

Q4 2009  
Quarterly Report



## Record revenue and positive net results for 2009

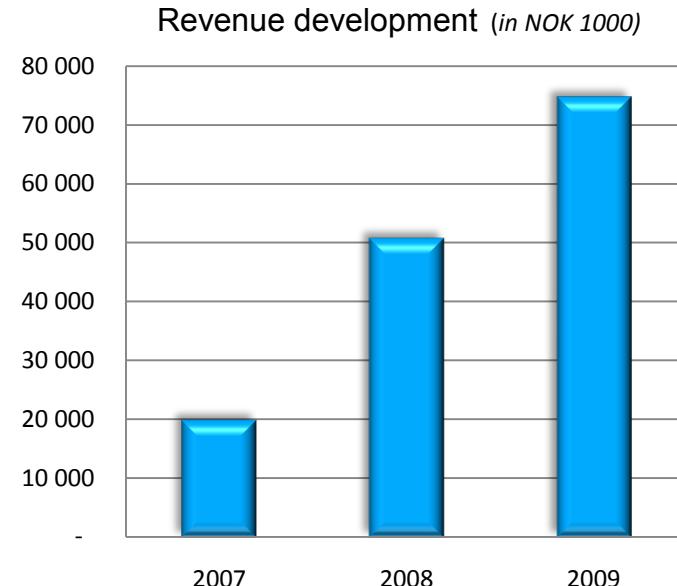
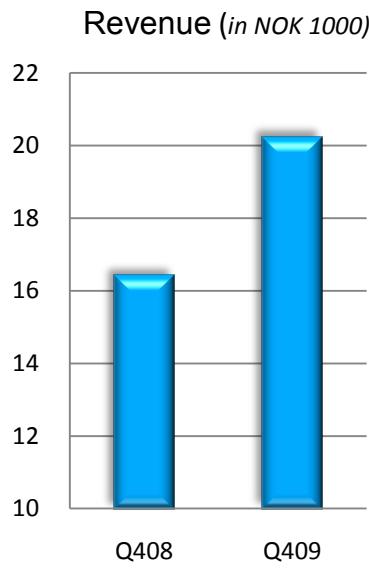
**24SevenOffice ASA had a record revenue of MNOK 20.2 for 4Q09, and record yearly revenue of MNOK 74.7 for 2009, up 47 % compared to 2008. Positive operating profit before depreciation (EBITDA) of MNOK 1.3 for 4Q09, the third consecutive quarter with positive EBITDA. Positive net results of MNOK 11.1 for the year 2009.**

### Highlights 4Q 2009

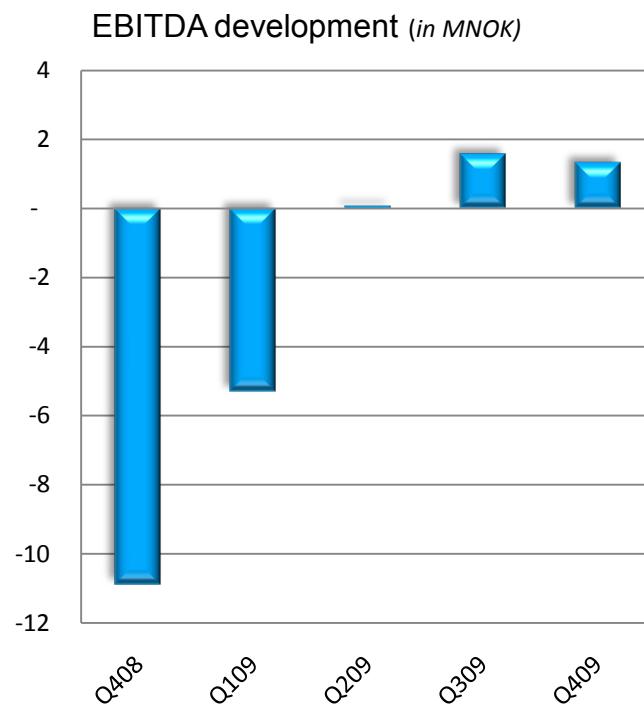
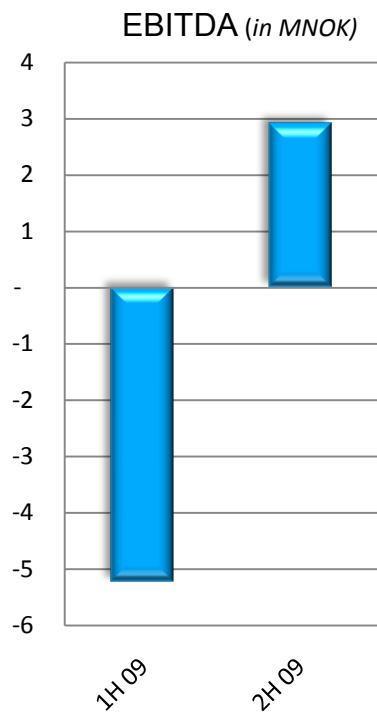
- Record revenue of MNOK 20.2 in 4Q09 and record revenue of MNOK 74.7 for 2009, up 47 % compared to 2008.
- Positive net results of MNOK 19.2 for 4Q09 and positive net results of MNOK 11.1 in 2009.
- Positive EBITDA of MNOK 1.3 in 4Q09, the third consecutive quarter with positive EBITDA.
- Cash from operations improved with MNOK 1.7 in 4Q09.
- Operating revenue in Sweden up 120% from 4Q08.
- Software revenue up 57%, compared to 4Q08.
- Industrial research and development funding from Innovation Norway of MNOK 1.5 in 1Q10 for developing an advanced project management system for project- and knowledge-intensive organizations.
- Agreed to acquire the ip-telephone company Phonzo AS and critical technology and customer contracts from the demerged outsourcing company NetClient AS in 1Q10 with total yearly revenue of approximately MNOK 19. Both companies are profitable.

## Financial Review - Fourth Quarter 2009

Operating revenue reached MNOK 20.2 in 4Q09. 2009 operating revenue of MNOK 74.7, up 47 % compared to 2008.



EBITDA ended at MNOK 1.3 in 4Q09 compared to MNOK -10.8 in 4Q08, and MNOK 2.9 in 2H 09 compared to MNOK -5.2 in 1H 09.



High EBITDA in 3Q09, partly due to summer vacation with lower personnel cost in 3Q 09.

24SevenOffice has now reached critical mass and reported its third consecutive quarter with positive EBITDA after heavy investments in growth. Going forward the company will continue to invest significantly in high growth, however with profitability.

Total number of invoiced customers ended at 3157 at the end of 2009, up from 2311 at the end of 2008, a growth of 37%. Invoiced customers include accounting customers through partners.

24SevenOffice has reached critical mass and turned profitable in 2H09. Forecast for the coming years show profitable growth, hence the company has capitalized deferred taxes of MNOK 19.7 in 2009.

Cash and cash equivalents were MNOK 8.1 at the end of 2009 up from MNOK 5.8 end of Q309. In 4Q09 total cash contribution from operations was MNOK 1.7.

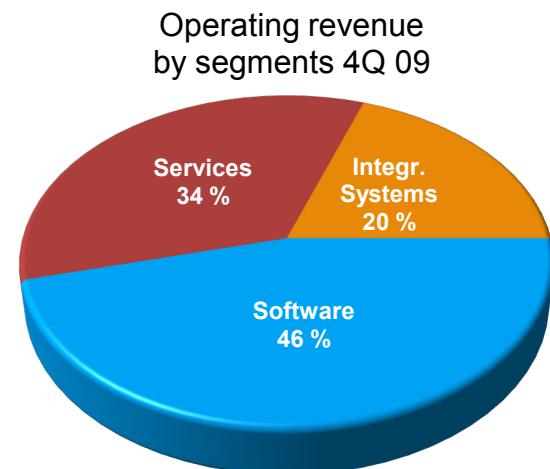
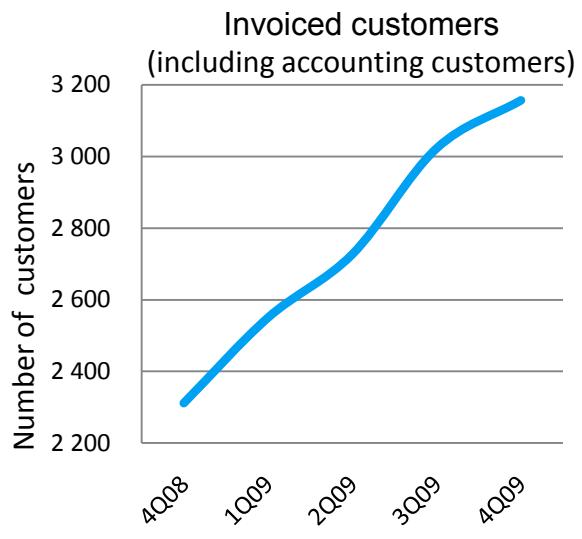
## Segment Information

In the software segment, operating revenue from software licenses totaled MNOK 34 in 2009, up 46% from 2008. Operating revenue from software licenses totalled 10.8, in 4Q09, up 57% from 4Q08.

In the service segment, operating revenue from services totaled MNOK 34.5 in 2009, up 37% from 2008. Operating revenue in the service segment totaled MNOK 8.1 in 4Q09, down -8% from 4Q08.

In the integrated systems segment, operating revenue totaled MNOK 12.1 in 2009, up 92% from 2008. Operating revenue in the integrated systems segment totalled MNOK 4.6 in 4Q09, up 80% from 4Q08.

Operating revenue in Sweden totaled MNOK 5 in 2009, up 163% from 2008. Operating revenue totalled MNOK 1.3 in 4Q 2009, up 120% from 4Q 2008.



## Business Update

### Robust Business Model

The SaaS market is expected to increase by 27 % annually during the next four years, contrary to traditional local software installations which are predicted to grow by only 4 % annually during the same period.

24SevenOffice's revenue is based on recurring revenue in all business segments and is less dependent on new sales than the rest of the IT market. All services delivered in all segments

are in the outsourcing industry, which is predicted to benefit in economic recession as companies try to find ways to save expenses.

24SevenOffice own all source code used in the applications and are not dependant on other companies' license policies.

## Profitable growth going forward

24SevenOffice will continue to invest significantly in high growth, however with profitability. The Company's strategy for profitable growth is:

- Access to larger customers
- International expansion through partners or acquisitions
- Acquisitions of complimentary products or services, customer bases or niche systems
- Building strong partnerships and distribution channels

## Private placement

24SevenOffice will complete a private placement, adding MNOK 6 to the company's cash inventory. The private placement has been made at subscription price above the share price on the date of the agreement. The placement is guaranteed and fully booked. The cash contribution has been made in order to make the company able to acquire relevant business and create growth and better results. The capital expansion of 24SevenOffice's shares on Oslo Axess is part of the Company's overall strategy to grow and increase its business. Shares will be listed as soon as prospectus is formally approved by Oslo Stock Exchange.

## Acquisitions

The company has made an agreement to buy the Norwegian IP-telephony company Phonzo AS from Agder Energy Venture AS in September 2010. The company has revenue of approximately MNOK 14 per year and positive net results from operations. Additionally, the company has agreed to buy critical technology and customers from the demerged outsourcing company NetClient AS, with revenue of approximately MNOK 5 per year.

24SevenOffice is continuously evaluating possible acquisitions according to company's strategy.

## Industrial research and development funding from Innovation Norway

The company received industrial research and development funding (IFU) of MNOK 1.5 from Innovation Norway, for developing a unique advanced SaaS based project management system. The technologies and products deriving from this project will be launched throughout 2010 and will be targeted towards medium sized project- and knowledge-intensive organizations with 50-300 project system users. This project will strengthen the company's position in the upper segment of SMEs and the first customer has already signed with more in the pipeline.

## Increased focus on partners and distribution

The company has increased its focus and made investments in partnerships and distribution channels. This strategy includes strengthening existing partnerships and creating new partners and distribution channels in existing and new markets.

## About 24SevenOffice ASA Group

24SevenOffice has three independent business units, with significant synergy to each other and with services to the same customer segments: small and medium-sized businesses (5 - 300 employees). Customers are mainly small businesses (5 - 30 employees) in all sectors and medium-sized enterprises (30 - 300 employees) in the market segments: business knowledge and service industries.

The business units are:

1. IT business solution with a complete system portfolio of ERP, CRM, project and collaboration tools to the SMB market delivered as "Software as a Service" (SaaS).
2. Telecom solution delivered as an Internet service (SaaS). Includes switchboard services and IP telephony value-added services, through integration with the company's business solution. In addition, the unit offers mobile telephony solutions with value-added.
3. Accounting and payroll services, including financial advisory services for the SMB market. We offer accounting services for the Norwegian and Swedish market, currently employing about 37 accountants.

All solutions and applications are SaaS based. SaaS technology (also described by the term "Cloud Computing") gives you access to all applications and services through the web browser, and hence there is no need to invest in expensive hardware or software licenses.

The business model is lease-based service agreements. 90% of the company's revenue is recurring income from one year to the next, and the company's future earnings is, therefore, more predictable and secure than other software and IT service providers who are dependent on significant new sales of licenses and development projects to achieve profitability.

We have more than 10 years of experience of delivering SaaS applications over the Internet, and our combination of SaaS-technology, system portfolio and the integration of Internet services to the SMB market make us the leading company in Europe in our segment.

## Software as a Service (SaaS)

SaaS is short for Software as a Service and is the term used for software where an application is hosted as a service provided to customers across the Internet through the web browser. This delivery model eliminates the need to install and run the application on the customer's own computers and servers, thus freeing resources normally used to software maintenance, ongoing operation, it-consultants, and support. Using SaaS also reduce the up-front expenses and capital investments of software purchases, through less costly, on-demand and pay-as-you-go pricing where the customer pay a fixed monthly fee per user per month.

IDC analytics predicts that:

- The SaaS market will increase by 27 % annually during the next four years, contrary to traditional local software installations which are predicted to grow by only 4 % annually during the same period. Many traditional software companies have close to zero or some even negative growth.
- Enterprise resource planning applications (ERP) represented 55 % of the total SaaS market in 2008 and is predicted to share an equal share in 2012.
- The global SaaS market revenue was 9 billion USD in 2008 and is predicted to grow to 23 billion USD in 2012

Gartner analytics predicts that:

- Approximately 65% of all European companies has started to use at least one SaaS application by 2010
- SaaS will be a common part of companies' IT architecture by 2010
- SaaS usage will double for small and medium sized companies by 2010
- Gartner expects customer-focused growth to continue, with SaaS representing almost 24 percent of the CRM market's total software revenue in 2009.
- In November 2009 Gartner expected SaaS revenue to increase nearly 18 percent in 2009 compared to 2008, and nearly five times the compound annual growth rate of the total application market's predicted 3.6 percent growth.
- The Gartner report finds that the CRM solutions market had the second largest amount of SaaS revenue across market segments, generating \$2.3 billion in 2009, up from \$1.9 billion in 2008. The Enterprise Resource Planning (ERP) market also saw considerable growth, despite the recession, reaching \$1.2 billion in 2009, up from \$1.1 billion in 2008.
- Dedicated costs to SaaS will increase more than 25% annually
- 30% of all new software in the business market will be delivered as SaaS by 2012

NetSuite ([www.netsuite.com](http://www.netsuite.com)) and Salesforce ([www.salesforce.com](http://www.salesforce.com)) are two well known SaaS companies based in USA. NetSuite is the first and largest SaaS based integrated CRM and ERP system and listed at the New York Stock Exchange. Larry Ellison (Oracle) is the major share holder in NetSuite, which is the company with a product portfolio and strategy most comparable to 24SevenOffice.

Salesforce is the first and largest SaaS based CRM system and listed at the New York Stock Exchange. The company is the largest SaaS company and one of the key drivers of the SaaS market space. The company offers a standalone CRM application, thus offering less functionality than 24SevenOffice.

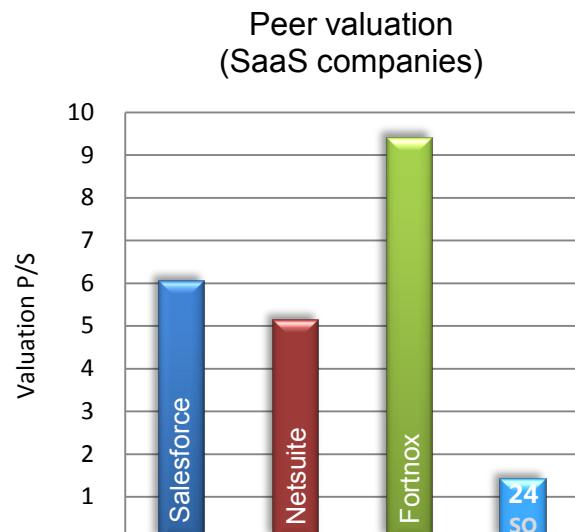
Fortnox ([www.fortnox.se](http://www.fortnox.se)) is a Swedish company providing SaaS based CRM and accounting systems targeted mainly at SoHo (small office, home office) companies.

Visit [www.saas-showplace.com](http://www.saas-showplace.com) for useful reports and more information on SaaS.

## Peer Comparison

24SevenOffice, NetSuite, Salesforce and Fortnox are compared on valuation based on price/sales. The comparison is based on latest published quarterly results. NetSuite results are from 4Q 2009, Salesforce and Fortnox results are from 3Q09, and 24SevenOffice results are from 4Q09.

Valuation is based on market cap Feb. 12. 2010 divided by estimated sales. USD exchange rate is based on rates NOK=USD and NOK=SEK, Feb. 12. 2010.



## Financial Calendar

24SevenOffice will present its 1Q10 figures on April 30<sup>th</sup> 2010.

Oslo, February 18<sup>th</sup> 2010  
The Board of Directors  
24SevenOffice ASA

## Profit and loss statement

(all figures in NOK 1.000)

	Q4 - 2009	2009	Q4 - 2008	2008
<b>Revenue</b>				
<b>Operating Revenue</b>	<b>20 243</b>	<b>74 675</b>	<b>16 437</b>	<b>50 741</b>
<b>Other Income</b>	<b>2</b>	<b>312</b>	<b>3</b>	<b>367</b>
<b>Expenses</b>				
Cost of sales	5 558	18 558	3 771	9 767
Wages and salaries	8 966	36 746	12 318	35 863
Other operating expenses	4 386	22 041	11 126	26 077
<b>Total operating expenses</b>	<b>18 911</b>	<b>77 345</b>	<b>27 215</b>	<b>71 707</b>
<b>EBITDA</b>	<b>1 334</b>	<b>(2 358)</b>	<b>(10 775)</b>	<b>(20 599)</b>
Depreciation, amortisation & write-down	1 282	5 008	1 205	3 849
<b>EBIT</b>	<b>53</b>	<b>(7 366)</b>	<b>(11 980)</b>	<b>(24 447)</b>
Net financial items	70	650	(147)	(671)
<b>EBT</b>	<b>(18)</b>	<b>(8 016)</b>	<b>(11 834)</b>	<b>(23 777)</b>
Taxes	(19 196)	(19 107)	(591)	(1 647)
<b>Net profit / loss</b>	<b>19 179</b>	<b>11 091</b>	<b>(11 243)</b>	<b>(22 130)</b>

### Attributable to:

<b>Minority Interests</b>	<b>(753)</b>	<b>(1 203)</b>	<b>(2)</b>	<b>369</b>
<b>Equity holders of the parent</b>	<b>19 932</b>	<b>12 294</b>	<b>(11 241)</b>	<b>(22 499)</b>
Average no. of shares	14 626	14 153	13 376	13 294
Earnings per share	1,36	0,87	-0,84	-1,69



## Balance Sheet

(all figures in NOK 1.000)

ASSETS	31.12.2009	31.12.2008
<b><i>Non current assets</i></b>		
Deferred tax asset	19 736	409
Development cost	7 837	6 281
Goodwill	21 804	21 024
Customer bases	4 363	6 445
Brand name	962	962
Equipment	1 402	3 006
Other non-current assets	159	25
<b>Total non current assets</b>	<b>56 263</b>	<b>38 151</b>
<b><i>Current assets</i></b>		
Inventory	70	98
Trade receivables	9 263	9 563
Other current receivables	8 515	8 295
Cash and short-term deposits	8 115	6 924
<b>Total current assets</b>	<b>25 962</b>	<b>24 879</b>
<b>TOTAL ASSETS</b>	<b>82 227</b>	<b>63 031</b>
<b>EQUITY AND DEBT</b>		
<b><i>Equity</i></b>		
Share capital	1 755	1 605
Share premium	95 633	90 933
Translation reserve	-167	-151
Retained earnings	-68 095	-79 757
Equity before minority interest	29 126	12 630
Minority	2 577	3 149
<b>Total equity Capital</b>	<b>31 703</b>	<b>15 779</b>
<b><i>Liabilities</i></b>		
Debt to credit institutions	5 179	1 870
Sellers credit	11 841	11 060
Deferred taxes	1 649	1 748
<b>Total non current liabilities</b>	<b>18 668</b>	<b>14 678</b>
Accounts payable	7 659	8 061
Deferred revenue	4 156	3 747
Public duties payable	3 947	3 045
Taxes payable	325	0
Debt to credit institutions	7 436	3 530
Other current liabilities	8 332	14 192
<b>Total current liabilities</b>	<b>31 855</b>	<b>32 574</b>
<b>Total liabilities</b>	<b>50 524</b>	<b>47 252</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>82 227</b>	<b>63 031</b>

## Statement of changes in equity

(all figures in NOK 1.000)

**2009**

	Attributable to equity holders of the parent						
	Share capital	Share Premium	Translation Differences	Retained Earnings	Total	Minority Interest	Total Equity
Equity 31.12.2008	1 605	90 933	-151	-79 757	12 630	3 149	15 779
Currency translation differences	-	-	-16	0	-16	-	-16
Equity Issue	150	4 850	-	0	5 000	-	5 000
Equity Issue expenses	-	-150	-	0	-150	-	-150
Negative minority interest	-	-	-	637	637	-	637
Net profit for the year	-	-	-	11 025	11 025	-571	10 454
<b>Equity 31.12.2009</b>	<b>1 755</b>	<b>95 633</b>	<b>-167</b>	<b>-68 095</b>	<b>29 126</b>	<b>2 578</b>	<b>31 704</b>

**2008**

	Attributable to equity holders of the parent						
	Share capital	Share Premium	Translation Differences	Retained Earnings	Total	Minority Interest	Total Equity
Equity 01.01.2008	1 592	89 905	-5	-57 258	34 233	-	34 233
Equity issue	14	1 001	-	-	1 014	-	1 014
Currency translation differences	-	-	-146	-	-146	-	-146
Own shares	-	27	-	-	27	-	27
Changes due to acquisitions	-	-	-	-	-	2 780	2 780
Net loss for the year	-	-	-	-22 499	-22 499	369	-22 130
<b>Equity 31.12.2008</b>	<b>1 605</b>	<b>90 933</b>	<b>-151</b>	<b>-79 757</b>	<b>12 630</b>	<b>3 149</b>	<b>15 779</b>

## Cash Flow Statement

(all figures in NOK 1.000)

	2009	2008
<i>Operating Activities</i>		
Operating earnings before interest and taxes (EBIT)	-7 366	-24 447
Depreciation, amortisation & write-down	5 008	3 849
Net financial items	650	-671
<b>Cash earnings in operations</b>	<b>(3 008)</b>	<b>(19 928)</b>
Changes in working capital	-4 878	1 605
<b>Cash flow from operating activities</b>	<b>(7 886)</b>	<b>(18 322)</b>
<i>Investment activities</i>		
Development costs to balance sheet	-2 986	-4 699
Net cash flow from acquisitions	0	4 500
Net investments in tangible fixed assets	-3	-1 147
<b>Net cash flow from investment activities</b>	<b>(2 989)</b>	<b>(1 345)</b>
<i>Financing activities</i>		
Increase (decrease) long-term debt	3 309	-3 324
Net deposited equity	4 850	0
Increase (decrease) short-term debt	3 907	2 448
<b>Net cash flow from financing activities</b>	<b>12 066</b>	<b>(876)</b>
Cash and bank deposits at 01.01	6 924	27 467
Net changes of cash and bank deposits	1 191	-20 544
<b>Cash and bank deposits at 31.12</b>	<b>8 114</b>	<b>6 924</b>

## Notes to Q4 - 09 Interim Financial report

(all figures in NOK 1.000)

### Note 1 - Segment information

#### Q4 - 2009

Business segment	Software	Services	Integrated Systems	Elimination	Total
Operating Revenue	10 794	8 057	4 605	(3 213)	20 243
Other Income	2	-	-	-	2
Operating Expenses	8 122	7 843	6 056	(3 111)	18 910
<b>Operating profit before depreciation</b>	<b>2 674</b>	<b>214</b>	<b>(1 451)</b>	<b>(102)</b>	<b>1 334</b>
Depreciation	483	506	312	(18)	1 282
<b>Operating Result</b>	<b>2 191</b>	<b>(292)</b>	<b>(1 763)</b>	<b>(84)</b>	<b>52</b>

#### 2009

Business segment	Software	Services	Integrated Systems	Elimination	Total
Operating Revenue	34 003	34 531	12 135	(5 994)	74 675
Other Income	312	-	-	-	312
Operating Expenses	37 968	31 513	13 755	(5 892)	77 344
<b>Operating profit before depreciation</b>	<b>(3 653)</b>	<b>3 018</b>	<b>(1 620)</b>	<b>(102)</b>	<b>(2 358)</b>
Depreciation	2 250	2 017	901	(159)	5 008
<b>Operating Results</b>	<b>(5 903)</b>	<b>1 001</b>	<b>(2 521)</b>	<b>57</b>	<b>(7 366)</b>

#### Q4 - 2008

Business segment	Software	Services	Integrated Systems	Elimination	Total
Operating Revenue	6 854	8 727	2 557	(1 701)	16 437
Other Income	2	-	-	-	2
Operating Expenses	15 029	10 267	3 079	(1 161)	27 215
<b>Operating profit before depreciation</b>	<b>(8 173)</b>	<b>(1 540)</b>	<b>(523)</b>	<b>(540)</b>	<b>(10 776)</b>
Depreciation	446	553	206	-	1 205
<b>Operating Result</b>	<b>(8 619)</b>	<b>(2 093)</b>	<b>(728)</b>	<b>(540)</b>	<b>(11 980)</b>

#### 2008

Business segment	Software	Services	Integrated Systems	Elimination	Total
Operating Revenue	23 333	25 177	6 334	(4 103)	50 741
Other Income	367	-	-	-	367
Operating Expenses	42 956	25 912	6 401	(3 563)	71 707
<b>Operating profit before depreciation</b>	<b>(19 256)</b>	<b>(735)</b>	<b>(68)</b>	<b>(540)</b>	<b>(20 599)</b>
Depreciation	1 597	1 793	459	-	3 849
<b>Operating Results</b>	<b>(20 853)</b>	<b>(2 528)</b>	<b>(526)</b>	<b>(540)</b>	<b>(24 447)</b>

#### Operating revenue by Geographical Area

	Q4 - 2009	2009	Q4 - 2008	2008
Norway	18 944	69 656	15 853	48 835
Sweden	1 299	5 019	584	1 906
<b>Total</b>	<b>20 243</b>	<b>74 675</b>	<b>16 437</b>	<b>50 741</b>

## Notes to Q4 - 09 Interim Financial report

### Note 2 - Financial Framework and Accounting Principles

The accounting principles applied are the same as those used for the Group's 2008 Consolidated Financial Statements. These statements were prepared in accordance with the international accounting standards published by the International Accounting Standard Board.

The interim accounts have been prepared in accordance with Oslo Axess rules and regulations and IAS 34 - "Interim Financial Reporting". Please refer to annual report, where the accounting policies are described in detail.

### Note 3 - Estimates

The preparation of interim accounts involves the use of estimates and assumptions. These estimates impact the amounts stated for assets, obligations, revenues and costs. Actual results may differ from these estimates.

### Note 4 - Deferred tax asset

The Group has decided to capitalize deferred tax asset relating to tax loss carried forward and temporary differences in 24SevenOffice ASA of MNOK 18.9. The decision is based on the company's result and prognosis of the future.

### Note 5 - Active 24

24SevenOffice has received law suit from Mamut ASAs subsidiary Active 24 with an unspecified claim for compensation for its cancellation of a cooperation agreement signed in January 2006. 24SevenOffice view is unchanged from previous communication to the stock exchange.

### Note 6 - AccountOnlt Sweden

AccountOnlt AB (51% owned) was established in Sweden, through a joint venture with the Swedish accounting firm Klara Papper.

### Note 7- Stock option program

The Board has initiated a stock option program for key employees. Total cost accrued for the program per 31.12.09 is NOK 166 190

### Note 8 - Events after 31.12.2009

The company will conduct a private placement share capital increase in Q1 2010. The private placements have all been made at subscription price above the share prices at the entering of the agreement. The first cash contribution has been made in order to make the company able to acquire relevant business and create growth and better results. The first cash contribution includes 1,080,000 new shares placed through a completed private placement at subscription price of NOK 6 per new share. The second cash contribution includes 625,000 new shares issued in connection with the acquisition of the demerged Netclient AS at subscription price of NOK 8 per new share and 32,875 new shares resolved issued in connection with the acquisition of 10.18 % of the shares in the subsidiary Oyatel AS at subscription price of NOK 8 per new share.

The company has agreed to buy critical technology and customers from outsourcing company NetClient AS, with revenue of approximately MNOK 5 per year.

The company has made an agreement to buy the Norwegian IP-telephony company Phonzo AS from Agder Energy Venture AS in September 2010. The company has revenue of approximately MNOK 14 per year and positive net results from operations.

Received Industrial research and development funding from Innovation Norway of MNOK 1.5 in 1Q10 for developing an advanced project management system for project- and knowledge-intensive organizations.

There have been no other material events subsequent to the end of the interim period that have not been reflected in the Group's fourth quarter financial statement.



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Published by:  
24SevenOffice ASA  
Østensjøveien 34  
0667 Oslo

Investor Relations:  
Phone: + 47 21548100  
Fax: + 47 22655860  
[www.24SevenOffice.com](http://www.24SevenOffice.com)