

Q&A book

This Q&A book is developed to accommodate questions from investors in connection with the implementation of a new management in Huddlestock Fintech in the first quarter of 2024.

Question	Answer
How many customers do Huddlestock have today, and how does Huddlestock's customer base break down in terms of activity and sector distribution for potential expansion?	<p>Approximately half of Huddlestock's customers are related to the Investment as a Service (IaaS) offering, while the other half is related to the Professional Services offering.</p> <p>We consider most of our IaaS customers to have upselling potential, some also across our two offerings, hence we do not believe that the number of customers is an adequate KPI for assessing our performance. Therefore, we do not disclose the specific customer numbers at this time.</p>
How scalable is the IaaS solution, particularly for onboarding new customers after the initial setup in a new market? Will subsequent customer setups be faster than the first one?	<p>Our solutions prioritize scalability, accommodating the growth of small customers as they expand in transactions and Assets under Management (AuM).</p> <p>To fully unleash Huddlestock's potential, we must adapt and refine our suite of services for seamless integration into target markets, including adjustments for e.g. national tax reporting and banking connections. Once perfected in one market, onboarding additional customers becomes significantly faster, facilitating expansion.</p>
What are the growth prospects for Huddlestock's consultancy segment, Professional Services?	<p>Our Professional Services business represents both a steady and profitable segment for Huddlestock, while also enabling significant growth potential. The current services offered have the opportunity to expand geographically and penetrate new customer segments within their existing market. We are continuously working on initiatives that can increase growth within our Professional Services business area.</p>
How does Huddlestock's revenue generation work in terms of payment frequency, and when are annual payments typically received?	<p>The majority of recurring revenues from Investment as a Service (IaaS) are driven by licenses, Assets under Management (AuM) and transaction fees. A small portion is invoiced annually, typically in the first quarter of the year. All revenue related to Professional Services (Consulting) is invoiced monthly.</p>
Can you provide insights into the slowdown in new customer acquisitions, despite high product demand and outlined strategies to improve sales?	<p>Huddlestock received feedback from potential customers that the menu of our services is very attractive. Looking at all the different products within our group, we have the necessary components to fulfil customers' requests. That said, the different products have their origin from different companies and from different geographical areas (e.g. Norway vs. Sweden), implying that the engineers need time to adjust the products to make sure that the whole symphony plays well together. The focus of the last months, but also going forward, is to secure high-quality deliveries which can be showcased for other customers with similar needs.</p>

<p>What is the current status of negotiations with AVL regarding the LOI reported on January 9, 2024, and what are the prospects for finalizing an agreement?</p>	<p>In general, the timeline between LOIs and final agreements varies. This depends on several deal-specific factors from case to case.</p> <p>We will continue to disclose LOIs as this is an important KPI showcasing our commercial progress but will strive to be clearer in our communication related to the risk in the timeline to the final agreement.</p>
<p>Can you provide updates on the agreement with Solaris, particularly regarding the expected expansion of customer base?</p>	<p>As communicated in the fourth quarter presentation, the current cooperation with Solaris is agreed to be replaced with a new strategic B2B partnership agreement due to their change of business model. Dialogues on this agreement have started, but at this time we cannot give any details on the timeline.</p>
<p>Can you provide insights into the significant increase in "other expenses" in Q4 compared to Q3, and whether this trend is expected to continue?</p>	<p>Other operating expenses reported in Q4 2023 are not an accurate representation of the cost level going forward. Nor is the figure directly comparable to Other operating expenses in Q3 2023, as several periodization effects skew this picture. However, other operating expenses for the full-year 2023 are accurate and reflects our non-personnel-related operating expenses in 2023 and hold several one-offs related to the three acquisitions in 2023.</p> <p>Cost control and cost reductions are identified as key elements in our roadmap to EBITDA positive, and high on the agenda for the new management implemented in the first quarter of 2024.</p>
<p>How is the market responding to Huddlestock's solutions, and what strategies are in place to ensure timely delivery and adherence to promised functionality for new customers?</p>	<p>Huddlestock has gained significant interest in our services, particularly with heightened communication efforts via social media, resulting in inbound requests from across Europe.</p> <p>Despite EU regulations governing the fintech landscape, notable differences exist between countries, necessitating accurate handling of matters like payment methods, reporting standards, and taxation.</p> <p>To ensure successful deliveries aligned with expectations, we prioritize focusing on fewer opportunities simultaneously. This strategy enables better resource allocation and showcases our capability to deliver agreed-upon products within specified timeframes.</p>
<p>I understand that Huddlestock has chosen not to guide. Should one expect that EBITDA full year 2024 will be positive?</p>	<p>We are currently executing on a roadmap to EBITDA positive. However, at the current point in time, we cannot and will not be specific on the timeline.</p> <p>Activities both on cost and revenue are in motion, and these activities will receive greater priority in 2024. It is reasonable to believe that it takes time to see the full effect of this work.</p>
<p>Can you provide reassurance to shareholders regarding the use of funds raised in previous share issue - is it indicative of a long-term strategy rather than short-term cost management?</p>	<p>The use of proceeds is supporting our long-term strategy, and we have gained a solid market position within investment infrastructure in Northern Europe over the past years.</p> <p>We will continue to invest in R&D to maintain a strong position in our market, at the same time as we are pursuing enhanced sales activities and cost control towards our EBITDA-positive ambition.</p>

Does the company possess adequate capital for short and medium-term operations, considering the insights from the Q4 financial report?

Short- to medium term we are executing on our roadmap to EBITDA positive pursuing enhanced sales activities and cost control. Throughout this work we closely monitor our short- and medium-term financing needs. Much of our need is solved by reliable planning.

At the same time, and as communicated in the fourth quarter 2023 financial reporting, we are working to identify long-term financing partners to support our strategy, including potential non-organic initiatives.

Given the significant decrease in stock price, should shareholders expect insider purchases, considering the confidence the board and management have in the company's future?

The company has no impact on primary insiders' financial priorities.

If primary insiders decide to buy or sell shares in Huddlestock, this will be announced through an exchange release, as governed by the disclosure requirements for listed companies.