

# Bricknode (BRICK B)



## Strong business momentum

Bricknode Holding AB ("Bricknode" or the "Company") is a leading supplier of SaaS solutions that enable financial companies and startups to design and launch their own digital investment, lending and savings products, or transform existing operations. The Company announced in August 2022 a savings plan to accelerate the path to profitability by reducing fixed and variable costs by approximately 40%. During December 2022 Bricknode signed three new clients, which in combination with existing customer portfolio, paves the way for higher growth and to achieve profitability going forward. Bricknode are estimated to reach a revenue of 26 MSEK in 2023 and based on an applied P/S target multiple of 5.4x, a potential fair value of 12.8 SEK (12.8) per share is justified in our Base scenario.

### Net Revenues In Line With Our Expectations

Net revenues amounted to 4.6 MSEK (4.2) during the fourth quarter, corresponding to a growth of 9%. Bricknode's revenues for the Last Twelve Months (LTM), which thus corresponds to the full-year revenue for 2022, amounted to 18.2 MSEK (15.4), driven by new clients as well as growth among Bricknode's existing clients. In our last equity research report our estimate was 18,4 MSEK for the full year 2022, which is marginally higher than the actual outcome. During the full year 2022 the NRR amounted to 101%, down from 115% in the full year 2021.

### Three New Significant Clients

During December 2022 Bricknode has signed three new significant clients, which is a result of the built-up relations in the market. Bricknode has also commented that the pipeline of new prospective clients is strong, and we assess that Bricknode have a good opportunity to continuing delivering new deals. The new clients consist of one wealth management company, one fund management company and the corporate finance firm Vator Securities. The new clients operate within three different wealth segments and can be seen as a proof of Bricknode Broker's wide range of use. Bricknode has a strong momentum and Analyst Group expects a growing ARR from 2023 and going forward.

### Delayed effects of the savings plan

The EBITDA result amounted to -6.2 MSEK (-5.2) in the fourth quarter, corresponding to an increased EBITDA loss of 1 MSEK Y-Y, which in part was due to an increase in other external costs, while the staffing costs decreased by approx. 0.5 MSEK. The effects of the layoffs in Bricknode is delayed due to notice periods, and therefore Analyst Group assumes the effects will be reflected in H1-23. In addition, Bricknode is working towards establishing its own regulated securities brokerage firm but has also completed a large technical upgrade and a move to Azure from Amazon Web Services. This factors are assumed to have driven the cost base during Q4-22, but are estimated to subside going forward and contribute to an optimizing of the organization. Full effects of the savings plan is therefore expected to be reflected during H1-23.

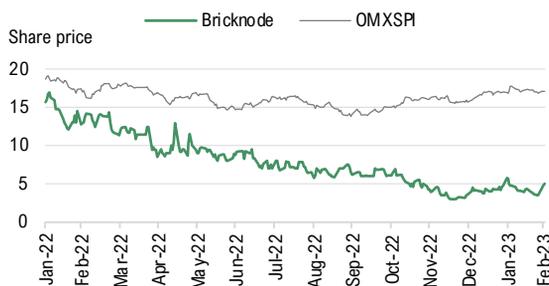
### VALUATION RANGE

**Bear** SEK 3.9      **Base** SEK 12.8      **Bull** SEK 17.1

### KEY INFORMATION

Share Price (2023-03-01)	5.0
Shares Outstanding	9 869 023
Market Cap (MSEK)	49.2
Net cash(-)/debt(+) (MSEK)	4.6
Enterprise Value (MSEK)	53.9
List	Nasdaq First North Growth Market
Quarterly report 1 2023	2023-05-17

### SHARE PRICE DEVELOPMENT



### OWNERS (SOURCE: HOLDINGS)

2022-12-28

Willebrand Group AB (Stefan Willebrand via Company)	28.4%
Team Hagelin AB (Erik Hagelin via Company)	15.1%
BackingMinds Invest AB	8.2%
Robert Lempka	6.9%
Nordnet Pensionsförsäkring AB	6.2%

Estimates (EURm)	2021	2022E	2023E	2024E
<b>Net revenue</b>	15.4	18.2	26.3	38.1
Subcontractors	-0.1	-0.1	-0.2	-0.3
Other external costs	-8.1	-12.1	-7.5	-7.8
Staffing costs	-19.4	-29.6	-21.0	-24.2
<b>EBITDA</b>	<b>-11.9</b>	<b>-23.6</b>	<b>-2.1</b>	<b>6.3</b>
EBITDA margin	-77.4%	-129.3%	-7.9%	16.5%
P/S	3.2	2.7	1.9	1.3
EV/S	3.5	3.0	2.0	1.4
EV/EBITDA	-4.6	-2.3	-26.1	8.6

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