

Nightingale Health

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Mahdollinen läpimurto karkaa kauemmas” published on 9/30/2022 at 8:50 am

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Possible breakthrough moves further away

Nightingale's H2 figures were weak throughout. The targets for the new fiscal year were also more conservative than our expectations and suggested that the potential for stronger growth is further down the road than we assumed. Therefore, we lowered our estimates considerably. In the short term, the high risks associated with the company's growth and valuation levels have realized and our views have been dramatically wrong. We still see preconditions for the company to achieve a significant commercial breakthrough with its technology in the future, but in the light of current information we do not expect any clear signs of this appearing in the next few years. We believe that the combination of slower growth and a highly cash-flow-negative development phase offers little critical short-term supporting points for valuation, especially in the current weakened capital market. Considering the weaker supporting points for valuation and lower estimates we cut our target price to EUR 1.4 (previous EUR 4.0) and lower our recommendation to Reduce (previous Buy).

H2'22 was disappointing in terms of figures despite promising progress in commercialization

Nightingale's financial statements (fiscal year 7/1/21-6/30/22) was clearly weaker than we expected both in terms of revenue (H2'22: 0.9 MEUR, Inderes: 1.7 MEUR) and profitability (H2'22 EBIT: -4.6 MEUR, Inderes: -3.3 MEUR). Order book growth was not reflected in revenue due to long order execution periods (over 12 months). On the other hand, the objectives for the new fiscal year included, for the first time, integration directly into existing blood sample flows. This integration would be a significant step toward larger business for Nightingale, although the targeted sample volumes were low compared to our growth expectations. Despite a number of successful partnerships, the picture painted by the H2 report indicated that the significant commercial breakthrough sought by the company is not realistic in the near future.

We cut our estimates radically

Our previous high-risk estimates expected Nightingale to start a major commercial breakthrough during the fiscal years 2023-2025 and to continue this largely until the end of the decade. We feel that the modest indications of materialized growth and the cautious outlook for short-term growth made these expectations unrealistic. We cut our revenue expectations for the next few years by 70-80%. We also cut our long-term estimates by the same magnitude, as the company's strategy does not seem to focus on acquisition of a high volume of freemium users in the way we assumed. Profitability is still negative in our estimates, because we expect the company to continue making frontloaded investments with its strong net cash (6/30/22 ~92 MEUR) regardless of short-term growth. We still see significant potential for Nightingale in preventive health care but we expect that the progress will be clearly more moderate without the aggressive freemium user acquisition that we previously anticipated.

In the short term, negative cash flow and slow growth is a difficult combination for valuation

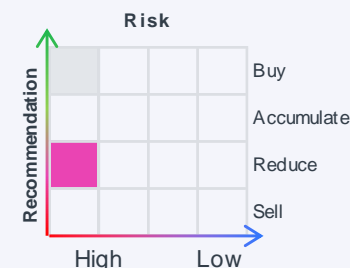
Nightingale's fundamentals-based valuation is very challenging, as possible scenarios vary from destruction to multiplication of capital. Our previous EUR 5-10/share range decreased clearly (new: EUR 0.7-4.5) as estimates fell below our previous negative scenario. The share is priced below the balance sheet value (2023e P/B 0.8x) consisting mainly 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, visibility into realizing the potential on a large scale is expected to remain blurred in the next few years, while frontloaded investments continue to eat away at the company's cash assets. Considering this equation, we feel the share's short-term drivers are weak and we step to the sidelines to follow the company's development.

Recommendation

Reduce
(previous Buy)

EUR 1.40
(previous EUR 4.00)

Share price:
EUR 1.29



Key figures

	2022	2023e	2024e	2025e
Revenue	2.2	2.9	4.8	8.1
growth-%	6%	31%	67%	69%
EBIT adj.	-11.1	-12.9	-11.7	-9.2
EBIT-% adj.	-502%	-448%	-243%	-114%
PTP	-15.4	-13.5	-12.0	-9.9
EPS (adj.)	-0.20	-0.22	-0.20	-0.16

P/E (adj.)	neg.	neg.	neg.	neg.
P/B	1.0	0.8	0.9	1.1
EV/EBIT (adj.)	neg.	neg.	neg.	neg.
EV/EBITDA	neg.	neg.	neg.	neg.
EV/S	8.1	0.2	3.0	3.3

Source: Inderes. Years are fiscal years ending June 30th.

Guidance (Unchanged)

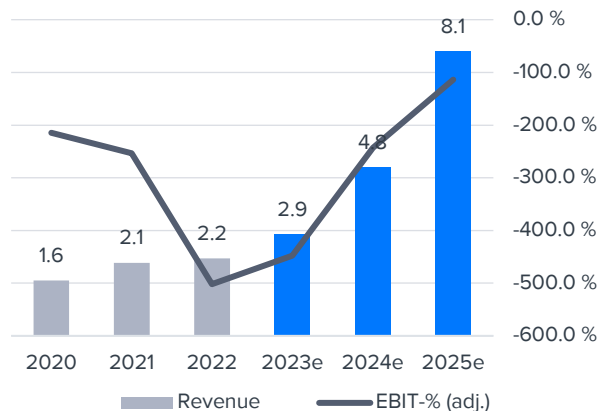
Nightingale Health has not provided guidance for the fiscal year 2022-2023.

Share price



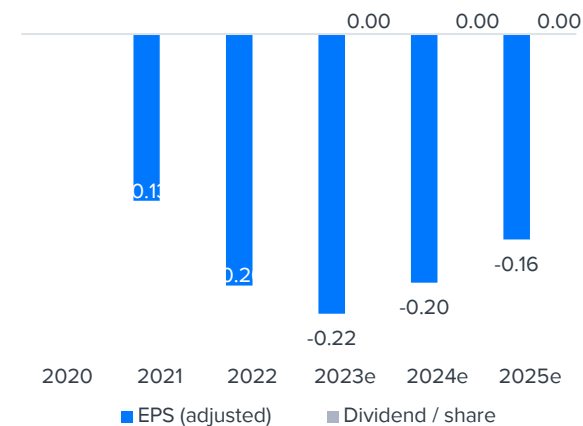
Source: Millistream Market Data AB

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
- Platform-based, scalable business model that complement current players
- Strong position as analyzer of Biobanks' blood samples
- Credible investors support internationalization as partners



Risk factors

- Business model proving inoperative
- Falling behind ambitious objectives and drop in valuation that expects successful commercialization
- Slower than expected progress in the implementation of new technology in a conservative industry
- Data breach including personal health data
- Need for new financing
- Competing technologies

Valuation	2023e	2024e	2025e
Share price	1.29	1.29	1.29
Number of shares, millions	60.9	60.9	60.9
Market cap	79	79	79
EV	0.5	14	27
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/FCF	neg.	neg.	neg.
P/B	0.8	0.9	1.1
P/S	27.3	16.4	9.7
EV/Sales	0.2	3.0	3.3
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

Figures and growth outlook clearly below our expectations

Operating figures were clearly lower than our expectations throughout

Nightingale's H2 revenue deteriorated to EUR 0.9 million (H2'21: 1.1 MEUR), while our estimates indicated strong growth based on a stronger order book (6/30/22: 3.8 MEUR). The order book itself grew roughly 1.5-fold from the previous year, but the order book was not translated into revenue growth due to long delivery times. The commercial partnerships launched by the company (Mitsui/Welltus (Japan) and Terveystalo), or the Livit service provided directly to consumers do not, in our opinion, yet generate significant revenue. The Physitrack partnership (UK/Germany/Nordic countries), published in June, and the expansion to genetics through the Negen acquisition in early 2022 were in practice to our understanding not yet visible in the figures either.

Profitability was weaker than we expected on all lines, which was due not only to lower revenue but also higher costs than we estimated. The particular weakness of the result line was explained by the write-down on the Weavr investment, which was caused by a significant deterioration in the financial situation of growth companies. The company's net debt was close

to our estimate (6/30/22: 92 MEUR, Inderes: 91 MEUR). Nightingale announced in the report that it will move to IFRS reporting, and IFRS accordant figures are expected to be released on October 27.

The growth rate in the near future looks weaker than we expected

We feel the actual figures were worrisome for Nightingale's short-term growth outlook. During the fiscal year 2022-2023, the company aims to reach a significant commercial contract in the public healthcare sector, win B2B commercial contract(s) with more than 50,000 blood samples, and win contract(s) in medical research with more than 175,000 blood samples. The targets were clearly more conservative than our expectations before the report.

In terms of Nightingale's growth story, short-term growth is secondary, but a credible path to strong growth is highly important for the story to progress, especially as the company has lost a lot of investor confidence at the beginning of its journey as a listed company (share has dropped about 80% since IPO). From this viewpoint, the bright spot in the targets was that the contracts aim at utilizing existing blood sample

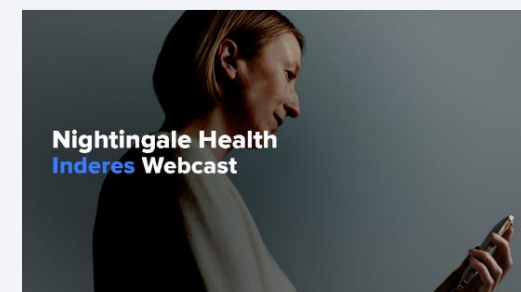
flows. The strong growth we have estimated for Nightingale has in particular been based on integration of the company's service into existing laboratory sample flows, as well as the monetization of a large number of users served this way. Achieving these targets would thus support the company's ability to strengthen its growth clearly from the current level, although this would hardly be reflected in the figures for the next few years considering the cautiousness of the targeted sample volumes. The small 200,000 sample analysis agreement with the Estonian biobank signed at the beginning of 2021, is, to our understanding, the only partnership so far with this model.

On the other hand, Nightingale has achieved and launched other important partnerships (Terveystalo, Mitsui/Welltus and Physitrack). However, they have relied more directly on commercial use, and we believe they have not yet shown signs of progress toward significant business activity. In the US we feel the likelihood of a significant contract is limited until the delayed FDA approval now targeted in the fiscal year 2022-2023 is achieved.

Estimates	H2'21	H2'22	H2'22e	H2'22e	Consensus		Difference (%)	2022	
	MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Toteutunut
Revenue	1.1	0.9	1.7					-47%	2.2
EBITDA	-2.7	-4.6	-3.3					-41%	-7.8
EBIT	-2.9	-6.3	-5.4					-17%	-11.1
PTP	-8.2	-10.3	-5.7					-82%	-15.4
EPS (reported)	-0.16	-0.17	-0.08					-104%	-0.25
Revenue growth-%		-17.2 %	56.2 %					-73.4 pp	6.0 %
EBIT-% (adj.)	-275.2 %	-711.0 %	-286.6 %					-424.4 pp	-501.8 %

Source: Inderes

Watch H2'22 webcast:



Our estimates fell considerably based on the report

Estimate changes 2022e-2024e

- We dramatically lowered the revenue growth trajectory we expected
 - Our previous very high-risk estimates expected the Nightingale to start a major commercial breakthrough during the fiscal years 2023-2025 and to continue this largely until the end of the decade. We feel that the modest indications of materialized growth and the cautious outlook for short-term growth made these expectations unrealistic.
 - We cut our revenue expectations for the next few years by 70-80% We also cut our long-term estimates by the same magnitude, as the company's strategy has not focused on acquisition of a high volume of freemium users in the way we assumed which we feel our long-term estimates would have required.
- Profitability is still clearly negative in our estimates
 - We expect Nightingale to continue making frontloaded investments with its strong net cash (6/30/22 ~92 MEUR) even though short-term growth would be slower as we estimate.
- We still see significant potential for Nightingale in preventive health care even though our estimate scenario is clearly more cautious about the potential than before

Estimate revisions	2022	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	3.0	2.2	-26%	8.9	2.9	-68%	25.0	4.8	-81%
EBITDA	-7.1	-7.8	-11%	-9.9	-8.9	10%	-7.4	-7.2	3%
EBIT (exc. NRIs)	-10.2	-11.1	-9%	-13.7	-12.9	6%	-16.5	-11.7	29%
EBIT	-10.2	-11.1	-9%	-13.7	-12.9	6%	-16.5	-11.7	29%
PTP	-10.7	-15.4	-43%	-14.2	-13.5	5%	-17.1	-12.0	30%
EPS (excl. NRIs)	-0.18	-0.20	-13%	-0.23	-0.22	5%	-0.28	-0.20	30%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation

A lot of risks and potential in commercialization

We believe Nightingale's value creation relies on the expectation of the commercial potential of the company's technology and significant future business in the preventive health care market. However, this business is only being built. Fundamentals-based valuation is very challenging, especially in the next few years, and only very imprecise valuation methods are available where the scenarios vary between the destruction and multiplication of capital.

The range for the value per share indicated by our DCF scenarios is now a wide EUR 0.7-4.5. In the past, we estimated the value to be in a significantly higher range of EUR 5-10. The change is based on the fact that our estimates for Nightingale's growth were significantly cut. Since its listing, the company has entered into several partnerships as expected. However, the operating figures have developed far more slowly than we expected and our previous views have been too optimistic in the short term. We failed to assess the steps of company growth and the attractiveness of the pricing in the short term.

Balance sheet provides valuation support which negative cash flow gnaws at

After the share price drop the valuation gains more concrete support from the balance sheet (2023e 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 consistently invests in growth, so the cash and balance sheet value are currently continuously falling. On the other hand, the value of Nightingale's technology and collected data provides some support for the valuation in a possible acquisition scenario. However, the communication of Nightingale's founders and major owners has focused

on long-term, so we do not find it likely that the company would end up as an acquisition target.

DCF scenarios help determine the value range of the company

After the estimate updates, we make DCF the main yardstick for the company's value. Our updated 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 the DCF valuation.

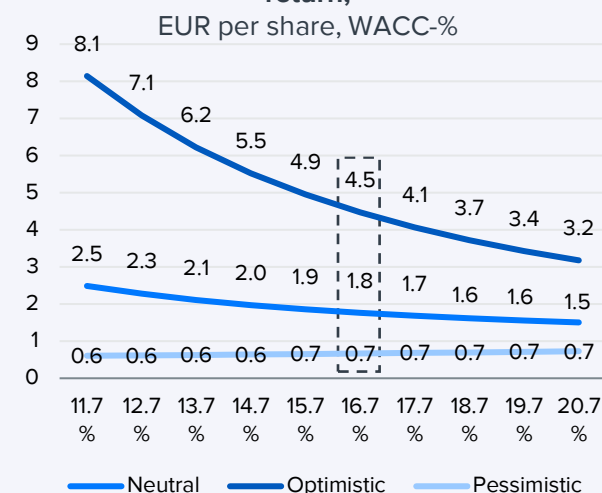
We approach the DCF model with three scenarios: an optimistic, pessimistic and neutral scenario that is in line with our current estimates. In the negative scenario, the company burns a significant share of its cash and reaches a limited size class. In the optimistic scenario, the company achieves a 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 strong 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 0.7-4.5 per share for the company and a current value of EUR 1.8 per share in the neutral scenario. With the growth challenges we find it justified to set the target price (EUR 1.4 per share) between the basic and negative scenario. Due to significant uncertainty, our DCF model has high required returns over the estimate period of CoE 18% and WACC 16.7%. We lowered the cost of capital slightly, as the company's commercial projects have progressed and the strategy seems to be moving toward a higher risk aggressive acquisition of freemium users.

Valuation	2023e	2024e	2025e
Share price	1.29	1.29	1.29
Number of shares, millions	60.9	60.9	60.9
Market cap	79	79	79
EV	0.5	14	27
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/FCF	neg.	neg.	neg.
P/B	0.8	0.9	1.1
P/S	27.3	16.4	9.7
EV/Sales	0.2	3.0	3.3
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: Ideres

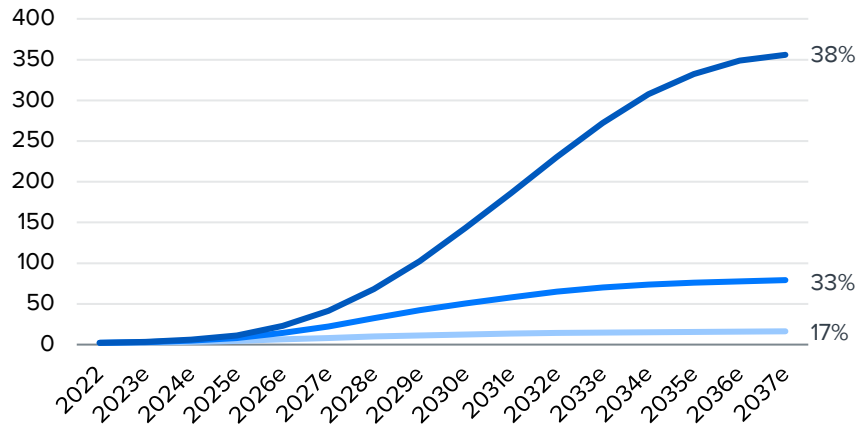
Sensitivity of the DCF value to the required return,



Source: Ideres

DCF scenarios

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



Valuation table

Valuation	2021	2022	2023e	2024e	2025e	2026e
Share price	5.77	1.81	1.29	1.29	1.29	1.29
Number of shares, millions	51.1	60.9	60.9	60.9	60.9	60.9
Market cap	349	110	79	79	79	79
EV	240	18	0.5	14	27	38
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	neg.
P/E	neg.	neg.	neg.	neg.	neg.	neg.
P/FCF	3.1	neg.	neg.	neg.	neg.	neg.
P/B	2.8	1.0	0.8	0.9	1.1	1.2
P/S	>100	49.9	27.3	16.4	9.7	5.5
EV/Sales	>100	8.1	0.2	3.0	3.3	2.7
EV/EBITDA	neg.	neg.	neg.	neg.	neg.	neg.
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	neg.	neg.
Payout ratio (%)	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 %

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	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
23AndMe	869	292					1.0	1.0					1.9
Aiforia	91	66					38.5	21.9					4.3
Nanoform	243	168					31.5	10.7					2.7
Nightingale Health (Inderes)	79	1	0.0	-1.2	-0.1	-2.0	0.2	3.0	-5.8	-6.6	0.0	0.0	0.8
Average							23.7	11.2					2.3
Median							31.5	10.7					2.3
Diff-% to median							-99%	-72%					-65%

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

Income statement

Income statement	2020	2021	2022	H1'23e	H2'23e	2023e	2024e	2025e	2026e
Revenue	1.6	2.1	2.2	1.2	1.6	2.9	4.8	8.1	14.4
EBITDA	-3.2	-4.8	-7.8	-4.6	-4.3	-8.9	-7.2	-4.4	-0.7
Depreciation	-0.2	-0.5	-3.2	-1.9	-2.1	-4.0	-4.5	-4.8	-5.1
EBIT (excl. NRI)	-3.4	-5.3	-11.1	-6.5	-6.4	-12.9	-11.7	-9.2	-5.8
EBIT	-3.4	-5.3	-11.1	-6.5	-6.4	-12.9	-11.7	-9.2	-5.8
Net financial items	-0.4	-6.0	-4.3	-0.3	-0.3	-0.6	-0.3	-0.7	-1.1
PTP	-3.8	-11.2	-15.4	-6.8	-6.7	-13.5	-12.0	-9.9	-6.8
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-3.8	-11.2	-15.3	-6.8	-6.7	-13.5	-12.0	-9.9	-6.5
EPS (adj.)		-0.13	-0.20	-0.11	-0.11	-0.22	-0.20	-0.16	-0.11
EPS (rep.)		-0.22	-0.25	-0.11	-0.11	-0.22	-0.20	-0.16	-0.11

Key figures	2020	2021	2022	H1'23e	H2'23e	2023e	2024e	2025e	2026e
Revenue growth-%		31.9 %	6.0 %	-5.8 %	85.0 %	30.5 %	66.8 %	68.8 %	77.8 %
Adjusted EBIT growth-%		55.9 %	109.6 %	35.3 %	2.2 %	16.5 %	-9.4 %	-21.0 %	-37.3 %
EBITDA-%	-200.1 %	-231.0 %	-355.0 %	-367.7 %	-265.3 %	-309.6 %	-149.4 %	-54.4 %	-4.8 %
Adjusted EBIT-%	-214.5 %	-253.6 %	-501.8 %	-519.5 %	-393.3 %	-447.9 %	-243.3 %	-113.9 %	-40.2 %
Net earnings-%	-238.9 %	-537.8 %	-695.3 %	-543.6 %	-411.7 %	-468.7 %	-249.9 %	-122.3 %	-45.2 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	18.2	20.7	22.0	23.3	24.5
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	17.4	19.4	19.7	19.9	20.3
Tangible assets	0.7	1.3	2.3	3.4	4.2
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
Current assets	116	97.8	84.1	75.3	73.2
Inventories	0.7	0.6	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	1.6	2.0	2.4	3.8	6.1
Cash and equivalents	114	95.3	81.7	71.5	67.1
Balance sheet total	134	119	106	98.6	97.7

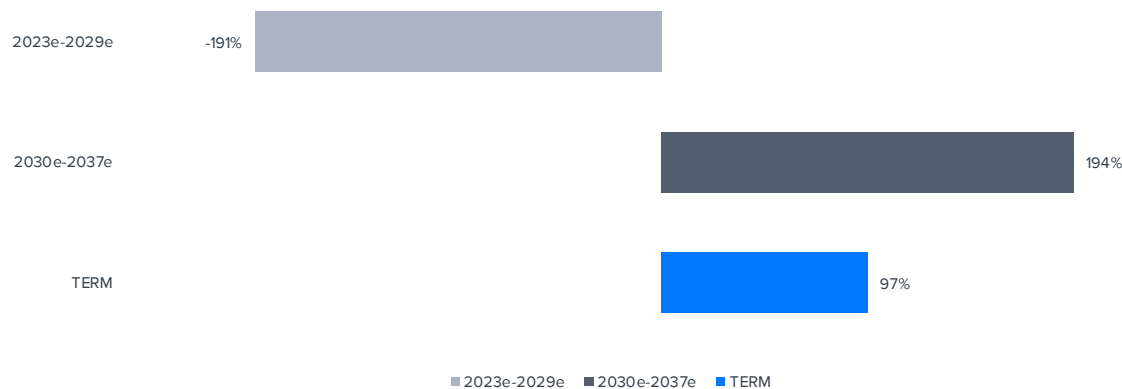
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	124	110	96.6	84.6	74.7
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-22.0	-37.4	-50.9	-62.9	-72.8
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	146	147	147	147	147
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	3.2	1.7	1.0	4.0	12.0
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	3.2	1.7	1.0	4.0	12.0
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
Current liabilities	6.6	6.8	8.5	10.0	11.0
Short term debt	1.9	1.5	2.5	3.0	3.5
Payables	4.7	5.2	6.0	7.0	7.5
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	134	119	106	98.6	97.7

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	TERM
Revenue growth-%	6.0 %	30.5 %	66.8 %	68.8 %	77.8 %	55.0 %	45.0 %	30.0 %	20.0 %	15.0 %	12.0 %	8.0 %	5.0 %	3.0 %	2.0 %	2.0 %	
EBIT-%	-501.8 %	-447.9 %	-243.3 %	-113.9 %	-40.2 %	14.7 %	25.6 %	31.2 %	34.4 %	36.4 %	36.0 %	36.0 %	35.0 %	34.0 %	33.0 %	33.0 %	
EBIT (operating profit)	-11.1	-12.9	-11.7	-9.2	-5.8	3.3	8.3	13.1	17.4	21.1	23.4	25.3	25.8	25.8	25.6	26.1	
+ Depreciation	3.2	4.0	4.5	4.8	5.1	5.2	5.4	5.7	6.0	6.6	7.2	7.7	8.2	8.7	9.2	9.2	
- Paid taxes	0.0	0.0	0.0	0.0	0.3	-0.1	-0.3	-0.6	-0.8	-1.0	-1.6	-2.3	-3.0	-3.6	-4.8	-4.9	
- Tax, financial expenses	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-0.4	
+ 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	0.2	0.9	-0.4	-1.7	-3.5	-0.6	-0.4	0.0	0.6	-0.4	-0.3	-0.3	-0.2	-0.1	-0.1	-0.1	
Operating cash flow	-7.6	-8.0	-7.6	-6.1	-3.9	7.6	12.8	18.2	23.0	26.3	28.5	30.2	30.6	30.5	29.6	30.0	
+ 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	0.0	0.0	0.0	0.0	
- Gross CAPEX	-5.8	-5.3	-5.8	-6.0	-6.3	-6.6	-6.8	-7.1	-7.4	-7.8	-8.1	-8.4	-8.8	-9.2	-9.4	-9.4	
Free operating cash flow	-13.4	-13.3	-13.4	-12.2	-10.2	1.1	6.0	11.1	15.6	18.5	20.4	21.7	21.8	21.3	20.2	20.6	
+/- Other	0.5	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	-12.8	-13.3	-13.4	-12.2	-10.2	1.1	6.0	11.1	15.6	18.5	20.4	21.7	21.8	21.3	20.2	20.6	143
Discounted FCFF		-11.9	-10.2	-8.0	-5.7	0.5	2.5	3.9	4.7	4.8	4.5	4.1	3.6	3.0	2.4	2.1	14.7
Sum of FCFF present value		15.1	27.0	37.1	45.1	50.8	50.3	47.8	43.9	39.2	34.4	29.9	25.7	22.2	19.2	16.8	14.7
Enterprise value DCF		15.1															
- Interesting bearing debt		-3.2															
+ Cash and cash equivalents		95.3															
- Minorities		0.0															
- Dividend/capital return		0.0															
Equity value DCF		107															
Equity value DCF per share		1.8															

Cash flow distribution



Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	6.0 %
Equity Beta	3.2
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.0 %
Cost of equity	18.0 %
Weighted average cost of capital (WACC)	16.7 %

Source: Inderes

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	1.6	2.1	2.2	2.9	4.8	EPS (reported)			-0.25	-0.22	-0.20
EBITDA	-3.2	-4.8	-7.8	-8.9	-7.2	EPS (adj.)			-0.20	-0.22	-0.20
EBIT	-3.4	-5.3	-11.1	-12.9	-11.7	OCF / share			-0.12	-0.13	-0.12
PTP	-3.8	-11.2	-15.4	-13.5	-12.0	FCF / share			-0.21	-0.22	-0.22
Net Income	-3.8	-11.2	-15.3	-13.5	-12.0	Book value / share			1.81	1.59	1.39
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share			0.00	0.00	0.00
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	23.8	134.2	118.5	106.1	98.6	Revenue growth-%	-23%	32%	6%	31%	67%
Equity capital	8.7	124.4	110.1	96.6	84.6	EBITDA growth-%	-11%	52%	63%	14%	-20%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-10%	56%	110%	17%	-9%
Net debt	4.9	-108.7	-92.1	-78.2	-64.5	EPS (adj.) growth-%			51%	11%	-11%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	-200.1 %	-231.0 %	-355.0 %	-309.6 %	-149.4 %
EBITDA	-3.2	-4.8	-7.8	-8.9	-7.2	EBIT (adj.)-%	-214.5 %	-253.6 %	-501.8 %	-447.9 %	-243.3 %
Change in working capital	0.4	2.7	0.2	0.9	-0.4	EBIT-%	-214.5 %	-253.6 %	-501.8 %	-447.9 %	-243.3 %
Operating cash flow	-2.8	-2.2	-7.6	-8.0	-7.6	ROE-%	-52.2 %	-16.8 %	-13.1 %	-13.1 %	-13.2 %
CAPEX	-7.8	-5.1	-5.8	-5.3	-5.8	ROI-%	-24.6 %	-7.2 %	-9.1 %	-12.1 %	-12.2 %
Free cash flow	-10.6	111.5	-12.8	-13.3	-13.4	Equity ratio	37.0 %	92.7 %	92.9 %	91.0 %	85.8 %
						Gearing	56.5 %	-87.4 %	-83.6 %	-80.9 %	-76.2 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S			8.1	0.2	3.0						
EV/EBITDA (adj.)			neg.	neg.	neg.						
EV/EBIT (adj.)			neg.	neg.	neg.						
P/E (adj.)			neg.	neg.	neg.						
P/B			1.0	0.8	0.9						
Dividend-%			0.0 %	0.0 %	0.0 %						

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
20-04-21	Buy	7.00 €	5.00 €
16-09-21	Buy	6.00 €	4.04 €
25-02-22	Buy	4.00 €	2.26 €
30-09-22	Reduce	1.40 €	1.29 €



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