

## Research update: Q2 2024

### TENEo AI

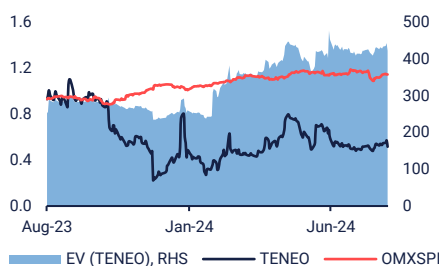
Teneo AI offers the conversational AI-powered software platform Teneo, enabling contact centres to improve efficiency and customer experience through AI-powered atomisation with market-leading accuracy. Reference clients include Microsoft, AT&T, UBS and Hello Fresh.

CEO: Per Ottosson  
CoB: Åsa Hedin  
[www.teneo.ai/investors](http://www.teneo.ai/investors)

List: Nasdaq First North Stockholm  
Last: SEK 0.52  
Market cap: SEK 192m  
Enterprise value: SEK 410m

Bloomberg: TENEQ:SS  
Refinitiv Eikon: TENEQ:ST

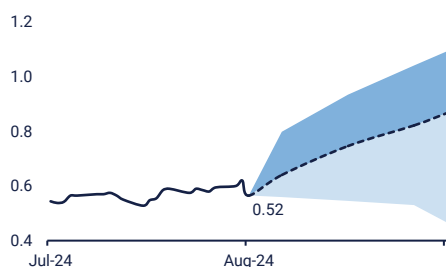
### VALUATION RANGE



	12M	YTD	6M	1M
Development (%)	-46	45	43	4

Source: S&P Capital IQ

### VALUATION RANGE



	BEAR	BASE	BULL
Share price (SEK)	0.42	0.82	1.04
Up-/downside (%)	-19	59	103

Source: S&P Capital IQ and Carlsquare estimates

### CARLSQUARE EQUITY RESEARCH

**Markus Augustsson**  
Head of Equity research

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Equity Analyst

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Equity Analyst

## Strong growth outlook remains after a solid Q2

In Q2 2024, Teneo AI, formerly Artificial Solutions, demonstrated a solid SaaS API call volume growth of 74% YoY to 31.5 M. Total ARR reached SEK 74.3m, marking a 28% increase. The gross margin was slightly below our estimate, and we do not anticipate it expanding at the same pace as before. Consequently, we have adjusted our fair value per share to SEK 0.82 (1.0).

### Mixed bag financially compared to our estimates

In Q2 2024, net sales reached SEK 19.3m, reflecting a solid 31% growth, though slightly below our estimate of SEK 20m. The primary growth driver was increased volumes from existing customers, as NRR was reported at 134%. Additionally, the gross margin after commissions improved to 79% (77%), which was marginally below our estimate of 81%. Adjusted EBITDA improved significantly, reaching SEK -6.3m (-13.9), compared to our estimate of SEK -7m. Finally, EPS came in at negative SEK 0.06, against our estimate of negative SEK 0.04. Overall, the results for Q2 were mixed relative to our estimates but remained largely in line with expectations.

### Teneo stepping on the gas in the UK and the USA

Teneo AI is intensifying its sales efforts in two key markets, the UK and the USA, specifically following the successful directed share issue of SEK 50m before related costs. That has already led to the appointment of two strategic account managers in the USA, with a technical account manager to be added shortly. In spite of the expected short-term negative effects on the cost-basis, we view these initiatives as value-creating activities that will positively impact the company in the mid-to-long term.

### New customers and improved accuracy

An increased focus on signing new clients has begun to bear fruit. In the report, three new customers were highlighted: a SaaS agreement with MedHelp Care, which operates one of Sweden's most visited health platforms; a SaaS partnership with Healthflex, a health management organisation; and, added shortly after Q2, Valcon, a major consulting firm. Additionally, Teneo launched the Accuracy Booster for Contact Center Voice AI. This NLU solution, tested in partnership with Cyara, reduces voice inaccuracies by 24% and increases contact centre automation by 50%.

### Adjustments for fading gross margin expansion and lower multiples

We remain confidently optimistic about the future growth of Teneo AI. Our estimates for net sales remain largely unchanged, with a CAGR, 2023-2026, of 40%. However, as noted in the report and during the conference call, the gross margin expansion is expected to fade in the short term, which has led us to adjust our expectations. Consequently, the timeline for reaching break-even has been pushed further into the future. In the base case, we have revised our fair value per share to SEK 0.82 (1.0), corresponding to an EV/Sales NTM of 5.5x. Valuation multiples for the reference companies have declined holding back our valuation. The full reference group trades at an EV/Sales NTM of 3.9x. The premium is justified by strong growth prospects.

### Key figures (SEKm)

	2021	2022	2023	2024E	2025E	2026E
Net sales	39	46	61	78	111	167
Total operating income	56	65	80	101	130	186
Gross profit on net sales	27	25	41	62	89	134
EBITDA	-58	-76	-58	-30	-15	21
Adj. EBITDA	-58	-78	-51	-27	-13	22
EBIT	-71	-89	-72	-47	-36	-5
EBT	-70	-85	-58	-50	-36	-5
Basic EPS	-10.8	-13.0	-0.6	-0.2	-0.1	0.0
Growth, net sales	NaN	18%	33%	29%	43%	50%
Gross marg. on net sales	70%	55%	67%	79%	80%	80%
Adj. EBITDA margin	-104%	-120%	-63%	-27%	-10%	12%
EBIT margin	-182%	-194%	-119%	-60%	-32%	-3%
EV/Sales	13.1x	5.1x	4.1x	5.4x	3.7x	2.5x
EV/EBITDA	NM	NM	NM	NM	NM	20.0x
EV/EBIT	NM	NM	NM	NM	NM	NM
P/E	NM	NM	NM	NM	NM	NM

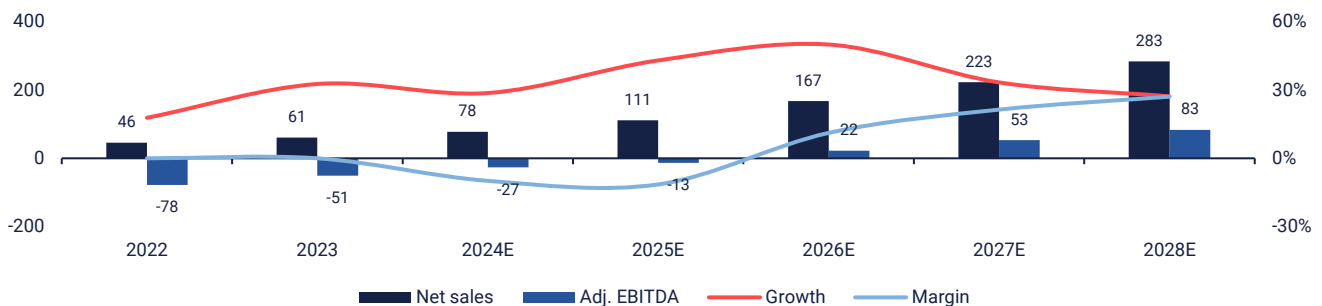
Source: Company information and Carlsquare estimates

# Investment case

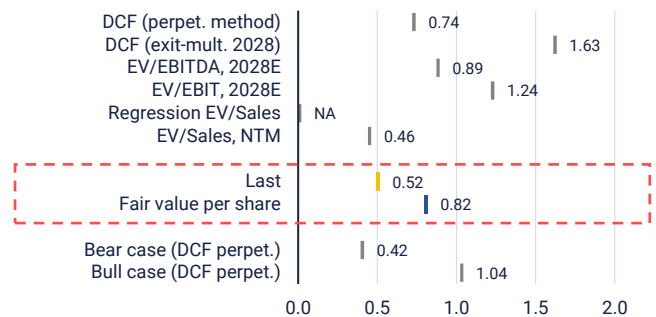
## Increased market share with market-leading accuracy

- A proven offer and value proposition:** Teneo AI has a patented technology for computer systems to comprehend human natural language, resulting in high accuracy in the handling of incoming voice queries. Teneo is ranked number 1 on accuracy with the BANKING77 benchmark dataset. With large-scale references, including those of the giants, Microsoft, Telefónica, and NHS, as well as an NRR of 145% in 2023, the offer and value added by the platform are proven. That supports a successful execution of the refined growth strategy and our anticipated growth for the coming years.
- An improved gross margin leads the way:** Increased usage, expressed as higher API call volumes from clients, has been a key growth driver. As the revenue share originating from API calls increases, the gross margin improves. In 2023, the gross margin improved by 12.8 percentage points to 67.8%, and in Q2 2024, the gross margin was reported at 79%, with SaaS API call volumes growing with 74% YoY. The company uses tech and service partners for market reach and operational efficiency, enabling great scalability. That allows for a large share of the gross profit to reach further down in the income statement.
- Huge potential with the existing client base:** Large enterprises are the company's core clients and prospects. These organisations are targeted due to the possibility of growing usage and adding new use cases over time. To maintain a high NRR, the company has widened its target client group to include a selection of SMEs that make up relevant use cases for large enterprises. According to the company, increased usage and upselling can multiply revenues from several existing clients by a factor of 10x or more, e.g. Microsoft is only live on Teneo in a few countries as of yet.
- Hot market:** The market for conversational AI in contact centres is expected to grow at a fast pace, more specifically at a CAGR until 2031 of 38% (Gartner). This is due to a variety of factors, one being that conversational AI is becoming used in more and more businesses. Fast growing categories include finance, healthcare and government admin. Furthermore, investors are piling into the market. Four companies within conversational AI recently raised a combined total of USD 325m. Kore.ai and Cognigy raised USD 150m and 100m, respectively.

### Revenue and profitability (MSEK), base case



- A fair value of SEK 0.82 per share** is calculated in a base case scenario within the interval SEK 0.42 to 1.04 per share. A fair value per share of SEK 0.82 corresponds to a potential upside of 59%.
- Our fair value corresponds to an EV/Sales NTM of 5.5x.
- Our fair value corresponds to an EV/EBITDA 2026 of 24.4x.
- The full reference group is currently valued at EV/Sales NTM of 3.9x and EV/EBITDA NTM of 15.7x.

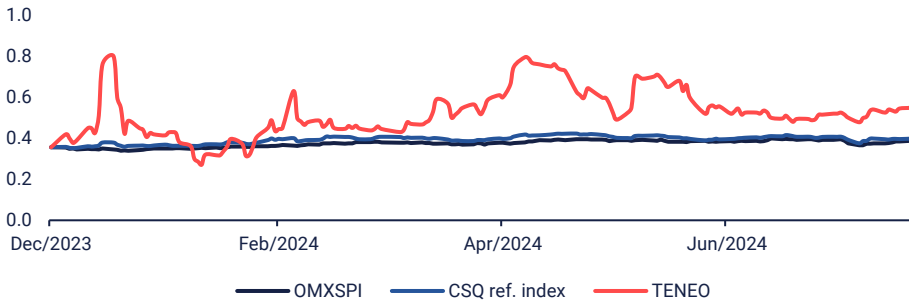


- Revenue is relatively concentrated among a few key clients.** While churn has historically been low, losing a key client would significantly reduce sales and profitability.
- Profitability and free cash flow are currently negative.** We expect Teneo AI to achieve positive adjusted EBITDA and free cash flow by 2026 and 2027, respectively. However, given the recent directed share issue, the financing risk has come down in the short term.
- The company holds a long-term loan of SEK 250m with a fixed interest rate of 4%.** The interest is capitalised and will be paid, along with the principal amount, at maturity in December 2026. In our model, the loan is refinanced upon maturity.

## Share and valuation trends

The chart below illustrates the performance of the Teneo AI share relative to the OMXSPI index and the CSQ reference index (consisting of the stocks included in the full reference group). The share has exhibited relatively high volatility. However, strong growth momentum, expansion with existing clients, and the signing of new clients have been key triggers for the share's outperformance compared to the OMXSPI index and the CSQ reference index.

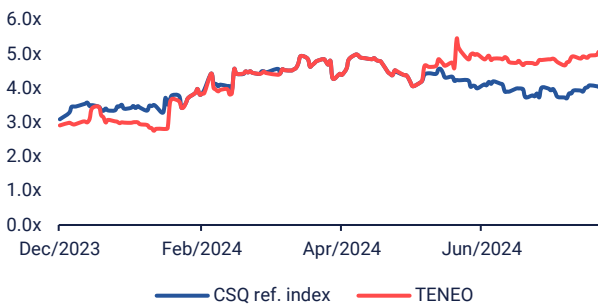
### Share price development (Index 29 Dec. 2023 = SEK 0.36)



Source: S&P Capital IQ and Carlsquare

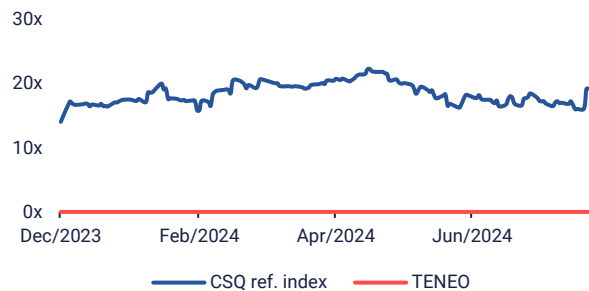
Below is the valuation based on revenue and profitability for the next 12 months (NTM). As shown, Teneo AI is valued at a premium compared to its peer groups in terms of EV/Sales NTM, indicating that high growth and improved profitability to some extent is priced in. However, profitability multiples are not meaningful for Teneo AI for the next 12 months.

### EV/Sales NTM



NTM = Next twelve months. Source: S&P Capital IQ and Carlsquare

### EV/EBITDA NTM



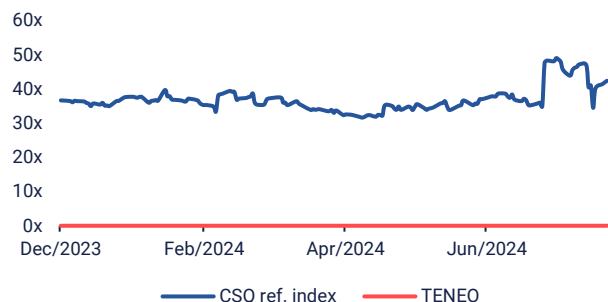
NTM = Next twelve months. Source: S&P Capital IQ and Carlsquare

### EV/EBIT NTM



NTM = Next twelve months. Source: S&P Capital IQ and Carlsquare

### P/E NTM



NTM = Next twelve months. Source: S&P Capital IQ and Carlsquare

# Financial history and forecasts

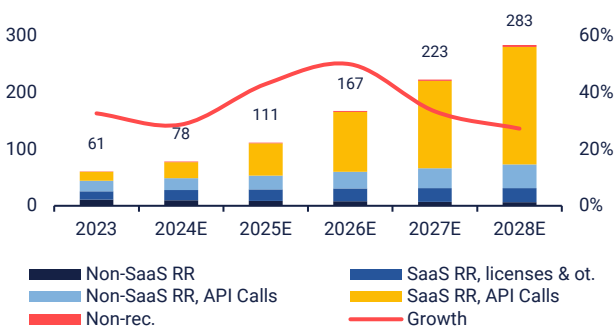
## Estimates and revisions

### Estimates

	New			Previous			Adjustment		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Net sales	78	111	167	78	111	168	0%	0%	0%
Adj. EBITDA	-27	-13	22	-27	-4	33	2%	-259%	-32%
EBIT	-47	-36	-5	-45	-25	6	-3%	-43%	-192%
Basic EPS	-0.2	-0.1	0.0	-0.2	-0.1	0.0	6%	-4%	-182%

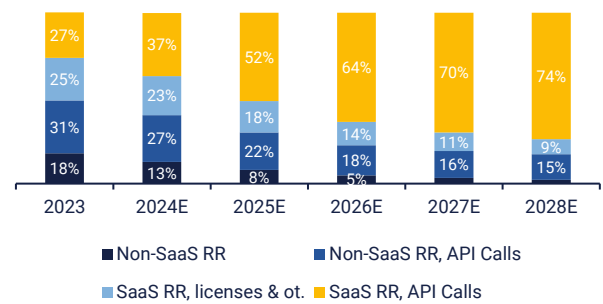
Estimates in SEKm. Source: Carlsquare estimates

### Net sales (SEKm) and growth (%)



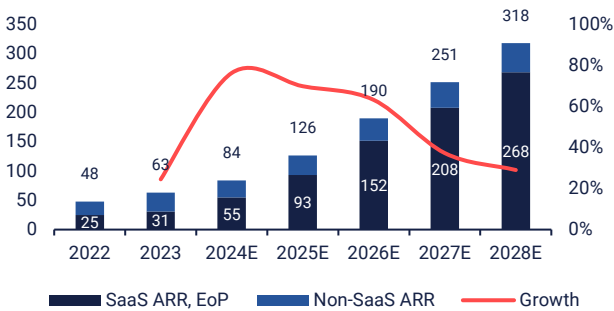
Source: Company information and Carlsquare estimates

### Recurring revenue distribution



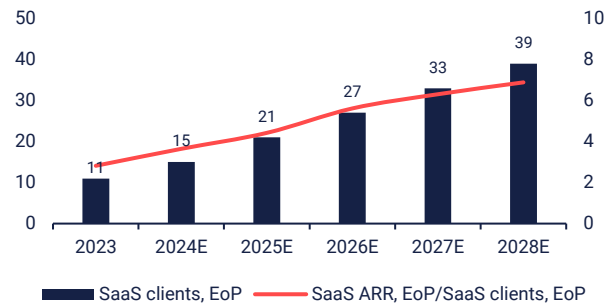
Source: Company information and Carlsquare estimates

### Annual recurring revenue (SEKm)



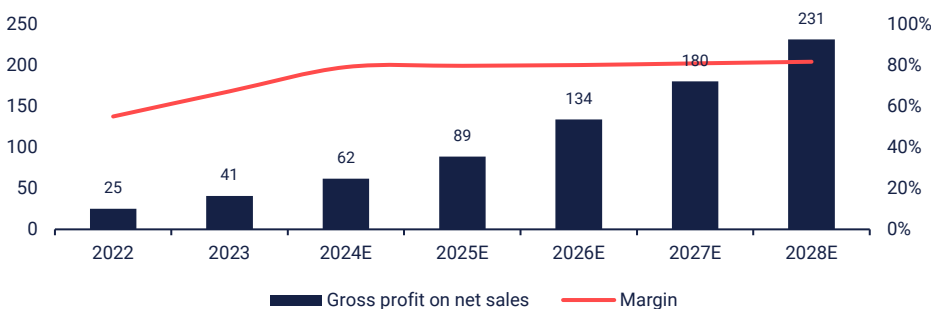
Source: Company information and Carlsquare estimates

### SaaS clients and SaaS ARR per client



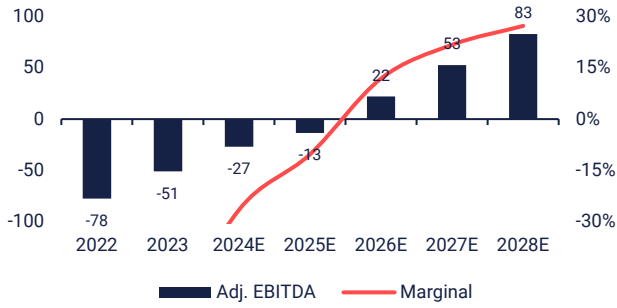
Source: Company information and Carlsquare estimates

### Gross profit (SEKm) and margin (%)



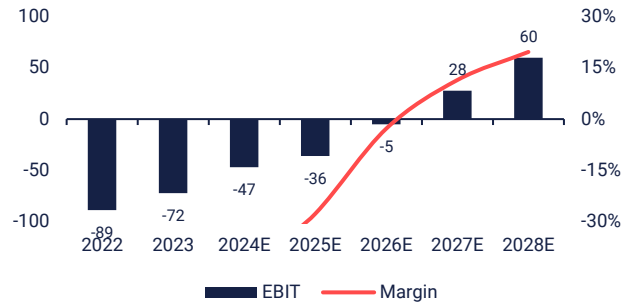
Gross profit and margin are calculated on net sales. Source: Company information and Carlsquare estimates

**Adj. EBITDA (SEKm) and margin (%)**



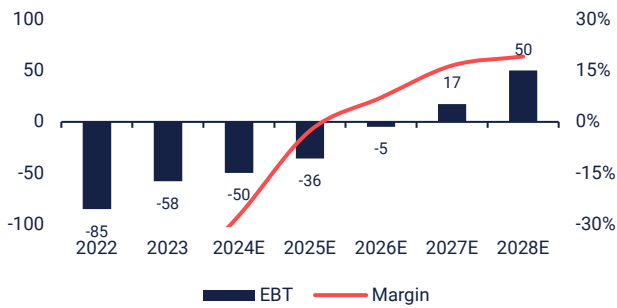
Source: Company information and Carlsquare estimates

**EBIT (SEKm) and margin (%)**



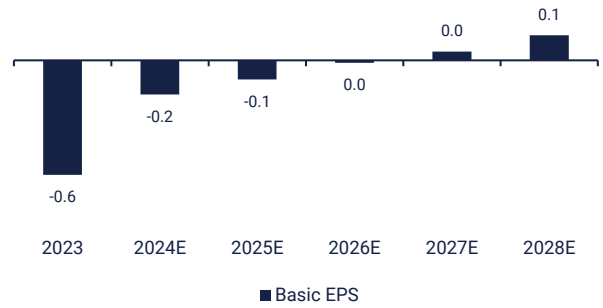
Source: Company information and Carlsquare estimates

**EBT (SEKm) and margin (%)**



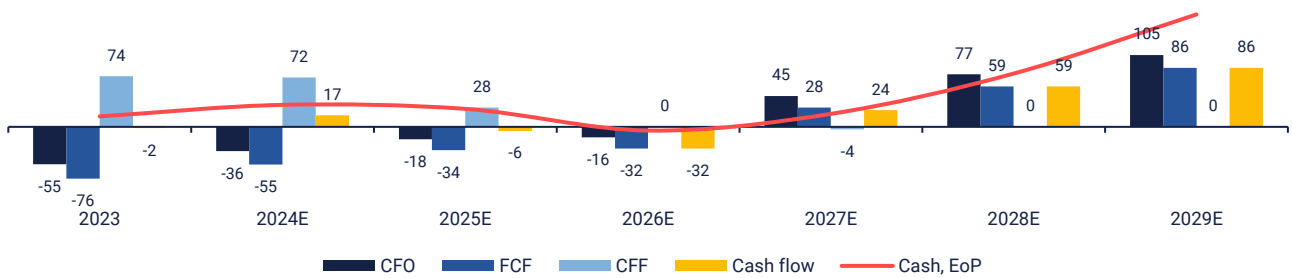
Source: Company information and Carlsquare estimates

**EPS (SEK)**



Source: Company information and Carlsquare estimates

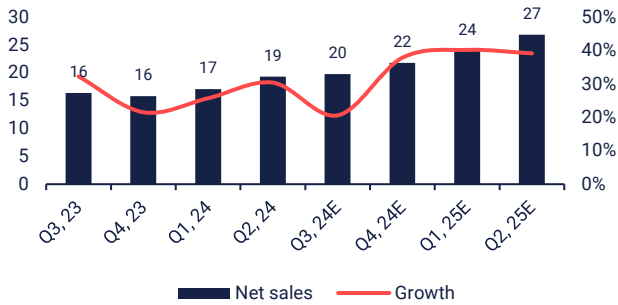
**Cash flow (SEKm)**



Source: Company information and Carlsquare estimates

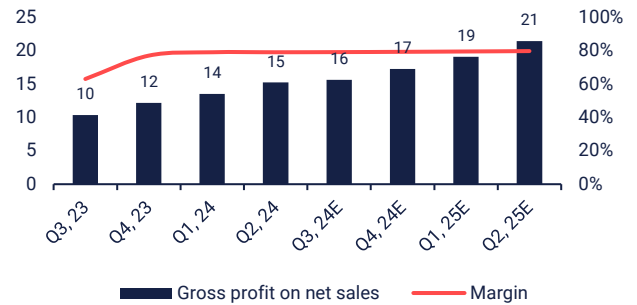
## On a quarterly basis

### Net sales (SEKm) and growth (%)



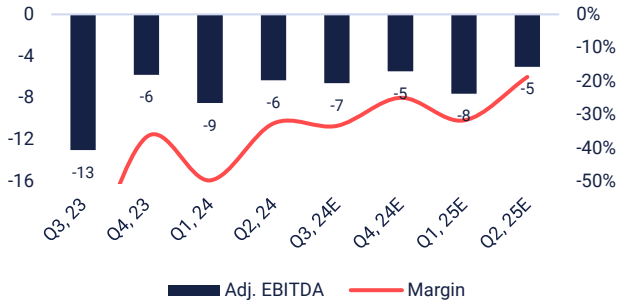
Source: Company information and Carlsquare estimates

### Gross profit (SEKm) and margin (%)



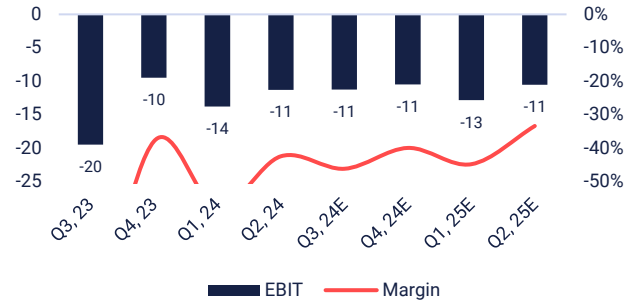
Gross profit and margin are calculated on net sales. Source: Company information and Carlsquare estimates

### Adj. EBITDA (SEKm) and margin (%)



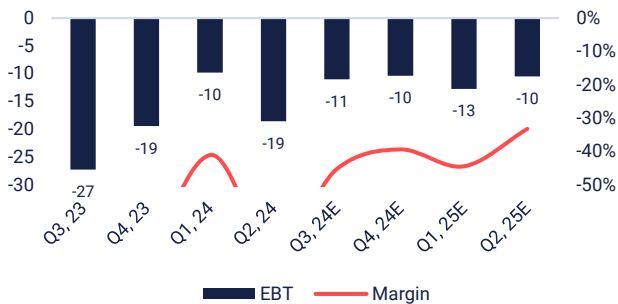
Source: Company information and Carlsquare estimates

### EBIT (SEKm) and margin (%)



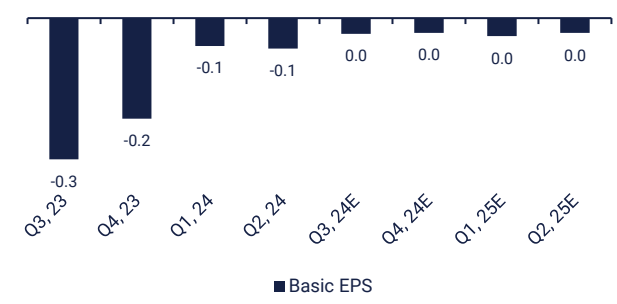
Source: Company information and Carlsquare estimates

### EBT (SEKm) and margin (%)



Source: Company information and Carlsquare estimates

### Earnings per share (SEK)



Source: Company information and Carlsquare estimates

## Fair value within a range

### Growth and margin expansion motivate upside

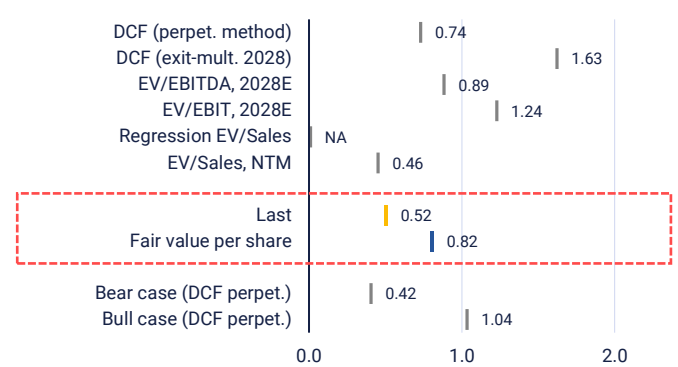
Combining a DCF valuation with a multiple valuation calculates a fair value of SEK 0.82 per share (1.0), fully financed, for the next 6–12 months in a base case scenario. That corresponds to an upside potential of approximately 59%. The valuation is predicated on continued strong growth with high scalability.

#### Fair value (SEK/share), base case

		weight	
Currency, SEK/SEK		1.0	
EV/Sales, NTM	SEK	5.0%	0.5
EV/EBITDA, 2028E	SEK	10%	0.9
EV/EBIT, 2028E	SEK	15%	1.2
DCF valuation	SEK	70%	0.7
<b>Fair value per share</b>	<b>SEK</b>		<b>0.82</b>
Potential up-/downside			59%
Shares outst., fully financed, and diluted	M		411
Equity value	SEKm		336
Cash (last rep. Q)	SEKm		60.5
Debt (last rep. Q)	SEKm		258
PV cash from equity financing	SEKm		23.1
EV	SEKm		510

Source: Carlsquare estimates

#### Fair value within a range (SEK/share)



Source: Carlsquare estimates

#### Implicit valuation multiples, base case

	2022	2023	Curr. NTM	NTM	2024E	2025E	2026E	2027E	2028E
EV/Sales	5.1x	4.1x	4.2x	5.5x	6.5x	4.6x	3.1x	2.3x	1.8x
EV/EBITDA	NM	NM	NM	NM	NM	NM	24.4x	9.8x	6.2x
EV/EBIT	NM	NM	NM	NM	NM	NM	NM	18.4x	8.5x
P/E	NM	NM	NM	NM	NM	NM	NM	19.4x	6.7x

Source: Carlsquare estimates

#### Evaluation, three scenarios

	BEAR	BASE	BULL
<b>Rev. growth assumptions</b>			
CAGR, 2022-25	30%	40%	41%
CAGR, 2025-28	21%	28%	29%
CAGR, 2022-33	20%	26%	27%
<b>Assumptions, EBITDA margins</b>			
AVG, 2023-25	-30%	-26%	-27%
AVG, 2026-28	19%	21%	22%
AVG, 2023-33	7%	10%	10%
2032	28%	30%	31%
<b>Calculated value per share (SEK)</b>	<b>0.42</b>	<b>0.82</b>	<b>1.04</b>

Source: Carlsquare estimates

## DCF evaluation

### DCF valuation, base case scenario

DCF valuation					
PV(UFCF)	SEKm	161	Disc. rate		
PV(TV)	SEKm	318	Risk free rate	2.3%	Tax adjust. r on debt 3.2%
Enterprise value	SEKm	478	Market risk premium	6.7%	Leverage 0.0%
Net debt (+), last Q	SEKm	197	Size premium	3.5%	WACC 14.5%
Value, associated comps.	SEKm	0.0	Beta	1.2x	Comp. spec. premium 1.4%
Value, minority interest	SEKm	0.0	Req. return on equity	14.5%	<b>Discount rate 15.9%</b>
Shareholder value	SEKm	281	Assumptions		
PV(equity financing proceeds)	SEKm	23.1	CAGR, 2023-33E	26.5%	
Shareholder value, after financing	SEKm	305	EBITDA-margin, 2033E	31.2%	
Current shares outstanding	M	373	EBIT-margin, 2033E	24.4%	
New shares	M	38	Tax rate	20.6%	
Shares outstanding after financing and dilution	M	411	Implied multiples		
Value per share (before financing and dilution)	SEK	0.8	EV/Sales, NTM	5.2x	EV/EBITDA. NTM NM
Value per share (after financing and dilution)	SEK	0.7	EV/Sales, 25E	4.3x	EV/EBITDA. 25E NM
Currency	SEK/SEK	1.0	P/S, NTM	3.0x	EV/EBIT. NTM NM
Value per share (before financing and dilution)	SEK	0.8	P/S, 25E	2.5x	EV/EBIT. 25E NM
<b>Value per share (after financing and dilution)</b>	<b>SEK</b>	<b>0.74</b>	EV/Gross prof., NTM	6.5x	P/E. NTM NM
Potential up-/downside		44%	EV/Gross prof., 25E	5.4x	P/E. 25E NM

Source: Carlsquare estimates

## Multiple valuation

### Multiple evaluation median EV/Sales NTM, base case scenario

	Median Mcap (SEKm)	Sales CAGR, 2023-26	μEBIT marg, 2024-26	EV/Sales, NTM
Ref. group, Median	104	13%	25%	3.9x
Ref. group, Average	4,475	18%	19%	6.8x
Discount				0.0%
Applied multiple				3.9x
Net sales, NTM	SEKm			92.4
Enterprise value	SEKm			364
Net debt (+), last Q	SEKm			197
Value, associated comps.	SEKm			0.0
Value, minority interest	SEKm			0.0
PV(equity financing proceeds)	SEKm			23.1
Shareholder value, after financing	SEKm			190
Current shares outstanding	M			373
New shares	M			38
Shares outstanding after financing and dilution	M			411
Exchange rate	SEK/SEK			1.0
<b>Fair value per share after financing and dilution</b>	<b>SEK</b>			<b>0.46</b>

Source: S&P Capital IQ and Carlsquare estimates



### Multiple valuation median EV/EBITDA 2028E, base case scenario

	Median Mcap (EURm)	Sales CAGR, 2023-26	μEBIT marg., 2024-26	EV/EBITDA, 2028E
Ref. group, Median	104	13%	25%	15.7x
Ref. group, Average	4,475	18%	19%	21.4x
<b>Discount</b>				
Discount				0.0%
Applied multiple				15.7x
Adj. EBITDA, 2028E	SEKm			65.3
Enterprise value	SEKm			1,028
PV(enterprise value)	SEKm			541
Net debt (+), last Q	SEKm			197
Value, associated comps.	SEKm			0.0
Value, minority interest	SEKm			0.0
PV(equity financing proceeds)	SEKm			23.1
Shareholder value, after financing	SEKm			367
Current shares outstanding	M			373
New shares	M			38
Shares outstanding after financing and dilution	M			411
Exchange rate	SEK/SEK			1.0
<b>Fair value per share after financing and dilution</b>	<b>SEK</b>			<b>0.89</b>

EV/Sales NTM and growth plus EBIT margin, NTM. Source: S&P Capital IQ and Carlsquare estimates

### Multiple valuation median EV/EBIT 2028E, base case scenario

	Median Mcap (EURm)	Sales CAGR, 2023-26	μEBIT marg., 2024-26	EV/EBIT, 2028E
Ref. group, Median	104	13%	25%	30.4x
Ref. group, Average	4,475	18%	19%	40.7x
<b>Discount</b>				
Discount				0.0%
Applied multiple				30.4x
Adj. EBIT, 2028E	SEKm			42.7
Enterprise value	SEKm			1,298
PV(enterprise value)	SEKm			683
Net debt (+), last Q	SEKm			197
Value, associated comps.	SEKm			0.0
Value, minority interest	SEKm			0.0
PV(equity financing proceeds)	SEKm			23.1
Shareholder value, after financing	SEKm			509
Current shares outstanding	M			373
New shares	M			38
Shares outstanding after financing and dilution	M			411
Exchange rate	SEK/SEK			1.0
<b>Fair value per share after financing and dilution</b>	<b>SEK</b>			<b>1.24</b>

Source: S&P Capital IQ and Carlsquare estimates

## Risks and challenges

### Improved finances

Teneo AI is cash flow negative. The company raised SEK 50m in a directed share issue, and the risk related to financing has come down in the short-term. Nevertheless, we assume that the company will carry out another rights issue in 2025.

### Outstanding loans

Teneo AI has an outstanding long-term loan of SEK 250m. The interest is fixed at 4%. Interest payments are capitalised and due on maturity, along with face value. This means that the company may have to pay SEK 280m in Q4 2026. We have assumed that the loan is refinanced.

### Young and growing industry difficult to keep up with

Teneo AI operates mostly in a young industry. That is to say, the market is not yet consolidated. In such a market, young companies compete over different niches while large companies offer platform solutions. Between these players, transactions are plentiful, meaning that the competitive landscape can shift relatively quickly. That can make it difficult to plan strategies for the long term. Furthermore, a nuclear arms race for intelligence and other advantages is occurring between companies. Unlike more mature industries, there is a heightened risk for a competitor breakthrough.

### Potential new customers lack education

Although the IVR has been in use for several decades, many companies still view it as the hottest thing since sliced bread. Furthermore, as with most software solutions, switching costs are relatively high. Combine this with the fact that most companies do not actively prioritise customer service, and you will get a tough combination. Potential customers must be educated on the gains, both financial and temporal, and convinced that switching is worth the effort. At least, on the flip side, once you are in, the same factors are beneficial.

### Concentrated customer base

Teneo AI has relatively few customers. However, this risk is tempered to some extent by the ability to scale sales with those customers organically. Furthermore, as mentioned in the paragraph above, high switching costs benefit Teneo AI with existing customers. Nonetheless, from a risk perspective, it would be beneficial if revenues were less concentrated. Currently, losing one customer would have a significant impact on the company's finances.

# Accounts and key figures

## Income statement (SEKm), quarterly basis

	Q3, 23	Q4, 23	Q1, 24	Q2, 24	Q3, 24E	Q4, 24E	Q1, 25E	Q2, 25E
Net sales	16	16	17	19	20	22	24	27
Total revenue	19	25	24	27	24	26	29	32
Gross profit on net sales	10	12	14	15	16	17	19	21
EBITDA	-16	-6	-10	-7	-7	-6	-8	-6
Adj. EBITDA	-13	-6	-9	-6	-7	-5	-8	-5
EBIT	-20	-10	-14	-11	-11	-11	-13	-11
EBT	-27	-19	-10	-19	-11	-10	-13	-10
Net profit/loss	-27	-19	-10	-19	-11	-10	-13	-10
Basic EPS (SEK)	-0.27	-0.19	-0.05	-0.06	-0.03	-0.03	-0.03	-0.03
<b>Growth</b>	<b>Q3, 23</b>	<b>Q4, 23</b>	<b>Q1, 24</b>	<b>Q2, 24</b>	<b>Q3, 24E</b>	<b>Q4, 24E</b>	<b>Q1, 25E</b>	<b>Q2, 25E</b>
Net sales	32%	22%	26%	30%	21%	38%	40%	39%
Total revenue	28%	8%	37%	42%	27%	5%	20%	19%
Gross profit on net sales	63%	70%	77%	43%	51%	42%	41%	40%
EBITDA	19%	58%	53%	53%	56%	-3%	17%	22%
EBIT	15%	45%	43%	40%	42%	-11%	7%	7%
EBT	-26%	13%	-281%	-11%	60%	47%	-30%	43%
Net profit/loss	-26%	13%	-281%	-11%	60%	47%	-30%	43%
<b>Margins</b>	<b>Q3, 23</b>	<b>Q4, 23</b>	<b>Q1, 24</b>	<b>Q2, 24</b>	<b>Q3, 24E</b>	<b>Q4, 24E</b>	<b>Q1, 25E</b>	<b>Q2, 25E</b>
Gross margin on net sales	63%	77%	79%	79%	79%	79%	79%	80%
EBITDA margin	-85%	-24%	-41%	-27%	-30%	-23%	-29%	-18%
Adj. EBITADA margin	-68%	-23%	-36%	-24%	-27%	-21%	-27%	-16%
EBIT margin	-102%	-38%	-58%	-42%	-46%	-40%	-45%	-33%
EBT margin	-142%	-78%	-41%	-70%	-45%	-39%	-44%	-33%
Profit margin	-142%	-78%	-41%	-70%	-45%	-39%	-44%	-33%

Source: Company information and Carlsquare estimates

**Income statement (SEKm)**

	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Total ARR, EoP	0	48	63	84	126	190	251	318
SaaS ARR, EoP	9	25	31	55	93	152	208	268
Net sales	39	46	61	78	111	167	223	283
Total operating income	56	65	80	101	130	186	243	304
COGS	-12	-21	-20	-16	-23	-33	-43	-52
Gross profit on net sales	27	25	41	62	89	134	180	231
Tot. operating expenses less COGS and D&A	-102	-120	-119	-115	-123	-132	-148	-170
EBITDA	-58	-76	-58	-30	-15	21	52	82
Adj. EBITDA	-58	-78	-51	-27	-13	22	53	83
D&A	-13	-13	-14	-17	-21	-26	-24	-23
EBIT	-71	-89	-72	-47	-36	-5	28	60
Net finances	1	4	15	-3	0	0	-10	-10
EBT	-70	-85	-58	-50	-36	-5	17	50
Tax	0	0	0	0	0	0	0	0
Net profit/loss	-70	-85	-58	-50	-36	-5	17	50
Adj. net profit/loss	-70	-87	-51	-46	-34	-4	18	51
Tot. comp. PL attributed to parent company	-70	-85	-58	-50	-36	-5	17	50
Adj. PL attributed to parent company	-70	-87	-51	-46	-34	-4	18	51
Basic EPS	-10.8	-13.0	-0.6	-0.2	-0.1	0.0	0.0	0.1
EPS aft. dilution	-10.8	-13.0	-0.5	-0.2	-0.1	0.0	0.0	0.1
No. of share, EoP	7	7	102	373	411	411	411	411
Avg. no. of shares	3	7	54	238	392	411	411	411
<b>Growth</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Net sales	NaN	18%	33%	29%	43%	50%	33%	27%
Total operating income	NaN	16%	24%	26%	29%	43%	30%	25%
Gross profit on net sales	NaN	-8%	62%	51%	44%	51%	35%	28%
EBITDA	NaN	-31%	24%	48%	49%	NM	149%	59%
Adj. EBITDA	NaN	-33%	35%	47%	50%	NM	138%	57%
EBIT	NaN	-26%	19%	35%	23%	86%	NM	115%
EBT	NaN	-22%	32%	14%	28%	87%	NM	190%
Net profit/loss	NaN	-23%	32%	14%	28%	87%	NM	190%
Basic EPS	#DIV/0!	-20%	96%	68%	44%	87%	NM	190%
<b>Margins</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Gross profit on net sales	70%	55%	67%	79%	80%	80%	81%	82%
EBITDA	-104%	-118%	-72%	-30%	-12%	11%	21%	27%
Adj. EBITDA	-104%	-120%	-63%	-27%	-10%	12%	22%	27%
EBITA	0%	0%	0%	-13%	-12%	11%	21%	27%
EBIT	-126%	-137%	-90%	-46%	-28%	-3%	11%	20%
EBT	-124%	-132%	-72%	-49%	-27%	-3%	7%	16%
Net profit/loss	-124%	-132%	-72%	-49%	-27%	-3%	7%	16%

Source: Company information and Carlsquare estimates

## Balance sheet (SEKm)

	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Tot. intangible assets	28	32	40	44	39	29	22	17
Tot. tangible assets	1	1	1	0	0	0	0	0
Tot. other fixed assets	1	2	1	1	1	1	1	1
<b>Total LT assets</b>	<b>31</b>	<b>35</b>	<b>41</b>	<b>45</b>	<b>40</b>	<b>30</b>	<b>23</b>	<b>18</b>
Inventories	0	0	0	0	0	0	0	0
Accounts receivables	26	36	23	12	11	16	20	25
Other current assets	0	0	0	0	0	0	0	0
Cash & cash eqv.	112	18	15	32	26	-5	19	78
<b>Total current assets</b>	<b>138</b>	<b>54</b>	<b>38</b>	<b>44</b>	<b>37</b>	<b>10</b>	<b>39</b>	<b>103</b>
<b>Total assets</b>	<b>169</b>	<b>89</b>	<b>79</b>	<b>89</b>	<b>77</b>	<b>41</b>	<b>62</b>	<b>121</b>
Total equity	-119	-234	-221	-210	-228	-243	-226	-176
Provisions	0	0	0	0	0	0	0	0
LT debt to creditors	238	264	251	258	258	254	254	254
Other LT liabilities	0	0	5	5	15	-4	-4	-4
<b>Tot. long-term liabilities</b>	<b>238</b>	<b>264</b>	<b>255</b>	<b>263</b>	<b>273</b>	<b>250</b>	<b>250</b>	<b>250</b>
ST debt to creditors	0	0	0	0	0	4	0	0
Accounts payable	20	17	13	10	8	7	8	10
Other current liabilities	31	41	32	27	24	23	30	37
<b>Tot. short-term debt</b>	<b>50</b>	<b>58</b>	<b>45</b>	<b>36</b>	<b>32</b>	<b>34</b>	<b>38</b>	<b>47</b>
<b>Tot. equity and debt</b>	<b>169</b>	<b>89</b>	<b>79</b>	<b>89</b>	<b>77</b>	<b>41</b>	<b>62</b>	<b>121</b>
<b>Liquidity</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Current ratio	2.7x	0.9x	0.9x	1.2x	1.2x	0.3x	1.0x	2.2x
Quick ratio	2.7x	0.9x	0.9x	1.2x	1.2x	0.3x	1.0x	2.2x
CF operations/current liabs.	-2.4x	-1.3x	-1.2x	-1.0x	-0.6x	-0.5x	1.2x	1.6x
<b>Leverage</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Net debt(+)/Net cash(-)	126	246	235	225	231	263	235	176
Net debt(+)/Net cash(-), excl. leasing	126	246	235	225	231	263	235	176
Net debt/EBITDA	-2.2x	-3.2x	-4.0x	-7.4x	-15.0x	12.6x	4.5x	2.1x
Tot. debt/Equity	-199%	-113%	-114%	-123%	-113%	-106%	-113%	-145%
Tot. equity/tot. assets	-71%	-264%	-278%	-236%	-295%	-598%	-362%	-145%
<b>Efficiency</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
ROA	NA	-67%	-60%	-55%	-40%	-6%	35%	55%
ROE	NA	49%	22%	21%	15%	1%	-8%	-25%
ROIC	NA	-113%	-77%	-57%	-50%	-6%	51%	110%

Source: Company information and Carlsquare estimates

## Cash flow (SEKm)

	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
CFO b4 delta WC	-98	-78	-53	-39	-17	-10	48	80
Delta WC	-23	2	-2	3	-1	-5	-3	-4
CF operations	-121	-76	-55	-36	-18	-16	45	77
CF investing	-15	-13	-21	-20	-16	-16	-17	-18
FCF	-135	-89	-76	-55	-34	-32	28	59
CF financing	225	-2	74	72	28	0	-4	0
Cash flow	90	-91	-2	17	-6	-32	24	59
Cash, BoP	0	112	18	15	32	26	-5	19
Cash, EoP	112	18	15	32	26	-5	19	78
<b>Key ratios</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Delta WC/Total operating income	-41%	4%	-2%	3%	-1%	-3%	-1%	-1%
CF operations/Total operating income	-216%	-117%	-68%	-35%	-14%	-8%	19%	25%
CF operations/EBITDA	208%	99%	94%	118%	119%	-75%	87%	93%
CF investing/Total operating income	-26%	-20%	-26%	-19%	-12%	-9%	-7%	-6%
FCF/EBITDA	NM	NM	NM	NM	NM	-153%	54%	72%

Source: Company information and Carlsquare estimates

**Key figures (SEK)**

	2022	2023	2024E	2025E	2026E	2027E	2028E
SEK/SEK	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Share price (SEK)	2.3	0.4	0.5	0.5	0.5	0.5	0.5
Market cap (SEKm)	15	36	192	192	192	192	192
EV (SEKm)	233	246	418	389	389	389	389
P/S	0.3x	0.6x	2.5x	1.7x	1.2x	0.9x	0.7x
P/E	Neg.	Neg.	Neg.	Neg.	Neg.	12.3x	4.2x
P/CF operations	Neg.	Neg.	Neg.	Neg.	Neg.	4.3x	2.5x
EV/Sales	5.1x	4.1x	5.4x	3.5x	2.3x	1.7x	1.4x
EV/Gross profit	9.3x	6.0x	6.8x	4.4x	2.9x	2.2x	1.7x
EV/EBITDA	Neg.	Neg.	Neg.	Neg.	18.6x	7.5x	4.7x
EV/EBIT	Neg.	Neg.	Neg.	Neg.	Neg.	14.0x	6.5x
CSQ fair value per share (SEK)	2.3	0.4	0.8	0.8	0.8	0.8	0.8
CSQ market cap (SEKm)	15	36	336	336	336	336	336
CSQ EV (SEKm)	233	246	561	567	599	571	512
P/S, CSQ implied	0.3x	0.6x	4.3x	3.0x	2.0x	1.5x	1.2x
P/E, CSQ implied	Neg.	Neg.	Neg.	Neg.	Neg.	19.4x	6.7x
P/CF operations, CSQ implied	Neg.	Neg.	Neg.	Neg.	Neg.	7.5x	4.4x
EV/Sales, CSQ implied	5.1x	4.1x	7.2x	5.1x	3.6x	2.6x	1.8x
EV/Gross profit, CSQ implied	9.3x	6.0x	9.1x	6.4x	4.5x	3.2x	2.2x
EV/EBITDA, CSQ implied	Neg.	Neg.	Neg.	Neg.	28.7x	11.0x	6.2x
EV/EBIT, CSQ implied	Neg.	Neg.	Neg.	Neg.	Neg.	20.6x	8.6x
Shares outstanding (M, EoP)	7	102	373	411	411	411	411
Shares outstanding (M, Avg.)	7	54	238	392	411	411	411
Shares outstanding, aft. dil. (M, Avg.)	7	54	238	392	411	411	411
Shares outstanding, fully dil. (M, Avg.)	13	61	244	398	417	417	417
EPS (SEK)	-13.0	-0.6	-0.2	-0.1	0.0	0.0	0.1
DPS (SEK)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BV per share (SEK)	-35.6	-4.0	-0.9	-0.6	-0.6	-0.5	-0.4
tBV per share (SEK)	0.1	0.0	0.0	0.0	0.0	0.0	0.0
EV per share (SEK)	35.4	4.5	1.8	1.0	0.9	0.9	0.9
Equity per share (SEK)	-35.6	-4.0	-0.9	-0.6	-0.6	-0.5	-0.4
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	Neg.	Neg.	Neg.	Neg.	Neg.	14.6%	30.7%

Source: Company information and Carlsquare estimates

# Valuation multiples and estimates

## Valuation, reference group

AI	HQ	Mcap (EURm)	EV (EURm)	CAGR		μEBIT marg.		EV/Sales		EV/EBITDA		EV/EBIT		P/E	
				2023-26	2024-26	NTM	2025E	NTM	2025E	NTM	2025E	NTM	2025E		
CrowdStrike	US	58,422	55,831	24.3%	23.6%	14.8x	12.6x	56.4x	47.0x	65.9x	53.8x	67.1x	57.3x		
Palantir Technologies	US	65,192	61,902	21.1%	35.2%	22.8x	20.7x	63.4x	57.5x	65.6x	60.4x	80.9x	74.5x		
UiPath	US	6,237	4,562	9.6%	12.1%	3.5x	3.2x	32.3x	23.2x	37.5x	27.0x	35.6x	27.9x		
SoundHound AI	US	1,661	1,485	NA	-72.6%	14.5x	10.9x	NA	NA	NA	NA	NA	NA		
Cerence	US	131	281	-9.4%	2.1%	1.4x	1.3x	NA	19.8x	NA	Nan	NA	137.1x		
LivePerson	US	125	421	-9.7%	-3.9%	1.6x	1.6x	22.2x	20.1x	NA	NA	NA	NA		
Smart Eye	SE	292	283	60.0%	-1.8%	6.0x	5.1x	47.8x	25.1x	NA	NA	NA	814.5x		
Elliptic Laboratories	NO	104	97	NA	29.7%	7.6x	3.3x	28.4x	6.2x	57.9x	7.2x	67.6x	10.3x		
Aiforia Technologies	FI	130	122	80.9%	-144.6%	28.3x	15.0x	NA	NA	NA	NA	NA	NA		
<b>Median</b>		<b>292</b>	<b>421</b>	<b>21.1%</b>	<b>2.1%</b>	<b>7.6x</b>	<b>5.1x</b>	<b>40.0x</b>	<b>23.2x</b>	<b>61.8x</b>	<b>40.4x</b>	<b>67.4x</b>	<b>65.9x</b>		
Average		14,699	13,887	25.3%	-13.4%	11.2x	8.2x	41.8x	28.4x	56.7x	37.1x	62.8x	186.9x		
24SevenOffice Group	SE	142	157	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
AVTECH Sweden	SE	25	23	21%	37%	6.9x	5.7x	15.4x	12.2x	20.6x	14.7x	NA	NA		
BIMobject	SE	53	33	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
Checkin.Com Group	SE	58	56	34%	12%	3.9x	3.1x	13.7x	8.8x	43.9x	16.3x	58.2x	19.7x		
Cint Group	SE	192	272	-11%	2%	1.6x	1.2x	6.9x	5.6x	NA	31.6x	12.9x	13.1x		
CodeMill	SE	21	19	13%	16%	2.3x	2.1x	8.4x	7.3x	19.8x	13.6x	22.1x	16.1x		
Flowscape Technology	SE	4	3	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
Formpipe Software	SE	127	126	7%	14%	2.5x	2.4x	10.6x	9.2x	22.1x	17.0x	24.0x	19.3x		
Fortnox	SE	3,091	3,067	24%	44%	14.7x	13.5x	27.5x	25.2x	33.3x	30.5x	42.4x	38.9x		
IAR Systems Group	SE	185	175	7%	27%	3.8x	3.7x	9.6x	9.1x	14.5x	13.6x	18.0x	18.3x		
Lime Technologies	SE	393	413	16%	21%	6.3x	5.9x	20.6x	19.2x	31.2x	28.0x	40.4x	36.1x		
Litium	SE	12	11	9%	2%	1.6x	1.5x	7.3x	6.7x	168.3x	70.1x	269.3x	101.0x		
Nepa	SE	17	15	4%	6%	0.6x	0.5x	5.2x	4.4x	10.4x	7.6x	NA	NA		
Observit	SE	14	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
Oneflow	SE	87	83	39%	-30%	6.9x	4.9x	NA	844.2x	NA	NA	NA	NA		
Opter	SE	52	49	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
Physitrack	GB	19	22	18%	11%	1.2x	1.1x	4.0x	3.2x	13.5x	7.0x	11.4x	5.7x		
Risk Intelligence	DK	4	6	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
Safeture	SE	27	25	24%	12%	4.2x	3.8x	NA	NA	51.9x	26.4x	NA	NA		
Upsales Technology	SE	52	50	10%	15%	3.9x	3.5x	18.8x	15.2x	29.6x	22.5x	38.1x	29.7x		
Vertiseit	SE	93	97	5%	18%	3.0x	2.9x	12.5x	11.8x	17.7x	16.5x	23.3x	21.2x		
Vitec Software Group	SE	1,754	1,932	12%	23%	6.4x	6.2x	16.1x	15.2x	28.2x	26.7x	41.9x	39.1x		
<b>Median</b>		<b>53</b>	<b>50</b>	<b>12%</b>	<b>14%</b>	<b>3.9x</b>	<b>3.3x</b>	<b>11.5x</b>	<b>9.2x</b>	<b>25.2x</b>	<b>17.0x</b>	<b>31.0x</b>	<b>20.4x</b>		
Average		292	316	14%	14%	4.4x	3.9x	12.6x	66.5x	36.1x	22.8x	50.2x	29.9x		
<b>Full ref. group</b>															
<b>Median</b>		<b>104</b>	<b>110</b>	<b>13%</b>	<b>12%</b>	<b>3.9x</b>	<b>3.5x</b>	<b>15.7x</b>	<b>13.7x</b>	<b>30.4x</b>	<b>22.5x</b>	<b>39.2x</b>	<b>28.8x</b>		
Average		4,475	4,387	18%	4%	6.8x	5.4x	21.4x	54.4x	40.7x	25.8x	53.3x	82.2x		
<b>TENEO (curr.)*</b>	<b>SE</b>	<b>17</b>	<b>34</b>	<b>40%</b>	<b>-26%</b>	<b>4.2x</b>	<b>3.5x</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>		
<b>TENEO(CSQ)*</b>	<b>SE</b>	<b>28</b>	<b>45</b>	<b>40%</b>	<b>-26%</b>	<b>5.5x</b>	<b>4.6x</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>		

\*Based on Carlsquare estimates. Source: S&P Capital IQ and Carlsquare estimates

**Estimate of reference group, growth and margins**

AI	Sales growth		EBIT marg.		Sales CAGR		μEBITDA marg.		μEBIT marg.		μProfit marg.	
	NTM	2025E	NTM	2025E	2020-23	2023-26	2021-23	2024-26	2021-23	2024-26	2021-23	2024-26
CrowdStrike	23%	24%	22%	23%	58%	24%	20%	27%	17%	24%	-7%	7%
Palantir Technologies	18%	21%	35%	34%	31%	21%	28%	36%	27%	35%	-15%	17%
UiPath	2%	12%	9%	12%	34%	10%	12%	13%	11%	12%	-32%	-7%
SoundHound AI	98%	84%	-69%	-41%	NA	NA	-156%	-36%	-244%	-73%	-219%	-94%
Cerence	-40%	-2%	-9%	3%	4%	-9%	29%	3%	27%	2%	-34%	-93%
LivePerson	-24%	-6%	-5%	-3%	7%	-10%	3%	8%	-4%	-4%	-32%	-22%
Smart Eye	54%	45%	-16%	-4%	61%	60%	-63%	22%	-123%	-2%	-100%	-20%
Elliptic Laboratories	69%	127%	13%	46%	13%	NA	-38%	40%	-57%	30%	-45%	25%
Aiforia Technologies	79%	88%	-267%	-125%	NA	81%	-419%	-71%	-542%	-145%	-628%	-148%
<b>Median</b>	<b>23%</b>	<b>24%</b>	<b>-5%</b>	<b>3%</b>	<b>31%</b>	<b>21%</b>	<b>3%</b>	<b>13%</b>	<b>-4%</b>	<b>2%</b>	<b>-34%</b>	<b>-20%</b>
Average	31%	44%	-32%	-6%	30%	25%	-65%	5%	-99%	-13%	-124%	-37%
<b>Full ref. group</b>												
24SevenOffice Group	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
AVTECH Sweden	12%	21%	33%	39%	17%	21%	43%	45%	28%	37%	28%	32%
BlMobject	NA	NA	NA	NA	NA	NA	-51%	NA	-60%	NA	-43%	NA
Checkin.Com Group	32%	65%	9%	19%	NA	34%	8%	29%	-5%	12%	-6%	9%
Cint Group	-22%	30%	-2%	4%	39%	-11%	17%	24%	-54%	2%	-97%	-3%
CodeMill	2%	10%	12%	16%	NA	13%	9%	29%	-13%	16%	-37%	NA
Flowscape Technology	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Formpipe Software	8%	10%	12%	14%	6%	7%	22%	26%	9%	14%	6%	11%
Fortnox	28%	24%	44%	44%	29%	24%	47%	53%	37%	44%	29%	35%
IAR Systems Group	0%	8%	26%	27%	4%	7%	32%	40%	-15%	27%	-18%	24%
Lime Technologies	18%	14%	20%	21%	15%	16%	32%	31%	19%	21%	14%	15%
Litium	-5%	12%	1%	2%	9%	9%	4%	23%	-15%	2%	-15%	2%
Nepa	2%	11%	5%	7%	NA	4%	6%	11%	2%	6%	0%	5%
Observit	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Oneflow	-12%	42%	-57%	-23%	NA	39%	-68%	-7%	-96%	-30%	-97%	-31%
Opter	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Physitrack	16%	22%	9%	16%	NA	18%	27%	31%	5%	11%	1%	NA
Risk Intelligence	NA	NA	NA	NA	NA	NA	-26%	NA	-30%	NA	-44%	NA
Safeture	10%	28%	8%	14%	19%	24%	-36%	15%	-49%	12%	-87%	NA
Upsales Technology	-6%	14%	13%	15%	20%	10%	26%	22%	20%	15%	16%	12%
Vertiseit	1%	7%	17%	18%	60%	5%	13%	25%	5%	18%	3%	13%
Vitec Software Group	14%	9%	23%	23%	24%	12%	37%	40%	19%	23%	13%	14%
<b>Median</b>	<b>5%</b>	<b>14%</b>	<b>12%</b>	<b>16%</b>	<b>19%</b>	<b>12%</b>	<b>15%</b>	<b>28%</b>	<b>-1%</b>	<b>14%</b>	<b>-3%</b>	<b>12%</b>
Average	6%	20%	11%	16%	22%	14%	8%	27%	-11%	14%	-19%	11%
<b>Full ref. group</b>												
<b>Median</b>	<b>10%</b>	<b>21%</b>	<b>9%</b>	<b>15%</b>	<b>20%</b>	<b>13%</b>	<b>12%</b>	<b>25%</b>	<b>-4%</b>	<b>12%</b>	<b>-18%</b>	<b>8%</b>
Average	15%	29%	-5%	8%	25%	18%	-16%	19%	-40%	4%	-54%	-9%
<b>TENE0 (CSQ)*</b>	<b>35%</b>	<b>43%</b>	<b>-41%</b>	<b>-28%</b>	<b>NA</b>	<b>40%</b>	<b>-98%</b>	<b>-10%</b>	<b>-118%</b>	<b>-26%</b>	<b>-109%</b>	<b>-33%</b>

Source: S&amp;P Capital IQ and Carlsquare estimates



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