



## Third quarter 2020 financial results

13 November 2020



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# Q3 Highlights

## Financial results

### Revenues



NOK 209 million

10 % growth from Q3 2019

### Adjusted EBITDA



NOK 50 million

24 % margin, improved from Q3 2019

### Recurring revenues



NOK 132 million

10 % growth from Q3 2019

### Cash balance



NOK 169 million<sup>1</sup>

Improved from operational activities

## Operations and sales

- Sales closing above targets for the period
- Good market outlook entering Q4 and 2021
- Signed major contract with EnBW in Q3
- Limited operational impact by COVID-19 pandemic
- Accelerated integration efforts joining up sales and operations

## Subsequent events

- Value named key innovator by the European Commission
- Listing on Merkur Market and private placement with gross proceeds of NOK 500 million
- Purchase of minority shares in subsidiaries of Value AS

1) Cash balance, ex restricted cash. Due to prepayments from customers cash balance is reduced from previous quarter



## Value - Realising the future of energy



<https://vimeo.com/455734115?ref=em-v-share>



# Value in brief: A leading supplier of software and technology solutions for the energy, power grid and infrastructure markets

## Brief overview of Value

Value in numbers	Key target markets
 2,000 customers in 44 countries	 Energy production and trading
 50 years in green-tech	 Energy distribution
 One of the largest software companies in Norway	 Water and wastewater
 NOK 872m in revenues (LTM)	
 22% EBITDA margin (YTD)	 Construction
 More than 30 offices in 9 countries	
 550 employees	 Industrial IoT

## What Value offer



Software suite built on deep domain knowledge for the entire clean energy value chain



Market leading access to data required to optimise operation and trading in the complex future energy markets



Strong and trusted relationship with 2,000 customers in the Nordics and Europe

# Value is active in three segments



## Energy



*Help customers master the energy transition by enabling end-to-end optimisation of the green energy value chain*



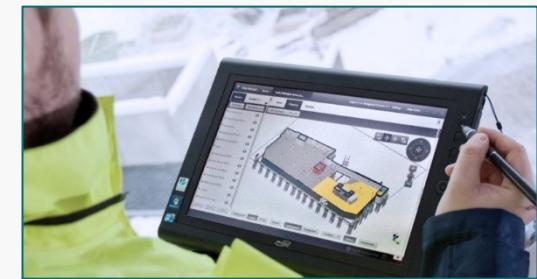
## Power Grid



*Enable power distributors to support electrification of society by unlocking flexibility and digital management of the power grid*



## Infrastructure



*Deliver flexible capabilities for digital water management and help automate processes and machines for the construction industry*

LTM sales (% of total)	NOK 449m (51%)
Recurring revenue share (2020)	65%
Degree of EU Taxonomy alignment	HIGH

LTM sales (% of total)	NOK 234m (27%)
Recurring revenue share (2020)	59%
Degree of EU Taxonomy alignment	HIGH

LTM sales (% of total)	NOK 189m (22%)
Recurring revenue share (2020)	58%
Degree of EU Taxonomy alignment	HIGH





## Key developments

# Value aims for OSE listing in H1 2021



# Key developments in Q3

## Market activities

### Growth outside of Europe – a mid to long term ambition

- Closed contracts in the US on Analytic services, delivered on Value SaaS-platform
- Further market expansion based on scalable SaaS offerings

### Major SaaS contract with EnBW in Germany

- Software as a service contract (SaaS) with EnBW, one of the four largest German utilities
- Creates foundation for further development of SaaS offerings for Scheduling and Nomination solutions

### Infrastructure market

- Ongoing digitalisation in the infrastructure construction industry gives good market outlook
- Recent digital conference with over 550 participants for the Scandinavian market

### Value intraday cloud

- Unique value offering on Value intraday cloud creates good market attention. 420 participants from more than 200 companies at digital launch event

## Operations

- New management for Value's Lines of Business in place
- On track for launching Value as one brand primo 2021
- Minor M&A activity in Q3 with acquisition of Meventus ApS to strengthen danish operations within Industrial IoT business





## Financial results for the third quarter 2020



# Financial highlights

Financial highlights (NOKm)	Q3 2020	Q3 2019	30.09.2020	30.09.2019	LTM	Comments
Revenue	209	189	652	599	872	<ul style="list-style-type: none"> <li>Strong revenue growth in Q3 2020 on 10 % driven by European expansion           <ul style="list-style-type: none"> <li>Strong contribution from the Energy segment with 15 % growth in Q3</li> <li>Still limited impact from Covid-19 with good order intake and growth in Q3 2020</li> <li>Growth in recurring revenues through sales closing above targets</li> </ul> </li> </ul>
Gross margin	81%	78%	83%	85%	84%	
Adjusted EBITDA <sup>1</sup>	50	39	143	136	184	
Adjusted EBITDA margin	24%	21%	22%	23%	21%	
EBITDA	40	30	119	116	147	
EBITDA margin	19%	16%	18%	19%	17%	
Cash balance at the end of the period <sup>2</sup>	280	163	280	163	280	
Recurring revenue growth (%)	10%	NA	10%	NA	12%	
Recurring revenue (% of revenue)	63%	64%	62%	62%	62%	
SaaS revenue growth (%)	24%	NA	30%	NA	32%	
SaaS revenue (% of revenue)	16%	14%	15%	13%	15%	
R&D CAPEX (NOKm)	20	17	59	56	76	
R&D CAPEX (% of revenue)	10%	9%	9%	9%	9%	

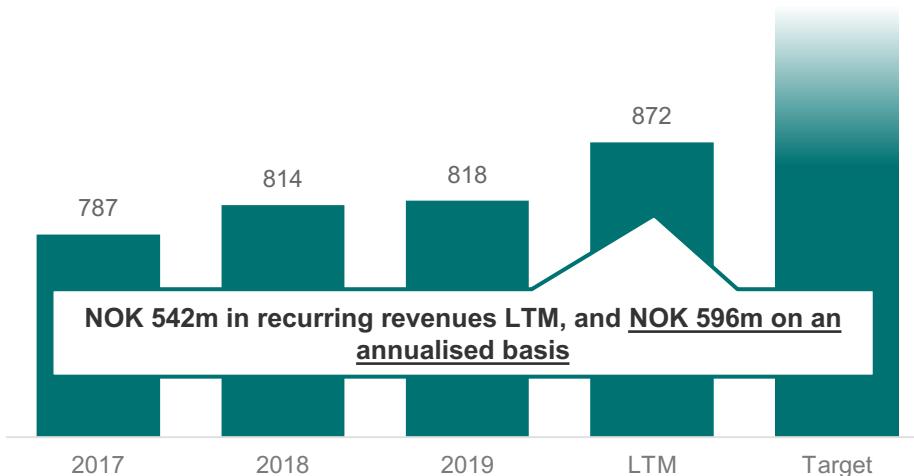
<sup>1)</sup> EBITDA adjusted for non recurring items

<sup>2)</sup> Including restricted cash



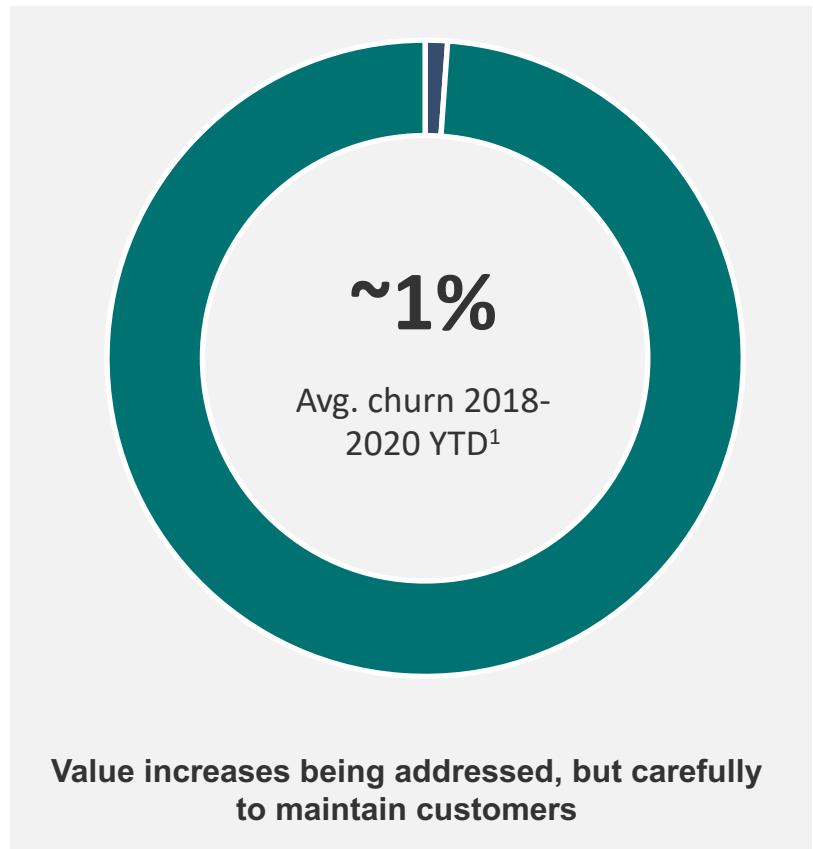
# Step change in revenue growth and highly sticky customer base

## Step change in revenue growth expected



Adjusted EBITDA margin	14%	22%	21%	Towards 30%
Recurring revenue growth	-	10%	12%	
Recurring revenue share	57%	62%	62%	Towards 80%
SaaS growth	-	20%	23%	
SaaS share	10%	12%	15%	>50%

## ~0 customer relations lost due to replacement

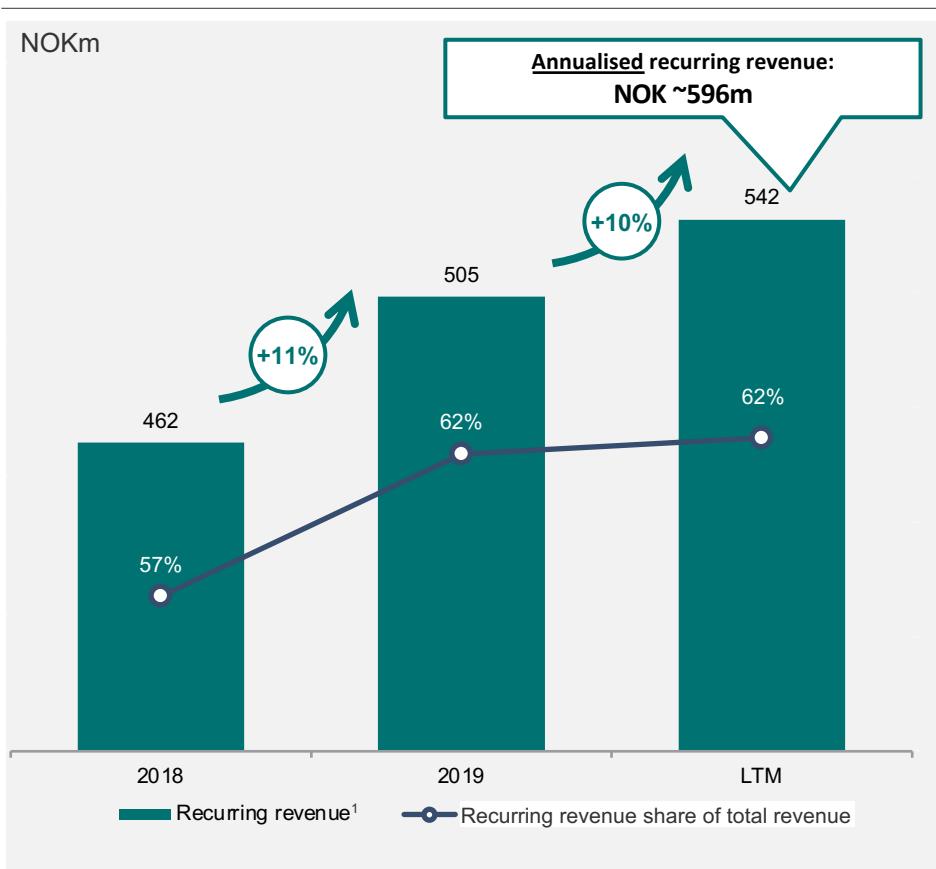


1) Cancelled yearly value of recurring revenue divided by revenue. Mergers and bankruptcies the main churn generators

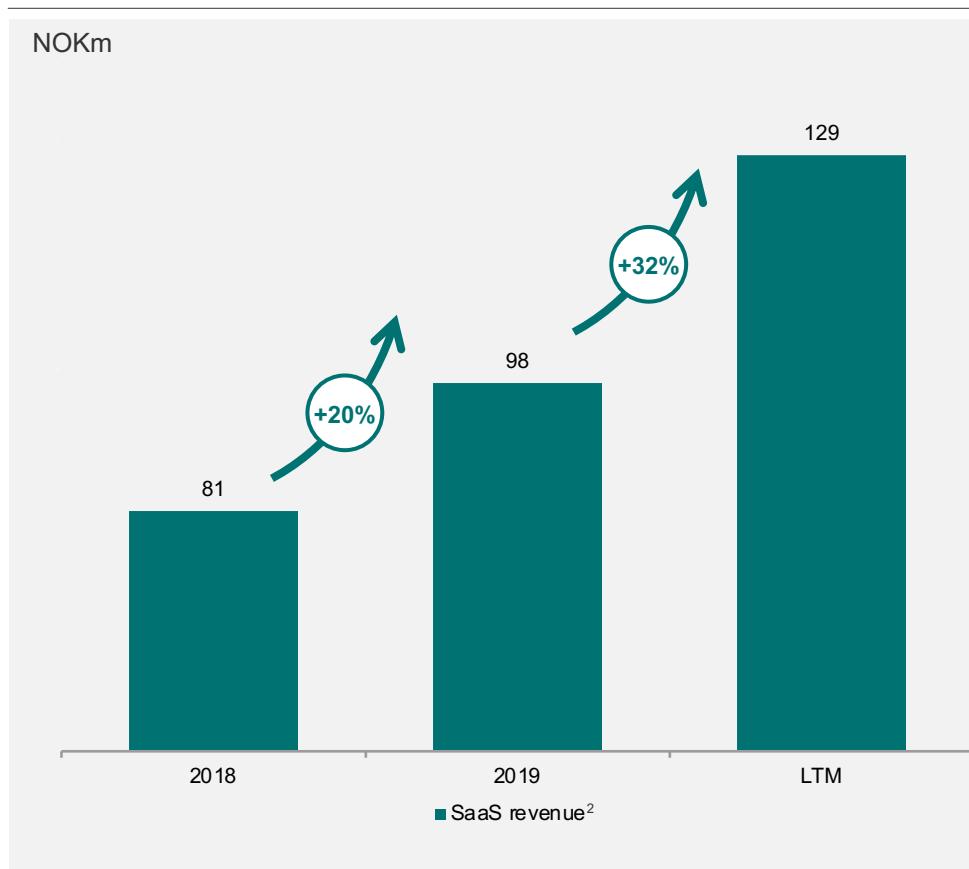


# Accelerating shift towards SaaS and recurring revenue

## Double digit recurring revenue growth



## SaaS growth: >20% and accelerating



1) Recurring revenues is defined as revenue from subscriptions over a year

2) SaaS revenue is defined as revenue from software hosted by Value and distributed through web applications



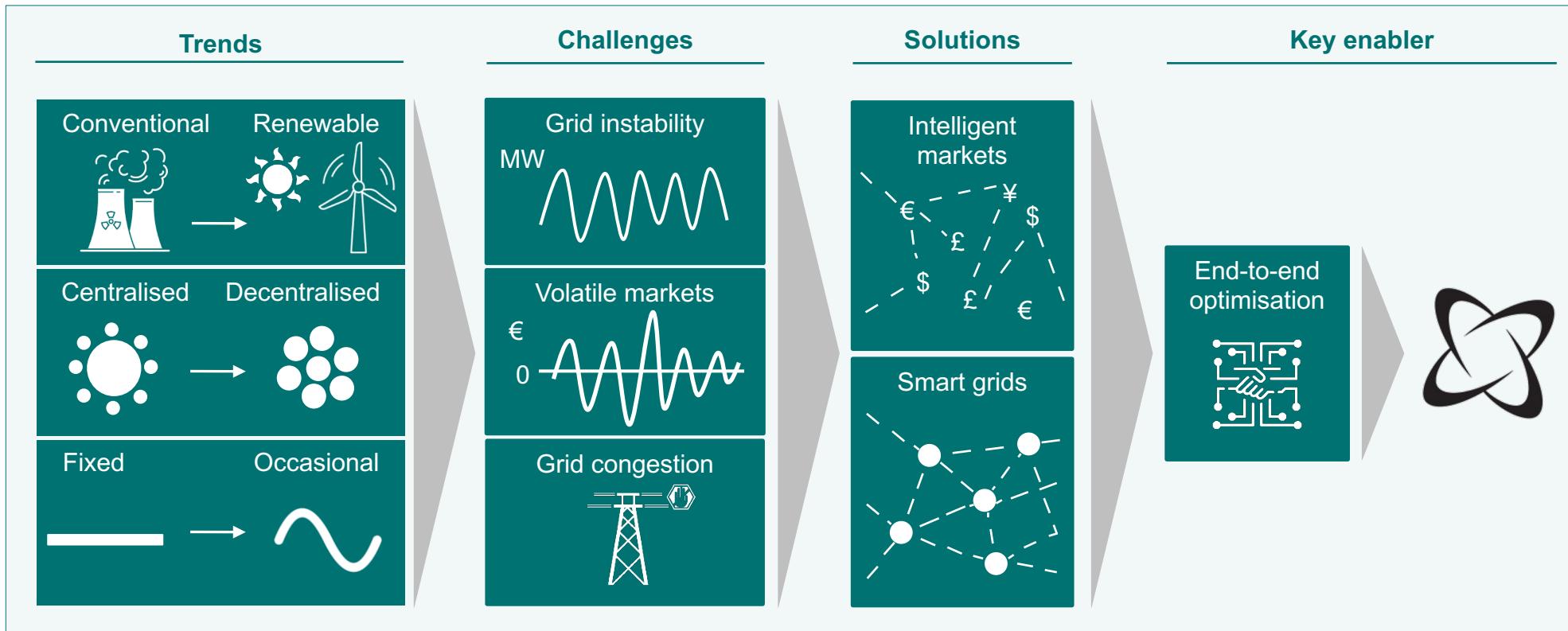


## Industry developments and strategy

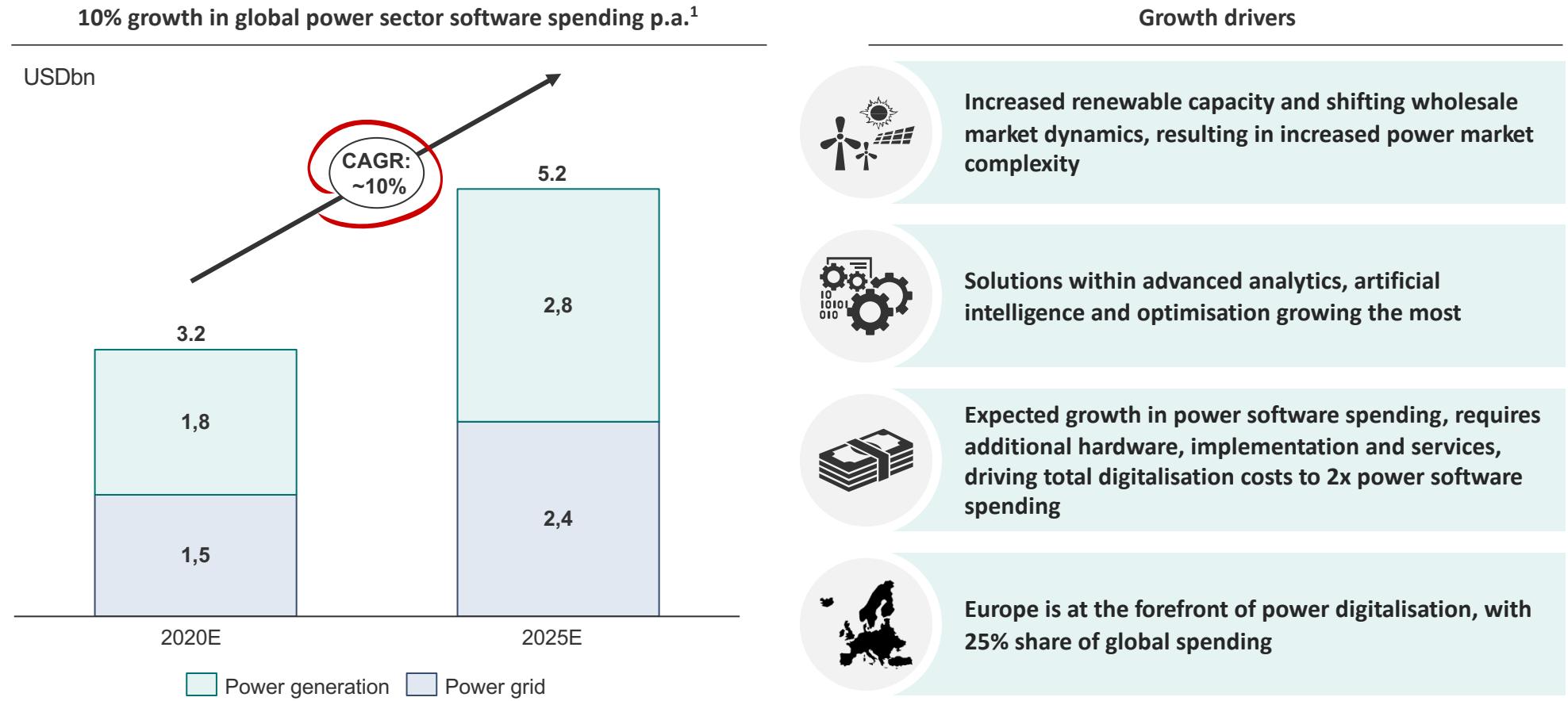


# Cleaner energy pressuring the infrastructure

Value's business-critical digital solutions enable the green shift



# Software spending from the power sector to reach USD 5bn by 2025 (60% up vs. today), fuelled by the green energy shift



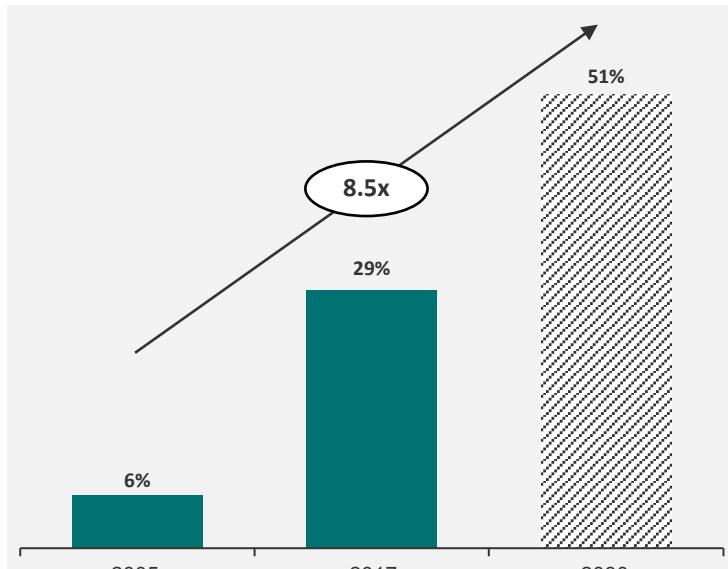
Source: Bloomberg New Energy Finance

1) Does not include coal and geothermal

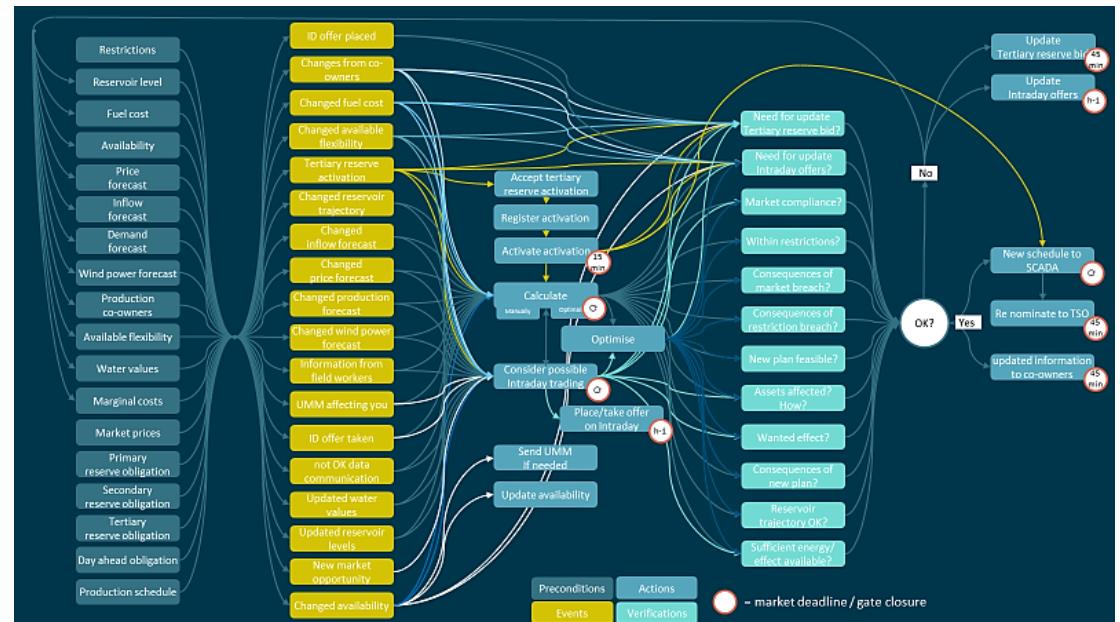


# Growing share of green, non-controllable power sources increases the complexity in the European energy markets

Non-controllable power capacity becoming majority in Europe...



...making the process to optimise production and trading exponentially more complex



 Increase in non-controllable production sources, with production changing in seconds

 Few and expensive storage or switch-off alternatives

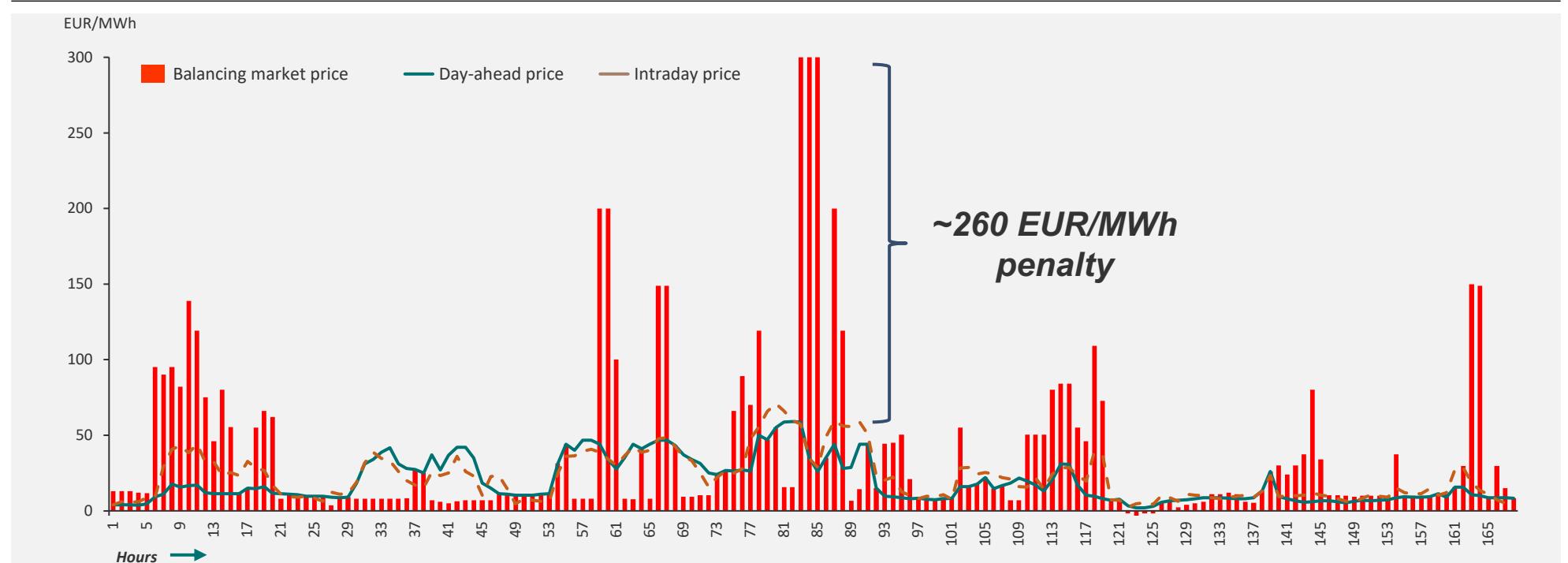
*Real time decision making requires new software tools*

Source: Arkwright



Example from the new reality: Penalties paid in the balancing market can be extreme if failing to re-position in the intra-day market

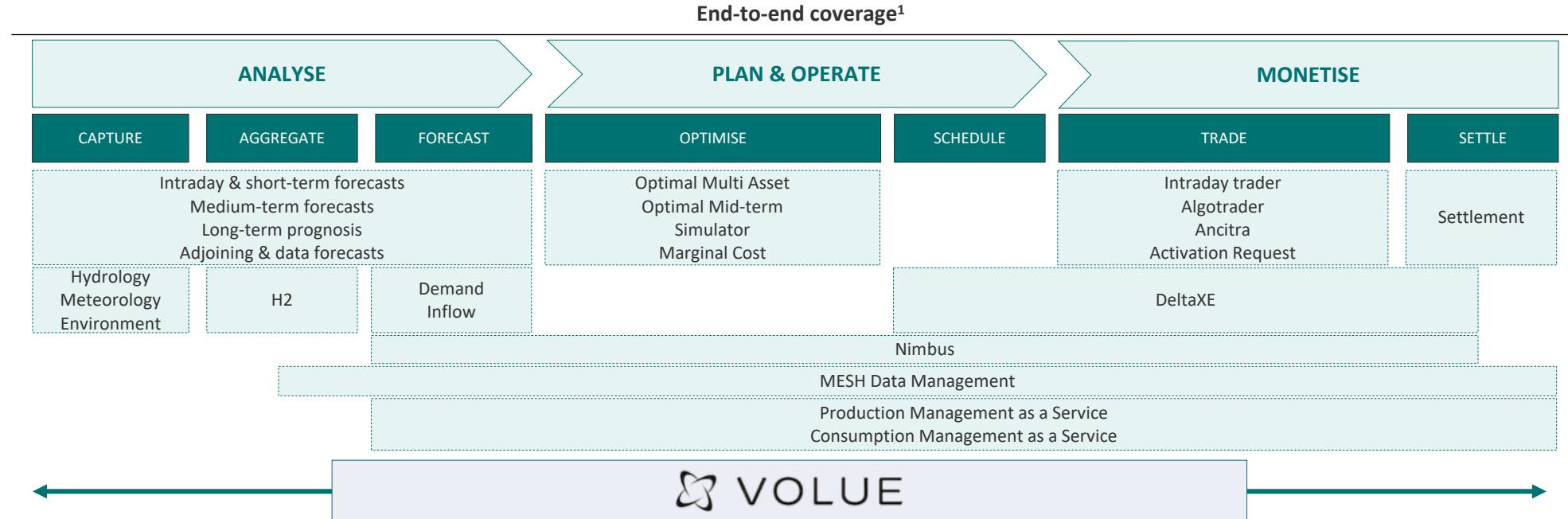
Example: Market prices in Finland, week 8 2020



Shift towards real time = increased volatility



# Value offers a comprehensive product and service portfolio, covering all aspects of the clean energy value chain



 Significantly simplifying access and interaction for all actors

 All services mentioned above are mainly delivered on a cloud platform, underlining the SaaS transformation as well underway

 Addressing the shared customer segment across Value's business units - opens significant cross-sales opportunities

<sup>1</sup>) Selected services from Value system already delivered on a cloud platform



# Large international client base a testament to Value's high-quality offering

## Recent significant strategic contract wins



*Multinational Italian electric utility company  
serving over 70 million customers*

**Q4 2019**



*German electric utility company serving more  
than 5 million customers*

**Q3 2020**



# Significant value creation potential demonstrated for customers adopting *business-critical* solutions from Value

Strong value creation for customers...

## Example 1: Large Utility

### Quantitative results

5%

Increased revenue

EUR40m

Increased revenue

## Example 2: Small Utility

### Quantitative results

~3%

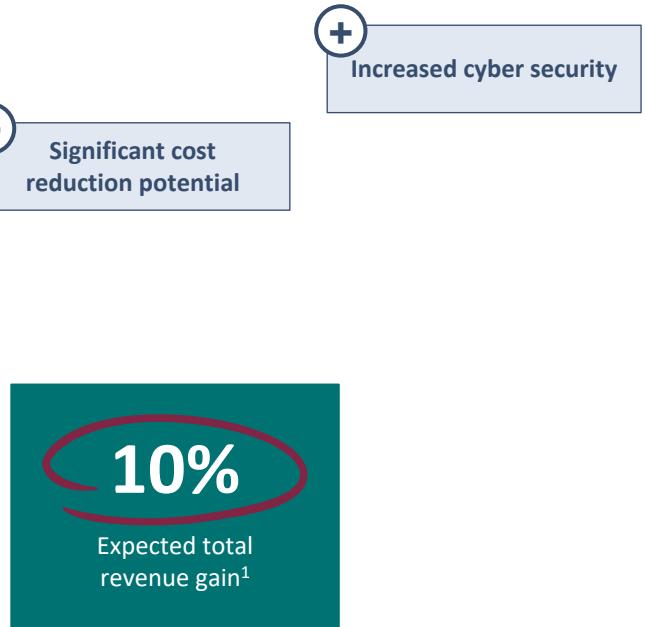
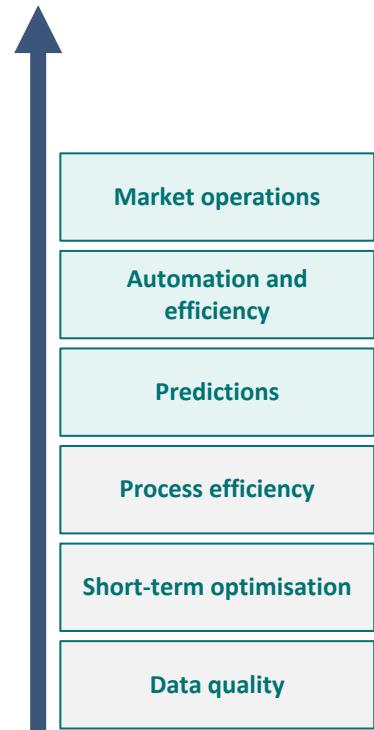
Increased revenue

3 months

Investment payback time

...set to increase from the integrated Value platform

### Customer profit potential

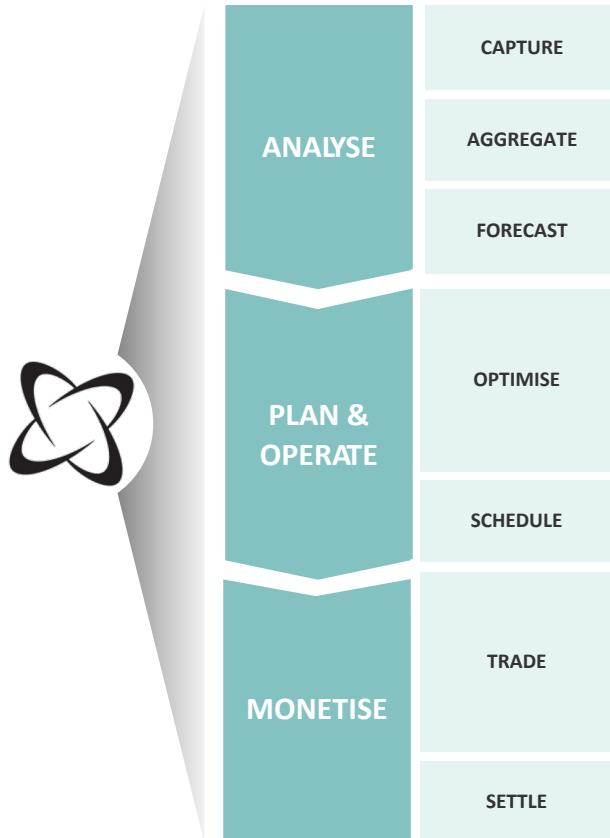


1) Revenue gain for customers up to 5% pre-Value establishment. Given the benefits from Value's wall-to-wall offering, this gain is expected to increase by additional 5 percentage points



# Integrated SaaS offering covering the whole value chain

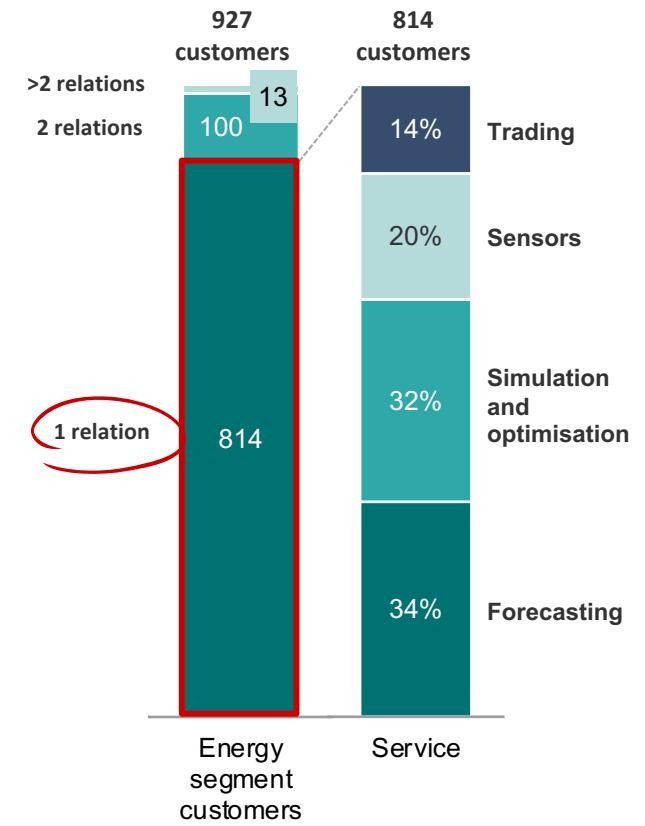
## Integrated wall-to-wall coverage



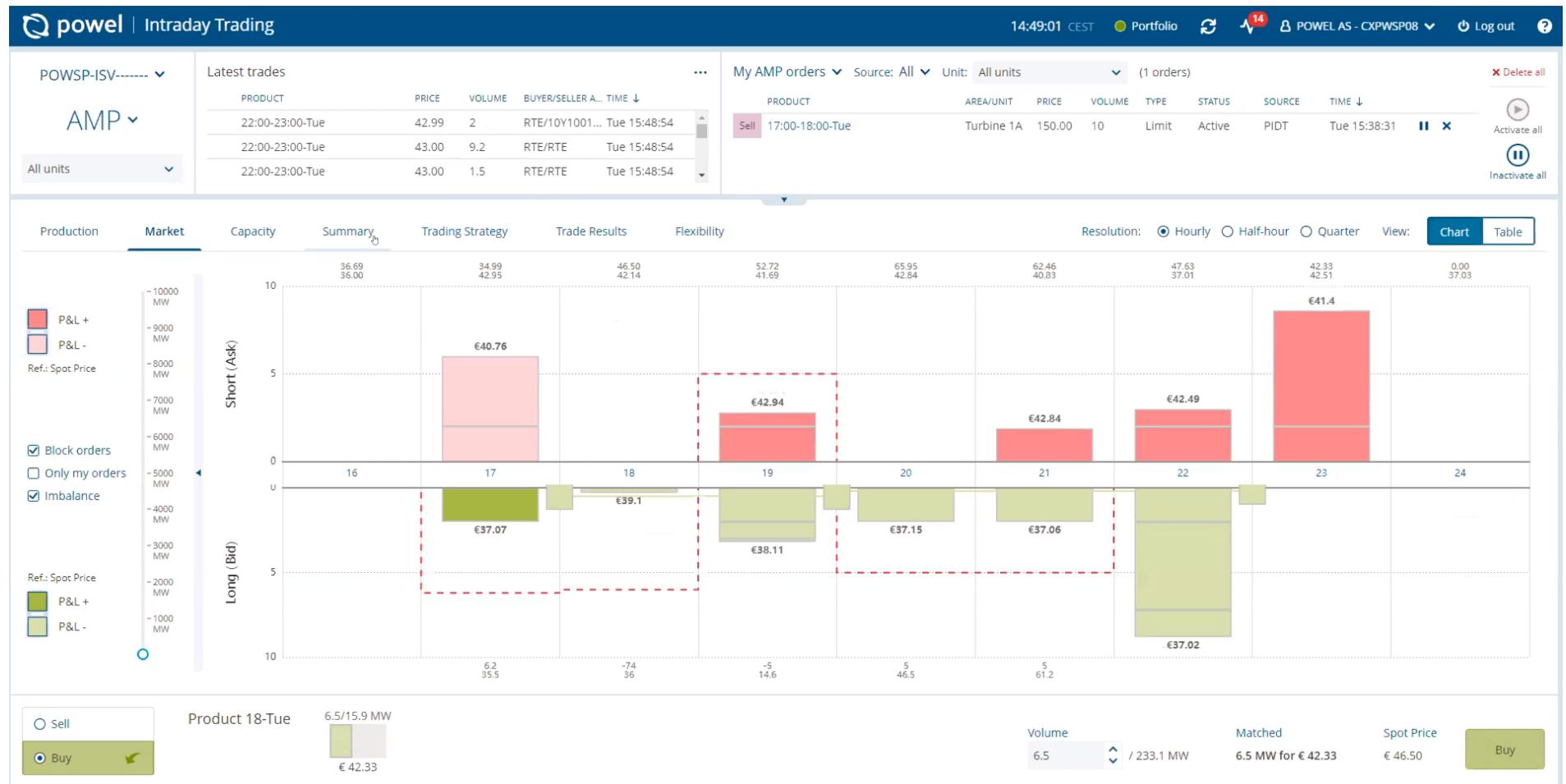
## Dynamic SaaS model



## Significant cross-selling potential

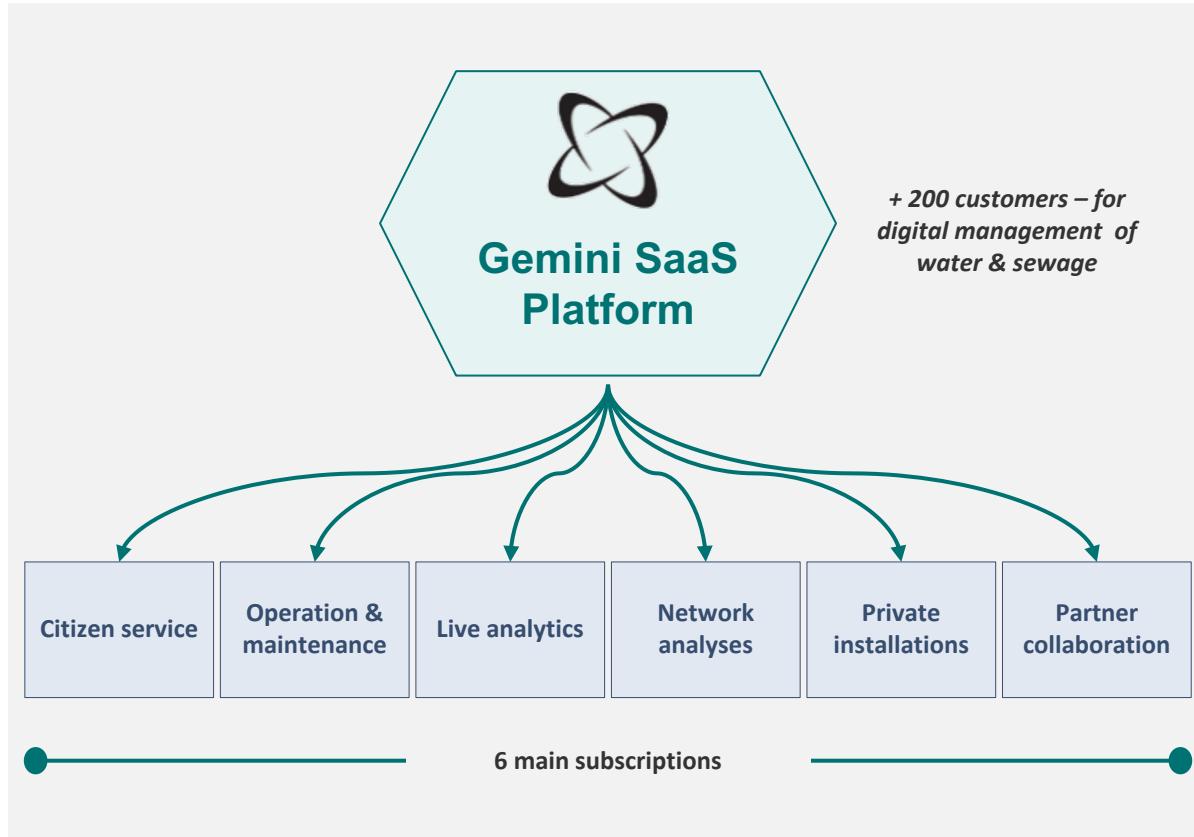


# Real-life example – Value trading platform

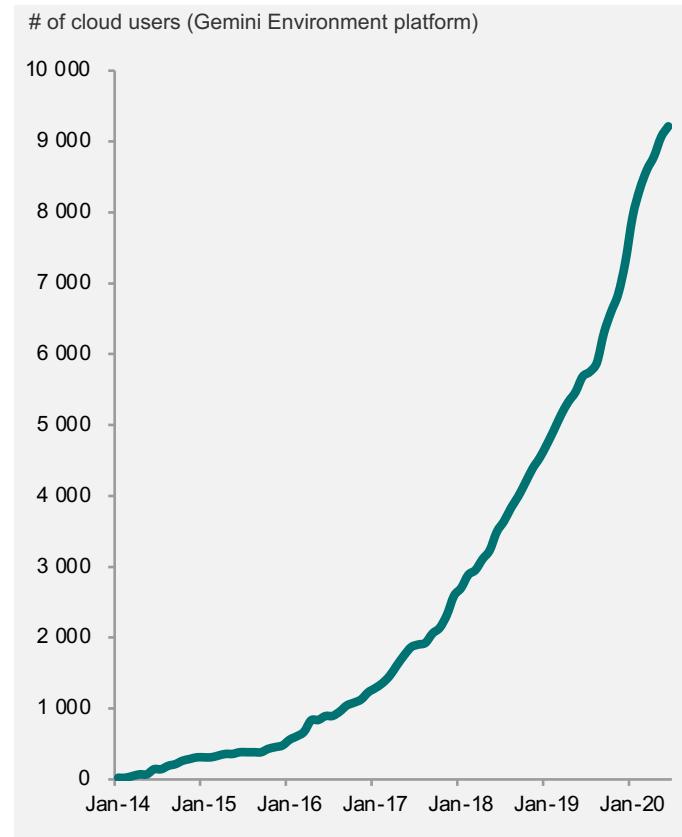


# Value's successful Gemini SaaS platform illustrates the potential from the transition towards a cloud-based model

Gemini Environmental platform has transferred all services to cloud...



...now with ~10,000 cloud users





## Outlook and 2021 priorities



# Summary: Solid position for profitable growth and expansion



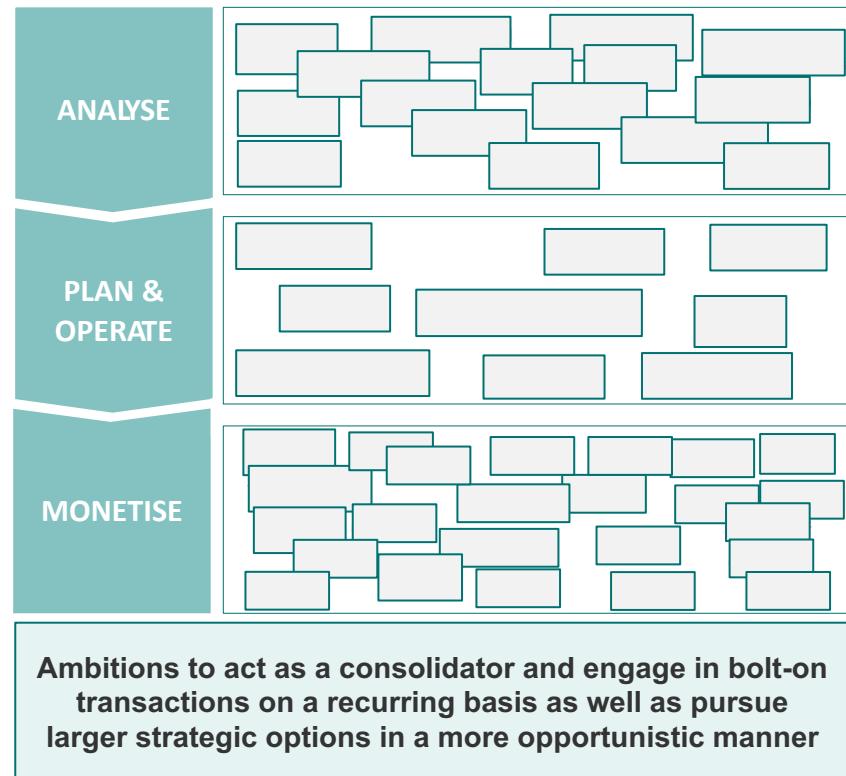
# Ambitions to create a ~ NOK 2 billion revenue company by 2025

## Mid to long term ambitions

Revenue growth	<b>~15%</b> organic revenue growth per year
% recurring revenues	Towards <b>80%</b> of total revenues
% SaaS revenues	<b>&gt;50%</b> of total revenues
Adj. EBITDA margin %	Towards <b>30%</b> adj. EBITDA margin

## M&A strategy

Highly fragmented market – Value aims to pursue consolidation



# Priorities and ambitions for Q4 and 2021



- 1 → Increased effort on sales and marketing activities
- 2 → Accelerate growth in ARR through SaaS transformation
- 3 → Structural growth – Take lead position in market consolidation
- 4 → Utilise synergies in Value group to increase operational efficiency
- 5 → IPO message related to revenues and margin outlook:
  - Q4 2020 revenue growth in line with YTD 2020
  - Reach NOK 1bn in run-rate sales during 2021
  - EBITDA-margins of high teens (%) in 2020 and slightly above 20% in 2021





# Q&A



VOLUME

# Appendix

## Financial and operational information

# Group P&L and KPIs

## Group financial performance

Key metrics (NOKm)	Q3 2020	Q2 2020	Q3 2019	30.09.2020	30.09.2019	LTM
Revenue	209	217	189	652	599	872
COGS	40	36	41	108	92	143
<b>Gross profit</b>	<b>169</b>	<b>181</b>	<b>148</b>	<b>544</b>	<b>506</b>	<b>729</b>
Gross margin %	81%	83%	78%	83%	85%	84%
Personnel expenses (excl. capitalised R&D)	93	98	77	307	279	424
Other OPEX	26	31	32	94	92	120
<b>Adj EBITDA</b>	<b>50</b>	<b>52</b>	<b>39</b>	<b>143</b>	<b>136</b>	<b>184</b>
Adjusted EBITDA margin %	24%	24%	21%	22%	23%	21%
Non-recurring items	11	14	8	24	20	37
<b>EBITDA</b>	<b>40</b>	<b>39</b>	<b>30</b>	<b>119</b>	<b>116</b>	<b>147</b>
EBITDA margin %	19%	18%	16%	18%	19%	17%
Depreciation and amortization	17	15	15	48	46	64
<b>EBIT</b>	<b>23</b>	<b>24</b>	<b>15</b>	<b>71</b>	<b>69</b>	<b>84</b>
EBIT margin %	11%	11%	8%	11%	12%	10%
Net Finance	(4)	(4)	(2)	(5)	(6)	(7)
<b>EBT</b>	<b>19</b>	<b>20</b>	<b>14</b>	<b>66</b>	<b>63</b>	<b>77</b>
Tax	14	4	3	20	14	17
<b>Profit (loss) continued operations</b>	<b>5</b>	<b>16</b>	<b>11</b>	<b>46</b>	<b>49</b>	<b>60</b>
Profit/loss from discontinued operations	33	5	(8)	39	(25)	13
<b>Net profit/loss</b>	<b>38</b>	<b>21</b>	<b>3</b>	<b>85</b>	<b>24</b>	<b>73</b>

## Comments

- Strong revenue growth in Q3 2020 on 10 % driven by European expansion
  - Strong contribution from the Energy segment with 15 % growth in Q3
  - Still limited impact from Covid-19 with good order intake and growth in Q3 2020
  - Growth in recurring revenues through sales closing above targets
- YTD growth rates significantly improved compared to 2019
- Adjusted EBITDA margin in Q3 improved
  - Personnel + other OPEX growing lower than revenue, scale advantages will increase margin levels going forward
  - Cost related to IPO partly included in Q3 results
  - Improved EBITDA margins for all segments
- R&D capitalisation stable around ~10%



# Balance sheet

## Balance sheet

Balance sheet (NOKm)	Q3 2020	Q2 2020	Q3 2019	Full year		Balance sheet (NOKm)	Q3 2020	Q2 2020	Q3 2019	Full year	
				2020	2019					2020	2019
<b>Assets</b>											
Deferred tax asset	8	4	7	4		Equity	417	395	382	365	
Other intangible assets	130	96	92	92		<b>Total Equity</b>	<b>417</b>	<b>395</b>	<b>382</b>	<b>365</b>	
Goodwill	147	146	142	146		Deferred tax liabilities	17	11	12	4	
Tangible fixed assets	150	130	113	142		Leasing obligations	105	106	103	52	
Pension assets	13	15	21	19		Other long-term debt	9	9	0	75	
Other receivables	0	30	1	53		<b>Total non - current liabilities</b>	<b>132</b>	<b>126</b>	<b>115</b>	<b>132</b>	
<b>Total non -current assets</b>	<b>449</b>	<b>422</b>	<b>376</b>	<b>456</b>		Loans	3	2	28	69	
Inventory	16	15	9	9		Accounts payable	92	20	13	121	
Contract assets	52	103	0	75		Tax payable	18	3	1	9	
Accounts receivable and other receivables	220	129	214	189		Other current liabilities	364	495	282	313	
Cash and cash equivalents	280	325	163	238		<u>Obligations discontinued business</u>	0	84	136	112	
Financial assets held for trading	10	10	10	10		<b>Total current liabilites</b>	<b>478</b>	<b>603</b>	<b>461</b>	<b>624</b>	
<u>Held for sale operations</u>	<u>0</u>	<u>121</u>	<u>185</u>	<u>142</u>		<b>Total liabilities and equity</b>	<b>1,027</b>	<b>1,124</b>	<b>958</b>	<b>1,120</b>	
<b>Total current assets</b>	<b>578</b>	<b>702</b>	<b>581</b>	<b>664</b>							
<b>Total assets</b>	<b>1,027</b>	<b>1,124</b>	<b>958</b>	<b>1,120</b>							



# Cash flow statement

## Cash flow statement

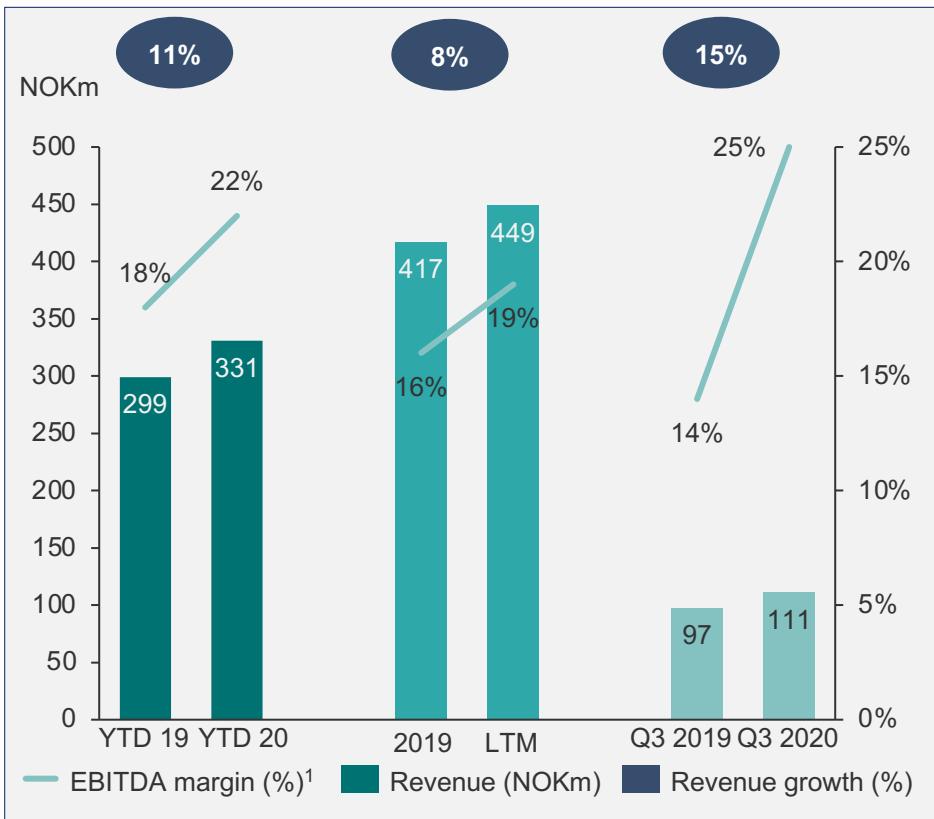
Cash flow statement (NOKm)	30.09.2020	30.09.2019
Profit before tax from continuing operations	46	49
Depreciations	48	46
Net finance	5	6
Tax expense	20	14
Change in inventory, accounts receivable, contract assets and accounts payable	-77	-121
Change in net other current assets and other operating items	65	116
<b>Net cash flow from operating activities</b>	<b>106</b>	<b>111</b>
Interest received	7	4
Purchase of property, plant and intangible assets	-68	-26
Proceeds from the sale of shares in subsidiaries	61	1
<b>Net cash flow from investing activities</b>	<b>0</b>	<b>-22</b>
<b>Net cash flow from financing activites</b>	<b>-64</b>	<b>-111</b>
Change in cash and cash equivalents	42	-22
Cash and cash equivalents opening balance	238	185
<b>Cash and cash equivalents closing balance</b>	<b>280</b>	<b>163</b>

1) Investments in R&D is included in profit before tax from continuing operations



# Energy

## Key financials and KPIs



## Comments

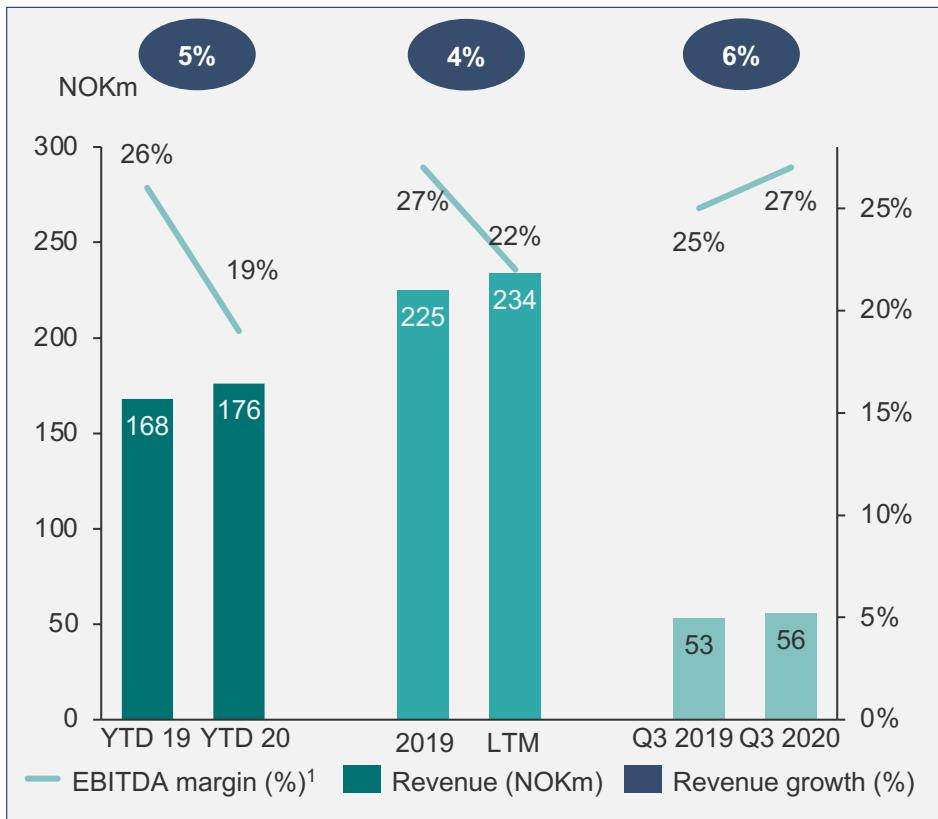
- Growth**
  - Growth rates primarily driven SaaS-offerings and large ongoing projects - 15 % growth in Q3
  - Growth through recurring revenues - strong performance on SaaS offering through analytics and forecasting platform
  - Solid backlog from several major customer wins
- Profitability**
  - Slight increase in margins LTM due to strong revenue growth
  - Turnaround in 2018 with impact on margins in 2019 – further uplift in EBITDA level in Q3
  - Large increase in capacity in 2020 for further investments in new product and services
- CAPEX**
  - CAPEX level at ~12 % of sales, mainly constituted by R&D investments
  - Significant investments into new products related to optimisation and trading solutions
  - Investment plan established in 2018 for analytics and forecasting – pure SaaS business and delivery model

<sup>1</sup>) Segment EBITDA adjusted for non-recurring items



# Power Grid

## Key financials and KPIs



## Comments

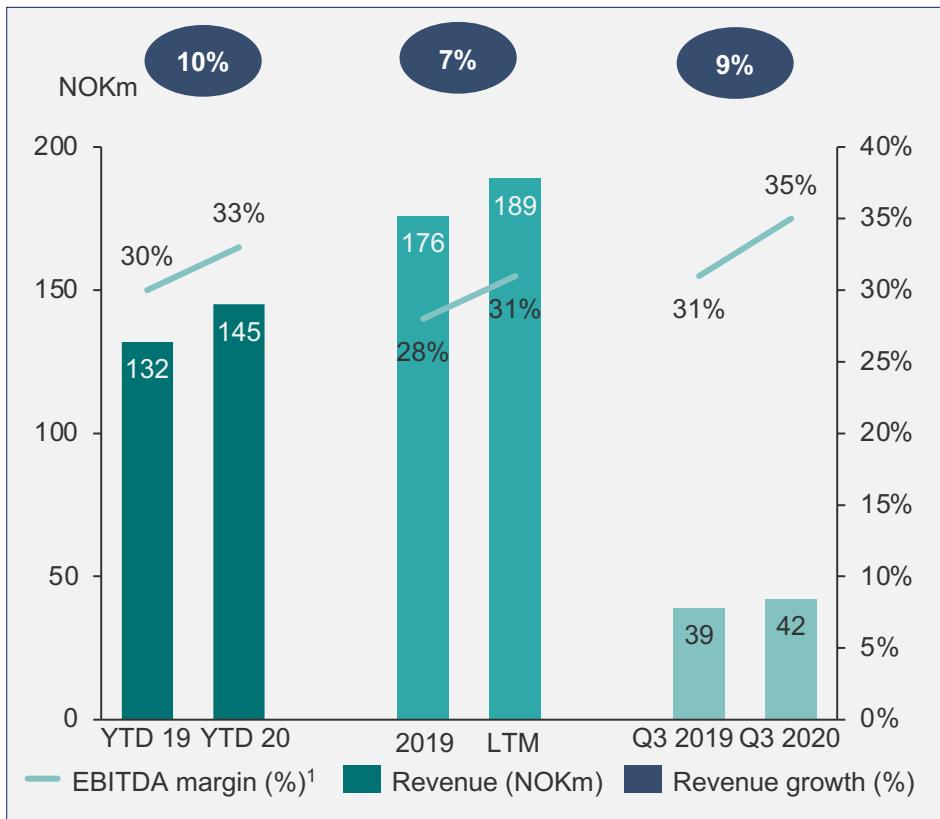
- Growth**
  - Negative growth in Power Grid from 2018 to 2019 turn into growth in Q3 and LTM
  - Change in strategic focus areas in 2018 gives growth rates
  - Growth in Sweden and Denmark, as well as in the Norwegian home market, with large ongoing projects
- Profitability**
  - EBITDA margin improved from Q3 2019
  - Negative contribution from one large project impacting development in 2018, 2019 and 2020 – no negative impact expected for 2021
  - Investments in market expansions in 2020
- CAPEX**
  - CAPEX at ~8 % of sales
  - Ongoing investments in flexibility products
  - CAPEX level expected to increase over the next 12 months

<sup>1</sup>) Segment EBITDA adjusted for non-recurring items



# Infrastructure

## Key financials and KPIs



## Comments

**Growth**

- Growth rates driven by strong performance in home markets from the Construction market
- Ongoing market expansions in Sweden gives uplift in revenue growth outside Norway
- Construction market with solid growth rates due to increasing need for digitalisation
- Deliveries through software and SaaS deliveries, with strong uplift in recurring revenue levels

**Profitability**

- Strong margins following several years with high growth in recurring revenues, mainly through SaaS offerings
- Profitability supported by scalable business models and easy onboarding processes
- Investments in market expansions in 2020

**CAPEX**

- CAPEX level at ~11 % of sales, expected to stay at same levels near-term
- Ongoing investments to increase offerings on Gemini platform and additions to the current product range
- All investments directed towards SaaS offerings

<sup>1</sup>) Segment EBITDA adjusted for non-recurring items



# Alternative performance measures

Basis for preparation	Alternative performance measures
<p>This presentation provides financial highlights for the quarter for Value. The financial information is not reported according to the requirements in IAS 34 and the figures are not audited.</p>	<p><b>EBITDA</b> - Profit/loss before tax, net finance cost, depreciation, amortization and impairment.</p> <p><b>EBITDA adjusted</b> - In order to give a better representation of underlying performance, the following adjustments are made to EBITDA:</p> <ul style="list-style-type: none"><li>- Special items: items that are not part of the ordinary business, such as IPO related costs</li></ul>
Alternative performance measures	
<p>Value AS presents alternative performance measures as a supplement to measures regulated by IFRS. The alternative performance measures are presented to provide better insight and understanding of operations, financial position and the basis for future developments.</p> <p>The definitions of these measures are as follows:</p>	<p><b>EBIT</b> - Profit/loss before tax and net finance cost.</p> <p><b>Net interest-bearing debt</b> - Total interest-bearing debt, less interest-bearing receivables and cash.</p> <p><b>Equity ratio</b> - Total equity divided by total assets.</p>

