2026-06-02

Irisity

Growth Returns

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*. With 12% FX-adjusted growth delivered alongside a 30% OPEX reduction, Q1-26 marks another step toward profitability. With the full streamlining effect set to materialize in Q2-26, and clear momentum in the partner-driven go-to-market evidenced by the USD 1.0m airport contract won in April, Irisity is steadily building the foundation for profitable growth. Estimated net sales for 2026 stands at SEK 99.4m, and by applying an EV/S-multiple of 1.5x, a potential present value of SEK 0.31 (0.24) per share is derived in a Base scenario.

Partner Model Yields Tangible Results

Invoicing accelerated to SEK 22.2m (16.6), up 34% Y-Y and 51% FX-adjusted to SEK 25.0m. Reinforcing the trend, the post-quarter U.S. airport contract for 1,000 IRIS+ licenses at approx. USD 1.0m adds a recurring SUP layer from H2-26, the type of repeatable, partner-led win the go-to-market overhaul was designed to produce. Net sales of SEK 19.2m (18.1), up 6% Y-Y and 12% FX-adjusted, came in below our estimate of SEK 22.2m, with part of the variance likely reflecting recognition timing rather than demand, as revenue is realized over the contract term and tends to lag invoicing. Some of the gap between invoicing and reported revenue can therefore be seen as top-line yet to be recognized, which we expect to support reported growth as the recurring base scales.

Further Cost Reductions Materialize

OPEX fell to SEK 24.8m (35.2), down 30% Y-Y and 12% Q-Q, with personnel costs of SEK 17.6m (23.6) reflecting a leaner 52 FTEs (68) and other external charges of SEK 7.2m (11.7) down 38% Y-Y. Adj. EBITDA improved markedly, from SEK -23.1m to SEK -9.2m Y-Y. The miss against our estimate of SEK -5.4m traces to the revenue shortfall, as both gross margin and OPEX came in slightly favorable. With a further OPEX tailwind set to flow through from Q2-26, combined with a recovering top line, the path to break-even should narrow from both directions.

Concrete Progress, but Execution Must Hold

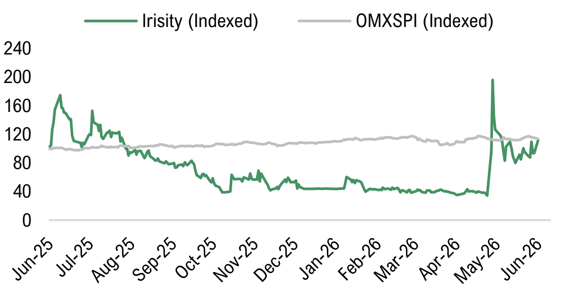
We make minor revisions to our estimates for 2026–2028E, as slightly softer near-term sales are largely offset by the post-quarter airport contract win. The broader trajectory is what stands out: Irisity has returned to top-line growth while bringing down OPEX, evidence that the transformation is translating into tangible, if gradual, movement toward profitability. The progress, however, sits against a financial position that remains tight and leaves little margin for execution missteps. Analyst Group therefore awaits sustained growth, supported by a healthy quote-to-cash cycle, before contemplating a more substantial upgrade. For now, the progress warrants a modest re-rating, and Analyst Group lifts the motivated value of Irisity to SEK 0.31 (0.24) per share in a Base scenario.

VALUATION RANGE

Bear	Base	Bull
SEK 0.15	SEK 0.31	SEK 0.47

KEY INFORMATION	
Share Price (2026-06-01)	0.34
Shares Outstanding	384 201 940
Market Cap (SEKm)	129.5
Net cash(-)/debt(+) (SEKm)	24.4
Enterprise Value (SEKm)	153.9
List	Nasdaq First North
Quarterly report 2 2026	2026-08-27

SHARE PRICE DEVELOPMENT



OWNERS (HOLDINGS 2026-04-28) (● = INSIDER)	
Stockhorn Capital AB ●	57.6%
Avanza Pension	12.0%
Ulf Runmarker with family	2.6%
Anders Trygg	1.2%
Sun Red Beach Growth Partners Aps	0.9%

Estimates (SEKm)	2025A	2026E	2027E	2028E
Net Sales	**79.3**	**99.4**	**116.2**	**132.0**
COGS	-18.0	-16.1	-19.8	-23.8
Gross Profit (adj.)[1]	**61.2**	**83.2**	**96.3**	**108.2**
Gross Margin (adj.)[1]	77.2%	83.8%	82.9%	82.0%
Operating Costs	-136.5	-100.9	-96.1	-97.5
EBITDA (adj.)[1]	**-66.0**	**-15.3**	**0.3**	**10.7**
EBITDA Margin (adj.)[1]	-83.2%	-15.4%	0.2%	8.1%
P/S	1.6	1.3	1.1	1.0
EV/S	1.9	1.5	1.3	1.2
EV/EBITDA	-2.3	-10.5	149.9	13.3

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

Investment Thesis

21.3% CAGR
AI in Surveillance Market 2024-2030E

[1]Markets and Markets

Shifting Market Dynamics Unlock Growth Potential

The global AI surveillance market, 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 21.3%, the global AI in surveillance market is forecasted to reach USD 12.5bn by 2030.[1] 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 public and private sectors. Irisity, with over 3,000 deployments across more than 90 countries, has established a solid global footprint. The Company's 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 continue to support Irisity's positioning. The consolidation of Briefcam into Milestone Systems introduces a channel conflict with Genetec, Milestone's largest rival, that may prompt Genetec-aligned accounts to seek independent, hardware-agnostic alternatives. As a neutral provider with broad VMS compatibility, Irisity is well placed to benefit from this dynamic. The Company has seen encouraging commercial momentum across multiple regions and verticals, with MRR reaching SEK 4.4m at the end of Q1-26, driven by new customer additions. With a sharpened partner-first strategy and deepening VMS integrations, the foundation for scalable, recurring revenue growth appears increasingly tangible.

Focus on Capital-light Growth Through a Partner-Centric Model

Strategic Shift Towards Profitability and Cash Flow Generation

Following years of prioritizing growth through large, complex enterprise deployments, Irisity has repositioned the Company's commercial strategy. Irisity is deliberately moving away from capital-intensive one-off projects with long quote-to-cash cycles, toward a partner-driven, recurring revenue model. By enabling partners to absorb a larger share of the customer acquisition effort, Irisity is systematically reducing CAC and shortening sales cycles, while building a more predictable revenue base through Software Upgrade Plans (SUP), Security-as-a-Service, and AI SaaS offerings. With strengthened VMS partnerships and a growing pipeline of OEM and white-label opportunities, the commercial infrastructure entering 2026 is meaningfully more efficient than in prior years, providing a strong foundation for reaccelerated growth.

Streamlining Program Completed

Simplification Program Completed — Full P&L Impact Expected from Q2-26

The simplification program completed in Q4-25, targeting a 30% OPEX reduction relative to Q2-25 levels, became broadly visible in the income statement during Q1-26, with OPEX down 30% Y-Y to SEK 24.8m and tracking toward the targeted annual base of around SEK 94m, or approx. SEK 40m in annualized savings. The benefits span R&D consolidation, including the integration of Tel Aviv operations into Gothenburg, organizational streamlining, and a leaner go-to-market structure. Not all executed actions had reached full-quarter run-rate by Q1-26, leaving an incremental OPEX tailwind to flow through from Q2-26 onward. Given continued execution, the combination of a structurally lower cost base and improving revenue momentum should bring Irisity meaningfully closer to positive cash flows, which we estimate for FY 2027.

SEK 0.31
Per Share
Base scenario

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 finalized initiatives to streamline the cost-base to drive profitability and cash flow. Based on FY2026 projected net sales of SEK 99.4m and an applied EV/S-multiple of 1.5x, coupled with a discount rate (WACC) of 12.4% and the current capital structure, a potential present value of SEK 0.31 per share is derived. The raised multiple reflects the progress shown in Q1-26, where Irisity returned to Y-Y growth while cutting OPEX by 30%, lending credibility to the path toward profitable growth. This implies an EV/EBITDA multiple of 13.4x on 2028E estimates, which Analyst Group considers reasonable given Irisity's pre-profitability stage and the remaining execution risks.

Financial Risks and Currency Exchange Exposure

Risks to Monitor Ahead

Although Irisity has made meaningful progress through the simplification program, the Company has not yet established a proven track record of profitability and positive cash flow generation. With available liquidity of SEK 3.7m at the end of Q1-26, lifted to approx. SEK 8.7m by the post-quarter credit facility, liquidity remains the key area to monitor, and Analyst Group cannot rule out that additional capital may be required before reaching cash flow neutrality. Additionally, with the majority of sales in USD and the cost base primarily in SEK, Irisity remains exposed to currency fluctuations that could adversely impact both revenues and cash flow in the absence of hedging.

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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.