

huddlestock

Q2 2024

Second quarter and half year results presentation | August 29, 2024

Øyvind Hovland, Chairman of the Board
Leif Arnold Thomas, Group CEO





Empowering modern financial services

We enable any company to launch new investment services or transform existing ones

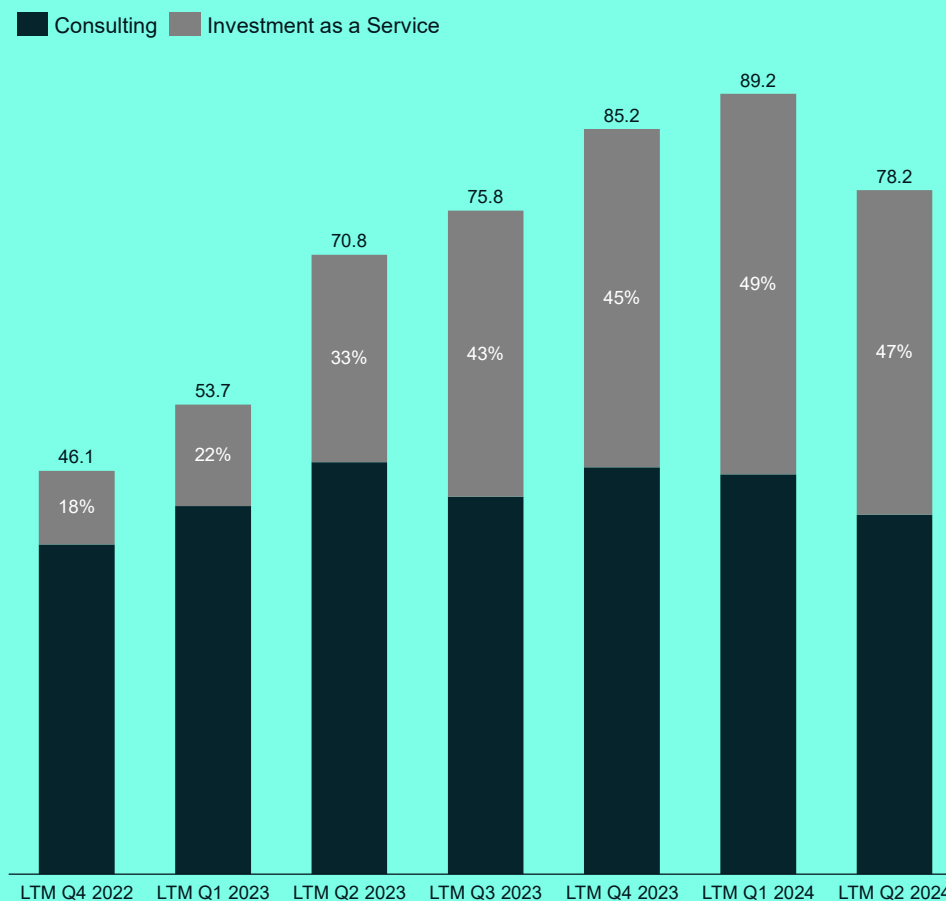


Q2 2024

- Revenue of NOK 18 million vs. to NOK 21 million in Q1 2024
 - IaaS revenue growth of 7 percent
 - Consulting revenue down due to staffing changes, with continued high profitability
- EBITDA of NOK -6 million vs. NOK -4 million in Q1 2024
 - Personnel cost reductions offset by increased Other operating expenses related financing and restructuring activities
 - Short-term ambition of turning EBITDA-positive, with effects of cost control and reduction initiatives expected in H2'24 and 2025
- IaaS platform integration development on track
 - Ongoing migration of Norwegian customers to the IaaS-platform
 - Ambition to harmonize all customers on the platform in 2025, set to unlock cost reductions
- Pursuing opportunities to enable an accelerated market entry into Germany
 - Subsequent event: LOI signed with Tradevest with potential to deliver combined IaaS-platform offering to German AVL
- Acting on ambition to grow Consulting (Visigon) business
 - Subsequent event: New Danish Consulting customer signed because as a result of collaboration across IaaS and Consulting

Last twelve months revenue development

Last twelve months (LTM), NOK million



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A two-sided business model

Business areas

Investment-as-a-Service

Consulting services

Offering

Investment solution based on Huddlestock's own scalable technology, infrastructure, trade routing and regulatory permissions

Customized strategic and technical solutions assisting customers improving their operations

Model

Recurring based on monthly licenses, assets under management/Administration and transaction fees

Multiyear relations to large multinational institutions

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Our customers

Financial products and services companies



Incumbents

Competitive pressures and evolving client demands rapidly evolving; New products and features, more personalization and seamless digital and hybrid experiences.

- Access to distribution network for technology
- Higher immediate revenue gains
- Higher customer acquisition costs



Startups

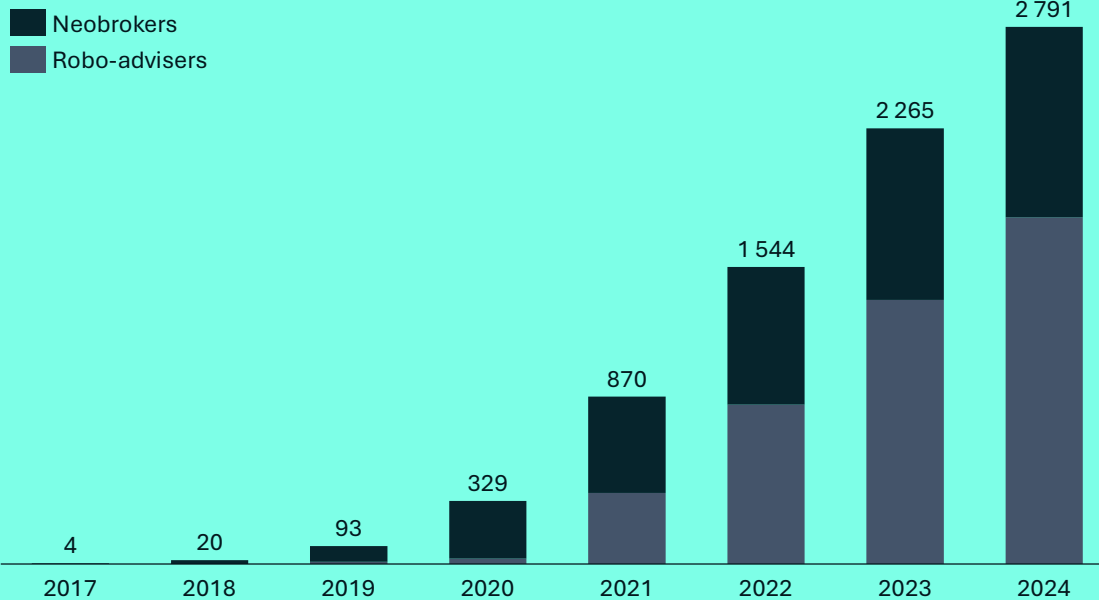
New investment services requires complex and resource heavy work; Acquiring licenses, developing user experiences and establishing compliance processes

- Lower immediate revenue gains
- Lower customer acquisition costs

Tapping into a large self reinforced growth market

Disruptive digital investment market globally

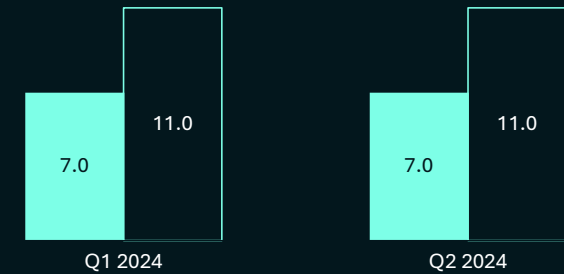
Assets under management (USD billion)



Source: Statista - Digital investment worldwide, EY

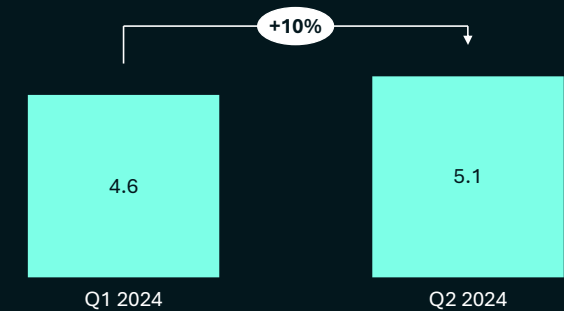
Investors served through customers

■ # of end-clients ('000) ■ # of end-client accounts ('000)



Assets under Administration

■ NOK bn under management



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High value to capture in existing markets

Norway + Sweden: *Technology integration*

- Large serviceable market for IaaS offering identified
- High priority-platform technology integration enabling cross border new sales and up-sales to existing customers

Germany: *Additional upside potential*

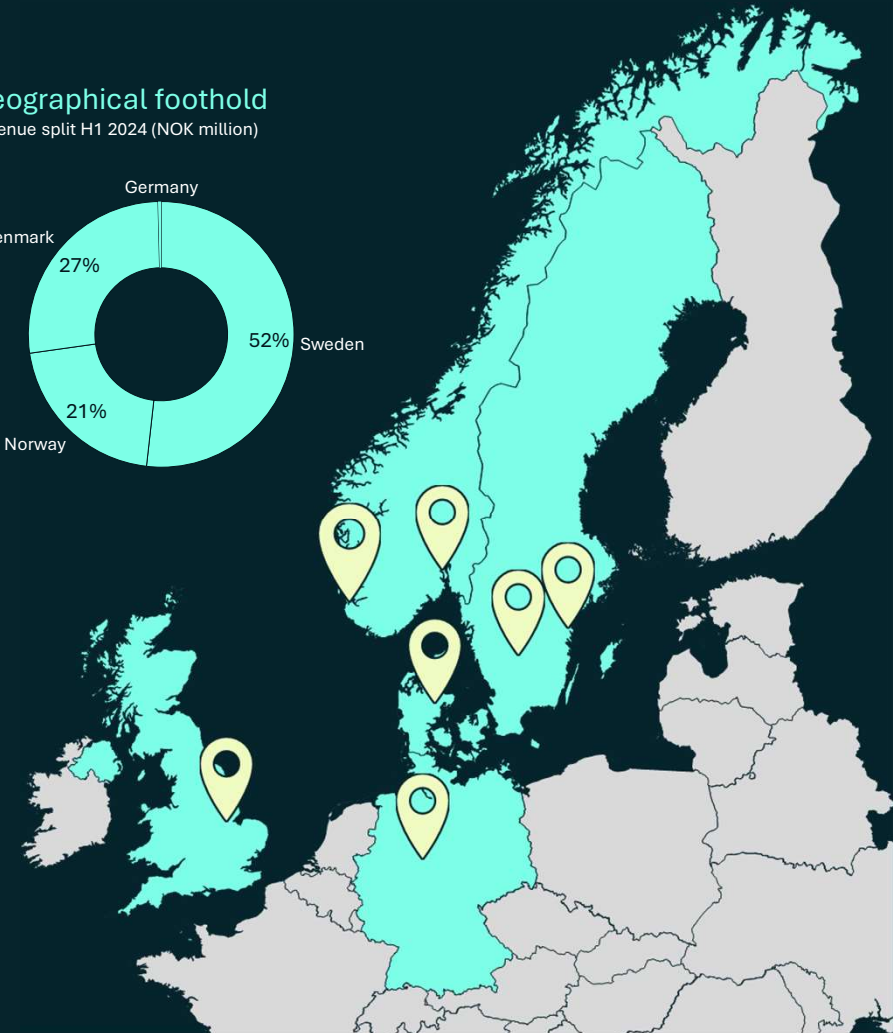
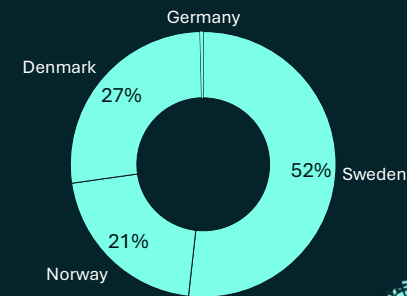
- Large growing market for Huddlestock platform services
- M&A opportunities with potential to accelerate time to market
- Continued discussions with AVL (LOI announced in January)
- LOI signed with Tradevest for potential local cooperation

Grow consultancy business

- Strong foothold in Denmark and Sweden
- Started to explore growth avenues within financial services, including geographical expansion and new business areas
- New customer agreement signed

Geographical foothold

Revenue split H1 2024 (NOK million)

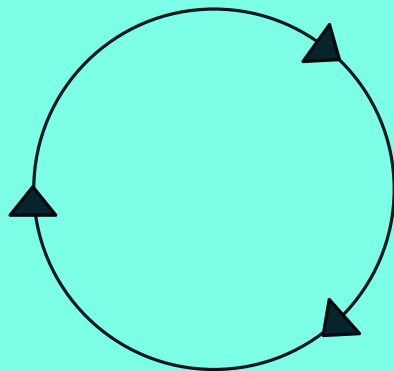
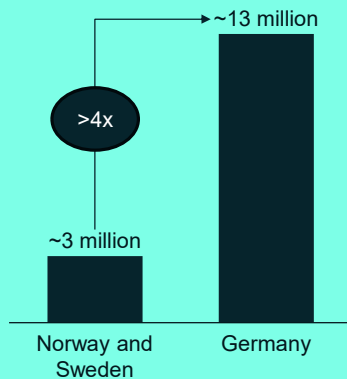


Large Nordic markets with high upside potential in Germany

A self-reinforced growth market

More investors

retail investors¹



Evolving preferences

- User experiences
- Thematic (example ESG)
- Digital first solutions

More platforms

- Enhancing existing offerings
- Building adjacent services
- Disruptive new services

1. Sources: Akjse Norge Halvårsrapport nordmenns aksjeverdier, Euroclear Sweden Akteagerrapporten 2023, Deutsches Aktieninstitut (DAI) Aktionärszahlen 2023

Customer development In the first half 2024

Letter of intents (LOIs)

HILI

Norway

AVL

Germany

Upselling (subsequent event)



Kraft Finans
Vi forvalter din formue

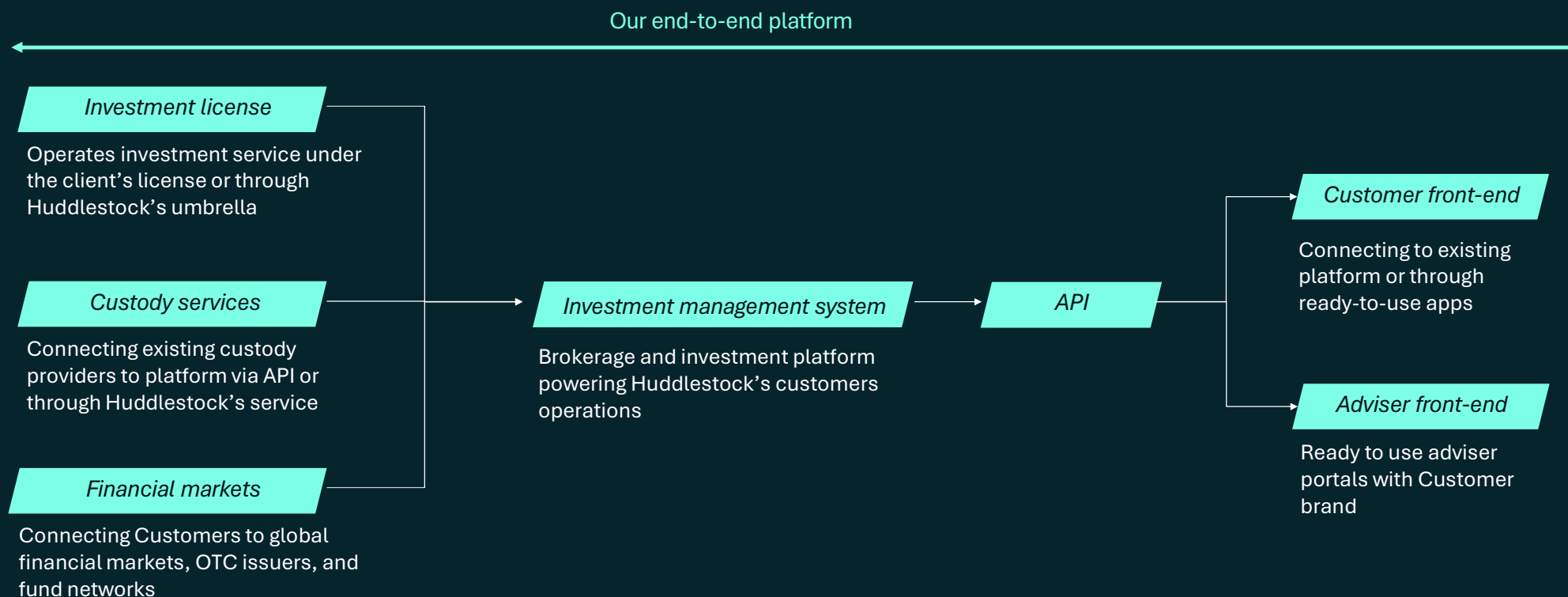
Norway



LOI with German Fintech company Tradevest
- Exploring combined investment solution in Germany
- Potential to speed up time-to-market
(Subsequent event)

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The only complete investment as a service offering



IaaS platform integration activities

Securing long-term scalability and efficiency

Tech Integration

Combining Bricknode tech with Huddlestock tech and the daily financial administrative operations



Client Migration

Migration pending finalized technology integration and holds potential for synergy realization

Tech Development

Fast development and deployment of solutions for Huddlestock and its customers based on evolving needs



Increased Automation

Increasing the potential for Huddlestock's scalability

Priorities

In the second half 2024



Added support around Norwegian Share Savings Account (ASK)



Full tax handling and reporting in Norway



Elevated automation for fund trading and currency exchange



Migration of more Norwegian customers to the IaaS-platform



Expansion of real time equity trading / investing capabilities

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Acting on ambition to grow Consulting

New contract securing continued high utilization

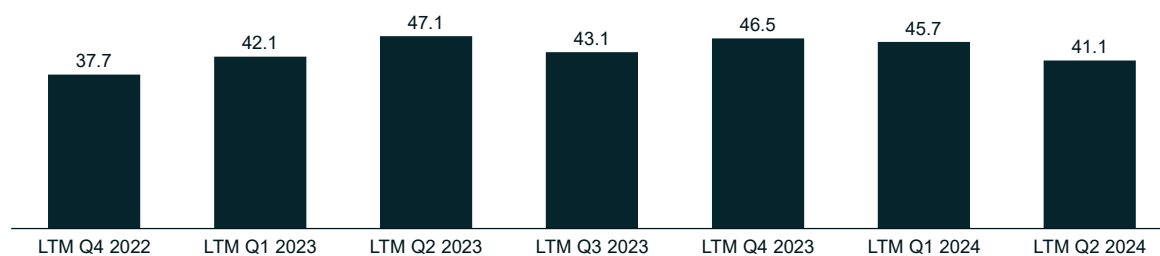
- New undisclosed wealth management customer located in Denmark
- Result of combined sales efforts across IaaS and Consulting

Broaden Visigon offering

- New website to be launched Q3

Consulting LTM revenue development

Last twelve months (LTM), NOK million



Business Analysts



Technical Analyst



Project Manager



Calypso Services



Machine Learning



On Demand

Financial review

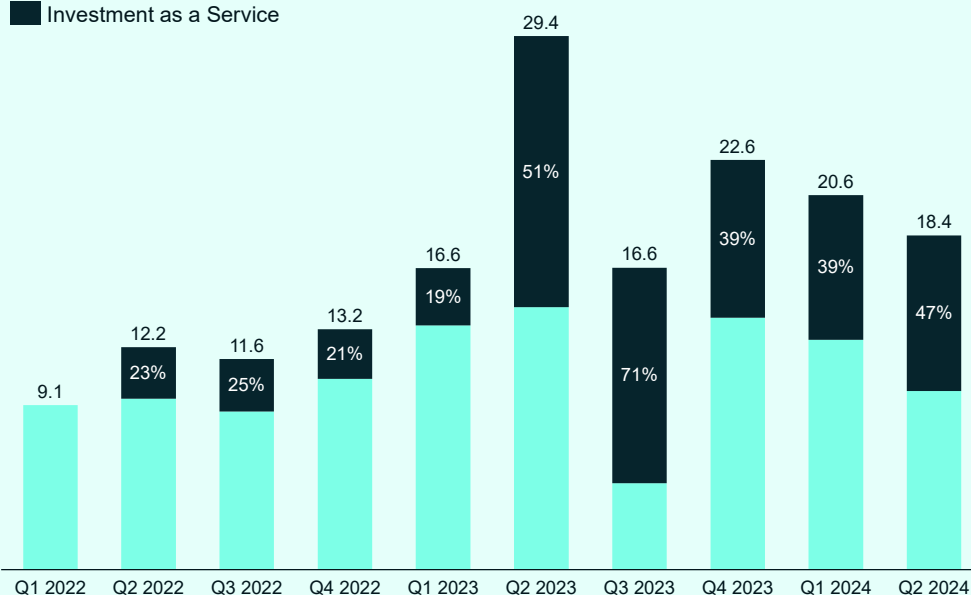


7% IaaS growth offset staffing changes in Consulting

Quarterly revenue development

Unaudited, NOK million

■ Consulting
■ Investment as a Service



- +7% Investment-as-a-Service revenue development compared to the first quarter 2024
- Consulting negatively impacted by staffing changes in the second quarter 2024
- Recurring IaaS revenue drivers impacted by number of B2B customers and products offered, as well as stock market development through:
 - Monthly recurring licenses
 - Transaction fees
 - Assets under management (AuM/AuA)
- Consulting business from professional services related to technology implementation

Second quarter profit and loss

Profit and loss

Unaudited, NOK million

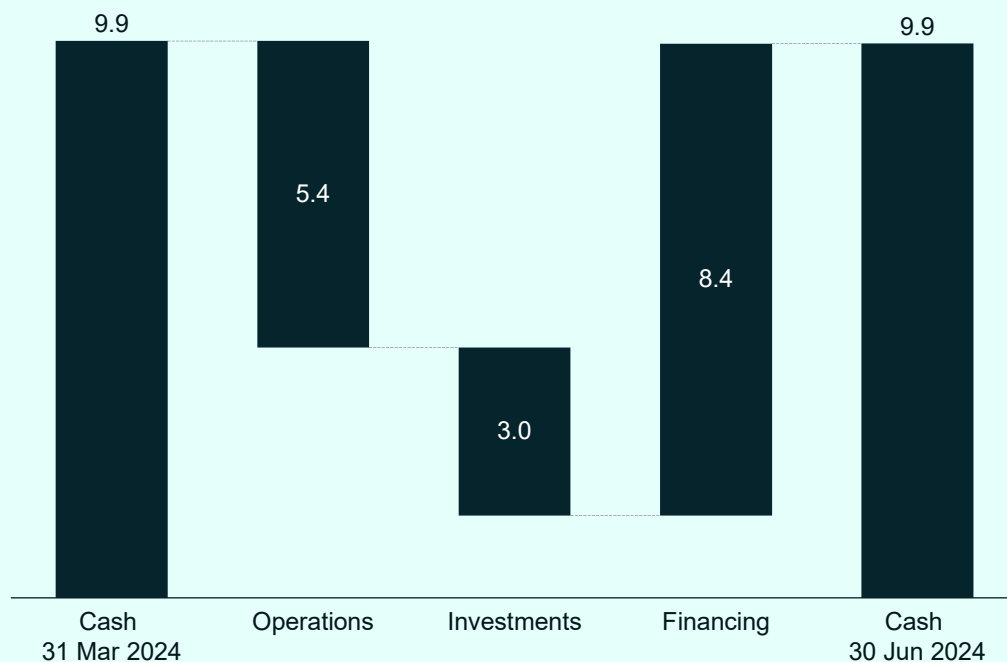
	Q2 2024	Q1 2024	Q2 2023
Total operating income	18.4	20.6	29.4
Cost of materials/subcontractors	-0.1	0.1	-6.4
Personnel cost	-14.8	-17.1	-20.9
Other operating expenses	-9.1	-7.4	-3.9
EBITDA	-5.6	-3.8	-1.8
Depreciation, amortization and impairments	-12.2	-12.0	-7.6
EBIT	-17.8	-15.8	-9.5
Net financial items	-0.8	-0.6	-0.6
Result before tax	-18.6	-16.3	-10.0
Net result	-18.8	-16.4	-10.4

- Total operating income of NOK 18 million, from 7% IaaS growth offset staffing changes in Consulting
- Personnel cost reduction to NOK 15 million, both compared to last quarter and to Q2 2023
- Increased Other operating expenses related financing and restructuring activities
- Short-term ambition to turn EBITDA positive, with cost reduction effects to be materialized in the second half 2024 and into 2025
- Higher depreciation, amortization reflecting acquisitions in 2023
- Net result of negative NOK 19 million

Second quarter cash flow

Q2 2024 cash flow

Unaudited, NOK million



- Cash flow from operations reflects a profitable Consultancy business and an IaaS-business with high growth potential
- Investments represents net additions in intangible assets related to technology development
- Financing mainly reflects increased debt in addition to sale of treasury shares
- Cash position of NOK 10 million at period end
- Ongoing work to identify potential financing partners to support strategy including non-organic growth

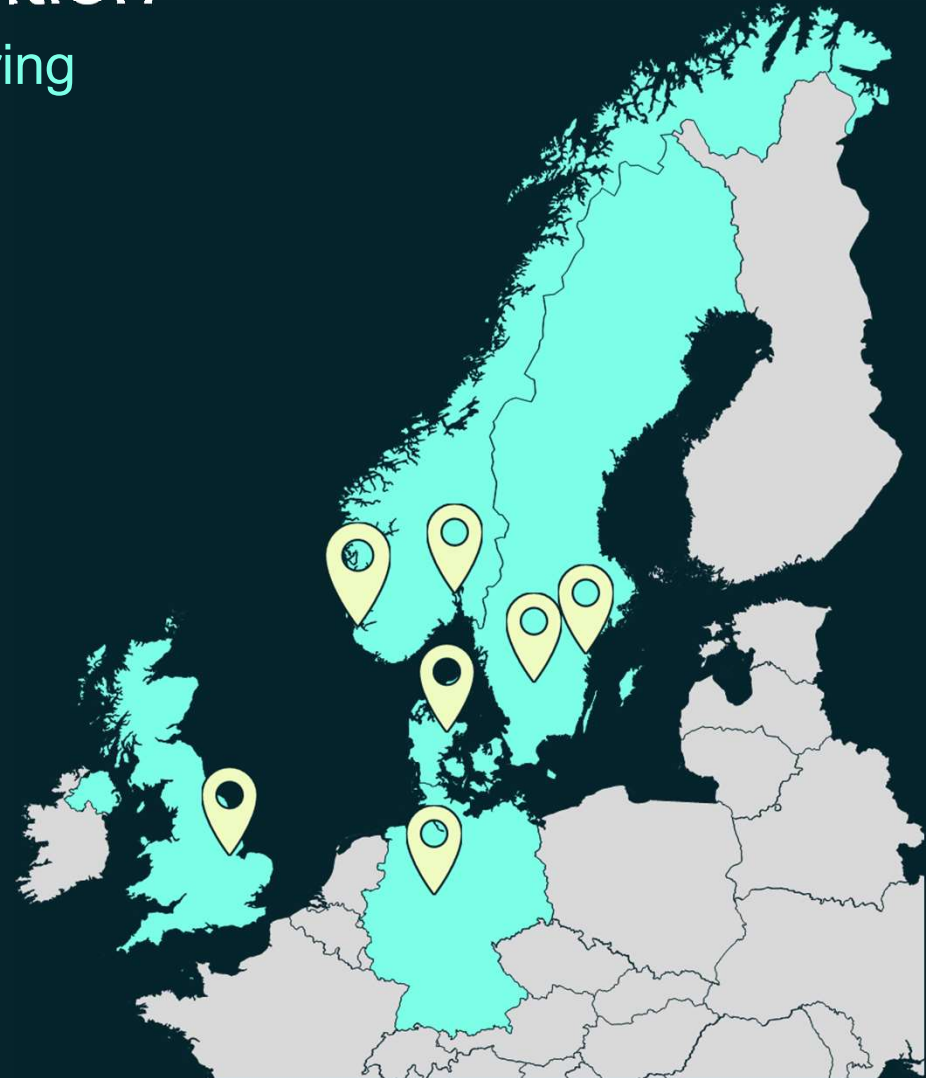
Summary and outlook



Building on a unique market position

The only complete Investment as a Service offering

- Continued profitable consultancy business
- Unlocking growth in Investment-as-a-service (IaaS) business through technology and platform integration
- Pursuing accelerated market entry into Germany
- Short-term ambition to become EBITDA-positive
 - Focus on recurring 'Investment as a service'-sales
 - Enhance sales efforts in existing sales organization
 - Continue to grow professional services business
 - Increase efficiency and enhance structures
 - Cost control and cost reduction



Q&A



Øyvind Hovland
Chairman of the Board



Leif Arnold Thomas
CEO



Appendix



Consolidated income statement

Unaudited in NOK

	Q2 2024	Q1 2024	YTD 2024	YTD 2023	Year 2023
Operating income					
Other operating income	18 392 898	20 613 359	39 006 257	45 971 122	85 150 101
Total operating income	18 392 898	20 613 359	39 006 257	45 971 122	85 150 101
Operating expenses					
Cost of materials/subcontractors	-86 425	86 425	0	-11 621 588	-457 150
Personnel costs	-14 780 517	-17 119 365	-31 899 881	-35 233 363	-75 304 819
Other operating expenses	-9 111 147	-7 371 618	-16 482 764	-3 309 472	-25 801 808
Total operating expenses	-23 978 088	-24 404 557	-48 382 646	-50 164 423	-101 563 778
EBITDA	-5 585 190	-3 791 199	-9 376 389	-4 193 301	-16 413 677
Depreciation, impairment and amortisation	-12 208 453	-11 972 874	-24 181 328	-14 197 172	-63 973 602
EBIT	-17 793 644	-15 764 073	-33 557 717	-18 390 473	-80 387 279
Financial income					
Interest income	819	12 257	13 076	9 605	790 434
Other financial income	190 690	55 174	245 864	148 814	329 879
Total financial income	191 509	67 431	258 940	158 419	1 120 313
Financial expenses					
Interest expenses	-875 576	-560 357	-1 435 932	-621 260	-2 696 548
Other financial expenses	-112 165	-72 131	-184 296	-467 364	-5 165 920
Total financial expenses	-987 741	-632 488	-1 620 229	-1 088 624	-7 862 468
Net financial items	-796 231	-565 057	-1 361 289	-930 205	-6 742 156
Result before tax	-18 589 875	-16 329 131	-34 919 006	-19 320 678	-87 129 435
Income tax	-228 950	-48 306	-277 256	-129 321	805 539
Net result	-18 818 825	-16 377 437	-35 196 262	-19 449 999	-86 323 896

Consolidated statement of financial position

Unaudited in NOK

	30.06.2024	30.06.2023	31.12.2023
Non-current assets			
Intangible assets			
Research and development	55 151 154	70 550 551	58 138 522
Goodwill	108 936 741	141 109 686	116 449 291
Technology	16 081 598	25 542 560	18 515 698
Customer contracts and relations	10 876 903	17 329 996	14 171 778
Licenses	24 751 766	33 794 439	28 469 988
Total intangible assets	215 798 161	288 327 232	235 745 276
Fixed assets			
Investment in equities	333 986	569 621	322 719
Property, plant & equipment	179 105	451 041	199 483
Total fixed assets	513 091	1 020 658	522 201
Total non-current assets	216 311 252	289 347 889	236 267 478
Current assets			
Receivables			
Trade receivables	13 128 369	15 808 227	11 347 040
Other short-term receivables	1 330 226	12 012 650	5 952 937
Total receivables	14 458 595	27 820 877	17 299 977
Bank deposits, cash and cash equivalents	9 851 510	10 830 604	10 183 903
Total current assets	24 310 105	38 651 481	27 483 880
Total assets	240 621 357	327 999 370	263 751 358

	30.06.2024	30.06.2023	31.12.2023
Equity			
Paid-in capital			
Share capital	362 215	536 916	350 957
Own shares	-14	-8 380	-5 335
Capital increase not registered	0	0	13 561 756
Share premium	193 927 505	187 244 303	180 377 457
Total paid-in capital	194 289 706	187 772 839	194 284 835
Other equity			
Other equity	-73 145 170	0	-38 548 773
Total other equity	-73 145 170	0	-38 548 773
Total equity	121 144 537	187 772 839	155 736 062
Liabilities			
Long-term liabilities			
Other long-term liabilities	7 510 558	16 042 974	675 778
Deferred tax	6 774 203	11 620 912	8 144 578
Total long-term liabilities	14 284 761	27 663 886	8 820 356
Short-term liabilities			
Accounts payable	2 882 043	6 323 533	6 661 053
Payroll taxes, VAT etc.	9 439 556	8 605 230	8 422 709
Loans and borrowings	28 468 700	8 560 569	19 336 874
Other short-term liabilities	64 401 761	89 073 314	64 774 304
Total short-term liabilities	105 192 059	112 562 646	99 194 940
Total liabilities	119 476 821	140 226 532	108 015 296
Total equity and liabilities	240 621 357	327 999 370	263 751 358

Consolidated statement of cash flows

Unaudited in NOK

	Q2 2024	Q1 2024	YTD 2024	YTD 2023	2023
Profit/loss before tax	-18 589 875	-16 329 131	-34 919 006	-19 320 678	-87 129 435
Depreciation and amortisation	12 208 453	11 972 874	24 181 328	14 197 172	63 973 602
Changes to accounts receivable	1 581 124	-3 362 454	-1 781 330	-2 158 422	-527 235
Changes to accounts payable	-184 737	-3 594 273	-3 779 010	-4 612 789	-2 870 269
Changes to other accruals and prepayments	-460 176	4 265 161	3 804 985	251 279	53 849 179
Net cash flow from operating activities from continuing operations	-5 445 211	-7 047 822	-12 493 033	-11 643 438	-23 829 236
Net additions intangible assets	-2 987 905	-2 413 675	-5 401 580	-9 562 224	-51 045 929
Aquisition of subsidiaries, net of cash aquired	0	0	0	12 086 429	29 522 000
Transaction cost	0	0	0	-1 101 000	12 086 429
Net cash flow from investment activities from continuing operations	-2 987 905	-2 413 675	-5 401 580	1 423 204	-9 437 501
Proceeds from capital increase	0		0	5 000 000	22 500 000
Treasury shares	1 660 000		1 660 000	1 366 000	0
Loans obtained	7 033 111	9 758 913	16 792 024	11 781 000	6 307 579
Repayment of loans	-305 652	-584 152	-889 804	0	12 531 000
Net cash flow from financing activities from continuing operations	8 387 459	9 174 761	17 562 220	18 147 000	40 546 802
Net changes to cash and cash equivalents from continuing operations	-45 657	-286 737	-332 394	7 926 766	7 280 066
Bank deposits, cash and cash equivalents per 1.1.	10 183 903	10 183 903	10 183 903	2 903 838	2 903 838
Bank deposits, cash and cash equivalents end balance	10 138 246	9 897 167	9 851 510	10 830 604	10 183 903

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