

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

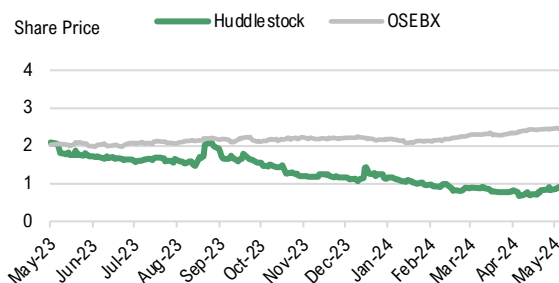
Base
NOK 2.4

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(+)(NOKM)	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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Other

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