Wyld Networks

Sector: IoT

Ready for Take-Off

Redeye initiates coverage of Wyld Networks, a UK-based virtual satellite operator that targets a global market. Its current pre-launch order book of SEK 31m excluding MRR suggests Wyld is set for high growth. The market's expectations for Wyld's future growth appear too defensive, as we believe the investment offers unique exposure to the frontier techniques of LEO satellites, LoRaWAN, and the IoT.

First mover advantage—solving a real-world problem

Today, 85% of the Earth's surface lacks cellular connectivity. Wyld offers low-power, affordable IoT connectivity to any place in the world. By combining cutting-edge techniques (LoRaWAN) and LEO satellites, Wyld can be the first mover in a market by offering a hybrid solution that seamlessly connects objects with both terrestrial LoRaWAN and LEO satellites.

Recurring revenue business model—connectivity as a service

Wyld's underlying SaaS business model with monthly recurring revenues from data/software will likely offer stable and foreseeable cash flows in the coming years. In addition, the project-based sales from the hardware will further boost revenues, igniting more recurring revenues.

Pre-launch order book of SEK 31m

Wyld currently has more than 30 launch partners, seven of which have moved from pilot phase to placing commercial orders. The order book value of SEK 31m does not include recurring revenues from the data plans (estimated at SEK 2.5m/month once modules are deployed). The strong line-up of launch partners and the pre-launch order book indicates an apparent demand for Wyld's offering ahead of launch.

Base Case of SEK 24

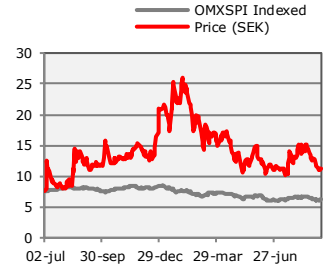
Our Base Case of SEK 24 forecasts a 2021-2026 sales CAGR of 145%. This relies on Wyld on taking 2% market share in its USD 670m addressable market by 2025 and reaching an EBIT margin of 1% in the same year.

Key Financials (SEKm)	2021	2022E	2023E	2024E	2025E
Net sales	2	2	37	83	154
Revenue growth	0%	-23%	1843%	126%	85%
EBITDA	-26	-34	-32	-16	4
EBIT	-27	-35	-33	-17	2
EBIT Margin (%)	-1076%	-1816%	-89%	-20%	1%
Net Income	-27	-35	-33	-13	6
EV/Revenue	66.9	53.7	2.8	1.4	0.8
EV/EBITDA	neg	neg	neg	neg	30.9
EV/EBIT	neg	neg	neg	neg	53.4

FAIR VALUE RANGE

BEAR	BASE	BULL
6	24	48

WYLD VERSUS OMXS30



REDEYE RATING

KEY STATS

Ticker	WYLD
Market	First North
Share Price (SEK)	11.2
Market Cap (SEKm)	114
Net Debt (SEKm)	-11
Free Float (%)	35%
Avg. daily volume ('000)	35

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Important information: All information regarding limitation of liability and potential conflicts of interest can be found at the end of the report

Investment Case: Set for High Growth

This year, Wyld is embarking on a significant growth journey with the launch of its product offering. We estimate a sales CAGR of 145% for the next five years. Thanks to an attractive underlying business model with inherent high gross margins (from both hardware sales and recurring data revenues), Wyld's business model is set to scale. Given that Wyld Networks is trading at 1.4x 2024E sales, we consider the market's expectations for the company's future growth too defensive. We believe the investment offers unique exposure to the frontier techniques of LEO satellites, LoRaWAN, and the IoT. Wyld also closed the TO1 warrant subscription in Q1 2022, securing SEK 25.2m, and it has two more (TO2 and TO3) upcoming, ensuring financing and setting the company on the road to profitability. Assuming Wyld's launch plan stays on track, we believe its current cash position and the cash injection from the TO2 and TO3 will be enough to take Wyld to positive net cash flows in 2025.

Evidence: Pre-Launch Order Book of SEK 31m Suggests Robust Demand

Wyld has received several commercial orders, and its pre-launch order book for hardware is currently at SEK 31m, originating from seven customers. We estimate the current order book value is equivalent to around 92,000 modules. The list of customers in the pilot phase is steadily ramping up; the company currently has a list of over 30 potential commercial customers (pilot customers). Wyld is also a part of a consortium with Eutelsat, TrakAssure, and Senet that combines Senet's ground LoRaWAN network with the satellite LoRaWAN networks of Wyld and Eutelsat to supply across the globe. Furthermore, Wyld has partnered with Dubai government-owned LEO satellite company Space D, exclusively providing Wyld's product offering. These orders, the list of pilot customers, and the partnerships indicate high demand, in our view.

Challenges I: Building the Market

As Wyld uses frontier technology and methods, there is a proof-of-concept demand in the market. Educating the markets is both time- and resource-consuming. We thus argue that joining the LoRa Alliance and the Multimodal IoT Infrastructure Consortium™ could enable Wyld to build awareness more rapidly and drive proof-of-concept via proven pilot cases with prominent partners.

Challenges II: Materializing Orders to Ramp up Revenues

Wyld's revenues and profitability lie further in the future, and orders are typically set to be deployed over several years. As a result, investors will want to see both the order book ramping up quickly and orders materializing and converting into revenues. The underlying SAAS business model (for the data packages) and the project-based sales (hardware) depend entirely on the number of deployed modules to ramp up revenues. However, we view the successful pilot cases and the securing of a supply chain as indicators that Wyld can execute on its strategy.

Counter-Thesis:

Reliant on Eutelsat launch success(es)

To comply with the current customer demands of daily data messages, Wyld must have access to at least three to four LEO satellites (which the company expects by 2023). To expand to higher frequency data-dependent customers (in the logistic/transportation segment, for example), Wyld must be able to access 10-12 LEO satellites by 2024. Here, Wyld is relying on its current partner Eutelsat to successfully launch its satellites according to plan. As history has shown in this field, delays are widespread, and launches can fail. We assess this risk as central for an investor, as delays from Eutelsat would postpone the case, weakening Wyld's financial position and leaving room for competition to move in.

Need to prove product-market fit

As Wyld's products are yet to launch commercially, there is an undeniable need for the company to prove its value proposition and product offering in a post-launch/live environment. Although successful, the current pilot cases are

limited (few modules and no Wyld Fusion product connected) and are only supported by one LEO satellite. In other words, these pilot cases have only been tested in a setting far from what a commercial client would demand.

People-dependent

Wyld aims to maintain a lean organization, but we believe its current and future needs for engineers within R&D and support tech could pose a challenge. Considering the competition, attracting and keeping engineers requires desirable conditions for a small startup. We believe these conditions will be challenging for Wyld to comply with before it has established a renowned brand in the field.

The competition will close in

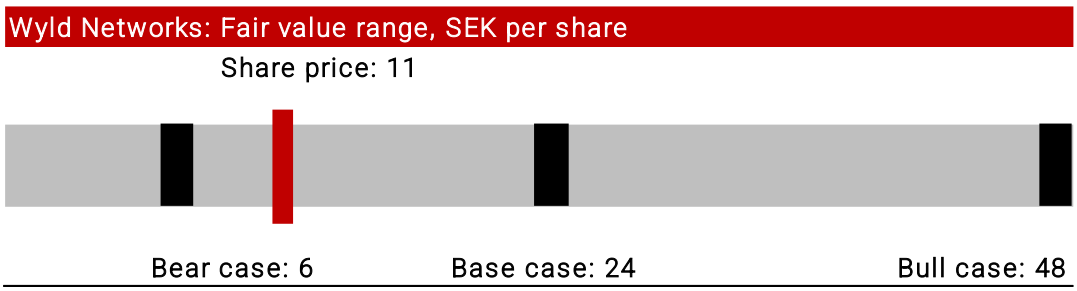
When Wyld's product offering shows clear signs of product-market fit and the business model shows scalability, the competition is bound to move in on the same market niche with similar techniques and offerings. It is critical for Wyld to be very aggressive on the sales side to close as many customer agreements as possible while it still has a unique offering. We believe the business can be considered sticky, with relatively high customer switching costs. Therefore, a fast ramp-up of commercial orders is vital.

Key Catalysts:

- Eutelsat satellite launches will be crucial for Wyld to execute its growth strategy, successful launches can be share price catalysts.
- Pilot customers converting to commercial hardware and data orders will further prove product-market fit and underpin the growth story.
- Quarterly reports and disclosure of financial targets.
- Sales/distribution agreements with terrestrial LoRaWAN operators would be a clear milestone for Wyld to achieve. We predict such agreements could generate high volume orders since the terrestrial LoRaWAN operators already have a broad customer base using the same type of sensors needed for the satellite connection for their IoT devices.

Valuation: Base Case of SEK 24

We value Wyld Networks based on three different DCF scenarios. Our fair value range is SEK 6-48, with a Base Case of SEK 24. We use a 13% discount rate (WACC) based on Redeye's Rating model. We project its current cash position and the cash injection from the TO2 and TO3 will be enough to take Wyld to positive net cash flows in 2025 in our Base and Bull cases. Our Bear Case includes an equity issuance of SEK 12-17m before the company reaches break-even.



Source: Redeye Research

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Company Introduction

Company Description

Founded in 2016 and headquartered in Cambridge, UK, Wyld Networks is active in the IoT and technology industries. It was publicly listed in May 2021. Wyld currently has 28 employees, including consultants (a majority working in sales and engineering). The company specializes in the development of network applications. Its software is self-developed and is used to deliver information via sensors to satellites and to manage this data after its transmission back to Earth including transfer into end user applications. Its customers comprise corporate clients operating in several sectors. Wyld operates globally. It will launch its services commercially during the second half of 2022 and is a part of the LoRa Alliance.

Business strategy and value proposition

Wyld's business strategy is to transform wireless connectivity through the Internet of Things (IoT) via sensor-to-satellite technologies by maintaining a lean organization and leveraging partnerships within sales, distribution, network solutions, and satellite operators.

The company's value proposition is to offer low-power, low-cost global connectivity for the IoT via low-earth-orbit satellites using the LoRa protocol. The hybrid solutions enable IoT objects to connect to both existing LPWAN networks and LEO satellites seamlessly. Furthermore, Wyld offers flexible/simple integrations and connectivity to unconnected parts of the world, enabling customers to collect data from even the most hard-to-reach locations, bringing agriculture, maritime, environment, transportation, oil, gas and mining project data together on a straightforward platform in the lowest price range on the market.

Product offering

Through its Wyld Connect and Wyld Fusion products, the company offers end-to-end hybrid satellite and terrestrial connectivity solution for all types of sensors across the globe. Wyld Connect enables data collection from even the most hard-to-reach locations and brings agriculture, maritime, environment, transportation, oil, gas, and mining project data together on one platform: the Wyld Fusion platform.

Wyld's satellite IoT solution utilizes low earth orbiting (LEO) satellites to provide 100% global wireless coverage. It allows businesses to deploy IoT solutions worldwide to collect data and manage their infrastructure. Wyld's sensor-to-satellite technology, powered by Eutelsat's satellite network, provides wireless coverage in areas beyond current cellular or terrestrial capabilities. Only 20% of the world's surface has wireless coverage, and this scarcity holds back the deployment of IoT networks.

Competitive advantages

Competitive advantages stem from the facilitation of low-cost data, low power consumption, and 100% connectivity worldwide, powered by innovative technology. Wyld combines two frontiers' techniques, the LoRaWAN network and LEO satellites, applying their hardware and software. LoRaWAN enables digital transformation as the only Low Power Wide Area Network (LPWAN) able to scale and combine existing terrestrial networks with direct sensor-to-satellite connectivity. Wyld can become the first player on the market to provide LoRaWAN satellite networks.

Commercialization

Wyld is set to launch its products commercially during H2 2022. The company currently holds an order book of SEK 31m for its hardware from seven customers. We estimate this represents around 92,000 modules at an average price of USD 33. Wyld also has another 26 launch partners in the pilot phase that are possible to convert into commercial orders. In addition to the hardware sales, commercial agreements for the data will follow; we expect monthly recurring revenues of USD 1.2 per module. Wyld's customers are mainly based in South America and operate in the agricultural, forestry, and energy sectors. However, the launch partners in the pilot phase have broader geographical and industry profiles.

History

The co-founders Gene Myers and Steve Clarke still have operational roles in the company, founded in 2016. The company was listed on Nasdaq First North in July 2021.

Wyld Networks: Historical Development

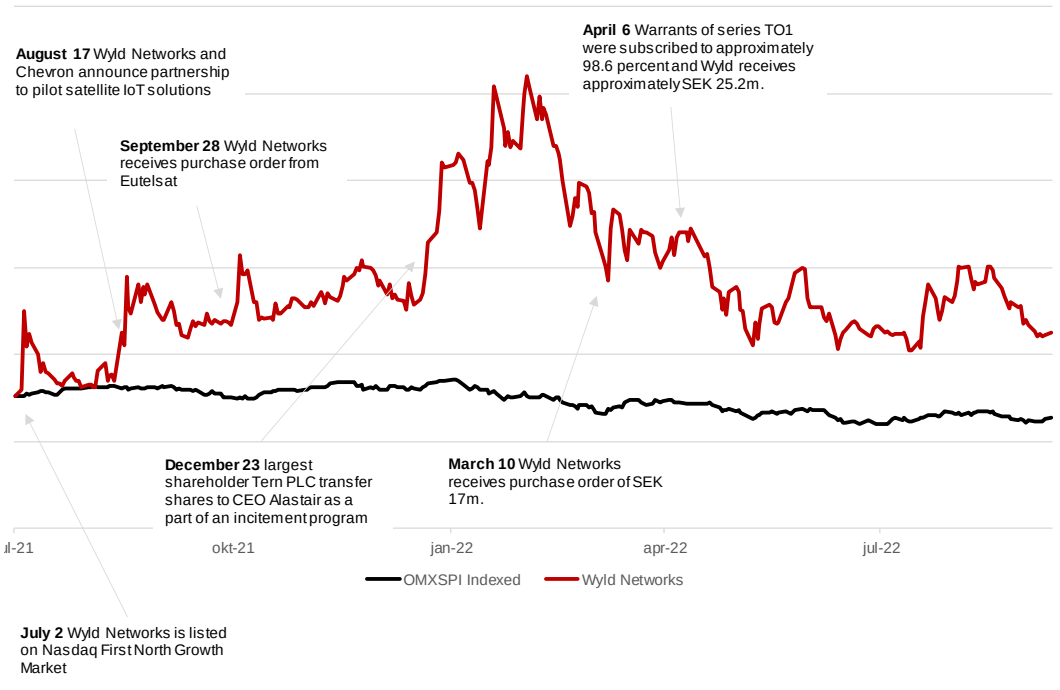
Year	Comment
2016	Wyld Networks is founded
2017/2018	Focus on terrestrial IoT solutions
2019	Tern PLC seeds Wyld with GBP 1.2m
2020	Wyld Networks Ltd and Wyld Technologies Ltd merge into one business Wyld establishes an exclusive partnership with Eutelsat in building its ground-based connectivity solutions
2021	Wyld Networks is listed on Nasdaq First North Growth Market Wyld joins The LoRa Alliance
2022	Forms global consortium with Eutelsat, Senet and TrakAssure for hybrid terrestrial and satellite LoRaWAN IoT connectivity to customers across the globe Receives approximately SEK 25.2m from warrants of series TO1 Wyld Connect terminal is available for pre-order on website

Source: Wyld Networks, Redeye Research

Share Price Performance

The share has performed positively since its IPO in July 2021 and has consequently traded over the IPO share price. The exercise of the warrants of series TO1 in March appears to have had little effect on the share price. Approximately 98.6% of the total number of outstanding warrants of series TO1 were exercised, with 2,243,999 shares subscribed to at a subscription price of SEK 11.25 per share.

Wyld's share price and key events



Source: Redeye Equity Research

Management and Board

Wyld's management team has extensive experience in the industry. CEO Alastair Williamson has more than 25 years of experience in the software telecommunication sector. We also appreciate that the two founders, Gene Myers and Steve Clarke, remain active in the company and are part of the management team. Overall, we consider the management team well-composed, and the small and lean team suits Wyld's current phase. However, over time, and as sales and volumes grow, we believe a dedicated headcount in the management team for sales/business development would be beneficial.

Management insider ownership is relatively low (3.6% of the shares). This is an important category in the Redeye Rating model, as we believe a business is more likely to prosper when management teams hold meaningful ownership. Wyld's current management ownership is slightly below Redeye's baseline of 5%. It would be encouraging to see management ownership rising above this baseline.

The board is relatively small, but brings significant technical experience and knowledge, as well as experience from the IoT sector and the buy and sell sides of M&A. Al Sisto sits on the board and represents Wyld's largest owner, Tern plc. In the long term, we believe a board member with experience from a larger US tech company active in this space would be a valuable addition.

Management

Name	Position	Since	Capital (%)	Note
Alastair Williamson	CEO	2019	1.8%	Alastair Williamson brings more than 25 years' experience in the software telecommunication industry and was most recently CEO for four years of Ranplan Group AB, a software wireless planning tool startup listed on Nasdaq First North since 2018. Alastair has led sales organizations at Lucent, Alcatel Lucent, Cambridge Broadband Networks, and Krone. He has a Masters in Physics from Heriot-Watt University.
Chris Caswell	Deputy CEO & CFO	2021	0.1%	Christopher Caswell is a qualified Chartered Accountant who started his career with PwC in the UK. He was previously CFO at Ranplan AB and has held finance positions at Vodafone Germany and was European CFO at Corning Inc in France and Germany. Christopher has also held consultancy roles at JP Morgan, conducting several international acquisitions. He has a BSc in Engineering from Nottingham University.
Steve Clarke	COO	2019	0.4%	Steve Clarke (COO, SVP Engineering Connect, and co-founder of Wyld Networks) was previously a senior BBC engineer and lecturer at Salford University. Steven brings many years of experience in software and electronics, from RF telemetry and the multi-award-winning Tag McLaren AV processors to EPOS and smart energy meters as a senior member of the design team at Cyan Technology. He led the development team at the VC-based ASIS (now Vix Technology), enabling the company to become the UK's largest bus telematics company in the Tech 100 index of fastest-growing companies. Steve holds a BSc (Hons) in Microelectronics, Software from Newcastle University.
Gene Myers	CTO	2017	0.9%	Gene Myers (CTO, SVP Engineering Mesh, and co-founder of Wyld Networks) has spent his entire career working with communication protocols, from amateur radios, IRC, and XMPP to founding Wyld Research in 2015. He brings more than 20 years' experience in designing and building world-class teams and delivering award-winning software solutions, with an emphasis on security, networks, and commerce for companies including British Telecom, Workshare, Expedia, and Certivox. Gene is the co-inventor of the Certivox patent "System and method for securing private keys issued from distributed private key generator (D-PKG) nodes" (US 2013/0191632A1)—Rochester Institute of Technology.

Source: Wyld Networks, Holdings, Redeye Equity Research

Board of Directors

Name	Position	Since	Capital (%)	Note
Mats L Andersson	Chair of the Board	2021	0.9%	Mats is currently Chairman of several companies in Sweden, namely Dafo Brand AB, Bluetest AB, Eco Wave Power AB, Gefle TestTeknik AB, Dafo Security AB, Novo Ocean AB, and Haidrun AB. Before taking Chair positions, Mats was COO of the Swedish Telecom Administration Large account, and CEO for Aniticimex AB, Conductor AB, and Unitraffic AB. Mats studied at Chalmers University of Technology, Lic. Eng. in Radio and Space Science.
Mats R Andersson	Board Member	2021	0.2%	Mats R Andersson has more than 30 years of satellite and telecom experience working in engineering and management positions at Ericsson. Subsequently he became CEO of Bluetest AB. Mats Andersson is the Chairman of the Board of Forsway Scandinavia AB, Satcube AB, Brinja AB, and MUMIMO AB. He has a Lic. Eng. degree in radio astronomy and an MSc in Engineering Physics from Chalmers University of Technology.
Al Sisto	Board Member	2021	49.2%	Al is an IT industry veteran with more than 25 years of senior executive level experience. As Chief Operating Officer at RSA Data Security Inc., the leading security software company, he led its transformation from a passive patent licensing operation to an aggressive, sales-oriented software company. At RSA he negotiated partnership agreements with IBM, Intel, Compaq, Cisco and Nortel. Al was Chairman, President and CEO of Phoenix Technologies Ltd, the global BIOS software company. He revitalised Phoenix through the acquisition of Internet appliance business, Ravisent Technologies; investing in semiconductor and microprocessor designer Transmeta and spinning off Silicon Corporation. Al has a Bachelor of Engineering in Metallurgy/Materials from Stevens Institute of Technology.
Henrik Hedelius	Board Member	2021	0.6%	Henrik Hedelius, born 1966, studied Business Administration and Economics at Stockholm University. Henrik is Chairman of the Board of FUUD AB (publ) and SASHED AB and a board member of Vembla AB, Bergman & Beving Aktiebolag, Addtech AB and The Cloud Factory AB. He has previously been a senior advisor at UB Markets, CEO and partner at Hedelius & Berthelius, Head of private M&A at Kaupthing Bank, managing director at Storebrand Investments Sweden and project manager at Swedbank Markets.

Source: Wyld Networks, Holdings, Redeye Equity Research

Ownership

Tern plc is the largest owner of Wyld Networks with 49% ownership. Tern backs UK-based companies with proven technology and global ambitions. It predominantly supports software companies that develop commercial IoT security, enablement, and analytics solutions for the healthcare and industrial sectors. It typically remains committed to its investments for three to four years after the business is ready for commercial growth. We thus consider Tern a stable owner of Wyld and one unlikely to seek an exit in the coming two years.

Wardhaman Family Ltd is the second-largest owner, representing 14.3% of the shares. It is a family office based in the UK and has been an owner in Wyld since before it was listed. We consider Wardhaman to be committed to its investment in Wyld and we regard it as a stable owner.

Major shareholders (thousand shares)

#	Owner	No. Of shares	Capital (%)
1	Tern PLC	5 176	49.2%
2	Wardhaman Familiy	1 179	14.3%
3	Tuvedalen Ltd	370	3.5%
4	Avanza Pension	206	2.0%
5	Martin David	201	1.9%
6	Alastair Williamson	146	1.8%
7	Philip Andersson	150	1.4%
8	Movitz Hessel Ljungberg	145	1.4%
9	Peter Sandberg	88	1.1%
#	Ylber Rexhepi	88	1.1%
	Total		77.7%

Source: Holdings

Wyld currently has around 1,350 shareholders and an average liquidity of around 28,500 shares/day, or 0.27% of its market cap (three-month average). We believe the concentration (63.5%) of what we consider stable owners is positive, and we foresee no overhang from these two stable owners out on the market soon. Retail ownership accounts for around 30% of the capital, and we expect the liquidity from this segment to rise if or when a catalyst is realized (see page 3). We would like to see the interest from institutions (active capital) increase, but we believe Wyld's market cap needs to rise above SEK 500m (implying the company generates positive cash flows and proves its business model) to attract more attention from institutions.

Narrative

The concept of the **Internet of Things (IoT)**—the convergence of the digital and physical worlds[1]—has grown from simply a discussion about the future of digitalization to becoming mainstream. As internet connection and access to a wireless network have grown, demand for connected IoT has followed across global markets and industries.

The growing usage of the IoT has historically relied on terrestrial networks, meaning high energy consumption. In the coming years, satellite-based networks for the IoT are set to grow and the ability to combine terrestrial and satellite networks will be crucial for the transportation sector, for example. Today, only 15% of the globe has access to the internet, leaving considerable potential for IoT applications. The 5G revolution will not interfere with satellite solutions because of its low range reach (requiring antennas closer than 0.5 km for connectivity[2]).

Today, there is a growing trend of connecting sensors for IoTs to LEO (low earth orbiting) satellites to provide wireless connections. The new LEO satellite concepts, which orbit 500-2,000km in the atmosphere, offer faster communications (lower latency) and often provide higher bandwidth per user than GEO satellites—even more than cable, copper, and pre-5G fixed wireless[3]. More about the different satellites can be found in the "The satellite space" section on page 19.

Around 3,700[4] LEO satellites are deployed today, and this number could grow to more than 50,000 by 2030[5]. Smaller satellites have broken records and are transforming in-space architectures; 94% of the spacecraft launched in 2021 were smaller satellites (more than 1,700[6]). This growth has mainly been driven by more prominent constellations (with more than 100 satellites), such as Kuiper (Amazon), Starlink (SpaceX), and OneWeb (Eutelsat).

As active global IoT connections grow, **LPWAN** (low-power wide area networks) look set to be a key growth driver. These provide low-power, low-data-rate communication over long distances or deep indoor environments, enabling battery-operated devices to operate for up to ten years (two to five years is the average) without human intervention. The number of connected devices is forecast[7] to reach more than one billion active connections in 2023. While market fragmentation remains high, NB-IoT, **LoRa**, and Sigfox are emerging as the most popular LPWAN technologies in terms of end-user adoption and ecosystem support. NB-IoT and LoRa are expected to be the dominant technologies in public network and private network deployments, respectively[8], over the forecast period. More about LPWAN and LoRa can be found in the "Understanding LPWAN, LoRa, and LoRaWAN" section on page 20.

[1] https://www.mckinsey.com/featured-insights/internet-of-things/our-insights
[2] https://www.verizon.com/about/news/how-far-does-5g-reach
[3] https://www.mckinsey.com/industries/aerospace-and-defense/our-insights/large-leo-satellite-constellations-will-it-be-different-this-time
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[7] https://econnect-net.com/lpwan-emerging-as-fastest-growing-iot-communication-technology-1-1-billion-iot-connections-expected-by-2023-lora-and-nb-iot-the-current-market-leaders/
[8] https://econnect-net.com/lpwan-emerging-as-fastest-growing-iot-communication-technology-1-1-billion-iot-connections-expected-by-2023-lora-and-nb-iot-the-current-market-leaders/

Business Overview

Business Strategy

Wyld's business strategy is to transform wireless connectivity through the Internet of Things (IoT) via sensor-to-satellite technologies by maintaining a lean organization and leveraging partnerships within sales, distribution, network solutions, and satellite operators. It aims to position itself as a global virtual satellite operator offering hardware and software to industry-related applications, such as agriculture, utilities, pipeline management, and the forestry industry.

As Wyld is opting for volume agreements, part of its strategy is not to approach the end-consumer, where sales volumes are small, but instead to center sales efforts around more significant potential partners that are suppliers to the specific application area. Wyld has adopted a phased, three-step strategy approach to sales relating to volumes and time, starting with direct sales in 2022 (see the *Sales* section in the report for more about this).

To execute its sales strategies and keep marketing costs down, Wyld has entered several alliances/coalitions. By teaming up with other players in the same area (LoRa), Wyld can gain faster traction and visibility than if it were to operate on its own. (see the *Partnership/Alliances* section in the report for more details).

Growth will initially come from organically generated revenues, but as Wyld recently hired an M&A specialist, we believe it has an underlying M&A agenda.

Business Model

Wyld's business model is built upon two revenue streams: revenues from sold hardware (modules); and revenues from software subscriptions (SaaS).

SaaS (Software as a Service)

Wyld will operate under a SaaS business model where customers pay a monthly fee for the right to use its platform and the associated data. Customers are expected to sign up for two to four years of software/data agreements with the first delivery of hardware.

Through this SaaS model, Wyld can provide investors and analysts with continuous insights should it choose to be transparent about such metrics. ARR (annual recurring revenues) and MRR (monthly recurring revenues) growth, churn, and net revenue retention would immediately show investors any weakening demand.

Source: Redeye Research and Wyld Networks

Hardware sales

Revenues will also stem from up-front payments for sold/shipped hardware units (modules or terminals). Deployment time for the full hardware order will vary from one to four years, depending on the size of the agreement and the client's strategy. We assume order payments for hardware will be due upon shipment of hardware that is to be deployed. In other words, we do not forecast any up-front payments or other payment splits.

Wyld's combined business model

Future revenues will depend on multiple variables such as number and price of shipped (sold) modules, size of the base of previously deployed modules, and the price of sold data/software packages.

Initially, we believe that a majority of revenues will originate from deployed hardware. As deployment and sales of hardware ramp up, so will the MRR for the software/data segment. We show our assumptions for the coming years' sales per segment in the *Estimates* section of the report.

Wyld's business model depends considerably on competitive pricing, quality standards for hardware, reliable delivery, and uptime. Its business model thus relies on Wyld's satellite partner Eutelsat delivering uptime and service to Wyld's customers.

Source: Redeye Research and Wyld Networks

Wholesale agreement with Eutelsat

Wyld has signed an agreement with Eutelsat for wholesale of data from Eutelsat's LEO satellites. We estimate Wyld adds a ~60% margin to its purchase price on data packages from Eutelsat when pricing its products to clients. Accordingly, Wyld only gets charged by Eutelsat for the data packages it resells and not for "potential" inventory. the partnership with Eutelsat is described in more detail on page 18.

Pricing and margins

The price range for the hardware is lower than substitutes whose modules stand out as among the lowest priced on the market. The same pricing strategy applies to the software/data fees, where Wyld offers very competitive prices comparable to data sent via terrestrial networks. We thus assume prices will vary significantly depending on volume and type of customer, especially for hardware sales. Wyld is going after larger volumes deals, where we assume the margins on the hardware will be quite elastic in order to ramp up both volumes and sales.

We estimate Wyld currently has a margin of ~55-60% on software/data and we estimate the gross margin for the hardware at ~55-60%.

Commercialization Strategy

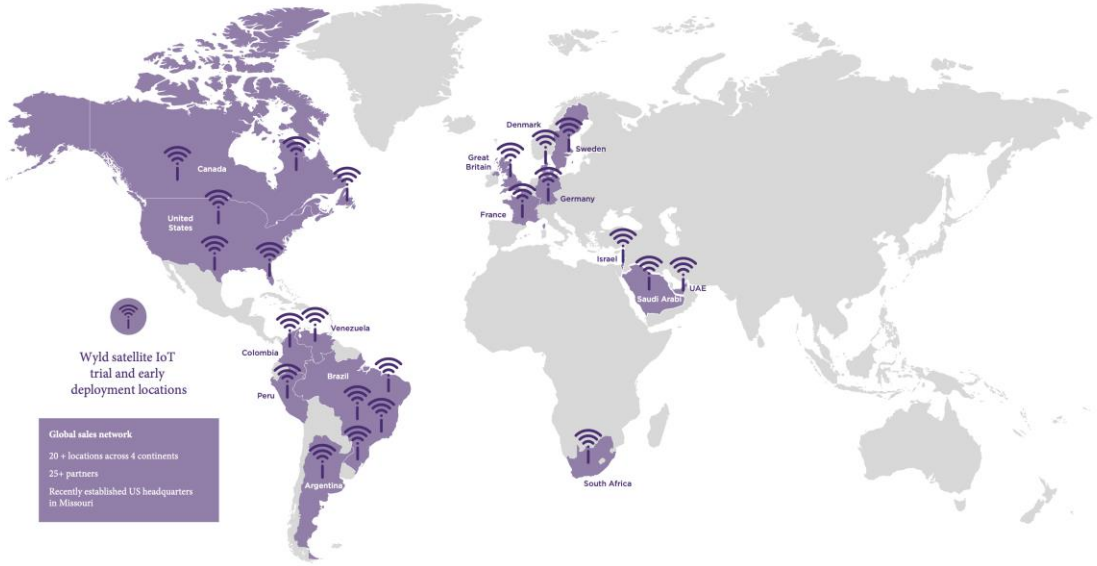
Wyld has been actively processing potential launch partners to secure pre-launch orders and build up its order book. As previously mentioned, it has initially focused on direct sales via its own sales team of seven sales representatives and additional business developers (until launch).

Target markets for 2022 and 2023 are:

1. South America
2. Africa/Middle East
3. North America

Wyld has been focusing its early sales efforts on South America and Africa/Middle East, where two of its sales representatives are located. Of its total order book, 75% originates from South America and 25% from Africa/Middle East. Its geographical focus area is North America. Wyld has a sales representative in the North American market as of August 2022 to further penetrate this market.

Wyld Networks' commercialization strategy



Source: Redeye Research and Wyld Networks

Sales strategy

Wyld has adopted a phased, four-step strategy approach to sales that is linked to volumes and geographical markets, starting with direct sales in 2022.

1. Direct sales via own sales force will target more significant partners that are suppliers to end-consumers in the different application fields.
2. Partnership sales via LoRaWAN terrestrial operators will originate either from a coalition or through networking via the LoRa Alliance. The terrestrial LoRaWAN operators benefit from a built-up customer base but lack satellite connectivity. Moreover, the customers already use the network technique, and it needs no adjustments beyond the module installation.
3. Reseller networks will be used in geographical markets such as Asia-Pacific. Due to the time-consuming exercise of training and educating reseller staff, we do not expect any revenues from this segment in the short term.

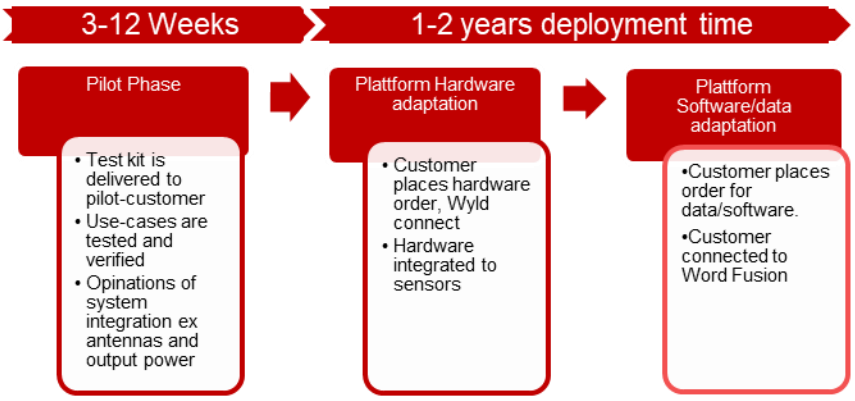
Wylds Network's Sales Strategy

Source: Redeye Research and Wyld Networks

Customer journey

Customer integration and onboarding is a simple three-step process: pilot studies; followed by hardware orders/deployment; and software/data orders. Wyld expects this journey to take three to 12 months for customers to complete, with an expected one to two years from pilot order to full platform deployment.

Wylds Network's Customer Journey



Source: Redeye Research and Wyld Networks

Customers and Order Book

The current 33 customers/launch partners are all larger suppliers for applications from five main sectors. Wyld has historically sent out a press release when a new pilot customer has been signed. More importantly, it has also issued a press release when a pilot customer has gone from the pilot phase to commercial order. We believe these commercial orders and their continuity are important to monitor from an investor perspective. We also list this as a key catalyst on page 3.

Some examples of customers' and launch partners' businesses are:

- Player in machine learning prediction and data analytics for the agricultural sector
- Solutions for sustainable resource management in agriculture
- Specialist in IoT hardware and software, addressing applications including grain storage monitoring currently hindered by connectivity challenges
- Smart cities and smart utilities IoT company

Wyld Networks: Launch Partners and Sectors

	Agriculture	Utilities	Ecosystem	Supply chain	Energy	Other
Nr of Launch partners	17	6	3	3	2	2

Source: Redeye Research and Wyld Networks

Prominent names on the launch partner list include Chevron, Rijk Zwaan, East West Seeds, Fujitsu, Bayer, and BAT (British American Tobacco). The potential value of a commercial order from one of the launch partners varies substantially; for example, BAT has farming agreements with more than 90,000 farms for cultivating tobacco. A commercial order with BAT could potentially thus bring in substantial volumes. Below, we list all the current launch partners and the order volumes for the customers that have placed commercial orders.

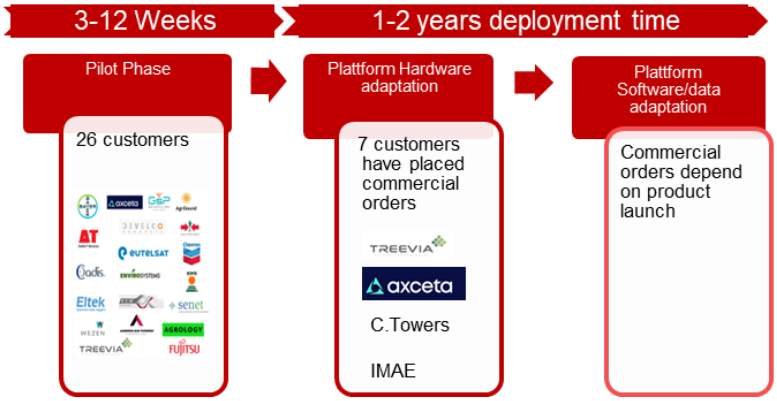
Wyld Networks: Launch Partners and Sectors

Company	Sector	Commecial order hardware	Order volume (SEKm)
Chevron	Energy		
C.Towers	Energy	YES	0.3
Semtech	Radio Ship Supplier		
Cadis	Real estate		
Agrology	Agriculture		
Snow Acres	Agriculture		
Hazera Seed	Agriculture		
Bayer Crop	Agriculture	YES	0.3
CFG	Agriculture		
KWS Saat SE & CO	Agriculture		
Agrocognitive	Agriculture		
East-West Seed	Agriculture		
Wezen	Agriculture		
Axceta	Agriculture		
Khomp	Agriculture		
Delta-T	Agriculture		
IoTMaxi	Agriculture		
Ewos	Agriculture		
ATSS	Agriculture, Utilities		
British American Tobacco	Agriculture		
Not public	Agriculture	YES	17
Nordic IoT company	Utilities	YES	0.8
HarBR	Utilities		
Constanta De Inovação	Utilites		
DEWA/Eutelsat	Utilites	YES	1
IMAE	Utilites	YES	0.3
GSP	Utilites		
Treevia	Ecosystems	YES	11.3
Brinja	Ecosystems		
OneOcean	Ecosystems		
TrakAssure	Supply Chain		
American Tower	Supply Chain		
Senet	Supply Chain		
Total			**31**

Source: Redeye Research and Wyld Networks

The launch partners all have in common that they only need one to four data messages daily. To further broaden the customer base into more data-requiring customers in the supply chain sector, for example, Wyld needs to be able to provide 12 messages per day, requiring Eutelsat to have 12 LEO satellites up and running (expected in 2023/24). Customers who place commercial orders for hardware should also place commercial orders for software/data once Wyld has launched its products and the hardware has been deployed. In the long run, we believe the price for modules will drop quite dramatically, and they could possibly become free of charge when customers sign up for data/software subscriptions.

Wylds Network's Customer Base



Source: Redeye Research and Wyld Networks

Value Proposition

Wyld has several advantages over the substitutes. It offers low-power, low-cost global connectivity for the IoT via LEO satellites using the LoRa protocol. Wylds's hybrid solution enables IoT objects to connect to both existing LPWAN networks and LEO satellites seamlessly. Wyld is currently unique in the IoT marketplace in being capable of connecting the existing terrestrial LoRaWAN ecosystem with a LEO satellite network with global coverage. Its value proposition is based on:

- 100% global coverage
  - Offering affordable satellite connectivity for the IoT anywhere in the world
- Affordable data
  - Data packages priced at the lowest range on the market
- Unique and affordable hardware
  - Low-cost satellite terminals/modules operating in the free-to-use spectrum
  - Low-power terminals/modules have battery times of two to five years that can also run-on solar power when placed in favorable conditions

We believe Wyld offers solid value to customers, 100% global coverage for its IoT devices at a low price and with less power consumption on hardware than its substitutes. We believe this opens up new niches in the IoT space that previously could not access connectivity or where the ROI was negative. Moreover, Wyld's offering facilitates a smooth combination for all terrestrial LoRaWAN IoT customers that today lack satellite connectivity.

We believe the price for software/data in the market is bound to come down and that more competition will enter the market. For now, it appears Wyld can harvest from its first-mover advantage as the first player on the market to offer connectivity via the LoRaWAN network.

Partners and Alliances

Eutelsat

As Wyld does not have its own satellites, it has partnered with satellite provider Eutelsat Communications, one of the world's leading satellite operators. Through its global fleet of satellites and associated ground infrastructure, Eutelsat enables clients to communicate effectively to customers across video, data, government, and fixed and mobile broadband markets, irrespective of their location. Wyld has an exclusive agreement with Eutelsat until 2023. When launching its LEO program in 2019, Eutelsat aimed to have 25 LEO satellites up by 2022, but as of the time of writing, Eutelsat has three LEO satellites in use (Wyld has access to and can use one of them). During the second half of 2022, Eutelsat plans to launch two more LEO satellites that Wyld can use. As we stated earlier, we consider it crucial that Eutelsat executes on its launch plan, as failure would lead to the postponement of Wyld's investment case. We would like to see Wyld communicating on either outcome here.

In July 2022, Eutelsat announced its merger with satellite operator OneWeb, which currently has more than 600 deployed LEO satellites (although these lack support for LoRaWAN connectivity and so Wyld cannot use them). The merger is still pending regulatory approval, but since the British government is an owner in OneWeb and the French government an owner in Eutelsat, we expect the merger to be approved. Our take on the merger is twofold. On one hand, it could impact Eutelsat's plan for its own LEO satellite program, given that OneWeb already has a consortium of LEO satellites. On the other hand, it could mean OneWeb will include support for LoRaWAN in its new satellites to be launched, which would enable Wyld to have more available LEO satellites in orbit sooner. We would like to hear more about the merger as soon as the implications are clear to Wyld.

DEWA's Space Program (Space-D)

Space-D, the space program of Dubai Electricity and Water Authority (DEWA) aims to improve the operations, maintenance, and planning of its networks with the support of nanosatellite technology, IoT, and remote sensing technologies. In January 2022, DEWA launched the DEWA - SAT 1 nanosatellite. DEWA has partnered with both Eutelsat and Wyld to deliver satellite IoT, with Wyld to provide the terminals for the satellite connectivity and to deliver data via Wyld Fusion. The collaboration could result in considerable hardware orders (terminals) for Wyld and could lead the way for further utilities partnerships globally. For more about the DEWA use case, see the Appendix.

Multimodal IoT Infrastructure Consortium™ (MMIIC)

Wyld has partnered with Eutelsat Communications, Senet, and TrakAssure to form a consortium to bring integrated and interoperable terrestrial and satellite LoRaWAN® IoT connectivity to customers within the supply chain, across the globe. TrakAssure and Wyld Networks are collaborating on the design and production of a new sensor-enabled end-device to be used for supply chain and asset tracking solutions. Wyld is designing and producing the hardware module along with firmware and Eutelsat will provide LoRaWAN® coverage via low Earth-orbiting satellites, while Senet will provide terrestrial LoRaWAN® network connectivity. Senet currently offers technology in more than 80 countries and owns and operates the largest publicly available terrestrial LoRaWAN® network in the US. The companies plan to launch their services commercially in the second half of 2022.

The LoRa Alliance

Wyld Networks is a member of the LoRa Alliance, a rapidly growing technology alliance comprising more than 500 member companies. Its mission is to enable large-scale deployment of LPWAN by developing and promoting the LoRaWAN open standard. Members benefit from an ecosystem of active contributors offering solutions, products and services, and creating new and sustainable business opportunities. The LoRa Alliance has around 150 LoRaWAN operators in 160 countries, of which many are potential customers and partners to Wyld. The LoRa Alliance provides a platform for Wyld to showcase its technology to member companies such as Alibaba, Comcast's MachineQ, Google, Cisco, IBM, and many more.

The Satellite Space

There are several different types of satellites orbiting the planet. To understand the case for Wyld, it is beneficial to understand the differences. Satellites differ in communication technology and other metrics, but one crucial difference is the distance from earth at which it circulates (orbits). Until recently, satellites have been an expensive and power-hungry option. However, the development of LEO satellites has changed this. The three main categories of satellites are GEO, LEO, and MEO.

GEO

Satellites in geostationary orbit (GEO) circle the planet above the equator from west to east, following its rotation by traveling at the same rate. This makes GEO satellites appear 'stationary' over a fixed position. To perfectly match the Earth's orbit, the speed of GEO satellites should be about 3km per second at an altitude of 35,786 km.

GEO satellites cover an extensive range of the globe, so as few as three equally spaced such satellites can provide near-global coverage. This is akin to seeing more of a map from a meter away than a centimeter from it. So far, fewer satellites are needed to see all the planet at once using GEO than at a lower altitude.

LEO

A low earth orbit (LEO) is, as the name suggests, an orbit that is relatively close to the Earth's surface, typically an altitude of less than 1,000 km, but it can be as low as 160km (low compared with other orbits but still far from the Earth's surface). Most commercial airplanes fly at altitudes lower than around 14km, so even the lowest LEO is more than ten times higher than an airplane.

Unlike GEO satellites, which must always orbit along the equator, LEO satellites do not always have to follow a particular path—their plane can be tilted, meaning more available routes for LEO satellites. This makes LEO a commonly used orbit.

LEO's proximity to the planet makes it worthwhile for several reasons. First, it is the orbit most used for satellite imaging, as being near the Earth's surface allows LEO satellites to take higher-resolution images. It is also the orbit used by the International Space Station (ISS), since it is easier for astronauts to travel to and from it at a shorter distance. This relatively close distance to the planet makes data transfer cheaper and means lower power needs than with GEO satellites, making it profitable for businesses like Wyld and its customers to reach remote locations.

Individual LEO satellites are less useful for tasks such as telecommunication though, as they move so fast across the sky and require considerable effort to track from ground stations. Instead, LEO communications satellites often work as part of a large constellation of multiple satellites to give constant coverage. To increase coverage, sometimes constellations of several of the same or similar satellites are launched together to create a 'net' around the Earth. This lets them cover extensive areas simultaneously by working together.

MEO

Medium earth orbit (MEO) comprises a wide range of orbits between LEO and GEO, but like LEO, it does not need to take specific paths around the globe and can be used by a variety of satellites with many applications.

Understanding LPWAN, LoRa, and LoRaWAN

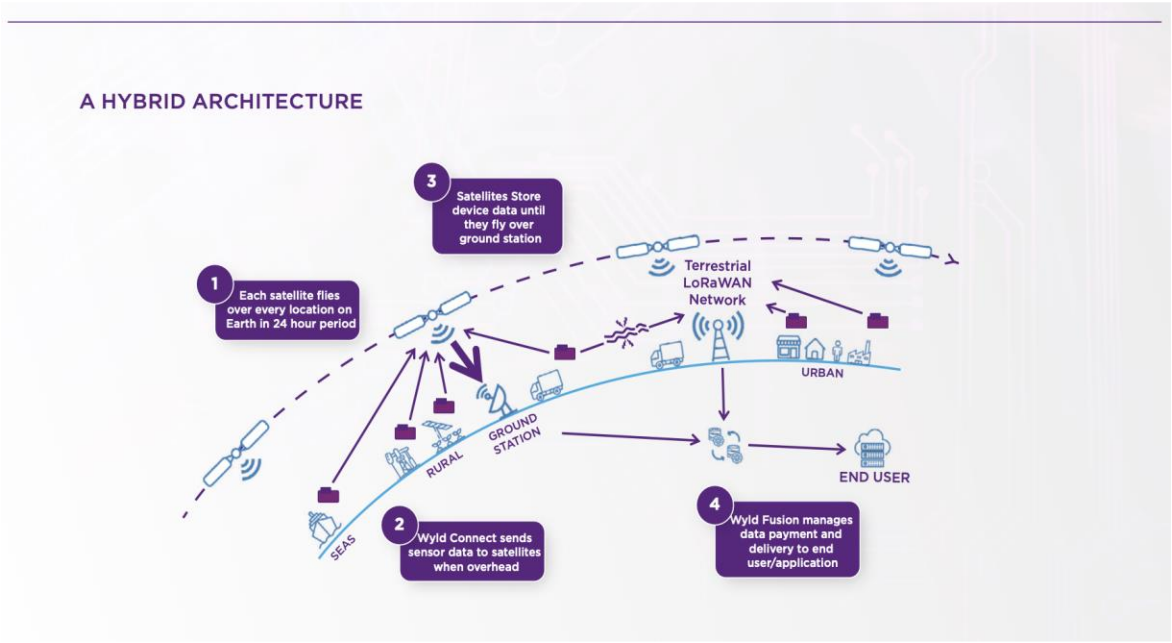
LoRa (long range) is the wireless modulation used to create a long-range communication link. Its primary advantage is, as its name suggests, the technology's extended-range capability through which a single gateway can cover an entire city. Long range wide area network (LoRaWAN) defines the network's communication protocol and system architecture, while LoRa enables the long-range communication link. Wyld's worldwide IoT network is based on LoRaWAN technology.

LoRaWAN, LTE-M, and NB-IoT are examples of low-power wide area network (LPWAN) technologies, which are gaining significant traction thanks to the massive IoT trend. LPWAN offers multi-year battery life (more than ten years in some cases) and is designed for sensors and applications that need to send small amounts of data over long distances from once per day to several times per hour. This networking protocol connects battery-operated "things" to the internet wirelessly.

Products

Wyld Network's two products, Wyld Connect and Wyld Fusion, offer a solution for all types of sensors around the globe. Customers connect Wyld Connect to their sensors to gain connection and collect data. Wyld Fusion is the platform that administrates the Wyld Connect products. Through the platform, customers can monitor their IoT sensors and collect the data gathered by the sensors. In addition, Wyld Fusion can compile the data collected for analysis and is the platform for invoicing, ordering, and service.

As shown in the illustration below, Wyld Connect will send data to a terrestrial network if within reach of the IoT devices. However, if the sensors are out of reach (85% of the Earth's surface), the devices will connect to LEO satellites using the LoRa protocol. The data is then sent to Wyld Fusion for the customers to access.



Source: Redeye Research and Wyld Networks

Wyld Connect

Wyld Connect, integrated into IoT sensors, is sold with two different connection solutions to fit all sensors and to suit customers' preferences. The IoT Module is thumb-sized and can be compared to a SIM card integrated directly into the customer's IoT sensors. The IoT Terminal connects to the sensors externally by cable and can be compared to a PlayStation rather than a SIM card. Below are the technical specifications, which are the same for both Module and Terminal.

- Low-power direct sensor-to-satellite LoRa® communication
- Compatible with Eutelsat ELO satellite constellation
- Supports Terrestrial LoRa®/LoRaWAN® communication
- Operates in International 868 /915 MHz ISM bands Configurable for up to +22dBm transmission power
- 400 MHz band beacon receive channel
- Auto-switches between terrestrial and Low Earth Orbit satellite networks
- Includes Satellite IoT multi-modal stack: LoRa® LR-FHSS, LoRa®-CSS and LoRaWAN®
- Part of a family of modules, satellite terminals and evaluation kits

Source: Redeye Research and Wyld Networks

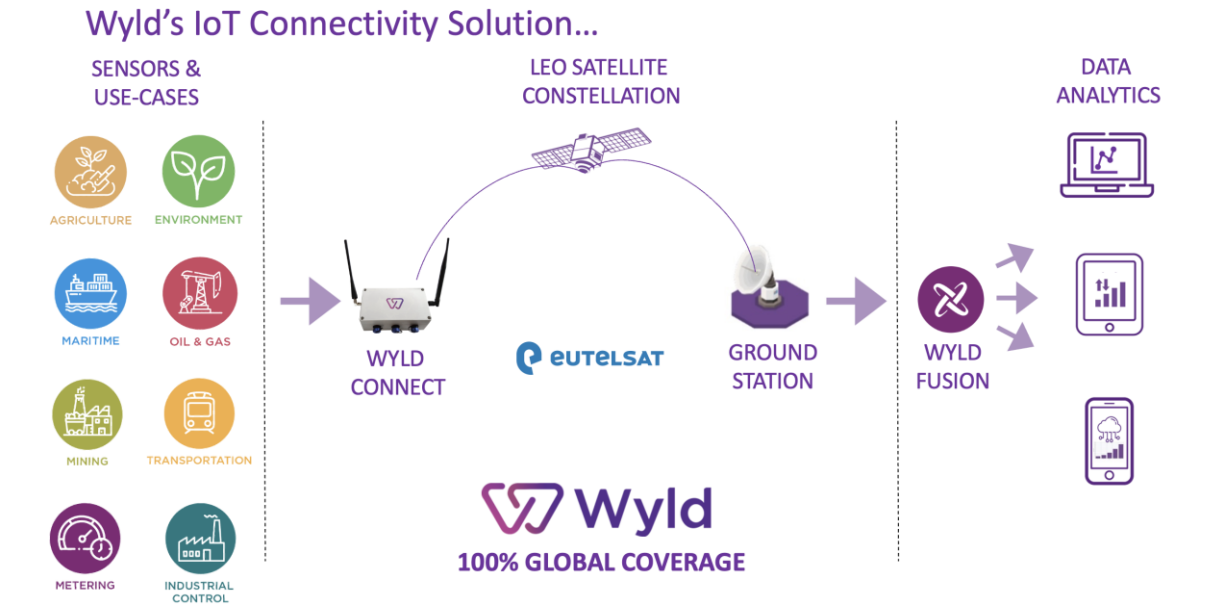
Wyld Connect is a hybrid terrestrial and satellite IoT connectivity solution that wirelessly connects IoT sensors to LEO satellites using LoRaWAN technology. Wyld's embedded technology in sensors and devices can communicate with the cloud, regardless of location. For example, an agriculture sensor measuring temperature or soil moisture and sending data every hour can last five years powered by two AA batteries. Sensor-to-satellite LoRaWAN is a cost- and power-efficient wireless connectivity solution. One reason why Wyld Connect is so power efficient is that the sensor goes into sleep mode whenever it cannot send data. As a satellite passes over the sensor, it wakes up, sends data, and then returns to sleep mode. In other words, the sensor is not always looking for a connection, as is often the case with other products.

It is vital that the sensors can sense the satellite as its passing by, so it can send the data. Wyld has only been undertaking pilot studies with its launch partners, and so we believe it is important before commercial launch and orders come in to look at some apparent risks. Countries have different regulations as to how strong the output power is allowed to be, and together with antenna design, these are the most critical factors for a powerful signal.

The hardware is currently produced in the UK, but this factory will soon reach maximum capacity (10,000 modules/year). Wyld will need to outsource its hardware production to India, where it has several options of producers that can handle its estimated future volumes.

Wyld Fusion

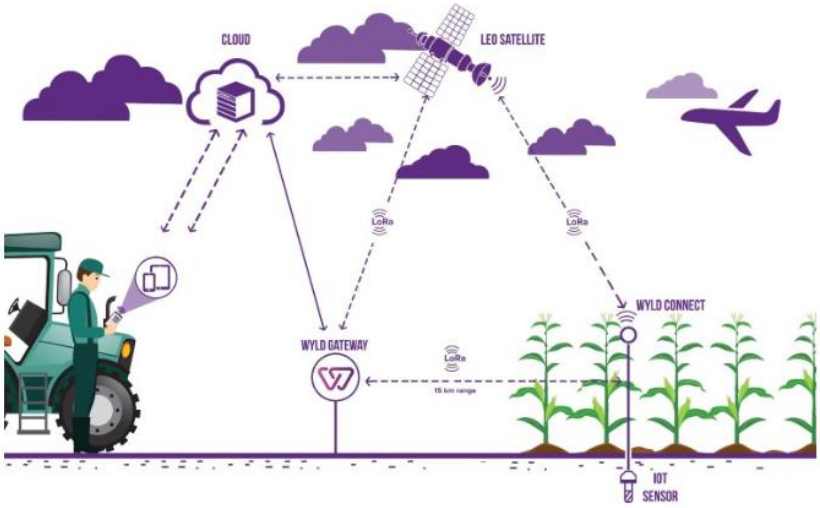
Wyld Fusion is a cloud-based platform that administrates the products of Wyld Connect. Fusion provides the infrastructure for the collection and transfer of data as messages. Through the platform, customers can monitor their IoT sensors and collect the data the sensors gather. In addition, Fusion is used to compile the data collected for analysis. The platform does not visualize data but can co-operate with platforms such as AWS or end-user applications that do. Moreover, Fusion is the platform for invoicing, ordering, and service.



Source: Redeye Research and Wyld Networks

Use Cases

The use cases for Wyld Connect vary between sector. All activities performed in the 85% of the Earth's surface that lack cellular connection can benefit from Wyld Connect's connectivity sensor to satellite solution. For example, satellite IoT can be deployed globally for agriculture at a meager cost, thanks to the low power consumption of LoRaWAN connectivity. Batteries can power sensors for a lifetime of up to ten years. As IoT deployments in the agricultural sector can cover enormous geographical areas, it is easy to see why these networks are ideal for developing smart agriculture.



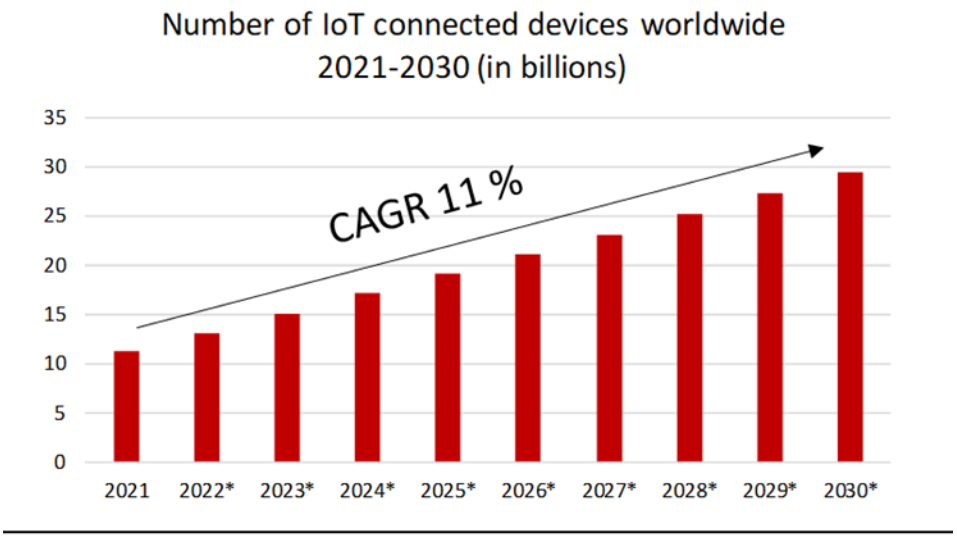
Source: Wyld Networks

IoTMaxi is one of Wyld's more than 15 launch partners in agriculture. IoTMaxi has sensors to monitor temperature, moisture, and the soil's allocation of water and nutrients that can be used across the globe with Wyld Connect and work as the illustration above shows. Customers can use the sensors to save water, increase yield, and expand to areas that are profitable thanks to the connectivity solution.

In addition to agriculture, Wyld Connect can add value to businesses within the energy sector, such as pipeline management, oil drilling, wind turbines, and more. In the environment sector, it can be used for tracking air and water quality, flood risk, deforestation, global warming, and forestry management. The maritime, transportation, and supply chain sectors all require position tracking, container monitoring, goods' health, temperature, humidity, and import controls, to name a few needs. For more details about use cases, see the Appendix.

Market Overview

The market for connected IoT devices is on the verge of a significant growth journey. As of 2021, the total number of connected devices was 11 billion, and this is expected to increase to about 29 billion in 2030[9], a CAGR of roughly 11%. In addition, the IoT market value is estimated to be worth in excess of USD 1,000bn by 2030[10]. Today, about 15% of the Earth's surface is serviced by cellular networks. In addition, approximately 1% is covered by terrestrial low-power, wide area networks (LPWAN). Satellites are thus the only solution to connect devices anywhere on Earth.



Source: Transforma Insights, Redeye Equity Research

Addressable Market

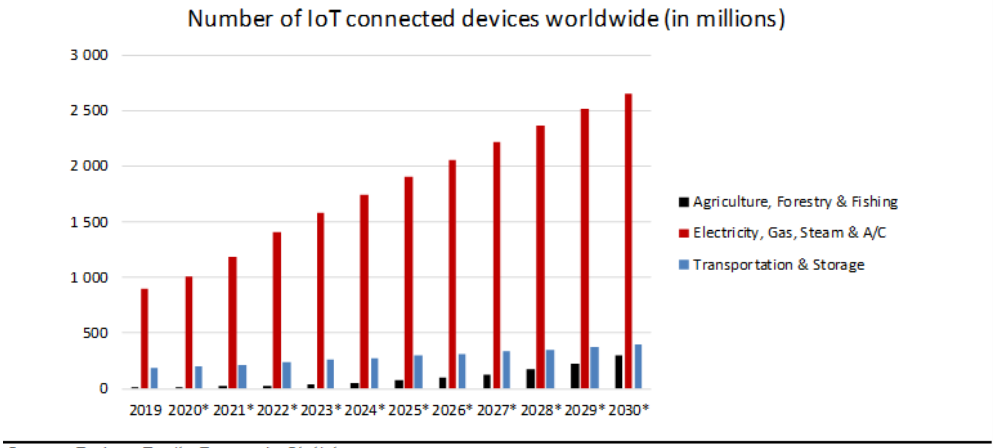
Wyld's solution offers connections for IoT sensors and devices anywhere globally, but its primary addressable market is the 85% of the Earth's surface without a connection and for use cases that require data updates every one to six hours. According to Wyld, the market is set to grow to USD 5.9bn in 2025, with the company's addressable market accounting for USD 670m that same year. As the market is immature, these estimates are more uncertain than typically. However, as the market is developing, more use cases are being added, and more of the Earth's surface can be used.

[9] https://www.statista.com/statistics/1183457/iot-connected-devices-worldwide/
[10] https://www.statista.com/statistics/1194709/iot-revenue-worldwide/

Market Segments

The underlying market—connectivity for IoT devices—is facing a significant growth journey. As Wyld's revenues depend on connected sensors and devices, it is essential the company grasps this market potential through the number of connected units. As the launch partner list discloses, focus segments for Wyld have been customers within the agriculture, energy, and transportation sectors. These sectors are expected to have a high CAGR for 2019-2023:

- Electricity, Gas, Steam & A/C: 893-2,658m connected devices worldwide. CAGR ~10%
- Agriculture, Forestry & Fishing: 14-299m connected devices worldwide. CAGR ~32%
- Transportation & Storage: 183-395m connected devices worldwide. CAGR ~7%[11]



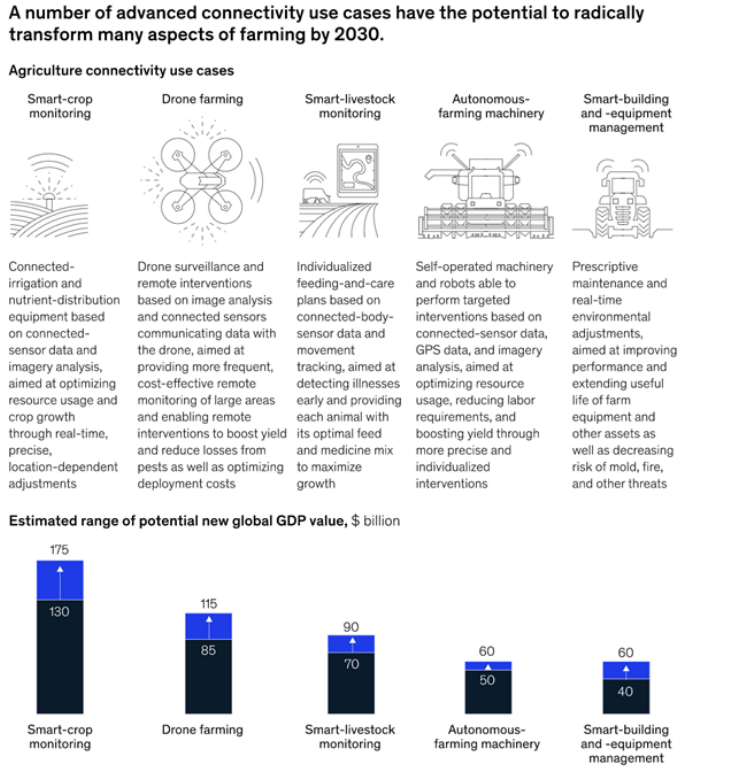
Source: Redeye Equity Research, Statista

Agriculture

As Wyld is targeting the market requiring data sent every one to six hours, its primary use case within agriculture is smart-crop monitoring. Connectivity offers several ways to improve the observation and monitoring of crops to boost yields. Wyld's connectivity solution helps deployed sensors all over the globe, too, for example, measuring soil conditions and directing sprinklers to adjust water and nutrient application. This could add USD 2-3 trillion to global GDP over the next decade.[12]

Source: Redeye Equity Research, Wyld Networks

[11] https://www.statista.com/statistics/1194701/iot-connected-devices-use-case/
[12] https://www.mckinsey.com/industries/agriculture/our-insights/agricultures-connected-future-how-technology-can-yield-new-growth



Source: McKinsey & Company

The UN predicts that the global population will reach 9.7 billion by 2050, with a 70% increase in calories needed for consumption. In addition, the water supply will fall 40% short of global water needs. Higher standards will be required for shipping, agriculture, and all other areas that impact environmental, social, ethical, and economic metrics for sustainability.[13]

The McKinsey report estimates that enhanced connectivity in agriculture could add more than USD 500bn by the decade's end, accounting for the industry's efficiency of 7-9%. Wyld's focus area—the part of agriculture that today lacks connection—should increase efficiency more rapidly than the industry average.[14]

Wyld currently has more than 15 launch partners within agriculture, including Bayer Crop and British American Tobacco. We expect commercial orders from at least one-third of these launch partners during H2 2022 (assuming Wyld's launch plan is on track). In addition, we expect agriculture to be one of the most important markets segments for Wyld Connect, and an investor could expect several partnerships and pilot customers here as Wyld advances.

[13] https://www.mckinsey.com/industries/agriculture/our-insights/agricultures-connected-future-how-technology-can-yield-new-growth
[14] https://www.mckinsey.com/industries/agriculture/our-insights/agricultures-connected-future-how-technology-can-yield-new-growth

Maritime/transportation

The market for Transportation & Storage in 2019-2030 is expected to grow from 183m to 395m connected devices worldwide[15], which is equivalent to a CAGR of ~7%. Most food transported worldwide is by boat, followed by road and rail.[16] Transporting food in containers requires several quality measures, both to be able to sell it and to ensure the food's quality during transportation. The world is becoming more aware of food quality, avoiding toxic chemicals, perishable goods with broken cold chains, and other quality measures. Regulations are also likely to be more demanding, resulting in underlying market drivers for Wyld.

Source: Redeye Equity Research, Wyld Networks

Wyld has, for logical reasons, no active pilot projects in transportation and maritime. As transportation, supply chain, etc., often need several data updates daily, pilot studies with only one satellite offer less value. However, Wyld does have partners in this sector, and an investor can expect more as further satellites are launched. TrakAssure and Senet are two important partners for Wyld in this area. We do not expect to see any commercial orders from this market segment until Wyld has access to 8 to 10 LEO satellites.

Energy

IoT in the oil and gas sector is estimated to grow by 21.86 percent annually in 2019-2024 to a total of USD 43.5bn.[17] Many oil and gas operations are in remote locations, nearly all offshore operations, and many land assets. As a result, Electricity, Gas, Steam & A/C is expected to grow in 2019-2030 from 893m to 2,658m of connected devices, a CAGR of 10%. Using sensors connected with solutions like Wyld's, enterprises can improve efficiency, and preventative maintenance, monitor pipelines and security systems, and meet sustainability goals.

Wyld has several launch partners in the energy and utility sectors. Chevron is an example of a customer in oil and gas undertaking pilot studies with Wyld, and it would represent a significant deal for Wyld if this were converted to real orders. IMAE is another example of a company with pilot studies, and it placed an initial order in May 2022. We believe the energy sector suits Wyld's value proposition well and that the current "energy crisis" could accelerate digitalization investments in the sector.

[15] https://www.statista.com/statistics/1194682/iot-connected-devices-vertically/
[16] https://ourworldindata.org/food-transport-by-mode
[17] https://www.businesswire.com/news/home/20200623005661/en/Global-IoT-in-Oil-and-Gas-Market-2019-to-2024---Focus-on-Solutions-Applications-Industry-Stream---ResearchAndMarkets.com

Environmental monitoring

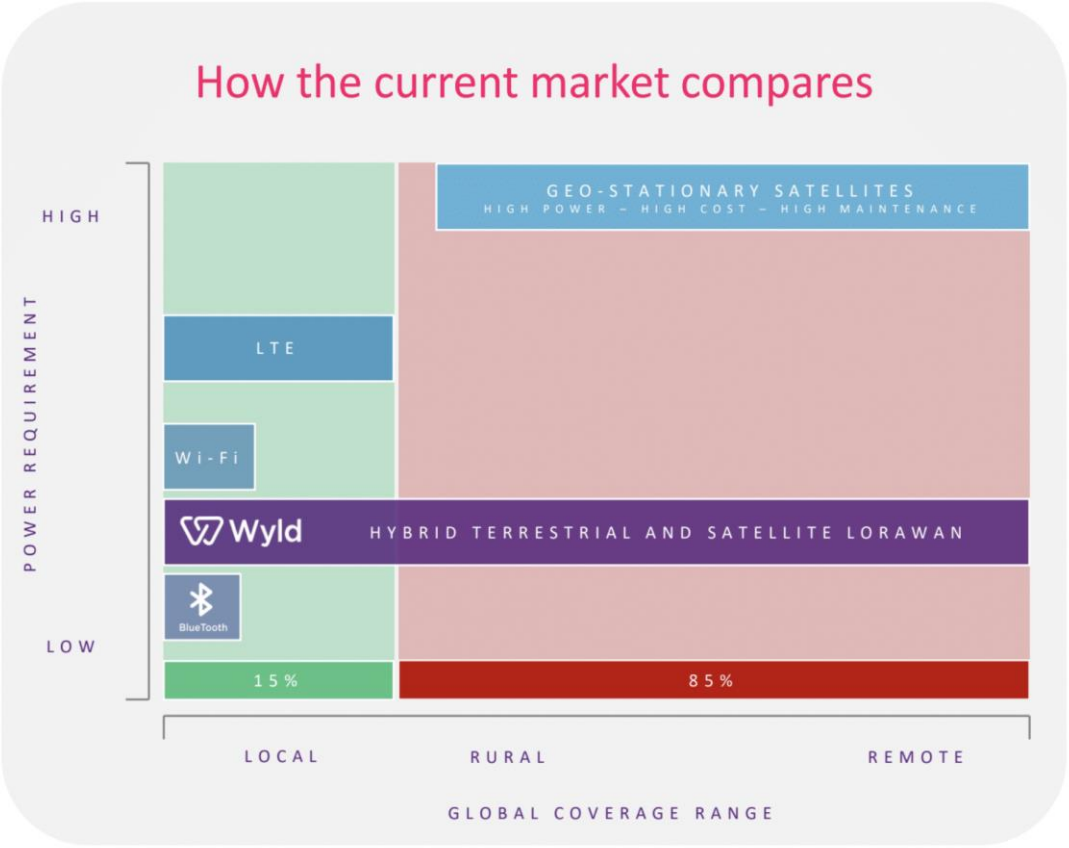
As the world is facing climate challenges, the demand from businesses and governments to track the environment is increasing. However, collecting data from glaciers, deserts, rainforests, oceans, and other remote areas is challenging. During 2014-2020, the EU spent EUR 216bn on measures to limit climate change. This trend suggests more investments from governments. In 2022, the US Senate approved a bill including USD 369bn for climate action.

Source: Redeye Equity Research, Wyld Networks

With its launch partner Treevia, Wyld aims to scale its surveillance of tree assets across the globe. In this area, an investor can expect orders, such as that described, from governments and non-profit organizations wanting to keep track of climate change and other factors. Most likely, these customers will implement such technology more slowly than ordinary companies. As a result, we do not believe this sector will become one of Wyld's most important business areas in terms of sales.

Competitive Landscape and Moats

Wyld operates in an immature and fragmented market in which many companies are developing connectivity solutions. Several players have just entered their commercial phase using different technologies. All companies that aim to provide worldwide connectivity do so through satellites. Together with Eutelsat, Wyld provides connectivity through LEO satellites, and will most likely be the first on the market with a LoRaWAN network.



Source: Redeye Research and Wyld Networks

As shown in the diagram above, GEO satellites are high in cost, power, and maintenance. Wyld's solution of combining terrestrial and LEO satellite LoRaWAN offers global coverage with relatively low power requirements and cost. However, if the use case is located and stationary at a place with cellular coverage, there are competing options to Wyld's solution.

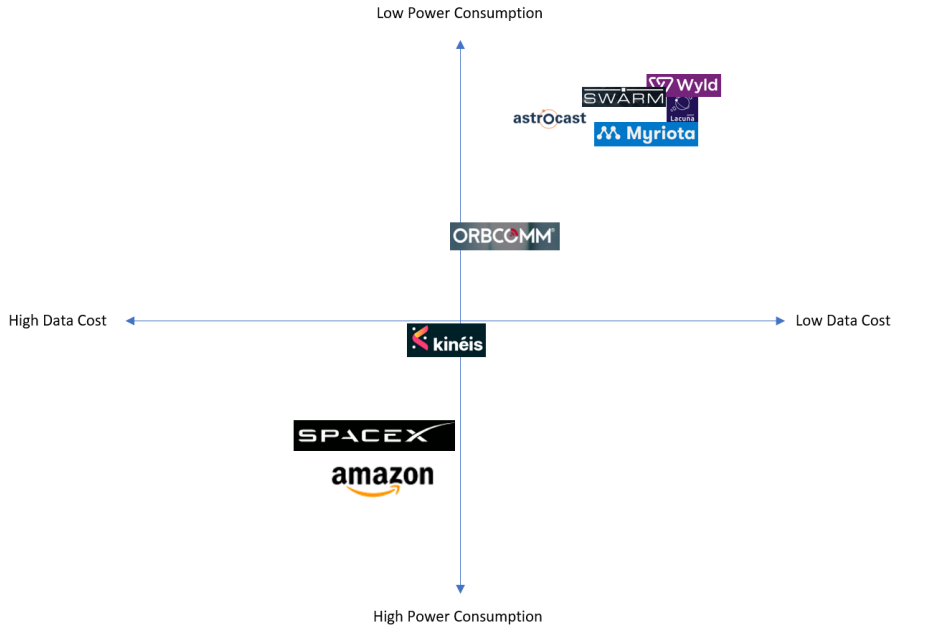
Wyld's solution is also a match for use cases for the 85% of the Earth's surface not covered and where data must be sent several times a day rather than live. In addition, for use cases such as transportation, Wyld's solution will combine a terrestrial network with a satellite network, meaning the devices will connect to a terrestrial network when available and switch to a satellite when this is unavailable.

According to our research, Wyld uses technology for the sensors that puts the connectivity solution in sleep mode until a passing satellite wakes it up, rather than the sensor constantly looking for the satellite. Furthermore, it appears Wyld is alone in using technology that increases the sensor's battery time.

Competitors

Over the past few years, the market has seen acquisitions and consolidation, including several of Wyld's closest competitors. In 2021, Orbcomm was acquired by private investment firm GI Partners. In addition, SpaceX acquired Swarm Technologies, a similar company to Wyld, that same year. Most recently, in May 2022, Astrocast acquired Hiber, creating a more significant competitor to Wyld than each company alone was before.

We believe that once Wyld launches and proves its product-market fit, the company is more likely to become a candidate for M&A target lists among one of the more prominent players. Both Swarm and Hiber were in the commercial phase when they were acquired.



Source: Redeye Equity Research

The diagram above illustrates Wyld's market position. Most of its closest competitors are basically positioned around the same axis. As SpaceX and Amazon Kuiper are opting for global live connection, more satellites are needed, more data is sent, so the power consumption and price go up. The acquisition of Swarm Technologies by SpaceX is worth noting. The financial details for the acquisition of Swarm have not been disclosed, but the last completed fundraising in January 2019 was at a USD 85m valuation. In addition, Growjo estimates Swarm generates revenues of approximately USD 2.4m annually. GI Partners acquired ORBCOMM at approximately a USD 1.1bn valuation, and it has current annual revenues of some USD 250m.

Wyld differentiates itself on some levels. The two most significant factors are the communication technology LoRaWAN, through being a member of the LoRa alliance, which only Lacuna Space is using other than Wyld. In competing with Lacuna Space, Wyld has the first-mover advantage within the LoRa alliance. LoRa and NB-IoT are the technologies at the forefront, with more than 40% LPWAN market share each. Moreover, Wyld is using the license-free ISM band and collaborating with Eutelsat, which means lower costs for Wyld, plus good positioning in the competitive landscape, outsourced satellites with lower costs, and reduced risks for a growth company in Wyld's position.

The competitive landscape includes both giants, such as Amazon and SpaceX, and smaller agile players. The companies use different technologies in a market that is hard to forecast since it is changing fast. However, we believe the market is and will be so large that many players will be able to grab a share of it, although more consolidation is also likely.

Wyld Networks - Competitors				
Competitor	**Global Coverage**	**Power**	**Technology**	**Cost**
Wyld Networks	100%	Low	LoRaWAN, ISM-band, unlicensed	Low
ORBCOMM	100%	Medium	Licensed spectrum	Low/Medium
Swarm Technologies	100%	Low	Licensed spectrum	Low
Astrocast	100%	Low	Licensed spectrum	Low
Lacuna Space	100%	Low	LoRaWAN, ISM-band, unlicensed	Low
Myriota	100%	Low	Licensed spectrum	Low
Kineis	100%	Medium/High	Licensed spectrum	Low/Medium
Amazon Kuiper	100%	High	Broadband services	High
SpaceX Starlink	100%	High	Broadband services	High

Source: Redeye Equity Research

Orbcomm delivers smart solutions for transportation, supply chain, warehousing and inventory, heavy equipment, maritime, natural resources, and government customers. It offers available services in more than 160 countries and 1.7 million-plus connected assets. It was acquired by private equity firm GI Partners in 2021 for approximately USD 1.1bn. Orbcomm operates on a licensed spectrum that requires landing rights for each country or region.

Swarm Technologies provides low-bandwidth satellite connectivity for only USD 5/month using ultra-small satellites in a low orbit. Swarm satellites cover every point on the globe, enabling IoT devices to operate affordably in any location. SpaceX acquired Swarm in 2021, and although the valuation was undisclosed, the last fundraising round in January 2019 was conducted at a valuation of USD 85m. Swarm has deployed over 150 LEO satellites. Swarm uses a different frequency band than Wyld, 137-138MHz, which is only allowed for use in several, mainly western countries. For every other country, Swarm needs to buy landing rights.

Astrocast offers a comprehensive satellite IoT service to tackle global connectivity challenges in remote areas for industries such as maritime, agriculture and livestock, environmental and utilities, land transport, mining, oil and gas, and industrial IoT devices. Astrocast acquired Hiber, a peer to Wyld, in 2022. In comparison to Wyld, Astrocast and Hiber use a licensed spectrum, which requires landing rights for each country or region.

Lacuna Space is as similar to Wyld Networks as you get. It also operates on an unlicensed free spectrum, like Wyld, but Lacuna has its own satellites, and its modules are likely to consume more power. Lacuna is set to launch its services and to launch satellites in H2 2022.

Myriota delivers satellite connectivity globally for the IoT, plus it provides near real-time IoT connectivity in a landmark partnership with Spire Global that started in 2022. Myriota uses a licensed spectrum that requires landing rights for each country or region.

Kineis provides satellite connectivity for any phone, sensor, or device. Its focus areas are maritime, agriculture and transport, and logistics. Its solutions seem to be slightly power hungry. However, the business model is quite like Wyld's. In addition, the last funding Kinesis conducted, in February 2020, was at a valuation of USD 111m.

Amazon has a project, Kuiper, which is an initiative to launch a constellation of LEO satellites to increase global broadband access. Amazon Kuiper is not a direct competitor, but as a company with strong financial muscles, it might grab markets wherever profits can be made.

SpaceX's primary business is commercial satellite internet, which does not directly compete with Wyld's business model. However, as SpaceX acquired Swarm Technologies in 2021, it is now quite a close competitor to Wyld.

Moats

Wyld and its competitors are addressing an immature market with somewhat similar solutions. It is hard to forecast which solutions and companies will come out on top. We believe the size of the market will allow room for many players. Therefore, it would be unfair to state any established moats at this early stage. However, Wyld's offering inherits some apparent competitive advantages.

First, as the hardware is deployed in customers' IoT devices and paid for, it is hard to see any advantages for them in changing supplier if the technology continues to deliver. In other words, the business model and product are sticky.

Second, we believe the partnership with Eutelsat is a significant advantage in such a competitive and complicated landscape. Partnering with large companies strengthens Wyld's case, indicating quality and increasing its chances when competing against giants like SpaceX/Swarm Technologies.

Third, along with Lacuna Space, Wyld also uses LoRa, an ISM-band, license-free spectrum. Unlike the L-band and S-band, the ISM band offers full global connectivity without fees. To gain connectivity for S-band and L-band, a company must pay and gain landing rights for every country or region separately.

SWOT

Strengths

- Frontier technology combing LoRaWAN and LEO satellites
- Strong management and board, with founders still onboard
- A scalable business model with steady revenues to follow
- Strong owners, controlling more than 63% of the shares.

Weaknesses

- Reliant upon Eutelsat's progress/success
- Not proven product-market fit
- Current UK supplier cannot handle large volumes

Opportunities

- Solid underlying market growth, with a CAGR of 11%
- Larger software companies to enter the market via M&A or partnerships
- New market segments to open due to affordable product offering

Threats

- Regulatory restrictions
- Higher input prices and logistics challenges
- Customers are delaying projects due to macroeconomic uncertainties

Warrants

In connection with Wyld's listing on Nasdaq First North Growth Market in July 2021, the company carried out a new issue of 2,275,000 units. Each unit consisted of one share, one warrant of series TO1 and one warrant of series TO2. In August 2021, the company also issued warrants of series TO3 to shareholders. In total 6,793,999 warrants have been issued. In the current market conditions, we consider Wyld's strategy for financing as preferable to a regular rights issue. It is also very transparent to the market and as the exercise of the warrants is spread, it encourages long-term investors. Since the subscription price of the warrants cannot be lower than the share's quota value, the warrants are basically "in the money" at all times. This means Wyld will receive cash injections in Q4 2022 and Q2 2023, depending on the share price (see details below).

If all warrants are exercised, Wyld could receive a maximum cash injection of SEK 73.3m (excluding the SEK 25.2m from the TO1 earlier in March 2022), before issuing costs.

TO1

The exercise price for the warrants of series TO1 was determined at 70% of the volume-weighted average share price on Nasdaq First North Growth Market during the measurement period, which ran from and including March 7, 2022, up to and including March 18, 2022. In total, 2,243,999 warrants of series TO1 were exercised, corresponding to approximately 98.6% of the total number of outstanding warrants of series TO1, for a subscription of 2,243,999 shares at a subscription price of SEK 11.25 per share. Wyld Networks received approximately SEK 25.2m before issuing costs by exercising the warrants of series TO1.

TO2

One warrant of series TO2 (2,275,000 in total) entitles a subscription to one new share in the company. The subscription price for one share will correspond to 70% of the volume-weighted average share price between November 21, 2022, and December 2, 2022. The subscription price cannot be lower than the quota value of the share or higher than SEK 16.50, meaning Wyld can raise a maximum of SEK 37.5m through the warrants of series TO2. We believe the cash received from TO2 will be seen on the balance sheet in the Q4 2022 report.

TO3

Each warrant of series TO3 (2,275,000 in total) entitles the owner to subscribe for one new share for a price of 70% of the volume-weighted average share price on Nasdaq First North Premier Growth Market from May 2, 2023, up to and including May 15, 2023, but not higher than SEK 15.75 and not less than the quota value of the share. The subscription period for the subscription of shares by exercising of warrants of series TO3 will run from May 17, 2023, up to and including May 31, 2023. If all the warrants of series TO3 are exercised, Wyld Networks will receive approximately SEK 35.8m, based on a subscription price of SEK 15.75. We estimate the cash received from TO3 will be seen on the balance sheet in the Q2 2023 report.

Financials

Financial Position and Outlook

Wyld has been listed for about a year and a half and has yet to launch its products, implying limited historical financial data, which makes forecasting quite challenging. We believe its business model will be scalable, but scaling OPEX (personnel costs + other external costs) in particular also needs to be proven. Furthermore, Wyld has not issued any financial guidance for the market, meaning we have no references.

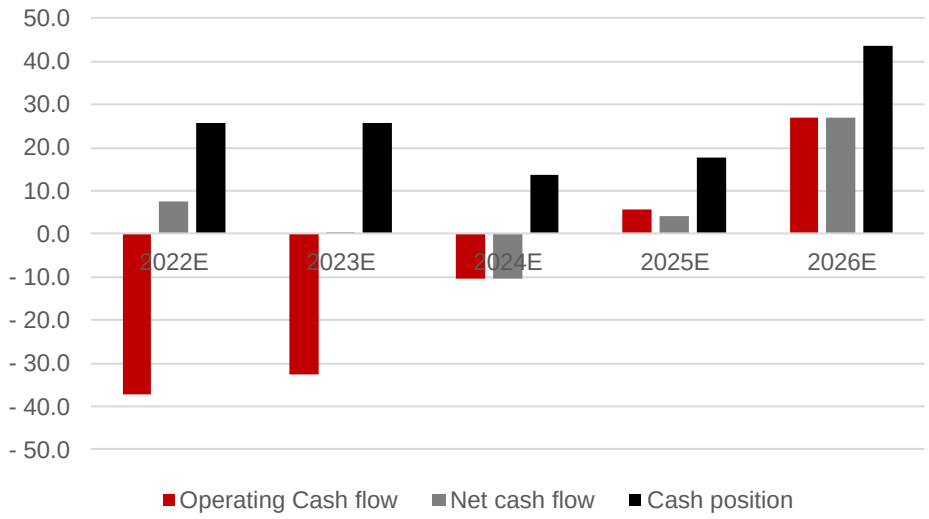
Wyld has historically received funds for R&D from the UK government, accounting for most of its historical revenues. In 2021, Wyld reported a contribution from the UK funding amounting to SEK 4.1m. We expect this contribution to continue.

Cash position and cash injections

In its most recent report, for Q2 2022, Wyld's cash and bank amounted to SEK 18.9m. The company had an operational cash burn of SEK -14.2m in the same report. In addition, Wyld has two subscription warrants out in the market that will strengthen its financial position in December 2022 and May 2023. In the current market conditions, we argue Wyld's strategy for financing is preferable to a regular rights issue. Moreover, Wyld's strategy is very transparent to the market. Since the subscription price of the warrants cannot be lower than the quota value of the company's share and the price of the warrants are set to 70% of the share price (share price: volume-weighted average share price), the warrants are basically "in the money" at all times.

As mentioned earlier, the maximum possible cash injection from the TO2 and TO3 warrants is SEK 73.3m. We take a more modest approach to the cash injection and estimate a SEK 19.5m cash injection in December 2022 (estimated share price SEK 12.5 x 70%) and SEK 32.5m (estimated share price SEK 21 x 70%) in May 2023. Provided Wyld's launch plan stays on track, we project its current cash situation and the cash injection from the TO2 and TO3 will be enough to take the company to positive net cash flows in 2025.

Wyld Networks: Cash flow and cash position (SEKm)



Source: Redeye Research

Estimates

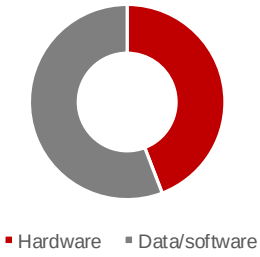
Revenue Growth a Mix of Sold Hardware and Software

As mentioned above, the growth in Wyld's software revenues and the future ARR depend on the hardware sales (deployed modules).

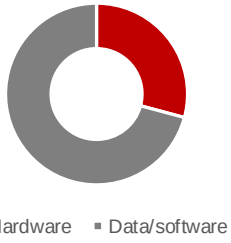
Source: Redeye Research and Wyld Networks

As more hardware/modules are deployed, the revenue split between the two segments will change. In the short term, the main revenue stream will stem from sold hardware through a project-based business model. In the medium term, we estimate the main revenue stream will be from sold data packages/software on a monthly subscription basis (SaaS). Given that customers must switch modules in each sensor if they want to change to another data/software supplier, we expect all current hardware customers will buy data from Wyld.

Wyld Networks: Revenue Splitt per Segment 2024 E



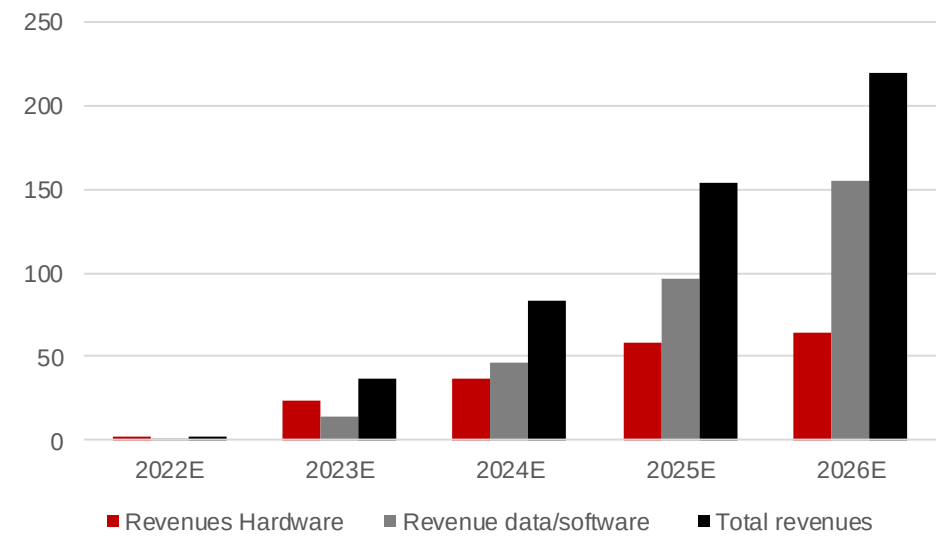
Wyld Networks: Revenue Splitt per Segment 2026 E



Source: Redeye Research

We expect the quarters leading up to a 50%/50% split between the two segments will be quite sluggish in terms of revenues. The project-based sales from the hardware will most likely show large variations between the quarters. As the business matures, the revenues will likely stabilize and become less volatile between the quarters.

Wyld Networks: Estimated Revenues



Source: Redeye Research

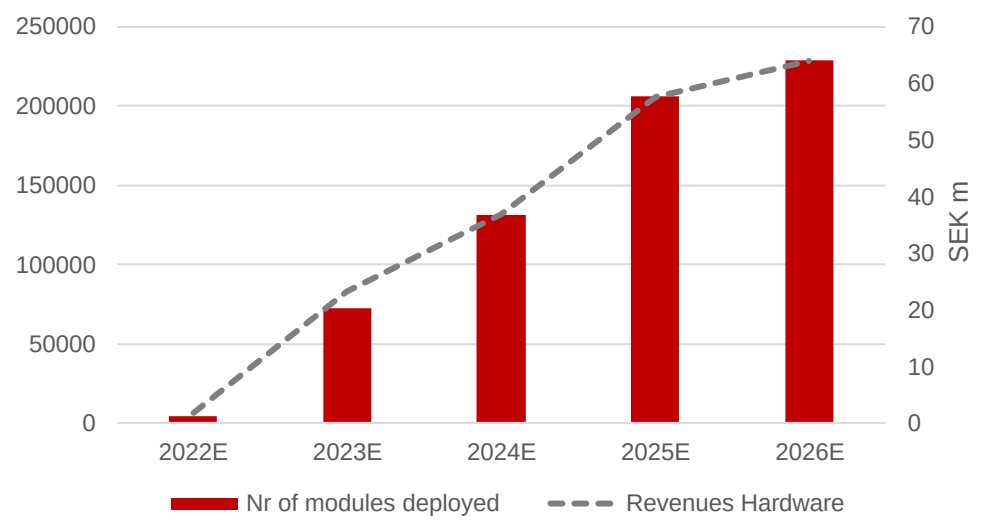
Financial Estimates for Hardware Sales

The modules currently retail at an average price of USD 40 and the terminals at USD 100. We estimate that most hardware sales will originate from sold modules rather than terminals.

The revenue growth from the hardware sales depends on several factors:

- Number of pilot customers and conversion rate of pilot customers to commercial customers
- Deployment speed (this can vary from zero to four years in the agreements)
- Ramp-up in in-house sales force
- Expanding sales strategy into partnership sales
- Sales price of the hardware

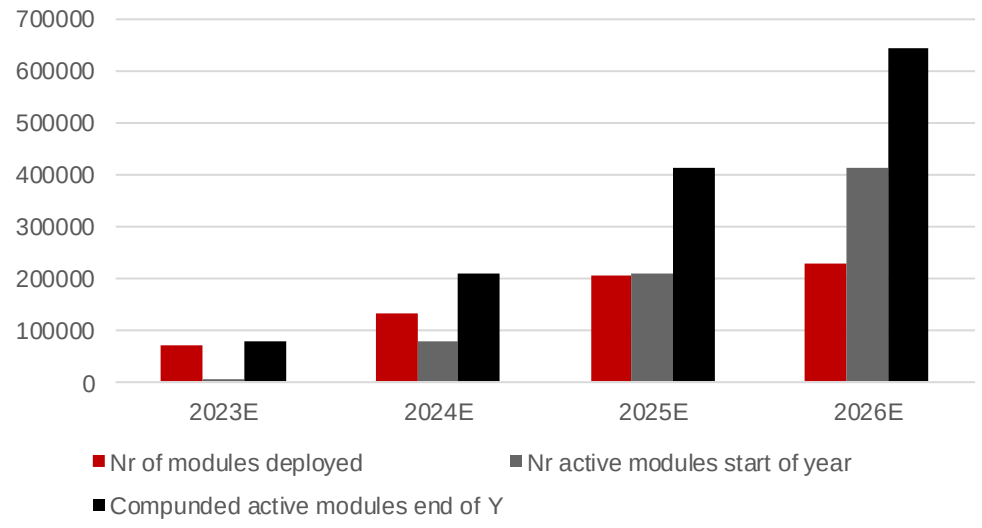
Wyld Networks: Hardware Renvenues Estimate



Source: Redeye Research

We estimate the retail price for the hardware will have dropped by around 30% by 2026 from 2023 levels, mainly through more efficiencies in production lines and higher volumes making the hardware cheaper to produce. In the long term, we believe it is possible the hardware could be offered free-of-charge, especially for larger-volume orders. In other words, we do not believe hardware revenues will be the long-term driver of the business model.

Wyld Networks: Number of Deployed Modules Estimate



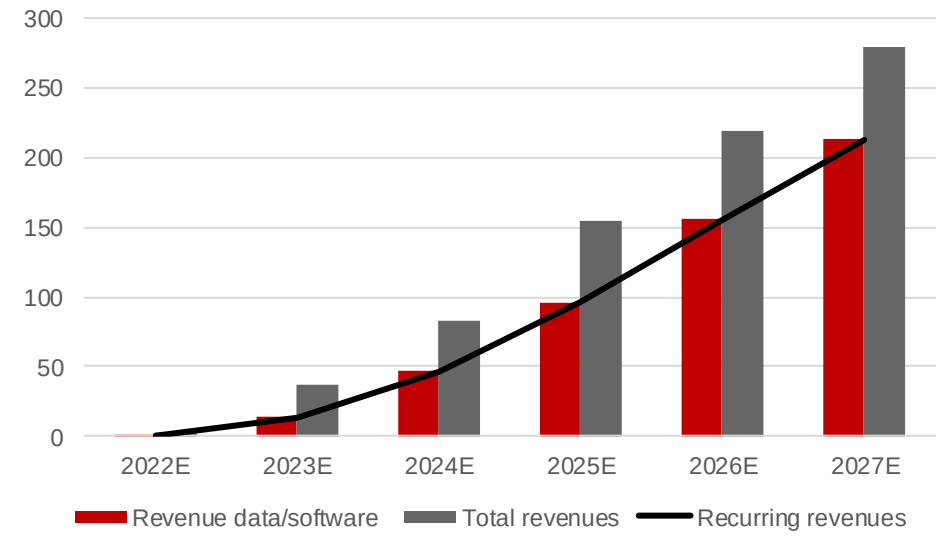
Source: Redeye Research

Financial Estimates for Software/Data Sales and Recurring Revenues

We estimate that an average monthly data subscription will be priced at USD 2.8, although we acknowledge that the price range is likely to be wide with prices up to USD 5 per month, depending on how much data each customer expects to consume and signs up for. As the Wyld Fusion product is yet to be launched, we base our price estimate

on relevant peers' pricing structures. Our estimated price is at the lower end of the range for peers, as this corresponds well with Wyld's strategy and value proposition.

Wyld Networks: Estimated Data/Software Revenues



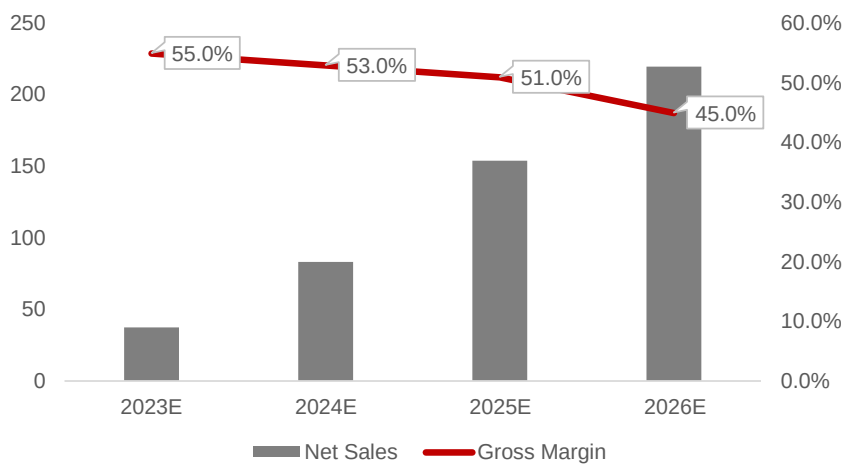
Source: Redeye Research

As more competition enters the space, the price for sold data is bound to go down. We thus estimate a price drop of around 5% per year from 2024. As it will be cumbersome and costly (customers need to install new modules in all their sensors) to switch data/software operators, we believe customers will continue to subscribe to data/software from Wyld. We thus foresee a solid build-up of the ARR.

Margins and Scalability in OPEX

We estimate that Wyld will have a 55% gross margin in 2023 on the combined revenues from hardware and software/data. We expect competition to increase in the coming years, putting pressure on margins and reducing the retail prices for both products. By the end of 2026, we expect the overall gross margin to have dropped to 45%.

Wyld Networks: Net Sales (SEKm) and Gross Profit Margin

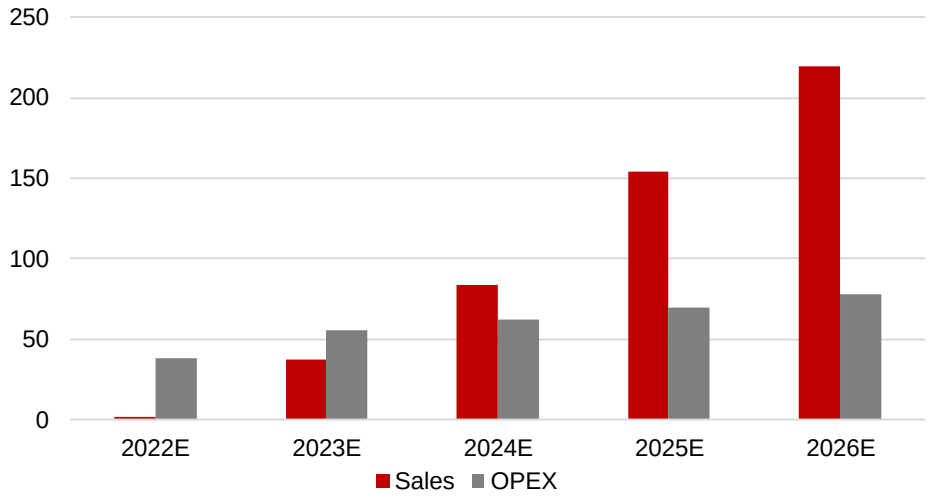


Source: Redeye Research

OPEX

Wyld today has 28 employees, including consultants, and we expect this number to grow in the coming years, especially in the sales department. We also make room for rising "other costs" as we assume these are correlated to sales activities, marketing, and R&D. We estimate all costs (other costs + personnel costs) will decrease as a percentage of revenues, meaning we estimate good scaling in OPEX costs.

Wyld Networks: Net sales and OPEX Estimates (SEKm)



Source: Redeye Research

Financial Forecasts

Wyld Networks: Estimate (MSEK)	2021	2022E	2023E	2024E	2025E	2026E
Net Sales	**2**	**2**	**37**	**83**	**154**	**220**
Other costs (inkl COGS)	-20	-23	-53	-80	-128	-173
Personnel costs	-13	-16	-20	-23	-26	-30
OPEX (inkl COGS)	**33**	**40**	**73**	**103**	**155**	**204**
EBITDA	-26	-34	-32	-16	4	21
D&A	-0.3	-0.2	-0.6	-1.0	-1.7	-2.2
EBIT	**-27**	**-35**	**-33**	**-17**	**2**	**19**
Growth	0%	-23%	1843%	126%	85%	42%
Other costs as % of rev (ink COGS)	812%	1211%	144%	96%	83%	79%
Personnel costs as % of rev.	513%	842%	54%	28%	17%	14%
EBITDA-margin (%)	neg.	neg.	neg.	neg.	3%	10%
EBIT-margin (%)	neg.	neg.	neg.	neg.	1.5%	8%
EV/Sales	66.9	64.6	61.9	1.3	0.7	0.5
EV/EBITDA	neg.	neg.	neg.	neg.	28.8	5.1
EV/EBIT	neg.	neg.	neg.	neg.	49.8	5.7

Source: Redeye Research

Valuation

In this section, we have two possible approaches for valuing Wyld: a DFC analysis for the share price; and an indicative peer group valuation in a potential M&A scenario.

DCF Valuation

We derive our valuation from a discounted cash flow (DCF) analysis, using a constant WACC of 13% across our Base, Bull, and Bear scenarios. We do not factor future M&A into any of our cases. In 2023, corporate tax in the UK will be hiked 6 percentage points from today's 19% (for companies with profits in excess of GBP 250,000), but this is reflected in our estimates. The new 25% tax will, have a limited negative impact on Wyld's net operating profit after tax (NOPAT) and thus also the FCFF in all our cases (Bear, Base, and Bull). Moreover, we don't estimate that Wyld will pay any taxes before 2029 due to accumulated loss deductions.

We value Wyld Networks based on three different DCF scenarios. Our fair value range is SEK 6-48, with a Base Case of SEK 24. We project that the current cash position and the cash injection from the TO2 and TO3 will be enough to take the company to positive net cash flows in 2025 in our Base and Bull cases. Our Bear Case includes an equity issuance of SEK 12-17m before Wyld reaches break-even.

Base Case

We summarize our assumptions for our Base Case below:

Wyld Networks: DCF assumtions in Base case, SEKm				
Assumtions:	**2022-26e**	**2027-31e**	**Calculations:**	
Sales CAGR	145%	18%	NPV of FCF	208
Average EBIT margin	n.a.	16%	NPV of Terminal Value	135
			Value of the firm	**343**
Terminal				
Sales growth	2%			
EBIT margin	18%			
			Net Cash 2022e (+)	11
WACC	13%		**Equity value**	**354**
Shares 2023e (m)	15		**Fair value per share**	**24**

Bear Case: SEK 6.3

In our pessimistic scenario, we estimate a 94% sales CAGR for 2022-2026 driven by low conversion from pilot customers to commercial orders. We also see Eutelsat's launch plans failing, leading to fewer available LEO satellites for Wyld. This scenario also accounts for increasing competition, pressure on margins, and an equity issuance of SEK 12-17m.

Total sales for 2026: SEK 68m
Sales CAGR for 2027-2031: 15%

Margins:
- Avg. EBIT margin for 2022-2026: -395%
- Avg. EBIT margin for 2027-2031: 14%
-Terminal EBIT margin: 16%

General:
- WACC: 13.0%
- Terminal growth: 2.0%

Base Case: SEK 23.7

Total sales for 2026: SEK 220m
Sales CAGR for 2022-2026: 145%
Sales CAGR for 2027-2031: 18%

Margins:
- Avg. EBIT margin for 2022-2026: -383%
- Avg. EBIT margin for 2027-2031: 16%
-Terminal EBIT margin: 18%

General:
- WACC: 13.0%
- Terminal growth: 2.0%

Bull Case: SEK 48.1

In our optimistic scenario, we estimate a 151% sales CAGR for 2022-2026 driven by Wyld proving product-to-market fit during 2023. This leads to a high conversion rate from pilot customers to commercial orders. We see Wyld reaching a 4% market share in this scenario, with its current partnerships all bearing fruit in terms of large volume orders.

Total sales for 2026: SEK 245m
Sales CAGR for 2027-2031: 24%

Margins:
- Avg. EBIT margin for 2022-2026: -366%
- Avg. EBIT margin for 2027-2031: 21%
-Terminal EBIT margin: 24%

General:
- WACC: 13.0%
- Terminal growth: 2.0%

Peer Group Valuation

Wyld has few listed competitors, and the few listed have a much broader product portfolio, making the comparison irrelevant on a multiples basis. We choose instead to look at recent M&A activity in the market and historical capital rounds. This information is often lacking, and the market conditions for these investments are often not applicable in the current market. Lastly, these indicative figures are only relevant if Wyld becomes an M&A target. We believe Wyld needs first to prove product-to-market fit and demonstrate a significant order book to arrive on any M&A shortlists.

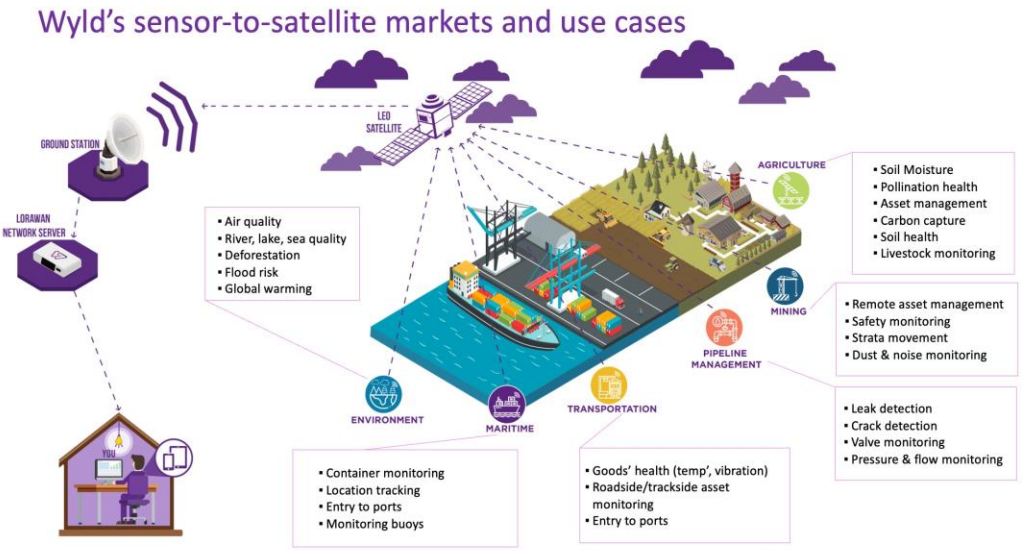
Wyld Networks - Peers

Competitor	Market Cap (USD in millions)	P/S	Date	Info
Wyld Networks	15 (today)	2.3 2024E	2022-09-02	Public Company
ORBCOMM	1 100	4	2021-08-31	Acquired
Swarm Technologies	85	N/A	2019-01-01	Acquired in August 2021, valuation not disclosed
Astrocast	33	36	2022-09-02	Public Company
Lacuna Space	N/A	N/A	N/A	Total funding USD 5.9m
Myriota	57.85	N/A	2018-03-01	Last funding September 2021 not disclosed
Kineis	N/A	N/A	2020-02-03	Fundraising, amount USD 111m.

Source: Redeye Equity Research

Appendix

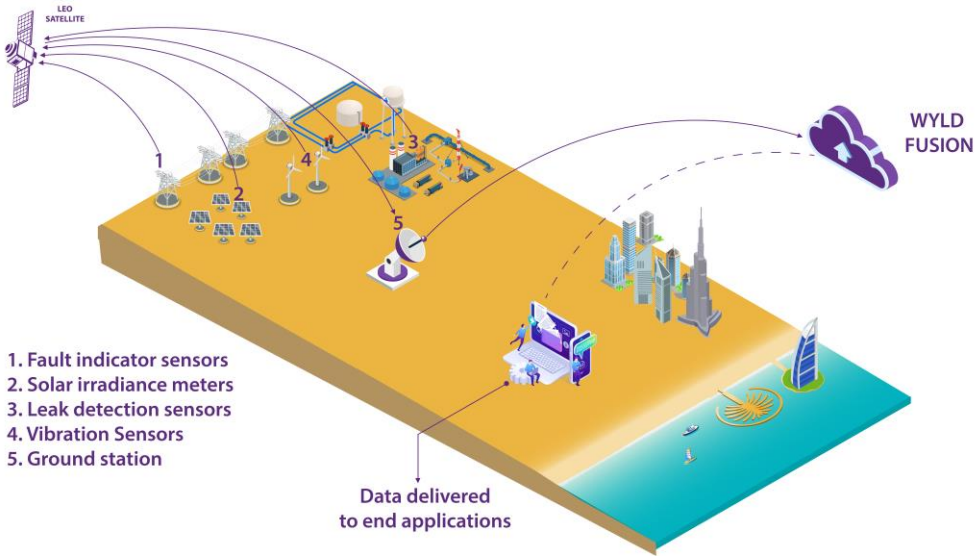
Example of Use Cases



Source: Redeye Research and Wyld Networks

Utilities

Utilities can benefit from wireless, power-efficient, and well-priced satellite connections to IoT sensors for several use cases. For example, Wyld partners with the government-owned water and electricity supplier in Dubai, DEWA. In addition, DEWA's space program, SPACE-D, aims to improve operational efficiency and promote preventive maintenance of water and electricity networks such as transmission lines, solar power stations, and leak and pressure sensors, to name a few. Furthermore, many use cases are located in remote areas and would benefit from Wyld's solution, while some urban sensors can still benefit from the power efficiency in Wyld's solution. The use case with DEWA is unique since SPACE-D owns its own LEO satellites (at present, SPACE-D has one active satellite up).



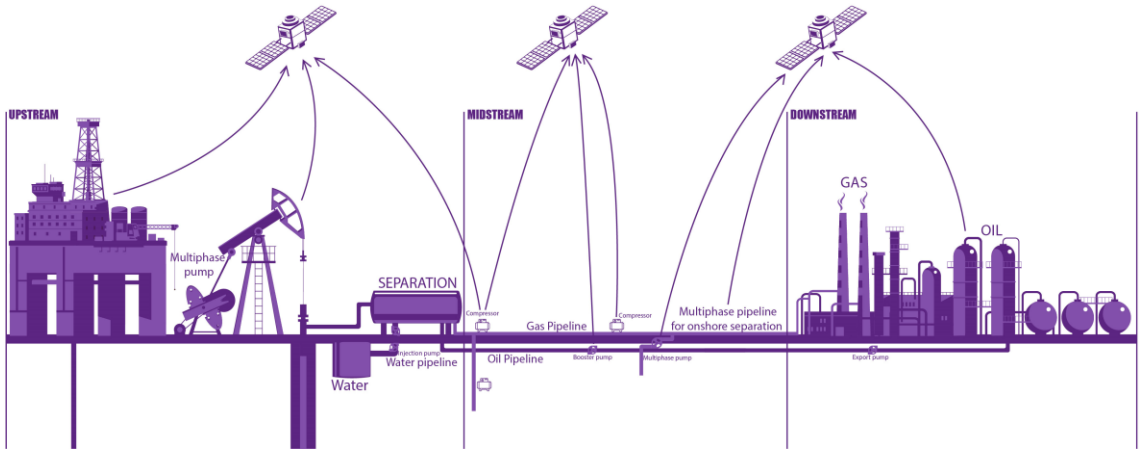
Source: Redeye Research and Wyld Networks

Energy sector

The focus on sensing and optimizing IoT connectivity in asset management, preventive maintenance, pipeline monitoring, and security systems has streamlined efficiency. Most offshore oil and gas operations are in remote locations. Several land assets are also remotely located and subject to communication challenges. Unplanned downtime is a common occurrence due to a lack of sensor and device connectivity.

Source: Redeye Research and Wyld Networks

Wyld Networks is currently installing its IoT module for devices in a project managed by Danish IoT specialists Develco Products. Develco's client, a Polish energy company, sought to collect data from difficult-to-reach and difficult-to-manage smart meters. Using Wyld's low-power technology, Develco Products could provide better data and status updates at a meager cost.



Source: Redeye Research and Wyld Networks

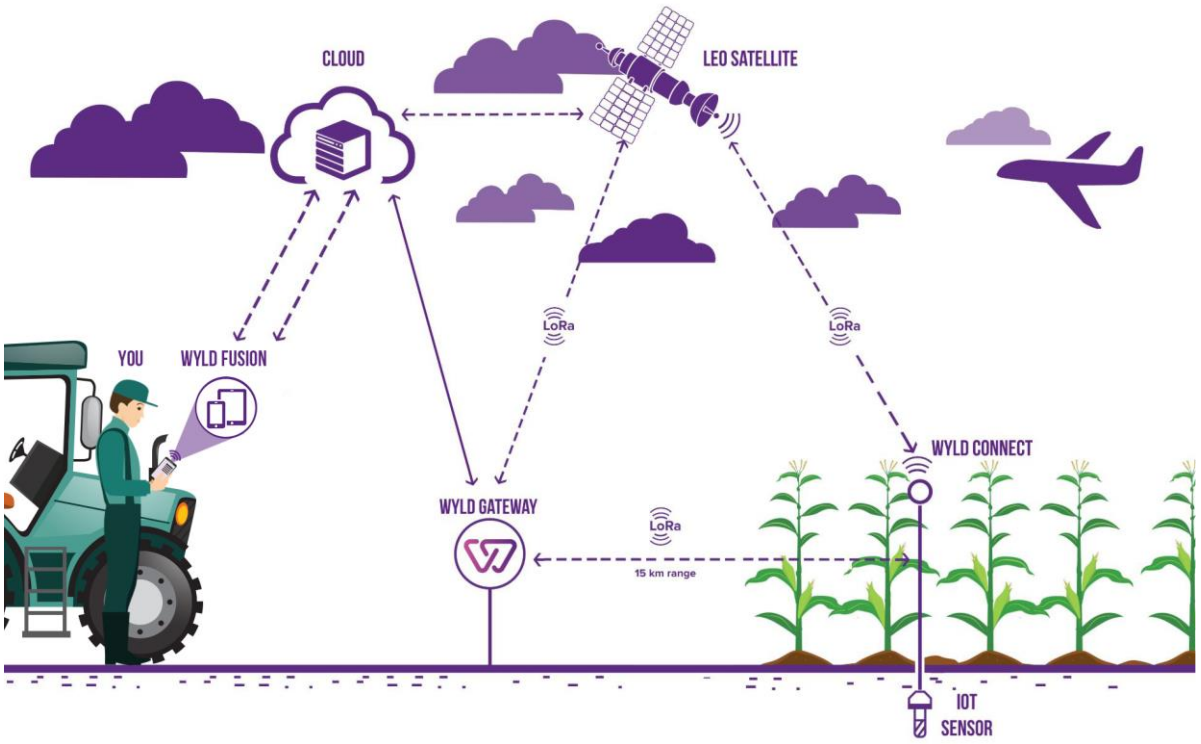
Wind turbines

Wind turbines are often in remote areas without terrestrial networks. In addition, it is essential to collect data from the turbines to optimize and streamline energy production and consumption. Wyld's solution allows more wind turbines to be deployed in remote areas with the same control as in urban areas.

In May 2022, Brazil's IMAE placed an order for Wyld Connect IoT modules. Wyld Connect will enable the control and collection of data for all IMAE's wind turbines in locations that lack terrestrial connectivity.

Agriculture

Satellite IoT can be deployed globally at a meager cost, thanks to the low power consumption of LoRaWAN connectivity. Batteries can power sensors for a lifetime of up to ten years. As IoT deployments in the agricultural sector can cover enormous geographical areas, it is easy to see why these networks are perfect for developing smart agriculture.



Source: Redeye Research and Wyld Networks

Wyld has designed and manufactured wireless LoRaWAN® gateways for agritech sensor specialists Delta-T. Providing connectivity for soil moisture sensors has enabled agriculture and horticulture researchers and farmers to measure and take action to improve their results. Delta-T has sensors and devices for soil science, data loggers, plant science, meteorology, solar, and horticulture and irrigation, all of which can use the connection from Wyld's IoT Module.

In March 2022, a South African company ordered Wyld Connect IoT modules to be deployed in the agricultural sector. The module will connect sensors that measure soil moisture, enabling farmers to expand to places with no terrestrial connectivity, reduce water wastage, and increase crop yields.

In August 2022, Wyld entered into an agreement with British American Tobacco (BAT), which has some 90,000 farms across the globe for the cultivation of tobacco. BAT will distribute Wyld Connect to farms in Bangladesh and Pakistan to collect data, increase yields, and reduce water consumption.

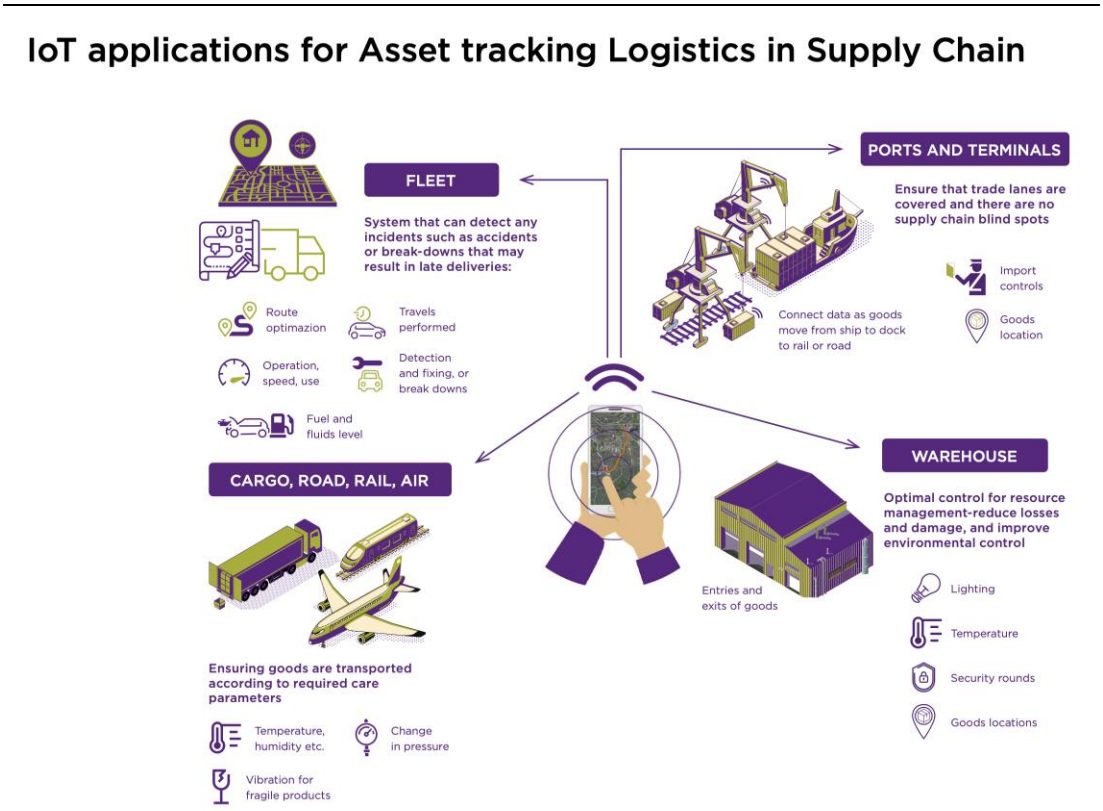
Forestry

Climate change is one of the greatest challenges for society and global economies. Poor forest management is an obstacle when trying to limit carbon emissions and to meet climate goals. Through Wyld Connect, sensors in remote areas can collect data about inventory, yield, and the health of the environment. Sustainable solutions can be built to increase yield, improve the climate, and deliver vital data for climate research.

In March 2022, Wyld received an order from a Brazilian company in the forestry sector, deploying its connectivity solution to sensors in hard-to-reach areas to collect data to develop sustainable forest management solutions, enabling the collection of inventory, health, and yield data.

Supply chain

Sensors on containers can be fitted with Wyld Connect's hybrid module through sensor interfaces and optimize the existing terrestrial gateways or direct to the satellite if out of the range. This allows millions of messages to flow using a long-range, low-power, unlicensed spectrum. Ultimately, the monitoring of the movement of cargo, particularly perishable goods, becomes increasingly efficient.



Source: Redeye Research and Wyld Networks

Wyld and its Multimodal IoT Infrastructure Consortium are developing solutions for supply chain issues, such as making sure that several parameters are aligned to ensure product quality when companies transport food and other products. Every container needs at least one sensor to measure different parameters depending on the goods being transported—for example, temperature and humidity for food, vibration for fragile products, and change in pressure.

Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

People: 3

Wyld's management team has extensive experience in the industry. CEO Alastair Williamson has more than 25 years of experience in the software telecommunication sector. We also appreciate that the two founders, Gene Myers and Steve Clarke, remain active in the company and are part of the management team. The board is well composed with a representative from the largest owner. However, we would appreciate a larger board with at least five members. Management insider ownership is relatively low (3.6% of the shares), leading Wyld to lose one point in the rating.

Business: 2

The company has an asset-light business model with high recurring revenues. Furthermore, Wyld has several strategic partners, and we believe the company offers a strong value proposition to its customers, and this adds positively to the score. We expect the Business score to rise as and when Wyld proves its successful expansion into new markets and segments, strengthens its competitive position, and expands its revenue base.

Financials: 1

Redeye's financial rating model is determined using historical figures and requires consistent positive earnings. Wyld has yet to launch its products and has been unprofitable since listing, substantially affecting its financial rating. On the bright side, we are more than likely to revisit the rating and expect this score to increase as more historical data builds up and the company turns earnings into profits.

	2021	2022E	2023E	2024E
INCOME STATEMENT				
Net sales	2	2	37	83
Operating Expenses	33	40	73	103
EBITDA	-26	-34	-32	-16
Depreciation & Amortization	0	0	1	1
EBIT	-27	-35	-33	-17
Net Financial Items	0	0	0	0
EBT	-27	-35	-33	-17
Income Tax Expenses	0	0	0	0
Non-Controlling Interest	0	0	0	0
Net Income	-27	-35	-33	-13
BALANCE SHEET				
Assets				
Current assets				
Cash & Equivalents	18	26	24	10
Inventories	0	0	0	1
Accounts Receivable	5	6	11	17
Other Current Assets	2	0	2	5
Total Current Assets	25	32	38	33
Non-current assets				
Property, Plant & Equipment, Net	0	0	0	0
Goodwill	0	0	0	0
Intangible Assets	1	1	3	6
Right-of-Use Assets	0	0	0	0
Shares in Associates	0	0	0	0
Other Long-Term Assets	0	0	0	0
Total Non-Current Assets	1	1	2	5
Total Assets	26	33	40	38
Liabilities				
Current liabilities				
Short-Term Debt	4	4	4	4
Short-Term Lease Liabilities	0	0	0	0
Accounts Payable	2	0	4	10
Other Current Liabilities	2	0	4	8
Total Current Liabilities	8	4	11	22
Non-current liabilities				
Long-Term Debt	8	8	8	8
Long-Term Lease Liabilities	0	0	0	0
Other Long-Term Liabilities	0	0	0	0
Total Non-current Liabilities	8	8	8	8
Non-Controlling Interest	0	0	0	0
Shareholder's Equity	10	20	21	8
Total Liabilities & Equity	26	33	40	38
CASH FLOW				
NOPAT	-27	-35	-33	-17
Change in Working Capital	-21	-3	0	2
Operating Cash Flow	-28	-37	-33	-10
Capital Expenditures	0	0	0	0
Investment in Intangible Assets	0	0	-2	-4
Investing Cash Flow	0	0	-2	-4
Financing Cash Flow	45	45	33	0
Free Cash Flow	-28	-37	-34	-14

DCF Valuation Metrics	**Sum FCF (SEKm)**
Initial Period (2022–2026)	-76
Momentum Period (2027–2031)	99
Stable Period (2032–)	245
Firm Value	351
Net Debt (last quarter)	-11
Equity Value	362
Fair Value per Share	24

	2021	2022E	2023E	2024E
CAPITAL STRUCTURE				
Equity Ratio	0.4	0.6	0.5	0.2
Debt to equity	1.2	0.6	0.6	1.5
Net Debt	-6	-14	-12	2
Capital Employed	18	28	29	16
Working Capital Turnover	0.9	0.3	5.9	20.0
GROWTH				
Revenue Growth	0%	-23%	1843%	126%
Basic EPS Growth	143%	1%	-5%	-61%
Adjusted Basic EPS Growth	143%	1%	-5%	-49%
PROFITABILITY				
ROE	945%	-226%	-160%	-90%
ROCE	-146%	-121%	-115%	-105%
ROIC	424%	-632%	-420%	-182%
EBITDA Margin (%)	-1064%	-1805%	-87%	-19%
EBIT Margin (%)	-1076%	-1816%	-89%	-20%
Net Income Margin (%)	-1088%	-1816%	-89%	-15%
VALUATION				
Basic EPS	na	-3.3	-3.1	-1.2
Adjusted Basic EPS	na	-3.3	-3.1	-1.6
P/E	na	neg	neg	neg
EV/Revenue	na	53.7	2.8	1.4
EV/EBITDA	na	neg	neg	neg
EV/EBIT	na	neg	neg	neg
P/B	na	5.7	5.6	14.8

SHAREHOLDER STRUCTURE	**CAPITAL %**	**VOTES %**
Tern PLC	49.2%	49.2%
Wardhaman Family	14.3%	14.3%
Tuvedalen Ltd	3.5%	3.5%
Avanza Pension	2.0%	2.0%
Martin David	1.9%	1.9%

SHARE INFORMATION	
Reuters code	WYLD-ST
List	First North
Share price (SEK)	11.2
Total shares, million	10.5

MANAGEMENT & BOARD	
CEO	Alstair Williamson
CFO	Chris Caswell
Chairman	Mats L Andersson

ANALYSTS
Jessica Grunewald
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Redeye Rating and Background Definitions

Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories:

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

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Disclaimer

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Redeye Rating (9/23/2022)

Rating	People	Business	Financials
5	32	15	4
3-4	157	140	48
0-2	5	39	142
total	194	194	194

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Jessica Grunewald owns shares in the Company: No
Albin Nordmark 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.