

# Modulight Oyj

## Company report

4/27/2024 10:30 am EEST.



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

✓ Inderes corporate customer

This report is a summary translation of the report “Kustannukset laskusuunnassa” published on 4/27/2024 at 10:30 am EEST.

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# Costs on a downward trend

Modulight's Q1 revenue missed expectations. However, the losses were lower than expected due to a reduction in costs. The transition to growth mode appears to be taking longer than expected, so we are lowering our revenue forecasts for the next few years. With cost forecasts falling at the same time, the impact of the fall in revenue will remain moderate. The valuation outlook remains high due to lagging growth, both in absolute terms and relative to peers. However, the realization of brisk growth could quickly turn the valuation picture in a more attractive direction. We reiterate our Reduce recommendation and target price of EUR 0.9.

## No clear upward trend yet seen in revenue

Modulight's Q1 revenue was 1.06 MEUR, missing our expectation of 1.31 MEUR. Compared to the relatively strong prior-year period, revenue declined 29%. The report outlined new customer relationships that will support future growth. However, there is no clear upward trend in the development of revenue, at least not yet, which the company desperately needs.

## Lower costs limited the loss

Modulight's EBIT of -2.0 MEUR was better than we expected (-2.6 MEUR). This is due to significantly lower other operating expenses, higher-than-expected capitalization of R&D costs and lower-than-expected depreciation. The high costs are at least partly related to the investment program, the completion of which will also reduce costs on a more permanent basis. The combined cash flow from operating and investing activities was -2.1 MEUR, also slightly better than our expectations. Net cash at the end of Q1 was 16.4 MEUR. The balance sheet remains strong, but the risk to cash adequacy is increasing. Cost reductions are obviously positive from an earnings perspective, but Modulight needs strong revenue growth to get profit and cash flow out of the red.

## Downward revisions in growth and costs

Our revenue forecasts for 2024-2026 are down 7-9% based on a slower-than-expected start to growth. In our forecast, we expect a significantly positive revenue trend in the coming quarters of 2024. In our view, the risk of delays in growth remains high, as there is little visibility on revenue trends. Therefore, the potential for further forecast cuts remains significant. The loss we forecast for 2024 decreases by 10% due to lower costs. In the 2025-2026 forecasts, the loss increases by 2-3% due to declining revenue projections.

## No major changes in value - risk/reward not yet attractive

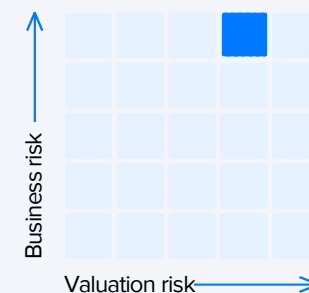
The valuation relies heavily on future projections, which carry an exceptionally high degree of forecasting risk. EV/S multiples are 4.5x-3.7x for 2024-2025 and continue to be above those of the peers. The valuation on this measure is roughly unchanged, as the share price decline and the forecast decline are of the same magnitude. The DCF model suggests that the stock is correctly priced. The model is subject to significant uncertainties due to forecasting risks. If Modulight catches up with its rapid growth, the stock does not seem overpriced. However, growth challenges, high losses and low visibility mean that the risk/reward remains modest.

## Recommendation

**Reduce**  
(previous Reduce)

**EUR 0.90**  
(previous EUR 0.90)

**Share price:**  
0.83



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	4.0	6.0	8.4	11.1
<b>growth-%</b>	-12%	48%	41%	32%
<b>EBIT adj.</b>	-12.1	-9.4	-5.7	-3.4
<b>EBIT-% adj.</b>	-301.4 %	-158.3 %	-67.4 %	-30.3 %
<b>Net Income</b>	-11.8	-9.2	-4.4	-2.6
<b>EPS (adj.)</b>	-0.28	-0.22	-0.10	-0.06

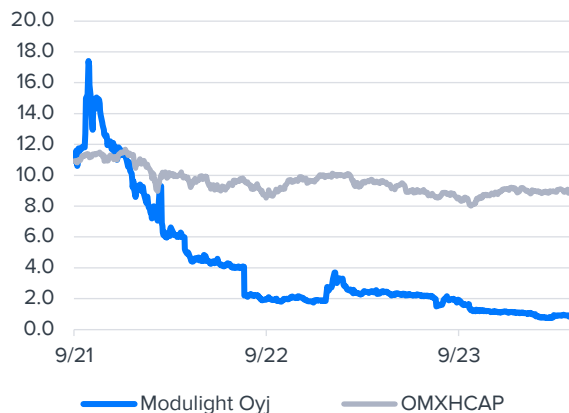
<b>P/E (adj.)</b>	neg.	neg.	neg.	neg.
<b>P/B</b>	0.7	0.8	0.8	0.9
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	0.0 %
<b>EV/EBIT (adj.)</b>	neg.	neg.	neg.	neg.
<b>EV/EBITDA</b>	neg.	neg.	neg.	neg.
<b>EV/S</b>	4.9	4.5	3.7	3.0

Source: Inderes

## Guidance

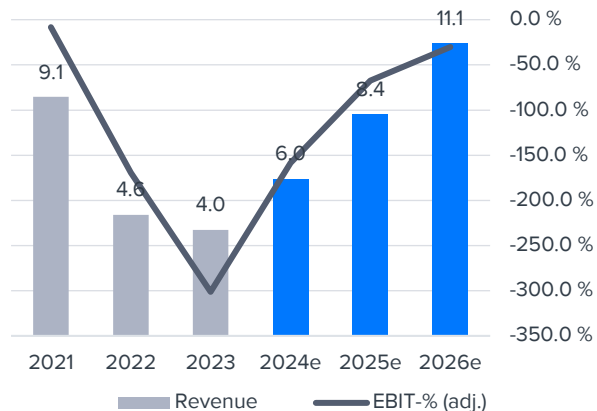
Modulight does not provide any guidance.

### Share price



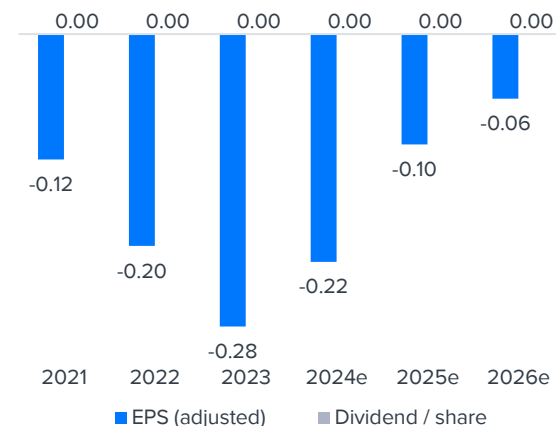
Source: Millstream Market Data AB

### Revenue and EBIT-%



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- A defensive market with growth well into the future
- The company's technological expertise, ability to tailor products and build cloud services gives Modulight a competitive advantage
- A model based on license fees and pay-per-treatment pricing can be highly scalable if successful



### Risk factors

- The project-based model has been unreliable, at least for 2022-2023, and we believe its long-term performance requires further evidence.
- Revenue and profitability are poorly predictable
- Low visibility of projects and their progress
- Immature and concentrated customer base brings more risk
- The rapid contraction of the cash position reduces the company's financial leeway, although the situation is still good

Valuation	2024e	2025e	2026e
Share price	0.83	0.83	0.83
Number of shares, millions	42.6	42.6	42.6
Market cap	35	35	35
EV	27	31	33
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.8	0.8	0.9
P/S	5.9	4.2	3.2
EV/Sales	4.5	3.7	3.0
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

# Investment profile

1. **High-tech laser company aiming to get back on track for profitable growth**
2. **Strategic focus on medicine and biomedicine**
3. **The company is aiming for a scalable operating model and per-treatment billing**
4. **A strong cash position provides room for maneuver and a buffer against losses**
5. **Evidence still needed on the effectiveness and profitability of the project model**

## Potential



- A defensive market with growth well into the future
- The company's technological expertise, ability to tailor products and build cloud services gives Modulight a competitive advantage
- A model based on license fees and pay-per-treatment pricing can be highly scalable if successful

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## Risks



- The project-based model has been unreliable, at least for 2022-2023, and we believe its long-term performance requires further evidence.
- Revenue and profitability are poorly predictable
- Low visibility of projects and their progress
- Immature and concentrated customer base brings more risk

# Revenue missed, earnings beat

## Estimates vs. outcome Q1'24

- Q1 revenue amounted to 1.06 MEUR, a decrease of 29% year-on-year. Our revenue forecast was 1.31 MEUR.
- Phase III trials started last year and a laser for macular degeneration commercialized in the US have not yet generated significant growth.
- Modulight reported on new customers and other developments. However, it is difficult to estimate the impact of individual customers or projects on revenue.
- EBIT of -2.0 MEUR beat our estimate of -2.6 MEUR.
- Other operating expenses were lower than expected and account for most of the improved results. R&D capitalization was also higher than expected, improving the reported result.
- The combined cash flow from operating and investing activities was -2.1 MEUR, slightly above our expectations.
- Net cash and cash equivalents at the end of the period amounted to 16.4 MEUR.
- Continued losses increase liquidity risk.

Estimates MEUR / EUR	Q1'23	Q1'24	Q1'24e	Q1'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	1.5	1.1	1.3				-19%	6.0
EBIT	-1.9	-2.0	-2.6				-25%	-9.4
EPS (reported)	-0.04	-0.04	-0.06				-34%	-0.22
Revenue growth-%	-6.7 %	-29.0 %	-12.6 %				-16,5 pp	48.0 %
EBIT-% (adj.)	-127.5 %	-186.6 %	-202.7 %				16,1 pp	-158.3 %

Source: Inderes

# Moderate decline in growth and our cost forecasts

## Estimate revisions 2024-2026e

- The realization of growth has been slower than we expected, leading us to reduce our revenue forecasts for the coming years by 7-9%.
- We continue to expect the company to start growing already in the next quarter.
- Our EBIT forecast for the current year will increase by 10% as we lower our cost forecasts.
- Our forecasts for 2025-2026 are slightly lower due to the decline in revenue.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	6.5	6.0	-9%	8.8	8.4	-5%	11.5	11.1	-3%
EBIT	-10.5	-9.4	-10%	-5.5	-5.7	3%	-3.3	-3.4	2%
EPS (excl. NRIs)	-0.24	-0.22	-11%	-0.10	-0.10	3%	-0.06	-0.06	2%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# Valuation picture is largely unchanged

## EV/S multiples roughly indicate neutral or slightly high stock valuation

Because of the loss-making business, we cannot use earnings-based multiples in valuation, but rely on revenue-based EV/S ratios and DCF calculation that models the present value of future cash flows. The valuation is imprecise in nature, since it relies on forecasts to which there is practically no visibility.

Based on revenue, the valuation of the share is mainly unchanged from the previous update, as the price drop has been of the same magnitude as the forecast drops. On our updated estimates, EV/S multiples for 2024-2025 are 4.5x and 3.7x, respectively. The ratios are high compared to Lumibird SA which we consider the most suitable peer (EV/S: 1.8x and 1.6x) and the peer group of laser manufacturers (2.3x-2.5x). The median for large and highly profitable medical device companies is 4.6x-4.3x.

Given the business development and low visibility, our view on the stock's acceptable 2024e EV/S multiple range is 3x-5x. This puts the stock at the upper end of our acceptable range. We underline the significant uncertainty in the forward-looking projections, which is why we are cautious about drawing conclusions based on projections for the coming years.

## DCF does not indicate upside for the stock

The baseline scenario in our DCF calculation falls to EUR 0.9 on updated forecasts. The estimate revisions we made explain the decline. In the positive scenario, the DCF is EUR 2.4 and in the negative scenario EUR 0.3. The main factor explaining the differences between the scenarios is revenue growth, which is followed by profitability. In particular, the higher terminal profitability (EBIT of 30%) used in the positive

scenario has a clear upward effect on the value. In the negative scenario, terminal profitability remains at 20%. We note that the scenarios do not represent our view of the best and worst possible path for the business but are intended to provide investors with a perspective on the sensitivity of the valuation assumptions used, which in the case of Modulight is high. More information on the scenarios can be found in the Initiation of coverage report.

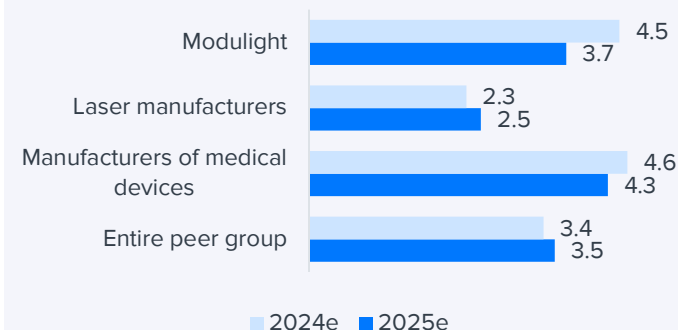
## We repeat our recommendations as the loss and fuzzy outlook overshadow the future

We reiterate our Reduce recommendation and our target price of EUR 0.9 for the stock, with a largely unchanged valuation picture. Our view on the fair value of Modulight's share is EUR 0.5-1.3. Given the company's profile, significant estimate risk and low visibility, we believe a relatively wide fair value range is justified. The EV/S multiple and the DCF model with its scenarios are central to this view. The DCF suggests a significant upside or downside for the share in high and low growth scenarios. In case the low estimate materializes, the risk of permanently losing capital is considerable. However, the current heavy loss-making, combined with poor visibility in terms of growth, leaves the risk/reward ratio unsatisfactory for the time being.

Valuation	2024e	2025e	2026e
Share price	0.83	0.83	0.83
Number of shares, millions	42.6	42.6	42.6
Market cap	35	35	35
EV	27	31	33
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.8	0.8	0.9
P/S	5.9	4.2	3.2
EV/Sales	4.5	3.7	3.0
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 %

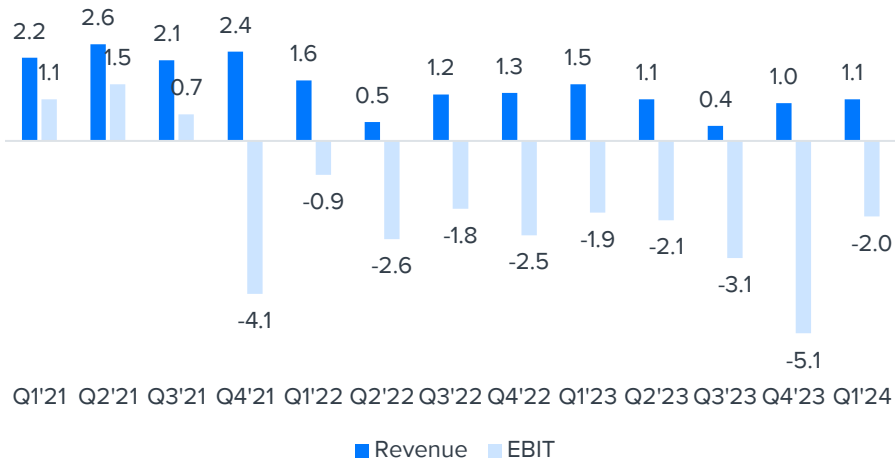
Source: Inderes

## EV/S multiples

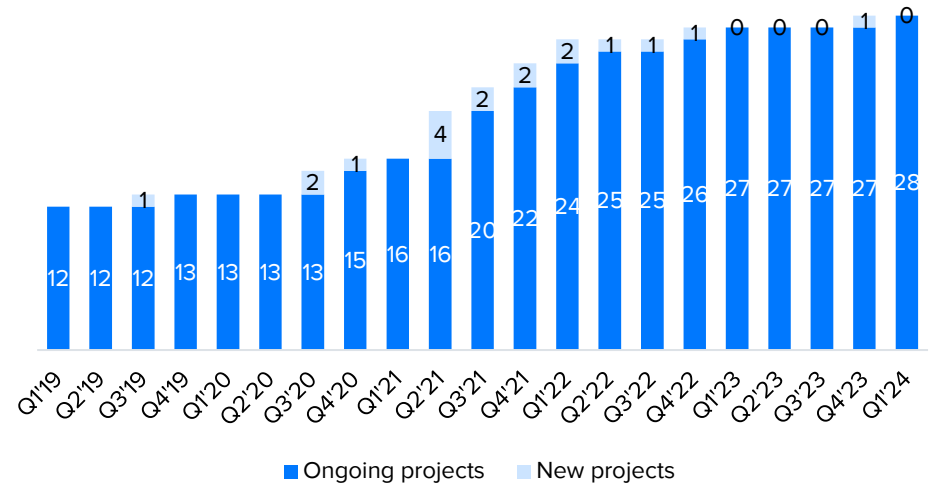


# Business development graphs

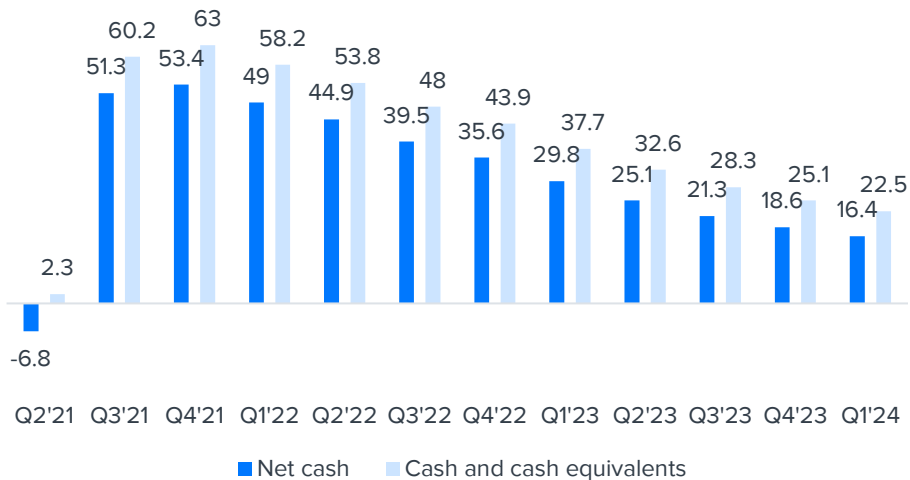
## Revenue and EBIT, MEUR



## Development of the number of projects



## Cash equivalents, MEUR





# Valuation table

Valuation	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	11.4	2.95	0.90	<b>0.83</b>	<b>0.83</b>	<b>0.83</b>	<b>0.83</b>
Number of shares, millions	42.6	42.6	42.6	<b>42.6</b>	<b>42.6</b>	<b>42.6</b>	<b>42.6</b>
Market cap	484	126	38	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>
EV	430	90	20	<b>27</b>	<b>31</b>	<b>33</b>	<b>33</b>
P/E (adj.)	neg.	neg.	neg.	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>
P/E	neg.	neg.	neg.	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>
P/B	6.4	1.9	0.7	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>
P/S	53.3	27.3	9.5	<b>5.9</b>	<b>4.2</b>	<b>3.2</b>	<b>2.4</b>
EV/Sales	47.4	19.6	4.9	<b>4.5</b>	<b>3.7</b>	<b>3.0</b>	<b>2.3</b>
EV/EBITDA	>100	neg.	neg.	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>11.3</b>
EV/EBIT (adj.)	neg.	neg.	neg.	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	
Payout ratio (%)	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
Dividend yield-%	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>

Source: Inderes

# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Carl Zeiss Meditech	8855	9086	24.8	25.3	20.2	20.3	4.3	4.0	33.4	35.0	1.1	1.1	4.2
Coherent Corp	7827	13328	14.7	20.4	11.7	14.4	2.8	3.1	18.6	37.0			1.2
Cutera Inc	40	297					1.5	2.0					1.1
IPG Photonics Corp	3816	2713	11.7	19.3	8.9	12.2	2.3	2.5	18.9	27.2			1.7
Lumentum	2740	4236	13.2	110.2	9.3	28.9	2.6	3.3	9.6	40.4			1.9
Lumibird SA	279	367	16.9	15.8	9.6	9.0	1.8	1.7	25.3	23.5			1.3
Medtronic	99138	115090	15.0	14.9	13.2	13.2	4.0	3.8	15.1	15.4	3.4	3.5	2.0
Nexstim	15	18				60.9	2.6	2.0					5.8
nLIGHT	512	406					2.1	2.1					
Optomed	75	72					4.6	4.3					3.6
Revenio Group	673	669	25.5	23.0	22.4	20.2	7.0	6.4	34.1	30.7	1.5	1.6	6.7
Stryker	119558	128867	28.3	24.7	25.8	22.6	6.8	6.2	32.2	28.3	0.9	0.9	6.8
Theralase	24	24					34.7	21.7					16.0
Xvivo Perfusion	1005	961	248.8	104.3	115.2	64.0	18.3	13.6	324.4	136.0			6.0
<b>Modulight Oyj (Inderes)</b>	<b>35</b>	<b>27</b>	<b>-2.8</b>	<b>-5.5</b>	<b>-3.7</b>	<b>-13.7</b>	<b>4.5</b>	<b>3.7</b>	<b>-3.8</b>	<b>-7.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>
<b>Average</b>			<b>44.3</b>	<b>39.8</b>	<b>26.3</b>	<b>26.6</b>	<b>6.8</b>	<b>5.5</b>	<b>56.8</b>	<b>41.5</b>	<b>1.7</b>	<b>1.8</b>	<b>4.5</b>
<b>Median</b>			<b>16.9</b>	<b>23.0</b>	<b>13.2</b>	<b>20.2</b>	<b>3.4</b>	<b>3.5</b>	<b>25.3</b>	<b>30.7</b>	<b>1.3</b>	<b>1.3</b>	<b>3.6</b>
<b>Diff-% to median</b>			<b>-117%</b>	<b>-124%</b>	<b>-128%</b>	<b>-168%</b>	<b>32%</b>	<b>5%</b>	<b>-115%</b>	<b>-126%</b>	<b>-100%</b>	<b>-100%</b>	<b>-79%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>4.6</b>	<b>1.5</b>	<b>1.0</b>	<b>0.5</b>	<b>1.0</b>	<b>4.0</b>	<b>1.1</b>	<b>1.3</b>	<b>1.6</b>	<b>2.0</b>	<b>6.0</b>	<b>8.4</b>	<b>11.1</b>	<b>14.4</b>
Group	4.6	1.5	1.0	0.5	1.0	4.0	1.1	1.3	1.6	2.0	6.0	8.4	11.1	14.4
<b>EBITDA</b>	<b>-5.9</b>	<b>-1.2</b>	<b>-0.3</b>	<b>-4.8</b>	<b>-2.2</b>	<b>-8.5</b>	<b>-1.3</b>	<b>-1.7</b>	<b>-1.7</b>	<b>-1.6</b>	<b>-6.4</b>	<b>-2.3</b>	<b>-0.2</b>	<b>3.0</b>
Depreciation	-1.9	-0.7	0.1	-0.2	-2.9	-3.6	-0.7	-0.8	-0.8	-0.8	-3.1	-3.4	-3.2	-3.0
<b>EBIT</b>	<b>-7.8</b>	<b>-1.9</b>	<b>-0.2</b>	<b>-5.0</b>	<b>-5.1</b>	<b>-12.1</b>	<b>-2.0</b>	<b>-2.5</b>	<b>-2.5</b>	<b>-2.4</b>	<b>-9.4</b>	<b>-5.7</b>	<b>-3.4</b>	<b>0.0</b>
Net financial items	-0.8	0.1	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.3	0.1	0.1	-0.1
<b>PTP</b>	<b>-8.6</b>	<b>-1.9</b>	<b>-0.1</b>	<b>-4.9</b>	<b>-5.0</b>	<b>-11.8</b>	<b>-1.9</b>	<b>-2.5</b>	<b>-2.4</b>	<b>-2.4</b>	<b>-9.2</b>	<b>-5.6</b>	<b>-3.3</b>	<b>-0.1</b>
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.7	0.0
<b>Net earnings</b>	<b>-8.6</b>	<b>-1.9</b>	<b>-0.1</b>	<b>-4.9</b>	<b>-5.0</b>	<b>-11.8</b>	<b>-1.9</b>	<b>-2.5</b>	<b>-2.4</b>	<b>-2.4</b>	<b>-9.2</b>	<b>-4.4</b>	<b>-2.6</b>	<b>-0.1</b>
<b>EPS (adj.)</b>	<b>-0.20</b>	<b>-0.04</b>	<b>0.00</b>	<b>-0.11</b>	<b>-0.12</b>	<b>-0.28</b>	<b>-0.04</b>	<b>-0.06</b>	<b>-0.06</b>	<b>-0.06</b>	<b>-0.22</b>	<b>-0.10</b>	<b>-0.06</b>	<b>0.00</b>
<b>EPS (rep.)</b>	<b>-0.20</b>	<b>-0.04</b>	<b>0.00</b>	<b>-0.11</b>	<b>-0.12</b>	<b>-0.28</b>	<b>-0.04</b>	<b>-0.06</b>	<b>-0.06</b>	<b>-0.06</b>	<b>-0.22</b>	<b>-0.10</b>	<b>-0.06</b>	<b>0.00</b>

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e	0.00
<b>Revenue growth-%</b>	-49.3 %	-6.7 %	101.4 %	-58.9 %	-19.6 %	-12.5 %	-29.0 %	29.1 %	216.2 %	96.1 %	48.0 %	40.9 %	32.0 %	30.0 %	
<b>Adjusted EBIT growth-%</b>	935.2 %	0.2 %	-87.8 %	174.6 %	102.3 %	55.7 %	3.9 %	1217.4 %	-50.0 %	-51.8 %	-22.2 %	-40.0 %	-40.7 %	-100.0 %	
<b>EBITDA-%</b>	-129.0 %	-83.3 %	-33.6 %	#####	-213.5 %	-212.0 %	-124.0 %	-133.0 %	-105.4 %	-82.1 %	-106.9 %	-27.1 %	-1.7 %	20.6 %	
<b>Adjusted EBIT-%</b>	-169.5 %	-127.5 %	-19.1 %	#####	-496.5 %	-301.4 %	-186.6 %	-194.6 %	-155.4 %	-122.1 %	-158.3 %	-67.4 %	-30.3 %	0.0 %	
<b>Net earnings-%</b>	-185.9 %	-124.1 %	-9.7 %	#####	-487.3 %	-293.1 %	-177.2 %	-190.7 %	-152.2 %	-119.6 %	-154.1 %	-53.0 %	-23.5 %	-0.6 %	

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>27.7</b>	<b>33.8</b>	<b>34.5</b>	<b>34.2</b>	<b>34.1</b>
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	7.7	8.9	9.0	9.7	10.3
Tangible assets	19.9	24.9	25.5	24.5	23.8
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	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>50.7</b>	<b>30.2</b>	<b>20.6</b>	<b>16.2</b>	<b>13.9</b>
Inventories	2.3	2.6	2.1	2.5	2.4
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	4.5	2.5	2.4	2.6	2.8
Cash and equivalents	43.9	25.1	16.1	11.0	8.7
<b>Balance sheet total</b>	<b>78.3</b>	<b>64.0</b>	<b>55.1</b>	<b>50.3</b>	<b>48.0</b>

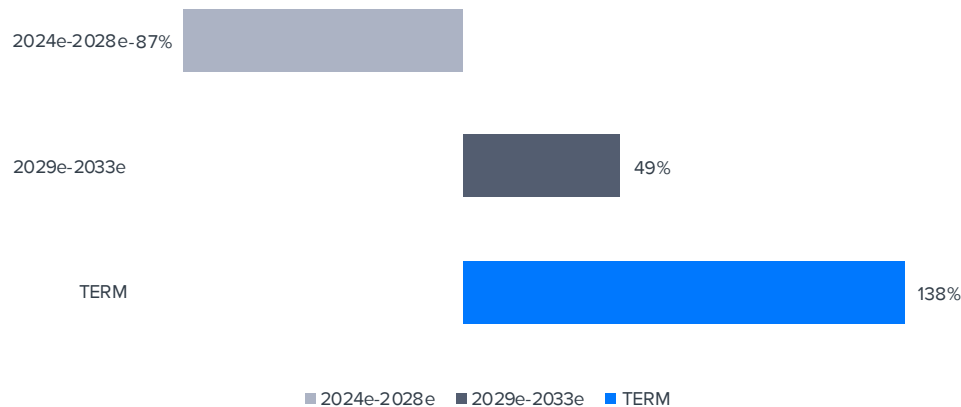
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>67.6</b>	<b>55.7</b>	<b>46.5</b>	<b>42.1</b>	<b>39.5</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-7.8	-19.7	-28.9	-33.3	-35.9
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	75.3	75.3	75.3	75.3	75.3
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>6.6</b>	<b>4.5</b>	<b>5.5</b>	<b>5.0</b>	<b>5.0</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	6.6	4.5	5.5	5.0	5.0
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>4.1</b>	<b>3.7</b>	<b>3.1</b>	<b>3.3</b>	<b>3.6</b>
Interest bearing debt	1.7	2.0	2.1	2.0	2.0
Payables	2.5	1.7	1.0	1.3	1.6
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>78.3</b>	<b>63.9</b>	<b>55.1</b>	<b>50.3</b>	<b>48.0</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-12.5 %	48.0 %	40.9 %	32.0 %	30.0 %	30.0 %	30.0 %	25.0 %	20.0 %	10.0 %	3.0 %	3.0 %	3.0 %
EBIT-%	-301.4 %	-158.3 %	-67.4 %	-30.3 %	0.0 %	4.0 %	12.0 %	16.0 %	18.0 %	20.0 %	22.0 %	22.0 %	22.0 %
<b>EBIT (operating profit)</b>	<b>-12.1</b>	<b>-9.4</b>	<b>-5.7</b>	<b>-3.4</b>	<b>0.0</b>	<b>0.7</b>	<b>2.9</b>	<b>4.9</b>	<b>6.6</b>	<b>8.0</b>	<b>9.1</b>	<b>9.4</b>	
+ Depreciation	3.6	2.3	3.4	3.2	3.0	2.8	2.8	2.9	2.9	2.9	2.9	2.9	
- Paid taxes	0.0	0.0	1.1	0.7	0.0	-0.1	-0.6	-1.0	-1.3	-1.6	-1.8	-1.8	
- 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	-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	
- Change in working capital	1.0	-0.2	-0.3	0.2	0.2	-0.5	-0.4	-0.6	-0.8	-0.4	-0.2	-0.2	
<b>Operating cash flow</b>	<b>-7.5</b>	<b>-7.3</b>	<b>-1.5</b>	<b>0.7</b>	<b>3.2</b>	<b>2.9</b>	<b>4.7</b>	<b>6.1</b>	<b>7.3</b>	<b>8.9</b>	<b>10.0</b>	<b>10.2</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	0.0	
- Gross CAPEX	-9.7	-3.0	-3.1	-3.1	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-2.9	-2.5	
<b>Free operating cash flow</b>	<b>-17.3</b>	<b>-10.3</b>	<b>-4.6</b>	<b>-2.4</b>	<b>0.1</b>	<b>-0.1</b>	<b>1.7</b>	<b>3.1</b>	<b>4.3</b>	<b>6.0</b>	<b>7.1</b>	<b>7.7</b>	
+/- 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	
FCFF	-17.3	-10.3	-4.6	-2.4	0.1	-0.1	1.7	3.1	4.3	6.0	7.1	7.7	83.4
<b>Discounted FCFF</b>		<b>-9.5</b>	<b>-3.8</b>	<b>-1.7</b>	<b>0.1</b>	<b>-0.1</b>	<b>0.9</b>	<b>1.4</b>	<b>1.8</b>	<b>2.2</b>	<b>2.3</b>	<b>2.2</b>	<b>23.7</b>
Sum of FCFF present value		19.4	28.9	32.7	34.4	34.3	34.4	33.5	32.1	30.3	28.2	25.9	23.7
<b>Enterprise value DCF</b>		<b>19.4</b>											
- Interest bearing debt		-6.5											
+ Cash and cash equivalents		25.1											
- Minorities		0.0											
- Dividend/capital return		0.0											
<b>Equity value DCF</b>		<b>38.0</b>											
<b>Equity value DCF per share</b>		<b>0.9</b>											

## Cash flow distribution

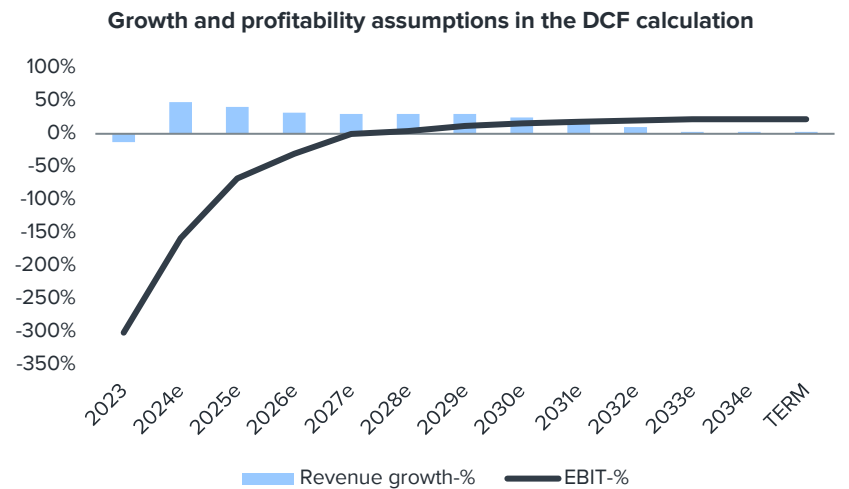
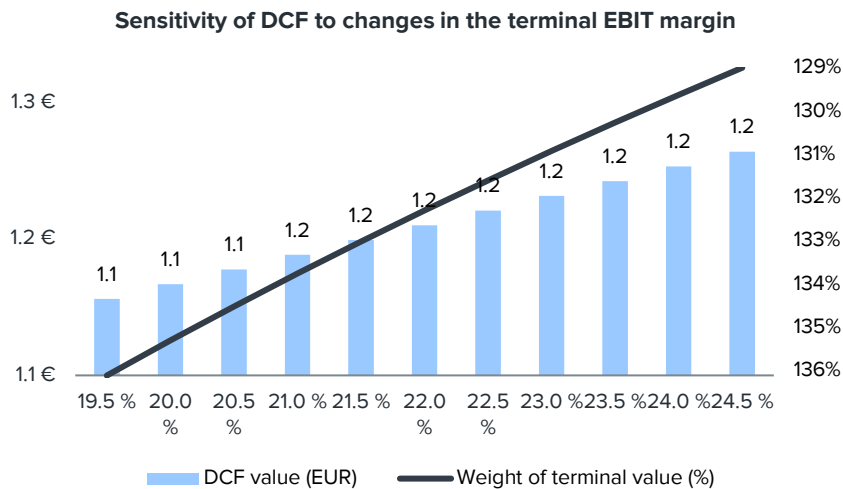
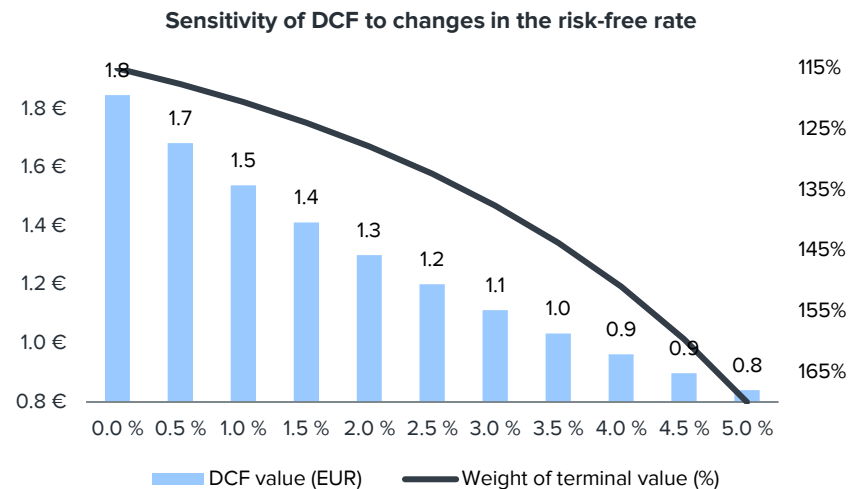
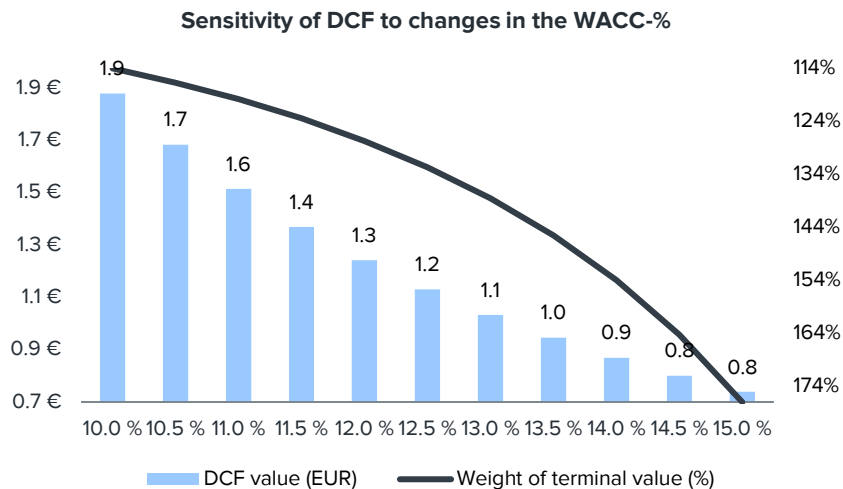


## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	8.0 %
Equity Beta	2.14
Market risk premium	4.75%
Liquidity premium	0.50%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>13.2 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>12.5 %</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	9.1	4.6	4.0	<b>6.0</b>	<b>8.4</b>	EPS (reported)	-0.12	-0.20	-0.28	<b>-0.22</b>	<b>-0.10</b>
EBITDA	0.4	-5.9	-8.5	<b>-7.1</b>	<b>-2.3</b>	EPS (adj.)	-0.12	-0.20	-0.28	<b>-0.22</b>	<b>-0.10</b>
EBIT	-0.8	-7.8	-12.1	<b>-9.4</b>	<b>-5.7</b>	OCF / share	-0.01	-0.08	-0.18	<b>-0.17</b>	<b>-0.03</b>
PTP	-5.1	-8.6	-11.8	<b>-9.2</b>	<b>-5.6</b>	FCF / share	-0.23	-0.40	-0.41	<b>-0.24</b>	<b>-0.11</b>
Net Income	-5.1	-8.6	-11.8	<b>-9.2</b>	<b>-4.4</b>	Book value / share	1.79	1.59	1.31	<b>1.09</b>	<b>0.99</b>
Extraordinary items	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	Dividend / share	0.00	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	87.5	78.3	64.0	<b>55.1</b>	<b>50.3</b>	Revenue growth-%	-10%	-49%	-12%	<b>48%</b>	<b>41%</b>
Equity capital	76.2	67.6	55.7	<b>46.5</b>	<b>42.1</b>	EBITDA growth-%	-92%	-1428%	44%	<b>-16%</b>	<b>-68%</b>
Goodwill	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	EBIT (adj.) growth-%	-116%	935%	56%	<b>-22%</b>	<b>-40%</b>
Net debt	-53.4	-35.6	-18.6	<b>-8.5</b>	<b>-4.0</b>	EPS (adj.) growth-%	-198%	69%	38%	<b>-22%</b>	<b>-52%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	4.9 %	-129.0 %	-212.0 %	<b>-119.7 %</b>	<b>-27.1 %</b>
EBITDA	0.4	-5.9	-8.5	<b>-7.1</b>	<b>-2.3</b>	EBIT (adj.)-%	-8.3 %	-169.5 %	-301.4 %	<b>-158.3 %</b>	<b>-67.4 %</b>
Change in working capital	-0.9	2.6	1.0	<b>-0.2</b>	<b>-0.3</b>	EBIT-%	-8.3 %	-169.5 %	-301.4 %	<b>-158.3 %</b>	<b>-67.4 %</b>
Operating cash flow	-0.4	-3.3	-7.5	<b>-7.3</b>	<b>-1.5</b>	ROE-%	-11.8 %	-11.9 %	-19.1 %	<b>-18.0 %</b>	<b>-10.0 %</b>
CAPEX	-9.6	-13.7	-9.7	<b>-3.0</b>	<b>-3.1</b>	ROI-%	-1.5 %	-9.6 %	-17.6 %	<b>-16.2 %</b>	<b>-11.0 %</b>
Free cash flow	-10.0	-17.0	-17.3	<b>-10.3</b>	<b>-4.6</b>	Equity ratio	87.0 %	86.3 %	87.1 %	<b>84.4 %</b>	<b>83.6 %</b>
						Gearing	-70.1%	-52.7 %	-33.4 %	<b>-18.3 %</b>	<b>-9.6 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	47.4	19.6	4.9	<b>4.5</b>	<b>3.7</b>						
EV/EBITDA (adj.)	>100	neg.	neg.	<b>neg.</b>	<b>neg.</b>						
EV/EBIT (adj.)	neg.	neg.	neg.	<b>neg.</b>	<b>neg.</b>						
P/E (adj.)	neg.	neg.	neg.	<b>neg.</b>	<b>neg.</b>						
P/B	6.4	1.9	0.7	<b>0.8</b>	<b>0.8</b>						
Dividend-%	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: Inderes

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Date	Recommendation	Target	Share price
3/15/2023	Reduce	2.30 €	2.42 €
5/2/2023	Reduce	2.30 €	2.31 €
8/11/2023	Reduce	2.30 €	2.15 €
8/21/2023	Reduce	1.60 €	1.50 €
20.10.2023	Reduce	1.50 €	1.39 €
1/2/2023	Reduce	1.20 €	1.17 €
2/26/2024	Reduce	0.90 €	0.85 €
4/29/2024	Reduce	0.00 €	0.83 €





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Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

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