

Market Leader Poised to Capitalize on the AI Video Analytics Market

Irisity AB (“Irisity” or “the Company”) is a leading provider of AI-driven video analytics solutions, transforming conventional security cameras into intelligent detection systems while maintaining strict privacy standards. Operating in over 90 countries, Irisity serves a global market across three main segments: *AI Solutions, AI Products, and AI SaaS*. Irisity has implemented several initiatives to drive profitability and achieve positive cash flow, such as the appointment of a commercially oriented leadership team, consolidation of R&D units, a strategic shift towards faster-to-market segments to expedite the quote-to-cash cycle, and an increased focus on recurring revenue streams. With a highly scalable AI platform and a clear roadmap towards profitability, Irisity is well-positioned to capitalize on the expanding AI market. The forecasted EBITDA for 2026 stands at SEK 13.2m, and by applying an EV/EBITDA multiple of 20x, this presents a potential value of SEK 1.8 per share in a Base scenario.¹

▪ Outlined Strategy Towards Profitability

Following the acquisition of Agent Vi in 2021, Irisity has mainly focused on the AI Solutions segment, characterized by large entities with long sales cycles, hampering profitability due to extensive customer acquisition costs (CAC). During 2023-2024, Irisity has launched several initiatives to gradually transition toward profitability and positive cash flow. Through a newly established, commercially oriented organization and a partner-based go-to-market strategy, Irisity aims to prioritize growth within the AI Products and AI SaaS segment for onsite and basic monitoring products. This is projected to shorten the quote-to-cash cycle by enabling partners to absorb a larger fraction of the customer acquisition cost (CAC), thereby supporting a capital-light growth strategy.

▪ Focus on Recurring Revenues

A cornerstone in Irisity's growth strategy going forward is to increase recurring revenue streams (MRR) through strategic initiatives. These include a stronger emphasis on add-on services and Software Upgrade Plans (SUP) for customers with legacy products, as well as a focus on expanding the Security as a Service and AI SaaS segments. Irisity's MRR amounted to SEK 4.3m by the end of Q3-24, and Analyst Group estimates the MRR to reach SEK 6.6m by the end of 2025, creating more predictable and stable revenue streams, thereby providing a solid foundation for further growth.

▪ Streamlining R&D Units to Enhance Efficiency

Irisity has streamlined the Company's R&D operations, consolidating the teams into three leaner, customer-oriented units with the objective to enhance customer fit and maximize ROI on R&D investments. Through sharing of common IP across different customer segments, as well as to utilize Ultinuous's expertise in generative AI, the streamlining is set to accelerate software releases at a lower cost per release. Analyst Group estimates that the overall implications of the streamlining initiatives will reduce personnel costs by approx. 17% during 2025, a crucial measure toward profitability.

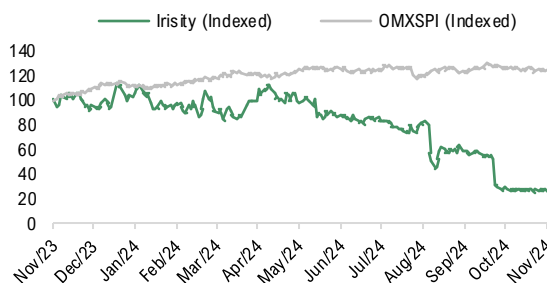
VALUATION RANGE

Bear SEK 1.0 **Base** SEK 1.8 **Bull** SEK 2.8

KEY INFORMATION

Share Price (2024-11-14)	1.20
Shares Outstanding ¹	126 056 130
Market Cap (SEKm) ¹	151.2
Net cash(-)/debt(+)(SEKm) ¹	-23.1
Enterprise Value (SEKm) ¹	128.1
List	Nasdaq First North
Quarterly report 4 2024	2025-02-28

SHARE PRICE DEVELOPMENT



OWNERS (SOURCE: HOLDINGS)

INSIDER

Sellers Of Ultinuous Zrt	13.7%
Stockhorn Capital AB	13.7%
Avanza Pension	11.0%
Ulf Runmarker	10.0%
Sun Red Beach Growth Partners Aps	4.7%

Estimates (SEKm)	2024E	2025E	2026E	2027E
Net Sales	117.9	154.4	186.0	206.5
COGS	-18.6	-26.8	-34.2	-40.2
Gross Profit (adj.)²	99.3	127.6	151.7	166.3
Gross Margin (adj.) ²	84.2%	82.7%	81.6%	80.6%
Operating Costs	-166.7	-146.0	-138.5	-136.5
EBITDA (adj.)²	-67.5	-18.4	13.2	29.8
EBITDA Margin (adj.) ²	-57.2%	-11.9%	7.1%	14.4%
P/S	1.3	1.0	0.8	0.7
EV/S	1.1	0.8	0.7	0.6
EV/EBITDA	-1.9	-7.0	9.7	4.3

¹The subscription rate for the rights issue is estimated at 100%, impacting both outstanding shares and net debt. Estimated net debt is based on Q3-24 figures, adjusted for an estimated burn rate of SEK 5m per month, set-offs, repayment of the bridge loan, and net proceeds from the rights issue.

²Adjusted for capitalized development costs and other operating income and costs. Please read our disclaimer at the end of the report

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Other

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The analyst does not own shares in the Company.

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