

Huddlestock



Profitable Consulting Services and High Growth Potential Within IaaS

Huddlestock Fintech AS ("Huddlestock" or the "Company") first quarter of 2024 demonstrated strong and solid profitability within consulting services, with an EBITDA margin of 26%. At the same time, Huddlestock possesses high growth potential within Investment-as-a-Service ("IaaS") through a strong value proposition and expanded product offering, which has resulted in a solid pipeline of new prospects, expected to drive new deals and growth in the near future. This, combined with a stable 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 116M in 2024, and based on an applied EV/S target multiple of 4.3x, a potential fair value of NOK 2.4 (2.4) per share is derived in a Base scenario.

Increased Proportion of Recurring Revenues LTM

Huddlestock's net revenues amounted to NOK 20.6M (16.6), representing a growth of 24% YoY and -9% QoQ. The YoY increase is primarily explained by the three acquisitions the Company made during 2023, while the QoQ decrease is attributed to the divestment of Huddlestock Solutions. Consequently, Huddlestock's revenues amounted to NOK 89.2M LTM, indicating that Huddlestock has sequentially increased its revenue on an LTM basis, driven by acquisitions, but also new customers and expansion among existing customers within the IaaS, and extended new mandates within the consulting services. The proportion of recurring revenues related to the IaaS offering has also increased sequentially and amounts to 49% of the Company's total revenue on an LTM basis, which Analyst Group highlights as a strong data point.

Implemented Cost Plan Starts to Show Effects

During Q1-24, Huddlestock's EBITDA amounted to NOK -3.8M (-2.4), which represents an increase YoY, but a significant decrease QoQ, where Huddlestock showed a negative EBITDA result of NOK 8M during Q4-23. The reduced EBITDA loss QoQ is a result of decreased operating expenses, where Huddlestock's total operating expenses amounted to NOK 24.4M, representing a reduction of the cost base by NOK 6M QoQ. This reduction is partly explained by the implemented cost plan, which is starting to show effects. Additionally, the consultancy services showed good profitability during the quarter, which also contributed to a reduced EBITDA loss, with the business area demonstrating an EBITDA margin of 26%.

Securing Financing Through a Convertible Loan

After the end of the quarter, Huddlestock secured necessary capital primarily in the short-term perspective, but also in the mid-term, through a convertible loan to existing shareholders of NOK 12M. With additional secured funding, Huddlestock is enabled to further execute on the roadmap to EBITDA positive and leverage the Company's well-established position. With secured financing, Analyst Group estimates a strong market focus from H2-24, where we assess that Huddlestock will successfully drive new deals and growth going forward.

VALUATION RANGE

Bear
NOK 0.7

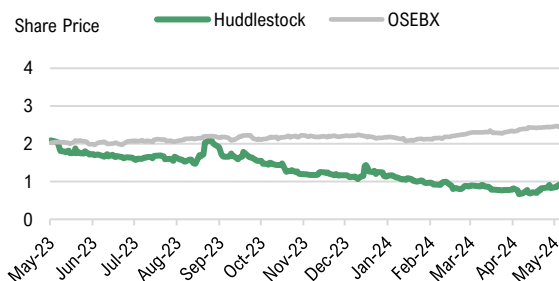
Base
NOK 2.4

Bull
NOK 3.6

KEY INFORMATION

Share Price (2024-06-05)	0.9
Shares Outstanding ¹	190,639,625
Market Cap (NOKM)	166
Net cash(-)/debt(+)	19.7
Enterprise Value (NOKM)	186
List	Euronext Growth Oslo
Quarterly report 2 2023	2024-08-29

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	85.2	116.1	169.5	223.8
Total Group Revenue	46.7	85.2	116.1	169.5	223.8
Materials/subcontractors	-12.8	-0.5	-5.8	-6.4	-6.9
Personnel costs	-43.6	-75.3	-74.9	-100.9	-120.8
Other operating expenses	-5.0	-25.8	-31.4	-33.1	-35.8
EBITDA	-14.7	-16.4	4.1	29.2	60.2
EBITDA margin	-31.5%	-19.3%	3.5%	17.2%	26.9%
P/S ¹	3.7	2.0	1.5	1.1	0.8
EV/S ¹	4.1	2.3	1.7	1.2	0.9
EV/EBITDA ¹	-13.2	-11.8	49.1	6.8	3.3

¹Excluding 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's SaaS empowers the embedding of low-cost, efficient white-label trading and investment services, underpinning Huddlestock's mission of delivering financial inclusion by democratizing access to capital markets. 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.

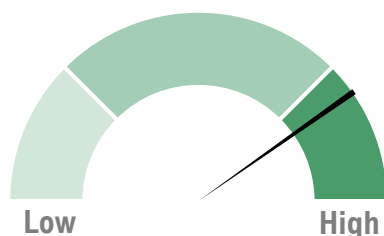
CEO AND CHAIRMAN

CEO	Leif Arnold Thomas
Chairman	Øyvind Hovland

ANALYST

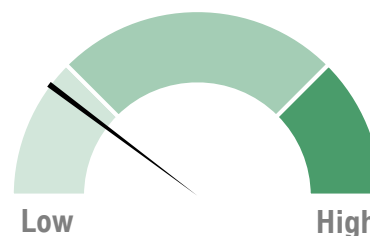
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Value Drivers



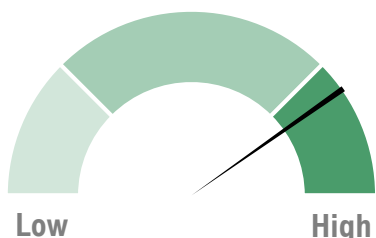
Huddlestock offers a crucial services for their clients, which results in a strong business moat. Huddlestock can grow with its clients with low sales efforts, which facilitates increased sales and operating margins going forward. Additional value drivers are the new clients in all verticals, where Huddlestock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

Historical Profitability



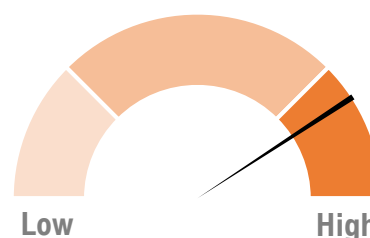
Huddlestock has been focusing on developing the Company's product portfolio, through investing in technology and develop the previous acquired firms, which has led to a negative short-term effect on the Company's profitability. Analyst Group expects that Huddlestock will scales up the client portfolio 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 & 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. Leif Arnold Thomas has assumed the role of the Company's new group CEO as of February 2024. Leif Arnold Thomas has broad and extensive experience, including various management positions and many years of experience industrializing fintech companies.

Risk Profile



As of March 31st, 2024, Huddlestock's cash and cash receivables amounted to NOK 10M, while the current loans and borrowing amounted to NOK 29.6M. After the end of the quarter, Huddlestock completed a private placement of convertible debt, raising NOK 12.5M. During Q4-23, Huddlestock also conducted a capital raising, which includes warrants, meaning that Huddlestock has the opportunity to raise an additional NOK 13.2M through the warrants by the end of 2024, consequently reducing the risk of further external capital raising in the future.



Net Revenue Growth of 24% YoY

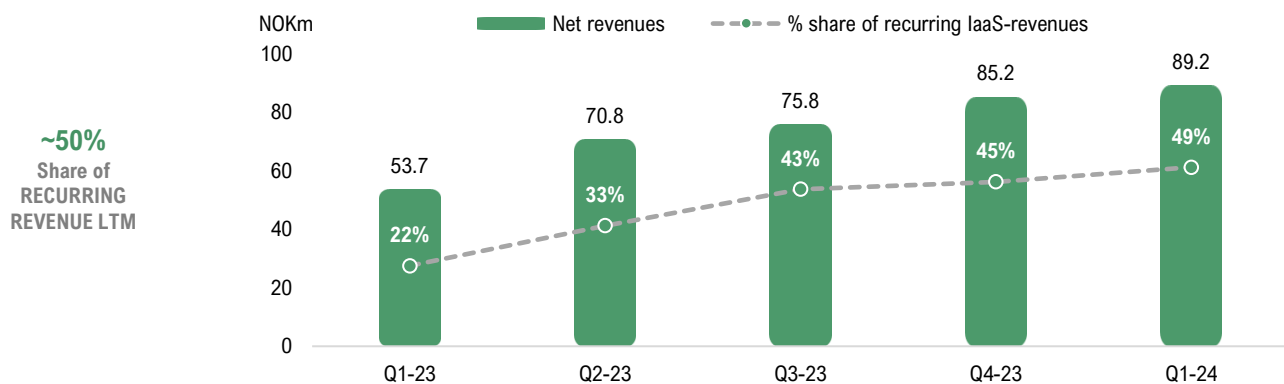
During the first quarter of 2024, Huddlestock's net revenue amounted to NOK 20.6M (16.6), representing a growth of 24% YoY and a decrease of 9% Q-Q, as the revenue in the previous quarter (Q4-23) amounted to NOK 22.6M. The YoY revenue increase is primarily supported by three acquisitions (Tracs Group, Dtech, and Bricknode), which were consolidated in Q2-23. It should also be noted that the revenue comparison has decreased as the comparison period includes the operations of Huddlestock Solutions (formerly F5IT), which was divested through a management buyout completed at the end of November 2023. In terms of the Last Twelve Months (LTM), Huddlestock's revenue amounts to NOK 89.2M, indicating that Huddlestock has sequentially increased its revenue on an LTM basis, compared to the revenue for the full year 2023 of NOK 85.2M or NOK 53.7M at the same time the previous year. The LTM revenue increase is likewise primarily attributed to Huddlestock's acquisitions of Tracs Group, Dtech, and Bricknode, despite the divestment of Huddlestock Solutions. However, revenue growth has also been driven by new customers, as well as expansion among Huddlestock's existing customers within the Investment-as-a-Service offering ("IaaS"), and extended new mandates within the consulting services. Consequently, the proportion of recurring revenues related to the IaaS offering has also increased sequentially and amounts to 49% of the Company's total revenue on an LTM basis. Analyst Group views it as a strong performance to have sequentially increased revenues on an LTM basis and that the share of the revenue base from recurring revenues from the IaaS offering constitutes an increasingly larger portion of the Company's total revenue, making up approximately 50% on an LTM basis.

NOK 20,6M
NET REVENUE
Q1-23

NOK 89,2M
NET REVENUES
LTM

Sequential Growth on an LTM Basis with an Increased Proportion of Recurring Revenues.

Net revenue and % share of recurring IaaS-revenues, LTM-basis, Q1-23 – Q1-24.



~50%
Share of
RECURRING IaaS-
REVENUES
LTM

Huddlestock's revenue mix is derived from recurring revenues from Investment-as-a-Service (IaaS) and project-based revenues from consulting services. The recurring revenues within the IaaS offering are based on monthly licenses, assets under management ("AuM") or assets under administration ("AuA"), and transaction fees, where the IaaS offering provides access to investment tools and expertise without the need for extensive infrastructure or in-house resources. Revenues from IaaS are thus driven by the number of B2B customers and product offering, where a strong and expanded product offering contributes to a high net revenue retention rate ("NRR"), but is also fundamentally impacted by the stock market development. Within consulting services, Huddlestock offers customized strategic and technical solutions assisting clients in improving their operations, where revenues are project-based and generally build on multiyear relationships with large multinational institutions, with technology implementation within the whole financial market driving revenues within this business area.

During Q1-24, recurring revenues from IaaS accounted for 39% of the Company's total revenue for the quarter, amounting to approximately NOK 8M, compared to 19% during the same period the previous year (Q1-23), which amounted to approximately NOK 3M, thus showing a growth of approximately 155%, primarily explained by the three acquisitions but also sequentially impacted by the divestment of Huddlestock Solutions. Consequently, revenues from consulting services accounted for 61% of the Company's total revenue, amounting to approximately NOK 12.6M, compared to approximately NOK 13M during the same period the previous year. It should also be noted that, when compared to the previous quarter, revenues from each revenue stream showed a similar distribution, with recurring revenues from IaaS accounting for 39% and project-based revenues from consulting services accounting for 61%. However, it should be added that revenues from consulting services are affected by seasonal effects, leading to somewhat fluctuating revenues on a quarterly basis.

NOK 8M
RECURRING IaaS-
REVENUES
Q1-24

NOK 13M
REVENUES
CONSULTING
SERVICES
Q1-24

LOI
WITH AVL IN THE
GERMAN MARKET



REDUCED
PERSONNEL COSTS
QoQ

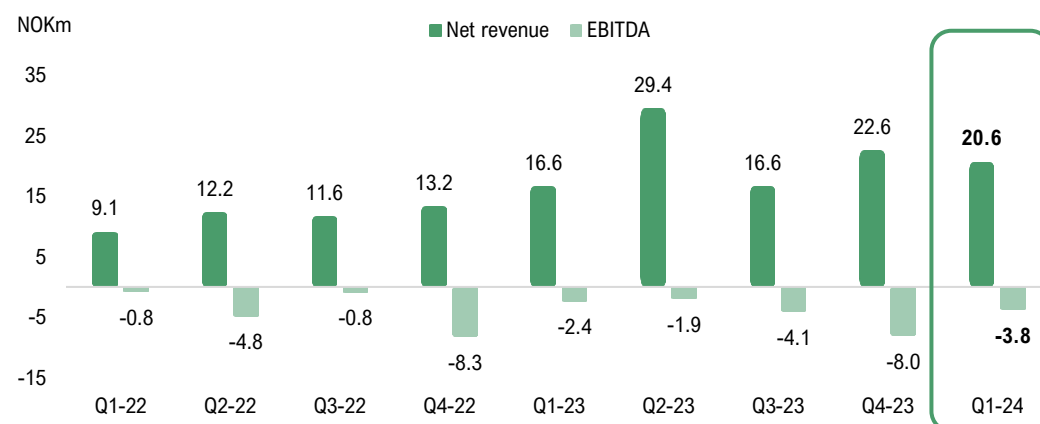
Thus, we conclude that Huddlestock has shown a solid start to 2024, with a growth of 24% YoY and sequential growth on an LTM basis with a continued increase in the proportion of recurring revenues from IaaS, which Analyst Group highlights as a strong data point from the report. However, the growth rate for the quarter is somewhat lower than Analyst Group's estimate, which is partly explained by the divestment of Huddlestock Solution. Overall, the quarter shows that Huddlestock's consulting services demonstrate good and stable profitable revenues, with revenues from this business area being relatively in line with the previous year, while the IaaS business consists of recurring revenues and represents a growing part of the Company's total revenue. Revenues from IaaS are estimated to have been affected by the divestment of Huddlestock Solutions but are still expected to show underlying growth due to the new customers Huddlestock signed during the full year of 2023. Analyst Group also considers this business area to be a significant and important growth driver going forward, possessing high growth potential due to the large serviceable market in the Nordic region and additional upside potential in the German market, where Huddlestock signed an LOI with AVL in January 2024, which we commented on [here](#).

Implemented Cost Plan Starts to Show Effects

During the first quarter of 2024, Huddlestock's total operating expenses (including cost of materials/subcontractors) amounted to NOK 24.4M (19), noting that the acquisitions have also resulted in a larger total cost base in the YoY comparison. Compared to the previous quarter (Q4-23), Huddlestock has reduced the cost base, as the total operating expenses amounted to NOK 30.6M, corresponding to a decrease of NOK 6M, and compared to Q3-23, total operating expenses decreased by approximately NOK 1.3M, which then amounted to approximately NOK 25.7M. The reduced cost base QoQ is particularly attributed to decreased other operating expenses, which decreased by NOK 7.4M, but also a reduction in the Company's largest cost item, personnel costs, which decreased QoQ by approximately NOK 1.5M. In total, Huddlestock's EBITDA result during the first quarter of 2024 amounted to NOK -3.8M (-2.4), which represents an increase YoY, explained by the acquisitions and the increased cost base in the Company, but a significant decrease QoQ, where Huddlestock showed a negative EBITDA result of NOK 8M during Q4-23. Additionally, it should be noted that the consultancy services show good profitability during the quarter, where Huddlestock highlights that the business area demonstrates an EBITDA margin of 26%, which is estimated to amount to approximately NOK 3.3M given that revenues from the business area amounted to approximately NOK 12.6M during the quarter. However, it should be noted that Huddlestock has not historically reported revenues and EBITDA results for each business area separately.

Net Revenues and EBITDA Results on a Quarterly Basis, Decreased EBITDA loss QoQ.

Net revenue and EBITDA on a quarterly basis, Q1-22 – Q1-24.



Overall, Analyst Group is of the opinion that Huddlestock has successfully implemented cost synergies and maintained stable cost control, which is a result of the implemented cost plan starting to show effects and is evident in the QoQ comparison where total operating expenses decreased by NOK 6M. At the same time, Huddlestock highlights that the Company continues to execute on the roadmap to an EBITDA-positive result, which is based on a continued focus on recurring IaaS sales, continued profitable growth within consultancy services, increased efficiency and enhanced structures, as well as continued focus on cost control and cost reduction.

Analyst Group therefore assesses that Huddlestock will continue to focus on reducing the cost base, where the full effect of the cost savings is estimated to be realized in H2-24, while we highlight the high growth potential within the IaaS business, as well as a solid utilization rate within consultancy services, which we consider to position the Company well to achieve a neutral EBITDA result for the full year of 2024.

Securing Financing in the Short- and Mid-Term Perspective

At the end of Q1-24, Huddlestock's cash and equivalents amounted to NOK 9.9M, compared to NOK 10.2M at the end of December (Q4-23), representing a decrease in net cash and equivalents of NOK 0.3M. During the quarter, the net cash flow from operating activities from continuing operations amounted to NOK -7M, equivalent to an operational burn rate of approximately NOK 2.3M per month over the period. However, the quarter was negatively affected by changes in working capital, and the net cash flow from operating activities before changes in working capital amounted to NOK -4M during the quarter, equivalent to a burn rate of approximately NOK 1.4M per month over the period, which is in line with the average of the previous year. As a result of increased debt of NOK 9M during the quarter, the cash balance is relatively unchanged compared to the end of the previous quarter.

In line with Huddlestock's previous communication that the Company's key priorities going forward are to explore and identify financing alternatives, to support Huddlestock's strategy and to maximize execution on the Company's strong position and product offering, Huddlestock has secured additional funding through a convertible loan to existing shareholders of NOK 12.5M after the quarter. On May 29, after the end of the quarter, Huddlestock announced that the Company has successfully completed a private placement of convertible debt, raising NOK 12.5M, securing financing in the short and mid-term. The convertible loan carries an interest rate of 10% and the conversion date is set for 18 months from the date of settlement of the private placement (May 30, 2024), meaning the convertible loan matures in December 2025, with a conversion rate of NOK 1 per share in the Company. Additionally, it should be noted that several members of the Company's management and board participated in the private placement of the convertible loan, including Willebrand Group AB, associate of board member Stefan Willebrand, which subscribed for NOK 200K, Untie Group AB, associate of board member Stefan Willebrand and board member Erik Hagelin, which subscribed for NOK 600K, and Investor Relations and Corporate Development Officer John Egil Skajem, who subscribed for NOK 150K.

Analyst Group views positively that Huddlestock has secured financing in the short to mid-term, which also enables Huddlestock to further execute on the roadmap to EBITDA positive and maximize execution on the Company's strong position to achieve high growth. Securing financing also indicates strong confidence from existing shareholders, and we view positively that several members of the Company's management and board participated in the private placement of convertible debt, which instills confidence in creating shareholder value moving forward.

In conclusion, Huddlestock has reported a solid quarter, showing YoY growth primarily explained by acquisition activity, while also driven by new customers and extended mandates. However, revenues decreased by 9% QoQ, primarily explained by the divestment of Huddlestock Solutions. At the same time, we see that Huddlestock has executed on the implemented cost plan, thereby reducing the cost base by NOK 6M QoQ, which also contributes to a reduced EBITDA loss QoQ. After the quarter, Huddlestock secured necessary capital primarily in the short-term perspective, but also in the mid-term perspective, enabling Huddlestock to execute on the Company's well-established position and to drive growth. In addition, the interim report demonstrates the good profitability in consultancy services, which we view positively, while Huddlestock possesses strong growth potential in IaaS. We emphasize the importance of Huddlestock continuing to execute on the implemented cost plan and the roadmap towards EBITDA positive to ensure a sustainable growth path while seizing opportunities going forward, particularly within the IaaS offering.

Q1 2024 at a glance.




NOK 20,6M (16.6)
Net revenues Q1-24 (Q1-23)



NOK -3,8M (-2.4)
EBITDA Q1-24 (Q1-23)



49 %
% Share of Recurring IaaS-revenues LTM

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 Investment-as-a-Service Offering and Market Presence

Huddlestock has, during the year 2022 and the early part of 2023, pursued a value creation strategy centered around selective and accretive acquisitions. This strategy involves identifying significant synergies that support Huddlestock's 'Technology first' focus. The Company has successfully completed several acquisitions, including Visigon Nordic, F5 IT, Tracs Group, Dtech, and Bricknode. Notably, F5 IT (Huddlestock Solution) was divested during H2-23 after developing a key component of Huddlestock's Investment-as-a-Service offering. Visigon Nordic is a supplier of financial consultancy services and a technology provider with multi-year relationships with most Swedish and Danish banking groups and Nordic central banks, to mention a few. Tracs Group constitute a full-service RegTech and Investor Services organization for the Investment and Wealth Management industry, licensed by 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 offering scalable, cloud-based software comprising the complete infrastructure of a financial service operation. The integrated offering developed by Huddlestock represents a unique end-to-end solution empowering Investment-as-a-Service ("IaaS"). Huddlestock holds a strong position with a robust product mix of technology software for the financial market, complemented by an expert professional service business.

Strong Value Proposition Within Investment-as-a-Service – a Strong Value Driver Going Forward

Huddlestock has significantly strengthened the Company's offering by combining the capabilities of the acquired businesses, resulting in a robust Investment-as-a-Service proposition. During H2-23, Huddlestock has secured five (5) new clients, including those in Wealth and Asset Management, Corporate Finance, as well as the Company's first Family Office utilizing Portfolio Management. These deals are estimated to contribute to increased *Annual Recurring Revenue* (ARR) throughout the year 2024. The acquisition of five new clients within Investment-as-a-Service not only validates the strong value of the Company's product offering but also serves as proof of Huddlestock's versatility within the sector, suggesting significant potential across the entire financial markets. Additionally, Huddlestock possesses a strong pipeline of new prospects, particularly in the German and Nordic markets, where new clients is expected to be strong value drivers in the future. This reaffirms the compelling value proposition that the combined companies can offer, enabling a growing ARR going forward.

Forecast and Valuation: a Summary

Through good cost control and a continued high focus on developing the product range and strengthening Huddlestock's value proposition, the Company is expected to maintain a strong business momentum with new clients fr m H2-24, which is expected to drive profitable growth going forward. In combination with a continued stable activity within consultancy services, Huddlestock is estimated to reach a revenue of NOK 116M in 2024. Based on an EV/S multiple of 4.3x (4.1) on the 2024 forecast and adjusted for the estimated net debt, a potential net present fair value of NOK 2.4 (2.4) per share is derived, in a Base scenario.¹

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 the remaining part of the year 2024. In addition to the shares already issued, approximately 15 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.

huddlestock



STRONG PIPELINE
OF NEW
PROSPECTS

NOK 116M
NET REVENUE
2024E

¹Including not yet issued shares to Bricknode and given recent private placement. Given this the number of shares is calculated to be 206,616,460.

WHAT IS INVESTMENT-AS-A-SERVICE?

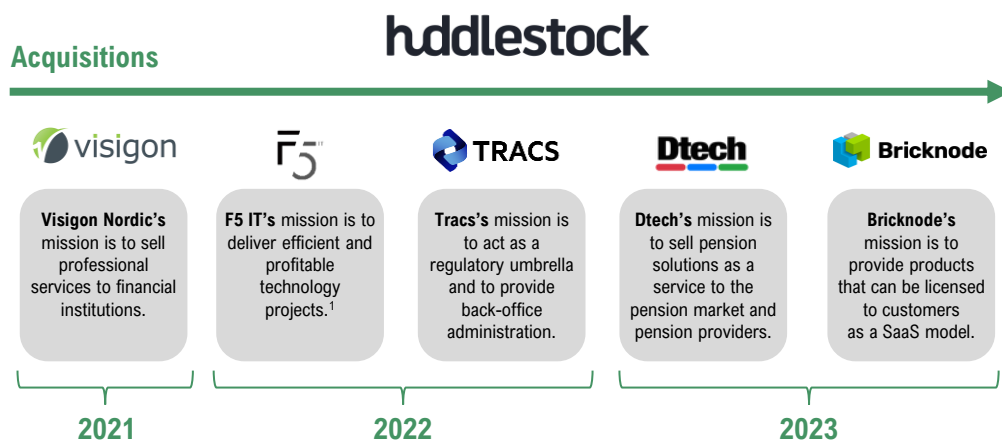
Investment-as-a-Service (IaaS) is powering unique, customisable investment products for the financial market, as fintechs, brands and banks.

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 IT¹, 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 "Investment-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. During the month of November 2023 Huddlestock completed the divestment of Huddlestock Solutions, formerly F5 IT AS, by a management buyout, which was conducted to maintain a strict focus on Investment-as-a-Service.

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. 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 Partners²



Clients Visigon²




¹ F5 IT AS (Huddlestock Solution) was divested in H2-23.

² Example of Eco Partners and clients Visigon



huddlestock Investment-as-a-Service

LOI in Germany



Clients Huddlestock¹



Clients Dtech



API

Huddlestock's investment API allows customers to integrate trading and investing services into their user journey. Customers can also easily expand these capabilities by integrating third-party services and solutions that they already rely on.

WHITE LABEL INVESTMENT APPS

Huddlestock offers a seamless end-user experience with its white-label trading and investment apps. Enables modern customer experiences and supports self-directed, automated investments, and hybrid advisory services.

MULTI-ASSET INVESTING

Huddlestock offers multi-asset investing to end-customers across stocks, mutual funds, exchange-traded funds, bonds, commodities, certificates, warrants, and more. Customers can customize their investment offering.

INVESTMENT MANAGEMENT SYSTEM

Huddlestock's powerful investment management system controls every stage of the investment journey, from trade execution to post-trade processing.

CUSTODY SERVICES

Huddlestock custody services provide safekeeping for the customers' end-users' assets via a nominee account.

REGULATORY UMBRELLA

It enables customers to operate under Huddlestock's EU regulatory umbrella, which is an alternative to applying for and acquiring an investment license.

Huddlestock's main products are listed above. Through Huddlestock's wide range of products, the Company empowers customers to offer modern investment and trading services. Huddlestock's product range includes investment API, white label investment apps, multi asset investing, investment management system, custody system and regulatory umbrella. 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 Huddlestock's industry expertise, creates a robust end-to-end solution within Investment-as-a-Service and contributes to a strong value proposition and moats, where Huddlestock enables customers to increase revenues, go to market fast, and future-proof their technology.

Strategic Outlook

Huddlestock has identified several strategic opportunities that constitute its main priorities for the year 2024.



¹Example of clients Huddlestock

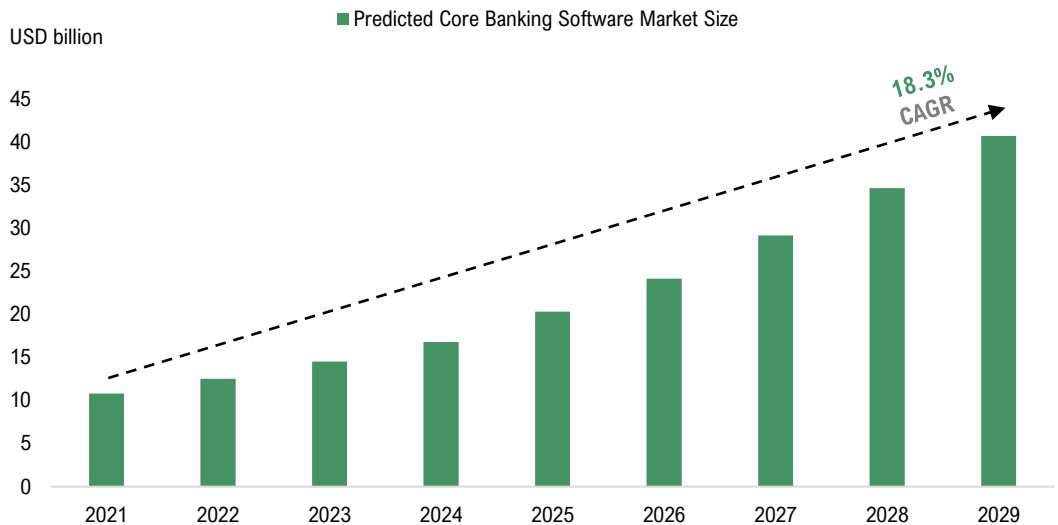
RISING ADOPTION OF CLOUD-BASED SOLUTIONS

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.

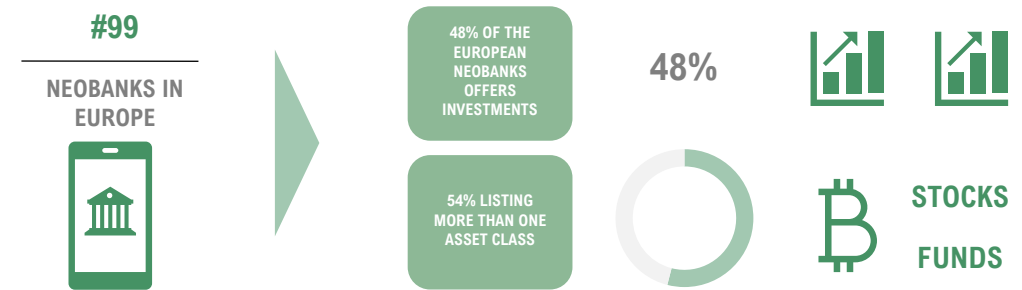


Huddlestock Enables Investing for Neobanks and Online Banks

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.

Only 48% of European Neobanks Offers Investments

Illustration over European neobanks



Source: Huddlestock 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, 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 2024-2026

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 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 2023 are estimated by Analyst Group to be approximately NOK 96M.

Increased Pro Forma Revenues

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

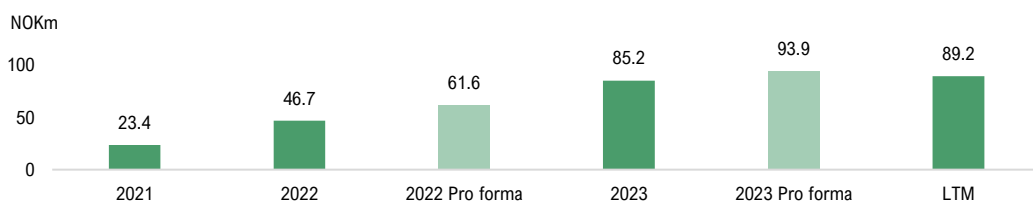


Source: Huddlestock

Huddlestock's consolidated net revenues amounted to NOK 89.2M (54) LTM, representing a high growth of 66% in comparison with the same period last year. 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 Q1-24 to NOK 8M, indicating an ARR around NOK 40M. Pro forma revenues during the full year 2023 is estimated to amount to NOK 94M (62), corresponding to a proforma growth of 52%. Considering the consolidated net revenues LTM, which amounted to NOK 89,2M, the recurring revenues from IaaS accounted for 49% (22%) of the total 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 31st of March 2023. The acquisition of Bricknode was announced in the middle of March 2023 and was completed on 4th of April 2023. The completion of the acquisitions means that all companies are consolidated during the second quarter of 2023.

Increased Revenues, Both Consolidated and Pro Forma

Net revenue year 2021-2023 and estimated Pro forma revenues year 2022 and 2023



Source: Huddlestock and Analyst Group

49 %
RECURRING
REVENUE OF TOTAL
REVENUES

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

**NEW CUSTOMERS
CONTRIBUTE TO
INCREASED
ARR**

Huddlestock has gained five (5) new clients since the acquired firms was consolidated, which consists for example of Garantum Wealth Management, Norse and Tind Asset Management, as well as the Company's first Family Office to use Portfolio Management, and a Swedish asset management firm that has selected Bricknode Broker. The fact that Huddlestock has already secured five 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 2023-2024 to execute and win clients with the existing products available, indicating a high rising ARR. Furthermore, Huddlestock has stated that the company has a strong pipeline of new prospects within Investment-as-a-Service, with significant opportunities in the German, Norwegian, and Swedish markets. Despite high business activity in the recent quarters and Huddlestock already signing five new clients across various segments, Analyst Group assesses that Huddlestock has a good opportunity to continue securing new deals. By combining and strengthening the Company's offering within Investment-as-a-Service and maintaining a strong market presence, we anticipate high business activity in the future, despite sales having a generally long sales cycle nature. Additionally, it should be noted that the Company's existing customers and recently signed ones typically scale up their usage of Huddlestock's products, explained by the modular and scalable offering, indicating growth within these customers and a Net Revenue Retention (NRR) exceeding 100%. One (1) new customer to Huddlestock Investment-as-a-Service implies ARR between NOK 0.4 – 2.5M, depending on functions and volume. Within Huddlestock Technology services, which includes services and products within Investment-as-a-Service, is the revenue model based on recurring revenues, and dependent on 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.

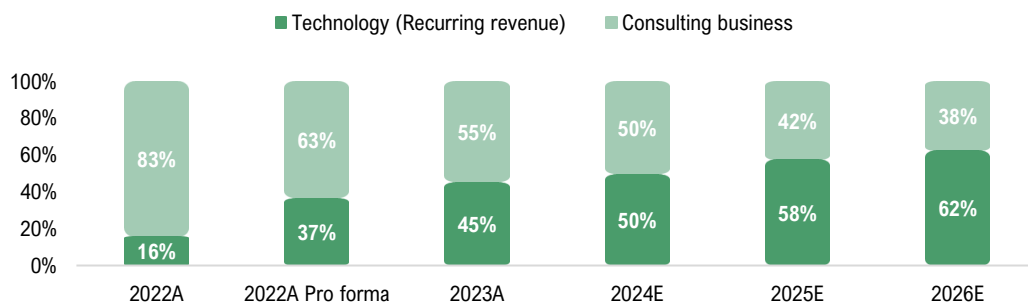
**3-18 MONTHS
SALES CYCLES**

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.

**INCREASED
RECURRING
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 was earlier also complemented by the acquired firm F5 IT, where the professional services is specialized into technology projects to financial institutions and financial companies, both also projects within the Huddlestock Group. However, it's worth noting that F5 IT primarily focused on in-house projects and played a crucial role in developing key components for the Technology offering. During the month of November 2023 Huddlestock completed the divestment of Huddlestock Solutions, formerly F5 IT, which is estimated to have an impact in the beginning of 2024. The revenues from the Consultancy business amounted to approx. NOK 47M during the full year 2023.

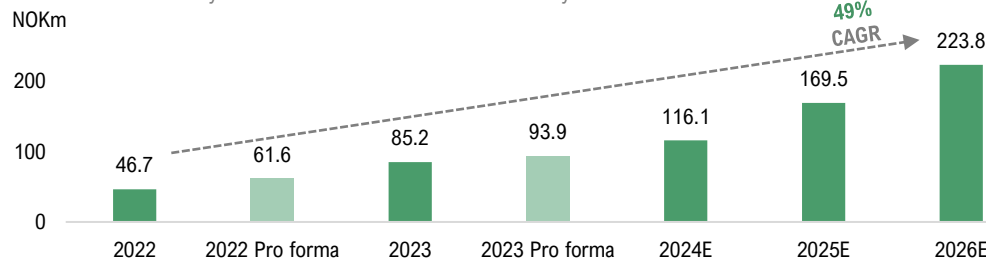
LONG-TERM CONTRACT OF NOK ~20M

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 throughout the year 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 19% during the period 2022-2026, reaching NOK 79M by year 2026.

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 49% during the period of 2022-2026, reaching NOK 224M in revenues by the year 2026.

Revenues are Estimated to Reach NOK 224M by Year 2026.

Estimated net revenue year 2022-2026 and Pro forma revenues year 2022 and 2023¹.



Source: Analyst Group's Estimates

Estimated Costs 2024-2026

Huddlestock's consolidated total cost base amounted to NOK 107M LTM, including materials / subcontractors, other operating costs and staffing costs. The largest cost item for Huddlestock its personnel, which amounted to NOK 78M LTM and NOK 75M in the full year 2023. 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 throughout the year 2024.

COST SYNERGIES DURING THE YEAR 2024

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.

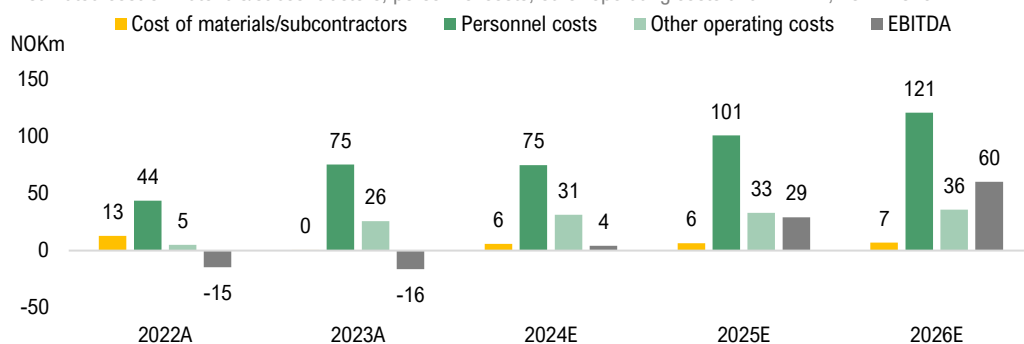
¹The 2023 Pro forma is estimated by Analyst Group and constitutes a calculation, thus the actual outcome may vary.

Huddlestock's increased focus on profitability is estimated to be achieved through increased internal efficiency, development and creation of profitable products and strong cost control. Huddlestock's largest cost item is personnel expenses, amounting to NOK 75M for the full year 2023, compared to NOK 44M in the previous year. Huddlestock's business area in the business service division, which consists of consulting assignments, drives the cost item in line with activity levels, but it should also be noted that Huddlestock has acquired businesses and therefore has a larger cost structure in terms of personnel, including developers and experts. Other operating expenses represent a smaller cost item in relation to revenue and amounted to NOK 30M LTM, but has increased since the full year 2022 due to accounting principles, which amounted to NOK 5M during the full year 2022, as Analyst Group assumes that costs previously reported as 'costs of materials/subcontractors' are now estimated to be reported as 'Other operating costs'. Nevertheless, other operating expenses LTM and for the full year of 2023 are also affected by a significant increase during Q4-23, when the cost item amounted to NOK 15M. Other operating expenses increased by approximately NOK 12M QoQ, primarily expected to be explained by one-time costs related to the Company's acquisition.

Huddlestock's EBITDA result amounted to NOK -17,8M LTM, corresponding to an EBITDA margin of -20%, compared to the EBITDA margin of -31% during the full year of 2022. 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 3%.

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

Estimated cost of materials/subcontractors, personnel costs, other operating costs and EBITDA, 2022-2026E.



Source: Huddlestock

**POSITIVE EBITDA
FOR THE FULL
YEAR 2024**

Forecast, Base scenario (NOKm)	2022	2023	LTM	2024E	2025E	2026E
Net revenue	46.7	85.2	89.2	116.1	169.5	223.8
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Total Group Revenue	46.7	85.2	89.2	116.1	169.5	223.8
Cost of materials/subcontractors	-12.8	-0.5	0.8	-5.8	-6.4	-6.9
Personnel costs	-43.6	-75.3	-78.1	-74.9	-100.9	-120.8
Other operating costs	-5.0	-25.8	-29.8	-31.4	-33.1	-35.8
EBITDA	-14.7	-16.4	-17.8	4.1	29.2	60.2
EBITDA margin	-31%	-19%	-20%	3%	17%	27%
Depreciation and amortization	-18.4	-64.0	-69.4	-52.5	-42.0	-29.4
EBIT	-33.1	-80.4	-87.2	-48.4	-12.8	30.8
Ebit margin	-71%	-94%	-98%	-42%	-8%	14%

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)
3,511

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)
3,655

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 3,870M or DKK 29,768M.

Market Cap (MDKK)
29,768



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)
4,360

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)
2,675

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)
20

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)
1,424

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)
23,727

List: NYSE

Key Metrics (NOKm)	nCino ¹	Q2 ¹	SimCorp ²	Temenos ¹	Alkami ¹	Niiio Finance ¹	Meridianlink ¹	Broadridge ¹	Average	Median	Huddlestock
Market Cap	36,776	38,259	45,315	50,576	27,997	237	14,910	248,349	57,802	37,517	180
Enterprise	36,745	41,101	45,296	53,662	27,737	256	18,694	284,885	63,515	38,923	199
Gross Margin	60%	47%	60%	71%	56%	37%	71%	30%	54%	58%	101%
EBITDA Margin	3%	-5%	27%	23%	-19%	-29%	20%	23%	5%	12%	-20%
Solvency	81%	37%	55%	24%	67%	55%	53%	24%	50%	54%	56%
Net Debt/EBITDA	0.2	16.7	0.0	2.0	1.3	-1.0	4.7	3.5	3.4	1.7	-0.1
Debt Ratio	0.4	1.7	0.8	3.1	0.5	0.8	0.9	3.2	1.4	0.9	0.8
Sales Growth Y-Y	49%	13%	13%	-2%	34%	203%	8%	14%	42%	14%	100%
Sales Growth CAGR (2022A-2025E)	16%	11%	8%	6%	26%	2%	8%	7%	10%	8%	54%
EBITDA Margin LTM	14%	12%	23%	40%	-2%	-18%	36%	23%	16%	18%	-19%

Base Scenario

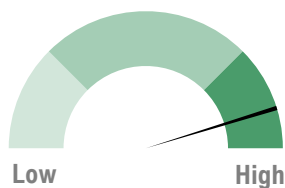
The derived fair value per share is based on a relative methodology where Huddlestock is compared to a peer group that provides financial software solutions. Huddlestock are in a rapid sales growth phase and are estimated to have a high sustainable growth going forward, which motivates the valuation 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, which also entails a risk for existing shareholders with dilution and potential underlying selling pressure on the stock price. 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 cost synergies and 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 in the year 2024, is expected to further reduce financial risk in the future.

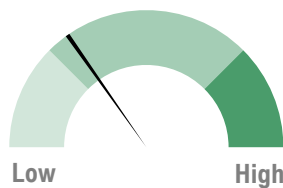
Huddlestock in Relation to Peers, According to Analyst Group.

Weighted assessment based on financial history and estimates

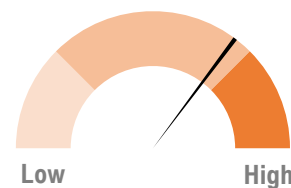
Revenue Growth



Profitability



Risk



Analyst Group's Estimates

¹USD/NOK: 10.6, EUR/NOK: 11.5, DKK/NOK: 1.5. 2024-06-05

²Based on the acquisition offer and the latest reported figures

Company ¹	P/S			EV/S			EV/EBITDA		
	LTM	2024E	2025E	LTM	2024E	2025E	LTM	2024E	2025E
nCino	7.4	6.5	5.5	7.4	6.5	5.5	53.7	41.7	29.7
Q2	5.9	5.3	4.8	6.3	5.7	5.1	47.5	33.5	24.8
Simcorp	7.1	6.6	6.1	7.0	6.5	6.0	26.2	28.2	23.1
Temenos	4.4	1.1	3.9	4.6	1.1	4.1	11.6	11.0	10.1
Alkami Technology	10.3	8.1	6.5	10.2	8.0	6.4	neg.	125.3	47.9
Niiio Finace Group	2.4	2.3	2.0	2.6	2.4	2.2	neg.	neg.	24.3
Meridianlink Inc	4.7	4.5	4.1	5.9	5.6	5.2	16.2	14.2	12.7
Broadridge Financial Solutions	3.9	3.6	3.4	4.5	4.2	3.9	19.3	17.5	16.5
High	10.3	8.1	6.5	10.2	8.0	6.4	53.7	125.3	47.9
75th Percentile	7.3	6.5	6.0	7.3	6.5	5.9	49.1	41.7	28.5
Average	5.8	4.7	4.5	6.1	5.0	4.8	29.1	38.8	23.6
Median	5.3	4.9	4.4	6.1	5.7	5.1	22.8	28.2	23.7
25th Percentile	4.0	2.6	3.5	4.5	2.9	4.0	15.1	14.2	13.6
Low	2.4	1.1	2.0	2.6	1.1	2.2	11.6	11.0	10.1
Huddlestock	2.1	1.5	1.1	2.3	1.7	1.2	neg.	49.1	6.8

The peer group is valued at a median EV/S multiple of 6.1x LTM (average 6.1x), which is higher than Huddlestock's LTM valuation and in line with the latest analysis update. Additionally, it should be noted that Huddlestock is estimated to grow at a much faster pace than the average of the peer group, resulting in a comparison of forward EV/S multiple based on 2024 estimates. However, the current market climate poses a challenge, characterized by lower risk appetite for growth companies, along with an increased risk premium, where Huddlestock is not yet profitable. At the same time, it should be emphasized that Huddlestock has expanded its focus on cost control and profitable growth. The median EV/S multiple is estimated to be 4.8x (average 5.1x), while Huddlestock is valued at 1.7x, 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 B2B software provider of financial solutions, higher expected growth, and scalable business model, Analyst Group believes that the current valuation gap (1.7x – 4.8x) 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 modular product offering, 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 4.3x on the estimated revenue of NOK 116m in 2024 is justified, which also corresponds to a multiple discount of 16% compared to the peer group. This results in an enterprise value of NOK 505M, which, adjusted for the net debt and not yet issued shares to Bricknode's shareholders², yields a potential present market value of NOK 485M, or NOK 2.4 per share in a Base scenario.

NOK 2.4
PER SHARE IN
BASE SCENARIO

¹Collected market data from TIKR.
²Including not yet issued shares to Bricknode, in the calculation the number of shares is calculated to be 206,616,460.

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 76% (2022-2026E), reaching a net revenue of NOK 198M in 2024 and NOK 312M in 2025.¹ As the Company performs better, a higher target multiple is motivated. By applying an EV/S target multiple of 4.5x, a potential present value per share of NOK 3.6 (3.8) is motivated in a Bull scenario.²

NOK 3.6
PER SHARE IN
BULL SCENARIO

Bear Scenario

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

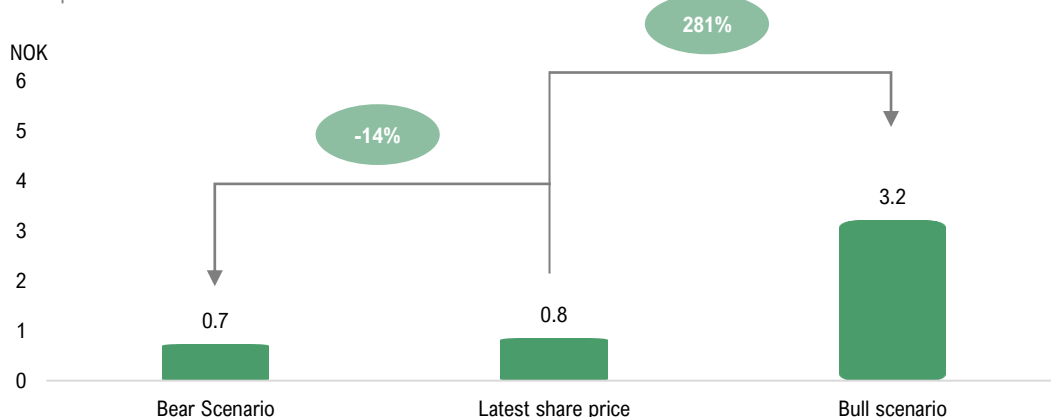
- The coordination of acquired firms and product portfolio takes longer than expected, resulting in Huddlestock's offering being less competitive and impeding the Company's ability to attract new clients.
- Huddlestock fails to streamline the organization, and the identified cost synergies are not achieved 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 39% (2022-2026E), reaching a net revenue of NOK 111M in 2024 and NOK 149M in 2025.¹ As the Company performs worse and faces a negative EBITDA result and higher need of external capital, a lower target multiple is motivated. By applying an EV/S target multiple of 1.8x, a potential present value per share of NOK 0.7 (0.8) is motivated in a Bear scenario.²

NOK 0.7
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

¹Refer to Appendix page 23-24 for forecasts in the Bull and Bear scenarios.

²Including not yet issued shares to Bricknode and given recent private placement, in the calculation the number of shares is calculated to be 206,616,460.



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.



Leif Arnold Thomas, Chief Executive Officer

Leif Arnold is Chief Executive Officer of the Group. Leif Arnold 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.



Morten Bernhardsen, Chief Financial Officer

Anders is the Chief Financial Officer of the Group. Morten has extensive experience from the financial services sector and international, listed companies. He started his career at Gjensidige and has since held central positions with Sector Asset Management, Bulk Infrastructure Group and Navamedic. Morten most recently held a position as CFO at Midelfart Capital AS and Pescara AS.



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.



John E. Skajem, Chief Investor Relations and Corporate Development

John Egil is Chief Investor Relation and Corporate Development in 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.



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 Information Officer / Chief Product Officer and Board Member

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 and Board Member

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.

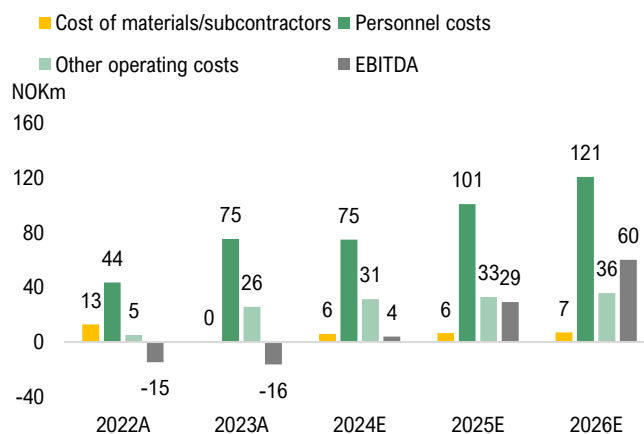
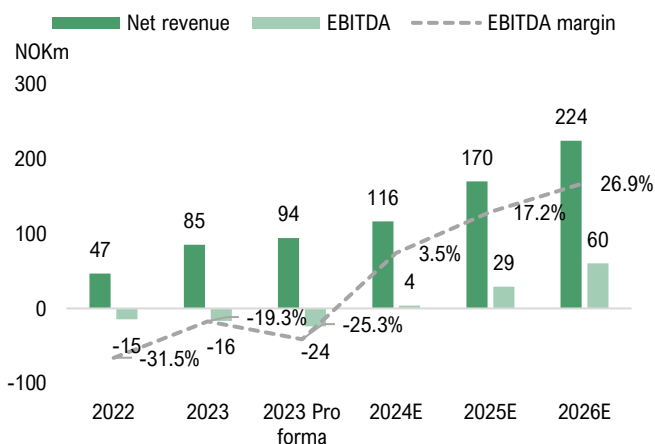
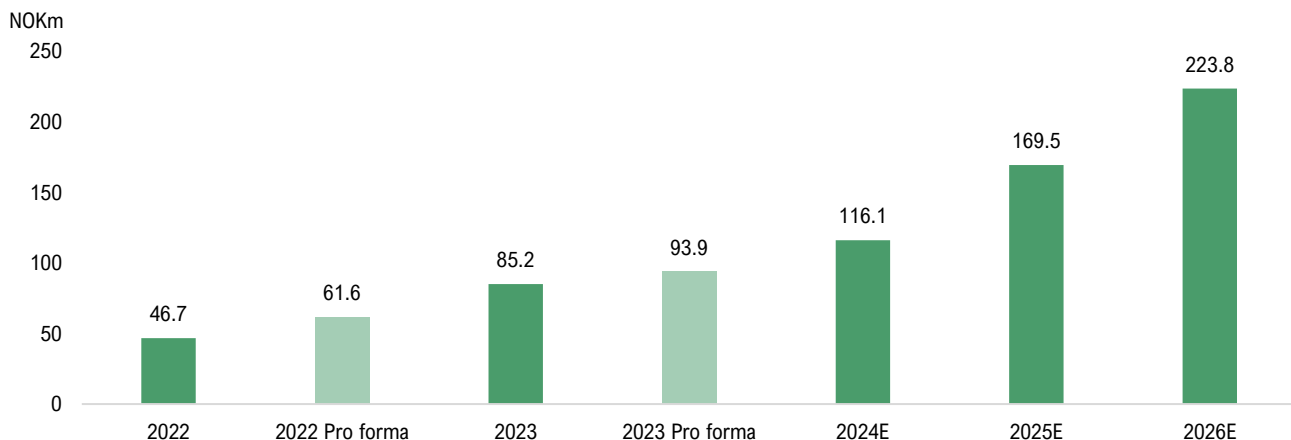


Robert Fuchsgruber, Managing Director Germany

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	2023	LTM	2024E	2025E	2026E
Net revenues	46.7	85.2	89.2	116.1	176.0	231.3
Other operating income	0,0	0,0	0,0	0,0	0,0	0,0
Total Group revenue	46.7	85.2	89.2	116.1	176.0	231.3
Cost of materials/subcontractors	-12.8	-0.5	0.8	-5.8	-6.7	-7.2
Personnel costs	-43.6	-75.3	-78.1	-74.9	-104.7	-124.9
Other operating expenses	-5.0	-25.8	-29.8	-31.4	-34.3	-37.0
EBITDA	-14.7	-16.4	-17.8	4.1	30.3	62.2
EBITDA margin	-31%	-19%	-20%	3%	17%	27%
Depreciation / Amortization	-18.4	-64.0	-69.4	-52.5	-42.0	-29.4
EBIT	-33.1	-80.4	-87.2	-48.4	-11.7	32.9
EBIT margin	-71%	-94%	-98%	-42%	-7%	14%

Key Metrics	2022	2023	LTM	2024E	2025E	2026E
P/S	3.7	1.9	1.8	1.4	1.0	0.7
EV/S	4.1	2.1	2.0	1.6	1.1	0.8
EV/EBIDA	-13.2	-11.0	-10.1	45.6	6.4	3.1
EV/EBIT	-5.8	-2.2	-2.1	-3.8	-14.5	6.0

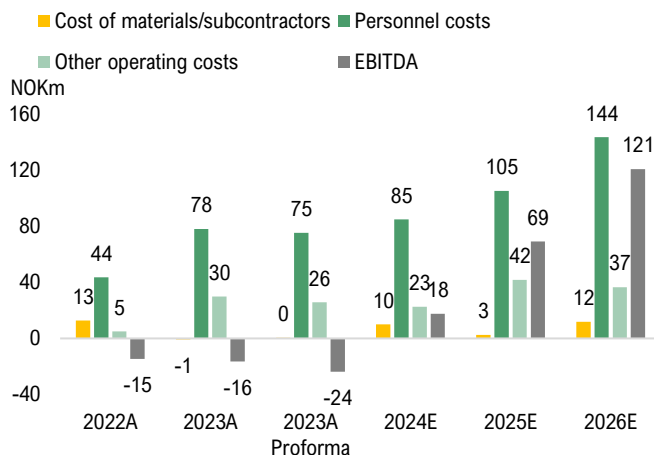
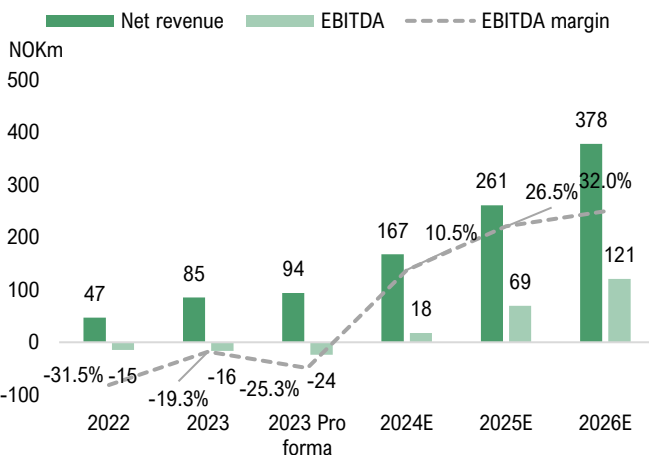
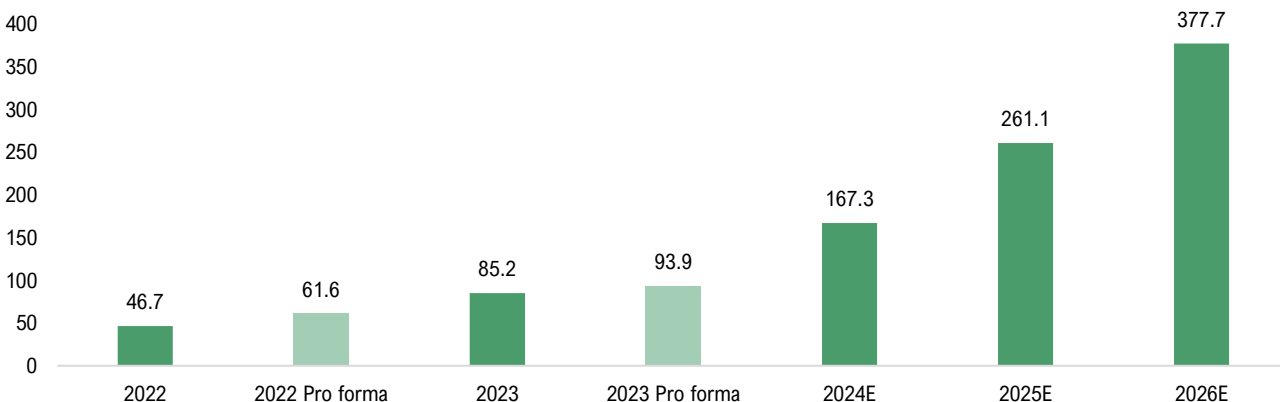


¹The 2023 Pro forma is estimated by Analyst Group and constitutes a calculation, thus the actual outcome may vary.

Bull Scenario (NOKm)	2022	2023	LTM	2024E	2025E	2026E
Net revenues	46.7	85.2	89.2	167.3	261.1	377.7
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Total Group revenue	46.7	85.2	89.2	167.3	261.1	377.7
Cost of materials/subcontractors	-12.8	-0.5	0.8	-2.5	-11.8	-22.7
Personnel costs	-43.6	-75.3	-78.1	-105.4	-143.6	-185.1
Other operating expenses	-5.0	-25.8	-29.8	-41.8	-36.6	-49.1
EBITDA	-14.7	-16.4	-17.8	17.6	69.2	120.9
EBITDA margin	-31%	-19%	-20%	11%	27%	32%
Depreciation / Amortization	-18.4	-64.0	-69.4	-52.5	-42.0	-42.0
EBIT	-33.1	-80.4	-87.2	-34.9	27.2	78.9
EBIT margin	-71%	-94%	-98%	-21%	10%	21%

Key Metrics	2022	2023	LTM	2024E	2025E	2026E
P/S	3.7	1.9	1.8	1.0	0.7	0.5
EV/S	4.1	2.1	2.0	1.2	0.7	0.5
EV/EBIDA	-13.2	-11.0	-10.1	11.0	2.8	1.6
EV/EBIT	-5.8	-2.2	-2.1	-5.5	7.1	2.5

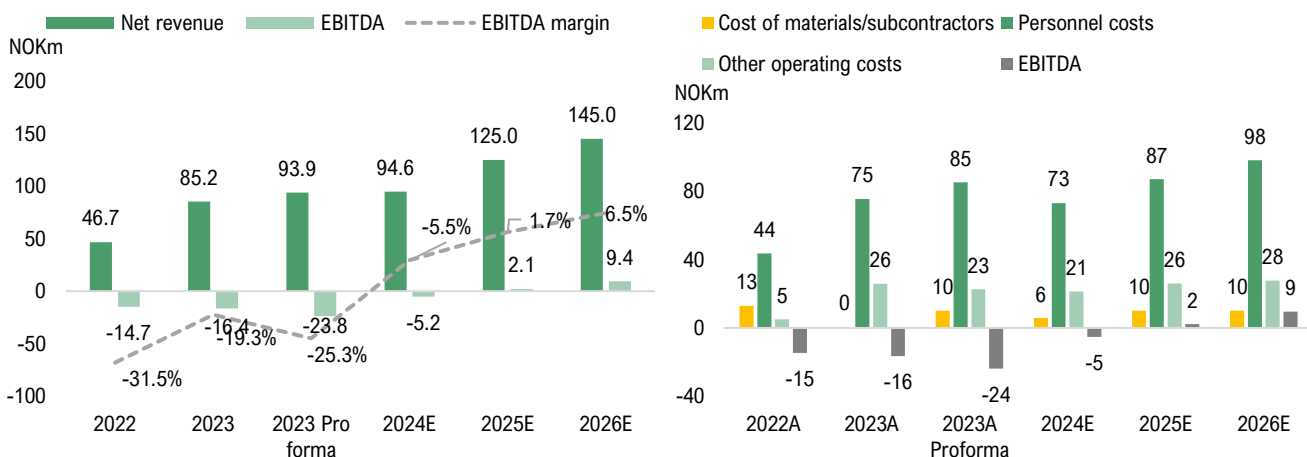
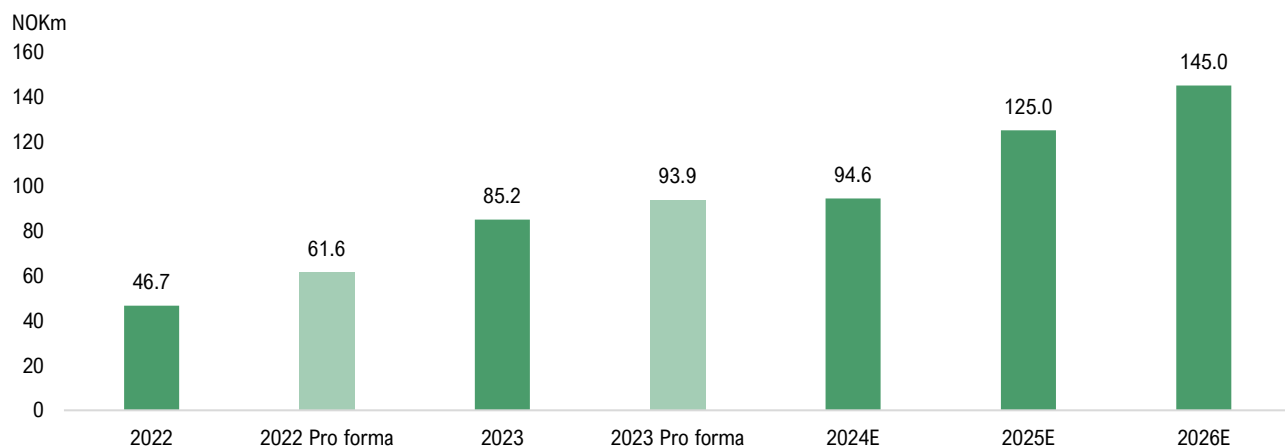
NOKm



¹The 2023 Pro forma is estimated by Analyst Group and constitutes a calculation, thus the actual outcome may vary.

Bear Scenario (NOKm)	2022	2023	LTM	2024E	2025E	2026E
Net revenues	46.7	85.2	89.2	94.6	125.0	145.0
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Total Group revenue	46.7	85.2	89.2	94.6	125.0	145.0
Cost of materials/subcontractors	-12.8	-0.5	0.8	-5.7	-10.0	-10.1
Personnel costs	-43.6	-75.3	-78.1	-72.9	-86.8	-97.9
Other operating expenses	-5.0	-25.8	-29.8	-21.3	-26.0	-27.5
EBITDA	-14.7	-16.4	-17.8	-5.2	2.1	9.4
EBITDA margin	-31%	-19%	-20%	-6%	2%	7%
Depreciation / Amortization	-18.4	-64.0	-69.4	-52.5	-42.0	-42.0
EBIT	-33.1	-80.4	-87.2	-57.7	-39.8	-32.5
EBIT margin	-71%	-94%	-98%	-61%	-32%	-22%

Key Metrics	2022	2023	LTM	2024E	2025E	2026E
P/S	3.7	1.9	1.8	1.8	1.4	1.2
EV/S	4.1	2.1	2.0	2.0	1.5	1.3
EV/EBIDA	-13.2	-11.0	-10.1	-37.2	91.2	20.5
EV/EBIT	-5.8	-2.2	-2.1	-3.4	-4.9	-6.0



¹The 2023 Pro forma is estimated by Analyst Group and constitutes a calculation, thus the actual outcome may vary.

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Other

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