

# Wyld Networks

Mangold Insight - Update - 15 June 2022

## New steps in the right direction

Wyld's first quarter was mainly as expected; Revenue was lower than in the previous year, where the majority of revenue consisted of a British tax credit. The company's sales are expected to increase exponentially in 2022, driven by the expected launch in September, with recurring monthly revenue from data fees. Other expenses were slightly higher than expected, which means that they are upwardly adjusted by MSEK 1.4 for the full year 2022.

## Expanding geographically

Wyld's subscription warrants resulted in MSEK 25.2 in financing, in addition to the existing cash of MSEK 12. As such, the coffers are well stocked for the upcoming launch of Wyld Connect. Wyld signed agreements with six new collaboration partners relating to reseller agreements, orders for IoT devices, connection to the satellite network, and additional satellite access. The company has chosen to establish the American part of its operations in Missouri, where agriculture and logistics are significant industries. The strategic location is judged to give the company stronger positioning, particularly in agriculture and logistics.

## Still undervalued

Mangold has valued Wyld Networks with a DCF model and maintains the price target of SEK 33.00 per share, corresponding to an upside of over 200 percent. Wyld has succeeded in attaining MSEK 28.6 in order value in 2022, excluding data revenue, which is seen as an acknowledgement of the demand for the company's products. An important trigger for the company is the upcoming launch during the second half of 2022.



Share price performance %	1m	3m	IPO
WYLD	-18.5	-43.1	35.3
OMXSPI	-5.0	-10.8	-17.3

## Key data

Price target	Buy 33.00
Risk	High
Price (SEK)	10.34
Market cap (MSEK)	109
No. of shares (million)*	15.1
Free float	22%
Ticker	WYLD
Next earnings report	31 August 2022
Website	wyldnetworks.com
Analyst	Pontus Ericsson

\*includes TO2 & TO3

Main shareholders	No. of shares	Capital
Tern PLC	5 176 033	49.2%
Wardhaman Family	1 179 108	11.2%
Alastair Williamson	145 828	1.4%
Avanza Pension	118 858	1.1%
Eugene Myers	96 768	0.9%
Mats Andersson	77 792	0.7%
Philip Andersson	75 000	0.7%
Movitz Ljungberg	71 360	0.7%
<b>Total</b>	<b>10 511 307</b>	<b>100%</b>

Key figures (MSEK)	2021	2022E	2023E	2024E	2025E
Net sales (MSEK)	2.5	14.6	43.8	109.5	153.4
EBIT (MSEK)	-26.4	-19.3	-9.7	24.3	47.0
Profit before tax (MSEK)	-26.9	-19.6	-9.8	24.2	46.9
EPS (SEK)	-2.6	-1.9	-0.9	1.8	3.5
EV/Sales	50.1	8.4	2.8	1.1	0.8
EV/EBITDA	neg	neg	neg	5.0	2.6
EV/EBIT	neg	neg	neg	5.1	2.6
P/E	neg	neg	neg	6.7	3.5

# Investment case

## Further steps in the right direction

Mangold reiterates the Buy Recommendation of Wyld Networks, with a price target of SEK 33.00 per share. This corresponds to an upside of over 200 percent over a 12-month period. Mangold's assessment is that Wyld Networks will be able to achieve net sales of MSEK 14.6 in 2022, driven by the launch of Wyld Connect, to then move towards market growth of 40 percent (CAGR) up to 2025.

*Price target SEK 33.00  
per share*

## Wide areas of application

Wyld Network's two products, Wyld Connect and Wyld Fusion, work together to create a comprehensive satellite IoT solution. The business solution uses satellites to offer global coverage. Since 85 percent of the earth's surface is not covered by terrestrial connection, there is great potential to sell the solution to companies operating in this coverage-free zone. Wyld's products could be used in a variety of sectors, such as agriculture, energy, the environment, shipping, retail, events, factories, hospitals, and more. The products are pending the outcome of the patent application, and the company has registered its trademarks, which strengthens the position for commercialisation. The company's use of free unlicensed frequency bands and cheaper LEO satellites is expected to contribute to an attractive price for customers.

*85 percent of the Earth's surface  
lacks terrestrial connection*

## Rapidly growing markets

The market for IoT connections has an estimated annual growth rate (CAGR) of 40.0 percent between 2018 and 2025, according to the journal Rethink Technology Research. Mangold believes that the strong underlying demand for these technologies is expected to make a positive contribution to Wyld's growth journey.

*CAGR of 40 percent*

## Large launch partners

The company's launch partners have a total market capitalisation of over USD 400 billion. Mangold believes that Wyld can partake in its partners' networks and thereby receive income through the commercialisation of Wyld Connect. Two of these companies, Eutelsat and Bayer Crop Science, have purchased solutions before launch, which indicates confidence in Wyld's products and services. The purpose of the launch partners is that they will be allowed to test the product before launch, with the hope that they will become paying customers when it is commercialised. The consortium of Eutel, TrakAssure, Senet and Wyld is expected to contribute to Wyld establishing its products and services globally.

*Launching among giants*

## Funding secured

Wyld's IPO was heavily oversubscribed at the initial listing in early July, which provided the company with MSEK 25.0, before issue costs. Subscription warrants of series TO1 also contributed MSEK 25.2 during April 2022. Mangold believes that the capital injection gives the company good prerequisites to launch Wyld Connect during the second half of 2022.

*Strongly oversubscribed IPO*

# Wyld Networks – Update

## The past quarter

During the first quarter, revenue amounted to SEK 946 000. Of this, SEK 941 000 was variable revenue, which consisted of a tax credit from the British government. The item that differs significantly from the previous year is staff costs, which increased from MSEK 2.8 to MSEK 4.0 for the quarter. However, the item is in line with the estimate for the full year 2022. Other expenses were slightly higher compared with the estimate for the full year 2022, which means that we are adjusting other expenses by approximately MSEK 1.4 for 2022.

*Other expenses upwardly adjusted*

### WYLD NETWORKS - QUARTERLY OUTCOME

TSEK	Q1 21	Q1 22	2021	2022E
Revenue	1 700	946	6 529	18 484
Other expenses	3 981	3 927	20 043	14 214
Staff costs	2 785	4 018	12 577	15 737
Depreciation	3	29	142	124
EBIT	-5 133	-7 067	-26 386	-18 018
EBIT margin	-302%	-747%	-404%	-97%

Source: Mangold Insight

## Quarterly estimates going forward

The result is in line with the estimate, as the majority of the revenue is expected to be added during the last quarter of 2022. Delivery of the agricultural order began in April, the forest order is expected to be delivered in September, and as there is no delivery date for IMAE's order for 300 000, it is assumed this will be come about in October 2022. Given the assumptions, Wyld's sales so far for 2022 amount to MSEK 6.6, corresponding to 45 percent of the sales estimate. Mangold assumes that Wyld will increase sales further during the third and fourth quarters, given that the launch is expected to take place in September. The expected increase in revenue is in part based on Wyld's proven ability to generate large orders, which was exemplified by an order value of 28.3 million in March. Mangold thereby retains its sales estimates going forward. The sales estimate does not include the tax credit that accounted for the majority of revenue during the first quarter of 2022.

*Assessed to achieve sales estimates*

### WYLD NETWORKS - QUARTERLY ESTIMATES

	Q1	Q2E	Q3E	Q4E	FYE22
Sales (TSEK)	5	1 063	3 686	9 849	14 603
Quarterly growth		21 160%	247%	167%	

Source: Mangold Insight

# Wyld Networks – Update cont.

## Missouri base for American operations

Wyld has chosen the state of Missouri as the base for the American part of the operations. About half of US agricultural production is harvested within a 800 km (500 mile) radius of St. Louis. It is also an important city in terms of American logistics, as several major roads intersect, and the city has a well-established train and air traffic network. The operations are well located for important areas of use, such as logistics and agriculture.

*Strategically located American base*

## High exercise of subscription warrants

Wyld's subscription warrants TO1 were subscribed for at 98.6 percent, which resulted in MSEK 25.2. In total, approximately 2.2 million subscription warrants were exercised at a price of SEK 11.25 per share. Given the market situation, the outcome is seen as positive and provides the company with the necessary funding moving forward.

*Contributed MSEK 25.2*

## Listed in the USA

Wyld's stock has been traded on the OTCQB Venture Market in the USA since May 2022, with the aim of increasing the availability and visibility of the US capital market. Trading continues as usual on First North, but Wyld Networks is now also available in the US under the Ticker WYLD.F.

*Listing will strengthen trade*

## Several new collaboration partners

Wyld has established ties with several new launch partners since the previous report in March. The agreements concern connection to the satellite network, sales of IoT devices, and reseller agreements. A summary table is presented below and a review of the agreements is presented on the next page.

*New collaborations*

### WYLD NETWORKS - NEW LAUNCH PARTNERS WYLD SATELLITE IOT SERVICE

Company	Industry	Collaboration type
HartBR	Energy/IoT	Network
Evvos	Agriculture/environment/industry/IoT	Reseller
Constanta Industrial	Industry/health/agriculture/smart cities	Reseller/network
IMAE	Energy/IoT	IoT devices
Brinja	Hardware/software IoT	Network
DEWA	Energy/IoT	IoT devices/satellite access

Source: Mangold Insight

# Wyld Networks – Update cont.

## **Brazilian wind power**

The Brazilian wind power company IMAE has placed a purchase order worth SEK 300 000. Wyld will provide IoT devices for data collection and control of wind turbines throughout Brazil.

*Order for SEK 300 000*

## **Collaboration with Brazilian HartBR**

Wyld has entered into a partnership with HartBR, a Brazilian IoT hardware supplier. HartBR is the main supplier to the energy company Energisa, with eight million customers in Brazil. The company's sensors identify temporary and permanent faults related to energy infrastructure. Initially, Wyld's network will be used to connect sensors on high voltage lines, with coverage throughout Brazil.

*Agreement with IoT hardware supplier*

## **Sensor manufacturer integrating Wyld Connect**

Wyld has entered into a partnership with IoT sensor manufacturer Evvos. The company will integrate Wyld's technology in its product range for data collection and monitoring within agriculture, environment and industry. The collaboration means that the sensor manufacturer embeds Wyld Connect's connectivity directly in the sensor and as such can offer its customers products with global coverage.

*Data collection and monitoring in agriculture, environment and industry*

## **Large electronics company signs agreement**

Constanta Industrial acts as a reseller of Wyld's products and procures Wyld Connect for its own IoT projects. The projects concern smart consumption meters and ground sensors in industry, health, smart cities and agriculture. The company is one of the larger electronics companies in Brazil and focuses mainly on IoT.

*Consumption meters and ground sensors*

## **IoT in the construction industry**

Another agreement has been signed with Swedish Brinja, a specialist in hardware and software for IoT. The company will offer satellite IoT solutions for the construction industry, as well as monitoring of distributed assets.

*Agreement with Swedish IoT company*

## **Authority partner in the Middle East**

The Dubai Power and Water Authority, DEWA, has entered into a partnership with Wyld regarding the delivery of satellite IoT terminals. The authority launched its first satellite in January 2022, and Wyld delivered the test satellite terminals. It is DEWA's space programme that will use satellites to monitor power and water lines. Through the partnership, Wyld gains access to more satellites than Eutelsats, which reduces risks associated with an individual supplier.

*Authority customer in Dubai*

# Wyld Networks – Valuation

## Undervalued stock

After completion of DCF, the fair value will be SEK 32.20 per share, which means that Mangold maintains the price target of SEK 33.00 per share. In order for the price to be realised, Wyld Networks needs to commercialise Wyld Connect 2022, increase sales, and become profitable in 2024.

Price target SEK 33.00

### WYLD NETWORKS - DCF

(TSEK)	2022E	2023E	2024E	2025E	2026E	2027E
EBIT	-19 263	-9 689	24 313	47 003	71 934	87 839
Free cash flow	-19 301	-14 318	9 980	30 946	50 518	65 320
Terminal value						725 779

Assumptions	Req. return	Growth	Tax
	12%	3%	21%

#### Fair value

Enterprise value	478 789
Equity value (TSEK)	484 960

<b>Fair value per share (SEK)</b>	<b>32.20</b>
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Source: Mangold Insight

## Sensitivity analysis

Mangold has carried out a sensitivity analysis to test the model's outcome given different required rates of return (RRR) and sales levels. If Wyld achieves 90 percent of the estimated sales, the fair value will fall to SEK 19.25 per share. If sales instead increase by 10 percent, the fair value rises to SEK 48.06 per share. The sales level is the factor that affects the price target the most. In summary, the model shows a range between SEK 16.71 and SEK 55.42 per share. The model shows an upside in all tested cases.

Valuation range between SEK 16.71 to 55.42 per share

### WYLD - SENSITIVITY ANALYSIS

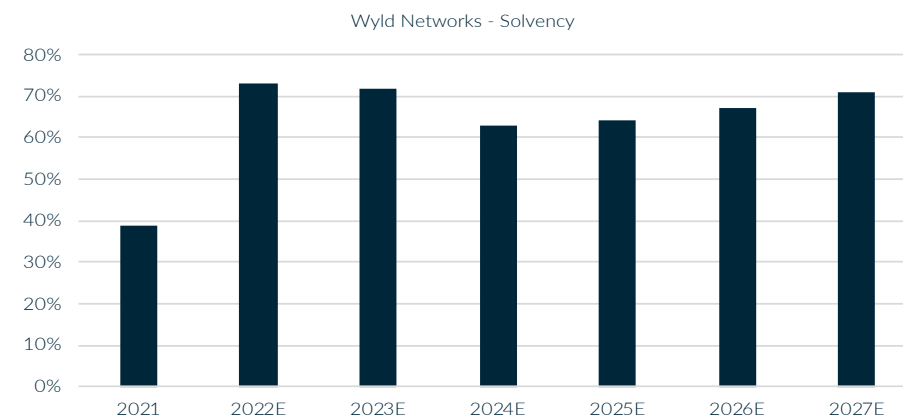
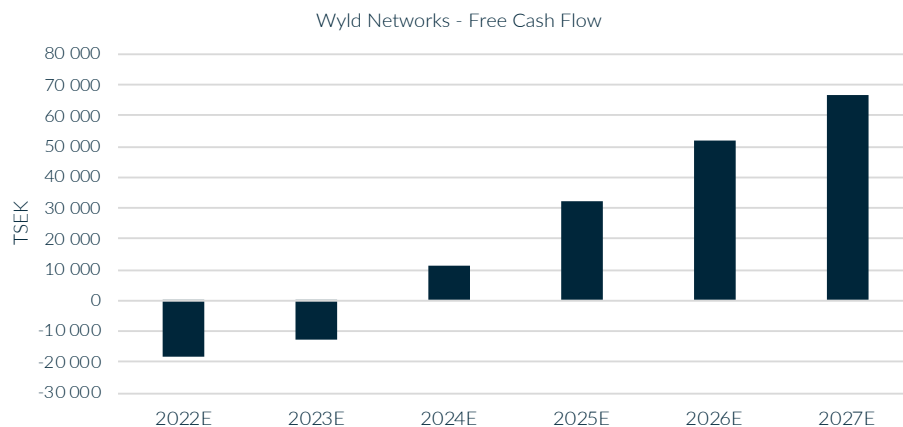
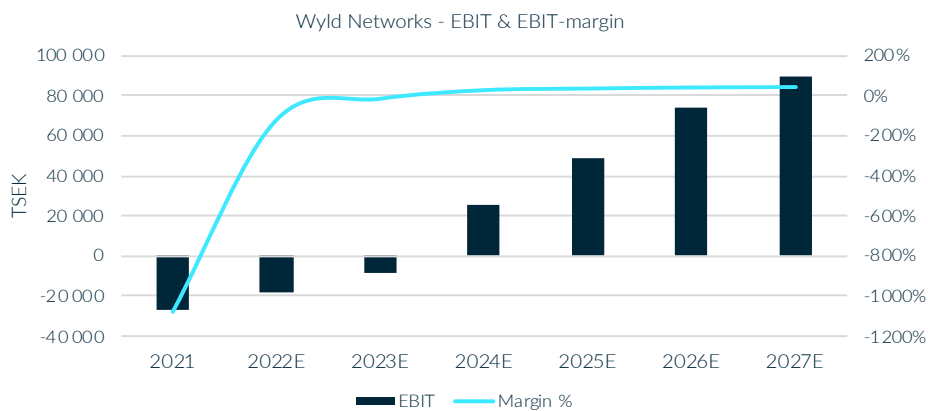
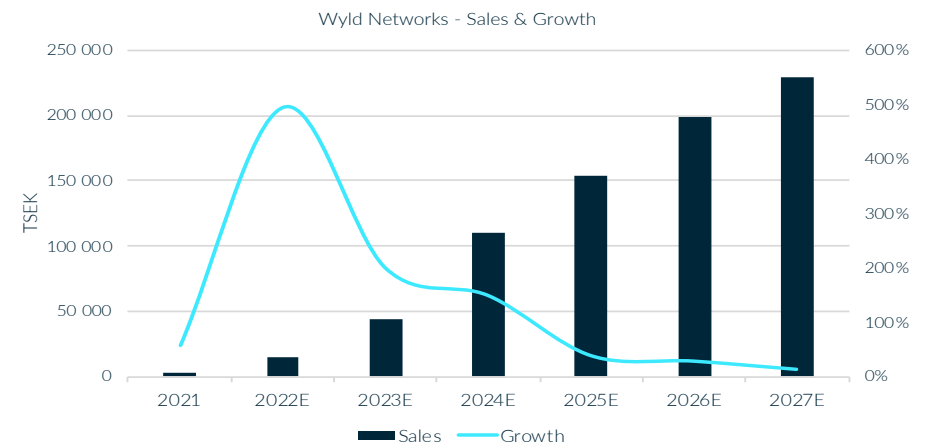
RRR %	0,9x	Base sales (x)	1,1x
11	22.45	37.26	55.42
<b>12</b>	19.25	<b>32.20</b>	48.06
13	16.71	28.17	42.20

Source: Mangold Insight

# Wyld Networks – SWOT



# Wyld Networks – Appendix





# Wyld Networks - Income statement & balance sheet

Income statement (TSEK)	2021	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	2 455	14 607	43 820	109 549	153 368	199 379	229 286
Operating income	4 074	4 064	0	0	0	0	0
Cost of sold goods	0	-6 427	-19 281	-48 201	-67 482	-87 727	-100 886
<b>Gross profit</b>	<b>6 529</b>	<b>12 243</b>	<b>24 539</b>	<b>61 347</b>	<b>85 886</b>	<b>111 652</b>	<b>128 400</b>
Gross margin	100%	66%	56%	56%	56%	56%	56%
Staff costs	-12 577	-15 737	-18 058	-20 466	-21 919	-22 358	-22 805
Other expenses	-20 043	-15 645	-15 958	-16 277	-16 603	-16 935	-17 274
Depreciation	-295	-124	-212	-290	-361	-425	-483
<b>Result</b>	<b>-26 387</b>	<b>-19 263</b>	<b>-9 689</b>	<b>24 313</b>	<b>47 003</b>	<b>71 934</b>	<b>87 839</b>
Operating margin	-1075%	-103%	-22%	22%	31%	36%	38%
Net interest	-560	-360	-120	-120	-120	-120	-120
<b>Result after net financial items</b>	<b>-26 947</b>	<b>-19 623</b>	<b>-9 809</b>	<b>24 193</b>	<b>46 883</b>	<b>71 814</b>	<b>87 719</b>
Taxes	0	0	0	-4 984	-9 658	-14 794	-18 070
<b>Net profit</b>	<b>-26 947</b>	<b>-19 623</b>	<b>-9 809</b>	<b>19 209</b>	<b>37 225</b>	<b>57 021</b>	<b>69 649</b>

Source: Mangold Insight

Balance sheet (TSEK)	2021	2022E	2023E	2024E	2025E	2026E	2027E
<b>Assets</b>							
Cash	18 171	48 011	69 373	79 233	110 059	160 456	225 657
Trade receivables	6 732	8 004	24 011	60 027	84 037	109 249	125 636
Inventory	0	0	0	0	0	0	0
Fixed assets	1 240	2 116	2 904	3 614	4 253	4 827	5 345
<b>Total assets</b>	<b>26 144</b>	<b>58 130</b>	<b>96 288</b>	<b>142 873</b>	<b>198 349</b>	<b>274 532</b>	<b>356 637</b>
<b>Liabilities</b>							
Trade payables	3 974	6 084	18 251	45 626	63 877	83 040	95 496
Liabilities	12 000	4 000	4 000	4 000	4 000	4 000	4 000
<b>Total liabilities</b>	<b>15 973</b>	<b>10 084</b>	<b>22 251</b>	<b>49 626</b>	<b>67 877</b>	<b>87 040</b>	<b>99 496</b>
<b>Equity</b>							
Restricted equity	690	58 190	93 990	93 990	93 990	93 990	93 990
Unrestricted equity	9 480	-10 143	-19 953	-743	36 482	93 502	163 151
<b>Total equity</b>	<b>10 170</b>	<b>48 047</b>	<b>74 037</b>	<b>93 247</b>	<b>130 472</b>	<b>187 492</b>	<b>257 141</b>
<b>Liabilities and equity</b>	<b>26 143</b>	<b>58 130</b>	<b>96 288</b>	<b>142 873</b>	<b>198 349</b>	<b>274 532</b>	<b>356 637</b>

Source: Mangold Insight

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Mangold last reported on Wyld Networks on 28 March 2022.

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Mangold Insight grades its share recommendations over a 12-month period, according to the following structure:

Buy – An upside in the share of at least 20%

Increase – An upside in the share of 10–20%

Neutral – An upside and downside in the share of 0–10%

Decrease – A downside in the share of 10–20%

Sell – A downside in the share of at least 20%