Acconeer

Sector: Semiconductors

Still in stealth mode

Stable costs and a 2-year runway

From the Q1 figures we note OPEX levels are stable and in line with last year, although accounting-wise there is an illusion of larger losses. Acconeer says it has reached a sustainable, long-term cost level. Cash will suffice for two years with the current burn rate.

World's most power efficient IoT module on ARM M4 arriving in Q3?

The IoT module is due in Q3 and is proceeding according to plan (although customer projects will have priority, should there be any conflicting interests). From the AGM we understand that Acconeer will use a coin cell battery. We have not seen any other equivalent IoT modules on ARM M4 been able to do that, highlighting the ultra-low power consumption of Acconeer. A CR2032 coin cell battery has a 20 mm diameter and is 3.2 mm thick. Our feeling is that Acconeer ideally would prefer to only deliver sensors or wafers, but many customers are requesting modules, once again demonstrating the responsive customer focus of the company. New detectors for translating the radar signals are also on the way, such as: motion, distance, speed and sleep monitoring.

Acconeer evolving into an autotech case?

Auto has become more interesting. Acconeer's tech is especially a good fit for Child Presence Detection that will be included in Euro NCAP's safety rating in 2022. Even though some other automotive players have bought EVKs, Acconeer still only works with one tier-1 partner from Japan. Since the partner is one of the World's largest tier-1 we believe it could be Denso. This was also our impression from discussions with other Denso partners that were suspiciously familiar with the Acconeer technology. N.B. these are solely Redeye's speculations. Acconeer cannot comment anything around the partnership. If Acconeer has a partnership with Denso, the door to Denso's owner Toyota should be open. With over 10 million cars sold per year, Toyota is one of the World's three largest car manufacturers.

We reiterate our valuation – lower robotics estimates offset by automotive

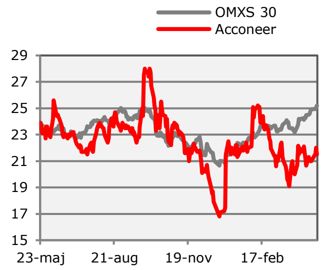
We lower our short-term estimates due to robotics taking longer and we also assume many IoT customers will wait for the modules in Q3. However, we see a larger potential in automotive, especially related to Child Presence Detection, and therefore keep our base case of SEK 29 per share and our bear and bull case of SEK 18 and SEK 60 respectively.

KEY FINANCIALS (SEKm)	2017	2018	2019E	2020E	2021E	2022E
Net sales	0	1	3	15	57	149
EBITDA	-21	-31	-50	-50	-27	12
EBIT	-23	-35	-62	-65	-47	-1
EPS (adj.)	-1.2	-1.8	-3.2	-3.4	-2.5	-0.1
EV/Sales	11220.3	320.1	106.2	27.2	8.1	3.3
EV/EBITDA	-17.6	-10.6	-6.4	-7.6	-13.2	41.3
EV/EBIT	-16.0	-9.2	-5.2	-6.2	-9.8	-414.9
P/E	-24.2	-13.1	-6.3	-6.5	-10.3	-348.5

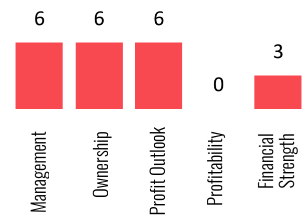
FAIR VALUE RANGE

BEAR	BASE	BULL
18.0	**29.0**	60.0

ACCON.ST VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	ACCON.ST
Market	First North
Share Price (SEK)	20.8
Market Cap (MSEK)	396
Net Debt 19E (MSEK)	-71
Free Float	64 %
Avg. daily volume ('000)	0

ANALYSTS

Viktor Westman
viktor.westman@redeye.se
Dennis Berggren
dennis.berggren@redeye.se

Still in stealth mode

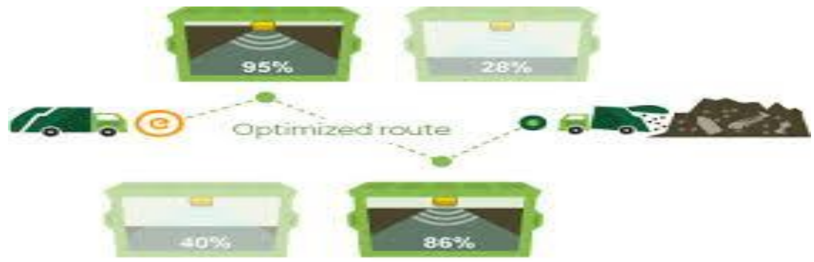
Let us start off with a few quick nuggets on the market.

Within smartphones, players are making tiny movements forward as can e.g. be seen in the gesture control patent activity from Apple, Huawei, Google etc. However, negative reviews of LG's G8 have dismissed its gesture control solution as a gimmick. In addition, it should be noted that this is still not a focus area for Acconeer. We also keep our expectations for smartphones low and see better use cases with higher value for the customers in other areas, such as e.g. Acconeer's focus areas.

Acconeer mentioned in the AGM presentation that it has now been certified by the FCC (US Federal Communications Commission) and EN for Europe, which together cover 70-80 % of the World market. There is no need for a waiver to operate on higher power levels, unlike Google's Project Soli.

Following a successful Helsingborg pilot, Bintel has raised SEK 8m from e.g. Almi. However, as Bintel is a start-up we assume the roll-out and orders will take time. The case in general for Waste Management with savings from optimized routes is very compelling though, as can be seen below in the image from makeasmartcity.com. We therefore find it likely that larger, international players will join as customers later on, if they are not already on board (We know from previous communication that at least about 20 IoT customers have bought EVKs for Level Measurement and Waste Management).

Smart waste management: Optimized route



Source: www.makeasmartcity.com

Automotive: CPD more interesting than we first thought

The two current Acconeer use cases that are on its way out on the automotive market are the tailgate sensor for opening of the trunk by foot and Child Presence Detection, CPD, (making sure children are not forgotten in the back seat and die of heat strokes). Technology demos were made by the tier-1 partner at CES 2019.

CPD is particularly interesting as it will be included in Euro NCAP's safety rating from year 2022. In our last update we wrote 2024 but that is the end of the implementation period, which is scheduled from 2022-2024 (i.e. about 1-2 years behind driver monitoring). The exact implementation is unknown. Nonetheless, Euro NCAP's signaling still has quick effects. Acconeer says all car manufactures are about to issue RFQs for CPD. This is because they all pursue the highest score, 5/5, in the safety ratings, as described in this research update on Smart Eye).

In addition, Acconeer's radar can detect the pulse and breathing of a sleeping baby that is lying still. Texas Instruments (TI) should be able to do the same, but as we wrote in our initiating coverage report, TI's sensor is significantly more expensive as it is made for exterior ADAS applications on 77 GHz. We wrote about CPD in our last update, but we did not fully grasp the merits of radar. Our feeling is that radar is very competitive for this use case, as opposed to e.g. cameras, but we will continue to investigate this area.

If serial production of a car model with Acconeer technology in it is about to start ramping in 2021, as hinted in Acconeer's presentation, we find it likely that the company has a design win, given the lead times in the industry. However, Acconeer cannot comment on that. Once again, these are our speculations.

In the new company film with near-term use cases, rear view sensors were included. Today these sensors are usually ultrasound technology and those could be replaced by Acconeer.

Q1: Stable OPEX & growing sales

Sales of SEK 0.6m was as expected. The operating loss of SEK -16m (expected SEK -15m) was affected by extraordinary costs of SEK 1.4m related to the synthetic options.

Expected vs. Outcome

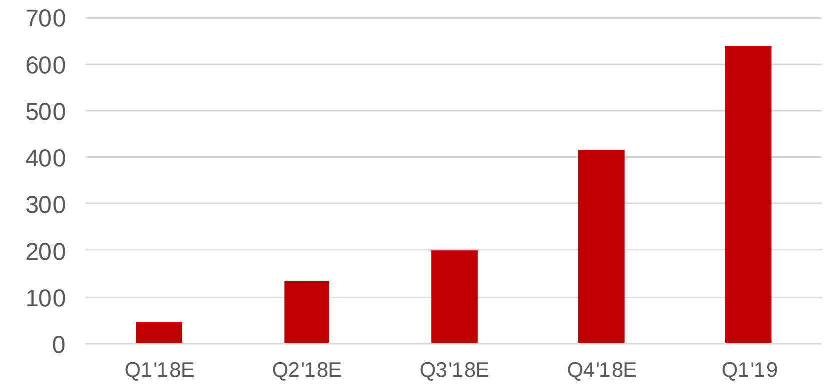
SEKm	Q1'18	Q1'19E	Outcome	Diff
Net sales	**0.2**	**0.6**	**0.6**	**0.0**
EBITDA	-8.8	-11.7	-13.1	-1.4
EBIT	**-9.3**	**-14.6**	**-16.0**	**-1.4**
PTP	-9.2	-14.6	-16.0	-1.4
EPS, SEK	-0.48	-0.77	-0.84	-0.07
Salesgrowth	n/a	175.0%	155.8%	
EBITDA margin	n/a	n/a	n/a	
EBIT margin	n/a	n/a	n/a	
EPS growth	n/a	n/a	n/a	

Source: Acconeer, Redeye Research

We want to once again highlight that the underlying OPEX levels are largely unchanged from last year (a SEK 0.5m increase). The higher reported operating loss is only related to Acconeer having stopped capitalizing R&D to instead do depreciation of intangible assets, as the product is now commercialized. Thus, the run rate is the same and we still expect cash to be enough for about two more years. Our estimates are rather conservative though and do not assume Acconeer reaching break-even within this period, meaning we see a risk/potential for another offering down the road. However, a lot of things can happen before that, so we are not overly preoccupied with the balance sheet at the moment.

The number of evaluation kits (EVKs) sold in Q1 amounted to 224, following a continuing strong growth, leaving the accumulated total for the past year at 641 (see the graph below). These figures do not include EVKs that were shipped in 2017 before the Digi-Key partnership.

Total accumulated evaluation kits sold



Source: Acconeer

The company's ambitions are substantially higher than only selling evaluation kits online. We view the EVKs as a proxy for the interest in Acconeer's product and a lead generator, not as a business area per se. Everything starts with the sale of an EVK as a natural first step. No one in his right mind orders 100 000 sensors without first getting a solid understanding of the technology by performing meticulous test. The sales process is quite simple, as expressed at the AGM:

1. Become **inspired** from e.g. hearing about the technology or watching a video
2. Buy an **EVK** from Digi-Key (shipment within 48-72 hours)
3. Download the **detector software** from Acconeer's website
4. Get the **exploration tools at Github**.com
5. **Good to go** – explore all the opportunities and subsequently place smaller sensor orders from e.g. Digi-Key or larger ones directly from Acconeer

One interesting trend in the EVKs is repeat orders from customers coming back for more EVKs by, the car OEM working on the Acconeer technology at several sites across the World being one good example. Also, looking at the larger orders from the distribution partners, there is a positive trend in more sensor orders, as can be seen in the table below:

Known orders from distriubution partners (SEK 100 000+ each)

Date	Distributor	Products	Order value (USD ')
jan-18	Digi-Key	Sensors & EVKs	36.3
mar-18	Digi-Key	EVKs	13.0
maj-18	Digi-Key	Sensors	48.1
jun-18	Digi-Key	EVKs	68.4
jul-18	BEYD	Sensors & EVKs	12.3
nov-18	Digi-Key	Modules & breakout boards	44.0
dec-18	BEYD	Modules, breakout boards & EVKs	13.2
jan-19	BEYD	Sensors & EVKs	22.5
apr-19	BEYD	Sensors & beakout boards (XB112)	27.5
apr-19	BEYD	Sensors	25.8
Total			**311.1**

Source: Acconeer

Acconeer continues to work on adding new distributors, although no new ones were added during the period. The company also mentioned that it has consultants in Silicon Valley and Japan.

No change in our rating after Chairman Ekelund's mysterious exit

Last, we note that Bo Ekelund peculiarly declined re-election as Chairman of the Board only 12 days after he was proposed for re-election in the notice to attend the AGM. The CEO declined to comment, and we have not talked to Ekelund or the main shareholders. In an official statement, however, Ekelund said he did so as he did not feel 100 % supported by the shareholders. These are natural things that happen but usually they are quietly resolved before the notice of the AGM. The event does not affect our view of the investment case of Acconeer and our ownership rating stays the same, for now.

Financial estimates

As mentioned above, we have lowered our robotics estimates as material detection seems to have been a somewhat larger challenge than Acconeer first anticipated. We also expect many IoT customers to wait for the modules in Q3. However, we see greater potential for auto, although that is more for 2022 and beyond. All in all, our short-term sales estimates for 2019-2021 are lowered (see the table below), but we feel that the company is moving in the right direction.

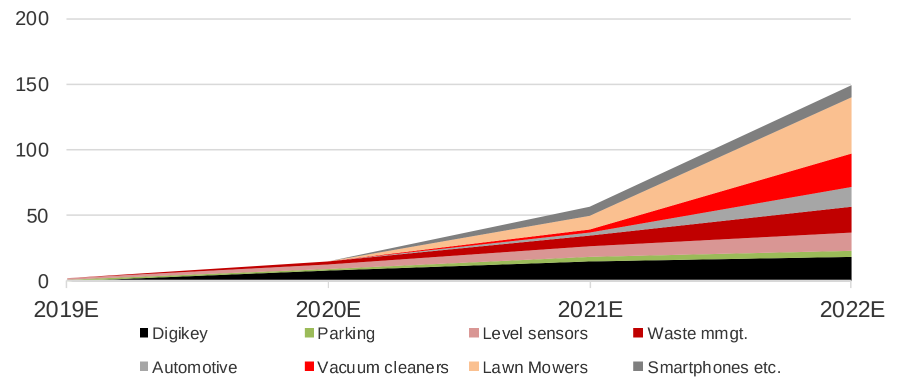
Forecast adjustments

(SEKm)		2019E	2020E	2021E
Sales	Old	3	26	83
	New	3	15	57
% change		0%	-43%	-31%
EBIT	Old	-60	-56	-25
	New	-62	-65	-47
% change		3%	16%	93%
Profit before tax	Old	-60	-56	-25
	New	-62	-65	-47
% change		3%	16%	93%
Earnings per share	Old	-3.13	-2.89	-1.26
	New	-3.24	-3.36	-2.46
% change		4%	16%	94%

Source: Redeye Research, Acconeer

Our sales estimates are more diversified following our recent changes but robotics remains our largest potential long-term and this still only includes lawn mowers and vacuum cleaners as can be seen in the graph below. Acconeer mentioned robots for toys and entertainment at the AGM and that these players are much faster. We have not included them in our estimates yet, but it is an interesting opportunity with ok volumes. According to IFR estimates, there are currently about 3 million toy robots sold per year.

Sales per segment (SEKm)



Source: Redeye Research

As for the automotive potential, Toyota is by far Denso's largest customer. Out of Toyota's over 10 million cars sold annually about 700 000 are sold in Europe and those should add CPD within three years due to the Euro NCAP safety rating. The US NCAP (NTSB/NHTSA) usually follows one or two years after Euro NCAP. In the Americas, Toyota sells about 2.1m cars. As it is still early on, we solely base our automotive assumptions on Toyota.

Earnings estimates

Our earnings estimates are summarized in the table below:

Earnings estimates				
(SEK million)	**2019E**	**2020E**	**2021E**	**2022E**
Total net sales	**3**	**15**	**57**	**149**
Net sales growth (%)	*219%*	*387%*	*284%*	*162%*
Employee costs	-26	-29	-33	-44
Avr. n.o employees	30	34	39	49
Other OPEX	-25	-30	-34	-40
Total depreciation	-12	-12	-12	-13
Capitalized work for own account	0	0	0	0
Gross margin	***42%***	***37%***	***56%***	***64%***
EBIT	**-62**	**-65**	**-47**	**-1**
EBIT (%)	*-2032%*	*-439%*	*-83%*	*-1%*
PTP	-62	-65	-47	-1
EPS (SEK)	-3.24	-3.36	-2.46	-0.06

Source: Redeye Research

We expect Acconeer to recruit more personnel ahead, albeit at lower pace before sales take off. As for the lower gross margin in 2020, it is related to a higher proportion of modules. We then expect gross margins to start to scale with more efficient production, peak in 2022 and then start to deteriorate.

Looking at our loss estimates above the cash should be enough for two years of financing. We are not expecting Acconeer to be profitable before the end of 2022 but there is a large uncertainty and we try to keep most of this uncertainty on the upside by having lower expectations.

Quarterly figures & estimates

Launching products takes time for the customers, meaning our quarterly 2019 sales are solely based on EVKs and minor sensor orders via e.g. Digi-Key and BEYD.

Quarterly estimates (million SEK)											
SEKm	**2017**	**Q1'18**	**Q2'18**	**Q3'18**	**Q418**	**2018**	**Q1'19**	**Q2'19**	**Q3'19**	**Q419**	**2019**
Net sales	**0.0**	**0.1**	**0.2**	**0.2**	**0.4**	**1.0**	**0.6**	**0.7**	**0.8**	**1.0**	**3.0**
Sales growth (%)		*n/a*	*1165%*	*1379%*	*27525%*	*0%*	*563%*	*206%*	*268%*	*137%*	*0%*
EBIT	**-23.1**	**-7.4**	**-9.3**	**-7.2**	**-15.1**	**-39.0**	**-16.0**	**-15.6**	**-14.1**	**-16.1**	**-61.8**
EBITDA	-21.0	-6.9	-8.8	-6.7	-12.2	-34.5	-13.1	-12.7	-11.2	-13.2	-50.2
PTP	-23.2	-7.4	-9.2	-7.2	-15.1	-39.1	-16.0	-15.5	-14.1	-16.1	-61.8
EPS (SEK)	-1.87	-0.39	-0.48	-0.38	-0.79	-2.05	-0.84	-0.81	-0.74	-0.85	-3.24
EBIT margin (%)	-177%	-217%	-265%	-205%	-3101%	-357%	-2844%	-2301%	-1749%	-1509%	-1985%
EBITDA margin (%)	-161%	-202%	-250%	-190%	-2500%	-316%	-2334%	-1873%	-1388%	-1237%	-1613%
EPS growth (%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Redeye Research, Acconeer

As mentioned above, there is an accounting effect from stopped capitalizing of R&D that gives the reader a false impression that the loss has doubled from Q4'18. The cash burn is essentially the same as in 2018.

Investment Case

- Strong unique product offering & scalability from unmatched cost
- Large established market with solid structural growth
- Large design wins with big players to drive the share price

Strong unique product offering & scalability from unmatched cost

Acconeer's radar of 5x5x1 mm is the tiniest radar on the market, which means unmatched cost. Other radars are more than three times larger, suggesting that they have at least three times higher cost. The real claim to fame though, and the truly disruptive element in Acconeer's offering, is the power consumption, which is more than 10 times lower than competing radars. Combining these characteristics and its fabless business model with the largest manufacturing partners in the World (Amkor & Global Foundries), Acconeer is poised to scale rapidly with high gross margins (about 70 %) as soon as sales kick in. Adding the expanding distribution network and the partnership with Uniquest, South Korea's largest electronics supplier, Acconeer is ready to ride the structural growth in large market segments within especially IoT (increased sensor penetration) and robotics respectively. The application areas with the best value proposition and largest volume potential in the company's focus markets are, according to us, large volume markets such as robotic lawn mowers/vacuum cleaners and IoT applications like measuring levels in tanks and garbage bins.

Large established market with solid structural growth

According to our estimates, the contactless level sensor market already exceeds 90 million units. Costly radar is the go-to-technology and has thus controlled an increasing majority of the tank gauging segment during the past 15 years. In lawn mowers and vacuum cleaners we expect the robotic penetration to go from 2 to 12 % until 2026, meaning volumes growing from 9 to 41 million. Even better is that all of the markets mentioned are concentrated (non-fragmented). The five largest level measurement companies together hold the majority of the market. This creates solid conditions for new contenders to attack large, non-innovative incumbents with Acconeer's disruptive technology. Still, we expect a few incumbents to join forces with Acconeer. Husqvarna e.g. has over 50 % of the robotic lawn mower market, making it Husqvarna's most important top line growth driver. We do not know if Acconeer is working with Husqvarna but in the same way vacuum cleaners should require Acconeer's technology to detect water, lawn mowers need to distinguish grass from humans and pets etc. Thus, the technology is a great fit for Husqvarna and we expect it to be a (future) customer. There could also be a potential in extending the offering for huge OEMs and grow with them. LG and Samsung (accessible through Uniquest) may only have 5 % of the robotic vacuum cleaner market but they are dominant in many other areas of consumer electronics, smartphones being only one good example. Since our base case is based on the focus areas it only includes a couple of million units from smartphones and wearables. While this implies a negligible market share, it is worth noting that currently these customers are not in the bag and at the moment there seem to be no smartphone use case with decent ASP.

Large design wins with big players to drive the share price

We value Acconeer to SEK 29 per share in our base case while our bear and bull case amount to SEK 18 and 60 respectively. The key differences in our scenarios are related to lawn mowers, automotive and smartphones. Today's valuation discounts a bunch of deals for Acconeer but since the product was launched in April 2018 and lead times are at least 12 months we assume deals will not show earlier than Q2'19. While news of orders gradually will de-risk the case we assume certain deals are key catalysts. They are more worth than others and have the potential to substantially move the shares; especially larger deals with Husqvarna (50+% of the robotic lawn mower market), a large level measurement company or a big smartphone OEM like LG.

Valuation

Bear Case 18.0 SEK

The differences in our bear case assumptions for years 2019-2026 compared to our base scenario are the following: Sales growing by a CAGR of 114 % to about SEK 660 million based on volumes of 15 million. Average EBIT margin of 15 % and a 10 % long-term EBIT margin The difference from our base case is that we expect that Acconeer fails to penetrate automotive and also that it gains no traction in smartphones/wearables as customers go for competing alternatives. Thus, lawn mowers, level measurement (incl. waste management) and vacuum cleaners account for 49, 24 and 19 % respectively, i.e. in total 92 % of total sales. Other than that the other segments perform the same as in our base case.

Base Case 29.0 SEK

Our base case assumptions for years 2019-2026 are summarized below. In all our valuation scenarios we are using a required rate of return of 14.3 % based on our Redeye Rating and a terminal sales CAGR of 2 %. Sales growing by a CAGR of 119 % reaching close to SEK 780m in 2026 while the 2026 volumes amount to 24 million. Sensor prices dropping from USD 5 by on average 15 % per year (although faster in the first years), somewhat offset by modules and increased sensor penetration in robotics and automotive. Cumulative sales to 37 % related to robotic lawn mowers (whereof about 50 % from Husqvarna), 16 % robotic vacuum cleaners, 10 % automotive, 22% level measurement sensors (incl. waste management) and 8 % smartphones/wearables Average gross margin of about 52 %; higher during the first years and substantially lower during the second half as gross margin drops to levels around 40 % in 2027. OPEX growing at a CAGR of 16 %. Average EBIT margin of 19 % and a 15 % long-term EBIT margin

Bull Case 60.0 SEK

The differences in our bull case assumptions for years 2019-2026 compared to our base scenario are the following: Sales growing by a CAGR of 135 % to about SEK 1.3 billion based on volumes of 49 million. Same gross margins as in our base scenario but costs grow slightly faster (20 % CAGR) although not as fast as the stronger top line growth, meaning higher margins. Average EBIT of 29 % and a long-term EBIT margin of 20 %. The big difference from our base case is that we estimate Acconeer to be able to enter LG's smartphones and therefore also subsequently get several Chinese players on board. We assume 30 million smartphones and wearables in 2026 – equal to about two percent of today's volumes of 1.5 billion. This means a six times faster smartphone growth reaching 30 million units in 2026 (5 million in base case). We also forecast stronger growth in lawn mowers and automotive. We assume that Acconeer can win 40 % of the Husqvarna volumes instead of 24 % as in our base case, which implies a market share just above 30 % instead of 20 %. We expect 43 % larger volumes in automotive over the whole period (in total 5 million cars) and an average of four sensors per car instead of two.

Catalysts

Larger deals to drive the share price

Today's valuation has discounted a bunch of deals for Acconeer but since the product was launched in April 2018 and lead times are at least 12 months we assume the deals will not show earlier than Q2'19. While news of orders gradually will de-risk the case we assume certain deals are key catalysts. They are more worth than others and have the potential to substantially move the shares, such as especially larger deals with Husqvarna (50+% of the robotic lawn mower market), one larger level measurement company or a big smartphone OEM like LG.

Summary Redeye Rating

The rating consists of five valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 2 points. The maximum score for a valuation key is 10 points.

Management: 6.0

Acconeer, founded as late as 2011, is in an early stage with sales of its radar technology just getting started, making it hard to rate the management. We see no big screw-ups thus far but there are not much signs of deals yet, suggesting that things are taking a bit longer. Acconeer also has a short history of being a listed company (IPO in Dec. 2017) in terms of communication to shareholders etc. Given the short history we therefore especially evaluate the experience in the Board and Management, which overall is solid with people from previous executive positions at companies like Ericsson and Sony Mobile. The CEO was e.g. the President of Japan at ST Ericsson during 2009-2014.

Ownership: 6.0

Acconeer has active main owners represented on the Board and in general the Board own lots of shares. We would prefer a bit higher commitment from insiders in Management though. However, we note that the two co-founders own 3 percent each and we like the fact that they are still working in the company as CTO and COO respectively. Aside of insider buying another potential upside to the ownership score is institutional investors eventually discovering Acconeer and buying into the company.

Profit Outlook: 6.0

The power efficient sensor has minimal cost and footprint, which together with Acconeer's fabless business model will make Acconeer scale rapidly with high margins when sales kick in. Adding the major, global partners in manufacturing and distribution Acconeer seems ready to meet the demand and ride the strong, structural trends in IoT and robotics, although these trends will of course entice severe competition down the road. The interest for Acconeer's solution is strong with a large group of customers testing the technology. However, the jury is still out in the sense that it is still early stage and there are not much news of won deals yet, which is a risk factor.

Profitability: 0.0

Since Acconeer is not yet profitable our fully retrospective profitability rating can be no more than zero at the moment. The scalability and the low cost base imply a good outlook for profitability in the future. At that point the rating would start to gradually increase.

Financial Strength: 3.0

The rather early stage with a limited product portfolio and no stable earnings or revenue weighs on the financial stability score. In addition, it is too soon to understand what the customer base will look like in terms of differentiation etc., which adds uncertainty. However, following the IPO, the company has a large war chest that will help it invest to reach its strategic objectives. The current burn rate is under control. We assume cash is enough for the next three years.

INCOME STATEMENT	2017	2018	2019E	2020E	2021E
Net sales	0	1	3	15	57
Total operating costs	-21	-32	-53	-68	-92
EBITDA	-21	-31	-50	-53	-35
Depreciation	-2	-2	-2	-3	-2
Amortization	0	-2	-9	-10	-10
Impairment charges	0	0	0	0	0
EBIT	-23	-35	-62	-65	-47
Share in profits	0	0	0	0	0
Net financial items	0	0	0	0	0
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	-23	-35	-62	-65	-47
Tax	0	0	0	0	0
Net earnings	-23	-35	-62	-65	-47

BALANCE SHEET	2017	2018	2019E	2020E	2021E
Assets					
Current assets					
Cash in banks	196	136	73	0	0
Receivables	2	2	7	14	27
Inventories	1	4	7	9	17
Other current assets	0	0	0	0	0
Current assets	199	142	87	23	44
Fixed assets					
Tangible assets	7	6	6	5	5
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	0	0	0	0	0
Cap. exp. for dev.	0	0	0	0	0
O intangible rights	37	45	48	52	57
O non-current assets	0	1	1	1	1
Total fixed assets	44	52	54	58	63
Deferred tax assets	0	0	0	0	0
Total (assets)	243	195	141	80	107
Liabilities					
Current liabilities					
Short-term debt	3	0	0	7	66
Accounts payable	15	9	17	14	29
O current liabilities	0	0	0	0	0
Current liabilities	18	9	17	21	96
Long-term debt	2	0	0	0	0
O long-term liabilities	0	1	1	1	1
Convertibles	0	0	0	0	0
Total Liabilities	20	9	18	22	96
Deferred tax liab	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	223	185	123	59	11
Minority interest (BS)	0	0	0	0	0
Minority & equity	223	185	123	59	11
Total liab & SE	243	195	141	80	107

FREE CASH FLOW	2017	2018	2019E	2020E	2021E
Net sales	0	1	3	15	57
Total operating costs	-21	-32	-53	-68	-92
Depreciations total	-2	-5	-12	-12	-12
EBIT	-23	-35	-62	-65	-47
Taxes on EBIT	0	0	0	0	0
NOPLAT	-23	-35	-62	-65	-47
Depreciation	2	5	12	12	12
Gross cash flow	-21	-31	-50	-53	-35
Change in WC	11	-10	1	-12	-7
Gross CAPEX	-14	-12	-14	-16	-17
Free cash flow	-24	-52	-63	-80	-59

CAPITAL STRUCTURE	2017	2018	2019E	2020E	2021E
Equity ratio	92%	95%	87%	73%	10%
Debt/equity ratio	2%	0%	0%	12%	594%
Net debt	-191	-136	-73	7	66
Capital employed	32	49	51	66	77
Capital turnover rate	0.0	0.0	0.0	0.2	0.5

GROWTH	2017	2018	2019E	2020E	2021E
Sales growth	725%	2,964%	201%	387%	284%
EPS growth (adj)	0%	51%	76%	4%	-27%

DCF VALUATION		CASH FLOW, MSEK	
WACC (%)	14.3 %	NPV FCF (2018-2020)	-163
		NPV FCF (2021-2027)	241
		NPV FCF (2028-)	333
		Non-operating assets	136
		Interest-bearing debt	0
		Fair value estimate MSEK	547
Assumptions 2017-2023 (%)			
Average sales growth	146.8 %	Fair value e. per share, SEK	29
EBIT margin	-353.9 %	Share price, SEK	20.8

PROFITABILITY	2017	2018	2019E	2020E	2021E
ROE	-16%	-17%	-40%	-71%	-136%
ROCE	-15%	-17%	-40%	-69%	-66%
ROIC	-83%	-109%	-126%	-129%	-72%
EBITDA margin	-63786%	-3026%	-1652%	-356%	-61%
EBIT margin	-69919%	-3471%	-2033%	-439%	-83%
Net margin	-70396%	-3473%	-2033%	-439%	-83%

DATA PER SHARE	2017	2018	2019E	2020E	2021E
EPS	-1.22	-1.84	-3.24	-3.36	-2.46
EPS adj	-1.22	-1.84	-3.24	-3.36	-2.46
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	-10.04	-7.14	-3.82	0.36	3.44
Total shares	19.03	19.08	19.08	19.29	19.29

VALUATION	2017	2018	2019E	2020E	2021E
EV	370.3	323.6	323.0	402.9	462.2
P/E	-24.2	-13.1	-6.4	-6.2	-8.5
P/E diluted	-24.2	-13.1	-6.4	-6.2	-8.5
P/Sales	17,011.2	454.8	130.2	27.0	7.0
EV/Sales	11,220.3	320.1	106.2	27.2	8.1
EV/EBITDA	-17.6	-10.6	-6.4	-7.6	-13.2
EV/EBIT	-16.0	-9.2	-5.2	-6.2	-9.8
P/BV	2.5	2.5	3.2	6.8	35.4

SHARE PERFORMANCE		GROWTH/YEAR	16/18E
1 month	2.7 %	Net sales	859.9 %
3 month	-5.3 %	Operating profit adj	63.7 %
12 month		EPS, just	62.9 %
Since start of the year	21.4 %	Equity	-25.6 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Bengt Adolfsson	14.2 %	14.2 %
Winplantan AB	11.7 %	11.7 %
Avanza Pension	6.5 %	6.5 %
Uniquest Corporation	3.2 %	3.2 %
Dreamtech Co Ltd	3.2 %	3.2 %
Nordnet Pensionsförsäkring	3.2 %	3.2 %
Mikael Egard	3.0 %	3.0 %
Mats Ingvar Ärlelid	3.0 %	3.0 %
Lars-Erik Wernersson AB	2.9 %	2.9 %
ALMI	2.3 %	2.3 %

SHARE INFORMATION	
Reuters code	ACCON.ST
List	First North
Share price	20.8
Total shares, million	19.1
Market Cap, MSEK	395.9

MANAGEMENT & BOARD	
CEO	Lars Lindell
CFO	Henrik Ljung
IR	Lars Lindell
Chairman	Bengt Adolfsson

ANALYSTS	Redeye AB
Viktor Westman	Mäster Samuelsgatan 42, 10tr
viktor.westman@redeye.se	111 57 Stockholm
Dennis Berggren	
dennis.berggren@redeye.se	

Redeye Rating and Background Definitions

The aim of a Redeye Rating is to help investors identify high-quality companies with attractive valuation.

Company Qualities

The aim of Company Qualities is to provide a well-structured and clear profile of a company's qualities (or operating risk) – its chances of surviving and its potential for achieving long-term stable profit growth.

We categorize a company's qualities on a ten-point scale based on five valuation keys; 1 – Management, 2 – Ownership, 3 – Profit Outlook, 4 – Profitability and 5 – Financial Strength.

Each valuation key is assessed based a number of quantitative and qualitative key factors that are weighted differently according to how important they are deemed to be. Each key factor is allocated a number of points based on its rating. The assessment of each valuation key is based on the total number of points for these individual factors. The rating scale ranges from 0 to +10 points.

The overall rating for each valuation key is indicated by the size of the bar shown in the chart. The relative size of the bars therefore reflects the rating distribution between the different valuation keys.

Management

Our Management rating represents an assessment of the ability of the board of directors and management to manage the company in the best interests of the shareholders. A good board and management can make a mediocre business concept profitable, while a poor board and management can even lead a strong company into crisis. The factors used to assess a company's management are: 1 – Execution, 2 – Capital allocation, 3 – Communication, 4 – Experience, 5 – Leadership and 6 – Integrity.

Ownership

Our Ownership rating represents an assessment of the ownership exercised for longer-term value creation. Owner commitment and expertise are key to a company's stability and the board's ability to take action. Companies with a dispersed ownership structure without a clear controlling shareholder have historically performed worse than the market index over time. The factors used to assess Ownership are: 1 – Ownership structure, 2 – Owner commitment, 3 – Institutional ownership, 4 – Abuse of power, 5 – Reputation, and 6 – Financial sustainability.

Profit Outlook

Our Profit Outlook rating represents an assessment of a company's potential to achieve long-term stable profit growth. Over the long-term, the share price roughly mirrors the company's earnings trend. A company that does not grow may be a good short-term investment, but is usually unwise in the long term. The factors used to assess Profit Outlook are: 1 – Business model, 2 – Sale potential, 3 – Market growth, 4 – Market position, and 5 – Competitiveness.

Profitability

Our Profitability rating represents an assessment of how effective a company has historically utilised its capital to generate profit. Companies cannot survive if they are not profitable. The assessment of how profitable a company has been is based on a number of key ratios and criteria over a period of up to the past five years: 1 – Return on total assets (ROA), 2 – Return on equity (ROE), 3 – Net profit margin, 4 – Free cash flow, and 5 – Operating profit margin or EBIT.

Financial Strength

Our Financial Strength rating represents an assessment of a company's ability to pay in the short and long term. The core of a company's financial strength is its balance sheet and cash flow. Even the greatest potential is of no benefit unless the balance sheet can cope with funding growth. The assessment of a company's financial strength is based on a number of key ratios and criteria: 1 – Times-interest-coverage ratio, 2 – Debt-to-equity ratio, 3 – Quick ratio, 4 – Current ratio, 5 – Sales turnover, 6 – Capital needs, 7 – Cyclicality, and 8 – Forthcoming binary events.

Redeye Equity Research team

Management

Björn Fahlén
bjorn.fahlen@redeye.se

Håkan Östling
hakan.ostling@redeye.se

Technology Team

Jonas Amnesten
jonas.amnesten@redeye.se

Henrik Alveskog
henrik.alveskog@redeye.se

Dennis Berggren
dennis.berggren@redeye.se

Havan Hanna
havan.hanna@redeye.se

Kristoffer Lindström
kristoffer.lindstrom@redeye.se

Fredrik Nilsson
fredrik.nilsson@redeye.se

Tomas Otterbeck
tomas.otterbeck@redeye.se

Eddie Palmgren
eddie.palmgren@redeye.se

Viktor Westman
viktor.westman@redeye.se

Editorial

Jim Andersson
jim.andersson@redeye.se

Eddie Palmgren
eddie.palmgren@redeye.se

Ludvig Svensson
ludvig.svensson@redeye.se

Life Science Team

Anders Hedlund
anders.hedlund@redeye.se

Arvid Necander
arvid.necander@redeye.se

Klas Palin
klas.palin@redeye.se

Mathias Spinnars
mathias.spinnars@redeye.se

Erik Nordström (Trainee)
erik.nordstrom@redeye.se

Jakob Svensson (Trainee)
jakob.svensson@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, effective from 30 days before its covered company comes with financial reports, such as quarterly reports, year-end reports, or the like, to the date Redeye publishes its analysis plus two trading days 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 (2019-04-28)

Rating	Management	Ownership	Profit outlook	Profitability	Financial Strength
7,5p - 10,0p	48	46	19	11	20
3,5p - 7,0p	91	86	120	41	56
0,0p - 3,0p	15	22	15	102	78
Company N	154	154	154	154	154

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.

CONFLICT OF INTERESTS

Westman owns shares in the company : No

Berggren 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.