

Verve Group

Company report

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✓ Inderes corporate customer

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Gaining market share

Verve's Q2 report did not present any major surprises given the previously announced earnings update in mid-August, though it highlighted some positive developments. Notably, while the report showcased improved cash flow conversion and retention rate, the company's Capital Market Day also shared increased visibility regarding the company's operations. It is evident that Verve has continued to take further market share in 2024, and the outlook remains strong. We reiterate our Accumulate recommendation and raise the target price to SEK 38 (previously SEK 35).

Strong retention rate and increased cash conversion

As the top and bottom line was already known ahead of the report, our primary focus was on cash flow, pricing trends, and key performance indicators (KPIs). Starting with the latter, Verve's net dollar retention rate remained stable yet robust at 109% (Q1'24: 110%), indicating existing customers continue to spend more. However, the retention rate of 98% was particularly noteworthy, the highest in over three years, suggesting Verve is retaining a larger share of its existing customer base. We believe this highlights strong industry interest and the enduring relevance of Verve's products, especially as privacy-centric trends continue to gain momentum, and the shift towards a world with fewer or no identifiers accelerates. In terms of cash flow, we view positively that Verve has managed to increase its cash conversion in recent quarters on a trailing twelve-month basis, underscoring solid working capital management.

Capital Markets Day highlighted positive trends

Verve's Capital Markets Day ("CMD") provided encouraging insights, particularly regarding pricing trends. As the Q2 report suggested, the company had experienced higher pricing points in Q2, evident from lower volume growth relative to total revenue growth. However, these higher CPMs were, according to the company, primarily company-specific rather than indicative of a broader market recovery. The drivers behind the higher pricing points experienced in Q2 were largely due to the scaling of new ad formats, such as full-screen and video ads. Verve expects that general CPMs will also rise throughout the remainder of 2024, which supports our FY2024 estimates. Regarding Google's cookie policy reversal announced in July, Verve acknowledged the uncertainties surrounding the new approach but stressed that the industry now fully recognizes the growing importance of privacy, which is set to become even more critical moving forward. Lastly, we were pleased to see Verve provide more insight into its operations, notably the progress with diversifying its ad revenue by entering new market segments as well as its growing market share on iOS devices, which helps alleviate some related uncertainties previously perceived.

Still room for an upside in the share price

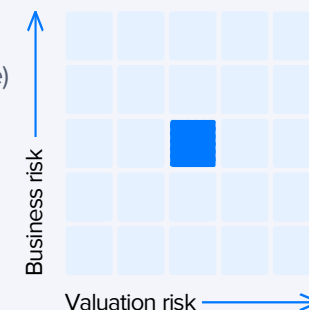
While our earnings estimates remain largely unchanged, we have slightly increased our FCFF estimates. Based on our 2025 projections, Verve trades at an adjusted EV/EBIT of 6.8x and an adjusted EV/FCF of 10.6x. Although the EV/EBIT multiple is low in absolute terms, the adjusted EV/FCFF multiple is only marginally below the peer median (11.5x). We believe a multiple in line with peer (based on FCFF) is acceptable, especially when considering future prospects. With the integration of Jun Group, Verve is expected to not only improve its capital structure over the coming years, but also boost its FCFF, and outgrow peers in this area. This is reflected in the adjusted 2026 EV/FCF multiple of 9.5x, which is below the peers' median (10.3x). Our DCF model, which we believe better captures the company's long-term value creation, points to a potential upside for the stock at SEK 39.3 per share, further reinforcing our positive investment stance.

Recommendation

Accumulate
(prev. Accumulate)

38.00 SEK
(prev. 35 SEK)

Share price:
33.65 SEK



Key indicators

	2023	2024e	2025e	2026e
Revenue	322.0	413.0	499.0	547.4
growth-%	-1%	28%	21%	10%
EBIT adj.	76.9	104.4	130.1	146.3
EBIT-% adj.	23.9 %	25.3 %	26.1 %	26.7 %
Net Income	46.7	28.0	52.8	69.2
EPS (adj.)	0.15	0.28	0.37	0.47
P/E (adj.)	6.6	10.6	7.9	6.3
P/B	0.5	1.3	1.2	1.0
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	5.9	8.6	6.8	5.8
EV/EBITDA	4.8	7.0	5.7	4.8
EV/S	1.4	2.2	1.8	1.5

Source: Inderes

Guidance

(Unchanged)

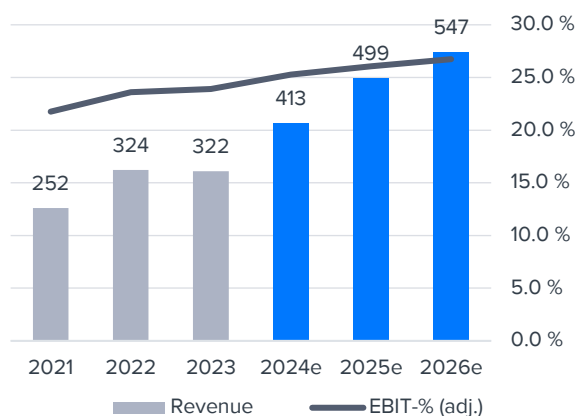
Revenue EUR 400-420 million (24-30%) and adjusted EBITDA EUR 125-135 million (31-42% growth)

Share price



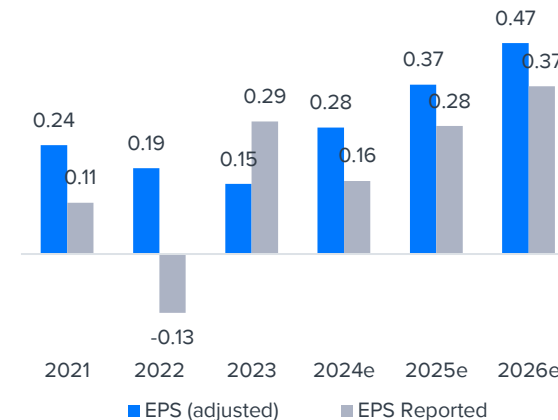
Source: Millstream Market Data AB

Revenues and operating profit-%



Source: Inderes

Earnings per share



Source: Inderes

Value drivers

- High single-digit growth in the programmatic ad market over the medium to long term, with In-app and CTV markets growing even faster
- Market-leading mobile In-App SSP
- Several proprietary targeting solutions for a post-identifier and cookie-less world
- Strong and increasing industry recognition could boost revenue growth
- A trusted end-to-end omnichannel platform
- Own first-party content that provides data to the ad platform
- Improved quality of earnings and increased potential for synergies in coming years following the acquisition of Jun Group

Risk factors

- Failing to maintain/increase market share in programmatic advertising
- Market disruption due to technological or regulatory reasons
- Despite a partial recovery in ad spending, persistent low CPMs and evolving privacy regulations pose ongoing risks
- Rapid slowdown in first-party games revenue
- Macroeconomic challenges could constrain marketing budgets and decelerate growth

Valuation	2024e	2025e	2026e
Share price (EUR)	2.96	2.96	2.96
Number of shares, millions	172.8	186.4	186.4
Market cap (MEUR)	552	552	552
EV (MEUR)	901	888	845
P/E (adj.)	10.6	7.9	6.3
P/E	18.3	10.5	8.0
P/B	1.3	1.2	1.0
P/S	1.3	1.1	1.0
EV/Sales	2.2	1.8	1.5
EV/EBITDA	7.0	5.7	4.8
EV/EBIT (adj.)	8.6	6.8	5.8
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

No major surprises in the Q2-report

Strong retention rate in Q2

The income statement offered no surprises following the company's earnings update on August 12. Revenue grew by 27% y/y, with 26% organic growth, reaching 96.6 MEUR. Adjusted EBIT came in at 23.2 MEUR (Q2'23: 16.6 MEUR), reflecting a 24% margin. The combination of strong revenue growth and improved margins, resulted in net income surging 317% y/y to 6.3 MEUR, translating to 0.04 EUR in reported EPS.

The number of large software clients increased to 851 in Q2 2024, up from 642 in Q2 2023, marking a 33% y/y and 11% q/q growth. Verve delivered 224 billion ad impressions in Q2'24, a 24% increase y/y and 13% q/q. This strong revenue growth was driven not only by a robust inflow of new customers during the second quarter but also by increased marketing budgets and successful upsell and cross-sell initiatives, as evidenced by the quarter's net dollar expansion rate of 109%. This marks the second consecutive quarter where the net dollar expansion rate has exceeded 100%, after

hovering around 90% throughout 2023 in response to the challenging macroeconomic environment.

Furthermore, retention rate improved in Q2, reaching 98% (up from 96% in Q2'23), marking the highest level in over three years. This strong retention suggests that Verve is effectively retaining a larger share of its existing customers. We believe this underscores the ongoing relevance of Verve's products and solutions, alongside an increasing customer demand to utilize them, especially as privacy-centric trends continue to grow and the transition to a world with fewer or no identifiers progresses

Improved cash conversion facilitated a reduced leverage

Operating cash flows (OCF) amounted to 18.4 MEUR (Q2'23: 13.1 MEUR), were changes in working capital (-12.8 MEUR) impacted OCF negatively, largely due to seasonality. After accounting for CAPEX of -8.8 MEUR during the quarter, free cash flow stood at 9.6 MEUR. On

a trailing twelve-month basis, we note that Verve has steadily improved its cash conversion (FCFF/adj.EBITDA) over the last two quarters, reflecting effective working capital management amidst strong growth. We expect this positive cash conversion trend to continue with the integration of Jun Group, given its strong earnings and cash flow profile, along with the refinancing effects from the Q3'23 bond issue.

While outstanding debt remained flat q/q, the net debt position improved to 300 MEUR (Q1'24: 319 MEUR), driven by organic cash generation and proceeds from the direct share issue of 25 MEUR (with remaining amounts to be booked in Q3'24). This reduced the leverage ratio to 2.8x in Q2'24, down from 3.2x in Q1'24.

While the Jun Group acquisition and subsequent Q3 2024 bond issue will temporarily increase net debt in the next couple quarters, higher earnings and an enhanced cash flow profile are expected to further improve Verve's leverage ratio over time, positioning the company favorably for debt amortization.

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e*	Consensus*		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	76.2	96.6	96.6	87.3	85.4	- 90.0	0%	413
EBITDA (adj.)	21.3	29.1	29.1	23.8	23.0	- 25.2	0%	128
EBIT (adj.)	16.6	23.2	23.2	18.2	14.8	- 20.7	0%	104
EBIT	12.8	19.6	19.6	16.4	15.0	- 18.2	0%	84.0
PTP	0.1	6.7	8.4	2.7	0.7	- 5.0	-20%	33.0
EPS (adj.)	0.03	0.06	0.06	0.03	0.02	- 0.03	-3%	0.28
EPS (reported)	0.01	0.04	0.04	0.01	0.01	- 0.01	-3%	0.16
Revenue growth-%	-2.4 %	26.8 %	26.8 %	14.7 %	12.1 %	- 18.1 %	0 pp	28.3 %
EBIT-% (adj.)	21.8 %	24.0 %	24.0 %	20.8 %	17.3 %	- 23.0 %	0 pp	25.3 %

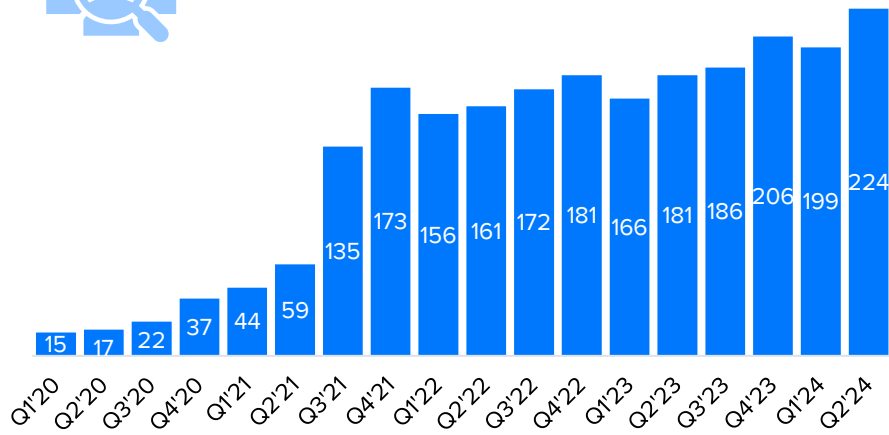
Source: Inderes & Bloomberg (4) (consensus)

*Consensus numbers reflect the situation before the positive earnings update

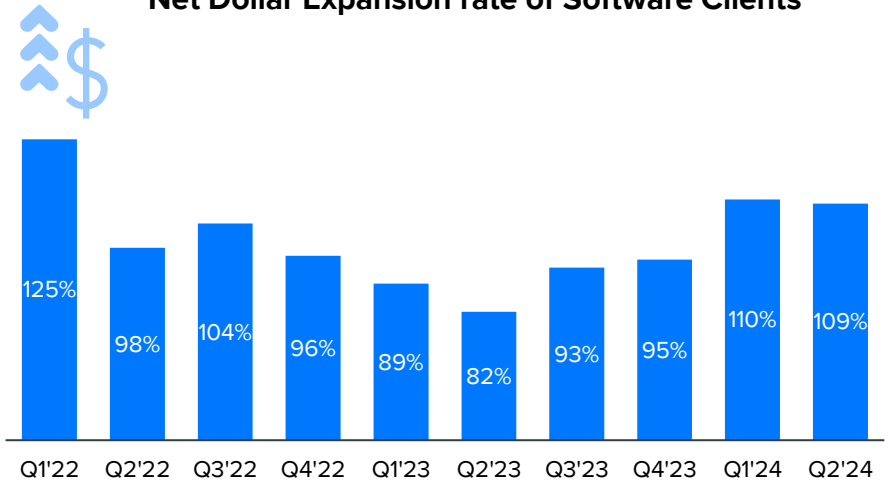
KPIs



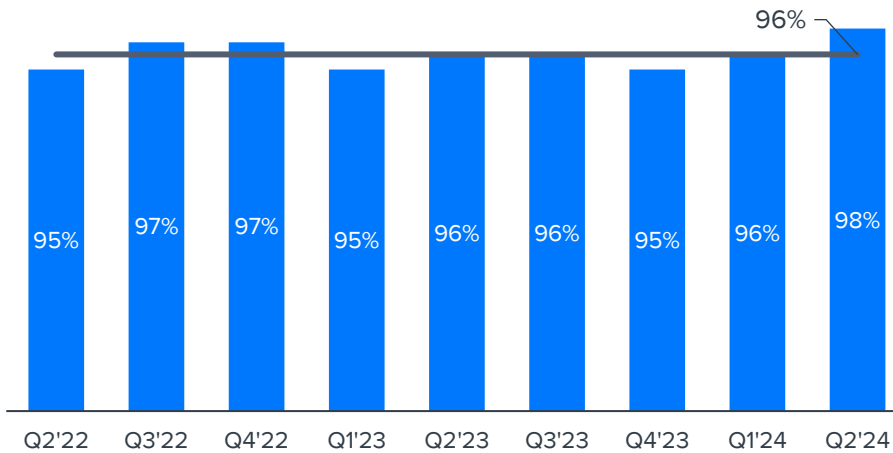
Ad Impressions (in bn)



Net Dollar Expansion rate of Software Clients



Retention rate of Software Clients

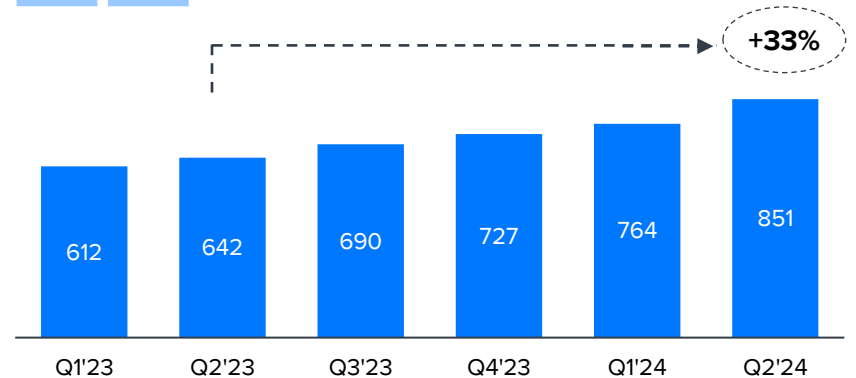


Source: Verve

— Average

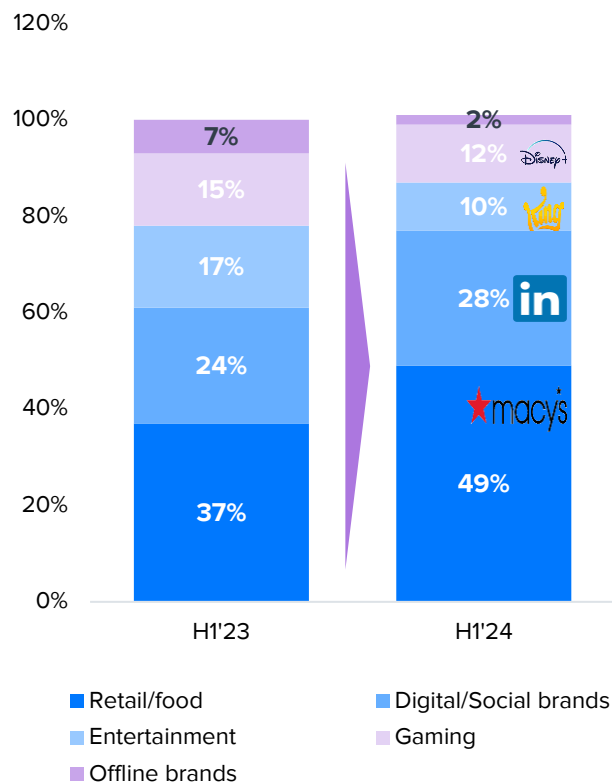
Large Software Clients

Definition: >100k \$ demand and supply partners

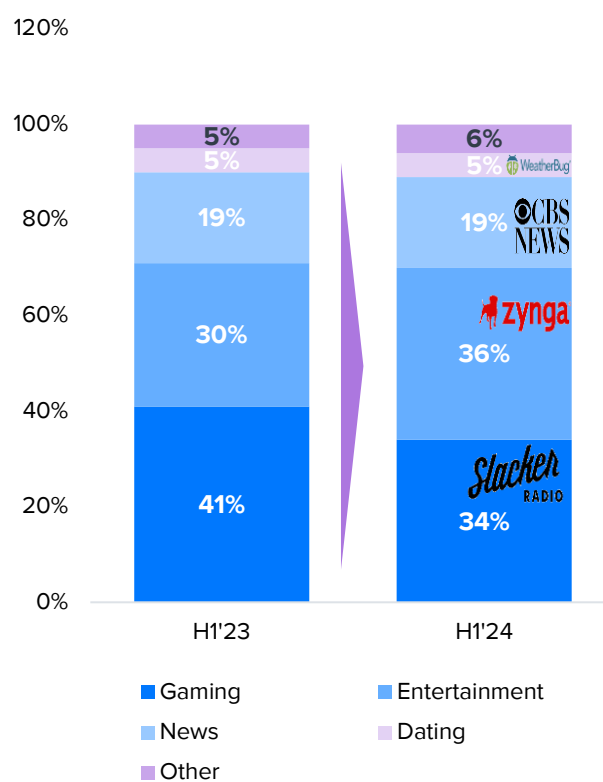


Verve drives increased diversification by expanding into new market segment and also gains market share on iOS

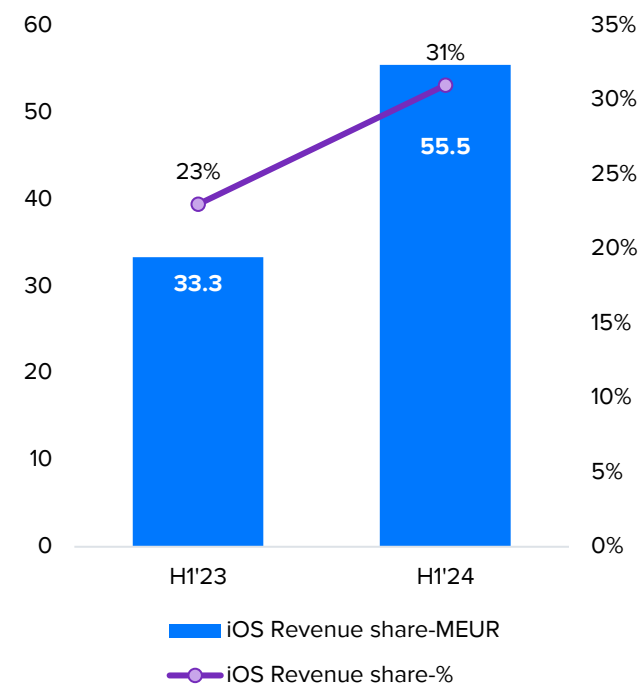
Demand Side (DSP)



Supply Side (SSP)



iOS Revenue share



Limited forecast revisions

Estimates changes

- We keep our revenue and adjusted EBIT estimates for 2024 and beyond unchanged. We are expecting revenue to grow by 28% (19% organically) in 2024 to 413 MEUR with an adjusted EBIT of 104.5 MEUR, corresponding to a 25% adjusted EBIT margin.
- However, following the detailed cost structure disclosed in the Q2 report, we've made some adjustments, including reducing our estimates for personnel costs, purchased services, and other operating expenses in the coming years. Simultaneously, we've lowered our projections for capitalized development costs and other operating income. These adjustments had no impact on our overall profitability assumptions, but we positively view the improved cost efficiencies, particularly in
 - reducing personnel costs as a percentage of revenue.
- We have slightly reduced our CAPEX estimates related to PPE based on the H1'24 results, which has had a minor impact on our future depreciation projections.
- We have reduced our working capital commitment estimates, reflecting the improved cash conversion witnessed in recent quarters, which boosts our confidence in Verve's ability to convert earnings into cash. Consequently, we have moderately increased our FCFE estimates.
- Verve's effective cost management gives us confidence that the company can maintain a higher EBIT margin for an extended period. Accordingly, we have raised our long-term EBIT estimates (2031-2033) from 17% to 18%

Estimate revisions MEUR / EUR	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	413	413	0%	499	499	0%	547	547	0%
EBITDA	120	120	0%	157	157	0%	176	176	0%
EBIT (exc. NRIs)	104	104	0%	130	130	0%	143	146	3%
EBIT	84.0	84.0	0%	113	113	0%	125	129	3%
PTP	34.7	33.0	-5%	70.3	70.4	0%	88.4	92.2	4%
EPS (excl. NRIs)	0.28	0.28	0%	0.37	0.37	0%	0.45	0.47	3%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation 1/2

Valuation based on DCF-model favored

Verve's income statement contains several non-cash items and non-recurring costs, so we pay close attention to an FCF-based valuation method such as DCF. According to our DCF model, Verve's fair value is SEK 39.3 per share, approx. 17% above yesterday's closing price. Our model assumes that Verve's revenues will grow by 28% in 2024 (of which 18% is organic), to 413 MEUR, which is roughly at the midpoint of the company's target range. In 2025-2026, we expect organic growth to slightly outpace the global programmatic advertising market, but M&A effects to boost total growth in 2025. After 2026, our revenue growth estimate starts to decline to the terminal growth estimate of 2%. In terms of profitability, we expect an adjusted EBIT margin between 25% and 18% (company target 20-25%). Our adjusted EBIT margin is expected to increase from the 2023 numbers to ~26% in 2025-2026 and then slowly decline to 18% as we approach the terminal period. These conservative assumptions reflect a more mature phase of the company's lifecycle, balancing growth and profitability as the business stabilizes.

For our discounted cash flow (DCF) valuation, we used a weighted average cost of capital (WACC) of 10.3%, with a higher cost of equity of 11.1%. Our base case assumptions are consistent with the estimates described in the previous section.

Still low earnings multiples but multiples based on FCF more reasonable

Since our last report on Verve (August 12, 2024), the share price has increased by 7%. and is up near 190% YTD. Despite the recent surge in the share, Verve still trades at relatively low absolute multiples based on its earnings, especially the ones adjusted for PPA amortization.

Based on our 2025 estimates, Verve trades at an adjusted EV/EBIT and adjusted EV/FCFF of 6.8x and 10.6x. As Verve records a relatively high PPA amortizations (11 MEUR LTM), the adjusted multiples are generally lower than the unadjusted ones. As a result, the unadjusted EV/EBIT multiples for 2025 is 7.9x.

Verve's multiples based on earnings are significantly lower than those of its peer group. The peer group's median EV/EBIT multiples for 2025 and 2026 are 25.5x and 15.1x, respectively. However, we note that there is a high variation in the multiples among the peers, which affects the median value.

As illustrated on the next page, Verve is projected to achieve faster revenue and adjusted EBITDA growth than its peers during 2024-2026, while maintaining a higher average adjusted EBIT margin. However, Verve is expected to trail its peers in terms of EBIT CAGR. It's important to note that our estimates include inorganic growth, which inflates the CAGR figures. As such, we place less emphasis on these numbers, as the corresponding organic revenue growth is closer to 12%, aligning with the peer median. This provides a more realistic and comparable view of Verve's underlying growth potential.

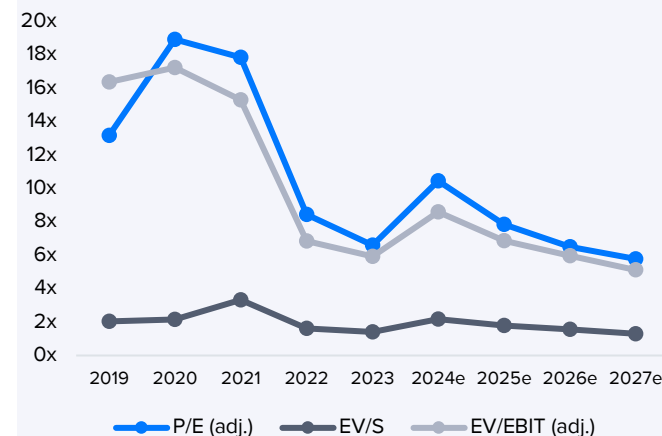
From a risk perspective, Verve currently has higher leverage than its peers, which typically results in lower valuation multiples, all else equal. Given this and the fact that EBIT growth drives the EV/EBIT multiple, we believe the current valuation gap (based on earnings) between Verve and its peers is justified.

However, over the long term, as Verve benefits from Jun Group's higher-quality earnings and improved bond terms (as evidenced by the Q3'24 bond issue), we expect this valuation gap to gradually narrow as the leverage decreases.

Valuation	2024e	2025e	2026e
Share price (EUR)	2.96	2.96	2.96
Number of shares, millions	172.8	186.4	186.4
Market cap (MEUR)	552	552	552
EV (MEUR)	901	888	845
P/E (adj.)	10.6	7.9	6.3
P/E	18.3	10.5	8.0
P/B	1.3	1.2	1.0
P/S	1.3	1.1	1.0
EV/Sales	2.2	1.8	1.5
EV/EBITDA	7.0	5.7	4.8
EV/EBIT (adj.)	8.6	6.8	5.8
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

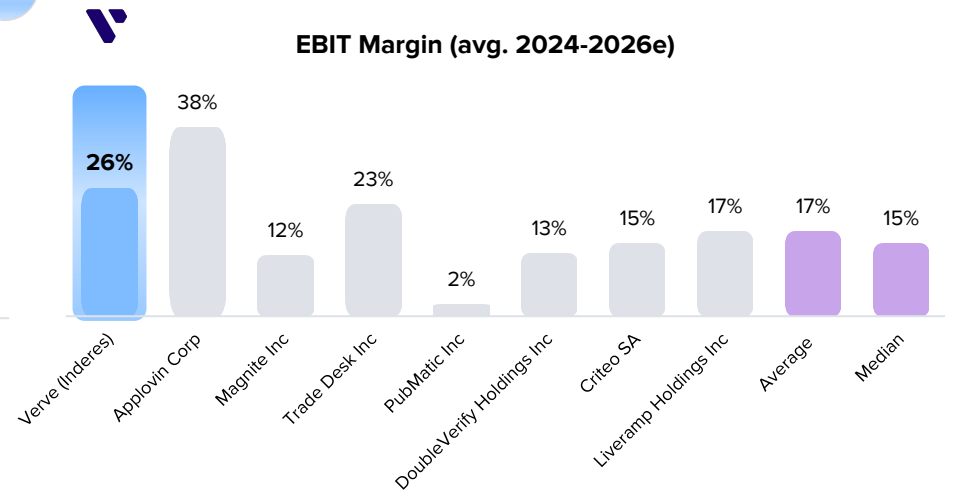
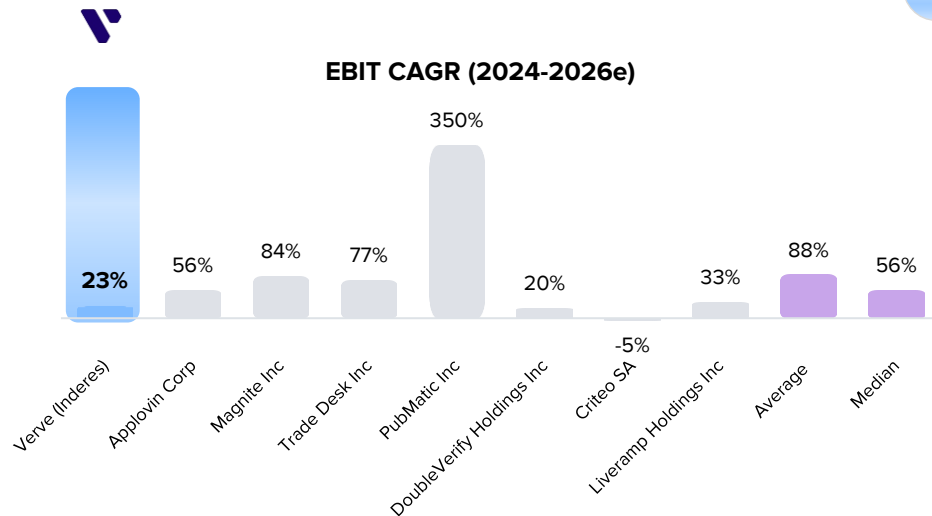
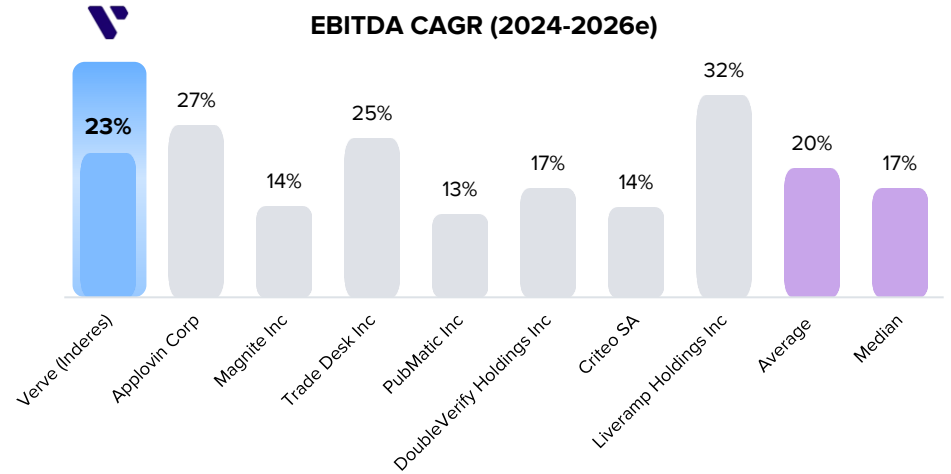
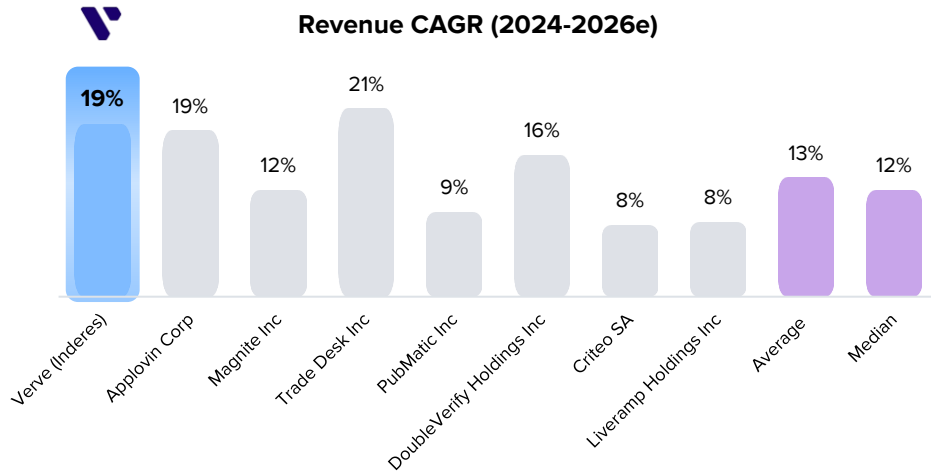
Source: Inderes

Development of valuation multiples



Source: Inderes

Verve vs. Peers: At a glance



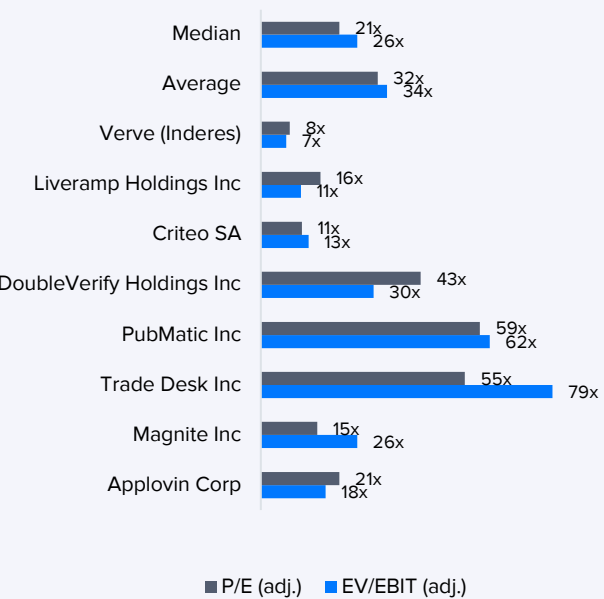
Valuation 2/2

We keep our recommendation but increase the target price

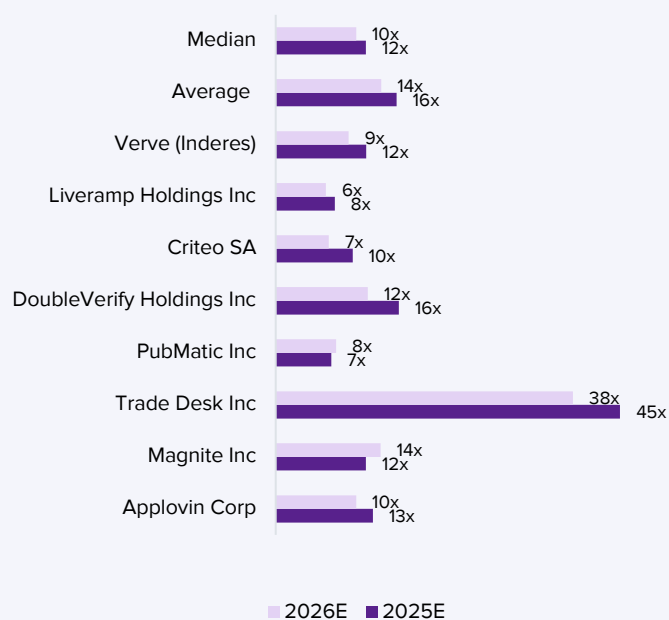
We raise our target price to SEK 38 (was SEK 35) and reiterate our Accumulate recommendation. At this target price, Verve's adjusted EV/EBIT and EV/FCFF multiples for 2025 are 7.4x and 11.5x, respectively. While the EV/EBIT multiple remains low in absolute terms, the EV/FCFF multiple aligns with the peer median, which we find reasonable given the long-term outlook. Although Verve is expected to have slightly lower FCFF margins than peers in 2024-2026, the integration of Jun Group is anticipated to boost FCFF growth, enabling Verve to outpace peers in this area. Additionally, we expect Verve to

significantly reduce its leverage from 2.8x to 1.7x by 2026, resulting in more manageable debt levels, supported by improved earnings quality from the Jun Group acquisition, better bond terms on existing debt, and anticipated rate cuts. Given the strong growth and profitability outlook, we believe Verve trading at similar forward FCFF multiples as peers is justified.

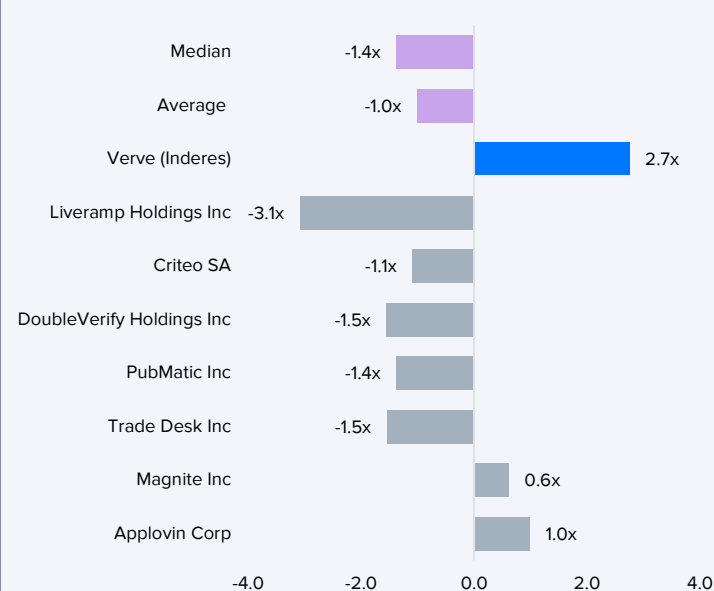
Peer groups valuation multiples (2025e)



Peer groups EV/FCF multiples (2025e-2026e)



Net debt/EBITDA'24

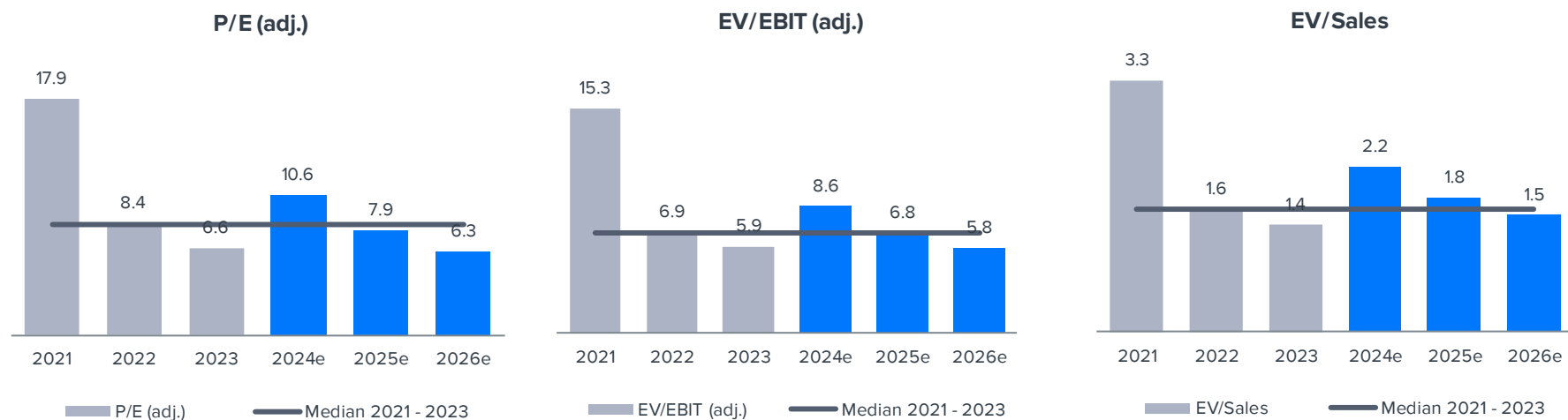


Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024e	2025e	2026e	2027e
Share price (EUR)	4.30	1.60	1.02	2.96	2.96	2.96	2.96
Number of shares, millions	141.7	156.2	159.2	172.8	186.4	186.4	186.4
Market cap (MEUR)	644	255	163	552	552	552	552
EV (MEUR)	840	525	456	901	888	845	762
P/E (adj.)	17.9	8.4	6.6	10.6	7.9	6.3	5.7
P/E	37.9	neg.	3.5	18.3	10.5	8.0	7.0
P/B	2.1	0.8	0.5	1.3	1.2	1.0	0.9
P/S	2.6	0.8	0.5	1.3	1.1	1.0	0.9
EV/Sales	3.3	1.6	1.4	2.2	1.8	1.5	1.3
EV/EBITDA	11.8	5.6	4.8	7.0	5.7	4.8	4.0
EV/EBIT (adj.)	15.3	6.9	5.9	8.6	6.8	5.8	5.0
Payout ratio (%)	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 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Applovin Corp	26,428	29,175	20.6	17.1	13.5	11.6	7.3	6.5	25.9	20.6	22.1
Magnite Inc	1,723	1,927	51.2	25.5	10.8	9.4	3.5	3.2	18.2	14.8	2.6
Trade Desk Inc	45,130	43,784	113.3	77.4	48.0	39.6	19.9	16.6	63.9	54.1	18.8
PubMatic Inc	683	534	900.3	60.3	6.7	5.9	2.1	1.9	74.8	58.0	2.7
DoubleVerify Holdings Inc	2,932	2,631	41.6	30.0	13.9	11.6	4.4	3.7	61.7	42.6	2.8
Criteo SA	2,351	2,110	15.7	12.7	6.5	6.1	2.1	2.0	11.3	10.9	2.3
Liveramp Holdings Inc	1,490	1,180	12.9	10.7	12.0	9.7	2.0	1.8	16.9	16.0	1.8
Verve (Inderes)	552	901	8.6	6.8	7.0	5.7	2.2	1.8	10.6	7.9	1.3
Average			165.1	33.4	15.9	13.4	5.9	5.1	39.0	31.0	7.6
Median			41.6	25.5	12.0	9.7	3.5	3.2	25.9	20.6	2.7
Diff-% to median			-79%	-73%	-42%	-42%	-38%	-44%	-59%	-62%	-50%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	324	68.8	76.2	78.3	98.7	322	82.5	96.6	107	127	413	499	547	591
EBITDA (excl. NRI)	93.2	19.1	21.3	23.1	31.7	95.2	22.0	29.1	34.1	42.9	128	157	176	189
EBITDA	84.8	17.4	20.0	63.7	27.3	128	20.2	28.1	31.1	40.7	120	157	176	188.5
Depreciation	-58.1	-6.4	-7.2	-8.3	-7.6	-29.5	-7.9	-8.5	-8.8	-10.9	-36.1	-44.0	-47.4	-53.7
EBIT (excl. NRI)	76.6	15.2	16.6	18.4	26.8	76.9	16.6	23.2	28.4	36.3	104	130	146	153
EBIT	26.6	11.0	12.8	55.4	19.7	99.0	12.3	19.6	22.4	29.8	84.0	113	129	135
Net financial items	-38.0	-10.5	-12.7	-12.8	-14.1	-50.1	-14.1	-12.9	-12.0	-12.0	-51.0	-42.7	-36.3	-30.2
PTP	-11.3	0.6	0.1	42.6	5.6	48.9	-1.9	6.7	10.4	17.8	33.0	70.4	92.2	105
Taxes	-9.1	0.0	1.4	-3.4	-0.7	-2.7	2.5	-0.4	-2.6	-4.4	-5.0	-17.6	-23.1	-26.2
Minority interest	0.1	0.3	0.2	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-20.3	0.82	1.7	39.3	4.9	46.7	0.6	6.3	7.8	13.3	28.0	52.8	69.2	78.5
EPS (adj.)	0.19	0.03	0.03	0.01	0.08	0.15	0.03	0.06	0.08	0.11	0.28	0.37	0.47	0.52
EPS (rep.)	-0.13	0.01	0.01	0.25	0.03	0.29	0.00	0.04	0.04	0.08	0.16	0.28	0.37	0.42

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	28.7 %	4.4 %	-2.4 %	-10.6 %	6.3 %	-0.8 %	20.0 %	26.8 %	36.0 %	29.1 %	28.3 %	20.8 %	9.7 %	8.0 %
Adjusted EBIT growth-%	39.5 %	11.4 %	1.0 %	-0.3 %	-4.6 %	0.5 %	9.7 %	39.9 %	53.8 %	35.5 %	35.7 %	24.5 %	12.5 %	4.3 %
EBITDA-%	26.1 %	25.3 %	26.2 %	81.4 %	27.7 %	39.9 %	24.5 %	29.1 %	29.2 %	31.9 %	29.1 %	31.5 %	32.1 %	31.9 %
Adjusted EBIT-%	23.6 %	22.0 %	21.8 %	23.5 %	27.1 %	23.9 %	20.2 %	24.0 %	26.6 %	28.5 %	25.3 %	26.1 %	26.7 %	25.8 %
Net earnings-%	-6.3 %	1.2 %	2.3 %	50.1 %	5.0 %	14.5 %	0.7 %	6.5 %	7.3 %	10.5 %	6.8 %	10.6 %	12.6 %	13.3 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	824	814	980	982	982
Goodwill	588	578	672	672	672
Intangible assets	204	219	291	294	291
Tangible assets	5.5	4.0	4.4	3.4	5.3
Associated companies	1.0	1.0	1.0	1.0	1.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	19.2	1.4	1.4	1.4	1.4
Deferred tax assets	6.7	10.5	10.5	10.5	10.5
Current assets	221	194	185	196	233
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	18.8	39.5	0.0	0.0	0.0
Receivables	52.2	32.3	86.3	105	119
Cash and equivalents	150	122	98.6	91.1	114
Balance sheet total	1045	1007	1165	1178	1215

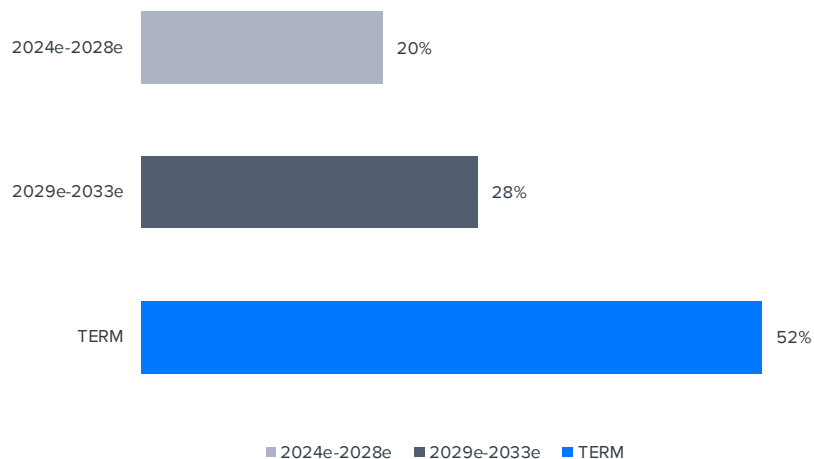
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	322	352	420	473	542
Share capital	159	159	1.6	1.6	1.6
Retained earnings	1.4	48.1	76.1	129	198
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	162	145	343	343	343
Minorities	-1.2	0.2	0.2	0.2	0.2
Non-current liabilities	503	414	521	461	416
Deferred tax liabilities	24.4	28.9	28.9	28.9	28.9
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	389	348	415	395	375
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	89.6	36.9	76.9	36.7	11.7
Current liabilities	219	241	224	244	257
Interest bearing debt	31.9	66.5	32.0	32.0	32.0
Payables	90.1	102	120	140	152
Other current liabilities	97.5	72.4	72.4	72.4	72.4
Balance sheet total	1045	1007	1165	1178	1215

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-0.8 %	28.3 %	20.8 %	9.7 %	8.0 %	7.0 %	6.0 %	5.0 %	4.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	30.7 %	20.3 %	22.7 %	23.5 %	22.8 %	21.0 %	20.0 %	19.0 %	18.0 %	18.0 %	18.0 %	18.0 %
EBIT (operating profit)	99.0	84.0	113	129	135	133	134	134	132	136	139	
+ Depreciation	29.5	36.1	44.0	47.4	53.7	58.2	62.3	65.8	63.6	66.0	59.8	
- Paid taxes	-2.1	-5.0	-17.6	-23.1	-26.2	-26.7	-27.9	-28.4	-28.4	-30.0	-31.2	
- Tax, financial expenses	-2.8	-7.7	-10.7	-9.1	-7.5	-6.5	-5.6	-5.1	-4.5	-4.0	-3.5	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-14.1	3.4	1.5	-2.1	0.3	-0.2	0.6	0.3	-0.8	-1.3	-0.9	
Operating cash flow	109	111	130	142	155	158	164	166	162	167	163	
+ Change in other long-term liabilities	-52.7	40.0	-40.2	-25.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-15.5	-203.0	-45.5	-47.1	-49.2	-51.3	-52.4	-53.7	-56.0	-60.2	-62.9	
Free operating cash flow	41.3	-52.3	44.6	69.6	106	106	111	113	106	106	99.9	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	41.3	-52.3	44.6	69.6	106	106	111	113	106	106	99.9	1221
Discounted FCFF		-50.6	39.1	55.3	76.3	69.4	65.7	60.4	51.3	46.8	39.9	487
Sum of FCFF present value		940	991	952	897	820	751	685	625	574	527	487
Enterprise value DCF		940										
- Interest bearing debt		-414.5										
+ Cash and cash equivalents		122										
-Minorities		-0.2										
-Dividend/capital return		0.0										
Equity value DCF		647										
Equity value DCF per share		3.5										
Equity value DCF per share (SEK)		39.3										

Cash flow distribution

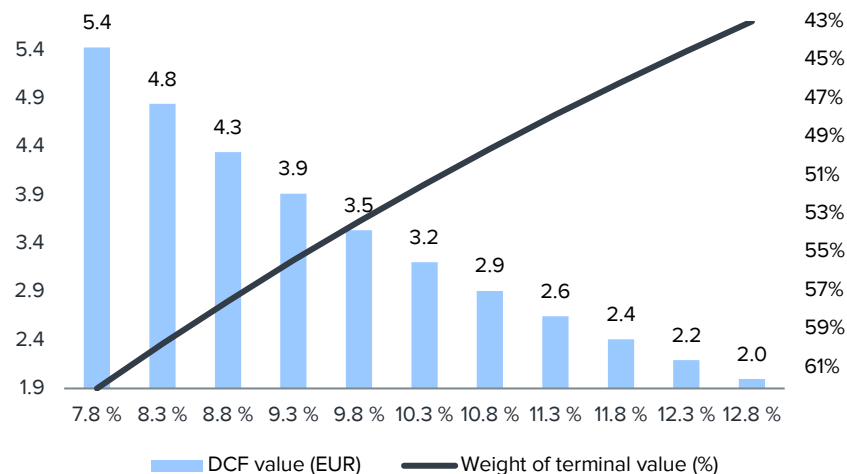


WACC

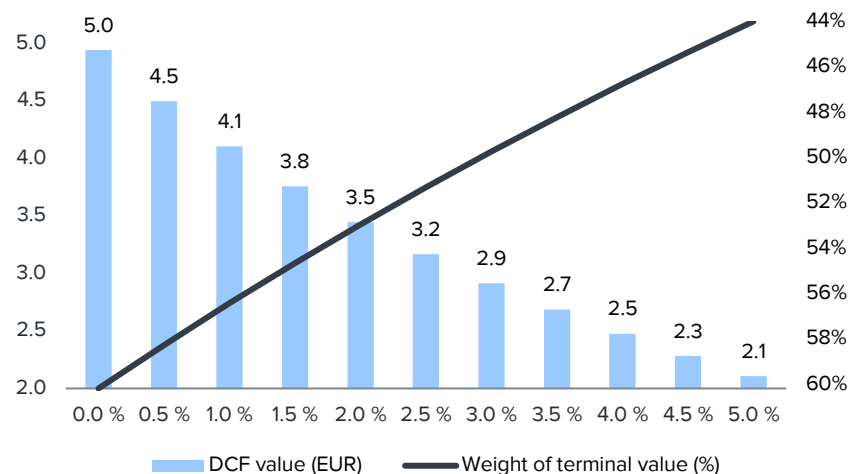
Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	8.2 %
Equity Beta	1.45
Market risk premium	4.75%
Liquidity premium	1.70%
Risk free interest rate	2.5 %
Cost of equity	11.1 %
Weighted average cost of capital (WACC)	10.3 %

DCF sensitivity calculations and key assumptions in graphs

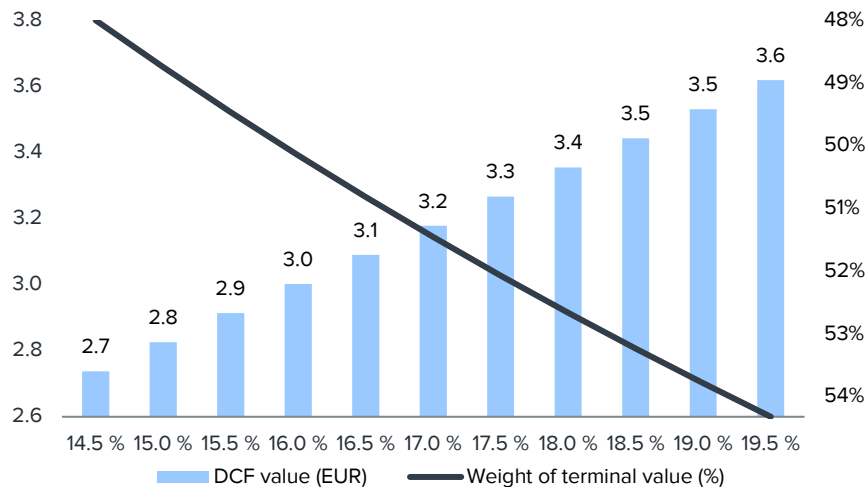
Sensitivity of DCF to changes in the WACC-%



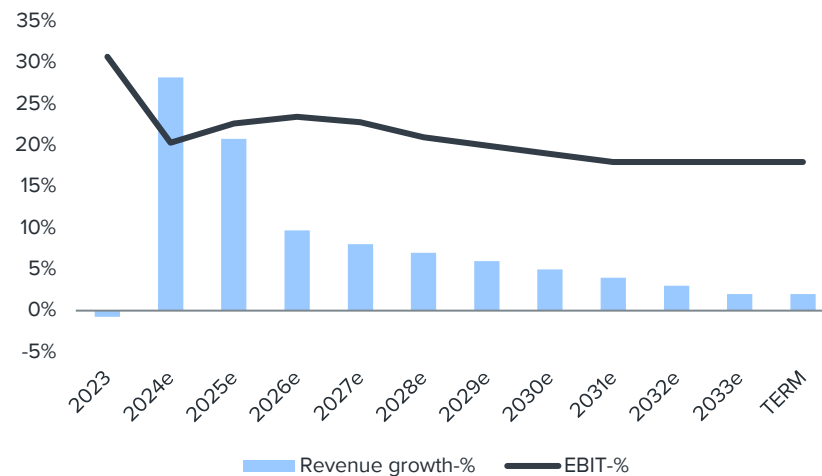
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	252.2	324.4	322.0	413.0	499.0	EPS (reported)	0.11	-0.13	0.29	0.16	0.28
EBITDA	65.0	84.8	128.5	120.0	157.1	EPS (adj.)	0.24	0.19	0.15	0.28	0.37
EBIT	36.8	26.6	99.0	84.0	113.1	OCF / share	1.06	0.52	0.69	0.64	0.70
PTP	14.9	-11.3	48.9	33.0	70.4	FCF / share	-1.66	-0.52	0.26	-0.30	0.24
Net Income	16.1	-20.3	46.7	28.0	52.8	Book value / share	2.17	2.07	2.21	2.43	2.54
Extraordinary items	-18.1	-49.9	22.1	-20.4	-17.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	934.1	1044.7	1007.0	1165.4	1177.9	Revenue growth-%	80%	29%	-1%	28%	21%
Equity capital	307.5	321.7	352.5	420.4	473.2	EBITDA growth-%	145%	30%	52%	-7%	31%
Goodwill	412.0	587.7	578.0	672.0	672.0	EBIT (adj.) growth-%	214%	40%	0%	36%	25%
Net debt	195.8	271.3	292.8	348.4	335.9	EPS (adj.) growth-%	117%	-21%	-18%	81%	34%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	25.8 %	26.1 %	39.9 %	29.1 %	31.5 %
EBITDA	65.0	84.8	128.5	120.0	157.1	EBIT (adj.)-%	21.8 %	23.6 %	23.9 %	25.3 %	26.1 %
Change in working capital	82.0	8.6	-14.1	3.4	1.5	EBIT-%	14.6 %	8.2 %	30.7 %	20.3 %	22.7 %
Operating cash flow	150.2	80.9	109.5	110.7	130.3	ROE-%	6.6 %	-6.4 %	13.8 %	7.2 %	11.8 %
CAPEX	-389.4	-236.3	-15.5	-203.0	-45.5	ROI-%	7.7 %	3.7 %	13.1 %	10.3 %	12.8 %
Free cash flow	-234.8	-81.8	41.3	-52.3	44.6	Equity ratio	32.9 %	30.8 %	35.0 %	36.1 %	40.2 %
						Gearing	63.7 %	84.3 %	83.1 %	82.9 %	71.0 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	3.3	1.6	1.4	2.2	1.8						
EV/EBITDA	11.8	5.6	4.8	7.0	5.7						
EV/EBIT (adj.)	15.3	6.9	5.9	8.6	6.8						
P/E (adj.)	17.9	8.4	6.6	10.6	7.9						
P/B	2.1	0.8	0.5	1.3	1.2						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2022-12-12	Buy	23 kr	16.90 kr
2023-01-03	Buy	26 kr	18.00 kr
2023-06-01	Buy	22 kr	12.70 kr
2023-09-01	Buy	21 kr	15.20 kr
2023-12-01	Buy	16 kr	10.10 kr
2024-03-01	Buy	17 kr	12.09 kr
2024-03-21	Buy	20 kr	16.98 kr
<i>Change of Analyst</i>			
2024-05-08	Accumulate	24 kr	20.85 kr
2024-06-24	Buy	28 kr	18.52 kr
2024-07-05	Accumulate	29 kr	25.25 kr
2024-08-13	Accumulate	35 kr	31.55 kr
2024-08-30	Accumulate	38 kr	33.65 kr



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