

# SaveLend Group

Sector: Fintech

## High Yield on Yield

Redeye initiates coverage on SaveLend Group, a fintech company with two platforms – one investing and one invoicing – that together create a financing ecosystem that provides synergies for stakeholders and the group alike. The company is led by strong management and board, with high ownership in the group.

### High growth and long runway

SaveLend has seen strong growth in recent years and with strong momentum we expect the growth trend to continue. We estimate sales CAGR at 53% for 2020-2023E for the consolidated group, excluding any M&A activity.

### Scalable business model

SaveLend Groups business model indicates significant scalabilities as costs does not increase with net sales and with c. 90% in gross margin, this underpins the scalability. We see high possibility for the EBITDA margin to surpass the financial target of 25% in the long run.

### Significant upside

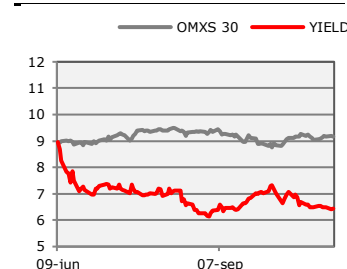
Based on our estimates SaveLend is valued at 3.2 times EV/Sales 2021E and 1.9 times 2022E, meanwhile the peer group is valued on median 10.7 times 2021E and 8.7 times 2022E. We find a fair value range of 6.3 to 30 SEK per share, with a base case valuation of 12.4 per share with a upside of 96% from yester days closing price. We find support to our fair value in our sum-of-the-parts valuation of 14.2 SEK per share.

Key Financials (SEKm)	2019	2020	2021E	2022E	2023E
Sales	45	56	92	151	204
Sales growth	42%	26%	64%	64%	34%
EBITDA	1	-7	-14	2	11
EBIT	-5	-14	-22	-7	0
EBIT Margin (%)	-12%	-25%	-24%	-5%	0%
Net Income	-6	-15	-21	-7	-1
EV/Sales	na	na	3.2	1.9	1.4
EV/EBITDA	na	na	neg	164	26
EV/EBIT	na	na	neg	neg	neg

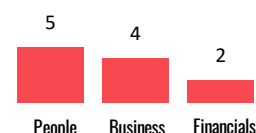
### FAIR VALUE RANGE

BEAR	BASE	BULL
6.3	12.4	30

### YIELD VERSUS OMXS30



### REDEYE RATING



### KEY STATS

Ticker	YIELD
Market	First North
Share Price (SEK)	6.4
Market Cap (SEKm)	306
Net Debt (SEKm)	-11
Free Float (%)	45
Avg. daily volume ('000)	62

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## Investment Case

SaveLend Group is a fintech company that focuses on helping companies and people with loans and matching this need with investors' need for return on their capital. Its investing platform creates synergies with invoicing platform Billecta by assisting with financing services through automating its customers' invoicing process. Billecta's collection license provides synergies in sourcing credits, collecting the credits on the platform, and invoicing customers.

SaveLend Group is a newly listed company with a market valuation of SEK 300m – low considering the potential in its business model and the market opportunity. We consider the share cheaply valued and undiscovered by the broader equity community.

## High Growth and Long Runway

Historically, SaveLend Group has had high growth, which has accelerated in recent quarters with 76.7% y/y last quarter. Underlying, SaveLend grew 70.5% and Billecta 100%. The group had not spent much on marketing before its extensive marketing campaign in conjunction with the IPO. This resulted in an unprecedented growth of 69% in AUM for the investing platform.

Both SaveLend and Billecta have recently seen good business events, signing their biggest customers to date and having the largest inflow of AUM ever. The group's expansion into the Finnish and Polish markets has just started. Important agreements have been signed and an acquisition made in the Finnish market that looks certain to offer a large footprint early in its market expansion. The Finnish market expansion makes it possible for the group to find more customers and investors and access EUR credits, rendering the investing platform more attractive for European investors, many of whom do not want investments in SEK.

Both platforms have three growth areas:

- Growing with their customers' thanks to returns on the platform and the growth in Billecta's customers
- New customers on the platforms
- Existing customers increasing their engagement with new deposits on the investing platform or an invoicing platform customer adding a geographical region – Maiden General Försäkring, for example.

Comparing the average AUM per investor and the number of investors on other investing platforms, we see considerable room for the group to grow in AUM per investor and the number of investors. We believe SaveLend's platform offers an attractive investment alternative to close this gap with time. The AUM will grow with the return of the credits, assuming that investors do not reinvest their interest and amortizations on the platform.

We estimate the CAGR at 53% for 2020-2023E for the consolidated group, excluding any M&A activity. We estimate that SaveLend will grow at a CAGR of 47%, and Billecta will grow at a CAGR of 74% over the same period.

The group has announced financial targets: net sales of SEK 300m by 2025 and organic growth of 25% per year.

## Scalable Business Model

Both platforms are scalable, and costs do not increase with net sales, with around 90% in gross margins testifying to the platform's scalability. The company's financial target is an adjusted EBITDA margin of 25%, versus other investing platforms and business intelligence platforms of more than 30% and estimated to increase. We see the potential for the group's EBITDA margins to surpass its financial target of 25% in the long run.

We expect the group to be profitable by 2022 and the margins to increase as this growth continues. Our forecast is for an EBITDA margin of 1% for 2022E and 5% for 2023E.

## Reaching Critical Mass of Credit Volume

The volume of credits has started to reach an attractive level for institutional investors. At present, only one institutional investor is on the platform and only financing one Billecta product. Given the trend in other, more mature alternative financing markets, we believe that institutional capital will be critical in the future as the supply of credits is enough for the institutions to invest on the platform.

The AUM is also starting to attract external originators who see the platform as a viable source of capital to finance their stakeholders. This creates a network effect as the AUM grows, with financiers and originators able to find more considerable value in the platform as its activities grow.

## Founder Lead and High Insider Ownership

The founders of SaveLend and Billecta are all still active in the group and are highly motivated to achieve the platform's full potential. The founder of SaveLend is the largest shareholder with 21.32% ownership. The two founders of Billecta, Jonas Ahlberg and Jacob Gevcen, are the fifth- and sixth-largest shareholders with around 6.95% ownership each. The total insider ownership of the board and management is 36.76%.

## Long-Term Optionality

Both the investing and invoicing platforms have high optionality to add new products and increase the value of the media. At present, the investing products are only simple credits, but there is an opportunity to increase the product suite with more complicated products available in the professional debt markets: products with different tranches and claims order on credit, debt connected to financing enterprises, funds, and more debt-related products. There are considerable opportunities, with the biggest hindrance being regulatory approval.

The platforms have the potential to increase its suite of products that help companies manage and make it easier for customers to receive payments from end-customers.

## Catalysts

### M&A

SaveLend Group has several possible M&A targets that fit into or can be bolted onto the existing value chain.

The financing market is fragmented and often local, lacking in digitalization, making it possible for SaveLend to consolidate the market and improve the experience for borrowers while feeding the investing platform with new investable credits. The investing platform market is also immature, allowing consolidation of the European market to achieve economies of scale that the acquisition targets may not achieve on their own.

Billecta's invoicing platform offers a variety of ways to approach its M&A activities. An acquisition could add to the top line, new technology, or new product line to the existing product suite. The digitalization of invoices involves different standards in different regions, and local approaches make it suitable to acquire a company with the necessary knowledge and technical setup to expand in that market.

SaveLend Group has carried out two significant acquisitions – Billecta and, more recently, Fixura – both of which have been accretive on the top line but, more than that, have brought operational synergies and opening new geographical and sectors.

### Geographical Expansion

SaveLend has recently expanded into Finland and made its first acquisition there to take as much market share as possible. The group also has a presence in the Polish market as a financier to corporates, providing the investing platform with credits in EUR. SaveLend has a straightforward strategy for expansion in Europe. Further expansion into a new market would be a catalyst for the group. This could be M&A or following an existing customer on the Billecta invoicing platform, which in turn derisks the expansion compared with expanding from scratch.

### Signing of Large Billecta Customers

Billecta has signed customers such as Akavia and Fastum, increasing its annual revenues by SEK 3m and SEK 2m, respectively, and upping the group's total revenues in 2020 by some 5.3% and around 3.5%, respectively. These large customers also bring a high level of integration into their systems, leading to reliable revenues for many years to come. We see a high likelihood of the group signing similarly sized customers and even larger clients in the future.

## Counter-Thesis

### Regulatory

Like all licensed, obliged enterprises, SaveLend Group is dependent on regulatory approval for its license. It needs to be certified as a payment institute and consumer credit institute by Finansinspektionen and requires a license as a debt collector. Without the necessary permits, SaveLend Group is unable to run parts or all its business.

### Credit Losses

Substantial credit losses on the platform could hurt the group's financials and damage its reputation. Should the platform become more associated with credit losses for investors than the historical and targeted return, this would cause a brand issue. Investors might stop investing in it or, worse, start withdrawing their capital. The AUM would then decrease and reduce revenues as the group is paid when investors return their credits. This would lead to a worsening spiral of adverse effects with revenue decreasing further and AUM diminishing. It is crucial that the credit process is rigorous, and a high standard is maintained.

### Losing Stakeholders' Trust

The greatest operational issue for both platforms is if users were to lose trust. Suppose a large part of the credits on the platform were to default, causing significant losses for investors or technical issues in the invoicing platform and thus erasing the balance of accounts receivable. In that case, this could cause mistrust in the platforms. As stakeholders in both platforms put considerable trust in them working, it would be detrimental to the ongoing adoption of both platforms. Handling capital and income sources is a delicate matter that cannot be taken lightly.

This also extends to the key people in the group. If a member of management or the board were deemed untrustworthy, it would also hurt the perceived view of the group, which could impact the uptake of the platform's services.

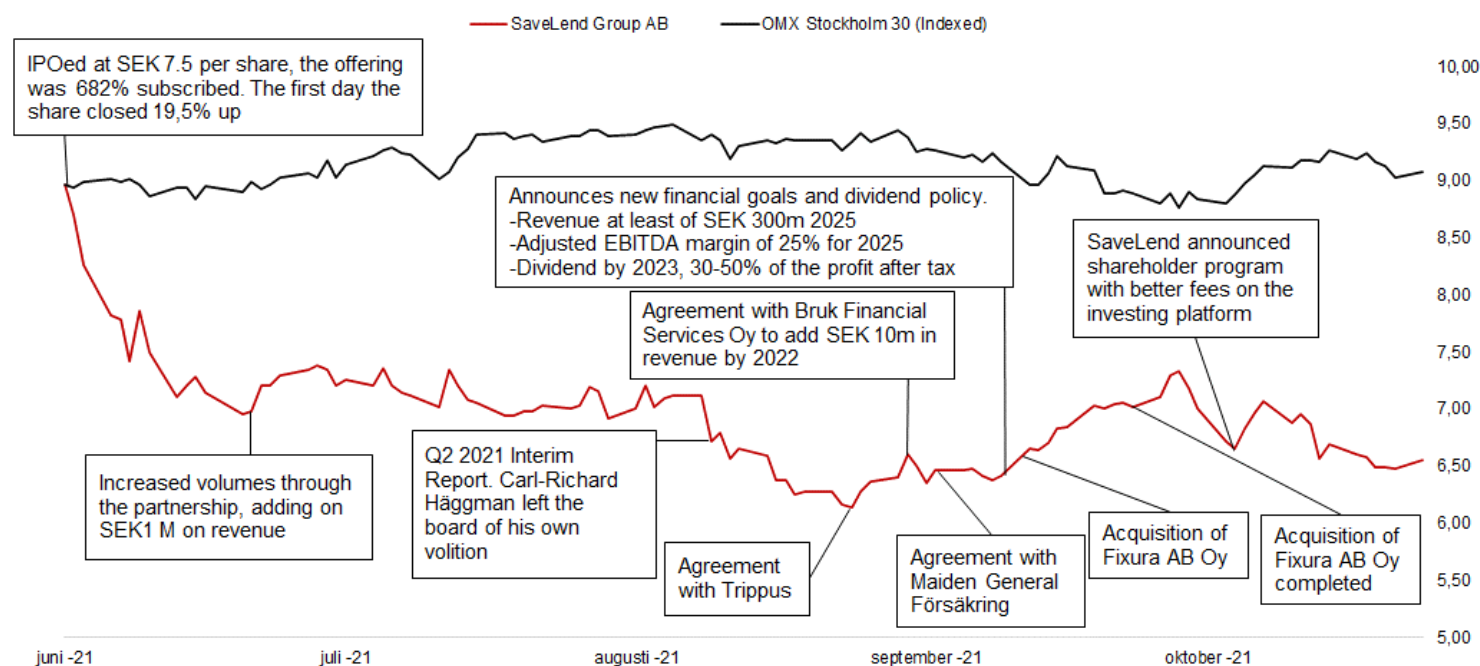
### M&A Risks

All M&A activity comes with risks that can be missed during the due diligence of a targeted company, especially as a possible target potentially has credits that may be worse than anticipated. M&A also poses a risk if the integration of the two companies fails for technical or cultural reasons. The loss may be in monetary form or the time and focus of management in remedying the situation at the expense of focusing on long-term growth.

## The Share

SaveLend's share has been listed for around four months, during which time it has underperformed OMXSPI, despite the strong news flow of agreements, acquisitions, and financial goals.

### SaveLend Group: Share Price



Source: Factset & Redeye Research

The share IPOed at SEK 7.5 per share and closed 19.5% up on opening day at SEK 8.96, but it has since underperformed OMXSPI by 42.27%. It now trades at around SEK 6,4 per share.

Despite this, the news flow about the company's fundamentals has been strong, with four agreements (two in the recently entered Finnish market), one acquisition, and updated financial goals.

## News Flow

Billecta Partner Mobility46 has increased its invoicing volume with existing and new customers, with the volume calculated to add SEK 1m in revenue on an annual basis.

Billecta signed an agreement with Trippus, an event entertainment company, for its invoicing process, which is expected to add more than SEK 1m to annual revenue.

Billecta Finland has signed an agreement with Bruk Financial Services Oy in the important Finnish market. Billecta will be a distribution channel for invoice purchase and brokerage of Bruk's capital. The agreement is expected to contribute SEK 10m during 2022.

SaveLend is expanding the agreement with Maiden General Försäkring through Billecta into the Finnish market. This extension of the agreement should generate SEK 1.5m during 2022.

In total, the collective agreements will add SEK 13.5m in revenue during the short time that SaveLend has been publicly listed.

On 17 October 2021, the board of SaveLend Group announced new financial goals and a dividend policy.

- SEK 300m in net sales by 2025
- Organic growth of 25% per year
- Adjusted EBITDA margin of 25% by 2025
- A dividend that amounts to 30-50% of the group's net income by 2023

On 20 September, SaveLend Group acquired all outstanding shares in Fixura Oy, and the acquisition was completed on 1 October.

SaveLend paid SEK 25m on a debt-free basis after deductions for transaction costs. The payment was made through a direct issue of 2,766,619 shares. This ensures the management of Fixura joins the SaveLend Group, bringing more skin in the game, and now owns 5.83% of the total outstanding shares and votes.

Fixura adds several intangible and tangible assets to SaveLend Group's current investment platform.

- More than EUR 10m in actively invested capital
- Unique data on the Finnish market
- P2P license for the Finnish market
- Advanced self-developed scoring
- Innovative product portfolio
- Know-how in the form of eight employees with long experience in P2P investments

## Shareholders

Insiders and operatives have high ownership of the outstanding shares at around 46%. The CEO and founder of SaveLend, Ludwig Pettersson, is the largest shareholder. The founders of Billecta, Jonas Ahlberg and Jacob Gevcen, are the fourth- and fifth-largest shareholders. Following the acquisition, the sellers of Fixura Oy are the seventh-largest shareholders at around 5.8% ownership.

Shareholders				
Owners	Number of shares	Value (mSEK)	Capital	Votes
Ludwig Pettersson	9 535 431	68,66	21,32%	21,32%
Halomont Oü	4 466 667	32,16	9,99%	9,99%
P&N Wolf Marketing AB	3 689 149	26,56	8,25%	8,25%
Jonas Ahlberg	3 126 668	24,44	6,99%	6,99%
Jacob Gevcen	3 106 734	22,51	6,95%	6,95%
Nordnet Pensionsförsäkring	3 053 036	22,37	6,43%	6,43%
Sellers Of Fixura AB Oy	2 766 583	19,92	5,83%	5,83%
Avanza Pension	1 585 480	12,56	3,54%	3,54%
TNGN Invest AB	1 310 767	9,44	2,93%	2,93%
Niklas Braathen	1 000 513	7,20	2,24%	2,24%
Joel Jakobsson Holding AB	948 200	6,83	2,12%	2,12%
Filip Andersson	879 054	6,33	1,97%	1,97%
Elisabet Ehn	867 834	6,25	1,94%	1,94%
Moventures Holding AB	780 000	5,62	1,74%	1,74%
Exceca Allocation AB	531 179	3,82	1,19%	1,19%
Others	9 845 551	44,01	16,59%	16,59%

Source: Redeye Research & Holdings (2021-10-11)

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## Company Profile

### Background

SaveLend Group is a fintech company founded in 2014 that is active in two defined niche markets: alternative financing and invoice transactions. The CEO and founder, Ludwig Petterson, saw a possibility for private investors to receive good returns by investing in credits, which had previously not been possible and only some banks could profit from. Since 2014, SaveLend has grown to have more than 45 FTEs across offices in Sweden, Finland, and Poland.

In 2018, SaveLend acquired Billecta, creating its current financial ecosystem and leveraging the benefits of both platforms to create synergies in product development, costs, and the sourcing of credits.

The group's mission is to create an ecosystem for savers, investors, enterprises, and consumers to make it possible for all parties to draw benefits from each other.

SaveLend's vision is to be one of Europe's leading fintech companies by offering new attractive products and technical solutions.

### People

The board and management have skin in the game through shares and options, showing high dedication to the journey ahead. The founders – Ludwig Petterson, Jonas Ahlberg, and Jacob Gevcen – are among the top five largest shareholders.

In a young company such as SaveLend, people are crucial in taking the opportunities in the market, and a few core people can make the difference between success and failure. We deem the board and management to have the necessary knowledge and experience to run the group successfully. They may not have worked together in this constellation for long, as SaveLend Group is a young company and only acquired Billecta in 2018. However, we are optimistic as the founders of SaveLend and Billecta are still involved operationally and own a significant part of the group.

Both the board and management have a broad mix of experience in fintech (from companies such as Klarna, Avanza Bank, Collector, etc.), regulations both from the perspective of a regulated company and as a regulator, and, last but not least, in undertaking a growth journey as a listed company and expanding into new geographical markets.

We acknowledge the skills of the board and management team as a whole. Still, we see four as key to our investment case: visionaries, culture leaders, the head of the Finnish expansion, and the founders of SaveLend and Billecta.

CEO Ludwig Petterson started SaveLend in 2014 in Gävle after he saw an opportunity for investors to invest in credits and earn a reasonable return versus the risk they took. This was not something possible for the general public at that time. He has been CEO of SaveLend since focusing on strategy and acquisitions. He is an entrepreneurial person, having started his first company at the age of 11 and having been a keen poker player (coming in the top 10 in the online Swedish national tournament at the age of 17). Despite his young age (he is now 30), he has proven himself mature, insightful, and visionary about the group's future, and we believe he is capable of executing these ambitions.

In his CEO letter to shareholders in Q2 2021, Ludwig announced that he is fighting testicular cancer but maintained his dedication to SaveLend Group, working during his chemotherapy treatment until his surgery. Showing dedication far above what any person can ask for.

CFO Jonas Ahlberg and CIO Jacob Gevcen are the founders of Billecta and were paid in shares at the time of acquisition, making them significant shareholders in the group. They complement each other well thanks to their different backgrounds in finance and software engineering.















Jonas Ahlberg has more than four years of experience in corporate finance and almost three years of experience in business development, making him an essential resource as CFO and when the group executes on its M&A strategy. He has stepped into the interim CEO role when Ludwig Pettersson has been unable to fulfill his CEO duties due to his cancer.

Jacob Gevcen has more than 15 years of experience in software engineering from companies such as H&M and Upsales as a developer, system manager, and CTO. He brings this IT knowledge to the group, pushing it to the forefront of technology development and customer system needs.

Miika Engström is the group's CRO, but most importantly, he is responsible for the Finnish market expansion. He was most likely involved in Collector Finland's similar expansion. He has also been CEO of the most recent acquisition, Fixura Oy, making him particularly suitable to spearhead SaveLend Group's Finnish market expansion. He has also held roles such as Head of Payments at Resurs Bank and senior positions at American Express. Thanks to his experience in these positions and his responsibility for expanding a Swedish company into the Finnish market, we are optimistic that the group's expansion will succeed.








## Board

The board comes from a wide range of backgrounds and brings experience from different areas, with a clear focus on compliance and experience from various financial enterprises in Sweden and internationally.

Name	Position	Shares	Options
 <b>Bo Engström</b>	<b>Chairman of the board</b>		
 <p>Bo has extensive experience from leading positions and as a board member within the bank and insurance sector, including Stadshypotek AB, Handelsbanken, and Anticimex Försäkringar. Bo was the CEO of the then-listed Försäkringsbolaget Svenska Brand between 1995 and 2001. Other assignments: Board director at Guard Invest A/S and Guard Automation AB. CEO and board director at Gnisvard Management AB.</p>		79 687	92 802 (16 749 via company and 76 053 privately held)
 <b>Ludwig Pettersson</b>	<b>Director, CEO &amp; Founder of SaveLend Group</b>		
 <p>Ludwig founded Savelend Group in 2014 and has been its CEO since then. He is also a director of the board and the largest shareholder of the group. He is educated as a Credit Controller and previously held a position on ENLABS board. Other assignments: Board Member in Swedish FinTech Association, Punktligt AB, Giwdul Invest AB, and MARCs Consulting AB.</p>		9 531 606	3 826
 <b>Robert Andersson</b>	<b>Director</b>		
 <p>Robert has extensive managerial experience in growth enterprises. He is currently CEO of Acroud and previously held similar positions in ENLABS, Catena Media, and River. Robert is also a member of Savelend Group's strategy committee. Other assignments: Board director at ENLABS AB, CEO in Acroud AB, board director, and CEO of Gorollson AB.</p>		66 666	76 053
 <b>Birgit Köster Hoffmann</b>	<b>Director</b>		
 <p>Birgit has 25 years of experience within banking and finance, working in several European countries. Her most recent position was as CEO of Volkswagen Finans Sverige AB. Other experience includes CEO of Volkswagen Möller Bilfinans AS and Volkswagen Bank GmbH. She has held multiple international positions as Chairman and Director within the Scania Group, and today she works as a senior advisor. Currently, she holds a board position at Mangold AB and is a member of Savelend Group's revision and compliance committee and credit committee. Other assignments: Board director at Mangold AB, Mangold Fondkommission AB, Panthera AB, Auriant Mining AB, and deputy board member in Endspurt AB and Endspurt Holding AB.</p>		183 000	76 053
 <b>Johan Roos</b>	<b>Director</b>		
 <p>Johan has a background as a chartered accountant and has extensive experience developing and executing strategies within the CFO-related issues, such as internal controlling and compliance. Johan has previously held positions such as Group Chief Financial Officer at SEB, CFO at RSA Scandinavia (Codan/Trygg-Hansa), and CFO at Hewlett-Packard Sverige. Currently, he is working as an independent consultant and senior advisor, and also holds a position on the board of Avanza Bank. Johan serves as a member of Savelend Group's strategy committee and credit committee. Other assignments: Board director at Avanza Bank Holding Ab and Avanza Bank AB.</p>		258 653	76 053
 <b>Helena Möller</b>	<b>Director</b>		
 <p>Helena has extensive background within finance roles including CFO for Svea Ekonomi and Global Accounting Manager for Klarna Bank. Currently, she works as an interim consultant and is Chief Accounting Officer at Sinch. She holds a Master of Science in Business Administration from Stockholms Business School. Helena is also a member of Savelend Group's audit committee and compliance committee. Other assignments: Board director of Sandler Consulting AB, deputy board director of Sandler Wine AB, CEO and board director of Sandler Interim AB.</p>		0	76 053
 <b>Jan Sjödin</b>	<b>Director</b>		
 <p>Jan has long experience in handling issues within governance, risks, compliance, and business development. He has held several leading positions within the financial sector and is currently an advisor and consultant within compliance. Jan was previously Chief Compliance Officer at Euroclear Sweden AB and head of the unit responsible for surveying financial services marketed to consumers and supervision of the securities market at Finansinspektionen. Jan has held several supervision assignments and board director in numerous supervision institutions and the Swedish representative in the European Securities and Market Authority. Other assignments: Board director and CEO at Segadia AB, Chairman of the board at Favoritfonden Sverige AB, board director and CEO at SkuldHjälp Sverige AB and board director at Kolåsontor AB.</p>		50 000	76 053

## The Management – Founder-Led and High Ownership

The founders of SaveLend and Billecta are still active in the management team as CEO, CFO, and CIO. They are also among the top five owners of the group. The rest of the management team has incitements in the form of shares and options, except the credit officer, who is not permitted to own these, according to SaveLend's internal rules. Miika Engström does not hold any shares or options in the group, but he owns 9.99% of Billecta Finland and holds an agreement to sell his holding for cash or shares.

Name	Position	Shares	Options
<b>Ludwig Pettersson</b>	<b>CEO and Founder of SaveLend Group</b>		
	Ludwig founded Savelend Group in 2014 and has been its CEO since then. He is also a director of the board and the largest shareholder of the group. He is educated as a Credit Controller and previously held a position on ENLABS board. Other assignments: Board Member in Swedish FinTech Association, Punktligt AB, Giwdul Invest AB, and MARCs Consulting AB.	9 531 606	3 826
<b>Jonas Ahlberg</b>	<b>Chief Financial Officer, Co-Founder of Billecta</b>		
	Jonas is one of the founders of Billecta, which Savelend Group acquired in 2018. He is currently the Chief Financial Officer of SaveLend Group and has previously been one of SaveLend's Board Members and COO. Jonas holds a Master's degree in Economics from Stockholm University. Other assignments: Board member in Dalmex AB, InWilbur AB, and board chairman in o25 Fastighets AB.	3 126 668	48 571
<b>Linda Drake Ström</b>	<b>Chief Credit Officer</b>		
	Linda has extensive knowledge of corporate finance and consumer lending thanks to more than 20 years in the financial industry. Most recently, Linda came from the role of Credit Manager at Promentor Finance AB, where she was the driving force behind it's application to become a credit market company. Before that, she was a risk analyst at Santander Consumer bank, head of risk analysis at Hi3G Access AB, and Group Manager for Production SveaWebPay and Credit Manager at Adecco. Linda does not hold any other assignments.	0	0
<b>Helén Danielsson</b>	<b>Chief Legal Officer</b>		
	Helén was hired as Chief Legal Officer for Savelend Group in early 2020. She was previously a lawyer at PRA Group Sverige AB and specialized in AML and GDPR. Hélen holds a law degree from Uppsala University. Hélen does not have any other assignments.	21 771	38 026
<b>Jacob Gevcen</b>	<b>Chief Information Officer, Co-Founder of Billecta</b>		
	Jacob is one of the founders of Billecta, which Savelend Group acquired in 2018. Since the acquisition of Billecta, Jacob has been Chief Information Officer in the Group. He has a degree in civil engineering and has previously been system manager at H&M and CTO at Upsales. Other assignments: Board member at Jage IT Consulting AB and Gevcen Invest AB.	3 106 734	48 571
<b>Miika Engström</b>	<b>Chief Revenue Officer</b>		
	Miika is the Chief Revenue Officer in the Group and the President of Billecta Finland Oy. He has extensive experience in the banking and finance sector, including as CEO of Collector Bank in Finland, Head of Payment Solutions at Resurs Bank, CEO of the Finnish P2P company Fixura and many senior positions at American Express. Miika is also a member of the Kirkonummi City Council (Finland). Other assignments: CEO of Billecta Finland Oy, CEO of Providence Finance Oy, Board Member at Forseti Capital Oy, and partner in Uudenmaan Varma Palvelu Oy.	0	0
<b>Martin Brändefors</b>	<b>Chief Operating Officer</b>		
	Martin comes from a back background as a management consultant in the financial sector. He has previously held positions such as Head of Outsourcing at Klarna and as Management consultant at zeb Nordics, focusing on compliance and regulatory service. Martin has also previously been active in the Swedish Armed Forces. Other assignments: Board member of Stockholms Studenthyresgästernas Förening.	0	41 000

## Product Overview

SaveLend has two platforms: SaveLend, the investing platform, and Billecta, the invoicing platform.

### SaveLend

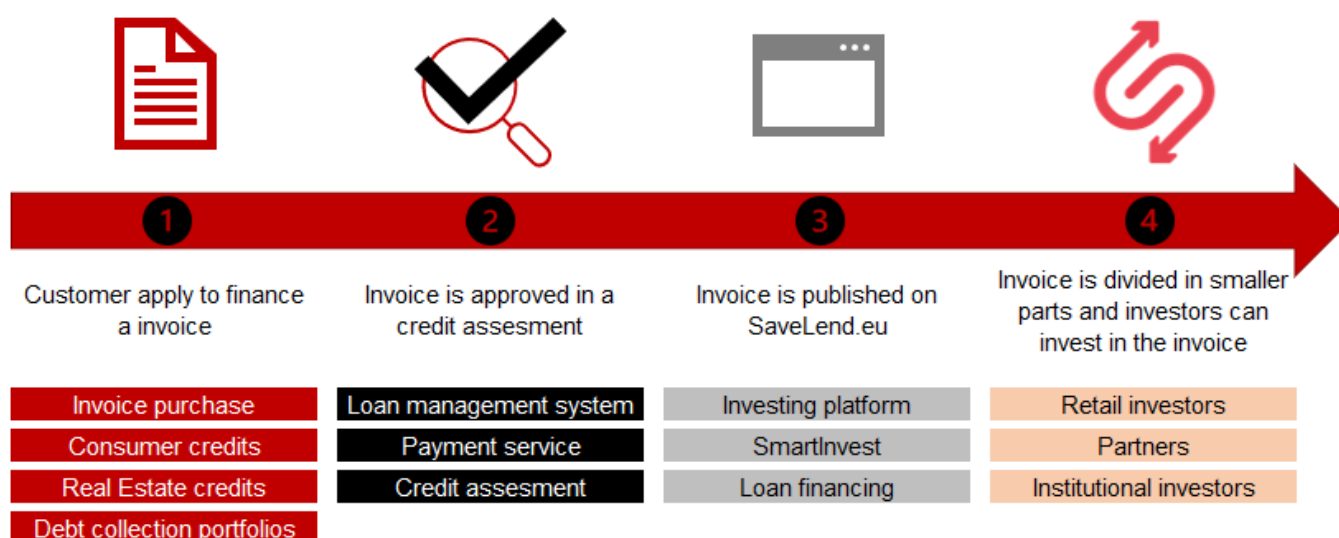
SaveLend is an investing platform where borrowers and investors meet to gain synergies, creating a financial ecosystem to find financing for borrowers and return on capital for investors. Credits and loans have been around for time immemorial; the oldest documented loans dating back to Assyrian and Babylonian merchants giving out grain loans to farmers and traders while paying interest on a loan began in ancient Mesopotamia.

SaveLend acts as a broker for its investors, meaning investors never need to contact borrowers directly. An investor can choose on the SaveLend website to invest according to credit type, originator, and maturities. The investing engine, SmartInvest, automatically invests an investor's capital according to these factors.

If the credit defaults, SaveLend manages the collection of the credit, and any credit loss will be realized so as not to lock in the capital for the time, it takes to collect. Since H2 2020, if the credit is overdue, SaveLend Group's own collection company will buy the credit and refinance it on the platform.

SaveLend also facilitates a secondhand market to offer a possibility to liquidate invested credit before it reaches maturity, as credit only offers cash in the monthly payment of interest and amortization. The investor may still need to liquidate before maturity.

This example of an invoice financed in SaveLend's ecosystem can be applied to any credit to be financed on the platform.



## Revenue Model

SaveLend monetizes its ecosystem with the borrowers, the investors, and its partners.

From the customer:

- Brokerage fee and a setup fee
- Interest margin on credit

From the investor:

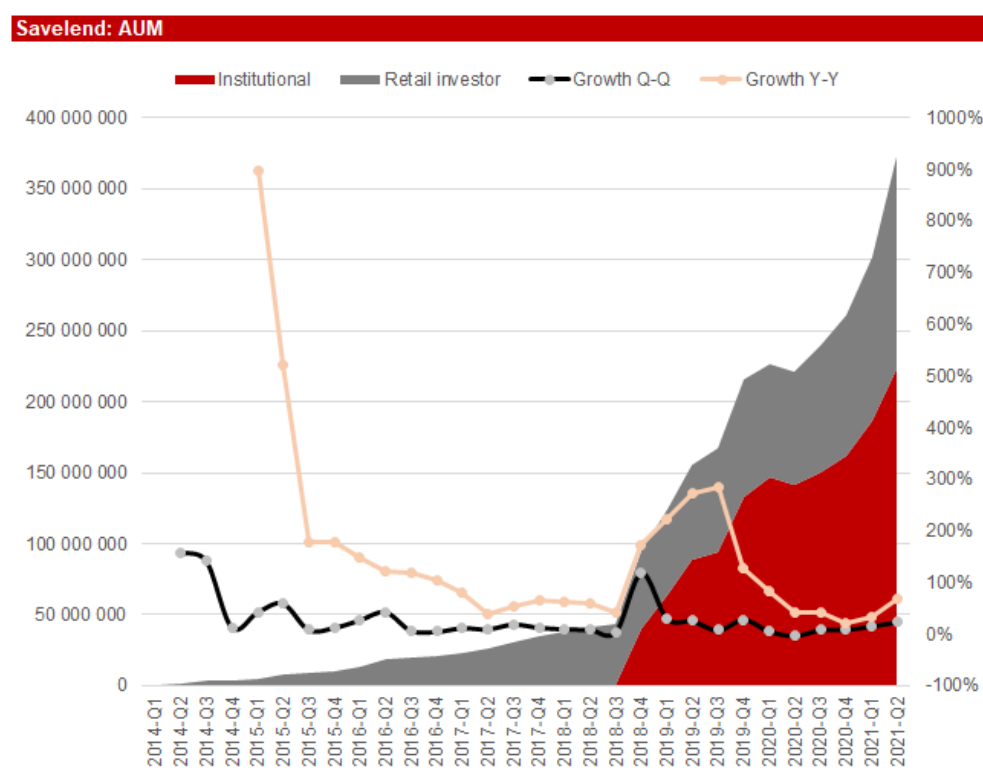
- Commission on paid-out interest (10%)
- Brokerage fee on the secondhand market (5%)

From partners

- Licensing the platform
- Lending out the licenses

The incentive is for SaveLend only to allow credits with a high credit rating on the platform through this revenue model. If too many loans were to default, SaveLend would earn nothing as the customer would not earn anything. Like its investors, SaveLend has skin in the game.

## Assets Under Management



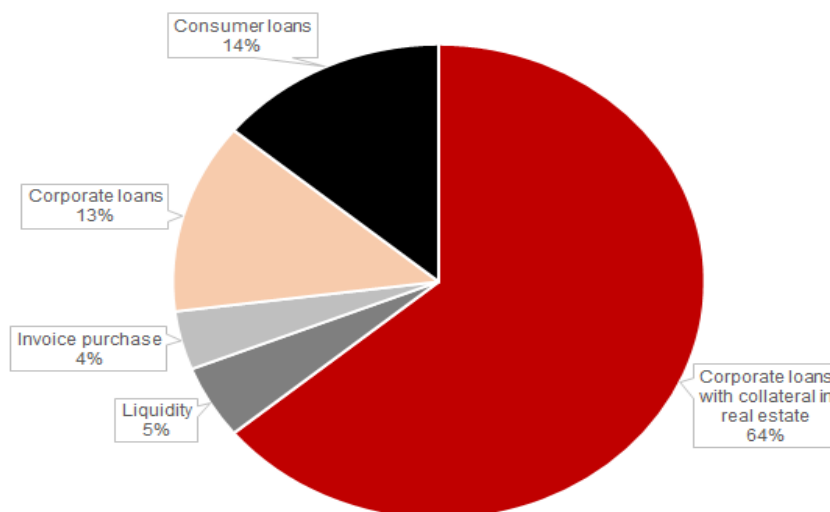
Assets under management have grown sequentially in all quarters except Q2 2020 when SaveLend put a hold on giving out more loans and monitored the situation with caution to see where the economy was heading. The platform has never had lower AUM growth y/y than the



21% it reported for Q4 2020. Its last quarter saw 69% growth y/y and 24% q/q (easy comps because Q2 2020 saw negative growth).

As of 31 March 2021, credit exposure on the platform mainly consisted of corporate loans with collateral in real estate, which accounted for 64% of the capital on the platform, followed by 14% in consumer loans, 13% in corporate loans, 4% in invoice purchase, and 5% liquidity.

**Type of credit on SaveLend (2021-03-31)**



Source: Redeye Research & SaveLend

## Return on the Platform

Investors on the platform have received a high return on capital of 9.34% on deposited capital since 2014 and 13.81% on invested capital on average from 2014 to 2020. It has delivered a total return on invested capital of 96.69% after fees compared with OMXS30 at a return of 52.88%, Spiltan Räntefond Sverige at 14.21%, and a regular interest account (0,5% interest) 3,5%.

Despite the high return on capital, it comes to relatively low risk as credit losses have been on average -0,30% of the invested capital from 2014 to 2020. It shows that the credit assessment has rigorous and can keep the risk relatively low.

Year	Return on deposited capital	Return on invested capital	Credit losses % of invested capital
2014	6,98%	15,36%	0,00%
2015	10,52%	17,12%	0,00%
2016	7,97%	11,27%	-1,94%
2017	11,04%	16,67%	-0,20%
2018	10,83%	15,41%	-0,09%
2019	8,61%	10,18%	-0,22%
2020	9,41%	10,69%	-0,32%
<b>Average 2014-2020</b>	<b>9,34%</b>	<b>13,81%</b>	<b>-0,30%</b>

Source: Redeye Research & SaveLend



## SmartInvest

SmartInvest is SaveLends automatic invest engine. Investors decide the originators they want to invest with and then the type of credits and the maximum size for an individual credit of a specific kind of credit, as illustrated below.

**Smartinvest**  
5 out of 5 Active

**SBL Finans** [Toggle On]

Debt collection portfolios [Toggle On]

Factoring [Toggle On]

Business loans [Toggle On]

Consumer loans [Toggle On]

**Consumer** [Flag]

Target return: **9%**

Term (months): **5 - 24**

Currency: **SEK**

Penalty interest: **Yes**

Buy back agreement: **Yes**

[Key investor information](#)

Share [%] of my total capital per investment:  
Given your current depot value, Smartinvest will at most place 408.79 (SEK) into a given investment.

☒ Invest in secondary market

**4%**

**Billecta Finland** [Toggle On]

**Billecta Poland** [Toggle On]

**SKF** [Toggle On]

**Partner Inkasso** [Toggle On]

SmartInvest allows investors to create an individualized portfolio of credits without taking the individual decision on every credit, making it very time-efficient and easy to compile a portfolio of hundreds of credits with even a tiny amount of capital.

## Credit Losses

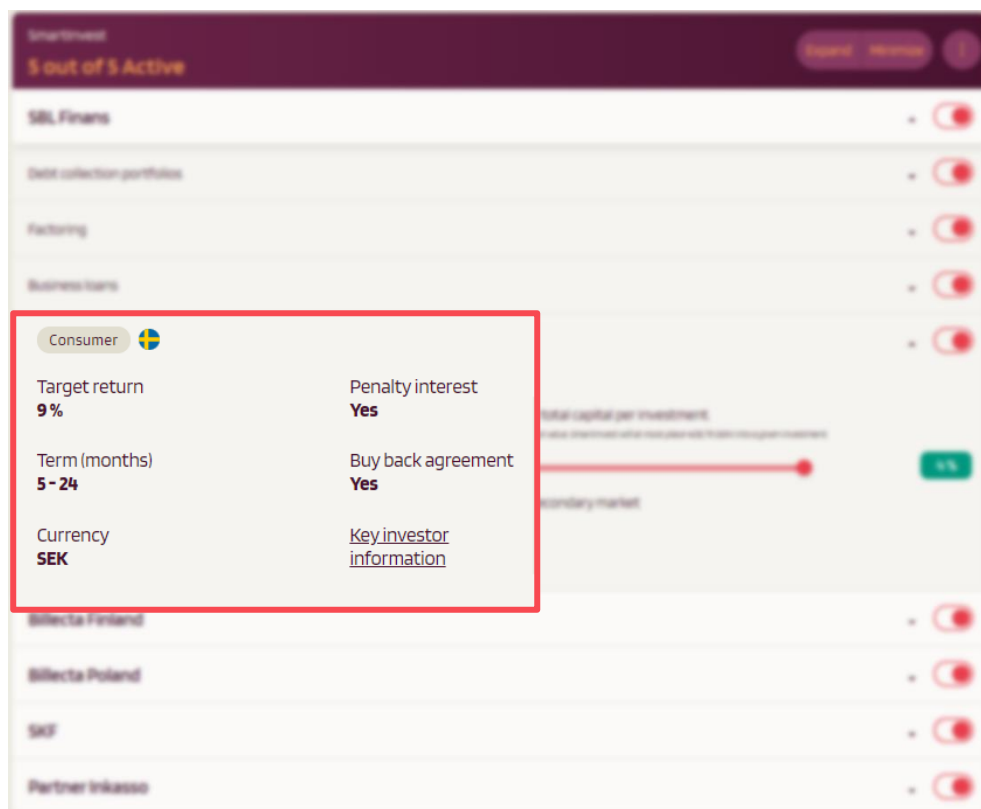
Credit losses are inevitable when investing in credits. SaveLend has held low credit losses of an average of 0.30% for 2014-2020 compared with the Swedish niche banks at more than 1% over the same period. It is also evident that SaveLend only focuses on creditworthy individuals and enterprises, approving one in ten applications.

SaveLend aims to have zero credits on its balance statement, although it will be opportunistic in handling the matching of credits and disposable capital from time to time. Also, it can put credits on the balance sheet when a chance to buy a collection portfolio at an attractive price arises.

Credit losses are handled in different ways to avoid credit losses for the investors. One of the invoices has a buy-back agreement to sell the defaulted credit to a collection company. The investor receives the majority of the capital back and can reinvest this. SaveLend allows the investor to mitigate their risk and avoid a collection process that can take years to be solved.

If there is an asset as collateral for other credits, the investor will possess and sell that to repay the credit. Every credit type has a different kind of protection against credit losses and is stated on the platform.

When payment for credit is late, penalty interest is triggered, which is displayed on every credit and can easily be seen on the platform.



## Investors

### Savelend: Platform KPIs

	2019				2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Number of retail investors	3 384	4 028	4 796	5 567	6 155	6 530	7 145	7 702	8 960	11 222
Retail AUM (SEK m)	59	67	74	82	81	80	89	98	115	150
Average AUM retail investors	17 435	16 623	15 351	14 784	13 091	12 214	12 474	12 787	12 833	13 367
Number of partners investors	62	102	135	174	193	203	218	235	270	299
Partner AUM (SEK m)	65	88	94	133	146	141	150	162	171	204
Average AUM per partner investor (SEK m)	1 040 323	867 618	696 296	764 368	758 483	696 722	688 810	690 445	634 750	683 445
Total number of investors	3 446	4 130	4 931	5 741	6 348	6 733	7 363	7 937	9 230	11 521
Total AUM	124	155	168	215	227	221	239	261	286	354
Average AUM per investor	35 839	37 640	33 994	37 503	35 753	32 852	32 498	32 851	31 026	30 757
<i>Quarter over quarter growth</i>										
Growth of retail investors		19%	19%	16%	11%	6%	9%	8%	16%	25%
Growth in retail AUM		13%	10%	12%	-2%	-1%	12%	11%	17%	30%
Growth in average AUM of retail investors		-5%	-8%	-4%	-11%	-7%	2%	3%	0%	4%
Growth of partner investors		65%	32%	29%	11%	5%	7%	8%	15%	11%
Growth in partners AUM		37%	6%	41%	10%	-3%	6%	8%	6%	19%
Growth in average AUM of partner investors		-17%	-20%	10%	-1%	-8%	-1%	0%	-8%	8%
Growth of total investors		20%	19%	16%	11%	6%	9%	8%	16%	25%
Growth in total AUM		26%	8%	28%	5%	-3%	8%	9%	10%	24%
Growth in average AUM of investors		5%	-10%	10%	-5%	-8%	-1%	1%	-6%	-1%
<i>Net change</i>										
Retail investors		644	768	771	588	375	615	557	1 258	2 262
Retail AUM (SEK m)		8	7	9	-2	-1	9	9	17	35
Partners investors		40	33	39	19	10	15	17	35	29
Partners AUM (SEK m)		24	6	39	13	-5	9	12	9	33
Total investors		684	801	810	607	385	630	574	1 293	2 291
Total AUM (SEK m)		32	12	48	12	-6	18	21	26	68

Source: Redeye Research & SaveLend Group

The platform has two types of investors: retail and partners. At present, partner investors represent a larger proportion of the AUM than retail. Retail investors totaled 8,960 and represented an average of SEK 16,741 per investor. The average has fluctuated at around SEK 12,000-17,000. By comparison, Avanza and Nordnet have around SEK 475,000 per investor.

There is a third type of investor on the platform: institutional investors (some 5% of the invested capital). Today, only one institutional investor, Nordisk Kreditmarknadsbolaget, has a dedicated flow of credits to finance the SäljFinans product.

## Originators

The other important part of the platform is the credits themselves. Today, SaveLend has five different originators, three of which are internal sources:

- SBL Finans (internal)
- Billecta Finland (internal)
- Billecta Poland (internal)
- SKF (external)
- Partner Inkasso (external)

These originators supply around 10,000 unique credits to the platform, and by dividing the credits, SaveLend can provide investors with high diversification.

Originators also represent a risk for the investor should one go bankrupt. SaveLend conducts rigorous controls of the originators' lending processes and historical returns on credits to prevent this.

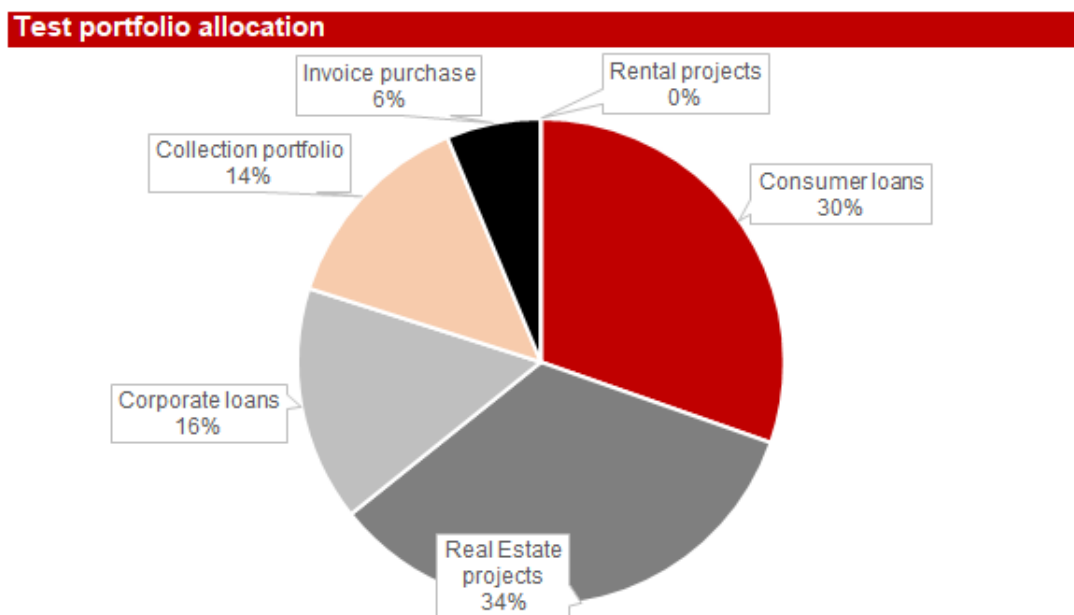
## Activation of Capital

As well as being an investing platform where borrowers and investors meet, SaveLend is also a mechanism of matching the supply and demand of credits. It is important to attract more AUM to the platform and activate this, and have available credits to invest in. SaveLend is paid a commission on the interest paid out, making it equally important for the platform to generate revenue.

## Testing the Platform

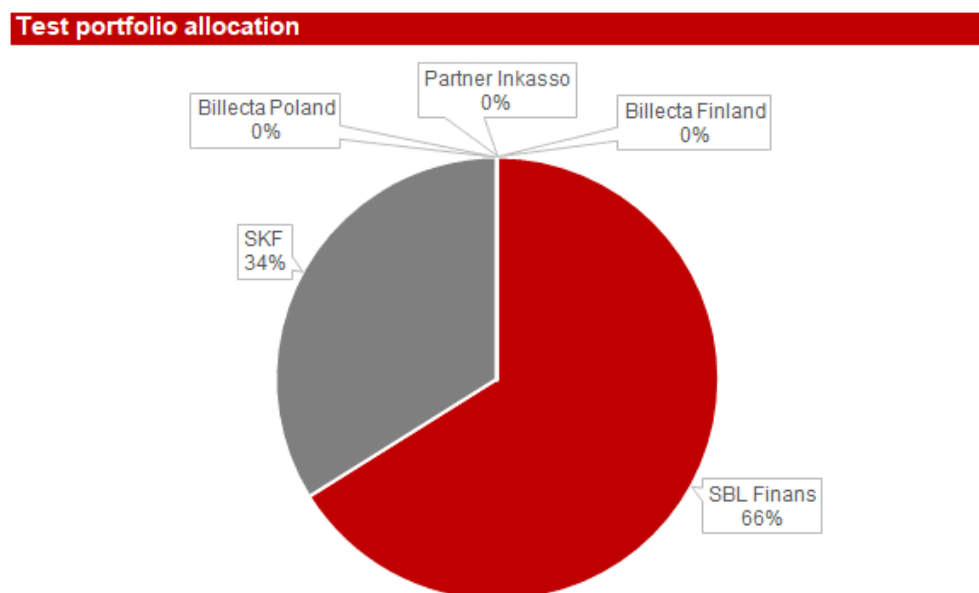
Our test of the platform indicates that an investor with SEK 10,000 invested for approximately six months with the SmartInvest function will have around 180 credits and receive a return of 2.43% on invested capital (annualized 4.91%) over this period. Our test allowed all types of credits from all originators and all maturities. On average, 90% of the disposable capital has been invested, and we a total of 125 SEK of credit losses over the period. Note that these six months were low season for all other lendings except consumer loans, and different loans have different payout schedules, which is the return. Moreover, the portfolio needs to be invested for at least a year to give a total fair picture of investing on the platform.

## The test portfolio's allocation



Source: Redeye Research test on SaveLend

Our test portfolio significantly differs from the overall platform allocation in consumer loans and real estate projects. The platform's AUM comprises 14% consumer loans, and our test portfolio has 42%, while our test portfolio allocation was 24% in real estate projects versus the platform at 64%. This was because of availability when depositing our capital on the platform since we allowed for all types of credits and originators without any restrictions. We can also see that the test portfolios are from two different originators of the five available.



Source: Redeye Research test on SaveLend

## Billecta

Billecta is an invoicing platform that automates the flow and management of invoices. The platform offers several distributions and payment options to decide the best-suited solution for issuing and payment. The platform also integrates with most business intelligence and ERP systems to automate the account and the reminder and collection processes after an invoice is issued.

Billecta targets customers with recurring invoices, such as subscriptions, rent, electricity, telecom, and other utility- and household-related service providers. The target group is all enterprises and organizations that need help with automating their accounts receivable ledgers and payment flows. The platform's greatest value is for customers with larger volumes thanks to the automation, which makes adding one additional invoice effortless.

The platform has a REST API, allowing customers to integrate it with their systems. There are available plug-and-play integrations with the best-known accounting programs.

## Services on the Platform

Today, Billecta offers six different invoice and payment services to help customers manage and automate their invoice flow.

### Fakturaservice

This is the leading service provided by Billecta. It is a web-based invoicing platform that allows for a flexible and adaptable solution. It may be used on a plug-and-play basis thanks to integrations with the most common accounting systems or custom integration with a customer's internal systems. Invoices are created in the web application by importing invoice documentation to the web application or integrating with the platform's API.

Customers can then decide how the invoices are distributed (post, email, e-invoice, SMS, or Kivra) and which payment option they want to offer to the end-customer (Bankgiro, Swish, debit or credit card, or direct bank transfer). An accounting verification is created for all activities in handling an invoice, even periodizing the income, faulty payments, late payments, balance management, and more.

### Checkout

The Checkout service allows customers to integrate on the website to enable enterprises and organizations to set up a subscription via autogiro. It manages the collection of an account number, digital signing of autogiro consent, and sets up recurring debiting through autogiro according to a signed agreement. In a future version, the goal is to allow more payment options to be offered, including installments.

### Collection (inkasso)

As an add-on service to Fakturaservice, Billecta offers a collection service. When an invoice is overdue, the service automatically starts to handle the collection process according to the customer's pre-set terms or the active customer's choice. The invoicing platform monitors the payment status of the overdue invoice. Due to the high level of automation in the collection

process, the number of invoices sent to a debt collection officer decreases. The user interface allows the customer to monitor the process and attend to the end-customer relationship.

Portfolios are acquired monthly, with 150-200 invoices from the investing platform, which will continue during 2021. External portfolios are also of interest.

### **Financing services (finansieringstjänster)**

Customers with issued invoices on the invoicing platform can be financed through the investing platform and be financed by investors.

### **SäljFinans**

Through SäljFinans, end-customers consumers can pay an invoice in installments, which generates a consumer credit on the investing platform. The customer (the invoice's issuer) is paid on the due date, and the end-consumer receives an installment plan.

### **Invoice purchase**

In conjunction with invoice issuing, a customer can decide whether to sell the invoice and receive payment faster than otherwise. The invoices are financed through the investing platform and are bought with and without regress.

## **Revenue Model**

Billecta has two primary sources of income:

- Transaction, distribution, and license fees per invoice (around SEK 11 per invoice)
- Collections fees from external collection assignments and the return of acquired collection portfolios.

The revenue model allows Billecta to grow with its customers and provides a high level of recurring revenue.

## **KPIs for Billecta**

The two important KPIs for Billecta's revenue are the number of invoices and the income per invoice issued. The invoices grew significantly in early 2021 after large agreements were signed with Akavia and Fastum, adding two million invoices annually. The larger customers are also the lower-income per invoice as they have received a discount compared to regular customers owing to their larger volumes.

The last quarter saw a lot of non-recurring invoices as integrations were made. To move invoices from the previous system to Billecta, it was necessary to issue invoices to transfer the balances. Around 335,000 invoices were non-recurring; the income per invoice was also affected due to lower or no fees for the customer to issue invoices in conjunction with the integration. The adjusted income per invoice was SEK 6.2.

**Billecta: KPIs**

	2019				2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Bills	190 000	237 773	223 062	244 401	265 936	279 654	320 075	360 457	391 082	1 145 000
Growth Q/Q		25%	-6%	10%	9%	5%	14%	13%	8%	193%
Growth Y/Y					40%	18%	43%	47%	47%	309%
Per bill		9,0	9,0	9,0	9,0	9,0	9,0	9,9	9,6	4,4
Growth Q/Q			0%	0%	0%	0%	0%	10%	-3%	-54%
Growth Y/Y						0%	0%	10%	7%	-51%
Sum	0,0	2,1	2,0	2,2	2,4	2,5	2,9	3,6	3,8	5,0

Source: Redeye Research & SaveLend Group

## Platform Synergies

Combined, the platforms create synergies as the invoicing platform feeds the investing platform with a credits flow. The investing platform allows the invoicing platform to offer factoring services without taking risks on the credits' balance.

Creating a financial ecosystem such as this allows investors, borrowers, and customers of Billecta to benefit from the needs of other parts of the ecosystem. There are clear synergies when Billecta signs a new customer to its services as it may indirectly generate credits for the investing platform.

## Competitive Advantages

SaveLend Group prioritizes the investor on the investor platform and is not an alternative financing method compared with other investing platforms. This is primarily shown in the number of different credit types, while other investing platforms only focus on one type of credit. SaveLend makes it easier for an investor to properly diversify across different credit types and the number of credits.

Billecta focuses on making the invoicing process simpler from start to finish for enterprises. It primarily focuses on companies with high volumes and a high frequency in their invoicing schedule (monthly invoicing). The web-based platform and APIs allow the invoicing process to be integrated into every ERP system and to provide accounting information to the ERP system. From our own experience, the platform is straightforward to set up and begin invoicing with as a stand-alone program for a small enterprise. It makes it easy to integrate into a growth company that will scale up and, at a later stage, add integration with an ERP system to automate the invoicing process further.

The investing platform offers network effects as there is a matching mechanism of AUM and credits, each benefiting the other and making the benefits more substantial thanks to more AUM and credits. The investing and invoicing platforms create network effects as products that the invoicing platform offers are possible thanks to financing on the investing platform.

Billecta's customers have high switching costs because the platform is integrated with their ERP systems, especially for a larger enterprise/organization with a high volume of recurring invoices. The integration work spans months, if not years.



## Business Strategy

### SaveLend Group

The group has just started its international expansion beyond Sweden by entering Finland and Poland. The focus of its international expansion is primarily the Finnish market at present. This does not increase the total addressable market but does introduce credits denominated in EUR on the platform. The investing platform can receive investors from the whole European region, and by having credits in EUR, the entry barriers for non-Swedish investors are reduced. This opens up the European market to the investing platform.

The investor platform does not have the same need for a physical office in the geographical region it is expanding to. On the other hand, Billecta has one advantage that the investing platform does not have: it can follow an existing customer to another country and implement its solution there, derisking any geographical expansion significantly. Billecta can then rapidly acquire knowledge about the regional specifics through an implementation, leveraging that knowledge when implementing new customers.

SaveLend Group has a straightforward strategy to expand in Europe, with its near-term focus on the Nordic region and Northern Europe thanks to similar business cultures and data availability. SaveLend recently acquired Fixura Oy to further expand its footprint in Finland; we believe more acquisitions are possible in the future to expand into new geographical regions.

### SaveLend

An investor platform for investors by investors, SaveLend develops its platform in conjunction with its investors by asking questions in its monthly investor letter and using social media to answer any questions and to receive suggestions that can make the platform better. It has a modern approach to interacting with platform users and creating a feedback loop between investors and platform development. The SmartInvest function is a result of investor feedback about what the investing platform lacked.

This closeness and social media approach have created a SaveLend community that is particularly visible in a very active Facebook group. Today, investing is far more open than five years ago and is discussed on social media and between friends. The SaveLend community is thus an advantage, especially when it comes to the cost of acquiring more customers, as word-of-mouth about the platform increases as more investors join and see its benefits.

In conjunction with the IPO, SaveLend launched its first extensive marketing campaign, "Money Shouldn't Sleep!" and used an innovative marketing campaign with money in a plastic box at a physical location up for grabs to whoever could smash the box. [Link to a video showing the money in the box.](#)

SaveLend has a TrustPilot score of 4.3 with 517 reviews. Given its investor base of around 11,000, this implies that some 5% of investors have left a review. Although not high, this gives some sense of how investors are on the website and social media like the platform. The SaveLend team also answers and takes account of feedback on the Trustpilot page. To compare, peer Lendify has a score of 4.8 with 2,750 reviews, Kameo has 3.7 based on five reviews, and Tessin has 3.4 based on three reviews. Due to data points, the only one comparable is Lendify, which has a higher score than SaveLend's and many more reviews, but

Lendify's reviews are both lenders and borrowers. At the same time, SaveLend's are only investors due to their different market approaches.



## SaveLend

Reviews 517 • Excellent



4.3 ⓘ

SaveLend further incentivizes this flywheel of investors who recommend the platform to friends by rewarding investors who refer and become investors on the platform. Depending on how much the new investor deposits, both receive a deposit in their account — a win-win for both the referrer and the new investor.

- SEK 5,000 deposited = SEK 200 reward each
- SEK 10,000 deposited = SEK 400 reward each
- SEK 20,000 deposited = SEK 600 reward each

SaveLend has another reward system that ties into its mission of being a financial ecosystem that creates synergies: a shareholder system in which the investors who invest in credits on the platform and in the SaveLend share receive lower fees based on the number of shares they own.

Gold bonus level: 5,000 shares

- 6% (10%) in commission fees
- 2% (5%) in transaction fees on the secondary market

Platinum bonus level: 10,000 shares

- 5% (10%) in commission fees
- 0% (5%) in transaction fees on the secondary market

This bonus system signals SaveLend's view on the position of credit in an overall investment portfolio. Credit assets and equity assets combined create a diversified portfolio and are suitable for investors.

The investing platform offers a wide range of credits that other platforms do not. Usually, other investing platforms focus on one asset, such as consumer credits or real estate projects. Still, SaveLend makes it possible to hold a diverse portfolio of credits spread across several credit types.

Increasing transparency and education on the platform to allow investors to make better decisions and building trust in the platform (as credits are a relatively new asset to invest in for anyone who is not an institutional investor), it is essential to increase investors' confidence in the asset class itself and SaveLend as a platform and to keep existing investors on the platform and also to increase adoption by new investors.

Partners play an essential part in increasing the AUM on the investing platform. In the Q2 report, partners' AUM accounted for some 60% of the capital, representing far higher AUM per investor than other types of investors. Increasing types of partnerships to further increase the AUM is an important step forward for SaveLend.

AUM is significant to the future growth of SaveLend. Still, it is equally important to provide the investing platform with the number of credits needed to achieve a high percentage of invested capital. SaveLend receives no commission on non-invested AUM since it does not pay out any returns. Adding on originators allows SaveLend to supply investors with credits to invest in, but it can also allow for other types of credits and make more diversified portfolios possible.

One unexplored investor category is institutional investors. As the AUM increases, there will be a higher likelihood of SaveLend attracting institutional investors. Today, it has one institutional investor, but it has a dedicated flow of credits to finance Billecta's SäljFinans product.

## Billecta

Billecta focuses on two things: having an easy-to-use platform and automating as much as possible for the customer and for itself. Its web-based platform can be used anywhere, and the APIs communicate with the main ERP system and automate the flow of creating invoices and paying them.

We have tested the invoicing platform without any integrations, and setting up an account to issue an invoice took no more than 30 minutes, which is much faster than other platforms. The Billecta platform is intuitive, and it helps the issuer create an invoice, decreasing the risk of mistakes.

Thanks to the high automation focus and a module focused on recurring invoicing activity, Billecta's platform is ideal for large organizations with a subscription-based product. Household-related services are an especially good sector for its recurring invoicing pattern. These organizations will require a higher level of integration further down the line to take advantage of all the platform's benefits when communicating with the ERP system. This makes the revenues very reliable, as similar integration is not something a customer wants to do often due to the high costs of integrating systems and the loss of productivity caused by disruption to normal operations. In an ideal world, the customer would also have invoices suitable to publish on the investing platform. The customer gets their invoice paid faster at a discount, and the investing platform receives a credit. SaveLend Group is thus able to monetize the invoice/credit on both platforms.

## M&A

M&A is an outspoken strategy by SaveLend Group, which we, in turn, deemed suitable for several reasons due to the characteristics of the two sectors the Group is active on. The different M&A targets' purpose and motive could be several for the Group due to the company's situation and goals.

We see the arguments for both vertical and horizontal M&A activity to own more of the valuation chain and add more verticals, such as the Billecta acquisition. We see such M&A activity bringing substantial synergies.

As the group is expanding geographically, further acquisitions along the lines of Fixura are a strong possibility in the future as they offer swift expansion into a new geographical region. They add a footprint in the desired new market and increase the AUM on the investing platform and bring know-how and data about the market that allows SaveLend to build a sound credit scoring process.

As Billecta has a collection license, an acquisition of collection portfolios could also be of interest. These can be purchased at attractive prices because banks need to offload loans. The collection portfolio could then be financed on the platform or handled entirely by Billecta's collection business and earn a return on the difference.

## Industry Outlook

### Alternative Lending/Credit Investing Platforms

Alternative investing and credit financing platforms have been on the rise recently in the Nordic region and elsewhere in Europe. In the Nordic region, the market has grown by a 21% CAGR between 2017 (EUR 322m) and 2020 (EUR 572m), while the European market has seen CAGR growth of 10.6% over the same period (from EUR 6,302m to EUR 8,531m). We calculate that investing platform SaveLend has a Nordic market share of 0.92% and a European market share of 0.06%, leaving plenty of addressable markets in which to grow.

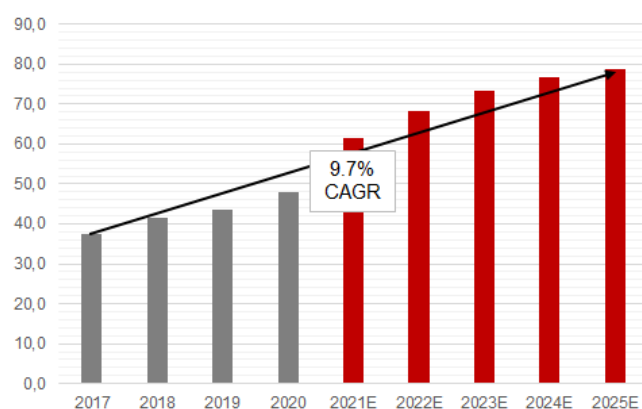
The market is growing and is the third-largest segment in the fintech market, with a transaction value of USD 291.5bn in 2020. China constitutes the largest part (86%) with a transaction value of USD 251.9bn, followed by the US market at USD 27.6bn. Europe is the smallest region at USD 8.6bn in transaction volumes, mainly due to market conditions, where trust in the financial sector is still high, and interest rates are low. This means relatively slower mass adoption of alternative lending models than in China, while the US market has the same problem as Europe but is still a much larger market.

The most significant benefits for the borrower are time-saving, flexibility, and reduced bureaucracy, particularly in developing regions where borrowers do not have access to the traditional financial system. The issue with access to capital is a problem in the developing world; in Europe alone, there is a funding gap of EUR 400bn, while in the US, it is USD 600bn for SMEs. Sweden has a funding gap of EUR 5.5bn for 29,000 SMEs. SME business owners say the greatest hindrance to their growth is access to external capital, making this one of the largest obstacles for growth in the local economies. This is especially problematic after the economy took a beating because of the pandemic.

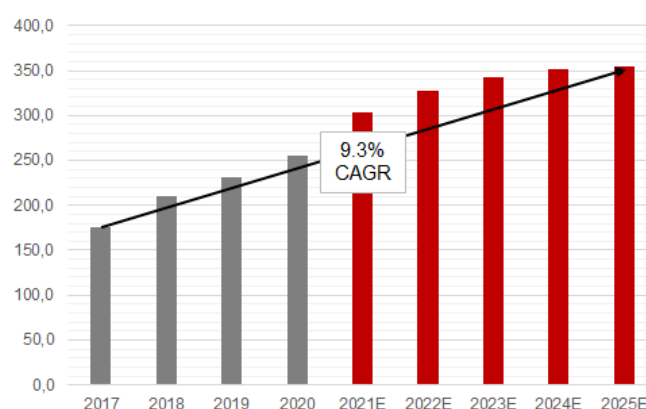
SaveLend Group is active in two markets: Sweden and Finland. The Swedish market constitutes the majority of its income and AUM, but with the acquisition of Fixura, some 20% of AUM now stems from the Finnish market.

The Swedish market size was USD 48m and is expected by Statista to grow at a CAGR of 9.7% until 2025 to USD 78.7m. The Finnish market is five times larger (USD 255m in 2020) than the Swedish market and has an expected CAGR of 9.3% for 2017-2025 to reach USD 335m.

SaveLend Group: Swedish market



SaveLend Group: Finnish market

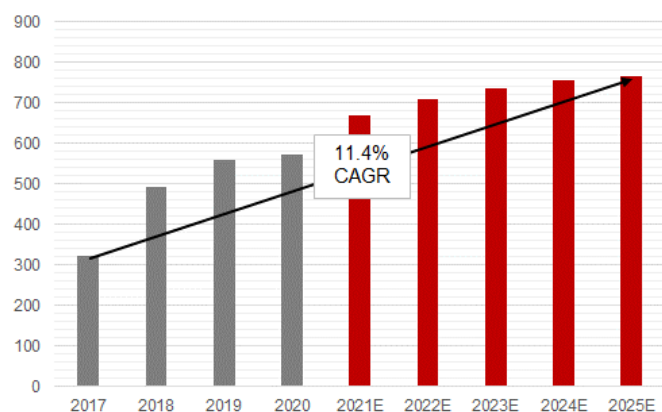


Source: Redeye Research & Statista

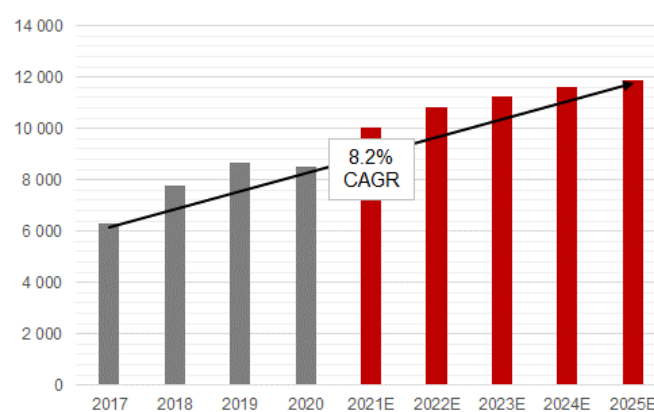
SaveLend Group aims to expand further in the Nordic region and Europe, taking its first steps to enter the Finnish and Polish markets. It is currently focused on the Finnish market. The Nordic market has an estimated CAGR of 11.4% for 2017-2025, with a market size of USD 765m in 2025. The Finnish market accounted for some 45% of the Nordic market in 2020 and continues to be the majority of the Nordic market until 2025.

The European market is 15 times larger than the Nordic market and is predicted to grow at a CAGR of 8.2% in 2017-2025. By 2025, the market is expected to be USD 11,870m in size.

Savelend Group: Nordic market



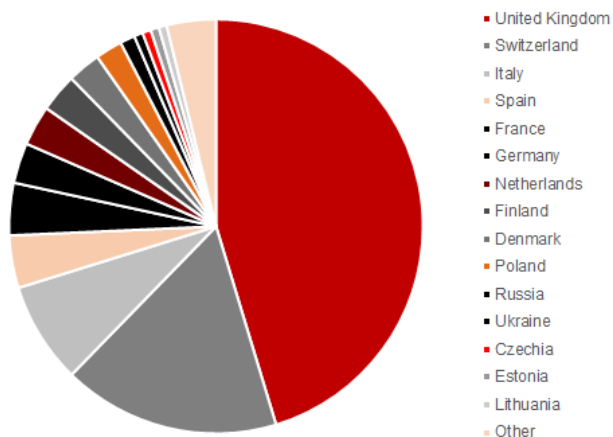
Savelend Group: European market



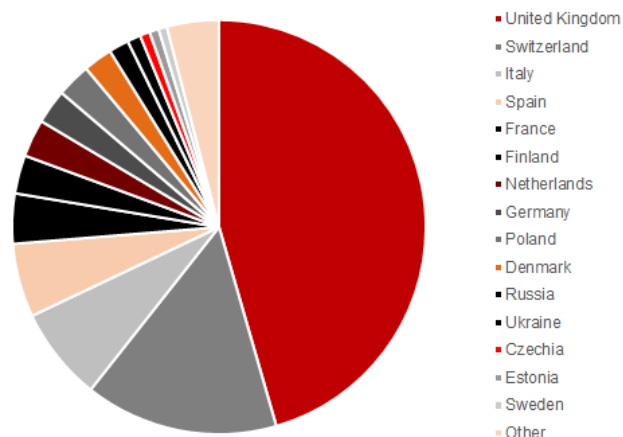
Source: Redeye Research &amp; Statista

The European market is heavily weighted towards the UK (around 45%), followed by Switzerland (16.8%), Italy (8%), Spain (4%), and France (4%). The Finnish and Polish markets are both in the top 10 markets for 2020, with Finland in eighth place (3%) and Poland in tenth place (2.1%)

Savelend Group: European market composition 2020



Savelend Group: European market composition 2025



Source: Redeye Research &amp; Statista

## There Is No Alternative (TINA)

TINA has been a theme over the past few years as interest rates have been decreasing to close to zero. Investors have needed to move to other assets to earn a return on their capital. They have either had to find alternative investments or move higher up the risk scale to receive the desired return. In a TINA environment, a return of 8-10% per year in credits is particularly attractive to investors, especially retail investors, since a bank account at one traditional bank offers zero% interest. A retail investor can find up to 0.5-1% when depositing their money with unknown financial players. For them to take the step and deposit their money at SaveLend and potentially earn about ten times more should be an attractive proposition. Essentially, we see only equities as providing a higher return for a similar or higher risk level.

## Credit Losses

Credit losses are probably investors' greatest concern and thus also for the credibility of investing platforms. With the financial crisis of 2008 and Lehman Brothers going bankrupt due to mortgage loans products (collateralized debt obligations) relatively fresh in mind, it is understandable that investors might be cautious about credit losses.

The investing platform has demonstrated robust results; from 2014 to 2020, its credit losses only exceeded 0.35% in one year. A relevant proxy for credit losses is the Swedish niche banks' credit losses, which have been 1-2% since 2006 and peaked at 2% during 2008 and 2009 because of the financial crisis. We argue that SaveLend has a more rigorous credit process than the niche banks, evident in it only approving one in ten loans.

## Invoicing Platform

No data exists for how many invoices are sent annually or how large this market is, mainly because invoices are created in Excel for small companies sending few invoices or in an invoicing platform integrated with an accounting program. It is only a small part of the whole value chain, from issuing to balance in accounts payable, payment, handling overdue invoices, and collecting the invoice. This adds to the problem of getting a grasp of the size of this market.

SaveLend quotes a 2016 report in which Tillväxtverket said that 860 million invoices are sent a year in Sweden. We have not found a better data point to illustrate the market. We use this number to estimate that 36.5 billion invoices are sent annually in Europe. The invoicing platform sends out 810,000 invoices on a recurring basis, which means it will send 3,240,000 invoices annually — suggesting a market share in Sweden of 0.38% of invoices sent.

## Competition

SaveLend Group has competition in both areas of operations, but no other player offers all the group's services. This makes SaveLend Group unique in the market, and these services offer synergies, and the group takes very little financial and operational risk.

**SaveLend Group: Competition**

Name	Financing	Invoicing platform	Investing platform	Collection services
Savelend Group	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Lendify	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Tessin	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Kameo	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Fortnox	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Billogram		<input checked="" type="checkbox"/>		
Svea Ekonomi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Mintos			<input checked="" type="checkbox"/>	

Source: Redeye Research & SaveLend Group

There are quite a few direct competitors to SaveLend as an investing platform, differing in investment product suites. The four main competitors are:

- Lendify: only consumer credits
- Tessin: only real estate project credits
- Kameo: only corporate loans and real estate projects credits
- Mintos: wide range of loans but no financing

Through Billecta, the group has a collections service that these competitors do not have. Instead, they are dependent on external collection companies. Not owning the whole value chain can be positive as the competition can focus on other activities, but as alternative credit investing is relatively new, we see having the entire value chain and being transparent across the whole process as a unique selling point.

We consider Billogram to be the main competitor for Billecta. It focuses on the invoicing platform but has no collection or financing services. We see most of its growth coming from its ERP systems' invoicing module, but this has not migrated to a web-based application and is not suitable for a large organization with a high number of recurring invoices. Billecta's two largest competitors in Sweden are Fortnox and Svea Ekonomi, which offer all the services that SaveLend Group does except the investing platform. They finance loans on the balance statement, while SaveLend finances them on the investing platform.

Credits are a reasonably new investing asset for the general investor collective, sitting in the space between funds and equities and a standard savings account. We see reasonably good possibilities for this niche to attract investors from among active fund and equity investors, who should understand the attractiveness of the return and risk of credits and see these complementing their other assets. The greatest potential is among those who let their money sit in a zero-interest savings account. According to SCB, SEK 1,800bn is sitting in these accounts. These investors, who are missing out on a lot of returns, should be low-hanging fruit for a player such as SaveLend to activate.



## Financial Review

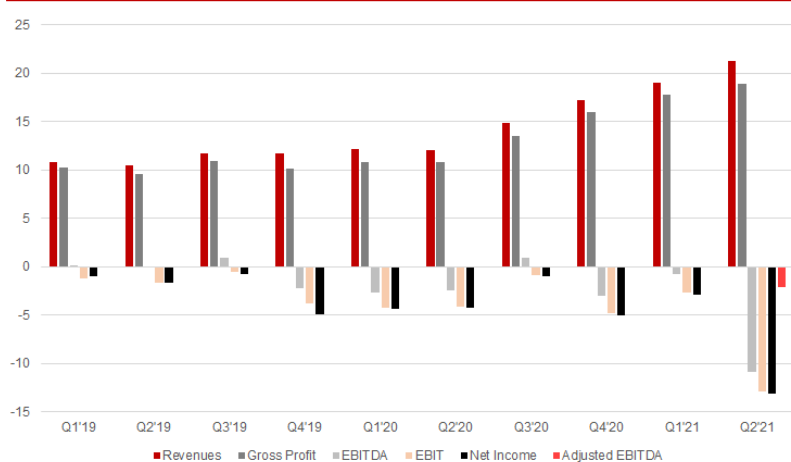
### Segment performance

In the latest report, the SaveLend platform constituted 76.4 % of SaveLend Group's total net sales; meanwhile, Billecta grew 100% and SaveLend 70.5%. Both platforms have seen accelerating growth in the last four quarters, with the highest growth in the previous report.

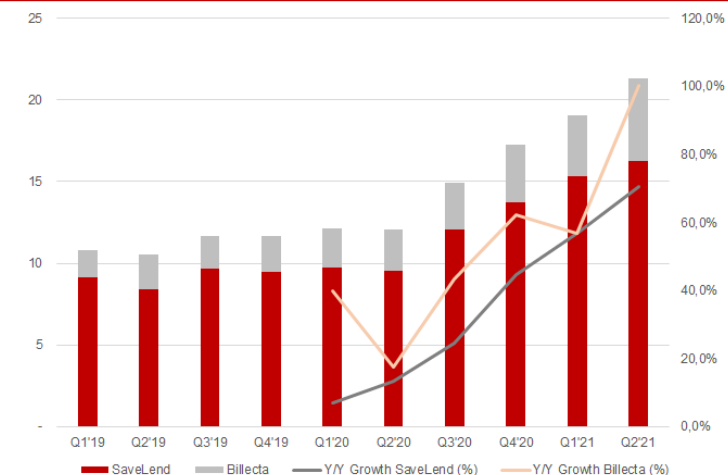
### Unit economics

The unit economics is very favorable in both segments, which is also evident in gross margins in the last ten quarters where it has never been lower than 86%. In general, the cost of sales is only attributed to refer-a-friend and collection fees for the investing platform, whereas costs for the invoicing platform are costs due to deliverance costs of the issued invoice such as postage, distribution fees through solutions such as Kivra and similar. This makes the business model very scalable, and as the volumes grows, it should result in very attractive margins further down the income statement.

SaveLend Group: Income statement (SEKm)



SaveLend Group: Segment performance (SEK m)



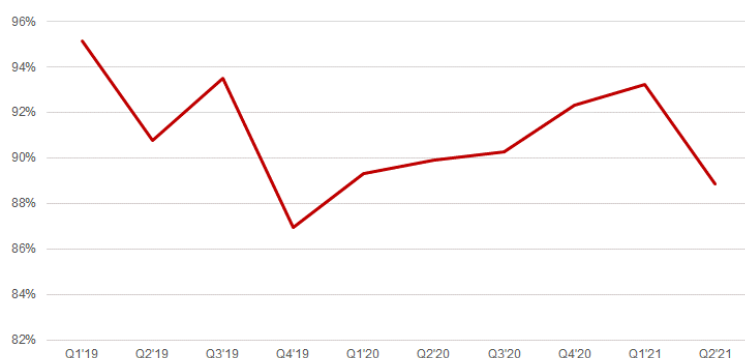
Source: SaveLend Group & Redeye Research

### Margins

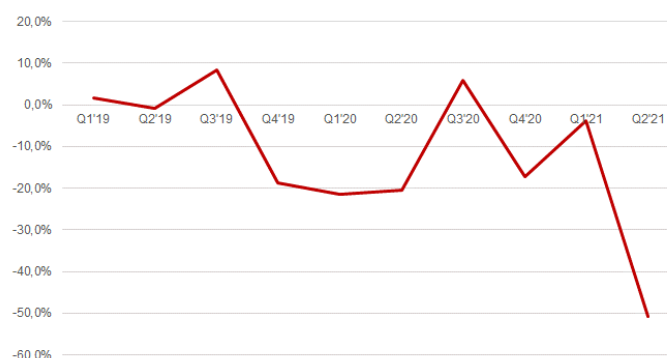
SaveLend Group is not profitable at the moment; however, the group has very high gross margins due to the favorable variable costs. Gross margins have trended from 87% in Q4'19 to 93% in Q1'20; in the last quarter, the trend broke due to high onboarding volumes connected to Akavia and Fastum going live on Billecta's platform. Onboarding volumes and the nature of other COGS are the reason for the volatile gross margins.

The group has been profitable on EBITDA in three of the last ten quarters, despite the fact SaveLend Group is focusing on growth and international expansion. The previous reports result was heavily impacted by the IPO costs of SEK 8,7m, adjusting for these costs does EBITDA lands on SEK -2,1m instead of SEK -10.8m.

SaveLend Group: Gross Margin



SaveLend Group: EBITDA Margin



Source: SaveLend Group &amp; Redeye Research

## Balance statement

SaveLend Group has a very asset-light balance statement of SEK 220m in the last quarter, of which of SEK 70m are client funds (non-invested capital on the platform, it is reflected with an equal amount in liabilities), leaving a clean balance statement of SEK 150m, of which cash is SEK 43m of. We will calculate the total assets and total liabilities on this basis forward as it will not affect the company's cash flow and will be affected by the matching of disposable capital and credits on the platform. A big amount in client funds is a positive sign as this means the AUM is already secured and will generate revenue as soon as it has been matched with suitable credits.

The Fixura Oy acquisition will add on SEK 25m on Non-Current Assets. As the company executes its M&A strategy on acquiring companies and collection portfolios, will we see increases due to those activities.

SaveLend Group had a net cash position of SEK 11m, and we don't see any other concerns in the liabilities.

## Liquidity situation

The groups held a cash position of SEK 43m in the last quarter and had a free cash flow of SEK -15m, where SEK -3,7m were collection portfolios. The IPO also heavily affected the operational results and had a negative effect of SEK -8,7m. Adjusting for the IPO costs, the free cash flow would be SEK -6,7m. With a burn rate of SEK -6,7m, the cash position will last over six quarters.

Balance Sheet (SEKm)		Q2'21
<b>Current Assets</b>		
Cash & Equivalents		43
Client funds		70
Accounts Receivable		18
Other Current Assets		2
<b>Total Current Assets</b>		<b>132</b>
<b>Non-Current Assets</b>		
Property, Plant & Equipment, Net		-
Goodwill		33
Intangible Assets		24
Right-of-Use Assets		2
Shares in Associates		-
Other Long-Term Assets		29
<b>Total Non-Current Assets</b>		<b>88</b>
<b>Total Assets</b>		<b>220</b>

Source: SaveLend Group &amp; Redeye Research

## Financial Forecasts

### Segment estimates

We estimate both SaveLend and Billecta to continue their strong growth going forward. However, we see a little lower growth than the last quarter due to IPO hype and the onboarding of two big customers in Billecta, causing a high amount of non-recurring invoices.

SaveLend's net sales depend on the AUM, how much of the AUM is invested, and the take-rate. We estimate the take-rate and invested AUM to be higher than last quarter, primarily due to the uninvested AUM likely invested in the next quarter. AUM will continue to grow around SEK 20-30m, which was the trend before the IPO hype started to create more interest for the platform where the increased interest was a too big flow of AUM for SaveLend to be able to match it with credits during a general low season for credits (except for consumer credits).

In Q4'21, are we adding in SEK 100m from the Fixura Oy acquisition and estimate the organic growth will be a net add of SEK 36m. As Finland started to allow issuing consumer credits again, we estimate a lower take-rate due to the mix of Fixura.

In Billecta, we estimate a slight decrease due to 335 000 invoices, which were one-offs, causing the number of invoices and net sales to be inflated, resulting in lower invoices and net sales volumes in the next quarter. We assume that the newly signed customers Trippus, Maiden, and Mobility's volumes will start in the next quarter and progressively increase to the communicated yearly volume and net sales.

We estimate the net sales growth in each segment continues as the number of invoices and AUM grow further. We set the invested AUM to be 90% as the historical average has been close to 90%, while we estimate the quarterly take-rate to stabilize at c. 4.7% aligning with the historical average annual take-rate, which has been around 15-17%. Due to the customer mix where Akavia and Fastum begin to be smaller than the total amount of invoices, we estimate the net sales per invoice will increase.

SaveLend Group: Estimates per Segment												
(SEKm)	2020	Q1'21	Q2'21	Q3'21E	Q4'21E	2021E	Q1'22E	Q2'22E	Q3'22E	Q4'22E	2022E	2023E
<b>SaveLend</b>												
Net Sales	45,1	15,3	16,3	18,8	22,6	73,0	24,8	28,5	30,4	33,6	117,3	143,7
Growth Y/Y	23%	57%	71%	56%	65%	62%	62%	75%	62%	49%	61%	35%
AUM	261	301	373	399	535	535	574	620	662	711	711	858
Growth Y/Y	21%	33%	69%	67%	105%	105%	91%	66%	66%	33%	33%	30%
AUM net add Y/Y	46	74	152	160	274	274	273	247	264	176	176	146
Growth Q/Q		15%	24%	6%	25%		7%	7%	6%	7%		
AUM net add Q/Q		40	72	26	136		39	46	42	49		
Invested AUM		276	304	355	476	476	517	558	596	640	640	772
Invested AUM (% of AUM)		92%	82%	89%	89%		90%	90%	90%	90%		
Annually take-rate	17,3%	16,8%	15,4%	16,1%	13,6%	13,6%	14,4%	15,3%	16,0%	16,5%	16,5%	16,8%
Change Y/Y percentage points		0,4%	-2,0%	-1,0%	-3,6%	-3,6%	-2,5%	-0,1%	0,0%	2,8%	2,8%	2,6%
Quarterly take-rate		5,1%	4,4%	4,7%	4,2%		4,3%	4,6%	4,6%	4,7%		
Change Y/Y percentage points		0,8%	0,0%	-0,3%	-1,0%		-0,8%	0,2%	-0,1%	0,5%		
<b>Billecta</b>												
Net Sales	11,3	3,8	5,0	4,9	5,6	19,4	6,6	7,7	9,1	10,8	34,2	59,8
Growth Y/Y	40%	57%	100%	71%	58%	71%	76%	53%	84%	91%	76%	85%
Invoices	1 226 122	391 082	1 145 000	892 706	967 638	3 396 425	1 066 422	1 181 222	1 324 722	1 504 097	5 076 464	7 748 485
Growth Y/Y	37%	47%	309%	179%	168%	177%	173%	3%	48%	55%	49%	55%
Per Invoice	9,23	9,60	4,40	5,52	5,83	5,70	6,18	6,51	6,85	7,18	6,73	7,72
Growth Y/Y	3%	7%	-51%	-39%	-41%	-38%	-36%	48%	24%	23%	18%	20%

Source: Redeye Research

We estimate SaveLend Group to continue its growth journey, therefore, focus on growth instead of profitability.

We estimate that the gross margin will remain at c. 92%. However, it is essentially impossible to estimate because the nature of the cogs is stochastic and depends mainly on Billecta's customers' preferences on how to send their issued invoices.

We forecast EBITDA margin will progressively turn positive in 2022 and be positive for the full fiscal year with 1%, increasing to 5.4% in 2023.

SaveLend Group: Estimates												
(SEKm)	2020	Q1'21	Q2'21	Q3'21E	Q4'21E	2021E	Q1'22E	Q2'22E	Q3'22E	Q4'22E	2022E	2023E
Net Sales	56,4	19,1	21,3	23,7	28,3	92,4	31,4	36,2	39,5	44,4	151,5	203,5
Gross profit	51,9	17,8	18,9	21,8	26,0	84,5	28,9	33,3	36,3	40,9	139,3	187,3
EBITDA	-7,1	-0,7	-10,8	-1,1	-1,0	-13,6	-0,2	0,0	0,6	1,3	1,8	11,0
EBIT	-14,1	-2,6	-12,9	-3,1	-3,1	-21,7	-2,3	-2,2	-1,7	-1,1	-7,4	-0,3
EPS	-4,2	-0,85	-0,46	-0,10	-0,05	-0,4	-0,04	-0,04	-0,03	-0,02	-0,1	-0,03
Growth Y/Y (%)	26,0%	56,9%	76,7%	58,9%	63,4%	63,8%	64,6%	69,8%	66,4%	57,1%	64,0%	45,7%
Gross margin (%)	92,0%	93,2%	88,8%	92,0%	92,0%	91,5%	92,0%	92,0%	92,0%	92,0%	92,0%	92,0%
EBITDA Margin (%)	-12,7%	-3,7%	-50,7%	-4,5%	-3,5%	-14,7%	-0,5%	0,0%	1,5%	3,0%	1,2%	5,4%
EBIT Margin (%)	-24,9%	-13,8%	-60,3%	-13,3%	-10,9%	-23,5%	-7,3%	-6,1%	-4,4%	-2,5%	-4,9%	-0,1%
Net Income Margin (%)	-7,5%	-4,4%	-2,1%	-0,4%	-0,2%	-0,5%	-0,1%	-0,1%	-0,1%	-0,1%	-0,1%	0,0%

Source: Redeye Research

## SaveLend Group's financial targets

SaveLend Group has announced its financial targets for 2025 and dividend policy.

- SEK 300 m in net sales
- Organic growth of 25 % per year
- Adjusted EBITDA margin of 25 %
- By 2023 have a dividend that amounts to 30-50 % of the group's net income

Considering SaveLend Group's financial targets of organic growth of 25% per year and reach SEK300 m in net sales by 2025, the company will need to acquire ca SEK20-40 m in net sales to reach the goal.

Looking at Fixura Oy, which was acquired at 1,25 P/S on 2022 net sales, this suggests M&A activities of SEK'25-50 m would need to be carried out to reach the financial target. With SEK 43m in cash and the possibility to issue new shares (like in the Fixura acquisition), we see the possibility to do mixed cash and shares offers in its acquisitions. At the most, we believe an all-share offer could cause 8-16% dilution at the current share price.

We acknowledge that the Fixura Oy was a unique situation due to the regulatory environment in Finland during the pandemic, therefore where the price tag very attractive. SaveLend Group has multiple ways to approach acquisition and therefore can be picky regarding which M&A target its approaches.

## Valuation

### Peer valuation

When looking at the SaveLend Group's peers, we divided them into investing and billing platforms to reflect the two platforms' value.

SaveLend Group stands out with its valuation being lower than the peer group average and median, while it is also lower when looking at each category looking at the EV/Sales multiple. The peer group median of 8.8 times EV/Sales argue SaveLend Group to be valued 3.2 times higher to reflect its peer group. We say it is a little too early to be valued as its peer group because many of its peers have reached the inflection point where scalability kicks in and is shown in the EBIT margins. SaveLend Group must prove themselves for a few years before the valuation can be on par with the peer group.

The closest peer Tessin, which is estimated to grow with the same CAGR 21E-23E, has the double valuation of SaveLend Group in 2022E and 2023E. Tessin is estimated to reach profitability earlier than we have in our estimates for Savelend, which would suggest a premium compared to SaveLend Group. Meanwhile, we would argue that SaveLend Group has a bigger total addressable market and a more diversified revenue mix, which should also be reflected in the relative valuation. At the same time, both Tessin and SaveLend Group are attractively priced compared to the median of investing platforms.

Peer valuation												
Company	EV (MSEK)	EV/Sales			EV/EBIT			Sales CAGR	EBIT CAGR	EBIT margin		
		2021E	2022E	2023E	2021E	2022E	2023E	20-23E	20-23E	2021E	2022E	2023E
<b>Investing platform</b>												
Avanza	51 660	16,0x	17,9x	17,4x	22,1x	29,3x	28,8x	-2%	-6%	72%	61%	61%
Nordnet	41 684	11,7x	13,0x	12,4x	17,3x	21,4x	20,0x	-2%	-4%	67%	61%	62%
Tessin	265	5,8x	3,9x	2,7x	-3,8x	-147,3x	17,0x	N/A	N/A	-152%	-3%	16%
Flatex/Degiro	7 096	1,6x	1,4x	1,2x	5,6x	3,3x	2,6x	8%	20%	29%	42%	46%
Robin Hood	191 250	11,3x	9,0x	6,9x	Neg.	Neg.	Neg.	13%	-44%	-79%	-17%	-5%
Lending Club	64 654	8,8x	6,1x	4,9x	374,8x	57,9x	38,0x	16%	77%	2%	11%	13%
Lending Tree	21 735	2,3x	2,1x	1,8x	273,9x	43,3x	19,9x	6%	93%	1%	5%	9%
Coinbase	620 515	9,5x	9,6x	8,5x	25,2x	28,3x	25,7x	3%	-1%	38%	34%	33%
Charles Schwab	841 303	5,3x	5,0x	4,5x	11,5x	10,5x	8,8x	4%	7%	46%	48%	52%
<b>Median</b>	<b>41 684</b>	<b>8,8x</b>	<b>6,1x</b>	<b>4,9x</b>	<b>19,7x</b>	<b>24,8x</b>	<b>19,9x</b>	<b>5%</b>	<b>3%</b>	<b>29%</b>	<b>42%</b>	<b>46%</b>
<b>Billing platform</b>												
Bill	272 018	63,2x	52,0x	37,9x	Neg.	Neg.	Neg.	32%	45%	-6%	-13%	-9%
Fortnox	38 127	40,2x	30,3x	23,2x	115,9x	78,9x	56,3x	15%	20%	35%	38%	41%
Exela	14 290	1,4x	1,3x	1,3x	23,4x	11,4x	8,5x	3%	29%	6%	12%	15%
SAP	1 581 745	5,7x	5,5x	5,2x	19,3x	18,9x	17,2x	3%	3%	30%	29%	30%
Oracle	2 698 904	7,7x	7,4x	7,1x	17,1x	16,4x	15,8x	2%	2%	45%	45%	45%
AvidXchange	43 327	21,2x	17,7x	14,7x	Neg.	Neg.	Neg.	10%	5%	-31%	-33%	-26%
<b>Median</b>	<b>272 018</b>	<b>14,4x</b>	<b>12,5x</b>	<b>10,9x</b>	<b>21,4x</b>	<b>17,6x</b>	<b>16,5x</b>	<b>6%</b>	<b>12%</b>	<b>30%</b>	<b>29%</b>	<b>30%</b>
<b>Peer group</b>												
<b>Median</b>	<b>231 634</b>	<b>8,8x</b>	<b>7,4x</b>	<b>6,9x</b>	<b>20,7x</b>	<b>20,1x</b>	<b>18,5x</b>	<b>9%</b>	<b>20%</b>	<b>29%</b>	<b>34%</b>	<b>34%</b>
<b>Average</b>	<b>958 732</b>	<b>14,1x</b>	<b>12,1x</b>	<b>10,0x</b>	<b>75,2x</b>	<b>14,4x</b>	<b>21,6x</b>	<b>12%</b>	<b>18%</b>	<b>17%</b>	<b>29%</b>	<b>32%</b>
<b>SaveLend</b>	<b>296</b>	<b>3,2x</b>	<b>2,0x</b>	<b>1,5x</b>	<b>-13,6x</b>	<b>-40,2x</b>	<b>-1039,5x</b>	<b>46%</b>	<b>-52%</b>	<b>-24%</b>	<b>-5%</b>	<b>0%</b>

Source: Factset & Redeye Research

SaveLend Group is expected to be the second-highest growing company tied with Tessin at a CAGR of 48% from 2021 to 2023. We acknowledge the higher valuation in its peers and argue initially that Savelend needs to be priced at a lower discount than now. We think it will shrink as the group execute its strategy and prove itself to the market. We argue that companies that have reached a more mature state hint at the possible future EBIT margins and valuations if SaveLend Group executes its goals and strategy.

## Sum-of-the-parts Valuation

We have made a sum of the parts valuation to reflect the values of the group's two platforms. We have applied a 30% discount to the two peer groups due to lack of track record and as the implied scalability is not yet proven while U.S. peers also tend to have a higher valuation. This results in an EV/Sales multiple of 6.2x for the investing platform and 9.9x for the invoicing platform, resulting in a combined EV/Sales of 6.9x for the group. We think it is fair to argue such a valuation at the current SaveLend Group's journey stage.

In our sum of the parts valuation, we see that SaveLend should be worth SEK 467m and Billecta SEK 197m. Combined to we see the group to be valued SEK 665m or SEK 14.2 per share.

Sum of part valuation				
Segments	Sales 21E	EV/Sales	EV	EV per share
SaveLend	73,0	6,2	450	9,47
Billecta	19,4	9,9	191	4,02
<b>Total</b>	<b>92,4</b>	<b>6,9</b>	<b>641</b>	<b>13</b>
		Net debt	-10,8	-0,2
		Equity value	652	13,7

Source: Redeye Research

## DCF valuation

We have applied a discount rate of 11% and a tax rate of 20.6% in all scenarios. Below scenarios don't consider any acquisitions being made. The discount analysis extends to 2035E.

### Bear Case 6.3 SEK

Our Bear case is built on the Group missing its financial targets and not finding more growth opportunities. The company reverses its growth investments and focuses on becoming profitable earlier than expected. We set the terminal growth to 2% and the EBIT margin to 25%.

23E Net Sales: SEK 164m  
 23E NOPAT: SEK -13m  
 24E-35E Net Sales CAGR: 5%  
 24E-35E Average EBIT margin: 20%

Working Capital of revenue average: 4.1%  
 Intangible's investment of revenue average: 9.5%  
 Capital expenditures of revenue average: 0%

Terminal growth: 2%  
 Terminal EBIT margin: 25%

### Base Case 12.4 SEK

In our Base case, we estimate SaveLend Group to perform in line with its net sales target while missing the profitability target due to favoring growth and pushing it forward. We assume it will keep a 25% EBIT margin in terminal and a 2 % growth.

23E Net Sales: SEK 204m  
 23E NOPAT: SEK 0m  
 24E-35E Net Sales CAGR: 8%  
 24E-35E Average EBIT margin: 21%

Working Capital of revenue average: 1.8%  
 Intangible's investment of revenue average: 9.5%  
 Capital expenditures of revenue average: 0%

Terminal growth: 2%  
 Terminal EBIT margin: 25%

### Bull Case 30 SEK

Our Bull case estimate SaveLend Group will outperform its financial goals on both net sales and profitability. The scalability will continue to play out as the company continues its growth journey, closing in on the EBIT margin that more mature peers have. Achieving a terminal EBIT margin of 35% while growing 2%.

23E Net Sales: SEK 228m  
 23E NOPAT: SEK 10m  
 24E-35E Net Sales CAGR: 10%  
 24E-35E Average EBIT margin: 33%

Working Capital of revenue average: 4.1%  
 Intangible's investment of revenue average: 9.5%  
 Capital expenditures of revenue average: 0%

Terminal growth: 2%  
 Terminal EBIT margin: 35%

## 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 point. The maximum score for a valuation key is 5 points.

### Rating changes in the report

#### People: 5

SaveLend Group management and board are very passionate and competent with a lot of skin in the game. Especially as the three founders of SaveLend and Billecta are among the largest shareholders and still operative in the company. Communication from the group has been clear, timely, and honest to the market and its shareholders. In our view, does SaveLend Group have trustworthy people and have its incentives in line with its shareholders.

#### Business: 4

SaveLend Group creates a Fintech ecosystem for its investors, borrowers, and invoice customers, adding value to all stakeholders. We have identified two moats with the group's two platforms; network effect as the two platforms create a feedback loop into each other and switching costs. Pairing this with a revenue model with the majority of the recurring revenue creates a powerful business model. Both platforms have three drivers generating growth: existing customers growing, existing customers increasing their engagement with more deposits or new geographic markets within an invoicing customers group, and new customers.

#### Financials: 2

The group is not profitable yet. However, have a high gross margin indicating a very scalable business when the critical mass is reached. Its balance statement is very asset-light, demanding no heavy investments on both platforms to maintain and grow forward. Have enough cash to become free cash positive.



	2020	2021E	2022E	2023E	DCF Valuation Metrics	Sum FCF (SEKm)			
<b>INCOME STATEMENT</b>					Initial Period (2021–2023)				-18
Revenues	56	92	151	204	Momentum Period (2024–2028)				86
Cost of Revenues	5	8	12	16	Stable Period (2029–)				532
Gross Profit	52	85	139	187	Firm Value				600
Operating Expenses	58	97	134	171	Net Debt				9
EBITDA	-7	-14	2	11	Equity Value				591
Depreciation & Amortization	7	8	9	11	Fair Value per Share				12.45
EBIT	-14	-22	-7	0		2020	2021E	2022E	2023E
Net Financial Items	-1	-1	-2	-2	<b>CAPITAL STRUCTURE</b>				
EBT	-15	-23	-9	-2	Equity Ratio	3.1	3.1	4.1	4.9
Income Tax Expenses	-1	-2	-2	0	Debt to equity	0.6	0.4	0.5	0.5
Non-Controlling Interest	0	0	0	0	Net Debt	22	-11	-16	-21
Net Income	-15	-21	-7	-1	Capital Employed	66	116	124	137
					Working Capital Turnover	-42.8	-17.7	-21.5	-25.5
<b>BALANCE SHEET</b>					<b>GROWTH</b>				
Assets					Revenue Growth	26%	64%	64%	34%
<b>Current assets</b>					Basic EPS Growth	78%	-89%	-67%	-80%
Cash & Equivalents	4	42	47	52	Adjusted Basic EPS Growth	78%	-89%	-67%	-80%
Inventories	27	59	71	86					
Accounts Receivable	13	23	37	50	<b>PROFITABILITY</b>				
Other Current Assets	4	6	9	12	ROE	-31%	-39%	-11%	-2%
Total Current Assets	48	129	164	200	ROCE	-21%	-19%	-6%	0%
					ROIC	-24%	-33%	-9%	0%
<b>Non-current assets</b>					EBITDA Margin (%)	-13%	-15%	1%	5%
Property, Plant & Equipment, Net	0	0	0	0	EBIT Margin (%)	-25%	-24%	-5%	0%
Goodwill	33	33	33	33	Net Income Margin (%)	-26%	-23%	-5%	-1%
Intangible Assets	24	25	31	39					
Right-of-Use Assets	2	2	2	2	<b>VALUATION</b>				
Shares in Associates	0	0	0	0	Basic EPS	na	-0.4	-0.1	0.0
Other Long-Term Assets	16	29	29	29	Adjusted Basic EPS	na	-0.4	-0.1	0.0
Total Non-Current Assets	75	89	94	102	P/E	na	neg	neg	neg
Total Assets	124	218	259	302	EV/Revenue	na	3.2	1.9	1.4
					EV/EBITDA	na	neg	164.3	25.8
<b>Liabilities</b>					EV/EBIT	na	neg	neg	neg
<b>Current liabilities</b>					P/B	na	#N/A	#N/A	#N/A
Short-Term Debt	12	10	10	10	<b>SHAREHOLDER STRUCTURE</b>		<b>CAPITAL %</b>	<b>VOTES %</b>	
Short-Term Lease Liabilities	1	1	1	1	Ludwig Pettersson		21.3%	21.3%	
Accounts Payable	4	9	14	18	Halomont Oü		10.0%	10.0%	
Other Current Liabilities	40	82	109	137	P&N Wolf Marketing AB		8.2%	8.2%	
Total Current Liabilities	57	102	134	166	Jonas Ahlberg		7.0%	7.0%	
					Jacob Gevcen		6.9%	6.9%	
<b>Non-current liabilities</b>					<b>SHARE INFORMATION</b>				
Long-Term Debt	14	21	21	21	Reuters code			YIELD:STO	
Long-Term Lease Liabilities	1	0	0	0	List			First North	
Other Long-Term Liabilities	11	24	40	54	Share price			6.43	
Total Non-current Liabilities	26	46	62	75	Total shares, million			47.4928	
Non-Controlling Interest	0	0	0	0	<b>MANAGEMENT &amp; BOARD</b>				
Shareholder's Equity	40	70	63	61	CEO			Ludwig Pettersson	
Total Liabilities & Equity	124	218	259	302	CFO			Jonas Ahlberg	
					Chairman			Bo Engström	
<b>CASH FLOW</b>					<b>ANALYSTS</b>				
NOPAT	-14	-20	-6	0	Redeye AB				
Change in Working Capital	-1	4	2	1	Douglas Forsling			Mäster Samuelsgatan 42, 10tr	
Operating Cash Flow	-10	-5	20	25	Hjalmar Ahlberg			11157 Stockholm	
Capital Expenditures	0	0	0	0					
Investment in Intangible Assets	-7	-9	-14	-19					
Investing Cash Flow	-22	-22	-14	-19					
Financing Cash Flow	25	64	0	0					
Free Cash Flow	-17	-13	5	5					

## 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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### Important information

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### Redeye Rating (2021-11-10)

Rating	People	Business	Financials
5	31	15	4
3-4	139	124	43
0-2	5	36	128
<b>Total</b>	<b>175</b>	<b>175</b>	<b>175</b>

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### CONFLICT OF INTERESTS

Douglas Forsling. owns shares in the company : Yes

Hjalmar Ahlberg 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.