



Interim report

Q2 2024

Induct AS

Highlights

- Total revenues of NOK 5,1 million in Q2 2024 compared to NOK 6,2 million in Q2 2023.
- Platform revenues of NOK 4,2 million in Q2 2024 compared to NOK 5,2 million in Q2 2023.
- Gross margin on platform revenues at 95,1%.
- EBITDA up by 117,6% from NOK 1,7 million in Q2 2023 to NOK 3,7 million in Q2 2024.

Induct



CEO COMMENTS

Exploring International Partnerships and Building a Knowledge Based and Experienced Team

As forecasted and communicated in previous quarterly reports, we expected the EBITDA to stabilize and grow in 2024. The positive Q1 trend continued in Q2 with a 117% YoY growth as EBITDA totaled to 3,7 million in Q2 and 6,2 million YTD 2024.

EBITDA indicates how well we are managing our day-to-day operations, and our operational efficiency. It is an important metric for us, as it's an indicator of our company's product profitability and how much we invest in future potential. Combined with a stable gross margin on platform revenues, which increased from 94% in Q2 2023 to 95,1% in Q2 2024, we have a strong foundation in our core business. It is based on this foundation we are investing heavily in future growth through new products and services, such as the NHS care pathway.

The reduction in platform revenue is mainly due to the loss of innovation management contracts primarily in the private sector in Norway. Innovation initiatives in the private sector are often at risk for cuts during re-organization, and unfortunately this has been the case for some of our customers. In the healthcare sector we have developed three new modules that are now being offered as add-ons to our customers, with each module having national potential. The first sale of a new module was secured mid-august.

In June, we shared that Induct had signed a 3-party agreement of intent with Portsmouth University Hospitals NHS Trust and an international pharmaceutical company. The agreement covers a partnership project to more rapidly expand the Induct Severe Asthma care pathway to each of the 6 hospitals connected to the specialist center at Portsmouth.

The project proposal is subject to internal approval processes at the pharmaceutical company, and we are delighted to have successfully passed the first level of approvals. We anticipate having the final and full approval late august, early September.

The partnership we are exploring with the pharmaceutical company is based on the work we are doing with the Portsmouth team on severe asthma but is not limited to England as a country or the severe asthma module. With its global presence, we have discussed both a wider geographical distribution and the opportunity to add additional modules to our module suite. The opportunity this represents is unique and we are therefore committing the resources needed internally to ensure high-quality deliverables.

At the end of Q2 we completed the internal efficiency project to improve operational productivity, reduce cost and improve our effectiveness as an organization. With the opportunities we are facing within the healthcare sector, it is crucial that we have the knowledge and experience needed at every level of our organization. I am delighted that Ignacio Orteu Giménez has agreed to take over as CTO in the company from early September. Ignacio has 35+ years of technical and business management experience from companies with a strong international growth and marketing focus. He has held CEO and CTO roles in previous companies within IT security and healthcare technologies and will be a great asset to the company going forward.

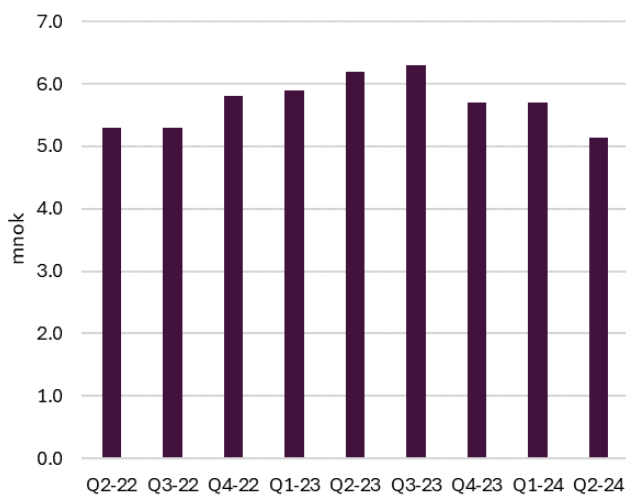
As our internal efficiency project comes to an end, our full attention will be on growing revenues and increasing the profitability of our product suite. Tilskuddsportalen continues to be a high-quality product with a steady revenue growth.

From a cost / revenue perspective, we have reduced the cost of production for Tilskuddsportalen by over 60% in the last 1+ years by utilizing technical solutions and AI components and improving our in-house procedures.

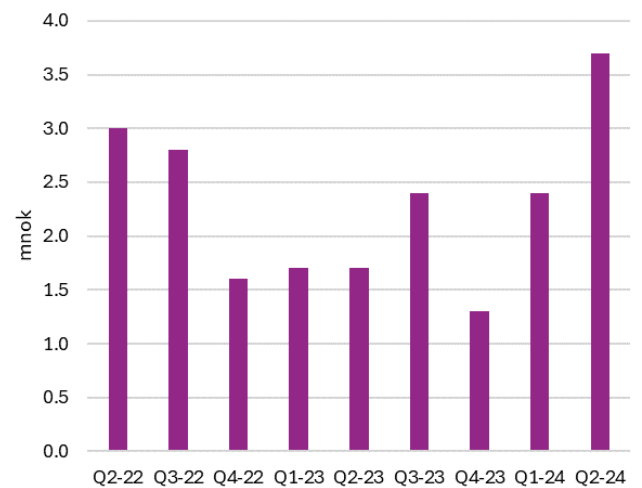
We continue the work to reduce the number of products and initiatives in our portfolio. This is necessary to achieve a higher delivery speed with limited cost increase. Our strategic investment areas are healthcare and grant management solutions, both in Norway and internationally.

Synnøve Jacobsen
CEO

Revenue development



EBITDA



KPI reporting

To further align with industry standards and provide our investors and the market in general better insight into our operations, we are preparing to share selected SaaS-KPIs going forward. To mark the starting point for this, we wanted to share some important KPIs for our business.

About Induct

The speed of technology development and digitalization is fast, and the Covid-19 pandemic clearly illustrated how we can utilize digital platforms, solutions, and tools to work more productively and effectively than before. The world has always evolved through humanities willingness, eagerness, and desire to move forward. Induct will continue to develop and deliver digital platforms and ecosystems that foster productivity and enable effectiveness for individuals, teams, organizations, and society. Our vision is to be a facilitator of knowledge empowerment and future readiness.

Induct AS was established in 2007 and was a first mover in the development of software as a service (SaaS) solution for managing innovation efforts both within, and between, organizations. Our software has enabled more than 350 organizations world-wide to release the potential that lie in identifying new and good ideas through engagement and realizing the benefits of innovation.

Our Innovation Management module has been on the market since 2009 and is used by organizations including Hewlett Packard (HP), the Norwegian Business Registry, international healthcare providers and more than 95% of Norwegian healthcare trusts.

In the Norwegian healthcare sector, we have connected healthcare trusts and international healthcare providers in a sharing network – a digital ecosystem for healthcare innovation. This means that great ideas and powerful innovations can more easily be shared, adopted, and implemented to maximize reach and benefit.

In the Norwegian public sector, we have enabled cross-departmental and industry collaboration, resulting in new and more effective ways of working. As a result, applying for a mortgage is now easier, faster and more cost effectively for both citizens and mortgage providers.

In 2020, we launched a new digital platform – induct.net – our next generation platform for productive work and effective collaboration. By removing unnecessary and unhelpful barriers to collaboration, the platform is a unique facilitator of knowledge development, knowledge sharing and knowledge empowerment within organizations, in collaborative networks and ecosystems.

Our work within the innovation field has taught us many lessons, one being the importance of having a future-ready business model with multiple revenue streams. By incorporating advertisement in selected areas of the induct.net platform, we offer parts of the core platform free of charge, and without unnecessary restrictions.

We are an ambitious company. We aim high and work hard every day to create value for our customers and shareholders.

Our Offerings

At the core of our business is a technical platform that enables us to build and offer a comprehensive product and services suite, whilst at the same time being very secure and stable. By building components that can be leveraged in modules and services across the platform, and offer product bundles, we will reduce our time-to-market and offer improvements to larger parts of our customer base. Put simply, functionality developed in one module can be incorporated into other modules faster and more easily.

Our offerings are divided into four (4) core segments.

1 Finding Information & Knowledge

This is about finding the information you need amongst trillions of sources. With movements like Open Access, more information than ever is made available online. However, the challenge faced is still the same. How to find the information and data we need, when it is scattered around the web in thousands of different databases and websites.

With our search portals Tilskuddsportalen and Grantway, we find, analyze, structure and present data in a way that enable organizations and individuals to benefit from it.

Tilskuddsportalen

Tilskuddsportalen.no is a market leader in Norway, offering a comprehensive database of grants available to municipalities, NGOs, voluntary organizations and local teams. With a market share of over 50% and a stable 10% growth per year, Tilskuddsportalen provide a solid ARR foundation for the company.

Grantway

Grantway (grantway.com) is a global portal for funding opportunities that give people, students, scientists and researchers, organizations, charities, voluntary organizations – basically everyone, the ability to search for, find, discuss, and apply for grants and funding that is available to them – locally, nationally, and internationally.

Our plan is to add a subscription-based revenue stream by integrating Grant Management modules aimed at funding providers (@WORK).

Leita

The “Open Access” initiative has led to rapid growth in available research articles. Not only are articles open for free download and use, but the data related to the research are also free. However, the same challenge persists - how to find relevant research information when articles and datasets are scattered around the web in thousands of databases.

Based on our extensive expertise in data mining and preparing data for further usage, we are developing a search portal capable of returning results from an unlimited number of sources, including PubMed, Unpaywall, Researchgate, and Doaj.

Leita is currently a Proof of Concept (POC) product, and we are investigating how to best develop the portal into a scalable product.

2 Managing Processes & Portfolios

Process and portfolio management is the interdisciplinary process of creating, using, sharing, and maintaining information and knowledge.

At its core, it is about making the best use of knowledge to achieve desired goals and objectives.

With process and portfolio management, our goal is to support society, organizations and individuals in managing and leveraging knowledge. To do this, we create the digital structures and networks needed to manage data, information, and knowledge productively and effectively.

Healthcare

We currently have two (2) core healthcare products in our offering, Innovation Management and @PATIENT.

Our Idea and Innovation Management product has been on the market since 2009 and is used by both public and private sector organizations. In Norway, more than 92% of Norwegian healthcare trust use our product in their innovation efforts. In Norway, we have connected healthcare trusts in an innovation sharing network. In the network, healthcare trusts share: (a) ideas that they are working on – so that everyone can see what is happening in other hospitals, (b) ideas that they have stopped working on – so that others can learn from the work done and (c) implemented innovations – so that others easily can adopt and adjust a project to fit their needs and implement the innovation much faster than if they had to start from scratch.

Our @PATIENT solution is for healthcare organizations who are looking for an easier way to manage patients in a clinical pathway. The solution is built on the concept “one patient, one record”.

The Severe Asthma Service at Portsmouth Hospitals University NHS Trust is a specialist center for severe asthma in the region.

They act as the hub in a network of hospitals and manage and treat patients from all hospitals in the network. Together with the Severe Asthma Service, we have created a clinical pathway module for managing severe and chronically ill severe asthma patient.

@WORK

Our @WORK solution is for organizations and businesses who want an easy to use, digital platform for managing, organizing, and collaborating on their work – internally and in partnership with others. It is a facilitator of productive and effective work and knowledge sharing.

@HOME

Our @HOME solution is there to help individuals organize their personal life and activities and can be used to manage build and home renovation projects, managing spare time activities for the whole family, planning family holidays, and managing all important paperwork, including insurances, wills and testaments, and cohabitation contracts.

3 Marketplaces

Marketplaces is where customers can find and access the funds, products and / or services they need, when they need it.

The acquisition of Bidra AS in 2022 represents the entrance into the crowdfunding and marketplace segment for the Induct Group. Bidra offers a tailor-made solution for crowdfunding in Norway and provide technology for crowdfunding as a subscription-based platform-as-a-service.

4 Effective Collaboration

Recent years have shown us that we need to develop new and different ways of working. The induct.net platform is an example of how we can leverage technology to create new digital ways of working, alone and together with others.

With our selection of tools for effective collaborating, we are looking to remove unnecessary barriers for productive work.

Meet@Induct

Meet is our video meeting solution that makes it easier to meet and connect with colleagues and partners, friends, and family. Meet@Induct is currently free to use, for organizations and individuals alike, and comes without annoying limitations on time or number of participants.

Meet@Induct can be used as a standalone video conferencing tool, as an integrated part of @WORK and @HOME, or be combined with other offerings from Induct, such as @PATIENT.

Chat@Induct

Chat is our direct messaging solution that makes it easier to stay in touch and have good conversations with colleagues, partners, friends, and family. Chat is free to use, for organizations and individuals alike.

Chat@Induct can be used as a standalone tool, as an integrated part of @WORK and @HOME or be combined with other offerings from Induct.

Revenue Model

Our **platform revenues** consist of these 3 main revenue streams:

- subscriptions
- advertisement
- transaction fees

Subscription revenues are split between (1) annual upfront payments and (2) quarterly upfront payments.

Our main sources of subscriptions are today related to the Idea and Innovation Management and Tilskuddsportalen offerings.

Ad revenues have three key revenue drivers, (1) number of visits, (2) number of ad impressions per user visit (visit duration) and (3) revenue per thousand viewed ad impressions (eRPM).

eRPM is the amount advertisers are willing to pay for their ads to be shown to users on the Induct platform. The eRPM varies from country to country. Most of the ads presented in the Induct platform are currently received from Google's Ad Exchange Network.

Through our AdExchange account, we can also place advertisement on third party websites and mobile apps in return for a cut of the ad revenues generated by the third party.

Transaction fees are revenues generated by transactions carried out on the platform. Bidra has transaction revenues as a percentage of the raised amounts of the donations, project financing or sale of products through the platform.

Our **professional services revenues** consist of:

- implementation projects
- consultancy and advisory
- training
- courses and seminars

These revenues are generated by the implementation and training services we offer customers and users specifically related to the subscription-based offerings.

The Induct Group

The Induct Group includes Induct AS and its 100% owned subsidiaries Induct Solutions UK Ltd. (UK), Induct Software Inc. (US), Induct SEA S.L (Spain), OSINT Analytics AS (Norway) and Bidra AS (Norway).

Induct AS

- Induct Solutions UK Ltd. (UK)
- Induct SEA S.L. (Spain)
- Induct Software Inc. (US)
- OSINT Analytics AS (Norway)
- Bidra AS (Norway)

Mergers and acquisitions

We will continue to look for opportunities that can strengthen our market share, revenues, technology, or core knowledge.



Income Statement

	Unaudited Q2 2024	Unaudited Q2 2023	Unaudited YTD Q2 2024	Unaudited YTD Q2 2023
Revenues				
Sales revenue – platform	4 182	5 154	9 154	10 252
Sales revenue – consulting	267	126	312	396
Research grant	688	923	1 376	1 476
Total Revenues	5 137	6 204	10 842	12 123
Cost of sales				
Cost of sales – platform	206	303	395	564
Cost of sales – consulting	18	68	56	266
Total Cost of sales	224	371	451	830
Gross Margin	4 913	5 833	10 391	11 293
<i>Gross Margin Platform</i>	<i>95,1%</i>	<i>94,0%</i>		
<i>Gross Margin Consulting</i>	<i>93,3%</i>	<i>46,5%</i>		
Personnel costs	1 004	2 191	3 292	5 219
Other operating costs	179	1 903	858	2 606
Total Operating Costs	1 183	4 094	4 150	7 824
EBITDA	3 730	1 738	6 241	3 469
Platform depreciations	3 008	2 542	5 926	5 098
Amortization of acquisitions	678	678	1 355	1 355
Total Depreciations & Amort.	3 686	3 220	7 281	6 454
Financial items				
Financial income	8	26	32	59
Financial costs	7 62	672	1 967	1 220
Total Financial items	- 754	- 646	- 1 935	- 1 161
Extraordinary Cost	0	0	0	0
Net Profit before Taxation	- 710	- 2 128	- 2 976	- 4 146
Corporate Tax	0	0	0	0
Net Profit after Taxation	- 710	- 2 128	- 2 976	- 4 146

Balance Sheet

	Unaudited Q2 2024	Unaudited Q2 2023	Audited FY 2023	Audited FY 2022
Non-current assets				
Intangible assets – platform	40 053	39 043	38 942	37 202
Goodwill acquisitions	19 988	22 431	21 210	23 988
Fixed assets	0	196	169	214
Total non-current assets	60 041	62 183	63 021	63 224
Current assets				
Receivables	4 437	3 688	6 097	7 142
Bank accounts	932	1 993	900	5 193
Total Current assets	5 369	5 681	6 997	12 335
Total assets	65 411	67 863	67 318	75 559
Shareholders Equity and Debt				
Paid-in capital				
Share capital	2 356	1 885	1 885	1 737
Non-registered share capital increase	-	-	-	8 365
Share premium reserve	38 085	29 734	20 881	36 008
Total paid-in capital	40 441	31 619	22 766	46 110
Retained earnings				
Uncovered loss	- 2 976	- 4 146	0	- 8 933
Total retained earnings	- 2 976	- 4 146	0	- 8 933
Total shareholder's equity	37 465	27 473	22 766	37 177
Debt				
Long-term debt	5 081	26 916	28 128	24 280
Short-term debt	15 696	6 156	8 996	6 574
Deferred revenues	7 169	7 318	7 428	7 528
Total debt	27 946	40 390	44 552	38 382
Total shareholder's equity and debt	65 411	67 863	67 318	75 559

Number of shares

Number of issued shares per 30.06.2024	23 560 757
Pending rights issue 1)	187 963
Pending share issue – acquisitions 2)	331 000
Convertible Loans 3)	1 383 333
Potential shares to be issued to OSINT shareholders 4)	1 887 820
Number of shares - fully diluted	27 350 873

1) The strike price for 187,963 options is NOK 5,5 per share.

2) Pending share issue relates to the acquisition of subsidiaries in Brazil, Spain, and India.

In addition to the 331,000 shares mentioned above, the purchase agreements include a performance based earn-out element, with a total cap of an additional 1,1 million shares based on aggressive growth performance over a 3-year period from the acquisition date. No shares are earned as of 30.06.2024.

3) Convertible loan of NOK 0,5M issued to Intelco AS. A total of 50,000 shares.

Convertible loan of NOK 10M issued to NPP Capital AS with conversion price of NOK 7,5 per share. A total of 1,333,333 shares.

4) Part of the purchase price for 100 % of the OSINT Analytics AS shares is to issue 1 887 820 shares to the shareholders in OSINT which chose to convert their OSINT shares to Induct shares. In addition, NOK 18 878 200 will be converted to shares in Induct when certain criteria are met.

Financial Results

The group's platform revenue in Q2 2024 amounts to NOK 4,2, which is a decrease of 18,9 % compared to Q2 2023.

Consulting revenue in Q2 2024 amounted to NOK 0,3 million which is an increase of NOK 0,2 million compared to Q2 2023.

Operating costs in Q2 2024 is NOK 1,2 million, which is down from NOK 4,1 million in Q2 2023.

Financial costs are mainly interest on convertible loans.

EBITDA for Q2 2024 is NOK 3,7 million compared to NOK 1,7 million in Q2 2023.

Platform depreciations for Q2 2024 is NOK 3,0 million, compared to NOK 2,5 million in Q2 2023.

Goodwill of the acquisitions of OSINT and Bidra is amortized with NOK 0,7 in Q2 2024. The goodwill is calculated as the difference between purchase price and booked value (equity) of the companies and will be amortized over 10 years.

Net Profit before taxation in Q2 2024 is minus NOK 0,7 million compared to minus NOK 2,1 million in Q2 2023.

The booked equity is NOK 37,5 million by the end of Q2 2024, compared with NOK 31,6 million in Q2 2023.

The group's interest- bearing debt by end of Q2 2024 amounts to NOK 15,7 million, which primarily consists of convertible loans from NPP Capital AS and Intelco AS, and regular bank loan to OSINT Analytics AS from Sparebanken 1 Østlandet.

Deferred revenue amounting to NOK 7,2 million by the end of Q2 2024, down from NOK 7,3 million in Q2 2023.

Cash Situation and Funding

The cash situation is satisfactory for the company. However, the management and board strive to provide the most beneficial financing alternatives to its shareholders.

Oslo, 14 August 2024



Karl-Anders Grønland
(sign.)
Chairman



Ole Jørgen Karud
(sign.)
Board Member



Jan Ragnar Herud
(sign.)
Board Member



Åge Muren
(sign.)
Board Member

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