Metacon

Initiation of coverage

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Inderes Corporate customer

Providing ‘picks and shovels’ for the green hydrogen industry

Green hydrogen equipment provider Metacon has grown its revenues significantly by securing several electrolyzer orders. With the strong demand outlook for green hydrogen, we see potential for continued robust revenue growth. Due to still negative cash flow, Metacon has depended on share issues to finance its operations. Large orders could quickly take the company to cash flow positivity, but visibility into future orders and profitability improvements is currently low, and further equity issues are possible. Hence, we currently see the stock’s short-term drivers and risk-to-reward ratio as insufficient. We initiate our coverage with a target price of SEK 0.18 and a Reduce recommendation.

A distributor and manufacturer of green hydrogen equipment

Metacon distributes electrolyzers for green hydrogen production in Europe. Additionally, the company manufactures catalytic reformers for converting hydrocarbons such as biogas into hydrogen. The reformers are developed and manufactured by Metacon. The electrolyzers are manufactured in China by one of China’s largest electrolyzer manufacturers, PERIC. Additionally, Metacon will also start manufacturing its own ‘made in EU’- electrolyzer under a license from PERIC. We see the company’s overall competitiveness as good at the current market maturity. The green hydrogen market remains relatively modest, accounting for only a fraction of the total hydrogen consumed today. However, expectations are significant as green hydrogen is seen by many as a promising solution for decarbonizing hard-to-abate sectors such as heavy industry and heavy transportation.

Electrolyzer projects drive current revenues, reformer technology still in an early commercial phase

Today, most of Metacon’s revenues are derived from ongoing electrolyzer projects. The company has also secured a handful of potential orders that are pending start. Metacon’s reformer business is still early in its commercial phase, with a few smaller orders. The company aims to target Europe’s 18,000+ biogas plants as the primary reformer customers. Metacon is currently working on a demo project in Kempten, Germany, to prove the viability of its technology. Additionally, the company is exploring licensing opportunities and is currently negotiating with PERIC about them manufacturing Metacon’s reformers in China for the Chinese market.

We expect strong growth but acknowledge the high uncertainty in all estimates

Our estimates project significant revenue growth (2022-2027e CAGR 92 %) and profitability improvement. However, after a strong 2022, the company’s growth has slowed down throughout 2023. Metacon has three large potential orders with a combined value of 289 MSEK pending, which, if realized, supports revenues in 2024-25. To reach the 2025 revenue estimate all three large projects need to be realized and some additional orders must be secured. Beyond these years, visibility into future revenue development is low, causing substantial uncertainty in our estimates.

Valuation underpinned by a broad set of outcomes depending primarily on order flow

Utilizing valuation methods that depend on Metacon’s future potential, we could justify a broad fair value range of SEK 0.10-0.80 per share, with the median of our valuation methods landing at SEK 0.20 per share. Given the uncertainty about orders materializing and Metacon’s early commercial phase, the return requirement is high. Consequently, we see the current risk-to-reward ratio as quite neutral, and our target price leans towards the low end of the valuation range and the valuation method median. As operations still burn cash, further dilution through share issues is possible. However, we closely monitor order inflow and delivery progress, as these could markedly change the situation.

Recommendation

Reduce
(previous -)

0.18 SEK
(previous -)

Share price:
0.17 SEK

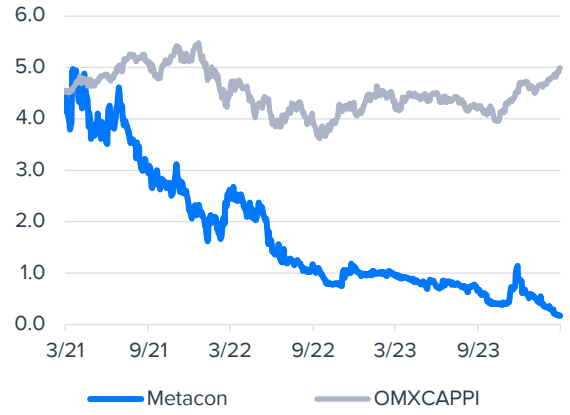
Key indicators

	2022	2023e	2024e	2025e
Revenue	63.8	81.9	148.1	303.5
growth-%	527 %	28 %	81 %	105 %
EBIT adj.	-62.9	-64.0	-79.8	-52.5
EBIT-% adj.	-98.6 %	-78.2 %	-53.9 %	-17.3 %
Net Income	-50.4	-75.3	-91.3	-68.0
EPS (adj.)	-0.22	-0.19	-0.12	-0.07
P/E (adj.)	neg.	neg.	neg.	neg.
P/B	2.3	0.6	1.3	3.9
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	neg.	neg.	neg.
EV/EBITDA	neg.	neg.	neg.	neg.
EV/S	4.5	0.5	0.9	0.8

Source: Inderes

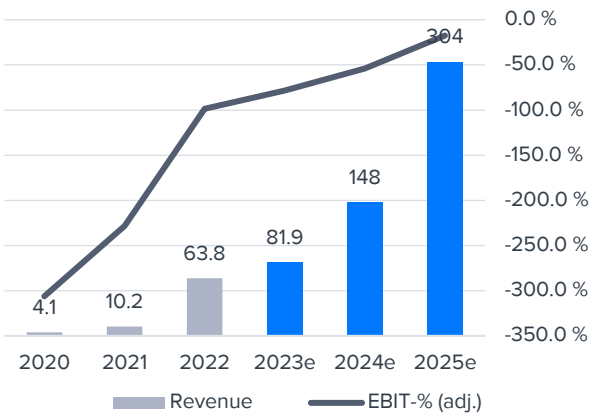
Guidance (Metacon does not provide guidance)

Share price



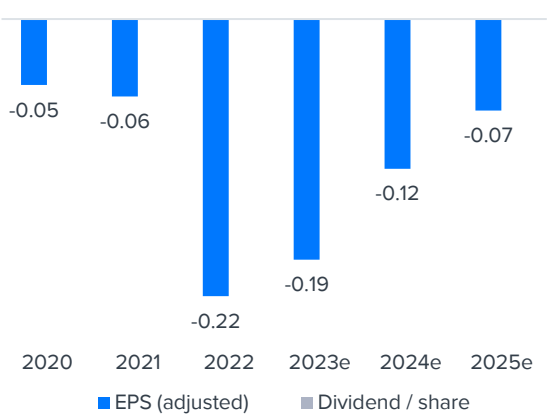
Source: Millistream Market Data AB

Revenue & operating profit-%



Source: Inderes

Earnings per share



Source: Inderes

Value drivers

- Metacon's target market is expected to grow significantly due to the demand for green hydrogen
- Proprietary reformer technology enabling green hydrogen production from biogas
- Electrolyzer distribution and manufacturing agreement with PERIC
- Potential licensing of reformer technology could bring in high-margin revenue
- A handful of larger projects could significantly increase revenues

Risk factors

- Unprofitable operations that are currently funded through equity issues
- Predicting revenue and profitability development is challenging because the company and the market are still in the early stages of development
- Lower order inflow and delays to current orders would put further strain on the company's equity story
- Termination of agreements with PERIC due to commercial or geopolitical reasons

Valuation	2023e	2024e	2025e
Share price	0.17	0.17	0.17
Number of shares, millions	342.6	687.4	802.4
Market cap	59	118	137
EV	39	137	256
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.6	1.3	3.9
P/S	0.7	0.8	0.5
EV/Sales	0.5	0.9	0.8
EV/EBITDA	neg.	neg.	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Contents

Metacon in brief

Metacon is a Swedish manufacturer and distributor of hydrogen equipment. The company's main products are catalytic reformers and electrolyzers for centralized or decentralized hydrogen production

2011
Year of establishment

2018
IPO

64 MSEK (+527% vs. 2021)
Revenue 2022

+71% 2017-2022
Average revenue growth

-35 MSEK (-55% of revenue)
EBITDA 2022

34
Employees at the end of Q3'2023

Greece, Germany and Japan
Metacon subsidiaries outside Sweden

2011-2016

- Metacon is founded in 2011 to invest and market hydrogen related products
- Helbio (Metacon S.A.) is acquired in 2013 with the intent to commercialize their patents and knowledge regarding catalytic reformers
- Metacon delivers a handful of products during the period

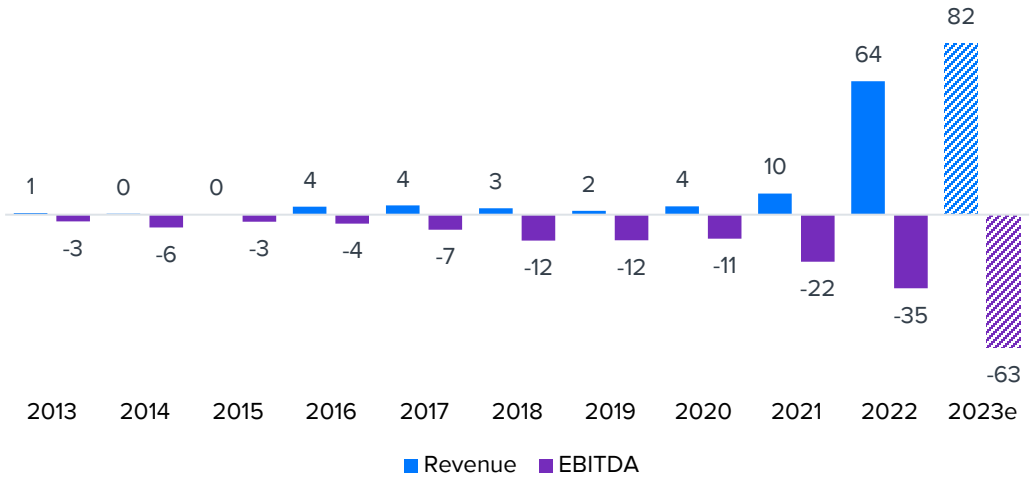
2017-2020

- Listed on NGM Nordic SME in October 2018
- Helbio starts constructing a manufacturing facility in Patras, Greece
- Metacon delivers its first reformers and a few small CHP and APU systems

2021-

- Acquires Water2H2 in 2021 to enter the electrolyzers market
- Pilot project to convert biogas into hydrogen using Metacon's reformer started in Germany
- Metacon enters into a licensing agreement with PERIC to manufacture its own electrolyzers

Revenue and EBITDA development (MSEK)



Source: Metacon / Inderes

Company description and business model (1/3)

Hydrogen production equipment

Metacon manufactures and distributes equipment related to the production of hydrogen, electricity, and heat. The company has two business areas: **Catalytic reforming** (hydrogen production from hydrocarbons) and **Electrolysis** (hydrogen production from water and electricity). Metacon also offers complementary products, such as hydrogen refueling stations (HRS) and combined heat and power systems (CHP).

Metacon was established in Sweden in 2011 to invest in and market hydrogen solutions. In addition to its headquarters in Sweden, the company has subsidiaries in Greece, Germany, and Japan. The German and Japanese subsidiaries focus on sales and promoting Metacon's solutions in the respective regions. The Greek subsidiary, Metacon S.A. (prev. Helbio S.A.), was acquired in 2013 and is responsible for the research, development, and manufacturing of reformers and CHP systems. Metacon S.A., is a spin-off from the University of Patras and was founded in 2001 to develop catalytic reformers.

To enter the growing market of hydrogen electrolyzers, Metacon acquired Water2H2 in 2021. Water2H2 held a distribution agreement with PERIC (One of China's largest manufacturers of electrolyzers) regarding the sale and marketing of electrolyzers and hydrogen refueling stations in Europe. The agreement gives Metacon exclusivity to distribute PERIC electrolyzers in the Nordics and the Baltics. Metacon has also signed a licensing agreement with PERIC to manufacture its own electrolyzers in Europe based on PERIC's technology.

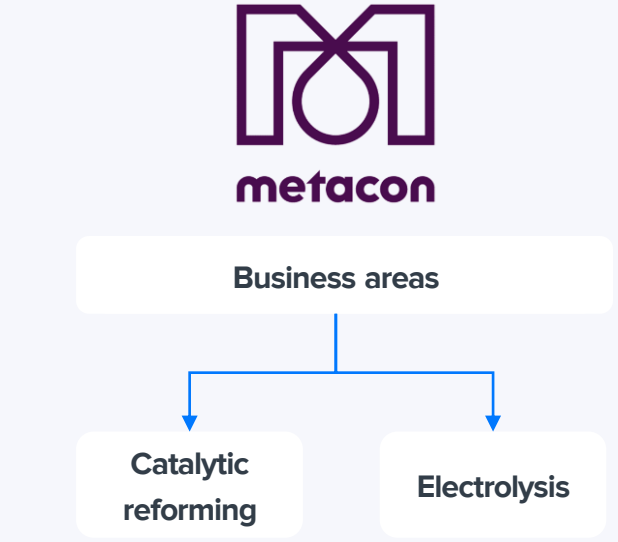
Metacon aims to capitalize on the growing demand for green hydrogen as a potential solution to combat climate change. Rather than producing hydrogen, Metacon aims to supply the "picks and shovels" to the hydrogen industry.

At the beginning of the commercial phase

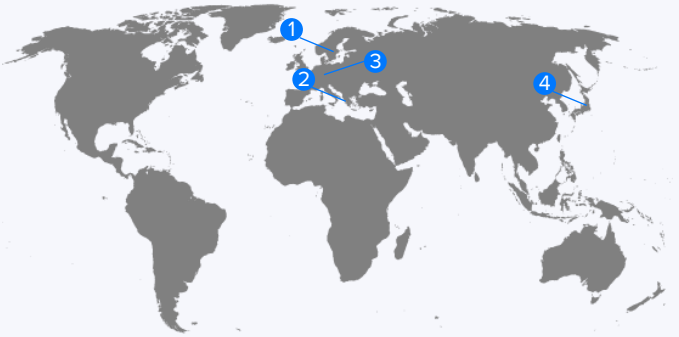
Before 2021, Metacon received a handful of yearly orders primarily for their small CHP systems and catalytic reformers. The company was still in the research and development phase with minimal revenues. This started to change in 2021 when Metacon received a 22 MSEK order for an electrolyzer-powered hydrogen refueling station in Älghult, Sweden. This was followed by two more electrolyzer orders in early 2022, one from Slovakia and one from Sweden. Metacon had now entered what they termed the commercial phase, with revenues growing by over 500% in 2022.

Metacon also announced two landmark projects for the company in 2022. The first being an order for a mid-sized reformer in Kempten, Germany, which will be used to convert biogas into hydrogen. When ready, it will act as a demonstration plant to prove the viability of producing off-grid local green hydrogen from biogas. With over 10,000 biogas plants in Germany alone, Metacon is eager to demonstrate the capability of their catalytic reformers. The second key project is for a 10 MW electrolyzer - integrated hydrogen refueling station in Romania. The project's value is around 184 MSEK, which, if realized, would be the largest order received by Metacon.

Metacon's work to scale the business and create a product portfolio took time and required raising outside capital. However, the company now feels that they are starting to assemble a unique portfolio of compelling solutions and scalable products for different needs in the green hydrogen market.



Metacon's operations on the map



1) Sweden: Headquarters
2) Greece: Manufacturing and research
3) Germany: Sales organization
4) Japan: Sales organization

Company description and business model (2/3)

Product portfolio

Metacon has the following four product categories: **Catalytic reformers**, **Electrolyzers**, **Hydrogen refueling stations (HRS)**, and **Combined heat and power (CHP) systems**. The first two product categories contain equipment for hydrogen production. HRS is a complementary product to the first two but is also sold individually. The CHP systems are used for small-scale decentralized power and heat production.

Catalytic reformers produce hydrogen from hydrocarbons such as biogas, natural gas, and LPG. Reformers are primarily used in industries with a high hydrogen demand and where the raw material such as methane or other hydrocarbons are available locally at low cost. Metacon sells its reformers under the HHG Series, which sells systems capable of generating 10 to 250 Nm3/h of hydrogen. Metacon has received CE* marking for their HHG 40 & HHG 50 systems.

Electrolyzers are used to produce green hydrogen from electricity and water. Metacon distributes electrolyzers manufactured by the Chinese company PERIC. Metacon sells both Alkaline and PEM electrolyzers in different sizes, including up to 10 MW. All solutions are available in standardized, modular configurations for maximum flexibility and scalability. Metacon has also announced that they aim to start manufacturing their own electrolyzer in Europe under a license from PERIC.

Hydrogen refueling stations (HRS) consist of complete 350 and 700-bar hydrogen fueling stations in various sizes with accompanying compressors, high-pressure storage, coolers, and dispensers. Primary customers are operators of refueling stations, and transport and logistic companies. The HRS systems are often sold together with a reformer or electrolyzer to produce hydrogen locally.

Combined heat and power (CHP) systems enable local power and heat production from biogas, natural gas, and ethanol. Metacon provides both small and large CHP systems. However, in practice, it's mainly Metacon's small CHP system, H2PS-5, that has received orders. The H2PS-5 produces 5 kW of electricity and about 7 kW of thermal power. H2PS-5 is intended for smaller buildings, companies, villages, and temporary facilities. The last order announced for H2PS-5 was in May 2022 for five units. The deal is, however, pending a CE marking, which Metacon is actively pursuing. Metacon also manufactures small auxiliary power units (APU) up to 500w that produce only electricity.

Metacon's current strategy is to focus on reformers and electrolyzers. Metacon sees significantly greater opportunities for more profitable operations and reduced business risks in these two areas. Therefore, in 2022, Metacon strategically evaluated the CHP product area as it does not fit naturally into Metacon's strategy of purely focusing on hydrogen production and larger B2B projects. The CHP area has been deprioritized, but Metacon does still see some interesting niche applications for its CHP products.

*The CE mark proves and ensures that Metacon's technology and design comply with EU product safety requirements.

Catalytic reforming

Catalytic reformers
(HHG Series)

Combined heat and power systems
(H2PS-5)

Electrolysis

Electrolyzers
(PEM and Alkaline electrolyzers manufactured by PERIC)

Hydrogen refueling stations
(350 and 700 bar HRS for heavy and passenger vehicles)

Source: Metacon

Company description and business model (3/4)

Electrolyzer projects drive current revenues

The company's revenues come from equipment sales, maintenance, installation services, and joint projects. Since 2021, Metacon's orders/MoU have consisted of electrolyzer projects (6 orders), hydrogen reformers (6 orders), and small CHP systems (3 orders).

The order value for the electrolyzer projects has, in general, been significantly higher than for reformers and CHPs. Consequently, current revenues are primarily from electrolyzer projects, specifically the ones in Sweden and Slovakia. The company also has two large potential orders with a combined value of 245 MSEK pending start. The first one was received from the Ground Investment Corporation (Romania) in late 2022, and the second one in early 2023 from the Regional Directorate of State Forests in Katowice ("RDSF"), Poland. Typical customers for the electrolyzer projects are industrials, HRS operators, and the transportation sector.

The electrolyzer projects are secured through direct sales and tender processes. Customers are sometimes eligible for public grants, which is good for demand, but can also slow down the process. Once Metacon has won the order, the delivery time ranges from 12 to 18 months. The projects are sold on a fixed price basis with a pre-payment at the start. Thereafter, the company is paid as the project progresses, and consequently, revenues are booked over several quarters. As revenues are derived from individual projects, they are perhaps best described as non-recurring at this stage. Metacon usually partners with a local installer (EPC partner) to help execute the project. Metacon's market today consists primarily of Europe.

Manufacturing electrolyzers in the EU under a license from PERIC

In early 2024, Metacon announced that it had signed an exclusive license agreement with PERIC, giving Metacon the rights to manufacture its own electrolysis systems. The electrolyzers will be built under its own name and brand but will be based on PERIC's technology. Metacon is initially planning for a production volume of up to 0.5 GW per year, corresponding to 50-100 complete electrolysis plants based on 5 and 10 MW electrolysis modules, respectively. Metacon then plans to scale up to a capacity of 1 GW per year and more. The planned factory will be built in Sweden or another EU country.

The commercial logic behind this agreement is that by using PERIC's proven technology and manufacturing methods, Metacon can produce locally-made electrolyzers for the European market. The aim is also to manufacture these electrolyzers cheaper than other European-made ones but up to European standards and quality assurance. Initially, PERIC will provide certain components, such as the electrolysis modules (stacks). Metacon will then assemble the electrolyzers and carry out the necessary adaptations to meet European requirements. According to the company, the collaboration with PERIC will enable Metacon to quickly get up and running with manufacturing electrolyzers with a relatively limited investment. At least compared to if they would have started from scratch. The factory will, however, require a separate financing solution, and the company will evaluate the opportunity to gain national or EU subsidies and other forms of financing for the factory.

The three phases of the new electrolyzer plant

1. Production capacity of 500 MW based on the assembly of PERIC electrolyzers

2. Maintaining the first phase while Metacon assumes large parts of the production process

3. Reach full capacity and optimize the production process. Expanding capacity to 1,000 MW

Source: Inderes, Metacon

Company description and business model (4/4)

Licensing reformer technology a potential future source of revenues

As the use of the company's products increases, there's the potential opportunity to generate revenue from licensing the company's technology to external manufacturers of various types of hydrogen equipment. The first step regarding this was taken in 2020 when Metacon agreed to license their technology for an ammonia-to-hydrogen cracker to the Norwegian company Pherousa. Pherousa has a worldwide exclusive license for the maritime sector, while Metacon retains the rights for all other applications.

Additionally, in November 2023, Metacon and PERIC signed a Memorandum of Understanding regarding an agreement granting PERIC the right to manufacture and sell Metacon's reformers (HHG systems) on the Chinese market. Metacon would still manufacture and supply the reformer's reactor to PERIC, who would then assemble and sell the HHG systems on the Chinese market. If the companies can reach an agreement, Metacon would gain a strong volume manufacturer and a sales partner in one of the world's largest hydrogen markets.

Cost structure reflects the company's early development stage

Metacon's operating costs consist of raw materials and consumables, Employee benefit expenses, D&A, Other external costs, and Other operating expenses. Raw materials have quickly grown to represent about 50% of the total costs. These costs are associated with the electrolyzers and reformer projects and are largely variable, increasing and decreasing in line with revenues. These costs have grown rapidly as Metacon has delivered and started to deliver their first projects. We expect these costs to continue to grow as Metacon receives further orders for electrolyzers and reformers.

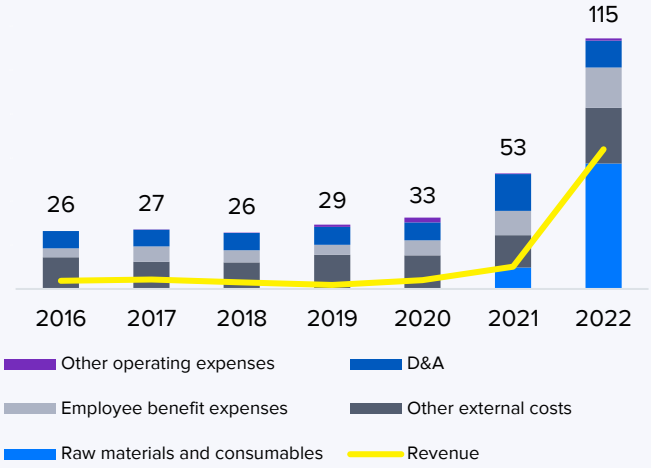
Employee benefit expenses and D&A expenses have also grown as the organization prepares to enter the commercial phase properly. These costs will continue to grow, but perhaps not as fast as raw materials and consumables. Other external costs consist of purchased services such as consultation and external expertise.

Financial results and position

With Metacon being early in its commercial phase, the company's business has yet to become profitable. Growth investments have accelerated in recent years, leading to increased costs. Revenues over the last twelve months have increased to 70 MSEK as Metacon started delivering electrolyzer projects. However, with the current cost structure, the operating result is significantly negative (LTM Q3'23: -47 MSEK).

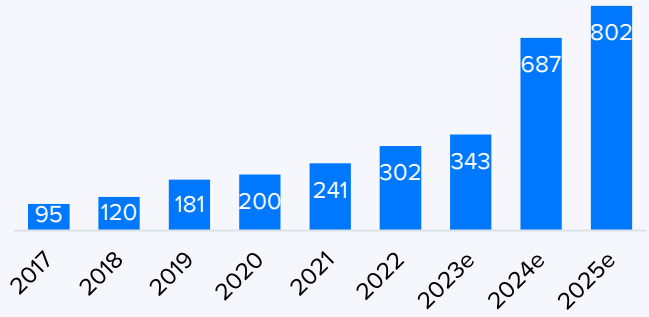
With loss-making operations, the company's financing has been secured through regular share issues. The number of shares has correspondingly increased steadily leading to dilution of the existing shareholders. The company has also allocated around 180 MSEK towards acquisitions during the last few years. At the end of Q3'2023, the company had cash reserves of 60 MSEK and interest-bearing debts of 18 MSEK. The rights issue in February 2024 brought in 100 MSEK before costs improving the company's financial position, while markedly increasing the number of outstanding shares.

Operating costs (MSEK)



Source: Inderes

Average outstanding Shares (million shares)[1]



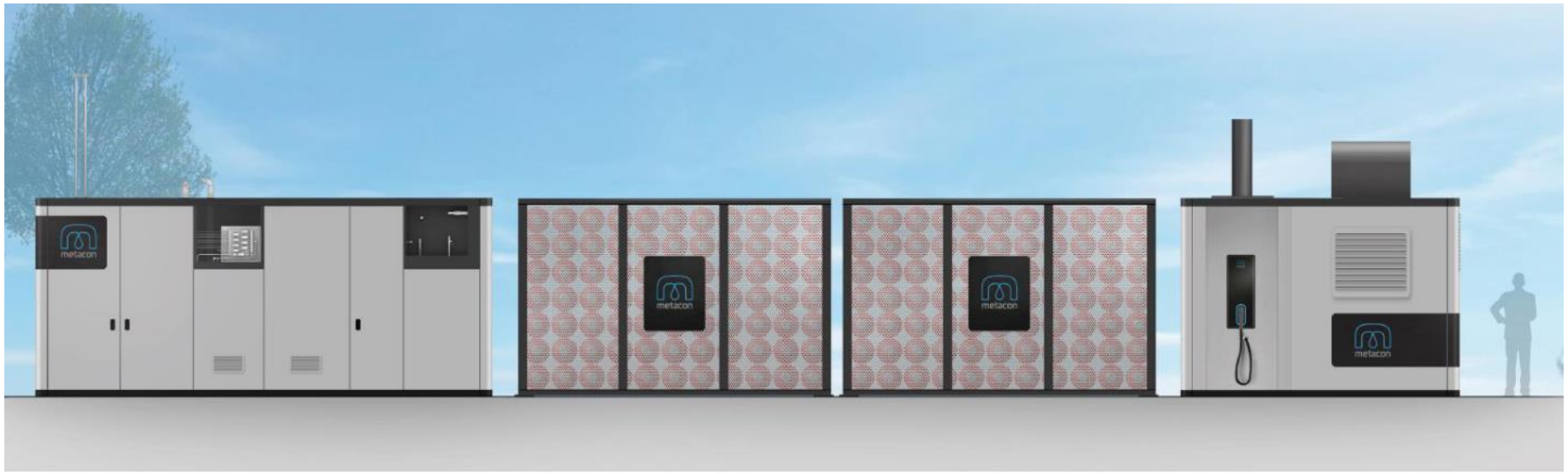
1) 2025e includes shares from warrants issued in the 2024 rights issue
Source: Inderes, Metacon

Hydrogen refueling station integrated with a reformer

Catalytic reformer
Producing hydrogen from hydrocarbons such as biogas

Storage tanks
Multiple tanks storing compressed hydrogen

Hydrogen refueling station
350 or 700 bar fueling stations for heavy and passenger vehicles

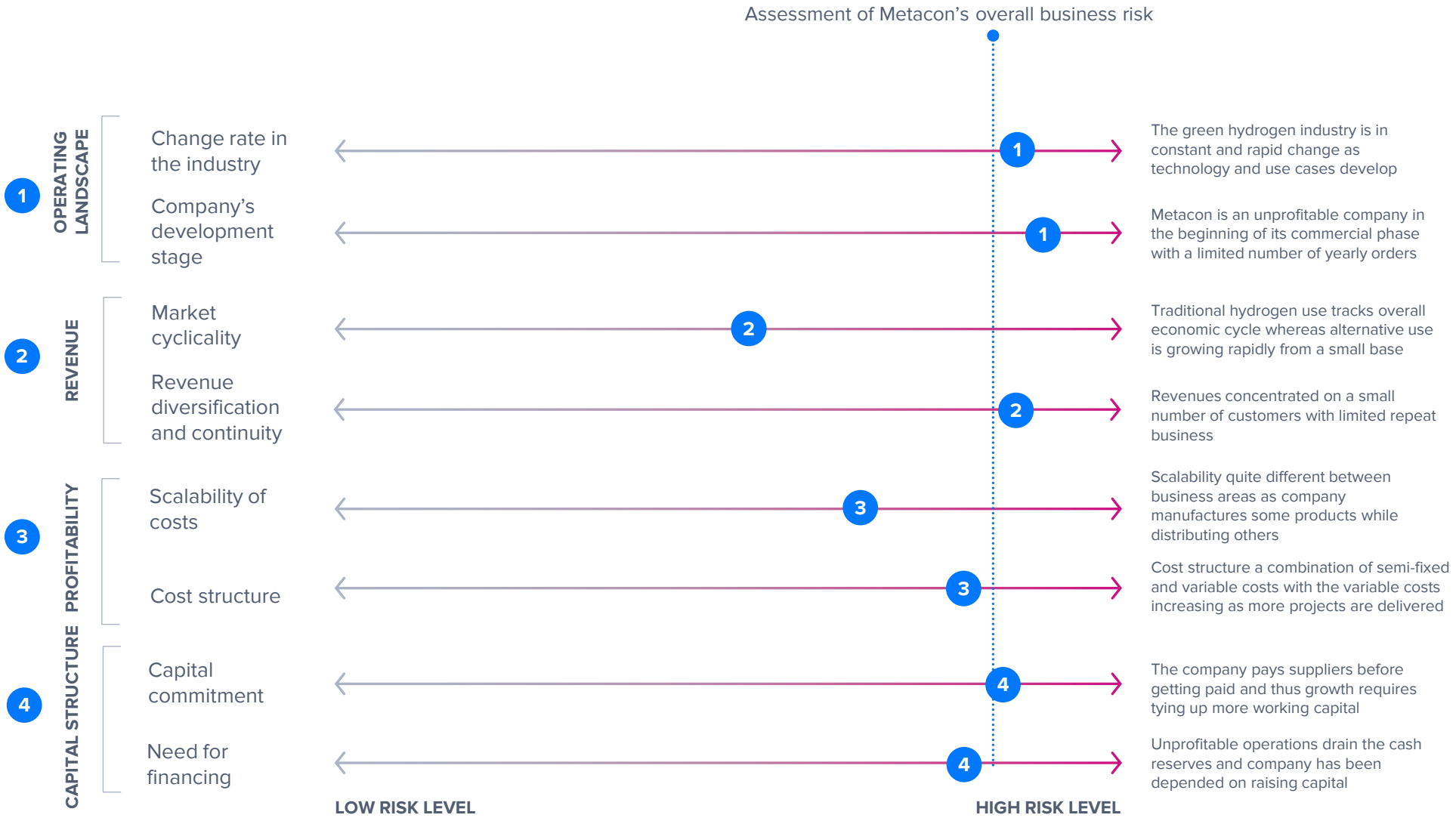


Designed and manufactured by Metacon's subsidiary in Greece

Distribution agreement with PERIC for hydrogen refueling stations

Source: Metacon

Risk profile of the business model



Source: Inderes

Market and competitive field (1/4)

Hydrogen is a common and versatile element

Hydrogen (H_2) is the most abundant chemical substance in the universe. Hydrogen is a highly reactive element and is thus rarely found freely on earth, preferring to form compounds such as water, coal, oil, and natural gas.

Extracting hydrogen for commercial use involves separating it from the compounds through either steam reforming (fossil fuels) or electrolysis (water). Today, hydrogen is mainly used as a raw material in the refining and chemical sectors. Hydrogen is, however, quite versatile and can also be used as an **energy carrier**, **storage medium**, and **fuel.**

Depending on how it is produced, hydrogen is labeled with various colors. Green hydrogen is hydrogen produced without any greenhouse gas emissions, typically by using electricity from renewable sources like solar or wind to electrolyze water. Green Hydrogen can also be produced from biofuels like biogas. Hydrogen produced from fossil fuels is labeled as gray or black hydrogen. If the emitted carbon dioxide is captured and stored it is labeled as blue hydrogen.

Hydrogen is mostly produced from fossil fuels

Global hydrogen production reached 95 Mt[1] in 2022, an increase of 3% compared to 2021. China, the United States, the Middle East, India, and Russia accounted for 70% of the production, and most of it was used domestically. Up to 80% of the hydrogen used was produced on-site, with the remaining sourced from merchants. Almost all hydrogen produced today is done through steam reforming of natural gas and coal, and thus, hydrogen production is responsible for significant annual CO_2 emissions. Hydrogen can, however, also be produced with low to no emissions through the following methods:

- Electrolysis of water using carbon-free electricity
- Reforming of biofuels such as biomethane
- Steam reforming of fossil fuels with carbon capture and storage

In electrolysis, an electric current is run through water (H_2O), which splits the hydrogen (H_2) and oxygen (O) apart. If the electricity used is carbon-free, the resulting hydrogen is also considered carbon-free. Low-emission hydrogen production accounted for less than 1%[1] of 2022 production and was almost entirely from steam reforming of fossil fuels with carbon capture and storage.

Hydrogen is mostly used in the refining and chemical sectors

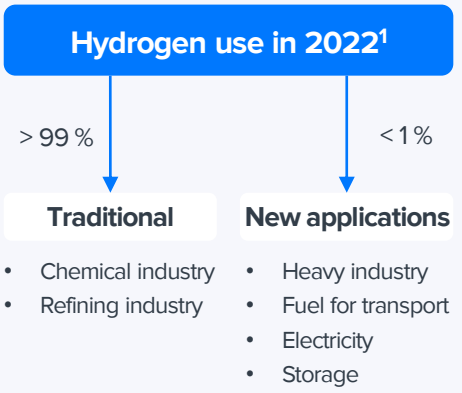
Essentially, all the hydrogen used in 2022 was used in **traditional applications**, such as in the refining and chemical sectors. Less than 0.1%[1] of global demand is used in **new applications** such as heavy industry, transport, the production of hydrogen-based fuels, or electricity generation and storage.

As hydrogen is flammable, it can be combusted to generate heat and electricity. Hydrogen burns clean, making it a more environmentally friendly fuel for heating, electricity generation, and industrial uses. Hydrogen can also be combined with oxygen in a fuel cell to generate electricity, with the only emission being water. With an increased focus on decarbonizing our societies, hydrogen is often seen as an important part of the overall solution.

GREEN HYDROGEN
Is derived in a carbon-free manner via green energy

BLUE HYDROGEN
Is derived from fossil fuels, with carbon capture

GRAY HYDROGEN
Is derived from fossil fuels – CO_2 is emitted in the process



1) IEA

Market and competitive field (2/4)

In the IEA's updated Net Zero Emissions by 2050 scenario, they expect hydrogen use to grow by 6% annually until the end of this decade. This implies reaching more than 150 Mt of hydrogen use by 2030, with nearly 40% coming from new applications.

Meanwhile, PWC expects hydrogen demand to grow moderately until 2030. After 2030, they expect growth to accelerate, and demand could reach 150-500 Mt by 2050, depending on global climate ambitions and the development of sector-specific activities, energy-efficiency measures, direct electrification and the use of carbon-capture technologies. According to the Hydrogen council, there are currently 1,418 announced clean hydrogen projects representing investments of about 570 BUSD.

Green hydrogen's role in decarbonizing our society

Green hydrogen has been suggested as a solution for some sectors where emissions are hard-to-abate and other low-emission technologies are unavailable, costly, or difficult to implement. These sectors include heavy transport, heavy industry, and seasonal energy storage. In addition, switching to green hydrogen for the traditional uses for hydrogen (chemical & refining sector) would aid in lowering overall GHG emissions.

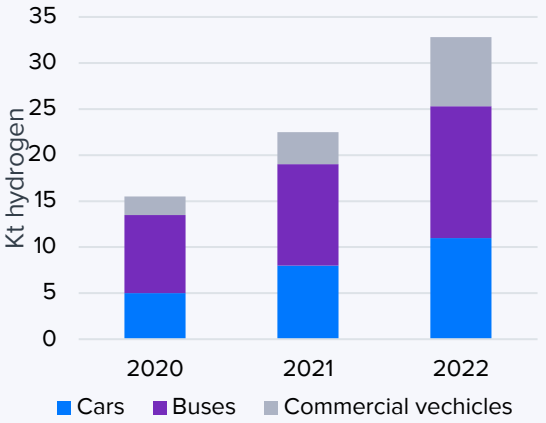
Heavy transportation. With 22%[1] of new passenger cars in the EU being electrically-chargeable vehicles the future of passenger vehicles seems to be battery-electric vehicles (BEV). However, suitable battery technology is not yet available for heavy-duty road transport, marine vessels, and aviation. Limited range, long charging times, and the weight of the batteries are the main problems. One alternative solution is using hydrogen in a fuel cell to produce electricity to power an engine. These vehicles are termed fuel cell electric vehicles (FCEV). Both FCEV and BEV run on an electric motor and are differentiated by how the energy is stored. In BEV, the energy is stored in batteries, whereas in FCEV, it is stored as hydrogen.

Both types of vehicles have their benefits and drawbacks. With FCEV, the main advantages are refueling time, range, and power-to-weight ratio. The main disadvantage of FCEV compared to BEV is its efficiency. The round-trip efficiency from electricity to hydrogen back to electricity is only 35%[2]. When it comes to BEVs, energy efficiency is significantly higher at 85-90%[2]. BEV also has a head start in terms of charging infrastructure compared to hydrogen due to established electricity grids and investments in electric chargers from car manufacturers and other companies.

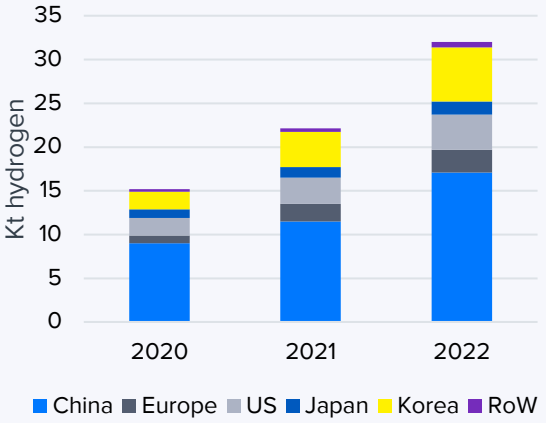
According to the IEA, hydrogen used in road transport is steadily growing, increasing by around 45% to 0.03 Mt in 2022. The largest region of hydrogen use within transport is China, which consumes more than half of the hydrogen used for transport. Other notable regions are South Korea and the United States. Currently, the largest vehicle segment by hydrogen use is busses, followed by passenger cars. However, the fastest-growing segment is commercial vehicles.

Several challenges remain in the widespread adoption of hydrogen in transport. One significant hurdle is the development of a comprehensive hydrogen infrastructure, including production, distribution, and refueling stations.

Hydrogen consumption in road transport by vehicle type[3]



Hydrogen consumption in road transport by region[3]



1) European Automobile Manufacturers' Association (2022)
2) McKinsey & Company, Quantron
3) IEA

Market and competitive field (3/4)

As of early 2024, for example, there are only six hydrogen refueling stations in Sweden[1]. Additionally, the cost of hydrogen production, particularly green hydrogen (€3-€8/kg)[2] produced through renewable energy, must decrease to enhance its competitiveness with other energy carriers.

Industry. Hydrogen has also shown promise in helping decarbonize some industrial processes, such as steel production. Steel production is responsible for about 7%[3] of global CO_2 emissions today. The steelmaking sector can significantly reduce its carbon footprint by utilizing green hydrogen. Green hydrogen acts as a clean alternative to conventional fossil fuels in various steel production stages, such as direct reduction of iron ore and steel annealing processes. Using green hydrogen has proven viable in Sweden with the Hybrit project, which is a joint venture between LKAB, SSAB, and Vattenfall.

Storage. Hydrogen could also be used for energy storage, helping to balance the intermittent nature of renewable energy sources like wind and solar. The excess energy generated during peak production periods can be used to produce green hydrogen through water electrolysis. This hydrogen can then be stored and transported for later use. During periods of low renewable energy generation, the stored green hydrogen can be converted back to electricity through fuel cells, providing a reliable and on-demand source of clean power.

The electrolyzer market

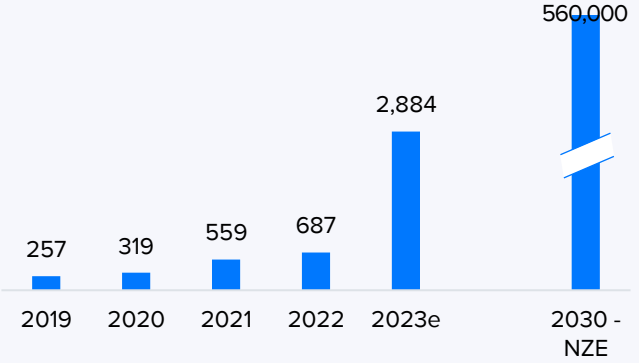
Today, water electrolysis accounts for just 0.1%[4] of global hydrogen production. However, installed capacity and the number of announced projects have been growing rapidly in recent years. By the end of 2022, the global installed water electrolyzer capacity for hydrogen production reached almost 700 MW[4], a 20% increase compared to the previous year. IEA projects the capacity to increase to 2,800 MW in 2023, a four-fold increase compared to 2022. Today there are several electrolyzer projects in the pipeline, and if all of these are realized, the installed electrolyzer capacity will grow to 170-365 GW[4] by 2030.

Regionally, the largest installed capacity is found in China, with a cumulated capacity of almost 220 MW[4]. China also leads when it comes to manufacturing capacity, accounting for 40% of global capacity. Other notable regions are the European Union, which installed about 80 MW[4] in 2022, and the United States.

Electrolyzer manufacturers have seen increased demand as interest in green hydrogen has grown. The market is characterized by technological advancements aimed at improving efficiency, reducing costs, and increasing the scalability of these systems. Innovations in materials, such as advanced catalysts and membranes, are enhancing the overall performance of electrolyzers.

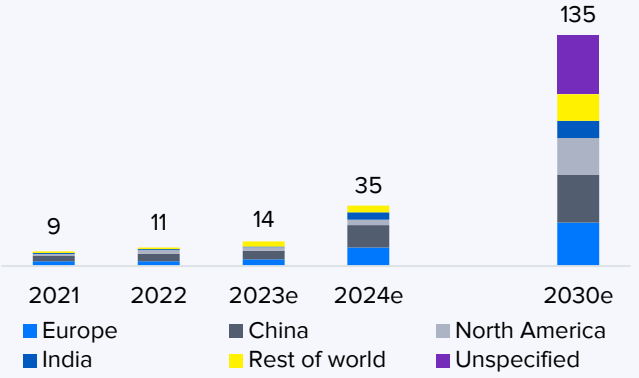
Various sources estimate the size of the global electrolyzer market in 2023 at about a couple of billion dollars and expect it to grow to tens of billions of dollars by the end of the decade (Allied Market Research, Markets and Markets, Prudence Research).

Total installed electrolysis capacity (MW)[4]



NZE = IEA's Net Zero Emissions by 2050 Scenario

Announced electrolyzer manufacturing capacity by region (GW/year)[4]



1) Vätgas Sverige
2) PWC, European production costs
3) SSAB
4) IEA

Market and competitive field (4/4)

Electrolyzer competitive landscape

The competitive environment of the electrolyzer market includes manufacturers from across the world. Europe has several electrolyzer manufacturers, such as ThyssenKrupp Nucera, Nel, John Cockerill, and ITM Power. In addition to European manufacturers, several companies from China (Longi, Sungrow, PERIC) and the USA (Plug Power, Bloom Energy, Cummings) are active on the electrolyzer market.

In general, Chinese electrolyzers are cheaper than the ones manufactured in Europe and the USA. Exactly how much cheaper is debated, with some sources estimating up to two to five times cheaper while others state less than half[1]. According to Thyssenkrupp Nucera's CEO, Chinese electrolyzers may be cheaper to buy but are less efficient, leading to higher costs over the lifetime of a project[1].

With Chinese manufacturers rapidly expanding capacity, some EU officials have raised concerns that Chinese manufacturers would push out European ones, much the same as happened with solar photovoltaics. It is not a coincidence that both Longi and Sungrow have their roots in the solar sector. Recently, some senior European Commission leaders wanted to introduce rules to prevent EU subsidies for green hydrogen from being used to buy Chinese electrolyzers. The opposition has so far blocked this move[1].

In the chart below, we have gathered the financials of some of the listed European electrolyzer manufacturers. The companies selected here are primarily active in the manufacturing of electrolyzers or other hydrogen equipment. It is obvious that profitability has been a challenge for most companies. To a degree, this is to be expected as the companies and the market are immature. ThyssenKrupp Nucera is the largest measured by revenue and the only one to reach a positive EBIT. The company has successfully secured several large-scale electrolyzer projects, such as a 700 MW project from H2 Green Steel and a 2,200 MW project from Neom Green Hydrogen Company.

Electrolyzer manufacturers (incomplete list)

Europe

- Siemens Energy (Germany)
- Thyssenkrupp Nucera (Germany)
- Green Hydrogen Systems (Denmark)
- John Cockerill (Belgium)
- Bosch (Germany)
- ITM Power (UK)
- Hydrogen Pro (Norway)
- McPhy Energy (France)
- ITM Power (UK)
- Nel (Norway)
- SunFire (Germany)

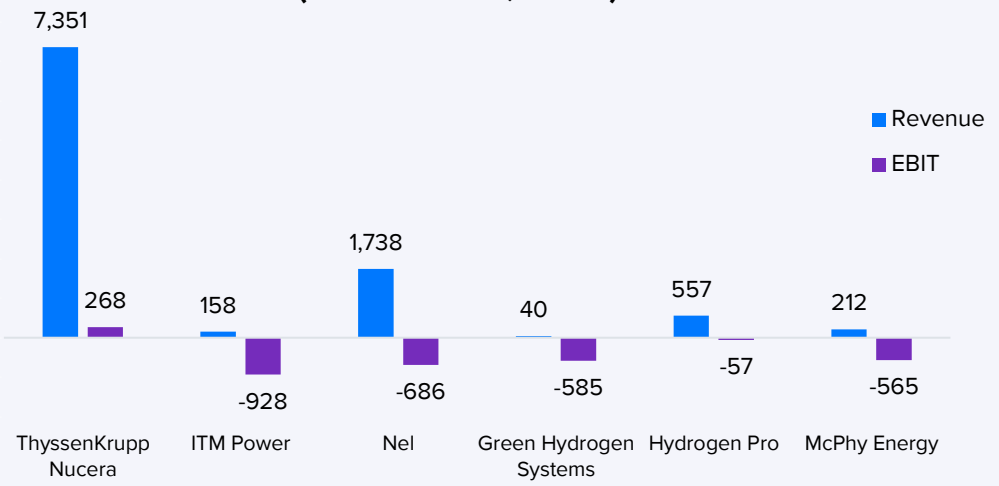
USA

- Plug Power
- Bloom Energy
- Ohmium
- Cummins

China

- Longi
- Sungrow
- PERIC
- Auyan
- Guofu
- SinoHy

Listed European electrolyser manufacturers (LTM available, MSEK)*



1) Hydrogen Insight

*ThyssenKrupp full year ending Sep 2023

Strategy 1/2

Metacon's strategy

Metacon's strategy involves offering green hydrogen equipment to customers, utilizing a diverse range of fossil-free energy sources. These sources include fossil-free electricity, biogas, ethanol, and green ammonia. Essentially, Metacon aims to position itself as a one-stop shop for solutions in producing green hydrogen. If customers can access fossil-free electricity, Metacon can offer their electrolyzer solutions. If fossil-free electricity is unavailable or the customer has access to, for example, biogas, Metacon can offer their catalytic reformers. Both of their products are modular and suited for centralized or decentralized hydrogen production.

Metacon aims to target corporate customers with larger projects, which provide better profitability, better risk management, and lower complexity. An example of a typical project Metacon pursues is their delivery of Sweden's first electrolyzer integrated hydrogen refueling station powered by local wind power in Älghult, Sweden. This station provides local production of green hydrogen for both passenger cars and trucks. Metacon believes the market for hydrogen filling stations will grow very rapidly in Sweden and across Europe, and here Metacon can contribute in a way that few others can. Metacon's primary products going forward will be reformers, PERIC electrolyzers, and Metacon's own electrolyzers based on PERIC's technology.

The company made the decision to deprioritize their smaller CHP systems. They intend to complete the CE marking of the H2PS-5 system and take it to the corporate market. However, as stated, the focus is now on larger electrolyzer and reformer projects.

Electrolyzer strategy

When it comes to electrolyzer projects, Metacon aims to pursue a dual-track strategy. They will both distribute PERIC electrolyzers and manufacture their own electrolyzers in Europe based on PERIC's technology. According to Metacon, the electrolyzers they manufacture will be somewhat more expensive than PERIC's China-made electrolyzer but still significantly cheaper than other European-made electrolyzers. In both cases, Metacon aims to secure large-scale B2B projects.

Metacon's agreements with PERIC covers Europe with exclusivity in the Nordics and Baltics. Metacon assesses that its competitive advantages in the electrolyzer market are:

- Distributing/manufacturing proven electrolyzers designed by PERIC
- Offering modular electrolyzer stacks up to 10 MW
- One of the shortest lead times in the market
- Competitive pricing

PERIC is one of China's largest electrolyzer manufacturers and has the world's largest installed base of electrolyzers. This means their products have a proven track record, unlike some other players in this market. As Metacon aims to target large-scale projects, having access to larger electrolyzers is a strength as it decreases the number of electrolyzers needed. For example, H2 Green Steel's electrolysis plant in Boden, Sweden, will have a capacity of

Metacon's Vision

"Metacon to become one of the leading companies in Europe in solutions for local production of fossil-free hydrogen for industry and the transport sector"

Key focus areas

Delivering large scale B2B electrolyzer projects	Start serial production and sales of the company's HHG reformers
Start manufacturing own electrolyzers based on PERIC's technology	License reformer technology

Source: Metacon

Strategy 2/2

700 MW. This can be achieved using either 70 electrolyzers with a capacity of 10 MW each or, alternatively, would require 140 electrolyzers with a capacity of 5 MW each. In addition, the competitive pricing of PERIC's electrolyzers and the short lead time is a key advantage for Metacon. The main customers are industrials, HRS operators, and transportation companies.

Catalytic reformer strategy

Metacon's primary strategy for their reformers is to target Europe's approximately 18,000 biogas plants. Today, biogas is either burned for heat and electricity or upgraded into biomethane, which can be used as fuel for transport. Metacon's pitch is to convert this biogas/biomethane into green hydrogen instead. If successful in convincing the biogas plants of this approach, the target market for Metacon's reformers would expand significantly. The company is currently delivering on a pilot project in Kempten, Germany, that is set to prove the viability of the business case. In Kempten, Metacon will deliver its mid-sized reformer HHG-50, but they envision primarily selling the larger HHG-250 reformer in the future. Metacon believes this strategy could provide an opportunity for good gross margins and significant profits to the company even with a limited number of orders.

Metacon's hydrogen reformers offer a cost-effective, compact, scalable, and modular solution for producing hydrogen for different applications. Traditional steam reformers used to produce most of today's hydrogen are costly large fixed installations suitable only for large-scale hydrogen production and use. Another strength of Metacon's reformers is their ability to use several different input materials. An example of this is the joint project between Metacon and WattAnyWhere, which aims to provide ethanol-to-hydrogen reformers for off-grid fast charging for electric vehicles.

Another application is within maritime use, as seen in the Pherousa collaboration. Pherousa aims to develop suitable technology for ships to be able to operate on pure hydrogen. Their solution uses an ammonia-to-hydrogen cracker based on Metacon's technology. Pherousa holds a worldwide license to market Metacon's ammonia-to-hydrogen cracker for maritime use. Metacon, meanwhile, has the right to supply the core reactor for the modules to Pherousa's cracker technology. Metacon also has a 10% ownership in Pherousa Green Technologies AS.

Metacon's reformers are manufactured in-house by the company's subsidiary in Greece. The company is currently expanding its production capacity and is in the process of moving into 3,000 m^2 of bespoke facilities. The new facilities will enable serial production of hydrogen reformers with a capacity of 10 reformers per year, which reflects an order volume of about 25 to 30 MEUR with today's prices. This facility would also supply PERIC with the reformer reactors for their potential licensed production of Metacon reformers in China. The company has indicated that its open to contract manufacturing if more capacity is needed.

Financial targets

Financial targets

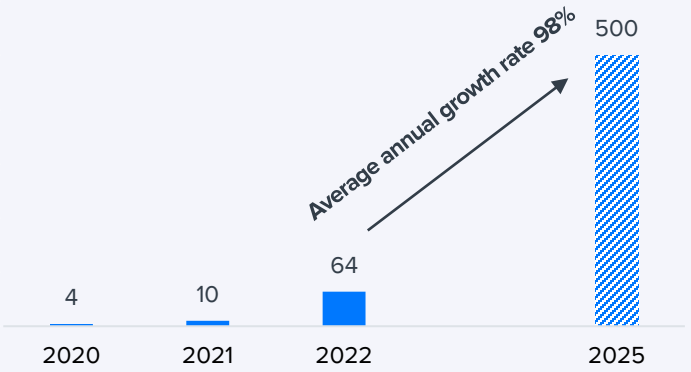
As a company in the early stages of commercialization, Metacon has previously not provided financial targets. This, however, changed in April 2022, when the company, for the first time, decided on the following mid-term financial targets:

- The company's revenues for 2025 shall exceed 500 MSEK
- The company shall be cash flow positive no later than 2025

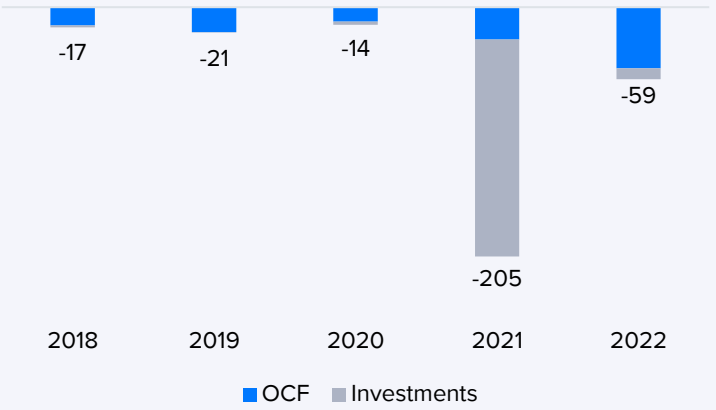
The revenue target is ambitious considering current total revenues (LTM Q3'23: 78 MSEK), but it is not impossible. This target is best viewed in light of the two large pending electrolyzer master supply agreements of 184 MSEK and 60 MSEK, respectively. It would only require a handful of orders of this size to reach the revenue target. In addition, we would expect some additional revenue from selling the company's other products. We estimate that the company's revenues will grow strongly and reach 304 MSEK in 2025. Our expectation that the company will not reach the target is grounded in the sluggish order inflow experienced since Q1 2023, coupled with our anticipation that the weak macroeconomic outlook for 2024 will persist, further hampering order flow.

The cash flow target will, to a large degree, depend on how revenues develop. The reality is that Metacon's revenues are too low to support the current cost structure. Should the revenues increase, we expect the company's EBITDA to become positive. Historically, the company's investments outside of acquisitions have been quite low (2022: 3 MSEK). However, with Metacon announcing its intentions to start the manufacturing of its own electrolyzers we expect investments to increase going forward. Although the future development of working capital is hard to predict, with rapid revenue growth, we would expect working capital to increase, tying up capital and burdening cash flow.

Revenue target (MSEK)



Operating CF and investments (MSEK)



Strategy

-2020

Research and development phase

- Focus on developing and proving the viability of their reformer and CHP products
- Delivering some smaller reformer and CHP system orders

2021 - 2022

Revenue starting to grow

- Securing a distribution agreement for electrolyzers through the acquisition of Water2H2 to capitalize on increased demand for green hydrogen
- Delivering the first electrolyzer projects and several reformers and CHP systems
- Starting the biogas to hydrogen demonstration project in Kempten, Germany
- Strategy transitioning towards an increased focus on hydrogen production equipment and B2B customers

2023-

Refining business model

- Focus on hydrogen reformers and electrolyzers
- Reformers marketed to biogas plants
- Shift the focus to large-scale B2B projects
- Start the manufacturing of own electrolyzers in Europe based on PERIC technology
- Secure a licensing agreement for Metacon's reformers on the Chinese market

Must Win Battles in the strategy

Implemented

- Deliver several projects to demonstrate their capability within electrolyzers and hydrogen reformers
- Gain CE markings for HHG 50 and HHG 40 reformers
- Secure key distribution and manufacturing agreements and partnerships

Near future, 1-2 years

- Successfully deliver the German biogas plant project to prove the viability of the business case
- Deliver more electrolyzer projects to reach profitable operations
- Gain CE marking for the small CHP system, H2PS-5
- Reach an agreement with PERIC regarding the licensing of Metacon's hydrogen reformers
- Successfully start manufacturing electrolyzers in Europe

The next 5 years

- Continue growing through increased sales of electrolyzer and hydrogen reformer products
- Expand the in-house production of electrolyzers to meet the expected demand in Europe
- Expand the organization to accommodate larger operations
- Secure the company's financing either through outside capital or internally generated cash flow

Source: Inderes

Investment profile

1. **The target market is expected to grow significantly, driven by a megatrend**
2. **As an equipment provider, Metacon is not dependent on a specific use case for green hydrogen**
3. **Has patented technologies, processes, and systems for hydrogen production**
4. **The early developmental stage of the company and the market increases uncertainty regarding future profitability**
5. **Operations are currently funded through equity issues, diluting shareholders**

Potential

- The market for hydrogen is expected to grow significantly due to the demand for green hydrogen
- A few large orders could significantly increase revenues from today
- Selling catalytic reformers to Europe's biogas plants could develop into a sizable and profitable business area
- PERIC manufacturing and distributing Metacon's reformers in China could provide a profitable licensing-based income stream

Risks

- Unprofitable operations that are funded through equity issues
- Predicting revenue and profitability development is challenging because the company and the market are still in the early stages of development
- Lower order inflow and delays to current orders would put further strain on the company's equity story
- Termination of agreements with PERIC due to commercial or geopolitical reasons

Source: Inderes

Financial position

Historical financial development

Between 2016 and 2020, Metacon's revenues fluctuated between 2-4 MSEK. The revenues were driven by one-off sales of the company's small CHP systems and small reformers. Revenues started to increase during the fourth quarter of 2021 as Metacon posted the best quarter in the company's history so far. Revenue growth continued into 2022, with revenues increasing by over 500% to 64 MSEK. The increase in revenue was due to a handful of orders for electrolyzers integrated with HRS in Sweden and Slovakia.

Metacon has been generating negative EBITDA since at least 2013. Partially, this has been by design, as the company was in a research and development/R&D phase until 2022. Metacon has little debt, and consequently, net earnings align with EBIT. Metacon's non-acquisition-related investments have been modest, with investments into tangible assets averaging about 3 MSEK during the last two years.

Financial position

At the end of Q3'23, the company had total assets of 153 MSEK. The assets consist mainly of cash (60 MSEK) and current assets in the form of inventories and receivables (47 MSEK). The remaining assets consist of 30 MSEK in intangible assets and 9 MSEK in financial assets, mainly Metacon's minority ownership in Pherousa Green Technologies AS (10% ownership) and Botnia Hydrogen AB (18% ownership). In addition, the company had 7 MSEK in property, plant and equipment.

The other side of the balance sheet is split between 119 MSEK (78%) in equity and 33 MSEK (22%) in liabilities. The company has only 18 MSEK in interest-bearing debt, of which 12 MSEK is short-term bank loans. The remaining liabilities consist of payables, accrued expenses, deferred income, and other liabilities.

Solidity and liquidity

Metacon has relatively little debt, which is fitting for a company with a negative EBITDA, as all cash for the interest payments would have to come from equity. Consequently, Metacon has a net cash position of 43 MSEK and an equity-to-asset ratio of 78%.

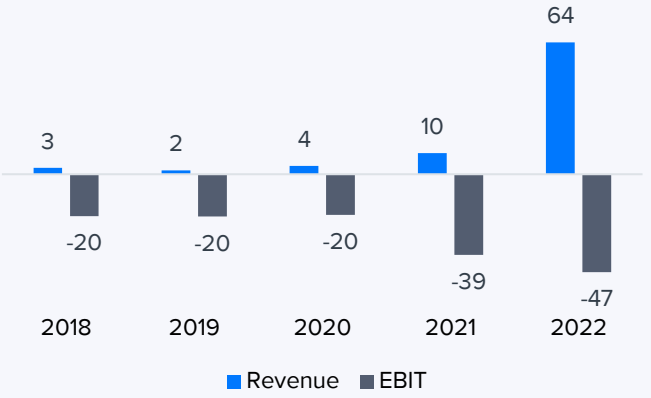
Metacon's current ratio is 4.0x, and the quick ratio is 3.4x, meaning that Metacon should be able to cover short-term liabilities from its readily convertible assets into cash. However, with Metacon's free cash flow being negative (Q3'23: -38.2 MSEK), the cash position will dwindle unless Metacon can start producing a profit or decides to raise additional capital. With a negative EBITDA, debt capital is most likely not an option at this stage, and Metacon would probably have to raise equity.

Net working capital (excluding cash and debt) grew from 6 MSEK in 2021 to 22 MSEK in 2022. For a growing company, this is to be expected; however, this also means that the company is tying up more and more cash as the operations grow.

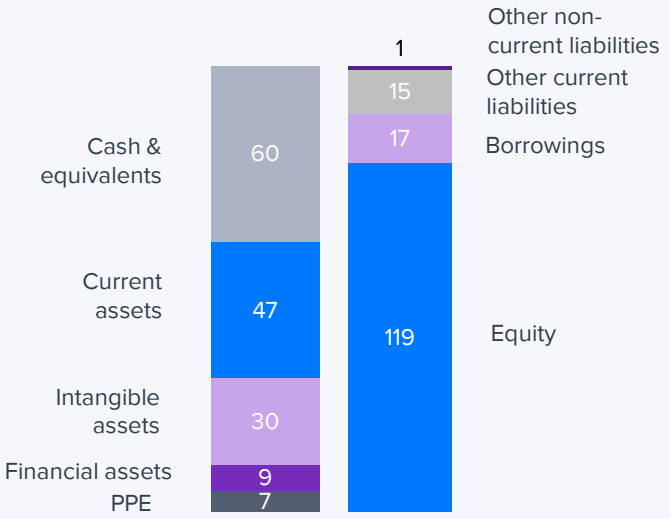
February 2024 rights issue

With the completion of the rights issue Metacon raised 100 MSEK before expenses. In total about 84% of the issue was covered and led to an increase of 345 million shares. Additionally, 115 million warrants were issued, which if exercised at the max price of 0.44 SEK would bring in an additional 51 MSEK in 2025. Each warrant converts into one new share.

Revenue and EBIT development



Financial position Q3'23



Estimates (1/3)

We estimate that revenues over the short-term are mainly driven by electrolyzer projects

Of Metacon's products, electrolyzers and HRS are furthest along the commercialization journey. Consequently, we expect most of the revenues over the short term to be derived from these projects. As the catalytic reformer technology matures, we expect revenues to come in slowly at first and then as a solid revenue stream over the medium and long term. We also anticipate some revenues from the small CHP system H2PS-5 when it achieves CE marking. Another potential revenue stream is the licensing of the company's reformer technology. At this stage, however, it is hard to project what level of revenues and profits a licensing deal could bring in.

Over the short term, we will look to the announced orders and MoU for guidance. According to the company, current revenues are mainly derived from ongoing electrolyzer projects in Sweden and Slovakia. In addition to these projects, the company also has three large potential orders (289 MSEK) pending. Two of these projects are delayed but Metacon expects at least one of them to commence in 2024. We assume that both projects will commence in 2024 and will be the primary revenue drivers in 2024 and 2025. Should one or more projects not happen or get delayed further, we expect the company's revenues to be lower in these years unless additional orders can be secured. Overall, we assess that demand for green hydrogen equipment is strong and we expect it to stay so going forward.

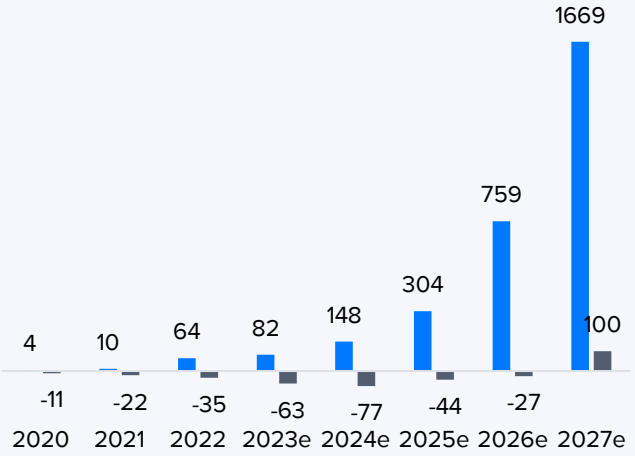
With a company so early in its commercialization phase, there is a wide spread of potential outcomes. As Metacon's revenues today are still low, it would only take a handful of larger projects to increase revenues drastically. In addition, should the licensing of Metacon's reformer technology proceed faster and produce significant revenue, one could envision a scenario of even higher growth. That said, there are, of course, no guarantees that Metacon can continuously secure large orders or that licensing will materialize.

Profitability depends on the product mix

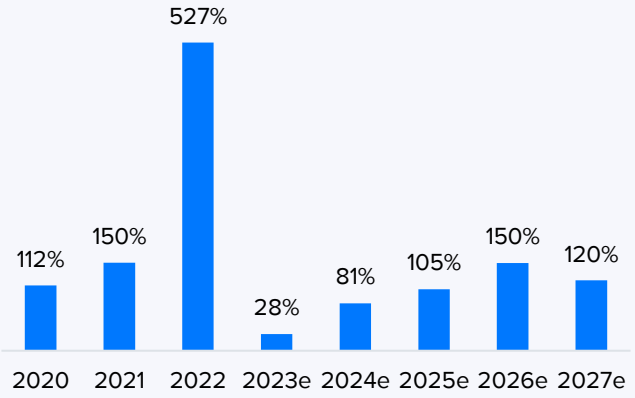
When estimating Metacon's future profitability, we have no relevant historical figures to fall back on. The company has never achieved a positive EBITDA, and the margin in Q3'23 was -84%. We, therefore, are forced to make broad judgments regarding what level of profitability the company's operations can achieve. We estimate that Metacon's EBITDA margin will gradually improve starting in 2024 until reaching a stable margin of about 14% at the end of our estimation period. This profitability level is in line with other companies at more mature stages with similar business models.

We note that Metacon's future profitability profile will vary depending on the relative size of each business area. Metacon's business areas differ in their business model, with reformers manufactured and distributed in-house versus electrolyzer, where Metacon currently distributes PERIC products. So, depending on the relative mix of these business areas, the company's overall profitability will differ. Additionally, with Metacon aiming to start manufacturing its own electrolyzers and potentially licensing its reformer technology, the company's profitability profile could change markedly.

Revenue and EBITDA forecasts



Revenue growth-%



Source: Inderes

Estimates (2/3)

2023 started strong, but delayed projects holding revenues back

During the first nine months of 2023, Metacon's revenues increased by 12% to 59 MSEK. According to the company, revenues were mainly derived from ongoing electrolyzer projects in Sweden and Slovakia. 2023 started strong with four orders with a combined value of 108 MSEK in Q1. Since the first quarter, however, no new orders have been announced. We believe this reflects the deteriorating macroeconomic environment experienced in 2023 and its effect on the green hydrogen market.

The company's operating expenses in Q1-Q3'23 increased to 119 MSEK compared to 108 MSEK in Q1-Q3'22. The increase was primarily due to increased raw materials and consumable costs and other external costs driven by new projects and growth investments. Metacon's EBITDA margin decreased to -75% compared to -44% in the comparable period in 2022.

During the first three quarters, the company had net investments of 4 MSEK. Cash and short-term investments decreased to 60 MSEK from 105 MSEK at year-end 2022.

2023 a year of moderate growth

For full-year 2023, we expect Metacon's revenues to increase by 28% to 82 MSEK (2022: 64 MSEK). We expect revenues in the fourth quarter to come in slightly higher than Q3'23, driven by the on-going electrolyzer projects.

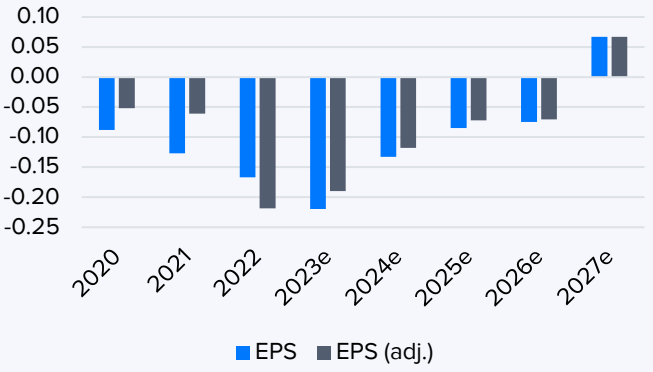
Regarding operating profitability, we expect the EBITDA margin to stay about the same as over the first three quarters. Correspondingly, our EBITDA estimate for 2023 is -63 MSEK (-78% margin). As for EPS, we expect it to come in at SEK -0.19, adjusted for goodwill amortization (2022: SEK -0.22). We expect investments for FY'23 to come in at 5 MSEK and we project cash and cash equivalents to decrease to 37 MSEK.

Larger electrolyzer projects driving 2024 estimates

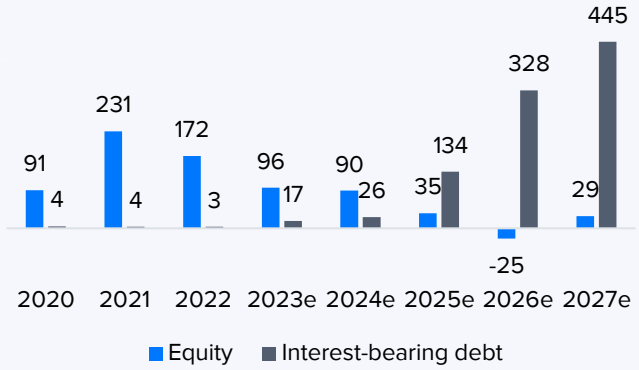
We estimate that revenues for 2024 will increase to 148 MSEK. The increase in revenues is primarily due to our expectations that the three large electrolyzer projects will commence in 2024. We expect H1'24 to be driven primarily by the 45 MSEK order received from Slovakia in February 2023, which is set to begin in Q1'24. We expect revenues to increase further in H2'24 with the electrolyzer project in Romania (184 MSEK) and Poland (60 MSEK) commencing.

Our EBITDA estimate for 2024 is -77 MSEK (-52% margin). With the strong revenue growth, we expect operating costs to decrease as a share of revenue, leading to better profitability. Adjusted EPS would improve to SEK -0.12 in 2024 primarily due to the increase in shares after the February 2024 rights issue. In 2024, we expect investments to increase substantially to 32 MSEK due to investments in the first phase of the new electrolyzer factory. We expect Metacon's cash and cash equivalents to amount to 7 MSEK at year-end 2024.

EPS development



Balance sheet development*



*Estimates assume that Metacon does not raise additional equity. It is, however, probable that the company will do just that. In that scenario, debt would not grow as much, and equity would not decrease as much.

Source: Inderes

Estimates (3/3)

High revenue growth with improving profitability during 2025-2030

For 2025-2030, we expect revenue growth to initially accelerate as Metacon's new electrolyzer factory comes online. At this stage, we assume that the company regularly delivers both electrolyzers and hydrogen reformer projects. Electrolyzer projects would be a mix of Metacon's own electrolyzers and PERIC's electrolyzers imported from China. Our current estimates assume that Metacon would deliver their first own electrolyzers in 2025 with capacity increasing in 2026 and 2027. We concede that any projections for 2025 and onward contain a lot of speculation and should be regarded with care. Depending on order inflow and production capacity, we see plausible scenarios for both markedly higher and lower revenue growth.

As in 2024, we assume that the operating costs will grow relatively slower than revenues, leading to a gradual improvement in operating profitability. We project an EBITDA margin of -15% in 2025, which turns positive in 2027 and improves further to 13% in 2030. With continued loss-making operations, we assume Metacon will need to take on debt in 2025. Consequently, net profit and EPS will be burdened by interest costs from 2025 onwards. We note that there are no guarantees that the company could secure debt financing. In practice, the company would likely aim to raise capital through an equity issue instead.

Operations stabilizing towards the end of the estimation period

We expect the company's revenue growth to slow towards the end of our estimation period, reaching a terminal growth rate of 2.0%. As for profitability, we assume that Metacon's EBITDA margin will stabilize at around 14%, which we believe is reasonable. As previously stated, we do envision scenarios where it could be higher, especially if licensing becomes a reasonably sized business. As we would expect it to be a higher-margin business than manufacturing and distribution.

As for pretax profit, we expect a margin roughly in line with the EBIT margin as, by then, the company will have paid off most of its debt. Throughout the estimation period, we expect investments to grow as the company scales its manufacturing capacity.

Estimate scenarios

Metacon's revenues are highly dependent on individual orders, which adds to the error margin in our estimates. In the next section on valuation, we will also introduce negative and positive scenarios, which highlight the broad set of possible outcomes for Metacon's business.

Recent orders & potential orders announced

Customer	Product	Order value (MSEK)	Order received	Revenue expected	Region
Ground Investment Corp SRL[1]	Electrolyzer & HRS	184	Dec-22	2024-2025[2]	Romania
Regional Directorate of State Forests[1]	Electrolyzer & HRS	60	Jan-23	2024-2025[2]	Poland
Unknown in Slovakia	Electrolyzer & HRS	45	Feb-23	2024	Slovakia
University of Western Macedonia	Reformer	1	Mar-23	Q4 2023	Western Macedonia
WattAnyWhere	Reformer	2	Mar-23	Q4 2023	Switzerland

1) Master Supply Agreements, Metacon expects the Polish project to commence in 2024. The Romanian project is waiting for a decision regarding its submission for EU subsidies (first submission denied)
2) Inderes estimates

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
Revenue	**4.1**	**10.2**	**12.3**	**20.1**	**20.5**	**11.0**	**63.8**	**14.2**	**25.1**	**20.1**	**22.5**	**81.9**	**148**	**304**	**759**
EBITDA	**-11.4**	**-22.4**	**-4.6**	**-3.3**	**-11.8**	**-15.4**	**-35.2**	**-12.7**	**-15.0**	**-16.9**	**-18.9**	**-63.5**	**-77.3**	**-44.0**	**-26.6**
Depreciation	-8.2	-16.7	-11.8	-12.0	-9.5	21.0	-12.2	-2.7	-2.7	-2.7	-2.7	-10.8	-12.7	-18.6	-17.8
EBIT (excl. NRI)	**-12.5**	**-23.2**	**-5.9**	**-4.6**	**-12.7**	**-39.8**	**-62.9**	**-12.8**	**-15.1**	**-17.0**	**-19.0**	**-64.0**	**-79.8**	**-52.5**	**-40.9**
EBIT	**-19.7**	**-39.1**	**-16.4**	**-15.3**	**-21.2**	**5.6**	**-47.4**	**-15.4**	**-17.7**	**-19.6**	**-21.6**	**-74.3**	**-90.0**	**-62.6**	**-44.3**
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-0.1	4.7	-0.1	-0.1	-0.1	-2.8	-3.1	-0.1	-0.3	-0.3	-0.3	-1.0	-1.3	-5.4	-15.7
PTP	**-19.8**	**-34.4**	**-16.5**	**-15.4**	**-21.3**	**2.7**	**-50.4**	**-15.5**	**-18.0**	**-19.9**	**-21.9**	**-75.3**	**-91.3**	**-68.0**	**-60.0**
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	2.2	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**-17.6**	**-30.5**	**-16.5**	**-15.4**	**-21.3**	**2.7**	**-50.4**	**-15.5**	**-18.0**	**-19.9**	**-21.9**	**-75.3**	**-91.3**	**-68.0**	**-60.0**
EPS (adj.)	**-0.05**	**-0.06**	**-0.02**	**-0.02**	**-0.04**	**-0.12**	**-0.22**	**-0.04**	**-0.05**	**-0.05**	**-0.06**	**-0.19**	**-0.12**	**-0.07**	**-0.07**
EPS (rep.)	**-0.09**	**-0.13**	**-0.06**	**-0.06**	**-0.06**	**0.01**	**-0.17**	**-0.05**	**-0.05**	**-0.06**	**-0.06**	**-0.22**	**-0.13**	**-0.08**	**-0.07**

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	111.5 %	150.2 %	15454.4 %	52831.6 %	2823.7 %	16.9 %	526.6 %	15.6 %	24.8 %	-1.8 %	105.0 %	28.3 %	80.9 %	105.0 %	150.0 %
Adjusted EBIT growth-%		86.5 %	41.7 %	-25.3 %	104.0 %	488.8 %	170.8 %	119.0 %	231.6 %	33.9 %	-52.2 %	1.8 %	24.6 %	-34.2 %	-22.0 %
EBITDA-%	-281.1 %	-219.8 %	-37.8 %	-16.6 %	-57.4 %	-141.0 %	-55.1 %	-89.4 %	-59.8 %	-84.1 %	-84.1 %	-77.6 %	-52.2 %	-14.5 %	-3.5 %
Adjusted EBIT-%	-306.0 %	-228.2 %	-47.7 %	-22.7 %	-62.2 %	-363.1 %	-98.6 %	-90.4 %	-60.3 %	-84.8 %	-84.7 %	-78.2 %	-53.9 %	-17.3 %	-5.4 %
Net earnings-%	-431.9 %	-299.9 %	-134.4 %	-76.4 %	-104.0 %	24.9 %	-79.0 %	-109.2 %	-71.7 %	-99.0 %	-97.4 %	-92.0 %	-61.7 %	-22.4 %	-7.9 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**180**	**49.9**	**44.3**	**63.8**	**82.6**
Goodwill	169	34.0	23.7	13.5	3.4
Intangible assets	1.1	1.1	3.0	4.5	5.9
Tangible assets	5.1	6.5	9.1	37.3	64.8
Associated companies	0.0	6.2	6.4	6.4	6.4
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	5.1	2.1	2.1	2.1	2.1
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**61.3**	**140**	**81.2**	**74.0**	**130**
Inventories	10.3	13.6	17.2	29.6	45.5
Other current assets	0.0	-0.1	-0.1	-0.1	-0.1
Receivables	8.0	21.4	27.0	37.0	69.8
Cash and equivalents	42.9	105	37.0	7.4	15.2
Balance sheet total	**242**	**190**	**125**	**138**	**213**

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**231**	**172**	**96.4**	**89.6**	**35.3**
Share capital	2.7	3.4	3.4	6.9	8.0
Retained earnings	0.0	0.0	-75.3	-166.6	-234.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	228	168	168	249	262
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**3.5**	**4.4**	**7.8**	**28.3**	**136**
Deferred tax liabilities	0.1	0.1	0.3	0.3	0.3
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	3.1	2.5	6.0	26.5	134
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.3	1.8	1.5	1.5	1.5
Current liabilities	**7.2**	**14.0**	**21.3**	**19.9**	**41.6**
Interest bearing debt	0.6	0.6	11.0	0.0	0.0
Payables	2.9	6.2	8.2	17.8	39.5
Other current liabilities	3.7	7.1	2.1	2.1	2.1
Balance sheet total	**242**	**190**	**125**	**138**	**213**

Valuation (1/4)

Valuing an early-stage company comes with a high-degree of uncertainty

Due to its early development stage valuing Metacon is a challenging task. The company has assembled a complementary product portfolio and successfully secured some orders. At this stage, it would also only take a handful of larger electrolyzer orders to increase Metacon's revenues significantly. On the other hand, visibility into the progress of current orders and future order flow is low. Securing some large orders is also not a guarantee that the company can continue to do so at a regular pace. Additionally, the company's historical performance offers little guidance as to how future profitability and revenue growth could develop. Consequently, one can project a broad set of potential outcomes, both positive and negative, for Metacon going forward. Additionally, the risk of new equity issues is also credible and would increase the share count further.

Metacon's current main revenue driver is the electrolyzer projects. We assess that this business area has the potential to drive good revenues. Still, the margin contribution will probably not be very high as there are several competing electrolyzers providers on the European market. On the reformer side, there are fewer competitors, especially for Metacon's envisioned use case, and the company has certain competitive advantages due to its proprietary technology and first-mover advantage. As Metacon both manufactures and distributes its reformers, the company assesses that it has the potential for higher margins than the electrolyzer business. However, the reformer business is still relatively early in its commercialization phase, and it is hard to predict when meaningful revenue could be expected.

In a positive scenario, where revenues and profits increase faster than expected, Metacon's stock price could indeed multiply, as the company's current market value is low. Additionally, Metacon's reformer technology could produce high-margin revenue if suitable applications are found, or a productive licensing deal can be struck.

Overall, assessing long-term profitability and return on capital is challenging, even if we assume that Metacon will achieve growth through the commercial success of its main products. If the commercialization fails for one reason or another or does not progress significantly in the coming years, the value of the stock will likely continue to suffer. Additionally, if the commercialization does not progress as expected additional financing needs would result in a high financing risk for shareholders.

Multiples and DCF model used for valuation

To value Metacon we rely on valuation multiples, peer group valuation, and a DCF model with three scenarios. Given our assumption that Metacon's operations will be loss-making for the next few years, traditional valuation multiples (P/E and EV/EBIT) are difficult to implement and only become viable when the company reaches profitability (2027 onwards). Therefore, we are left with sales-based multiples (P/S and EV/S), of which EV/S is more suitable as it accounts for net debt.

For our DCF model we use a baseline scenario, a negative scenario, and a positive scenario. Our estimates for the DCF model do not account for any additional share issues (assumes fully debt-based financing), and hence our DCF's should be treated as optimistic as they contain a higher debt load than what we think would be realistic in the coming years.

Valuation	2023e	2024e	2025e
Share price	0.17	0.17	0.17
Number of shares, millions	342.6	687.4	802.4
Market cap	59	118	137
EV	39	137	256
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.6	1.3	3.9
P/S	0.7	0.8	0.5
EV/Sales	0.5	0.9	0.8
EV/EBITDA	neg.	neg.	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Valuation (2/4)

Metacon's valuation is somewhat lower than the peer group

Metacon's EV/S ratio for 2024e and 2025e is 0.9x and 0.8x, which is lower than the median EV/S ratio of 1.7x for the peer group. The peer group consist of other European and American hydrogen equipment providers. As the entire sector is early in its development so is most of the peer companies. However, even within this group there is a large discrepancy regarding their size and how far along the commercialization journey the companies are. As Metacon is far smaller (in the order of around 5-200x) than the peer companies and is quite early in its commercial phase a discount compared to peers is justified. Considering this, Metacon's share does not appear to be severely mispriced in relation to its peers.

Multiple-based valuation with scenarios

We approach the multiple-based valuation by applying a different multiple on three different scenarios for 2024 and 2025. The objective of these scenarios is to provide a valuation range that reflects different growth paths and market environments. The baseline scenario correspond to the estimates detailed in the estimates section. The positive scenario, meanwhile, is roughly in line with Metacon achieving their target level of 500 MSEK of revenues in 2025. In the positive scenario, we also applied a higher multiple, which we find justified as the company's outlook would exceed our current projection at the time of the review. This could be a scenario where electrolyzer or reformer sales develop stronger and faster than expected.

The Negative scenario is about 20% lower in 2024 and 40% lower in 2025 than our baseline scenario and envisions a scenario where Metacon's growth outlook would fall short of our projections, justifying a lower multiple.

We have used EV/S multiples of 1.0x, 1.5x, and 3.0x to estimate the per-share value. The multiples bracket the peer group median EV/S ratio of 1.7x. Additionally, assuming an EBIT margin of 13% the corresponding EV/EBIT ratios would range between 8x to 23x, which we feel are justified. By applying these multiples on our revenue estimates for 2024e, we can calculate a per-share value range, discounted to the present, of SEK 0.13-0.56. With our baseline scenario, the value is SEK 0.22. To account for a potential equity issue, we have adjusted net debt and the number of shares to reflect a hypothetical shares issue of 50 MSEK in late 2024[1].

Using the same multiples on our revenue estimates for 2025e, we get a per-share value range, discounted to the present, of SEK 0.09-0.76. The base scenario corresponding to our main estimates gives a value of SEK 0.23. The valuation range in 2025 is roughly in line with the one in 2024, however, the range is quite broad and estimation risk increases as we go further into the future. To account for potential equity issues, we have adjusted net debt and the number of shares to reflect hypothetical shares issues of 50 MSEK in 2024 and 2025[2].

The hypothetical share issues are only included here and not in our estimates section or DCF valuation. The DCF-valuation rather assumes that Metacon can fund the operations with debt. In practice, this is, however, unlikely as a company with a negative operating profit would have a hard time securing long-term debt financing. At the current market capitalization raising additional equity would considerably increase the company's share count (see table on the right).

Estimated future valuation ranges

2024e, MSEK	Negative	Base	Positive
Revenue	**123**	**148**	**205**
EV/S	1.0x	1.5x	3.0x
EV	**123**	**222**	**614**
Net debt[1]	-31	-31	-31
Market cap	**154**	**253**	**645**
Per share[1]	0.15	0.25	0.64
Discounted to today	**0.13**	**0.22**	**0.56**

2025e, MSEK	Negative	Base	Positive
Revenue	**184**	**304**	**491**
EV/S	1.0x	1.5x	3.0x
EV	**184**	**455**	**1,474**
Net debt[2]	2	2	2
Market cap	**182**	**453**	**1,471**
Per share[2]	0.13	0.31	1.02
Discounted to today	**0.09**	**0.23**	**0.76**

Increase in number of shares (%) in the event of a share issue

Capital raised (MSEK)	Share subscription price (SEK)				
	0.05	0.10	0.15	0.20	0.25
50	125 %	62 %	42 %	31 %	25 %
100	249 %	125 %	83 %	62 %	50 %
150	374 %	187 %	125 %	93 %	75 %
200	499 %	249 %	166 %	125 %	100 %
250	623 %	312 %	208 %	156 %	125 %
300	748 %	374 %	249 %	187 %	150 %
350	872 %	436 %	291 %	218 %	174 %

Source: Inderes

1&2) Hypothetical equity issues conducted at 0.15 SEK/share (10% discount to current share price)

Valuation (3/4)

Scenario-based DCF valuation

In valuing Metacon, we use the DCF (Discounted Cash Flow) model to illustrate the company's long-term potential. Due to the early stage of Metacon's business development, predicting the future is highly challenging, and any assumptions carry significant uncertainty. Therefore, we have conducted the DCF using three scenarios to gain a broader perspective.

Our **baseline scenario** aligns with our estimates, detailed in the Estimates section of the report. Our baseline scenario gives us an equity value for Metacon of 557 MSEK or SEK 0.8 per share.

In the **positive scenario**, we've raised Metacon's revenue forecasts to reach the company's financial target in the short term, followed by continued strong revenue growth. Metacon also reaches profitability quicker (2025) and at a higher rate. In this scenario, revenue increases to almost 7,000 MSEK, and the EBIT margin rises to 16% by 2032. The per-share value is then estimated at SEK 2.5. This scenario assumes Metacon secures several large electrolyzer orders in the short term, and their reformer business takes off quicker and better than in the base scenario.

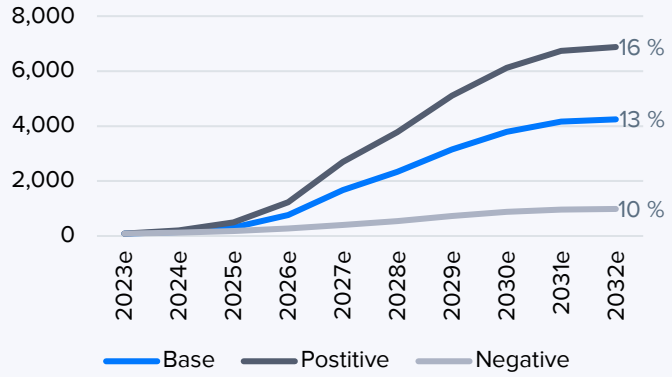
In the **negative scenario**, Metacon's sales develop slower than expected, and profitability takes longer to reach. In this scenario, revenue reaches about 1,000 MSEK, and the EBIT margin levels out at 10% by 2032. The per-share value in this scenario is estimated at SEK 0.1. The negative scenario represents a scenario where Metacon's revenue growth rate is more in line with the slower growth experienced so far in 2023. Note that even this scenario assumes mid to low double-digit revenue growth.

In our view, the wide range of our scenarios effectively reflects the wide dispersion of outcomes in Metacon's promising but early-stage investment story. As cash flows are heavily concentrated in the terminal period across all three scenarios, it's challenging to find meaningful insight regarding Metacon's short-term valuation from the DCF analysis. In addition, as our DCF-models assume that Metacon avoids new share issues by pure debt-based funding (which is not typical before cash flow positivity in sight), the valuations they indicate are thus optimistic for each given scenario.

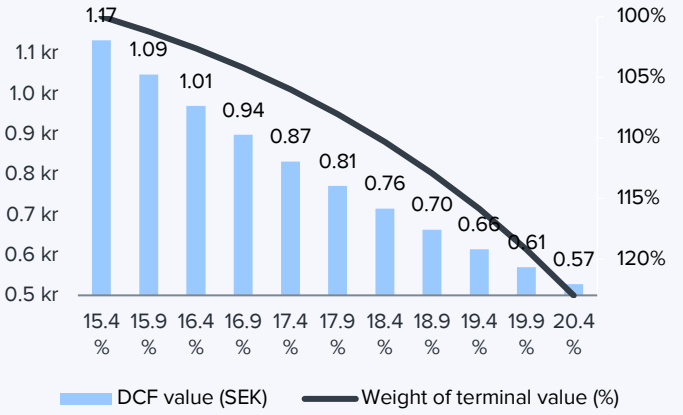
Our applied discount rate (CoE 19.0% and WACC 17.9%) reflects the high risk associated with the company's development stage and financing solutions. We see the potential for a reduction in the discount rate if Metacon progresses in commercializing its products and provides strengthening evidence of its ability to win and deliver large projects. A decrease in the discount rate would have a strong positive impact on the DCF value (see chart on the right).

We use a 2.0% terminal growth rate for 2032 in our DCF models. Our base scenario uses a long-term operating profit (EBIT) margin of 12.4%, which we consider a reasonable estimate for a mature distribution and manufacturing company. As previously stated, we can envision scenarios, where the margin could be higher, should the hydrogen reformer business grow significantly more than anticipated.

DCF-scenarios revenue development and terminal EBIT-%



Sensitivity of DCF to changes in the WACC-%



Source: Inderes

Valuation (4/4)

The green hydrogen boom is appealing, but further orders are needed to prove the viability of the business model

In our perspective, Metacon's long-term story combines the opportunity of capitalizing on the fast-growing green hydrogen market with early indications of a competitive product portfolio. However, while we anticipate that Metacon will continue securing new electrolyzer orders, we would like to see more evidence that the company can do so at a significant scale and a profitable level. Additionally, the reformer business is still in its infancy from a commercial standpoint, and assessing the business area's timing and revenue potential is challenging. Consequently, we closely follow the progress of the company's project deliveries and order inflow to see continued evidence of a strengthening business model.

In our view, it will be a challenge for the company to provide substantial evidence over the next 12 months that could significantly improve visibility into its growth and profitability development. Doing this would shift the short-term valuation perception into a more attractive light, especially in the current market environment where investors seem less willing to bear long-term risks. Consequently, Metacon requires investors to have a considerably long investment horizon in the medium term, looking towards ~2028. The progression of the company's story demands swift momentum in the coming years, including the preservation of the long-term narrative, market demand picking up, and maintaining competitiveness. In this journey, there are naturally substantial risks and uncertainties.

Utilizing valuation methods that predominantly rely on the company's fundamental potential, we reach a fair value range of SEK 0.10-0.80 per-share. The range's lower bound is represented by the EV/S multiple of 1.0x on the 2025 negative scenario and the upper end by EV/S multiple of 3.0x on the 2025 positive scenario.

Considering the high estimation risk, lack of drivers and support over the next twelve months, we do not find backing for the upper end of the fair value range. Rather, we set our target price towards the low end at SEK 0.18. Consequently, we see the risk-to-reward ratio as insufficient and initiate our coverage of Metacon with a Reduce recommendation. Our target price reflects an approximately 10% discount compared to the median of our valuation methods (see table on the right). However, with some of these methods depending on the long-term potential and include optimistic financing assumptions (DCF), we believe the discount is justified. We, therefore, stay on the sidelines, waiting for the valuation drivers and the risk-to-reward ratio of Metacon's otherwise compelling growth story to improve. The primary valuation drivers we look for are significant new orders and progress on current orders.

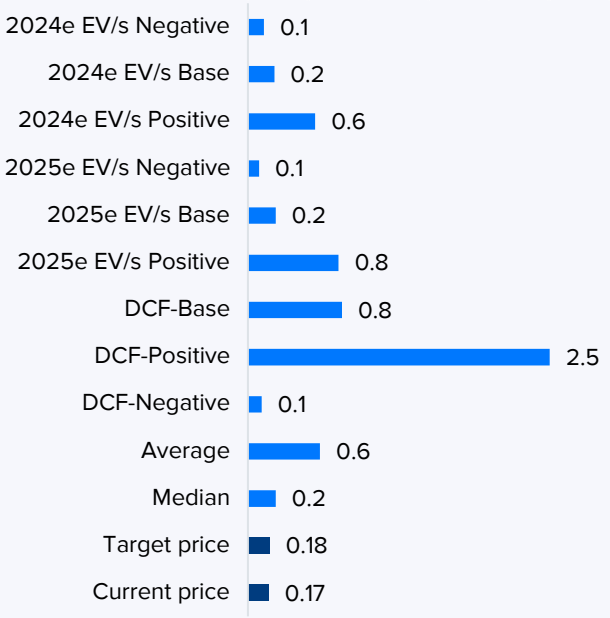
Factors supporting the valuation include:

- Demand for cheaper Chinese electrolyzers with shorter lead times
- Strong growth expected in the green hydrogen market
- Potential profits from Metacon's reformer business area

Factors negatively impacting the valuation:

- Financing risk
- Negative cash flow for the next few years
- Viability of business model unproven

Summary of valuation methods



Source: Inderes

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	0.72	1.16	5.15	3.04	1.13	**0.17**	**0.17**	**0.17**	**0.17**
Number of shares, millions	145.5	194.3	233.2	265.4	342.6	**342.6**	**687.4**	**802.4**	**802.4**
Market cap	105	225	1201	807	387	**59**	**118**	**137**	**137**
EV	137	227	1131	768	285	**39**	**137**	**256**	**428**
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	**neg.**	**neg.**	**neg.**	**neg.**
P/E	neg.	neg.	neg.	neg.	neg.	**neg.**	**neg.**	**neg.**	**neg.**
P/B	5.8	6.6	13.3	3.5	2.3	**0.6**	**1.3**	**3.9**	**neg.**
P/S	34.1	>100	>100	79.2	6.1	**0.7**	**0.8**	**0.5**	**0.2**
EV/Sales	44.7	>100	>100	75.4	4.5	**0.5**	**0.9**	**0.8**	**0.6**
EV/EBITDA	neg.	neg.	neg.	neg.	neg.	**neg.**	**neg.**	**neg.**	**neg.**
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	neg.	**neg.**	**neg.**	**neg.**	**neg.**
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**

Source: Inderes

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**
Thyssenkrupp Nucera	1,815	1,055		43.7		25.6	1.1	0.9		82.8			2.4
Plug Power	2,101	2,340					2.5	1.7					0.9
Bloom Energy Corp	2,062	2,610	80.6	19.1	21.7	12.4	1.9	1.6	90.4	23.5			4.6
ITM Power	391	103					4.6	1.8					1.3
Nel ASA	672	397					2.1	1.5					1.3
Green Hydrogen Systems	180	269					5.4	2.1					2.0
Hydrogen Pro	57	46		17.5		6.3	0.8	0.3					1.1
McPhy Energy	47		0.2	0.3	0.3	0.4							1.0
PowerCell	149	145					4.3	3.2					7.4
Enapter	171	193					5.0	2.9					2.7
Ceres Power Holdings PLC	331	145					2.2	2.1					1.6
Metacon (Inderes)	**5**	**3**	**-0.6**	**-1.7**	**-0.6**	**-1.8**	**0.5**	**0.9**	**-0.9**	**-1.4**	**0.0**	**0.0**	**0.6**
Average			**40.4**	**20.1**	**11.0**	**11.2**	**2.8**	**1.7**	**90.4**	**53.2**			**2.4**
Median			**40.4**	**18.3**	**11.0**	**9.4**	**2.2**	**1.7**	**90.4**	**53.2**			**1.6**
Diff-% to median			***-101 %***	***-109 %***	***-106 %***	***-119 %***	***-79 %***	***-44 %***	***-101 %***	***-103 %***			***-62 %***

Source: Refinitiv / Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**180**	**49.9**	**44.3**	**63.8**	**82.6**
Goodwill	169	34.0	23.7	13.5	3.4
Intangible assets	1.1	1.1	3.0	4.5	5.9
Tangible assets	5.1	6.5	9.1	37.3	64.8
Associated companies	0.0	6.2	6.4	6.4	6.4
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	5.1	2.1	2.1	2.1	2.1
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**61.3**	**140**	**81.2**	**74.0**	**130**
Inventories	10.3	13.6	17.2	29.6	45.5
Other current assets	0.0	-0.1	-0.1	-0.1	-0.1
Receivables	8.0	21.4	27.0	37.0	69.8
Cash and equivalents	42.9	105	37.0	7.4	15.2
Balance sheet total	**242**	**190**	**125**	**138**	**213**

Source: Inderes

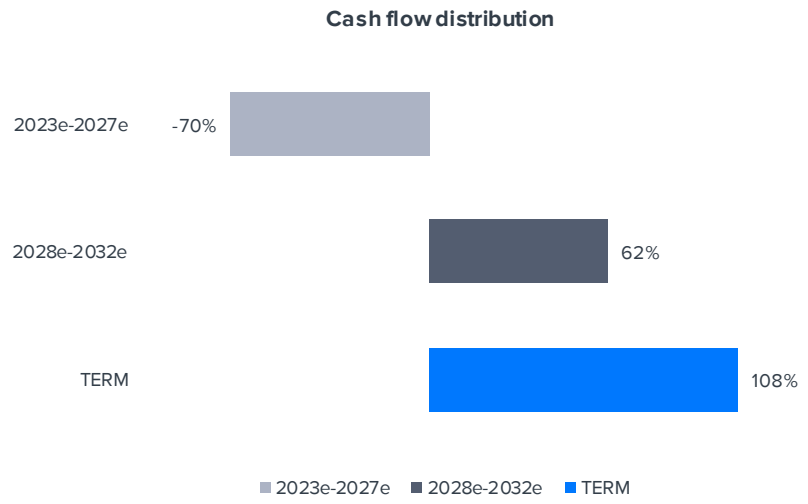
Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**231**	**172**	**96.4**	**89.6**	**35.3**
Share capital	2.7	3.4	3.4	6.9	8.0
Retained earnings	0.0	0.0	-75.3	-166.6	-234.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	228	168	168	249	262
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**3.5**	**4.4**	**7.8**	**28.3**	**136**
Deferred tax liabilities	0.1	0.1	0.3	0.3	0.3
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	3.1	2.5	6.0	26.5	134
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.3	1.8	1.5	1.5	1.5
Current liabilities	**7.2**	**14.0**	**21.3**	**19.9**	**41.6**
Interest bearing debt	0.6	0.6	11.0	0.0	0.0
Payables	2.9	6.2	8.2	17.8	39.5
Other current liabilities	3.7	7.1	2.1	2.1	2.1
Balance sheet total	**242**	**190**	**125**	**138**	**213**

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	526.6 %	28.3 %	80.9 %	105.0 %	150.0 %	120.0 %	40.0 %	35.0 %	20.0 %	10.0 %	2.0 %	2.0 %
EBIT-%	-74.2 %	-90.7 %	-60.8 %	-20.6 %	-5.8 %	4.8 %	8.3 %	10.9 %	11.3 %	11.7 %	12.4 %	12.4 %
EBIT (operating profit)	**-47.4**	**-74.3**	**-90.0**	**-62.6**	**-44.3**	**79.4**	**194.5**	**343.6**	**429.6**	**487.9**	**526.6**	
+ Depreciation	12.2	10.8	12.7	18.6	17.8	20.8	27.5	35.1	43.6	53.5	68.1	
- Paid taxes	0.1	0.2	0.0	0.0	0.0	0.0	0.0	-65.2	-84.5	-99.4	-109.9	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-6.2	-4.7	-1.9	-0.1	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.7	0.8	1.5	
- Change in working capital	-9.9	-12.2	-12.8	-27.0	-83.5	-91.1	-100.2	-122.7	-94.7	-65.1	-29.7	
Operating cash flow	**-44.9**	**-75.6**	**-90.2**	**-71.0**	**-110.0**	**9.1**	**121.9**	**185.1**	**290.1**	**375.8**	**456.6**	
+ Change in other long-term liabilities	1.4	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-9.2	-5.0	-32.2	-37.4	-45.7	-53.9	-64.4	-77.0	-92.0	-110.0	-131.6	
Free operating cash flow	**-52.7**	**-80.8**	**-122.4**	**-108.5**	**-155.7**	**-44.8**	**57.4**	**108.2**	**198.1**	**265.7**	**325.0**	
+/- Other	0.0	0.0	84.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-52.7	-80.8	-37.8	-108.5	-155.7	-44.8	57.4	108.2	198.1	265.7	325.0	2,088.5
Discounted FCFF		**-83.6**	**-33.2**	**-80.7**	**-98.3**	**-24.0**	**26.1**	**41.7**	**64.8**	**73.7**	**76.5**	**491.4**
Sum of FCFF present value		454.5	538.1	571.2	651.9	750.2	774.2	748.1	706.4	641.6	567.9	491.4
Enterprise value DCF		**454.5**										
- Interest bearing debt		-3.1										
+ Cash and cash equivalents		105										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		**556.6**										
Equity value DCF per share		**0.81**										

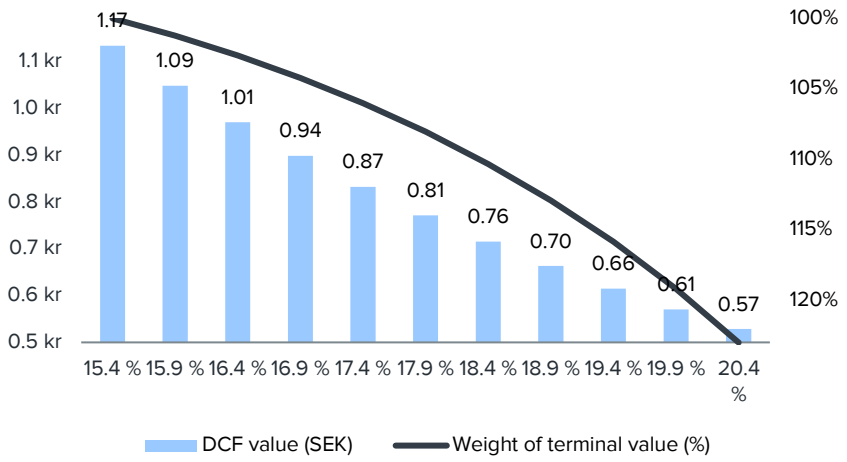
WACC	
Tax-% (WACC)	20.6 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	10.0 %
Equity Beta	2.90
Market risk premium	4.75 %
Liquidity premium	2.70 %
Risk free interest rate	2.5 %
Cost of equity	**19.0 %**
Weighted average cost of capital (WACC)	**17.9 %**

Source: Inderes

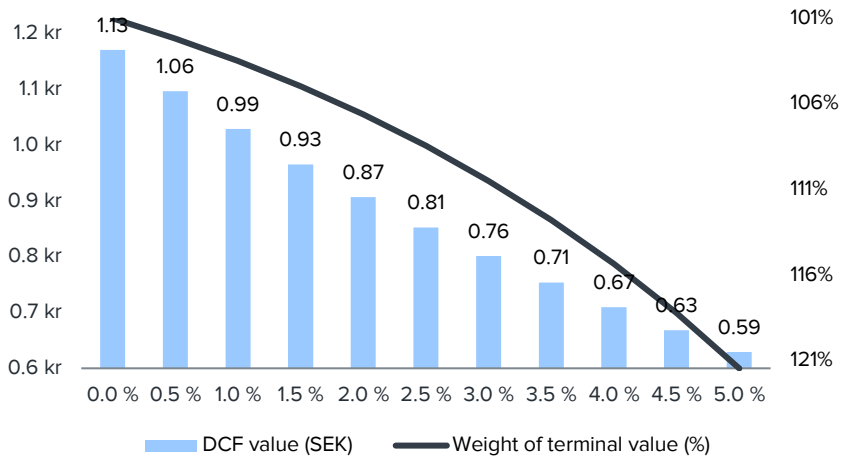


DCF sensitivity calculations and key assumptions in graphs

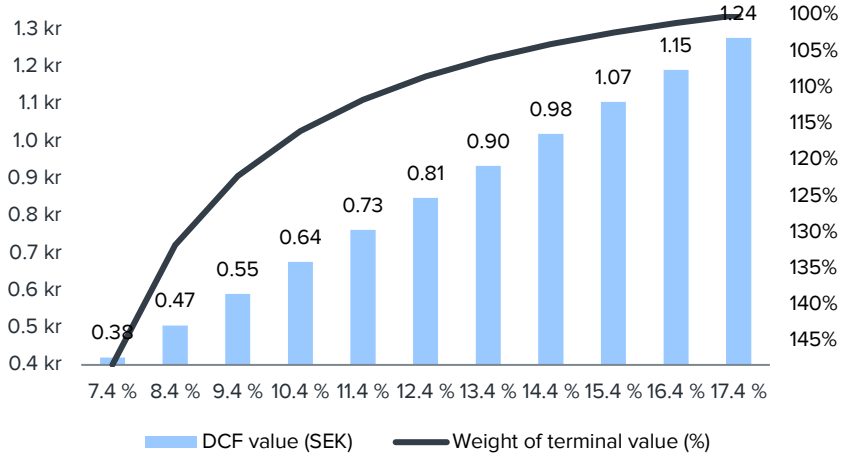
Sensitivity of DCF to changes in the WACC-%



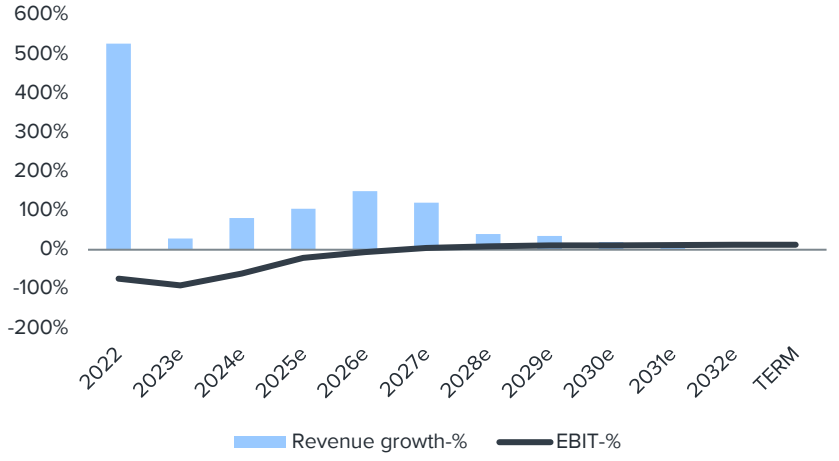
Sensitivity of DCF to changes in the risk-free rate



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	2020	2021	2022	2023e	2024e
Revenue	4.1	10.2	63.8	**81.9**	**148.1**
EBITDA	-11.4	-22.4	-35.2	**-63.5**	**-77.3**
EBIT	-19.7	-39.1	-47.4	**-74.3**	**-90.0**
PTP	-19.8	-34.4	-50.4	**-75.3**	**-91.3**
Net Income	-17.6	-30.5	-50.4	**-75.3**	**-91.3**
Extraordinary items	-7.2	-15.9	15.6	**-10.2**	**-10.2**

Balance sheet	2020	2021	2022	2023e	2024e
Balance sheet total	100.5	241.5	190.0	**125.5**	**137.8**
Equity capital	90.5	230.8	171.7	**96.4**	**89.6**
Goodwill	10.2	169.0	34.0	**23.7**	**13.5**
Net debt	-71.8	-39.2	-102.1	**-20.0**	**19.1**

Cash flow	2020	2021	2022	2023e	2024e
EBITDA	-11.4	-22.4	-35.2	**-63.5**	**-77.3**
Change in working capital	-0.3	-5.9	-9.9	**-12.2**	**-12.8**
Operating cash flow	-11.7	-28.2	-44.9	**-75.6**	**-90.2**
CAPEX	-0.9	-183.8	-9.2	**-5.0**	**-32.2**
Free cash flow	-15.0	-212.0	-52.7	**-80.8**	**-37.8**

Valuation multiples	2020	2021	2022	2023e	2024e
EV/S	>100	75.4	4.5	**0.5**	**0.9**
EV/EBITDA (adj.)	neg.	neg.	neg.	**neg.**	**neg.**
EV/EBIT (adj.)	neg.	neg.	neg.	**neg.**	**neg.**
P/E (adj.)	neg.	neg.	neg.	**neg.**	**neg.**
P/B	13.3	3.5	2.3	**0.6**	**1.3**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**

Source: Inderes

Per share data	2020	2021	2022	2023e	2024e
EPS (reported)	-0.09	-0.13	-0.17	**-0.22**	**-0.13**
EPS (adj.)	-0.05	-0.06	-0.22	**-0.19**	**-0.12**
OCF / share	-0.06	-0.12	-0.15	**-0.22**	**-0.13**
FCF / share	-0.07	-0.88	-0.17	**-0.24**	**-0.06**
Book value / share	0.45	0.96	0.57	**0.28**	**0.13**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2020	2021	2022	2023e	2024e
Revenue growth-%	112 %	150 %	527 %	**28 %**	**81 %**
EBITDA growth-%	-7 %	96 %	57 %	**80 %**	**22 %**
EBIT (adj.) growth-%	-5 %	87 %	171 %	**2 %**	**25 %**
EPS (adj.) growth-%	-18 %	17 %	258 %	**-13 %**	**-38 %**
EBITDA-%	-281.1 %	-219.8 %	-55.1 %	**-77.6 %**	**-52.2 %**
EBIT (adj.)-%	-306.0 %	-228.2 %	-98.6 %	**-78.2 %**	**-53.9 %**
EBIT-%	-482.8 %	-383.9 %	-74.2 %	**-90.7 %**	**-60.8 %**
ROE-%	-28.2 %	-19.0 %	-25.1 %	**-56.2 %**	**-98.2 %**
ROI-%	-28.9 %	-23.7 %	-23.1 %	**-51.6 %**	**-78.3 %**
Equity ratio	90.1 %	95.5 %	90.3 %	**76.8 %**	**65.1 %**
Gearing	-79.3 %	-17.0 %	-59.5 %	**-20.8 %**	**21.3 %**

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Date	Recommendation	Target	Share price
03/15/2024	Reduce	0.18 SEK	0.17 SEK

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