

Nightingale Health

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Kevättä ilmassa" published on 3/8/2024 at 8:25 am EET

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Spring is in the air

Nightingale's investment story is at a potential turning point. The company's two large-scale customers (Terveystalo & Pathology Asia) seem to be progressing promisingly. Nightingale's commercial strategy may be gaining clear proof of its functionality this year in the form of revenue growth and new customer gains. The risk level remains very high due to poor visibility, but with the current valuation and the stronger growth outlook, we consider the risk/reward ratio to be sufficiently attractive. We raise our target price to EUR 1.25 (was EUR 1.1) with the forecast changes and turn the recommendation to Accumulate (was Reduce).

The report was better than we expected, but research customers' revenue was below our expectations

Nightingale's fiscal H1 (FY2024, 7-12/2023) figures were slightly soft in terms of revenue (1.73 MEUR vs. Inderes 2.23 MEUR) due to fluctuations in research project income. Absolute research revenue is small relative to the potential of the large-scale customers the company aims for. In terms of profitability (PTP: -8.5 MEUR, Inderes: -9.7 MEUR) and consumption of the cash position at the end of the year (71.1 MEUR adjusted for lease liabilities, Inderes: 68.7 MEUR, 06/30/23: 78.0 MEUR), the report was more positive than we expected, and we increased our earnings forecasts for the coming years by some 5-15%. In light of the company's comments, the key projects for revenue growth (Terveystalo and Pathology Asia) are progressing well and the new commercial strategy also seems to have stimulated the demand outlook. Although we rely on management comments on this, the overall report was positive.

The search for a commercial breakthrough slowly gains concreteness although risks remain high

Nightingale has proven that its technology is capable of predicting disease risks on a large scale and has tried different paths to commercialize its technology. The company is now focusing on integrating its service into the blood sample flows of existing healthcare operators (e.g. primary healthcare), which could enable manifold business growth from the current small level and profitability turning positive over time (target: positive EBITDA in the medium term). Nightingale is now taking visible steps in this direction as its technology is used in Terveystalo's occupational health in significant volumes from the beginning of 2024 and implemented in Pathology Asia in Singapore in the second half of 2024. We believe that our estimates rely on a realistic but very high-risk scenario of Nightingale's business growth (revenue CAGR 38% in 2023-2032e). In addition to the successful cooperation with Terveystalo, this will require success in the Pathology Asia customer relationship in the coming years and new successful commercial agreements every year. Investors must believe in a commercial breakthrough of the company's technology over the next decade, have a very long investment horizon and be prepared to lose the invested capital. We have discussed the company more extensively in our [comprehensive report](#) released in June.

We feel the risk/reward ratio turns cautiously positive although there is still plenty of risks

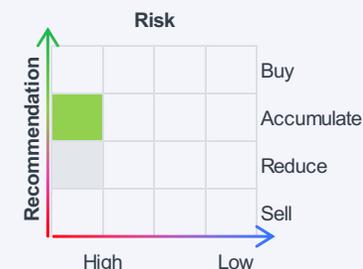
Nightingale's fundamental-based valuation is very challenging, as possible scenarios vary between destruction and multiplication of invested capital. With current data, our fair value estimate range for the share is wide, EUR 0.3-5.2 (previous EUR 0.2-4.7). Relative to its long-term potential, we consider the stock cheap, but in the short-term, justified pricing is driven by the company's proof of how the realization of the potential is progressing. In light of the comments and gaining Pathology Asia (11/23) we consider the likelihood of finding a working commercial model higher than before. We believe a positive view at the current price as justified. We emphasize the high risk level of the stock, as visibility to the company's business is weak while negative cash flow constantly erodes the basis for valuation.

Recommendation

Accumulate
(previous Reduce)

EUR 1.25
(previous EUR 1.10)

Share price:
1.02



Key figures

	2023	2024e	2025e	2026e
Revenue	4.2	4.7	8.7	15.1
growth-%	81%	13%	85%	73%
EBIT adj.	-18.5	-17.8	-17.6	-13.1
EBIT-% adj.	-443%	-377%	-202%	-87%
PTP	-18.2	-16.3	-16.7	-12.4
EPS (adj.)	-0.30	-0.27	-0.27	-0.19
P/E (adj.)	neg.	neg.	neg.	neg.
P/B	0.5	0.8	1.0	1.2
EV/EBIT (adj.)	1.3	0.2	neg.	neg.
EV/EBITDA	1.9	0.4	neg.	neg.
EV/S	neg.	neg.	1.1	1.5

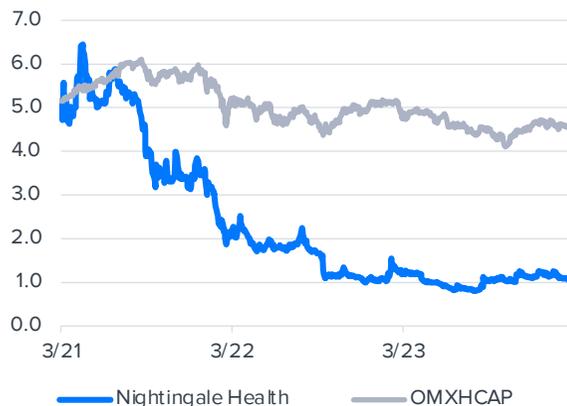
Source: Inderes

Guidance

(Unchanged)

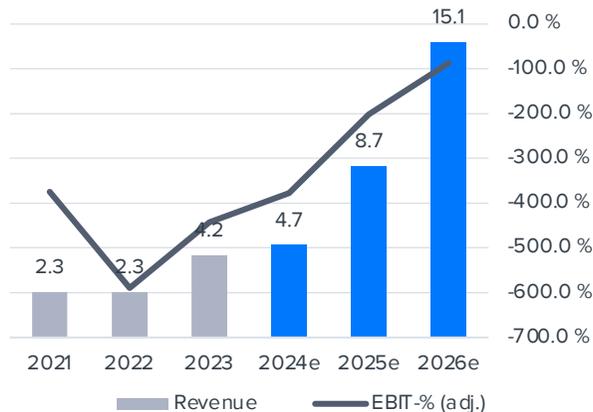
Nightingale Health has not provided guidance for the fiscal period 2023-2024.

Share price



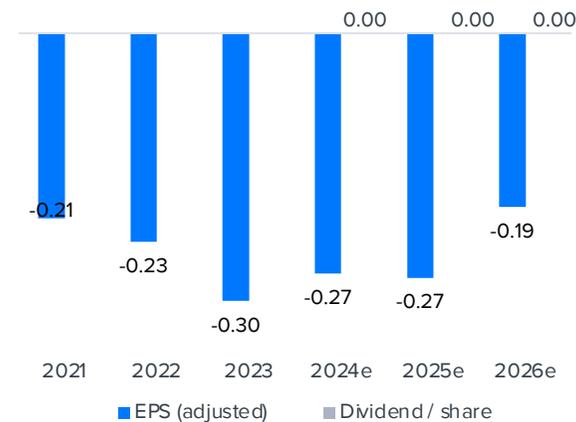
Source: Millistream Market Data AB

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	2024e	2025e	2026e
Share price	1.02	1.02	1.02
Number of shares, millions	60.9	60.9	60.9
Market cap	62	62	62
EV	-4.0	9.7	22
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.8	1.0	1.2
P/S	13.1	7.1	4.1
EV/Sales	neg.	1.1	1.5
EV/EBITDA	0.4	neg.	neg.
EV/EBIT (adj.)	0.2	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Cash consumed slower than expected, cooperation projects progressing (1/2)

A slight decline in absolute revenue before important customers kick off

Nightingale's revenue in fiscal H1 (7/1-12/31/23) fell by 24% from the comparison period to 1.72 MEUR (Inderes' estimate: +4%), also slightly decreasing from the previous year half (1-6/23: 1.9 MEUR). Research customers were still mainly responsible for revenue and we estimate that the timing of these project deliveries explained the lower revenue than we expected.

The progressing Welltus cooperation in Japan still did not show many signs of growth (7-12/2023 Other countries' revenue incl. Japan: 283 TEUR, 1-6/2023: 350 TEUR). In the US, both the new Mass General Brigham cooperation and other projects that started with research use were again reflected in the figures (7-12/23 USA turnover: 597 TEUR, 1-6/23: 95 TEUR).

In terms of Nightingale's growth, we believe that the most significant current cooperations (Terveystalo's occupational health, Pathology Asia) will only be seen in the figures in 2024 (1-6/24 Terveystalo, 7-12/24 Pathology Asia), so the significance of this period's

revenue for the company's investment story was limited in our view.

Cash was burned just like it should at this development stage

Nightingale's H1 profitability remained clearly negative on all lines, with EBITDA and EBIT being -5.3 MEUR and -9.3 MEUR, respectively (Inderes: -6.7 MEUR and -9.9 MEUR). Despite lower-than-expected revenue, profitability was stronger than our forecast, and the company seems to have managed its cost level better than we expected. Expenses were lower than we expected, especially in terms of personnel and other expenses, and the company also recorded significant financial income during the 6-month period (1.1 MEUR) with interest income enabled by its cash assets.

At the end of December, net cash adjusted for lease liabilities amounted to 71.1 MEUR (Inderes: 68.7 MEUR, 06/30/23: 78.0 MEUR) and less cash was thus consumed than we expected, 6.9 MEUR. The company's financial position remains strong. Nightingale uses its cash assets to build its growth and profitability is in line with this strategy.

Current significant cooperations seem to be proceeding on a fairly broad front

After last year's strategy update, Nightingale has focused on private and public sector customers. In the private sector, the company launched the Terveystalo cooperation at the turn of the year, where its technology is used in occupational medical check-ups. In light of the comments, the cooperation between Nightingale and Terveystalo has started well. We believe, the sample volumes analyzed by the company have also developed well, so the cooperation is expected to generate revenue growth in the 1-6/2024 period.

In the Pathology Asia cooperation, the technology will be integrated into the offering of a diagnostic group that operates extensively in Southeast Asia. Here, the company recently received its first regulatory approval to offer its services to healthcare in Singapore and announced it is aiming for a commercial launch during H2/24. In the project, a laboratory utilizing Nightingale's technology will be set up in a laboratory ('lab in lab') in Pathology Asia's company in Singapore (Innoquest Diagnostics).

Estimates MEUR / EUR	H1'23	H1'24	H1'24e	H1'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	2.24	1.72	2.33				-26%	4.7
EBITDA	-5.5	-5.3	-6.7				20%	-9.8
EBIT (adj.)	-8.7	-9.3	-9.9				6%	-17.8
PTP	-8.5	-8.5	-9.7				12%	-16.3
EPS (reported)	-0.14	-0.14	-0.16				12%	-0.27
Revenue growth-%		-23.5 %	3.7 %				-27.3 pp	12.8 %
EBIT-% (adj.)	-386.6 %	-542.6 %	-425.9 %				-116.8 pp	-377.5 %

Source: Inderes

Cash consumed slower than expected, cooperation projects progressing (1/2)

After commercial operations start, Nightingale's test will be available to order by healthcare service providers in Innoquest's test catalog. In Singapore, the national 'Healthier SG' project for preventive healthcare is being launched, which we believe provides good conditions for building popularity and accumulating orders.

In Japan, Nightingale's partner Welltus has built an extensive distribution network. This cooperation has, however, progressed slowly commercially in light of figures, and Nightingale announced that it had acquired Welltus at net cash value. Considering Nightingale's comments, the underlying reason was a change in the strategy of the owners of Welltus (Kirin & Mitsui), where Welltus was excluded from the core. We are neutral about the news at this point. The change gives the company more freedom to carry out commercialization in Japan more flexibly (different commercial models, no exclusive rights). We estimate that reacting to new opportunities and changing the sales angle (e.g. integration into regular health checks) was slower with large company partners than the company could have achieved independently, which

may explain the low revenue figures of the cooperation so far. On the other hand, partner support disappearing may also result in delays, although the initial market position was already opened with the support of the partners. However, the development of the previous operating model needs updating, so clearer growth in the Japanese market will probably still take some time.

In the UK, Nightingale's new laboratory is in use and the laboratory already serves local research actors. The company still aims to move to the clinical side in the market, but no additional comments have been provided on the timing.

Comments on the growth outlook were more optimistic than we expected

The comments on sales development were more positive than we expected. According to Nightingale, there are already so many requests in research that the company has started to opt out of certain smaller projects. Nightingale says that in the US, the demand for research has expanded with the support of Mass General Brigham to other healthcare operators.

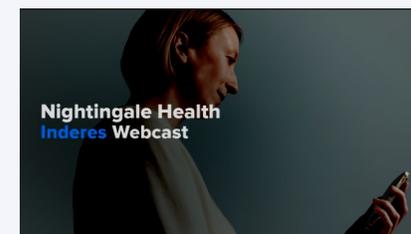
In light of the comments made by the company in our interview, the focus on expanding and improving the efficiency of existing health checks seems to have become a functional commercial approach in the healthcare market. According to the company, the change has taken place over a rather short time. The situation has also been supported by the reference received by the company, e.g., in the Terveystalo cooperation, which serves a fairly large group of working-age people at a national level.

Of course, at this point, we do not know to what extent this will concretize as gaining new customers. Furthermore, the current reference implementations have not yet continued long enough to become established as long-term customers. However, we believe the likelihood of successfully commercializing the company's technology turned a notch in a more positive direction based on the data provided in connection with the report. We are quite confident that the company will report considerable new customer gains this year.

Estimates MEUR / EUR	H1'23	H1'24	H1'24e	H1'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	2.24	1.72	2.33				-26%	4.7
EBITDA	-5.5	-5.3	-6.7				20%	-9.8
EBIT (adj.)	-8.7	-9.3	-9.9				6%	-17.8
PTP	-8.5	-8.5	-9.7				12%	-16.3
EPS (reported)	-0.14	-0.14	-0.16				12%	-0.27
Revenue growth-%		-23.5 %	3.7 %				-27.3 pp	12.8 %
EBIT-% (adj.)		-386.6 %	-542.6 %	-425.9 %			-116.8 pp	-377.5 %

Source: Inderes

Watch H1'24 webcast:



Forecast changes are mainly positive

Estimate revisions 2024e-2026e

- Our revenue forecasts decreased slightly for the financial year 2024, but increased for the financial years 2025-2026.
 - Our forecasts for the financial year 2024 decreased especially as the reported revenue for H1/24 fell short of our expectations. The Welltus acquisition, on the other hand, compensates for this slightly, although its effects will be fully visible from the financial year 2025 onwards.
 - The forecasts for the financial years 2025-2026, on the other hand, increased slightly, as the company's Terveystalo cooperation seems to have started successfully ([potential](#) for roughly 0.7–5.3 MEUR annual invoicing) and the company's comments on bigger project sizes suggest that the revenue from research customers has slightly more growth potential than we expected. On the other hand, the start of the Pathology Asia cooperation seems to take a little longer than we expected (starting in the second half of 2024), but we estimate the overall impact of these factors will be neutral for the financial year 2026.
- Our profitability forecasts increased for the financial years 2024-2026
 - Nightingale's cost level for the reporting period H1/2024 was largely lower than we expected and the company's product development cost capitalizations were also at a lower level than we expected. The company's growth seems to be more efficient than we expected, and we lightened our expectations of the company's cost structure in the coming years.
 - The Welltus transaction will slightly increase the company's costs, but the impact in our estimate is smaller than the above-mentioned cost-cutting factors.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	5.0	4.7	-6%	8.5	8.7	3%	15.1	15.1	0%
EBITDA	-13.5	-9.8	27%	-11.9	-9.6	19%	-8.1	-6.4	21%
EBIT (exc. NRIs)	-20.0	-17.8	11%	-18.7	-17.6	6%	-14.8	-13.1	11%
EBIT	-20.0	-17.8	11%	-18.7	-17.6	6%	-14.8	-13.1	11%
PTP	-19.5	-16.3	16%	-17.7	-16.7	6%	-14.2	-12.4	12%
EPS (excl. NRIs)	-0.32	-0.27	16%	-0.29	-0.27	6%	-0.22	-0.19	12%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

The risk/reward ratio seems cautiously attractive

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 challenging and only very 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](#). The range for the value per share indicated by our updated DCF scenarios is now a wide EUR 0.3-5.2 (previous EUR 0.2-4.7).

Balance sheet provides some valuation support which negative cash flow gnaws at

Some support is available for the valuation from the balance sheet (2024e P/B 0.8x) that focuses on cash and the company's technological potential is presently a giveaway to the cash. However, the company continuously invests in growth, so as cash is consumed the balance sheet based valuation tightens over time (2025e P/B 1.2x).

The value of Nightingale's technology and the data collected with it create certain support for valuation in a possible acquisition scenario. We, however, believe that the company's founders and main shareholders are persistent so ending up as an acquisition target is not highly likely, especially in the near term. Thus, we believe valuation support should be sought in the business outlook.

DCF scenarios help determine the value range of the company

The DCF model is the most important benchmark we use for the company's value. Our DCF model exceptionally continues for 15 years due to

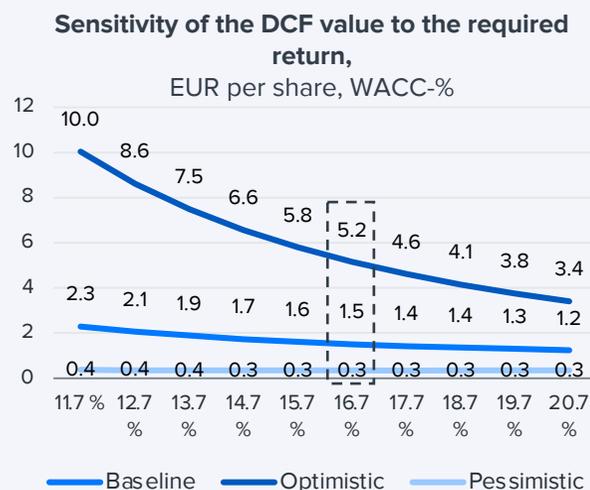
Nightingale's early development phase. The DCF model is very sensitive to the assumptions used, so it also acts as a guiding indicator. As a result, we also use scenarios for DCF valuation: an optimistic, pessimistic, and neutral scenario that reflects our current estimates. In the negative scenario, the company burns cash and reaches a limited size class. In the optimistic scenario, the company achieves an excellent commercial breakthrough in the next few years and grows to a significant size class globally. The key figures for the scenarios are depicted in the graphs on the next page.

All our DCF scenarios include growth at different levels. Of course, a more negative scenario is also possible, although the conditions for the company's growth seem rather good at the moment. The DCF scenarios indicate a present value of EUR 0.3-5.2 per share (previous 0.2-4.7) and in the neutral scenario EUR 1.5 per share (previous 1.2). Due to significantly high and long-lasting estimate risks, our DCF model has high required returns over the estimate period of CoE 18% and WACC 16.7%.

We feel the key positive valuation driver is improved growth visibility. A small step was now taken in this regard. The start of the Terveystalo cooperation (01/24->) has been promising, the Pathology Asia cooperation (announced 11/23) is a significant international reference and Nightingale's comments on the effectiveness of its updated commercial strategy were positive. We expect more evidence of finding a viable commercial model to be collected over the next 12 months, which would support pricing the share above the current level (EUR 1.02 per share). We also still see a considerable but slightly smaller risk than before that evidence of a viable commercial model will not accumulate in this period and that negative cash flow will continue to push down the justified valuation like gravity. However, we raise our target price to EUR 1.25/share and return on board the share with cautious optimism at the current share price.

Valuation	2024e	2025e	2026e
Share price	1.02	1.02	1.02
Number of shares, millions	60.9	60.9	60.9
Market cap	62	62	62
EV	-4.0	9.7	22
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.8	1.0	1.2
P/S	13.1	7.1	4.1
EV/Sales	neg.	1.1	1.5
EV/EBITDA	0.4	neg.	neg.
EV/EBIT (adj.)	0.2	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

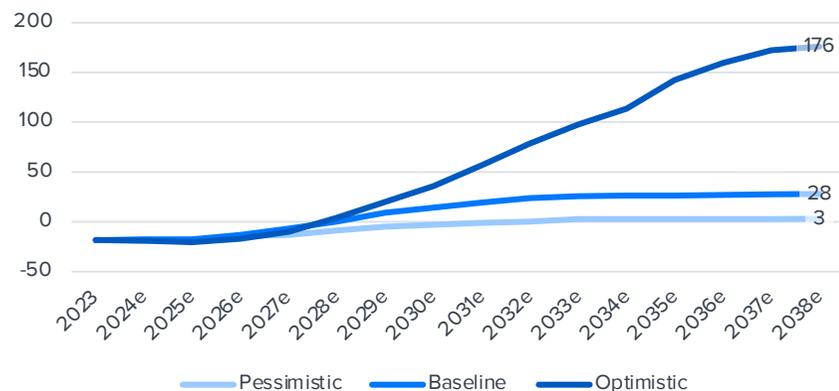
Source: Inderes



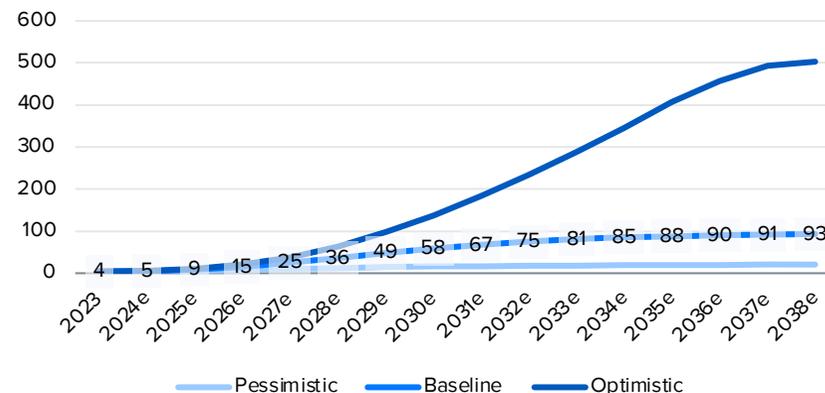
Source: Inderes

Key estimates and valuation in graphs

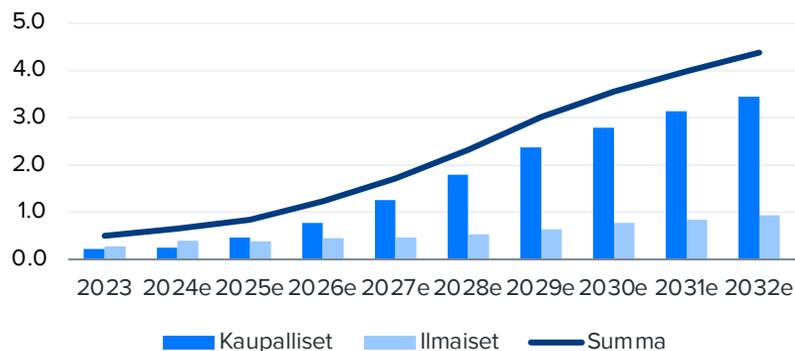
Profitability development under different scenarios (EBIT),
Fiscal periods 2023-2038e, MEUR



Revenue development in DCF scenarios,
Fiscal periods 2023-2038e, MEUR



Estimate on the number of samples analyzed,
fiscal periods 2022-2032e, million samples per year



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.

Source: Inderes

Estimated future valuation ranges,
Fiscal period 2027e

2027e fiscal period	Low multiple	High multiple
Revenue, MEUR	24.9	24.9
EV/S, LTM, ratio	6	12
EV/S, NTM, ratio	4.1	8.3
EV, MEUR	149	298
Net cash, MEUR	33	33
Market cap, MEUR	183	332
EUR per share	3.0	5.4
Discounted to the present	1.7	3.1

NTM = 12 months forward-looking
LTM = 12 months backward-looking

Source: Inderes

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price			5.77	1.81	0.87	1.02	1.02	1.02	1.02
Number of shares, millions			41.7	60.2	60.9	60.9	60.9	60.9	60.9
Market cap			349	110	53	62	62	62	62
EV			241	19	-25.0	-4.0	9.7	22	28
P/E (adj.)			neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/E			neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/B			2.8	1.0	0.5	0.8	1.0	1.2	1.3
P/S			>100	47.6	12.7	13.1	7.1	4.1	2.5
EV/Sales			>100	8.3	neg.	neg.	1.1	1.5	1.1
EV/EBITDA			neg.	neg.	1.9	0.4	neg.	neg.	neg.
EV/EBIT (adj.)			neg.	neg.	1.3	0.2	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 Company	Market cap	EV	EV/S		Revenue growth-%		EBIT-%		EV/EBIT		P/E		P/B
	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
23AndMe	150	-73			-27%	22%	-253%	-115%	0.2	0.3			0.4
Aiforia Technologies	91	99	21.9	13.8	79%	81%	-249%	-127%					
CellaVision	505	500	7.2	6.3	20%	14%	29%	31%	25.2	20.5	32.3	26.0	6.8
Illumina	19686	20084	4.9	4.5	1%	8%	5%	12%	93.1	37.4	152.4	55.0	3.4
Immunovia	5	-1			801%	80%	29%	23%			0.2	0.1	0.1
Nanopore	1330	927	3.9	3.0	20%	29%	-64%	-41%					2.3
Pfizer	140760	195281	3.6	3.4	2%	5%	27%	30%	13.2	11.2	12.4	9.9	1.9
Prenetics	93	47	0.3	0.2	206%	93%	11%	38%	2.9	0.5	3.0	0.6	
Quest Diagnostics	12882	16792	2.0	1.9	2%	4%	16%	17%	12.1	11.4	14.5	13.5	2.1
Roche Holding	200193	225364	3.6	3.4	1%	6%	33%	34%	11.0	10.1	13.1	11.9	5.2
Standard BioTools	692	926	5.1	4.3	94%	18%	-89%	-37%					1.9
Nightingale Health (Inderes)	62	-4	-0.8	1.1	13%	85%	-377%	-202%	0.2	-0.6	-3.8	-3.7	0.8
Average			5.8	4.5	109%	33%	-46%	-12%	22.5	13.0	32.5	16.7	2.7
Median	692	926	3.9	3.4	20%	18%	11%	17%	12.1	11.2	13.1	11.9	2.1
Diff.% to median	-91%	-100%		-67%	-36%	372%							-63%

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

Income statement

Income statement	2021	2022	2023	H1'24	H2'24e	2024e	2025e	2026e	2027e
Revenue	2.3	2.3	4.2	1.7	3.0	4.7	8.7	15.1	24.9
EBITDA	-7.3	-9.4	-12.9	-5.3	-4.5	-9.8	-9.6	-6.4	-0.7
Depreciation	-2.5	-4.2	-5.6	-4.0	-4.0	-8.0	-8.0	-6.7	-6.0
EBIT (excl. NRI)	-8.6	-13.6	-18.5	-9.3	-8.5	-17.8	-17.6	-13.1	-6.7
EBIT	-9.8	-13.6	-18.5	-9.3	-8.5	-17.8	-17.6	-13.1	-6.7
Net financial items	0.0	-2.6	0.3	0.8	0.7	1.5	0.9	0.7	0.4
PTP	-9.7	-16.2	-18.2	-8.5	-7.8	-16.3	-16.7	-12.4	-6.3
Taxes	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.6	0.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-9.7	-16.1	-18.2	-8.5	-7.8	-16.4	-16.7	-11.8	-5.9
EPS (adj.)	-0.21	-0.23	-0.30	-0.14	-0.13	-0.27	-0.27	-0.19	-0.10
EPS (rep.)	-0.23	-0.27	-0.30	-0.14	-0.13	-0.27	-0.27	-0.19	-0.10

Key figures	2021	2022	2023	H1'24	H2'24e	2024e	2025e	2026e	2027e
Revenue growth-%		0.3 %	80.8 %	-23.5 %	54.8 %	12.8 %	85.0 %	72.7 %	65.0 %
Adjusted EBIT growth-%		57.7 %	35.9 %	7.3 %	-13.7 %	-3.9 %	-1.1 %	-25.5 %	-48.9 %
EBITDA-%	-316.7 %	-405.9 %	-308.4 %	-311.1 %	-149.9 %	-208.5 %	-110.2 %	-42.6 %	-2.8 %
Adjusted EBIT-%	-375.0 %	-589.5 %	-442.9 %	-542.6 %	-283.2 %	-377.5 %	-201.9 %	-87.0 %	-26.9 %
Net earnings-%	-421.9 %	-695.7 %	-435.4 %	-497.3 %	-261.5 %	-347.2 %	-191.1 %	-78.5 %	-23.9 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	26.8	24.8	20.5	16.5	14.3
Goodwill	1.0	1.0	1.0	1.0	1.0
Intangible assets	16.2	16.0	11.9	7.8	5.7
Tangible assets	7.8	7.2	7.1	7.1	7.0
Associated companies	0.1	0.1	0.1	0.1	0.1
Other investments	1.2	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	97.3	82.0	70.8	60.1	52.5
Inventories	0.6	0.6	0.6	1.1	2.6
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	1.4	0.8	1.3	2.8	5.3
Cash and equivalents	95.3	80.6	68.9	56.2	44.6
Balance sheet total	124	107	91.3	76.6	66.8

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	111	97.4	81.0	64.3	52.5
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-31.0	-45.1	-61.5	-78.2	-90.0
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	4.7	2.7	3.9	4.4	4.4
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	1.3	2.5	3.0	3.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	2.1	1.4	1.4	1.4	1.4
Current liabilities	7.9	6.8	6.4	7.9	9.9
Interest bearing debt	2.1	1.4	0.5	1.0	2.0
Payables	4.7	4.4	4.9	5.9	6.9
Other current liabilities	1.1	1.0	1.0	1.0	1.0
Balance sheet total	124	107	91.3	76.6	66.8

DCF calculation

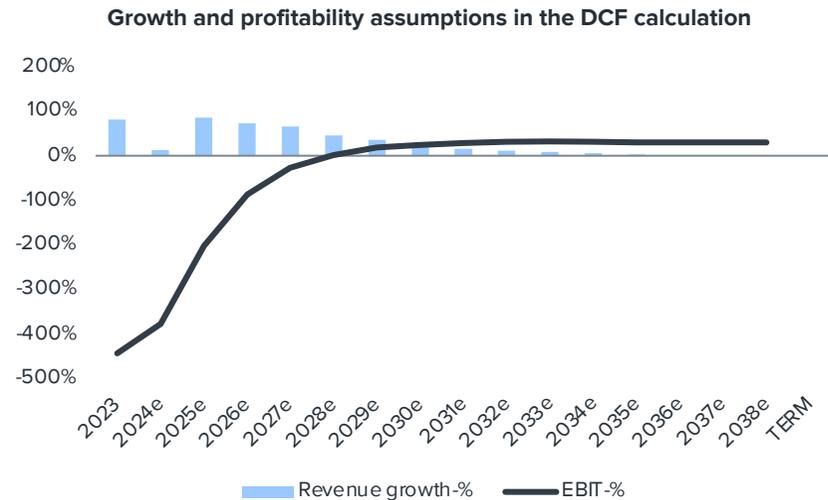
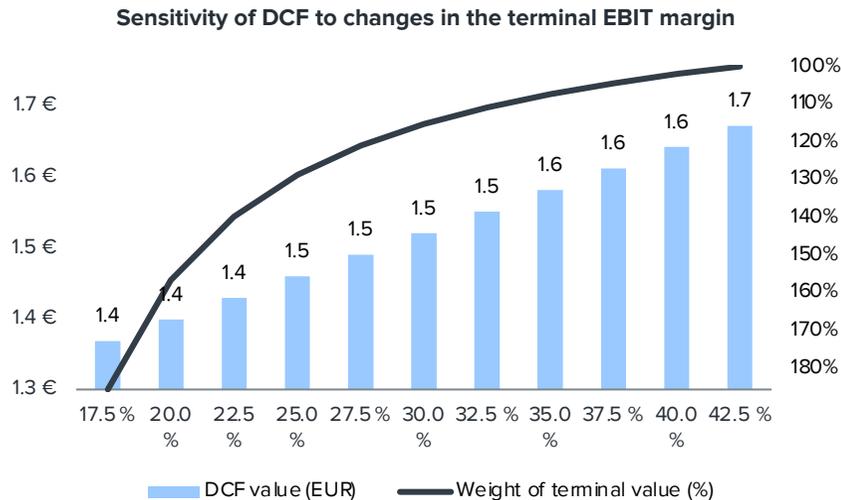
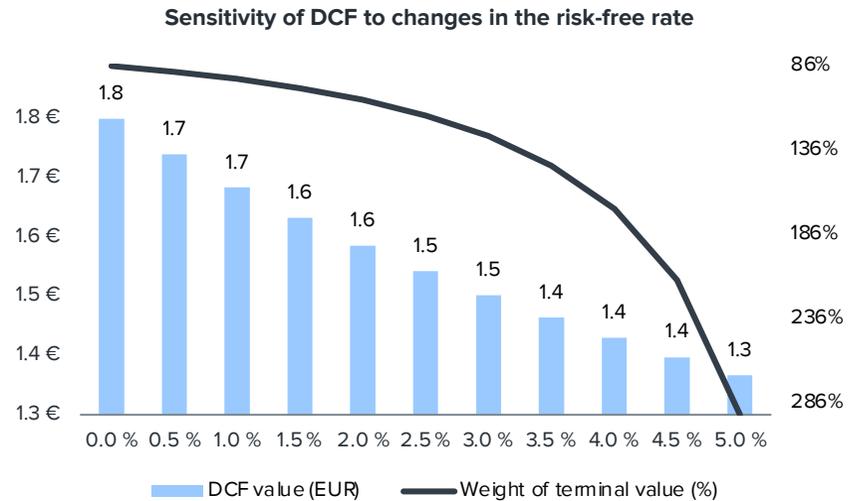
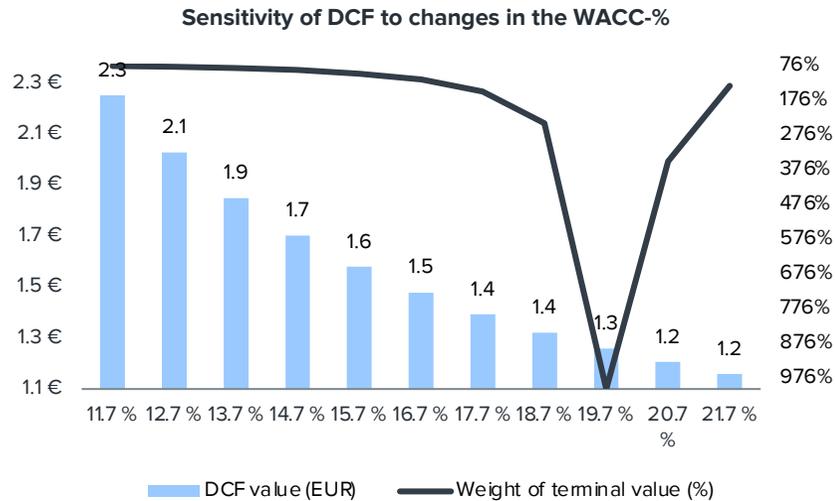
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	2038e	TERM
Revenue growth-%	80.8 %	12.8 %	85.0 %	72.7 %	65.0 %	45.0 %	35.0 %	20.0 %	15.0 %	12.0 %	8.0 %	5.0 %	3.0 %	2.0 %	2.0 %	2.0 %	
EBIT-%	-442.9 %	-377.5 %	-201.9 %	-87.0 %	-26.9 %	1.0 %	18.5 %	24.5 %	28.8 %	31.6 %	32.0 %	31.0 %	30.0 %	30.0 %	30.0 %	30.0 %	
EBIT (operating profit)	-18.5	-17.8	-17.6	-13.1	-6.7	0.4	9.0	14.3	19.3	23.8	26.0	26.4	26.4	26.9	27.4	28.0	
+ Depreciation	5.6	8.0	8.0	6.7	6.0	5.5	5.1	6.1	7.1	7.9	7.3	8.1	8.7	9.2	9.5	9.7	
- Paid taxes	0.0	0.0	0.0	0.6	0.3	0.0	-0.4	-0.7	-1.0	-1.8	-2.6	-3.3	-3.9	-5.3	-5.4	-5.5	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-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	0.1	0.0	-1.0	-3.0	-0.8	-1.0	-1.4	-1.6	-0.9	-0.8	-0.6	-0.4	-0.3	-0.2	-0.2	-0.2	
Operating cash flow	-12.8	-9.9	-10.6	-8.8	-1.2	4.9	12.2	18.1	24.5	29.1	30.1	30.8	30.9	30.5	31.3	31.9	
+ 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	-3.7	-3.7	-4.0	-4.5	-5.4	-6.5	-7.6	-8.5	-9.2	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	
Free operating cash flow	-17.1	-13.6	-14.6	-13.3	-6.6	-1.6	4.6	9.6	15.3	19.1	20.1	20.9	20.9	20.6	21.3	21.8	
+/- 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	-17.1	-13.6	-14.6	-13.3	-6.6	-1.6	4.6	9.6	15.3	19.1	20.1	20.9	20.9	20.6	21.3	21.8	151
Discounted FCFF		-12.9	-11.9	-9.3	-3.9	-0.8	2.0	3.6	4.9	5.3	4.8	4.2	3.6	3.1	2.7	2.4	16.6
Sum of FCFF present value	14.4	14.4	27.3	39.2	48.5	52.4	53.2	51.2	47.6	42.7	37.4	32.6	28.4	24.7	21.7	19.0	16.6
Enterprise value DCF		14.4															
- Interest bearing debt		-2.7															
+ Cash and cash equivalents		80.6															
-Minorities		0.0															
-Dividend/capital return		0.0															
Equity value DCF		92.4															
Equity value DCF per share		1.52															

Key figures

WACC	Value	Period	Percentage
Tax-% (WACC)	20.0 %	2024e-2028e	270%
Target debt ratio (D/(D+E))	10.0 %	2029e-2033e	143%
Cost of debt	6.0 %	2034e- ja TERM	227%
Equity Beta	3.1		
Market risk premium	4.75%		
Liquidity premium	1.00%		
Risk free interest rate	2.5 %		
Cost of equity	18.0 %		
Weighted average cost of capital (WACC)	16.7 %		

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	2.3	2.3	4.2	4.7	8.7	EPS (reported)	-0.23	-0.27	-0.30	-0.27	-0.27
EBITDA	-7.3	-9.4	-12.9	-9.8	-9.6	EPS (adj.)	-0.21	-0.23	-0.30	-0.27	-0.27
EBIT	-9.8	-13.6	-18.5	-17.8	-17.6	OCF / share	-0.12	-0.18	-0.21	-0.16	-0.17
PTP	-9.7	-16.2	-18.2	-16.3	-16.7	FCF / share	2.53	-0.31	-0.28	-0.22	-0.24
Net Income	-9.7	-16.1	-18.2	-16.4	-16.7	Book value / share	2.95	1.85	1.60	1.33	1.06
Extraordinary items	-1.1	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	139.0	124.0	106.8	91.3	76.6	Revenue growth-%	29%	0%	81%	13%	85%
Equity capital	123.0	111.4	97.4	81.0	64.3	EBITDA growth-%	134%	29%	37%	-24%	-2%
Goodwill	0.0	1.0	1.0	1.0	1.0	EBIT (adj.) growth-%	159%	58%	36%	-4%	-1%
Net debt	-107.5	-90.6	-78.0	-65.9	-52.2	EPS (adj.) growth-%		13%	28%	-10%	2%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-316.7 %	-405.9 %	-308.4 %	-208.5 %	-110.2 %
EBITDA	-7.3	-9.4	-12.9	-9.8	-9.6	EBIT (adj.)-%	-375.0 %	-589.5 %	-442.9 %	-377.5 %	-201.9 %
Change in working capital	2.4	-1.3	0.1	0.0	-1.0	EBIT-%	-423.2 %	-589.5 %	-442.9 %	-377.5 %	-201.9 %
Operating cash flow	-4.9	-10.6	-12.8	-9.9	-10.6	ROE-%	-15.0 %	-13.7 %	-17.4 %	-18.4 %	-23.0 %
CAPEX	-8.1	-7.2	-3.7	-3.7	-4.0	ROI-%	-13.7 %	-11.1 %	-17.1 %	-19.4 %	-23.1 %
Free cash flow	105.4	-18.4	-17.1	-13.6	-14.6	Equity ratio	88.5 %	89.8 %	91.2 %	88.7 %	84.0 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	-87.4 %	-81.3 %	-80.1 %	-81.3 %	-81.2 %
EV/S	>100	8.3	neg.	neg.	1.1						
EV/EBITDA (adj.)	neg.	neg.	1.9	0.4	neg.						
EV/EBIT (adj.)	neg.	neg.	1.3	0.2	neg.						
P/E (adj.)	neg.	neg.	neg.	neg.	neg.						
P/B	2.8	1.0	0.5	0.8	1.0						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Date	Recommendation	Target	Share price
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 €



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