EBIT	(4 709)	(4 124)	(14 460)	(11 734)	(16 729)

KEY FIGURES

	Q3 2004	Q3 2003	YTD 04	YTD 03	2003
Operating revenues	29 770	22 370	102 451	83 894	115 811
EBITDA	1 318	(965)	8 668	5 953	8 237
EBIT	159	(2 097)	5 237	2 355	3 351
Cash flow from operations	(4 323)	(5 886)	595	(570)	5 154
Total assets	143 552	97 407	143 552	97 407	107 239
Total equity	116 551	71 884	116 551	71 884	73 068
Equity ratio	81 %	74 %	81 %	74 %	68 %
EPS (NOK)	0,00	(0,04)	0,10	0,05	0,07
EPS diluted (NOK)	0,00	(0,04)	0,09	0,05	0,06
Outstanding shares	41 848 000	33 143 250	41 848 000	33 143 250	33 510 000
No. of employees	161	136	161	136	138

Note: The quarterly financial statement is based on the same principles as the annual accounts.
All accounts are made in accordance with NRS 11.

BALANCE SHEET*(All figures in NOK 1.000)*

	30.09 2004	30.09 2003	31.12 2003
Assets			
Fixed assets			
Trade marks	1 553	1 602	1 595
Goodwill	15 902	17 373	16 926
Deferred tax assets	34 382	35 945	35 851
Total intangible assets	51 837	54 920	54 373
Total tangible fixed assets	4 988	4 928	4 595
Total financial fixed assets	3 485	3 454	3 526
Total fixed assets	60 310	63 302	62 494
Current assets			
Inventory	1 436	1 155	1 156
Accounts receivable	33 734	26 377	31 237
Other short-term receivables	949	228	790
Bank deposits, cash, etc.	47 123	6 377	11 563
Total current assets	83 242	34 137	44 745
Total assets	143 552	97 439	107 239
Equity and liabilities			
Total equity	116 551	71 884	73 068
Current liabilities			
Bank overdraft	1 140	2 992	2 702
Accounts payable	4 201	4 135	4 607
Tax payable	188	-	250
Public duties payable	8 522	6 330	12 935
Other short-term liabilities	2 179	3 946	4 058
Deferred revenue	10 771	8 153	9 619
Total current liabilities	27 001	25 556	34 171
Total equity and liabilities	143 552	97 439	107 239

CASH FLOW STATEMENT

	Q3 2004	Q3 2003	YTD 04	YTD 03	2003
Profit before tax	259	(2 047)	5 607	2 405	3 401
Taxes paid	-	-	40	-	48
Write-down of fixed assets	-	-	-	-	65
Depreciation	1 159	1 132	3 431	3 598	4 887
Changes in inventory, AR and AP	(6 956)	(5 016)	(3 183)	(2 307)	(6 696)
Calculated wages employee options	-	-	-	-	162
Changes in other balance sheet items	1 215	45	(5 299)	(4 266)	3 287
Cash flow from operations	(4 323)	(5 886)	595	(570)	5 154
Net cash flow from investments	(1 063)	(454)	(2 835)	(1 568)	(1 978)
Cash flow from financing activities	(1 679)	98	39 831	(906)	(501)
Translation differences	(129)	71	(469)	172	(71)
Net cash flow	(7 194)	(6 168)	37 122	(2 871)	2 605
Cash and cash equivalents (beginning)	53 177	9 553	8 861	6 256	6 256
Cash and cash equivalents (end)	45 983	3 385	45 983	3 385	8 861

MOVEMENT IN EQUITY

	YTD 04	YTD 03	2003
Equity at 1st of January	73 068	69 966	69 966
Share issue	42 789	-	1 467
Calculated wages employee options	-	-	162
Sale/Purchase of own shares/exercised emp. options	(2 958)	(300)	(1 228)
Translation differences	(385)	485	366
Net profit/loss for the year	4 037	1 732	2 336
Equity end of period	116 551	71 884	73 068



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