

## 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

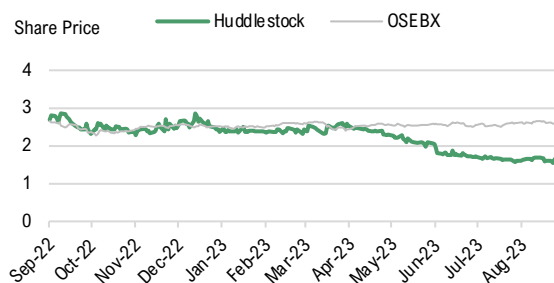
**Base**  
NOK 3.2

**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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