

hddlestock

Acquisition of Visigon Nordic AB



Stavanger

5. May 2021



Risk Factors 1/3

1.1 General

Investing in the Huddlestock Fintech AS (the Company) involves inherent risks. Prospective investors should consider, among other things, the risk factors set out below before making an investment decision. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company or that the Company currently deems immaterial, may also impair the Company's business operations and adversely affect the price of the Company's Shares. An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment. The information set out herein is presented as of the date hereof and is subject to change, completion or amendment without notice.

1.2 Market risk

1.2.1 Risks related to market reception

The Company is relatively newly established and its lack of operating history makes it difficult to assess the outlook for its business model, future revenues and other operating results. There can be no assurance that the reception in the market of the Company's business model will be as forecasted. If the market's reception is weak this may have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The situation with regard to the coronavirus pandemic is still subject to uncertainties, and the Company cannot foresee how long the coronavirus pandemic will last, nor the full extent the coronavirus pandemic may have on the Company's operations, financial results and prospects in the medium to longer term.

1.2.2 Market cyclicity and economic conditions

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets, and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors, including government policy, international economic conditions, significant acts of terrorism, hostilities or war, or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position. The Company's future possible revenues and share prices can be affected by these factors, which are beyond the Company's control.

1.2.3 Risks related to competitive markets

The Company faces competition from international Fintechs and other companies, while the competitive landscape may continue to change. Increased competition may lead to tightening competition for new customers and/or lower net margins. If the Company is unable to compete efficiently, its competitive position may be adversely affected, which as a result, may have a material adverse effect on its business, financial condition, results of operations and/or prospects.

1.2.4 Regulatory risks

The Company is subject to a wide variety of laws and regulations. The Company is targeting an international market, hence failure to comply with international legislation such as anticorruption, money laundering and GDPR legislation could result in fines, criminal penalties and damage to the Company's reputation. Future changes in the domestic and international laws and regulations applicable to the Company can be unpredictable and are beyond the control of the Company, and such changes could imply the need to materially alter the Company's operations and set-up and may prompt the need to apply for permits or other approvals, which could in turn have a material adverse effect on the business, financial condition, results of operations or cash flow of the Company.

1.3 Operational risk

1.3.1 Lack of operating history

The Company has limited prior operating history and there is no actual historical operational data available for the Company's business. The Company has of today only generated limited revenues. Since its inception, the Company has incurred losses, and to date, the Company has financed its operations through inter alia private placements of equity. The Company's commercial success is inter alia dependent on the successful implementation of the products and services, and to become and remain profitable, the Company must succeed in commercialising its business and technologies such that they generate revenues. Although the Company's Board of Directors and management has considerable relevant experience from the capital markets sector, there are risks associated with the Company's ability to implement its business strategy within the projected scope, timeframe and cost level.

1.3.2 Risk of failure or inadequacy in IT systems

The Company will rely heavily on the uninterrupted operation of its IT systems for the efficient running of its business and operations, and, in particular in order to offer customers digital services. The Company will rely on certain financial infrastructure services. In addition, the Company will depend on a few third party providers for the supply of important IT services. The Company's ability to conduct its business may be adversely affected by a disruption in the infrastructure that supports the business of the Company.

1.3.3 Risk of technological changes

The industry in which the Company operates sees frequent changes and developments in technology. Such changes and developments can be driven by competitors of the Company with substantial greater resources than those of the Company. The Company's technology and any further technology under development, may not prove to be viable or efficient, and efforts to respond to technological innovations may require significant financial investments and resources. Failure by the Company to respond to changes in technology and innovations may render the Company's operations uncompetitive and may have a material, negative effect on the Company's results of operation, financial condition and future prospects.

1.3.4 Risks related to third parties

The Company is dependent on partners, suppliers, and other third parties to supply certain services in order to successfully conduct its operations. If the supply of such products and services is delayed, not given priority or does not meet the required quality, this could have a material adverse effect on the Company's results, financial condition, cash flows and prospects. Further, there can be no assurance that the Company will be able to enter into or maintain satisfactory agreements or relationships with third party providers in the future, or be able to maintain its arrangements with its current or new suppliers and distributors on same or other commercially reasonable terms in the future, or at all, which in each case could have a material adverse effect on the Company's results, financial condition, cash flows and prospects.

Risk Factors 2/3

1.3.5 Risks related to cyber-attacks and security breaches that could harm the Company's business and standing with its customers

As a technology-driven business model, the Company and its customers may be subject to cyber-attacks from cybercriminals. Rapid changes in attack vectors makes it difficult to stop attacks and adapt to new threats. The Company must comply with severe security obligations, including maintaining network and system security, providing security patching, antivirus and malware detection and prevention services and intrusion detection and prevention as well as ensuring the credentials of those employees who work with the Company's customers. IT security breaches could lead to shutdowns or disruptions of the Company's systems and potential unauthorized disclosure of confidential information or data, including personal data. The Company may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. The theft or unauthorized use or publication of confidential information or other proprietary business information, or any compromise of security that results in an unauthorized release, transfer or use of personally identifiable information or other customer data, could adversely affect the Company's competitive position and reputation, and reduce the market's acceptance of the Company's services and solutions. If the Company is unable to protect its digital structure from cyber-threats, this could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

1.3.6 Dependency on management and key employees

The Company business development is to a significant extent dependent upon key individuals that have obtained necessary and relevant experience. The Company may be unable to replace such individuals if and when needed on short notice and the loss of the services of management personnel or other key employees could therefore have a material adverse impact on the financial condition and prospects of the Company. The Company shall establish incentive programs designed to motivate employees for a long-term relationship with the Company to reduce the risk of losing personnel.

1.3.7 Inability to maintain sufficient insurance to cover all risks related to its operations

Although the Company seeks to maintain insurance or contractual coverage to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with the Company's operations, which could have a material and adverse effect on the Company's business, financial condition, results of operations and/or prospects.

1.3.8 The Company is exposed to potential litigation, claims and compliance risks

The Company may in the future become involved in various disputes and legal, administrative and governmental proceedings in Norway and other jurisdictions that potentially could expose the Company to losses and liabilities.

1.4 Financial risk

1.4.1 Risk that capital in the future may not be available on attractive terms, or at all

The Company's planned expansion and future operations may be dependent on further equity injections and debt financing arrangements in order to be completed, and there is no assurance that the Company is able to raise sufficient financing to execute its current business plans. Such capital, whether in the form of debt or additional equity, may not be available on attractive terms, or at all. Further, any such development may expose the Company to additional costs and liabilities and require it to change the manner in which it conducts its business or otherwise have a material adverse effect on the Company's financial position, results of operations and/or prospects.

1.4.2 The Company is exposed to risk related to foreign currency exchange

Foreign exchange rate fluctuations could affect the Company's financial condition, cash flow and results. The Company is targeting an international market and will earn revenue in foreign currencies. The Company does not use financial instruments to hedge its exposure to foreign exchange rate risks, and there is no guarantee that the Company's financial results will not be adversely affected by currency exchange rate fluctuations or that any efforts by the Company to engage in currency hedging activities will be effective. Currency exchange rate fluctuations, thus, could have a material adverse effect on the Company's performance in the future.

1.5 Risk factors relating to the shares

1.5.1 An investment in the Company's shares involves risk of loss of capital

Risk and risk taking is inevitably linked to shareholding. Since an investment in shares may increase or decrease in value, there is a risk that investors will not recover a significant, or any, part of their invested capital. The price of the Company's Shares may be volatile, which could cause investors to lose all or a significant part of their investment. Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Shares will be subject to market trends generally and the quoted price of the Shares on Euronext Growth Oslo may be affected by such volatility in response to numerous factors. Factors unrelated to the financial performance or prospects of the Company include macroeconomic developments, and market perceptions of the attractiveness of particular industries. Because of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company.

Risk Factors 3/3

1.5.2 Risks related to the market price of the Company's shares

The price of the Company's Shares may in the future fluctuate significantly and rapidly as a result of, inter alia, the factors mentioned below:

- Differences between the actual financial & operating results and those expected by investors/analysts;
- Response to financial reports issued by the Company;
- Adverse business developments;
- Perceived prospects for the business and operations and the Fintech, capital markets and technology industry;
- Announcements by the Company or competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- Matters announced in respect of major competitors or changes to the regulatory environment in which the Company operates;
- Interest rate changes and foreign exchange rate movements
- Changes in securities analysts' estimates of financial performance and recommendations;
- Shareholder or investors views of the Shares;
- Changes in market valuation of similar companies;
- Involvement in litigation;
- Negative publicity or announcements, including those relating to any of the Company's substantial shareholders or key personnel may adversely affect the Share price and the stock performance of the Company, whether or not this is justifiable. Such negative publicity or announcement may include involvement in insolvency proceedings, failed attempts in takeovers or joint ventures etc.
- Additions or departures of key personnel; and
- Changes in general economic conditions.

1.5.3 The Company does not anticipate to distribute dividends in the current business plan

The Company's ability to pay dividends is dependent on the availability of distributable reserves. The Company does not expect to pay dividends in the foreseeable future, and the Company may in the future be unwilling or unable to pay dividends.

1.6 If the Company is not able to attract and retain customers and commercial partners, this could adversely impact the Company's business and financial and position

The Company's strategy involves entering into customer, distribution, marketing, sales and other agreements with third parties across several jurisdictions. If the Company is to be successful, the Company will require such agreements to be entered into on commercially favorable terms. If the Company does not succeed in continuing to attract and retain new customers or partners, it could have a material adverse effect on its results of operations, financial condition, cash flows and prospects. Any circumstances that publicly damage the Company's goodwill, injure the Company's reputation or damage the Company's business relationships, may lead to a broader adverse effect than solely the monetary liability arising directly from the damaging events by way of loss of business, goodwill, clients, partners and employees.

1.7 Risks associated with acquisitions

The Company aims to expand its business both by organic growth and by acquisitions of other businesses. The successful integration of the future acquisitions into the Company's current business is important for the future growth and success of the Company. If this integration should prove more difficult than expected, or the acquired assets should prove less valuable for the Company than the Company's assessments, this could have a detrimental effect on the financial performance and value of the Company.



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Apex Bedrock

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Unique software as a service solutions

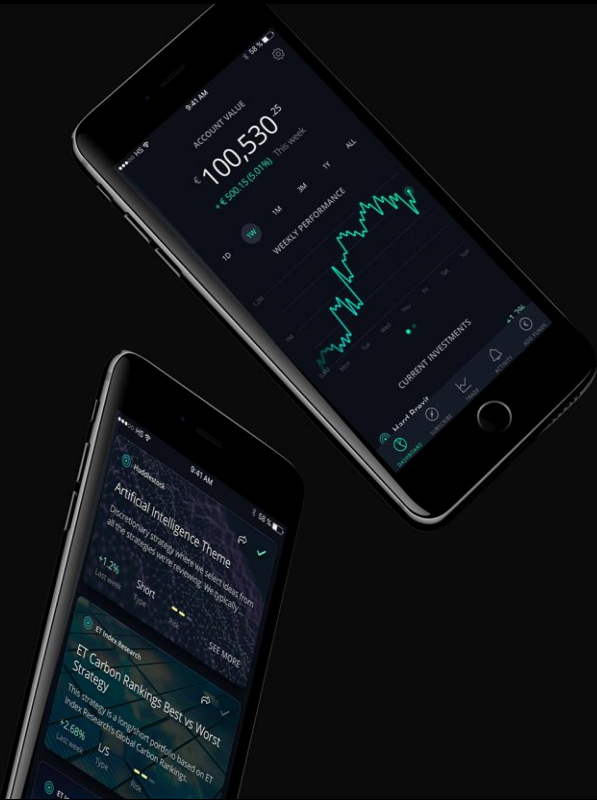
Transparent end-to-end cloud-based API solutions

Saving time and cost while improving customer quality

Introducing the Visigon transaction

NewCo Overview

hddlestock



NewCo Overview

NewCo Overview

Proforma Accounts

A game changing transaction for Huddlestock

- **Huddlestock Fintech AS has signed a Sale and Purchase agreement with the shareholders of Visigon Nordic AB**
- **Huddlestock proposes to acquire 100% of Visigon Nordic AB in a mix of cash and shares.**
 - **Agreed terms: 40% shares + 60% cash for 100% of Visigon at 1.4x times sales for 2020**
- **Enterprise value for Visigon is approximately NOK 56.000.000 (the deal entails EV/EBITDA of ~6.0x – 2020 results)**
- **The deal is forecasted to be accretive to Huddlestock**
- **NewCo forecast 2021 Revenue of NOK 51 mill and EBITDA of NOK 5.3 mill.**
- **Financial payment risk for the transaction has been eliminated through the establishment of a Pre-subscription consortium**
- **Proposed payment plan: Huddlestock capital raise of up to NOK 50 mill**
 - **Pre-Subscription consortium has been established for NOK 30 mill – over subscribed**
 - **The details of the placement of shares will be announced in due time**



Expertise and experience in managing IT-projects in the financial services sector

20 expert consultants in strategic planning, implementation and post implementation support services.
Implement automated algorithms based on the company's data and processes
Technical solutions optimally, reduce time to market, saves costs.

Visigon: Bridging the gap between finance and IT

- Visigon is a **strategic consultancy** founded in 2010 with offices in Stockholm and Copenhagen.
- **Experts with more than 25 years of capital markets experience** working on projects across the Nordics.
- Founded with a mission to work with development, implementation of new- or optimization of existing IT systems for financial institutions and capital markets' participants.
- **Services** include business analysis, software design, development and project management

		
Consultancy	Service Offering	Calypso Services
<ul style="list-style-type: none">• Project Management• Business Analyst• Migration Manager• Strategy Analyst • Technical Analyst• Test Management	<ul style="list-style-type: none">• Product strategy• Operations Center• Capital Markets in the Cloud• Automated Testing• Performance Analysis	<ul style="list-style-type: none">• Project Business Analyst• Project Technical Analyst• Performance• Visigon Calypso Cloud

Huddlestock + Visigon – The perfect combination

huddlestock

Cutting edge technology solutions

- **Apex** - an open, end-to-end solution connecting custody services with wealth managers and individual investors.
- **Bedrock** a unique white label solution for a low-cost, efficient trading offering, customized via ultra-fast API hooks.



20 expert strategic consultants

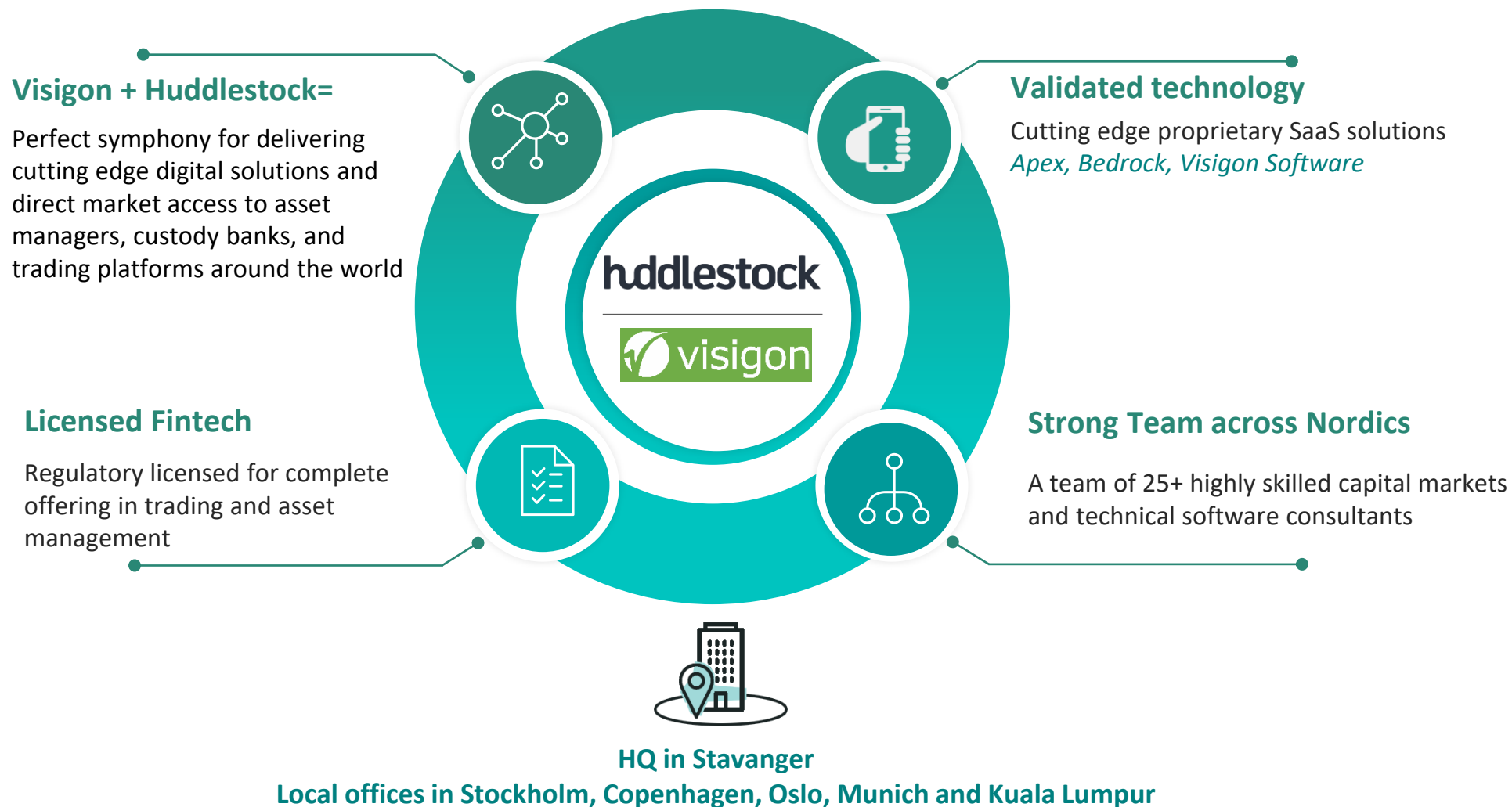
- Excellent track record in consultancy services for the financial services industry.
- Consolidates our Nordic footprint.
- Provides an expert platform for global growth.
- Complementary technological solutions



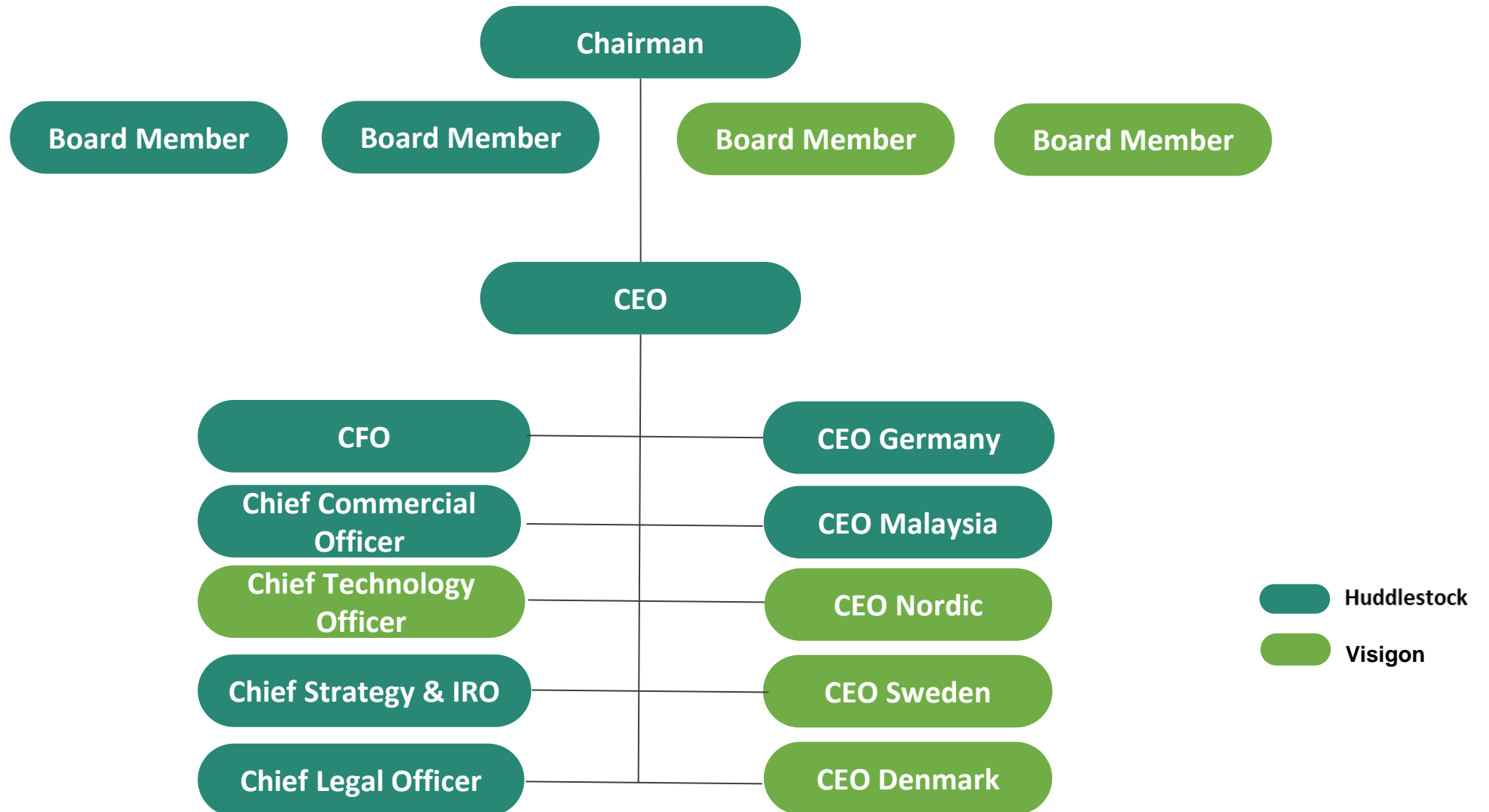
Creating sustainable value for shareholders

- A team with a strong track record of cross-/up-selling on multiple contracts.
- Strong revenue potential from recurring client revenues and new clients signed 2020/2021.
- Significant potential to roll out consultancy services across Huddlestock's existing footprint
- Immediately improved cash flow from joint operations with significant positive net profit growth

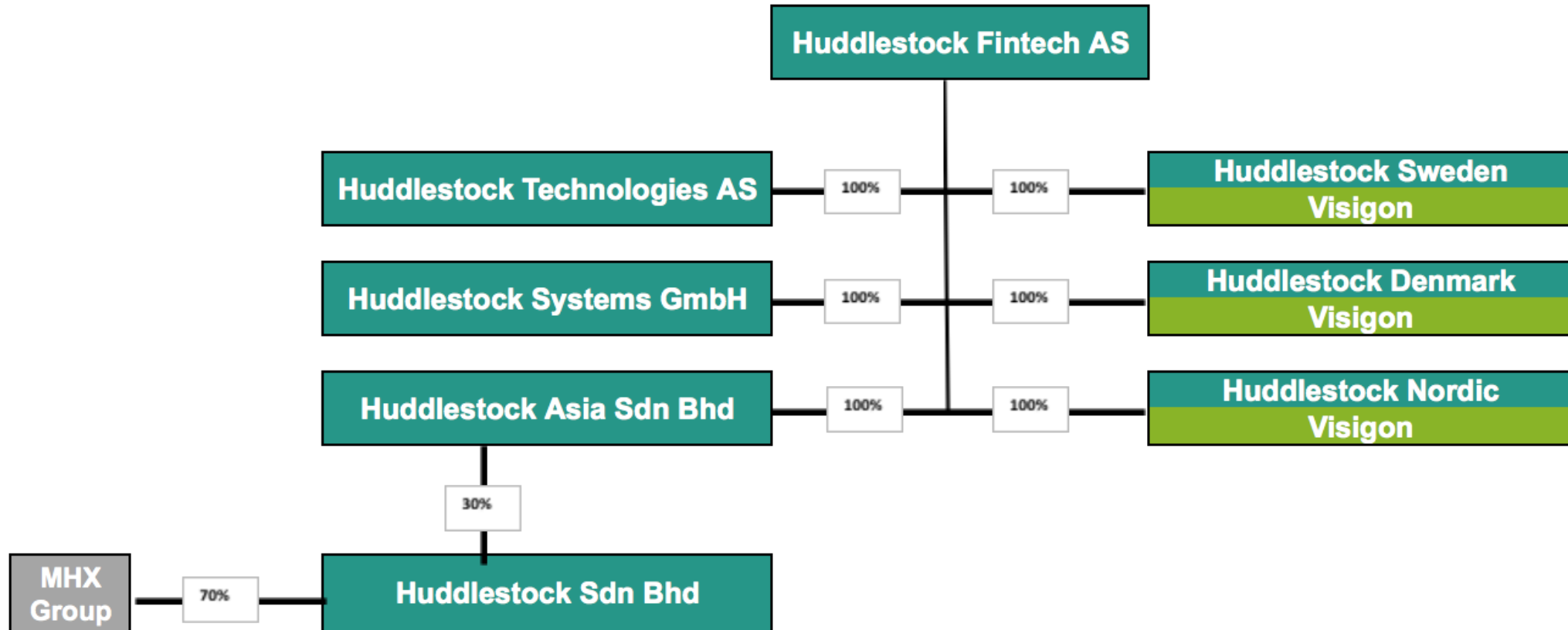
Huddlestock + Visigon – Accompanying clients globally



NewCo Organogram



NewCo Group Structure



NewCo Management Team



John E. Skajem, Group CEO

John E. Skajem is the Chief Executive Officer of Huddlestock Fintech AS. John E. joined Huddlestock with a long career and experience from the financial industry. Over the years John E. has gained a thorough understanding of all aspects of the financial services industry. John E. has hands on experience from Investments Banks, Asset Managers to large global universal banks with management position while working in Chicago, NYC, London, Paris, and Oslo.



Gustav Ekeblad, CTO

Gustav is a co-founder of Visigon and has been Nordic Group CEO since 2011. He has a strong background from both the technical side as well and the consultancy side of the business and has studied Physical Engineering and Business at Uppsala University.



Peter van Kleef, CEO of Germany

Peter van Kleef is co-founder of Huddlestock Systems GmbH which developed Huddlestock's B2B platform for BNP Paribas. Peter has extensive experience in the asset management industry having initiated and supervised numerous large scale projects in the asset management and banking industry.



Petter Midtsian, CEO Sweden

Petter is a co-founder of Visigon with a M.Sc in Engineering and a B.Sc. in Business from Uppsala University. He has a strong background in consulting and the financial industry with experience from many banks and financial institutions in the Nordics.



Nith Vegaya, CEO APAC

Nith is responsible for the business development and expansion in APAC. He holds a degree in B.Com (Accounting and Information Systems) from the University of New South Wales, Australia. He has worked in the Australian banking system and has spent 15 years in South East Asia founding startups and working in technology companies.



Lars Stage Thomsen, CEO Denmark

Lars joined Visigon in 2017 and has been instrumental in growing the Danish business. Lars has a M.Sc degrees Economics from University of Southern Denmark. He has taken many relevant courses at Copenhagen Business School and from London School of Economics. He has also earned a CFA Charter. Lars has a broad experience from banks and financial institutions in Denmark.

NewCo Board of Directors



Øyvind Hovland, Chairman.

Øyvind is a serial entrepreneur with more than 20 years of experience in starting and scaling companies in various industries. Notably Cyviz AS – with offices globally, and Vision Io AS, a leading optic camera provider to the Oil and gas industry.



Murshid Ali, Board Member.

Murshid is an Executive Director and co-founder of Huddlestock. He is a PhD candidate in Economics, and holds a master's degree from Grenoble Ecole de Management, and a degree from NTNU. He has almost a decade of experience as an entrepreneur, primarily within the energy and financial industry.



Per Øyvind Berge, Board Member.

Per Øyvind is an investor and entrepreneur in Norway, founding PXO, Quickflange and other successful companies. He has more than 20 years of experience from developing businesses and growing companies in various industries. He holds a Bachelor's degree in Financial Management from BI Business School.



NewCo Resources – Huddlestock + Visigon

Cutting Edge Technology Solutions

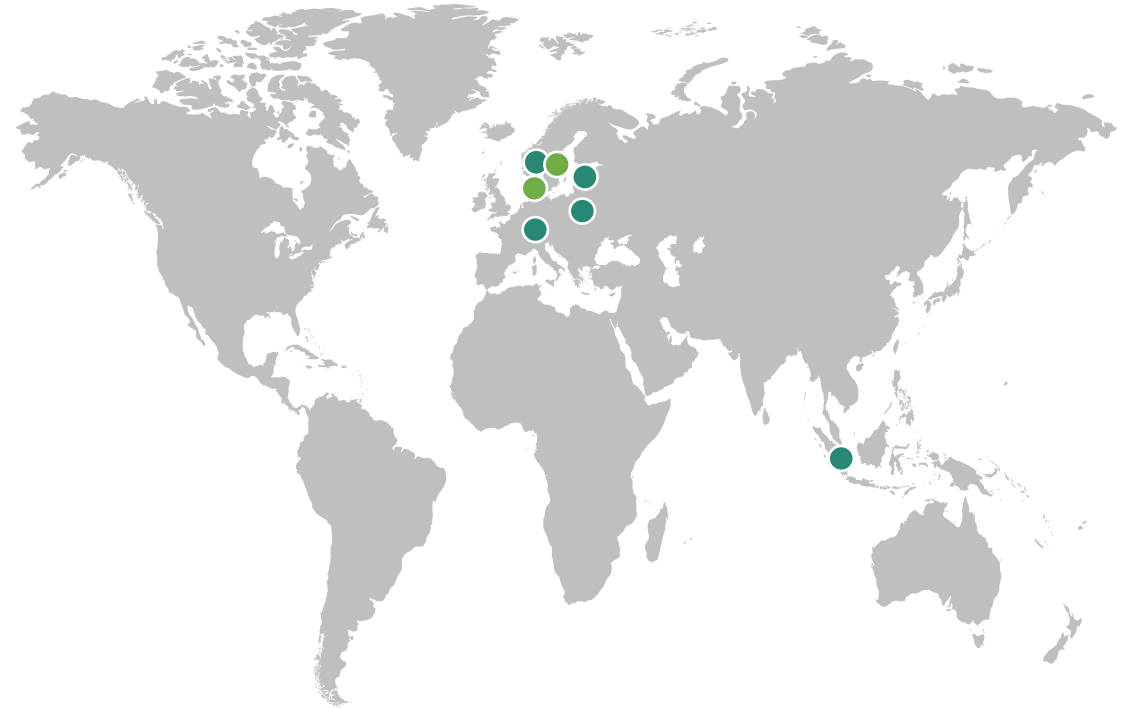
Consulting

Project Management

Client Onboarding

Key Account Servicing

After Services



**Capital Markets – Asset & Wealth Management –
Consulting - Trading – Custody Banking**

Stronger together – Huddlestock + Visigon client references



BNP PARIBAS

Swedbank



DANMARKS
NATIONALBANK

/ BAADER /

Nordea



Arbejdernes Landsbank

SDC

DONAU CAPITAL
wertpapier gmbh

tradegatexchange

Nasdaq



spar Nord

Nykredit



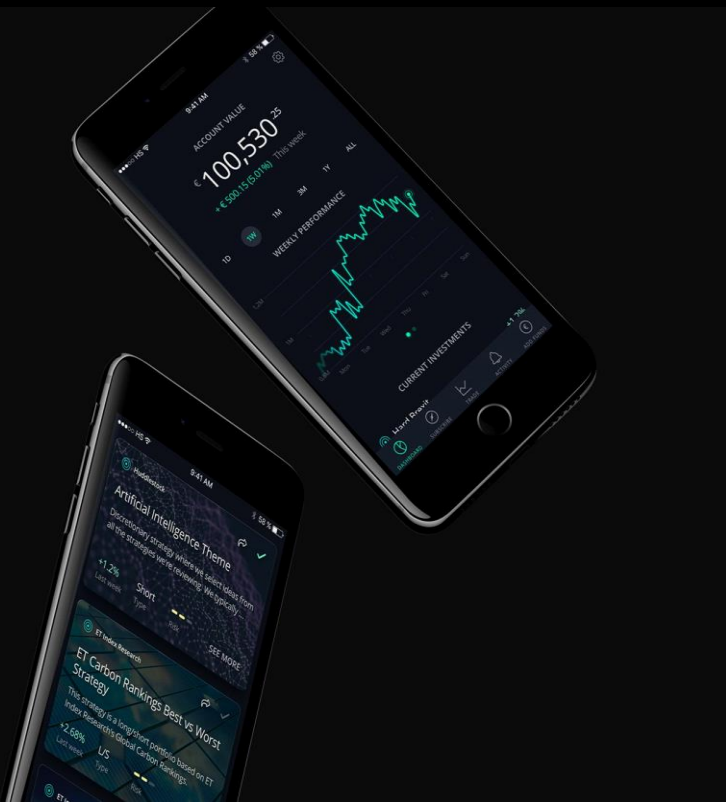
Handelsbanken



pecunia
VERMÖGENSMANAGEMENT

NewCo Overview

hddlestock



NewCo Overview

NewCo Overview

Proforma Accounts

NewCo Consolidated Pro-forma P&L

Consolidated Profit (loss) statement pro-forma (NOK 1'000)	2019P	2020P	2021E	2022E	2023E	2024E
Revenues	22,342	41,005	51,121	92,503	144,986	202,011
<i>Fee income (Apex)</i>	0	225	4,828	23,613	64,845	109,889
<i>Transaction income (Bedrock)</i>			5,615	26,177	35,293	45,032
<i>Consultancy income (Visigon)</i>	22,342	40,780	40,678	42,712	44,848	47,090
Total expenses	26,717	44,171	45,817	47,554	51,425	54,232
<i>Salaries</i>	14,310	22,736	29,763	34,199	37,589	39,846
<i>Other operating expenses</i>	12,406	21,435	16,053	13,355	13,836	14,386
EBITDA	-4,374	-3,165	5,304	44,949	93,561	147,779
<i>EBITDA margin</i>	<i>nm</i>	<i>nm</i>	10%	49%	65%	73%
Depreciation	0	0	434	489	540	561
Net financials	-112	-23	-75	-101	-101	-101
Pre-tax profit	-4,487	-3,188	4,795	44,360	92,921	147,117
Taxes	-458	-2,350	-1,055	-9,759	-20,443	-32,366
Net profit	-4,945	-5,538	3,740	34,601	72,479	114,751
<i>Net profit margin</i>	<i>nm</i>	<i>nm</i>	7%	37%	50%	57%
<i>EPS (NOK)</i>	<i>nm</i>	<i>nm</i>	0.03	0.29	0.60	0.95

* P: Pro-Forma; E- Estimated

Highlights:

- Estimated EPS value accretive by ~11% / average per annum to 2021-2024 (post-money, including integration costs of NOK 2 mill)
- EBITDA margin at >70% towards the end of the forecast period
- Potentially larger synergy effects from “unobserved and unexplored factors” at this moment
- Forecasts reflect only firm contract backlog where revenues can be estimated with a higher degree of certainty
- Consultancy business (Visigon) comprising around 23% of total revenues

NewCo Consolidated Pro-forma Balance Sheet

Consolidated Financial position pro-forma (NOK 1'000)	2019P	2020P	2021E	2022E	2023E	2024E
Total intangible assets	21,248	65,260	64,827	64,338	63,799	63,237
<i>Research and development</i>	15,789	19,308	19,308	19,308	19,308	19,308
<i>Licenses</i>	5,459	45,952	45,519	45,030	44,490	43,929
Total fixed assets	3,174	1,707	1,707	1,707	1,707	1,707
Total current assets	26,190	35,442	40,710	85,914	180,120	328,978
<i>Receivables</i>	6,768	9,975	10,446	14,802	23,925	38,370
<i>Other assets</i>	5,750	13,409	13,409	13,409	13,409	13,409
<i>Bank deposits, cash and cash equivalents</i>	13,672	12,059	16,855	57,704	142,787	277,200
Total assets	50,611	102,410	107,244	151,960	245,626	393,923
Total equity	37,961	79,244	82,985	117,585	190,064	304,815
Total long-term liabilities	540	0	0	0	0	0
Total short-term liabilities	12,105	23,166	24,259	34,374	55,562	89,108
<i>Accounts payable</i>	1,791	5,584	5,848	8,286	13,393	21,480
<i>Other liabilities</i>	10,313	17,582	18,411	26,088	42,169	67,628
Total equity and liabilities	50,611	102,410	107,244	151,960	245,626	393,923

* P: Pro-Forma; E- Estimated

Highlights:

- No increase in capex assumed as we are beyond the largest investment period.
- No debt.
- No dividends or M&A assumed, which leads to large amount of capital for organic growth and/or M&A
- Total assets at NOK 393m at the end of the forecasted horizon

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WINNER
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2019



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