



Sikri Holding AS – Interim Financial report

Q4 – 2020

Sikri AS – Q4 2020 Highlights

- 1** We outperformed our 2020 financial targets
- 2** M&A strategy being implemented and completed acquisitions according to plan
- 3** Steady growth in Annual recurring revenue
- 4** Completed the migrations to Microsoft Cloud platform
- 5** Building on the strong Sikri culture

Sikri – background, ambitions and financial aspirations

- Sikri was formally established as an entity in 2020, while the history dates back more than 20 years
- Sikri is positioned as one of the key software players delivering essential solutions to the public sector market
- The public sector market is expected to see substantial growth in the next few years due to increased investments in digitalization
- Sikri is a market leader within multi-tenant cloud-based solutions
- Highly fragmented universe of public sector software players offers significant M&A opportunities
- Ambition for Sikri to become the #1 Software provider to public sector in the Nordics

Financial aspirations

15-25% p.a. organic revenue growth

25% p.a. revenue growth from M&A

Aspirations for revenue of MNOK [~500] and EBITDA of MNOK [~150] within [2025], based on organic growth

M&A activity may drive total revenues to BNOK [>1] within [2025]

Q4 and 2020 highlights

Q4 figures and FY 2020 proforma*

KNOK	Q4 2020	FY 2020*
Operating income	62,804	212,089
Gross margin	58,167	197,053
EBITDA	19,443	63,763
EBIT (operating profit)	11,009	30,460
Gross margin (%)	93%	93%
EBITDA (%)	31%	30%

*Proforma = as if all companies in Sikri Holding whole period

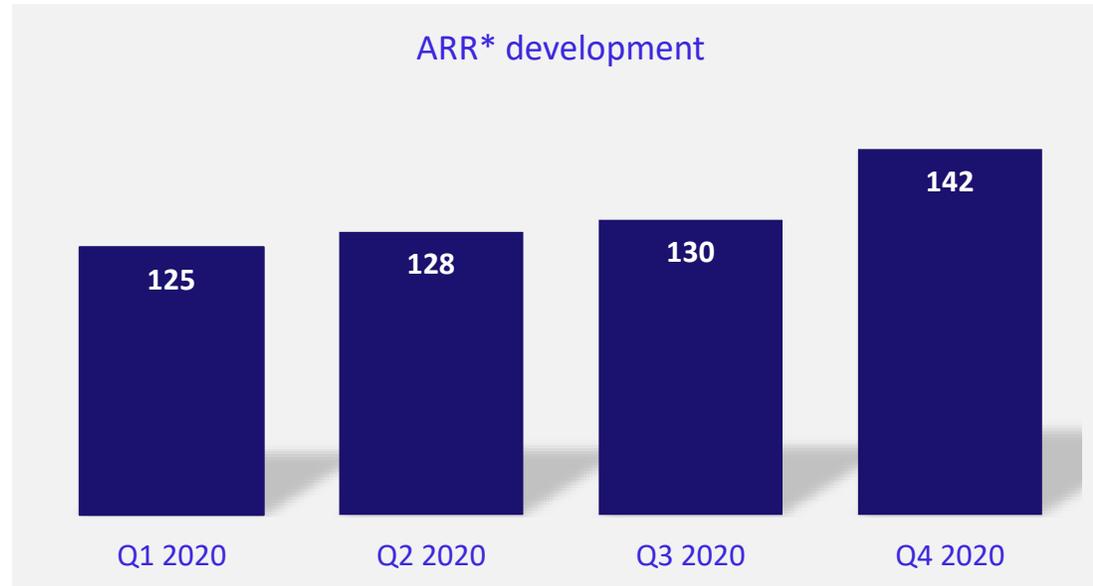
Q4 financial results – actuals

- Growth from Q3 to Q4 was 38 %
- Consulting delivering strong Q4 due to implementation projects – on the back of improved win-rate
- EBITDA margin Q4 at 31%

Proforma results – comparables

- Q4 YoY growth of 26 % (including acquisition). Adjusting for acquisition Q4 organic growth was 20 %
- EBITDA margin (proforma) full year at 30 %
- Capitalized costs of MNOK 17.4, MNOK 15.8 and MNOK 22 in 2018, 2019 and YTD 2020, respectively

Improved ARR during 2020



*ARR defined as subscriptions current run rate annualized

- ARR has improved – at 142 MNOK entering 2021
- ARR % of revenue is 67% full year 2020
- Win rate of 65% full year 2020
- Sureway and Whatif contributed towards the increase in ARR with MNOK 10
- Some organic improvement from eByggesak contracts, but main impact from recent wins will be visible in H2 2021 and onwards

Business Review

Migration

We have now successfully completed the migration of all customers from the old cloud solution to the AKS platform.

The job was well planned and with good tools and routines, all customers have had a smooth migration.

We have now passed fifty customers on the new platform, and the scaling works well, as expected.

Election 2021

Sikri won the public bid from the Norwegian Directorate of Elections late 2020. The frame agreement (8 years / 4 elections) covers delivery of services, training, support, installation and equipment so that municipalities can run the election administration system (EVA). The first election is in September 2021.



eByggesak

eByggesak is Sikri's solution for automation and simplification of the building application process for municipalities. The solution enables efficiency gains for the municipalities as well as directly for the citizens. We have won over 55 eByggesak contracts in 2020 and are working as advisors to several customers to provide specialist capacity and secure realization of gains. Implementation of new customers is faster in Cloud, but realization of new revenue will take some time – expected from H2 2021.

Financial review - figures

Q4 and FY actual figures

KNOK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	YTD 2020
Operating income	15,245	44,172	45,394	62,804	167,615
Gross margin	13,858	41,973	41,559	58,167	155,557
EBITDA	5,038	12,695	9,776	19,443	46,952
EBIT (operating profit)	3,175	5,533	1,818	11,009	21,535
Cash flow from operating activities	59,399	11,750	-2,237	24,397	93,309
Cash and cash equivalents end of period	45,469	33,642	132,786	132,376	132,376
Gross margin (%)	91%	95%	92%	93%	93%
EBITDA (%)	33%	29%	22%	31%	28%

Table above describes actual reported figures. Actual reported Q1(20) incorporates only 1 month of operations as Sikri AS was formally taken over by Sikri Holding AS March 1, 2020. PixEdit AS and Augment AS are incorporated from May 1, 2020. Whatif AS and Sureway AS are incorporated from October 1, 2020.

Proforma 2020 revenues (as if all companies were fully owned full year) were MNOK 212 and proforma EBITDA was MNOK 63.8.

Sikri's consolidated revenue was MNOK 62.8 in Q4 2020. Consolidated revenue YTD Q4 was MNOK 167.6. 95% of the revenue comes from domestic customers.

Gross margin was 93% in Q4 2020 and 93% YTD 2020. Cost of goods sold are related to direct sales costs.

Personnel expenses amounted to MNOK 30.9 in Q4 2020 (49% of revenue). Sikri Group had 121 employees at the end of Q4 2020, up from 98 at the start of the year (figures include employees added through acquisitions).

Other operating expenses amounted to MNOK 6.4 (12% of revenue). Costs for internal IT and operating platform (Cloud, support system, etc.) comprise close to 50% of other operating expenses.

EBITDA was MNOK 19.4 in Q4 2020 MNOK 47 YTD Q4 (30% of revenue). Capitalization of development costs was MNOK 7.5 in Q4, and MNOK 22 full year 2020.

Sikri had depreciation and amortization costs of MNOK 8.4 in Q4 2020.

Operating profit (EBIT) was MNOK 11 for Q4 2020.

Financial review

Financial position

Sikri's total assets at the end of Q4 2020 were MNOK 430.9.

Intangible assets amounted to MNOK 268.6, and total receivables were MNOK 26.9 at the end of Q4 2020.

Sikri's total liabilities were MNOK 178.6 at the end of Q4 2020, increased slightly from MNOK 169.3 due to higher public duties payable. Current liabilities amounted to MNOK 81.1 at the end of Q4 2020. Long term liabilities were MNOK 97.5 at the end of the quarter.

Sikri had total equity of MNOK 252.3 at the end of Q4 2020 and the equity ratio was 59%.

Cash flow

Cash and cash equivalents amounted to MNOK 132.4, down from MNOK 132.8 at the end of Q3 2020.

Sikri had a positive cash flow from operating activities of MNOK 93.3 YTD Q4.

Cash flow from investing activities was negative with MNOK 297.1 YTD Q4 mainly due to the acquisition of Sikri AS, PixEdit AS, Sureway AS and WhatIf AS.

Cash flow from financing activities was MNOK 336.1 in 2020.

The share capital of Sikri Holding AS was, pr December 31, 2020 1,480,385.50, divided on 14,803,855 shares.

In total Sikri had a net decrease in cash and cash equivalents of MNOK 0.4 from Q3 to Q4, decreasing the cash and cash equivalents to MNOK 132.4 at the end of Q4 2020.

Responsibility statement by the Board and CEO

The Board and CEO have considered and approved the condensed set of financial statements for the period 1 January to 30 September 2020. We confirm to the best of our knowledge that the condensed set of financial statements for the above-mentioned period has been prepared in accordance with NGAAP (Norwegian Generally Accepted Accounting Principles), and they present a true and fair view of the Group's assets, liabilities, financial position, and overall result for the period viewed in in their entirety. Furthermore, we declare that the interim management report gives a fair overview of any significant events that arose during the above-mentioned period and their effect on the financial report, and that it gives a correct view of any significant related parties' transactions, principal risks and uncertainties faced by the Group.

Lysaker, 17th February 2021

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Jens Rugseth
Chairman of the Board

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Nicolay Moulin
CEO

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Preben Rasch-Olsen
Board Member

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Fredrik Cappelen
Board Member

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Rune Syversen
Board Member

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Christian Krag Breddam
Board Member

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Torbjørn G. Krøvel
Board member

Consolidated statement of profit and loss

TNOK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	YTD 2020
Revenue	15,245	44,172	45,394	62,804	167,615
Cost of goods	1,387	2,199	3,835	4,637	12,058
Gross profit	13,858	41,973	41,559	58,167	155,557
Personell expenses	7,195	23,059	25,371	30,927	86,552
Other operating expenses	1,625	6,219	6,412	7,797	22,053
EBITDA	5,038	12,695	9,776	19,443	46,952
Depreciations	1,863	7,162	7,958	8,434	25,417
EBIT	3,175	5,533	1,818	11,009	21,535
Net financial expenses	681	1,059	1,286	239	3,264
EBT	2,494	4,474	533	10,770	18,271
Tax	536	1,299	570	2,230	4,634
Post-tax profits	1,958	3,175	-37	8,541	13,637
Earnings per share					
Basic earnings per share	0.49	0.39	0.00	0.58	0.92
Dilluted earnings per share	na	0.38	0.00	0.57	0.92

Consolidated statement of financial position I

KNOK	Q1 2020	Q2 2020	Q3 2020	Q4 2020
ASSETS				
Ingtangible assets	166,054	164,881	164,303	168,786
Goodwill	0	80,890	78,833	97,917
Deferred tax	56	2,635	2,635	1,877
Total Ingtangible assets	166,110	248,406	245,771	268,580
Property, plant and eq	2,835	3,012	3,031	3,028
Total tangible assets	2,835	3,012	3,031	3,028
Financial assets	110	60	60	60
Total financial assets	110	60	60	60
Account receivables	35,502	33,974	16,452	22,324
Other receivables	5,365	13,251	8,532	4,540
Total receivables	40,867	47,225	24,984	26,864
Cash and cash equivalents	45,469	33,642	132,786	132,376
Total current assets	86,336	80,867	157,770	159,240
TOTAL ASSETS	255,391	332,345	406,632	430,908

Consolidated statement of financial position II

TNOK	Q1 2020	Q2 2020	Q3 2020	Q4 2020
EQUITY AND LIABILITIES				
Share capital	1,200	1,235	1,474	1,480
Premium fund	58,200	75,665	230,745	237,172
Retained earnings	1,959	16,229	5,097	13,637
Total equity	61,359	93,129	237,316	252,289
Long term liabilities to financial institutions	80,000	105,000	97,500	97,500
Other long-term liabilities	0	0	0	0
Total long-term liabilities	80,000	105,000	97,500	97,500
Accounts Payable	2,698	5,530	4,413	9,230
Taxes payable	2,036	4,131	4,700	6,086
Public duties payable	21,904	15,172	9,350	14,293
Short term debt to credit institutions	17,421	30,000	0	0
Other short-term debt	69,973	79,383	53,353	51,510
Total current liabilities	114,032	134,216	71,816	81,119
TOTAL EQUITY AND LIABILITIES	255,391	332,345	406,632	430,908
<i>Equity ratio</i>	24%	28%	58%	59%

Consolidated statement of changes in equity

TNOK	Total share capital	Share premium	Other equity	Total equity
Balance at January 1st 2020	30	0	0	30
Profit or loss for period			13,637	13,637
Contribution of equity net	1,450	237,172		238,622
Balance at Dec 31th, 2020				252,289

Consolidated statement of cash flows

KNOK	Q1-2020	Q2-2020	Q3-2020	Q4-2020	YTD Q4-2020
Profit before tax	2,494	4,474	533	10,770	18,271
Taxes paid	0	0	0	-715	-715
Depreciation & amortization	1,863	7,162	7,958	8,434	25,417
Cash earnings	4,357	11,636	8,490	18,490	42,973
Change in working capital	55,042	114	-10,727	5,907	50,336
Other	0	0	0		
Cash flow from operations	59,399	11,750	-2,237	24,397	93,309
Capex	170,751	89,752	5,342	31,240	297,085
Free cash flow	-111,352	-78,002	-7,579	-6,843	-203,776
Proceeds from asset sale	0	0	0	0	0
Cash flow after investment activities	-111,352	-78,002	-7,579	-6,843	-203,776
Dividend	0	0	0	0	0
Equity issues	59,370	28,596	144,223	6,433	238,622
Debt financing	97,421	37,579	-37,500	0	97,500
Cash flow from financing	156,791	66,175	106,723	6,433	336,122
Net increase in cash and cash equivalents	45,439	-11,827	99,145	-410	132,346
Cash and cash equivalents start of period	30	45,469	33,642	132,786	30
Cash and cash equivalents end of period	45,469	33,642	132,786	132,376	132,376

Notes

Note 1. General

Sikri Holding AS is the parent company in the Sikri Group. The Group includes the parent company Sikri Holding AS and its wholly owned subsidiary Sikri AS (which has the wholly owned subsidiaries PixEdit AS and Augment AS), Sureway AS (with the wholly owned subsidiary Sureway Invest AS) and WhatIf AS. The Group`s head office is located at Vollsveien 4a, Lysaker, Norway.

Sikri Holding AS is listed on the Euronext Growth Market at Oslo Stock Exchange under the ticker SIKRI.

The consolidated condensed interim financial statements comprise the financial statements of the Parent Company and its subsidiaries as of 31 December 2020.

The condensed interim financial statements are audited.

Note 2. Basis of preparation

The condensed interim financial statements for the three months period ending on the 31st of December has been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. This quarterly report does not include the complete set of accounting principles and disclosures. The Group has not adopted any new standards, interpretations or amendments issued but not yet effective.

Rounding differences may occur.

Notes

Note 3. Revenue and segment information

The Group has one segment, sale of software solutions and related services. The market for Sikri's software and services is currently mainly domestic. The Management Group is responsible for allocating resources and assessing performance as well as making strategic decisions.

Information about major customers

The Group conducts its sales directly and through channel partners. No customer or channel partner represents more than 10% of the Group's revenue.

Information about share of recurring revenue from own products

Recurring revenue from own products is defined as revenue from time-limited contracts where the purchase is recurring in nature. Revenue from time-limited software subscriptions and related mandatory maintenance contracts are considered recurring. Revenue from third-party software licenses, perpetual software-licenses and project-based professional services, such as a customer-specific proof-of-concept project or installation project, are considered non-recurring. YTD 2020, more than 60% of revenue was recurring.

Appendix

Abbreviations

The following terms are used by the Group in the definition of APMs in this Report:

EBITDA: Profit/(loss) for the period before net financial items, income tax expense, depreciation and amortization.

EBITDA-margin: EBITDA in percentage of revenue.

Share of recurring revenues: Recurring revenue from own products is defined as revenue from time-limited contracts where the purchase is recurring in nature. Revenue from time-limited software subscriptions and related mandatory maintenance contracts are considered recurring. Revenue from third-party software licenses, perpetual software-licenses and project-based professional services, such as a customer-specific proof-of-concept project or installation projects, are considered non-recurring.

Contracted Annual Recurring Revenue (ARR): Annualized sales from all active subscriptions/contracts and ordered subscriptions with a future start date where the subscription is time-limited and recurring in nature.

Shareholders as of December 31, 2020

The 10 largest shareholders in Sikri Holding as of December 31, 2020:

Rank	Holding	Stake	Investor name
1	7,211,273	48.71%	KARBON INVEST AS
2	1,872,818	12.65%	CARUCEL N59 AS
3	1,800,434	12.16%	M25 INDUSTRIER AS
4	571,289	3.86%	State Street Bank and Trust Comp
5	385,000	2.60%	Skandinaviska Enskilda Banken AB
6	365,000	2.47%	Skandinaviska Enskilda Banken AB
7	277,485	1.87%	VERDIPAPIRFONDET FONDSFINANS NOR
8	245,000	1.65%	EIRIKDENHARDBALNE AS
8	245,000	1.65%	MØLLE INVEST AS
10	196,054	1.32%	VERDIPAPIRFONDET DNB SMB