

# Wyld Networks

Mangold Insight – update – 23 December 2022

## Long-awaited launch completed

Virtual satellite network operator Wyld launched its satellite IoT network service on 8 December, and is now facing an exciting year. The company has an order book value of MSEK 34 (excluding data revenue) and over 40 collaboration partners. Mangold predicts that Wyld will convert the order book into revenue from the beginning of 2023, and believes that the order book will continue to grow. Expenses were in line with Mangold's estimates, but with higher staff costs and lower other expenses than expected.

## Funding secured for growth

Wyld carried out a private placement in November of approximately MSEK 7.3, before issue cost, which increased the number of shares by approximately 0.6 million. Wyld generated additional capital through TO2, which was subscribed to 97.6 percent. Wyld was thereby provided with an additional MSEK 19.4. At the end of the third quarter, Wyld's cash balance amounted to MSEK 10.9. Mangold assesses that the capital injection means Wyld is well equipped to scale up sales and achieve profitability in 2024.

## Revised price target

Mangold revises the price target to SEK 29.00 (30.00) per share, corresponding to an upside of approximately 100 percent. The revision is a result of the dilution related to the directed issue of MSEK 7.3. Wyld is facing an exciting year, with a newly launched satellite IoT network service that Mangold believes will generate significant revenue.

## Information

Recommendation/ Price target	Buy 29.00
Risk	High
Price (SEK)	13,98
Market cap. (MSEK)**	185,6
No. of shares (million)*	15.6
Free float	35%
Ticker	WYLD
Next earnings report	31 March 2023
Website	wyldnetworks.com
Analyst	Pontus Ericsson

\*Includes TO3, \*\*Includes TO2

Main shareholders	No. of shares	Capital
Tern PLC	5 496 487	49.4%
Wardhaman Family	1 179 108	10.6%
Philip Andersson	250 100	2.2%
Avanza Pension	231 440	2.1%
Martin David	200 813	1.8%
Tuvedalen	198 728	1.8%
Alastair Williamson	156 737	1.4%
Ylber Rexhepi	88 000	0.8%
<b>Total*</b>	<b>11 116 190</b>	<b>100%</b>

\*Not including TO2



Share price performance %	1m	3m	12m
WYLD	6.7	27.1	3.6
OMXSPI	-2.4	6.7	-21.7

Key figures (MSEK)	2021	2022E	2023E	2024E	2025E
Net sales (MSEK)	2.5	0.3	57.8	107.4	150.4
EBIT (MSEK)	-26.4	-33.8	-8.3	16.6	38.0
Profit before tax (MSEK)	-26.9	-34.9	-8.3	16.6	38.0
EPS (SEK)	-1.7	-2.2	-0.5	0.8	1.9
EV/Sales	90.2	655.2	3.8	2.1	1.5
EV/EBITDA	neg	neg	neg	13.2	5.8
EV/EBIT	neg	neg	neg	13.4	5.8
P/E	neg	neg	neg	17.3	7.5

# Investment case

## Interconnecting the world

Mangold reiterates the Buy Recommendation of Wyld Networks, with a price target of SEK 29.00 (30.00) per share. This corresponds to an upside of approximately 100 percent over a 12-month period. Mangold believes that Wyld will first be able to report revenue from Wyld Connect in 2023. The strong order book of approximately MSEK 34 is estimated to grow and be booked as revenue 2023.

*Price target SEK 29.00 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*

## Major 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 Eutel consortium, 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 2022, which provided the company with MSEK 25.0, before issue costs. Subscription warrants of series TO1 also contributed MSEK 25.2 during April 2022. The company also carried out a private placement of MSEK 7.3, and TO2 generated MSEK 19.4. The company also has TO3 outstanding, meaning that Mangold assesses that the company is well capitalised in order to achieve profitability in 2024.

*Well capitalised for 2023*

# Wyld Networks – Update

## Launch completed

Wyld launched its satellite IoT network service on 8 December 2022, paving the way for significant revenue in 2023. At the time of the launch, the company had an order backlog of MSEK 34 with over 40 launch partners. Mangold expects these orders to translate into revenue in 2023, as well as the company converting more partners into customers and generating data revenue. The orders and collaborations signed since the previous analysis in October are presented below.

*Completed launch paves the way for breakthrough in 2023*

### WYLD NETWORKS - ORDERS & COLLABORATIONS

Company	Industry	Collaboration type	Geography	Order value
Astrocast	IoT network operator	Connection via satellites	Global	-
Spider Digital	Security/intelligence work	Distributor	Bangladesh	-
C-Towers	Energy/IoT	Order of data	Europe	MSEK 0.83
IMAE	Public services/energy	Order of data	Brazil	MSEK 0.82
Agrocognitive	Agriculture	Order of IoT-modules, sensors and data	Venezuela	MSEK 1.10

Source: Mangold Insight

## New collaboration with Astrocast

Wyld has signed a multi-year agreement with IoT network operator Astrocast, with a joint ambition to target over 200 million messages. The collaboration expands both Wyld's capacity and coverage for the delivery of satellite IoT data to its customers globally. Astrocast's solution has a fully functional constellation of 14 satellites, providing coverage where terrestrial connectivity cannot reach. Mangold views the collaboration as beneficial for Wyld as it expands their ability to deliver IoT data globally.

*Access to 14 more satellites*

## Distribution in Bangladesh

Wyld has signed an agreement with the security and intelligence company Spider Digital. The agreement relates to the distribution of Wyld Connect IoT solutions in Bangladesh, for both environmental monitoring and maritime asset tracking. The company has offices in Bangladesh, the United Arab Emirates, Great Britain, and North America. The aim is for Wyld's technology to be used to predict and reduce climate change in Bangladesh.

*Environmental monitoring and maritime asset tracking in Bangladesh*

## Delivery to cocoa farming

Wyld will supply IoT modules, sensors and data services to Agrocognitive. The order will take effect when approval is received from the Cacao Plantation Pest Control Project of the Interamerican Development Bank. The project relates to a cocoa plantation in Venezuela, where Agrocognitive's precision farming platform can make use of more accurate data from Wyld's sensors in remote locations.

*Delivery relating to precision farming in Venezuela*

# Wyld Networks – Update cont.

## Data

- C. Towers has placed a purchase order of data for MSEK 0.83, following the earlier order of MSEK 0.30 for hardware.
- IMAE has placed an order of data for MSEK 0.76, following the initially placed order in May 2022.

*Data orders totalling  
MSEK 1.59*

## Awarded research and development support

Wyld was awarded MSEK 4.2 from the UK government for research and development (R&D) that took place in 2021. Companies can get back up to 33 percent of costs related to R&D if they qualify. Last year, Wyld received MSEK 4.1 from the British government, and Mangold views it as positive that the development costs are decreasing.

*MSEK 4.2 from the British  
government*

# Wyld Networks – Update cont.

## The past quarter

The outcome from the third quarter was largely as expected. Revenue amounted to approximately MSEK 0.9, which consisted of the tax credit from the British government. Staff costs increased more than expected to MSEK -5.3 (-3.5) compared to the same quarter last year. As a result of this, Mangold is opting to upwardly adjust the staff cost estimate by MSEK 2.4 for the full year 2022, and to some extent going forward. However, other expenses decreased, and amounted to MSEK -4.2 (-4.7) compared to the same period last year. Given the outcome, Mangold is opting to downwardly adjust the full-year estimate for other expenses in 2022 by MSEK 1.3.

*Other expenses downwardly adjusted*

### WYLD NETWORKS - QUARTERLY OUTCOME

(TSEK)	Q3 21	Q3 22	9M 21	9M 22
Revenue	726	933	3 302	2 917
Raw materials		-298		-1 013
Other expenses	-4 743	-4 243	-16 040	-14 115
Staff costs	-3 466	-5 262	-9 217	-13 441
Depreciation	-69	-63	-202	-212
EBIT	-7 552	-8 933	-22 157	-25 459
EBIT margin	-1 040%	-957%	-671%	-873%

Source: Mangold Insight

## Brings in capital prior to launch

Wyld carried out a private placement of approximately MSEK 7.3 in November 2022. The subscription price amounted to SEK 12.03 per share, corresponding to a discount of 12.5 percent, compared to the volume-weighted average price from 31 October up to 4 November 2022. The number of shares increased by approximately 0.6 million. The purpose of the issue was to strengthen the commercial team in order to accelerate the conversion of partners into paying customers. In addition, it was to provide an investment in the development team in order to maintain competitive advantages.

*MSEK 7.3 via a private placement*

The subscription price for Wyld's subscription warrants of series TO2 amounted to SEK 8.72 per share. It corresponded to 70 percent of the volume-weighted average price between 21 November 21 up to 2 December 2022. The company is provided with MSEK 19.4, which lays a solid foundation for delivering orders and cultivating new customers. The number of shares is increased by 2.221 million. The subscription rate was 97.6 percent.

*TO2 generated MSEK 19.4*

# Wyld Networks – Valuation

## Undervalued stock

The company has received approximately MSEK 34 in orders and is deemed to be able to secure more orders in 2023, given that Wyld's service has now been launched. Mangold maintains the income estimate going forward, as revenue is expected to be generated from the beginning of 2023. After completion of the DCF model, the fair value is SEK 29.04 per share, which means that Mangold is lowering the target price to SEK 29.00 (30.00) per share. The revision is made as a result of the dilution related to the private placement. In order for the price target to be achieved, Wyld needs to follow the sales estimate and become profitable in 2024.

Price target SEK 29.00

### WYLD NETWORKS - DCF

(TSEK)	2022E	2023E	2024E	2025E	2026E	2027E
EBIT	-34 104	-8 267	16 578	37 961	61 716	76 720
Free cash flow	-27 756	-11 608	13 599	30 492	49 474	61 068
Terminal value						678 530

Assumptions	Disc. interest	Growth	Tax
	12%	3%	21%

### Fair value

Enterprise value	445 460
Equity value (TSEK)	451 632

<b>Fair value per share (SEK)</b>	<b>29.04</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 19.85 per share. If sales instead increase by 10 percent, the fair value rises instead to SEK 39.69 per share. The sales level is the factor that most affects the price target. In summary, the model shows a range between SEK 17.24 and SEK 45.81 per share. The model shows an upside in all tested cases.

Valuation range between SEK 17.24 and SEK 45.81 per share

### WYLD - SENSITIVITY ANALYSIS

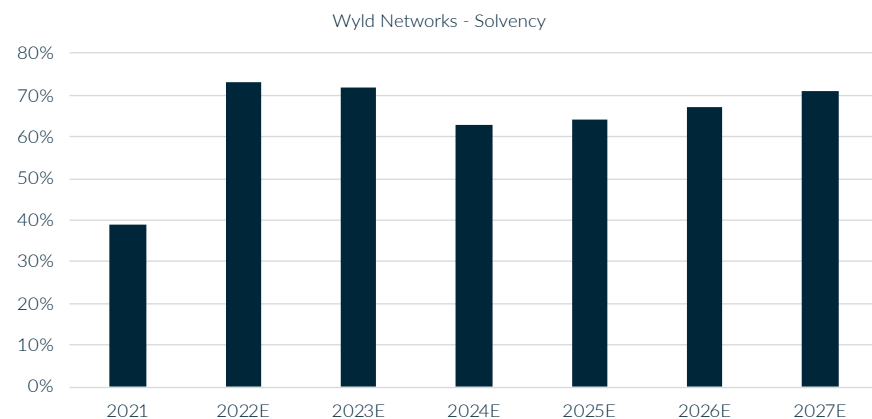
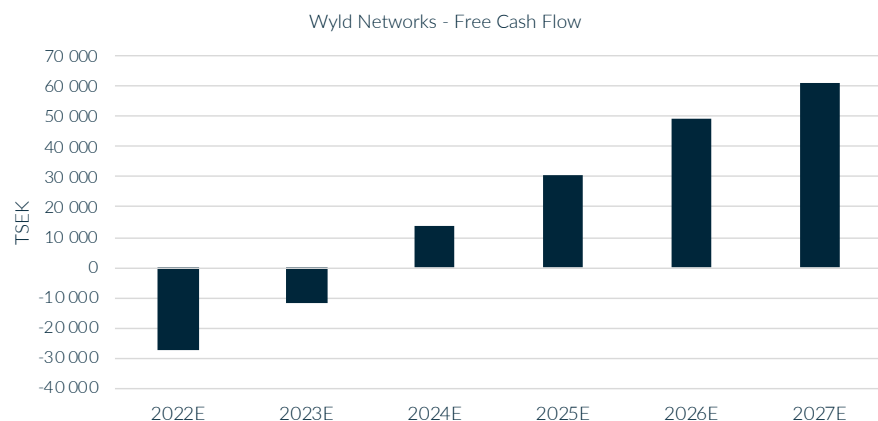
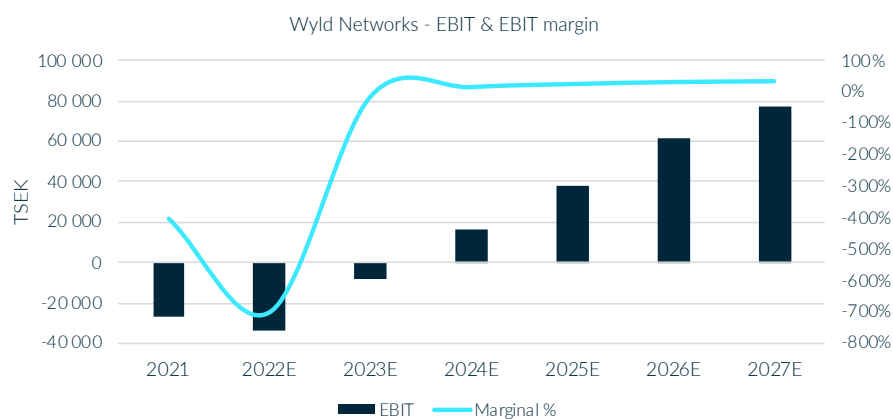
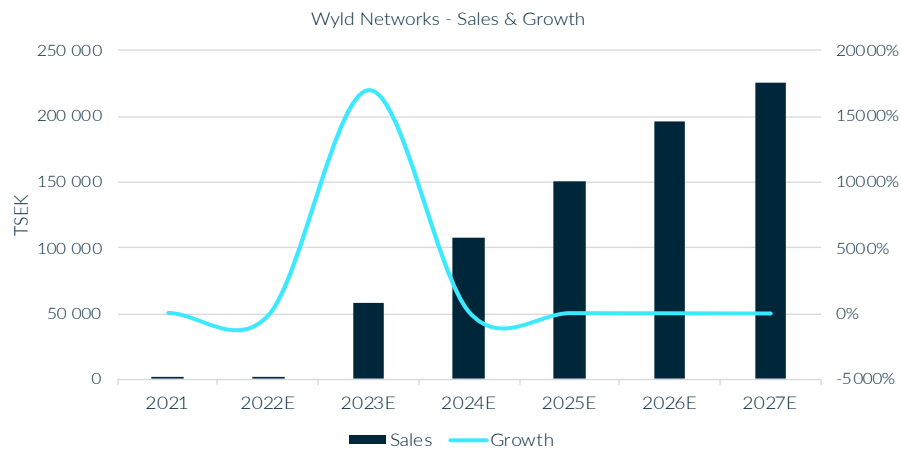
RRR %	0.9x	Base sales (x)	1.1x
11	23.14	33.64	45.81
<b>12</b>	19.85	<b>29.04</b>	39.69
13	17.24	25.39	34.81

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	338	57 765	107 443	150 420	195 547	224 879
Operating income	4 074	4 200					
Cost of sold goods	0	-1 351	-25 417	-47 275	-66 185	-86 041	-98 947
<b>Gross profit</b>	<b>6 529</b>	<b>3 187</b>	<b>32 348</b>	<b>60 168</b>	<b>84 235</b>	<b>109 506</b>	<b>125 932</b>
Gross margin	100%	70%	56%	56%	56%	56%	56%
Staff costs	-12 577	-18 743	-21 670	-24 184	-26 409	-27 465	-28 426
Other expenses	-20 043	-18 423	-18 792	-19 168	-19 551	-19 942	-20 341
Depreciation	-295	-124	-154	-238	-315	-383	-445
<b>Operating result</b>	<b>-26 387</b>	<b>-34 104</b>	<b>-8 267</b>	<b>16 578</b>	<b>37 961</b>	<b>61 716</b>	<b>76 720</b>
Operating margin	-404%	-752%	-14%	15%	25%	32%	34%
Net interest	-560	-1 120	0	0	0	0	0
<b>Result after net financial items</b>	<b>-26 947</b>	<b>-35 224</b>	<b>-8 267</b>	<b>16 578</b>	<b>37 961</b>	<b>61 716</b>	<b>76 720</b>
Taxes	0	0	0	-3 415	-7 820	-12 713	-15 804
<b>Net profit</b>	<b>-26 947</b>	<b>-35 224</b>	<b>-8 267</b>	<b>13 163</b>	<b>30 141</b>	<b>49 002</b>	<b>60 916</b>

Source: Mangold Insight

Balance sheet (TSEK)	2021	2022P	2023E	2024E	2025E	2026E	2027E
<b>Assets</b>							
Cash	18 171	29 428	53 620	67 219	97 711	147 185	208 252
Trade receivables	6 732	10 181	17 409	32 380	45 332	58 932	67 772
Inventory	0	0	0	0	0	0	0
Fixed assets	1 240	1 538	2 384	3 146	3 831	4 448	5 003
<b>Total assets</b>	<b>26 144</b>	<b>41 146</b>	<b>73 413</b>	<b>102 745</b>	<b>146 874</b>	<b>210 564</b>	<b>281 027</b>
<b>Liabilities</b>							
Trade payables	3 974	14 068	18 801	34 971	48 959	63 646	73 193
Liabilities	12 000	0	0	0	0	0	0
<b>Total liabilities</b>	<b>15 973</b>	<b>14 068</b>	<b>18 801</b>	<b>34 971</b>	<b>48 959</b>	<b>63 646</b>	<b>73 193</b>
<b>Equity</b>							
Restricted equity	690	877	36 677	36 677	36 677	36 677	36 677
Unrestricted equity	9 480	26 201	17 934	31 097	61 238	110 241	171 157
<b>Total equity</b>	<b>10 170</b>	<b>27 078</b>	<b>54 611</b>	<b>67 774</b>	<b>97 915</b>	<b>146 918</b>	<b>207 834</b>
<b>Liabilities and equity</b>	<b>26 143</b>	<b>41 146</b>	<b>73 412</b>	<b>102 745</b>	<b>146 874</b>	<b>210 564</b>	<b>281 027</b>

Source: Mangold Insight

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Mangold last analysed Wyld Networks on 10 October 2022.

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Mangold does not own shares in Wyld Networks, such as for own stock.

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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%