# INTERIM FINANCIAL REPORT SUPEROFFICE GROUP

(GROUP CONSISTS OF SUPEROFFICE GROUP AS AND ALL SUBSIDIARIES)

Q3 and year to date 2023

(Unaudited figures)

November 30th, 2023

SuperOffice

# Update from Gisle Jentoft, CEO of SuperOffice

Q3/2023 – A quarter with strong growth in ARR, revenues and profit

**Gisle Jentoft**
*CEO, SuperOffice*

- SuperOffice continues the trend with strong revenue and EBITDA growth. Total revenues for the quarter ended at NOKm 163 (141), up 15% vs Q3 2022. Cloud-based revenues were up by 27%. With our value proposition of increased efficiency, streamlining and automation of marketing, sales and customer service processes, attractive pricing and lean implementation, our competitive position remains strong. We do however experience that the current macro-economic situation also affects our core markets and customers´ willingness to invest, resulting in longer decision-making processes.
- The EBITDA (adjusted for IFRS 16 and nonrecurring items) for Q3 2023 landed at NOKm 52 (EBITDA margin of 31,7%) vs NOKm 36 (25,4%) for Q3 2022. The strong profit improvement for the quarter is a result of our ARR growth in the last 12 months and the effects from optimizing our go to market organization.
- At end of Q3 2023, total ARR at current currencies amounted to NOKm 602 (518), representing a growth of 16%. This solid uplift in ARR will serve as a strong revenue driver for the next 12 months as recurring revenues represent close to 88% of our total revenues.
- Investments in product development remains high on our agenda, and the investments are focused on bringing our customers improved and value adding capabilities. The new version of our cloud-based Customer Service software has been well received and strengthens the positioning of our completely integrated CRM suite. During the last quarter, we also launched an AI pilot program which is gaining significant traction among customers.
- We continue our investments and are making good progress in our move to a Public Cloud platform. As reported earlier, this move will result in additional exciting new business capabilities for our customers and pave the ground for strengthening our competitive advantages. Finally, our significantly enhanced Marketing capabilities are developing according to plan and will be launched during the first half of 2024.
- Our growth strategy continues to be focused on our key markets in Scandinavia, Germany, the Netherlands and Switzerland – supported by our customer support and development centre in Vilnius. We will increase our investments in our already strong partner network in Scandinavia and plan to expand with new partnerships in the other markets we serve.
- We remain focused on driving organic growth, but we will continue to consider targeted acquisitions which fit in as a natural extension of our offering, team and focus geographies. Our main goal remains clear; to 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.
- In the current economic climate, there will continue to be uncertainty around how our markets will develop and its impact on our business. We are however confident that we – with our strong cloud CRM offering and highly competent team – are well positioned to capture a good portion of the forecasted long-term growth in the CRM space in Europe. From a financial point of view, our business is solid, and our ambition is to continue to deliver improved growth in revenues and profit in the coming years.



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I

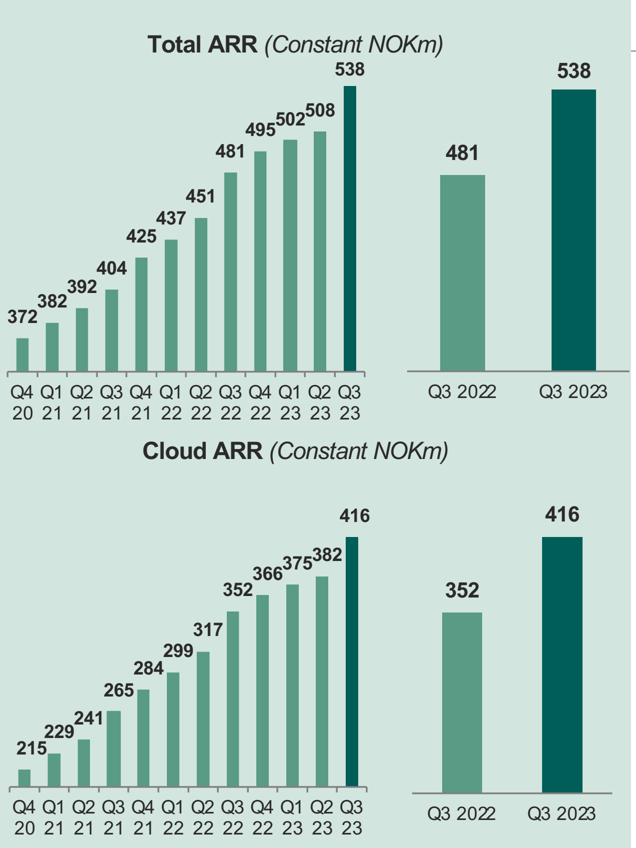
Q3/23 Trading update

II

Interim Financial Statements

SuperOffice

# ARR in SuperOffice




## ARR development*

**ARR growth Last Twelve Months (LTM):**

- In constant currency, the total ARR has increased by NOKm 57 (12%) versus a growth of NOKm 77 (19%) for the last twelve months at end of Q3 2022.
- In current currency rates, the total ARR has increased by 16% and ended at NOKm 602 (NOKm 518).

**16**

**ARR growth Year To Date (YTD):**

- In constant currency, the total ARR has increased by NOKm 43 (9%) versus a growth of NOKm 56 (13%) YTD Q3 2022. See ARR development by installation type below.
    - Cloud subscription: increase of NOKm 50 (14%) vs NOKm 68 (24%) in 2022.
    - Onsite subscription: increase of NOKm 8 (12%) vs NOKm 9 (16%) in 2022.
    - Buy/maintenance: decrease of NOKm 15 (-26%) vs NOKm 21 (-26%) in 2022.

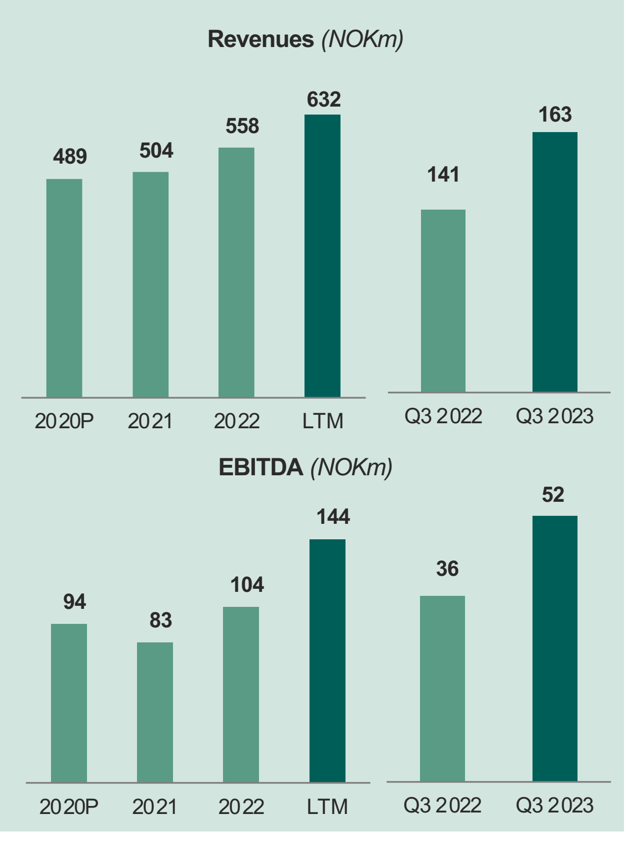
**Q3 2023 isolated:**

- The total ARR increased by NOKm 30 (6%) in Q3 2023 versus a growth of NOKm 30 (7%) in Q3 2022. See ARR development by installation type below.
    - Cloud subscription: increase of NOKm 34 (9%) vs NOKm 35 (11%) in Q3 2022.
    - Onsite subscription: increase of NOKm 4 (6%) vs NOKm 4 (7%) in Q3 2022.
    - Buy/maintenance: decrease of NOKm 8 (-15%) vs NOKm 10 (-14%) in Q3 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.

# Third Quarter 2023 Highlights




## Financial development

### Income statements (unaudited)

***Q3 2023:***

- Total operating income amounted to NOKm 163 (Q3 2022 at NOKm 141).
- The EBITDA (adjusted for IFRS) amounted to NOKm 52 (Q3 2022: NOKm 36). The improved margin is a result of ARR growth in 2022 now being reflected in revenues, and investments in the organization being balanced with streamlining of our go to market organization.
- The development of the NOK exchange rates affects both revenues and costs as close to 65% of total revenues are generated outside of Norway, and 60% of all employees have their compensation in other currencies than NOK.

**Last Twelve months:**

- Total revenues amounted to NOKm 632 (LTM September 2022: NOKm 541), and EBITDA at NOKm 144 (LTM September 2022: NOKm 88).

### Balance sheet and liquidity (unaudited)

- Total reported assets (unaudited) as of 30 September were NOKm 1 571. The majority of the balance sheet is related to intangibles (NOKm 1 221). Total cash at end of Q3 2023 amounts to NOKm 63,5 (free and restricted). The group has a long term bond loan of NOKm 700, and has at end of Q3 2023 in total invested NOKm 122 at nominal value in the bond loan. The balance sheet reflects the net value.
- Cash flow from operating activities was in Q3 2023 NOKm 39 (Q3 2022 NOKm 27).
- 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.



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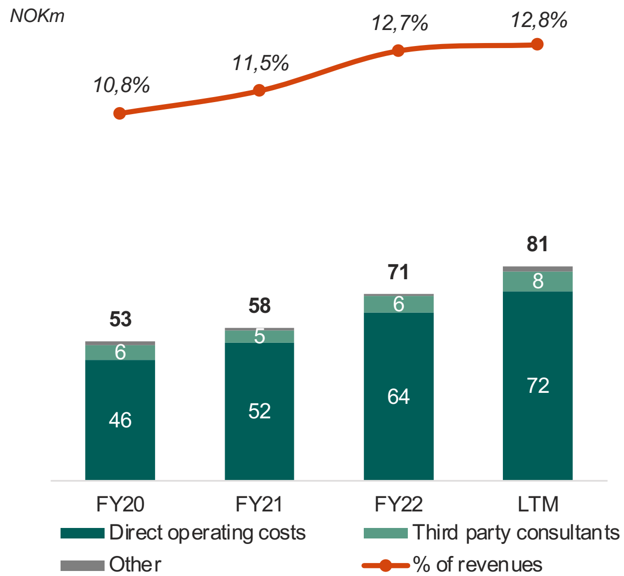
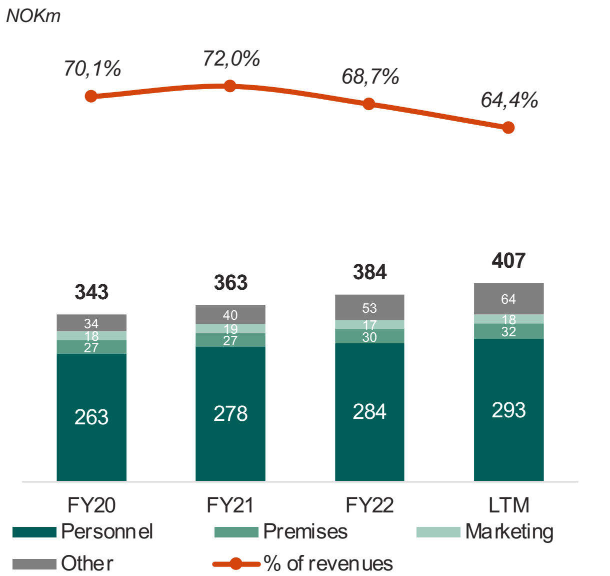
# Cost base overview and EBITDA

## Purchase of materials & services



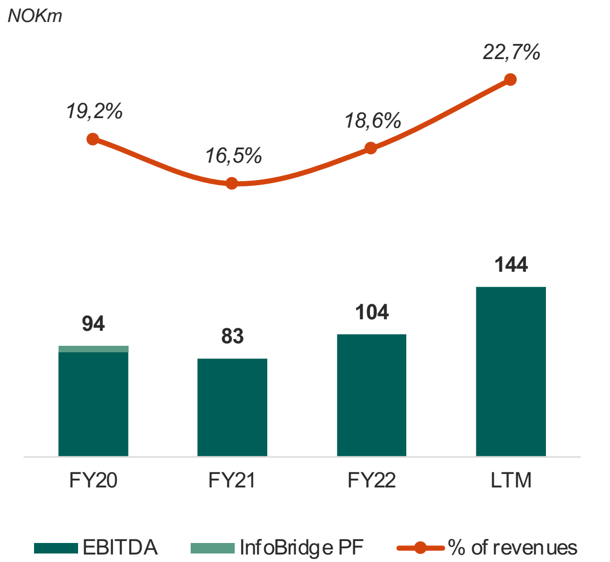

- Direct operating costs include operation of the cloud platform and partner commissions. The increase is driven by increased revenues from the cloud platform and partner commissions.

## Operating expenses (adjusted)




- 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 72% LTM.

## EBITDA (adjusted)



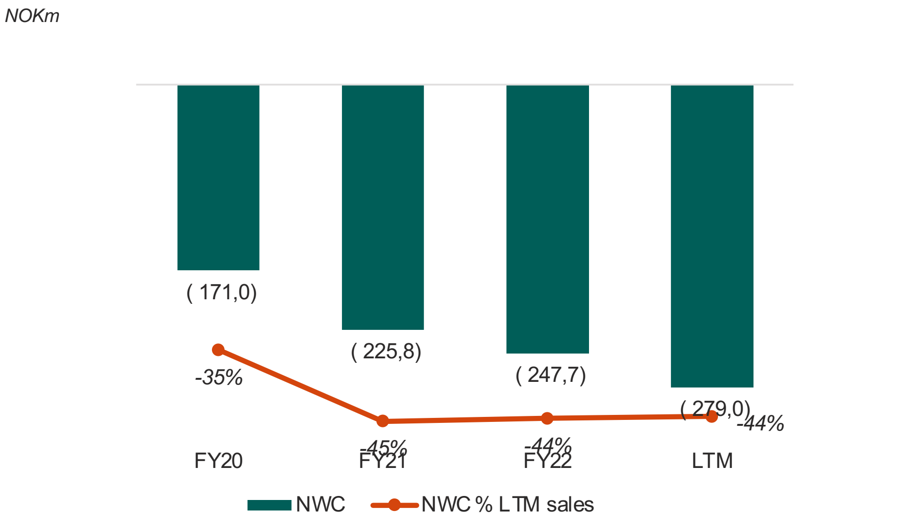

- The EBITDA decreased from 2020 to 2021 mainly as a result of investments made in the organization to drive continued ARR growth going forward. The strong profit improvement LTM is a result of our ARR growth the last 12 months and the effects from streamlining of our go to market organization.



FY21 and FY22 are based on audited accounts, 2020 is based on pro forma accounts.

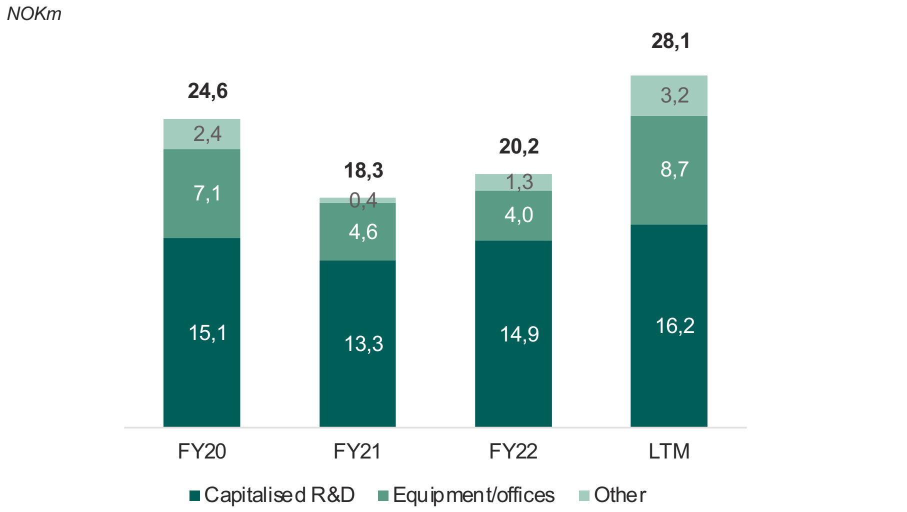
# Net working capital and Capex

## Net working capital




- The 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 and LTM been excluded from the LTM calculations of net working capital. At end of Q3 2023 the fair market value amounted to NOKm 12.

## Capex overview




- Development costs are capitalised according to the capitalisation principles applied by the company, and in accordance with IAS.

# Quality of earnings

### Adjusted EBITDA – Non audited

| *NOKm* | Q3 2023 | Q3 2022 | YTD 2023 |
|---|---|---|---|
| EBITDA | 58,5 | 42,0 | 132,5 |
| *Margin* | *35,9 %* | *29,7 %* | *27,4 %* |
| | | | |
| Adjusted for IFRS 16 | -6,9 | -6,1 | -20,3 |
| Severance pay/restructuring | | | 8,3 |
| **Adjusted EBITDA** | **51,6** | **35,8** | **120,5** |
| *Margin* | *31,7%* | *25,4%* | *24,9%* |

### Adjustments

**YTD 2023:**

- Restructurings in Switzerland, UK and marketing to focus our key operational investments on the key markets in Scandinavia, Germany and Holland. The customers in the UK will from April 2023 be served from Norway.
- IFRS 16 is included in the Financial Statements, and adjusted EBITDA is before IFRS 16.

I

Q3/23 Trading update

II

Interim Financial Statement

SuperOffice

# Condensed income statement

## Unaudited

| *NOKm* | *Note* | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|---|---|---|---|---|---|
| Operating income | | 162,8 | 141,1 | 484,3 | 410,2 |
| **Total revenues** | 3 | **162,8** | **141,1** | **484,3** | **410,2** |
| | | | | | |
| Purchase of materials and services | | 20,5 | 16,9 | 61,3 | 50,9 |
| Payroll and related expenses | | 61,2 | 63,8 | 222,6 | 212,6 |
| Other operating expenses | | 22,4 | 18,3 | 67,6 | 54,5 |
| Bad debts | | 0,2 | 0,1 | 0,3 | 0,4 |
| Total operating expenses | | 104,3 | 99,1 | 351,8 | 318,5 |
| **Operating profit before deprecation and amortisation (EBITDA)** | | **58,5** | **42,0** | **132,5** | **91,7** |
| | | | | | |
| Depreciation and amortisation | | 27,1 | 24,9 | 79,6 | 72,7 |
| **Operating Profit (EBIT)** | | **31,4** | **17,1** | **52,9** | **19,0** |
| | | | | | |
| Net financial items | | 18,4 | 9,9 | 48,0 | 36,1 |
| **Profit before tax** | | **13,0** | **7,1** | **4,9** | **-17,0** |
| | | | | | |
| Income tax | | -0,4 | -3,2 | -1,2 | -9,4 |
| **Profit/loss for the period** | | **13,4** | **10,4** | **6,0** | **-7,6** |

## Comments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# Statement of comprehensive income

**Unaudited**

| *NOKm* | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 | 2022 |
|---|---|---|---|---|---|
| Profit (loss) for the period | 13,4 | 10,4 | 6,0 | -7,6 | -53,3 |
| Other comprehensive income: | | | | | |
| Currency translation differences (may be reclassified) | 2,4 | 0,1 | 10,5 | 7,4 | 9,7 |
| **Total comprehensive income** | **15,8** | **10,5** | **16,5** | **-0,2** | **-43,6** |

# Condenced consolidated balance sheet

## Assets - unaudited

| *NOKm* | 30/09/2023 | 31/12/2022 |
|---|---|---|
| *Non-current assets* | | |
| Deferred tax assets | 8,9 | 8,9 |
| Goodwill | 670,5 | 667,2 |
| Intangible assets | 550,2 | 592,0 |
| Tangible assets | 18,7 | 14,4 |
| Right-of-use assets | 138,6 | 137,3 |
| Other non-current receivables | 2,0 | 1,6 |
| **Total non-current assets** | **1 388,9** | **1 421,3** |
| *Current assets* | | |
| Account receivables | 77,9 | 68,7 |
| Other current assets | 40,1 | 44,2 |
| Cash and cash equivalents | 63,5 | 44,3 |
| **Total current assets** | **181,6** | **157,2** |
| **Total assets** | **1 570,5** | **1 578,5** |

## Equity and liabilities - unaudited

| *NOKm* | 30/09/2023 | 31/12/2022 |
|---|---|---|
| *Equity* | 347,0 | 330,5 |
| **Total Equity** | **347,0** | **330,5** |
| *Non-current liabilities* | | |
| Deferred tax liabilities | 112,7 | 132,4 |
| Pension liability | 1,0 | 0,3 |
| Non-current lease liability | 121,1 | 123,8 |
| Borrowings | 581,3 | 621,3 |
| **Total non-current liabilities** | **816,1** | **877,8** |
| *Current liabilities* | | |
| Prepayments from customers | 282,5 | 242,8 |
| Current lease liabilities | 24,2 | 17,9 |
| Other current liabilities | 100,7 | 109,4 |
| **Total current liabilities** | **407,4** | **370,1** |
| **Total equity and liabilities** | **1 570,5** | **1 578,5** |



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# Condenced consolidated interim statement of changes in equity

## Unaudited

| *NOKm* | Share capital | Share premium | Currency difference | Other equity | Total equity |
|---|---|---|---|---|---|
| **Equity 01.01.2022** | **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** |
| Profit (loss) for the period | | | | 6,0 | 6,0 |
| Currency translation effects | | | 10,5 | | 10,5 |
| **Total comprehensive income for the period** | | | **10,5** | **6,0** | **16,5** |
| Transactions with owners in their capacity as owners: | | | | | |
| **Equity 30.09.2023** | **0,09** | **622,4** | **20,6** | **-296,1** | **347,0** |

| *NOKm* | Share capital | Share premium | Currency difference | Other equity | Total equity |
|---|---|---|---|---|---|
| **Equity 01.01.2022** | **0,09** | **622,4** | **0,4** | **-248,8** | **374,1** |
| Profit (loss) for the period | | | | -7,6 | -7,6 |
| Currency translation effects | | | 7,6 | | 7,6 |
| **Total comprehensive income for the period** | | | **7,6** | **-7,6** | **0,0** |
| Transactions with owners in their capacity as owners: | | | | | |
| Other | | | | -0,2 | -0,2 |
| **Equity 30.09.2022** | **0,09** | **622,4** | **8,0** | **-256,7** | **373,9** |

# Condensed consolidated statement of cash flow

## Unaudited

| *NOKm* | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|---|---|---|---|---|
| Profit before income tax | 13,1 | 7,1 | 4,9 | -17,0 |
| Depreciation and amortisation | 26,9 | 24,9 | 79,6 | 72,7 |
| Change NWC | -14,6 | -17,6 | 28,0 | 15,4 |
| Other | 14,0 | 12,6 | 27,3 | 33,9 |
| **Cash flow from operating activities** | **39,4** | **27,0** | **139,8** | **105,0** |
| Interest paid | -12,4 | -13,5 | -39,3 | -44,5 |
| Income tax paid | -0,1 | -2,4 | -3,9 | -4,2 |
| **Net cash flow from operating activities** | **26,9** | **11,0** | **96,6** | **56,3** |
| | | | | |
| *Investing activities* | | | | |
| Purchase of property, plant and equipment (PPE) | -0,6 | -1,3 | -6,1 | -2,6 |
| Development and purchase of intangible asset | -4,7 | -2,9 | -15,0 | -11,9 |
| **Net cash investments** | **-5,4** | **-4,2** | **-21,1** | **-14,5** |
| | | | | |
| *Financing activities* | | | | |
| Payment of principal portion of lease liabilitites | -5,5 | -4,8 | -16,0 | -14,3 |
| Investment in SuperOffice bonds | 0,0 | -5,0 | -42,0 | -81,3 |
| **Net cash used in financing activities** | **-5,5** | **-9,8** | **-57,9** | **-95,5** |
| | | | | |
| **Net decrease/increase in cash, cash eqivalents and bank overdrafts** | **16,1** | **-3,0** | **17,6** | **-53,7** |
| Cash and cash equivalents at beginning of period | 48,3 | 39,9 | 44,3 | 90,7 |
| Exchange gains/losses on cash and bank overdrafts | -0,9 | | 1,7 | |
| **Cash and cash equivalents at the end of the period** | **63,4** | **36,9** | **63,5** | **36,9** |

## Comments

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



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# Notes

## Note 1 – Company information

- SuperOffice Group AS is a limited liability company incorporated on 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 31 December 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 2022. 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 2022. 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 2022.

# 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 31 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.

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