

# SaveLend Group

Sector: Fintech

## Yield Continues to Deliver High Yield

Redeye updates its estimates and fair value range in light of solid performance and two acquisitions, which moves the development in the group further along than we anticipated. Our updated forecast is mainly driven by the AUM growth, higher revenue per invoice, and consolidation of the two acquisitions.

### Strong performance, especially in AUM

SaveLend Group performs substantial growth numbers, both in financials and in operational KPIs such as invoices and AUM. The AUM growth was particularly strong in the fourth quarter and surprised us. The AUM was SEK 94m higher than our estimate in absolute numbers. Looking at the AUM growth excluding Fixura, the AUM beat our estimate with 22%

### Acquisitions

Two acquisitions have been carried out, Fixura's is consolidated from the Q4, but the migration of platforms will be in full effect in Q2. Svensk Kreditförmedling starts to contribute on the income statement from Q1'2022; however, we estimate the most significant contribution will be in Q4'2022.

### Increased base case

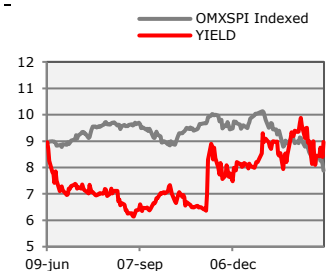
We have updated our estimates and fair value range based on solid performance and acquisitions. On our estimates, SaveLend Group trade at EV/S multiples of 2.9x 2022, 2x 2023, and 1.6x 2024. Our updated base case is SEK 18 (12.4) per share, with a bear case of SEK 10 (6.3) and a bull case of 47 (30).

Key Financials (SEKm)	2020	2021	2022E	2023E	2024E
Net sales	56	94	170	248	299
Revenue growth	26%	67%	81%	46%	20%
EBITDA	-7	-18	-10	25	49
EBIT	-15	-28	-25	6	26
EBIT Margin (%)	-27%	-30%	-15%	2%	9%
Net Income	-14	-29	-21	5	21
EV/Revenue	na	4.4	2.9	2.0	1.6
EV/EBITDA	na	neg	neg.	20	10
EV/EBIT	na	neg	neg.	87	19

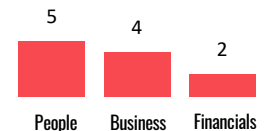
### FAIR VALUE RANGE

BEAR	BASE	BULL
8.4	18	47

### YIELD VERSUS OMXS30



### REDEYE RATING



### KEY STATS

Ticker	YIELD
Market	First North
Share Price (SEK)	8.67
Market Cap (SEKm)	426
Net Debt (SEKm)	22
Free Float (%)	45
Avg. daily volume ('000)	62

### ANALYSTS

Douglas Forsling	douglas.forsling@redeye.se
Hjalmar Ahlberg	hjalmar.ahlberg@redeye.se

## The fourth quarter

SaveLend Group reported a fourth-quarter beating our estimates on sales for the group and the segments. Net sales were SEK 30.3m, and we estimated the net sales to be SEK 28.3m, a difference of 7%.

Regarding the margin, it was lower than we expected, mainly driven by increased costs due to the acquisition of Fixura, a higher share of high-cost distribution for Billecta, and promotional costs on SaveLend (referrals and deposit bonus). The result of the strong performance on the top line and operational KPIs.

SaveLend Group	2020	2021	2021	
MSEK	Q4	Q4A	Q4E	Diff %
Net sales	17.3	30.3	28.3	7%
Savelend	13.7	24.1	22.6	7%
Billecta	3.6	6.2	5.6	10%
Gross profit	16.0	26.9	26.0	3%
EBITDA	-3.0	-5.0	-1.0	410%
EBIT	-4.8	-9.1	-3.1	194%
Growth		75%	63%	12%
Savelend		76%	65%	11%
Billecta		74%	58%	16%
Gross profit margin	92%	89%	92%	-3%
EBITDA margin	-17%	-17%	-4%	-13%
EBIT margin	-28%	-30%	-11%	-19%

Source: Redeye Research

Looking into the operational KPIs, the AUM on the investing platform grew by 141%, while excluding the AUM from Fixura the AUM grow 103%. The take-rate was lower than we forecasted, while the invested AUM ratio was most impressive as it was a record high of 94%. Billecta sent as many invoices as we forecasted, while the sales per invoice were a lot higher. An average sales of SEK 7.6 per invoice compared to our estimate of SEK 5.8, 30% higher.

SaveLend Group	2020	2021	2021	
Segment KPIs	Q4	Q4A	Q4E	Diff %
SaveLend				
AUM	261	629	535	18%
AUM ex Fixura		529	435	22%
Annual take-rate	17.3%	11.7%	13.6%	-1.9%
Quarterly take-rate	5.3%	3.8%	4.8%	-1.0%
Invested AUM ratio	89%	94%	89%	5%
AUM growth		141%	105%	36%
AUM ex Fixura growth		103%	67%	36%
Billecta				
Invoices	360,457	970,000	967,638	0%
Per invoices	9.9	7.6	5.8	30%

Source: Redeye Research

## Acquisitions

During the quarter, Fixura has been consolidated in the group. After the end of the quarter, Svensk Kreditförmedling (SKF) has been acquired, which will be consolidated the first of March.

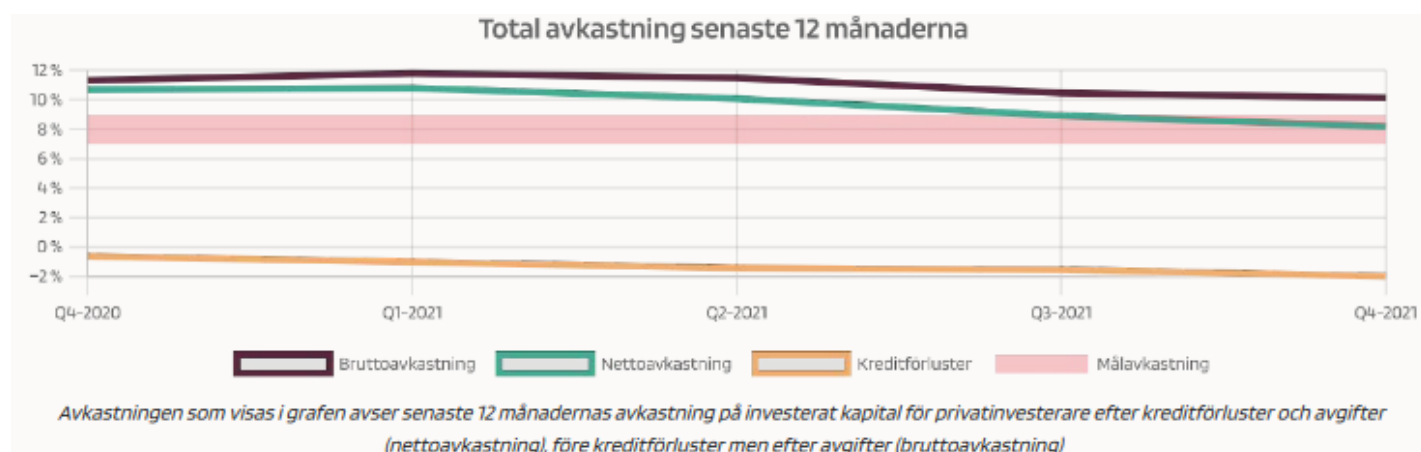
Fixura adds a significant amount of AUM to the platform, a large footprint on the Finnish market, knowledge about the Finnish market, and the strongest brand among alternative financing platforms.

SKF is an existing originator with a separate log-in for its customers onto the SaveLend platform. The SKF customers have only been able to invest in real estate credits with a minimum of SEK 300,000. The restrictions will be lifted after SKF is consolidated into SaveLend, and the investors will be able to invest in all credits with no minimum investment. Besides adding an investor group with a high net worth, SKF will also vertically increase the scope of the platform by lifting the revenues into SaveLend which will increase the take-rate increase by approximately 25%.

## Platform Performance

The return on the platform has decreased from above 10% to 8%, which is in the target return on the platform. The decline is mainly because of credit losses on those credits originator SBL Finans purchases back when it defaults to 90% of its original value.

Going forward we expect the credit losses to be 2-3% of the invested capital. However, we don't think this will cause a lower interest to invest in the platform as the alternatives have a higher risk (equities) or significantly lower returns (savings account). In our interview with CEO Ludwig Petterson, he says that the platform has historically seen larger inflows when the financial markets, especially equities, are in turmoil.



As mentioned in our initial coverage report, transparency on the investing platform is highly requested when we use the platform and by comments in SaveLend's Facebook group. We think the company has some further steps to take for investors to feel that they have complete knowledge and visibility in the investments made on the platform. We hope to see improvement in this area during the year, mainly to increase the trust from investors in the platform and the investments made.

## Updated Loyalty Programme

The day before the quarter report, SaveLend updated its loyalty program where it reduced the discount for most users on the platform.

For example, for an investor with 5000 shares, the commission fee increased from 6% to 8%, and the transaction fee on the second-hand market went from 2% to 3%. Which also was not appreciated in SaveLend's Facebook group.

We understand investors feeling like they lost on the change; meanwhile, the tiers in the old loyalty program had a too low highest level and now becomes more relevant to a broader range of investors. This is the third change in a short time, and now it is not in favor of investors. We understand that an adjustment was needed, especially since the 0% in transaction fee on the second-hand market was too generous. The main issue is the visibility for the investors; with a lot of changes in the recent period and the last change being negative for most investors in the previous scheme, the trust in the platform can decline.

### Old Loyalty Levels

<p><b>Bronsinvesterare</b></p> <p>700 - 999 SaveLend Group-aktier</p> <ul style="list-style-type: none"> <li>Serviceavgift: 9 % istället för 10 %</li> <li>Avgift på andrahandsmarknaden: 5 %</li> </ul>	<p><b>Silverinvestorerare</b></p> <p>1 000 - 4 999 SaveLend Group-aktier</p> <ul style="list-style-type: none"> <li>Serviceavgift: 75 % istället för 10 %</li> <li>Avgift på andrahandsmarknaden: 5 %</li> </ul>
<p><b>Guldinvestorerare</b></p> <p>5 000 - 9 999 SaveLend Group-aktier</p> <ul style="list-style-type: none"> <li>Serviceavgift: 6 % istället för 10 %</li> <li>Avgift på andrahandsmarknaden: 2 % istället för 5 %</li> </ul>	<p><b>Platinuminvesterare</b></p> <p>10 000 eller fler SaveLend Group-aktier</p> <ul style="list-style-type: none"> <li>Serviceavgift: 5 % istället för 10 %</li> <li>Avgift på andrahandsmarknaden: 0 % istället för 5 %</li> </ul>

### New Loyalty Levels

	Kapital	Aktier	Servicefee	Andrahånd
<b>Brons</b>	15 KSEK	500 st	9,5 %	4,5 %
<b>Silver</b>	40 KSEK	1 000 st	9 %	4 %
<b>Guld</b>	110 KSEK	2 200 st	8,5 %	3,5 %
<b>Platinum</b>	250 KSEK	5 000 st	8 %	3 %
<b>Opal</b>	700 KSEK	14 000 st	7 %	2,5 %
<b>Rubin</b>	1,5 MSEK	30 000 st	6 %	2 %
<b>Diamant</b>	3 MSEK	50 000 st	5 %	2 %

## Financial Forecasts

### Segment estimates

Our updated estimates per segment are primarily driven by higher growth in AUM and a higher revenue per invoice than we forecasted.

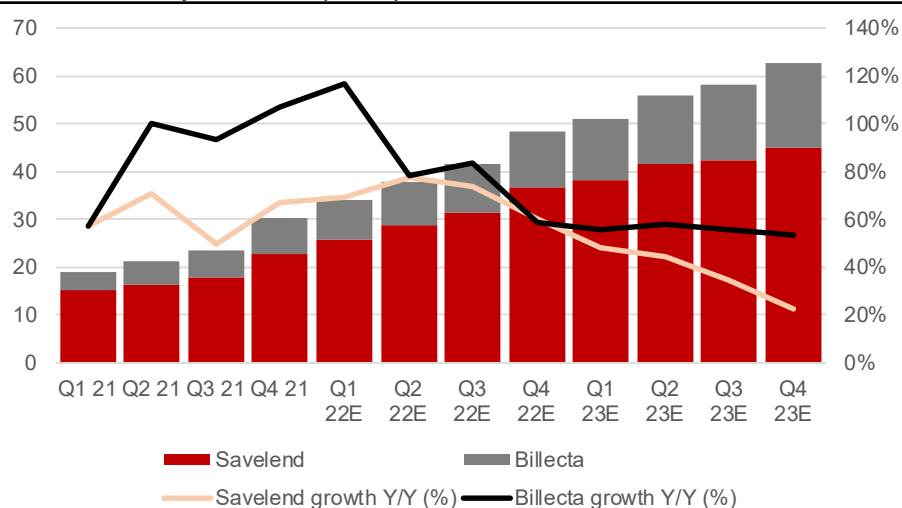
In our initial coverage report, we anticipated an AUM of SEK 535m and a revenue per invoice of SEK 5,70 per invoice in 2021 while the group reported an AUM of 669m and a revenue per invoice of SEK 6.4.

We increase our AUM forecast and estimate the investing platform to have an AUM of SEK 929m by the end of 2022 compared with the previous estimate of SEK 711m. We are decreasing the take-rate as the migration of Fixura's investors will be done in the second quarter, according to the company. SKF will increase the take-rate, and we assume it has a seasonal pattern where the majority of the revenue will come in the fourth quarter. Therefore, the quarterly take-rate increases from 4.2% to 5% in Q4.

Regarding Billecta's segment, we only made estimate changes in the revenue per invoices as the fourth-quarter report was 30% higher than our estimate. Hence, we update to align with the last quarter and a slight increase forward due to more customers joining on the default price plan of SEK 9 per invoice. We are increasing the net sales 2022 from SEK 34.2m to 39m, while our forecast for 2023 is only slightly increased compared to our previous estimates.

SaveLend Group: Estimates per Segment												
(SEKm)	2021	Q1'22E	Q2'22E	Q3'22E	Q4'22E	2022E	Q1'23E	Q2'23E	Q3'23E	Q4'23E	2023E	2024E
<b>SaveLend</b>												
Net Sales	72.5	25.9	30.4	32.1	42.7	131.2	44.6	46.4	46.9	49.9	187.8	223.8
Growth Y/Y	61%	69%	87%	78%	86%	81%	72%	53%	46%	17%	43%	19%
AUM	669	746	806	849	929	929	969	1,009	1,042	1,084	1,084	1,299
Growth Y/Y	156%	148%	116%	105%	39%	39%	30%	25%	23%	17%	17%	20%
AUM net add Y/Y	408	445	433	434	260	260	224	203	193	156	156	215
Growth Q/Q		15%	24%	10%	38%		4%	4%	3%	4%		
AUM net add Q/Q		77	60	43	80		41	40	33	42		
Invested AUM	629	701	741	764	854	854	892	928	938	998	998	1,195
Invested AUM (% of AUM)	94%	94%	92%	90%	92%	92%	92%	92%	90%	92%	92%	92%
Annually take-rate	10.8%	11.1%	12.1%	13.1%	14.1%	14.1%	15.5%	16.4%	17.3%	17.3%	17.3%	17.2%
Change Y/Y percentage points	-6.4%	-5.7%	-3.3%	-2.1%	3.3%	3.3%	4.3%	4.4%	4.2%	3.2%	3.2%	-0.1%
Quarterly take-rate		3.7%	4.1%	4.2%	5.0%		5.0%	5.0%	5.0%	5.0%		
Change Y/Y percentage points		0.1%	0.4%	0.1%	0.8%		0%	0%	0%	0%		
<b>Billecta</b>												
Net Sales	21.7	8.1	9.0	10.2	11.7	39.0	12.7	14.1	15.9	17.9	60.7	75.0
Growth Y/Y	92%	117%	78%	83%	59%	80%	56%	58%	56%	54%	55%	24%
Invoices thousands	3,376	1,070	1,180	1,320	1,500	5,070	1,650	1,820	2,020	2,250	7,740	9,530
Growth Y/Y	175%	174%	3%	52%	55%	50%	54%	54%	53%	50%	53%	23%
Per Invoice	6.4	7.6	7.6	7.7	7.8	7.7	7.7	7.8	7.9	8.0	7.8	7.9
Growth Y/Y	-30%	-21%	73%	21%	3%	20%	1%	2%	2%	2%	2%	0%

Source: Redeye Research

**SaveLend Group: Net sales (MSEK)**

Source: Redeye Research

**Estimate changes**

We increase our net sales estimates to reflect the contribution of the acquisition. Most significantly, we push the break-even point further into the future based on management's comments on when to reach profitability. We will increase the margins in 2023 with five percentage points on EBITDA and two percentage points on EBIT.

**SaveLend Group: Estimate change (SEKm)**

MSEK	2022E	2023E
<b>Net sales</b>		
Old	151.5	203.5
<b>New</b>	<b>170.2</b>	<b>248.5</b>
% change	12%	22%
<b>EBITDA</b>		
Old	1.8	11
<i>margin</i>	1%	5%
<b>New</b>	<b>-7.5</b>	<b>24.8</b>
<b><i>margin</i></b>	<b>-4%</b>	<b>10%</b>
% change	-514%	125%
<b>EBIT</b>		
Old	-7.4	-0.3
<i>margin</i>	-5%	0%
<b>New</b>	<b>-22.6</b>	<b>5.7</b>
<b><i>margin</i></b>	<b>-13%</b>	<b>2%</b>
% change	206%	-1990%

Source: Redeye Research

### Group estimates

We estimate SaveLend Group to continue its high growth journey, driven by the two acquisitions, the increased growth of AUM, and higher average revenue per invoice.

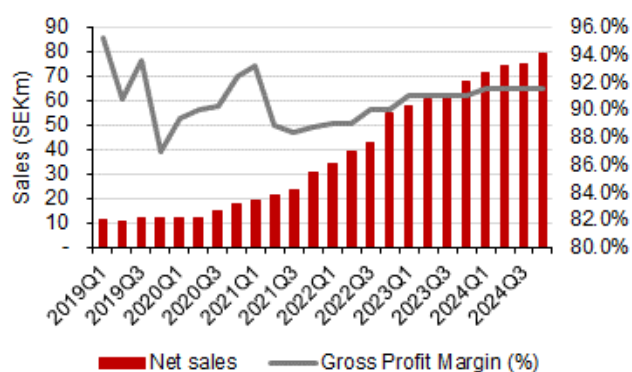
Gross margin will continue above 88% and be highly dependable on the discounts and which distribution option Billecta customers choose.

We push that the group will be profitable on EBITDA level the fourth quarter of 2022 and EBIT level the first quarter of 2023, then will the margin increase and start to show the scalability in the business model resulting in EBITDA margins of 16.3% and EBIT margins of 8.6% in 2024.

SaveLend Group: Estimates												
(SEKm)	2021	Q1'22E	Q2'22E	Q3'22E	Q4'22E	2022E	Q1'23E	Q2'23E	Q3'23E	Q4'23E	2023E	2024E
Net Sales	94.3	34.1	39.4	42.3	54.4	170.2	57.3	60.6	62.8	67.8	248.5	298.8
Gross profit	84.4	30.3	35.0	38.1	49.0	152.4	52.1	55.1	57.2	61.7	226.1	273.4
EBITDA	-17.9	-4.3	-3.7	-1.9	0.3	-9.6	4.6	5.1	6.6	8.5	24.8	48.6
Adjusted EBITDA	-6.0	-4.3	-3.7	-1.9	0.3	-9.6	4.6	5.1	6.6	8.5	24.8	48.6
EBIT	-28.0	-7.7	-7.4	-5.8	-3.9	-24.8	0.2	0.5	1.8	3.3	5.7	25.6
EPS	-0.6	-0.1	-0.1	-0.1	-0.1	-0.4	0.0	0.0	0.0	0.1	0.1	0.4
Growth Y/Y (%)	67%	79%	85%	80%	80%	81%	68%	54%	48%	25%	46%	20%
Gross margin (%)	90%	89%	89%	90%	90%	90%	91%	91%	91%	91%	91%	92%
EBITDA Margin (%)	-19.0%	-12.5%	-9.5%	-4.5%	0.5%	-5.7%	8.0%	8.5%	10.5%	12.5%	10.0%	16.3%
Adjusted EBITDA Margin (%)	-6.4%	-12.5%	-9.5%	-4.5%	0.5%	-5.7%	8.0%	8.5%	10.5%	12.5%	10.0%	16.3%
EBIT Margin (%)	-29.7%	-22.7%	-18.7%	-13.7%	-7.2%	-14.6%	0.3%	0.8%	2.8%	4.8%	2.3%	8.6%

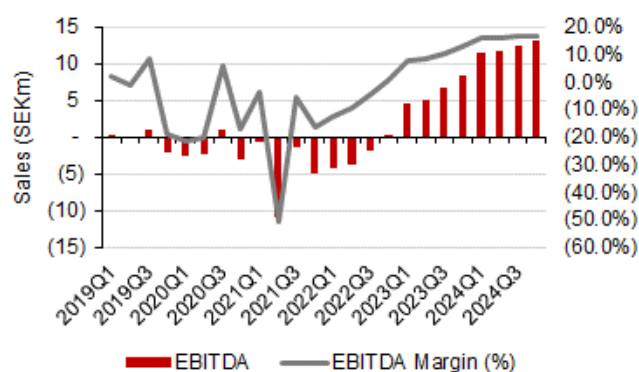
Source: Redeye Research

SaveLend Group: Sales and Gross Profit margin (MSEK)



Source: Redeye Research

SaveLend Group: EBITDA and EBITDA Margin (MSEK)



Source: Redeye Research



## Valuation

### Peer valuation

SaveLend Group's market price has since our initial report increased, rightfully so, and is now trading below the median of 4.1 times sales on our 2022 estimates. It continues to do so on our forecasts for 2023 and 2024. Compared to peers, we are estimating SaveLend Group to grow faster by far and therefore should be at least valued at the same multiple. On the other hand, we can understand that the market still thinks SaveLend has to prove itself by turning to profitability.

Peer valuation												
Company	EV (MSEK)	EV/Sales			EV/EBIT			Sales CAGR 20-24E	EBIT CAGR 20-24E	EBIT margin		
		2022E	2023E	2024E	2022E	2023E	2024E			2022E	2023E	2024E
<b>Investing platform</b>												
Avanza	28,674	9.9x	9.4x	8.6x	20.4x	15.2x	13.3x	4%	3%	65%	64%	64%
Nordnet	29,763	8.9x	8.1x	7.4x	15.4x	14.0x	11.0x	5%	6%	63%	65%	68%
Tessin	226	3.5x	2.6x	2.0x	neg.	neg.	35.6x	15%	n/a	-24%	-7%	6%
Flatex/Degiro	7,078	1.3x	1.1x	0.9x	9.4x	3.2x	1.8x	10%	16%	40%	45%	49%
Robin Hood	70,836	3.8x	2.7x	2.2x	neg.	neg.	neg.	14%	-22%	-60%	-28%	-13%
Lending Club	15,373	1.3x	1.1x	1.1x	130.6x	5.8x	3.1x	6%	17%	23%	27%	34%
Lending Tree	17,742	1.5x	1.3x	1.2x	271.4x	40.2x	12.6x	7%	34%	4%	6%	9%
Coinbase	320,939	4.2x	3.6x	3.4x	16.5x	30.5x	18.7x	6%	13%	14%	18%	18%
Charles Schwab	856,413	4.0x	3.5x	3.2x	10.6x	8.2x	5.7x	5%	9%	48%	53%	56%
<b>Median</b>	<b>28,674</b>	<b>3.8x</b>	<b>2.7x</b>	<b>2.2x</b>	<b>16.5x</b>	<b>14.0x</b>	<b>11.8x</b>	<b>6%</b>	<b>11%</b>	<b>40%</b>	<b>45%</b>	<b>49%</b>
<b>Billing platform</b>												
Bill	199,790	30.1x	22.3x	16.6x	neg.	neg.	neg.	16%	n/a	-6%	-5%	1%
Fortnox	24,030	19.1x	14.7x	11.2x	110.7x	38.5x	27.6x	14%	19%	34%	38%	41%
Exela	12,773	1.2x	1.1x	n/a	20.1x	9.3x	n/a	n/a	n/a	9%	12%	n/a
SAP	1,293,487	4.1x	3.9x	3.6x	18.8x	13.2x	11.9x	4%	5%	28%	29%	30%
Oracle	2,541,321	6.2x	6.0x	5.7x	14.4x	13.3x	12.6x	2%	2%	45%	45%	46%
AvidXchange	16,998	5.8x	4.9x	4.0x	neg.	neg.	neg.	10%	-51%	-27%	-21%	-1%
<b>Median</b>	<b>199,790</b>	<b>6.0x</b>	<b>5.4x</b>	<b>5.7x</b>	<b>19.5x</b>	<b>13.3x</b>	<b>12.6x</b>	<b>10%</b>	<b>4%</b>	<b>28%</b>	<b>29%</b>	<b>35%</b>
<b>Peer group</b>												
<b>Median</b>	<b>138,635</b>	<b>4.1x</b>	<b>3.6x</b>	<b>3.5x</b>	<b>18.8x</b>	<b>13.3x</b>	<b>12.6x</b>	<b>14%</b>	<b>15%</b>	<b>31%</b>	<b>33%</b>	<b>40%</b>
<b>Average</b>	<b>801,167</b>	<b>7.0x</b>	<b>5.7x</b>	<b>5.1x</b>	<b>58.0x</b>	<b>17.4x</b>	<b>14.0x</b>	<b>13%</b>	<b>15%</b>	<b>26%</b>	<b>28%</b>	<b>32%</b>
<b>SaveLend</b>	<b>415</b>	<b>2.9x</b>	<b>2.0x</b>	<b>1.6x</b>	<b>neg.</b>	<b>86.8x</b>	<b>18.8x</b>	<b>52%</b>	<b>n/a</b>	<b>-15%</b>	<b>2%</b>	<b>9%</b>

Source: Factset & Redeye Research

### Sum-of-the-parts Valuation

We are using the same method for our 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. Based on our 2022 estimates, SaveLend Group is worth SEK 10.4(13.7) per share, where SaveLend is worth SEK 7.35(9.47) per share and Billecta SEK 3.45(4.02) per share. Reflecting on the current valuations in the market, as the EV/Sales multiple has decreased from 6.9 to 3.

Sum of part valuation				
Segments	Sales 22E	EV/Sales	EV	EV per share
SaveLend	131.2	2.7	349	7.35
Billecta	39.0	4.2	164	3.45
<b>Total</b>	<b>170.2</b>	<b>3.0</b>	<b>513</b>	<b>10.8</b>
		Net debt	22	0.4
		Equity value	490	10.4

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 2036E.

### Bear Case 8.4 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%.

24E Net Sales: SEK 227m  
 24E NOPAT: SEK -11m  
 25E-36E Net Sales CAGR: 5%  
 25E-36E Average EBIT margin: 21%

Working Capital of revenue average: 1.4%  
 Intangible's investment of revenue average: 12%  
 Capital expenditures of revenue average: 1.9%

Terminal growth: 2%  
 Terminal EBIT margin: 25%

### Base Case 18 SEK

In our Base case, we estimate SaveLend Group to land close to its net sales target of 2025 already in 2024. Meanwhile, we forecast they will not reach an EBITDA level of 25% in 2025. We assume it will keep a 25% EBIT margin in terminal and a 2 % growth.

24E Net Sales: SEK 299m  
 24E NOPAT: SEK 20m  
 25E-36E Net Sales CAGR: 8.4%  
 25E-36E Average EBIT margin: 24%

Working Capital of revenue average: 1.1%  
 Intangible's investment of revenue average: 9.5%  
 Capital expenditures of revenue average: 1.5%

Terminal growth: 2%  
 Terminal EBIT margin: 25%

### Bull Case 47 SEK

Our Bull case estimate that SaveLend Group will outperform its financial goals on 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%.

24E Net Sales: SEK 389m  
 24E NOPAT: SEK 46m  
 25E-36E Net Sales CAGR: 10.2%  
 25E-36E Average EBIT margin: 35%

Working Capital of revenue average: 0.9%  
 Intangible's investment of revenue average: 8.1%  
 Capital expenditures of revenue average: 1.3%

Terminal growth: 2%  
 Terminal EBIT margin: 35%

Sensitivity analysis		Weighed Average Cost of Capital				
		13.00%	12.00%	11.00%	10.00%	9.00%
EBIT margin	20.0%	11.5	13.2	15.4	18.3	21.9
	22.5%	12.3	14.3	16.7	19.8	23.8
	<b>25.0%</b>	13.2	15.3	17.9	21.3	25.7
	27.5%	14.0	16.3	19.2	22.8	27.6
	30.0%	14.9	17.3	20.4	24.3	29.5
Growth		13.00%	12.00%	11.00%	10.00%	9.00%
	1.0%	12.4	14.2	16.5	19.4	23.1
	1.5%	12.7	14.7	17.2	20.3	24.3
	<b>2.0%</b>	13.2	15.3	17.9	21.3	25.7
	2.5%	13.6	15.9	18.7	22.4	27.4
	3.0%	14.1	16.6	19.7	23.7	29.3

## 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.

### High Growth and Long Runway

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 allows 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.

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.

### 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.

### 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.

## 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 three significant acquisitions – Billecta in 2018 and, more recently, Fixura and Svensk Kreditförmedling – all of which have been accretive on the top line but, more than that, have brought operational synergies and opened up new geographical and sectors.

## Geographical Expansion

SaveLend has recently expanded into Finland and made its first acquisition 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 cannot 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 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. The credit process must be 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.

## 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.

	2021	2022E	2023E	2024E						
<b>INCOME STATEMENT</b>					<b>DCF Valuation Metrics</b>					Sum FCF (SEKm)
Net sales	94	170	248	299	Initial Period (2022–2024)					-11
Cost of Revenues	10	18	22	25	Momentum Period (2025–2027)					91
Gross Profit	84	152	226	273	Stable Period (2028–)					866
Operating Expenses	102	162	201	225	Firm Value					947
EBITDA	-18	-10	25	49	Net Debt (last quarter)					22
Depreciation & Amortization	10	15	19	23	Equity Value					925
EBIT	-28	-25	6	26	Fair Value per Share					18.00
Net Financial Items	-1	-1	1	1		2021	2022E	2023E	2024E	
EBT	-29	-26	7	27	<b>CAPITAL STRUCTURE</b>					
Income Tax Expenses	-1	-5	1	5	Equity Ratio	0.3	0.2	0.2	0.3	
Non-Controlling Interest	0	0	0	0	Debt to equity	0.6	0.7	0.6	0.5	
Net Income	-29	-21	5	21	Net Debt	22	36	29	18	
					Capital Employed	148	135	147	166	
<b>BALANCE SHEET</b>					Working Capital Turnover	-14.8	-19.1	-20.6	-21.3	
<b>Assets</b>					<b>GROWTH</b>					
<b>Current assets</b>					Revenue Growth	67%	81%	46%	20%	
Cash & Equivalents	23	10	16	28	Basic EPS Growth	na	-33%	-124%	313%	
Inventories	98	74	87	104	Adjusted Basic EPS Growth	na	-34%	-126%	290%	
Accounts Receivable	17	31	45	54	<b>PROFITABILITY</b>					
Other Current Assets	5	10	15	18	ROE	-48%	-29%	7%	24%	
Total Current Assets	144	125	163	203	ROCE	-19%	-18%	4%	15%	
<b>Non-current assets</b>					ROIC	-37%	-21%	5%	20%	
Property, Plant & Equipment, Net	0	2	5	9	EBITDA Margin (%)	-19%	-6%	10%	16%	
Goodwill	40	40	40	40	EBIT Margin (%)	-30%	-15%	2%	9%	
Intangible Assets	59	60	65	71	Net Income Margin (%)	-31%	-12%	2%	7%	
Right-of-Use Assets	4	4	4	4	<b>VALUATION</b>					
Shares in Associates	0	0	0	0	Basic EPS	na	-0.4	0.1	0.4	
Other Long-Term Assets	48	48	48	48	Adjusted Basic EPS	na	-0.4	0.1	0.4	
Total Non-Current Assets	150	154	162	172	P/E	na	neg	84.6	21.7	
Total Assets	294	279	325	375	EV/Revenue	na	2.9	2.0	1.6	
<b>Liabilities</b>					EV/EBITDA	na	neg	19.8	9.9	
<b>Current liabilities</b>					EV/EBIT	na	neg	86.8	18.8	
Short-Term Debt	19	19	19	19	P/B	na	6.9	5.9	4.7	
Short-Term Lease Liabilities	2	2	2	2	<b>SHAREHOLDER STRUCTURE</b>					
Accounts Payable	9	15	22	27	Ludwig Pettersson			21.3%	21.3%	
Other Current Liabilities	116	107	134	161	Halomont Oü			10.0%	10.0%	
Total Current Liabilities	146	143	178	209	P&N Wolf Marketing AB			8.2%	8.2%	
<b>Non-current liabilities</b>					Jonas Ahlberg			7.0%	7.0%	
Long-Term Debt	26	26	26	26	Jacob Gevcen			6.9%	6.9%	
Long-Term Lease Liabilities	2	2	2	2	<b>SHARE INFORMATION</b>					
Other Long-Term Liabilities	40	40	40	40	Reuters code				YIELD:STO	
Total Non-current Liabilities	68	68	68	68	List				First North	
Non-Controlling Interest	0	0	0	0	Share price				8.7	
Shareholder's Equity	80	67	79	98	Total shares, million				51.6	
Total Liabilities & Equity	294	279	325	375	<b>MANAGEMENT &amp; BOARD</b>					
<b>CASH FLOW</b>					CEO				Ludwig Pettersson	
NOPAT	-27	-20	5	20	CFO				Jonas Ahlberg	
Change in Working Capital	5	3	3	2	Chairman				Bo Holmström	
Operating Cash Flow	-15	-3	27	46	<b>ANALYSTS</b>					
Capital Expenditures	-3	-3	-4	-4					Redeye AB	
Investment in Intangible Assets	-9	-16	-24	-28	Douglas Forsling				Mäster Samuelsgatan 42, 10tr	
Investing Cash Flow	-29	-19	-27	-33	Hjalmar Ahlberg				111 57 Stockholm	
Financing Cash Flow	0	9	6	-2						
Free Cash Flow	-26	-22	0	13						

## Redeye Rating and Background Definitions

### Company Quality

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

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

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

### People

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

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

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

### Business

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

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

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

### Financials

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

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

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



## Redeye Equity Research team

### Management

**Björn Fahlén**  
bjorn.fahlen@redeye.se

**Tomas Otterbeck**  
tomas.otterbeck@redeye.se

### Technology Team

**Hjalmar Ahlberg**  
hjalmar.ahlberg@redeye.se

**Henrik Alveskog**  
henrik.alveskog@redeye.se

**Alexander Flening**  
alexander.flening@redeye.se

**Douglas Forsling**  
douglas.forsling@redeye.se

**Forbes Goldman**  
forbes.goldman@redeye.se

**Jessica Grünewald**  
jessica.grunewald@redeye.se

**Jesper von Koch**  
jesper.vonkoch@redeye.se

**Anton Hoof**  
anton.hoof@redeye.se

**Rasmus Jacobsson**  
rasmus.jacobsson@redeye.se

**Viktor Lindström**  
viktor.lindstrom@redeye.se

**Fredrik Nilsson**  
fredrik.nilsson@redeye.se

**Mark Siöstedt**  
mark.siostedt@redeye.se

**Jacob Svensson**  
jacob.svensson@redeye.se

**Niklas Sävås**  
niklas.savas@redeye.se

**Danesh Zare**  
danesh.zare@redeye.se

**Fredrik Reuterhäll**  
fredrik.reuterhall@redeye.se

### Life Science Team

**Gergana Almquist**  
gergana.almquist@redeye.se

**Oscar Bergman**  
oscar.bergman@redeye.se

**Christian Binder**  
christian.binder@redeye.se

**Filip Einarsson**  
filip.einarsson@redeye.se

**Mats Hyttinge**  
mats.hyttinge@redeye.se

**Ethel Luvall**  
ethel.luvall@redeye.se

**Gustaf Meyer**  
gustaf.meyer@redeye.se

**Erik Nordström**  
erik.nordstrom@redeye.se

**Richard Ramanius**  
richard.ramanius@redeye.se

**Kevin Sule**  
kevin.sule@redeye.se

**Fredrik Thor**  
fredrik.thor@redeye.se

**Johan Unnerus**  
johan.unnerus@redeye.se

## Disclaimer

### Important information

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

Redeye is licensed to; receive and transmit orders in financial instruments, provide investment advice to clients regarding financial instruments, prepare and disseminate financial analyses/recommendations for trading in financial instruments, execute orders in financial instruments on behalf of clients, place financial instruments without position taking, provide corporate advice and services within mergers and acquisition, provide services in conjunction with the provision of guarantees regarding financial instruments and to operate as a Certified Advisory business (ancillary authorization).

### Limitation of liability

This document was prepared for information purposes for general distribution and is not intended to be advisory. The information contained in this analysis is based on sources deemed reliable by Redeye. However, Redeye cannot guarantee the accuracy of the information. The forward-looking information in the analysis is based on subjective assessments about the future, which constitutes a factor of uncertainty. Redeye cannot guarantee that forecasts and forward-looking statements will materialize. Investors shall conduct all investment decisions independently. This analysis is intended to be one of a number of tools that can be used in making an investment decision. All investors are therefore encouraged to supplement this information with additional relevant data and to consult a financial advisor prior to an investment decision. Accordingly, Redeye accepts no liability for any loss or damage resulting from the use of this analysis.

### Potential conflict of interest

Redeye's research department is regulated by operational and administrative rules established to avoid conflicts of interest and to ensure the objectivity and independence of its analysts. The following applies:

- For companies that are the subject of Redeye's research analysis, the applicable rules include those established by the Swedish Financial Supervisory Authority pertaining to investment recommendations and the handling of conflicts of interest. Furthermore, Redeye employees are not allowed to trade in financial instruments of the company in question, from the date Redeye publishes its analysis plus one trading day after this date.
- An analyst may not engage in corporate finance transactions without the express approval of management and may not receive any remuneration directly linked to such transactions.
- Redeye may carry out an analysis upon commission or in exchange for payment from the company that is the subject of the analysis, or from an underwriting institution in conjunction with a merger and acquisition (M&A) deal, new share issue or a public listing. Readers of these reports should assume that Redeye may have received or will receive remuneration from the company/companies cited in the report for the performance of financial advisory services. Such remuneration is of a predetermined amount and is not dependent on the content of the analysis.

### Redeye's research coverage

Redeye's research analyses consist of case-based analyses, which imply that the frequency of the analytical reports may vary over time. Unless otherwise expressly stated in the report, the analysis is updated when considered necessary by the research department, for example in the event of significant changes in market conditions or events related to the issuer/the financial instrument.

### Recommendation structure

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

### Redeye Rating (2022-03-08)

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

### Duplication and distribution

This document may not be duplicated, reproduced or copied for purposes other than personal use. The document may not be distributed to physical or legal entities that are citizens of or domiciled in any country in which such distribution is prohibited according to applicable laws or other regulations.

Copyright Redeye AB.

---

### 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.