



Penser Access by Carnegie

Software | Sweden | 01 March 2024

Irisity

Coverage paused

Q4 fell short of guidance

Revenues for the quarter were SEK27.6m, implying growth of 121% Y/Y. This was short of guidance for SEK37–42m. The shortfall was the result of four factors: 1) a higher share of monthly recurring revenue contracts, 2) negative currency effects of around SEK 0.5m, 3) regulatory delays to Swedish municipality products, 4) delays in Europe and the Middle East owing to ongoing conflicts in the regions. One aspect of the report that stuck out was the company's record-high gross margin of 94.1%. EBITDA for the quarter came in at SEK-12.7m. This was weighed down by a negative non-cash flow impacting item of SEK 8.7m stemming from currency revaluation of a loan to Agent Vi.

Acquisition broadens tech and offering

Following the close of the quarter, the company acquired Ultinous, based in Sweden and Hungary. The acquisition will complement Irisity's technology in edge computing, broadening its offering within the Nvidia ecosystem. It also expands its offering to include several functions in practical security, having previously focused on surveillance security. Irisity sees cost and revenue synergies through this acquisition, as Ultinous can utilise Irisity's global sales channels. The acquisition is paid for with a non-cash issue of nine million shares at SEK5 per share. In conjunction with the acquisition, Irisity is carrying out a directed share issue on the same terms as the non-cash issue to bolster its liquidity and financial position. The two issues lead to a dilution of 26.8%.

Coverage paused

As Penser by Carnegie, Carnegie Investment Bank AB is acting as an advisor in the transaction, we pause our coverage of the share. Our estimates have not been updated and should no longer be relied upon.

Change in estimates				Forecast (mSEK)				Value and risk														
	24e	25e	26e		2023	2024e	2025e	2026e	Fair value	Not rated												
Total Revenues	0.0%	0.0%	0.0%	Total Revenues	153	197	225	245	Share price	SEK 4.6												
EBITDA, adj.	0.0%	0.0%	0.0%	Revenue growth	26%	29%	14%	9%	Risk level	Not rated												
EPS, adj.	0.0%	0.0%	0.0%	EBITDA, adj.	-16	24	35	48	Price Performance 12 months 													
Upcoming events				EBIT, adj.	-140	-100	-89	-76														
Q1 - report	15 May 2024			EPS, adj.	-3.3	-2.5	-2.2	-1.9														
Q2 - report	15 August 2024			BV/share	15.2	12.8	10.6	8.7														
Company facts (SEKm)				EV/Sales	1.5x	1.0x	0.9x	0.8x	Conflicts of interest <table border="1"> <thead> <tr> <th></th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>Liquidity provider</td> <td></td> <td>✓</td> </tr> <tr> <td>Certified adviser</td> <td>✓</td> <td></td> </tr> <tr> <td>Transactions 12m</td> <td>✓</td> <td></td> </tr> </tbody> </table>			Yes	No	Liquidity provider		✓	Certified adviser	✓		Transactions 12m	✓	
	Yes	No																				
Liquidity provider		✓																				
Certified adviser	✓																					
Transactions 12m	✓																					
Number of shares	41m			EV/EBITDA	Neg.	8.3x	5.7x	4.2x														
Market capitalization	191			EV/EBIT	Neg.	-2.0x	-2.3x	-2.6x														
Net debt	10			P/E, adj.	-1.4x	-1.9x	-2.1x	-2.4x														
EV	200			FCF yield	-39%	11%	-5%	7%														
Free float	99%			Net debt / EBITDA	-1.1x	-0.1x	0.2x	-0.1x														
Daily trading volume, average	99k																					
Bloomberg Ticker	IRIS SS EQUITY																					
Analyst																						
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