FINTECH 2024 – State of the Norwegian Fintech Industry

An analysis prepared by Ontogeny

On behalf of Finansforbundet

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Background for the Analysis

This report is part of a yearly update on the state of the Norwegian fintech industry.

Ontogeny Group has, on behalf of Finansforbundet (The Finance Sector Union of Norway), analyzed the Norwegian fintech industry.

The analysis examines the fintech industry from 2013 to 2023, focusing on the financial performance and balance sheets of fintech companies, along with the emergence of new players. The insights gained provide a deeper understanding of the industry's economic development and its role within the broader financial ecosystem.

Finansforbundet seeks to contribute to increased knowledge about the Norwegian fintech industry by consistently tracking its development.

2024

Analysis of Norwegian Fintech Companies

Purpose

- Assess the economic growth of Norway's fintech industry since 2013
- Improve the understanding of the role these companies play in Norway's financial sector
- Offer deeper insights and expertise on the Norwegian fintech landscape

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Executive summary

In 2023, the fintech sector continued to contract, marked by a significantly higher number of bankruptcies, mergers, and acquisitions compared to the emergence of new companies. The industry was heavily impacted by major mergers and acquisitions, such as the consolidation of key players like Sbanken, reflecting a dynamic and rapidly evolving ecosystem. On a positive note, successful companies are being recognized and remain in high demand.

Financial performance across fintech companies was mixed. While many larger, established players saw substantial revenue growth, most companies struggled with profitability, with several facing increasing losses. Smaller startups have been hit particularly hard due to rising interest rates and tighter capital markets. Achieving profitability and scaling have proven challenging, as companies must carefully balance customer acquisition costs with revenue growth. In total, fintech companies lost around NOK 2.6 billion (excluding digital banking), with the majority of losses coming from larger companies. Positively, nearly all of the top 50 companies reported revenue growth, though those founded between 2018 and 2023 continue to struggle with profitability.

Discussions with key players in the fintech sector have highlighted some key barriers and challenges the fintech companies face. Limited access to capital and the small domestic market are significant obstacles to scaling. Cumulative losses have largely been covered by equity injections (excluding digital banking). Despite increasing losses, the fintech sector still contributes significantly to societal value creation, driven in part by higher employee costs by the larger companies, which reflect the sector's growing impact.

The fintech ecosystem reveals that this group of companies appears to be relatively vulnerable. With more companies dissolving or going bankrupt and fewer new ones emerging, the number of companies in the sector has declined. Additionally, the weakening of incubator environments, increasing losses, and the drying up of capital markets all underscore the fragility of the ecosystem.

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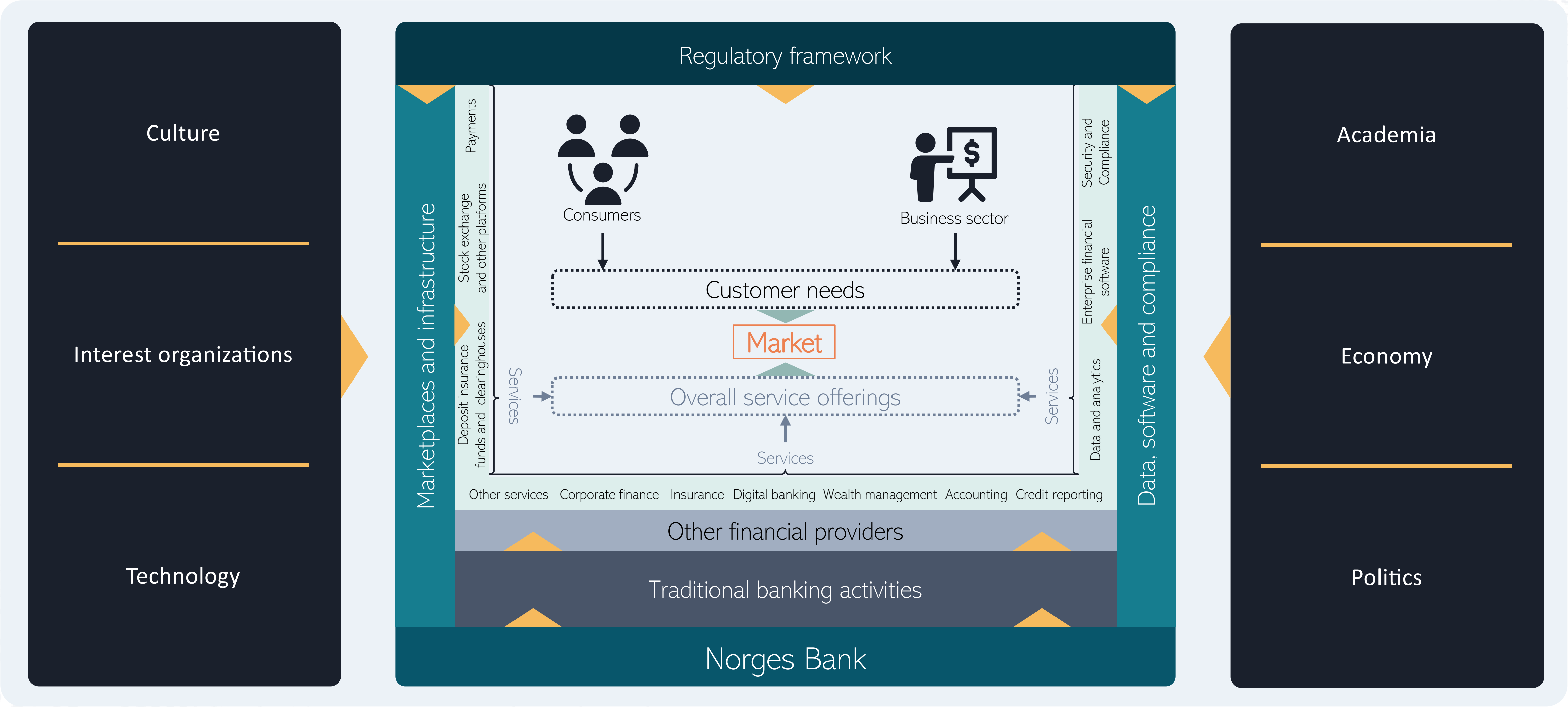
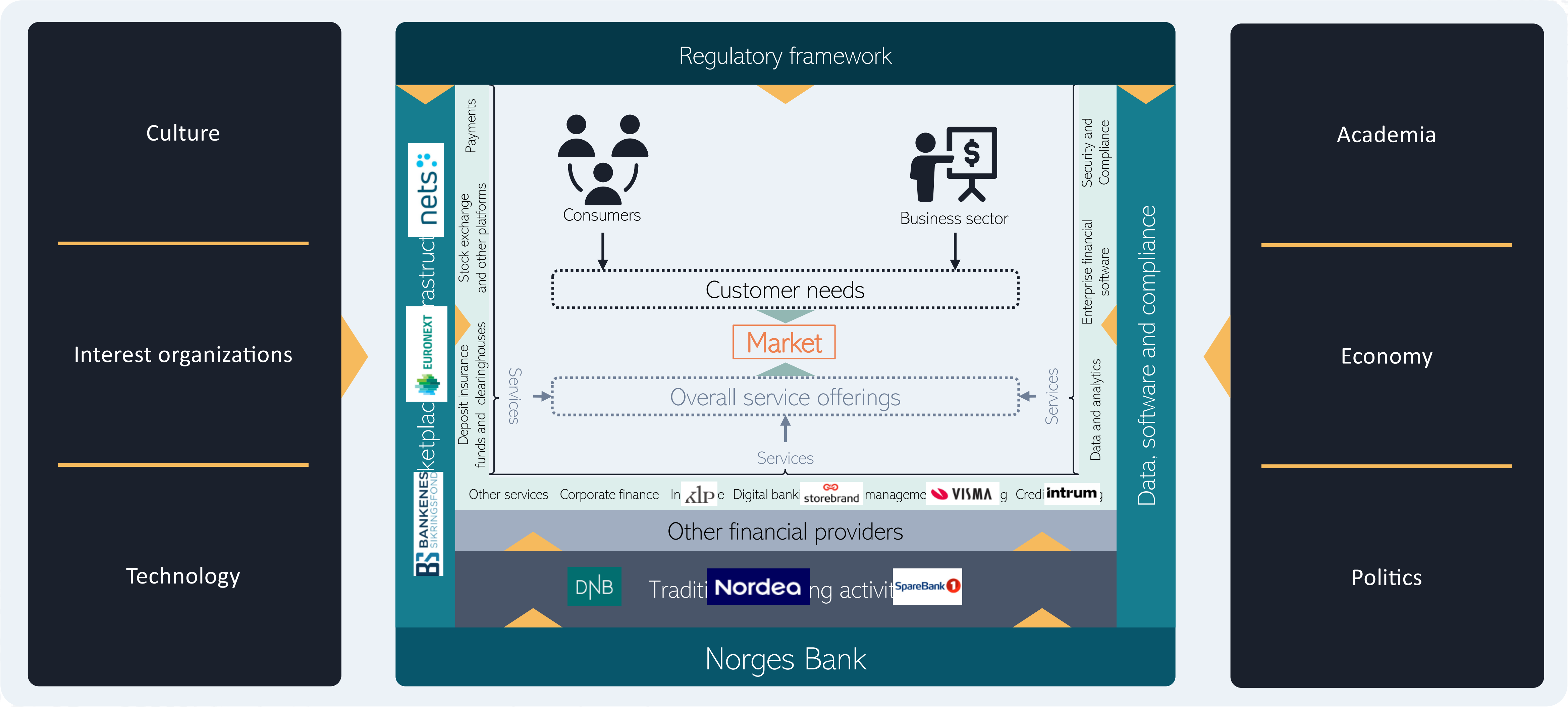
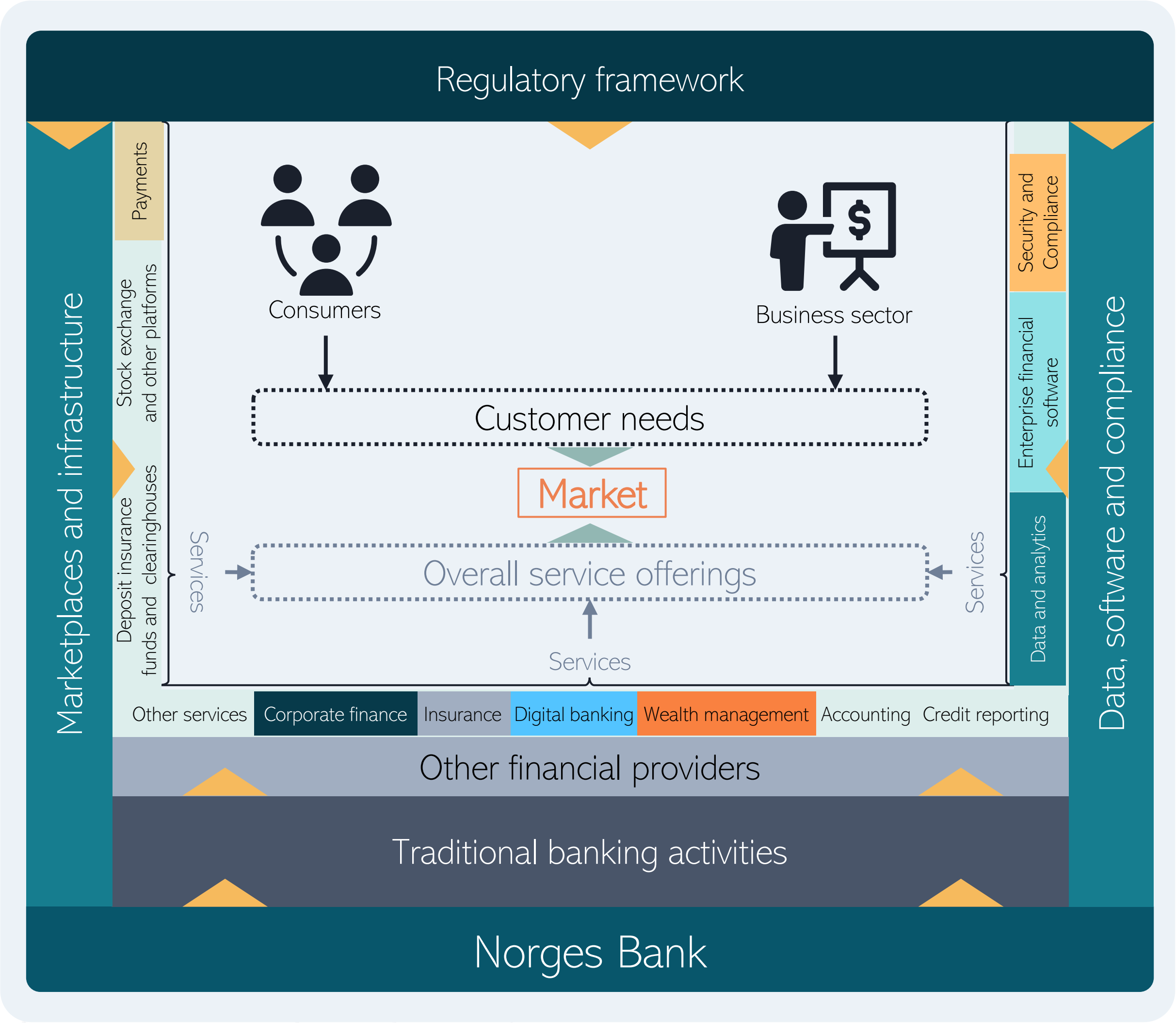
The financial industry is part of a larger financial ecosystem



The ecosystem is dominated by major, established players...



…but is complemented by many smaller, rising fintech companies within most fintech sectors



Fintech segments

- Digital banking
- Capital Raising
- Data and analytics providers
- Enterprise financial software
- Insurtech
- Payments
- Security & compliance
- Wealth management

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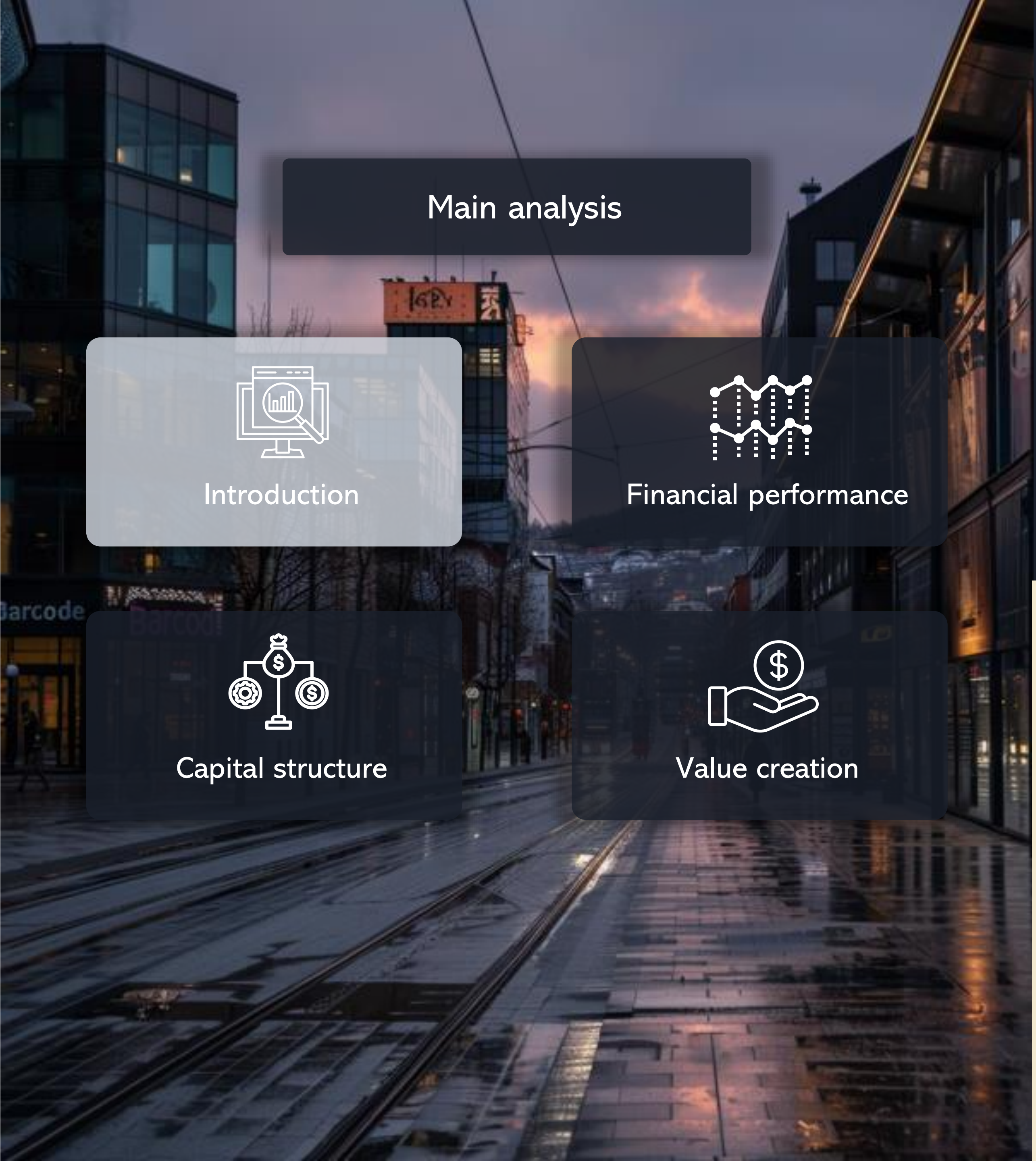

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FINTECH 2024
State of the Norwegian Fintech Industry

The sample is selected based on a thorough and methodical process, using various data sources and carefully considered criteria

The sample is selected based on

- Interviews with various incubators
- Member lists from incubators
- Systematic searches on different websites
- Other databases

New companies in the sample typically emerged through one of these sources of information

Primary data sources

- Proff Forvalt – provides extensive data for each company
- Enin – offers additional analyses not available in other databases
- Interviews with leading organizations, companies and other stakeholders

Selection criteria

Core Financial Service Offering
The company provides essential financial products or services directly relevant to the financial sector

Innovation in Financial Processes
The company introduces innovative methods aiming to disrupt, improve, or simplify traditional financial services

Technology-Driven Solutions
The company's operations or service delivery rely heavily on fintech technology to create efficiency or convenience

Enin provides comprehensive, easy-to-use insights that have delivered significant value for this report

enin.

Paul I. Huse
CEO and co-founder

Applications

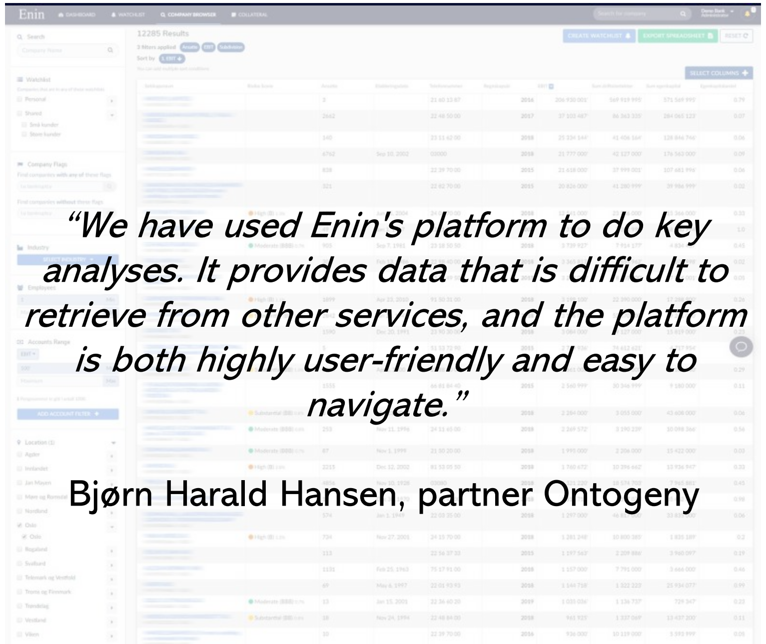
- Credit risk analysis
- Due diligence
- Anti-fraud detection
- Corporate data analysis and insights

Industries

- Finance
- Legal services
- Insurance
- Other sectors*

Key strengths

- Comprehensive and up-to-date insights on corporate data
- Easy-to-use, intuitive application interface
- Supports informed decision-making across multiple industries
- Ideal for organizations looking to mitigate risk and enhance business intelligence

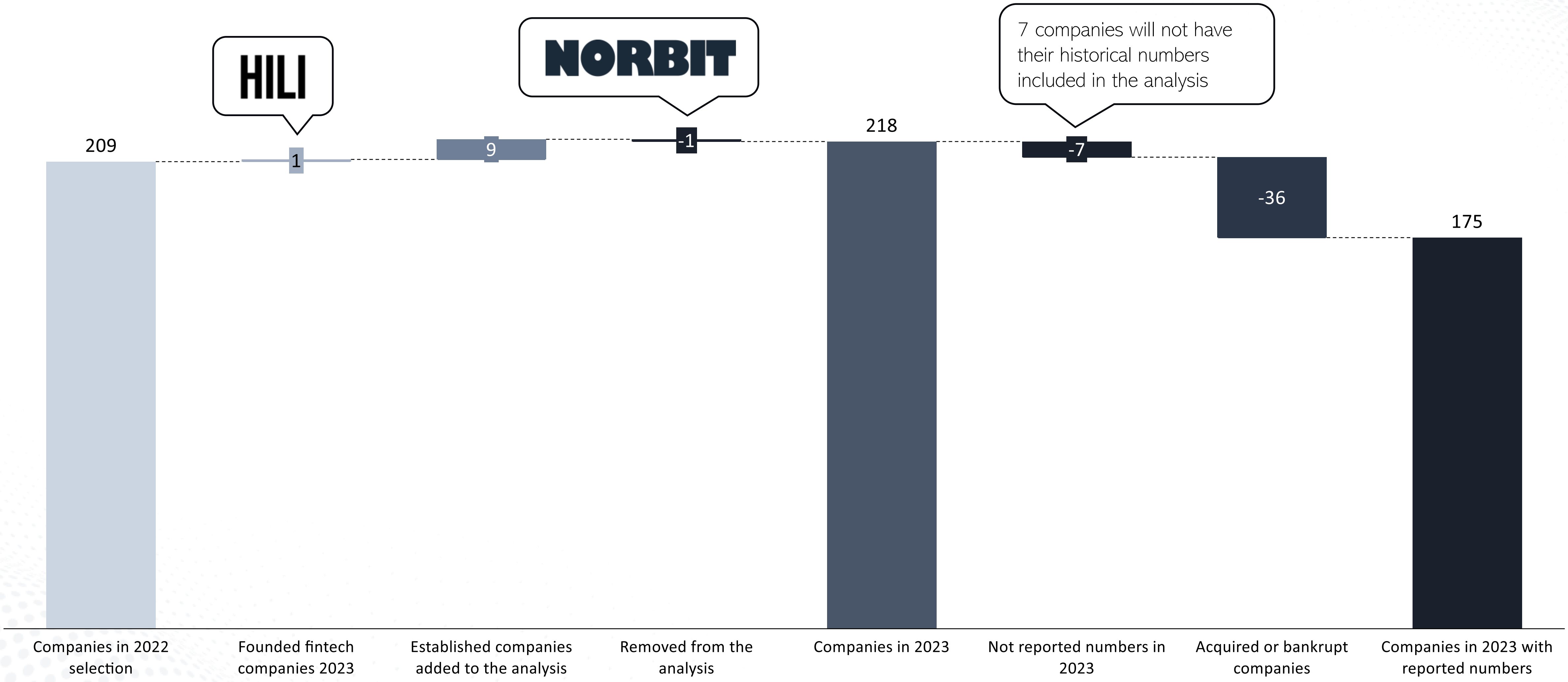


"We have used Enin's platform to do key analyses. It provides data that is difficult to retrieve from other services, and the platform is both highly user-friendly and easy to navigate."

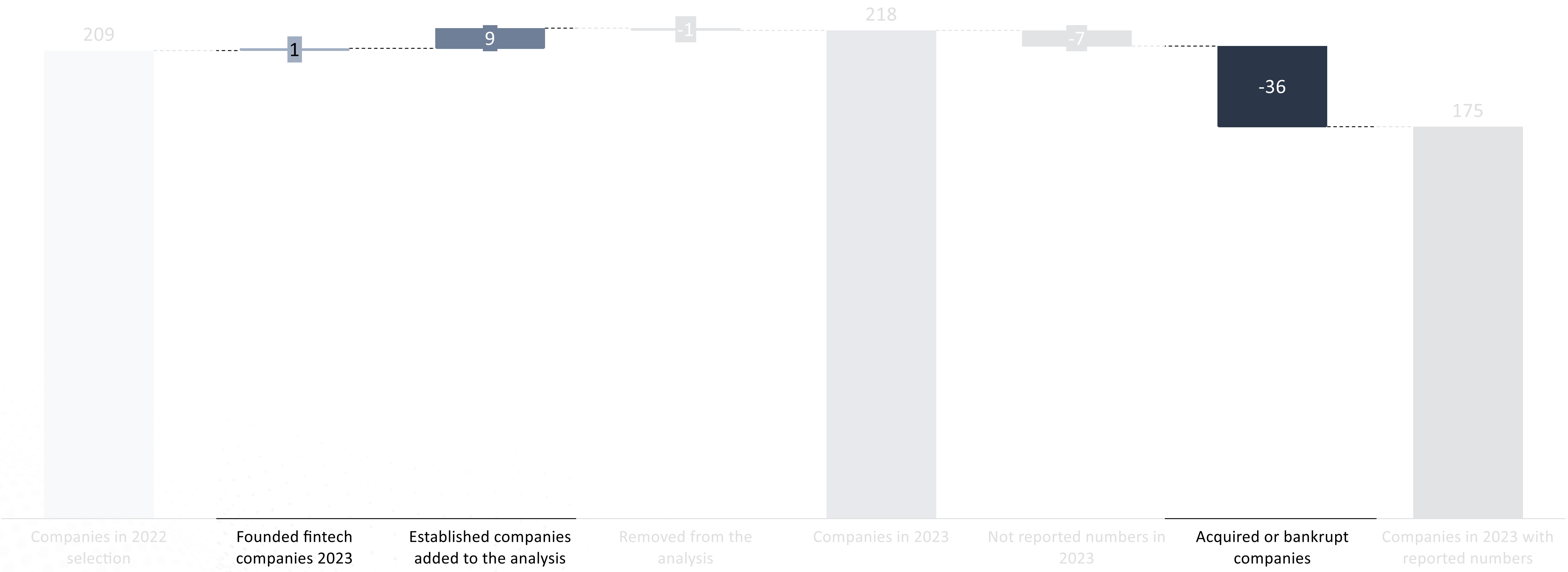
Bjørn Harald Hansen, partner Ontogeny

*Other sectors requiring accurate, real-time business intelligence

Out of 218 companies, 175 companies are relevant for the analysis. 36 do not exist as legal entities anymore; 7 have yet to report, and will not have their historical numbers included



While some companies are new to this year's analysis, it is evident there has been a considerable attrition in the fintech industry, involving both major and several smaller players



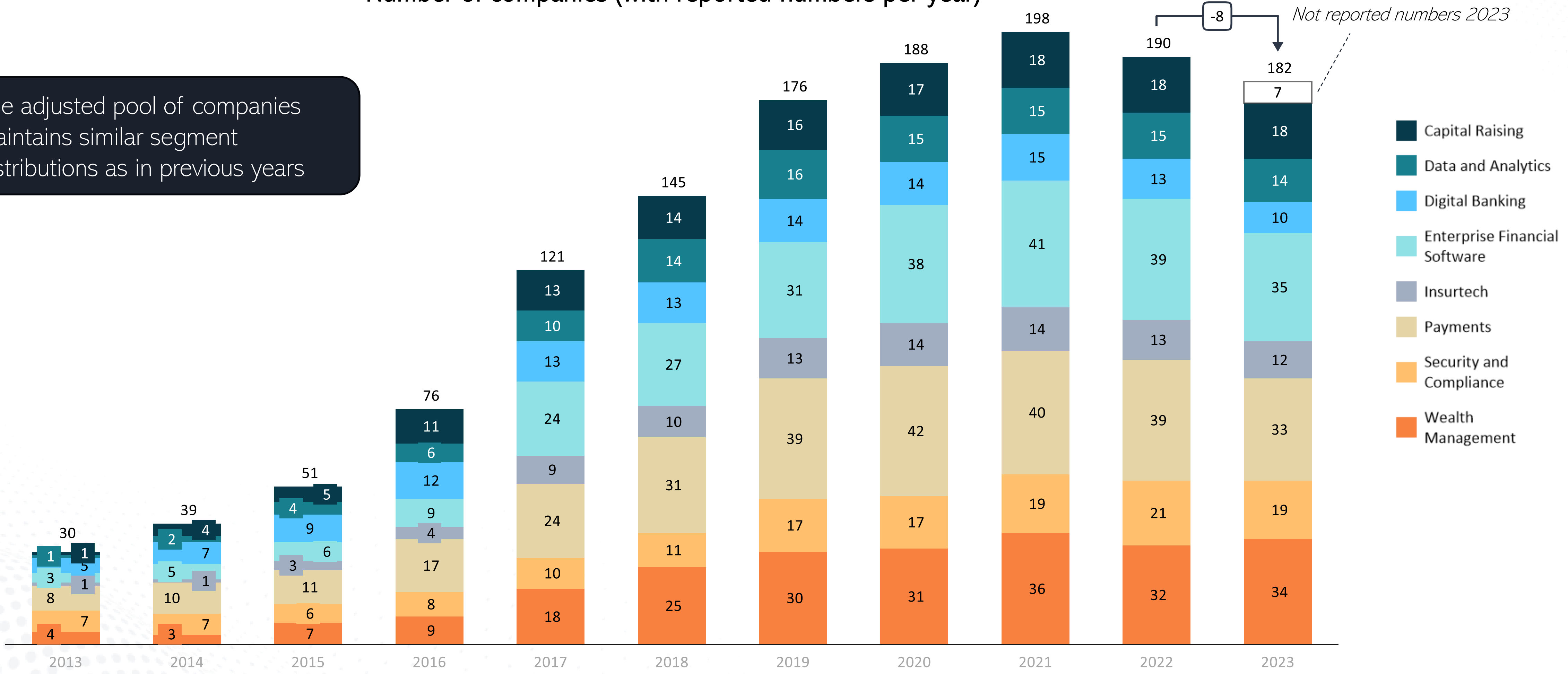
The following companies were added to the selection in 2023, while several well-known companies were removed due to closures

	Capital Raising	Data and Analytics	Digital Banking	Enterprise Financial Software	Insurtech	Payments	Security and Compliance	Wealth Management
10 new companies included this year	pitch40 HILI prozeed			NORIA omnium propell.ai		aera	OPENHORIZON	Celeri RELTIME
Select acquired or bankrupt companies the last few years			banknorwegian.no S'banken BRABANK optinbank.	BizBot KryptoVault	imsure	Fygi MeaWallet NOFFE PNGR Wibl. Tjommi Payrest		lifeplanner Spiff numus

After experiencing a steady increase in fintech companies until the peak in 2021, we are beginning to see a decline in the number of companies in scope – likely due to a number of mergers and acquisitions

The adjusted pool of companies maintains similar segment distributions as in previous years

Number of companies (with reported numbers per year)



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FINTECH 2024

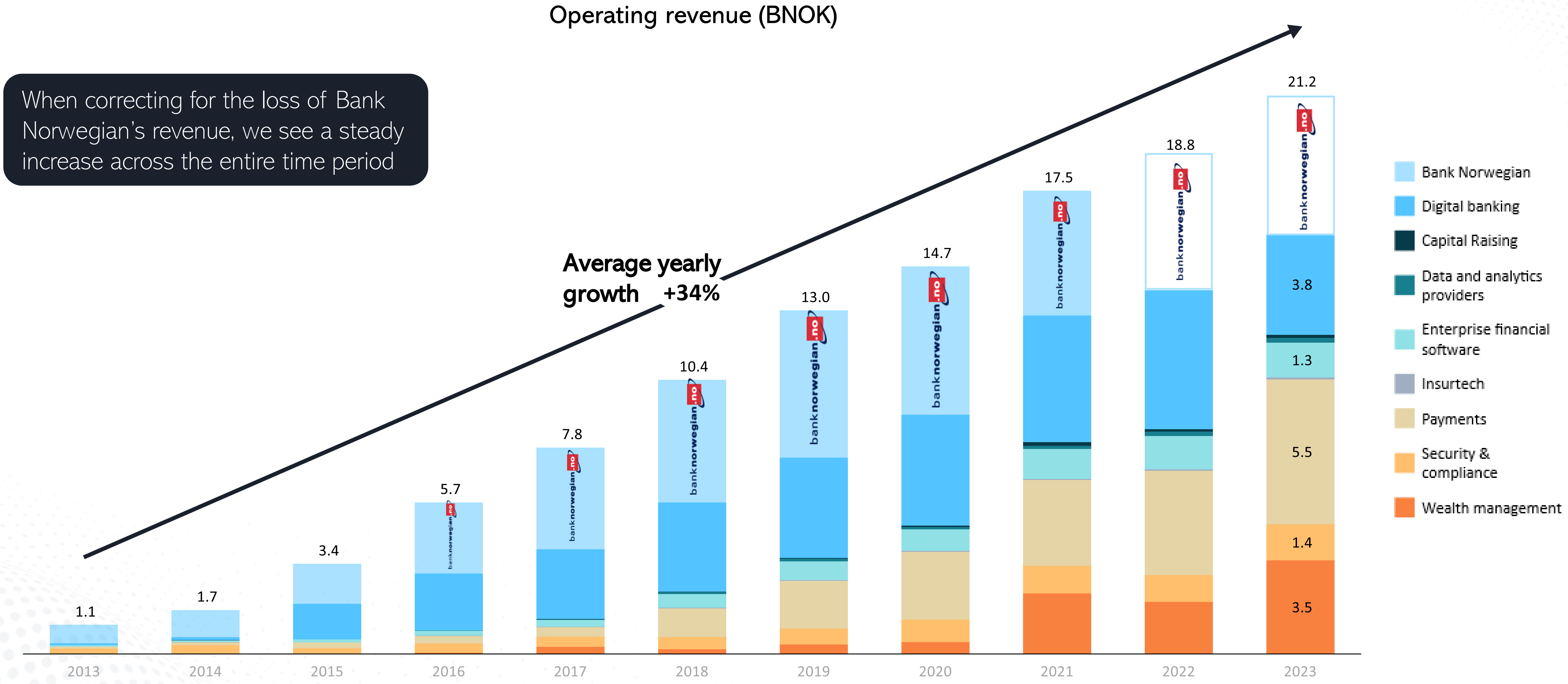
State of the Norwegian Fintech Industry

Main analysis

- Introduction
- Financial performance
- Capital structure
- Value creation

Steady increase in operating revenue last ten years – from approximately 1 BNOK in 2013 to 21 BNOK in 2023 (including Bank Norwegian numbers*)

When correcting for the loss of Bank Norwegian's revenue, we see a steady increase across the entire time period

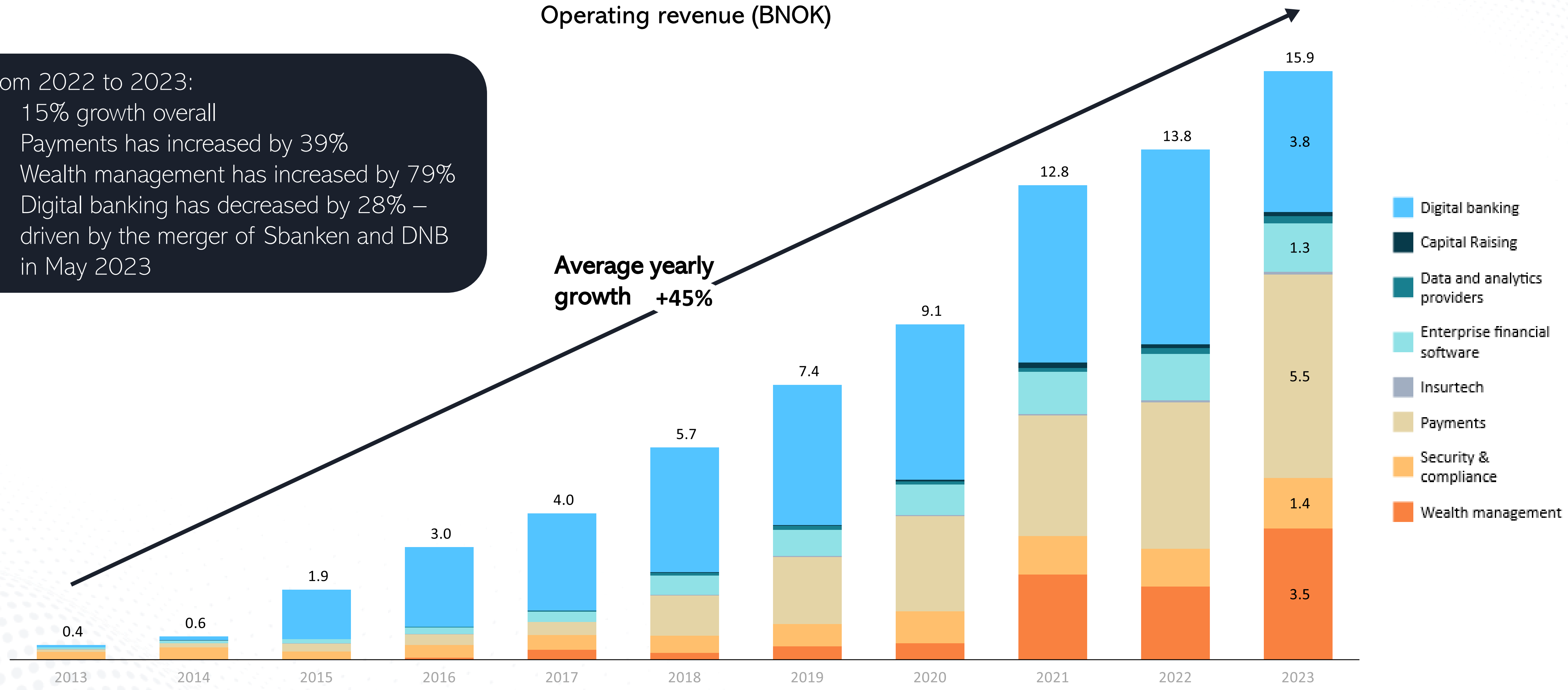


*Note: Bank Norwegian was acquired by Swedish Nordax Bank fall 2022. Numbers for 2022 and 2023 are calculated based on 2021numbers adjusted for inflation rate.

Excluding Bank Norwegian, we see an even higher growth in accumulated revenue the last ten years. Revenues grew to 15.9 BNOK in 2023 – up 2.1 BNOK (13%).

From 2022 to 2023:

- 15% growth overall
- Payments has increased by 39%
- Wealth management has increased by 79%
- Digital banking has decreased by 28% – driven by the merger of Sbanken and DNB in May 2023



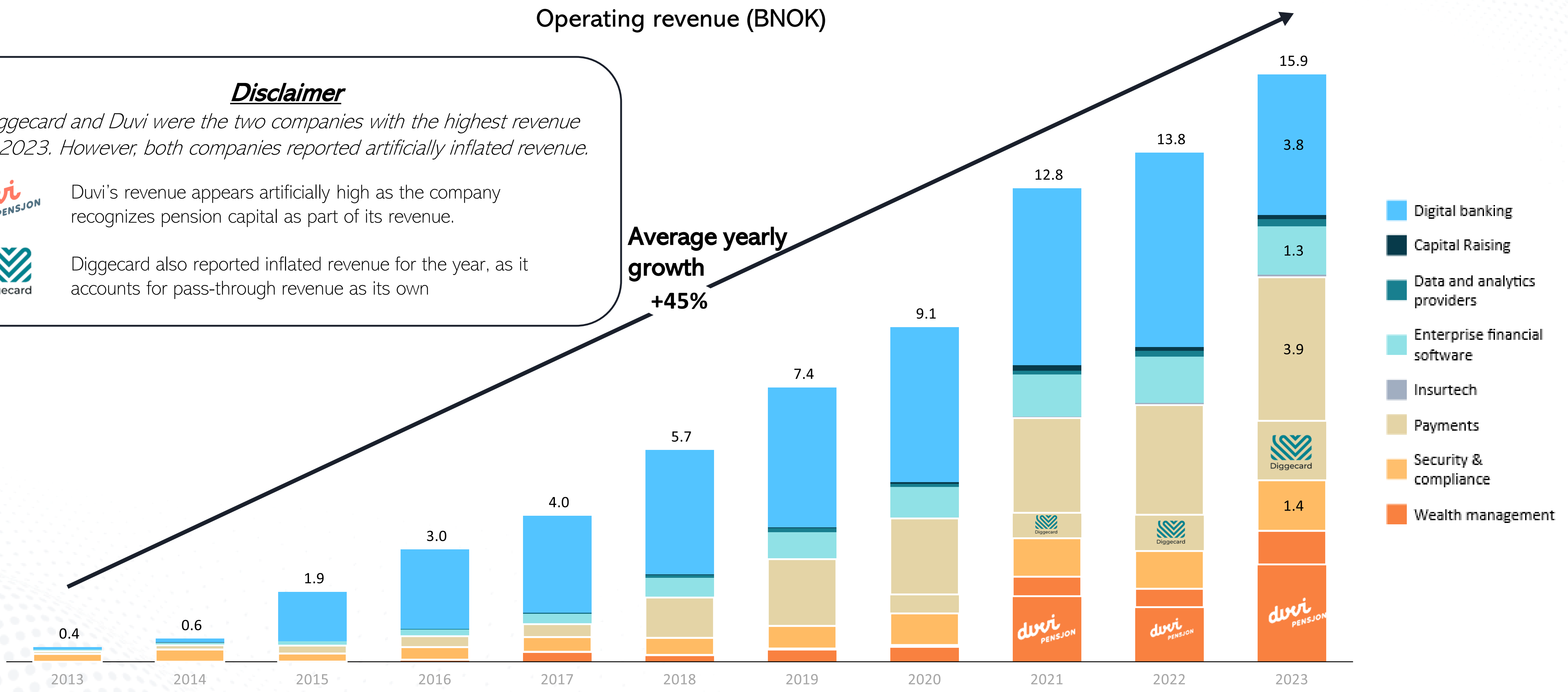
Duvi and Diggecard drive up total revenue in their segment, but it should be noted that numbers are artificially high due to reporting practices

Disclaimer

Diggecard and Duvi were the two companies with the highest revenue in 2023. However, both companies reported artificially inflated revenue.

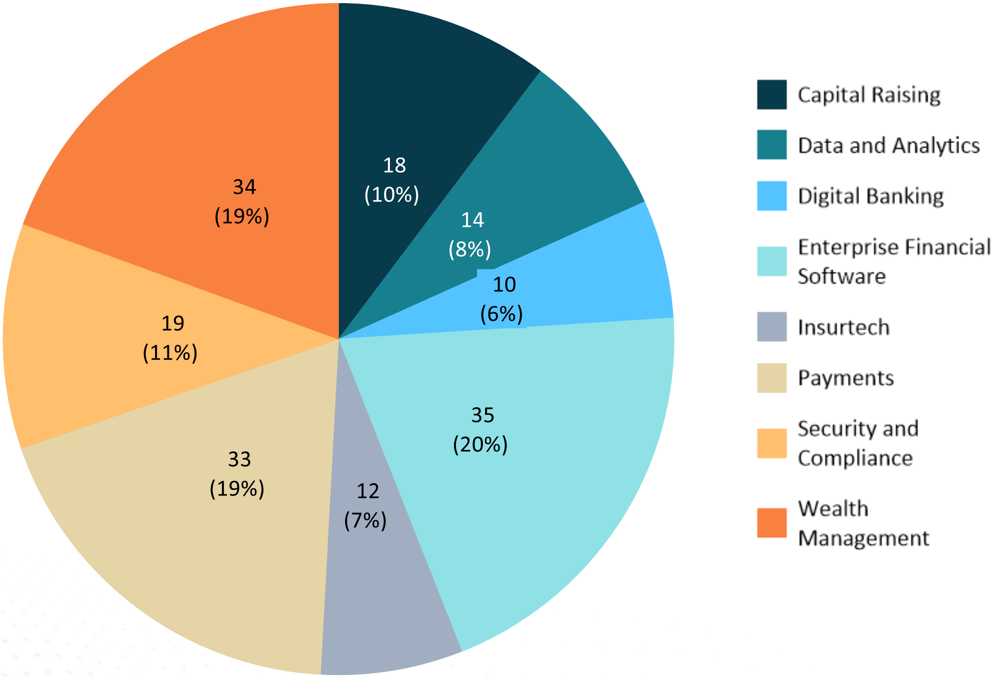
Duvi's revenue appears artificially high as the company recognizes pension capital as part of its revenue.

Diggecard also reported inflated revenue for the year, as it accounts for pass-through revenue as its own



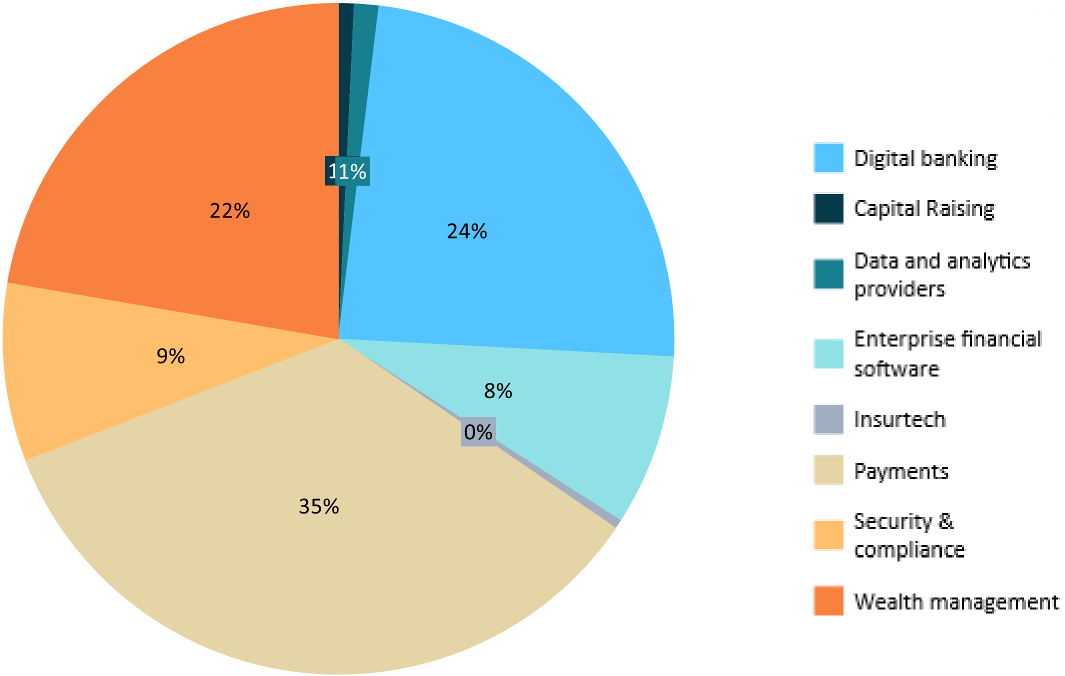
The number of companies across segments is fairly balanced. However, Payments represents 35% of the income. The three largest segments together earn a total of 81% of the operating revenue.

Number and (share) of companies within the different segments – 2023



Segments exhibit a balanced distribution of players

Operating revenue within different segments – 2023

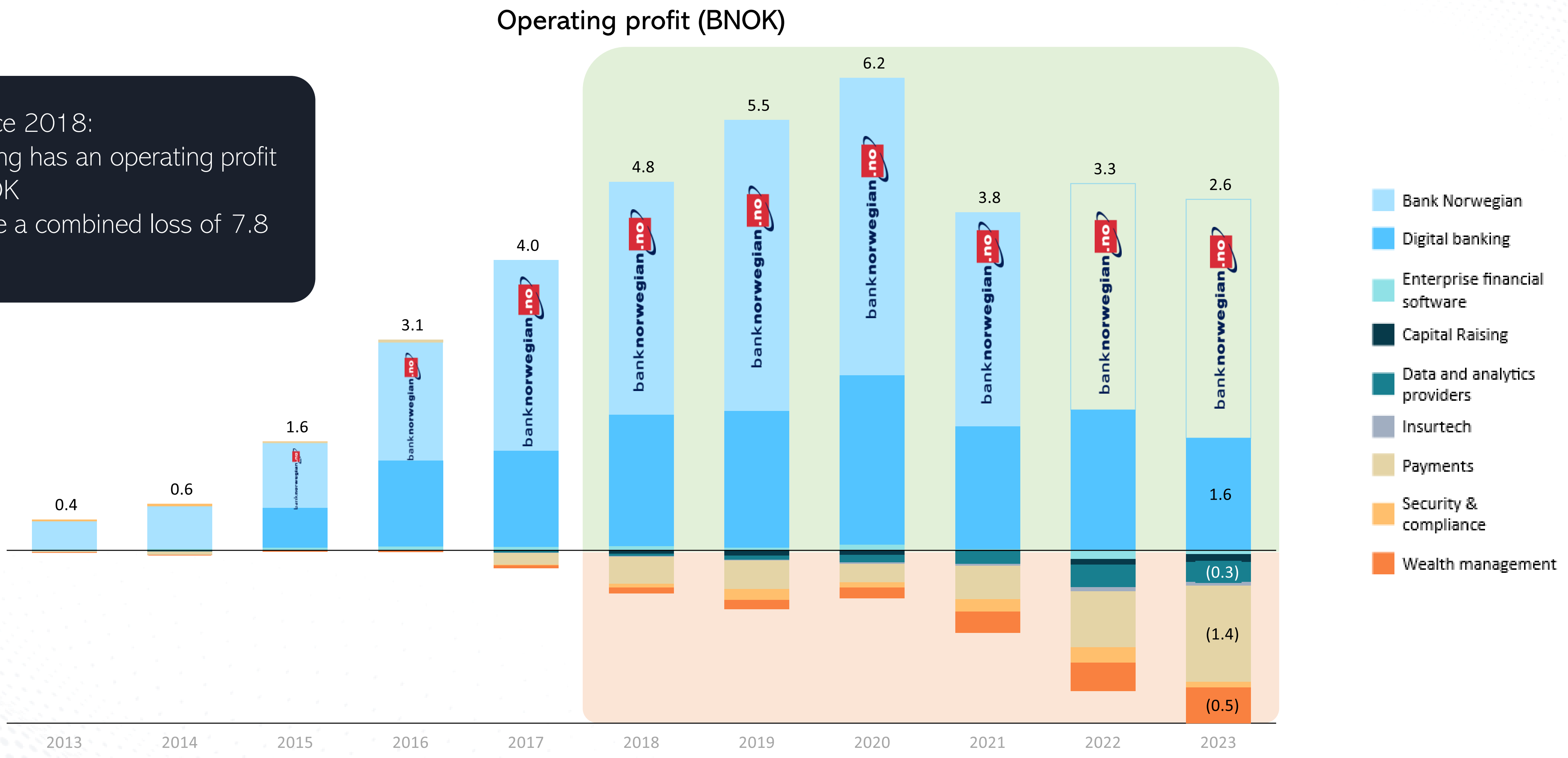


Segments display large disparities in operating revenue

Digital Banking is the only consistently profitable segment – the other segments have an accumulated loss of 7,8 BNOK during the last six years

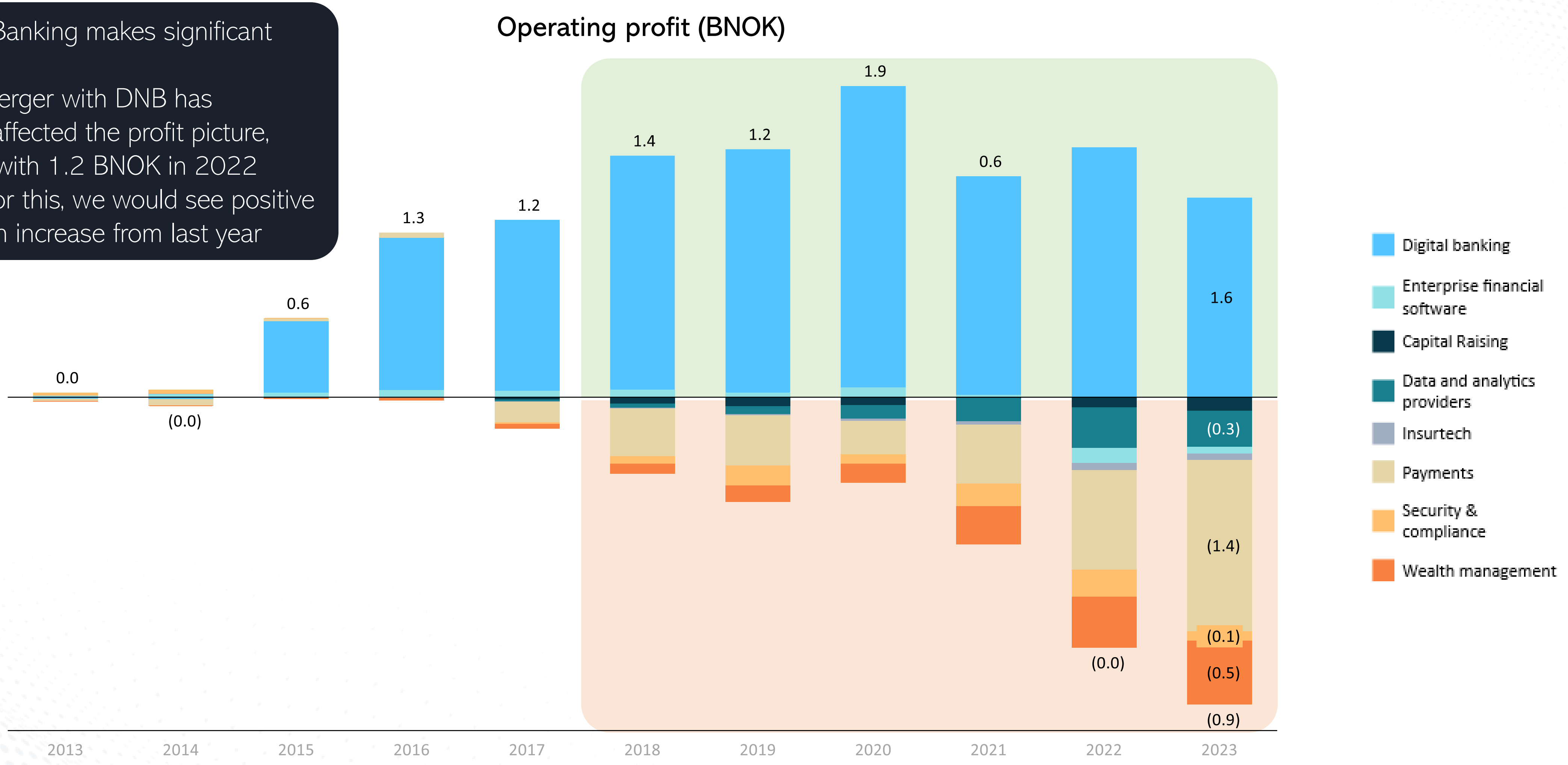
Accumulated since 2018:

- Digital Banking has an operating profit of 27.2 BNOK
- The rest have a combined loss of 7.8 BNOK



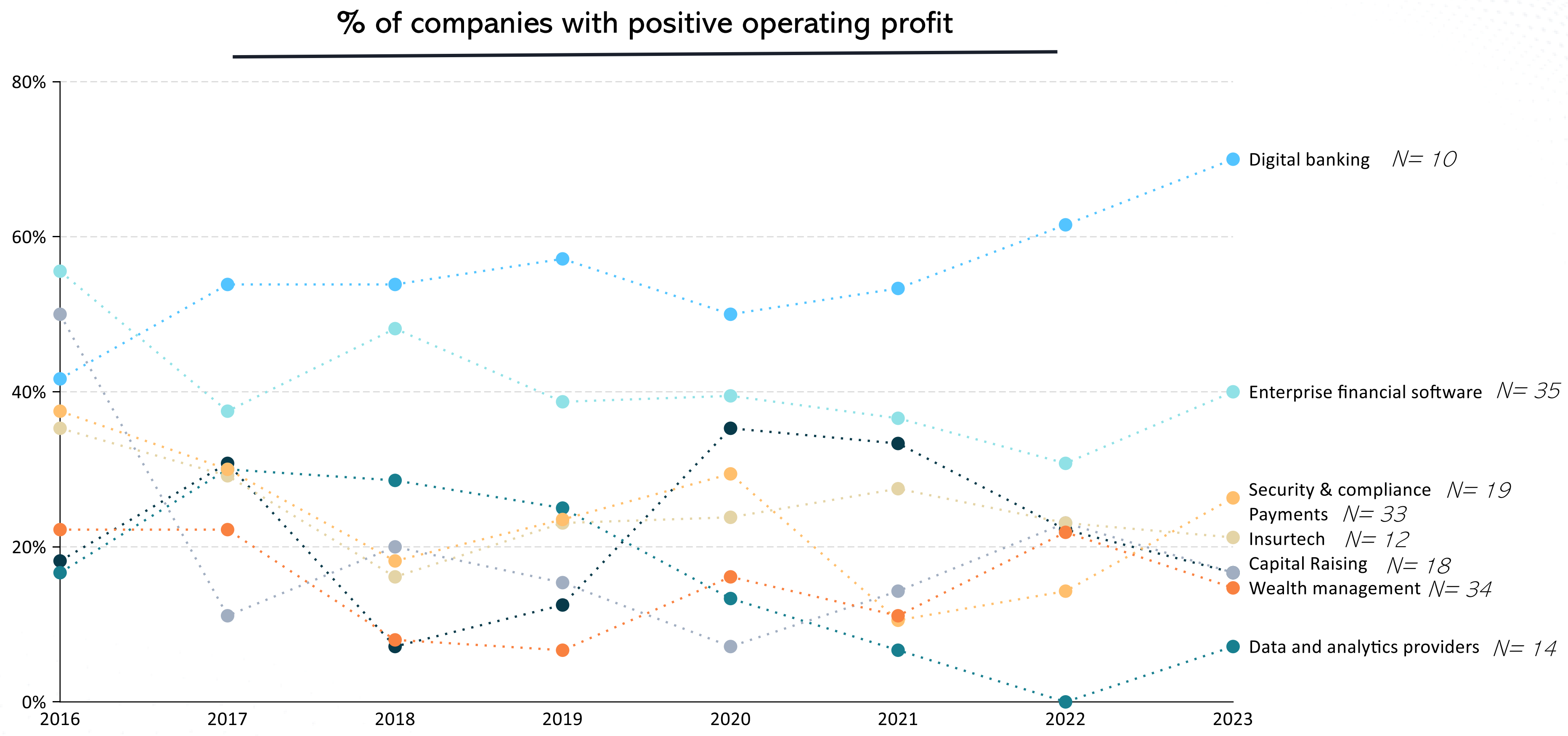
By excluding Bank Norwegian, the profit size changes significantly. The reduction in profits is predominantly a result of Sbanken's merger with DNB.

- Only Digital Banking makes significant money
- Sbanken's merger with DNB has significantly affected the profit picture, contributing with 1.2 BNOK in 2022
- Accounting for this, we would see positive profits and an increase from last year



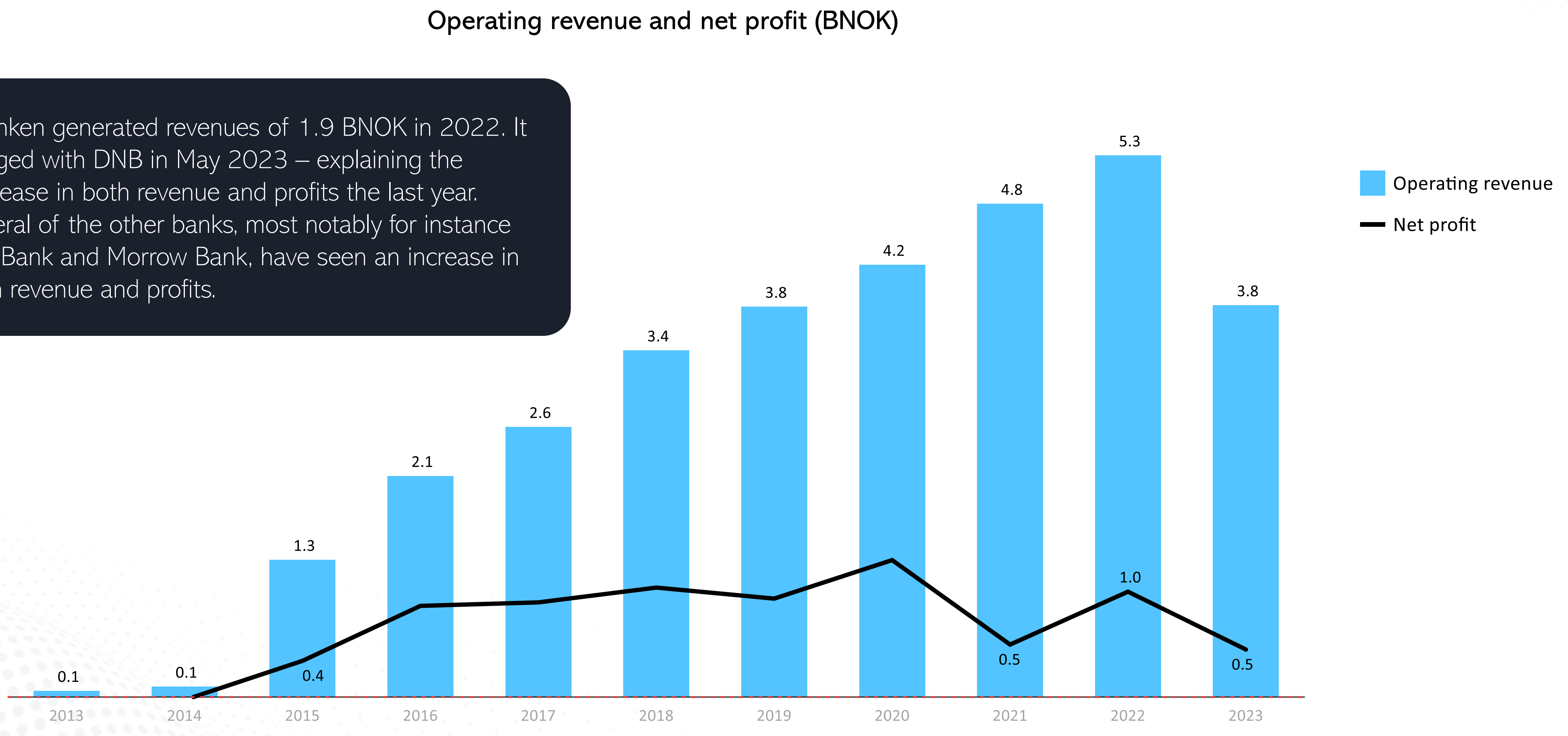
Most segments continue to struggle with profitability – Digital Banking does well, where 70% of the companies turn a profit, seemingly on an upward trajectory since 2020

- Digital banking is the sole segment where the majority of companies generate profits – the segment also displays a positive trend
- Data and Analytics has the lowest share of profitable companies, with only 7% of companies making money
- Capital raising seems to be on a downward trend since 2020
- The overall percentage of profitable companies has slightly increased to 25%, up from 24% last year



Operating revenue decreased from 5.3 BNOK to 3.8 BNOK – a 28% fall. Net profit sees a reduction of 50%. The drop in 2023 is predominantly a result of Sbanken's merger with DNB in May 2023.

Sbanken generated revenues of 1.9 BNOK in 2022. It merged with DNB in May 2023 – explaining the decrease in both revenue and profits the last year. Several of the other banks, most notably for instance Lea Bank and Morrow Bank, have seen an increase in both revenue and profits.

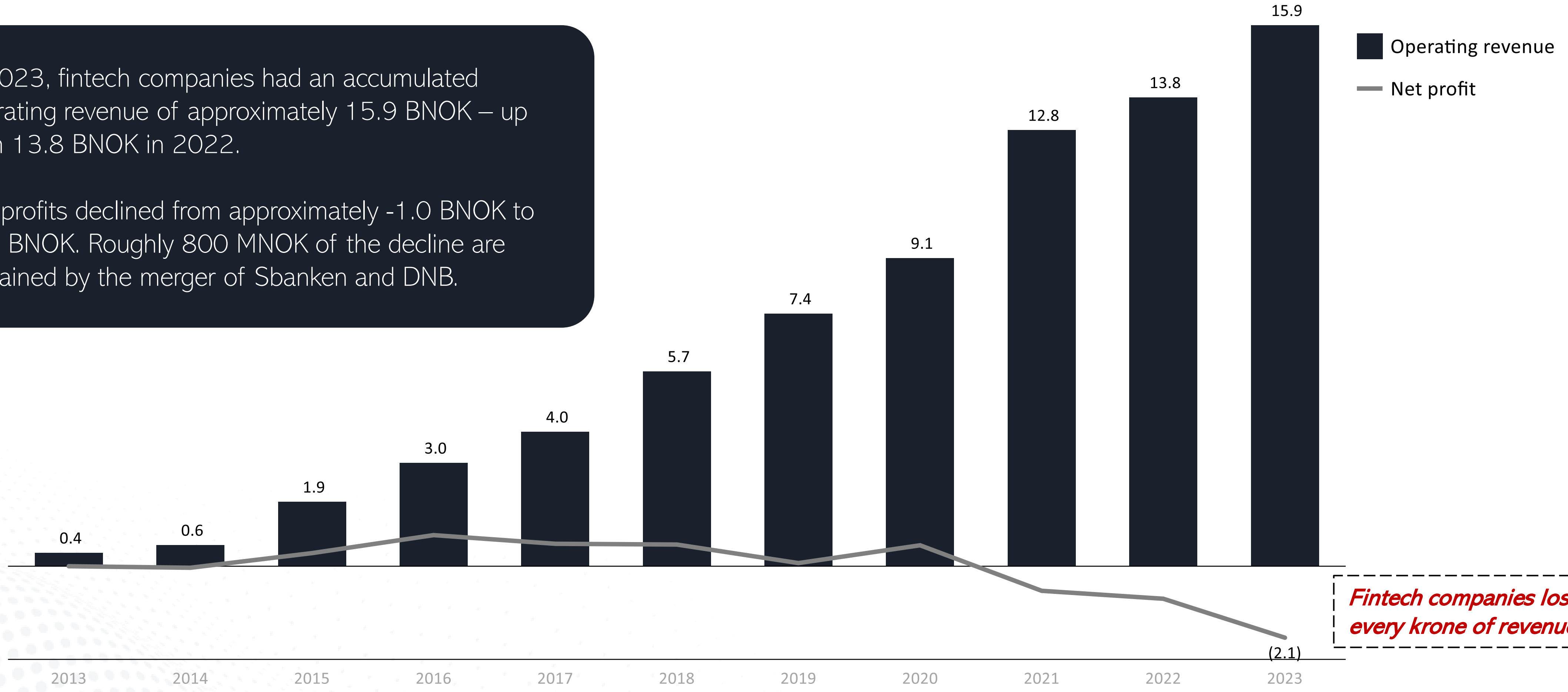


The positive trend for total operating revenue continues from last year. However, net profit continues to decline – largely driven by Sbanken's merger with DNB.

In 2023, fintech companies had an accumulated operating revenue of approximately 15.9 BNOK – up from 13.8 BNOK in 2022.

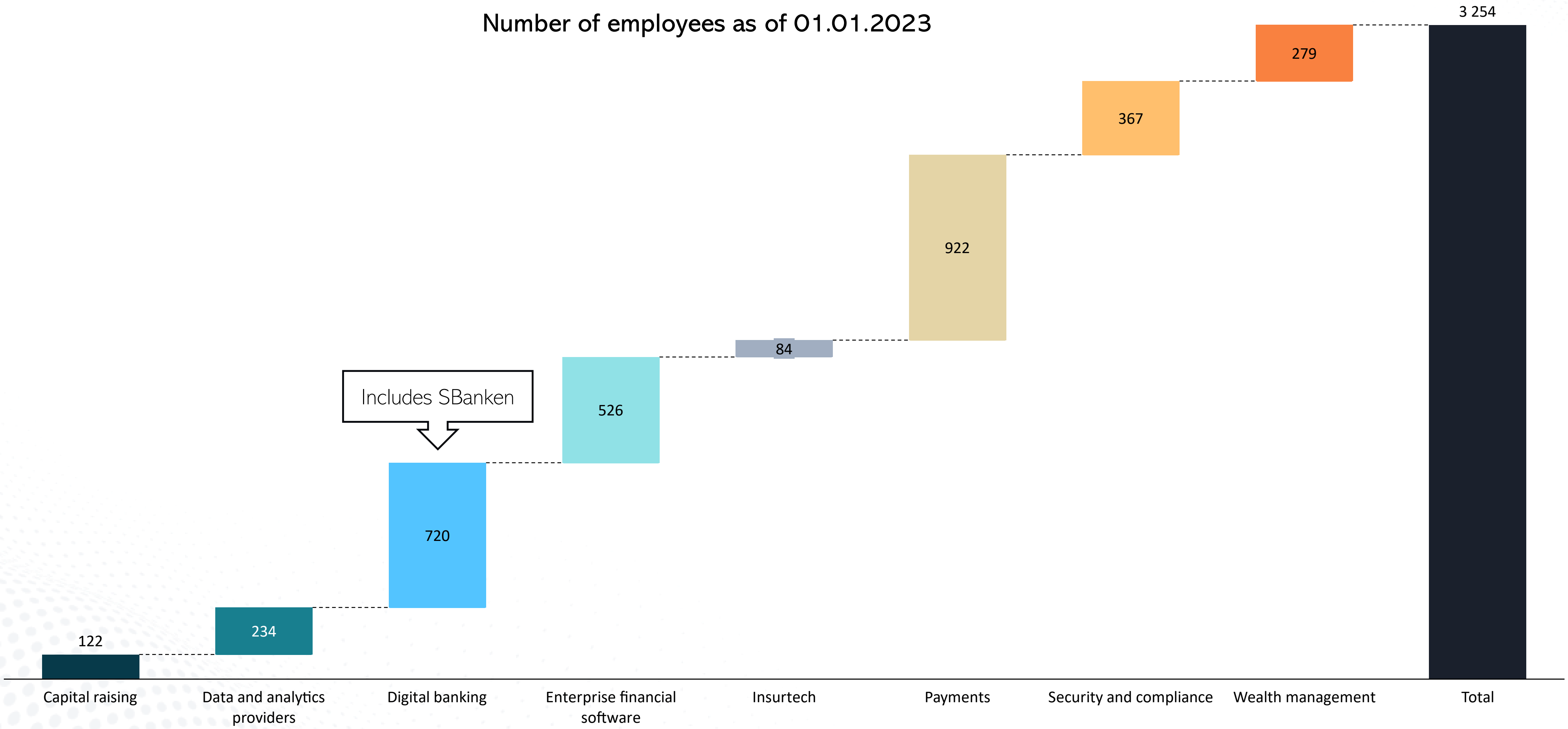
Net profits declined from approximately -1.0 BNOK to -2.1 BNOK. Roughly 800 MNOK of the decline are explained by the merger of Sbanken and DNB.

Operating revenue and net profit (BNOK)

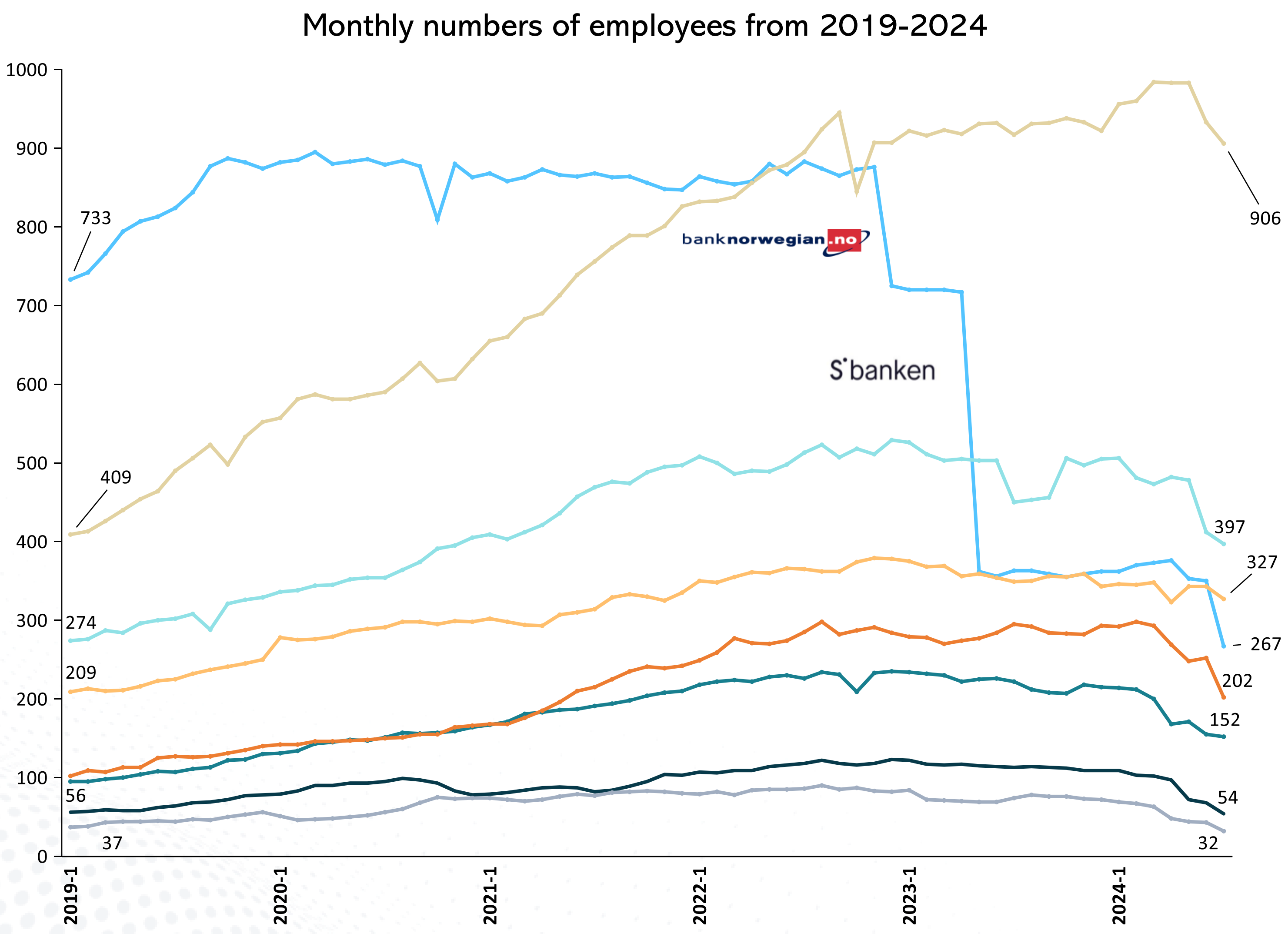


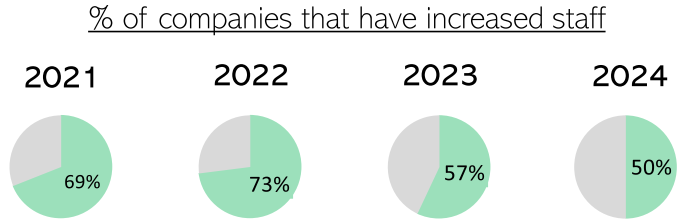
Fintech companies lose 13 øre for every krone of revenue generated

The fintech industry employs a total of 3 254 people, with Digital banking and Payments being the largest contributors to workplaces



Workforce trends in fintech - a shift in segment dynamics

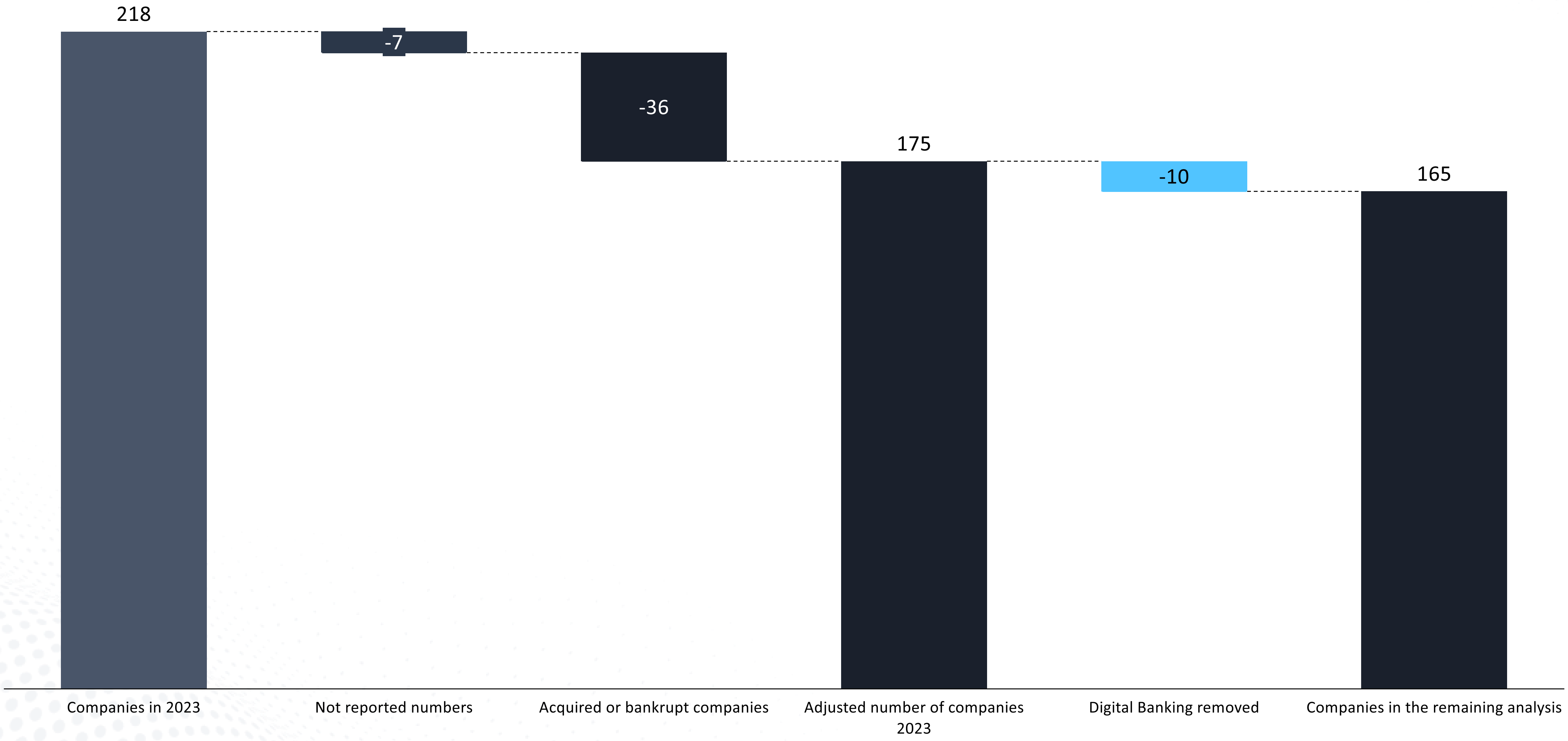




The graph on the left highlights notable shifts in the workforce distribution across various segments of the fintech industry. Digital banking has seen a significant decline in employment from the end of 2022 to present.

In contrast, the payments sector has expanded its workforce. Segments such as enterprise software, security and compliance, and wealth management have experienced robust growth in employee numbers during this period. Other segments, however, have shown either modest growth or slight declines.

Digital Banking will be excluded from further analyses due to their dominant share of profits

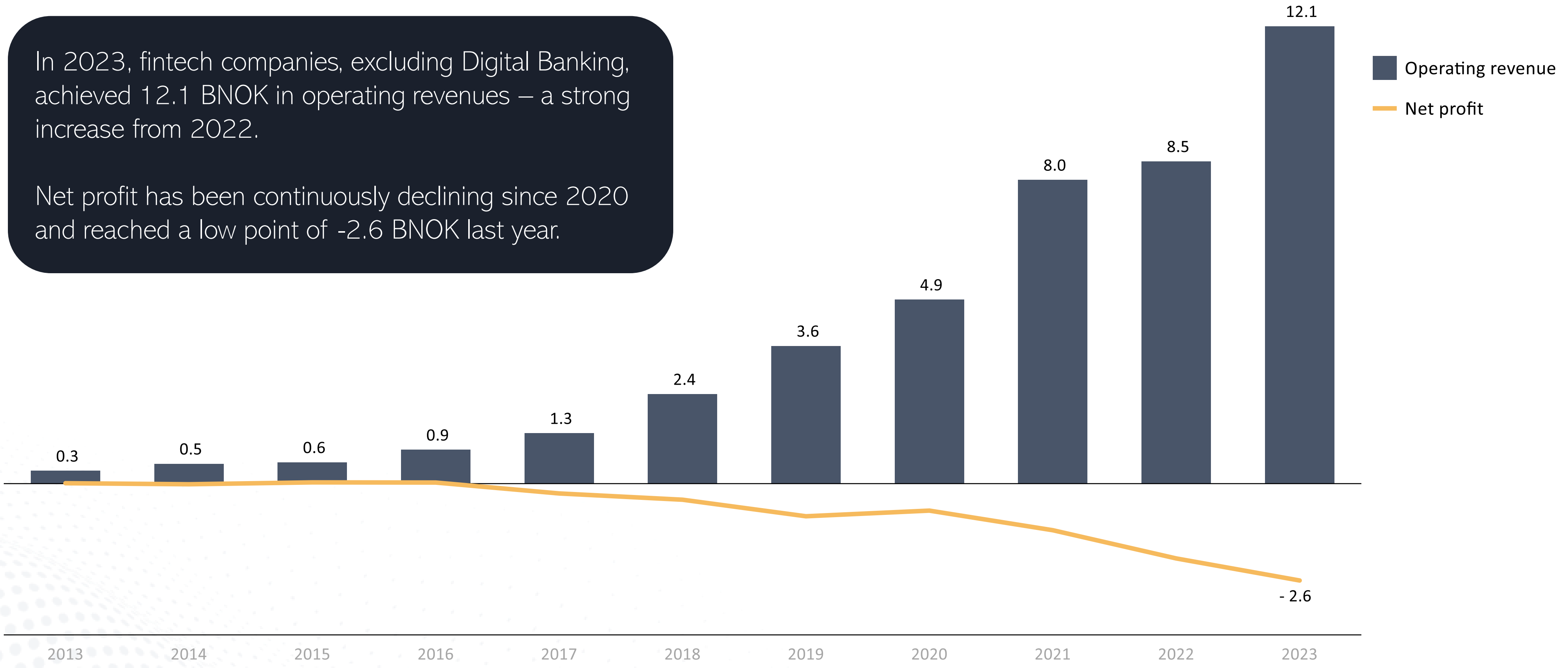


Operating revenue increased significantly, but bottom-line numbers remain negative and are increasingly weakening

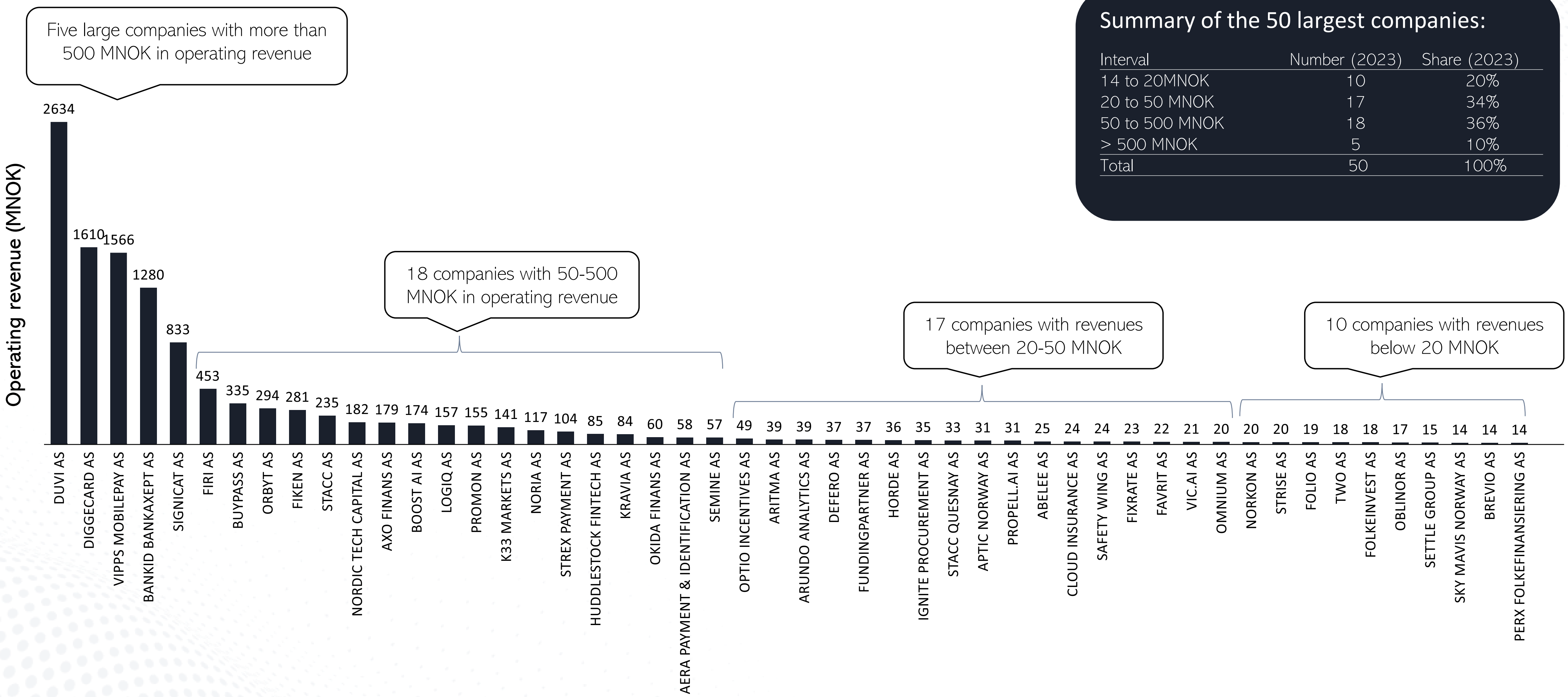
In 2023, fintech companies, excluding Digital Banking, achieved 12.1 BNOK in operating revenues – a strong increase from 2022.

Net profit has been continuously declining since 2020 and reached a low point of -2.6 BNOK last year.

Operating revenue and net profit (BNOK)



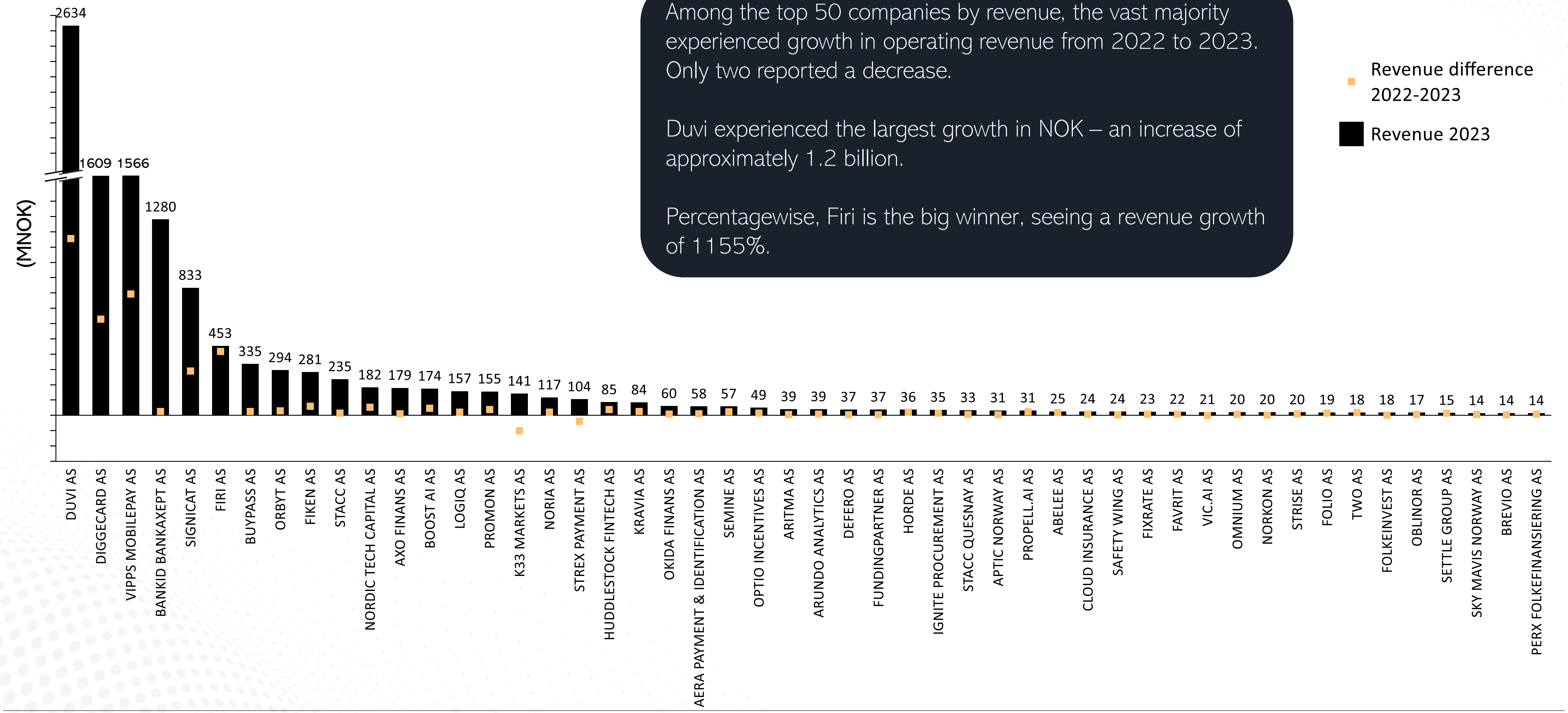
Most of the revenue is generated by a handful of companies, with most coming in between 20 and 500 MNOK



Summary of the 50 largest companies:

Interval	Number (2023)	Share (2023)
14 to 20MNOK	10	20%
20 to 50 MNOK	17	34%
50 to 500 MNOK	18	36%
> 500 MNOK	5	10%
Total	50	100%

48 out of the 50 largest companies saw growth in revenues – an encouraging and positive sign

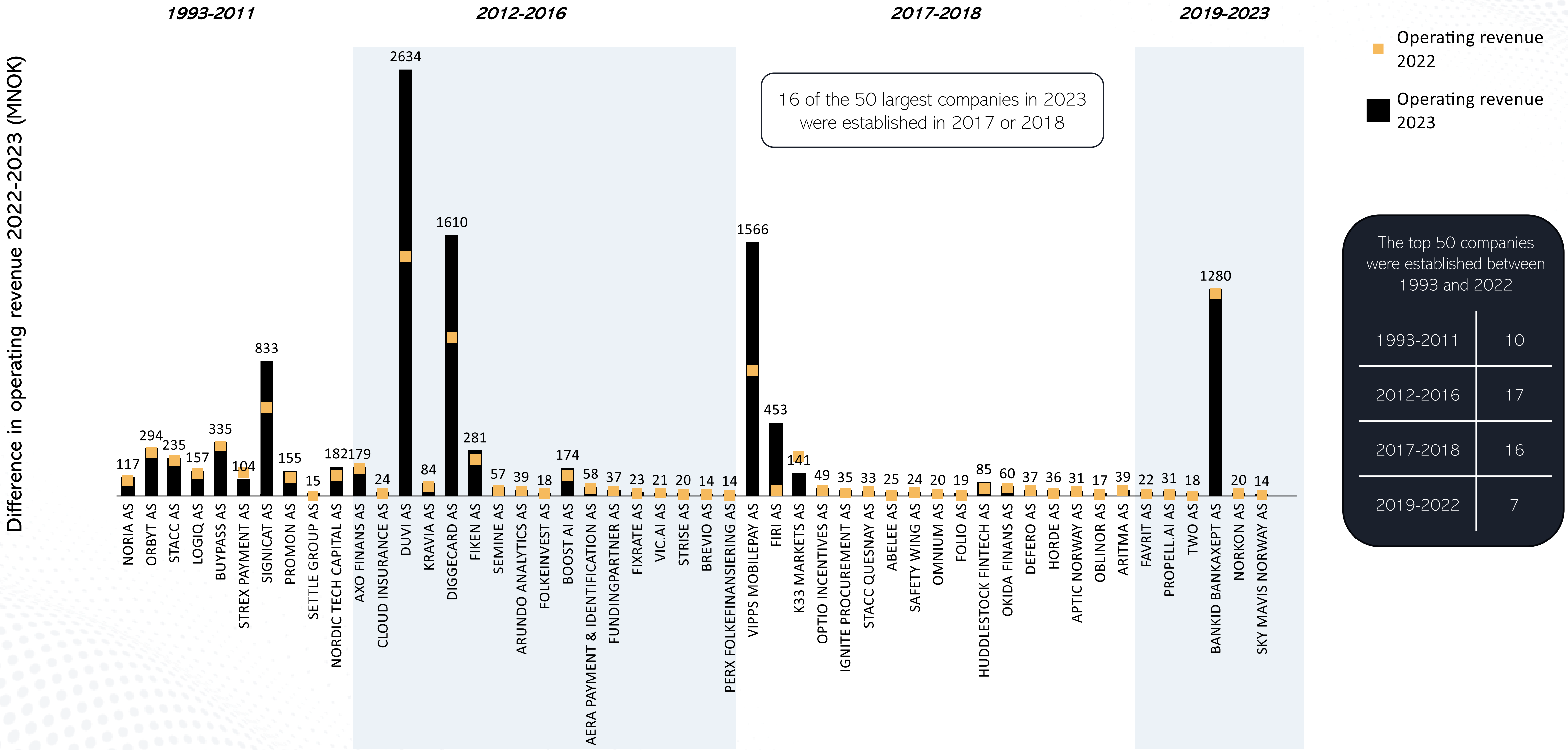


Among the top 50 companies by revenue, the vast majority experienced growth in operating revenue from 2022 to 2023. Only two reported a decrease.

Duvi experienced the largest growth in NOK – an increase of approximately 1.2 billion.

Percentagewise, Firi is the big winner, seeing a revenue growth of 1155%.

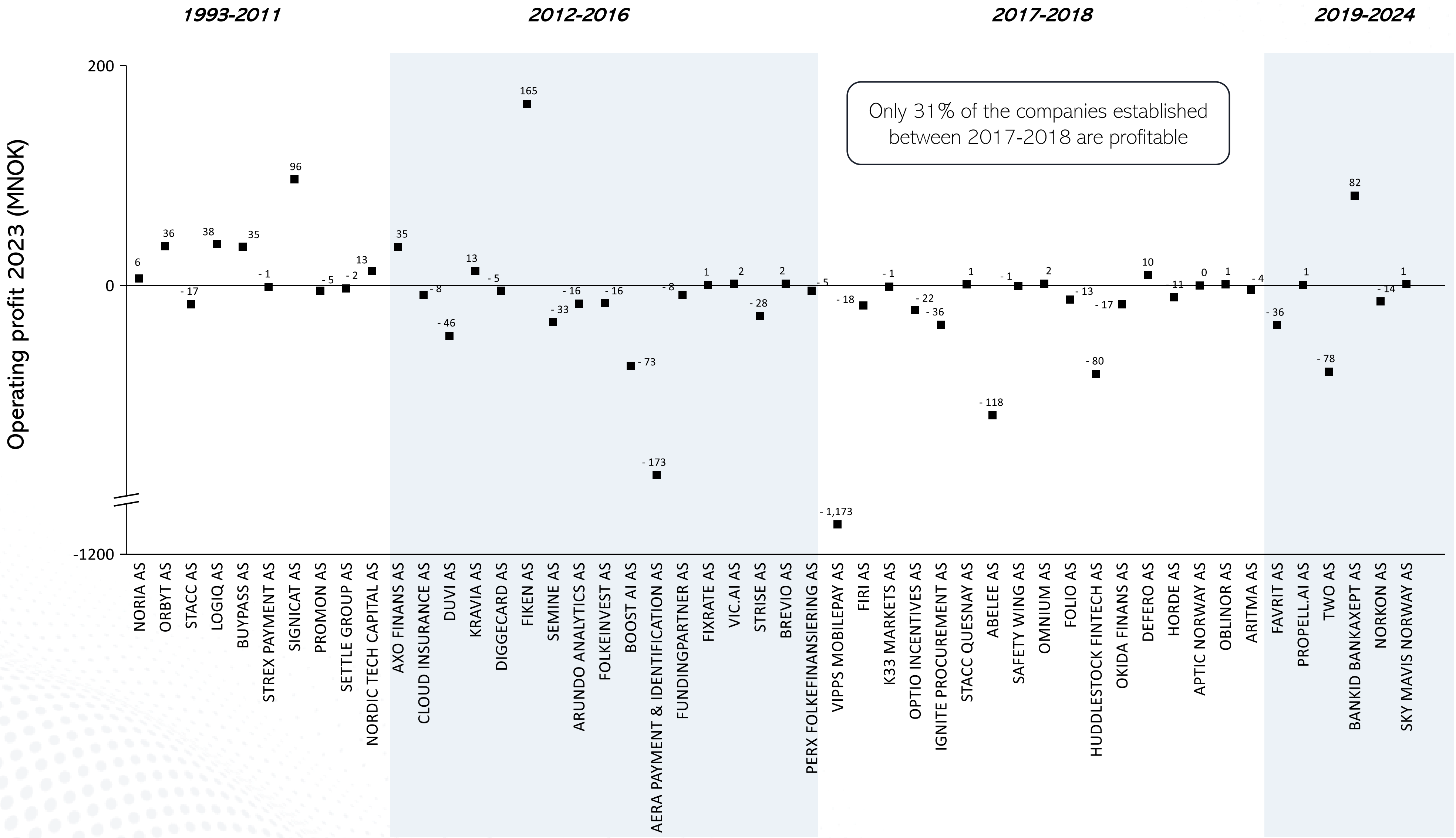
Almost 50% of the 50 largest companies were established in 2017 or later – few new companies in the past four years



The top 50 companies were established between 1993 and 2022

1993-2011	10
2012-2016	17
2017-2018	16
2019-2022	7

Most companies (35%) established after 2012 struggle to generate significant profitability – Fiken, BankID Bankaxept , Axi Finans and Kravia are notable exceptions



Percentage of companies with positive operating profits

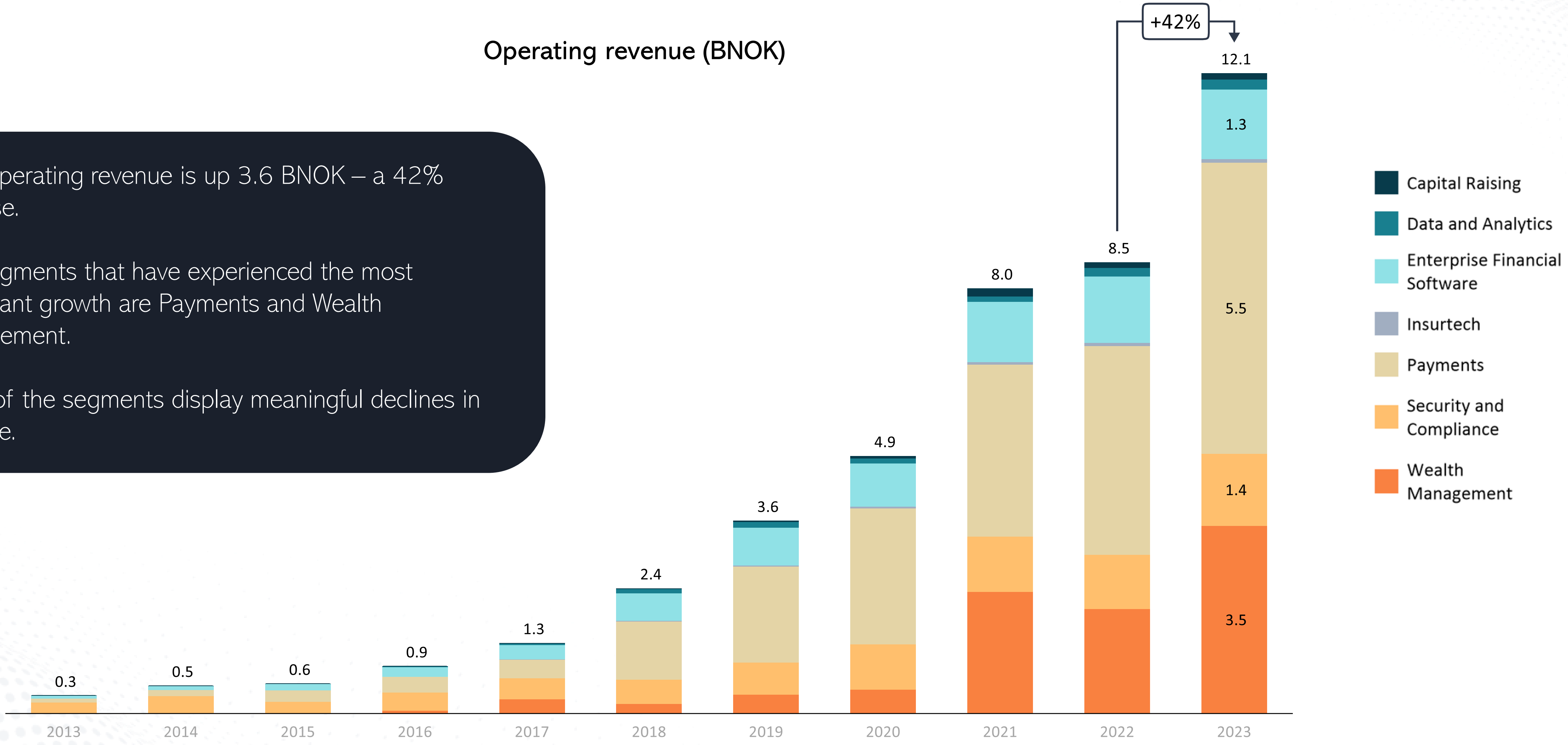
1993-2011	60%
2012-2016	32%
2017-2018	31%
2019-2022	60%

Operating revenue increased from 8.5 BNOK to 12.1 BNOK (42%), driven by Payments and Wealth Management – other segments see a flat development

Total operating revenue is up 3.6 BNOK – a 42% increase.

The segments that have experienced the most significant growth are Payments and Wealth Management.

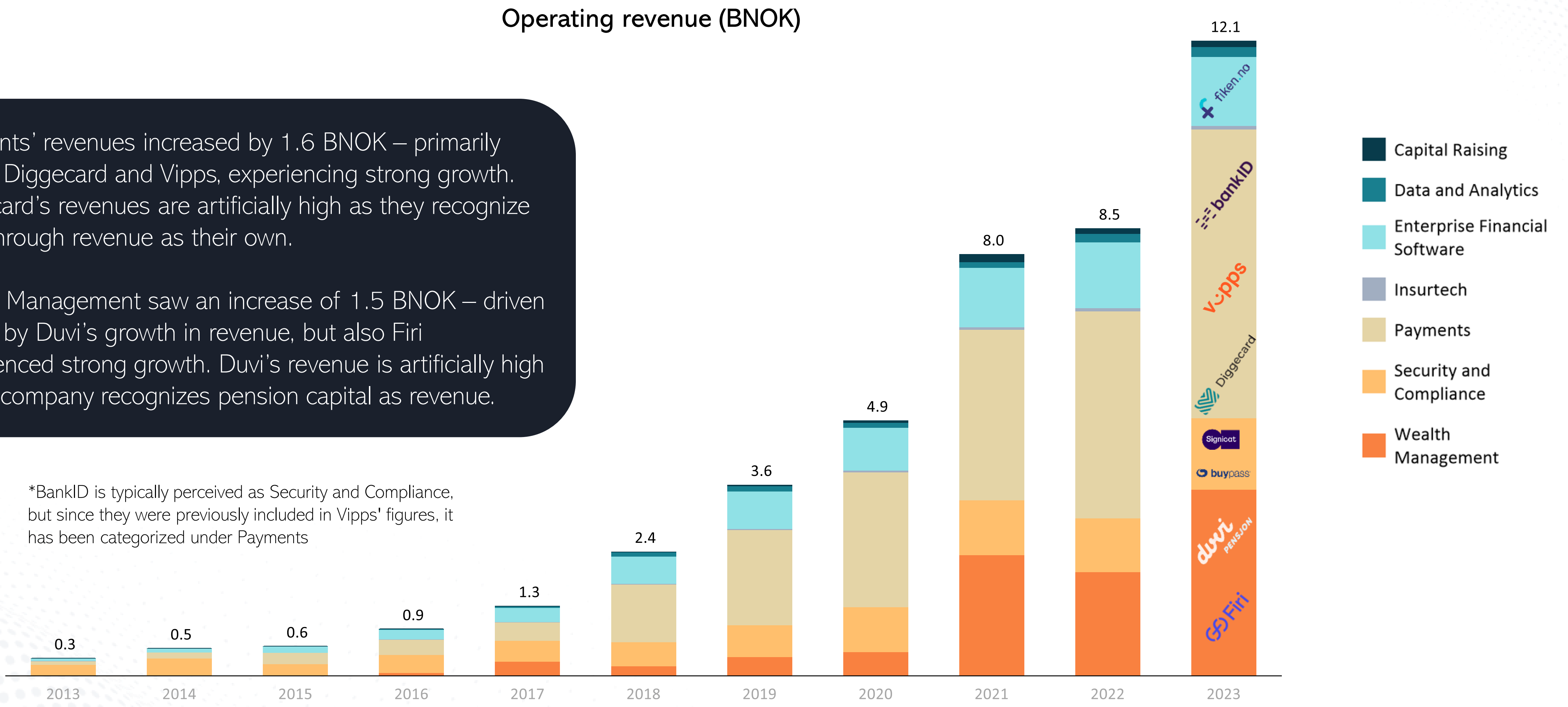
None of the segments display meaningful declines in revenue.



All 7 segments experienced an increase in operating revenue – mainly driven by a handful of larger companies within the growing segments

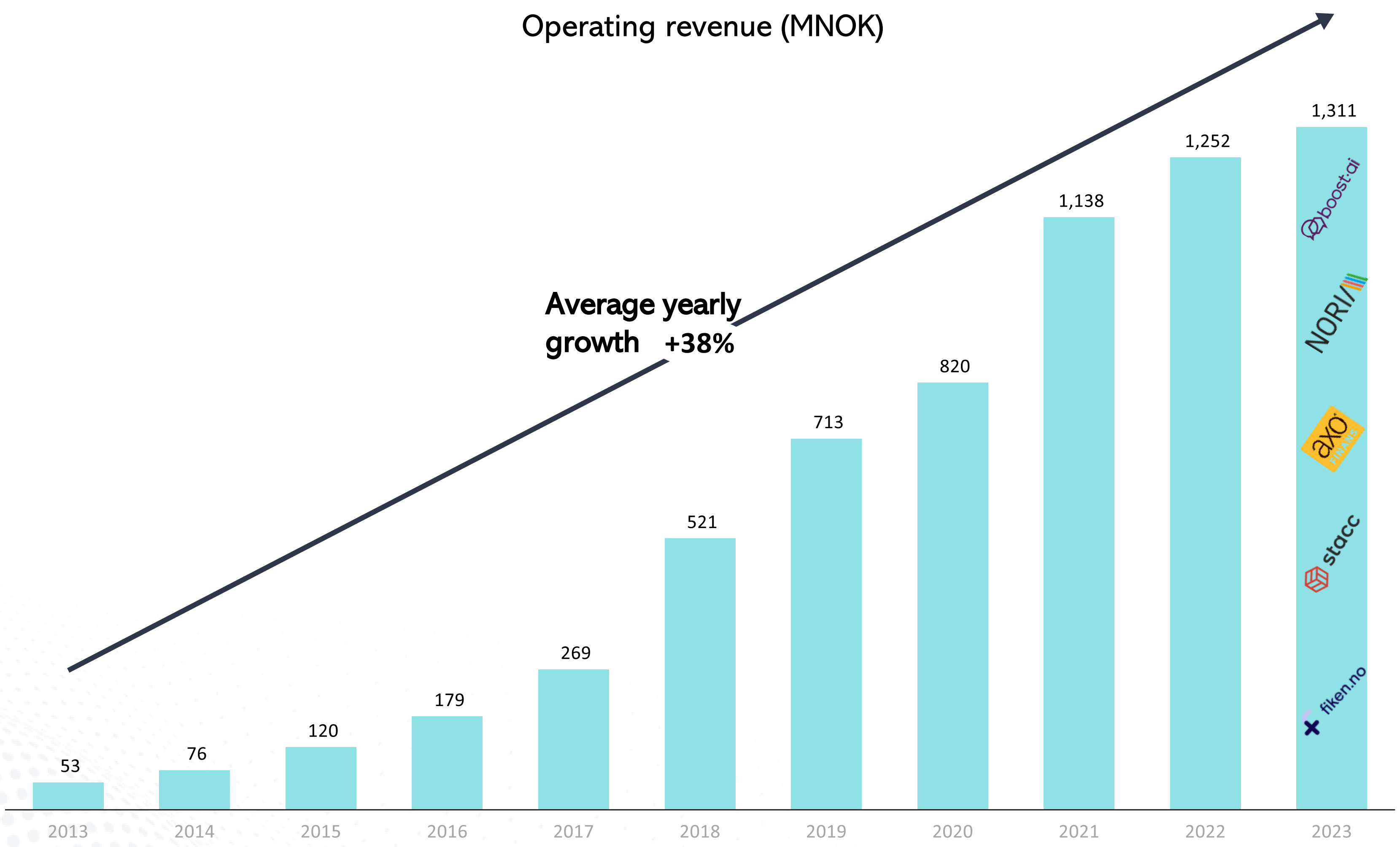
Payments' revenues increased by 1.6 BNOK – primarily due to Diggecard and Vipps, experiencing strong growth. Diggecard's revenues are artificially high as they recognize pass-through revenue as their own.

Wealth Management saw an increase of 1.5 BNOK – driven largely by Duvi's growth in revenue, but also Firi experienced strong growth. Duvi's revenue is artificially high as the company recognizes pension capital as revenue.



*BankID is typically perceived as Security and Compliance, but since they were previously included in Vipps' figures, it has been categorized under Payments

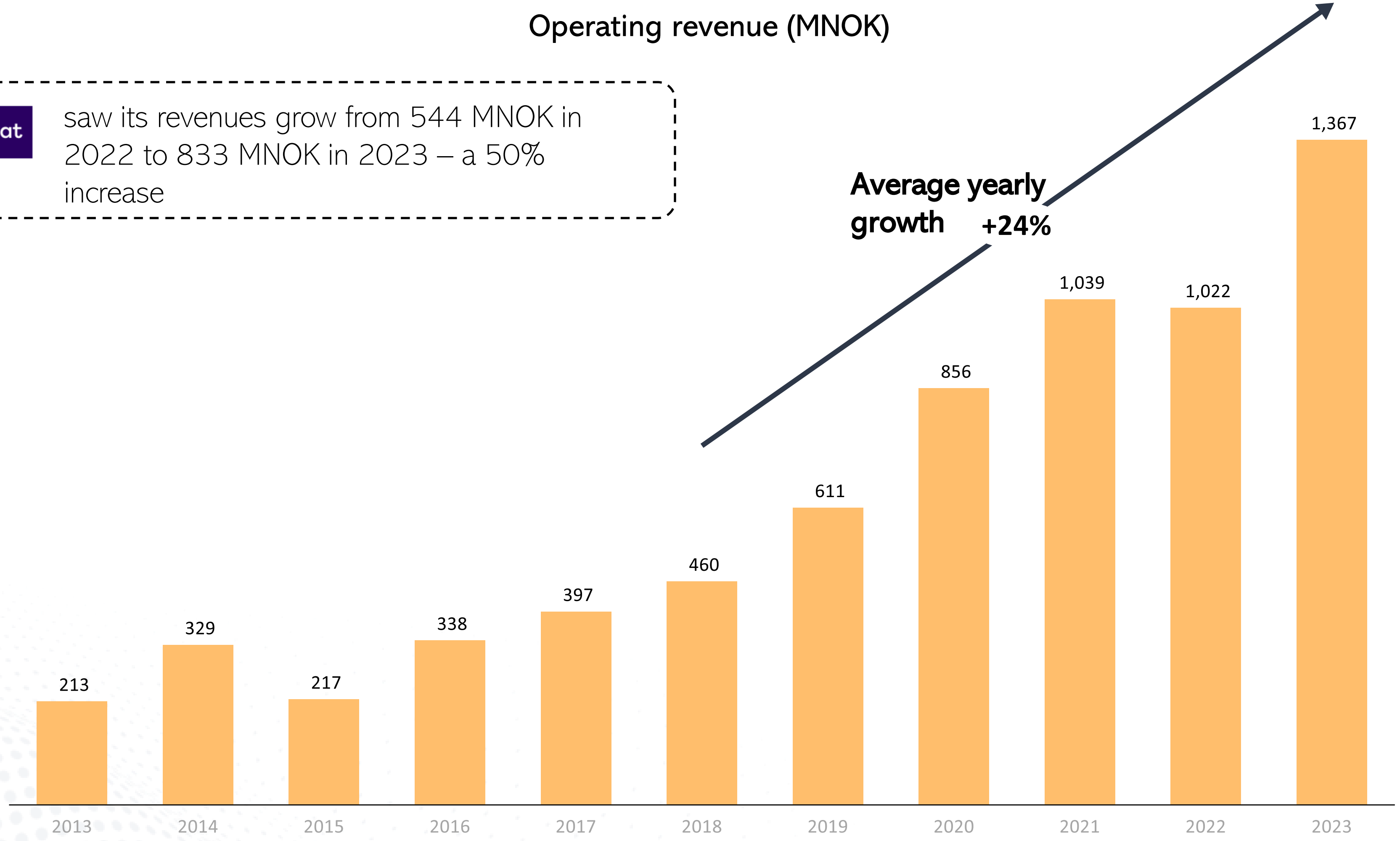
Enterprise Financial Software saw a relatively flat development in revenues for the first time – driven by the bankruptcy of Kryptovault AS, a major player in the segment



Enterprise Financial Software has experienced a steady growth since 2013, but was this year affected by Kryptovault's bankruptcy. If not for this, the segment would have seen even larger growth.

Out of 31 companies, Fiken, Stacc, Boost AI, Axo Finans and Noria heavily dominate the segment, representing approximately 75% of the revenues.

Strong growth in security and compliance, led by key players



Signicat saw its revenues grow from 544 MNOK in 2022 to 833 MNOK in 2023 – a 50% increase

The Security and Compliance sector has seen significant growth in recent years, particularly in 2023.

Signicat accounts for 60% of the segment's revenue, while

Buypass increased its revenue from 310 MNOK to 335 MNOK. Both companies achieved profitability in 2023.

10 major companies dominate the fintech landscape, together representing 80% of the revenue

10 largest companies in numbers

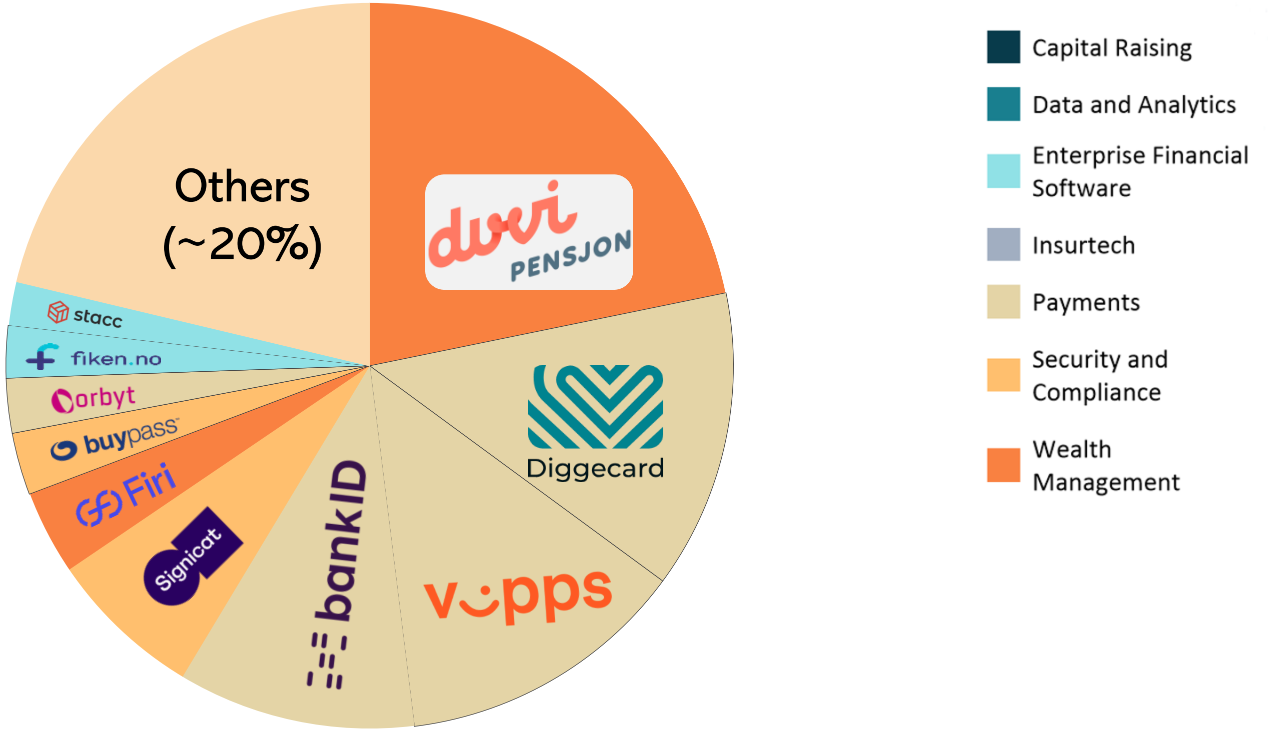
80%
Cumulative proportion of total operating revenues

9.5 BNOK
Cumulative operating revenue

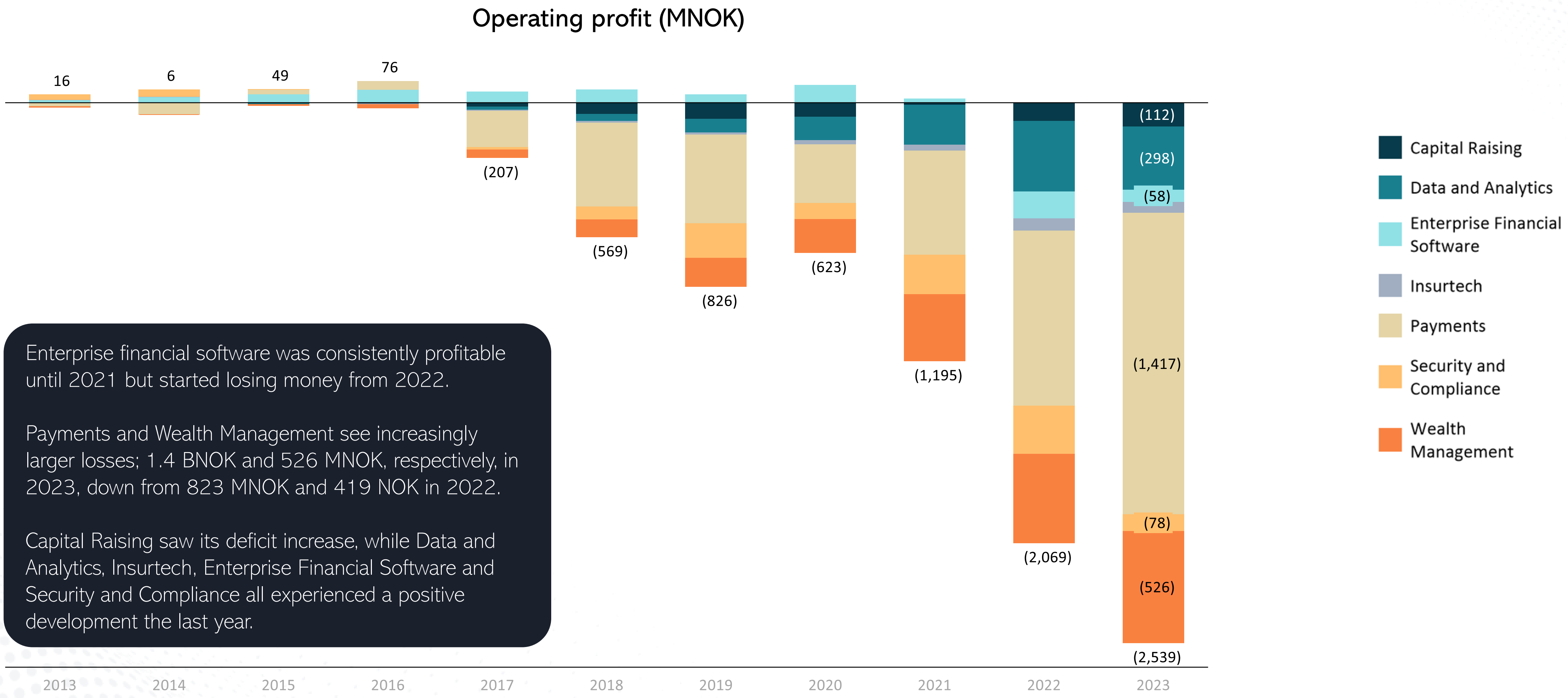
8.0 BNOK
Cumulative equity

3.2 BNOK
Cumulative debt

Share of operating revenue in 2023



All segments experience losses, some more substantial than others. Deficits increased from -2.0 BNOK in 2022 to -2.5 BNOK in 2023.

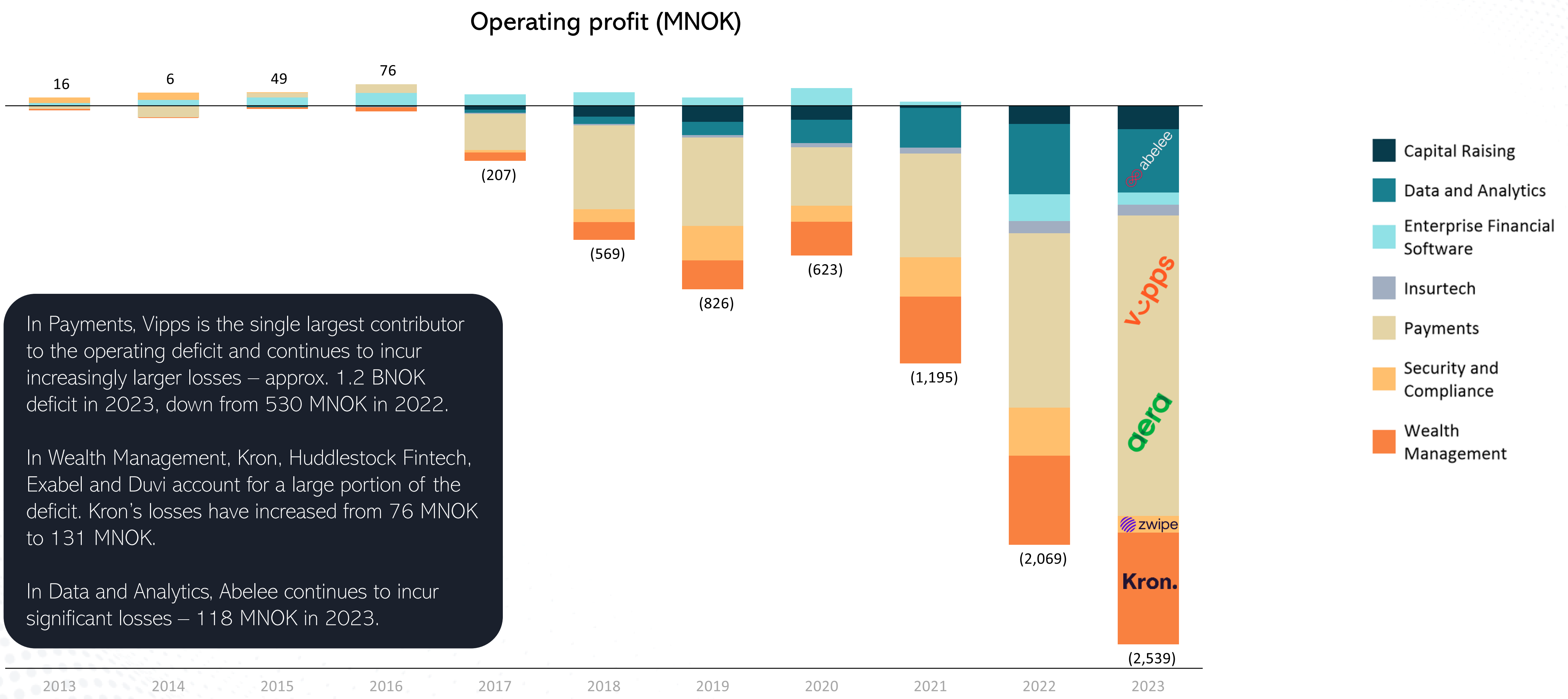


Enterprise financial software was consistently profitable until 2021 but started losing money from 2022.

Payments and Wealth Management see increasingly larger losses; 1.4 BNOK and 526 MNOK, respectively, in 2023, down from 823 MNOK and 419 NOK in 2022.

Capital Raising saw its deficit increase, while Data and Analytics, Insurtech, Enterprise Financial Software and Security and Compliance all experienced a positive development the last year.

Deficits are driven primarily by a selection of larger companies across segments



In Payments, Vipps is the single largest contributor to the operating deficit and continues to incur increasingly larger losses – approx. 1.2 BNOK deficit in 2023, down from 530 MNOK in 2022.

In Wealth Management, Kron, Huddlestock Fintech, Exabel and Duvi account for a large portion of the deficit. Kron's losses have increased from 76 MNOK to 131 MNOK.

In Data and Analytics, Abelee continues to incur significant losses – 118 MNOK in 2023.

Large deficits – the top 10 companies lose 106% of every NOK in operating revenue. Vipps clearly stands out as the largest contributor to deficit.

Top 10 companies – operating profit

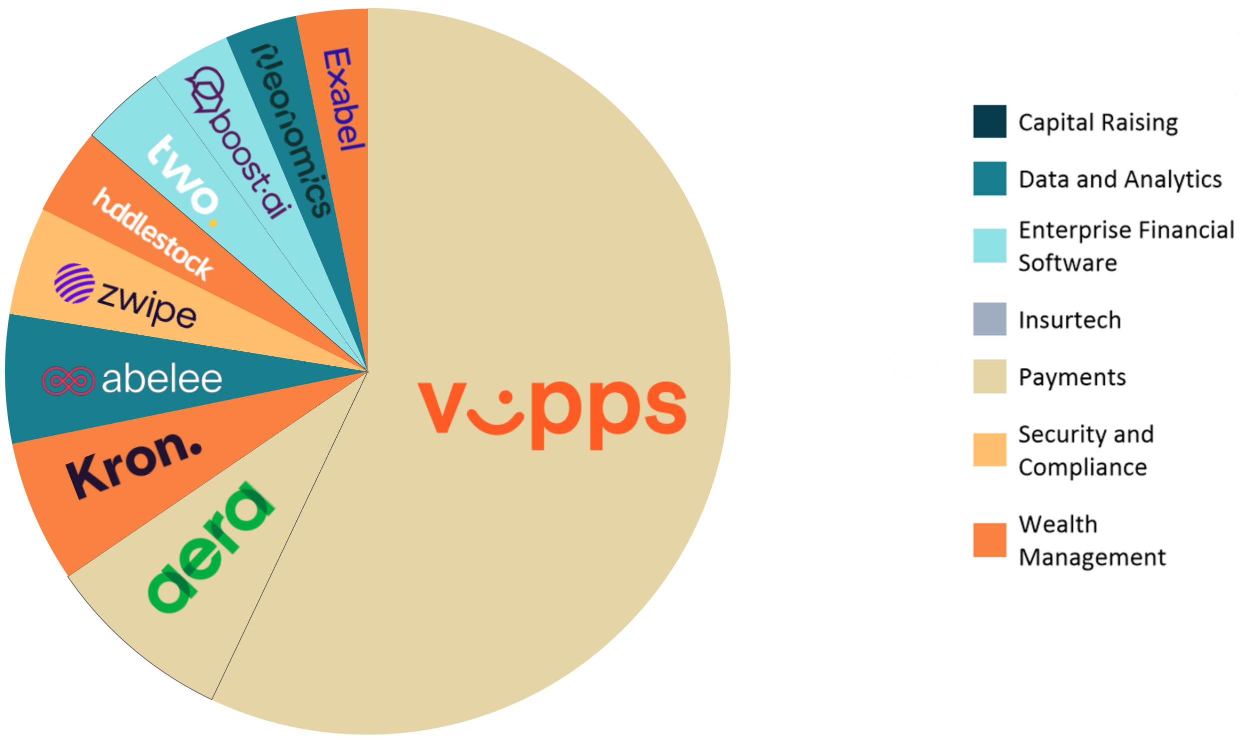
81%
Cumulative proportion of total loss

2 BNOK
Cumulative deficit

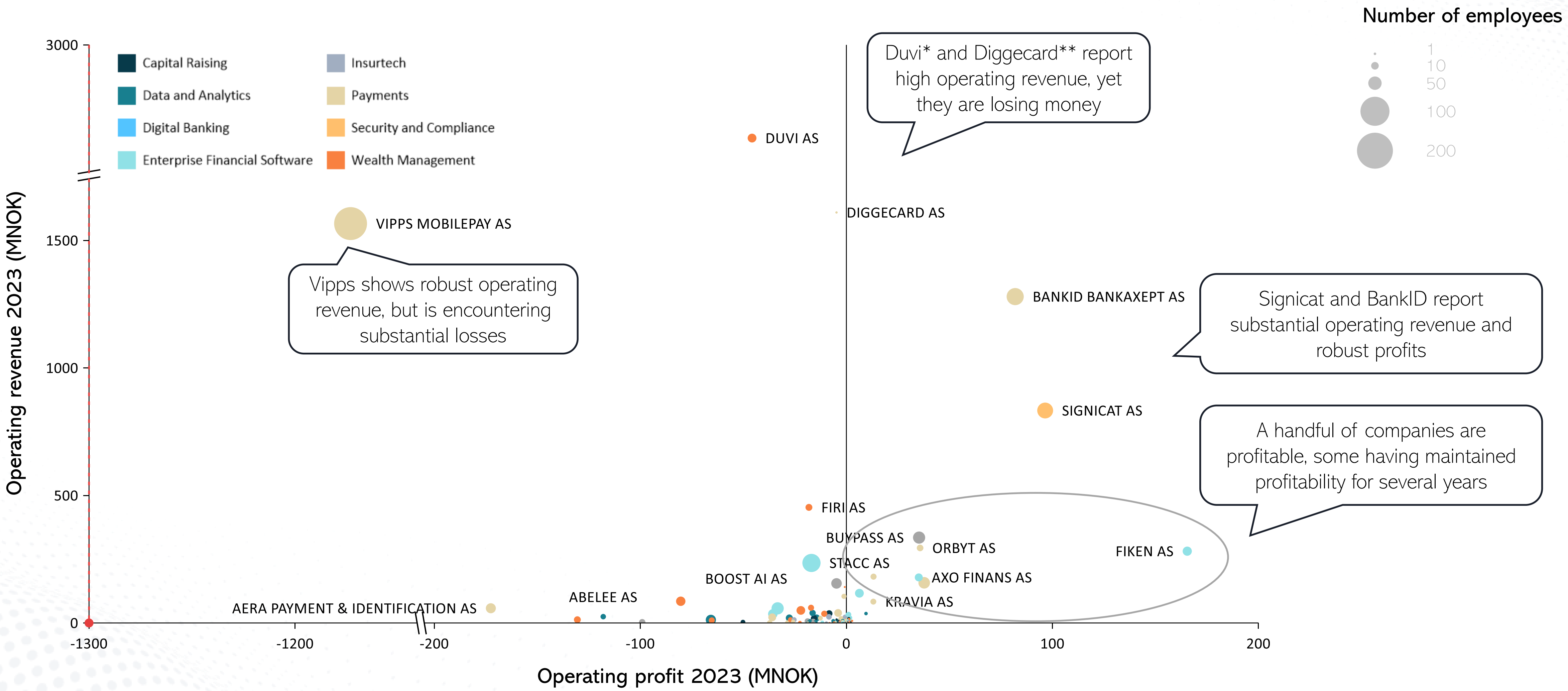
16%
Accumulated market share of total operating revenues

58%
Vipps accounts for the largest share of the loss

Share of operating profit in 2023



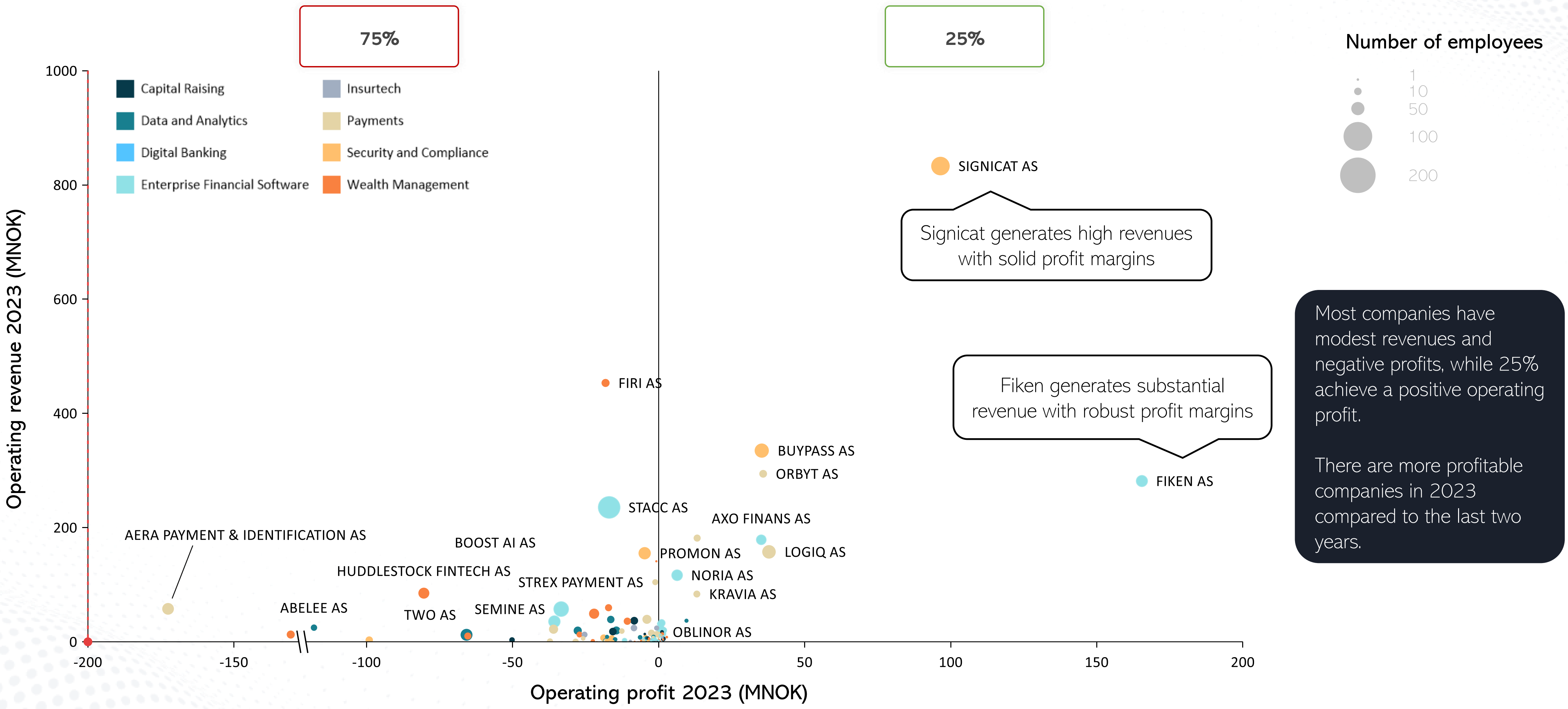
While Fiken, Signicat, Buypass and BankAxept are profitable, Vipps and other companies face significant losses, displaying strong contrasts both across and within segments



*Duvi's revenues are artificially high as it recognizes pension capital as income

**Diggecard's revenues are artificially high as it recognizes pass-through revenue as revenue

Significant variations in revenues and profitability among companies

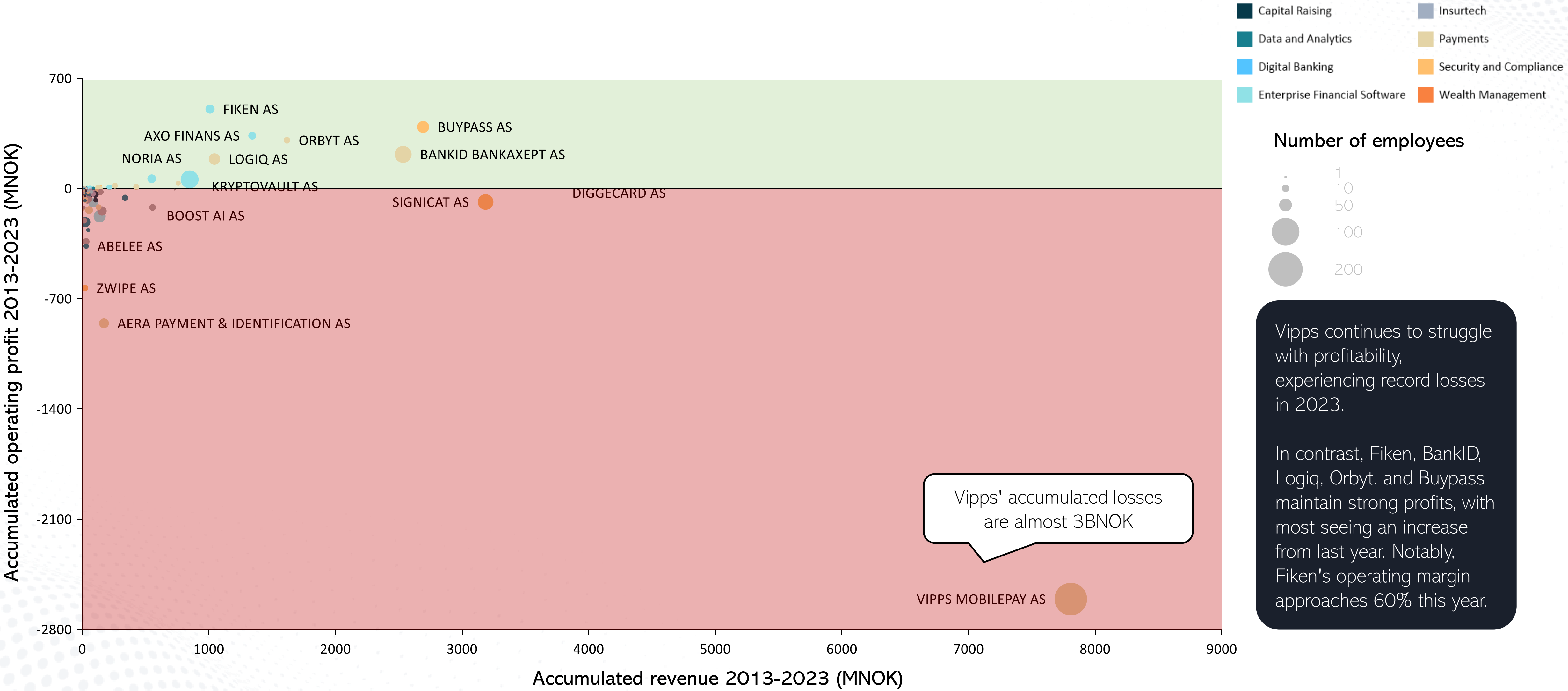


Most companies have modest revenues and negative profits, while 25% achieve a positive operating profit.

There are more profitable companies in 2023 compared to the last two years.

ACCUMULATED OPERATING PROFIT AND CHANGE IN OPERATING REVENUE

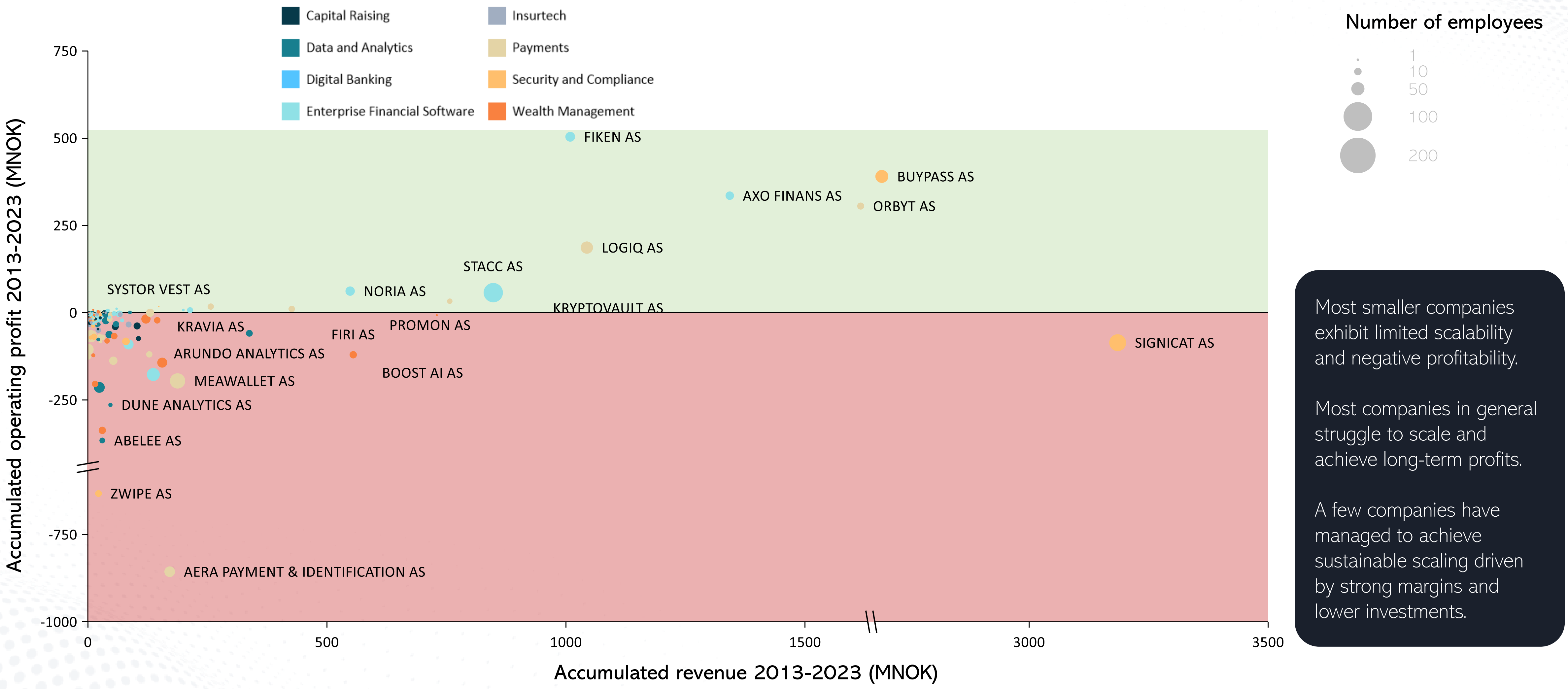
A small number of companies have achieved cumulative profitability from inception to present



Vipps continues to struggle with profitability, experiencing record losses in 2023.

In contrast, Fiken, BankID, Logiq, Orbyt, and Buypass maintain strong profits, with most seeing an increase from last year. Notably, Fiken's operating margin approaches 60% this year.

Very few companies have managed to grow significantly while maintaining strong profitability

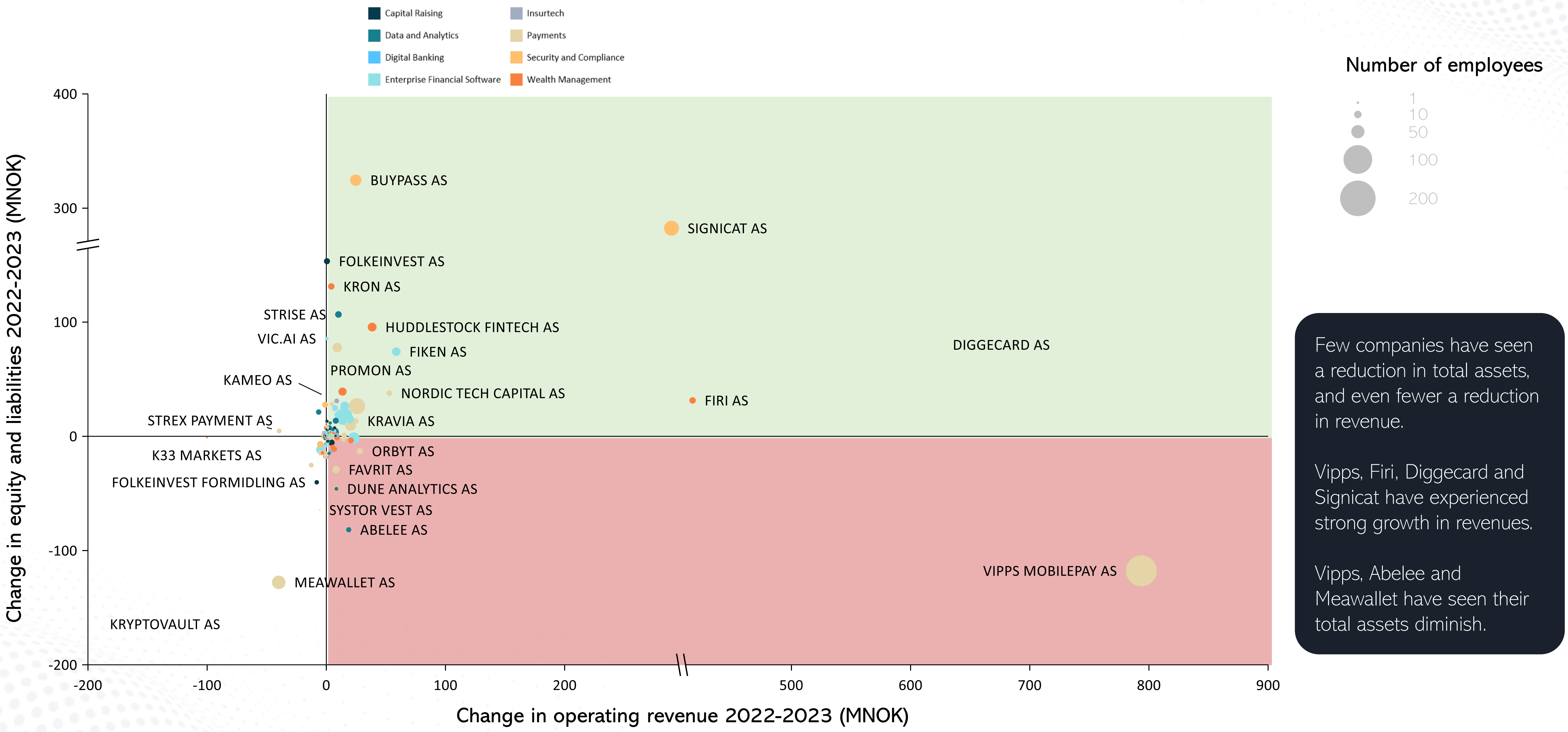


Most smaller companies exhibit limited scalability and negative profitability.

Most companies in general struggle to scale and achieve long-term profits.

A few companies have managed to achieve sustainable scaling driven by strong margins and lower investments.

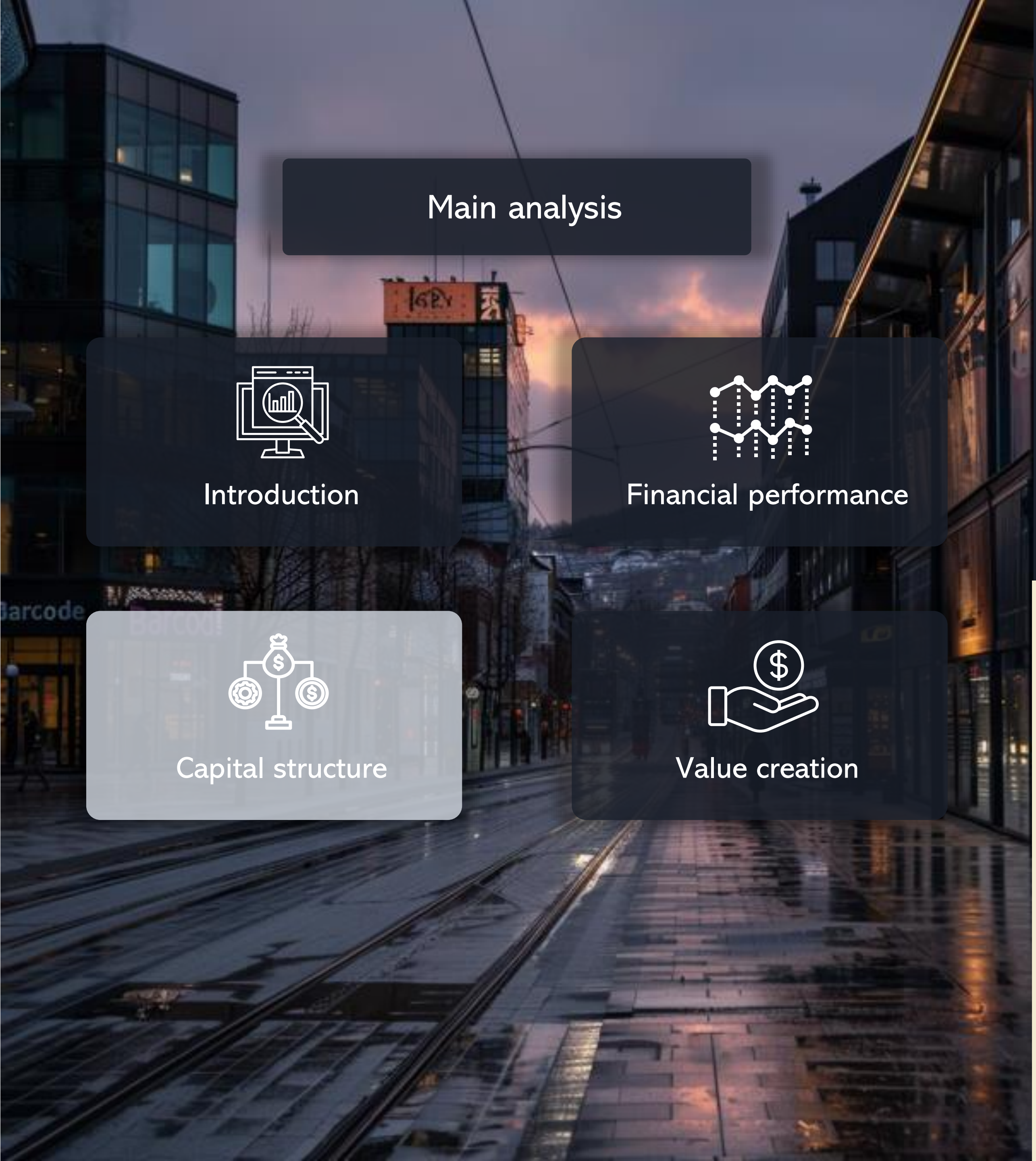
The majority of companies have increased both revenue and total assets during 2023



Few companies have seen a reduction in total assets, and even fewer a reduction in revenue.

Vipps, Firi, Diggecard and Signicat have experienced strong growth in revenues.

Vipps, Abelee and Meawallet have seen their total assets diminish.

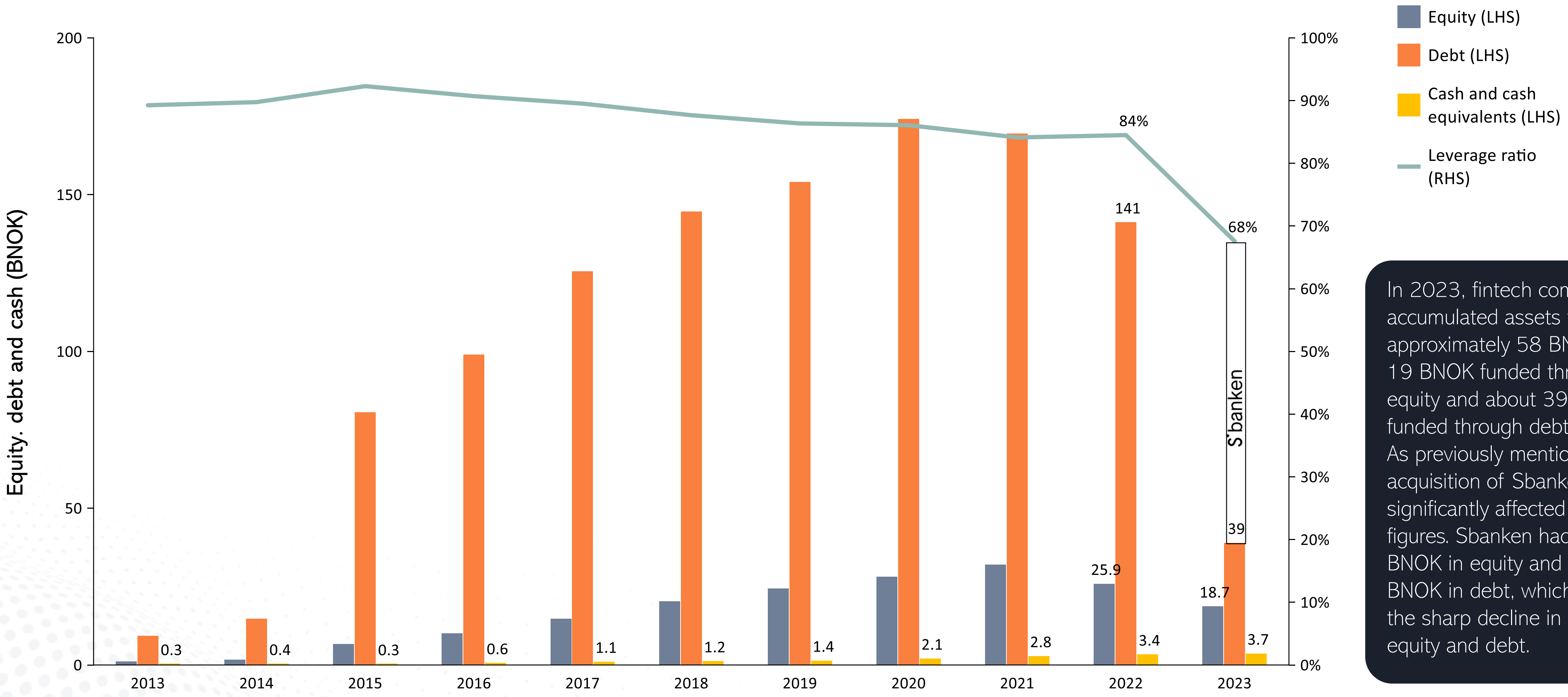


ONTOGENY

FINTECH 2024

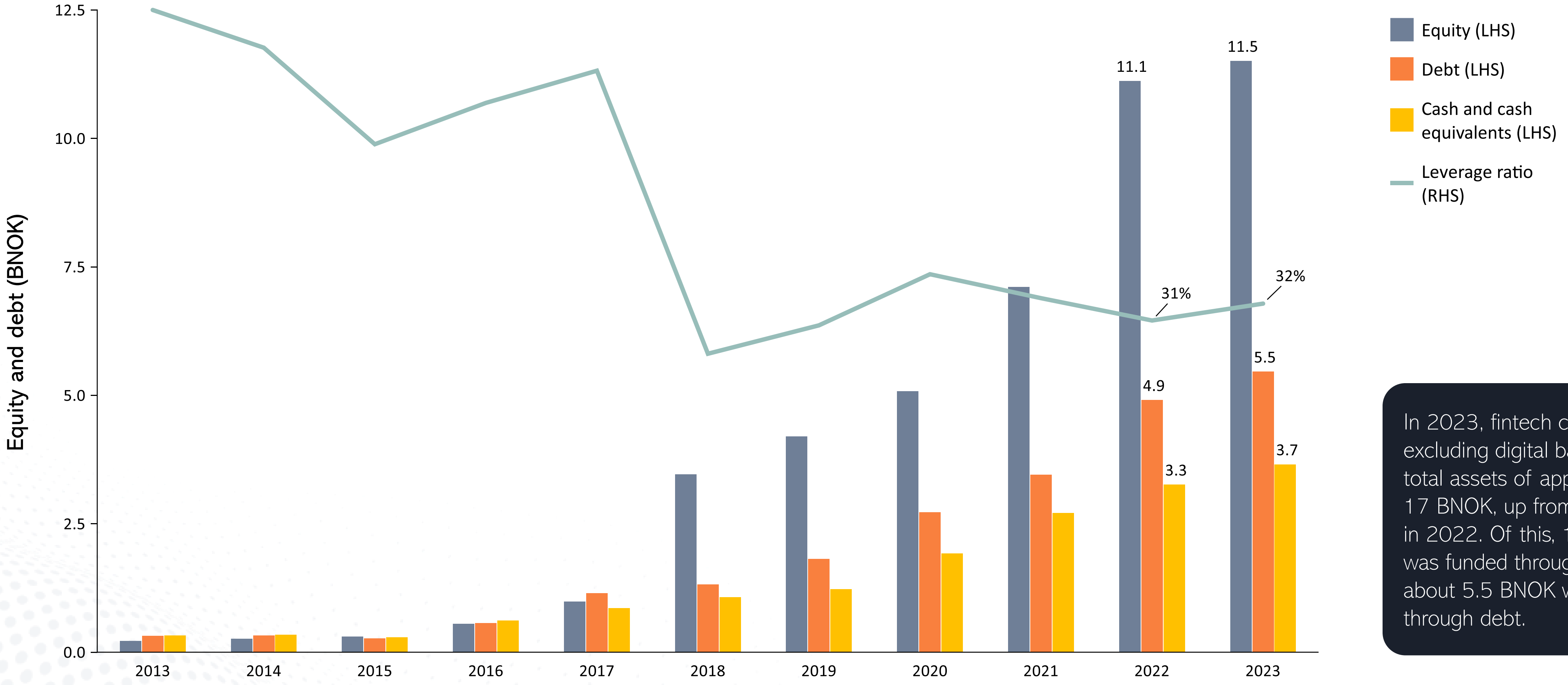
State of the Norwegian Fintech Industry

Debt financing has steadily declined since 2020. 2023 was heavily impacted by Sbanken's merger.



In 2023, fintech companies accumulated assets totaling approximately 58 BNOK, with 19 BNOK funded through equity and about 39 BNOK funded through debt.
As previously mentioned, the acquisition of Sbanken significantly affected this year's figures. Sbanken had 8.2 BNOK in equity and 106 BNOK in debt, which explains the sharp decline in both equity and debt.

When excluding Digital Banking, the leverage ratio falls significantly. Both equity levels and debt levels increased slightly from 2022 to 2023. Cash and cash equivalents have increased steadily.

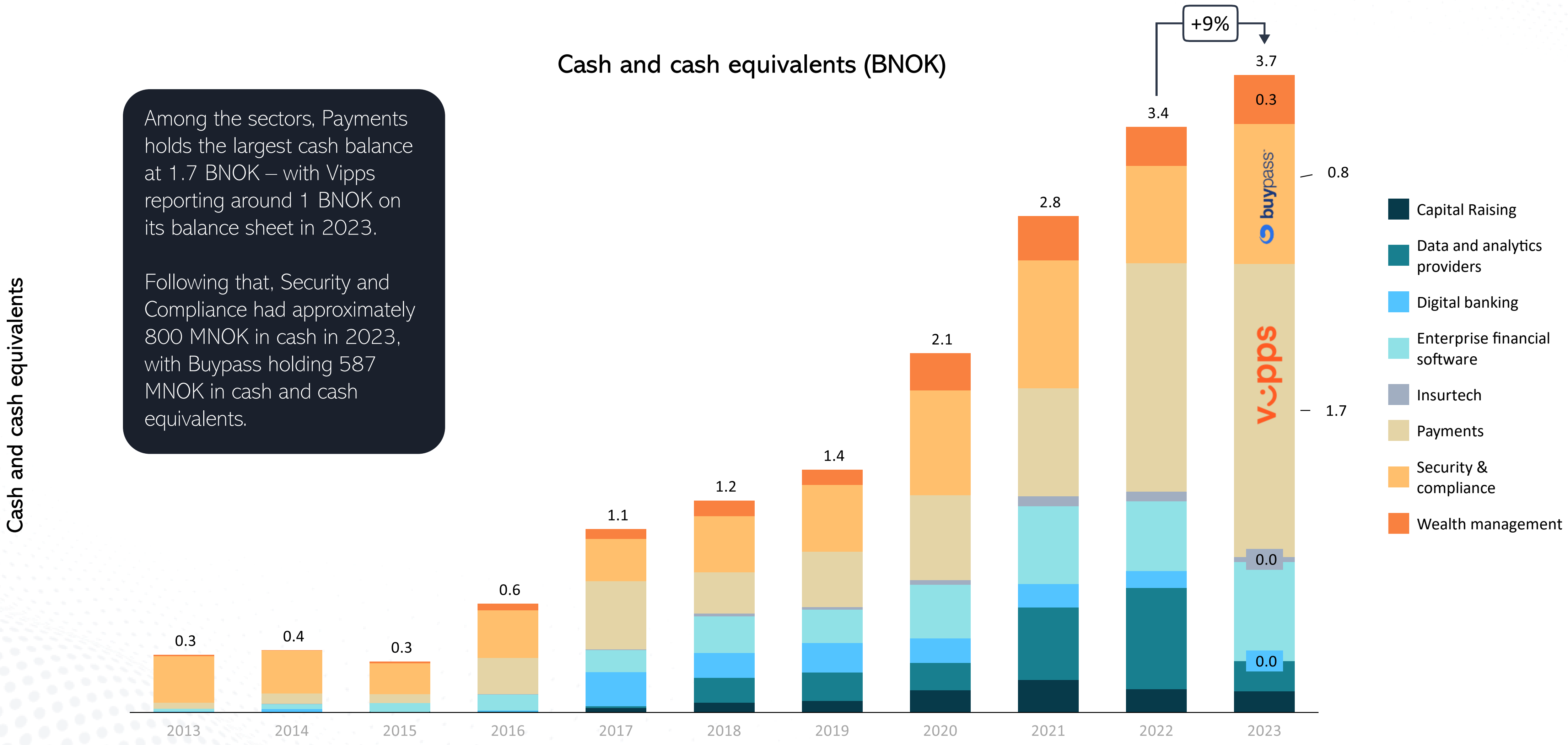


In 2023, fintech companies, excluding digital banks, had total assets of approximately 17 BNOK, up from 16.0 BNOK in 2022. Of this, 11.5 BNOK was funded through equity, and about 5.5 BNOK was financed through debt.

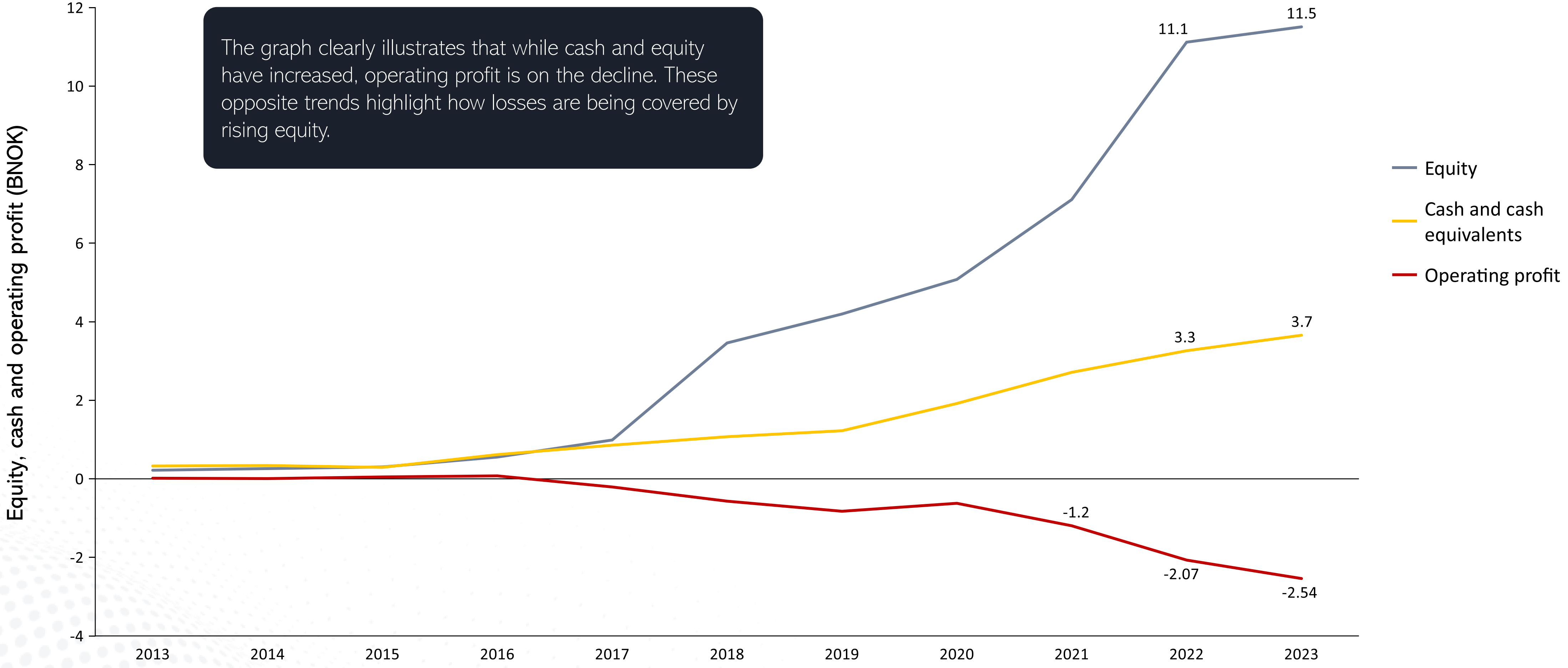
Increase in cash reserves indicates ongoing investor commitment

Among the sectors, Payments holds the largest cash balance at 1.7 BNOK – with Vipps reporting around 1 BNOK on its balance sheet in 2023.

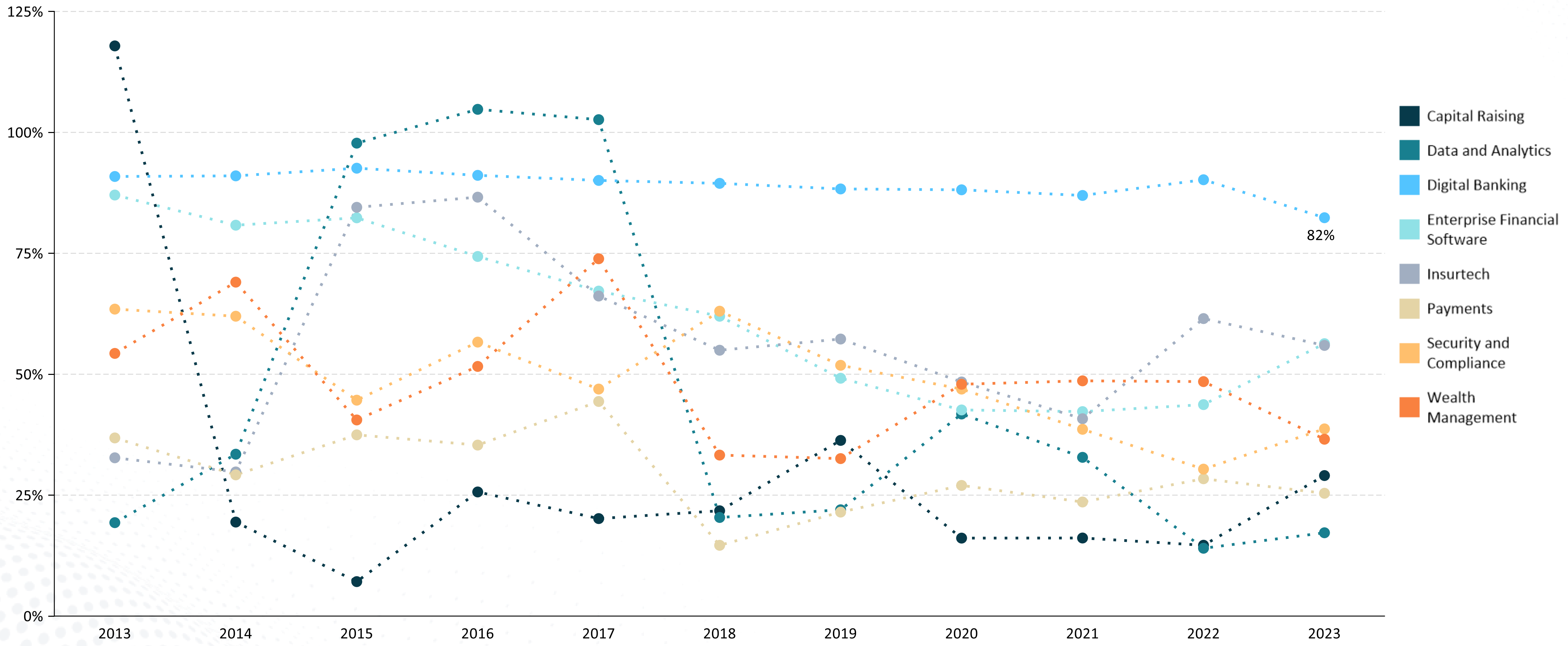
Following that, Security and Compliance had approximately 800 MNOK in cash in 2023, with Buypass holding 587 MNOK in cash and cash equivalents.



Equity and operating profit display diverging trendlines – a plausible explanation is the rising equity being used to cover increasing losses

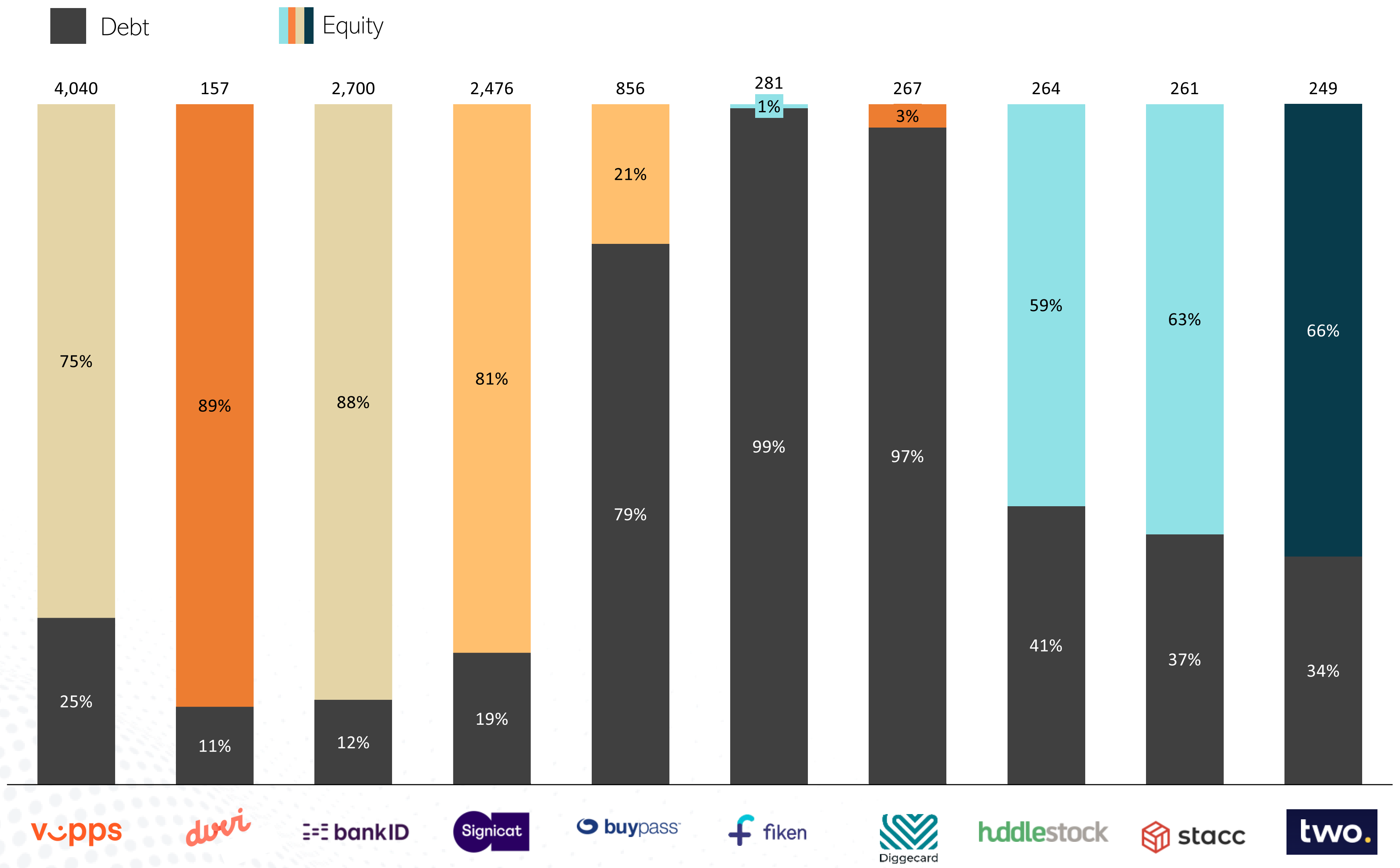


Digital Banking is the most levered segment in 2023 – with a leverage ratio of more than 80%



Major companies are primarily capitalized by equity – Buypass, Fiken and Diggecard stand out as the most levered companies of the 10 largest

Equity share (colored) and debt share (black) in 2023 – Total assets in MNOK on top



- Capital Raising
- Data and Analytics
- Enterprise Financial Software
- Insurtech
- Payments
- Security and Compliance
- Wealth Management

Notes

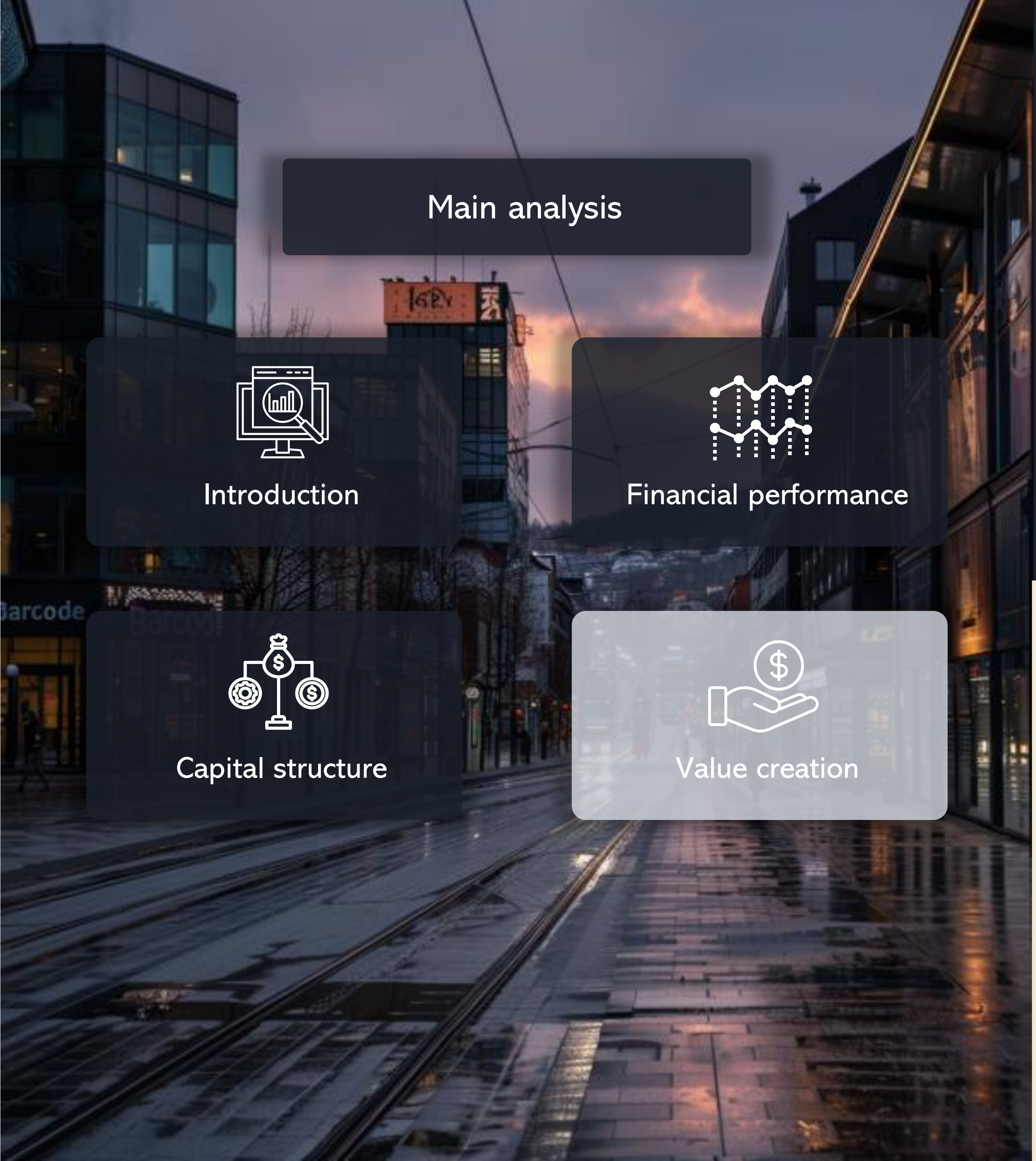
duvi

Duvi has slightly over 6 BNOK in insurance liabilities

Diggecard buypass fiken

No/little long-term liabilities (only short-term debt)

FINTECH 2024
State of the Norwegian Fintech Industry



Main analysis

Introduction

Financial performance

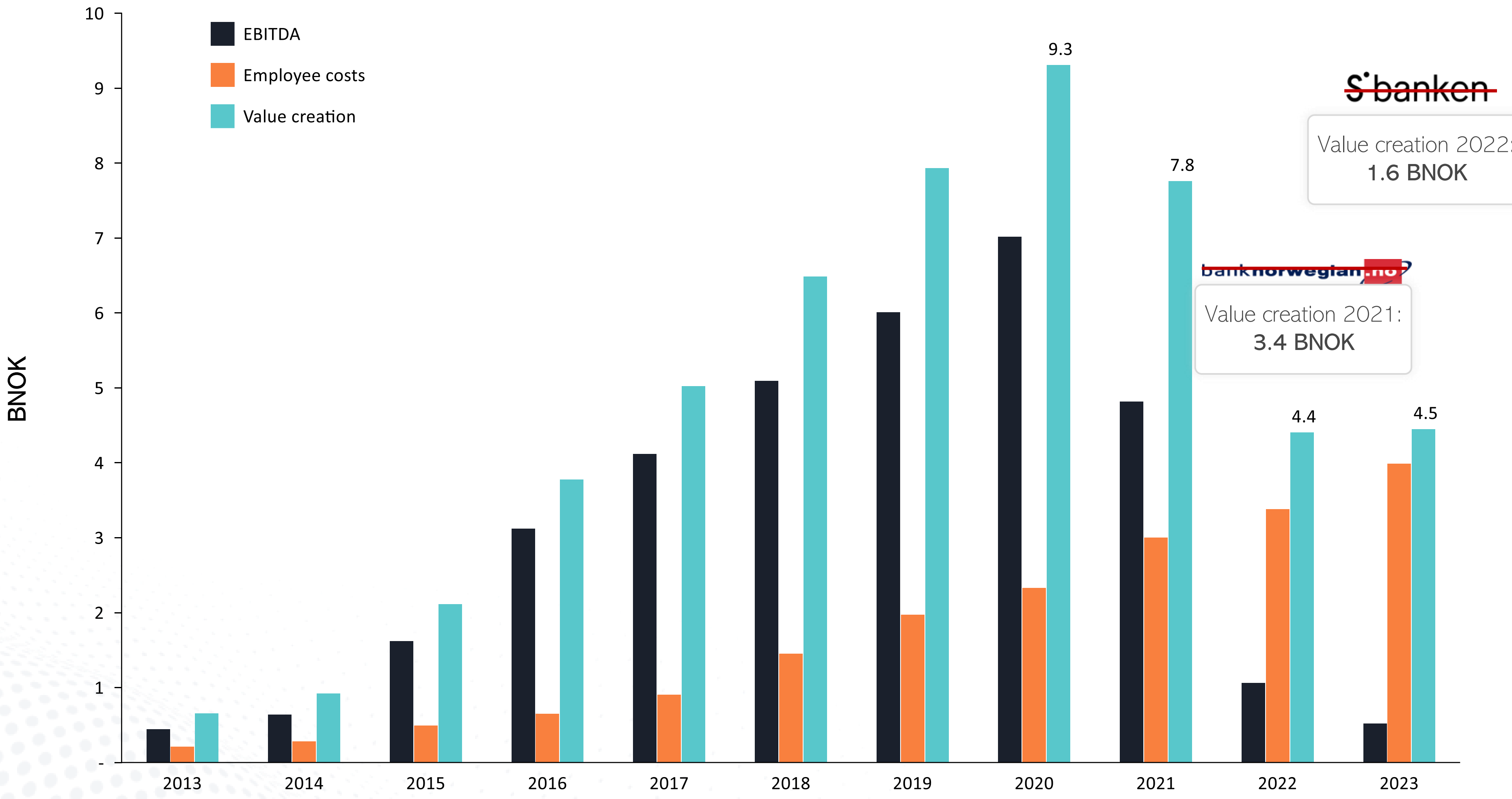
Capital structure

Value creation

Definition of value creation – employee costs plus EBITDA constitute value creation

Value Creation	Factors and Definitions	Explanation
	EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) EBITDA is the result before depreciation, financial income, financial expenses, and taxes	EBITDA represents the value creation of a company for owners, creditors and the government
Value creation is the residual factor that is distributed among owners, employees, and the government after deducting the input factor of goods/services in the company	+	
	Employee costs Labor costs include salaries and bonuses, as well as various social costs such as pensions and employer's contributions.	Employee costs represent the value creation of a company for employees and the government
	=	
Definition	**Value Creation** Value creation is the sum of EBITDA and employee costs	The sum of EBITDA and employee costs is the total value creation that occurs within the company

First year with growth in value creation since 2020 peak, although marginal. Value creation in recent years has been influenced by major acquisitions.

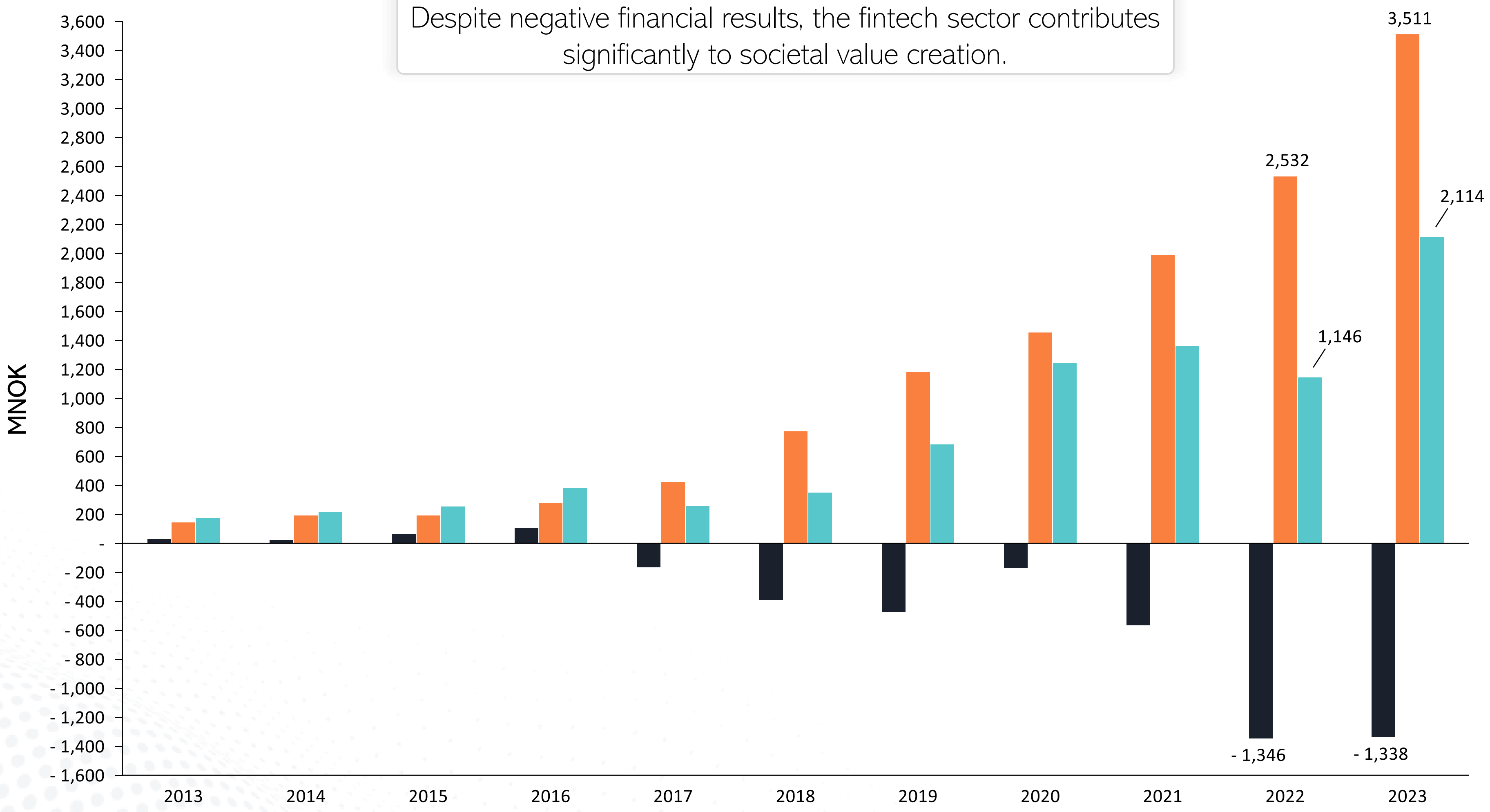


The declining trend in value creation since 2022 is in large due to the acquisitions of major players like Sbanken and Bank Norwegian, which had previously made a large positive contribution to EBITDA.

In comparison to the previous year, employee costs have risen, while EBITDA has decreased, largely due to the impact of Vipps.

When excluding Digital Banking, the picture changes dramatically. We see a steady increase in value creation from the remaining segments – with record high levels in 2023.

Despite negative financial results, the fintech sector contributes significantly to societal value creation.

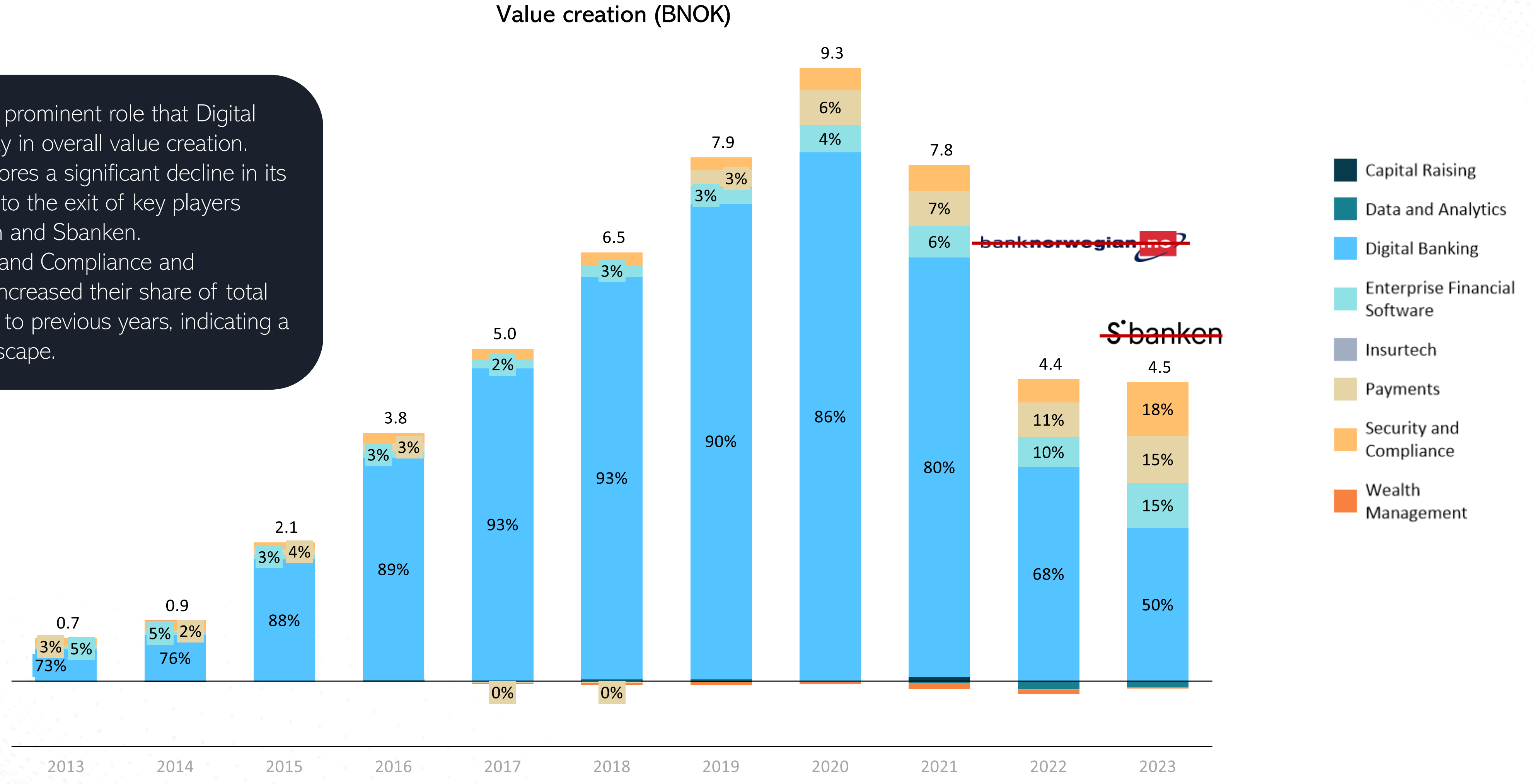


Excluding digital banking, value creation has surged, reaching its highest point since the start. This growth is driven primarily by increased employee costs, which rose from 2.5 BNOK in 2022 to 3.5 BNOK in 2023.

Although EBITDA decreased, the drop was modest compared to the rise in employee costs, highlighting the strength and resilience of the non-digital segments.

Digital Banking accounts for 50% of the total value creation in 2023 – lower than previous years. Acquisitions drive decline in value creation from Digital Banks.

The graph highlights the prominent role that Digital Banking continues to play in overall value creation. However, it also underscores a significant decline in its contribution, largely due to the exit of key players such as Bank Norwegian and Sbanken. Meanwhile, the Security and Compliance and Payments sectors have increased their share of total value creation compared to previous years, indicating a shift in the industry landscape.

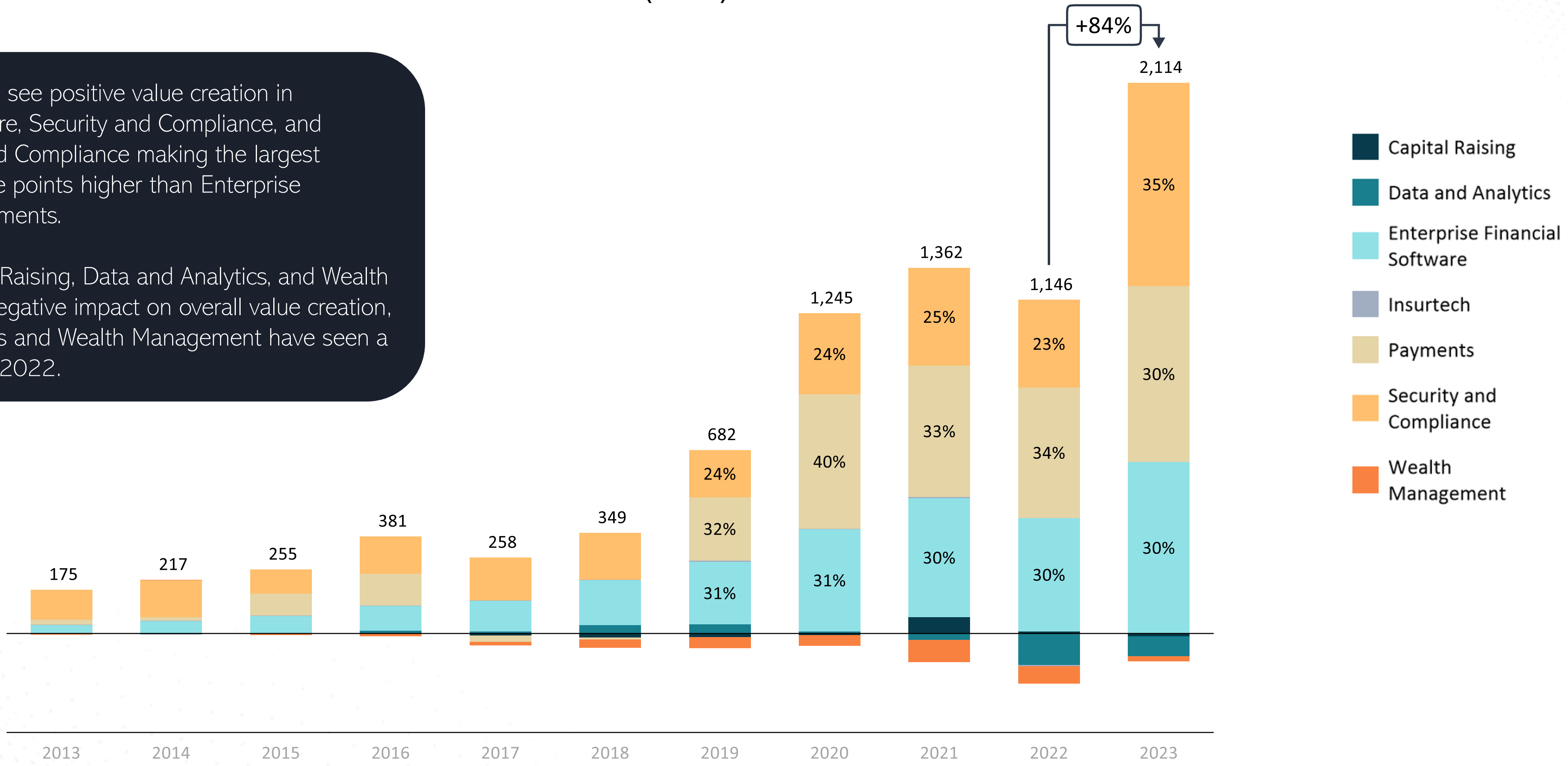


Excluding Digital Banking, value creation increased by 84% – Security and Compliance driving the growth

Excluding Digital Banks, we see positive value creation in Enterprise Financial Software, Security and Compliance, and Payments, with Security and Compliance making the largest contribution – 5 percentage points higher than Enterprise Financial Software and Payments.

On the other hand, Capital Raising, Data and Analytics, and Wealth Management have had a negative impact on overall value creation, although Data and Analytics and Wealth Management have seen a positive development from 2022.

Value creation (MNOK)



The top 10 value creation companies create significant value for the society, whereas the remaining entities, on aggregate, destroy value

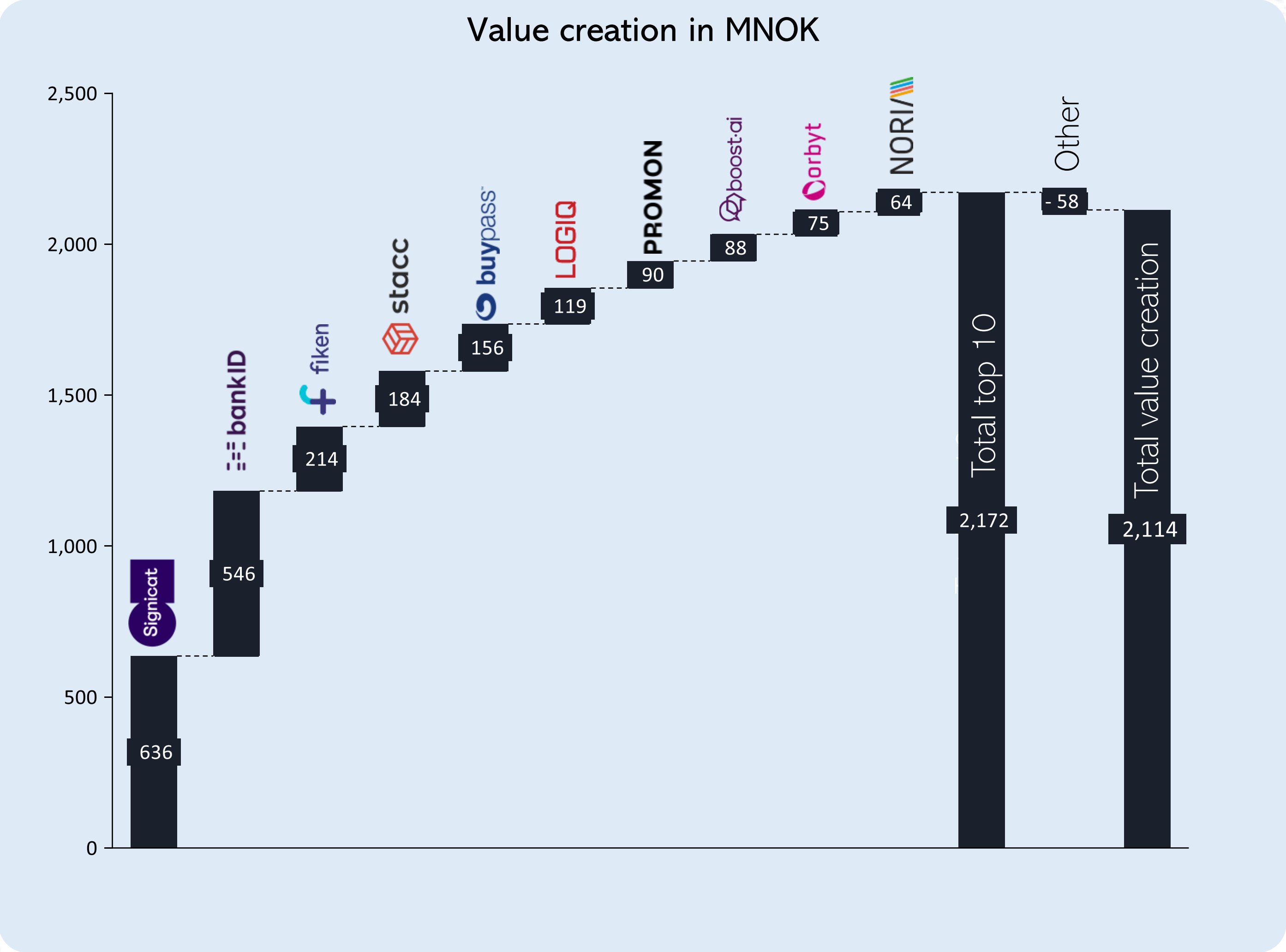
Top 10 value creating companies

2 172 MNOK
Cumulative value creation

796 MNOK
Cumulative EBITDA

1 375 MNOK
Cumulative employee costs

-58 MNOK
Cumulative value creation "other"



Summary

Highly dynamic ecosystem

- Significant acquisitions and mergers, in addition to bankruptcies, have notably impacted the fintech industry
- 10 new companies have entered the analysis – only one newly founded
- High inflation, interest rates and tighter capital markets could lead to continued challenges

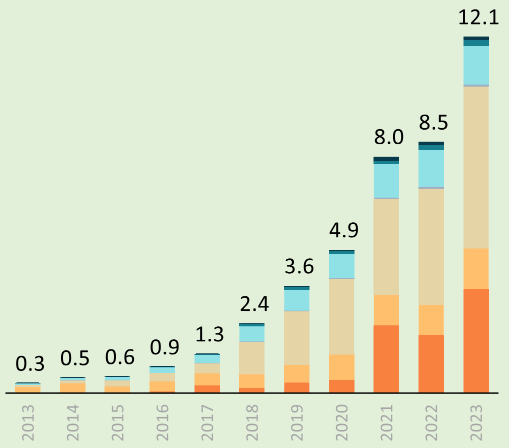
Strong revenue growth

- Positive trend with a 42% increase in revenues
- 48 of the 50 largest companies experienced revenue growth
- Growth is mainly driven by a handful of larger companies
- Payments and Wealth Management saw the highest growth, with 39% and 79%, respectively

Increasingly larger losses

- The negative trend in operating profit since 2020 continues
- All seven segments experienced deficits in 2023
- Deficits are primarily driven by a few major players
- Slight increase in the share of profitable companies – from 24% in 2022 to 25% in 2023

Operating revenue (BNOK)



Limited sustainable scaling

- Smaller companies face difficulties scaling, with many showing modest revenues and negative profits
- Buypass, Fiken and Orbyt are examples of companies that have maintained profitability while achieving top-line growth
- General exhibit of limited scalability and profitability

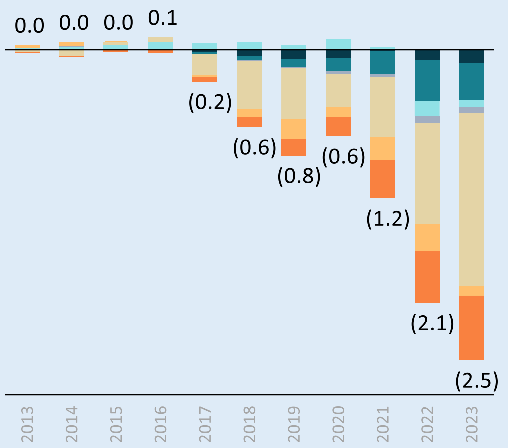
Robust capital structure

- Both debt levels and equity levels increased slightly in 2023
- Average debt ratio is 43%
- Most large companies are primarily capitalized by equity
- Security and Compliance and Enterprise Financial Software are the most levered segments

Increased value creation

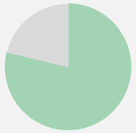
- Total value creation increased by 84%, driven by higher employee cost – EBITDA levels saw a marginal increase
- Security and Compliance, Payments and Enterprise Financial Software contribute to a positive value creation
- Value creation is entirely driven by the largest companies

Operating profit (MNOK)



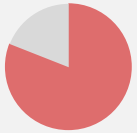
The 10 largest companies

by revenue account for



80% of income

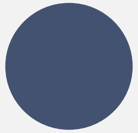
by deficit account for



81% of losses

Top 10 value creating companies

account for



103% of value creation

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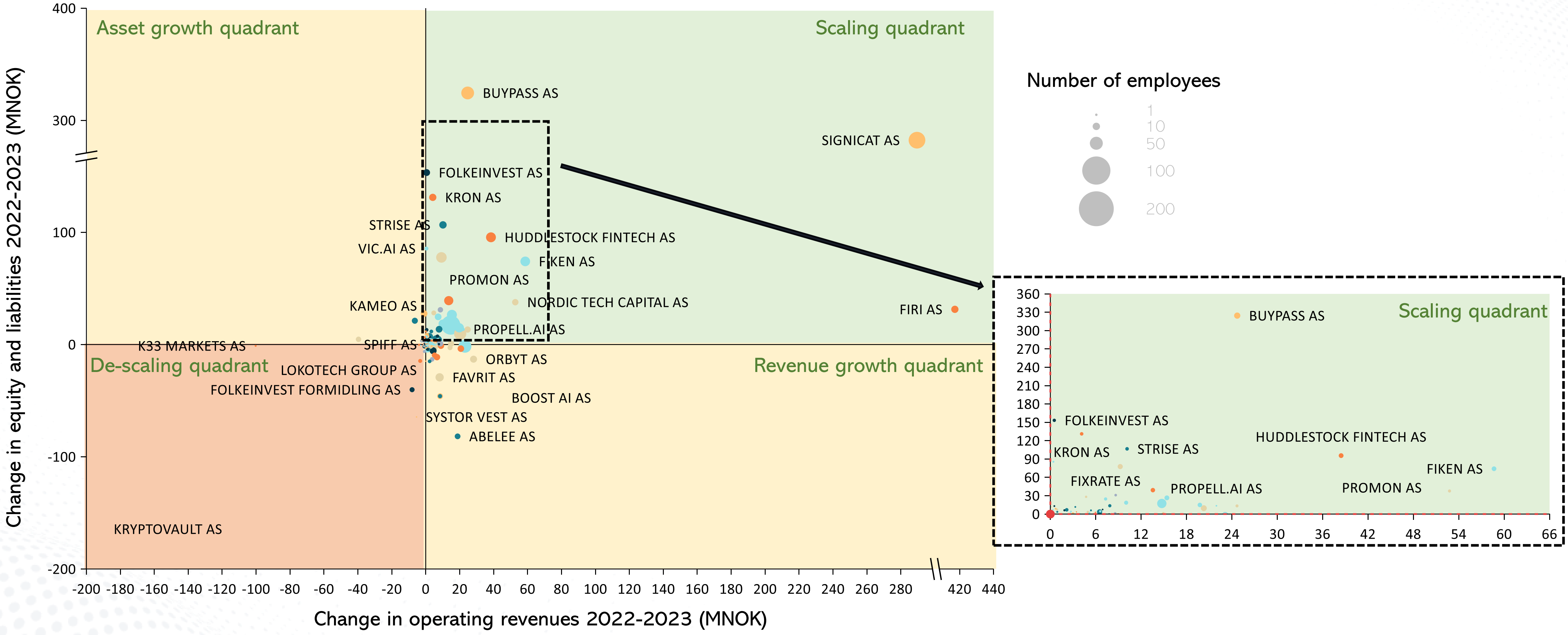
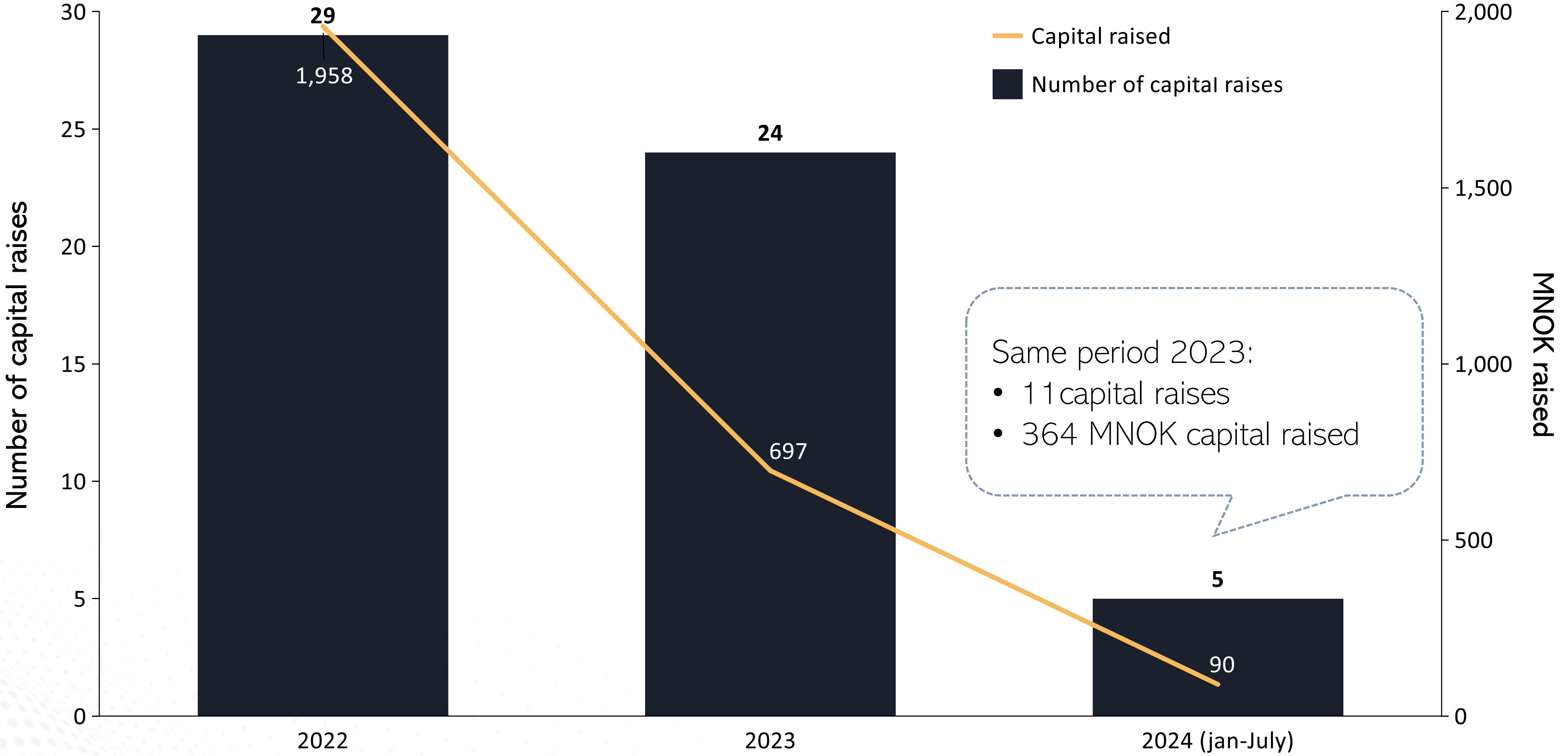
Several companies have been able to scale and have increased operating revenues and total assets from 2022 to 2023

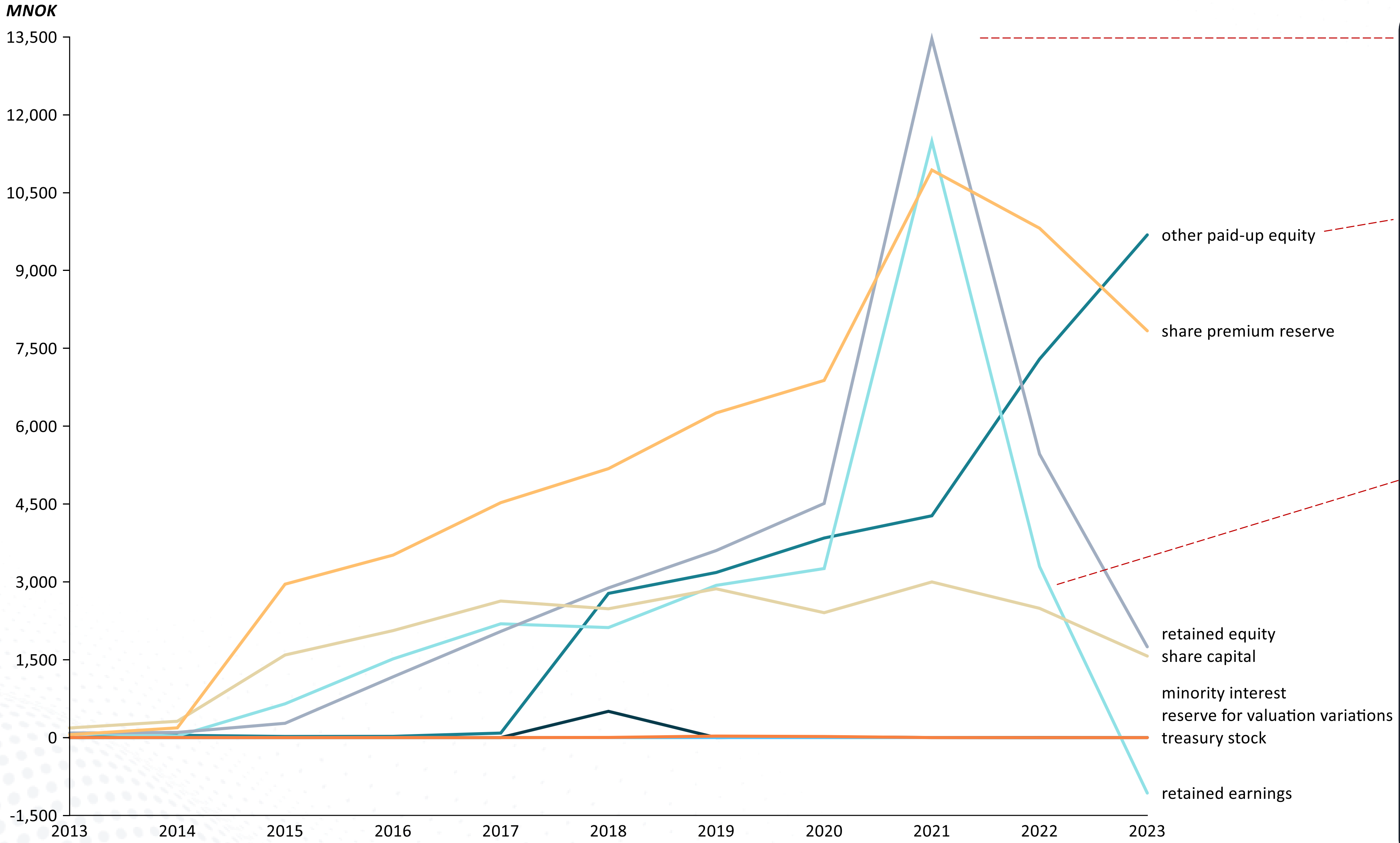


Capital markets have significantly contracted from 2022 to 2023, with a reduction from NOK 2 billion to NOK 700 million (a 66% decrease), and this trend is expected to continue into 2024



Source: Shifter

Variations arise when decoupling equity; retained equity and earnings have declined considerably, primarily due to the departure of larger banks



Retained equity;

- Bank Norwegian held NOK 9.5 billion in retained equity in 2021,but reported 0 in 2022

Other paid-up equity:

- **Signicat** reached nearly NOK 2 billion in 2023
- **Vipps** increased its paid-up equity from NOK 3.4 billion in 2022 to NOK 4.5 billion in 2023

Retained earning:

- **Bank Norwegian** had NOK 9.5 billion in retained earnings in 2021, with 0 reported for both 2020 and 2022
- **Vipps** reported increasing losses, amounting to NOK 1.5 billion in 2023
- **Sbanken** reported NOK 3.8 billion in retained earnings in 2022, but 0 in 2023 due to its acquisition

FINTECH 2024 – State of the Norwegian Fintech Industry

An analysis prepared by Ontogeny
On behalf of Finansforbundet

Finansforbundet

ONTOGENY

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Key Contributors

Select companies and incubators contributed to the analysis with deep insight and understanding about the Norwegian fintech ecosystem

STARTUP LAB

NCE Finance Innovation
Norwegian Centre of Expertise

orbyt

buypass

Buypass – a leading Norwegian fintech poised for global growth with a new international partner

Buypass at a glance

"We bring you a safer digital world"

Buypass is a supplier of user-friendly and secure ID, signing and payment services. Buypass delivers its solutions to municipalities, healthcare organisations, public administration, banks, energy companies, sports organizations and players in responsible gambling. With a long history of supplying digital ID and payment solutions, Buypass provides a safer and simpler working day for both individuals and companies.

Founded: 2001
Locations: Oslo (HQ) and Gjøvik, Norway

Team and ownership structure

Gunnar Lindstøl
CEO

80+
Employees

Previous owners

Norsk Tipping 50% | tietoevry 50% → buypass

New owner

total specific solutions 100% → buypass

Growth journey

total specific solutions + buypass

Buypass has established itself as a leading player in the fintech industry in Norway, delivering reliable and high-quality solutions. The company has demonstrated steady top-line growth, particularly within Trust Services and Sports, which now contribute significantly to its revenue stream.

Recently acquired by Total Specific Solutions (TSS), a global IT provider within the Constellation Software Inc. (CSI) ecosystem, Buypass is positioned for enhanced international growth. TSS's vast network and industry presence offers new avenues for expansion and innovation, creating exciting opportunities for both the company and its stakeholders.

With over 20 years of continuous development and growth, Buypass is well-equipped to continue its success

Select clients

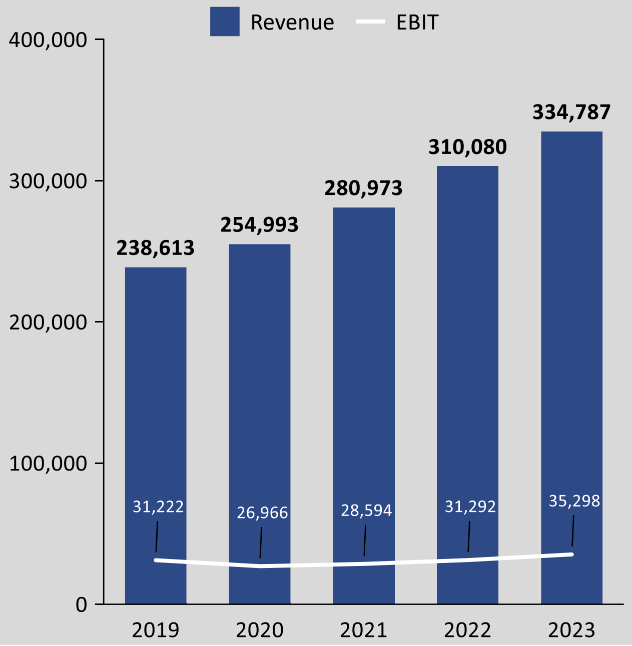
Norsk Tipping, Swedbank, eika., telenor, Gjensidige, posten, nav

Financials

Buypass AS has displayed consistent and positive, profitable growth for more than 20 years.

In 2023, Buypass reached a turnover of 335 MNOK and an operating profit of 35 MNOK.

Key financials (1000's NOK)



Orbyt simplifies and improves complex communication and payment processes

Orby at a glance

"Leading clients into the future of digital communications and payments"

Orbyt is a Norwegian fintech company, initially focused on multi-channel invoicing. Over time, it has expanded its scope to become a comprehensive Software-as-a-Service (SaaS) provider offering end-to-end solutions for invoicing, payment automation, and customer engagement.

Founded: 2009
Locations: Kristiansand (HQ), Oslo, Stockholm, Copenhagen, Helsinki, Riga, Ventspils, and London

Team and ownership structure

Rune Løbersli
CEO

70+
employees

Ownership structure

ANACAP

100%

orbyt

Growth journey

ANACAP + orbyt

Orbyt, founded in 2009 as EDIGard, has experienced significant growth over the years. To fully realize its potential and ensure continued expansion, the company partnered with AnaCap Financial Partners in 2022. Headquartered in Kristiansand, Norway, Orbyt has expanded its footprint with offices in Oslo, Stockholm, Copenhagen, Helsinki, Latvia, and the UK, positioning itself as a key player in the digital payments and invoicing sector.

Orbyt provides an essential, fully integrated SaaS solution for large enterprise customers, handling the complete invoicing and payment automation process. Supported by AnaCap, Orbyt continues to expand its capabilities across the Nordics and other European markets, playing a crucial role in daily operations for its customers.

Select clients

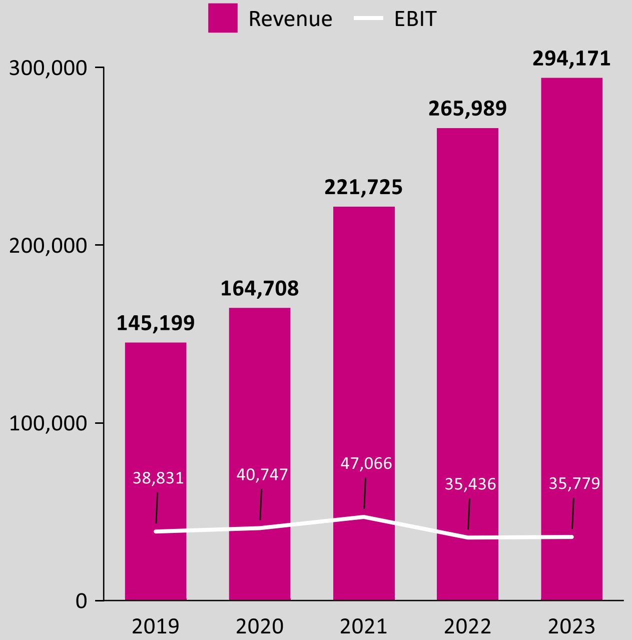
RIVERTY, eika., MORROW, RiksTV, Tryg, KLP, Heidelberg Materials, GREENPEACE, OBOS

Financials

Orbyt AS has shown positive growth and development for over ten years, and in 2023 passed a turnover of 294 MNOK. A big part of Orbyt's revenues come from large international companies. Orbyt's revenues are almost exclusively recurring.

With an operating profit of 35.8 MNOK, Orbyt also displays a strong margin picture.

Key financials (1000's NOK)



STARTUP LAB

Empowering tech founders to go further

Startuplab at a glance

Startuplab is an incubator and early-stage investor for Norway's most ambitious technology startups, selecting ~8% of applications for the incubator and ~2% to the accelerators.

Startuplab is located in both Oslo and Bergen, with more than 110 active member companies in the incubator – on average one moving in and one out per week.

Startuplab's industry programs in Fintech, Energy, Mobility, and Construction connect startups, corporates, investors, researchers, and public entities. They also run technology programmes within Data Science/AI and Hardware,

Selected Events
(see www.startuplab.no/events for more)

100 PITCHES

September 26th
Norway's largest pitching competition - Finals during DNB NXT

STARTUP LAB 2030
CLIMATE TECH SUMMIT

September 24th
Norway's largest climate tech event

DNB NXT 2024

Startuplab DNB NXT Accelerator: 3 MNOK investment from Startuplab and a partnership with DNB, Vipps or Fremtind.

Key insights

- Challenging market: Tougher for companies without strong growth figures. Difficult market conditions (interest rates, taxes etc.)
- High barriers: The lack of a Financial Supervisory Authority tailored to the needs of small, technology-oriented companies is perceived as one of the biggest obstacle to innovation in financial services.
- Fintech requires a well-functioning funding market across multiple stages with progressively higher valuations to create incentives for entrepreneurs. Customer Acquisition Cost (CAC) is often higher than the Lifetime Value (LTV) for several years, making it difficult to scale without access to sufficient equity capital. In Norway, it can be challenging to raise >20MNOK for early-stage companies.
- Selling to the established finance industry takes time – often involving lengthy processes

Positive developments

- Scaling success: Several companies are able to scale and are delivering high value (top- and bottomline) to their corporate customers
- Emerging companies: New and exciting companies continue to emerge, with an increased focus on sustainability.

Startuplab Fintech Program Founding Partners

DNB, Fremtind, DLA PIPER, SpareBank 1 SMN, Schibsted, Microsoft, SpareBank 1 Østlandet

Investment strategy

- Startuplab Founders Funds has raised 500 MNOK and is currently fundraising for Fund V.
- Startuplab Ventures invests around 3 million NOK. Their latest fund can also do follow-up investments pro-rata.
- Investment amount and terms negotiated on a case-by-case basis
- Startuplab screens approx. 1000+ startups annually and invests in 20-25 per year.
- It has since 2012 made investments in more than 170 companies.

Select fintech portfolio companies

Funding Partner, axeptia credit intelligence, accountflow, mobai, Brevio, novem, lucidtech, Mitigrate, Just, Celsia

StartupLab has conducted an analysis on companies that actively incorporate AI in their value proposition

STARTUP LAB

STARTUP LAB

<u>Selected companies from the Fintech segment that make extensive use of AI</u>

enin.
Exabel
Finterai
lucidtech
mobai
Neonomics
-S
RELTIME
prozeed
propell.ai
Semine
wenn
VIC.AI

Accelerating technological innovation and facilitating fruitful collaboration

NCE Finance Innovation at a glance

NCE Finance Innovation is a non-profit Norwegian fintech cluster that seeks to empower a thriving fintech ecosystem. Among other things, the cluster organizes innovation projects and offers a fintech incubator program to tech startups.

NCE Finance Innovation currently holds 90 member companies, including banks, insurance companies, tech companies, entrepreneurs, investors and R&D institutions. The pooled resources in the cluster enables members to find the right partners and develop new innovative solutions faster and more efficiently.

Events

Key insight

Fintech ecosystem in Sweden larger and more advanced

- Sweden has a more robust venture capital environment and attracts more international funding, allowing Swedish fintech companies to scale faster
- The regulatory environment in Sweden has been supportive of fintech innovation, also benefiting from a larger domestic market and easier access to the European Union

Tackling the commercialization struggles in Norway

- Although Norwegian companies provide strong products and services, they lack commercialization capabilities
- NCE Finance aims to connect with international networks to enhance commercialization efforts
- There is a need for greater awareness of Norway's strengths in tech and a push to motivate entrepreneurs
- The wealth tax is seen as highly detrimental to innovation

Select cluster members

Ada Incubator

- Ada Tech Incubator is a collaboration between three industry clusters; NCE Finance Innovation, Proptech Innovation and the Media Cluster – powered by VIS
- Aspires towards creating a strong ecosystem that promotes innovation, collaboration and growth within fintech, proptech and mediatech
- Provides access to mentoring, advising, networking, and resources to help entrepreneurs and companies develop, grow and succeed

Select incubator companies