

Starbreeze

Company report

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The year of PAYDAY

We reiterate Starbreeze's SEK 1.15 target price but lower our recommendation to Reduce (prev. Accumulate) due to the recent increase in Starbreeze's share price. In our view, Starbreeze's valuation already prices in a successful PAYDAY 3 and a favorable outcome for the two games after it. With the release date of PAYDAY 3 nearing, our confidence in the game's success has increased. We are particularly encouraged by the positive feedback the game's closed beta yielded and the positive indicators related to the game released by Starbreeze. The biggest question mark surrounds the medium to long-term future of the company and what level of confidence to assign to any projections regarding the games after PAYDAY 3. Therefore, we believe that the risk-reward ratio is quite well balanced at the current valuation, which leads us to a wait-and-see approach.

No major surprises in Q2 results; PAYDAY 3 release date nearing

Starbreeze's Q2 revenues increased by 36% to SEK 43 million, while EBIT landed at SEK -3.0 million, both beating our expectations. The higher revenues were due to better-than-expected sales of PAYDAY 2, which accounted for 99% of revenues. During the quarter, Starbreeze focused on creating the best possible prerequisites for a successful launch of PAYDAY 3 (September 21, 2023). Marketing started in June when the first gameplay trailer was released. This was followed up by inviting around a hundred gaming journalists/influencers to try out PAYDAY 3 and by launching the closed beta period. According to Starbreeze, the reception has been fantastic, especially from the PAYDAY community. This is also reflected in the 1.7 million people who have added PAYDAY 3 to their Steam wishlist. In addition, Starbreeze offered PAYDAY 2 for free at the Epic Games Store for one week in June. During this week, more than 12 million people downloaded the game, showcasing the PAYDAY franchise's strong appeal.

Third-party publishing and games after PAYDAY 3

Starbreeze provided some further information regarding the next new game after PAYDAY 3, which is set to be released in 2026. The game's internal working title is "BAXTER". The game is a AAA cooperative multiplayer game with a budget of USD 45-50 million. The game will be based on an iconic licensed brand characterized by collaborative experiences and storytelling in an expansive world. Starbreeze will act as both the developer and publisher, but they will also continually evaluate opportunities to add external partners for the project. Last week Starbreeze also announced that they will publish the game Roboquest by independent game developer RyseUp Studios. Roboquest is now the second third-party publishing project announced by Starbreeze.

Risk-reward ratio neutral at current valuation

Our estimates assume that PAYDAY 3 will be a commercial success, and so will the next two games, set to be released in 2026 and 2027/2028. Up to 2028, revenues and profits will fluctuate, with higher revenues in years with game releases and lower in the years without. By 2029, we assume that Starbreeze will have reached a "steady state" with revenues growing more steadily. We estimate that EBIT will average SEK 151 million during 2028-2032, resulting in a reasonable EV (23e)/EBIT ratio of 8.1x. However, achieving this EBIT level does require things going according to plan on several fronts. Therefore, we think the risk-reward ratio is quite neutral at the moment. Our DCF valuation comes in at SEK 1.15, which is slightly below the current share price.

Recommendation

Reduce
(previous Accumulate)

1.15 SEK
(previous 1.15 SEK)

Share price:
1.19 SEK



Key indicators

	2022	2023e	2024e	2025e
Revenue	128	679	373	341
growth-%	2 %	432 %	-45 %	-9 %
EBIT adj.	7	434	80	167
EBIT-% adj.	5.3 %	63.9 %	21.3 %	49.1 %
Net Income	-60	447	79	167
EPS (adj.)	-0.08	0.30	0.05	0.11

P/E (adj.)	neg.	3.9	22.3	10.5
P/B	21.6	1.6	1.5	1.3
P/FCF	neg.	11.2	17.7	55.1
EV/EBIT (adj.)	>100	2.8	14.2	6.6
EV/EBITDA	22.6	2.1	4.2	4.7
EV/S	11.7	1.8	3.0	3.2

Source: Inderes

Guidance

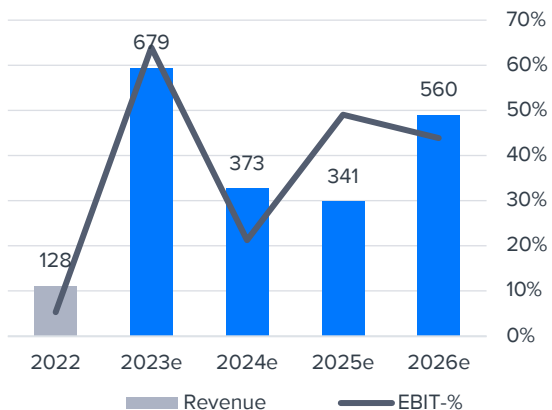
(Starbreeze provides no guidance)

Share price



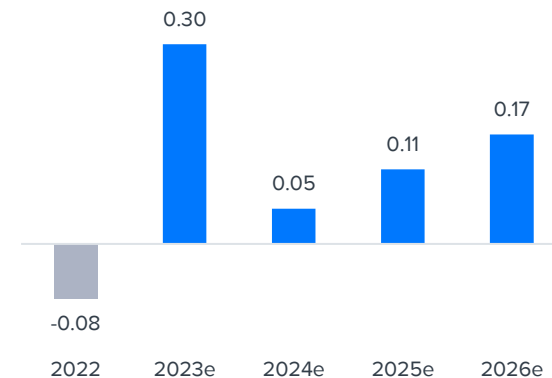
Source: Millistream Market Data AB

Revenue & operating profit-%



Source: Inderes

Earnings per share



Source: Inderes



Value drivers

- *PAYDAY 3* is set to be released 21 September, if successful it will greatly improve the company's outlook
- The company's main asset is their ownership of the *PAYDAY* game franchise
- Starbreeze has built up an organization of 182 employees capable of developing large scale video games
- New game releases after *PAYDAY 3*. One game in production set to be released in 2026
- Future third-party publishing operations



Risk factors

- Undiversified revenue stream with all revenues coming from a single game
- *PAYDAY 3*, being a commercial failure would see Starbreeze take a step back and push their growth story years into the future
- Limited visibility into the games after *PAYDAY 3* makes it hard to assess the company's long-term potential
- Delays in future game projects

Valuation	2023e	2024e	2025e
Share price	1.19	1.19	1.19
Number of shares, millions	1,477	1,477	1,477
Market cap	1,757	1,757	1,757
EV	1,230	1,131	1,099
P/E (adj.)	3.9	22.3	10.5
P/E	3.9	22.3	10.5
P/FCF	11.2	17.7	55.1
P/B	1.6	1.5	1.3
P/S	2.6	4.7	5.2
EV/Sales	1.8	3.0	3.2
EV/EBITDA	2.1	4.2	4.7
EV/EBIT (adj.)	2.8	14.2	6.6

Source: Inderes

Higher Q2 revenues and earnings than expected

Revenue stronger than in previous quarters

Starbreeze's Q2 revenues increased by 36% to SEK 43 million, significantly exceeding our estimate of SEK 33 million. The higher revenues were due to stronger-than-expected sales of PAYDAY 2, which accounted for 99% of the Q2 revenues. PAYDAY 2 sales were positively affected by marketing activities (Humble Bundle), strong sales during Steam's summer sale, one-off revenue from platform owners, and a stronger dollar exchange rate. PAYDAY 2 sales also benefited from Starbreeze's decision to offer the game for free on Epic Games Store. The game was free to claim for one week in June, with all DLC content available for purchase.

Overall, it was a good quarter for Starbreeze; however, we must keep in mind that the estimates for 2023 heavily rest on the success of PAYDAY 3.

EBIT and net profit better than expected

In Q2, Starbreeze's operating profit (EBIT) decreased to SEK -3.0 million compared to SEK 3.4 million in Q2'22. The Q2 results were, however, better than our estimate of SEK -5.5 million, primarily due to the strong revenues. EBIT still being in the red was expected as Starbreeze has continued to build up its organization to support PAYDAY 3 and the other projects.

Reported earnings per share (0.03) significantly outperformed our estimate due to one-time positive income effects related to settling the renegotiation fee of the convertible loan. This led to financial expenses coming in at SEK 27 million compared to our estimate of SEK -36 million. Our estimates of SEK -36 million contained the transaction fee associated with the rights issues. Starbreeze, however, booked this against equity and thus it did not burden the income statement.

On an adjusted basis (removing the one-time positive income), net profit would have been negative, with EPS being close to zero.

Free cash flow still negative, as expected

In Q2, Starbreeze produced SEK 20 million in operating cash flow against SEK -48 million in investments leading to an FCF of SEK -28 million. Of the total investments, SEK 46 million were in game development, with the balance invested in publishing projects and tangible assets.

Investments into game development increased by 31% compared to Q2'22 and were SEK 92 million for H1'23 compared to SEK 67 million for H1'22. With Starbreeze completing the rights issue in Q2 but only paying off the debt in July, the company's cash position swelled to SEK 499 million (Q1'23: 78 MSEK).

Estimates MSEK / SEK	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	31.8	43.2	33.3				30 %	679
EBITDA	18.1	14.1	9.0				57 %	572
EBIT (adj.)	3.4	-3.0	-5.5				-47 %	434
EPS (reported)	-0.02	0.03	-0.03				-213 %	0.30
Revenue growth-%	-0.8 %	36.1 %	4.8 %				31.3 pp	432.1 %
EBIT-% (adj.)	10.6 %	-6.8 %	-16.6 %				9.8 pp	63.9 %

Source: Inderes

Cost estimates revised upwards due to higher investments and D&A

Higher investment level leading to higher D&A

As expected, no major new information regarding the big picture was released in the Q2 report. Therefore, we only made minor changes to our revenue estimates. The most significant change was shifting some of the PD3 revenue from Q3'23 to Q4'23. However, we did increase our cost estimates to align better with the first two quarters of 2023. We also increased the investment level for 2023 to correspond better with the H1'23 level. Increasing investments naturally increases D&A, which further increases operating costs leading to lower operating earnings estimates.

Estimates for 2023-2027

Our estimates assume that PAYDAY 3 will be a commercial success, and so will the next two games set to be released in 2026 (Project BAXTER) and in 2027/2028. Up to 2028, revenues and profits will fluctuate, with higher revenues in years with game releases and lower in years

without. By 2029, we assume that Starbreeze will have reached a “steady state” with revenues growing more steadily. We estimate that EBIT will average SEK 151 million during 2028-2032.

In 2023, we estimate that Starbreeze’s full-year revenues will come in at SEK 679 million (432% increase over 2022) due to the release of PAYDAY 3 in September. The 2023 revenues are also increased by a one-off non-cash increase of approximately SEK 259 million related to the game financing provided by Plaion. With our revenue and cost estimates, Starbreeze’s EBIT for 2023 lands at SEK 434 million. We also lowered the number of outstanding shares compared to our previous estimates, which increased the 2023 EPS. This was done because we overestimated the number of shares Digital Bros would receive when converting their convertible loan into shares.

In 2024, we project Starbreeze’s total revenues to decline to SEK 373 million. EBIT for 2024 is

pressured by the large amortizations related to PD3 and comes in at SEK 80 million. The decrease in EBIT compared to previous estimates is partially due to an increased costs level but primarily due to us moving forward more of the PAYDAY 3 related amortizations into 2024.

In 2025, we expect revenues to decline further as the sales of both PD3 and PD2 slow down. We estimate that the total revenues for 2025 are SEK 341 million. With the large amortizations of PD3 now behind, Starbreeze’s EBIT increases to SEK 167 million.

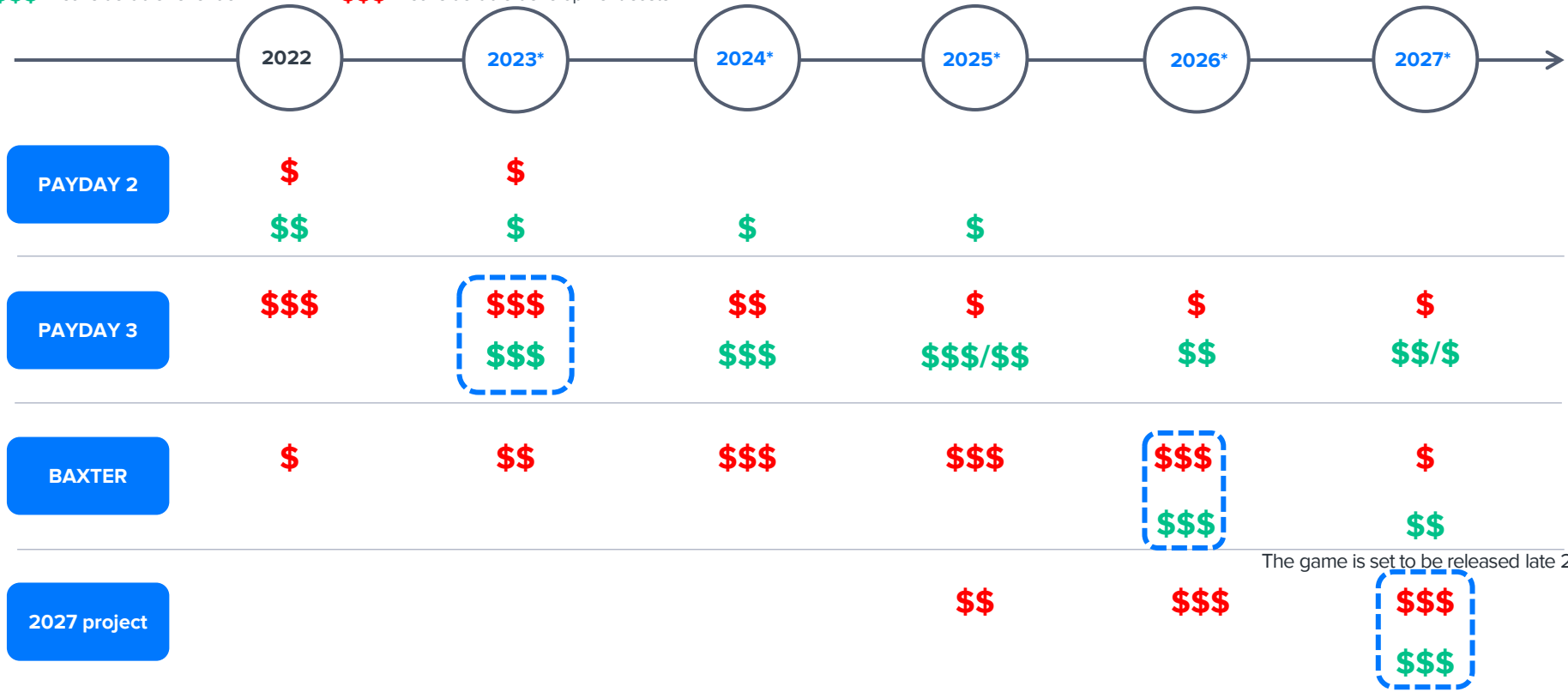
Beyond 2025 we expect PD3 to generate decent but decreasing revenues for Starbreeze. We estimate that the two new games will start generating revenues in 2026 and 2028. These games will provide a boost for revenue growth during these years, with subsequent revenue declines in 2027 and 2029.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	669	679	1 %	370	373	1 %	341	341	0 %
EBITDA	581	572	-2 %	287	269	-6 %	249	232	-7 %
EBIT (exc. NRIs)	455	434	-5 %	140	79.5	-43 %	183	167	-8 %
EBIT	455	434	-5 %	140	79.5	-43 %	183	167	-8 %
PTP	405	446	10 %	139	78.9	-43 %	181	167	-8 %
EPS	0.27	0.30	11 %	0.09	0.05	-40 %	0.12	0.11	-2 %

Timeline of game projects

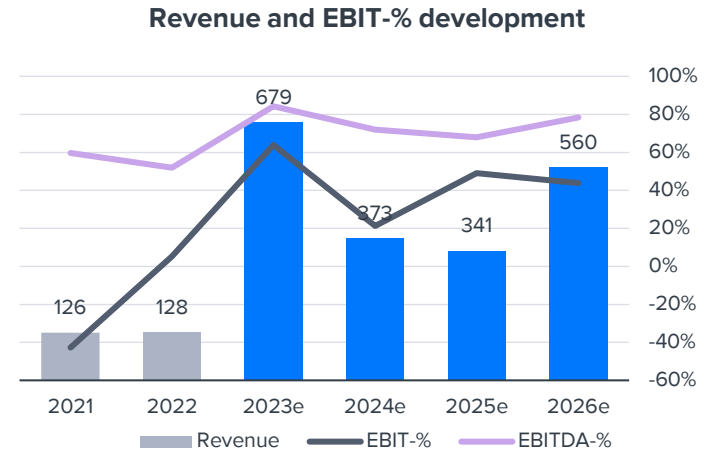
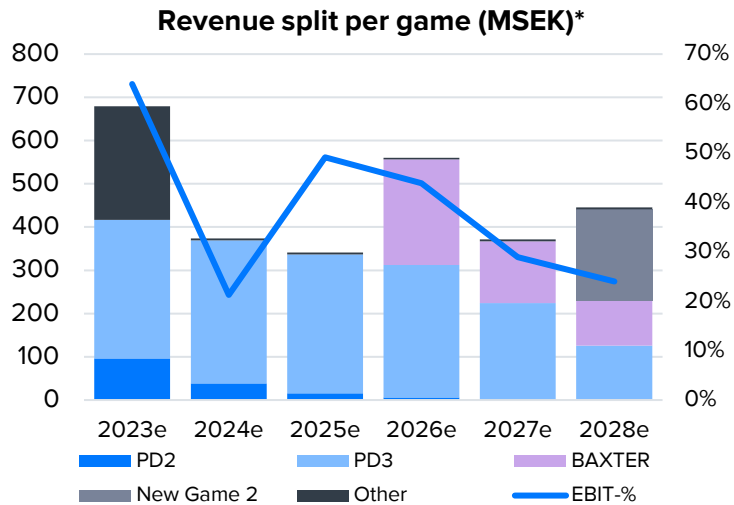
Release year

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

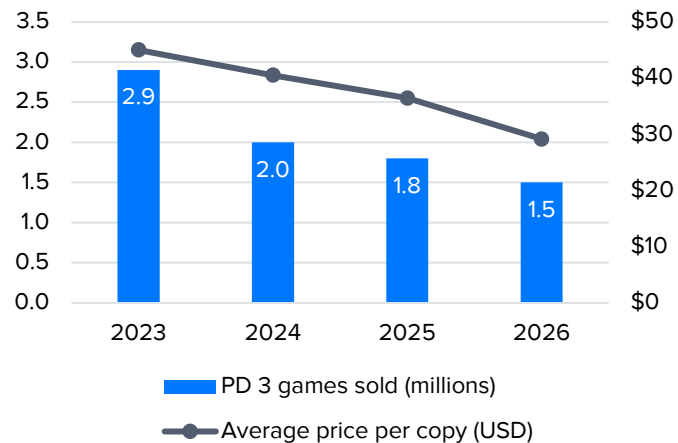


The game is set to be released late 2027

Underlying assumptions for revenue estimates

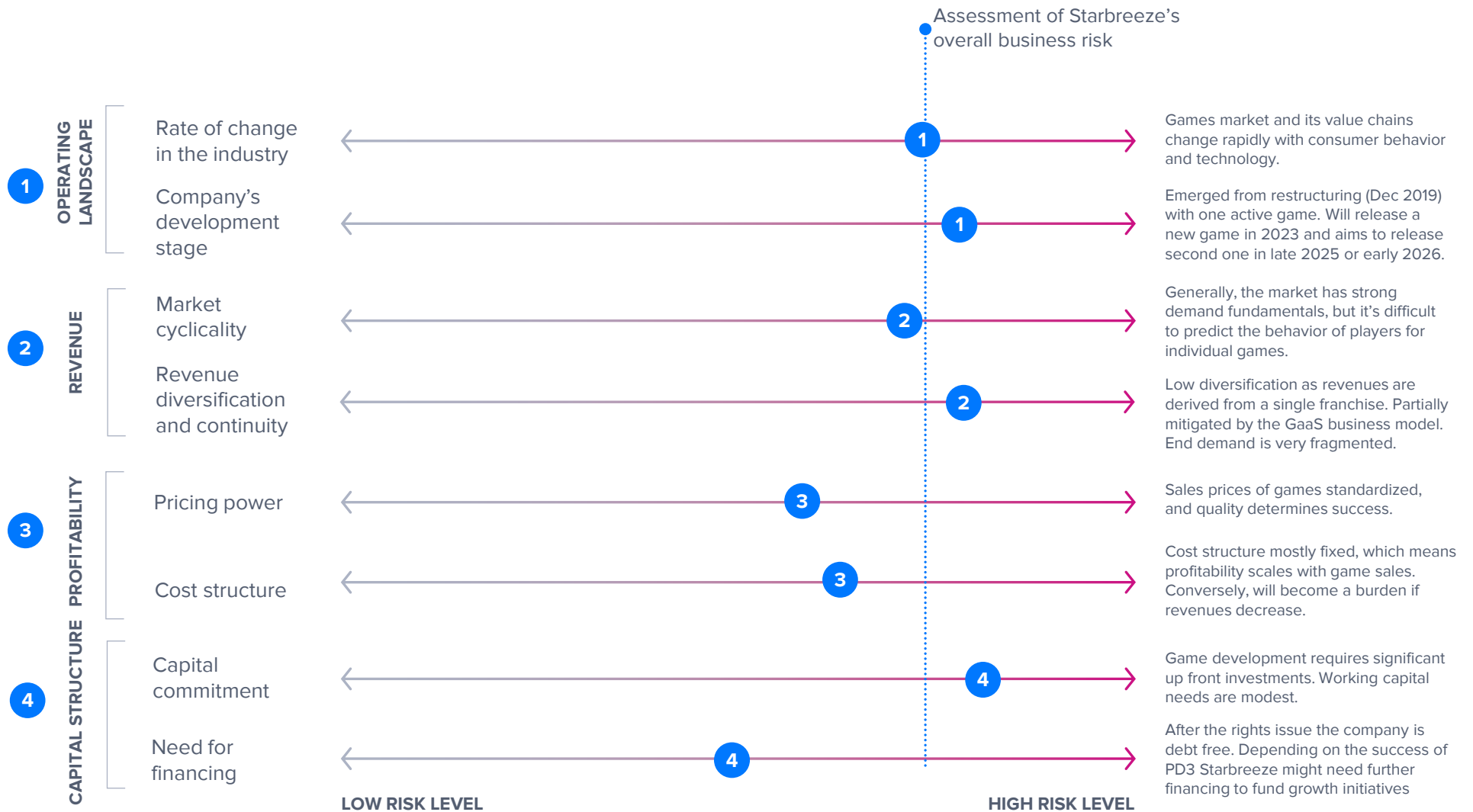


PAYDAY 3 – estimate of number of copies sold and average price



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

Risk profile of Starbreeze's business model



Valuation

PAYDAY 3 launch creates excitement but long-term development uncertain

At the current valuation, it is clear that Starbreeze's value is heavily based on the anticipated success of PAYDAY 3. Hence in the short term, we believe that Starbreeze's share price will correlate with the success of PAYDAY 3. The release of PD3 will most likely be an inflection point for the share price, with upwards pressure if the game succeeds and downward pressure if it fails to meet expectations.

After the launch of PD3, we must turn our attention beyond 2023-2024 and assess Starbreeze's potential to generate revenue growth from other game projects. The goal is to mature into a multi-project business model that provides multiple streams of revenues, which would lower the company's risk profile. The key here is to build upon the potential success of PD3 and to reinvest profits into new game projects. Naturally, these games also need to succeed. The current low visibility into these future projects and the lack of a track record in operating a multi-project model creates uncertainty around all long-term projections regarding Starbreeze's financials.

Our target price corresponds to the fair value estimate of our DCF model of SEK 1.15. Our estimates assume that the next three games released by Starbreeze will be commercially successful. With these estimates, we arrive at a valuation slightly lower than the current market valuation. Indicating that the current valuation is already pricing in a pretty favorable scenario. We, therefore, assess that the risk-to-reward ratio at the current valuation is not attractive enough. We concede that any game release has a broad range of outcomes, and a situation may arise where PD3

strongly outperforms or underperforms our estimates, which would naturally increase/decrease Starbreeze's fair value.

Multiple-based valuation suffers from fluctuating financials

Starbreeze's fluctuating revenues and earnings naturally lead to fluctuating multiples. In the near term, Starbreeze also has a couple of larger non-cash charges, such as D&A and the game financing liability, which make the underlying financial figures messy. For 2023, the earnings-based multiples are very low as Starbreeze is set to release a significant game relative to the company's size (P/E 3.9x, EV/EBIT 2.8x). These multiples naturally seem extremely attractive, but one must remember that 2023 will likely be the best year Starbreeze will have in a while. In addition, earnings in 2023 will be amplified due to the game financing liability (non-cash) being credited to the revenues. Free cash flow, meanwhile, will be lower than the earnings, and therefore, the P/FCF multiple will be higher at 11.2x.

In 2024, all three multiples increase as revenues from PAYDAY 3 decrease. The earnings-based multiples are also burdened by high amortization related to PAYDAY 3 in 2024. Consequently, the earnings-based multiples would increase to P/E 22.2x and EV/EBIT 14.2x. The relatively high level of investment will meanwhile burden free cash flow, and consequently, P/FCF increases to 17.7x.

Valuation	2023e	2024e	2025e
Share price	1.19	1.19	1.19
Number of shares, millions	1,477	1,477	1,477
Market cap	1,757	1,757	1,757
EV	1,230	1,131	1,099
P/E (adj.)	3.9	22.3	10.5
P/E	3.9	22.3	10.5
P/FCF	11.2	17.7	55.1
P/B	1.6	1.5	1.3
P/S	2.6	4.7	5.2
EV/Sales	1.8	3.0	3.2
EV/EBITDA	2.1	4.2	4.7
EV/EBIT (adj.)	2.8	14.2	6.6

Source: Inderes

Investment profile

1. Turnaround company with all the eggs in the PAYDAY basket
2. Strong video game franchise in PAYDAY
3. Upcoming release of the new PAYDAY 3 game to PC and console
4. GaaS business model provides longevity, scalability, and reduces risk
5. Large and growing market

Potential



- Successful release of *PAYDAY 3* would generate strong cash flow and set Starbreeze up for the future
- 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
- Strong demand outlook on the market

Risks

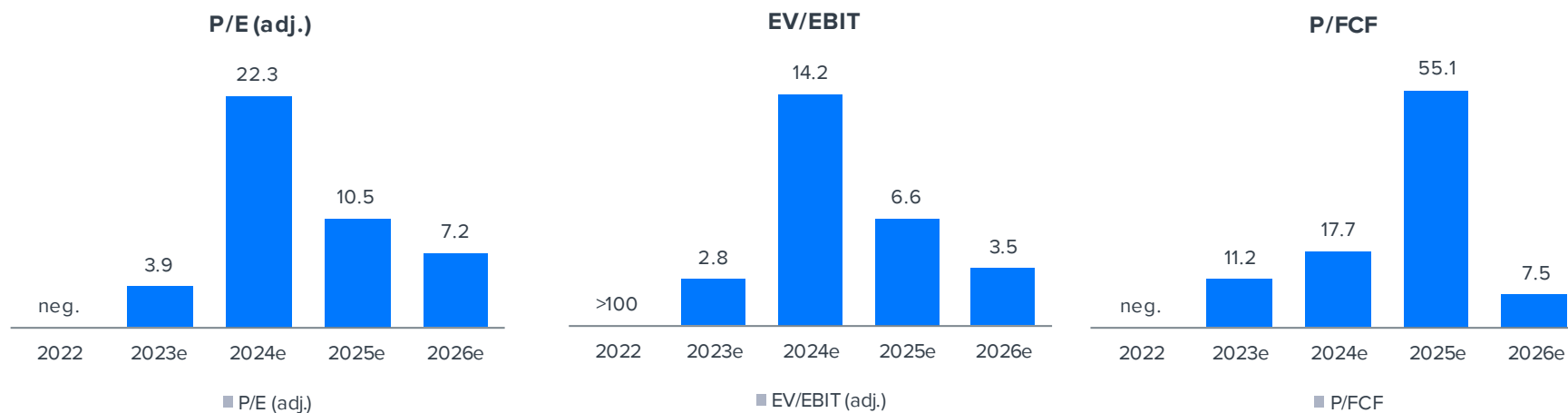


- Starbreeze reliant on a single game for their revenues
- *PAYDAY 3*, being a commercial failure would see the company take a step back and push their growth story a few years back
- Low visibility into future projects after *PAYDAY 3*
- Highly competitive market with many competing products

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	0.57	1.30	1.09	1.00	1.69	1.19	1.19	1.19	1.19
Number of shares, millions	318	328	470	725	725	1,477	1,477	1,477	1,477
Market cap	182	427	512	726	1,225	1,757	1,757	1,757	1,757
EV	128	465	647	1,019	1,496	1,230	1,131	1,099	867
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	3.9	22.3	10.5	7.2
P/E	neg.	neg.	neg.	neg.	neg.	3.9	22.3	10.5	7.2
P/FCF	neg.	neg.	neg.	neg.	neg.	11.2	17.7	55.1	7.5
P/B	0.5	69.3	2.2	5.9	21.6	1.6	1.5	1.3	1.1
P/S	0.5	1.5	4.3	5.8	9.6	2.6	4.7	5.2	3.1
EV/Sales	0.4	1.7	5.5	8.1	11.7	1.8	3.0	3.2	1.5
EV/EBITDA	neg.	neg.	13.1	>100	22.6	2.1	4.2	4.7	2.0
EV/EBIT (adj.)	neg.	neg.	59.5	68.2	>100	2.8	14.2	6.6	3.5

Source: Inderes



Peer group valuation

Peer group valuation	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Remedy	301		150.6		36.5	8.8	5.2		823.3	0.4	0.5	4.5
Embracer	4,254	8.9	8.0	5.7	4.7	1.4	1.2	6.8	7.0			0.5
CD Projekt	3,186	34.7	58.5	24.5	36.1	13.4	17.8	42.2	59.5	0.7	0.9	6.3
Paradox Interactive	2,521	29.2	25.8	16.8	14.0	11.6	10.1	37.7	33.8	0.8	0.9	10.6
Tinybuild	5	1.1	1.0	0.7	0.6	0.1	0.1	9.6	8.6			
Enad Global 7	139	5.4	4.9	3.0	3.2	0.8	0.8	6.8	6.9			0.5
11 Bit Studios	355	72.2	8.4	54.8	6.9	14.4	4.9	21.2	8.7			6.1
Playway	560	10.9	9.5	10.8	9.5	6.8	5.9	14.9	13.0	4.7	6.7	5.5
Activision Blizzard	56,794	17.5	16.0	16.7	15.4	6.4	6.3	21.5	20.6	1.0	0.6	3.3
Electronic Arts	29,332	15.6	14.5	13.5	12.4	4.5	4.2	20.0	17.7	0.6	0.6	4.5
Take-Two Interactive	23,502	31.3	33.1	27.8	28.1	4.9	4.6	39.5	43.0			2.5
Ubisoft	4,438		13.0	5.4	4.7	2.3	2.1		18.0			2.1
Starbreeze (Inderes)	118	2.8	14.2	2.1	4.2	1.8	3.0	3.9	22.3	0.0	0.0	1.6
Average		22.7	28.6	16.3	14.3	6.3	5.3	22.0	88.3	1.4	1.7	4.2
Median		16.5	13.7	13.5	10.9	5.7	4.8	20.6	17.9	0.7	0.7	4.5
Diff-% to median		-83 %	4 %	-84 %	-61 %	-68 %	-36 %	-81 %	24 %	-100 %	-100 %	-65 %

Source: Refinitiv / Inderes

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	118	126	24	32	39	34	128	27	43	433	176	679	373	341	560
EBITDA	49	6	5	18	24	19	66	4	14	404	150	572	269	232	439
Depreciation	-38	-60	-14	-15	-15	-15	-60	-16	-17	-53	-53	-138	-189	-64	-193
EBIT (excl. NRI)	11	15	-10	3	9	4	7	-12	-3	351	98	434	80	167	246
EBIT	11	-54	-10	3	9	4	7	-12	-3	351	98	434	80	167	246
Share of profits in assoc. compan.	-2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net financial items	-139	-52	-14	-14	-17	-17	-61	-13	27	-1	-1	12	-1	-1	-1
PTP	-130	-105	-24	-11	-7	-12	-54	-25	24	350	97	446	79	167	245
Taxes	0	2	0	0	0	-4	-5	0	1	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	-130	-103	-24	-11	-8	-17	-60	-25	25	350	97	447	79	167	245
EPS (rep.)	-0.28	-0.14	-0.03	-0.02	-0.01	-0.02	-0.08	-0.03	0.03	0.24	0.07	0.30	0.05	0.11	0.17

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	-57.9 %	6.5 %	-15.7 %	-0.8 %	11.4 %	8.3 %	1.5 %	13.3 %	36.1 %	1019.3 %	424.1 %	432.1 %	-45.0 %	-8.7 %	64.3 %
Adjusted EBIT growth-%		37.5 %	-222.0 %	163.2 %	82.3 %	579.7 %	-54.9 %	17.1 %	-188.0 %	3807.8 %	2159.0 %	6331.5 %	-81.7 %	110.5 %	46.8 %
EBITDA-%	41.7 %	5.0 %	19.4 %	57.0 %	63.0 %	57.4 %	52.0 %	15.2 %	32.6 %	93.2 %	85.2 %	84.2 %	71.9 %	68.0 %	78.3 %
Adjusted EBIT-%	9.2 %	11.9 %	-42.1 %	10.6 %	23.2 %	12.9 %	5.3 %	-43.5 %	-6.8 %	81.0 %	55.4 %	63.9 %	21.3 %	49.1 %	43.9 %
Net earnings-%	-110.4 %	-82.3 %	-102.1 %	-35.4 %	-20.1 %	-49.8 %	-46.9 %	-93.5 %	57.2 %	80.9 %	54.9 %	65.8 %	21.1 %	48.9 %	43.7 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	499	586	637	637	769
Goodwill	42	48	50	50	50
Intangible assets	405	506	565	569	702
Tangible assets	36	23	14	10	8
Associated companies	1	1	1	1	1
Other investments	0	0	0	0	0
Other non-current assets	9	7	7	7	7
Deferred tax assets	4	0	0	0	0
Current assets	176	160	628	703	739
Inventories	0	0	0	0	0
Other current assets	2	0	0	0	0
Receivables	45	52	102	78	83
Cash and equivalents	129	108	526	625	656
Balance sheet total	674	746	1,265	1,340	1,508

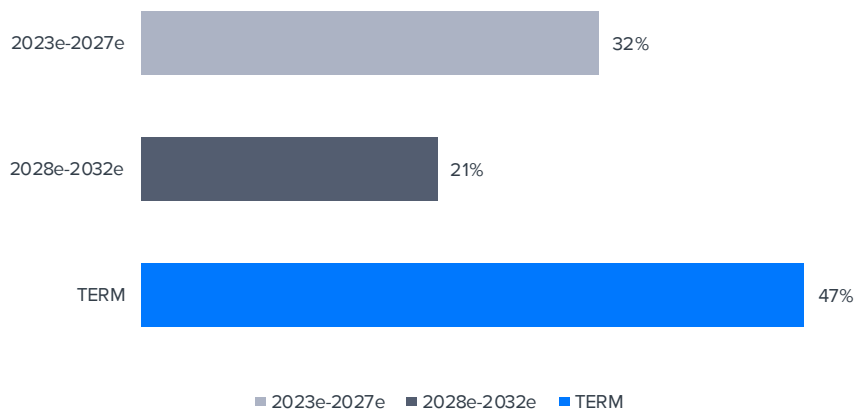
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	123	57	1,132	1,211	1,378
Share capital	14	14	30	30	30
Retained earnings	-1,890	-1,950	-1,503	-1,424	-1,257
Hybrid bonds	0	0	0	0	0
Revaluation reserve	19	13	10	10	10
Other equity	1,979	1,979	2,596	2,596	2,596
Minorities	0	0	0	0	0
Non-current liabilities	443	386	3	3	3
Deferred tax liabilities	0	1	1	1	1
Provisions	0	0	0	0	0
Long term debt	422	380	0	0	0
Convertibles	0	0	0	0	0
Other long term liabilities	21	5	1	1	1
Current liabilities	109	303	130	127	127
Short term debt	0	0	0	0	0
Payables	91	108	115	112	113
Other current liabilities	18	195	15	15	15
Balance sheet total	674	746	1,265	1,340	1,508

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	1.5 %	432.1 %	-45.0 %	-8.7 %	64.3 %	-33.7 %	19.9 %	-7.8 %	18.0 %	16.0 %	2.5 %	2.5 %
EBIT-%	5.3 %	63.9 %	21.3 %	49.1 %	43.9 %	28.9 %	24.0 %	31.4 %	32.0 %	32.0 %	32.0 %	32.0 %
EBIT (operating profit)	7	434	80	167	246	107	107	129	155	180	184	
+ Depreciation	60	138	189	64	193	137	221	204	207	209	211	
- Paid taxes	0	1	0	0	0	0	0	0	-32	-37	-38	
- Tax, financial expenses	6	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	-8	-222	20	-4	-5	-6	-7	-7	-7	-8	-8	
Operating cash flow	65	350	289	228	434	238	321	326	323	344	349	
+ Change in other long-term liabilities	-16	-4	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-151	-189	-189	-196	-201	-206	-213	-215	-215	-215	-215	
Free operating cash flow	-102	157	100	32	233	32	108	110	107	129	135	
+/- Other*	0	665	0	0	0	0	0	0	0	0	0	
FCFF	-102	822	100	32	233	32	108	110	107	129	135	0
Discounted FCFF		790	86	25	164	20	61	57	50	54	51	608
Sum of FCFF present value		1,964	1,174	1,088	1,063	900	879	818	761	712	658	608
Enterprise value DCF		1,964										
- Interest bearing debt		-380										
+ Cash and cash equivalents		108										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF		1,695										
Equity value DCF per share		1.15										

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

*Other for 2023 is the MSEK 450 from the rights issue + MSEK 215 to compensate for the increase in shares from the convertible loan being converted into shares

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	118	126	128	679	373	EPS (reported)	-0.28	-0.14	-0.08	0.30	0.05
EBITDA	49	6	66	572	269	EPS (adj.)	-0.28	-0.05	-0.08	0.30	0.05
EBIT	11	-54	7	434	80	OCF / share	-0.05	0.12	0.09	0.24	0.20
PTP	-130	-105	-54	446	79	FCF / share	-0.28	-0.06	-0.14	0.11	0.07
Net Income	-130	-103	-60	447	79	Book value / share	0.49	0.17	0.08	0.77	0.82
Extraordinary items	0	-69	0	0	0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	709	674	746	1,265	1,340	Revenue growth-%	-58 %	7 %	2 %	432 %	-45 %
Equity capital	228	123	57	1,132	1,211	EBITDA growth-%	-141 %	-87 %	958 %	763 %	-53 %
Goodwill	39	42	48	50	50	EBIT (adj.) growth-%	-102 %	-594 %	-113 %	6331 %	-82 %
Net debt	135	293	271	-526	-625	EPS (adj.) growth-%	-77 %	-83 %	72 %	-467 %	-82 %
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	41.7 %	5.0 %	52.0 %	84.2 %	71.9 %
EBITDA	49	6	66	572	269	EBIT (adj.)-%	9.2 %	-42.7 %	5.3 %	63.9 %	21.3 %
Change in working capital	-72	13	-8	-222	20	EBIT-%	9.2 %	-42.7 %	5.3 %	63.9 %	21.3 %
Operating cash flow	-23	87	65	350	289	ROE-%	-111.0 %	-58.9 %	-66.6 %	75.2 %	6.7 %
CAPEX	-89	-112	-151	-189	-189	ROI-%	2.7 %	-10.1 %	1.4 %	55.3 %	6.8 %
Free cash flow	-130	-42	-102	157	100	Equity ratio	32.2 %	18.2 %	7.6 %	89.5 %	90.3 %
						Gearing	59.2 %	238.7 %	478.0 %	-46.5 %	-51.6 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	5.5	8.1	11.7	1.8	3.0						
EV/EBITDA (adj.)	13.1	>100	22.6	2.1	4.2						
EV/EBIT (adj.)	59.5	68.2	>100	2.8	14.2						
P/E (adj.)	neg.	neg.	neg.	3.9	22.3						
P/B	2.2	5.9	21.6	1.6	1.5						
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



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