

GREATER THAN AB (GREAT)

WELL EQUIPPED TO HANDLE HIGHER DEMAND



2020 has been an important year for Greater Than, where the Company has streamlined its operations by ending its insurance brokerage service, which was both resource-intensive and of lower profitability, in order to focus entirely on its core business, selling AI risk insight to e.g. insurance company. Greater Than has thus laid a good foundation for being able to capitalize on the accelerated shift in the insurance industry that the pandemic has brought about, where more flexible and individual-adapted insurance solutions are demanded. Greater Than has been valued based on 2022's estimated sales of SEK 42.6 M, and with a applied P / S multiple, a value per share of SEK 92 is derived in a Base scenario.

Revenue Performance Beats the Forecast

Net sales during Q4-20 came in higher than we expected, corresponding to SEK 3.9 M (3.1), where we overestimated the effect of lost sales attributed to the excluded hardware. The user growth of paying insurance contracts was -5% YoY, and even if we had hoped for growth, a low single-digit decrease is passable given a strong growth of 225% in Q4-19 compared to Q4-18.

Strong Gross Margin During the Quarter

With the exclusion of hardware, and simplified onboarding processes, as well as a strengthened product range during 2020, Greater Than showed the potential of the business model, in terms of scalability. During Q4-20, the gross margin was as high as 91% (43%), which is an improvement compared with the corresponding quarter last year, but also Q3-20 (83%). With increased user growth, we estimate that the gross margin can be further strengthened in the future. In addition to the strong margin, the Company's burn rate improved during Q4-20, partly explained by the margin but also an effective cost control internally and a balanced working capital.

Record for InsurTech Due to a Pandemic Boost

The pandemic has accelerated the digitalisation, and in 2020, investments in InsurTech companies have never been higher. A total of USD 7.1 bn was invested, distributed over 377 transactions, an increase of 12% compared to 2019. The pandemic has accelerated the strategic shift in the insurance industry, which Greater Than, with a strong product offering, reputable partners and an AI world-class technology, can benefit from.

Adjusted Valuation Range

Given that the pandemic is still a worrying factor, although a consequence of this in the long run is an expectation of a increased demand for Greater Than's services, we choose to adopt a slightly more conservative approach and make some adjustments in our growth estimates for the adjacent quarters. This effects our valuation range, which has been updated in the analysis.

SHARE PRICE | 101.5 SEK

VALUATION RANGE, PRESENT VALUE 2022Y FORECAST

BEAR	BASE	BULL
65 SEK	92 SEK	114 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 (2021-03-04)	99.8
Number of Shares Outstanding	12,624,171
Market Cap (MSEK)	1,259.9
Net Cash (-)/Debt(+) (MSEK)	-5.2
Enterprise Value (EV) (MSEK)	1,254.7
W.52 Price Interval (SEK)	64.4 - 124.0
Stock Exchange	First North Growth Market

SHARE PRICE	
1 Month	+15.5 %
3 Months	+35.9 %
1 Year	-13.2 %
YTD	+29.6 %

TOP SHAREHOLDERS (AS OF 2020-12-31)	
Sten Forseke	35.1 %
Keel Capital	18.9 %
Karin Forseke	4.9 %
Carn Capital	4.8 %
CBNY – Norges Bank	3.0 %

CEO	Liselott Johansson
Chairman of the Board	Lars M. Berg

FINANCIAL CALENDAR	
Quarterly Report Q1-21	2021-05-12

FORECAST (BASE), MSEK	2020	2021E	2022E	2023E
Revenues	11.6	12.9	42.6	60.0
Revenue Growth	-22.9%	10.9%	230.7%	41.0%
Gross Profit	13.6	16.2	43.0	54.2
Gross Margin (adj.)	70.0%	87.3%	89.3%	90.3%
EBIT	-23.4	-25.2	-6.1	-0.9
EBIT-margin	neg.	neg.	neg.	neg.
P/S	68.6	65.5	24.6	19.5
EV/S	neg.	neg.	neg.	neg.
EV/EBIT	neg.	neg.	neg.	neg.

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Bull and bear

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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

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