

Starbreeze

Company report

2/16/2024 8:00 am.



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Inderes Corporate customer

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PAYDAY 3's recovery can't be taken for granted

According to Starbreeze, PAYDAY 3 sales and player activity are currently significantly lower than the company would like. The company's focus and absolute priority is now to identify the changes that need to be made to ensure that PAYDAY 3 lives up to expectations. If they are successful, Starbreeze's current valuation undoubtedly looks very low. We had assumed that the updates released in Q4 would put PD3 on the road to recovery. As this has not happened and there are few signs of recovery at present, we do not see sufficient drivers or support for the stock over the next twelve months. Consequently, we consider the risk/reward to be insufficient and downgrade our recommendation to Reduce (prev. Accumulate) and lower our target price to SEK 0.35 (prev. SEK 0.55).

Better-than-expected revenues in Q4, but operating profit significantly lower

Starbreeze's Q4 revenues landed at 69 MSEK, exceeding our estimate of 64 MSEK. The main revenue drivers were PAYDAY 3, PAYDAY 2 and third-party publishing. Operating profit (EBIT) fell to -95 MSEK, significantly lower than our estimate of -29 MSEK, due to significantly higher costs across the board. Player activity for PAYDAY 3 has continued to decline, and Starbreeze has now set up a 'strike team' to focus on bringing the game in line with expectations. The first changes the team is set to implement include several requested features such as offline mode, quickplay, communication tools, server browser, and optimization and reliability improvements. The quarter also saw the successful launch of the third-party game Roboquest, which currently has a 94% positive rating on the Steam store.

We lower our estimates of PAYDAY 3 sales due to the declining player activity

Given the decline in player activity and the company's comments, we have decided to err on the conservative side and have lowered our PAYDAY 3 sales estimates accordingly. For 2024, we have lowered our sales estimate to 0.5 million units (prev. 1.1m) and for 2025 to 0.4 million units (prev. 1.0m). Our estimates are now more in line with Q4'23 and do not include a significant recovery in PAYDAY 3. This is not to say that the game cannot recover, but we have decided to wait for signs of a potential recovery before incorporating it into our estimates. We still believe the underlying game is good, but a combination of technical issues at launch, lack of features compared to PAYDAY 2, and competition from PAYDAY 2 are holding the game back. The recently announced changes by the 'strike team' will directly address the two latter ones, and we think it's an important step in the right direction.

We see the current valuation as quite neutral and the risk/reward as insufficient

We believe that Starbreeze's current share price reflects the market's belief that PAYDAY 3 will not recover significantly in the short term. Should the game recover, the share price could rise dramatically over the next 12 months. However, with the updates and add-on content released in Q4 only temporarily boosting player numbers, there is currently little evidence of a turnaround. As our new estimates do not include a significant recovery in PAYDAY 3, we consider the risk/reward to be insufficient. Our DCF valuation is SEK 0.53. However, the DCF model represents a long-term favorable scenario. In addition, the cash flows are highly concentrated in the future. As a result, we do not think it provides good support in the short term, as Starbreeze's valuation is strongly linked to PD3's short-term performance.

Recommendation

Reduce
(previous Accumulate)

0.35 SEK
(previous 0.55 SEK)

Share price:
0.345 SEK



Key indicators

	2023	2024e	2025e	2026e
Revenue	634	160	126	347
growth-%	396 %	-75 %	-22 %	176 %
EBIT adj.	190	-89	-46	-57
EBIT-% adj.	30.0 %	-55.2 %	-36.4 %	-16.6 %
Net Income	208	-84	-43	-56
EPS (adj.)	0.19	-0.06	-0.03	-0.04

P/E (adj.)	2.5	neg.	neg.	neg.
P/B	0.8	0.6	0.7	0.7
EV/EBIT (adj.)	1.8	neg.	neg.	neg.
EV/EBITDA	0.8	4.6	15.5	1.8
EV/S	0.6	1.7	3.4	1.1

Source: Inderes

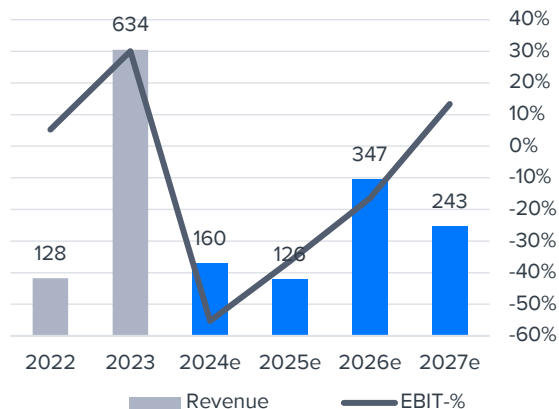
Guidance (Starbreeze provides no guidance)

Share price



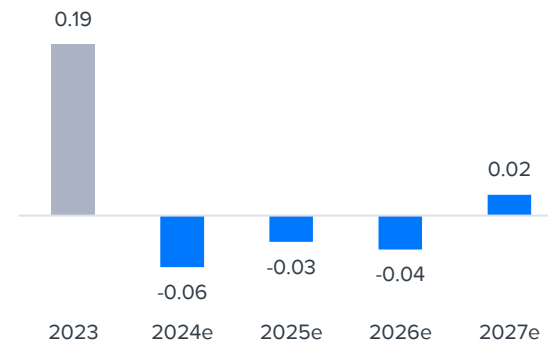
Source: Millistream Market Data AB

Revenue & operating profit-%



Source: Inderes

Earnings per share



Source: Inderes



Value drivers

- The company's main asset is its ownership of the PAYDAY game franchise
- If Starbreeze can entice players to return to PAYDAY 3. The company's outlook would improve significantly
- New game releases after PAYDAY 3. One game is set to be released in 2026, another in 2027/2028
- Future third-party publishing operations
- Starbreeze has built up an organization of 194 employees capable of developing large-scale video games



Risk factors

- Undiversified revenue stream with all revenues coming from a single franchise
- If PAYDAY 3 fails to entice players to return, Starbreeze will be left without a significant revenue stream until the next game is released in 2026.
- Limited visibility into the games after PAYDAY 3 makes it hard to assess the company's long-term potential
- Commercial failure and/or delays in future game projects

Valuation	2024e	2025e	2026e
Share price	0.35	0.35	0.35
Number of shares, millions	1,477	1,477	1,477
Market cap	512	512	512
EV	269	427	395
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.6	0.7	0.7
P/S	3.2	4.1	1.5
EV/Sales	1.7	3.4	1.1
EV/EBITDA	4.6	15.5	1.8
EV/EBIT (adj.)	neg.	neg.	neg.

Source: Inderes

Q4 revenues higher than expected, but EBIT markedly lower

Revenues somewhat higher than expected

Starbreeze reported somewhat stronger-than-estimated revenues for Q4. However, EBIT was well below our estimates due to higher-than-expected costs across the board.

Starbreeze's Q4 revenues increased by 106% to 69 MSEK, exceeding our estimate of 64 MSEK. The revenues were driven by PAYDAY 3 (36 MSEK), PAYDAY 2 (18 MSEK) and third-party publishing (14 MSEK). PAYDAY 3 revenues were roughly in line with our estimates, while PAYDAY 2 revenues were lower and third-party publishing revenues were higher.

PAYDAY 2's revenues are expected to decline as Starbreeze is not developing additional content for the game. We do expect some revenue from the game going forward, however, at a constantly declining pace. Third-party publishing revenues were driven by the successful launch of

Roboquest during the quarter. The game's reception has been good, and the player activity has been decent for the size of the game. Visibility into the game's revenue potential is limited, so our estimates include only modest revenues from the game going forward.

EBIT and net profit were significantly lower than expected due to higher costs across the board

In Q4, Starbreeze's operating profit (EBIT) decreased to -95 MSEK, which was significantly lower than our estimate of -29 MSEK. The lower EBIT was due to a higher amortization, server costs, payroll costs, currency effects, and one-off costs related to the launch of PAYDAY 3. As Starbreeze repaid its debt earlier in 2023, net financial items were positive at 3.5 MSEK, resulting in a net profit of -92 MSEK and EPS of -0.06 SEK.

Operating cash flow was affected positively by working capital related to PAYDAY 3 invoicing

Operating cash flow (OCF) before working capital (-SEK 23 million) was roughly in line with EBITDA. However, working capital was positively affected by the fact that receivables related to PAYDAY 3 sales in Q3 were converted into cash during the quarter. As a result, OCF after working capital amounted to 63 MSEK.

Investments for the quarter amounted to 54 MSEK, mainly consisting of capitalized game development costs (41 MSEK) related to PAYDAY 3 and Project BAXTER. Cash flow was also positively impacted by 30 MSEK of game development financing related to the development of PAYDAY 3 add-on content. At the end of the quarter, Starbreeze's cash and cash equivalents amounted to a solid 348 MSEK. We note that if PAYDAY 3 does not recover, the cash position will start to decline as the company invests in new game projects.

Estimates MSEK / SEK	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Actualized
Revenue	33.6	69.2	63.6				9 %	634
EBITDA	19.3	-20.6	16.8				-223 %	439
EBIT (adj.)	4.3	-95.0	-28.6				233 %	190
EPS (reported)	-0.02	-0.06	-0.02				163 %	0.19
Revenue growth-%	8.3 %	105.8 %	89.0 %				16.8 pp	396.5 %
EBIT-% (adj.)	12.9 %	-137.3 %	-44.9 %				-92.3 pp	30.0 %

Source: Inderes

We lower our estimates to reflect the waning player activity in PAYDAY 3

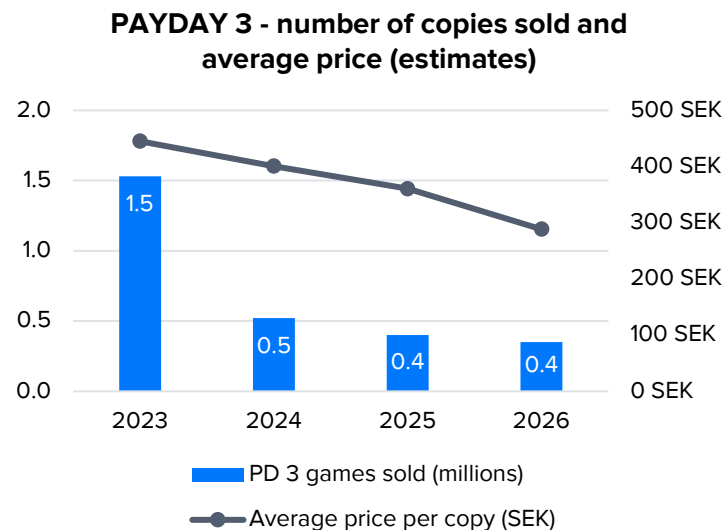
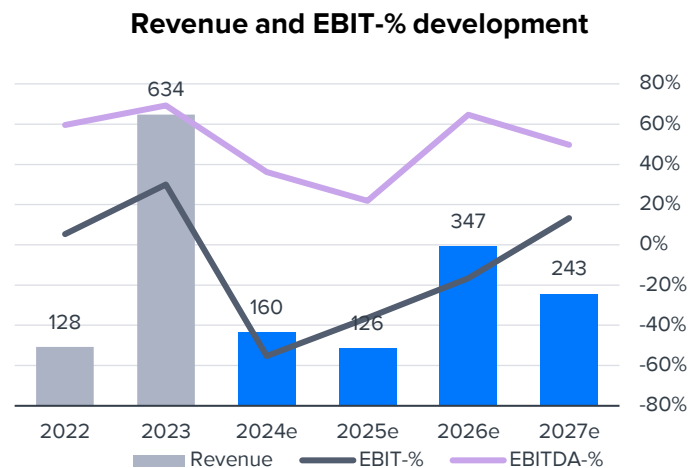
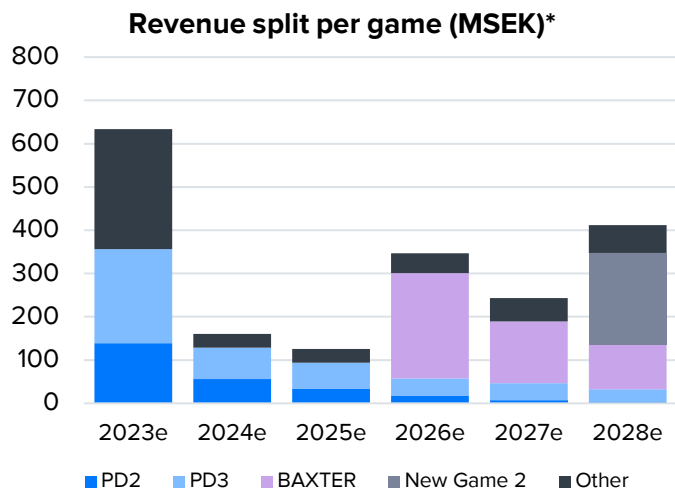
Estimate changes

- We assumed that the updates released during Q4 would improve the player activity in PAYDAY 3. As this did not happen and currently there are few signs of improvement, we decided to err on the conservative side and lowered our future revenue estimates for PAYDAY 3 to be more in line with Q4'23.
- For 2024, we reduced our estimates of PAYDAY 3 units sold to 0.5 million (prev. 1.1), and for 2025, we decreased the figure to 0.4 million (prev. 1.0m). This has a sizable effect on our near-term revenue estimates as we had envisioned PAYDAY 3 as the primary revenue driver in these years. The impact on EBIT and net profit is also sizable, as a large part of Starbreeze's costs are semi-fixed in nature. This includes the amortization charges of roughly 30 MSEK per quarter related to PAYDAY 3 in 2024 and 12 MSEK per quarter in 2025.
- We also lowered our revenue estimates for PAYDAY 2 as the game's revenues declined more than we expected. Going forward, we expect PAYDAY 2's revenues to decline at a constant rate.
- We have slightly increased our third-party publishing revenue estimates due to higher-than-expected revenue contribution from this segment.
- Additionally, we fine-tuned our costs, D&A, and CAPEX estimates for the next few years and lowered our long-term EBIT margin estimate from 30% to 25% to reflect the increased uncertainty of the company's future.

Estimate revisions	2023e	2023	Change	2024e	2024e	Change	2025e	2025e	Change
MSEK / SEK	Old	Actualized	%	Old	New	%	Old	New	%
Revenue	628	634	1 %	260	160	-38 %	223	126	-44 %
EBITDA	477	439	-8 %	119	58.1	-51 %	80.2	27.5	-66 %
EBIT	257	190	-26 %	-26.3	-88.6		9.0	-45.8	-608 %
EPS (excl. NRIs)	0.22	0.19	-12 %	-0.02	-0.06		0.01	-0.03	-604 %

Source: Inderes

Underlying assumptions for revenue estimates

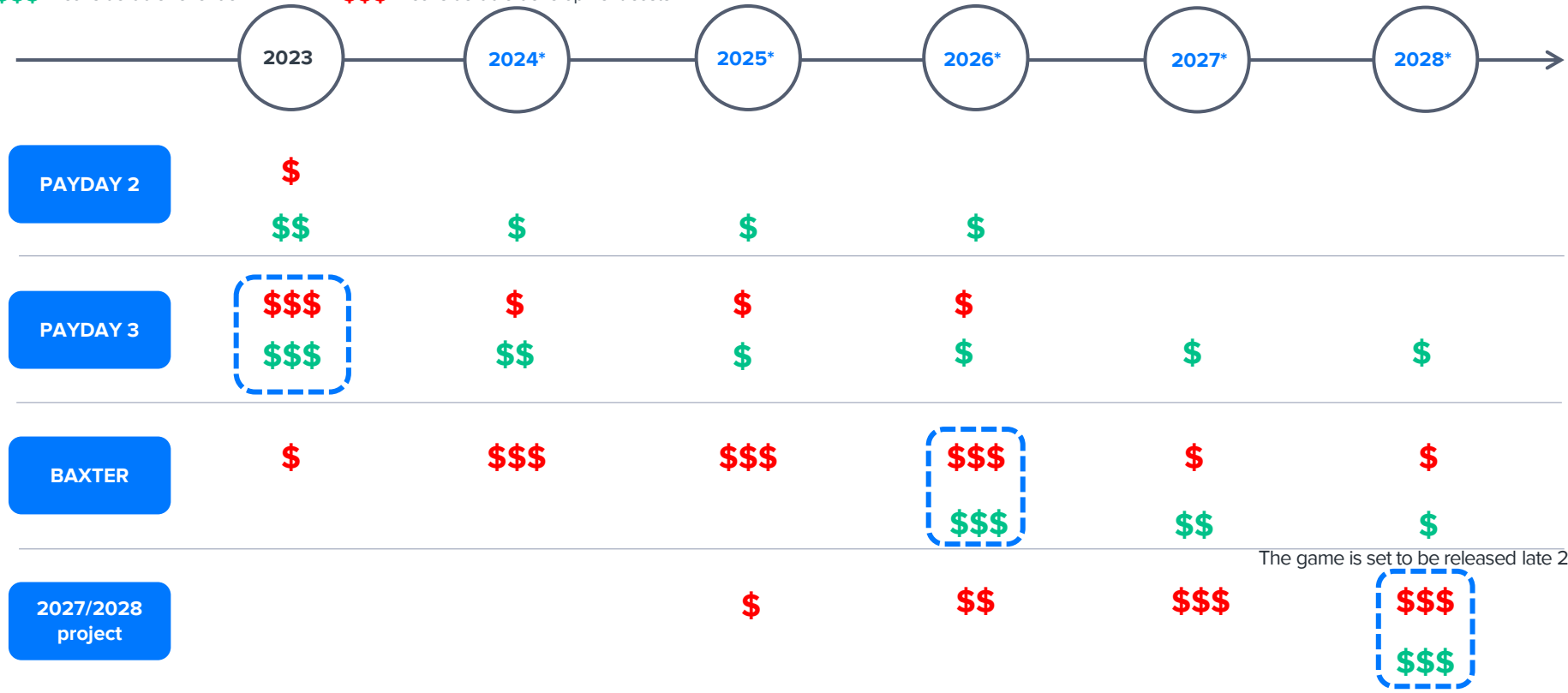


Source: Inderes, *2023 Other, includes the non-cash game financing income

Timeline of internal game projects

Release year

\$ =low revenue
 \$\$ =medium revenue
 \$\$\$ =considerable revenue
 \$ =low development costs
 \$\$ =medium development costs
 \$\$\$ =considerable development costs



The game is set to be released late 2027/2028

Valuation

PAYDAY 3's lower sales and player activity decrease the fair value estimate

Starbreeze's current valuation is low in absolute terms and in relation to Starbreeze's potential should they succeed in reigniting player interest in PAYDAY 3. As a result, we believe that Starbreeze's current share price reflects the market's belief that PAYDAY 3 won't recover significantly. Our new estimates now share this view, as the updates and add-on content released in Q4 only temporarily increased player activity. In addition, there are few signs of recovery at this time. As a result, we do not see sufficient support or drivers over the next twelve months and view the risk/reward as inadequate at the current valuation.

The company's market capitalization of 510 MSEK is roughly equal to its current assets and is lower than its net assets of SEK 895 million. Starbreeze's low market value mitigates the downside risk somewhat. However, as most of the company's assets consist of current assets and intangible assets, it is risky to put too much faith in them. In addition, as we expect the company to continue to invest heavily in game development, cash reserves will diminish if no offsetting revenues emerge.

Multiple-based valuation suffers from fluctuating financials

Starbreeze's fluctuating revenues and earnings naturally result in fluctuating multiples. Depreciation and amortization will also fluctuate based on the timing of game releases. In addition, it is not easy to find a reasonable multiple for Starbreeze. EBITDA multiples do not fully account for game development costs and paint an overly rosy picture. Meanwhile, EV/EBIT and P/E suffer from uneven

D&A costs related to game releases. This essentially leaves us with sales-based multiples (P/S and EV/S), of which EV/S is more appropriate as it accounts for net debt. With our revenue estimates, the EV/S multiples for 2024 and 2025 are 2x and 3x, respectively. These multiples are somewhat lower than the peer group median of 4x. However, a discount is reasonable as Starbreeze is significantly smaller than the peer group average. In addition, there are significant company-specific differences in the multiples, and we currently do not see the peer group multiples having a meaningful impact on Starbreeze's valuation.

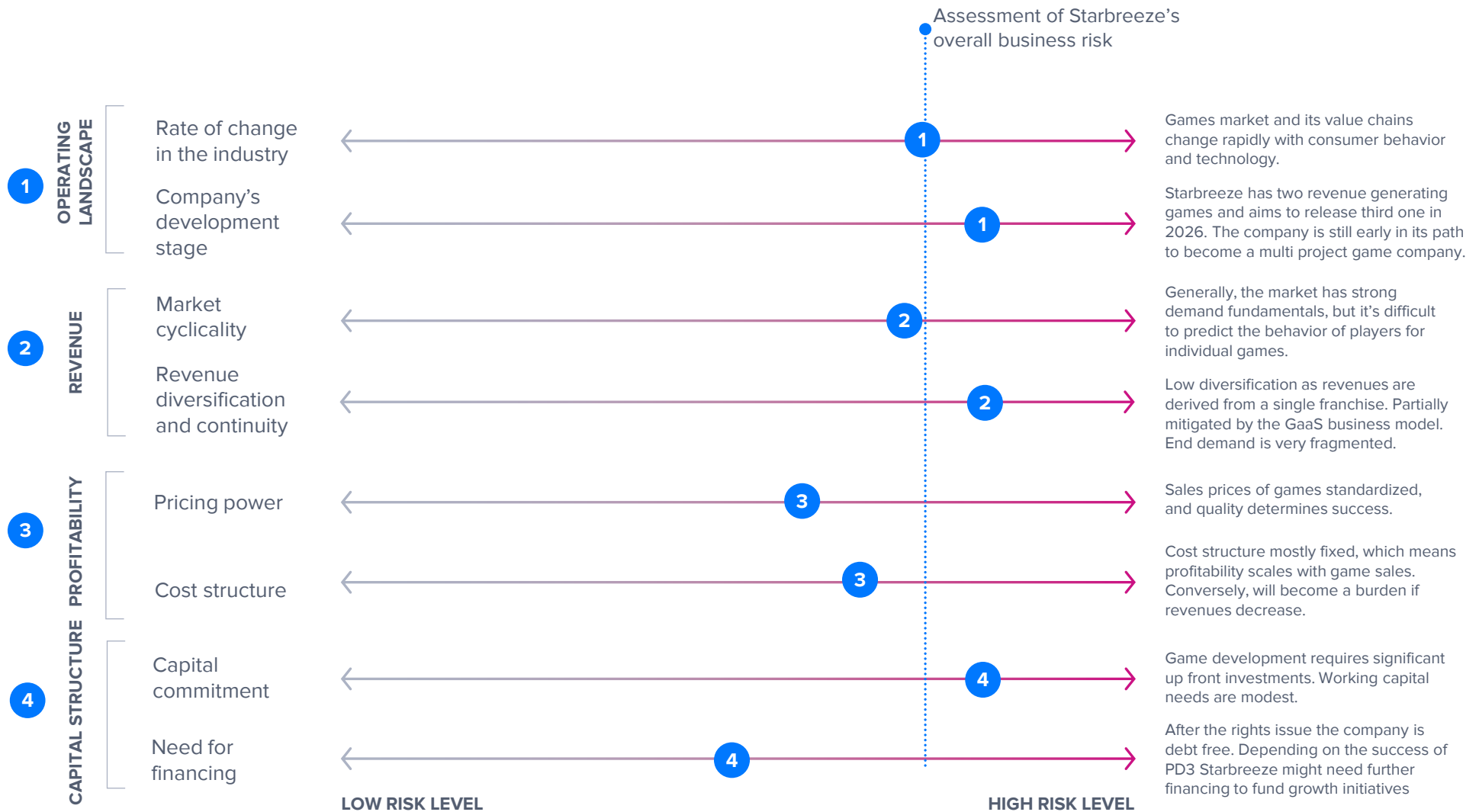
DCF valuation

Our DCF valuation is SEK 0.53, which is 55% above the current share price. However, the DCF model represents a long-term scenario in which the next two games are successful (which cannot be taken for granted). At the current stage of the company's development, the model's assumptions are subject to considerable uncertainty and the cash flows are concentrated far in the future. As a result, we do not feel that it provides good support in the short term, as Starbreeze's valuation is heavily tied to the short-term performance of PD3.

Valuation	2024e	2025e	2026e
Share price	0.35	0.35	0.35
Number of shares, million:	1,477	1,477	1,477
Market cap	512	512	512
EV	269	427	395
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.6	0.7	0.7
P/S	3.2	4.1	1.5
EV/Sales	1.7	3.4	1.1
EV/EBITDA	4.6	15.5	1.8
EV/EBIT (adj.)	neg.	neg.	neg.

Source: Inderes

Risk profile of Starbreeze's business model



Investment profile

1.

Turnaround company with all the eggs in the PAYDAY basket

2.

Strong video game franchise in PAYDAY

3.

PAYDAY 3's performance will determine the share price's development

4.

GaaS business model provides longevity, scalability, and reduces risk

5.

Large and growing market

Potential



- If Starbreeze can entice players to return to PAYDAY 3 the company's outlook would improve significantly
- Widening the monetization of the PAYDAY IP through more games and other income streams
- Large PAYDAY community that can be leveraged to promote new games
- Future new game releases
- Potential future publishing operations

Risks

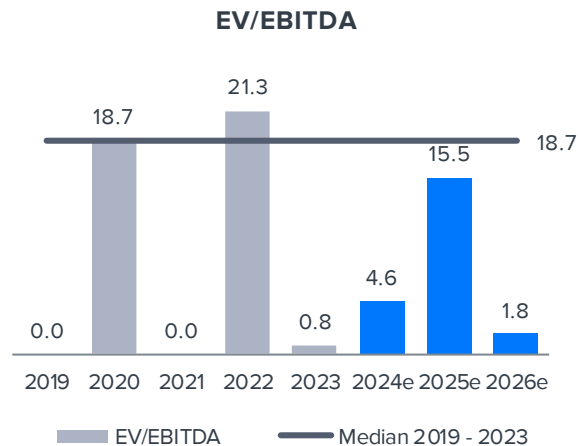
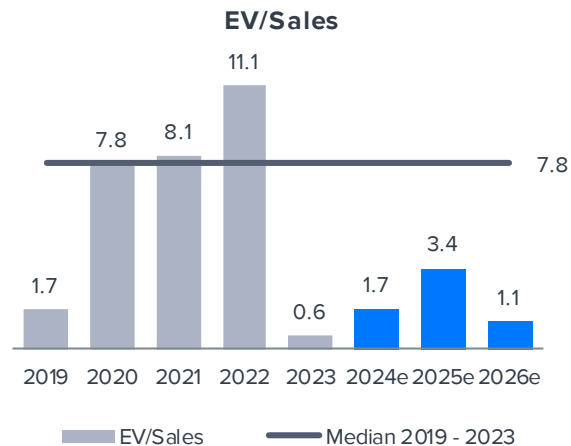


- Undiversified revenue stream with all revenues coming from a single franchise
- If PAYDAY 3 fails to entice players to return, Starbreeze is left without a significant revenue source until the next game is released in 2026
- Limited visibility into the games after PAYDAY 3 makes it hard to assess the company's long-term potential
- Commercial failure and/or delays in future game projects

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	1.30	1.09	1.00	1.58	0.47	0.35	0.35	0.35	0.35
Number of shares, millions	329	725	725	725	1,477	1,477	1,477	1,477	1,477
Market cap	428	784	727	1,142	699	512	512	512	512
EV	466	919	1,021	1,413	350	269	427	395	471
P/E (adj.)	neg.	neg.	neg.	neg.	2.5	neg.	neg.	neg.	15.1
P/E	neg.	neg.	neg.	neg.	2.5	neg.	neg.	neg.	15.1
P/B	69.5	3.4	5.9	20.1	0.8	0.6	0.7	0.7	0.7
P/S	1.5	6.6	5.8	8.9	1.1	3.2	4.1	1.5	2.1
EV/Sales	1.7	7.8	8.1	11.1	0.6	1.7	3.4	1.1	1.9
EV/EBITDA	neg.	18.7	>100	21.3	0.8	4.6	15.5	1.8	3.9
EV/EBIT (adj.)	neg.	84.5	68.3	>100	1.8	neg.	neg.	neg.	14.5

Source: Inderes



Peer group valuation

Peer group valuation	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Remedy	219	24.4	32.9	14.9	16.0	3.4	3.3	36.6	47.2	0.6	0.9	3.6
Embracer	3,830	6.4	6.0	4.0	3.5	1.0	0.9	5.7	5.1			0.4
CD Projekt	2,369	42.7	71.0	28.9	42.6	13.1	15.6	45.9	72.3	0.8		4.3
Paradox Interacrive	1,750	19.4	16.7	10.3	9.6	7.1	6.7	27.9	22.8	1.5	1.7	7.0
Tinybuild	30		15.7	8.1	5.8	0.6	0.6	8.5	1.7		393.1	
Enad Global 7	66	2.4	2.2	1.7	1.3	0.4	0.4	4.8	5.0	4.1	4.6	0.3
11 Bit Studios	323	7.5	8.0	6.2	6.4	4.2	4.1	8.5	8.9		4.1	3.5
Playway	428	8.1	6.8	8.1	6.8	5.1	4.5	11.4	9.6	4.7	5.4	3.3
Electronic Arts	34,541	15.9	14.9	14.3	13.5	4.9	4.8	20.2	18.8	0.6	0.6	5.1
Take-Two Interactive	26,621	49.7	20.4	41.9	18.5	5.4	4.0	65.2	25.8			3.1
Ubisoft	4,293	12.3	10.2	4.6	4.2	2.0	1.9	16.0	14.0			1.9
Starbreeze (Inderes)	23	-3.0	-9.3	4.6	15.5	1.7	3.4	-6.1	-11.8	0.0	0.0	0.6
Average		18.9	18.6	13.0	11.7	4.3	4.2	22.8	21.0	2.0	58.6	3.2
Median		14.1	14.9	8.1	6.8	4.2	4.0	16.0	14.0	1.2	4.1	3.4
Diff-% to median		-122 %	-163 %	-43 %	129 %	-60 %	-15 %	-138 %	-184 %	-100 %	-100 %	-81 %

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	126	128	27	43	494	69	634	41	37	40	42	160	126	347	243
EBITDA	6	66	4	14	442	-21	439	16	11	15	16	58	28	225	121
Depreciation	-60	-60	-16	-17	-142	-74	-249	-36	-36	-38	-36	-147	-73	-282	-89
EBIT (excl. NRI)	15	7	-12	-3	300	-95	190	-20	-26	-23	-20	-89	-46	-57	32
EBIT	-54	7	-12	-3	300	-95	190	-20	-26	-23	-20	-89	-46	-57	32
Share of profits in assoc. compan.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net financial items	-52	-61	-13	27	0	3	17	2	1	1	0	4	3	2	1
PTP	-105	-54	-25	24	300	-92	208	-18	-25	-22	-19	-84	-43	-56	34
Taxes	2	-5	0	1	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
Net earnings	-103	-60	-25	25	300	-92	208	-18	-25	-22	-19	-84	-43	-56	34
EPS (rep.)	-0.14	-0.08	-0.03	0.03	0.21	-0.06	0.19	-0.01	-0.02	-0.01	-0.01	-0.06	-0.03	-0.04	0.02
Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	6.5 %	1.5 %	13.3 %	36.1 %	1178.6 %	105.8 %	396.5 %	53.3 %	-13.7 %	-91.9 %	-38.8 %	-74.7 %	-21.6 %	175.8 %	-29.8 %
Adjusted EBIT growth-%		-54.9 %	17.1 %	-188.0 %	3240.7 %	-2297.8 %	2721.0 %	69.2 %	777.6 %	-107.8 %	-79.2 %	-146.6 %	-48.4 %	25.5 %	-156.5 %
EBITDA-%	5.0 %	52.0 %	15.2 %	32.6 %	89.3 %	-29.8 %	69.3 %	39.9 %	28.1 %	37.4 %	38.7 %	36.2 %	21.9 %	64.7 %	49.7 %
Adjusted EBIT-%	11.9 %	5.3 %	-43.5 %	-6.8 %	60.7 %	-137.3 %	30.0 %	-48.0 %	-69.4 %	-58.5 %	-46.7 %	-55.2 %	-36.4 %	-16.6 %	13.3 %
Net earnings-%	-82.3 %	-46.9 %	-93.5 %	57.2 %	60.6 %	-132.5 %	32.8 %	-43.0 %	-67.4 %	-55.5 %	-45.7 %	-52.5 %	-34.4 %	-16.1 %	13.8 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	586	537	573	687	593
Goodwill	48	47	47	47	47
Intangible assets	506	472	509	625	531
Tangible assets	23	11	9	8	7
Associated companies	1	1	1	1	1
Other investments	0	0	0	0	0
Other non-current assets	7	7	7	7	7
Deferred tax assets	0	0	0	0	0
Current assets	160	574	299	129	238
Inventories	0	0	0	0	0
Other current assets	0	0	0	0	0
Receivables	52	226	56	44	121
Cash and equivalents	108	348	243	85	117
Balance sheet total	746	1,111	872	816	831

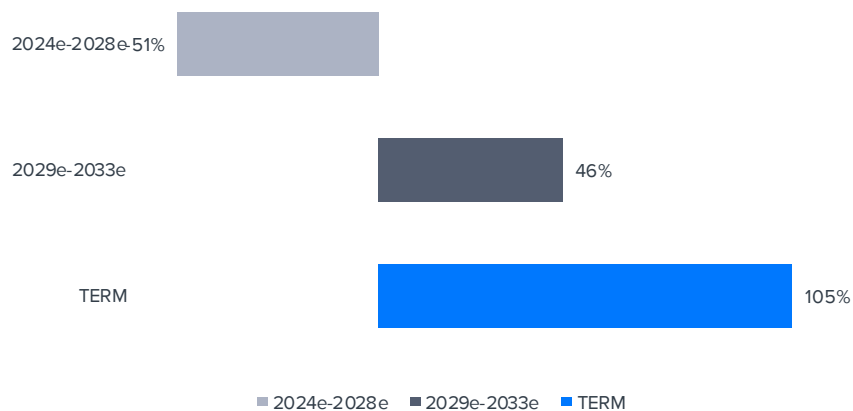
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	57	895	810	767	712
Share capital	14	30	30	30	30
Retained earnings	-1,950	-1,742	-1,827	-1,870	-1,926
Hybrid bonds	0	0	0	0	0
Revaluation reserve	13	14	14	14	14
Other equity	1,979	2,593	2,593	2,593	2,593
Minorities	0	0	0	0	0
Non-current liabilities	386	2	2	2	2
Deferred tax liabilities	1	1	1	1	1
Provisions	0	0	0	0	0
Interest bearing debt	380	0	0	0	0
Convertibles	0	0	0	0	0
Other long term liabilities	5	1	1	1	1
Current liabilities	303	215	59	47	118
Interest bearing debt	0	0	0	0	0
Payables	108	208	53	40	111
Other current liabilities	195	7	7	7	7
Balance sheet total	746	1,111	872	816	831

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	396.5 %	-74.7 %	-21.6 %	175.8 %	-29.8 %	69.2 %	-11.5 %	18.0 %	16.0 %	10.0 %	2.5 %	2.5 %
EBIT-%	30.0 %	-55.2 %	-36.4 %	-16.6 %	13.3 %	-2.5 %	13.0 %	20.0 %	23.0 %	25.0 %	25.0 %	25.0 %
EBIT (operating profit)	190	-89	-46	-57	32	-10	47	86	115	137	141	
+ Depreciation	249	147	73	282	89	283	229	226	209	209	209	
- Paid taxes	0	0	0	0	0	0	0	0	-24	-28	-29	
- Tax, financial expenses	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	
- Change in working capital	-262	15	-1	-7	-2	-8	2	-3	-3	-2	-3	
Operating cash flow	177	73	27	218	119	264	278	309	296	315	317	
+ Change in other long-term liabilities	-5	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-201	-182	-188	-187	-196	-207	-209	-209	-209	-209	-209	
Free operating cash flow	-28	-109	-161	30	-77	58	70	100	87	106	108	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-28	-109	-161	30	-77	58	70	100	87	106	108	0
Discounted FCFF		-100	-132	23	-51	35	38	49	38	42	38	462
Sum of FCFF present value		442	542	674	651	702	668	630	581	543	501	462
Enterprise value DCF		442										
- Interest bearing debt		0										
+ Cash and cash equivalents		348										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF		789										
Equity value DCF per share		0.53										

Cash flow distribution

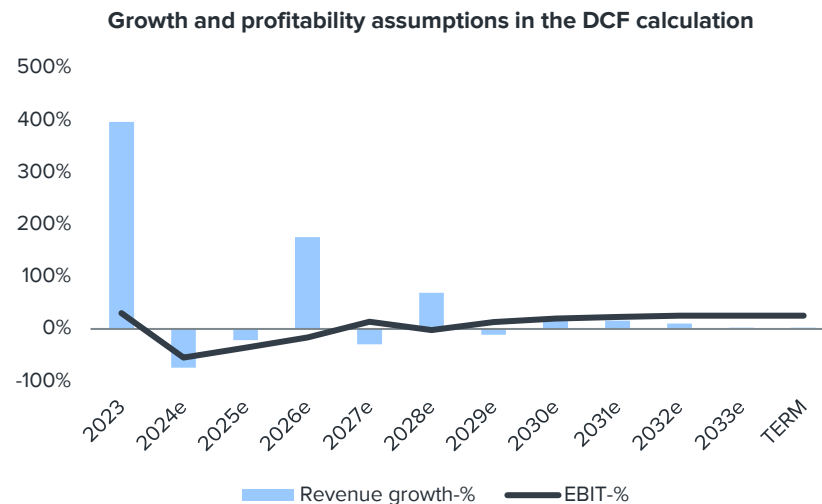
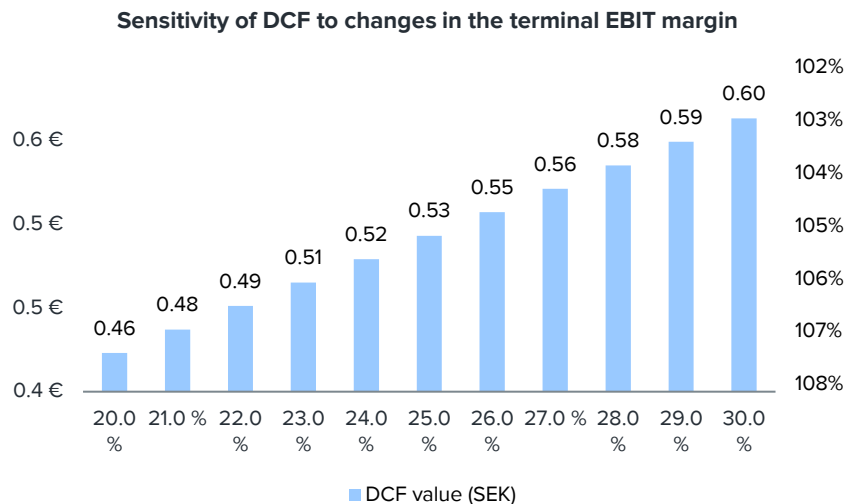
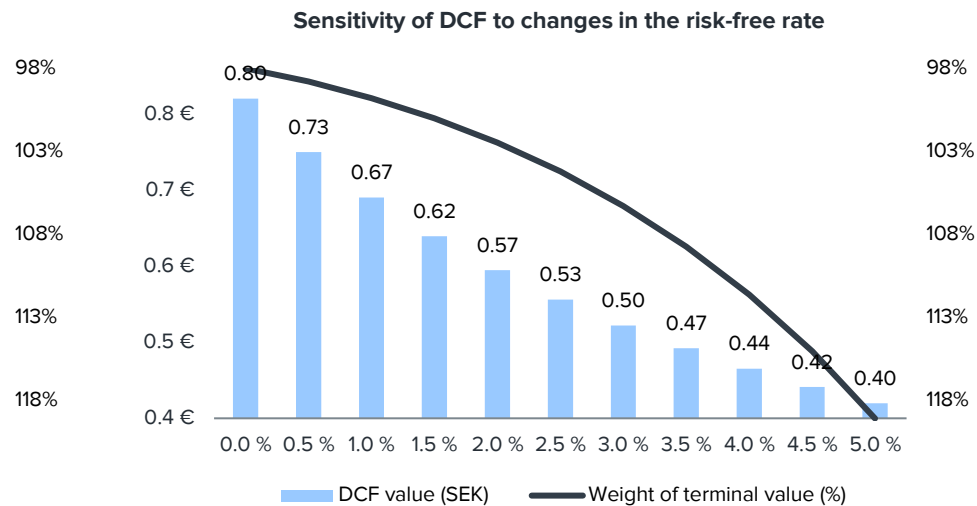
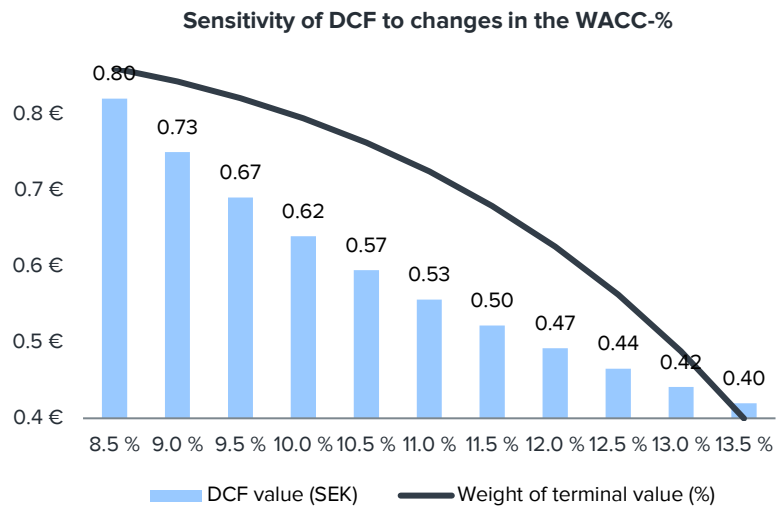


WACC

Tax-% (WACC)	20.6 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	8.0 %
Equity Beta	1.50
Market risk premium	4.75 %
Liquidity premium	1.40 %
Risk free interest rate	2.5 %
Cost of equity	11.0 %
Weighted average cost of capital (WACC)	11.0 %

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	126	128	634	160	126	EPS (reported)	-0.14	-0.08	0.19	-0.06	-0.03
EBITDA	6	66	439	58	28	EPS (adj.)	-0.05	-0.08	0.19	-0.06	-0.03
EBIT	-54	7	190	-89	-46	OCF / share	0.12	0.09	0.16	0.05	0.02
PTP	-105	-54	208	-84	-43	FCF / share	-0.06	-0.14	-0.03	-0.07	-0.11
Net Income	-103	-60	208	-84	-43	Book value / share	0.17	0.08	0.82	0.55	0.52
Extraordinary items	-69	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	674	746	1,111	872	816	Revenue growth-%	7 %	2 %	396 %	-75 %	-22 %
Equity capital	123	57	895	810	767	EBITDA growth-%	-87 %	958 %	562 %	-87 %	-53 %
Goodwill	42	48	47	47	47	EBIT (adj.) growth-%	37 %	-55 %	2721 %	-147 %	-48 %
Net debt	293	271	-348	-243	-85	EPS (adj.) growth-%	-83 %	72 %	-329 %	-130 %	-49 %
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	5.0 %	52.0 %	69.3 %	36.2 %	21.9 %
EBITDA	6	66	439	58	28	EBIT (adj.)-%	11.9 %	5.3 %	30.0 %	-55.2 %	-36.4 %
Change in working capital	13	-8	-262	15	-1	EBIT-%	-42.7 %	5.3 %	30.0 %	-55.2 %	-36.4 %
Operating cash flow	87	65	177	73	27	ROE-%	-58.9 %	-66.6 %	43.6 %	-9.9 %	-5.5 %
CAPEX	-112	-151	-201	-182	-188	ROI-%	-10.1 %	1.4 %	28.6 %	-10.4 %	-5.5 %
Free cash flow	-42	-102	-28	-109	-161	Equity ratio	18.2 %	7.6 %	80.5 %	93.0 %	94.0 %
						Gearing	238.7 %	478.0 %	-38.9 %	-29.9 %	-11.0 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	8.1	11.1	0.6	1.7	3.4						
EV/EBITDA (adj.)	>100	21.3	0.8	4.6	15.5						
EV/EBIT (adj.)	68.3	>100	1.8	neg.	neg.						
P/E (adj.)	neg.	neg.	2.5	neg.	neg.						
P/B	5.9	20.1	0.8	0.6	0.7						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
30.05.2023	Accumulate	1.15 SEK	1.03 SEK
18.08.2023	Reduce	1.15 SEK	1.19 SEK
12.09.2023	Accumulate	1.15 SEK	0.95 SEK
02.10.2023	Buy	0.85 SEK	0.60 SEK
17.11.2023	Accumulate	0.55 SEK	0.44 SEK
16.02.2024	Reduce	0.35 SEK	0.35 SEK



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