

# **FIRST HALF REPORT 2024**

CodeLab Capital AS

## About CodeLab Capital

- An investment company supporting tech companies with strategy, capital and network
- Focus on sustainable growth giving a positive global impact
- Currently one investment, Uniscale, in commercialization phase
- Listed on Euronext Growth

## First half highlights

- Funding secured late 1H24 of NOK 40 million to enable further commercialization initiatives in Uniscale
- Cost optimization program executed in two rounds with full effect from 4Q24
- Debt free and cash of NOK 16m at end of June
- Operational improvements in all key processes yielding improving KPIs
- Enterprise customers showing increasing interest in the Uniscale product portfolio, and internationalization has started

## Financial review first half

CodeLab Capital ("CODE"), reported NOK 91k in revenues in the first half. The first paying customers in Uniscale are now contributing on the topline.

The personnel expenses ended at NOK 19.6m for the first half of 2024, down from NOK 20.2m in 2H23.

Other opex came in at NOK 10.9m. In addition, the Group capitalized NOK 12.4m in costs related to development.

Before adjustments the total operating expenditures for the first 6 months of the year were NOK 30.6m. Cost optimization initiatives have been implemented in two rounds during 1H, including organizational changes, consolidation of vendors and terminating excess costs. The effects of these initiatives should be visible during 2H24 and have a combined effect of over NOK 12-15m on an annual basis.

The period contained a total of NOK 2.0m in one offs, whereas NOK 1.0m was related to severance pay (split on several persons) and NOK 1.0m in opex related to lawyer costs and consultants.

Underlying operational costs for the period were NOK 28.6m.

## Balance sheet and cash flow items

Most of the assets are related to intangibles with NOK 77m.

The cash position was NOK 16m end of June, and there is no interest-bearing debt. The fund raising process in June saw support from existing shareholders, the management team and new investors. A total of NOK 40m were

raised and settled just after the reporting period. The equity share issue was done at NOK 0.29 per share.

Total equity was NOK 102m by end of June.

The cash flow had less extraordinary items than in previous periods, and the operational cash flow came in at NOK -29.2m, while NOK -12.4m were total capitalized R&D costs.

## Operational and other matters

Uniscale AS and its Danish subsidiary have full focus on initiatives to increase revenues, including process improvements, sales activities and marketing. During 1H24 we have re-allocated costs to commercial initiatives. There has been less focus on developing new functionality, but more towards improving the UX/UI, onboarding and training material.

Until May the strategy of Uniscale was to approach smaller businesses in order to receive real feedback on the products and potential improvements. During April Uniscale took the decision to change its price plans, whereas the minimum number of licenses was set to 5 per customer. This has from May onwards led to changed customer profiles (to larger entities), which is even better suited to achieve the full value of the product suite. Uniscale is best used as a tool where several individuals in a software development process collaborate and contribute. As such the company is seeing increased interest from enterprise companies. Due to the abovementioned the revenue is expected to grow over the coming months.

Uniscale provides a B2B tool, that is industry agnostic, and can be used internationally by all companies involved in software development.

And there are additional products in the roadmap which could see a launch in 2024 and 2025.

## Outlook

We are very pleased with securing funding for our next steps on our commercial journey. The scale up phase is both motivating, interesting and and challenging. We learn and improve every day on product market fit and onboarding of new customers. Operationally we see notable progress in our commercial traction. The key thing to solve in the short term is to develop content and UX that can reduce the manual interaction we currently have to achieve the necessary adoption rates we want to see. Customer feedback has confirmed that our products effectively address pain points that are recognized by many.

Although Uniscale is a company on a path to increase its revenue streams, we still remain focused on balancing our external efforts with cost control. Success over the next year will for us be defined by continued sales momentum, increased adoption rates and some larger enterprise customers coming onboard.

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## Consolidated statement of profit & loss

### CODELAB CAPITAL AS

	H1 2024	H1 2023
Revenue	91 185	56 378 051
Other operating income	-328 661	34 664 742
<b>Operating income</b>	<b>-237 477</b>	<b>91 042 793</b>
Cost of good sold	-1 133 649	-9 747 710
<b>Gross profit</b>	<b>-1 371 125</b>	<b>81 295 083</b>
Payroll expenses	-19 641 822	-57 858 681
Other operating expenses	-10 938 484	-30 652 184
<b>EBITDA</b>	<b>-31 951 431</b>	<b>-7 215 782</b>
Depreciation and amortisation expense	-9 902 598	-14 659 285
<b>EBIT</b>	<b>-41 854 029</b>	<b>-21 875 067</b>
Other interest income		6 740 773
Other interest expenses		-13 319 799
Other Financial expenses	-61 144	-30 209 647
<b>Net financial income and expenses</b>	<b>-61 144</b>	<b>-36 788 673</b>
<b>Operating result before tax</b>	<b>-41 915 173</b>	<b>-58 663 740</b>

# Consolidated statement of financial position

## CODELAB CAPITAL AS

ASSETS	H1 2024	YE 2023
<b>Intangible assets</b>		
Research and development	67 413 358	62 075 487
Deferred tax asset	9 148 708	0
<b>Total intangible assets</b>	<b>76 562 066</b>	<b>62 075 487</b>
<b>Tangible assets</b>		
Property, plant & equipment	9 317 121	10 958 421
<b>Total tangible assets</b>	<b>9 317 121</b>	<b>10 958 421</b>
<b>Non current financial assets</b>		
Long term receivables	2 905 774	2 602 140
<b>Total financial fixed assets</b>	<b>2 905 774</b>	<b>2 602 140</b>
<b>Total fixed assets</b>	<b>88 784 960</b>	<b>75 636 048</b>
<b>Current assets</b>		
Trade receivables	308 317	324 038
Other receivables	2 010 282	4 915 397
Cash and bank deposits	15 612 328	57 226 063
<b>Total current assets</b>	<b>17 930 928</b>	<b>62 465 498</b>
<b>TOTAL ASSETS</b>	<b>106 715 888</b>	<b>138 101 546</b>

# Consolidated statement of financial position

## CODELAB CAPITAL AS

<b>EQUITY AND LIABILITIES</b>	<b>H1 2024</b>	<b>YE 2023</b>
Share capital	29 815 914	27 315 914
Other equity	72 425 375	106 237 114
<b>Total equity</b>	<b>102 241 289</b>	<b>133 553 028</b>
<b>Current liabilities</b>		
Trade payables	550 466	1 005 375
Public duties payable	1 343 259	348 531
Other short term liabilities	2 580 873	3 194 612
<b>Total current liabilities</b>	<b>4 474 598</b>	<b>4 548 518</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>106 715 888</b>	<b>138 101 546</b>

# Consolidated statement of cash flow

## CODELAB CAPITAL AS

	H1 2024	H1 2023
<b>Cash flows from operating activities</b>		
Profit/loss before tax	-41 915 173	-58 663 740
Depreciation and amortisation expense	9 902 598	14 659 285
Net financial items	61 144	36 788 673
Gain on sale of IP		-34 664 742
Change in accounts receivable	15 721	14 813 762
Change in accounts payable	-454 909	-6 731 793
Change in other accrual items	3 207 644	-21 561 450
Other non-cash items from divested entities		32 082 993
<b>Net cash flows from operating activities</b>	<b>-29 182 976</b>	<b>-23 277 012</b>
Proceeds form sale of IP		125 000 000
Net proceeds from derecognition of divested entities, net of divested cash		705 511 431
Payments to buy intangible assets	-12 369 614	-22 380 807
Payments to buy tangible assets		-2 363 739
<b>Net cash flows from investment activities</b>	<b>-12 369 614</b>	<b>805 766 885</b>
<b>Cash flows from financing activities</b>		
Repayment of bond, incl interest and early redemption fee		-243 813 262
Dividends		-497 156 718
Financing cost	-61 144	2 313 154
<b>Net cash flows from financing activities</b>	<b>-61 144</b>	<b>-738 656 826</b>
Net change in cash and cash equivalents	-41 613 735	43 833 047
IB Cash and bank deposits	57 226 063	59 946 929
<b>Cash and bank deposits per 30/6</b>	<b>15 612 328</b>	<b>103 779 976</b>

# Notes

## Accounting principles

### **Basis of preparation**

The consolidated financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP). The consolidated financial statements are presented in NOK. The parent entity's functional currency is NOK.

### **Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date. Underlying results can differ from these estimates. Key judgemental items include the useful life of R&D (5 years), capitalized costs and deferred tax assets.

### **Consolidation**

The Group's consolidated financial statements comprise Codelab Capital AS and companies in which Codelab Capital AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Codelab Capital AS has three subsidiaries as of end of 1H 2024, Uniscale AS (functional currency NOK), Uniscale ApS (functional currency DKK) and Acerat Ltd. (functional currency USD and Uganda Shilling). The consolidated financial statements have been prepared in accordance with the same accounting principles for both parent and subsidiary. When preparing the consolidated financial statements, intra-group transactions and balances, along with gains and losses on transactions between group entities have been eliminated. Subsidiaries are fully consolidated from the date on which control is obtained and consolidated until such control ceases.

### **Foreign currency**

Foreign currency transactions are recorded at the exchange rate on the transaction date. Monetary items are translated to the year-end exchange rates. Changes in the carrying amount of such assets due to exchange rate movements between the transaction date and the balance sheet date are recognized as a foreign currency gain or loss classified as a financial item in the consolidated statement of profit or loss.

## **Revenue Recognition**

Services are recognized as revenue as the service is delivered to the customer over the period of the customer contract. Revenue from subscription services and longer term contracts (over twelve months) is recognized evenly on a monthly basis in accordance with the customer agreement. During 2023 revenue is recognized related to the divested subsidiaries. No revenue was recognized after 30 April 2023.

## **Classification and valuation of current assets**

Current assets consist of items that fall due for payment within one year of the balance sheet date. Initial recognition of receivables from customers and other short-term receivables is at transaction value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition, when deemed necessary by management, an unspecified provision is made to cover expected losses on claims in respect of customer receivables. Accounts receivable are subsequently measured at amortized cost.

## **Leases**

Leases for office space and other items are recognized as operating leases, and lease expense is recognized as the contractual amount incurred. The Group does not have any financial leases.

## **Research and development**

Development expenses are capitalized to the extent that one can identify a future economic benefit related to the development of an identifiable intangible asset and where the acquisition cost can be measured reliably. Development related activities that do not meet these criteria are expensed as incurred. Capitalized development expenses are depreciated on a straight-line basis over its economic lifetime. Continuous impairment tests are conducted across all our R&D related activities and capitalized values, to assure that the value-in-use is intact.

## **Property, plant and equipment**

Property, plant and equipment (PP&E) consists of tangible assets intended for long-term ownership and use. PP&E assets are valued at acquisition cost less depreciation and write-downs. Plant and equipment is capitalized and depreciated over the economic lifetime of the asset. Direct maintenance of plant and equipment is expensed on an ongoing basis under operating costs, while additions or improvements are added to the asset's cost price and depreciated in line with the asset. Plant and equipment is written down to the recoverable amount in the event of a fall in value that is not expected to be temporary. The recoverable amount is the higher of the net sales value and the value-in-use. Value-in-use is the present value of future cash flows related to the asset. The write-down is reversed when the basis for the write-down is no longer present.

## **Tax**

The tax charge in the profit and loss account consists of taxes payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22% on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are offset and entered net. The net deferred tax asset / liability is recognized in the balance sheet to the extent that it is likely that it can be utilized.

## **Statement of cash flows**

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash and bank deposits.