

EQUITY RESEARCH REPORT

The background features a stylized bar chart with alternating green and orange bars of varying heights. Overlaid on this is a line graph with a dark grey line connecting three square markers. The markers are positioned at the top of the first, third, and fifth bars from the left. The line starts at the first marker, dips slightly, then rises sharply to the third marker, dips again, and then rises most steeply to the fifth marker.

BRICKNODE

Building the future of financial software

2022-09-07

Analyst: David Rimbe

CONTENT

Bricknode Holding AB ("Bricknode" or the "Company") is a leading supplier of SaaS solutions that enable financial institutions and financial companies to design and launch their own digital investment, lending and savings product, or transform existing operations. The Company has developed a platform which is highly scalable and fully cloud based, Bricknode Core, which can be likened to an operating system for all financial applications. Bricknode has developed applications for brokerage, lending, deposit taking and investment manager on top of Bricknode Core. Today Bricknode has 26 customers and addresses primarily the European market. Bricknode is listed on Nasdaq First North Growth Market since November 2021.

TABLE OF CONTENTS

Investment Thesis	4
Company Description	5-7
Market Analysis	8
Financial Forecats	9-11
Valuation	12-13
Bull & Bear	14
Management and Board	15
Appendix	16-18
Disclaimer	19

VALUE DRIVERS

7 of 10

Bricknode has a sticky business model and offer a crucial service for their customers, which results in a strong business moat. Along with the sticky business model, the Company can grow with its customers with low sales efforts, which can facilitate increased sales and operating margins going forward. Additional value drivers are the new applications Investment Manager and Deposits & Savings, which have shorter sales cycles and can increase the customer acquisition rate. Along with the plan to establish a licensed brokerage subsidiary, we see several key drivers ahead for Bricknode.

HISTORICAL PROFITABILITY

2 of 10

Bricknode has a short history as a listed company, but the Company was founded already in 2010. Since then, Bricknode have been focusing on developing their product portfolio and since the IPO the Company has had a strong focus on growth, which naturally has led to a negative effect on the Company's profitability. Analyst Group estimates that the profits from 2024 and forward will expand significantly over time as Bricknode scales up the customer portfolio. Nevertheless, the grade is based solely on the historical profitability of the Company.

MANAGEMENT & BOARD

9 of 10

We consider the management and the board of directors to have the right experience and qualifications in order for the Company to reach its goals. Stefan Willebrand, founder and CEO, has a strong history as an entrepreneur and a wide experience within finance. Stefan is still the largest shareholder. Erik Hagelin, Deputy CEO and CFO, joined the Company in 2016 and holds extensive experience as a CEO within regulated financial services. In total, the management and the board of directors owns approximately 51% of the Company, something that we consider to be highly positive.

RISK PROFILE

5 of 10

Bricknode has a high degree of recurring revenues, which amounts to approximately +90%, hence lowering the risk for the ongoing business. However, the financial risk is relatively high, and Analyst Group cannot rule out that the Company has to raise additional capital within the NTM. On the other hand, the Company has implemented a plan to reduce costs and accelerate the path to profitability. Bricknode's cash and cash receivables amounted to 8.7 MSEK and the non-current liabilities amounted to 3.3 MSEK as of June 30. During August 2022, Bricknode secured a loan of 5 MSEK with an interest rate of 1.5%/month, to support the establishment of the licensed brokerage subsidiary.

Analyst Group's rating is based on four main parameters, where each main parameter consists of a number of sub-parameters with individual rating, which add up to a weighted final rating for each main parameter.

Value drivers, Historical Profitability and Management & Board ranges from 1 to 10, where 10 is the highest rating

Risk profile ranges from 1 to 10, where 10 is considered the highest risk.

BRICKNODE (BRICK B)

BUILDING THE FUTURE OF FINANCIAL SOFTWARE

Ag

Bricknode Holding AB ("Bricknode" or the "Company") is a leading supplier of SaaS solutions that enable financial companies and startups to design and launch their own digital investment, lending and savings product, or transform existing operations. The Company has developed a platform which is highly scalable and fully cloud based, *Bricknode Core*, which can be likened as an operating system for all financial applications. Bricknode are estimated to reach a revenue of 26 MSEK in 2023, and based on an applied P/S target multiple of 5.9x, a potential fair value of 13.9 SEK per share is justified in our Base scenario.

■ *Pick-and-Shovel* Business

Bricknode remove barriers for startups and established firms with its cloud-based software and technology solutions by enabling customers to take new propositions to market in a quick and cost-efficient manner, allowing customers to focus on end-consumer value creation. The Company is a part of the global fintech revolution and can be likened with a *pick-and-shovel* business, where the Company is gaining exposure to the global digitalization of the financial markets, without carrying the traditional company specific risk.

■ Bricknode Offers An Extensive Product Portfolio

Bricknode has spent over a decade on developing its financial platform Bricknode Core which is highly scalable, as well as an extensive product portfolio. On top of Bricknode Core, the Company provides additional applications such as *Bricknode Broker*, *Bricknode Lending*, *Bricknode Marketplace* and *Investment Manager*. The applications offers complete flexibility in product design, regulatory umbrella services and outsourcing for back-office operations. In June 2022, the Company completed a core technology upgrade that enables customers to create new financial services, which is estimated to sustain Bricknode's growth going forward.

■ Sticky Business Model And A Strong Moat

Bricknode's services, for example Bricknode Broker and Bricknode Lending, are crucial services for the customers and due to the complexity of products like e.g. Bricknode Broker, the Company is able to create a strong moat. Due to the provided flexibility and customization on the platform, Bricknode have been able to create long as well as valuable relationship with its customers. Services such as brokerage and lending also results in high switching costs for customers, given that the service can be seen as a core part of the customers offer to the end-users. Bricknode's agreements have therefore a high Total Contract Value (TCV), which strengthen's the moat around the business. As a result, the Company has a very low churn, leading to highly predictable recurring revenues.

SHARE PRICE | 6.1 SEK

VALUATION RANGE		
BEAR	BASE	BULL
5.3 SEK	13.9 SEK	17.1 SEK

BRICKNODE	
Share Price (2022-09-06)	6.1
Number of Shares Outstanding	9,869,023
Market Cap (MSEK)	60.2
Net cash(-)/debt(+) (MSEK)	-5.4
Enterprise Value (MSEK)	54.8
W.52 Price Intervall (SEK)	6.0 – 28.0
List	Nasdaq First North Growth Market

SHARE PRICE DEVELOPMENT	
1 Month	-23.6%
3 Month	-32.2%
Since IPO	-72.9%
YTD	-64.9%

OWNERSHIP DATA (SOURCE: HOLDINGS)	
Willebrand Group AB (Stefan Willebrand via Company)	28.4%
Team Hagelin AB (Erik Hagelin via Company)	15.0%
BackingMinds Invest AB	8.1%
Robert Lempka	6.9%
Nordnet Pensionsförsäkring AB	6.2%

CEO AND CHAIRMAN	
CEO	Stefan Willebrand
Chairman	Robert Lempka

FINANCIAL CALENDAR	
Interim report Q3 2022	2022-11-17

ESTIMATES (BASE), MSEK	2021A	LTM	2022E	2023E	2024E
Net revenue	15.4	17.3	18.4	26.3	38.1
Subcontractors	-0.1	-0.1	-0.2	-0.2	-0.3
Other external costs	-8.1	-10.0	-9.6	-7.1	-6.7
Staffing costs	-19.4	-27.9	-26.6	-21.0	-24.2
EBITDA	-11.9	-16.4	-17.7	-1.6	7.5
EBITDA margin	-77.4%	-94.5%	-96.6%	-6.2%	19.6%
P/S	3.9	3.5	3.3	2.3	1.6
EV/S	3.6	3.2	3.0	2.1	1.4
EV/EBITDA	-4.7	-3.4	-3.1	-33.7	7.3

INVESTMENT THESIS

Bricknode Operates In A Market With High Underlying Growth

Bricknode offers a disruptive solution, catering to a large and global market segment, from fintech startups to established financial institutions, enabling companies to digitalize their business. The global *Core Banking Software (CBS)* market was valued at USD 10.8 billion in 2021, 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. Bricknode offer a core banking ecosystem and therefore operates in a market with a high underlying growth. At the same time, the neobanks have changed the whole banking experience by disrupting the financial sector by providing more innovative services with a better user experience. Bricknode enables both brokering and lending services and have already multiple neobanks as customers. Bricknode is a part of the global fintech revolution and can be likened with a *pick-and-shovel* business, where Bricknode have exposure to the global digitalization of the financial markets without carrying the risk of a single financial company, and also not being directly exposed to the more volatile B2C market. We consider this to be beneficial for Bricknode.

New Verticals With Shorter Sales Cycles

Bricknode solves problems for complex financial institutions like brokerage- and wealth management-firms by providing business crucial services. Bricknode Broker is a complex product, where sales cycles are long, in which the customers are required to have regulatory licenses in place. The sale process therefore takes time, but on the other hand, a new customer means a significant increase in recurring revenues for Bricknode. Bricknode has developed two new verticals, Bricknode Investment Manager, which was launched during July 2022, and Deposits & Savings, that are associated with shorter sales cycles and opens up a larger total addressable market for Bricknode. Bricknode Investment Manager targets small family offices and corporate investors and does not require the user to have a regulatory license. Bricknode Deposits & Savings is expected to be launched in a near future. The application targets banks and deposits takers that offers various types of savings accounts. The deposit system complements the lending offering and enables Bricknode to be the sole supplier of software services for the whole business.

Grows With Existing Customers And Through Long-Term Customer Relations

Bricknode's Net Revenue Retention (NRR) rate amounted to 115% in 2021 and is currently on an average of 113% for the Last Twelve Months (LTM). The NRR demonstrates how Bricknode can grow with existing customers when customers upgrades their functionality and increases their volume. Bricknode Broker and Bricknode Lending are business crucial services for the customers and therefore enables long-term customer relationships, which results in a high Total Contract Value (TCV) and creates a strong moat for Bricknode's business.

A Motivated Valuation of 13.8 SEK Per Share In A Base Scenario

Bricknode is valued using a relative valuation where the Company is compared to other firms with similar business models and addressable markets. A P/S target multiple 5.9x is applied to Bricknode's expected revenues of approx. 26 MSEK in 2023, resulting in a potential fair value of 13.9 SEK per share in a Base scenario. In addition to the relative valuation and to further find support for the value per share, Analyst Group have considered the underlying value of the platform that Bricknode has built over time, using a cost-based approach. We find that this also support our derived relative valuation with the applied P/S multiple.

The Path To Profitability Is Dependent On A Reduced Burn Rate

In August 2022, Bricknode implemented a plan to reduce costs and streamline the business, hence enabling profitable growth. The objective is to reduce fixed and variable costs by approximately 40%, and that Bricknode's developed product platform and completed core technology upgrade will sustain the growth in the future. During 2021, Bricknode had an average burn rate that amounted to approximately -845 TSEK/month, and in H1-22 the burn rate increased to -2,161 TSEK/month. At the end of June 2022, cash and cash equivalents amounted to 8.7 MSEK. To execute on the implemented plan of reaching profitability Bricknode is dependent on reducing the burn rate. As of August 2022, Bricknode secured a loan of 5 MSEK to support the establishment of the licensed brokerage subsidiary, with an interest rate of 1.5%/month, corresponding to a quarterly financial cost of approx. 0.2 MSEK.

ESTIMATED
MARKET
GROWTH
18.3%
Y/Y (CAGR)

115%
NRR IN 2021

13.9 SEK
IMPLIED
VALUE PER
SHARE
(BASE)

COMPANY DESCRIPTION

Bricknode was founded in 2010 and has spent several years developing financial platforms. Today, Bricknode is a leading supplier of SaaS solutions that enable financial institutions and financial companies to design and launch their own digital investment, lending and savings product, or digitalize and automate existing operations. Bricknode's scalable and fully cloud-based platform offers a operating system for finance companies, which can be likened to the infrastructure of financial operations. Just like any other operating system that needs applications to run upon to be useful, Bricknode has developed applications for brokerage, lending, deposit takings and investment managers, to mention a few. Bricknode's vision is to be able to help both established financial institutions and startups to digitalize their businesses and enable them to focus on creating value for their customers without having to think about the technological development. The platform is built through a modular approach, and therefore possess a high granularity that enables a high level of scalability.

Product Portfolio

Customers



Bricknode Core

Bricknode Core is the operating system for all financial applications and the core in Bricknode's offering. Bricknode Core manage all central parts within finance, such as legal entities, accounts, transactions, balances and financial instruments, to name a few. Bricknode Broker, Bricknode Lending, Bricknode Marketplace and Investment Manager represents all the verticals to date that connects through Bricknode Core, which enables add-ons as well as applications to run on top of the platform. Customers can build its own applications on top of Bricknode Core using Bricknode's API.



Bricknode Broker is a complete solution for brokers and portfolio managers which enables customers to launch customer front ends, websites for advisors, external partners and complete back-office site. The back-office module is the core interface and enables customers to manage customers, financial instrument, orders, etc.



Bricknode Lending is an application for loan management, that fintech companies and lenders use to design and administer digital lending propositions. The functionality can be extended through Bricknode Marketplace, an ecosystem of integrations and add-ons, including credit scoring apps, for example.



Bricknode Marketplace is the "App Store" for add-ons and apps. Customers can find available apps and functions for the core platform as well as for the applications like Bricknode Broker and Bricknode Lending. Some add-ons or apps are only compatible to for example Bricknode Broker.

BRICKNODE INVESTMENT MANAGER

Investment Manager is an application for corporate investor and family offices to track all their assets and liabilities in one place, analyze performance and automate accounting.

Bricknode in Numbers

60,000	60+
Number of financial products on the platform	Add-on tools in Bricknodes marketplace
SEK 28bn	~160,000
Total assets on the platform	Number of trades in Q2-2022

Strategic Partners



Bricknode has a partnership with Infront. TBC Capital is a customer to Bricknode Broker and Bricknode has connected them to Infront's Professional Terminal for Trading, which allows TBC's customers to trade in real time on global equity markets.

The collaboartion with additiv enables financial institutions to select an established end-to-end solution for all their client's wealth management needs. Bricknode's Brokerage-as-a-Service provides fully scalable back-office and record-keeping functionality to additiv's broad product range.

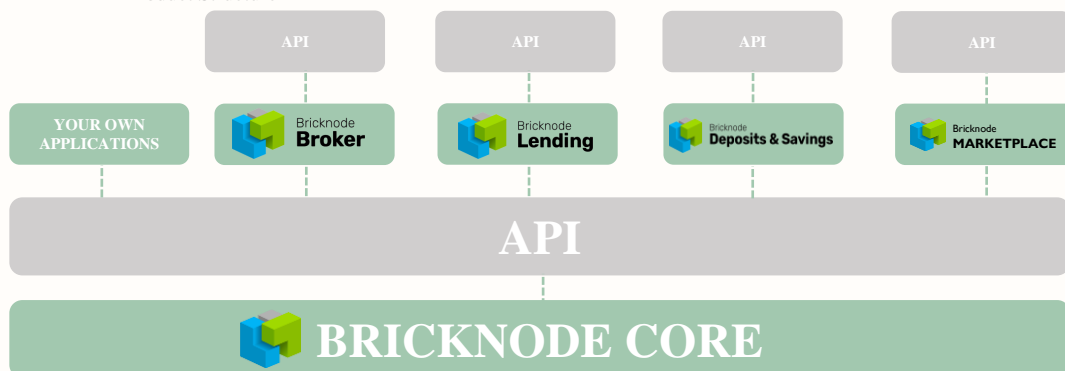
COMPANY DESCRIPTION

WHAT IS AN API?

An API is a set of programming code that enables data transmission between one software product to another.

Bricknode Core is The Operating System For All Financial Applications Through a Modular Approach

Bricknode's Product Structure



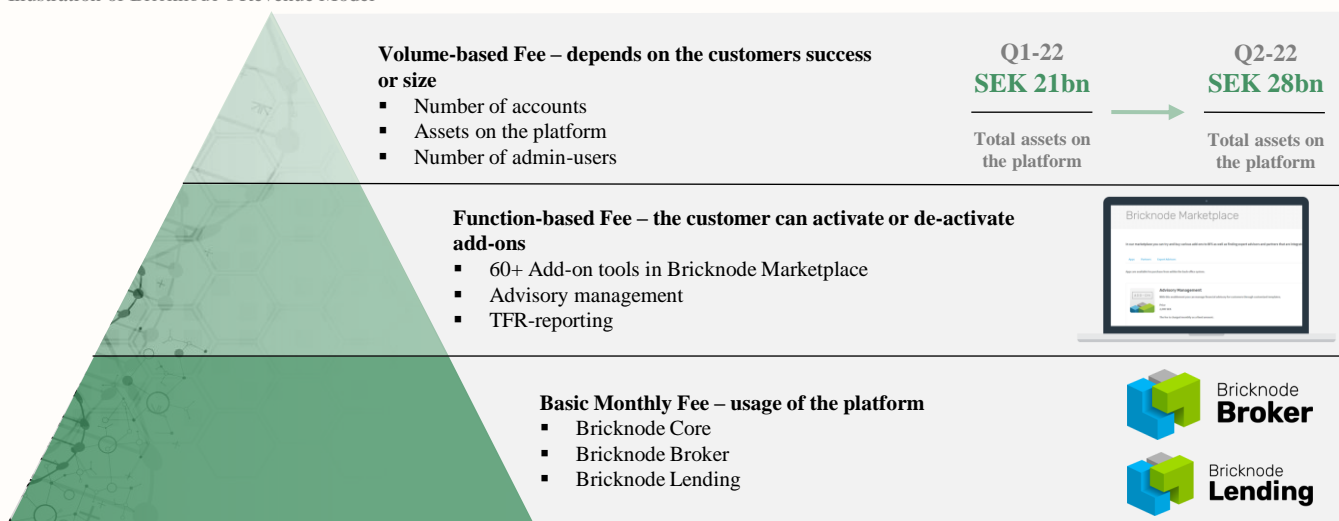
Source: Bricknode

Revenue Model

Bricknode is a B2B financial software provider with a SaaS business model. The revenue model is based on three subscription variables, the first variable of the revenue model is a basic monthly fee for using the platform, which results in recurring revenues. The second variable is function-based and depends on the products, modules or functions that the customer uses on the platform, which for example can be a brokerage customer that uses a module for a Transaction Reporting System (TRS-reporting) to the Financial Supervisory Authority. The last variable of the revenue model is volume-based and depends on the usage of the platform, which can depend on the number of accounts, assets on the platform or number of admin-users. The volume-based fee enables Bricknode to grow with its customers, but the pricing model is at the same time customized so that Bricknode's customers can scale their businesses efficiently. Due to the customization of the pricing model and different customer requirements, the revenues generated per customer varies greatly. The customers have the opportunity to be flexible by activating and deactivating add-ons and functions in the Company's Marketplace. This flexibility makes Bricknode's offering suitable for both startups and established financial institutions. In total, Bricknode Broker accounts for ~75%, while Bricknode Lending accounts for ~20%, of the total income mix. In addition to the three subscription variable's, approximately 5% of the revenues comes from support, which can be for example development of Bricknode's system coverage. Both Bricknode Broker and Bricknode Lending are business crucial services for the customers and therefore enables long-term customer relationships, which results in a high Total Contract Value (TCV). In addition, the relative complexity of product's like Bricknode Broker creates, for Bricknode, a valuable moat.

Bricknode's Revenue Model is Mainly Based on Recurring Revenues From Three Variables

Illustration of Bricknode's Revenue Model



Source: Bricknode

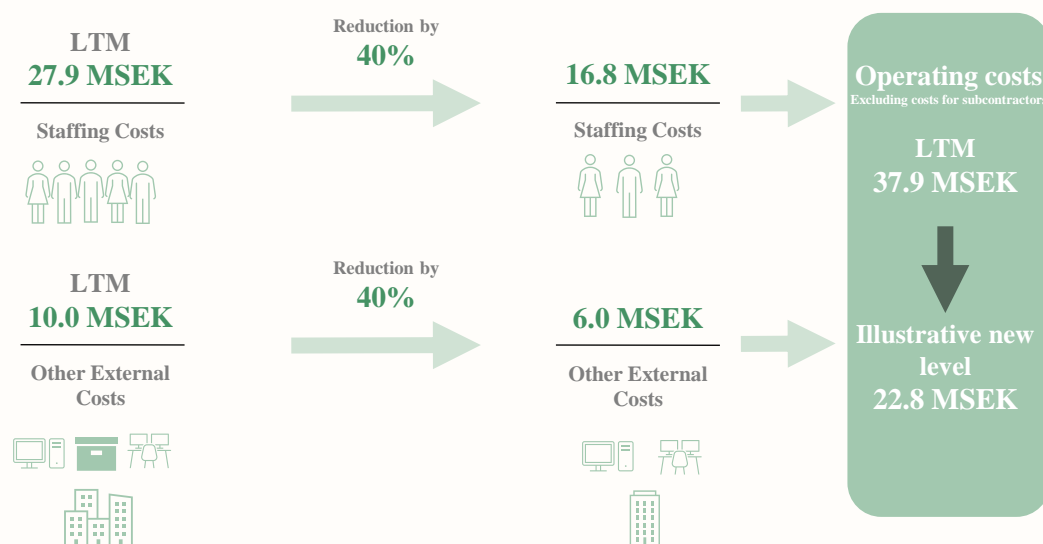
COMPANY DESCRIPTION

Cost Drivers

Bricknode's main costs derive from personnel and other external costs, which includes office rent, IT and marketing. The Company has invested and spent several years on developing the platform, its product capabilities and product suite, which has increased the cost-base, as in staffing costs, consulting costs and IT-costs for example. Since the IPO in November 2021, Bricknode have embarked on an aggressive investment journey to increase the Company's growth, which has included increased efforts in sales and marketing, and development of an extensive product platform. The product portfolio and core technology upgrade was completed in June 2022, and the Company has now developed a complete product portfolio and a highly scalable cloud-banking software, why the primary focus ahead is assumed to be on sales and marketing. Furthermore, Bricknode intend to accelerate the path to profitability and have implemented a plan to reduce fixed and variable costs by approximately 40%. Going forward, Bricknode's main costs are expected to consist of staff, marketing, office rent and IT.

Bricknode Have Implemented a Plan to Reduce Fixed and Variable Costs By Approximately 40%

Example On How Staffing Costs and Other External Costs Can Be Reduced



Source: Bricknode and Analyst Groups Calculations

Strategic Outlook

Bricknode are currently active within Sweden, UK and Europe. Since the IPO in November 2021, Bricknode have increased their efforts in sales and marketing and the ambition is to increase the brand awareness in Europe. The increased brand awareness paves way for Bricknode to reach additional prospects and partners. During July 2022, Bricknode announced a new portfolio management software application, Bricknode Investment Manager, which targets small family offices and corporate investors. The tool will be open to firms globally at launch and since it does not require the user to have a regulatory license, it caters to a broader market. Bricknode Deposits & Savings is another application that has not been launched yet, which is an application built for banks and deposit takers who wants to offer various types of savings accounts. It also complements Bricknode Lending. Furthermore, Bricknode have a plan to establish a subsidiary with a securities brokerage license, and have secured a loan to support that initiative, which paves the way for Bricknode to carry out brokerage services for the customers without regulatory permissions. A licensed brokerage subsidiary will enable Bricknode to offer a regulatory umbrella to firms that want to offer investment services in the EU. The combination of a software platform, brokerage outsourcing and regulatory umbrella, offers firms an all-in-one solution and a *one-stop-shop* for launching new investing services.

ONE-STOP-
SHOP FOR
LAUNCHING
NEW
INVESTING
SERVICES

MARKET ANALYSIS

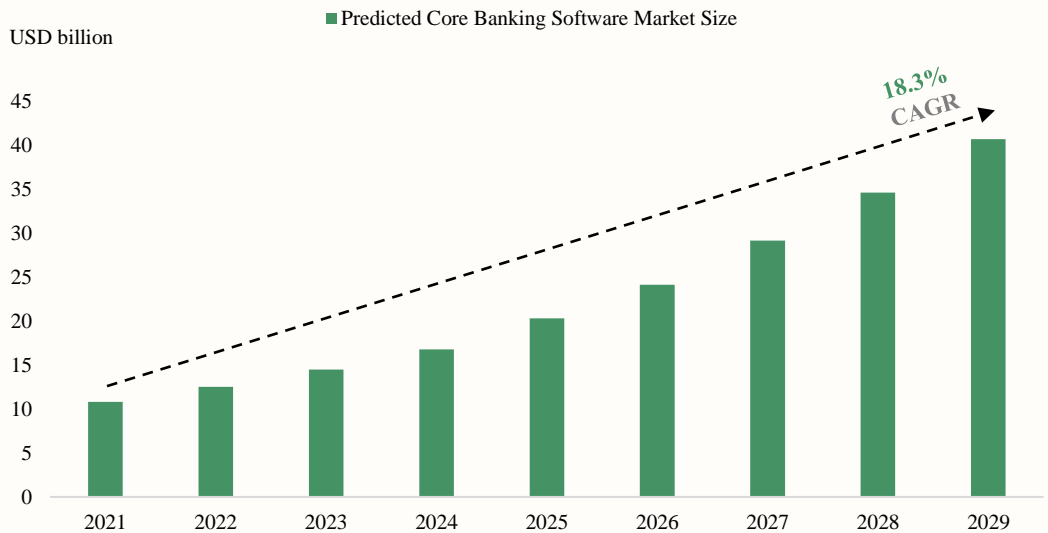
**RISING
ADOPTION
OF CLOUD-
BASED
SOLUTIONS**

The Global Core Banking Software Market is Expected to Grow Fast

The global Core Banking Software (CBS) market was valued at USD 10.8 billion in 2021, 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 for the estimated market growth. A need for managing customers accounts from a single server is also set to boost the CBS market.

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

Neobanks Have Disrupted the Finance Sector But Only 44% Offers Investments

Neobanks are fintech companies that offer banking services digitally, through apps, software and other technologies, in order to streamline 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, 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 in their offer, with DriveWealth as a carrying broker for Revolut's brokerage services. In Europe there are approximately 80 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 44% of 55 surveyed B2C European neobanks offered investment accounts to their customer, with 54 % listing more than one asset class (e.g. funds and stocks). Bricknode offers Brokerage as a Service and has customers such as the Swedish fintech companies Alwy and Sigmastocks.

Lending-as-a-Service Market is Expected to Reach USD 742.2 Million by 2027

Bricknode offers Lending-as-a-Service (LaaS) as a *plug-and-play* solution. Fintech companies have teared down the traditional barriers between the borrowers and lenders when it comes to processing loan applications. According to EY, 66% of SME's want access to fast credits and if banks cannot provide this, an SME will turn to fintech players or specialists. Furthermore, using more automated systems, banks are able to digitalize and streamline their credit offerings in order to simplify and speed up lending decisions. According to Absolute Markets Insights the LaaS-market was valued at USD 466.3 million in 2018 and is expected to reach USD 742.2 million by 2027. By the end of 2021, only 5% of banks reported to have completed their digital transformation initiative.

**#80
NEOBANKS
IN EUROPE**

**44%
OF THE
EUROPEAN
NEOBANKS
OFFERS
INVESTMENT**

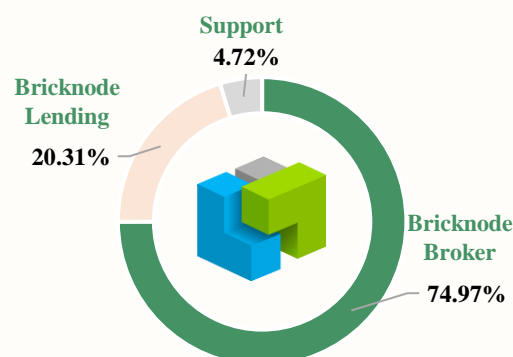
FINANCIAL FORECAST

As a SaaS company, Bricknode is able to generate recurring revenues from its monthly subscription model. Bricknode's net revenues amounted to 15,385 TSEK during the full year 2021, corresponding to a growth of 33%, supported by new customers through an increased market activity and a Net Revenue Retention (NRR) rate of 115%. The NRR rate is the percentage of recurring revenue retained from existing customers in a given time period, including revenue, downgrades, and cancellations. The Company's revenues are derived from a basic monthly fee, a function-based fee, a volume-based fee and support. The monthly fee can vary greatly between customers depending on the product area, functions and volume. The volume-based fee is dependent on the number of accounts, assets on the platform and/or numbers of admin-users, and therefore, Bricknode can grow with their customers. Today Bricknode has 26 customers, were Bricknode Broker accounts for ~75% of the Company's revenues, while Bricknode Lending accounts for ~20%, as illustrated in the pie chart below. Analyst Group have estimated the income distribution, which is divided between type of income and product area.

As of Today, Bricknode Broker Clearly Accounts For the Larger Portion of the Company's Income

Estimated Income Distribution and Pie Chart Illustrating Bricknode's Income Distribution Between Product Areas

Type of income	Product area	Distribution %
Monthly fee	Bricknode Broker	48%
Monthly fee	Bricknode Lending	16%
Volume-based	Broker/Lending	17%
Marketplace	Broker/Lending	14%
Support	Broker/Lending	5%



Source: Analyst Group's Estimates and Bricknode

Revenue Forecast 2022-2024

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 Bricknode the ARR is the annualized value of Monthly Recurring Revenue (MRR), i.e., MRR in a given month times twelve. Today, Bricknode does not report neither MRR or ARR, but in Bricknode's case ARR refers to the recurring revenues and does not include revenues from support. The recurring revenues accounted for ~94% over the time period Q2-2021 – Q1 2022, if same the level would still apply for the last twelve months, consequently the ARR would amount to 16.3 MSEK LTM. Please note that this is illustrative and has not been communicated by the Company. As mentioned, the customer relationship is long within Bricknode Broker and Bricknode Lending, which contributes to a high Total Contract Value (TCV). The high TCV and monthly recurring revenues explains why future revenues can be seen with a high degree of certainty.

The development in ARR depends on the NRR, the number of new customer and churn. At the time of the IPO (November 2021) Bricknode had 23 customers, and currently Bricknode have 26 customers. The driving factor for future revenues is to maintain an NRR over 100%, which is dependent on customers continuing to increase their usage, volume and upgrading their functions on the platform, for example with new add-ons. Currently, Bricknode have over 60 add-on tools on Bricknode Marketplace, and as new add-ons and applications are launched, existing customers can upgrade their services. The volume-based fee enables Bricknode to grow together with its customers and several of Bricknode's customers are innovative fintech companies which are a part of the digital trend and are facing a high growth. One example of this is Bricknode's customer Sigmastocks, who launched a new robot advisory service during 2021, and during H2-2021 the number of customers had already surpassed 5,000. These factors enables Bricknode to grow with existing customers, which is reflected in the NRR that has been, on average, 113% during the last four quarters (LTM).

FINANCIAL FORECAST

At the same time, it is of importance to maintain a low churn, and during 2021 Bricknode experienced as zero churn, which is a strong performance, and highlights the stickiness and high switching costs that Bricknode's products are associated with. However, in October 2021, Finansinspektion (FI) withdrew the authorization of securities for Bricknode's customer Nord Fondkommission AB which has a subscription with a notice period of 18 months, i.e., the monthly revenues for Bricknode will continue until April 2023. This will negatively effect the NRR in Q2-23 and negatively effect the churn for 2023.

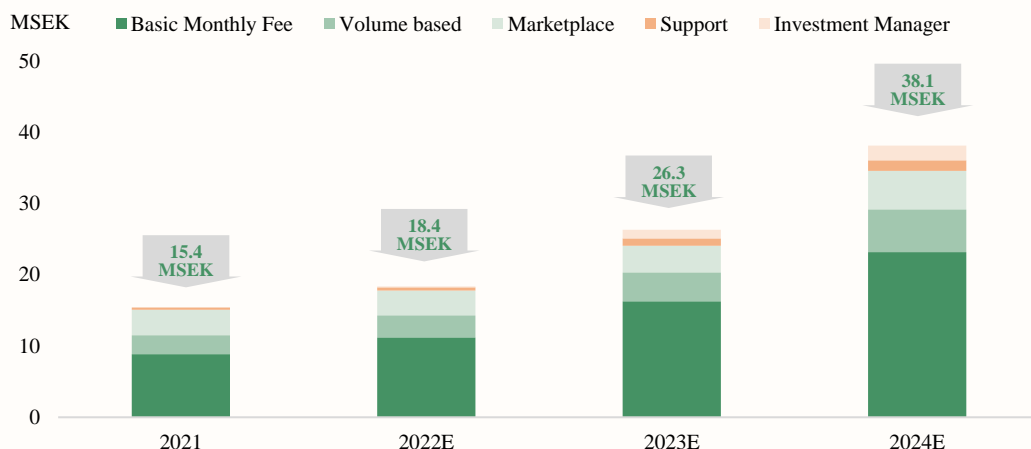
In July 2022, Bricknode launched a new vertical, Bricknode Investment Manager, which is a portfolio management software application that targets small family offices and corporate investors. The product can be used by firms globally at launch and has support for over 25 languages and multiple currencies. Bricknode Investment Manager does not require the user to have a regulatory license, which is the case for Bricknode Broker, and is a product with less complexity, which both shortens the sales process and has the ability to reach more customers. Analyst Group expects the first revenues from Bricknode Investment Manager to be recognized in H2-2022. New customers are an important factor to obtain the scalability that the Company possesses. A new customer for Bricknode Broker imply a long sales cycle and, therefore, new customers within this business vertical is not expected to grow at an exponential rate. Analyst Group estimates a faster increase of new customers for Bricknode Lending and Bricknode Investment Manager than Bricknode Broker, based on the complexity of Bricknode Broker and the longer sales cycles. On the other hand, a new customer of Bricknode Broker means a significantly higher MRR, than Bricknode Lending and Bricknode Investment Manager. New customers within all verticals, and growth among Bricknode's already existing customers, are driving factors for the overall growth going forward. Thus the NRR is assumed to be closer to 110%. The estimated revenue distribution from each revenue channels is illustrated below between the time period 2021 – 2024E and total net revenues are estimated to reach 38.1 MSEK in 2024, corresponding to a CAGR of 35% (2021-2024).

~110%
ASSUMED
NRR

35%
CAGR 2021-
2024E

New Customers and Growth Among Existing Customers Will Drive the Revenue

Estimated Revenue Distribution, 2021 – 2024E



Source: Analyst Group's Estimates

Estimated Costs 2022-2024

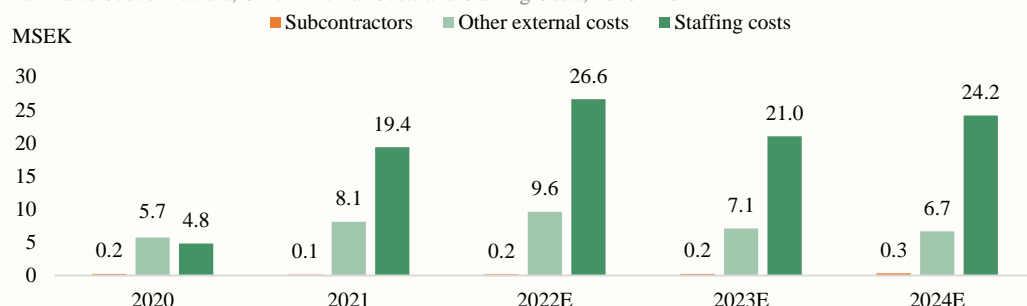
Bricknode's total cost base amounts to 38.0 MSEK LTM (Q3 2021 – Q2 2022), including subcontractors, other external costs and staffing costs. The largest cost item for Bricknode is their staffing costs, which amounts to 27.9 MSEK LTM and has increased rapidly since 2021, due to an expanded market team, engineering team and customer success team. As of end of June 2022, the number of employees amounted to 39 and the average cost during Q2-22 per employee was 217 TSEK, which can be compared with the full year 2020, where the number of employees was on average 8 and the average cost per quarter per employee amounted 150 TSEK. Bricknode has announced a plan to accelerate their path to profitability, where the Company intend to reduce fixed and variable costs by approximately 40%.

FINANCIAL FORECAST

Bricknode have during 2021 and H1-2022 invested significantly in technology upgrades, sales and marketing efforts. The technology investments for the extensive product platform are now completed and Bricknode will now be able to start scaling. Staffing costs are expected to grow between the full year 2021 and the full year 2022 by 37% to 26.6 MSEK in 2022 (19.4) due to the increased number of employees. During H2-2022 and the full year 2023, the number of employees is expected to decrease, due to the existing product platform and the reduced need for technological development. The other external costs amounted 10.0 MSEK LTM, which includes for example office rent, IT and marketing. Branding within finance takes time and Bricknode have allocated significant resources on market efforts since 2021, which are assumed to have increased the brand awareness. Focus on sales and marketing efforts are expected to continue going forward, however at a lower pace than during the last twelve month, because of a solid pipeline of leads and potential customers, and the already increased brand awareness.

The Expenses Are Estimated to Decrease In Terms of Percentage to Sales

Estimated Subcontractors, Other External Costs and Staffing Costs, 2020 – 2024E



Source: Analyst Group's Estimates

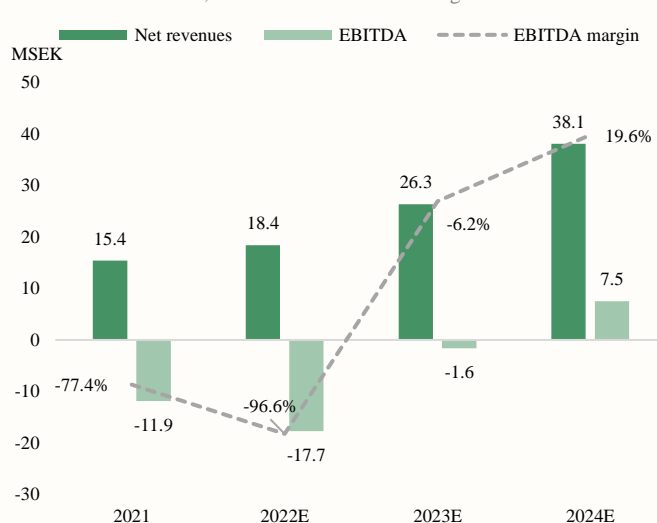
Bricknode's EBITDA Margin is Estimated to Increase to 19.6% in 2024

Bricknode's cost are estimated to increase between 2021 and 2022, due to a high market activity and various investments. However, 2023, we estimate that Bricknode's operating costs will drop due to increased cost control and a reduced number of employees. These factors, together with the scalable business model and Bricknode's extensive product platform, is expected to significantly strengthen the Company's EBITDA. Bricknode does not disclose any Customer Acquisition Costs (CAC) or Average Cost of Service (ACS), but instead has a marketing budget to increase sales and the brand awareness. On the other hand, Bricknode has no start-up fees, and the customer can from day one use the platform, which indicates a low CAC, beyond the sales and marketing costs. During 2024, we estimate that Bricknode will be profitable, performing an EBITDA margin of approx. 20%.

Base scenario (MSEK)	2021	2022E	2023E	2024E
Net revenues	15.4	18.4	26.3	38.1
Other operating income	0.3	0.2	0.4	0.5
Total Group revenue	15.7	18.6	26.7	38.6
Subcontractors	-0.1	-0.2	-0.2	-0.3
Other external costs	-8.1	-9.6	-7.1	-6.7
Staffing costs	-19.4	-26.6	-21.0	-24.2
EBITDA	-11.9	-17.7	-1.6	7.5
EBITDA margin	neg.	neg.	neg.	19.6%
Capitalization of Development costs	7.9	10.9	7.8	5.4
Depreciation / Amortization	-4.5	-5.8	-6.4	-7.0
Exchange gain and losses	0.0	0.0	0.0	-0.1
EBIT	-8.5	-12.6	-0.3	5.8

Bricknode is Estimated to Reach Profitability in 2024

Estimated Net revenue, EBITDA och EBITDA margin



Source: Analyst Group's Estimates

VALUATION

The derived fair value per share is based on a relative valuation where Bricknode is compared to a peer group with similar business models and addressable markets. Although the companies differ in size in terms of market cap and sales, there are still several similarities between the companies and Bricknode, regarding business model, product offering, addressable market etc. Bricknode has a unique product portfolio and platform, but at the same time Bricknode offers a cloud-based software to financial companies and thus classified as a B2B SaaS-company. Hence, Bricknode can be compared with other financial B2B SaaS-companies such as nCino inc., Q2 Holdings, Simcorp, Temenos, Thought Machine and Mambu.

Key metrics	P/S		EV/S		EBITDA margin		Sales Growth YoY		
	LTM	2022E	LTM	2022E	LTM	2022E	2021A	2022E	2023E
nCino inc.	13.4	10.2	13.3	10.1	-23%	-4.6%	34%	47%	25%
Q2 Holdings	5.1	4.7	5.6	5.2	-5%	7%	18%	16%	18%
Simcorp	5.5	5.1	5.6	5.2	23%	25%	5%	9%	7%
Temenos	6.6	6.2	7.4	6.9	47%	45%	5%	7%	10%
Thought Machine	13.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mambu	30.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average	12.5	6.6	8.0	6.8	11%	18%	16%	20%	15%
Bricknode	3.5	3.3	3.2	3.0	-94%	-97%	33%	19%	43%



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): 4,087

Market Cap (MUSD)
4,087

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): 2,734

Market Cap (MUSD)
2,734

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. Market Cap (MEUR): 2,783

Market Cap (MUSD)
2,783

List: Large Cap
Copenhagen



Temenos AG is a Switzerland-based company engaged in the development and marketing of banking software systems. The Company develops, markets, and sells integrated banking software systems to banking and other financial institutions worldwide. The company provides for example Temenos Transact, a banking solution that offers banking software, and data and analytics. Market Cap (MUSD): 6,440

Market Cap (MUSD)
6,440

List: SIX Swiss
Exchange



Mambu is disrupting Core Banking Software through its modern SaaS banking platform. It provides fast-to-implement and easy-to-manage, flexible and modern software, which allows its customers to build great banking experiences. Counting banks, lenders, fintechs and financial institutions as its customers, over 50 million end users leverage Mambu's technology every day. Valuation (MUSD): 4,900 as of December 2021

Valuation (MUSD)
4,900 (Series E)

Private Company



Thought Machine has developed the foundational layer of modern banking. Its cloud native core banking engine, Vault Core, is used by leading banks and financial institutions around the world, including Intesa Sanpaolo, Lloyds Banking Group, Standard Chartered, ING, Atom bank, Curve and more. Vault Core is a cloud native platform and gives banks full control to build any product required to flourish in a rapidly changing world. Valuation (MUSD): 2,700 as of May 2022

Valuation (MUSD)
2,700 (Series D)

Private Company

VALUATION

Valuation: Base Scenario

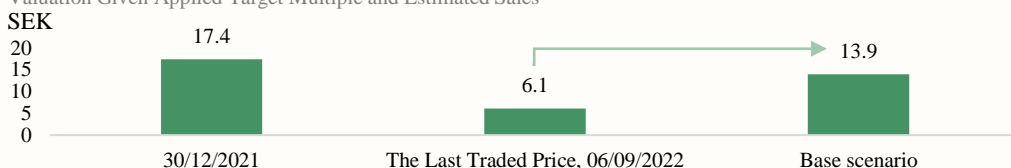
Bricknode are estimated to have a high sustainable growth going forward, which motivates the valuation to be based on sales. In addition to the sales-based valuation, the valuation will be further motivated by investigating underlying value of Bricknode's already developed platform.

The average P/S multiple of the peer companies as presented on the previous page, is greater than Bricknode's P/S multiple LTM, even when excluding the unlisted companies Thought Machine and Mambu, which drives up the average value. Thought Machine and Mambu are private companies and have the most similarities with Bricknode when it comes to business model, financial cloud software solutions and addressable market. These companies are funded via Venture Capital (VC) which implies that large amounts of capital can be raised, and also indicate a high interest in these types of business models. Taking the listed peer companies nCino, Q2, Simcorp and Temenos into consideration, Bricknode are expected to reach a higher sales growth YoY, aside from nCino in 2022, while Q2, Simcorp and Temenos are already, or are expected to be, profitable in 2022, which, together with the fact that Bricknode is a significantly smaller company, motivates a valuation discount. On the other hand, Bricknode have a relatively lower debt ratio, a high level of recurring revenues that are based on long-term customer relationship, a strong business moat and with the opportunities to scale up sales further. Analyst Group estimates, given scaled up sales within all product areas, that Bricknode can reach a net revenue of approximately 26 MSEK in 2023. Given this, and also consider the current increased risk aversion in the market, in particularly for fast-growing companies that are not yet profitable, as well as a relatively low liquidity in the share, a target multiple of P/S 5.9x is applied to the estimated revenues of 2023. This yield a present value per share of 13.9 SEK in a Base scenario, after taking a discount rate of 12% into account.

13.9 SEK
PRICE PER
SHARE IN A
BASE
SCENARIO

Price Per Share of 13.9 SEK In a Base Scenario

Valuation Given Applied Target Multiple and Estimated Sales

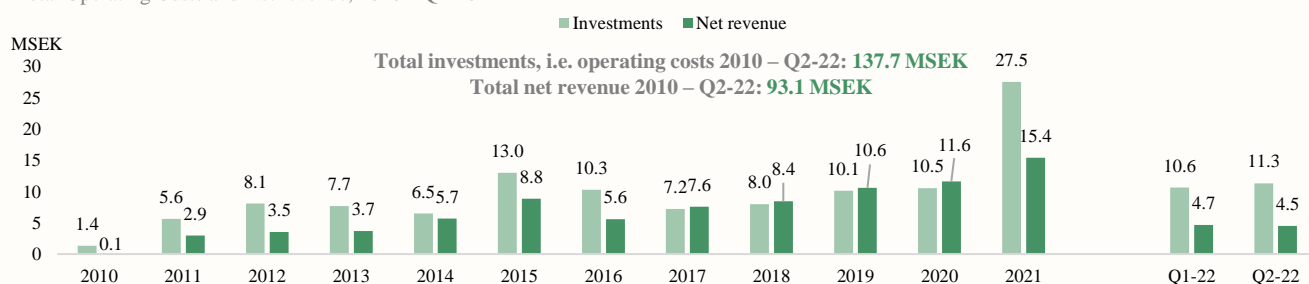


Source: Analyst Group's Estimates

To give the valuation further perspective, we have derived an underlying value for the platform that Bricknode have built over time, based on a cost approach. The cost-based approach refers to the accumulated investments that Bricknode have done over the years since its inception. The total aggregated investments that Bricknode have made historically can be seen as an illustrative total cost for building and developing the product portfolio that Bricknode possesses today, which could also be argued to be the price of building a similar platform. On the other hand, all investments Bricknode have done over the years may not have been value-creating, but we still consider it to give some sort of guidance. The investments have in total amounted to ~138 MSEK since 2010, which is the aggregated staffing costs and other external costs up until today. I.e., we define investments as the total amount that Bricknode have expensed when it comes to operating costs, such as staffing costs and other external costs. The accumulated level of approx. 138 MSEK indicates a value per share of 13.9 SEK, excluding a premium for the development period of 12 years. Hence, we consider the cost-based approach to support our derived valuation of Bricknode.

Investments Into The Underlying Value For The Platform Can Be Considered to Amount to 138 MSEK

Total Operating Costs and Net revenue, 2010 – Q2-2022



Source: Analyst Group's estimates

BULL & BEAR

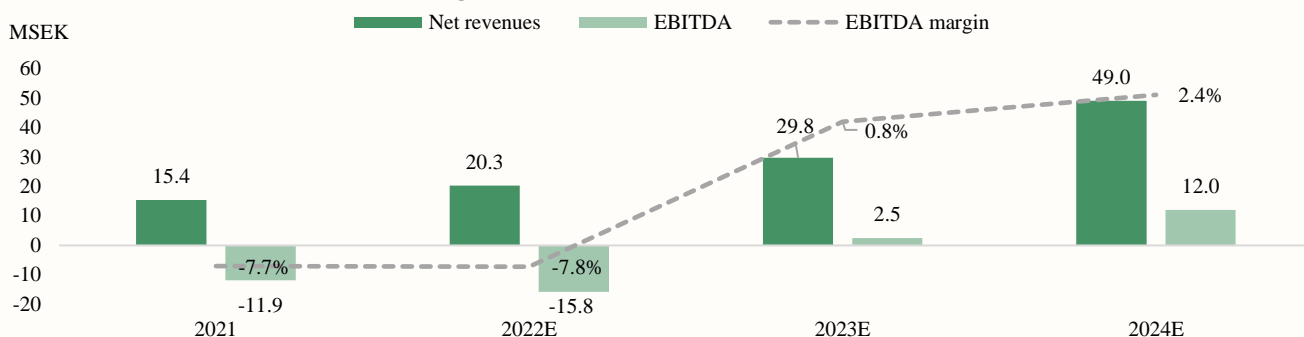
Bull Scenario

In a Bull scenario, the Company succeeds to register a regulated securities firm, which paves the way for Bricknode to carry out brokerage services for customers who lack their own regulatory permissions, which enables the Company to reach more customers already in 2023. Simultaneously the less complex products such as Bricknode Investment Manager and Bricknode Deposits & Savings have successful launches and the products enables Bricknode to address a wider market, which results in a significant growing number of customers. Bricknode are expected, in a Bull scenario, to execute on its current road map and increased brand awareness, which makes the sales related work easier. In a Bull scenario, Bricknode are estimated to grow and perform a CAGR of 47% (2021-2024E), reaching a net revenue of 29.8 MSEK in 2023 and 49.0 MSEK in 2024. As the Company performs better, a higher target multiple is motivated. By applying a P/S target multiple of 6.4x, a potential present value per share of 17.1 SEK is motivated in a Bull scenario, after taking a discount rate of 12% into account.

17.1 SEK
PRICE PER
SHARE IN A
BULL
SCENARIO

Revenues Are Estimated to Reach 29.8 MSEK in 2023 in a Bull Scenario

Estimated Net Revenue, EBITDA and EBITDA margin



Source: Analyst Group's Estimates

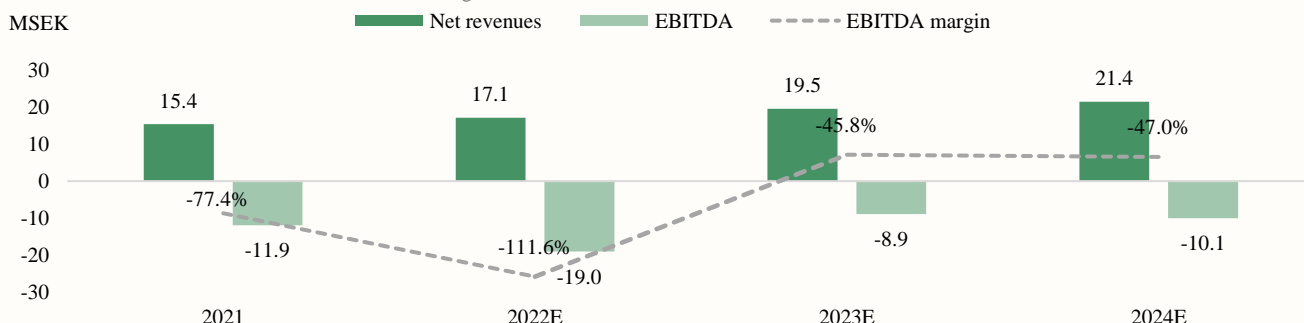
Bear Scenario

In a Bear scenario, the Company postpones the plans of establish a regulated securities firm, which impedes the Company to reach new customers within Bricknode Broker. Furthermore, the less complex products such as Bricknode Investment Manager and Bricknode Deposits & Savings have a lower success and the scaled-up sales are postponed. Bricknode grows gradually with its existing customers, and Analyst Group estimates the NRR to amount to approximately 104 % in 2023. Furthermore, there is a risk that the Company faces challenges to reach profitability, which increases the need for external capital. In a Bear scenario, Bricknode are estimated to grow slower and perform a CAGR of only 12% (2021-2024E), reaching a net revenue of 19.5 MSEK in 2023 and 21.4 MSEK in 2024. As the Company performs worse and faces a higher need of external capital, a lower target multiple is motivated. By applying a P/S target multiple of 3.1x, a potential present value per share of 5.3 SEK is motivated in a Bear scenario, after taking a discount rate of 12% into account.

5.3 SEK
PRICE PER
SHARE IN A
BEAR
SCENARIO

Revenues Are Estimated to Reach 19.5 MSEK in 2023 in a Bear Scenario

Estimated Net Revenue, EBITDA and EBITDA margin



Source: Analyst Group's Estimates

MANAGEMENT & BOARD



Stefan Willebrand, Founder, CEO and Board member

Stefan has created and developed companies within finance and technology since 1998. In his early 20s he founded a company that published technical analysis of the global financial markets online and went on to be a writer for Privata Affärer. 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.

Ownership: 2,796,534 b-shares in the Company through Willebrand Group.



Erik Hagelin, Deputy CEO and CFO

Erik is overlooking Sales and Finance in particular. He joined the company in 2016. Prior to joining Bricknode Erik spent more than 10 years in real estate investments, IT and FinTech. He has extensive experience as a CEO of regulated financial services companies.

Ownership: 1,481,316 b-shares in the Company through Team Hagelin.



Robert Lempka, Chairman

Robert joined Bricknode in 2020 as Chairman. After a 12-year investment banking career at Dresdner Kleinwort in Frankfurt and Goldman Sachs in London he shifted his attention to FinTech in 2005 and advised, founded, managed and supervised several listed and non-listed companies in Europe and Asia. Robert is a serial book author on Finance and Technology and holds a Master of Science degree from Trier University, Germany.

Ownership: 682,597 b-shares in the Company



Fanny Wallér, Board member

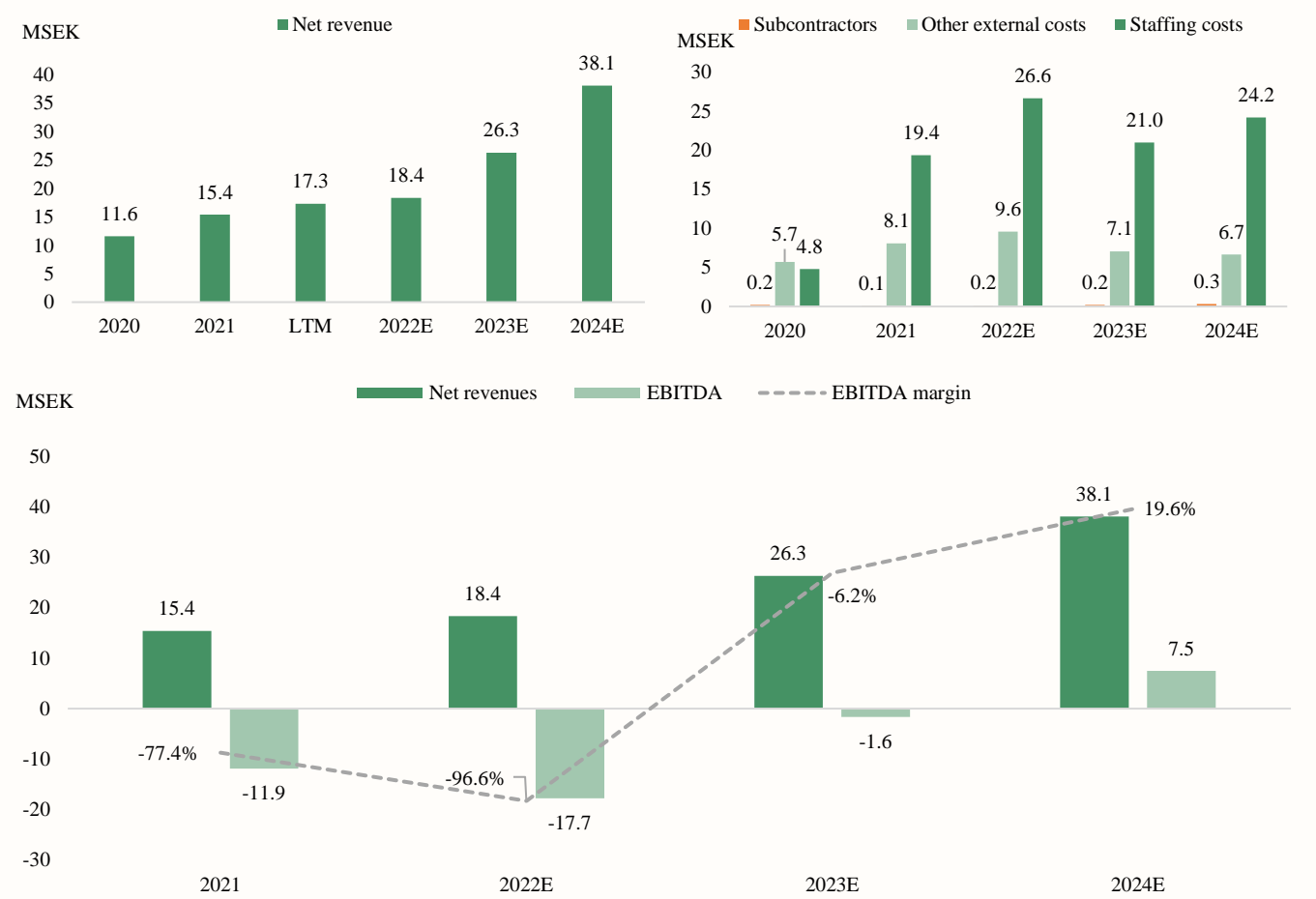
Fanny has been a board member since June 2021. She is Senior Advisor Communications and Marketing at Adunato AB. She has more than 20 years of experience in leading marketing and communication teams in big domestic and international organizations in the financial sector. Previous positions include Director of Communications and Head of Sustainability at Länsförsäkringar, Chief Marketing Officer and Head of Investor Relations at Intrum and Director of Sales and Marketing at SEB. Fanny holds a Bachelor of Science from Uppsala University.

Ownership: Fanny currently owns no shares in the Company

APPENDIX

Base scenario (MSEK)	2021	2022E	2023E	2024E
Net revenues	15.4	18.4	26.3	38.1
Other operating income	0.3	0.2	0.4	0.5
Total Group revenue	15.7	18.6	26.7	38.6
Subcontractors	-0.1	-0.2	-0.2	-0.3
Other external costs	-8.1	-9.6	-7.1	-6.7
Staffing costs	-19.4	-26.6	-21.0	-24.2
EBITDA	-11.9	-17.7	-1.6	7.5
EBITDA margin	-77.4%	-96.6%	-6.2%	19.6%
Capitalization of Development costs	7.9	10.9	7.8	5.4
Depreciation / Amortization	-4.5	-5.8	-6.4	-7.0
Exchange gain and losses	0.0	0.0	0.0	-0.1
EBIT	-8.5	-12.6	-0.3	5.8

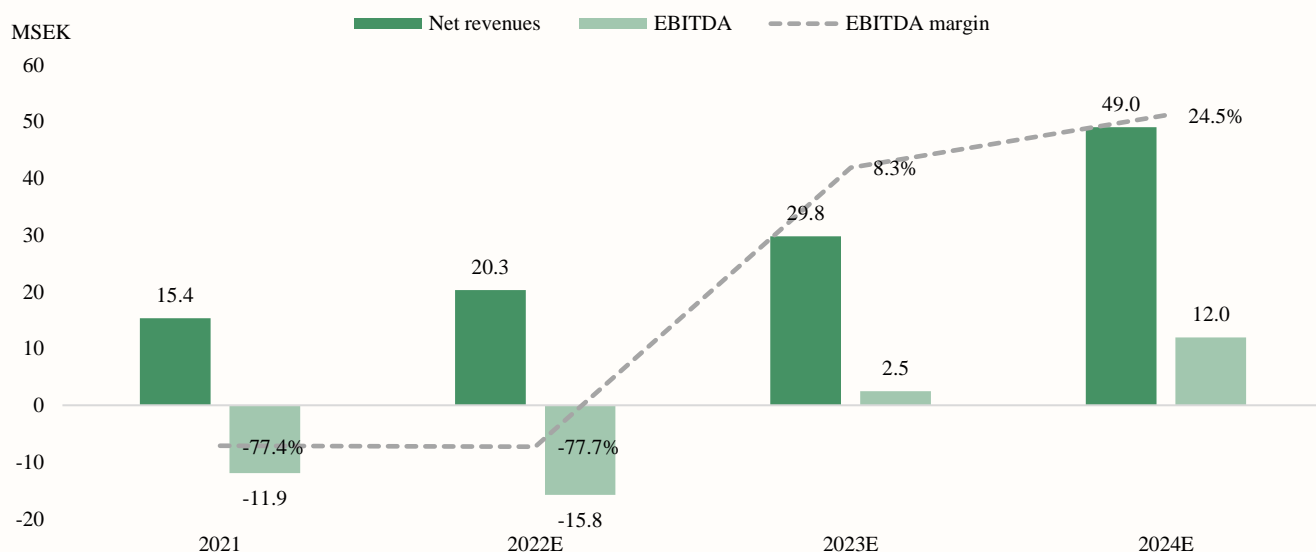
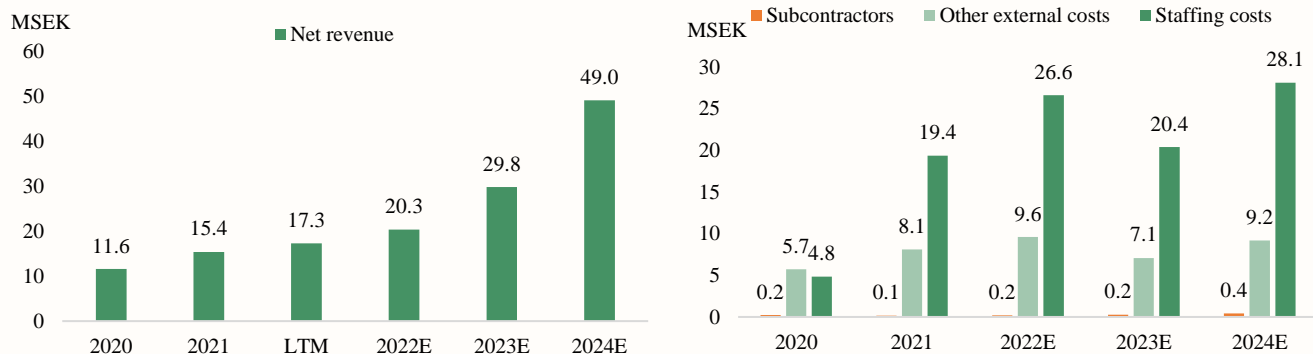
Key metrics	2021	2022E	2023E	2024E
P/S	3.9	3.3	2.3	1.6
EV/S	3.6	3.0	2.1	1.4
EV/EBIDA	-4.7	-3.1	-33.7	7.3



APPENDIX

Bull scenario (MSEK)	2021	2022E	2023E	2024E
Net revenues	15.4	20.3	29.8	49.0
Other operating income	0.3	0.3	0.4	0.7
Total Group revenue	15.7	20.6	30.2	49.7
Subcontractors	-0.1	-0.2	-0.2	-0.4
Other external costs	-8.1	-9.6	-7.1	-9.2
Staffing costs	-19.4	-26.6	-20.4	-28.1
EBITDA	-11.9	-15.8	2.5	12.0
EBITDA margin	-77.4%	-77.7%	8.3%	24.5%
Capitalization of Development costs	7.9	10.9	7.6	6.1
Depreciation / Amortization	-4.5	-5.8	-6.4	-7.0
Exchange gain and losses	0.0	0.0	0.0	-0.1
EBIT	-8.5	-10.7	3.7	11.0

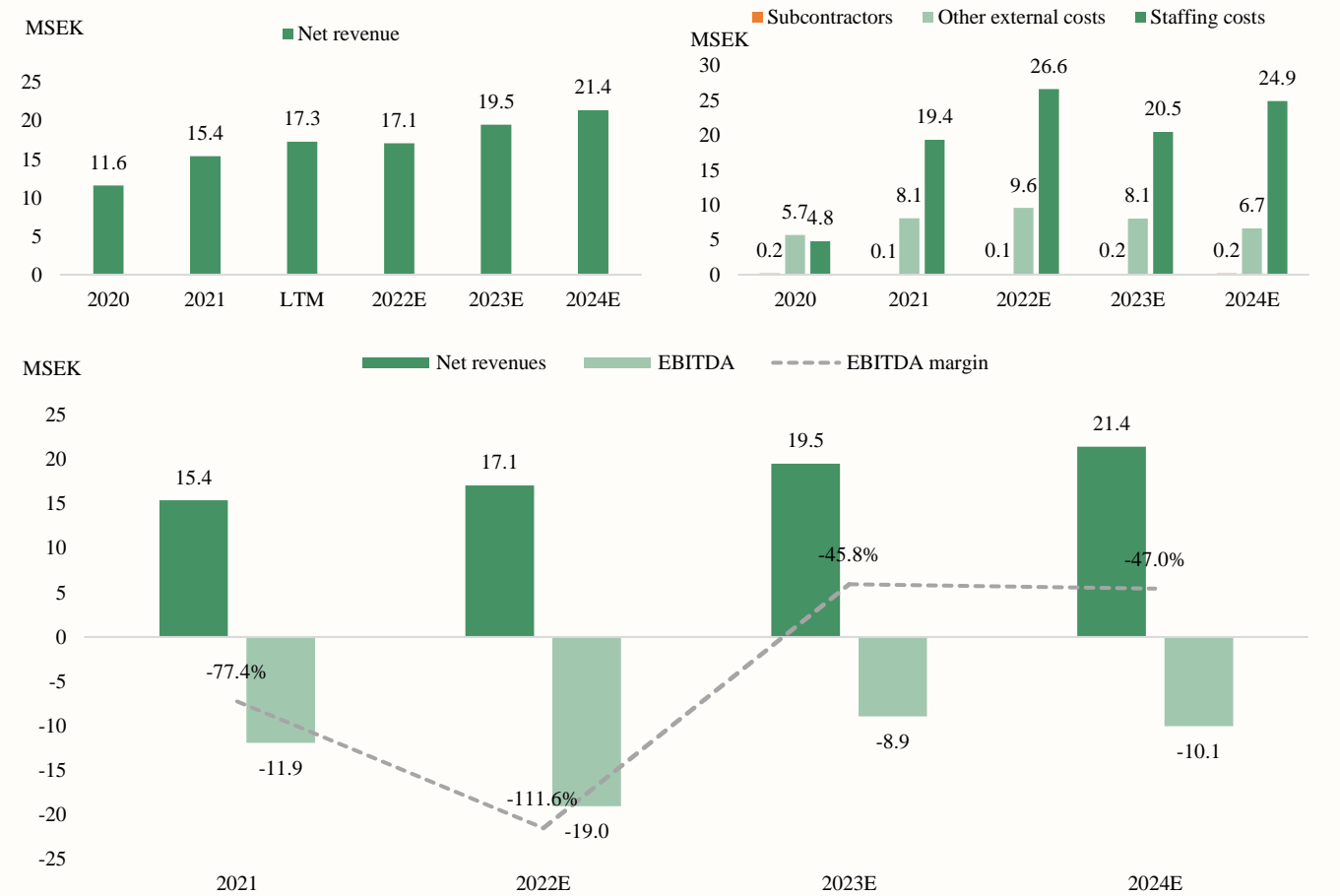
Key metrics	2021	2022E	2023E	2024E
P/S	3.9	3.0	2.0	1.2
EV/S	3.6	2.7	1.8	1.1
EV/EBIDA	-4.7	-3.5	22.0	4.6



APPENDIX

Bear scenario (MSEK)	2021	2022E	2023E	2024E
Net revenues	15.4	17.1	19.5	21.4
Other operating income	0.3	0.2	0.3	0.3
Total Group revenue	15.7	17.3	19.8	21.7
Subcontractors	-0.1	-0.1	-0.2	-0.2
Other external costs	-8.1	-9.6	-8.1	-6.7
Staffing costs	-19.4	-26.6	-20.5	-24.9
EBITDA	-11.9	-19.0	-8.9	-10.1
EBITDA margin	-77.4%	-111.6%	-45.8%	-47.0%
Capitalization of Development costs	7.9	10.9	9.7	7.7
Depreciation / Amortization	-4.5	-5.8	-6.4	-7.0
Exchange gain and losses	0.0	0.0	0.0	0.0
EBIT	-8.5	-13.9	-5.7	-9.4

Key metrics	2021	2022E	2023E	2024E
P/S	3.9	3.5	3.1	2.8
EV/S	3.6	3.2	2.8	2.6
EV/EBIDA	-4.7	-2.9	-6.1	-5.4



DISCLAIMER

These analyses, documents and any other information originating from AG Equity Research AB (Henceforth “AG”) are created for information purposes only, for general dissipation and are not intended to be advisory. The information in the analysis is based on sources, data and persons which AG believes to be reliable. AG can never guarantee the accuracy of the information. The forward-looking information found in this analysis are based on assumptions about the future, and are therefore uncertain by nature and using information found in the analysis should therefore be done with care. Furthermore, AG can never guarantee that the projections and forward-looking statements will be fulfilled to any extent. This means that any investment decisions based on information from AG, any employee or person related to AG are to be regarded to be made independently by the investor. These analyses, documents and any other information derived from AG is intended to be one of several tools involved in investment decisions regarding all forms of investments regardless of the type of investment involved. Investors are urged to supplement with additional relevant data and information, as well as consulting a financial adviser prior to any investment decision. AG disclaims all liability for any loss or damage of any kind that may be based on the use of analyses, documents and any other information derived from AG.

Conflicts of Interest and impartiality

To ensure AG’s independence, AG has established compliance rules for analysts. In addition, all analysts have signed an agreement in which they are required to report any and all conflicts of interest. These terms have been designed to ensure that *COMMISSION DELEGATED REGULATION (EU) 2016/958 of 9 March 2016, supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest*. Compliance policy: <https://analystgroup.se/interna-regler-ansvarsbegransning/> (Swedish)

Other

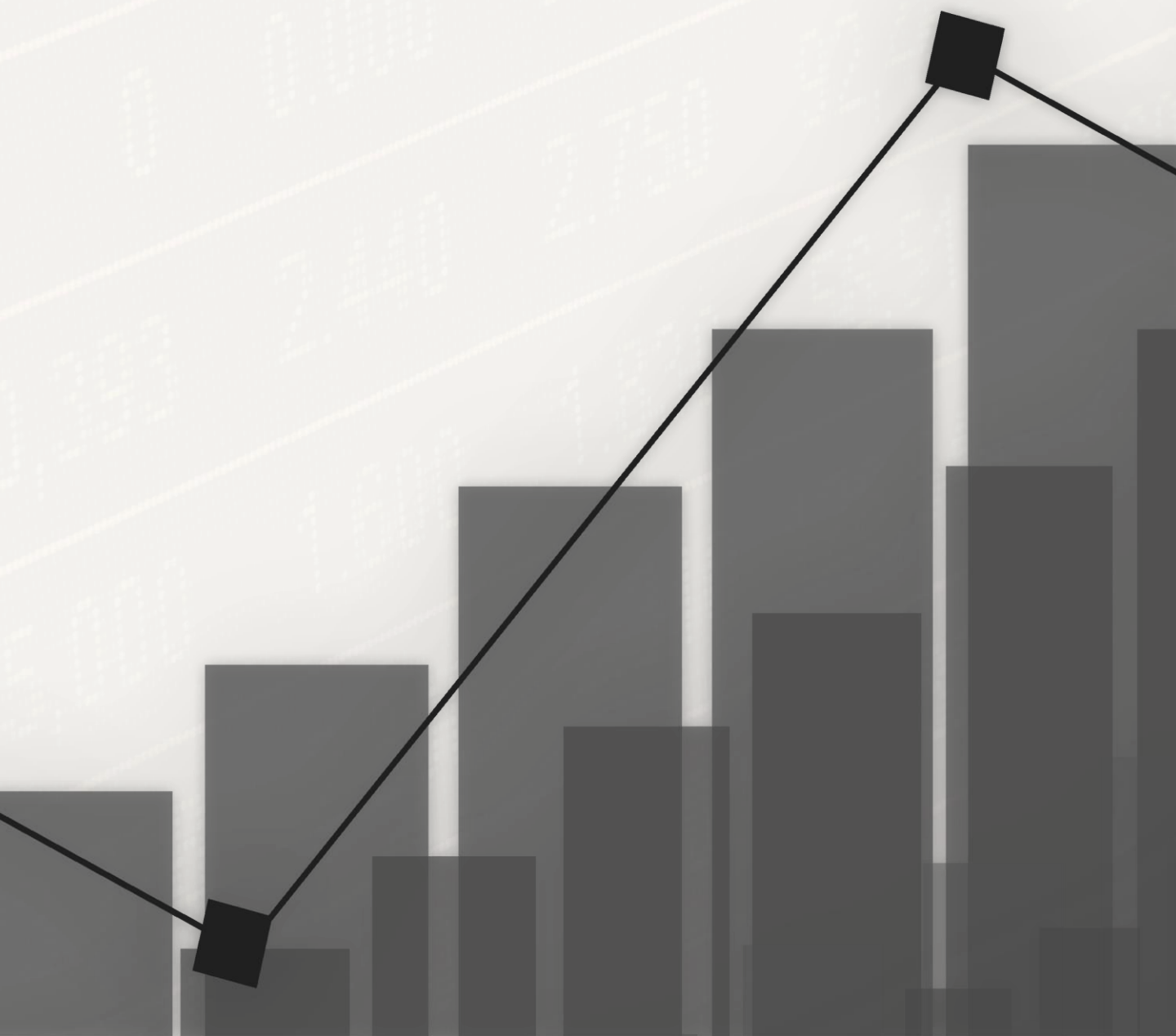
This analysis is a task analysis. This means Analyst Group has received payment for doing the analysis. The Principal, **Bricknode Holding AB** (furthermore” the Company”) has had no opportunity to influence the parts where Analyst Group has had opinions about the Company's future valuation or anything that could constitute an objective assessment.

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

This analysis is copyright protected by law © AG Equity Research AB (2014-2022). Sharing, dissemination or equivalent action to a third party is permitted provided that the analysis is shared unchanged.



Analyst Group



AG EQUITY RESEARCH AB

Org.nr: 556999-0939 | Mail: info@analystgroup.se
Riddargatan 12B, 114 35, Stockholm