Interim Financial Report SuperOffice Group

(Group consists of SuperOffice Group AS and all subsidiaries)

Q1 2023

(Unaudited figures)

May 30th, 2023

SuperOffice®

Update from Gisle Jentoft, CEO of SuperOffice

Q1/2023 – A quarter with continued growth in revenues and ARR as well as improved profit margin

Gisle Jentoft
CEO, SuperOffice

- SuperOffice ended Q1 2023 with a strong growth in revenues and EBITDA. Total revenues for the quarter ended at NOKm 157,3 (NOKm 132,8), up 18,6% versus Q1 2022. Cloud-based revenues were up by 33%. Sales results in the period were somewhat lower than the same period last year, primarily due to longer decision-making processes related to the macroeconomic situation. Our value proposition of increased efficiency, control of your sales processes and customer base, and competitive pricing is still getting good traction in the market. Despite deals being pushed in time, we experience that our competitive position within our target segment is strong.
- At end of Q1/23, ARR at current currencies amounted to NOKm 568 (NOKm 457), representing a growth of 24% versus last year. This gives us a strong tailwind into the remaining quarters in 2023 as recurring revenues represent close to 87% of our total revenues.
- The EBITDA (adjusted for IFRS 16 and nonrecurring items) for Q1 2023 landed at NOKm 33 (EBITDA margin of 21,1%) vs NOKm 22 (16,6%) for Q1 2022. The profit for the quarter reflects our ARR growth the last twelve months and the effects from streamlining of our go to market organization.
- We are continuing our investments in product development, focused on bringing our customers improved and new value adding capabilities. On April 25, we introduced a brand new and totally re-written version of our cloud-based Customer Service software. The launch marked a complete renewal of the request management solution, and the merging of our Service software with the core CRM software. During the quarter we have also continued our investments in a planned move to Microsoft Azure Public Cloud. This is an important move which will lead to exciting new capabilities for our customers as well as additional competitive advantages for SuperOffice – both on the short- and long-term.
- During Q1 we have continued executing on our growth strategy. The work related to streamlining our organization is progressing well, with go to market investments focused on key markets in Scandinavia, Germany, Switzerland and the Netherlands – as well as our customer support centre in Vilnius. As part of the plan, key account management and selling partners in the UK are now handled by our Norwegian go to market team. Our main goal remain 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.
- 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 have clearly influenced the level of investments made by businesses and it is still challenging to predict the extent to which SuperOffice will be affected in the short and long term. However, the general international unrest and growing inflation rates do impact our business through increased 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 forecast for the cloud CRM applications market continues to be strong, especially in the medium-sized B2B market where we are active. Although uncertainties related to the current economic climate and inflation is impacting our business through increase in OPEX, we still expect to continue to deliver improved growth in revenues and profit in the coming 12 months.

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Q1/23 Trading update

II

Interim Financial Statements

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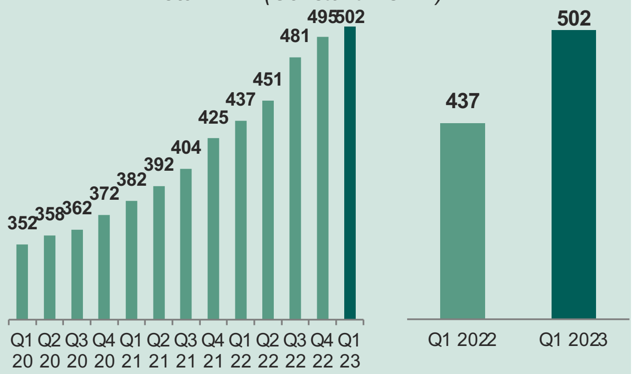
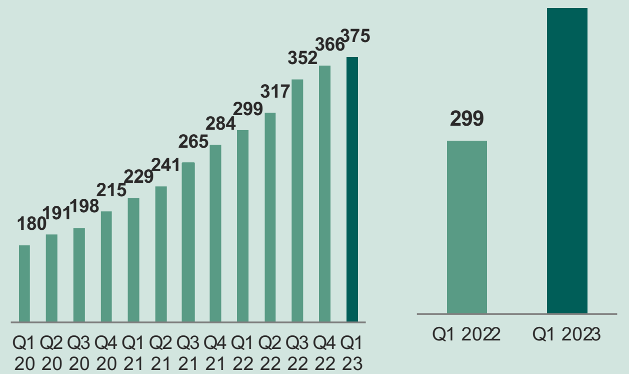
ARR in SuperOffice

Total ARR *(Constant NOKm)*



Cloud ARR *(Constant NOKm)*



ARR development*

Q1 2023 LTM ARR growth versus LTM Q1 2022

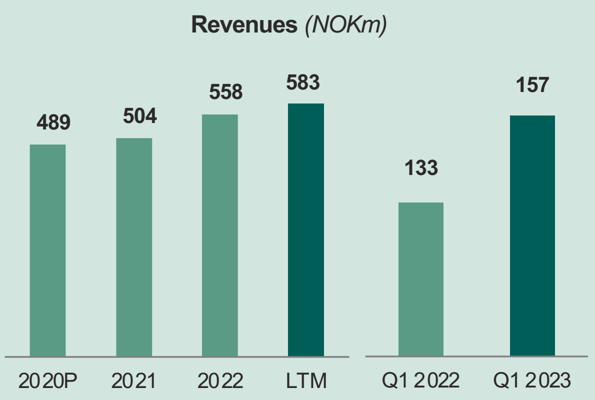
- In constant currency, the total ARR has increased by NOKm 65 (15%) versus a growth of NOKm 56 (15%) for the last twelve months at end of Q1 2022. See ARR development by installation type below.
    - Cloud subscription: increase of NOKm 75 (25%) vs NOKm 70 (31%) in 2022.
    - Onsite subscription: increase of NOKm 10 (15%) vs NOKm 17 (37%) in 2022.
    - Buy/maintenance: decrease of NOKm 20 (-26%) vs decrease NOKm 32 (-30%) in 2022.
- In current currency rates, the total ARR has increased by 24% and ended at NOKm 568 (NOKm 457).

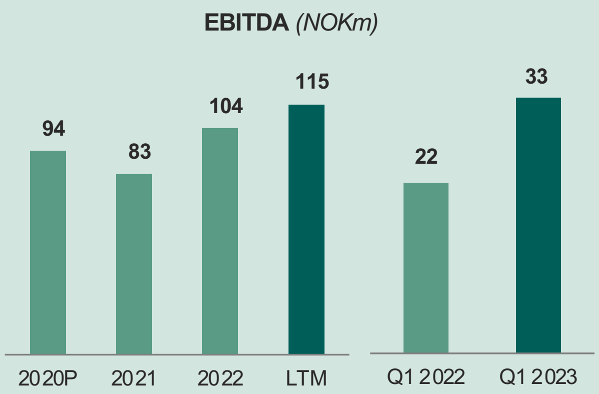
Q1 2023 isolated:

- The total ARR increased by NOKm 7 (1%) in Q1 2023 versus a growth of NOKm 12 (3%) in Q1 2022. See ARR development by installation type below.
    - Cloud subscription: increase of NOKm 9 (3%) vs NOKm 15 (5%) in Q1 2022.
    - Onsite subscription: increase of NOKm 1 (1%) vs NOKm 3 (5%) in Q1 2022.
    - Buy/maintenance: decrease of NOKm 3 (-5%) vs NOKm 6 (-7%) in Q1 2022.
- In current currency rates, the total ARR in the quarter isolated increased by 7%.

*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 2023





Financial development

Income statements (unaudited)

Q1 2023:

- Total operating income amounted to NOKm 157 (Q1 2022 at NOKm 133).
- The EBITDA (adjusted for IFRS and none recurring items) landed at NOKm 33 (Q1 2022: NOKm 22). 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 weaker NOK 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 583 (2022: NOKm 558), and EBITDA at NOKm 115 (2021: NOKm 104).

Balance sheet and liquidity (unaudited)

- Total reported assets (unaudited) as at 31 March were NOKm 1 607. The majority of the balance sheet is related to intangibles (NOKm 1 250). Total cash at end of Q1 2023 amounts to NOKm 77 (free and restricted). The group has a long term bond loan of NOKm 700, and has at end of Q1 2023 in total invested NOKm 112 at nominal value in the bond loan. The balance sheet reflects the net value.
- Cash flow from operating activities was in Q1 2022 NOKm 90 (Q1 2022 NOKm 89). 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.

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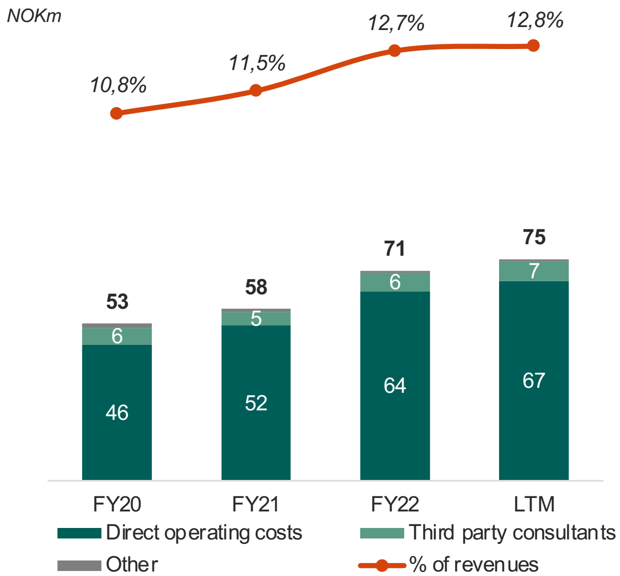
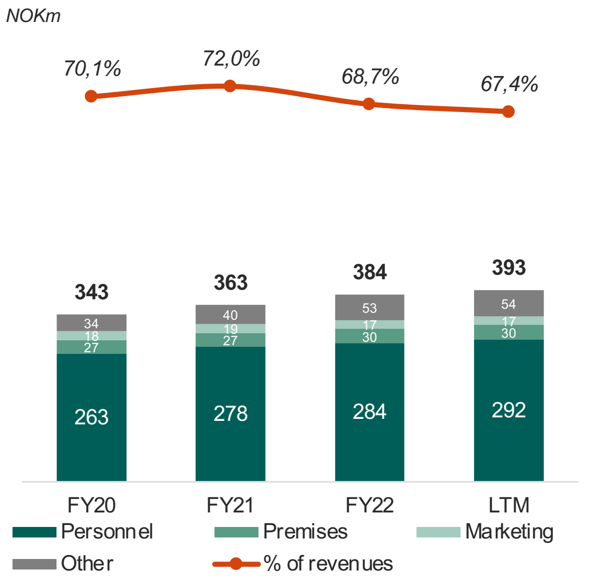
Cost base overview and EBITDA

Purchase of materials & services



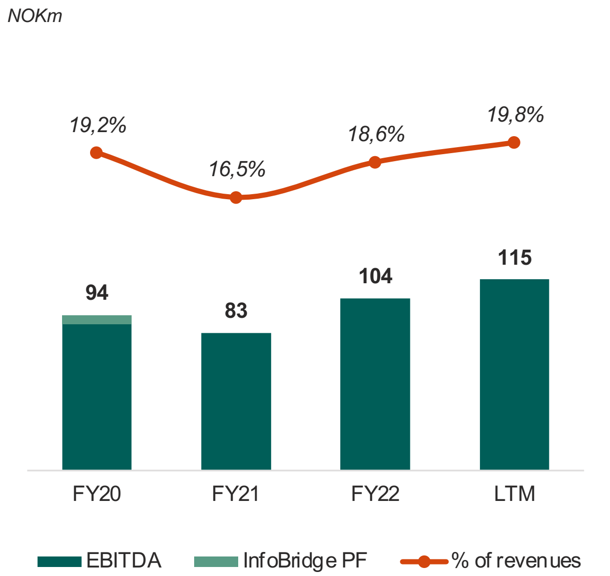
- Direct operating costs include operation of the cloud platform and partner commissions. The growth relates to the increased revenues from the cloud platform and partner commissions.

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 74% LTM.

EBITDA (adjusted)



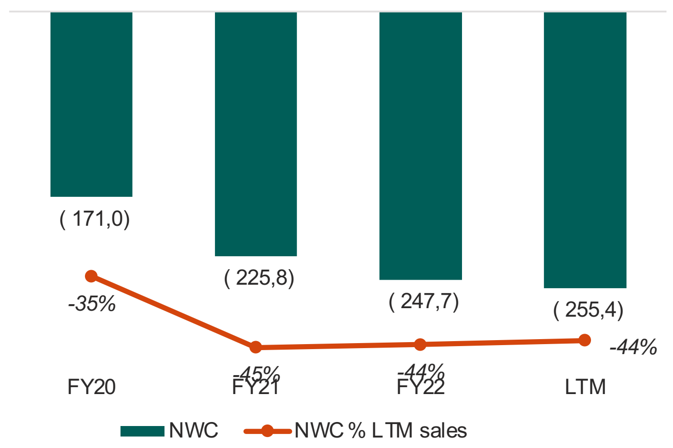
- The EBITDA decreased from 2020 to 2021 mainly as a result of investments made in the organization to drive continued ARR growth going forward. The improved EBITDA in 2022 and LTM reflects partly the investments in 2021 as well as continued focus on the cost base.

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

Net working capital and Capex

Net working capital

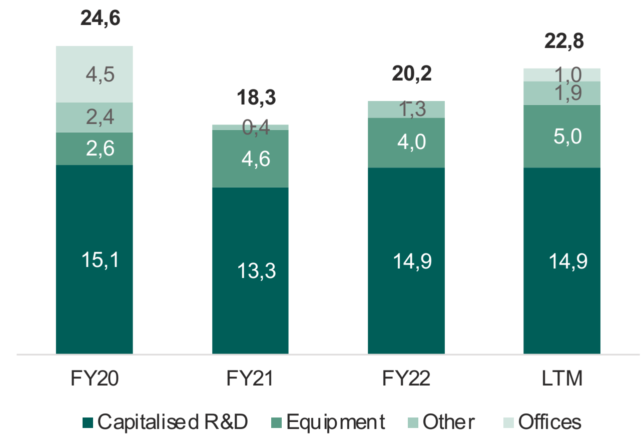
NOKm



- 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 2023 the fair market value amounted to NOKm 15.

Capex overview

NOKm



- 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	Q1 2023	Q1 2022	FY 2022
EBITDA	34,8	23,9	106,3
Margin	*22,1 %*	*18,0 %*	*19,1 %*
Adjusted for IFRS 16	-6,9	-6,0	-24,7
Severance pay/restructuring	5,4	4,1	21,9
Adjusted EBITDA	**33,3**	**22,0**	**103,5**
Margin	*21,1%*	*16,6%*	*18,6%*

Adjustments

Q1 2023:

- Restructurings in Switzerland and UK 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.

Q1 2022:

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

FY 2022:

- Severances packages following restructurings in Sweden, Denmark, Holland and Germany. IFRS 16 is included in the Financial Statements, and the adjusted EBITDA is before IFRS 16.

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Condensed income statement

Unaudited

NOKm	*Note*	Q1 2023	Q1 2022	FY 2022
Operating income		157,3	132,8	557,6
Total revenues	3	**157,3**	**132,8**	**557,6**
Purchase of materials and services		20,1	16,2	70,6
Payroll and related expenses		79,9	74,6	306,0
Other operating expenses		22,6	17,9	73,8
Bad debts		0,0	0,2	0,9
Total operating expenses		122,5	108,9	451,3
Operating profit before deprecation and amortisation (EBITDA)		**34,8**	**23,9**	**106,3**
Depreciation and amortisation		25,7	24,1	96,3
Operating Profit (EBIT)		**9,0**	**-0,2**	**10,0**
Net financial items		16,8	11,9	54,7
Profit before tax		**-7,7**	**-12,0**	**-44,7**
Income tax		-0,4	-3,1	8,6
Profit/loss for the period		**-7,3**	**-8,9**	**-53,3**

Comments

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Statement of comprehensive income

Unaudited

NOKm	Q1 2023	Q1 2022	2022
Profit (loss) for the period	-7,3	8,9	-53,3
Other comprehensive income:			
Currency translation differences (may be reclassified)	1,1	2,7	9,7
Total comprehensive income	**-6,2**	**11,6**	**-43,6**

Condenced consolidated balance sheet

Assets - unaudited

NOKm	31/03/2023	31/12/2022
Non-current assets		
Deferred tax assets	8,9	8,9
Goodwill	669,7	667,2
Intangible assets	580,3	592,0
Tangible assets	15,5	14,4
Right-of-use assets	142,7	137,3
Other non-current receivables	1,8	1,6
Total non-current assets	**1 418,9**	**1 421,3**
Current assets		
Account receivables	65,6	49,4
Other current assets	45,5	31,9
Cash and cash equivalents	76,8	90,7
Total current assets	**187,9**	**172,0**
Total Assets	**1 606,8**	**1 593,3**

Equity and liabilities - unaudited

NOKm	31/03/2023	31/12/2022
Equity	321,3	330,5
Total Equity	**321,3**	**330,5**
Non-current liabilities		
Deferred tax liabilities	129,5	132,4
Pension liability	1,1	0,3
Non-current lease liability	128,1	123,8
Borrowings	589,5	621,3
Total non-current liabilities	**848,2**	**877,8**
Current liabilities		
Prepayments from customers	314,6	242,8
Current lease liabilities	16,8	17,9
Other current liabilities	105,9	109,4
Total current liabilities	**437,3**	**370,1**
Total equity and liabilities	**1 606,8**	**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				-7,3	-7,3
Currency translation effects			-1,8		-1,8
Total comprehensive income for the period			**-1,8**	**-7,3**	**-9,2**
Transactions with owners in their capacity as owners:					
Equity 31.03.2023	**0,09**	**622,4**	**8,3**	**-309,5**	**321,3**

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

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Condensed consolidated statement of cash flow

Unaudited

NOKm	Q1 2023	Q1 2022	FY 2022
Profit before income tax	-7,7	-12,0	-44,7
Depreciation and amortisation	25,7	24,1	96,3
Change NWC	70,1	57,5	37,3
Other	1,6	19,7	47,8
Cash flow from operating activities	**89,7**	**89,2**	**136,7**
Interest paid	-14,4	-16,3	-54,2
Income tax paid	0,1	0,0	-8,0
Net cash flow from operating activities	**75,4**	**72,9**	**74,5**
Investing activities			
Purchase of property, plant and equipment (PPE)	-2,8	-0,7	-4,0
Development and purchase of intangible asset	-5,1	-4,6	-16,2
Net cash investments	**-7,9**	**-5,2**	**-20,2**
Financing activities			
Payment of principal portion of lease liabilitites	-5,5	-4,7	-19,6
Investment in SuperOffice bonds	-31,6	-27,5	-81,3
Net cash used in financing activities	**-37,1**	**-32,2**	**-100,8**
Net decrease/increase in cash, cash eqivalents and bank overdrafts	**30,4**	**35,4**	**-46,5**
Cash and cash equivalents at beginning of period	44,3	90,7	90,7
Exchange gains/losses on cash and bank overdrafts	2,2	0,0	0,1
Cash and cash equivalents at the end of the period	**74,6**	**126,2**	**44,3**

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 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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