



Huddlestock Fintech AS (OSE: HUDL) acquires Trac Services and Tracs Technology. Obtains a full investment banking license.

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With reference to the stock exchange announcement made 12.05.2022, Huddlestock Fintech AS (“Huddlestock”), a provider of innovative technology solutions to the capital markets, treasury, and wealth management industries, is pleased to announce that a final and binding agreement to acquire 100% of the shares of Trac Services AS and Tracs Technology AS (the “Shares” and/or “Tracs”), as well as their regulatory licenses, has been signed.

The highly complementary acquisition adds a fully operational service organisation, regulatory licenses, financial technology and suite of complementary wealth management products to Huddlestock’s existing portfolio. As of end 2021, Tracs had NOK 4bn in assets under management and delivered NOK 14.1m in annual recurring revenues. Together with this acquisition, eight highly specialised and committed employees will join Huddlestock from Tracs’, taking the total number of employees in Huddlestock to 70 people. Huddlestock’s management see significant opportunities to scale and increase the new groups’ revenue base and margins. The combined group’s 2022 revenue target of NOK 75m is maintained.

“This is yet another milestone for the company and shows that we deliver on our goals and targets. We are now a fully licensed investment banking group with extended capabilities, just like we said we would achieve in our last funding round in December 2021. Our annual recurring revenues are expected to increase by NOK 14.1m this year alone due to this transaction. The integration of Tracs’ highly skilled employees and purchase of additional shares by the Njord Group, a respected institutional investor, shows the faith owners and managers put in our capabilities to build a solid and valuable business,” says John E. Skajem, CEO of Huddlestock.

“There are strong synergies between Huddlestock and Tracs. We see significant client opportunities for increasing revenues and margins, opening up for rapid expansion of the business. The combination of Huddlestock and Tracs, will create one of the largest B2B Fintech providers in Europe. As institutional and long-term investors, we strongly believe in the value proposition of Huddlestock, and see a profitable future together,” says Jan Sigurd Vigmostad, Chairman of Trac Services AS and Tracs Technology AS.

The final agreement has the following main content:

- Huddlestock will on Closing issue 12,732,819 shares, in whole or in part potentially substituted with treasury shares, as consideration for the acquired Shares (“**Consideration Shares**”);
- In the event the consolidated revenue for Huddlestock is equal to or exceeds NOK 100m with an EBITDA margin equal to or exceeding 5% for the financial year 2023, the Sellers are entitled to an additional 4,375,539 shares of Huddlestock to be issued in a private placement (“**Earn Out Shares**”);
- Both the Consideration Shares and the Earn Out Shares will be subject to a 12-month Lock-up arrangement from the date of issuance;
- A condition precedent for the Sellers is that Njord, through the support of other shareholders in the Buyer, is successful in appointing two Board Members of the Buyer on Closing.

In a separate part, Njord Group AS (“**Njord**”) has agreed to purchase an additional 1,923,077 shares in Huddlestock Fintech at a price of NOK 2,60 per share, and a total consideration of NOK 5,000,000 (“**Private Placement Shares**”) on the close of Huddlestock’s acquisition of Trac Services and Tracs Technology. The shares will be issued to Njord in a private placement and takes Njord’s total shareholding in Huddlestock post-close to 8.80%.

As a holder of licenses regulated by the Norwegian FSA and held under the Norwegian Securities Act, Huddlestock’s proposed acquisition of Trac Services AS, triggers a change of ownership clause. The agreement to purchase Trac Services AS and Tracs Technology AS is subject to approval from Finanstilsynet (Norwegian FSA).

Disclosure regulation

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

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About Huddlestock Fintech AS

Huddlestock Fintech is an innovative technology software provider with a leading expert professional services business. We deliver innovative and sustainable technology solutions to the capital markets, treasury and wealth management industries.

Through its technology offering, Huddlestock offers an innovative, compliant, and data-centric WealthTech SaaS, accelerating the digital transformation, and trends of hyper-personalization and on-demand banking within the wealth management industry. 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 world-class expert professional services business, Huddlestock delivers strategic technology solutions and process automation for the financial services industry. This range of services has propelled Huddlestock into becoming the preferred supplier of financial consultancy services and technology solutions in the Nordic region. Huddlestock Fintech AS was listed on Euronext Growth Market 26th November 2020, as Norway's first fintech company to be publicly traded.

For more information, please visit www.huddlestock.com

Attachments

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