

# Solar Foods

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Katseet siirtyvät kohti pääomamarkkinapäivää” published on 9/27/2024 at 8:15 am EEST.

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# All eyes turn to upcoming CMD

The H1 figures for Solar Foods were already largely known, but an insignificant change in the timing of earnings resulted in a clear difference compared to the company's previously communicated earnings estimate. The most important news was the Capital Markets Day on December 10, where we will seek visibility on major strategic directions. With the share price decline, we believe the company's risk/reward profile has become more balanced, although at the current stage of development, visibility into the business is chronically low for a listed company. With the price cut, we are raising our recommendation to Reduce (was Sell) and revising our price target to EUR 10.0 (was EUR 11.0).

## Solein commercialization took leaps forward during the first half of the year

Solein production at Solar Foods' new Factory 01 only started in April, so no significant revenue was generated during the period. With the production capacity of Factory 01 and the opening of the US market in the fall, the company is in a better position to forge new partnerships and advance the commercialization of Solein. As a result of the growth investments, the H1 net income decreased to -5.7 MEUR, from -4.0 MEUR in the comparison period. This was lower than the company's previously published net income estimate of -2.5 MEUR due to differences in the timing of grants and the share of capitalized costs. These factors are purely accounting and do not affect cash flow, and the net cash position of 3.3 MEUR at the end of the period was in line with the IPO estimate. During the reporting period, the company received grants totaling 9.3 MEUR, mainly related to the IPCEI subsidy from the European Commission.

## Business forecasting is challenging, but the capital market will bring visibility to the company's targets

Solar Foods' H1 report did not bring any major surprises in terms of numbers, and as a result we left our forecasts largely unchanged. Due to its early stage of development, Solar Foods' value creation will be concentrated in the 2030s, and we forecast the company to be profitable at the EBIT level in 2030, with an industrial-scale plant generating sufficient sales to scale the cost structure. In addition to the existing IPCEI support, this factory investment will require significant additional funding, which we believe may consist of other grants, equity, debt and partner advances. We believe that successful licensing could provide a profitable earnings level faster than in-house production with lower capital requirements, and the company has a letter of intent with a global fermentation company to build an industrial scale plant. Visibility on licensing revenue growth and its emphasis in the investment story is currently low, but we will seek further visibility on strategic priorities at the Capital Markets Day in December.

## Inaccurate valuation due to distant future cash flows

We have gauged a fair value of EUR 2-15 for Solar Foods through our DCF model scenarios. Due to the early stage of Solar Foods' development, the range is particularly wide and the figures for the next few years do not provide a basis for pricing the stock. At current price levels, we are cautious on the stock due to the unclear strategic direction and lack of financial targets. Solar Foods currently has no financial targets and given the nature of an early-stage company, strategic priorities can change quickly, making the upcoming CMD particularly interesting. As the price action is entirely narrative-driven at this stage, we see news flow, investor sentiment and changes in financing availability as the key near-term drivers of the stock.

## Recommendation

**Reduce**

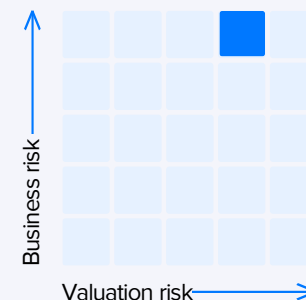
(was Sell)

**EUR 10.00**

(was EUR 11.00)

**Share price:**

8.90



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	0.0	0.2	2.0	2.8
<b>growth-%</b>	50%	2937%	991%	42%
<b>EBIT adj.</b>	-6.8	-6.1	-8.8	-11.6
<b>EBIT-% adj.</b>	-	-	-	-
<b>Net income</b>	-9.0	-8.2	-10.3	-13.4
<b>EPS (adj.)</b>	-0.37	-0.31	-0.39	-0.50

<b>P/E (adj.)</b>	0.0	neg.	neg.	neg.
<b>P/B</b>	0.0	8.2	12.8	18.0
<b>Dividend yield-%</b>		0.0 %	0.0 %	0.0 %
<b>EV/EBIT (adj.)</b>		neg.	neg.	neg.
<b>EV/EBITDA</b>		77.6	>100	neg.
<b>EV/S</b>		>100	>100	88.4

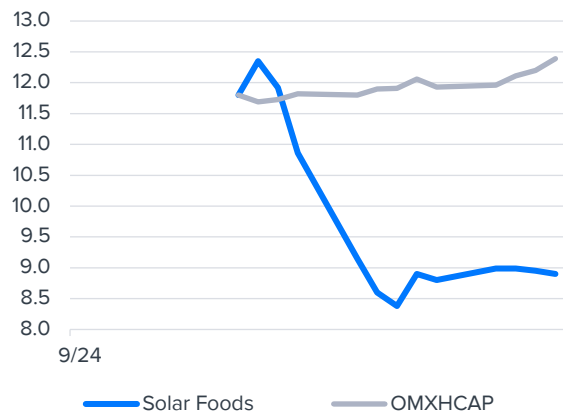
Source: Inderes

## Guidance

(Unchanged)

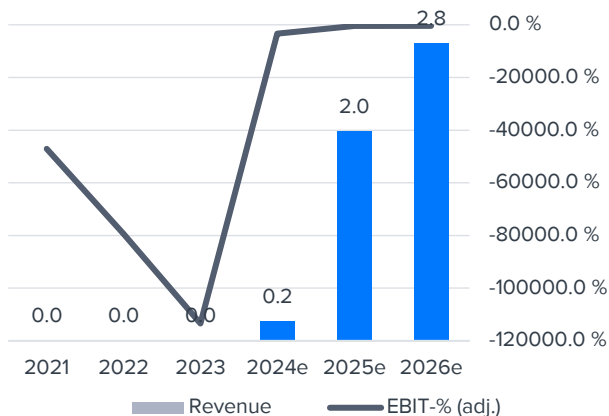
Solar Foods does not provide guidance for the current year.

## Share price



Source: Millistream Market Data AB

## Revenue and EBIT-% (adj.)



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Market leadership in the company's niche and ability to create new products
- Large and growing target market
- Opportunity to bring to the market a product with a superior environmental impact
- Success in the licensing business would enable a profitable and capital-light business
- Potential takeover target



## Risk factors

- Financial risks
- Risks associated with food regulatory approval processes for products
- Market viability of products yet to be proven on an industrial scale
- Solein's high mineral content may limit its uses beyond expectations

Valuation	2024e	2025e	2026e
Share price	8.90	8.90	8.90
Number of shares, millions	26.6	26.6	26.6
Market cap	237	237	237
EV	236	243	249
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	8.2	12.8	18.0
P/S	>100	>100	83.9
EV/Sales	>100	>100	88.4
EV/EBITDA	77.6	>100	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

# Solein commercialization projects progressing

## The commercialization of Solein has progressed this year

Solein production at Solar Foods' new Factory 01 only started in April, so no significant revenue was generated during the period. The commercialization of Solein progressed well during the period with the launch of a new Solein-based chocolate bar with Fazer. After the reporting period, the company announced the achievement of self-affirmed GRAS status for the US market and the launch of a new Solein-based product by partner Ajinomoto. The company also [won](#) its own international series in NASA's Deep Space Food Challenge after the reporting period, giving it significant visibility with the space industry. The company sees the potential for significant cooperation agreements with space station companies and space agencies. The potential and timing of this business is very difficult to assess at

this time, but we believe it would be an attractive, capital-light licensing business.

## Result deviated from the estimate due to grant accruals

In its listing prospectus, Solar Foods estimated its net result for the first half of the year to have improved to -2.5 MEUR from -4.0 MEUR in the comparison period, supported by higher subsidies. However, the result was lower than expected due to a prudent change in the recording of previously received grant income and capitalization of development expenses compared to the H1 figures. We emphasize that this accounting change has no impact on the company's cash flow or financial position, and that a higher-than-expected portion of the grants received in the reporting period (9.3 MEUR) will be recognized in H2. In H1, the operating cash flow was strong at 4.2

MEUR, although investments of 4.5 MEUR resulted in a slightly negative free cash flow.

## Based on current information, the cash position is sufficient for at least the next 12 months

During the reporting period, Solar Foods raised 8.8 MEUR of new capital, mainly through an issue by Springvest, which increased financing costs by 0.7 MEUR. At the end of the reporting period, the company had a total net cash position of 3.3 MEUR, which, together with the grants received, we believe is sufficient to secure the company's financial position for at least the next 12 months.

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	0.0	0.0	0.0				-50%	0.2
EBIT (adj.)	-3.4	-4.4	-2.0				-115%	-6.1
EBIT	-3.4	-4.4	-2.0				-115%	-6.1
PTP	-4.0	-5.7	-2.5				-126%	-8.2
EPS (adj.)	-	-0.22	-0.10				-126%	-0.31
Revenue growth-%	0.0 %	770.6 %	1650.0 %				-879.4 pp	2937.2 %
EBIT-% (adj.)							-24097.1 pp	-3368.6 %

Source: Inderes

# Estimates finetuned, more firepower to investments

## Big picture of forecasts unchanged, investment and grant dynamics refined

Based on the report, our forecasts are broadly unchanged. We made refining forecast changes in relation to Solar Foods' investments, the recognition and timing of grants, capitalization and depreciation levels. The level of investments of Solar Foods in H1 was higher than expected, but also the grants of 9.3 MEUR were higher than expected, which balanced the final impact on cash flow. In our view, the company has an incentive in the short term to accelerate the investments related to the commercialization of Solein (including the functions of Factory 01 and the design of Factory 02) in order to reach the milestones required for the IPCEI financing. The IPCEI grant of 33.6 MEUR expires at the end of 2025, which also serves as an incentive to invest in the business in the short term. Because of

this, we have increased the level of investment in our forecasts for the coming years, but also the amount of grants recorded.

## The focus of the story in the commercialization of Solein

Due to the early stage of Solar Foods' investment story, the numbers do not reflect the true potential of the business in the coming years, which means that the numbers will remain secondary to the commercialization of Solein for the time being. The main news streams we expect from the company in the coming years relate to new collaborations with existing and new food companies, regulatory approvals for Solein in new markets (e.g. Japan, EU, UK), new grants or other financial instruments, and Solein production efficiencies (i.e. improved growth rate of Solein in the bioreactor). Other news that we

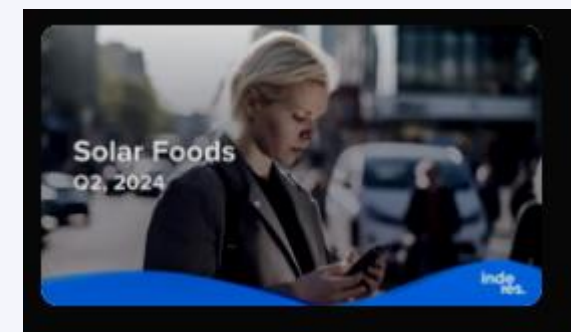
see as critical to the investment story, but less predictable, are licensing agreements with either primary food producers or space operators, and news on new commercially promising microbes. New grants, other financial instruments and licensing agreements are of particular interest in the short term, as they would directly reduce the current high risk profile of the stock.

With respect to Solar Foods' Capital Markets Day, we see the most interesting topics, apart from financial targets, related to ideas on value chain positioning (i.e. production vs. licensing) and potential visibility into the market potential of Solar Foods' different businesses.

Estimate revisions MEUR / EUR	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	0.2	0.2	-7%	2.0	2.0	0%	2.8	2.8	0%
EBITDA	3.7	3.0	-18%	-0.3	1.8	739%	-3.1	-1.0	68%
EBIT (excl. NRIs)	-5.7	-6.1	-8%	-10.1	-8.8	13%	-12.8	-11.6	9%
EBIT	-5.7	-6.1	-8%	-10.1	-8.8	13%	-12.8	-11.6	9%
PTP	-6.7	-8.2	-23%	-11.3	-10.3	9%	-14.0	-13.4	4%
EPS (excl. NRIs)	-0.25	-0.31	-23%	-0.43	-0.39	9%	-0.53	-0.50	4%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

## Solar Foods H1 webcast



# Near term multiples do not support the valuation

## Due to the early stage of development, news flow and sentiment drive pricing in the short term

Given the early stage of Solar Foods' development, the company's earnings are focused on the long term and neither multiples for the next few years nor balance sheet-based pricing provide reliable benchmarks for pricing the stock. As a result, we believe that the valuation of the company needs to be weighted with different future scenarios and their probabilities. The binary nature of the expected return makes it particularly challenging for a company like Solar Foods to set a sustainable price target over time, as we believe that news flow and market sentiment will drive the expected return over a 12-month horizon. In addition to news flow and market sentiment, the continuation of the recent decline in interest rates in Europe and the resulting improvement in the availability of financing over the 12-month horizon may be a driver for Solar Foods to reduce the risk associated with the financing needs of future factory investments in the stock. In turn, a decline in the share price can make it more expensive for existing shareholders to raise new funds, as dilution increases.

## EV-based multiples can be used to gauge the expected return

In our view, EV-based earnings multiples are the best way to conceptualize Solar Foods' expected return, as they take into account the relative profitability of revenue and the net debt that will accumulate over the coming investment cycle.

Relying on these multiples, however, requires looking beyond the investment cycle, as significant investment boosts the numerator of the multiplier almost immediately, but the full impact of factory investment is not fully reflected in the denominator until production reaches full capacity, with a lag of

several years. Due to upcoming investment cycles, EV-based multiples are most appropriate in our projections for 2031-2032 and 2037, when the company's production has reached full capacity in our estimates and higher-than-usual investments do not boost the enterprise value. Using EV-based pricing, we see that achieving an attractive expected return from current levels in our 2032 projections requires 1) successful scaling of the business and 2) the market's willingness to price Solar Foods at a premium to traditional manufacturing and food companies. Given the significant barriers of entry in the industry, we believe that premium pricing is justified in a situation where production can be successfully scaled up and Solein's market fit is proven. With our 2032 projections, the expected return at moderate price multiples does not provide sufficient expected return to compensate for Solar Foods' significant risk profile.

In the baseline case of our forecasts, the business is clearly value-creating and there are plenty of growth opportunities for the company for a long time, but it is only in the 2037s that our earnings-based valuation supports the earnings expectations in the valuation multiples. Given the early stage of development of cellular agriculture, the company could still have a long and attractive growth outlook through 2037, which would support the valuation multiples. However, there are still a number of challenges to overcome to reach this point, which makes the nature of the return expectation highly binary. Our baseline projections provide an interesting/attractive profit expectation from current levels to 2037, but relying on these numbers requires successful production scaling, considerable patience, and strong confidence in both the industry's growth prospects and the Solar Foods team.

Valuation	2024e	2025e	2026e
Share price	8.90	8.90	8.90
Number of shares, millions	26.6	26.6	26.6
Market cap	237	237	237
EV	236	243	249
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	8.2	12.8	18.0
P/S	>100	>100	83.9
EV/Sales	>100	>100	88.4
EV/EBITDA	77.6	>100	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

## Annual expected return in baseline scenario with different valuation levels

EV/Sales	2032	EV/EBIT	2032
1	-4%	7	2%
1.5	1%	10	6%
2	5%	13	10%
2.5	8%	16	13%
3	10%	19	15%
3.5	12%	22	17%
4	14%	25	19%

EV/Sales	2037	EV/EBIT	2037
1	7%	7	14%
1.5	11%	10	17%
2	13%	13	19%
2.5	15%	16	21%
3	17%	19	23%
3.5	18%	22	24%
4	19%	25	25%

# DCF relies on three different scenarios

## Our DCF model covers three different scenarios

In valuing Solar Foods, the DCF model illustrates the long-term potential and our model exceptionally extends to 2040 due to the early stage of the business. Given the very wide range of possible outcomes for Solar Foods' future, we approach the DCF modeling through three scenarios. At the current stage of development, the model's assumptions are particularly uncertain, as the cash flows are concentrated more than a decade ahead, so it does not provide a clear basis for short-term valuation.

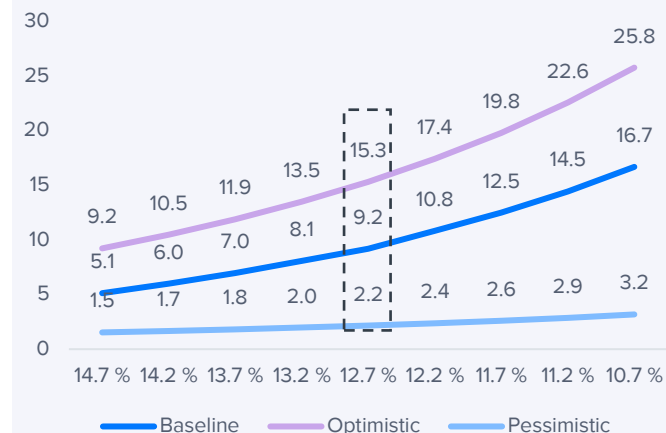
The baseline scenario is consistent with our current projections, as detailed in our most recent and topical [Initiation of coverage report](#). The equity value for Solar Food according to the DCF model in the baseline scenario is 245 MEUR or EUR 9.2 per share.

In the optimistic scenario, the price per kilo of Solein remains higher than in the baseline scenario, supported by the company's product development innovations (e.g. Solein processing, new microbes and precision fermentation). This will support both food production and license income, resulting in a 28% increase in revenue compared to our baseline scenario and a 36% increase in EBIT. This growth is driven by pricing and license revenue, as in our optimistic scenario the company's own production capacity is based on Factory 01, 02 and 03, as in the baseline scenario. The value per share in this scenario is EUR 15.3. In the scenario, Solar Foods' revenue is more heavily weighted toward licensing than in the baseline, which increases the company's relative profitability and return on capital. In our view, this scenario does not fully reflect the potential for precision fermentation that the success of the HYDROCOW project would offer, but at this stage of

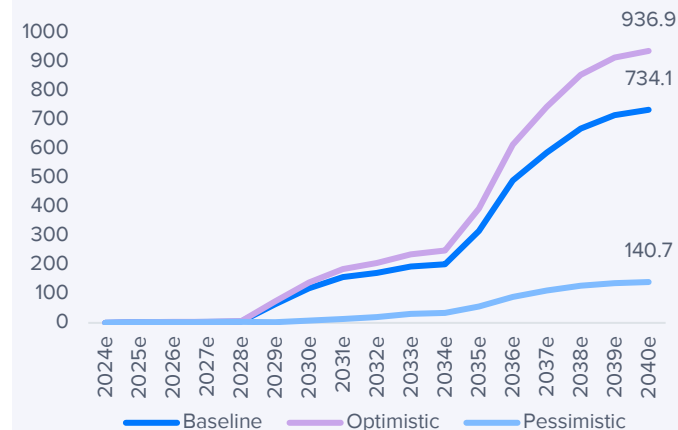
development we recognize it as a positive option. The scenario also does not take into account the possibility of better-than-expected availability of financing, which could allow for the construction of a larger-than-projected Factory 02. In this case, the company would be able to scale up production faster than the scenarios outlined and achieve lower production costs than our projections due to the plant's economies of scale.

In our pessimistic scenario, the financial environment tightens and Solar Foods does not receive funding for the Factory 02 investment. The company's remaining 76 MEUR share of the IPCEI notification will remain unused and the company will have to reduce its cost structure and focus its business entirely on licensing. In this scenario, the company's revenue remains at about 81% of our baseline and consists of license revenue and the sale of production from Factory 01. Despite the high relative share of license revenue, the company's EBIT of 18% remains lower than in the other scenarios. In the pessimistic scenario, despite the high margins of the licensing business, it is practically the only source of support for the group's fixed cost structure. In this scenario, however, the company manages to turn around its earnings and does not become a takeover target due to a weak negotiating position, which we see as another possible outcome in a very negative scenario. In the negative scenario, Solar Foods is valued at EUR 2.2 per share.

Sensitivity of the DCF value to the required return, EUR per share, WACC-%



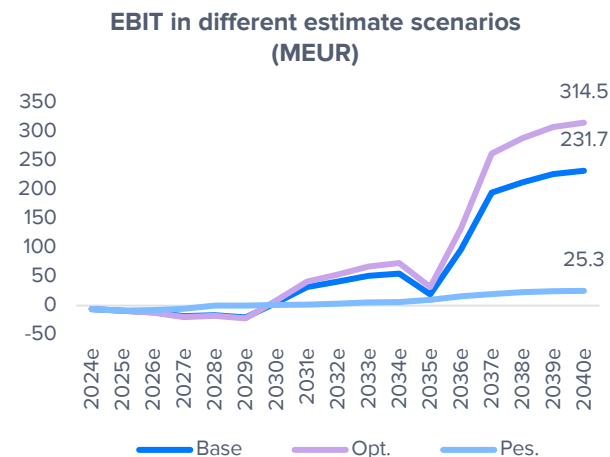
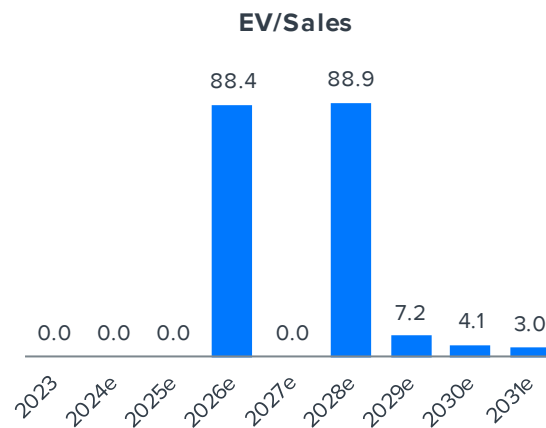
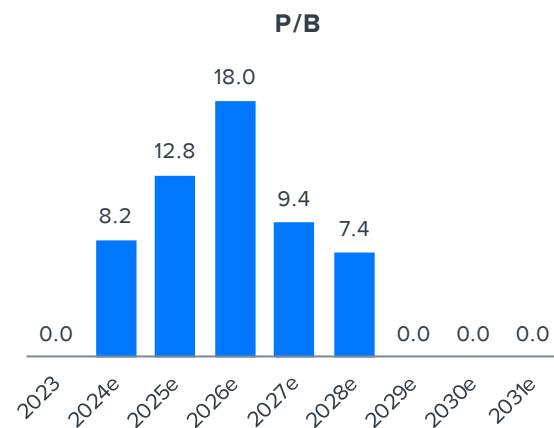
Revenue in different forecast scenarios (MEUR)



# Valuation table

Valuation	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e
Share price		8.90	8.90	8.90	8.90	8.90	8.90	8.90	8.90
Number of shares, millions		26.6	26.6	26.6	26.6	26.6	26.6	26.6	26.6
Market cap		237	237	237	237	237	237	237	237
EV		236	243	249	336	435	463	487	479
P/E (adj.)		neg.	neg.	neg.	neg.	neg.	neg.	neg.	18.4
P/E		neg.	neg.	neg.	neg.	neg.	neg.	neg.	18.4
P/B		8.2	12.8	18.0	9.4	7.4	neg.	neg.	neg.
P/S		>100	>100	83.9	80.3	48.4	3.7	2.0	1.5
EV/Sales		>100	>100	88.4	>100	88.9	7.2	4.1	3.0
EV/EBITDA		77.6	>100	neg.	neg.	neg.	neg.	24.5	9.4
EV/EBIT (adj.)		neg.	neg.	neg.	neg.	neg.	neg.	>100	15.7
Payout ratio (%)		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes





# Peer group valuation

Peer group valuation	Market cap	EV	EV/S		Revenue growth-%		EBIT-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Aiforia	112	107	31.7	20.6	41%	71%	-358%	-204%	7.2
Betolar	26	21	21.3	5.3	0%	300%	-700%	-125%	2.9
Biorettec	54	53	10.2	7.2	33%	51%	-73%	-35%	39.0
Nightingale	183	118	27.0	19.9	4%	50%	-427%	-273%	3.2
<b>Solar Foods (Inderes)</b>	<b>237</b>	<b>236</b>	<b>1296.8</b>	<b>122.4</b>	<b>2937%</b>	<b>991%</b>	<b>-3369%</b>	<b>-442%</b>	<b>8.2</b>
<b>Average</b>			<b>22.5</b>	<b>13.3</b>	<b>0.2</b>	<b>1.2</b>	<b>-3.9</b>	<b>-1.6</b>	<b>13.1</b>
<b>Median</b>			<b>24.1</b>	<b>13.6</b>	<b>0.2</b>	<b>0.6</b>	<b>-3.9</b>	<b>-1.6</b>	<b>5.2</b>
<b>Diff-% to median</b>			<b>5279%</b>	<b>802%</b>	<b>15536%</b>	<b>1518%</b>	<b>758%</b>	<b>168%</b>	<b>58%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	2022	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	2.0	2.8	2.9
Food sales	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	2.0	2.8	2.9
Licensing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>-0.9</b>	<b>-1.8</b>	<b>-0.5</b>	<b>0.8</b>	<b>0.3</b>	<b>-0.2</b>	<b>3.2</b>	<b>3.0</b>	<b>1.8</b>	<b>-1.0</b>	<b>-10.1</b>
Depreciation	-1.0	-1.4	-2.9	-4.2	-7.1	-4.2	-5.0	-9.2	-10.6	-10.6	-7.8
<b>EBIT (excl. NRI)</b>	<b>-1.9</b>	<b>-3.2</b>	<b>-3.4</b>	<b>-3.4</b>	<b>-6.8</b>	<b>-4.4</b>	<b>-1.8</b>	<b>-6.1</b>	<b>-8.8</b>	<b>-11.6</b>	<b>-17.9</b>
<b>EBIT</b>	<b>-1.9</b>	<b>-3.2</b>	<b>-3.4</b>	<b>-3.4</b>	<b>-6.8</b>	<b>-4.4</b>	<b>-1.8</b>	<b>-6.1</b>	<b>-8.8</b>	<b>-11.6</b>	<b>-17.9</b>
Net financial items	-0.1	-2.2	-0.7	-1.5	-2.2	-1.4	-0.7	-2.1	-1.5	-1.8	-4.1
<b>PTP</b>	<b>-2.0</b>	<b>-5.4</b>	<b>-4.0</b>	<b>-4.9</b>	<b>-9.0</b>	<b>-5.7</b>	<b>-2.5</b>	<b>-8.2</b>	<b>-10.3</b>	<b>-13.4</b>	<b>-22.0</b>
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>-2.0</b>	<b>-5.4</b>	<b>-4.0</b>	<b>-4.9</b>	<b>-9.0</b>	<b>-5.7</b>	<b>-2.5</b>	<b>-8.2</b>	<b>-10.3</b>	<b>-13.4</b>	<b>-22.0</b>
<b>Net earnings</b>	<b>-2.0</b>	<b>-5.4</b>	<b>-4.0</b>	<b>-4.9</b>	<b>-9.0</b>	<b>-5.7</b>	<b>-2.5</b>	<b>-8.2</b>	<b>-10.3</b>	<b>-13.4</b>	<b>-22.0</b>
<b>EPS (adj.)</b>			<b>-0.16</b>	<b>-0.20</b>	<b>-0.37</b>	<b>-0.22</b>	<b>-0.09</b>	<b>-0.31</b>	<b>-0.39</b>	<b>-0.50</b>	<b>-0.83</b>
<b>EPS (rep.)</b>			<b>-0.16</b>	<b>-0.20</b>	<b>-0.37</b>	<b>-0.22</b>	<b>-0.09</b>	<b>-0.31</b>	<b>-0.39</b>	<b>-0.50</b>	<b>-0.83</b>

Key figures	2021	2022	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	2025e	2026e	2027e
<b>Revenue growth-%</b>	0.0 %	0.0 %			49.8 %	770.6 %	3726.9 %	2937.2 %	990.5 %	42.2 %	4.5 %
<b>Adjusted EBIT growth-%</b>		68.9 %		8.3 %	113.8 %	30.3 %	-48.8 %	-9.8 %	43.1 %	31.9 %	54.8 %
<b>EBITDA-%</b>	0.0 %	0.0 %		18360.3 %	5561.8 %	-1094.8 %	1899.7 %	1670.5 %	92.9 %	-34.8 %	-343.8 %
<b>Adjusted EBIT-%</b>						-31352.2 %	-1048.4 %	-3368.6 %	-442.2 %	-410.1 %	-607.2 %
<b>Net earnings-%</b>							-1465.1 %	-4512.9 %	-517.8 %	-473.9 %	-746.4 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e	2027e
<b>Non-current assets</b>	<b>23.2</b>	<b>30.3</b>	<b>28.8</b>	<b>25.3</b>	<b>21.6</b>	<b>124</b>
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Intangible assets	5.6	9.5	11.9	13.0	13.4	15.0
Tangible assets	17.5	20.1	16.9	12.3	8.1	109
Associated companies	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.1	0.7	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>11.1</b>	<b>23.1</b>	<b>21.0</b>	<b>14.5</b>	<b>12.6</b>	<b>4.7</b>
Inventories	0.0	0.0	0.1	0.4	0.5	0.6
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0
Receivables	1.7	6.7	6.0	8.1	8.1	2.9
Cash and equivalents	9.5	16.4	14.9	6.0	4.0	1.2
<b>Balance sheet total</b>	<b>34.3</b>	<b>53.4</b>	<b>49.8</b>	<b>39.7</b>	<b>34.2</b>	<b>129</b>

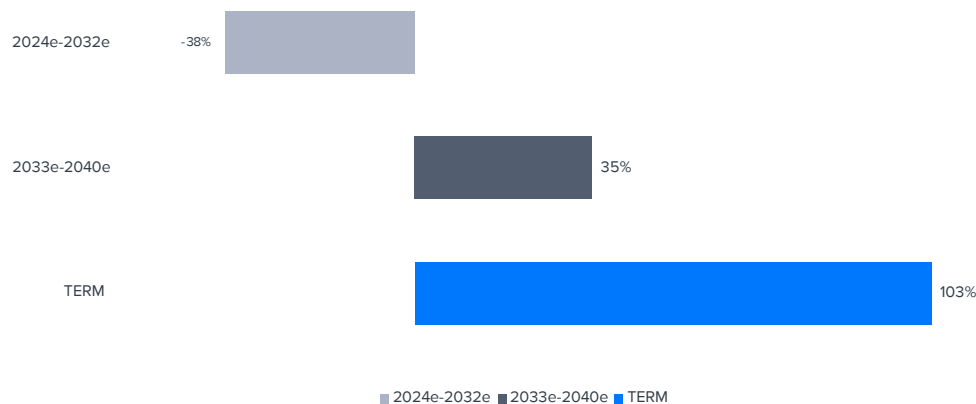
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e
<b>Equity</b>	<b>21.4</b>	<b>25.1</b>	<b>28.8</b>	<b>18.5</b>
Share capital	0.0	0.0	0.0	0.0
Retained earnings	-8.5	-17.5	-25.7	-36.0
Hybrid bonds	12.4	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0
Other equity	17.5	42.6	54.5	54.5
Minorities	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>12.1</b>	<b>18.9</b>	<b>14.0</b>	<b>12.0</b>
Deferred tax liabilities	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0
Interest bearing debt	12.1	18.9	14.0	12.0
Convertibles	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>0.8</b>	<b>9.3</b>	<b>7.0</b>	<b>9.2</b>
Interest bearing debt	0.0	2.0	0.0	0.0
Payables	0.8	2.4	7.0	9.2
Other current liabilities	0.0	5.0	0.0	0.0
<b>Balance sheet total</b>	<b>34.3</b>	<b>53.4</b>	<b>49.8</b>	<b>39.7</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	2038e	2039e	2040e	TERM
Revenue growth-%	49.8 %	2937.2 %	990.5 %	42.2 %	4.5 %	65.8 %	1217.3 %	84.8 %	32.5 %	9.5 %	12.6 %	4.2 %	56.4 %	54.9 %	19.7 %	14.0 %	7.0 %	2.5 %	2.5 %
EBIT-%	-113419.2 %	-3368.6 %	-442.2 %	-410.1 %	-607.2 %	-336.3 %	-31.7 %	3.7 %	19.4 %	22.6 %	24.2 %	24.9 %	3.5 %	16.9 %	30.2 %	31.7 %	31.6 %	31.6 %	31.6 %
<b>EBIT (operating profit)</b>	<b>-6.8</b>	<b>-6.1</b>	<b>-8.8</b>	<b>-11.6</b>	<b>-17.9</b>	<b>-16.4</b>	<b>-20.4</b>	<b>4.5</b>	<b>30.6</b>	<b>39.0</b>	<b>47.1</b>	<b>50.4</b>	<b>11.0</b>	<b>83.0</b>	<b>177</b>	<b>212</b>	<b>226</b>	<b>232</b>	
+ Depreciation	7.1	9.2	10.6	10.6	7.8	7.3	17.6	15.4	20.3	20.3	20.1	19.6	37.8	37.2	37.7	38.4	38.9	39.8	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.9	3.8	-10.8	-30.7	-39.6	-44.4	-46.3	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.8	-5.2	-6.0	-5.8	-4.7	-2.8	-0.8	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	1.4	0.3	-0.2	-4.9	3.5	-2.9	-1.7	-4.4	-1.7	0.2	-0.3	-0.7	-7.1	-10.7	-6.4	-3.2	-0.6	-1.0	
<b>Operating cash flow</b>	<b>1.8</b>	<b>3.4</b>	<b>1.7</b>	<b>-5.8</b>	<b>-6.6</b>	<b>-12.0</b>	<b>-4.5</b>	<b>15.5</b>	<b>49.2</b>	<b>59.6</b>	<b>63.1</b>	<b>59.2</b>	<b>39.6</b>	<b>93.0</b>	<b>173</b>	<b>205</b>	<b>219</b>	<b>224</b>	
+ 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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-14.2	-7.7	-7.1	-6.9	-110.3	-110.1	-8.7	-21.7	-23.9	-18.5	-138.0	-136.4	-23.3	-25.0	-27.7	-29.3	-44.6	-45.0	
<b>Free operating cash flow</b>	<b>-12.4</b>	<b>-4.3</b>	<b>-5.4</b>	<b>-12.7</b>	<b>-116.9</b>	<b>-122.1</b>	<b>-13.2</b>	<b>-6.2</b>	<b>25.2</b>	<b>41.0</b>	<b>-74.9</b>	<b>-77.2</b>	<b>16.3</b>	<b>68.0</b>	<b>145</b>	<b>175</b>	<b>175</b>	<b>179</b>	
+/- Other	0.0	11.9	0.0	8.0	34.0	34.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-12.4	7.5	-5.4	-4.7	-82.9	-88.1	-13.2	-6.2	25.2	41.0	-74.9	-77.2	16.3	68.0	145	175	175	179	1796
<b>Discounted FCFF</b>		<b>7.3</b>	<b>-4.7</b>	<b>-3.6</b>	<b>-56.1</b>	<b>-52.9</b>	<b>-7.0</b>	<b>-2.9</b>	<b>10.6</b>	<b>15.3</b>	<b>-24.7</b>	<b>-22.6</b>	<b>4.2</b>	<b>15.6</b>	<b>29.6</b>	<b>31.8</b>	<b>28.1</b>	<b>25.5</b>	<b>256</b>
Sum of FCFF present value		249	242	247	250	307	359	366	369	359	344	368	391	387	371	341	310	281	256
<b>Enterprise value DCF</b>		<b>249</b>																	
- Interest bearing debt		-20.9																	
+ Cash and cash equivalents		16.4																	
- Minorities		0.0																	
- Dividend/capital return		0.0																	
<b>Equity value DCF</b>		<b>245</b>																	
<b>Equity value DCF per share</b>		<b>9.2</b>																	

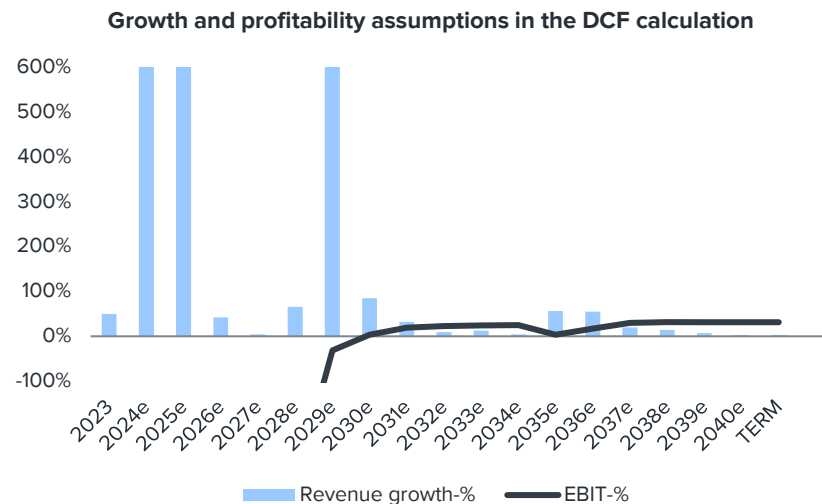
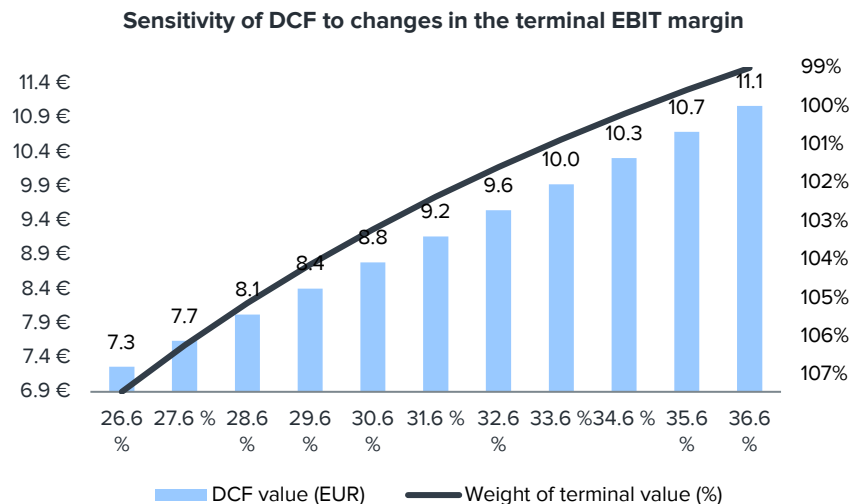
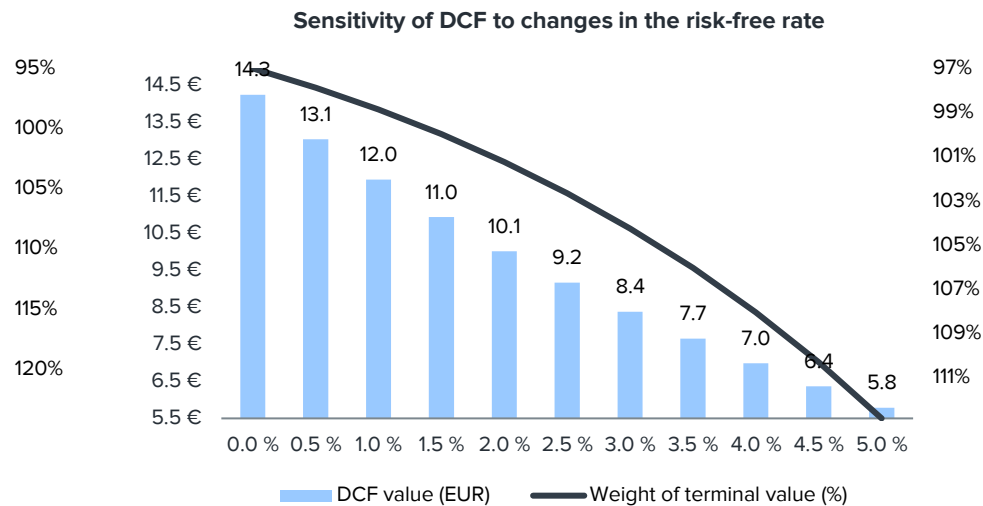
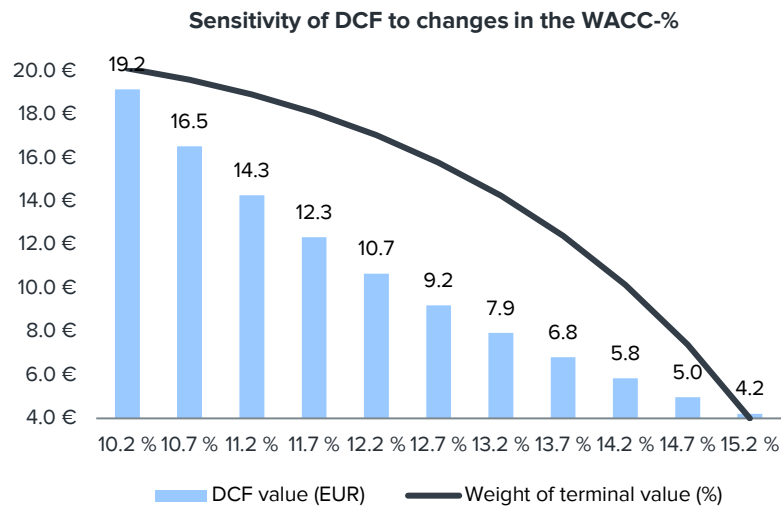
Cash flow distribution



WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	40.0 %
Cost of debt	6.5 %
Equity Beta	3.00
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>17.8 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>12.7 %</b>

Source: Inderes

# DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

# Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	0.0	0.0	0.0	0.2	2.0	EPS (reported)			-0.37	-0.31	-0.39
EBITDA	-0.9	-1.8	0.3	3.0	1.8	EPS (adj.)			-0.37	-0.31	-0.39
EBIT	-1.9	-3.2	-6.8	-6.1	-8.8	OCF / share			0.07	0.13	0.06
PTP	-2.0	-5.4	-9.0	-8.2	-10.3	FCF / share			-0.51	0.28	-0.20
Net Income	-2.0	-5.4	-9.0	-8.2	-10.3	Book value / share			1.02	1.08	0.70
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	30.1	34.3	53.4	49.8	39.7	Revenue growth-%	0%	0%	50%	2937%	991%
Equity capital	26.2	21.4	25.1	28.8	18.5	EBITDA growth-%		108%	-118%	812%	-39%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%		69%	114%	-10%	43%
Net debt	-16.5	2.7	4.6	-0.9	6.0	EPS (adj.) growth-%				-16%	25%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-21662.8 %	-45068.8 %	5561.8 %	1670.5 %	92.9 %
EBITDA	-0.9	-1.8	0.3	3.0	1.8	EBIT (adj.)-%	-47056.8 %	-79456.2 %	-113419.2 %	-3368.6 %	-442.2 %
Change in working capital	-0.1	-0.7	1.4	0.3	-0.2	EBIT-%	-47056.8 %	-79456.2 %	-113419.2 %	-3368.6 %	-442.2 %
Operating cash flow	-1.0	-2.5	1.8	3.4	1.7	ROE-%	-15.3 %	-22.7 %	-38.7 %	-30.5 %	-43.4 %
CAPEX	-10.6	-15.0	-14.2	-7.7	-7.1	ROI-%	-12.9 %	-10.1 %	-17.1 %	-13.8 %	-23.9 %
Free cash flow	-11.6	-17.5	-12.4	7.5	-5.4	Equity ratio	87.1 %	62.3 %	47.1 %	57.8 %	46.6 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	-63.0 %	12.4 %	18.1 %	-3.2 %	32.4 %
EV/S				>100	>100						
EV/EBITDA				77.6	>100						
EV/EBIT (adj.)				neg.	neg.						
P/E (adj.)			0.0	neg.	neg.						
P/B	0.0	0.0	0.0	8.2	12.8						
Dividend-%				0.0 %	0.0 %						

Source: Inderes

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Date	Recommendation	Target	Share price
9/12/2024	Sell	11.00 €	12.35 €
9/27/2024	Reduce	10.00 €	8.90 €



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