



Penser Access by Carnegie

Software | Sweden | 30 January 2024

Irisity

Volume update on UK project

Continued increase in transparency

During December 2023, Irisity increased volumes with a UK customer that uses Milestone's XProtect VMS (Video Management System) and has integrated Irisity's open AI platform IRIS+ to reduce the number of false alarms caused by animals, among other things. The security operator has reported a substantial decrease in error messages over this period, reducing costs for the end-customer. Inivatech, the operator that carried out the installation, believes Irisity's camera-compatible system enables easier deployment, allowing the use of existing cameras. The customer in question has been a client since 4Q(20), with initial volumes of six cameras. This is now 661 cameras.

Stable foundation for ongoing increase in MRR

Assuming revenues at SEK150–200 per camera, this business adds MRR of around SEK0.12m versus the existing base of SEK4.5m. Based on the guidance provided, we assess that MRR was SEK4.7m as of year-end 2023. We thus see the increase in MRR as a step in the right direction towards our growth projections.

Company showing better transparency

We have previously stated our belief that Irisity's reports offered low transparency regarding volumes and customer business. We welcome this move from the company to announce the actual number of cameras deployed in a project. We expect further transparency in Irisity's future reports, which we believe can reduce the discount at which it trades versus other Swedish software companies.

Change in estimates				Forecast (SEKm)				Value and risk		
	23e	24e	25e	2022	2023e	2024e	2025e	Fair value	SEK 9.1 - 9.5	
Total Revenues	0.0%	0.0%	0.0%	121	159	197	237	Share price	SEK 4.5	
EBITDA, adj.	0.0%	0.0%	0.0%	Revenue growth	30%	31%	24%	20%	Risk level	High
EPS, adj.	0.0%	0.0%	0.0%	EBITDA, adj.	-32	0	24	35	Price Performance 12 months 	
Upcoming events				EBIT, adj.	-147	-129	-100	-88		
Q4 - report	23 February 2024			EPS, adj.	-3.6	-2.8	-2.1	-1.8		
Q1 - report	15 May 2024			BV/share	19.3	13.6	11.5	9.7		
Company facts (SEKm)				EV/Sales	2.1x	1.6x	1.3x	1.1x		
Number of shares	49m			EV/EBITDA	Neg.	Nm.	10.4x	7.1x		
Market capitalization	221			EV/EBIT	Neg.	-2.0x	-2.5x	-2.9x		
Net debt	32			P/E, adj.	-1.3x	-1.6x	-2.2x	-2.4x		
EV	254			FCF yield	-40%	-23%	-8%	-6%		
Free float	85%			Net debt / EBITDA	0.1x	-42.9x	0.3x	0.6x		
Daily trading volume, average	53k			Conflicts of interest						
Bloomberg Ticker	IRIS SS EQUITY									
Analyst				Yes		No				
Rikard Engberg				Liquidity provider				✓		
rikard.engberg@carnegie.se				Certified adviser		✓				
				Transactions 12m		✓				

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