Avidly

Extensive report

6/18/2021 06:30

Antti Luiro
+358 50 571 4893
antti.luiro@inderes.fi

Inderes corporate customer

This report is a summary translation of the report “Orastava markkinointiteknologian kasvutarina” published on 06/18/2021 at 06:26 am

Budding marketing technology growth story

We reiterate our Reduce recommendation and EUR 6.5 target price for Avidly. Avidly builds and operates companies' digital sales and marketing machinery. The shift in sales and marketing towards digital channels has continued for a long time and the company has positioned itself in a growing market segment with the support of these trends. After the problems in implementing the previous strategy, the story of Avidly's profitable growth has collected credibility with its recent strong track record. The company's valuation has slowly decreased to a more neutral level as the share price has dropped but we remain on the sidelined waiting for more signs of the turnaround progressing.

Avidly's experts build and operate companies' digital sales and marketing machinery

Avidly is a modern expert company that focuses on sales and marketing and the offering extensively covers the needs of a modern marketing unit. The company offers its customers implementation and maintenance of marketing technology (especially Hubspot) with which they build digital sales channels and customer paths for their customers. A larger share of Avidly's operations is, however, marketing and communication services whose role is to bring customer flow to the digital sales channels they build. The company's service offering widely covers the customers' marketing, sales and communication needs from commercialization all the way to implementing growth and it can serve companies in various development stages.

Shift in sales and marketing towards digital channels has continued for a long time

Media advertising budgets have long shifted from conventional media to digital channels. This is based on increased time spent in digital services but also people's growing desire to utilize these services. The industry is especially susceptible to changes in the economic cycle. On the other hand, digital marketing is merging into part of sales, and it has become more business critical, and the marketing budget is no longer a clear cost saving item in a weaker economic environment. Avidly is positioned in the growing digital sales and marketing segment of the market where the extent of its offering and overall competitiveness in our opinion stands out favorably in competition.

After the disappointments in the previous strategy period a budding growth story has emerged

Avidly's recent years have been a roller coaster for investors. The previous growth strategy was sidetracked in 2019 and profitability weakened strongly (H2/19 EBIT % -20%). At the beginning of 2020, the management changed and after this the company has carried out renewals at a breathtaking rate: share issue and debt financing, developing internal reporting and operational management, strategy update, renewing investor reporting and updating the brand. The company quickly turned itself profitable (Q1/21 adjusted EBIT 7%), and the profitable growth strategy the company strives for has its first concrete evidence to support its credibility. We expect average annual organic growth of 10% for Avidly (target: > 10%) in 2021-2025 and around 9% EBITA margin in 2025 (target: EBITA % >10%).

Valuation that relies on a successful turnaround is quite neutral but not attractive enough

Avidly's value creation relies in our opinion on the expectation of profitable growth that can be accelerated with acquisitions in line with the strategy. With our estimates the 2021 EV/Sales multiple is 1.2x including a clear expectation of a successful turnaround. The company's earnings-based valuation (2022-2023 adjusted P/E 17-14x) would turn more attractive but we feel that relying on it more heavily would require proof of the turnaround progressing.

Recommendation

Reduce
(previous Reduce)

EUR 6.50
(previous EUR 6.50)

Share price:
6.00

Key indicators

	2020	2021e	2022e	2023e
Revenue	25.0	26.9	30.3	33.6
growth %	13%	8%	12%	11%
Sales margin	18.6	20.3	23.0	25.6
growth %	8%	9%	13%	12%
EBIT adjusted	0.3	1.0	2.2	2.8
EBIT % adjusted	1.3%	3.7%	7.3%	8.5%
Net profit	-0.3	-0.5	0.2	1.2
EPS (adjusted)	-0.01	0.12	0.35	0.44

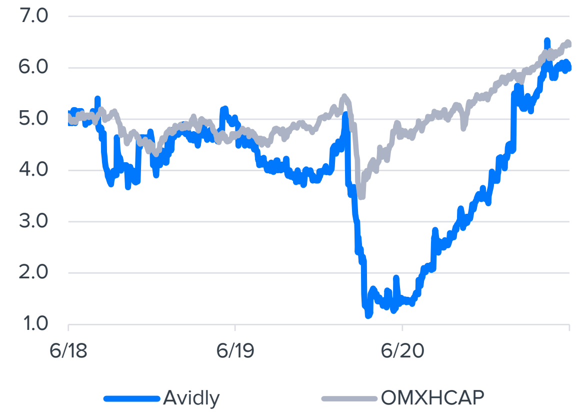
P/E (adjusted)	neg.	48.1	16.9	13.7
P/B	2.1	3.4	3.4	3.3
Dividend yield %	0.0%	0.0%	0.0%	0.0%
EV/EBIT (adjusted)	66.5	34.0	15.1	12.4
EV/Sales	0.9	1.2	1.1	1.0

Source: Inderes

Guidance (Unchanged)

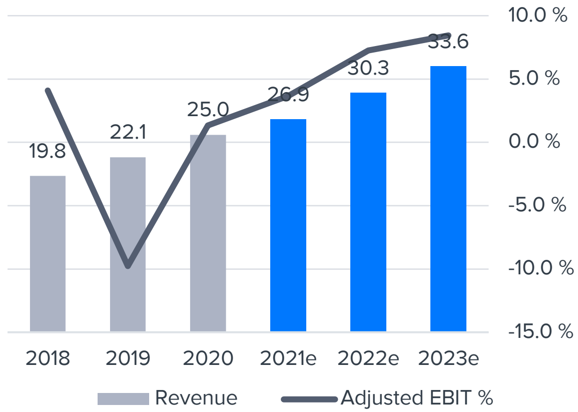
Avidly estimates that in 2021 the company's revenue will grow (revenue 2020: EUR 25.0 million) and adjusted EBIT will be positive (adjusted EBIT 2020: EUR 0.3 million).

Share price



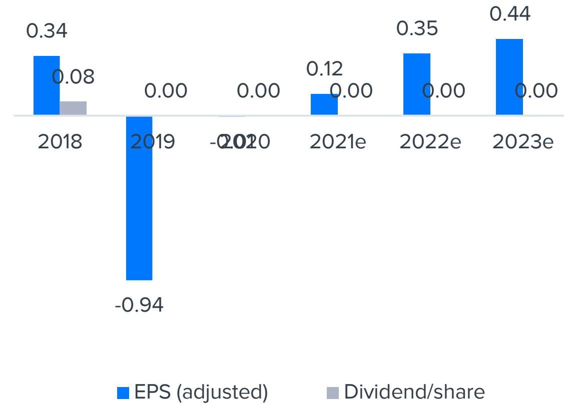
Source: Thomson Reuters

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes

MCAP
32
EUR million

EV
34
EUR million

EV/S
1.2
2021e

P/E (adjusted)
16.9
2022e

Value drivers

- Strong growth outlook on target markets
- Organic growth with competitive offering
- Cross-selling potential to current customers
- Business continuity and customer retention
- Acquisitions that support expertise and growth
- Low capital intensity of the business
- Improved profitability

Risk factors

- Slowdown in operational development and progress of the turnaround
- Availability and turnover of personnel
- Cyclicality of the marketing industry and short visibility in non-continuous operations
- Failure in acquisitions
- Changes in the competitive situation and technologies

Valuation

- Valuation contains a strong assumption that the turnaround is successful which is justified based on the company's recent track record
- Earnings growth outlook especially as revenue grows supports valuation
- Strategy implementation is only starting, and growth risks are elevated, which lowers acceptable valuation multiples

Contents

Avidly in brief

Avidly is a modern sales and marketing service company that operates in Finland, Sweden, Norway, Denmark, and Germany The company's experts build and operate companies' digital sales and marketing machinery

2014-2016

- Accelerating growth and expanding the service offering through acquisitions
- Merger with The Family Inc. Advertising Network Oy and name change to Zeeland Family

2017-2018

- Strong growth in continuing and digital marketing services
- Marketing services are expanded through several acquisitions to cover the whole country
- Strong growth in Inbound business starts with Avidly acquisition
- Avidly name taken into use

2019

- Growth strategy is renewed with extremely ambitious growth targets
- Considerable recruitment for growth
- Growth falls short of expectations at the start and an important customer (SOK) is lost
- Profitability weakens dramatically

2020-

- New management takes over
- Organization is renewed and personnel cut
- Financial position is stabilized with a share issue and loan
- The company's strategy and brand are updated
- Profitability quickly turns to a growth path

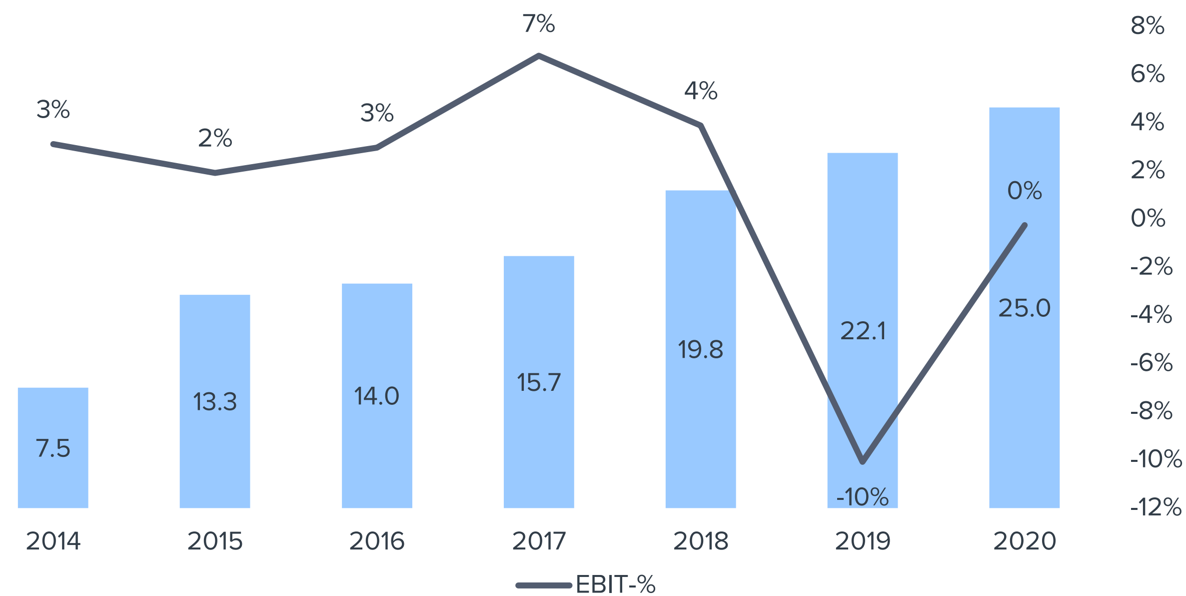
EUR 25 million (+13% vs. 2019)
Revenue 2020

-0.2% (-10.8%)
EBIT %, 2020 (2019)

14% 2015-2020
Average annual revenue growth

42%
Share of continuous services of sales margin, 2020

77% / 23%
Share of Finnish / international revenue in 2020



Source: Inderes, Avidly

Company description and business model 1/4

Avidly is a marketing technology service company born out of a series of acquisitions

Avidly is one of the leading marketing technology companies in Finland and the Nordic countries. The company's expert services combine digital sales and marketing technologies and creative expertise. Avidly offers its customers planning, building and continuous operating of modern digital sales and marketing channels. In other words, the company's experts build and operate its customer companies' digital sales and marketing machinery. Avidly serves a wide customer base covering everything from small start-ups to larger companies and public players. The customer companies include both B2B and B2C businesses. We estimate that the share of the latter is smaller. The company's customers include, e.g., Värisilmä, Suomen Autokauppa (Germany), Solar Foods, Fortum, Wärtsilä Energy, GFK (Germany), Velux (Denmark) and FSN (Norway).

Avidly was born as the result of several acquisitions. The company was listed on First North in 2010 in a so-called reverse listing in the Eirikuva corporate transaction. In the 2010s, the company carried out several acquisitions with which it built a marketing service network that covers all of Finland. In the Avidly acquisition carried out in 2018, the company also gained a platform that covers the Nordic countries for its growth strategy that is based on the HubSpot technology. In connection with the acquisition the company started using the name Avidly. In the directed issued carried out to finance the growth strategy at that time, made CapMan Growth Equity Fund the company's biggest owner with a 17% holding and it is still Avidly's biggest shareholder. Avidly has continued strengthening its technological expertise through acquisitions and expanded into Germany with the NetPress acquisition in 2019.

Avidly's revenue has grown by an average of 12% p.a. in 2014-2020. In recent years, revenue growth has been mainly based on acquisitions that raised the revenue by 16%, 25% and 5% in 2018-2020. Organic growth was 10%, -14% and 8% where the drop in 2019 was caused by losing a key customer (SOK).

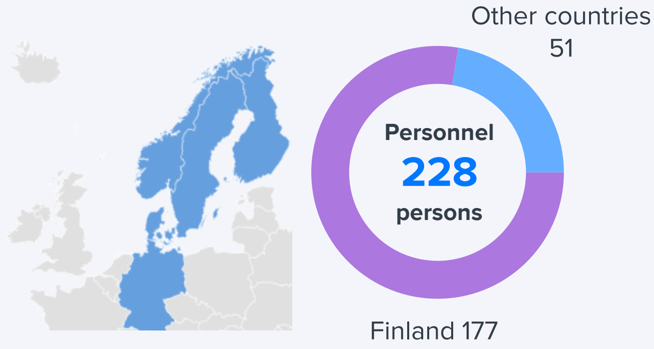
Avidly's personnel focuses on Finland but also produces services for customers across borders. Measured by sales margin, Avidly is one of the largest marketing communication companies in Finland and it has the most extensive network in the industry of 12 offices that covers nearly the entire country. Avidly is one of four finalists in Regi's Office of the year 2021 competition* in the category of large advertising companies (sales margin EUR >5 million). Avidly also has a leading position in the Nordic countries especially in Inbound marketing services that rely heavily on HubSpot technology. Avidly is also a significant HubSpot partner internationally and the company has won the HubSpot global partner award two years in a row (2019-2020).

Revenue distribution, 2020

%

Operating countries, 2020

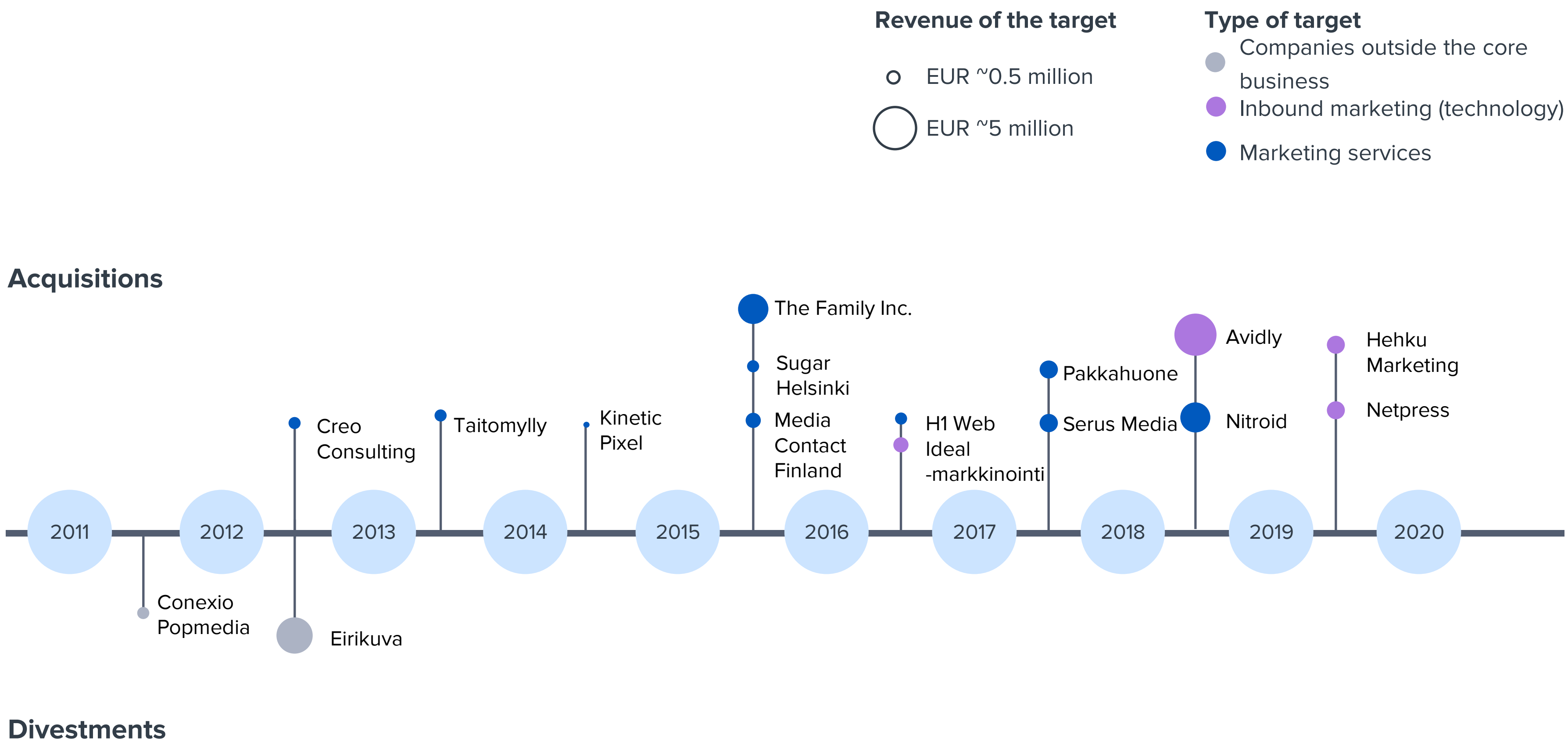
Average number of personnel



Source: Avidly

*In the competition customers assess 53 offices that produce marketing and communication services of which 35 were selected as finalists. In 2021, the competition for large offices (sales margin EUR >5 million) was won by TBWA Helsinki for the third year in a row. The placement of other contestants was not announced.

Avidly has been active in M&A transactions over the past decade



Source: Avidly

Company description and business model 2/4

Avidly is positioned as the grower of customer's digital business

In digital sales channels, marketing is often difficult to separate from sales as marketing is an integral part of finalizing the customer's acquisition and sales. For example, in online stores, marketing can be used to attract a customer to become a visitor (ads, search engine advertising), activate the customer during the purchase path (product left in the cart included in a new ad), and encourage the customer to return (re-targeting of advertising).

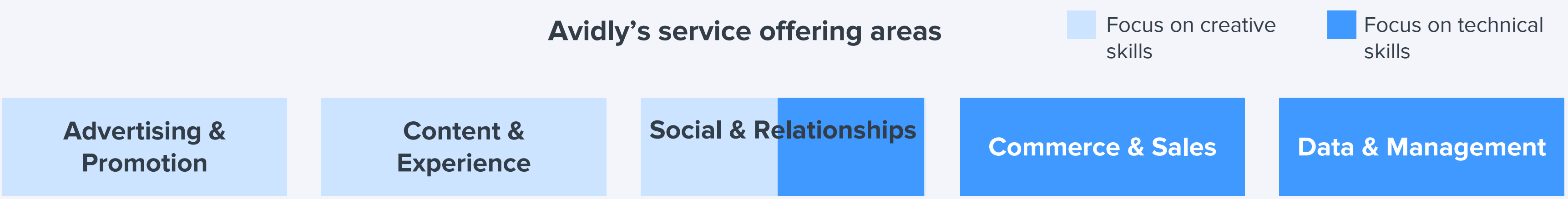
On the other hand, marketing results can also constantly be better measured as generated sales or margins, so the importance of a marketing budget becomes blurred. In practice, companies should constantly increase their marketing investments if the added marketing euro produces at least one euro in the margin as realized sales. Thus, marketing becomes the motor for the business whose functionality is critical for the growth and success of the company's business. On the other hand, being successful here requires combining creative (e.g. working brand and advertising) and technical (e.g. digital sales channels, marketing analytics) marketing expertise and such expertise cannot necessarily be found or recruited into company's own marketing teams. Avidly tries to fulfill these needs with its offerings.

Avidly's offering is built on growing customers' digital business and is very extensive (see next page). The company's role is shaped customer-specifically and the company is not involved with every customer to the full extent of its offering. The company's service offering covers 1) more conventional advertising and communication office offering but also 2) IT service company technology offering especially in sales and marketing software (e.g. CRM, online stores). Division into technical and creative offering is, however, quite artificial as most of the company's services combine both. Therefore, Avidly combined these two businesses in the strategy period that started in 2021.

Avidly's creative offering includes, in addition to conventional advertising and communication office offering, strategy work. This includes expert services in areas like communication, marketing strategy, marketing, PR, brand, digital marketing, media, video production, graphic design, content production, and social media. The role of this offering in the company's operations is high and previously the share of separately reported marketing services was around 70% of 2020 revenue.

With its technology offering, Avidly is building and maintaining digital sales channels and combines these with marketing and analytics. The prerequisite for sales is a channel (e.g. online store) through which sales is carried out. Here Avidly extensively utilizes various technologies (e.g. Hubspot and Wordpress) depending on the customer's needs, and also constantly assesses new alternative technologies. In general, the role of this offering is to build a digital customer path for the customer and optimize it to become better.

Avidly's clearly strongest technological pillar currently is the HubSpot ecosystem. Based on HubSpot's software platform, the company offers planning, integration, training, consulting, content management, maintenance, and analytics services for automated marketing and sales solutions. Typically, the company first makes a software implementation (e.g. CRM, webpages or publication system) after which the customer relationship usually continues as a maintenance customer relationship.



Source: Avidly, Inderes

Avidly's experts build and operate digital and marketing channels that are critical for the customer's business

The company's service offering covers customers' needs extensively from commercialization all the way to implementing growth

Strategy & commercialization

- Strategy
- Investor Relations
- Foresight & Insight (Market research)
- Innovation & Commercialization
- Brands
- Technology Choices and Architecture

Define the direction of the business and build capacity for commercialization

Building a growth engine

- Marketing and Sales Technology
- CRM
- Web Design
- Web Development
- Data & Measurement

Build a digital sales channel through which customers pass easily

Operating and developing the engine

- Marketing as a service (MaaS)
- Performance Marketing
- CX and Personalization
- Creative Concepts & Design
- Content Marketing
- Communications & PR
- Media & Channels
- Internationalization
- Organization Development
- Education

Hone the sales channel and fill it efficiently with customers

Source: Avidly, Inderes

Company description and business model 3/4

From a turnaround company quickly towards a growth company

Avidly's recent years have been a roller coaster for investors. At the beginning of 2019, the company announced its highly ambitious growth strategy with which the company aims at a five-fold increase in its revenue by 2024. In 2019, the company carried out acquisitions and heavy recruitments to support growth and the average number of personnel grew by 26% to 246 (2018: 195). However, the growth did not take off as expected. During H2/2019, the company also lost its biggest customer (SOK) and its EBIT margin crashed to -20%. This was followed by the COVID pandemic starting and because of heavy losses the company's financial situation began looking bad. This history still burdens the company's investor image.

At the beginning of 2020, the company began turning the situation around quickly and since then the company has fixed its base at a rapid rate. Avidly's new management that has international experience from managing the service design company Idean that combines creativity and technology. Extensive personnel restructuring was carried out in spring 2020, which helped match capacity better with demand. At the same time, the shift towards a self-managed operating model began and the company started to strengthen the cohesion of the personnel across office borders in the company culture ("One Avidly").

In the summer of the same year, the company carried out a rights issue (number of shares roughly doubled) and agreed on debt financing with which the company's financial position was stabilized. At this point in time, the new management made sizable personal investments in the company.

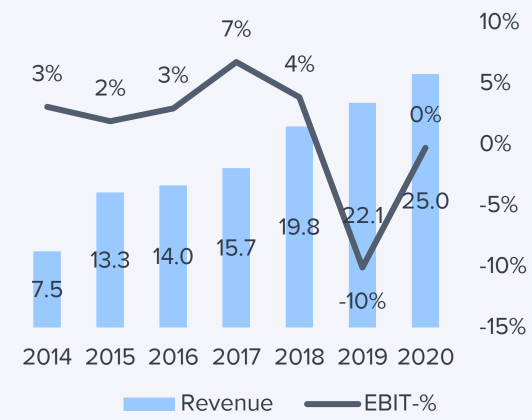
During the year, the company invested in operational management and improved its internal reporting. This improved the company's ability to manage profitable growth, which is very dependable on the balance of capacity growth (recruitment), and demand growth (new sales and expansion of customer relations).

In December 2020, Avidly published its updated strategy, presented ambitious but realistic growth targets, and moved to quarterly reporting from semi-annual reporting. In connection with the strategy, the company also renewed its business strategy by combining its previously separate marketing services and Inbound marketing to one holistic offering. In early 2021, Avidly modernized its brand and in our opinion became very active in communication by taking a step towards thought leadership, that is, taking an expert role in martech industry discussions. Customer risks also decreased, and the biggest individual customers no longer generate most of the company's revenue.

The different measures quickly affected the company's figures. Profitability turned neutral in 2020 and the company's sales margin remained on a growth path even though supported by the acquisitions from the year before. During Q1'21 the company's operational profitability (adjusted EBIT %) rose to 6.5%, which was a significant leap towards the company's updated 10% objective. In addition, the Q1'21 sakes margin grew to 12.4% and in 2021 the company has evenly reported on new customers. As a whole, the company quickly climbed from the turnaround company category towards a profitable growth company even though the implementation of the new strategy is only in its initial stages.

Financial development, 2014-2020

EUR million and %



Estimated share of largest customers of revenue 2020, %

Source: Avidly

Company description and business model 4/4

Avidly's business is expert service where the importance of personnel is emphasized

In simplified terms, Avidly's business relies on selling the time of experts to its customers. In addition, the company carries out significant pass-thru invoiced media purchases for its customers (around 10-15% of revenue) that are in practice zero margin revenue. Due to media purchases, revenue can fluctuate considerably in the short term. Investors should, in our opinion, watch the sales margin as an indicator of short-term growth.

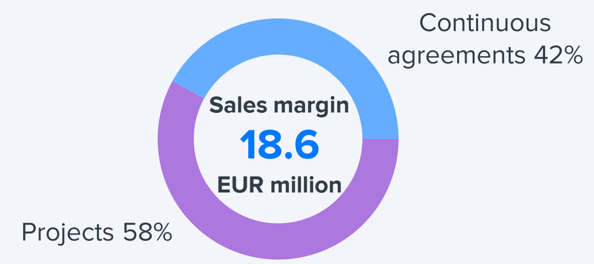
In recent years, Avidly has invested heavily in increasing the revenue generated from continuous service agreements. The share of continuous services in Avidly's sales margin was 42% in 2020. Continuous revenue consists especially of outsourced market activities' services (MaaS, marketing as a service) and other packages containing services selected for the customer's needs. The contract periods of these are typically 3-12 months long. Avdily also gets some continuous income flow from the monthly invoicing of the systems it sells (e.g. Hubspot) and from services related to the maintenance of customers' systems.

Most of Avidly's business is, however, project-like by nature, i.e., customers order services based on their needs. Especially in software implementation project the size of an individual project can be over EUR 500,000 but a considerable share of the company's business consists of several smaller projects. There is still continuity in the project business as the customer relationships are often long even though customers buy services flexibly based on their needs. This business is to our understanding dependent on the financial environment, which is why customers can temporarily cut their investments in sales and marketing and their purchases from Avidly. The company's services are, however, closely related to customer's sales and increasing it, which would mean that a reduction in purchases would also affect the customer's business development. In our view, this business criticality reduces the risks related to the company's customer relationships. For example during the COVID pandemic in 2020, Avidly's sales and growth came mainly from existing customer relationships.

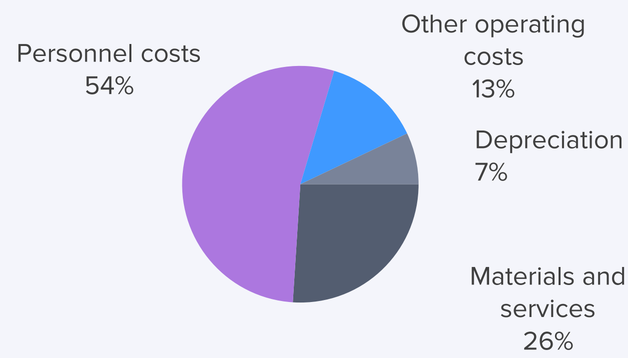
Avidly follows the Group's sales development as a whole where sales is managed at office level. New customer sales is separated and the responsibility of a team of around 10 people but for existing customers the entire personnel is responsible for sales. Sometimes Hubspot also directs its customers to its partners like Avidly. The company's organization model aims at self-management and low hierarchy, which we believe is a positive thing for an expert organization and the happiness of its personnel.

The nature of expert services is also reflected in the company's cost structure, where personnel costs and other operating expenses highly related to personnel costs form two-thirds of the company's costs. The personnel in turn focuses strongly on experts (around 85% of personnel) that perform billable customer work. The company also utilizes partners to some extent, which is visible in the materials and services expense item (26% of expenses). This cost item also includes the above-mentioned pass-thru invoiced media purchases.

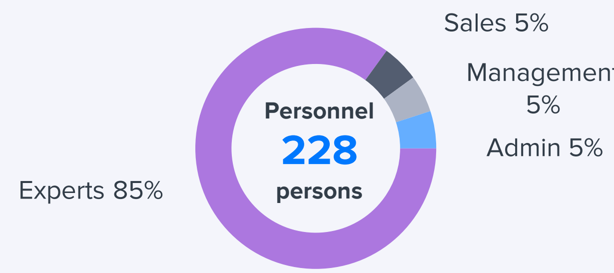
Sales margin distribution, 2020



Expense distribution, 2020



Estimate of personnel distribution into key operations, 2020



Source: Avidly, Inderes

Investment profile

Service company with profitable growth

To investors Avidly is profiled as a company that aims at profitable growth and internationalization. The company has a strong and growing business based in the martech market in Finland and strongly growing international business whose development Finnish expert resources support. The return for investors investing in the company depends on its ability to profitably grow its business through recruitment and attractively valued acquisitions. Instead of dividend distribution the company focuses on raising cash flow and on acquisitions, so value creation will in coming years mainly come from earnings growth.

Implementation of Avidly's strategy is in its initial stages and there are still factors related to the development of the investor story that weaken predictability. With the new management, risk factors have been dispelled by the rapid changes in the company that have increased our confidence in Avidly's story. Owning shares in a company that relies on profitable growth requires strong confidence in the company's management.

Potential

Strong growth outlook on target markets. Avidly's target markets grow with clear digitalization and sales efficiency trends.

Organic growth with competitive offering. Avidly is the leading partner in the Hubspot ecosystem in the Nordic countries and internationally. In marketing communication, the company has an extensive service selection and geographical coverage.

Cross-selling potential to existing customers. Avidly's customer only use some of the company's services so there is room for expansion in the customer relationships. Services can be produced across Avidly's own office borders which also improves the efficiency of resource use.

Business continuity and customer retention. A significant share of revenue is continuous, which improves the predictability of income and cash flow and makes service production more efficient. Business critical role protects against economic fluctuations.

Acquisitions that support expertise and growth. Avidly also plans to make acquisitions that would strengthen its competitive position and expertise, and enable opening of new market areas. Acquisitions made with attractive multiples would create shareholder value directly.

Low capital intensity of the business. The business model ties up relatively little capital and apart from acquisitions, investment needs are small. If the turnaround is successful, the company can finance acquisitions with its own cash flow.

Improving profitability. Avidly's turnaround is still ongoing and the strengthening the relative profitability in line with objectives will support earnings development in the next few years.

Key risks

Possible slowdown in operational development and in the progress of the turnaround. Avidly's profitability quickly started improving starting from 2020 but the direction can change if the company slips up with the disciplined operational performance.

Availability and turnover of personnel. Success of the growth strategy is dependent on finding competent personnel when needed and the ability to commit the best talent to the company.

Cyclicality of the marketing industry and short visibility in non-continuous operations. Marketing services partly operates in a cyclical and project-driven industry, which is why the personnel's billable utilization can fluctuate rapidly and weaken earnings development. Dispersed clientele does, however, protect against customer risks. Investors currently have relatively weak visibility into the development of the company's customer base, timing of deals and size of cash flow.

Failure in acquisitions. During the strategy period, Avidly must carry out acquisitions whose integration, valuation and implementation involve risks.

Changes in the competitive situation and technologies. Avidly is highly dependent on HubSpot's success and new technologies and changes in the strategy of the principle could disrupt Avidly's business. The growth outlook in Avidly's industry is strong and the threshold to enter the market is low, which increases the amount of competition.

Investment profile

1. **Strongly growing target market of digital sales and marketing software and services**

2. **Competitive and extensive service offering**

3. **Cash and low indebtedness enable accelerating growth with acquisitions**

4. **Implementing the strategy and realization of profitable growth still includes uncertainty**

5. **The share's return expectation relies on the growth strategy being successful and on earnings growth**

Potential

- Strong growth outlook on target markets
- Organic growth with competitive offering
- Cross-selling potential to current customers
- Business continuity and customer retention
- Acquisitions that support expertise and growth
- Low capital intensity of the business
- Improved profitability

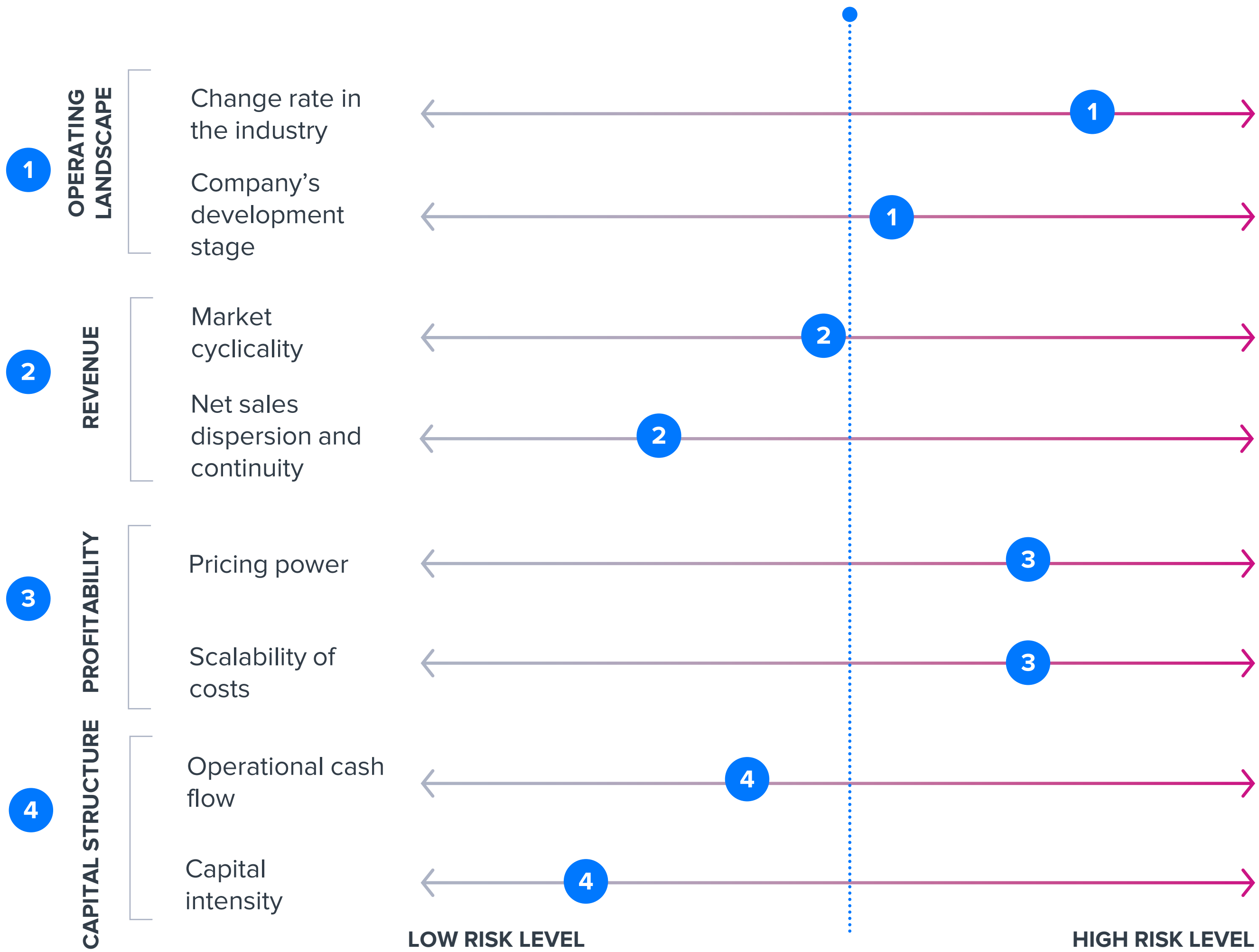
Risks

- Slowdown in operational development and progress of the turnaround
- Availability and turnover of personnel
- Cyclicality of the marketing industry and short visibility in non-continuous operations
- Failure in acquisitions
- Changes in the competitive situation and technologies

Source: Inderes

Risk profile of the business model

Assessment of Avidly's overall business risk



Strong revolution going on in the industry as technology develops. The company is dependent on HubSpot's development even though the technology base is dispersed.

The company's services have a relatively strong position on the markets even though implementation of the growth strategy is still in its initial stages.

Marketing services are relatively cyclical. Growing role of continuous services and the business criticality of services to the customer compensate for the sensitivity.

Widely dispersed customer base and service portfolio. Dependency on single customers is currently low and the role of continuous services has increased.

Mainly fragmented markets with a low threshold of market entry and limited amounts of sustainable competitive advantages. Continuous services, extensive network and own value-added products give Avidly a small edge.

A considerable share of costs are fixed in the short term and the businesses are mainly poorly scalable expert services.

Strong operational cash flow and negative/low net working capital but front-loaded growth investments eat away at cash flow.

Investments mainly acquisitions and weight in balance sheet on intangible assets and goodwill.

Source: Inderes

Markets and competitive landscape 1/3

Target markets are linked to sales and marketing software and services

Avidly's Martech target market combines marketing and technology just like the name says. The customers' interest and wishes have long shifted towards a digital customer experience, and we believe the shift accelerated due to COVID. At the same time the know-how required in the marketing industry has expanded especially in the past decade strongly to technology, and marketers must be able to operate in the technological interface. This is in our opinion due to 1) technicality in monitoring the results of digital marketing and 2) the need to optimize digital customer paths (conversions), which can have a considerable effect on marketing results.

Digital marketing often requires active cooperation between marketing and IT experts and at the same time the work is easier if the expert masters both areas. The need for both experts grows with the martech market but we believe the growth in the number of experts cannot keep up, which tightens the competition for experts. Players who attract these experts like Avidly are, in our opinion, benefiting from this trend, when acquiring the necessary skills for the company that markets digitally may require buying services from an external company.

As digital sales channels grow, the business criticality of marketing has also grown. For example, B2B sales work can be made clearly more efficient with marketing as the interest of potential customers can be awakened and validated with marketing. This lets salespersons use their time on these potential customers that are already interested in buying. In B2C sales, the link of marketing to the business is even a step closer as online sales generated by marketing can constantly be assessed at a more detailed level.

With the revolution we described, Avidly's target market (Martech) consists of two components: digital marketing and sales software and related services, and conventional creative marketing services. Even though we examine these markets separately the investor should recognize that these markets are becoming very closely intertwined in modern marketing.

Competition arises from creative and technological background

The previous division on the market into creative and technological expertise is also visible in the competitive landscape (see next page). Several technology-based companies (IT service companies, CRM developers) help their customers implement Martech technology and are strong in technical implementation. On the other hand, more conventional creative ad agencies are especially strong in creating advertising concepts and Avidly's competitors (e.g. TBWA) have a strong foothold in this segment.

Avidly's key competitors (e.g. Avaus, Generaxion and Columbia Road) combine marketing and technology expertise, which means one supplier can offer services that cover both sides. Avidly's offering does, however, cover the entire outsourcing of the marketing function and we have not recognized another company in Finland with as extensive offering.

Trends on the Martech market

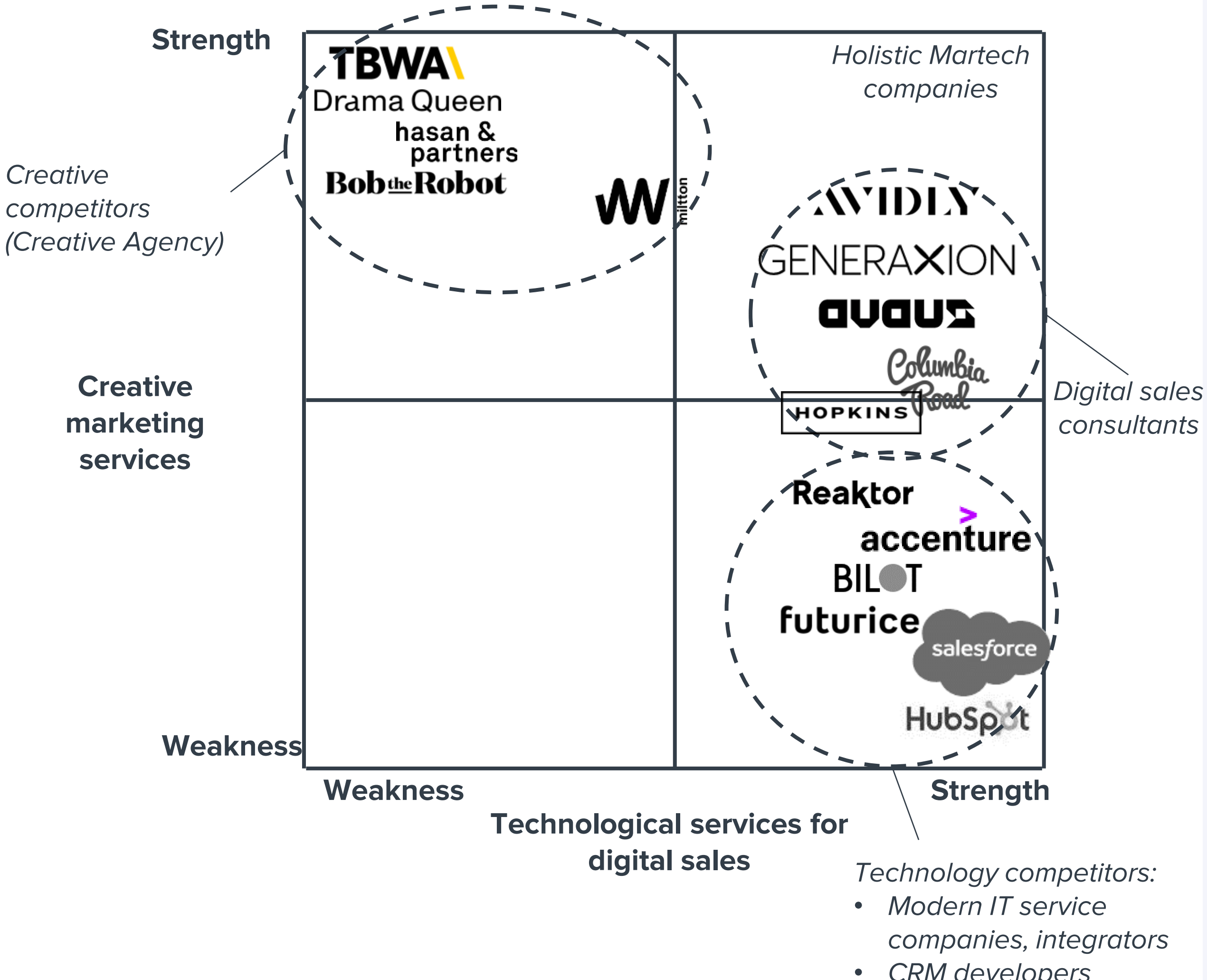
- Customers' willingness to operate digitally
- Tightening competition for experts
- Increase in business criticality of marketing
- Combining creativity, data, and analytics

Source: Avidly, WARC, Inderes' estimate

Markets and competitive landscape 2/4

Avidly's competitors come both from creative and technological backgrounds, but the closest competitors combine both

The list is not exhaustive and focuses on competitors operating in Finland



Source: Companies' websites, Avidly, Regi, Inderes' estimate

Avidly's competitive factors

+ Competitive offering in marketing technologies and creative services
+ Offering covers nearly all modern marketing function needs: easy one supplier solution for the customer
+ Extremely strong position in the Hubspot ecosystem internationally and especially in Europe
+ An extensive office network covering Finland, Northern Europe and Germany enables service related to internationalization

– A weaker position outside the Hubspot ecosystem (e.g. Salesforce)
– Technology abilities are not strong outside sales and marketing (vs. IT service companies)
– Creative agency competitors are even stronger players in their category due to long successful performance

Markets and competitive landscape 3/4

HubSpot ecosystem that is important for Avidly's technology offering is performing well

Digital sales and marketing software covers various solutions extensively (e.g. CRM, e-commerce, and CMS) but we discuss theses as a whole for simplicity. This market has for a long time been strongly growing thanks to digitalization and the direction seems to continue. Growth is still driven by the benefits offered by software implementation, like increased efficiency in marketing and customer management and improved customer experience, as well as the still low implementation rate of software in Europe.

There are several players on the market like Marketo (Adobe), Salesforce, Oracle and HubSpot. In addition, there are hundreds of smaller players on the markets. Software developers make software implementation themselves but often also rely heavily on partners like HubSpot. Avidly is one of such partners and thus it is relevant to review the market from a partners' viewpoint.

HubSpot is one of the world's leading companies that develop automation systems for marketing in whose partner ecosystem Avidly operates as a software reseller and service provider in implementation and maintenance. HubSpot has maintained a strong 41% annual growth from the 2014 listing to the latest Q1/21 earnings release and seems to have established its position of a key global player on the market (2020 revenue: USD 883 million). This is also visible in the expectations concerning the development of the company's ecosystem. The market research company IDC has estimated that the Hubspot ecosystem will grow by 27% per year over the next few years, and in Europe, on Avidly's target market, by as much as 36% p.a. IDC estimates that the partner ecosystem will be over six-fold the size of Hubspot's revenue in 2024. In the long term (>10 years), we expect the income flow from the Hubspot ecosystem to rely especially on maintenance agreements and commissions from software, but the importance of implementation projects remains high in our expectations for a long time.

Avidly's position in the Hubspot ecosystem is strong ("Global partner of the year" winner in 2019-2020 among more than 5,500 partners, partnership at highest Elite level with 27 other partners) so continued success of Hubspot is positive for its business. Avidly does, however, research and use different technologies in customer projects and could also change to another ecosystem if necessary. In such a situation the company would have to build its position from scratch in the ecosystems of a new software and the company would not benefit from the competitive advantages of its current position compared to other partners.

In technology services, Avidly's key competitors in our view are in order of importance:

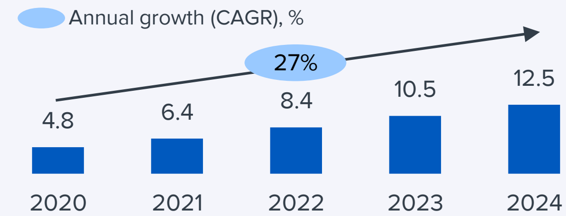
1) Holistic martech suppliers and digital sales consultants (e.g. Generaxion, Avaus)

2) Modern IT service companies, with martech offering (e.g. Reaktor, Bilot)

3) Software developers (e.g. Hubspot and Salesforce, that also have own implementation ability)

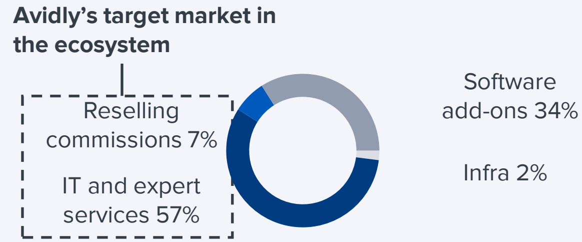
New martech competitors (1) can also be formed in M&A transactions, e.g., from IT service companies (2).

Growth estimate for Hubspot ecosystem 2020-2024, USD billion



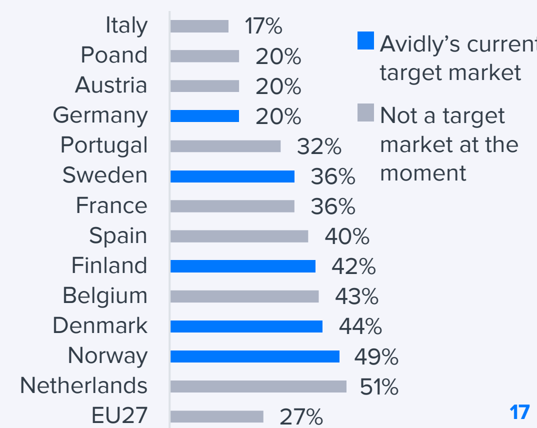
Source: IDC 03/2021

Estimate of Hubspot ecosystem's value distribution by category 2021-2024, %



Source: IDC 03/2021, Inderes

Penetration of cloud-based CRM software in EU countries, 2020 %



Source: Eurostat

Markets and competitive landscape 4/4

Revolution of marketing communication towards digital advertising continues as strong

The Finnish market of marketing communication has for years been in a strong revolution when the need for conventional, printed media focused marketing communication has decreased heavily. The growth in new digital marketing services and technologies has been strong and new competitors have entered the industry such as IT service houses and small digital marketing offices. With the revolution, the share of digital advertising has increased significantly and during Q1/2021 it formed a record 53% of media advertising according to Kantar.

Avidly is positioned in a relatively stable segment in the cyclical industry

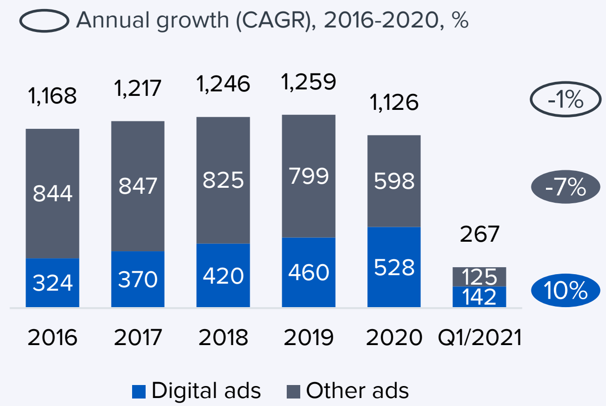
We believe marketing communication as an industry is still relatively sensitive to economic fluctuations as most of the industry's revenue comes from investment-like purchases of marketing services and products made by companies and public administration.

Historically, the demand on the marketing communication market has followed the general economic development quite closely. Thus, a slowdown in the economic growth in Finland would weaken the demand for marketing communication services. We estimate that even in a weakening market environment investment in digital services will, however, grow with structural trends, which dilutes the cyclicality of players that focus on digital marketing. In addition, the business criticality of digital marketing supports maintenance of advertising budgets also in a weaker economic landscape. For example, according to Kantar's data digital advertising in the COVID year 2020 was the only growing media group (+2%) while all other media decreased (9-65%) from 2019. We believe Avidly has positioned itself quite cycle-resistantly in the market. The company focuses more clearly on digital sales and marketing and its customers are dispersed in terms of size class and industries.

The trends in the competitive filed are visible so that conventional marketing communication players have decreased their activities, while the number of small digital offices has grown, and large offices have increased their number of digital marketing experts. Technology companies have also expanded into marketing, and, for example, Futurice has expanded from marketing systems also into marketing implementation with the Columbia Road company. Also Reaktor, for example, has offered services related to brand and communication.

Technology driven competitors do not, however, to our understanding offer much marketing communication services and their competitiveness is thus not strong outside digital marketing. For Avdily, the key competitors in marketing communication are in our opinion more conventional creative offices with a long track record of building creative concepts. In our view, these players have a relative advantage especially among customers that buy services separately and who buy from several suppliers.

Development of media marketing* in Finland, 2016-2020, EUR million



*Digital share or television and press advertising moved to digital advertising only starting from 2018. Kantar has changed the categorization of media types over the years, which may weaken the accuracy of the categorization.

Source: Kantar, Inderes

Strategy 1/2

Updated strategy aims at becoming a business partner of the customers

Avidly updated its strategy for 2021-2025 at the end of 2020. The leading idea behind the strategy is to offer customers efficient solutions that bring growth. In our opinion, this description means an aim to become a business-critical partner for customers where the company's services directly and closely affect the customer's income flow. A key change in the strategy has been that the previously by segment separated Marketing services and Inbound marketing were combined into the new Martech offering. The high-level targets of the strategy are to have the most loyal customers, to be the best place to work, to be a thought leader[1] and to grow profitably.

With the strategy, Avdily targets profitable growth and reaching the leading position as a Martech service supplier in Europe. The company sees its growth opportunities can be found in 1) expanding the target markets especially in DACH[2], 2) in cross-selling services between markets, and 3) in target market growth. The company has said it is examining non-organic options especially for expanding the target markets.

The financial objectives of the new strategy are ambitious but realistic

The objectives published by Avidly in December 2020 are described on the right. The strategy made in the previous management period in early 2019 was more aggressive in terms of growth objectives and the company fell far behind the targets already in the first year. In our opinion, the current strategy of the new management focuses more on controlled (smaller growth target) and profitable (trend of improving profitability) growth.

The company's growth targets are still ambitious, but we believe realistic. The organic growth target (+10% growth per year) is more modest than the growth of the target market (Hubspot ecosystem's estimate for the next few years +36% in Europe per year, digital advertising in Finland historically +10% p.a.). We believe Avidly's competitiveness is good, which is why it has the preconditions to grow at least with the market, and also to raise its market share.

In terms of controlling profitability during the growth, it is key for Avidly to manage the balance between sales and the personnel to maintain sensible billable utilization. We believe, the renewal the company has carried out in operational business management and internal reporting have improved the preconditions for maintaining this balance. Sings of this have also been seen in the form of improved profitability (Q1/21 adjusted EBIT% 6.5%).

Key for Avidly's growth is the demand for its services, availability of experts and operational ability to manage the growth in these components. We believe that the last of these will drive the company's growth slope over the next few years.

Reaching the targets requires M&A transactions

In addition to its growth targets, Avidly also needs some 5% inorganic growth to reach its revenue target in 2025. We consider this a realistic rate if the company continues developing and maintaining its operational discipline in line with recent trends.

Change in strategic objectives

	New strategy (12/2020)	*Old strategy (01/2019)*
Growth	Organic growth **+10%** p.a. 2021-2025, internationally stronger	*Organic growth **+25%** p.a. 2019-2024*
	Revenue* **EUR >50 million** in 2025	*Revenue **EUR >100 million** in 2024*
Profitability	Operating profit (EBITA-%) **>10 %** in 2025, strengthening trend	*Annual EBIT **2-7%** 2019-2024*
	2021 EBITA **>0%**	
Income distribution	**No dividend**, money to finance growth	*Dividend distribution **max. 50%** of net result*

*The euro-denominated revenue includes inorganic growth.

1 Thought leadership refers to branding and marketing the company's expertise, which aims at affecting the image of the company as a forerunner in the industry

2 DACH = German-speaking Europe (Germany, Austria, and Switzerland)

Source: Avidly

Avidly's strategy 2/2

In our view, Avidly has been relatively successful in acquisitions in recent years but in international acquisitions (where acquisitions will focus in future) the track record is still limited. The NetPress acquisition in Germany in 2019 gave a small indication of this ability as Avdily ended up paying a growth-related additional deal price one year later.

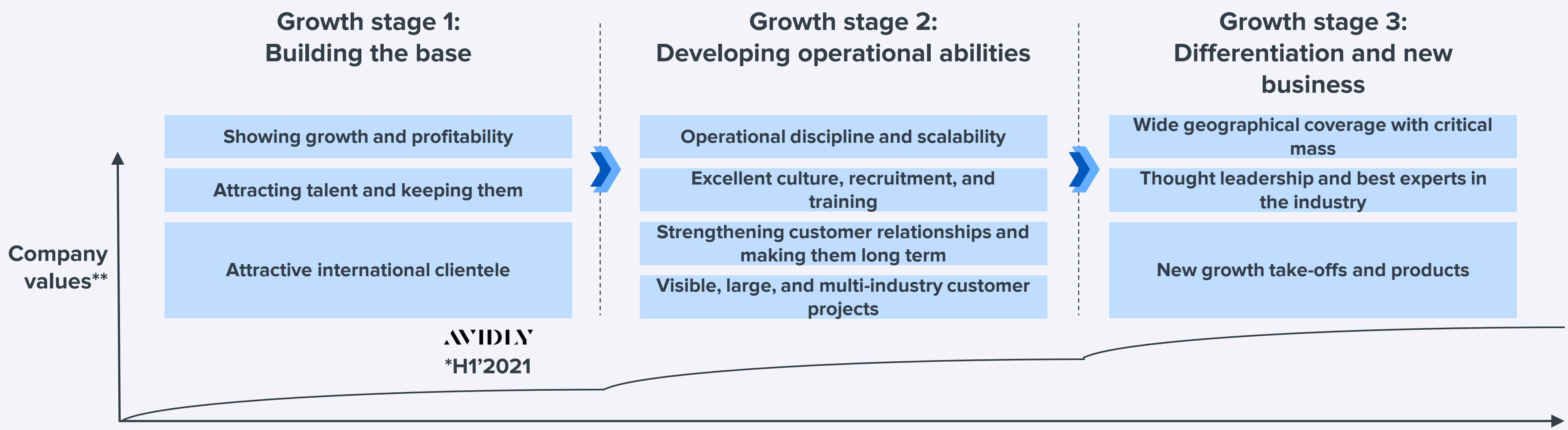
The risk level of acquisitions from the shareholders' viewpoint is lowered by the fact that the valuation levels paid on acquisitions have typically not exceeded Avidly's own valuation, sellers are committed to Avidly with share swaps, and the terms of additional deal prices have been challenging. We believe there are many small players on the market, so there are acquisition targets available. On the other hand, Avidly can also make larger M&A transactions with companies in its own size class. The industrial logic of M&A transactions is, in our view, geographical expansion, complementing the service offering and acquiring new experts.

Implementation of the growth strategy progresses in three waves

Avidly implements its growth strategy in three stages: 1) Building the base, 2) Developing operational abilities, and 3) Differentiation and new business. In 2020, Avidly was largely in the phase of building the base and was in our opinion highly successful in a surprisingly short time to reach key targets of the phase especially in terms of growth and profitability. In our opinion, the company is slowly shifting more heavily towards the next stage of operational development, where the company will strengthen its competitiveness and profitability. Currently we believe it is important for Avidly to continue on the path of disciplined operational development and safeguard the sustainability of the turnaround that has already started.

Strategy financing on stable grounds

Avidly stabilized its financial position when carrying out a share issue of some EUR 2.5 million in summer 2020 and by agreeing on an around EUR 2.5 million loan arrangement. After this the company has turned cash flow positive. In its strategy Avidly has mentioned it utilizes the existing financial base to implement the strategy and we do not believe the company will need new financing. During 2021-2022 the company will utilize its cash in hand to finance possible acquisition but after this it can finance M&A transactions with the strengthening cash flow.



Source: Avidly, WARC, Inderes' estimate

**Illustrative

Summary of Avidly's strategy

Target market and Avidly's position

Global Hubspot ecosystem market, '20	**USD 4.8 billion**
Ecosystem growth in Europe, '20-'24	**+36% CAGR**
Digital marketing growth trend in Finland, '16-'20	**+10% CAGR**

Drivers that support growth

- Customers' willingness to operate digitally
- Increasing business criticality of marketing
- Combining creativity, data, and analytics

Comprehensive partner in digital sales and marketing that generates result and growth

AVIDLY

Strategic focus areas

1. Strengthening customer loyalty
2. Best workplace
3. Thought leadership
4. Profitable growth

Shift of strategy financing more strongly from cash to income financing in 2023

EUR >50 million

Revenue in 2025 (EUR)

>10%

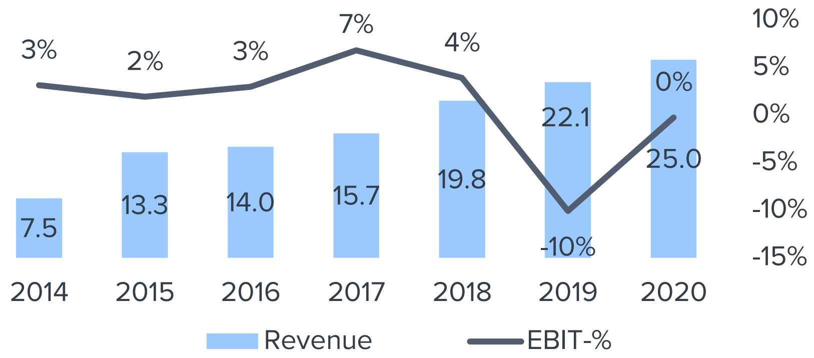
EBITA % in 2025

Source: Inderes, Avidly, IDC, Kantar

Financial position

Profitability has been relatively well under control during growth apart from 2019

Revenue (EUR million) and EBIT %, 2014-2020

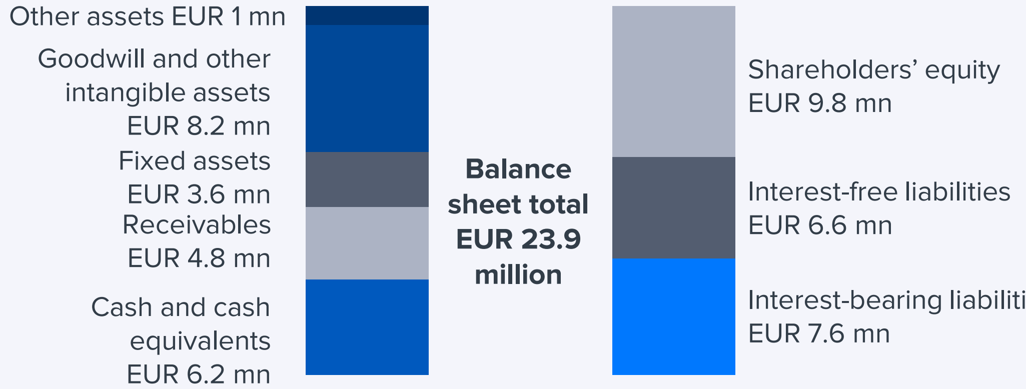


- 2020 growth mainly came from existing customers so continued strong growth would require new customer sales
- Drop based on losing a large customer (SOK) but since then profitability development has been on a strong improving trend in 2020
- Investors should look at…
  - …the sales margin as the growth driver in the short term as pass-thru invoicing items (media purchases) fluctuate revenue
  - … adjusted EBITA as the indicator of profitability in acquisitions as the company's rent expenses (2020: EUR 1.4 million and 80% of depreciation) are only visible in depreciations (IFRS 16)

Source: Inderes, Avidly

Balance sheet quite stable after 2020 financing arrangements and ready for acquisitions

Balance sheet structure, December 31,2020



- The balance sheet enables several smaller cash flow financed acquisitions in the coming few years
  - Cash is solid due to financing arrangements (EUR 6.2 million)
  - Net gearing 14% is quite low
- Reasonable amounts of goodwill (EUR 7.7 million) and other intangible assets in the balance sheet total
- EUR 3.1 million of interest-bearing debt consists of lease agreements (IFRS 16 entry) that are included in fixed assets
- Considerable tax receivables outside the balance sheet due to previous loss-making years, which lowers the tax rate in the next couple of years
- Avidly's business is not based on fixed asset items, which lowers the importance of balance sheet assets from the investor's viewpoint

Estimates 1/4

We estimate Avidly's business as a whole

In connection with the strategy renewal in December, Avidly stopped reporting business segments (Inbound marketing and Marketing services) separately and began reporting international revenue separately. We believe combining the business segments was smart as the company's offering is comprehensive digital sales and marketing service offering. In addition, the business of both segments is primarily expert services, so we do not believe there is many differences in the nature of the revenue either.

We model Avidly's revenue development as a whole. Instead of revenue we use the sales margin as the indicator of growth in the short term as pass-thru invoiced media purchases fluctuate revenue at an annual level. The growth of Avidly's business focuses on international growth and in Finland our growth expectations are slower. Thus, we also model the development of geographical revenue and sales margin in the background, with which we try to improve the accuracy of our estimates.

The nature of expert services is basically selling the time of experts, so we estimate business development mainly through the growth of the following parameters:

1. Number of personnel
2. Revenue per employee
3. Sales margin per employee
4. Personnel cost per employee

In our estimates we assume that Avidly must make significant expert recruitments to implement its organic growth. By improving billable utilization and efficiency, a small level adjustment can be made in revenue, but their importance is high especially to improve profitability. In this case, the sales margin per employee can make a level adjustment while the cost per person would remain almost unchanged. Avidly must, however, also recruit personnel in advance so the billable utilization of the new personnel does not rise right away. So the relative profitability of the company will be low at first and can in our opinion rise to the long-term potential only when the growth slope starts lowering.

Avidly's growth strategy also includes acquisitions. We have no visibility into acquisitions or their future valuation levels, so they are not included in our estimates before they materialize.

Share-based incentive plan increases personnel costs in the next few years

Avidly's management has a share-based incentive plan linked to the share price and personal investments where a maximum of 570,000 company shares would be paid to the management when the plan ends on May 31, 2023. The plan is implemented in full with a EUR 6.5 share price, which would seem very likely as the share price is around EUR 6 as this report is being written in early summer 2021 and the company's story is progressing well.

These incentives will temporarily raise personnel costs in 2021-2023, and the shares collected as well as the share price affect the amount of costs recorded in the income statement. We have considered the costs of the incentives in full at the EUR 6.5 share price and allocated around EUR 3.6 million extra costs for 2021-2023. The costs do not have a cash flow effect, the cost will be visible for shareholders as a dilution in the EPS value in 2023 as the number of shares increases.

The share-based incentives cover up the operational profitability of the company's business, so we adjust the costs in our estimates. The number of shares will, however, only grow in 2023 so the adjusted valuation multiples of 2021 and 2022 seem some 10% lower than they would be with the number of shares considering the future incentives. We adjust this contradiction by considering the discount required in the adjusted multiples in our valuation.

Estimates 2/4

Strengthening turnaround and growth over the next few years

Avidly estimates that in 2021 the company's revenue will grow (revenue 2020: EUR 25.0 million) and adjusted EBIT will be positive (adjusted EBIT 2020: EUR 0.3 million). We believe the guidance is cautious on purpose as it is important for the company to redeem and maintain market confidence after the 2019 challenges. Avidly's Q1'21 growth (revenue +6% and sales margin +12%) from the comparison period (Q1'20) and operational profitability (adjusted EBIT 7%) were already clearly on a more positive trend than the guidance. We expect the company to exceed its guidance and possibly revise its guidance later during 2021.

We believe growth in digital marketing and Hubspot ecosystem, as well as Avidly's competitive offering create good preconditions for growth in 2021 and onwards. In 2021, we estimate Avidly's net sales will grow by 8%, sales margin by 9%, and adjusted EBIT to rise to 4%. Our estimate is based on a small increase in the number of personnel (+4%), and an increase i billable utilization as operational abilities grow. Thus, we estimate that revenue and sales margin per person will grow (+4% and +5%).

Visibility into Avidly's revenue development is relatively good in the short- and medium-term as around 40% of revenue is based on continuous service income and is dispersed among a wide clientele. Success in recruitment, onboarding new experts and conquering markets largely define the growth rate of the next few years.

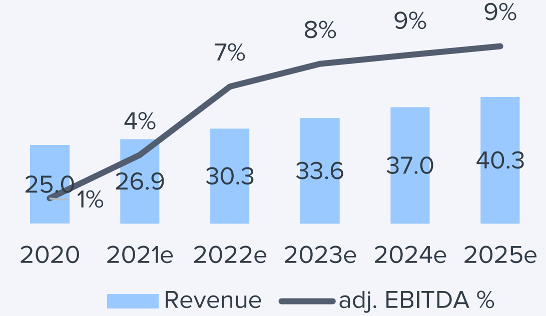
We expect average annual organic revenue growth of 10% for Avidly in 2021-2025 (target: > 10%) and around 9% EBIT margin in 2025 (target: adjusted EBITA % >10%). We expect Avidly to continue investing in operational management with which the company would make a level adjustment in billable utilization and resource use efficiency. We expect these measures and the resulting earnings turnaround to hit more clearly in 2021-2022. After the level adjustment we assume in our estimates that the company's revenue per person and sales margin per person develop on average slightly faster than general inflation.

In the long term, we expect falling growth

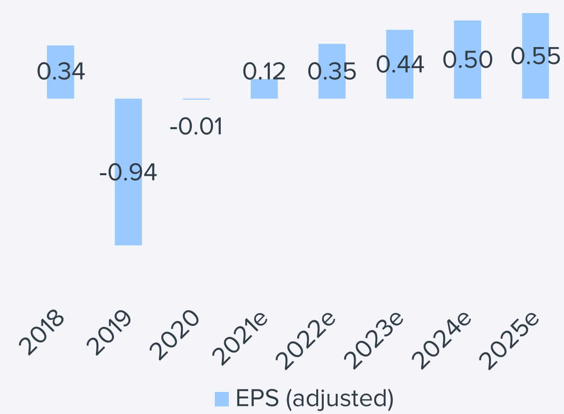
Avidly's market environment looks good in our opinion also after 2025. Long-term predictability is, however, weakened by visibility into the implementation of the growth strategy that is only in the initial stages. Growing market also attracts competition, which we expect will slow down company growth and generate pricing pressure. On the other hand, we believe tightening competition for experts will raise the company's cost level.

For 2026-2029, we estimate an average 6% revenue growth. In the terminal period, our revenue growth estimate is 2.5%. As growth slows down, we expect Avidly to improve its billable utilization when the need for front-loaded recruitments decreases but we expect the effects of tightening competition to be larger. We estimate that the EBIT margin will gradually decrease to 8.5% in the terminal period.

Estimates, 2020-2025e
EUR million and %



EPS, 2018-2025e
EUR per share



Source: Inderes

Estimates 3/4

Income statement	2019	H1'20	H2'20	2020	H1'21e	H2'21e	2021e	2022e	2023e	2024e
Revenue	**22.1**	**13.0**	**12.0**	**25.0**	**14.0**	**12.9**	**26.9**	**30.3**	**33.6**	**37.0**
EBITDA	**-0.6**	**0.5**	**1.2**	**1.7**	**0.8**	**0.7**	**1.5**	**2.2**	**3.2**	**5.0**
Depreciation	-1.8	-0.9	-0.9	-1.8	-0.9	-0.9	-1.7	-1.7	-1.7	-1.7
EBIT (excl. NRI)	**-2.2**	**-0.4**	**0.7**	**0.3**	**0.6**	**0.3**	**1.0**	**2.2**	**2.8**	**3.3**
EBIT	**-2.4**	**-0.4**	**0.3**	**-0.1**	**-0.1**	**-0.1**	**-0.2**	**0.5**	**1.5**	**3.3**
Net financial items	-0.2	-0.1	-0.2	-0.3	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3
PTP	**-2.6**	**-0.5**	**0.1**	**-0.4**	**-0.2**	**-0.3**	**-0.5**	**0.2**	**1.2**	**3.1**
Taxes	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-0.2
Net earnings	**-2.5**	**-0.5**	**0.1**	**-0.3**	**-0.2**	**-0.3**	**-0.5**	**0.2**	**1.2**	**2.9**
EPS (adj.)	**-0.94**	**-0.17**	**0.11**	**-0.01**	**0.09**	**0.03**	**0.12**	**0.35**	**0.44**	**0.50**
EPS (rep.)	**-1.03**	**-0.17**	**0.03**	**-0.09**	**-0.04**	**-0.05**	**-0.10**	**0.03**	**0.20**	**0.50**

Key figures	2019	H1'20	H2'20	2020	H1'21e	H2'21e	2021e	2022e	2023e	2024e
Revenue growth-%	11.9 %	10.0 %	16.0 %	12.8 %	7.8 %	7.8 %	7.8 %	12.4 %	11.1 %	10.1 %
Adjusted EBIT growth-%	-366.8 %	73.0 %	-138.3 %	-115.6 %	-258.5 %	-52.8 %	193%	123%	29.3 %	16.4 %
EBITDA-%	-2.7 %	4.1 %	9.9 %	6.9 %	5.6 %	5.7 %	5.7 %	7.2 %	9.4 %	13.5 %
Adjusted EBIT-%	-9.8 %	-3.1 %	6.2 %	1.3 %	4.6 %	2.7 %	3.7 %	7.3 %	8.5 %	8.9 %
Net earnings-%	-11.2 %	-3.6 %	1.0 %	-1.4 %	-1.7 %	-2.1 %	-1.9 %	0.5 %	3.6 %	7.8 %

Source: Inderes

Estimates 4/4

Estimate changes 2021e-2023e

- We added the IFRS cost effect from the management's share-based incentive plan to our estimates due to which our unadjusted profitability estimates weakened. The costs do not affect the cash flow, so the revision is technical by nature.
- We also updated the effects of the share-based incentive plan in the adjustments, so our adjusted EBIT still depicts our expectations on the development of the company's operational EBIT.
- We lowered our expectations concerning the company's profitability development slightly for 2022-2023, with which we try to better consider the weakening effect on profitability of the company's gradual operational development and front-loaded growth investments.

Estimate revisions	2021e	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	26.9	26.9	0%	30.3	30.3	0%	33.6	33.6	0%
EBIT (exc. NRIs)	1.0	1.0	0%	2.5	2.2	-14%	3.2	2.8	-11%
EBIT	0.8	-0.2	-123%	2.3	0.5	-80%	3.0	1.5	-51%
PTP	0.5	-0.5	-211%	2.0	0.2	-93%	2.7	1.2	-56%
EPS (excl. NRIs)	0.12	0.12	0%	0.42	0.35	-16%	0.50	0.44	-12%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation 1/2

Avidly's value creation is based on growth and strengthening profitability

Avidly's profitability turnaround in 2020 helped the company climb from the turnaround company category towards a profitable growth company. Even though the earnings turnaround is still ongoing we feel it is already justified to examine the company through a growth company lens while looking slightly forward.

Earnings-based multiples for the next few years reflected to peers' valuation multiples are in our opinion the best approach for Avidly's valuation. Our valuation is also supported by the DCF model and scenarios.

Multiple analysis and peer group valuation give a rather neutral current valuation

We have used mainly Nordic IT service companies, expert service companies, and marketing service companies in the peer group. The peers are primarily in a small size class but as shares more liquid than Avidly.

Avidly's 2021 profitability is weak in our expectation due to the ongoing turnaround, so revenue multiples offer the first support point for valuation. With our 2021-2022 estimates Avidly's share is valued with 1.2-1.1x EV/Sales multiples, which includes a clear expectation of a successful turnaround. The corresponding median multiples of mainly profitable and growing peers are 1.3-1.1x EV/Sales. Avidly's discount of some 4-6% is slightly too narrow in our opinion, even though the company has provided proof of the turnaround advancing.

With our estimates based on the turnaround progressing, Avidly's adjusted P/E multiple is 17x in 2022 and 14x in 2023. When the 2022 multiple is adjusted with the dilution we expect from the share-based incentive plan (some 10% growing share portfolio in 2023), the comparable adjusted P/E multiple is slightly higher, 19x.

The expert service companies in the peer group that generate rather stable profitability and are growing are priced with a median P/E of 17x in 2022 compared to which Avidly's comparable adjusted P/E (19x) has a premium of some 10%. Considering this, the company's valuation is clearly tight in the short term as the company's smaller size would justify a discount. This does not, however, consider the potential of the company's turnaround.

If the turnaround is successful, a drop in Avidly's multiples would be supported by profitability (2022e EBIT % 7%) strengthening closer to the normalized profitability levels of expert service companies (EBIT% >10%). With our estimates the adjusted P/E multiples for 2023-2024 are 14-12x, which are clearly more moderate. This would, however, require the company to implement its strategy rigorously, which would make its profitability stronger than its historical levels (EBI % 2-7%). Considering the whole, Avidly's earnings-based valuation is quite neutral in our opinion. A clearly higher valuation would, in our opinion, require more signs of the turnaround advancing and growth continuing in which case valuation could lean longer on the turnaround.

Avidly's strategy also includes utilizing acquisitions. We have not considered acquisitions in our estimates, so they form a positive option for investors next to organic development. We do, however, point out that several of Avidly's peers also make acquisitions and we do not feel this option can be used to justify the premium to the peers.

DCF

The role of the DCF model in Avidly's valuation is to act as a check point. The company is at the start of its strategy period and plans to carry out acquisitions that can have considerable effects on the cash flow profile and timing of cash flow. The DCF model does, however, provide an indication for the cash flow of the estimated basic scenario.

Our updated DCF model indicates a share value of EUR 6.5. Our terminal assumption is that EBIT is 8.5% and revenue growth 2.5%. In the model, the weight of the terminal period of cash flow value is 57%, which is quite high for an expert service company. In the cash flow model, the average cost of capital (WACC) used is 9.7% and the cost of equity is 8.5%.

Valuation 2/2

Scenarios would justify current valuation but visibility to their materialization is still limited

We use scenarios to support the valuation with which we assess Avidly's valuation in 2025 Here we reflect the annual return expectation that investors expect in the now to the risks they bear. Visibility into Avidly's long-term development is weak so 2025 is a far-away support point for the company's valuation. We feel the scenarios illustrate the company's potential well if the strategy implementation is successful.

Under the new management, Avidly has implemented a rapid turnaround and kept profitability on a strengthening trend, which improves our confidence in the company's future. On the other hand, strategy implementation is still only starting out and the investor still carries the risks related to the turnaround and continue growth.

Our current estimates contain expectations of a stable progress of the strategy implementation and to reach them the company cannot afford any major missteps. We expect revenue to grow by an average of 10% p.a. in 2020-2025 to EUR 40 million and the EBIT margin to strengthen to 10%. The annual 10% return expectation indicated by the scenario would correspond with a neutral valuation, but it does not in our opinion consider the estimate risks sufficiently.

In the pessimistic scenario, company growth does not materialize to the expected extent and operational development does not reach the targeted level. In this scenario, we expect annual revenue growth to be 6% in 2020-2025 and the EBIT margin to remain at 6% in 2025. The annual return expectation indicated by this scenario is negative -7%.

In the optimistic scenario, the growth strategy works clearly better than the target on the market and operational discipline develops above company expectations. In this scenario, we expect annual revenue growth to be 13% in 2020-2025 and the EBIT margin to rise to 12% in 2025. The annual return expectation indicated by the scenario is an attractive 21% even though we consider the likelihood of this materializing quite low.

Valuation scenarios by 2025

In 2025	Pessimistic	Current estimates	Optimistic
Variable revenue growth %	4%	8%	11%
Variable EBIT %	6%	10%	12%
Variable revenue MEUR	34	40	46
x multiple revenue	0.7	1.2	1.5
x multiple EBIT	10	12	14
("Rule of 40")	10%	17%	23%
= EV (EV/Sales)	24	48	69
= EV (EV/EBIT)	20	46	77
Average (EV)	22	47	73
+Net cash+dividend	3	6	11
=Market cap	25	53	84
Share price 2025	4.3	9.1	14.4
Return	-28%	52%	140%
Annual return (5 years)	-7%	10%	21%

Source: Inderes

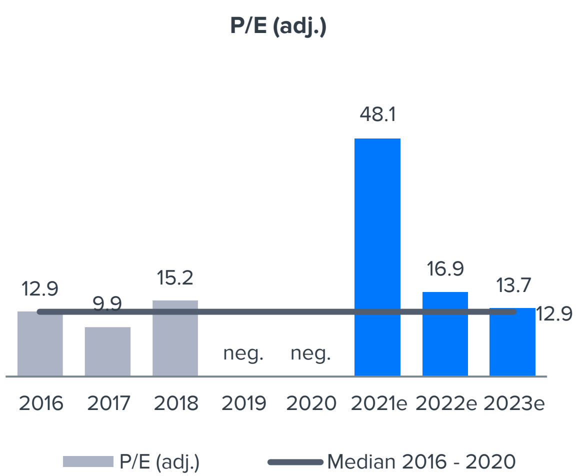
Valuation	2021e	2022e	2023e
Share price	6.00	6.00	6.00
Number of shares, millions	5.28	5.28	5.85
Market cap	32	32	35
EV	34	33	35
P/E (adj.)	48.1	16.9	13.7
P/E	neg.	>100	29.4
P/FCF	neg.	45.8	21.1
P/B	3.4	3.4	3.3
P/S	1.2	1.0	1.0
EV/Sales	1.2	1.1	1.0
EV/EBITDA	22.1	15.2	11.2
EV/EBIT (adj.)	34.0	15.1	12.4
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

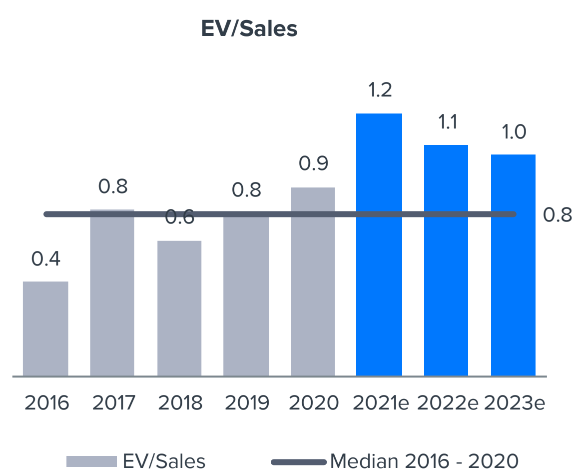
Source: Inderes

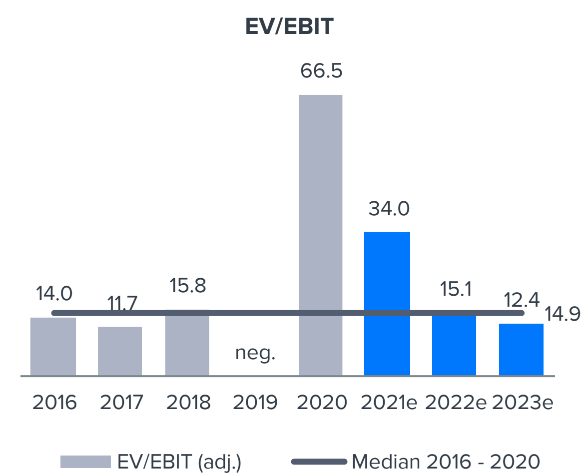
Valuation table

Valuation	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Share price	3.32	6.89	5.16	5.02	3.98	**6.00**	**6.00**	**6.00**	**6.00**
Number of shares, millions	1.37	1.37	1.61	2.41	3.99	**5.28**	**5.28**	**5.85**	**5.85**
Market cap	4.6	9.5	12	12	21	**32**	**32**	**35**	**35**
EV	6.3	12	13	17	22	**34**	**33**	**35**	**32**
P/E (adj.)	12.9	9.9	15.2	neg.	neg.	**48.1**	**16.9**	**13.7**	**12.1**
P/E	31.0	9.9	23.5	neg.	neg.	**neg.**	**>100**	**29.4**	**12.1**
P/FCF	neg.	neg.	41.9	neg.	6.8	**neg.**	**45.8**	**21.1**	**10.7**
P/B	2.1	3.1	1.4	1.8	2.1	**3.4**	**3.4**	**3.3**	**2.6**
P/S	0.3	0.6	0.6	0.6	0.8	**1.2**	**1.0**	**1.0**	**0.9**
EV/Sales	0.4	0.8	0.6	0.8	0.9	**1.2**	**1.1**	**1.0**	**0.9**
EV/EBITDA	11.2	9.4	12.2	neg.	13.0	**22.1**	**15.2**	**11.2**	**6.5**
EV/EBIT (adj.)	14.0	11.7	15.8	neg.	66.5	**34.0**	**15.1**	**12.4**	**9.7**
Payout ratio (%)	74.7 %	22.9 %	50.7 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**
Dividend yield-%	2.4 %	2.3 %	1.6 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**

Source: Inderes







Peer group valuation

Peer group valuation	Share price	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company		**MEUR**	**MEUR**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**
Aallon Group	11.55	44	38	19.1	12.7	12.7	9.5	1.5	1.4	18.1	14.8	2.2	2.6	3.7
Antevenio SA	5.4	81	85	15.9	10.7	11.8	9.1	0.9	0.8	18.9	13.2	3.2	3.7	6.0
Avensia AB	13.7	51	49	29.1	13.0	13.4	9.5	1.3	1.1	45.8	17.2	2.8	2.9	8.6
Bilot Oyj	7.2	37	28	27.8	13.9	13.9	9.3	1.1	1.1	19.1	16.8			1.8
Bouvet ASA	62.5	654	607	19.2	17.5	15.7	14.3	2.3	2.1	26.2	23.9	3.5	3.7	13.3
Capacent Holdings AB	52.0	14	12	5.3	4.1	4.9	3.7	0.6	0.5	8.3	6.5	7.9	10.0	1.7
Digia	7.6	207	215	14.6	13.6	10.0	9.4	1.4	1.3	17.9	17.1	2.2	2.6	3.0
Empir Group AB	14.15	8	4		36.6	12.2	3.7	0.2	0.2			3.6	3.5	1.0
Enea AB	213.5	466	494	20.6	15.7	14.0	11.3	5.2	4.5	23.3	18.5			2.6
Fondia	7.7	31	25	12.5	12.5	12.5	8.4	1.2	1.1	23.9	17.8	3.9	4.2	4.9
Gofore	17.6	266	258	20.6	17.2	15.6	13.2	2.5	2.3	26.5	20.2	1.7	2.0	5.8
Innofactor	1.74	66	74	9.2	10.5	6.7	7.4	1.1	1.0	11.2	13.4	2.9	3.2	2.3
Knowit AB	281.00	564	543	15.8	14.6	12.0	11.5	1.5	1.4	21.7	20.0	2.5	2.7	3.5
Netum Group	4.0	48								22.2	17.1	1.1	1.2	3.8
Nixu	8.94	67	68	34.2	22.8	19.6	13.7	1.2	1.1	55.8	28.3	0.2	0.3	4.5
Siili Solutions	16	110	97	13.8	10.2	7.7	6.7	1.0	0.9	13.7	11.3	2.5	2.9	4.2
Solteq	5.84	116	140	15.5	13.3	9.6	8.7	2.0	1.9	19.4	16.0	2.0	2.6	3.9
Vincit	9.90	121	111	15.9	12.3	12.3	10.1	1.8	1.6	17.7	15.2	2.1	2.3	4.3
Avidly (Inderes)*	**6.00**	**32**	**34**	**neg.**	**69.2**	**22.1**	**15.2**	**1.2**	**1.1**	**48.1**	**16.9**	**0.0**	**0.0**	**3.4**
Average				**18.1**	**14.8**	**12.0**	**9.4**	**1.6**	**1.4**	**22.9**	**16.9**	**2.8**	**3.2**	**4.4**
Median				**15.9**	**13.3**	**12.3**	**9.4**	**1.3**	**1.1**	**19.4**	**17.1**	**2.5**	**2.8**	**3.8**
Diff-% to median					***420%***	***79%***	***61%***	***-6%***	***-4%***	***148%***	***-1%***	***-100%***	***-100%***	***-11%***

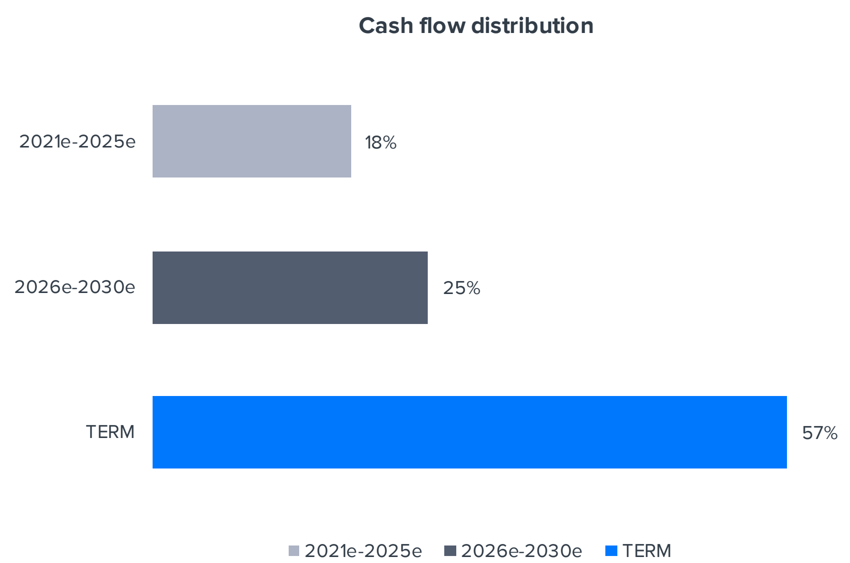
Source: Thomson Reuters / Inderes NB: The market cap Inderes uses does not consider own shares held by the company *Avidly's P/E multiples are adjusted.

DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	TERM
EBIT (operating profit)	**-0.1**	**-0.2**	**0.5**	**1.5**	**3.3**	**3.8**	**4.1**	**4.3**	**4.4**	**4.3**	**4.4**	
+ Depreciation	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.8	1.9	
- Paid taxes	0.0	0.0	0.0	0.0	-0.2	-0.4	-0.6	-0.6	-0.8	-0.8	-0.8	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	0.4	-0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	
Operating cash flow	**2.1**	**1.3**	**2.3**	**3.3**	**5.0**	**5.3**	**5.4**	**5.5**	**5.4**	**5.4**	**5.5**	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-1.6	-1.5	-1.7	-1.7	-1.7	-1.7	-1.8	-1.8	-1.9	-1.9	-2.0	
Free operating cash flow	**0.5**	**-0.2**	**0.7**	**1.7**	**3.3**	**3.5**	**3.6**	**3.7**	**3.5**	**3.5**	**3.5**	
+/- Other	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	3.1	-0.2	0.7	1.7	3.3	3.5	3.6	3.7	3.5	3.5	3.5	49.7
Discounted FCFF		**-0.2**	**0.6**	**1.3**	**2.4**	**2.3**	**2.1**	**2.0**	**1.8**	**1.6**	**1.4**	**20.5**
Sum of FCFF present value		35.8	36.0	35.4	34.1	31.7	29.4	27.3	25.3	23.5	22.0	20.5
Enterprise value DCF		**35.8**										
- Interesting bearing debt		-7.6										
+ Cash and cash equivalents		6.2										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		**34.4**										
Equity value DCF per share		**6.5**										

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	6.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	3.50%
Risk free interest rate	2.0 %
Cost of equity	**11.0 %**
Weighted average cost of capital (WACC)	**9.7 %**

Source: Inderes



Balance sheet

Assets	2019	2020	2021e	2022e	2023e
Non-current assets	**12.6**	**12.4**	**12.3**	**12.2**	**12.2**
Goodwill	7.7	7.7	7.7	7.7	7.7
Intangible assets	0.8	0.5	0.4	0.4	0.3
Tangible assets	3.2	3.3	3.3	3.3	3.3
Associated companies	0.3	0.3	0.3	0.3	0.3
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.1	0.1	0.0	0.0	0.0
Deferred tax assets	0.6	0.5	0.5	0.5	0.5
Current assets	**5.6**	**11.5**	**10.3**	**10.3**	**11.9**
Inventories	1.1	0.6	1.3	1.5	1.6
Other current assets	0.4	0.5	0.5	0.5	0.5
Receivables	3.6	4.2	4.4	5.0	5.5
Cash and equivalents	0.5	6.2	4.1	3.4	4.3
Balance sheet total	**18.3**	**23.9**	**22.5**	**22.6**	**24.1**

Source: Inderes

Liabilities & equity	2019	2020	2021e	2022e	2023e
Equity	**7.0**	**9.8**	**9.3**	**9.4**	**10.6**
Share capital	0.3	0.3	0.3	0.3	0.3
Retained earnings	-3.0	-3.2	-3.7	-3.5	-2.4
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	9.7	12.7	12.7	12.7	12.7
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**3.5**	**4.5**	**3.8**	**3.3**	**2.8**
Deferred tax liabilities	0.3	0.2	0.3	0.3	0.3
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	3.2	4.3	3.5	3.0	2.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	**7.7**	**9.6**	**9.5**	**9.9**	**10.7**
Short term debt	1.9	3.2	2.5	2.0	2.0
Payables	5.8	6.4	7.0	7.9	8.7
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**18.3**	**23.9**	**22.5**	**22.6**	**24.1**

Summary

Income statement	2018	2019	2020	2021e	2022e
Revenue	19.8	22.1	25.0	**26.9**	**30.3**
EBITDA	1.0	-0.6	1.7	**1.5**	**2.2**
EBIT	0.6	-2.4	-0.1	**-0.2**	**0.5**
PTP	0.3	-2.6	-0.4	**-0.5**	**0.2**
Net Income	0.4	-2.5	-0.3	**-0.5**	**0.2**
Extraordinary items	-0.2	-0.2	-0.4	**-1.2**	**-1.7**

Balance sheet	2018	2019	2020	2021e	2022e
Balance sheet total	16.6	18.3	23.9	**22.5**	**22.6**
Equity capital	8.4	7.0	9.8	**9.3**	**9.4**
Goodwill	6.4	7.7	7.7	**7.7**	**7.7**
Net debt	1.3	4.7	1.4	**1.9**	**1.6**

Cash flow	2018	2019	2020	2021e	2022e
EBITDA	1.0	-0.6	1.7	**1.5**	**2.2**
Change in working capital	-0.7	1.7	0.4	**-0.2**	**0.2**
Operating cash flow	0.3	1.1	2.1	**1.3**	**2.3**
CAPEX	-3.1	-5.4	-1.6	**-1.5**	**-1.7**
Free cash flow	0.3	-1.3	3.1	**-0.2**	**0.7**

Largest shareholders	% of shares
CapMan	16.1 %
Jari Tuovinen	7.1 %
Antti Manninen	5.2 %
Ville Skogberg	4.8 %
PalcMills Oy	4.2 %
Jesse Maula	2.9 %

Source: Inderes

Per share data	2018	2019	2020	2021e	2022e
EPS (reported)	0.22	-1.03	-0.09	**-0.10**	**0.03**
EPS (adj.)	0.34	-0.94	-0.01	**0.12**	**0.35**
OCF / share	0.18	0.47	0.52	**0.25**	**0.44**
FCF / share	0.17	-0.53	0.77	**-0.04**	**0.13**
Book value / share	5.19	2.92	2.46	**1.76**	**1.79**
Dividend / share	0.08	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2018	2019	2020	2021e	2022e
Revenue growth-%	26%	12%	13%	**8%**	**12%**
EBITDA growth-%	-21%	-157%	-386%	**-12%**	**44%**
EBIT (adj.) growth-%	-24%	-367%	-116%	**193%**	**123%**
EPS (adj.) growth-%	-51%	-376%	-99%	**-2205%**	**184%**
EBITDA-%	5.3 %	-2.7 %	6.9 %	**5.7 %**	**7.2 %**
EBIT (adj.)-%	4.1 %	-9.8 %	1.3 %	**3.7 %**	**7.3 %**
EBIT-%	3.1 %	-10.8 %	-0.2 %	**-0.7 %**	**1.6 %**
ROE-%	6.2 %	-32.3 %	-4.1 %	**-5.3 %**	**1.6 %**
ROI-%	6.1 %	-19.3 %	-0.4 %	**-1.1 %**	**3.2 %**
Equity ratio	50.8 %	39.0 %	42.0 %	**42.4 %**	**43.0 %**
Gearing	15.0 %	66.6 %	14.3 %	**20.9 %**	**16.8 %**

Valuation multiples	2018	2019	2020	2021e	2022e
EV/S	0.6	0.8	0.9	**1.2**	**1.1**
EV/EBITDA (adj.)	12.2	neg.	13.0	**22.1**	**15.2**
EV/EBIT (adj.)	15.8	neg.	66.5	**34.0**	**15.1**
P/E (adj.)	15.2	neg.	neg.	**48.1**	**16.9**
P/E	1.4	1.8	2.1	**3.4**	**3.4**
Dividend-%	1.6 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy The 12-month risk-adjusted expected shareholder return of the share is very attractive

Accumulate The 12-month risk-adjusted expected shareholder return of the share is attractive

Reduce The 12-month risk-adjusted expected shareholder return of the share is weak

Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.
The combined holding of Inderes' analyst Antti Luiro and his related parties is over EUR 50,000 in the target company of the report.

Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
09-07-19	Accumulate	6.00 €	5.70 €
25-08-19	Reduce	5.40 €	5.16 €
10-10-19	Reduce	5.00 €	4.99 €
06-03-20	Sell	3.80 €	4.21 €
27-03-20	Reduce	1.90 €	1.99 €
15-05-20	Reduce	1.40 €	1.66 €
24-07-20	Reduce	1.80 €	1.87 €
Analyst changes			
26-08-20	Accumulate	2.80 €	2.58 €
16-11-20	Accumulate	3.50 €	3.24 €
14-01-21	Accumulate	4.50 €	3.96 €
16-02-21	Accumulate	6.00 €	5.40 €
05-03-21	Accumulate	6.00 €	5.45 €
03-05-21	Reduce	6.50 €	6.54 €
18-06-21	Reduce	6.50 €	6.00 €

Inderes' mission is to connect listed companies and investors. We produce high-quality research and content for the needs of our extensive investor community.

At Inderes we believe that open data is every investor's fundamental right. We guarantee investors' access to award-winning research, insightful video content and an active investor community.

For listed companies we ensure that there is always high-quality information available on the company for investors and shareholders for decision making, and that data collected from investors can be utilized by the companies.

Over 100 Finnish listed companies want to serve their shareholders and investors through us by utilizing our company research services, data driven IR services, content creation and consulting.

Inderes Oyj
Itämerentori 2
FI-00180 Helsinki, Finland
+358 10 219 4690

Award-winning research at **inderes.fi**

STARMINE ANALYST AWARDS FROM REFINITIV

THOMSON REUTERS ANALYST AWARDS


Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020


Mikael Rautanen
2014, 2016, 2017, 2019


Sauli Vilén
2012, 2016, 2018, 2019, 2020


Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020


Petri Kajaani
2017, 2019, 2020


Joni Grönqvist
2019, 2020


Erkki Vesola
2018, 2020


Petri Gostowski
2020


Atte Riikola
2020


Olli Koponen
2020

Research belongs
to everyone.