

Verve

Company report

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✓ Inderes corporate customer

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The risk/reward just got more attractive

While Verve's Q3 revenue aligned with our estimates, adjusted operating profit fell short of expectations. However, the company demonstrated strong cash conversion, and other KPIs remained robust. Despite the earnings miss, we maintain our Accumulate recommendation, viewing the post-report share price decline as an attractive risk/reward opportunity at current levels. Our target price remains unchanged at SEK 50.

Earnings miss balanced by free cash flow beat

Verve reported revenues of 114 MEUR in Q3, a 45% growth y/y (31% organic), which aligned with our estimates. The net dollar expansion rate as well as retention rate was at healthy 108% and 96%, respectively, indicating that existing customer continues to spend more than last year while Verve keeps churn at a low level, aligning with historical figures. We are encouraged by the early signs of synergy realization following the integration of Jun Group. Post-acquisition, Jun Group has demonstrated accelerated organic revenue growth, increasing from 2% y/y in Q2'24 (pre-acquisition) to 7% in Q3 and reaching 12% in October. While Jun Group remains relatively standalone at this stage, its growth has been further bolstered by e.g. gaining access to Verve's CTV supply. On the downside, adjusted EBIT missed our expectations by 21%, largely due to higher costs in scaling emerging ad formats (e.g., full-screen and video ads), reduced capitalization of development costs, and impairment costs related to an unsuccessful mobile game launch. However, we believe the miss on earnings was weighed up on the FCFF, which was above our forecast and showcased strong cash conversion in the quarter.

We make only small changes in our estimates

While our revenue estimates remain largely unchanged, we have slightly lowered our earnings estimates following the Q3 report. For 2024, we estimate an adjusted EBIT of 97 MEUR (was 110 MEUR), corresponding to an adj. EBIT margin of 23% as we expect further ramp-up in new ad format to continue to weigh on margins for a couple more quarters as well as modeling for somewhat lower capitalizations on the income statement. We have also lowered our adjusted EBIT estimates for 2025-2026 by 2-4% due to these factors. However, the negative effect on the fair value from these downward revisions in earnings was offset by slightly higher FCFF estimates as we expect higher cash conversion going forward on the back of the strong Q3 results.

The share price drop following Q3 earnings presents an attractive opportunity to accumulate

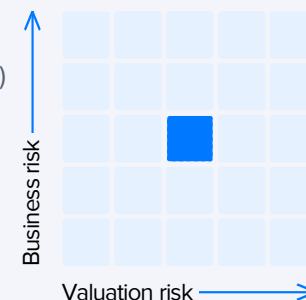
The lower-than-expected earnings do not change our investment view on Verve. In fact, we believe the market may have overlooked the strong FCFF generation during the quarter, which exceeded our forecast. As such, post-earnings share price drop presents a good opportunity to accumulate in our view. Based on our 2025 estimates, Verve trades at an adjusted EV/EBIT of 7.4x and an adjusted EV/FCFF of 10x, which are on the low side compared to peers. We believe Verve is well-positioned to sustain strong growth, enhance cash conversion, and steadily deleverage its balance sheet going forward. As these events unfold, we anticipate Verve's valuation multiples to expand from current levels. 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 52.5 per share, supporting our positive investment view.

Recommendation

Accumulate
(prev. Accumulate)

50.00 SEK
(prev. 50 SEK)

Share price:
41.00 SEK



Key indicators

	2023	2024e	2025e	2026e
Revenue	322.0	423.0	521.0	573.2
growth-%	-1%	31%	23%	10%
EBIT adj.	76.9	97.2	132.9	153.0
EBIT-% adj.	23.9 %	23.0 %	25.5 %	26.7 %
Net Income	46.7	25.7	54.9	74.2
EPS (adj.)	0.15	0.23	0.38	0.49
P/E (adj.)	6.6	15.5	9.2	7.2
P/B	0.5	1.6	1.4	1.2
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	5.9	10.6	7.4	6.0
EV/EBITDA	4.8	8.3	6.1	5.0
EV/S	1.4	2.4	1.9	1.6

Source: Inderes

Guidance (Unchanged)

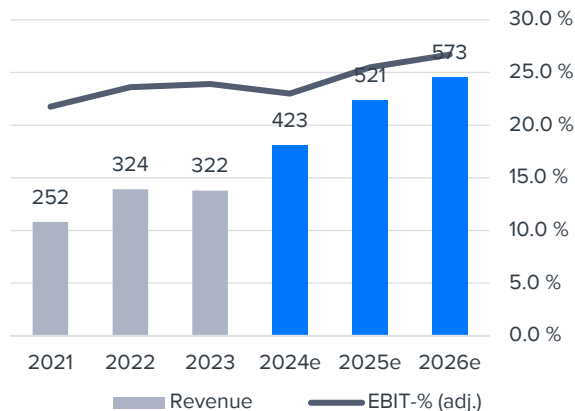
Revenue EUR 400-420 million (24-30%) and adjusted EBITDA EUR 125-135 million (31-42% growth)

Share price



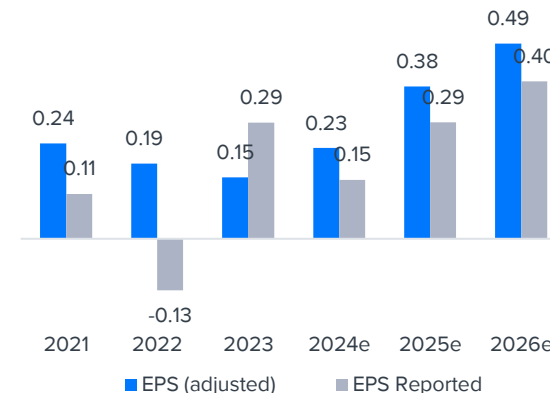
Source: Millstream Market Data AB

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)	3.55	3.55	3.55
Number of shares, millions	173.0	186.8	186.8
Market cap (MEUR)	663	663	663
EV (MEUR)	1030	977	918
P/E (adj.)	15.5	9.2	7.2
P/E	23.9	12.1	8.9
P/B	1.6	1.4	1.2
P/S	1.6	1.3	1.2
EV/Sales	2.4	1.9	1.6
EV/EBITDA	8.3	6.1	5.0
EV/EBIT (adj.)	10.6	7.4	6.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Weaker earnings than expected, but the cash flow was strong

Revenue very much in line with our estimates

Verve reported a 45% y/y growth in Q3'24, of which 31% organic (as highlighted in the October business update), reaching 113.7 MEUR. This was broadly in line with our estimate of 114.6 MEUR. We estimate that Jun Group contributed approx. 11 MEUR to the top line, slightly below our forecast of 12 MEUR.

As we already have commented on the top-line and the drivers behind in conjunction with the business update late October, we were more focused on KPI's such as delivered ad impressions, net dollar expansion rate and retention rate. Regarding the former, Verve delivered 244 billion ad impressions in Q3'24, a 31% increase y/y and 9% q/q, supported by the strong intake in new customers. To our understanding, the consolidation of Jun Group had little impact on the quarter's delivered ad impressions, indicating Verve benefited from higher CPMs in Q3, supported by the scaling of full-screen and video ads.

The net dollar expansion rate remained robust at 108%, demonstrating that existing customers continue to

increase their spending compared to last year. Furthermore, retention rate ticked down to 96% in Q3 (from a record high of 98% in Q2'24). However, the overall figure remained solid and is in line with the historical average. We believe it is likely that the consolidation of Jun Group had an impact on the q/q decline in retention rate. Overall, there were no major surprises in top-line performance or related KPIs during Q3, which reaffirmed Verve's strong growth momentum.

Operating profit below our forecast

Adjusted EBIT came in at 25.2 MEUR (Q3'23: 18.4 MEUR), reflecting a 22% margin. This fell short of our forecast of 31.8 MEUR. The lower-than-expected result was mainly driven by lower gross margins due to scale-up of new ad formats, impairment of 2.3 MEUR in the gaming segment, lower capitalized development costs (which are booked as income) and some additional costs related to the continued roll-out of ATOM 3.0. During the earnings call, management clarified that while new ad formats generally support higher CPMs, Verve is currently offering them at lower prices, impacting gross

margins. This margin pressure is expected to ease as adoption increases and Verve gains further traction.

Strong cash conversion in the quarter

Operating cash flows (OCF) amounted to 54 MEUR were changes in working capital (35 MEUR) impacted OCF positively, largely due to seasonality. After accounting for CAPEX of -9.5 MEUR, free cash flow stood at 44.6 MEUR, which exceeded our estimates and reflects a very strong cash conversion in the quarter.

Net debt increased by some 78 MEUR q/q, which was expected due to the cash settlement related to the Jun Group acquisition combined with the subsequent bond issue in July 2024. As a result, net debt/adj. EBITDA increased to 3.2x (Q2'24: 2.8x). On a proforma basis*, however, the ratio decreased to 2.6x. As we expect Verve to further improve earnings and its cash flow profile following the full integration of Jun Group, the company is well positioned for debt amortization, and we anticipate the leverage ratio to reduce in the coming quarters and years.

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	78.3	114	115	110	104	- 115	-1%	423
EBITDA (adj.)	23.1	33.6	37.5	34.7	31.4	- 37.5	-10%	124
EBIT (adj.)	18.4	25.2	31.8	25.4	21.9	- 31.8	-21%	97.2
EBIT	55.4	24.5	25.8	23.8	22.0	- 25.8	-5%	83.3
PTP	42.6	9.8	13.8	10.9	9.8	- 13.8	-28%	29.7
EPS (adj.)	0.01	0.05	0.09	0.07	0.05	- 0.09	-48%	0.23
EPS (reported)	0.25	0.04	0.07	0.05	0.04	- 0.06	-41%	0.15
Revenue growth-%	-10.6 %	45.1 %	46.3 %	40.4 %	32.8 %	- 46.8 %	-1.2 pp	31.4 %
EBIT-% (adj.)	23.5 %	22.2 %	27.7 %	23.1 %	21.1 %	- 27.7 %	-5.5 pp	23.0 %

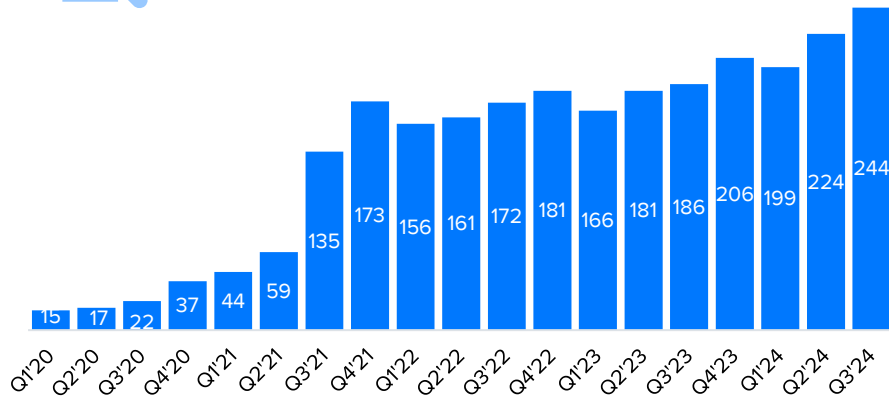
Source: Inderes & Bloomberg (4) (consensus)

*Including Jun Group LTM adj.EBITDA).

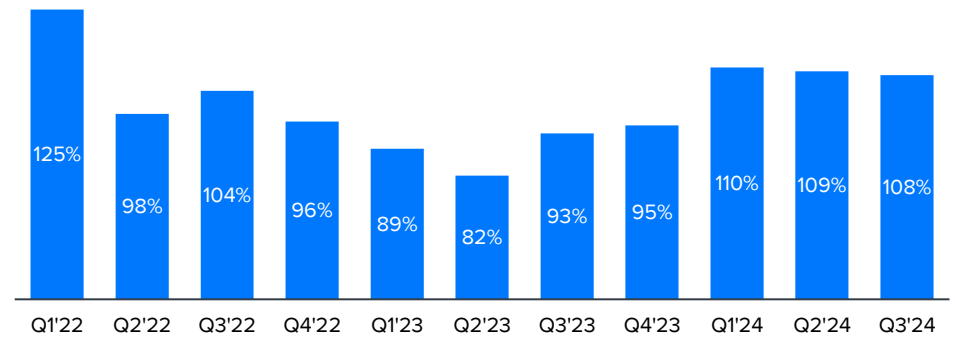
KPIs 1/2



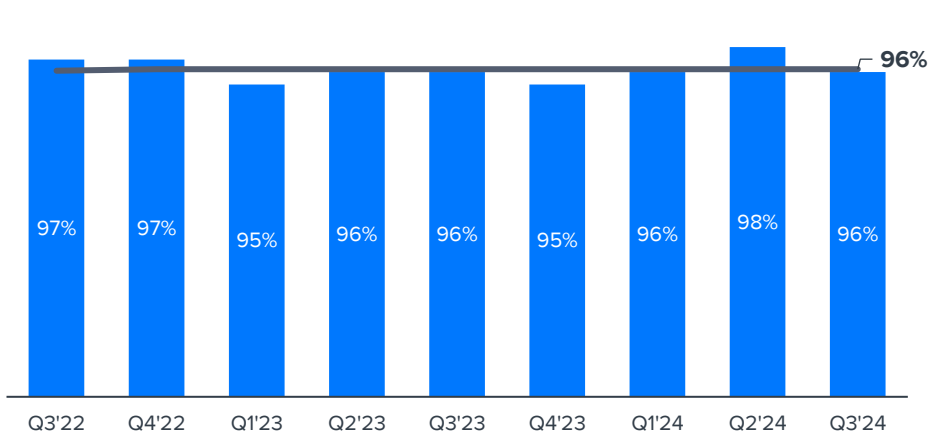
Ad Impressions (in bn)



Net Dollar Expansion rate of Software Clients



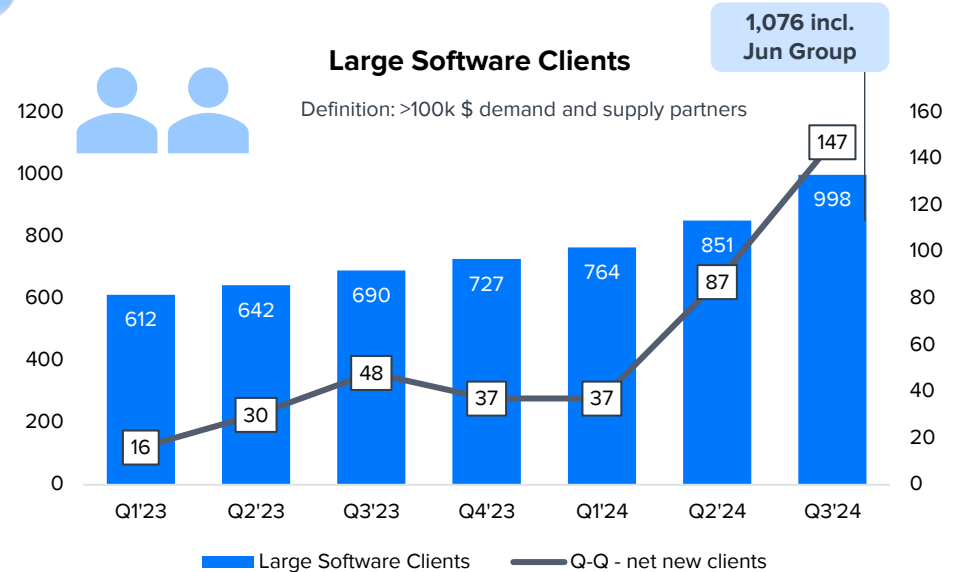
Retention rate of Software Clients



Source: Verve

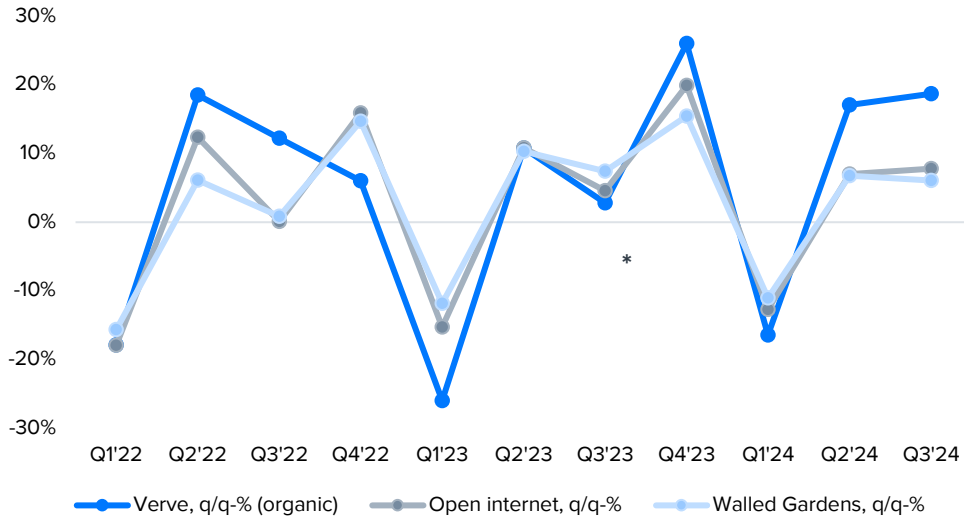
— Average

Large Software Clients

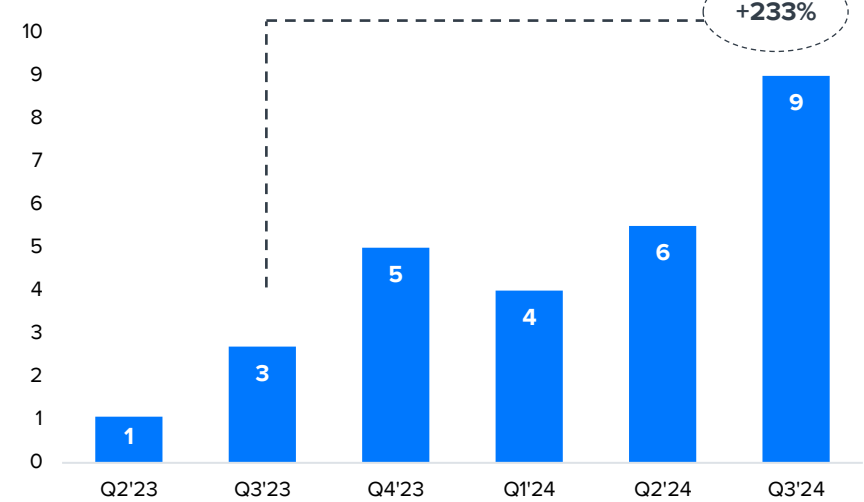


KPIs 2/2

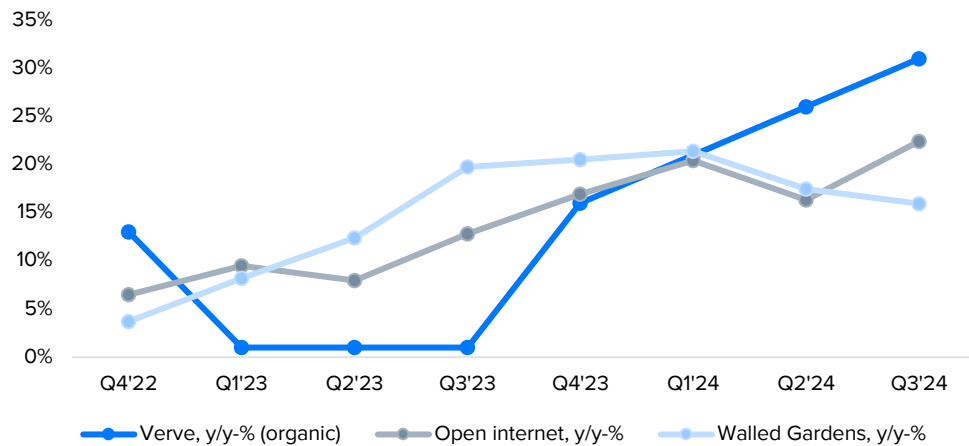
Verve vs peers: Revenue growth-% (q/q)



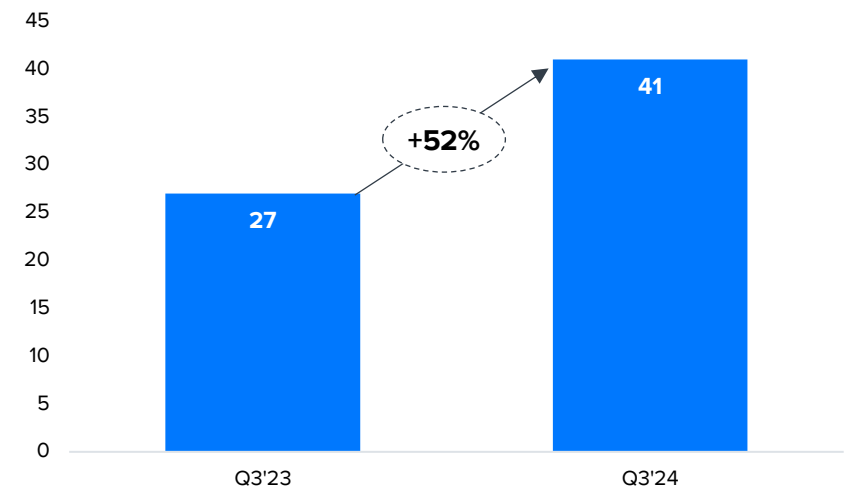
Full-screen & video ads (MEUR)



Verve vs peers: Revenue growth-% (y/y)



iOS revenue (MEUR)



We lower our earnings estimates slightly but expect improved cash conversion

Estimates changes

- We keep our revenue estimates relatively unchanged, as the report did not reveal any surprises in this regard.
- However, due to the miss on adjusted EBIT, we are lowering our earnings estimates for the mid-term. The adjustments primarily reflect changes to "purchased services & other operating expenses" and capitalized development expenses. We now expecting somewhat higher costs as Verve continues to scale new ad formats such as full-screen and video ads, which currently weigh on gross margin at current scale. However, we believe the margin contribution will improve over time as Verve gain further traction and scale in these channels. Furthermore, as Verve scales, it has been capitalizing a smaller percentage of

development costs relative to revenue. Our updated estimates now better align with this trend observed in recent quarters.

- Verve also noted during the report and earnings call that it is expanding its sales team. Since this was already accounted for in our forecast for 2025 and onwards, we've only made a minor upward adjustment to personnel costs for Q4'23.
- Following these changes, we are lowering our adj.EBIT margin estimates slightly. For 2024 we now expect a 23% adj. EBIT margin (from 26%) and for 2025-2026 we have tapered the adj. EBIT margin to 25.5% and 26.7% from 26.5% and 27.3%. For the longer term, we continue to expect margins to align with Verve's target range of 20-25% adjusted EBIT margin.
- Following Verve's strong free cash flow and cash

conversion in Q3, we have raised our near-term FCFF estimates. This adjustment reflects more efficient working capital management based on the improved cash conversion witness in the third quarter.

- The net effect of these revisions has resulted in a slight increase in the fair value derived from our DCF model.

Estimate revisions	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
MEUR / EUR									
Revenue	425	423	0%	521	521	0%	573	573	0%
EBITDA	125	122	-2%	165	160	-3%	186	182	-2%
EBIT (exc. NRIs)	110	97.2	-11%	138	133	-4%	156	153	-2%
EBIT	89.4	83.3	-7%	121	116	-5%	138	135	-2%
PTP	38.3	29.7	-23%	78.6	73.2	-7%	102	98.9	-3%
EPS (excl. NRIs)	0.30	0.23	-24%	0.41	0.38	-6%	0.51	0.49	-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 FCFF-based valuation method such as DCF. Our DCF model indicates a value per share of SEK 52.5. Our model assumes that Verve's revenues will grow by 31% in 2024 (of which 22% is organic), to 423 MEUR, which is slightly above the company's somewhat conservative guided target range (400-420 MEUR). 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 18.5% (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 18.5% 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.

Still low earnings multiples but multiples based on FCFF are more reasonable

Despite the current year's surge in the share (+250% YTD), Verve still trades at relatively low absolute multiples based on its earnings, especially the ones adjusted for PPA amortization.

Based on our 2025-2026 estimates, Verve trades at adjusted EV/EBIT multiples of 7.4x and 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 2025-2026 are 8.4x and 6.8x, respectively.

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 30.5x and 22.8x, respectively. However, we note that there is a high variation in the multiples among the peers, which affects the median value.

We could also look how Verve is priced relative to generated FCFF. Based on our estimates, Verve's EV/FCFF multiples for 2025-2026, adjusted for earn-outs, are 10x and 9x, respectively. The corresponding peer group's median are 18x and 15x. However, the variation is still quite high among the peer group. For example, given the recent strong share price appreciation in Applovin and The Trade Desk, these trades at forward EV/FCFF multiples of 46x and 71x (2025e) respectively. Adjusting for these, the median EV/FCFF would be 12x.

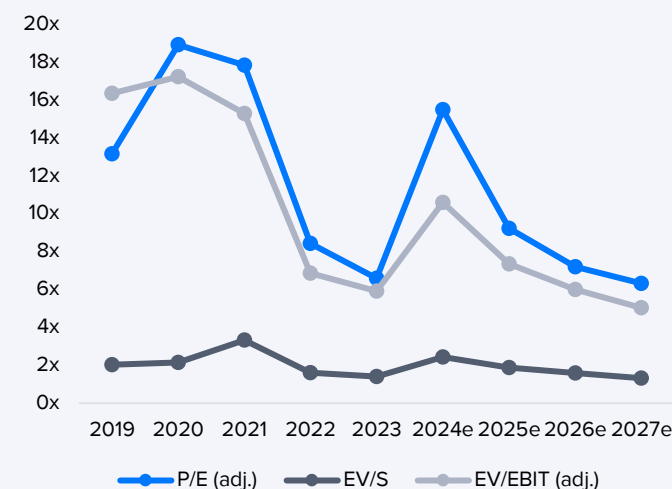
As illustrated on the next page, Verve is projected to achieve faster revenue growth than its peers during 2024-2026, while maintaining a higher average adjusted EBIT margin. However, Verve is expected to trail its peers in terms of EBIT CAGR. It's also important to note that our estimates include inorganic growth, which inflates the CAGR figures. As such, we place less emphasis on these numbers, as the corresponding organic revenue growth is closer to 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 that it is reasonable that Verve's multiples are at a discount (based on earnings) compared to peers.

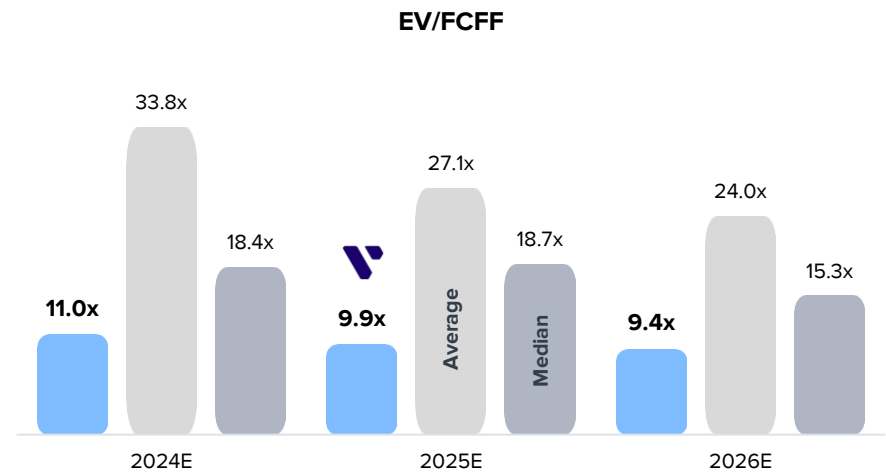
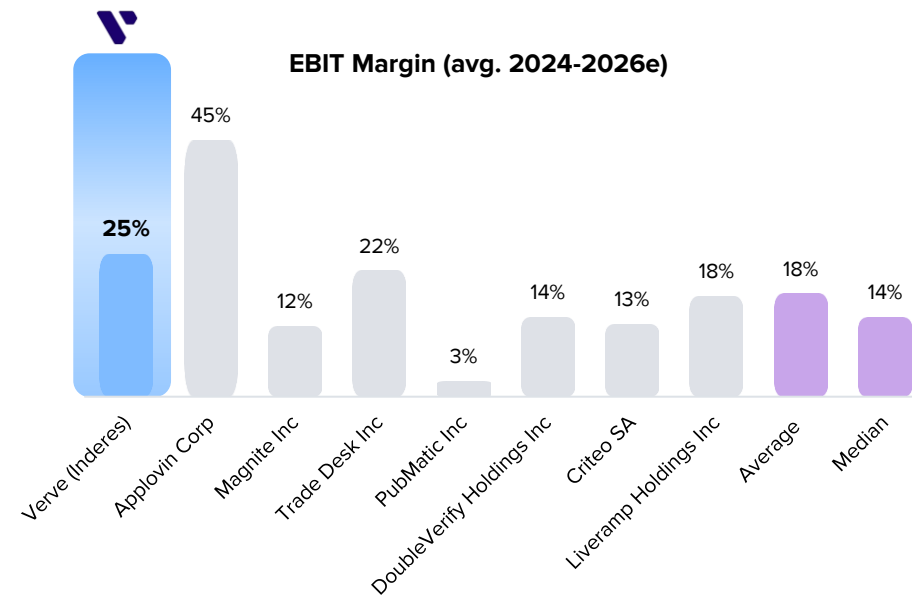
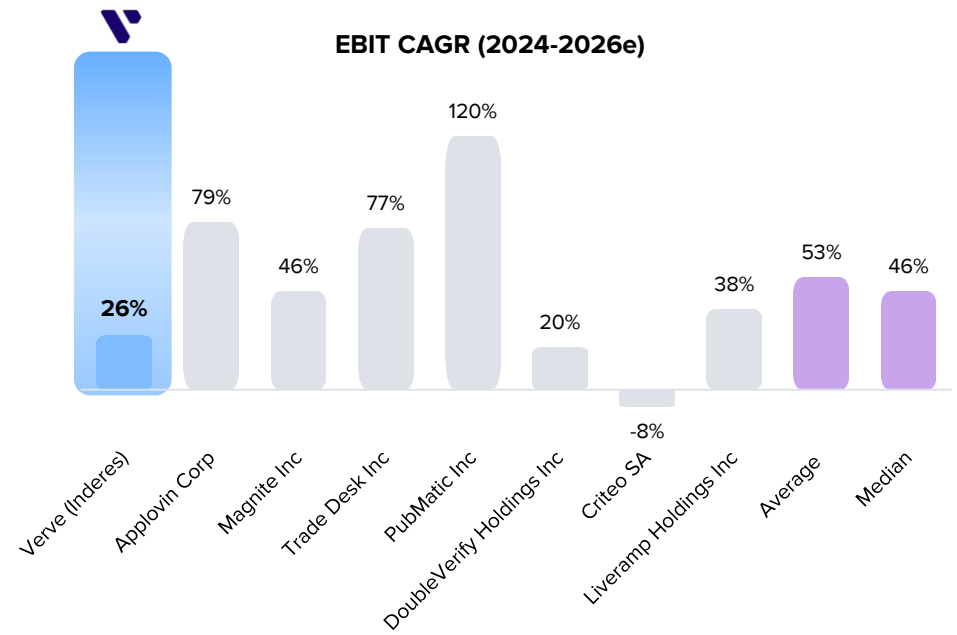
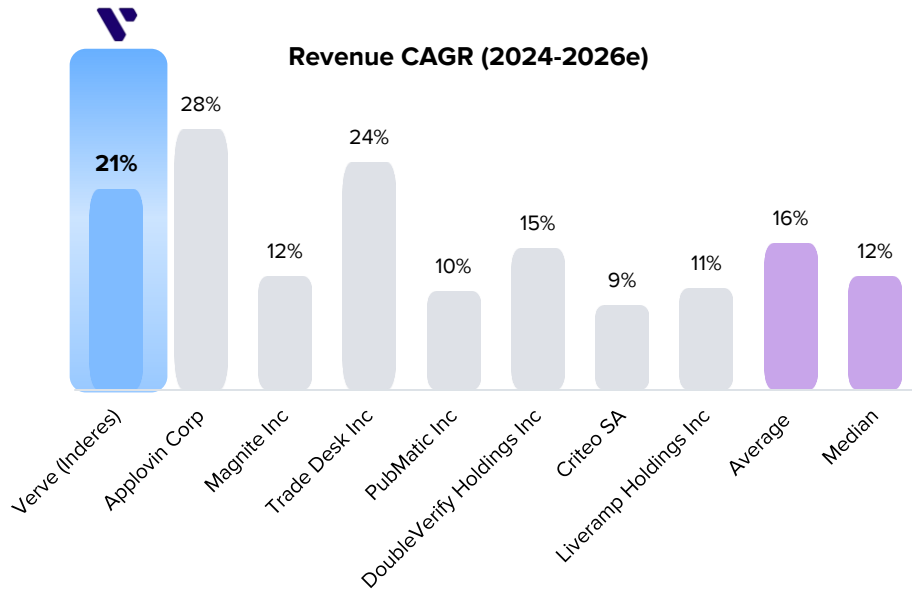
Valuation	2024e	2025e	2026e
Share price (EUR)	3.55	3.55	3.55
Number of shares, millions	173.0	186.8	186.8
Market cap (MEUR)	663	663	663
EV (MEUR)	1030	977	918
P/E (adj.)	15.5	9.2	7.2
P/E	23.9	12.1	8.9
P/B	1.6	1.4	1.2
P/S	1.6	1.3	1.2
EV/ Sales	2.4	1.9	1.6
EV/ EBITDA	8.3	6.1	5.0
EV/ EBIT (adj.)	10.6	7.4	6.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Development of valuation multiples



Verve vs Peers: At a glance



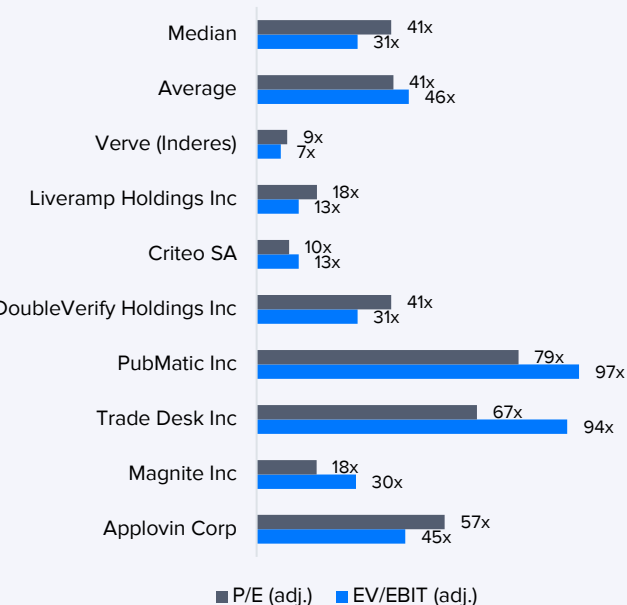
Valuation 2/2

We keep our recommendation and target price unchanged

We reiterate our Accumulate recommendation while keeping our target price of SEK 50 unchanged. At this target price, Verve's adjusted EV/EBIT and EV/FCFF multiples for 2025 are 8.5x and 11.3x, respectively. While the EV/EBIT multiple remains low in absolute terms, the EV/FCFF multiple aligns better 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

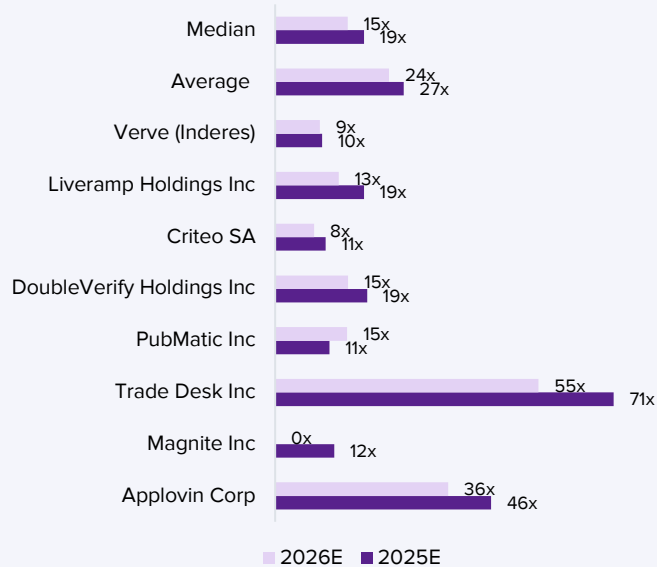
Verve to significantly reduce its leverage to 1.4x by 2026, resulting in more manageable debt levels, supported by improved earnings quality from the Jun Group acquisition, better bond terms on existing debt, and anticipated rate cuts.

Peer groups valuation multiples (2025e)

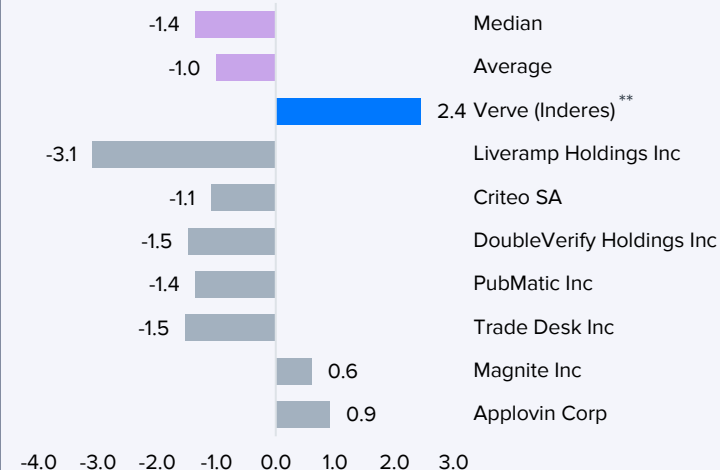


Source: Inderes

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



Net debt/EBITDA'24



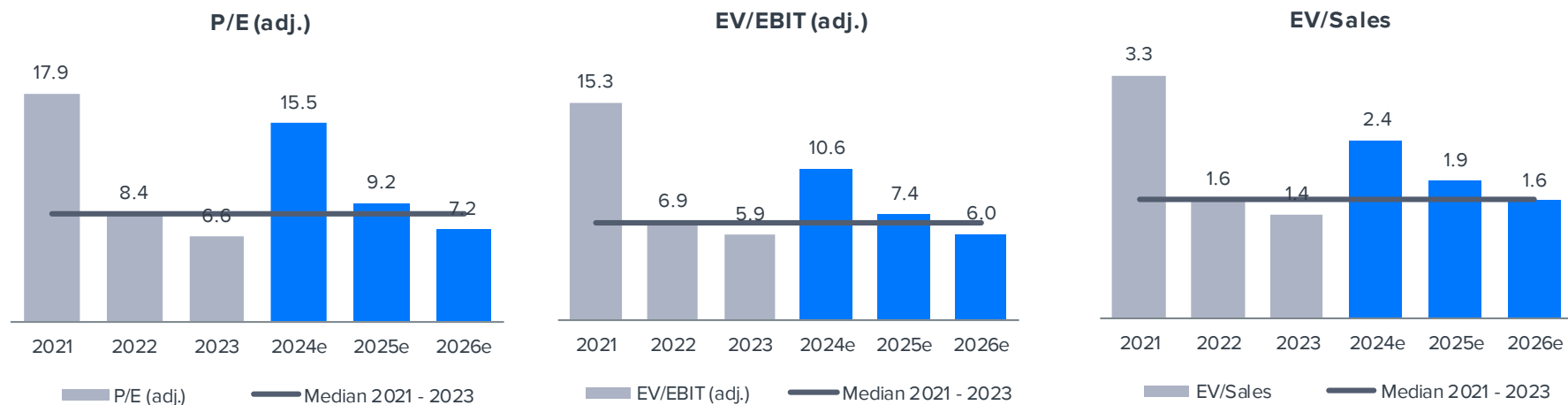
*Adjusted for Applovin and Trade Desk that significantly elevates the median value.

** Based on 2024 proforma figures.

Valuation table

Valuation	2021	2022	2023	2024e	2025e	2026e	2027e
Share price (EUR)	4.30	1.60	1.02	3.55	3.55	3.55	3.55
Number of shares, millions	141.7	156.2	159.2	173.0	186.8	186.8	186.8
Market cap (MEUR)	644	255	163	663	663	663	663
EV (MEUR)	840	525	456	1030	977	918	826
P/E (adj.)	17.9	8.4	6.6	15.5	9.2	7.2	6.3
P/E	37.9	neg.	3.5	23.9	12.1	8.9	7.6
P/B	2.1	0.8	0.5	1.6	1.4	1.2	1.0
P/S	2.6	0.8	0.5	1.6	1.3	1.2	1.1
EV/Sales	3.3	1.6	1.4	2.4	1.9	1.6	1.3
EV/EBITDA	11.8	5.6	4.8	8.3	6.1	5.0	4.1
EV/EBIT (adj.)	15.3	6.9	5.9	10.6	7.4	6.0	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	104,303	107,086	61.3	44.9	43.4	33.6	24.6	20.2	81.8	56.8	87.5
Magnite Inc	2,212	2,369	45.0	30.1	12.5	11.0	4.1	3.7	21.8	18.1	3.3
Trade Desk Inc	59,833	58,202	139.6	93.9	59.9	48.8	25.0	20.7	80.9	66.6	23.1
PubMatic Inc	741	609	183.3	97.5	7.1	6.6	2.2	2.0	73.0	79.2	2.8
DoubleVerify Holdings Inc	3,256	2,917	36.8	30.5	14.0	12.4	4.7	4.1	54.9	40.7	3.0
Criteo SA	2,210	1,953	17.2	12.8	5.7	5.4	1.9	1.7	10.1	9.8	2.1
Liveramp Holdings Inc	1,879	1,547	16.1	12.7	15.0	11.8	2.5	2.2	20.7	18.2	2.1
Verve (Inderes)	663	1030	10.6	7.4	8.3	6.1	2.4	1.9	15.5	9.2	1.6
Average			71.3	46.1	22.5	18.5	9.3	7.8	49.0	41.3	17.7
Median			45.0	30.5	14.0	11.8	4.1	3.7	54.9	40.7	3.0
Diff-% to median			-76%	-76%	-40%	-48%	-41%	-50%	-72%	-77%	-47%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	324	68.8	76.2	78.3	98.7	322	82.5	96.6	114	130	423	521	573	625
EBITDA (excl. NRI)	93.2	19.1	21.3	23.1	31.7	95.2	22.0	29.1	33.6	38.9	124	160	182	199
EBITDA	84.8	17.4	20.0	63.7	27.3	128	20.2	28.1	36.2	37.9	122	160	182	199.4
Depreciation	-58.1	-6.4	-7.2	-8.3	-7.6	-29.5	-7.9	-8.5	-11.7	-10.9	-39.0	-44.0	-47.2	-53.2
EBIT (excl. NRI)	76.6	15.2	16.6	18.4	26.8	76.9	16.6	23.2	25.2	32.2	97.2	133	153	164
EBIT	26.6	11.0	12.8	55.4	19.7	99.0	12.3	19.6	24.5	27.0	83.3	116	135	146
Net financial items	-38.0	-10.5	-12.7	-12.8	-14.1	-50.1	-14.1	-12.9	-14.6	-12.0	-53.7	-42.7	-36.3	-30.2
PTP	-11.3	0.6	0.1	42.6	5.6	48.9	-1.9	6.7	9.8	15.0	29.7	73.2	98.9	116
Taxes	-9.1	0.0	1.4	-3.4	-0.7	-2.7	2.5	-0.4	-2.2	-3.7	-3.9	-18.3	-24.7	-29.0
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	7.6	11.2	25.7	54.9	74.2	87.0
EPS (adj.)	0.19	0.03	0.03	0.01	0.08	0.15	0.03	0.06	0.05	0.10	0.23	0.38	0.49	0.56
EPS (rep.)	-0.13	0.01	0.01	0.25	0.03	0.29	0.00	0.04	0.04	0.06	0.15	0.29	0.40	0.47
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	28.7 %	4.4 %	-2.4 %	-10.6 %	6.3 %	-0.8 %	20.0 %	26.8 %	45.2 %	31.9 %	31.4 %	23.2 %	10.0 %	9.0 %
Adjusted EBIT growth-%	39.5 %	11.4 %	1.0 %	-0.3 %	-4.6 %	0.5 %	9.7 %	39.9 %	36.6 %	20.5 %	26.4 %	36.6 %	15.1 %	7.2 %
EBITDA-%	26.1 %	25.3 %	26.2 %	81.4 %	27.7 %	39.9 %	24.5 %	29.1 %	31.8 %	29.1 %	28.9 %	30.7 %	31.8 %	31.9 %
Adjusted EBIT-%	23.6 %	22.0 %	21.8 %	23.5 %	27.1 %	23.9 %	20.2 %	24.0 %	22.1 %	24.8 %	23.0 %	25.5 %	26.7 %	26.3 %
Net earnings-%	-6.3 %	1.2 %	2.3 %	50.1 %	5.0 %	14.5 %	0.7 %	6.5 %	6.7 %	8.6 %	6.1 %	10.5 %	12.9 %	13.9 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	824	814	978	979	979
Goodwill	588	578	672	672	672
Intangible assets	204	219	288	290	289
Tangible assets	5.5	4.0	4.9	3.9	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	175	203	254
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	74.0	90.1	101
Cash and equivalents	150	122	101	113	153
Balance sheet total	1045	1007	1152	1183	1233

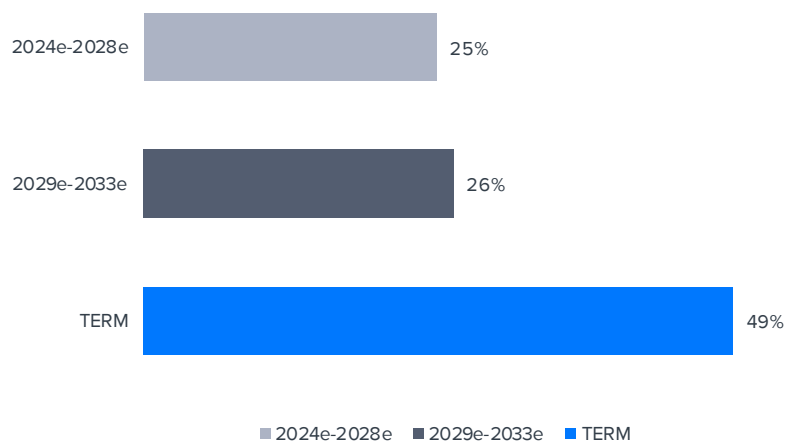
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	322	352	418	473	547
Share capital	159	159	1.6	1.6	1.6
Retained earnings	1.4	48.1	73.8	129	203
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	478	458	415
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	34.2	34.2	11.3
Current liabilities	219	241	256	251	271
Interest bearing debt	31.9	66.5	52.0	32.0	32.0
Payables	90.1	102	112	147	166
Other current liabilities	97.5	72.4	91.7	72.4	72.4
Balance sheet total	1045	1007	1152	1183	1233

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-0.8 %	31.4 %	23.2 %	10.0 %	9.0 %	8.0 %	7.0 %	6.0 %	4.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	30.7 %	19.7 %	22.2 %	23.6 %	23.4 %	21.0 %	20.0 %	19.0 %	18.5 %	18.5 %	18.5 %	18.5 %
EBIT (operating profit)	99.0	83.3	116	135	146	142	144	145	147	152	155	
+ Depreciation	29.5	39.0	44.0	47.2	53.2	57.8	61.9	65.5	63.3	65.8	59.7	
- Paid taxes	-2.1	-3.9	-18.3	-24.7	-29.0	-28.9	-30.5	-31.3	-32.3	-33.9	-35.2	
- Tax, financial expenses	-2.8	-7.1	-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	27.3	-0.5	8.0	0.8	1.9	-0.3	-1.3	1.0	2.0	0.5	
Operating cash flow	109	139	130	157	164	166	170	173	175	182	176	
+ Change in other long-term liabilities	-52.7	-2.7	0.0	-22.9	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	-67.1	84.9	86.6	114	115	117	119	119	121	113	
+/- Other	0.0	40.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	41.3	-27.1	84.9	86.6	114	115	117	119	119	121	113	1385
Discounted FCFF		-26.9	76.2	70.5	84.5	76.7	71.1	65.6	59.1	54.7	46.3	566
Sum of FCFF present value		1144	1171	1095	1024	940	863	792	726	667	613	566
Enterprise value DCF		1144										
- Interest bearing debt		-414.5										
+ Cash and cash equivalents		122										
-Minorities		-0.3										
-Dividend/capital return		0.0										
Equity value DCF		851										
Equity value DCF per share		4.6										
Equity value DCF per share (SEK)		52.5										

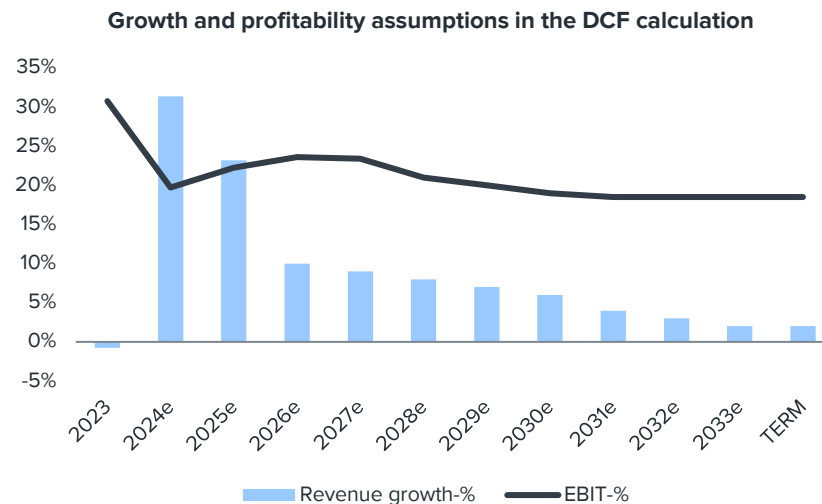
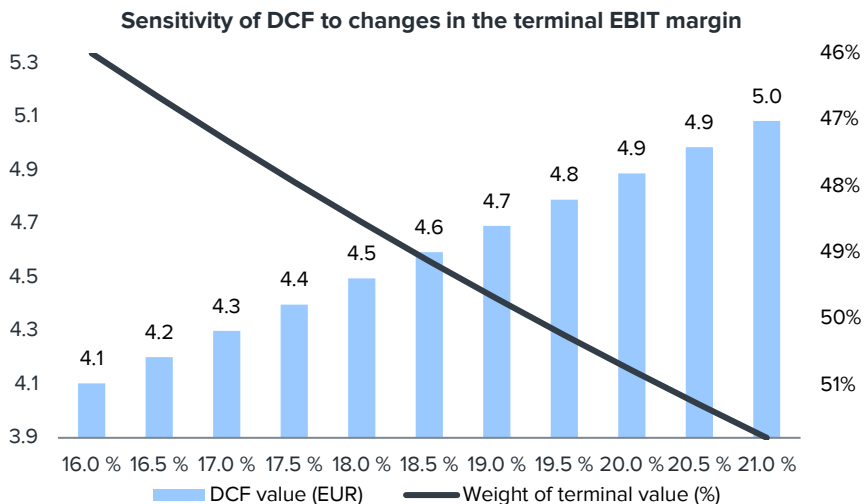
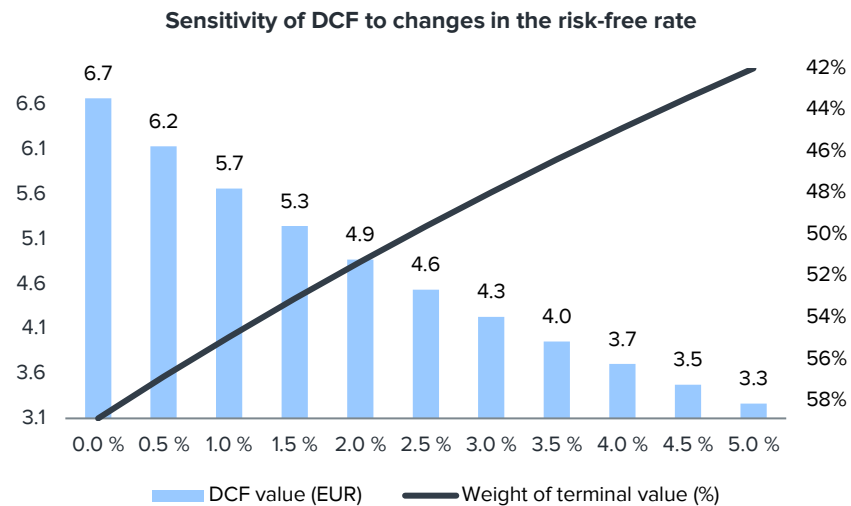
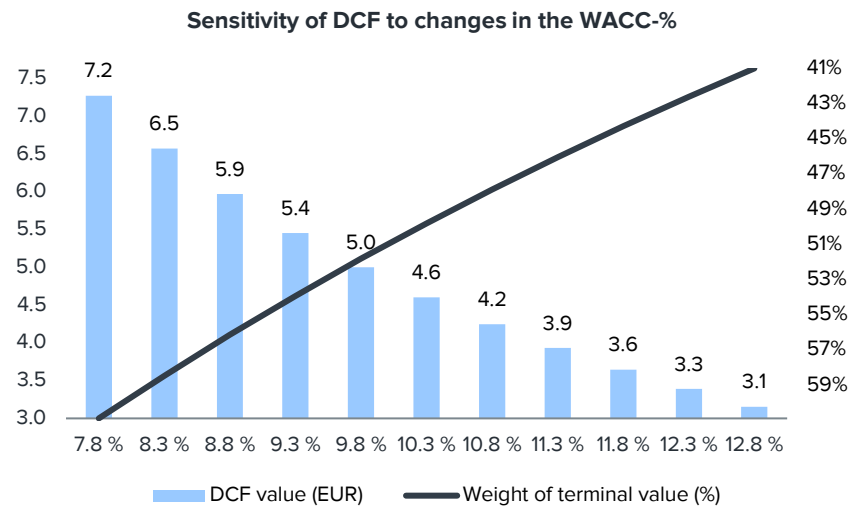
Cash flow distribution



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



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	423.0	521.0	EPS (reported)	0.11	-0.13	0.29	0.15	0.29
EBITDA	65.0	84.8	128.5	122.3	159.9	EPS (adj.)	0.24	0.19	0.15	0.23	0.38
EBIT	36.8	26.6	99.0	83.3	115.9	OCF / share	1.06	0.52	0.69	0.80	0.70
PTP	14.9	-11.3	48.9	29.7	73.2	FCF / share	-1.66	-0.52	0.26	-0.16	0.45
Net Income	16.1	-20.3	46.7	25.7	54.9	Book value / share	2.17	2.07	2.21	2.42	2.53
Extraordinary items	-18.1	-49.9	22.1	-13.9	-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	1152.0	1182.5	Revenue growth-%	80%	29%	-1%	31%	23%
Equity capital	307.5	321.7	352.5	418.2	473.1	EBITDA growth-%	145%	30%	52%	-5%	31%
Goodwill	412.0	587.7	578.0	672.0	672.0	EBIT (adj.) growth-%	214%	40%	0%	26%	37%
Net debt	195.8	271.3	292.8	366.5	313.7	EPS (adj.) growth-%	117%	-21%	-18%	48%	68%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	25.8 %	26.1 %	39.9 %	28.9 %	30.7 %
EBITDA	65.0	84.8	128.5	122.3	159.9	EBIT (adj.)-%	21.8 %	23.6 %	23.9 %	23.0 %	25.5 %
Change in working capital	82.0	8.6	-14.1	27.3	-0.5	EBIT-%	14.6 %	8.2 %	30.7 %	19.7 %	22.2 %
Operating cash flow	150.2	80.9	109.5	138.5	130.4	ROE-%	6.6 %	-6.4 %	13.8 %	6.7 %	12.3 %
CAPEX	-389.4	-236.3	-15.5	-203.0	-45.5	ROI-%	7.7 %	3.7 %	13.1 %	10.1 %	13.0 %
Free cash flow	-234.8	-81.8	41.3	-27.1	84.9	Equity ratio	32.9 %	30.8 %	35.0 %	36.3 %	40.0 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	63.7 %	84.3 %	83.1 %	87.6 %	66.3 %
EV/S	3.3	1.6	1.4	2.4	1.9						
EV/EBITDA	11.8	5.6	4.8	8.3	6.1						
EV/EBIT (adj.)	15.3	6.9	5.9	10.6	7.4						
P/E (adj.)	17.9	8.4	6.6	15.5	9.2						
P/B	2.1	0.8	0.5	1.6	1.4						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Buy The 12-month risk-adjusted expected shareholder

return of the share is very attractive

Accumulate The 12-month risk-adjusted expected shareholder return of the share is attractive

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

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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
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
2024-10-31	Accumulate	50 kr	45.20 kr
2024-11-29	Accumulate	50 kr	41.00 kr



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