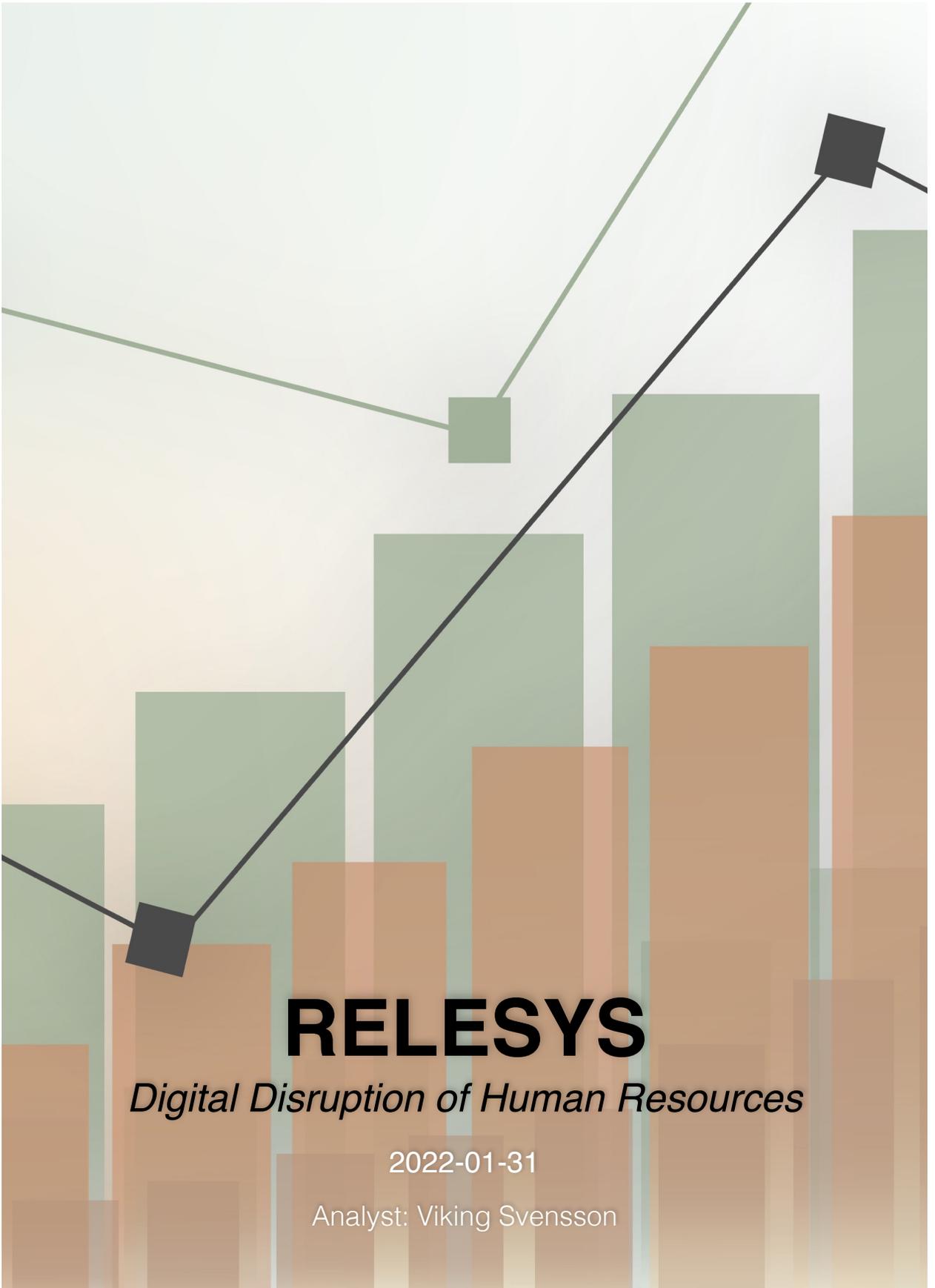


# EQUITY RESEARCH REPORT



## RELESYS

*Digital Disruption of Human Resources*

2022-01-31

Analyst: Viking Svensson

Relesys A/S ("Relesys or the "Company") develops and licenses an all-in-one platform, gathering daily operations, communication and training in one solution for non-desk workers. The Company has a proven track record of double-digit growth, profitability and an impressive customer base. Historically, during the first year of a customer's lifetime, the average revenue per customer has increased with 26%. Relesys is operating in a market that is undergoing a digital disruption, estimated to have a CAGR of 28% until 2025. In the coming years, the Company is expected to enter the UK, the US and DACH region. Relesys is estimated to reach a revenue of DKK 60.1m in 2023, based on a peer valuation, a share price of DKK 10.5 is motivated.

### ■ CAGR of 28% in Underlying Market Until 2025

The Connectivity and Engagement market is estimated to be worth DKK 51.2bn in 2021 according to Statista HR tech (2020). The segment is expected to grow with a CAGR of 28% from 2020 until 2025 implying a market value of DKK 137.4bn in 2025. The high growth rates in Connectivity and Engagement can be explained by several factors, two examples is that spending on IT solutions is increasing amongst global companies and according to Gallup (2020) 80% of the global workforce are non-desk workers in an urgent need for engagement and connectivity.

### ■ Growing With Existing Customers

Relesys has a history of growing with their existing customers. During the first year of a customer's lifetime, the average revenue per customer increased with 26%. That growth continued the second year, generating a total increase in revenue per customer of 45% by the end of year two. Most customers typically implement Relesys platform in one subsidiary and then further expands to the remainder of the groups entities.

### ■ Entering Both the UK and the US

Relesys is expected to enter the UK in 2022 and the US in 2023. The UK have 5.6mn citizens working within Relesys target industries while the US have 53.6mn citizens working within the same industries. Both markets are fragmented with no clear market leader which opens up for Relesys to increase market share. Furthermore, the Company already have active users in both countries which should help validating the Relesys platform.

### ■ Customer Concentration Risk

Relesys three largest customers account for 25% of the Company's revenue. Losing one of the Company's three largest customers would make it challenging for Relesys to reach Analyst Groups estimated Base scenario. However, as the Company enters more markets and sign more customers this risk is expected to become increasingly lower.

SHARE PRICE | **DKK 8.5**

VALUATION RANGE

**BEAR**  
DKK 7.2

**BASE**  
DKK 10.5

**BULL**  
DKK 12.3

RELESYS					
Share Price (2022-01-28)	8.5				
Number of Shares Outstanding	51 400 000				
Market Cap (DKKm)	436.9				
Net cash(-)/debt(+) (DKKm)	-67.0				
Enterprise Value (DKKm)	369.9				
W.52 Price Intervall (DKK)	6.25 – 9.80				
List	Nasdaq First North Growth Market Denmark				
DEVELOPMENT					
1 Week	10.5%				
1 Month	-5.6%				
3 Months	34.4%				
Since IPO	34.4%				
MAIN SHAREHOLDERS (2021-03-31)					
Roesgaard & Co Holding ApS	34.61%				
Sejs & Co. ApS	33.04%				
Martin Langholm Sorensen Holding ApS	6.39%				
<b>Total ( Major Shareholders)</b>	<b>74.04%</b>				
CEO AND CHAIRMAN OF THE BOARD					
CEO	Jesper Roesgaard				
Chairman of the board	Alexander M. Larsen				
FINANCIAL CALENDAR					
Annual Report	2022-03-28				
ESTIMATES (BASE), DKKM	2019	2020	2021E	2022E	2023E
<b>Revenue</b>	<b>20.6</b>	<b>25.7</b>	<b>33.2</b>	<b>43.9</b>	<b>60.8</b>
<i>Revenue growth</i>	<i>N/A</i>	<i>24.8%</i>	<i>29.2%</i>	<i>32.0%</i>	<i>39.0%</i>
<b>Gross profit (Adj.)<sup>1</sup></b>	<b>18.0.1</b>	<b>23.0</b>	<b>29.5</b>	<b>54.3</b>	<b>54.0</b>
<i>Gross margin (Adj.)<sup>1</sup></i>	<i>87.8%</i>	<i>89.7%</i>	<i>89.2%</i>	<i>89.4%</i>	<i>88.8%</i>
<b>EBITDA</b>	<b>4.4</b>	<b>3.7</b>	<b>2.5</b>	<b>1.4</b>	<b>2.6</b>
<i>EBITDA margin</i>	<i>21.5%</i>	<i>14.4%</i>	<i>7.6%</i>	<i>3.2%</i>	<i>4.3%</i>
<b>EBIT</b>	<b>2.8</b>	<b>1.9</b>	<b>-0.1</b>	<b>-2.1</b>	<b>-2.2</b>
<i>EBIT margin</i>	<i>13.5%</i>	<i>7.5%</i>	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>
P/S	N/A	N/A	13.1x	10.0x	7.2x
EV/S	N/A	N/A	11.2x	8.5x	6.1x
EV/EBITDA	N/A	N/A	163.1x	314.1x	139.9x

<sup>1</sup>Excl. Other external costs

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### Definition Bull

Bull is a metaphor for an optimistic view of the future. It indicates a belief in improvement.

### Definition Bear

Bear is a metaphor for a pessimistic view set on the future. It indicates a belief deterioration.

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