

aXichem

Sector: Chemicals

Entering the Commercial Phase

Redeye returns with an update of aXichem following the Q2'21 report and has reviewed the case in detail. We see a good risk/reward as the company is now entering the commercial phase and have, in turn, increased our Base Case.

An ingredient with huge potential

Phenylcapsaicin, which is the main ingredient in aXichem's products, has in numerous studies been shown to have attractive properties as an additive in both animal feed as well as weight management products. In addition, the company has recently seen an opportunity to use it as an ingredient in drugs. In November 2020, the company filed for a patent application regarding phenylcapsaicin as a substance for the treatment of leaky gut and another patent was filed in June this year for the treatment of idiopathic pulmonary fibrosis (IPF). To properly take care of the opportunities in the pharmaceutical field, aXichem founded its subsidiary Incendia Pharma in March. While still at a very early stage, we argue that this illustrates the huge potential in phenylcapsaicin, offering significant growth opportunities over the coming years.

Ready to enter the commercial phase

aXichem has now the right manufacturing agreements and production processes in place to handle larger scale production of aXiphen and its strong network of well-known distribution partners will give it access to relevant markets. We find this very comforting and argue that the company is more ready than ever before to enter the commercial phase.

Well-positioned in a post-pandemic world

The outlook for aXichem could potentially be better in a post-pandemic world than before the pandemic. We expect to see an increased focus on good animal husbandry going forward which will benefit companies like aXichem.

Valuation suggests upside potential

We use a DCF model in order to capture the long-term growth prospects of aXichem. Following a review of the case, we adjust our Base Case upwards to SEK 57 (55) per share, suggesting an upside potential of some 140% from current share price levels.

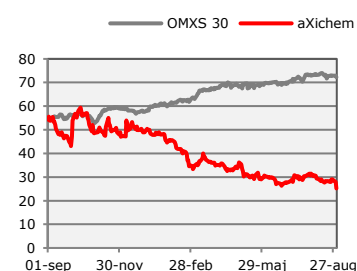
Please note that this Update introduces a change in analyst responsibilities. Erik Nordström is Redeye's new Lead Analyst on aXichem. Mattias Ehrenborg remains on the team as No. 2.

Key financials (SEKm)	2019	2020	2021E	2022E	2023E	2024E
Net Sales	0.3	1	3	50	170	291
Y/Y	-13%	276%	109%	1744%	242%	71%
EBITDA	-11	-11	-15	14	66	116
margin (%)	n.m	n.m	n.m	28%	38%	40%
EBIT	-12	-14	-18	11	57	102
margin (%)	n.m	n.m	n.m	23%	33%	35%

FAIR VALUE RANGE

BEAR	BASE	BULL
18.0	57.0	140.0

AXIC-A.ST VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	AXIC-A.ST
Market	First North
Share Price (SEK)	23.8
Market Cap (MSEK)	394
Net Debt 21E (MSEK)	-21
Free Float	77 %
Avg. daily volume ('000)	51

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Investment case

The potential of the products

aXiphen as an additive in animal feed has two main advantages. On the one hand it prevents salmonella and on the other hand it increases the growth of chickens. The fact that aXiphen prevents salmonella makes the product particularly interesting for chicken and pig breeders.

Furthermore, aXichem's product aXivite recently displayed good results in a clinical study, proving that it has a significant effect in decreasing the percentage of body fat while also improving muscle weight - a combination that consumers of weight management products highly appreciate.

Beneficial market trends

The regulatory restrictions on antibiotics are being tightened, especially in the EU, which is increasing the need for aXiphen. High demand means that the company can charge well for the product and thereby reach high margins. We believe that the current market situation strengthens the investment case.

Compelling study results

In 2016, the company focused on producing data that proves the effectiveness of aXiphen as an additive in chicken feed. An extensive field study was conducted and the final report was positive and surpassed previous studies regarding aXiphen as an inhibitor against salmonella as well as its property as a growth promoter for chickens. aXichem conducted two studies in China, where the climate in the first study became too cold to confirm possible salmonella effects. However, the study showed that chickens that received aXiphen in the feed had a weight gain of about 5 percent compared with chickens that did receive traditional feed. A new study was later conducted to evaluate the salmonella effect. In that study, an average increase in growth of 9 percent was shown as well as a clear positive effect in reducing the incidence of salmonella. The results from the study showed neither salmonella in the appendix nor the spleen of the chickens that received aXiphen in the feed. This can be compared with 28 percent and 8 percent in the control group, respectively.

Furthermore, aXichem communicated positive results in 2017 from the tests that the company carried out together with feed manufacturers in Europe. In chicken breeding, the tests showed positive results both as a growth promoter and as a salmonella inhibitor.

Regulatory approvals in place

During the last three years, the company has taken several important steps towards commercialization. In 2018, aXichem received a GRAS Food approval, which opens up the US market where aXiphen can be used as an additive in, for example, dietary supplements and food. Furthermore, at the end of 2019, aXichem achieved a decisive milestone in the form of a Novel Food approval for the very important EU market. According to the company, the process with GRAS Feed is expected to move on to the next step during the second half of 2021, which would open up the large US market for feed. In addition, aXichem is working for a registration in Thailand, which is also a very interesting feed market.

Bear points

By understanding the risks of an investment, better decisions can be made. Below, we list some of aXichem's potential risks.

Delay in regulatory approvals

The company has received Novel Food approval in Europe and GRAS Food approval in the US. A GRAS Feed approval in the US and a registration in Thailand is the next regulatory steps. These are within reach in later 2021 or in the beginning of 2022, although regulatory processes are difficult to estimate and may be delayed.

Problems in the upscaling phase

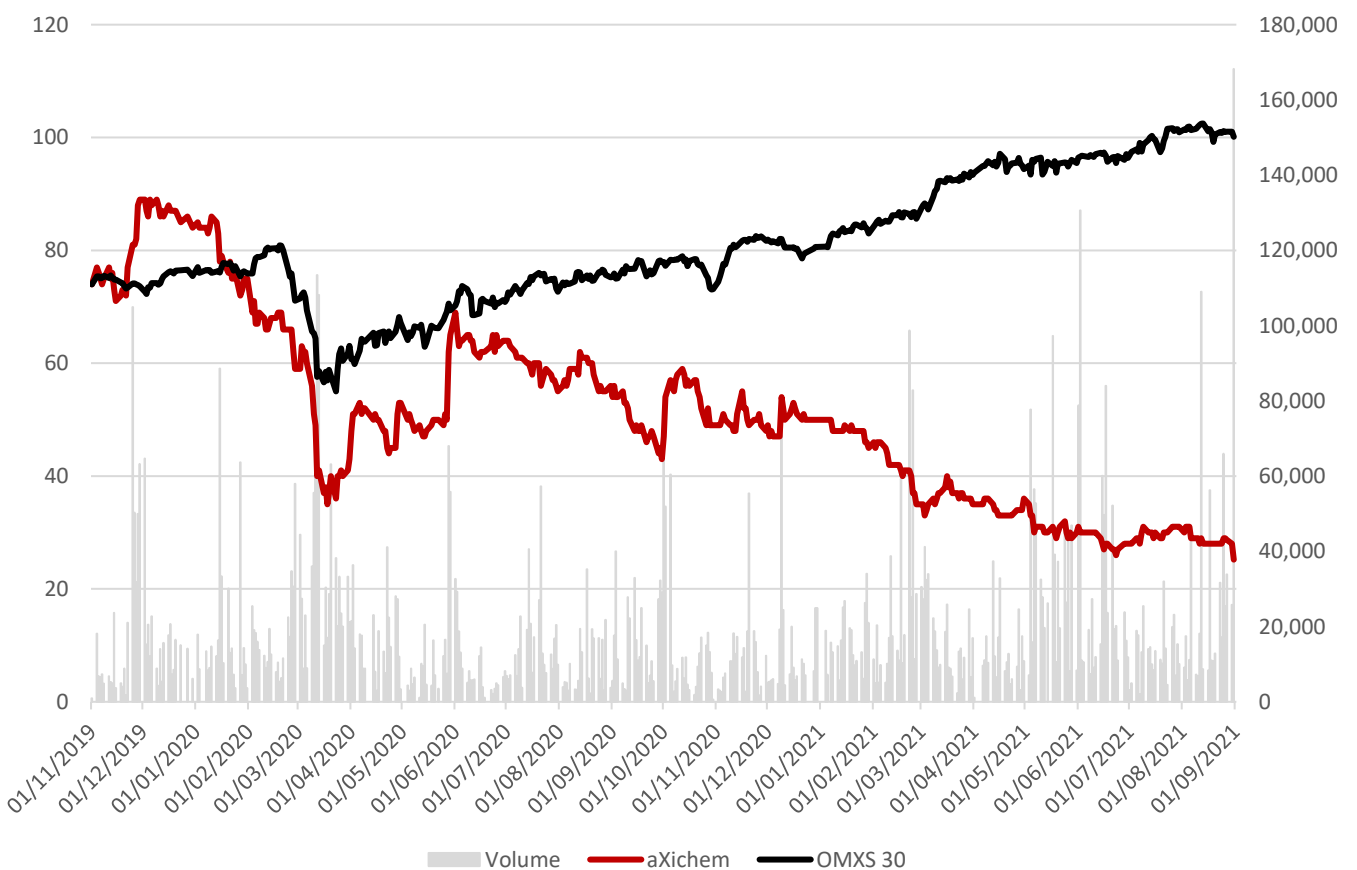
aXichem has so far produced smaller quantities of its products. Production has been outsourced to reliable partners, but we still see a potential risk, although limited, that production problems could arise in the upscaling phase causing delays in the commercialization.

Stock performance

The aXichem share has, like many other shares, been severely hit by the COVID-19 pandemic and is down by around 50% in the YTD. The share enjoyed strong momentum before the virus started to spread across the world as many investors expected aXichem's sales to start ramping up. However, as this did not happen, largely due to the pandemic, the positive momentum came off with many investors selling off their shares.

We argue that the share price drop is somewhat exaggerated and see strong potential as we now, hopefully, are going into a phase with societies opening up. In our opinion, aXichem is better positioned now than it was when the stock peaked in late 2019 and we believe that new orders can act as strong catalysts for the stock over the coming months. Accordingly, we see a good risk/reward.

Stock performance (SEK)



Source: Yahoo Finance and Redeye Research

No major surprises in Q2'21

Last week, aXichem released its Q2'21 report. As expected, the report did not include any major surprises and sales for the second quarter amounted to 0.1 SEKm (0.0). Operating expenses was -3.961 SEKm (-3.752) while EBIT came in at -3.901 SEKm (-3.725). Cash flow from operating activities was -3.473 SEKm (-3.002) and at the end of the quarter, cash and cash equivalents amounted to 21.135 SEKm.

Q2'21 vs. Q2'20 (SEKm)

	Q2'21	Q2'20
Sales	0.06	0.03
COGS	-0.05	0.00
Gross profit	0.01	0.03
SG&A	-3.91	-3.75
EBIT	-3.90	-3.73
Cash flow from operating activities	-3.473	-3.002
Cash and cash equivalents	21.135	19.991
No. of shares outstanding (m)	16.536	15.931

Source: aXichem and Redeye Research

The quarterly reports are still of minor importance as aXichem is currently about to enter the commercial phase. However, we expect a sales ramp-up in late 2021 or in the beginning of 2022. Accordingly, we expect the quarterly reports to become key events in the near future.

However, we learned a few things in the report that we found particularly interesting. After the end of the quarter, aXichem was able to inform the market that the company will be able to deliver 10 tons of aXiphen feed to CHR. Olesen, in accordance with the order previously placed. We find this very reassuring and believe that this might mark the first step in the commercialisation phase.

Furthermore, aXichem is still working on the application for GRAS Feed approval in the US, which will give the company the right to use phenylcapsaicin in animal feed on the US market. As mentioned before, the FDA's requirements for published pre-clinical data have increased and this is, as expected, also affecting GRAS Feed. aXichem has a scientific article where it describes data from the studies conducted and we see no reasons to be worried in this matter. However, due to the pandemic, it is still a difficult assessment to specify exact time for an approval.

We would like to emphasize that the pandemic is still affecting the business and a potential fourth wave or new mutated versions of the virus could slow down the commercialisation. However, with the current cash position and the low OPEX base, the company is funded throughout the next twelve months, even if the pandemic cause further delays.

We argue that aXichem is better positioned now than before the pandemic hit the world and in the remainder of this update, we will explain why.

Well-positioned for the commercial phase

Regulatory approvals in place

Apart from GRAS Feed in the US, aXichem has all regulatory approvals in place to take the company from a development phase to a commercial phase. However, the company is actively working to get the GRAS Feed approval. We initially expected an approval by the end of 2020 but the process has been delayed due to the pandemic. We hope to see an approval before the end of this year but, once again, want to emphasize that it is a hard exercise to estimate time frames when it comes to regulatory processes.

Furthermore, aXichem is working with a regulatory approval in Thailand which we see as very interesting as the sales potential in the country is huge. The company has communicated that it aims to file for an approval during this year.

All in all, we judge that aXichem has the most relevant regulatory approvals in place to enter the commercial phase that investors have been waiting for.

Solid performance during the pandemic

The COVID-19 pandemic has impacted all businesses across the globe. When the pandemic hit the global economy, aXichem was on the verge to commercialise its products and had just started to get everything in place, such as distribution agreements, partnerships for large scale production as well as clinical results that proves the benefits of phenylcapsaicin. Even though aXichem has been affected by delays and recorded fewer orders, we argue that the company has weathered the storm rather well. The reason for this is the low cost base as well as proactive leadership from the management team.

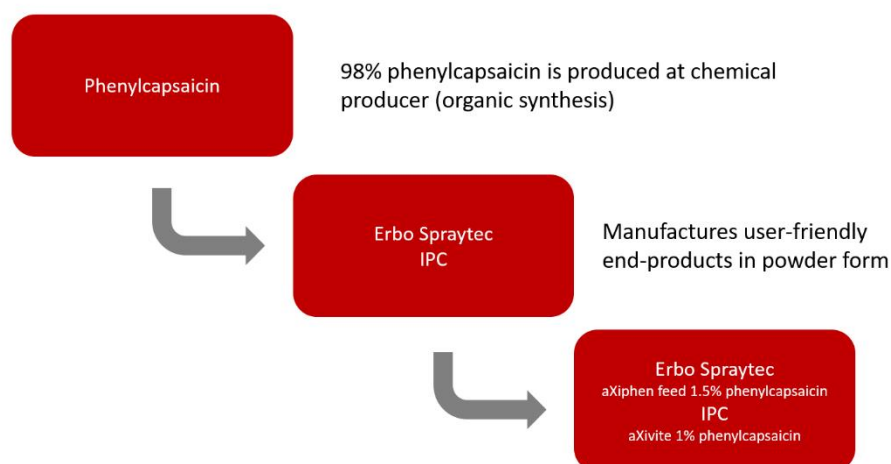
Scalable business model

aXichem operates a business model where the company enters into distribution agreements with well-reputed distribution partners. This enables the company to expand geographically without having to undertake significant investments or build a front-sales organisation in each country. Thus, aXichem benefits from high operating leverage. We think that this strategy is very beneficial for aXichem as it paves the way for a quicker commercialisation. Furthermore, the highly scalable business model together with the low OPEX base will most likely result in high margins once sales starts to ramping up.

Production solved

A controlled increase in production volumes and a long-term sustainable production process is something aXichem has worked hard on recently, even though the pandemic has been delaying the process more than first anticipated. However, the company has managed to take steps forward. Today, aXichem has a process fully adapted to European conditions and produces the first large quantities of raw material, which becomes aXiphem feed at ERBO Spraytech in Switzerland and aXivite at IPC in Germany.

Production chain



Source: aXichem and Redeye Research

Strong distribution network

aXichem is very selective when it comes to its distribution agreements and each partner has been rigorously evaluated on certain criteria. As the agreements generally are exclusive in certain geographies, the choice of partner is crucial. In our view, the company has so far been successful when it comes to choosing the right partners.

In December 2019, aXichem entered into an agreement with Chr. Olesen regarding manufacturing and distribution of phenylcapsaicin and we see the company as an excellent partner for aXichem. During the last two years, aXichem has been working closely with Chr. Olesen and seen extremely good results in one evaluation of aXiphem carried out at 80 different breeding facilities in the Netherlands, where several had major problems with recurrent salmonella. 9 million chickens were fed with aXiphem feed and the results that have previously been seen in other tests, such as increased growth in animals and elimination of salmonella occurrence, was confirmed here on a large scale¹. This resulted in Chr. Olesen placing aXichem's largest order to date worth approximately 2 SEKm in early 2021. We see this as very promising and hope to see similar orders going forward.

Promising study results

aXiphem (phenylcapsaicin) has been validated in various studies over the past years. Adding it to chicken feed has been shown to both prevent salmonella as well as enhance the growth of the chickens. As chicken breeders butcher chickens at a certain size, this renders a larger annual production which in turn results in higher revenues. Additionally, salmonella costs chicken breeders millions of dollars each year, meaning that prevention of salmonella implies huge cost savings. Accordingly, we argue that aXichem has a strong value proposition. Below, we provide an illustrative cost and profitability comparison between aXiphem and traditional and ecological feed.

¹ After just 32 days with aXiphem feed, almost all facilities were free from salmonella, while the problem remained at those facilities where traditional feed was given.

Variable cost per chicken (EUR)

	Ecological	aXiphen	Traditional
Chicken	0.41	0.41	0.32
Feed	3.48	1.40	1.31
Vaccines and medicines	0.13	0.07	0.07
Staff	0.43	0.05	0.03
Waste	0.08	0.04	0.04
Heating	0.16	0.14	0.14
Electricity	0.03	0.10	0.10
Water and water systems	0.54	0.01	0.01
Cleaning and disinfection	0.19	0.30	0.27
Butching	0.52	0.43	0.43
Total	5.97	2.95	2.72

Source: "Comparing the Profitability of Organic and Conventional Broiler Production"; Journal of Poultry Science² and aXichem

The scenario above is based on available information from the poultry industry and aXichem's own calculations. Using aXiphen is slightly more expensive for chicken breeders than traditional feed, but considerably cheaper than ecological feed. However, it is important to keep in mind that the prevention of salmonella, which is the key benefit with aXiphen, could save millions.

Profitability per kg (EUR)

	Ecological	aXiphen	Traditional
Sales price	3.78	2.10	1.89
Variable costs	-2.80	-1.70	-1.59
Gross profit	0.98	0.40	0.30
Fixed costs	-0.23	-0.03	-0.03
Total costs	-3.03	-1.73	-1.62
Net profit	0.75	0.37	0.27

Source: aXichem and Redeye Research

In terms of profitability, ecological breeders can charge a higher price per kg, suggesting a higher profit. However, using aXiphen implies higher profitability than traditional feed. Given the above, there should be strong incentives for chicken breeders to use feed with aXiphen.

When it comes to nutraceuticals, aXichem's product aXivite recently displayed good results in a clinical study, proving that it has a significant effect in decreasing the percentage of body fat while also improving muscle weight - a combination that consumers of weight management products highly appreciate. aXichem is now set to present the results to its multinational partners, that have been carefully selected and who will do the final product development and marketing of the weight management products. We believe we could see some order intake related to aXivite in the coming quarters as a result of a gradual market launch, which should start ramping up once the products have been fully launched. We expect this to take 6-18 months.

² Cobanoglu F, Kucukyilmaz K, Cinar M, Bozkurt M, Catli AU, Bintas E "Comparing the Profitability of Organic and Conventional Broiler Production" *Journal of Poultry Science* 16 (4) 2014

Given the above, we argue that aXichem is well-positioned for the commercial phase, both in animal feed as well as in nutraceuticals.

Market set to grow

Promising outlook in the feed segment post covid

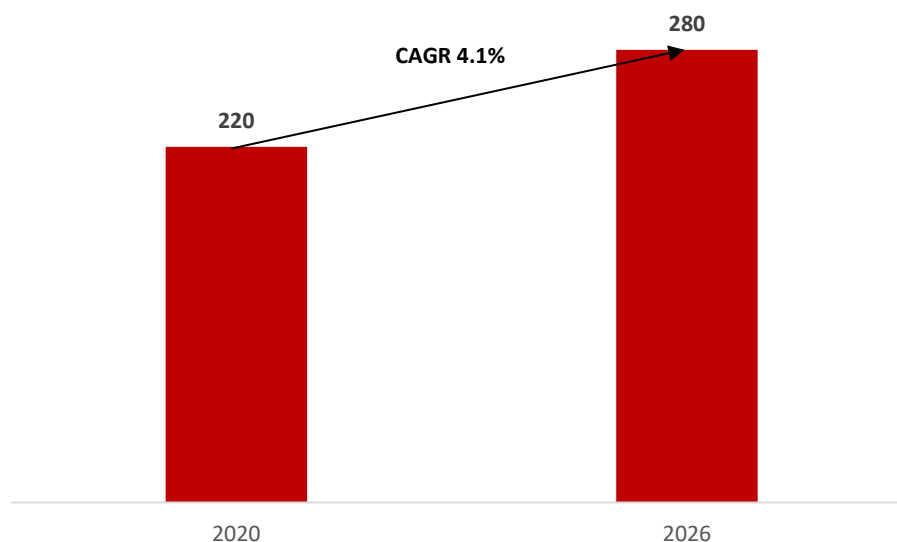
We argue that the outlook for aXichem could potentially be better in a post-pandemic world than before the pandemic. We believe that we will see an increased focus on good animal husbandry going forward which will benefit aXichem.

Another factor that benefits aXichem is the European Union's increased regulatory focus on reducing the use of antibiotics in animal breeding. As antibiotic resistant bacteria are becoming a growing problem, there is an increased focus on using alternative methods to prevent bacteria, such as salmonella, in animal breeding. Since aXichem has well-documented effect with aXiphen when it comes to preventing salmonella, the company will likely benefit from this trend going forward.

Strong underlying growth in both segments

According to Alltech, Mordor Intelligence and Zion Market Research, the poultry feed market was valued at around USD 220bn in 2020 and is expected to reach USD 280bn in 2026, growing at a CAGR of around 4.1%. Europe, China and North America together account for about 50 percent of the total world market for poultry feed. aXichem has conducted studies in both China and Europe which we see as positive as there is a good market potential in these areas. Furthermore, South America, where aXichem has established contacts, has good market potential. In Mexico, regulatory approvals are not needed and thus the road to market is faster while the company works for positive government decisions in the US and Thailand.

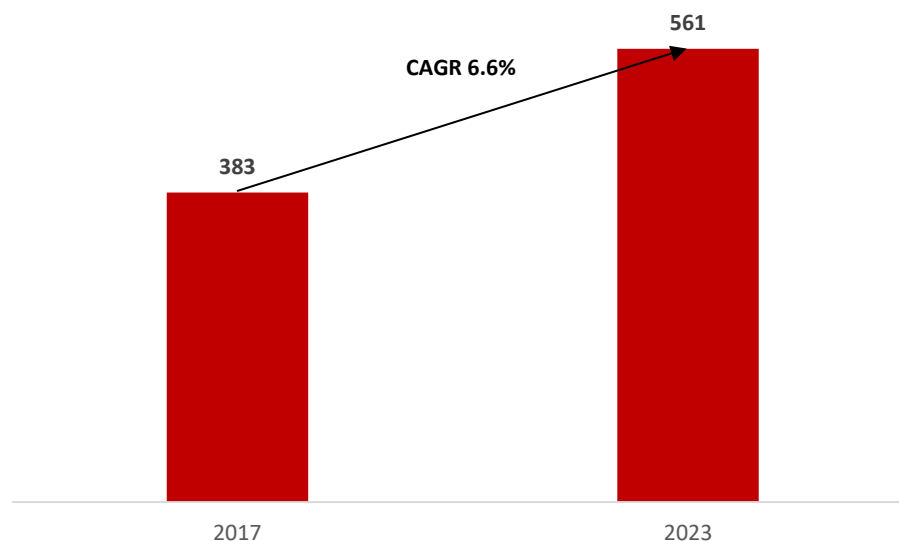
Poultry feed market, 2020-2026 (USDbn)



Source: Alltech, Mordor Intelligence and Zion Market Research

Looking at the nutraceuticals market, it is expected to grow at an even faster pace over the coming years. According to Mordor Intelligence, the global nutraceuticals market was valued at USD 383bn in 2017 and is expected to reach around USD 561bn in 2023, growing at a CAGR of approximately 6.6%.

Global nutraceuticals market, 2017-2023 (USDbn)



Source: Mordor Intelligence

Benefitting from secular trends

In our view, aXichem benefits from several secular trends within both animal feed and nutraceuticals. Some of these trends are summarized below.

Animal feed

- Since 2006, the use of antibiotics as a growth-promoting additive in animal feed has been prohibited
- In January 2022, it will be forbidden to use antibiotics for preventive purposes
- About 20% of European chicken breeders have difficult-to-treat outbreaks of salmonella (often antibiotic resistant)
- Strong pressure to decrease the use of antibiotics in animal breeding
- Requirements for antibiotic-free breeding have become a barrier to trade for many, especially in Asia and South America

Nutraceuticals

- A growing trend to live more healthy
- An increasing awareness and proactivity among consumers to prevent health issues related to an unhealthy lifestyle
- Higher willingness to pay for healthy products

Compelling product portfolio

An ingredient with huge potential

When it comes to aXivite, promising developments have been taken recently. The market for dietary supplements generally does not mean the same large volumes as with animal feed, but it is a market with good margins and a good showcase for the health effects that capsaicins provide - natural as well as natural analogue.

In 2020, aXichem signed a number of distribution agreements in both Europe as well as in the US and virtually all distributors have customers who have started with some form of product development. However, to develop a product based on aXivite takes some time. aXichem's distributor in the US and Canada, Berg Nutrition, is far ahead in the work with its new aXivite product for weight control. Furthermore, the French distributor Actives & Co also has an offensive schedule for a similar product. We judge that aXichem should be able to show examples of more aXivite products and be able to record revenue from sale in the early part of 2022.

Potential in pharma

Another interesting thing is that the company has seen an opportunity to use phenylcapsaicin as an ingredient in drugs. In November 2020, the company filed for a patent application regarding phenylcapsaicin as a substance for the treatment of leaky gut. Leaky gut means that the intestinal wall's protective barrier is weakened and thus releases toxins and bacteria into the bloodstream, which can give rise to a number of different disease states. Leaky gut is a condition that has received increasing attention in recent years, particularly in discussions about the connection between diet and intestinal health.

To properly take care of the opportunities in the pharmaceutical field, without taking focus and resources from aXichem's core business, the subsidiary Incendia Pharma was founded in March. In June, aXichem announced the filing of a new patent application for phenylcapsaicin as a component in the treatment of idiopathic pulmonary fibrosis (IPF). The patent application aims to protect aXichem's product for the usage of treatment of IPF. The disease is characterised by progressive fibrosis, which means that the symptoms will worsen over time. According to research reports, some 5 million people around the world suffer from IPF. Furthermore, there is currently no cure for the disease, and treatment options are limited. Only a few approved drugs are available on the market meaning that there is a high unmet need for safe and effective treatments that can alter the course of IPF by slowing the disease progression.

The filed patent will most likely become an asset in Incendia Pharma after its approval in about 18 months. It will be interesting to follow the development of this application area going forward and also, once the patent is approved, take part of the research performed and more details on the outcome. That will also be the time when it is possible for aXichem to open up for partnership discussions in the pharma area under the Incendia Pharma brand.

As an innovative company, aXichem takes advantage of the vast research and proven clinical data that the company today owns. Costs and resources for this research have been accounted for years ago but the company is still finding new ways of securing future commercial possibilities. Despite being at an early stage and the main focus will continue to be on animal feed and nutraceuticals, we like the company's ambition to continuously explore new opportunities for phenylcapsaicin.

Estimates

We believe that sales will start to ramp up during the end of this year or in the beginning of next year. Our sales and EBIT estimates over the coming 8 years can be seen below.

Estimates, 2021-2028 (SEKm)

aXichem: Estimates	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Sales	3	50	170	291	463	689	948	1,138
EBIT	-18	11	57	102	193	286	372	442
EBIT margin (%)	n.m	23%	33%	35%	42%	42%	39%	39%

Source: Redeye Research

aXichem has a unique ingredient which was already in high demand before the pandemic and there should definitely be additional reasons among politicians and authorities to review animal breeding to avoid new pandemics and diseases from occurring in the future. Furthermore, we view aXichem's progress in nutraceuticals in both the US and Europe as very positive as the revenue potential is good and margins are estimated to be high. The company has found suitable partners and has a good offer in large markets.

In our Base Case scenario, we expect aXichem to gradually scale up its sales and we estimate that the company has a market share of approximately 0.1 % of the total poultry feed market in 2028. We continue to expect aXichem to reach revenue of 18,000 SEK / kg for aXiphen and SEK 150,000 / kg for aXivite. When it comes to production, we assess an average production cost of SEK 5,000 / kg (SEK 8,000 / kg in the upscaling phase down to SEK 3,000 / kg at the end of the period).

Valuation

We value aXichem through a DCF model using a WACC of 13%. We set terminal year to 2030 and apply a terminal growth rate of 2%. For a company like aXichem, with limited sales today but with very high potential, the largest values in our DCF model lies later in the forecast period.

DCF valuation

aXichem: Base case assumptions (SEKm)					
Assumptions	2021-2030	2021-2024	2024-2030	DCF value	
Sales CAGR	98%	376%	28%	WACC	13%
EBIT margin (avg.)	-34%	-142%	38%	PV of FCF	384
				PV of Terminal value	534
Terminal				EV	918
Growth of FCF	2.0%			Net cash	21
EBIT margin	35%				
				DCF Value	939
				Number of shares (m)	17
				Fair value per share (SEK)	57

Source: Redeye Research

We adjust our Base Case upwards to SEK 57 (55) per share while our Bull- and Bear cases remain at SEK 140 and SEK 18 SEK, respectively. After the share's development since the corona outbreak (down by around 60%), we believe the case offers a good risk/reward.

We also provide a sensitivity analysis to show how sensitive our valuation is to changes in WACC and terminal growth rate.

Sensitivity analysis (SEK)

		WACC				
		11.0%	12.0%	13.0%	14.0%	15.0%
Terminal growth rate	1.00%	68	61	54	49	44
	1.50%	70	62	55	50	45
	2.00%	73	64	57	51	46
	2.50%	76	66	58	52	47
	3.00%	79	68	60	53	48

Source: Redeye Research

Income Statement

Income Statement	2018	2019	2020	2021E	2022E	2023E
Revenues	0	0	1	3	50	170
Y/Y Growth (%)	n/a	(12.5%)	275.8%	109.5%	1744.4%	242.2%
Cost of Revenues	0	0	1	0	7	36
Gross Profit	0	0	1	3	43	135
Gross Profit Margin (%)	45.4%	11.7%	51.0%	96.0%	86.9%	79.1%
Selling Expenses	6	6	6	5	12	31
Administrative Expenses	2	4	6	9	13	31
R & D Expenses	-	-	-	3	4	7
Other Op. Expense / (Income)	0	0	0	-	-	-
Exchange Rate Differences	-	-	-	-	-	-
EBITDA	(8)	(11)	(11)	(15)	14	66
EBITDA Margin (%)	(2133.7%)	(3083.1%)	(874.8%)	(563.5%)	27.9%	38.5%
Depreciation	1	2	2	0	0	0
Amortization	-	-	-	10	8	7
Amortization of Right-to-Use Assets	-	-	-	-	-	-
EBIT	(10)	(12)	(14)	(25)	6	59
EBIT Margin (%)	(2465.8%)	(3628.0%)	(1048.3%)	(937.5%)	12.1%	34.4%
Associated Income / (loss)	-	-	-	-	-	-
Interest Income	(0)	-	-	-	-	-
Interest Expenses	0	0	-	-	-	-
Interest Expenses, Lease Liabilities	-	-	-	-	-	-
Exchange Rate Differences	-	-	-	-	-	-
Non-recurring Income / (Expenses)	-	-	-	-	-	-
EBT	(10)	(13)	(14)	(25)	6	59
Income Tax Expenses	-	-	-	-	-	-
Effective Tax Rate (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Controlling Interests	-	-	-	-	-	-
Net Income	(10)	(13)	(14)	(25)	6	59
Non-Recurring Items / (Loss), Post Tax	-	-	-	-	-	-
Recurring Net Income	(10)	(13)	(14)	(25)	6	59

Balance Sheet

Balance Sheet	2018	2019	2020	2021E	2022E	2023E
Current Assets						
Cash & Equivalents	4	31	12	20	52	87
Inventories	0	1	1	0	4	24
Accounts Receivable	0	1	1	0	8	28
Other Current Assets	-	-	-	0	1	3
Total Current Assets	4	33	14	21	66	143
Non-Current Assets						
Property, Plant & Equipment, Net	0	0	0	0	1	2
Goodwill	-	-	-	-	-	-
Intangible Assets	34	36	41	31	25	23
Right-of-Use Assets	-	-	-	-	-	-
Shares in Associates	-	-	-	-	-	-
Other Long-Term Assets	-	0	-	-	-	-
Total Non-Current Assets	34	36	41	31	26	25
Total Assets	38	69	56	52	92	168
Current Liabilities						
Short-Term Debt	4	-	-	23	-	-
Short-Term Lease Liabilities	-	-	-	-	-	-
Accounts Payable	1	1	1	0	2	12
Advances From Customers	0	0	1	-	-	-
Prepaid Income	-	-	-	-	-	-
Accrued Expenses	-	-	-	0	2	5
Other Current Liabilities	4	0	0	0	2	9
Total Current Liabilities	9	2	2	24	7	25
Non-Current Liabilities						
Long-Term Debt	-	-	-	-	-	-
Long-Term Lease Liabilities	-	-	-	-	-	-
Other Long-Term Liabilities	-	-	-	-	-	-
Other Long-Term Liabilities, % of Rev.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Non-current Liabilities	-	-	-	-	-	-
Non-Controlling Interest	-	-	-	-	-	-
Shareholder's Equity	29	67	54	28	84	143
Book Value Per Share	1.9	4.2	3.4	1.8	5.3	9.0
Total Liabilities & Equity	38	69	56	52	92	168

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

People: 4 (Unchanged)

Business: 3 (Unchanged)

Financials: 1 (Unchanged)

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.

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Disclaimer

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Redeye AB ("Redeye" or "the Company") is a specialist financial advisory boutique that focuses on small and mid-cap growth companies in the Nordic region. We focus on the technology and life science sectors. We provide services within Corporate Broking, Corporate Finance, equity research and investor relations. Our strengths are our award-winning research department, experienced advisers, a unique investor network, and the powerful distribution channel redeye.se. Redeye was founded in 1999 and since 2007 has been subject to the supervision of the Swedish Financial Supervisory Authority.

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Redeye Rating (2021-09-07)

Rating	People	Business	Financials
5p	19	15	3
3p - 4p	101	78	37
0p - 2p	6	33	86
Company N	126	126	126

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Erik Nordström owns shares in the company : No

Mattias Ehrenborg owns shares in the company : No

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.