

# Nexstim

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Kausiluonteisesti rauhallinen alku vuodelle” published on 4/28/2024 at 8:16 pm EEST.

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# Seasonally calm start to the year

Nexstim published its Q1 business update on Friday. The company reported that it delivered two NBS systems during the period. Deliveries were slightly below our expectations in a seasonally slow start to the year. Based on the new data, we are modestly lowering our forecasts for the coming years. There have been no material changes in the valuation picture of the share. The stock is cheaply priced, but the risks are also elevated due to low visibility and a tight financial situation. We reiterate our Accumulate recommendation and target price of EUR 3.0.

## Two NBS systems delivered in seasonally quiet Q1,

Nexstim reports its results on a semi-annual basis and supplements its performance with Q1 and Q3 business updates. The reviews do not report financial figures, but the company does report the number of system deliveries made during the period. Nexstim reported that it delivered two NBSs in the period, in line with reported system sales. H1 is a seasonally quieter period for the company, as hospital and research institution purchases are typically concentrated towards the end of the year. There is considerable volatility in order volumes, with record order volumes in Q4'23 and now a rapid cooling of orders. H1 growth would be important for the company in terms of cash sufficiency.

## Outlook sees growth for 2024

For 2024, Nexstim expects comparable revenue to increase (2023: 7.2 MEUR) and EBIT to improve (2023: -1.2 MEUR). We believe this is easily achievable, as a growing installed base will increase the proportion of recurring revenue, which in turn will generate easily predictable revenue independent of system sales. We also expect the average system price to increase as the new NBS6 system replaces the older NBTs.

## Moderate downward revisions to sales volume forecasts

System sales in the first half of the year were slightly below our expectations, so we are modestly reducing our full-year revenue forecast by 3%. Success in system sales will have an impact on the growth of the installed base and thus on revenue in the coming years, which is why we have also slightly lowered our forecasts for 2025-2026. Technology licensing agreements will be a key revenue driver in the coming years. The exact start of these revenues is not yet known, but we expect the five-year license period to begin next year. Nexstim, together with its partner Magnus Medical, expects to receive licensing fees of around 13 MEUR during the license period, which should represent a very significant portion of Nexstim's revenues in the coming years.

## Valuation is moderate, but turnaround should be fast

Our valuation is based on EV/S multiples and the DCF model. Nexstim's 2024e EV/S is 2.2x and decreases to 1.6x in 2025. 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 suggests a value of EUR 3.2 per share and a reasonable upside. We feel the share is reasonably priced relative to growth and profitability expectations and the risk/reward ratio is sufficiently attractive. Achieving a sustained turnaround is, of course, of paramount importance for value creation.

## Recommendation

**Accumulate**

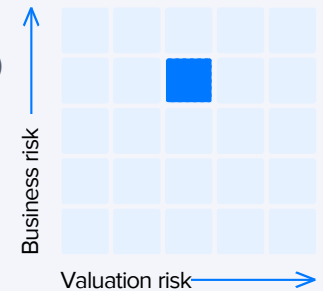
(previous Accumulate)

**EUR 3.00**

(previous EUR 3.00)

**Share price:**

2.26



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	7.2	8.3	10.8	13.1
<b>growth-%</b>	-24%	15%	30%	21%
<b>EBIT adj.</b>	-1.2	-0.7	0.6	1.4
<b>EBIT-% adj.</b>	-16.9 %	-8.5 %	5.4 %	11.0 %
<b>Net Income</b>	-1.3	-0.8	0.5	1.1
<b>EPS (adj.)</b>	-0.18	-0.11	0.07	0.16

<b>P/E (adj.)</b>	neg.	neg.	33.6	14.4
<b>P/B</b>	6.9	8.2	6.6	4.5
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	1.7 %
<b>EV/EBIT (adj.)</b>	neg.	neg.	30.3	11.6
<b>EV/EBITDA</b>	neg.	>100	14.4	8.4
<b>EV/S</b>	3.1	2.2	1.6	1.3

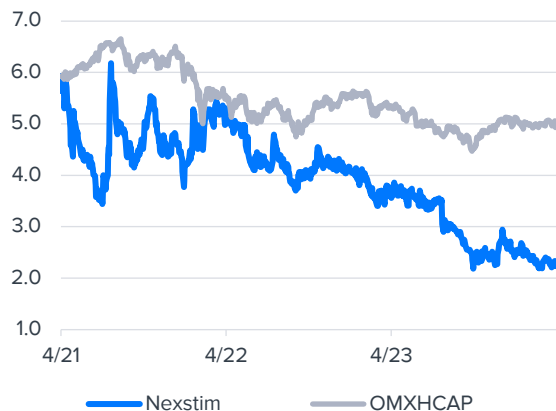
Source: Inderes

## Guidance

(Unchanged)

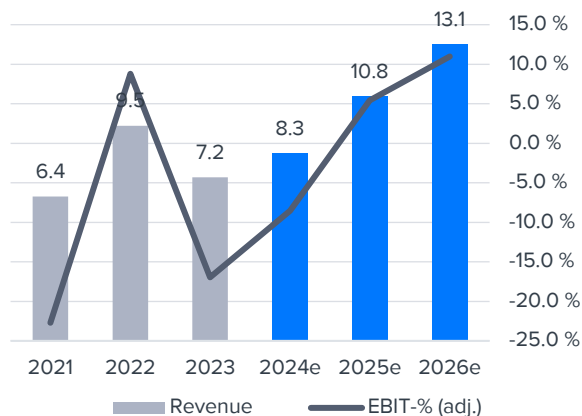
Based on business forecasts, the company expects that in 2024 the company's comparable revenue will grow and EBIT will improve in 2024.

## Share price



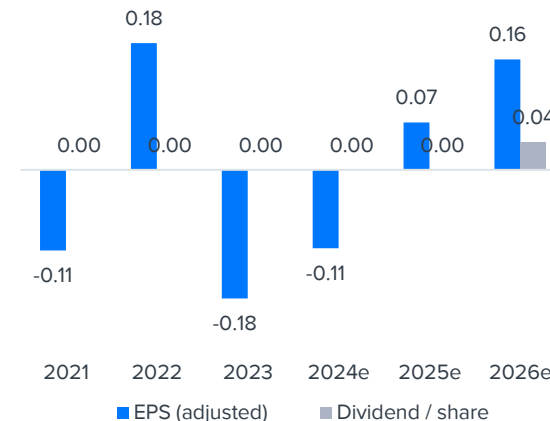
Source: Millstream Market Data AB

## 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	2.26	2.26	2.26
Number of shares, millions	7.27	7.27	7.27
Market cap	16	16	16
EV	18	18	17
P/E (adj.)	neg.	33.6	14.4
P/E	neg.	33.6	14.4
P/B	8.2	6.6	4.5
P/S	2.0	1.5	1.3
EV/Sales	2.2	1.6	1.3
EV/EBITDA	>100	14.4	8.4
EV/EBIT (adj.)	neg.	30.3	11.6
Payout ratio (%)	0.0 %	0.0 %	25.0 %
Dividend yield-%	0.0 %	0.0 %	1.7 %

Source: Inderes

# 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



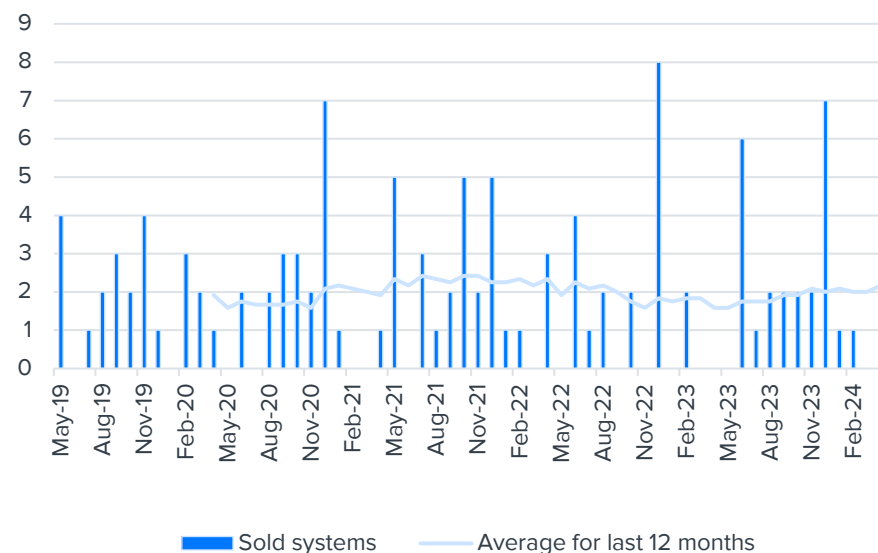
- The competitive situation in the therapy market is challenging.
- Competition in diagnostics has increased.
- The company is small compared to the cost structure and investment needs.
- Development of new indications requires long-term and uncertain research. A possible failure would undermine the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

# Marginal downward revisions to growth forecasts

## Estimate revisions 2024e-2026e

- For 2024, our revenue forecast is down 3%, based on slightly slower-than-expected sales in Q1.
- System sales affect the growth rate of the installed base, which in turn affects the level of recurring revenue. Therefore, our projections for 2025-2026 are also moderately lower.
- Our earnings forecasts fall in line with the forecast changes in revenue.

Sold systems, PCs



Estimate revisions	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
MEUR / EUR									
Revenue	8.6	8.3	-3%	11.2	10.8	-3%	13.5	13.1	-3%
EBITDA	0.3	0.1	-68%	1.5	1.2	-17%	2.3	2.0	-12%
EBIT	-0.5	-0.7	44%	0.8	0.6	-29%	1.7	1.4	-16%
PTP	-0.6	-0.8	36%	0.7	0.5	-33%	1.4	1.1	-21%
EPS (excl. NRIs)	-0.08	-0.11	36%	0.10	0.07	-33%	0.20	0.16	-21%
DPS	0.00	0.00	0%	0.00	0.00	0%	0.00	0.00	0%

Source: Inderes

# Valuation picture is largely unchanged

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

Among the valuation multiples, we use the EV/S multiple in valuing Nexstim when earnings-based multiples are not yet applicable. 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 suggests that the stock is undervalued and that the upside exceeds the required rate of 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 1.5x and 1.3x, respectively, but the companies have been heavily loss-making. We find the multiples moderate considering the profitability potential of the business. However, the turnaround is critical and the visibility of 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.

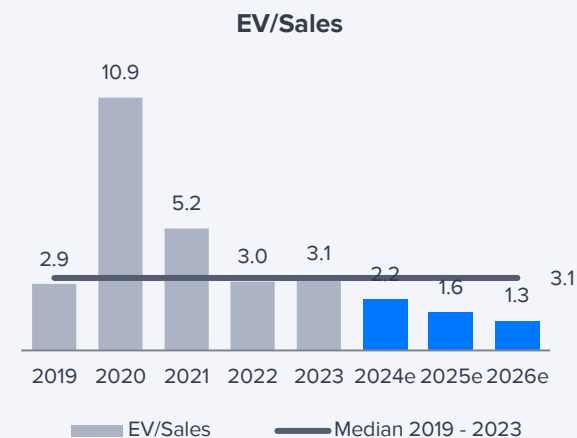
## Valuation picture mostly improved

During our coverage, Nexstim's share has decreased by over 50% (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. DCF model also indicates an upside in the share. We feel the risk level of the stock is highish 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 our target price of EUR 3.0.

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	2.26	2.26	2.26
Number of shares, millions	7.27	7.27	7.27
Market cap	16	16	16
EV	18	18	17
P/E (adj.)	neg.	33.6	14.4
P/E	neg.	33.6	14.4
P/B	8.2	6.6	4.5
P/S	2.0	1.5	1.3
EV/Sales	2.2	1.6	1.3
EV/EBITDA	>100	14.4	8.4
EV/EBIT (adj.)	neg.	30.3	11.6
Payout ratio (%)	0.0 %	0.0 %	25.0 %
Dividend yield-%	0.0 %	0.0 %	1.7 %

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	<b>2.26</b>	<b>2.26</b>	<b>2.26</b>	<b>2.26</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>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
EV	9.5	45	33	28	23	<b>18</b>	<b>18</b>	<b>17</b>	<b>16</b>
P/E (adj.)	neg.	neg.	neg.	22.2	neg.	<b>neg.</b>	<b>33.6</b>	<b>14.4</b>	<b>7.7</b>
P/E	neg.	neg.	neg.	22.2	neg.	<b>neg.</b>	<b>33.6</b>	<b>14.4</b>	<b>7.7</b>
P/B	neg.	neg.	10.9	7.1	6.9	<b>8.2</b>	<b>6.6</b>	<b>4.5</b>	<b>3.0</b>
P/S	2.3	10.5	5.4	3.1	2.7	<b>2.0</b>	<b>1.5</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>1.1</b>
EV/EBITDA	neg.	neg.	neg.	21.4	neg.	<b>&gt;100</b>	<b>14.4</b>	<b>8.4</b>	<b>5.3</b>
EV/EBIT (adj.)	neg.	neg.	neg.	33.6	neg.	<b>neg.</b>	<b>30.3</b>	<b>11.6</b>	<b>6.6</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>1.7 %</b>	<b>6.5 %</b>

Source: Inderes

# Peer group valuation

Peer group valuation Company	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Neuronetics	98	98					1.5	1.3					
Brainsway	78	37					1.3	1.0					
Ambu	3992	4038	105.4	56.5	49.0	33.8	6.3	5.7	190.6	75.9	0.1		5.5
C Rad	109	98	19.8	13.0	17.4	11.7	2.8	2.4	32.8	18.5			4.7
Elekta	2383	2793	19.9	14.1	11.7	9.4	1.9	1.8	24.6	18.4	3.0	3.5	3.2
Geringe	5477	5923	18.3	15.9	12.0	10.7	2.2	2.0	24.8	22.6	1.7	2.0	2.0
Irras													
Medstim	272	261	21.5	19.8	18.7	17.8	5.9	5.6	28.2	28.1	2.6	2.6	5.4
Optomed	75	72					4.6	4.3					3.6
Vitrolife	1892	1988	32.5	29.6	20.4	19.3	6.6	6.4	48.5	40.5	0.7	0.7	1.4
Xvivo Perfusion	1005	961	248.8	104.3	115.2	64.0	18.3	13.6	324.4	136.0			6.0
<b>Nexstim (Inderes)</b>	<b>16</b>	<b>18</b>	<b>-25.6</b>	<b>30.3</b>	<b>179.1</b>	<b>14.4</b>	<b>2.2</b>	<b>1.6</b>	<b>-20.3</b>	<b>33.6</b>	<b>0.0</b>	<b>0.0</b>	<b>8.2</b>
<b>Average</b>			<b>66.6</b>	<b>36.2</b>	<b>34.9</b>	<b>23.8</b>	<b>5.1</b>	<b>4.4</b>	<b>96.3</b>	<b>48.6</b>	<b>1.6</b>	<b>2.2</b>	<b>4.0</b>
<b>Median</b>			<b>21.5</b>	<b>19.8</b>	<b>18.7</b>	<b>17.8</b>	<b>3.7</b>	<b>3.3</b>	<b>32.8</b>	<b>28.1</b>	<b>1.7</b>	<b>2.3</b>	<b>4.1</b>
<b>Diff-% to median</b>			<b>-219%</b>	<b>53%</b>	<b>856%</b>	<b>-19%</b>	<b>-41%</b>	<b>-51%</b>	<b>-162%</b>	<b>20%</b>	<b>-100%</b>	<b>-100%</b>	<b>99%</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>3.4</b>	<b>4.9</b>	<b>8.3</b>	<b>4.2</b>	<b>6.6</b>	<b>10.8</b>	<b>13.1</b>	<b>15.0</b>
Nexstim	2.5	4.7	7.2	3.4	4.9	8.3	4.2	6.6	10.8	13.1	15.0
<b>EBITDA</b>	<b>-1.1</b>	<b>0.6</b>	<b>-0.5</b>	<b>-0.5</b>	<b>0.6</b>	<b>0.1</b>	<b>-0.6</b>	<b>1.2</b>	<b>1.2</b>	<b>2.0</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>-0.9</b>	<b>0.2</b>	<b>-0.7</b>	<b>-0.6</b>	<b>1.2</b>	<b>0.6</b>	<b>1.4</b>	<b>2.4</b>
<b>EBIT</b>	<b>-1.4</b>	<b>0.2</b>	<b>-1.2</b>	<b>-0.9</b>	<b>0.2</b>	<b>-0.7</b>	<b>-0.6</b>	<b>1.2</b>	<b>0.6</b>	<b>1.4</b>	<b>2.4</b>
Nexstim	-1.4	0.2	-1.2	-0.9	0.2	-0.7	-0.6	1.2	0.6	1.4	2.4
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	-0.3
<b>PTP</b>	<b>-1.4</b>	<b>0.1</b>	<b>-1.3</b>	<b>-1.0</b>	<b>0.2</b>	<b>-0.8</b>	<b>-0.6</b>	<b>1.2</b>	<b>0.5</b>	<b>1.1</b>	<b>2.1</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>-1.0</b>	<b>0.2</b>	<b>-0.8</b>	<b>-0.6</b>	<b>1.2</b>	<b>0.5</b>	<b>1.1</b>	<b>2.1</b>
<b>EPS (adj.)</b>	<b>-0.20</b>	<b>0.02</b>	<b>-0.18</b>	<b>-0.14</b>	<b>0.02</b>	<b>-0.11</b>	<b>-0.09</b>	<b>0.17</b>	<b>0.07</b>	<b>0.16</b>	<b>0.29</b>
<b>EPS (rep.)</b>	<b>-0.20</b>	<b>0.02</b>	<b>-0.18</b>	<b>-0.14</b>	<b>0.02</b>	<b>-0.11</b>	<b>-0.09</b>	<b>0.17</b>	<b>0.07</b>	<b>0.16</b>	<b>0.29</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 %	34.9 %	4.2 %	14.8 %	25.2 %	33.8 %	30.3 %	21.1 %	14.0 %
<b>Adjusted EBIT growth-%</b>	-159.5 %	-110.6 %	-246.7 %	-32.6 %	41.2 %	-42.2 %	-33.5 %	438.8 %	-182.9 %	145.3 %	65.9 %
<b>EBITDA-%</b>	-43.0 %	11.6 %	-7.3 %	-15.8 %	12.9 %	1.2 %	-14.7 %	18.3 %	11.4 %	15.1 %	19.9 %
<b>Adjusted EBIT-%</b>	-55.4 %	3.4 %	-16.9 %	-27.7 %	4.5 %	-8.5 %	-14.7 %	18.3 %	5.4 %	11.0 %	16.0 %
<b>Net earnings-%</b>	-57.6 %	2.4 %	-18.3 %	-29.1 %	3.5 %	-9.7 %	-14.7 %	18.3 %	4.5 %	8.7 %	14.3 %

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>7.8</b>	<b>10.0</b>	<b>10.8</b>
Inventories	0.9	1.0	1.2	1.5	1.7
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	1.9	3.4	2.5	3.3	3.9
Cash and equivalents	4.4	1.5	4.2	5.2	5.2
<b>Balance sheet total</b>	<b>10.2</b>	<b>9.9</b>	<b>11.4</b>	<b>13.6</b>	<b>14.6</b>

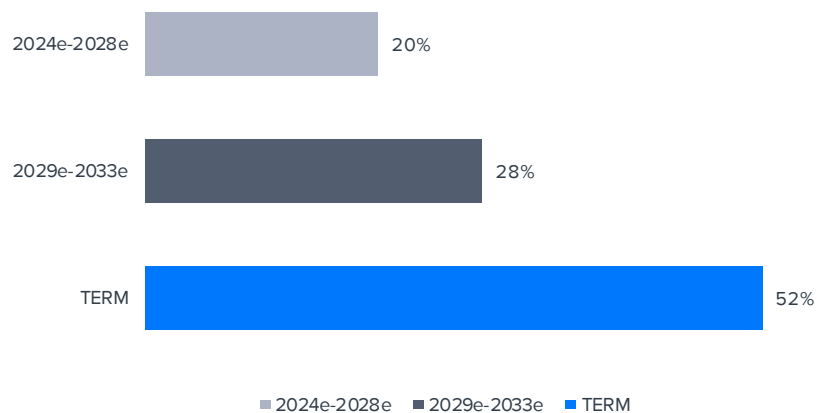
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>4.1</b>	<b>2.8</b>	<b>2.0</b>	<b>2.5</b>	<b>3.6</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-51.0	-52.3	-53.1	-52.6	-51.5
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>4.9</b>	<b>4.2</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	4.9	4.2
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>4.9</b>	<b>6.1</b>	<b>6.8</b>
Interest bearing debt	0.9	0.8	1.5	1.6	1.4
Payables	2.7	2.6	3.4	4.5	5.4
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>11.4</b>	<b>13.6</b>	<b>14.6</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-23.9 %	14.8 %	30.3 %	21.1 %	14.0 %	12.0 %	10.0 %	6.0 %	3.0 %	3.0 %	2.5 %	2.5 %
EBIT-%	-16.9 %	-8.5 %	5.4 %	11.0 %	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>-0.7</b>	<b>0.6</b>	<b>1.4</b>	<b>2.4</b>	<b>3.4</b>	<b>4.8</b>	<b>3.9</b>	<b>4.0</b>	<b>4.1</b>	<b>4.3</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	-0.9	-0.8	-0.8	-0.8	-0.8	
- 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	1.7	-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>1.8</b>	<b>1.2</b>	<b>2.1</b>	<b>2.3</b>	<b>3.5</b>	<b>4.4</b>	<b>3.7</b>	<b>3.8</b>	<b>3.9</b>	<b>3.9</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	-0.4	-0.5	-0.5	-0.5	
<b>Free operating cash flow</b>	<b>-3.7</b>	<b>1.2</b>	<b>0.5</b>	<b>1.4</b>	<b>1.5</b>	<b>2.7</b>	<b>3.6</b>	<b>3.2</b>	<b>3.3</b>	<b>3.4</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	1.2	0.5	1.4	1.5	2.7	3.6	3.2	3.3	3.4	3.4	38.8
<b>Discounted FCFF</b>		<b>1.1</b>	<b>0.4</b>	<b>1.0</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>13.5</b>
Sum of FCFF present value		26.0	25.0	24.6	23.6	22.5	20.9	19.0	17.4	16.0	14.7	13.5
<b>Enterprise value DCF</b>		<b>26.0</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>23.1</b>										
<b>Equity value DCF per share</b>		<b>3.2</b>										

## Cash flow distribution

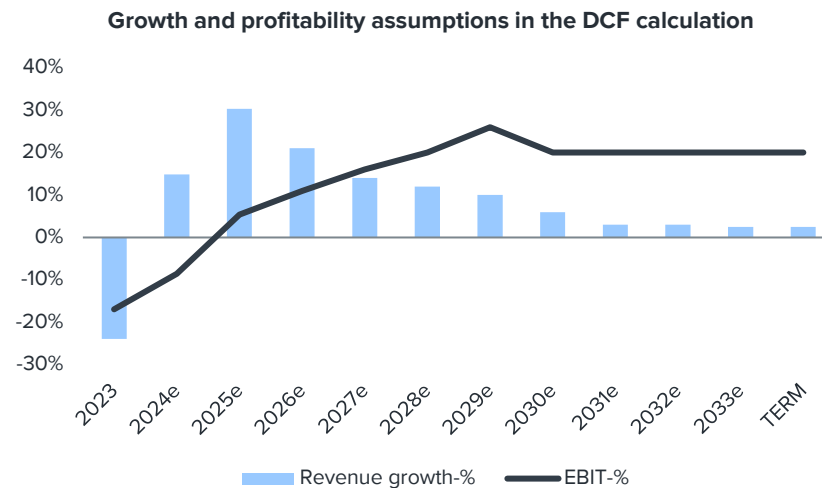
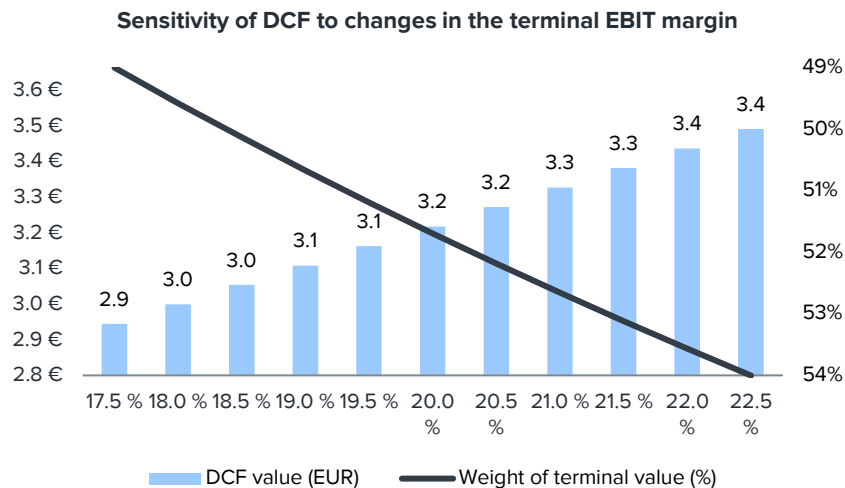
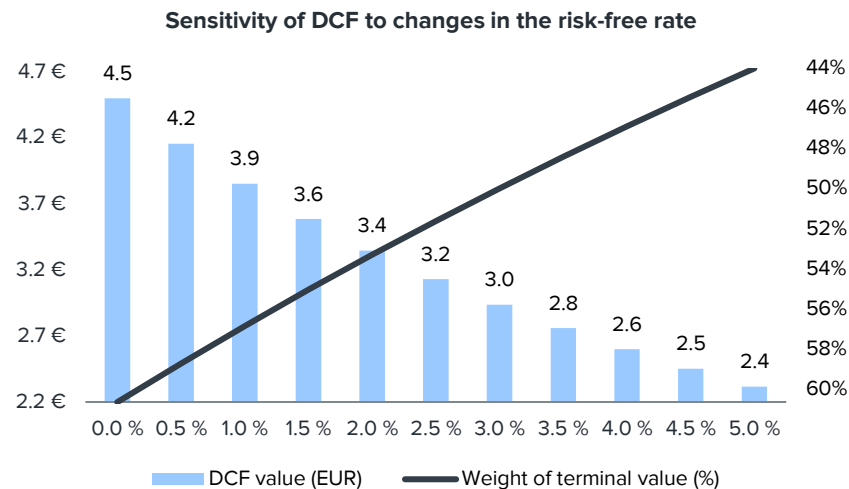
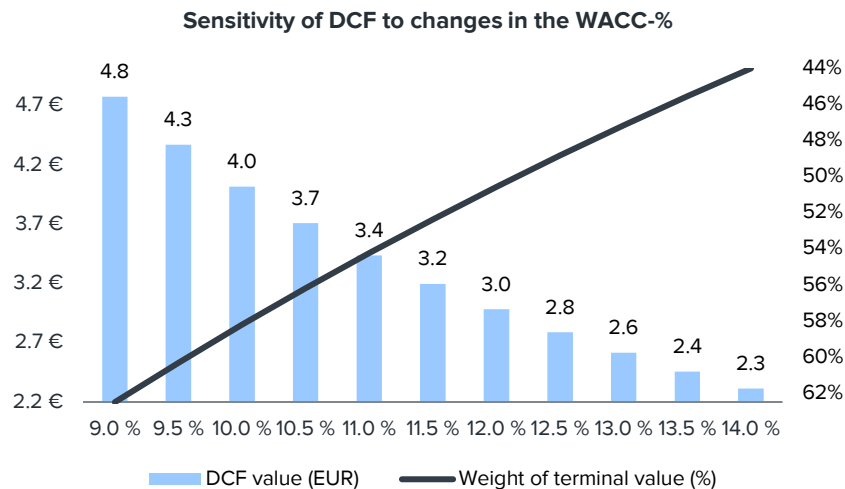


## WACC

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



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	8.3	10.8	EPS (reported)	-0.11	0.18	-0.18	-0.11	0.07
EBITDA	-1.0	1.3	-0.5	0.1	1.2	EPS (adj.)	-0.11	0.18	-0.18	-0.11	0.07
EBIT	-1.5	0.8	-1.2	-0.7	0.6	OCF / share	-0.25	0.14	-0.31	0.24	0.16
PTP	-0.7	1.3	-1.3	-0.8	0.5	FCF / share	-0.41	-0.05	-0.51	0.16	0.06
Net Income	-0.8	1.3	-1.3	-0.8	0.5	Book value / share	0.44	0.56	0.39	0.28	0.34
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	11.4	13.6	Revenue growth-%	56%	49%	-24%	15%	30%
Equity capital	3.2	4.1	2.8	2.0	2.5	EBITDA growth-%	-66%	-230%	-140%	-119%	1115%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-56%	-158%	-247%	-42%	-183%
Net debt	-1.3	-1.0	3.0	1.8	1.4	EPS (adj.) growth-%	1121%	-257%	-201%	-39%	-160%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-15.8 %	13.8 %	-7.3 %	1.2 %	11.4 %
EBITDA	-1.0	1.3	-0.5	0.1	1.2	EBIT (adj.)-%	-22.7 %	8.8 %	-16.9 %	-8.5 %	5.4 %
Change in working capital	-0.6	-0.3	-1.7	1.7	-0.1	EBIT-%	-22.7 %	8.8 %	-16.9 %	-8.5 %	5.4 %
Operating cash flow	-1.8	1.0	-2.2	1.8	1.2	ROE-%	-96.0 %	36.0 %	-38.5 %	-33.5 %	21.6 %
CAPEX	-1.2	-1.4	-1.5	-0.6	-0.7	ROI-%	-27.2 %	11.4 %	-16.6 %	-9.3 %	6.9 %
Free cash flow	-3.0	-0.4	-3.7	1.2	0.5	Equity ratio	31.9 %	39.8 %	28.6 %	17.7 %	18.4 %
						Gearing	-40.6 %	-23.4 %	105.6 %	87.6 %	55.7 %
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.	>100	14.4						
EV/EBIT (adj.)	neg.	33.6	neg.	neg.	30.3						
P/E (adj.)	neg.	22.2	neg.	neg.	33.6						
P/B	10.9	7.1	6.9	8.2	6.6						
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	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 €



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