

Persistent Headwinds Delay Recovery Trajectory

Irisity AB (“Irisity” or “the Company”) is a leading provider of AI-driven video analytics solutions, transforming traditional security cameras into intelligent detection systems. Operating in over 90 countries, the Company serves a global market across three core segments: *AI Solutions*, *AI Products*, and *AI SaaS*. While Irisity continues to face a challenging market environment, improvements in collections and regulatory changes benefiting the Security as a Service segment are encouraging signs. Meanwhile, the Company remains focused on improving cash conversion, operational efficiency, and commercial execution. The forecasted net sales for 2026 stands at SEK 108.3m, and by applying an EV/S-multiple of 1.0x, this presents a potential value of SEK 0.5 per share in a Base scenario.<sup>1</sup>

▪ Challenging Start to 2025..

Net sales for Q1-25 came in at SEK 18.1m (27.6), corresponding to a Y-Y decline of -34.2%. The weak performance is primarily attributable to revised revenue recognition timing for larger projects, along with delays in international sales, particularly within large city and security infrastructure projects, driven by ongoing macroeconomic uncertainty and a weaker USD. Given the revenue deferrals in Q4-24, Analyst Group had anticipated a partial recovery in Q1, supported by realization of the order backlog. However, the reported figures fell short of expectations. Management guides for continued pressure on sales over the next two quarters, as timing-related effects are expected to persist, with a stronger recovery anticipated in Q4-25. The impact of project delays was also evident in reported invoicing, which reached SEK 16.6m (16.3), reflecting a marginal Y-Y increase of 1.4%. On a more positive note, collections increased to SEK 26.5m (19.0), corresponding to Y-Y growth of 39.4%, a key development that supports improved cash flow and a shorter quote-to-cash cycle.

▪ ..But Regulatory Tailwinds May Ease Near-Term Pressure

At the beginning of Q2-25, regulatory changes concerning camera permit requirements came into effect. Entities previously required to obtain a permit to install CCTV systems in Sweden must now independently balance surveillance needs against privacy rights, a responsibility previously handled by IMY. Following these changes, Irisity has observed a strong increase in sales activity. Analyst Group believes this development could serve as a catalyst for growth within the Security as a Service segment, helping to mitigate the impact of an otherwise challenging market environment marked by postponed larger projects.

▪ Estimate Revisions Reflect Challenging Market Outlook

In light of the weaker-than-expected Q1 report and soft guidance for Q2 and Q3, we have made a substantial downward revision to our top-line estimates. Going forward, we will closely track developments in cash collections, as well as the performance of the Security as a Service segment in response to recent regulatory changes. Applying a 1.0x EV/S-multiple to the 2026E net sales of SEK 108.3m indicates a potential present value of SEK 0.5 per share (0.8) in a Base scenario.

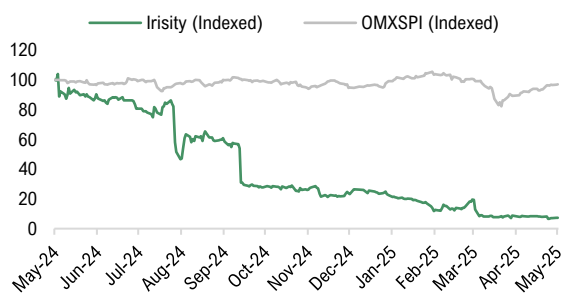
VALUATION RANGE



KEY INFORMATION

Share Price (2025-05-20)	0.32
Shares Outstanding <sup>1</sup>	167 040 894
Market Cap (SEKm) <sup>1</sup>	53.3
Net cash(-)/debt(+) (SEKm) <sup>1</sup>	7.6
Enterprise Value (SEKm) <sup>1</sup>	60.8
List	Nasdaq First North
Quarterly report 2 2025	2025-08-18

SHARE PRICE DEVELOPMENT



OWNERS (HOLDINGS 2025-03-27)

Stockhorn Capital AB	24.0%
Sellers Of Ultinous 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	90.4	108.3	124.7
COGS	-21.7	-17.5	-18.8	-22.5
Gross Profit (adj.) <sup>2</sup>	66.6	72.9	89.5	102.2
Gross Margin (adj.) <sup>2</sup>	75.4%	80.6%	82.7%	82.0%
Operating Costs	-199.1	-132.0	-117.0	-111.9
EBITDA (adj.) <sup>2</sup>	-132.5	-59.1	-27.5	-9.7
EBITDA Margin (adj.) <sup>2</sup>	-150.0%	-65.3%	-25.4%	-7.8%
P/S	0.6	0.6	0.5	0.4
EV/S	0.7	0.7	0.6	0.5
EV/EBITDA	-0.5	-1.0	-2.2	-6.3

<sup>1</sup>The subscription rate for the rights issue in Q2-25 is estimated at 100%, impacting both outstanding shares and net cash. Estimated net cash is based on Q1-25 figures, adjusted for an estimated burn rate and net proceeds from the rights issue.

<sup>2</sup>Adjusted for capitalized development costs and other operating income and costs.

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