

Nexstim

Company report

10/20/2024 18:01 EEST



Antti Siltanen
+358 45 119 6869
antti.siltanen@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Hengähdystauko komeiden tuottojen jälkeen” published on 10/20/2024 at 7:13 pm EEST

inde
res.

Taking a breather after handsome returns

On Friday, Nexstim announced that it had obtained a license in India, which means an authorization to sell the NBS5 system in a new market. We raised our medium- and long-term forecasts based on the new market opening, although the visibility of the Indian market is very limited. The share price has more than doubled since the H1 update, which has lowered future expected returns despite forecast hikes. We raise our target price to EUR 4.0 (was 3.4) with the new market opening and lower our recommendation to Sell (was Accumulate) due to the price increase weakening the risk/reward ratio.

The new market brings long-term potential, even though there is little visibility

Nexstim has not previously given any indication of pursuing the Indian market, so the news came as a positive surprise to us. The license applies to diagnostic and therapeutic applications for NBS5, but not to the newest NBS6 system. The company has not yet taken a position on the distribution model in India, so the first deals may still require the signing of a distribution agreement. We believe the most likely customers for Nexstim in a populous country are university hospitals, which could use Nexstim's system with high-end accuracy and pricing for both research and treatment use. A large country naturally has potential. On the other hand, the role of Australia, for example, has remained marginal for Nexstim, despite its great potential. Success outside the core markets of Europe and the US is thus by no means certain.

Sinaptica cooperation news strongly define the short-term progress of the investment story

This summer, Nexstim announced a letter of intent with Sinaptica Therapeutics concerning Alzheimer's disease treatment. If the actual contract is signed, the first phase of the contract is worth 6 MEUR for Nexstim. The amount is based on Nexstim's system development, the delivery of 20 systems to Sinaptica for a Phase III clinical trial, and other possible income such as a signing fee. We believe Sinaptica is currently undergoing a financing round, which probably needs to be successful before the contract can be finalized. In our forecasts, the contract is signed already this year, although the timetable may stretch to next year or may not be implemented at all.

Forecasts raised with the new market opening

We raise our medium- and long-term forecasts moderately based on a new and even surprising market opening. Our revenue forecast rises to 3% in 2026 and 5% thereafter. The growth is also reflected in result lines, supported by a high gross margin. At this stage, our forecasts are relatively moderate, as the visibility of the Indian TMS market and Nexstim's position there is fuzzy.

The price rise has weakened the risk/reward ratio

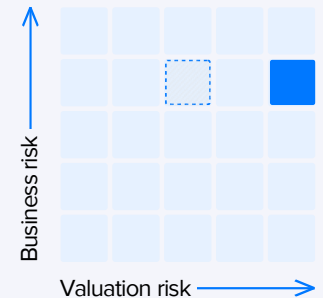
The share price has more than doubled compared to our H1 update, which has weakened the risk/reward ratio. The EV/S ratio of 3.7x for 2025 is highish and already includes assumptions about the Sinaptica contract being signed and the resulting significant revenue for Nexstim. Based on our DCF model the share value is around EUR 4. After the price rise, we feel the share is too highly valued in terms of growth and profitability potential and considering the uncertainties. The Sinaptica contract is likely to sway our estimates, valuation and stock price strongly in one direction or another over the next few months.

Recommendation

Sell
(was Accumulate)

EUR 4.00
(was EUR 3.40)

Share price:
6.00



Key figures

	2023	2024e	2025e	2026e
Revenue	7.2	9.1	11.9	14.1
growth-%	-24%	26%	30%	19%
EBIT adj.	-1.2	0.0	1.0	1.9
EBIT-% adj.	-16.9 %	0.0 %	8.2 %	13.1 %
Net Income	-1.3	-0.1	0.9	1.7
EPS (adj.)	-0.18	-0.01	0.12	0.24

P/E (adj.)	neg.	neg.	50.0	25.2
P/B	6.9	16.0	12.1	8.2
Dividend yield-%	0.0 %	0.0 %	0.0 %	1.0 %
EV/EBIT (adj.)	neg.	>100	44.6	22.2
EV/EBITDA	neg.	55.5	26.8	17.2
EV/S	3.1	4.9	3.7	2.9

Source: Inderes

Guidance

(Unchanged)

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

Investment profile

- 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



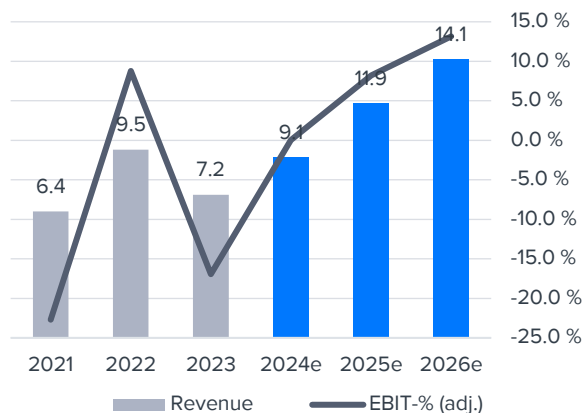
- The competitive situation in the therapy market is challenging.
- Competition in diagnostics has increased.
- The company is small compared to the cost structure and investment needs.
- Development of new indications requires long-term and uncertain research. A possible failure would undermine the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

Share price



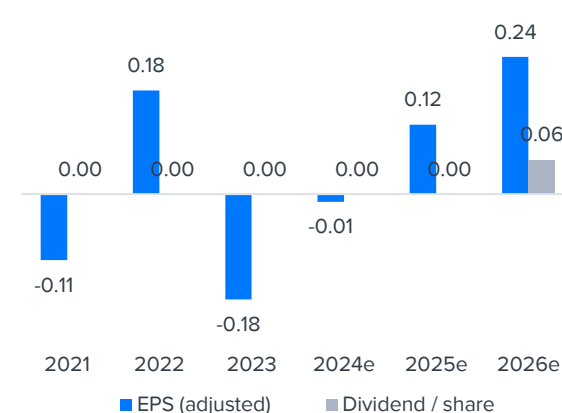
Source: Millistream Market Data AB

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	6.00	6.00	6.00
Number of shares, millions	7.27	7.27	7.27
Market cap	44	44	44
EV	45	43	41
P/E (adj.)	neg.	50.0	25.2
P/E	neg.	50.0	25.2
P/B	16.0	12.1	8.2
P/S	4.8	3.7	3.1
EV/Sales	4.9	3.7	2.9
EV/EBITDA	55.5	26.8	17.2
EV/EBIT (adj.)	>100	44.6	22.2
Payout ratio (%)	0.0 %	0.0 %	25.0 %
Dividend yield-%	0.0 %	0.0 %	1.0 %

Source: Inderes

Forecasts raised with the new market opening

Estimate revisions

- Our revenue forecasts rose for the medium and long term (+5%) with the opening of a large new market.
- Sales that are expected to be carried out through a distributor will not tie up significant new capital or raise operational costs, so the earnings effect of the growth will also be clearly positive.
- However, it is very difficult to understand the growth scale and the forecasting error is considerable due to poor visibility.
- In the coming months, news related to the Sinaptica cooperation could cause significant fluctuations in forecasts and the stock price.
- According to preliminary information, the implementation of the contract would probably lead to forecast hikes, as we have included the full risks of the contract in the lower forecasts.
- On the other hand, failure to implement the contract or a significant delay would probably lead to forecasting cuts.
- The Sinaptica contract thus brings significant binarity to Nextsim investment in the coming months.

Estimate revisions MEUR / EUR	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	9.1	9.1	0%	11.7	11.9	1%	13.7	14.1	3%
EBITDA	0.8	0.8	0%	1.6	1.6	4%	2.3	2.4	4%
EBIT	0.0	0.0	0%	0.9	1.0	7%	1.8	1.9	6%
PTP	-0.1	-0.1	0%	0.8	0.9	8%	1.6	1.7	6%
EPS (excl. NRIs)	-0.01	-0.01	0%	0.11	0.12	8%	0.22	0.24	6%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

The price rally seems a bit exaggerated

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

We use the EV/S multiple to value Nexstim as earnings multiples only become useful in the coming years. A key tool is also the DCF calculation 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. In the near future, binarity is caused by the news stream concerning the Sinaptica contract.

The DCF model suggests that the stock is overvalued

Our DCF model indicates that the current value of Nexstim's cash flows is EUR 4.0 per share. The model indicates overvaluation of the stock after the price rally in recent weeks. However, there is considerable uncertainty about the estimates materializing and growth could surprise positively. 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. The DCF model is very sensitive to the assumptions used, especially when cash flows are far in the future.

51% of the DCF is explained by the terminal period after 2033. In our view, this is a rather moderate share and is largely explained by the income from Sinaptica and Magnus Medical in the coming years, which, on the other hand, are also quite uncertain.

EV/S ratio is highish

In our latest [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 4.9x. With 2025-2026 forecasts, the ratio decreases to 3.7x-2.9x. The closest peers, Neuronetics and Brainsways, have 2024 multiples of 0.7x and 3.7x, respectively, but their valuation utility is limited, as we have described in the extensive report. In our view, Nexstim's multiples are tolerable relative to the profitability potential of the business. However, considering the losses and growth risks, we find the multiples high, as a whole. In terms of the cash position, the situation has improved during the year. On the other hand, indebtedness has increased.

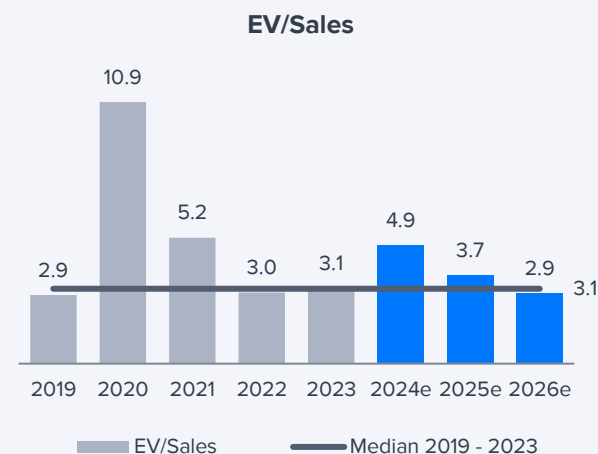
Improved valuation picture

Nexstim's share has risen significantly since our last update. At the same time, there has been no corresponding increase in the growth outlook, which means that the risk/reward ratio has weakened. Based on the EV/S ratio, the share is on the expensive side as the ratio is above our fair value range with 2024-2025 estimates. The DCF model also suggests that the share is too expensive at the moment. We find the risk level of the stock highish due to a high forecast risk and losses. We believe that the risk is currently not adequately compensated, so we lower our recommendation to Sell. On the other hand, we raise the target price to EUR 4.0 reflecting India's market opening.

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	6.00	6.00	6.00
Number of shares, millions	7.27	7.27	7.27
Market cap	44	44	44
EV	45	43	41
P/E (adj.)	neg.	50.0	25.2
P/E	neg.	50.0	25.2
P/B	16.0	12.1	8.2
P/S	4.8	3.7	3.1
EV/Sales	4.9	3.7	2.9
EV/EBITDA	55.5	26.8	17.2
EV/EBIT (adj.)	>100	44.6	22.2
Payout ratio (%)	0.0 %	0.0 %	25.0 %
Dividend yield-%	0.0 %	0.0 %	1.0 %

Source: Inderes



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	0.12	0.10	4.78	4.00	2.69	6.00	6.00	6.00	6.00
Number of shares, millions	62.8	439.6	7.27	7.27	7.27	7.27	7.27	7.27	7.27
Market cap	7.5	43	35	29	20	44	44	44	44
EV	9.5	45	33	28	23	45	43	41	40
P/E (adj.)	neg.	neg.	neg.	22.2	neg.	neg.	50.0	25.2	20.0
P/E	neg.	neg.	neg.	22.2	neg.	neg.	50.0	25.2	20.0
P/B	neg.	neg.	10.9	7.1	6.9	16.0	12.1	8.2	6.2
P/S	2.3	10.5	5.4	3.1	2.7	4.8	3.7	3.1	2.9
EV/Sales	2.9	10.9	5.2	3.0	3.1	4.9	3.7	2.9	2.7
EV/EBITDA	neg.	neg.	neg.	21.4	neg.	55.5	26.8	17.2	14.1
EV/EBIT (adj.)	neg.	neg.	neg.	33.6	neg.	>100	44.6	22.2	17.7
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	25.0 %	50.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	1.0 %	2.5 %

Source: Inderes

Income statement

Income statement	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	H1'25e	H2'25e	2025e	2026e	2027e
Revenue	2.5	4.7	7.2	3.2	5.9	9.1	4.5	7.3	11.9	14.1	15.2
Nexstim	2.5	4.7	7.2	3.2	5.9	9.1	4.5	7.3	11.9	14.1	15.2
EBITDA	-1.1	0.6	-0.5	-0.5	1.3	0.8	-0.6	1.5	1.6	2.4	2.9
Depreciation	-0.3	-0.4	-0.7	-0.4	-0.4	-0.8	0.0	0.0	-0.6	-0.5	-0.6
EBIT (excl. NRI)	-1.4	0.2	-1.2	-0.9	0.9	0.0	-0.6	1.5	1.0	1.9	2.3
EBIT	-1.4	0.2	-1.2	-0.9	0.9	0.0	-0.6	1.5	1.0	1.9	2.3
Nexstim	-1.4	0.2	-1.2	-0.9	0.9	0.0	-0.6	1.5	1.0	1.9	2.3
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	-0.1	-0.1
PTP	-1.4	0.1	-1.3	-0.9	0.8	-0.1	-0.6	1.5	0.9	1.7	2.2
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
Net earnings	-1.4	0.1	-1.3	-0.9	0.8	-0.1	-0.6	1.5	0.9	1.7	2.2
EPS (adj.)	-0.20	0.02	-0.18	-0.13	0.11	-0.01	-0.08	0.21	0.12	0.24	0.30
EPS (rep.)	-0.20	0.02	-0.18	-0.13	0.11	-0.01	-0.08	0.21	0.12	0.24	0.30

Key figures	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	H1'25e	H2'25e	2025e	2026e	2027e
Revenue growth-%	-63.1 %	73.5 %	-23.9 %	26.9 %	25.3 %	25.9 %	42.9 %	23.0 %	29.9 %	19.1 %	7.4 %
Adjusted EBIT growth-%	-159.5 %	-110.6 %	-246.7 %	-37.7 %	445.4 %	-100.3 %	-33.4 %	78.5 %	30755.3 %	90.7 %	23.2 %
EBITDA-%	-43.0 %	11.6 %	-7.3 %	-14.7 %	21.5 %	8.9 %	-12.7 %	21.2 %	13.7 %	17.0 %	18.9 %
Adjusted EBIT-%	-55.4 %	3.4 %	-16.9 %	-27.2 %	14.6 %	0.0 %	-12.7 %	21.2 %	8.2 %	13.1 %	15.1 %
Net earnings-%	-57.6 %	2.4 %	-18.3 %	-28.8 %	13.7 %	-1.1 %	-12.7 %	21.2 %	7.4 %	12.3 %	14.4 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	3.0	3.9	3.8	3.8	4.0
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	0.7	0.7	0.7
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
Current assets	7.3	5.9	6.8	7.7	9.2
Inventories	0.9	1.0	1.4	1.5	1.7
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	1.9	3.4	2.7	3.0	3.1
Cash and equivalents	4.4	1.5	2.7	3.2	4.4
Balance sheet total	10.2	9.9	10.6	11.5	13.2

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	4.1	2.8	2.7	3.6	5.3
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-51.0	-52.3	-52.4	-51.5	-49.8
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
Non-current liabilities	2.6	3.6	3.1	2.3	1.5
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	3.1	2.3	1.5
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	3.5	3.4	4.8	5.7	6.3
Interest bearing debt	0.9	0.8	1.0	0.8	0.5
Payables	2.7	2.6	3.8	4.9	5.8
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	10.2	9.9	10.6	11.5	13.2

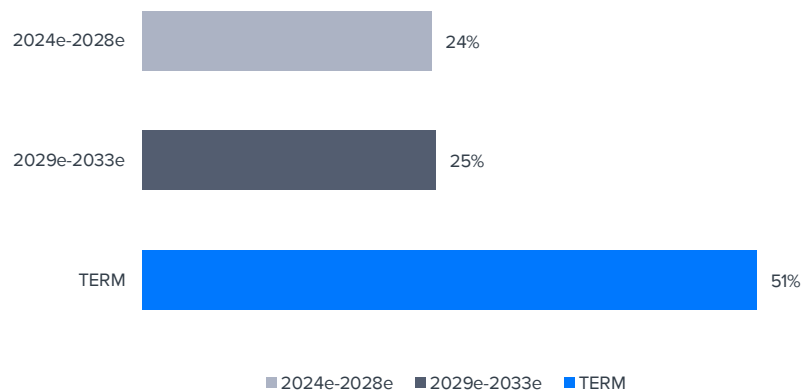
DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-23.9 %	25.9 %	29.9 %	19.1 %	7.4 %	12.0 %	10.0 %	8.0 %	6.0 %	3.0 %	2.5 %	2.5 %
EBIT-%	-16.9 %	0.0 %	8.2 %	13.1 %	15.1 %	16.0 %	18.0 %	19.0 %	20.0 %	20.0 %	20.0 %	20.0 %
EBIT (operating profit)	-1.2	0.0	1.0	1.9	2.3	2.7	3.4	3.8	4.3	4.4	4.5	
+ 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	-0.7	-0.7	-0.8	-0.9	-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	1.5	0.7	0.6	-0.7	0.4	0.1	0.1	0.0	0.0	0.0	
Operating cash flow	-2.2	2.4	2.4	3.0	2.1	3.4	3.4	3.7	4.1	4.1	4.2	
+ 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	-0.7	
Free operating cash flow	-3.7	1.8	1.7	2.3	1.4	2.6	2.6	3.3	3.5	3.7	3.5	
+/- 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	1.8	1.7	2.3	1.4	2.6	2.6	3.3	3.5	3.7	3.5	42.5
Discounted FCFF		1.7	1.5	1.9	1.0	1.7	1.5	1.7	1.7	1.6	1.3	16.3
Sum of FCFF present value		31.8	30.1	28.7	26.8	25.8	24.1	22.6	20.9	19.2	17.7	16.3
Enterprise value DCF		31.8										
- Interest bearing debt		-4.4										
+ Cash and cash equivalents		1.5										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		28.9										
Equity value DCF per share		4.1										

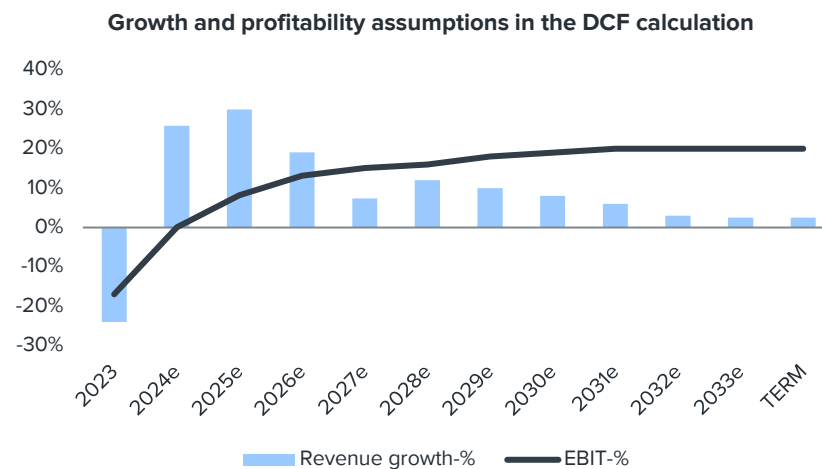
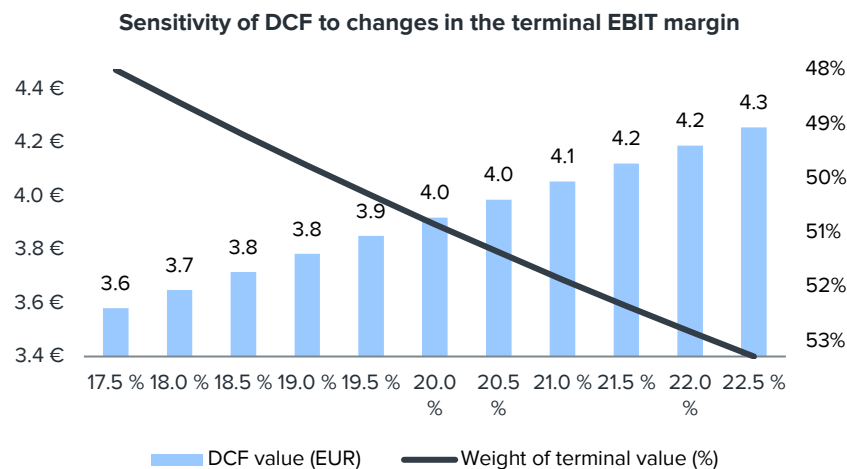
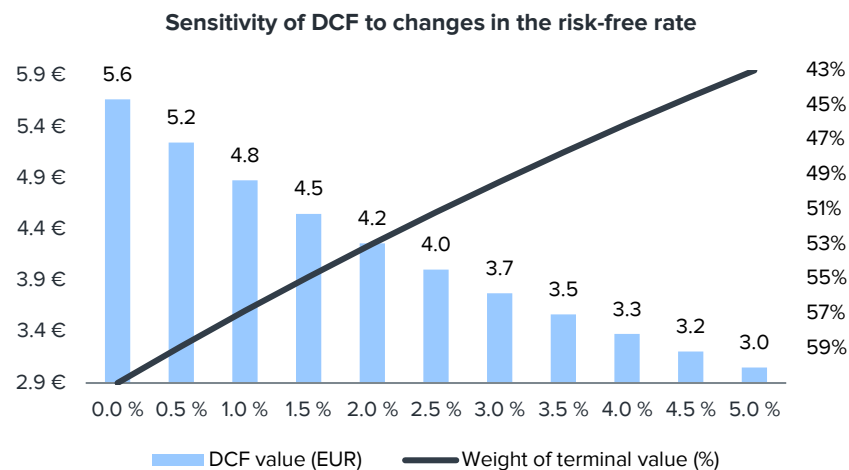
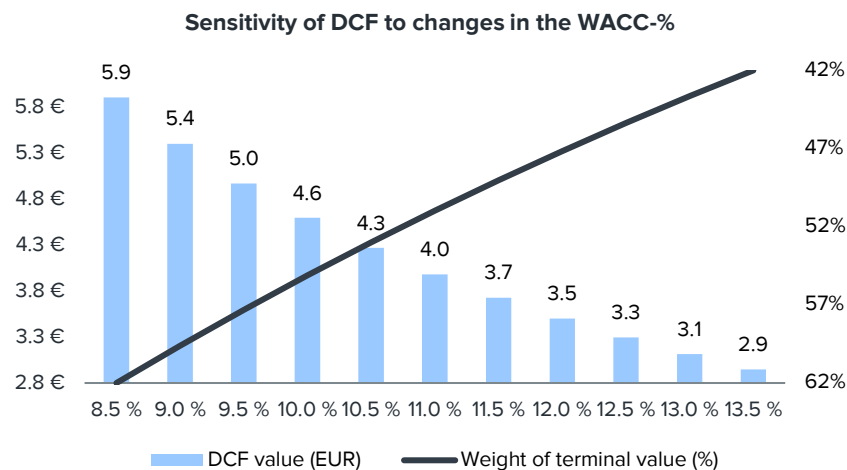
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.63
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
Cost of equity	11.7 %
Weighted average cost of capital (WACC)	11.0 %

Source: Inderes

Cash flow distribution



DCF sensitivity calculations and key assumptions in graphs



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

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	6.4	9.5	7.2	9.1	11.9	EPS (reported)	-0.11	0.18	-0.18	-0.01	0.12
EBITDA	-1.0	1.3	-0.5	0.8	1.6	EPS (adj.)	-0.11	0.18	-0.18	-0.01	0.12
EBIT	-1.5	0.8	-1.2	0.0	1.0	OCF / share	-0.25	0.14	-0.31	0.32	0.32
PTP	-0.7	1.3	-1.3	-0.1	0.9	FCF / share	-0.41	-0.05	-0.51	0.24	0.23
Net Income	-0.8	1.3	-1.3	-0.1	0.9	Book value / share	0.44	0.56	0.39	0.37	0.49
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	10.6	11.5	Revenue growth-%	56%	49%	-24%	26%	30%
Equity capital	3.2	4.1	2.8	2.7	3.6	EBITDA growth-%	-66%	-230%	-140%	-254%	100%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-56%	-158%	-247%	-100%	30755%
Net debt	-1.3	-1.0	3.0	1.4	-0.2	EPS (adj.) growth-%	1121%	-257%	-201%	-93%	-1002%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-15.8 %	13.8 %	-7.3 %	8.9 %	13.7 %
EBITDA	-1.0	1.3	-0.5	0.8	1.6	EBIT (adj.)-%	-22.7 %	8.8 %	-16.9 %	0.0 %	8.2 %
Change in working capital	-0.6	-0.3	-1.7	1.5	0.7	EBIT-%	-22.7 %	8.8 %	-16.9 %	0.0 %	8.2 %
Operating cash flow	-1.8	1.0	-2.2	2.4	2.4	ROE-%	-96.0 %	36.0 %	-38.5 %	-3.5 %	27.6 %
CAPEX	-1.2	-1.4	-1.5	-0.6	-0.7	ROI-%	-27.2 %	11.4 %	-16.6 %	0.0 %	14.5 %
Free cash flow	-3.0	-0.4	-3.7	1.8	1.7	Equity ratio	31.9 %	39.8 %	28.6 %	25.7 %	31.2 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	-40.6 %	-23.4 %	105.6 %	50.1 %	-5.2 %
EV/S	5.2	3.0	3.1	4.9	3.7						
EV/EBITDA	neg.	21.4	neg.	55.5	26.8						
EV/EBIT (adj.)	neg.	33.6	neg.	>100	44.6						
P/E (adj.)	neg.	22.2	neg.	neg.	50.0						
P/B	10.9	7.1	6.9	16.0	12.1						
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
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	Lisää	3.60 €	3.05 €
9/26/2023	Vähennä	3.00 €	2.89 €
1/3/2024	Accumulate	3.00 €	2.69 €
2/28/2024	Accumulate	3.00 €	2.40 €
4/28/2024	Accumulate	3.00 €	2.26 €
6/10/2024	Accumulate	4.00 €	3.64 €
6/12/2024	Reduce	3.40 €	3.38 €
8/19/2024	Accumulate	3.40 €	2.95 €
10/21/2024	Sell	4.00 €	6.00 €



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.**