Artificial Solutions: 39% ARR growth despite disruptions

Artificial Solutions **Research Update** 2023-10-27 07:20 **Updated** 2023-10-27 07:26

Redeye updates its view on Artificial Solutions (AS) on the back of its Q3 2023 report. ARR grew at healthy levels (39% y/y). However, the ARR in September was negatively impacted by robot callers on WhatsApp across the US market, which led to a reduction of the ARR by the end of the quarter. Following some internal reporting changes regarding ARR and a slower intake of new customers, we lower our estimates and valuation.

Viktor Lindström

Q3 report: 39% ARR growth

Artificial Solutions delivered a decent Q3 2023 report, still reporting below our estimates. ARR came in at SEK 62.7m (SEK71m in August), where September ended on a negative note as robot callers on WhatsApp forced some customers to suspend their WhatsApp channels. Approximately 15-20% of the volume flows through the WhatsApp platform, which clearly had a negative impact in September. Management expects these customers to be back at normal levels (see August ARR) in November.

Strategic review

The Board of Directors has initiated a strategic review to maximize future shareholder value. Such options include selling the entire or part of the company or entering into other strategic transactions. Given its existing customer and partnership base, we believe several stakeholders may be interested in the Teneo platform.

New valuation range

On the back of the Q3 2023 report and a slower intake of new customers, we reduce our ARR assumptions in 2023-2025e by 3-13%. In addition, we have also increased our risk-free rate (from 2.5% to 3%) due to changes in Redeye rating models. Our new valuation range is SEK1.3-8.5 (2.4-11), with a base case of SEK2.4(3.8). Our base case corresponds to c11x EV/EBITDA in 2026e.

Key financials

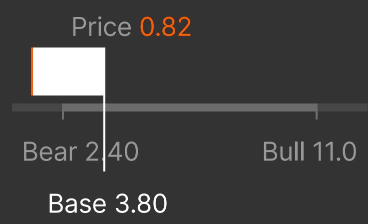
Financial KPIs

SEKm	2021	2022	2023E	2024E	2025E
Revenues	39	46	63	89	133
Revenue Growth	(27.8%)	17.8%	37.1%	42.5%	49.2%
EBITDA	(58)	(76)	(61)	(28)	7
EBIT	(71)	(89)	(75)	(42)	(7)
EV/Revenue	6.9	7.2	5.2	4.0	2.7
EV/EBITDA	(4.6)	(4.3)	(5.3)	(12.7)	49.1

REDEYE

REDEYE QUALITY RATING

FAIR VALUE RANGE



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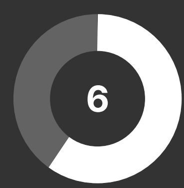

KEY STATS

Market Cap	84.4 MSEK
Entprs. Value (EV)	312.4 MSEK
Net Debt (2023e)	227.9 MSEK
30 Day Avg Vol	170 K
Shares Outstanding	102.4M
Price / Earnings	N/A
PEG	N/A
Dividend Yield	N/A

Data from 2023-10-27 07:26

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Q3 2023 results

ARR grew 39% y/y and 3% q/q and came in at SEK62.7m (45.1), c4% below our estimates of SEK65.2m. The SaaS ARR came in at SEK31m and grew at 32% y/y. However, AS communicated that the ARR in August reached SEK71m and that the company was negatively affected by disruptions of robot callers on WhatsApp, forcing many customers to suspend its WhatsApp channels in the US market. Management expects that c15-20% of the volume in the US is done through the WhatsApp platform. Hence, the number of SaaS API calls was reduced from 27.5m in August to 18.2m in September, while the SaaS ARR/customer was down 3% q/q. Management expects that customers will be back on August levels in November.

On a positive note, management did report the net retention rate for the first time, reaching an impressive 156%, indicating customers are expanding their usage on the Teneo platform. AS did not managed to sign any new customers in the quarter and refers to some longer lead times regarding converting leads to new sales. However, management expects at least one new customer in Q4 2023 and has one to three additional new customers in the pipeline, which could yield effect from 2024e. Even though AS financial target is mostly based on its existing customer base, signing new customers would strengthen our view on its product offering and also diversify its customer base.

Deviation table

Artificial Solutions
Deviation vs Outcome

SEKm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23a	Q3 23e	Diff (abs)	Diff (%)
License & Support	5.6	5.5	6.0	6.2	6.3	6.2	6.4	6.4	0	
Usage	3.2	3.6	4.9	5.7	7.1	8.4	9.9	9.4	0	
Other	1.4	1.1	1.5	1.0	0.2	0.2	0.1	0.2	0	
Net sales	**10.1**	**10.2**	**12.4**	**12.9**	**13.6**	**14.8**	**16.4**	**15.9**	**0**	**3%**
COGS	-3	-3	-5	-5	-6	-4	-6	-3.9	-2	
Gross Profit	7	7	7	8	8	11	10	12.0	-2	
Opex	**-26.0**	**-29.9**	**-27.4**	**-28.5**	**-28.4**	**-25.8**	**-26.6**	**-23.9**	**-3**	**11%**
Adj EBITDA	**-18**	**-22**	**-20**	**-19**	**-18**	**-14**	**-13**	**-11.9**	**-1**	**10%**
D&A	-3.7	-3.2	-2.7	-3.0	-3.7	-3.8	-3.2	-3.8	1	
EBIT	-22	-26	-23	-18	-24	-19	-20	-15.7	-4	
Net income	-25.8	-15.5	-21.6	-22.5	5.4	-16.5	0.0	-19.2	19	
EBITDA - Capex	-21.2	-25.5	-23.2	-24.0	-22.2	-17.7	-17.0	-15.9	-1	7%
Recurring revenues	**8.8**	**9.1**	**10.9**	**11.9**	**13.4**	**14.6**	**16.3**	**15.8**	**1**	**3%**
ARR	**33.8**	**38.9**	**45.1**	**49.5**	**57.3**	**61.1**	**62.7**	**65.2**	**-2**	**-4%**

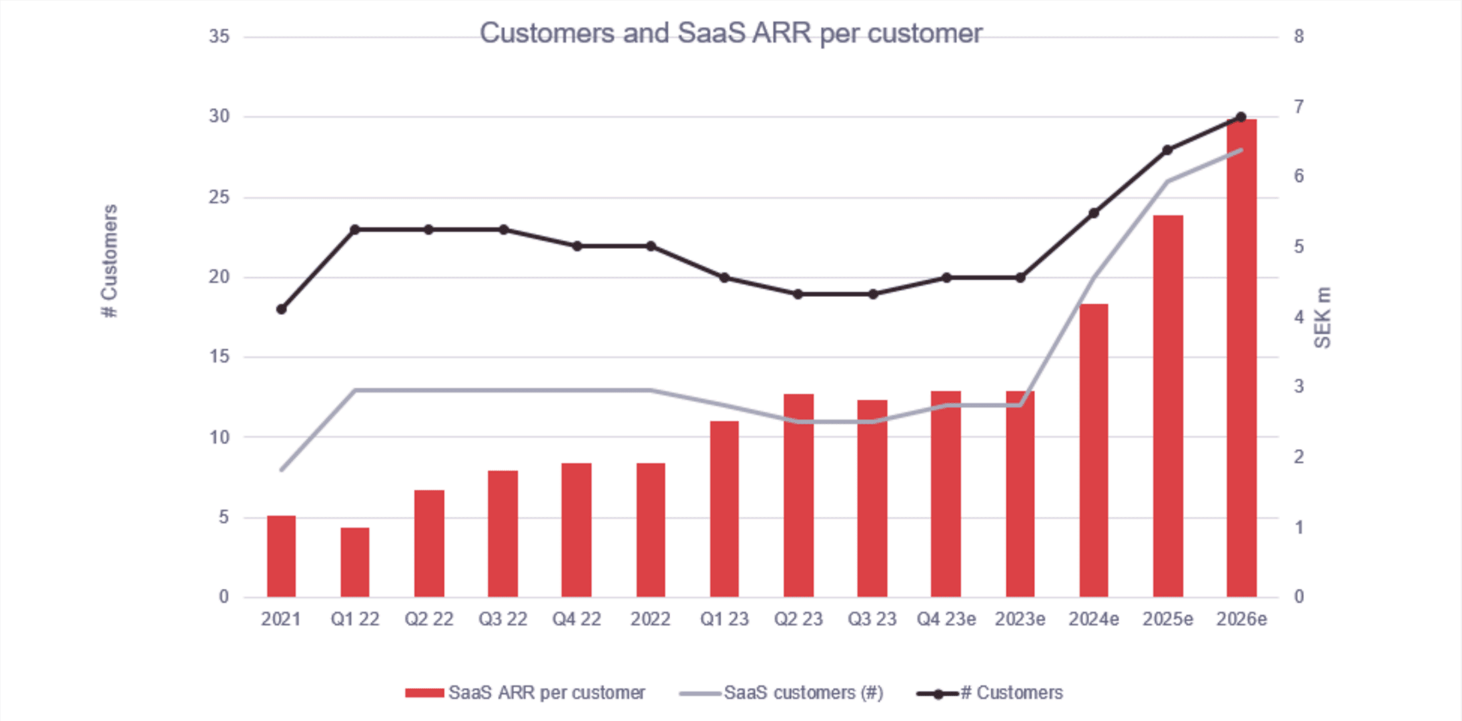
Source: Redeye (forecasts), company data (historicals)

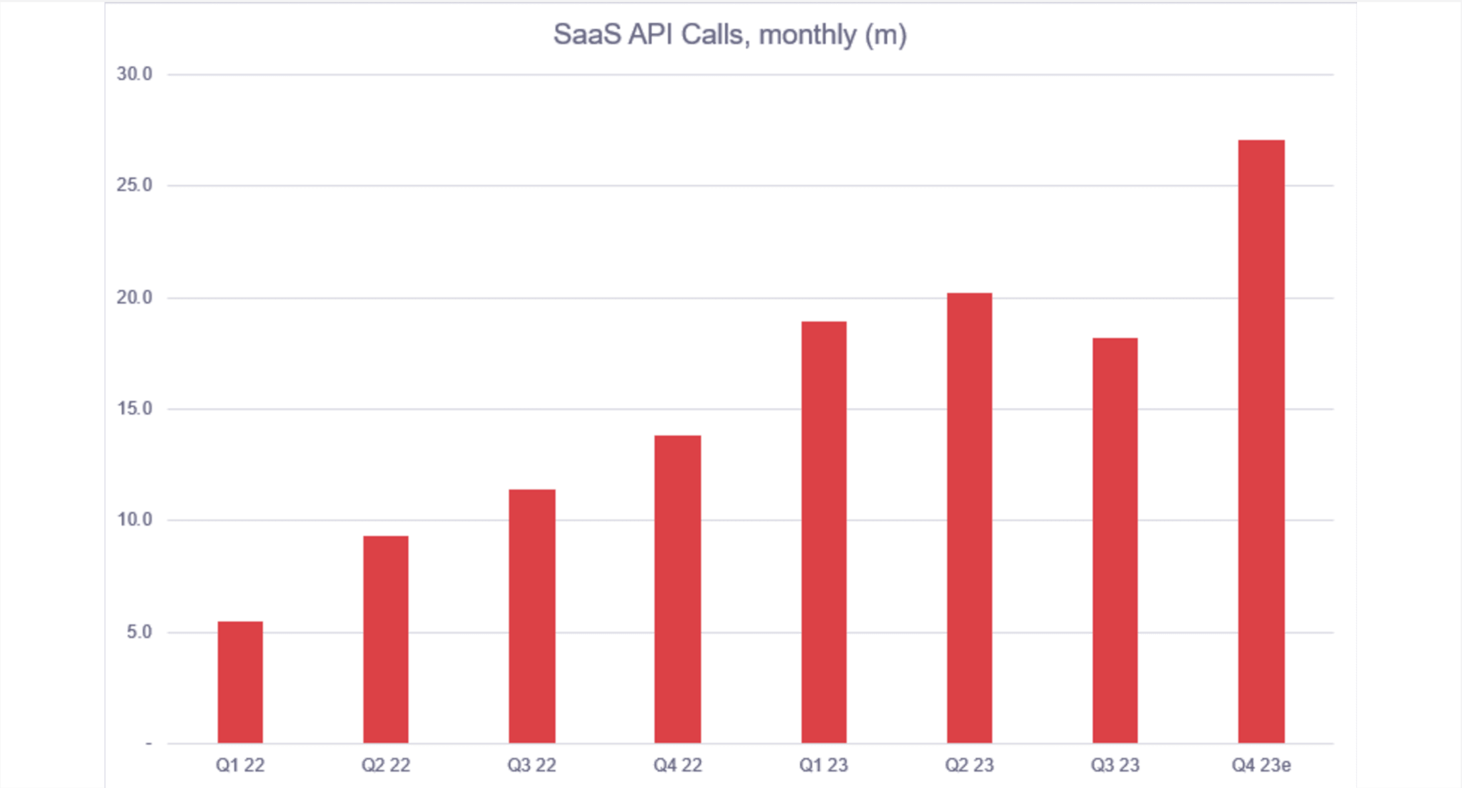
Net sales followed the same trend and grew 32% y/y, beating our forecast by 3%. Net sales came in at SEK16.4m (12.4), whereas recurring revenues came in at SEK16.3m (10.9), accounting for 99% of revenues.

The gross margin was 63% in the quarter (58). Coming in slightly below our estimate of 76%. As in Q1 2023, higher commissions related to stronger sales development negatively affected the gross margin, particularly driven by the stronger SaaS ARR performance in July and August. This had a negative impact on c12pp. The underlying gross margin was 75%, and management indicates that some customers are now touching a gross margin of c85%.

Total Net Opex came in at SEK-26.6m (-27). Coming in above our estimate of SEK-24m. The negative deviation stems from higher personnel costs, partly related to some additional exit costs as well as higher commission-related selling costs.

Adj EBITDA came in at SEK-13m (-20), showing higher losses than expected. Driven by a lower gross margin and higher net opex. EBIT came in at SEK-19.5m (-23). Underlying free cash flow, Adj EBITDA-Capex came in at SEK-17m, which was lower than our expectations. Thus, AS ended Q3 2023 with SEK37m in cash.

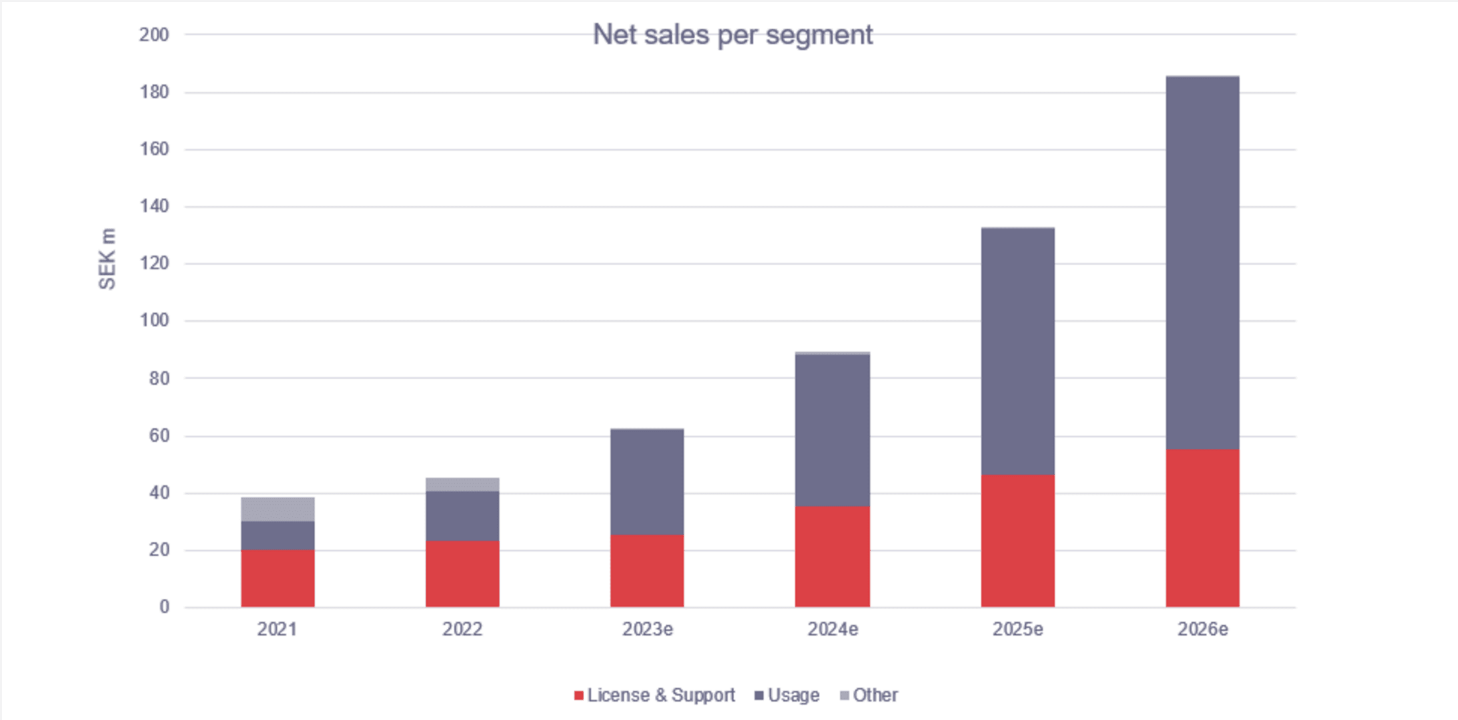




Outlook

ARR figures came in below our expectations, entirely driven by the negative disruption caused by WhatsApp on the US market. As a consequence, AS will, from now on, report ARR for each of the coming quarters based on the average recurring revenues during the quarter instead of using the end month of the quarter. Given that management expects the customer base to be back on the previously high level as of November, we expect a somewhat slower effect in October, which will slightly negatively impact the average ARR figure for Q4 2023e.

For 2024-2026e, we expect AS to outgrow the market and grow ARR by a CAGR of 45% (versus market growth of 41%). This is primarily driven by higher usage and SaaS ARR per customer. We currently pencil in ARR of cSEK158m in 2025e, below Artificial Solutions target of SEK+200m in ARR by the same time period. We prefer a more conservative approach and would like to see a higher inflow of new customer signings before we revise our ARR estimates. We expect AS to show positive Adj EBITDA levels from 2025e.



Strategic review

The Board of Directors of AS also announced that it is conducting a review of strategic alternatives to enhance shareholder value. As part of the review, the Board will explore various options, including a potential sale of the company or other strategic transactions. Given that it today already has established partnerships with Microsoft, being integrated into the Microsoft ecosystem while recently signing new and extended partnerships with Google and Amazon, the technology is already appreciated by the tech giants. In addition, through its partnership models, it has also established relationships with CDI services (global conversational AI strategy firm), Valcon (EU technology and data consultancy), and CGI (IT consultancy). Thus, we believe several stakeholders may be interested in applying, using, or selling the Teneo solution in-house instead of being a partner.

Estimate changes

Following the Q3 2023 report and the coming change in ARR reporting, we lower our ARR assumptions, which also spill over to net sales. We now expect a slower net intake of new customers and a lower ARR per customer. Our Adj EBITDA estimates are not affected to the same extent, given that we now expect lower Opex going forward.

In total, we reduce our 2023-2025e ARR estimates by 3-13%.

Estimate Changes

	New Estimates			Old Estimates			Diff (abs)			Diff (%)		
	2023e	2024e	2025e	2023e	2024e	2025e	2023e	2024e	2025e	2023e	2024e	2025e
Net sales	**63**	**89**	**133**	**62**	**101**	**156**	**1.0**	**-12.3**	**-23.0**	**2%**	**-12%**	**-15%**
Gross profit	**42**	**71**	**112**	**44**	**81**	**131**	**-1.7**	**-9.8**	**-19.3**	**-4%**	**-12%**	**-15%**
Gross margin %	67%	80%	84%	71%	80%	84%						
Net Opex	**-103**	**-100**	**-105**	**-103**	**-109**	**-114**	**0.4**	**9.0**	**9.0**	**0%**	**-8%**	**-8%**
Adj EBITDA	**-54**	**-28**	**7**	**-56**	**-27**	**18**	**2.0**	**-0.8**	**-10.4**	**-4%**	**3%**	**-59%**
Net Income	-62	-53	-18	-57	-54	-11	-4.3	1.1	-6.9	7%	-2%	61%
Adj EBITDA - Capex	-69	-44	-10	-71	-44	1	2.0	-0.1	-10.2	-3%	0%	-1940%
ARR	**70**	**107**	**158**	**72**	**130**	**181**	**-2.0**	**-22.3**	**-23.5**	**-3%**	**-17%**	**-13%**
Recurring revenues	62	89	132	61	101	155	1.1	-12.2	-22.9	2%	-12%	-15%

Source: Redeye (forecasts), company data (historicals)

Financial estimates

Artificial Solutions: Key financials

SEKm	2021	Q1 22	Q2 22	Q3 22	Q4 22	2022	Q1 23	Q2 23	Q3 23	Q4 23e	2023e	2024e	2025e	2026e
License & Support	20	6	6	6	6	23	6	6	6	7	25	35	46	56
Usage	10	3	4	5	6	17	7	8	10	11	36	53	86	130
Other	9	1	1	2	1	5	0	0	0	0	1	1	1	1
Net sales	**39**	**10**	**10**	**12**	**13**	**46**	**14**	**15**	**16**	**18**	**63**	**89**	**133**	**186**
Recurring revenues	30	9	9	11	12	41	13	15	16	18	62	89	132	185
Recurring revenues LTM	30	32	35	38	41		45	51	56	62				
growth q/q %		0	0	0	0		0	0	0	0				
ARR	**20**	**34**	**39**	**45**	**50**	**50**	**57**	**61**	**63**	**70**	**70**	**107**	**158**	**212**
SaaS ARR	**9**	**13**	**20**	**24**	**25**	**25**	**30**	**32**	**31**	**36**	**36**	**84**	**142**	**191**
ARR q/q %			0	0	0		0	0	0	0				
ARR y/y %							70%	57%	39%	41%	41%	53%	47%	35%
SaaS customers (#)	8	13	13	13	13	13	12	11	11	12	12	20	26	28
SaaS ARR per customer	1	1	2	2	2	2	3	3	3	3	3	4	5	7
# Customers	18	23	23	23	22	22	20	19	19	20	20	24	28	30

Source: Redeye (forecasts), company data (historicals)

Artificial Solutions: Financial forecast

SEKm	2021	Q1 22	Q2 22	Q3 22	Q4 22	2022	Q1 23	Q2 23	Q3 23	Q4 23e	2023e	2024e	2025e	2026e
Net sales	**39**	**10**	**10**	**12**	**13**	**46**	**14**	**15**	**16**	**18**	**63**	**89**	**133**	**186**
Growth YoY (%)	-28%	3%	24%	13%	32%	18%	34%	45%	32%	38%	37%	43%	49%	39%
COGS	-12	-3	-3	-5	-5	-16	-6	-4	-6	-4	-20	-18	-21	-28
Gross profit	**27**	**7**	**7**	**7**	**8**	**30**	**8**	**11**	**10**	**13**	**42**	**71**	**112**	**158**
Gross margin (%)	70%	74%	67%	58%	64%	65%	57%	72%	63%	75%	67%	80%	84%	85%
Capitalised dev	12	3	3	3	4	13	4	4	4	4	16	16	17	18
Personnel	-71	-19	-22	-21	-23	-85	-25	-22	-24	-21	-91	-88	-92	-97
External expenses	-30	-10	-11	-9	-10	-40	-7	-8	-6	-6	-27	-28	-30	-32
Other costs	-2	0	0	0	0	0	0	0	-1	0	0	0	0	0
Total Net Opex	**-91**	**-26**	**-30**	**-27**	**-29**	**-112**	**-28**	**-26**	**-27**	**-23**	**-103**	**-100**	**-105**	**-112**
EBITDA adj	**-59**	**-18**	**-22**	**-20**	**-19**	**-78**	**-18**	**-14**	**-13**	**-10**	**-54**	**-28**	**7**	**47**
EBITDA adj (%)	-151%	-177%	-220%	-160%	-147%	-171%	-134%	-93%	-79%	-55%	-86%	-31%	6%	25%
Non-recurring	-4	-1	-1	0	-1	-3	-3	-1	-3	0	-7	0	0	0
EBITDA	-58	-18	-23	-20	-15	-76	-21	-15	-16	-10	-61	-28	7	47
EBITDA (%)	-150%	-182%	-226%	-163%	-112%	-167%	-152%	-102%	-99%	-55%	-97%	-31%	6%	25%
D&A	-13	-4	-3	-3	-3	-13	-4	-4	-3	-3	-14	-14	-15	-16
EBIT	**-71**	**-22.2**	**-26.3**	**-22.9**	**-17.5**	**-88.9**	**-24.4**	**-18.9**	**-19.5**	**-13.0**	**-75**	**-42**	**-7**	**31**
Net finance	1	-4	11	1	-5	4	30	2	-8	-4	13	-10	-11	-11
PTP	-69	-26	-16	-22	-22	-85	5	-17	-27	-16	-62	-53	-18	20
Net income	-69	-26	-16	-22	-23	-85	5	-17	-27	-16	-62	-53	-18	16
EPS	-10.6	-3.9	-2.4	-3.3	-3.4	-13.0	0.1	-0.2	-0.3	-0.2	-0.6	-0.5	-0.2	0.2
Adj EBITDA-Capex	-73.0	-21.2	-25.5	-23.2	-24.0	-92.6	-22.2	-17.7	-17.0	-13.8	-69.5	-44.3	-9.7	28.9

Source: Redeye (forecasts), company data (historicals)

Valuation

We derive our fair value range from a fundamental DCF framework and earnings multiple approach. We apply a WACC of 13% (raised from 12.5% due to a higher risk-free rate) across all DCF model scenarios. Given its current cash balance and burn rate, while we still expect AS to first show positive EBITDA levels in 2025e, we include a capital injection of cSEK20m in our forecast period. Our new valuation range is between SEK1.3-SEK8.5 (2.4-11), with a base case of SEK2.4 (3.8). Our base case of SEK2.4 corresponds to c11x EV/EBITDA in 2026e.

Peer table

Artificial Solutions trades at a premium versus our Nordic-selected peers on EV/S multiples but at a slight discount / aligned versus global peers.

	EV	EV/S			EV/EBITDA			Sales CAGR
Company name	SEK m	2023	2024	2025	2023	2024	2025	2022-25e
Artificial Solutions	268	5.2	4.0	2.7	neg	neg	51.0	43%
Nordic SaaS								
Admicom Oyj	2,223	5.6	5.4	4.9	14.2	13.8	12.4	11%
Bambuser AB	-128	neg	neg	neg	1.0	1.5	2.4	7%
Carasent ASA	409	1.7	1.4	1.2	14.5	7.2	4.8	17%
Checkin.com Group AB	1,018	7.7	4.5	2.6	36.3	16.7	8.7	77%
Efecte Oyj	502	1.7	1.5	1.3	>100	20.9	11.1	20%
Fortnox AB	28,732	17.1	13.1	10.3	34.7	25.7	19.7	30%
Irisity AB	219	1.7	1.2	1.0	>100	8.4	5.9	34%
Pexip Holding ASA	1,412	1.4	1.3	1.2	11.6	7.3	5.7	9%
Physitrack Limited	315	1.7	1.4	1.1	6.9	4.2	3.1	28%
SmartCraft ASA Class A	2,941	8.6	7.4	6.4	20.1	16.7	14.0	15%
Upsales Technology AB	612	3.2	2.8	2.3	13.0	11.8	10.3	17%
Average - Nordics	**3,559**	**4.3**	**3.4**	**2.7**	**11.3**	**9.3**	**11.5**	**24%**
Median - Nordics	**635**	**3.2**	**2.8**	**2.3**	**13.6**	**10.1**	**9.5**	**18%**
Global peers								
C3.ai, Inc. Class A	23,732	6.9	5.8	4.7	neg	neg	>100	22%
Jamf Holding Corp	23,007	3.7	3.2	2.9	43.1	31.1	25.9	18%
RingCentral, Inc. Class A	44,974	1.8	1.7	1.5	8.4	7.1	6.1	13%
Intapp, Inc.	24,565	5.3	4.5	na	68.6	55.6	na	na
nCino Inc	35,217	6.6	5.8	5.0	52.0	36.7	25.0	19%
ACI Worldwide, Inc.	35,188	2.2	2.0	1.9	8.2	7.5	6.7	9%
Average - Global	**31,114**	**5.0**	**4.3**	**3.7**	**19.9**	**14.7**	**23.1**	**14%**
Median - Global	**29,877**	**5.1**	**4.4**	**3.9**	**27.0**	**20.4**	**27.1**	**17%**
ASAI (-) / (+) premium versus Nordics peers		62%	44%	16%	-137%	-229%	438%	
ASAI (-) / (+) Discount / premium versus Global peers		16%	3%	-7%	-112%	-142%	221%	

Source: FactSet, Redeye

DCF valuation

We provide our different assumptions and scenarios below

Valuation scenarios			
SEK	Bear case	Base case	Bull case
Valuation per share	**1.3**	**2.4**	**8.5**
Revenue CAGR 2023-2028	32%	42%	47%
Revenue CAGR 2029-2038	9%	16%	17%
Avg EBIT-margin 2023-2038	11%	23%	31%
Terminal growth	2%	2%	2%
Terminal EBIT %	19%	29%	34%

Investment thesis

Case

One of the market leaders in the fast-growing conversational AI market

Artificial Solution offers attractive exposure to the fast-growing conversational AI market, which is expected to grow by a CAGR of 48% until 2031e. Supported by enhanced efficiencies, cost reductions, and stronger NPS (net promoter scores) from customers, yielding stronger customer satisfaction and reduced churn. Artificial Solutions held a market share of 10-15% of the world's total number of automated call center interactions in 2022. In December 2022, the implied annual SaaS API calls reached 166m, while the volume in January 2023e was up 14% versus December 2022. Suggesting implied annual SaaS API calls of 189m. According to our understanding, no other competitor has reached the same volumes. In addition, The Teneo platform support applications in 86 different languages, which makes the platform easy to implement across geographies.

Evidence

Recruiting an all-star team

All management positions (but the CTO) have been reassigned since 2020. Per Ottosson, CEO since late 2020, spent about ten years at Amelia (fka IPsoft), a much larger conversational AI vendor, most recently as Chief Revenue Officer for its EMEA division. Since becoming CEO, Ottosson has recruited several former colleagues to Artificial Solutions' management. Other appointees have backgrounds from fast-growing SaaS companies in common. We think the team's successful track record and excellent industry understanding support our long-term outlook.

Supportive Analysis

The company has been around since 2001 and is at the technological forefront of the conversational AI market. Artificial Solutions holds some of the industry's foundational patents, which other stakeholders commonly cite. According to Artificial Solutions, it has significantly more forward citations than its average software peer (305 vs 33). Forward citations indicate that newer patents acknowledge the importance of a foundational patent. We understand that tech giants like Apple and Amazon have cited Artificial Solutions' patents when building conversational AI solutions (Siri and Alexa).

Challenge

High leverage and negative cash flows

We don't expect Artificial Solution to post positive EBITDA until 2025e. Artificial Solutions has debt terms at 4% - which will be accumulated to principal at maturity in December 2026e. Given the net debt position of SEK242m, versus its market cap of cSEK105m, the leverage ratio is high and will take time before it can repay its debt position. However, the refinancing is due in 2026e and there are changes of more favourable capital markets in the coming years, especially if the company delivers on its growth agenda.

Challenge

Large and time-consuming projects

Management commentary (Q3 2021 earnings call) states that, on average, large-scale conversational AI implementations with Teneo require 10–15 developers and take 6–9 months to go live. Moreover, it takes another nine months to ramp up from 0–100% of the desired traffic in a project. However, once a solution goes live, it only requires one or two developers to maintain it.

Valuation

Uncertainty remains

Considering the company's leading position in the fast-growing market, the scalable business model, and its high net debt. We apply a rather wide valuation range to illustrate the different scenarios if the company succeeds in reaching its targets. Our base case corresponds to 11x EV/EBITDA(26e) and 2.5x EV/S(26e), rather modest multiples for a SaaS company with >90% gross margins at scale. Thus, should the company deliver on its financial targets, there is further potential on the upside.

Quality Rating

People: 2

Artificial Solutions appointed Per Ottosson as CEO in November 2020. Ottosson brings extensive C-suite experience from highly successful companies within software and AI – most recently as CRO at IPSoft. Additionally, Ottosson has attracted many high-profile senior recruitments to Artificial Solutions. So far, management has delivered on its goals, i.e., transition to a SaaS model, expand partnerships, and decrease the cost base. Also, we value Scope's ownership and long-term commitment (c.16% of the capital/votes) and some founders having meaningful stakes. Greater consistency in the capital allocation and increased management ownership could help improve the rating.

Business: 3

Since transitioning to a SaaS business model in 2021, the company has operated an asset-light (Kubernetes cloud infrastructure) and highly scalable venture, owing to its usage-based revenues – creating product stickiness. Additionally, it relies on global partners such as Microsoft, Deloitte, and CGI to drive sales – which on the flip side, makes some dependencies. The Software Conversational AI market is a $14B industry, growing at a 22% CAGR – the prospect of achieving long-term organic growth is highly feasible. However, Artificial Solutions is not immune to competition and innovations in the space and has, to some degree, high customer concentration, although this is steadily decreasing.

Financials: 1

Artificial Solutions has a negative FCF profile and will likely remain unprofitable for some years, investing significant resources in sales growth. The rating's retrospective nature limits the company from achieving a higher score. However, we positively regard the increasing gross profit margin and expect it to, over time, increase to >90%.

Financials

Income statement

SEKm	2021	2022	2023E	2024E	2025E
Revenues	39	46	63	89	133
Cost of Revenue	12	16	20	18	21
Operating Expenses	90	112	103	100	105
EBITDA	(58)	(76)	(61)	(28)	7
Depreciation	1	0	-	-	-
Amortizations	12	12	14	14	15
EBIT	(71)	(89)	(75)	(42)	(7)
Shares in Associates	-	-	-	-	-
Interest Expenses	23	28	19	10	11
Net Financial Items	1	4	13	(10)	(11)
EBT	(69)	(85)	(62)	(53)	(18)
Income Tax Expenses	-	0	-	-	-
Net Income	(69)	(85)	(62)	(53)	(18)

Balance sheet

Assets

Non-current assets

SEKm	2021	2022	2023E	2024E	2025E
Property, Plant and Equipment (Net)	1	1	1	1	1
Goodwill	-	-	-	-	-
Intangible Assets	28	32	34	36	38
Right-of-Use Assets	-	-	-	-	-
Other Non-Current Assets	1	2	2	2	2
Total Non-Current Assets	31	35	37	39	41

Current assets

SEKm	2021	2022	2023E	2024E	2025E
Inventories	-	-	-	-	-
Accounts Receivable	6	36	25	36	53
Other Current Assets	20	-	7	7	7
Cash Equivalents	112	18	19	0	3
Total Current Assets	138	54	51	43	63
Total Assets	168	89	88	81	104

Equity and Liabilities

Equity

SEKm	2021	2022	2023E	2024E	2025E
Non Controlling Interest	-	-	-	-	-
Shareholder's Equity	(119)	(234)	(222)	(254)	(272)

Non-current liabilities

SEKm	2021	2022	2023E	2024E	2025E
Long Term Debt	238	264	251	261	271
Long Term Lease Liabilities	-	-	-	-	-
Other Non-Current Lease Liabilities	-	-	-	-	-
Total Non-Current Liabilities	238	264	251	261	271

Current liabilities

SEKm	2021	2022	2023E	2024E	2025E
Short Term Debt	-	-	-	-	-
Short Term Lease Liabilities	-	-	-	-	-
Accounts Payable	19	17	21	30	45
Other Current Liabilities	-	-	-	-	-
Total Current Liabilities	50	59	59	75	105
Total Liabilities and Equity	168	89	88	81	104

Cash flow

SEKm	2021	2022	2023E	2024E	2025E
Operating Cash Flow	(119)	(78)	(57)	(23)	20
Investing Cash Flow	(15)	(15)	(16)	(16)	(17)
Financing Cash Flow	225	(2)	74	20	-

Rating 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 longterm 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

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