XMReality

Sector: Software

Taking the right measures to improve in 2022 and beyond

Redeye lowers its fair value range as Q4 missed expectations. The company regards 2021 as a transitional year, with many product enhancements, integrations, and managerial rearrangements going live this year.

Expectations miss

Net sales came in 29% lower than expected. Essentially, we expected the declining sales trend to turn in Q4. The operating loss (EBIT) also missed expectations, thanks to declining sales and a greater cost base. On the other hand, the gross margin (94%) improved two ppts compared to last year and came in ahead of expectations.

Investing in long term growth – R&D, US presence, senior recruitments, and more

CEO commentary regards 2021 as a transitional year, requiring product enhancements, internal changes, and go to market adjustments. In general, XMReality has improved the availability of Remote Guidance through integrations and partnerships, especially with Microsoft. Apart from rearranging most management positions at the Swedish HQ, XMReality has revamped its US subsidiary by recruiting a president and enterprise salespeople (including a manager).

On a final note, the company went live with its customer success team. This should free time for enterprise salespeople while improving implementation quality with existing customers.

### Valuation: lowered fair value range

We lower our fair value range thanks to softer sales expectations and postponed profitability. Our updated fair value range spans from SEK0.9-7 (1.5-12), and our Base Case is SEK3 (7). The share price trades at a slight discount compared to a group of Nordic SaaS companies, at least on an EV/S basis.

Key Financials (SEKm)	2019	2020	2021	2022E	2023E	2024E
Sales	12	21	22	29	40	53
Sales growth	17%	74%	6%	30%	41%	31%
EBITDA	-23	-20	-28	-29	-22	-13
EBIT	-27	-25	-33	-35	-29	-21
EBIT Margin (%)	-229%	-119%	-152%	-123%	-71%	-40%
Net Income	-27	-25	-33	-35	-29	-21
EV/S	2.9	10.7	4.5	3.6	3.1	2.7
EV/EBITDA	neg	neg	neg	neg	neg	neg
EV/EBIT	neg	neg	neg	neg	neg	neg

FAIR VALUE RANGE

BEAR	BASE	BULL
0.9	**3.0**	7.0

XMR VERSUS OMXSPI

REDEYE RATING

People	Business	Financials
4	3	2
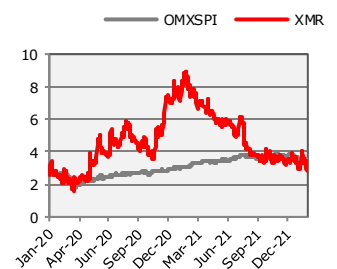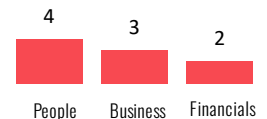
KEY STATS

|	
Ticker	XMR
Market	First North
Share Price (SEK)	2.86
Market Cap (SEKm)	117
Net Debt 2021 (SEKm)	-45
Free Float (%)	72

ANALYSTS

Forbes Goldman

forbes.goldman@redeye.se

XMReality Q4 2021

Flat ARR growth and trailing ATH

Annual recurring revenue (ARR) amounted to SEK18.6m, essentially growing flat QoQ, as seen below. The company lost c. SEK2m in ARR from its largest customer (Nestlé) in Q2, after it decided not to extend two-thirds of its Remote Guidance licenses. Even though XMReality has recovered at least 30% of the lost ARR (through improved co-operation with Nestlé), it continues to trail the ATH recorded in Q1. CEO commentary explains that a handful of customers downsized their licenses during 2021, as they purchased too many at the height of the pandemic. Moreover, CEO commentary presents a positive outlook, as discussions with customers focus on upselling, rather than on controlling downsizing.
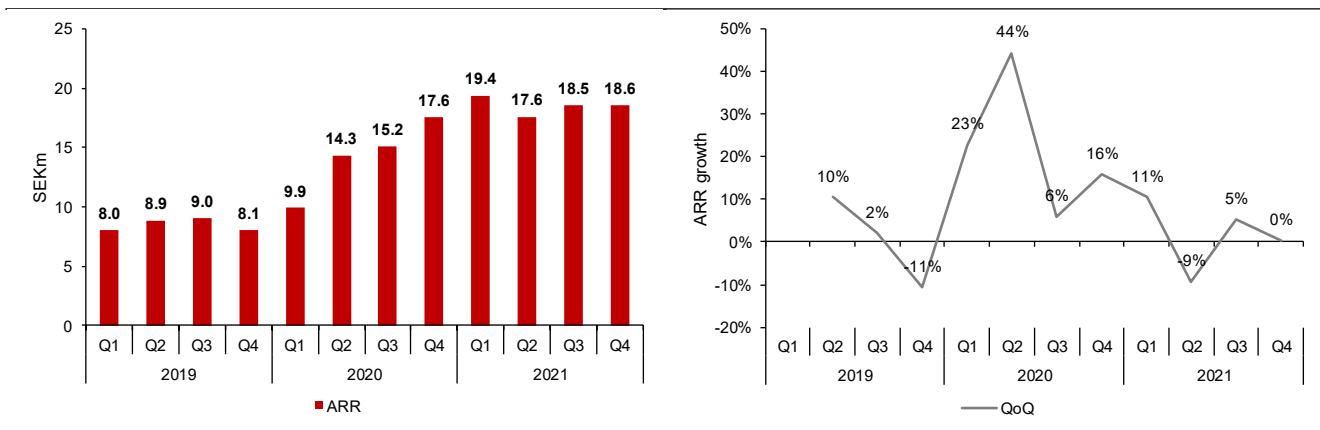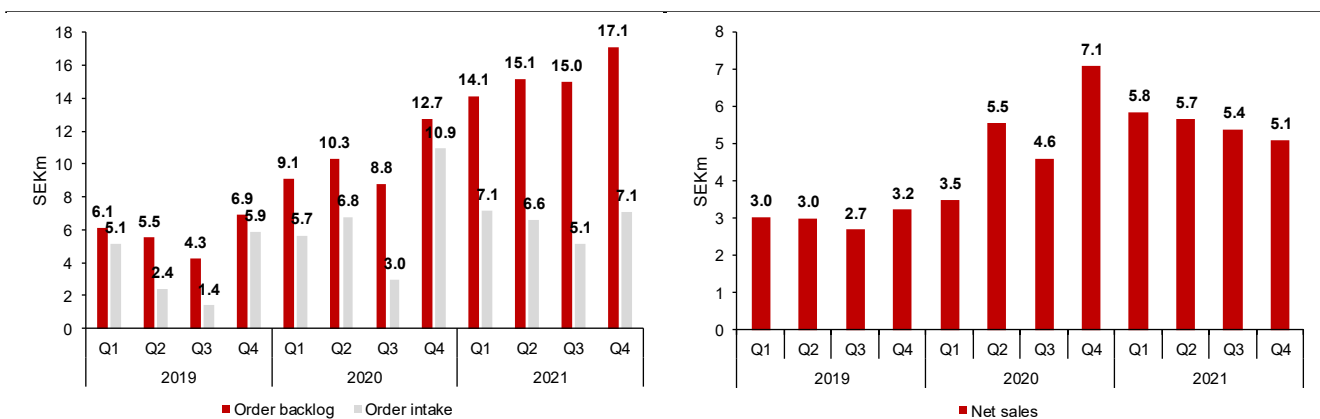

Source: Redeye Research, company data

Declining sales since Q4 2020, but order backlog reveals long term demand

Net sales missed expectations, as illustrated in the table below. Broadly speaking, we think XMReality's declining sales profile is discouraging. In the year-end report, the company explains it received a large one-time payment from Saab in Q4 2020, justifying the 28% YoY sales contraction. Also, as stated previously, some customers downsized licenses throughout the year. CEO commentary regards 2021 as a transitional year, which required meaningful product investments, managerial changes, and new partnerships.

Having said that, we recognize that order backlog came in at ATH, amounting to c. SEK17m. XMReality entered many multi-year agreements throughout the year, which reflects in its backlog profile. This sets up an important platform for future revenue recognition.

Source: Redeye Research, company data

Realigned cost base

Moreover, we note a meaningful cost increase in Q4, and realign our expectations thereafter. In particular, OpEx amounted to c. SEK17m in the quarter, corresponding to a c. SEK5m increment compared to previous levels. Revamping US operations, and senior staff recruitments have likely contributed to the lofty cost profile. On an annualized basis, the cost base (CoGS, OpEx and D&A) amounted to c. SEK 73m in Q4, growing 29% YoY. Our understanding is that XMReality is likely to maintain a similar cost structure throughout 2022, to capitalize on the large market opportunity ahead. Unsurprisingly, the operating loss followed suit, as seen below.
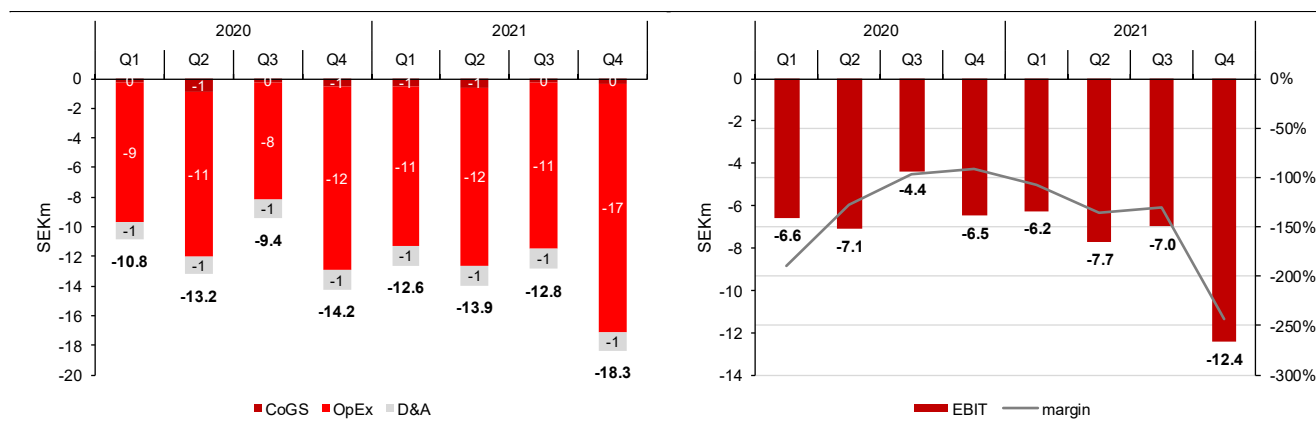
Source: Redeye Research, company data

Forecast deviations – expectations miss

Net sales came in 29% lower than expected, as seen below. Essentially, we expected the declining sales trend to turn in Q4. The operating loss (EBIT) also missed expectations, thanks to declining sales, and a greater cost base. On the other hand, the gross margin improved 2 ppts compared to last year, and came in ahead of expectations.

XMReality Q4 2021 forecast deviations					
		Actual	**Estimated**		
SEKm	**Q4 2020**	**Q4 2021**	**Q4 2021**	**Diff (%)**	**Diff (abs)**
Net sales	7.1	5.1	7.2	-29%	-2.1
YoY	*119%*	*-28%*	*2%*		
Gross profit	6.5	4.8	6.6	-28%	-1.8
margin	*92%*	*94%*	*92%*		
EBITDA	-5.2	-11.2	-5.6	*nm*	-5.6
margin	*-73%*	*-219%*	*-77%*		
EBIT	-6.5	-12.4	-6.9	*nm*	-5.5
margin	*-91%*	*-244%*	*-96%*		

Source: Redeye Research, company data

Decent financial position heading into 2022 – but might need a capital raise in 2023

As of year-end 2021, XMReality's cash position amounted to SEK45m – the company undertook a gross SEK56m directed issue in Q1. Moreover, the company has no debt. CF before finance activities amounted to (-)SEK8.4m in Q4, or (-)SEK33.6m annualized. The corresponding figure in 2021 amounted to (-)SEK27.3m. Our guess is that the existing cash position supports operations throughout 2022, but that a capital raise will come into play in H1 2023.

In our modeling, we forecast a SEK 30m rights issue in 2023. Debt financing could also come into play, but is less likely in our opinion, given XMReality's track record of issuing equity. The issue's terms will of course depend on future market conditions. However, assuming current conditions apply (SEK 2.9 share price), the company would issue c. 10 million new shares, and the total number of shares would increase to c. 51 million, corresponding to a 20% dilution.

Operational highlights

Improving the availability of Remote Guidance through integrations and partnerships
In October 2021, XMReality joined Microsoft's Partner Network (MPN) as an Independent Software Vendor (ISV). Essentially, this allows XMReality to tap into Microsoft's vast ecosystem and engage with global customers. Shortly thereafter, the company launched an app on Microsoft Teams. The reason being that XMReality's typical industrial customer uses Microsoft products such as Teams – the video call software and project collaboration tool.

By integrating Remote Guidance with Teams, XMReality simplifies use for its customers. According to CEO commentary, Anheuser-Busch Inbev (AB Inbev) increased its number of licenses by 20% once the Teams integration was available, indicating meaningful demand. Once usage of Teams matures, use cases will likely increase, from mostly internal communication to external processes, which expands XMReality's market.

Moreover, XMReality announced the availability of Remote Guidance on HoloLens 2 – mixed reality smart glasses owned by Microsoft, in November 2021. Our understanding is that some of XMReality's industrial customers use HoloLens smart glasses, leading the company to develop an application that is compatible with that hardware. In general, it can be said that Remote Guidance is compatible with the most popular smart glasses. On a final note, the company introduced a Salesforce integration – the world's leading CRM solution. All of the recent activities are, in our opinion, in line with XMReality's ambition to supply the most accessible and user-friendly Remote Guidance solution.

More managerial changes and establishing a meaningful presence in the US
The company recently announced that Lotta Ekerbring is set to become CFO. She has a solid background in technology companies and started working at XMReality in 2018 as a senior financial accountant. Her predecessor, Claes Pettersson, is headed for retirement. Moreover, Andreas Jonsson took over as Chief Sales Officer at the beginning of 2022. Also, the company appointed, not long ago, Chief Business Development and Technology Officers.

Apart from rearranging most management positions at the Swedish HQ, XMReality has revamped its US subsidiary. A president, and enterprise salespeople (including a manager), among others, have recently been recruited.

Investing in long term growth: customer success and product enhancements
A challenge, until now, is that XMReality has not had a well-defined customer success team in place. This has led enterprise salespeople to support existing customers, instead of engaging with new ones. This has likely contributed to the soft sales development throughout 2021. However, according to CEO commentary, the customer success team will free time from salespeople while improving implementation quality with existing customers. Consequently, the company hopes to increase upsells, lower churn, and gain more new customers this year.

Also, the company has focused on adding functionality, as it aims to address a greater market in the future. At present, most use cases concern after-market support. For typical industrial companies, after-market solutions represent 10% of their costs, according to CEO commentary.

As the after-market is relatively small, XMReality aims to target higher-value processes, such as production, supply, industry 4.0 projects and R&D. The CEO expects such a reposition to increase XMReality's TAM four times. For this to happen, the product needs some fine-tuning, and further functionality, which already have begun to take effect.

Financial forecast

Lowered sales expectations and postponed profitability

We soften sales expectations owing to, among other things, the topline miss and flat sequential ARR growth in Q4. While order backlog increased to ATH, order intake came in on the lower side. Consequently, we expect EBITDA breakeven in 2025 (previously 2023). Apart from softer sales, we anticipate a greater cost base – Q4 provides some initial color on this. Postponed profitability could lead to a capital raise in 2023, which we forecast in our model. Previously, we did not anticipate an additional capital raise.

XMReality Q4 2021 forecast adjustments				
SEKm		2022E	2023E	2024E
Net sales	Old	36	58	86
	New	29	40	53
change (%)		*-21%*	*-31%*	*-39%*
EBITDA	Old	-16	0	21
	New	-29	-22	-13
change (%)		*nm*	*nm*	*nm*
EBIT	Old	-22	-8	11
	New	-35	-29	-21
change (%)		*nm*	*nm*	*nm*

Source: Redeye Research, company data
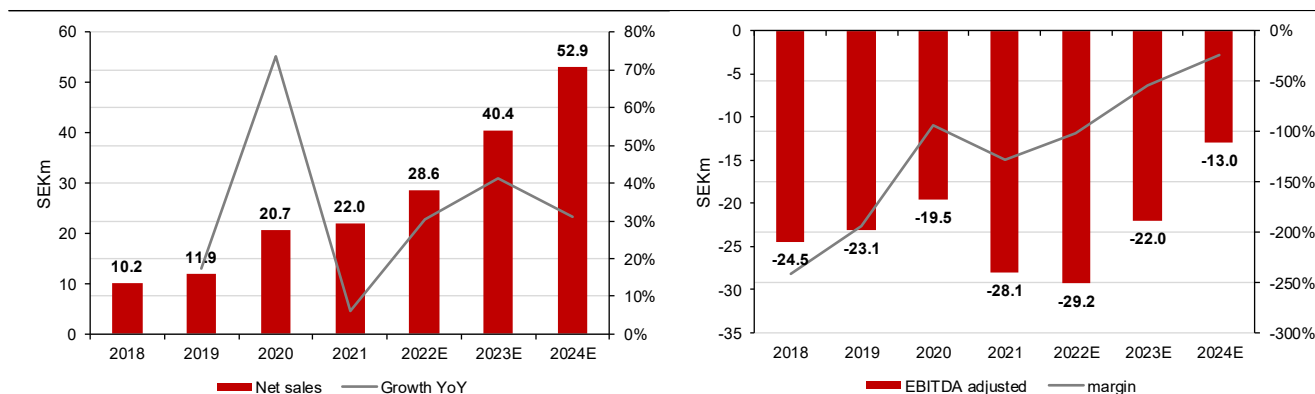
Source: Redeye Research, company data
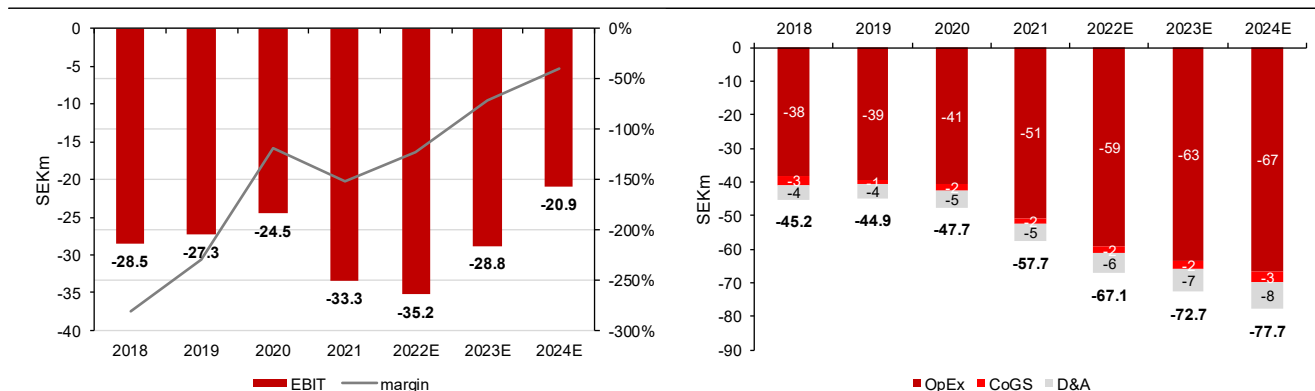
Source: Redeye Research, company data

Income statement (SEKm)	2020	2021	Q1E	Q2E	Q3E	Q4E	2022E	2023E	2024E
Net sales	20.7	22.0	5.8	6.6	7.6	8.6	28.6	40.4	52.9
YoY	*74%*	*6%*	*-1%*	*17%*	*41%*	*69%*	*30%*	*41%*	*31%*
Other income	*2.4*	*2.4*	*0.8*	*0.8*	*0.8*	*0.8*	*3.2*	*3.5*	*3.9*
Total income	23.1	24.3	6.6	7.4	8.4	9.4	31.8	43.9	56.8
CoGS	*-2.0*	*-1.7*	*-0.3*	*-0.4*	*-0.5*	*-0.5*	*-1.7*	*-2.4*	*-3.2*
Personnel	*-20.3*	*-23.4*	*-7.2*	*-7.3*	*-5.8*	*-7.4*	*-27.6*	*-29.9*	*-31.3*
External	*-19.8*	*-27.0*	*-8.2*	*-8.2*	*-7.0*	*-8.3*	*-31.7*	*-33.6*	*-35.3*
Other costs	*-0.5*	*-0.3*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
D&A	*-5.0*	*-5.3*	*-1.2*	*-1.4*	*-1.6*	*-1.8*	*-6.0*	*-6.9*	*-7.9*
Gross profit	18.7	20.3	5.5	6.2	7.1	8.1	26.9	38.0	49.8
margin	*90%*	*92%*	*94%*	*94%*	*94%*	*94%*	*94%*	*94%*	*94%*
EBITDA	-19.5	-28.1	-9.1	-8.5	-4.9	-6.7	-29.2	-22.0	-13.0
margin	*-94%*	*-128%*	*-157%*	*-128%*	*-65%*	*-78%*	*-102%*	*-54%*	*-25%*
EBIT	-24.5	-33.3	-10.3	-9.9	-6.5	-8.5	-35.2	-28.8	-20.9
margin	*-119%*	*-152%*	*-178%*	*-149%*	*-86%*	*-99%*	*-123%*	*-71%*	*-40%*
Net finance	-0.3	-0.0	-	-	-	-	-	-	-
PTP	-24.8	-33.4	-10.3	-9.9	-6.5	-8.5	-35.2	-28.8	-20.9
Tax	-	-	-	-	-	-	-	-	-
Net income	-24.8	-33.4	-10.3	-9.9	-6.5	-8.5	-35.2	-28.8	-20.9
margin	*-120%*	*-152%*	*-178%*	*-149%*	*-86%*	*-99%*	*-123%*	*-71%*	*-40%*
EPS	-0.73	-0.82	-0.25	-0.24	-0.16	-0.21	-0.86	-0.56	-0.41
EPS, diluted	-0.73	-0.82	-0.25	-0.24	-0.16	-0.21	-0.86	-0.56	-0.41

Valuation

We derive our fair value range from a fundamental DCF framework for three scenarios, base case (most likely), bear case (pessimistic), and bull case (optimistic), using a WACC of 12% across all scenarios. We also supplement our DCF analysis with peer group comparisons.

In this research update, we lower our fair value range thanks to softer sales expectations and postponed profitability. The latter could lead to a capital raise in 2023, which we forecast in our model, resulting in a 20% dilution. Previously, we did not factor in additional capital needs. Our updated fair value range spans from SEK0.9-7 (1.5-12), and our Base Case is SEK3 (7).

In relation to a basket of Nordic SaaS companies (as seen on the next page), XMReality's share trades at a slight discount, at least on near term EV/S multiples. The modest topline and ARR development throughout 2021 has likely contributed to the negative sentiment. While expected sales growth is higher than the peer group, operating losses are greater, and breakeven profitability is a couple of years away. Solid quarterly reports demonstrating significant ARR growth will likely be regarded as major share catalysts.

Bear Case SEK0.9 (1.5)

Sales CAGR 2021E-2025E: 20%
Sales CAGR 2025E-2030E: 13%
Avg. EBIT-m 2021E-2025E: -72%
Avg. EBIT-m 2025E-2030E: 7%
Terminal growth: 2%
Terminal EBIT-m: 14%
WACC: 12%

Base Case: SEK3 (7)

Sales CAGR 2021E-2025E: 33%
Sales CAGR 2025E-2030E: 24%
Avg. EBIT-m 2021E-2025E: -79%
Avg. EBIT-m 2025E-2030E: 11%
Terminal growth: 2%
Terminal EBIT-m: 20%
WACC: 12%

Bull Case SEK7 (12)

Sales CAGR 2021E-2025E: 44%
Sales CAGR 2025E-2030E: 26%
Avg. EBIT-m 2021E-2025E: -59%
Avg. EBIT-m 2025E-2030E: 20%
Terminal growth: 2%
Terminal EBIT-m: 26%
WACC: 12%

Company name	EV SEKm	EV/S 2022	EV/S 2023	EV/EBIT 2022	EV/EBIT 2023	Sales growth 2022	Sales growth 2023	EBIT margin 2022	EBIT margin 2023
Nordic SaaS									
Addnode Group AB Class B	12,462	2.8	2.6	32.1	28.9	9%	6%	9%	9%
Admicom Oyj	3,077	9.5	8.4	22.3	18.8	26%	14%	43%	45%
Bambuser AB	1,228	4.4	3.0	neg	neg	104%	44%	-58%	-34%
BIMobject AB	279	2.1	1.8	neg	neg	13%	16%	-46%	-33%
Briox AB	170	16.7	11.1	neg	neg	65%	50%	-170%	-103%
BuildData Group AB	192	2.1	1.7	neg	neg	108%	27%	-24%	-13%
Carasent ASA	948	4.5	3.7	22.4	16.7	44%	23%	20%	22%
Checkin.com Group AB	803	10.6	5.5	neg	>100	94%	94%	-24%	5%
Efecte Oyj	743	3.4	3.0	>100	29.2	15%	16%	1%	10%
FormPipe Software AB	1,842	3.7	3.3	29.2	21.2	7%	10%	13%	16%
Fortnox AB	23,227	18.5	14.3	53.8	37.8	35%	30%	34%	38%
Irisity AB	883	3.5	2.0	neg	17.3	228%	76%	-16%	11%
LeadDesk Oyj	1,025	3.1	2.6	36.1	20.3	23%	19%	8%	13%
Lime Technologies AB	3,504	7.3	6.3	36.1	28.9	19%	16%	20%	22%
Litium AB	187	2.5	1.9	neg	22.0	26%	31%	-9%	9%
Mercell Holding AS	3,869	4.1	3.6	72.2	25.2	27%	15%	6%	14%
Mintra Holding AS	521	2.0	1.9	12.0	11.0	3%	5%	17%	17%
PatientSky Group AS	590	2.4	2.0	neg	neg	15%	21%	-32%	-21%
Nordhealth AS	1,811	5.3	3.7	neg	na	60%	44%	-3%	0%
Pexip Holding ASA	2,908	2.7	2.0	neg	neg	28%	32%	-26%	-8%
Physitrack Limited	436	3.3	2.7	19.4	10.6	62%	25%	17%	25%
Safeture AB	238	na	na	na	na	na	na	na	na
SmartCraft ASA Class A	3,098	8.9	7.6	28.4	23.3	24%	16%	31%	33%
Upsales Technology AB	855	6.9	5.3	42.7	25.4	32%	30%	16%	21%
Vertiseit AB Class B	629	na	na	na	na	na	na	na	na
Vitec Software Group AB Class B	13,111	7.2	6.5	37.7	31.6	16%	11%	19%	20%
ZetaDisplay AB	na	na	na	na	na	na	na	na	na
CSAM Health Group AS	1,784	3.9	2.6	>100	75.5	33%	49%	3%	3%
Median	*948*	*3.9*	*3.0*	*32.1*	*23.3*	*27%*	*23%*	*6%*	*11%*
Average	*2,872*	*5.0*	*3.9*	*15.9*	*15.8*	*40%*	*26%*	*-5%*	*4%*
XMReality AB	72	2.5	1.8	na	na	30%	41%	-123%	-71%

Source: FactSet, Redeye Research

Investment Case

Scalable Business Model

Once XMReality has completed the initial deployment and onboarding of a customer, the marginal cost of adding more licensed users is negligible. The potential of achieving significant operating leverage and high profitability is reflected, in our opinion, in the company's 90%+ gross profit margins. We have a positive view on the strategy of creating a large installed base, which is able to scale its usage and licenses with time.

Accelerated Market Growth

Demand for Remote Guidance saw a significant uplift on the back of the pandemic, and the question is if interest will continue to be as strong going forward. Less business travel and a greater focus on CO2 control are to be expected, in our opinion. Research firms expect the Enterprise AR Software Market to grow at a 56% CAGR from 2019-2025E. We have a positive outlook on XMReality's prospect to grow in excess of the market due to its 1) user-friendliness, 2) scalability, and 3) strong IP.

Strong Value Proposition

We have a positive view on Remote Guidance's 1) unique hands overlay technology, 2) excellent functionality in areas of weak network capacity, and 3) the feature of inviting users to new sessions through a weblink, i.e., eliminating the need to run sessions through an installed app on the customer side. Not having to download software is an important feature mitigating the potential problem of this new technique being perceived as complicated and complex.

Focused Core Business Areas

XMReality has gained a strong market position in several verticals, especially in 1) the food and beverage industry with customers such as Nestlé, InBev, and Heineken, and 2) the packaging industry with customers such as Sidel. Two additional interesting verticals are facility management, and medtech - especially medical equipment, sharing several similarities with the packaging industry.

Counter-thesis

Delayed Adoption

So far, the adoption of Remote Guidance has been somewhat slow, and the company hasn't achieved the critical mass required to become profitable. Perhaps, some customers and employees prefer legacy models and are unwilling to receive AR-based assistance.

Increased Competition

There is a risk of superior solutions introduced by competitors emerging on the market. For the company to keep its competitive edge, it is vital to continue to invest in R&D.

Price Pressure

XMReality applies a premium price strategy that could be difficult to retain if new competitors can offer solutions with a similar value proposition as XMReality. It becomes even more relevant in the long run if the technology becomes a standardized solution within industrial service operations.

Catalysts

Lighthouse Customer Agreements

We see great potential in a high-volume rollout of Remote Guidance throughout a large customer's service organization. Apart from yielding a significant ARR at high margins, it could indicate that its industry is truly ready to adopt the technology on a larger scale.

Additional Go-To-Market Partners

Strategic alliances could help XMReality expand its international reach and increase its installed base at a modest customer acquisition cost. One such partnership is its existing agreement with Japan-based NTT, establishing a presence in the APAC region.

Significant ARR and Top-Line Growth

Solid quarterly reports, demonstrating significant topline growth, and thus a path to profitability should have a significant impact on the share price.

Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

Rating changes in the report: none

People: 4

Management shows a solid understanding of the market and is focused on increasing sales in selected core verticals, namely Food & Beverage, Packaging, MedTech, and Manufacturing, to name some. The board possesses a broad area of expertise covering experience from start-ups, the IT industry, and management positions for large global companies. Additionally, we regard the ownership of Spiltan as a rubber stamp of approval toward its qualities – holding ~25% of the capital.

Business: 3

XMReality is active in a rapidly growing market, where numerous globally leading industrials are showing interest in technologies that can rationalize their service operations. Although the company has several direct competitors, its product offering seems very competitive so far. XMReality business model is scalable, and the company applies a licensing model for its software offering, which opens up for recurring revenues and high margins.

Financials: 2

The company has a negative earnings and cash flow profile. The retrospective nature of the rating impedes XMReality from achieving a better score. At the same time, we forecast significant sales growth over the foreseeable future.

Summary Redeye Rating

	2021	2022E	2023E	2024E
INCOME STATEMENT				
Sales	22	29	40	53
Cost of Sales	2	2	2	3
Gross Profit	20	27	38	50
Operating Expenses	51	59	63	67
EBITDA	-28	-29	-22	-13
Depreciation & Amortization	5	6	7	8
EBIT	-33	-35	-29	-21
Net Financial Items	0	0	0	0
EBT	-33	-35	-29	-21
Income Tax Expenses	0	0	0	0
Non-Controlling Interest	0	0	0	0
Net Income	-33	-35	-29	-21
BALANCE SHEET				
Assets				
Current assets				
Cash & Equivalents	45	14	20	3
Inventories	0	0	0	1
Accounts Receivable	8	10	14	17
Other Current Assets	0	0	0	0
Total Current Assets	53	25	34	21
Non-current assets				
Property, Plant & Equipment, Net	0	0	-1	-1
Goodwill	0	0	0	0
Intangible Assets	10	8	5	3
Right-of-Use Assets	0	0	0	0
Shares in Associates	0	0	0	0
Other Long-Term Assets	0	0	0	0
Total Non-Current Assets	11	7	5	2
Total Assets	64	32	39	23
Liabilities				
Current liabilities				
Short-Term Debt	0	0	0	0
Short-Term Lease Liabilities	0	0	0	0
Accounts Payable	9	11	15	18
Other Current Liabilities	0	0	0	0
Total Current Liabilities	19	22	27	33
Non-current liabilities				
Long-Term Debt	0	0	0	0
Long-Term Lease Liabilities	0	0	0	0
Other Long-Term Liabilities	0	0	0	0
Total Non-current Liabilities	0	0	0	0
Non-Controlling Interest	0	0	0	0
Shareholder's Equity	45	10	11	-10
Total Liabilities & Equity	64	32	39	23
CASH FLOW				
NOPAT	-33	-35	-29	-21
Change in Working Capital	3	0	0	0
Operating Cash Flow	-25	-28	-21	-11
Capital Expenditures	0	0	0	0
Investment in Intangible Assets	-2	-3	-4	-5
Investing Cash Flow	-2	-3	-4	-5
Financing Cash Flow	54	0	30	0
Free Cash Flow	-27	-31	-25	-16

DCF Valuation Metrics	Sum FCF (SEKm)
2021-25	-67
2026-31	70
2031-	106
Firm Value	109
Net Debt	-45
Equity Value	154
Fair Value per Share	3

	2021	2022E	2023E	2024E
CAPITAL STRUCTURE				
Equity Ratio	0.7	0.3	0.3	-0.4
Debt to equity	0.0	0.0	0.0	0.0
Net Debt	-45	-14	-20	-3
Capital Employed	45	10	11	-10
Working Capital Turnover	-49.4	-45.4	-83.0	-488.3
GROWTH				
Sales Growth	6%	30%	41%	31%
Basic EPS Growth	12%	6%	-35%	-27%
Adjusted Basic EPS Growth	12%	6%	-35%	-27%
PROFITABILITY				
ROE	-95%	-128%	-274%	-3188%
ROCE	-74%	-353%	-258%	214%
ROIC	-253%	-419%	-533%	-713%
EBITDA Margin (%)	-128%	-102%	-54%	-25%
EBIT Margin (%)	-152%	-123%	-71%	-40%
Net Income Margin (%)	0%	0%	0%	0%
VALUATION				
Basic EPS	-0.8	-0.9	-0.6	-0.4
Adjusted Basic EPS	-0.8	-0.9	-0.6	-0.4
P/E	neg	neg	neg	neg
EV/S	4.5	3.6	3.1	2.7
EV/EBITDA	neg	neg	neg	neg
EV/EBIT	neg	neg	neg	neg
P/B	3.2	11.8	13.2	neg

SHAREHOLDER STRUCTURE	CAPITAL %	VOTES %
Investment AB Spiltan	23.5%	23.5%
Avanza Pension	6.4%	6.4%
Lars Svensson	4.8%	4.8%
Adrigo Asset Management	4.4%	4.4%
Nordnet Pensionsförsäkring	3.7%	3.7%

SHARE INFORMATION

Reuters code	XMR.ST
List	First North
Share price	2.86
Total shares, million	40.92

MANAGEMENT & BOARD

CEO	Jörgen Remmelg
CFO	Lotta Ekerbring
Chairman	Björn Persson

ANALYSTS

Redeye AB
Forbes Goldman
Mäster Samuelsgatan 42, 10tr
111 57 Stockholm

Redeye Rating and Background Definitions

Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories:

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

Redeye Equity Research team

Management

Björn Fahlén
bjorn.fahlen@redeye.se

Tomas Otterbeck
tomas.otterbeck@redeye.se

Technology Team

Hjalmar Ahlberg
hjalmar.ahlberg@redeye.se

Henrik Alveskog
henrik.alveskog@redeye.se

Mattias Ehrenborg
mattias.ehrenborg@redeye.se

Douglas Forsling
douglas.forsling@redeye.se

Forbes Goldman
forbes.goldman@redeye.se

Jesper Henriksson
jesper.henriksson@redeye.se

Viktor Lindström
viktor.lindström@redeye.se

Fredrik Nilsson
fredrik.nilsson@redeye.se

Mark Siöstedt
mark.siostedt@redeye.se

Jacob Svensson
jacob.svensson@redeye.se

Niklas Sävås
niklas.savas@redeye.se

Danesh Zare
danesh.zare@redeye.se

Editorial

Joel Karlsson
joel.karlsson@redeye.se

Mark Siöstedt
mark.siostedt@redeye.se

Life Science Team

Gergana Almquist
gergana.almquist@redeye.se

Oscar Bergman
oscar.bergman@redeye.se

Christian Binder
christian.binder@redeye.se

Filip Einarsson
filip.einarsson@redeye.se

Mats Hyttinge
mats.hyttinge@redeye.se

Erik Nordström
erik.nordstrom@redeye.se

Richard Ramanius
richard.ramanius@redeye.se

Kevin Sule
kevin.sule@redeye.se

Fredrik Thor
fredrik.thor@redeye.se

Johan Unnerus
johan.unnerus@redeye.se

Disclaimer

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Redeye Rating (2022-02-22)

Rating	People	Business	Financials
5p	31	15	4
3p - 4p	148	130	44
0p - 2p	6	40	137
Company N	185	185	185

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Goldman owns shares in the company : Yes

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