

value



# Second Quarter 2022 Financial Results

19 August 2022



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Trond Straume  
CEO



Arnstein Kjesbu  
CFO



Jørund Haartveit  
Senior VP



# Value in brief

One of the largest software companies in Norway

Established

2020

Customers

2,200+

Engaged employees

750

Experience in Green Tech

50 years

Customers in

40+ countries

Offices

30

Industry segments



Energy



Power Grid



Infrastructure

# Robust, flexible 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



# 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

Q2 2022 revenues (% of total) NOK 189m (64%)

Recurring revenues share (2022) 57%

SaaS revenues (2022) 23 %

EU Taxonomy eligibility HIGH

## Power Grid

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

Q2 2022 revenues (% of total) NOK 60m (20%)

Recurring revenues share (2022) 65%

SaaS revenues (2022) 10%

EU Taxonomy eligibility HIGH

## Infrastructure

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

Q2 2022 revenues (% of total) NOK 49m (16%)

Recurring revenues share (2022) 85%

SaaS revenues (2022) 41%

EU Taxonomy eligibility MEDIUM



# Highlights for the Quarter



Recurring revenues

NOK  
**189 mill**

17% growth from Q2 2021

Operating revenues

NOK  
**298 mill**

28% growth from Q2 2021

SaaS revenues

NOK  
**68 mill**

29% growth from Q2 2021

Adjusted EBITDA

NOK  
**44 mill**

15% margin,  
in line with Q1 2022

## Q2 Highlights: Strong growth in Energy segment!

Performance, sales and operations

- Strong top-line growth, with solid closing of the quarter
- 44% growth in Energy segment, with especially tailwind in Trading offerings
- High sales performance, with closing of 750 new deals
- Strong growth in new strategic Energy service contributing to good performance
- Continued strong market outlook
- On track for 2025 ambitions

Adjusted EBITDA and other alternative performance measures (APMs) are defined as part of the APM section in this presentation on page 43.





Strong sales  
performance –  
continued  
strong market

Growing activities in  
trading market

Nordic &  
Europe

We closed  
more than

750

deals in Q2 2022

Managing

2,200+

Customers across more  
than 40 countries

2022: Several new

Strategic  
Contracts

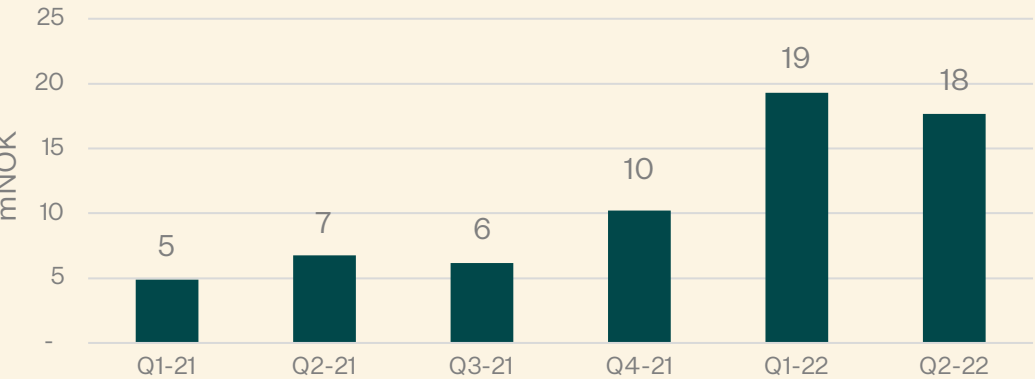


New strategic revenue area

# Trading advisory

- A logical next step, following Value’s European success with short-, mid- and long-term price forecasting through the Value Insight platform
- Scalable platform services, enabling customers to increase profit margin from their renewable portfolio, utilising Value’s deep insight to market dynamics and comprehensive trading strategies
- Proven market-ready following robust verification

Quarterly revenue from Trading Advisory 21-22



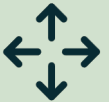
Key strategic value for Value:



Volatility in the Energy market increase complexity, requiring sophisticated solutions to rapidly act on market opportunities



Ground-breaking software trading algorithms, provide unprecedented opportunities for scale



Fixed mandates generating ARR growth





# Second Quarter 2022 Financial Results



# Financial highlights

Financial highlights (NOKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	LTM
Operating revenues <sup>1</sup>	298	233	584	489	1,135
Adjusted EBITDA <sup>2</sup>	44	57	90	109	195
Adjusted EBITDA margin	15%	24%	15%	22%	17%
Recurring revenues growth (%)	17%	17%	15%	19%	15%
Recurring revenues (% of revenues)	63%	69%	63%	67%	62%
SaaS revenues growth (%)	29%	51%	39%	50%	42%
SaaS revenues (% of revenues)	23%	22%	23%	20%	22%
R&D CAPEX (% of revenues)	9%	10%	10%	10 %	10%

## Growth

- Strong financial performance with good growth in our software solution
- 28 % revenues growth from Q2-2021
- Strong growth in SaaS revenues of 29% from Q2 2021
- Energy Segment with 44% revenue growth
- Lower Growth in Power Grid and Infrastructure, but positive trend
- Ongoing change in business models

## Profitability

Adjusted EBITDA margin in Q2 down from Q2 2021

- Strategic investments in SaaS platform creates short- to mid-term EBIT impact
- Increased cost to strengthen organisation for future growth
- Shift in business models gives impact on margins

## Capex

Relatively flat capex level, but lower than plan

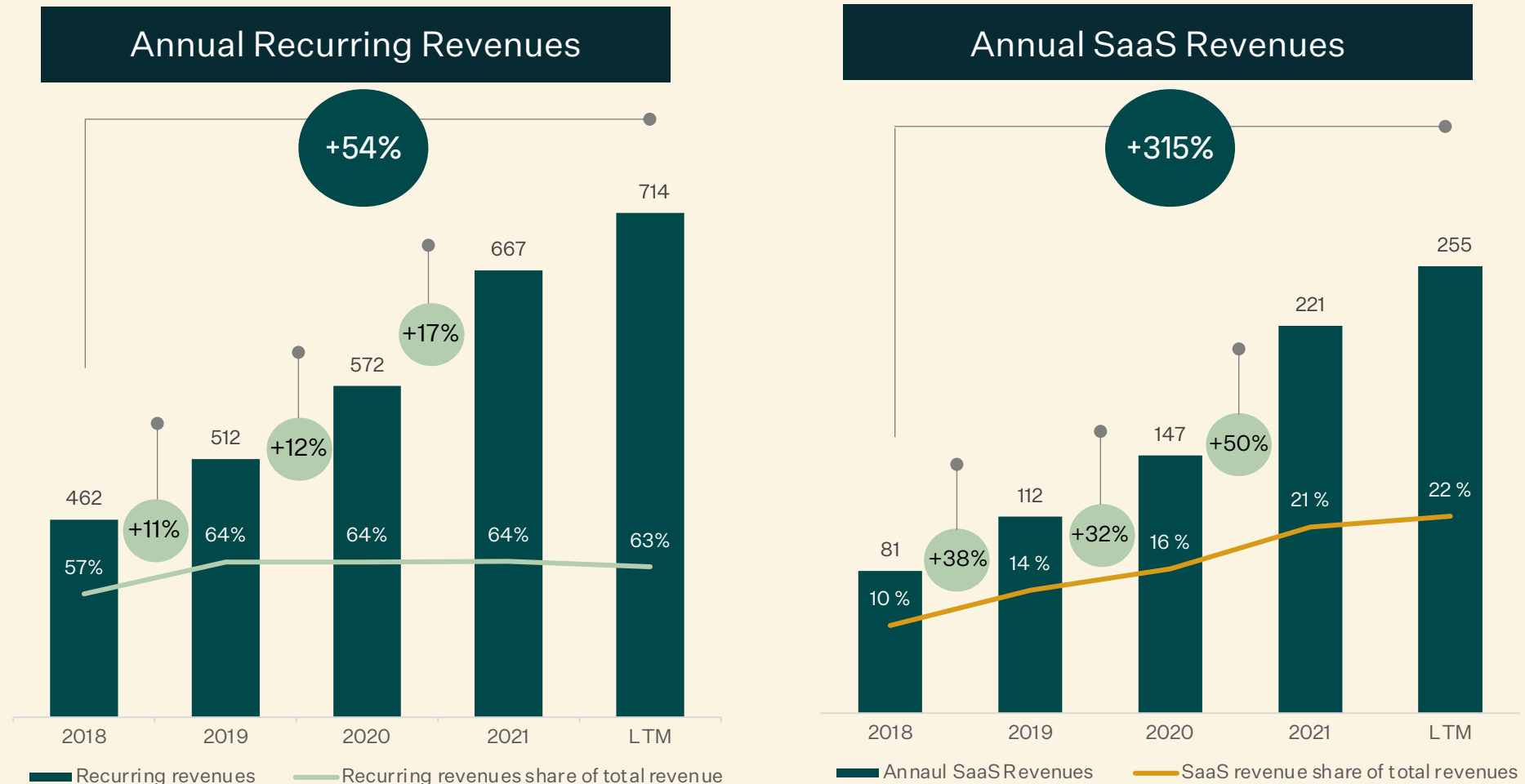
- New product features for international growth driving the capex level
- Platform investment for further scalability

<sup>1</sup> Cyber insurance settlement of NOK 20 million not included in operating revenues for 2021.

<sup>2</sup> EBITDA adjusted for non-recurring items.



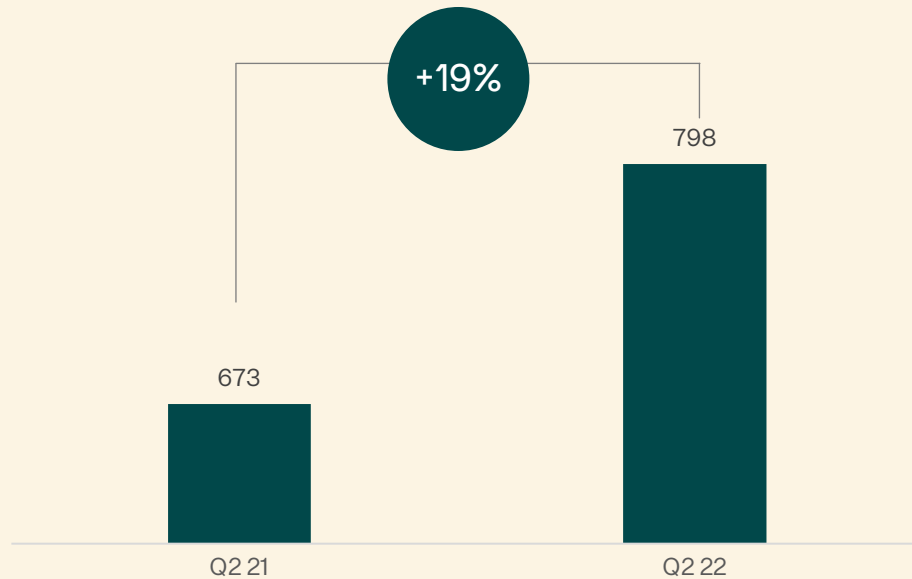
# Strong growth in annual recurring revenues (ARR) Accelerating shift towards SaaS



1 Recurring revenues are defined as revenues from recurring contracts including Software-as-a-Service (SaaS)  
 2 SaaS revenues are defined as revenues from software hosted by Volue and distributed through web applications

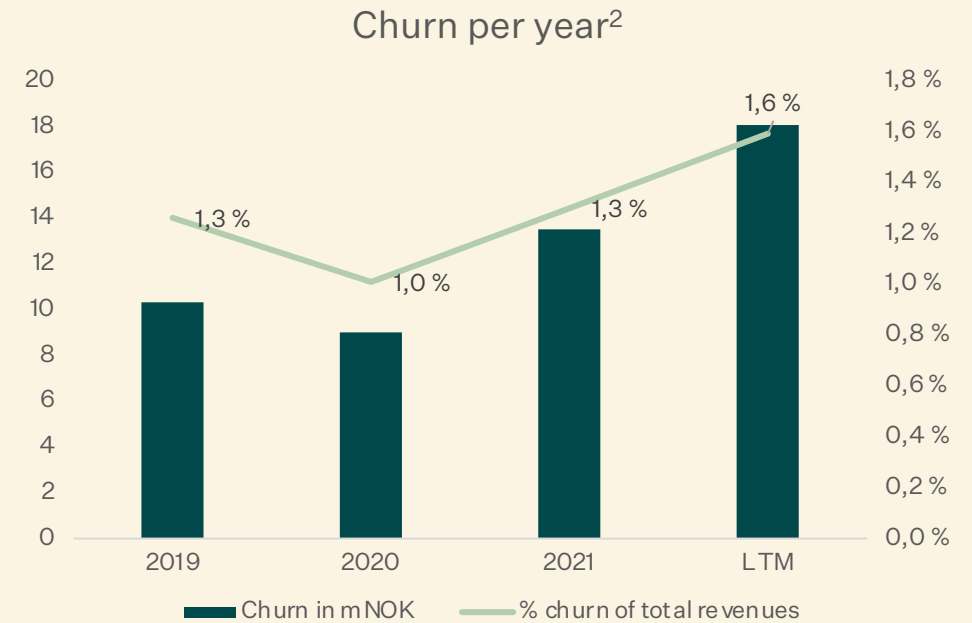
# Strong growth in ARR base and highly sticky customer base

Annualised recurring revenues basis<sup>1</sup>, NOKm



1. Annualised recurring revenues basis is the yearly value of recurring contracts, delivered and not delivered

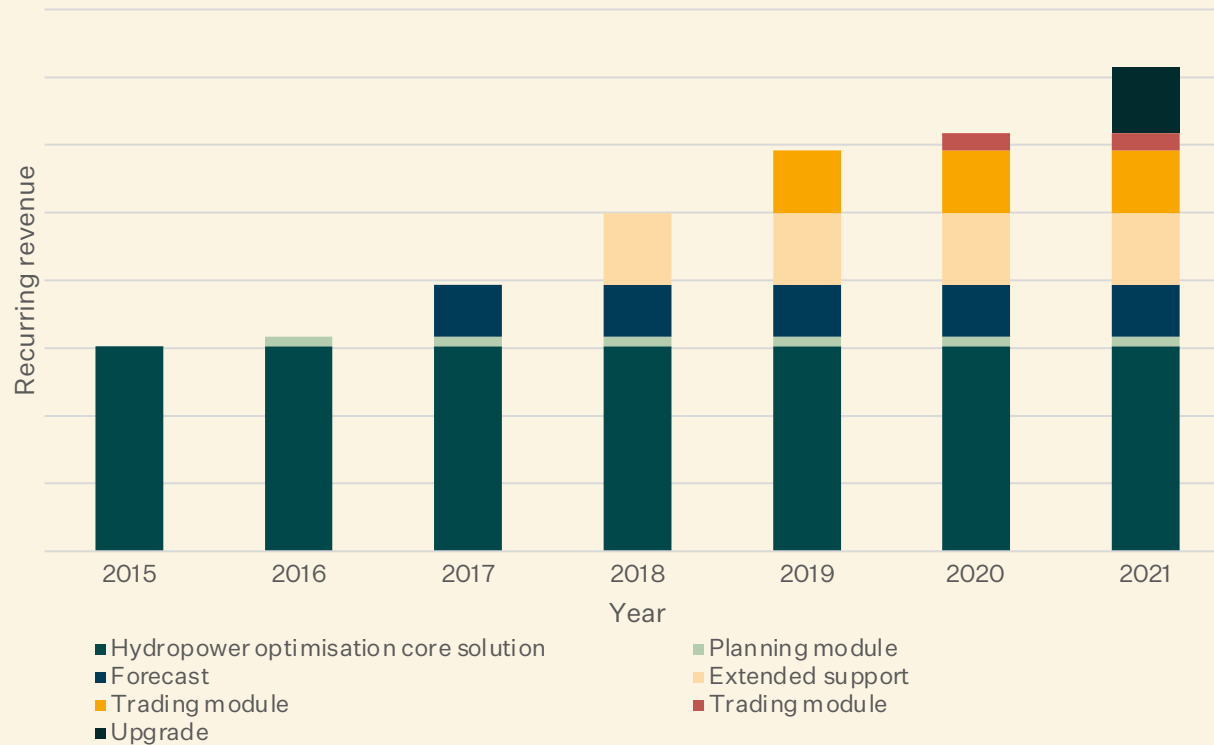
Customers stay with Volue



2. Cancelled yearly recurring revenues divided by total revenues.

# Sticky customer base – Value delivers business critical infrastructure

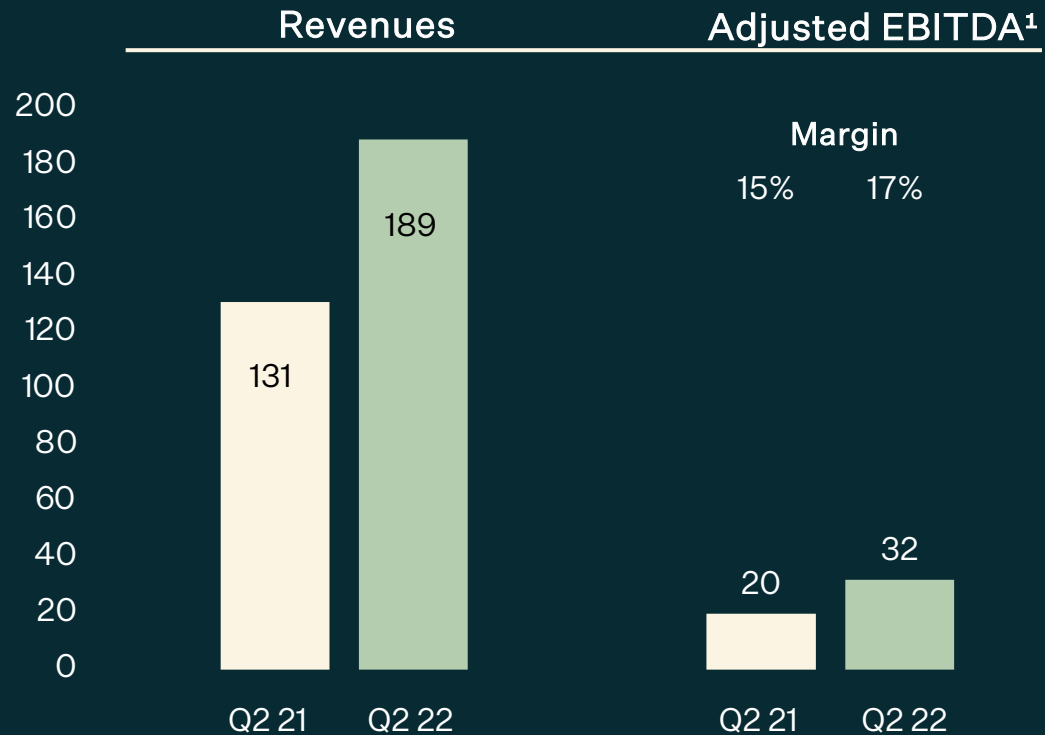
Typical revenue development for a larger  
Energy production customer



- Providing high quality and sophisticated software to customers responsible for critical infrastructure
- Crucial for security of supply
- Long lasting customer relations
- Proven quality over time with a strong reputation in the market
- Very sticky customer base - Expanding value offerings for customers over time



# Energy Segment



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

## Growth

- Segment with strong growth of 44% from Q2 21
- Solid contribution from European expansion
- Trading area with strong figures due to high activity in the intraday markets
- Increased demands for forecast and analytics services following a strong market trends
- Extraordinary strong results from trading advisory services, giving uplift in operating revenues
- Strong sales, increased order back-log

## Profitability

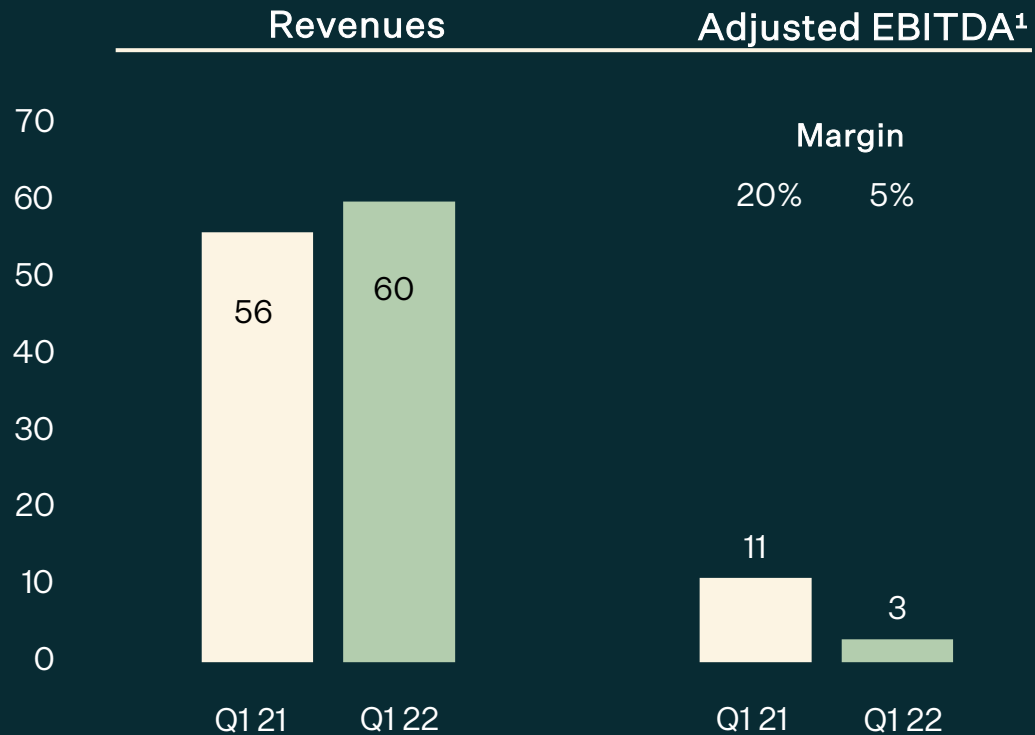
- Increased profitability due to uplift through scalable products
- Increased margins from product portfolio
- Large increase in capacity for further investments in new products and services
- Increased SaaS-share of revenues gives improved margins from the SaaS-portfolio

## Capex

- CAPEX level at ~11 % of revenues, mainly constituted by R&D investments
- Significant investments into new products related to optimisation and trading solutions



# Power Grid Segment



¹ EBITDA adjusted for non-recurring items.

## Growth

- Good sales performance gives uplift in ARR level
- Good market outlook with large pipeline and high activity
- Reduced growth due to mainly delivery capacity
- Strong sales, increased order back-log

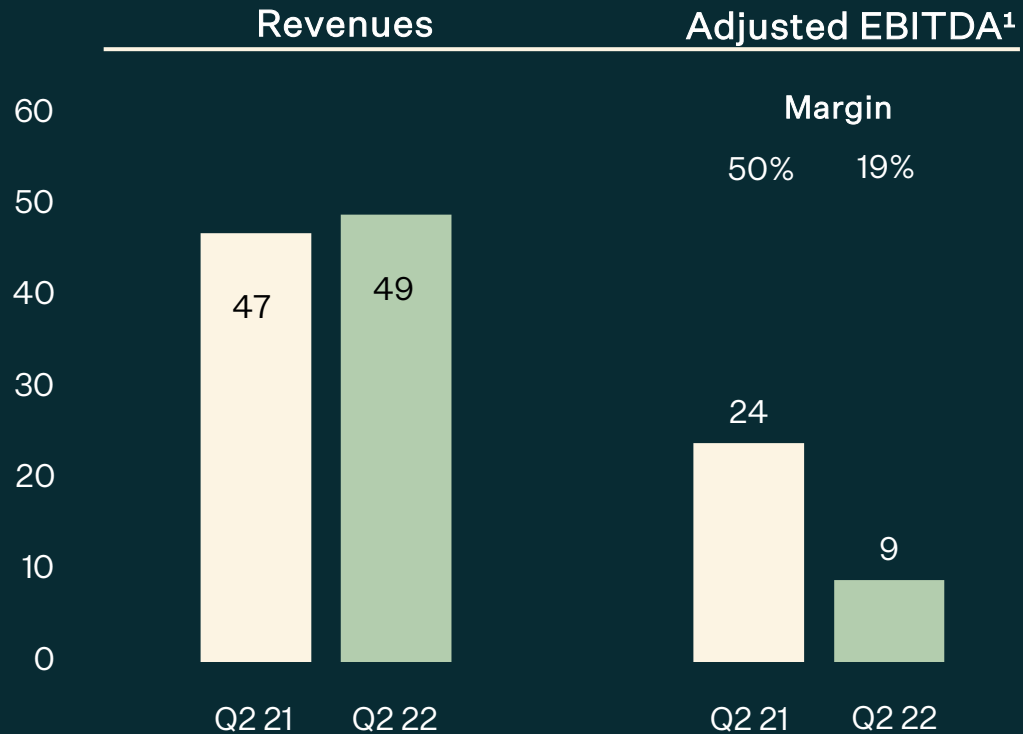
## Profitability

- Decreased adjusted EBITDA margin from Q1 due to increased investment
- Investments in the Spark program gives impact on margins compared to last year
- Margins expected to improve going forward
- Investments in market expansions with new products for European markets

## Capex

- Increase in CAPEX level in the quarter at ~9 % of revenues
- Ongoing investments in international expansion
- CAPEX level expected to increase over the next 12 months compared to average 2021

# Infrastructure Segment



## Growth

- Successful shift in business models progressing, creating up-lift in ARR
- Strong growth in SaaS revenues
- Increased activities in Construction market, especially for Sweden
- Strong sales, increased order back-log

## Profitability

- Ongoing investments in market expansions combined with shifting to SaaS business models putting pressure on EBITDA margins in the short term throughout 2022
- Adjusted EBITDA margins increased following stronger sales in the quarter compared

## Capex

- CAPEX level at ~14% of revenues, expected at same levels in the near-term
- Ongoing investments to increase offerings on SaaS platform and additions to the current product range addressing innovative solution for the water industry

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

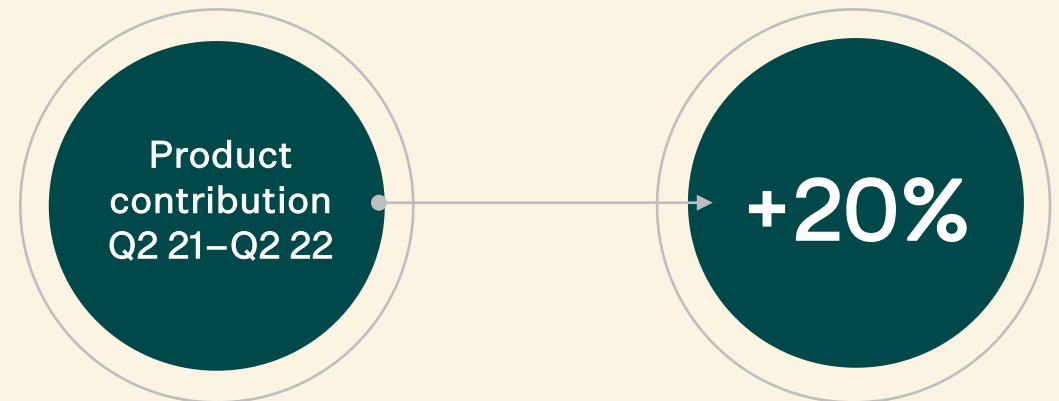


# Main drivers for growth in profitability towards 2025

## Main drivers for increased profitability towards 2025

- Shift to SaaS will increase profitability over time, but short-term impact
- Economy of scale with centralised technology services and capabilities in Volue Platform
- Realising synergies within the Volue group
- Profitable upsell and growth in new markets

## Increasing contribution from product lines



## Impacting profitability in 2022

- Investments in scaling the organization, particularly on sales and marketing
- SaaS journey and shift in business models
- Several new business development activities taken into the accounts

## Changing towards SaaS require investments impacting profitability for target product on short term

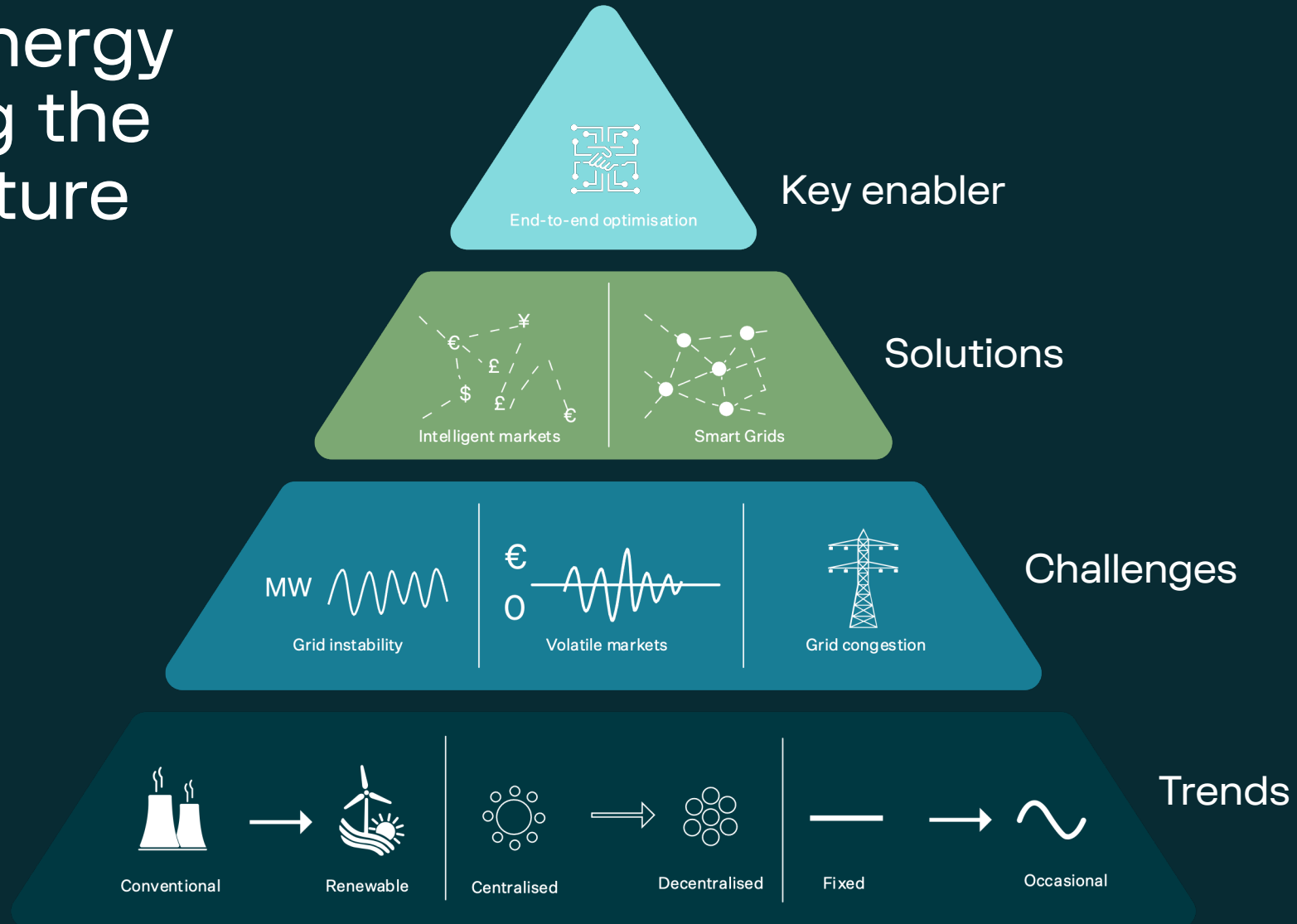


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# Industry Developments and Strategy



# Cleaner energy pressuring the infrastructure



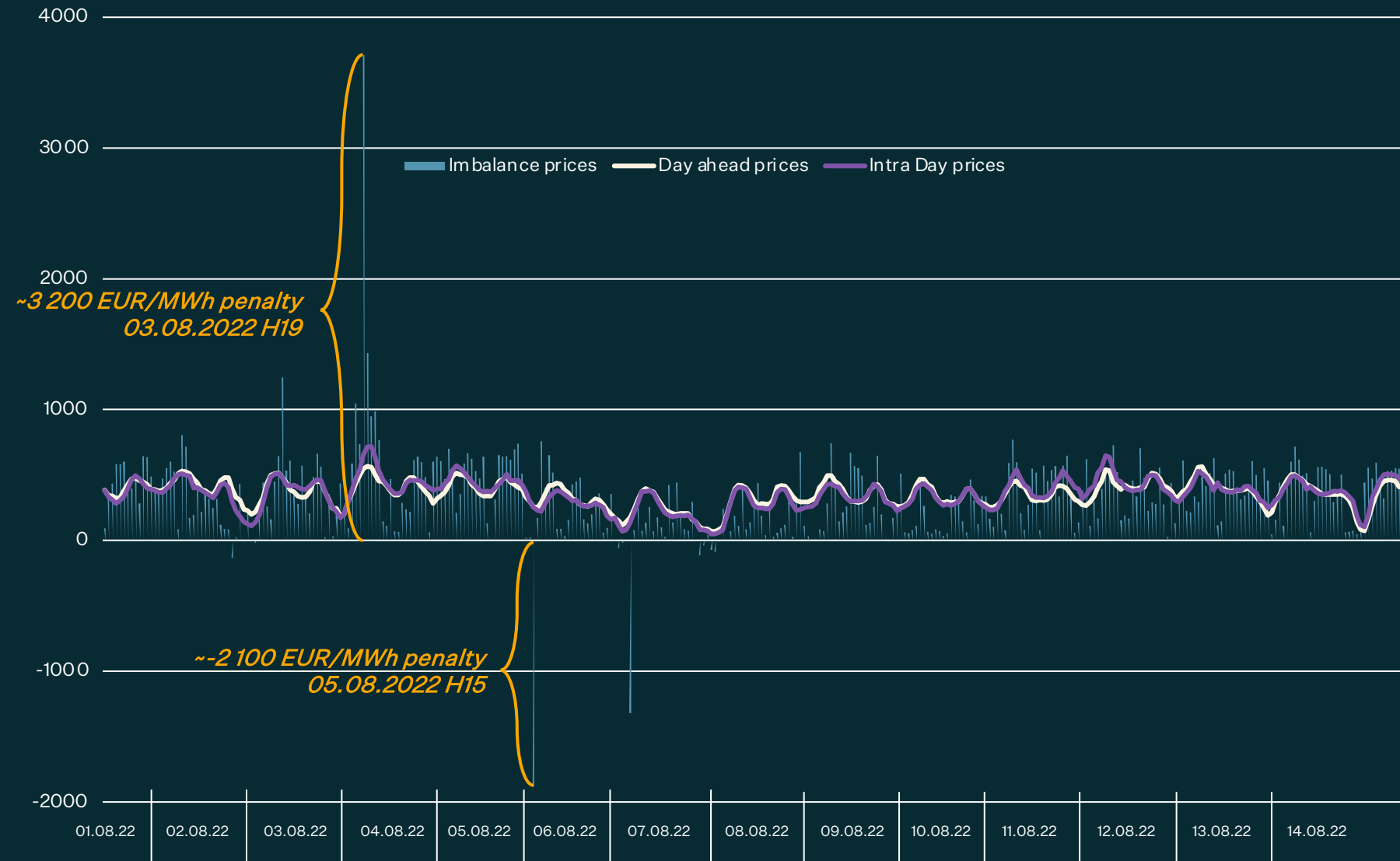
# (In)security of supply

- Shortage of gas
- Geopolitical challenges
- Coal and nuclear decommissioning
- Volatile consumption
- Increased power demand
- Rapid increase of renewables
- Electrification ongoing



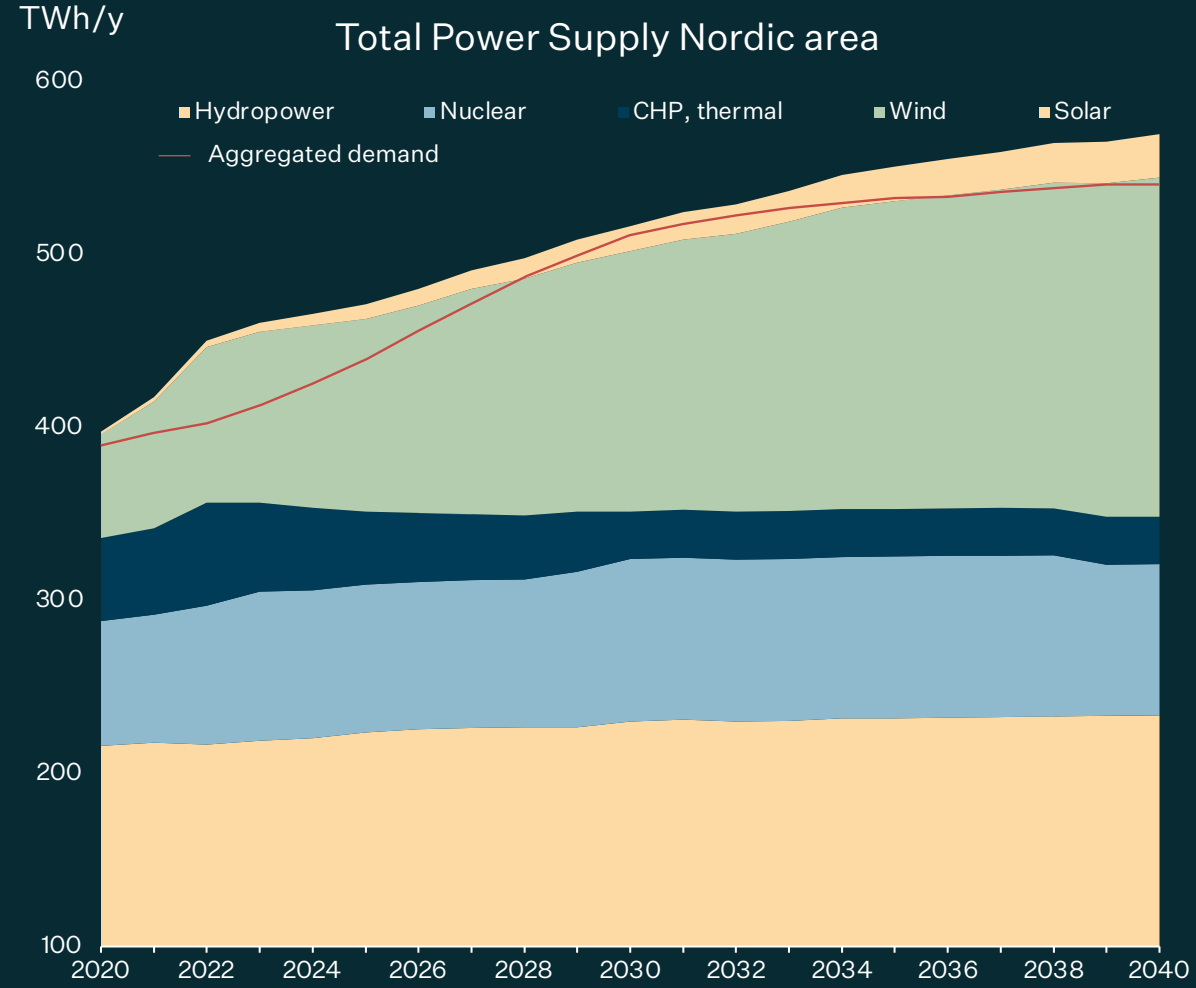
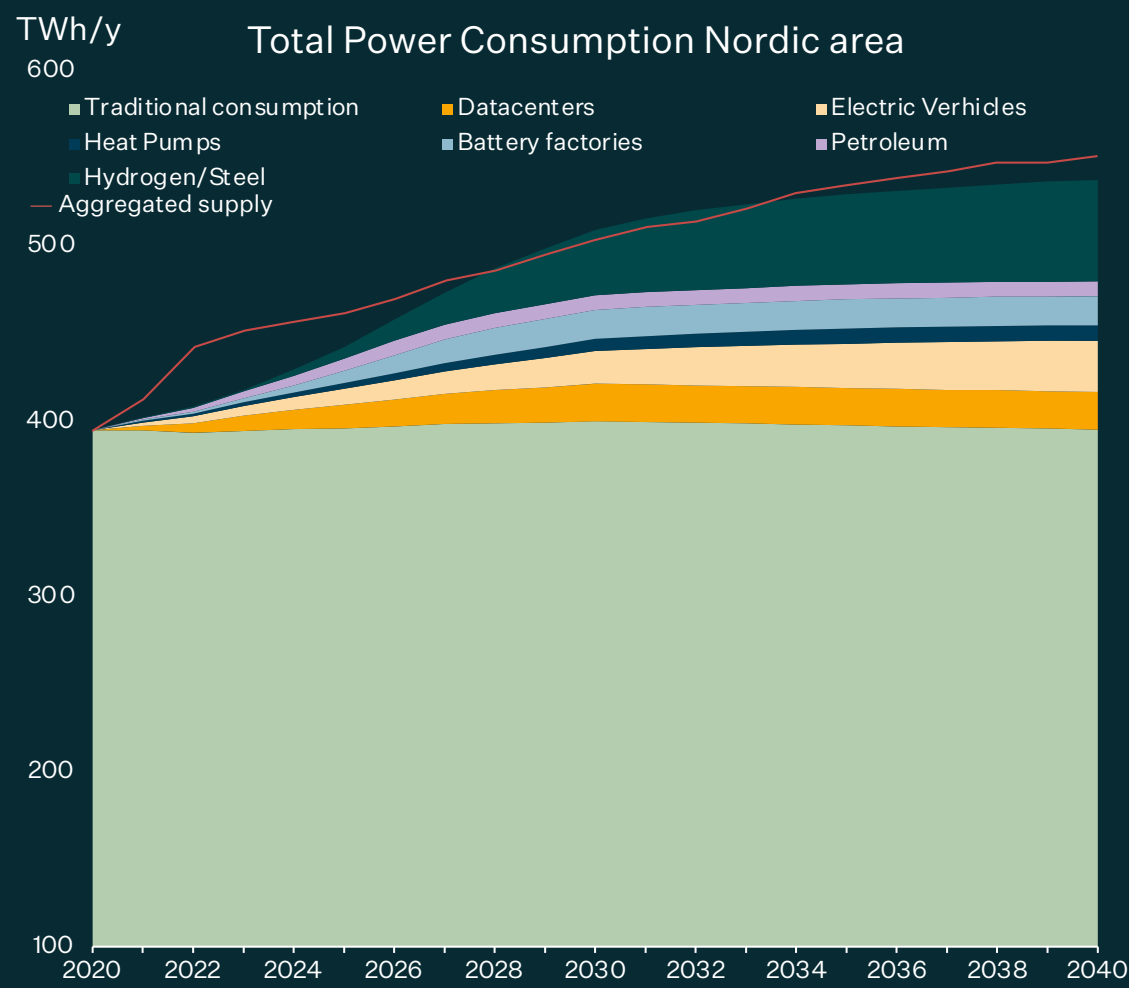
High volatility –  
increasing the  
need for  
sophisticated  
solutions

Prices in Germany  
last 2 Weeks - August  
2022



# The green shift triggers a race on both sides!

2025-2030 the consumption grows faster than the production



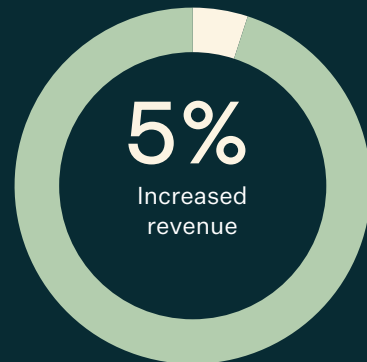


# Significant value-creation potential demonstrated for customers adopting *business-critical* solutions from Volve

Strong value creation for customers...

Example 1: Large Utility

Quantitative results



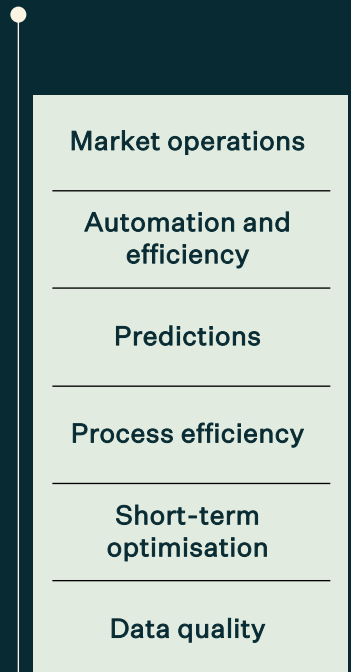
Example 2: Small Utility

Quantitative results



...set to increase from the integrated Volve platform

Customer profit potential



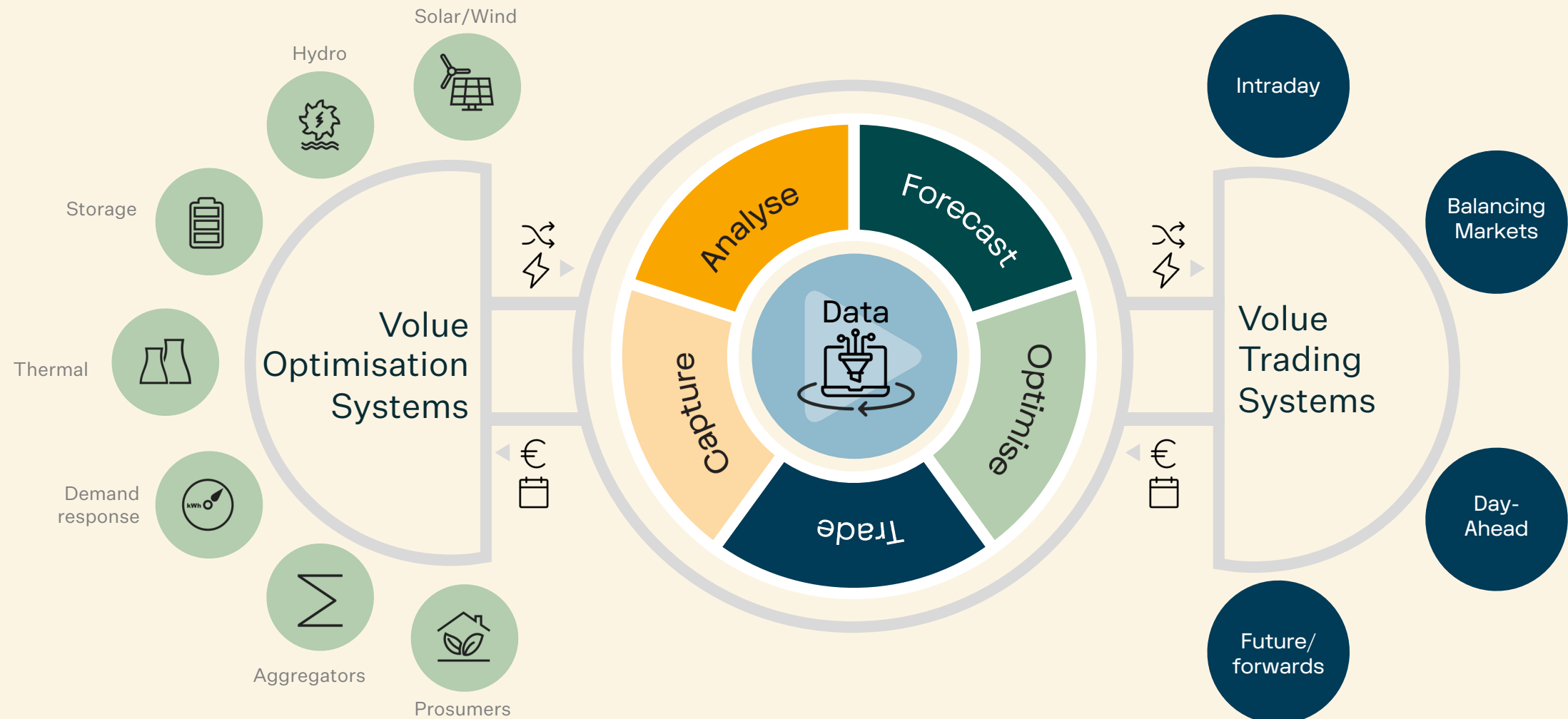
+ Significant cost-reduction potential

+ Increased cyber security



# Reduce risk and increase profit

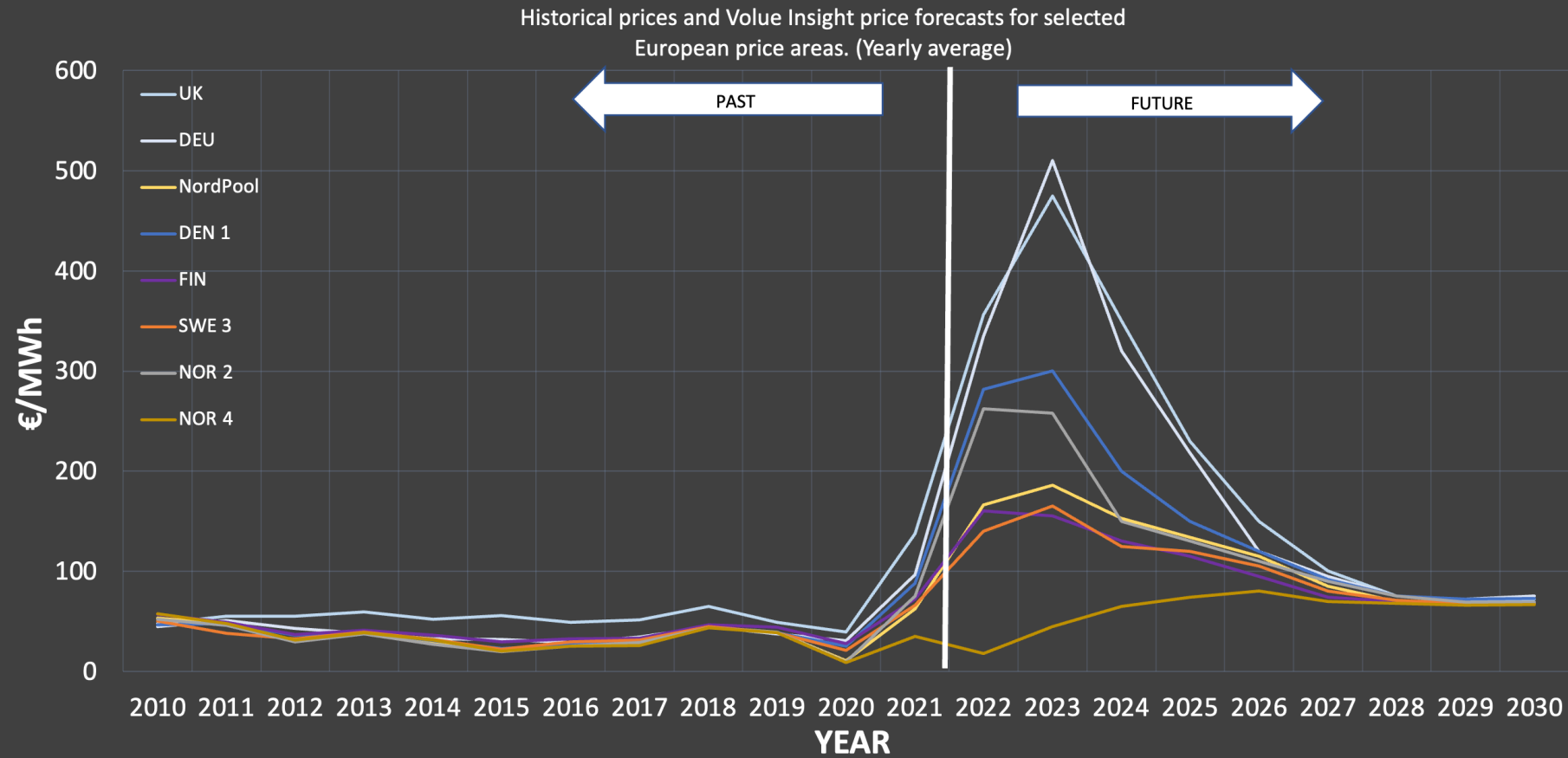
By utilising Value's open eco-system to connect assets to markets



# An integrated European Power Market



# A new price regime





# To reduce risk and increase profit Value provides:

- A pan European Service providing up-to-date price- and fundamental data forecasts for all time horizons.
- Unrivalled analysis and research provided by in-house market experts delivered on an intuitive web-interface.
- Easy access data through best-in-class data-API and offers all relevant curves to support and facilitate all daily operations from short to long term markets.

Balancing Market

Intraday Market

Day Ahead Market

Derivatives Market

Investment



Platform APIs accessed

**~35 million**

Times every day



AND

Used by more than

**5 100**

Power Professionals



FROM

More than

**450**

Subscribing companies



Save the date:

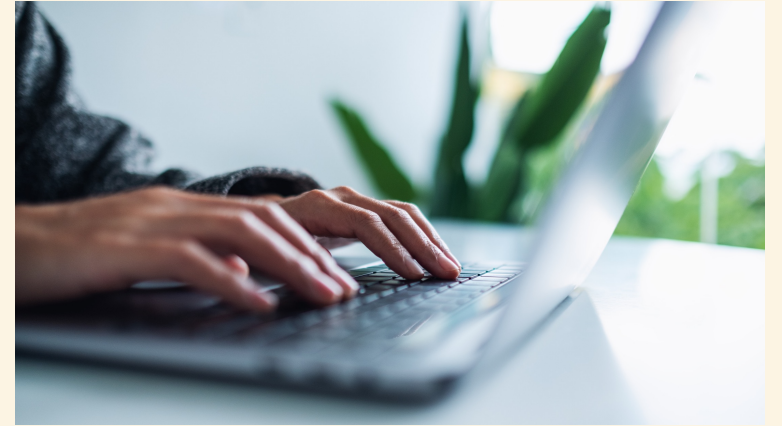
# Value Capital Markets Day

21 September 2022

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



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



Significantly simplifying access and interaction for all stakeholders



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



# Priorities and ambitions for H2 2022

**01** Further utilise synergies to strengthen margins

**02** Adj. EBITDA margins improving from H1 2022

**03** Continue to grow ARR business in line with 2025 targets and 2021 performance

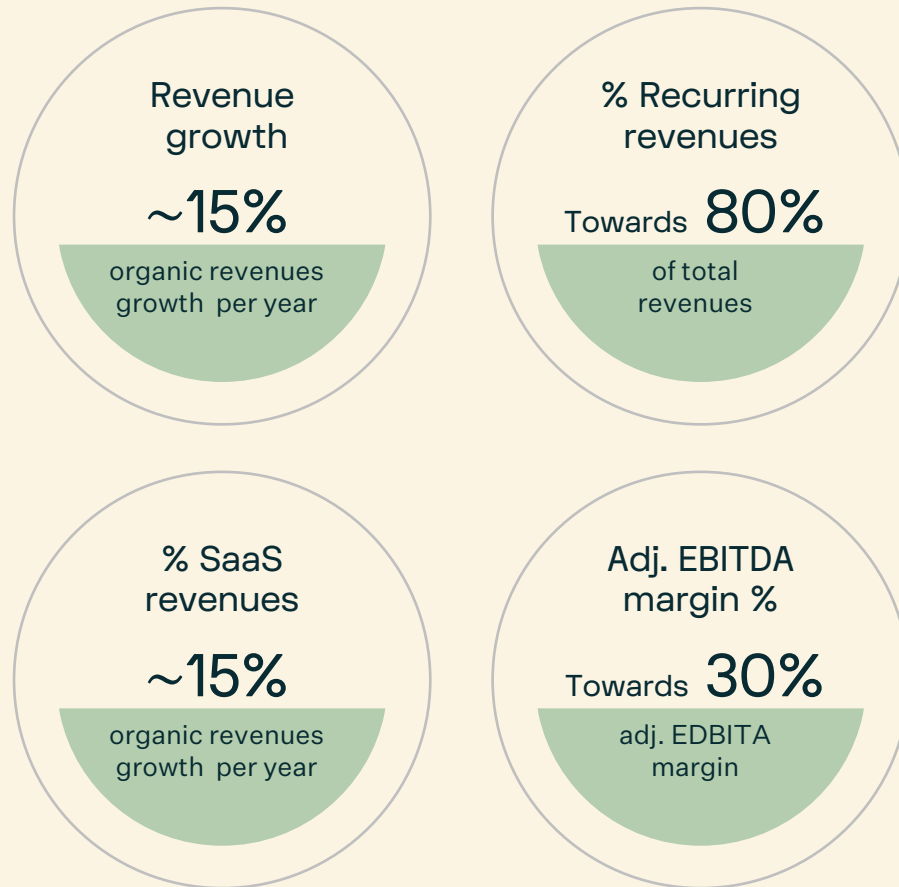
**04** Expand activities outside Europe

**05** Strategic investments for scalable growth

**06** Structural growth through M&A

# Ambitions to exceed NOK 2 billion revenues by 2025

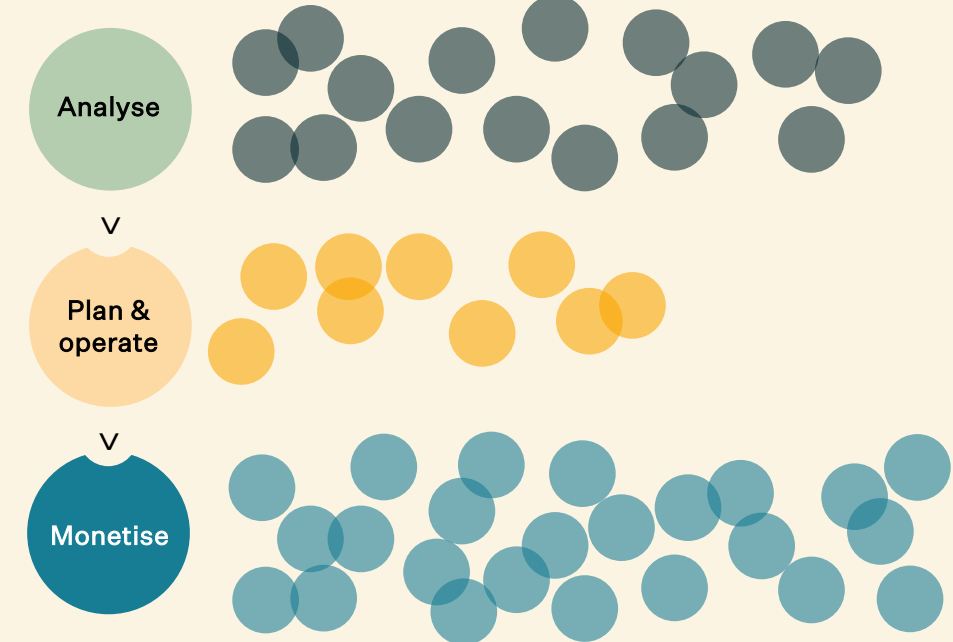
## Mid- to long-term ambitions



## 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

01

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

02

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

03

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



Save the date:

# Value Capital Markets Day

21 September 2022

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# Appendix

## Financial and Operational Information



# Group P&L and KPIs

## Group financial performance

Key metrics (NOKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	LTM
Operating revenues	298	233	584	489	1,135
COGS	50	37	93	78	174
<b>Gross profit</b>	<b>249</b>	<b>196</b>	<b>491</b>	<b>411</b>	<b>962</b>
Gross margin %	83%	84%	84%	84%	85%
Personnel expenses (excl. capitalised R&D)	139	87	296	211	583
Other OPEX	65	52	106	91	184
<b>Adjusted EBITDA</b>	<b>44</b>	<b>57</b>	<b>90</b>	<b>109</b>	<b>195</b>
Adjusted EBITDA margin %	15%	24%	15%	22%	17%
Non-recurring items	6	43	10	52	33
<b>EBITDA</b>	<b>39</b>	<b>14</b>	<b>79</b>	<b>56</b>	<b>162</b>
EBITDA margin %	13%	6%	13%	11%	14%
Depreciation and amortisation	27	25	53	46	99
<b>EBIT</b>	<b>12</b>	<b>-11</b>	<b>26</b>	<b>10</b>	<b>63</b>
EBIT margin %	4%	-5%	4%	2%	6%
Net financial items	4	1	1	1	-5
<b>EBT</b>	<b>16</b>	<b>-10</b>	<b>26</b>	<b>11</b>	<b>58</b>
Tax	6	-5	10	2	23
<b>Profit (loss)</b>	<b>10</b>	<b>-5</b>	<b>17</b>	<b>10</b>	<b>35</b>



# Balance sheet

Balance sheet (NOKm)	Q2 2022	Q1 2022	Q2 2021	Q4 2021	Balance sheet (NOKm)	Q2 2022	Q1 2022	Q2 2021	Q4 2021
ASSETS					LIABILITIES AND EQUITY				
Property, plant and equipment	130	135	162	141	Equity	785	767	743	767
Intangible assets	573	551	482	543	<b>Total Equity</b>	<b>783</b>	<b>767</b>	<b>743</b>	<b>767</b>
Pension assets	8	8	15	8					
Non-current receivables and investments	35	37	32	39	Lease liabilities	79	84	105	87
Deferred tax assets	21	13	16	5	Other non-current liabilities	14	15	15	15
<b>Total non-current assets</b>	<b>767</b>	<b>744</b>	<b>707</b>	<b>736</b>	Deferred tax liabilities	29	23	36	29
					<b>Total non - current liabilities</b>	<b>123</b>	<b>126</b>	<b>156</b>	<b>132</b>
Inventory	24	24	21	20	Borrowings	10	10	7	18
Contract assets	82	74	53	66	Lease liabilities	25	25	31	28
Trade and other receivables	277	307	233	520	Trade and other payables	72	72	45	351
Financial Investments			0	0	Current tax liabilities	41	27	5	19
Cash and cash equivalents	475	631	484	404	Contract liabilities	183	269	170	49
<b>Total current assets</b>	<b>858</b>	<b>1,036</b>	<b>791</b>	<b>1,011</b>	Other current liabilities	386	483	341	384
<b>Total assets</b>	<b>1,626</b>	<b>1,780</b>	<b>1,498</b>	<b>1,746</b>	<b>Total current liabilities</b>	<b>717</b>	<b>886</b>	<b>599</b>	<b>848</b>
					<b>Total liabilities and equity</b>	<b>1,626</b>	<b>1,780</b>	<b>1,498</b>	<b>1,746</b>

# Cash flow statement

Cash flow statement (NOKm)	30.06.2022	30.06.2021
Profit before tax from continuing operations	26	11
Depreciations	53	46
Net finance	-1	-1
Change in current assets	-49	43
Change in current liabilities	137	32
Change in other operating items	-	-
Change in tax paid	-	-10
<b>Net cash flow from operating activities</b>	<b>158</b>	<b>121</b>
Interest received	3	1
Purchase of property, plant and intangible assets	-65	-59
Net cashflow from other investments	2	10
Purchase of shares in subsidiaries	-	-
Loans to employees	-	-
<b>Net cash flow from investing activities</b>	<b>-60</b>	<b>-48</b>
Proceeds from issue of shares	-	-
Movement in borrowings	-20	-16
Interest paid	-4	-6
Dividend paid	-	-
Acquisition of non-controlling interests	-2	-5
Purchase of own shares	-4	-
<b>Net cash flow from financing activities</b>	<b>-30</b>	<b>-26</b>
Net change in cash and cash equivalents	68	47
Cash and cash equivalents opening balance	404	434
Effects of exchange rate changes on cash and cash equivalents	3	4
<b>Cash and cash equivalents closing balance</b>	<b>475</b>	<b>484</b>



# Segment overview

Energy Segment (NOKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	LTM
Operating revenues	189	131	361	267	689
Adjusted EBITDA	32	20	62	51	137
Adjusted EBITDA margin	17%	15%	17%	19%	20%
R&D CAPEX (% of revenues)	8 %	10%	9%	11%	9%

Power Grid Segment (NOKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	LTM
Operating revenues	60	56	124	123	250
Adjusted EBITDA	3	-8	10	23	19
Adjusted EBITDA margin	5%	-15%	8%	19%	7%
R&D CAPEX (% of revenues)	8%	6%	9%	7%	10%

Infrastructure Segment (NOKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	LTM
Revenues	49	47	99	99	197
Adjusted EBITDA	9	24	18	35	41
Adjusted EBITDA margin	19%	52%	52%	35%	21%
R&D CAPEX (% of revenues)	15%	13%	14%	12%	13%



# 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:

**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.

**ARR** – Annual Recurring Revenues is defined as revenues from recurring contracts including software as a service.

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

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

**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 (only relevant for 2021 figures).

**SaaS** – Software as a service. SaaS revenues are defined as revenues from software hosted by Value and distributed through web applications

**Non-recurring items** - items that are not part of the ordinary business, such as IPO related costs and costs related to the cyber-incident (only relevant for 2021 figures). 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 capitalised, as they previously would have been.