

# Q3 2021

Quarterly Report Q3 2021  
Ørn Software Holding AS



Ørn  
Software

# Contents



P4

Letter from the CEO



P6

Ørn Software  
– The Big Picture

P8

**Q3 2021 in Brief**

P9 Key figures

P10

**Operational Development**

P11 The Real Estate Management Segment

P12 Industrial Maintenance & Quality Control  
Segment

P13 Energy & Sustainability Management Segment

P14

**Financial Review**

P15 Cash flow

P15 Financial position as at 30 September 2021

# P16

Share information

# P16

Risk factors

# P16

Outlook

# P16

Financial calendar

# P18

Client testimonial:  
Værste

# P20

**Condensed Consolidated Financial  
Statements**

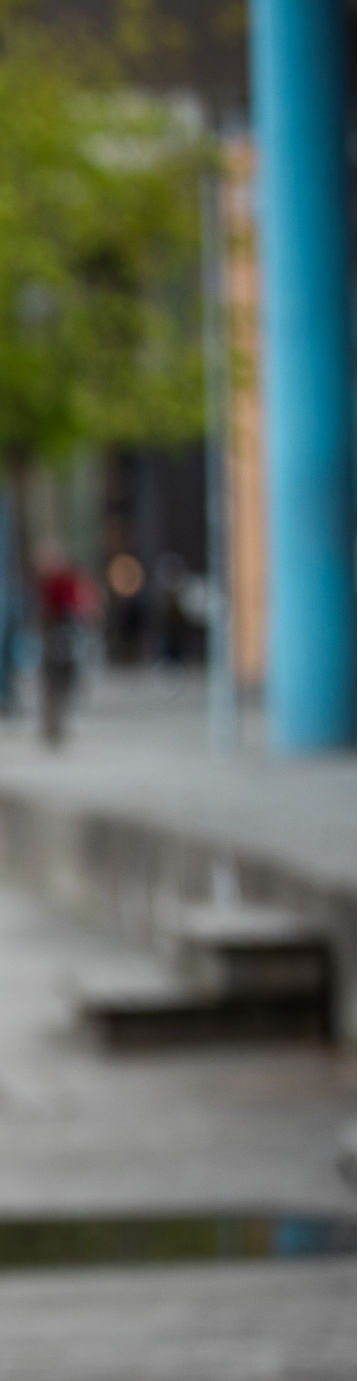
# P24

**Explanatory Notes to the Consolidated  
Financial Statements**  
P33 Alternative performance measures



# Letter from the CEO

It is a pleasure to report another quarter of strong development for Ørn Software. With a Software-as-a-Service (SaaS) based business model, Annual Recurring Revenue (ARR) is an essential performance indicator, and at the end of the third quarter our ARR reached NOK 214 million. This is a growth of 197 percent compared to the end of the third quarter last year.



The primary driver for our growth has been the successful execution of our M&A strategy, where we have increased our geographical footprint and product offering significantly.

In the third quarter, we closed the acquisition of Rapal. This was not only the largest acquisition in Ørn's history, but it was also a firm first step into the Finnish market. However, I am even more enthusiastic about the best-in-class solutions for lease, space, and workplace management Rapal has brought us. As the world is gradually normalizing after Covid-19, many offices will never return to how they were prior to the pandemic. Higher quality, more flexibility and more variety will be requirements for both employees and companies. With the Rapal offering, Ørn can deliver occupancy optimization and cost management, as well as smart office solutions suited to support sustainable and efficient flexible office management.

Rapal was Ørn Software's third acquisition in 2021. Together with our existing product portfolio, Rapal give us a tremendous capability to provide data-driven insights, helping our customers improve efficiency and reduce costs and emissions. With a customer base of close to 2,000 companies, we now have a significant opportunity for cross-selling. We are currently adapting our sales organization to leverage the opportunities which have materialized in the aftermath of the new acquisitions. We are also focused on synergies, collaboration, and an increased degree of resource sharing internally.

Continued focus on value-creating M&A is a high priority. At any given time, we are considering several potential acquisitions in the Nordics, and we believe there is significant room for growth. The Nordic market is estimated at NOK 12 billion, of which only around NOK 2.6 billion is currently being served. Over time, we will seek to expand outside the Nordics. Our ambition is to be recognized as a dominant European SaaS company with best-of-breed solutions for worksite management. All of the elements are in place for a continued growth story. We are well on track to reach our 2025 financial growth targets of growing our ARR organically to NOK 430 million and reaching an EBITDA margin higher than 40 percent. 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 their efficiency to stay competitive. Digital tools that are easy to use and that simplify workflows are an important part of meeting this growing need in asset-heavy industries.

Ørn Software provides industry-leading digital tools for sustainable use, development, and management of assets, which help users improve their efficiency and competitive advantage. 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 a reduced environmental footprint.

The solutions ensure that valuable data is captured, processed, and presented, so that users can make tactical, strategical, and operational decisions based on real-time information as well as historical trends. By digitizing business processes, Ørn provides its customers with improved insight, increased efficiency, and reduced costs, as well as improved quality and a reduced environmental footprint.

The end user is equipped with mobile tools to handle day-to-day field work as efficiently as possible, while management has access to analytical and administrative tools. Ørn's customers gain insight into all the details, while simultaneously maintaining a complete overview.

Ørn provides its customers with THE BIG PICTURE.



# Q3 2021 in Brief

- ARR NOK 214.2 million at the end of the quarter, a growth of +197% since Q3 2020. Organic growth was 12.2%
- Q3 2021 revenue NOK 59.5 million (+208% Y/Y)
- Adjusted EBITDA<sup>1</sup> margin 30.7% (25.6% in Q3 2020)
- Acquisition of Rapal closed in July, contributing NOK 69.9 million in ARR
- Focus on integration of acquired companies and building sales capacity to accelerate new sales and cross sales

## Key figures (in NOK million)

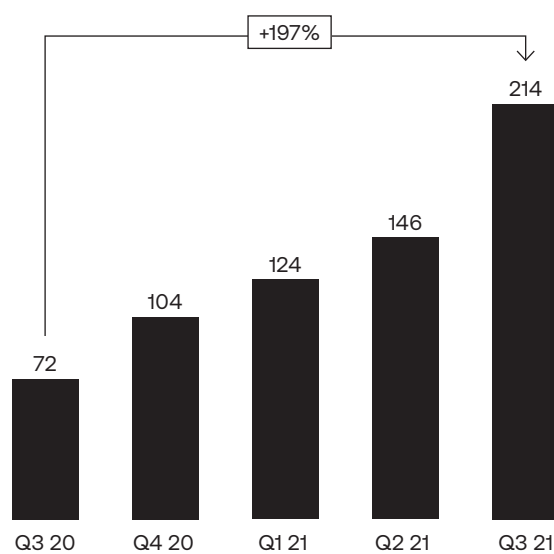
	Q3-21	Q3-20	Change	YTD 2021	YTD 2020	Change	FY 2020
Revenue	59.5	19.3	208 %	128.4	58.9	118 %	81.9
EBITDA	12.5	4.9	153 %	10.9	13.9	-22 %	17.9
EBITDA margin	21.0 %	25.6 %		8.5 %	23.5 %		21.8
EBITDA adj.	18.2	4.9	269 %	34.2	13.9	147 %	21.5
EBITDA adj. margin	30.7 %	25.6 %		26.6 %	23.5 %		26.3 %
ARR	214.2	72.1	197 %				104.4
Net retention rate	98.3 %	100.0 %		98.4 %	108.5 %		109.5 %
Churn	0.3 %	0.3 %		2.9 %	2.8 %		3.7 %
Numbers of customers	1,927	464					1,022

<sup>1</sup>See Alternative performance measures page 33

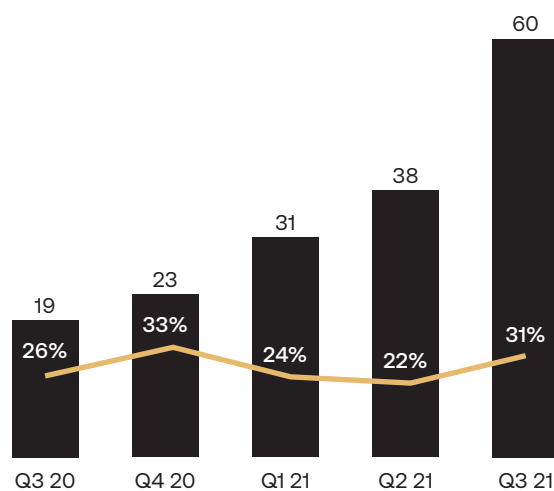


## Key figures (in NOK million)

### ANNUAL RECURRING REVENUE (ARR)



### REVENUE AND EBITDA ADJUSTED MARGIN



# Operational Development

At the end of Q3 2021 Ørn Software had a customer base generating ARR of NOK 214 million, which was 197% higher than at the end of Q3 2020. The Q3 2021 ARR represents a Y/Y organic growth, adjusted for currency fluctuations and the effect of churn from one single Swedish customer in Q2 2021 of 12.2 percent.

During Q3, Ørn Software increased its ARR by NOK 68.7 million, primarily driven by an increase of NOK 69.9 million through the acquisition of Rapal. Currency fluctuations affected ARR growth in Q3 2021 negatively by NOK 1.6 million. The ARR contribution from the acquisition of Rapal is larger than announced at the time of the acquisition, as post-acquisition analysis of the contract portfolio led to reclassification of revenue as ARR.

The churn rate in Q3 2021 was at 0.3 percent, which is the same as in Q3 2020.

The net retention rate was 98.3 percent in Q3 2021, compared to 100.0 percent in Q3 2020. The lower net retention rate in Q3 2021 is primarily due to negative ARR effects of NOK 2.1 million driven by seasonal volume-based contraction and NOK 1.6 million from currency differences.

The number of customers has increased from 464 at the end of Q3 2020 and 1,022 at year end 2020, respectively, to 1,927 at the end of Q3 2021. The increase was primarily driven by M&A activities, along with new sales. The acquisition of Rapal increased the number of customers by 164, which is lower than the previously communicated 250, a figure which referred to the number of contracts.

Ørn is continuing to invest in product development. As the product portfolio is growing through acquisitions, establishing a single common technology platform becomes increasingly important. The common platform will simplify deployment and shorten the time to market for new features, and will provide customers increased flexibility in terms of selecting the exact functionality they need.

In addition, during Q4 2020 and so far in 2021, Ørn Software has increased its sales capacity through recruitment of additional sales personnel, with the goal of increasing new sales and cross-sales going forward.

Post-merger integration processes related to the companies acquired at the end of 2020 and year to date 2021 are in progress and proceeding 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 R&D initiatives within the group and align product strategies and roadmaps.

# The Real Estate Management Segment

(figures in NOK million)

	Q3-21	Q3-20	Change	YTD 2021	YTD 2020	Change	FY 2020
Revenue	40.7	12.5	226 %	85.1	38.4	122 %	53.3
ARR	148.3	46.2	221 %			221 %	62.6
Net retention rate	97.5 %	100.0 %		97.5 %	107.5 %		108.0 %
Churn	0.3 %	0,0 %		3.2 %	1.3 %		2.0 %
Numbers of customers	606	163					261

At the end of Q3 2021, the segment's ARR was NOK 148.3 million, a growth of 221 percent Y/Y. The growth is boosted by the acquisition of Rapal, which brought ARR of NOK 69.9 million, adding to the effect of acquisitions made in Q4 2020 and Q1 2021. The ARR contribution from the acquisition of Rapal is larger than announced at the time of the acquisition, as described above.

Organic Y/Y ARR growth in Q3 2021, adjusted for currency fluctuations and excluding the effect of one single Swedish customer ending its use of Ørn's services in Q2 2021, was 11.0 percent compared to 9.2 percent in Q3 2020, driven by new sales and upselling.

Churn in the quarter was 0.3 percent. The net retention rate in Q3 2021 was 97.5 percent. Adjusted for the currency effects described above, the net retention rate was 99.5 percent.

The number of sales representatives in this segment has increased in the last 12 months. At the same time, our product portfolio has significantly expanded due to the acquisitions in 2021. It has been important to emphasize optimization of our sales strategy and product training on acquired products for our sales reps. This has absorbed some sales activity and capacity in the short term. However, we expect this phase to end towards the end of the year, and we expect it to lead to increased sales efficiency. Sales cycles in the Real estate management segments are often relatively long, and we therefore expect to see increased effects in the form of an increase in new sales and cross-sales over time.

Operating revenue in the segment was NOK 40.7 million, a growth of 226 percent compared to Q3 2020.



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

	Q3-21	Q3-20	Change	YTD 2021	YTD 2020	Change	FY 2020
Revenue	15.1	6.6	128 %	32.1	19.8	62 %	26.9
ARR	50.9	25.9	96 %			96 %	26.7
Net retention rate	100.3 %	100.0 %		100.7 %	110.3 %		112.6 %
Churn	0.4 %	0.9 %		2.6 %	5.6 %		7.0 %
Numbers of customers	865	301					301

At the end of Q3 2021, the segment ARR was NOK 50.9 million, a growth of 96 percent Y/Y. Organic ARR Y/Y growth was 14.3 percent. During Q3, the ARR grew by NOK 1.1 million, driven by new sales and upselling. Churn was limited at 0.4 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 a highly attractive offering for Ørn's existing customers, and vice versa.

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

Operating revenue in the segment was NOK 15.1 million, a growth of 128 percent compared to Q3 2020.



## Energy & Sustainability Management Segment (figures in NOK million)

	Q3-21	Q3-20	Change	YTD 2021	YTD 2020	Change	FY 2020
Revenue	3.7	0.0	N/M	10.8	0.0	N/M	0.0
ARR	15.0	0.0	N/M			N/M	15.0
Net retention rate	100.0 %			100.3 %			
Churn	0.0 %			0.9 %			
Numbers of customers	456	0					460

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

At the end of Q3 2021, the segment ARR was NOK 15.0 million. There were no operations in the segment in Q3 2020.

During Q3, the ARR was unchanged, with a net retention rate of 100 percent and no churn.

The Energy & Sustainability Management segment is new to Ørn as of the end of 2020. Sales reps that have been hired during 2021 are currently ramping up activity. It is expected that new sales will start to pick up gradually. The overall market for Energy & Sustainability Management solutions is expected to increase rapidly in the coming years, among other things due to an increased focus on energy savings and climate change, and the introduction of the new EU Taxonomy framework.

Operating revenue in the segment was NOK 3.7 million.

# Financial Review

Historical Group P&L	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21
Recurring	17 623	17 157	18 631	27 325	32 330	51 011
Non-recurring revenue	1 978	2 144	4 387	3 882	5 443	8 442
<b>Total revenue</b>	<b>19 601</b>	<b>19 301</b>	<b>23 017</b>	<b>31 207</b>	<b>37 773</b>	<b>59 453</b>
COGS	-1 621	-1 793	-1 306	-1 722	-3 684	-5 495
Total OPEX	-12 956	-12 571	-17 694	-37 709	-27 482	-41 479
<b>EBITDA</b>	<b>5 023</b>	<b>4 937</b>	<b>4 018</b>	<b>-8 224</b>	<b>6 608</b>	<b>12 479</b>
Margin (%)	26 %	26 %	17 %	-26 %	17 %	21 %
Special items			3 652	15 703	1 870	5 758
<b>Adjusted EBITDA</b>	<b>5 023</b>	<b>4 937</b>	<b>7 670</b>	<b>7 479</b>	<b>8 478</b>	<b>18 237</b>
Margin (%)	26 %	26 %	33 %	24 %	22 %	31 %
Depreciation and amortization	-5 280	-5 271	-5 913	-9 142	-11 912	-28 158
Reported EBIT	-256	-334	-1 896	-17 366	-5 305	-15 679
Net financial income	-299	-250	-1 627	5 921	-8 422	-10 551
Reported profit/loss before tax	-556	-584	-3 523	-11 445	-13 727	-26 231
Tax	421	421	422	2 747	3 295	6 295
<b>Net income/loss</b>	<b>-135</b>	<b>-163</b>	<b>-3 101</b>	<b>-8 698</b>	<b>-10 433</b>	<b>-19 935</b>

Ørn Software's consolidated revenues were NOK 59.5 million in Q3 2021. This was a growth of 208 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 Y/Y organic revenue growth in Q3 2021 was 3 percent compared to the Q3 2020, driven by upsales and price optimization.

The gross profit margin of the Group was 91 percent in Q3 2021, unchanged from Q3 2020.

The Group's EBITDA, adjusted for special items related to acquisitions, was NOK 18.2 million in Q3 2021, an increase of 269 percent compared to the same quarter in 2020. EBITDA adjusted margin was 30.7 percent in Q3 2021, compared to 25.6 percent in the same quarter in 2020. The group margin was strengthened by high margins in acquired companies.

Reported EBITDA, which includes special items related to acquisitions of NOK 5.8 million, was NOK 12.5 million in Q3 (NOK 4.9 million in Q3 2020).

Depreciations and amortizations were NOK 28.2 million in Q3 2021 compared to NOK 5.3 million in Q3 2020 and NOK 11.9 million in Q2 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 Norwegian generally accepted accounting principles (NGAAP), all intangible assets are depreciated linearly. The acquisition of Rapal, which was closed at the beginning of July 2021, has led to a significant increase in quarterly depreciation. In total, acquisition-related depreciation and amortization amounted to NOK 19.0 million in Q3 2021 compared to NOK 0.5 million in Q3 2020 and NOK 5.2 million in Q2 2021.

Reported EBIT was NOK -15.7 million in Q3 2021 compared to NOK -0.3 million in Q3 2020, affected negatively by special items related to the acquisitions and increased depreciations and amortizations.

Net financial income in Q3 2021 was NOK -10.5 million (NOK -0.3 million in Q3 2020), reflecting interest expenses of NOK 8.8 million, other loan related expenses of NOK 1.6 million, earn-out revaluation of NOK 1 million, and positive currency effects of NOK 0.9 million related to the company's debt denominated in SEK and EUR.

Reported tax in Q3 2021 was positive with NOK 6.3 million, as a result of a calculated tax income at 24% of EBIT at NOK -26.2 million in Q3 2021. Net income was NOK -19.9 million in Q3 2021 (NOK -0.2 million in Q3 2020).

## Cash flow

Cash flow from operating activities in Q3 2021 before changes to net working capital was NOK 7.6 million, and NOK -6.3 million after changes to net working capital of NOK -13.9 million. The cash flow was affected by negative cash flow related to special cost items related to acquisitions.

Cash flow from investing activities was NOK -272.4 million in Q3 21, driven by the acquisition of Rapal and capex of NOK 9.5 million related to software development.

Net cash flow from financing activities was NOK 235.3 million in Q3 2021 related to a new tap issue of EUR 24.2 million relating to the acquisition of Rapal.

Total cash at end of September 2021 was NOK 158.6 million.

## Financial position as at 30 September 2021

Following the equity capital of gross NOK 250 million 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 954.1 million (NOK 264.7 million at the end of 2020). Total current assets amounted to 184.5 million (NOK 83.2 million at the end of 2020), primarily driven by increased cash dues to the equity capital raised. Cash and cash equivalents amounted to NOK 158.6 million (NOK 65.3 million at the end of 2020).

Non-current assets increased to 769.6 million (NOK 181.4 million at the end of 2020). The change was predominantly related to intangible assets, which increased to NOK 763.7 million (NOK 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 NOK 578.1 million (NOK 186.1 million at the end of 2020). Current liabilities increased to NOK 97.6 million (NOK 61.0 million at the end of 2020). Non-current liabilities increased to NOK 419.8 million (NOK 116.6 million at the end of 2020).

# Share information

At the end of Q3 2021, Ørn Software had 94,398,537 shares. During Q3 the number of shares increased by 8,455,568 in connection with debt conversion related to acquisitions.

An overview of the 20 largest shareholders is available on the company's web site.

# Risk factors

Risk factors are described in the Information document prepared in connection with the listing on Euronext Growth, published March 29, 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 12 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 increasingly move services over to shared 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.

Ørn Software has during 2020 and 2021 added resources within sales and marketing, which is expected to increase the growth contribution from new sales going forward.

The company continues its active search for additional M&A opportunities and expects to close additional acquisitions in the coming year.

# Financial calendar

Quarterly reporting:

- Q4 2021: 4 March 2022





# Værste





“Without ServiceBook, we would be struggling with high energy consumption and extra wear and tear on technical systems.”

Morten Hansen,  
Operations manager Værste

# Condensed Consolidated Financial Statements

## Condensed Consolidated Statement of Income

	Note	Q3 - 2021 01.01-30.09 Unaudited	Q3 - 2020 01.01-30.09 Unaudited	Q3 - 2021 01.07-30.09 Unaudited	Q3 - 2020 01.07-30.09 Unaudited	FY 2020 01.01-31.12 Audited
NGAAP - All amounts in NOK thousand						
<b>Operating revenues and operating costs</b>						
<b>Total Operating Income</b>	3	<b>128 434</b>	<b>58 908</b>	<b>59 453</b>	<b>19 301</b>	<b>81 925</b>
Cost of goods		10 902	4 594	5 495	1 793	5 900
Salaries		70 908	28 947	29 146	9 681	41 815
Depreciation and amortization		49 213	15 357	28 158	5 271	21 271
Other operating costs		35 762	11 511	12 333	2 890	16 338
<b>Total OPEX</b>		<b>166 785</b>	<b>60 410</b>	<b>75 133</b>	<b>19 635</b>	<b>85 323</b>
<b>Operating profit</b>		<b>-38 351</b>	<b>-1 503</b>	<b>-15 679</b>	<b>-334</b>	<b>-3 398</b>
<b>Financial income and financial costs</b>						
Other financial income		18 623		8 959		760
Other interest expenses		-15 449	-1 056	-8 809	-250	-2 300
Other financial cost		-16 226		-10 701		-1 144
<b>Result of financial items</b>		<b>-13 052</b>	<b>-1 056</b>	<b>-10 551</b>	<b>-250</b>	<b>-2 683</b>
<b>Reported EBIT</b>		<b>-51 403</b>	<b>-2 559</b>	<b>-26 231</b>	<b>-584</b>	<b>-6 081</b>
Tax		12 337	1 263	6 295	421	1 685
<b>Net income</b>		<b>-39 066</b>	<b>-1 296</b>	<b>-19 935</b>	<b>-163</b>	<b>-4 396</b>

# Consolidated Statement of Financial Position

ASSETS	Note	Q3 - 2021 30.09.2021	Q3 - 2020 30.09.2020	FY 2020 31.12.2020
NGAAP - All amounts in NOK thousand				
		Unaudited	Unaudited	Audited
<b>Non-current assets</b>				
<b>Intangible assets</b>				
R&D	5,6	113 561	55 936	113 619
Customer relationship	5,6	323 003	0	0
Deferred tax assets		0	1 713	0
Goodwill	5,6	327 152	20 145	66 050
<b>Total intangible assets</b>		<b>763 716</b>	<b>77 793</b>	<b>179 669</b>
<b>Tangible assets</b>				
Property, plant and equipment		2 488	1 255	1 740
<b>Total tangible assets</b>		<b>2 488</b>	<b>1 255</b>	<b>1 740</b>
<b>Financial assets</b>				
Investment in shares		2 919	30	34
Long-term receivables		453	62	0
<b>Total financial fixed assets</b>		<b>3 372</b>	<b>92</b>	<b>34</b>
<b>Total non-current assets</b>		<b>769 577</b>	<b>79 140</b>	<b>181 443</b>
<b>Current assets</b>				
<b>Receivables</b>				
Trade receivable		17 501	3 719	9 148
Other current assets		8 475	3 350	8 781
<b>Total receivables</b>		<b>25 976</b>	<b>7 069</b>	<b>17 929</b>
<b>Investments</b>				
Cash and cash equivalents		158 561	8 220	65 289
<b>Total current assets</b>		<b>184 537</b>	<b>15 289</b>	<b>83 218</b>
<b>Total assets</b>		<b>954 114</b>	<b>94 429</b>	<b>264 660</b>

# Consolidated Statement of Financial Position cont.

Equity and liabilities	Note	Q3 - 2021 30.09.2021	Q3 - 2020 30.09.2020	FY 2020 31.12.2020
NGAAP - All amounts in NOK thousand		Unaudited	Unaudited	Audited
<b>Paid-in capital</b>				
Share capital		9 440	4 847	6 075
Share premium		454 445	65 148	104 965
Other equity		1 214	89	879
<b>Total paid-in equity</b>		<b>465 098</b>	<b>70 084</b>	<b>111 919</b>
<b>Earned equity</b>				
Other equity		-89 126	-30 715	-33 346
<b>Total earned equity</b>		<b>-89 126</b>	<b>-30 715</b>	<b>-33 346</b>
<b>Total equity</b>	4	<b>375 973</b>	<b>39 369</b>	<b>78 573</b>
<b>Liabilities</b>				
<b>Provision for liabilities</b>				
Deferred tax	5,6	60 745	0	8 581
<b>Total provisions for liabilities</b>		<b>60 745</b>	<b>0</b>	<b>8 581</b>
<b>Other long-term debt</b>				
Non-current interest-bearing debt	8	419 774	28 465	116 554
Other non-current liabilities		0	0	0
<b>Total non-current liabilities</b>		<b>419 774</b>	<b>28 465</b>	<b>116 554</b>
<b>Short-term liabilities</b>				
Convertible loans	7	0	0	5 580
Accounts payable		7 244	3 181	5 930
Payable tax		427	0	63
Public duties payable		14 732	5 985	5 878
Other current financial liabilities	7	75 220	17 430	43 502
<b>Total current liabilities</b>		<b>97 623</b>	<b>26 596</b>	<b>60 953</b>
<b>Total liabilities</b>		<b>578 141</b>	<b>55 061</b>	<b>186 087</b>
<b>Total equity and liabilities</b>		<b>954 114</b>	<b>94 429</b>	<b>264 660</b>

# Condensed Consolidated Cash Flow Statement

	Q3 - 2021	Q3 - 2020	Q3 - 2021	Q3 2020	FY 2020
	01.01-30.09	01.01-30.09	01.07-30.09	01.07-30.09	01.01-31.12
NGAAP - All amounts in NOK thousand	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Operating activities</b>					
Profit/loss before tax	-51 403	-2 558	-26 231	-584	-6 081
Depreciation and amortization	49 213	15 357	28 158	5 271	21 271
Change in net working capital	-27 554	8 489	-13 934	2 985	10 390
Other non-cash items	4 564	-3 069	5 713	-1 381	437
<b>Net cash flows from operating activities</b>	<b>-25 180</b>	<b>18 219</b>	<b>-6 293</b>	<b>6 291</b>	<b>26 016</b>
Development of software and other intangible assets	-23 553	-13 218	-9 483	-4 290	-27 087
Net Acquisitions	-375 494	-13 662	-262 874	0	-75 723
<b>Net cash flows from investing activities</b>	<b>-399 047</b>	<b>-26 881</b>	<b>-272 357</b>	<b>-4 290</b>	<b>-102 810</b>
Net proceeds from long term debt	288 513	9 711	235 324	0	98 661
Net proceeds from share issue	228 987	4 852	0	0	41 102
<b>Net cash flows from financing activities</b>	<b>517 500</b>	<b>14 562</b>	<b>235 324</b>	<b>0</b>	<b>139 763</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>65 289</b>	<b>2 320</b>	<b>201 888</b>	<b>6 220</b>	<b>2 320</b>
Net change in cash and cash equivalents	93 272	5 900	-43 327	2 001	62 970
<b>Cash and cash equivalents at the end of the period</b>	<b>158 561</b>	<b>8 220</b>	<b>158 561</b>	<b>8 220</b>	<b>65 289</b>

Note: 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 & beverage, 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 offerings enable customers to reduce their environmental footprint and provide digital tools to meet reporting and regulatory requirements.

Almost 2,000 companies and 280,000 individuals use Ørn Software's SaaS-offerings every day, including many of the biggest industrial and real estate players in the Nordic countries.

Read more at [www.ornsoftware.com](http://www.ornsoftware.com)

As of the 30 September 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
- Örn Software Ehf group (formerly MainManager Ehf group), granddaughter
- Entro IT AS group, granddaughter
- 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 is recognized on a straight-line basis in accordance with the underlying agreement. A large portion of the company's agreements are recurring.

NGAAP - All amounts in NOK thousand	Q3 - 2021 Unaudited	Q3 - 2020 Unaudited	Q3 - 2021 Unaudited	Q3 - 2020 Unaudited	FY 2020 Audited
<b>Real Estate Management</b>					
Recurring	71 739	34 099	34 616	10 873	45 878
Non-recurring revenue	13 406	4 296	6 060	1 592	7 388
Total revenue	85 145	38 395	40 676	12 465	53 267
<b>Industrial Maintenance &amp; Quality Control</b>					
Recurring	28 100	18 098	12 696	6 112	24 634
Non-recurring revenue	4 048	1 690	2 384	501	2 268
Total revenue	32 148	19 789	15 080	6 613	26 902
<b>Energy &amp; Sustainability Management</b>					
Recurring	10 828	0	3 700	0	0
Non-recurring revenue	226	0	0	0	0
Total revenue	11 055	0	3 700	0	0
Other income	87	724	-2	223	1 757
<b>Total Operating Income</b>					
Recurring	110 667	52 198	51 011	16 985	70 513
Non-recurring revenue (incl. other income)	17 767	6 710	8 442	2 316	11 413
Total Operating Income	128 434	58 908	59 453	19 301	81 925

## 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 relating to equity				-258	-258
<b>Equity as at 31.03.2021 (unaudited)</b>	<b>8 594</b>	<b>358 151</b>	<b>1 071</b>	<b>-58 457</b>	<b>309 360</b>
Capital increase by cash deposit				-296	-296
Option scheme for management			71		71
Result in period				-10 433	-10 433
Currency differences relating to equity				448	448
<b>Equity as at 30.06.2021 (unaudited)</b>	<b>8 594</b>	<b>358 151</b>	<b>1 143</b>	<b>-68 738</b>	<b>299 150</b>
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 relating to equity				-452	-452
<b>Equity as at 30.09.2021 (unaudited)</b>	<b>9 440</b>	<b>454 445</b>	<b>1 214</b>	<b>-89 126</b>	<b>375 973</b>

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	72 984	-21 464	6 535
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)	41 658	160 029	234 606	436 294
Additions	22 155	0	0	22 155
<b>Acquisition cost 30.09.2021</b>	<b>209 508</b>	<b>334 776</b>	<b>352 413</b>	<b>896 697</b>
Accumulated depreciation 31.12.2020	63 427	0	10 451	73 879
Accumulated write-downs	0	0	0	0
Departure accumulated depreciation and write-downs	0	0	0	0
Depreciation from acquisitions (Facilit Management)	300	46	10	356
Depreciation from acquisitions (Landax)	500	0	0	500
Depreciation from acquisitions (Rapal)	9 831	0	0	9 831
Translation differences	-90	52	37	-1
Period's depreciation	21 979	11 674	14 762	48 415
<b>Accumulated depreciation 30.09.2021</b>	<b>95 947</b>	<b>11 773</b>	<b>25 261</b>	<b>132 981</b>
<b>Book value 30.09.2021</b>	<b>113 561</b>	<b>323 003</b>	<b>327 152</b>	<b>763 716</b>

At the end of December 2020, the Company acquired Ehf group (previously MainManager Ehf group) and Entro IT AS, and a preliminary purchase allocation ("PPA") was made. During the first quarter of 2021, the company updated the PPA, resulting in a reclassification between R&D, Goodwill, and customer relationship. This yielded additional technical deferred tax, which will not become payable, and there are no changes to the total figures. For additions related to business combinations in 2021, see note 6.

## Note 6 – Business Combinations

Ørn Software acquired Facility Management AS (Facilit) on March 8, 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. The acquisition will strengthen our Real Estate Management segment, giving 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 9,676 thousand of revenue and NOK 1,923 thousand to net profit before tax as of Q3-2021 (March until September).

## Note 6 – Business Combinations cont.

Purchase Price Allocation (PPA)	Facility Management
	31.03.2020
NGAAP – All amounts in NOK thousand	Unaudited
R&D	5 000
Customer relationship	42 260
Property, plant and equipment	325
Deferred tax	0
<b>Other long term receivables</b>	
<b>Total non-current assets</b>	<b>47 585</b>
<b>Current assets</b>	
Trade and other receivables	346
Cash and cash equivalents	8 712
<b>Total current assets</b>	<b>9 058</b>
<b>Total assets</b>	<b>56 643</b>
<b>Non-current liabilities</b>	
Deferred tax arising from business combination	-9 835
Non-current provisions and other liabilities	-285
<b>Total non-current liabilities</b>	<b>-10 120</b>
<b>Current liabilities</b>	
Trade and other payables	-558
Current provisions and other liabilities	-8 694
<b>Total current liabilities</b>	<b>-9 252</b>
<b>Total liabilities</b>	<b>-19 372</b>
<b>Total identifiable net assets at fair value</b>	<b>37 270</b>
Settled in cash	48 429
Seller's credit	
<b>Goodwill arising on acquisition</b>	<b>11 158</b>
R&D allocation	3 818
Deferred tax on R&D	-840
Customer relationship allocation	40 886
Deferred tax on customer relationship	-8 995
<b>Total allocation</b>	<b>46 027</b>

In addition, Landax AS was acquired on June 8, 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 breadth of functionality that perfectly complements our existing portfolio. Landax represents an offering that is highly attractive to Ørn's existing customers, and vice versa. 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 costs of NOK 1.0 million were expensed and are capitalized as a part of the purchase price. Landax has contributed NOK 10.4 million of revenue and NOK 4.7 million to net profit before tax as of Q3 2021 (June until September).

	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
<b>Total non-current assets</b>	<b>67 506</b>
<b>Current assets</b>	
Trade and other receivables	1 717
Cash and cash equivalents	18 083
<b>Total current assets</b>	<b>19 801</b>
<b>Total assets</b>	<b>87 307</b>
<b>Non-current liabilities</b>	
Deferred tax arising from business combination	-14 387
Non-current provisions and other liabilities	-1 139
<b>Total non-current liabilities</b>	<b>-15 526</b>
<b>Current liabilities</b>	
Trade and other payables	-1 710
Current provisions and other liabilities	-12 162
<b>Total current liabilities</b>	<b>-13 872</b>
<b>Total liabilities</b>	<b>-29 399</b>
<b>Total identifiable net assets at fair value</b>	<b>57 908</b>
Settled in cash	87 819
Sellers's credit	21 700
<b>Goodwill arising on acquisition</b>	<b>51 611</b>
R&D allocation	5 937
Deferred tax on R&D	-1 306
Customer relationship allocation	59 459
Deferred tax on customer relationship	-13 081
<b>Total allocation</b>	<b>102 619</b>

## Note 6 – Business Combinations cont.

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 19.1 million in revenue and NOK 3.5 million to net profit before tax as of Q3 2021 (July until September).

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	15 733	162 606
Property, plant, and equipment	104	1 079
Deferred tax	0	0
Investments	745	7 698
Other long-term receivable	45	461
<b>Total non-current assets</b>	<b>19 756</b>	<b>204 183</b>
<b>Current assets</b>		
Trade and other receivables	500	5 168
Cash and cash equivalents	1 178	12 178
<b>Total current assets</b>	<b>1 678</b>	<b>17 346</b>
<b>Total assets</b>	<b>21 434</b>	<b>221 529</b>
<b>Non-current liabilities</b>		
Deferred tax arising from business combination	-3 748	-38 736
Non-current provisions and other liabilities	-1 904	-19 675
<b>Total non-current liabilities</b>	<b>-5 652</b>	<b>-58 411</b>
<b>Current liabilities</b>		
Trade and other payables	-268	-2 765
Current provisions and other liabilities	-1 172	-12 116
<b>Total current liabilities</b>	<b>-1 440</b>	<b>-14 881</b>
<b>Total liabilities</b>	<b>-7 091</b>	<b>-73 292</b>
<b>Total identifiable net assets at fair value</b>	<b>14 342</b>	<b>148 237</b>
Settled in cash	27 579	285 044
Seller's credit	7 416	76 648
Earn-out	2 412	24 929
<b>Goodwill arising on acquisition</b>	<b>23 065</b>	<b>238 384</b>
R&D allocation	1 303	13 468
Deferred tax on R&D	-287	-2 963
Customer relationship allocation	15 733	162 606
Deferred tax on customer relationship	-3 461	-35 773
<b>Total allocation</b>	<b>36 353</b>	<b>375 722</b>

\*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.

## Note 7 – Other current financial liabilities

The group has a total of NOK 75.2 million in other current financial liabilities at the end of September 2021. Prepaid income from customers is NOK 29 million of this amount. Earn-out provisions related to the acquisition of Rapal Oy accounts for NOK 24.9 million.

## Note 8 – Funding – Cash and Interest-bearing debt

The group has a solid cash position at the end of September 2021 which amounts to NOK 158 million. The Group is funded through a SEK 500 million nominated loan facility agreement with Ture Invest AB. As of 30 September 2021, SEK 164.8 million and EUR 24.2 million has been 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 September 2021. The total book value of interest-bearing debt is NOK 419.8.

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 Q3 2021.





