

Interim report

H1 2021



Key highlights

Duett has experienced a strong first half year of 2021

Management comments

H1 2021 has been an eventful half year for Duett, with significant advancements in product development as well as having completed the first add-on acquisition of a company outside of Norway – all while being able to deliver continued strong financial results.

Revenue development¹

Pro-forma LTM revenues per Q2-2021 have reached NOK 253m, of which SkyHost contributes NOK 26m. H1-2021 revenues have grown 11.0% vs. H1-2020, driven by the acquisition of SkyHost and strong sales growth in Duett's software segment partly due to the new pricing model.

EBITDA development¹

Pro-forma Adj. LTM EBITDA per Q2-2021 have reached NOKm 83m, of which SkyHost contributes NOK 13m. This represents an Adj. EBITDA margin of 33%. H1-2021 EBITDA has grown 28.1% vs. H1-2020, driven by the acquisition of SkyHost and strong revenue growth in combination with the company's stable cost base and scalable business model.

Integration Skyhost

The acquisition of Skyhost was successfully completed April 16th 2021 and the integration process is now in full speed.

Duett

Duett is releasing new functionality on a high level this year. We continue to invest in product development. Duett shows a steady growth and EBITDA margin.

SkyHost

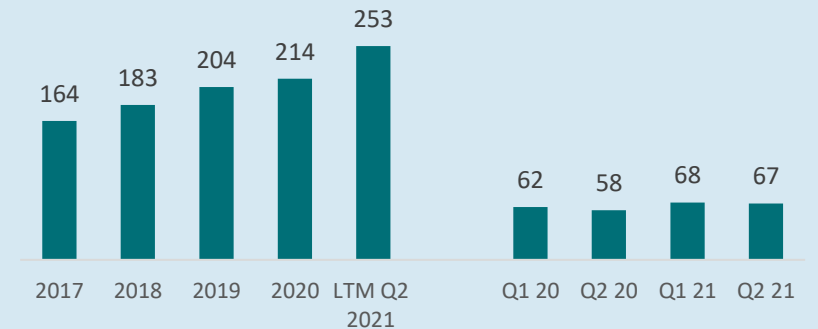
Skyhost shows a steady growth and EBITDA margin. The Skyhost software suite is ready for the Norwegian market and there is currently a pilot project ongoing with a handful of customers in Norway.

H1 2021 Highlights (Pro-forma LTM¹)

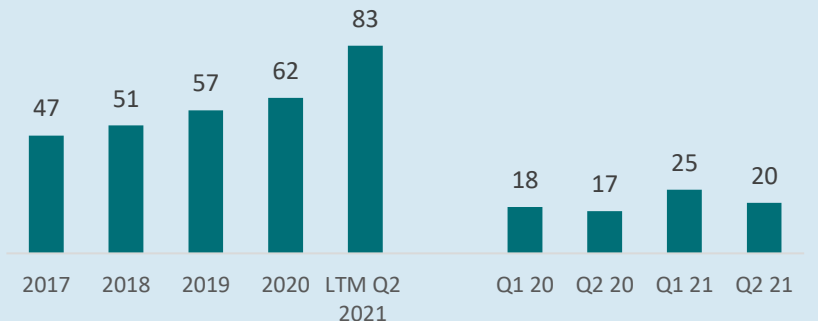


Key figures¹

Pro-forma revenues¹ (NOKm)



Pro-forma adjusted EBITDA¹ (NOKm)



Unaudited financials

1) Last Twelve Months (LTM) pro-forma figures includes SkyHost from 1 July 2020, whereas the reported figures on the following pages only include SkyHost's financial performance from and including 16 April 2021. The full-year and LTM adjusted EBITDA figures excludes all non-recurring costs, whereas the quarterly figures shown on the right side of the graph illustration are unadjusted.

Profit & loss

(1/2)

Comments

Duett Software

- Duett Economy became the largest contributor of recurring revenue to Duett in 2019. Growing by 23.7% in 2021 vs 2020
 - 3.7% of the growth is related to Skyhost that is consolidated from the acquisition date, April 16 2021
- Total revenue is growing by 11% in 2021 vs 2020
- However, operational expenses from research and development in 2021 increased due to increased investment in software development

Duett Sky

- Recurring revenues are stable, and remains an important source of revenue to Duett
- Duett COGS have been relatively flat in 2021

Reported EBITDA

- Reported EBITDA increased by 33.8% in 2021 vs 2020

Income statements

NOKm	Duo Bidco AS		Group consolidated unaudited		
	YTD 2021	YTD 2020	YTD 2021	YTD 2020	Change
Software	0	0	61.4	49.6	23.7%
Hosting	0	0	43.9	44.1	-0.4%
Recurring Revenue	0	0	105.3	93.7	12.4%
Consultancy software	0	0	2.9	3.6	-18.7%
Courses	0	0	1.1	0.8	37.3%
Consultancy hosting	0	0	2.6	3.1	-17.1%
Other income	0	0	0.9	0.8	12.5%
Hardware and software	0	0	7.8	6.6	17.6%
Non-recurring revenue	0	0	15.2	14.9	2.4%
Total Revenue	0	0	120.5	108.6	11.0%
Total COGS	0	0	53.1	52.6	0.9%
Gross Profit	0	0	67.4	56.0	20.4%
Sales & Marketing	0	0	7.7	6.9	11.2%
Research & Development	0	0	16.2	13.7	18.4%
General & Administrative	0.1	0.0	14.1	12.7	11.3%
Total OPEX	0.1	0.0	38.0	33.3	14.2%
Cash EBITDA	-0.1	0.0	29.4	22.7	29.6%
Capitalized Software Costs	0.0	0.0	10.5	7.1	47.3%
Reported EBITDA	-0.1	0.0	39.9	29.8	33.8%
Adjustments	0.0	0.0	0.2	1.5	
Adjusted EBITDA	-0.1	0.0	40.1	31.3	28.1%

Profit & loss

(2/2)

Comments

Income statements

NOKm	Duo Bidco AS		Group consolidated unaudited	
	YTD 2021	YTD 2020	YTD 2021	YTD 2020
Reported EBITDA	-0.1	0.0	39.9	29.8
Amortization	0.0	0.0	47.3	47.1
EBIT	-0.1	0.0	-7.4	-17.3
Finance income	4.2	1.2	0.0	-0.6
Finance cost	8.6	4.8	10.9	9.0
Total finance	-4.4	-3.6	-10.9	-9.6
EBT	-4.5	-3.7	-18.3	-26.9
Tax	-1.0	-0.8	0.1	-1.6
Earnings after tax	-3.5	-2.9	-18.3	-25.3

Balance Sheet

Assets

Comments

- Fixed assets mainly comprises of capitalised R&D from the development of Duett's proprietary software and from purchase price allocation related to acquisitions
- Land, building and other properties mainly consists of the data centre building and other office buildings at the headquarter
- The other offices in Stjørdal, Folldal and Elverum are leased and included as operational leases in the P&L. Duett also has leasing commitments for hardware in the data centre. In total IFRS 16 is expected to add NOK 28m of liabilities to the balance sheet.
- Hosting services requires a relatively significant amount of hardware, but this equipment is leased and included as operational leases under COGS in the P&L

Assets

NOKm	Duo Bidco AS		Group consolidated unaudited	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
ASSETS				
Intangible assets				
Trade name	0.0	0.0	29.4	26.4
Customer relationships	0.0	0.0	296.5	237.2
Developed technology	0.0	0.0	152.4	135.9
Deferred tax asset	1.0	0.8	0.0	0.0
Goodwill	0.0	0.0	371.3	321.1
Total intangible assets	1.0	0.8	849.5	720.6
Tangible assets				
Land and buildings	0.0	0.0	12.0	12.8
Furniture, tools, other	0.0	0.0	5.9	6.5
Total tangible assets	0.0	0.0	17.9	19.2
Financial assets				
Investment in group companies	493.0	431.2	0.0	0.0
Other investments	0.0	0.0	0.0	3.1
Total financial assets	493.0	431.2	0.0	3.1
Current assets				
Inventories	0.0	0.0	0.2	0.3
Accounts receivables	0.0	0.0	13.2	17.9
Receivables from group companies	333.7	60.6	0.0	-0.8
Other short-term receivables	13.0	1.4	17.8	8.2
Cash and deposits	36.3	0.0	73.1	20.2
Total current assets	383.0	62.0	104.2	45.8
TOTAL ASSETS	876.9	494.0	971.7	788.7

Balance Sheet

Equity & Liabilities

Comments

- The share capital is increased by NOK 61,764,003 in April 2021
- The bank financing of NOK 350,000,000 was replaced by a bond issue of NOK 500,000,000
- After the change in pricing model for Duett Economy in January 2021 the major part of the revenue is invoiced monthly, that means the deferred revenue is reduced. Hosting is still invoiced quarterly

Equity & Liabilities

NOKm	Duo Bidco AS		Group consolidated unaudited	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
EQUITY				
Paid-in capital				
Share capital	64.8	3.0	64.8	3.0
Premium fund	307.5	307.5	307.5	307.5
Other paid-in capital	0.0	0.0	0.0	0.0
Total paid-in capital	372.3	310.5	372.3	310.5
Accrued equity				
Other equity	-3.5	-2.9	-68.1	-28.3
Total accrued equity	-3.5	-2.9	-68.1	-28.3
Total equity	368.8	307.6	304.2	282.2
LIABILITIES				
Provisions for liabilities				
Deferred tax	0.0	0.0	91.4	74.8
Total provision for liabilities	0.0	0.0	91.4	74.8
Long-term debt				
Long-term debt	500.0	167.0	500.0	350.0
Other long-term debt	0.0	0.0	0.0	0.0
Total long-term debt	500.0	167.0	500.0	350.0
Short-term debt				
Credit facility	0.0	0.0	0.0	-2.5
Accounts payables	2.3	0.0	9.0	8.1
Payable taxes	0.0	0.0	12.4	6.1
VAT and other public taxes	0.0	0.0	11.6	12.1
Deferred revenue	0.0	0.0	23.5	36.2
Intercompany	0.0	14.0	0.0	-0.8
Other short-term debt	5.9	5.4	19.6	22.4
Total short-term debt	8.1	19.4	76.2	81.7
TOTAL EQUITY AND LIABILITIES	876.9	494.0	971.7	788.7

Cash flow

Comments

Duett has a strong cash flow profile

- The asset light business model requires limited capex and involves very beneficial working capital dynamics
- Attractive cash conversion of on average ~80% from 2017-2020
- Available liquidity on a high level

Cash flow

NOKm	Duo Bidco AS		Group consolidated unaudited	
	YTD 2021	YTD 2020	YTD 2021	YTD 2020
Cash flow from operating activities				
Earnings before tax	-4.5	-3.7	-18.3	-26.9
Amortization	0.0	0.0	47.3	47.1
Taxes Paid	0.0	0.0	-6.1	-7.5
Inventories	0.0	0.0	0.1	-0.1
Accounts payables	2.3	0.0	0.0	-2.0
Accounts receivables	0.0	0.0	-3.9	1.7
Deferred revenue	0.0	0.0	4.0	-0.7
Other NWC	-7.5	0.0	13.7	-8.3
Cash flow from operating activities	-9.7	-3.7	36.8	3.3
Cash flow from Investing activities				
Activated development costs	0.0	0.0	-10.5	-7.1
(-) Purchase of fixed and intangible assets	0.0	0.0	-111.0	-0.5
(-) Other investing activities	0.0	0.0	0.6	0.0
Net cash flow from investing activities	0.0	0.0	-120.9	-7.7
Cash flow from financing activities				
Net change long-term debt	343.0	0.0	160.0	0.0
Net change credit facility	0.0	0.0	-3.4	0.0
Net change intercompany	-297.0	3.7	0.0	0.0
Net change equity	0.0	0.0	0.0	0.0
Cash flow from financing activities	46.0	3.7	156.6	0.0
Net change in cash and cash equivalents	36.3	0.0	72.5	-4.3
Cash and cash equivalents in the beginning of the period	0.0	0.0	0.6	24.5
Cash and cash equivalents in the end of the period	36.3	0.0	73.1	20.2
Beginning credit facility balance	0.0	0.0	3.4	0.0
Net change credit facility balance	0.0	0.0	-3.4	0.0
Ending credit facility balance	0.0	0.0	0.0	0.0
Limit credit facility	0.0	0.0	35.0	35.0
Ending available liquidity	36.3	0.0	108.1	55.2

Group structure

