

value

value

Third Quarter 2021 Financial Results

12 November 2021

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Trond Straume

CEO



Arnstein Kjesbu

CFO



Tor Reier Lilleholt

Head of Market Analysis

Value in brief

One of the largest software companies in Norway

Established

2020

Customers

2,200+

Engaged employees

700

Experience in Green Tech

50 years

Customers in

40+ countries

Offices

30

Business areas



Energy Optimisation
& Trading Software



Energy Transmission
& Distribution



Water & Community
Software



Construction
Software



Industrial IoT

Robust and scalable Volue platform

ENERGY TRADING

**25
MILLION**

algo trades every year based on
>30B automated calculations

MARKET INSIGHT

**650
BILLION**

API calls to 150K price
curves each year

WEATHER DATA

**120
TRILLION**

data points collected from
sensors annually



Highlights for the Quarter

Q3 Highlights:

Volue continues to grow ARR business

Financial results



Recurring revenues
NOK 152 million
15 % growth from Q3 2020



Revenues
NOK 239 million
14 % growth from Q3 2020



SaaS revenues
NOK 55 million
72 % growth from Q3 2020



Adjusted EBITDA
NOK 48 million
20 % margin, reduced from Q3 2020

Performance, sales and operations

- Strong financial performance on ARR business, with especially strong growth in new SaaS business
- Organic growth of 10% from Q3 2020
- Energy Segment delivering 28% revenue growth
- Very strong sales closing, with 600 smaller and larger sales closed in Q3
- Strong market outlook
- On track for 2025 ambitions

Subsequent events

- Acquisition of Procom GmbH in Germany closed

Working across three major industry segments

Energy

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

YTD 2021 revenues (% of total)	NOK 408m (56%)
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Recurring revenues share (YTD 2021)	64 %
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SaaS revenues (YTD 2021)	24 %
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Degree of EU Taxonomy alignment	HIGH
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Power Grid

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

YTD 2021 revenues (% of total)	NOK 179m (25%)
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Recurring revenues share (YTD 2021)	61 %
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SaaS revenues (YTD 2021)	10 %
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Degree of EU Taxonomy alignment	HIGH
---------------------------------	------

Infrastructure

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

YTD 2021 revenues (% of total)	NOK 142m (19%)
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Recurring revenues share (YTD 2021)	75%
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SaaS revenues (YTD 2021)	29 %
--------------------------	------

Degree of EU Taxonomy alignment	HIGH
---------------------------------	------

Acquisition of Procom closed 1 October

Procom

- Annual recurring revenues of EUR 3 million
- Highly sticky customer base and strong recurring revenues base
- Market leader for optimisation in the DACH region with 60+ customers
- Access to new scalable market in the DACH region for Value

Financial details

- Preliminary EUR 3.25 million in purchase price
- Partly settled through cash and issue of new shares

Integration

- ProCom part of Energy segment, with common Value proposition
- Further strengthen Value's offering within optimisation solutions for power producers in Europe
- 100-day post merger integration program initiated
- Attractive financial position for further growth with significantly increased local presence
- Broader customer base for upsell on Value products

Strong market with good activity in Q3

600 sales closed in Q3

Good activity during summer vacation period with more than 600 deals won in the quarter.

Strategic contract with Elvia

Elvia signed as first customer on new international power grid analysis SaaS offering.

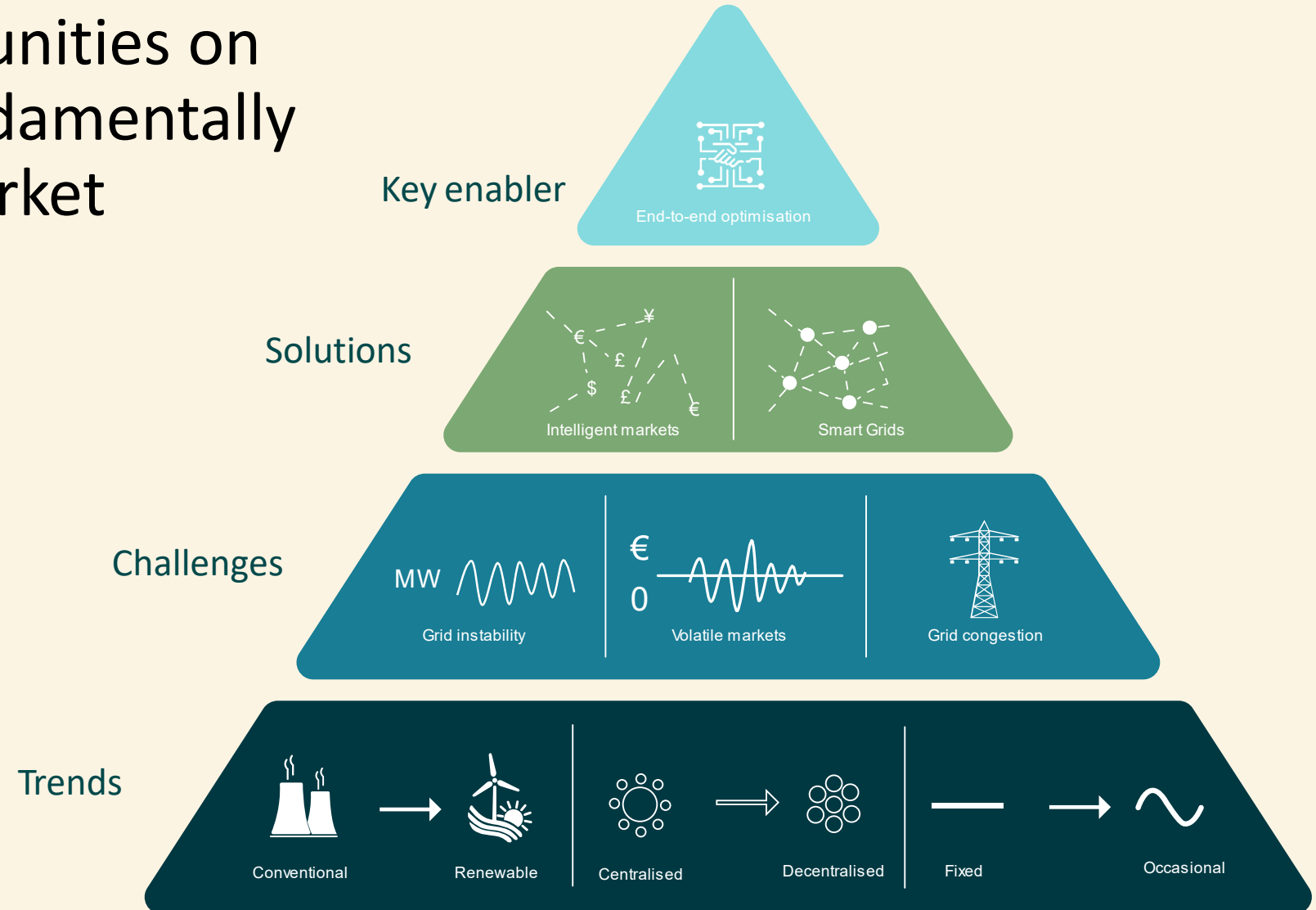
Strong growth within trading solutions

Large synergies within Vöue portfolio with existing customer base both in the Nordics and Europe.

International activities

Business development activities ongoing in Japan – a major market with several opportunities to build a leading position.

New market opportunities on the back-end of fundamentally changing energy market



New initiatives: Distributed Energy Resources (DER)

From 30.000 to **200** million power supply assets in Europe by 2030

80 million
EVs¹



50 million
Heatpumps²



10 million
Rooftop Solar PV³



>800% growth distributed
energy storage⁴



Major market potential:
Addressable market of **EUR ~3.5 bn**





Value well positioned to build future tools for DER

- Increased complexity and new market positions
- Market maturing - but a need for market design and regulatory frameworks
- Scalable SaaS solution through Value platform
- Value with strong position through:
 - Massive knowledge of the power market
 - Mixed asset/multi market experience
 - Power system optimisation

Cyber security is critical for society



Network security



Strong governance
over resources



Old infrastructure



Disaster recovery
readiness



Modern
development tools



Tools and environments in
the cloud

A photograph of a wind farm at sunset. The silhouettes of several wind turbines are visible against a sky transitioning from orange near the horizon to a deep blue at the top. A thin crescent moon is visible in the upper left portion of the sky. The foreground shows the calm surface of a body of water.

Third Quarter 2021 Financial Results

Financial highlights

Financial highlights (NOKm)	Q3 2021	Q3 2020	YTD 2021	YTD 2020	LTM
Revenues	239	209	729	652	969
Adjusted EBITDA ¹	48	50	159	143	210
Adjusted EBITDA margin	20 %	24 %	22 %	22 %	22 %
Recurring revenues growth (%)	15 %	10 %	16 %	11 %	16 %
Recurring revenues (% of revenues)	64 %	63 %	66 %	62 %	66 %
SaaS revenues growth (%)	72 %	18 %	57 %	28 %	52 %
SaaS revenues (% of revenues)	23 %	15 %	21 %	15 %	21 %
R&D CAPEX (% of revenues)	10 %	9 %	10 %	9 %	10 %

Growth

- Strong financial performance in the quarter
- 14% revenues growth from Q3 2020
- Strong growth in recurring revenues at 15%, with growth in SaaS revenues of 72% from Q3 2020
- Consulting services revenue improving throughout the quarter
- Energy Segment delivering 28% revenue growth

Profitability

- Adjusted EBITDA margin in Q3 down from Q3 2020
- Slower start in consulting services leading to lower EBITDA for Power Grid Segment
- Strategic investments in SaaS platform creates short- to mid-term EBIT impact
- Increased cost to build organisation for future growth
- No cost from cyber-incident has been recognised in the Q3 2021 figures

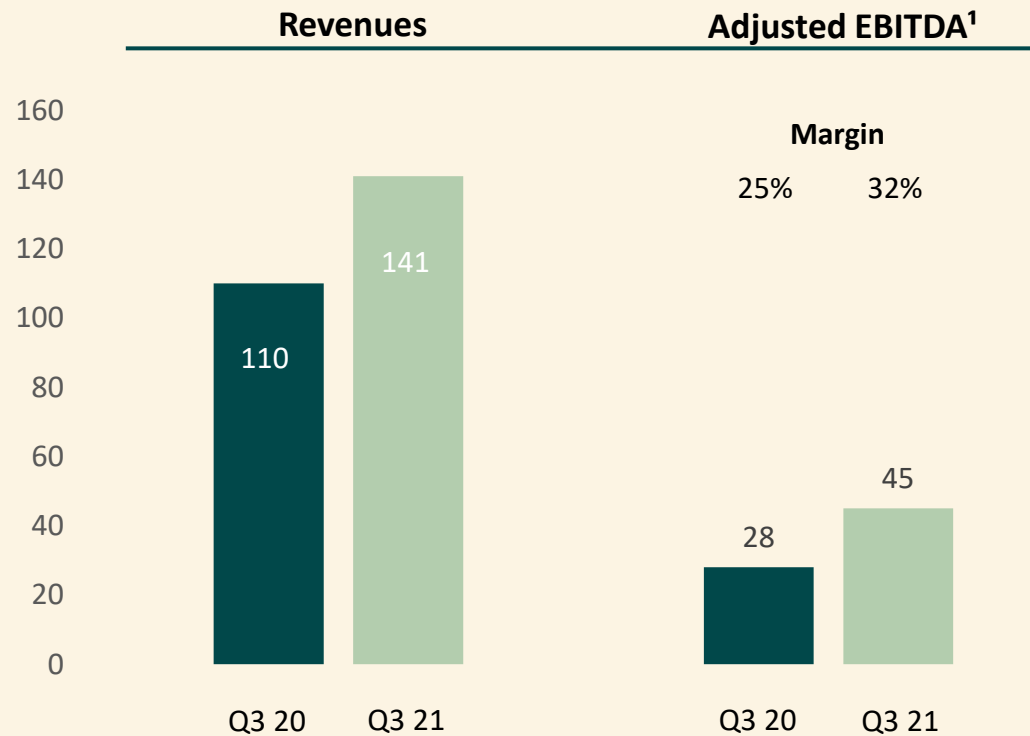
Capex

- R&D capitalisation stable around ~10%
- Increased investments will increase depreciation

¹ EBITDA adjusted for non-recurring items.

Note that adjusted EBITDA does not include estimated one-off loss of revenues due to the cyber-incident.

Energy Segment



Growth

- Energy segment with strong growth of 28%
- Solid contribution from European expansion
- Trading area with strong figures due to high activity in the intraday markets
- Increased demands for forecast and analytics
- Solid order backlog from several major customer wins

Profitability

- Increased investments for market expansion
- Large increase in capacity in 2021 for further investments in new products and services
- Increased SaaS-share of revenues gives improved margins
- No-cost related to cyber-incident in the quarter

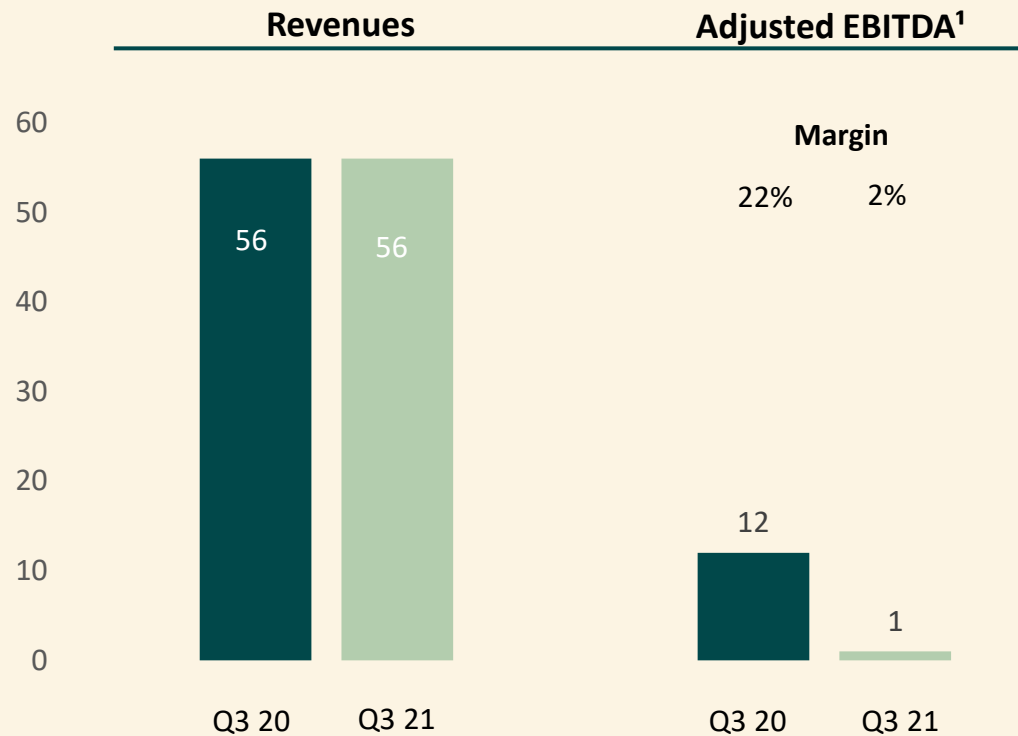
Capex

- CAPEX level at ~10 % of revenues, mainly constituted by R&D investments
- Significant investments into new products related to optimisation and trading solutions

¹ EBITDA adjusted for non-recurring items.

Note that adjusted EBITDA does not include estimated one-off loss of revenues due to the cyber-incident.

Power Grid Segment



Growth

- Slower start in quarter after cyber-incident leading to lower turnover in the quarter, mostly impacting service revenues
- Good market outlook with large pipeline and high activity
- Successful go-live with major project in Sweden

Profitability

- Decrease in adjusted EBITDA margin due to investment the Distributed Energy Resources (DER) program
- Significant use of resources on larger project in Sweden gives negative impact on EBITDA
- Margins expected to improve going forward
- Investments in market expansions with new products for European markets

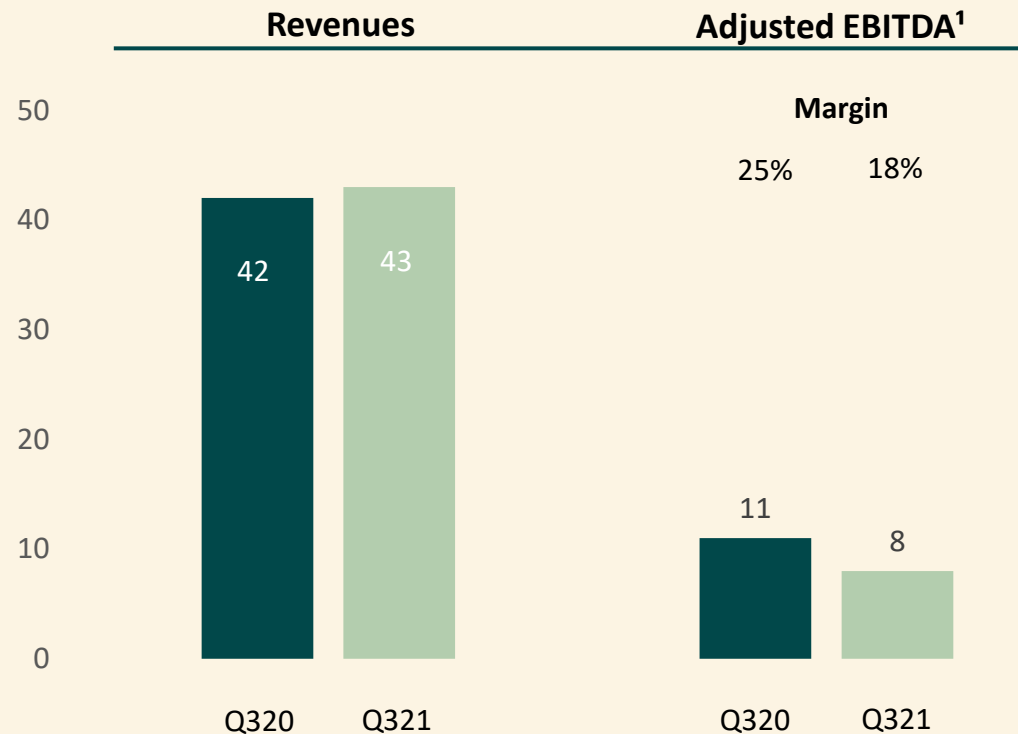
Capex

- CAPEX at ~8 % of revenues
- Ongoing investments in DER
- CAPEX level expected to increase over the next 12 months

¹ EBITDA adjusted for non-recurring items.

Note that adjusted EBITDA does not include estimated one-off loss of revenues due to the cyber-incident.

Infrastructure Segment



Growth

- Segment with growth of 2% due to slower start after cyber-incident
- Consulting services revenues improving throughout the quarter
- Slowdown in the Swedish construction market led to lower growth in recurring revenues, impacting top-line growth for the quarter

Profitability

- Ongoing investments in market expansions combined with shifting to SaaS business models putting pressure on EBITDA margins in the short term
- Adjusted EBITDA margins decreased following lower sales in the quarter

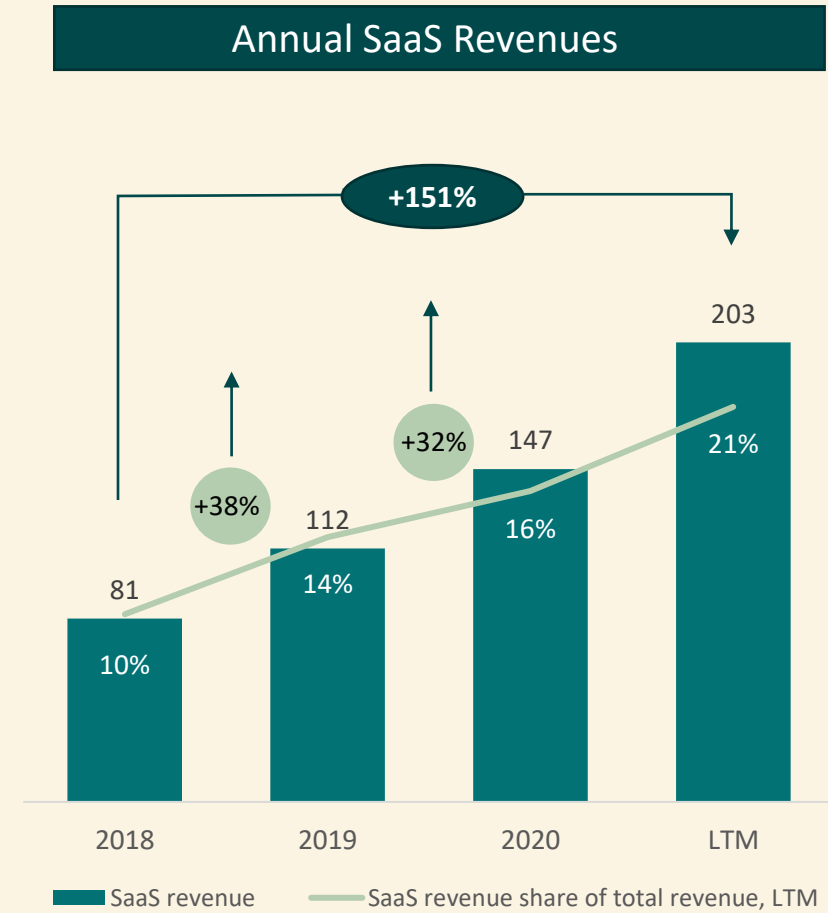
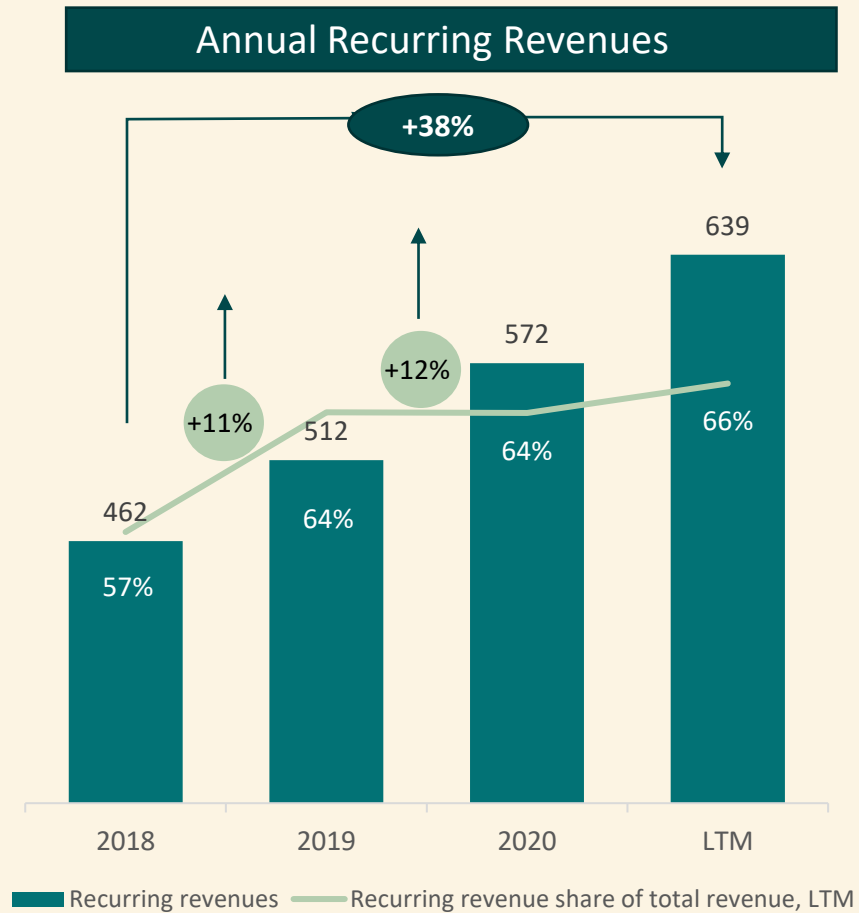
Capex

- CAPEX level at ~9 % of revenues, expected at same levels in the near-term
- Ongoing investments to increase offerings on Gemini platform and additions to the current product range through digital water project

¹ EBITDA adjusted for non-recurring items.

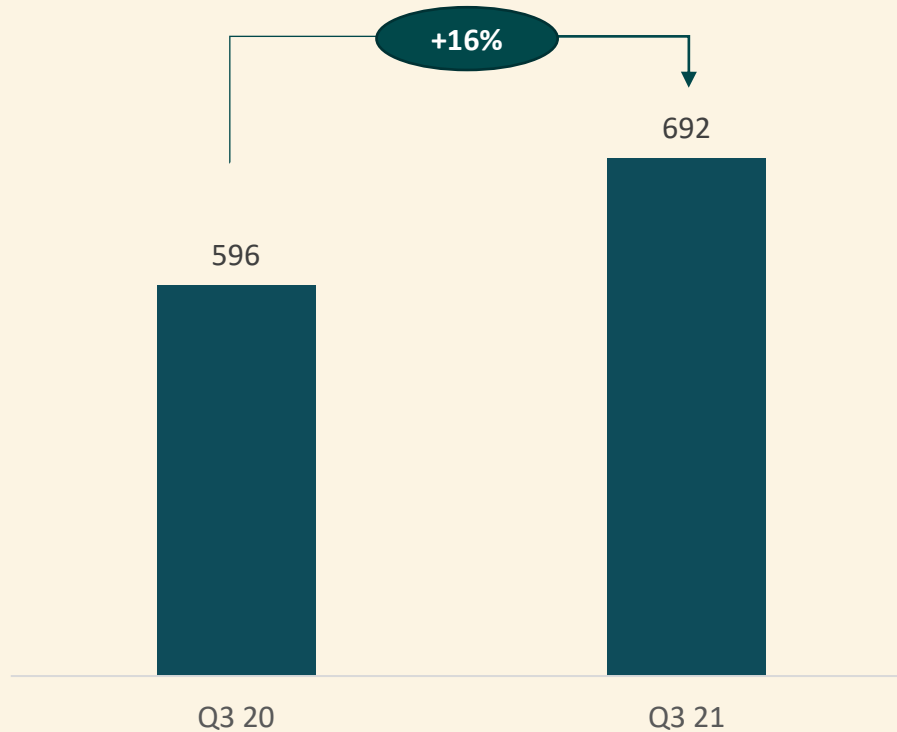
Note that adjusted EBITDA does not include estimated one-off loss of revenues due to the cyber-incident.

Strong growth in annual recurring revenues (ARR) Accelerating shift towards SaaS

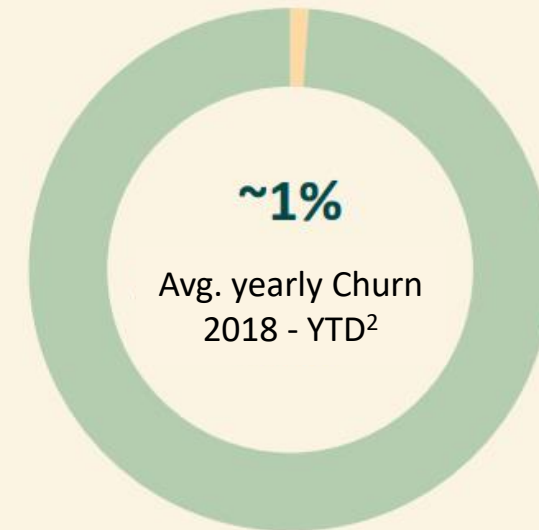


Strong growth in ARR base and highly sticky customer base

Annualised recurring revenues basis¹, NOKm



Customers stay with Value

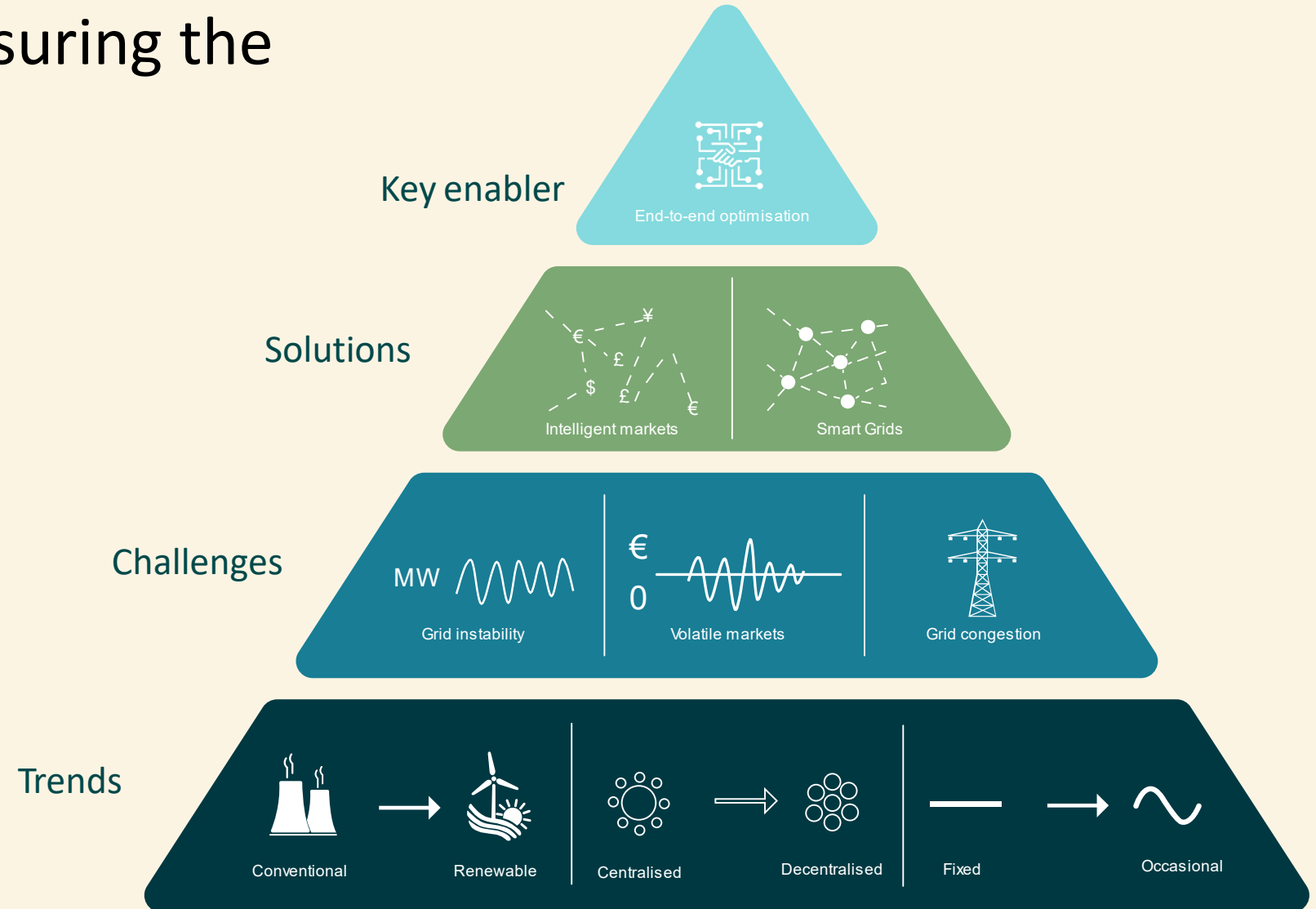


Value increases being addressed gradually to maintain customers



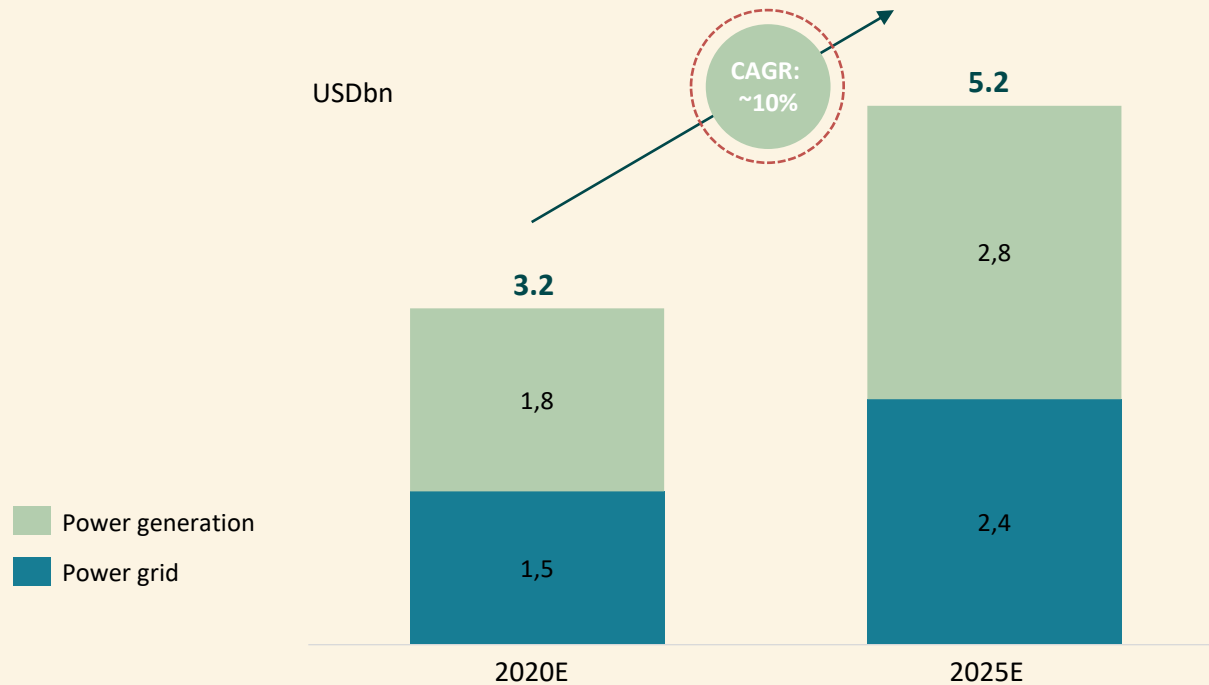
Industry Developments and Strategy

Cleaner energy pressuring the infrastructure



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

10% growth in global power sector software spending p.a.¹



Growth drivers



Increased renewable capacity and shifting wholesale market dynamics, resulting in increased power market complexity



Solutions within advanced analytics, artificial intelligence and optimisation growing the most



Expected growth in power software spending, requires additional hardware, implementation and services, driving total digitalisation costs to **2x** power software spending

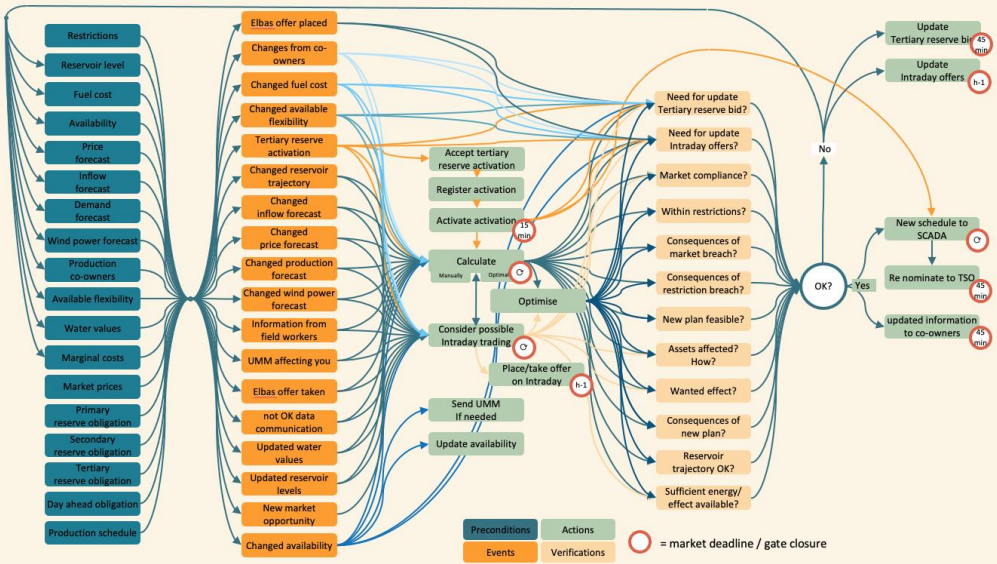
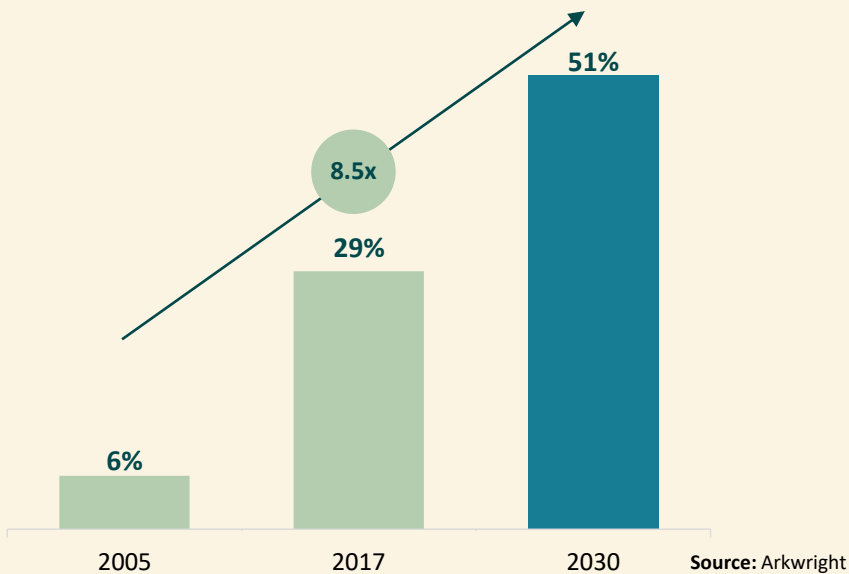


Europe is at the forefront of power digitalisation, with 25% share of global spending

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

Non-controllable power will represent more than 50% of European power capacity...

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



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



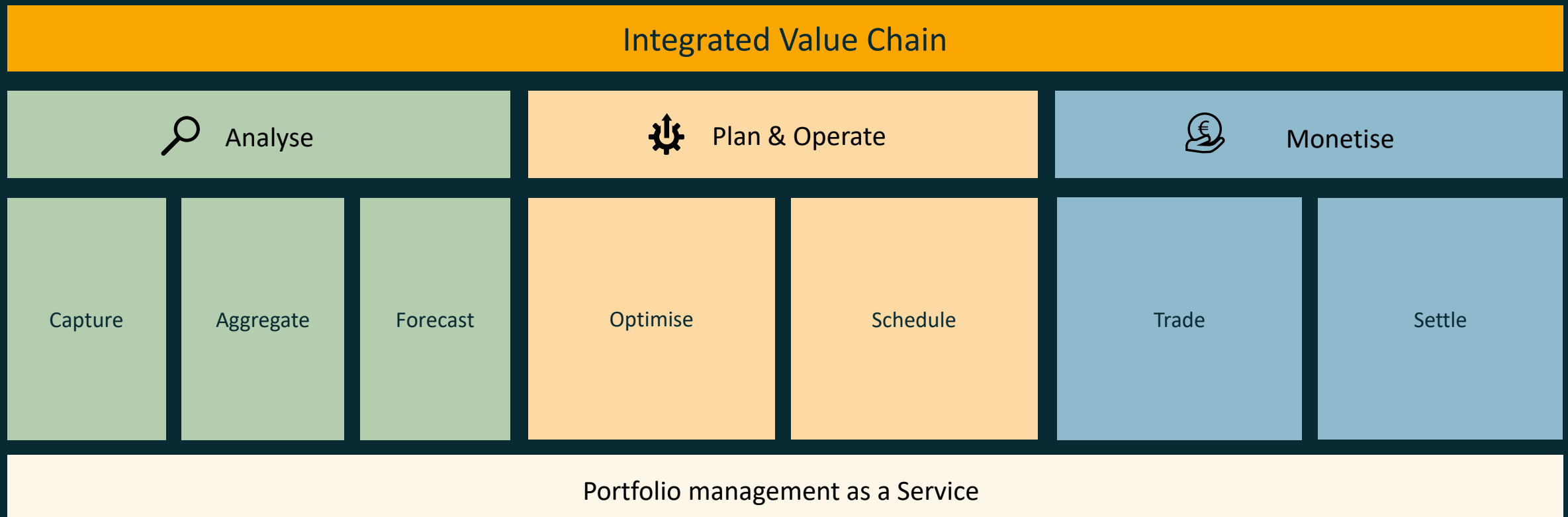
Few and expensive storage or switch-off alternatives



Real-time decision making requires new software tools

Offering customers flexibility and increased value creation

Software, markets insights and IoT technology covering entire value-chain



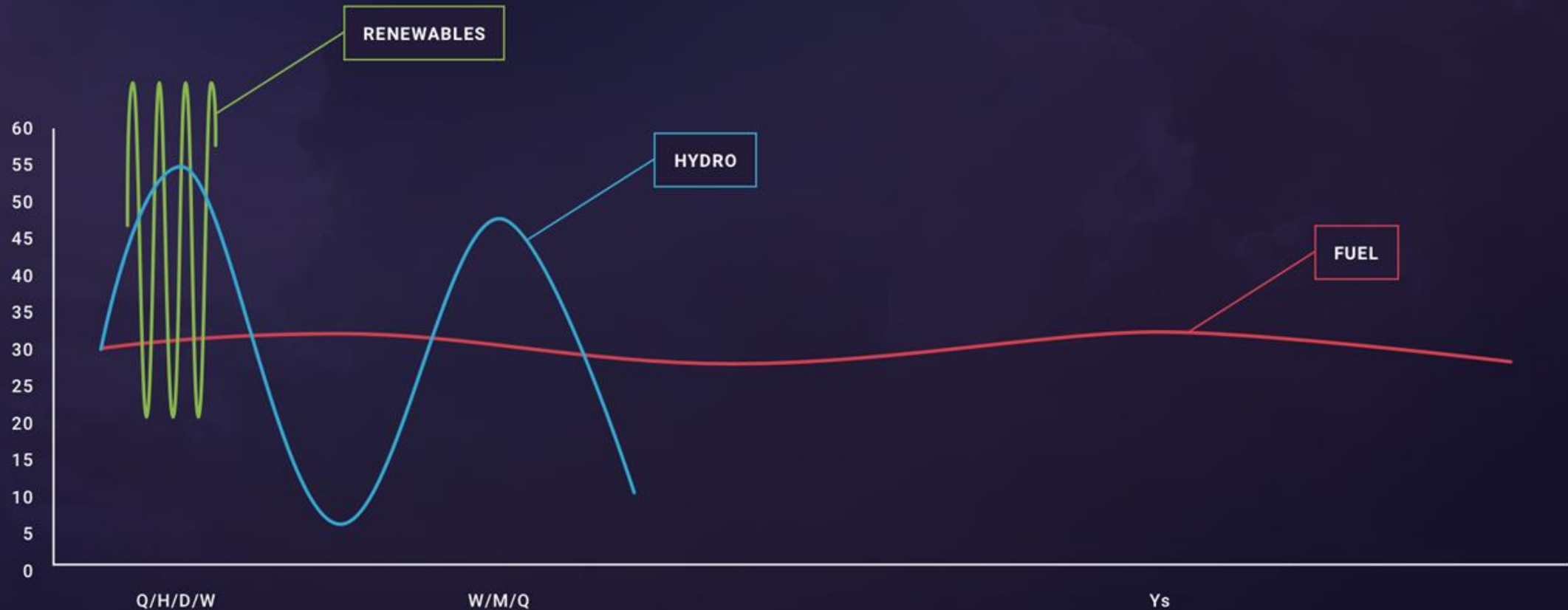


High-Level Power Market Outlook

Tor Reier Lilleholt, Head of Market Analysis

What are the most important price drivers?

Measuring the pulse of the market



Time horizon is important, but power balance and integration to other markets are crucial as well.

Energy Prices- What is happening?

Coal prices



Gas Prices



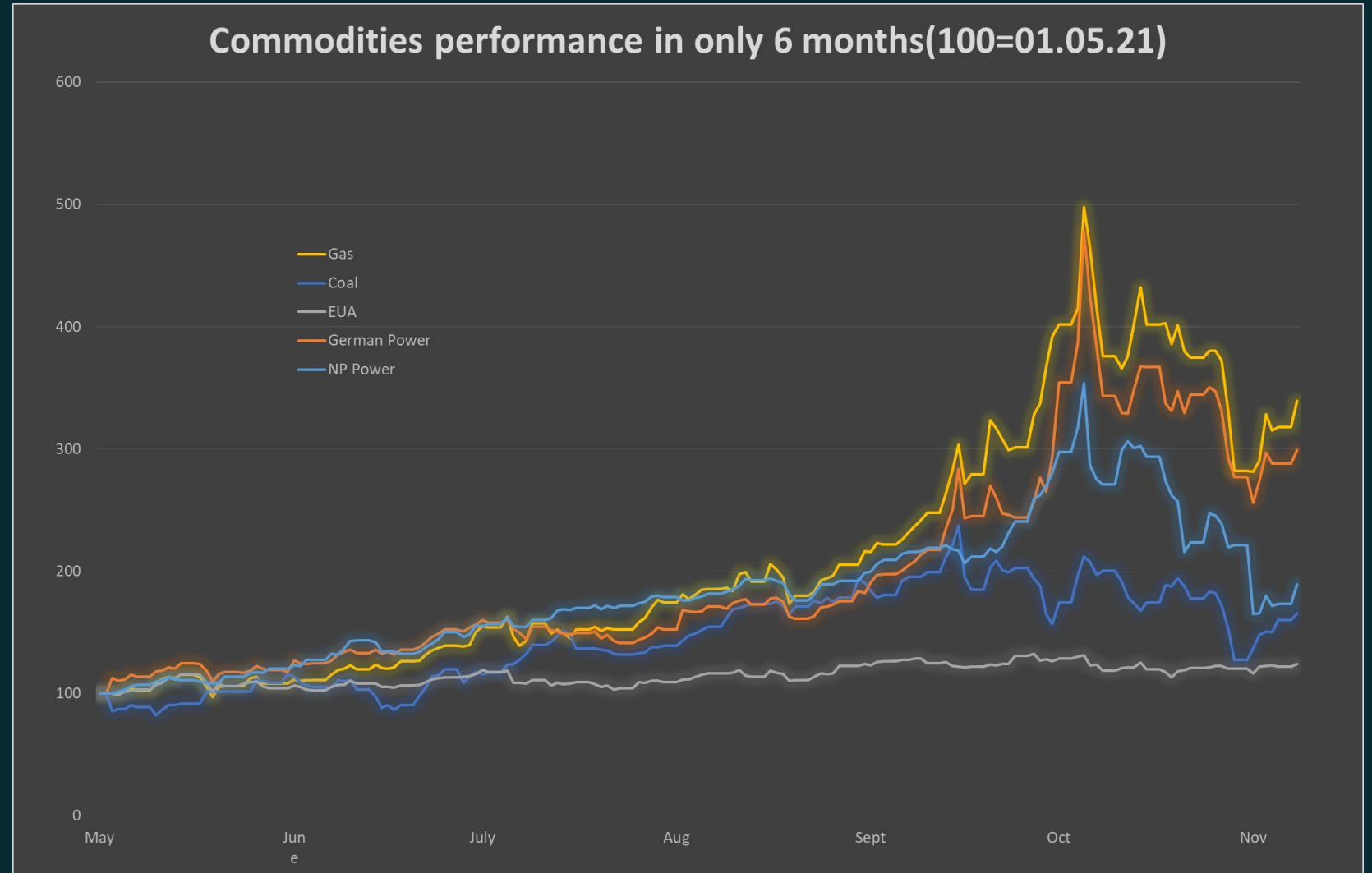
EUA prices



Nordic Power

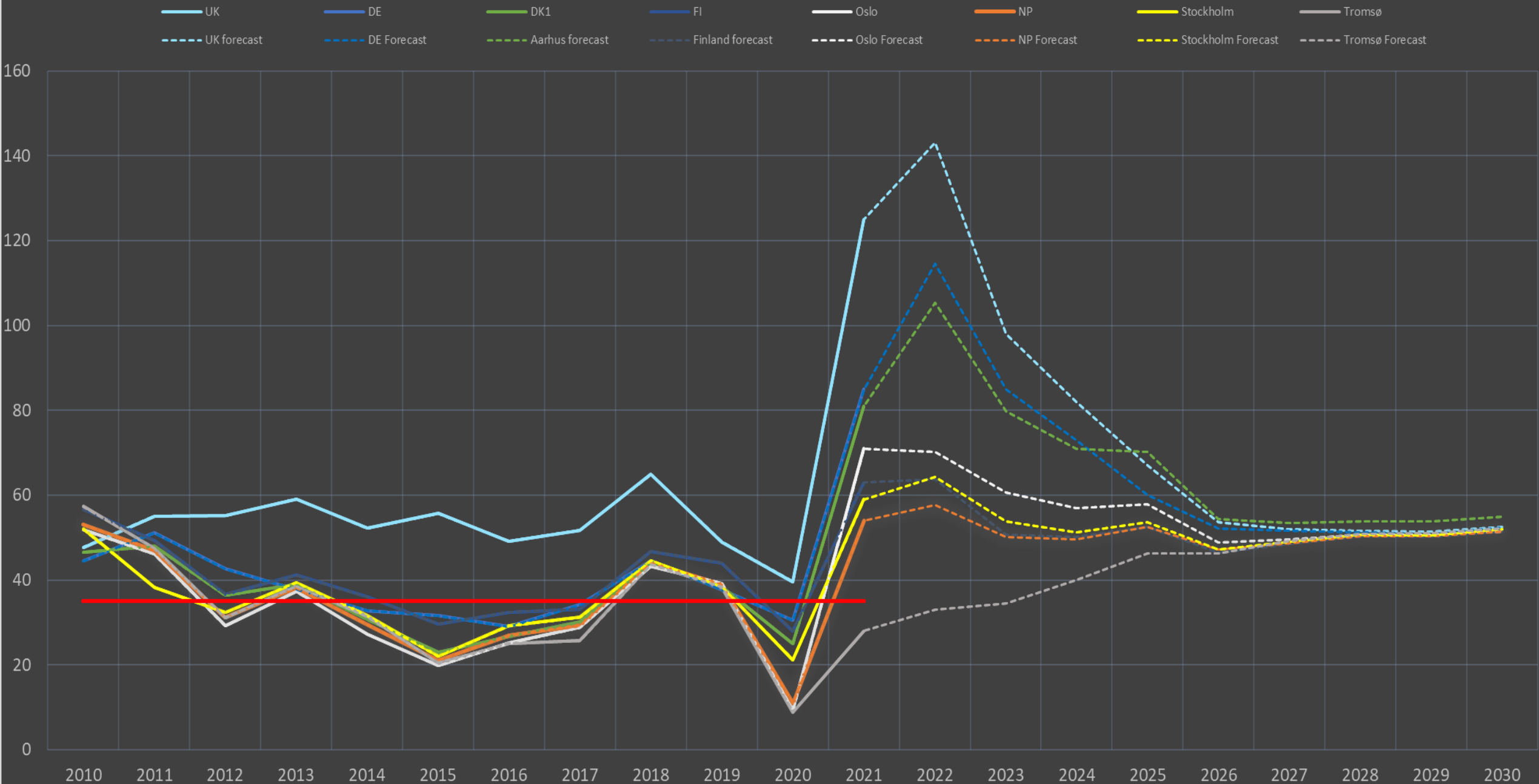


German Power



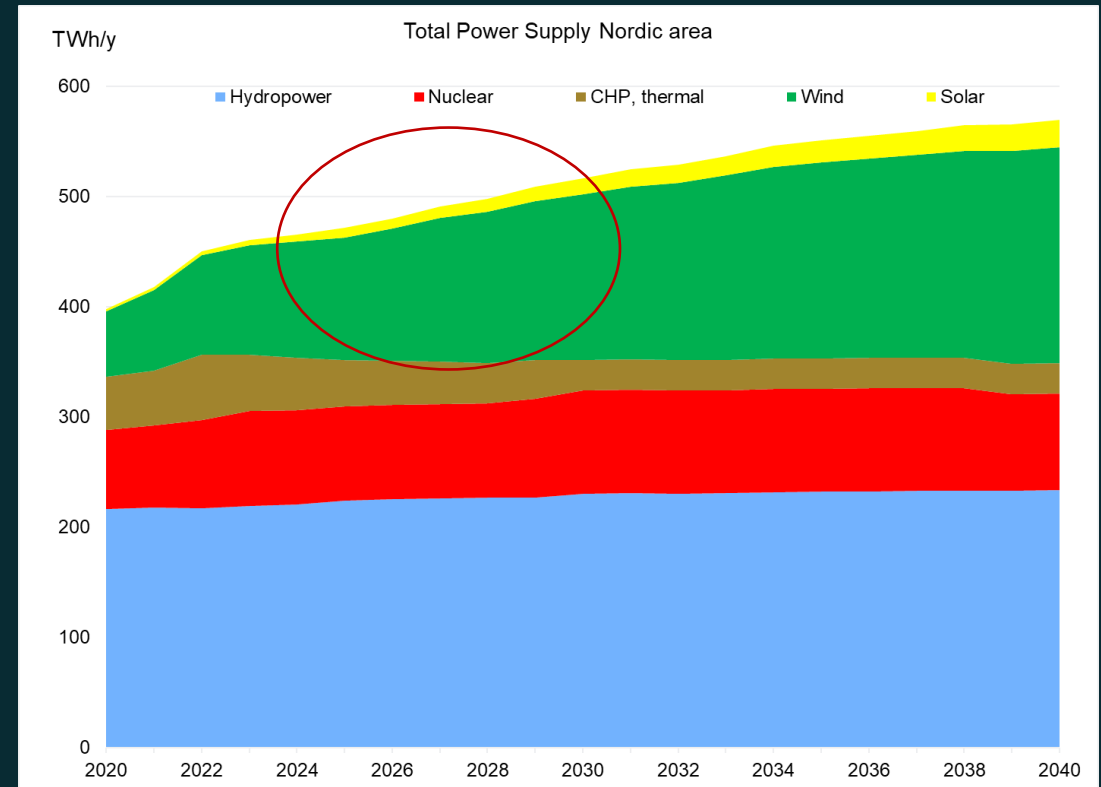
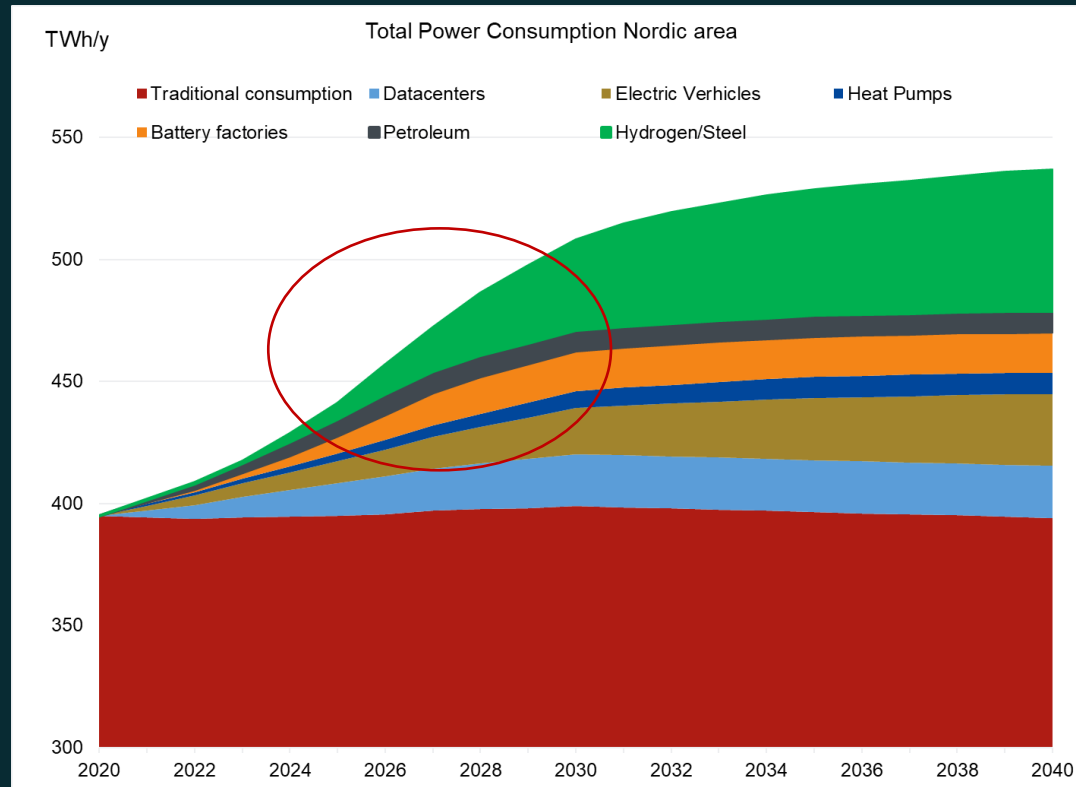
Euro

Historical prices €/MWh and Value Insight price forecasts



The green shift triggers a race on both sides!

2025-2030 the consumption might run faster than the production.....



Summary & Outlook

Value offers a comprehensive product and service portfolio, covering the entire clean energy value-chain



Significantly simplifying access and interaction for all stakeholders



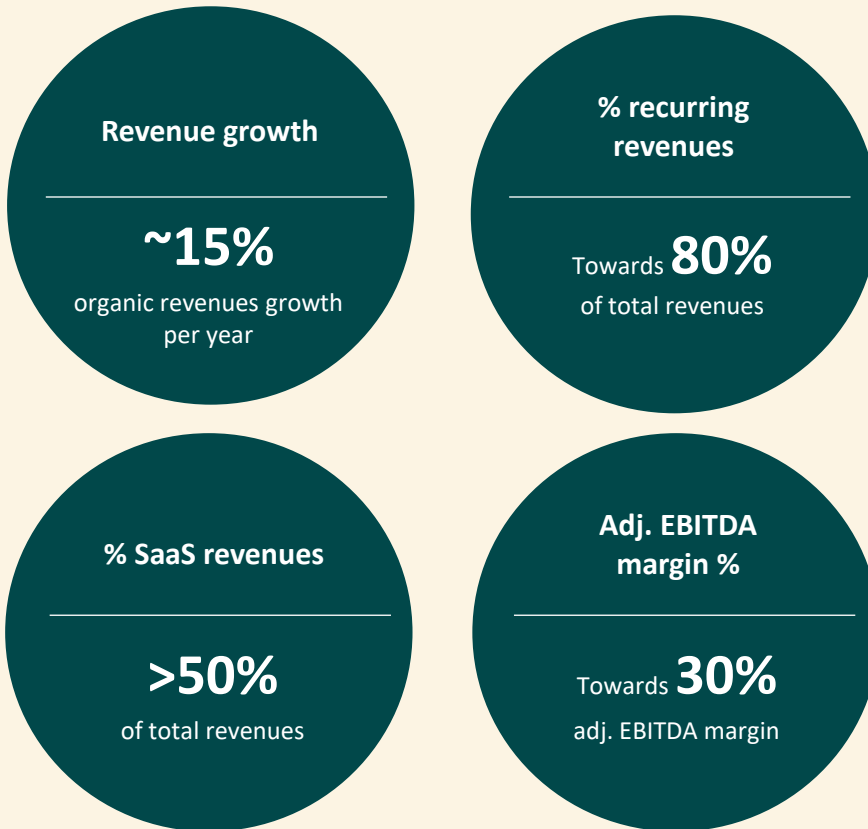
Services are mainly delivered on a cloud platform, underlining fact that the SaaS transformation is well underway



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

Reiterating ambitions to create a NOK 2 billion revenues company by 2025

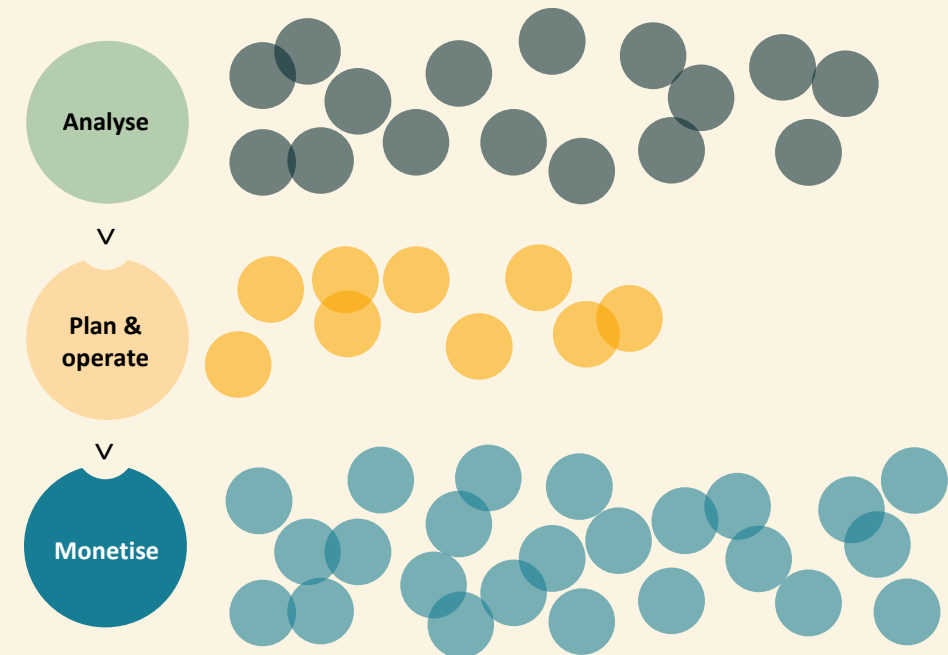
Mid to long-term ambitions



M&A strategy

Highly fragmented market – Value aims to pursue consolidation

Europa primary focus; US and APAC secondary



Ambitions to act as a consolidator and engage in bolt-on transactions on a recurring basis as well as pursue larger strategic options in a more opportunistic manner

Summary:

Solid position for profitable growth and expansion

1

The shift towards green, non-controllable energy sources drives increased volatility and complexity for customers, requiring dynamic and cloud-based software solutions

2

Value offers wall-to-wall SaaS solutions and has built up a customer base comprising the leading European energy companies

3

Ongoing SaaS-transformation with solid growth in recurring revenues and an uptick in EBITDA margins over time. On track for 2025 ambitions.



Q&A

value



Appendix

Financial and Operational Information

Group P&L and KPIs

Group financial performance

Key metrics (NOKm)	Q3 2021	Q3 2020	YTD 2021	YTD 2020	LTM
Revenues	239	209	729	652	969
COGS	43	40	121	108	172
Gross profit	196	169	607	544	797
Gross margin %	82%	81%	83%	83%	82%
Personnel expenses (excl. capitalised R&D)	110	93	321	307	437
Other OPEX	38	26	129	94	150
Adjusted EBITDA	48	50	157	143	210
Adjusted EBITDA margin %	20%	24%	22%	22%	22%
Non-recurring items	15	11	68	24	92
EBITDA	33	40	89	119	119
EBITDA margin %	14%	19%	12%	18%	12%
Depreciation and amortization	23	17	69	48	87
EBIT	10	23	20	71	31
EBIT margin %	4%	11%	3%	11%	3%
Net financial items	0	-4	1	-5	-3
EBT	10	19	21	66	28
Tax	2	14	4	20	-9
Profit (loss) continued operations	8	5	17	46	37
Profit/loss from discontinued operations	0	33	0	39	0
Net profit/loss	8	38	17	85	37



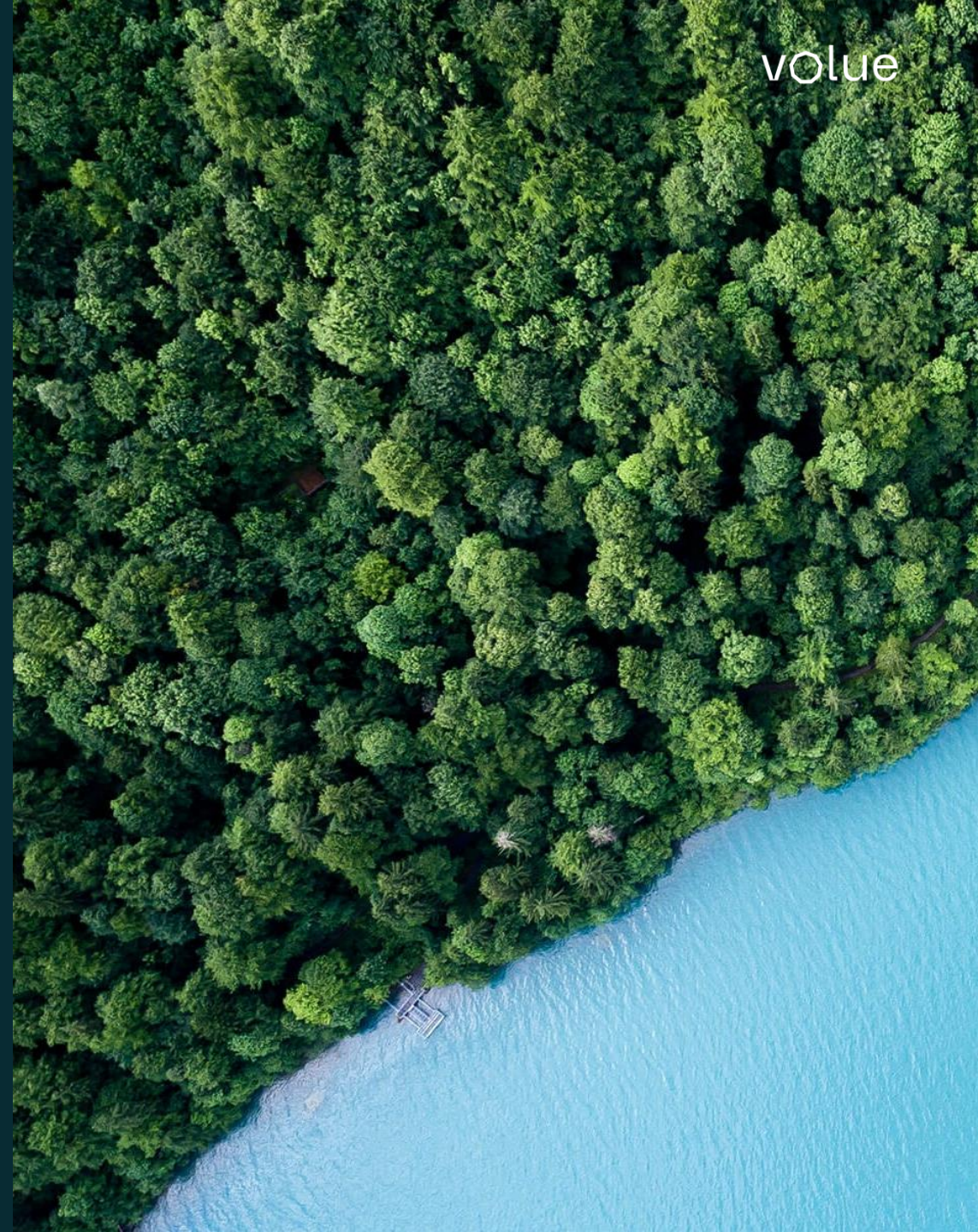
Balance sheet

Balance sheet (NOKm)	Q3 2021	Q2 2021	Q3 2020
ASSETS			
Property, plant and equipment	147	162	150
Intangible assets	492	482	276
Pension assets	14	15	13
Non-current receivables and investments	33	32	0
Deferred tax assets	24	16	8
Total non-current assets	709	707	449
Inventory	22	21	16
Contract assets	74	53	52
Trade and other receivables	244	233	220
Financial Investments	0	0	10
Cash and cash equivalents	395	484	280
Total current assets	735	791	578
Total assets	1,444	1,498	1,027

Balance sheet (NOKm)	Q3 2021	Q2 2021	Q3 2020
LIABILITIES AND EQUITY			
Equity	751	743	417
Total Equity	751	743	417
Lease liabilities	95	105	105
Other non-current liabilities	15	15	9
Deferred tax liabilities	43	36	17
Total non - current liabilities	153	156	132
Borrowings	6	7	3
Lease liabilities	27	31	25
Trade and other payables	68	45	92
Current tax liabilities	7	5	18
Contract liabilities	109	170	100
Other current liabilities	323	341	239
Total current liabilities	541	599	478
Total liabilities and equity	1,444	1,498	1,027

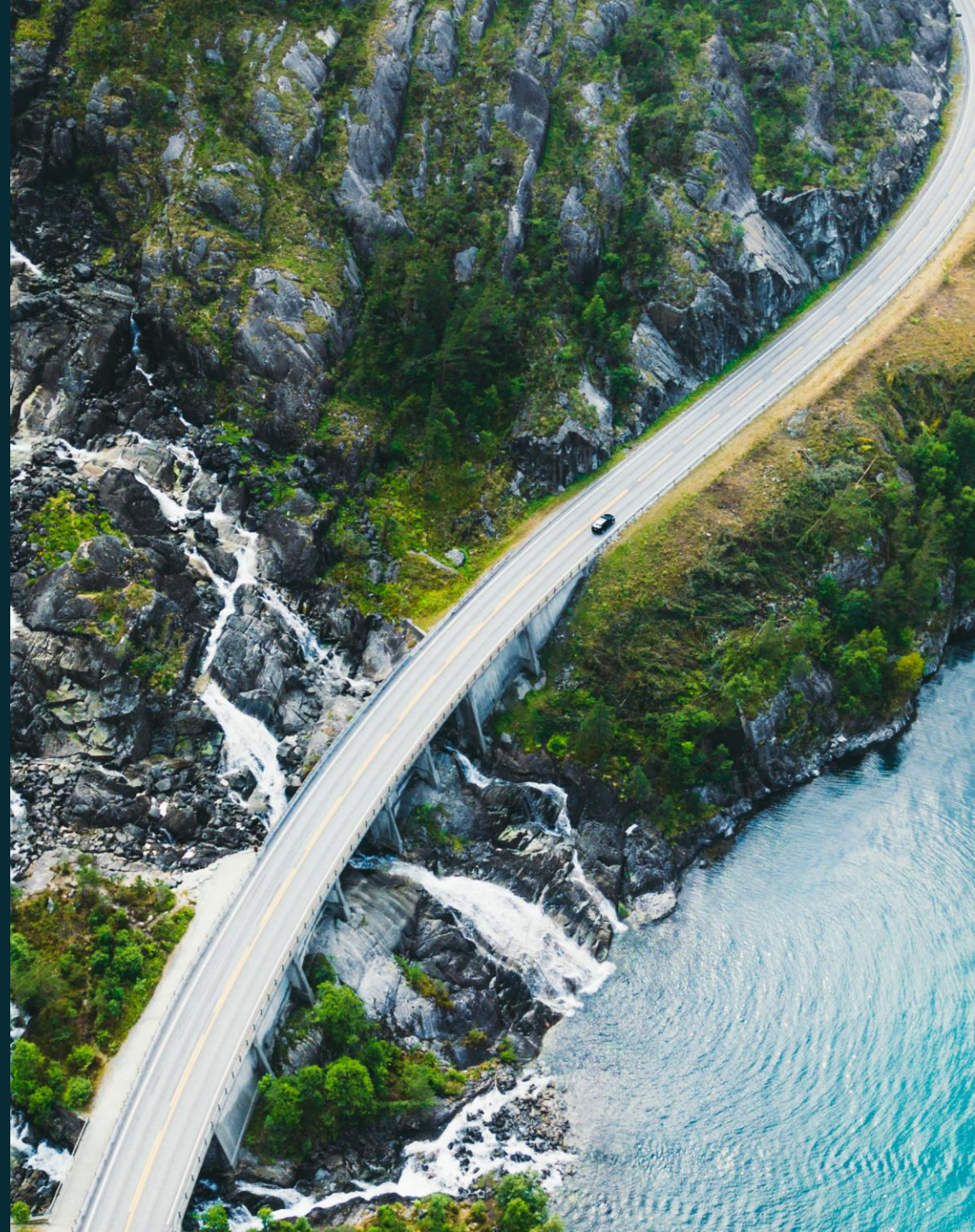
Cash flow statement

Cash flow statement (NOKm)	30.09.2021	30.09.2020
Profit before tax from continuing operations	21	66
Depreciations	69	48
Net finance	-1	5
Change in current assets	13	-31
Change in current liabilities	-1	61
Change in other operating items	-29	-36
Change in tax paid	-13	-4
Net cash flow from operating activities	59	109
Interest received	2	7
Purchase of property, plant and intangible assets	-82	-68
Proceeds from sale of investments	10	61
Net cash flow from investing activities	-70	0
Proceeds from issue of shares	0	27
Movement in borrowings	-21	-35
Interest paid	-6	-12
Dividend paid	0	-42
Acquisition of non-controlling interests	-5	0
Net cash flow from financing activities	-33	-62
Net change in cash and cash equivalents	-43	47
Cash and cash equivalents opening balance	434	233
Effects of exchange rate changes on cash and cash equivalents	4	0
Cash and cash equivalents closing balance	395	280



Segment overview

Energy Segment (NOKm)	Q3 2021	Q3 2020	YTD 2021	YTD 2020	LTM
Revenues	141	110	408	332	532
Adjusted EBITDA ¹	45	28	101	66	121
Adjusted EBITDA margin	32%	25%	25%	20%	23%
R&D CAPEX (% of revenues)	10%	9%	11%	10%	11%
Power Grid Segment (NOKm)	Q3 2021	Q3 2020	YTD 2021	YTD 2020	LTM
Revenues	56	56	179	176	238
Adjusted EBITDA ¹	1	12	24	32	50
Adjusted EBITDA margin	2%	22%	13%	18%	21%
R&D CAPEX (% of revenues)	8%	6%	7%	6%	9%
Infrastructure Segment (NOKm)	Q3 2021	Q3 2020	YTD 2021	YTD 2020	LTM
Revenues	43	42	142	144	199
Adjusted EBITDA ¹	8	11	42	45	51
Adjusted EBITDA margin	18%	25%	30%	31%	26%
R&D CAPEX (% of revenues)	9%	10%	11%	11%	10%



Alternative performance measures (APMs)

Basis for preparation

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.

Value ASA 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.

The definitions of these measures are as follows:

ARR – Annual Recurring Revenues

EBITDA - Profit/loss before tax, net finance cost, depreciation, amortization and impairment.

EBIT - Profit/loss before tax and net finance cost.

Adjusted EBITDA - In order to give a better representation of underlying performance, EBITDA is adjusted with non-recurring items. Note that adjusted EBITDA does not include estimated one-off loss of revenues due to the cyber-incident.

Non-recurring items - items that are not part of the ordinary business, such as IPO related costs and costs related to the cyber-incident. In addition, external costs related to implementation of corporate back-office cloud-based systems (e.g. ERP) are considered non-recurring. In accordance with IFRS IC agenda decision (Configuration or Customisation Costs in a Cloud Computing Arrangement) from April 2021, these costs have not been capitalized, as they previously would have been.

Revenue growth adjusted for cyber-incident - The growth in revenue from a previous period, after adjusting the 2021 numbers for estimated revenue loss from the cyber-incident.

SaaS – Software as a service