

## Challenging Traditional Business Models in the Financial Market

Huddlestock Fintech AS ("Huddlestock" or the "Company") has during the second quarter 2023 significantly bolstered the Company's offering by combining the offerings and integrated the capabilities of the acquired businesses, as well as further technological development. Huddlestock's strong value proposition to providers of investment services is expected to contribute to new deals and business opportunities going forward. This, combined with a strong outlook for the *Professional Financial* division into 2024, justifies a strong outlook for both the full year of 2023 and 2024. Huddlestock are estimated to reach a revenue of NOK 179M in 2024, and based on an applied EV/S target multiple of 3.9x, a potential fair value of NOK 3.2 (3.2) per share is derived in a Base scenario.

### Consolidated Net Revenues Amounted to NOK 29.4M

During the second quarter of 2023, the net revenues amounted to NOK 29.4M (12.2), corresponding to a growth of 140% Y-Y and 70% Q-Q (16.6). However, Huddlestock acquired and consolidated the companies Tracs Group, Dtech, and Bricknode during the year 2023, and thus, they are not included in the comparable periods. Compared to the pro forma revenues Q1-23, which amounted to NOK 25.3M, Huddlestock achieved a revenue growth of around 16%. The EBITDA result during Q2-23 amounted to NOK -1.8M (-4.8), while the EBIT result amounted to NOK -9.5M (-7.6), where the increase is mainly derived by an increase in depreciation and amortization by approximately NOK 4.8M.

### Strong Value Proposition in the Financial Markets

Huddlestock has during Q2-23 successfully completed several accretive acquisitions, including Tracs Group, Dtech, and Bricknode. By combining the offering and further developing the technology, Huddlestock has enabled the empowerment of their clients by delivering *Investment as a Service*, which constitutes of a unique end-to-end plug-and-play solution. Huddlestock's offering enables a white-label solution that provides the client with, among other things, full control over the end clients' holdings, trading and order management, safekeeping, and regulatory compliance. This, in combination with an end client user interface for online devices, constitutes a strong value proposition for providers of investment services, which is now poised to challenge more traditional solutions and business models.

### We Repeat our Valuation Range

Huddlestock has delivered a strong quarter with substantial growth. During H1-23, the consolidated net revenue amounts to NOK 45.9M (21.3), corresponding to a growth of 116%, while the proforma revenue totals NOK 54.7M. Meanwhile, we view positively the fact that Huddlestock has clearly outlined a cost reduction plan, expected to be executed in H2-23 and throughout 2024. All in all, we repeat our valuation range, where we still perceive that an investment in Huddlestock offers an attractive risk-reward proposition at current levels.

### VALUATION RANGE

**Bear**  
NOK 1.4

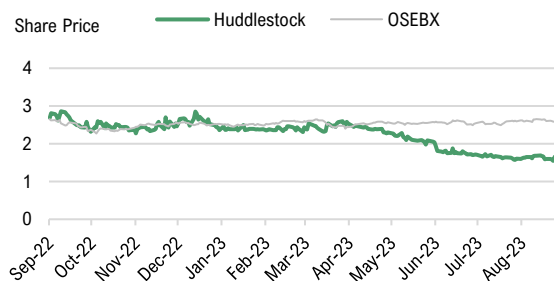
**Base**  
NOK 3.2

**Bull**  
NOK 4.6

### KEY INFORMATION

Share Price (2023-08-31)	1.5
Shares Outstanding <sup>1</sup>	169,894,216
Market Cap (NOKm)	260
Net cash(-)/debt(+) (NOKm)	11.5
Enterprise Value (NOKm)	273
List	Euronext Growth Oslo
Quarterly report 3 2023	2023-11-23

### SHARE PRICE DEVELOPMENT



### OWNERS (SOURCE: INTERIM REPORT)

Nordnet Bank AB	12.3%
Njord Group AS	7.3%
Vision Invest Stavanger AS	4.9%
SAA Invest	4.7%
Bank Julius Bär & Co	4.4%

Estimates (NOKm)	2022	2023E	2024E	2025E
Net revenue	46.7	93.9	179.5	264.1
<b>Total Group Revenue</b>	<b>46.7</b>	<b>93.9</b>	<b>179.5</b>	<b>264.1</b>
Materials/subcontractors	-12.8	-22.9	-37.7	-46.5
Personnel costs	-43.6	-81.7	-117.6	-157.1
Other operating expenses	-5.0	-7.5	-12.6	-14.3
<b>EBITDA</b>	<b>-14.7</b>	<b>-18.2</b>	<b>11.7</b>	<b>46.2</b>
EBITDA margin	-31.5%	-19.4%	6.5%	17.5%
P/S	6.6	3.3	1.7	1.2
EV/S	6.9	3.4	1.8	1.2
EV/EBITDA	-21.8	-17.6	27.4	6.9

<sup>1</sup>Excluding not yet issued shares to Bricknode.

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## ABOUT THE COMPANY

Huddlestock is a WealthTech and TradeTech company that develops SaaS solutions for digitizing work processes for financial companies, custody banks, asset managers and retail trading venues. Huddlestock offers innovative technology software with a leading expert professional services business. The open, compliance optimized, and data centric-platform allows customers to offer a differentiated real-time product that reduces cost and increases efficiency. Through its expert professional services business, Huddlestock delivers strategic technology solutions and process automation for the financial services industry. Huddlestock is listed on Euronext Growth Oslo since November 2022.

## CEO AND CHAIRMAN

CEO	John Egil Skajem
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Chairman	Øyvind Hovland
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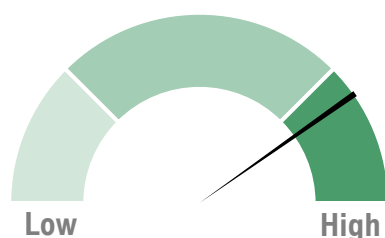
## ANALYST

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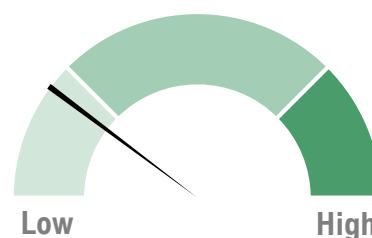
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## Value Drivers



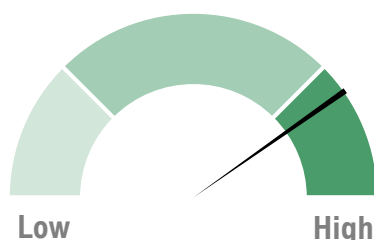
Huddlestock offers a crucial services for their clients, which results in a strong business moat. Huddlestock can grow with its clients with low sales efforts, which facilitates increased sales and operating margins going forward. Additional value drivers are the new clients in all verticals, where Huddlestock possess a strong pipeline of new prospectus and expects to expand target market with the complete end-to-end solutions.

## Historical Profitability



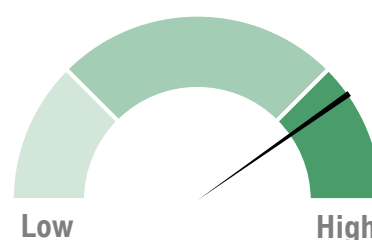
Huddlestock has been focusing on developing the Company's product portfolio, through investing in technology and develop the previous acquired firms, which has led to a negative short-term effect on the Company's profitability. Analyst Group expects that Huddlestock will scales up the client portfolio going forward, as well as prioritize profitable growth, and are estimated to reach a positive EBITDA in 2024. The grade is based solely on the historical profitability of the Company.

## Management &amp; Board



The executive team and the board of directors consist of an experienced team, who are deemed to possess the right qualifications to successfully scale up the business. Additionally, founders / major shareholders from the acquired businesses have taken positions in the new organization, with lock-up agreements typically spanning 3 years, which indicates strong incentives to create shareholder value. John E. Skajem, Group CEO of Huddlestock, has a long career within international finance and has worked for global investment banks, asset managers, and large universal banks.

## Risk Profile



As of June 30<sup>st</sup>, 2023, Huddlestock's cash and cash receivables amounted to NOK 10.8M and the current loans and borrowing amounted to NOK 24.6M. Huddlestock completed a private placement in connection with the acquisition of Tracs (Q2-23) by issuing approx. 1.9 million new shares by way of a private placement in cash to Njord Group AS, for a total of NOK 5M. Still, the financial risk is relatively high, and Analyst Group cannot rule out that the Company needs to obtain additional external financing within the next twelve months.

## Analyst Group View on Huddlestock

During the first half of 2023, Huddlestock has successfully completed the acquisitions of the companies Dtech, Bricknode, and Tracs Group. The combined offering that Huddlestock has developed represents a unique end-to-end solution that empowers Investment-as-a-Service. Huddlestock's B2B offering is tailored to a broad target group within the financial market, ranging from wealth and asset managers to savings platforms and corporate pension providers, to mention a few. Huddlestock's offering enables a comprehensive white-label solution that provides the client with, among other things, full control over the end clients' holdings, trading and order management, safekeeping, and regulatory compliance. This, in combination with an end client user interface for desktop and smartphones, constitutes a strong value proposition for providers of investment services.

**Strong Value Proposition**

## Net Revenue Growth 140% Y-Y and 77% Q-Q

During the second quarter of 2023, the net revenues amounted to NOK 29.4M (12.2), corresponding to a growth of 140% compared to the same quarter the previous year. During the previous quarter (Q1-23), the net revenue amounted to NOK 16.6M, reflecting a substantial growth of 77% Q-Q. This increase in revenue corresponds to approximately NOK 12.8M in absolute terms Q-Q. It is important to note, however, that Huddlestock has acquired the companies Tracs Group, Dtech, and Bricknode during the year 2023, and thus, they are not included in the comparable periods. When compared to the Proforma revenue for Q1-23, which amounted to NOK 25.3M, Huddlestock achieves a revenue growth of around 16%. For the first half of the year, Huddlestock's consolidated revenues amounted to NOK 45.9M (21.3), corresponding to a growth of 116%, while the proforma revenue totals NOK 54.7M.

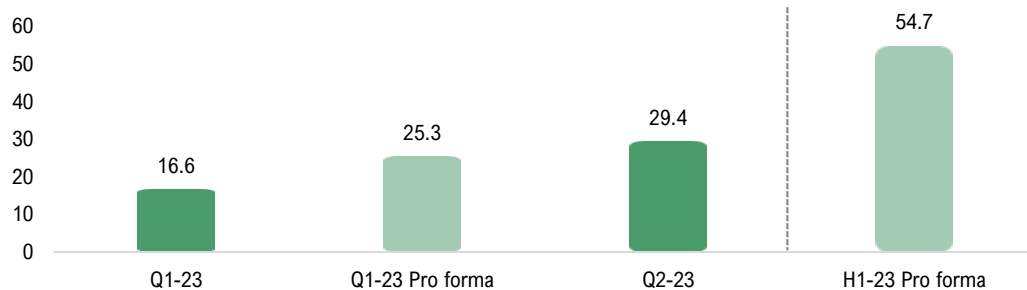
**NOK 29.4M  
NET REVENUES IN  
Q2-23**

Huddlestock's revenue can be derived from two main business areas: the Professional Service Division and recurring revenue from the Technology Business Division. Turning our attention to the recurring revenue from the Technology Business Division, which amounted to NOK 10.7M during the second quarter of this year, and in comparison to the previous quarter's proforma figures, the recurring revenue reached NOK 9.5M. This represents a growth of approximately 13%. For the first half of the year Huddlestock's proforma recurring revenues from the Technology Business amounted in a total of NOK 20.2M. As for the Professional Service Division, Huddlestock reports that several mandates have been extended throughout the period, and the outlook indicates a high capacity utilization with visibility extending until the year 2024. Taken together, we can conclude that both business areas have maintained a strong pace during the quarter, contributing to the growth achieved in this period.

### Strong Revenue Growth During the Second Quarter 2023.

Net revenue Huddlestock, Q1- and Q2-23, pro forma revenues Q1-23 and H1-23.

MNOK



Source: Analyst Group's Estimates

During the quarter, Huddlestock successfully consolidated the operations of Dtech, Bricknode, and Tracs Group into Huddlestock. Concurrently with this consolidation, Huddlestock has achieved operational advancements, including the successful product launch during the second quarter 2023 with a Swedish client. The client has more than 60.000 end-clients and is digitally processing approximately 15.000 trades per day through Huddlestock's system. The fact that Huddlestock has gone live with the client marks a significant milestone for the Company, simultaneously demonstrates the growth potential with the new customers, where Huddlestock generates revenues for example through monthly licenses, Assets under Management (AuM), as well as transaction fees.

Furthermore, Huddlestock's sales team has transitioned to a unified CRM system, which has improved efficiency and the combined prospects expands the sales pipeline. The group can now execute on sales synergies, such as cross-selling and engage with all of the Company's prospects. After the end of the quarter, Huddlestock signed a Letter of Intent (LOI) regarding equity trading with Stack by.me. Stack by.me is a Norwegian provider of an investment app that can be likened to social media. The platform currently offered by Stack by.me to its numerous clients is a Software-as-a-Service (SaaS) solution operated by Huddlestock and will continue to be supported by Huddlestock Investor Services.

## EBITDA Result Amounted to NOK -1.8M During Q2-23

The consolidated EBITDA result during the second quarter amounted to NOK -1.8M (-4.8), corresponding to a decreased EBITDA loss of NOK -3.0M Y-Y. The consolidated EBIT result during the quarter amounted to NOK -9.5M (-7.6), corresponding to an increased EBIT loss of NOK 1.8M, which is derived by an increase in depreciation and amortization by approximately NOK 4.8M. As mentioned earlier, it should be noted that completed acquisitions were not consolidated in the comparable period of the previous year, making the comparison somewhat misleading. However, when comparing EBITDA and EBIT results on a proforma basis for Q1-23, which amounted to NOK -6.0M and NOK -14.3M respectively, Huddlestock's EBITDA and EBIT results have improved by NOK 4.1M and NOK 4.9M respectively.

In terms of total operating costs (including cost of materials/subcontractors), they amounted to NOK 31.2M, reflecting a decrease of NOK 0.1M compared to proforma Q1-23 (31.3), while it should be noted that revenues in the same comparison have increased by approximately 16%. Thus, the interim report serves as evidence that Huddlestock has successfully consolidated the newly acquired companies, all the while maintaining effective cost control.

Huddlestock presented in both the report and the conference call a cost reduction program, enabled in part by cost synergies among the acquired operations and built upon the previously communicated cost synergy initiatives. The first part of the cost reduction program was initiated during the second quarter, before the summer, which Huddlestock anticipates will yield an impact of approximately NOK 9.2M in cost savings starting from Q3-23. Huddlestock has also initiated an additional part of the cost reduction program, estimated to amount to NOK 7.8M, with effects expected to materialize in the early part of year 2024. Below outlines Huddlestock's cost reduction program and the additional part, detailing the nature of the intended savings, the expected date implemented effects from, and the corresponding sum.

### A Cost Reduction Program With a Total of NOK 17M Has Been Agreed Upon.

Annual cost synergies.

Type of Cost Synergies	Effects From	NOKm
From two to one office in Stockholm	Q3	0.9
Termination of external development consultants (Tech team)	Q3	4.0
Simplified legal structure (accounting, auditing, licences)	Q4	0.6
Delisting from Nasdaq with associated effects	Q4	0.5
Digital Marketing Consultant	Q2	0.1
One FTE	Q4	1.0
Reduction of Serbia Tech team	Q4	1.7
Other (e.g. reduce of CRM, 365 Office, marketing license)	Q4	0.5
<b>Annual savings</b>		<b>9.2</b>

Type of Cost Synergies	Effects From	NOKm
Terminate Market Making	Q4	0.3
Additional reduction of office cost	Q1	0.3
Reduction of Ukraine Tech Team further	Q3	1.2
Cancel additional company admin expenses	Q3	0.8
Streamline organisation	Q4	5.2
<b>Annual savings</b>		<b>7.8</b>

**NOK 17M  
IN TOTAL COST  
REDUCTION  
PROGRAM**

# Comment on Q2-Report 2023

**NOK 10.8M**  
CASH AND  
EQUIVALENTS AT  
THE END OF Q2-23

At the end of Q2-23, Huddlestock's cash and equivalents amounted to NOK 10.8M, compared to NOK 1.7M at the end of March (Q1-23), corresponding to a net change in cash of + NOK 9.1M. The increase in cash and equivalents during the quarter can be attributed to a capital injection of NOK 5M from Njord Group AS, as well as from the acquisition of subsidiaries, net of acquired cash. As for the net cash flow from operating activities from continuing operations, it amounted to NOK -11.6M during the first half of 2023, equating to an operational burn rate of NOK 1.9M per month over the period.

**In conclusion**, we are of the opinion that Huddlestock has progressed well operatively and has successfully consolidated the acquired companies during the second quarter, considering both the net revenue growth and the development of the total operating costs. Analyst Group views the developments during the quarter positively, as well as the initiation of the cost reduction program, which is anticipated to gradually be materialized in the figures over the upcoming quarters. Furthermore, Huddlestock holds a strong position with a robust prospect pipeline, significant upcoming product deliveries in both 2023 and 2024, and stable prospects for Visigon (part of the Professional Service Division). These factors are expected to drive growth in the other half of 2023. It should be noted, however, that the forthcoming quarters are projected to be somewhat weaker, attributed to seasonal effects, a point emphasized by Huddlestock's CEO, John E. Skajem, during the conference call.

**Q2-23** at a  
glance



**huddlestock**



PROVIDES  
INVESTMENT-AS-  
A-SERVICE

### Huddlestock Benefits From Strong Underlying Market Growth

Huddlestock's offering cater to a broad and global market segment, ranging from fintech startups to established financial institutions. By enabling financial companies to digitize their operations and democratizing access to capital markets, Huddlestock capitalizes on the growing demand in the market. The global Core Banking Software (CBS) market was valued at USD 12.5 billion in 2022, and the market is expected to grow to USD 40.7 billion by 2029, corresponding to a CAGR of 18.3%. The rising adoption of cloud-based solutions, digitalization and increased investment are the main drivers of the estimated market growth. Huddlestock provides Investment-as-a-Service and offers services within the core banking ecosystem and therefore operates in a market with a high underlying growth. Huddlestock addresses a wide range of financial companies and institutes which enables the digitalization of the financial markets. Huddlestock's position as a solution provider and business expert can benefit of the global digitalization trend without being exposed to the risks associated with individual financial companies or the volatility of the B2C market. We consider this strategic advantage to be beneficial for Huddlestock.

### Selective Acquisitions Fuel Huddlestock's Technological Advancement and Market Presence

Huddlestock has implemented a value creation strategy centered around selective and accretive acquisitions, by identifying significant synergies and supports for Huddlestock's "Technology first" focus. The Company has completed several acquisitions, including Visigon Nordic, F5 IT, Tracs group (comprising Trac Services and Trac Technology), Dtech, and Bricknode Holding. Visigon Nordic is a supplier of financial consultancy services and technology provider, with multiyear relationships with most Swedish and Danish banking groups, Nordic central banks, disruptor neobanks and innovative platforms. F5 IT is a software developer focused on customized application and integration solutions. Trac Services and Tracs Technology is a full-service RegTech and Investor Services organisation for the Investment and Wealth Management industry, with a license from the Norwegian FSA. Dtech provides solutions for portfolio management and fund order technology for the pension market and pension providers. Bricknode is a B2B-focused SaaS company providing scalable, cloud-based software comprising the complete infrastructure of a financial service operation. The combined offering that Huddlestock has developed represents a unique end-to-end solution that empowers Investment-as-a-Service. Huddlestock possess a strong position with a robust product mix of technology software to the financial market with an expert professional service business. Huddlestock's pro forma revenues during the first half year 2023 amounted to approximately NOK 55M, including Dtech and Bricknode.

### Strong Business Momentum – Winning new Clients

Huddlestock has won three (3) new clients in the second quarter of 2023, which consists of Garantum Wealth Management to use Huddlestock Investor Services (Tracs Services), the Company's first Family Office to use Portfolio Management, and a Swedish asset management firm that has selected Bricknode Broker. These deals have a combined ARR of NOK 1.9M. The fact that Huddlestock has secured three new clients within the Technology business validates the value of the Company's integrated product portfolio and can be seen as a proof of Huddlestock's wide range of use within the sector. Furthermore, it should be noted that Huddlestock has already secured its first client utilizing both Bricknode's and Huddlestock's services, resulting in revenue synergies of approximately NOK 1.5M. This confirms the strong value proposition that the combined companies can offer and emphasizes the revenue synergies Huddlestock can generate going forward.

### Forecast and Valuation: a Summary

Through a continued strong business momentum with new clients and the successful integration of the acquired firms which expands Huddlestock's product offering, this is expected to drive growth going forward. In combination with a continued high activity within consultancy services, Huddlestock is estimated to reach a revenue of NOK 179M in 2024. Based on an EV/S multiple of 3.9x on the 2024 forecast and adjusted for the estimated net debt, a potential net present fair value of NOK 3.2 per share is derived, in a Base scenario, after taking a discount rate of 12% into account.<sup>1</sup>

### Expanded Share Owner Base Poses a Risk of Downward Pressure

Huddlestock has carried out several acquisitions and, in particular, financed them through the issuance of shares in Huddlestock, with major shareholders entering into lock-up agreements. The acquisition of Bricknode involves the issuance of shares in three (3) tranches, which is expected to be completed during H1-24. In addition to the shares already issued, approximately 21 million shares will be issued to Bricknode's previous shareholders. Bricknode has earlier been listed on First North Stockholm, and several shareholders may view the acquisition as an exit opportunity, which poses a risk of significant selling pressure associated with the issuance of multiple shares.

<sup>1</sup>Including not yet issued shares to Bricknode. In the calculation the number of shares is calculated to be 192,033,127, instead of 169,894,216 shares, which is outstanding as of today.

EXECUTED  
REVENUE  
SYNERGIES OF  
NOK 1.5M

NOK 179M  
NET REVENUE  
2024E



## WHAT IS INVESTMENT-AS-A-SERVICE?

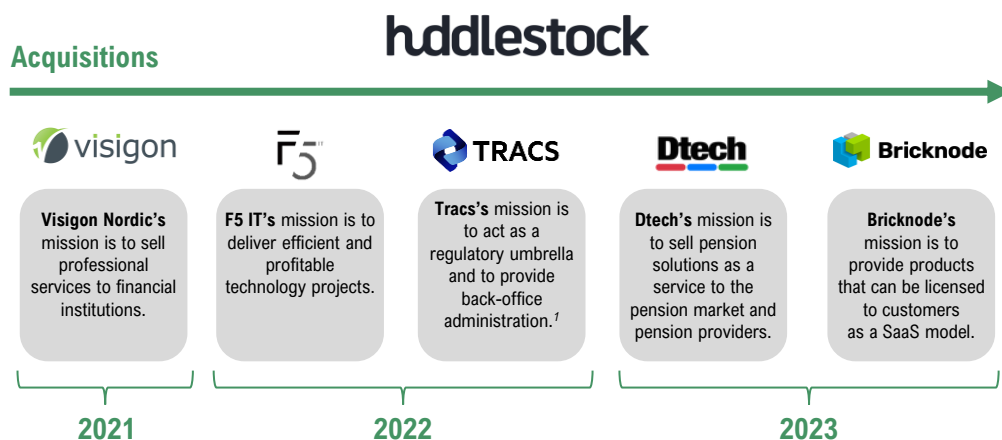
Investment-as-a-Service (IaaS) is powering unique, customisable investment products for the financial market, as fintechs, brands and banks.

Huddlestock's unique API solution connects future clients to securities brokerage and custody services with banking-as-a-service partners.

**Huddlestock**, established in 2014, is a Norway-based *Wealthtech* and *Tradetech* company, that develops, implements and provides SaaS solutions for capital markets, treasury and wealth management industry, as well as financial institutions and financial companies. The solutions empowers *Investment-as-a-Service*, through innovative technology software solutions and expert professional services business. Huddlestock has since the IPO adopted a strategy to create value through selective and accretive acquisitions, where Huddlestock has completed acquisitions of Visigon Nordic AB, F5 IT, Tracs group (Trac Services AS and Trac Technology), Dtech and Bricknode Holding AB. As of today, Huddlestock offers Fintech infrastructure with innovative technology software, scalable products and professional services. Huddlestock has offices in Norway, Germany, Sweden, Denmark, Romania, United Kingdom and Malaysia.

### Huddlestock has Acquired Firms to Create a Unique End-to-End Financial Solution

Huddlestock's acquired firms in a timeline between year 2021 - 2023



Source: Huddlestock

### Product Portfolio and Revenue Model

Huddlestock offers technology software solutions and consulting services within the financial market, which constitute the Company's two primary business areas. In the technology business, Huddlestock is a software provider in the financial market, offering innovative, compliant, and data-centric SaaS solutions across several verticals, including Wealthtech, Tradetech, and Investment services, among others. The technology business comprises Huddlestock's own solutions as well as solutions from the acquired businesses Tracs Group, Dtech, and Bricknode, which collectively provide an end-to-end solution for the financial markets. Through Huddlestock's diverse product mix, the Company caters to a broad palette of clients, empowering them by delivering "Investing-as-a-Service". Huddlestock addresses a wide range of customers in the financial market, including asset management firms, financial institutions, family offices, fund managers, neobanks, corporate finance firms, and other financial companies. The revenue model in the technology business is based on recurring revenue from platform usage, as well as recurring revenue derived from functionality and volume, which can include metrics such as the number of trades, AUM, accounts, regulatory license or admin users, for example. The solutions are cloud based, API-integrated and connected through a wide partner network. At the same time is the platforms built through a modular approach, and therefore possess a high granularity that enables a high level of scalability.

Within the consulting business segment, Huddlestock offers professional services through Visigon Nordic, which was acquired in 2021. Visigon Nordic provides strategic technology solutions and process automation for the financial services industry. Complementing Visigon Nordic is F5 IT, acquired in 2022, which is a software developer specializing in customized applications and solutions within the Fintech, Proptech, and IoT sectors. Huddlestock's expert consultants are established as the leading player in the Nordics with significant multiyear relationships with most Swedish and Danish banking groups, disruptor neobanks and innovative platforms. The consulting business segment strengthens the technological operations by maintaining strong relationships with numerous companies within the financial sector. This creates sales opportunities and allows Huddlestock to leverage its strong human capital to further develop its own technology. The revenue model is primarily based on securing contracts / mandates for longer-term projects with major financial institutions / banks and/or financial companies, providing good visibility into the level of activity within the consulting business.

#### Eco Partners<sup>1</sup>

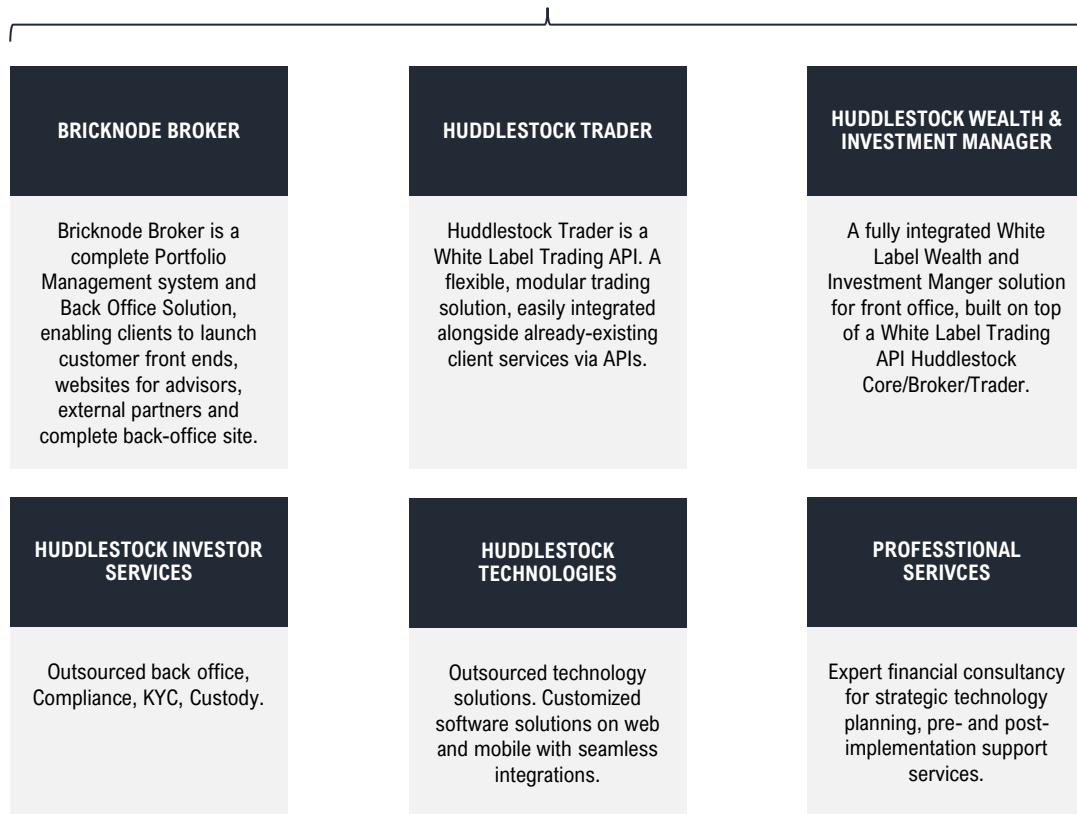


#### Clients Visigon<sup>1</sup>



<sup>1</sup>Example of Eco Partners and clients Visigon

## huddlestock



Huddlestock's main products are listed above. Huddlestock Trader, Bricknode Broker, and Investor Services are examples of the core products, as well as the verticals within pension from Dtech and lending from Bricknode. From the core products, Huddlestock can offer various layers of services to clients, such as tailor-made solutions, features, and/or integrations. Additionally, Huddlestock can provide back-office operations. This, combined with a license that enables Huddlestock to offer a regulatory umbrella to firms that want to offer investment solutions without their own license, creates a robust end-to-end solution and contributes to a strong value proposition and moats.

### Strategic Outlook

Huddlestock has identified several strategic opportunities that constitute its main priorities for the year 2023:

- Prioritizing profitable growth and recurring revenues
- Executing and acquiring clients by leveraging existing products
- Streamlining the organization and executing on synergies
- Creating a Nordic white-label B2B brokerage solution
- Preparing and scaling operations in Germany for winning client contracts and future growth
- Extending regulatory licenses in Norway and Germany to cover the entire EU
- Expanding ecosystem partnerships

<sup>1</sup>Example of clients Bricknode



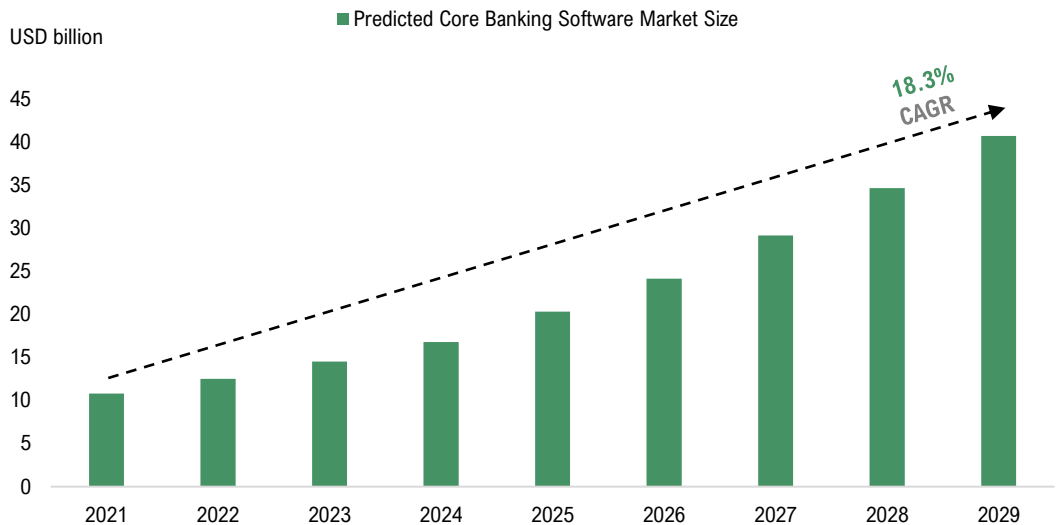
## RISING ADOPTION OF CLOUD-BASED SOLUTIONS

### The Global Core Banking Software Market is Expected to Grow Fast

The global Core Banking Software (CBS) market was valued at USD 12.5 billion in 2022, and the market is expected to grow to USD 40.7 billion by 2029, corresponding to a CAGR of 18.3%. The rising adoption of cloud-based solutions, and increased investments by key players in fintech technologies are driving factors of the estimated market growth. Despite Huddlestock addressing only certain segments within the overall CBS market, the market demonstrates strong underlying market growth for Huddlestock.

#### The Global Core Banking Software Market Is Expected to Grow With a CAGR of 18,3 %

Predicted Global Core Banking Software Market Size, 2021 – 2029E



Source: Fortune Business Insights

## AFFLUENT SEGMENT HOLDS USD 27 TRILLION IN WEALTH

### Affluent Segment Constitutes as a Growth Opportunity

According to the World Wealth Report 2023 by Capgemini, affluent individuals with investable assets of USD 250K - 1M represent a growth opportunity. The affluent segment currently holds nearly USD 27 trillion in wealth and encompasses a large population base. The report reveals that only 18% of this segment is satisfied with their current wealth management service provider, making them ripe for the taking if offered a better experience. This segment is rapidly expanding and requires assistance with financial literacy, easy financial planning, and tools that facilitate a collaborative experience with their advisor.

New business models and technologies solutions, therefore, present significant growth opportunities within the affluent segment. Examples of these models and technologies may include:

- Leveraging the existing wealth management setup while accelerating digital transformation from front to back to unlock relationship manager productivity, develop AI-driven digital tools, and orchestrate an omnichannel experience.
- Developing a Wealth-as-a-Service (WaaS) proposition to deliver wealth services to affluents using third-party channels, such as retail banks and independent advisors. WaaS can streamline the delivery of cost-effective services and enable personalized offerings.
- Building a dedicated platform for wealth services and other value-added offerings to reach the affluent segment, enhanced with self-service tools to improve customer engagement.

Huddlestock, with its technological offering and business service experts, enables firms to significantly reduce the cost of service and expand personalization from commoditized modular offerings to tailored products that resonate with the aspirations of the affluent segment. This can create a more loyal client base with high lifetime value for Huddlestock's customers. Huddlestock possesses a strong position to shape the future of wealth management and address this significant growth opportunity.



## Huddlestock Enables Investing for Neobanks and Online Banks

Neobanks/online banks are fintech companies that offer banking services digitally, through apps, software and other technologies, in order to streamline, democratize and personalize mobile and online banking. Neobanks have successfully disrupted the financial sector and are transforming the whole banking industry. The business model of the neobanks often relies on the basic banking functions and products, such as savings accounts, lending and money transfers. But lately, neobanks have expanded their offerings by including higher-margin services such as investment accounts, credit cards, insurances and mortgages. This creates an opportunity for neobanks to create better user experience with a higher profitability. For example, the U.K. based neobank Revolut have lately added stock trading and investment accounts to their offering, with DriveWealth as a carrying broker for Revolut’s brokerage services. In Europe there are approximately 99 neobanks, with Lunar, Revolut and Tide Bank being the more well-established ones. According to a study conducted by Bricknode, it was found that only 48% of 61 surveyed B2C European neobanks offered investment accounts to their customer, with 54% listing more than one asset class (e.g. funds and stocks). Huddlestock empowers clients by delivering *Investment-as-a-Service*, e.g. through white label trading API, and has direct access to the capital markets, with over 60,000 financial instruments, such as Equities, Bonds, Commodities, Funds, ETFs, Certificates and Options.

Examples of Neobanks

LUNAR<sup>o</sup>

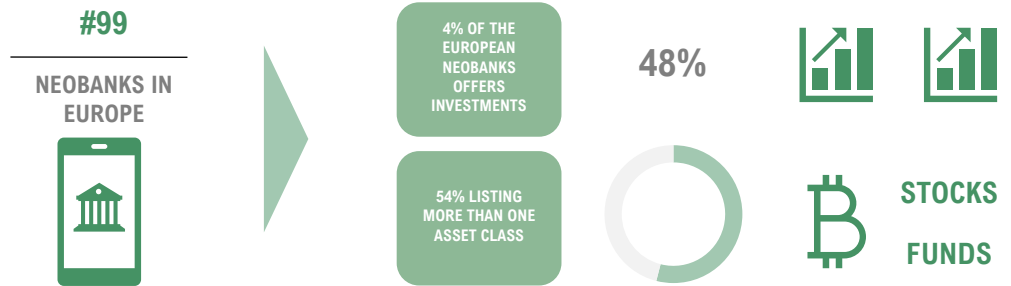
Revolut

tide

P.F.C.

### Only 48% of European Neobanks Offers Investments

Illustration over European neobanks



Source: Bricknode and Neobanks.app

## Digitalization of Asset Management Has Lagged Behind

According to EFAMA (European Fund and Asset Management Association) has digitalization revolutionized many industries, while the asset management sector is lagging behind. EFAMA's report 2022 shows that the total assets under management in Europe reached EUR 32.2 trillion at the end of 2021, compared to EUR 28.5 trillion at the end of 2020, corresponding to an increase of 12.9%. Digital transformation has been disrupting the financial industry, but there is still a long way to go for asset management. One of three major trends and opportunities within asset management is digitalization of middle- and back-office systems. By implementing next generation automation, robotics and machine learning enables enhance process efficiencies, reduce manual frictions, and enable more straight-through processing. Digital technologies, like Huddlestock's solutions and platforms, will enable asset managers to capture value across the value chain, as for example the cost reduce is estimated by EFAMA for middle- and back-office to 20-30%. As well as a report from McKinsey illuminates that a fully scalable and API supported software with full cloud architecture within asset management benefits of lower costs in supporting functions and increases sales effectiveness. Accelerate digital transformation in Asset Management is essential to minimize operational risk and delaying digital changes, transformations or new technologies contributes to risk as becoming uncompetitive, additional costs for regulatory compliance and deterioration of the quality of services, for examples. The operational risk in Asset Management of delaying digital changes is illustrated on the next side.

COST REDUCE OF MIDDLE AND BACK-OFFICE BY 20-30%



## Accelerating Digital Transformation in Asset Management to Minimize Operating Risks

Examples of the biggest risks of delaying digitalization changes in Asset Management



Source: Temenos

## Potential within Corporate Finance

In December 2022 Huddlestock signed the new customer Vator Securities to Bricknode Broker, who is also Huddlestock’s first client within the corporate finance segment and can therefore be seen as a proof of Huddlestock’s wide range of use, and also imply a greater potential within the corporate finance segment, where other corporate finance and Project Finance firms can be supported by Huddlestock’s solutions, such as Bricknode Broker. Huddlestock supports the operations needs of asset managers, fintech, banks, neobanks, and also corporate finance firms through Vator. Corporate finance firms often offers services such as IPOs, Mergers and Acquisitions, raising capital, right issues and private placements. Vator chose Bricknode Broker in order to digitalize their processes and streamline their share issue operations. According to the Swedish Finansinspektionen, approx. 100 firms has a license to act as a securities company in Sweden, which is required to offer the services that corporate finance firms often do. Even though some of these companies are not corporate finance firms, it gives an indication of the number of firms that Huddlestock can address and help digitalize within just the Swedish market.








**~100  
CORPORATE  
FINANCE FIRMS  
TO ADDRESS**

### Revenue Forecast 2023-2025

Huddlestock's consolidated net revenues amounted to NOK 46.7M (23.4) during the full year 2022, corresponding to a growth of 100%. The consolidated net revenue consists of revenues from the consulting services and recurring revenues (ARR) from the technology business. Since the acquisition of Visigon Nordic AB, which was acquired and consolidated in the financial statements in June 2021, revenues from consulting services have constituted the largest portion of Huddlestock's total revenues. For the full year 2022, revenues from consulting services accounted for approximately 84% of the total revenues (NOK 39.5M), with recurring revenues accounting for approximately 16% of total revenues (NOK 7.4M), compared to a share of 87% for consulting services and 13% for recurring revenues in the full year 2021. During 2022, recurring revenues (ARR) from technology business grew by 174% Y-Y to NOK 7.4M, while consolidated total revenues grew by 100%. Huddlestock consolidated the acquisition of F5 IT during 2022 and announced the acquisitions of Tracs group, which, however, were not consolidated in the financial statements for the year 2022. Therefore, on a pro forma basis for the full year 2022, the revenues amounted to NOK 61.6M, and in 2023, the acquisitions of Dtech and Bricknode were announced, which, when included, pro forma revenues for the full year 2022 amounted to be approximately NOK 80M.

#### Increased Pro Forma Revenues

Huddlestock's acquired firms, consolidated dates, stand-alone revenues and Pro forma revenues year 2021 - 2022

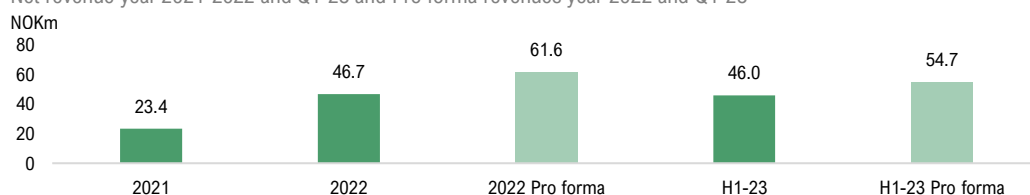
	Consolidated Date	Stand-alone Revenues	
	Consolidated June 2021	2021 NOK 39M	  Pro Forma Revenues NOK ~42M 2021 <sup>1</sup> Pro Forma Revenues NOK ~ 80M 2022 <sup>2</sup>
	Consolidated Q4-22	2022 NOK 17M	
	Consolidated March 23	2021 NOK 14M	
	Consolidated March 23	n/a	
	Consolidated April 23	2022 NOK 18M	

Source: Huddlestock

For the first half year of 2023, the consolidated net revenue amounted to NOK 46.0M (21.3), corresponding to a growth of 116%. The most commonly used financial metric for SaaS businesses is the Annual Recurring Revenue (ARR) since it is an accurate metric for future cash flows, as it illustrates the obtained fees every year for the life of a subscription. For Huddlestock the recurring revenues is referred to as Technology revenues, i.e., technology related revenues for Huddlestock, which were further strengthened during Q2-23 to NOK 10.7M. Pro forma revenues during H1-23 amounted to NOK 54.7M, resulting in a revenue run rate of approximately NOK 109M. Considering the pro forma recurring revenues which amounted to NOK 20.2M in Q2-23, accounting for 37% of the total pro forma revenues. As previously mentioned, Huddlestock acquired Dtech and Bricknode, which was announced during Q1-23. The acquisition of Dtech was completed late March 2023, and at the same time, Huddlestock received approval from the Norwegian FSA to acquire Trac Services and Tracs Technology, which entailed that the acquisition was completed on 31<sup>st</sup> of March 2023. The acquisition of Bricknode was announced in the middle of March 2023 and was completed on 4<sup>th</sup> of April 2023. The completion of the acquisitions means that all companies are consolidated during the second quarter of 2023. Revenues from Tracs group, Dtech and Bricknode contains of a high rate of ARR, which is why technology revenue accounted for a higher portion of total revenue on a pro forma basis in H1-23.

#### Increased Revenues, Both Consolidated and Pro Forma

Net revenue year 2021-2022 and Q1-23 and Pro forma revenues year 2022 and Q1-23



Source: Huddlestock

<sup>1</sup>Pro forma numbers includes Visigon, consolidated June 11<sup>th</sup> 2021.  
<sup>2</sup>Pro forma numbers are estimated by Analyst Group and includes F5 IT, Tracs group, Dtech and Bricknode.

THREE NEW  
CLIENTS WITH  
EXPECTED ARR  
OF  
NOK 1.9M

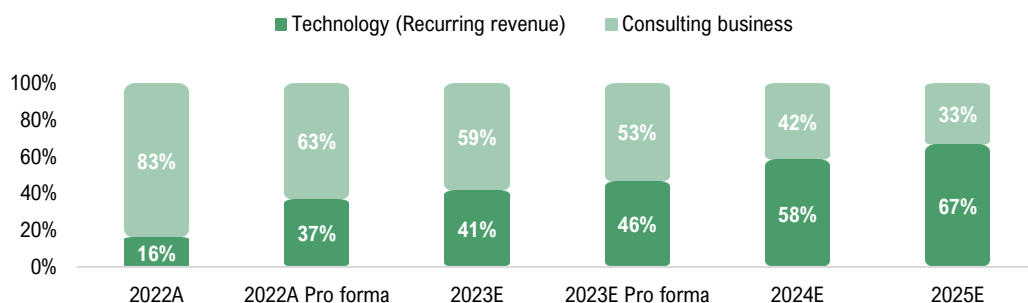
Huddlestock has won three (3) new clients in just one month (May 2023), which consists of Garantum Wealth Management to use Huddlestock Investor Services (Tracs Services), the Company's first Family Office to use Portfolio Management, and a Swedish asset management firm that has selected Bricknode Broker. As mentioned before, these deals has a combined ARR of NOK 1.9M. The fact that Huddlestock has secured three new clients within the Technology business validates the value of the Company's integrated product portfolio and can be seen as a proof of Huddlestock's wide range of use within the sector, which is also aligned with the Company's key priorities for 2023 to execute and win clients with the existing products available. Furthermore, it should be noted that Bricknode has experienced strong business momentum since the end of 2022, by signing three new significant clients for Bricknode Broker, excluding the asset manager mentioned above, which expects to drive growth in the upcoming quarters. The new customers consist of one wealth management company, one fund management company, and the corporate finance firm Vator Securities. Vator Securities is also Bricknode's first client within the corporate finance segment which implies a greater potential for Huddlestock within the corporate finance segment. One (1) new customer to Bricknode Broker implies ARR between NOK 0.4 – 2.5M, depending on functions and volume. Within Huddlestock Technology services, including Huddlestock Trader, Investor Service, Wealth and Investment Manager, as well as Bricknode Broker, is the revenue model based on recurring revenues, and dependent of functions and volume. The volume-based fee is, for exempel, dependent on factors such as the number of accounts, assets on the platform or assets under management (AUM), number of trades, and/or numbers of admin-users, and therefore, Huddlestock can grow with their clients as well.

INCREASED  
RECURRING  
REVENUES

Within the Technology business the relationship is often long because it constitutes as business-critical services and constitutes as foundational technologies for customers, which contributes to a high Total Contract Value (TCV). The high TCV and ARR explains why future revenues can be seen with a high degree of certainty. But at the same time, it also means that the sales cycles are long, which can be attributed to the fact that switching or selecting a software provider for financial services involves a thorough evaluation process. It constitutes significant business decisions and can be business-critical, considering the areas of use and complexity of the systems involved. Sales cycles are estimated to be 3-18 months, which is why having a substantial sales pipeline is crucial for scaling up the number of deals. Huddlestock has a strong sales pipeline with several prospects, and the newly combined product mix allows Huddlestock to execute on sales synergies, such as cross-selling and engage with all of the Company's prospects, which has also been confirmed by the new signed client which is utilizing several parts of the new Company. Beyond that, Huddlestock has stated that by the acquisition of Bricknode the revenue side has been identified to amount to approx. NOK 25M in increased customer revenues through the delivery of an improved onboarding process and a significantly shortened time to market approach. Analyst Group therefore assesses that Huddlestock has a good opportunity to continuing on delivering new deals, despite the long sales cycles. New clients within all verticals, and growth among Huddlestock's already existing clients, are driving factors for the overall growth going forward, which will contribute to increased ARR and that the share of recurring revenues gradually will constitute a larger portion of Huddlestock's total revenues.

#### Recurring Revenue From Technology Expects To Constitute a Large Portion Of the Total Revenues.

Net revenue distribution year 2022-2025E and pro forma revenues year 2022 and 2023E.



Source: Analyst Group's Estimates

Huddlestock's consultancy service contains of the acquired firm Visigon Nordic, and is also complemented by the acquired firm F5 IT, where the professional services is specialized to technology projects to financial institutions and financial companies, both also projects within the Huddlestock Group. The consultancy service has significant multiyear relationships with most Swedish and Danish banking groups, disruptor neobanks and innovative platforms. The revenues from the Consultancy business is estimated to amount to NOK 18.7M in Q2-23, corresponding to a growth of approx. 41% Q-Q.

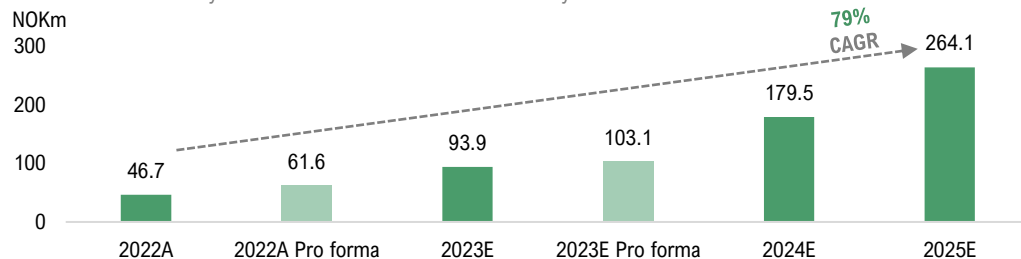
## LONG-TERM CONTRACT OF NOK ~20M

The last communicated agreement within the consultancy service consisted of a long-term contract with a Northern European central bank with an estimated value of DKK 13M, corresponding to approximately NOK 20M, over four (4) years, which is a strong validation of the high standard of the consultancy service. Huddlestock has stated that the consulting business has added more products to serve the banking industry, while maintaining good visibility for 2023 and throughout 2024 with existing and new customer contracts, despite the slightly weaker macroeconomic outlook. The consulting business also serves a wide range of customers in the financial market, creating good opportunities to integrate Huddlestock's technology with clients and/or engage consultants with new customers in the technology business, for example implementation of Huddlestock's software. As a result, Huddlestock is expected to generate additional revenue synergies as the group expands. The consulting business of Huddlestock is expected to grow at a CAGR of approximately 31% during the period 2022-2025, reaching NOK 88.4M by year 2025.

By combining and coordinating the acquired businesses and products, Huddlestock will be able to expand the addressable market with a complete end-to-end solution, win clients in all verticals, while accelerating revenues from upselling opportunities within the combined customer base. Given derived forecasts within the technology business and the consulting business, Huddlestock is expected to demonstrate a total CAGR of 79% during the period of 2022-2025, reaching NOK 264M in revenues by the year 2025.

### Revenues are Estimated to Reach NOK 264M by Year 2025.

Estimated net revenue year 2022-2025 and Pro forma revenues year 2022 and 2023.



Source: Analyst Group's Estimates

### Estimated Costs 2023-2024

Huddlestock's consolidated total cost base amounts to NOK 83.3M LTM and NOK 61.4M in the full year 2022, including materials / subcontractors, other operating costs and staffing costs. The largest cost item for Huddlestock is its personnel, which amounts to NOK 63.3M LTM and NOK 43.6M in the full year 2022. The total cost base has increased rapidly since 2021, due to upscaling the organization, by including acquisitions and continuing investments in Huddlestock's technology, adding personnel to consultancy services, as well as upgrading regulatory licenses, increasing the organizational support and customization of software. Huddlestock has outlined a cost reduction plan and an additional cost reduction plan, enabled in part by cost synergies among the acquired operations and built upon the previously communicated cost synergy initiatives, which is expected to be executed from H2-23 and throughout the year 2024.

## COST SYNERGIES FROM H2-23

### Huddlestock Have Identified Several Cost Syneriges.

Cost reduction program and additional cost reduction program, annual cost synergies.

Type of Cost Synergies	Effects From	NOKm
From two to one office in Stockholm	Q3	0.9
Termination of external development consultants (Tech team)	Q3	4.0
Simplified legal structure (accounting, auditing, licences)	Q4	0.6
Delisting from Nasdaq with associated effects	Q4	0.5
Digital Marketing Consultant	Q2	0.1
One FTE	Q4	1.0
Reduction of Servia Tech team	Q4	1.7
Other (e.g. reduce of CRM, 365 Office, marketing license)	Q4	0.5
<b>Annual savings</b>		<b>9.2</b>

Source: Huddlestock



Type of Cost Synergies	Effects From	NOKm
Terminate Market Making	Q4	0.3
Additional reduction of office cost	Q1	0.3
Reduction of Ukraine Tech Team further	Q3	1.2
Cancel additional company admin expenses	Q3	0.8
Streamline organisation	Q4	5.2
<b>Annual savings</b>		<b>7.8</b>

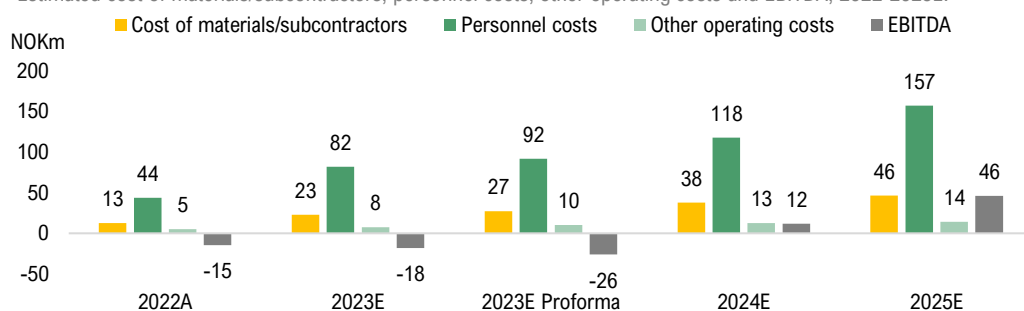
The total cost base pro forma, including cost of materials / subcontractors, personnel costs, and other operating costs, amounted to NOK 61.3M in the first half year 2023, compared to 50.2 million NOK for the consolidated financial statements. However, as mentioned earlier, Huddlestock is expected to execute on the cost reduction plan from H2-23, which is anticipated to decrease the total cost base going forward. Despite the expectation for Huddlestock to continue investing in its technology to remain at the forefront of the market and scale up sales, the Company possesses a scalable business model with an estimated low Customer Acquisition Cost (CAC) and an Average Cost of Service (ACS). This, combined with the fact that the Company is a software provider, creates good conditions for efficiently scaling up the number of customers and services without incurring significant costs. However, in the consulting business, the operations are not as scalable as in the technology business, as more and larger mandates require more consultants. Through the acquisitions, the Company possesses a robust organization where resources can be coordinated internally, and Huddlestock can leverage experts internally and externally, which is expected to contribute to a more streamlined organization. Huddlestock has guided that the Company is expected to achieve a positive EBITDA result during the month of December, 2023.

**POSITIVE EBITDA  
FOR THE FULL  
YEAR 2024**

Huddlestock's EBITDA result amounted to NOK -4.2M during H1-23, while the pro forma EBITDA result amounted to NOK -6.5M. Given that Huddlestock scales up revenues through acquiring new clients, expanding the target market with a complete end-to-end solution, and leveraging upselling opportunities among the combined customer base, in combination with the Company's continued execution of cost synergies, Analyst Group estimates that Huddlestock will achieve a positive EBITDA result for the full year 2024, performing an EBITDA margin of approximately 6.5%.

#### The Costs are Estimated to Decrease in Terms of Percentage to Sales.

Estimated cost of materials/subcontractors, personnel costs, other operating costs and EBITDA, 2022-2025E.



Forecast, Base scenario (NOKm)	2022	2023E	2023E Pro forma	2024E	2025E
Net revenue	46.7	93.9	103.1	179.5	264.1
Other operating income	0.0	0.0	0.0	0.0	0.0
<b>Total Group Revenue</b>	<b>46.7</b>	<b>93.9</b>	<b>103.1</b>	<b>179.5</b>	<b>264.1</b>
Cost of materials/subcontractors	-12.8	-22.9	-27.2	-37.7	-46.5
Personnel costs	-43.6	-81.7	-91.7	-117.6	-157.1
Other operating costs	-5.0	-7.5	-10.3	-12.6	-14.3
<b>EBITDA</b>	<b>-14.7</b>	<b>-18.2</b>	<b>-26.1</b>	<b>11.7</b>	<b>46.2</b>
EBITDA margin	-31%	-19%	-25%	6%	18%
Depreciation and amortization	-18.4	-45.6	-47.4	-49.0	-48.6
<b>EBIT</b>	<b>-33.1</b>	<b>-63.8</b>	<b>-73.5</b>	<b>-37.4</b>	<b>-2.4</b>
Ebit margin	-71%	-68%	-71%	-21%	-1%

The valuation of Huddlestock is based on a relative valuation where Huddlestock is compared to a peer group with a similar business model and addressable market. Due to Huddlestock's unique end-to-end solutions and product portfolio, it is challenging to find directly comparable businesses within the Nordic markets. Additionally, it should be noted that Huddlestock was the first publicly listed fintech company in Norway, further highlighting the absence of companies within the same market in Norway. Therefore, a slightly larger selection group has been used, despite that the companies differ in size in terms of market cap and sales, as well as geographic market and degree of maturity, there are still several similarities between the companies and Huddlestock, regarding business model, growth outlook, product offering, margins and addressable market. Huddlestock provides a cloud-based software to the financial sector, with full operational service support and a leading financial professional service business and thus also classified as a B2B SaaS-company. Hence, Huddlestock can be compared with other financial software providers with B2B SaaS offers and/or consultancy services, such as nCino, Q2, SimCorp, Temenos, Alkami Technology, Niiio Finance Group, MeridianLink Inc and Broadridge Financial Solutions.



**nCino Inc.**, is a B2B software-as-a-service company and is a global provider of cloud banking and digital solutions for the global financial services industry. The Company enhances banks and credit unions with the technology they need to meet client expectations and regulatory requirements. The Company serves financial institution customers of all sizes, including global financial institutions, enterprise banks, regional banks, community banks, credit unions and specialty lenders.

Market Cap (MUSD)  
3,247

List: Nasdaq GS



**Q2 Holdings, Inc.** is a provider of secure, cloud-based digital solutions. The Company sells its solutions to financial institutions, alternative finance and leasing companies (Alt-FIs), and financial technology companies (FinTechs). The Company's solutions enable its customers to deliver robust suites of digital banking, lending, leasing, and banking as a service (BaaS) services.

Market Cap (MUSD)  
1,896

List: NYSE



**SimCorp A/S** is a Denmark-based company engaged in the development and marketing of software solutions to the financial industry. The Company's product, SimCorp Dimension, is a customizable, modular investment management software solution for professional investment managers, which supports all elements of the investment management process. In May 2023 Deutsche Börse AG offer a public takeover offer to acquire all in SimCorp A/S at a price of DKK 735 per share. Public offer corresponds to a company value: EUR 3,870

Market Cap (MDKK)  
29,768

List: Large Cap  
Copenhagen



**Temenos AG** is a Switzerland-based company engaged in the development and marketing of banking software systems. The Company develops, markets, and sells integrated banking software systems to banking and other financial institutions worldwide. The company provides for example Temenos Transact, a banking solution that offers banking software, and data and analytics.

Market Cap (MUSD)  
4,858

List: SIX Swiss  
Exchange



**Alkami Technology** is a B2B software-as-a-service company and offers cloud-based digital banking solutions in the United States. The company's Alkami Platform allows financial institutions to onboard and engage new users, accelerate revenues, and enhance operational efficiency, with the support of a proprietary, cloud-based, and multi-tenant architecture.

Market Cap (MUSD)  
1,564

List: NASDAQ GS



**Niiio Finance Group** provides cloud-based software-as-a-service solutions for banks and financial service providers. The company offers ESG/sustainability, portfolio management, wealth management, risk management, order and execution management, advisory and financial planning, robo-advisory, client onboarding, client portal, analytics, client reporting, and billing solutions, as well as CRM for ongoing client management.

Market Cap (MEUR)  
19

List: Xetra



**MeridianLink Inc.** a software and services company, provides software solutions for banks, credit unions, mortgage lenders, specialty lending providers, and consumer reporting agencies in the United States. The company offers MeridianLink One, a multi-product platform that can be tailored to meet the needs of customers as they digitally transform their organizations and adapt to changing business and consumer demands.

Market Cap (MUSD)  
1,411

List: NYSE



**Broadridge Financial Solutions** provides technology-driven solutions for the financial services industry. The company's Investor Communication Solutions segment processes and distributes proxy materials to investors in equity securities and mutual funds, as well as facilitates related vote processing services; and distributes regulatory reports, class action, and corporate action/reorganization event information, as well as tax reporting solutions.

Market Cap (MUSD)  
21,948

List: NYSE

Key Metrics (NOKm)	nCino <sup>1</sup>	Q2 <sup>1</sup>	SimCorp <sup>1</sup>	Temenos <sup>1</sup>	Alkami <sup>1</sup>	Niio Finance <sup>1</sup>	Meridianlink <sup>1</sup>	Broadridge <sup>1</sup>	Average	Median	Huddlestock
Market Cap	34,837	20,345	45,889	52,130	16,780	215	15,143	235,501	52,605	27,591	306
Enterprise	34,700	24,917	41,291	59,957	16,900	214	18,904	278,361	59,406	29,809	320
Gross Margin	59%	46%	60%	67%	53%	33%	68%	87%	59%	59%	70%
EBITDA Margin	-8%	-11%	27%	20%	-26%	-29%	19%	23%	2%	5%	-18%
Solvency	78%	37%	55%	26%	68%	59%	53%	24%	50%	54%	56%
Net Debt/EBITDA	0.3	-26.9	0.0	2.3	1.3	26.1	4.8	3.5	1.4	1.8	0.0
Debt Ratio	0.3	1.7	0.8	2.8	0.5	0.7	0.9	3.2	1.4	0.9	0.0
Sales Growth Y-Y	49%	13%	13%	-2%	34%	203%	8%	14%	42%	14%	100%
Sales Growth CAGR (2022A-2025E)	18%	12%	8%	7%	25%	6%	8%	6%	11%	8%	78%
EBITDA Margin 2023E	12%	11%	23%	39%	-2%	-8%	36%	23%	17%	17%	-19%

### Base Scenario

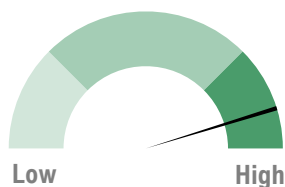
The derived fair value per share is based on a relative methodology where Huddlestock is compared to a peer group that provides financial software solutions. Huddlestock are in a rapid sales growth phase and are estimated to have a high sustainable growth going forward, which motivates the valuation to be based on sales.

Huddlestock has a relatively short financial history and has acquired several businesses in recent years. Through these acquisitions and successful coordination of operations, Huddlestock is expected to execute significant revenue synergies, while the combined offering will constitute a unique product portfolio in the market. Given successful coordination and an expanded target market through a complete end-to-end solution, as well as continued organic growth, Huddlestock is estimated to demonstrate strong growth in the coming years. However, compared to the peer group, Huddlestock is significantly smaller than the average and is in a much earlier stage, which justifies a valuation discount compared to the peer group. On the other hand, Huddlestock possesses a better capital structure than the average and median of the peer group, despite acquiring several companies, which is explained by the financing primarily being conducted through share issuances. Additionally, it should be noted that the acquired firms enables Huddlestock to leverage the operational benefit from inherent in its business model to a greater extent, which is estimated to result in improved margins. Analyst Group assumes that Huddlestock's focus going forward will primarily be on coordinating the acquired operations and products, as well as executing on the opportunities it possesses, hence a decrease in acquisition activity is anticipated. This, combined with the Company achieving a positive EBITDA result, is expected to further reduce financial risk in the future.

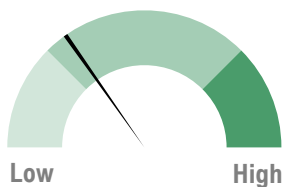
### Huddlestock in Relation to Peers, According to Analyst Group.

Weighted assessment based on financial history and estimates

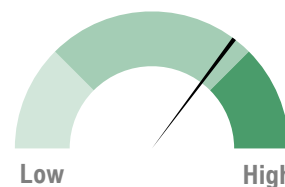
#### Revenue Growth



#### Profitability



#### Risk



Analyst Group's Estimates

<sup>1</sup>USD/NOK: 10.73, EUR/NOK: 11.57, DKK/NOK: 1.55. 2023-08-31

Company <sup>1</sup>	P/S			EV/S			EV/EBITDA		
	LTM	2023E	2024E	LTM	2023E	2024E	2022A	2023E	2024E
nCino	8.0	6.8	5.8	7.9	6.8	5.8	neg.	57.3	41.5
Q2	3.4	3.0	2.7	4.1	3.7	3.3	neg.	27.4	20.5
Simcorp	6.9	6.3	5.9	6.9	6.3	5.9	25.5	27.5	22.5
Temenos	5.1	4.9	4.5	5.9	5.6	5.2	29.4	14.4	12.8
Alkami Technology	7.7	6.0	4.8	7.7	6.1	4.8	neg.	95.5	31.7
Niiio Finace Group	2.1	2.1	1.9	2.2	2.3	2.0	neg.	neg.	18.1
Meridianlink Inc	4.9	4.5	4.1	6.1	5.7	5.2	24.8	15.7	13.5
Broadridge Financial Solutions	3.8	3.6	3.4	4.5	4.2	4.0	21.2	18.6	17.0
High	8.0	6.8	5.9	7.9	6.8	5.9	29.4	95.5	41.5
75th Percentile	7.5	6.3	5.6	7.5	6.3	5.7	28.5	57.3	29.4
<b>Average</b>	<b>5.2</b>	<b>4.7</b>	<b>4.1</b>	<b>5.7</b>	<b>5.1</b>	<b>4.5</b>	<b>25.2</b>	<b>36.6</b>	<b>22.2</b>
<b>Median</b>	<b>5.0</b>	<b>4.7</b>	<b>4.3</b>	<b>6.0</b>	<b>5.6</b>	<b>5.0</b>	<b>25.2</b>	<b>27.4</b>	<b>19.3</b>
25th Percentile	3.5	3.2	2.9	4.2	3.8	3.5	22.1	15.7	14.4
Low	2.1	2.1	1.9	2.2	2.3	2.0	21.2	14.4	12.8
<b>Huddlestock</b>	<b>4.3</b>	<b>3.3</b>	<b>1.7</b>	<b>4.5</b>	<b>3.4</b>	<b>1.8</b>	<b>neg.</b>	<b>neg.</b>	<b>27.4</b>

The peer group is valued at a median EV/S multiple of 6.0x LTM (average 5.7x), which is higher than Huddlestock's LTM valuation. Additionally, it should be noted that Huddlestock demonstrates significantly higher pro forma revenue and is expected to grow at a much faster rate than the average of the peer group, resulting in a comparison of forward EV/S multiple based on 2024 estimates. The median EV/S multiple is estimated to be 5.0x (average 4.5x), while Huddlestock is valued at 1.8x, according to Analyst Group's estimates for 2024. We believe that Huddlestock is undervalued at current levels and that, given its unique positioning as a software provider of financial solutions, higher expected growth, and scalable business model, Analyst Group believes that the current valuation gap (1.8x – 5.0x) is too large.

In addition, it should be noted that through its acquired businesses, Huddlestock will be able to offer a unique solution in the market, enabling Investment-as-a-Service, where the combined offering can expand the market and increase the Company's Net Revenue Retention (NRR) through a combined customer base and a broader product portfolio. As mentioned earlier, it is challenging to find directly comparable businesses in the Nordic markets and there are only a few players in the global market with a similar offering. Some of the leading players in the market today include DriveWealth, Wealth Kernal, and FNZ, which provide various types of B2B investment platforms through SaaS models. For example, the UK-based neobank Revolut has relatively recently added stock trading and investment accounts to its offering, with DriveWealth as a carrying broker for Revolut's brokerage services. However, it should be noted that these players and Huddlestock operate in different niches within Investment-as-a-Service with slightly varying offerings and addressable client groups, and while they are privately held. The interest in these companies are high, and several funding rounds have been conducted in the past, although the transaction details are generally not disclosed, making it difficult to determine exact valuation multiples. Nevertheless, this demonstrates the strong interest in the business model.

Given this, also considering the current challenging market climate of increased risk aversion for in particular fast-growing companies that are not yet profitable, Analyst Group believes that an EV/S multiple of 3.9x on the estimated revenue of NOK 179.5m in 2024 is justified. This results in an enterprise value of NOK 703M, which, adjusted for the net debt and not yet issued shares to Bricknode's shareholders<sup>2</sup>, yields a potential present market value of NOK 607M, or NOK 3.2 per share in a Base scenario, after taking a discount rate of 12% into account.

**NOK 3.2**  
**PER SHARE IN**  
**BASE SCENARIO**

<sup>1</sup>Collected market data from Tigr.  
<sup>2</sup>Including not yet issued shares to Bricknode, in the calculation the number of shares is calculated to be 192,033,127.

### Bull Scenario

The following is a selection of potential value drivers in a Bull scenario:

- Huddlestock wins clients at a faster pace than expected, driven by successful execution of the Company's pipeline of prospects and expansion into new target markets with the complete end-to-end solution.
- Huddlestock successfully realizes cost and revenue synergies, leading to a streamlined organization and margin expansion.
- Huddlestock's consulting business secures larger mandates from new and existing clients, further strengthening the market position.

Given above, Huddlestock is estimated to grow and perform a CAGR of 99% (2022-2025E), reaching a net revenue of NOK 234M in 2024 and NOK 370M in 2025. <sup>1</sup> As the Company performs better, a higher target multiple is motivated. By applying an EV/S target multiple of 4.2x, a potential present value per share of NOK 4.6 is motivated in a Bull scenario, after taking a discount rate of 12% into account. <sup>2</sup>

**NOK 4.6**  
PER SHARE IN  
BULL SCENARIO

### Bear Scenario

The following is a selection of potential factors in a Bear scenario:

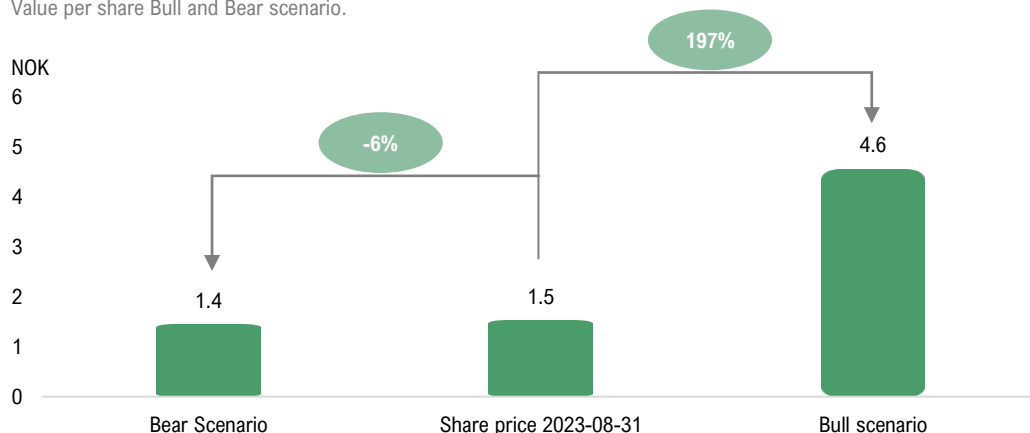
- The coordination of acquired firms and product portfolio takes longer than expected, resulting in Huddlestock's offering being less competitive and impeding the Company's ability to attract new clients.
- Huddlestock fails to streamline the organization, and the identified cost synergies are not achieved to the same extent as estimated, making it challenging for Huddlestock to achieve a positive EBITDA in the near term.
- Huddlestock's consulting business struggles to find qualified workforce, resulting in difficulties to scale up the operations.

Given above factors, Huddlestock is estimated to grow slower and perform a CAGR of 54% (2022-2025E), reaching a net revenue of NOK 124M in 2023 and NOK 21.4M in 2024. <sup>1</sup> As the Company performs worse and faces a higher need of external capital, a lower target multiple is motivated. By applying an EV/S target multiple of 2.7x, a potential present value per share of NOK 1.4 is motivated in a Bear scenario, after taking a discount rate of 12% into account. <sup>2</sup>

**NOK 1.4**  
PER SHARE IN  
BEAR SCENARIO

#### Illustration of Potential Valuation In a Bull and Bear Scenario.

Value per share Bull and Bear scenario.



Source: Analyst Group's Estimate

<sup>1</sup>Refer to Appendix page 20-21 for forecasts in the Bull and Bear scenarios.

<sup>2</sup>Including not yet issued shares to Bricknode, in the calculation the number of shares is calculated to be 192,033,127.



## Øyvind Hovland, Chairman

Øyvind is a serial entrepreneur with more than 25 years of experience in starting and scaling companies in various industries. In addition to Huddlestock Fintech, it is notably Cyviz AS – with offices globally, and Vision IO AS, a leading optic camera provider to the Oil and gas industry.



## Morten Flørenæss, Board member

Morten has been an instrumental part of the management in all the Tracs companies prior to now getting more engaged in Tracs Accounting as their CEO. Morten brings stability, financial and administrative know how to the Board.



## Ramtin Matin, Board member

Ramtin is Head of Innovation at Sparebank 1 SR-Bank. He has a strong track record in technology innovation within the financial services industry, applying AI and Blockchain. His previous roles include hands-on participation in portfolio companies within SR-Banks Venture Fund Finstart Nordic, regional lead and Senior Solutions Architect for SAS Institute, management consulting with PWC.



## Jan Sigurd Vigmostad, Board member

Jan Sigurd is the Chief Operating Officer for Glastad Holding, which is the parent company of most of the Group's investments, including Huddlestock Fintech AS. He has a long and distinguished career with investments and finance and brings to the board a wealth of knowledge and experience.



## John E. Skajem, Group CEO

John Egil is the Group CEO of Huddlestock Fintech AS. Following a long career in international finance and working for global investment banks, asset managers and large universal banks, John has gained a thorough understanding of all aspects of the financial services industry. He holds MBA work from the University of Chicago.



## Anders Peinert, Chief Financial Officer

Anders is the Financial Officer of the Group. Anders has a strong and solid track record from more than 30 years of experience in the financial industry. He has most of his career been an investment manager at leading Nordic asset management companies like Storebrand and Alecta. In his career he has gained international experience from working in London, Stockholm and Oslo. He has a Bachelor of Business Administration from University of New Mexico.



## Petter Midtsian, Chief Consulting Officer

Petter is a co-founder of Visigon with a M.Sc in Engineering and a B.Sc. in Business from Uppsala University. He has a strong background in consulting and the financial industry with experience from many banks and financial institutions in the Nordics.





## Leif Arnold Thomas, Chief Corporate Development

Leif Arnold is Head of Corporate Development in Huddlestock. Leif ArnoldMr Thomas has more than 20 years of experience from the Nordic Fintech industry, including several years and various positions at Oslo Børs, VPS and Euronext. From 2017-2022 he was responsible of the group's Fintech spinoff Centevo, a SaaS provider within the portfolio- and fund management segment. Before entering Huddlestock, mr Thomas worked as CEO at the startup Dtech, a Fintech provider within the pension industry that became part of Huddlestock group March 2023.



## Daniel Risberg, Chief Product Officer

Daniel has extensive experience in product development in several roles. His years in international organizations and projects have provided broad knowledge in the FinTech industry. He has a master's degree in Information Systems and a bachelor's degree in International Business from University of Uppsala.



## Stefan Hillebrand, Chief Technical Officer

Stefan has created and developed companies within finance and technology since 1998. In 2000 he started managing money and founded a US-based hedge fund in 2001 based on algorithmic trading. In 2005 he founded SYCAP Group which offered a global trading platform for FX, Spread Betting and CFD Trading with offices in Sweden and the UK. In 2010 he founded Bricknode and has developed the company ever since.



## Erik Hagelin, Chief Strategy Officer

Erik is responsible for strategy and partnerships among several other important tasks in Huddlestock. Before joining Bricknode, Erik was involved in the real estate investments area for more than 10 years. He joined Bricknode in 2016 and has been the Co-CEO, responsible for the commercial development and administration in the group.



## Inger Sofie Korbøl, Chief Investor Services

Inger Sofie is the Chief Investor Services as CEO, Head of compliance and the responsible manager for Tracs Services AS. Following a long career in real estate and the financial industry working with settlement and unit holder registry, Inger Sofie has gained a thorough insight and understanding for the securities trading and custodian services. She holds the licences from the Norwegian FSA.

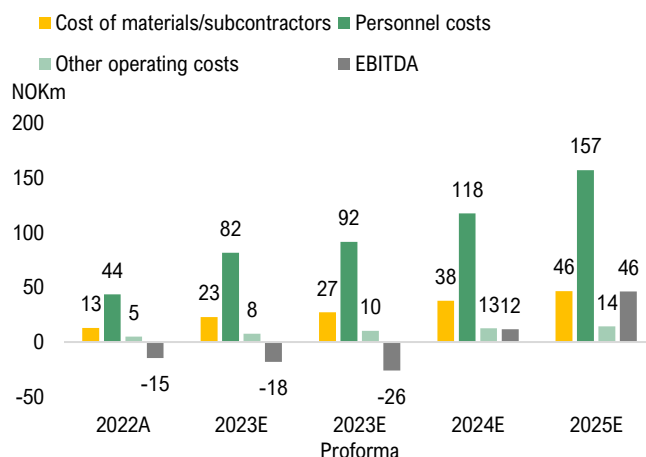
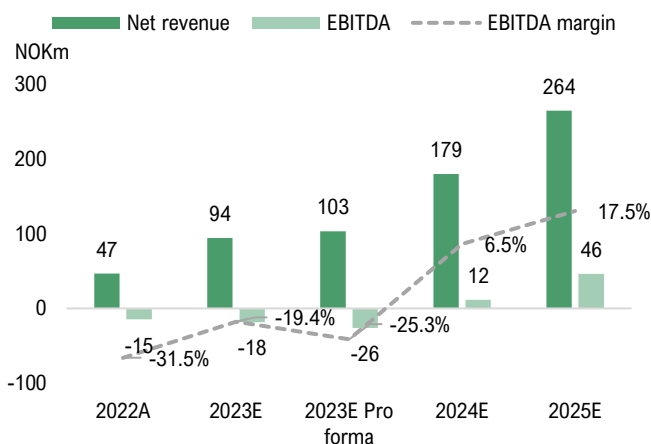
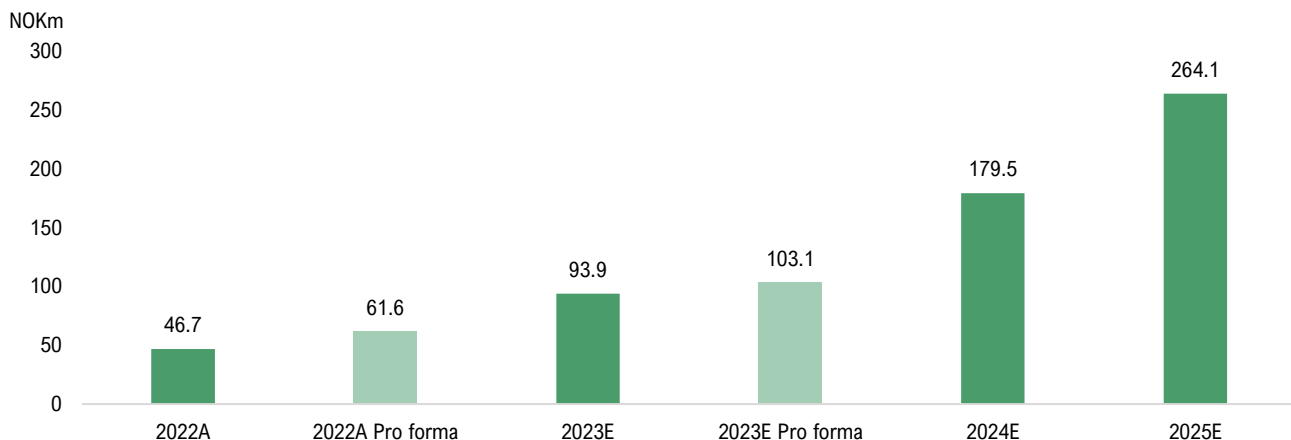


## Robert Fuchsgruber, Chief Commercial Officer

Robert is the CEO of Huddlestock's German business. He brings extensive experience from B2B business with independent wealth managers in Germany and digital solutions for private client platforms. While at DAB BNP, Robert was a member of BNP Paribas' Executive Committee for Private Investors overseeing Consorsbank, DAB and BNP Private Banking since 2016, and a member of BNP Paribas' Executive Committee for Germany. He joined DAB BNP Paribas in 2008.

Base Scenario (NOKm)	2022	LTM	2023E	2023E Pro forma	2024E	2025E
Net revenues	46.7	70.7	93.9	103.1	179.5	264.1
Other operating income	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total Group revenue</b>	<b>46.7</b>	<b>70.7</b>	<b>93.9</b>	<b>103.1</b>	<b>179.5</b>	<b>264.1</b>
Cost of materials/subcontractors	-12.8	-21.5	-22.9	-27.2	-37.7	-46.5
Personnel costs	-43.6	-63.3	-81.7	-91.7	-117.6	-157.1
Other operating expenses	-5.0	1.5	-7.5	-10.3	-12.6	-14.3
<b>EBITDA</b>	<b>-14.7</b>	<b>-12.6</b>	<b>-18.2</b>	<b>-26.1</b>	<b>11.7</b>	<b>46.2</b>
EBITDA margin	-31%	-18%	-19%	-25%	6%	18%
Depreciation / Amortization	-18.4	-21.0	-45.6	-47.4	-49.0	-48.6
<b>EBIT</b>	<b>-33.1</b>	<b>-33.6</b>	<b>-63.8</b>	<b>-73.5</b>	<b>-37.4</b>	<b>-2.4</b>
EBIT margin	-71%	-47%	-68%	-71%	-21%	-1%

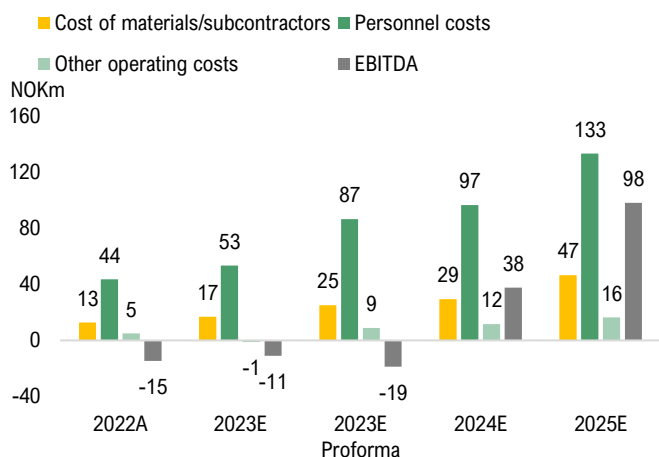
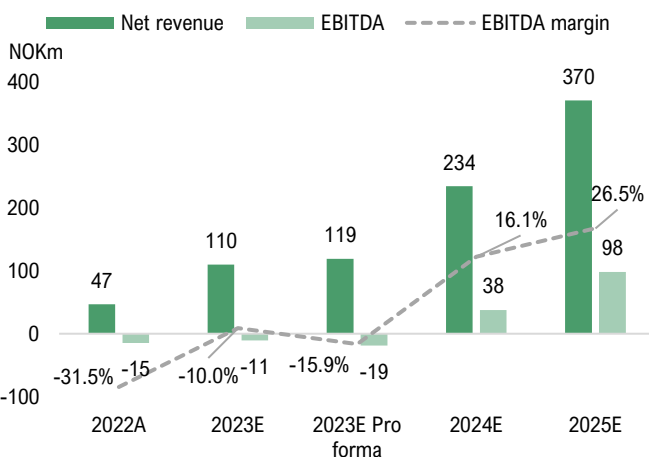
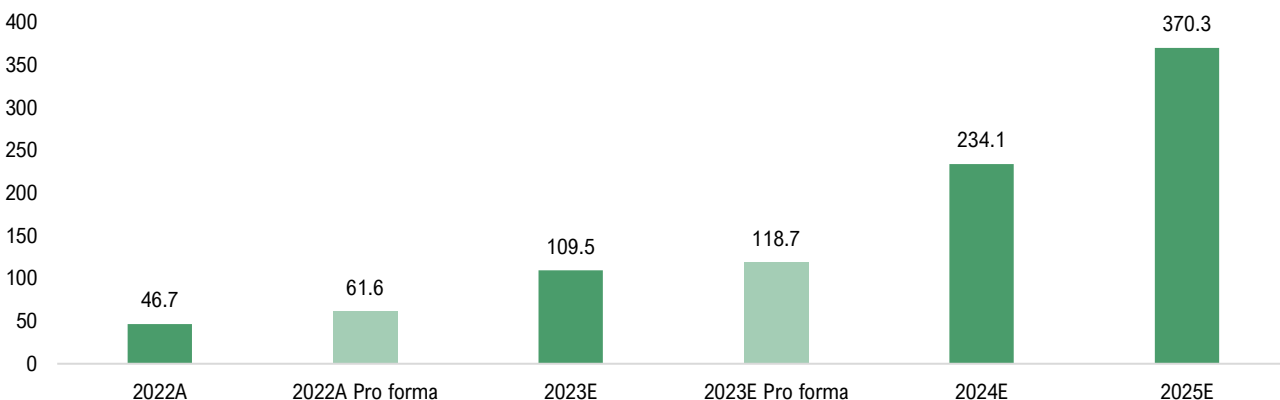
Key Metrics	2022	LTM	2023E	2023E Pro forma	2024E	2025E
P/S	6.6	4.3	3.3	3.0	1.7	1.2
EV/S	6.9	4.5	3.4	3.1	1.8	1.2
EV/EBIDA	-21.8	-25.5	-17.6	-12.3	27.4	6.9
EV/EBIT	-9.7	-9.5	-5.0	-4.4	-8.6	-134.0



Bull Scenario (NOKm)	2022	LTM	2023E	2023E Pro forma	2024E	2025E
Net revenues	46.7	70.7	109.5	118.7	234.1	370.3
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Group revenue</b>	<b>46.7</b>	<b>70.7</b>	<b>109.5</b>	<b>118.7</b>	<b>234.1</b>	<b>370.3</b>
Cost of materials/subcontractors	-12.8	-21.5	-25.2	-29.5	-46.6	-61.1
Personnel costs	-43.6	-63.3	-86.5	-96.5	-133.4	-194.4
Other operating expenses	-5.0	1.5	-8.8	-11.6	-16.4	-16.7
<b>EBITDA</b>	<b>-14.7</b>	<b>-12.6</b>	<b>-11.0</b>	<b>-18.8</b>	<b>37.7</b>	<b>98.1</b>
EBITDA margin	-31%	-18%	-10%	-16%	16%	27%
Depreciation / Amortization	-18.4	-21.0	-45.6	-47.4	-49.0	-48.6
<b>EBIT</b>	<b>-33.1</b>	<b>-33.6</b>	<b>-56.6</b>	<b>-66.3</b>	<b>-11.4</b>	<b>49.5</b>
EBIT margin	-71%	-47%	-52%	-56%	-5%	13%

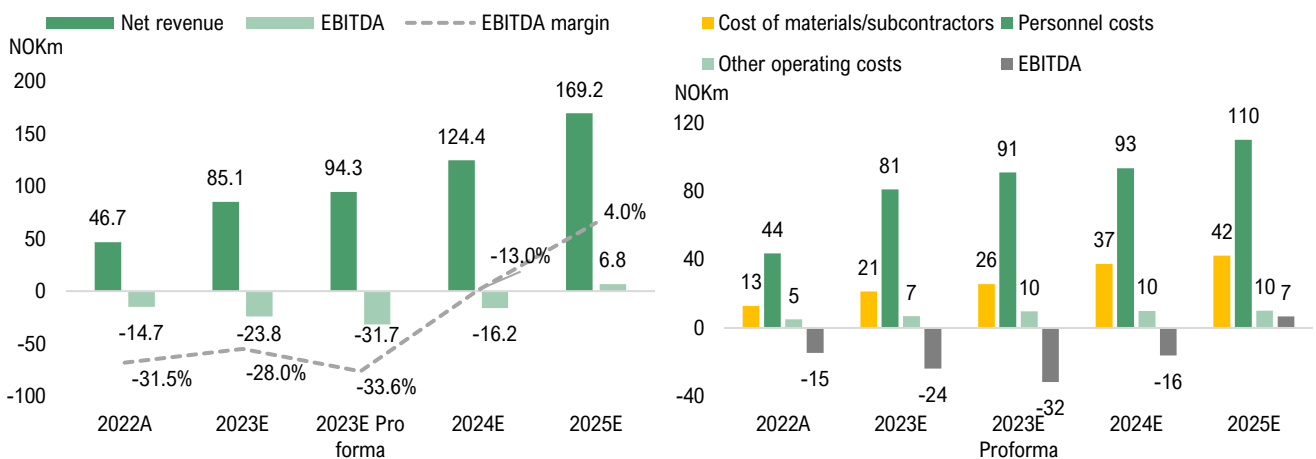
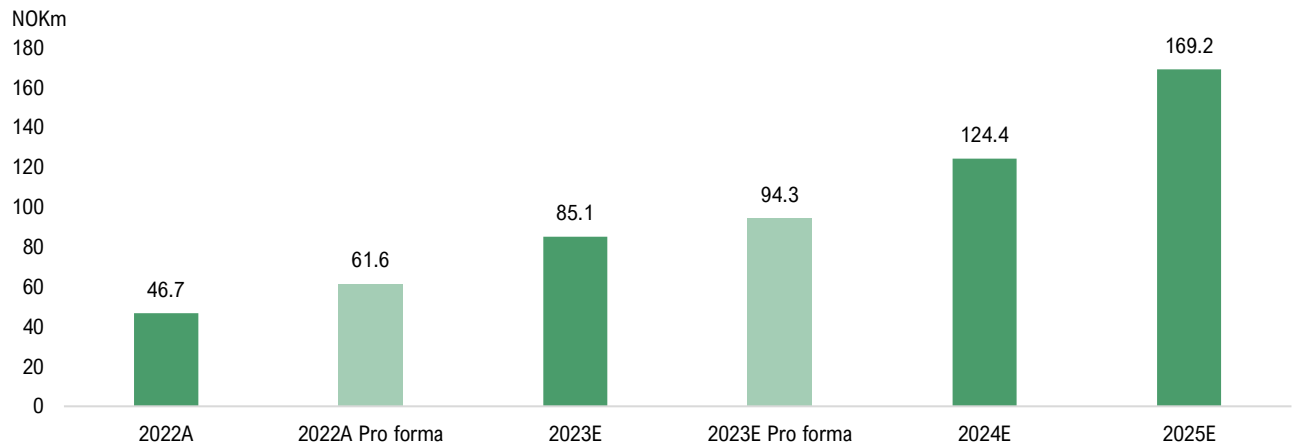
Key Metrics	2022	LTM	2023E	2023E Pro forma	2024E	2025E
P/S	6.6	4.3	2.8	2.6	1.3	0.8
EV/S	6.9	4.5	2.9	2.7	1.4	0.9
EV/EBIDA	-21.8	-25.5	-29.2	-17.0	8.5	3.3
EV/EBIT	-9.7	-9.5	-5.7	-4.8	-28.2	6.5

NOKm



Bear Scenario (NOKm)	2022	LTM	2023E	2023E Pro forma	2024E	2025E
Net revenues	46.7	70.7	85.1	94.3	124.4	169.2
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Group revenue</b>	<b>46.7</b>	<b>70.7</b>	<b>85.1</b>	<b>94.3</b>	<b>124.4</b>	<b>169.2</b>
Cost of materials/subcontractors	-12.8	-21.5	-21.3	-25.6	-37.3	-42.3
Personnel costs	-43.6	-63.3	-80.8	-90.8	-93.3	-110.0
Other operating expenses	-5.0	1.5	-6.8	-9.6	-10.0	-10.2
<b>EBITDA</b>	<b>-14.7</b>	<b>-12.6</b>	<b>-23.8</b>	<b>-31.7</b>	<b>-16.2</b>	<b>6.8</b>
EBITDA margin	-31%	-18%	-28%	-34%	-13%	4%
Depreciation / Amortization	-18.4	-21.0	-45.6	-47.4	-49.0	-48.6
<b>EBIT</b>	<b>-33.1</b>	<b>-33.6</b>	<b>-69.4</b>	<b>-79.1</b>	<b>-65.2</b>	<b>-41.8</b>
EBIT margin	-71%	-47%	-82%	-84%	-52%	-25%

Key Metrics	2022	LTM	2023E	2023E Pro forma	2024E	2025E
P/S	6.6	4.3	3.6	3.2	2.5	1.8
EV/S	6.9	4.5	3.8	3.4	2.6	1.9
EV/EBIDA	-21.8	-25.5	-13.4	-10.1	-19.8	47.3
EV/EBIT	-9.7	-9.5	-4.6	-4.0	-4.9	-7.7



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## **Other**

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The parts that the Company has been able to influence are the parts that are purely factual and objective.

The analyst does not own shares in the Company.

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