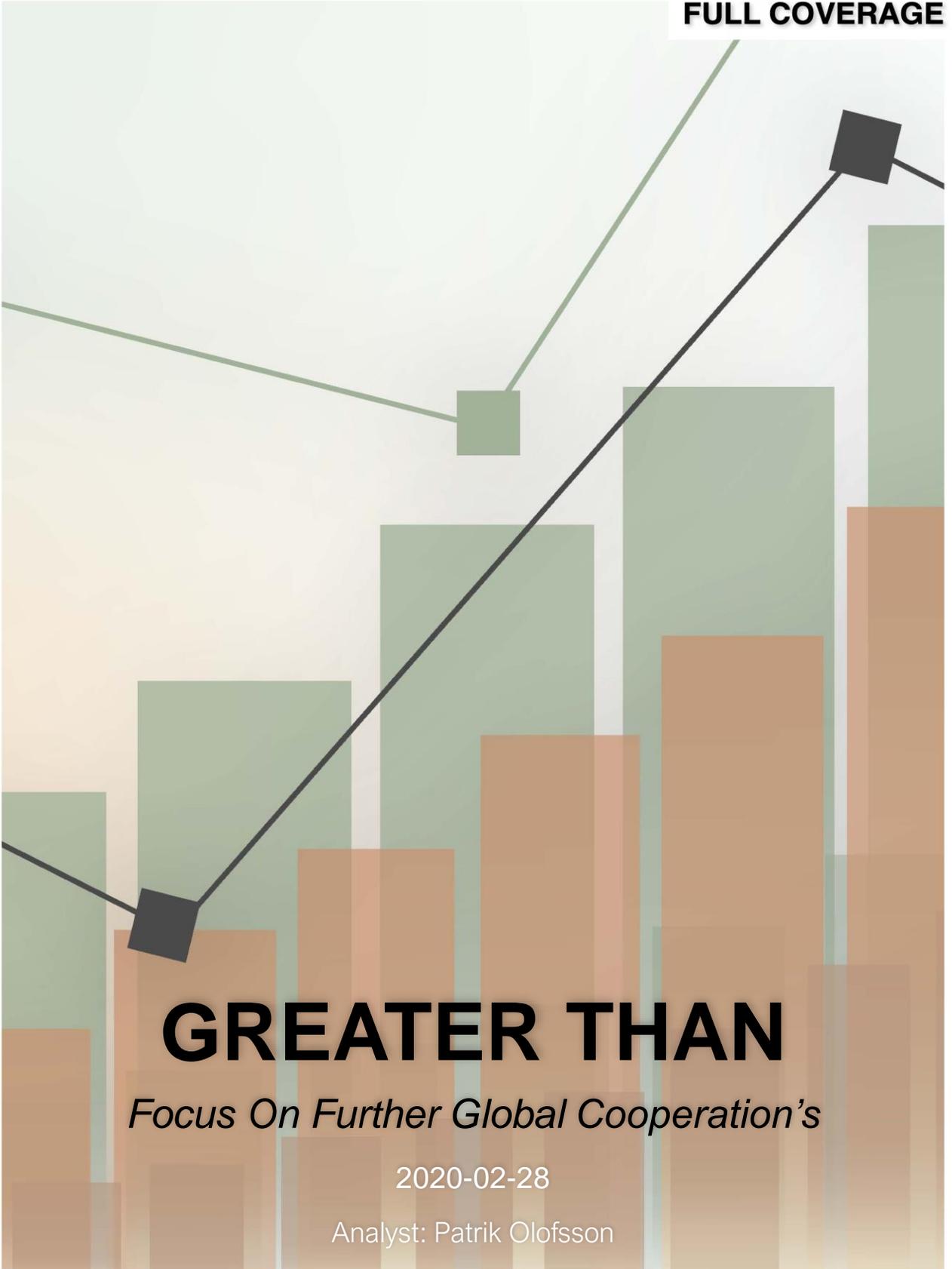


# AKTIEANALYS

FULL COVERAGE



## GREATER THAN

*Focus On Further Global Cooperation's*

2020-02-28

Analyst: Patrik Olofsson

# GREATER THAN AB (GREAT)

FOCUS ON FURTHER GLOBAL COOPERATION'S



Greater Than price risk in real-time individually per car based on AI. With the help of in-depth knowledge of driver data, auto insurance carriers, car-manufacturers, and OEM's will reduce claims cost, access new business models and meet up to the latest market trends for transportation. Greater Than's solutions generate sales, with one of the most significant insurance companies in the world as a current customer, where revenues LTM amounts to approximately SEK15 M. Greater Than are forecasted to reach sales above SEK110M in the year 2022. By applying a target sales multiple derived from a relative valuation, this yields a present value per share of SEK 95 in a Base scenario, where Greater Than's database is a big part of that valuation.

## ▪ Lower Total Sales During the Quarter – But Higher Recurring Revenues

During Q4, sales amounted to SEK 3.1 million (4.0), 22% lower compared to the same quarter in 2018. The report shows that repetitive revenues are steadily increasing, while non-recurring revenues have been limited during the quarter. We see this as the explanation as to why total sales fell during Q4-19, and why we were too high in our estimate of about SEK 5 million in sales.

## ▪ 226% Increase In Paying Insurance Agreements

Another important factor we wanted to take a closer look at in the report was how the number of returning customers developed during the last quarter of 2019. The number of paying insurance contracts using Greater Thans technology grew by as much as 226% from Q4-18 to Q4-19, which we see as a very positive data point in the report. As we have written in our previous analyzes, this growth is necessary to continue to drive the valuation of the share.

## ▪ Partnership With Microsoft

The agreement with Microsoft includes collaboration on joint sales and marketing initiatives, with Greater Than and Microsoft addressing insurance companies and car manufacturers with offerings to achieve better profitability. Through the so-called Microsoft IP Co-Sell partnership, Greater Than gain access to a new customer base, which can enable faster revenue growth, through the Azure Marketplace; Microsoft's cloud warehouse and through their global sales team. We are very positive to the agreement and expect that it will help continue to drive Greater Than's sales growth.

## ▪ Strengthened Cash Position

During Q4-19, Greater Than conducted a directed rights issue of approximately SEK 27 million, thus strengthening their cash position. At the end of December 2019, net cash was approximately SEK 17 million and the last quarter's (Q4-19) burn rate was approximately SEK 2 million / month. Given a continued burn rate in line with the last quarter, Greater Than is funded until late summer 2020.

SHARE PRICE | 106 SEK

| VALUATION RANGE, PRESENT VALUE 2022Y FORECAST |                       |                        |
|---|-----------------------|------------------------|
| <b>BEAR</b><br>60 SEK                         | <b>BASE</b><br>95 SEK | <b>BULL</b><br>120 SEK |

*The valuation is derived as a present value of sales forecasted in the year 2022. The potential valuation increase is expected to be gradual, given that assumed events occur.*

### GREATER THAN

|                              |                                     |
|------------------------------|-------------------------------------|
| Share Price (2020-02-27)     | 105.0                               |
| Number of Shares Outstanding | 10,520,771                          |
| Market Cap (MSEK)            | 1,104.7                             |
| Net Cash (-)/Debt(+) (MSEK)  | -7.5                                |
| Enterprise Value (EV) (MSEK) | 1,097.2                             |
| W.52 Price Interval (SEK)    | 46.1 – 125.0                        |
| Stock Exchange               | Stockholm First North Growth Market |

### SHARE PRICE

|          |         |
|----------|---------|
| 1 Month  | +27.7%  |
| 3 Months | +51.4%  |
| 1 Year   | +128.9% |
| YTD      | +24.0%  |

### TOP SHAREHOLDERS (SOURCE: MODULAR FINANCE PER 2019-12-31)

|                |       |
|----------------|-------|
| Sten Forseke   | 35.2% |
| Keel Capital   | 13.7% |
| Karin Forseke  | 4.7%  |
| Roger Karlsson | 3.2%  |
| Henrik Ekelund | 3.1%  |

### MANAGEMENT & BOARD

|                       |                    |
|-----------------------|--------------------|
| CEO                   | Liselott Johansson |
| Chairman of the Board | Lars M. Berg       |

### FINANCIAL CALENDAR

|                        |            |
|------------------------|------------|
| Quarterly Report Q4-19 | 2020-05-12 |
|------------------------|------------|

| FORECAST (BASE), MSEK | 2018    | 2019    | 2020E   | 2021E  |
|-----------------------|---------|---------|---------|--------|
| <b>Revenues</b>       | 13.9    | 15.1    | 21.7    | 45.6   |
| <i>Revenue Growth</i> | 71.9%   | 8.3%    | 43.9%   | 110.2% |
| <b>Gross Profit</b>   | 10.7    | 12.5    | 19.1    | 41.4   |
| <i>Gross Margin</i>   | 46.0%   | 48.2%   | 65.0%   | 80.0%  |
| <b>EBIT</b>           | -18.9   | -29.5   | -25.8   | -18.7  |
| <i>EBIT-margin</i>    | -166.6% | -230.8% | -142.0% | -52.0% |
| P/S                   | 79.4    | 73.3    | 51.0    | 24.3   |
| EV/S                  | 78.9    | 72.8    | 50.6    | 24.1   |
| EV/EBIT               | neg.    | neg.    | neg.    | neg.   |

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## Bull and bear

The recommendations in the form of bull alternatively Bear aims to provide a comprehensive picture of Analyst Group's opinion. The recommendations are developed through rigorous processes consisting of qualitative research and the weighing and discussion with other qualified analysts.

### Definition Bull

Bull is a metaphor for an optimistic view of the future. It indicates a belief in improvement.

### Definition Bear

Bear is a metaphor for a pessimistic view set on the future. It indicates a belief deterioration.

## Other

This analysis is a task analysis. This means Analyst Group has received payment for doing the analysis. The Principal, **Greater Than AB** (furthermore "the Company") has had no opportunity to influence the parts where Analyst Group has had opinions about the Company's future valuation or anything that could constitute an objective assessment.

The parts that the company has been able to influence are the parts that are purely factual and objective. The analysis is planned to be updated within three months.

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