

# Nexstim

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Loppuvuosi loi tukevampaa pohjaa tulevalle” published on 2/38/2024 at 7:30 am EET

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# The end of the year laid a firmer foundation for the future

We reiterate Nexstim's Accumulate recommendation and EUR 3.0 target price after the H2 report. The key figures were already known based on preliminary data from the beginning of the year, which were now revised. Revenue was slightly higher than the preliminary data suggested and the result hit our forecasts. The H2 cash flow was also at the expected zero level considering the partial transfer of cash flow to 2024 through increased trade receivables. The report did not contain any surprises, so forecast changes were small. Nexstim expects increasing revenue and earnings, which disperses concerns related to cash flow adequacy. We expect the company to continue on the path of profitable growth, although the cashflow is likely to remain negative this year.

## H2 progressed on a positive note

Nexstim's H2 revenue was 4.7 MEUR (preliminary data 4.5 MEUR), which increased significantly from the comparison period (H2'22: 2.7 MEUR). The growth was driven by both system sales (3.0 MEUR) that progressed well in H2 and recurring revenue (1.8 MEUR). EBITDA of 0.6 MEUR and EBIT of 0.2 MEUR were in line with our expectations. The combined cash flow from operating activities and investments was, as expected, roughly at zero, considering the cash flow transferred to H1'24 from system transactions in the last days of the year. Cash equivalents amounted to 1.5 MEUR at the end of the period, supported by the withdrawal of a loan of the same amount. However, the cash position is significantly supported by 2.7 MEUR in trade receivables, the cash flow of which we expect was repatriated early in the year. For the full year, revenue increased by 21% to 7.2 MEUR (2022: 6.0 MEUR) and EBIT was -1.2 MEUR (2022: adj. -2.7 MEUR). Regarding the licensing agreement with Magnus Medical, Nexstim said that it has received additional information from its partner which, according to Nexstim, causes uncertainty regarding royalty payments. Currently, Nexstim does not expect to receive any license income in 2024. Concerning the outlook, Nexstim expects comparable revenue to grow and EBIT to improve in 2024. We consider the outlook positive, as license fees are not likely to support the figures with high-margin revenue this year.

## Small forecast revisions based on good progress in the system business and postponed license fees

We recently updated our view on the development in the coming years in connection with the profit warning early in the year, so the forecast changes are rather minor after a report in line with expectations. As a net effect of rising system business forecasts and the licensing period that was moved to being in H1'25 (was H2'24) our revenue forecast decreased slightly for 2024-2025. We made marginal revisions to our earnings forecasts, with minor practical significance. We expect Nexstim to continue to grow and improve its earnings in 2024, although cash flows are expected to remain negative this year.

## Share pricing appears moderate and the high risk level declined slightly after a strong H2

Our valuation is based on EV/S ratios and a DCF model, and is inaccurate in nature. Nexstim's 2024e EV/S is 2.2x and decreases to 1.6x in 2025. The multiples have decreased with the share price in absolute terms and in relative terms compared to the peers. We find the multiples moderate relative to the company's potential, although the risk level is still high due to the adequacy of the cash position and the continued losses. The DCF gives the share a value of EUR 3.2 and indicates a reasonable upside. We feel the share is reasonably priced relative to growth and profitability expectations and the risk/reward ratio is sufficiently attractive.

## Recommendation

### Accumulate

(previous Accumulate)

### EUR 3.00

(previous EUR 3.00)

### Share price:

2.40



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	7.2	8.6	11.2	13.5
<b>growth-%</b>	-24%	19%	30%	21%
<b>EBIT adj.</b>	-1.2	-0.5	0.8	1.7
<b>EBIT-% adj.</b>	-16.9 %	-5.8 %	7.5 %	12.8 %
<b>Net Income</b>	-1.3	-0.6	0.7	1.4
<b>EPS (adj.)</b>	-0.18	-0.08	0.10	0.20

<b>P/E (adj.)</b>	neg.	neg.	23.8	12.1
<b>P/B</b>	6.9	7.8	5.9	4.0
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	2.1 %
<b>EV/EBIT (adj.)</b>	neg.	neg.	22.1	9.9
<b>EV/EBITDA</b>	neg.	60.0	12.4	7.5
<b>EV/S</b>	3.1	2.2	1.6	1.3

Source: Inderes

## Guidance

(New guidance)

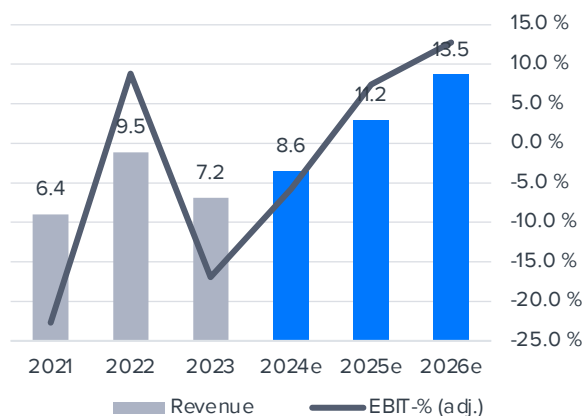
Based on business forecasts, Nexstim expects that the company's comparable revenue will grow and EBIT will improve in 2024.

### Share price



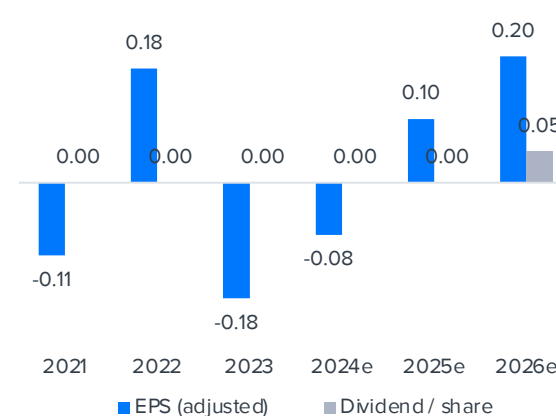
Source: Millstream Market Data AB

### Revenue and EBIT-%



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- Growing markets and underlying megatrends
- Growth in system base drives profitable and scalable recurring revenue
- Licensing agreement generates strong cash flow in the ongoing decade
- Opportunities for value creation from expanding the network of exclusive partner clinics



### Risk factors

- Tough competition in the therapy business can chip away at growth and margins
- Considerable uncertainty about the timing and level of license fees
- The company may fall behind the competition if the development of accelerated treatment protocols fails
- The company's resources are small compared to its competitors
- Possibility of new share issues cannot be excluded

Valuation	2024e	2025e	2026e
Share price	2.40	2.40	2.40
Number of shares, millions	7.27	7.27	7.27
Market cap	17	17	17
EV	19	18	17
P/E (adj.)	neg.	23.8	12.1
P/E	neg.	23.8	12.1
P/B	7.8	5.9	4.0
P/S	2.0	1.6	1.3
EV/Sales	2.2	1.6	1.3
EV/EBITDA	60.0	12.4	7.5
EV/EBIT (adj.)	neg.	22.1	9.9
Payout ratio (%)	0.0 %	0.0 %	25.0 %
Dividend yield-%	0.0 %	0.0 %	2.1 %

Source: Inderes

# Investment profile (2/2)

- 1. Growth seeking company in a defensive industry**
- 2. Business model of systems, expansion of partner clinic network and licensing income**
- 3. Focus on challenging brain diseases and disorders, and their treatment and therapy**
- 4. Large, defensive industry supported by strong trends**
- 5. Some uncertainty related to the financing of growth**

## Potential



- Large target market supported by megatrends.
- Growing popularity of TMS treatments compared to pharmacological treatments.
- Licensing income provides cash flow.
- Strong position in diagnostic business.
- revenue and profitability have developed in the right direction since 2019.
- The clinic network can generate cash flow-positive defensive business

## Risks



- The competitive situation in the therapy market is challenging.
- Competition in diagnostics has increased.
- The company is small compared to the cost structure and investment needs.
- Development of new indications requires long-term and uncertain research. A possible failure would undermine the long-term potential of the therapy business.
- Potential issues weaken the investor's expected return.

# Figures in line with expectations

## Estimates vs. outcome H2'23

- H2 revenue was 4.7 MEUR, which slightly exceeded the preliminary data of 4.5 MEUR. Our forecast was in line with the preliminary data.
- Revenue grew by 73.5% from the comparison period (2.7 MEUR). Growth was driven by both good system sales of 3.0 MEUR and recurring revenue of 1.8 MEUR.
- For the full year, revenue increased by 21% and amounted to 7.2 MEUR.
- EBITDA of 0.6 MEUR and EBIT of 0.2 MEUR were in line with our forecasts.
- However, due to balance-sheet activations, cash flow was weaker than EBITDA
- The combined cash flow from operating activities and investments was roughly at zero, considering the partial transfer of cash flow to H1'24. This is explained by year-end system transactions, which are reflected as H2 revenue and increased trade receivables, but whose cash flow is only generated by H1.
- Cash equivalents amounted to 1.5 MEUR, supported by the withdrawal of a loan tranche of the same amount. The liquidation of 2.7 MEUR in trade receivables will support the cash position in early 2024.
- Sufficient financial resources require success in profitable growth in 2024. We feel that the outlook eased with the H2 report, but the situation remains tense.
- According to the report, licensing fees from Magnus Medical do not seem to start in 2024, which was a slight disappointment. We do not believe the delay will affect the level of license fees.

Estimates MEUR / EUR	H2'22	H2'23	H2'23e	H2'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	2.7	4.7	4.5				5%	7.2
EBITDA	-1.2	0.6	0.5				16%	-0.5
EBIT	-1.5	0.2	0.3				-32%	-1.2
EPS (reported)	-0.26	0.02	0.03				-40%	-0.20
DPS	0.00	0.00	0.00					0.00
Revenue growth-%	-20.5 %	71.9 %	64.4 %				7.6 pp	-23.9 %
EBIT-% (adj.)	-54.6 %	3.4 %	-30.7 %				34.1 pp	-16.9 %

Source: Inderes

# Only small forecast revisions

## Estimate revisions 2021e-2023e

- The report was in line with our previous expectations, so our estimate for 2024-2025 given at the turn of the year is still largely relevant.
- We only made moderate changes to the forecasts, the main one being the transfer of license fees to H1'25 (was H2'24).
- Well-performing system sales and the level of recurring revenue together with Nexstim's outlook slightly raise our forecast for the system business. On the other hand, license fees being moved forward decreases our forecasts.
- As a net effect, our revenue forecast decreases moderately by 2% for 2024-2025.
- At EBITDA level, our forecasts are largely unchanged. At EBIT level, earnings decline marginally due to higher depreciation.
- We expect the cash flow for the full-year 2024 to continue to be in the red. In 2025, we estimate that cash flow could reach zero, although visibility to the future is limited.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	7.0	7.2	4%	8.8	8.6	-2%	11.4	11.2	-2%
EBITDA	-0.6	-0.5	-18%	0.2	0.3	61%	1.5	1.5	2%
EBIT	-1.1	-1.2	12%	-0.4	-0.5	17%	0.9	0.8	-8%
PTP	-1.2	-1.3	11%	-0.5	-0.6	14%	0.8	0.7	-9%
EPS (excl. NRIs)	-0.16	-0.18	11%	-0.07	-0.08	14%	0.11	0.10	-9%
DPS	0.00	0.00	0%	0.00	0.00	0%	0.00	0.00	0%

Source: Inderes

# The valuation picture has improved

## Valuation is based on the DCF model and EV/S ratio

We use the EV/S multiple to value Nexstim as earnings multiples will only moderate in a few years' time. A key tool is also the DCF model that models the current value of cash flows. We do not expect a dividend from Nexstim in the next few years, so the investor's return is based on value changes in the share. The margin of error in valuation is high due to the estimate risk and low business visibility. The valuation multiples may, therefore, fluctuate significantly as we have seen throughout the history of the share.

## DCF model indicates an upside in the share

Our DCF model indicates that the current value of Nexstim's cash flows is EUR 3.2 per share. The DCF model indicates an undervaluation of the share and an upside that exceeds the required return. However, there is considerable uncertainty about the estimate materializing, which raises the share's risk profile. A possible issue with subscription discounts could also have a negative impact on the DCF value. The weighted average cost of capital (WACC) we use in the model is 11.5 %, which reflects the still loss-making business and, on the other hand, the potential for high profitability in a defensive industry. Investors should note that there are considerable uncertainties about the realization of estimated cash flows. The DCF model is also very sensitive to the assumptions used, especially when cash flows are far in the future. 50 % of the DCF is explained by the terminal period after 2033. We believe that this is a moderate share and is largely explained by high-margin licensing income in 2025-2030.

## EV/S ratio is cautiously attractive

In a recent [extensive report](#), we outlined the fair range of the EV/S ratio to be about 2.5-3.5x. With this year's forecasts, the EV/S ratio is 2.2x. With 2025-2026 forecasts, the ratio decreases to 1.x-1.3x. The 2024 multiples for the closest peers, Neuronetics and Brainsways are 1.4x and 1.6x, but the companies have been heavily loss-making. We find the multiples moderate considering the profitability potential of the business. However, visibility to future growth is limited. We believe that the risks are elevated with the uncertainty of growth and the tight cash position. Overall, however, we find the multiples attractive.

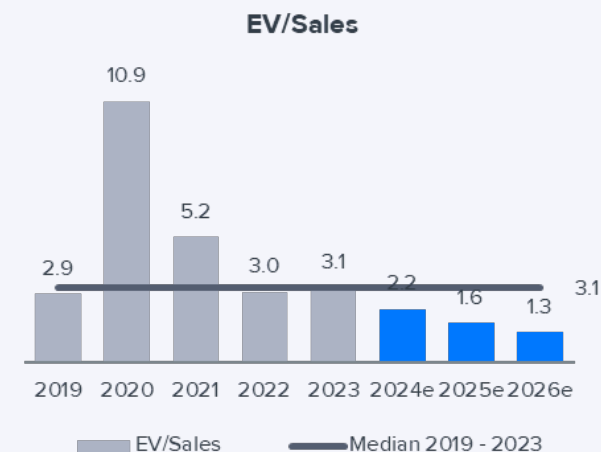
## Valuation picture mostly improved

During our coverage, Nexstim's share has decreased by over 40% (from May 2022) which has helped moderate the share's valuation picture. By contrast, our view of the company's growth potential has also declined during this period. However, based on the EV/S ratio, the share is valued at an attractive level as the ratio falls below our fair value range with 2024 estimates. The DCF model also indicates an upside in the share. We feel the risk level of the stock is highish (level 3) due to a high forecast risk and the cash position. However, we believe that the risk is currently adequately compensated, so we reiterate our Accumulate recommendation and EUR 3.0 target price.

Supported by its business model and good sales margin, Nexstim has the chance to achieve excellent profitability. If the company reaches or exceeds our growth estimate, the share has precondition for good development from the current share price level.

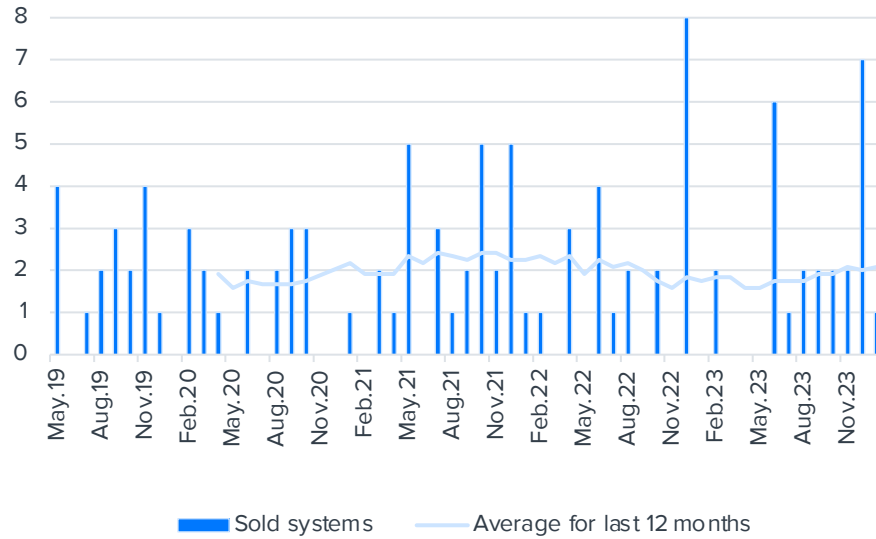
Valuation	2024e	2025e	2026e
Share price	2.40	2.40	2.40
Number of shares, millions	7.27	7.27	7.27
Market cap	17	17	17
EV	19	18	17
P/E (adj.)	neg.	23.8	12.1
P/E	neg.	23.8	12.1
P/B	7.8	5.9	4.0
P/S	2.0	1.6	1.3
EV/Sales	2.2	1.6	1.3
EV/EBITDA	60.0	12.4	7.5
EV/EBIT (adj.)	neg.	22.1	9.9
Payout ratio (%)	0.0 %	0.0 %	25.0 %
Dividend yield-%	0.0 %	0.0 %	2.1 %

Source: Inderes

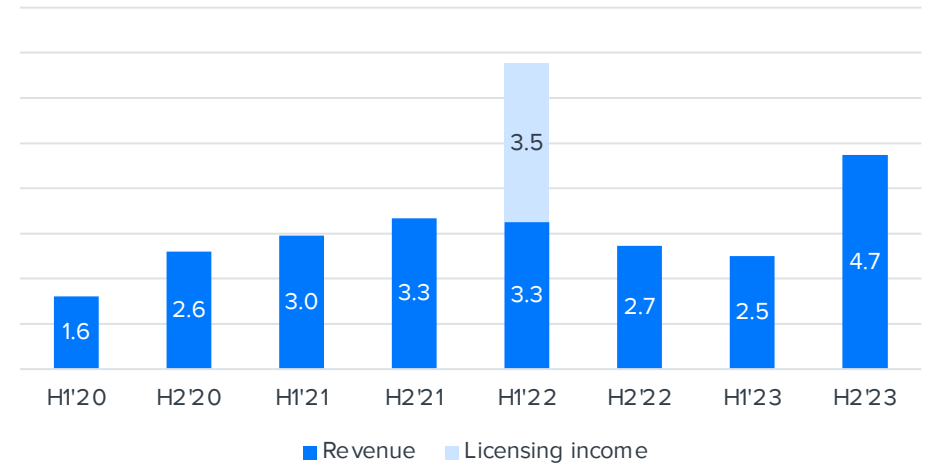


# Valuation in graphs

## Sold systems, PCs



## Revenue (MEUR)





# Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	0.12	0.10	4.78	4.00	2.69	<b>2.40</b>	<b>2.40</b>	<b>2.40</b>	<b>2.40</b>
Number of shares, millions	62.8	439.6	7.27	7.27	7.27	<b>7.27</b>	<b>7.27</b>	<b>7.27</b>	<b>7.27</b>
Market cap	7.5	43	35	29	20	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
EV	9.5	45	33	28	23	<b>19</b>	<b>18</b>	<b>17</b>	<b>16</b>
P/E (adj.)	neg.	neg.	neg.	22.2	neg.	<b>neg.</b>	<b>23.8</b>	<b>12.1</b>	<b>7.8</b>
P/E	neg.	neg.	neg.	22.2	neg.	<b>neg.</b>	<b>23.8</b>	<b>12.1</b>	<b>7.8</b>
P/B	neg.	neg.	10.9	7.1	6.9	<b>7.8</b>	<b>5.9</b>	<b>4.0</b>	<b>2.8</b>
P/S	2.3	10.5	5.4	3.1	2.7	<b>2.0</b>	<b>1.6</b>	<b>1.3</b>	<b>1.1</b>
EV/Sales	2.9	10.9	5.2	3.0	3.1	<b>2.2</b>	<b>1.6</b>	<b>1.3</b>	<b>1.0</b>
EV/EBITDA	neg.	neg.	neg.	21.4	neg.	<b>60.0</b>	<b>12.4</b>	<b>7.5</b>	<b>5.3</b>
EV/EBIT (adj.)	neg.	neg.	neg.	33.6	neg.	<b>neg.</b>	<b>22.1</b>	<b>9.9</b>	<b>6.5</b>
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>25.0 %</b>	<b>50.0 %</b>
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>2.1 %</b>	<b>6.4 %</b>

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
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Neuronetics	88	89					1.4	1.2					
Brainsway	89	47					1.6	1.4					
Ambu	4400	4446	116.0	62.2	53.9	37.2	6.9	6.3	210.0	83.8	0.1	0.2	6.1
C Rad	128	117	22.5	14.8	19.7	13.3	3.2	2.7	36.8	20.8			5.2
Elekta	2412	2858	19.5	13.6	11.4	9.1	1.9	1.7	23.8	17.6	3.1	3.7	3.1
Getinge	5104	5605	16.5	14.8	10.9	9.8	2.0	1.9	22.1	20.5	1.9	2.2	1.8
Irras													
Medstim	329	319	25.4	23.5	22.2	21.0	7.0	6.7	33.8	31.2	2.2	1.8	6.5
Optomed	60	57					3.6	3.3					2.9
Vitrolife	2224	2334	36.4	31.2	22.8	20.6	7.4	6.9	54.4	38.6	0.6	0.7	1.6
Xvivo Perfusion	735	689	170.3	73.7	78.8	44.1	12.5	9.6	226.5	111.8			4.2
<b>Nexstim (Inderes)</b>	<b>17</b>	<b>19</b>	<b>-38.4</b>	<b>22.1</b>	<b>60.0</b>	<b>12.4</b>	<b>2.2</b>	<b>1.6</b>	<b>-29.3</b>	<b>23.8</b>	<b>0.0</b>	<b>0.0</b>	<b>7.8</b>
<b>Average</b>			<b>58.1</b>	<b>33.4</b>	<b>31.4</b>	<b>22.2</b>	<b>4.8</b>	<b>4.2</b>	<b>86.8</b>	<b>46.3</b>	<b>1.6</b>	<b>1.7</b>	<b>3.9</b>
<b>Median</b>			<b>25.4</b>	<b>23.5</b>	<b>22.2</b>	<b>20.6</b>	<b>3.4</b>	<b>3.0</b>	<b>36.8</b>	<b>31.2</b>	<b>1.9</b>	<b>1.8</b>	<b>3.6</b>
<b>Diff-% to median</b>			<b>-251%</b>	<b>-6%</b>	<b>170%</b>	<b>-40%</b>	<b>-35%</b>	<b>-45%</b>	<b>-180%</b>	<b>-24%</b>	<b>-100%</b>	<b>-100%</b>	<b>115%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	H1'25e	H2'25e	2025e	2026e	2027e
<b>Revenue</b>	<b>2.5</b>	<b>4.7</b>	<b>7.2</b>	<b>3.7</b>	<b>4.9</b>	<b>8.6</b>	<b>4.5</b>	<b>6.6</b>	<b>11.2</b>	<b>13.5</b>	<b>15.4</b>
Nexstim	2.5	4.7	7.2	3.7	4.9	8.6	4.5	6.6	11.2	13.5	15.4
<b>EBITDA</b>	<b>-1.1</b>	<b>0.6</b>	<b>-0.5</b>	<b>-0.3</b>	<b>0.6</b>	<b>0.3</b>	<b>-0.4</b>	<b>1.2</b>	<b>1.5</b>	<b>2.3</b>	<b>3.0</b>
Depreciation	-0.3	-0.4	-0.7	-0.4	-0.4	-0.8	0.0	0.0	-0.6	-0.5	-0.6
<b>EBIT (excl. NRI)</b>	<b>-1.4</b>	<b>0.2</b>	<b>-1.2</b>	<b>-0.7</b>	<b>0.2</b>	<b>-0.5</b>	<b>-0.4</b>	<b>1.2</b>	<b>0.8</b>	<b>1.7</b>	<b>2.5</b>
<b>EBIT</b>	<b>-1.4</b>	<b>0.2</b>	<b>-1.2</b>	<b>-0.7</b>	<b>0.2</b>	<b>-0.5</b>	<b>-0.4</b>	<b>1.2</b>	<b>0.8</b>	<b>1.7</b>	<b>2.5</b>
Nexstim	-1.4	0.2	-1.2	-0.7	0.2	-0.5	-0.4	1.2	0.8	1.7	2.5
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	0.0	0.0	-0.1	-0.3	-0.2
<b>PTP</b>	<b>-1.4</b>	<b>0.1</b>	<b>-1.3</b>	<b>-0.8</b>	<b>0.2</b>	<b>-0.6</b>	<b>-0.4</b>	<b>1.2</b>	<b>0.7</b>	<b>1.4</b>	<b>2.2</b>
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>-1.4</b>	<b>0.1</b>	<b>-1.3</b>	<b>-0.8</b>	<b>0.2</b>	<b>-0.6</b>	<b>-0.4</b>	<b>1.2</b>	<b>0.7</b>	<b>1.4</b>	<b>2.2</b>
<b>EPS (adj.)</b>	<b>-0.20</b>	<b>0.02</b>	<b>-0.18</b>	<b>-0.11</b>	<b>0.02</b>	<b>-0.08</b>	<b>-0.05</b>	<b>0.17</b>	<b>0.10</b>	<b>0.20</b>	<b>0.31</b>
<b>EPS (rep.)</b>	<b>-0.20</b>	<b>0.02</b>	<b>-0.18</b>	<b>-0.11</b>	<b>0.02</b>	<b>-0.08</b>	<b>-0.05</b>	<b>0.17</b>	<b>0.10</b>	<b>0.20</b>	<b>0.31</b>
<b>Key figures</b>	<b>H1'23</b>	<b>H2'23</b>	<b>2023</b>	<b>H1'24e</b>	<b>H2'24e</b>	<b>2024e</b>	<b>H1'25e</b>	<b>H2'25e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
<b>Revenue growth-%</b>	-63.1 %	73.5 %	-23.9 %	46.0 %	4.2 %	18.7 %	24.2 %	33.8 %	29.7 %	20.8 %	14.0 %
<b>Adjusted EBIT growth-%</b>	-159.5 %	-110.6 %	-246.7 %	-48.1 %	41.2 %	-59.7 %	-47.6 %	438.8 %	-268.3 %	106.5 %	42.9 %
<b>EBITDA-%</b>	-43.0 %	11.6 %	-7.3 %	-8.7 %	12.9 %	3.7 %	-8.3 %	18.3 %	13.3 %	16.8 %	19.8 %
<b>Adjusted EBIT-%</b>	-55.4 %	3.4 %	-16.9 %	-19.7 %	4.5 %	-5.8 %	-8.3 %	18.3 %	7.5 %	12.8 %	16.0 %
<b>Net earnings-%</b>	-57.6 %	2.4 %	-18.3 %	-21.0 %	3.5 %	-6.9 %	-8.3 %	18.3 %	6.6 %	10.7 %	14.6 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>3.0</b>	<b>3.9</b>	<b>3.6</b>	<b>3.6</b>	<b>3.8</b>
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	2.1	2.9	2.9	2.8	2.9
Tangible assets	0.4	0.3	0.2	0.3	0.4
Associated companies	0.5	0.7	0.5	0.5	0.5
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>7.3</b>	<b>5.9</b>	<b>8.1</b>	<b>10.1</b>	<b>11.0</b>
Inventories	0.9	1.0	1.2	1.6	1.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	1.9	3.4	2.6	3.3	4.0
Cash and equivalents	4.4	1.5	4.3	5.2	5.2
<b>Balance sheet total</b>	<b>10.2</b>	<b>9.9</b>	<b>11.6</b>	<b>13.7</b>	<b>14.8</b>

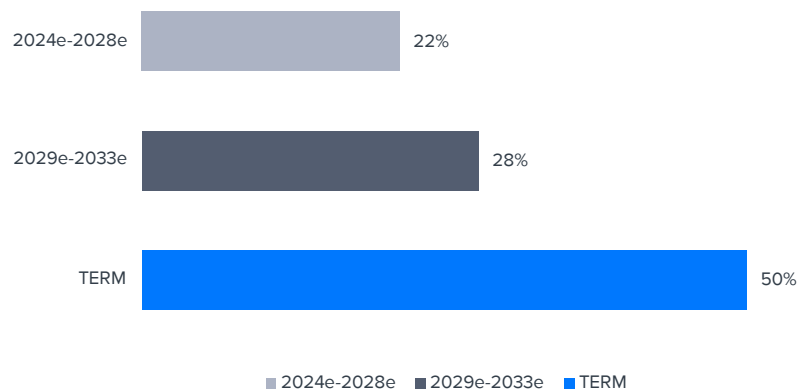
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>4.1</b>	<b>2.8</b>	<b>2.2</b>	<b>3.0</b>	<b>4.4</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-51.0	-52.3	-52.9	-52.2	-50.7
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	55.0	55.0	55.0	55.0	55.0
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>2.6</b>	<b>3.6</b>	<b>4.4</b>	<b>4.6</b>	<b>3.6</b>
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	2.6	3.6	4.4	4.6	3.6
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
<b>Current liabilities</b>	<b>3.5</b>	<b>3.4</b>	<b>5.0</b>	<b>6.2</b>	<b>6.8</b>
Interest bearing debt	0.9	0.8	1.5	1.5	1.2
Payables	2.7	2.6	3.6	4.6	5.6
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>10.2</b>	<b>9.9</b>	<b>11.6</b>	<b>13.7</b>	<b>14.8</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-23.9 %	18.7 %	29.7 %	20.8 %	14.0 %	12.0 %	10.0 %	6.0 %	3.0 %	3.0 %	2.5 %	2.5 %
EBIT-%	-16.9 %	-5.8 %	7.5 %	12.8 %	16.0 %	20.0 %	26.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %
<b>EBIT (operating profit)</b>	<b>-1.2</b>	<b>-0.5</b>	<b>0.8</b>	<b>1.7</b>	<b>2.5</b>	<b>3.4</b>	<b>4.9</b>	<b>4.0</b>	<b>4.1</b>	<b>4.3</b>	<b>4.4</b>	
+ Depreciation	0.7	0.8	0.6	0.5	0.6	0.6	0.7	0.6	0.6	0.6	0.6	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	-0.3	-1.0	-0.8	-0.8	-0.8	-0.9	
- 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	-1.7	1.6	-0.1	0.1	-0.7	-0.1	-0.1	-0.1	0.0	0.0	0.0	
<b>Operating cash flow</b>	<b>-2.2</b>	<b>2.0</b>	<b>1.4</b>	<b>2.3</b>	<b>2.3</b>	<b>3.6</b>	<b>4.5</b>	<b>3.7</b>	<b>3.9</b>	<b>3.9</b>	<b>4.0</b>	
+ 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	-1.5	-0.6	-0.7	-0.7	-0.8	-0.9	-0.9	-0.5	-0.5	-0.5	-0.6	
<b>Free operating cash flow</b>	<b>-3.7</b>	<b>1.4</b>	<b>0.7</b>	<b>1.6</b>	<b>1.6</b>	<b>2.8</b>	<b>3.7</b>	<b>3.3</b>	<b>3.4</b>	<b>3.5</b>	<b>3.4</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-3.7	1.4	0.7	1.6	1.6	2.8	3.7	3.3	3.4	3.5	3.4	39.0
<b>Discounted FCFF</b>		<b>1.2</b>	<b>0.6</b>	<b>1.2</b>	<b>1.0</b>	<b>1.6</b>	<b>1.9</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>13.3</b>
Sum of FCFF present value		26.4	25.2	24.6	23.4	22.4	20.8	18.8	17.3	15.8	14.5	13.3
<b>Enterprise value DCF</b>		<b>26.4</b>										
- Interest bearing debt		-4.4										
+ Cash and cash equivalents		1.5										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>23.5</b>										
<b>Equity value DCF per share</b>		<b>3.2</b>										

Cash flow distribution

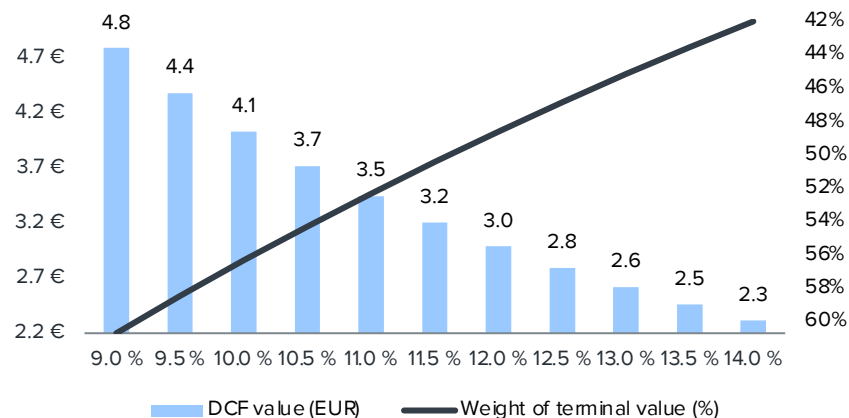


WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.76
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>12.4 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>11.5 %</b>

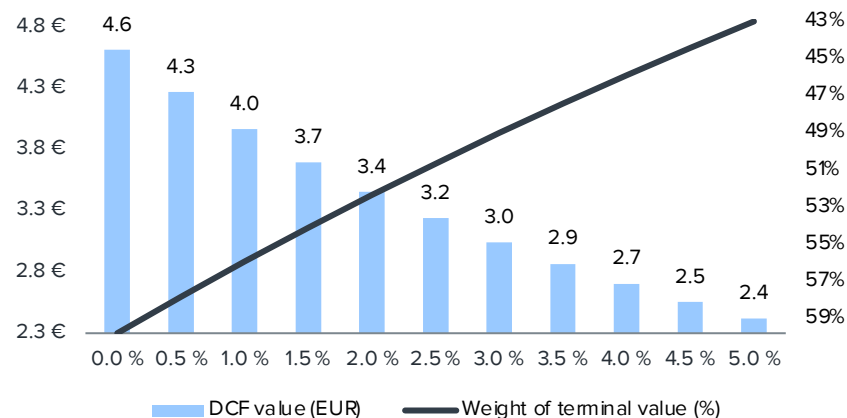
Source: Inderes

# DCF sensitivity calculations and key assumptions in graphs

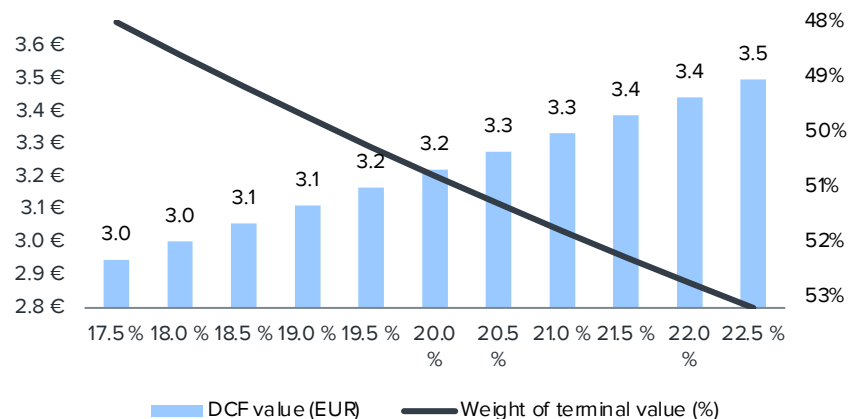
Sensitivity of DCF to changes in the WACC-%



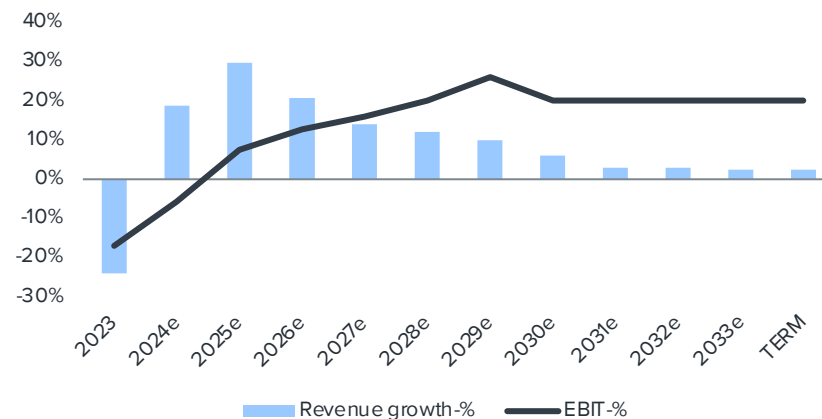
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

# Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	6.4	9.5	7.2	8.6	11.2	EPS (reported)	-0.11	0.18	-0.18	-0.08	0.10
EBITDA	-1.0	1.3	-0.5	0.3	1.5	EPS (adj.)	-0.11	0.18	-0.18	-0.08	0.10
EBIT	-1.5	0.8	-1.2	-0.5	0.8	OCF / share	-0.25	0.14	-0.31	0.27	0.19
PTP	-0.7	1.3	-1.3	-0.6	0.7	FCF / share	-0.41	-0.05	-0.51	0.19	0.10
Net Income	-0.8	1.3	-1.3	-0.6	0.7	Book value / share	0.44	0.56	0.39	0.31	0.41
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	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	10.0	10.2	9.9	11.6	13.7	Revenue growth-%	56%	49%	-24%	19%	30%
Equity capital	3.2	4.1	2.8	2.2	3.0	EBITDA growth-%	-66%	-230%	-140%	-160%	367%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-56%	-158%	-247%	-60%	-268%
Net debt	-1.3	-1.0	3.0	1.6	0.9	EPS (adj.) growth-%	1121%	-257%	-201%	-55%	-223%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-15.8 %	13.8 %	-7.3 %	3.7 %	13.3 %
EBITDA	-1.0	1.3	-0.5	0.3	1.5	EBIT (adj.)-%	-22.7 %	8.8 %	-16.9 %	-5.8 %	7.5 %
Change in working capital	-0.6	-0.3	-1.7	1.6	-0.1	EBIT-%	-22.7 %	8.8 %	-16.9 %	-5.8 %	7.5 %
Operating cash flow	-1.8	1.0	-2.2	2.0	1.4	ROE-%	-96.0 %	36.0 %	-38.5 %	-23.6 %	28.2 %
CAPEX	-1.2	-1.4	-1.5	-0.6	-0.7	ROI-%	-27.2 %	11.4 %	-16.6 %	-6.5 %	9.7 %
Free cash flow	-3.0	-0.4	-3.7	1.4	0.7	Equity ratio	31.9 %	39.8 %	28.6 %	19.1 %	21.6 %
						Gearing	-40.6 %	-23.4 %	105.6 %	69.8 %	31.8 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	5.2	3.0	3.1	2.2	1.6						
EV/EBITDA (adj.)	neg.	21.4	neg.	60.0	12.4						
EV/EBIT (adj.)	neg.	33.6	neg.	neg.	22.1						
P/E (adj.)	neg.	22.2	neg.	neg.	23.8						
P/B	10.9	7.1	6.9	7.8	5.9						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Date	Recommendation	Target	Share price
5/30/2022	Reduce	4.60 €	4.85 €
8/15/2022	Reduce	4.40 €	4.73 €
9/8/2022	Reduce	4.40 €	4.06 €
1/10/2023	Reduce	4.30 €	4.25 €
2/28/2023	Accumulate	4.50 €	3.96 €
7/5/2023	Accumulate	4.20 €	3.51 €
8/21/2023	Accumulate	3.60 €	3.05 €
9/26/2023	Reduce	3.00 €	2.89 €
1/3/2024	Accumulate	3.00 €	2.69 €
2/28/2024	Accumulate	3.00 €	2.40 €





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