Artificial Solutions

Sector: Software

Artificial Solutions: Undergoing fundamental change

Redeye lowers its fair value range to SEK 2-35, with Base Case at SEK 14. Q4 2020 was heavily coupled to fundamental changes to both AS' business model (SaaS) and its organizational structure (leaner). Consequently, we expect to see a sales ramp-up somewhat later than previously forecast. Our Base Case still offers significant upside potential.

Q4'20: Waving goodbye to the legacy business/organization

The financials in Q4 2020 were more or less in line with our forecast. Net sales amounted to approx. SEK 10m while AS' operating result was SEK -26m. These results are, however, a manifestation of AS' legacy business and redundant organizational structure. The Company has provided guidance on its OPEX runrate for Q1 2021, which it expects to decrease ~40% y/y. The quarter was heavily coupled to AS' transition to a SaaS business and delivery model, in addition to a major organizational restructure.

Ready to capitalize on the conversational AI industry

With a new CEO leading the Company, AS was quick to transition its offering to a SaaS model. This is in line with customer demand, which prefers to purchase OPEX projects (SaaS) rather than CAPEX projects (legacy business). Also, the announcement of LUIS^Teneo and the availability on MS Azure Marketplace significantly increases AS' reach to potential customers. We expect to see a substantial sales ramp-up, beginning in 2022, when AS is able to scale with its large customer base. The potential revenue streams from API calls prove the serious operating leverage in AS' new business model.

Lowered fair value range

Previously, we had forecasted a significant sales ramp-up in 2021, which at this point doesn't appear to be so feasible – AS has had to tackle the corona crisis in addition to making serious internal changes. Instead, we expect the sales ramp-up to initiate in 2022. Our Base Case continues to offer significant upside relative to the share's current price. If AS rolls out its SaaS offering successfully, proves a convincing path to profitability, and secures a long-term financing solution, we expect the share will trade substantially higher.

KEY FINANCIALS (SEKm)	2018	2019	2020	2021E	2022E	2023E
Net sales	45	49	54	59	80	120
EBITDA	-95	-112	-86	-37	-22	10
EBIT	-119	-146	-98	-48	-32	-2
EPS (adj.)	neg	neg	neg	neg	neg	neg
EV/Sales	2.2	8.5	12.0	8.8	6.8	5.4
EV/EBITDA	neg	neg	neg	neg	neg	65
EV/EBIT	neg	neg	neg	neg	neg	neg
P/E	neg	neg	neg	neg	neg	neg

FAIR VALUE RANGE

BEAR	BASE	BULL
2	14	35

ASAI.st VERSUS OMXS30

REDEYE RATING

People	Business	Financials
4	3	1
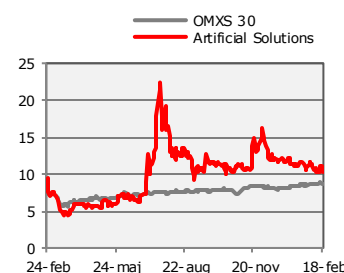
KEY STATS

Ticker	ASAI.st
Market	First North
Share Price (SEK)	10.1
Market Cap (MSEK)	480
Net Debt (MSEK)	166

ANALYSTS

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Q4'20: Undergoing fundamental change

The fourth quarter has seen AS undergo fundamental change to its organizational structure, in addition to its business and delivery model – which now is SaaS. Per Ottosson took over the CEO helm in November 2020 and has the Board's full support to "modernize and vitalize AS' commercial and delivery model", which he writes in the CEO statement. A strategy change that should have taken a year was carried out in the quarter. We expect to see the initial effects of this in the Q1 2021 report.

The Company expects to have a significantly lower cost-base going forward, and estimates that its operating expenses will amount to SEK 105m on an annual basis in Q1 2021. Relative to the annualized OPEX in Q1 2020, SEK 178m, the only quarter without furlough support in light of the pandemic, this is a substantial decrease. AS' historical OPEX has been disproportionately high, and has indeed burdened the Company's operating result. We certainly welcome the measures taken by AS, and deem increased OPEX control to be an essential priority in order to become profitable.

Artificial Solutions: Historical financials							
SEKm	**2018**	**2019**	**Q1**	**Q2**	**Q3**	**Q4**	**2020**
Net sales	**45**	**49**	**15**	**15**	**13**	**10**	**54**
growth y/y		*9%*	*21%*	*22%*	*4%*	*-12%*	*10%*
Total operating income	**62**	**68**	**19**	**19**	**17**	**19**	**74**
OPEX (excl. D&A)	157	203	44	38	35	42	160
EBITDA	**-95**	**-135**	**-25**	**-20**	**-18**	**-23**	**-86**
margin	*-189%*	*-239%*	*-165%*	*-123%*	*-122%*	*-127%*	*-134%*
D&A	24	12	3	3	3	3	12
EBIT	**-119**	**-146**	**-29**	**-23**	**-21**	**-26**	**-98**
margin	*-236%*	*-260%*	*-186%*	*-144%*	*-141%*	*-141%*	*-152%*
Interest expenses	27	36	3	19	12	22	57
EBT	**-146**	**-182**	**-31**	**-42**	**-33**	**-48**	**-154**

Source: Redeye Research, Artificial Solutions

Overall, the financials in Q4 were in line with our forecast. AS' revenues, i.e., net sales and other operating income, amounted to SEK 18m – virtually unchanged on a y/y basis. OPEX decreased somewhat y/y and the operating result was SEK -26m. The quarterly results are a manifestation of AS' legacy business and redundant organizational structure. The Company expects that the recent changes will have a substantial impact on its future financials – this has been considered in our forward-looking estimates.

Artificial Solutions Q4'20: Actual vs estimated				
		Actual	**Estimated**	
(SEKm)	**Q4'19**	**Q4'20A**	**Q4'20E**	**Diff (%)**	**Diff (abs)**
Revenue	**18**	**18**	**17**	**6%**	**1**
growth	*0%*	*-1%*	*-7%*		
OPEX excl. D&A	46	42	39		
EBITDA	**-23**	**-23**	**-17**	**35%**	**-6**
margin	*-127%*	*-127%*	*-99%*		
D&A	3	3	2		
EBIT	**-26**	**-26**	**-19**	**32%**	**-6**
margin	*-143%*	*-141%*	*-113%*		

Source: Redeye Research, Artificial Solutions

Operational highlights

As previously mentioned, the fourth quarter entailed fundamental change. We provide a brief recap of the most notable events.

Appointment of new CEO

Ottosson has extensive senior management experience and background within AI and software sales. Previous employers include Hewlett-Packard, EMC Corporation, and IPsoft, where he spent the last ten years, most recently as Chief Revenue Officer. IPsoft is also active within conversational AI, and a dear competitor of Artificial Solutions, although of significantly larger size. The CEO's knowledge of the industry, in addition to his previous success at incumbent firms is indeed encouraging.

Secured financing

AS agreed to extend the current credit facilities of EUR 11m for two years to March 2023. 1,562,500 warrants were issued to the creditors, granting them the right to subscribe at a strike price of SEK 32 per share (before March 31, 2023). If all warrants are exercised, the dilutive effect is 3.2% for a cash contribution of SEK 50m.

AS entered into a convertible note agreement with Nice & Green (N&G), who has committed to subscribe for convertible notes of up to SEK 60m. The convertible notes can be converted to shares at a 7% discount to the share price when a conversion is requested by N&G. AS, however, has the option to redeem the notes in cash for a 3% fee of the nominal amount. So far, AS has utilized SEK 30m of the agreement. We believe it is rather likely that AS will utilize the agreement to its full extent. Assuming the share continues to trade around SEK 10, the agreement should incur the issuance of ~6m shares during its lifetime. So far, ~1m shares have been issued. AS provides extensive information on its convertible note agreement here.

SaaS business model

AS communicated its transition to a SaaS business and delivery model in December 2020 – which to a greater extent captures the customer demand. Rather than purchasing CAPEX projects (in line with AS' legacy licensing model), customers prefer to purchase OPEX projects – which significantly reduce the initial financial hurdle. At the same time, AS' revenues will to a further extent rely on successful customer rollouts, and continued customer growth. AS expects to receive much better visibility of its future and recurring revenues – perhaps the most essential metric as per the SaaS model.
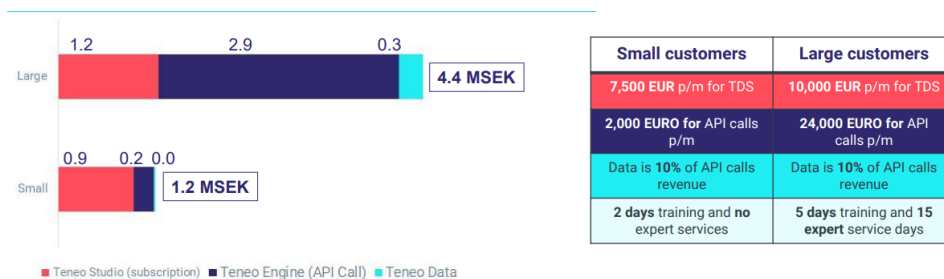

Source: AS Q4 2020 presentation

Recurring revenues, i.e. usage, licensing and support, amounted to SEK 7.6m (5.9) in Q4 2020. The chart above illustrates AS' recurring revenues on a R12m basis. We note a steady increase in recurring revenues y/y, which amounted to SEK 40m in 2020.

Order backlog and order intake have been key financial metrics for AS. For instance, one of AS' financial targets was to grow its order intake in line with the NLP market, ~40% annually. **Beginning in Q1 2021, however, order backlog and order intake will not continue to be key metrics.** Instead, the Company will focus on recurring revenues from 1 and 2 below – in addition to customer acquisitions. The revenue streams in the new business and delivery model are:

1.   Subscription revenues from Teneo Studio
2.   API calls generated in Teneo Engine
3.   Ingested data in Teneo Data
4.   Expert services

Annual Recurring Revenues (ARR) − Small & Large Customer Modelling MSEK

Source: AS Q4 2020 presentation

AS provides some guidance concerning the ARR it expects to achieve from its new business model. It expects subscriptions and API calls to drive a substantial portion of future revenues. Subscription revenues are to some extent linked to what the Company has reported as license revenues, while API call revenues are linked to what the Company has reported as usage revenues.

Organizational restructure

AS has seen fundamental change to its organizational structure. Some of the more notable highlights include:

•   Sold APAC division to previous VP of APAC
•   Simplified organizational structure by having fewer managers
•   Simplified internal processes and legal structures

According to AS, this will reduce its operating expenses significantly – illustrated below.

OPEX Runrate MSEK − Q1 2020 vs. Q1 2021E − Reduction of 70 MSEK

Source: AS Q4 2020 presentation

LUIS^Teneo

AS announced the availability of Teneo in the Microsoft Azure Marketplace, an online market for buying and selling cloud solutions certified to run on Azure. Also, it announced LUIS^Teneo, a SaaS-based development suite and bot engine using Microsoft LUIS. It allows customers to build, scale and maintain LUIS-based bots with less resources – improving conversational bot ROI. Consequently, all 1,700 organizations using Microsoft Azure and LUIS will benefit from the enhancements brought by Teneo, complementing their existing solutions. AS has already acquired its first customer in this area, SelectQuote.

Financial position

AS' cash and available funds amounted to SEK 62m by year-end 2020 – illustrated below. Our forward-looking estimates and implied burn-rate suggest that AS may need to raise capital later this year, or in the beginning of 2022. This takes into consideration an accelerated rollout of the SaaS offering. Due to the increased OPEX control, AS finds itself in a much better position to steer its cash flow in relation to its growth ambition, which the CEO writes in the quarterly report. We would expect the management to choose an ambitious growth target, especially considering AS' opportunity to capitalize on the conversational AI market – where it is well-positioned.

Cash and Available Funds Start of 2021 MSEK

- 62
- 20 — Cash & Bank Dec 31, 2020
- 7 — R&D tax inflow Jan 2021
- 35 — Unutilized Convertible Facility

Source: AS Q4 2020 presentation

Financial estimates

Artificial Solutions: Estimates								
SEKm	2020	Q1E	Q2E	Q3E	Q4E	2021E	2022E	2023E
Net sales	**54**	**13**	**16**	**14**	**16**	**59**	**80**	**120**
growth y/y	*10%*	*-15%*	*5%*	*5%*	*65%*	*10%*	*35%*	*50%*
Total operating income	**74**	**17**	**20**	**18**	**20**	**75**	**96**	**135**
OPEX (excl. D&A)	160	28	28	26	30	112	118	125
EBITDA	**-86**	**-11**	**-8**	**-8**	**-10**	**-37**	**-22**	**10**
margin	*-134%*	*-73%*	*-43%*	*-50%*	*-56%*	*-55%*	*-24%*	*8%*
D&A	12	3	3	3	3	11	10	12
EBIT	**-98**	**-14**	**-11**	**-11**	**-13**	**-48**	**-32**	**-2**
margin	*-152%*	*-92%*	*-58%*	*-68%*	*-70%*	*-71%*	*-36%*	*-1%*
Interest expenses	57	13	12	13	12	49	38	34
EBT	**-154**	**-26**	**-22**	**-24**	**-24**	**-97**	**-70**	**-36**

Source: Artificial Solutions, Redeye Research; all forward-looking figures are Redeye estimates

AS undertook some serious measures in Q4 2020, transitioning into a SaaS business model and a leaner organizational structure, among others. The immediate effect is

manifested in the Company's OPEX, which is estimated to decrease significantly going forward. As previously mentioned, AS provides some guidance concerning its OPEX in Q1 2021. Having decreased headcount from 111 in Q3 to 63 in Q4, it expects an OPEX runrate of SEK 105m in Q1 2021. Our OPEX forecast for FY2021 is SEK 112m.

Also, we expect to see long-term benefits from AS' transition to SaaS. Considering the Company only commenced the rollout of its new offering in Q4 2020, our sales estimates for FY2021 are rather conservative. We expect that focus in the near-term will be on convincing existing customers to transition from the legacy model to the SaaS model, in addition to making new customer acquisitions. Consequently, the most profitable and significant revenue streams, primarily from API calls (previously usage) won't materialize until 2022 and 2023. However, once these revenues begin to materialize, and AS is able to scale with its customers in a significant manner, we expect to see the operational leverage in the new business model. This explains the substantial increase in topline growth starting in FY2022.

Artificial Solutions Q4'20: Estimate changes in base					
(SEKm)	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**
Revenue (old)	95	135	190	266	368
Revenue (new)	67	90	130	186	262
Change (%)	*-29%*	*-33%*	*-32%*	*-30%*	*-29%*
EBIT (old)	(73)	(48)	(5)	27	83
EBIT (new)	(48)	(32)	(2)	20	60
Change (%)	*nm*	*nm*	*nm*	*-24%*	*-28%*

Source: Redeye Research

Our revenue forecast, i.e., net sales and other operating income, is adjusted with a downward bias. The corona crisis had a negative impact on AS, especially concerning new customer contracts. Large CAPEX investments were put on hold across many industries – the new OPEX-based SaaS-model is in line with market demand. Also, due to the substantial increase in OPEX-control, we adjust the operating result with an upward bias in the near term. We maintain our view on AS reaching more or less EBIT-breakeven in FY2023.

Valuation

Artificial Solutions: DCF assumptions in Base				
Assmptions:	**2021E-2025E**	**2025E-2030E**	**DCF-value**	**DCF-value**
CAGR Revenue	41%	18%	WACC	12%
Average EBIT-margin	-15%	33%	NPV of FCF	244
			NPV of Terminal Value	585
Terminal				
Sales growth	2%		Sum of NPV	830
EBIT-margin	34%		Net Debt	166
			DCF-value	**664**
			Fair value per share	**14**
			Current share price	10

Source: Redeye Research

We decrease our fair value range somewhat on the back of a relatively weak Q4 2020, in addition to the year as a whole. Previously, we had forecasted a significant sales ramp-up in 2021, which at this point doesn't appear to be so feasible. First, the Company had to tackle the pandemic, which entailed a hostile business environment – manifested in the order intake. Second, AS has seen fundamental change to both its business model and organizational structure, which already is considerably leaner. Therefore, we expect the Company's main focus will be on transitioning existing customers to the new business and delivery model, while also adding some new ones. Once this is in place, AS will be able to scale with its customers, resulting in a significant sales ramp-up, which we factor in from 2022 – manifested in our forward-looking estimates.

Our Base Case of SEK 14 continues to offer significant upside relative to the share's current price, around SEK 10.

Peer group analysis

SEKm	EV	Rev FY20	EV/Revenue 2021E	EV/Revenue 2022E	EV/EBITDA 2021E	EV/EBITDA 2022E	Revenue Growth 2021E	Revenue Growth 2022E	EBITDA-margin 2021E	EBITDA-margin 2022E
24SevenOffice	2 375	169	11,1	8,8	81,6	48,1	27%	27%	14%	18%
BIMobject	1 113	137	6,1	4,5	111,3	23,7	33%	35%	5%	19%
Efecte	765	147	4,7	4,0	152,5	40,1	11%	18%	3%	10%
Formpipe	1 498	403	3,4	3,2	14,6	13,0	8%	7%	24%	25%
Fortnox	29 832	694	32,2	24,8	71,2	54,5	33%	30%	45%	46%
Lime	6 494	339	16,4	14,2	47,9	40,7	17%	15%	34%	35%
Litium	346	48	5,1	3,9	49,4	16,5	41%	29%	10%	24%
Mercell	5 130	313	8,1	6,8	25,9	19,7	101%	19%	31%	35%
Pexip	10 671	664	12,5	8,9	-44,8	-37,5	29%	40%	-28%	-24%
Upsales	931	75	8,9	6,8	39,9	27,4	38%	32%	22%	25%
Vitec	13 819	1 313	9,0	8,2	25,4	22,3	17%	9%	36%	37%
Average	6 634	391	10,7	8,6	52,3	24,4	32%	24%	18%	23%
Median	2 375	313	8,9	6,8	47,9	23,7	29%	27%	22%	25%
Artificial Solutions	657	74	8,8	6,8	-17,7	-29,8	1%	28%	-49%	-23%

Source: Redeye Research, Bloomberg

While our fair value range is derived from a DCF, we find support for our valuation in a peer group analysis. The group consists of Nordic SaaS companies, notorious for trading at premium multiples. The SaaS business model creates i) stability, ii) predictability, iii) high margins, and iv) decreased risk – which explains why investors appreciate these kinds of companies so dearly. Looking at EV/Revenue multiples, the most relevant metric for AS at this point, it appears fairly valued relative to the group. However, considering we forecast AS sales ramp-up to commence in 2022, and expect to see sales growth ~40-50% for several years, forward-looking multiples would suggest considerable upside.

If the Company can i) demonstrate a successful rollout of its SaaS offering, ii) prove a convincing path to profitability, and iii) secure a long-term financing solution, we expect to see a significant shift in market sentiment, and the stock to trade substantially higher.

Bear Case 2 SEK

CAGR sales '21-'25: 24%
CAGR sales '25-'30: 22%
Terminal growth rate: 2%
Avg. EBIT margin '21-'25: -31%
Avg. EBIT margin '25-'30: 15%
Terminal EBIT margin: 15%
WACC: 12%

In our bear case scenario, we see our bear points materialize. It mainly boils down to competition and technology risks, where we assume that Teneo will not sustain its competitiveness over the medium and long-term. As a result, the shift towards more profitable revenue types do not occur and the operating leverage is not realized. These factors will contribute to AS lowering ambition and become a company with limited growth possibilities (i.e. a consultancy company with minor software sales). Lowered ambition will result in minor investments, employment, and marketing – leading to stable margins.

Base Case 14 SEK

CAGR sales '21-'25: 41%
CAGR sales '25-'30: 18%
Terminal growth rate: 2%
Avg. EBIT margin '21-'25: -15%
Avg. EBIT margin '25-'30: 33%
Terminal EBIT margin: 34%
WACC: 12%

As the market develops, AS is well positioned to benefit from its superior offering. As a result, our base case sees it growing with the market thanks to the competitive product and its revised go-to-market strategy. The company's high operating leverage will translate into significant profitability as we assume a low customer churn and favorable customer acquisition costs. In base case, we anticipate positive cash flow from 2023, a pessimistic view relative to AS own targets of positive cash flow from 2020.

Bull Case 35 SEK

CAGR sales '21-'25: 44%
CAGR sales '25-'30: 20%
Terminal growth rate: 2%
Avg. EBIT margin '21-'25: 25%
Avg. EBIT margin '25-'30: 36%
Terminal EBIT margin: 38%
WACC: 12%

Our bull case factors in higher growth, driven by more customer wins and wider deployments at each customer (i.e. higher ACV). Greater success will let AS to leverage its conversational data even further with a healthy rate of product innovation steaming from it – which ensures its competitiveness over a longer period. It's operating leverage and lower churn assumptions (driven by greater stickiness from wider deployments) allows for greater margins, explaining our long-term profitability assumptions. In base case we anticipate positive cash flow from 2022, still a pessimistic view relative to AS own targets of positive cash flow from 2020.

Investment Case

Offers an attractive exposure to the conversational AI market

As one of the leading vendors of conversational AI technology, Artificial Solutions is well-positioned for significant growth. Its underlying market is set to grow at around 40% a year over the next several years, while the company should harness the benefits of its 2013 transformation into a software-based provider, its revised go-to-market strategy and the scaling of its initial deployments in this period too.

Major customers/partners

AS's blue-chip customers such as AT&T, Shell and Vodafone and its partner network of leading system integrators (including Accenture, Deloitte and KPMG) validate its technology. But now it must meet the key challenge of acquiring further customers from its target group of large global enterprises, whose sales cycles are usually long and complex. We view its crucial shift to a partner-led model as ensuring scalability and efficiency and note that partners' share of revenue has increased from 9% in 2016 to more than 50% in 2020.

Revenue Scalability

Two of AS's three revenue streams - licenses and usage fees - provide high gross margins (~90%) and recurring revenues. The company's high operating leverage should translate into significant profitability if it succeeds in growing with its market while controlling customer churn and acquisition costs.

Counter-Thesis

Strategic failure: The company's revised, SaaS strategy may not deliver the growth it seeks. This would jeopardize the growth story, which is at the core of our investment case.

Competition: It would weigh heavily on the conversational AI industry if the tech giants were to flex their muscles and exploit their dominant market positions in the cloud, data and AI. Even if they do not, this area's significant potential makes it likely that competition will increase further going forward.

Customer concentration: Given its concentrated customer base, any loss of customers could hurt AS's revenue significantly. One customer accounts for ~20% of AS's sales and the top five customers account for more than 50% of sales, highlighting the importance of a broader customer base and revenue diversification to drive growth and reduce risk.

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

Artificial Solutions has a highly experienced senior management team and holds a strong position in terms of technological know-how and products. The challenges ahead relate to good execution and management (go-to-market approach, customer acquisition, partner strategy etc.). Our assessment is that the team is well-equipped to capitalize on these opportunities. In addition to the CEO's experience from companies undergoing expansion, the majority of the team has been at AS for eight years or more. We consider the management team and the developers to be fundamental to the company, which also represents a risk (dependency on key personnel). We would like the board and management team to have more skin in the game, to confirm their confidence in the company's future and to align their interests with other shareholders'.

Business: 3

AS is active in a market that is exhibiting particularly rapid growth. The overall global intelligent virtual assistants' market is set to grow ~40% a year until 2023, according to Tractica, making it clearly a favorable market to be part of. Two of AS's three revenue streams - licenses and usage fees - provide high gross margins (~90%) and recurring revenues. The company's high operating leverage should translate into significant profitability if it succeeds in growing with its market while controlling customer churn and acquisition costs.

Financials: 1

We anticipate that the company will need to raise additional capital 2021 or 2022. Also, its balance sheet is strained with negative equity and considerable debt. AS has never before been able to reach profitability. In our estimates (base case), AS will reach EBIT-breakeven during 2023, at that point, the rating would start to gradually increase.

INCOME STATEMENT	2018	2019	2020	2021E	2022E
Net sales	45	49	54	59	80
Total operating costs	-140	-161	-160	-112	-118
EBITDA	-95	-112	-86	-37	-22
Depreciation	-1	-1	-1	-1	-1
Amortization	-23	-33	-10	-10	-10
Impairment charges	0	0	0	0	0
EBIT	-119	-146	-98	-48	-32
Share in profits	0	0	0	0	0
Net financial items	-27	-36	-57	-49	-38
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	-146	-182	-154	-97	-70

BALANCE SHEET	2018	2019	2020	2021E	2022E
Assets					
Current assets					
Cash in banks	47	4	12	5	0
Receivables	6	32	7	10	13
Inventories	0	0	0	0	0
Other current assets	17	0	0	0	0
Current assets	70	36	20	15	13
Fixed assets					
Tangible assets	2	2	2	2	2
Associated comp.	0	0	0	0	0
Investments	6	5	5	5	5
Goodwill	0	0	0	0	0
Cap. exp. for dev.	0	0	0	0	0
O intangible rights	29	31	32	33	35
O non-current assets	0	0	0	0	0
Total fixed assets	37	38	39	40	42
Deferred tax assets	0	0	0	0	0
Total (assets)	107	74	59	55	55
Liabilities					
Current liabilities					
Short-term debt	94	141	221	297	350
Accounts payable	47	49	52	54	57
O current liabilities	0	0	0	8	15
Current liabilities	141	190	273	359	422
Long-term debt	52	0	0	0	0
O long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	193	190	273	359	422
Deferred tax liab	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	-86	-116	-214	-304	-367
Minority interest (BS)	0	0	0	0	0
Minority & equity	-86	-116	-214	-304	-367
Total liab & SE	107	74	59	55	55

FREE CASH FLOW	2018	2019	2020	2021E	2022E
Net sales	45	49	54	59	80
Total operating costs	-140	-161	-160	-112	-118
Depreciations total	-23	-33	-10	-10	-10
EBIT	-119	-146	-98	-48	-32
Change in WC	1	-7	27	-8	1
Gross CAPEX	-16	-35	-15	-10	-12
Free cash flow	-109	-153	-67	-53	-33

CAPITAL STRUCTURE	2018	2019	2020	2021E	2022E
Equity ratio	-81%	-157%	-365%	-554%	-669%
Debt/equity ratio	-169%	-121%	-103%	-98%	-95%
Net debt	99	136	209	293	350
Capital employed	13	20	-5	-12	-17
Capital turnover rate	0.4	0.7	1.1	1.7	2.4

GROWTH	2018	2019	2020	2021E	2022E
Sales growth	-6%	9%	26%	47%	45%
EPS growth (adj)	-44%	-59%	-34%	-31%	-31%

SHARE PERFORMANCE		GROWTH/YEAR	18/20E
1 month	-12.9 %	Net sales	17.4 %
3 month	-32.7 %	Operating profit adj	-11.8 %
12 month	17.7 %	EPS, just	-48.2 %
Since start of the year	-14.0 %	Equity	57.4 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Scope	38.8 %	38.8 %
AFA Försäkring	5.9 %	5.9 %
SEB-Stiftelsen	4.2 %	4.2 %
C WorldWide Asset Management	2.8 %	2.8 %
Andrew Walton-Green	2.7 %	2.7 %
Johan A. Gustavsson	2.4 %	2.4 %
Ulf Johansson	2.3 %	2.3 %
NLISIP	1.9 %	1.9 %
Sven Härgestam	1.6 %	1.6 %
John Brehmer	1.6 %	1.6 %

SHARE INFORMATION	
Reuters code	ASAI.st
List	First North
Share price	10.1
Total shares, million	47.5
Market Cap, MSEK	480.2

MANAGEMENT & BOARD	
CEO	Per Ottosson
CFO	Fredrik Törgren
Chairman	Åsa Hedin

FINANCIAL INFORMATION	
Q1 2021 Report	2021-05-06
Q2 2021 Report	2021-08-10
Q3 2021 Report	2021-10-28

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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.

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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.

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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 (2021-02-23)

Rating	People	Business	Financials
5p	22	17	3
3p - 4p	104	86	40
0p - 2p	6	29	89
Company N	132	132	132

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Goldman owns shares in the company : No

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