

# Alelion Energy Systems

Sector: Cleantech

## Impressive cost reductions and on the verge of series production

Redeye believes Alelion reported undramatic Q3'20 figures. Sales declined y-o-y due to previously announced reasons, and slightly lower production activity than anticipated due to Covid-19. We believe this is more of a short-term timing effect rather than a long-term issue. Furthermore, very impressive cost reductions were reported, lowering y-o-y OPEX significantly.

### Undramatic report but impressive cost reductions

Alelion reported Q3'20 sales of SEK 1.1m, implying a drastic y-o-y decline from SEK 11.7m in Q3'19. The lower sales figure is primarily due to, which has been stated many times before, Alelion's previous warehouse logistics customers deciding to produce batteries in-house. We expected sales of SEK 6.3m, and this deviation is due to lower production activity than expected, primarily due to Covid-19. We believe this is more of a short-term timing issue than a long-term concern. Furthermore, reported OPEX came in at SEK -12.0m relative to Q3'19 OPEX of SEK -19.4 - a very impressive cost reduction, and a development we applaud. This cements our belief in the expected lower OPEX base going forward. All in all, this resulted in EBITDA of SEK -12.5 relative to our estimate of SEK -10.5m.

### Alelion standing on the verge of series production

Alelion is on the verge of entering series production, with 2 SEK 8m orders set to be produced and delivered to Terberg in Q1'21 and beyond. We understand the vehicles are meant to be used in ports, and with the industry recovering from Covid-19, we see additional orders, both from existing and new customer, could be booked going forward – which is also included in our base case going forward.

### Base case remains intact at SEK 0.6 per share

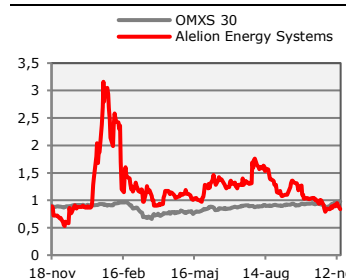
In this Update, we slightly lower our near-term sales figures on the back of slightly lower activity than expected. In addition, we lower our cost assumptions going forward, on the back of impressive Q3'20 cost control – making us slightly increase our EBITDA assumptions for '21e-'22e. All in all, we keep our base case of SEK 0.6. Our bear case is SEK 0.1, while the bull case is SEK 2.8. The wide valuation range reflects the very high uncertainty and the very high potential in the case.

KEY FINANCIALS (SEKm)	2018	2019	2020E	2021E	2022E	2023E
Net sales	185	92	19	47	89	184
EBITDA	-26	-43	-51	-40	-27	-1
EBIT	-32	-66	-70	-54	-41	-14
EPS (adj.)	-0.7	-0.5	-0.3	-0.3	-0.2	-0.1
EV/Sales	2.5	1.5	9.4	5.2	3.3	1.7
EV/EBITDA	-17.3	-3.3	-3.6	-6.1	-10.8	-340.9
EV/EBIT	-14.1	-2.2	-2.6	-4.5	-7.2	-22.4
P/E	-11.4	-1.6	-2.3	-2.9	-3.6	-7.0

### FAIR VALUE RANGE

BEAR	BASE	BULL
0.1	0.6	2.8

### ALELIO.ST VERSUS OMXS30



### REDEYE RATING



### KEY STATS

Ticker	ALELIO.ST
Market	First North
Share Price (SEK)	0.8
Market Cap (MSEK)	172
Net Debt 20E (MSEK)	8
Free Float	60 %
Avg. daily volume ('000)	500

### ANALYSTS

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## Q3'20 report wrap-up

Alelion reported Q3'20 sales of SEK 1.1m, implying a drastic y-o-y decline from SEK 11.7m in Q3'19. The lower sales figure is primarily due to, which has been stated many times before, Alelion's previous warehouse logistics customers deciding to produce batteries in-house. Redeye estimated sales of SEK 6.3m, whereas reported sales came in SEK 5.2m lower. This deviation is due to lower activity than expected from ongoing current projects, partly caused by Covid-19. Alelion is now standing on a wider customer base as opposed to a few years ago, and we believe this has dampened the risk in customer concentration. For instance, we understand customer activity has been low in material handling in airports, whereas ports and other areas have been significantly better. While the Kamag order is primarily for the airport industry, its negative effects are somewhat offset by the Terberg orders are primarily for material handling in ports where the effects from Covid-19 have been relatively better.

### Significantly lower cost base

Personnel expenses came in at SEK -6.4m, a y-o-y decline of SEK 0.8m from SEK -7.2m. Other external costs came in at SEK -5.6m, a y-o-y decline of SEK 6.7m from SEK -12.6m. Q3'20 OPEX thus came in at SEK -12.0m relative to Q3'19 OPEX of SEK -19.4. This is a very positive result of significantly improved cost control and rationalisations. We understand Alelion is aware that the cost base needs to be tightened given current sales volumes, which they have highlighted before, and they are continuously showing their progression in the field by reporting lowered OPEX. We believe this will be key together with volume increases going forward.

Outcome vs Estimate					
SEKm	2018 Q3	2019 Q3	2020 Q3	2020 Q3E	Diff
<b>Group</b>					
Net sales	33,2	11,7	1,1	6,3	-83%
EBITDA	-11,7	-9,3	-12,5	-10,1	-23%
Adj. EBITDA	-11,7	-9,3	-12,5	-10,1	-23%
Net sales growth	26%	-65%	-91%	-46%	
EBITDA margin	-35%	-79%	-1157%	-161%	

Source: Redeye Research

All in all, EBITDA came in at SEK -12.5m, relative to our estimate of SEK -10.1m – despite sales coming in SEK 5m lower than expected. This EBITDA deviation is explained by better cost control than previously expected, which is a development we applaud. We believe this trend should continue going forward and adjust our estimates accordingly.

Q3'20 Order intake came in at SEK 7.8m, an increase from SEK 6.1m in Q3'19, however lower than Q2'20 order intake of SEK 13.8m. The order intake is primarily due to the previously announced Terberg order of SEK 8m. as previously mentioned, we understand Covid-19 has had a clear negative impact on Alelion and its customers, as they are involved in all sorts of material handling and have been negatively impacted by Covid-19. Furthermore, lead times and decision-making processes are negatively impacted by the current pandemic.

### New CFO and Sales & Marketing director now onboard

Alelion also announced they recruited a new CFO and a sales and marketing director. This is very positive news as an interim solution was used for the CFO role. We also understand Alelion is increasing its focus on sales & marketing since CEO Åsa Nordström took office, and a sales & marketing director has now been recruited. This is further demonstrating their will to succeed in the area, which could be crucial in the future. We also understand efforts are being made in the development department to strengthen processes and shorten the time of projects – as a result, internal organizational changes and new recruitments have been made. In the production department, we understand personnel has been short-term laid off during the quarter to keep competence during a period of lower production volumes. We believe this is very positive, as useful competence and know-how could go foregone otherwise – meanwhile production personnel costs are temporarily slightly lowered.

We also wish to highlight that the short-term layoffs mentioned in the quarter within production amounted somewhere up to 40%, in an area covering 7-8 FTE, but are now decreasing as production volumes are increasing. We find this a very positive signal, showing production of Q1'21 deliveries are underway.

### Customer progression

We understand, however, Alelion is on the verge of starting series production of battery systems for customer Terberg, resulting from a 2-year relationship where 3 initial orders have been placed, of which the latest one in the quarter of SEK 8m. The first order is set to be delivered in Q1'21, and we believe series production could be initiated not too far away in time of that. This is very encouraging news, demonstrating the importance of long-term relationship building and persistence while meeting tough customer requirements. We therefore expect ramp-up in production beyond Q1'21 and expect additional follow-up orders to be press released.

We find it encouraging that Alelion communicate in a positive manner in the Q3 report regarding volume increases, as we understand they have a good dialogue with their customers, and with lead times being relatively long the visibility should be solid in the short- to mid-term. Furthermore, most parts for production are being sourced from Sweden and Europe, apart from battery cells that are sourced from Asia, but we understand no issues have occurred in the supply chain regarding component deliveries which is very comforting giving the current circumstances.

Going forward, we expect the 2 Terberg orders, of SEK 8m each, being delivered with start Q1'21. We previously expected the Kamag order to start delivering sales, but as the project is largely attributable to vehicles operating in airports, we believe the general demand will be dampened in the short term and postponed to the future.

### Funding secured

Alelion recently announced that the rights issue of shares has been completed and was oversubscribed, enabling an overallotment option being exercised. Through the rights issue and overallotment option, Alelion has been provided with a total of SEK 68.2m before deductions for costs related to the rights issue. This should keep Alelion funded for at least 1 year going forward. In addition, a total of 75.8m warrants were issued. Upon full utilization of these warrants, in May-21, an additional SEK 25-44m could be injected to Alelion post fees.

Rights issue effect							
SEKm	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q1'20-Q2'21
<b>Number of shares, m</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>223</b>	<b>223</b>	<b>248</b>	<b>248</b>
Additional shares, m				76		25	101
Number of share if full exercise, m							
<b>Dilution, %</b>				<b>34%</b>		<b>10%</b>	<b>41%</b>
<b>Equity injection pre fees, SEK m</b>				<b>68</b>		<b>22-44</b>	<b>90-112</b>
Fees, SEK m				6		2	8
<b>Equity injection post fees, SEK m</b>				<b>62</b>		<b>20-42</b>	<b>82-104</b>

Source: Redeye Research

## Minor estimate revisions

We believe the report was relatively in line, with slightly lower production activity than expected, partly caused by Covid-19 – causing lead times and decision-making processes taking longer time. This is fully understandable, and we believe this is more of a timing effect than long term concern, however. We therefore keep our sales curve relatively intact, with slightly lower 2020 sales on the back of a slightly weaker Q3 than expected.

The massive y-o-y cost reductions of Q3'20 is very positive, and we therefore adjust our '20e estimates accordingly. We also update our 2021-22 estimates, and further improve our already lowered cost assumptions. Our EBITDA estimates are therefore slightly improved, despite the lower expected sales, as cost reductions offer a cushion effect. All in all, this is all very positive news, and cement further confidence in our cost estimates going forward.

Alelion - Estimate changes			
SEKm	2020E	2021E	2022E
<b>Revenues</b>			
Old	25	50	95
New	19	47	89
% change	<b>-24%</b>	<b>-7%</b>	<b>-7%</b>
<b>EBITDA</b>			
Old	<b>-49</b>	<b>-41</b>	<b>-31</b>
margin	-193%	-82%	-33%
New	<b>-51</b>	<b>-40</b>	<b>-27</b>
margin	-264%	-86%	-31%
% change	<b>-4%</b>	<b>2%</b>	<b>13%</b>

Source: Redeye Research

## Financial projections

Redeye Financial Forecasts: Alelion Energy Systems									
SEKm	2019	Q1'20	Q2'20	Q3'20	Q4'20E	2020E	2021E	2022E	2023E
Net sales	92	6	3	1	9	19	47	89	184
EBITDA	-43	-12	-14	-13	-11	-51	-40	-27	-1
D&A	-23	-5	-5	-5	-5	-19	-14	-14	-13
EBIT	-66	-17	-19	-18	-16	-75	-54	-41	-14
Net Financials	-13	-1	-1	-1	-2	-4	-4	-8	-11
<b>Net Earnings</b>	<b>-78</b>	<b>-24</b>	<b>-23</b>	<b>-14</b>	<b>-17</b>	<b>-79</b>	<b>-58</b>	<b>-48</b>	<b>-24</b>
EPS (SEK)	-0,86	-0,12	-0,14	-0,13	-0,12	-0,35	-0,26	-0,22	-0,11
Sales growth Y/Y	-50%	-85%	-90%	-91%	17%	-79%	143%	90%	108%
Gross margin	12%	33%	-14%	-130%	20%	9%	25%	29%	32%
EBITDA margin	-46%	-199%	-454%	-1157%	-120%	-264%	-86%	-31%	-1%
EBIT margin	-71%	-283%	-616%	-1630%	-177%	-392%	-116%	-46%	-8%

Source: Redeye Research

## Valuation:

### Special Vehicles is the case.

Warehouse Logistics was Alelion's core business but in just two quarters, sales almost entirely ceased. We believe there are still opportunities in the segment, but that Special Vehicles now should be the key focus for the company. Market demand is strong for electrifying vehicles in for example ports, mines, and in airports, and Alelion has a good offering within more advanced solutions. Energy management provides a competitive edge and a more scalable offering.

### WACC of 13%.

A central part of our valuation is the weighted average cost of capital (WACC). Redeye uses a proprietary rating model, Redeye Rating, to estimate a WACC that reflects the company's qualities and risks on several parameters. In our rating of Alelion, we estimate a WACC of 13%, which is used in all three scenarios. Read more about our Rating on page 6.

### Base case scenario

In our base case of SEK 0.6, Alelion benefits from the electrification wave and leverages its expertise in lithium-ion and battery module technology. The company gains a prominent position in targeted niche industries, expands with new customers and larger orders. Its energy management system raises margins and contributes to earnings. In this scenario, Alelion grows at a CAGR of 22% 2019-2027. It reaches positive EBIT by 2024, while the EBIT margin peaks at 11% 2026. Terminal growth is 2% and terminal EBIT 8%. Our WACC is 13%

<b>Alelion: Base case</b>			
<b>Assumptions</b>	<b>2020-23</b>	<b>2024-30</b>	<b>DCF-value</b>
CAGR Sales	112%	15%	WACC 13%
EBIT margin (avg)	-134%	9%	Net present value FCF 52
			Net present value of Terminal 85
<b>Terminal</b>			EV 137
Terminal growth FCF	2%		Net debt -14
Terminal EBIT margin	8%		Value assoc. companies 0
Exit EV/EBIT multiple	7x		Value minorities 0
			<b>DCF-value 123</b>
			<b>Estimated Fair value 0,6</b>
			Current share price 0,7

Source: Redeye Research

### Bear case scenario

In our bear case of SEK 0.1, delays in the market and fierce competition hold back growth and decrease profitability margins. As a result, the company expands at a CAGR of 3% 2019-2027. In this pessimistic scenario, Alelion is struggling to become profitable and reaches EBIT break-even by 2027. Our terminal growth is 2% and terminal EBIT 1%. Our WACC is 13%.

### Bull case scenario

In our bull case valuation of SEK 2.8, we project that Alelion wins larger orders and successfully raises its profitability through benefits of scale and specialized niche solutions. As a result, the company accelerates its expansion at a CAGR of 38% 2019-2027. In this scenario, Alelion reaches a positive EBIT by 2024 and a peak margin of 16% in 2026. Our terminal growth is 2% and terminal EBIT 12%. Our WACC is 13%.

## Investment Case

### Rising demand for energy reductions

Alelion is fulfilling its end customers' desires and regulatory requirements to lower energy consumption. Its products have proved to both reduce power costs and environmental impact. We view the company's value proposition and business case as attractive.

### Industrialization improves efficiency

Alelion made a breakthrough and reached SEK 100+m in sales 2017. It is now automating manufacturing in a proprietary facility to scale up sales and lower production costs. We believe the transformation will reduce component costs by 30% in 2020, significantly improving its competitiveness and time to market in its niches.

### Attractive growth prospects

As a pioneer in the introduction of lithium-ion technology in the Warehouse Logistics segment, Alelion is now broadening its portfolio. Special purpose vehicles at airports, mines, and ports are all necessary to electrify. The demanding environments require relatively few vehicles but specialized solutions – enabling Alelion to charge higher prices. We are optimistic about the opportunities, supported by orders until this point of time.

### Builds competitive advantages

Alelion couples its first-mover advantage position with an intelligence edge; batteries are both smart and of high performance. The company's battery management system (BMS) is a software with a guidance tool for optimal usage and control. Alelion is also developing an intelligent energy storage system (AIES) based on the technology acquired in the Siemens spin-off Caterva. The solutions add value to the hardware products, can raise profitability margins for Alelion, and has the potential to create switching costs among customers.

## Bear points

### Capital intensive business

In-house manufacturing is a competitive strength, while it is also capital intensive with assembly lines, testing stations, and inventory. To fund the production, Alelion has recently conducted a rights issue of SEK 68m. We view additional funding as likely before break-even.

### Challenging market dynamics

The electrification wave is benefiting Alelion, but also spurs competition. Commoditization and low-cost providers threaten the industry's profitability. Alelion is targeting niche market segments and develops customized solutions for challenging environments. As a result, it should leverage its profound expertise within energy management and keep up its margins.

### Customer concentration risk

95% of Alelion's revenues in 2018 came from two of the world's leading OEMs within Warehouse Logistics. These are valuable reference customers, validating the products. However, as seen in the most recent year, it also creates a high dependence and risk as they now seem to have ceased orders. Alelion is expanding in other verticals, which gradually could reduce the customer concentration risk. However, if serial production starts, the risk of customer concentration is likely to increase rapidly given the current low volumes.

## 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: No changes

#### People: 4

The People rating is based on quantitative scores in seven sub-categories: Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board. The company's CEO, Åsa Nordström, was appointed in December 2019 but has worked for Alelion since 2016. Our impression is that Nordström is a motivated leader figure and that management has relevant sector experience. In our rating assessment, Alelion gains the highest points from its qualified and experienced board, including both principal shareholders and the company's founder. As such, we argue that it appears to be both objective and efficient. Capital Allocation and Execution receive lower scores at this point, as Alelion has changed strategic direction and issued new shares. We deem the Compensation to executives reasonable and that the company has a strong and capable Ownership. Communication with shareholders is open and honest. We believe it could become more clear and detailed, although we appreciate the realistic explanations for the business's difficulties.

#### Business: 2

The Business rating is based on quantitative scores in five sub-categories: Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks. Alelion receives the highest scores in Value Proposition and Business Scalability. The company has a well-defined and consistent strategy to grow the business organically and has a history of successful expansion into new markets. Alelion's target customer segments are also clearly communicated and the products solve a genuine customer need. The business has organic sales growth potential over the medium term, but does not operate in a highly profitable industry or with limited competition. Due to the challenging market structure, we do not believe Alelion currently has the ability to raise prices without losing customers. The company also faces operational risks; customer concentration, and dependence on the economic cycle as well as commodity prices. On the positive side, we do not view the company's revenues as heavily regulated by governments.

#### Financials: 1

The Financials rating is based on quantitative scores in five sub-categories: Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality. Alelion demonstrated an impressive sales growth of 158% CAGR between 2015-2018. In 2019, its sales declined by 50% and at an accelerating pace. Due to substantially lower volumes, the margins dropped and the company recorded a loss of SEK 78m. Without consistent earnings power or positive profit margins, Alelion scores low in these aspects. We expect the company to grow sales from its current levels, while we also view additional funding necessary before break-even.

INCOME STATEMENT	2018	2019	2020E	2021E	2022E
Net sales	185	92	19	47	89
Total operating costs	-212	-135	-70	-87	-116
EBITDA	-26	-43	-51	-40	-27
Depreciation	-4	0	-7	-6	-6
Amortization	-1	-23	-12	-8	-7
Impairment charges	0	0	0	0	0
EBIT	-32	-66	-70	-54	-41
Share in profits	0	0	0	0	0
Net financial items	-4	-13	-4	-4	-8
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	-36	-78	-74	-58	-48
Tax	0	0	0	0	0
Net earnings	-36	-78	-74	-58	-48

BALANCE SHEET	2018	2019	2020E	2021E	2022E
<b>Assets</b>					
<i>Current assets</i>					
Cash in banks	36	23	27	0	1
Receivables	25	6	3	7	12
Inventories	58	42	29	37	40
Other current assets	0	9	9	9	9
Current assets	118	80	68	54	62
<i>Fixed assets</i>					
Tangible assets	22	32	30	29	28
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	3	3	2	2	2
Cap. exp. for dev.	0	0	0	0	0
Intangible rights	54	60	53	50	47
Non-current assets	0	0	0	0	0
Total fixed assets	80	95	85	81	77
Deferred tax assets	0	0	0	0	0
Total (assets)	198	175	153	135	140
<b>Liabilities</b>					
<i>Current liabilities</i>					
Short-term debt	47	2	0	18	30
Accounts payable	26	8	2	5	10
Current liabilities	12	14	14	14	15
Current liabilities	85	24	15	37	55
Long-term debt	31	36	35	54	90
Long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	116	60	50	91	144
Deferred tax liab	0	0	0	0	0
Provisions	11	5	5	5	5
Shareholders' equity	71	110	97	39	-10
Minority interest (BS)	0	0	0	0	0
Minority & equity	71	110	97	39	-10
Total liab & SE	198	175	153	135	140

FREE CASH FLOW	2018	2019	2020E	2021E	2022E
Net sales	185	92	19	47	89
Total operating costs	-212	-135	-70	-87	-116
Depreciations total	-6	-23	-19	-14	-14
EBIT	-32	-66	-70	-54	-41
Taxes on EBIT	0	0	0	0	0
NOPLAT	-32	-66	-70	-54	-41
Depreciation	6	23	19	14	14
Gross cash flow	-26	-43	-51	-40	-27
Change in WC	5	9	10	-9	-2
Gross CAPEX	-51	-38	-10	-10	-10
Free cash flow	-72	-71	-51	-59	-39

CAPITAL STRUCTURE	2018	2019	2020E	2021E	2022E
Equity ratio	36%	63%	64%	29%	-7%
Debt/equity ratio	109%	34%	36%	188%	-1,237%
Net debt	42	14	8	72	118
Capital employed	113	124	105	111	109
Capital turnover rate	0.9	0.5	0.1	0.3	0.6

GROWTH	2018	2019	2020E	2021E	2022E
Sales growth	35%	-50%	-79%	143%	90%
EPS growth (adj)	18%	-28%	-38%	-21%	-17%

DCF VALUATION		CASH FLOW, MSEK	
WACC (%)	13.0 %	NPV FCF (2020-2021)	-72
		NPV FCF (2022-2028)	98
		NPV FCF (2029-)	111
		Non-operating assets	23
		Interest-bearing debt	-38
		Fair value estimate MSEK	123
Assumptions 2020-2026 (%)			
Average sales growth	65.9 %	Fair value e. per share, SEK	0.6
EBIT margin	-73.3 %	Share price, SEK	0.8

PROFITABILITY	2018	2019	2020E	2021E	2022E
ROE	-41%	-86%	-71%	-86%	0%
ROCE	-24%	-44%	-50%	-45%	-37%
ROIC	-41%	-58%	-56%	-51%	-37%
EBITDA margin	-14%	-47%	-264%	-86%	-31%
EBIT margin	-17%	-71%	-365%	-116%	-46%
Net margin	-20%	-85%	-385%	-125%	-55%

DATA PER SHARE	2018	2019	2020E	2021E	2022E
EPS	-0.74	-0.53	-0.33	-0.26	-0.22
EPS adj	-0.74	-0.53	-0.33	-0.26	-0.21
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	0.85	0.10	0.04	0.32	0.53
Total shares	49.13	147.38	223.18	223.18	223.18

VALUATION	2018	2019	2020E	2021E	2022E
EV	454.6	142.6	180.2	243.8	290.3
P/E	-11.4	-1.6	-2.3	-2.9	-3.6
P/E diluted	-11.4	-1.6	-2.3	-2.9	-3.6
P/Sales	2.2	1.4	9.0	3.7	1.9
EV/Sales	2.5	1.5	9.4	5.2	3.3
EV/EBITDA	-17.3	-3.3	-3.6	-6.1	-10.8
EV/EBIT	-14.1	-2.2	-2.6	-4.5	-7.2
P/BV	5.8	1.2	1.8	4.5	-17.8

SHARE PERFORMANCE		GROWTH/YEAR	18/20E
1 month	-24.5 %	Net sales	-67.8 %
3 month	-48.7 %	Operating profit adj	47.5 %
12 month	-13.5 %	EPS, just	-33.0 %
Since start of the year	-11.5 %	Equity	16.5 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Fouriertransform AB	29.2 %	29.2 %
Pegroco Invest AB (Publ)	9.9 %	9.9 %
Sammaj AB	1.7 %	1.7 %
Avanza Pension	1.6 %	1.6 %
Gunvald Berger	0.9 %	0.9 %
JRS Asset Management AB	0.5 %	0.5 %
Magnus Hellberg	0.4 %	0.4 %
Henrik Hovlind	0.3 %	0.3 %
Kenn Rasmussen	0.3 %	0.3 %
Anders Westling	0.3 %	0.3 %

SHARE INFORMATION	
Reuters code	ALELIQ.ST
List	First North
Share price	0.8
Total shares, million	223.2
Market Cap, MSEK	171.9

MANAGEMENT & BOARD	
CEO	Åsa Nordström
CFO	Peter Nyström
IR	
Chairman	Jan Forsberg

FINANCIAL INFORMATION	
FY 2020 Results	February 12, 2021

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## 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

### Important information

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 redev.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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### Recommendation structure

Redeye does not issue any investment recommendations for fundamental analysis. However, Redeye has developed a proprietary analysis and rating model, Redeye Rating, in which each company is analyzed and evaluated. This analysis aims to provide an independent assessment of the company in question, its opportunities, risks, etc. The purpose is to provide an objective and professional set of data for owners and investors to use in their decision-making.

### Redeye Rating (2020-11-18)

Rating	People	Business	Financials
5p	21	16	3
3p - 4p	105	87	40
0p - 2p	5	28	88
Company N	131	131	131

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### CONFLICT OF INTERESTS

Mattias Ehrenborg. owns shares in the company : No

Henrik Alveskog. 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.