



## ERIK PENSER BANK

Penser Access | Information Technology Services | Sweden | 17 August 2022

# Irisity

## Organic growth accelerates

### Robust growth


Sales in Q2 22 amounted to SEK 31.9m, corresponding to growth of 144% y/y, of which 60% organic. The figure shows that Irisity is managing the external factors that disrupted Q1. The Middle East and Southeast Asia are the driving markets behind the growth. Although MRR was up 83% y/y to SEK 5.5 million at the end of Q2, MRR was held back temporarily in the Swedish market, where the company is undergoing a review by IMY.

### Adjusting MRR estimate downward

Based on MRR churn in Q2, we are lowering our sales estimates by about 18% for 2022-2024. If the report from IMY is favourable, these sales can be added back to our estimates. As we are adjusting our sales estimates downwards, the EBITDA estimate falls by an average of SEK 34m per year. Canon, which owns Axis, is expected to grow its IP camera sales by 15% this year and generate earnings of USD 2bn.

### Fair value adjustment

We are lowering our fair value to SEK 50-52 from the previous SEK 60-63. We find that the company is being traded at an attractive valuation compared to many Swedish listed software companies. The company is currently being traded at an implicit WACC just under 25%.

Estimate Changes (kr)				Estimates (kr)					Risk and Potential	
	Now	Before			21	22e	23e	24e	Motivated value	50.0 - 52.0
EBITDA, mkr 22e	10.7	27.2	-60.8%	Sales, mkr	77	147	242	314	Current price	SEK17.0
EBITDA, mkr 23e	59.1	99.7	-40.8%	Growth	110%	90%	65%	30%	Risk level	Medium
EBITDA, mkr 24e	105.6	152.5	-30.8%	EBITDA, mkr	6.4	10.7	59	106	<div>One Year Performance Chart</div> 	
				EBIT, mkr	(22)	(92)	(31)	23		
				EPS, adjusted	0.2	0.5	-	-		
				EPS growth	0%	2%	(1)%	(2)%		
				Equity/share	19.9	19.8	19.1	19.5		
				Dividend/share	0.0	0.0	0.0	0.0	<div>Analysts</div> <p>rikard.engberg@penser.se</p>	
				EBIT margin	(29.0)%	(62.4)%	(12.8)%	7.4%		
				ROE	(3.1)%	(9.1)%	(3.4)%	2.5%		
				ROCE	(3.0)%	(10.9)%	(3.8)%	2.8%		
				EV/Sales	8.0x	4.2x	2.6x	2.0x		
				EV/EBITDA	97.2x	58.3x	10.5x	5.9x	<div>Key Figures (mkr)</div>	
				EV/EBIT	(27.7)x	(6.8)x	(20.1)x	26.8x		
				P/E, adjusted	85.0x	34.0x	--x	--x		
				P/Equity	0.9x	0.9x	0.9x	0.9x		
				Dividend yield	0.0%	0.0%	0.0%	0.0%		
				FCF yield	(3.2)%	(18.0)%	(6.8)%	5.0%	<div>Calendar Events</div> <p>Q3'22 Rapport 11/11/2022</p>	
				Net debt/EBITDA	(4.7)g	(1.6)g	(0.8)g	(1.0)g		
									<div>Number of shares</div> <p>38m</p>	
									<div>Market cap</div> <p>652</p>	
									<div>Net debt</div> <p>(30)</p>	
									<div>EV</div> <p>622</p>	
									<div>Free float</div> <p>79%</p>	
									<div>Average number of daily traded shares</div> <p>73(k)</p>	
									<div>Reuters/Bloomberg</div> <p>IRIST.ST/IRIS:SS</p>	



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# Overview

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### Investment Case

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Irisity is a software company that develops algorithms for IP cameras. These algorithms have the ability to independently raise an alarm if there is an intruder at a protected property or track human activity. Implementation of this type of solution enables cost savings of 50–70% for a security company. We have assessed Irisity's algorithms as world-leading, which is reflected in the company's technical partners. These include Axis, the leading IP camera manufacturer in the western world, and Milestone, a market-leading VMS system, Mobotix, Intel and Genetec. Irisity also partners with the leading security firms G4S and Securitas. In our view, Irisity has in recent years and through the acquisition of Agent VI built a global presence and a stable base for reaching a new level of growth and profitability. This will be accomplished through channel partnerships with key global players in the security industry.

### Company Profile

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The security industry had sales of approximately USD 161bn in 2019 and has historically seen growth in line with GDP. The industry has always been staff-intensive, with operating margins of around 5%. One of the fastest growing niches is video surveillance, a market that according to IHS Markit is expected to turn over USD 20bn in 2020 and grow by about 10.5% per year (in value) in the coming years. Consulting firm Mordor Intelligence estimates that 60% of sales currently consist of hardware and 10–15% service. Software thus accounts for about 15–20% of sales. The reason video surveillance is growing faster than the security industry as a whole is the great efficiency gains that security companies can make by replacing patrolling guards with cameras. We also concur with industry analysts who believe a majority of new sales in video surveillance will be cloud-based within three years.

Irisity has been training and developing its algorithms for detecting human activity for over 10 years. The time and data that Irisity has amassed during the company's lifetime is one of its main competitive advantages since this volume of data processing is difficult to replicate, making the algorithm strong. We estimate that a security company could reduce its costs for monitoring a property by 40–60% by using Irisity's software, which would mean its operating margins for security work could rise from 5% with fully manual surveillance to 8–10% if fully replaced with video surveillance. We believe that the multinational security companies will accelerate their investments in improved margins post Covid-19.

One of Irisity's goals is to be the globally leading supplier of video analytics software. We believe the performance and precision of the company's algorithms show that Irisity is well on the way. To commercialize the company's market-leading product, Irisity has entered into partnerships with many of the leading companies in the market. These include G4S (security company), Axis (camera company), Milestone (VMS vendor) and several leading integrators. This strategy has proven to be beneficial, as 80% of the company's revenues come from the ten main partner companies. We consider the partnerships with Axis and Mobotix, where Irisity's software is sold embedded in the camera, highly interesting as they are paving the way for an expansion of the market and believe they can generate significant revenues in future years.



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### Valuation approach

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At present, the company is being traded at an implicit WACC of about 25%. We believe a relative valuation is better suited in the current market climate and have chosen to look at an EV/EBITDA multiple for 2023-2025. If these are weighted together with a discount of about 15% to account for supply chain uncertainty and the IMY decision, we arrive at a new fair value of SEK 50-52. The discount is higher when EV/Sales is taken into account. The explanation here is that Irisity is in an earlier commercial stage than many of its peers.

## The quarter in detail

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Sales in Q2 22 amounted to SEK 31.9m, corresponding to growth of 144% y/y, of which 60% organic. The Middle East and Southeast Asia are the driving markets behind the growth. The company is continuing to reinforce its pipeline in Europe and America. We consider the growth strong considering the supply chain challenges.

Although MRR was up 83% y/y to SEK 5.5 million at the end of Q2, MRR was held back temporarily in the Swedish market, where the company is undergoing a review by IMY (the Swedish Authority for Privacy Protection). The authority is evaluating whether Irisity's anonymity algorithms suffice to exempt the company's cameras from requiring a permit in public spaces. The Västra Götaland County Administrative Board previously determined that this is the case and we believe IMY will deliver a favourable report. This has, however, had adverse impact on the company's sales in the Swedish market because local authorities have suspended deployments and, in some cases, canceled agreements altogether. The inquiry was supposed to be finished in October last year and the company is still waiting for an outcome. If the report is negative, the company risks being fined or admonished. We believe that MRR will increase if the report is positive. In spite of the churn the company is experiencing in the Swedish market, Irisity is partially offsetting the loss with strong international growth.

EBITDA amounted to SEK 1.2m. The company is continuing to strengthen the gross margin, which was 83.4%. In our assessment, Irisity's cost base is now at a stable level. The company is burdened by goodwill-related amortization, which resulted in negative EBIT of SEK -27m, and is assessing a possible switch to IFRS, which eliminates goodwill amortization.

Cash flow was impaired by a past-due receivable of USD 1.3m (about SEK 13m) from the US Department of Treasury, resulting in cash used in operating activities of SEK -19.2m.

Overall, we see a strong quarter in which the company successfully generated global growth to compensate for the revenue loss in Sweden. We believe there is an upside in our estimate, as there are still supply chain challenges for Irisity's end customers. If these begin to subside, we believe further acceleration of growth is possible.

## Estimate changes

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As the company has seen MRR churn, we are lowering our revenue estimate by an average of 18% for the next few years. We believe the churn the company experienced in Q2 will reverse by the end of the year.

## Estimate changes

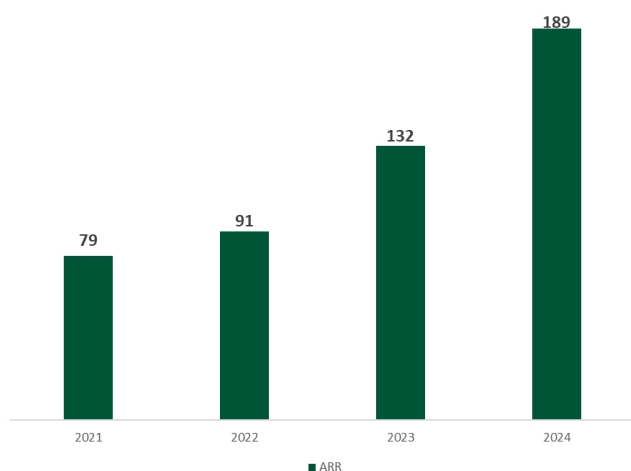
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	2022	2023	2024
Δ Sales	-15,6%	-19,3%	-19,1%
Δ EBITDA	-61%	-41%	-31%
Sales	-27,2	-57,7	-74,0
EBITDA	-16,6	-40,6	-46,9

*Källa: EPB*

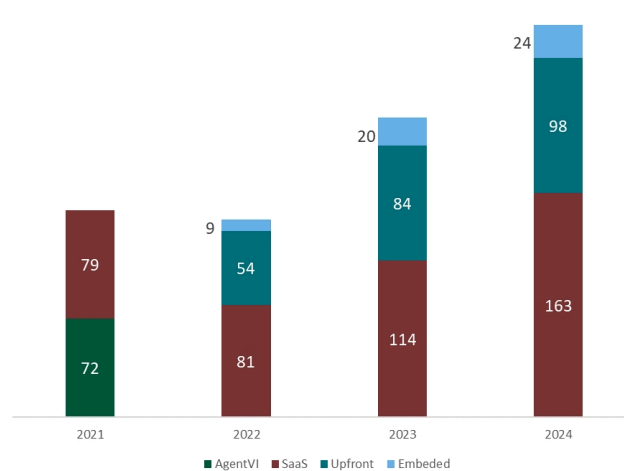
## Irisity in charts

### ARR (MSEK) (MRRx12 year end) (MSEK)



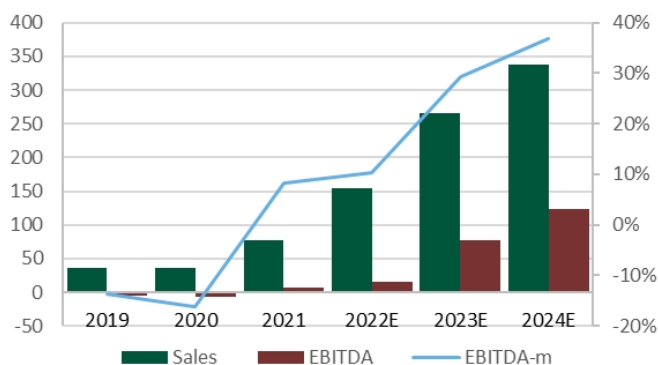
Source: EPB

### Revenue during the estimate period (MSEK)



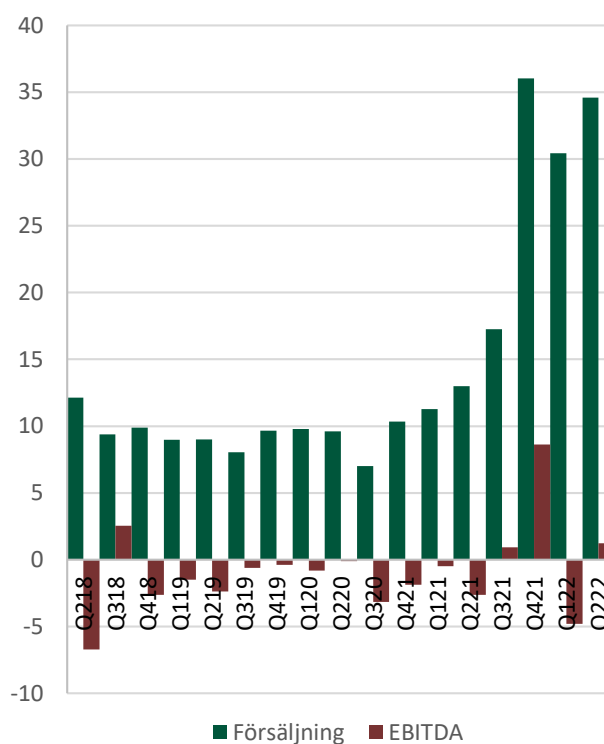
Source: EPB

### Sales and EBITDA (y/y), MSEK



Source: EPB

### Sales and EBIT (q/q), MSEK



Source: EPB

## Peers

Valuation	MCAP (sek)	EV (sek)	EV / Sales			EV / EBITDA			EV / EBIT			Price / Earnings		
			LTM	2022	2023	LTM	2022	2023	LTM	2022	2023	LTM	2022	2023
Admicom	3 252	3 281	11,13x	9,8x	8,52x	23,5x	21,2x	18,4x	27,7x	26,0x	22,3x	35,7x	34,4x	28,7x
Fortnox	36 499	36 566	36,11x	28,7x	21,59x	85,0x	62,6x	45,7x	109,6x	78,9x	54,3x	139,4x	102,2x	70,0x
Vitec Software Group	15 429	16 077	9,47x	8,4x	7,33x	25,9x	23,5x	19,3x	51,5x	45,6x	36,7x	70,9x	44,1x	35,8x
SimCorp A/S	29 009	28 325	5,38x	4,9x	4,61x	19,5x	20,4x	17,6x	21,9x	22,6x	18,4x	26,1x	28,6x	23,4x
Lime Technologies	4 051	4 252	9,47x	8,8x	7,59x	32,9x	27,9x	23,7x	53,2x	47,3x	37,1x	67,2x	45,5x	35,9x
Kahoot	13 872	13 191	13,04x	8,5x	6,61x	118,8x	44,7x	24,6x	-	73,9x	25,2x	17780,0x	137,5x	44,3x
Twilio	165 193	133 071	3,79x	3,3x	2,60x	-	62,5x	34,5x	-	(157,3x)	265,9x	(14,9x)	-	1358,9x
Adobe	2 177 083	2 170 812	12,65x	11,9x	10,44x	30,5x	24,0x	21,2x	35,0x	26,6x	23,0x	44,0x	33,4x	28,5x
HubSpot	192 435	187 313	11,90x	10,7x	8,65x	-	90,1x	65,9x	-	126,4x	88,1x	(193,0x)	169,8x	121,2x
Salesforce	1 960 768	1 969 308	6,84x	6,0x	5,10x	36,3x	19,3x	17,2x	876,6x	29,5x	23,9x	185,4x	40,2x	32,9x
Upsales Technology	1 314	1 287	11,58x	9,9x	7,39x	55,5x	42,9x	26,8x	77,7x	55,9x	33,9x	106,9x	71,8x	43,9x
SignUp Software	1 886	1 854	9,94x	7,3x	5,85x	55,7x	79,4x	34,7x	64,4x	172,2x	45,2x	-	254,4x	65,9x
Checkin.com Group	738	706	15,01x	9,2x	4,68x	-	n.m	23,1x	-	(57,9x)	49,0x	(69,5x)	-	63,6x
Irisity	682	652	5,68x	3,7x	2,17x	256,5x	24,0x	6,5x	-	(10,0x)	37,5x	(9,5x)	6,4x	2,5x
<b>Mean</b>			<b>12,1x</b>	<b>9,7x</b>	<b>7,7x</b>	<b>54,8x</b>	<b>43,3x</b>	<b>28,4x</b>	<b>146,4x</b>	<b>40,3x</b>	<b>53,4x</b>	<b>2766,0x</b>	<b>91,6x</b>	<b>142,7x</b>
<b>Median</b>			<b>10,5x</b>	<b>8,6x</b>	<b>7,0x</b>	<b>36,3x</b>	<b>27,9x</b>	<b>23,4x</b>	<b>53,2x</b>	<b>37,5x</b>	<b>36,9x</b>	<b>44,0x</b>	<b>44,8x</b>	<b>39,9x</b>
<b>Irisity vs Peers</b>			-46%	-57%	-69%	n.m	-14%	-72%		n.m	2%	n.m	n.m	n.m

Margins	Gross Income			EBITDA			EBIT			Net Income		
	LTM	2022	2023	LTM	2022	2023	LTM	2022	2023	LTM	2022	2023
Kahoot	34,1%	94,3%	94,3%	11,0%	19,0%	26,9%	-0,5%	11,5%	26,2%	-0,1%	-0,1%	12,2%
Admicom	50,5%	95,0%	96,2%	47,5%	46,4%	46,4%	40,2%	37,7%	38,3%	30,7%	28,0%	29,0%
Fortnox	32,9%	90,5%	90,3%	42,5%	45,9%	47,2%	32,9%	36,4%	39,7%	25,8%	27,4%	30,8%
Vitec Software Group	18,4%	100,2%	96,6%	36,6%	35,6%	37,9%	18,4%	18,4%	20,0%	13,0%	12,8%	14,6%
SimCorp A/S	59,3%	59,1%	58,5%	27,6%	24,3%	26,2%	24,6%	21,9%	25,1%	20,6%	17,3%	19,8%
Lime Technologies	20,8%	-	-	28,8%	31,6%	32,1%	17,8%	18,6%	20,5%	13,4%	14,1%	15,5%
Twilio	45,9%	51,4%	51,7%	-20,5%	5,3%	7,5%	-30,1%	-2,1%	1,0%	-31,2%	-3,0%	0,2%
Adobe	86,8%	89,5%	89,7%	41,4%	49,7%	49,2%	36,0%	44,9%	45,4%	29,4%	36,1%	36,6%
HubSpot	80,8%	82,3%	83,0%	-2,4%	11,9%	13,1%	-5,7%	8,5%	9,8%	-6,3%	6,9%	7,9%
Salesforce	65,0%	78,1%	78,2%	18,5%	31,2%	29,6%	0,8%	20,4%	21,3%	3,6%	15,2%	16,4%
Dropbox	80,2%	81,5%	81,0%	22,3%	36,8%	36,9%	15,2%	30,0%	30,1%	15,2%	24,1%	24,5%
Upsales Technology	14,9%	-	-	20,9%	23,1%	27,6%	14,9%	17,7%	21,8%	11,1%	14,0%	17,5%
SignUp Software	993,9%	734,7%	584,9%	-	-	-	-	-	-	-	-	-
Checkin.com Group	-	-	-	-	-	-	-	-	-	-	-	-
Irisity	-66,9%	91,3%	83,7%	2,2%	16,0%	33,0%	-66,9%	-38,0%	6,0%	-	-	-
<b>Mean</b>	<b>108,3%</b>	<b>137,3%</b>	<b>124,0%</b>	<b>21,3%</b>	<b>29,0%</b>	<b>31,8%</b>	<b>7,5%</b>	<b>17,4%</b>	<b>23,5%</b>	<b>10,4%</b>	<b>16,1%</b>	<b>18,7%</b>
<b>Median</b>	<b>50,5%</b>	<b>89,5%</b>	<b>89,7%</b>	<b>24,9%</b>	<b>31,4%</b>	<b>30,9%</b>	<b>16,5%</b>	<b>19,5%</b>	<b>23,5%</b>	<b>13,2%</b>	<b>14,6%</b>	<b>16,9%</b>

Growth	Sales			EBITDA			EBIT			Net Income		
	LTM	2022	2023	LTM	2022	2023	LTM	2022	2023	LTM	2022	2023
Kahoot	-	79,6%	28,4%	-170,4%	72,8%	81,8%	-97,3%	699,5%	192,6%	-99,8%	n.m	n.m
Admicom	19,1%	27,7%	15,1%	18,3%	23,9%	15,3%	15,1%	4,3%	16,7%	13,1%	9,9%	19,1%
Fortnox	38,4%	36,6%	33,1%	25,6%	45,1%	37,0%	25,5%	44,6%	45,2%	20,9%	45,0%	49,2%
Vitec Software Group	17,2%	22,0%	14,5%	17,1%	18,6%	21,7%	13,2%	18,3%	24,3%	16,0%	18,4%	30,4%
SimCorp A/S	8,1%	9,6%	7,3%	-7,7%	-10,7%	15,8%	-8,1%	-10,2%	23,2%	5,0%	-14,6%	23,2%
Lime Technologies	22,7%	19,5%	16,0%	8,3%	14,8%	17,7%	-7,5%	20,7%	27,5%	-7,7%	20,2%	27,9%
Twilio	50,9%	36,1%	28,0%	64,0%	-21,0%	80,9%	52,2%	n.m	n.m	45,1%	n.m	n.m
Adobe	15,4%	11,9%	14,1%	15,7%	9,0%	13,1%	15,9%	9,2%	15,4%	-12,4%	6,1%	15,8%
HubSpot	42,3%	30,2%	24,0%	177,9%	23,8%	36,8%	60,0%	22,1%	43,5%	11,9%	26,5%	42,1%
Salesforce	25,0%	20,0%	17,7%	-1,8%	20,1%	11,9%	-80,6%	30,8%	23,1%	-57,4%	3,6%	27,3%
Dropbox	10,7%	7,2%	6,3%	32,9%	6,7%	6,6%	51,7%	7,4%	6,7%	-292,6%	-8,6%	8,3%
Upsales Technology	35,9%	39,8%	33,8%	9,8%	51,5%	60,0%	32,2%	16,2%	65,2%	31,4%	87,6%	67,0%
SignUp Software	-	33,5%	25,6%	-1,5%	-31,4%	129,2%	-3,6%	-51,8%	281,3%	3,4%	-50,8%	286,0%
Checkin.com Group	-	98,2%	95,8%	-	-	-	-	-	-	-	-	-
Irisity	175,4%	125,4%	72,1%	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m
<b>Mean</b>	<b>38,4%</b>	<b>39,8%</b>	<b>28,8%</b>	<b>14,5%</b>	<b>17,2%</b>	<b>40,6%</b>	<b>5,3%</b>	<b>67,6%</b>	<b>63,7%</b>	<b>-24,9%</b>	<b>13,0%</b>	<b>54,2%</b>
<b>Median</b>	<b>22,7%</b>	<b>28,9%</b>	<b>20,9%</b>	<b>15,7%</b>	<b>18,6%</b>	<b>21,7%</b>	<b>15,1%</b>	<b>17,2%</b>	<b>25,9%</b>	<b>5,0%</b>	<b>9,9%</b>	<b>27,9%</b>

Källa: Factset

## Assumptions for implicit WACC

We believe that a traditional DCF becomes too sensitive when valuing growth companies to be able to support a valuation. We have instead used our DCF to calculate what implicit WACC the current share price corresponds to given our estimates.

## Implicit WACC

### DCF - GROWING FCF PERPETUITY FORMULA

Valuation output			
Sum of PV of FCF (explicit period)	527		
PV of terminal value (perpetuity formula)	56		
<b>Enterprise value</b>	<b>583</b>		
Less: net debt	-30		
Minority interest & other	0		
<b>Equity value</b>	<b>613</b>		
No. of shares outstanding (millions)	38		
<b>Equity value per share (SEK)</b>	<b>16</b>		

Implicit multipl.	2021	2022	2023
EV/Sales	7,5	4,0	2,4
EV/EBITDA	90,9	54,6	9,9
EV/EBIT	-22,6	-6,4	-18,8
EV/NOPLAT	-28,9	-8,1	-24,1
P/E			
ROIC/WACC			

WACC assumptions	
Risk-free nominal rate	2,0%
Risk premium	20,0%
Extra risk premium	3,0%
Beta	1,0
Cost of equity	25,0%
Cost of debt (pre-tax)	3,0%
Tax rate	22%
Target debt/(debt+equity)	0%
<b>Implicit WACC</b>	<b>25,0%</b>

Terminal value assumptions	
Long-term growth rate	2,0%
Long-term EBIT margin	30,0%
Depreciation (% of sales)	2,0%
Capex (% of sales)	2,0%
Working cap. (% of sales)	15,0%
Tax rate	22%

Sensitivity analysis						
		Long-term growth rate				
		1,0%	1,5%	2,0%	2,5%	3,0%
WACC	15,0%	26,0	26,4	26,9	27,4	27,9
	20,0%	19,5	19,6	19,8	20,0	20,3
	25,0%	15,8	15,9	16,0	16,1	16,2
	30,0%	13,5	13,5	13,6	13,6	13,7
	35,0%	11,9	11,9	12,0	12,0	12,0
		Long-term EBIT margin				
		25,0%	27,5%	30,0%	32,5%	35,0%
WACC	15,0%	24,9	25,9	26,9	27,8	28,8
	20,0%	18,8	19,3	19,8	20,4	20,9
	25,0%	15,3	15,6	16,0	16,3	16,6
	25,5%	15,1	15,4	15,7	16,0	16,3
	26,0%	14,8	15,1	15,4	15,7	16,0

DCF (SEKm)	2022-08-16	dec-19	dec-20	dec-21	dec-22	dec-23	dec-24	dec-25	dec-26	dec-27	dec-28	dec-29	dec-30	dec-31	dec-32	dec-33	Terminal
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Sales	35	37	77	147	242	314	389	459	517	552	585	616	643	666	685	698	
EBITDA	-5	-6	6	11	59	106	134	161	185	201	209	215	220	223	224	223	
- Depreciation	-12	-13	-32	-102	-90	-82	-90	-91	-86	-74	-68	-59	-50	-39	-27	-14	
- EBIT	-17	-19	-26	-92	-31	23	44	70	99	127	141	156	170	184	197	210	
- Taxes EBIT	4	4	6	20	7	-5	-10	-15	-22	-28	-31	-34	-37	-41	-43	-46	
- NOPLAT	-13	-15	-20	-72	-24	18	34	54	77	99	110	122	133	144	154	163	
+ Depreciation	12	13	32	102	90	82	90	91	86	74	68	59	50	39	27	14	
- Gross cash flow	-1	-2	12	31	66	100	124	146	163	173	178	181	182	182	181	177	
- Capex	27	47	124	0	0	0	-1	-2	-3	-4	-5	-7	-9	-10	-12	-14	
- Increase (+decrease) in WC	3	-4	-18	-25	-7	-13	-45	-11	-9	-5	-5	-5	-4	-3	-3	-2	
- Free cash flow from operations	29	41	118	6	59	88	78	133	152	164	167	169	170	168	166	161	
PV of cash flow				138	6	44	52	37	51	46	40	33	27	21	17	13	56
% of Enterprise value				24%	1%	8%	9%	6%	9%	8%	7%	6%	5%	4%	3%	2%	10%
Accumulated % of Enterprise value				24%	25%	32%	41%	48%	56%	64%	71%	77%	81%	85%	88%	90%	100%

Key figures	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sales growth	3,9%	110,2%	90,2%	64,6%	29,6%	23,9%	18,2%	12,5%	6,8%	6,0%	5,2%	4,4%	3,6%	2,8%	2,0%	
EBITDA margin	-16%	8%	7%	24%	33,7%	34,3%	35,0%	35,7%	36,4%	35,7%	35,7%	34,9%	34,2%	33,5%	32,7%	32,0%
EBITDA growth	23%	-208%	6,7%	453%	78,7%	26,4%	20,6%	14,7%	8,9%	3,9%	3,0%	2,2%	1,4%	0,5%	-0,3%	
EBIT margin	-52%	-33%	-62%	-13%	7,4%	11,3%	15,2%	19,1%	23,0%	24,1%	25,3%	26,5%	27,7%	28,8%	30,0%	
Depreciation (% of sales)	36,3%	41,7%	69,7%	37,2%	26,3%	23,1%	19,9%	16,7%	13,5%	11,5%	9,6%	7,7%	5,8%	3,9%	2,0%	
Capex (% of sales)	-124,9%	-160,1%	0,0%	0,0%	0,0%	0,2%	0,4%	0,5%	0,7%	0,9%	1,2%	1,4%	1,6%	1,8%	2,0%	
Capex (% of depreciation)	-350%	-394%	0%	0%	0%	1%	2%	3%	5%	8%	12%	18%	27%	46%	100%	
Working capital (% of sales)	11%	23%	17%	3%	4%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
Tax rate	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	

Source: EPB



## Income statement

	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
<b>Net sales</b>	35,3	45,4	35,4	36,8	77,3	147,0	242,1	313,7	387,8
Other income			16,3	12,7	15,8	19,3	0,0	0,0	0,0
Cost of goods sold	-7,9	-9,3	-13,1	-14,8	-21,7	-26,1	-34,9	-45,7	-71,2
<b>Gross profit</b>	<b>27,4</b>	<b>36,1</b>	<b>38,6</b>	<b>34,7</b>	<b>71,3</b>	<b>140,2</b>	<b>207,2</b>	<b>268,0</b>	<b>316,6</b>
Personnel costs	-18,2	-25,8	-28,5	-31,6	-49,6	-97,2	-104,1	-114,4	-132,2
Other operating costs	-8,5	-18,2	-15,0	-9,1	-15,3	-32,3	-44,0	-48,0	-60,0
Extraordinära kostnader									
<b>EBITDA</b>	<b>0,7</b>	<b>-8,0</b>	<b>-4,8</b>	<b>-5,9</b>	<b>6,4</b>	<b>10,7</b>	<b>59,1</b>	<b>105,6</b>	<b>124,4</b>
Depreciation/amortisation	-3,7	-5,6	-11,8	-13,3	-32,2	-102,4	-90,1	-82,4	-76,1
Impairments									
<b>EBIT (adjusted)</b>	<b>-2,9</b>	<b>-13,6</b>	<b>-16,7</b>	<b>-19,3</b>	<b>-25,8</b>	<b>-91,8</b>	<b>-31,0</b>	<b>23,2</b>	<b>48,3</b>
Items affecting comparability	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>EBIT</b>	<b>-2,9</b>	<b>-13,6</b>	<b>-16,7</b>	<b>-19,3</b>	<b>-25,8</b>	<b>-91,8</b>	<b>-31,0</b>	<b>23,2</b>	<b>48,3</b>
Financial income	-0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Financial expenses	-0,5	-0,7	-0,6	-0,3	-0,6	0,0	0,0	0,0	0,0
<b>Profit before tax</b>	<b>-3,6</b>	<b>-14,3</b>	<b>-17,3</b>	<b>-19,6</b>	<b>-26,4</b>	<b>-91,8</b>	<b>-31,0</b>	<b>23,2</b>	<b>48,3</b>
Tax	0,1	0,0	-0,4	0,0	2,5	22,8	6,4	-4,8	-10,0
Minority interests	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Net profit (reported)</b>	<b>-3,5</b>	<b>-14,3</b>	<b>-17,6</b>	<b>-19,6</b>	<b>-23,9</b>	<b>-68,9</b>	<b>-24,6</b>	<b>18,4</b>	<b>38,4</b>
<b>Net profit (adjusted)</b>	<b>-3,5</b>	<b>-14,3</b>	<b>-17,6</b>	<b>-19,6</b>	<b>-23,9</b>	<b>-68,9</b>	<b>-24,6</b>	<b>18,4</b>	<b>38,4</b>

Source: EPB

## Balance sheet

	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
<b>Assets</b>									
Other intangible assets	12	25	59	59	425	743	677	623	579
Property, plant and equipment	7	8	5	2	311	3	3	3	3
Interest-bearing non-current assets	0	0	0	0	36	38	38	38	38
Investments in associates and shares	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	0	0
<b>Total non-current assets</b>	<b>19</b>	<b>33</b>	<b>64</b>	<b>61</b>	<b>772</b>	<b>784</b>	<b>718</b>	<b>663</b>	<b>619</b>
Inventory	0	0	0	0	0	0	0	0	0
Trade receivables	8	9	6	8	40	48	60	79	94
Other current assets	37	3	2	4	15	25	25	25	25
Cash and cash equivalents	6	32	40	65	71	30	62	122	194
<b>Total current assets</b>	<b>51</b>	<b>44</b>	<b>48</b>	<b>77</b>	<b>127</b>	<b>103</b>	<b>147</b>	<b>226</b>	<b>313</b>
<b>TOTAL ASSETS</b>	<b>70</b>	<b>77</b>	<b>112</b>	<b>138</b>	<b>899</b>	<b>887</b>	<b>865</b>	<b>889</b>	<b>933</b>

	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
<b>EQUITY AND LIABILITIES</b>									
Equity	0	0	0	118	762	758	731	749	788
Minority interests	0	0	0	0	0	0	0	0	0
<b>Total equity</b>	<b>36</b>	<b>47</b>	<b>87</b>	<b>118</b>	<b>762</b>	<b>758</b>	<b>731</b>	<b>749</b>	<b>788</b>
Non-current financial liabilities	8	6	3	1	12	12	12	12	12
Provisions for pensions	0	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	0	0	0	71	71	71	71	71
Other non-current liabilities	0	0	0	0	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>8</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>83</b>	<b>83</b>	<b>83</b>	<b>83</b>	<b>83</b>
Current financial liabilities	6	5	3	1	1	1	1	1	1
Trade payables	4	4	4	4	12	14	20	26	31
Tax liabilities	0	0	0	0	0	0	0	0	0
Other current liabilities	16	14	14	14	38	31	31	31	31
<b>Total current liabilities</b>	<b>25</b>	<b>24</b>	<b>22</b>	<b>19</b>	<b>52</b>	<b>46</b>	<b>52</b>	<b>58</b>	<b>62</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>69</b>	<b>77</b>	<b>112</b>	<b>138</b>	<b>897</b>	<b>887</b>	<b>865</b>	<b>890</b>	<b>933</b>

Source: EPB

## Cash flow statement

	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Net profit (reported)	-3,5	-14,3	-17,6	-19,6	-23,9	-68,9	-24,6	18,4	38,4
Non-cash items	-2,9	5,6	12,7	12,6	14,4	69,7	87,5	82,4	76,1
Changes in working capital	2,1	1,7	2,7	-4,2	-17,9	-24,9	-6,6	-12,9	-10,4
<b>Cash flow from operating activities</b>	<b>-4,4</b>	<b>-7,0</b>	<b>-2,2</b>	<b>-11,1</b>	<b>-27,4</b>	<b>-24,2</b>	<b>56,4</b>	<b>87,9</b>	<b>104,0</b>
Investments	-11,3	-20,4	-17,7	-10,0	-90,2	-20,0	-24,0	-28,0	-32,0
Disposals	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Free cash flow</b>	<b>-16</b>	<b>-27</b>	<b>-20</b>	<b>-21</b>	<b>-118</b>	<b>-44</b>	<b>32</b>	<b>60</b>	<b>72</b>
Dividends	0	0	0	0	0	0	0	0	0
Share issues/buybacks	0	54	27	47	124	0	0	0	0
Purchases	0	0	0	0	0	0	0	0	0
Debt financing and other adjustments	0	0	0	0	0	0	0	0	0
<b>Cash flow</b>	<b>-18</b>	<b>26</b>	<b>7,5</b>	<b>25,4</b>	<b>6,2</b>	<b>-44,1</b>	<b>32,4</b>	<b>59,9</b>	<b>72,0</b>
<b>Net Debt</b>	<b>8</b>	<b>-21</b>	<b>-34</b>	<b>-63</b>	<b>-58</b>	<b>-17</b>	<b>-50</b>	<b>-110</b>	<b>-182</b>

Source: EPB

## KPIs

	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
EPS, rep.	-0,26	-0,81	-0,96	-0,51	-0,62	-1,80	-0,64	0,48	0,48
EPS adj	-0,26	-0,39	-0,96	-0,57	-0,06	2,78	7,01	0,48	0,48
FCF/Share	-0,41	-0,71	-0,52	-0,55	-3,07	-1,15	0,84	1,56	1,88
Dividend/share	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Equity/share	0,95	1,22	2,28	3,07	19,87	19,76	19,05	19,53	20,54
Number of shares	15,99	17,58	23,16	25,84	38,36	38,36	38,36	38,36	38,36

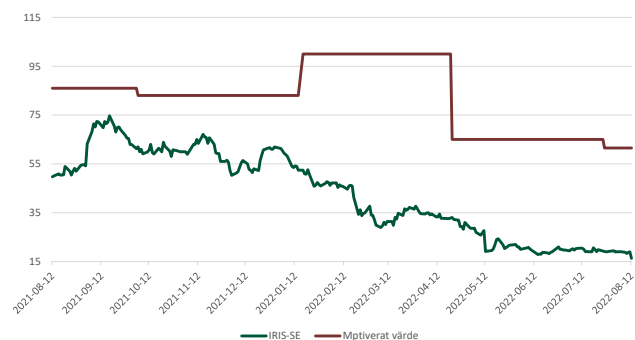
Source: EPB

## Quarterly data

Income Statement																		
	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419	Q120	Q220	Q320	Q420	Q121	Q221	Q321	Q421	Q122	Q222
Net sales	6,7	12,1	9,4	9,9	9,0	9,0	8,0	9,7	9,8	9,6	7,0	10,4	11,3	13,0	17,2	36,0	36,0	34,6
Other income	2,8		4,5		4,5	4,5	3,5	3,5	3,1	3,1	3,0	3,6	4,1	2,8	3,5	5,1	5,1	5,3
Cost of goods sold	-2,4	-2,1	-2,3	-2,6	-3,6	-3,8	-3,0	-2,7	-3,5	-3,1	-3,6	-4,5	-3,1	-5,5	-7,1	-6,1	-6,1	-5,3
Gross profit	7,2	10,0	11,6	7,3	9,9	9,7	8,5	10,4	9,4	9,6	6,4	9,4	12,2	10,3	13,7	35,1	35,1	34,6
Personnel costs	-5,0	-11,4	-4,9	-4,7	-6,4	-7,8	-6,0	-8,3	-7,8	-7,6	-7,2	-8,9	-9,5	-10,3	-8,0	-21,7	-21,7	-25,4
Other operating costs	-3,5	-5,4	-4,2	-5,3	-5,1	-4,3	-3,1	-2,5	-2,3	-2,0	-2,3	-2,4	-3,2	-2,6	-4,7	-4,7	-4,7	-8,0
EBITDA	-1,2	-6,7	2,6	-2,6	-1,5	-2,4	-0,6	-0,4	-0,8	-0,1	-3,2	-1,9	-0,5	-2,6	0,9	8,6	8,6	1,2
depreciation	-1,4	-1,3	-1,2	-1,7	-2,8	-3,2	-3,1	-2,6	-3,4	-3,4	-3,4	-3,1	-3,3	-3,5	-3,5	-21,9	-21,9	-28,4
EBIT (Reported)	-2,6	-8,0	1,3	-4,3	-4,3	-5,6	-3,7	-3,0	-4,2	-3,5	-6,6	-4,9	-3,8	-6,1	-2,6	-13,2	-13,2	-27,2
Adjustments	0,0	-6,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
adj. EBIT	-2,6	-14,3	1,3	-4,3	-4,3	-5,6	-3,7	-3,0	-4,2	-3,5	-6,6	-4,9	-3,8	-6,1	-2,6	-13,2	-13,2	-27,2
Financial income	-0,2	-0,2	-0,2	-0,2	0,0	-0,2	0,0	-0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,4
Financial expenses	0,0	0,0	0,0	0,0	-0,2	0,0	-0,1	0,0	-0,1	-0,1	-0,1	-0,1	0,0	0,0	0,0	-0,5	-0,5	-0,1
Profit before tax	-2,8	-8,2	1,2	-4,5	-4,5	-5,8	-3,9	-3,1	-4,3	-3,6	-6,6	-5,0	-3,9	-6,1	-2,6	-13,7	-13,7	-26,8
Tax	0,0	0,0	0,0	0,1	0,1	0,0	0,0	-0,4	0,1	0,1	0,1	-0,4	0,1	0,1	0,1	2,1	2,1	2,6
Minority interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net profit (reported)	-2,8	-8,2	1,2	-4,4	-4,4	-5,8	-3,9	-3,5	-4,2	-3,5	-6,5	-5,4	-3,7	-6,0	-2,5	-11,6	-11,6	-24,2
Net profit (adjusted)	-2,8	-3,3	1,2	-4,4	-4,4	-5,8	-3,9	-3,5	-4,2	-3,5	-6,5	-5,4	-3,7	-6,0	-2,5	-11,6	-11,6	-24,2

Growth and margins																		
	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419	Q120	Q220	Q320	Q420	Q121	Q221	Q321	Q421	Q122	Q222
Revenue, growth								-2%	9%	7%	-13%	7%	15%	35%	146%	248%	220%	166%
EBIT, growth								na	na	na	na	na	na	na	na	na	na	na
Gross Margin				74%	74%	72%	74%	72%	64%	68%	48%	56%	72%	58%	59%	83%	83%	85%
EBITDA-margin		na	na	na	na	na	na	na	na	na	na	na	na	na	5%	24%	24%	4%

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Erik Penser Bank (*publ*)

Apelbergsgatan 27 Box 7405 103 91 STOCKHOLM

tel: +46 8 463 80 00 fax: +46 8 678 80 33 [www.penser.se](http://www.penser.se)