

## Quarterly Report Q3-2005



**Mamut ASA**

# Mamut ASA – Q3 2005

Mamut ASA increased its operating revenues by 23% to MNOK 36.5 in 3Q05 compared to MNOK 29.8 in 3Q04. Operating profit (EBIT) for 3Q05 was MNOK -2.4, compared to MNOK 0.9 for 3Q04 due to launch in new markets. Mamut continues its growth with introduction in the Danish market and prepares for launch of Mamut Business Software in Ireland during Q4.

## Highlights

- Operating revenues of MNOK 36.5 in 3Q05, up from MNOK 29.8 in 3Q04, a 23% growth
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of MNOK 0.6 in 3Q05 compared to MNOK 2.4 in 3Q04
- Over 30% of revenues are from international operations
- Continued growth in all markets, over 1,900 new customers added in Q3
- Launched Mamut Business Software in Denmark
- Prepared for launch of Mamut Business Software in Ireland during 2005
- Introduced Mamut Business Software, version 10 in all markets
- Continued roll out of Mamut Open Services and Mamut Online Backup in all markets
- Accredited by the ICAEW (UK), short listed to the “Small Business Software Package of the Year 2005” (UK) and “Best in test” award winner in PC World (NO)
- Exceeded 100,000 users in Europe
- Equity issue of MNOK 58.4. The equity issue was four times oversubscribed

## Financials

Mamut ASA increased its operating revenues by 23% to MNOK 36.5 in 3Q05 compared to MNOK 29.8 in 3Q04. Operating profit before depreciation (EBITDA) for 3Q05 was MNOK 0.6, compared to MNOK 2.4 in 3Q04. EBIT for 3Q05 was MNOK -2.4, compared to MNOK 0.9 in 3Q04. Profit before tax for 3Q05 was MNOK -2.3, compared to MNOK 1.1 in 3Q04.

Cash and cash equivalents were MNOK 84.7 at the end of 3Q05, compared with MNOK 46.1 at 3Q04. In September, the company issued 4,000,000 shares to institutional and private investors at NOK 14.60. At the end of 3Q05 Equity ratio was 84% and deferred revenues reached MNOK 12.5. Diluted earnings per share (EPS) were NOK -0.03 for 3Q05, compared with NOK 0.02 in 3Q04.

For the first nine months of 2005 operating revenues amounted to MNOK 128.4, compared with MNOK 102.5 for the same period in 2004, a growth of 25%. EBITDA of MNOK 11.6 per 3Q05, compared to MNOK 10.7 for the same period in 2004. EBIT of MNOK 3.8 per 3Q05, compared to MNOK 6.9 for the same period in 2004.

Mamut software licence sales and service agreements amounts to 94% of total revenues in 3Q05 and 94% per 3Q05.

At the end of 3Q05, the Company had 198 employees compared to 161 at the end of 3Q04 and 189 at the end of 2Q05.

## Markets

Operating revenues from Norway reached MNOK 25.4 in 3Q05, up from MNOK 22.7 in 3Q04, a 12% growth with EBIT margin of 24%, reaching MNOK 6.0.

Operating revenues from Sweden reached MNOK 5.6 in 3Q05, up from MNOK 4.6 in 3Q04, a 20% growth. EBITDA in 3Q05 was MNOK 0.5 in Sweden.

Operating revenues from the Netherlands and the UK reached MNOK 5.4 in 3Q05, up from MNOK 2.4 in 3Q04. EBITDA in 3Q05 was MNOK -2.9 in NL and UK.

Total operating expenses in other markets, including Denmark, Ireland and Mamut Open Services, were MNOK 4.3 in 3Q05, compared with MNOK 0.3 in 3Q04.

Mamut added over 1,900 customers in 3Q05 exceeding more than 50,000 customers in total.

## Business Update

Mamut launched in Denmark in 3Q05 and will launch its products and services in the Republic of Ireland during 4Q05. Mamut Business Software is based on a single source code in all markets, which ensures that all users will benefit from new functionality and enhancements.

The new version of Mamut Business Software (version 10) has been introduced in all markets during 3Q05.

Mamut continues to develop Mamut Open Services and will introduce new solutions in all markets during 4Q05.

Mamut has been nominated as finalist in Accountancy Age's Small Business Software Package of the Year Award, an award the company won in 2004. Winners are announced November 9<sup>th</sup>.

The company continues preparations for launch of additional products and services and initiatives with local technology partners in all markets.

## Outlook

Mamut is well positioned for further growth and several new products and services will be launched during the next 12 months. The Company is working actively to build and develop strategic partnerships with international partners in order to extend its distribution of Mamut Business Software in new and existing markets.

Oslo, October 6 2005  
The Board of Directors  
Mamut ASA

## PROFIT AND LOSS STATEMENT

(All figures in NOK 1.000)

	IFRS Q3 2005	IFRS Q3 2004		IFRS YTD 2005	IFRS YTD 2004		IFRS 2004	N GAAP Q3 2004
<b>Operating revenues</b>	<b>36 520</b>	<b>29 770</b>	<b>23 %</b>	<b>128 352</b>	<b>102 451</b>	<b>25 %</b>	<b>144 225</b>	<b>29 770</b>
Cost of goods sold	2 089	1 906	10 %	7 378	6 722	10 %	9 634	1 906
Personnel costs	20 575	16 706	23 %	68 617	54 347	26 %	77 502	17 428
Other operating expenses	13 253	8 734	52 %	40 806	30 640	33 %	42 962	9 118
<b>Total operating expenses</b>	<b>35 917</b>	<b>27 345</b>	<b>31 %</b>	<b>116 801</b>	<b>91 709</b>	<b>27 %</b>	<b>130 098</b>	<b>28 452</b>
<b>EBITDA</b>	<b>603</b>	<b>2 425</b>		<b>11 551</b>	<b>10 742</b>		<b>14 127</b>	<b>1 318</b>
Ordinary depreciation	2 988	1 468		7 755	3 784		5 537	859
Goodwill dep./writedown	-	-		-	-		2 263	300
<b>EBIT</b>	<b>(2 385)</b>	<b>956</b>		<b>3 796</b>	<b>6 958</b>		<b>6 327</b>	<b>159</b>
Net financial items	115	100		597	370		70	100
<b>Profit before tax</b>	<b>(2 270)</b>	<b>1 056</b>		<b>4 392</b>	<b>7 327</b>		<b>6 397</b>	<b>259</b>
Tax	(704)	338		1 162	2 794		2 901	73
<b>Net profit</b>	<b>(1 566)</b>	<b>718</b>		<b>3 231</b>	<b>4 533</b>		<b>3 495</b>	<b>186</b>
<i>EBITDA - margin</i>	<i>2 %</i>	<i>8 %</i>		<i>9 %</i>	<i>10 %</i>		<i>10 %</i>	<i>4 %</i>
<i>EBIT - margin</i>	<i>-7 %</i>	<i>3 %</i>		<i>3 %</i>	<i>7 %</i>		<i>4 %</i>	<i>1 %</i>
EPS (NOK)	(0,03)	0,02		0,07	0,11		0,08	0,00
EPS diluted (NOK)	(0,03)	0,02		0,06	0,10		0,08	0,00
Outstanding shares (mill.)	47,06	41,85		47,06	41,85		42,12	41,85
<b>No. of employees</b>	<b>198</b>	<b>161</b>		<b>198</b>	<b>161</b>		<b>169</b>	<b>161</b>

## REVENUES DISTRIBUTION

	IFRS Q3 2005	IFRS Q3 2004		IFRS YTD 2005	IFRS YTD 2004		IFRS 2004	N GAAP Q3 2004
<b>Norway / HQ</b>	<b>25 381</b>	<b>22 705</b>	<b>12 %</b>	<b>97 728</b>	<b>84 487</b>	<b>16 %</b>	<b>115 529</b>	<b>22 705</b>
Operating revenues	25 381	22 705	12 %	97 728	84 487	16 %	115 529	22 705
Operating expenses	18 119	16 292	11 %	67 659	57 621	17 %	81 499	16 729
<b>EBITDA</b>	<b>7 262</b>	<b>6 413</b>	<b>13 %</b>	<b>30 069</b>	<b>26 866</b>	<b>12 %</b>	<b>34 030</b>	<b>5 976</b>
Depreciation	1 227	1 099	12 %	3 599	2 967	21 %	4 213	1 094
<b>EBIT</b>	<b>6 035</b>	<b>5 314</b>	<b>14 %</b>	<b>26 469</b>	<b>23 899</b>	<b>11 %</b>	<b>29 817</b>	<b>4 882</b>
<b>Sweden</b>	<b>5 598</b>	<b>4 675</b>	<b>20 %</b>	<b>15 290</b>	<b>12 495</b>	<b>22 %</b>	<b>18 640</b>	<b>4 675</b>
Operating revenues	5 598	4 675	20 %	15 290	12 495	22 %	18 640	4 675
Operating expenses	5 074	4 107	24 %	14 020	14 345	-2 %	19 370	4 624
<b>EBITDA</b>	<b>524</b>	<b>568</b>		<b>1 270</b>	<b>(1 850)</b>		<b>(730)</b>	<b>51</b>
Depreciation	413	185		993	440		2 946	65
<b>EBIT</b>	<b>111</b>	<b>383</b>		<b>277</b>	<b>(2 290)</b>		<b>(3 677)</b>	<b>(14)</b>
<b>NL / UK</b>	<b>5 439</b>	<b>2 390</b>	<b>128 %</b>	<b>15 232</b>	<b>5 469</b>	<b>179 %</b>	<b>10 056</b>	<b>2 390</b>
Operating revenues	5 439	2 390	128 %	15 232	5 469	179 %	10 056	2 390
Operating expenses	8 437	6 648	27 %	25 279	18 776	35 %	26 337	6 801
<b>EBITDA</b>	<b>(2 998)</b>	<b>(4 258)</b>		<b>(10 047)</b>	<b>(13 307)</b>		<b>(16 281)</b>	<b>(4 411)</b>
Depreciation	802	122		1 990	251		427	-
<b>EBIT</b>	<b>(3 800)</b>	<b>(4 380)</b>		<b>(12 037)</b>	<b>(13 558)</b>		<b>(16 708)</b>	<b>(4 411)</b>
<b>DK / IE / Other Markets / Open Services</b>	<b>102</b>	<b>-</b>		<b>102</b>	<b>-</b>		<b>-</b>	<b>-</b>
Operating revenues	102	-		102	-		-	-
Operating expenses	4 287	298		9 843	967		2 891	298
<b>EBITDA</b>	<b>(4 185)</b>	<b>(298)</b>		<b>(9 741)</b>	<b>(967)</b>		<b>(2 891)</b>	<b>(298)</b>
Depreciation	546	61		1 172	125		214	-
<b>EBIT</b>	<b>(4 731)</b>	<b>(359)</b>		<b>(10 913)</b>	<b>(1 092)</b>		<b>(3 105)</b>	<b>(298)</b>
<b>Revenues Source</b>	<b>19 044</b>	<b>14 850</b>	<b>28 %</b>	<b>64 289</b>	<b>49 263</b>	<b>31 %</b>	<b>72 213</b>	<b>14 850</b>
Software Licenses	19 044	14 850	28 %	64 289	49 263	31 %	72 213	14 850
Software Service Agreements	15 278	12 485	22 %	56 799	46 501	22 %	61 361	12 485
Other Products & Services	2 198	2 435	-10 %	7 265	6 687	9 %	10 651	2 435
<b>Total</b>	<b>36 520</b>	<b>29 770</b>	<b>23 %</b>	<b>128 352</b>	<b>102 451</b>	<b>25 %</b>	<b>144 225</b>	<b>29 770</b>

**BALANCE SHEET***(All figures in NOK 1.000)*

	IFRS 30.09.05	IFRS 30.09.04	IFRS 31.12.04	IFRS 01.01.04	N GAAP 30.09.04
<b>Assets</b>					
<b>Fixed assets</b>					
Trademarks	-	-	-	-	1 553
Other intangible assets	19 654	6 057	8 459	-	-
Goodwill	14 711	17 078	14 711	17 078	15 902
Deferred tax assets	36 317	33 223	37 478	36 357	34 382
<b>Total intangible assets</b>	<b>70 681</b>	<b>56 358</b>	<b>60 648</b>	<b>53 435</b>	<b>51 837</b>
<b>Total tangible fixed assets</b>	<b>11 901</b>	<b>4 988</b>	<b>5 233</b>	<b>4 595</b>	<b>4 988</b>
<b>Total financial fixed assets</b>	<b>2 705</b>	<b>2 612</b>	<b>2 701</b>	<b>2 653</b>	<b>3 485</b>
<b>Total fixed assets</b>	<b>85 288</b>	<b>63 958</b>	<b>68 583</b>	<b>60 683</b>	<b>60 310</b>
<b>Current assets</b>					
Inventory	1 651	1 436	1 651	1 156	1 436
Accounts receivable	42 975	33 734	41 553	31 237	33 734
Other short-term receivables	1 592	949	4 368	790	949
Bank deposits, cash, etc.	85 608	47 223	43 976	11 663	47 123
<b>Total current assets</b>	<b>131 825</b>	<b>83 342</b>	<b>91 548</b>	<b>44 846</b>	<b>83 242</b>
<b>Total assets</b>	<b>217 113</b>	<b>147 300</b>	<b>160 132</b>	<b>105 529</b>	<b>143 552</b>
<b>Equity and liabilities</b>					
<b>Total equity</b>	<b>181 339</b>	<b>119 704</b>	<b>118 985</b>	<b>71 256</b>	<b>116 551</b>
Deferred tax liability	125	102	125	102	-
<b>Current liabilities</b>					
Bank overdraft	897	1 140	529	2 702	1 140
Accounts payable	5 955	4 201	7 526	4 607	4 201
Tax payable	99	188	340	250	188
Public duties payable	14 508	8 522	17 122	12 935	8 522
Other short-term liabilities	1 671	2 672	3 474	4 058	2 179
Deferred revenue	12 519	10 771	12 029	9 619	10 771
<b>Total current liabilities</b>	<b>35 649</b>	<b>27 494</b>	<b>41 021</b>	<b>34 171</b>	<b>27 001</b>
<b>Total equity and liabilities</b>	<b>217 113</b>	<b>147 300</b>	<b>160 132</b>	<b>105 529</b>	<b>143 552</b>

**CASH FLOW STATEMENT**

	Q3 2005	Q3 2004	YTD 2005	YTD 2004
<b>Profit before tax</b>	<b>(2 270)</b>	<b>1 056</b>	<b>4 392</b>	<b>7 327</b>
Taxes paid	-	-	312	40
Depreciation	2 988	1 468	7 755	3 784
Changes in inventory, AR and AP	(7 399)	(6 956)	(2 993)	(3 183)
Calculated wages employee options	195	569	2 295	2 187
Changes in other balance sheet items	4 884	1 398	(1 151)	(2 900)
<b>Cash flow from operations</b>	<b>(1 602)</b>	<b>(2 464)</b>	<b>10 611</b>	<b>7 255</b>
Investments in tangible fixed assets	(2 578)	(1 063)	(10 185)	(2 835)
Investments in intangible fixed assets	(2 660)	(2 225)	(8 475)	(7 311)
Acquisition of technology	-	-	(6 840)	-
<b>Net cash flow from investments</b>	<b>(5 238)</b>	<b>(3 288)</b>	<b>(25 500)</b>	<b>(10 146)</b>
<b>Cash flow from financing activities</b>	<b>50 924</b>	<b>(1 679)</b>	<b>56 496</b>	<b>39 831</b>
Translation differences	(258)	237	(342)	181
<b>Net cash flow</b>	<b>43 826</b>	<b>(7 194)</b>	<b>41 265</b>	<b>37 121</b>
Cash and cash equivalents (beginning)	40 885	53 277	43 447	8 961
<b>Cash and cash equivalents (end)</b>	<b>84 711</b>	<b>46 083</b>	<b>84 711</b>	<b>46 083</b>

**MOVEMENT IN EQUITY**

	YTD 2005	YTD 2004
<b>Equity at 1st of January</b>	<b>118 985</b>	<b>71 256</b>
Share issue	62 996	42 789
Calculated wages employee options	2 245	2 187
Sale/Purc. own shares/exercised emp. options	(6 545)	(1 446)
Translation differences	427	385
Net profit/loss for the year	3 231	4 533
<b>Equity end of period</b>	<b>181 339</b>	<b>119 704</b>



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