

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.¹

▪ 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.

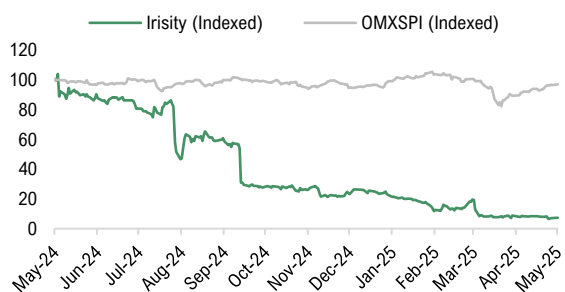
VALUATION RANGE



KEY INFORMATION

Share Price (2025-05-20)	0.32
Shares Outstanding ¹	167 040 894
Market Cap (SEKm) ¹	53.3
Net cash(-)/debt(+) (SEKm) ¹	7.6
Enterprise Value (SEKm) ¹	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 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	90.4	108.3	124.7
COGS	-21.7	-17.5	-18.8	-22.5
Gross Profit (adj.) ²	66.6	72.9	89.5	102.2
Gross Margin (adj.) ²	75.4%	80.6%	82.7%	82.0%
Operating Costs	-199.1	-132.0	-117.0	-111.9
EBITDA (adj.) ²	-132.5	-59.1	-27.5	-9.7
EBITDA Margin (adj.) ²	-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

¹The 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.

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

Table of Contents

Investment Thesis	3
Comment on Q1 Report	4-6
Company Description	7-10
Market Analysis	11-12
Financial Forecast	13-18
Valuation	19-21
Bull and Bear	22
Management & Board	23-25
Appendix	26-27
Disclaimer	28

ABOUT THE COMPANY

Irisity AB ("Irisity" or "the Company") is a leading provider of AI-driven video analytics solutions, specializing in advanced software that transforms standard security cameras into intelligent detection systems, all while maintaining a strong commitment to privacy. Trusted globally in over 3,000 locations, Irisity's scalable platform, IRIS+™, delivers real-time, efficient, and precise data to augment human decisions, enhancing safety, operational efficiency, and organizational intelligence. Through the Company's AI Solutions, AI Products, and AI SaaS segments, Irisity serves a broad range of customers in over 90 countries. Irisity was founded in Gothenburg 2006 and has been listed on Nasdaq First North since 2013.

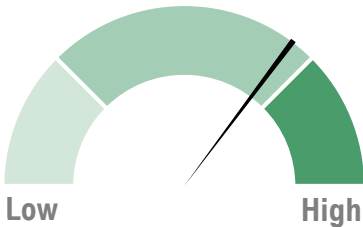
CEO AND CHAIRMAN

CEO	Keven Marier
Chairman	Bjørn Skou Eilertsen

ANALYST

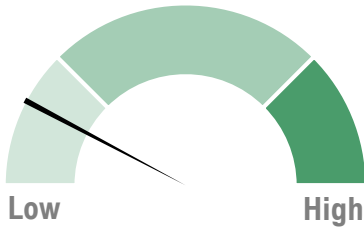
Name	Oscar Mårdh
Phone	+46 760 44 29 70
E-mail	oscar.mardh@analystgroup.se

Value Drivers



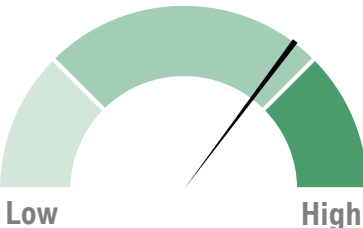
Key value drivers for Irisity include sustained growth in invoicing and improved collection efficiency, both of which are essential for enhancing the cash conversion. Continued expansion in focus areas, such as AI Products and AI SaaS, will further support revenue visibility. Additionally, MRR growth will be an important KPI to monitor going forward.

Historical Profitability



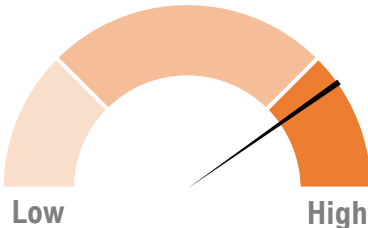
Irisity lacks a track record of profitability and cash flow generation. However, the Company has undertaken several initiatives in 2023-2024 to streamline the organization, marking important steps toward profitability. Nevertheless, the rating is based on historical results and does not incorporate forward-looking factors.

Management & Board



Keven Marier, CEO since 2023, brings more than 20 years of security industry experience. The majority of the board joined in 2023-2024, bringing extensive knowledge and experience from diverse sectors. Together, insiders own 13.5% of the Company, which creates incentives to deliver strong shareholder value going forward.

Risk Profile



The SEK 26.9m provision for doubtful accounts in Q4-24 highlights the credit risk associated with the long quote-to-cash cycles in Irisity's project business. While the credit line and upcoming rights issue will strengthen near-term liquidity, Analyst Group sees a risk that additional external capital may be needed to bridge the Company to expected positive free cash flow in 2027.

Shifting Market Dynamics Unlock Growth Potential

The global AI surveillance market, currently accounting for roughly 10% of the broader security surveillance industry, is expected to grow at a significantly higher pace than the overall market. With a projected CAGR of 23.7%, the segment is forecasted to reach USD 16.3bn by 2028. AI-powered video analytics offer substantial benefits by automating video review, reducing storage and monitoring costs, enhancing security coverage, and minimizing false alarms, driving strong demand from both public and private sectors. Irisity, with over 3,000 deployments across more than 90 countries, has established a solid global footprint. Its broad portfolio of AI video analytics solutions and attractive total cost of ownership (TCO) position the Company well to benefit from market tailwinds, supporting both scalable deployment and long-term customer value.

At the same time, structural shifts in the competitive landscape could further strengthen Irisity's positioning. Briefcam, one of Irisity's key competitors, has been consolidated into Milestone Systems, a major VMS vendor. This tighter integration introduces a clear channel conflict with Genetec, Milestone's largest rival, who may seek to phase out Briefcam in favor of neutral alternatives. This development opens a strategic window for Irisity. As a hardware-agnostic, independent provider, the Company is well positioned to serve Genetec-aligned accounts, particularly within the professional and enterprise segments, representing low-hanging fruit that could support near-term growth and market share expansion.

Strategic Shift Towards Profitability and Cash Flow Generation

Since the acquisition of Agent Vi in 2021, Irisity has focused on the AI Solutions segment, targeting large entities with long sales cycles and high customer acquisition costs (CAC). Although this segment is characterized by long customer journeys, strong margins, and low churn due to the tailored and sticky nature of the offerings, it has also contributed to extended quote-to-cash cycles, putting pressure on profitability and cash flow. In response, Irisity has initiated several measures during 2023–2024 to transition toward positive cash flow, including the formation of a commercially driven organization and a partner-based go-to-market model. The Company is now prioritizing growth within AI Products and AI SaaS, with a focus on onsite and basic monitoring products, aiming to reduce CAC and shorten sales cycles by enabling partners to absorb a larger share of the acquisition effort. In parallel, Irisity is working to grow recurring revenue (MRR) through Software Upgrade Plans (SUP) for legacy customers and expansion of its Security as a Service and AI SaaS offerings, building a more predictable and scalable revenue base.

Enhanced Efficiency Through Streamlined R&D Units

As a key pillar to improve profitability, Irisity has streamlined the Company's R&D operations, consolidating the R&D teams into three leaner, customer-oriented units. The purpose of the reorganization is to enhance customer fit and maximize ROI on R&D investments through sharing of common IP:s across the different customer segments, as well as to utilize Ultinuous's expertise in generative AI 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.

Financial Forecast and Valuation

Irisity's scalable SaaS offering and increased focus on the mid-market segment through a partner-based strategy provide a promising growth outlook, supported by initiatives to streamline the cost-base to drive profitability and cash flow. Based on FY2026 projected net sales of SEK 108.3m and an applied EV/S-multiple of 1.0x, coupled with a discount rate (WACC) of 13.3% and the estimated capital structure following the rights issue, a potential value of SEK 0.5 per share is derived.

Risks to Monitor Ahead

Although Irisity has implemented several initiatives focused on achieving profitability, the Company has not yet established a proven track record of profitability and positive cash flow generation. Consequently, it will be essential to monitor the impact of the growth- and cost-cutting efforts, where the conversion of the sales pipeline to cash collections will be a crucial part in this regard. If profitability is not achieved as anticipated, there is a risk that the Company may need to seek additional external capital to support ongoing operations and growth initiatives. Additionally, with the majority of sales collected in USD and the cost base primarily in SEK, Irisity is exposed to currency fluctuations, and in the absence of hedging, the Company may be adversely affected by exchange rate volatility.

23.7% CAGR
AI in Surveillance Market
2023-2028E

Focus on
Quote-to-Cash
and Recurring
Revenues

Maximize ROI on
R&D Investments

SEK 0.5
Per Share
Base scenario

Financial Risks and
Currency Exchange
Exposure

Challenging Market Conditions Hamper Growth Outlook

Challenging Sales Trajectory – Downward Trend Expected to Continue Near Term

Reported net sales for the first quarter of fiscal year 2025 amounted to SEK 18.1m (27.6), equivalent to a decline of -34.2% Y-Y. The negative sales development can partly be attributed to the revised timing of revenue recognition for larger projects, which was also the case in Q4-24. Moreover, international project sales weighed on overall net sales for the quarter, partly reflecting delays stemming from a more complex and evolving global business climate and a weakening USD. The broader turbulence in the geopolitical and economic environment has thus resulted in project sales being delayed in Q1-25, such as large city and security infrastructure projects in the US and CALA (Caribbean and Latin America). Given the revenue deferrals in Q4-24, Analyst Group had anticipated a partial bounce back in sales, as we expected realization of the order backlog. However, the reported net sales fell short of our estimates.

Looking ahead, Irisity expects a decline in net sales over the coming two quarters as a consequence of the reassessment of the timing of revenue recognition for larger projects. However, the Company guides for a much stronger performance in Q4-25.

Regulatory Changes Act as a Growth Catalyst

On the positive side, management reports a notable uptick in sales activity following recent regulatory changes concerning camera permit requirements, which came into effect in April 2025. In essence, the change means that entities previously required to apply for a permit to install CCTV cameras for surveillance in Sweden must now independently conduct a balancing of interests between the need for surveillance and the individual's right not to be monitored — a process previously handled by IMY. This development is expected to streamline the deployment process for surveillance systems and is likely to act as a catalyst for growth within Irisity's municipal-focused Security as a Service segment.

Invoicing and Collections

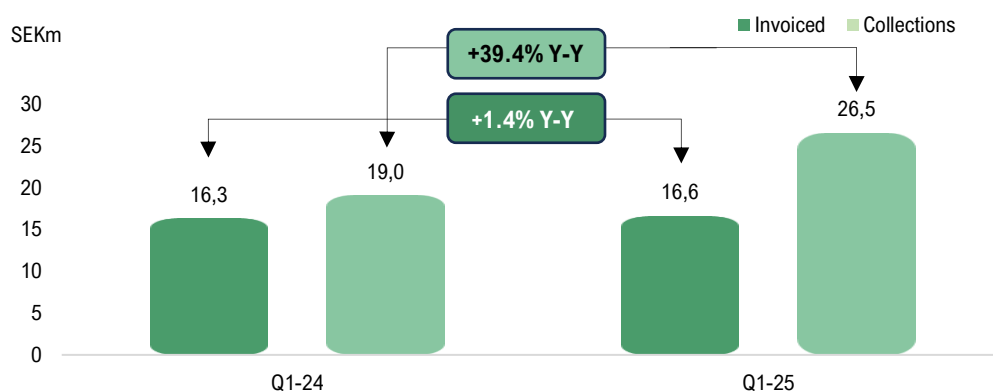
Invoicing amounted to SEK 16.6m (16.3) in Q1-25, representing a slight Y-Y increase of approx. 1.4%, where the limited growth is mainly attributable to several projects being postponed to Q2-25. Collections, on the other hand, showed strong momentum, increasing by 39.4% Y-Y to SEK 26.5m (19.0) during the quarter.

Collections Witnessed Strong Growth During Q1-25.

Invoiced and Collections, Q1-24 and Q1-25

+1.4% Y-Y
Invoicing

+39.4% Y-Y
Cash Collections



Source: Irisity

Looking ahead, Irisity expects to finalize two major projects and collect the associated receivables in Q2-25, delayed from Q1-25, a development of particular importance given the Company's current financial position. Analyst Group has previously emphasized that improvements in collections are a key KPI to monitor, as they contribute to shortening the quote-to-cash cycle and strengthening cash flow. In that context, the solid increase in collections during Q1-25 stands out as a clear positive in the quarterly report.

Flat Sequential MRR Development Q-Q

SEK 4.1m
MRR
Q1-25

The MRR amounted to SEK 4.1m during Q1-25, reflecting flat development Q-Q and a decrease Y-Y, compared to SEK 4.4m in Q1-24. The outcome in MRR is a direct result of a postponed renewal of a U.S. government agency's Software Upgrade Plan (SUP), which Irisity expects to be realized in Q2-25.

With regulatory tailwinds driving positive momentum in the Security as a Service segment, combined with strong expected performance from the newly launched IRIS+ Professional software and large projects entering production throughout 2025, Analyst Group believes the Company has favorable conditions to improve MRR going forward. This is particularly important given the shorter cash conversion cycle associated with SaaS revenues, which contributes to a reduction in overall DSO.

Cost Base

**Streamlining
Initiatives are
Bearing Fruit**

Examining OPEX in more detail, personnel costs amounted to SEK 23.6m (28.2) in Q1-25, representing a decrease of 16.4% Y-Y and 5.8% Q-Q, compared to approximately SEK 25.0m in Q4-24. However, when adjusting for personnel from Ultinous, personnel costs decreased by 24% Y-Y, indicating that the Company's streamlining initiatives are yielding results.

At the end of Q1-25, the Company had 68 (81) full-time equivalent employees and 20 (11) consultants, resulting in a total workforce of 88 (92). While the reduction in total headcount (including consultants) is not as significant, the increased share of consultants provides a more flexible cost base, which can be downsized more efficiently compared to permanent staff.

-8%
Total OPEX
Q1-25

Other external costs increased by 13% Y-Y, totaling SEK 11.7m (10.4) in Q1-25. Total OPEX (excluding COGS and D&A) amounted to SEK 37.2m (40.5), representing an improvement of 8% Y-Y. It is important to note that Ultinous personnel are included in the Q1-25 figures, meaning the underlying reduction in the cost base is in fact more substantial. Irisity has emphasized that cost-cutting measures will continue to take effect in the coming quarters. In summary, the EBITDA result amounted to SEK -18.8m (-3.3), and when adjusting for work performed for own account and other operating income and costs, EBITDA totaled SEK -23.1m (-15.8).

Fully Secured Rights Issue

Irisity is currently conducting a fully secured rights issue of approximately SEK 21.1m before issue costs and any set-off, at a subscription price of SEK 0.40 per share. The subscription period runs from May 16 to May 30, 2025. The rights issue is intended to strengthen Irisity's financial position by supporting efficiency improvements, product development, and growth initiatives in key markets. It also addresses temporary liquidity pressures resulting from delayed customer payments. To bridge short-term working capital needs, Irisity has secured a credit facility, which will be repaid through set-off against newly issued shares. Upon full subscription, the Company expects to receive gross proceeds of approximately SEK 21.1m. After estimated issue costs of around SEK 1.0m, the net proceeds will primarily be used to repay the credit facility, up to SEK 15m, with the remaining minimum of SEK 5m allocated to general working capital. The rights issue is fully secured by approximately 52.5% in subscription commitments and 47.5% in guarantee undertakings, neither of which incur any cost for Irisity.

Increase in Collections Somewhat Mitigates the Negative OCF

SEK -13.6m
OCF, Q1-25

During Q1-25, Irisity reported cash flow from operating activities (OCF) of approximately SEK -13.6m (-12.7), corresponding to an average OCF of approx. SEK -4.5m per month. Despite the sharp decline in sales during the quarter, reduced OPEX and increased collections had a mitigating effect on OCF.

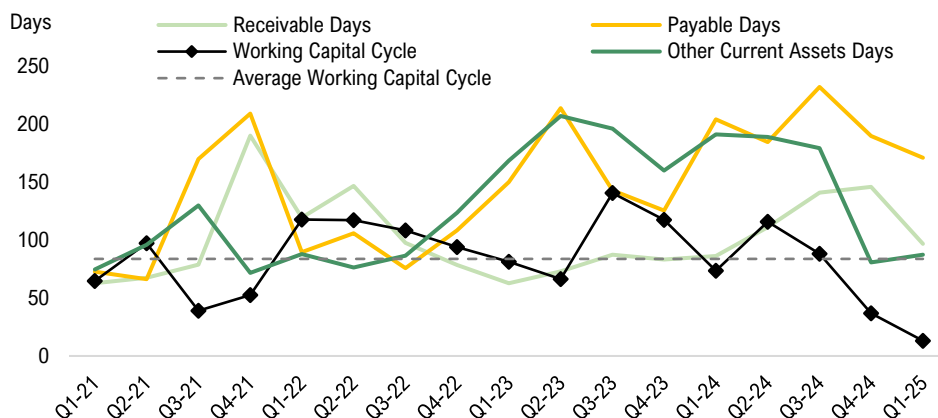
Taking into account investments of approx. SEK 2.3m during Q1-25, negative free cash flow amounted to SEK -15.8m (-21.5). We anticipate that the lower investment level stems both from the strategic reorganization aimed at enhancing innovation efficiency within the R&D function, as well as from advancements in generative AI, which have significantly accelerated Irisity's R&D process.

Comment on Q1 Report

The working capital cycle improved markedly in Q1-25, reaching its lowest level in the past three years, primarily driven by a reduction in receivable days. The shortened cycle reflects improved cash conversion, which is particularly positive in light of the Company's ongoing efforts to optimize liquidity and reduce net working capital tied up in operations.

Increased Collections Contributed to an Improved Working Capital Cycle During Q1-25.

Working Capital Cycle (LTM), 2021-2025A



Source: Irisity

Concluding Remarks About the Report

In conclusion, Irisity's Q1-25 performance reflected continued topline headwinds, a trend expected to persist over the coming quarters due to macroeconomic uncertainty and a weaker USD, which have contributed to delayed project deliveries.

Amid these challenges, the 39.4% Y-Y increase in collections helped partially offset pressure on operating cash flow and contributed to a more efficient working capital cycle. Additionally, the reduction in OPEX indicates effects from cost-saving initiatives, though Analyst Group argues that additional reductions may be necessary given the persistently challenging market conditions.

While recent regulatory changes are estimated to support future growth in the Security as a Service segment, the near-term impact remains uncertain. Against this backdrop, the ongoing rights issue is a critical measure to address liquidity constraints. Going forward, improved execution, cost control, and collection discipline will be key to navigating the current environment.

Overview of Irisity's Q1-Report 2025.

Key KPI's from the report



Source: Irisity

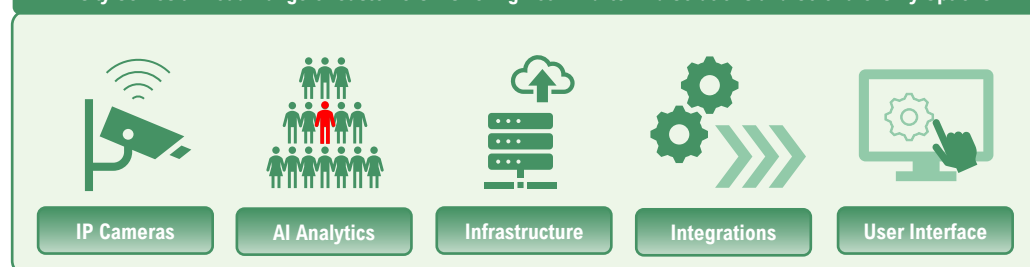


Irisity in Short

Irisity is a leading provider of AI-driven video analytics solutions, specializing in advanced software that transforms standard security cameras into intelligent detection systems, all while maintaining a strong commitment to privacy. With deployments across over 3,000 locations and a presence in more than 90 countries, Irisity supports clients globally, with active operations in Sweden, the USA, Israel, Hungary, Singapore, the UAE, Australia, Argentina, Brazil, Mexico, Colombia, and the UK. The Company has 12 offices worldwide and three R&D-centers in Tel Aviv, Budapest, and Gothenburg, focusing on specific customer business segments which can share common IP:s. Irisity operates through an extensive network of resellers, partners, OEMs, central monitoring providers, and camera manufacturers worldwide, creating a broad reach globally.

Irisity's technology enhances security by detecting critical incidents in real time, including intrusions, trespassing, flames, violence, falls, and unattended objects, as well as rapid search and analysis of recorded video, and extraction of statistical data. Importantly, Irisity prioritizes ethical surveillance, employing patented real-time anonymization technology to protect personal privacy across all functionalities. Irisity serves a diversified customer base across multiple sectors, such as government agencies, municipalities, educational institutions, healthcare and elder care facilities, and railway infrastructure.

Irisity Serves a Broad Range of Customers – Offering Both End-to-End Solutions and Software-Only Options



History

Irisity was founded in Gothenburg in 2006 as a spin-off from Chalmers University's Innovation Startup Fund, with the vision that video analytics would transform the security industry. The Company became publicly listed in 2013 and has since undergone a transformational phase, marked by strategic acquisitions that now form the foundation of the Company's current operations. In 2018, Irisity acquired Visionists, a leading Swedish consultancy specializing in advanced image and video analysis, known for its software platform that enhances the deployment of image analysis and machine learning algorithms. In 2021, Irisity completed the Company's largest acquisition to date by acquiring Agent Vi Ltd for SEK 650 million — a globally recognized provider of AI-powered video analytics solutions, operating through an extensive network of resellers and partnerships. Since the acquisition, Irisity and Agent Vi have merged from an organizational as well as from a product perspective, with Agent Vi's analytics technology now serving as the core of Irisity's combined video analytics platform, IRIS+.

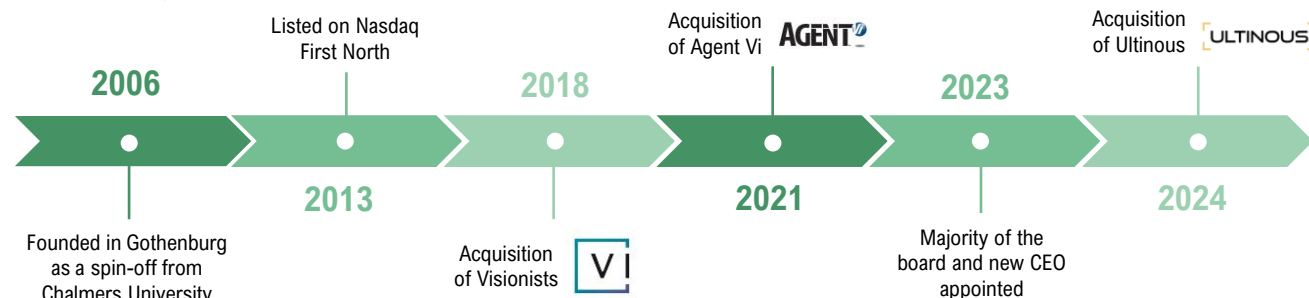
In H1-24, Irisity further strengthened the Company's AI capabilities through the acquisition of Hungarian AI software provider Ultinuous Zrt, establishing a new development hub in Budapest. This acquisition supports Irisity's strategic investments in personalized AI solutions, incorporating the latest advancements in generative AI technologies, a segment that will be prioritized during the coming years.

Over the past year, Irisity has implemented a series of initiatives aimed at achieving profitability, including appointing a commercially focused leadership team, implementing a clear growth strategy targeting the mid-market to accelerate the quote-to-cash cycle, increasing emphasis on recurring revenue, and streamlining R&D units for a more efficient cost structure. With the integration of the above-mentioned acquisitions and a more efficient organizational structure, Irisity now offers a competitive, highly scalable video analytics platform with an attractive total cost of ownership for AI-enabled video analytics.

Initiatives
Towards
Profitability and
Positive Cash
Flow

Transformational Phase with Strategic Acquisitions Forming Irisity's Foundation.

Timeline of Events, 2006-2024



Source: Irisity

Product portfolio

The product offering consist of IRIS+™, an open and scalable platform for video analytics that operates in any environment, both locally (air-gapped), in the cloud, or as a hybrid installation, thereby giving customers and partners the flexibility to design, operate, and manage their surveillance, security, and safety operations based on their unique needs. The Company's AI software areas are divided into three distinct segments, each characterized by a unique business model and tailored to specific customer types with varying requirements for solution complexity and service offerings. The three main segments—AI Solutions, AI Products, and AI SaaS—feature Irisity's distinct platform solutions: IRIS+ Enterprise, IRIS+ Pro, and IRIS+ Central Monitoring (CM), respectively.

AI Solutions

AI Solutions Selection of Customers



AI Solutions comprise approx. 55% of Irisity's sales and are characterized by a clientele of large, complex government entities that require highly scalable, cloud-based or localized real-time AI infrastructure with centralized management capabilities. To be compatible within this segment, the offering must be adaptable to a variety of networking configurations, infrastructure setups, camera types, and operational requirements. Consequently, the solution must meet the specific and often narrow demands of customers, resulting in highly *sticky* and predictable revenue streams. The technology powering this segment, IRIS+ Enterprise Solutions, is primarily developed and distributed through the subsidiary Agent Vi.

This segment primarily generates revenue through perpetual software licenses, software support agreements, hardware, and installation services, supported by a go-to-market strategy of operational technology (OT) partners, customer preferred suppliers, direct sales and OEMs which include tailored support. In addition to one-time revenue from perpetual software licenses, Irisity receives recurring revenue through the Software Upgrade Plan (SUP), which is priced at 13-18% of the initial license cost and is renewable periodically at the customer's discretion.

Due to the complexity and high demands of this customer base, the sales cycle often extends to 12-18 months, leading to higher customer acquisition costs (CAC). However, once a contract is secured, customer relationships often span multiple years, with high retention rates driven by tailored solutions and substantial switching costs, which in turn results in predictable revenue streams long term.

AI Products

The AI Products segment, representing approx. 10% of Irisity's sales, is positioned as a key growth area for the coming years, driven by the disruptive potential of generative AI. With the acquisition of Ultinuous in 2024, Irisity expanded the Company's product portfolio to include a mid-market solution with a shorter sales cycle that is particularly effective in non-deterministic scenarios, where users may not have a precise target but need to identify specific events or anomalies. The advanced query function, a search and filter tool enabling rapid extraction of information, supports use cases such as identifying specific individuals or actions.

The revenue model for the AI Products segment combines software and hardware sales, typically at a 3:1 ratio favoring software. As with the AI Solutions segment, software revenue derives from a mix of perpetual licensing and Software Upgrade Plans (SUP). The offering consists of two components: one that allows Irisity's software to be deployed on existing hardware (e.g., cameras) and another that includes Irisity-branded hardware sourced from third-party suppliers.

Irisity operates this segment through a reseller-based model, partnering with OEMs, distributors, and resellers to reach customers with on-premises systems managed locally at their sites. AI Products primarily target smaller end customers with less complex surveillance needs who already have a foundational surveillance infrastructure in place.

The segment benefits from a shorter sales cycle of 1-6 months, especially with existing customers who have established infrastructure. The partner-based go-to-market approach creates multiple sales channels, allowing partners to integrate Irisity's solutions to enhance their own core offerings, thereby broadening Irisity's market reach. Additionally, partners absorb much of the initial customer acquisition cost, reducing Irisity's capital intensity and shortening the quote-to-cash cycle.

AI Software as a Service (SaaS)

AI SaaS Selection of Customers



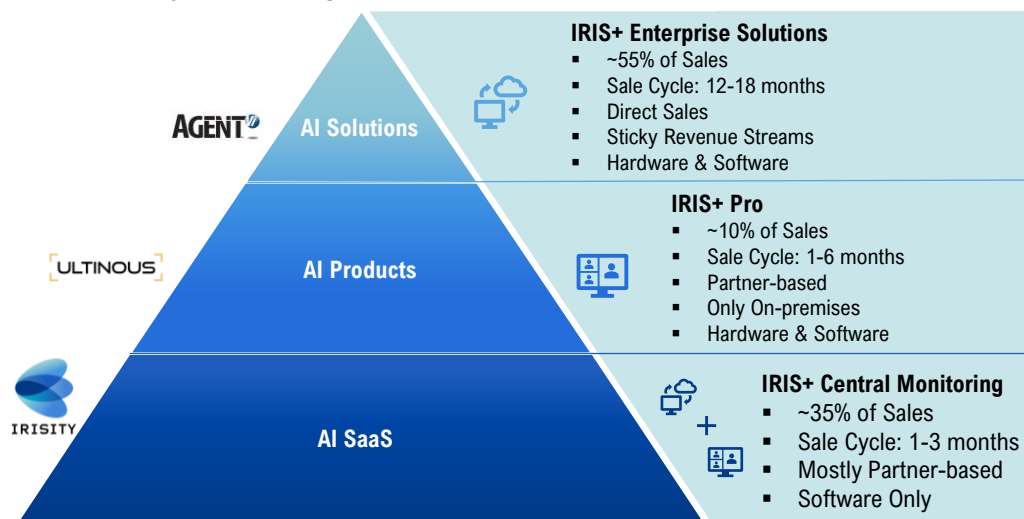
The AI SaaS segment, primarily developed and sold through Irisity AB, accounts for approximately 35% of Irisity's sales and represents the Company's only software-based offering with the shortest sales cycle among product lines. This cloud-connected solution requires no physical hardware deployment on-site, as it simply connects on-premises cameras to cloud services, thereby avoiding expensive deployment costs. Once connected, the system can be rapidly deployed and remotely configured, enabling scalability and minimal operational friction.

The sales model is primarily partner-based, focusing on global central monitoring providers with established infrastructure for remote surveillance. The revenue model consists of recurring revenue, based on the number of channels, i.e. cameras deployed with Irisity's software. The ability to scale quickly without physical installations provides Irisity with a high-growth, high-efficiency service that complements the Company's other offerings, which also results in the segment with the shortest sale cycle, ranging between 1-3 months.

The model below illustrates the segmentation. It is worth noting that, generally, AI model complexity, the level of direct sales, and infrastructure costs increase as you move up the pyramid. Additionally, the cost per channel rises higher up the pyramid. Conversely, the market size broadens as you move down the pyramid.

AI Products Constitute the Primary Growth Segment Ahead, Given the Capital-Light Partner-Based Model.

Illustration of Irisity's Three Main Segments



Source: Irisity, Analyst Group (illustration)

Security as a Service Selection of Customers



City of
Gothenburg



Södertälje Hamn
maritime development



STOCKHOLM
VATTEN
OCH AVFALL

**Regulatory
Changes in Q2-25
Could Serve as a
Growth Catalyst**

Security as a Service

As part of the segmentation mentioned above, Irisity offers a Security as a Service offering, which provides a comprehensive, end-to-end solution for Swedish clients, combining elements from Irisity's AI Solutions, AI Products, and AI SaaS offerings. This segment is designed to outsource all aspects of security management for clients, from system deployment and camera installation to monitoring, problem identification, verification, and response.

The service is tailored to environments with complex surveillance needs, such as multi-site organizations and schools, which do not have the resources to manage surveillance independently and additionally benefit from coordination across multiple sites. Operations are managed from Irisity's Gothenburg office during regular hours, with an external service provider handling non-office hours, making it the only segment in which Irisity directly oversees monitoring.

Irisity plans to expand this offering to enterprise clients, supported by recent legislative changes to camera permit requirements in Sweden, which came into effect in April 2025. Under the new framework, entities that previously needed official approval to install CCTV cameras are now responsible for independently assessing the balance between surveillance needs and individual privacy rights, a process previously overseen by the Swedish Authority for Privacy Protection (IMY).

This regulatory shift is expected to streamline the deployment of surveillance systems and could serve as a catalyst for growth within Irisity's municipal-focused Security as a Service segment. By removing the permit application burden, the new rules significantly reduce administrative friction for public-sector clients, particularly municipalities and schools, thereby accelerating procurement processes and lowering barriers to adopting Irisity's comprehensive, outsourced surveillance solution. The segment positions Irisity as a full-service provider capable of meeting a broad range of security needs for select high-value clients, while also offering scalability within Sweden's growing market for outsourced, integrated security solutions.

Streamlined R&D-sections

R&D Locations



Gothenburg



Tel Aviv



Budapest

Irisity's R&D function has undergone a strategic reorganization aimed at enhancing innovation efficiency, streamlining operations, and aligning development with the Company's three main segments: AI Solutions, AI Products, and AI SaaS. Each R&D location now specializes in one segment, creating a more targeted and cost-efficient structure. The Tel Aviv team focuses on Enterprise & Cloud AI SOC Solutions (AI Solutions), Budapest specializes in Professional & Basic On-premise SOC Products (AI Products), and Gothenburg manages Central Monitoring Software and Security as a Service (AI SaaS). All teams build on a shared IP foundation, fostering synergy across product lines.

In addition to this realignment, Irisity has optimized the Company's cost structure by relocating a larger portion of R&D personnel to Budapest, where labor costs are lower than in Tel Aviv and Gothenburg. Irisity projects that this organizational shift will lead to a reduction in personnel expenses of SEK 15–20m in 2025 compared to the previous year. Concentrating R&D expertise within specific geographic hubs aligned with product specialization is expected to enhance product delivery reliability, accelerate innovation, and support future sales growth.

**Generative AI is
Expected to
Accelerate the
R&D Process**

Recent advancements in generative AI have significantly accelerated Irisity's R&D process. Previously, developing customer-specific solutions took 3 to 9 months; with generative AI, Irisity has reduced this timeframe to 1 to 4 weeks, drastically enhancing the speed and scalability of the Company's offerings.



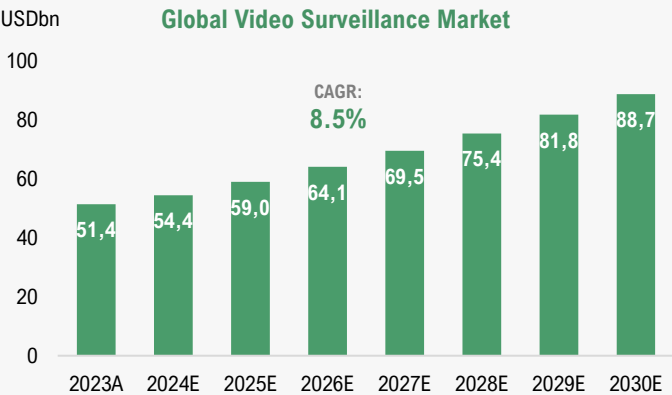
Operating in a High-Growth Market Niche

With deployments across over 3,000 locations and a presence spanning more than 90 countries, Irisity has established a robust global footprint. The Company's AI-driven video analytics solutions are highly versatile, serving the broader security surveillance market. Irisity's offerings are applicable across critical sectors such as infrastructure, urban environments, transportation, healthcare, and education—areas particularly susceptible to risks like accidents, sabotage, and vandalism. The global security surveillance market, as estimated by Markets and Markets, is valued at approx. USD 54.4bn in 2024 and is projected to grow at a compounded annual growth rate (CAGR) of 8.5%, reaching an estimated USD 88.7bn by 2030. This growth trajectory underscores the expanding demand for advanced security solutions, positioning Irisity to benefit from favorable industry tailwinds.

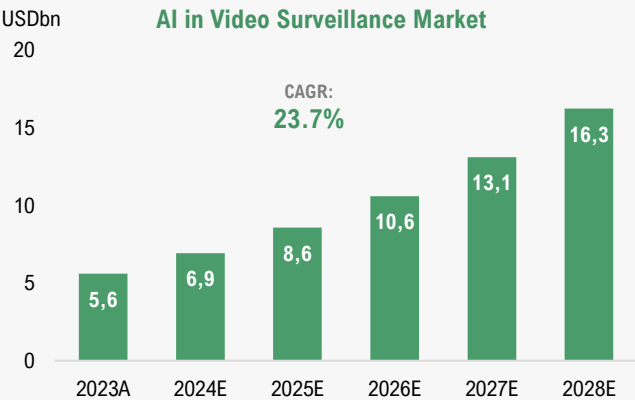
USD 88.7bn
Global Security
Surveillance Market
2030E

By providing AI-driven video analytics solutions and specializing in advanced software, Irisity has established a strong global position in the AI surveillance market. This market encompasses hardware, software, and services, with Irisity particularly focused on delivering advanced software and services for generative AI and deep-learning-based AI solutions in video analytics. The global AI surveillance market, which currently represents around 10% of the broader security surveillance industry, is expected to grow at a notably higher rate than the overall market, contributing significantly to the sector's expansion. According to Markets and Markets, the global AI in surveillance market was valued at approximately USD 5.6bn in 2023 and is projected to witness a CAGR of 23.7%, reaching around USD 16.3bn by 2028, at which point it is expected to constitute around 20% of the total security surveillance market. Thus, the shift from traditional, non-intelligent cameras to AI-enabled, smart cameras is anticipated to accelerate significantly, driven by the demand for enhanced surveillance capabilities and real-time insights, further fueling growth within the AI surveillance market.

23.7% CAGR
AI in Surveillance Market
2023-2028E



Source: Markets and Markets



AI-driven video analytics algorithms offer advanced capabilities such as real-time object detection, facial recognition, and behavioral analysis, significantly enhancing the accuracy and efficiency of surveillance systems. The primary market drivers are anticipated to be increasing security concerns and a growing demand for business intelligence and analytics. Furthermore, advancements in generative AI and deep learning algorithms have greatly improved the accuracy and functionality of AI-driven video analytics, expanding its applications and precision, which in turn drives demand for these services. In terms of deployment mode for AI-driven video surveillance, approx. 42% of providers still favor on-premises solutions due to cybersecurity concerns and bandwidth limitations. However, cloud-based solutions are projected to achieve the highest growth in AI-driven video surveillance deployment, with cloud-based AI expected to see accelerating demand moving forward due to its scalability, as well as its ability to efficiently manage large volumes of video data. Leveraging cloud-based data processing, AI algorithms can analyze and process vast amounts of data in real time, enabling the swift detection of anomalies, threats, or suspicious activities. Additionally, cloud-based AI enables centralized management and storage of video data, eliminating the need for local hardware and infrastructure, reducing costs, and simplifying maintenance.

At the same time, hybrid solutions currently dominate the market, combining on-premises and cloud-based solutions, with an adoption rate of approx. 67%. Irisity is well-positioned to meet all market needs, offering AI-driven video surveillance services that can be deployed through hybrid solutions, as well as cloud-first and on-premises-first solutions, enabling the Company to capitalize on the market's demand and expected growth.



IRIS+ Enterprise

A cloud-first solution designed to leverage AI for large-scale deployments.



IRIS+ Pro

Tailored for on-premise-first needs, addressing privacy and cybersecurity concerns.



IRIS+ CM

Offering seamless integration between cloud and on-prem for central monitoring.

Positioned to Meet Market Demand with Strong End-Customer Benefits

AI-driven video analytics solutions provide substantial operational benefits and cost efficiencies for Security Operation Centers (SOCs). By automating video analysis, these solutions reduce the burden of footage transmission and storage by up to 99%, cutting data handling costs and freeing up storage capacity. They also streamline surveillance processes, enabling SOCs to save approx. 70% in monitoring activities and allowing staff to manage operations more efficiently. Moreover, AI solutions expand security coverage, allowing 43% more assets to be effectively monitored with the same personnel. Additionally, these systems minimize false alarms by up to 90%, directing human intervention toward actual threats, which improves response times and reduces unnecessary actions. In summary, AI-powered video analytics provide SOCs with a scalable, efficient, and cost-effective approach to maintaining high levels of security and operational precision.

Reducing Customers' Operating Expenses

As a result, Irisity's platform offers an attractive total cost of ownership (TCO), encompassing expenses associated with purchasing, deploying, using, and retiring a product or piece of equipment. This creates a win-win situation, as the solution significantly reduces customers' operating expenses.

Regulatory Tailwinds in the Swedish Market

The use of AI-driven video surveillance systems has also raised concerns regarding privacy intrusion, potential misuse of collected data, and the ethical implications of constant monitoring. The trend of AI in video surveillance is increasingly shaped by regulatory impacts, as governments aim to balance the benefits of advanced surveillance with the need to protect privacy. Regulations have prompted providers to develop more privacy-preserving technologies and design systems that uphold security while adhering to privacy principles.

Shift in Legislation Supports Growth Initiatives

In March 2024, the EU Parliament approved the AI Regulation, granting the Integritetsskyddsmyndigheten (IMY) new responsibilities to oversee AI systems. The recent regulatory change concerning camera permit requirements came into effect on April 1, 2025, earlier than the previously proposed date of July 1, 2025. The legislative shift removes the requirement for entities to apply for a permit before installing CCTV cameras. Instead, entities are now responsible for independently assessing the balance between surveillance needs and individuals' rights not to be monitored, a process previously overseen by IMY. As a result, IMY's role will shift toward providing guidance and oversight to ensure compliance with the Surveillance Camera Act and the General Data Protection Regulation (GDPR).

This change is expected to significantly streamline the deployment of surveillance systems and reduce administrative delays that have historically hindered project execution, particularly within the public sector. These developments are strategically important for Irisity, whose municipal business segment, Security as a Service, has faced headwinds from the protracted permit process since 2022. With the new regulations now in place, Irisity is well positioned to accelerate growth in the Swedish market through more efficient execution and improved scalability.

Revenue Forecast

Irisity's estimated revenue is derived through the three segments: AI Solutions, AI Products and AI SaaS, each characterized by a unique business model and specific customer types with varying requirements for solution complexity and service offerings. Hence, the three segments differ in terms of numbers of customers, number of installed channels (i.e. cameras) per customer, recurring or one-off revenues, price per customer and the proportion of hardware sales embedded into the offering.

The subsegment Security as a Service consists of comprehensive, end-to-end solutions for Swedish clients, designed to outsource all aspects of security management. Since the segment integrates elements from Irisity's three main segments, it is challenging to isolate specific sales figures for Security as a Service, and thus, Analyst Group does not forecast explicit sales within this subsegment. Nevertheless, we foresee a solid progression within Security as a Service during the coming years, especially given the removal of the requirement for surveillance camera permits, which came into effect in April 2025. The estimated sales stemming from this subsegment are thus included in the overall revenue forecast.

Revenue Forecast - AI Solutions

AI Solutions targets complex government entities that require uniquely tailored offerings adapted for the specific needs of the customer. The main source of revenue from this segment stems from perpetual software licenses, which is a one-off revenue for the use of Irisity's software. Additionally, sales stem from software support agreements, hardware, and installation services. The recurring revenue from AI Solutions is generated through the Software Upgrade Plan (SUP), priced as a percentage of the initial license cost and periodically renewable at the customer's discretion.

Analyst Group estimates that the average revenue per customer is approx. USD 1.3k, with Irisity's solutions deployed across an average of 250 channels per customer. It is estimated that Irisity currently serves close to 80 customers within this segment, with a marginal initial increase in net customer intake expected as previously onboarded customers convert to sales. Thereafter, Analyst Group anticipates a slight decline in customer numbers as Irisity shifts more sales efforts toward the other two segments.

Monthly recurring revenue from Software Upgrade Plans (SUP) is projected to approx. 10% of the initial one-time license fee. However, recognizing that not all customers upgrade their software annually, we have adjusted the ARR to account for this assumption. Currently, sales from AI Solutions constitute approx. 55% of total sales, and with a strategic emphasis on growth in AI Products and AI SaaS, Analyst Group estimate that AI Solutions' share of sales will gradually decrease to around 39% by 2027.

Revenue Forecast - AI Products

The AI Products segment represents Irisity's primary growth area ahead, as it most disruptable with generative AI, a capability Irisity can leverage from the subsidiary Ultinous. The revenue model in this segment combines software and hardware sales, typically at a 3:1 ratio favoring software. Similar to the AI Solutions segment, software revenue is generated from both perpetual licensing and SUP:s.

Analyst Group estimates that the average combined software and hardware revenue per channel in AI Products is approx. USD 700, with the majority derived from software sales, and the average number of channels per customer is projected to be around 50. Additionally, recurring revenue from SUPs is expected to constitute approximately 10-12% of the initial licensing cost, adjusted for the assumption that not all customers upgrade the software annually.

With a capital-light, partner-based go-to-market strategy, leveraging Ultinous's generative AI capabilities, and an offering that is easily deployable for customers with existing surveillance infrastructure, Analyst Group projects strong growth in the AI Products segment over the coming years. The share of total sales from this segment is expected to increase from the current level of around 10% to approx. 22-27% by 2026-2027.

Tailored Offerings
Creates
Sticky Revenues

AI Products
Main Growth Segment
2025-2027E

Recurring Revenues
due to Software Only

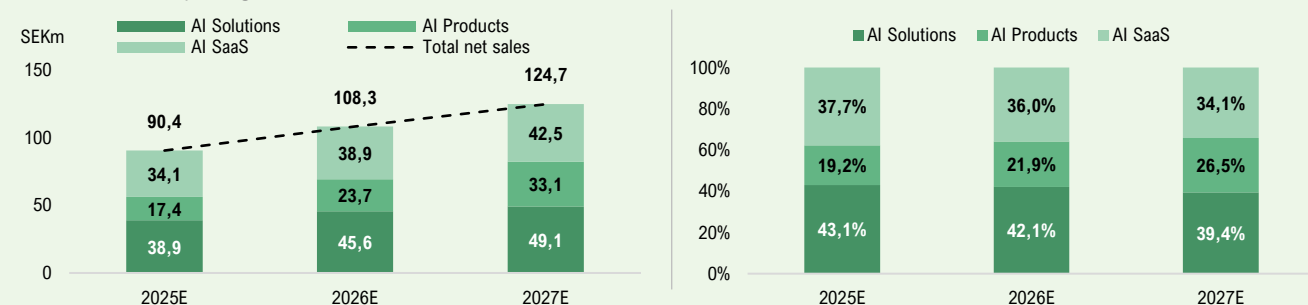
Revenue Forecast - AI SaaS

The AI SaaS segment consists of a cloud-connected solution that requires no physical hardware deployment on-site, as it simply connects on-premises cameras to cloud services. Once connected, the system can be rapidly deployed and remotely configured, enabling a scalable offering with minimal operational friction and hence, the shortest sales cycles within the three segments. The revenue model consists of recurring revenue, based on the number of channels deployed with Irisity's software.

Analyst Group estimates that Irisity's current customer base is in the low hundreds, consisting of central monitoring providers. Irisity sales model consist of partly direct sales as well as through partners, and the estimated average manufacturer's suggested retail price (MSRP) amounts to approx. USD 10-12 per channel, with Irisity projected to receive around 80% of the MSRP. The average number of channels within this segment is estimated to be around 150 per customer. The estimated growth within this segment is projected to be somewhat lower than the Company's overall sales growth, resulting in a gradual reduction in its share of total sales, from approximately 38% 2025 to around 34% by 2027.

The Segment AI Products is Estimated to be the Main Contributor to the Overall Growth.

Estimated Net Sales per Segment, 2025-2027E



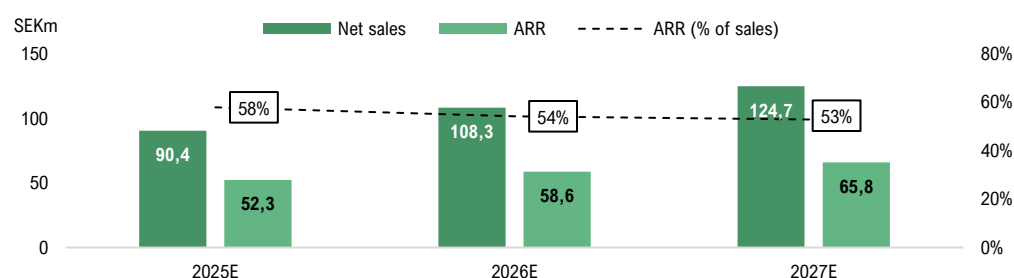
Source: Analyst Group's estimates

One of Irisity's primary strategic initiatives in the coming years consists of expanding the recurring revenue base. Irisity's recurring revenues are generated from three sources, namely SUP:s, the Security as a Service subsegment, and the remainder of the AI SaaS segment, which targets central monitoring providers. At the end of Q1-25, Irisity's monthly recurring revenue (MRR) stood at SEK 4.1m, equivalent to an annual recurring revenue (ARR) of approx. SEK 49.2m. MRR has declined over recent quarters from its peak of SEK 6m in Q4-23, primarily due to increased competition and price pressure on per-channel software sales. The decline from Q3-24 (SEK 4.3m) is attributed to delayed renewal of a US government agency software upgrade plan, which is expected in Q2-25, paving the way for solid MRR growth during the coming quarters.

In Sweden, changes to the surveillance camera permit application process, which came into effect in April 2025, are projected to support growth in the Security as a Service segment. This regulatory shift would enable Irisity to approach Swedish municipalities and enterprise clients requiring a comprehensive, end-to-end security management solution. Beyond focusing on the Security as a Service and AI SaaS segments, Irisity can further enhance the Company's recurring revenue base by increasing emphasis on add-on services and Software Upgrade Plans (SUPs), particularly for customers with legacy products.

Solid ARR-Growth is Projected During the Coming Years.

Estimated Net Sales and ARR, 2025-2027E

SEK 66m
ARR 2027E

Source: Analyst Group's estimates



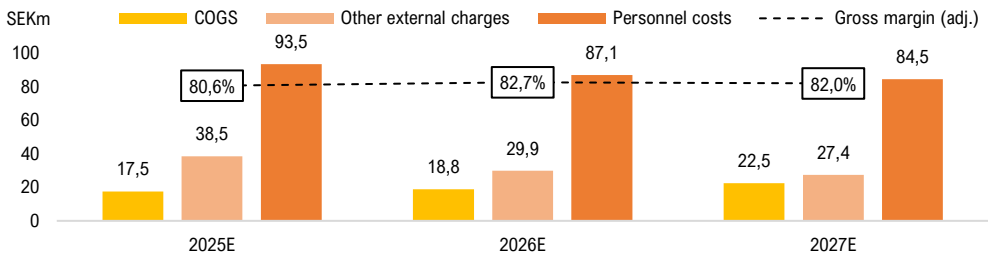
81-83%
Gross Margin
2025-2027E

Gross Expenses

Irisity's three segments has a varying degree of software and hardware components, impacting the overall gross margin. Recurring software sales have a gross margin close to 100%, while AI Products is estimated to have a gross margin in the range of 70%, as this segment combines software and hardware (e.g., cameras) in a 3:1 ratio favoring software. As Irisity focuses on expanding the Company's recurring revenue base, emphasizing renewals of existing customer Software Upgrade Plans (SUP) and growth in SaaS-driven segments, the increasing proportion of ARR is expected to support margin expansion. However, Analyst Group projects that AI Products will be the main growth driver in the coming years, gradually constituting a larger share of sales. Given this segment's estimated 70% gross margin, this shift is likely to temper overall gross margin expansion. Analyst Group projects a healthy gross margin in the range of approx. 81-83% from 2025 to 2027, with a gradual decrease as AI Products comprise a larger portion of total sales.

Operational Cost Base Expected to Decline Alongside a Slight Reduction in Gross Margin.

Estimated Operational Costs (excl. D&A) and Gross Margin, 2025-2027E



Source: Analyst Group's estimates

Operating Expenses

Irisity's operating cost base primarily consists of personnel costs, other external expenses, and depreciation and amortization (D&A), with the latter largely stemming from capitalized development costs and goodwill related to prior acquisitions, primarily Agent Vi.

To streamline the cost base and improve organizational efficiency, Irisity has implemented a series of initiatives focused on optimizing personnel costs. The main effort involves restructuring R&D into three leaner, customer-oriented teams, with a reduction in R&D personnel costs achieved by shifting resources from Tel Aviv and Gothenburg to Budapest. Additionally, an increased focus on generative AI is expected to accelerate innovation and enhance product reliability, which in turn is expected to yield a greater ROI on future R&D investments.

When comparing personnel costs in Q4-24 to Q3-24, expenses were approx. SEK 5m lower Q-Q. This downward trend continued in Q1-25, with a further sequential reduction of approx. SEK 1.5m, bringing total personnel costs to SEK 23.6m in the first quarter of fiscal year 2025. This indicates that the streamlining initiatives are bearing fruit, an essential step toward profitability in the coming years.

Looking ahead, Analyst Group expects further personnel cost savings to be realized in the coming quarters. Another key factor expected to contribute to the reduction in personnel costs is the focus on the AI Products segment, which employs a partner-based go-to-market model that lowers the need for sales personnel and reduces customer acquisition costs (CAC). Analyst Group estimates that the efforts to reduce CAC, create more efficient R&D units, optimize resource management, and refine customer success and product planning will result in personnel costs of approx. SEK 93.5m in 2025, which could be compared with personnel costs of SEK 113.2m for 2024. Following 2025, a slight reduction in personnel costs is projected as the full benefits of the abovementioned initiatives are realized.

Other external charges encompass non-payroll operating expenses, including marketing, rent, IT, and short-term consultants. Analyst Group projects this line item to decrease to SEK 38.5m in 2025, driven by organizational streamlining initiatives and lower marketing stemming from the transition towards a more partner-based go-to-market strategy. Similar to personnel costs, other external charges are projected to experience a gradual decline after 2025.

Streamlined R&D
Estimated to
Reduce Personnel
Costs

Partner-Based
Model Estimated
to Reduce CAC

Irisity currently holds a loan to Agent Vi, subject to unrealized currency revaluations that have historically impacted the line-items other operating income and costs, with the net effect reflecting non-cash revaluation adjustments. Irisity has recently announced plans to convert the loan to Agent Vi into equity, which is expected to reduce currency-related fluctuations and enhance the predictability of the cost base.

Currency Effects

While headquartered in Sweden, the Company operates internationally across several markets, with subsidiaries in Israel, the US, Singapore, and the UAE. In 2023, approximately 78% of net sales came from foreign customers, while around 48% of expenses were incurred in SEK. Given the Company's international customer base, Irisity primarily prices its offerings in USD, with additional pricing in EUR, and receives most sales in USD, as well as EUR, SEK, and AED. However, since the cost base is primarily in SEK and the Company does not systematically hedge its currency exposure, currency fluctuations have a significant impact on the business.

For example, a +/-10% change in SEK/USD exchange rates in 2023, based on the Company's budget, would affect Irisity's operating result by approximately +/- SEK 8.7m, illustrating how currency risk could adversely impact Irisity's earnings and financial position. Analyst Group does not forecast currency fluctuations, and the exact impact of currency changes is challenging to quantify precisely, as Irisity's net sales and expenses are spread across multiple currencies, adding complexity to assessing the net currency effect on financial performance.

Large Impact
From Currency
Fluctuations

Currency Impact		
2023	△ %	EBIT
↑ SEK/USD	10%	+SEK 8.7m
↓ SEK/USD	10%	-SEK 8.7m

D&A of Goodwill and Capitalized Development Costs

Irisity applies the K3 framework in the Company's financial reporting. Consequently, depreciation and amortization (D&A) of goodwill and capitalized development costs from prior acquisitions, including Visionists AB, Agent Vi, and Ultinous, have put pressure on EBIT over the past few years, with D&A expenses ranging from approx. SEK 25-36m per quarter since early 2022. Goodwill from the acquisitions of Visionists and Ultinous is amortized over 5 years, while goodwill from the acquisition of Agent Vi is amortized over 8 years. Additionally, capitalized development costs related to Irisity AB and Agent Vi are amortized over 8 and 5 years, respectively. Although D&A are non-cash items, they significantly impact reported EBIT. Based on the abovementioned depreciation schedules, Analyst Group estimates that D&A will total approx. SEK 130m in 2025, followed by SEK 94m in 2026, as a large portion of goodwill and capitalized work from Agent Vi will have been amortized.

D&A From
Capitalized Costs
and Goodwill

R&D Investments

As previously mentioned, one of Irisity's main strategic initiatives involves reorganizing the Company's R&D sites into three leaner hubs, enabling each location to focus on a single customer segment and product offering. Additionally, a stronger focus on generative AI is expected to speed up innovation and improve the reliability of product delivery, which in turn is expected to yield a greater ROI on future investments.

R&D is critical in the industry in which Irisity operates, where continuous advancements in machine learning and AI algorithms are essential for maintaining a competitive edge. Ongoing R&D allows Irisity to enhance accuracy, processing speed, and functionality, meeting evolving market demands. By driving product innovation, R&D supports growth and differentiation in this fast-evolving field. Given this, Irisity's recent advancements in generative AI are positive developments that significantly accelerate the R&D process, leveraging Ultinous's capabilities. Previously, developing customer-specific solutions took 3-9 months; with generative AI, Irisity has reduced this to just 1-4 weeks, substantially enhancing the speed and scalability of the Company's offerings.

SEK 13-18m
R&D Investments
2025-2027E

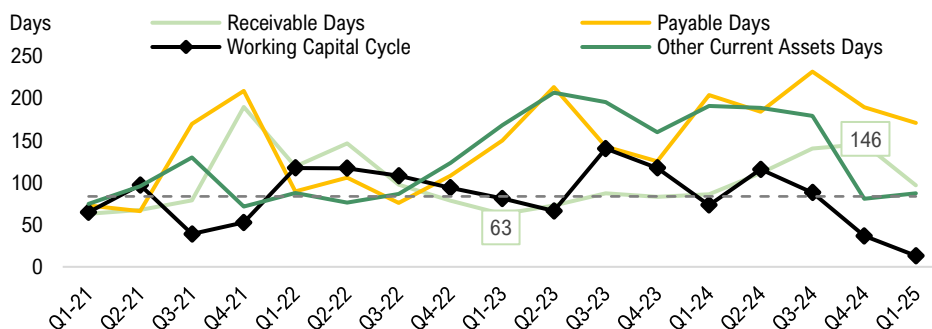
Analyst Group estimates that the reorganization into three more leaner R&D-hubs, coupled with the progression in generative AI, is set to create a more efficient R&D base, allowing Irisity to yield similar or improved results with less investments required. Hence, we estimate that the R&D investments will be in the range of approx. SEK 13-18m during 2025-2027, in contrast to approx. SEK 24-28m during the last few years.

Working Capital

Irisity's sales cycle varies significantly across segments. AI Solutions typically involves sales cycles of 12–18 months due to the complexity and tailored nature of its offerings. In contrast, AI SaaS exhibits the shortest cycles, averaging 1–3 months, while AI Products falls between the two, generally spanning 1–6 months from initial contact to on-site deployment. While longer sales cycles are often associated with stronger customer retention and more resilient revenue streams, they also entail elevated customer acquisition costs (CAC) and extended quote-to-cash cycles. As a result, Irisity must invest heavily in its sales funnel, tying up capital in personnel and resources long before revenues are converted to cash.

Irisity Has Historically Tied Up a Substantial Amount of Cash in Working Capital.

Working Capital Items and Working Capital Cycle, 2021-2024

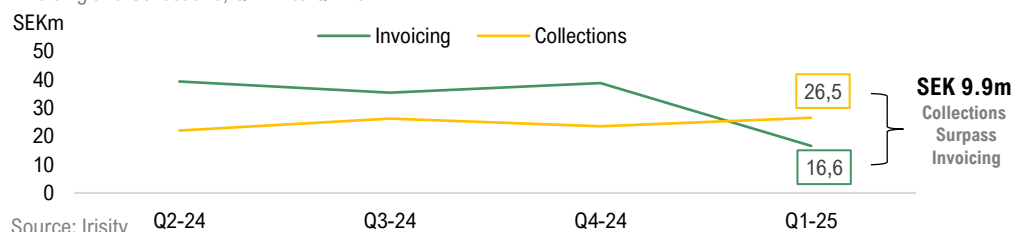


Source: Irisity

As illustrated in the figure above, receivable days, i.e., Days Sales Outstanding (DSO), serve as a proxy for capital tied up in receivables. The sharp increase in DSO from approx. 63 days in Q1-23 to 146 days in Q4-24 highlights a growing delay between invoicing and cash conversion, putting pressure on working capital and liquidity. Previously, Irisity recognized revenue at the time of purchase. However, starting in Q4-24, revenue is now recognized upon invoicing. While this adjustment improves alignment with actual billing, it does not resolve the underlying cash flow mismatch. Prior to Q4-24, accrued revenue, reported under other current assets, served as a de facto order book, reflecting sales that had yet to be invoiced. From H1-25, Irisity will begin reporting the Company's order book separately, thereby removing it from the balance sheet, a move Analyst Group views as a positive step toward increased transparency and a clearer understanding of sales cycle dynamics.

Cash Flow Impacted by Prior Invoicing-Collections Discrepancy.

Invoicing and Collections, Q2-24 to Q1-25



Source: Irisity

At the tail end of the sales cycle lie invoicing and collections, representing the value of goods and services billed to customers and the actual cash received. In previous quarters, particularly Q4-24, invoicing exceeded collections, with the gap widening, indicating a lengthening quote-to-cash cycle and mounting pressure on working capital. In Q1-25, however, this trend reversed: collections surpassed invoicing by SEK 9.9m, with collections at SEK 26.5m and invoicing at SEK 16.6m. This improvement signals progress in cash conversion and enhanced liquidity management.

To address the cash conversion cycle, Irisity is actively shifting the Company's commercial focus toward AI Products and AI SaaS, segments characterized by shorter sales cycles and faster conversion rates. Supported by a partner-based go-to-market strategy, the Company aims to scale operations with lower capital intensity by leveraging resellers to absorb a greater share of CAC. Analyst Group estimates that, as these segments account for a growing share of net sales, Irisity's quote-to-cash cycle gradually will improve, supporting better cash flow visibility and operational scalability.

12% CAGR
Net Sales
2025-2027E

Summary of the Financial Forecast

The reported net sales for FY 2024 took a turn in Q4-24, as the revised timing of revenue recognition for several partner contracts, due to delayed projects and postponed customer payments, led to a reassessment and reversal of previously reported net sales amounting to SEK 13.7m. As a result, reported net sales for Q4-24 amounted to SEK 4.7m. Adjusted for the revised revenue recognition, net sales would have reached approx. SEK 18.4m for Q4-24 and approx. SEK 102m for FY 2024.

In 2025, we anticipate a strong focus on converting invoiced amounts and receivables into actual cash collections, a key factor in strengthening the Company's cash flow. However, given the current market environment, characterized by geopolitical tensions and heightened global economic uncertainty, many customers are postponing orders, particularly within project sales. This was evident in the Q1-25 report, where sales declined by approximately 34% Y-Y, and the Company guided for continued negative Y-Y growth in the upcoming quarters. As such, we view 2025 as a transition year, with expected double-digit sales declines in Q2-Q3, followed by a strong recovery in Q4-25.

We estimate net sales of SEK 90.4m in 2025, corresponding to a modest growth rate of 2.4% compared to 2024. Net sales are estimated to grow at a CAGR of approx. 12% between 2025 to 2027, reaching approx. SEK 125m by 2027. Analyst Group projects that the AI Products segment will be the main contributor to the growth during the coming years through the Company's partner-based go-to-market strategy, gradually constituting a larger fraction of total sales. As AI Products' share of total sales is estimated to rise from around 19% in 2025 to approx. 27% by 2027, with an estimated gross margin of 70% within the segment, this shift is likely to weigh on the overall gross margin. However, growth in recurring revenue, primarily from increased SUPs and software sales within the AI SaaS and Security as a Service segments, is expected to mitigate the reduced gross margin stemming from increased proportion of hardware sales. All in all, Analyst Group estimates an overall gross margin of 82.0% in 2027.

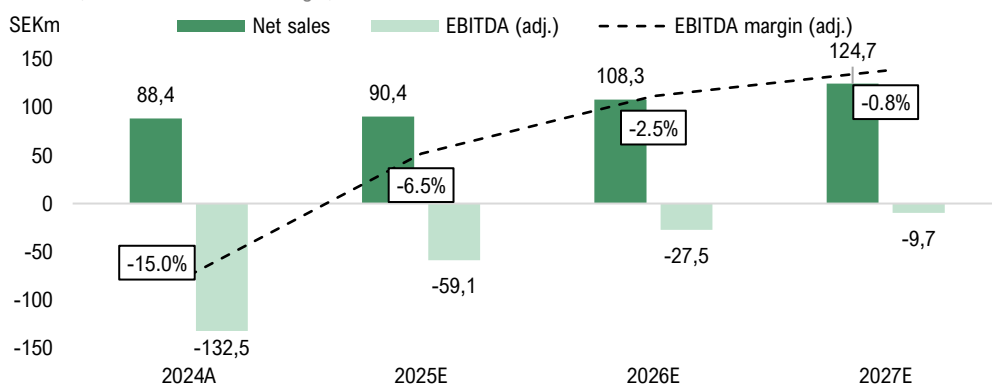
Analyst Group anticipates a sharp reduction in personnel costs in 2025, reaching SEK 93.5m, following streamlining efforts to reorganize R&D into three leaner hubs and establish a more cost-effective service personnel base. Consequently, total operational costs (excl. D&A) are expected to amount to approx. SEK 132m in 2025.

Looking ahead, Irisity's scalable platform is anticipated to gradually unlock the operational leverage embedded in the Company's business model. While structural cost optimization remains a focus over the coming years, it is primarily top-line growth that is expected to serve as the key catalyst for achieving break-even and transitioning toward sustained EBITDA profitability. Given the current trajectory, and in light of a slower-than-anticipated sales ramp-up, Analyst Group projects continued losses for 2025–2027, albeit significantly reduced toward the end of the forecast period, with break-even expected to be approached in 2027E. In terms of cash flow dynamics, operating cash flow is projected to remain negative in 2026 but turn positive in 2027, accompanied by marginally positive free cash flow. This development reflects a gradually improving financial profile and enhanced capital efficiency. However, given the current burn rate, Analyst Group does not rule out the possibility that the Company may need to pursue additional external financing to further strengthen the Company's financial position.

SEK -9.7m
EBITDA
2027E

Net Sales Growth and a Streamlined Cost Base Poised to Unlock Operational Leverage.

Net Sales, EBITDA and EBITDA-margin, 2024A-2027E



Source: Analyst Group's estimates

Relative Valuation

To provide perspective on the valuation, a comparison is made between Irisity and a peer group of companies operating in the security industry, offering AI-driven video analytics solutions and related hardware. Currently, there are a limited number of publicly traded peers to Irisity, which is why a peer group of private companies with competing software solutions is included in the comparison.

Publicly Listed Peers

The publicly traded companies differ in their geographic reach, levels of hardware sales, and specific areas of focus within the security sector. However, these companies are all addressing the same underlying market, which is undergoing a major transition from traditional "dumb cameras" to advanced AI-driven video analytics solutions. Among these peers, Gorilla Technology Group Inc. stands out as the only listed company currently reporting positive bottom-line profitability.

iCetana Ltd., founded in 2009 and publicly listed on the Australia Stock Exchange, is a Software as a Service (SaaS) company specializing in AI-assisted video surveillance solutions for large-scale surveillance networks. The company's software integrates with existing video management systems and IP cameras to provide advanced video analytics capabilities. iCetana's geographic footprint spans the Asia Pacific (APAC), North America (NA), Europe, Middle East & Africa (EMEA) regions, serving a range of industries, including corrections, healthcare, and security services. The company's core product, the iCetana AI video surveillance software, is an AI-driven solution designed to automatically detect anomalous events in real-time.

Gorilla Technology Group Inc., founded in 2001 and listed on Nasdaq-CM, is a global provider of AI-driven solutions in Security Intelligence, Network Intelligence, Business Intelligence, and IoT technology. Serving sectors such as Government, Manufacturing, Telecom, Retail, Transportation, Healthcare, and Education, Gorilla offers products for Smart Cities, Network Intelligence, Video Analytics, Security Convergence, and IoT. The company's expertise includes intelligent video surveillance, facial and license plate recognition, edge computing, post-event analytics, and cybersecurity. These technologies are designed to integrate with existing infrastructure, helping organizations enhance operational efficiency, improve safety, bolster cybersecurity, and support better quality of life in urban environments.

Rekor Systems, Inc., founded in 2017 and listed on Nasdaq, develops and implements AI-enabled roadway intelligence systems, utilizing computer vision and machine learning technologies. Specializing in digital infrastructure, Rekor focuses on collecting, connecting, and organizing mobility data to support a digitally-enabled operating system for roadways. The company's Rekor One® Roadway Intelligence Engine is central to its technology, aggregating and processing large volumes of data into actionable insights through computer vision, machine learning, and big data analytics. Rekor's solutions are designed to provide governments and businesses with a comprehensive view of roadways, supporting initiatives aimed at improving safety, environmental sustainability, and operational efficiency.

SEKm LTM ¹	Gorilla Technology	iCetana Ltd	Rekor Systems	Average	Median	Irisity
McCap	2 875.3	40.8	1 225.7	1 380.6	1 225.7	53.3
EV	2 880.2	38.4	1 482.8	1 467.1	1 482.8	60.8
Sales	719.1	24.2	437.7	393.6	437.7	78.9
Gross Profit	359.3	-16.6	218.4	187.0	218.4	87.8
Gross Margin	50.0%	-68.5%	49.9%	10.4%	49.9%	70.9%
EBITDA	209.6	-29.6	-308.8	-42.9	-29.6	-108.0
EBITDA Margin	29.2%	-122.3%	-70.6%	-54.6%	-70.6%	-160.8%
EV/S	4.0	1.6	3.4	3.0	3.4	0.8
EV/EBITDA	13.7	-1.3	-4.8	2.5	-1.3	-0.6

¹Source: TIKR



An examination of the listed firms based on LTM figures shows that Irisity is a smaller company in terms of market cap and sales, which motivates a valuation discount. Although Irisity currently reports negative EBITDA and, consequently, a negative operating margin, the Company has the highest gross margin within the peer group. A higher gross margin generally implies greater margin potential, all else being equal, which, according to Analyst Group, supports a reduced valuation discount.

Company	Mcap (SEKm)	EV (SEKm)	EV/Sales			EV/EBITDA			Net sales	EBITDA	EBITDA Margin		
			LTM	2025E	2026E	LTM	2025E	2026E	CAGR 2025-2026E	CAGR 2025-2026E	LTM	2025E	2026E
Gorilla Technology	2 875.3	2 880.2	4.0	3.0	2.3	13.7	14.7	10.9	35.5%	53.5%	29.2%	20.4%	21.1%
Rekor Systems	1 225.7	1 482.8	3.4	3.1	2.6	-4.8	-11.5	83.2	14.2%	N/A	-70.6%	-27.2%	3.1%
Average	2 050.5	2 181.5	3.7	3.1	2.4	4.5	1.6	47.0	24.8%	53.5%	-20.7%	-3.4%	12.1%

Regarding forward-looking estimates, Gorilla Technology and Rekor Systems are the only companies with publicly available projections. Between 2025 and 2026, peers are estimated to witness an average CAGR of approx. 25%. Furthermore, in 2025, Gorilla Technology is estimated to be the only peer to report positive EBITDA; however, by 2026, both companies are projected to deliver positive EBITDA figures, with an average estimated EBITDA margin of around 12.1%. This yields an average forward-looking EV/EBITDA multiple of 47x based on FY2026 estimates for the two comparable companies.

Irisity is projected to grow at a CAGR of 11% between 2025 and 2026, which is slower than peers. On the profitability side, Irisity is expected to report negative EBITDA throughout the forecast period, although approaching break-even toward the end. While Irisity is estimated to reach profitability later than Rekor Systems, Analyst Group notes that the Company's solid gross margin highlights strong prerequisites for future margin expansion once critical sales volumes are achieved, partially mitigating the valuation discount.

Rekor Systems is projected to demonstrate stronger growth over the coming years, trades at a forward EV/EBITDA multiple of 83.2x based on 2026 estimates. This reflects the higher valuation multiples often seen as a company transition to profitability, as illustrated by Rekor's estimated EBITDA margin of 3.1% in 2026.

Relevant Transactions Within the Private Sector

Given the limited number of publicly listed peers, Analyst Group has examined a peer group of private companies, which consists of AI-focused firms offering similar solutions to Irisity, which have raised additional funding during the last few years. As these companies are private, there is limited information available on historical growth rates and profitability; nevertheless, Analyst Group assesses that this comparison provides valuable insight into sector valuations, as the sales multiples and size of funding rounds suggest a strong growth trajectory for the industry.

Valuation - Private Companies ²						
Company	Lastest Round (SEKm)	Year (Latest Round)	Total Funding (SEKm)	EV latest round (SEKm)	Sales (SEKm)	EV/Sales
Actuate	122.7	2024	254.0	490.9	112.1	4.4
ZeroEyes	565.6	2024	1 141.9	2 273.1	336.2	6.8
Spot AI	330.8	2024	992.5	2 134.3	313.7	6.8
Ambient.AI	213.4	2023	768.4	2 774.6	213.4	13.0
Solink	640.3	2023	1 048.0	2 561.2	515.4	5.0
Verkada	1 067.2	2023	4 876.9	34 149.1	3 810.8	9.0
Flock Safety	1 600.7	2022	4 055.2	37 350.6	1 120.5	33.3
Staqu	16.0	2022	22.5	91.7	18.7	4.9
Average	569.6		1 644.9	10 228.2	805.1	10.4
Median	448.2		1 020.2	2 417.1	325.0	6.8

¹Source: TIKR

²Source: Dealroom, Zoominfo, and Tracxn. The revenue data is unaudited; therefore, there is a risk that it may be inaccurate.

Strong Inflow of
Capital Within the
Sector

As noted, the limited information available on profitability levels and estimated growth rates creates a challenge in identifying the factors driving the EV/Sales multiples, which stand at a median of 6.8x for the peer group. Analyst Group estimates that gross margins for these private companies, operating within the same AI video analytics industry as Irisity are likely comparable to Irisity's, given the similar market focus on scalable SaaS solutions.

This market, defined by rapid technological advancements and complex customer demands, requires significant capital investment in research and development. Many companies in the sector prioritize R&D and growth initiatives over immediate profitability, as ongoing access to capital allows them to defer a focus on profitability in favor of innovation and market positioning.

Consequently, most private peers that have raised substantial capital in recent years, with a median total funding level exceeding SEK 1 000m, are estimated to still be unprofitable. However, these companies offer scalable SaaS solutions that are expected to achieve considerable margin expansion once critical sales volumes are reached. Analyst Group views this characteristic as a driver of valuation multiples within the sector, despite the current lack of profitability.

The median EV/S multiple of 6.8x reflects the market's strong confidence in the future growth potential of AI video analytics. As the global AI surveillance market is projected to grow at a CAGR of approx. 24% from 2023 to 2028, companies in this space are well-positioned to capitalize on favorable market tailwinds. While the limited data on private firms reduces the weight placed on comparable multiples, it is evident that companies with scalable SaaS models, robust growth prospects, and significant margin expansion potential as they reach key sales thresholds receive high valuation multiples in the market.

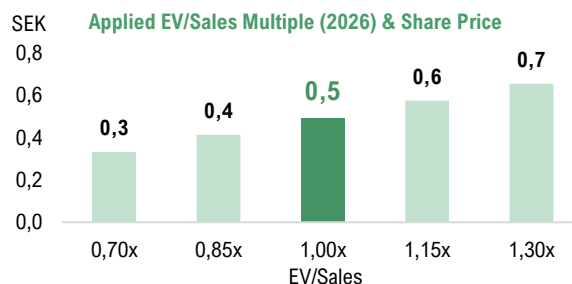
Summary of Valuation

Given that we estimate Irisity's profitability to remain negative during the forecast period, Analyst Group has based the valuation on a sales multiple, using the 2026 estimated sales of SEK 108.3m as a foundation. Since 2025 is projected to be a transition year in terms of growth, we base the valuation on 2026, as we consider it to be a more representative year for long-term performance.

Irisity offers a scalable SaaS model and a promising long-term growth trajectory, supported by a mid-market focus, a partner-driven go-to-market strategy, and ongoing cost base optimization. This provides a solid foundation for future profitability and positive cash flow. However, given the high proportion of fixed costs, critical sales volumes must be achieved, levels that Irisity has not yet reached.

Irisity shares several characteristics with Rekor Systems, including a similar projected growth profile and a gradual shift from losses toward profitability. This anticipated margin expansion positions Irisity to grow into its valuation as operating leverage improves.

Analyst Group argues that an EV/S-multiple of 1.0x on FY2026 estimates is reasonable. Given the applied multiple and estimated net sales for 2026 of SEK 108.3m, coupled with a discount rate (WACC) of 13.3% and the estimated capital structure following the rights issue, a potential value of SEK 0.5 per share is derived.

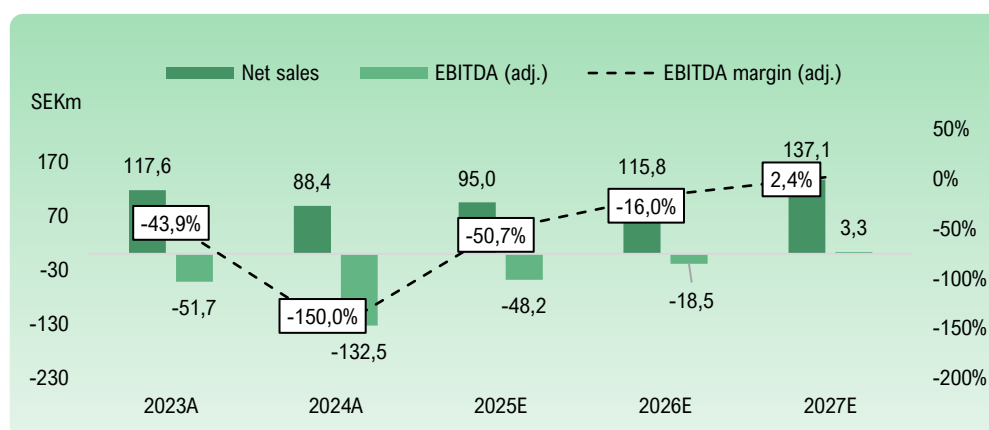


SEK 0.5
Per Share
Base Scenario

The downward revision in valuation relative to our previous update is attributable to a combination of executional delays, softer-than-anticipated sales development, and continued liquidity constraints. Project-related postponements have contributed to a slower sales ramp-up in light of a challenging macro environment, which supports a more cautious stance on valuation. Furthermore, under current projections, Irisity is not expected to reach profitability within the forecast period. However, the Company is forecasted to gradually narrow losses and approach break-even by 2027E, an important step in improving earnings visibility. While the outlook remains clouded by near-term uncertainty, particularly with management guiding for negative Y-Y growth over the coming quarters, the long-term case hinges on Irisity's ability to reaccelerate growth, improve operational execution, and demonstrate resilience in a demanding market. Should visibility improve and commercial traction pick up, there may be potential for estimate revisions ahead. Until then, we believe execution will remain the key driver in restoring investor confidence.

Bull Scenario

In a Bull Scenario, Analyst Group estimates that the implemented growth strategy will result in a stronger-than-anticipated growth pace, leveraging the partner-based go-to-market strategy to drive sales in the AI Products segment. Furthermore, Irisity is projected to successfully increase the proportion of recurring revenues from Software Upgrade Plans (SUP), Security as a Service, and the broader AI SaaS segment, creating an even higher degree of predictable revenue streams. Legislative changes in Sweden, starting mid-2025, are estimated to be a critical contributor to overall growth within the recurring revenue base. With stronger-than-anticipated sales growth, coupled with robust cost control and efficient streamlining activities—such as more asset-light R&D sections—the result is projected to be a faster path to profitability, thereby materializing the underlying scalability of the business model. In a Bull scenario, Analyst Group estimates net sales of SEK 118m for the fiscal year 2026, and, applying an EV/S-multiple of 1.3x, a share price of SEK 0.7 has been derived in a Bull scenario.



Bull Scenario

Estimated Sales 2026E

SEK 116m

Applied EV/Sales Multiple

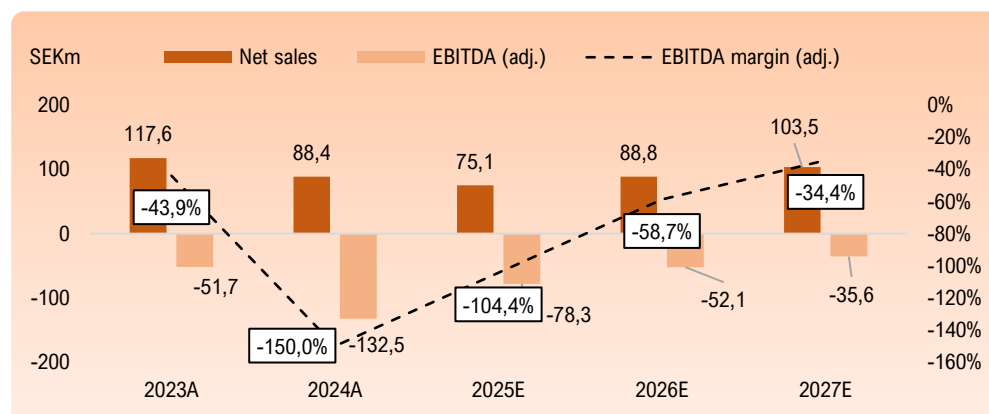
1.3x

Potential Share Price

SEK 0.7

Bear Scenario

In a Bear Scenario, Analyst Group anticipates slower progress in growth initiatives focused on segments with shorter sales cycles. An unfavorable product mix, characterized by longer project timelines and a higher proportion of sales from AI Solutions, is expected to hinder the Company's ability to achieve scale, as rising customer acquisition costs put pressure on the cost base. Ultimately, slower-than-expected growth, combined with challenges in cost optimization, such as not fully realizing efficiencies within R&D, is projected to impede profitability due to an extended quote-to-cash process and increased costs. In a Bear scenario, Analyst Group estimates net sales of SEK 105.4m for the fiscal year 2026, and, applying an EV/S-multiple of 0.8x, a share price of SEK 0.3 has been derived in a Bear scenario.



Bear Scenario

Estimated Sales 2027E

SEK 89m

Applied EV/S Multiple

0.8x

Potential Share Price

SEK 0.3

Keven Marier, Chief Executive Officer, CEO



Keven has served as CEO since 2023 and brings more than 20 years of experience in the security industry, most recently from Milestone Systems AS, where he was VP of Technology Partners. Over the past nine years at Milestone, Keven held several leadership positions, including serving as the VP representing Milestone in the Open Security and Safety Alliance. Prior to this, Keven was CEO of Connex International, Inc., which was acquired by Milestone Systems in 2013.

Number of shares: 3 127 608 through Sun Red Beach Growth Partners Aps

Gustav Zaar, CFO



Employed since 2025, Gustav brings over 17 years of experience in key finance leadership roles, including 6 years as CFO at Hansen and Lin Education, 7 years of experience in Business Controlling, and 4 years within audit at PwC. During his career, Gustav Zaar has gained extensive experience working with both small and large publicly listed companies, showcasing his ability to drive financial growth and operational efficiency. He holds a master's degree from School of Business, Economics and Law at University of Gothenburg.

Number of shares: 0

Victor Hagelbäck, Chief Growth Officer (CGO)



Employed since 2008, Victor has been part of Irisity's management team since 2012 and currently serves as interim CFO until Gustav Zaar assumes his role as permanent CFO. Moreover, Victor serves as CGO, a position he took on in 2023. An experienced leader with a focus on product strategy, development, and commercialization, Victor has a long track record at Irisity. He has delivered high-performing cloud-based and AI-driven solutions, always with a strategic focus on maximizing long-term value for both the customer and the business. Victor holds an MSc in Intelligent Systems Design from Chalmers University of Technology.

Number of shares: 90 000 + 25 000 warrants

Raziel Bareket, Chief Operating Officer, COO



Employed since 2023, Raziel brings an exceptional partner-first track record, which he will leverage to strengthen Irisity's partner sales and support operations. Over an 11-year period, Raziel was a key contributor to Milestone Systems' global growth, building the strongest network of EMEA security channel partners and programs. His extensive experience in leading SaaS, IoT, and B2B companies represents an important step forward for Irisity's and Agent Vi's future growth.

Number of shares: 74 500

Zvika Ashani, Chief Technology Officer, CTO



Employed since 2003 and serving as CTO of Irisity since 2021, Zvika co-founded Agent Vi prior to its acquisition by Irisity and held the position of CTO. Zvika is a seasoned technology leader with decades of experience in designing and successfully bringing complex software products to market. He has extensive expertise in cloud, AI, edge computing, and networking technologies. Zvika holds an MSc in Electronics Engineering from the Technion – Israel Institute of Technology.

Number of shares: 366 940

Please read our disclaimer at the end of the report

Bjørn Skou Eilertsen, Chairman of the board



Bjørn, a member of Irisity's Board since 2024, holds an MSc in Business Administration and Computer Science (cand.merc.dat) from Copenhagen Business School and has board training from Board Company. He has held senior roles at international software firms including Milestone Systems AS, Netcompany AS, Microsoft, and IBM, and has served on the board of the Open Security & Safety Alliance. Currently, Bjørn is CEO of Great Impact and a strategic advisor to AtPulse, TwentyThree, and the Gifted Institute. He is also on the National Advisory Board of the Pioneer Centre of AI, with additional board roles at Millennial Mental Wellbeing and Leonardo Skolen. Bjørn Skou Eilertsen is independent from the Company, its management, and major shareholders.

Number of shares: 44 710

Ulf Runmarker, Board member



Ulf Runmarker, a member of Irisity's Board since 2023, has long been an owner in the Company and is currently one of Irisity's largest shareholders through his holdings in AB Westergyllen, Förvaltnings AB Brunnen, and private ownership. With a background in the real estate industry, he previously managed the family's real estate company and led several large new building projects independently. Additionally, Ulf has invested in several smaller growth companies, often serving on their boards. He is currently dedicated to his investments and various board assignments.

Number of shares: Ulf Runmarker holds 2,400,000 shares in the Company, 600,000 shares through the company Förvaltnings AB Brunnen, 3,695,900 shares through the company AB Westergyllen, and 45,000 shares through the company Förvaltnings AB Brunnens Pensionsstiftelse. Relatives of Ulf Runmarker hold 69,235 shares in the Company

Anders Trygg, Board member



Anders Trygg, a member of Irisity's Board since 2023, has extensive experience of management and board work with more than 40 years as a management consultant in various industries. Anders is active in Franchise Group Nordic AB and has assignments as a board member of Moogio International AB and chairman of the board of Kandyz AB.

Number of shares: Anders Trygg holds 518,999 shares in the Company, 102,800 shares through the company Eddgar Holding AB, and 1,200,000 shares through the company Eddgar Holding Kapitalförsäkring.

Dorian Barak, Board member



Dorian Barak, a member of Irisity's Board since 2021, is an investor and fund manager with over two decades of experience in private equity, consulting, and law. He has a strong track record of creating and unlocking value across numerous investments and exits in the Middle East, China, and Europe. Dorian holds degrees from Yale (JD), UCLA (BA), and Oxford (MA). His prior roles include management consultant at BCG and corporate attorney at Skadden Arps in New York. Current and past board positions (partial): Cipia Vision, Agent Vi, Nowforce, Reorient Group, Omnitax Aviation, KuangChi Science, Frontier Services Group, Zwipec, Alufer Mining.

Number of shares: 65 640

Christian Andersson, Board member



Christian Andersson, a member of Irisity's Board since 2023, is a former partner at Hans Andersson Recycling AB. He was active in the company for 22 years, the last 14 of which he spent in various leadership roles, including involvement in the sale of the company in 2017. Christian is currently active in areas including venture capital, finance, and real estate. He has extensive board experience, with roles on the boards of Hans Andersson Holding AB, Hans Andersson Paper Nya AB, Ipinium Aktiebolag, Change Reklambyrå AB, and Random State AB.

Number of shares: 1 300 000

Lucas de Mendoza, Board member



Lucas, a member of Irisity's Board since 2024, brings over two decades of experience in corporate finance, strategic advisory, and executive management within the tech industry, making him a valuable addition to our Board. He has worked in both multinational and startup environments. Currently, Lucas serves as Managing Partner of an independent M&A advisory firm while also holding several NED roles in international tech companies. For the past four years, he has served on the Board of Ultinous, with the last 14 months as Chairman. Lucas began his career with a five-year tenure at PwC after earning his degree in Business Administration from the University of Barcelona. Alongside his business activities, Lucas shares his expertise by teaching undergraduate classes in finance.

Number of shares: 135 000 shares through Management as a Service Advisors 2020, SL

Inna Kaushan, Board member



Inna, a member of Irisity's Board since 2024, is a partner in Stockhorn Capital AB and focuses on investments in technology businesses. She plays an active role on the boards of the companies where Stockhorn Capital AB invests. Her professional background includes investment banking and corporate finance for M&A, KPMG, and Erste Group Austria. Inna holds a master's degree in international finance and a PhD in Economics. She is based in London and has served on Ultinous board for eight years.

Number of shares: 239 239 shares + 9 000 000 shares through Stockhorn Capital

Base Scenario (SEKm)	2022A	2023A	2024A	2025E	2026E	2027E
Net sales	87.7	117.6	88.4	90.4	108.3	124.7
Work performed for own account	25.0	28.1	24.4	18.0	16.0	12.5
Other operating income	8.6	7.1	15.6	0	0	0
Total income	121.2	152.8	128.3	108.4	124.3	137.2
COGS	-17.8	-16.6	-21.7	-17.5	-18.8	-22.5
Gross profit (adj.)¹	69.8	101.0	66.6	72.9	89.5	102.2
Gross margin (adj.) ¹	79.7%	85.9%	75.4%	80.6%	82.7%	82.0%
Other external charges	-30.1	-40.0	-73.0	-38.5	-29.9	-27.4
Personnel costs	-101.6	-100.4	-113.2	-93.5	-87.1	-84.5
Other operating costs	-3.7	-12.3	-13.0	0	0	0
EBITDA (adj.)¹	-65.6	-51.7	-132.5	-59.1	-27.5	-9.7
EBITDA margin (adj.) ¹	-74.8%	-43.9%	-150.0%	-65.3%	-25.4%	-7.8%
D&A	-115.4	-124.2	-130.8	-129.9	-93.7	-83.1
EBIT (adj.)¹	-181.0	-175.9	-263.3	-189.0	-121.2	-92.8
EBIT margin(adj.) ¹	-206.4%	-149.5%	-298.0%	-209.0%	-111.9%	-74.4%
Net financial items	-0.3	-3.3	-4.811	-2.5	-2.2	-1.9
EBT (adj.)¹	-181.3	-179.1	-268.1	-191.5	-123.4	-94.7
Tax	10.8	11.4	0.0	0.0	0.0	0.0
Net profit (adj.)¹	-170.5	-167.7	-268.1	-191.5	-123.4	-94.7
Net profit margin (adj.) ¹	-194.4%	-142.6%	-303.5%	-211.8%	-114.0%	-76.0%

USD/SEK as of 2025-05-20

¹Adjusted for capitalized development costs and other operating income and costs.

Bull Scenario (SEKm)	2022A	2023A	2024A	2025E	2026E	2027E
Net sales	87.7	117.6	88.4	95.0	115.8	137.1
Work performed for own account	25.0	28.1	24.4	18.0	16.0	12.5
Other operating income	8.6	7.1	15.585	0	0	0
Total income	121.2	152.8	128.3	113.0	131.8	149.6
COGS	-17.8	-16.6	-21.7	-14.2	-18.5	-23.3
Gross profit (adj.)¹	69.8	101.0	66.6	80.7	97.3	113.8
Gross margin (adj.) ¹	79.7%	85.9%	75.4%	85.0%	84.0%	83.0%
Other external charges	-30.1	-40.0	-73.0	-37.7	-29.6	-27.3
Personnel costs	-101.6	-100.4	-113.2	-91.2	-86.2	-83.2
Other operating costs	-3.7	-12.3	-13.0	0.0	0.0	0.0
EBITDA (adj.)¹	-65.6	-51.7	-132.5	-48.2	-18.5	3.3
EBITDA margin (adj.) ¹	-74.8%	-43.9%	-150.0%	-50.7%	-16.0%	2.4%
D&A	-115.4	-124.2	-130.8	-129.9	-93.7	-83.1
EBIT (adj.)¹	-181.0	-175.9	-263.3	-178.1	-112.2	-79.8
EBIT margin(adj.) ¹	-206.4%	-149.5%	-298.0%	-187.6%	-96.9%	-58.2%
Net financial items	-0.3	-3.3	-4.811	-2.5	-2.2	-1.9
EBT (adj.)¹	-181.3	-179.1	-268.1	-180.6	-114.4	-81.7
Tax	10.8	11.4	0.0	0.0	0.0	0.0
Net profit (adj.)¹	-170.5	-167.7	-268.1	-180.6	-114.4	-81.7
Net profit margin (adj.) ¹	-194.4%	-142.6%	-303.5%	-190.2%	-98.8%	-59.5%
Bear Scenario (SEKm)	2022A	2023A	2024A	2025E	2026E	2027E
Net sales	87.7	117.6	88.4	75.1	88.8	103.5
Work performed for own account	25.0	28.1	24.4	18.0	16.0	12.5
Other operating income	8.6	7.1	15.6	0.0	0.0	0.0
Total income	121.2	152.8	128.3	93.1	104.8	116.0
COGS	-17.8	-16.6	-21.7	-14.3	-18.6	-23.8
Gross profit (adj.)¹	69.8	101.0	66.6	60.8	70.1	79.7
Gross margin (adj.) ¹	79.7%	85.9%	75.4%	81.0%	79.0%	77.0%
Other external charges	-30.1	-40.0	-73.0	-40.0	-30.8	-28.2
Personnel costs	-101.6	-100.4	-113.2	-99.1	-91.5	-87.0
Other operating costs	-3.7	-12.3	-13.0	0.0	0.0	0.0
EBITDA (adj.)¹	-65.6	-51.7	-132.5	-78.3	-52.1	-35.6
EBITDA margin (adj.) ¹	-74.8%	-43.9%	-150.0%	-104.4%	-58.7%	-34.4%
D&A	-115.4	-124.2	-130.8	-129.9	-93.7	-83.1
EBIT (adj.)¹	-181.0	-175.9	-263.3	-208.3	-145.8	-118.7
EBIT margin(adj.) ¹	-206.4%	-149.5%	-298.0%	-277.5%	-164.2%	-114.7%
Net financial items	-0.3	-3.3	-4.8	-2.5	-2.2	-1.9
EBT (adj.)¹	-181.3	-179.1	-268.1	-210.8	-148.0	-120.6
Tax	10.8	11.4	0.0	0.0	0.0	0.0
Net profit (adj.)¹	-170.5	-167.7	-268.1	-210.8	-148.0	-120.6
Net profit margin (adj.) ¹	-194.4%	-142.6%	-303.5%	-280.8%	-166.7%	-116.5%

¹Adjusted for capitalized development costs and other operating income and costs.

USD/SEK as of 2025-05-20

Disclaimer

These analyses, documents and any other information originating from AG Equity Research AB (Henceforth "AG") are created for information purposes only, for general dissipation and are not intended to be advisory. The information in the analysis is based on sources, data and persons which AG believes to be reliable. AG can never guarantee the accuracy of the information. The forward-looking information found in this analysis are based on assumptions about the future, and are therefore uncertain by nature and using information found in the analysis should therefore be done with care. Furthermore, AG can never guarantee that the projections and forward-looking statements will be fulfilled to any extent. This means that any investment decisions based on information from AG, any employee or person related to AG are to be regarded to be made independently by the investor. These analyses, documents and any other information derived from AG is intended to be one of several tools involved in investment decisions regarding all forms of investments regardless of the type of investment involved. Investors are urged to supplement with additional relevant data and information, as well as consulting a financial adviser prior to any investment decision. AG disclaims all liability for any loss or damage of any kind that may be based on the use of analyzes, documents and any other information derived from AG.

Conflicts of Interest and impartiality

To ensure AG's independence, AG has established compliance rules for analysts. In addition, all analysts have signed an agreement in which they are required to report any and all conflicts of interest. These terms have been designed to ensure that *COMMISSION DELEGATED REGULATION (EU) 2016/958 of 9 March 2016, supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest*. Compliance policy: <https://analystgroup.se/interna-regler-ansvarsbegransning/> (Swedish)

Other

This analysis is a task analysis. This means Analyst Group has received payment for doing the analysis. The Principal, Irisity 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 analyst does not own shares in the Company.

This analysis is copyright protected by law © AG Equity Research AB (2014-2025). Sharing, dissemination or equivalent action to a third party is permitted provided that the analysis is shared unchanged.