

voalue

A wide waterfall cascading down a mossy, green cliffside under a cloudy sky. The water is white and frothy as it falls. The surrounding landscape is lush with green moss and vegetation. The sky is overcast and grey.

Third Quarter 2023 Financial Results

10 November 2023

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Trond Straume

CEO



Arnstein Kjesbu

CFO



Value in brief

One of the largest software companies in Norway



Established
2020



Customers
2,500+



Engaged employees
800+



Customers in
40+
countries



Offices
36



Experience in Green-Tech
50 years

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

Q3 revenues (% of total)	NOK 180m (54%)
Recurring revenues share (Q3)	74%
SaaS revenues (Q3)	37%
EU Taxonomy eligibility	HIGH

Power Grid

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

Q3 revenues (% of total)	NOK 65m (19%)
Recurring revenues share (Q3)	62%
SaaS revenues (Q3)	9%
EU Taxonomy eligibility	HIGH

Infrastructure

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

Q3 revenues (% of total)	NOK 57m (17%)
Recurring revenues share (Q3)	98%
SaaS revenues (Q3)	56%
EU Taxonomy eligibility	MEDIUM

Highlights for the Quarter

A large concrete dam with water behind it, under a golden sky. The dam is a massive structure with a curved spillway. The water is a deep blue-grey color, and the sky is a warm, golden-brown hue. The overall scene is a wide-angle shot of the dam, emphasizing its scale and the surrounding environment.

Recurring revenues

NOK
254 mill

40% growth from Q3 2022

Operating revenues

NOK
334 mill

14% growth from Q3 2022

SaaS revenues

NOK
105 mill

50% growth from Q3 2022

Adjusted EBITDA

NOK
63 mill

19% margin,
27% growth from Q3 2022

Q3 Highlights: Strong uplift in SaaS and ARR

Performance, sales and operations

- Annualised ARR base broke through NOK 1 billion barrier, ending at 1,081 million
- Record growth in ARR outweighs expected head-winds on non-recurring revenues for Energy segment
- Very solid growth for Power Grid segment, combined with uplift in margins
- Infrastructure segment continues the trend of growth and uplift in ARR and margins
- Profitability in line with guidance and uplift from Q3 and last year
- 22 customers in Japan, Smart Power entry under consideration

Adjusted EBITDA and other alternative performance measures (APMs) are defined as part of the APM section in this presentation on page 33.

Fast-growing and profitable model with highly attractive growth strategy



Robust foundation providing long cash flows & churn protection (< 2%)



Building SaaS revenues with go-to-market strategy. **151%** growth since listing



Solid and growing European position with ongoing geographical expansion to Japan



Large and fast-growing markets. **20 billion NOK** today, **doubling** in size towards 2030



Perfect position for profitable growth and business model transformation, with proven ability to execute. ARR base broken **1 billion NOK** barrier

Robust foundation providing long cash flows & churn protection

A Battle proven portfolio

- Mission critical solutions
- Decades of proven reliability
- Longstanding relationships with conservative customers

B Highly attractive vendor position

- Sticky customer base with high switching cost
- Value on the right side of the fence with industry titans

C Robust ARR foundation

- Predictable recurring revenue stream from current solutions
- Industry leading customer churn below 2%

Building SaaS revenues with go-to-market strategy

① Insight platform

- Industry leading analytics platform
- Best-in-class APIs utilised 650 billion times in 2022
- Sales cycle of 6 hours to 6 weeks

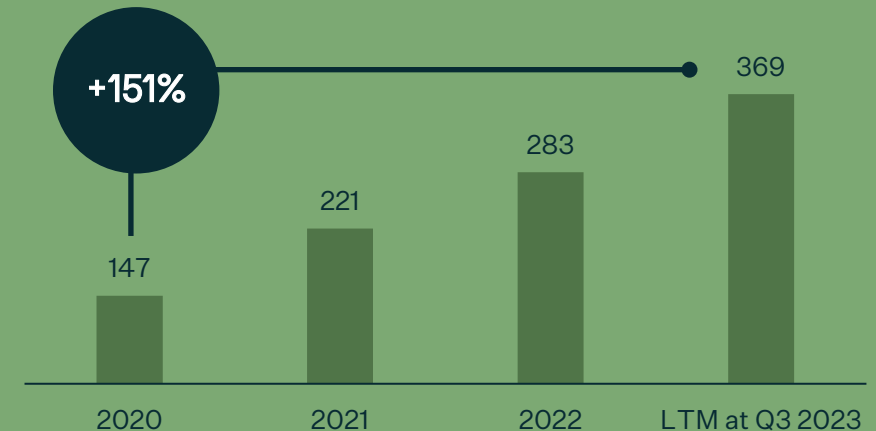
② Trading solutions

- Market leading algo-trader
- 45M algo trades LTM
- Sales cycle of 6 weeks to 6 months

③ Smart Power

- Next generation optimisation platform built on decades of experience
- Unique multi-asset, multi-market platform
- Sales cycle of 6 to 18 months

④ Increased SaaS



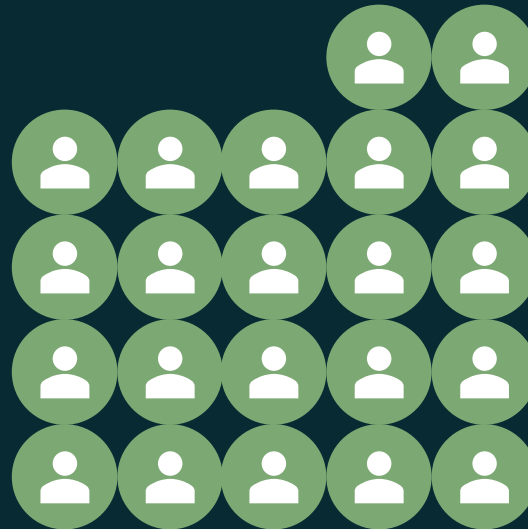
Geographical expansion to Japan

1 customer



Q4'22

22 customers



Q3'23

Market platform readiness

Sufficient customer base in place to start up-selling Smart Power. Entry under consideration

Q4'23

Large and fast-growing markets



Markets set to double to NOK 40 billion ARR towards 2030



Installed renewable capacity growing with a CAGR of 10%



Number of power producers growing with a CAGR of 6%



Fuelled by global electrification megatrend



Attractive current market size of NOK 20 billion ARR

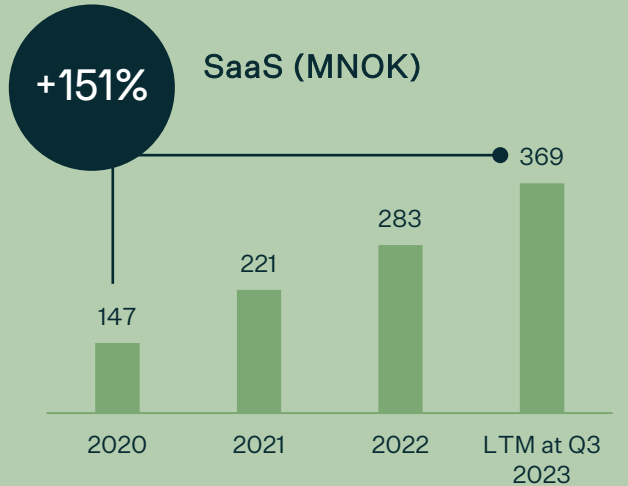
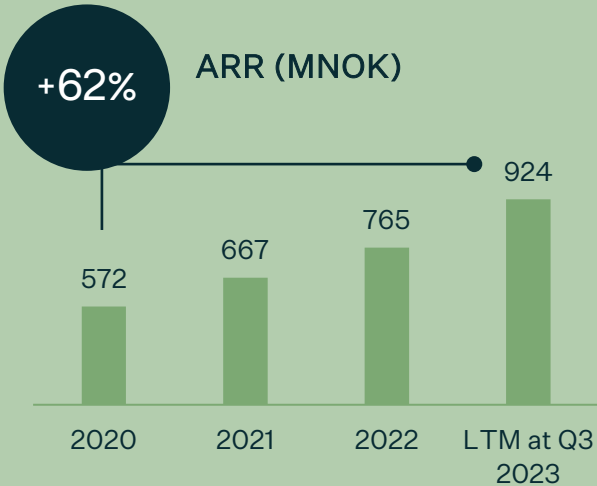
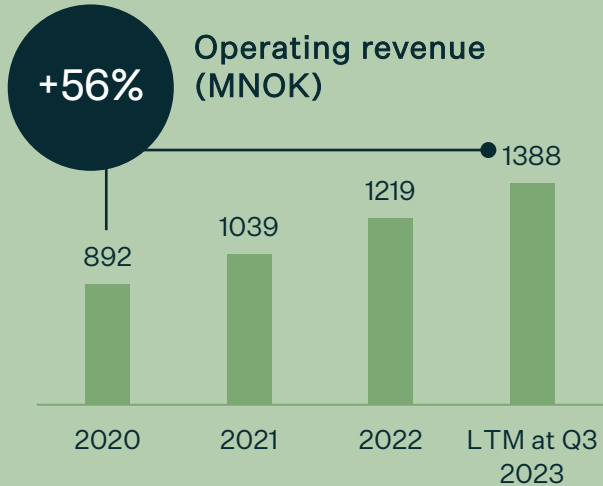
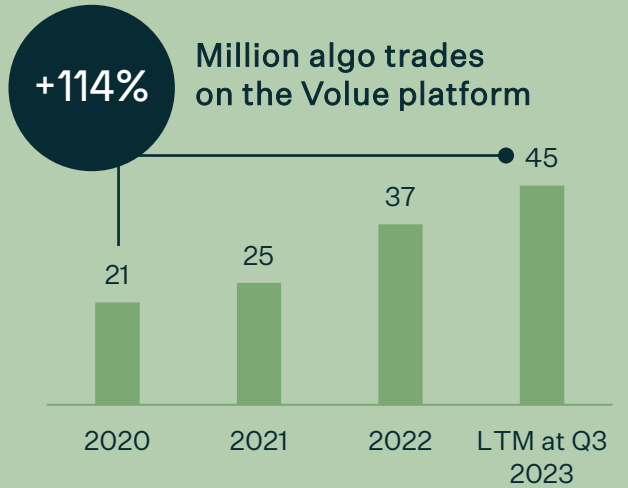
Perfect position for profitable growth and business model transformation, with proven ability to execute

Robust foundation providing long cash flows & churn protection

Building SaaS revenues with go-to-market strategy

Geographical expansion to Japan

Large and fast-growing markets





Third Quarter 2023 Financial Results

Financial highlights

Financial highlights (NOKm)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	LTM
Operating revenues	334	294	1,049	878	1,388
Adjusted EBITDA ¹	63	50	181	139	243
Adjusted EBITDA margin	19%	17%	17%	16%	18%
EBITDA	58	46	185	124	197
EBITDA margin	17%	16%	18%	14%	14%
Recurring revenues growth (%)	40%	19%	30%	15%	24%
Recurring revenues (% of revenues)	76%	62%	68%	63%	67%
SaaS revenues growth (%)	50%	27%	43%	31%	37%
SaaS revenues (% of revenues)	31%	24%	28%	23%	27%
R&D CAPEX (% of revenues)	8%	11%	9%	10%	9%

Sales

- Strong underlying financial performance with growth for all segments, despite expected declining non-recurring revenue
- 40% ARR growth, one of Value’s strongest quarters
- 14% revenue growth from Q3 2022, 4% organic growth,
- 19% revenue growth YTD, 16% organic growth
- Growth in SaaS revenues of 50%
- 5 percentage points positive impact from exchange rates
- Enerim acquisition reflected results with full quarterly effect

Profitability

Adjusted EBITDA in Q3 2023 improved from last year and Q2 2023

- Growth in top-line paves way for improved profitability
- Decline in high-profit non-recurring revenues from Q3 2022 outweighed by uplift in ARR with improved overall margin
- Increased growth from recurring revenues impacts margins over time

Capex

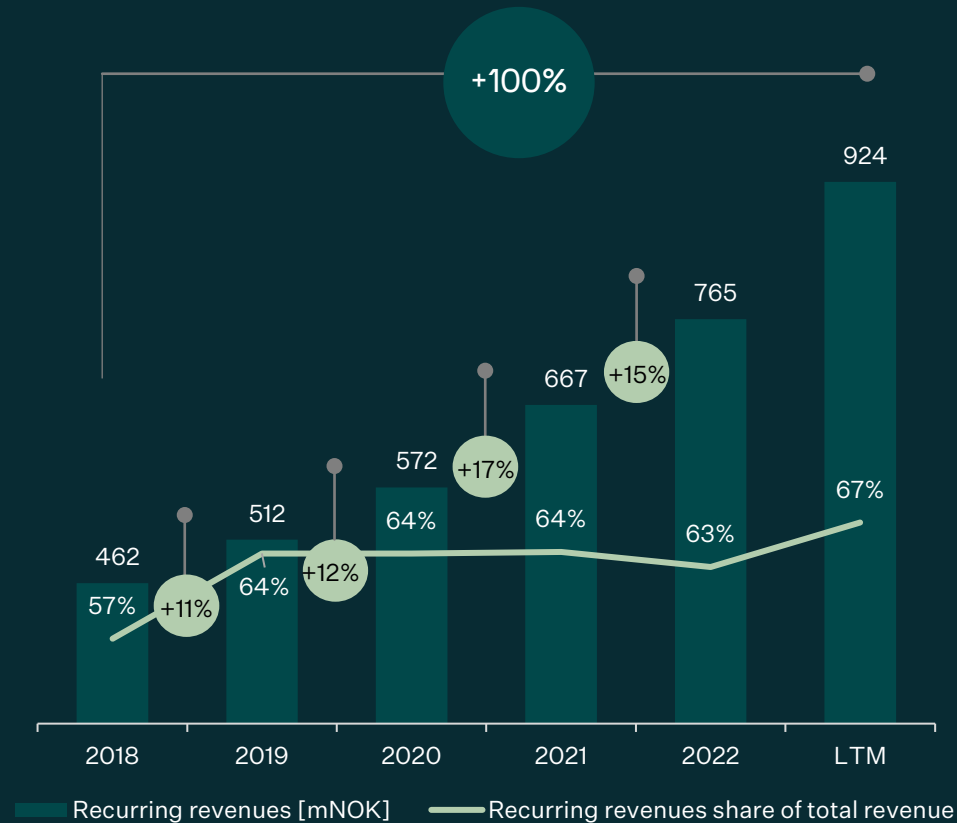
- Higher growth rates lead to decreased R&D CAPEX of total sales

Cash flow

- Cash position will decrease during the year due to pre-payments from customers at the start of the year

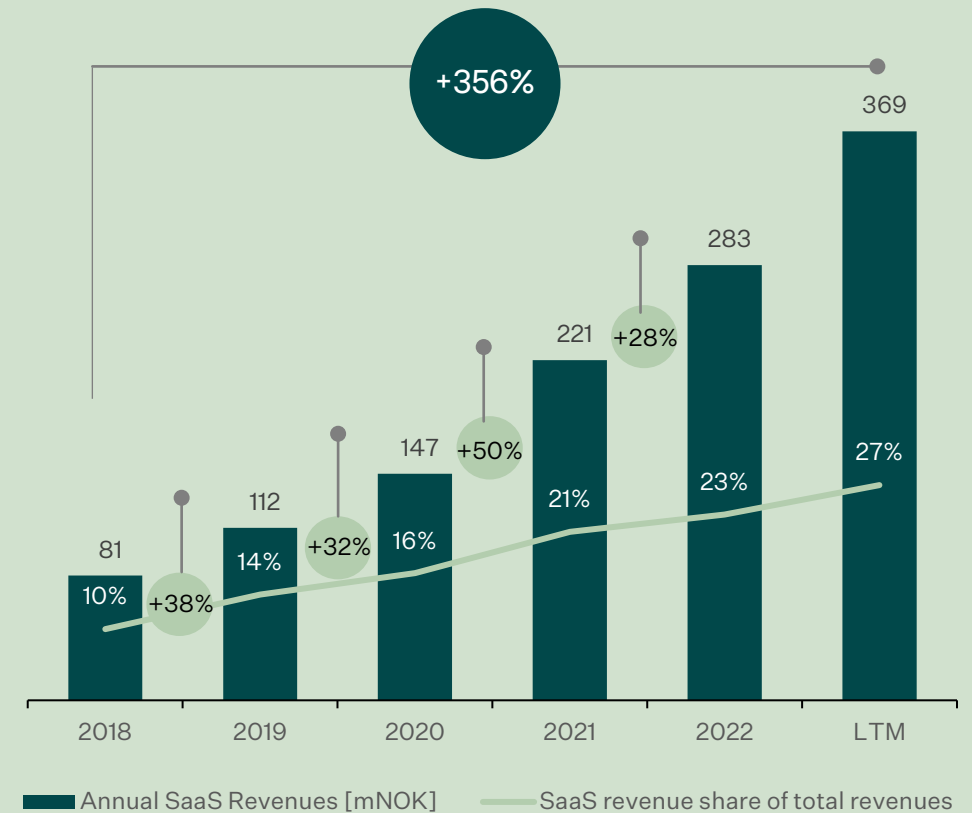
Excellent growth in annual recurring revenues (ARR)

Annual Recurring Revenues¹



Accelerating shift towards SaaS

Annual SaaS Revenues²

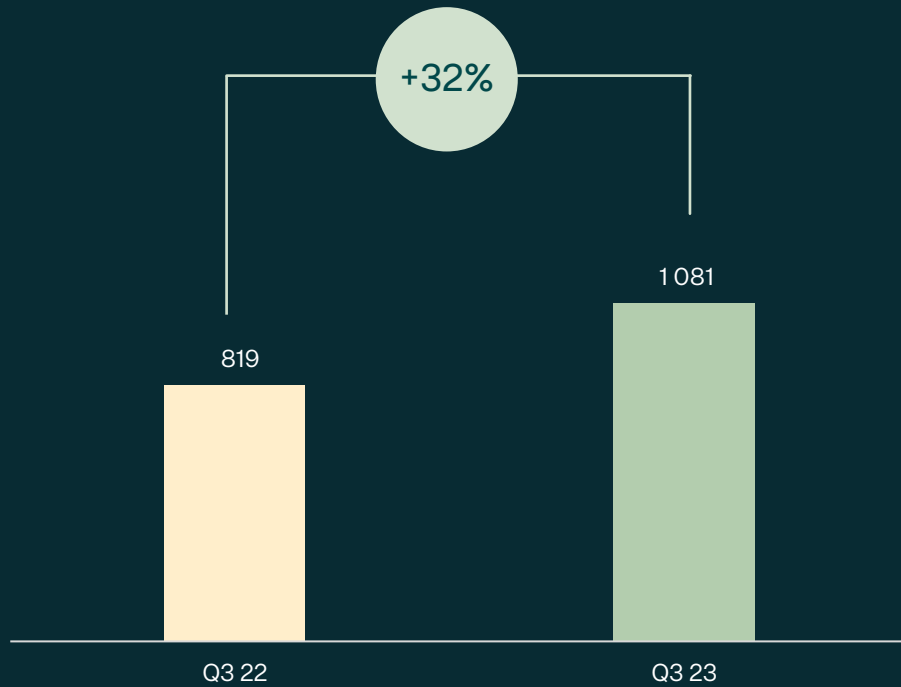


1. Recurring revenues are defined as revenues from recurring contracts including Software-as-a-Service (SaaS)

2. SaaS revenues are defined as revenues from software & services operated by Volue in the cloud

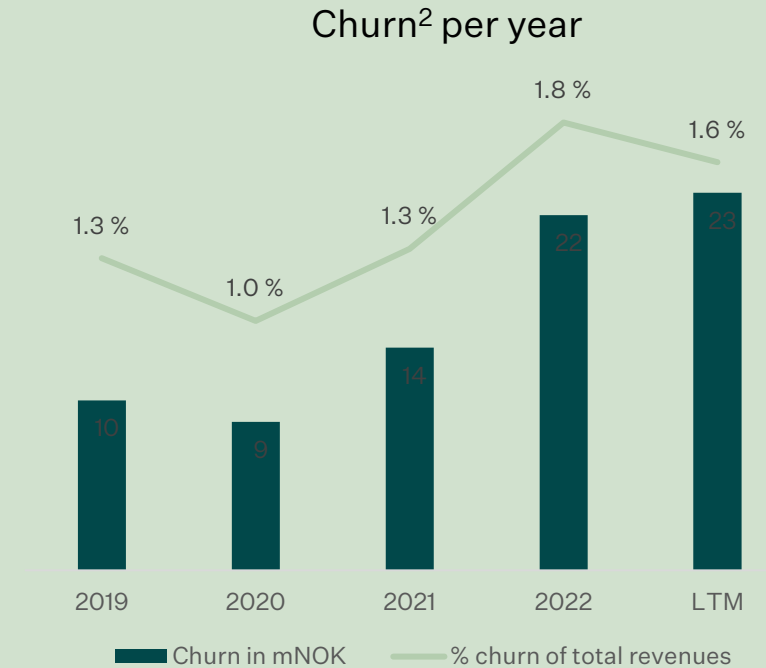
ARR Milestone achieved

Annualised recurring revenues basis¹
mNOK



And highly sticky customer base

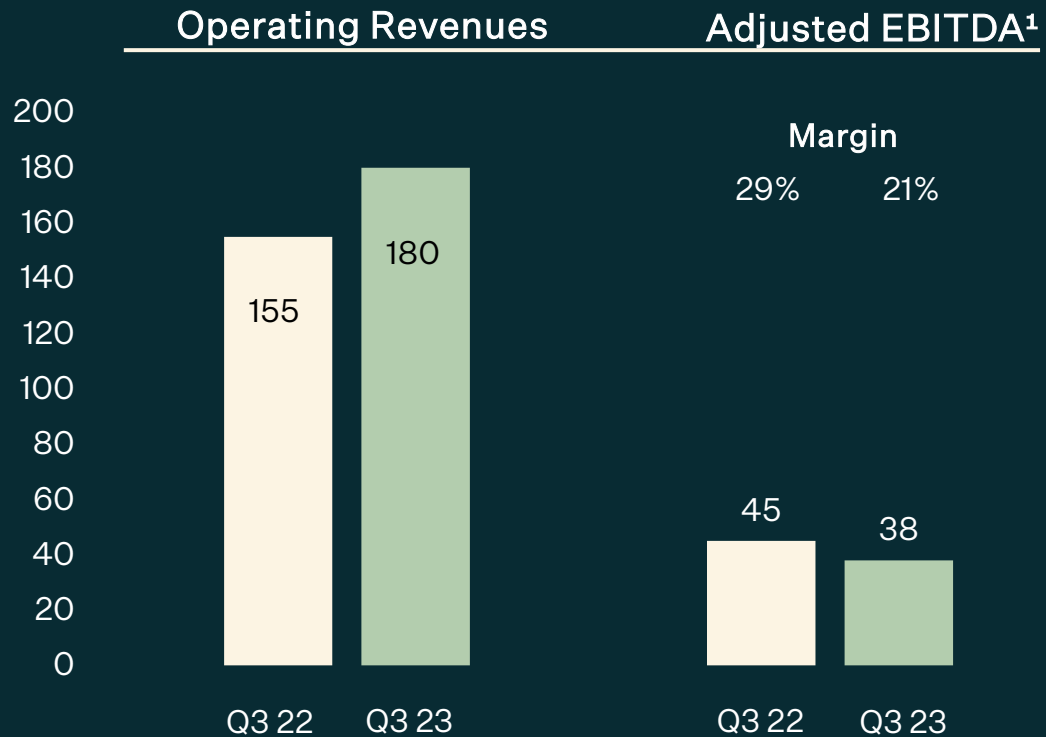
Customers stay with Volue



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

2. Churn is cancelled yearly recurring revenues divided by total revenues

Energy segment



In Q3 IIoT is reported under «other segment» (see appendix slide 31)

Growth

- Segment with 16% growth from Q3 22
- Non-recurring revenues from Energy Market Operations coming down from an abnormal 2022, approximately 30MNOK decline vs Q3 22
- Strong sales due to increased demand for forecast and analytics services
- Powerful growth in recurring revenues

Profitability in the quarter

- Stable margins from the business, despite lower contribution from Market Operations
- Industrial IoT, excluded from the Energy segment, highlighting performance of underlying business
- Large increase in R&D capacity for further investments in new products and services has been onboarded throughout 2022

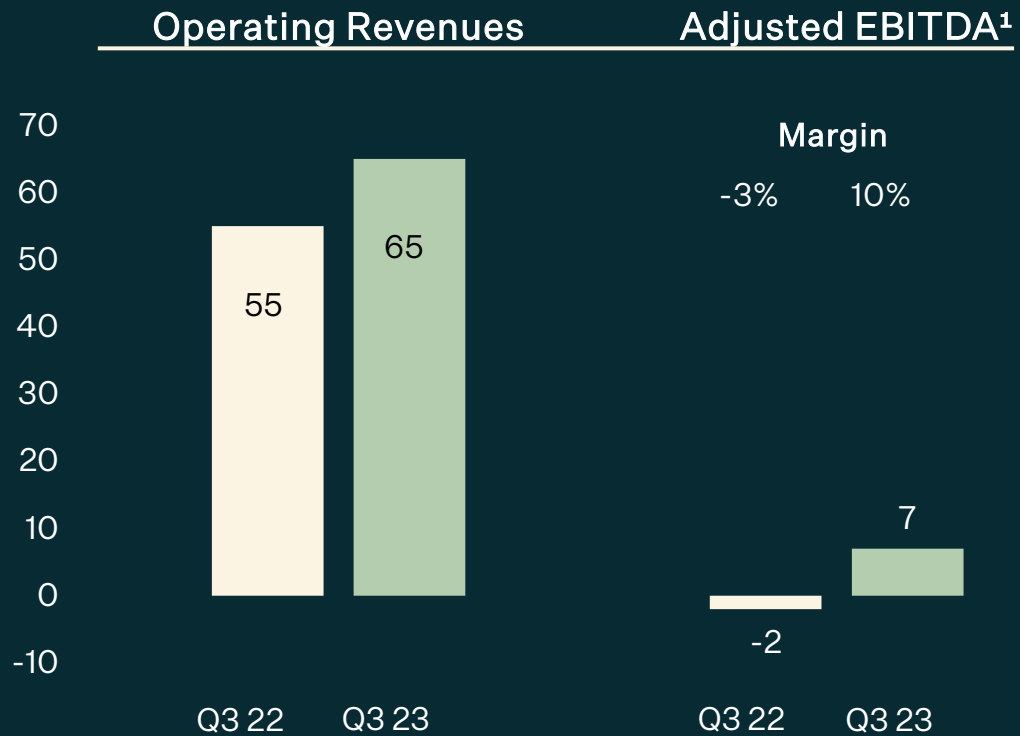
Main drivers for uplift in contribution going forward

- Sales closing mainly from scalable SaaS products within Trading and Insight, giving uplift in contribution without adding new cost
- Few new headcounts planned to be added throughout 2023
- Synergies on cost level through more integrated product lines that reduce OPEX level

Investments

- CAPEX level at approx. 8% of revenues, mainly R&D investments
- Significant investments into new products related to Optimisation and Trading Solutions

Power Grid Segment



Growth

- Healthy growth rates at 18% from strong sales
- Delivery capacity increased, enabling further growth
- Solid market outlook with large pipeline

Profitability in the quarter

- Adjusted EBITDA margin increased in the quarter compared to Q3 2022
- Reduced consulting activity during the summer
- Investments in market expansions with new products for European markets impact the margins in the quarter

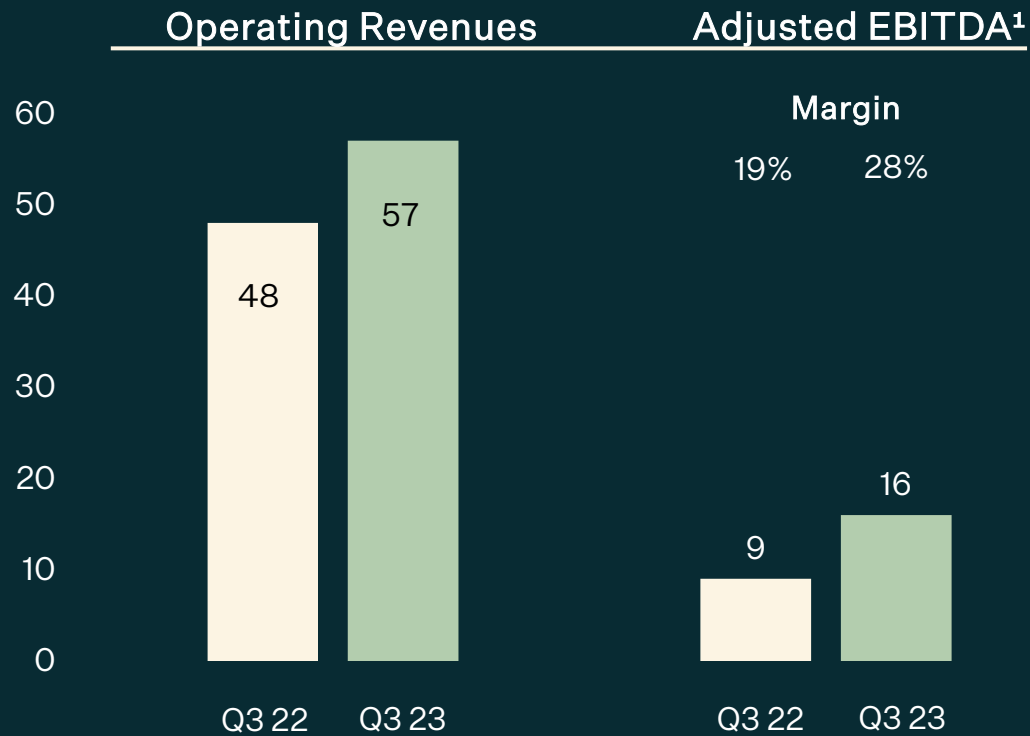
Main drivers for uplift in contribution going forward

- Mid- to long-term increased contribution following sale of scalable products from the Spark program
- Current team scaled to capture growth
- Shift in business models and growth on top line on scalable SaaS products
- Uplift in contribution from improved profitability in consulting activities

Investments

- CAPEX in the quarter maintained at ~10 % of revenues
- Ongoing investments in international expansion
- CAPEX level expected to be on same level going forward

Infrastructure Segment



Growth

- Continued growth momentum at 20% compared with Q3 2022
- Successful shift in business models – giving solid uplift in ARR
- Strong sales in 2023, giving increased order backlog, positively impact growth rates going forward

Profitability

- Uplift in margins from Q2 2023 and 2022 following uplift in ARR and SaaS
- Ongoing investments in market expansions combined with shift to SaaS business models impacting EBITDA margins

Main drivers for uplift in contribution going forward

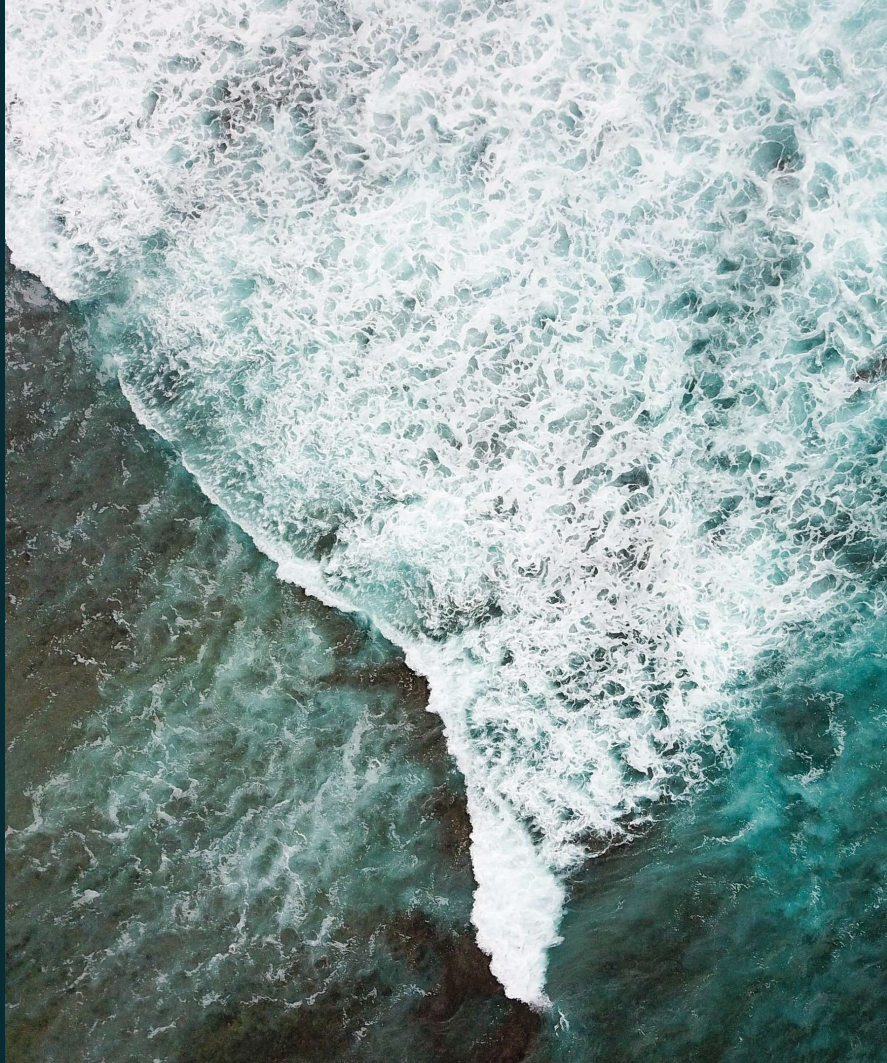
- Strong growth in sales closing on SaaS platform will drive uplift in margins with main investments completed
- Current team scaled to capture growth
- Improved time-to-cash process will provide margin uplift

Investments

- CAPEX level at approx. 13% of revenues, expected at same levels in the near-term and decline over time

Guidance

Update on guidance



Annual long-term organic growth of 15% reiterated



Target of NOK 2 billion in revenues 2025, including M&A, reiterated



Year-by-year increase of adjusted EBITDA margin, cash conversion, share of ARR and SaaS revenues

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Appendix

Financial and Operational Information

Group P&L and KPIs

Group financial performance

Key metrics (NOKm)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	LTM
Operating revenues	334	294	1,049	878	1,388
COGS	53	51	158	144	222
Gross profit	281	243	892	734	1,167
Gross margin %	84%	83%	85%	84%	84%
Personnel expenses (excl. capitalised R&D)	161	134	531	430	703
Other OPEX	57	59	180	165	220
Adjusted EBITDA	63	50	181	139	243
Adjusted EBITDA margin %	19%	17%	17%	16%	18%
Non-recurring items	5	4	-3	15	39
EBITDA	58	46	185	124	197
EBITDA margin %	17%	16%	18%	14%	14%
Depreciation and amortisation	33	27	88	80	114
EBIT	25	19	97	44	102
EBIT margin %	7%	6%	9%	5%	7%
Net financial items	-5	3	-2	4	-10
EBT	20	22	94	48	92
Tax	3	3	26	13	22
Profit (loss)	16	19	69	36	66

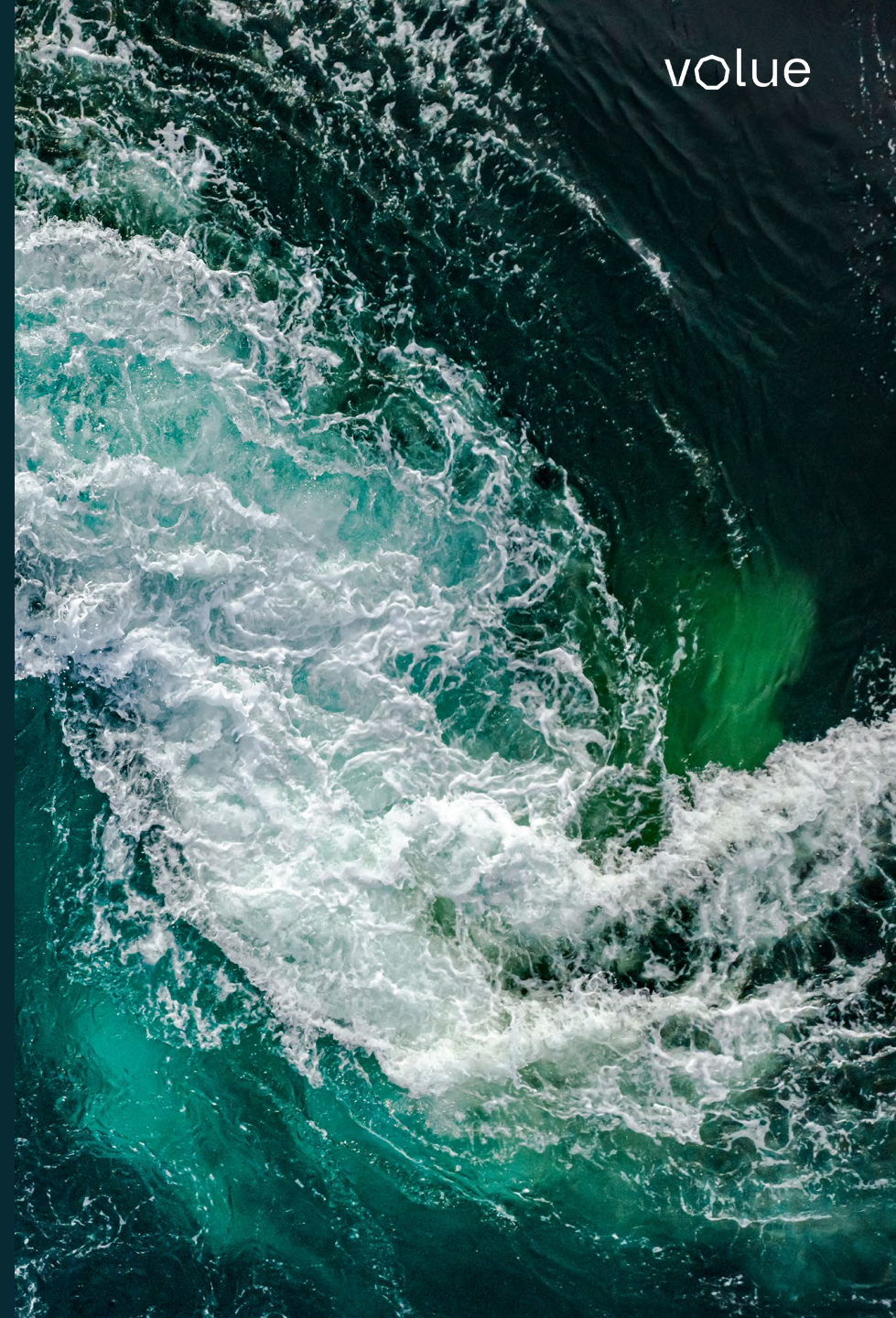


Balance sheet

Balance sheet (NOKm)	Q3 2023	Q2 2023	Q3 2022	Q4 2022	Balance sheet (NOKm)	Q3 2023	Q2 2023	Q3 2022	Q4 2022
ASSETS					LIABILITIES AND EQUITY				
Property, plant and equipment	111	119	123	124	Equity	870	878	811	809
Intangible assets	1,024	1,037	594	623	Total Equity	870	878	785	809
Pension assets	6	6	8	6					
Non-current receivables and investments	47	47	38	35	Non-current debt	345	275		
Total non-current assets	1,188	1,209	763	788	Lease liabilities	69	73	75	77
					Other non-current liabilities	10	10	14	15
					Deferred tax liabilities	25	9	-1	23
					Total non - current liabilities	449	367	88	116
Inventory	27	27	32	29	Borrowings	5	5	10	7
Contract assets	88	108	69	54	Lease liabilities	17	18	21	19
Trade and other receivables	340	330	337	543	Trade and other payables	87	109	112	397
Cash and cash equivalents	270	361	513	446	Current tax liabilities	42	52	54	24
Total current assets	726	827	950	1,073	Contract liabilities	129	236	101	31
Total assets	1,914	2,036	1,713	1,861	Other current liabilities	316	370	515	458
					Total current liabilities	596	790	814	936
					Total liabilities and equity	1,914	2,036	1,713	1,861

Cash flow statement

Cash flow statement (NOKm)	30.09.2023	30.09.2022
Profit before tax	94	48
Adjusted for depreciations	86	80
Net finance	4	-4
Change in inventories	3	-12
Change in other current assets	186	137
Change in other current liabilities	-286	-16
Change in other provisions	2	-12
Change in tax paid	-7	6
Net cash flow from operating activities	81	228
Interest received	12	4
Purchase of property, plant and intangible assets	-119	-100
Cash flows related to acquisitions	-94	-1
Acquisition of non-controlling interests	-363	-
Net cash flow from investing activities	-565	-97
Movement in borrowings	315	-28
Interest paid	-20	2
Acquisition of non-controlling interests	-	-2
Purchase of own shares	-	-4
Net cash flow from financing activities	295	-32
Net change in cash and cash equivalents	-188	99
Cash and cash equivalents opening balance	446	404
Effects of exchange rate changes on cash and cash equivalents	12	10
Cash and cash equivalents closing balance	270	513



Segment overview

Energy Segment (NOKm)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	LTM
Operating revenues	180	155	530	441	700
Adjusted EBITDA	38	45	124	111	170
Adjusted EBITDA margin	21%	29%	23%	25%	24%
R&D CAPEX (% of revenues)	8%	8%	9%	9%	13%
Power Grid Segment (NOKm)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	LTM
Operating revenues	65	55	230	179	289
Adjusted EBITDA	7	-2	34	7	37
Adjusted EBITDA margin	10%	-3%	15%	4%	13%
R&D CAPEX (% of revenues)	10%	20%	12%	12%	16%
Infrastructure Segment (NOKm)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	LTM
Operating revenues	57	48	173	147	218
Adjusted EBITDA	16	9	26	27	28
Adjusted EBITDA margin	28%	19%	15%	19%	13%
R&D CAPEX (% of revenues)	13%	17%	12%	15%	18%
Other Segment (NOKm)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	LTM
Operating revenues	32	36	115	111	160
Adjusted EBITDA	2	-3	-3	-6	-7
Adjusted EBITDA margin	7%	-7%	-3%	-6%	-4%
R&D CAPEX (% of revenues)	-2%	-2%	2%	2%	2%



Revenue splits within segments, Q3 2023

% of segment revenue	Energy	Power Grid	Infrastructure	Other Segment
Total ARR	74 %	62 %	98 %	76 %
<i>of which is SaaS</i>	37 %	9 %	56 %	0 %
License fee	0 %	0 %	0 %	0 %
Consulting	9 %	28 %	2 %	0 %
Energy Market Operations	14 %	0 %	0 %	0 %
Other Revenue non-recurring	4 %	10 %	0 %	24 %

Revenues from Energy Market Operations came down from 2022

The Energy segment experienced abnormal trading revenues from power market volatility in the region of 60MNOK in 2022. As expected, and indicated, these revenues are trending significantly down in Q3 2023. Bear in mind that parts of old Enerim’s non-recurring revenues are classified as “Energy Market Operations”

Power Grid displays seasonal low consultancy combined with uplift in ARR

Infrastructure continue to display stellar ARR and SaaS numbers

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.

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.

depreciation, amortisation and impairment.

SaaS – Software as a service. SaaS revenues are defined as revenues from software & services operated by Value in the cloud.

Non-recurring items - items that are not part of the ordinary business, such as external costs related to implementation of corporate back-office cloud-based systems (e.g. ERP), M&A related costs and costs related to the share-based remuneration schemes. 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.