

Huddlestock



Charting the Path to Profitable Growth in 2024

Huddlestock Fintech AS ("Huddlestock" or the "Company") has demonstrated high growth of 88% throughout the full year of 2023 and expanded the Company's focus on achieving profitable growth. The strong value proposition and expanded product offering within *Investment-as-a-Service* has resulted in increased recurring revenues and a solid pipeline of new prospects, expected to drive new deals and growth in the near future. This, combined with a positive outlook for the *Professional Service* division in 2024, justifies a high activity throughout the year 2024. Huddlestock is estimated to reach a revenue of NOK 141M in 2024, and based on an applied EV/S target multiple of 4.1x, a potential fair value of NOK 2.4 (2.9) per share is derived in a Base scenario.

Strong Growth Due to High Business Activity...

During Q4-23, Huddlestock achieved the Company's highest recorded quarterly net revenue, amounting to NOK 25.2M (13.8), representing growth of 82% YoY and 16% QoQ. Despite the revenue increase primarily attributed to acquisitions, Huddlestock has also demonstrated organic growth through high business activity in both the Technology and Professional Service divisions. For the full year, 2023, Huddlestock demonstrates a net revenue growth of 88%, reaching approximately NOK 88M (47), with growth observed in both the *Technology* and *Professional Service* divisions.

...but Increased Operating Losses During Q4-23

The EBITDA result was NOK -8.3M (-8.3) in Q4-23, which is in line with the corresponding period of the previous year. However, compared to the previous quarter (Q3-23), both EBITDA and EBIT results deteriorated by NOK 4.3M and NOK 15.7M, respectively. In comparison to Q3-23, Huddlestock reduced personnel costs by approximately NOK 3M, while other operating expenses and depreciation and amortization came in significantly higher than the previous quarter and above our expectations. However, Analyst Group assesses that the increase in other operating expenses and depreciation and amortization is due to Leif Arnold Thomas being the new CEO, with the quarterly report being his first, and thus conducting necessary write-downs and one-time costs to clean up the balance sheet and achieve the goal of profitable growth. Therefore, Analyst Group chooses not to place too much emphasis on the increased operating losses.

We Extend the Forecast Period to 2026

Analyst Group has extended the forecast period to 2026, Huddlestock is expected to demonstrate a CAGR of 46% during the years 2023-2026, driven in part by strong new customer acquisition and expanded mandates. However, Huddlestock Solutions were divested in November, which is estimated to entail a financial impact during H1-24. In combination with slightly lower revenue than previous estimates, this has prompted us to make adjustments to our financial forecasts.

VALUATION RANGE

Bear
NOK 0.8

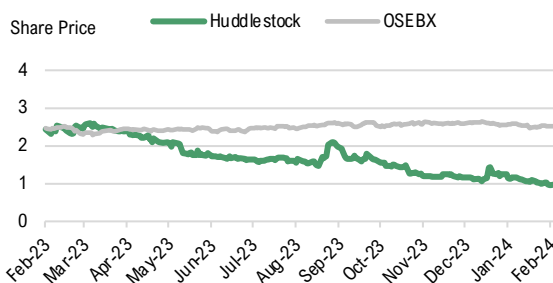
Base
NOK 2.4

Bull
NOK 3.8

KEY INFORMATION

Share Price (2024-02-29)	0.9
Shares Outstanding ¹	190,639,625
Market Cap (NOKm)	175
Net cash(-)/debt(+)	9.3
Enterprise Value (NOKm)	184
List	Euronext Growth Oslo
Quarterly report 1 2023	2024-05-23

SHARE PRICE DEVELOPMENT



OWNERS (SOURCE: INTERIM REPORT)

Nordnet Bank AB	10.9%
Njord Group AS	7.3%
SAA Invest	5.9%
Vision Invest Stavanger AS	4.9%
Bank Julius Bär & Co	4.2%

Estimates (NOKm)	2022	2023	2024E	2025E	2026E
Net revenue	46.7	87.7	140.5	207.0	274.7
Total Group Revenue	46.7	87.7	140.5	207.0	274.7
Materials/subcontractors	-12.8	-3.0	-5.6	-7.9	-8.5
Personnel costs	-43.6	-75.3	-89.9	-123.2	-142.8
Other operating expenses	-5.0	-26.1	-33.7	-29.0	-33.0
EBITDA	-14.7	-16.7	11.2	47.0	90.4
EBITDA margin	-31.5%	-19.0%	8.0%	22.7%	32.9%
P/S ¹	4.2	2.3	1.4	1.0	0.7
EV/S ¹	4.4	2.4	1.5	1.0	0.8
EV/EBITDA ¹	-14.1	-12.4	18.4	4.4	2.3

¹Excluding not yet issued shares to Bricknode.

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Other

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