

Q4 2021

Quarterly Report Q4 2021
Ørn Software Holding AS



Ørn
Software

Contents



P4

Letter from the CEO



P6

Ørn Software
– The Big Picture

P8

Q4 2021 in Brief

P9 Key figures

P10

Operational Development

P11 Segment Real Estate Management

P12 Segment Industrial Maintenance & Quality
Control

P13 Segment Energy & Sustainability Management

P14

Financial Review

P16 Cash flow

P16 Financial position as at year end 2021

P17 Share information

P17 Risk factors

P17 Outlook

P17 Financial calendar



P18

Client testimonial:
OP Financial Group

P20

**Condensed Consolidated Financial
Statements**

P24

**Explanatory Notes to the Consolidated
Financial Statements**

P33 Alternative performance measures

Letter from the CEO

The fourth quarter marked the conclusion of an extraordinary year for Ørn Software. Not only have we continued to grow business organically, but we have also welcomed three fantastic new companies in our group: Facilit, Landax and Rapal. This means that we now have a truly Nordic geographical footprint and can provide an even broader suite of solutions for digitizing asset heavy worksites and businesses. As a firm foundation for our significant growth ambitions, we listed our stock on Euronext Growth in Oslo in March 2021. Driven by a combination of organic growth and the acquisitions of Facilit, Landax and Rapal, we grew our annual recurring revenue with 111 percent during 2021 to NOK 220 million. The ARR figure is an essential performance indicator for a Software-as-a-Service (SaaS) business like Ørn. More than 80 percent of our revenue is recurring, and the SaaS model implies very high gross margins. With accelerating new sales, an increased potential for cross sales through this year's acquisitions, and churn at stable low levels we are well positioned to continue to create significant value for all stakeholders going forward.

During 2021 Ørn Software increased the sales capacity and hired several experienced new sales representatives. Many of our products, especially within real estate management segment have long sales cycles. However, towards the end of 2021 we have seen an increase in lead generation and a healthy sales pipeline building up. We concluded the fourth quarter with organic ARR growth of 13.7 percent. This represents an acceleration of 1.5 percentage points annualized compared to Q3 2021. So far in 2022, the positive sales development has continued, and combined with price increases implemented early this year we expect to see further gradual improvement in the growth rate in 2022.

In 2021 the top priority for Ørn Software was to successfully execute on the M&A strategy and welcome the acquired businesses, following our proven model for post-merger integration. During 2022 our main focus will be on reaping the benefits of being more than twice as large as one year ago. We see the opportunity to realize synergies not only through cross selling our products, but also by working more efficiently on administration and development of new products and technology. All in all, we expect this to help us improve our adjusted EBITDA margin from 24 percent in 2021 to the targeted range of 28-30 percent in 2022. Combined with a target of revenue of around NOK 270 million, up from 194 million in 2021, and stable CAPEX as a percentage of revenue, this implies an expected significant boost to our cash earnings,



and we expect to be cash flow positive after payment of interest for the full year 2022*.

The potential is vast. The Nordic market for solutions for real estate management, industrial maintenance & quality control and energy & sustainability management is estimated at NOK 14 billion, of which about NOK 3 billion is currently being served. Many of our products are characterized by long sales cycles. However, we have a more focused sales organization than ever and a very promising sales pipeline, which is an indicator of accelerating growth going forward. This underpins our ambition to grow well and continue to improve profitability also long-term. Our 2025 financial growth target is to grow our ARR organically to NOK 430 million and reaching an EBITDA margin higher than 40 percent, and we are well on track to achieve this.

Meanwhile, we look forward to continuing to provide The Big Picture.

Sten-Roger Karlsen
CEO

*) Before adjustment for any special items

Ørn Software – The Big Picture

Most companies have fixed assets that need to be efficiently managed. Most companies need to continuously improve its efficiency to stay competitive. Implementing digital tools that are easy to use and simplify workflows, is an important part of meeting this growing need in asset-heavy industries.

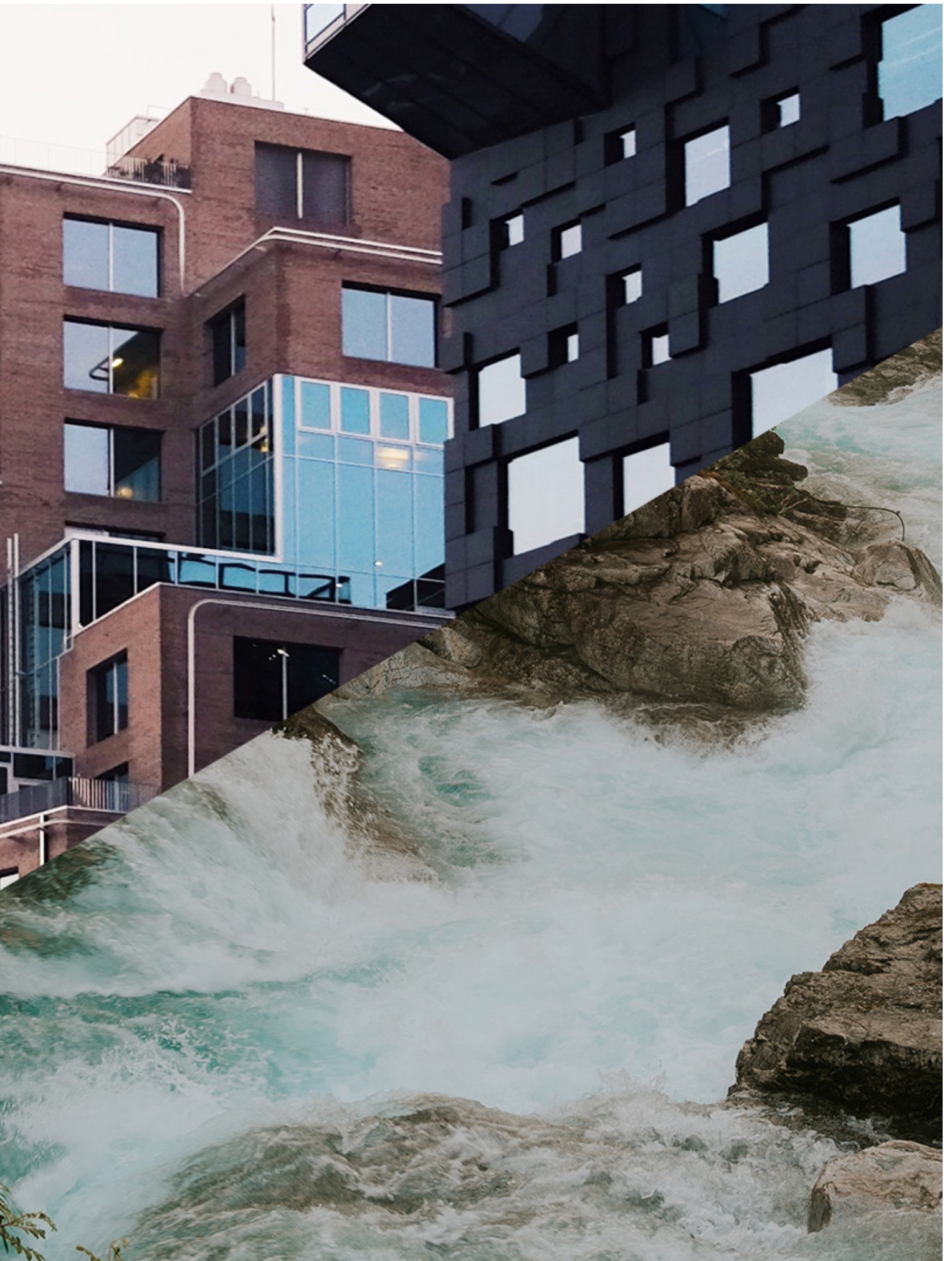
Ørn Software provides industry-leading digital asset management tools, to help users improve its efficiency and become more competitive. Ørn is focused on streamlining business processes, and this is done by collecting useful data, and by digitizing and automizing complex and resource intensive workflows. Ørn's solutions encourage human interaction and data sharing across disciplines, functions, and departments. Seeing the big picture is key to achieving operational success and reduced environmental footprint.

Data is captured from SCADA systems, IoT, sensors and meters, and other systems are connected through APIs, to provide a real-time image and continuously enriching the solutions with valuable data. The solutions enable the users to make tactical, strategical, and operational decisions based on live data and historical trends. Consequently, Ørn's customers achieve reduced cost, increased uptime, extended asset life-time, reduced environmental footprint and regulatory compliance.

The end user is equipped with mobile tools to handle day-to-day field work as efficiently as possible, while management has access to analytics and administration tools. Ørn's customers get an insight into all the details, while still having a complete overview.

Ørn provides its customers with THE BIG PICTURE.





Q4 2021 in Brief

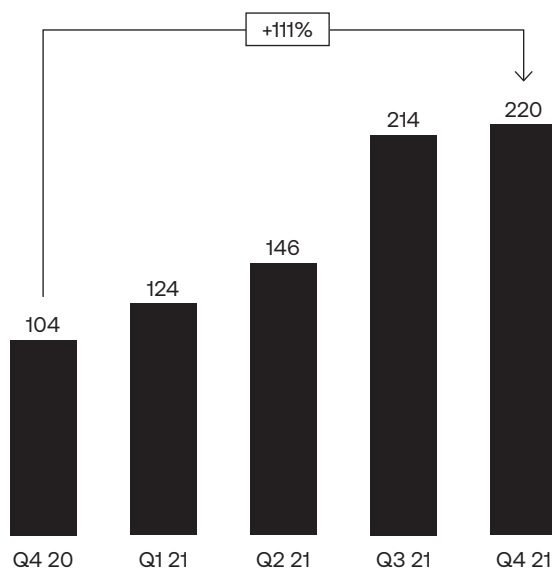
- ARR NOK 219.8 million at the end of the quarter, a growth of +111% since Q4 2020. Organic growth was 13.7%
- Q4 2021 revenue NOK 65.5 million (+185% Y/Y)
- Adjusted EBITDA margin 17.5% (33.3% in Q4 2020). EBITDA margin 19.9% (17.5% in Q4 2020)
- Full-year adjusted EBITDA margin 23.4% (26.3%)
- Cost level affected by integration of acquired companies and building sales capacity to accelerate ARR growth in 2022
- Q4 2021 EBITDA margin included a one-off effect of 5.3%-points related to Q3 2021 cost that were accrued in Q4
- Positive cash flows from operating activities of NOK 8.7 million in Q4 2021

Key figures (in NOK million)

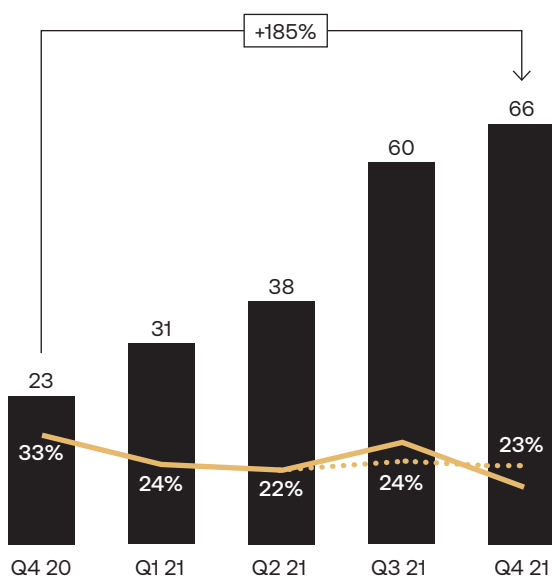
	Q4-21	Q4-20	Change	FY 2021	FY 2020	Change
Revenue	65.5	23.0	185 %	193.9	81,9	137 %
EBITDA	13.0	4.0	224%	23.9	17.9	-22%
EBITDA margin	19.9%	17.5%		12.3%	21.8%	
EBITDA adj.	11.5	7.7	50 %	45.7	21.5	112%
EBITDA adj. margin	17.5%	33.3%		23.5%	26,3 %	
ARR	219.8	104,4	111 %			
Net retention rate	101.4%	100.8%		99.6 %	109,5 %	
Churn	0.1%	0.7%		6.2%	3,7 %	
Numbers of customers	1,955	1,022		1,955	1,022	

Key figures (in NOK million)

ANNUAL RECURRING REVENUE (ARR)



REVENUE AND EBITDA ADJUSTED MARGIN



- Revenue
- Adjusted EBITDA margin
- ⋯ Adjusted EBITDA margin with corrected accruals

Operational Development

At the end of Q4 2021 Ørn Software had a customer base generating Annual Recurring Revenue (ARR) of NOK 220 million, which was 111% higher than at the end of Q4 2020. During Q4, Ørn Software increased its ARR with NOK 5.6 million, driven by increased number of customers and higher revenue per customer.

The Q4 2021 ARR represents a year-on-year organic growth, adjusted for currency fluctuations and the effect of one specific Swedish customer ending its use of Ørn's services in Q2 2021, of 13.7 percent compared to 12.2 percent in Q3 2021. The Q4 quarter-on-quarter organic growth in ARR was 3.2 percent, compared to 0.3 percent in Q3.

Churn rate in Q4 2021 was at 0.1 percent, down from 0.7 percent in Q4 2020.

The net retention rate was 101.4 percent in Q4 2021, compared to 100.8 percent in Q4 2020. The net retention rate adjusted for currency fluctuations was 102.0 percent in Q4 2021 and 100.8 percent in Q4 2020.

Number of customers has increased from 1,022 at the end of Q4 2020 to 1,955 at the end of Q4 2021, primarily driven by M&A activities, but also to some extent new sales.

Ørn is continuing to invest in product development. As the product portfolio is growing through acquisitions, the initiative for establishing one common technology architecture becomes increasingly important. Taking out synergies following the string of acquisitions in 2020 and 2021 is increasingly emphasized, and development will be focused on fewer software solutions.

Ørn Software has during Q4 2020 and the first half-year 2021 increased its sales capacity through recruitment of additional sales personnel. In Q4 2021 this started to yield results in the form of a slight acceleration in organic ARR growth.

Segment Real Estate Management

(figures in NOK million)

	Q4-21	Q4-20	Change	FY 2021	FY 2020	Change
Revenue	44.6	14.9	200 %	129.8	53,3	144 %
ARR	149.6	65.3	129 %	149,6	62,6	129 %
Net retention rate	100.5 %	99.6 %		95.3 %	107,8 %	
Churn	0.1 %	0.5 %		7.9 %	2,0 %	
Numbers of customers	615	261	136%	615	261	136%

At the end of Q4 2021, the segment ARR was NOK 149.6 million, a growth of 129 percent Y/Y. The growth is boosted by the acquisition of Rapal in Q3 2021, which brought ARR of NOK 69.9 million, adding to the effect of acquisitions made in Q4 2020 and Q1 2021.

Organic year-on-year ARR growth in Q4 2021, adjusted for currency fluctuations and excluding the effect of one specific Swedish customer ending its use of Ørn's services in Q2 2021, was 11.3 percent compared to 11.7 percent in Q4 2020, driven by new sale and upsell. The Q4 quarter-on-quarter organic growth in ARR was 1.8 percent, compared to -0.9 percent in Q3.

Churn in the quarter was 0.1 percent, down from 0.5 percent in Q4 2020. The net retention rate was 100.5 percent in Q4 2021, compared to 99.6 percent in Q4 2020. The net retention rate adjusted for currency fluctuations was 101.3 percent in Q4 2021 and 99.6 percent in Q4 2020.

In Q4 2020 and first half-year 2021, the focus has been to build a strong sales force within this segment. As a result, the new sale and cross-selling activity is significantly increased, with initial results in the form of a slight increase in organic growth in Q4 2021.

Operating revenue in the segment in Q4 2021 was NOK 44.6 million, a growth of 200 percent compared to Q4 2020.



Segment Industrial Maintenance & Quality Control (figures in NOK million)

	Q4-21	Q4-20	Change	FY 2021	FY 2020	Change
Revenue	16.7	7.1	135 %	48.9	26,9	82 %
ARR	54.5	26.7	104 %	54,5	26,7	104 %
Net retention rate	103.8 %	101.7 %		108.5 %	112,6 %	
Churn	0.3 %	1.1 %		5.3 %	7,0 %	
Numbers of customers	881	301	193 %	881	301	193 %

At the end of Q4 2021, the segment ARR was NOK 54.5 million, a growth of 104 percent Y/Y. Organic ARR year-on-year growth was 7.3 percent. During Q4, the ARR grew with NOK 3.7 million, driven by new sale and upselling. Churn was limited at 0.3 percent in the quarter.

The position within quality control was significantly strengthened by the acquisition of Landax in Q2 2021. Quality control and Industrial maintenance processes are a good match, and Landax represents highly attractive offering for Ørn's existing customers, and vice versa.

We also experience that the combination of Industrial Maintenance (Maintenance) and Quality Control (InControl) is very well received in the aquaculture industry.

Operating revenue in the segment in Q4 2021 was NOK 16.7 million, a growth of 135 percent compared to Q4 2020.



Segment Energy & Sustainability Management (figures in NOK million)

	Q4-21	Q4-20	Change	FY 2021	FY 2020	Change
Revenue	3.4	0.0	-	14.4	0,0	-
ARR	15.6	15,0	4 %	15,6	15,0	4 %
Net retention rate	102.0 %			102.3 %		
Churn	0.0 %			0.9 %		
Numbers of customers	459	460	0 %	459	460	0 %

The segment consists of the solution acquired in December 2020 (Entro IT).

At the end of Q4 2021, the segment ARR was NOK 15.6 million, up from 15.0 million at the end of Q4 2020. Organic and reported change was 4 %.

During Q4, the ARR was increased with NOK 0.6 million, with a net retention rate of 102 percent and no churn. The segment Energy & Sustainability Management is new to Ørn as of the end of 2020. Sales reps that have been hired during 2021 and in Q4 there were early signs of positive effect of the ramp up. The overall market for Energy & Sustainability Management solutions is expected to increase rapidly over the coming years, e.g. due to focus on energy consumption, climate and specifically the introduction of the new EU Taxonomy framework.

Operating revenue in the segment in Q4 2021 was NOK 3.4 million.

Financial Review

Historical Group P&L	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
Recurring	17 157	18 631	27 325	32 330	51 011	53 844
Non-recurring revenue	2 144	4 387	3 882	5 443	8 442	11 639
Total revenue	19 301	23 017	31 207	37 773	59 453	65 483
COGS	-1 793	-1 306	-1 722	-3 684	-5 495	-9 666
Total OPEX	-12 571	-17 694	-37 709	-27 482	-41 479	-42 792
EBITDA	4 937	4 018	-8 224	6 608	12 479	13 026
Margin (%)	26 %	17 %	-26 %	17 %	21 %	20 %
Special items		3 652	15 703	1 870	5 758	-1 555
Adjusted EBITDA	4 937	7 670	7 479	8 478	18 237	11 471
Margin (%)	26 %	33 %	24 %	22 %	31 %	18 %
Depreciation and amortization	-5 271	-5 913	-9 142	-11 912	-28 158	-25 593
Reported EBIT	-334	-1 896	-17 366	-5 305	-15 679	-12 567
Net financial income	-250	-1 627	5 921	-8 422	-10 551	-4 263
Reported profit/loss before tax	-584	-3 523	-11 445	-13 727	-26 231	-16 829
Tax	421	422	2 747	3 295	6 295	-3 711
Net income/loss	-163	-3 101	-8 698	-10 433	-19 935	-20 540

Full year 2021

Ørn Software consolidated revenues were NOK 193.9 million in 2021. This was a growth of 137 percent compared to 2020. The revenue growth was primarily driven by the acquisitions of MainManager, Entro IT, Facilit Landax and Rapal. The group's organic revenue growth in 2021 was 1 percent compared to 2020. This was the result of a mix of reduced non-recurring revenue and a growth in the strategically important recurring revenue of 5.4 percent, driven by upsales and price optimization.

The gross profit margin of the group was 89.4 percent in 2021, down from 92.8 in 2020. Facilit, which was acquired in Q1 2021 and Entro IT, acquired in Q4 2020, have lower gross margin than the rest of the group, thus impacting negatively on the overall gross margin. The lower gross margin for these companies relates to hired customer support services which are classified as cost of goods. Rapal, acquired in Q3 2021, also has a lower gross margin due to sensor costs.

The Group's EBITDA, adjusted for special items, was NOK 45.7 million in 2021, an increase of 112 percent compared to 2020. EBITDA adjusted margin was 23.5% percent in 2021, compared to 26.3 percent in 2020. The reduction was affected by increased cost related to corporate functions, partly driven by the public listing in March 2021, activities related to the integration of acquired companies and positioning of the group for reaping synergies as of 2022.

Reported EBITDA, which includes special items of NOK 21.8 million, was NOK 23.9 million in 2021 (17.9 million in 2020). Depreciations and amortizations were NOK -74.8 million in 2021 compared to NOK -21.3 million in 2020. The increase reflects the substantially accelerated investment activity in the group during past two years. As the group's accounts are prepared in accordance with NGAAP, all intangible assets are depreciated linearly. The acquisition of Rapal, which was closed in beginning of July 2021, has led to a significant step-up in depreciation. In total, acquisition related depreciation and amortization amounted to NOK 57.5 million in 2021 compared to NOK 12.2 million in 2020.

Reported EBIT was NOK -50.9 million in 2021 compared to NOK -3.4 million in 2020, affected negatively by the special items related to IPO, the acquisitions and the increased depreciations and amortizations.

Net financial income in 2021 was NOK -17.3 million (NOK -2.7 million in 2020), reflecting interest expenses of NOK 24.2 million, other loan related expenses of NOK 2.3, and a positive currency effect of NOK 9.5 million related to the related to the company's debt denominated in SEK and EUR.

Reported tax in 2021 was positive with NOK 8.6 million, compared to NOK 1.7 million in 2020.

Q4 2021

Ørn Software consolidated revenues were NOK 65.5 million in Q4 2021. This was a growth of 185 percent compared to the same period in 2020. The revenue growth was primarily driven by the acquisitions of MainManager, Entro IT, Facilit Landax and Rapal. The group's organic revenue growth in Q4 2021 was 1 percent compared to the Q4 2020. Like the full-year trend, this was the result of declining non-recurring revenue and growth in the strategically important recurring revenue, driven by upsales and price optimization.

The gross profit margin of the group was 85 percent in Q4 2021, compared to 94 from Q4 2020. Facilit, which was acquired in Q1 2021 and Entro IT, acquired in Q4 2020, have lower gross margin than the rest of the group, thus impacting negatively on the overall gross margin. The lower gross margin for these companies relates to hired customer support services which are classified as cost of goods.

Reported EBITDA, which includes special items of NOK -1.6 million, mainly related to changes in employer's contribution to the option scheme bonuses, was NOK 13.3 million in Q4, compared to 12.5 million last quarter and 4 million same quarter last year. EBITDA margin was 20 percent in Q4 2021.

The Group's EBITDA, adjusted for special items, was NOK 11.5 million in Q4 2021, an increase of 50 percent compared to the same quarter in 2020. EBITDA adjusted margin was 18 percent in Q4 2021. The reduction was, as for the full year 2021 affected by increased cost related to corporate functions, partly driven by the public listing in March 2021, activities related to the integration of acquired companies and positioning of the group for reaping synergies as of 2022. In addition, Q4 2021 was negatively affected by certain cost related to Q3 2021 that were accrued in Q4. This affected adjusted EBITDA margin negatively with 5.3% in Q4. Adjustments of special items in Q4 2021 are related to decrease in the share price that affect the accounting of option programs with -2.3 million in salary cost, as well as office rental cost in connection with relocation.

Depreciations and amortizations were NOK -25.6 million in Q4 2021 compared to NOK -5.9 million in Q4 2020 and NOK -28.1 million in Q3 2021. The increase reflects the substantially accelerated investment activity in the group during the recent 12 months. As the group's accounts are prepared in accordance with NGAAP, all intangible assets are depreciated linearly. The acquisition of Rapal, which was closed in beginning of July 2021, has led to a significant step-up in quarterly depreciation. In total, acquisition related depreciation and amortization amounted to NOK 21.7 million in Q4 2021 compared to NOK 3.1 million in Q4 2020 and NOK 19.0 million in Q3 2021.

Reported EBIT was NOK -12.6 million in Q4 2021 compared to NOK -1.9 million in Q4 2020, affected positively by the special items and negatively related to the increased depreciations and amortizations.

Net financial income in Q4 2021 was NOK -4.3 million (NOK -1.6 million in Q4 2020), reflecting interest expenses of NOK 8.7 million, other loan related expenses of NOK 0.8 million, earn-out revaluation of NOK 1 million, and positive currency effects of NOK 4.2 million related to the related to the company's debt denominated in SEK and EUR. Reported tax in Q4 2021 was NOK -3.7 million, compared to NOK 0.4 million in Q4 2020. The negative effect in Q4 2021 is a result of using the end of year tax calculation instead of a flat 24% (used through the year) on profit before tax i Q4.

Cash flow

Cash flow from operating activities in Q4 2021 before change in net working capital was NOK -19.0 million, and NOK 8.7 million after change in working capital of NOK 27.7 million. On a 2021 full year basis, the cash flow from operations of NOK 6.6 million excluding change in net working capital and other non-cash items related to the acquisitions .

Change in net working capital, non-cash items and acquisitions were affected by reclassifications. Reclassification of payment of debt related to the acquisition of Entro IT AS in Q1 2021, which, in Q4 2021, has been reclassified from net working capital to acquisitions (NOK 19.1 million). Furthermore, delivery on prepayments from customer, where the prepayment was made before the acquisition date, have been reclassified from net working capital to non-cash items (NOK 16.4 million for the year).

Cash flow from investing activities was NOK 28.5 million in Q4 21, driven by capex of NOK 9.4 million related to software development, and the above-mentioned reclassification.

Net cash flow from financing activities was NOK -4.3 million in Q4 2021 related to down payment of external debt in Rapal Oy.

Cash flow from operating activities in the full year 2021 before change in net working capital was NOK -16.6 million, and NOK -16.5 million after change in working capital of NOK 0.2 million. The cash flow was affected by negative cash flow related to special items cost.

Cash flow from investing activities was NOK -427.6 million in 2021, driven by the acquisition of Facilit, Landax and Rapal and capex of NOK 33.0 million related to software development.

Net cash flow from financing activities was NOK 513.2 million in 2021 related to a capital increase of MNOK 229, mainly related to equity capital raise ahead of the IPO, and new tap issue of MEUR 24.2 and MSEK 45 from our loan facility provider Ture Invest AB, related to the acquisition of Facilit, Landax and Rapal.

Total cash at end of 2021 was NOK 134.5 million.

Financial position as at year end 2021

Following the equity capital raise of gross NOK 250 million ahead of the IPO in March 2021, Ørn Software has a robust balance sheet and is well capitalized to deliver on the stated growth ambitions.

Total assets amounted to NOK 901.6 million (264.7 million at the end of 2020). Total current assets amounted to 161.9 million (83.2 million at the end of 2020), primarily driven by increased cash as a result of the equity capital raise. Cash and cash equivalents amounted to NOK 134.5 million (65.3 million at the end of 2020).

Non-current assets increased to 739.7 million (181.4 million at the end of 2020). The change was predominantly related to intangible assets, which increased to NOK 736.2 million (179.7 million at the end of 2020), driven by the acquisitions of Facilit, Landax and Rapal (please refer to note 6)

Total liabilities were at 550.7 million (NOK 186.1 million at the end of 2020). Current liabilities increased to NOK 85.7 million (NOK 61.0 million at the end of 2020). Non-current liabilities increased to NOK 411.6 million (NOK 116.6 million at the end of 2020).

Share information

At the end of Q4 2021 Ørn Software had 94,398,537 million shares. There was no change in number of shares during Q4 2021. An overview of the 20 largest shareholders is available on the company web site.

Risk factors

Risk factors are described in the Information document prepared in connection with the listing on Euronext Growth, published 29 March 2021.

Outlook

Ørn Software is a leading software company with digital solutions for industrial and real estate management in the Nordic market. Through organic growth and targeted acquisitions, the company has significant growth ambitions both in the Nordic region and in Europe.

The market potential in the Nordic region is estimated at NOK 14 billion. By 2025, Ørn Software aims to achieve an ARR of NOK 430 million based on organic growth, in addition to further growth through M&A. Ørn Software's business model, which is based on providing Software-as-a-Service, is highly scalable. The company will continue to focus on sales and ARR growth, as well as increasingly move services over to shared technology platforms, which will add to this scalability. In addition to revenue growth, the company aims to increase its EBITDA margin to at least 40 percent by 2025 and a gradually reduced CAPEX as a percentage of revenue from 2023 and onwards.

Ørn Software will during 2022 take important steps towards the long-term goal. This year, the key focus will be on taking out revenue and cost synergy effects in the aftermath of the string of acquisitions in 2020 and 2021. This means that the company will take a step-change in terms of profitability during 2022, and we expect our adjusted EBITDA margin to improve from 24 percent in 2021 to a targeted range of 28-30 percent in 2022. Combined with a target of revenue of around NOK 270 million, up from 194 million in 2021, and stable CAPEX as a percentage of revenue, this implies an expected significant boost to our cash earnings, and we expect to be cash flow positive after payment of interest for the full year 2022*. Many of Ørn Software's solutions experience long sales cycles. This is particularly the case for real estate management solutions for large public and private organizations. During 2021 and so far in 2022, we have seen positive momentum when it comes to building up sales pipeline. Hence, organic growth in ARR and revenue is expected to gradually accelerate during 2022 and beyond.

*) Before adjustment for any special items

Financial calendar

Quarterly reporting:

- Annual report 2021: 30 March 2022
- Q1 2022: 20 May 2022
- Q3 2022: 11 November 2022
- Annual General Meeting: 27 April 2022
- Q2 and first half 2022: 26 August 2022
- Q4 2022: 24 February 2023

OP Financial Group



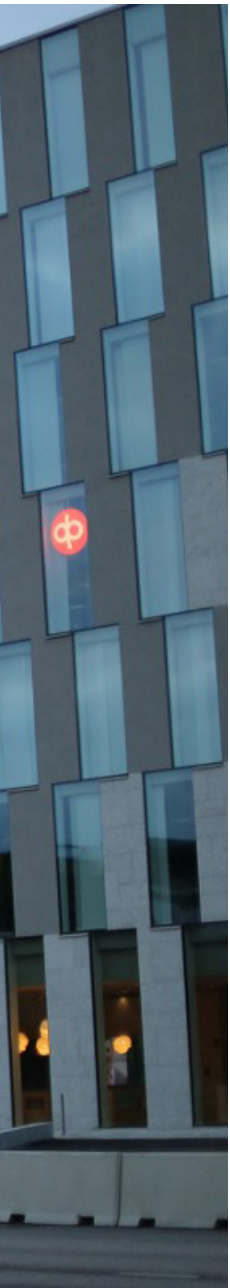


Photo: Wikipedia, Elenanoeva, Karolis Kavolelis

“With 7,000 sensors placed over 10 of our locations, Worksense collects real-time space utilization data. This allows us to make data-based decisions regarding how to optimally adapt the layout of offices in line with hybrid work model.”

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Income

	Note	FY 2021 01.01-31.12 Unaudited	FY 2020 01.01-31.12 Unaudited	Q4 – 2021 01.10-31.12 Unaudited	Q4 – 2020 01.10-31.12 Unaudited
NGAAP – All amounts in NOK thousand					
Operating revenues and operating costs					
Total Operating Income	3	193 918	81 925	65 483	19 301
Cost of goods		20 567	5 900	9 666	1 793
Salaries		101 331	41 815	30 422	9 681
Depreciation and amortization		74 805	21 271	25 593	5 271
Other operating costs		48 131	16 338	12 369	2 890
Total OPEX		244 835	85 323	78 050	19 635
Operating profit		-50 917	-3 398	-12 567	-334
Financial income and financial costs					
Other financial income		26 144		7 521	
Other interest expenses		-24 169	-2 683	-8 720	-250
Other financial cost		-19 291		-3 064	
Result of financial items		-17 315	-2 683	-4 263	-250
Reported EBT		-68 232	-6 081	-16 829	-584
Tax		8 626	1 685	-3 711	421
Net income		-59 607	-4 396	-20 540	-163

Consolidated Statement of Financial Position

ASSETS	Note	FY 2021 31.12.2021 Unaudited	FY 2020 31.12.2020 Audited
NGAAP - All amounts in NOK thousand			
Non-current assets			
Intangible assets			
R&D	5,6	116 832	113 619
Customer relationship	5,6	271 190	0
Deferred tax assets		0	0
Goodwill	5,6	348 222	66 050
Total intangible assets		736 243	179 669
Tangible assets			
Property, plant and equipment		1 788	1 740
Total tangible assets		1 788	1 740
Financial assets			
Investment in shares		34	34
Long-term receivables		1 684	0
Total financial fixed assets		1 718	34
Total non-current assets		739 749	181 443
Current assets			
Receivables			
Trade receivable		19 013	9 148
Other current assets		8 386	8 781
Total receivables		27 398	17 929
Investments			
Cash and cash equivalents		134 456	65 289
Total current assets		161 854	83 218
Total assets		901 603	264 660

Consolidated Statement of Financial Position cont.

Equity and liabilities	Note	FY 2021 31.12.2021 Unaudited	FY 2020 31.12.2020 Audited
NGAAP - All amounts in NOK thousand			
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Paid-in capital			
Share capital		9 440	6 075
Share premium		454 445	104 965
Other equity		1 285	879
Total paid-in equity		465 170	111 919
<hr/>			
Earned equity			
Other equity		-114 271	-33 346
Total earned equity		-114 271	-33 346
<hr/>			
Total equity	4	350 899	78 573
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Liabilities			
Provision for liabilities			
Deferred tax	5,6	53 477	8 581
Total provisions for liabilities		53 477	8 581
<hr/>			
Other long-term debt			
Non-current interest-bearing debt	8	411 564	116 554
Other non-current liabilities		0	0
Total non-current liabilities		411 564	116 554
<hr/>			
Short-term liabilities			
Convertible loans	7	0	5 580
Accounts payable		9 355	5 930
Payable tax		0	63
Public duties payable		12 307	5 878
Other current financial liabilities	7	64 000	43 502
Total current liabilities		85 662	60 953
<hr/>			
Total liabilities		550 704	186 087
<hr/>			
Total equity and liabilities		901 603	264 660

Condensed Consolidated Cash Flow Statement

	FY - 2021	FY - 2020	Q4 - 2021	Q4 - 2020
	01.01-31.12	01.01-31.12	01.10-31.12	01.10-31.12
NGAAP - All amounts in NOK thousand	Unaudited	Unaudited	Unaudited	Unaudited
Operating activities				
Profit/loss before tax	-68 232	-6 081	-16 829	-3 523
Depreciation and amortization	74 805	21 270	25 593	5 914
Change in net working capital	178	-1 517	27 732	-10 006
Other non-cash items	-23 217	4 944	-27 781	8 013
Net cash flows from operating activities	-16 466	18 617	8 715	398
Development of software and other intangible assets	-32 972	-19 687	-9 419	-6 469
Net Acquisitions	-394 629	-75 724	-19 135	-62 062
Net cash flows from investing activities	-427 601	-95 412	-28 554	-68 531
Net proceeds from long term debt	284 246	98 662	-4 266	88 951
Net proceeds from share issue	228 987	41 102	0	36 250
Net cash flows from financing activities	513 234	139 763	-4 266	125 201
Cash and cash equivalents at the beginning of the period	65 289	2 320	158 561	8 221
Net change in cash and cash equivalents	69 167	62 968	-24 105	57 068
Cash and cash equivalents at the end of the period	134 456	65 288	134 456	65 289

E.g. gains/(losses) on cash and cash equivalents have been allocated to other non-cash items (cash flows from operating activities)

Explanatory Notes to the Consolidated Financial Statements

Note 1 – General information

About Ørn Software

Ørn Software, listed on Euronext Growth as of March 2021, is a Nordic provider of SaaS solutions enabling efficient operations and maintenance across a wide range of asset-heavy industries, including real estate, manufacturing, food & beverages, and aquaculture. The Group's software provides customers with improved insight through data-driven operations and contributes to increased efficiency and reduced costs through digitalization of rental processes, data-driven maintenance scheduling and energy optimization.

All of the above contribute to the lengthening of property and equipment lifespan, a key component of Ørn Software's value proposition. Furthermore, the Group's offering enables customers to reduce their environmental footprint and provides digital tools to meet reporting and regulatory requirements.

Close to 2,000 companies and 280,000 users use Ørn Software's different SaaS-offerings every day, including a number of the biggest industrial and property management firms in the Nordic countries.

Read more at www.ornsoftware.com

As of the 31 December 2021, the consolidated financial statements of Ørn Software Holding AS consist of the following subsidiaries and granddaughters:

Ørn Software Holding AS, parent company

- Ørn Software AS, daughter
- Ørn Software AB (formerly View Software Sweden AB), granddaughter
- Ørn Software Ehf group (formerly MainManager Ehf group), granddaughter
- Entro IT AS group, granddaughter (merged with Ørn Software AS in Q4 21)
- Facility Management AS group (Facilit), granddaughter
- Landax AS, granddaughter
- Ørn Software Holding Oy Group (Rapal Oy), granddaughter

Prior to the Group's acquisition of Facilit on 8 March 2021, Facilit acquired Senix Consulting AS. Landax AS was acquired on 8 June 2021. Rapal Oy was acquired through Ørn Software Holding Oy on 9 July 2021 (see note 6).

Note 2 – Basis of preparation

The financial statements have been prepared in accordance with Norwegian generally accepted accounting principles (NGAAP) and there have been no changes to the accounting principles since the annual accounts for 2020. Reference is therefore made to the note of principles in the annual accounts for 2020.

Note 3 – Revenue

The company's revenues consist primarily of revenues related to "Software-as-a-Solution" services. Revenue recognition takes place on a straight-line basis in accordance with the underlying agreement, a large part of the company's agreements is recurring.

NGAAP - All amounts in NOK thousand	FY 2021 Unaudited	FY 2020 Unaudited	Q4 - 2021 Unaudited	Q4 - 2020 Unaudited
Real Estate Management				
Recurring	109 112	45 878	37 373	10 901
Non-recurring revenue	20 675	7 271	7 269	1 592
Total revenue	129 787	53 149	44 642	12 493
Industrial Maintenance & Quality Control				
Recurring	41 207	24 634	13 107	6 084
Non-recurring revenue	7 659	2 268	3 611	501
Total revenue	48 866	26 902	16 718	6 585
Energy & Sustainability Management				
Recurring	14 193	0	3 365	0
Non-recurring revenue	226	0	0	0
Total revenue	14 419	0	3 365	0
Other income	849	1 873	302	223
Total Operating Income				
Recurring	164 511	70 513	53 844	16 985
Non-recurring revenue (incl. other income)	29 406	11 412	11 412	2 316
Total Operating Income	193 918	81 925	65 483	19 301

Note 4 – Equity

	paid in equity			retained losses	
	Share capital	Share premium	Other equity	Other equity	Total equity
NGAAP - All amounts in NOK thousand	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Equity as at 31.12.2020 (audited)	6 075	104 965	879	-33 346	78 573
Capital increase when converting debt	130	5 450			5 580
Capital increase by cash deposit	2 389	247 736		-16 155	233 970
Option scheme for management			193		193
Result in period				-8 698	-8 698
Currency differences regarding equity				-258	-258
Equity as at 31.03.2021 (unaudited)	8 594	358 151	1 071	-58 457	309 360
Capital increase by cash deposit				-296	-296
Option scheme for management			71		71
Result in period				-10 433	-10 433
Currency differences regarding equity				448	448
Equity as at 30.06.2021 (unaudited)	8 594	358 151	1 143	-68 738	299 150
Capital increase when converting debt	846	96 294			97 139
Capital increase by cash deposit					0
Option scheme for management			71		71
Result in period				-19 935	-19 935
Currency differences regarding equity				-452	-452
Equity as at 30.09.2021 (unaudited)	9 440	454 445	1 214	-89 126	375 973
Capital increase when converting debt					0
Capital increase by cash deposit					0
Option scheme for management			71		71
Result in period				-20 540	-20 540
Currency differences regarding equity				-4 604	-4 604
Equity as at 31.12.2021 (unaudited)	9 440	454 445	1 285	-114 271	350 899

On the 25 March 2021, the company issued 23,892,497 shares, resulting in a net capital increase of NOK 250,125,291.23. Transaction costs (pre-tax) totaled NOK 16,451,113.10.

On the 14 May 2021, an extraordinary general meeting approved and granted an authorization to the Board of Directors to increase the company's share capital by up to NOK 1,718,859.40 corresponding to approximately 20% of the Company's current share capital (valid until 14 May 2023). The authorization effectively replaced the former authorization. Such authorization provides the Board of Directors flexibility to finance further growth.

During the third quarter of 2021, the company issued 1,992,588 new shares, with a fair value of NOK 21,700,000 as part of the consideration for the acquisition of Landax AS. In addition, the company issued 6,462,980 new shares with a fair value of NOK 75,439,091 as part of the consideration for the acquisition of Rapal Oy.

Note 5 – Intangible assets

	R&D Unaudited	Customer relationship Unaudited	Goodwil Unaudited	TOTAL Unaudited
NGAAP - All amounts in NOK thousand				
Acquisition cost 31.12.2020	176 880	0	76 501	253 381
Disposals	0	0	0	0
Reclassification preliminary PPA	-44 985	28 981	17 906	1 902
Additions through acquisition (Facilit Management)	5 300	42 304	11 158	58 762
Additions through acquisition (Landax)	8 500	59 459	51 611	119 569
Additions through acquisition (Rapal)	41 420	157 152	230 388	428 959
Additions	31 152	0	0	31 152
Acquisition cost 31.12.2021	218 267	287 896	387 564	893 726
Accumulated depreciation 31.12.2020	63 427	0	10 451	73 879
Accumulated write-downs	313	0	0	313
Departure accumulated depreciation and write-downs	0	0	0	0
Depreciation from acquisitions (Facility Management)	200	31	7	238
Depreciation from acquisitions (Landax)	500	0	0	500
Depreciation from acquisitions (Rapal)	9 831	0	0	9 831
Translation differences	-313	-76	-267	-656
Period's depreciation	27 477	16 751	29 152	73 380
Accumulated depreciation 31.12.2021	101 435	16 706	39 342	157 483
Book value 31.12.2021	116 832	271 190	348 222	736 243

At the end of December 2020, the Company acquired Örn Software Ehf group (earlier MainManager Ehf group) and Entro IT AS, a preliminary purchase allocation (“PPA”) was made. During the first quarter of 2021, the company updated the PPA resulting in a reclassification, no changes to the total figures, however a reclassification were made between R&D, Goodwill and customer relationship, resulting in additional technical deferred tax, which will not become payable. For additions related to business combinations in 2021, see note 6. As a result of new information there have been some changes to the PPAs of acquisitions done during 2021, these changes are booked under “Reclassification of preliminary PPA”. The most significant being a reclassification related to Rapal Oy, where EUR 4.4 million from customer contracts and EUR 1 million from deferred tax on customer contracts, was reclassified to a net EUR 3.4 million increase in goodwill. Furthermore, there was an increase in the goodwill related to the purchase of Facility Management AS of NOK 3.4 million due to a reclassification to debt/equity in the company financial statement.

Note 6 – Business Combinations

Ørn Software acquired Facility Management AS (Facilit) on 8 March 2021. Facilit was established in 1999 and had a turnover of NOK 17 million in 2020. The company has 12 employees in Tromsø and Tønsberg and 174 customers. Facilit develops software for facility management, with customers in many industries across Norway and will strengthen our segment in Real Estate Management. The acquisition gives Ørn Software a 39% market share of the Norwegian facility management market. Globally, this is a rapidly expanding business area, and even better systems for sustainable management, operations, maintenance and development of property will be required in the future.

The acquisition-date fair value of the total consideration transferred was NOK 48.429 thousand in cash. Transaction cost of NOK 1.170 thousand were expensed and are activated as a part of the purchasing price. Facilit has contributed NOK 15.4 million of revenue and NOK 5.4 million to net profit before tax as of Q4 2021 (March until December).

Purchase Price Allocation (PPA)	Facility Management
	01.03.2021
	Unaudited
NGAAP - All amounts in NOK thousand	
R&D	5 000
Customer relationship	42 627
Property, plant and equipment	325
Deferred tax	0
Other long term receivables	
Total non-current assets	47 952
Current assets	
Trade and other receivables	346
Cash and cash equivalents	8 712
Total current assets	9 058
Total assets	57 010
Non-current liabilities	
Deferred tax arising from business combination	-9 835
Non-current provisions and other liabilities	-285
Total non-current liabilities	-10 120
Current liabilities	
Trade and other payables	-558
Current provisions and other liabilities	-12 479
Total current liabilities	-13 037
Total liabilities	-23 157
Total identifiable net assets at fair value	33 853
Settled in cash	48 429
Seller's credit	
Goodwill arising on acquisition	14 576

Note 6 – Business Combinations cont.

R&D allocation	3 818
Deferred tax on R&D	-840
Customer relationship allocation	40 886
Deferred tax on customer relationship	-8 995
Total allocation	49 445

In addition, Landax AS was acquired on 8 June 2021. Landax was established in 1990. At the end of 2020, Landax had an annual recurring revenue (ARR) of NOK 18.9 million. 2020 revenue was NOK 30.8 million. This represented an organic growth in ARR of 29% compared to 2019. Landax has a unique position within the Quality Management space, and its platform offers an impressive width in functionality that perfectly complements our existing portfolio perfectly. Landax represents an offering that is highly attractive for Ørn's existing customers, and vice versa. The acquisition adds 540 new customers to Ørn Software's portfolio, including a range of large companies within Norwegian retail, logistics and industry. The acquisition also provides Ørn with 11 highly skilled employees in Norway, and a development team in Poland. Although Landax' main market is Norway, its platform supports multiple languages and is ready to be introduced outside the country.

The acquisition-date fair value of the total consideration transferred was NOK 86.8 million in cash and NOK 21.7 million in shares (seller's credit). Transaction cost of NOK 1.0 million were expensed and are capitalized as a part of the purchasing price. Landax has contributed NOK 19.6 million of revenue and NOK 11.7 million to net profit before tax as of Q4 2021 (June until December).

	Landax
	31.05.2021
NGAAP - All amounts in NOK thousand	Unaudited
R&D	8 000
Customer relationship	59 459
Property, plant and equipment	48
Deferred tax	0
Other long-term receivables	0
Total non-current assets	67 506
Current assets	
Trade and other receivables	1 717
Cash and cash equivalents	18 083
Total current assets	19 801
Total assets	87 307
Non-current liabilities	
Deferred tax arising from business combination	-14 387
Non-current provisions and other liabilities	-1 139
Total non-current liabilities	-15 526

Note 6 – Business Combinations cont.

	Landax
Current liabilities	
Trade and other payables	-1 710
Current provisions and other liabilities	-12 162
Total current liabilities	-13 872
Total liabilities	-29 399
Total identifiable net assets at fair value	57 908
Settled in cash	87 838
Sellers's credit	21 700
Goodwill arising on acquisition	51 629
R&D allocation	5 937
Deferred tax on R&D	-1 306
Customer relationship allocation	59 459
Deferred tax on customer relationship	-13 081
Total allocation	102 638

On 9 July 2021, Ørn Software entered the Finnish market through the acquisition of Rapal Oy. Rapal is the Finnish market leader with SaaS solutions for workplace management, lease management, and infrastructure cost management. Rapal's products are highly complementary to Ørn's real estate platform, with best-in-class solutions for lease, space, and workplace management. Rapal's Smart office solution meets the post-Covid demands perfectly, empowering companies to ensure a safe return to a more dynamic and flexible workplace. The acquisition adds 164 new customers and 250 contracts to Ørn Software's portfolio, including not only real estate companies, but also tenants and architectural offices. The acquisition also provides Ørn with 70 highly skilled employees in Espoo, Finland, and a subsidiary in San Francisco. The US business is primarily focused on workplace analytics and smart office solutions, giving consultants and architects access to tools used to optimize space utilization in the design phase of building projects.

At the end of 2020, Rapal had an annual recurring revenue (ARR) of NOK 59 million. 2020 revenue was NOK 85 million. The 2020 EBITDA was NOK 18 million (NOK 14 million in 2019).

The acquisition-date fair value of the total consideration transferred was EUR 27.6 million in cash, EUR 7.4 million in shares (seller's credit), and a contingent consideration of EUR 2.4 million. Transaction costs of EUR 0.8 million are capitalized as a part of the purchase price. Rapal has contributed NOK 37.9 million of revenue and NOK 3.0 million to net profit before tax as of Q4 2021 (July until December).

Purchase Price Allocation (PPA)	Ropal	
	EUR	NOK*
	01.07.2021	01.07.2021
NGAAP - All amounts in EUR/NOK thousand	Unaudited	Unaudited
R&D	3 129	32 340
Customer relationship	11 328	117 076
Property, plant, and equipment	104	1 079
Deferred tax	0	0
Investments	745	7 698
Other long-term receivable	45	461
Total non-current assets	15 350	158 653
Current assets		
Trade and other receivables	500	5 168
Cash and cash equivalents	1 178	12 178
Total current assets	1 678	17 346
Total assets	17 029	175 999
Non-current liabilities		
Deferred tax arising from business combination	-2 779	-28 720
Non-current provisions and other liabilities	-1 904	-19 675
Total non-current liabilities	-4 682	-48 395
Current liabilities		
Trade and other payables	-268	-2 765
Current provisions and other liabilities	-1 172	-12 116
Total current liabilities	-1 440	-14 881
Total liabilities	-6 122	-63 276
Total identifiable net assets at fair value	10 906	112 723
Settled in cash	27 637	285 640
Seller's credit	7 416	76 648
Earn-out	2 412	24 929
Goodwill arising on acquisition	26 558	274 494
R&D allocation	1 303	13 468
Deferred tax on R&D	-287	-2 963
Customer relationship allocation	11 328	117 076
Deferred tax on customer relationship	-2 492	-25 757
Total allocation	36 410	376 318

*EUR/NOK at closing date 9/7-21

R&D from the acquisition is depreciated over 5 years. Customer contracts are depreciated over 12 years. Goodwill is amortized over 8 years.

As a result of new information obtained after the acquisition date, there have been minor reclassifications between allocation of intangible assets, with minimal P&L impact (amortization).

Note 7 – Other current financial liabilities

The group has a total of NOK 64.0 million in other current financial liabilities at the end of June. Prepaid income from customers is NOK 18.3 million of this amount. Earn-out provisions related to the acquisition of Rapal Oy accounts for NOK 24.1 million.

Note 8 – Funding – Cash and Interest-bearing debt

The group has a solid cash position at the end of December which amounts to NOK 134.5 million. The Group is funded through a SEK 500 million nominated loan facility agreement with Ture Invest AB. As of 31 December 2021, SEK 166.4 million and EUR 24.5 million is drawn on the loan facility. The acquisition of Facilit, Landax and Rapal was partly financed through tap issues on the existing loan facility agreement. In connection with an innovation project, Ørn has a debt to Innovation Norway of NOK 4.75 million at the end of December 2021. The total book value of the interest-bearing debt is NOK 411.6 million.

The Group complies with all financial covenants (see note 5 in the annual accounts of 2020). The notes shall be repaid in bullet repayment on the maturity date, 19 November 2024. Based on undrawn facilities and the cash position, the Group is funded for further growth.

Note 9 – Subsequent events

No material events have occurred after the end of Q4 2021.

Alternative performance measures

Alternative performance measures (“APM”) are used by the Group to provide a better understanding of the Group’s underlying financial performance for the period. Annual recurring revenue (ARR) and adjusted EBITDA is also used by Management to drive performance in terms of target setting.

Each of the following APMs have been defined by the Group as follows:

- Gross margin is total revenue less the cost of goods sold (COGS)
- Adjusted EBITDA is defined as EBITDA adjusted for material items which are not regarded as part of underlying business performance for the period, such as costs related to acquisitions and divestments, restructuring costs and rebranding, as well as other material effects of a special nature.
- Annual recurring revenue is defined as at each point in time the annual value of contracted license revenue, that are considered recurring by nature, although the contract includes termination clauses that enable the customers, with a certain notification period, to terminate the customer agreement.
- Net Retention is the overall impact on the revenue generation from your existing customers.
- Churn rate is the rate at which your existing customers quit using your product in a given time period.
- Organic Growth in Annual Recurring Revenue is used to measure the Group’s ability to grow through additional revenue from existing and new customers, as opposed to growth through acquisitions. Organic growth is defined as ARR at the end of the period, adjusted for the ARR from acquisitions made during the comparison period measured at the time of the acquisition, divestments, and foreign currency fluctuations, compared to reported ARR at the end of the previous period. In 2021, the ARR is also adjusted for the effect of one single Swedish customer ending its use of Ørn’s services in Q2 2021

	2021				Total
	Organic growth	Currency fluctuations	Acquisitions	Special items	
Y/Y ARR change					
Real Estate Management	11,3 %	-5,2 %	138,1 %	-5,1 %	139,0 %
Industrial Maintenance & Quality Control	24,6 %	0,0 %	79,4 %	0,0 %	104,0 %
Energy & Sustainability Management	4,1 %	0,0 %	0,0 %	0,0 %	4,1 %
Group	13,7 %	-3,1 %	103,2 %	-3,1 %	110,6 %

Adjusted EBITDA – Special Items

The company has defined certain operating cost items as special items, which combined had a negative effect of NOK 15.7 million in the first quarter, NOK 1.8 million in second quarter, NOK 5.8 million the third quarter of 2021 and a negatively impact of NOK 1.6 million in Q4 2021. Total effect of NOK 21.8 million in 2021. NOK 6.9 million regarding salaries in Q1, NOK 1.4 million in Q2, NOK 3.0 million in Q3 and NOK -2.3 million in Q4 mainly reflect changes in employer’s contribution to the option scheme bonuses, severance pay and bonuses related to acquisition. NOK 8.8 million regarding other operating cost in Q1, NOK 0.5 million in Q2, NOK 2.7 million in Q3 and NOK 0.7 million in Q4. These are related to IPO fees for commercial, acquisition, financial and legal support. Similar items affected salaries and operating costs negatively by NOK 3.6 million in the last quarter of 2020. There were no similar items affected first or second quarter 2020.

