

Nightingale Health

Company report

09/23/2024 9:00 EEST



Antti Luiri
+358 50 571 4893
antti.luiri@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Maailmanvalloitus on astetta paremmilla kantimilla" published on 9/23/2024 at 9:01 am EEST

inde
res.

World conquest is on a better track

Nightingale has already launched around ten growth starts, mostly with prominent healthcare operators. The strength of demand and speed of progress has surprised us positively in the short term, and we believe the company's value has taken a clear step forward with the development. The business direction is promising and we expect good news on the customer and regulatory front to continue. However, we believe that the increased value is already priced in the share, remain on the look out for better risk/reward ratio for a one year horizon. In line with our updated neutral scenario, we raise our target price to EUR 2.9 (was EUR 1.6) and reiterate our Reduce recommendation.

Recent strong news flow indicates that the company has selected the correct strategic path

With the successful start of Terveystalo's occupational health cooperation, Nightingale's revenue for fiscal H2'24 (1-6/2024) grew by 35% to 2.6 MEUR while other customers are in an earlier stage. As expected, profitability was clearly in the red, but cash consumption (about 6 MEUR/6 months) was controlled and net cash adjusted for lease liabilities was hefty at 65 MEUR at the end of June. Several collaborations signed in recent months indicate that market interest in Nightingale's technology is already quite broad, rather than hanging on a few pioneers, so targeting sales efforts to healthcare seems to be a successful strategic choice for the company.

Customer gains have made the forecasts more tangible although risks remain very high

Nightingale aims to integrate its disease risk detection service with the blood sample flows of existing healthcare providers. If successful, the company's revenue would grow strongly and profitability would become positive over time (target: positive EBITDA in the medium term). The company has taken clear steps in this direction: its technology is already widely used in Terveystalo's occupational health (01/2024-), will be adopted in Pathology Asia in Singapore (~late 2024), and pilots and research projects that precede possible larger-scale use have been started in the US with several prominent actors (Mass General Brigham, Kaiser Permanente, Weill Cornell Medicine, Boston Heart, 23AndMe, and Phenome Health). Forecasting risks have decreased due to the expanding cooperation base (WACC-% 15.9% -> 14.2%) and we raised our long-term forecasts. However, turning customers into revenue seems to take time and our revenue forecasts for the coming years decreased by 25-30%. We believe that our estimates rely on a realistic but very high-risk scenario of Nightingale's business growth (revenue CAGR 34% in 2024-2034e). This requires successful ramp-up of existing customers and continuous new commercial contracts. The investor must believe in the company's technology breakthrough and have very long investment horizon for the company while accepting the risk of capital loss.

A better business scenario already supports the valuation, but the price is one step ahead

Nightingale's fundamental-based valuation is very challenging, as possible scenarios vary between destruction and multiplication of invested capital. With current data, our fair value estimate range for the share is wide, EUR 0.7-6.8 (previous EUR 0.3-5.8), which we raise because the probability of the company's business success now seems better than before. In our opinion, the company's track record now also supports pricing closer to the midpoint of the range (target price EUR 2.9 per share). The share is priced above our updated neutral scenario, so the risk/reward ratio does not seem attractive on a 12-month horizon and we see more risks of a decreased valuation level in this period. However, we believe that the company should be examined on an investment horizon of several years, so the stretched valuation can also be overlooked when recognizing the risks.

Recommendation

Reduce

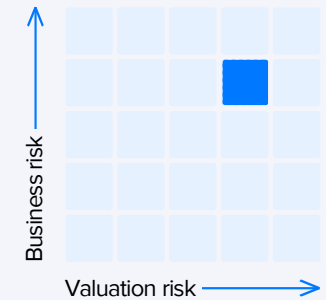
(was Reduce)

2.90 EUR

(was EUR 1.60)

Share price:

3.33



Key figures

	2024	2025e	2026e	2027e
Revenue	4.4	6.5	10.8	17.3
growth-%	4%	50%	65%	60%
EBIT adj.	-18.6	-17.9	-15.5	-12.9
EBIT-% adj.	-427%	-273%	-143%	-75%
PTP	-17.4	-16.9	-15.1	-12.8
EPS (adj.)	-0.29	-0.28	-0.23	-0.20
P/E (adj.)	neg.	neg.	neg.	neg.
P/B	1.7	2.9	3.5	4.2
EV/EBIT (adj.)	neg.	neg.	neg.	neg.
EV/EBITDA	neg.	neg.	neg.	neg.
EV/S	17.2	23.0	15.2	10.1

Source: Inderes

Guidance

(Unchanged)

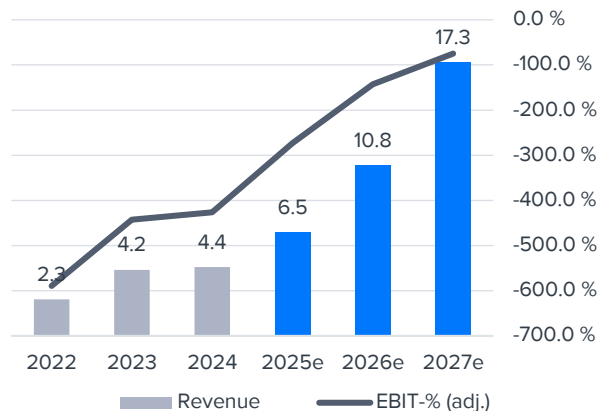
Nightingale Health has not provided guidance for the fiscal period 2024-2025.

Share price



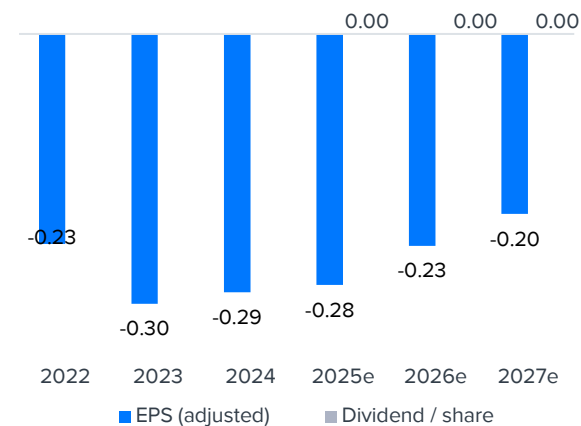
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Huge growing global market supported by mega trends
- Competitive and cost-efficient technology for predicting disease risks from blood samples
- Scalable business model
- Strong position as analyzer of Biobanks' blood samples
- Credible investors support internationalization as partners



Risk factors

- The business model proves ineffective and service demand is weak
- Slower than expected progress in the implementation of new technology in a conservative industry
- Falling behind ambitious objectives and drop in valuation that relies on successful commercialization
- Competing technologies
- Data breach including personal health data
- Need for new financing

Valuation	2025e	2026e	2027e
Share price	3.33	3.33	3.33
Number of shares, millions	60.9	60.9	60.9
Market cap	203	203	203
EV	150	164	174
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	2.9	3.5	4.2
P/S	31.0	18.8	11.7
EV/Sales	23.0	15.2	10.1
EV/EBITDA	neg.	neg.	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

The client front is buzzing

Construction of the business serving healthcare is already reflected in revenue

Nightingale's revenue in fiscal H2 (1-6/24) grew by +36% to 2.6 MEUR (7-12/23: 1.7 MEUR, +54%), slightly below our forecast. The growth driver was the strategically important cooperation in Terveystalo's occupational health, where sample volumes were already significant (1-5/2024: >50 thousand samples). The price point of the cooperation seems to be more moderate than Nightingale's list price (EUR 24 per sample), but it is a valuable reference in any case. The research business still represented most of revenue, where Nightingale announced that it had exceeded its target for signed contracts already in the spring. Only a fraction of Nightingale's significant commercial cooperation project pipeline is visible in revenue, so the significance of reported revenue for the period was limited.

Cash is spent as should when building growth

Nightingale's H2 profitability was clearly negative on all lines, with our EBITDA and EBIT estimates being -5.1 MEUR and -9.3 MEUR, respectively. Some of the company's expenses are share-based, the cash produces interest income and investments are lower

than depreciation, so the cash impact of negative profitability was less severe. At the end of June, net cash adjusted for lease liabilities amounted to 65.2 MEUR (Inderes: 65.9 MEUR, 12/2023: 71.1 MEUR, 6/2023: 78.0 MEUR) so cash consumption in the first half of the calendar year was roughly what we expected at 6 MEUR. The company's financial position remains strong and no dilution risks are in sight for years.

The strategy update from one year ago looks successful and sales are progressing promisingly

Nightingale has at least for the past year focused on private and public sector healthcare operators with existing high-volume blood sample and patient flows. In light of the news flow, the company seems to have clearly found a working angle for opening the market: Sales investments have been successful and we believe that more can be expected in the future.

The ramp-up and materialization of customer wins, and if successful, the timing of this, has become the next key step in the company's investment story and a value driver. Nightingale's key customers at this time are Terveystalo's occupational health (in operation) and

Innoquest Diagnostics (operations are expected to start later this year in Singapore). Based on comments from the company and Terveystalo, as well as regulatory approvals these are progressing nicely.

In addition, the company has several other growth starts that are expected to mature in the coming years (especially the Japanese business acquired from Welltus, Mass General Brigham, Kaiser Permanente, Weill Cornell Medicine, Boston Heart, 23AndMe, and Phenome Health). Many of these concentrate on the US, where customer relationships require a separate pilot and research phase before the possibility of larger-scale use. Thus, this part of the customer pipeline may require more maturing before the possibility of significant revenue.

In the US, achieving the FDA regulation (510k) has taken longer than the company's target. In May, the regulation became clearer and we believe it is more in line with the requirements of other countries, which Nightingale has already passed on several occasions. Thus, we estimate that the bottleneck in growth in the US will soon move from regulation toward the implementation of the pilot and research phase.

Estimates	H2'23	H2'24	H2'24e	H2'24e	Consensus	Difference (%)	2024	
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Toteutunut
Revenue	1.94	2.64	3.00				-12%	4.4
EBITDA	-7.4	-5.1	-4.5				-13%	-10.4
EBIT (adj.)	-9.9	-9.3	-8.5				-9%	-18.6
PTP	-9.7	-8.9	-7.8				-13%	-17.4
EPS (reported)	-0.16	-0.15	-0.13				-16%	-0.29
DPS	0.00	0.00	0.00					0.00
Revenue growth-%	86.3 %	36.2 %	54.8 %				-18.6 pp	4.2 %
EBIT-% (adj.)	-508.1 %	-351.9 %	-283.2 %				-68.7 pp	-426.6 %

Short-term expectations cut, but our optimism increased for the longer term

Estimate revisions 2025e-2026e

- We cut our revenue forecasts for the next few years, but clearly raised the assumptions of the neutral scenario over the long term.
 - Nightingale has announced several new contracts since our last report. Thus, we believe revenue growth is now on a wider base and related forecast risks are more dispersed although ramp-ups can still take longer than expected. In light of this, we cut the required return a bit (WACC -%15.8% -> 14.2%).
 - The cooperation projects Nightingale has won in the US recently have been pilot and research driven. Considering this, it seems the company has to go through a path in each market where certain groundwork is laid for technology implementation before wider commercial use is possible. We assume that the revenue effects of the won cooperation will become visible with a longer delay, and we cut our revenue forecasts. The slightly lower price level of the Terveystalo cooperation was also reflected in our forecasts, although this is based on the reference value of the contract, and we do not expect it to indicate the price point that the company can achieve in the future.
 - On the other hand, customer gains with high accuracy are a positive indication of the company's commercial demand outlook, and we tweaked the revenue growth expectations in our neutral scenario to a more positive position in the long term.
- We made smaller adjustments to our expense forecasts across the board. Nightingale has maintained strict cost discipline, but the lower revenue forecasts are reflected in our earnings forecasts.
- We also updated the negative scenario for the above reasons and it is more positive than before (scenarios are presented in the valuation section).

Targets for the fiscal year 2024-25

- Win a large deal with an international healthcare operator
- Increase revenue from the previous fiscal year
- Improve adjusted EBITDA* from the previous fiscal year
 - Adjusted EBITDA = EBITDA – share-based payments – non-recurring items – items affecting comparability

Estimate revisions MEUR / EUR	2024e	2024	Change	2025e	2025e	Change	2026e	2026e	Change
	Inderes	Actualized		Old	New		Old	New	
Revenue	4.7	4.4	-8%	8.7	6.5	-25%	15.1	10.8	-28%
EBITDA	-9.8	-10.4	-6%	-9.6	-9.6	0%	-6.4	-8.8	-37%
EBIT (exc. NRIs)	-17.8	-18.6	-4%	-17.6	-17.9	-2%	-13.1	-15.5	-18%
EBIT	-17.8	-18.6	-4%	-17.6	-17.9	-2%	-13.1	-15.5	-18%
PTP	-16.3	-17.4	-6%	-16.7	-16.9	-2%	-12.4	-15.1	-21%
EPS (excl. NRIs)	-0.27	-0.29	-6%	-0.27	-0.28	-2%	-0.19	-0.23	-21%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Nightingale, H2'24



Upward leap in value is already priced in

A lot of risks and potential in commercialization

We believe Nightingale's value creation relies on expectations related to the commercialization potential of the technology and significant future business. As this business is still being built, the company's fundamentals-based valuation is very difficult and only imprecise valuation methods are available where the scenarios vary between the destruction and multiplication of capital. We have explained our valuation methods in more detail in our [extensive report](#).

DCF scenarios help determine the value range of the company

Short-term indicators are not particularly useful (e.g. 2025e EV/S 23x), so the DCF model is the key benchmark for the company's value. Our DCF model exceptionally continues for 15 years due to Nightingale's early development phase. The DCF model is very sensitive to the assumptions used, so it also acts as a guiding indicator. We use scenarios in DCF valuation: an optimistic, pessimistic, and neutral scenario that reflects our current estimates. In the pessimistic scenario, the company burns cash but manages to create a clear, albeit more limited (compared to its potential) business on the market (revenue ~100 MEUR). In the optimistic scenario, the company achieves an excellent commercial breakthrough and grows to a significant size class globally (revenue >500 MEUR). The key figures for the scenarios are depicted in the graphs on the next page. All of our DCF scenarios include strong growth at different levels. Naturally, a more negative scenario is also possible, although considering the good sales pull, we raised the expectations of our pessimistic scenario.

The DCF scenarios indicate a present value of EUR 0.7-6.8 per share (was 0.3-5.8) and in the neutral scenario EUR 2.9 per share (was 1.6). Due to the high forecasting risks, the required return of our DCF model is WACC

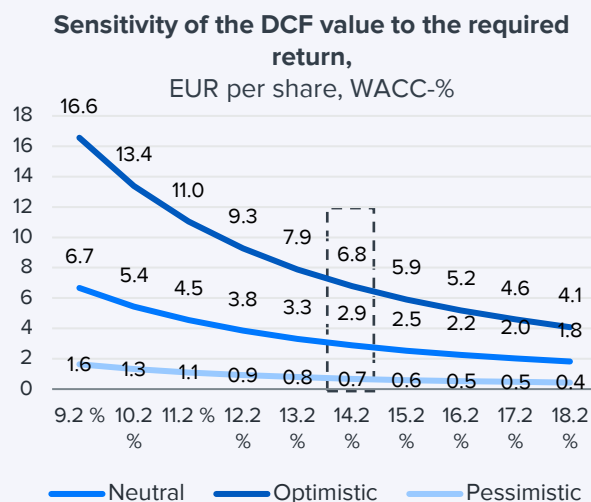
14.2% (was 15.9%), although due to the decrease in the risk level generated by the expanded customer base, we lowered it.

We believe Nightingale's key valuation driver is better visibility of growth. With customer gains, the situation has improved significantly in recent months and the development has surprised us positively. Nightingale already has around ten growth starts (partner or own). This indicates the effectiveness of the sales strategy, diversifies the customer-specific risk related to growth and increases confidence in successful sales also in the future. The situation is naturally more uncertain when it comes to successfully growing customer relationships. However, the start of the Terveystalo cooperation (01/24->) has been promising, and the Innoquest Diagnostics/Pathology Asia cooperation (published 11/23) is expected to start later this year and should generate revenue already in spring. In our view, this stronger overall picture justifies pricing the company's potential a degree higher in line with the more positive scenario, and we raise our target price to EUR 2.9 (was EUR 1.6). However, the share is already priced based on this scenario (EUR 3.33/share), so we expect an even better risk/reward ratio within a year. We feel the company should be examined with an investment horizon of at least 5 years, so the stretched valuation can also be overlooked when recognizing the risks.

Our valuation is based on an organic path where value is realized as an independent company. We believe Nightingale's technology, the data collected with it, and their value, especially for a potential larger player in the industry, constitute a positive option in a possible acquisition scenario. This possibility is speculative. We believe that Nightingale's founders and main shareholders play the long game, so ending up as an acquisition target is not that likely, especially in the near term. Thus, we believe valuation support is still found in the business outlook.

Valuation	2025e	2026e	2027e
Share price	3.33	3.33	3.33
Number of shares, millions	60.9	60.9	60.9
Market cap	203	203	203
EV	150	164	174
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	2.9	3.5	4.2
P/S	31.0	18.8	11.7
EV/Sales	23.0	15.2	10.1
EV/EBITDA	neg.	neg.	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

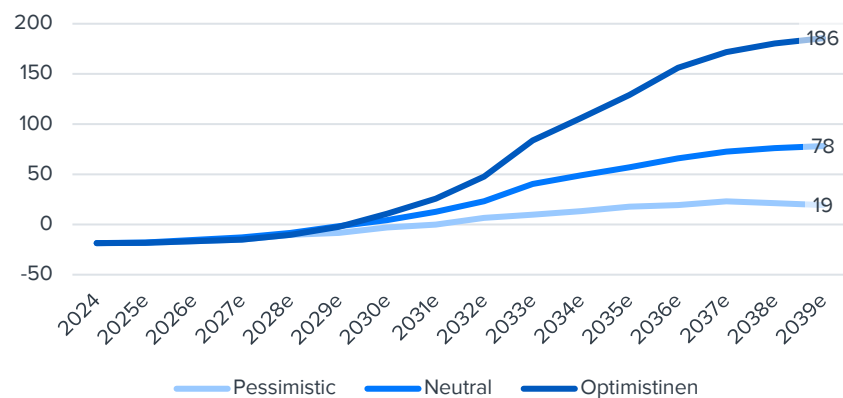
Source: Inderes



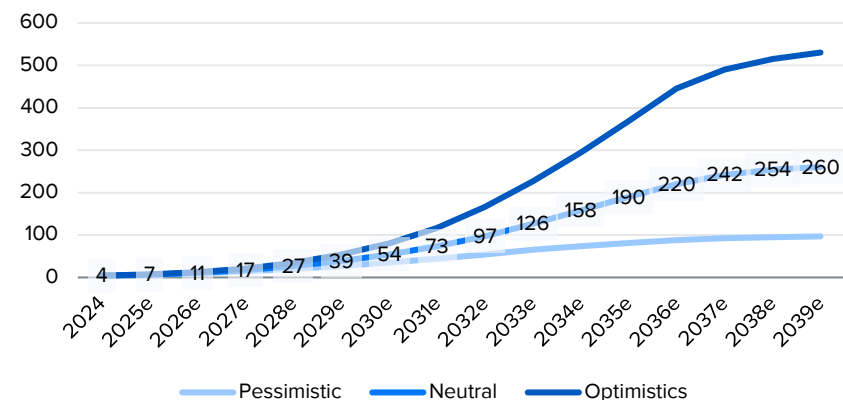
Source: Inderes

Key estimates and valuation in graphs

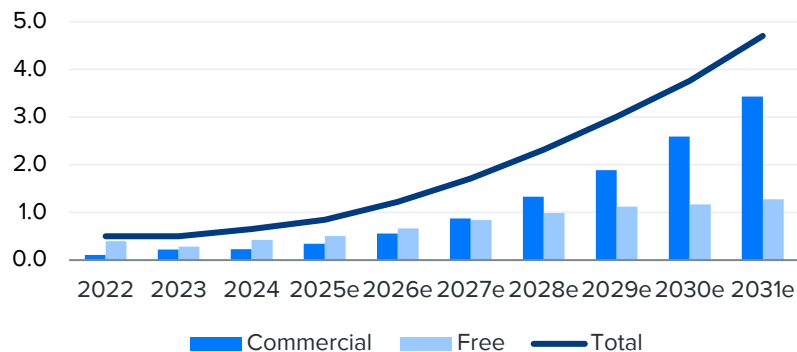
Profitability development under different scenarios (EBIT),
Fiscal periods 2024-2039e, MEUR



Revenue development in DCF scenarios,
Fiscal years 2024-2039e, MEUR



Estimate on the number of samples analyzed,
fiscal periods 2022-2033e, million samples per year



Estimated future valuation ranges,
Fiscal period 2027e

2027e fiscal year	Low multiple	High multiple
Revenue, MEUR	17.3	17.3
EV/S, LTM, multiple	15	20
EV/S, NTM, multiple	9.7	12.9
EV, MEUR	259	346
Net cash, MEUR	29	29
Market cap, MEUR	288	374
EUR per share	4.7	6.1
Discounted to the present	3.2	4.2

NTM = Next 12 months
LTM = Last 12 months

NB: Nightingale has not published detailed data on the volume of analyzed samples so the figures in the graph are based on our own estimates.

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price			1.81	0.87	2.30	3.33	3.33	3.33	3.33
Number of shares, millions			60.2	60.9	60.9	60.9	60.9	60.9	60.9
Market cap			110	53	140	203	203	203	203
EV			19	-25.0	75	150	164	174	185
P/E (adj.)			neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/E			neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/B			1.0	0.5	1.7	2.9	3.5	4.2	5.0
P/S			47.6	12.7	32.2	31.0	18.8	11.7	7.6
EV/Sales			8.3	neg.	17.2	23.0	15.2	10.1	6.9
EV/EBITDA			neg.	1.9	neg.	neg.	neg.	neg.	neg.
EV/EBIT (adj.)			neg.	1.3	neg.	neg.	neg.	neg.	neg.
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/S		Revenue growth-%		EBIT-%		EV/EBIT		P/E		P/B
Company	MEUR	MEUR	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
23AndMe	104	-50			-29%	1%	-265%	-141%	0.1	0.2			0.3
Aiforia Technologies	111	106	31.2	20.3	41%	71%	-358%	-204%					29.9
CellaVision	590	583	8.7	7.5	17%	15%	27%	30%	32.4	25.4	41.9	32.2	8.1
Illumina	18756	19869	5.1	4.9	-3%	5%	20%	22%	25.1	21.7	33.7	29.7	14.6
Immunovia	15	12	0.2	0.1	801%	80%	29%	23%	0.8	0.5	0.3	0.2	0.2
Nanopore	1831	1578	7.2	5.6	7%	28%	-92%	-61%					2.5
Pfizer	149613	205816	3.8	3.6	4%	3%	31%	32%	12.2	11.2	11.2	10.3	1.9
Prenetics	81	40	1.3	0.5	-31%	154%	-123%	-12%					
Quest Diagnostics	15284	19109	2.2	2.1	4%	6%	16%	16%	14.2	13.0	17.2	15.9	2.5
Roche Holding	232076	263366	4.1	3.9	2%	6%	33%	34%	12.4	11.4	14.5	13.3	6.2
Standard BioTools	670	646	4.2	3.6	67%	16%	-104%	-48%					1.7
Nightingale Health (Inderes)	203	150	23.0	15.2	50%	65%	-273%	-143%	-8.4	-10.6	-12.0	-14.2	2.9
Average			6.8	5.2	80%	35%	-71%	-28%	13.9	11.9	19.8	16.9	6.8
Median	670	646	4.1	3.8	4%	15%	16%	16%	12.4	11.4	15.9	14.6	2.5
Diff.% to median	-70%	-77%		304%	1153%	334%							18%

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	2022	2023	2024	H1'25e	H2'25e	2025e	2026e	2027e	2028e
Revenue	2.3	4.2	4.4	2.9	3.6	6.5	10.8	17.3	26.8
EBITDA	-9.4	-12.9	-10.4	-5.0	-4.6	-9.6	-8.8	-6.9	-3.0
Depreciation	-4.2	-5.6	-8.2	-4.2	-4.2	-8.3	-6.7	-6.0	-5.5
EBIT (excl. NRI)	-13.6	-18.5	-18.6	-9.2	-8.7	-17.9	-15.5	-12.9	-8.5
EBIT	-13.6	-18.5	-18.6	-9.2	-8.7	-17.9	-15.5	-12.9	-8.5
Net financial items	-2.6	0.3	1.2	0.6	0.4	0.9	0.4	0.1	0.0
PTP	-16.2	-18.2	-17.4	-8.6	-8.3	-16.9	-15.1	-12.8	-8.5
Taxes	0.1	0.0	-0.1	0.0	0.0	0.0	0.8	0.6	0.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-16.1	-18.2	-17.4	-8.6	-8.3	-16.9	-14.3	-12.1	-8.1
EPS (adj.)	-0.23	-0.30	-0.29	-0.14	-0.14	-0.28	-0.23	-0.20	-0.13
EPS (rep.)	-0.27	-0.30	-0.29	-0.14	-0.14	-0.28	-0.23	-0.20	-0.13

Key figures	2022	2023	2024	H1'25e	H2'25e	2025e	2026e	2027e	2028e
Revenue growth-%		80.8 %	4.2 %	69.5 %	37.5 %	50.1 %	65.1 %	60.0 %	55.0 %
Adjusted EBIT growth-%		35.9 %	0.4 %	-1.5 %	-6.1 %	-3.8 %	-13.6 %	-16.4 %	-34.3 %
EBITDA-%	-405.9 %	-308.4 %	-239.4 %	-172.5 %	-125.9 %	-146.6 %	-81.1 %	-40.1 %	-11.2 %
Adjusted EBIT-%	-589.5 %	-442.9 %	-426.6 %	-315.2 %	-240.1 %	-273.5 %	-143.2 %	-74.8 %	-31.7 %
Net earnings-%	-695.7 %	-435.4 %	-400.0 %	-295.8 %	-229.7 %	-259.1 %	-132.4 %	-70.3 %	-30.1 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	24.8	22.4	20.1	20.0	21.0
Goodwill	1.0	1.0	1.0	1.0	1.0
Intangible assets	16.0	12.3	9.1	7.8	7.6
Tangible assets	7.2	8.6	9.5	10.7	11.9
Associated companies	0.1	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.4	0.4	0.4	0.4	0.4
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	82.0	68.4	58.0	48.8	42.8
Inventories	0.6	0.7	1.2	1.9	2.9
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	0.8	1.7	3.2	5.7	8.3
Cash and equivalents	80.6	66.0	53.6	41.2	31.5
Balance sheet total	107	90.8	78.1	68.8	63.8

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	97.4	82.9	68.9	57.6	48.5
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-45.1	-59.6	-73.5	-84.8	-94.0
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	142	142	142	142	142
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	2.7	1.0	1.2	1.7	2.2
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	1.3	0.3	0.5	1.0	1.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.4	0.7	0.7	0.7	0.7
Current liabilities	6.8	7.0	7.9	9.4	13.1
Interest bearing debt	1.4	0.6	0.5	1.0	1.5
Payables	4.4	5.3	6.3	7.3	10.5
Other current liabilities	1.0	1.1	1.1	1.1	1.1
Balance sheet total	107	90.8	78.1	68.8	63.8

DCF calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	2038e	2039e	TERM
Revenue growth-%	4.2 %	50.1 %	65.1 %	60.0 %	55.0 %	45.0 %	40.0 %	35.0 %	32.5 %	30.0 %	25.0 %	20.0 %	16.0 %	10.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	-426.6 %	-273.5 %	-143.2 %	-74.8 %	-31.7 %	-4.7 %	8.1 %	17.1 %	23.7 %	32.0 %	31.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %
EBIT (operating profit)	-18.6	-17.9	-15.5	-12.9	-8.5	-1.8	4.4	12.5	23.0	40.5	49.0	56.9	66.0	72.6	76.2	78.1	
+ Depreciation	8.2	8.3	6.7	6.0	5.5	6.1	7.0	7.4	7.8	9.1	9.2	9.3	9.5	9.5	9.6	9.5	
- Paid taxes	-0.1	0.0	0.8	0.6	0.4	0.1	-0.2	-0.6	-1.7	-4.0	-6.1	-8.5	-13.1	-14.5	-15.2	-15.6	
- 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	0.0	-0.1	-0.1	-0.1	-0.1	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	0.0	-1.0	-2.2	-0.5	-0.8	-1.3	-2.5	-1.9	-2.4	-2.9	-3.2	-3.2	-3.0	-2.2	-1.2	-0.6	
Operating cash flow	-10.5	-10.6	-10.2	-6.7	-3.4	3.1	8.6	17.4	26.7	42.6	48.9	54.5	59.2	65.4	69.3	71.4	
+ Change in other long-term liabilities	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-5.8	-6.0	-6.5	-7.0	-7.6	-8.0	-8.5	-8.9	-9.4	-9.4	-9.4	-9.4	-9.4	-9.4	-9.4	-9.6	
Free operating cash flow	-17.0	-16.6	-16.8	-13.8	-11.0	-5.0	0.1	8.5	17.4	33.2	39.5	45.2	49.8	56.0	60.0	61.8	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-17.0	-16.6	-16.8	-13.8	-11.0	-5.0	0.1	8.5	17.4	33.2	39.5	45.2	49.8	56.0	60.0	61.8	542
Discounted FCFF		-15.0	-13.3	-9.5	-6.7	-2.6	0.0	3.5	6.2	10.4	10.8	10.8	10.5	10.3	9.7	8.7	76.4
Sum of FCFF present value			125	138	148	155	157	157	154	148	137	126	116	105	94.8	85.1	76.4
Enterprise value DCF		110															
- Interest bearing debt		-0.8															
+ Cash and cash equivalents		66.0															
-Minorities		0.0															
-Dividend/capital return		0.0															
Equity value DCF		175															
Equity value DCF per share		2.9															

Key figures

WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	10.0 %
Equity Beta	2.5
Market risk premium	4.75%
Liquidity premium	0.50%
Risk free interest rate	2.5 %
Cost of equity	14.9 %
Weighted average cost of capital (WACC)	14.2 %

Source: Inderes

2025e-2029e

-43%

2030e-2034e

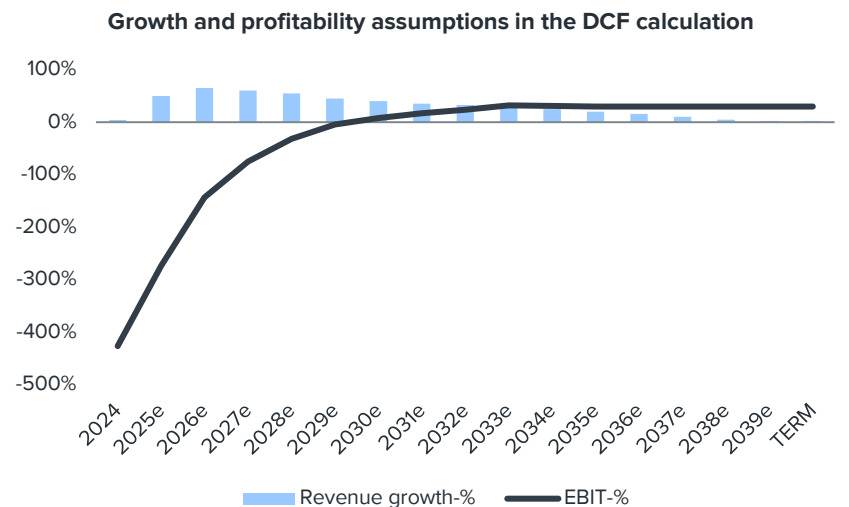
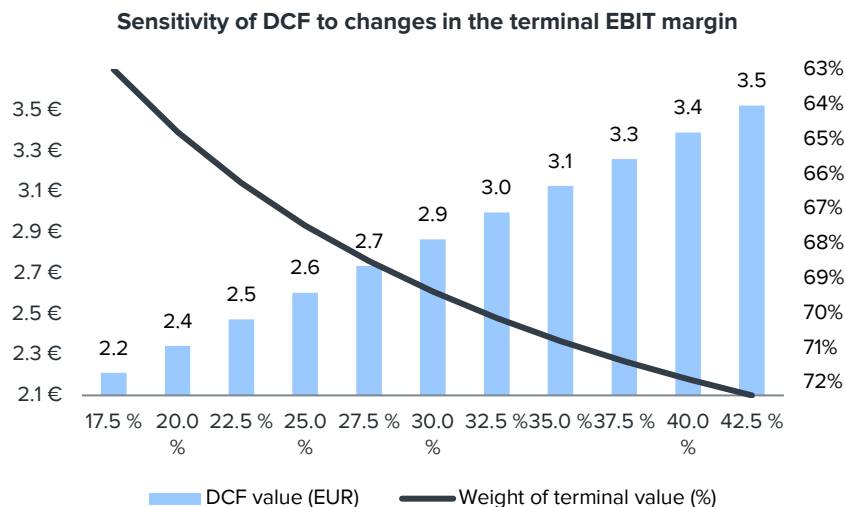
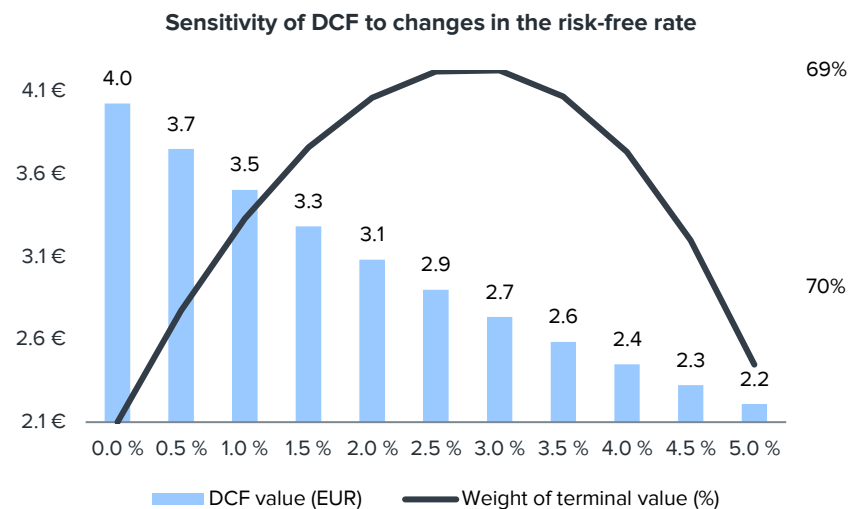
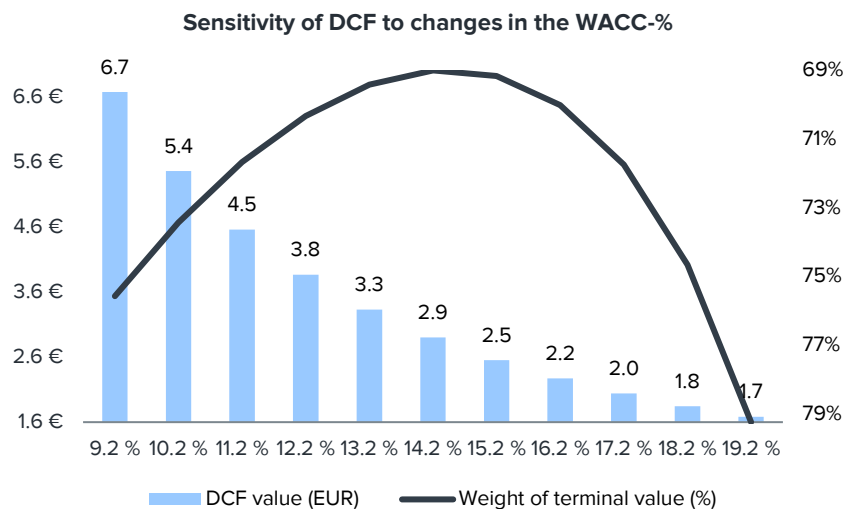
28%

2035e- ja TERM

115%

■ 2025e-2029e ■ 2030e-2034e ■ 2035e- ja TERM

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	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	2.3	4.2	4.4	6.5	10.8	EPS (reported)	-0.27	-0.30	-0.29	-0.28	-0.23
EBITDA	-9.4	-12.9	-10.4	-9.6	-8.8	EPS (adj.)	-0.23	-0.30	-0.29	-0.28	-0.23
EBIT	-13.6	-18.5	-18.6	-17.9	-15.5	OCF / share	-0.18	-0.21	-0.17	-0.17	-0.17
PTP	-16.2	-18.2	-17.4	-16.9	-15.1	FCF / share	-0.31	-0.28	-0.28	-0.27	-0.28
Net Income	-16.1	-18.2	-17.4	-16.9	-14.3	Book value / share	1.85	1.60	1.36	1.13	0.95
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	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	124.0	106.8	90.8	78.1	68.8	Revenue growth-%	0%	81%	4%	50%	65%
Equity capital	111.4	97.4	82.9	68.9	57.6	EBITDA growth-%	29%	37%	-19%	-8%	-9%
Goodwill	1.0	1.0	1.0	1.0	1.0	EBIT (adj.) growth-%	58%	36%	0%	-4%	-14%
Net debt	-90.6	-78.0	-65.2	-52.6	-39.2	EPS (adj.) growth-%	13%	28%	-4%	-3%	-16%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	-405.9 %	-308.4 %	-239.4 %	-146.6 %	-81.1 %
EBITDA	-9.4	-12.9	-10.4	-9.6	-8.8	EBIT (adj.)-%	-589.5 %	-442.9 %	-426.6 %	-273.5 %	-143.2 %
Change in working capital	-1.3	0.1	0.0	-1.0	-2.2	EBIT-%	-589.5 %	-442.9 %	-426.6 %	-273.5 %	-143.2 %
Operating cash flow	-10.6	-12.8	-10.5	-10.6	-10.2	ROE-%	-13.7 %	-17.4 %	-19.3 %	-22.3 %	-22.6 %
CAPEX	-7.2	-3.7	-5.8	-6.0	-6.5	ROI-%	-11.1 %	-17.1 %	-20.2 %	-23.3 %	-23.9 %
Free cash flow	-18.4	-17.1	-17.0	-16.6	-16.8	Equity ratio	89.8 %	91.2 %	91.2 %	88.3 %	83.8 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	-81.3 %	-80.1 %	-78.7 %	-76.2 %	-68.0 %
EV/S	8.3	neg.	17.2	23.0	15.2						
EV/EBITDA	neg.	1.9	neg.	neg.	neg.						
EV/EBIT (adj.)	neg.	1.3	neg.	neg.	neg.						
P/E (adj.)	neg.	neg.	neg.	neg.	neg.						
P/B	1.0	0.5	1.7	2.9	3.5						
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
4/20/2021	Buy	7.00 €	5.00 €
9/16/2021	Buy	6.00 €	4.04 €
2/25/2022	Buy	4.00 €	2.26 €
9/30/2022	Reduce	1.40 €	1.29 €
3/17/2023	Reduce	1.30 €	1.19 €
3/24/2023	Reduce	1.30 €	1.27 €
6/5/2023	Reduce	1.10 €	0.99 €
9/29/2023	Reduce	1.10 €	1.01 €
3/8/2024	Accumulate	1.25 €	1.02 €
5/11/2024	Reduce	1.60 €	1.79 €
9/23/2024	Reduce	2.90 €	3.33 €



Inderes democratizes investor information by connecting investors and listed companies.

We help over 400 listed companies better serve investors. Our investor community is home to over 70,000 active members.

We build solutions for listed companies that enable frictionless and effective investor relations. For listed companies, we offer Commissioned Research, IR Events, AGMs, and IR Software.

Inderes is listed on the 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

**Connecting investors
and listed companies.**