

value

# Second Quarter 2021 Financial Results

20 August 2021

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Trond Straume

CEO



Arnstein Kjesbu

CFO

# Q2 Highlights: Value on-track for 2025 targets

## Financial results

Revenues



**NOK 233 million**

18% growth adjusted for cyber-incident, from Q2 2020 (8% reported)

Adjusted EBITDA



**NOK 57 million**

24 % margin, improved from Q2 2020

Recurring revenues



**NOK 162 million**

17 % growth from Q2 2020

SaaS revenues



**NOK 53 million**

51 % growth from Q2 2020

## Performance, sales and operations

- Strong financial performance, despite cyber-incident, with good underlying growth
- No loss in recurring revenues from cyber-incident, but one-off losses in revenues on approximately 25 MNOK
- Very strong sales closing, with 700 smaller and larger sales closed in Q2
- Closed three larger international contracts in the Energy segment
- Strong growth in ARR on 17%, with an increased SaaS growth
- Strong market outlook

## Subsequent events

- Acquisition of Procom GmbH in Germany

# Value: Realising the future of energy



[Watch video here](#)

# Robust and scalable Volue platform

## ENERGY PRODUCTION

**315**  
**TWh**

power volumes optimised  
per annum

## MARKET INSIGHT

**650**  
**BILLION**

API calls to 150K price curves  
each year

## WEATHER DATA

**120**  
**TRILLION**

data points collected from  
sensors annually

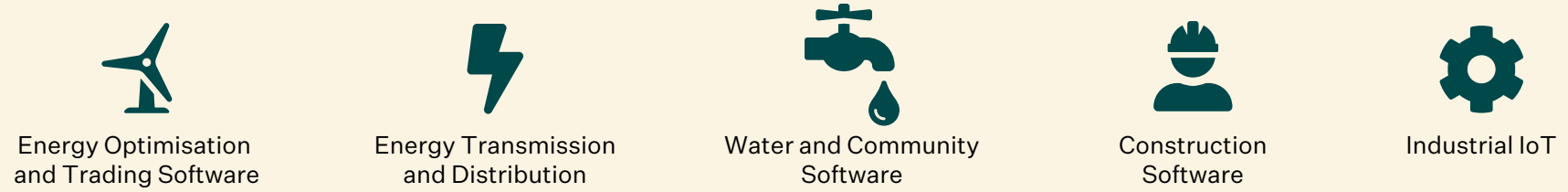


# Value in brief: A leading supplier of software and technology solutions for the energy, power grid and infrastructure markets

Brief overview of Volue, one of the largest software companies in Norway



Business areas





# The Volve market segments:

## 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

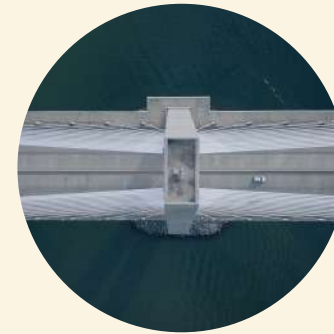
2021 sales (% of total)	267NOK m (55%)
Recurring revenue share (2021)	65 %
Degree of EU Taxonomy alignment	HIGH



### Power Grid

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

2021 sales (% of total)	NOK 123m (25%)
Recurring revenue share (2021)	55%
Degree of EU Taxonomy alignment	HIGH



### Infrastructure

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

2021 sales (% of total)	NOK 98m (20%)
Recurring revenue share (2021)	73%
Degree of EU Taxonomy alignment	HIGH

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# Highlights for the Quarter



# Acquisition of Procom: Increased market presence in Europe

## About Procom

### Founded in 1977

- Family-owned business headquartered in Aachen Germany
- Strong base of recurring revenues with highly sticky customer base
- Market leader for optimisation in the DACH region

### Core services & products

- Power generation optimisation
- Forecasting solutions
- Trading of power, heat, gas, and CO2
- Portfolio optimisation

## Procom in numbers

> 40 years of Energy operations

> 60 employees

> 3 MEUR in ARR

> 60 production accounts



# New member of the Volve family - ProCom: Strategic rationale for acquisition



## **Strengthen market position in Europe**

Acquisition further strengthens Volve's offering within optimisation solution for power producers in Europe

## **Consolidating fragmented energy technology market**

Volve takes active role in a much-needed consolidation of energy technology market, with a goal of helping customers accelerate shift to renewable energy

## **Increased customer base and uplift in ARR level**

60+ clients in DACH region with a strong recurring revenue base. Attractive financial position for further growth and upsell on Volve products

# Sales closing in Q2: Strong performance in challenging quarter

## 700 sales closed

High activity, despite cyber-incident, with more than 700 sales cases sold in the quarter.

## New large customer in Italy

Strategic contract with the second largest power producer in Italy

## Statkraft to cloud

Volue provides Statkraft with Software-as-a-Service for Trading Operations

## Growing international footprint

Strong sales outside the Nordic are increasing Volue's footprint and strengthen ambition to become a global player



# Cyber-incident



# Cybercrime Facts and Figures



Ransomware  
attacks  
performed every  
**eight minutes**



Especially **infrastructure-critical** companies and  
organizations are  
targeted.



1,5 trillion USD is the  
estimated **annual**  
**revenue from cybercrime**  
– that's three times  
bigger than Walmart.



# Praise from Customers & Security Community



# ...But We Will Build Back Better



Network security  
improvements



Stronger  
governance over  
resources



Removing old  
infrastructure



Disaster  
recovery



Development  
tool  
modernisation



More tools and  
environments in the  
cloud



# Second Quarter 2021 Financial Results



# Financial highlights

Financial highlights (NOKm)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	LTM
Revenue	233	217	489	443	938
Gross margin	84%	83%	84%	85%	82%
Adjusted EBITDA <sup>1</sup>	57	52	109	92	213
Adjusted EBITDA margin	24%	24%	22%	21%	23%
EBITDA	14	39	56	79	126
EBITDA margin	6%	18%	11%	18%	13%
Cash balance at the end of the period <sup>2</sup>	484	347	484	594	484
Recurring revenue growth (%)	17 %	10 %	19 %	9 %	16 %
Recurring revenue (% of revenue)	69 %	63 %	67 %	62 %	66 %
SaaS revenue growth (%)	51 %	33 %	50 %	33 %	40 %
SaaS revenue (% of revenue)	22 %	16 %	20 %	15 %	19 %
R&D CAPEX (NOKm)	23	21	49	41	92
R&D CAPEX (% of revenue)	10%	10 %	10 %	9 %	10%

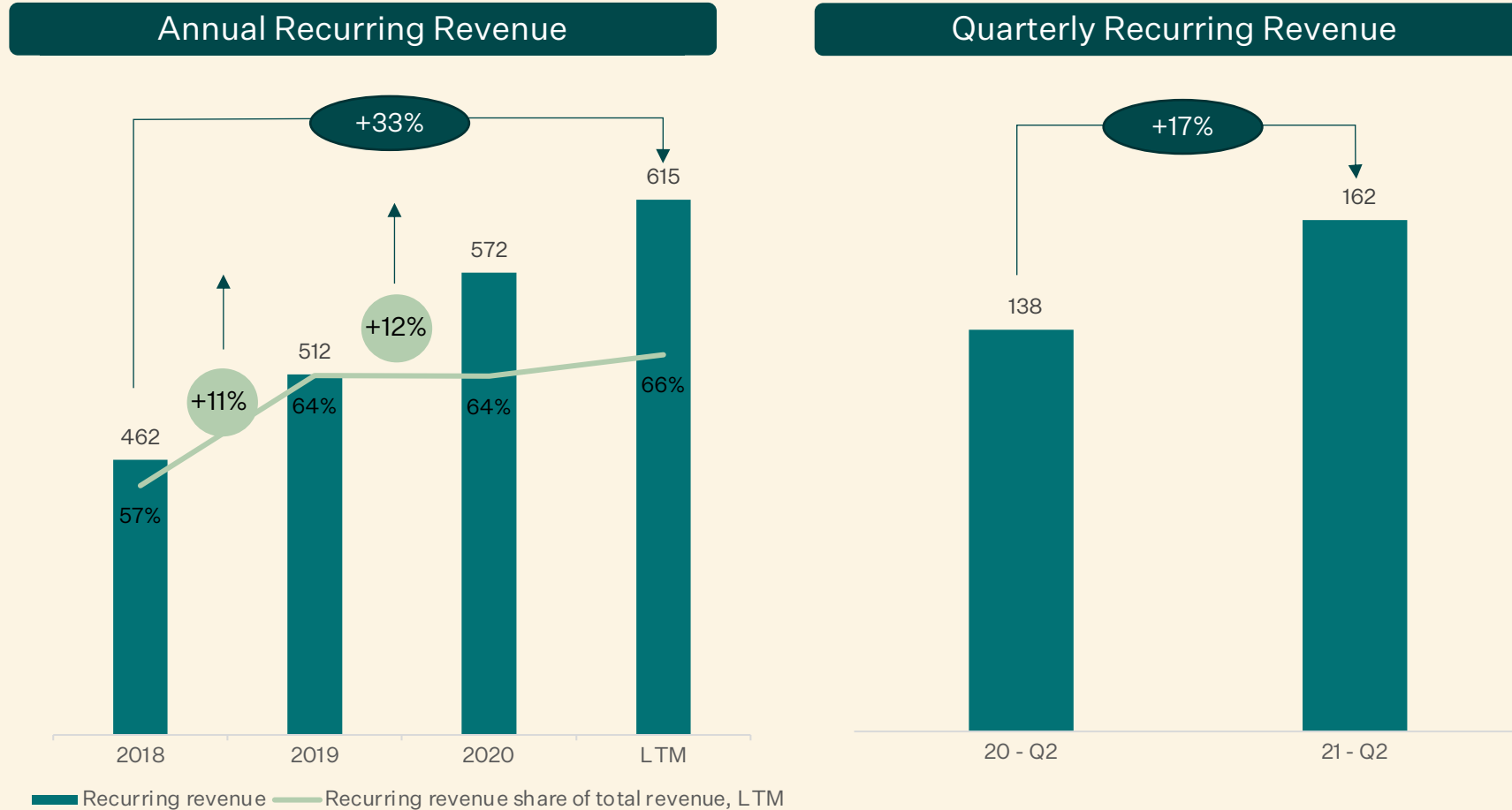
## Comments

- Strong underlying financial performance in a challenging quarter
  - 18% growth from Q2 2020 adjusted for the cyber-incident (8% reported)
  - Strong growth in recurring revenues at 17%, with a growth SaaS revenues on 51% from Q2 2020
  - Strong growth contribution from the Energy segment with 26% growth in Q2, adjusted for cyber-incident, with increasing foothold in Europe as main growth factor
  - Power Grid segment with strong growth at 14%, adjusted for cyber-incident, driven by strong sales on software solutions and project deliveries
  - Growth from Infrastructure area with 7%, adjusted for cyber-incident, and strong sales in ARR
- Adjusted EBITDA margin in Q2 improved from Q2-2020
  - The company has recognised one-off cost related to the cyber-incident at NOK 40 million
  - Cost related to IPO partly included in Q2 results
- R&D capitalisation stable around ~10%

<sup>1</sup> EBITDA adjusted for non-recurring items. Note that adjusted EBITDA does not include estimated one-off loss of revenue due to the cyber-incident.

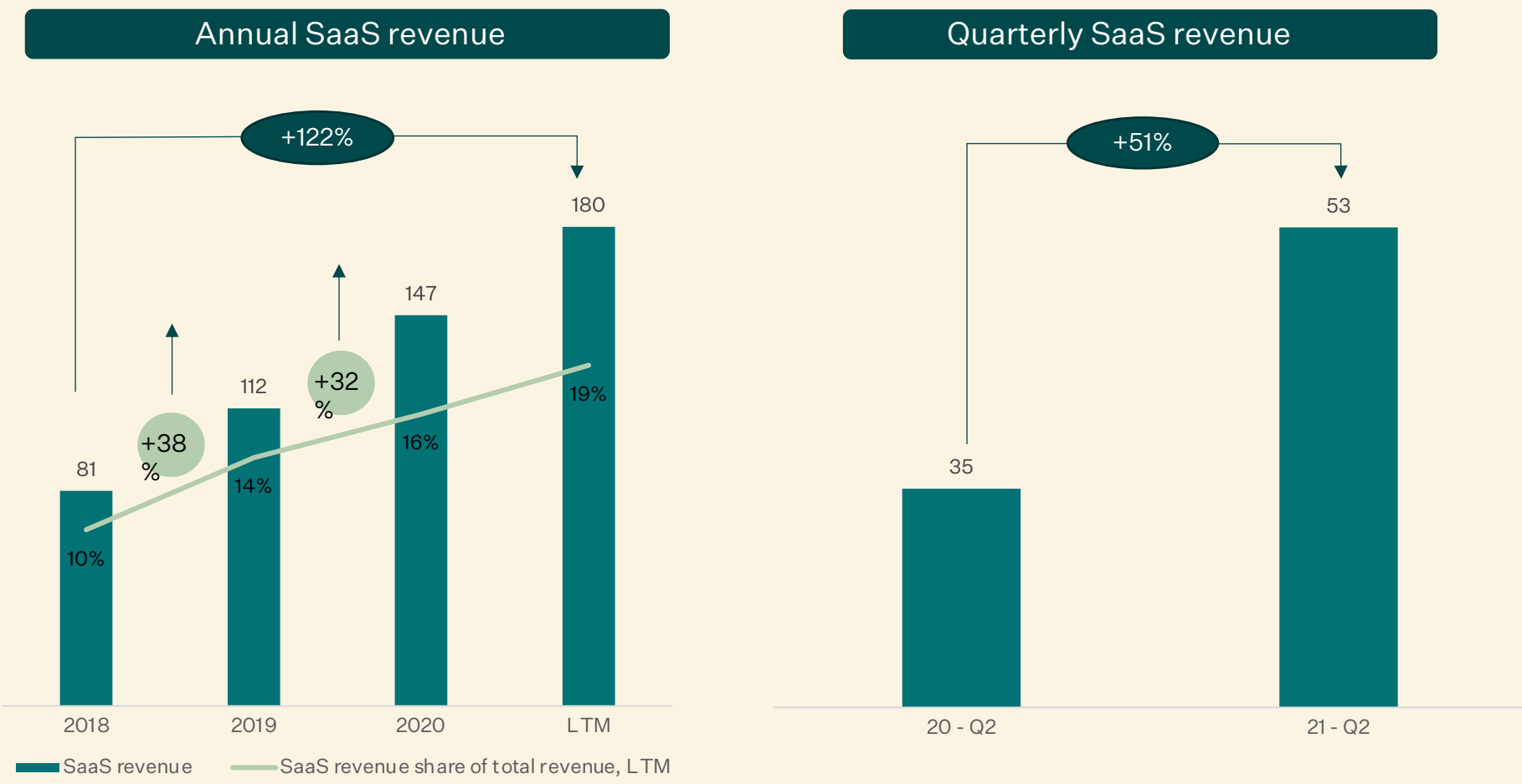
<sup>2</sup> Including restricted cash

# Strong growth in annual recurring revenues (ARR)



1 Recurring revenues is defined as revenues from recurring contracts including software as a service  
 2 SaaS revenue is defined as revenue from software hosted by Value and distributed through web applications

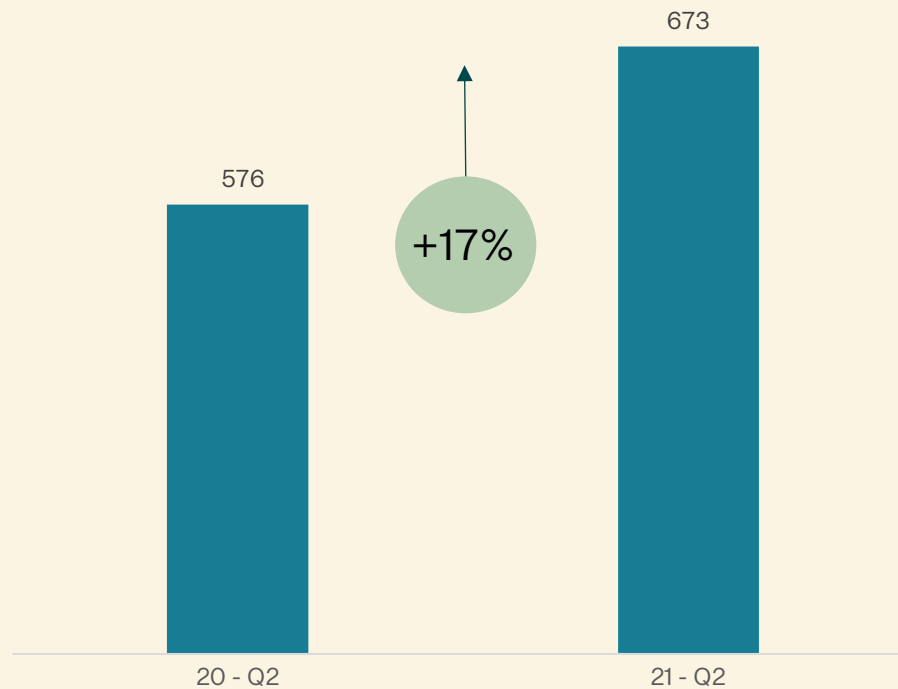
# Accelerating shift towards SaaS



1 Recurring revenues is defined as revenues from recurring contracts including software as a service  
 2 SaaS revenue is defined as revenue from software hosted by Volue and distributed through web applications

# Strong growth in ARR base and highly sticky customer base

Annualised recurring revenue basis<sup>1</sup>, m NOK



Customers stay with Value



Value increases being addressed gradually to maintain customers

1. Annualized recurring revenue basis is the yearly value of recurring contracts, delivered and not delivered

2. Cancelled yearly recurring revenue divided by total revenue.



# Cyber-incident - Financial impact

## Revenue impact of NOK 25 million

- One-off revenues related to services
- No impact on recurring revenues
- Expect no impact on revenues after Q2

## One-off related expenses of NOK 40 million in the quarter

- External cost directly related to the incident on NOK 6 million
- Internal cost on rebuild on NOK 34 million

## Insurance

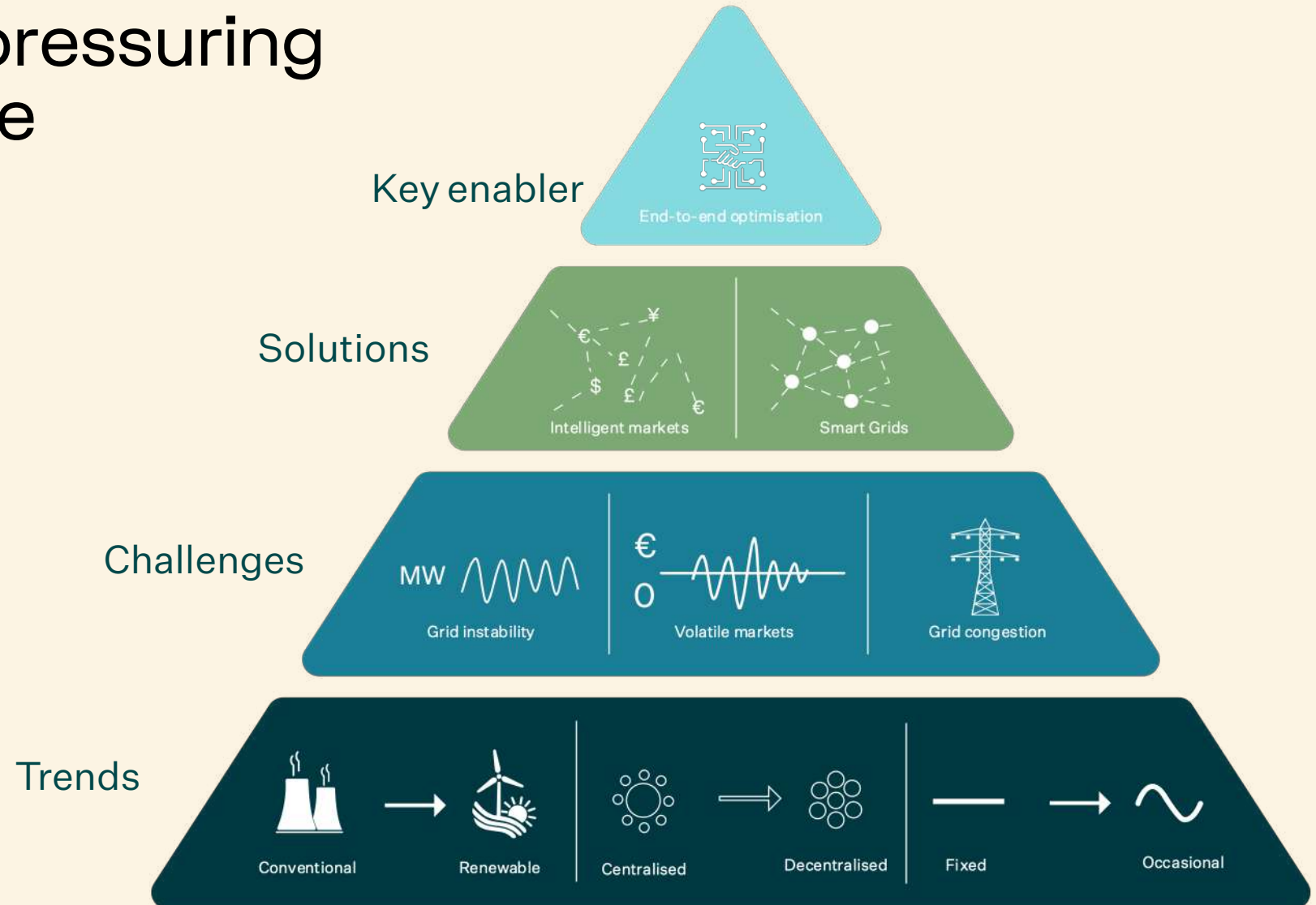
- Insurance that cover part of the amount, but not booked in Q2 figures
- Insurance cap on 20 MNOK





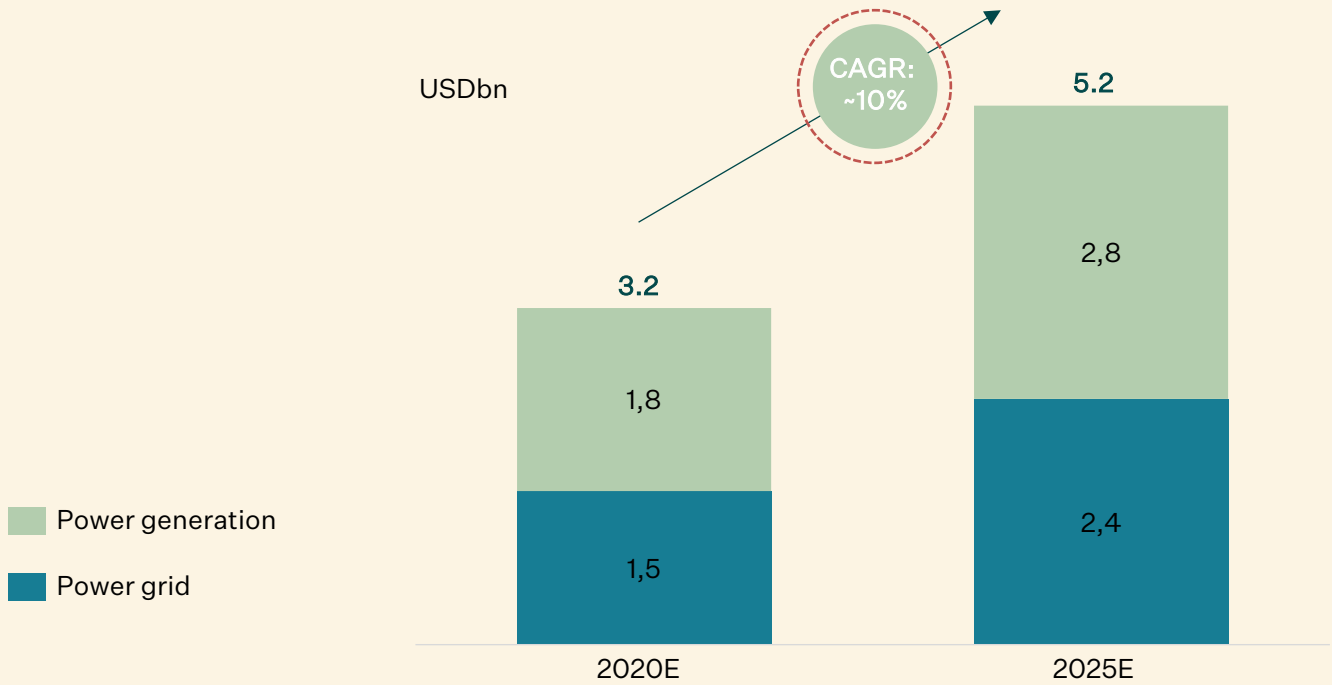
# Industry Developments and Strategy

# Cleaner energy pressuring the infrastructure



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

10% growth in global power sector software spending p.a.<sup>1</sup>



## 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

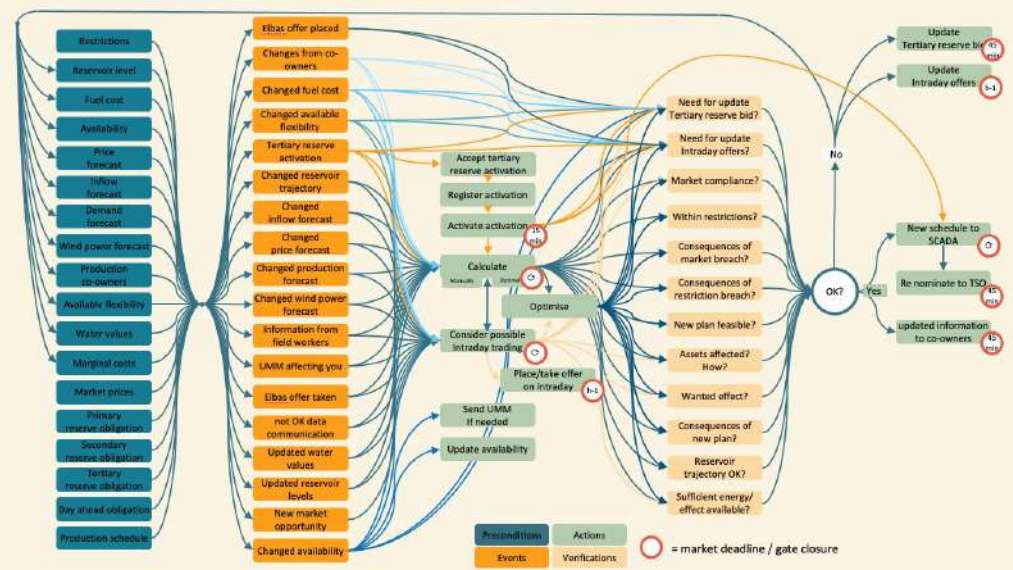
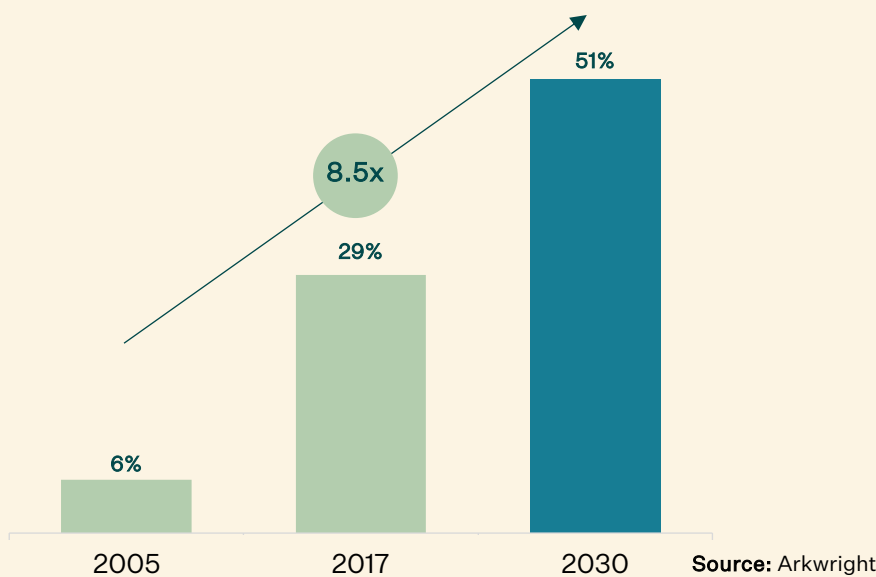




Europe is at the forefront of power digitalisation, with 25% share of global spending

# 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

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

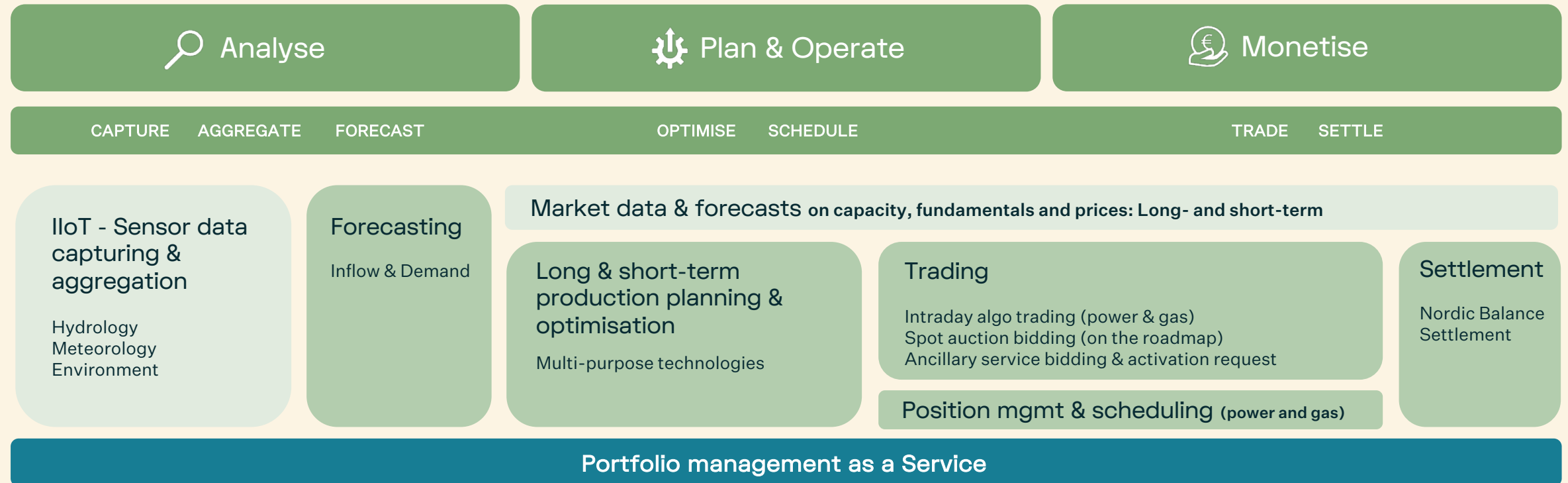
Example: Market prices in Finland, Week 2 2021





# Value enabling customer success

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





# 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

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

## Recent significant strategic contract wins

SaaS-platform to  
Statkraft

**Q2 2021**



Second largest  
power producer  
in Italy

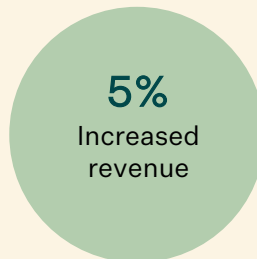
**Q2 2021**

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

Strong value creation for customers...

## Example 1: Large Utility

Quantitative results



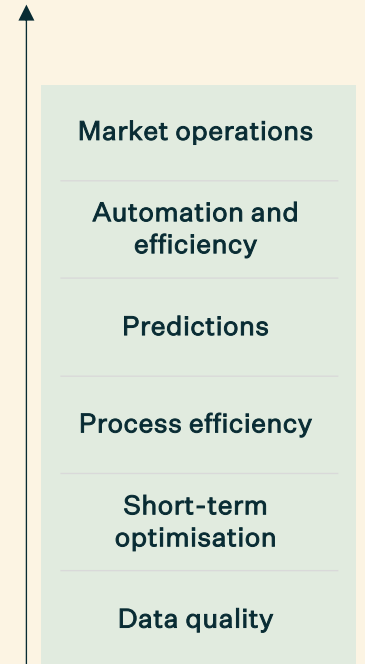
## Example 2: Small Utility

Quantitative results



...set to increase from the integrated Volue platform

Customer profit potential



+ Significant cost-reduction potential

+ Increased cyber security



# Outlook & Priorities



## 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

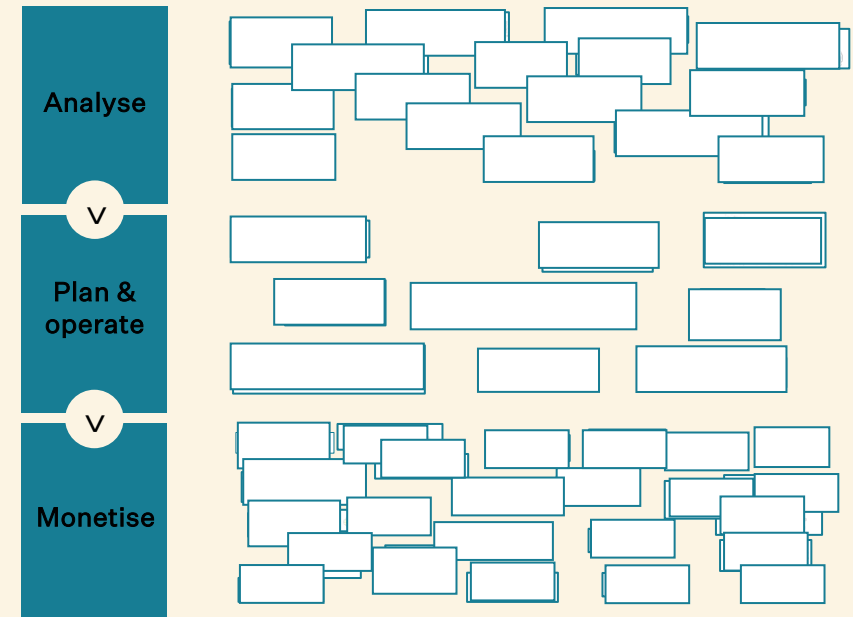
# Reiterating ambitions to create a NOK 2 billion revenue company by 2025

## Mid to long-term ambitions



## M&A strategy

Highly fragmented market – Value aims to pursue consolidation



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

# On track to create a NOK 2 billion revenue company by 2025 - priorities and ambitions



Short term financial guidance discontinued following cyber-incident, but strong underlying performance

Accelerate growth in ARR through SaaS transformation

Structural growth – Take lead position in market consolidation

Utilise synergies in Volue group to increase operational efficiency



Q&A





# Appendix

## Financial and Operational Information

# Group P&L and KPIs

## Group financial performance

Key metrics (NOKm)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	LTM
Revenue	233	217	489	443	938
COGS	37	36	78	68	168
<b>Gross profit</b>	<b>196</b>	<b>181</b>	<b>411</b>	<b>375</b>	<b>770</b>
Gross margin %	84%	83%	84%	85 %	82 %
Personnel expenses (excl. capitalised R&D)	87	98	211	215	419
Other OPEX	52	31	91	68	138
<b>Adj EBITDA</b>	<b>57</b>	<b>52</b>	<b>109</b>	<b>92</b>	<b>213</b>
Adjusted EBITDA margin %	24%	24%	22%	21 %	23 %
Non-recurring items	43	14	52	14	87
<b>EBITDA</b>	<b>14</b>	<b>39</b>	<b>56</b>	<b>79</b>	<b>126</b>
EBITDA margin %	6%	18%	11%	18 %	13 %
Depreciation and amortization	25	15	46	31	81
<b>EBIT</b>	<b>-11</b>	<b>24</b>	<b>10</b>	<b>48</b>	<b>45</b>
EBIT margin %	-5%	11%	2%	11 %	5 %
Net Finance	1	(4)	1	-1	-5
<b>EBT</b>	<b>-10</b>	<b>20</b>	<b>11</b>	<b>47</b>	<b>40</b>
Tax	-5	4	2	6	16
<b>Profit (loss) continued operations</b>	<b>-5</b>	<b>16</b>	<b>10</b>	<b>41</b>	<b>24</b>
Profit/loss from discontinued operations <sup>1</sup>	0	5	0	6	32
<b>Net profit/loss</b>	<b>-5</b>	<b>21</b>	<b>10</b>	<b>47</b>	<b>56</b>

## Comments

- Strong underlying financial performance in a challenging quarter
  - 18% growth from Q2 2020, adjusted for the cyber-incident (8% reported)
  - Strong growth in recurring revenues at 17%, with a growth SaaS revenues on 51% from Q2 2020
  - Strong growth contribution from the Energy segment with 26% growth in Q2, adjusted for cyber-incident, with increasing foothold in Europe as main growth factor
  - Power Grid segment with strong growth at 13%, adjusted for cyber-incident, driven by strong sales on software solutions and project deliveries
  - Growth from Infrastructure area with 5%, adjusted for cyber-incident, and strong sales of ARR
- Adjusted EBITDA margin in Q2 improved from Q2-2020
  - The company has recognised one-off cost related to the cyber-incident at NOK 40 million
  - Cost related to IPO partly included in Q2 results
- R&D capitalisation stable around ~10%

# Balance sheet

## Balance sheet

Balance sheet (NOKm)	Q2 2021	Q1 2021	Q2 2020	Balance sheet (NOKm)	Q2 2021	Q1 2021	Q2 2020
ASSETS				LIABILITIES AND EQUITY			
Property, plant and equipment	162	148	97	Equity	743	742	435
Intangible assets	482	468	264	<b>Total Equity</b>	<b>743</b>	<b>742</b>	<b>435</b>
Pension assets	15	16	15				
Non-current receivables and investments	32	32	0	Lease liabilities	105	105	72
Deferred tax assets	16	12	7	Other non-current liabilities	15	38	9
<b>Total non -current assets</b>	<b>707</b>	<b>676</b>	<b>383</b>	Deferred tax liabilities	36	39	15
				<b>Total non - current liabilities</b>	<b>156</b>	<b>182</b>	<b>96</b>
Inventory	21	21	15	Borrowings	7	2	2
Contract assets	53	61	97	Lease liabilities	31	20	22
Trade and other receivables	233	244	172	Trade and other payables	45	61	199
Financial Investments	0	10	10	Current tax liabilities	5	8	4
Cash and cash equivalents	484	594	347	Contract liabilities	170	259	153
Assets connected to discontinued operations	0	0	121	Other current liabilities	341	332	151
<b>Total current assets</b>	<b>791</b>	<b>929</b>	<b>762</b>	Liabilities connected to discontinued operations	0	0	84
<b>Total assets</b>	<b>1,498</b>	<b>1,605</b>	<b>1,145</b>	<b>Total current liabilities</b>	<b>599</b>	<b>681</b>	<b>614</b>
				<b>Total liabilities and equity</b>	<b>1,498</b>	<b>1,605</b>	<b>1,145</b>



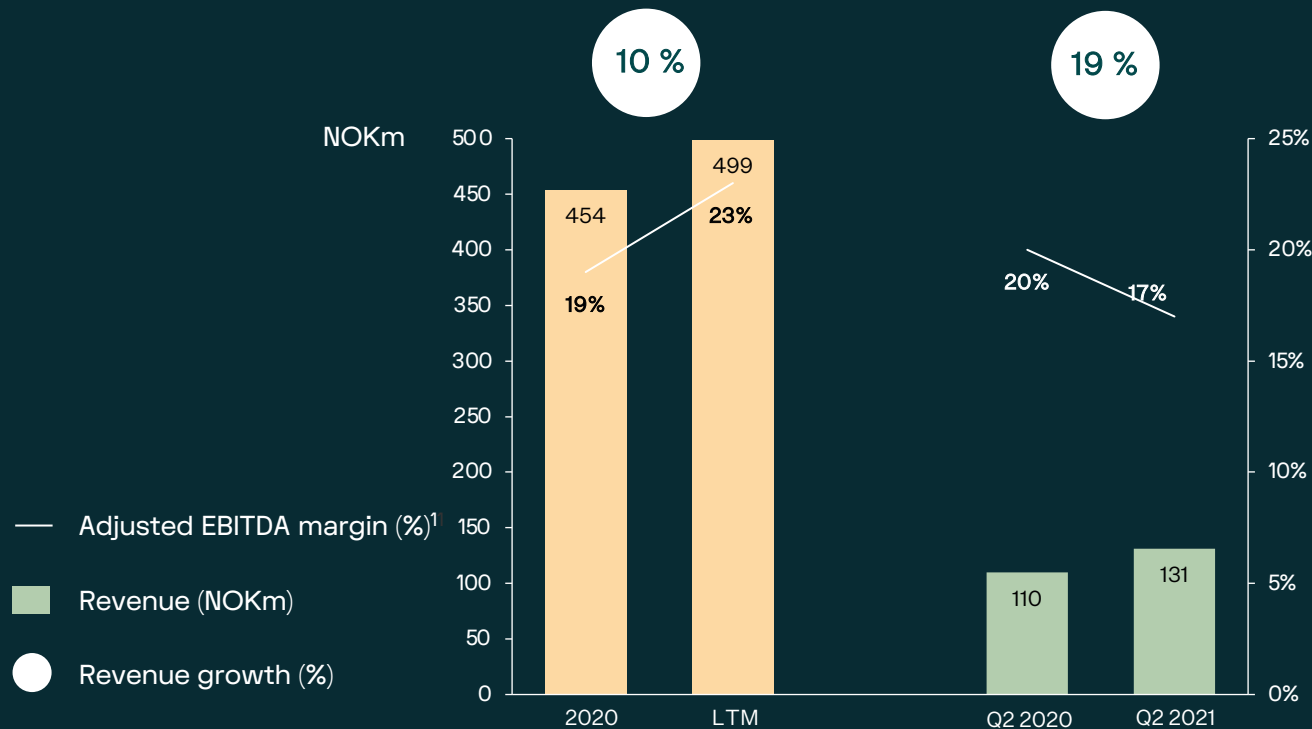
# Cash flow statement

Cash flow statement (NOKm)	30.06.2021	30.06.2020
Profit before tax from continuing operations	11	47
Depreciations	46	31
Net finance	-1	1
Change in current assets	43	14
Change in current liabilities	32	102
Change in other operating items	0	3
Change in tax paid	-10	-10
<b>Net cash flow from operating activities</b>	<b>121</b>	<b>188</b>
Interest received	1	6
Purchase of property, plant and intangible assets	-59	-45
Proceeds from sale of investments	10	1
<b>Net cash flow from investing activities</b>	<b>-48</b>	<b>-38</b>
Proceeds from issue of shares	0	27
Movement in short terms borrowings	-16	-56
Interest paid	-6	-8
Dividend paid	0	-3
Acquisition of non-controlling interests	-5	0
<b>Net cash flow from financing activities</b>	<b>-26</b>	<b>-40</b>
Net change in cash and cash equivalents	47	110
Cash and cash equivalents opening balance	434	233
Effects of exchange rate changes on cash and cash equivalents	4	4
<b>Cash and cash equivalents closing balance</b>	<b>484</b>	<b>347</b>



# Energy

## Key financials and KPIs



## Comments

### Growth

- Energy segment with strong growth on 26%, adjusted for cyber-incident (19% reported)
- European expansion the main driver for growth with increasing portion towards SaaS-offerings Strong sales in the period - with insight portfolio growing significantly in Europe
- Three major contract signed in the period, but no financial impact in the quarter
- Likron included in figures
- Solid backlog from several major customer wins

### Profitability

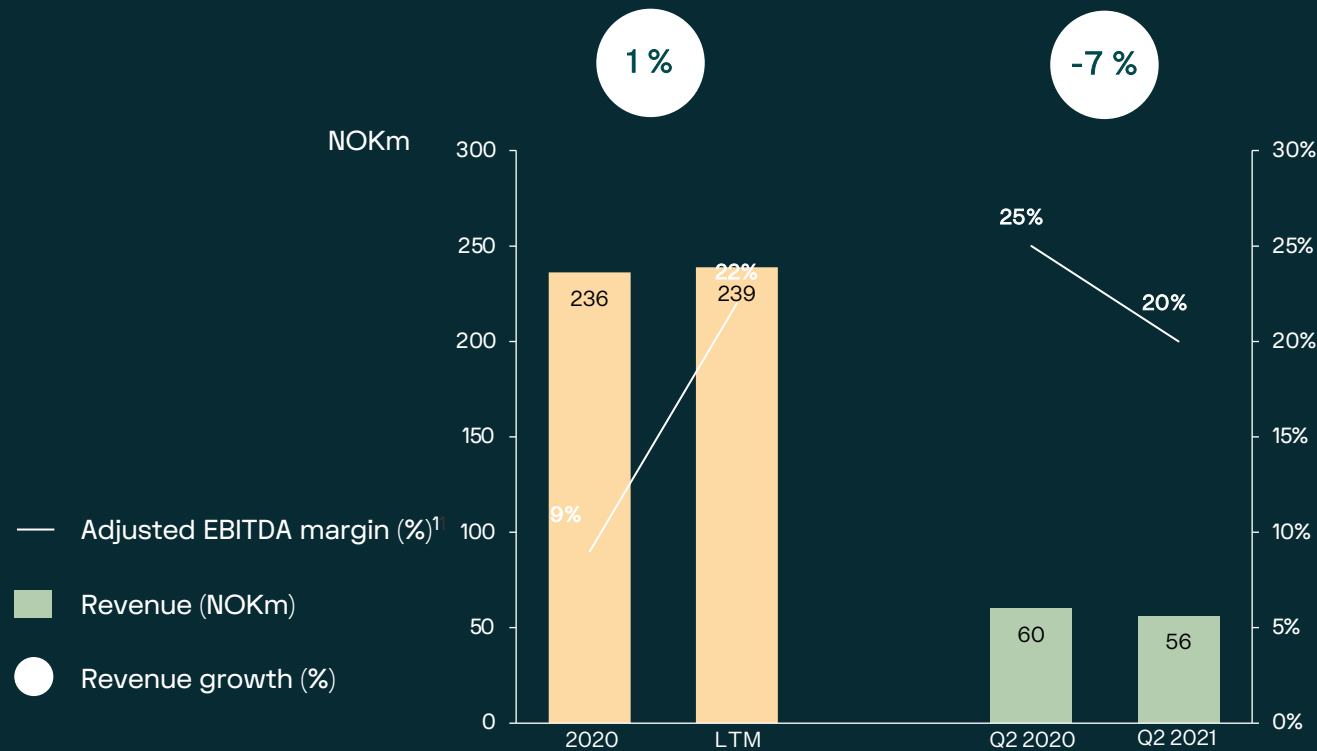
- Decrease in adjusted EBITDA margin due to increased investments for market expansion.
- Non-recurring items related to Cyber-incident with 7 MNOK in the quarter
- Further SaaS products gives uplift in EBITDA level throughout Q2. Large increase in capacity in 2021 for further investments in new product 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

# Power Grid

## Key financials and KPIs



## Comments

### Growth

- Grid segment with strong growth on 14%, adjusted for cyber-incident (-7% reported)
- Strong sales in Q2 – gives further uplift in ARR revenues.
- Good growth in home market, with large ongoing project in Norwegian home market

### Profitability

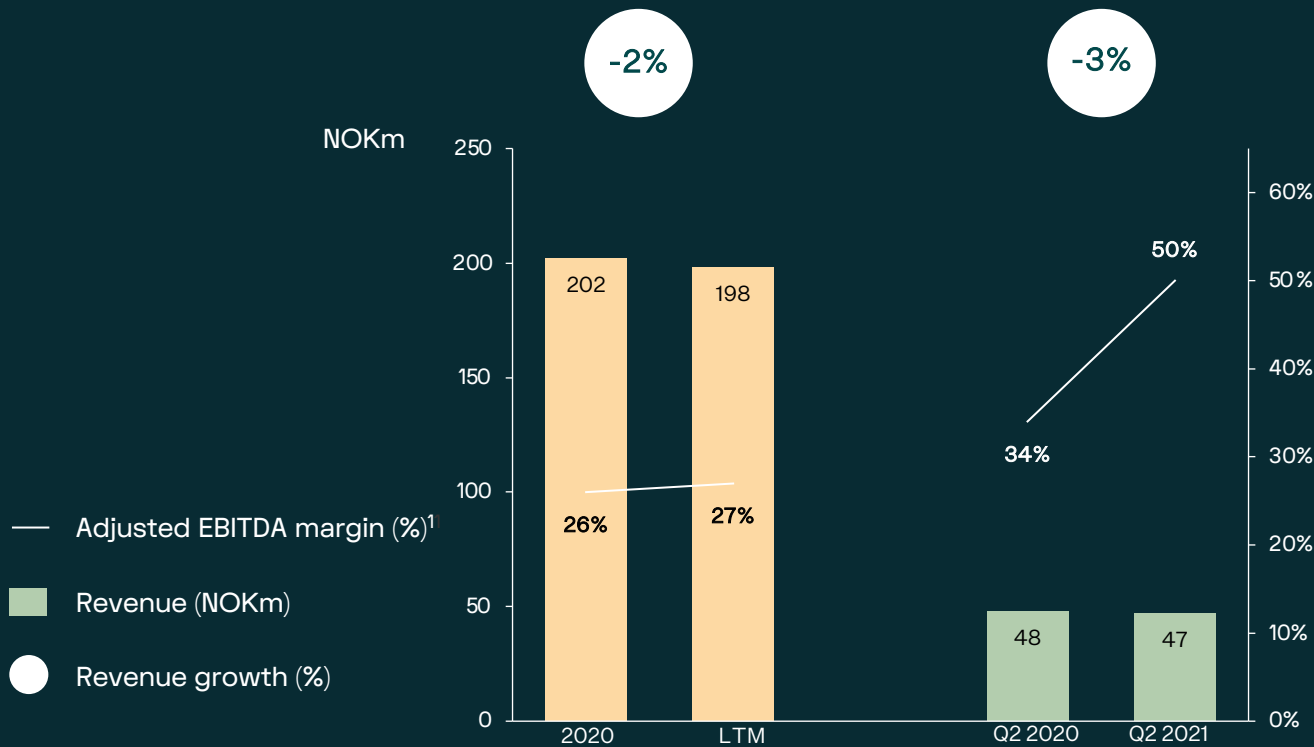
- Decrease in adjusted EBITDA margin due to increased investments in new resources for market expansion.
- Non-recurring items related to Cyber-incident with 13 MNOK in the quarter
- Negative contribution from one large project impacting development in 2020, no negative impact in Q2
- Investments in market expansions with new products for an European markets

### CAPEX

- CAPEX at ~8 % of sales
- Ongoing investments in flexibility products
- CAPEX level expected to increase over the next 12 months

# Infrastructure

## Key financials and KPIs



## Comments

### Growth

- Infrastructure segment with good growth on 7%, adjusted for cyber-incident (-3% reported)
- Strong growth in recurring revenues from Q1 2020
- Slowdown in the Swedish construction market due to postponed contract following from Covid-19
- Strong home market in Norway

### Profitability

- Adjusted EBITDA margins increased following lower cost
- Non-recurring items related to Cyber-incident with 5 MNOK in the quarter
- Profitability supported by scalable business models and easy onboarding processes

### 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



# Alternative performance measures

## 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.



# Alternative performance measures

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:

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

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

**Equity ratio** - Total equity divided by total assets.

**ARR** – Annual Recurring Revenue

**EBITDA adjusted** - In order to give a better representation of underlying performance, the following adjustments are made to EBITDA:

- Special items: items that are not part of the ordinary business, such as IPO related costs and costs related to the cyber-incident. Note that adjusted EBITDA does not include estimated one-off loss of revenues due to the cyber-incident.

**Net interest-bearing debt** - Total interest-bearing debt, less interest-bearing receivables and cash.

**SaaS** – Software as a service

**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.