Interim Financial Report SuperOffice Group

(Group consists of SuperOffice Group AS and all subsidiaries)

Q4 and full year 2022

(Unaudited figures)

February 27th, 2023

Update from Gisle Jentoft, CEO of SuperOffice

Q4/2022 – A quarter with growth in ARR, cloud revenues and improved profit margin

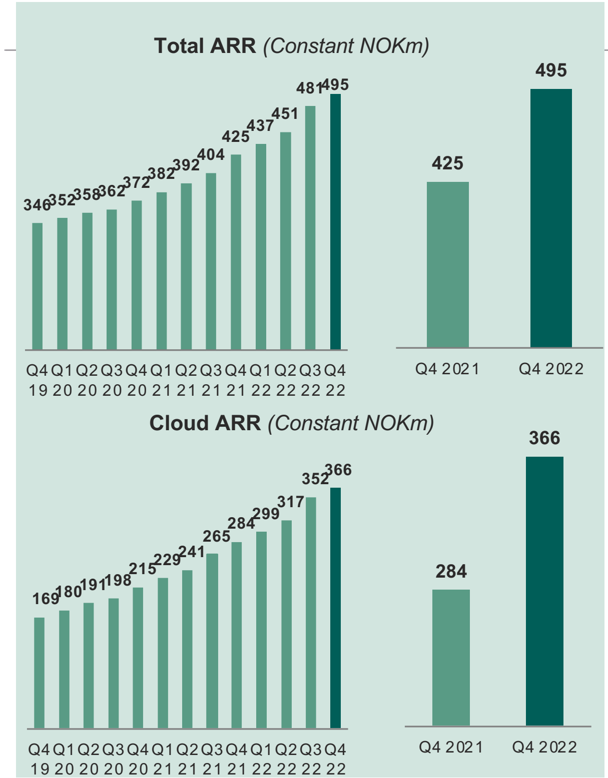
Gisle Jentoft
CEO, SuperOffice

- SuperOffice delivered a year with solid growth in sales, ARR, revenues and profit in 2022. At year end, ARR amounted to NOKm 495 in constant currency or NOKm 533 in current exchange rates. Growth in constant currency equals 17% for the year. The strong ARR growth provides a solid basis for revenues into 2023, with recurring revenues representing more than 85% of total revenues. We have made significant progress on our journey towards becoming a SaaS only CRM provider and for 2022 our cloud based revenues ended at a growth of 29%. Total revenues increased by 11% for the year and ended at NOK m 558 (504). Adjusted EBITDA landed at NOKm 104 versus NOKm 83 last year. The profit for the year reflects the revenue growth and a balanced focus with respect to operational investments aimed at further growth.
- For Q4 isolated our cloud-based revenues were up by 30%. Total revenues ended at NOKm 148 (130), up 13% versus Q4 2021. Sales results in Q4 isolated were somewhat lower than the same period last year, which led to a slightly lower ARR growth in the quarter (3% vs 5% in Q4 2021). Deals were not lost but decision-making processes are taking somewhat longer. The Q4/22 EBITDA (adjusted) landed at NOKm 23 (EBITDA margin of 23,3%) vs NOKm 7 (5%) for Q4 2021, equal to a growth of 350%.
- Investments have continued during the quarter, with focus on strengthening our R&D team, demand generation activities and the go to market organization. Go to market investments will now be focused on our key markets Scandinavia, Germany and the Netherlands. The adjusted EBITDA for Q4 2022 includes restructuring costs amounting to NOKm 15 related to streamlining of our go to market teams.
- The relatively newly established R&D team in Vilnius functions well and further expansions into 2023 are planned. Since 2020, we have implemented our acceleration strategy and we are performing in line with the plan. In order to secure a long-term growth trajectory for our business, we have now evaluated our strategic initiatives and investments moving forward, in combination with evaluating how we invest in and streamline our organization to be optimally designed for the future. The goals are clear: we will be a preferred CRM choice for our target markets and customers and continue to be an attractive and sustainable company for our customers, partners, employees and owners.
- The long-term strategy for the group is still primarily based on organic growth, but we will continue to consider targeted acquisitions which fit in as a natural extension of our offering, team and focus geographies.
- The current situation and economic climate in Europe will clearly influence the level of investments made by businesses, but it is challenging to predict the extent to which SuperOffice will be affected. However, the general international unrest and growing inflation rates do impact our business through its influence on the NOK exchange, as close to 65% of SuperOffice´s revenues are generated in foreign currencies.
- From a financial point of view, our business is solid. The market for cloud CRM applications continues to be strong, especially in the medium-sized B2B market where we are active. With the uncertainties related to the current economic climate, we still expect to continue to deliver improved growth in revenues and profit in the coming 12 months.

SuperOffice.


I
II
Q4/22 Trading update
Interim Financial Statements
SuperOffice

ARR in SuperOffice



ARR development*

Q4 2022:

- The total ARR increased by NOKm 14 (3%) in Q4 2022 versus a growth of NOKm 21 (5%) in Q4 2021. See ARR development by installation type below.
- Cloud subscription: increase of NOKm 13 (4%) vs NOKm 20 (8%) in Q4 2021.
- Onsite subscription: increase of NOKm 3 (4%) vs NOKm 9 (17%) in Q4 2021.
- Buy/maintenance: decrease of NOKm 1 (-2%) vs NOKm 7 (-8%) in Q4 2021.
- The Cloud ARR growth is partially fuelled by successful migrations of customers from buy/maintenance – our legacy on premise solution, to our cloud solution.

ARR growth 2022:

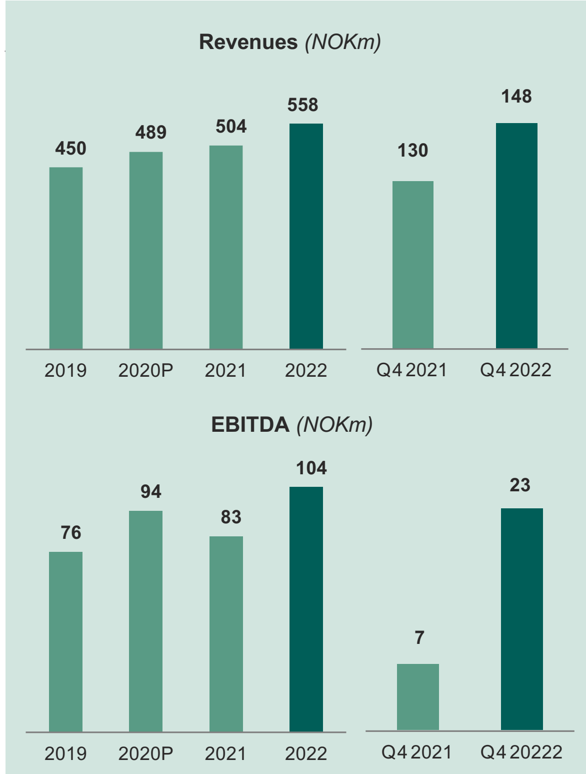
- The total ARR has increased by NOKm 70 (17%) in 2022 versus a growth of NOKm 53 (14%) in 2021. See ARR development by installation type below.
- Cloud subscription: increase of NOKm 81 (29%) vs NOKm 69 (32%) in 2021.
- Onsite subscription: increase of NOKm 12 (20%) vs NOKm 19 (46%) in 2021.
- Buy/maintenance: decrease of NOKm 23 (-28%) vs decrease NOKm 34 (-30%) in 2021.

ARR at current rates:

- Total ARR at current exchange rates amounted to NOKm 533 at end of Q4 2022.

*About ARR in SuperOffice: ARR is defined as the annual recurring revenues the group expects to receive on a yearly basis from existing customer contracts. ARR has been tracked in constant currency since 2015 to allow for comparability over time, excluding currency effects. All comments on ARR throughout the report refer to the development in constant currency, if not specifically stated otherwise. The group is exposed to translation risk as close to 65% of revenue is generated in other currencies than the reporting currency NOK.

Summary 2022 and Q4 2022



Financial development

Income statements (unaudited)

2022:

- Total operating income amounted to NOKm 558 (2021 at NOKm 504). The increase from 2021 of 11% is mainly due to increased recurring revenues reflecting the increased ARR the last twelve months. The cloud revenues increased by 29% from 2021, and maintenance decreased by 32% as more customers have migrated to the cloud offering.
- The normalized EBITDA (adjusted for IFRS 16 and one offs) landed at NOKm 104 (NOKm 83). The improved margin is a result of continued growth in sales and a balanced growth in opex to drive sales and profit for the next years.

Q4:

- Total revenues amounted to NOKm 148 (NOKm 130), and normalized EBITDA ended at NOKm 23 (NOKm 7). Q4 2021 was influenced by investments in the organisation to driver further growth, and the results from the investments are reflected in ARR, revenue and EBITDA growth in Q4 2022 and full year 2022.

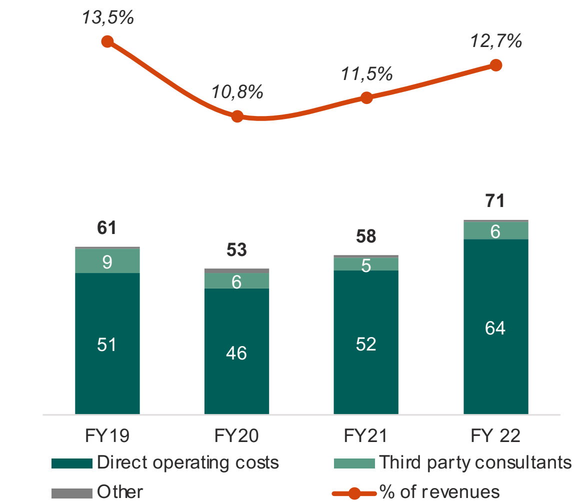
Balance sheet and liquidity (unaudited)

- Total reported assets (unaudited) as at 31 December were NOKm 1 578. The majority of the balance sheet is related to intangibles (NOKm 1 259).
- At the end of the year Group had bank balances of NOKm 44. The group has a long term bond loan of NOKm 700, and has in q1 – q3 2022 invested NOKm 81 at nominal value in the bond. The balance sheet reflects the net value.
- Cash flow from operating activities were in 2022 NOKm 137 (NOKm 144).
- The LTM average working capital continue to become increasingly negative following an increaseing share of Cloud customers. Most Cloud customers pay upfront for 12 months.

Cost base overview and EBITDA

Purchase of materials & services

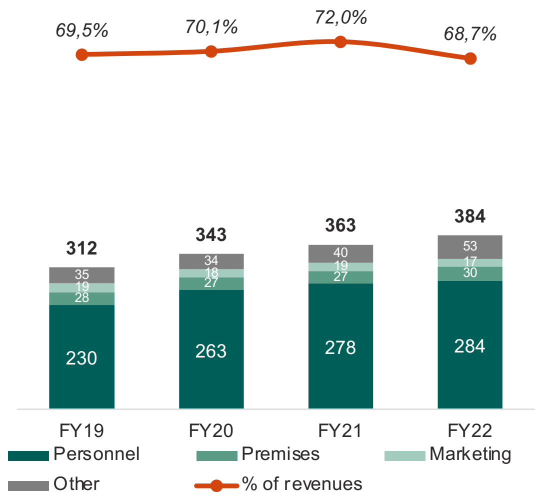
NOKm



- Direct operating costs include operation of the cloud platform and partner commissions. The growth relates to the increased revenues from the cloud platform and partner commissions.

Operating expenses (adjusted)

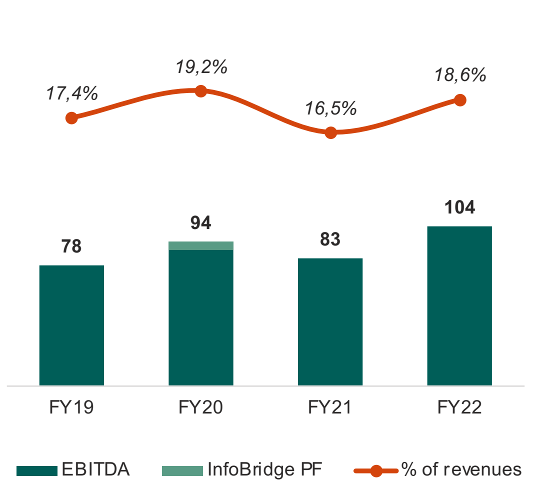
NOKm



- Personnel expenses is the largest cost category, and as a share of the total opex base personnel related costs decreased from 77% in 2021 to 74% in 2022.

EBITDA (adjusted)

NOKm



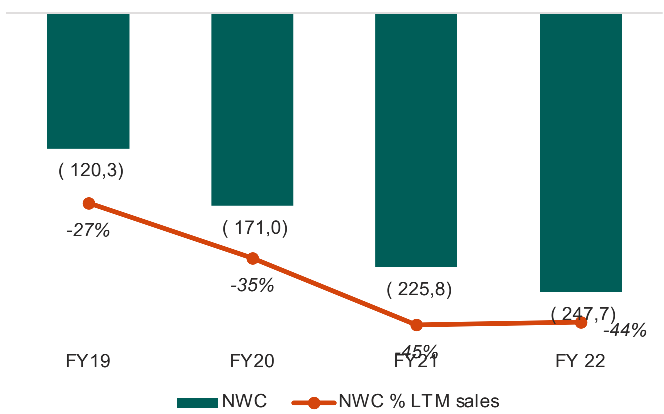
- The EBITDA decreased from 2020 to 2021 mainly as a result of investments made in the organization to drive continued ARR growth going forward. The improved EBITDA in 2022 reflects partly the investments in 2021 as well as continued focus on the cost base.

 FY2019 & FY2021 are based on audited accounts, 2020 is based on pro forma accounts. 2022 are not yet audited figures.

Net working capital and Capex

Net working capital

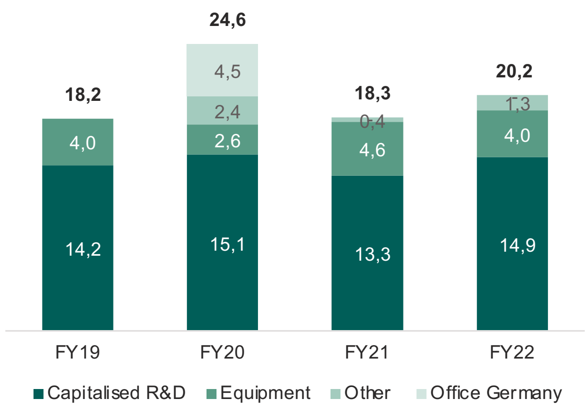
NOKm



- The increasingly negative net working capital is driven by a larger share of cloud services where more than 80% of customers have entered into annual agreements that are paid in advance.
- The fair value of the Groups interest swaps have in 2022 been excluded from the LTM calculations of net working capital. At end of 2022 the fair market value amounted to NOKm 17.

Capex overview

NOKm



- Development costs are capitalised according to the capitalisation principles applied by the company, and in accordance with IAS.
- 2021 & 2022 Capex is related to capitalized R&D and operational capex.

SuperOffice.

Quality of earnings

Adjusted EBITDA – Non audited

NOKm	Q4 2022	Q4 2021	FY 2022
EBITDA	14,6	10,9	106,3
Margin	*2,6 %*	*8%*	*19,1 %*
Adjusted for IFRS 16	-6,6	-6,0	-24,7
Severance pay	15,3	1,7	21,9
Adjusted EBITDA	**23,3**	**6,6**	**103,5**
Margin	*15,8%*	*5,1%*	*18,6%*

Adjustments

Q4 2022:

- Streamlining of the go to market organisation to be focused on our key markets Scandinavia, Germany and the Netherlands. The costs relate to positions that will not be replaced, in total NOKm 15,3.
- IFRS 16 is included in the Financial Statements, and adjusted EBITDA is before IFRS 16.

Q4 2021:

- Severance packages for positions that will not be replaced.
- IFRS 16 is included in the Financial Statements, and the adjusted EBITDA is before IFRS 16.

Q1 – Q3 2022 (not discussed above):

- Severances packages e.g. for management positions in Holland and Sweden that will not be replaced: NOKm 4,1.
- Severance packages for consultants in Sweden that will not be replaced: NOKm 2,5.

SuperOffice.


I
Q4/22 Trading update
II
Interim Financial Statements
SuperOffice

Condensed income statement

Unaudited

NOKm	Note	Q4 2022	Q4 2021	2022	2021
Operating income		147,7	130,4	557,6	503,8
Total revenues	3	**147,7**	**130,4**	**557,6**	**503,8**
Purchase of materials and services		19,8	16,0	70,6	57,8
Payroll and related expenses		93,3	87,6	306,0	281,8
Other operating expenses		19,6	15,7	73,8	44,2
Bad debts		0,5	0,1	0,9	0,5
Total operating expenses		133,2	119,5	451,3	384,3
Operating profit before deprecation and amortisation (EBITDA)		**14,6**	**10,9**	**106,3**	**119,4**
Depreciation and amortisation		23,6	24,1	96,3	95,4
Operating Profit (EBIT)		**-9,0**	**-13,2**	**10,0**	**24,0**
Net financial items		18,6	15,5	54,7	58,3
Profit before tax		**-27,7**	**-28,7**	**-44,7**	**-34,2**
Income tax		18,0	-0,6	8,6	2,5
Profit/loss for the period		**-45,7**	**-28,1**	**-53,3**	**-36,8**

Comments

- Other operating expenses for FY 2021 includes a reversal of an earn-out of NOKm 19.

Statement of comprehensive income

Unaudited

NOKm	Q4 2022	Q4 2021	2022	2021
Profit (loss) for the period	-45,7	-28,1	-53,3	-36,6
Other comprehensive income:				
Currency translation differences (may be reclassified)	2,3	2,8	9,7	3,2
Total comprehensive income	**-43,4**	**-25,3**	**-43,6**	**-33,4**

Condenced consolidated balance sheet

Assets - unaudited

NOKm	31/12/2022	31/12/2021
Non-current assets		
Deferred tax assets	8,9	15,2
Goodwill	667,2	665,2
Intangible assets	591,4	645,8
Tangible assets	15,0	15,6
Right-of-use assets	137,3	126,0
Other non-current receivables	1,6	0,9
Total non-current assets	**1 421,3**	**1 468,7**
Current assets		
Account receivables	68,7	49,4
Other current assets	44,2	31,9
Cash and cash equivalents	44,3	90,7
Total current assets	**157,2**	**172,0**
Total Assets	**1 578,5**	**1 640,7**

Equity and liabilities - unaudited

NOKm	31/12/2022	31/12/2021
Equity	330,5	374,1
Total Equity	**330,5**	**374,1**
Non-current liabilities		
Deferred tax liabilities	132,4	145,8
Pension liability	0,3	0,3
Non-current lease liability	123,8	112,1
Borrowings	621,3	698,8
Total non-current liabilities	**877,8**	**957,0**
Current liabilities		
Prepayments from customers	242,8	190,5
Current lease liabilities	17,9	16,4
Other current liabilities	109,4	102,7
Total current liabilities	**370,1**	**309,6**
Total equity and liabilities	**1 578,5**	**1 640,7**

SuperOffice.

Condenced consolidated interim statement of changes in equity

Unaudited

NOKm	Share capital	Share premium	Currency difference	Other equity	Total equity
Equity 01.01.2021	**0,06**	**580,2**	**-2,7**	**-212,8**	**364,8**
Profit (loss) for the period				-36,6	-36,6
Currency translation effects			3,2		3,2
Total comprehensive income for the period			**3,2**	**-36,6**	**-33,4**
Transactions with owners in their capacity as owners:					
Issue of shares	0,03	42,2			42,2
Other				0,5	0,5
Equity 31.12.2021	**0,09**	**622,4**	**0,4**	**-248,8**	**374,1**
Profit (loss) for the period				-53,3	-53,3
Currency translation effects			9,7		9,7
Total comprehensive income for the period			**9,7**	**-53,3**	**-43,6**
Transactions with owners in their capacity as owners:					
Equity 31.12.2022	**0,09**	**622,4**	**10,1**	**-302,1**	**330,5**

Condensed consolidated statement of cash flow

Unaudited

NOKm	Q4 2022	Q4 2021	YTD 2022	YTD 2021
Profit before income tax	-27,7	-28,7	-44,7	-34,2
Depreciation and amortisation	23,6	24,1	96,3	95,4
Change NWC	21,9	23,9	37,3	58,6
Other	18,0	12,1	47,8	24,7
Cash flow from operating activities	**35,8**	**31,4**	**136,7**	**144,4**
Interest paid	-9,7	-15,2	-54,2	-57,0
Income tax paid	-3,7	-1,8	-8,0	-4,8
Net cash flow from operating activities	**22,4**	**14,3**	**74,5**	**82,6**
Investing activities				
Purchase of property, plant and equipment (PPE)	-1,4	-1,9	-4,0	-4,6
Development and purchase of intangible asset	-4,3	-2,8	-16,2	-13,7
Net cash investments	**-5,7**	**-4,7**	**-20,2**	**-18,3**
Financing activities				
Proceeds from issuance of share capital				42,4
Earn-out liability				-42,4
Payment of principal portion of lease liabilitites	-5,3	-4,4	-19,6	-19,2
Investment in SuperOffice bonds			-81,3	
Net cash used in financing activities	**-5,3**	**-4,4**	**-100,8**	**-19,2**
Net decrease/increase in cash, cash eqivalents and bank overdrafts	**11,4**	**5,2**	**-46,5**	**45,1**
Cash and cash equivalents at beginning of period	32,8	85,5	90,7	44,2
Exchange gains/losses on cash and bank overdrafts	0,9	0,0	0,9	1,4
Cash and cash equivalents at the end of the peri	**44,3**	**90,7**	**44,3**	**90,7**

Comments

- Interest paid relates mainly to interest to bond holders and IFRS 16 effects.

Notes

Note 1 – Company information

- SuperOffice Group AS is a limited liability company incorporated at 25 February 2020 and domiciled in Norway. The address of its registered office is Wergelands-veien 27, P.O. Box 1884 Vika, NO-0124 Oslo. SuperOffice Group AS is owned 100% by SuperOffice Holding I AS, which is owned by SuperOffice Holding II AS which is owned 89,9% by SuperOffice Holding III AS.
- SuperOffice is Europe’s leading supplier of CRM software solutions to the professional business-to-business market. SuperOffice’s solutions are delivered and implemented through subsidiaries, distributors and value added resellers. In addition to providing software solutions, SuperOffice also delivers consulting services related to strategic CRM issues, implementation, integrations and user education.
- SuperOffice Group AS is the parent company in the SuperOffice group.

Note 2 - Basis for preparation and accounting principles

Basis for preparation

- The consolidated financial statements for the SuperOffice Group have been prepared in accordance with IFRS as adopted by the EU, and interpretations stated by the International Accounting Standards Board. The consolidated financial statements have been prepared based on uniform accounting principles for similar transactions and events under otherwise similar circumstances. The interim financial statements for the period ending December 31th 2022 are prepared in accordance with IAS 34.The interim financial statements do not include all the information disclosures required in the annual financial statements, and should be read in conjunction with the Group´s financial statements for the year ending 31 December 2021. The interim financial statements are unaudited.

Accounting principles:

- The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group´s financial statement for the year ending 31 December 2021. All amounts in the notes are in NOKm, except where otherwise indicated.

Notes

Note 3 – Segment Reporting

- The Group has identified only one segment across the Group´s companies and sites, thus no separate segment reporting is required.

Note 4 – Risks

- There have not been any changes to the risk factors described in note 21 in the Annual Report for 2021.

Notes

Note 5 – Related Parties

- There have not been transactions with any related parties that significantly impact the group´s financial position or result of the period.

Note 6 - Events after the balance sheet date

- There have not been events that have significantly affected or may significantly affect the operations of the group after 31th December 2022.

Alternative performance measures

Alternative performance measures (APMs)

- The group presents certain measures and ratios considered as alternative performance measures (APMs) in order to enhance the underlying performance of the SuperOffice Group AS and subsidiaries (group). These suplemental measures should not be viewed as substitute for any IFRS financial measures, and are presented and defined to the right.
- The group considers the APMs as imporant KPIs to understand the overall and long term revenue and profit generating aspects of the business.

Definitions

- ARR is defined as the annual recurring revenues the group expects to receive on a yearly basis from existing contracts with customers.
- EBITDA is defined as the profit for the year before net financial items, income tax, depreciation and amortization.
- EBITDA margin is defined as the EBITDA as a percentage of total revenues.
- Adjusted EBITDA is the defined as the EBITDA adjusted for special non-recurring and operating items.
- LTM: Last twelve months.
- Capex is defined as capital expenditures and are funds that are used to purchase assets, improve assets and capitalization of internal time for development expenditures.
- Net working capital (NWC) is defined as the difference between the current assets and current liabilities on the balance sheet.

SuperOffice®