

Starbreeze

Company report

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Small steps forward, but still a long way to go

The player activity in PAYDAY 3 (“PD3”) and the overall community sentiment have improved during and after the second quarter, driven by recent Operation Medic Bag (“OMB”) updates and new content releases. However, PD3 activity remains far from the company’s desired level, and it has yet to surpass its predecessor in terms of player engagement. Significant uncertainty persists around whether the upcoming improvements and content releases will be enough to drive a substantial increase in player activity and game sales. As a result, we remain cautious, awaiting clearer signs of a PD3 recovery. We reiterate our Reduce recommendation and maintain our target price of SEK 0.30.

Revenues aligned with expectations, but EBIT fell short due to higher-than-expected direct costs

Starbreeze’s revenues fell 7% y/y to 40 MSEK in Q2, which was in line with our expectations. The y/y decrease in revenue is mainly attributed to significantly lower sales from PAYDAY 2 (“PD2”). Meanwhile, revenues from PD3 (Q2’24: 22 MSEK) were stable compared to Q1’24, beating our estimates of 19 MSEK. The operating profit (EBIT) declined q/q to -71 MSEK, below our estimates of -61 MSEK, due to higher amortization and game development costs than expected. During and after the quarter, Starbreeze continued rolling out OMB updates, while also releasing new content through the second and third DLC, alongside free heists. A first iteration of single-player mode has also been launched, though further updates on features like offline mode, VOIP, and CrimeNet are still pending. While current releases have slightly boosted player activity, it’s evident that Starbreeze still faces challenges in bringing PD3 to a satisfactory level.

We increase our PD3 estimates slightly while lowering expectations from its predecessor

The relatively limited impact of the OMB and the three DLC’s released since PD3’s launch in September 2023 raises concerns about Starbreeze’s ability to fully revitalize the game. However, the company anticipates more noticeable improvements starting in Q3, indicating that it may be premature to dismiss the possibility of a turnaround. In response to the Q2 results, we have slightly increased our PD3 revenue estimates, while lowering our sales expectations for PD2 and third-party publishing. The net effect from these adjustments has not impacted our overall revenue estimates for 2024 and onwards, but rather the revenue mix only. Additionally, we have revised our cost estimates, particularly concerning D&A and game development costs, which have impacted our near-term EBIT estimates. However, the impact on free cash flow is less significant.

The risk/reward remains unattractive at current share price levels

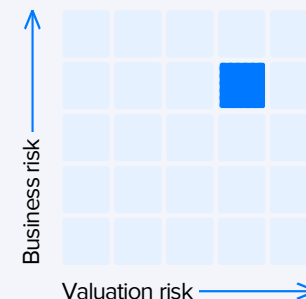
We believe the current share price reflects the market’s expectation that PD3 won’t see a meaningful recovery. While a strong rebound in player activity and sentiment could make the valuation compelling, the fact that most of the PAYDAY community still favors the predecessor, despite nearly a year of improvements, raises doubts about PD3’s turnaround prospect. The reaction from the community to upcoming content and feature releases will be critical in shaping Starbreeze’s future and financial stability. Given this uncertainty, we believe a conservative approach remains warranted. Our DCF-valuation stands at SEK 0.39 and represents a moderately optimistic long-term 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. The Dungeons and Dragons game is progressing as planned toward its 2026 release and is now in full production. However, we believe it is still too early to make any adjustments to our estimates linked to this game due to uncertainties around the future partnership structure and the market interest. As a result, it currently offers limited support for the share at this point.

Recommendation

Reduce
(prev. Reduce)

0.30 SEK
(prev. 0.30 SEK)

Share price:
0.28 SEK



Key indicators

	2023	2024e	2025e	2026e
Revenue	634	185	133	358
growth-%	396%	-71%	-28%	169%
EBIT adj.	190	-237	-80	-82
EBIT-% adj.	30.0 %	-128.2 %	-60.4 %	-22.8 %
Net Income	208	-214	-78	-82
EPS (adj.)	0.19	-0.16	-0.05	-0.06
P/E (adj.)	2.5	neg.	neg.	neg.
P/B	0.8	0.6	0.7	0.8
EV/EBIT (adj.)	1.8	neg.	neg.	neg.
EV/EBITDA	0.8	2.4	29.2	2.2
EV/S	0.6	1.0	3.1	1.2

Source: Inderes

Guidance

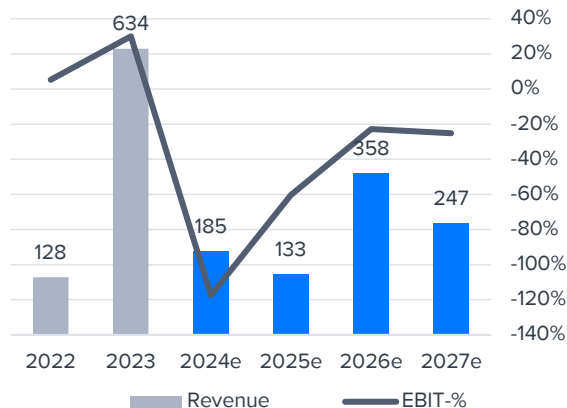
(Starbreeze provides no guidance)

Share Price



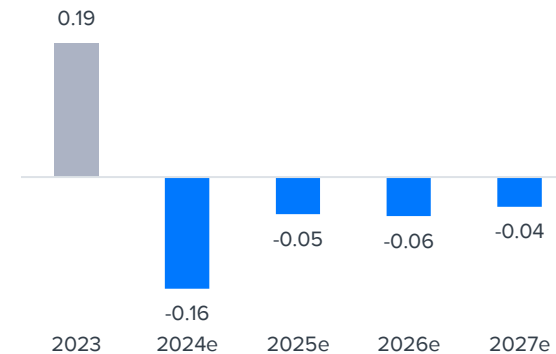
Source: Millistream Market Data AB

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. A game based on the Dungeons and Dragons IP 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	0.28	0.28	0.28
Number of shares, millions	1,477	1,477	1,477
Market cap	419	419	419
EV	185	417	439
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.6	0.7	0.8
P/S	2.3	3.1	1.2
EV/Sales	1.0	3.1	1.2
EV/EBITDA	2.4	29.2	2.2
EV/EBIT (adj.)	neg.	neg.	neg.

Source: Inderes

Q2 revenues aligned with estimates but EBIT fell short

Revenues in line with expectations

Starbreeze's Q2 revenues declined by 7% to 40 MSEK, aligning with our expectations. The y/y drop in revenue was primarily driven by lower PD2 sales, which amounted to 9.2 MSEK (Q2'23: 43 MSEK). PD3 revenues reached 22 MSEK, surpassing our estimate of 19 MSEK, while third-party publishing revenues (9 MSEK) fell slightly below our 10 MSEK projection.

Revenues from PD3 was stable during the quarter compared to the previous quarter (Q1'24: 23 MSEK), supported by the launch of the second DLC *Boys in Blue* and other game updates under the OMB umbrella. Looking ahead, we anticipate higher revenues driven by an accelerated release schedule of new OMB updates, lingering momentum from the *Boys in Blue* DLC, and the launches of the third and fourth DLCs as a part of PD3's first-year roadmap.

Conversely, PD2 revenues continued to decline both sequentially and y/y, a trend expected to persist as Starbreeze has ceased developing new content for the

game. Third-party publishing revenues dropped nearly 50% q/q as the tailwinds from the successful Roboquest launch in Q4'23 continued to diminish. We anticipate a further decline in this segment throughout the remainder of 2024, though this may be somewhat offset by the release of new content.

EBIT came in below our estimates due to higher amortization and game development costs

In Q2, the operating profit (EBIT) amounted to -71 MSEK, which fell short of our estimates of -61 MSEK, mainly due to higher amortization on PD3 and Project Baxter as well as game development costs than expected. As Starbreeze continues to invest in PD3 through new content and overall game enhancements under the OMB initiative, we anticipate amortization levels to remain elevated throughout 2024, followed by a significant reduction in 2025

Shrinking cash position due to heavy investments, but the balance sheet remains robust

Operating cash flow (OCF) after changes in working

capital amounted to a modest 2.7 MSEK (Q1'24: 78 MSEK), primarily impacted by lower q/q revenue, higher game development costs, and reduced invoicing collections related to PD3.

Investments for the quarter increased by some 15 MSEK q/q to 68 MSEK, driven mainly by capitalized game development costs (65 MSEK) related to PAYDAY 3 and Project BAXTER. The weakened operating cash flow, combined with increased investments, resulted in a negative free cash flow of 65 MSEK. However, cash flow was positively influenced by 18 MSEK in game development financing linked to PD3 DLC development. By the end of the quarter, Starbreeze held cash and cash equivalents of 335 MSEK, reflecting a 53 MSEK reduction q/q, with virtually no debt. While the financial position remains strong, if PD3 does not recover more significantly, we foresee a continued decline in the company's cash position due to ongoing investments in new game projects.

Estimates	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	43.2	40.2	39.7				1%	185
EBITDA	14.1	8.1	9.9				-19%	78.3
EBIT (adj.)	-3.0	-70.8	-60.7				-17%	-236.9
EBIT	-3.0	-70.8	-60.7				-17%	-217.0
EPS (reported)	0.03	-0.05	-0.04				-23%	-0.15
Revenue growth-%	36.1%	-7.0 %	-8.1 %				1.1 pp	-70.8 %
EBIT-% (adj.)	-6.8 %	-176.2 %	-152.8 %				-23.4 pp	-128.2 %

Source: Inderes

We are still not confident in a sustained recovery for PAYDAY 3

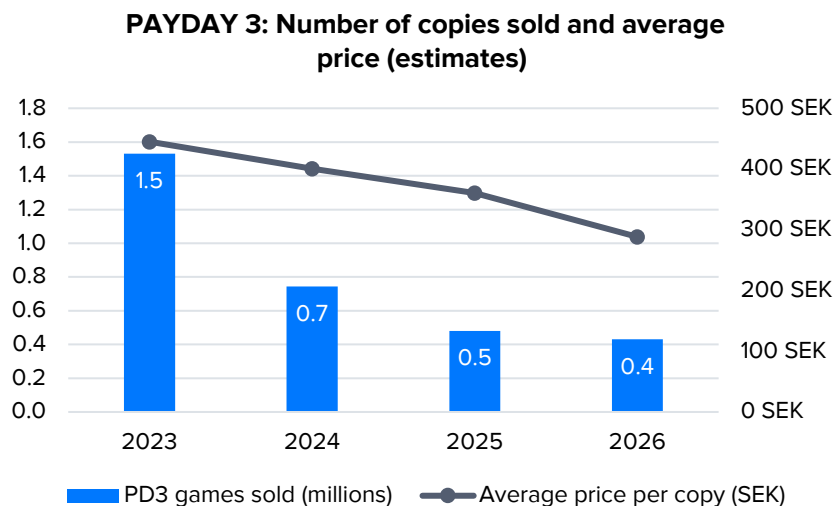
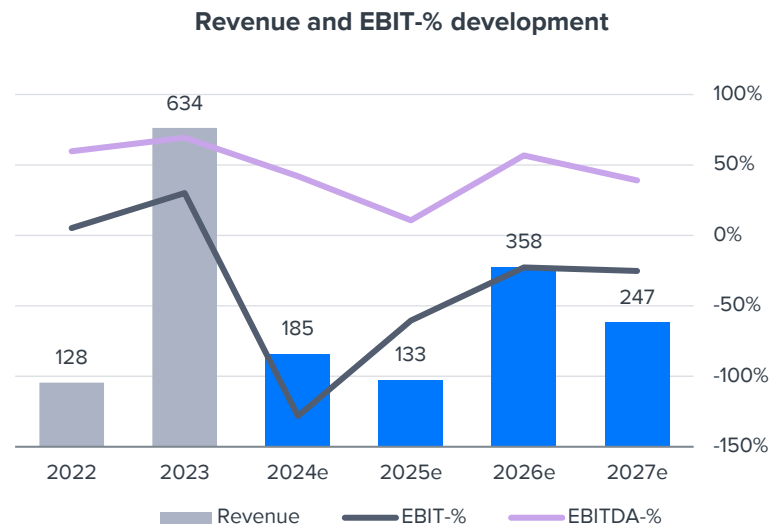
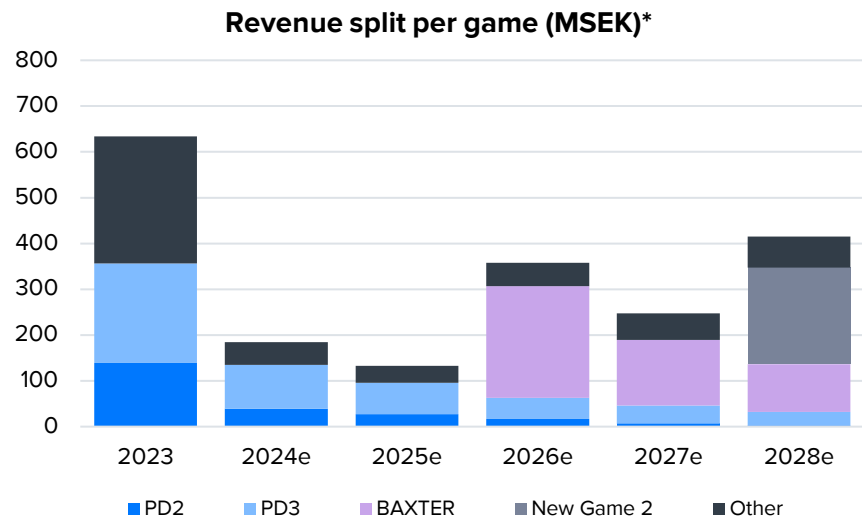
Estimate changes

- Based on the revenue mix observed in Q2'24 across PD3, PD2, and third-party publishing, we've adjusted our revenue projections accordingly. We have noted a positive, however small, upward trend in both player activity and community sentiment in PD3. Hence, we've made small upward revenue revisions related to PD3 for 2024, but at the same time reduced our estimates for PD2 and third-party publishing given the lower-than-expected revenue in Q2. Overall, these adjustments have led to unchanged topline projections for 2024 and beyond, with slightly higher revenues for PD3, offset by lower expectations for PD2 and third-party publishing.
- We have raised our D&A estimates due to the higher amortization levels reported in Q2.
- We have also increased our estimates regarding game development costs as well as fine-tuned our OPEX (selling and marketing & administrative expenses) estimates to better reflect the Q2 numbers.
- The adjustments made to our estimates concerning D&A, game development costs, and OPEX, have a negative effect on our near-term EBIT estimates. However, the free cash flow impact from these changes is limited in 2024 and onwards, 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.

Estimate revisions	2024e		Change	2025e		Change	2026e		Change
	Old	New		Old	New		Old	New	
MSEK / SEK			%			%			%
Revenue	184	185	0%	133	133	0%	358	358	0%
EBITDA	78.3	77.5	-1%	17.6	14.3	-19%	204	203	0%
EBIT (exc. NRIs)	-230.4	-236.9	-3%	-85.4	-80.3	6%	-87.7	-81.6	7%
EBIT	-210.5	-217.0	-3%	-85.4	-80.3	6%	-87.7	-81.6	7%
EPS (excl. NRIs)	-0.15	-0.16	-4%	-0.06	-0.05	5%	-0.06	-0.06	3%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Underlying assumptions for revenue estimates

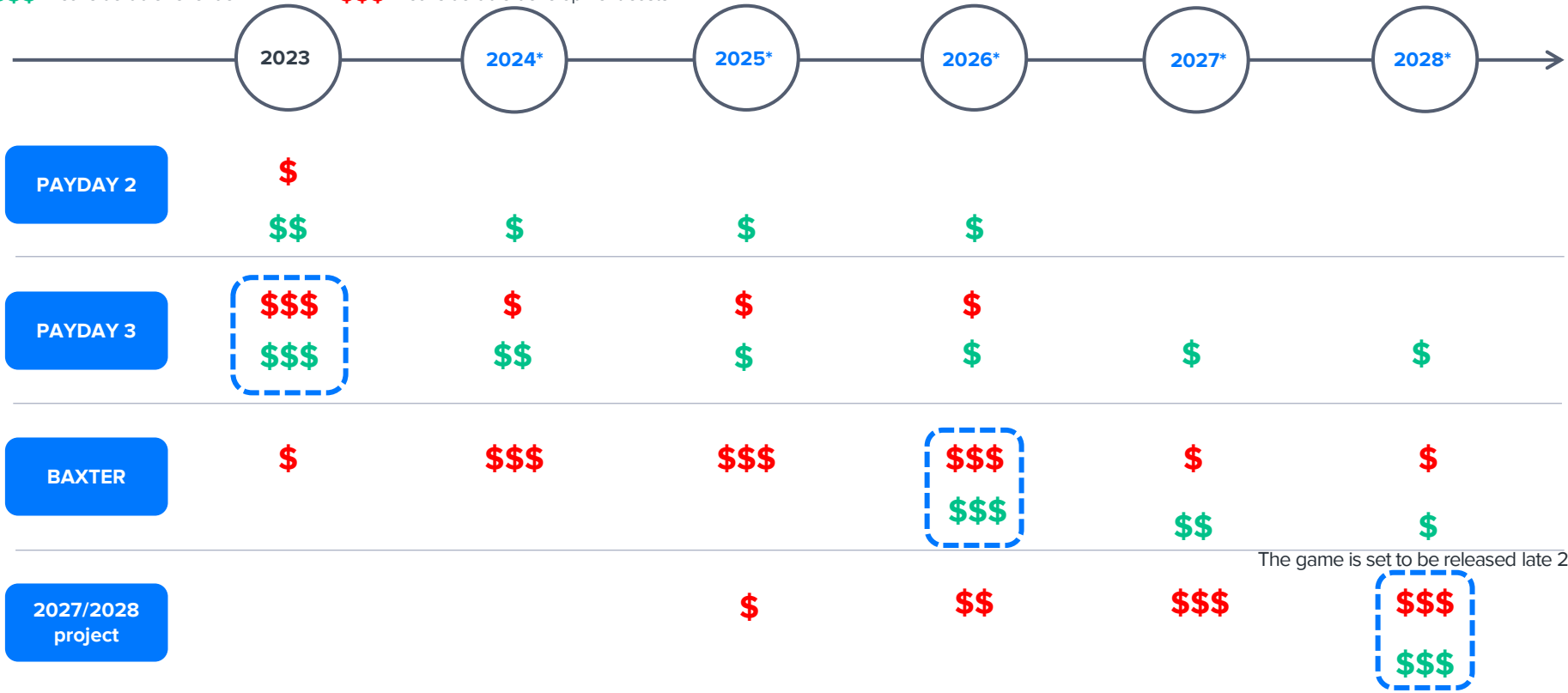


Source: Inderes, *2023 Other, includes the non-cash game financing income

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

Valuation

The share price reflects low expectations for PAYDAY 3 recovery

Starbreeze's current valuation is low in absolute terms and in relation to Starbreeze's potential if they 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. As we approach the one-year anniversary of PD3's release in September it is clear that, despite nearly a year of efforts and investments aimed at boosting player engagement, these measures have not yet brought the game to a satisfactory level.

While the concurrent player count (CCU) for PD3 has shown a small but positive trend in recent months, it remains significantly lower than that of its predecessor. This indicates that much of the PAYDAY player base still favors PD2 and is not fully convinced by the enhancements and new content introduced in PD3. This persistent trend, coupled with the relatively subdued impact of current DLC releases and Operation Medic Bag updates, raises doubts about Starbreeze's ability to achieve a successful turnaround. Therefore, we remain on the sidelines, awaiting further signs of a PD3 recovery, despite the seemingly low market cap.

Considering Starbreeze's current net cash position (Q2'24: 335 MSEK) and a market cap of approx. 420 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. However, even EV/S is problematic given how revenue fluctuations linked to game release cycles can distort comparisons. 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 5x. However, a discount is reasonable as Starbreeze is significantly smaller than the peer group average and possesses a less diversified games portfolio as of today, which in turn presents a higher degree of volatility in earnings and uncertainty regarding cash flows. 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.

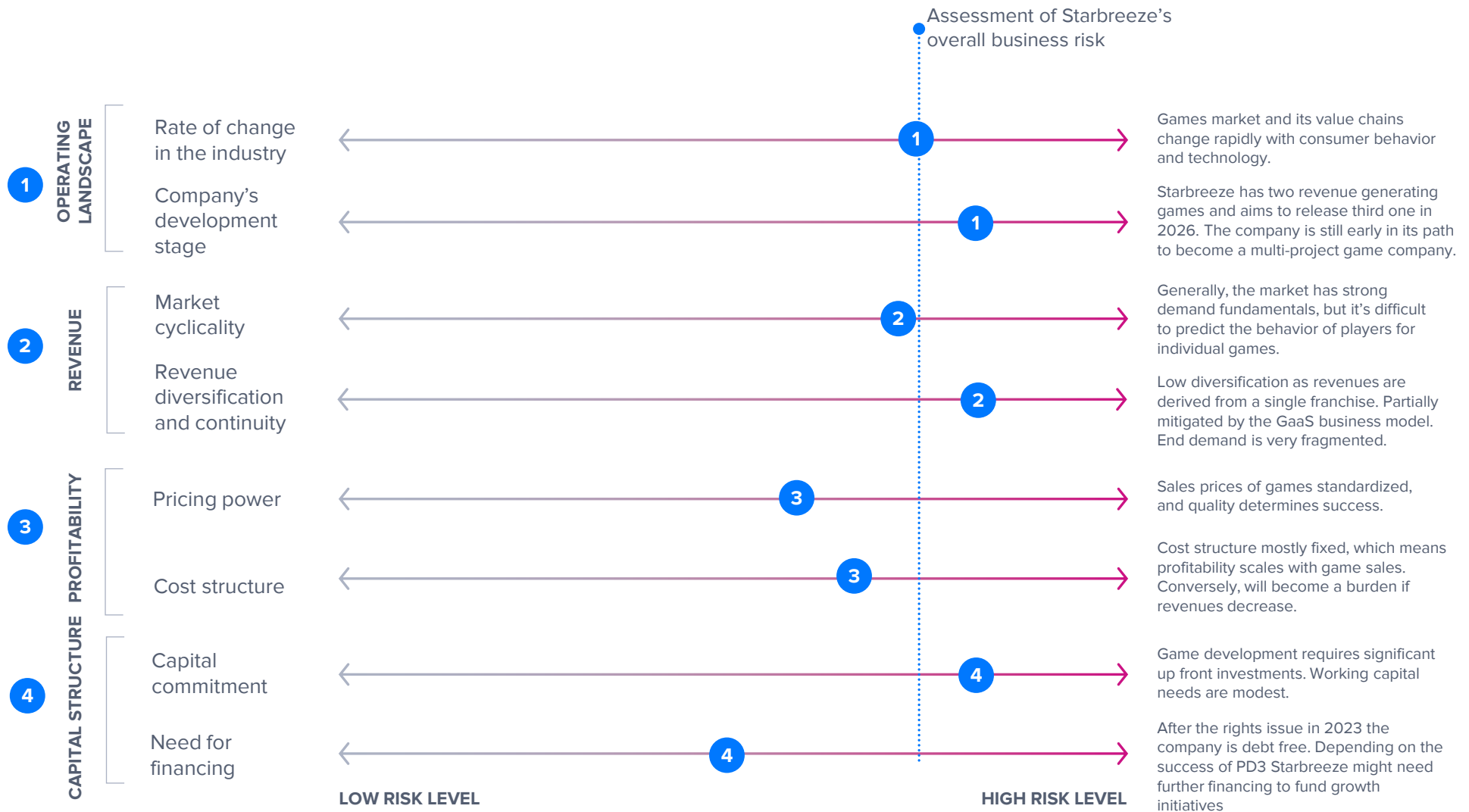
DCF valuation

Our DCF valuation is SEK 0.39, which is 38% above the current share price. However, the DCF model represents a long-term scenario in which the next two games are moderately 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	0.28	0.28	0.28
Number of shares, millions	1,477	1,477	1,477
Market cap	419	419	419
EV	185	417	439
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.6	0.7	0.8
P/S	2.3	3.1	1.2
EV/Sales	1.0	3.1	1.2
EV/EBITDA	2.4	29.2	2.2
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
- Increased revenue diversification through publishing operations

Risks

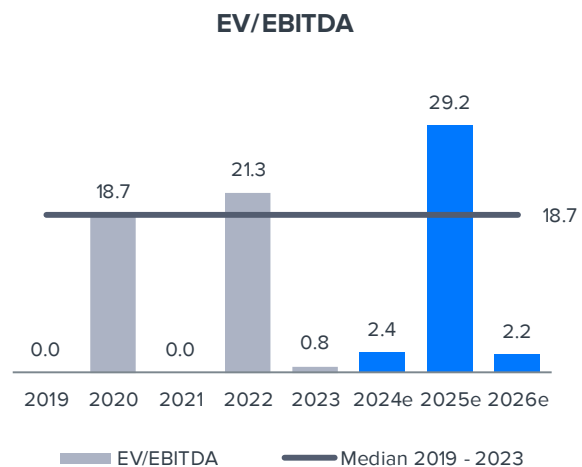
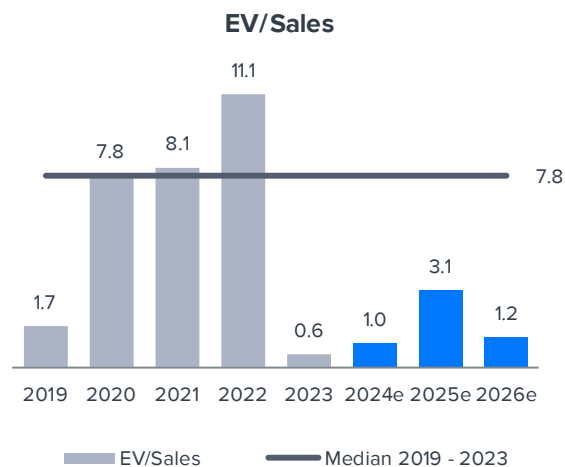


- Undiversified revenue stream with almost all revenues coming from a single franchise
- If PAYDAY 3 fails to entice players to return, Starbreeze is left without a significant revenue source until the next game is released in 2026
- Limited visibility into the games after PAYDAY 3 makes it hard to assess 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	0.28	0.28	0.28	0.28
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	419	419	419	419
EV	466	919	1,021	1,413	350	185	417	439	567
P/E (adj.)	neg.	neg.	neg.	neg.	2.5	neg.	neg.	neg.	neg.
P/E	neg.	neg.	neg.	neg.	2.5	neg.	neg.	neg.	neg.
P/B	69.5	3.4	5.9	20.1	0.8	0.6	0.7	0.8	0.9
P/S	1.5	6.6	5.8	8.9	1.1	2.3	3.1	1.2	1.7
EV/Sales	1.7	7.8	8.1	11.1	0.6	1.0	3.1	1.2	2.3
EV/EBITDA	neg.	18.7	>100	21.3	0.8	2.4	29.2	2.2	5.9
EV/EBIT (adj.)	neg.	84.5	68.3	>100	1.8	neg.	neg.	neg.	neg.

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	215		71.7	61.5	25.3	4.0	3.4		107.9	0.6	1.1	3.4
Embracer	4,085	6.5	8.2	4.3	4.3	1.1	1.2	8.2	7.4			0.5
CD Projekt	3,970	66.8	110.8	47.8	91.8	20.5	25.0	68.7	123.6	0.3	0.2	6.9
Paradox Interactive	1,199	23.3	15.4	9.5	7.6	6.0	5.1	26.4	20.3	2.4	2.7	5.3
Tinybuild	25				78.3	0.7	0.6				598.0	
Enad Global 7	86	6.4	5.5	2.6	1.9	0.5	0.5	6.0	6.3	3.9	4.3	0.3
11 Bit Studios	351	7.5	8.9	6.6	7.3	5.0	5.3	8.6	8.1		4.6	3.5
Playway	399	11.3	12.8	11.2	12.5	5.8	6.0	10.5	8.8	5.1	5.9	3.0
Electronic Arts	35,146	16.8	15.9	15.1	14.7	5.2	5.1	21.1	19.6	0.5	0.5	5.4
Take-Two Interactive	25,875	51.0	52.9	41.9	36.2	5.4	5.1	65.2	59.7			3.0
Ubisoft	3,474	9.7	9.2	3.9	3.3	1.6	1.4	10.9	11.2			1.3
Starbreeze (Inderes)	16	-0.8	-5.2	2.4	29.2	1.0	3.1	-1.8	-5.4	0.0	0.0	0.6
Average		22.1	31.1	20.4	25.7	5.1	5.3	25.1	37.3	2.1	77.2	3.3
Median		11.3	14.1	10.4	12.5	5.0	5.1	10.9	15.4	1.5	3.5	3.2
Diff-% to median		-107%	-137%	-77%	134%	-80%	-39%	-116%	-135%	-100%	-100%	-81%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	128	27	43	494	69	634	57	40	42	46	185	133	358	247
EBITDA	66	4	14	442	-21	439	48	8	10	11	77	14	203	97
Depreciation	-60	-16	-17	-142	-74	-249	-72	-79	-74	-70	-294	-95	-285	-159
EBIT (excl. NRI)	7	-12	-3	300	-95	190	-43	-71	-64	-59	-237	-80	-82	-62
EBIT	7	-12	-3	300	-95	190	-23	-71	-64	-59	-217	-80	-82	-62
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	0	1	0	2	1	-2	-1
PTP	-54	-25	24	300	-92	208	-21	-71	-63	-59	-214	-78	-82	-62
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	-71	-63	-59	-214	-78	-82	-62
EPS (rep.)	-0.08	-0.03	0.03	0.21	-0.06	0.19	-0.01	-0.05	-0.04	-0.04	-0.14	-0.05	-0.06	-0.04
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	1.5 %	13.3 %	36.1 %	1178.6 %	105.8 %	396.5 %	112.3 %	-7.0 %	-91.5 %	-33.7 %	-70.8 %	-28.0 %	168.8 %	-30.8 %
Adjusted EBIT growth-%	-54.9 %	17.1 %	-188.0 %	3240.7 %	-2297.8 %	2721.0 %	272.7 %	2300.2 %	-121.4 %	-38.1 %	-224.5 %	-66.1 %	1.7 %	-23.5 %
EBITDA-%	52.0 %	15.2 %	32.6 %	89.3 %	-29.8 %	69.3 %	85.7 %	20.1 %	23.1 %	24.4 %	41.9 %	10.7 %	56.8 %	39.1 %
Adjusted EBIT-%	5.3 %	-43.5 %	-6.8 %	60.7 %	-137.3 %	30.0 %	-76.3 %	-176.2 %	-152.3 %	-128.2 %	-128.2 %	-60.4 %	-22.8 %	-25.2 %
Net earnings-%	-46.9 %	-93.5 %	57.2 %	60.6 %	-132.5 %	32.8 %	-37.1 %	-175.9 %	-150.8 %	-128.5 %	-115.9 %	-58.3 %	-23.0 %	-25.2 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	586	537	584	697	617
Goodwill	48	47	47	47	47
Intangible assets	506	472	423	554	488
Tangible assets	23	11	105	88	74
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	256	73	197
Inventories	0	0	0	0	0
Other current assets	0	0	0	0	0
Receivables	52	226	37	47	125
Cash and equivalents	108	348	219	27	72
Balance sheet total	746	1,111	840	770	814

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	57	895	681	603	521
Share capital	14	30	30	30	30
Retained earnings	-1,950	-1,742	-1,956	-2,034	-2,116
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	86	115	171
Deferred tax liabilities	1	1	1	1	1
Provisions	0	0	0	0	0
Interest bearing debt	380	0	0	40	106
Convertibles	0	0	0	0	0
Other long term liabilities	5	1	85	74	63
Current liabilities	303	215	73	53	122
Interest bearing debt	0	0	0	0	0
Payables	108	208	61	43	114
Other current liabilities	195	7	12	10	8
Balance sheet total	746	1,111	840	770	814

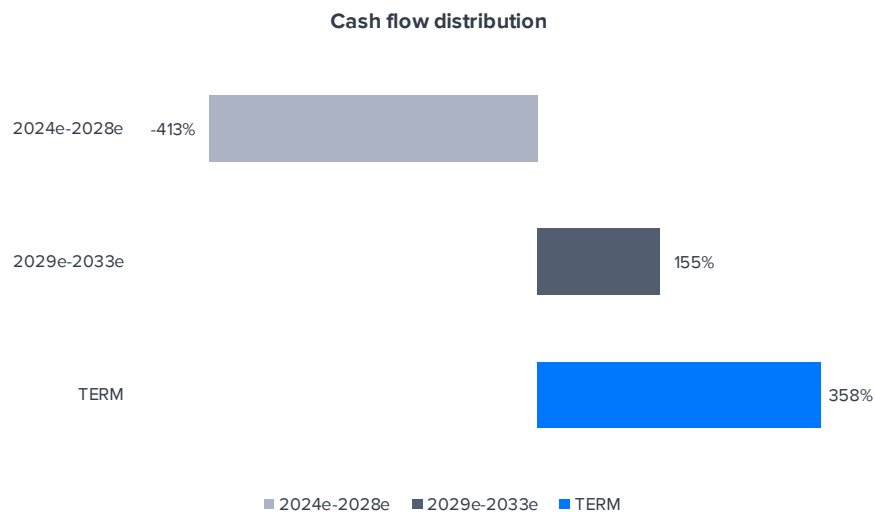
DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	396.5 %	-70.8 %	-28.0 %	168.8 %	-30.8 %	68.1 %	-11.4 %	18.0 %	16.0 %	10.0 %	2.5 %	2.5 %
EBIT-%	30.0 %	-117.5 %	-60.4 %	-22.8 %	-25.2 %	-17.9 %	13.0 %	20.0 %	23.0 %	25.0 %	25.0 %	25.0 %
EBIT (operating profit)	190	-217	-80	-82	-62	-75	48	87	116	139	142	
+ Depreciation	249	294	95	285	159	287	204	214	204	208	210	
- Paid taxes	0	0	0	0	0	0	0	0	-23	-28	-28	
- Tax, financial expenses	0	0	0	0	0	0	0	0	-1	-1	-1	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-262	47	-30	-9	-2	-8	2	-3	-3	-3	-4	
Operating cash flow	177	125	-16	195	95	204	255	297	292	315	319	
+ Change in other long-term liabilities	-5	84	-11	-11	-11	-9	-6	-5	-4	-3	-3	
- Gross CAPEX	-201	-341	-208	-205	-213	-209	-211	-212	-212	-212	-212	
Free operating cash flow	-28	-132	-235	-21	-128	-14	37	81	77	101	104	
+/- Other	0	109	0	0	0	0	0	0	0	0	0	
FCFF	-28	-23	-235	-21	-128	-14	37	81	77	101	104	0
Discounted FCFF		-22	-201	-16	-88	-9	20	39	33	39	36	385
Sum of FCFF present value		217	238	439	456	543	552	532	493	460	421	385
Enterprise value DCF		217										
- Interest bearing debt		0										
+ Cash and cash equivalents		348										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF		579										
Equity value DCF per share		0.39										

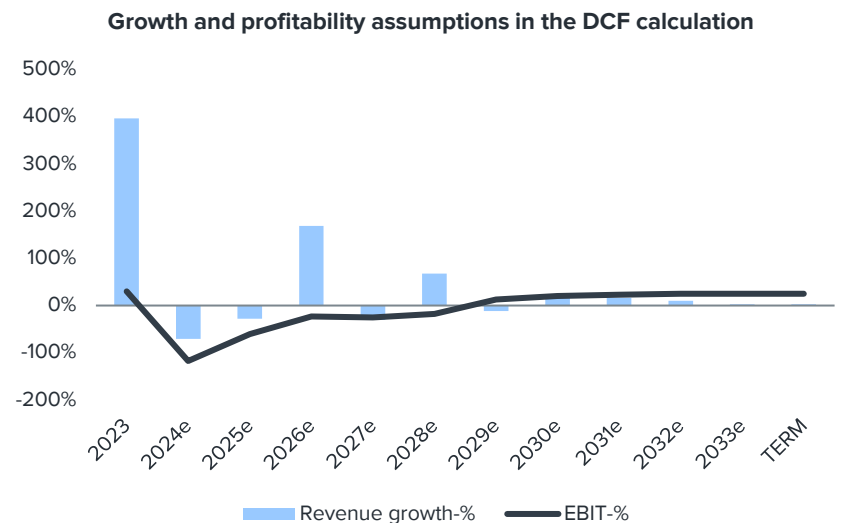
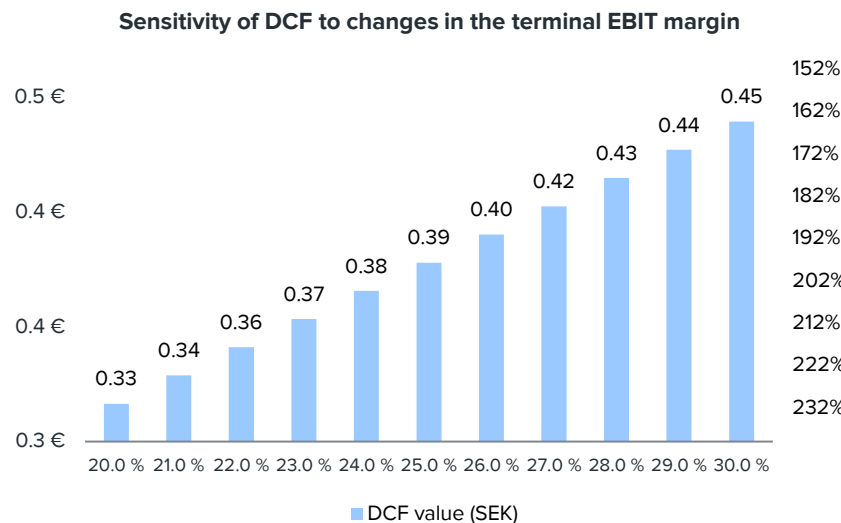
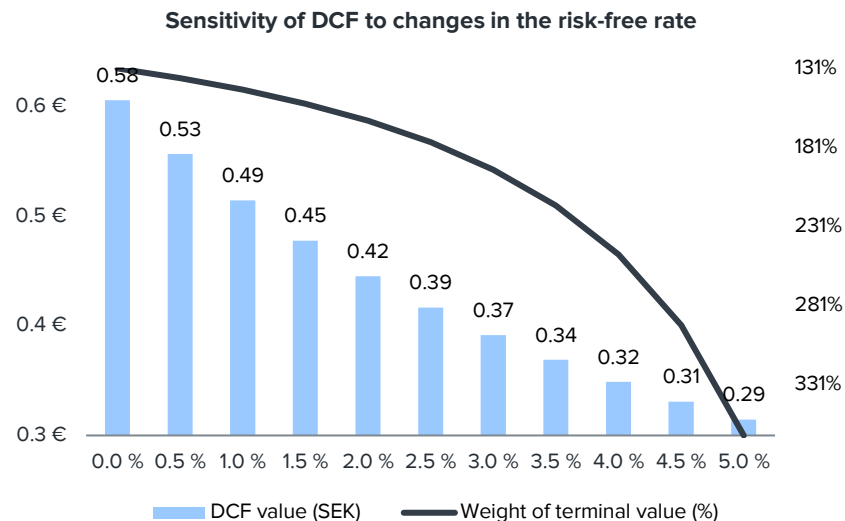
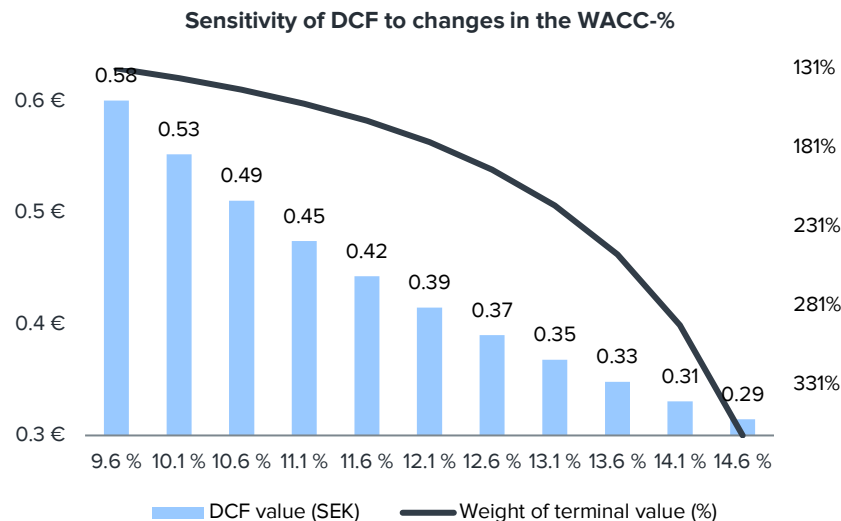
WACC

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 %
Cost of equity	12.1 %
Weighted average cost of capital (WACC)	12.1 %

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	185	133	EPS (reported)	-0.14	-0.08	0.19	-0.14	-0.05
EBITDA	6	66	439	77	14	EPS (adj.)	-0.05	-0.08	0.19	-0.16	-0.05
EBIT	-54	7	190	-217	-80	OCF / share	0.12	0.09	0.16	0.08	-0.01
PTP	-105	-54	208	-214	-78	FCF / share	-0.06	-0.14	-0.03	-0.09	-0.16
Net Income	-103	-60	208	-214	-78	Book value / share	0.17	0.08	0.82	0.46	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	840	770	Revenue growth-%	7%	2%	396%	-71%	-28%
Equity capital	123	57	895	681	603	EBITDA growth-%	-87%	958%	562%	-82%	-82%
Goodwill	42	48	47	47	47	EBIT (adj.) growth-%	37%	-55%	2721%	-224%	-66%
Net debt	293	271	-348	-219	13	EPS (adj.) growth-%	-83%	72%	-329%	-184%	-67%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	5.0 %	52.0 %	69.3 %	41.9 %	10.7 %
EBITDA	6	66	439	77	14	EBIT (adj.)-%	11.9 %	5.3 %	30.0 %	-128.2 %	-60.4 %
Change in working capital	13	-8	-262	47	-30	EBIT-%	-42.7 %	5.3 %	30.0 %	-117.5 %	-60.4 %
Operating cash flow	87	65	177	125	-16	ROE-%	-58.9 %	-66.6 %	43.6 %	-27.2 %	-12.1 %
CAPEX	-112	-151	-201	-341	-208	ROI-%	-10.1 %	1.4 %	28.6 %	-27.4 %	-11.5 %
Free cash flow	-42	-102	-28	-132	-235	Equity ratio	18.2 %	7.6 %	80.5 %	81.0 %	78.3 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	238.7 %	478.0 %	-38.9 %	-32.2 %	2.2 %
EV/S	8.1	11.1	0.6	1.0	3.1						
EV/EBITDA	>100	21.3	0.8	2.4	29.2						
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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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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Recommendation history (>12 mo)

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
<i>Change of Analyst</i>			
2024-05-15	Reduce	0.30 SEK	0.27 SEK
2024-08-21	Reduce	0.30 SEK	0.28 SEK



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