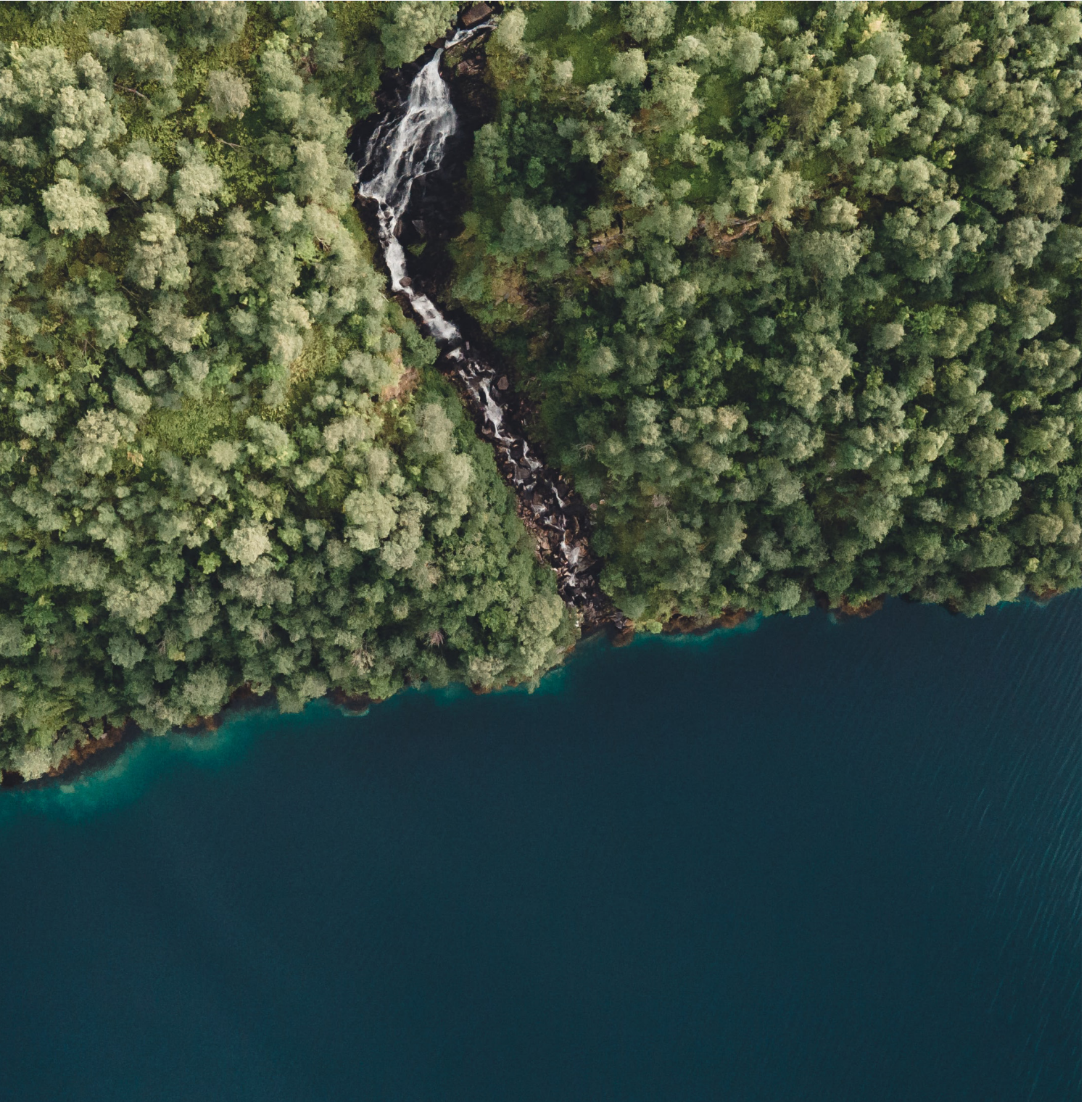


Q1 2021

Quarterly Report Q1 2021
Ørn Software Holding AS



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Letter from the CEO

The first quarter of 2021 has been eventful and busy for Ørn Software and the team, with continued growth, high product development activity and the preparation for a successful listing on the Euronext Growth stock exchange. Our revenue growth of 56 percent and the adjusted EBITDA of NOK 7.5 million serve as proof-points for Ørn Software being on the right track for our 2021 priorities and 2025 ambitions.

The positive development is driven by our customers' wish to increase efficiency and competitiveness by adapting digital tools, as well as corporate social responsibility combined with regulations related to the green shift. The estimated NOK 12 billion Nordic market for software within our segments continues to grow, and only NOK 2.6 billion is currently served. Our best-of-breed offering hits a sweet spot in a market highly affected by the ongoing industrial digitalization, as well as mega-trends like Smart Buildings, Industry 4.0 and the Green Shift.

These fundamentals enable Ørn Software to grow as our customers' digital adoption and activity increases over time, driving annual recurring revenues upward and providing an opportunity for up- and cross-selling. This was also the story in the first quarter of 2021, with an ARR growth of 69 percent to NOK 124 million, while our reported EBIT was affected by the special items from the listing process.

The listing on Euronext Growth attracted a significant interest from a wide range of quality investors and provides a solid platform for additional growth and expansion in the years to come. I would like to thank the entire Ørn Software team for their extraordinary efforts in what can only be described as unusual and busy times.

Ørn Software has ambitions of becoming a dominant European Software-as-a-Service company with digital solutions for industry and real estate. We have attractive underlying drivers and initiatives that will fuel a continued growth journey and reiterates our 2025 ambitions to our investors:

- Revenue growth (organic): ARR of NOK 300 million
- Long-term profitability: EBITDA margin >40%



In addition, Ørn Software has a strong M&A track record, with 9 acquisitions and an extensive M&A pipeline in the Nordics and the rest of Europe. Further acquisitions will increase ARR, broaden our geographical footprint, strengthen our product portfolio, and leverage our best-in-class sales capabilities to upsell and cross-sell. With our first reporting as a listed entity, and with Ørn Software's strong growth platform and outlook, we look forward to continuing to provide the big picture.

Sten-Roger Karlsen
CEO



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 lifetime, 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.

< E. Karstensen
Fiskeoppdrett

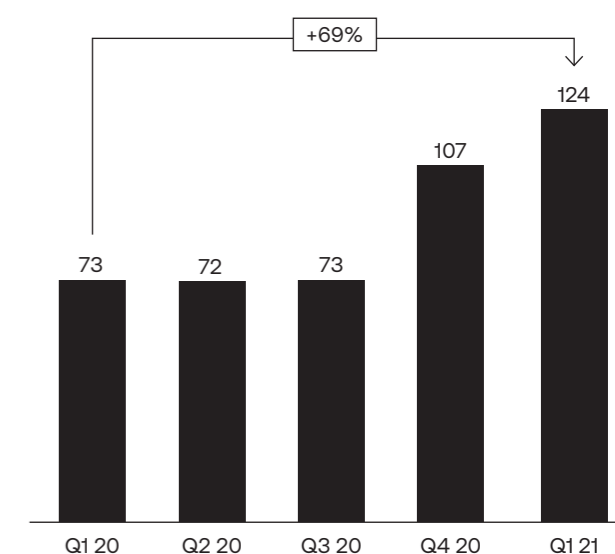
Q1 2021 in Brief

- ARR NOK 124.1 million at the end of the quarter, a growth of +69% since Q1 2020
- Q1 2021 revenue NOK 31.2 million (+56% Y/Y)
- Adjusted EBITDA margin 24% (19% in Q1 2020)
- Successful listing on Euronext Growth 29 March – raising new equity of NOK 250 million (gross), enabling continued push on targeted M&A
- Acquisition of Facilit closed in Q1, bringing NOK 16.5 million of ARR
- Subsequent event
 - Acquisition of Landax signed in May 2021, bringing additional NOK 21.2 million of ARR and 540 new customers

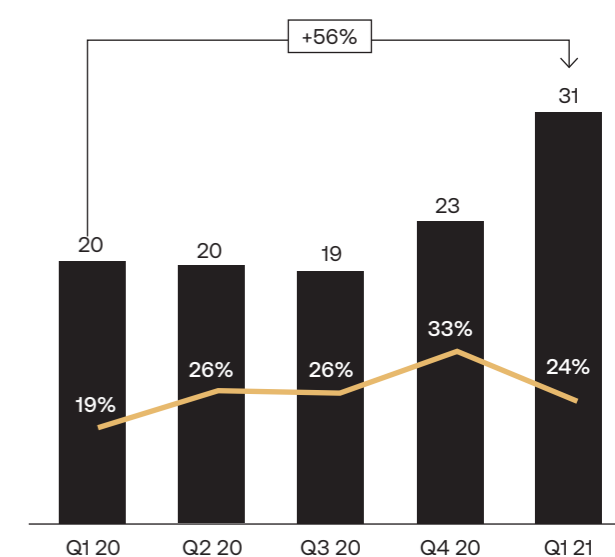
	Q1 2021	Q1 2020	Change	FY 2020
ARR	124.1	73.2	69%	107.1
Revenue	31.2	20.0	56%	81.9
Adjusted EBITDA	7.5	3.3	127%	21.5
Adjusted EBITDA margin	24.0%	19.0%		26.3%
Net retention rate	102%	114%		109%
Churn	1.3%	2.3%		3.7%
Number of customers	1,197	448		1,022

Key figures

ANNUAL RECURRING REVENUE (ARR)



REVENUE AND EBITDA ADJUSTED MARGIN



Operational Development

At the end of Q1 2021 Ørn Software had a customer base generating Annual Recurring Revenue (ARR) of NOK 124.1 million, which was 69% higher than at the end of Q1 2020. During Q1, Ørn Software increased its ARR with 17 million, driven by the acquisition of Facilit and continued organic growth affected by new sales, net upsell and price optimizations.

Churn rate in Q1 2021 was at 1.3 percent, compared to 2.3 percent in Q1 2020. Most contracts have 12 months upfront payment, with 3 months' notice for termination, thus most terminations during the year will end in Q1. The net retention rate was 102 percent in Q1, compared to 114 percent in Q1 2020. The relatively lower net retention rate for this quarter is mainly due to the fact that there has not been any significant price increase in 2021, the negative impact from a correction of ARR as of Q4 2020 of NOK -2.7 million and the reduced activity of NOK 1.5 million at one specific Swedish customer.

Number of customers has increased from 448 at the end of Q1 2020 to 1,197, 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 platform becomes increasingly important. The common platform will simplify deployment and shorten time to market for new features, as well as providing the customers with increased flexibility in terms of selecting the exact functionality they need.

Additionally, Ørn Software has during Q4 2020 and Q1 2021 increased its sales capacity through recruitment of additional sales personnel, with the objective to increase new sales and cross-sale going forward.

Post-merger integration processes related to the companies acquired at the end of 2020 and in 2021 are in progress and going as planned. The initial focus is to address low threshold synergies on the organizational and operational side, as well as to exploit the short-term commercial potential. In addition, it is important to unite the R&D initiatives in the group and adjust product strategies and roadmaps.

Segment Real Estate Management

	Q1 2021	Q1 2020	Change	FY 2020
ARR	81.2	48.4	68%	65.3
Revenue	20.4	13.2	55%	53.3
Net retention rate	102%	115%		108%
Churn	1.3%	1.3%		2.0%
Number of customers	440	160	108%	335

At the end of Q1 2021, the segment ARR was NOK 81.2 million, a growth of 68 percent Y/Y. The growth reflects the acquisitions made in 2020 and 2021, as well as strong development in new sale and upsell.

During Q1, ARR grew with NOK 18.5 million, particularly driven by the acquisition of Facilit and price optimizations. Churn was limited at 1.3 percent. Net retention rate in Q1 2021 was 102 percent, negatively impacted by reduced activity of NOK 1.5 million at one specific Swedish customer. ARR as of Q4 2020 has been corrected with NOK -2.7 million.

Adjusted for these two factors the organic growth was 5 percent in Q1 2021.

In Q4 2020 and Q1 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 during Q1, and it is expected that this will start to materialize in increased organic growth in the second half of 2021.

Operating revenue in the segment was NOK 20.4 million, a growth of 55 percent.

Segment Industrial Maintenance & Quality Control

	Q1 2021	Q1 2020	Change	FY 2020
ARR	27.8	24.8	12%	26.7
Revenue	7.1	6.5	9%	26.9
Net retention rate	102%	111%		113%
Churn	1.7%	4.2%		7.0%
Number of customers	301	288	5%	301

At the end of Q1 2021, the segment ARR was NOK 27.8 million, a growth of 12 percent Y/Y. During Q1, the ARR grew with NOK 1.0 million, in particular driven by new sale and upselling. Churn was limited at 1.7 percent annualized.

The position within Industrial Maintenance & Quality Control continues to be strengthened through new sale and upselling. The digitalization pace is increasing in several industries, and the market for digital tools to replace spreadsheets and notebooks is continuously growing, increasing the number of inquiries from potential new customers.

The combination of Industrial Maintenance (View Maintenance) and Quality Control (InControl) is very well received in the aquaculture industry.

Operating revenue in the segment was NOK 7.1 million, a growth of 7 percent.

Segment Real Estate Management continued

In Q2 2021, Ørn Software signed an agreement to acquire Landax. This acquisition will strengthen the Maintenance & Quality Control segment considerably with 540 new customers and an ARR of 21.2 million (20.6 million end of Q1 2021).

Segment Energy & Sustainability Management

	Q1 2021	Q1 2020	Change	FY 2020
ARR	15.2	-	NA	15.0
Revenue	3.7	-	NA	-
Net retention rate	101%	-	-	-
Churn	1%	-	-	-
Number of customers	456	-	-	460

The segment consists of Entro IT, which was acquired in December 2020.

At the end of Q1 2021, the segment ARR was NOK 15.2 million. In the same quarter in 2020, the segment had no operations.

During Q1, the ARR grew with NOK 0.2 million, in particular driven by upselling. Churn was limited at 1.0 percent annualized.

The segment Energy & Sustainability Management is new to Ørn as of the end of 2020. Sales reps that have been hired during Q1 are currently under training. It is expected that the new sale will start picking up during the second half of 2021. The overall market for Energy & Sustainability Management solutions is expected to increase rapidly over the coming years, e.g. due to the introduction of the new EU Taxonomy framework.

Operating revenue in the segment was NOK 3.7 million, and the EBITDA margin was 46 percent.



Skistar

Arnstein Akre,
Maintenance Supervisor, Skistar:

“Maintenance provides working lifts and satisfied customers.”

Financial Review

Historical Group P&L	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Recurring revenue	17,984	17,623	17,157	18,631	27,325
Non-recurring revenue	2,022	1,978	2,144	4,387	3,882
Total revenue	20,006	19,601	19,301	23,017	31,207
COGS	-1,180	-1,621	-1,793	-1,306	-17,22
Total OPEX	-14,931	-12,956	-12,956	-17,694	-37,709
EBITDA	3,895	5,023	4,937	4,018	-8,224
<i>EBITDA margin</i>	19%	26%	26%	17%	-26%
Special items				-3,652	-15,703
EBITDA adjusted	3,895	5,023	4,937	7,670	7,479
<i>EBITDA adjusted margin</i>	19%	26%	26%	33%	24%
Depreciation and amortisation	-4,807	-5,280	-5,271	-5,913	-9,142
Reported EBIT	-912	-256	-334	-1,896	-17,366
Net financial income	-507	-299	-250	-1,627	5,921
Reported profit/loss before tax	-1,418	-556	-584	-3,523	-11,445
Tax	421	421	421	422	2,747
Net income/loss	-997	-135	-163	-3,101	-8,698

Ørn Software Holding's consolidated revenues were NOK 31.2 million in Q1 2021. This was a growth of 56 percent compared to the same period in 2020. The revenue growth was primarily driven by the acquisitions of MainManager, Entro IT and Facilit. The group's organic revenue growth was 1.2%.

The gross profit margin of the group was 94 percent in Q1 2021, unchanged from Q1 2020.

The Group's EBITDA, adjusted for special items related to the capital raise and IPO, was NOK 7.5 million, an increase of 92 percent compared to the same quarter in 2020. EBITDA adjusted margin was 24%, compared to 19% in the same quarter in 2020, reflecting the scalability of Ørn Software's business.

Reported EBITDA, which includes special items related to the IPO of NOK 15.7 million, was negative NOK 8.2 million. Depreciations and amortizations were NOK -9.1 million in Q1 2021 compared to NOK -4.8 million in Q1 2020, reflecting increased activity in the group and the acquisitions.

Reported EBIT was NOK -17.4 million, affected negatively by the special items related to the IPO mentioned above. Net financial income was NOK 5.9 million, reflecting interest expenses of NOK 3.2 million and a currency gain of NOK 9.2 million related to the related to the company's debt denominated in SEK. Reported tax was positive with NOK 2.7 million, as a result of NOK -11.4 million, resulting in a Net income of NOK -8.7 million (NOK -1.0 million in Q1 2020).

Cash flow

Cash flow from operating activities in Q1 2021 was NOK 28 million, driven by changes in net working capital of NOK 42.8 million as a result of up-front payment from customers, effects related to IPO expenses and due public duties payable, which was offset by the net loss before tax of NOK 11.4 million and the non-cash gains related to currency fluctuations.

Cash flow from investing activities was -57.5 million, driven by the acquisition of Facilit and capex of NOK 9 million.

Net cash flow from financing activities was NOK 277.1 million, driven by the net proceeds from the equity capital increase ahead of the listing on Euronext Growth, and proceeds from long term debt according to the acquisition of Facilit.

Financial position

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 584.3 million (264.6 million at the end of 2020). Total current assets amounted to 340.3 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 318.5 million (65.3 million at the end of 2020).

Non-current assets increased to 244.0 million (181.4 million at the end of 2020). The change was predominantly related to intangible assets, which increased to NOK 242.1 million (179.7 million at the end of 2020), driven by the acquisition of Facilit (please refer to note 6) and reallocation of PPA values from R&D and goodwill to customer contract (please refer to note 5).

Total liabilities were at 275.0 million (NOK 186.1 million at the end of 2020). Current liabilities increased to NOK 103.8 million (NOK 60.9 million at the end of 2020). Other non-current liabilities increased to NOK 153.6million (NOK 116.5 million at the end of 2020).

Events After the Reporting Date

21 May 2021, Ørn Software announced the acquisition the Norwegian quality management SaaS company Landax. At the end of 2020, Landax had an ARR of NOK 18.9 million. 2020 revenue was NOK 30.8. This represented an organic growth in ARR of 29% compared to 2019. During the first four months of 2021, Landax has increased its ARR with 14% to NOK 21.2 million (20.6 million end of Q1 2021). The 2020 EBITDA was NOK 10.1 million (NOK 6.0 million in 2019). The acquisition increases Ørn Software's ARR with 18%.

The transaction is based on an enterprise value of NOK 95 million and implies a multiple of 4.5x on ARR. The transaction will be settled with 80% cash at closing and 20% in Ørn Software shares, issued in line with board authorization. The transaction is expected to close in June 2021.

Share information

At the end of Q1 2021 Ørn Software had 85,942,968 million shares. Average number of shares in Q1 2021 was 62,907,174. The private placement in connection with the IPO implied the issuance of 23,809,524 shares. The EGM granted approval to the Board to increase the share capital with approximately 20% 21 of May.

The company was listed on Euronext Growth 29 March 2021. The shares have since traded between NOK 10.00 and NOK 13.00 per share.

The company has approximately 165 shareholders, with the 20 largest shareholders holding 90% of the shares.

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.

Outlook

Ørn Software is a leading software company with digital solutions for industry 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 12 billion. By 2025, Ørn Software is targeting ARR of NOK 300 million based on organic growth. M&A driven growth comes in addition to this.

Ørn Software's business model, which is based on providing Software as a Service, is highly scalable. The company will increasingly move services over to shared platforms which, will add to the scalability. Along with the revenue growth the company targets an EBITDA margin enhancement up to at least 40 percent by 2025.

During Q4 2020 and Q1 2021, Ørn Software has added resources within sales and marketing, which is expected to increase the growth contribution from new sales during the second half of 2021 compared to Q1.

The company has several M&A objects in the near-term pipeline and expects to close additional acquisitions during the coming year.

Financial calendar

Quarterly reporting:

- Q2 and 1H 2021: 3 September 2021
- Q3 2021: 19 November 2021
- Q4 2021: 4 March 2022

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Income

	Note	Q1 - 2021 01.01-31.03 Unaudited	Q1 - 2020 01.01-31.03 Unaudited	FY 2020 01.01-31.12 Audited	Q4 - 2020 01.01-31.03 Unaudited
NGAAP - All amounts in NOK thousand					
Operating revenues and operating costs					
Total Operating Income	3	31,207	20,006	81,925	23,017
Cost of goods		1,722	1,180	5,900	1,306
Salaries		22,073	10,465	41,815	12,867
Depreciation and amortisation		9,142	4,806	21,271	5,913
Other operating costs		15,636	4,466	16,338	4,827
Total OPEX		48,574	20,917	85,323	24,913
Operating profit		-17,366	-912	-3,398	-1,896
Financial income and financial costs					
Other financial income		9,231	0	760	
Other interest expenses		-3,150	-506	-2,300	-1,627
Other financial cost		-160	0	-1,144	
Result of financial items		5,921	-506	-2,683	-1,627
Reported EBIT		-11,445	-1,418	-6,081	-3,523
Tax		2,747	421	1,685	422
Net income		-8,698	-997	-4,396	-3,101

Consolidated Statement of Financial Position

ASSETS	Note	Q1 - 2021 31.03.2021 Unaudited	Q1 - 2020 31.03.2020 Unaudited	FY 2020 31.12.2020 Audited	Q4 - 2020 01.10-31.12 Unaudited
NGAAP - All amounts in NOK thousand					
Non-current assets					
Intangible assets					
R&D	5, 6	74,398	51,084	113,619	113,619
Customer relationship	5, 6	113,662	0	0	0
Deferred tax assets		0	1,937	0	0
Goodwill	5, 6	54,009	19,366	66,050	66,050
Total intangible assets		242,068	72,387	179,669	179,669
Tangible assets					
Property, plant and equipment		1,915	1,175	1,740	1,740
Total tangible assets		1,915	1,175	1,740	1,740
Financial assets					
Investment in shares		34	30	34	34
Long-term receivables		0	250	0	0
Total financial fixed assets		34	280	34	34
Total non-current assets		244,017	73,841	181,443	181,443
Current assets					
Receivables					
Trade receivables		11,507	6,234	9,148	9,148
Other current assets		10,294	3,281	8,781	8,781
Total receivables		21,801	9,515	17,929	17,929
Investments					
Cash and cash equivalents		318,493	15,991	65,289	65,289
Total current assets		340,294	25,506	83,218	83,218
Total assets		584,311	99,347	264,660	264,660

Equity and liabilities	Note	Q1 - 2021 31.03.2021 Unaudited	Q1 - 2020 31.03.2020 Unaudited	FY 2020 31.12.2020 Audited	Q4 - 2020 01.10-31.12 Unaudited
NGAAP - All amounts in NOK thousand					
Paid-in capital					
Share capital		8,594	4,661	6,075	6,075
Share premium		358,151	60,425	104,965	104,965
Other equity		1,071	89	879	879
Total paid-in equity		367,817	65,175	111,919	111,919
Earned equity					
Other equity		-58,457	-35,991	-33,346	-33,346
Total earned equity		-58,457	-35,991	-33,346	-33,346
Total equity	4	309,360	29,184	78,573	78,573
Liabilities					
Provision for liabilities					
Deferred tax	5, 6	17,516	0	8,581	8,581
Total provisions for liabilities		17,516	0	8,581	8,581
Other long-term debt					
Non-current interest-bearing debt	7	153,610	28,612	116,554	116,554
Other non-current liabilities		0	4,852	0	0
Total non-current liabilities		153,610	33,465	116,554	116,554
Short-term liabilities					
Convertible loans		0	0	5,580	5,580
Accounts payable		25,865	2,835	5,930	5,930
Payable tax		549	0	63	63
Public duties payable		18,597	8,761	5,878	5,878
Other current financial liabilities		58,814	25,102	43,502	43,502
Total current liabilities		103,825	36,698	60,953	60,953
Total liabilities		274,950	70,163	186,087	186,087
Total equity and liabilities		584,311	99,347	264,660	264,660

Condensed Consolidated Cash Flow Statement

	Q1 - 2021 01.01-31.03 Unaudited	FY 2020 44196 Audited
NGAAP - All amounts in NOK thousand		
Operating activities		
Profit/loss before tax	-11,445	-6,081
Depreciation and amortisation	9,142	21,271
Change in net working capital	42,797	10,390
Other non-cash items	-12,423	437
Net cash flows from operating activities	28,071	26,016
Development of software and other intangible assets	-9,085	-27,087
Acquisition	-48,429	-84,309
Net cash flows from investing activities	-57,514	-111,395
Net proceeds from long-term debt	48,189	98,661
Net proceeds from share issue	228,987	41,102
Net cash flows from financing activities	277,176	139,763
Cash and cash equivalents at the beginning of the period	65,289	2,320
Net change in cash and cash equivalents	247,733	54,384
Cash and cash equivalents from acquisitions	5,471	8,585
Cash and cash equivalents at the end of the period	318,493	65,289

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

Glava

Client testimonial

“With Maintenance,
we see any problems
before they occur”

Ole Jørgen Henriksen,
Maintenance Supervisor, Glava Isolasjon



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 1,800 companies and 260,000 employees use Ørn Software's different SaaS-offerings every day, including a number of the biggest industrial and property management firms in the country.

Read more at www.ornsoftware.com

As of the 31st of March 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
 - Facility Management AS group (Facilit), granddaughter

Facilit had bought the company Senix AS before we bought Facilit 8th March 2021. The other companies that is a part of the group have changed their name during the quarter.

Note 2 – Basis of preparation

The financial statements are prepared in accordance with NGAAP and there are no changes in 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	Q1 - 2021 Unaudited	Q1 - 2020 Unaudited	FY 2020 Audited	Q4 - 2020 Unaudited
Real Estate Management				
Recurring	16,876	11,890	45,878	11,779
Non-recurring revenue	3,529	1,292	7,388	3,092
Total revenue	20,406	13,182	53,267	14,872
Industrial Maintenance & Quality Control				
Recurring	6,743	5,976	24,634	6,536
Non-recurring revenue	353	670	2,268	578
Total revenue	7,096	6,647	26,902	7,114
Energy & Sustainability Management				
Recurring	3,706	0	0	0
Non-recurring revenue	0	0	0	0
Total revenue	3,706	0	0	0
Other income	0	177	1,757	1,032
Total Operating Income				
Recurring	27,325	17,867	70,513	18,315
Non-recurring revenue (incl. other income)	3,882	2,139	11,413	4,702
Total Operating Income	31,207	20,006	81,925	23,017

Note 4 – Equity

	paid in equity			retained losses	Total equity
	Share capital	Share premium	Other equity	Other 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

On 25th March, the company issued 23,892,497 shares, resulting in a net capital increase of NOK 250,125,291.23. Transaction costs (net of taxes) was NOK 16,155,010.20.

Note 5 – Intangible assets

NGAAP - All amounts in NOK thousand	R&D	Customer relationship	Goodwill	TOTAL
	Unaudited	Unaudited	Unaudited	Unaudited
Acquisition cost 31.12.2020	176,880	0	76,501	253,381
Reclassification preliminary PPA	-44,985	72,921	-21,790	6,146
Additions through acquisition	5,000	42,560	11,158	58,718
Additions	6,820	0	0	6,280
Acquisition cost 31.03.2021	143,715	115,481	65,869	325,065
Accumulated depreciation 31.12.2020	63,427	0	10,451	73,879
Depreciation from acquisitions	0	300	0	300
Translation differences	-26	0	0	-26
Period's depreciation	5,916	1,519	1,409	8,844
Accumulated depreciation 31.03.2021	69,317	1,819	11,860	82,997
Book value 31.03.2021	74,398	113,662	54,009	242,068

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, however due to acquisition at the end of the reporting period no amortization of intangible assets of the newly acquired entities were performed. During the quarter, the company updated the PPA, no changes to the total figures (except technical deferred tax), however a reclassification were made between R&D, Goodwill and customer relationship.

Note 6 – Business – Combinations

Örn Software acquired Facility Management AS (Facilit) on March 8, 2021. Facility Management AS (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 Örn Software a 39% share of the Norwegian facility management market. The acquisition also provides Örn with 12 highly skilled employees in Tromsø and Tønsberg. 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.

Purchase Price Allocation (PPA)	Facility Management
NGAAP - All amounts in NOK thousand	31.03.2020
Unaudited	Unaudited
R&D	5,000
Customer relationship	42,260
Property, plant and equipment	325
Deferred tax	0
Other long term receivables	
Total non-current assets	47,585
Current assets	
Trade and other receivables	346
Cash and cash equivalents	8,712
Total current assets	9,058
Total assets	56,643
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	-8,694
Total current liabilities	-9,252
Total liabilities	-19,372
Total identifiable net assets at fair value	37,270
Settled in cash	48,429
Seller's credit	
Goodwill arising on acquisition	11,158
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	46,027

The depreciation on R&D from the acquisition of Facilit is depreciated over 5 years. Customer contracts are depreciated over 12 years. Goodwill is amortized over 8 years.

Note 7 – Funding – Cash and Interest-bearing debt

The group has a solid cash position at the end of March which amounts to NOK 318 million. The acquisition of Facilit was financed with a new tap issue from Ture Invest AB of NOK 48.4 million. The group has a total debt of SEK 163.7 million at the end of March. The book value of the interest-bearing debt is NOK 153.6 million after currency conversions.

The Group is funded through a SEK 500 million nominated facility loan agreement with Ture Invest AB. As of 31 March 2021, SEK 163.7 million is drawn on the facility loan. 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 8 – Subsequent events

On the 14th of May, there was held an extraordinary general meeting of the shareholders 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. Such authorization will provide the Board of Directors flexibility to finance further growth. The board's current board authorization is withdrawn from the time of registration of the board authorization proposed herein with the Norwegian Register of Business Enterprises.

May 21 2021 - Ørn Software has signed an agreement to acquire the Norwegian Quality Management Software-as-a-Service (SaaS) company Landax, thus gaining a strong portfolio of new customers in new and existing sectors. 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. 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. During the first four months of 2021, Landax has increased its ARR with 14% to NOK 21.2 million. The 2020 EBITDA was NOK 10.1 million (NOK 6.0 million in 2019). The acquisition increases Ørn Software's ARR with 18%. Ørn's proforma ARR at the end of 2020 was NOK 107 million, after having grown 73% annually in the period 2017-2020.

The transaction is based on an enterprise value of NOK 95 million and implies a multiple of 4.5x on ARR. The transaction will be settled with 80% cash at closing and 20% in Ørn Software shares, issued in line with board authorization. The transaction is expected to close in June 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:

- 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.

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 2021. NOK 6.9 million regarding salaries and mainly reflect change in employer's contribution to the option scheme bonuses and bonuses related to acquisition. NOK 8.8 million regarding other operating cost, and are related to IPO fees for commercial, 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 quarter 2020.

