

Sustained Recovery Hinges on Cash Conversion

Irisity AB ("Irisity" or "the Company") is a leading provider of AI-driven video analytics solutions, transforming conventional security cameras into intelligent detection systems. Operating in over 90 countries, Irisity serves a global market across three main segments: *AI Solutions*, *AI Products*, and *AI SaaS*. Irisity has taken several steps to gradually approach profitability and positive cash flow, including the appointment of a commercially driven leadership team, consolidation of R&D units, a strategic focus on faster-to-market segments to accelerate the quote-to-cash cycle, and an increased emphasis on recurring revenue streams. The forecasted EBITDA for 2027 stands at SEK 11.4m, and by applying an EV/EBITDA multiple of 15x, this presents a potential value of SEK 0.8 per share in a Base scenario.¹

Soft Q4 Due to Revenue Reversal and Provisions

Irisity's Q4 performance was significantly impacted by timing-related adjustments, as delays in project execution and postponed customer payments prompted a reassessment of net sales recognition across several partner contracts. This led to a reversal of SEK 13.7m in previously reported net sales, bringing Q4-24 reported net sales down to SEK 4.7m. On an adjusted basis, net sales amounted to SEK 18.4m (27.6), still a notable Y-Y reduction and below our estimate of SEK 34.2m. The deferred revenue has been added to the order backlog and is expected to be recognized during 2025, supporting top-line growth. A SEK 14.7m provision for doubtful accounts receivable and an additional SEK 12.2m provision due to delays in three major projects hampered profitability, resulting in an EBITDA-result of SEK -63.6m. Adjusted for these extraordinary items, EBITDA came in at SEK -23m (-12.7). Despite the challenging quarter, there are positive signs, such as a 24% Y-Y increase in invoicing to SEK 38.7m (31.3) in Q4-24. Converting these into actual cash inflow remains a key trigger ahead.

Credit Facility and Capital Raise to Support Operations

To address near-term liquidity needs, Irisity has secured a SEK 15m credit facility from the Company's largest shareholder, Stockhorn, on arm's-length terms (STIBOR 3M + 4%). In parallel, the Company plans a fully secured rights issue of approx. SEK 21.1m at a subscription price of SEK 0.40 per share. Despite a recent rights issue completed in Q4-24, continued project delays and weaker-than-expected cash flow have pressured liquidity. The upcoming capital raise is expected to support ongoing operations and provide flexibility as collections begin to accelerate.

Cautious Outlook with Delayed Profitability

We have revised our top-line forecast downward, anticipating a slower sales ramp-up due to project delays and postponed customer payments. Combined with elevated credit risk tied to cash conversion, the outlook remains cautious. Positive EBITDA is expected in 2027, and the upcoming rights issue, implying ~32% dilution, adds a technical element to the valuation adjustment. Applying a 15x EV/EBITDA multiple to the 2027E EBITDA of SEK 11.4m indicates a potential present value of SEK 0.8 per share in a Base scenario.

VALUATION RANGE

Bear
SEK 0.4

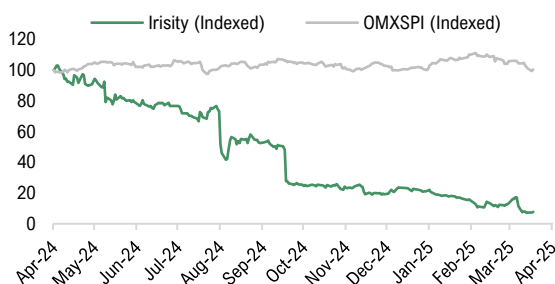
Base
SEK 0.8

Bull
SEK 1.8

KEY INFORMATION

Share Price (2025-04-15)	0.35
Shares Outstanding ¹	167 040 894
Market Cap (SEKm) ¹	59.0
Net cash(-)/debt(+) (SEKm) ¹	-2.9
Enterprise Value (SEKm) ¹	56.0
List	Nasdaq First North
Quarterly report 1 2025	2025-05-23

SHARE PRICE DEVELOPMENT



OWNERS (HOLDINGS 2025-03-27)

INSIDER

Stockhorn Capital AB	24.0%
Sellers Of Ultinuous Zrt	13.7%
Avanza Pension	12.1%
Ulf Runmarker with family	10.5%
Nordnet Pensionsförsäkring	3.3%

Estimates (SEKm)	2024A	2025E	2026E	2027E
Net Sales	88.4	118.6	138.5	156.0
COGS	-21.7	-18.9	-23.4	-27.5
Gross Profit (adj.) ²	66.6	99.6	115.1	128.5
Gross Margin (adj.) ²	75.4%	84.0%	83.1%	82.4%
Operating Costs	-199.1	-132.0	-122.0	-117.1
EBITDA (adj.) ²	-132.5	-32.4	-6.9	11.4
EBITDA Margin (adj.) ²	-150.0%	-27.3%	-5.0%	7.3%
P/S	0.7	0.5	0.4	0.4
EV/S	0.6	0.5	0.4	0.4
EV/EBITDA	-0.4	-1.7	-8.1	4.9

¹The subscription rate for the rights issue in H1-25 is estimated at 100%, impacting both outstanding shares and net cash. Estimated net cash is based on Q4-24 figures, adjusted for an estimated burn rate and net proceeds from the rights issue.

²Adjusted for capitalized development costs and other operating income and costs.