

Wyld Networks

Mangold Insight – update – 04 October 2022

Strong establishment ahead of launch

Wyld has established eight new partnerships and generated a total orderbook value of approximately MSEK 32 (excluding data revenue), corresponding to approximately 92 000 Wyld Connect units. The order book is expected to be further increased prior to the launch later this year. Mangold had predicted that the launch of the full-scale satellite service would take place in September and has now postponed the expected launch to December. The costs were slightly higher than expected, which means that Mangold is upwardly revising the cost estimate for 2022 and beyond.

Steady increase of partnerships

Wyld continues to set up partnerships within sectors such as public utility services, agriculture, energy, logistics, and more. The company has now entered into collaborations with 30 companies in 21 markets, which is considered a stable foundation for the launch and subsequent revenue. Wyld has subscription warrants of series TO2 and TO3, which can bring in a maximum of MSEK 73.3 and is deemed to be sufficient until expected profitability in 2024.

Still undervalued

Mangold is reducing the price target to SEK 30.00 (33.00) per share, corresponding to an upside of over 170 percent. The reduction is justified by higher costs than expected, and the fact that the launch of Wyld's full-scale offer is expected to be delayed until the end of 2022. Wyld has an order value of MSEK 32, excluding data revenue, and eight new partnerships, which is seen as an acknowledgement of demand for the company's services. An important trigger for the company is a successful launch at the end of 2022.



Share price performance %	1m	3m	12m
WYLD	-25.8	-9.6	-4.3
OMXSPI	-7.7	10.4	3.5

Key data

Recommendation/ Price target	Buy 30.00
Risk	High
Price (SEK)	10.70
Market cap (MSEK)	112
No. of shares (million)*	15.1*
Free float	35%
Ticker	WYLD
Next earnings report	30 November 2022
Website	wyldnetworks.com

*includes TO2 & TO3

Main shareholders	No. of shares	Capital
Tern PLC	5 176 033	49.2%
Wardhaman Family	1 179 108	11.2%
Tuvedalen	370 374	3.5%
Avanza Pension	205 845	2.0%
Martin David	200 813	1.9%
Alastair Williamson	145 828	1.4%
Philip Andersson	150 000	1.4%
Movitz Ljungberg	145 000	1.4%
Total	10 511 307	100%

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	-33.1	-6.7	18.4	39.9
Profit before tax (MSEK)	-26.9	-34.3	-6.8	18.2	39.8
EPS (SEK)	-2.6	-3.3	-0.6	1.4	3.0
EV/Sales	44.4	322.8	1.9	1.0	0.7
EV/EBITDA	neg	neg	neg	5.9	2.7
EV/EBIT	neg	neg	neg	5.9	2.7
P/E	neg	neg	neg	8.0	3.6

Investment case

Interconnecting the world

Mangold reiterates the Buy Recommendation of Wyld Networks, with a price target of SEK 30.00 per share. This corresponds to an upside of over 170 percent over a 12-month period. Mangold believes that Wyld will first be able to report revenue from Wyld Connect in early 2023. The strong order book of approximately MSEK 32 is deemed to become larger, given a successful launch later in 2022.

Price target SEK 30.00 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 company has registered its trademarks and has patents pending which strengthens the position for commercialisation. The company's use of unlicensed spectrum (ISM) and 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 receive income through its many launch partners placing order for Wyld connect units and data plans. Two of these companies, Eutel 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 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. Mangold believes that TO1 and TO2 will give the company the working capital that will take the company to profitability in 2024. The capital injection gives the company good prerequisites to launch Wyld Connect at the end of 2022.

Strongly oversubscribed IPO

Wyld Networks – Update

The past quarter

During the second quarter, revenue amounted to SEK 1 038 000. Of this, SEK 927 000 was variable income, which consisted of a tax credit from the British government. The item that differs significantly from the previous year is personnel costs, which increased from MSEK 3.1 to MSEK 4.2 for the quarter. The item is somewhat higher than the estimate for the full year 2022, and Mangold is adjusting the expenses upwardly by approximately MSEK 0.7 for the full year. Other expenses were higher compared with the estimate for the full year 2022, which means we are adjusting other expenses by approximately MSEK 4.1 for 2022. The increase is mainly attributed to costs related to TO1 and TO2.

Other expenses upwardly adjusted

WYLD NETWORKS - QUARTERLY OUTCOME

TSEK	Q2 21	Q2 22	HY1 21	HY1 22
Revenue	915	1 038	2 576	1 984
Other expenses	7 478	6 039	11 298	9 872
Staff costs	3 057	4 161	5 750	8 179
Depreciation	68	81	133	149
EBIT	-9 688	-9 864	-14 605	-16 931
EBIT margin	-1 059%	-372%	-567%	-853%

Source: Mangold Insight

Quarterly estimates going forward

Mangold is opting to move the revenue estimate forward from September 2022 to 2023, given that two more satellites will be in orbit before the launch of the full-scale service. The company communicates in the second quarterly report that the majority of the revenue will be reported in 2023 and 2024, with some in 2022. However, Mangold chooses to be conservative in the estimate regarding revenue as of January 2023. With orders of MSEK 32 delivered on a linear basis over 15 months, it is expected to generate MSEK 36 with the current order value, of which MSEK 10.4 is from data revenue in 2023, and a further MSEK 12 during the first quarter of 2024. Mangold believes that Wyld can generate additional revenue of approximately MSEK 22 in 2023, given a successful launch, as demand is significant, which is strengthened by orders already placed, market growth, and the partners the company has acquired so far. The sales estimate does not include the tax credit, which made up the majority of revenue in the first half of 2022, and is expected to reach slightly higher levels in 2022.

Sales estimate moved forward given later full-scale launch

WYLD NETWORKS - QUARTERLY ESTIMATES

	Q1	Q2	Q3E	Q4E	FYE22	FYE22 (new)
Sales (TSEK)	5	111	111	111	14 603	338
Quarterly growth		2 120%	0%	0%		

Source: Mangold Insight

Wyld Networks – Update cont.

Connected and ready

During the second quarter, Wyld completed testing of the satellite network. As such, Wyld has become the world's first company to successfully connect a terminal integrated with Semtech's LR-FHSS chip (long-range frequency hopping spread spectrum) to a low-orbit satellite. Wyld has entered into collaborations with eight new partnerships since the previous analysis, and is now scaling up for the commercial launch later this year. Wyld is currently in the manufacturing and distribution phase of Wyld Connect units to the company's commercial partners. Although the full-scale commercialisation is delayed, Mangold sees great potential in Wyld and its offers, strengthened by its major partners' trust in the company.

Testing of the satellite network completed

Groundbreaking bee data

Wyld Networks, together with Bayer Crop Science, has developed the world's first contact sensor for beehives. The aim is to be able to deliver data regarding interactions in the beehive to the global beekeeping sector. The first prototypes of the IoT contact sensor are located in France and North Carolina, and now transmit data automatically via the terrestrial network. Further units are due to be delivered to Utah, Missouri, and Newfoundland, Canada, during 2022. The full satellite service for commercialisation is due to start in early 2023. The United Nations Panel on Biodiversity and Ecosystem Services (IPBES) estimates that there are 81 million managed hives, and that it is a growing market.

World's first contact sensor for beehives

Several new collaboration partners

Wyld has established ties with several new launch partners since the previous report in June. The agreements relate to orders of IoT devices/services, partnerships, and distribution agreements. A summary table is presented below, and an overview of the agreements is presented on the next page.

Several new partners/orders

WYLD NETWORKS - NEW LAUNCH PARTNERS WYLD SATELLITE IOT SERVICE

Company	Industry	Collaboration type	Geography	Order value
C-Towers	Energy/IoT	Order of IoT devices	Brazil	MSEK 1.37
Eutelsat	Satellite IoT	Order of services	Europe	MSEK 0.10
Nordic IoT company	Public utility services	Distribution of public utility services	Europe	MSEK 0.77
ATSS	Energy/logistics/agriculture/manufacturing/public utility services/IoT/AI	Partnership	Saudi Arabia	-
Khomp	IoT/industry/agriculture/public utility company	Partnership	Brazil	-
IoTMaxi	Agriculture/public utility sector/IoT	Partnership	Brazil	-
HyperThings	Smart cities/industry/IoT	Partnership	Middle East/India	-
Mirimico	IoT	Retailer	Switzerland	-
BAT	Agriculture/tobacco	Collaboration	Bangladesh/Pakistan	-

Source: Mangold Insight

Wyld Networks – Update cont.

- C-Towers:** Wyld has received an order for MSEK 1.37 to launch an IoT solution for renewable energy in Brazil. Accordingly, C-Towers should be able to monitor infrastructure assets in remote locations.

Order for MSEK 1.37
- Eutelsat:** The company is Wyld's satellite partner, which has placed an additional order worth MSEK 0.1. The order is for services related to the rollout and testing of the common IoT solution.

Eutelsat places additional order
- Nordic IoT company:** Wyld has signed an agreement worth MSEK 0.77 regarding the sale of TRIoT software for public utility services in Europe. The Nordic partner develops communication solutions to solve complex problems in large IoT installations. Initially, the software is intended to solve wireless connection in electricity metering.

Solves complex problems in large IoT installations
- ATSS:** The company manages a network of over 200 regional companies via its hub in Jeddah, Saudi Arabia. ATSS belongs to Mawarid Media & Communications Group (MMCG). The company delivers enterprise systems integration services for the government of Saudi Arabia, as well as private organisations. Wyld has entered into an agreement for the distribution of an IoT solution in Saudi Arabia.

Partnership with major player in Saudi Arabia
- Khomp:** Brazilian hardware manufacturer, Khomp, is to expand IoT deployment for its customers within industry, agriculture, and public utility companies. The company provides IoT technology for the most demanding situations, and, with 100 percent coverage, they should reach inaccessible parts of the continent.

Offering IoT technology in South America
- IoTMaxi:** Wyld has partnered with IoTMaxi to deliver IoT data for public utility services and agriculture in South America. The company uses its agtech sensors to monitor the distribution of water, nutrients, temperature and humidity.

Will deliver data from agtech sensors
- HyperThings:** The company provides IoT-based products for smart cities and industry, with a focus on LPWAN-based connectivity. The company is based in the Middle East and India, and has business relationships with companies such as HP, Bosch, and SAP.

Base in the Middle East and India
- BAT:** British American Tobacco operates in 180 countries, and revenue exceeded GBP25 billion in 2021. The company will distribute Wyld Connect in Bangladesh and Pakistan, to collect data from farms in order to reduce water consumption and improve yields. The company has agreements with 90 000 farms globally, and as such constitutes a large potential customer.

90 000 farms globally
- Miromico:** Wyld has entered into a partnership with the Swiss IoT company Miromico regarding the distribution of Wyld Connect and its satellite services. Miromico primarily focuses on integrated circuits, electronic systems and software products.

Distribution agreements signed

Wyld Networks – Valuation

Undervalued stock

Wyld is waiting for two more satellites to be launched into low orbit before they can launch the full-scale service. The satellites are to be sent up shortly, which, with four satellites in low orbit, makes it possible for Wyld to offer connectivity to IoT devices globally. The company has received approximately MSEK 32 in orders and is deemed to be able to secure significantly more orders on the proviso of a successful launch of the company's service. Wyld expects the service to launch in late 2022 and, given this, Mangold is moving the revenue estimate forward from 2022 to 2023. After completion of DCF, the fair value will be SEK 29.84 per share, which means that Mangold is reducing the price target to SEK 30.00 per share. In order for the price to be realised, Wyld Networks needs to commercialise Wyld Connect in 2022, increase sales, and become profitable in 2024.

Price target SEK 30.00

WYLD NETWORKS - DCF

(TSEK)	2022E	2023E	2024E	2025E	2026E	2027E
EBIT	-33 068	-6 663	18 369	39 916	63 748	78 823
Free cash flow	-30 955	-8 789	12 309	29 701	48 627	61 144
Terminal value						679 377

Assumptions	Req. return	Growth	Tax
	12%	3%	21%
Fair value			
Enterprise value	443 183		
Equity value (TSEK)	449 355		
Fair value per share (SEK)	29.84		

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 20.54 per share. If sales instead increase by 10 percent, the fair value rises instead to SEK 40.58 per share. The sales level is the factor that most affects the price target. In summary, the model shows a range between SEK 17.83 and SEK 46.87 per share. The model shows an upside in all tested cases.

Valuation range between SEK 17.83 to 46.87 per share

WYLD - SENSITIVITY ANALYSIS

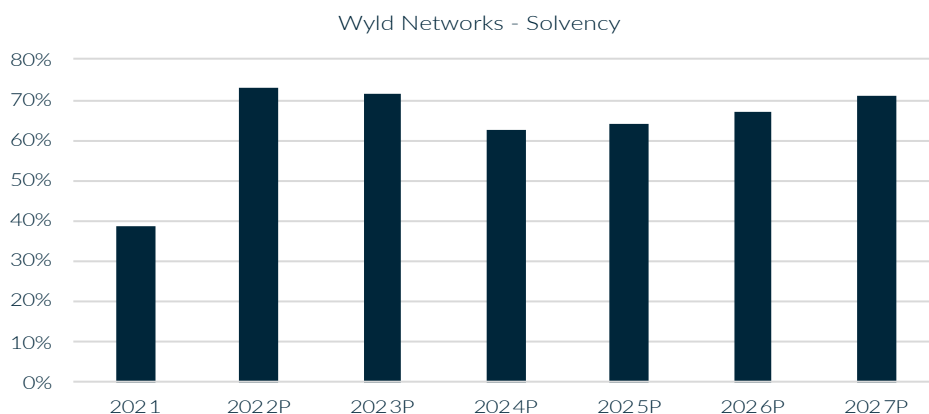
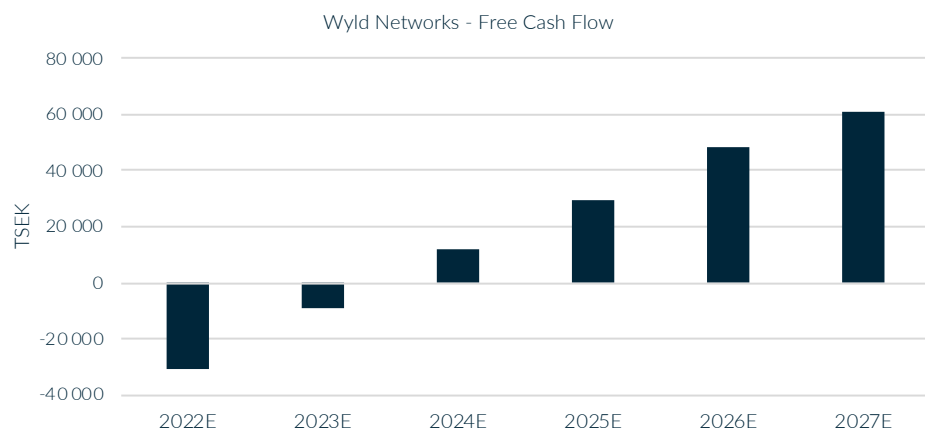
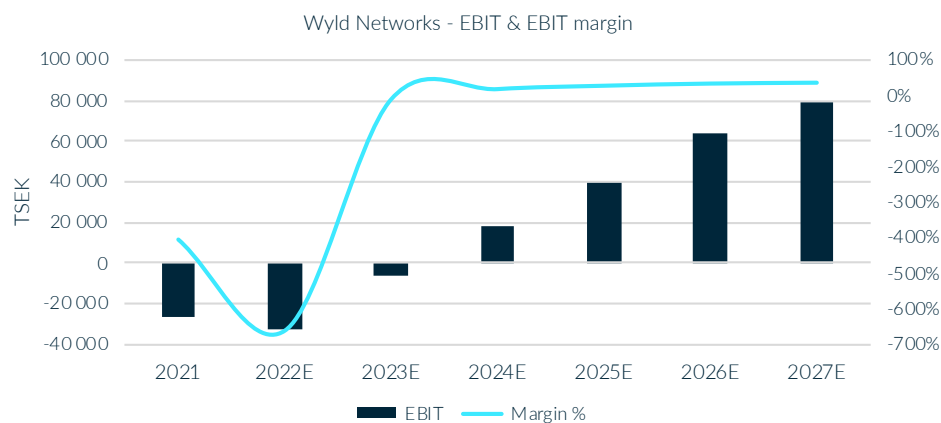
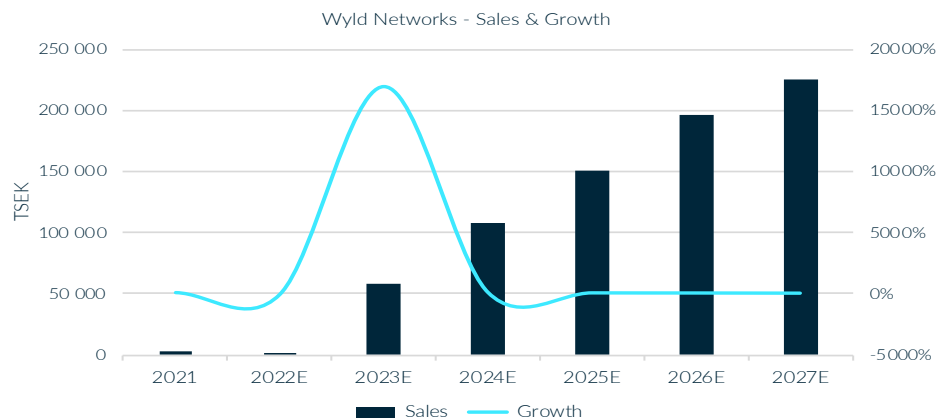
RRR %	0.9x	Base sales (x)	1.1x
11	23.95	34.58	46.87
12	20.54	29.84	40.58
13	17.83	26.06	35.57

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	4 677	0	0	0	0	0
Cost of sold goods	0	-1 858	-25 417	-47 275	-66 185	-86 041	-98 947
Gross profit	6 529	3 157	32 348	60 168	84 235	109 506	125 932
Gross margin	100%	63%	56%	56%	56%	56%	56%
Staff costs	-12 577	-16 367	-20 045	-22 370	-24 428	-25 405	-26 294
Other expenses	-20 043	-19 734	-18 829	-19 205	-19 590	-19 981	-20 381
Depreciation	-295	124	138	224	301	371	434
Result	-26 387	-33 068	-6 663	18 369	39 916	63 748	78 823
Operating margin	-404%	-659%	-12%	17%	27%	33%	35%
Net interest	-560	-1 200	-120	-120	-120	-120	-120
Result after net financial items	-26 947	-34 268	-6 783	18 249	39 796	63 628	78 703
Taxes	0	0	0	3 759	8 198	13 107	16 213
Net profit	-26 947	-34 268	-6 783	14 490	31 598	50 521	62 490

Source: Mangold Insight

Balance sheet (TSEK)	2021	2022P	2023E	2024E	2025E	2026E	2027E
Assets							
Cash	18 171	40 949	67 840	80 030	109 611	158 118	219 142
Trade receivables	6 732	9 162	20 574	38 267	53 574	69 647	80 094
Inventory	0	0	0	0	0	0	0
Fixed assets	1 240	1 376	2 238	3 015	3 713	4 342	4 908
Total assets	26 144	51 488	90 653	121 312	166 898	232 107	304 143
Liabilities							
Trade payables	3 974	8 653	18 801	34 971	48 959	63 646	73 193
Liabilities	12 000	4 000	4 000	4 000	4 000	4 000	4 000
Total liabilities	15 973	12 653	22 801	38 971	52 959	67 646	77 193
Own capital							
Restricted own capital	690	877	36 677	36 677	36 677	36 677	36 677
Unrestricted own capital	9 480	37 957	31 174	45 664	77 262	127 783	190 273
Total own capital	10 170	38 834	67 851	82 341	113 939	164 460	226 950
Liabilities and own capital	26 143	51 487	90 653	121 311	166 898	232 106	304 143

Source: Mangold Insight

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Mangold last reported on Wyld Networks on 15 June 2022.

Mangold's analysts do not own shares in Wyld Networks.

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

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Recommendation structure:

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%