

Westpay

Strategic Move to Fuel Growth

Redeye raises the fair value of Westpay on the back of a strong quarter and a strategic move that will enhance the company's growth opportunities. The third-quarter report showed that the second quarter was just a bump in the road and that the company is well positioned to take on growth in the coming year. As a result, we raise the fair value and continue to see a substantial upside in the stock.

Set for growth in 2021

With a sequential growth of 38%, Westpay has entered a positive momentum. Westpay has also started to rollout Axfood and signed an additional SEK 3m order from a key customer. In addition, the company has made a strategic move towards POS partners that can substantially increase the market reach. Moreover, we expect the strong underlying demand to strengthen further due to the newly launched services PaaS and Swipe2Pay.

Cost control

The company continues to have good cost control, and the operating expenses came in 12% below our estimates for the third quarter. We also expect that cost control will continue to be prioritized as protecting the company's financial endurance continues to be Westpay's no.1 objective.

Financial challenges

The cash-flow from operations during the third quarter amounted to SEK 0.7m, an impressive improvement from SEK -3.5m in Q2'19. End of Q3, Westpay had SEK 3.6m in available liquidity, of which SEK 3.4m is an unused overdraft facility. The cash position was negatively impacted by changes in working capital, which should be short-termed. Nonetheless, the financial position remains challenging, as it leaves limited room for errors.

Attractive growth case

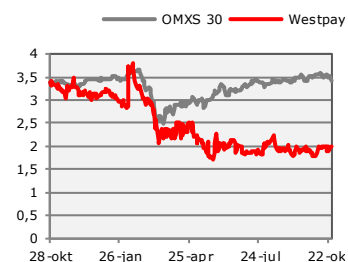
The third-quarter report showed that the second quarter was a bump in the road and that Westpay is well positioned to take on growth in the coming quarters. We expect that the growth pace will accelerate in 2021, where the Axfood deal, POS partner, and new services will be essential drivers. Meanwhile, the financial endurance is protected by good cost control. As a result, we increase the base-case fair value of Westpay to SEK 3.5 (2.8) per share, corresponding to an upside of around 80%.

KEY FINANCIALS (SEKm)	2018	2019	2020E	2021E	2022E	2023E
Net sales	67	58	53	70	90	105
EBITDA	-10	-20	-5	3	9	11
EBIT	-15	-27	-12	-4	3	5
EPS (adj.)	-0.6	-0.6	-0.4	-0.1	0.0	0.1
EV/Sales	1.6	1.7	1.5	1.2	1.0	0.8
EV/EBITDA	n.m.	n.m.	n.m.	39.7	10.0	7.8
EV/EBIT	n.m.	n.m.	n.m.	n.m.	33.1	16.9
P/E	n.m.	n.m.	n.m.	n.m.	42.4	21.5

FAIR VALUE RANGE

BEAR	BASE	BULL
1.5	3.5	6.0

VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	WPAY
Market	NASDAQ
Share Price (SEK)	1.94
Market Cap (MSEK)	65
Net Debt 20E (MSEK)	9
Free Float	70 %
Avg. daily volume ('000)	45

ANALYSTS

Jonas Amnesten
 jonas.amnesten@redeye.se
 Forbes Goldman
 forbes.goldman@redeye.se

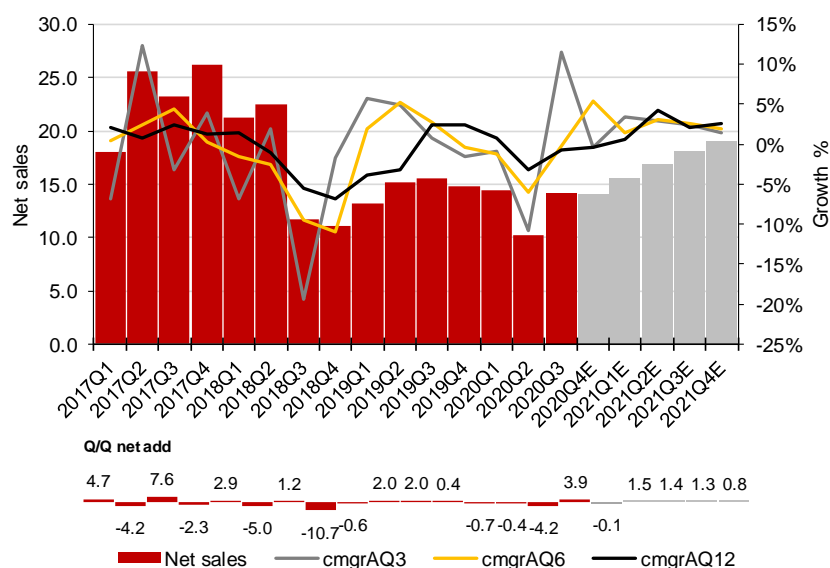
Q3: Strong top-line momentum and cost control

Estimate vs outcome - Westpay				
MSEK	2019 Q3	2020 Q3A	2020 Q3E	Diff %
Net sales	15.5	14.2	12.1	18%
of which recurring rev.	5.0	6.0	5.8	4%
System sales	10.5	8.2	6.3	30%
Gross profit	9.7	9.2	8.1	14%
EBITDA	-3.1	0.6	-2.3	n.m.
EBIT	-4.9	-0.9	-3.9	n.m.
<hr/>				
Growth	32%	-9%	-22%	
Rec. Rev. growth		20%	15%	
System growth		-22%	-40%	
<hr/>				
Gross profit margin	63%	65%	67%	
EBITDA margin	-20%	4%	-19%	
EBIT margin	-31%	-6%	-32%	

Source: Redeye Research

In Q3, net sales amounted to an impressive SEK 14.2m, which was 18% above our estimates and a remarkable comeback from Q2 with a sequential growth of 38%. The recurring revenues came in 4% above our estimates, and reached SEK 6.0m, corresponding to a Y/Y growth of 20%. Westpay continued to have good cost control as the operating expenses came in -12% below our estimates. As a result of the strong top-line and good cost control, the EBITDA came in positively at SEK 0.6m (estimated SEK -2.3m).

Westpay Growth table: Net sales



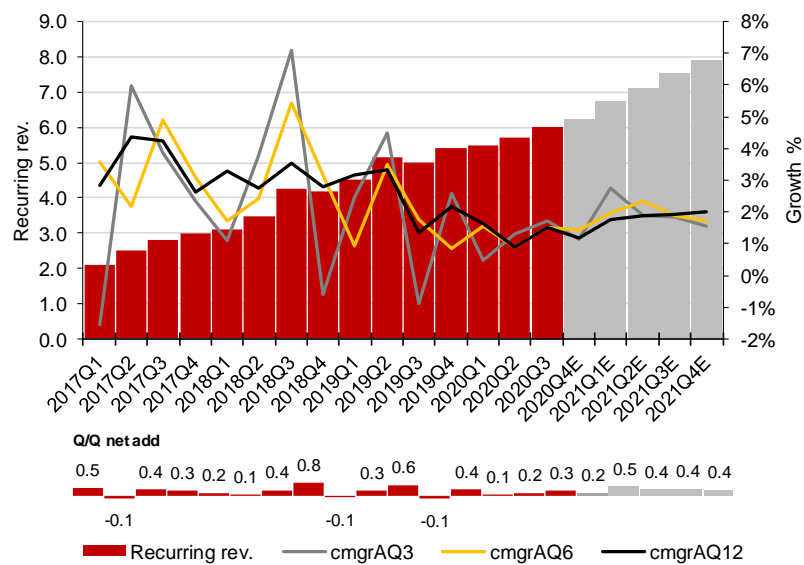
Source: Redeye Research

The significant uncertainties during the COVID-19 pandemic did substantially impact the willingness to invest in payment systems, which resulted in a massive decline in Systems sales. However, the sales have started to recover, and the underlying demand for new independent payment solutions is strong.

Other than the strong net sales, the company received a large (SEK 3m) additional order from a key customer during the third quarter. Furthermore, Westpay is also up and running with Axfood. The rollout started in September, and we believe the impact on the top-line was significant. While other customers have been struggling, Axfood is having new sales records, and we expect that Axfood will continue to be an important growth driver in the coming year.

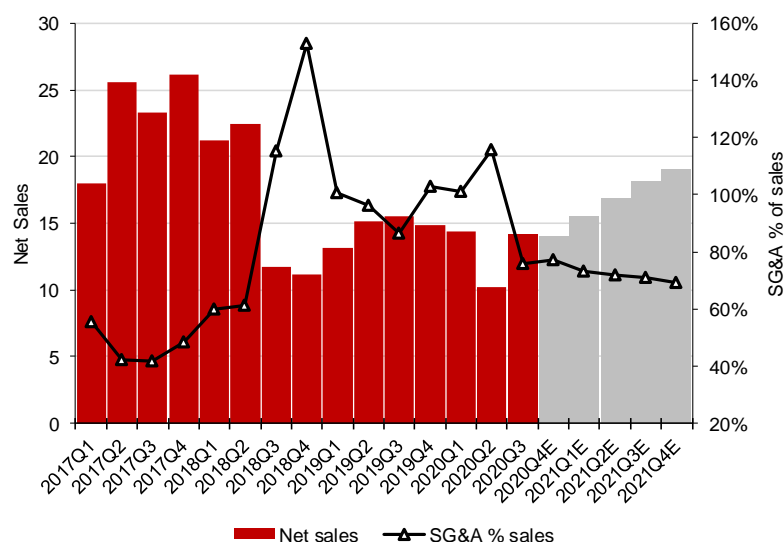
The COVID-19 pandemic has impacted both the Retail and Hospitality sector. Initially, the negative impact was substantial due to self-/quarantine, and social distancing measurements. However, as the spread of the pandemic slowed down during the summer, we have seen parts of the society return to a more normal state after the low point early on in the pandemic. The impact is mixed, with some restaurants, hotels, and merchants still heavily impacted, while others are back on pre-COVID-19 levels. However, it should be noted that the spread of COVID-19 is increasing again, which likely will prolong the recovery for the heavily impacted customers.

Westpay Growth table: Recurring rev.



Source: Redeye Research

In Q3, the recurring revenue amounted to SEK 6.0m, which translates to an annual growth of 20%. We expect the growth in recurring revenue to be maintained in the fourth quarter and then accelerate during 2021, as the number of new customers substantially increases.

Westpay: Net sales & SG&A

Source: Redeye Research

On the cost side, the gross margin came in slightly below our estimates due to the increased share of system sales. However, the long-term trend is increased recurring revenues that, together with the focus on POS partners, should further improve the gross profit margin.

The SG&A was lower than estimated, driven by significantly lower staff expenses. Furthermore, the company reported SEK 1.1m in government grants, which was included in the Other income item. This was the result of the implemented short-term work allowance with a reduced working time of 40% from 1st of April. The company made several other cost-saving measures as well, and the overall cost control is well-managed.

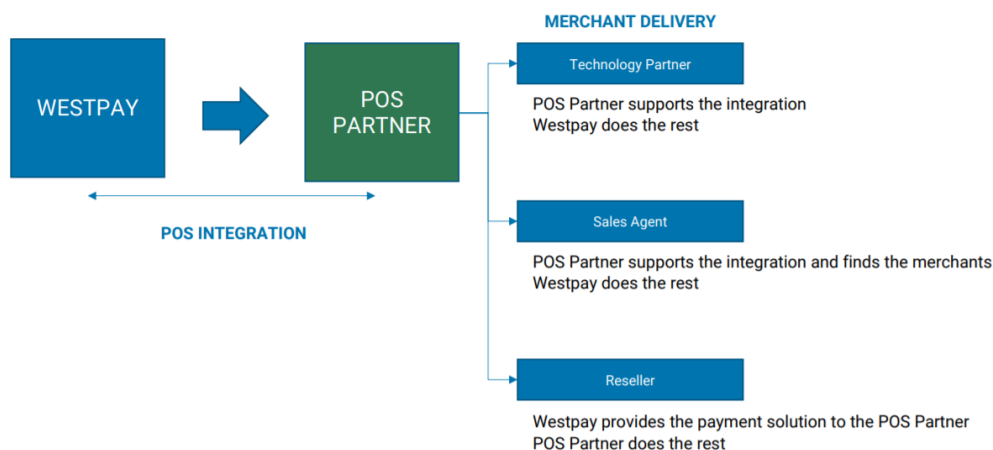
The financial liquidity

The cash-flow from operations during the third quarter amounted to SEK 0.7m, which substantially improved compared to SEK -3.5m in Q2'19. The development is a result of good cost control and maintained gross profit. At the end of Q3, Westpay had SEK 3.6m in available liquidity, of which SEK 3.4m is an unused overdraft facility. The cash position was negatively impacted by changes in working capital, which should be less dramatic in the coming quarters. Nonetheless, the financial position remains challenging, as it leaves limited room for error. Therefore, we cannot roll out the need for a capital infusion within the year, but Westpay should be cash flow positive/neutral in the coming quarters with the current strong momentum.

Strategic move – POS partners

Westpay has in October communicated that its is making a strategic move by expanding its business model towards the Point-of-sales (POS) partners. The company is signing strategic partnerships with the POS partners to be able to offer Westpay’s payment solution to the POS partners customers. The move will broaden Westpay’s market reach and have a positive impact on the Gross Profit margin as Westpay can become Technology Partner.

New Business Modell with POS partners

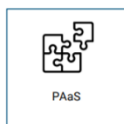


We expect that it will take some time before the new model starts to make its mark on Westpay’s top-line. However, the new business model is off to a flying start. Westpay has signed agreements with the large and leading POS partners Bedege, Centric, and FDT. Westpay is focusing on the large POS partners as they will offer the most significant market reach as they have large aggregated customer bases.

The new way to address customers through POS partners could become a game-changer for Westpay that lets the company accelerate the monetisation on its strong payment solution.

Westpay's strengths and current opportunities

Innovative drive



The underlying interest for Westpay's products remains high, and the new services launched during the second quarter have been well received. Payment Application as Service (PAaS) and Swipe2Pay offers Westpay's customers the possibility to tailor-make their business applications and payment offerings. We believe these innovative services will further enhance Westpay's competitive offering and make the company ready higher demand for contactless and digital payment solutions.

Independent and flexible

Westpay has positioned itself as an independent Payment Service Provider (PSP) that will enable the customer to build customized solutions and the freedom to choose any bank they prefer. In payment landscape where the giants do the opposite, this independence and flexibility can be a considerable competitive advantage for Westpay.

Change in consumer behavior speaks to Westpay's favour

The usage of cash has been going down globally for the last twenty years. Some countries have come a long way, like Sweden, and some still instead use cash than credit/debit cards. Paper money and coins as potential vectors of transmissible disease, so many stores today do not even accept anything then "plastic". One apparent effect that in the long-term will benefit Westpay substantially is that the COVID-19 pandemic will enhance the transition speed to a cashless society. A BBC article ([link](#)) states that consumer surveys show that 75% of the people are using less cash, and 54% avoided cash altogether. The lockdown has also led to 60% fewer cash withdrawals from ATM's.

Geographical expansion



Westpay is operating on a global market, and tremendous opportunities lie outside the Swedish borders. The company has already successfully expanded into several markets, with South Africa as the most successful example and an important market for Westpay. However, much potential also lies in countries closer to home. The company has identified an exciting prospect to expand its operations in Norway, where the new POS strategy will come in handy. As a result, Westpay has employed Christian Myrland as Region Manager Norway. Christian has extensive experience from the payment solution industry and can help Westpay to monetise on its payment solution on the Norwegian market.

Financial estimates

Estimate changes

Thanks to a strong Q3 report, we expect 2020 to end better than previously estimated. We also increase the net sales as well as the profit margins in the coming years due to the strategic move towards POS partners. The POS partner deals should result in stronger gross profit margins.

However, despite positive signs, we want to highlight that uncertainties remain high. The spread of COVID-19 could increase again, and the recession caused by the pandemic could have long-term consequences.

Estimate changes			
MSEK	2020E	2021E	2022E
Net sales			
Old	51	69	89
New	53	70	90
% change	3%	0%	1%
EBITDA			
Old	-10	-5	2
<i>marginal</i>	-19.6%	-6.6%	2.4%
New	-5	3	8
<i>marginal</i>	-9.7%	3.7%	9.2%
% change	n.m.	n.m.	295%

Source: Redeye Research

Next quarter estimates

Estimate vs outcome - Westpay			
MSEK	2019Q3	2020Q3	2020Q4E
Net sales	15.5	14.2	14.0
of which recurring rev.	5.0	6.0	6.2
System sales	10.5	8.2	7.8
Gross profit	9.7	9.2	9.2
EBITDA	-3.1	0.6	0.0
EBIT	-4.9	-0.9	-1.5
Growth	32%	-9%	-5%
Rec. Rev. growth	18%	20%	15%
System growth	41%	-22%	-17%
Gross profit margin	63%	65%	65%
EBITDA margin	-20%	4%	0%
EBIT margin	-31%	-6%	-11%

Source: Redeye Research

We expect that Westpay will maintain around the same sales levels for System sales in the fourth quarter. The third quarter's momentum is strong, but the COVID-19 pandemic continues to make the market somewhat uncertain, which is the reason for the modest estimates. For the recurring revenues, we expect it to continue to increase in line with previous quarters. We also estimate that Westpay will continue with its cost control, but we take heights for additional expenses connected to the new POS strategy.

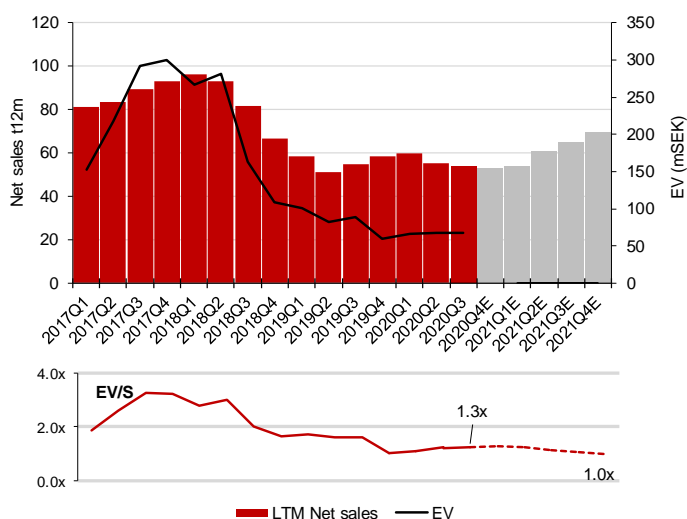
Valuation

As a result of the strong momentum and the new strategy that should fuel growth during the coming years, we have raised our Base-case valuation to **3.5** (2.8) SEK per share, indicating a **substantial upside** of around 80%.

The System sales have recovered quickly, and we expect more to come. The Axfood deal, together with new deals through POS partners should result in a strong growth in 2021. Westpay’s flexibility, independence and innovative drive are also strengths that should ensure strong **long-term growth**, where new services like PaaS and Swipe2Pay will play an important role. However, despite the company’s strong third quarter, the financial position leaves minimal room for error, and we see a clear risk for some sort of capital infusion within a year.

Westpay has a **competitive offering**, shown by customers like Axfood and MAX Burgers, and an increasing share of **recurring revenues**, which are two highly valued attributes. However, the uncertainty currently is high because of the financial position. Current market valuation translates to an EV/S multiple on 2020 forecasts of 1.3x. Our Base-case implies a 1.7x multiple for 2021E and 1.3x multiple for 2022E, which we find fair in our view, given the positive momentum, revenue mix, and risk associated with the case.

Westpay: LTM net sales, EV & EV/S



Source: Redeye Research

Sum-of-the-parts valuation (SOTP)

We also use a supportive SOTP to value Westpay, which is based on a multiple of sales on the recurring revenue and the system sales. We expect the recurring income to reach SEK 39m during 2022 and that the company will have system sales of SEK 52m. We argue that a 3.0x multiple (far below SaaS public valuation) is motivated for the recurring part, while we added 1.0x on system sales. Our assumptions lead to a SOTP valuation of SEK 3.6 per share, which is close to the same level as for the DCF model.

SOTP valuation				
	2022E	EV/S multi.	EV	Disc. EV
Recurring revenue	39	3.0x	116	89
System sales	52	1.0x	52	40
Sum.	90	1.9x	168	128
EV	128			
Debt	8.6			
Cash	0.2			
Market cap	120			
Per share	3.6			

Source: Redeye Research

Bear Case 1.5 SEK

CAGR of 12% during the next ten years
 Average EBIT margin of 5%
 Terminal FCF growth of 2%
 Terminal EBIT margin of 16%

Base Case 3.5 SEK

CAGR of 16% during the next ten years
 Average EBIT margin of 7%
 Terminal FCF growth of 2%
 Terminal EBIT margin of 18%

Bull Case 6.0 SEK

CAGR of 20% during the next ten years
 Average EBIT margin of 9%
 Terminal FCF growth of 2%
 Terminal EBIT margin of 20%

Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

Rating changes in the report

People: 4

Westpay has during the past years transformed from first being a supplier of cash registry hardware to now being a global supplier of payment services. The ownership structure in Westpay is another of the company's main strengths. The high rating is mainly because both the board and the management of the company have significant ownership in the company. The Board and management together hold over 25 percent of the capital. We find this as positive as it contributes to a shareholder-friendly focus. Of course, we would like to see institutions as major owners, but we are aware that for a company of Westpay's size rarely gets that kind of owner.

Business: 3

We find opportunities for growth to be very strong for the company with its focus on payment solutions and increased SaaS share. The innovative drive that the company has proven is critical for the long-term growth within the rapidly changing payment solution sector. The company is number three in Sweden, but the market share is not directly large compared to Verifone and Ingenico. We have identified two different types of sustainable competitive advantages that protect the company – partly regulatory barriers that block new entrants from entering the market as well as lock-in effects of Westpay's customers due to development costs at PSPs and Cash System suppliers.

Financials: 1

Westpay has a diversified customer portfolio and is entering both new market regions and verticals within the payment space. The recurring revenue is steadily increasing, and the gross profit margins have been improving during the last years. However, the company incurred losses in 2019, and the financial liquidity leaves limited room for error.

INCOME STATEMENT	2018	2019	2020E	2021E	2022E
Net sales	67	58	53	70	90
Total operating costs	-76	-78	-58	-67	-82
EBITDA	-10	-20	-5	3	9
Depreciation	0	0	0	-1	0
Amortization	-5	-7	-6	-6	-6
Impairment charges	0	0	0	0	0
EBIT	-15	-27	-12	-4	3
Share in profits	0	0	0	0	0
Net financial items	0	-1	-2	-1	-1
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	-16	-28	-14	-5	2
Tax	2	6	0	0	0
Net earnings	-14	-22	-14	-5	2

BALANCE SHEET	2018	2019	2020E	2021E	2022E
Assets					
<i>Current assets</i>					
Cash in banks	2	6	5	7	9
Receivables	20	11	10	13	17
Inventories	20	16	15	19	25
Other current assets	0	0	0	0	0
Current assets	41	34	30	40	52
<i>Fixed assets</i>					
Tangible assets	1	2	2	1	2
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	0	0	0	0	0
Cap. exp. for dev.	0	0	0	0	0
0 intangible rights	12	10	10	9	10
0 non-current assets	0	0	0	0	0
Total fixed assets	12	12	11	11	12
Deferred tax assets	4	9	11	11	11
Total (assets)	58	55	53	62	75
Liabilities					
<i>Current liabilities</i>					
Short-term debt	0	0	15	24	29
Accounts payable	28	18	16	21	27
0 current liabilities	0	0	0	0	0
Current liabilities	28	18	31	45	56
Long-term debt	0	0	0	0	0
0 long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	28	18	31	45	56
Deferred tax liab	0	0	0	0	0
Provisions	3	4	3	3	3
Shareholders' equity	27	33	19	15	16
Minority interest (BS)	0	0	0	0	0
Minority & equity	27	33	19	15	16
Total liab & SE	58	55	53	62	75

FREE CASH FLOW	2018	2019	2020E	2021E	2022E
Net sales	67	58	53	70	90
Total operating costs	-76	-78	-58	-67	-82
Depreciations total	-6	-7	-7	-6	-6
EBIT	-15	-27	-12	-4	3
Taxes on EBIT	0	0	0	0	0
NOPLAT	-15	-27	-12	-4	3
Depreciation	6	7	7	6	6
Gross cash flow	-10	-20	-5	2	9
Change in WC	6	3	0	-3	-4
Gross CAPEX	-6	-7	-6	-6	-7
Free cash flow	-10	-24	-11	-7	-2

CAPITAL STRUCTURE	2018	2019	2020E	2021E	2022E
Equity ratio	46%	60%	37%	24%	22%
Debt/equity ratio	0%	0%	76%	164%	181%
Net debt	-2	-6	9	17	20
Capital employed	25	27	29	31	36
Capital turnover rate	1.1	1.1	1.0	1.1	1.2

GROWTH	2018	2019	2020E	2021E	2022E
Sales growth	-29%	-13%	-9%	32%	30%
EPS growth (adj)	-407%	7%	-35%	-65%	-132%

DCF VALUATION	
WACC (%)	13.0 %

PROFITABILITY	2018	2019	2020E	2021E	2022E
ROE	-39%	-72%	-53%	-29%	10%
ROCE	-45%	-90%	-34%	-12%	6%
ROIC	-52%	-108%	-43%	-15%	8%
EBITDA margin	-14%	-35%	-10%	3%	10%
EBIT margin	-23%	-47%	-22%	-6%	3%
Net margin	-20%	-37%	-27%	-7%	2%

DATA PER SHARE	2018	2019	2020E	2021E	2022E
EPS	-0.60	-0.64	-0.42	-0.15	0.05
EPS adj	-0.60	-0.64	-0.42	-0.15	0.05
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	-0.07	-0.19	0.28	0.50	0.60
Total shares	22.50	33.75	33.75	33.75	33.75

VALUATION	2018	2019	2020E	2021E	2022E
EV	104.1	99.9	76.9	84.4	87.6
P/E	-7.8	-4.9	-4.8	-13.6	42.4
P/E diluted	-7.8	-4.9	-4.8	-13.6	42.4
P/Sales	1.6	1.8	1.3	1.0	0.7
EV/Sales	1.6	1.7	1.5	1.2	1.0
EV/EBITDA	-10.8	-4.9	-15.0	39.7	10.0
EV/EBIT	-6.7	-3.7	-6.6	-20.1	33.1
P/BV	3.9	3.2	3.5	4.7	4.2

SHARE PERFORMANCE		GROWTH/YEAR	18/20E
1 month	4.7 %	Net sales	-10.9 %
3 month	9.3 %	Operating profit adj	-13.1 %
12 month	-41.0 %	EPS, just	-17.0 %
Since start of the year	-35.5 %	Equity	-15.0 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Nordnet Pensionsförsäkring	16.9 %	16.9 %
Avanza Pension	7.5 %	7.5 %
BANK JULIUS BAER & CO LTD, W8IMY WITHOUT	5.3 %	5.3 %
RADAR ELECTRONICS I GÖTEBORG AB	5.3 %	5.3 %
WÄRN, PER-ANDERS	3.7 %	3.7 %
ÅLANDSBANKEN AB, W8IMY	3.5 %	3.5 %
SPARRDAL, GÖRAN	3.2 %	3.2 %
HJELMWIK, CARL RAGNAR TORBERNT	3.0 %	3.0 %
WERNHOFF, THOMAS	2.3 %	2.3 %
KARLSSON, STEN	2.2 %	2.2 %

SHARE INFORMATION	
Reuters code	WPAY
List	NASDAQ
Share price	1.94
Total shares, million	33.8
Market Cap, MSEK	65

MANAGEMENT & BOARD	
CEO	Sten Karlsson
CFO	Lars Levin
IR	Hans Edin
Chairman	Christina Detlefsen

FINANCIAL INFORMATION

ANALYSTS		Redeye AB
Jonas Amnesten		Mäster Samuelsgatan 42, 10tr
jonas.amnesten@redeye.se		111 57 Stockholm

Forbes Goldman
forbes.goldman@redeye.se

Redeye Rating and Background Definitions

Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories:

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

Redeye Equity Research team

Management

Björn Fahlén

bjorn.fahlen@redeye.se

Håkan Östling

hakan.ostling@redeye.se

Technology Team

Jonas Amnesten

jonas.amnesten@redeye.se

Henrik Alveskog

henrik.alveskog@redeye.se

Havan Hanna

havan.hanna@redeye.se

Erika Madebrink

erika.madebrink@redeye.se

Fredrik Nilsson

fredrik.nilsson@redeye.se

Tomas Otterbeck

tomas.otterbeck@redeye.se

Oskar Vilhelmsson

oskar.vilhelmsson@redeye.se

Viktor Westman

viktor.westman@redeye.se

Forbes Goldman

forbes.goldman@redeye.se

Mark Siöstedt

mark.siostedt@redeye.se

Nima Faroghi

nima.faroghi@redeye.se

Editorial

Mark Siöstedt

mark.siostedt@redeye.se

Gabriel Höglund

gabriel.hoglund@redeye.se

Life Science Team

Gergana Almquist

gergana.almquist@redeye.se

Oscar Bergman

oscar.bergman@redeye.se

Anders Hedlund

anders.hedlund@redeye.se

Ludvig Svensson

ludvig.svensson@redeye.se

Niklas Elmhammer

niklas.elmhammer@redeye.se

Mats Hyttinge

mats.hyttinge@redeye.se

Forbes Goldman

forbes.goldman@redeye.se

Nima Faroghi

nima.faroghi@redeye.se

Filip Einarsson

filip.einarsson@redeye.se

Fredrik Thor

fredrik.thor@redeye.se

Disclaimer

Important information

Redeye AB ("Redeye" or "the Company") is a specialist financial advisory boutique that focuses on small and mid-cap growth companies in the Nordic region. We focus on the technology and life science sectors. We provide services within Corporate Broking, Corporate Finance, equity research and investor relations. Our strengths are our award-winning research department, experienced advisers, a unique investor network, and the powerful distribution channel redeye.se. Redeye was founded in 1999 and since 2007 has been subject to the supervision of the Swedish Financial Supervisory Authority.

Redeye is licensed to; receive and transmit orders in financial instruments, provide investment advice to clients regarding financial instruments, prepare and disseminate financial analyses/recommendations for trading in financial instruments, execute orders in financial instruments on behalf of clients, place financial instruments without position taking, provide corporate advice and services within mergers and acquisition, provide services in conjunction with the provision of guarantees regarding financial instruments and to operate as a Certified Advisory business (ancillary authorization).

Limitation of liability

This document was prepared for information purposes for general distribution and is not intended to be advisory. The information contained in this analysis is based on sources deemed reliable by Redeye. However, Redeye cannot guarantee the accuracy of the information. The forward-looking information in the analysis is based on subjective assessments about the future, which constitutes a factor of uncertainty. Redeye cannot guarantee that forecasts and forward-looking statements will materialize. Investors shall conduct all investment decisions independently. This analysis is intended to be one of a number of tools that can be used in making an investment decision. All investors are therefore encouraged to supplement this information with additional relevant data and to consult a financial advisor prior to an investment decision. Accordingly, Redeye accepts no liability for any loss or damage resulting from the use of this analysis.

Potential conflict of interest

Redeye's research department is regulated by operational and administrative rules established to avoid conflicts of interest and to ensure the objectivity and independence of its analysts. The following applies:

- For companies that are the subject of Redeye's research analysis, the applicable rules include those established by the Swedish Financial Supervisory Authority pertaining to investment recommendations and the handling of conflicts of interest. Furthermore, Redeye employees are not allowed to trade in financial instruments of the company in question, from the date Redeye publishes its analysis plus one trading day after this date.
- An analyst may not engage in corporate finance transactions without the express approval of management and may not receive any remuneration directly linked to such transactions.
- Redeye may carry out an analysis upon commission or in exchange for payment from the company that is the subject of the analysis, or from an underwriting institution in conjunction with a merger and acquisition (M&A) deal, new share issue or a public listing. Readers of these reports should assume that Redeye may have received or will receive remuneration from the company/companies cited in the report for the performance of financial advisory services. Such remuneration is of a predetermined amount and is not dependent on the content of the analysis.

Redeye's research coverage

Redeye's research analyses consist of case-based analyses, which imply that the frequency of the analytical reports may vary over time. Unless otherwise expressly stated in the report, the analysis is updated when considered necessary by the research department, for example in the event of significant changes in market conditions or events related to the issuer/the financial instrument.

Recommendation structure

Redeye does not issue any investment recommendations for fundamental analysis. However, Redeye has developed a proprietary analysis and rating model, Redeye Rating, in which each company is analyzed and evaluated. This analysis aims to provide an independent assessment of the company in question, its opportunities, risks, etc. The purpose is to provide an objective and professional set of data for owners and investors to use in their decision-making.

Redeye Rating (2020-10-28)

Rating	People	Business	Financials
5p	20	15	3
3p - 4p	108	88	39
0p - 2p	5	30	91
Company N	133	133	133

Duplication and distribution

This document may not be duplicated, reproduced or copied for purposes other than personal use. The document may not be distributed to physical or legal entities that are citizens of or domiciled in any country in which such distribution is prohibited according to applicable laws or other regulations.

Copyright Redeye AB.

CONFLICT OF INTERESTS

Jonas Amnsten owns shares in the company : No

Forbes Goldman owns shares in the company : Yes

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.