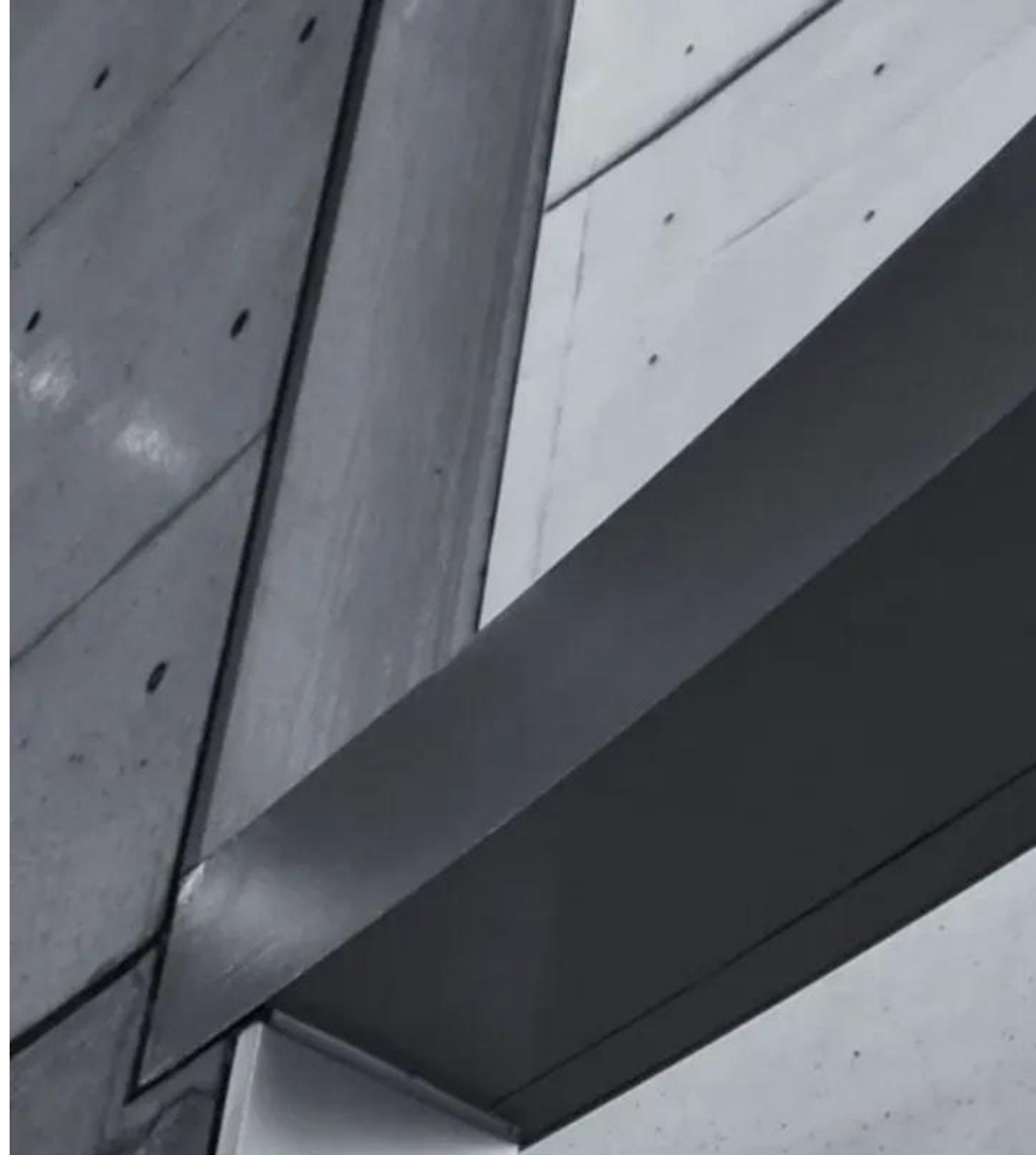# BETOLAR

2/6/2025 7:15 EET

This is a translated version of the "Kasvuaihiot eivät kääntyneet kasvuluvuiksi" report, published on 2/6/2025

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Growth drivers did not translate into growth numbers

The order intake and other indicators of the results of the commercialization efforts in Betolar's financial statements were below our expectations, which led us to lower our growth forecasts for the next few years. The implemented savings measures have been more effective than we expected, so that capital consumption will slow down significantly in the coming years. The risk associated with achieving a commercial breakthrough, combined with a neutral valuation based on long-term potential, keeps the risk/reward ratio inadequate in our view. In line with the lowered forecasts, we lower our target price for Betolar to EUR 0.9 and reiterate our Reduce recommendation.

Savings measures were stronger than we expected

Revenue for H2'24 was 0.5 MEUR, below our forecast of 0.7 MEUR. The EBITDA loss, however, was lower than forecast due to effective savings measures. As a result, the company has entered the 2025 financial year with a lower than expected cost structure, which will significantly slow down the capital consumption compared to previous financial years. Otherwise, there were no surprises in the financing situation, so we continue to expect the current financing to be sufficient until 2027. Order intake in H2 stood at 0.5 MEUR, which does not indicate a significant acceleration of growth in early 2025.

Financial targets to be updated

On the whole, our previous forecasts assumed significant progress in the commercialization of Betolar in 2025, but the order intake of around 1 MEUR in the financial year 2024 did not support our growth forecast. We have therefore significantly lowered our revenue forecasts for the coming years. However, we expect revenue to more than double to 1.8 MEUR, reflecting Betolar's buoyant news flow on various commercial initiatives. This is in line

with the guidance given by Betolar in connection with the financial statements, where the company expects revenue to grow from the 2024 level. In the coming year, we expect revenue to come mainly from research service projects. At the EBITDA level, the forecast changes for the coming years remained small, reflecting a lower-than-expected actual cost structure and a lower level of growth investments.

The revision of the financial target made by the company in connection with the financial statements release was, in our view, necessary and quite expected, as the previous revenue target (FY 2026 50-100 MEUR) had inevitably slipped out of Betolar's reach. The company removed the 2026 revenue target, but left the long-term target and the positive cash flow from operating activities target for next year unchanged. We think it will be challenging for Betolar to achieve positive cash flow in 2026, and with the current cost structure, we estimate that in addition to revenue of around 7 MEUR, a strengthening of the gross margin from 2024 will be necessary.

Valuation relies on far-reaching potential

The 2025 and 2026 EV/S valuation ratios based on our forecasts for Betolar are 11x and 4x, which we consider high, considering the high risk level related to commercializing Betolar's innovations. The value of the DCF model based on our long-term forecasts is at our target price. We also believe that the likelihood of short-term upward price drivers is low for the time being, until we see concrete signs of accelerating growth and progress in commercialization. Given our valuation methodology and the company's stage of development, the risk/reward ratio is not yet positive, and we are still waiting for the first signs of a commercial breakthrough.

|	2024	2025e	2026e	2027e
Revenue	0.8	1.8	6.6	9.3
growth-%	48%	136%	267%	41%
EBIT adj.	-8.0	-5.1	-3.2	-0.5
EBIT-% adj.			-49%	-5.1 %
Net Income	-7.7	-5.1	-3.8	-0.9
EPS (adj.)	-0.36	-0.24	-0.18	-0.04
P/E (adj.)	neg.	neg.	neg.	neg.
P/B	1.7	6.1	neg.	14.1.
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	neg.	neg.	neg.
EV/EBITDA	neg.	neg.	neg.	24.4
EV/S	13.9	10.7	3.6	2.5

Source: Inderes

Guidance (New guidance)

Revenue for 2025 is expected to increase compared to the previous year.
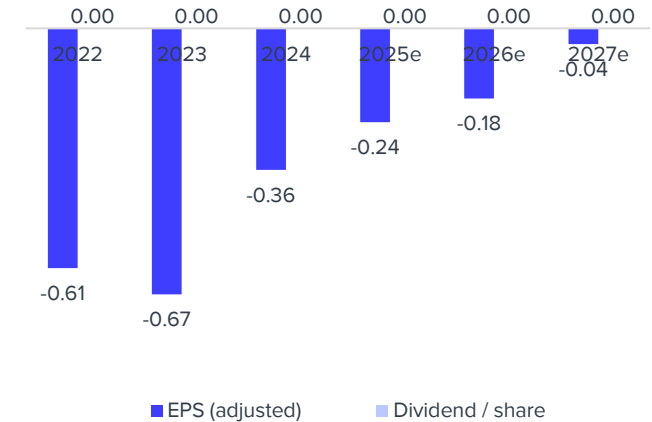
Share price
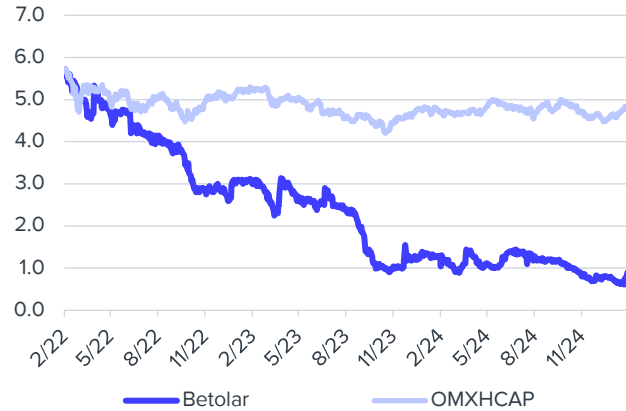
Source: Millistream Market Data AB

Revenue and EBIT-%
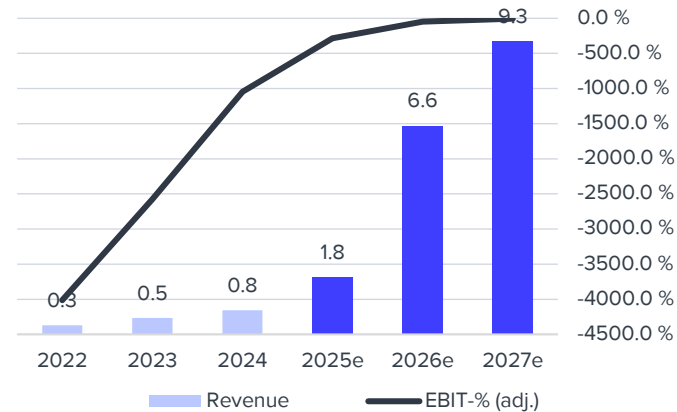
Source: Inderes

EPS and dividend

Source: Inderes

Value drivers

○ Very high market potential
  Green transition is shaking up the otherwise
  conservative industry
  Betolar offers a green transition solution for the
  emission-intensive sector
  Inherently scalable business model

Risk factors

○ Commercialization of the business is still at an
  early stage
  The company will be cash negative for several
  more years and the business will scale up years
  from now
  Betolar needs additional funding
  More competitive technologies may seek to
  enter the market
  We estimate that business scalability requires
  the success of the AI project

Valuation	2025e	2026e	2027e
Share price	0.85	0.85	0.85
Number of shares, millions	21.6	21.6	22.0
Market cap	18	18	18
EV	19	24	26
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	6.1	neg.	neg.
P/S	10.2	2.8	2.0
EV/Sales	10.7	3.6	2.8
EV/EBITDA	neg.	neg.	27.5
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Estimates

Estimates MEUR / EUR	H2'23 Comparison	H2'24 Actualized	H2'24e Inderes	H2'24e Consensus	Consensus Low	Consensus High	Difference (%) Act. vs. inderes	2024 ACT
Revenue	0.4	0.5	0.7				-28%	0.8
EBITDA	-5.0	-2.2	-2.4					-5.8
EBIT	-6.2	-3.3	-3.4					-8.0
PTP	-6.1	-3.2	-3.4					7.8
EPS (reported)	-0.31	-0.15	-0.16					-0.36
DPS	0.00	0.00	0.00					0.00

Source: Inderes

Estimate revisions MEUR / EUR	2024 Inderes	2024 Actualized	Change %	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %
Revenue	1.0	0.8	-20%	3.1	1.8	-42%	9.1	6.6	-27%
EBITDA	-6.0	-5.8		-3.6	-3.2		-1.2	-1.8	
EBIT (exc. NRIs)	-8.0	-8.0		-5.0	-5.1		-2.7	-3.2	
EBIT	-8.0	-8.0		-5.0	-5.1		-2.7	-3.2	
PTP	-7.9	-7.8		-5.6	-5.1		-3.3	-3.8	
EPS (excl. NRIs)	-0.37	-0.36		-0.26	-0.24		-0.15	-0.18	
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation table

Valuation	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	3.05	1.20	0.64	0.85	0.85	0.85	0.85
Number of shares, millions	19.5	19.6	21.6	21.6	21.6	22.0	22.7
Market cap	60	23	14	18	18	18	18
EV	36	15	11	19	24	26	29
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	neg.	20.4
P/E	neg.	neg.	neg.	neg.	neg.	neg.	20.4
P/B	2.2	1.7	1.7	6.1	neg.	neg.	neg.
P/S	>100	45.5	18.1	10.2	2.8	2.0	1.4
EV/Sales	>100	28.6	13.9	10.7	3.6	2.8	2.1
EV/EBITDA	neg.	neg.	neg.	neg.	neg.	27.5	9.5
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	neg.	neg.	19.7
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 | Revenue growth | | EV/S | | P/B |
Company		MEUR	MEUR	2025e	2026e	2025e	2026e	2025e
Bioretec		15	19	81%	81%	8.5	5.8	
Spinnova		50	3	194%	134%	13.5	2.0	0.9
Aiforia		102	90	71%	83%	18.5	11.7	27.1
Hoffman Green cement		82	84	242%	99%	2.9	1.5	2.2
Solar Foods		104	100	40%		59.5	34.5	5.8
Betolar (Inderes)		**18**	**19**	**136%**	**267%**	**10.7**	**3.6**	**6.1**
Average				**126%**	**99%**	**20.6**	**11.1**	**9.0**
Median				**81%**	**91%**	**13.5**	**5.8**	**4.0**
Diff-% to median				*68%*	*193%*	*-20%*	*-38%*	*52%*

Source: Refinitiv / Inderes

Income statement

Income statement	2022	2023	H1'24	H2'24	2024	H1'25e	H2'25e	2025e	2026e	2027e	2028e
Revenue	0.3	0.5	0.3	0.5	0.8	0.7	1.1	1.8	6.6	9.3	13.4
EBITDA	-10.0	-11.2	-3.6	-2.2	-5.8	-1.6	-1.6	-3.2	-1.8	0.9	3.0
Depreciation	-1.5	-2.1	-1.0	-1.1	-2.1	-1.0	-0.9	-1.9	-1.4	-1.4	-1.6
EBIT	-11.5	-13.3	-4.7	-3.3	-8.0	-2.6	-2.5	-5.1	-3.2	-0.5	1.5
Net financial items	-0.4	0.1	0.1	0.1	0.2	0.0	0.0	0.0	-0.6	-0.4	-0.5
PTP	-11.9	-13.2	-4.6	-3.2	-7.8	-2.6	-2.5	-5.1	-3.8	-0.9	0.9
Taxes	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-11.8	-13.2	-4.6	-3.2	-7.7	-2.6	-2.5	-5.1	-3.8	-0.9	0.9
EPS (adj.)	-0.61	-0.67	-0.21	-0.15	-0.36	-0.12	-0.12	-0.24	-0.18	-0.04	0.04
EPS (rep.)	-0.61	-0.67	-0.21	-0.15	-0.36	-0.12	-0.12	-0.24	-0.18	-0.04	0.04

Key figures	2022	2023	H1'24	H2'24	2024	H1'25e	H2'25e	2025e	2026e	2027e	2028e
Revenue growth-%						153.6 %	126.3 %	136.2 %	266.7 %	40.6 %	44.0 %
Adjusted EBIT growth-%						-44.1 %	-23.7 %	-35.6 %	-37.5 %	-85.2 %	-408.8 %
EBITDA-%								-179.3 %	-27.5 %	10.1 %	22.6 %
Adjusted EBIT-%								-48.5 %	-5.1 %	10.9 %
Net earnings-%								-57.9 %	-9.5 %	7.1 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**6.0**	**5.4**	**4.7**	**4.8**	**5.8**
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	4.3	3.8	2.9	2.9	3.4
Tangible assets	1.5	1.2	1.4	1.6	2.2
Associated companies	0.2	0.2	0.2	0.2	0.2
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.1	0.1	0.1	0.1	0.1
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**15.2**	**9.7**	**8.2**	**4.9**	**3.6**
Inventories	0.0	0.0	0.1	0.3	0.4
Other current assets	0.7	0.6	0.7	0.7	0.7
Receivables	0.2	0.1	0.1	0.6	0.9
Cash and equivalents	14.3	9.0	7.3	3.4	1.7
Balance sheet total	**21.2**	**15.1**	**12.8**	**9.7**	**9.5**

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**13.8**	**8.1**	**3.0**	**-0.8**	**-1.7**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-31.5	-39.3	-44.4	-48.2	-49.1
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	45.2	47.4	47.4	47.4	47.4
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**5.4**	**5.5**	**8.1**	**8.6**	**9.1**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	5.4	5.5	8.1	8.6	9.1
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	**2.0**	**1.4**	**1.7**	**2.0**	**2.1**
Interest bearing debt	0.2	0.3	0.2	0.2	0.2
Payables	0.4	0.2	0.1	0.3	0.5
Other current liabilities	1.4	1.0	1.4	1.4	1.4
Balance sheet total	**21.2**	**15.1**	**12.8**	**9.7**	**9.5**

DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e
Revenue growth-%	48%	136%	267%	41%	44%	84%	72%	42%	16%	3%	3%	3%	3%
EBIT-%	-1045%	-285%	-49%	-5%	11%	22%	27%	28%	27%	18%	8%	8%	8%
EBIT (operating profit)	**-8.0**	**-5.1**	**-3.2**	**-0.5**	**1.5**	**5.5**	**11.4**	**16.7**	**19.2**	**13.0**	**5.6**	**5.7**	**5.9**
+ Depreciation	2.1	1.9	1.4	1.4	1.6	2.5	3.5	4.5	5.5	6.2	6.8	7.1	7.4
- Paid taxes	0.1	0.0	0.0	0.0	0.0	0.0	-1.1	-3.3	-3.8	-2.6	-1.0	-1.0	-1.0
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
+ 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	0.0	0.0
- Change in working capital	-0.5	0.2	-0.4	-0.3	-0.3	-1.0	-1.4	-1.3	-0.7	-0.2	-0.2	-0.2	-0.2
Operating cash flow	**-6.3**	**-3.0**	**-2.2**	**0.7**	**2.7**	**7.1**	**12.3**	**16.5**	**20.1**	**16.4**	**11.0**	**11.5**	**11.9**
+ Change in other long-term liabilities	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
- Gross CAPEX	-1.5	-1.2	-1.5	-2.5	-5.0	-6.0	-7.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0
Free operating cash flow	**-7.8**	**-4.2**	**-3.7**	**-1.8**	**-2.3**	**1.1**	**5.3**	**8.5**	**12.1**	**8.4**	**3.0**	**3.5**	**3.9**
+/- Other	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCFF	-5.6	-4.2	-3.7	-1.8	-2.3	1.1	5.3	8.5	12.1	8.4	3.0	0.0	0.0
Discounted FCFF		**-3.6**	**-2.7**	**-1.1**	**-1.2**	**0.5**	**2.0**	**2.7**	**3.2**	**1.9**	**0.6**	**0.6**	**0.5**
Sum of FCFF present value		16.4	20.0	22.7	23.9	25.0	24.6	22.6	19.9	16.7	14.8	14.2	13.6
Enterprise value DCF	**16.4**												
- Interest bearing debt	-5.8												
+ Cash and cash equivalents	9.0												
-Minorities	0.0												
-Dividend/capital return	0.0												
Equity value DCF	**19.6**												
Equity value DCF per share	**0.9**												

WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	6.5 %
Equity Beta	3.20
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	**19.7 %**
Weighted average cost of capital (WACC)	**18.3 %**

Source: Inderes

Cash flow distribution

Period	Value
2025e-2029e	-50%
2030e-2037e	81%
TERM	69%

Legend: 2025e-2029e, 2030e-2037e, TERM
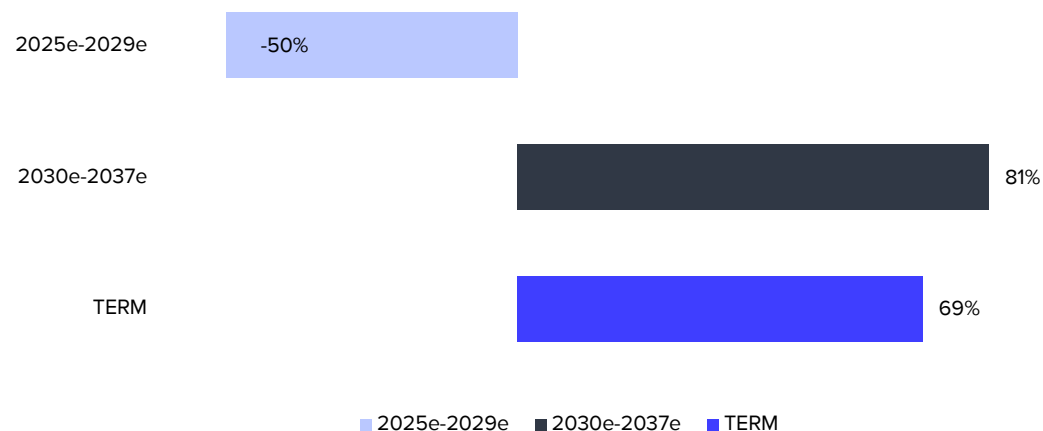
DCF sensitivity calculations and key assumptions in graphs

Sensitivity of DCF to changes in the WACC-%
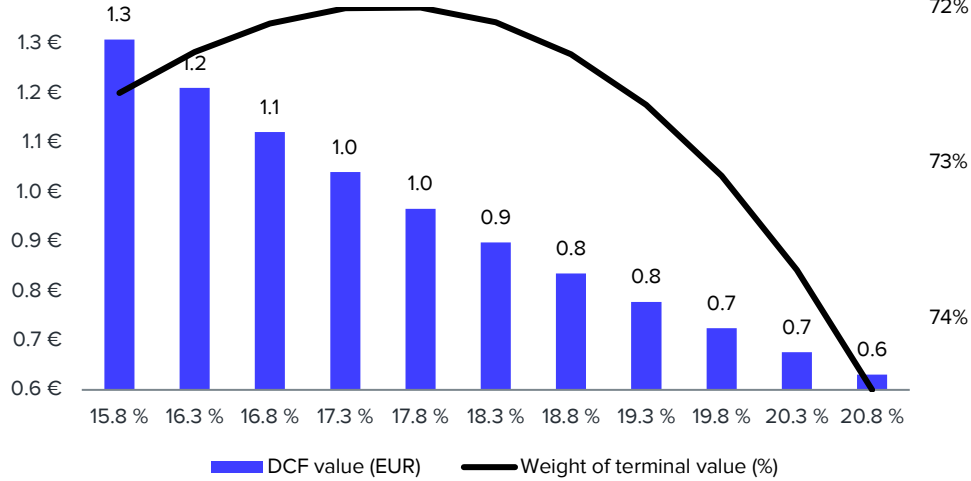
Sensitivity of DCF to changes in the risk-free rate
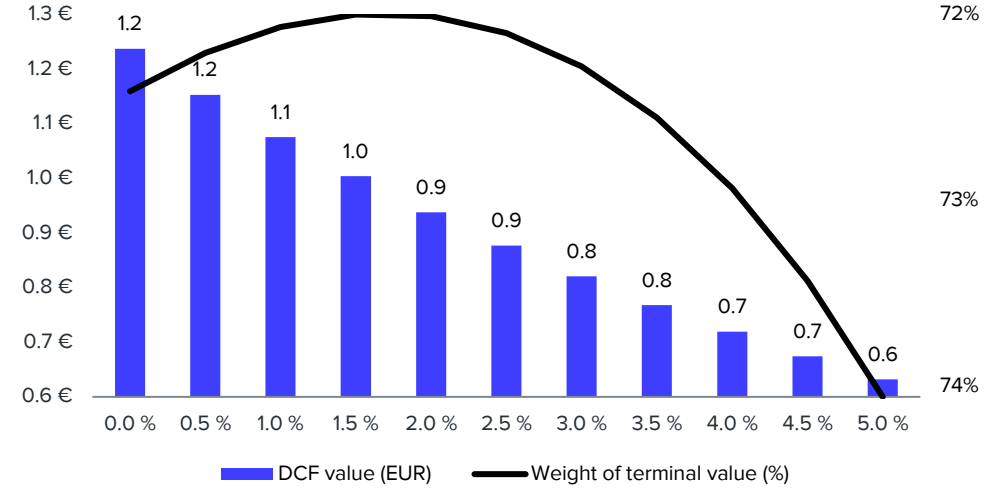
Sensitivity of DCF to changes in the terminal EBIT margin
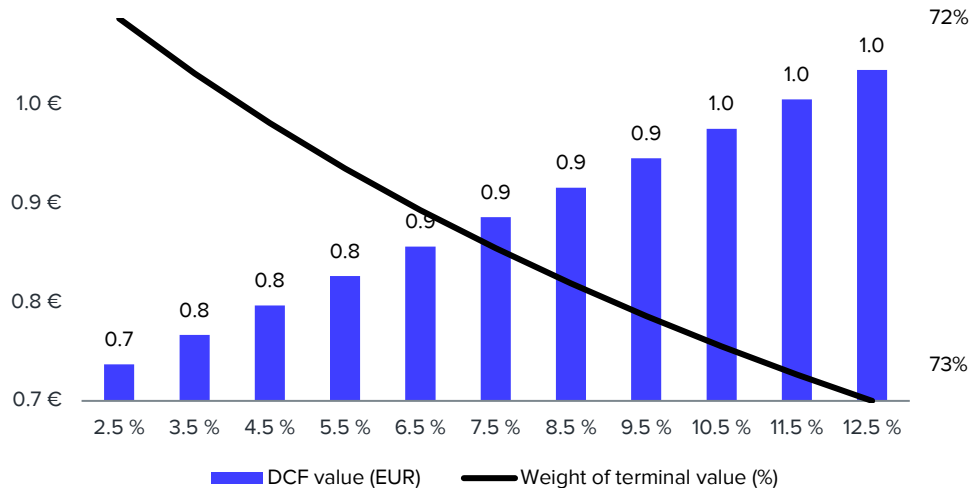
Growth and profitability assumptions in the DCF calculation
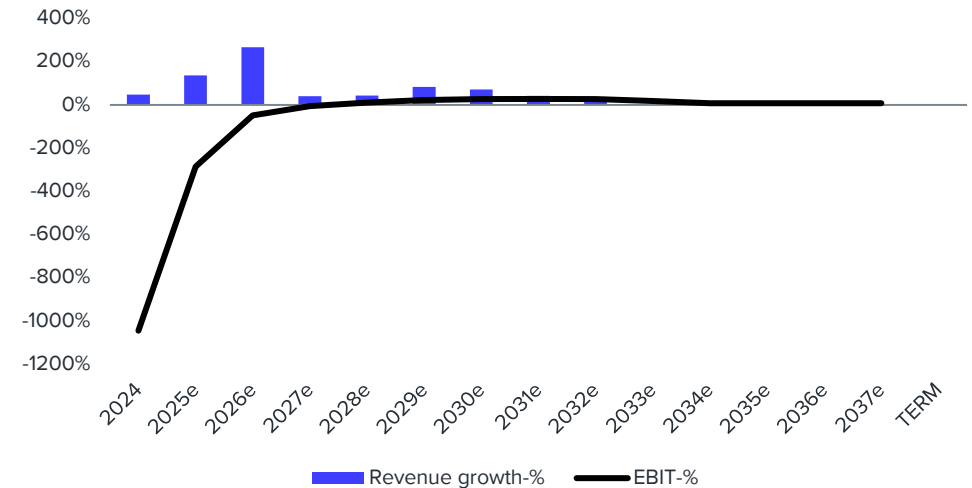
Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	0.3	0.5	0.8	1.8	6.6
EBITDA	-10.0	-11.2	-5.8	-3.2	-1.8
EBIT	-11.5	-13.3	-8.0	-5.1	-3.2
PTP	-11.9	-13.2	-7.8	-5.1	-3.8
Net Income	-11.8	-13.2	-7.7	-5.1	-3.8
Extraordinary items	0.0	0.0	0.0	0.0	0.0

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	31.9	21.2	15.1	12.8	9.7
Equity capital	26.6	13.8	8.1	3.0	-0.8
Goodwill	0.0	0.0	0.0	0.0	0.0
Net debt	-23.6	-8.7	-3.2	1.0	5.4

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	-10.0	-11.2	-5.8	-3.2	-1.8
Change in working capital	1.0	-0.8	-0.5	0.2	-0.4
Operating cash flow	-7.1	-11.9	-6.3	-3.0	-2.2
CAPEX	-3.9	-3.4	-1.5	-1.2	-1.5
Free cash flow	-11.0	-15.4	-5.6	-4.2	-3.7

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	>100	28.6	13.9	10.7	3.6
EV/EBITDA	neg.	neg.	neg.	neg.	neg.
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	neg.
P/E (adj.)	neg.	neg.	neg.	neg.	neg.
P/B	2.2	1.7	1.7	6.1	neg.
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	-0.61	-0.67	-0.36	-0.24	-0.18
EPS (adj.)	-0.61	-0.67	-0.36	-0.24	-0.18
OCF / share	-0.36	-0.61	-0.29	-0.14	-0.10
FCF / share	-0.56	-0.78	-0.26	-0.20	-0.17
Book value / share	1.36	0.70	0.38	0.14	-0.04
Dividend / share	0.00	0.00	0.00	0.00	0.00

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	2770%	79%	48%	136%	267%
EBITDA growth-%	109%	12%	-48%	-44%	-44%
EBIT (adj.) growth-%	109%	15%	-40%	-36%	-38%
EPS (adj.) growth-%	186%	11%	-47%	-34%	-25%
EBITDA-%					-27.5 %
EBIT (adj.)-%					-48.5 %
EBIT-%					-48.5 %
ROE-%	-36.4 %	-65.4 %	-70.5 %	-91.9 %	-347.7 %
ROI-%	-33.7 %	-53.7 %	-47.2 %	-39.7 %	-32.5 %
Equity ratio	83.2 %	64.9 %	54.1 %	23.5 %	-8.4 %
Gearing	-88.8 %	-63.2 %	-39.5 %	33.7 %	-660.2 %

Disclaimer and recommendation history

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/3/2022	Reduce	3.00 €	2.86 €
1/16/2023	Reduce	3.00 €	3.07 €
2/15/2023	Reduce	3.00 €	2.98 €
8/25/2023	Reduce	2.20 €	2.31 €
9/27/2023	Reduce	1.20 €	1.28 €
11/6/2023	Reduce	1.10 €	0.97 €
2/16/2024	Reduce	1.10 €	1.20 €
4/22/2024	Sell	1.00 €	1.16 €
5/2/2024	Reduce	1.00 €	1.05 €
8/27/2024	Sell	1.00 €	1.20 €
8/29/2024	Sell	1.00 €	1.19 €
11/4/2024	Reduce	1.00 €	0.90 €
2/6/2025	Reduce	0.90 €	0.85 €
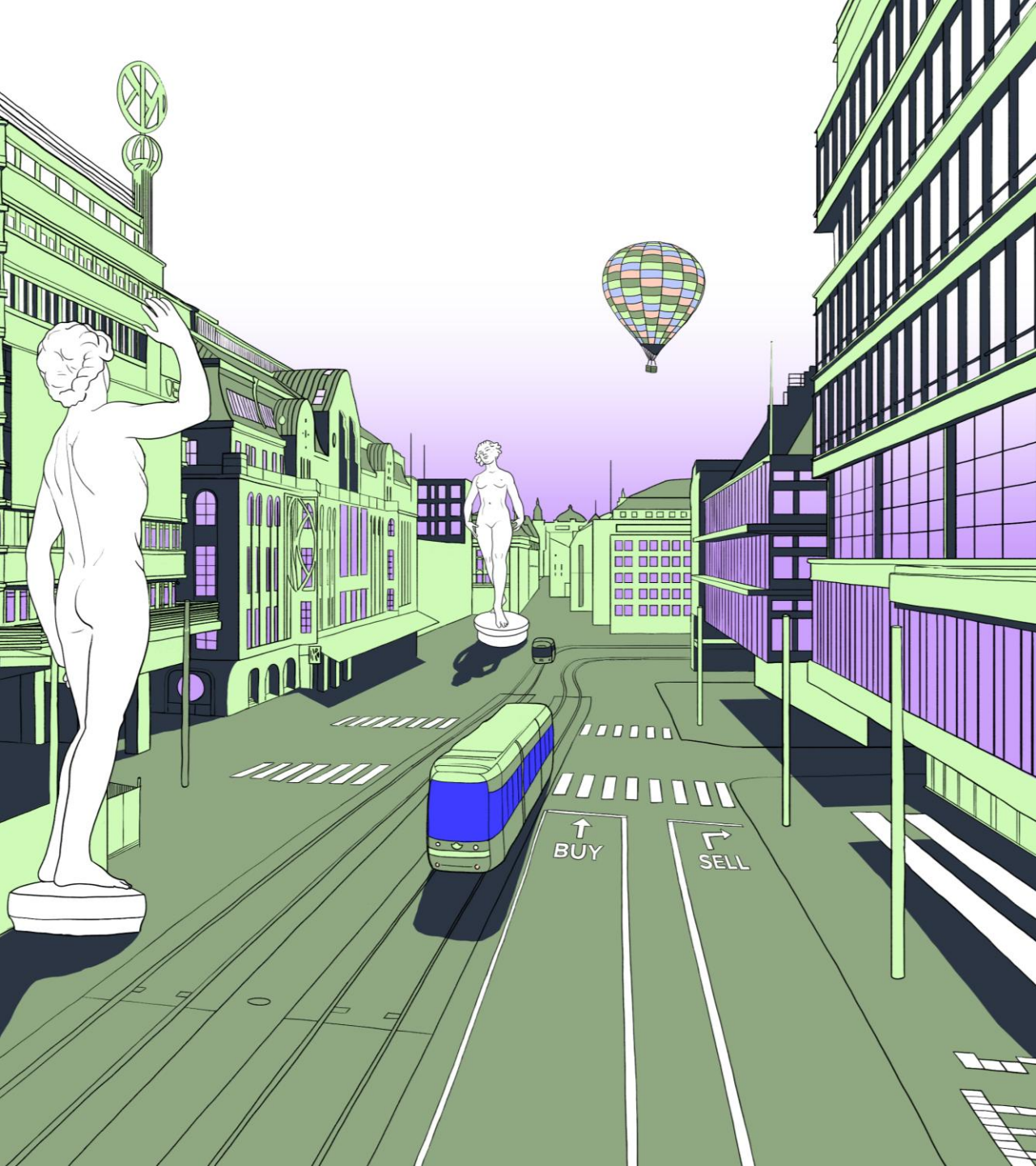
CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

Inderes operates in Finland, Sweden, Norway, and Denmark and is listed on the Nasdaq First North Growth Market.

Inderes was created by investors, for investors.

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