

Cybersecurity drive growth

The Cybersecurity segment pushed Q2 Group Revenues and Sales above our estimates, despite a weaker than expected result for NRD Companies. In this report, we will highlight the Cybersecurity segment.

Cybersecurity shines

The NRD Cybersecurity segment (CS) Q2/21 Sales grew 115% y-on-y to EUR 1.3m, almost doubling our estimate of EUR 0.7m (12% est. growth). The NRD CS Q2/21 EBIT was more than 4x higher than our estimate (EUR 0.323m vs. est. 0.075m) resulting in an EBIT margin of 24.7% (est. 11.0%). This more than offset the NRD Companies segment's lower than expected Sales and EBIT.

Cybersecurity outlook is strong

According to Mordor Intelligence, the global cybersecurity market estimated CAGR (2021-26) is 14.5%. Looking at the reported Q2/21 sales growth of cybersecurity companies, the current market growth seems to be around 20%. We believe the NRD CS segment is well positioned to profit from the strong cybersecurity market, which seems to have been triggered by the pandemic work-from-home trend.

Profit estimates raised

We raise our portfolio companies' EBIT estimates by around 20-30% in the forecast period 2021-23. Our sum-of-the-parts Base case motivated share price of EUR 3.00 is reiterated, indicating an upside of around 13%.

Key figures (MEUR)

	2019	2020	2021E	2022E	2023E
Holding company					
FV Financial assets*	25.912	32.652	38.277	46.974	55.446
Change Financial assets	1.279	6.740	5.625	8.697	8.473
Other income	0.185	0.150	0.170	0.170	0.170
Total income	1.464	6.890	5.795	8.867	8.643
Operating expenses	-0.531	-0.588	-0.787	-0.680	-0.690
Accrued perf. fee	0.000	-1.535	-1.591	-1.678	-1.763
Net profit	0.933	4.767	3.417	6.509	6.190
Portfolio companies					
Revenue (m)	32.9	34.3	35.8	41.1	46.3
EBIT (m)	0.9	1.7	3.4	4.7	5.9
Revenue growth	5.0%	4.3%	4.4%	14.7%	12.5%
EBIT margin	2.7%	5.1%	9.4%	11.5%	12.8%
P/Sales	1.03	0.99	0.94	0.82	0.73

Source: Company data, Enlight Research estimates

Fair value range (EUR)

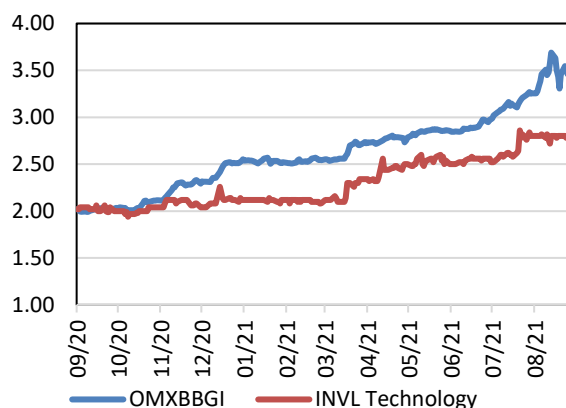
Bull P/Sales 1.4x	3.66
Base P/Sales 1.2x	3.00
Bear P/Sales 0.9x	2.33

Key Data

Price (EUR)	2.66
Ticker	INC1L
Country	Lithuania
Listed	Vilnius (Lithuania)

Market Cap (EURm)	32
Net debt (EURm)	-2.4

Shares (m)	12
Free float	35.62 %



Price range

52-week high	2.86
52-week low	1.94

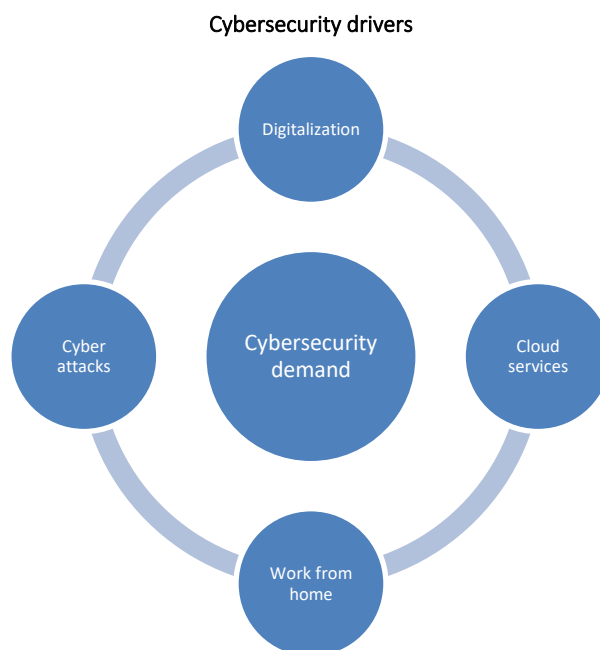
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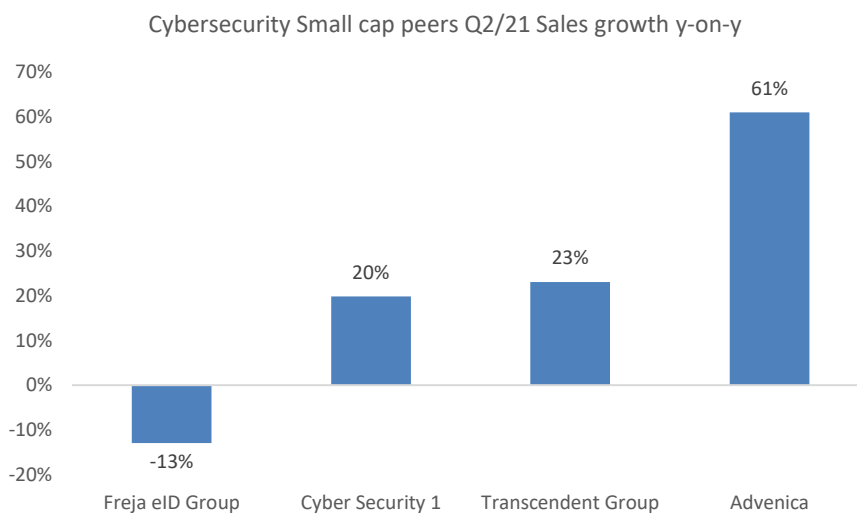
Cybersecurity highlight

Underlying market drivers augmented by pandemic

The trend to digitalize and move to cloud services combined with an increasing number of cyber-attacks have driven the demand for cybersecurity services for many years. These drivers have been greatly augmented by the pandemic driven work-from-home trend, catapulting the demand for cybersecurity services. The strong demand was evident in NRD CS as well as peer companies Q2/21 sales growth. For example, three out of the four small cap cybersecurity peers we identified in Sweden posted Q2/21 y-on-y Sales growth of 20-60% (one had negative growth of 13%). Advencia, which we regard as most alike to NRD CS, both in terms of client offer and size, posted a Q2/21 Sales growth of 61% (NRD CS Q2/21 sales growth was 114%). We believe the pandemic has triggered the demand for cybersecurity services for years to come i.e., it is not just a pandemic phenomenon.



Source: Enlight Research



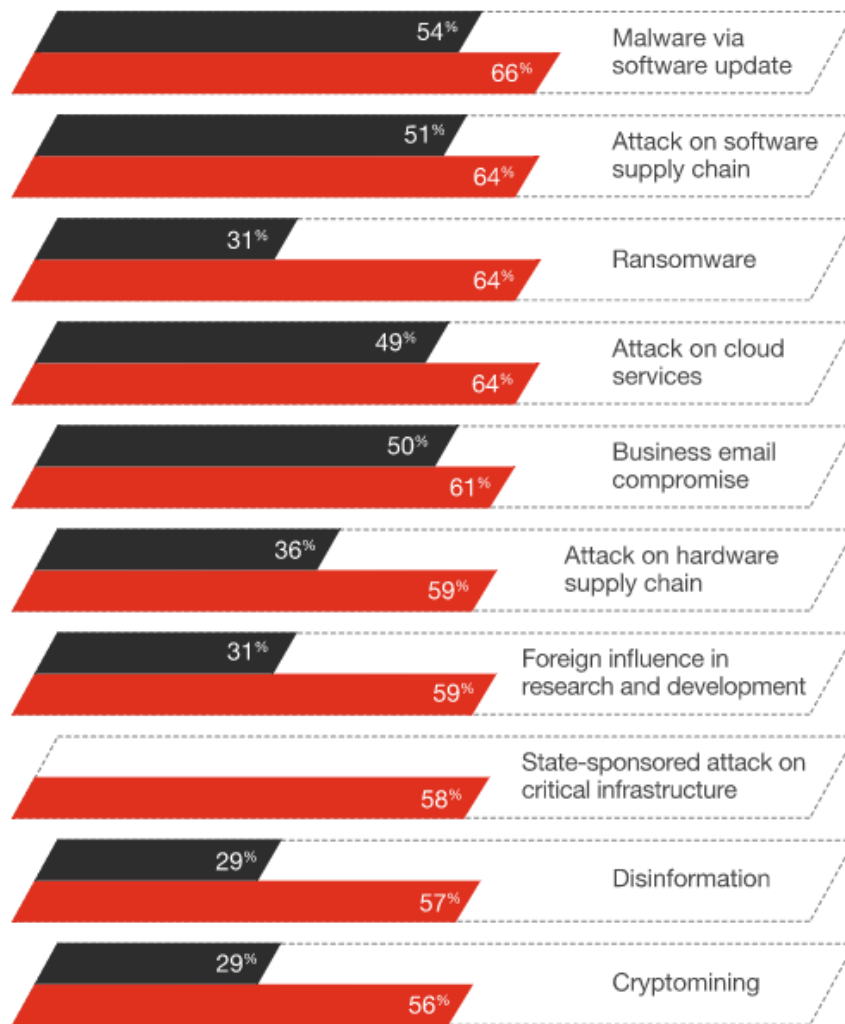
Source: Company reports

Perceived threat level is heightened

According to a PWC survey done in this year, around half of the respondents experienced at least one of the following incidents: Malware via software update, Attack on software supply chain, Attack on cloud services, Business email compromise. Furthermore, at least 59% of the respondents expect an increase in reportable incidents in H2/21. We believe the perceived threat level increase is a result of the increased exposure following the pandemic driven work-from-home trend, and that companies are now realizing their cybersecurity needs to be upgraded.

More reportable cyber incidents expected in the second half of 2021

■ 2020 and ytd 2021 / % who experienced the incident
 ■ 2021 second half / % who expect an increase in reportable incidents



Q: Which of the following cyber and fraud incidents in 2020 and 2021-to-date has directly affected your organization?

Q: Please say how you expect a change in reportable incidents for these events in your organization in the second half of 2021 compared to the first half.

Source: PwC, US Digital Trust Insights Snapshot Survey 2021, June 2021. Base: 322

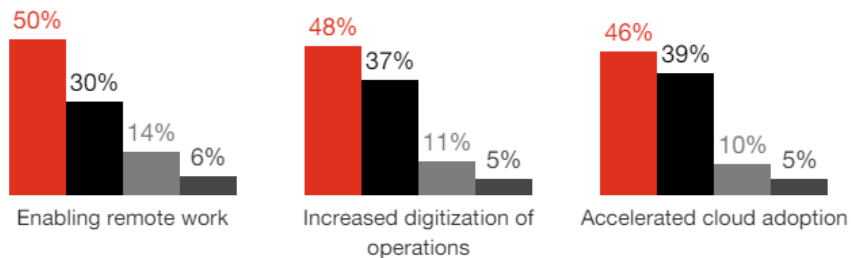
Source: PWC

Cybersecurity must catch up

When the pandemic struck in Q1/20, the main priority for companies was to quickly enable employees to work from home. As this was an unforeseen emergency, the cybersecurity was often overlooked or not prioritized. In a survey done by PWC, only about half of the companies said they have fully mitigated the risks from “Enabling remote work”, and less than half say they have fully mitigated the risk from “Increased digitalization”, and “Accelerated cloud adoption”. In our view, we are now in the phase where companies will upgrade their cybersecurity to meet the heightened risks created by the work-from-home, digitalization, and cloud adoption trends.

An incomplete grade: More than half haven’t fully mitigated the risks from the big digital moves of 2020

■ Mitigated ■ Somewhat mitigated ■ Neither mitigated or not mitigated ■ Not mitigated



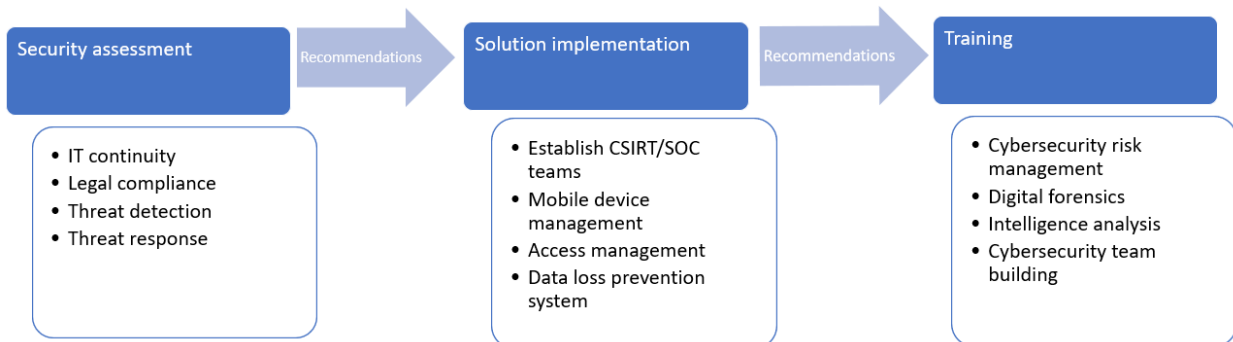
Q: On a scale of 1 to 10, to what extent have you mitigated the risks associated with the following in the last 12 months? Mitigated (score 9-10); Somewhat mitigated (score 7-8); Neither mitigated or not mitigated (score 5-6); Not mitigated (score 1-4)
Source: PwC, US Digital Trust Insights Snapshot Survey 2021, June 2021. Base: 322

Source: PWC (Cyber Threat Landscape report)

NRD CS well positioned

The NRD CS segment offers the full spectrum of security services, from security assessment to implementation and training. For corporations, the offer also includes managed security services where the NRD CS’s team monitors, registers, and handles cybersecurity threats. In addition to having a well-positioned product offer, being in Lithuania, NRD CS is also well-positioned from a geopolitical perspective, free from strong Chinese, Russian, as well as US influence.

NRD CS services



Source: Enlight Research, Company website

IP assets

In addition to offering solutions based on the leading global cybersecurity software providers (partnerships with over 30 cybersecurity companies), NRD CS also has owned developed stacks that are used in e.g., CSIRT (Computer Security Incident Response) solutions. These proprietary assets are mainly sold on a subscription basis together with support.

Proprietary products

Product	Description	Status
CSIRT/SOC Stack	Integrated technology, processes, and skills framework, which when deployed at a client, ensures effective and mature operations of their CSIRTs, SOCs, or MSSPs.	Developed, used for customers' projects.
IntEye	Open Source Intelligence gathering and analysis software, which uses several AI modules to continuously learn from the user and provocatively search for the most relevant information online.	Developed, used for customers' projects.
CyberSET	Managed Security Service Provider's (MSSP) core technology automating, integrating and documenting the processes of MSSP service delivery (security incident management, threat intelligence, reporting, sales and service support), allowing Managed Service Providers (MSPs) to become MSSPs.	Under development
CySystem project, commercial brand: CollectiveSight	<p>Collaboration-enabled sectorial, critical information infrastructure or national cybersecurity monitoring system, deployed in central and node sensors form. Is being used by sectorial CSIRTs and SOCs, as well by MSSPs.</p> <p>It helps monitor, promptly identify, and alert about abnormalities in networks. It combines multiple network monitoring and analysis as well as automated cyber sensor technology management.</p>	Deployed in several countries.

Source: Enlight Research, Company website

CERT (Computer Emergency Response Team)

CERT is a Computer Emergency Response Team (CERT) formed to handle computer security incidents. CERT organisations exist worldwide, and they cooperate closely, and share information about security incidents, and give notifications about security hazards. The name "Computer Emergency Response Team" was first used in 1988 by the CERT Coordination Center (CERT-CC) at Carnegie Mellon University.

CSIRT/SOC (Computer Incident Response Team/Security Operations Centre)
 CSIRT/SOC provides a reliable and trusted single point of contact for reporting computer security incidents. CSIRT/SOC is the most effective way to structure incident detection, response and related security operations into manageable, coordinated and competent one-stop centers to deliver cybersecurity services.

NRD CS clients

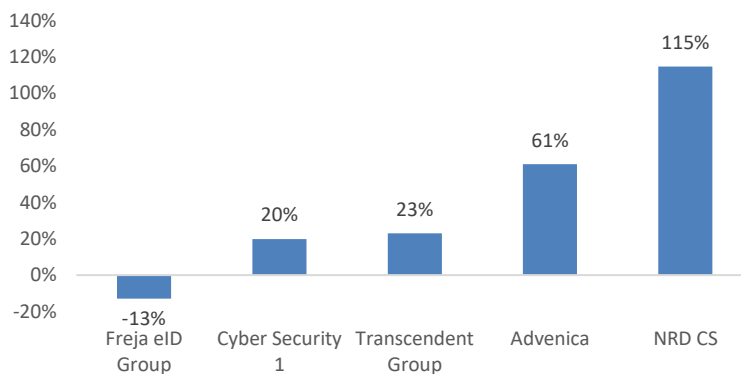
Client vertical	Clients
Public (Baltics)	Ministry of Interior of the Republic of Lithuania, Lithuania’s Centre of Registers, Competition Council of the Republic of Lithuania, Customs Department of the Republic of Lithuania, Police Department of the Republic of Lithuania, The Communications Regulatory Authority, Forensic Science Centres in Lithuania and Estonia, Operator of a major natural gas transmission system in Lithuania, Major Lithuanian electricity company
Finance (Lithuania)	Siauliu Bankas, Unnamed major bank in Lithuania
Rest of World	Bangladesh Computer Council, Department of IT & Telecom under the Ministry of Information & Communications, Kingdom of Bhutan, The University of Cape Town (UCT) in South Africa, United Nations Development Programme in Tanzania, Banque de la République du Burundi (BRB)

Source: Company reports, Company website

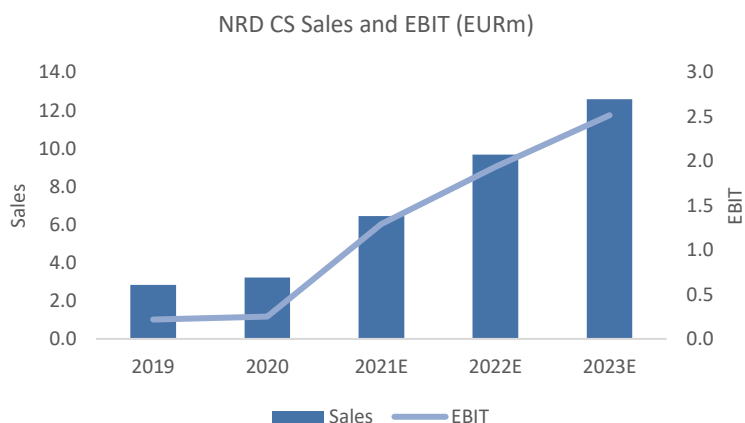
Strong positioning visible in NRD CS result

After a 2019 Sales growth decline of 50%, the NRD CS segment posted a strong 38% growth in 2020, and so far in 2021, the y-on-y Sales growth rate has accelerated to 90% in Q1/21 and 115% in Q2/21 resulting in a H2/21 growth of 106%. This is not unique for NRD CS, as several well-known listed small cap cybersecurity peers posted strong Q2/21 sales growth. We foresee continued strong demand for cybersecurity services with above normal growth in the forecast period 2021-23 triggered by the work-from-home trend. Consequently, we raise the NRD CS Sales and EBIT forecast significantly. For 2021, we raise sales by 70% from EUR 3.8m to EUR 6.5m, followed by a +100% estimate increase in 2022-23. Our 2021 EBIT is raised from EUR 0.5m to EUR 1.3m, which is expected to increase to EUR 1.9m in 2022, and EUR 2.5m in 2023. The percentage change in estimates looks dramatic but this is a small base effect.

Cybersecurity Small cap peers Q2/21 Sales growth y-on-y



Source: Company reports



Source: Company reports, Enlight Research (estimates)

Base case Sum-of-the-parts (SOTP) valuation

Our P/Sales 2021 Base case sum-of-the-parts (SOTP) valuation per share is kept at EUR 3.00 as the gain Fair value increase for the NRD CS segment to EUR 1.06 per share (prev. 0.37) is offset by the Fair value decrease for the NRD Companies and Novian Companies segments. Our Group weighted P/Sales discount to peers is still around 58% which could be considered conservative. On the other hand, Invalda Technology portfolio companies' smaller size and the low Invalda Technology share liquidity calls for a discount.

Fair value Invalda Technology (Base case)

	Weighted P/Sales 2021 Base case	Peer avg.	(W)P/Sales discount	Sales 2019	Sales 2020	Sales 2021	Enlight FV (EURm)	Enlight FV/share (EUR)
Business area: Business climate improvement & e-governance								
NRD Companies	1.9	4.8	62%	6.6	7.0	6.4	11.9	0.97
Business area: IT services & software								
Novian Companies	0.8	1.9	59%	23.5	24.1	23.0	18.2	1.49
Business area: Cybersecurity								
NRD CS	2.0	4.2	52%	2.8	3.2	6.5	12.9	1.06
Business area: Business process outsourcing								
FINtime	na	na	na	na	na	na	0.250	0.02
Group total	1.2	2.8	58%	32.9	34.3	35.8	43.2	3.55
Sales growth				17%	5%	4%		
Add Net cash:							2.4	0.20
Group total:							45.6	3.75
Less assumed NAV discount:							20%	20%
Less assumed NAV discount (EUR):							9.1	0.75
Enlight Base case Fair Value:							36.5	3.00

Source: Historical figures (Company reports), Forecast figures (Enlight Research), Peer P/Sales average (MarketScreener, Enlight Research, Introduce).
Based on peer valuation on 9 September 2021

Q2 Estimates vs. Outcome and Estimate changes

Portfolio companies estimates vs. outcome

The Q2/21 Group Sales of EUR 8.4m was in-line with our estimate as the EUR 0.6m higher NRD CS sales was offset by EUR 0.6m lower than expected NRD Companies sales. The largest segment, Novian, Q2/21 sales of EUR 5.6m was in-line with forecast. The NRD Companies Q2/21 EBIT was ERU 0.2m below our forecast. This was more than offset by better than expected profits for the Novian segment (EUR 0.1m above est.), and the NRD CS segment (EUR 0.2m above est.). Worth noting is that the NRD CS segment posted a Q2/21 EBIT that was more than 3x above our estimate.

Sales by portfolio company (EURm)	Q2/21	Q2/21	Diff. Q2/21	
	Estimate	Outcome	EURm	%
NRD Companies	2.121	1.550	-0.571	-26.9%
Novian	5.547	5.574	0.027	0.5%
NRD CS	0.683	1.309	0.626	91.6%
Group sales	8.351	8.433	0.082	1.0%

Sales growth	Q2/21	Q2/21	Diff. Q2/21	
	Estimate	Outcome	EURm	Bps
NRD Companies	-2.7%	-28.9%	nm	-2619
Novian	3.1%	3.6%	nm	51
NRD CS	12.0%	114.6%	nm	10259
Group sales growth	2.2%	3.2%	nm	101

EBIT by portfolio company (EURm)	Q2/21	Q2/21	Diff. Q2/21	
	Estimate	Outcome	EURm	%
NRD Companies	0.154	-0.014	-0.168	-109.1%
Novian	0.404	0.533	0.129	32.0%
NRD CS	0.075	0.323	0.248	329.8%
Group EBIT	0.600	0.701	0.101	16.8%

EBIT margin by Segment	Q2/21	Q2/21	Diff. Q2/21	
	Estimate	Outcome	EURm	Bps
NRD Companies	7.2%	-0.9%	nm	-815
Novian	7.3%	9.6%	nm	228
NRD CS	11.0%	24.7%	nm	1368
Group EBIT margin	7.2%	8.3%	nm	113

Source: Company reports, Enlight Research

Portfolio companies Estimate changes

Our Total Sales estimate for all portfolio companies is lowered by 1% for 2021E. For 2022-23, we have raised our Total Sales by 3-6%, driven by the NRD CS segment. Our Total EBIT for all portfolio companies is raised by about 20-30% in the forecast period 2021-23 underpinned by high-margin NRD CS sales.

Sales all portfolio companies (EURm)	2021E	2022E	2023E
Old estimate	36.3	40.0	43.8
New estimate	35.8	41.1	46.3
Change	-0.4	1.1	2.5
Change (pct)	-1.1%	2.7%	5.7%

EBIT all portfolio companies (EURm)	2021E	2022E	2023E
Old estimate	2.7	3.9	4.5
New estimate	3.4	4.7	5.9
Change	0.7	0.8	1.4
Change (pct)	24.9%	20.8%	31.0%

Source: Company reports, Enlight Research

Holding company Estimate changes

We raise our Fair value of financial assets by 6% for 2021 and 14% for 2022 driven by the NRD CS segment. The change in Fair value of financial assets has big impact on the Holding company estimated Total income and EBIT as this is mainly made up of Fair value changes. Important to note is that the Holding company Income statement mainly consist of non-cash flow items e.g., the Change in Fair value of financial assets which will not be converted to cash until exits are made, while the performance fee provisions will not become a cash outflow until it is paid out at the end of the company life (2026 or later).

Holding company Estimate changes

Fair value financial assets	2021E	2022E	2023E
Old estimate	36.0	41.2	na
New estimate	38.3	47.0	55.4
Change	2.3	5.8	na
Change (pct)	6.2%	14.0%	na

Change FV financial assets	2021E	2022E	2023E
Old estimate	3.4	5.2	na
New estimate	5.6	8.7	8.5
Change	2.3	3.5	na
Change (pct)	66.7%	67.6%	na

Total income	2021E	2022E	2023E
Old estimate	3.5	5.4	na
New estimate	5.8	8.9	8.6
Change	2.3	3.5	na
Change (pct)	63.5%	65.4%	na

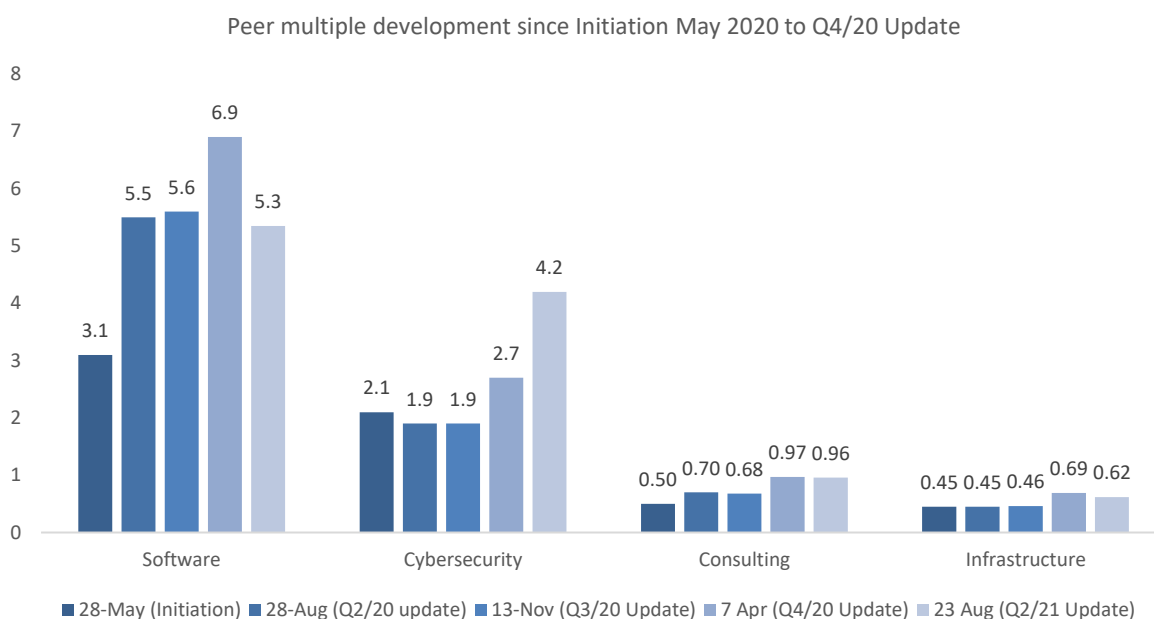
EBIT	2021E	2022E	2023E
Old estimate	1.2	3.1	na
New estimate	3.4	6.5	6.2
Change	2.2	3.4	na
Change (pct)	187.5%	112.7%	na

Source: Enlight Research

Valuation

Peer valuation

Since our last update in April this year, the Cybersecurity peers' P/Sales multiple has increased from 2.7x to 4.2x, which we believe reflects demand triggered by the pandemic. Meanwhile, the P/Sales multiple for the software and infrastructure peers has decreased, while the consulting peers are trading at the same levels as in April.



Source: MarketScreener, Enlight Research, Introduce Research, DnB research, prices on 22 September 2021

Peer tables

IT Infrastructure services

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	P/Sales 2020	P/Sales 2021E	P/Sales 2022E	EBIT marg. 2020	EBIT marg. 2021E	EBIT marg. 2022E
Dustin	DUST	SEK	94.20	10,656	0.81	0.72	0.58	2.9%	3.8%	4.1%
Proact IT	PACT	SEK	69.90	1,919	0.53	0.52	0.50	5.1%	4.8%	5.6%
Atea	ATEA	NOK	154.80	17,283	0.44	0.42	0.40	2.2%	2.6%	2.9%
CGit	CGIT B	SEK	48.80	77	0.96	0.80	0.77	3.6%	3.5%	3.5%
Average					0.68	0.61	0.56	3.4%	3.7%	4.0%
Median					0.67	0.62	0.54	3.3%	3.6%	3.8%

Cybersecurity

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	P/Sales 2020	P/Sales 2021E	P/Sales 2022E	EBIT marg. 2020	EBIT marg. 2021E	EBIT marg. 2022E
Clavister Holding	CLAV	SEK	7.06	387	3.0	2.6	2.2	-35.7%	-25.2%	-7.8%
Freja eID Group	FREJA	SEK	18.90	357	16.3	12.4	4.6	-197.3%	-115.3%	-1.4%
Advenica	ADVE	SEK	16.45	545	6.5	6.1	5.9	-22.0%	-5.6%	1.1%
F-Secure	FSC1V	EUR	4.75	752	3.4	3.2	3.0	10.4%	9.9%	11.1%
FirEye	FEYE	USD	17.70	4,202	4.5	8.8	7.3	8.3%	-25.0%	-12.5%
Cyber Security 1	CYB1	EUR	0.03	9	0.3	0.3	0.3	-16.8%	5.0%	9.1%
Average					5.7	5.6	3.9	-42.2%	-26.0%	-0.1%
Median					3.9	4.7	3.8	-19.4%	-15.3%	-0.2%
Average excluding extremes					3.5	4.2		-11.2%	-8.2%	

Software

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	P/Sales 2020	P/Sales 2021E	P/Sales 2022E	EBIT marg. 2020	EBIT marg. 2021E	EBIT marg. 2022E
Agillic	AGILC	DKK	24	226	4.5	4.3	4.1	-17%	-9%	2%
Artificial Solutions	ASAI	SEK	7.07	465	8.6	11.6	4.3	-157%	-188%	-18%
Briox	BRIX	SEK	5.74	261	58.5	44.2	25.1	-518%	-342%	-188%
Efecte Oyj	EFECTE	EUR	14.8	92	6.2	5.3	4.6	-2%	2%	7%
FormPipe Software	FPIP	SEK	31.95	1,717	4.3	4.1	3.7	13%	13%	11%
Fortnox	FNOX	SEK	568	34,633	49.9	36.4	27.7	38%	33%	36%
LeadDesk Oyj	LEADD	EUR	22.7	120	8.7	4.7	3.8	2%	3%	5%
Lime Technologies	LIME	SEK	369.8	4,912	14.5	11.9	10.0	25%	24%	25%
Litium	LITI	SEK	18.5	244	5.0	3.9	3.0	-37%	-19%	4%
Siili Solutions Oyj	SIILI	EUR	13.72	96	1.2	1.0	1.0	6%	10%	11%
Zutec	ZUTEC	SEK	6.98	309	11.6	10.3	9.4	-133%	-17%	3%
Average					15.7	12.5	8.8	-70.8%	-44.6%	-9.3%
Median					8.6	5.3	4.3	-2.2%	2.3%	5.0%
Average excluding extremes					7.2	6.3	4.9			

IT Consulting

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	P/Sales 2020	P/Sales 2021E	P/Sales 2022E	EBIT marg. 2020	EBIT marg. 2021E	EBIT marg. 2022E
B3 Consulting Group	B3	SEK	65.2	559	0.65	0.58	0.53	4.9%	5.8%	9.4%
CAG Group	CAG	SEK	89.8	633	1.19	0.96	0.88	6.9%	7.3%	8.5%
Digia Oyj	DIGIA	EUR	6.76	180	1.30	1.19	1.13	10.1%	8.2%	9.2%
Empir Group	B	SEK	23.2	128	0.64	0.88	0.81	-0.9%	-8.2%	-2.2%
Solteq Oyj	SOLTEQ	EUR	5.42	105	1.74	1.50	1.38	8.8%	13.1%	13.8%
Time People Group	TPGR	SEK	29.4	213	1.03	1.10	1.07	6.3%	6.5%	6.5%
Innofactor Plc	IFA1V	EUR	1.49	56	0.84	0.81	0.78	3.8%	10.1%	9.6%
Average					1.05	1.00	0.94	5.7%	6.1%	7.8%
Median					1.03	0.96	0.88	6.3%	7.3%	9.2%

Source: MarketScreener, Enlight Research, Introduce Research, DnB research, prices on 22 September 2021

Sum-of-the-parts valuation (SOTP)

Our Base case Fair value for all portfolio companies is EUR 43.2m which including the Net cash of EUR 2.4m sums up to EUR 45.6m or EUR 3.75 per share. Applying our assumed NAV discount of 20% leaves a Fair value of EUR 3.00 per share indicating an upside of around 13% (based on share price of EUR 2.66). The corresponding values for our Bull and Bear scenarios are EUR 3.66, and EUR 2.33, respectively. The wide span between our scenarios depicts the high risk but also opportunity inherent in small technology companies, especially in the software area. Note that the SOTP valuation also includes FINTime equal to the external valuation of EUR 0.25m reported in the Q2 2021 report.

SOTP valuation scenarios

Scenario	Sales 2021E		FV (EURm)	FINTime (EURm)	FV (EURm)	External valuation (EURm)	Net cash (EURm)	Net cash/ share (EURm)	NAV (EURm)	NAV/ share (EUR)	NAV discount	Motivated share price (EUR)	Upside/ Downside
	(EURm)	P/Sales											
Bull	37.0	1.4	53.1	0.3	53.4	31.8	2.4	0.20	55.8	4.58	20%	3.66	38%
Base	37.0	1.2	42.9	0.3	43.2	31.8	2.4	0.20	45.6	3.75	20%	3.00	13%
Bear	37.0	0.9	32.7	0.3	33.0	31.8	2.4	0.20	35.4	2.91	20%	2.33	-13%

Source: Company reports (historical), Enlight Research (forecast), *calculated on share price of EUR 2.66

Enlight Fair value vs. External valuation

Compared to the external valuation of the financial assets of EUR 31.8m given in the Q2/21 report, our estimated Fair value is EUR 43.2m or 36% higher (before net cash, and NAV discount). The main valuation difference is for NRD CS (Cybersecurity) where our valuation is EUR 7.4m higher, followed by NRD Companies where our valuation is EUR 4.7m higher. For Novian Companies, we are slightly more conservative than the external valuator. Compared to the Q4/20 Update, our valuation has remained nearly unchanged - a slight increase of EUR 0.1m, while the external valuation has slightly decreased by 3% or EUR 0.8m.

Fair Value vs. External valuation

Company	Q2 2021		Diff. (EURm)	Diff. (%)
	Enlight Research Fair Value (EURm)	External valuation Fair Value (EURm)		
NRD CS	12.9	5.5	7.4	136%
NRD Companies	11.9	7.2	4.7	65%
FINTime	0.3	0.3	0.0	0%
Novian Companies	18.2	18.9	-0.8	-4%
Total	43.2	31.8	11.4	36%

Source: Enlight Research, Company report

Risk factors

Below is a list of what we believe are some of the most important risks, however, this list should not be regarded as a complete list of risks.

COVID-19 risk

So far, the effect of the Covid-19 on INVL Technology's portfolio companies has been limited. However, a prolonged period of travel restrictions due to Covid-19 will most likely affect the sales of new products as it is dependent on face-to-face meetings.

Risk of change of technology

The technology sector is in constant change. Failure to adapt and learn a new technology could result in a drop in sale and earnings and hence lower the Fair value of the company.

The state of the M&A market

If the market for mergers and acquisitions is depressed during the exit phase (mainly 2026 with possible 2 years extension), the deal valuations could be lower than expected and it could be hard to sell portfolio companies.

Political risk

A significant share of clients are public institutions and hence the company has exposure to public sector contracts, which entails political risks.

Intellectual Property risk

A significant share of the company's assets consists of intellectual property in the form of proprietary software and technology know-how. Therefore, the risk that somebody will try and steal intellectual property is present.

Valuation risk

The fair value of the holding companies is done by an independent external valuation firm. However, there is no guarantee that the final exit price of company will be according to the external valuation, nor to our valuation.

NAV discount risk

Even though the NAV of INVL Technology increases, there is no guarantee that the share price will increase as the NAV discount could increase as well.

Liquidity risk

The trading activity (liquidity) on the Nasdaq Baltic Exchange is low relative to most Western European markets. Therefore, it may be hard to buy and sell large amounts of INVL Technology shares without affecting the share price.

Income Statement	2019	2020	2021E	2022E	2023E
Net sales	1	7	6	9	9
Total operating costs	-1	-2	-2	-2	-2
EBITDA	1	5	3	7	6
Depreciation	0	0	0	0	0
Amortizations (total)	0	0	0	0	0
Impairment charges	0	0	0	0	0
EBIT	1	5	3	7	6
Associated companies' profit/loss	0	0	0	0	0
Net financial items	0	0	0	0	0
Exchange rate differences	0	0	0	0	0
Pre-tax profit (PTP)	1	5	3	7	6
Net earnings	1	5	3	7	6

Balance Sheet	2019	2020	2021E	2022E	2023E
Assets					
Cash and cash equivalent	1	2	2	6	13
Receivables	0	0	0	0	0
Inventories	0	0	0	0	0
Other current assets	2	1	1	1	1
Current assets	3	3	2	7	13
Tangible assets	0	0	0	0	0
Associated Companies	0	0	0	0	0
Investments	26	33	38	38	38
Goodwill	0	0	0	0	0
O intangible rights	0	0	0	0	0
O non-current assets	0	0	0	0	0
Total non-current assets	26	33	38	38	38
Deferred tax assets	0	0	0	0	0
Total (assets)	29	35	41	45	52
Liabilities					
Short-term debt	0	0	2	0	0
Non-ib current liabilities	0	0	0	0	0
O current liabilities	0	0	0	0	0
Current liabilities	0	0	2	0	0
Long-term debt	0	0	0	0	0
Lease liabilities	0	0	0	0	0
O long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	0	0	2	0	0
Deferred tax liabilities	0	0	0	0	0
Provisions	0	2	2	2	2
Shareholders' equity	29	34	37	44	50
Minority interest (BS)	0	0	0	0	0
Minority and equity	29	34	37	44	50
Total (liabilities)	29	35	41	45	52

Capital structure	2019	2020	2021E	2022E	2023E
Equity ratio	99.6%	95.3%	91.3%	96.3%	96.7%
Debt / Equity ratio	0.0%	0.0%	5.0%	0.0%	0.0%
Capital invested	27.6	31.5	37.2	37.2	37.2
Capital turnover rate	0.1	0.2	0.1	0.2	0.2

Profitability	2019	2020	2021E	2022E	2023E
ROE %	3.3%	15.2%	9.6%	16.1%	13.2%
ROCE%	3.3%	15.2%	9.4%	15.8%	13.2%
ROC%	3.6%	17.3%	10.8%	17.5%	16.7%
EBITDA %	63.7%	69.2%	59.0%	73.4%	71.6%
EBIT %	63.7%	69.2%	59.0%	73.4%	71.6%
Net Margin	63.7%	69.2%	59.0%	73.4%	71.6%

Valuation	2019	2020	2021E	2022E	2023E
EV	21.0	23.1	32.4	25.9	19.7
P/E	24.0	5.3	9.5	5.0	5.2
P/E diluted	24.0	5.3	9.5	5.0	5.2
P/Sales	15.3	3.7	5.6	3.7	3.7
EV/Sales	14.3	3.4	5.6	2.9	2.3
EV/EBITDA	22.5	4.9	9.5	4.0	3.2
EV/EBIT	22.5	4.9	9.5	4.0	3.2
P/BV	0.8	0.8	0.9	0.7	0.7

Per share measures	2019	2020	2021E	2022E	2023E
EPS	0.08	0.39	0.28	0.53	0.51
EPS, adjusted	0.08	0.39	0.28	0.53	0.51
CEPS	0.08	0.39	0.28	0.53	0.51
Operating CF/share	0.05	0.49	0.28	0.53	0.51
Capital empl./share	2.26	2.59	3.05	3.05	3.05
BV/share	2.38	2.77	3.05	3.59	4.09
Tangible BV/share	2.38	2.77	3.05	3.59	4.09
Div. per share	0.00	0.00	0.00	0.00	0.00
Payout	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

Shareholders	Capital	Votes
UAB LJB Investments	6.448	19.91 %
AB Invalda INVL	4.641	14.33 %
Irena Ona Miseikiene	3.899	12.04 %
AB Lietuvos draudimas	2.419	7.47 %
Kazimieras Tonkunas	1.797	5.55 %
Alvydas Banys	1.645	5.08 %

Key people

CEO	Kazimieras Tonkunas
Chairman	Kazimieras Tonkunas

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales $\frac{\text{Market cap}}{\text{Sales}}$	DPS Dividend for financial period per share
P/BV $\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS $\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF $\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share $\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value) Market cap + Net debt + Minority interest at market value – share of associated companies at market value	Sales/Share $\frac{\text{Sales}}{\text{Number of shares}}$
Net debt Interest-bearing debt – financial assets	EBITDA/Share $\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Number of shares}}$
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share $\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	EAFI/Share $\frac{\text{Pre-tax profit}}{\text{Number of shares}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share $\frac{\text{Total assets} - \text{non-interest-bearing debt}}{\text{Number of shares}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets Balance sheet total
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x) $\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share $\frac{\text{Financial assets} - \text{interest-bearing debt}}{\text{Number of shares}}$	Asset turnover (x) $\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, % $\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest-free short-term debt} - \text{long-term advances received and accounts payable (average)}}$	Debt/Equity, % $\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, % $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest-bearing debt (average)}}$	Equity ratio, % $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROE, % $\frac{\text{Profit before extraordinary items} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, % Cumulative annual growth rate = Average growth rate per year

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