



Interim results Q3 and YTD 2020

11 November 2020

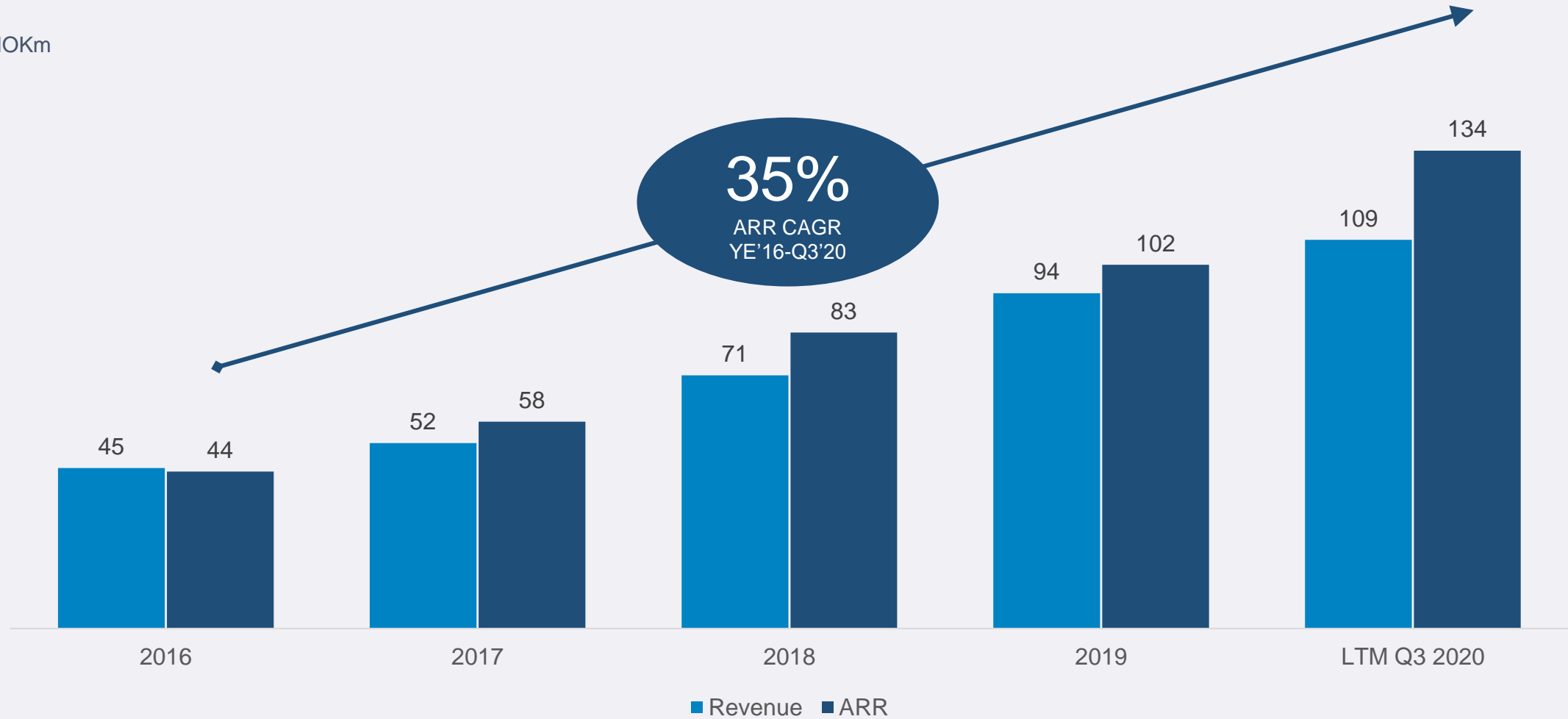


HOUSE OF
CONTROL

CFO'S BEST FRIEND[®]

House of Control – a continuing growth journey

NOKm



House of Control in brief

The Commercial Value Management Company

- 'Best-of-breed' horizontal software for close to 1,200 CFOs across the Nordics
- Large and underpenetrated market opportunity with limited direct competition
- Scalable subscription-based model with high recurring revenue
- Consistent organic growth supported by M&A
- Organic growth levers in increased penetration, upselling in existing portfolio and new products and services
- Multiple M&A opportunities for European expansion



Commercial Value Management

-providing full value control of all revenues and obligations

Best-of-breed products to integrate with incumbent business systems



Modular best-of-breed contract management

+ **Financial control**

+ **Operational management**

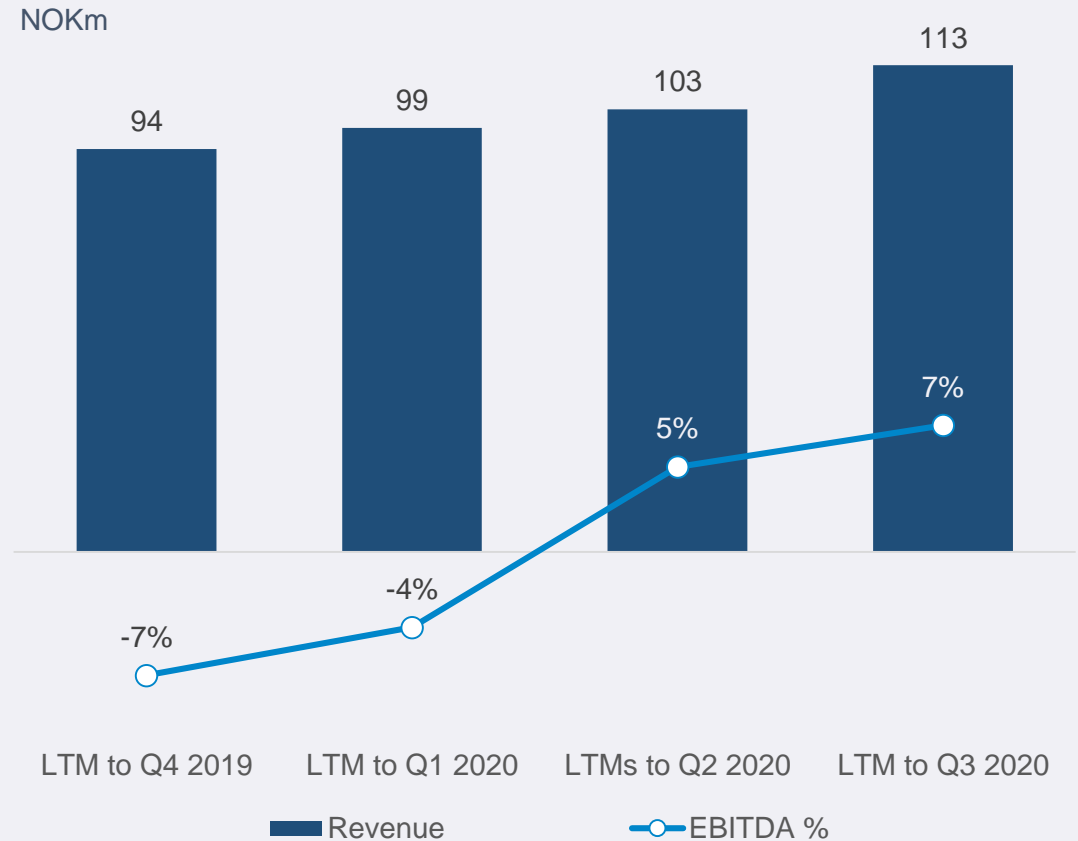
+ **Identification of revenue enhancing and cost reduction opportunities**

- ✓ Spend visibility and cost savings
- ✓ Notifications on expiries, renewals, due dates etc.
- ✓ Easier budgeting process and cash flow visibility
- ✓ Track and delegate lease contract responsibility
- ✓ Multilanguage support for cross-border usage

Highlights for Q3 and first nine months 2020

- Q3 revenue of NOK 33.3m, +42% year-on-year
 - +27% to NOK 87.1m in the first nine months 2020
- Organic revenue +19% year-on-year in Q3
 - +20% in the first nine months 2020
- Q3 EBITDA NOK 2.6m (-0.5)
 - EBITDA NOK 9.4m first nine months (-4.7)
- Broadened the business process solutions portfolio with acquisition of DinERP in July
 - Proforma revenue of NOK 101.5 million and proforma EBITDA of NOK 16.0 YTD – EBITDA margin of 16%
- Completed NOK 350 million share issue and listed on Merkur Markets in October

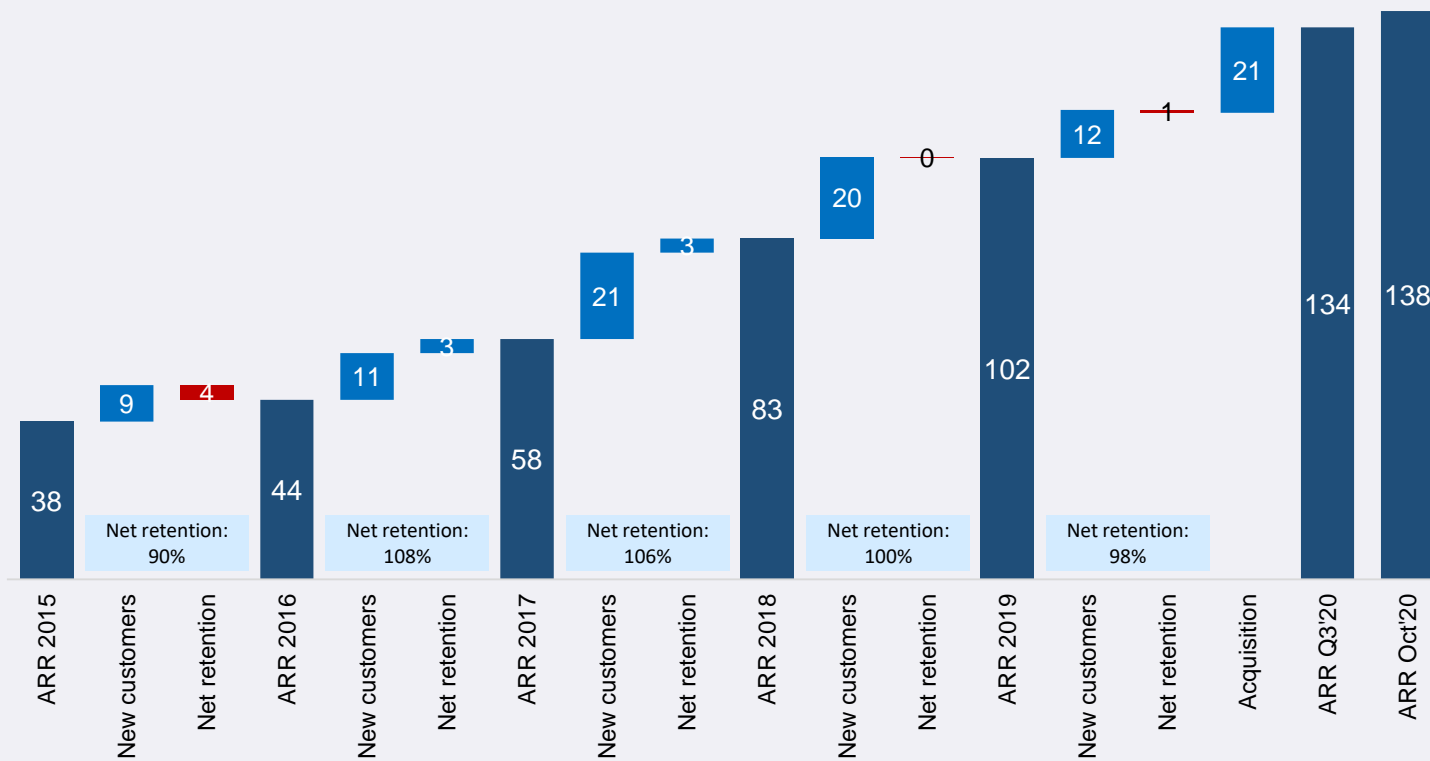
Revenue and EBITDA - last 12 months



Continued strong ARR growth

Annual Recurring Revenue (ARR) bridge

NOKm



ARR drivers

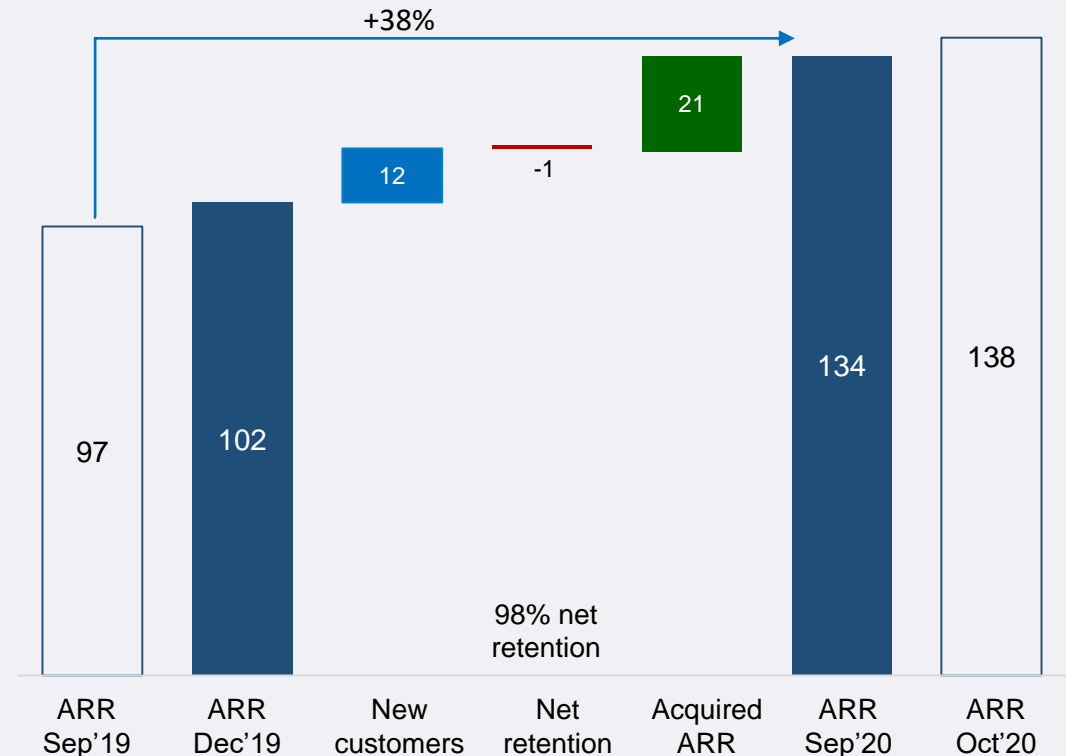
- + New sales driven by increased number of contracts, stronger offering and higher average new sale ARR
- + 'Customer success teams' - focusing on upselling of both existing and new modules
- + Behavioural based pricing models allowing for flexible price optimisation at contract renewal
- Churn increase in 2019-20 partly due to contract renewal cycle, with expiry of legacy contracts sold pre-2016

Growth rebounding after initial Covid-19 impact

- Organic growth negatively affected by Covid-19 in March-April
 - Sales meeting cancellations, and reluctance to commit to new contracts
 - Increased churn as some customers cut costs across the board
- Sharp rebound in early summer
 - Videoconferencing and efficient digital sales tools
 - Customers realized the increased need for financial and operational control
- Sales record in June, and yet again in October
 - Maintaining strong momentum, with high prospecting and sales activity

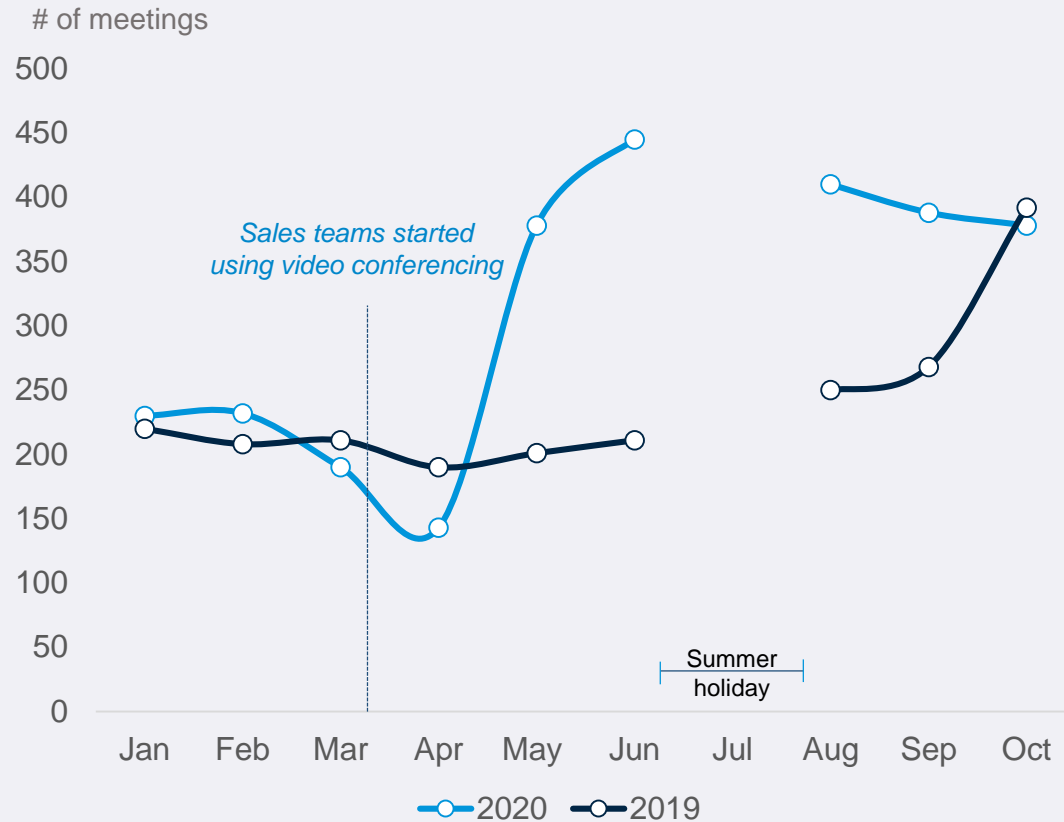
ARR bridge

NOKm

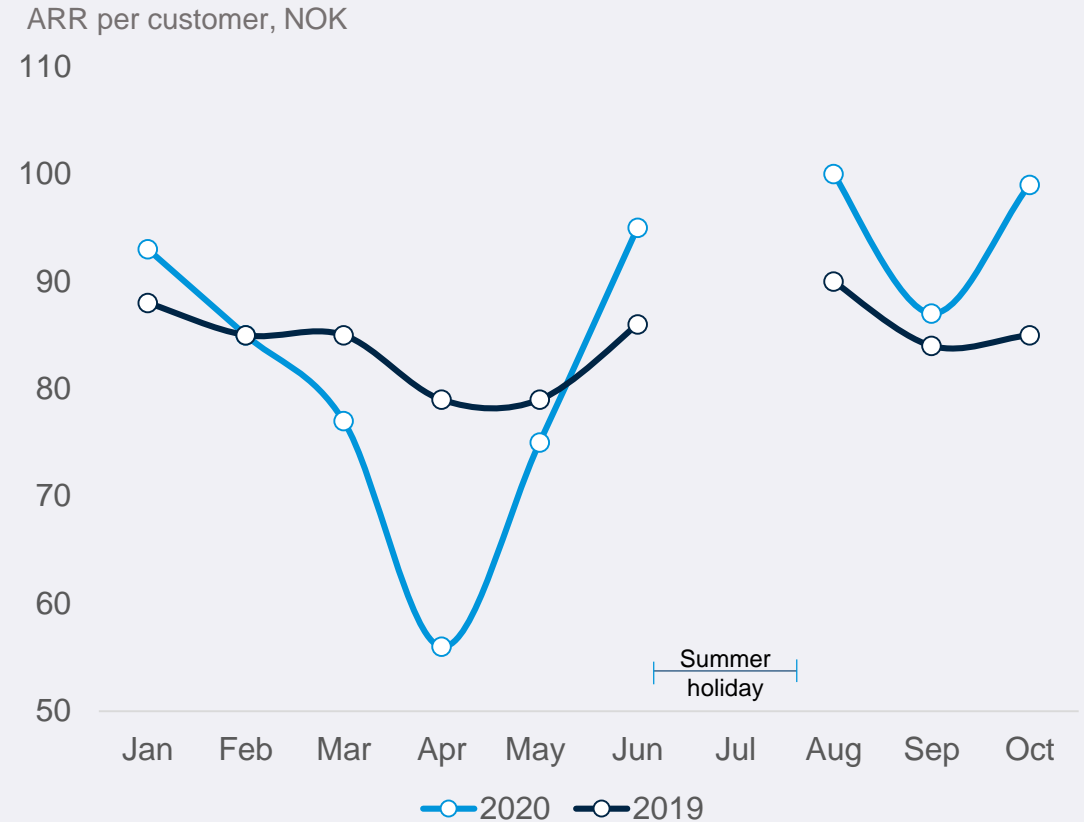


Improved sales efficiency with virtual meetings

More booked meetings



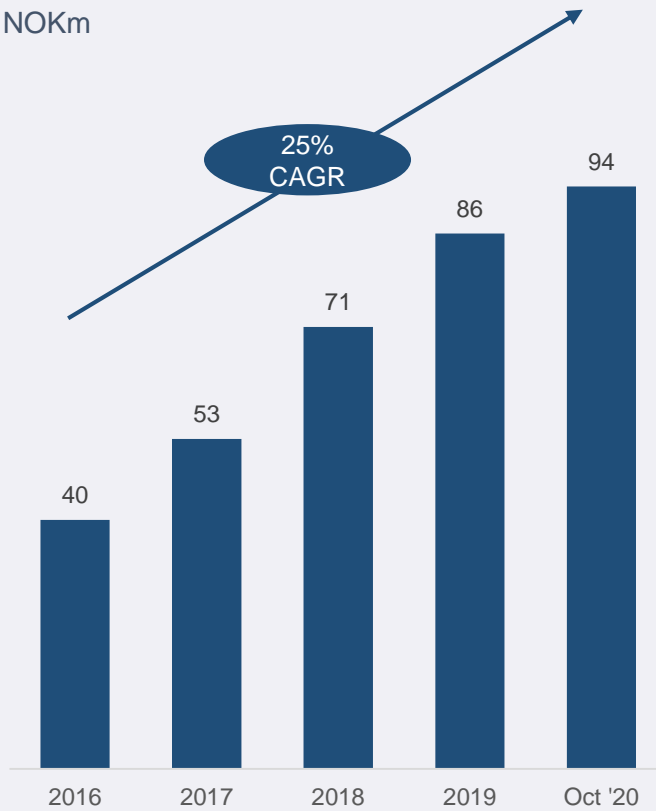
ARR per new sale has rebounded



Solid ARR growth in all geographies

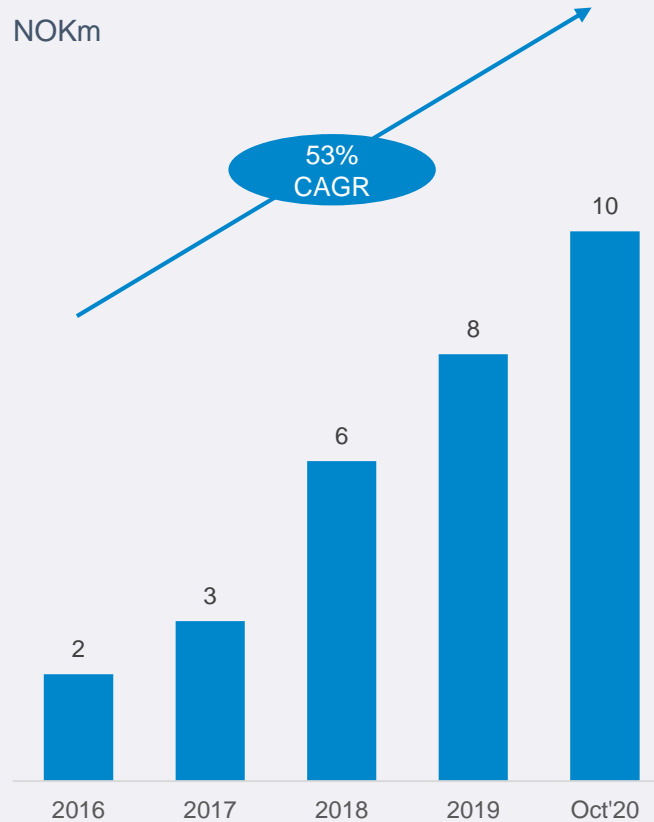
Norway (excluding dinERP)

NOKm



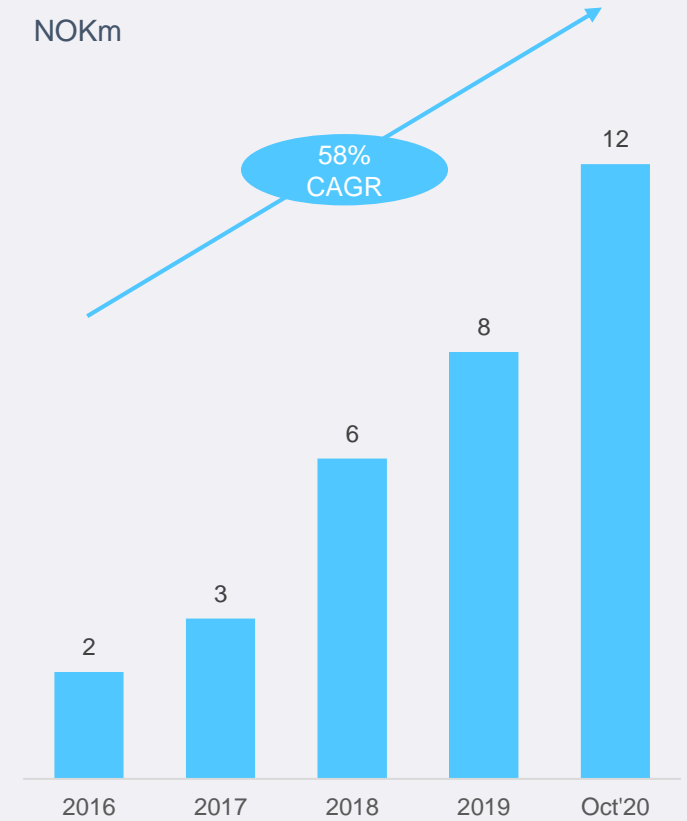
Sweden

NOKm



Denmark

NOKm



Source: HoC

- 1) ARR portfolios was not registered by geography prior to opening branches 01.01.2018. ARR portfolio for 2017 has been estimated based on sales to the different geographies
- 2) HoC has been present in Denmark since 2015, but revenues did not grow significantly before the new sales/expansion strategy was implemented Jan-17

Operations

01 Highlights

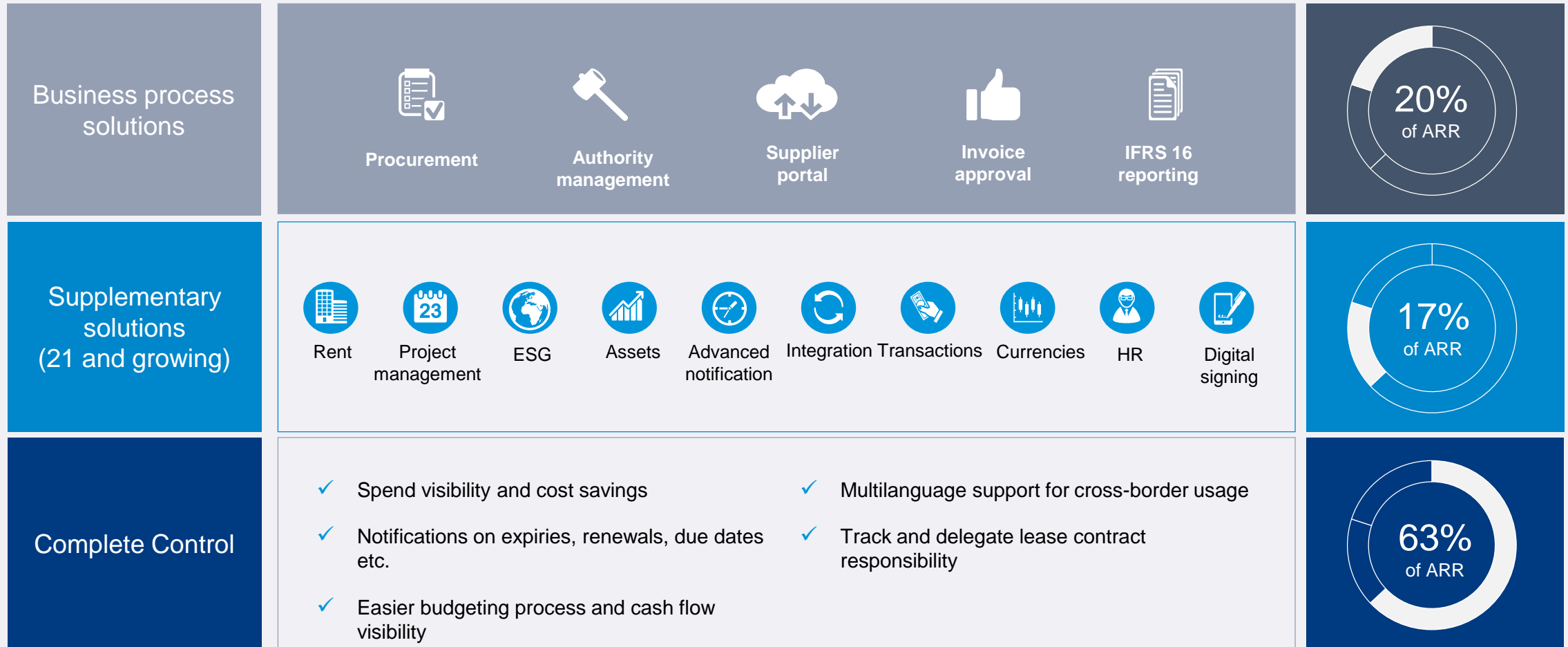
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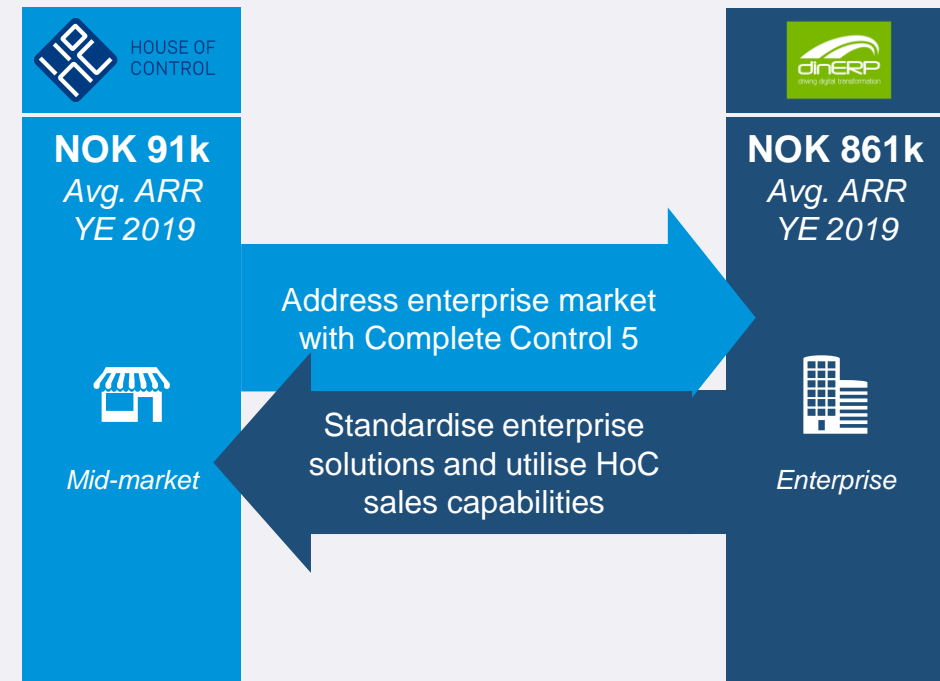
Expanding products and services portfolio



DinERP opens new opportunities

- Acquired a highly experienced and award-winning IFS solutions partner
- Broadening the business process solution portfolio
 - Purchase2Pay solutions
 - B2B portals - customers, suppliers, workorders
 - Operational HR systems – time, travel, expense
 - Maintenance solutions, products & parts management
- Integration activities on track
 - Transitioning acquired IP into new products on the Complete Control platform
 - Preparing to launch Complete Control 5 for a new and larger customer group

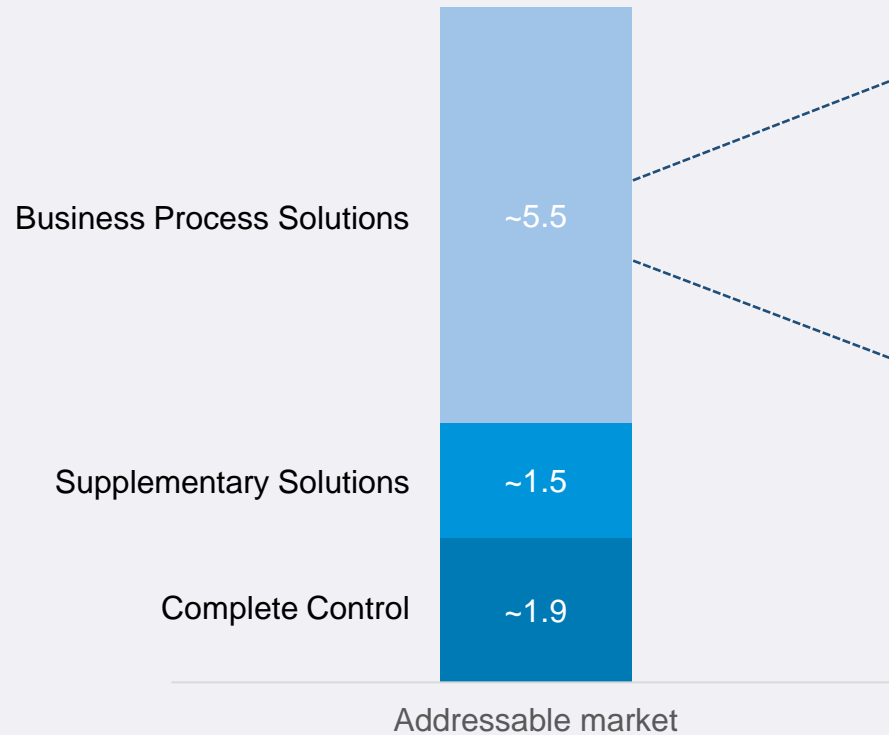
Significant cross-selling potential



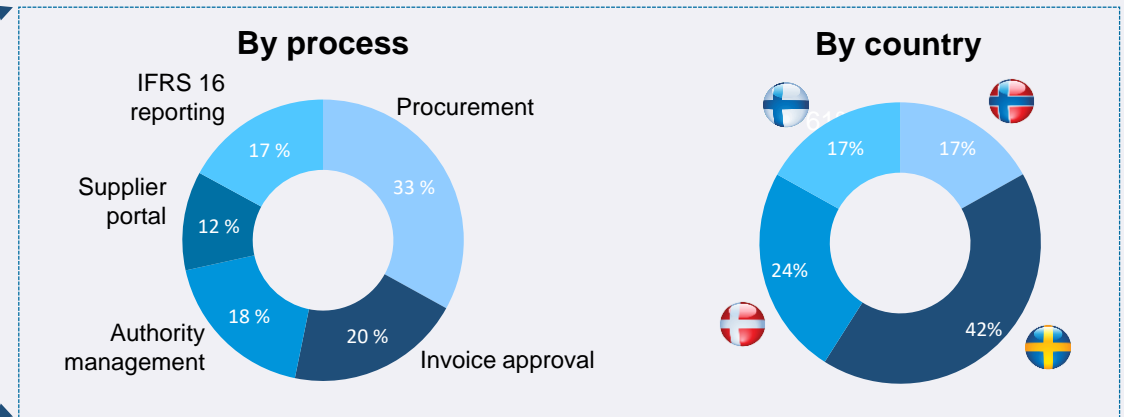
Expanding the addressable market

Large addressable Nordic markets

NOKbn



More products to more markets



- DinERP almost doubling the addressable market for House of Control
- Creates additional room for growth in the existing markets
- Addressable Nordic market ~64 times larger than current ARR

Financials

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Key figures

- Revenue +27% first nine months
 - Over 90% of revenue is recurring
- EBITDA margin 11% YTD
 - +18%-points YTD
- High depreciation and amortization in accordance with NGAAP
 - Intangible assets are amortized over a period of five years
 - Acquired intangible assets represent a significant part of total assets
- Net loss of NOK 16.5 million YTD
- Proforma revenue NOK 101.5
 - EBITDA NOK 16.0 million
 - 16% EBITDA-margin

Key figures

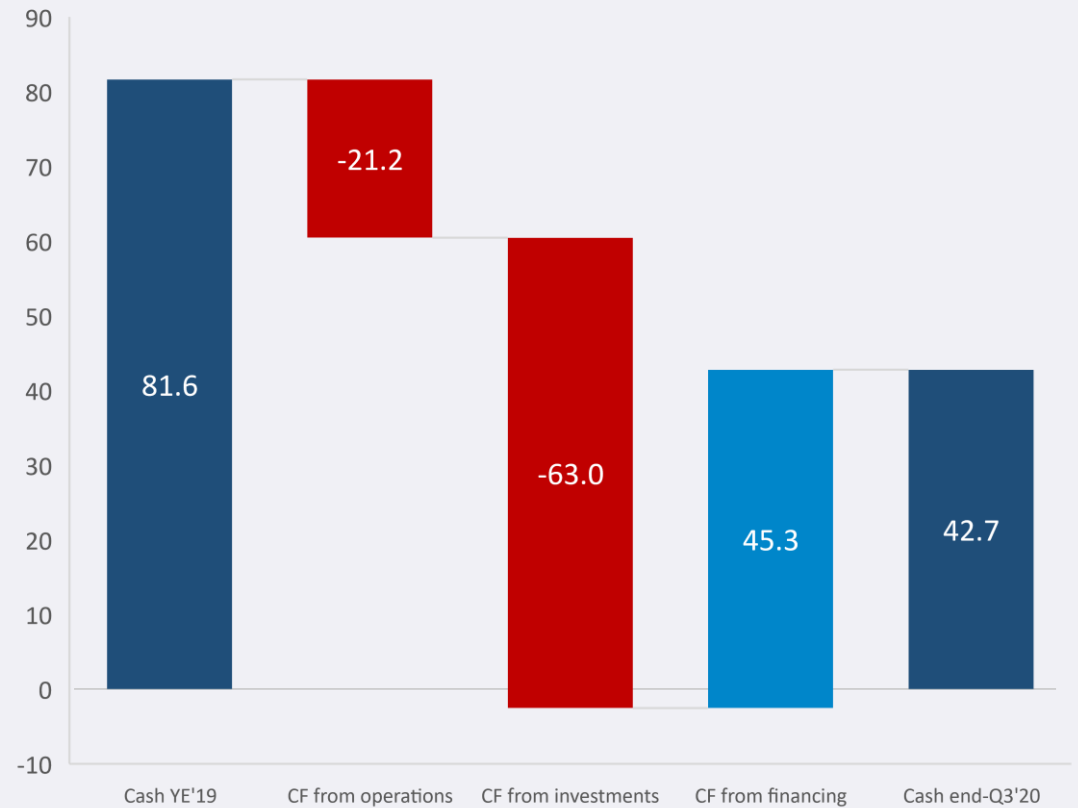
NGAAP accounting standard

NOK thousand	Q3 2019	Q3 2020	%	YTD 2019	YTD 2020	%	Proforma YTD 2020
Recurring revenue	22 548	31 117	38	64 445	83 009	29	93 092
Other revenue	865	2 212		3 907	4 138		8 440
Total revenue	23 413	33 330	42	68 352	87 148	27	101 531
Operating costs	-23 891	-30 777		-73 062	-77 785		85 490
EBITDA	-478	2 553		-4 710	9 362		16 041
<i>EBITDA-margin</i>	-2 %	8 %		-7 %	11 %		16%
Depreciation & Amortization	-2 333	-8 459		-6 040	-14 823		-21 518
Operating profit/loss, EBIT	-2 811	-5 906		-10 750	-5 461		-5 477
Net financial items	-934	-4 007		-2 231	-11 007		-11 490
Profit/loss before tax	-3 745	-9 913		-12 982	-16 468		-16 967
NOK million	Q3 2019	Q3 2020	%	YTD 2019	YTD 2020	%	
ARR	97	134	38	97	134	38	
New customers, ARR	5	4		15	12		
Net retention, %	100%	100%		101%	98%		

Cash flow

- Operating cash flow of NOK -21.2 million
- Invested NOK 63.0 million, mainly in the acquisition of DinERP
- Financing reflecting new equity in connection to the DinERP acquisition, and new long-term loans
- Strengthened cash balance significantly in October with share issue generating gross proceeds of NOK 350 million

Cash flow first nine months 2020

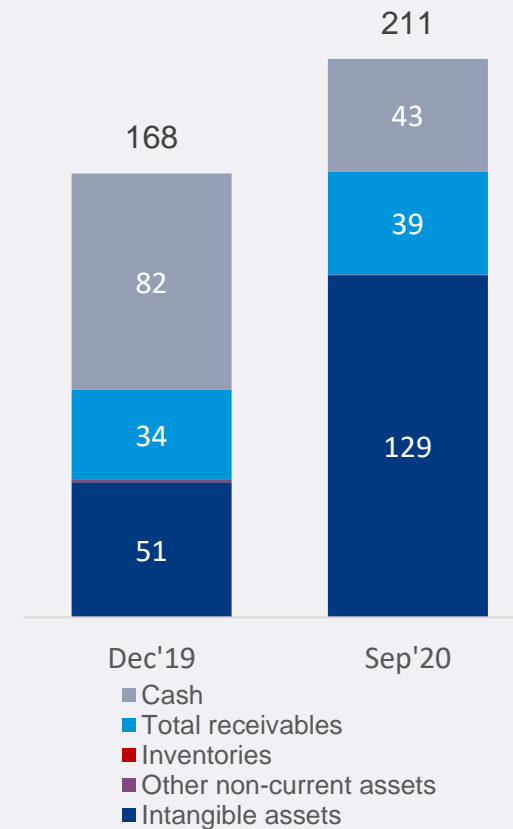


Balance sheet

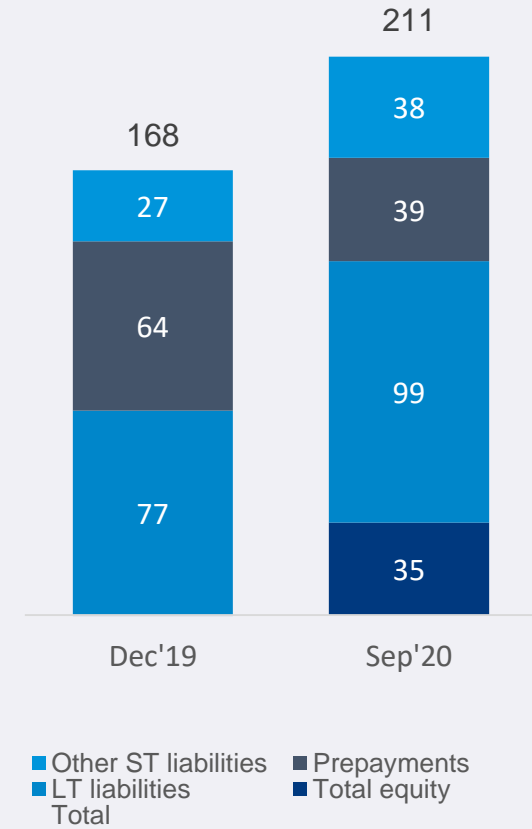
- Change in total asset base mainly reflects higher intangible assets due to DinERP acquisition
- Cash position reduced due to negative free cash flow and limited new financing in the period
- Equity and cash position significantly strengthened through share issue generating gross proceeds of NOK 350 million in October

Assets

NOKm



Equity & liabilities



Summary and Outlook

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Opportunity-rich environment to continue our growth journey



Clear ambitions

	2025 ambitions
Annual Recurring Revenue (ARR)	NOK 500m+ excluding acquired ARR
Organic ARR growth	30% 2020-2025
Net retention rate	110%
EBITDA margin	40% long-term margin
Fulfilling our vision	The CFO's best friend® Providing financial control and facilitating optimization of business processes

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Appendix

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Profit and loss

Statement of profit or loss, NGAAP for the periods ending 30 September

	Q3 2020 01.07-30.09	Q3 2019 01.07-30.09	YTD 2020 01.01-30.09	YTD 2019 01.01-30.09
<i>NGAAP, All amounts in NOK</i>	Unaudited	Unaudited	Unaudited	Unaudited
OPERATING REVENUES AND EXPENSES				
Recurring revenue	31 184	22 548	83 076	64 446
Other operating revenues	2 146	865	4 071	3 907
Total operating revenues	33 330	23 413	87 148	68 352
Salaries	23 743	16 576	58 347	47 358
Other operating expenses	7 033	7 314	19 438	25 704
Total operating expenses	30 777	23 891	77 785	73 062
Operating profit/loss before depreciator	2 553	-478	9 362	-4 710
Depreciation and amortization	8 459	2 333	14 823	6 040
Operating profit/loss	-5 906	-2 811	-5 461	-10 750
Net financial items	-4 007	-934	-11 007	-2 231
Profit/loss before tax	-9 913	-3 745	-16 468	-12 982

Balance sheet

ASSETS	30.09.2020	31.12.2019
<i>All amounts in NOK</i>	Unaudited	Audited
Non-current assets		
Deferred tax assets	-1 252	0
Other intangible assets	129 146	50 952
Total intangible assets	127 894	50 952
Property, plant and equipment	1 133	727
Other non-current assets	193	161
Total non-current assets	129 219	51 840
Current assets		
Inventories	219	219
Trade receivables	11 404	5 935
Other short-term receivables	27 285	28 014
Current assets	38 908	34 168
Cash and cash equivalents	42 734	81 609
TOTAL ASSETS	210 862	167 617

EQUITY AND LIABILITIES	30.09.2020	31.12.2019
<i>All amounts in NOK</i>	Unaudited	Audited
Equity		
Share capital	8 050	6 409
Other equity	26 826	-6 713
Total equity	34 876	-304
Liabilities		
Long-term borrowings	96 965	75 306
Deferred tax liabilities	1 884	1 884
Total non-current liabilities	98 850	77 190
Trade payables	4 407	4 282
Public duties payable	4 012	9 598
Prepayments from customers	58 300	63 913
Other current debt	10 417	12 938
Total current liabilities	77 136	90 730
Total liabilities	175 986	167 920
TOTAL EQUITY AND LIABILITIES	210 862	167 617

Cash flow

Cash Flow Statement

for the period ending 30 September and FY 2019

	Q3 2020 01.07-30.09 Unaudited	YTD 2020 01.01-30.09 Unaudited	FY 2019 01.01-31.12 Audited
<i>All amounts in NOK</i>			
Operating activities			
Profit/loss before tax	-9 912	-16 468	-28 280
Depreciation and impairment	8 459	14 823	15 541
Change in net working capital	-8 628	-21 713	16 025
Other non-cash items	342	2 171	217
Net cash flows from operating activities	-9 739	-21 185	3 503
Net cash flows from investing activities	-50 526	-62 980	-12 628
Free cash flow	-60 265	-84 165	-9 125
Net cash flows from financing activities	44 823	45 298	78 300
Cash and cash equivalents at the beginning of the period	58 184	81 609	12 434
Net change in cash and cash equivalents	-15 442	-38 867	69 175
Cash and cash equivalents at the end of the period	42 742	42 742	81 609

Fx gains/(losses) on cash and cash equivalents have been allocated to cash flow from operations



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