

Nightingale Health

Company report

09/29/2023 08:45



Antti Luiro
+358 50 571 4893
antti.luiro@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Markkinan aukeamista päästään pian testaamaan” published on 9/29/2023 at 8:46 am EEST

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Market opening will soon be tested

Nightingale’s growth journey has clearer guidelines thanks to revised strategy. Although the coming year will not yet be a turning point business wise for the company, the Terveystalo customer reference that is being built and new international reference that are sought still have conditions to generate evidence of successful commercial use of the company’s technology. The visibility of success still remains weak and we stay on the sidelines waiting for the risk/return ratio to strengthen. We reiterate our EUR 1.1 target price and Reduce recommendation.

With the revised strategy, the next steps in building growth are clear

Nightingale figures for the first half of the year (revenue: +84% y-o-y and 1.94 MEUR, EBIT: -9.9 MEUR), adjusted for a small accounting difference, were practically in line with our expectations. The company’s cash position remains strong (net cash adjusted for lease liabilities on June 30, 2023: 78.0 MEUR) and the company’s financial risks will not raise their head for several years. With the strategy update, Nightingale focuses on services for corporate and public sector customers. The first cooperation that is starting in Terveystalo’s occupational health services is already a promising sign of the progress of commercial use of the company’s service. In addition, the company’s target for the financial year of a significant international reference agreement with a healthcare provider could, if successful, provide further evidence of a viable commercial model.

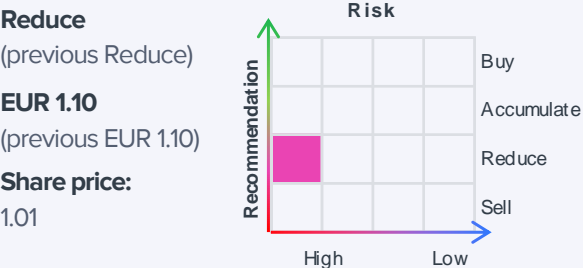
The search for a commercial breakthrough becomes more concrete but risks remain high

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 now focuses on integrating its services into the blood sample flows from existing healthcare providers (e.g. primary health care). This could enable its business to grow manifold from its current small level and to become profitable over time (Target: positive EBITDA in the medium term). Nightingale is now for the first time taking visible steps in this direction with its technology being introduced in Terveystalo’s occupational health services in early 2024. We believe that our estimates rely on a realistic but very high-risk scenario of Nightingale’s business growth (revenue CAGR 42% in 2022-2032e). In addition to the success of the Terveystalo cooperation, this requires new successful and significant 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 .

The share is cheap relative to the potential and promising steps lie ahead, but poor visibility holds back the view

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 0.2-4.7 (previous EUR 0.4-4.8). Compared to its long-term potential, we feel the share is cheap. If the Terveystalo cooperation is successful, the company can also provide the first clear evidence of finding a viable commercial model in the next 12 months, which would provide grounds for the share price rising from the current level. However, we still see a risk that evidence of a viable commercial model will not accumulate in this period and that negative cash flow will continue to push down the acceptable valuation like gravity. Considering this overall picture, we still wait for further signals of a lower risk level and the risk/return ratio strengthening.

Recommendation



Key figures

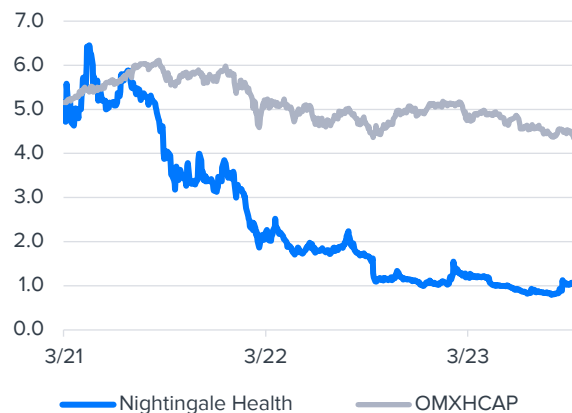
	2023	2024e	2025e	2026e
Revenue	4.2	5.0	8.5	15.1
growth-%	81%	20%	69%	78%
EBIT adj.	-18.5	-20.0	-18.7	-14.8
EBIT-% adj.	-443%	-400%	-221%	-98%
PTP	-18.2	-19.5	-17.7	-14.2
EPS (adj.)	-0.30	-0.32	-0.29	-0.22
P/E (adj.)	neg.	neg.	neg.	neg.
P/B	0.5	0.8	1.0	1.3
EV/EBIT (adj.)	1.3	neg.	neg.	neg.
EV/EBITDA	1.9	neg.	neg.	neg.
EV/S	neg.	0.4	2.4	2.5

Source: Inderes

Guidance

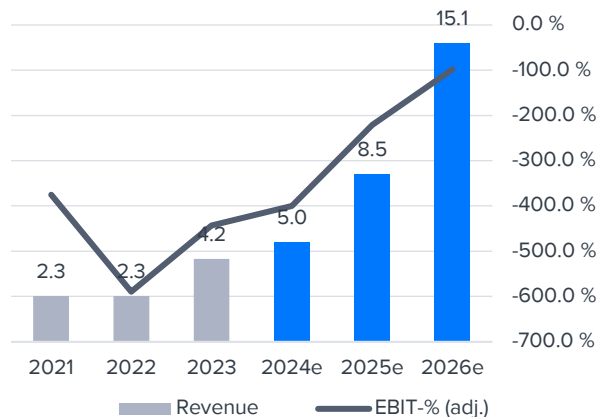
Nightingale Health has not provided guidance for the fiscal period 2023-2024.

Share price



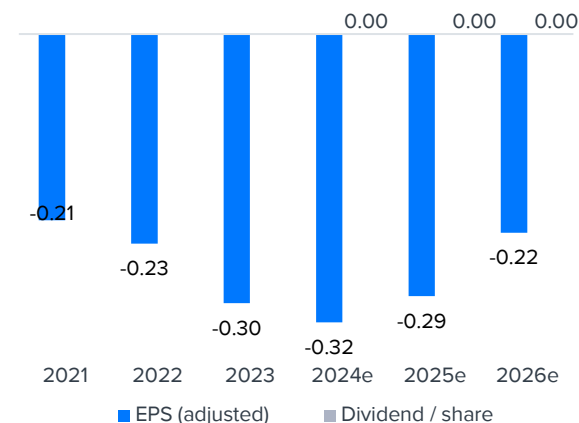
Source: Millistream Market Data AB

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	1.01	1.01	1.01
Number of shares, millions	60.9	60.9	60.9
Market cap	62	62	62
EV	2.1	20	37
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.8	1.0	1.3
P/S	12.3	7.3	4.1
EV/Sales	0.4	2.4	2.5
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

Expected figures and interesting strategic direction (1/2)

Expected break in revenue growth

Nightingale' revenue in fiscal H1 (1-6/2023) strengthened as expected by 86% from the comparison period to EUR 1.94 million (Inderes: +94% and 2.02 MEUR) and decreased from the previous six-month period of rapid growth (7-12/2022: 2.24 MEUR, 1-6/2022: 1.27 MEUR). We estimate that revenue growth has still come from research customers, from whom less revenue was generated compared to the strong second half last year. Overall, revenue in the reporting period remained low in absolute terms and its importance remains limited pending signs of progress in large-scale projects.

In Japan, the Welltus cooperation is still gaining momentum, but may have already generated a little more revenue (= Other countries incl. Japan 1-6/2023: EUR 350,000, 7-12/2022: EUR 213,000). This figure may also include income from research clients and we do not think conclusions can be drawn on the success of the Welltus cooperation at this stage.

Cash is consumed but clearly slower than we expected

Nightingale's Q2 profitability remained clearly negative on all lines as expected, as EBITDA and EBIT were EUR -6.4 million and EUR -9.9 million. Profit before tax (-9.5 MEUR, Inderes: -11.2 MEUR) was stronger than we expected for accounting reasons, as the Weavr write-down (1.2 MEUR) was not recognized in the income statement as we anticipated.

As a whole, net cash flow adjusted for lease liabilities was stronger than our expectations at the end of June, EUR 78.0 million (Inderes: 76.5 MEUR, 12/31/22: 84.0 MEUR) and only EUR 6.0 million net cash was consumed during the first half of the year (Inderes estimate: 7.5 MEUR). Lower than expected R&D investments, interest income on cash and share-based payments reduced cash consumption.

Nightingale's financial position as a whole remained strong. The company also commented that it aims to

keep the annual net cash consumption below EUR 20 million, which would enable sufficient financing until H2/2027. With the capital required for growth, the company will naturally not pay dividends.

Nightingale did not directly comment on the impact of its updated strategy on its cost level development. However, we estimate that with the resources released from the consumer business being ramped down, the company will be able to slow down expense growth in businesses focused on corporate and public sector customers. In connection with the report, the company also issued a new medium-term target (we believe this means around 2027) for achieving a positive EBITDA. This target naturally requires a significant increase in revenue but as the current cooperation progresses and new ones are found, we find this possible.

Estimates	H2'22	H2'23	H2'23e	H2'23e	Consensus	Difference (%)	2023
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Actualized
Revenue	1.04	1.94	2.02				4.2
EBITDA	-5.3	-6.4	-6.5				-11.8
EBIT	-7.7	-9.9	-9.7				-18.5
PTP	-10.4	-9.5	-11.2				-18.1
EPS (reported)	-0.17	-0.16	-0.18				-0.30
DPS	0.00	0.00	0.00				0.00
Revenue growth-%		86.4 %	93.9 %				80.8 %
EBIT-% (adj.)	-742.3 %	-507.8 %	-480.4 %				-443.2 %

Source: Inderes

Expected figures and interesting strategic direction (2/2)

Progress of key cooperation projects determines the direction in the near future

After a recent strategy update, Nightingale ramps down its consumer business and focuses on corporate and public sector customers. We consider the change sensible and commented on it earlier [here](#). In corporate customers, the company is already launching the Terveystalo cooperation, where its technology is used in occupational health check-ups. In Japan, Welltus is investing in marketing a service based on Nightingale's technology after the distribution network is built, although the progress of this cooperation has not been particularly fast. In light of Nightingale's comments on these projects, Terveystalo (launch in early 2024) seems to be moving faster, and we consider the project to be a key steppingstone in building a business with private health care companies.

In the public sector, Nightingale is engaged in sales discussions and we understand that there has been certain interest, but according to company comments a potential customer relationship only becomes more realistic in the longer term.

In research clients that are strategically important for technology credibility Nightingale said that customers are now closer to clinical activity than before. An example of this is the recently announced Mass General Brigham customer agreement, where the client is a research unit linked to a hospital group. Through similar research clients, the company could open new routes to the clinical market. This route is still being built, but we think it is a positive development for the company.

Nightingale has set new targets for the financial year that began in July: 1) winning an international commercial contract with a healthcare industry partner with significant reference and contract value, 2) winning an international commercial contract with a white label partner with significant reference and contract value, and 3) winning contracts in medical research with a total contract value of at least EUR 3.2 million.

We believe that the first objective is the most important for the company, as its successful implementation (signing and launching) would be a good reference for winning new international

customers. In our view, the expanding cooperation with Terveystalo already supports the success of this goal.

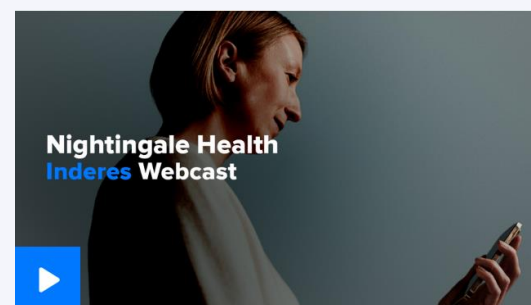
The second target (white label reference) is less important in our view. Nightingale closed down its own consumer business and we suspect that building one will be difficult for a partner using the same technology in their own consumer service.

In practice, the third objective means maintaining the scientific credibility of the company's technology and thus promoting the start of clinical use of higher potential. In our view, this objective also reflects the lower limit of the revenue targeted by the company in the ongoing financial year. We suspect the company's ambitions for revenue growth are higher already in the current financial year, even though the company does not provide a guidance for this. Nightingale invests in growth outside research customers, and [we have estimated](#) that, if successful, the Terveystalo cooperation that starts at the beginning of 2024, will generate annual revenue of EUR 0.7–5.3 million.

Estimates	H2'22	H2'23	H2'23e	H2'23e	Consensus	Difference (%)	2023
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Actualized
Revenue	1.04	1.94	2.02				4.2
EBITDA	-5.3	-6.4	-6.5				-11.8
EBIT	-7.7	-9.9	-9.7				-18.5
PTP	-10.4	-9.5	-11.2				-18.1
EPS (reported)	-0.17	-0.16	-0.18				-0.30
DPS	0.00	0.00	0.00				0.00
Revenue growth-%		86.4 %	93.9 %				80.8 %
EBIT-% (adj.)	-742.3 %	-507.8 %	-480.4 %				-443.2 %

Source: Inderes

Nightingale's earnings call



Estimate revisions

Estimate changes 2023-2025e

- We lowered our revenue estimates slightly, as we now expect that Nightingale's research revenue will be weaker in the short term. With the announced Terveystalo cooperation, we feel there is better support for growth in other revenue items but we do not expect this to fully compensate for our cut research revenue estimates.
- In terms of costs, we raised our forecasts slightly. Our forecasts now correspond to Nightingale's aim of under EUR 20 million annual cash consumption. On the other hand, we raised our interest income estimates as the company utilized the interest income opportunities offered by its cash position, which resulted in our profitability estimates changing more at EBITDA and EBIT level than in the result lines after financing costs.

Estimate revisions	2023e	2023	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	4.3	4.2	-2%	5.2	5.0	-4%	8.6	8.5	-2%
EBITDA	-12.0	-12.9	-8%	-11.9	-13.5	-13%	-10.9	-11.9	-9%
EBIT (exc. NRIs)	-18.4	-18.5	-1%	-17.8	-20.0	-12%	-17.1	-18.7	-9%
EBIT	-18.4	-18.5	-1%	-17.8	-20.0	-12%	-17.1	-18.7	-9%
PTP	-19.7	-18.2	8%	-18.2	-19.5	-7%	-17.8	-17.7	0%
EPS (excl. NRIs)	-0.30	-0.30	2%	-0.30	-0.32	-7%	-0.29	-0.29	0%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation needs support from a decreasing risk level

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. This business is only 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 0.2-4.7 (previous EUR 0.4-4.8).

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

Some support is available for Nightingale’s valuation from the balance sheet (2024e P/B 0.8x) which mainly consists of cash and the company’s technological potential is presently a giveaway to the cash which in our view would initially be quite attractive. However, the company continuously invests in growth, so cash and balance sheet values are currently falling, increasing balance sheet valuation over time (2025e P/B 1.3x).

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 elsewhere.

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

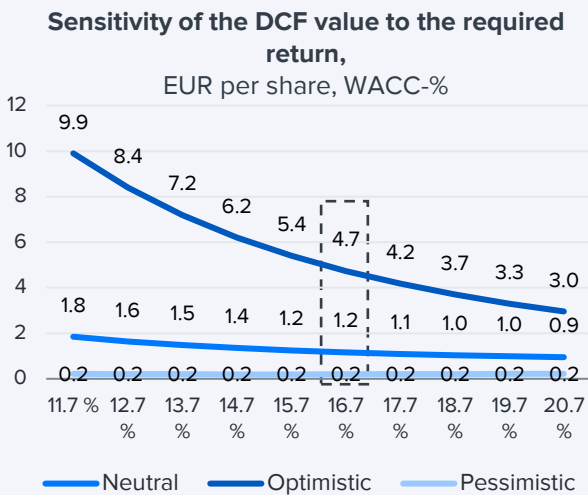
early development phase. The DCF model is very sensitive to the assumptions used, so it acts as a guiding indicator. As a result, we also use scenarios for DCF valuation: an optimistic, pessimistic, and neutral scenario that reflects our current estimates. In the negative scenario, the company burns 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. The key figures for the scenarios are depicted in the graph on the next page.

All of our DCF scenarios include growth at different levels. Naturally, a more negative scenario is also possible, even though we see good initial conditions for company growth. The DCF scenarios indicate a share value of EUR 0.2-4.7 per share for the company and a current value of EUR 1.2 per share in the neutral scenario. 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%.

Nightingale’s key positive valuation driver would, in our view, be improved visibility of growth. If successful, the Terveystalo cooperation could provide the first clear evidence of finding a viable commercial model in the next 12 months, which we believe would provide grounds for the share price rising from the current level (EUR 1.01 per share) However, we also see a risk 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. We believe that it is still too early to anticipate the success of the cooperation and the possible commercial breakthrough that may follow. Therefore, we keep our target price at the more cautious end of our fair value range (EUR 1.1 per share) and remain on the sidelines waiting for new signals of the risk level in the company’s growth story decreasing.

Valuation	2024e	2025e	2026e
Share price	1.01	1.01	1.01
Number of shares, millions	60.9	60.9	60.9
Market cap	62	62	62
EV	2.1	20	37
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.8	1.0	1.3
P/S	12.3	7.3	4.1
EV/Sales	0.4	2.4	2.5
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 %

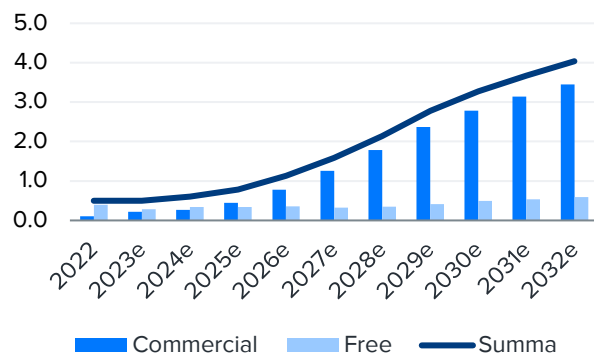
Source: Inderes



Source: Inderes

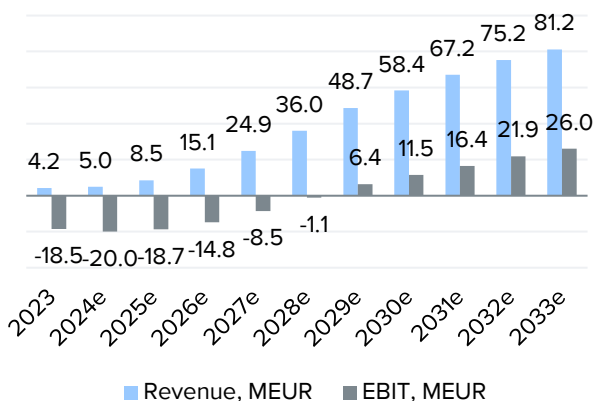
Key estimates and valuation as graphs

Estimate of analyzed sample volumes,
fiscal periods 2022-2032e, million samples per year



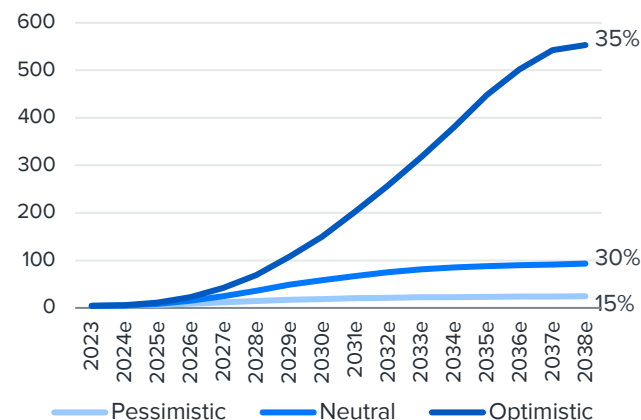
NB! Nightingale has not published detailed data on the volume of analyzed samples so the figures in the graph are based on our own estimates.

Revenue and EBIT estimates,
2022-2032e



Source: Inderes

Revenue development and terminal EBIT % of
DCF scenarios, MEUR and %



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	15	15
Market cap, MEUR	164	314
EUR per share	2.7	5.1
Discounted to the present	1.4	2.8

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	1.01	1.01	1.01	1.01
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	2.1	20	37	46
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	1.3	1.5
P/S			>100	47.6	12.7	12.3	7.3	4.1	2.5
EV/Sales			>100	8.3	neg.	0.4	2.4	2.5	1.9
EV/EBITDA			neg.	neg.	1.9	neg.	neg.	neg.	>100
EV/EBIT (adj.)			neg.	neg.	1.3	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	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
23AndMe	286	-84			-12%	11%	-108%	-98%	0.3	0.3			0.7
Aiforia Technologies	104	110	19.8	11.5	104%	110%	-222%	-83%					
CellaVision	323	327	5.0	4.4	15%	14%	28%	29%	18.0	15.1	22.6	18.9	4.6
Illumina	20075	20721	4.2	3.8	12%	12%	11%	15%	40.2	25.3	56.0	31.0	2.8
Immunovia	3	-7			801%	80%	29%	23%			0.1	0.1	0.1
Nanopore	1943	1546	5.9	4.7	28%	26%	-49%	-32%					2.9
Pfizer	172419	192215	3.0	3.0	1%	2%	32%	33%	9.4	9.1	9.7	9.2	1.8
Prenetics	66	-91			31%	36%	-4%	29%	13.4			1.3	
Quest Diagnostics	13176	17249	1.9	1.9	2%	4%	16%	17%	12.0	11.3	13.6	12.5	2.0
Roche Holding	212679	236440	3.6	3.5	4%	5%	34%	35%	10.7	9.8	12.4	11.3	4.8
Somalogic	419	-33			19%	20%	-100%	-80%	0.4	0.4			
Nightingale Health (Inderes)	62	2	0.4	2.4	20%	69%	-400%	-221%	-0.1	-1.1	0.0	0.0	0.8
Average			6.2	4.7	91%	29%	-30%	-10%	13.0	10.2	19.1	12.0	2.5
Median	419	327	4.2	3.8	15%	14%	11%	17%	11.4	9.8	13.0	11.3	2.4
Diff-% to median	-85%	-99%									-100%	-100%	-67%

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	H1'24e	H2'24e	2024e	2025e	2026e	2027e
Revenue	2.3	2.3	4.2	2.3	2.7	5.0	8.5	15.1	24.9
EBITDA	-7.3	-9.4	-12.9	-6.7	-6.8	-13.5	-11.9	-8.1	0.2
Depreciation	-2.5	-4.2	-5.6	-3.3	-3.3	-6.5	-6.8	-6.7	-6.9
EBIT (excl. NRI)	-8.6	-13.6	-18.5	-9.9	-10.1	-20.0	-18.7	-14.8	-6.7
EBIT	-9.8	-13.6	-18.5	-9.9	-10.1	-20.0	-18.7	-14.8	-6.7
Net financial items	0.0	-2.6	0.3	0.3	0.3	0.5	0.9	0.6	0.3
PTP	-9.7	-16.2	-18.2	-9.7	-9.8	-19.5	-17.7	-14.2	-6.4
Taxes	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.7	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	-9.7	-9.8	-19.5	-17.7	-13.5	-6.1
EPS (adj.)	-0.21	-0.23	-0.30	-0.16	-0.16	-0.32	-0.29	-0.22	-0.10
EPS (rep.)	-0.23	-0.27	-0.30	-0.16	-0.16	-0.32	-0.29	-0.22	-0.10

Key figures	2021	2022	2023	H1'24e	H2'24e	2024e	2025e	2026e	2027e
Revenue growth-%		0.3 %	80.8 %	3.7 %	38.0 %	19.6 %	69.0 %	78.2 %	65.0 %
Adjusted EBIT growth-%		57.7 %	35.9 %	14.3 %	2.4 %	8.0 %	-6.6 %	-20.8 %	-54.7 %
EBITDA-%	-316.7 %	-405.9 %	-308.4 %	-286.2 %	-255.6 %	-269.8 %	-140.4 %	-53.7 %	0.8 %
Adjusted EBIT-%	-375.0 %	-589.5 %	-442.9 %	-425.9 %	-377.0 %	-399.7 %	-220.8 %	-98.1 %	-26.9 %
Net earnings-%	-421.9 %	-695.7 %	-435.4 %	-415.1 %	-367.7 %	-389.8 %	-209.7 %	-89.3 %	-24.4 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	26.8	24.8	23.8	23.3	24.0
Goodwill	1.0	1.0	1.0	1.0	1.0
Intangible assets	16.2	16.0	15.0	14.6	14.9
Tangible assets	7.8	7.2	7.3	7.2	7.6
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	64.3	49.1	37.0
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	62.4	45.2	29.0
Balance sheet total	124	107	88.1	72.4	61.0

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	111	97.4	77.9	60.1	46.7
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-31.0	-45.1	-64.6	-82.3	-95.8
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	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	88.1	72.4	61.0

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 %	19.6 %	69.0 %	78.2 %	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 %	-399.7 %	-220.8 %	-98.1%	-26.9 %	-3.1 %	13.1%	19.8 %	24.5 %	29.1%	32.0 %	31.0 %	30.0 %	30.0 %	30.0 %	30.0 %	
EBIT (operating profit)	-18.5	-20.0	-18.7	-14.8	-6.7	-1.1	6.4	11.5	16.4	21.9	26.0	26.4	26.4	26.9	27.4	28.0	
+ Depreciation	5.6	6.5	6.8	6.7	6.9	7.0	8.1	9.4	10.7	10.8	12.1	13.3	14.4	15.1	15.7	15.7	
- Paid taxes	0.0	0.0	0.0	0.7	0.3	0.1	-0.3	-0.6	-0.8	-1.6	-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	-0.1	-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	-13.5	-12.9	-10.3	-0.3	5.0	12.7	18.7	25.4	30.2	34.9	36.0	36.5	36.5	37.4	37.9	
+ 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	-5.5	-6.3	-7.4	-8.8	-10.4	-12.2	-13.5	-14.6	-15.7	-15.7	-15.7	-15.7	-15.7	-15.7	-15.6	
Free operating cash flow	-17.1	-19.1	-19.1	-17.8	-9.1	-5.5	0.5	5.3	10.8	14.5	19.2	20.4	20.8	20.8	21.8	22.3	
+/- 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	-19.1	-19.1	-17.8	-9.1	-5.5	0.5	5.3	10.8	14.5	19.2	20.4	20.8	20.8	21.8	22.3	155
Discounted FCFF		-17.0	-14.6	-11.6	-5.1	-2.6	0.2	1.8	3.3	3.7	4.2	3.9	3.4	2.9	2.6	2.3	15.8
Sum of FCFF present value		-6.7	10.2	24.8	36.4	41.5	44.1	43.9	42.1	38.8	35.1	30.8	26.9	23.6	20.7	18.1	15.8
Enterprise value DCF		-6.7															
- Interest bearing debt		-2.7															
+ Cash and cash equivalents		80.6															
-Minorities		0.0															
-Dividend/capital return		0.0															
Equity value DCF		71.2															
Equity value DCF per share		1.17															

WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	6.0 %
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

Key figures

2024e-2028e -234%

2029e-2033e

2034e- ja TERM

■ 2024e-2028e ■ 2029e-2033e ■ 2034e- ja TERM

61%

73%

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	2.3	2.3	4.2	5.0	8.5	EPS (reported)	-0.23	-0.27	-0.30	-0.32	-0.29
EBITDA	-7.3	-9.4	-12.9	-13.5	-11.9	EPS (adj.)	-0.21	-0.23	-0.30	-0.32	-0.29
EBIT	-9.8	-13.6	-18.5	-20.0	-18.7	OCF / share	-0.12	-0.18	-0.21	-0.22	-0.21
PTP	-9.7	-16.2	-18.2	-19.5	-17.7	FCF / share	2.53	-0.31	-0.28	-0.31	-0.31
Net Income	-9.7	-16.1	-18.2	-19.5	-17.7	Book value / share	2.95	1.85	1.60	1.28	0.99
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	88.1	72.4	Revenue growth-%	29%	0%	81%	20%	69%
Equity capital	123.0	111.4	97.4	77.9	60.1	EBITDA growth-%	134%	29%	37%	5%	-12%
Goodwill	0.0	1.0	1.0	1.0	1.0	EBIT (adj.) growth-%	159%	58%	36%	8%	-7%
Net debt	-107.5	-90.6	-78.0	-59.4	-41.2	EPS (adj.) growth-%		13%	28%	7%	-9%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-316.7 %	-405.9 %	-308.4 %	-269.8 %	-140.4 %
EBITDA	-7.3	-9.4	-12.9	-13.5	-11.9	EBIT (adj.)-%	-375.0 %	-589.5 %	-442.9 %	-399.7 %	-220.8 %
Change in working capital	2.4	-1.3	0.1	-0.1	-1.0	EBIT-%	-423.2 %	-589.5 %	-442.9 %	-399.7 %	-220.8 %
Operating cash flow	-4.9	-10.6	-12.8	-13.5	-12.9	ROE-%	-15.0 %	-13.7 %	-17.4 %	-22.3 %	-25.7 %
CAPEX	-8.1	-7.2	-3.7	-5.5	-6.3	ROI-%	-13.7 %	-11.1 %	-17.1 %	-22.1 %	-25.8 %
Free cash flow	105.4	-18.4	-17.1	-19.1	-19.1	Equity ratio	88.5 %	89.8 %	91.2 %	88.3 %	83.0 %
						Gearing	-87.4 %	-81.3 %	-80.1 %	-76.3 %	-68.6 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	>100	8.3	neg.	0.4	2.4						
EV/EBITDA (adj.)	neg.	neg.	1.9	neg.	neg.						
EV/EBIT (adj.)	neg.	neg.	1.3	neg.	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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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 €



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Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

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