

# Starbreeze

## Company report

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# Heading to a pivotal second half of 2024

The first quarter of 2024 saw a continued decline in player activity, a trend that has persisted since the launch of PAYDAY 3 (“PD3”). The strike team has focused their efforts, both during and after the quarter, on aligning PD3 with player expectations through the Operational Medic Bag (“OMB”), but these efforts have yet to yield tangible results. However, the most significant changes to the game are still on the horizon and, according to Starbreeze, visible results in terms of sales are expected in the third quarter and beyond. However, in the absence of a noticeable increase in player activity, we remain on the sidelines waiting for signs of a PD3 recovery. Therefore, we reiterate our Reduce recommendation and lower our target price to SEK 0.30 (prev. SEK 0.35).

## Revenues exceeded our expectations, but operating profit fell short of our estimates

Starbreeze reported revenues of 56.6 MSEK in Q1 (Q4’23: 69 MSEK), exceeding our estimate of 40.9 MSEK. The higher revenues were primarily driven by stronger-than-expected sales from PD3 and third-party publishing. The adjusted operating profit (EBIT) improved QoQ to -43.2 MSEK, but was at the same time below our estimates of -19.6 MSEK, due to higher amortization and game development costs than expected. Through the OMB, Starbreeze has introduced new features like the unready button, quickplay, and various bug fixes that previously caused server crashes. Further enhancements are planned, including three DLCs for 2024, solo and offline modes, and highly anticipated legacy heists. These updates have the potential to reinvigorate interest and draw players back from PD2 to PD3.

## PD3 revenue estimates raised - awaiting clear signs of player activity recovery for potential further upside

We have revised our revenue estimates for PD3 and third-party publishing upwards following the stronger-than-expected revenues in Q1, while lowering our PD2 revenue estimates. Despite these adjustments, our estimates still do not reflect a significant recovery for PD3, as we are waiting for clearer signals of a significant increase in player activity. This leaves upside potential if the upcoming updates are well received by the PAYDAY community. In addition, our revised estimates for D&A, game development costs, and selling and marketing expenses following the Q1 report have significantly impacted our near-term EBIT estimates, although the impact on free cash flow is less pronounced.

## The market value is currently low, but it hinges on a recovery of PD3 to improve.

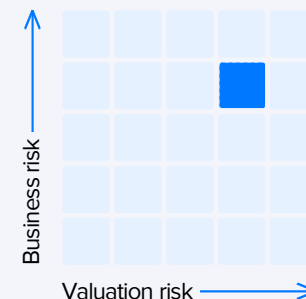
In our view, Starbreeze's current share price reflects a scenario where PD3 does not recover significantly. The current cash position is very strong, but if this scenario were to play out over the next few quarters, the cash position would shrink as revenue streams would be insufficient to cover the company's highly fixed cost structure. If PD3 were to recover, the current valuation level would be intriguing. However, there is still little evidence of such a recovery, with continued low player activity and overall low player sentiment. Therefore, we believe it is prudent to continue to err on the conservative side. In addition to our revised estimates, we have also increased the estimated cost of capital (WACC), as the lack of improvement in player activity in PD3 and the faster-than-expected revenue decline in PD2 have increased the overall business risk in our view. Our DCF valuation is SEK 0.41. However, the DCF model represents a long-term positive scenario with cash flows 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 the short-term performance of PD3.

## Recommendation

**Reduce**  
(prev. Reduce)

**0.30 SEK**  
(prev. 0.35 SEK)

**Share price:**  
0.27 SEK



## Key indicators

	2023	2024e	2025e	2026e
<b>Revenue</b>	634	184	133	358
<b>growth-%</b>	396%	-71%	-28%	169%
<b>EBIT adj.</b>	190	-230	-85	-88
<b>EBIT-% adj.</b>	30.0 %	-125.0 %	-64.2 %	-24.5 %
<b>Net Income</b>	208	-206	-81	-85
<b>EPS (adj.)</b>	0.19	-0.15	-0.06	-0.06
<b>P/E (adj.)</b>	2.5	neg.	neg.	neg.
<b>P/B</b>	0.8	0.6	0.7	0.8
<b>EV/EBIT (adj.)</b>	1.8	neg.	neg.	neg.
<b>EV/EBITDA</b>	0.8	2.1	20.6	1.9
<b>EV/S</b>	0.6	0.9	2.7	1.1

Source: Inderes

## Guidance

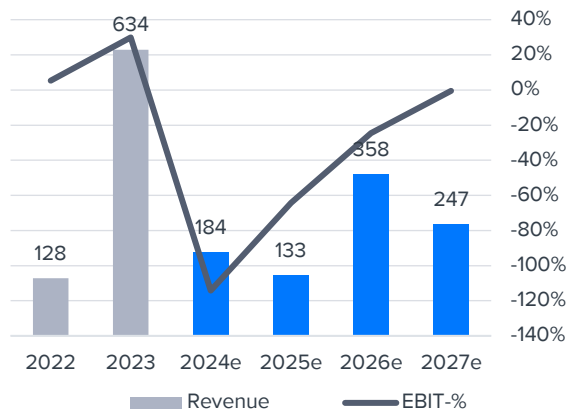
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## Share Price



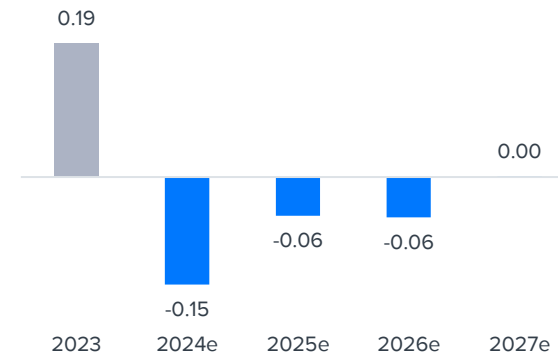
Source: Millistream Market Data AB

## Revenues and 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
- Highly scalable business model with successful launches



## Risk factors

- Undiversified revenue stream with almost 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	0.27	0.27	0.27
Number of shares, millions	1,477	1,477	1,477
Market cap	398	398	398
EV	164	363	382
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.6	0.7	0.8
P/S	2.2	3.0	1.1
EV/Sales	0.9	2.7	1.1
EV/EBITDA	2.1	20.6	1.9
EV/EBIT (adj.)	neg.	neg.	neg.

Source: Inderes

# Q1 revenues exceeded expectations, but adj. EBIT was significantly lower

## Revenues beat our estimates

Starbreeze's Q1 revenues increased 112% to 56.6 MSEK, which was higher than our estimates of 40.9 MSEK. The revenues were driven by PAYDAY 3 (23 MSEK), PAYDAY 2 (11 MSEK), and third-party publishing (17 MSEK). PAYDAY 3 revenues were above our expectations, while PAYDAY 2 revenues were lower and third-party publishing revenues came in higher than our estimates.

PAYDAY 2's revenues declined on a year-on-year (-59%) and quarter-on-quarter (-40%) basis. This trend is expected to continue at a steadily declining rate, as Starbreeze does not develop additional content for the game, but only provides the general game service. Starbreeze continued to benefit from the launch of Roboquest in Q4, with third-party publishing revenues increasing by approximately 23% quarter-on-quarter. However, visibility into the game's revenue potential is limited, so our estimates include only modest revenues from the game going forward. From a profitability perspective, third-party publishing revenues are less

favorable due to the revenue share allocated to developers, which is expensed. This reduces the overall profitability impact of these revenues for Starbreeze.

## Adjusted EBIT was below expectations primarily due to higher amortization and game development costs

In Q1, the operating profit (EBIT) amounted to -23 MSEK, which was lower than our estimate of -19.6 MSEK. However, the reported EBIT was positively affected by the reversal of previously expensed personnel and other restructuring costs. Hence, the adjusted EBIT came in at -43.2 MSEK, which was lower than our expectation, particularly driven by higher amortization and game development costs. Adjusted for the above-mentioned non-recurring costs, the EBITDA amounted to 29 MSEK, exceeding our estimates of 16.3 MSEK. Net financial items, including profits from equity method investment, came in at 2.4 MSEK, resulting in a net profit of -21 MSEK and EPS of SEK -0.01.

## Operating cash flow benefited from working capital improvements related to PAYDAY 3 invoicing

The operating cash flow (OCF) before working capital (40.4 MSEK) was roughly in line with the reported unadjusted EBITDA (48.5 MSEK). The working capital was positively affected by the paid receivable linked to PD3 sales and as a result, OCF after working capital amounted to 78.4 MSEK.

Investments for the quarter amounted to 49 MSEK, mainly consisting of capitalized game development costs (50 MSEK) related to PAYDAY 3 and Project BAXTER. Cash flow was also positively impacted by 14 MSEK of game development financing related to the development of DLC's for PD3. At the end of the quarter, Starbreeze had cash and cash equivalents of 387 MSEK and virtually no debt, showcasing an exceptionally robust financial position at the moment. If PD3 fails to recover, we anticipate a decline in the company's cash position due to ongoing investments in new game projects.

Estimates MSEK / SEK	Q1'23	Q1'24	Q1'24e	Q1'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	26.7	56.6	40.9				38%	184
EBITDA	4.1	48.5	16.3				197%	78.3
EBIT (adj.)	-11.6	-43.2	-19.6				120%	-230.4
EBIT	-11.6	-23.3	-19.6				19%	-210.5
EPS (reported)	-0.03	-0.01	-0.01				-16%	-0.14
Revenue growth-%	13.3 %	112.3 %	53.3 %				59 pp	-70.9 %
EBIT-% (adj.)	-43.5 %	-76.3 %	-48.0 %				-28.3 pp	-125.0 %

Source: Inderes

# We maintain a conservative stance, yet slightly increasing revenue estimates

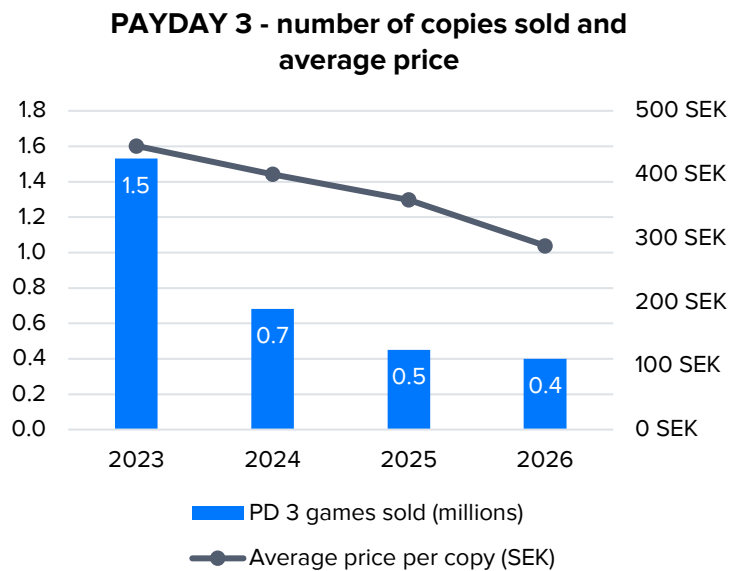
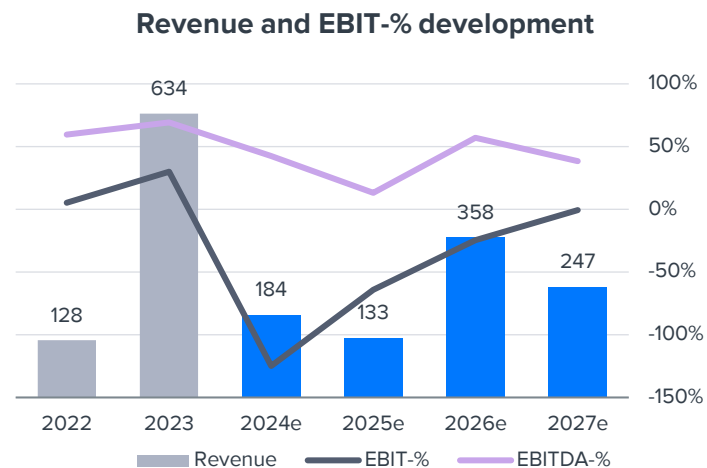
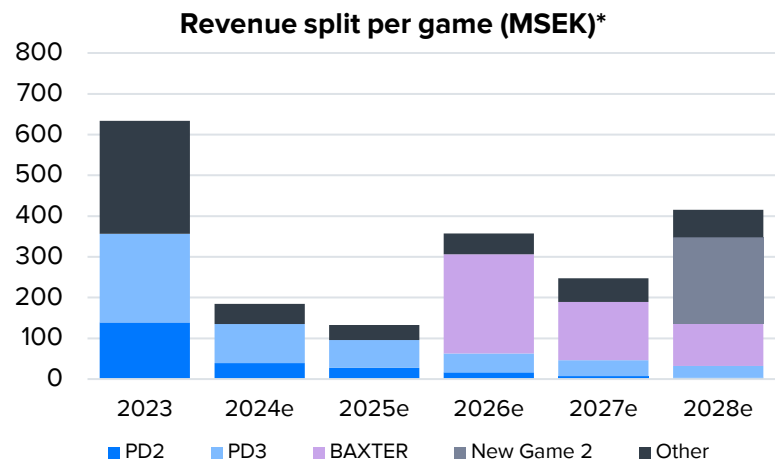
## Estimate changes

- Based on the revenue mix observed in Q1'24 across PD3, PD2, and third-party publishing, we've adjusted our revenue projections accordingly. We anticipate higher revenues for PD3, reduced estimates for PD2, and increased expectations for third-party publishing. This adjustment results in approximately 6 MSEK higher revenues related to the PAYDAY series in 2024 and 14 MSEK higher revenues related to third-party publishing. However, our estimates for subsequent years remain largely consistent with previous projections, albeit slightly elevated
- For 2024, we increased our estimates of PAYDAY 3 units sold to 0.7 million (prev. 0.5), and for 2025, we increased the figure to 0.5 million (prev. 0.4m).
- We have increased our D&A estimates due to the substantially higher amortizations levels reported in Q1 as well as the increase in RoU-assets related to the new lease agreement for office premises.
- We have increased our estimates regarding game development costs as well as selling and marketing costs to better reflect the Q1 numbers.
- The adjustments made to our estimates concerning D&A, game development costs, and selling and marketing costs, have a sizeable effect on our near-term EBIT estimates. However, the free cash flow impact from these changes is limited in 2024, as most of the cost increases relates to D&A.
- In addition, we've refined our CAPEX estimates for the upcoming years to better synchronize with recent reported figures and current outlook.
- Despite initiatives from Operation Medic Bag, player activity on PD3 has shown no improvement since the first quarter. Concurrently, PD2 revenues are declining at a faster rate than anticipated, contributing to a slightly more uncertain outlook. To address this heightened operational risk, we have raised the cost of capital (WACC) from 11% to 12%.

Estimate revisions MSEK / SEK	2024e		Change %	2025e		Change %	2026e		Change %
	Old	New		Old	New		Old	New	
Revenue	160	184	15%	126	133	6%	347	358	3%
EBITDA	58.1	78.3	35%	27.5	17.6	-36%	225	204	-9%
EBIT (exc. NRIs)	-88.6	-230.4	160%	-45.8	-85.4	87%	-57.4	-87.7	53%
EBIT	-88.6	-210.5	138%	-45.8	-85.4	87%	-57.4	-87.7	53%
EPS (excl. NRIs)	-0.06	-0.15	168%	-0.03	-0.06	88%	-0.04	-0.06	52%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# Underlying assumptions for revenue estimates

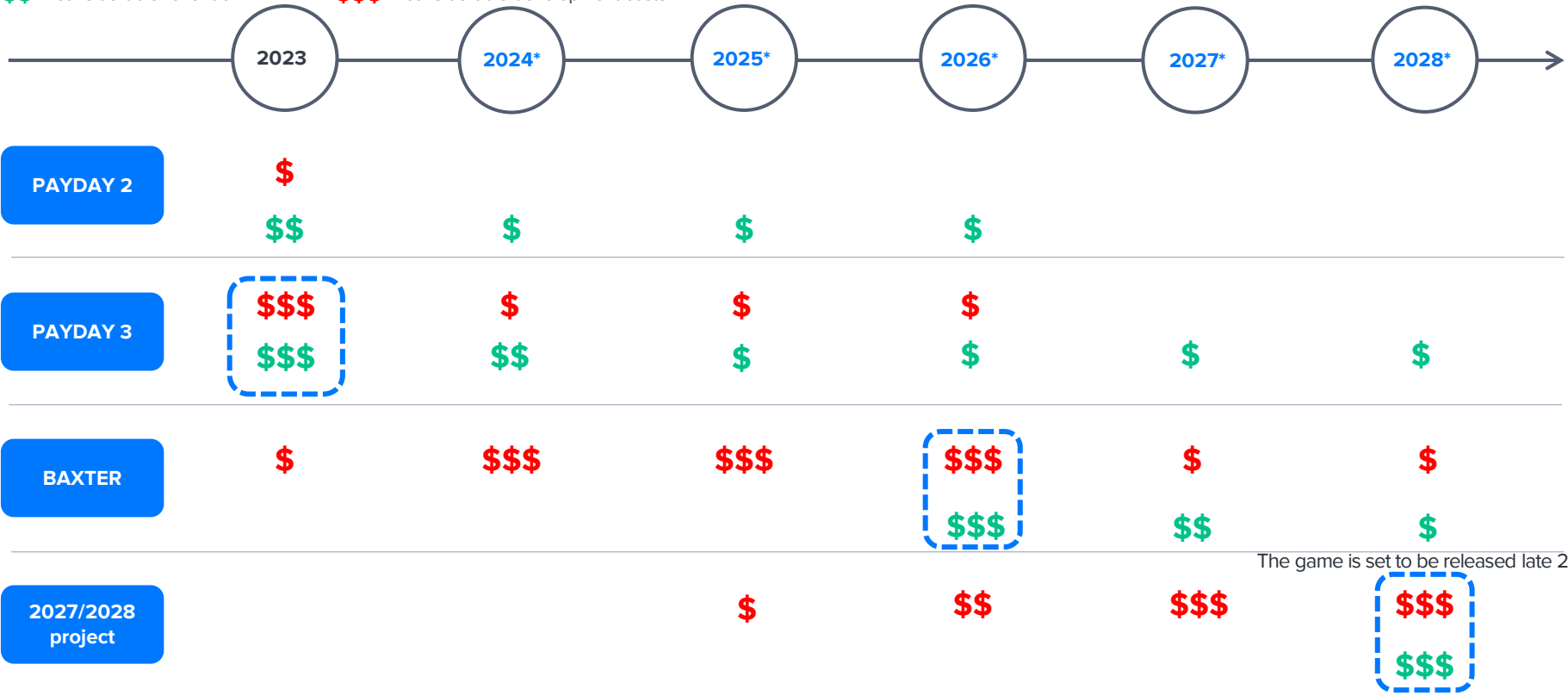


Source: Inderes, \*2023 Other, includes the non-cash game financing income

# Timeline of internal game projects

Release year

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



The game is set to be released late 2027/2028

Source: Inderes, \*Inderes' estimates

# Valuation

## The share price reflects a scenario where PAYDAY 3 won't recover significantly

Starbreeze's current valuation is low in absolute terms and in relation to the company's potential if it were to succeed in reigniting player interest in PD3. As a result, we believe that Starbreeze's current share price reflects the market's belief that PD3 won't recover significantly. Despite the company's efforts and investments to boost player activity, these measures have not been sufficient to substantially increase engagement, and thus further supports this belief.

It is important to note that the most significant changes to the game are yet to come, which could potentially have a profound impact on player activity and thus support a positive share price trajectory. However, given the limited response to the current efforts and improvements in PD3, the potential impact of upcoming updates is becoming increasingly uncertain. As a result, we remain on the sidelines, waiting for signs of a PD3 recovery, even though the current market cap already seems low.

Considering Starbreeze's current net cash position (Q1'24: 387 MSEK<sup>1</sup>) and a market cap of approximately 400 MSEK, the enterprise value is very low. This should somewhat mitigate downside risk. However, 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 1x and 3x, respectively. These multiples are lower than the peer group median of 4x. However, a discount is reasonable as Starbreeze is significantly smaller than the peer group average and possesses a less diversified game portfolio. 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 0.41, which is 52% 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.

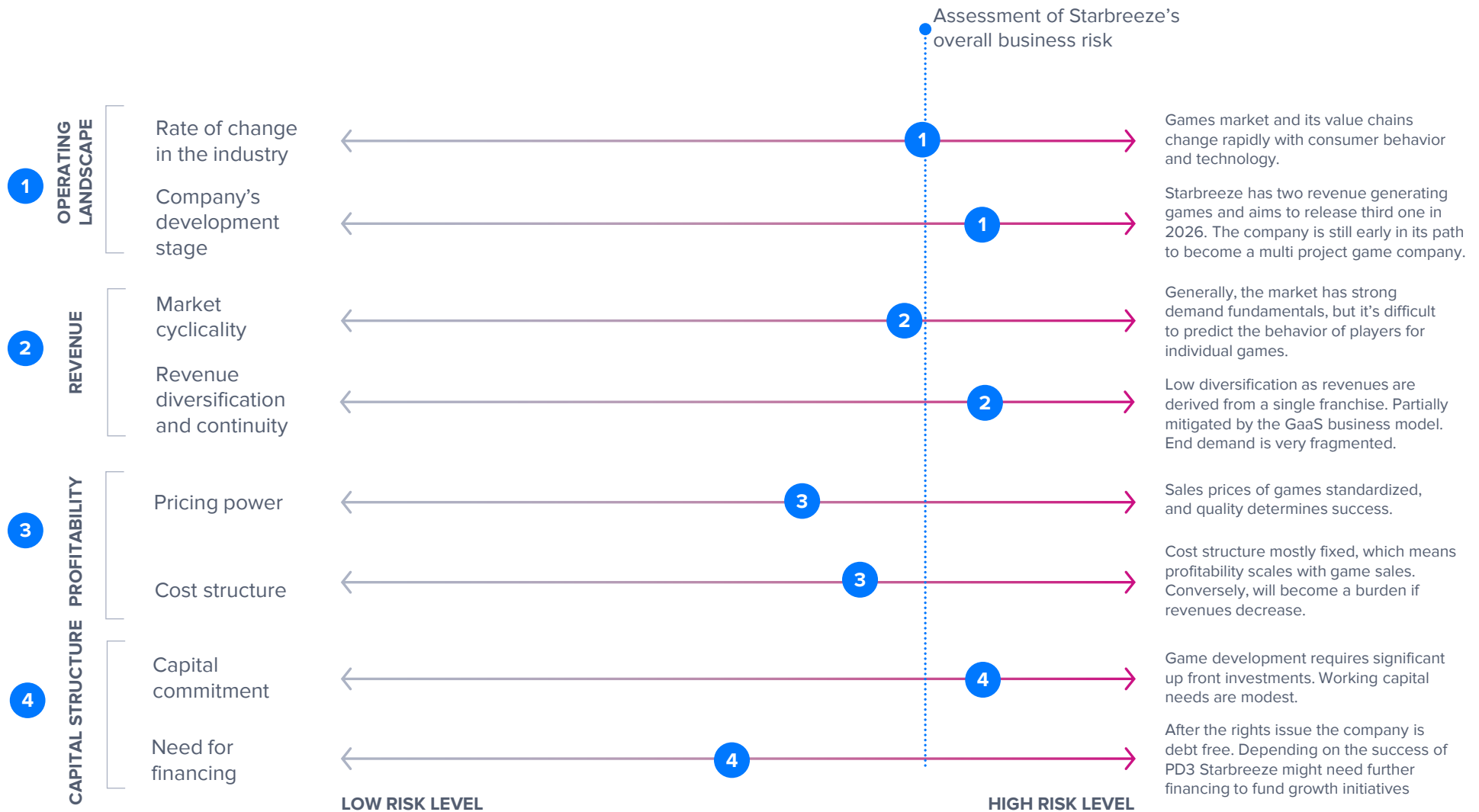
Valuation	2024e	2025e	2026e
Share price	0.27	0.27	0.27
Number of shares, millions	1,477	1,477	1,477
Market cap	398	398	398
EV	164	363	382
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.6	0.7	0.8
P/S	2.2	3.0	1.1
EV/Sales	0.9	2.7	1.1
EV/EBITDA	2.1	20.6	1.9
EV/EBIT (adj.)	neg.	neg.	neg.

Source: Inderes

<sup>1</sup>Excluding for leases.



# 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

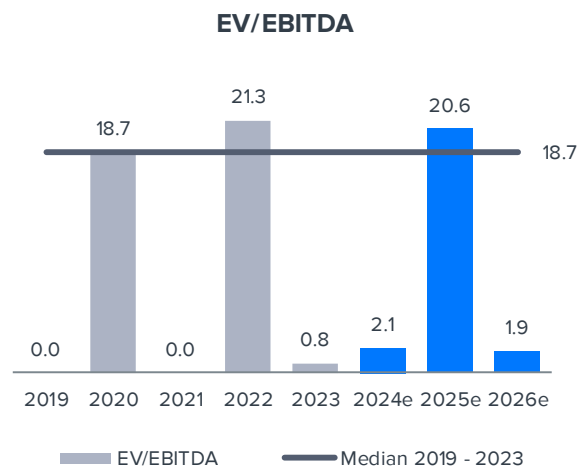
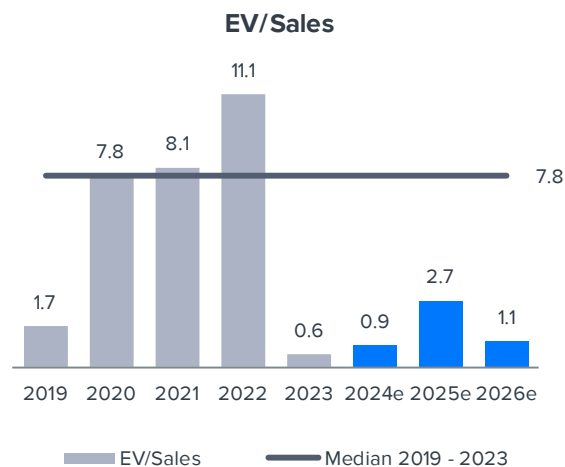


- Undiversified revenue stream with almost all revenues coming from a single franchise
- If PAYDAY 3 fails to entice players to return, Starbreeze is left without a significant revenue source until the next game is released in 2026
- Limited visibility into the games after PAYDAY 3 makes it hard to assess 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	<b>0.27</b>	<b>0.27</b>	<b>0.27</b>	<b>0.27</b>
Number of shares, millions	329	725	725	725	1,477	<b>1,477</b>	<b>1,477</b>	<b>1,477</b>	<b>1,477</b>
Market cap	428	784	727	1,142	699	<b>398</b>	<b>398</b>	<b>398</b>	<b>398</b>
EV	466	919	1,021	1,413	350	<b>164</b>	<b>363</b>	<b>382</b>	<b>516</b>
P/E (adj.)	neg.	neg.	neg.	neg.	2.5	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>&gt;100</b>
P/E	neg.	neg.	neg.	neg.	2.5	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>&gt;100</b>
P/B	69.5	3.4	5.9	20.1	0.8	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>
P/S	1.5	6.6	5.8	8.9	1.1	<b>2.2</b>	<b>3.0</b>	<b>1.1</b>	<b>1.6</b>
EV/Sales	1.7	7.8	8.1	11.1	0.6	<b>0.9</b>	<b>2.7</b>	<b>1.1</b>	<b>2.1</b>
EV/EBITDA	neg.	18.7	>100	21.3	0.8	<b>2.1</b>	<b>20.6</b>	<b>1.9</b>	<b>5.4</b>
EV/EBIT (adj.)	neg.	84.5	68.3	>100	1.8	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>

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	238		43.2		21.6	4.4	3.5		64.6	0.5	0.9	3.8
Embracer	4,820	7.8	8.5	5.1	4.8	1.3	1.3	10.1	8.6			0.6
CD Projekt	3,086	55.3	89.6	36.7	55.5	16.6	19.9	59.0	90.2	0.4	0.1	5.5
Paradox Interactive	1,410	18.0	14.7	8.8	8.1	6.1	5.7	23.7	19.6	2.0	2.3	5.9
Tinybuild	23			19.1	6.2	0.6	0.5				514.7	
Enad Global 7	72	3.6	3.4	2.1	1.6	0.5	0.4	6.2	6.4	3.8	4.2	0.3
11 Bit Studios	321	7.7	7.7	6.5	6.3	4.3	4.0	8.6	8.5		3.7	3.6
Playway	417	8.8	7.9	8.7	7.8	5.3	4.8	10.6	8.9	5.0	5.8	3.1
Electronic Arts	30,192	14.1	13.5	12.6	12.1	4.3	4.3	17.9	16.9	0.6	0.6	4.6
Take-Two Interactive	24,578	47.3	19.3	38.8	18.0	5.0	3.8	62.5	24.2			2.9
Ubisoft	4,037	11.1	9.4	4.2	3.8	1.8	1.7	14.4	12.1			1.7
<b>Starbreeze (Inderes)</b>	<b>14</b>	<b>-0.7</b>	<b>-4.2</b>	<b>2.1</b>	<b>20.6</b>	<b>0.9</b>	<b>2.7</b>	<b>-1.8</b>	<b>-4.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>
<b>Average</b>		<b>19.3</b>	<b>21.7</b>	<b>14.3</b>	<b>13.3</b>	<b>4.6</b>	<b>4.6</b>	<b>23.7</b>	<b>26.0</b>	<b>2.1</b>	<b>66.5</b>	<b>3.2</b>
<b>Median</b>		<b>11.1</b>	<b>11.5</b>	<b>8.8</b>	<b>7.8</b>	<b>4.3</b>	<b>3.8</b>	<b>14.4</b>	<b>14.5</b>	<b>1.3</b>	<b>3.0</b>	<b>3.3</b>
<b>Diff-% to median</b>		<b>-106%</b>	<b>-137%</b>	<b>-76%</b>	<b>163%</b>	<b>-79%</b>	<b>-29%</b>	<b>-112%</b>	<b>-134%</b>	<b>-100%</b>	<b>-100%</b>	<b>-83%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	128	27	43	494	69	634	57	40	42	46	184	133	358	247
EBITDA	66	4	14	442	-21	439	48	10	9	11	78	18	204	95
Depreciation	-60	-16	-17	-142	-74	-249	-72	-70	-74	-73	-289	-103	-292	-96
EBIT (excl. NRI)	7	-12	-3	300	-95	190	-43	-60	-65	-63	-230	-85	-88	-1
EBIT	7	-12	-3	300	-95	190	-23	-60	-65	-63	-210	-85	-88	-1
Share of profits in assoc. compan.	0	0	0	0	0	0	1	0	0	0	1	1	1	1
Net financial items	-61	-13	27	0	3	17	1	1	1	0	3	3	2	1
PTP	-54	-25	24	300	-92	208	-21	-59	-64	-62	-206	-81	-85	1
Taxes	-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
Net earnings	-60	-25	25	300	-92	208	-21	-59	-64	-62	-206	-81	-85	1
EPS (rep.)	-0.08	-0.03	0.03	0.21	-0.06	0.19	-0.01	-0.04	-0.04	-0.04	-0.14	-0.06	-0.06	0.00
<b>Key figures</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23</b>	<b>2023</b>	<b>Q1'24</b>	<b>Q2'24e</b>	<b>Q3'24e</b>	<b>Q4'24e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
Revenue growth-%	1.5 %	13.3 %	36.1 %	1178.6 %	105.8 %	396.5 %	112.3 %	-8.1 %	-91.5 %	-33.7 %	-70.9 %	-27.8 %	168.9 %	-30.9 %
Adjusted EBIT growth-%	-54.9 %	17.1 %	-188.0 %	3240.7 %	-2297.8 %	2721.0 %	272.7 %	1926.0 %	-121.6 %	-34.2 %	-221.1 %	-62.9 %	2.7 %	-98.4 %
EBITDA-%	52.0 %	15.2 %	32.6 %	89.3 %	-29.8 %	69.3 %	85.7 %	25.0 %	22.1 %	23.1 %	42.5 %	13.2 %	57.1 %	38.5 %
Adjusted EBIT-%	5.3 %	-43.5 %	-6.8 %	60.7 %	-137.3 %	30.0 %	-76.3 %	-150.5 %	-154.5 %	-136.1 %	-125.0 %	-64.2 %	-24.5 %	-0.6 %
Net earnings-%	-46.9 %	-93.5 %	57.2 %	60.6 %	-132.5 %	32.8 %	-37.1 %	-148.6 %	-151.6 %	-135.2 %	-111.7 %	-61.2 %	-23.7 %	0.4 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>586</b>	<b>537</b>	<b>564</b>	<b>672</b>	<b>590</b>
Goodwill	48	47	47	47	47
Intangible assets	506	472	409	533	464
Tangible assets	23	11	100	84	71
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
<b>Current assets</b>	<b>160</b>	<b>574</b>	<b>284</b>	<b>73</b>	<b>197</b>
Inventories	0	0	0	0	0
Other current assets	0	0	0	0	0
Receivables	52	226	64	47	125
Cash and equivalents	108	348	220	27	72
<b>Balance sheet total</b>	<b>746</b>	<b>1,111</b>	<b>848</b>	<b>746</b>	<b>787</b>

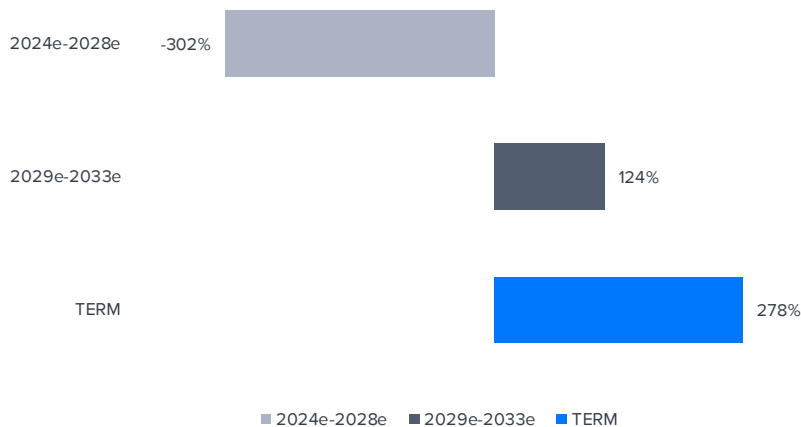
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>57</b>	<b>895</b>	<b>689</b>	<b>607</b>	<b>523</b>
Share capital	14	30	30	30	30
Retained earnings	-1,950	-1,742	-1,948	-2,030	-2,114
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
<b>Non-current liabilities</b>	<b>386</b>	<b>2</b>	<b>86</b>	<b>86</b>	<b>141</b>
Deferred tax liabilities	1	1	1	1	1
Provisions	0	0	0	0	0
Interest bearing debt	380	0	0	5	69
Convertibles	0	0	0	0	0
Other long term liabilities	5	1	85	79	71
<b>Current liabilities</b>	<b>303</b>	<b>215</b>	<b>73</b>	<b>53</b>	<b>122</b>
Interest bearing debt	0	0	0	0	0
Payables	108	208	61	43	114
Other current liabilities	195	7	12	10	8
<b>Balance sheet total</b>	<b>746</b>	<b>1,111</b>	<b>848</b>	<b>746</b>	<b>787</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	396.5 %	-70.9 %	-27.8 %	168.9 %	-30.9 %	68.1 %	-11.4 %	18.0 %	16.0 %	10.0 %	2.5 %	2.5 %
EBIT-%	30.0 %	-114.2 %	-64.2 %	-24.5 %	-0.6 %	-17.9 %	13.0 %	20.0 %	23.0 %	25.0 %	25.0 %	25.0 %
<b>EBIT (operating profit)</b>	<b>190</b>	<b>-210</b>	<b>-85</b>	<b>-88</b>	<b>-1</b>	<b>-75</b>	<b>48</b>	<b>87</b>	<b>116</b>	<b>138</b>	<b>142</b>	
+ Depreciation	249	289	103	292	96	302	219	226	214	217	218	
- 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	20	-2	-9	-2	-8	2	-3	-3	-3	-4	
<b>Operating cash flow</b>	<b>177</b>	<b>98</b>	<b>15</b>	<b>195</b>	<b>93</b>	<b>219</b>	<b>269</b>	<b>309</b>	<b>302</b>	<b>324</b>	<b>327</b>	
+ Change in other long-term liabilities	-5	84	-6	-8	-11	-8	-6	-5	-4	-3	-2	
- Gross CAPEX	-201	-315	-211	-209	-219	-217	-219	-219	-219	-220	-220	
<b>Free operating cash flow</b>	<b>-28</b>	<b>-133</b>	<b>-202</b>	<b>-22</b>	<b>-137</b>	<b>-6</b>	<b>43</b>	<b>85</b>	<b>79</b>	<b>101</b>	<b>105</b>	
+/- Other	0	109	0	0	0	0	0	0	0	0	0	
FCFF	-28	-24	-202	-22	-137	-6	43	85	79	101	105	0
<b>Discounted FCFF</b>		<b>-22</b>	<b>-168</b>	<b>-16</b>	<b>-90</b>	<b>-4</b>	<b>23</b>	<b>40</b>	<b>33</b>	<b>38</b>	<b>35</b>	<b>377</b>
Sum of FCFF present value		244	267	435	451	541	545	522	483	450	412	377
<b>Enterprise value DCF</b>		<b>244</b>										
- Interest bearing debt		0										
+ Cash and cash equivalents		348										
-Minorities		0										
-Dividend/capital return		0										
<b>Equity value DCF</b>		<b>606</b>										
<b>Equity value DCF per share</b>		<b>0.41</b>										

## Cash flow distribution



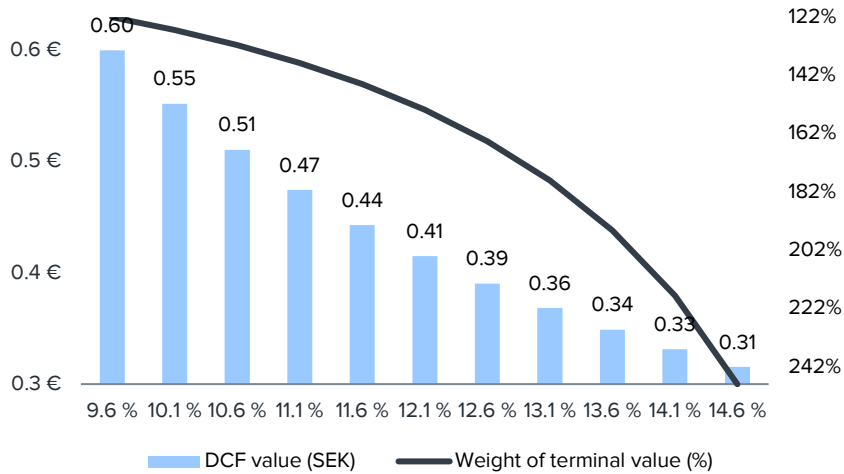
## WACC

Tax-% (WACC)	20.6 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	8.0 %
Equity Beta	1.70
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>12.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>12.1 %</b>

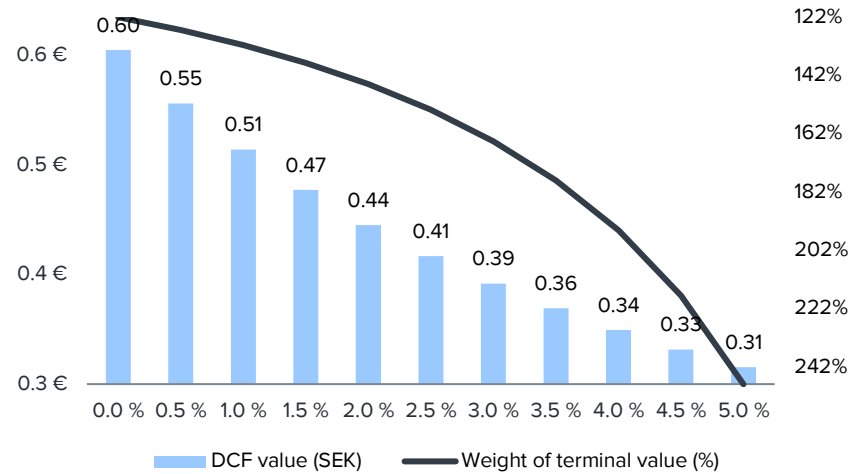
Source: Inderes

# DCF sensitivity calculations and key assumptions in graphs

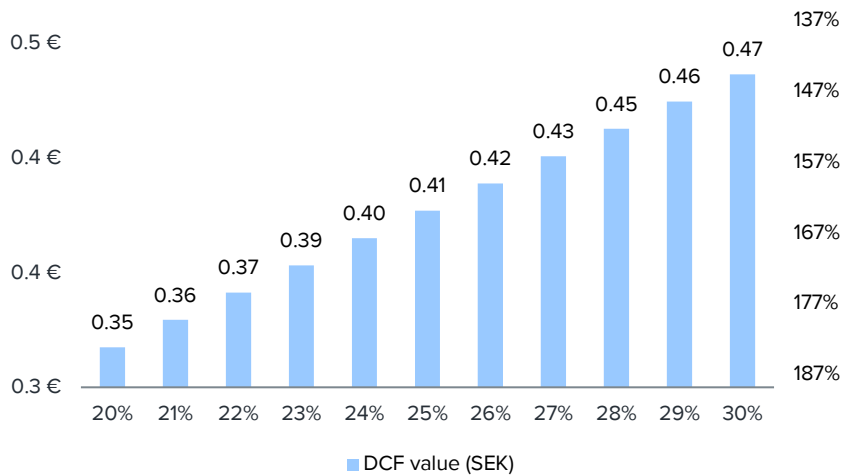
Sensitivity of DCF to changes in the WACC-%



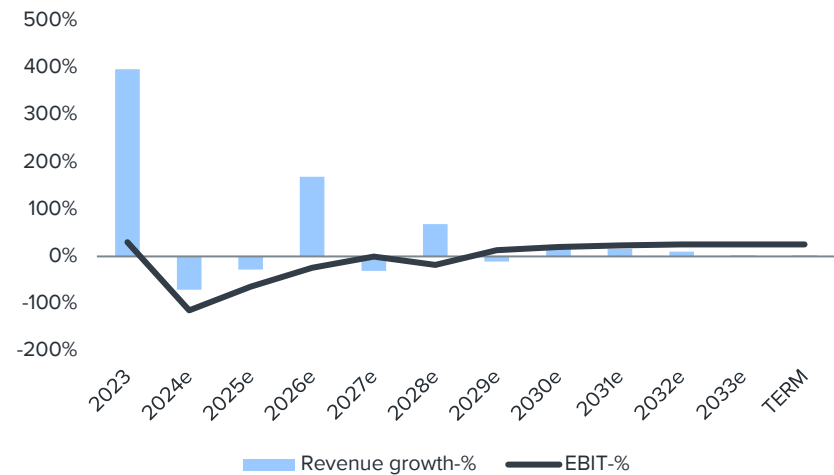
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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	184	133	EPS (reported)	-0.14	-0.08	0.19	-0.14	-0.06
EBITDA	6	66	439	78	18	EPS (adj.)	-0.05	-0.08	0.19	-0.15	-0.06
EBIT	-54	7	190	-210	-85	OCF / share	0.12	0.09	0.16	0.07	0.01
PTP	-105	-54	208	-206	-81	FCF / share	-0.06	-0.14	-0.03	-0.09	-0.14
Net Income	-103	-60	208	-206	-81	Book value / share	0.17	0.08	0.82	0.47	0.41
Extraordinary items	-69	0	0	20	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	848	746	Revenue growth-%	7%	2%	396%	-71%	-28%
Equity capital	123	57	895	689	607	EBITDA growth-%	-87%	958%	562%	-82%	-78%
Goodwill	42	48	47	47	47	EBIT (adj.) growth-%	37%	-55%	2721%	-221%	-63%
Net debt	293	271	-348	-220	-21	EPS (adj.) growth-%	-83%	72%	-329%	-181%	-64%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	5.0 %	52.0 %	69.3 %	42.5 %	13.2 %
EBITDA	6	66	439	78	18	EBIT (adj.)-%	11.9 %	5.3 %	30.0 %	-125.0 %	-64.2 %
Change in working capital	13	-8	-262	20	-2	EBIT-%	-42.7 %	5.3 %	30.0 %	-114.2 %	-64.2 %
Operating cash flow	87	65	177	98	15	ROE-%	-58.9 %	-66.6 %	43.6 %	-26.0 %	-12.6 %
CAPEX	-112	-151	-201	-315	-211	ROI-%	-10.1 %	1.4 %	28.6 %	-26.4 %	-12.5 %
Free cash flow	-42	-102	-28	-133	-202	Equity ratio	18.2 %	7.6 %	80.5 %	81.2 %	81.5 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	238.7 %	478.0 %	-38.9 %	-31.9 %	-3.5 %
EV/S	8.1	11.1	0.6	0.9	2.7						
EV/EBITDA (adj.)	>100	21.3	0.8	2.1	20.6						
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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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

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Date	Recommendation	Target	Share price
2023-05-30	Accumulate	1.15 SEK	1.03 SEK
2023-08-18	Reduce	1.15 SEK	1.19 SEK
2023-09-12	Accumulate	1.15 SEK	0.95 SEK
2023-10-02	Buy	0.85 SEK	0.60 SEK
2023-11-17	Accumulate	0.55 SEK	0.44 SEK
2024-02-16	Reduce	0.35 SEK	0.35 SEK
2024-05-15	Reduce	0.30 SEK	0.27 SEK



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