

# Starbreeze

## Company report

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# Valuation dependent on PAYDAY 3 recovery

PAYDAY 3's initial sales exceeded our and the company's expectations. Since then, however, the player count has decreased drastically, and undoubtedly, so have the game's sales, upon which Starbreeze's valuation rests. To combat the declining player count, Starbreeze announced a free update containing, among other things, two new heists. If the update and future updates (paid and free) successfully entice players to return, Starbreeze's current valuation is undoubtedly very low. If, on the other hand, the game does not recover from the troubled start, the company's prospects are severely dented. We believe PAYDAY 3 should not yet be counted out, and given the current low valuation, we assess the risk-reward ratio as modestly positive. We lower Starbreeze's recommendation to Accumulate (prev. Buy) and target price to SEK 0.55 (prev. SEK 0.85).

## Better than expected revenues in Q3 after PAYDAY 3 recoups investment

Starbreeze's Q3 revenues came in at SEK 494 million, exceeding our estimate of SEK 433 million. The main revenue drivers were PAYDAY 3 and the game financing liability being credited to revenues. Operating profit (EBIT) increased to SEK 300 million but was somewhat lower than our estimate of SEK 351 million due to a significantly higher D&A charge. Starbreeze did not disclose the number of units sold. However, they did reveal that PAYDAY 3 generated total revenues of SEK 570 million (after platform fees and sales tax) in Q3 from a combination of unit sales and the Game pass deal. We do not know how much the Game pass deal brought in, but we estimate it was somewhere between SEK 100 – 250 million based on similar deals. Putting these variables together, we can estimate that the game sold between 1.2 to 1.7 million copies, depending on the game pass deal.

## Troubled launch increases uncertainty regarding estimates

A declining trend is expected, but PAYDAY 3 currently has less than 2k concurrent users (on Steam). PAYDAY 2, for reference, presently has 30k users on Steam. Considering the declining player count and the company's comments, we lowered our PAYDAY 3 unit sales estimates. For Q4'23, we reduced our estimate of units sold to 0.3 million (prev. 0.8); for 2024, we decreased the figure to 1.1 million (prev. 1.6m). Our estimates are based on a scenario where PAYDAY 3 can recover decently over the next quarters. However, for this to happen, it will require successful updates over the upcoming months. The announced free update will be released in November, and the players' reaction to it will be an essential data point in determining the game's future. Our belief in the game's recovery is underpinned by our assessment that the game is good and that the players primary complaints can be solved with the coming updates.

## Our valuation depends on PAYDAY 3's player count improving

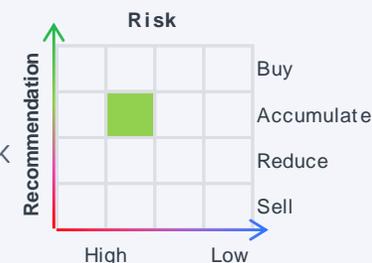
Starbreeze's valuation depends on PD3 recovering, and consequently, over the next 12 months, the estimates and the share price will likely move drastically in either direction. The company's outlook has undoubtedly deteriorated over the past weeks. However, with the drastic decrease in valuation since launch, we reason that the risk-reward ratio is modestly positive. The current EV\* of about SEK 364 million does not, in our opinion, even reflect the value of the PAYDAY IP (estimated at MSEK 1,600 in 2019). Our DCF valuation comes in at SEK 0.69. The DCF model, however, represents a long-term scenario where PD3 recovers decently, and the next two games are moderately successful. In addition, cash flows are concentrated far in the future. Thus, we think it does not provide good support over the short-term as Starbreeze's valuation is strongly tied to PD3's short-term performance.

## Recommendation

**Accumulate**  
(previous Buy)

**0.55 SEK**  
(previous 0.85 SEK)

**Share price:**  
0.44 SEK



## Key indicators

	2022	2023e	2024e	2025e
<b>Revenue</b>	128	628	260	223
<b>growth-%</b>	2 %	392 %	-59 %	-14 %
<b>EBIT adj.</b>	7	257	-26	9
<b>EBIT-% adj.</b>	5.3 %	40.9 %	-10.1 %	4.0 %
<b>Net Income</b>	-60	271	-27	9
<b>EPS (adj.)</b>	-0.08	0.22	-0.02	0.01

<b>P/E (adj.)</b>	neg.	2.0	neg.	74.9
<b>P/B</b>	21.6	0.7	0.7	0.7
<b>P/FCF</b>	neg.	10.4	neg.	neg.
<b>EV/EBIT (adj.)</b>	>100	0.9	neg.	44.2
<b>EV/EBITDA</b>	22.6	0.5	2.4	5.0
<b>EV/S</b>	11.7	0.4	1.1	1.8

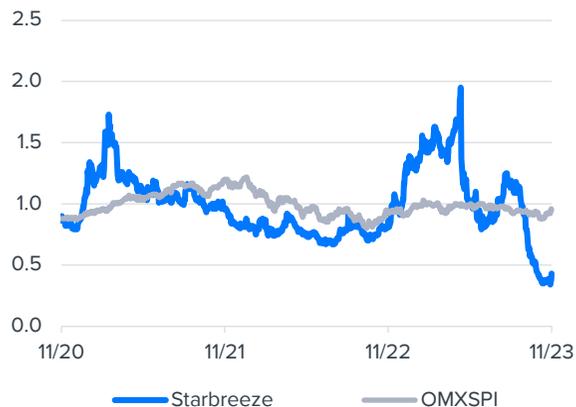
Source: Inderes

## Guidance

(Starbreeze provides no guidance)

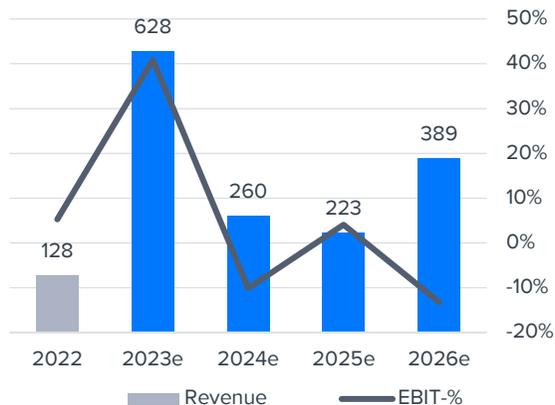
\* Market cap minus Q3'23 net debt

## Share price



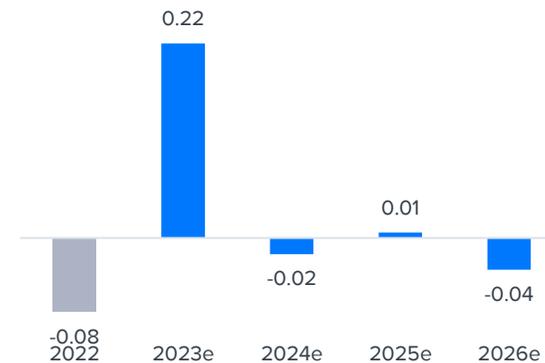
Source: Millistream Market Data AB

## 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 191 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 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	2023e	2024e	2025e
Share price	0.44	0.44	0.44
Number of shares, millions	1,477	1,477	1,477
Market cap	667	667	667
EV	233	284	398
P/E (adj.)	2.0	neg.	74.9
P/E	2.0	neg.	74.9
P/FCF	10.4	neg.	neg.
P/B	0.7	0.7	0.7
P/S	1.1	2.6	3.0
EV/Sales	0.4	1.1	1.8
EV/EBITDA	0.5	2.4	5.0
EV/EBIT (adj.)	0.9	neg.	44.2

Source: Inderes

# Q3 revenues higher than expected

## Revenues stronger than expected

Starbreeze reported stronger-than-expected Q3 revenues yesterday. Revenues were driven by PAYDAY 3 sales, PAYDAY 2 sales, and the game financing liability being recognized as revenue.

Starbreeze's Q3 revenues increased by over 1,000% to SEK 494 million, exceeding our estimate of SEK 433 million. The higher revenues were due to stronger than projected sales of PAYDAY 3, which accounted for SEK 194 million of the Q3 revenues. The game financing liability being credited to revenues was SEK 247 million (our estimate was SEK 259 million). PAYDAY 2 sales also surprised to the upside, driven by marketing efforts ahead of PAYDAY 3's launch. Sales consisted of the PAYDAY 2 base game in the amount of SEK 13.3 million and add-on packs in the amount of SEK 38.3 million. Overall, PAYDAY 2 sales were up 43 % during the quarter.

## EBIT and net profit lower than estimated due to a higher D&A charge

In Q3, Starbreeze's operating profit (EBIT) increased to SEK 300 million but was somewhat lower than our estimate of SEK 351 million due to significantly higher depreciation and amortization than estimated. D&A for Q3 came in at SEK 142 million, compared to our estimate of SEK 53 million. The higher D&A charge was due to Starbreeze choosing a more aggressive D&A schedule for capitalized game development costs related to PAYDAY 3 than we had expected. According to the company, a depreciation of 1/3 of the asset was made in connection with the launch. Both financial expenses and taxes were minimal, leading to net earnings being in line with EBIT. The EPS came in at SEK 0.21 (Q3'22: SEK -0.01).

## Operating cash flow affected by negative working capital related to PAYDAY 3 invoicing

As the game financing liability that was credited to revenues has no cash flow effect, operating cash flow (OCF) before working capital (MSEK 189) was significantly lower than EBITDA. Meanwhile, working capital was negatively affected by the receivables linked to PAYDAY 3 sales, leading to OCF after working capital of SEK 11 million. Starbreeze has issued an invoice to Plaion for the share of which Starbreeze is entitled and will receive their share after Plaion gets it from the platforms.

Investments for the quarter came in at SEK 54 million, mainly consisting of capitalized game development. Starbreeze also paid off the remaining debt during the quarter, leaving the company essentially debt-free. At the end of the quarter, Starbreeze's cash and cash equivalents were SEK 314 million.

Estimates MSEK / SEK	Q3'22	Q3'23	Q3'23e	Q3'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	38.7	494	433				14 %	628
EBITDA	24.4	442	404				9 %	477
EBIT (adj.)	9.0	300	351				-15 %	257
EPS (reported)	-0.01	0.21	0.24				-11 %	0.22
Revenue growth-%	11.4 %	1178.6 %	1019.7 %				158.9 pp	392.1 %
EBIT-% (adj.)	23.2 %	60.7 %	81.1 %				-20.4 pp	40.9 %

Source: Inderes

# Troubled launch increases uncertainty regarding estimates

## PAYDAY 3 has experienced a declining player count since launch

According to Starbreeze, the initial sales exceeded their expectations, but due to the technical issues at launch, sales after Q3 have been somewhat lower. This is collaborated by PAYDAY 3's player count (on Steam), which has decreased markedly since launch. A declining trend is to be expected, but PAYDAY 3 currently has less than 2k users. PAYDAY 2, for reference, presently has 30k concurrent users on Steam. As stated, these figures reflect only one platform, Steam, but it is fair to say that PAYDAY 3 has failed to retain players' interest, and no doubt the trend is similar regarding the number of games sold. We have, therefore, lowered our estimates of PAYDAY 3 sales.

The main challenge for Starbreeze now is to successfully entice players to return to the game

when new content and updates are released. Starbreeze took the first step in that journey earlier this week when they announced an update with two new free heists for PAYDAY 3. We welcome Starbreeze's decision to actively try to stimulate the players' interest in the game.

## We lower our estimates of PAYDAY 3 units sold

We lowered the number of PD3 copies sold in Q4'23 to 0.3 million (prev. 0.8 million) due to the poor launch and the declining player count. We also reduced the number of games sold beyond 2023 as we assume that the momentum was partially squandered, leading to the game's long-term popularity suffering. For 2024 and 2025, we lowered the number of games sold to 1.1 million (prev. 1.6m) and 1.0 million (prev. 1.3m).

We also increased our revenue estimates for PAYDAY 2 because the game's revenues were

significantly higher than we expected in Q3 (MSEK 52). Our estimate for full-year 2024 is now SEK 93 million (prev. MSEK 40). We assumed that most players would move over to PAYDAY 3 and revenues would decrease rapidly, but this does not seem to be the case. We still expect PAYDAY 2 revenues to decrease in the future but at a milder pace. We also slightly increased our revenue estimates for third-party publishing. The increased revenue estimates for PAYDAY 2 and the publishing operations work to somewhat offset the decline from lower PAYDAY 3 estimates.

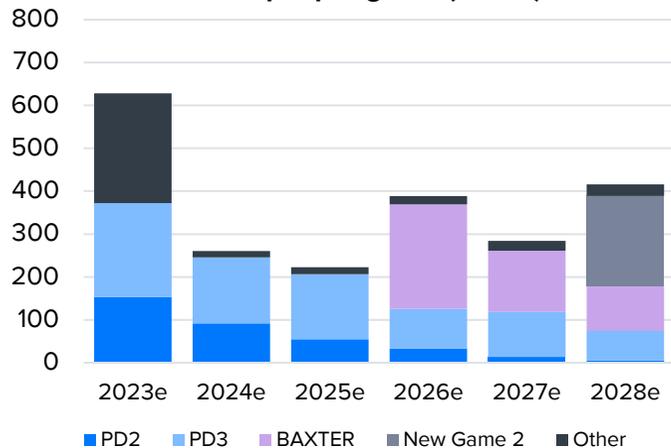
In addition to lowering revenue estimates, we increased costs and D&A based on Q3 results. With lower revenues and higher costs, Starbreeze's EBIT margin will take a significant hit over the next few years, especially in 2025. The significant decrease in 2025 is mainly due to higher amortization and operating costs.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	613	628	2 %	273	260	-4 %	232	223	-4 %
EBITDA	505	477	-6 %	171	119	-30 %	127	80.2	-37 %
EBIT	366	257	-30 %	-17.8	-26.3		63.1	9.0	-86 %
EPS (excl. NRIs)	0.26	0.22	-16 %	-0.01	-0.02		0.04	0.01	-86 %

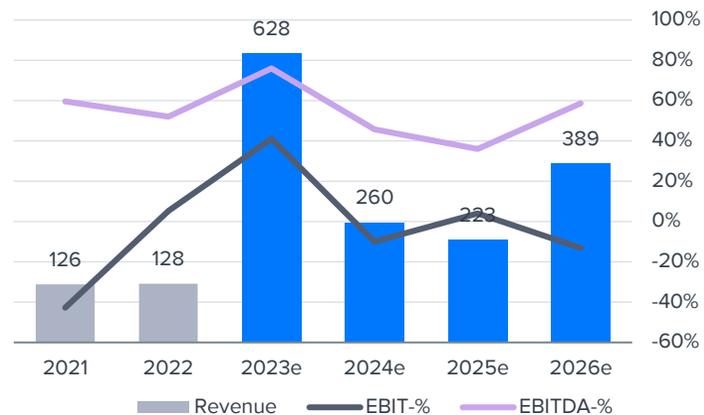
Source: Inderes

# Underlying assumptions for revenue estimates

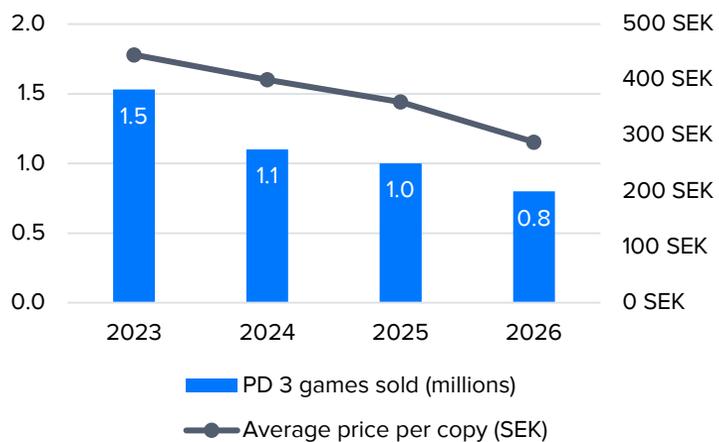
### Revenue split per game (MSEK)\*



### Revenue and EBIT-% development



### PAYDAY 3 - number of copies sold and average price

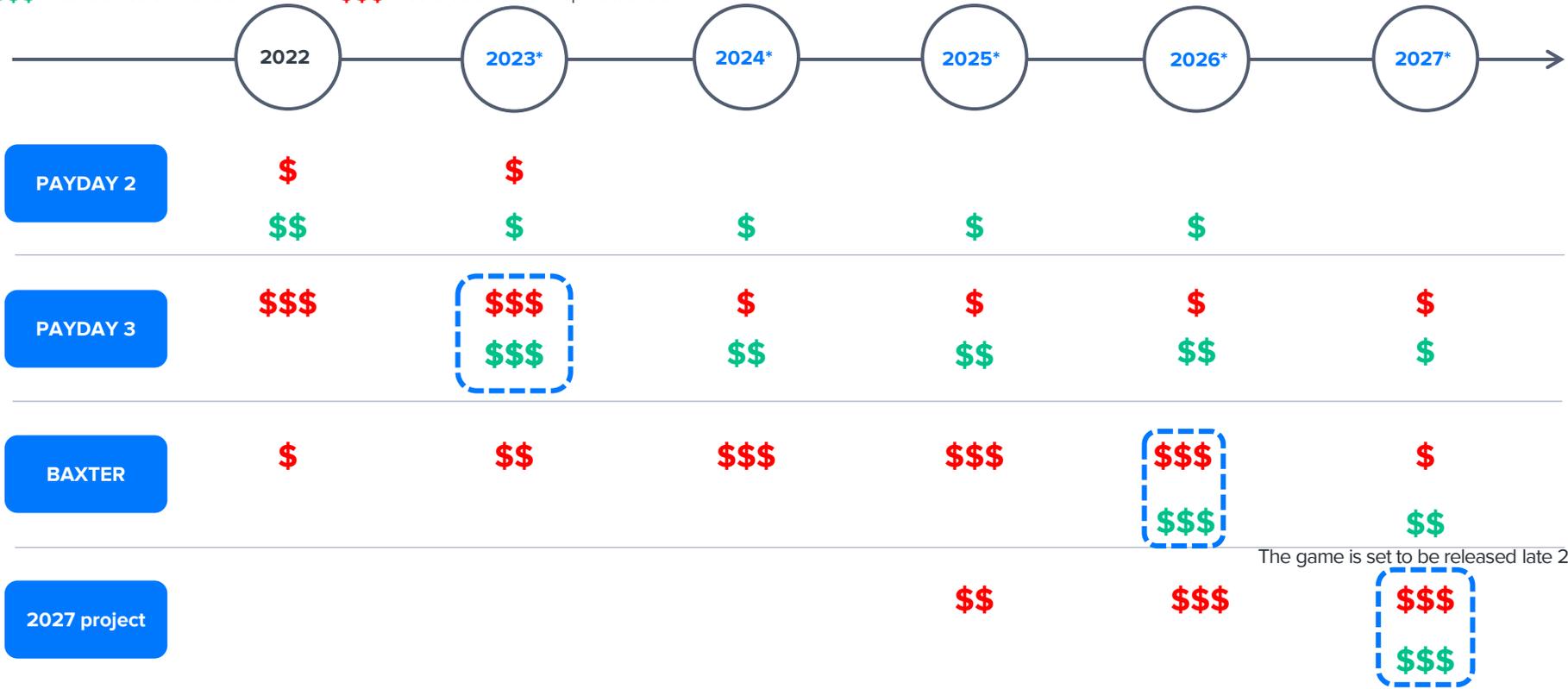


Source: Inderes, \*2023 Other, includes the non-cash game financing income

# 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 troubled launch and declining player count decreases fair value estimate

Since entering early access (SEP 18), Starbreeze's share price has decreased by 54%. Starbreeze's valuation is strongly tied to the performance of PAYDAY 3. With the negative publicity derived from the technical issues at launch combined with the declining player count, PD3's outlook has worsened. However, we believe that Starbreeze, to a degree, will be able to entice players back to the game, which is reflected in our estimates. The main recourse to entice players to return is regular updates, both paid and free. PD3 was always planned as a live service game, with the game's budget covering up to 18 months post-launch.

Starbreeze's current valuation is low in absolute terms and in relation to Starbreeze's potential should they succeed in reviving players' interest in PD3. If, however, the troubled launch irrevocably hurt PD3 and the game's sales do not recover, Starbreeze's valuation would deteriorate.

The low market value of Starbreeze somewhat mitigates the downside risk. At the current enterprise value (MSEK 364), the EV/EBITDA ratio using last year's EBITDA (only PAYDAY 2 revenue) would be around 5.5x. The current EV is also less than 1/3 of the SEK 1,600 million that the PAYDAY IP was valued at in 2019. We, therefore, assess that the risk-to-reward ratio at the current valuation is modestly positive.

## Multiple-based valuation suffers from fluctuating financials

Starbreeze's fluctuating revenues and earnings naturally lead to fluctuating multiples. Depreciation

and amortization will also fluctuate based on the timing of game releases. For 2023, the earnings-based multiples are very low as Starbreeze released a significant game relative to the company's size. But one must remember that 2023 will likely be the best year Starbreeze will have in a while. In addition, earnings in 2023 are amplified due to the game financing liability (non-cash) being credited to the revenues. Meanwhile, free cash flow (FCF) is burdened by a relatively high level of investments into game development. Consequently, FCF-based multiples come in higher than earnings-based ones in 2023.

In 2024 and 2025, the situation looks different. EV/EBITDA remains low at 2.4x and 5.0x, as it is unburdened by large amortizations related to PAYDAY 3. On the other hand, net earnings and EBIT, which D&A impacts, would be negative in 2024 and just SEK 9 million in 2025, according to our estimates. Meanwhile, operating cash flow would fall below the expected investments and lead to a negative FCF in 2024 and 2025.

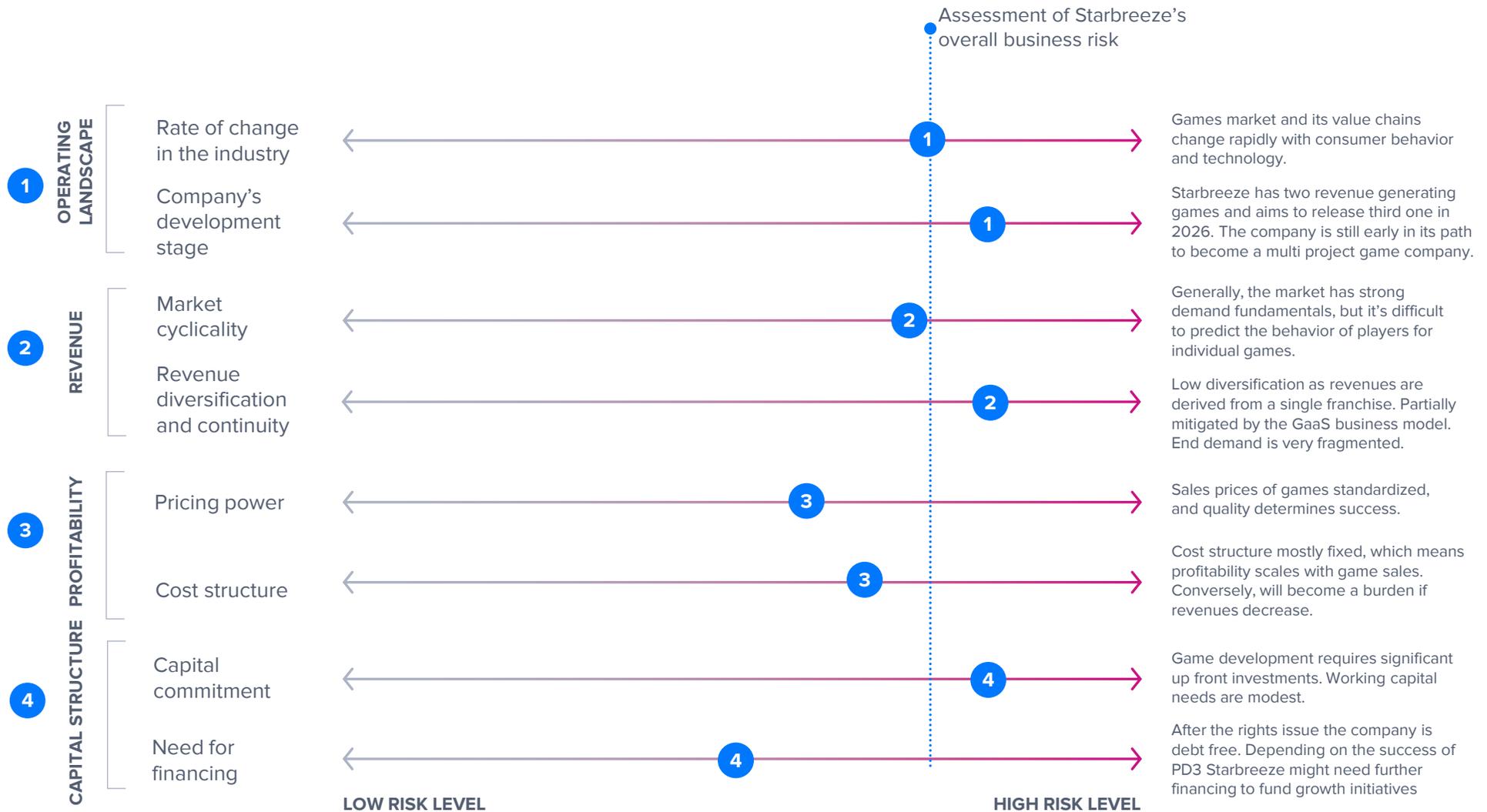
## DCF valuation

Our DCF valuation comes in at SEK 0.69, which is 58% above the current share price. The DCF model, however, represents a long-term scenario where PD3 recovers decently, and the next two games are moderately successful. However, at the company's current development stage, the model's assumptions contain significant uncertainty, and its cash flows are concentrated far in the future. Thus, we feel it does not provide good support over the short-term as Starbreeze's valuation is strongly tied to PD3's short-term performance.

Valuation	2023e	2024e	2025e
Share price	0.44	0.44	0.44
Number of shares, million:	1,477	1,477	1,477
Market cap	667	667	667
EV	233	284	398
P/E (adj.)	2.0	neg.	74.9
P/E	2.0	neg.	74.9
P/FCF	10.4	neg.	neg.
P/B	0.7	0.7	0.7
P/S	1.1	2.6	3.0
EV/Sales	0.4	1.1	1.8
EV/EBITDA	0.5	2.4	5.0
EV/EBIT (adj.)	0.9	neg.	44.2

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

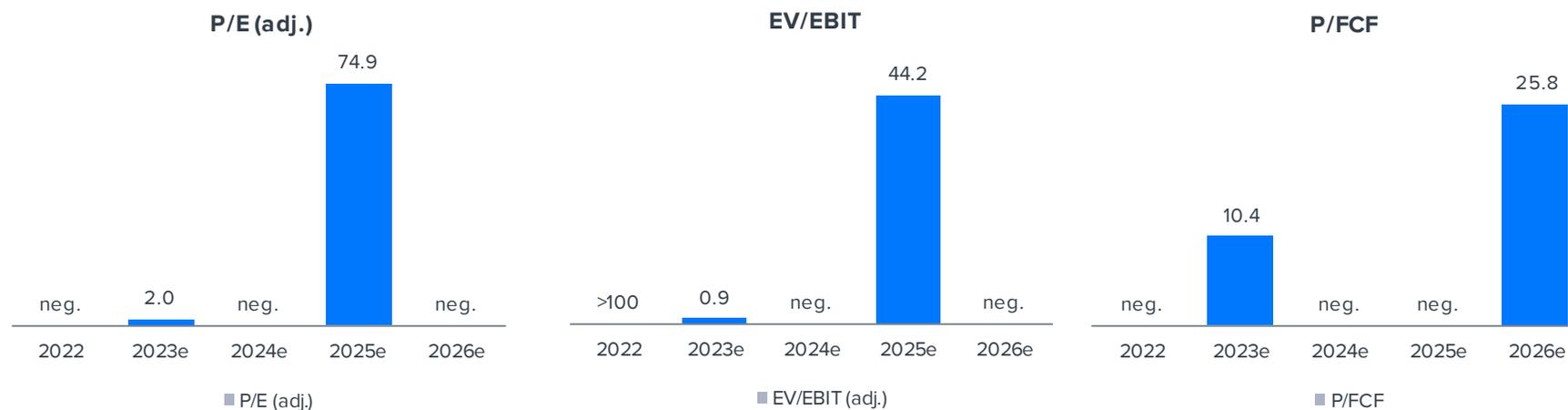


- Undiversified revenue stream with all revenues coming from a single franchise
- If PAYDAY 3 fails to entice players to return, Starbreeze is left without a significant revenue source until the next game is released in 2026
- Limited visibility into the games after PAYDAY 3 makes it hard to assess the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

# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	0.57	1.30	1.09	1.00	1.69	0.44	0.44	0.44	0.44
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	667	667	667	667
EV	128	465	647	1,019	1,496	233	284	398	373
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	2.0	neg.	74.9	neg.
P/E	neg.	neg.	neg.	neg.	neg.	2.0	neg.	74.9	neg.
P/FCF	neg.	neg.	neg.	neg.	neg.	10.4	neg.	neg.	25.8
P/B	0.5	69.3	2.2	5.9	21.6	0.7	0.7	0.7	0.8
P/S	0.5	1.5	4.3	5.8	9.6	1.1	2.6	3.0	1.7
EV/Sales	0.4	1.7	5.5	8.1	11.7	0.4	1.1	1.8	1.0
EV/EBITDA	neg.	neg.	13.1	>100	22.6	0.5	2.4	5.0	1.6
EV/EBIT (adj.)	neg.	neg.	59.5	68.2	>100	0.9	neg.	44.2	neg.

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	358		38.3		24.4	10.9	5.4		46.3	0.4	0.4	5.7
Embracer	3,959	8.0	6.1	5.1	4.3	1.2	1.1	5.4	5.3			0.4
CD Projekt	2,435	25.7	44.8	18.8	30.8	9.8	13.7	30.0	47.4	0.8	0.7	4.8
Paradox Interacrive	2,008	29.3	21.7	14.4	11.6	9.3	8.1	34.4	28.6	1.0	1.1	9.1
Tinybuild	4	1.5	1.5	0.9	0.8	0.1	0.1	6.0	6.9			
Enad Global 7	113	2.7	4.0	2.3	2.6	0.6	0.6	4.8	5.9	2.4	2.9	0.4
11 Bit Studios	287	55.4	6.3	41.5	5.3	11.5	3.7	21.3	6.2			4.8
Playway	485	9.3	8.1	9.2	8.1	5.8	5.1	13.0	11.3	5.4	7.7	4.8
Electronic Arts	32,892	17.4	15.9	15.0	14.1	5.0	4.7	22.3	18.9	0.5	0.6	5.0
Take-Two Interactive	25,801	34.2	37.0	30.4	31.5	5.4	5.1	43.4	48.8			2.7
Ubisoft	5,002		14.4	6.0	5.7	2.5	2.4		20.4			2.2
<b>Starbreeze (Inderes)</b>	<b>20</b>	<b>0.9</b>	<b>-10.8</b>	<b>0.5</b>	<b>2.4</b>	<b>0.4</b>	<b>1.1</b>	<b>2.0</b>	<b>-24.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>
<b>Average</b>		<b>20.4</b>	<b>18.0</b>	<b>14.4</b>	<b>12.6</b>	<b>5.6</b>	<b>4.5</b>	<b>20.1</b>	<b>22.4</b>	<b>1.7</b>	<b>2.2</b>	<b>4.0</b>
<b>Median</b>		<b>17.4</b>	<b>14.4</b>	<b>11.8</b>	<b>8.1</b>	<b>5.4</b>	<b>4.7</b>	<b>21.3</b>	<b>18.9</b>	<b>0.9</b>	<b>0.9</b>	<b>4.8</b>
<b>Diff-% to median</b>		<b>-95 %</b>	<b>-175 %</b>	<b>-96 %</b>	<b>-70 %</b>	<b>-93 %</b>	<b>-77 %</b>	<b>-91 %</b>	<b>-227 %</b>	<b>-100 %</b>	<b>-100 %</b>	<b>-85 %</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	118	126	24	32	39	34	128	27	43	494	64	628	260	223	389
<b>EBITDA</b>	49	6	5	18	24	19	66	4	14	442	17	477	119	80	228
Depreciation	-38	-60	-14	-15	-15	-15	-60	-16	-17	-142	-45	-220	-145	-71	-279
<b>EBIT (excl. NRI)</b>	11	15	-10	3	9	4	7	-12	-3	300	-29	257	-26	9	-52
<b>EBIT</b>	11	-54	-10	3	9	4	7	-12	-3	300	-29	257	-26	9	-52
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	0	0	14	-1	0	-1
<b>PTP</b>	-130	-105	-24	-11	-7	-12	-54	-25	24	300	-29	271	-27	9	-52
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
<b>Net earnings</b>	-130	-103	-24	-11	-8	-17	-60	-25	25	300	-29	271	-27	9	-52
<b>EPS (rep.)</b>	-0.28	-0.14	-0.03	-0.02	-0.01	-0.02	-0.08	-0.03	0.03	0.21	-0.02	0.22	-0.02	0.01	-0.04
<b>Key figures</b>	<b>2020</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Revenue growth-%</b>	-57.9 %	6.5 %	-15.7 %	-0.8 %	11.4 %	8.3 %	1.5 %	13.3 %	36.1 %	1178.6 %	89.0 %	392.1 %	-58.5 %	-14.3 %	74.3 %
<b>Adjusted EBIT growth-%</b>		37.5 %	-222.0 %	163.2 %	82.3 %	579.7 %	-54.9 %	17.1 %	-188.0 %	3240.7 %	-760.6 %	3706.0 %	-110.2 %	-134.3 %	-672.6 %
<b>EBITDA-%</b>	41.7 %	5.0 %	19.4 %	57.0 %	63.0 %	57.4 %	52.0 %	15.2 %	32.6 %	89.3 %	26.4 %	75.9 %	45.7 %	36.0 %	58.5 %
<b>Adjusted EBIT-%</b>	9.2 %	11.9 %	-42.1 %	10.6 %	23.2 %	12.9 %	5.3 %	-43.5 %	-6.8 %	60.7 %	-44.9 %	40.9 %	-10.1 %	4.0 %	-13.3 %
<b>Net earnings-%</b>	-110.4 %	-82.3 %	-102.1 %	-35.4 %	-20.1 %	-49.8 %	-46.9 %	-93.5 %	57.2 %	60.6 %	-44.9 %	43.1 %	-10.3 %	3.8 %	-13.5 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>499</b>	<b>586</b>	<b>547</b>	<b>582</b>	<b>701</b>
Goodwill	42	48	50	50	50
Intangible assets	405	506	476	516	637
Tangible assets	36	23	12	7	6
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
<b>Current assets</b>	<b>176</b>	<b>160</b>	<b>528</b>	<b>437</b>	<b>322</b>
Inventories	0	0	0	0	0
Other current assets	2	0	0	0	0
Receivables	45	52	94	55	54
Cash and equivalents	129	108	434	382	268
<b>Balance sheet total</b>	<b>674</b>	<b>746</b>	<b>1,075</b>	<b>1,019</b>	<b>1,023</b>

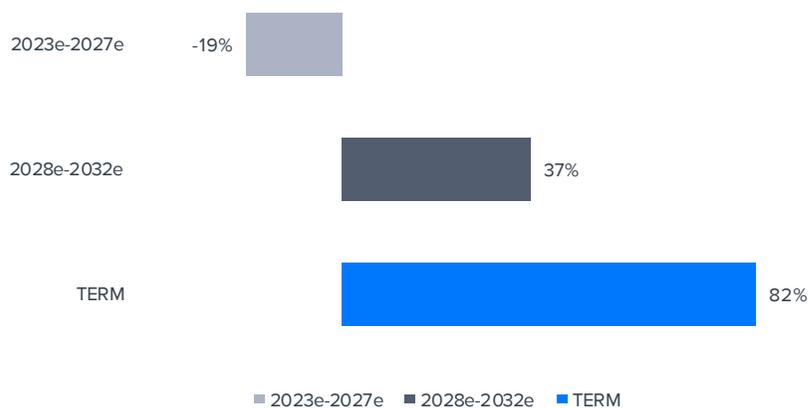
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>123</b>	<b>57</b>	<b>954</b>	<b>928</b>	<b>936</b>
Share capital	14	14	30	30	30
Retained earnings	-1,890	-1,950	-1,679	-1,706	-1,697
Hybrid bonds	0	0	0	0	0
Revaluation reserve	19	13	11	11	11
Other equity	1,979	1,979	2,593	2,593	2,593
Minorities	0	0	0	0	0
<b>Non-current liabilities</b>	<b>443</b>	<b>386</b>	<b>2</b>	<b>2</b>	<b>2</b>
Deferred tax liabilities	0	1	1	1	1
Provisions	0	0	0	0	0
Interest bearing debt	422	380	0	0	0
Convertibles	0	0	0	0	0
Other long term liabilities	21	5	1	1	1
<b>Current liabilities</b>	<b>109</b>	<b>303</b>	<b>118</b>	<b>89</b>	<b>85</b>
Interest bearing debt	0	0	0	0	0
Payables	91	108	107	78	74
Other current liabilities	18	195	11	11	11
<b>Balance sheet total</b>	<b>674</b>	<b>746</b>	<b>1,075</b>	<b>1,019</b>	<b>1,023</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	1.5 %	392.1 %	-58.5 %	-14.3 %	74.3 %	-27.0 %	46.5 %	-16.9 %	18.0 %	16.0 %	2.5 %	2.5 %
EBIT-%	5.3 %	40.9 %	-10.1 %	4.0 %	-13.3 %	11.6 %	-14.7 %	31.4 %	30.0 %	30.0 %	30.0 %	30.0 %
<b>EBIT (operating profit)</b>	<b>7</b>	<b>257</b>	<b>-26</b>	<b>9</b>	<b>-52</b>	<b>33</b>	<b>-61</b>	<b>109</b>	<b>122</b>	<b>142</b>	<b>145</b>	
+ Depreciation	60	220	145	71	279	90	293	240	235	215	214	
- Paid taxes	0	0	0	0	0	0	0	0	0	-29	-30	
- 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	-227	11	-4	-2	-3	-3	-7	-6	-6	-7	
<b>Operating cash flow</b>	<b>65</b>	<b>250</b>	<b>130</b>	<b>76</b>	<b>225</b>	<b>120</b>	<b>228</b>	<b>341</b>	<b>351</b>	<b>321</b>	<b>323</b>	
+ Change in other long-term liabilities	-16	-4	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-151	-181	-181	-190	-200	-208	-211	-213	-213	-213	-213	
<b>Free operating cash flow</b>	<b>-102</b>	<b>64</b>	<b>-51</b>	<b>-114</b>	<b>26</b>	<b>-88</b>	<b>17</b>	<b>128</b>	<b>138</b>	<b>108</b>	<b>110</b>	
+/- Other*	0	665	0	0	0	0	0	0	0	0	0	
FCFF	-102	729	-51	-114	26	-88	17	128	138	108	110	0
<b>Discounted FCFF</b>		<b>720</b>	<b>-45</b>	<b>-91</b>	<b>19</b>	<b>-57</b>	<b>10</b>	<b>68</b>	<b>65</b>	<b>46</b>	<b>42</b>	<b>510</b>
Sum of FCFF present value		1,288	568	613	704	685	742	732	664	599	553	510
<b>Enterprise value DCF</b>		<b>1,288</b>										
- Interest bearing debt*		-380										
+ Cash and cash equivalents		108										
-Minorities		0										
-Dividend/capital return		0										
<b>Equity value DCF</b>		<b>1,016</b>										
<b>Equity value DCF per share</b>		<b>0.69</b>										

## Cash flow distribution



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

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	<b>628</b>	<b>260</b>	EPS (reported)	-0.28	-0.14	-0.08	<b>0.22</b>	<b>-0.02</b>
EBITDA	49	6	66	<b>477</b>	<b>119</b>	EPS (adj.)	-0.28	-0.05	-0.08	<b>0.22</b>	<b>-0.02</b>
EBIT	11	-54	7	<b>257</b>	<b>-26</b>	OCF / share	-0.05	0.12	0.09	<b>0.20</b>	<b>0.09</b>
PTP	-130	-105	-54	<b>271</b>	<b>-27</b>	FCF / share	-0.28	-0.06	-0.14	<b>0.05</b>	<b>-0.03</b>
Net Income	-130	-103	-60	<b>271</b>	<b>-27</b>	Book value / share	0.49	0.17	0.08	<b>0.76</b>	<b>0.63</b>
Extraordinary items	0	-69	0	<b>0</b>	<b>0</b>	Dividend / share	0.00	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	709	674	746	<b>1,075</b>	<b>1,019</b>	Revenue growth-%	-58 %	7 %	2 %	<b>392 %</b>	<b>-59 %</b>
Equity capital	228	123	57	<b>954</b>	<b>928</b>	EBITDA growth-%	-141 %	-87 %	958 %	<b>619 %</b>	<b>-75 %</b>
Goodwill	39	42	48	<b>50</b>	<b>50</b>	EBIT (adj.) growth-%	-102 %	-594 %	-113 %	<b>3706 %</b>	<b>-110 %</b>
Net debt	135	293	271	<b>-434</b>	<b>-382</b>	EPS (adj.) growth-%	-77 %	-83 %	72 %	<b>-362 %</b>	<b>-108 %</b>
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	41.7 %	5.0 %	52.0 %	<b>75.9 %</b>	<b>45.7 %</b>
EBITDA	49	6	66	<b>477</b>	<b>119</b>	EBIT (adj.)-%	9.2 %	-42.7 %	5.3 %	<b>40.9 %</b>	<b>-10.1 %</b>
Change in working capital	-72	13	-8	<b>-227</b>	<b>11</b>	EBIT-%	9.2 %	-42.7 %	5.3 %	<b>40.9 %</b>	<b>-10.1 %</b>
Operating cash flow	-23	87	65	<b>250</b>	<b>130</b>	ROE-%	-111.0 %	-58.9 %	-66.6 %	<b>53.6 %</b>	<b>-2.8 %</b>
CAPEX	-89	-112	-151	<b>-181</b>	<b>-181</b>	ROI-%	2.7 %	-10.1 %	1.4 %	<b>36.9 %</b>	<b>-2.8 %</b>
Free cash flow	-130	-42	-102	<b>64</b>	<b>-51</b>	Equity ratio	32.2 %	18.2 %	7.6 %	<b>88.8 %</b>	<b>91.0 %</b>
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	59.2 %	238.7 %	478.0 %	<b>-45.4 %</b>	<b>-41.2 %</b>
EV/S	5.5	8.1	11.7	<b>0.4</b>	<b>1.1</b>						
EV/EBITDA (adj.)	13.1	>100	22.6	<b>0.5</b>	<b>2.4</b>						
EV/EBIT (adj.)	59.5	68.2	>100	<b>0.9</b>	<b>neg.</b>						
P/E (adj.)	neg.	neg.	neg.	<b>2.0</b>	<b>neg.</b>						
P/B	2.2	5.9	21.6	<b>0.7</b>	<b>0.7</b>						
Dividend-%	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: Inderes

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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



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