

Meriaura Group

Company report

11/06/2023 19:00



Pauli Lohi
+35845 134 7790
pauli.lohi@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Positiivista tuloskehitystä näköpiirissä" published on 11/6/2023 at 7:05 pm EET

**inde
res.**

Positive performance in sight

Q3 went slightly better than we expected in Marine Logistics, and the result improved from the previous quarter despite the seasonally quieter period. In Renewable Energy, significant revenue was not yet recorded from the large solar heat project to be delivered to Germany in the summer. However, the outlook for the end of the year and next year is on an upward trend. We maintain our target price at EUR 0.04 and set the recommendation to Reduce (was Sell) due to the recent share price decrease.

Q3 profitability slightly above expectations

Meriaura Group's revenue in Q3 was EUR 15.7 million, which was slightly below our forecast, as significant revenue was not yet recorded from the Renewable Energy business area's solar heat project in Germany during Q3. Revenue of Marine Logistics (15.5 MEUR) was slightly higher than our forecast, even though it decreased by 24% y-o-y compared to pro forma comparison figures due to a decrease in freight volumes, freight prices and fuel prices. Profitability also exceeded our forecast slightly at Group level thanks to Marine Logistics. Q3 EBITDA was EUR 1.7 million (our estimate 1.4 MEUR) and a net profit was EUR 0.0 million (our estimate -0.2 MEUR). We consider it positive that profitability exceeded our forecast, even though no significant revenue was recorded from Renewable Energy as we had predicted.

Demand for Marine Logistics is expected to make an upturn in Q4

We believe the outlook for Marine Logistics is fairly stable, as we estimate that the performance in dry bulk is currently roughly at its long-term level. The company expects the demand for Marine Logistics to turn to growth in Q4 due to the strong contract portfolio and new project orders. Renewable Energy will see strong growth in the next few quarters thanks to the major project to be delivered to Bad Rappenau, Germany. Growing demand for low-emission energy sources supports the business area, but the growth will, at least in the next few years, depend on winning individual large projects and involves significant uncertainty. In our estimates, EBIT improves in 2024 by EUR 0.5 million in Marine Logistics (particularly dependent on demand development) and by EUR 1.0 million in Renewable Energy (order backlog supports growth).

Upside in the share would require a consistent turn in Renewable Energy

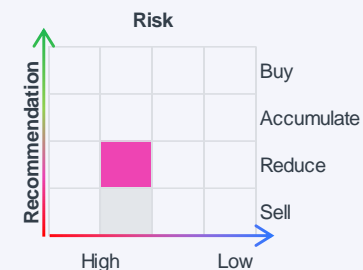
The fair value of the share determined through the sum of the parts is EUR 0.04. In the baseline scenario of our SOTP methodology, we value the Renewable Energy business at EUR 4 million (unchanged) and Marine Logistics at EUR 42 million (was 45 MEUR), which would result in a market value of EUR 31 million (0.039 EUR/share) after a net debt of EUR 15 million. This calculation values Marine Logistics at normalized 2024e result and a normalized valuation multiple (EV/EBIT 9x). The growth performance of Renewable Energy plays a crucial role in creating a significant upside or downside margin – long-term market drivers are favorable, but so far business numbers have been weak. In the peak Renewable Energy scenario, the total share value would be EUR 0.08, but this would require revenue improving to EUR 50 million and EBIT to EUR 2.5 million by 2026, which still sounds far away based on current evidence. In the weaker scenario, Renewable Energy would have to be closed down as unprofitable after several years of losses, which could bring the total share value down to just EUR 0.01.

Recommendation

Reduce
(previous Sell)

EUR 0.04
(previous EUR 0.04)

Share price:
0.049



Key figures

	2022	2023e	2024e	2025e
Revenue	8.6	66.9	70.6	76.7
growth-%	246%	674%	6%	9%
EBIT adj.	-3.8	0.5	2.0	3.3
EBIT-% adj.	-43.6 %	0.7 %	2.8 %	4.3 %
Net Income	-4.1	-0.6	1.0	2.4
EPS (adj.)	-0.005	-0.001	0.001	0.003

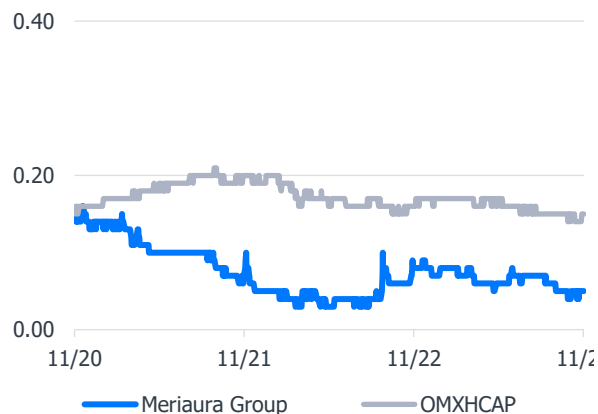
P/E (adj.)	neg.	neg.	39.6	16.3
P/B	1.5	1.1	1.1	1.0
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	>100	27.9	16.0
EV/EBITDA	neg.	9.3	7.1	5.8
EV/S	8.1	0.8	0.8	0.7

Source: Inderes

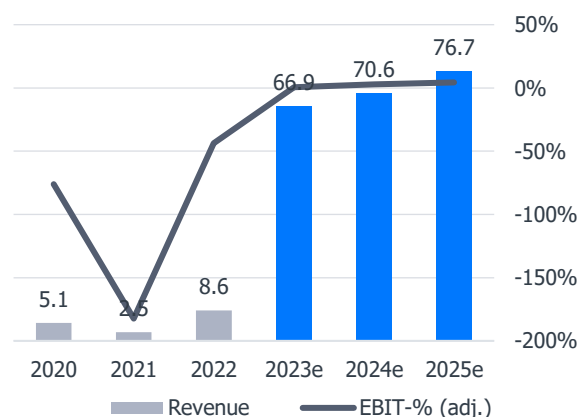
Guidance

(No guidance)

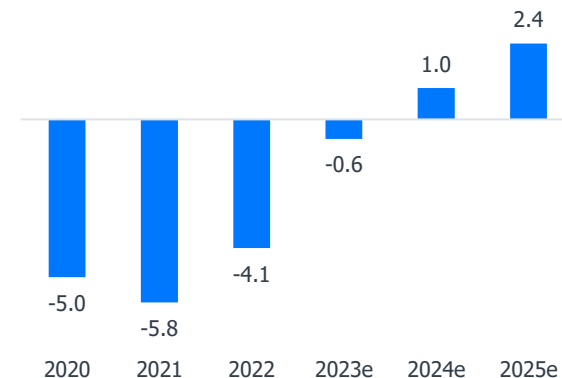
Share price



Revenue and EBIT-%



Net profit



Value drivers

- Growing demand for environmentally friendly solutions that reduce greenhouse gas emissions
- Unwinding the overcapacity in the global maritime cargo market
- Regulation, such as emissions trading, will make reducing CO2 emissions a competitive factor in both heat production and maritime freight
- Good position with emission reduction solutions in both business units



Risk factors

- The target market for the Renewable Energy unit at an early stage of its development
- The profitability turnaround of the Renewable Energy unit is unlikely to materialize in the next few years, which will eat into cash flow
- The market for Marine Logistics is cyclical
- Marine Logistics cycle has turned down after peak years 2021-2022

Valuation	2023e	2024e	2025e
Share price	0.05	0.05	0.05
Number of shares, million:	800.1	800.1	800.1
Market cap	39	39	39
EV	56	55	53
P/E (adj.)	neg.	39.6	16.3
P/E	neg.	39.6	16.3
P/B	1.1	1.1	1.0
P/S	0.6	0.6	0.5
EV/Sales	0.8	0.8	0.7
EV/EBITDA	9.3	7.1	5.8
EV/EBIT (adj.)	>100	27.9	16.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Q3 profitability slightly better than expected

Revenue mainly generated from Marine Logistics

Meriaura Group's Q3 revenue was EUR 15.7 million, which meant a 26% decrease relative to the pro forma revenue of the comparison period (21.2 MEUR). Revenue was below our forecast (17.7 MEUR), but this was only due to the timing of the project delivery in Renewable Energy.

Due to delays in the permit process, the Renewable Energy segment's large project delivery to Germany started only after Q3, so the business area's revenue was only EUR 0.2 million (our estimate 3.0 MEUR). In Marine Logistics, revenue was EUR 15.5 million, which is 5% higher than our estimate. Q3 is a seasonally a quieter quarter for Marine Logistics. We suspect marine fuel prices are lower than in the quarter one year ago but fuel prices still rose relative to Q2. According to Meriaura, bulk transport volumes have remained relatively stable due to

long customer contracts, but the weakening economic situation is reflected to some extent in the demand and freight price levels of spot transport. However, demand in Marine Logistics should improve during Q4.

Profitability slightly above expectations

Group-level EBITDA was EUR 1.7 million, which exceeded our forecast by 20%. The net result was EUR 0.0 million while our estimate was EUR -0.2 million. In addition, with regard to profitability, it should be noted that the company was not able to record revenue for the German solar heat project yet. This means that no profit was created for timing reasons, so the achieved result can be considered good relative to our expectations. Marine Logistics' EBIT was EUR 1.0 million (our estimate 0.7 MEUR) and Renewable Energy's EBIT was EUR -0.7 million (our estimate -0.6 MEUR).

Estimates MEUR / EUR	Q3'22	Q3'23	Q3'23e	Q3'23e	Consensus		Difference (%)
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes
Revenue	0.8	15.7	17.7				-11%
EBITDA	-1.0	1.7	1.4				20%
EBIT	-1.1	0.3	0.1				200%
Nettotos	-1.2	0.0	-0.2				-100%
Revenue growth-%	48.5 %	1857.6 %	2102.9 %				-245.3 pp
EBIT-%	-136.7 %	1.9 %	0.6 %				1.3 pp

Source: Inderes

No major changes in the outlook

Renewable Energy's revenue was carried over to next year

- Meriaura Group does not give a numerical guidance.
- The Marine Logistics business is seasonal so that demand for dry bulk transport is usually lower in Q3. On the other hand, a majority of Meriaura's fairway dues for the entire year are directed at Q1, which lowers the result. The company expects the demand for Marine Logistics to turn to growth in Q4 due to the strong contract portfolio and new project orders.
- Meriaura increased the use of biofuels in its own vessels in Q3. The ISAE 3000 certification for the EcoVoy concept developed by Meriaura Group was obtained in October. The EcoVoy concept allows customers to purchase near carbon-free biofuel-based sea transport. In our view, the use of biofuel still represents a very small part of Meriaura's total fuel consumption, but the share has increased and the obtained certification supports the commercialization of carbon-free transport.
- The Renewable Energy business began a project delivery to Bad Rappenau, Germany in October. We believe the company has solar heat collectors in stock, so we estimate that significant revenue will be recorded already in Q4 (around 4 MEUR in our estimates).
- The 2023 EBITDA forecast decreased because the solar heat project delivery to Germany started later than expected. The 2024-25 EBITDA forecasts increased slightly, which was influenced, e.g., by the better-than-expected Q3 profitability in Marine Logistics and a small shift in revenue from Renewable Energy from 2023 to 2024.
- We cut our 2024-25 tax assumptions because in the Q2 report the tax assumptions became too high due to a technical error. Tonnage taxation is used in Marine Logistics, so in practice tax payment is very low. In the case of Renewable Energy, taxes are not paid because the business is loss making.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	69.1	66.9	-3%	70.5	70.6	0%	77.0	76.7	0%
EBITDA	6.5	6.0	-8%	7.4	7.7	4%	9.1	9.2	2%
EBIT (exc. NRIs)	1.2	0.5	-61%	2.1	2.0	-5%	3.5	3.3	-4%
EBIT	1.2	0.5	-61%	2.1	2.0	-5%	3.5	3.3	-4%
PTP	0.1	-0.6	-1247%	1.0	1.0	-1%	2.4	2.4	-1%

Source: Inderes

Valuation (1/2): Summary

Valuation summary

The fact that Meriaura Group consists of two very different business units makes it a challenging investment to evaluate. We view the Renewable Energy unit as a potential relatively capital-intensive growth business. However, its cash flows are unlikely to turn positive in the near term and even long-term growth would require a clear turnaround in the company's business. The long-term performance of Renewable Energy is highly uncertain, which makes it challenging to value. The Marine Logistics business unit, on the other hand, we consider as a capital-intensive store of value, whose performance fluctuates due to the cyclical nature of the maritime freight market. The valuation of Marine Logistics can therefore be more easily approached through a normalized performance level. In both business areas, efforts are being made to adapt to the green transition before regulation forces to do so. This may create benefits or competitive advantages in the future as regulation tightens, which we have also tried to take into account to some extent in our estimates.

Valuation multiples are still elevated

The current share price level also looks pricy when looking at group-level earnings-based valuation multiples. Group-level EV/EBIT ratios are very high (2024: 28x), as Renewable Energy is weighing on earnings and Marine Logistics has high depreciation. EV/EBITDA multiples are already a degree more moderate (2023-24: 9x and 7x), but the capital-intensive nature of Marine Logistics means that a large part of EBITDA will be spent over time on investments required for fleet maintenance and replacement. As regards the balance sheet, Meriaura Group is valued at a P/B ratio of 1.1x (2023e). The median P/B ratio of the peer freight shipping companies is 0.9x, so the valuation of Meriaura Group cannot be based purely on the value of the company's current assets.

The sum of the parts below the current share price

We believe that the sum-of-the-parts valuation method is the most appropriate for determining the value of Meriaura Group. In the baseline scenario of our sum-of-the-parts method, the Renewable Energy unit would be valued at EUR 4 million and Marine Logistics at EUR 42 million (EV/EBIT 9.0x or 0.82x, market value of vessels as of 06/14/2022). Considering the net debt of EUR 15 million in H1'23, this would give a fair market value of EUR 31 million and a share value of EUR 0.039.

Value per share EUR 0.03-0.05

Based on the sum of the parts and earnings-based and balance sheet valuation multiples, we estimate the fair value of the stock at EUR 0.030-0.05 (EV/EBITDA 5-7x, P/B 0.7-1.1x at 2024 estimates). Therefore, we set the target price at EUR 0.04 and our recommendation to Reduce (was Sell). Justifying a higher share price would require clearly better visibility of the performance of the Renewable Energy business. In our view, a turnaround would require a significant improvement in the competitiveness of the business relative to the past. Emission reduction targets and tighter regulation are likely to support the long-term competitiveness of the Renewable Energy segment, but there is still a long way to go to a profitable level. The clarification and development of the strategy following the merger of Savosolar and Meriaura may provide new perspectives on the company's business and valuation.

Valuation	2023e	2024e	2025e
Share price	0.05	0.05	0.05
Number of shares, million	800.1	800.1	800.1
Market cap	39	39	39
EV	56	55	53
P/E (adj.)	neg.	39.6	16.3
P/E	neg.	39.6	16.3
P/B	1.1	1.1	1.0
P/S	0.6	0.6	0.5
EV/Sales	0.8	0.8	0.7
EV/EBITDA	9.3	7.1	5.8
EV/EBIT (adj.)	>100	27.9	16.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Factors supporting the valuation:

- Emissions reduction and regulation create demand for company's solutions
- Proprietary technology and experience in solar thermal
- Marine Logistics prepared to reduce emissions even before emissions trading started

Factors negatively affecting the valuation:

- Renewable Energy unit's turnaround not yet in sight for the next few years
- Marine Logistics result will decline after the cyclical peak in 2022 and may occasionally fall below long-term levels as the business cycle weakens

Valuation (2/2): Sum of the parts

Sum of the parts and scenarios

There is significant uncertainty about the long-term performance of the Renewable Energy unit. Therefore, we find it useful to look at the fair value of the group through different scenarios. The value of the Renewable Energy unit varies between scenarios, but for Marine Logistics we have developed only one scenario based on a normalized result in the SOTP calculation.

Sum of the parts - Renewable Energy

The baseline scenario for the valuation of the Renewable Energy business unit assumes a clearly positive business trend with an increase in revenue and an improvement in the material margin, which would result in EBIT already close to neutral in 2026 (-0.1 MEUR). Even in the baseline scenario, the business is a burden on the Group's cash flows, but on the other hand, a positive development would raise hopes for a long-term turnaround in the profitability of the business. We value the business at EUR 4 million in the baseline scenario, consisting of negative cash flows of EUR -8 million in 2023-2026 and a residual value of EUR 12 million in 2026. The residual value of EUR 12 million assumes that the profit outlook in 2026 would be clearly upward and the business could be turned profitable within a few years, although in the first years cash flow would still suffer from small losses and expansion investments.

We have also developed two additional scenarios for Renewable Energy, one negative and one positive. In a negative scenario, the result never turns positive, resulting in a closure of operations in 2026 and a total negative impact of EUR 20 million on cash flows in 2023-2026. In a positive scenario, revenue more than tenfolds to EUR 50 million, material margin improves to 25% and fixed costs increase to EUR 10 million (2022: -4.5 MEUR), resulting in

an EBIT of EUR 2.5 million (5% of revenue). In this case, an EV/EBIT valuation factor of 15x, suitable for a growth business, would turn the value of the business positive at EUR 38 million.

Sum of the parts - Marine Logistics

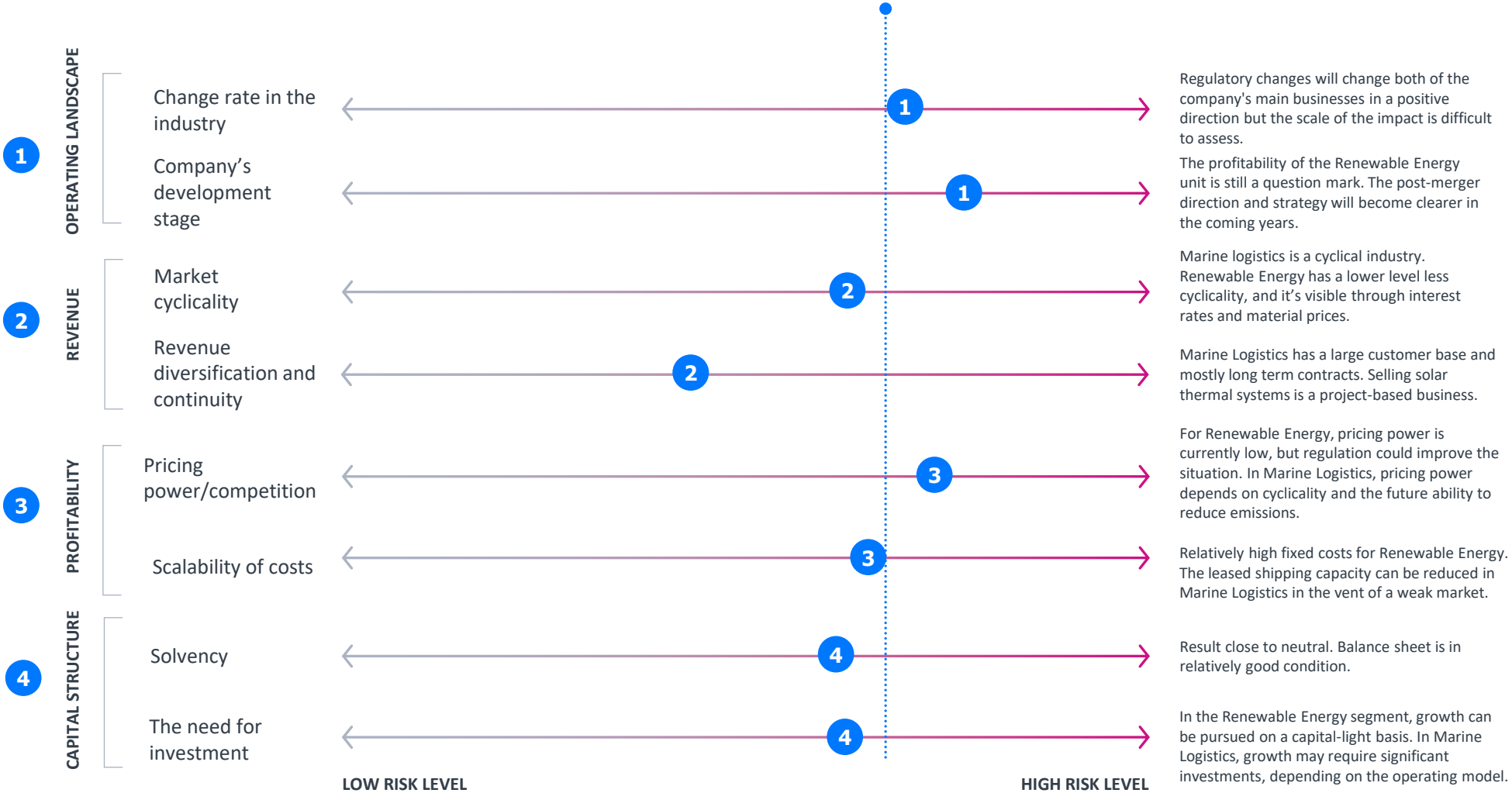
We seek to determine the value of Marine Logistics by looking at the estimated normalized earnings level and the normalized earnings-based valuation multiples. Sea freight prices have been exceptionally high in 2021-22, after which the result level has declined roughly to its normal long-term level. The marine logistics industry is capital-intensive and cyclical, which is why we believe the business should be valued at a relatively moderate EV/EBIT of 9x relative to normalized earnings. With 2024 forecasts, peers are priced with 5-11x (average 8x) EV/EBIT ratios. The consensus forecasts may still include a small positive impact from the gradually receding boom in sea freight.

We forecast Meriaura's EBIT to normalize in 2024 and use this as the base year for the valuation. For 2024, we forecast a revenue of EUR 62 million and an EBIT of EUR 4.6 million (7.5% of revenue), whereby a 9x EV/EBIT multiple would give an operating value of EUR 42 million, which is about 0.8 times the market value of the company's ships on 07/14/2022 (EUR 50.8 MEUR). Since then, the market value of the vessels may have decreased due to, e.g., the weakening of the business cycle.

Sum of the parts MEUR	Scenario		
	Negative	Baseline	Positive
Renewable Energy			
Revenue 2026e	4	19.4	50
EBIT 2026e	-5	-0.1	2.5
EBIT-% 2026e	-125 %	-1 %	5 %
EV/EBIT (x)	4.0x		15.0x
Enterprise value (EV)	-20	4	38
+			
Marine Logistics			
Revenue 2024e		62	
EBIT 2024e		4.6	
EBIT-% 2024e		7.5 %	
EV/EBIT (x)		9.0x	
Enterprise value (EV)	42	42	42
EV/Market value of ships 06/14/2022	0.8x	0.8x	0.8x
=			
Total enterprise value (EV)	22	46	79
Net debt 2022	-15	-15	-15
Fair market value	7	31	64
Fair share price	0.009	0.039	0.080
Current share price	0.049	0.049	0.049
Current market capitalization	39	39	39
Change	-82 %	-21 %	66 %

Risk profile of the business model

Assessment of Meriaura Group's overall business risk

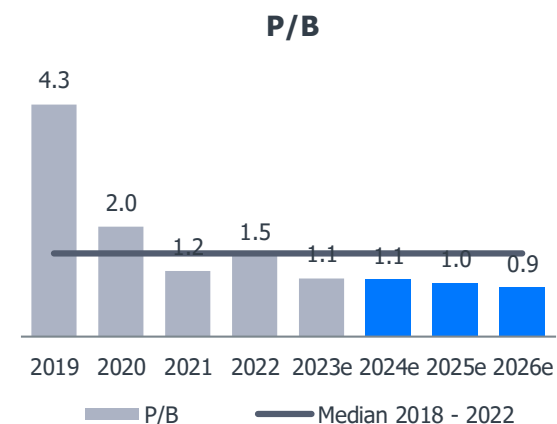
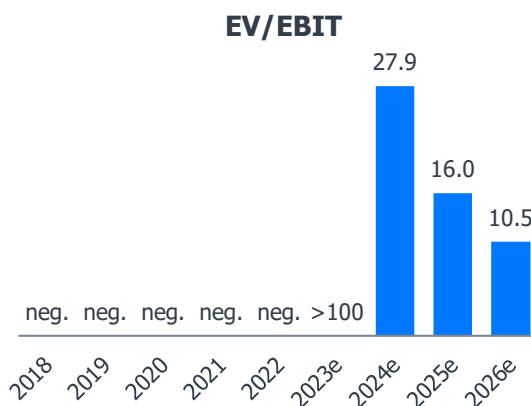
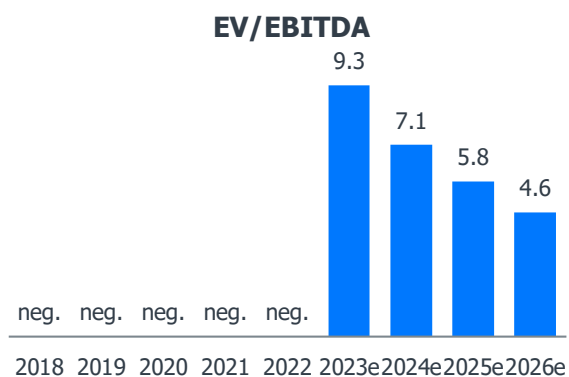


Source: Inderes

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	0.60	0.90	0.15	0.05	0.07	0.05	0.05	0.05	0.05
Number of shares, millions	3.53	17.2	62.9	165.2	783.1	800.1	800.1	800.1	800.1
Market cap	2.1	16	9.5	8.0	53	39	39	39	39
EV	3.9	15	7.6	4.1	70	56	55	53	51
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	neg.	39.6	16.3	9.8
P/E	neg.	neg.	neg.	neg.	neg.	neg.	39.6	16.3	9.8
P/B	1.6	4.3	2.0	1.2	1.5	1.1	1.1	1.0	0.9
P/S	0.4	4.5	1.9	3.2	6.2	0.6	0.6	0.5	0.5
EV/Sales	0.7	4.3	1.5	1.7	8.1	0.8	0.8	0.7	0.6
EV/EBITDA	neg.	neg.	neg.	neg.	neg.	9.3	7.1	5.8	4.6
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	neg.	>100	27.9	16.0	10.5
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 Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2023e
			2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	
Safe Bulkers	336	672	7.9	6.8	5.0	4.3	2.7	2.4	6.3	3.5	6.2	9.7	
Eurodry	39	76		5.4	9.0	2.6	1.8	1.2		3.5			0.4
Star Bulk Carriers	1806	2579	12.2	8.1	7.4	5.8	3.8	3.2	10.0	5.6	7.0	11.2	1.0
Kawasaki Kisen Kaisha	8400	8518			11.0	10.5	1.4	1.5	2.0	10.6	7.0	3.7	1.0
Golden Ocean Group	1400	2656		10.9	9.8	7.1	4.2	3.6	18.9	8.1	6.2	10.0	0.8
Meriaura Group (Inderes)	39	56	124.0	27.9	9.3	7.1	0.8	0.8	-62.7	39.6	0.0	0.0	1.1
Average			10.0	7.8	8.5	6.0	2.8	2.4	9.3	6.3	6.6	8.7	0.8
Median			10.0	7.4	9.0	5.8	2.7	2.4	8.2	5.6	6.6	9.9	0.9
Diff-% to median			1135%	274%	3%	24%	-69%	-68%	-869%	606%	-100%	-100%	26%

Source: Refinitiv / Inderes

Income statement

Income statement	2020	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue	5.1	2.5	8.6	16.2	15.3	15.7	19.7	66.9	70.6	76.7	85.5
Renewable Energy	0.0	0.0	3.8	0.2	0.3	0.2	4.0	4.7	9.0	12.9	19.4
Marine Logistics	0.0	0.0	4.9	16.0	15.0	15.5	15.7	62.1	61.6	63.8	66.1
EBITDA	-3.4	-4.2	-3.6	1.5	1.1	1.7	1.7	6.0	7.7	9.2	11.0
Depreciation	-0.5	-0.4	-0.2	-1.3	-1.3	-1.4	-1.5	-5.5	-5.7	-5.9	-6.2
EBIT (excl. NRI)	-3.9	-4.6	-3.8	0.2	-0.2	0.3	0.3	0.5	2.0	3.3	4.8
EBIT	-3.9	-4.6	-3.8	0.2	-0.2	0.3	0.3	0.5	2.0	3.3	4.8
Renewable Energy			-4.3	-1.1	-1.3	-0.7	-0.5	-3.6	-2.6	-1.5	-0.1
Marine Logistics			0.5	1.2	1.0	1.0	0.8	4.1	4.6	4.8	5.0
Net financial items	-1.1	-1.2	-0.3	-0.2	-0.3	-0.2	-0.3	-1.1	-1.0	-0.9	-0.8
PTP	-5.0	-5.8	-4.1	-0.1	-0.5	0.0	-0.1	-0.6	1.0	2.4	4.0
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-5.0	-5.8	-4.1	-0.1	-0.5	0.0	-0.1	-0.6	1.0	2.4	4.0
EPS (reported)	-0.08	-0.03	-0.01	-0.0001	-0.0006	0.0000	-0.0001	-0.0008	0.0012	0.0030	0.0049

Key figures	2020	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	49.8 %	-51.2 %	245.8 %	1018.7 %	2131.1 %	1854.4 %	246.0 %	674.4 %	5.5 %	8.8 %	11.4 %
Adjusted EBIT growth-%									338.2 %	69.0 %	45.1 %
EBITDA-%	-66.6 %	-167.2 %	-41.4 %	9.3 %	7.2 %	10.6 %	8.7 %	8.9 %	10.9 %	12.0 %	12.9 %
Adjusted EBIT-%	-76.2 %	-182.4 %	-43.6 %	1.0 %	-1.4 %	1.7 %	1.3 %	0.7 %	2.8 %	4.3 %	5.7 %
Net earnings-%	-97.3 %	-231.2 %	-47.1 %	-0.5 %	-3.3 %	0.2 %	-0.3 %	-0.9 %	1.4 %	3.1 %	4.6 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	1.4	50.6	50.9	50.8	51.3
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	0.5	4.1	4.1	4.1	4.1
Tangible assets	0.5	46.5	46.8	46.7	47.2
Associated companies	0.2	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.2	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	6.8	13.8	18.4	19.2	20.6
Inventories	1.9	3.4	6.0	6.2	6.6
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	0.8	6.6	7.7	8.0	8.7
Cash and equivalents	4.1	3.8	4.7	4.9	5.4
Balance sheet total	8.2	64.4	69.3	70.0	72.0

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	6.5	35.4	35.7	36.7	39.1
Share capital	0.5	0.5	0.5	0.5	0.5
Retained earnings	-45.9	-50.0	-50.6	-49.7	-47.3
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	51.9	84.9	85.8	85.8	85.8
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	0.3	17.5	11.0	10.7	10.1
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.2	0.2	0.2	0.2	0.2
Interest bearing debt	0.1	17.3	10.8	10.5	9.9
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	1.3	11.4	22.5	22.6	22.8
Interest bearing debt	0.1	3.2	10.8	10.5	9.9
Payables	1.2	8.2	11.7	12.1	12.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	8.2	64.4	69.3	70.0	72.0

DCF calculation

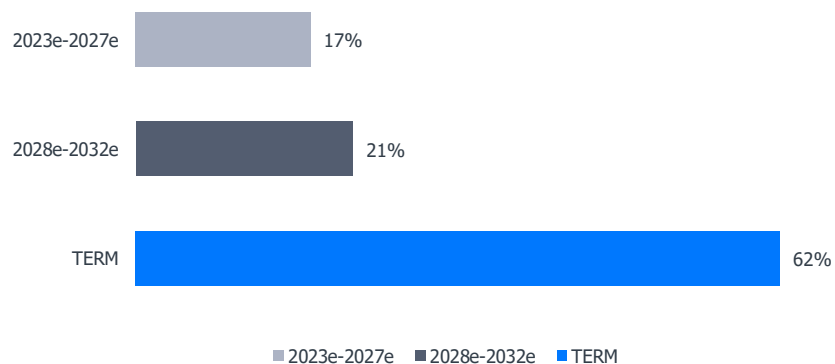
DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	245.8 %	674.4 %	5.5 %	8.8 %	11.4 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	-43.6 %	0.7 %	2.8 %	4.3 %	5.7 %	6.3 %	6.3 %	6.3 %	6.3 %	5.5 %	5.5 %	5.5 %
EBIT (operating profit)	-3.8	0.5	2.0	3.3	4.8	5.7	5.9	6.2	6.5	6.0	6.2	
+ Depreciation	0.2	5.5	5.7	5.9	6.2	6.3	6.5	6.6	6.2	6.5	6.7	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.3	-0.4	-0.5	-0.5	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ 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	-0.3	-0.3	-0.2	-0.2	-0.4	-0.1	-0.1	-0.2	0.0	0.1	-0.1	
Operating cash flow	-3.8	5.7	7.5	9.0	10.6	11.8	12.1	12.4	12.4	12.1	12.3	
+ 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	
- Gross CAPEX	-49.5	-5.8	-5.7	-6.4	-7.3	-7.4	-7.7	-7.9	-8.2	-8.5	-7.4	
Free operating cash flow	-53.4	-0.1	1.8	2.6	3.4	4.4	4.4	4.5	4.2	3.6	4.9	
+/- Other	36.5	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-16.9	0.8	1.8	2.6	3.4	4.4	4.4	4.5	4.2	3.6	4.9	76.2
Discounted FCFF		0.8	1.6	2.1	2.6	3.0	2.8	2.6	2.2	1.8	2.2	34.5
Sum of FCFF present value		56.3	55.5	53.8	51.7	49.1	46.1	43.3	40.7	38.4	36.7	34.5
Enterprise value DCF		56.3										
- Interest bearing debt		-20.5										
+ Cash and cash equivalents		3.8										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		39.6										
Equity value DCF per share		0.049										

WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.6 %
Weighted average cost of capital (WACC)	9.1 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	5.1	2.5	8.6	66.9	70.6	EPS (reported)	-0.08	-0.03	-0.01	0.00	0.00
EBITDA	-3.4	-4.2	-3.6	6.0	7.7	EPS (adj.)	-0.08	-0.03	-0.01	0.00	0.00
EBIT	-3.9	-4.6	-3.8	0.5	2.0	OCF / share	-0.05	-0.03	0.00	0.01	0.01
PTP	-5.0	-5.8	-4.1	-0.6	1.0	FCF / share	-0.06	-0.03	-0.02	0.00	0.00
Net Income	-5.0	-5.8	-4.1	-0.6	1.0	Book value / share	0.07	0.04	0.05	0.04	0.05
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	7.0	8.2	64.4	69.3	70.0	Revenue growth-%	50%	-51%	246%	674%	6%
Equity capital	4.7	6.5	35.4	35.7	36.7	EBITDA growth-%	-22%	22%	-14%	-267%	29%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-22%	17%	-17%	-112%	338%
Net debt	-2.0	-3.8	16.7	17.0	16.1	EPS (adj.) growth-%	-80%	-56%	-85%	-85%	-259%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	-66.6 %	-167.2 %	-41.4 %	8.9 %	10.9 %
EBITDA	-3.4	-4.2	-3.6	6.0	7.7	EBIT (adj.)-%	-76.2 %	-182.4 %	-43.6 %	0.7 %	2.8 %
Change in working capital	0.3	-0.5	-0.3	-0.3	-0.2	EBIT-%	-76.2 %	-182.4 %	-43.6 %	0.7 %	2.8 %
Operating cash flow	-3.2	-4.7	-3.8	5.7	7.5	ROE-%	-120.6 %	-103.4 %	-19.4 %	-1.7 %	2.7 %
CAPEX	-0.7	0.2	-49.5	-5.8	-5.7	ROI-%	-77.7 %	-76.2 %	-12.0 %	0.8 %	3.4 %
Free cash flow	-3.9	-4.5	-16.9	0.8	1.8	Equity ratio	66.2 %	79.5 %	55.0 %	51.5 %	52.4 %
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	-41.9 %	-58.8 %	47.2 %	47.6 %	43.9 %
EV/S	1.5	1.7	8.1	0.8	0.8						
EV/EBITDA (adj.)	neg.	neg.	neg.	9.3	7.1						
EV/EBIT (adj.)	neg.	neg.	neg.	>100	27.9						
P/E (adj.)	neg.	neg.	neg.	neg.	39.6						
P/B	2.0	1.2	1.5	1.1	1.1						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
3/9/2023	Sell	0.06 €	0.078 €
5/8/2023	Reduce	0.05 €	0.058 €
8/28/2023	Sell	0.04 €	0.062 €
11/6/2023	Reduce	0.04 €	0.049 €



Connecting investors and companies

Inderes connects investors and listed companies. We help over 400 Nordic listed companies to better serve their shareholders. Our community is home to over 70 000 active investors. Our social objective is to democratize information in the financial markets.

We build solutions for listed companies that enable seamless and effective investor relations. Majority of our revenue comes from services to listed companies, including Commissioned Research, Virtual Events, AGM services, and IR technology and consultation.

Inderes is listed on Nasdaq First North growth market and operates in Finland, Sweden, Norway and Denmark.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



STARMINE
ANALYST AWARDS
FROM REFINITIV



THOMSON REUTERS
ANALYST AWARDS



Juha Kinnunen

2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen

2014, 2016, 2017, 2019



Sauli Vilén

2012, 2016, 2018, 2019, 2020



Antti Viljakainen

2014, 2015, 2016, 2018, 2019, 2020



Olli Koponen

2020



Joni Grönqvist

2019, 2020



Erkki Vesola

2018, 2020



Petri Gostowski

2020



Atte Riikola

2020

**Research belongs to
everyone.**