

# Free2Move Holding AB Targets profitable growth as energy efficiency is rising on the agenda

Andreas Eriksson | 2023-02-21 08:00

**With a comprehensive offering to drastically improve the operating net for property owners, Free2Move looks to continue its strong growth momentum both organically and through acquisitions while reaching positive EBITDA this year. The order book at SEK 40m stands in stark contrast to the SEK 30m Pre-Money Market Cap and bolsters our SEK 100m revenue forecast for 2024. Adjusted for the upcoming rights issue of SEK 21m to enable additional acquisitions and to develop the offering further, target multiples of 2x Sales'24 and 12x EBITDA'24 support a fair value range of SEK 0.57-0.69 per share in 12-24 months, with further upside towards SEK 1.9-2.1 on a 3-5 year horizon.**

## Soaring energy prices forcing change

The continued Russian cut off from the Europe continues to affect the energy market and the higher energy prices are taking their toll on both companies and communities. Along with public incentives this has motivated property owners to accelerate energy efficiency efforts, as inaction has become too costly. Free2Move's offering with the 2Connect SaaS-platform, enables for property owners to control and get a better overview of the property's temperature, humidity, carbon dioxide and air quality. Adding solar panels and ventilation systems through recent acquisitions. Solortus and Sydvent, Free2Move has a comprehensive offering for property owners looking to save both money and reduce climate footprint.

## Cross synergies to drive organic growth

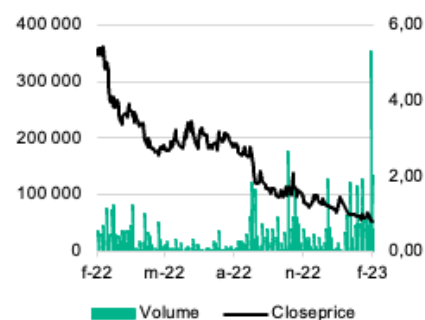
Based in Sweden, with business also in Norway, Free2Move is looking to grow both organically, driven by sales synergies between subsidiaries, as well as by acquisitions. Recent additions Solortus and Sydvent, has shown growth of about 100% respectively since included in the Free2Move group, in 18 and 6 months respectively, while the 2Connect platform provides recurring revenues with a high stickyness. In 2022, the company managed to save over 21 million kWh for its clients, corresponding to some SEK 47m, and establish the company on the rapidly growing PropTech-market. With the costly implementation of their acquisitions behind them and a significant underlying market growth, 2023 could mark the beginning of a profitable growth journey.

## Sales of SEK 70m with positive EBITDA already in 2023

As the group has managed to grow sales from SEK 7.2m in 2021, to SEK 38m in 2022, we expect a continued strong growth through 2023 and 2024, reaching sales of SEK 70m and 100m respectively. Strengthened by an upcoming rights issue of SEK 21.3m to continue to develop the offering, enable additional acquisitions to either broaden or complement the existing offering, and provide the financial muscles to improve purchasing routines (lowering the unit price of solar panels), adds up to a favourable view on the outlook for Free2Move. Adjusted for the upcoming rights issue of SEK 21.3m, target multiples of 2x Sales'24 and 12x EBITDA'24 support a fair value range of SEK 0.57-0.69 per share in 12-24 months, with further upside towards 1.9-2.1 on a 3-5 year horizon.

## Free2Move

<b>Fair Value, SEK (12-24 m)</b>	<b>0,57 - 0,69</b>
Current Price, SEK	0,21
Shares, millions	152,4
Mkt Cap, MSEK	31
Net Debt, MSEK	2,9
EV, MSEK	34
Market	Nordic SME



## Financial Summary

MSEK	2021	2022	2023E	2024E	2025E
Revenue	7	39	70	100	120
EBITDA	-11	-11	0	10	17
EBIT	-12	-14	-3	7	13
EPS Adjusted	-0,23	-0,10	-0,01	0,02	0,04
Sales Growth, %	-	434%	81%	43%	20%
EBITDA Margin, %	-150%	-27%	0%	10%	14%
EBIT Margin, %	-160%	-36%	-4%	7%	11%
EV/Sales	1,4	0,8	0,4	0,3	0,3
EV/EBITDA	-0,9	-2,9	94,2	3,0	1,9
EV/EBIT	-0,9	-2,3	-10,3	4,5	2,4
P/E	-16,7	-2,1	-17,1	9,5	4,9

Source: Emergers

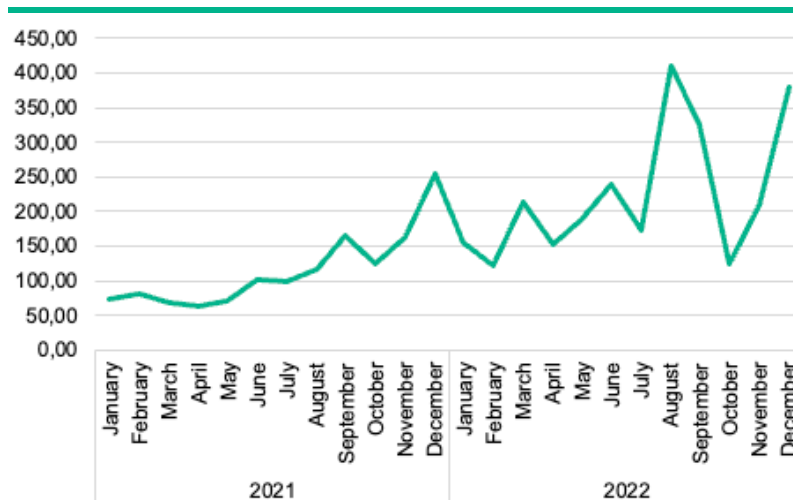
### Free2Move in brief

Free2Move operates in the PropTech (Property Technology), solar power and ventilation-space with a comprehensive offering based on three stand-alone subsidiaries in different niches, but who all complement each other. **Free2Move AB** offers the SaaS-platform 2Connect for a better operating net through optimizing how a property use its energy input. **Solortus** specialises in renewable energy through solar power, energy storage, charging stations and control technology, in which 2Connect can be implemented too. **Sydvent** preforms ventilation services for commercial property owners, industries, construction companies and private persons. The groups vision is to ensure a long-term sustainable property management through digitization, streamlining through optimising the existing equipment and by implementing renewable energy sources.

### Strong macro case for continued growth

The Russian invasion of Ukraine has put European energy politics on top of the agenda. Even though (so far) we've been favoured by a mild and warm winter, a self-sustaining and independent energy supply is needed. While new energy production, such as wind, solar and nuclear take time to develop, there are measures to be taken short-term.

### Energy Prices, Energy Area 4 (öre/kWh)



Source: Energimarknadsinspektionen, Emergers

Through optimizing how the energy is used within properties, Free2Move can reduce the amount of energy input by 50%, and thereby reduce the energy demand, which if implemented on a wider scale throughout Europe naturally would lower the price. The interest in both renewable energy and PropTech spiked during the Covid-pandemic, and the Russian invasion has added to that.

According to the industry organisation Svensk Solenergi, Swedish solar power will tenfold until 2040, and during H1'22 some 21,500 new facilities were installed, a growth by almost 90% compared to the same period in 2021.

While new energy sources take time to establish, energy effectivisation such as the one Free2Move can deliver can be done now, and have an impact tomorrow.

## 2Connect



Source: Free2Move

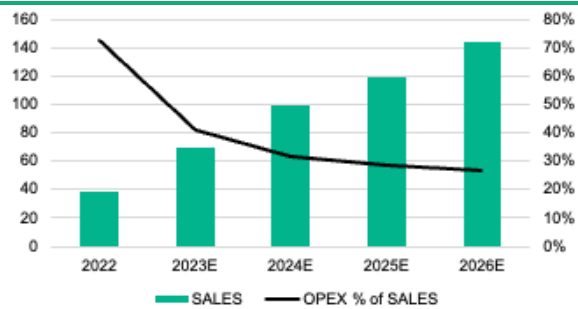
### Recurring revenues + upfront payments

Through the combination of project-based payments from installations of solar panels and ventilations through Solortus and Sydvent and the recurring SaaS-type of revenues from the 2Connect-platform, the company looks to harvest steady cash flows from the existing business while also acquiring companies that can broaden or complement the Free2Move-offering. If done successfully, we expect additional synergetic growth on top of the existing businesses, even if future acquisitions are not something that we take into consideration in this research report.

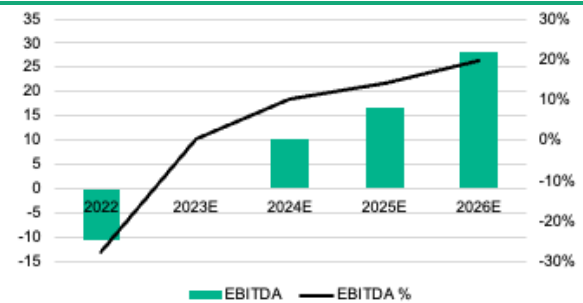
### Forecasting continued strong growth

In the year-end report for 2022, Free2Move reached sales of SEK 38.6m, representing a growth of 434% from previous year, and a backlog just as big. Believing the underlying markets will continue to show promising growth, supported by macro factors as well as positive political pressure, we see no reason why the company would remove the foot from the gas pedal. We forecast sales of SEK 70m in 2023E and SEK 100m in 2024, and the company to show a positive bottom line in 2024. With profit comes financial muscles, which in its turn brings better purchasing conditions in terms of input material, which should improve profitability even further in the long term.

### Sales & OPEX as % of Sales



### EBITDA & EBITDA %



Source: Emergers

### Target multiples support a fair value of SEK 0.5-0.8/share

Operating in both the project-based businesses while also enjoying recurring revenues from the SaaS-platform, Free2Move occupies an interesting position being able to offer a comprehensive deal to property owners. Looking at industry colleagues, in various sizes and stages, operating in different areas of the PropTech/Renewable energy space, the majority are valued at attractive EV-multiples with a median EV/Sales-multiple of 2.3 and a median EV/EBITDA-multiple of 14.9. Considering Free2Move's smaller size and the risks associated with it, we deem a 20% discount is justified, where 2x Sales'24 and 12x EBITDA'24 support a fair value range of SEK 0.57-0.69 per share, in 12-24 months.

### Peer Group

Company	Market Cap	EV	Sales	EBITDA (m)	Sales Growth % 1y	EBITDA% 1y	EV/S	EV/ EBITDA	Share Price Dev. 1y
Gasporox	135	131	23	0	80%	-11%	5,8	509,3	55%
Energy Save	1 360	1 351	230	35	245%	7%	5,9	38,4	756%
NIBE Industrier	246 666	253 206	40 071	7 460	30%	19%	6,3	33,9	38%
Beijer Ref	68 509	75 713	22 638	2 471	34%	11%	3,3	30,6	22%
Absolent Air Care	5 434	5 768	1 272	235	29%	16%	4,5	24,6	17%
CTT Systems	2 436	2 421	241	100	59%	28%	10,1	24,3	-7%
Troax Group	13 650	14 038	2 886	622	13%	24%	4,9	22,6	-16%
Hexagon	321 411	356 516	52 637	18 986	19%	38%	6,8	18,8	-5%
Munters	18 298	21 880	10 386	1 258	41%	14%	2,1	17,4	44%
Sdiptech	10 837	14 040	3 505	858	29%	21%	4,0	16,4	-27%
Alimak	5 389	11 463	4 512	759	21%	15%	2,5	15,1	-13%
Systemair	16 890	19 683	10 825	1 316	22%	12%	1,8	15,0	-8%
Byggfakta	8 852	11 289	2 214	758	43%	32%	5,1	14,9	-15%
Studsvik	1 042	1 023	815	75	2%	10%	1,3	13,7	16%
Norva24	6 080	7 250	2 502	553	-	22%	2,9	13,1	33%
Instalco	12 663	15 167	12 063	1 165	36%	10%	1,3	13,0	-21%
Nederman	6 783	8 260	5 179	682	28%	14%	1,6	12,1	-5%
ABAS Protect	77	90	67	7	-	9%	1,3	12,1	-
Bravida	24 447	25 752	26 303	2 164	20%	9%	1,0	11,9	2%
Eltel	1 891	3 210	8 689	293	1%	5%	0,4	10,9	-15%
Norditek	193	222	95	24	21%	20%	2,3	9,4	23%
Lindab	11 890	15 200	12 366	1 808	28%	18%	1,2	8,4	-39%
QleanAir	312	496	455	60	1%	23%	1,1	8,3	-57%
FM Mattsson	2 581	2 733	1 955	375	13%	21%	1,4	7,3	-18%
Gullberg & Jansson	317	230	391	60	20%	19%	0,6	3,8	-55%
<b>AVERAGE</b>							<b>3,2</b>	<b>36,2</b>	
<b>MEDIAN</b>							<b>2,3</b>	<b>14,9</b>	

Source: Emergers

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