

A good year

Despite Covid, the listed private equity fund, INVL Technology, improved on all metrics in 2020 posting higher sales, profits, and NAV. The share was rewarded accordingly with a gain of 18% in 2020 and 12% so far in 2021.

All 2020 metrics improved

Sales for all portfolio companies increased by 4% in 2020 to EUR 34.3m, while EBIT almost doubled to EUR 1.7m. All segments contributed to both the sales and the EBIT improvement. The NAV increased by 16% in 2020 to EUR 2.77 at the end of the year, driven by an increase in the Fair value of portfolio companies done by an external valuator.

Fair value financial assets +26%

The external valuator increased the Fair value of financial assets (portfolio companies) by 26% or EUR 6.7m in 2020 to EUR 32.7m. The increase was driven by improved financial performance for all segments – NRD Companies (software, consultant), Novian (IT integration, IT infra, software), NRD CS (Cybersecurity).

Base case share price raised

Our sum-of-the-parts (SOTP) Base case motivated value per share is raised to EUR 3.00, implying an upside of around 30%. We lower our estimates due to a longer than expected pandemic but see potential upside from the recently announced EUR 673bn EU Recovery & Resilience program, whereof EUR 2.2bn is provided for Lithuania, of which EUR 440m for digitalization of public services (will benefit from program in Estonia and Latvia as well).

Key figures (MEUR)

	2019	2020	2021E	2022E	2023E
Holding company					
Fair value Financial assets*	25.912	32.652	36.026	41.216	46.665
Change Financial assets	1.279	6.740	3.374	5.190	5.450
Other income	0.185	0.150	0.170	0.170	0.170
Total income	1.464	6.890	3.544	5.360	5.620
Operating expenses	-0.531	-0.588	-0.787	-0.680	-0.690
Accrued perf. fee	0.000	-1.535	-1.569	-1.621	-1.675
Net profit	0.933	4.767	1.188	3.059	3.255
Portfolio companies					
Revenue (m)	32.9	34.3	36.4	40.2	43.9
EBIT (m)	0.9	1.7	2.9	3.9	4.6
Revenue growth	5.0%	4.3%	6.1%	10.4%	9.2%
EBIT margin	2.7%	5.1%	8.0%	9.8%	10.4%
P/Sales	0.85	0.82	0.77	0.70	0.64

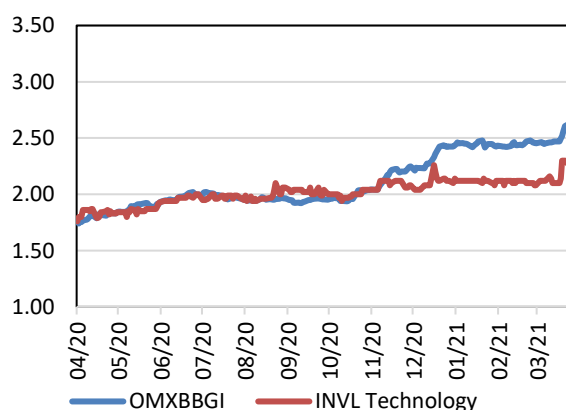
Source: Company data, Enlight Research estimates

Fair value range (EUR)

Bull P/Sales 1.5x	3.66
Base P/Sales 1.3x	3.00
Bear P/Sales 1.0x	2.33

Key Data

Price (EUR)	2.34
Ticker	INC1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	28.5
Net debt (EURm)	-2.4
Shares (m)	12
Free float	35.62 %



Price range

52-week high	2.34
52-week low	1.76

Analyst

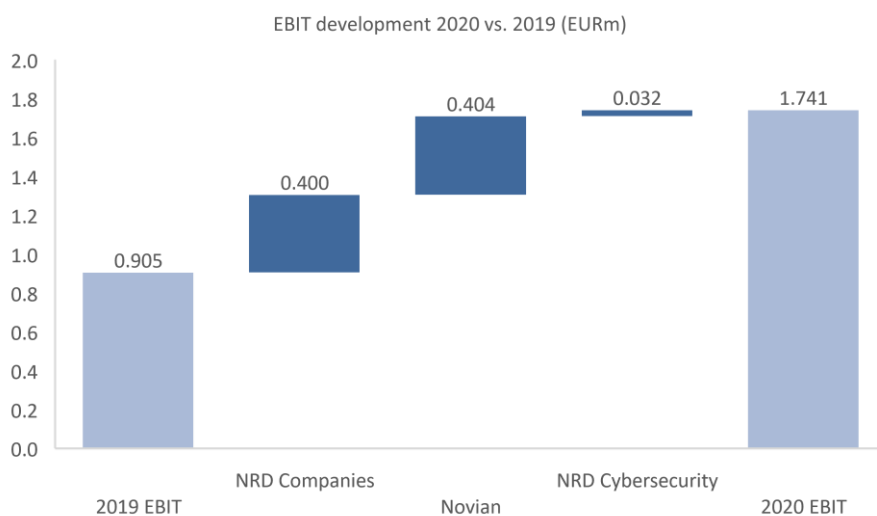
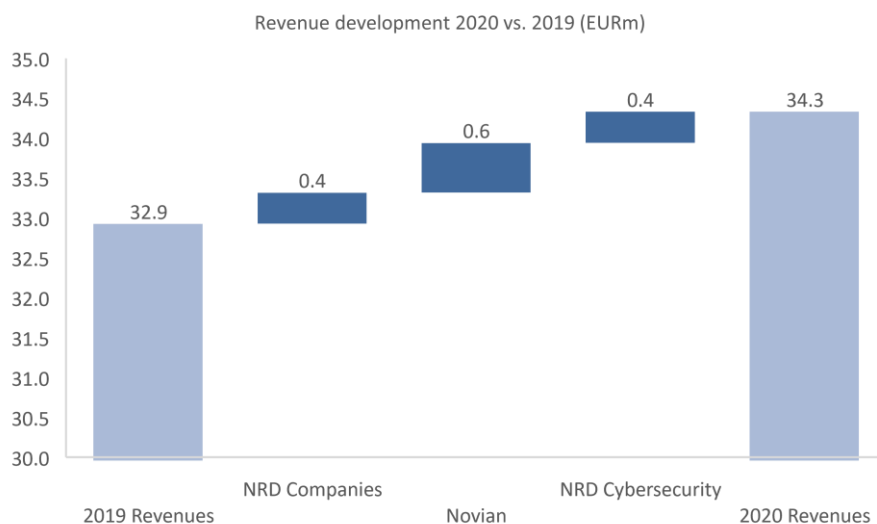
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Q4 2020 Key takeaways

Solid year

All segments posted increasing sales and profits in 2020 vs. 2019, which we believe illustrates the pandemic resilience of the tech sector. The Novian segment was the biggest contributor to the revenue growth, as Novian BAIP (IT Infrastructure) increased sales by 7% or EUR 1.2m to EUR 18.2m. Novian BAIP is the biggest company in the group making up around two thirds of the Novian segment revenues and a bit more than half of all portfolio companies' revenues. The NRD Companies (IT solutions for public, retail, and finance sector) and NRD Cybersecurity segments both contributed EUR 0.4m in additional revenues in 2020 vs. 2019, growing sales by 6%, and 14%, respectively. We regard NRD Cybersecurity's sales growth as especially encouraging given that sales declined by 27% in 2019.

At the EBIT level, the Novian segment added EUR 0.6m in 2020 vs. 2019, while the NRD Companies and the NRD Cybersecurity segments added EUR 0.4m each. It is worth noting that the NRD Companies segment swung from an EBIT loss of EUR 0.07m to a profit of EUR 0.33m. Overall, we regard it as a positive that all segments contributed to both the Revenue and EBIT improvement in 2020 vs. 2019.



Source: Company reports

FX and one-offs affected Q4 2020

Q4/20 Sales and EBIT for the NRD Companies and the Novian segment came in below our forecast, while NRD Cybersecurity came in above the forecast on sales and slightly below on EBIT. The biggest negative deviation came from the Novian segment (mainly IT Infrastructure) that posted EUR 2.4m lower sales, and EUR 0.8m lower EBIT than forecast. Most of the EUR 1.2m negative deviation at the EBIT level can be explained by currency exchange rate movements and items of one-off nature. We estimate the weaker USD and NOK against the EUR resulted in a negative EBIT effect of EUR 0.3m. In addition, we estimate the change of government resulted in a negative EBIT effect of EUR 0.3m (even more on sales) due to frozen projects. Also, we believe the lockdown affected the EBIT negatively by EUR 0.3m as sales of new products is hard to do without face-to-face meetings. Our estimated total negative effect from one-offs is EUR 0.9m, which explains all but EUR 0.3m of the negative Q4/20 EBIT deviation vs. our forecast. We foresee some catch-up effect this year from projects put on hold last year, and from resumption of new product sales as the economy re-opens.

Estimated EBIT Q4/20 one-offs

Item	(EURm)
FX effect	-0.300
Change of government in Lithuania (frozen or delayed projects)	-0.300
Lock-down effect on new product sales	-0.300
Total	-0.900

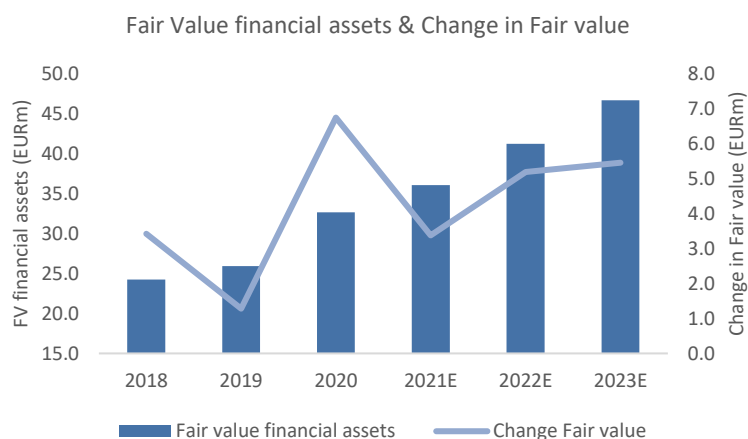
Q4 2020 Estimate vs. Outcome

(EURm)	Q4/20 Sales	Q4/20 EBIT
Estimate	12.1	1.4
Outcome	9.7	0.2
Difference	-2.4	-1.2
Estimated one-offs		-0.9
Adjusted difference		-0.3

Source: Company report, Enlight Research

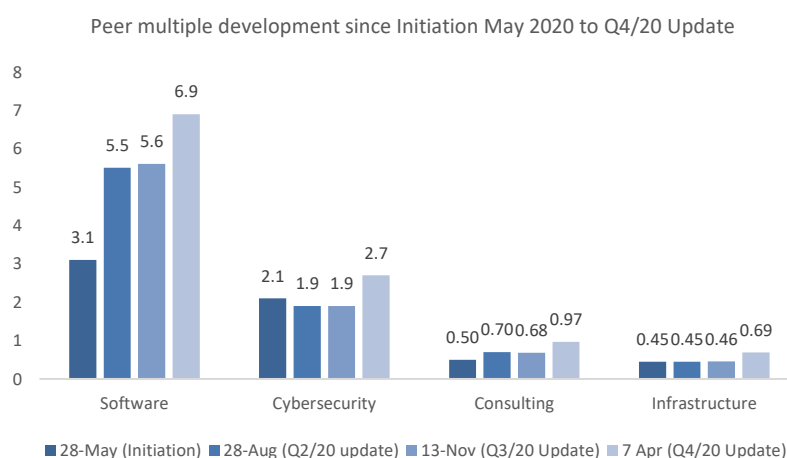
EBIT improvements motivate higher multiples

The EBIT margin for NRD Systems and Novian improved significantly in 2020 vs. 2019, while it was unchanged for NRD CS. For the Group, the 2020 EBIT margin improved to 5.1% from 2.7% in 2019. We believe the improved EBIT margin motivates higher P/Sales multiples as there is a clear relationship between the P/Sales multiple and the EBIT margin. Accordingly, we estimate an increase in the Fair value of financial assets of EUR 3.4m this year and EUR 5.2m in 2022.



Source: Company report, Enlight Research

Our estimated increase in the Fair value of financial assets is backed up by an increase in peer multiples and the external valuator’s 2020 increase in the Fair value of financial assets (based on improved operational performance). Since our Initiation report in May 2020 (when Covid uncertainty was extremely high), the valuation multiples for all Invalda Technology’s relevant peer groups have increased significantly. The increase was accentuated in Q4/20 when e.g. the P/Sales multiple for the largest segment, Novian, increased to 0.69x from 0.46x in the previous quarter. In Q4/20, the external valuator’s Fair value of financial assets was increased by EUR 5.5m resulting in a full-year 2020 increase of EUR 6.7m, which was significantly higher than our estimated increase of EUR 1.3m. The 2020 year-end Fair value of financial assets amounted to EUR 32.7m, up from EUR 25.9m at the end of 2019. We believe that the outlook is good for a continued increase in the Fair value of financial assets by the external valuator.



Source: MarketScreener, Enlight Research, Introduce.se, DnB

Base case Sum-of-the-parts (SOTP) valuation

Our P/Sales 2020 Base case sum-of-the-parts (SOTP) valuation per share is raised to EUR 3.00 (EUR 2.59) on the back of improved EBIT margins leading to higher motivated P/Sales multiples (lower discount to peers). Our weighted P/Sales discount to peers is still around 50% which could be considered conservative, but we keep the smaller company size and lower share liquidity in mind.

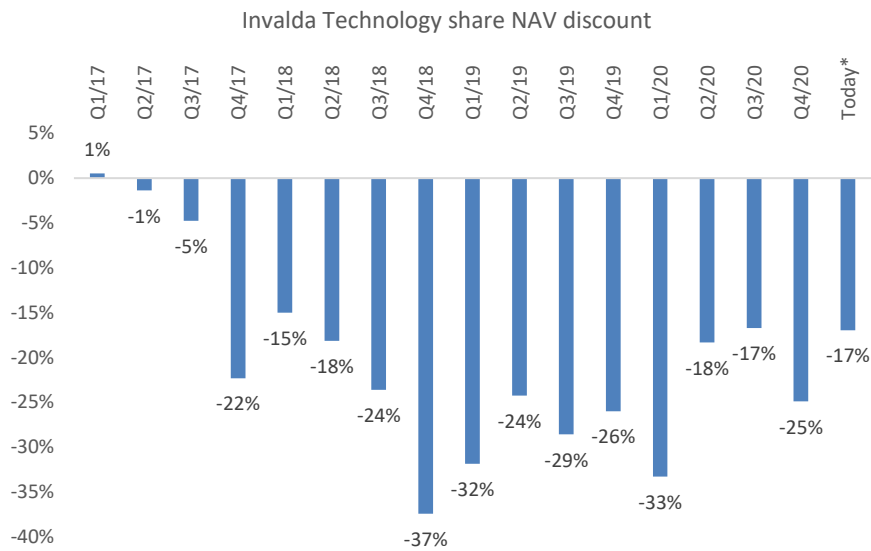
Fair value Invalda Technology (Base case)

	Weighted P/Sales 2020 Base case	Peer avg.	W(P/Sales Discount)	Sales 2018	Sales 2019	Sales 2020	Enlight FV (EURm)	Enlight FV/share (EUR)
Business area: Business climate improvement & e-governance								
NRD Companies	2.3	4.9	53%	7.2	6.6	7.0	16.3	1.34
Business area: IT services & software								
Novian Companies	0.9	2.0	55%	20.3	23.5	24.1	22.1	1.81
Business area: Cybersecurity								
NRD CS	1.4	2.7	47%	3.9	2.8	3.2	4.6	0.37
Business area: Business process outsourcing								
FINtime	na	na	na	na	na	na	0.233	0.02
Group total	1.2	2.7	53%	31.4	32.9	34.3	43.1	3.54
Sales growth				17%	5%	4%		
Add Net cash:							2.4	0.20
Group total:							45.6	3.74
Less assumed NAV discount:							20%	20%
Less assumed NAV discount (EUR):							9.1	0.75
Enlight Base case Fair Value:							36.5	3.00

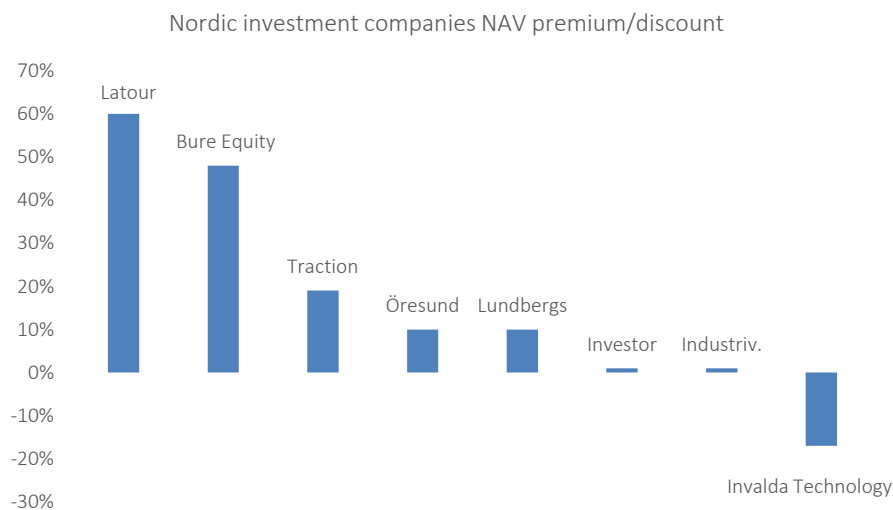
Source: Historical figures (Company reports), Forecast figures (Enlight Research), Peer P/Sales average (MarketScreener, Enlight Research, Introduce). Based on peer valuation on 08 April 2021 for Q4/20 and 04 November 2020 for Q3/20.

NAV discount stable since Q2 2020

Since the end of Q2/20, the NAV discount has been stable around 17-18% except for the end of Q4/20 when it was 25%. Our Base case motivated value assumes a 20% NAV discount which could be considered conservative given that it is currently trading at a 17% discount. Compared to other listed investment companies in the region, INVL Technology stand out as lowly valued as the other investment companies trade at a premium to NAV. It should be noted that our peer investment companies are Swedish listed, so a comparison is not fully relevant. In our view, we believe the INVL Technology discount could narrow once the company starts exiting/divesting companies at prices close to the reported fair value.



Source: Company reports, *price on 08 April 2021 (EUR 2.30 per share) based on last reported NAV in quarterly report



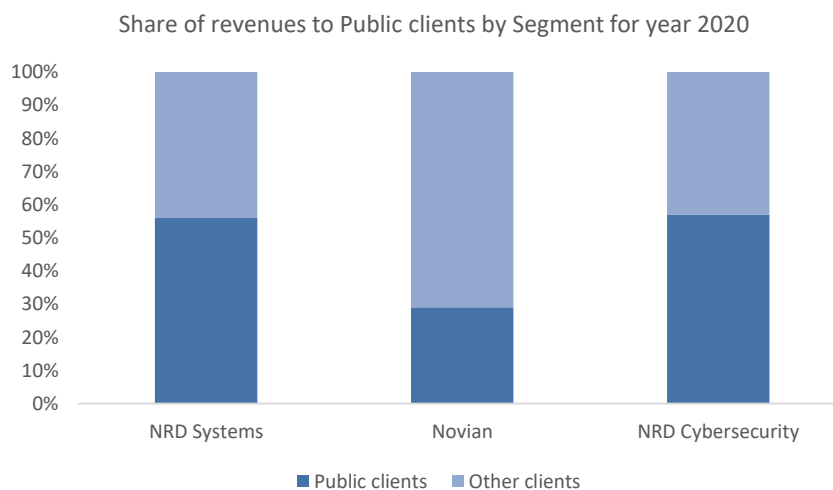
Source: Company reports, prices on 16 April, last reported NAV

EU Covid recovery program to boost Lithuanian Public IT spending

The EU Recovery and Resilience Facility is aimed to mitigate the economic and social impact of the coronavirus pandemic. The total size of the facility is EUR 672.5bn whereof EUR 312.5bn are grants and EUR 360bn are loans. One of the flagship areas of the facility is the digitalization of public administration. The program entered into force on 19 February this year and countries must submit national plans of investments during this year. The first payments from the facility to the countries must be done at latest five months after the plan is submitted i.e., this is a relatively expedient program as one objective is to kick-start the EU economies (funding will run until 2026). If Lithuania’s investment plan is approved by the EU Council, EUR 2.2bn in grants and EUR 3bn in loans can be provided whereof 20% shall be allocated to digitalization. We believe the EUR +1bn allocated for digitalization will boost the Lithuanian IT market in general, especially when it comes to the digitalization of public administration, which is one of INVL Technologies’ core areas. In 2020, NRD Systems and NRD Cybersecurity had over 50% or revenues from Public clients, while Novian had around 30%.



Source: ec.europa.eu



Source: Company presentation

Q4 Estimates vs. Outcome and Estimate changes

Portfolio companies estimates vs. outcome

Q4/20 Group Sales was 19.7% below our estimate. The main reason for the negative deviation was the Novian segment that came in EUR 2.4m below our forecast, which was mainly due to one-off effects such as negative foreign exchange (FX) movements, and delayed Public sector projects as Lithuania changed government in the quarter. The lower than expected sales for the NRD Companies segment was offset by higher than expected sales for the NRD CS (these deviations were relatively small at around EUR 0.1m negative/positive).

Q4/20 Group EBIT was EUR 1.2m below our forecast, whereof EUR 0.9m was due to one-offs (FX effect, frozen projects due to change of government in Lithuania, lockdown) i.e., our estimated underlying negative deviation was just EUR 0.3m.

Sales by holding companies (EURm)	Q4/20 Estimate	Q4/20 Outcome	Diff. Q4/20	
			EURm	%
NRD Companies	1.638	1.524	-0.114	-7.0%
Novian	9.124	6.741	-2.383	-26.1%
NRD CS	1.339	1.448	0.109	8.2%
Group sales	12.100	9.713	-2.387	-19.7%

Sales growth	Q4/20 Estimate	Q4/20 Outcome	Diff. Q4/20	
			EURm	Bps
NRD Companies	-11.9%	-18.2%	nm	-622
Novian	11.2%	-17.9%	nm	-2906
NRD CS	31.4%	42.1%	nm	1074
Group sales growth	9.2%	-12.4%	nm	-2157

EBIT by holding company (EURm)	Q4/20 Estimate	Q4/20 Outcome	Diff. Q4/20	
			EURm	%
NRD Companies	0.192	-0.072	-0.264	-137.4%
Novian	1.014	0.177	-0.837	-82.5%
NRD CS	0.178	0.116	-0.062	-34.8%
Group EBIT	1.384	0.205	-1.179	-85.2%

EBIT margin by Segment	Q4/20 Estimate	Q4/20 Outcome	Diff. Q4/20	
			EURm	Bps
NRD Companies	11.7%	-4.7%	nm	-1646
Novian	11.1%	2.6%	nm	-849
NRD CS	13.3%	8.0%	nm	-528
Group EBIT margin	11.4%	2.1%	nm	-933

Source: Company reports, Enlight Research

Holding company estimates vs. outcome

The Holding company (listed entity) full-year 2020 Total income was EUR 6.9m above our forecast, which was due to a EUR 5.4m higher than estimated change in the Fair value of financial assets. Until divestments are made (expected 2025-26), the Total income line will mainly consist of change in Fair value of financial assets. The Operating expenses were EUR 0.1m lower than forecast. There was an accrued performance fee of EUR 1.5m compared (estimate was zero) which we regard as a positive sign as it means the company estimates the total investor return to exceed the minimum return barrier (initial investment + 8% annual return over the company

entire life which should be at least until 2026). If returns do not reach the company's estimate, the performance fee provision will be reversed. The 2020 EBIT was almost EUR 4m higher than forecast, which is an effect of the positive change in the Fair value of financial assets. Nothing happens below the EBIT line i.e.; the deviation is the same at the Net profit line.

Holding company (EURm)	2020 Estimate	2020 Outcome	Diff. EURm	%
Fair value Financial assets	27.218	32.652	5.434	20.0%
Change in Financial assets	1.306	6.740	5.434	416.1%
Other income	0.170	0.150	-0.020	-11.8%
Total income	1.476	6.890	5.414	366.8%
Operating expenses	-0.687	-0.588	0.099	-14.4%
Accr. performance fee	0.000	-1.535	-1.535	na
EBIT	0.789	4.767	3.978	504.2%

Source: Company reports, Enlight Research

Portfolio companies Estimate changes

Our Sales estimate for all portfolio companies is lowered by 10-12% in the forecast period 2021-23E, which is mainly due to a lowering of the Novian segment estimate. Our EBIT for all portfolio companies is lowered by 22% this year, 6% in 2022, and 1% in 2023.

Estimate changes

Sales all portfolio companies (EURm)	2021E	2022E	2023E
Old estimate	41.6	45.7	48.8
New estimate	36.4	40.2	43.9
Change	-5.2	-5.5	-4.9
Change (pct)	-12.5%	-12.0%	-10.1%

EBIT all portfolio companies (EURm)	2021E	2022E	2023E
Old estimate	3.8	4.3	4.6
New estimate	2.9	3.9	4.6
Change	-0.9	-0.3	-0.1
Change (pct)	-23.8%	-7.7%	-1.7%

Source: Company reports, Enlight Research

Holding company Estimate changes

We raise our Fair value of financial assets by 75% for 2021 and 100% for 2022 following the encouraging value increase in 2020, and positive outlook supported by EU's pandemic recovery program. Our estimated Total income for the Holding company is close to the change in the Fair value of financial assets. Our EBIT estimate is slightly lowered by EUR 0.2m in 2021 and raised by EUR 0.9m in 2022 (Net profit line is the same as EBIT). Important to note is that the Holding company Income statement mainly consists of non-cash flow items e.g., the Change in Fair value of financial assets will not be converted to cash until an exit is made, and the performance fee provisions will not become a cash outflow until it is paid out at the end of the company life (2026 or later). See next page for estimate changes table for Holding company.

Holding company Estimate changes

Fair value financial assets	2021E	2022E
Old estimate	27.2	29.2
New estimate	36.0	41.2
Change	8.8	12.1
Change (pct)	32.4%	41.4%
Change FV financial assets	2021E	2022E
Old estimate	1.9	2.6
New estimate	3.4	5.2
Change	1.4	2.6
Change (pct)	74.7%	99.5%
Total income	2021E	2022E
Old estimate	2.1	2.8
New estimate	3.5	5.4
Change	1.4	2.6
Change (pct)	68.7%	93.4%
EBIT	2021E	2022E
Old estimate	1.4	2.1
New estimate	1.2	3.1
Change	-0.2	0.9
Change (pct)	-15.4%	43.4%

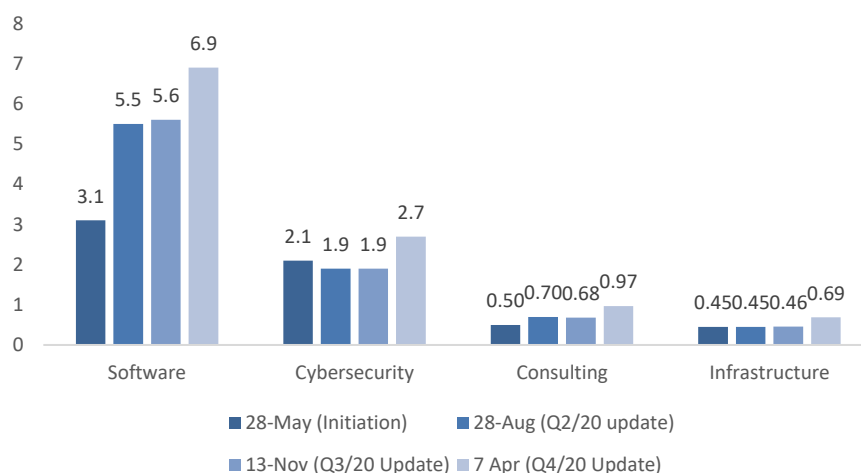
Source: Enlight Research

Valuation

Peer valuation

Since our Initiation of coverage report in May 2020, the average multiples for all the relevant peer groups have increased substantially, especially for the software peer group where the average P/Sales multiple has more than doubled to 6.9x. During the same time period, the Infrastructure average peer multiple has increased from 0.45x to 0.69x, which has a significant impact on the INVL Technology valuation as infrastructure (Novian segment) make up around 55% of all portfolio companies' sales. Interesting to note is that the Cybersecurity peers' P/Sales multiple has recovered to 2.7x after having bottomed at 1.9x in Aug-Nov 2020.

P/Sales 2020 multiple development since Initiation May 2020 to Q4/20 Update



Source: MarketScreener, Enlight Research, Introduce Research, DnB research

Peer tables

IT Infrastructure services

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	P/Sales 2020	P/Sales 2021E	EBIT marg. 2020	EBIT marg. 2021E
Dustin	DUST	SEK	94.03	8,335	0.63	0.60	2.9%	4.0%
Proact IT	PACT	SEK	299.00	2,736	0.75	0.70	5.1%	5.3%
Atea	ATEA	NOK	152.00	16,877	0.43	0.40	2.2%	2.5%
CGit	CGIT B	SEK	47.50	75	0.93	0.71	3.5%	3.5%
Average					0.69	0.60	3.4%	3.8%
Median					0.69	0.65	3.2%	3.7%

Cybersecurity

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	P/Sales 2020	P/Sales 2021E	EBIT marg. 2020	EBIT marg. 2021E
Clavister Holding	CLAV	SEK	7.46	390	3.0	2.3	-35.7%	-14.8%
Freja eID Group	FREJA	SEK	117.50	629	28.7	16.8	-197.3%	-59.4%
Advenica	ADVE	SEK	5.08	168	2.0	1.9	-22.0%	-5.6%
F-Secure	FSC1V	EUR	4.05	641	2.9	2.8	10.4%	9.5%
Average					9.2	5.9	-61.1%	-17.5%
Median					3.0	2.5	-28.9%	-10.2%
Average excluding extremes					2.7	2.3	-16%	-4%

Source: MarketScreener, Enlight Research, Introduce Research, DnB research

Software

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	P/Sales 2020	P/Sales 2021E	EBIT marg. 2020	EBIT marg. 2021E
Agillic	AGILC	DKK	23.2	219	4.3	4.4	-17%	-12%
Artificial Solutions	ASAI	SEK	9.66	469	8.7	8.0	-157%	-81%
Briox	BRIX	SEK	7.22	264	59.1	44.0	-518%	-378%
Efecte Oyj	EFFECTE	SEK	14.5	88	5.9	5.2	-2%	2%
FormPipe Software	FPIP	SEK	34.25	1,831	4.5	4.3	13%	9%
Fortnox	FNOX	SEK	420.8	25,592	36.9	27.7	38%	36%
LeadDesk Oyj	LEADD	EUR	25.8	115	8.4	4.5	2%	3%
Lime Technologies	LIME	SEK	367.9	4,887	14.4	12.0	25%	24%
Litium	LITI	SEK	24.5	323	6.7	5.2	-37%	-19%
Silli Solutions Oyj	SILLI	EUR	17.84	125	1.5	1.3	6%	9%
Zutec	ZUTEC	SEK	4.83	214	8.0	5.2	-133%	-14%
Average					14.4	22.2	-70.8%	-38.3%
Median					8.0	5.2	-2.2%	1.8%
Average excluding extremes					6.9	5.6		

IT Consulting

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	P/Sales 2020	P/Sales 2021E	EBIT marg. 2020	EBIT marg. 2021E
B3 Consulting Group	B3	SEK	49.3	415	0.48	0.43	4.9%	5.8%
CAG Group	CAG	SEK	73	485	0.91	0.77	6.9%	8.6%
Digia Oyj	DIGIA	EUR	7.98	213	1.53	1.39	10.1%	8.8%
	EMPIR							
Empir Group	B	SEK	13.6	75	0.37	0.43	-0.9%	-1.4%
Solteq Oyj	SOLTEQ	EUR	5.02	97	1.61	1.45	8.8%	10.9%
Time People Group	TPGR	SEK	22	160	0.77	0.66	6.3%	5.6%
Innofactor Plc	IFA1V	EUR	1.925	72	1.09	1.03	3.8%	8.3%
Average					0.97	0.88	5.7%	6.7%
Median					0.91	0.77	6.3%	8.3%

Source: MarketScreener, Enlight Research, Introduce Research, DnB research

Sum-of-the-parts valuation (SOTP)

In our Base case scenario, our Fair value for all the business areas is EUR 43.1m, which including the Net cash of EUR 2.4m (including bonds) sums up to EUR 45.6m or EUR 3.74 per share. Applying a NAV discount of 20% leaves a Fair value of EUR 3.00 per share indicating an upside of around 30% (based on a share price of EUR 2.30). The corresponding values for our Bull and Bear scenarios are EUR 3.66, and EUR 2.33, respectively. The wide span between our scenarios depicts the high risk but also opportunity inherent in small technology companies, especially in the software area. Note that the SOTP valuation also includes FINTime equal to the external valuation of EUR 0.2m reported in the Q4 2020 report.

SOTP valuation scenarios

Scenario	Sales 2020E (EURm)	P/Sales	FV (EURm)	FINTime (EURm)	FV (EURm)	External valuation (EURm)	Net cash (EURm)	Net cash/ share (EURm)	NAV/	NAV/	Motivated share price (EUR)	Upside/ Downside	
									NAV (EURm)	share (EUR)			NAV discount
Bull	34.3	1.5	53.0	0.2	53.2	32.7	2.4	0.20	55.7	4.57	20%	3.66	59%
Base	34.3	1.2	42.9	0.2	43.1	32.7	2.4	0.20	45.6	3.74	20%	3.00	30%
Bear	34.3	1.0	32.8	0.2	33.0	32.7	2.4	0.20	35.5	2.92	20%	2.33	1%

Source: Company reports (historical), Enlight Research (forecast), *calculated on share price of EUR 2.30

Enlight Fair value vs. External valuation

Compared to the external valuation of the financial assets of EUR 32.7m given in the Q4/20 report, our estimated Fair value is EUR 10.5m or 32% higher (before net cash, and NAV discount). The main valuation difference is for NRD Companies where our valuation is EUR 9.1m higher, followed by Novian companies where our valuation is EUR 2.3m higher. For NRD CS (Cybersecurity), we are slightly more conservative than the external valuator.

Compared to the valuation made in connection with Q3/20 report, our valuation has increased by 17% or EUR 6.1m, while the external valuation has increased by 20% or EUR 5.6m.

Fair Value vs. External valuation Q4/20		Q4 2020		
Company	Enlight Research Fair Value (EURm)	External valuation Fair Value (EURm)	Diff. (EURm)	Diff. (%)
NRD Companies	16.3	7.1	9.1	128%
Novian Companies	22.1	19.7	2.3	12%
FINTime	0.2	0.2	0.0	0%
NRD CS	4.6	5.5	-1.0	-18%
Total	43.1	32.7	10.5	32%

Fair Value vs. External valuation Q3/20		Q3 2020		
Company	Enlight Research Fair Value (EURm)	External valuation Fair Value (EURm)	Diff. (EURm)	Diff. (%)
NRD Companies	11.3	5.8	5.5	94%
Novian Companies	20.8	16.1	4.7	29%
FINTime	0.2	0.2	0.0	0%
NRD CS	4.7	5.0	-0.3	-7%
Total	37.0	27.1	9.9	36%

Source: Enlight Research, Company report

Risk factors

Below is a list of what we believe are some of the most important risks, however, this list should not be regarded as a complete list of risks.

COVID-19 risk

So far, the effect of the Covid-19 on INVL Technology's portfolio companies has been limited. However, a prolonged period of travel restrictions due to Covid-19 will most likely affect the sales of new products as it is dependent on face-to-face meetings.

Risk of change of technology

The technology sector is in constant change. Failure to adapt and learn a new technology could result in a drop in sales and earnings and hence lower the Fair value of the company.

The state of the M&A market

If the market for mergers and acquisitions is depressed during the exit phase (mainly 2026 with a possible 2 years extension), the deal valuations could be lower than expected and it could be hard to sell portfolio companies.

Political risk

A significant share of clients are public institutions and hence the company has exposure to public sector contracts, which entails political risks.

Intellectual Property risk

A significant share of the company's assets consists of intellectual property in the form of proprietary software and technology know-how. Therefore, the risk that somebody will try and steal intellectual property is present.

Valuation risk

The fair value of the holding companies is done by an independent external valuation firm. However, there is no guarantee that the final exit price of a portfolio company will be according to the external valuation, nor to our valuation.

NAV discount risk

Even though the NAV of INVL Technology increases, there is no guarantee that the share price will increase as the NAV discount could increase as well.

Liquidity risk

The trading activity (liquidity) on the Nasdaq Baltic Exchange is low relative to most Western European markets. Therefore, it may be hard to buy and sell large amounts of INVL Technology shares without affecting the share price.

Income Statement	2019	2020	2021E	2022E	2023E
Net sales	1	7	4	5	6
Total operating costs	-1	-2	-2	-2	-2
EBITDA	1	5	1	3	3
Depreciation	0	0	0	0	0
Amortizations (total)	0	0	0	0	0
Impairment charges	0	0	0	0	0
EBIT	1	5	1	3	3
Associated companies' profit/loss	0	0	0	0	0
Net financial items	0	0	0	0	0
Exchange rate differences	0	0	0	0	0
Pre-tax profit (PTP)	1	5	1	3	3
Net earnings	1	5	1	3	3

Balance Sheet	2019	2020	2021E	2022E	2023E
Assets					
Cash and cash equivalent	1	2	1	3	6
Receivables	0	0	0	0	0
Inventories	0	0	0	0	0
Other current assets	2	1	1	1	1
Current assets	3	3	2	4	7
Tangible assets	0	0	0	0	0
Associated Companies	0	0	0	0	0
Investments	26	33	36	36	36
Goodwill	0	0	0	0	0
O intangible rights	0	0	0	0	0
O non-current assets	0	0	0	0	0
Total non-current assets	26	33	36	36	36
Deferred tax assets	0	0	0	0	0
Total (assets)	29	35	38	40	43
Liabilities					
Short-term debt	0	0	1	0	0
Non-ib current liabilities	0	0	0	0	0
O current liabilities	0	0	0	0	0
Current liabilities	0	0	1	0	0
Long-term debt	0	0	0	0	0
Lease liabilities	0	0	0	0	0
O long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	0	0	1	0	0
Deferred tax liabilities	0	0	0	0	0
Provisions	0	2	2	2	2
Shareholders' equity	29	34	35	38	41
Minority interest (BS)	0	0	0	0	0
Minority and equity	29	34	35	38	41
Total (liabilities)	29	35	38	40	43

Capital structure	2019	2020	2021E	2022E	2023E
Equity ratio	99.6%	95.3%	92.6%	95.8%	96.1%
Debt / Equity ratio	0.0%	0.0%	3.2%	0.0%	0.0%
Capital invested	27.6	31.5	34.9	34.9	34.9
Capital turnover rate	0.1	0.2	0.1	0.1	0.1

Profitability	2019	2020	2021E	2022E	2023E
ROE %	3.3%	15.2%	3.5%	8.4%	8.2%
ROCE%	3.3%	15.2%	3.4%	8.3%	8.2%
ROC%	3.6%	17.3%	3.8%	8.8%	9.3%
EBITDA %	63.7%	69.2%	33.5%	57.1%	57.9%
EBIT %	63.7%	69.2%	33.5%	57.1%	57.9%
Net Margin	63.7%	69.2%	33.5%	57.1%	57.9%

Valuation	2019	2020	2021E	2022E	2023E
EV	21.0	23.1	28.5	25.4	22.2
P/E	24.0	5.3	24.0	9.3	8.8
P/E diluted	24.0	5.3	24.0	9.3	8.8
P/Sales	15.3	3.7	8.0	5.3	5.1
EV/Sales	14.3	3.4	8.0	4.7	3.9
EV/EBITDA	22.5	4.9	24.0	8.3	6.8
EV/EBIT	22.5	4.9	24.0	8.3	6.8
P/BV	0.8	0.8	0.8	0.8	0.7

Per share measures	2019	2020	2021E	2022E	2023E
EPS	0.08	0.39	0.10	0.25	0.27
EPS, adjusted	0.08	0.39	0.10	0.25	0.27
CEPS	0.08	0.39	0.10	0.25	0.27
Operating CF/share	0.05	0.49	0.10	0.25	0.27
Capital empl./share	2.26	2.59	2.87	2.87	2.87
BV/share	2.38	2.77	2.87	3.12	3.39
Tangible BV/share	2.38	2.77	2.87	3.12	3.39
Div. per share	0.00	0.00	0.00	0.00	0.00
Payout	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

Shareholders	Capital	Votes
UAB LJB Investments	5.672	19.91 %
AB Invalda INVL	4.083	14.33 %
Irena Ona Miseikiene	3.430	12.04 %
AB Lietuvos draudimas	2.128	7.47 %
Kazimieras Tonkunas	1.581	5.55 %
Alvydas Banys	1.447	5.08 %

Key people	
CEO	Kazimieras Tonkunas
Chairman	Kazimieras Tonkunas

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS $\frac{\text{Profit before extraordinary items and taxes – income taxes + minority interest}}{\text{Number of shares}}$
P/Sales $\frac{\text{Market cap}}{\text{Sales}}$	DPS Dividend for financial period per share
P/BV $\frac{\text{Price per share}}{\text{Shareholders' equity + taxed provisions per share}}$	CEPS $\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF $\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share $\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value) Market cap + Net debt + Minority interest at market value – share of associated companies at market value	Sales/Share $\frac{\text{Sales}}{\text{Number of shares}}$
Net debt Interest-bearing debt – financial assets	EBITDA/Share $\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Number of shares}}$
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share $\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	EAFI/Share $\frac{\text{Pre-tax profit}}{\text{Number of shares}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share $\frac{\text{Total assets – non-interest-bearing debt}}{\text{Number of shares}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets Balance sheet total
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes – income taxes + minority interest}}$	Interest coverage (x) $\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share $\frac{\text{Financial assets – interest-bearing debt}}{\text{Number of shares}}$	Asset turnover (x) $\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, % $\frac{\text{Operating profit + financial income + extraordinary items}}{\text{Balance sheet total – interest-free short-term debt – long-term advances received and accounts payable (average)}}$	Debt/Equity, % $\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity + minority interest + taxed provisions}}$
ROCE, % $\frac{\text{Profit before extraordinary items + interest expenses + other financial costs}}{\text{Balance sheet total – non-interest-bearing debt (average)}}$	Equity ratio, % $\frac{\text{Shareholders' equity + minority interest + taxed provisions}}{\text{Total assets – interest-free loans}}$
ROE, % $\frac{\text{Profit before extraordinary items – income taxes}}{\text{Shareholders' equity + minority interest + taxed provisions (average)}}$	CAGR, % Cumulative annual growth rate = Average growth rate per year

Disclaimer

Enlight Research OÜ's main valuation methods are discounted cash flow valuation and peer valuation with common multiples such as Price to Earnings, Enterprise Value to EBITDA, dividend yield etc. Aforementioned methods are used to estimate a company's fair value according to the following three scenarios: Bull (positive), Base (main scenario), and Bear (negative).

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