Q1 Financial Report
SuperOffice Group

(Group consists of SuperOffice Group AS and all subsidiaries)

Q1 2022

(Unaudited figures)

May 30th, 2022

SuperOffice

Update from Gisle Jentoft, CEO of SuperOffice

Q1/2022 – Strong growth in ARR and cloud revenues in Q1 and positive 2022 outlook

Gisle Jentoft
CEO, SuperOffice

- We have experienced a healthy start of the year with continued growth in new sales, driven by sales to new customers as well as upsell to the existing customer base. The pipeline for the coming 2 quarters is good and the strong growth in ARR the last twelve months have contributed to an increase in license revenues by 10% versus Q1 2021.
- At the end of Q1/22, ARR amounted to NOKm 437 in constant currency or NOKm 457 in current exchange rates. This represents a growth of 14% vs last year. This gives us a strong tailwind into the remaining quarters in 2022 as recurring revenues represent more than 80% of our total revenues.
- Cloud based revenues continue to deliver strong growth into 2022, with 27% versus Q1 2021.
- The EBITDA (adjusted for IFRS 16 and none recurring items) landed at NOKm 22 (EBITDA margin of 16,6%) vs 23 (18,6%) for Q1 2021. The profit for the quarter is still affected by the significant operational investments made (e.g. recruitment of key management positions) in H2 2021 to gear the company for further growth. Margins are expected to improve as revenue continues to grow.
- SuperOffice 10, the latest software generation released late in 2021, continues to perform well. This version has strengthened our position within our target market segment. Input from users and analysis of usage data indicate that customers are appreciating the new features and capabilities included in the upgraded version.
- We observe an increased adaption to new, more digital-based ways of working within our team, our partners and customers. The interest to invest in digitalization and automation of marketing, sales and customer-service oriented processes is still strong in our target segments.
- We believe that the positive development in sales and ARR growth the last twelve months is a result of the continued investments we have made in line with our growth strategy. We will continue to invest in our product development, visibility and demand generation as well as in the team. This quarter, our new Head of People has joined the team. Her focus will be talent recruitment and development. Our newly established R&D team in Lithuania has ramped up well and works in close collaboration with the R&D team in Norway.
- 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 current geographies.
- The Russian invasion of Ukraine has so far had minor direct effects on our business and risk picture. The general international unrest and growing inflation rates doe however impact the NOK exchange, which affects SuperOffice as close to 65% of our revenues are generated in foreign currencies.
- Despite the international unrest, the outlook for 2022 is positive. The market for cloud CRM applications continues to be strong, especially in the medium-sized B2B market where we are active. We expect to deliver clear improvements in revenues and profit growth in the coming 12 months.

SuperOffice.

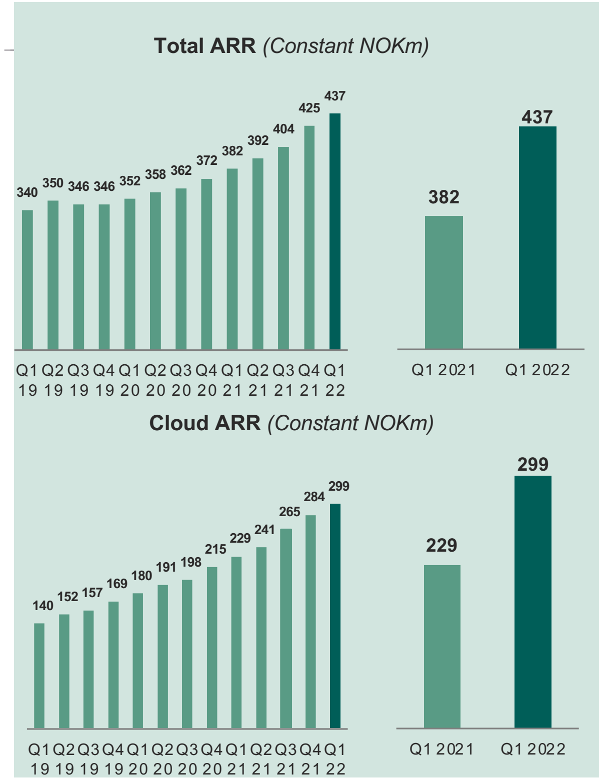
I

Q1/22 Trading update

II

Interim Financial Statements

LTM ARR growth of 15% versus 8% LTM growth at end of Q1 2021



ARR development*

Q1 2022:

- The total ARR increased by NOKm 12 (3%) in Q1 2022 versus a growth of NOKm 10 (3%) in Q1 2021.
- Cloud subscription: increase of NOKm 15 (5%) vs NOKm 14 (6%) in Q1 2021.
- Onsite subscription: increase of NOKm 3 (5%) vs NOKm 5 (12%) in Q1 2021.
- Buy/maintenance: decrease of NOKm 6 (-7%) vs NOKm 9 (-7%) in Q1 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 LTM versus LTM at end of Q1 2021:

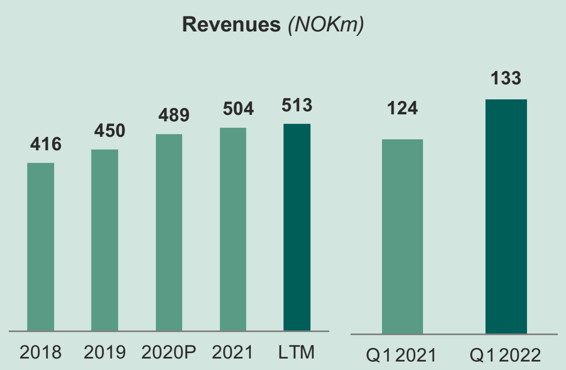
- The total ARR has increased by NOKm 56 (15%) versus a growth of NOKm 29 (8%) for the last twelve months at end of Q1 2021. See ARR development by installation type below.
- Cloud subscription: increase of NOKm 70 (31%) vs NOKm 49 (27%).
- Onsite subscription: increase of NOKm 17 (37%) vs NOKm 10 (29%).
- Buy/maintenance: decrease of NOKm 32 (-30%) vs decrease NOKm 30 (-22%).

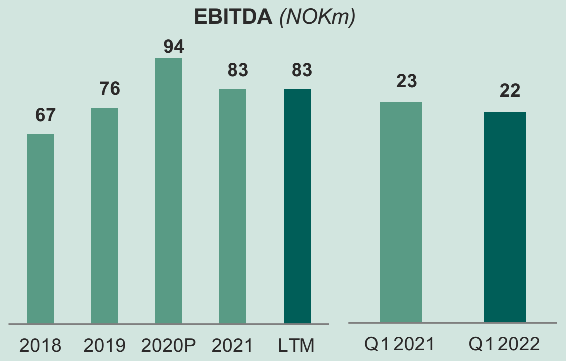
ARR at current rates:

- Total ARR at current exchange rates amounted to NOKm 457 at end of Q1 2022. There is a negative currency effect on the total ARR base in Q1 2022 of NOKm 6.

*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 Q1 2022





Financial development

Income statements (unaudited)

Q1 2022:

- Total operating income amounted to NOKm 133 (Q1 2021 at NOKm 124).
- The EBITDA (adjusted for IFRS 16 and none recurring items) landed at NOKm 22 (Q1 2021: NOKm 23). The reduced margin is a result of continued operational investments in line with the growth strategy.
- The stronger NOK had an adverse revenue and EBITDA impact in Q1 2022 of NOKm 3,6 and NOKm 1,3 respectively versus Q1 2021.

Last Twelve months:

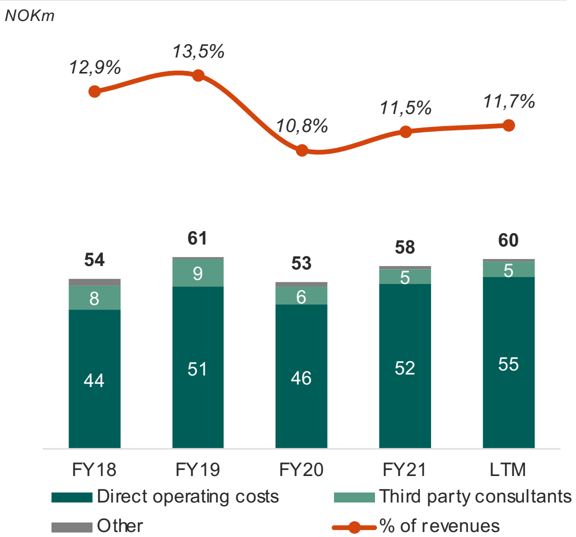
- Total revenues amounted to NOKm 513 (2021: NOKm 504), and EBITDA at NOKm 83 (2021: NOKm 83).

Balance sheet and liquidity (unaudited)

- Total reported assets (unaudited) as at 31 March were NOKm 1 671. The majority of the balance sheet is related to intangibles (NOKm 1 298). Total cash at end of the Q1 2022 amounts to NOKm 126 (free and restricted). The group has a long term bond loan of NOKm 700, and has in Q1 2022 invested NOKm 27,5 at nominal value in the bond. The balance sheet reflects the net value.
- Cash flow from operating activities was in Q1 2022 NOKm 89 (Q1 2021: NOKm 121). The Group invoices less maintenance year on year in Q1 following the migration to online, and the seasonal effect in Q1 will be less year on year.
- 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.

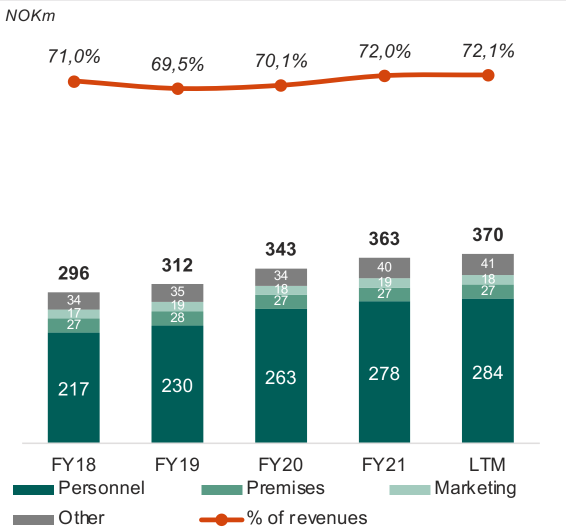
Cost base overview and EBITDA

Purchase of materials & services



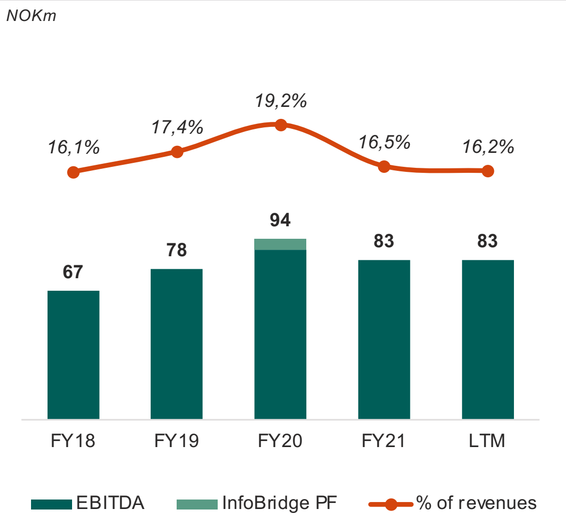
- Direct operating costs include operation of the cloud platform and partner commissions. The direct costs growth has partially been reduced through the acquisition of InfoBridge in 2020 as the previously paid partner cut has been reduced.

Operating expenses



- Personnel expenses is the largest cost category, more than 75% of the total opex cost base is personnel related.

EBITDA



- The decrease in EBITDA from 2020 to 2021 is mainly a result of the increased investments made in the organization to drive continued ARR growth going forward.

FY2018-FY2019 based on audited accounts, 2020 is based on pro forma accounts and 2021 based on audited accounts. Q1 2022 is not audited.

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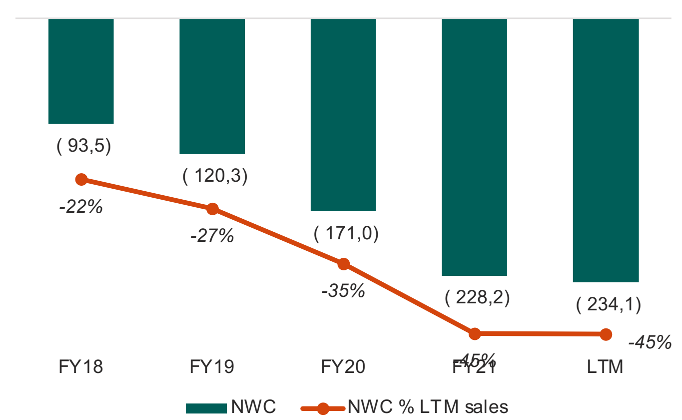
Net working capital and Capex

Net working capital

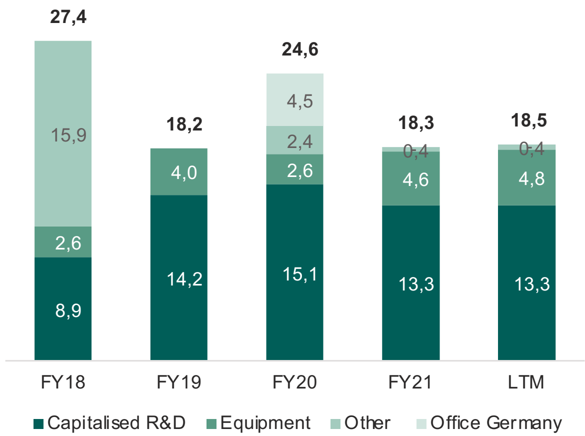
NOKm



- 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 Q1 the fair market value amounted to MNOK 14,9.

Capex overview

NOKm



- Development costs are capitalised according to the capitalisation principles applied by the company, and in accordance with IAS.
- In 2018 SuperOffice purchased the right to sell SuperOffice products to the American market (NOK15.9m).
- 2020 Capex includes investments in a new office in Germany.
- 2021 & LTM Capex is related to capitalized R&D and operational capex.

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Quality of earnings

Pro-forma EBITDA – Non audited

NOKm	Q1 2022	Q1 2021	FY 2021
EBITDA	23,9	29,4	119,4
Margin	*18,0 %*	*24%*	*23,7 %*
Adjusted for IFRS 16	-6,0	-6,4	-24,3
Severance pay	4,1		1,7
Bond Listing Costs			2,0
Marketing Restructuring			1,5
Strategy implementation costs			2,5
Reversal of on previous estimate on earn-out			-19,9
Pro-forma EBITDA	**22,0**	**23,0**	**83,0**
Margin	*16,6%*	*18,6%*	*16,5%*

Adjustments

Q1 2022:

- IFRS 16 is included in the Financial Statements, and the pro-forma EBITDA is before IFRS 16.
- Severances packages e.g. for management positions in Holland and Sweden that will not be replaced: NOKm 4,1.

Q1 2021:

- IFRS 16 is included in the Financial Statements, and the pro-forma EBITDA is before IFRS 16.

FY 2021:

- IFRS 16 is included in the Financial Statements, and the pro-forma EBITDA is before IFRS 16.
- Severance packages for positions that will not be replaced Q4 2021: NOKm 1,7
- Bond listing costs Q3 2021: In total, NOKm 2,0. The costs mainly relate to audit costs, and advisory costs.
- Restructuring of the marketing team Q3 2021: NOKm 1,5
- Strategy implementation costs Q2 2021: NOKm 2,5 related to advisory services in connection with the implementation of the long-term strategic plan.
- Reversal of previous earn-out estimate: The original provision has been reduced by NOKm 19,9.

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Q1/21 Trading update

Interim Financial Statements

Condensed income statement

Unaudited

NOKm	*Note*	Q1 2022	Q1 2021	FY 2021
Operating income		132,8	123,5	503,8
Total revenues	3	**132,8**	**123,5**	**503,8**
Purchase of materials and services		16,2	14,1	57,8
Payroll and related expenses		74,6	64,5	281,8
Other operating expenses		17,9	15,3	44,2
Bad debts		0,2	0,1	0,5
Total operating expenses		108,9	94,1	384,3
Operating profit before deprecation and amortisation (EBITDA)		**23,9**	**29,4**	**119,4**
Depreciation and amortisation		24,1	23,8	95,4
Operating Profit (EBIT)		**-0,1**	**5,6**	**24,0**
Net financial items		11,9	12,5	58,3
Profit before tax		**-12,0**	**-6,9**	**-34,2**
Income tax		-3,1	0,9	2,5
Profit/loss for the period		**-8,9**	**-7,9**	**-36,8**

Comments

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

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Statement of comprehensive income

Unaudited

NOKm	Q1 2022	Q1 2021	2021
Profit (loss) for the period	-8,9	-7,9	-36,8
Other comprehensive income:			
Currency translation differences (may be reclassified)	2,7	1,6	3,2
Total comprehensive income	**-6,3**	**-6,3**	**-33,6**

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Condenced consolidated balance sheet

Assets - unaudited

NOKm	31/03/2022	31/12/2021
Non-current assets		
Deferred tax assets	15,2	15,2
Intangible assets	1 297,9	1 310,4
Tangible assets	15,4	16,2
Right-of-use assets	133,5	126,0
Other non-current receivables	0,8	0,9
Total non-current assets	**1 462,8**	**1 468,7**
Current assets		
Account receivables	39,2	49,4
Other current assets	43,1	31,9
Cash and cash equivalents	126,2	90,7
Total current assets	**208,5**	**172,0**
Total Assets	**1 671,3**	**1 640,7**

Equity and liabilities - unaudited

NOKm	31/03/2022	31/12/2021
Equity	367,6	374,1
Total Equity	**367,6**	**374,1**
Non-current liabilities		
Deferred tax liabilities	142,5	145,8
Pension liability	0,9	0,3
Non-current lease liability	120,0	112,1
Borrowings	672,3	698,8
Other non-current liabilities	0,0	0,0
Total non-current liabilities	**935,8**	**957,0**
Current liabilities		
Prepayments from customers	257,6	190,5
Current lease liabilities	17,1	16,4
Other current liabilities	93,3	102,7
Total current liabilities	**368,0**	**309,6**
Total equity and liabilities	**1 671,3**	**1 640,7**

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				-36,8	-36,8
Currency translation effects			3,2		3,2
Total comprehensive income for the period			**3,2**	**-36,8**	**-33,6**
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**	**-249,0**	**373,9**
Profit (loss) for the period				-8,9	-8,9
Currency translation effects			2,7		2,7
Other					
Total comprehensive income for the period			**2,7**	**-8,9**	**-6,3**
Transactions with owners in their capacity as owners:					
Equity 31.03.2022	**0,09**	**622,4**	**3,1**	**-258,0**	**367,6**

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				-7,9	-7,9
Currency translation effects			1,6		1,6
Total comprehensive income for the period			**1,6**	**-7,9**	**-6,3**
Transactions with owners in their capacity as owners:					
Equity 31.03.2021	**0,06**	**580,2**	**-1,1**	**-220,6**	**358,5**

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Condensed consolidated statement of cash flow

Unaudited

NOKm	Q1 2022	Q1 2021	FY 2021
Profit before income tax	-12,0	-6,1	-34,2
Depreciation and amortisation	24,1	23,8	95,4
Change NWC	57,5	102,0	58,6
Other	19,7	1,5	24,7
Cash flow from operating activities	**89,2**	**121,2**	**144,4**
Interest paid	-16,3	-12,2	-57,0
Income tax paid		-1,0	-4,8
Net cash flow from operating activities	**72,9**	**108,0**	**82,6**
Investing activities			
Purchase of property, plant and equipment (PPE)	-0,7	-1,2	-4,6
Development and purchase of intangible asset	-4,6	-4,2	-13,7
Net cash investments	**-5,2**	**-5,4**	**-18,3**
Financing activities			
Proceeds from issuance of share capital			42,4
Earn-out liability			-42,4
Payment of principal portion of lease liabilitites	-4,7	-3,4	-19,2
Investment in SuperOffice bonds	-27,5		
Net cash used in financing activities	**-32,2**	**-3,4**	**-19,2**
Net decrease/increase in cash, cash eqivalents and bank overdrafts	**35,4**	**99,2**	**45,1**
Cash and cash equivalents at beginning of period	90,7	44,2	44,2
Exchange gains/losses on cash and bank overdrafts		0,0	1,4
Cash and cash equivalents at the end of the period	**126,2**	**143,4**	**90,7**

Comments

- The working capital includes a fair value adjustment of an interest swap of NOKm 6,4 in Q1 2022.
- Interest paid relates 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 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 March 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 31 March 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.
- Pro forma is defined as the financial statements normalized for non recurring events and new business combinations. Non recurring events are excluded and new business combinations are included as if the they had been part of the group for the entire reporting period.
- 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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