

Q1 2022

Quarterly Report Q1 2022
Ørn Software Holding AS



Ørn
Software

Contents



P4

Letter from the CEO



P6

Ørn Software
– The Big Picture

P8

Q1 2022 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

P15 Cash flow

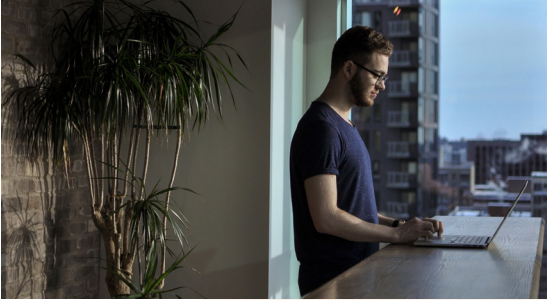
P15 Financial position as at 31 March 2022

P16 Operational and financial risk

P17 Share information

P17 Events after the balance sheet date

P17 Outlook



P18

Client testimonial:
Elkjøp

P20

Condensed Consolidated Financial Statements

P24 Explanatory Notes to the Consolidated
Financial Statements

P32

Alternative performance measures



Letter from the CEO

With our attractive best-of-breed software solutions for worksite management, Ørn Software simplifies and streamlines day-to-day operations for around 2,000 customers within a wide range of industries.

The market opportunity is enormous. Estimates indicate that the relevant market for our services in the Nordic countries is NOK 14 billion, of which only 3 billion is currently being served. We are working hard to capture a significant share of this market. 2021 was a year of strong organic and acquisition-driven growth, and the success continues in 2022. At the end of the first quarter of 2022, our Annual Recurring Revenue (ARR) was NOK 238 million, 92 percent higher than one year earlier. A total of 18.3 percent of ARR was organic growth. The quarterly growth was 8.2 percent, which was entirely organic.

Throughout 2021 we have strengthened our commercial organization and worked systematically to further develop our processes. The investment in sales and marketing has given results through an acceleration in new sales. At the same time, we have carried out price optimization for our entire product portfolio, which contributes to the good development.

As we have previously announced, 2022 will be the year in which we consolidate our position and focus on reaping the benefits of the transformative acquisitions we completed in 2020 and 2021. We are working rigorously with mapping and utilizing cost synergies from the acquisitions, and a range of initiatives have been identified. We have completed the planning phase. As of the second quarter and onwards, we are now in the execution phase. However, even in the first quarter we managed to make some reductions to our cost base.

We will also realize revenue synergies, particularly linked to increased opportunities for cross sales in a growing portfolio, as well as through the export of acquired products to new markets and geographies.

We have never been more confident in our growth model and our ability to create value for our customers. Hence, our 2025 target of growing our ARR organically to NOK 430 million while achieving an EBITDA margin above 45 percent stands firm. At the same time, we are focusing on short-term optimization. As previously stated, we expect to improve our adjusted EBITDA margin from 29 percent in 2021 to the targeted range of 32-34 percent in 2022. We aim for a revenue of around NOK 270 million, up from NOK 194 million in 2021. With our high share of recurring revenue, we already have this target clearly in our sights.

Our clearly defined plan will bring us to a cash flow positive position after payment of interest for the full year 2022¹. All in all, this means that 2022 will be a pivotal year for Ørn Software, bringing us up to a whole new level organizationally, technologically, and financially.

Sten-Roger Karlsen
CEO

Sten-Roger Karlsen
CEO

¹Before 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 their efficiency and quality to stay competitive. Implementing digital tools that are easy to use and that simplify workflows is an important part of meeting this growing need in asset-heavy industries.

Ørn Software is a leading Software-as-a-Service provider with comprehensive best-of-breed worksite management software. Our solutions create value by improving quality, operational efficiency, and sustainability performance. Ørn's solutions are an essential part of day-to-day operations for facility and worksite owners, managers, operators, and users across a wide range of industries, including real estate, construction, manufacturing, food & beverage, and aquaculture.

Many of Ørn's customers own a great deal of property, technical equipment and assets that must be operated, managed, and developed in a sustainable and efficient way. There are many details to keep track of. Ørn's software has become an essential part of its almost 2,000 customers' day-to-day operations, improving quality, operational efficiency, and sustainability.

Ørn helps customers become data-driven. We focus on streamlining business processes 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 a reduced environmental footprint.

Managers use Ørn's solutions to plan and optimize operations and increase utilization of properties and assets, while operators use them to efficiently carry out day-to-day activities and maintenance tasks. Ørn's customers gain insight into all the details, while still maintaining a complete overview.

Ørn provides its customers with THE BIG PICTURE.

Q1 2022 in Brief

- Accelerated growth in ARR in Q1 2022 driven by significant price optimizations, and positive impact from the increase in sales capacity through 2021
- ARR ended Q1 2022 at NOK 237.9 million, a growth of 91.7 percent year-on-year. Organic growth was 22.4 percent¹. The quarter-on-quarter ARR growth was 9.3 percent².
- Q1 2022 revenue at NOK 65.1 million, a growth of 108.6 percent.
- Q1 2022 adjusted EBITDA of NOK 19.1 (NOK 9.0 million in Q1 2021). Adjusted EBITDA margin 29.4% (28.8% in Q1 2021)
- Reported EBITDA NOK 17.6 million (-7.9 million in Q1 2021)
- Increased focus on cost, significant profit improvement measures to be initiated as of Q2 and onwards
- Targeting positive cash flow after interest payments for FY 2022

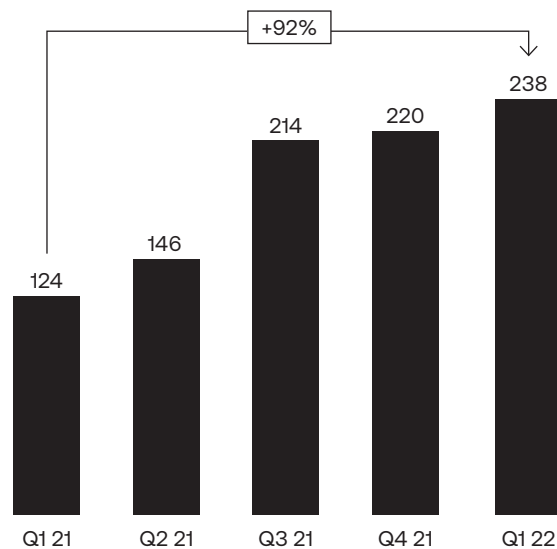
	Q1 22	Q1 21	Change	FY 2021
Revenue	65.1	31.2	109%	196.4
EBITDA	17.6	-7.9	N/A	23.7
EBITDA margin	27.0%	-25.3%		12.1%
EBITDA adj.	19.1	9.0	111%	56.1
EBITDA adj. margin	29.4%	28.8%		28.6%
ARR	237.9	124.1	92%	220
Net retention rate ¹	105.9%	101.9%		99.6%
Churn ²	3.0%	2.7%		6.2%
Numbers of customers	1,931	1,199	61%	1,955

¹See APM at end of report

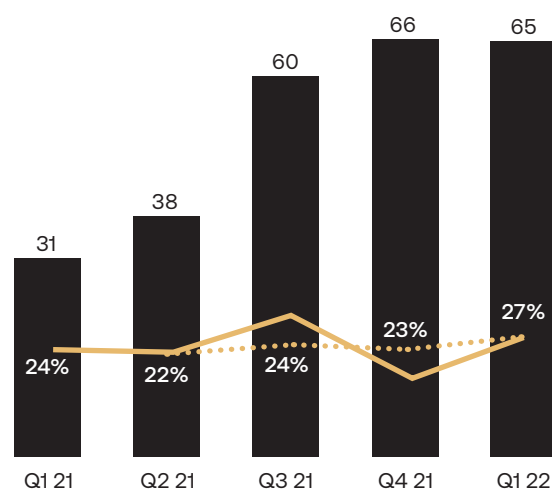
²See APM at end of report

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 Q1 2022 Ørn Software had a customer base generating Annual Recurring Revenue (ARR) of NOK 238 million, which was 92% higher than one year earlier. The growth was driven by an increase in the number of customers and higher revenue per customer.

The Q1 2022 ARR represents a year-on-year organic growth, adjusted for currency fluctuations of 22.4 percent compared to 2.4 percent in Q1 2021.

The organic ARR growth is accelerated compared to previous quarters, which is an indication that the increased sales capacity throughout 2021 is generating good results. Ørn Software has won several significant contracts during the first quarter.

Churn rate in Q1 2022 was at 3.0 percent, compared to 2.7 percent in Q1 2021.

The net retention rate was 105.9 percent in Q1 2022, compared to 101.9 percent in Q1 2021, partly driven by price optimization. The net retention rate adjusted for currency fluctuations was 107.0 percent in Q1 2022 and 98.3 percent in Q1 2021.

The total number of customers has increased from 1,745 at the end of Q1 2021 to 1,931 at the end of Q1 2022, primarily driven by M&A activities, but also to some extent by new sales.

Segment Real Estate Management

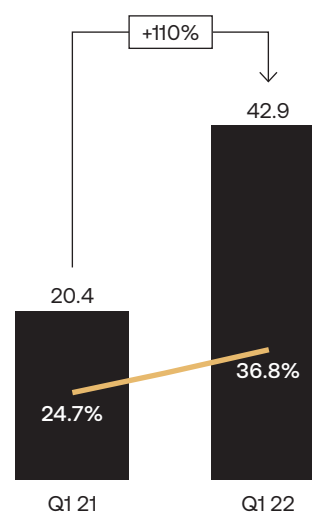
	Q1 22	Q1 21	Change	FY 21
Revenue	42.9	20.4	110%	132.0
Adj. EBITDA	15.8	5.0	213%	43.8
Adj. EBITDA margin	36.8%	24.7%		33.7 %
ARR	157.4	81.2	94%	149.6
Net retention rate	103.2%	98.1%		95.3 %
Churn	3.8%	3.6%	38%	7.9 %
Numbers of customers	610	442		615

At the end of Q1 2022, the segment ARR was NOK 157.4 million, a growth of 94 percent Y/Y. The growth is driven by successful acceleration of new sales, price optimization and the acquisition of Facilit and Rapal in 2021.

Organic year-on-year ARR growth, adjusted for currency fluctuations, was 14.1 percent, driven by new sales and upsales. The quarter-on-quarter organic growth, adjusted for currency fluctuations, was 7.8 percent.

Churn in Q1 22 was 3.8 percent, relatively stable compared to the same period in 2021. The net retention rate was 103.2 percent in Q1 22, up from 98.1 percent in Q1 2021. The net retention rate adjusted for currency fluctuations was 104.8 percent.

Operating revenue in the segment in Q1 22 was NOK 42.9 million, a growth of 110 percent compared to the same period in 2021. The adjusted EBITDA margin was 31.4 percent in Q1 2022 compared to 24.7 percent in Q1 2021. The improved adjusted EBITDA margin was positively affected by organic growth in revenue and margins from acquired companies Facilit and Rapal.



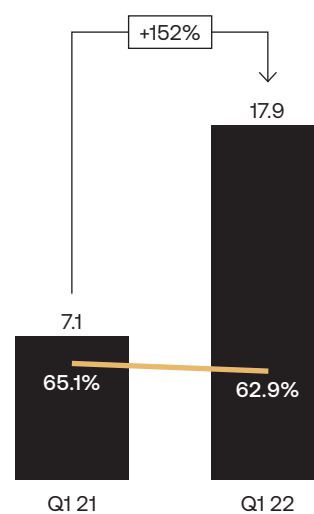
■ Revenue
— Adjusted EBITDA margin

Segment Industrial Maintenance & Quality Control

	Q1 22	Q1 21	Change	FY 21
Revenue	17.9	7.1	152%	50.0
Adj. EBITDA	11.2	4.6	143%	29.4
Adj. EBITDA margin	62.9%	65.1%		58.9%
ARR	64.9	27.8	134%	54.5
Net retention rate	115.1%	101.5%		108.5 %
Churn	1.1%	1.7%		5.3 %
Numbers of customers	884	301		881

At the end of Q1 2022, the segment ARR was NOK 64.9 million, a growth of 134 percent compared to Q1 2021. Organic ARR year-on-year growth was 57 percent, and the organic quarter-on-quarter growth in Q1 22 was 19 percent, driven by an acceleration in new sales and price optimization. Churn was 1.1 percent in Q1.

Operating revenue in the segment in Q1 2022 was NOK 17.9 million, a growth of 152 percent compared to the same period in 2021. The adjusted EBITDA margin was 57.6 percent in Q1 2022 compared to 65.1 percent in Q1 2021. The decrease in the adjusted EBITDA margin was primarily driven by a lower margin in Landax, which was acquired in Q2 2021.



■ Revenue
— Adjusted EBITDA margin

Segment Energy & Sustainability Management

	Q1 22	Q1 21	Change	FY 21
Revenue	4.3	3.7	16%	14.4
Adj. EBITDA	0.9	1.9	-55%	2.8
Adj. EBITDA margin	19.9%	51.4%		19.7%
ARR	15.6	15.2	3%	15.6
Net retention rate	99.7%	101.3%		102.3 %
Churn	2.6%	0.9%		0.9 %
Numbers of customers	437	456	-4%	459

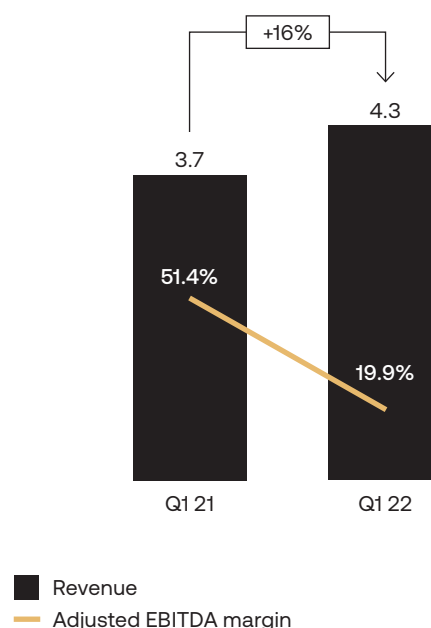
The segment consists of the solution acquired in December 2020 with effect from Q1 2021 (Entro IT).

At the end of Q1 22, the segment ARR was NOK 15.6 million, a year-on-year growth of 2.9 percent and unchanged quarter-on-quarter.

Net retention rate in 2021 was 101 percent and churn was 2.7 percent.

The segment Energy & Sustainability Management is new to Ørn as of the end of 2020. There have been early signs in 2021 of a positive effect through the ramp up in the number of sales reps hired in 2021. The overall market for Energy & Sustainability Management solutions is expected to increase rapidly over the coming years due to an increased focus on energy consumption and climate challenges, and the introduction of the new EU Taxonomy framework in particular, among other things.

Operating revenue in the segment in Q1 2022 was NOK 4.3 million, a year-on-year growth of 16 percent. The adjusted EBITDA margin was 19.9% in Q1 2022, a decline from 51.4% in Q1 2021. The adjusted EBITDA margin in this segment is lower than for the other two segments due to costs (COGS⁴) associated with customer delivery services that we buy from our partner Entro AS.



⁴ See APM in end of report

Financial Review

	IFRS Q1	IFRS Q4	IFRS Q3	IFRS Q2	IFRS Q1
All amounts in NOK thousands	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Recurring	59 868	55 496	55 586	32 621	27 325
Non-recurring revenue	5 222	11 878	4 632	5 021	3 882
Total revenue	65 089	67 374	60 218	37 642	31 207
COGS	-7 074	-9 666	-5 495	-3 684	-1 722
Salary and personnel expenses	-26 568	-30 257	-28 981	-19 524	-21 907
Other operating expenses	-13 848	-10 044	-10 228	-6 254	-14 304
M&A Costs	0	-539	-8 029	-946	-1 170
Total OPEX	-47 490	-50 506	-52 733	-30 408	-39 104
EBITDA	17 600	16 868	7 485	7 235	-7 896
Margin (%)	27.0 %	25.0 %	12.4 %	19.2 %	-25.3 %
Special items	1 525	-1 555	5 758	1 870	15 703
M&A Costs	0	539	8 029	946	1 170
Adjusted EBITDA	19 125	15 853	21 271	10 051	8 976
Margin (%)	29,4 %	23,5 %	35,3 %	26,7 %	28,8 %
Depreciation and amortization	-17 735	-14 229	-18 132	-10 890	-8 923
Reported EBIT	-135	2 639	-10 647	-3 655	-16 819
Financial income	12 809	7 521	8 953	439	9 231
Financial expenses	-14 392	-13 139	-18 805	-9 132	-3 529
Net financial items	-1 583	-5 618	-9 852	-8 693	5 702
Profit or loss before tax	-1 718	-2 979	-20 499	-12 348	-11 117
Tax	-378	3 939	-5 910	-3 307	-2 727
Net profit or loss for the year	-1 340	-6 918	-14 590	-9 041	-8 390
Recurring share of income	92 %	82 %	92 %	87 %	88 %

Ørn Software's consolidated revenues were NOK 65.1 million in Q1 2022. This represents a growth of 109 percent compared to the same period in 2021. The revenue growth was primarily driven by the acquisitions of Facilit, Landax and Rapal during 2021. The group's quarterly organic recurring revenue growth in Q1 2022 was 8 percent but the decrease in non-recurring revenue in Q1 2022 was 56 percent. The strategically important growth in the recurring revenue was driven by upsales and price optimization. Non-recurring revenue declined due several temporary factors, including to low implementation activity for certain solutions in Q1, as expected, and tender activity.

The gross profit margin of the group was 89.1 percent in Q1 2022, down from 94.5 in Q1 2021. Facilit, which was acquired in Q1 2021, and Entro IT, acquired in Q4 2020, have lower gross margins than the rest of the group, thus negatively impacting 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 related to its proptech solution.

The Group's EBITDA, adjusted for special items, was NOK 19.1 million in Q1 2022, an increase of 113 percent compared to Q1 2021. EBITDA adjusted margin was 29.4 percent in Q1 2022, compared to 28.8 percent in Q1 2021. The reduction was due to 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 starting in 2022.

Reported EBITDA was NOK 17.6 million in Q1 2022 (NOK -7.9 million in 2021).

Depreciations and amortizations were NOK -17.7 million in Q1 2022 compared to NOK -8.9 million in Q1 2021. The increase reflects the substantially accelerated investment activity in the group during the past two years. The acquisition of Rapal, which was completed in early July 2021, has led to a significant increase in depreciation. In total, acquisition-related depreciation and amortization amounted to NOK 9.3 million in Q1 2022 compared to NOK 4.2 million in Q1 2021.

Reported EBIT was NOK -0.1 million in Q1 2022 compared to NOK -16.8 million in Q1 2021. Q1 2021 was affected negatively by the special items related to the IPO, the acquisitions, and the increased depreciations and amortizations.

Net financial income in Q1 2022 was NOK -1.6 million (NOK 5.7 million in 2021), reflecting interest expenses of NOK 8.7 million, other loan related expenses of NOK 0.8 million, and a net positive currency effect of NOK 8.0 million related to the company's debt denominated in SEK and EUR.

Reported tax in Q1 2022 was positive with NOK 0.4 million, compared to NOK 2.7 million in Q1 2021. Other comprehensive income consists solely of currency exchange differences on translation of foreign operations.

Cash flow

Cash flow from operating activities was NOK 67.5 million in Q1 2022 (NOK 36.4 million in Q1 2021), primarily driven by changes in operating items related to trade and other receivables and trade and other payables, and contract liabilities related to SaaS subscriptions, which are paid up front and satisfied over time.

Cash flow from investing activities was NOK -14.5 million in Q1 2022 (NOK -50.9 million in Q1 2021), driven by a capex of NOK 13.3 million, primarily related to investments in software development.

Net cash flow from financing activities was NOK -7.1 million in Q1 2022 (NOK 267.4 million in Q1 2021), primarily driven by payment of interest.

Net change in cash and cash equivalents was NOK 45.9 million (NOK 253.2 million in Q1 2021) including foreign exchange effects. Total cash at the end of Q1 2022 was NOK 180.1 million.

Financial position as at 31 March 2022

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

Total assets amounted to NOK 1,027.8 million (978.1 million at the end of 2021). Total current assets amounted to 214.2 million (160.7 million at the end of 2021), consisting primarily of cash. Cash and cash equivalents amounted to NOK 180.1 million (134.5 million at the end of 2021). Non-current assets amounted to 813.6 million (817.4 million at the end of 2021).

Total liabilities were at 663.2 million (NOK 608.1 million at the end of 2021). Current liabilities increased to NOK 173.7 million (NOK 113.3 million at the end of 2021). Non-current liabilities fell slightly to NOK 489.5.8 million (NOK 494.8 million at the end of 2021).

Financial risk

The Group's principal financial liabilities comprise interest bearing debt, lease liabilities, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, cash and short-term deposits that derive directly from its operations. The Group does not hold derivative financial instruments.

The Group is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The Group seeks to minimize potential adverse effects of such risks through sound business practices and risk management.

Risk management is carried out by Group management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarized below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk for the Group comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include interest bearing debt, cash and cash equivalents, trade receivables, lease liabilities, trade and other payables.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bond loans which have base interest rates in STIBOR (for loan notes denominated in SEK) and EURIBOR (for loan notes denominated in EUR). The Group does not currently hedge the base interest rates. The current interest rate environment is low, and the Group may enter into contracts to offset some of the risk depending on projections for future interest rates.

Interest rate sensitivity

The sensitivity to a possible change in interest rates related to the Group's bond loan, with all other variables held constant, on the Group's profit before tax. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective financial risks.

Share information

At the end of Q1 2022 Ørn Software had 94.4 million shares. The company also has a program of 4.7 million options outstanding. The company was listed on Euronext Growth on 29 March. The shares have since traded between NOK 3.8 and NOK 13.0 per share. The company has approximately 334 shareholders, with the 20 largest shareholders holding 88% of the shares. See note 4.7 “Share capital and shareholders information” for more information.

Events after the balance sheet date

During March 2022 the conditions for the earn-out related to the acquisition of Rapal Oy have been met in full, resulting in an earn-out consideration of EUR 2.4 million to be paid in March 2022. This is the same amount which was entered as deferred consideration in the financial statement as of 31.12.21.

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, and will 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 45 percent by 2025 and gradually reduce CAPEX as a percentage of revenue from 2023 and onwards.

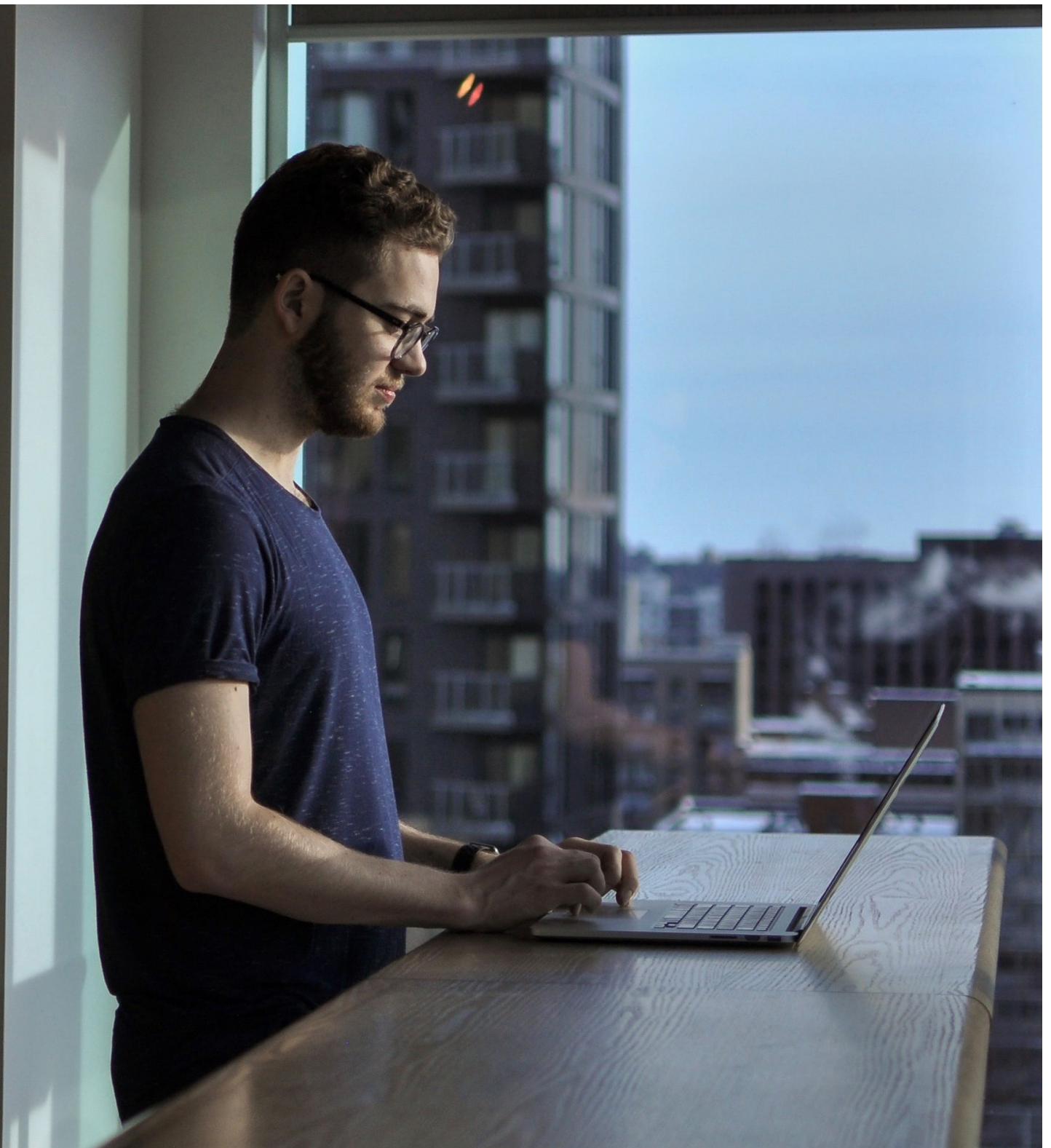
In 2022, Ørn Software will take important steps towards its long-term goals. This year, the key focus will be on reaping revenue and cost synergy effects in the aftermath of the string of acquisitions completed in 2020 and 2021. This means that the company will see a step change in terms of profitability during 2022. We expect our adjusted EBITDA margin to improve from 24 percent in 2021 to a targeted range of 33-35 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 indicates that we can expect a significant boost to our cash earnings.

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 thus far in 2022, we have seen positive momentum when it comes to building up our sales pipeline. Hence, organic growth in ARR and revenue is expected to gradually accelerate during 2022 and beyond.



Elkjøp

Elkjøp is the biggest electronics retailer in the Nordics. Its 10,000 employees across the entire Nordic region use Landax to propose improvements and document the company's environmental efforts.



“No other system documents environmental improvement efforts as well as Landax.”

Vebjørn Eilertsen,
Environmental Director, Elkjøp

Condensed Consolidated Financial Statements

Consolidated statement of comprehensive income

	Note	Q1 2022 (01.01-31.03) Unaudited	Q1 2021 (01.01-31.03) Unaudited	2021 (01.01-31.12) Audited
All amounts in NOK thousands				
Revenue from contracts with customers	3	65 089	31 207	196 441
Other income		0	0	0
Total operating income		65 089	31 207	196 441
Cost of goods		7 074	1 722	20 567
Salary and personnel expenses		26 568	21 907	100 669
Depreciation and amortization	4	17 735	8 923	52 174
M&A Costs		0	1 170	10 683
Other operating expenses		13 848	14 304	40 830
Operating profit or loss		-135	-16 819	-28 482
Financial income	6	12 809	9 231	26 144
Financial expenses	6	14 392	3 529	44 605
Net financial items		-1 583	5 702	-18 461
Profit or loss before tax		-1 718	-11 117	-46 943
Income tax expenses		-378	-2 727	-8 005
Net profit or loss for the year		-1 340	-8 390	-38 938
Other comprehensive income				
Items which may subsequently be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		-4 093	244	-3 540
Other comprehensive income for the year		-4 093	244	-3 540
Total comprehensive income for the year		-5 433	-8 147	-42 479
Earnings per share				
Basic EPS - profit or loss attributable to equity holders (NOK)		-0.01	-0.13	-0.47
Diluted EPS - profit or loss attributable to equity holders (NOK)		-0.01	-0.13	-0.47
Net profit/loss for the year attributable to:				
Equity holders of the parent company		-1 340	-8 390	-38 938
Total comprehensive income attributable to:				
Equity holders of the parent company		-5 433	-8 147	-42 479

Consolidated statement of financial position

	Note	31.03.2022	31.03.2021	31.12.2021
All amounts in NOK thousands		Unaudited	Unaudited	Audited
Goodwill	4	394 548	55 348	402 389
Intangible assets	4	382 796	188 112	388 393
Right-of-use assets		28 157	17 523	19 307
Property, plant & equipment		2 576	1 915	1 788
Other non-current assets		3 936	3 351	3 856
Other non-current receivables		1 637	-	1 684
Total non-current assets		813 649	266 250	817 417
Trade and other receivables		34 110	20 611	26 199
Cash and cash equivalents		180 073	318 493	134 456
Total current assets		214 183	339 104	160 655
Total assets		1 027 832	605 353	978 073
Share capital	7	9 440	8 594	9 440
Share premium		454 445	358 151	454 445
Other equity		- 99 268	- 58 960	- 93 905
Total equity		364 617	307 786	369 979
Non-current interest-bearing liabilities	5	420 954	166 532	421 235
Deferred tax liabilities		41 687	17 915	43 475
Contract liabilities		26 883	-	30 106
Total non-current liabilities		489 524	184 447	494 817
Current interest-bearing liabilities	5	8 190	4 914	7 391
Trade and other payables		58 963	80 518	49 164
Contract liabilities		83 115	27 689	32 630
Other current financial liabilities		23 423	-	24 093
Total current liabilities		173 692	113 121	113 277
Total liabilities		663 215	297 568	608 094
Total equity and liabilities		1 027 832	605 353	978 073

Consolidated statement of cash flows

	Note	Q1 2022 (01.01-31.03) Unaudited	Q1 2021 (01.01-31.03) Unaudited	2021 (01.01-31.12) Audited
All amounts in NOK thousands				
Cash flow from operating activities:				
Profit/loss before tax		-1 718	-11 117	-46 943
Adjustments to reconcile loss before tax to net cash flow				
Depreciation and amortization	4	17 735	8 923	52 174
Share-based payment expenses		71	193	406
Financial income	6	-12 809	-9 231	-26 144
Financial expenses	6	14 392	3 529	44 605
Working capital adjustments				
Changes in trade and other receivables		-7 911	-326	9 056
Changes in trade and other payables		9 799	15 179	-4 630
Change in provisions and other liabilities		47 263	23 298	-17 032
Change in other operating items assets		676	0	197
Other items		0	6 139	-2 554
Tax paid		0	-146	-7 067
Net cash flows from operating activities		67 498	36 440	2 068
Cash flow from investing activities				
Purchase of property, plant, and equipment		-1 247	-42	-212
Development of software and other intangible assets	4	-13 267	-9 043	-32 617
Acquisition of subsidiaries, net of cash acquired		0	-41 788	-391 210
Interest received	6	5	0	67
Net cash flows from investing activities		-14 509	-50 873	-423 972
Cash flow from financing activities				
Proceeds from issuance of equity		0	250 125	250 125
Repayments of short term and long term debt		0	0	-5 629
Proceeds from long term debt		0	44 943	289 910
Deferred consideration related to acquisitions		0	-24 714	-621
Transaction costs on issuance of shares		0	0	-21 091
Payments for principal for the lease liability		-2 128	-1 113	-6 155
Payments for interest for the lease liability	6	-370	-219	-1 146
Interest paid	6	-4 593	-1 580	-13 809
Net cash flows from financing activities		-7 092	267 442	491 585
Net change in cash and cash equivalents		45 897	253 009	69 681
Foreign exchange effects on cash and cash equivalents		-280	195	-514
Cash and cash equivalents at beginning of the year		134 456	65 289	65 289
Cash and cash equivalents, end of period		180 073	318 493	134 456

Consolidated statement of changes in equity

	Note	Paid-in equity				Total equity
		Share capital	Share premium	Cumulative translation differences	Retained earnings	
2021						
Equity as of 1 January 2021		6 075	104 965	- 590	- 34 261	76 189
Net profit or loss for the year					- 8 390	- 8 390
Other comprehensive income				244		244
Total comprehensive income for the year		6 075	104 965	- 347	- 42 651	68 043
Issue of share capital 16 February	7	130	5 450			5 580
Issue of share capital 25 March	7	2 389	247 736			250 125
Costs related to equity transactions					- 16 155	- 16 155
Share-based payments					193	193
Equity as of 31 March 2021		8 594	358 151	- 347	- 58 613	307 786
2022						
Equity as of 1 January 2022		9 440	454 445	- 4 662	- 89 244	369 979
Net profit or loss for the year					- 1 340	- 1 340
Other comprehensive income				- 4 093		- 4 093
Total comprehensive income for the year		9 440	454 445	- 8 755	- 90 584	364 545
Share-based payments					71	71
Equity as of 31 March 2022		9 440	454 445	- 8 755	- 90 513	364 617

Translation differences arise in connection with currency exchange rate differences for consolidated foreign entities.

Explanatory Notes to the Consolidated Financial Statements

Note 1 General information and basis for preparation

Ørn Software Holding AS (“the Company”) is a publicly listed company on Euronext Growth, with the ticker symbol ORN. Ørn Software Holding AS was admitted to trading on Euronext Growth on 29 March 2021. The Company is incorporated and domiciled in Norway. The Company’s principal offices are located at Bassengbakken 4, 7042 Trondheim, Norway.

Ørn Software Holding AS and its subsidiaries (collectively “the Group”, or “Ørn Software”) is a Nordic provider of Software-as-a-Service (“SaaS”) solutions for efficient operations and maintenance across a wide range of 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.

The interim consolidated financial statements of the Group for the year ended 31 March 2022 were authorized for issuance in accordance with a resolution of the Board of Directors on 19 May 2022.

The interim consolidated financial statements for the three months ended 30 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by The European Union (“EU”) and additional requirements in the Norwegian Securities Trading Act. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as of 31 December 2021. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021. The Q1 report for 2021 was prepared in accordance with NGAAP. Details regarding the first-time adoption of IFRS can be found in note 7.1 to the Annual report for 2021. New and amended accounting standards and interpretations issued by the IASB may affect the Group’s future financial reporting. The Group has not adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, the financial statements have been prepared based on the going concern assumption. All figures are presented in NOK thousands (000), except when otherwise stated.

Note 2 Operating segments

Q1 2022 (01.01 - 31.03)	Real Estate Management	Industrial Maintenance & Quality Control	Energy & Sustainability Management	Other	Adjustments/ eliminations	Total Group
All amounts in NOK thousands						
Recurring	38 901	16 659	4 307			59 868
Non-recurring revenue	4 000	1 222	-			5 222
Total revenue	42 901	17 881	4 307	-	-	65 089
COGS	4 883	834	1 357	-		7 074
Gross margin (%)	89 %	95 %	68 %			89 %
Salaries	16 205	4 022	1 211	5 130		26 568
Other OPEX	6 008	1 781	880	5 179		13 848
M&A Cost						-
Total operating expenses before depreciation and amortization	27 096	6 637	3 448	10 309	-	47 490
EBITDA	15 805	11 244	859	- 10 309	-	17 600

Q1 2021 (01.01 - 31.03)

All amounts in NOK thousands						
Recurring	16 876	6 743	3 706			27 325
Non-recurring revenue	3 529	353	-			3 882
Total revenue	20 406	7 096	3 706	-	-	31 207
COGS	1 097	200	426			1 722
Gross margin (%)	95 %	97 %	89 %			94 %
Salaries	10 126	1 608	906	9 266		21 907
Other OPEX	4 133	668	469	9 034		14 304
M&A Cost				1 170		1 170
Total operating expenses before depreciation and amortization	15 356	2 476	1 801	19 471	-	39 104
EBITDA	5 049	4 619	1 906	- 19 471	-	- 7 896

Note 3 Revenue from contracts with customers

Disaggregated revenue information

The Group's revenue from contracts with customers per segment has been disaggregated and presented in the tables below:

Q1 2022 (01.01 - 31.03)	Real Estate Management	Industrial Maintenance & Quality Control	Energy & Sustainability Management	Total
In NOK 1000				
SaaS licenses	38 901	16 659	4 307	59 868
Other services	4 000	1 222	-	5 222
Total revenue from contracts with customers	42 901	17 881	4 307	65 089
Geographical markets				
Norway	15 119	17 744	3 802	36 665
Sweden	886	93	505	1 484
Denmark	1 640	22	-	1 661
Finland	21 063	21	-	21 084
Iceland	3 610	-	-	3 610
Other	584	1	-	585
Total revenue from contracts with customers	42 901	17 881	4 307	65 089
Timing of revenue recognition				
Services transferred at a point in time				-
Services transferred over time	42 901	17 881	4 307	65 089
Total revenue from contracts with customers	42 901	17 881	4 307	65 089
Inter-segment revenue	-	-	-	-
Segment revenue as presented in note 2	42 901	17 881	4 307	65 089
Q1 2021 (01.01 - 31.03)				
SaaS licenses	16 876	6 743	3 706	27 325
Other services	3 529	353	-	3 882
Total revenue from contracts with customers	20 406	7 096	3 706	31 207
Geographical markets				
Norway	13 003	7 074	3 283	23 361
Sweden	2 095	22	423	2 540
Denmark	1 783	-	-	1 783
Finland	-	-	-	-
Iceland	3 037	-	-	3 037
Other	487	-	-	487
Total revenue from contracts with customers	20 406	7 096	3 706	31 207
Timing of revenue recognition				
Services transferred at a point in time				-
Services transferred over time	20 406	7 096	-	31 207
Total revenue from contracts with customers	20 406	7 096	3 706	31 207
Inter-segment revenue				-
Segment revenue as presented in note 2	20 406	7 096	3 706	31 207

Note 4 Goodwill and Intangible assets

	Goodwill	Internally developed projects	Technology	Customer relationships	Total
All amounts in NOK thousands					
Acquisition cost 1 January 2022	402 389	136 439	66 731	292 083	897 642
Additions		13 267			13 267
Additions through acquisitions (see note 6.2)					-
Disposals					-
Currency translation effect	- 7 841	- 710	- 290	- 2 654	- 11 496
Acquisition cost 31 March 2022	394 548	148 996	66 441	289 429	899 413
Acc. amortization & impairment 1 January 2022	-	55 262	31 046	20 552	106 860
Amortization charge for the year		5 896	3 351	5 963	15 120
Acc. amortization & impairment on disposals					-
Acc. amortization & impairment 31 March 2022	-	61 158	34 397	26 515	122 070
Carrying amount 01.01.2022	402 389	81 177	35 685	271 531	790 782
Carrying amount 31.03.2022	394 548	87 838	32 044	262 914	777 343
Economic life		5 years	5 years	12 years	
Depreciation method		Linear	Linear	Linear	

The additions in 2022 are mainly related to the internal development of products.

The Group performs a range of research and development projects related to Ørn's products and solutions. Research and development expenses that were not capitalized are included in the consolidated statement of comprehensive income as other operating expenses.

No impairment indicators have been identified for the period. The Group performed its annual impairment test of goodwill in December and no impairments were made. The Group's impairment test for goodwill is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different CGUs were disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

The earn-out related to the acquisition of Rapal Oy has been met in full, resulting in the payment of the earn-out consideration of EUR 2.4 million in April 2022. The earn-out has been taken into accounts since the acquisition of Rapal Oy in Q3 2021.

Note 5 Interest-bearing liabilities

Specification of the Group's interest-bearing liabilities:

	Interest rate(%)	Maturity	31.03.2022	31.03.2021	31.12.2021
All amounts in NOK thousands					
Ture Invest (SEK)	8.5	Nov. 2024	44 022	44 052	116 899
Ture Invest (SEK)	8.5	Mar. 2025	113 745	113 823	45 243
Ture Invest (EUR)	8.5	Jul. 2025	239 730	-	244 298
- Incremental borrowing costs capitalized			- 8 243	- 4 266	- 9 015
Lease liability (note 3.4)	6		20 665	12 922	12 516
Other interest-bearing liabilities			11 034	-	11 295
Non-current interest-bearing liabilities			420 954	166 532	421 235
All amounts in NOK thousands					
Ture Invest (SEK)			-	-	-
Ture Invest (EUR)			-	-	-
Lease liability, due within 12 months (note 3.4)			8 190	4 914	7 391
Other interest-bearing liabilities			-	-	-
Current interest-bearing liabilities			8 190	4 914	7 391

Note 6 Financial income and expenses

All amounts in NOK thousand

	2022	2021	YTD 2022	YTD 2021
	01.01-31.03	01.01-31.03	01.01-31.03	01.01-31.03
Financial income				
Interest income	5	-	5	-
Other financial income	2	-	2	-
Foreign exchange gain	12 802	9 231	12 802	9 231
Total financial income	12 809	9 231	12 809	9 231
Financial expenses				
Interest expenses	8 285	3 150	8 285	3 150
Interest expense on lease liabilities	370	219	370	219
Foreign exchange loss	4 849	160	4 849	160
Other financial costs	888	-	888	-
Total financial expenses	14 392	3 529	14 392	3 529

Foreign exchange gains and losses

Foreign exchange gains and losses largely stem from exchange rate fluctuations in interest-bearing debt denominated in SEK and EUR.

Note 7 Share capital and shareholders information

The share capital in Ørn Software Holding AS consists of the following:

Share capital in Ørn Software Holding AS	Number of shares issued and fully paid	Par value per share (NOK)	Carrying amount
At 1 January 2021	60 750 225	0.1	6 075 023
Share capital increase 16 February	1 300 247	0.1	130 025
Share capital increase 25 March	23 892 497	0.1	2 389 250
Share capital increase 29 June	1 992 588	0.1	199 259
Share capital increase 27 August	6 462 980	0.1	646 298
At 31 December 2021	94 398 537	0.1	9 439 854
At 31 March 2022	94 398 537	0.1	9 439 854

Shareholders in Ørn Software Holding AS at 31 March 2021	Total shares	Ownership/ voting rights
VIKING VENTURE 11 AS	16 579 678	17.56 %
VIKING VENTURE 11B AS	13 019 385	13.79 %
BREIANGEN AS	6 139 075	6.50 %
State Street Bank and Trust Comp	5 854 576	6.20 %
MEKATRONIKK HOLDING AS	5 211 760	5.52 %
CLEARSTREAM BANKING S.A.	5 163 904	5.47 %
Carnegie Investment Bank AB	5 113 898	5.42 %
Danske Bank A/S	4 312 184	4.57 %
Citibank, N.A.	3 671 170	3.89 %
Danske Bank A/S	3 387 533	3.59 %
VIND EQUITY AS	2 850 000	3.02 %
Nordea Bank Abp	2 011 818	2.13 %
STELLANOR	1 652 996	1.75 %
Nordnet Bank AB	1 606 452	1.70 %
Brown Brothers Harriman & Co.	1 567 967	1.66 %
PIXELWERK INVEST AS	1 237 782	1.31 %
TPB HOLDING AS	1 016 220	1.08 %
BERGET HOLDING AS	966 699	1.02 %
Nordea Bank Abp	701 686	0.74 %
Avanza Bank AB	693 435	0.73 %
Other	11 640 319	12.33 %
Total	94 398 537	100 %

All shares are ordinary and have the same voting rights and rights to dividends.

Note 8 Events after the reporting period

ACCOUNTING POLICIES

If the Group receives information after the reporting period, but prior to the date of authorization for issue, regarding conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognizes in the Group's financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Adjusting events

There have been no significant adjusting events after the reporting date.

Alternative performance measures

Alternative performance measures (“APMs”) 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 are also used by management to drive performance in terms of target setting.

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 (ARR) is defined as at each point in time the annual value of contracted license revenue, which is considered recurring by nature, although the contract includes termination clauses that enable customers, with a certain notification period, to terminate the customer agreement.
- Net Retention is the overall impact on the revenue generation from existing customers.
- Churn rate is the rate at which existing customers cease using a 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 was also adjusted for the effect of one single Swedish customer ending its use of Ørn’s services in Q2 2021.

	2021				
Y/Y ARR change	Organic growth	Currency fluctuations	Acquisitions	Special items	Total
Real Estate Management	14.1 %	-6.3 %	86.1 %	0.0 %	94.0 %
Industrial Maintenance & Quality Control	57.2 %	0.0 %	76.5 %	0.0 %	133.7 %
Energy & Sustainability Management	3.0 %	-0.2 %	0.0 %	0.0 %	2.9 %
Group	22.4 %	-4.1 %	73.4 %	0.0 %	91.7 %

Adjusted EBITDA – Special Items

All amounts in NOK thousand	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Salary cost	-952	-2,337	2,116	1,431	7,222
OPEX	2,478	782	3,642	440	8,480
Total	1,525	-1,555	5,758	1,870	15,703

In Q1 2022 salary cost were linked to option-based incentive programs and were affected by the reduced share price. Operational expenses were related to corporate development projects.

