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ALTA FOX
C A P I T A L

Enlabs AB (NLAB SS)

Date: 10/28/2020

Current Price: SEK 30.60/share

3-year Target Price: SEK 90.00/share

Market Cap (USD): 233M

Market Cap (SEK): 2,060M

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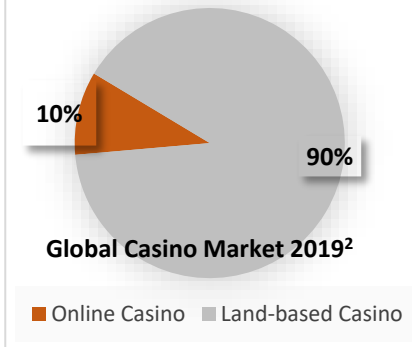
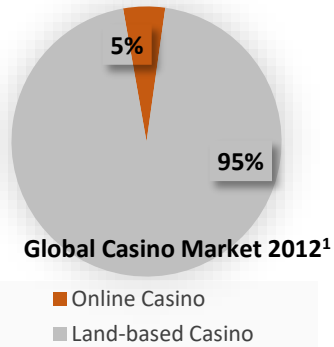
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Industry Review: iGaming Has Strong Global Tailwinds



Significant Secular Industry Growth Tailwinds Are Being Driven By

Strong consumer demand

- Online gambling is more convenient than live gambling in a digital world
- Experience can be more immersive with digital effects

Governments' increasing acceptance of online gambling

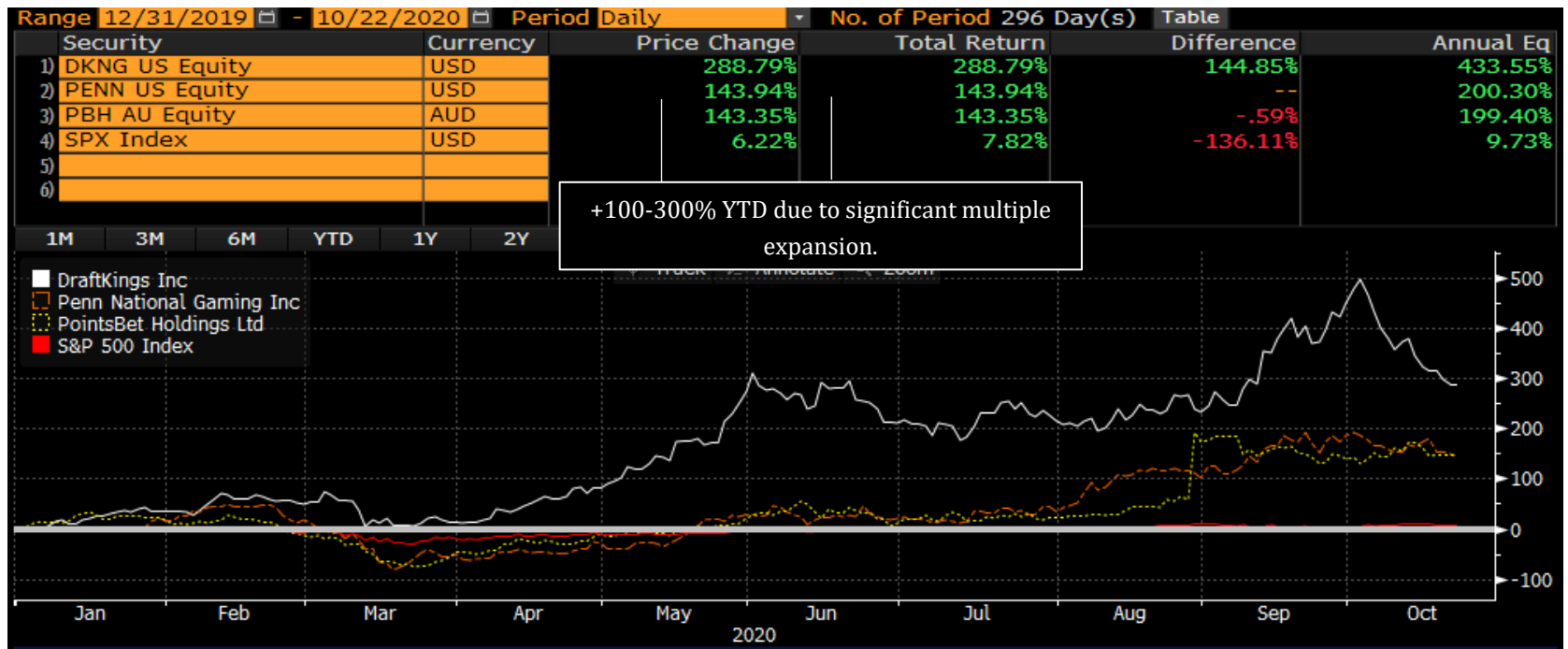
- Many governments need the tax revenue
- If online gambling is not legalized, governments lose revenue to illegal operators

1. Source: H2 Gambling Capital, BofA Global Research

2. Source: H2 Gambling Capital, Evolution Gaming

U.S. Focused iGaming Companies: Impressive Performance and Multiple Expansion

Major US DTC iGaming Company Performance: DraftKings, Penn National Gaming, PointsBet Holdings (AU¹)



- Increased awareness of these trends has led to strong performance and generally frothy multiples for iGaming names– particularly in the U.S. markets.
- Even though we are bullish on the fundamentals of the US pure plays:
 - These names are expensive
 - Expectations are high
 - Expensive market share battles create significant uncertainty

1. PointsBet’s U.S. business is growing at a much stronger rate than their healthy Australian business.

Alta Fox Concerns over U.S. Direct To Consumer Businesses

Investors in “pure-play” U.S. DTC iGaming companies are subsidizing significant losses with no end in sight to dilution as they battle against well capitalized global peers. These global peers are not dependent on public markets to finance their U.S. expansion.

Company Name	Ticker	Current Enterprise Value (USD M)	FYE 21 EBITDA (USD M)	Capital raised through secondaries Last 6 Months (USD M)	Share Dilution Last 6 Months	NTM EV/Sales – 52 weeks ago	NTM EV/Sales - Today
DraftKings	DKNG US	\$14,583	-\$308M	\$3,753M	21%	12.4x ¹	28.2x
Penn National	PENN US	\$20,511	\$1,601M	\$1,327M	31%	2.5x	5.5x
PointsBet	PBH AU	\$1,381	-\$35M	\$258M	42%	9.5x	11.2x

Alta Fox Believes:

- The U.S. market will see tremendous player growth as U.S. states continue to legalize online gambling.
- Future returns for investors are much less certain for “pure-play” U.S. iGaming investments as valuation multiples >10x FY22 sales are paired with **an uncertain period of sustained losses & dilution as operators fight over market share.**

For this reason, Alta Fox much prefers to find smaller, off-the run opportunities that exhibit the same strong growth, but with less competition and extremely attractive valuations.

1. DKNG NTM EV/Sales – 52 weeks ago figure stated as of 4/24/20. Not previously available.

Enlabs AB (NLAB SS): Overview

Profile: Enlabs AB (NLAB SS)

- DTC iGaming operator
- Domiciled in Sweden with headquarters in Latvia
- Optibet – Enlabs’ website/app that offers a variety of casino games and sports betting lines
 - Dominant iGaming platform in Latvia since it was founded in 2005.
 - Over the last five years, the platform has expanded into neighboring Baltic and Nordic countries.

Alta Fox began researching Enlabs after multiple industry experts flagged the company as having one of the most attractive market positions in Europe.

NLAB SS Equity											
Financial Analysis											
39) ADJ	Enlabs AB	IFRS 16	Periodicity	Annuals	Cur [USD]						
1) Key Stats	2) I/S	3) B/S	4) C/F	5) Ratios	6) Segments	7) Addl	8) ESG	9) Custom	10) Shared		
11) Adj Highlights	12) GAAP Highlights	13) Earnings	14) Enterprise Value	15) EV Ex Operating Leases	16) Multiples			17) Pe...			
In Millions of USD	2012 Y	2013 Y	2014 Y	2015 Y	2016 Y	2017 Y	2018 Y	2019 Y*	Current/LTM	2020 Y Est	2021 Y Est
12 Months Ending	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	06/30/2020	12/31/2020	12/31/2021
Market Capitalization	11.1	16.0	10.8	25.3	30.2	178.6	118.7	161.3	234.6		
- Cash & Equivalents	4.1	5.9	7.5	7.3	10.8	8.8	13.7	21.8	14.4		
+ Preferred & Other	0.0	0.0	0.0	0.3	0.5	0.3	0.0	0.0	0.0		
+ Total Debt	1.4	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.3		
Enterprise Value	8.4	10.1	3.3	18.3	20.0	170.1	105.0	140.9	221.5		
Revenue, Adj	14.4	10.3	8.9	12.2	19.9	26.0	36.2	44.3	41.2	60.8	108.7
Growth %, YoY	29.4	-31.3	-8.6	68.1	65.2	28.0	33.0	29.4	9.0	37.1	78.8
Gross Profit, Adj	10.2	8.0	6.3	6.7	12.6	18.6	26.7	32.2	29.6	42.0	75.2
Margin %	71.1	77.6	70.2	55.2	63.4	71.6	73.8	72.6	71.8	69.1	69.2
EBITDA, Adj	2.1	0.9	0.1	-0.7	1.6	7.6	11.4	13.0	10.6	13.1	24.9
Margin %	14.7	9.0	1.2	-5.9	8.1	29.3	31.4	29.2	25.8	21.6	22.9
Net Income, Adj	1.0	7.6	-0.2	-1.5	0.7	6.1	10.2	10.6	8.6	14.1	17.7
Margin %	6.8	73.7	-2.2	-12.7	3.3	23.3	28.3	23.8	20.8	23.3	16.3
EPS, Adj	-	0.17	0.00	-0.04	0.01	0.11	0.17	0.17	0.13	0.20	0.26
Growth %, YoY	-	-	-	-793.1	-	818.3	55.5	0.8	-18.8	19.1	29.5
Cash from Operations	1.5	-3.4	0.8	-1.5	0.8	7.0	9.8	13.0	8.1		
Capital Expenditures	-1.6	-0.3	-0.7	-0.6	-0.8	-0.2	-0.2	-0.3	-0.3	-47.4	-9.5
Free Cash Flow	-0.1	-3.7	0.1	-2.1	0.0	6.8	9.6	12.7	7.8	-28.9	17.1

Enlabs FY19 iGaming Revenue by Geography

Latvia	75%
Estonia	20%
Lithuania	5%

*Alta Fox Capital Estimate

Enlabs FY19 Revenue Mix

Casino	57%
Sports	30%
Other Gaming	5%
Non-gaming	8%

Enlabs AB (NLAB SS): Overview

Enlabs' business model has resulted in

- 31% gaming revenue CAGR over the last 3 years
- Sustainable 70% gross margins
- 30% EBITDA margins

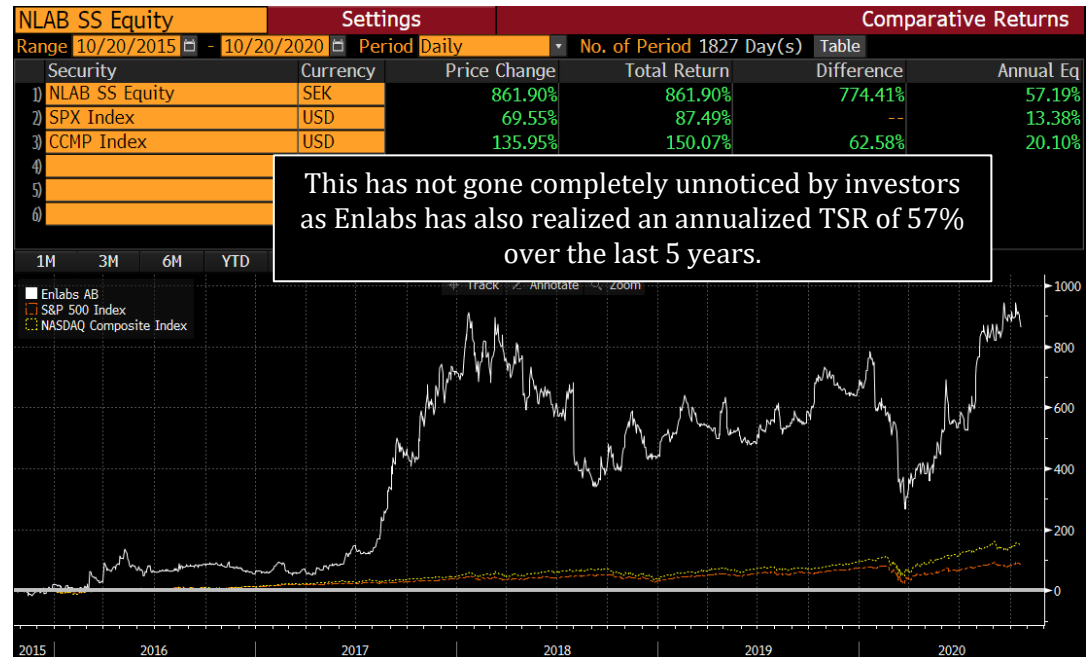
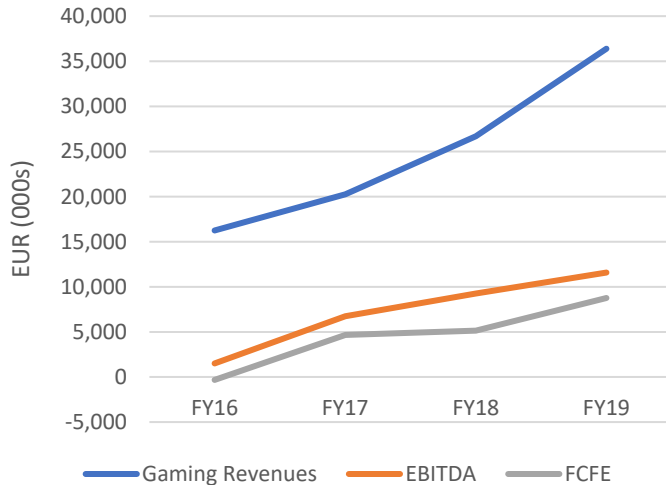
Enlabs has been reinvesting in marketing expense to fuel growth without sacrificing margins.

Key Financial Metrics		10/28/20
Stock Price (SEK)		30.60
FDSO (Q2 20)		65,273,899
Market Cap		\$233M
Cash (Q2 20)		\$14.4M
Debt (Q2 20)		\$1.3M
Enterprise Value		\$220M

TTM Multiples		10/28/20
PE		23.9x
EV/EBITDA		19.2x
FCFE Yield		3.8%
FYE22 Multiples		10/28/20
PE		8.0x
EV/EBITDA		5.9x
FCFE Yield		14.0%

Alta Fox Capital estimates

Enlabs Key Profitability Metrics



Enlabs (NLAB SS): Core Thesis Summary

Enlabs benefits from similar growth factors as popular U.S. iGaming peers but comes with a dramatically lower valuation and reduced level of competitive intensity.

1. The Business model has the same attractive qualities as U.S. peers
 - The business is asset-light and generates significant cash flow at scale.
 - The company's Eastern European end markets are growing at rates of 20%+.
2. What makes the Enlabs investment thesis exceptional:
 - **The Baltics have a dramatically lower level of competitive intensity compared to any iGaming market worldwide for two reasons:**
 - Strict gambling law restrictions in the Baltics prevent new entrants from competing against entrenched incumbents.
 - A smaller market size and low population levels make this area of the world not a priority for market leaders.
 - **Expanding into new markets that are *multiples* of the size of its current market with a disciplined approach.**
 - **Extremely savvy capital allocator leading the company that owns 22% of the equity.**
 - Chairman Niklas Braathen is very well respected in the gambling industry and NLAB has compounded at 35% annually under this Chairman's ~8-year tenure.
 - **The company's recent acquisition of Global Gaming is misunderstood will be a significant catalyst in the company's rerating.**
 - **The company's valuation is absurdly cheap for such a high-quality asset.**
 - The company trades at just 6.1x our FY23 EPS estimate and 3.3x our FY23 EPS estimate after giving credit for increasing net cash build.

Baltic iGaming Growth has Gone Unappreciated by the Market

Alta Fox believes Enlabs is the best way to capitalize on these secularly growing markets

Drivers of above market growth include:

- **Low iGaming penetration in Baltics**
- **High black-market share of iGaming in Baltics**
 - An estimated 30%+ of the entire online gaming market is going to unlicensed operators.
 - Legal operators are increasingly working with regulators to help block these illegal websites.
- **Improving economies**
 - GDP per Capita in the Baltics has increased at a CAGR of ~5.4% since 2010.
- **Improving iGaming offerings**
 - i.e. introduction of Pay-and-Play.

Baltic iGaming revenue is growing 20%+ vs the broader global iGaming market of ~10% growth

Baltic States Key Gaming Stats			
FY19 Stats	Total Gambling est. Market Size (EUR)	Total Gambling est. Market Growth	Total est. Licensed iGaming Growth
Latvia	350M	11%	33%
Estonia	170M	5%	15%
Lithuania	500M	8%	48%

Source: Enlabs reports, Enlabs management, Latvia government statistics, industry experts

Baltic States Key iGaming Stats (estimates)			
FY19 Stats	Regulated online market share vs brick & mortar	Optibet's market share vs regulated online competitors	% of online gambling rev going to unlicensed operators
Latvia	17%	50%	40%
Estonia	15%	20%	30%
Lithuania	10%	3%	35%

Source: Enlabs reports, Enlabs management, Latvia government statistics, industry experts

Regulatory Barriers are Key to Enlabs' Competitive Moat

Barriers

The Baltic states have some of the most restrictive gaming laws. Take Latvia (Enlabs' key market) for example:

- **Severe advertising restrictions**
 - It is illegal to advertise outside of a gambling venue (designated sports bars/betting shops)
- **Player-set stake limits required**
- **Significant bonusing restrictions**
 - No "free" bets – must stake at least part of your own money
- **High gaming taxes (10%) relative to Latvia's low population of <2M**

Competitive Moat

First mover advantage in **Latvia** allowed Optibet to:

- Obtain and hold >50% market share since launching in 2005.
- Obtain a close relationship with the market regulators
- Maintain high brand awareness through legal marketing and brick & mortar betting shops

Strong cultural awareness given Enlabs has all their operations in the Baltics while peers are often based internationally.

- Enlabs holds key sponsorships:
 - Latvian Football & Hockey Leagues
 - Latvian & Lithuanian national Men's & Women's Football teams
 - Estonian Tallinn Marathon
 - Estonian Men & Women's National Volleyball Teams

Larger operators continue to ignore the Baltics due to their high regulatory barriers, incumbent dominant players, and overall lower market sizes.

Enlabs is Dramatically Cheaper on a Rev Basis than Peers

Enlabs is materially outgrowing its typical peer on a sales basis yet trades at approximately half the sales valuation.

	Market Cap (USD M)	EV (USD M)	FY 20 EV/Sales	FY 21 EV/Sales	FY 22 EV/Sales	FY 20 Sales y/y	FY 21 Sales y/y	FY 22 Sales y/y
DKNG US	15,880	14,500	27.6x	18.7x	12.8x	21%	48%	46%
PENN US	10,003	20,800	5.7x	4.2x	3.9x	-31%	34%	8%
FLTR LN	26,000	29,920	5.3x	4.6x	4.1x	109%	15%	13%
BETSB SS	1,190	1,230	1.8x	1.6x	1.5x	28%	12%	7%
WMH LN	3,800	4,290	2.6x	2.1x	1.9x	-18%	22%	9%
PBH AU	1,520	1,430	12.6x	7.0x	4.7x	125%	80%	47%
GYS LN	1,700	2,200	2.5x	2.3x	2.1x	66%	7%	10%
Average	8,585	10,624	8.3x	5.8x	4.4x	43%	31%	20%
Median	3,800	4,290	5.3x	4.2x	3.9x	28%	22%	10%
NLAB SS	233	220	3.7x	2.1x	1.6x	28%	76%	30%
NLAB vs Median			-30%	-51%	-59%	1%	240%	213%

Enlabs is Dramatically Cheaper on an EBITDA basis vs peers

Enlabs is materially outgrowing its typical peer on an EBITDA basis yet trades at approximately half the EBITDA valuation.

	FY 20 EV/EBITDA	FY 21 EV/EBITDA	FY 22 EV/EBITDA	FY 20 EBITDA y/y	FY 21 EBITDA y/y	FY 22 EBITDA y/y	FY 20 EBITDA Margin	FY 21 EBITDA Margin	FY 22 EBITDA Margin
DKNG US	NA	NA	NA	NA	NA	NA	NA	NA	NA
PENN US	19.0x	13.0x	12.0x	-31%	47%	8%	30%	33%	33%
FLTR LN	22.3x	18.9x	16.1x	146%	18%	17%	24%	24%	25%
BETSB SS	7.6x	7.5x	7.9x	23%	2%	-5%	23%	21%	19%
WMH LN	21.9x	12.9x	11.5x	-52%	69%	13%	12%	16%	17%
PBH AU	NA	NA	NA	NA	NA	NA	NA	NA	NA
GYS LN	8.8x	8.0x	7.5x	69%	9%	7%	29%	29%	28%
Average	15.9x	12.1x	11.0x	31%	29%	8%	23%	25%	24%
Median	19.0x	12.9x	11.5x	23%	18%	8%	24%	24%	25%
NLAB SS	16.2x	7.9x	5.3x	0%	104%	49%	23%	26%	31%
NLAB vs Median	-15%	-39%	-54%	-102%	482%	490%	-57	227	581

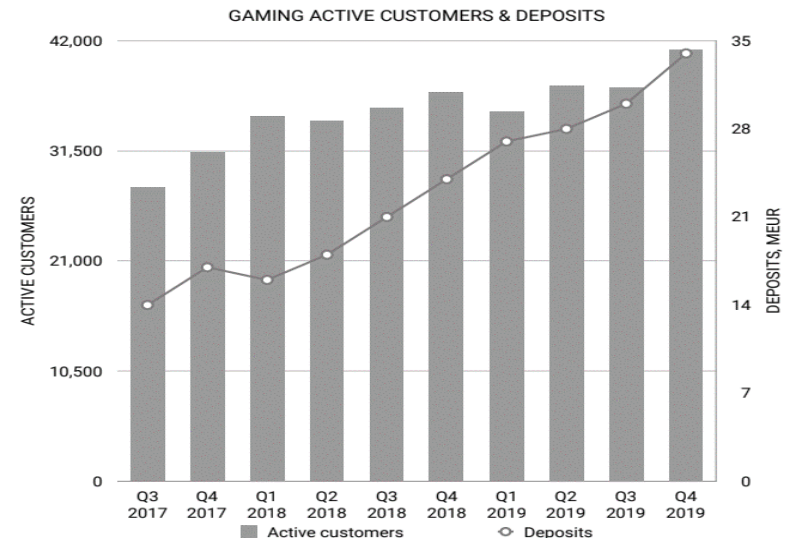
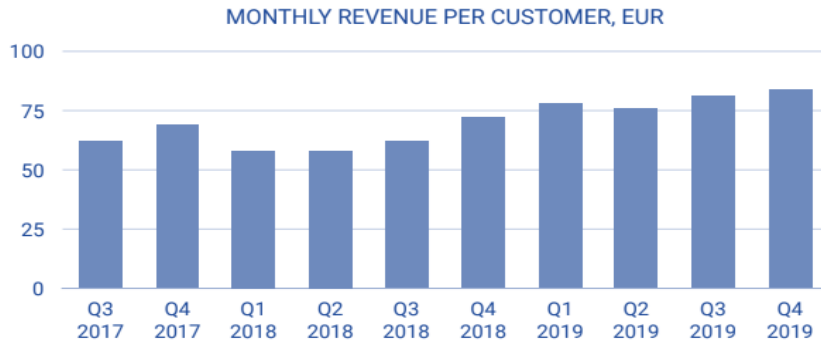
Basis points comparison

Enlabs is Winning Market Share in the Baltics

While iGaming in the Baltics is growing 20%+, **NLAB is growing 30%+** as it continues to **win share** from competition through better marketing, better product quality, and disciplined capital allocation.

- Average revenue/active customer has increased 42% from FY17 to FY19.
- Active customers increased ~50% from FY17 to FY19.
- Estonia market share increased from ~13% in 2018 to 20% in 2019.
- Enlabs' Lithuania market share increased from 0% in 2018 to 5% in 2020.

Despite the increase in NLAB market share in recent years, EBITDA margins have remained stable at ~30%, indicating that incremental revenues did not come at the expense of group margins



Enlabs is Entering New Markets that are Multiples of its Core TAM

Enlabs has carved out a dominant, profitable niche in the Baltics. From this base it will look to organically and inorganically expand its business.

- Enlabs is in early days of launching in Optibet in Finland, as well as Peru and Chile.
- Enlabs has a license to operate a gaming brand in Sweden and has re-launched Optibet in Sweden.
- Enlabs aims to be a first mover in the newly regulated Belarus, as well as Ukraine which is currently in the process of regulating.

Enlabs has been highly disciplined with marketing spend and ROI when entering new markets in the past (i.e. Sweden, Finland, Lithuania). We expect the company to exercise the same discipline as it enters larger, more competitive markets.

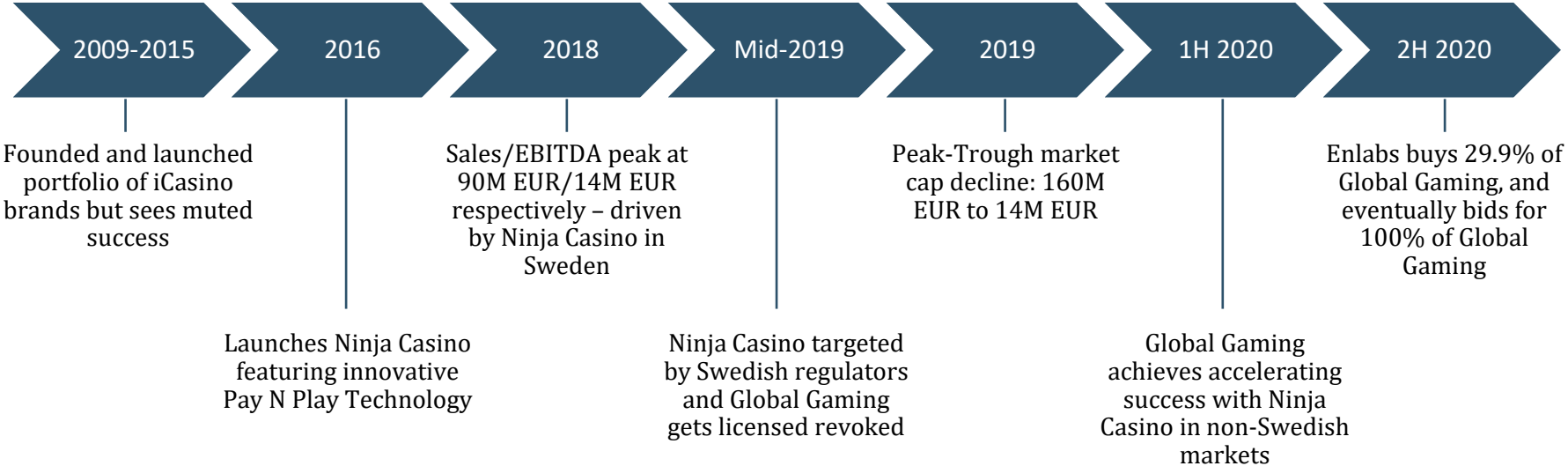
Bottom-line: Each of these new markets is multiples of the size of Enlabs' core market of Latvia (~70%* of NLAB revenue). Launches in new geographies will help support Enlabs' 25%+ organic revenue growth target going forward, in addition to core Baltics industry growth and market share gains.

Enlabs Market Potential (2019 Stats)							
Current Markets	Market Size (EUR M)	Population (M)	Regulated?	New Markets	Market Size (EUR M)	Population (M)	Regulated?
Latvia	350	1.9	Yes	Finland	2,000	5.5	No
Estonia	170	1.3	Yes	Sweden	2,272	10.0	Yes
Lithuania	500	2.7	Yes	Belarus	500	9.5	Yes
				Ukraine	?	44.0	Soon
				Peru	?	32.9	No
				Chile	?	19.1	No
Total	1,020	5.9		Total Known	4,772	121.0	

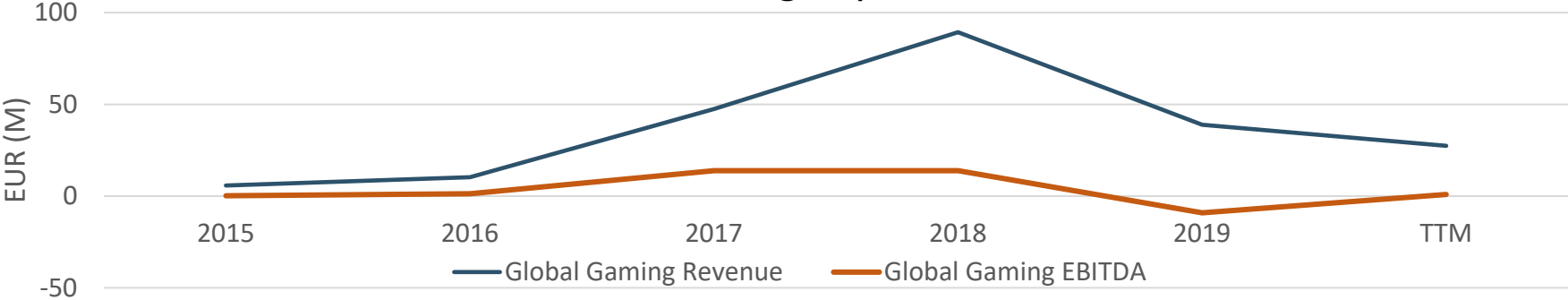
Source: Enlabs annual reports, Enlabs management commentary, Latvia government statistics, industry experts

Recent Acquisition of Global Gaming is Brilliant, Highly Accretive, and Misunderstood (1/2)

Global Gaming (“GLOBAL SS”) Timeline



Global Gaming Key Financials



Recent Acquisition of Global Gaming is Brilliant, Highly Accretive, and Misunderstood (2/2)

Why the acquisition makes sense for both parties:

- Global Gaming is no longer operating at scale.
- ~50% headcount reduction at Global Gaming.
- 10-15% higher *gross* margins using Enlabs platform as Global Gaming outsourced its platform.
- **Re-launching Ninja Casino in Sweden through Enlabs' license.**

We believe this acquisition can add an incremental 12M EUR in EBITDA to Enlabs by FY22, *excluding* the possibility of a re-launched Ninja Casino in Sweden. Excluding Global Gaming's cash balance, Enlabs paid <35M EUR for Global Gaming resulting in a 2.9x acquisition multiple in a brilliant show of capital allocation.

Bottom-line: Enlabs is currently trading <6x our base-case FY22 EBITDA estimate and ~4.5x our FY22 EBITDA estimate if Ninja Casino is re-launched in Sweden. This is far too cheap based on any relevant historical metric or comp set. These prices will not last.

<i>(in EUR M)</i>	TTM	Alta Fox 2022E	Notes
Global Gaming Revenue	23.2	40.0	Global Gaming grows mid-teens in existing markets. Launches in Latvia & Lithuania overseen by Enlabs contribute ~9M in revenue synergies.
Global Gaming EBITDA	0.9	2.0	EBITDA margins in standalone business expand from 4% to 6.5% as Global Gaming leverages overhead
Global Gaming EBITDA Synergies		10.0	<ul style="list-style-type: none"> • 50% reduction in Global Gaming headcount • 10-15% higher gross margins using Enlabs platform
Global Gaming EBITDA Contribution		12.0	We conservatively expect Global Gaming to add an incremental 12M in EBITDA by FY22
Enlabs Purchase Price		35.2	Enlabs is paying 35.2M in a mix of equity & cash
Implied EV/EBITDA post synergies		2.9x	In a brilliant show of capital allocation, Enlabs has purchased Global Gaming for ~3x EBITDA post synergies.

Incentivized Ownership & Expert Capital Allocators



Niklas Braathen | Chairman | 22% owner

- Well-respected gaming industry veteran
 - Founded and grew a successful betting shops business in Eastern Europe in 1989. In 2007, sold his Latvian shops to Enlabs becoming a major shareholder of NLAB in the process. These shops became core to Enlabs' competitive advantage as advertising iGaming is illegal outside of betting shops.
- 35% annualized TSR since becoming Enlabs' Chairman
 - Braathen has led a phenomenal business transformation driven by masterful capital allocation and secular tailwinds, resulting in a TSR of >800% or 35% annualized. This TSR has been a result of fundamental growth rather than multiple expansion, leaving significant room for future multiple expansion (not assumed in base case).



- Proven leadership with the right incentives.
- In aggregate, insiders own ~33% of Enlabs.

Quotes about Niklas from industry experts:

- “Niklas, the Chairman of Enlabs, is well respected in the industry. You work for him and you will get good jobs going forward.” – CFO of a Nordic igaming company.
- “Niklas is a remarkable person. I’ve held my position in Enlabs purely based on my belief in the Chairman.” – ex-CEO of European igaming company

Valuation Methodology (1/2)

Alta Fox's 2023 projections have been calculated with the following overarching assumptions:

- 1. Enlabs continues to grow organically at 25-30% in the Baltic markets**
 - a) Our forecasts do not assume any meaningful new international expansion for Enlabs
- 2. Global Gaming contributes 50M in revenue and 14M in EBITDA by FY23**
 - a) Compares to Enlabs' FY19 base of 39.6M in Revenue and 11.6M in EBITDA
- 3. Enlabs leverages fixed overhead but invests more in marketing, ultimately keeping EBITDA margins stable at 31%**
- 4. Fully diluted shares outstanding increase by a total of 23% between FY19 and FY22 primarily as a result of the acquisition**

Valuation Methodology (2/2)

- We use a conservative 15x earnings multiple on our FY23 earnings in a base case + net cash.
- Our 15x multiple is approximately in-line with peers who trade on average at ~19x consensus FY22 earnings.
- **Due to the high quality of the core business, the growth potential in new markets, and the transformative acquisition, we believe there is a credible case that NLAB should trade at a premium valuation to peers.**

	Sustainably Growing 30%+?	Scalable?	Attractive Regulatory Markets?	Limited Competition?	Highly cash flow generative?	Cheap Valuation?	FY22 EV/Sales	FY22 PE
DKNG US	Yes	Yes	Yes	No	No	No	12.8x	N/A
PENN US	No	No	Yes	No	Yes	No	3.9x	29.3x
FLTR LN	No	Yes	Mixed	No	Yes	No	4.1x	21.9x
BETSB SS	No	Yes	Mixed	No	Yes	Yes	1.5x	11.4x
WMH LN	No	Yes	No	No	Yes	No	1.9x	25.0x
PBH AU	Yes	Yes	Yes	No	No	No	4.7x	N/A
GYS LN	No	Yes	Mixed	No	Yes	Yes	2.1x	7.1x
Average							4.4x	18.9x
Median							3.9x	21.9x
NLAB SS	Yes	Yes	Yes	Yes	Yes	Yes	1.6x	6.0x

Base Case Key Outputs

<u>PE Based Valuation</u>	<u>Bear</u>	<u>Base</u>	<u>Bull</u>
Revenue (EUR 000s)	91,585	141,181	168,993
EBITDA (EUR 000s)	16,076	44,346	62,857
EBITDA Margin	18%	31%	37%
2023 EPS (SEK)	1.37	5.08	7.74
Multiple	15.0x	15.0x	15.0x
Price Target ex-cash	20.5	76.2	116.1
2023 Net Cash / Share (SEK)	5.1	13.8	18.5
Price Target incl-cash	25.6	90.0	134.6
Current Price	30.60	30.60	30.60
% upside	-16%	194%	340%
IRR	-8%	50%	74%

Notes

Base case: 25% organic growth, acquisition adds 14M in EBITDA by FY23

Bull case: 30% organic growth, Ninja Casino re-launched in Sweden totaling 27M in EBITDA contribution from Global Gaming by FY23

Bear case: 15% organic growth, driven lower by Latvia increasing regulatory limitations & taxes on iGaming operators, and Global Gaming only adds 50% of our expected EBITDA synergies (7M)

Assumes price target is realized on 6/30/2023

Note: This does not represent an actual IRR; this is a hypothetical return figure that would be less on a NET basis for a hypothetical investor of Alta Fox Opportunities Fund, LP. The annualized Net IRR would be ~-7% / 41% / 54% respectively, assuming a 2% management fee, 20% performance fee, and 0.50% for fund-related expenses.

Base Case Model Outputs

Enlabs (EUR 000s)	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Income Statement							
Net Revenues	23,467	30,611	39,612	50,207	88,696	112,945	141,181
y/y %		30%	29%	27%	77%	27%	25%
Cost of Sales	6,534	8,022	10,851	12,673	15,674	19,592	24,490
Gross Profit	16,933	22,589	28,761	35,446	64,216	81,772	102,215
Gross margin	72.2%	73.8%	72.6%	70.6%	72.4%	72.4%	72.4%
Operating expenses	10,194	13,323	17,180	23,920	40,723	46,762	57,869
EBITDA	6,739	9,266	11,581	11,527	23,493	35,010	44,346
EBITDA margin	29%	30%	29%	23%	26%	31%	31%
D&A	1,481	2,150	2,098	2,470	6,960	6,264	5,638
EBIT	5,258	7,116	9,483	9,057	16,533	28,746	38,708
Other miscellaneous expenses (income)	(23)	135	118	(696)	-	-	-
Earnings before Taxes	23	(135)	(118)	696	-	-	-
Taxes	(802)	23	72	-	-	-	-
Net Income	4,479	7,004	9,437	9,369	16,533	28,746	38,708
Diluted Shares Outstanding	56.6	61.4	62.7	74.4	75.9	77.4	79.0
Diluted EPS	€ 0.08	€ 0.11	€ 0.15	€ 0.13	€ 0.22	€ 0.37	€ 0.49
EUR/SEK	10.36	10.36	10.36	10.36	10.36	10.36	10.36
Diluted EPS (SEK)	0.82 kr	1.18 kr	1.56 kr	1.30 kr	2.26 kr	3.85 kr	5.08 kr
PE Multiple						15.0x	15.0x
Value/Share						57.70 kr	76.17 kr
Current Price/Share						30.60 kr	30.60 kr
% Upside/Downside						88.6%	148.9%
IRR						58.6%	49.5% *
Net Cash (EUR)				15,251	34,561	65,454	105,667
Net Cash/Share				2.11 kr	4.69 kr	8.72 kr	13.79 kr
FCFE (EUR)				10,263	19,309	30,893	40,213
FCFE/Share				1.43 kr	2.64 kr	4.13 kr	5.28 kr

Key Assumptions:

- **Growth Algorithm:**
→ Enlabs grows organically by 25% as it enters new markets, benefits from 20% industry growth, and gains market share within existing markets.
→ Revenue grows by 77% in FY21 following the integration of Global Gaming.
- G&A is nearly fixed, but we assume NLAB scales marketing expenses to support their 25% growth, resulting in stable ~30% EBITDA margins post integration.
- As long as Latvian companies are not paying out dividends, their tax rate is 0%. We expect NLAB to continue to invest its cash into additional acquisitions over the next few years.
- 15x Fwd P/E multiple applied to EPS. 149%+ upside on 2023E. 50% IRR to FY 2023 estimates assuming June 30, 2023 exit.
- **No value given to cash build** and FCFE is in-line with Net Income.

* This does not represent an actual IRR; this is a hypothetical return figure that would be less on a NET basis for a hypothetical investor of Alta Fox Opportunities Fund, LP. The annualized Net IRR would be ~47% and 41% respectively, assuming a 2% management fee, 20% performance fee, and 0.50% for fund-related expenses.

Why Does This Opportunity Exist & Investment Comparison

Enlabs is flying under the radar because:

- Operations and revenues are based in the Baltics
- Small cap company (~\$230M USD)
- Trades on an off the radar exchange
- Has no reputable analyst coverage
- A transformative acquisition is being overlooked

	Enlabs	DraftKings (DKNG) & Large Popular Names
Fast Market Growth	Yes	Yes
Highly Cash Flow Generative	Yes	Mixed
Low Customer Acquisition Costs	Yes	No
Dominant Market Leader	Yes	No
Few Scaled Competitors	Yes	No
Cheap Valuation	Yes	No

Risks: Understanding the Bear Case

<p>Regulatory Risk</p>	<ul style="list-style-type: none"> • Tax increases & other punitive measures placed on gambling operators <ul style="list-style-type: none"> ○ Mitigant: measures indirectly force players into black markets, and the Baltics already have a huge black-market iGaming problem. • License Suspensions <ul style="list-style-type: none"> ○ Mitigant: This is extremely rare. Enlabs is held in high regard in the Baltics and has strong relationships with local regulators.
<p>Economic Risk</p>	<ul style="list-style-type: none"> • Potential slow economic recovery in the Baltics following Covid-19 <ul style="list-style-type: none"> ○ Mitigant: Covid-19 has accelerated the structural shift into online gaming. Given the Baltic states still have relatively low levels of online gaming penetration, we think an economic slowdown in the Baltics could be offset by an accelerated channel shift into iGaming.
<p>Execution Risk</p>	<ul style="list-style-type: none"> • Integration of the largest acquisition in Enlabs' history <ul style="list-style-type: none"> ○ Mitigant: Niklas is tenured in selling and acquiring gaming businesses and given the business model is the same as Enlabs', we think execution risk is mitigated. • Risk of low to negative ROI on entry into new markets <ul style="list-style-type: none"> ○ Mitigant: Enlabs has demonstrated that it can successfully penetrate new markets while maintaining 30% group EBITDA margins given its success in Estonia and Lithuania.
<p>High C-Suite Turnover</p>	<ul style="list-style-type: none"> • The typical executive tenure at Enlabs is only 2-3 years <ul style="list-style-type: none"> ○ Mitigant: Niklas is the key driving force behind Enlabs' success. He has demonstrated a tendency to hire CEOs who have been experts in one or two areas (i.e. corporate rebranding, restructuring). George, the current CEO, has quickly risen through the ranks of Enlabs (promoted from financial manager, to CFO, to COO, to CEO within 3 years). We think he will be here to stay as he leads Enlabs into its next round of successful new initiatives in its core B2C gaming business.

Conclusions

- Enlabs (NLAB) is a dominant, scalable compounder that benefits from high barriers to entry in niche, growing markets.
- Enlabs is capitalizing on secularly growing markets with 20%+ industry growth, will expand into new markets, and should continue to take market share.
- The acquisition and subsequent integration of Global Gaming represents a near-term, significant, and underappreciated catalyst.
- The Chairman has proven to be an excellent capital allocator and is the largest shareholder in Enlabs with 22% ownership. His efforts have resulted in an annualized TSR for Enlabs of 57% over the last 5 years. We expect more of the same going forward.
- Today, investors can buy Enlabs at a steep discount to peers for ~6x FY23 earnings ex-cash. We conservatively expect ~200% total upside from today's prices to be realized at a 50% IRR*.
- **None of our expected upside is driven by multiple expansion.**

** This does not represent an actual IRR; this is a hypothetical return figure that would be less on a NET basis for a hypothetical investor of Alta Fox Opportunities Fund, LP. The annualized Net IRR would be ~41%, assuming a 2% management fee, 20% performance fee, and 0.50% for fund-related expenses.*

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Appendix

Alta Fox Capital vs. Consensus in FY23

- Consensus is far too bearish on FY23 profitability. We think Enlabs will *at least* be able to maintain EBITDA margins in the out years as it continues to leverage its overhead spend while growing organically at 25-30%.
- There is also significant upside potential not baked into numbers if Ninja Casino is successfully re-launched in Sweden, highlighted in our bull case EBITDA estimates vs consensus.

<i>Figures in EUR (000s)</i>	FY23 Estimates vs Consensus		
	Base Case	Bull Case	Consensus
Revenue	141,181	168,993	145,000
AFC vs. Consensus	-3%	17%	
EBITDA	44,346	62,857	35,000
AFC vs. Consensus	27%	80%	
Implied EBITDA Margins	31%	37%	24%

Alta Fox Capital vs. Consensus By Year

<i>Figures in EUR (000s)</i>	FYE 20	FYE 21	FYE 22	FYE 23
Revenue				
Base	50,207	88,696	112,945	141,181
Bull	53,327	96,022	129,995	168,993
Consensus	51,600	92,300	109,500	145,000
AFC Base vs Consensus	-3%	-4%	3%	-3%
AFC Bull vs Consensus	3%	4%	19%	17%
EBITDA				
Base	11,527	23,493	35,010	44,346
Bull	12,535	28,453	43,705	62,857
Consensus	11,200	21,200	27,000	35,000
Guidance		20,000		
AFC Base vs Consensus	3%	11%	30%	27%
AFC Bull vs Consensus	12%	34%	62%	80%
Base EBITDA Margin	23%	26%	31%	31%
Bull EBITDA Margin	24%	30%	34%	37%
Consensus EBITDA Margin	22%	23%	25%	24%