

# Modulight Oyj

## Company report

8/18/2024 7:35 pm EEST



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✓ Inderes corporate customer

This report is a summary translation of the report “Yläriville tarvitaan kirittäjää” published on 8/18/2024 at 7:35 pm EEST.

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# Top line needs a boost

Modulight's Q2 revenue declined year-on-year and missed our forecasts. However, operating loss was lower than expected. The company had expanded its project pipeline to 30 and continued to roll out its pay-per-treatment (PPT) pricing model during the period. The model is not generating significant revenue at this time. We are lowering our forecasts for the current year but leaving our forecasts for the coming years largely unchanged for the time being due to the lack of visibility. Assessing the profit turnaround at this stage is highly challenging. We reiterate our Reduce recommendation and target price of EUR 0.9.

## Continued focus on advancing pay-per-treatment model in second quarter

Modulight's Q2 revenue amounted to 0.97 MEUR, down year-on-year (Q2'23: 1.11 MEUR) and missing our forecasts (1.30 MEUR). The decrease was impacted by the transition to a pay-per-treatment (PPT) model and delayed prototype deliveries. For the first time, the company reported six-figure revenue for the PPT model, i.e., sales of at least EUR 100,000. The revenue flow from the model is therefore still small. Other highlights of the report included an increase in the number of projects by two to 30 and a tender win for a flow cytometer. The company needs revenue growth to offset high fixed costs.

## Turnaround needs top-line growth

The operating result was -2.05 MEUR, flat year-on-year (-2.10 MEUR) and above our expectations (-2.53 MEUR). The difference to our forecast is mainly due to exceptionally low material costs in Q2. Otherwise, the cost structure was in line with our expectations. Cash flow from operating and investing activities was -1.4 MEUR. Cash flow was positively impacted by a MEUR 1.0 reduction in working capital. As far as working capital is concerned, we do not expect similar items in the future. Net cash at the end of the period was 15.0 MEUR and cash and cash equivalents 20.6 MEUR (Q2'23: 32.7 MEUR). The company's cash position remains strong, but with the downward trend, financing risks are increasing.

## We raise our earnings forecast for the current year

Our revenue forecast for the current year is revised to 5.0 MEUR (was 6.0 MEUR). For the time being, we are leaving our forecasts for 2025-2026 unchanged. Our forecasts are based on projects reported by the company that are close to commercialization but whose potential is difficult to assess from the outside. We therefore await further information on these projects to support our forecasts. Our EBIT forecast for the current year improves as a result of cost adjustments. For future years, the revisions are minor for now.

## Valuation would require visibility on growth rate and timing of turnaround

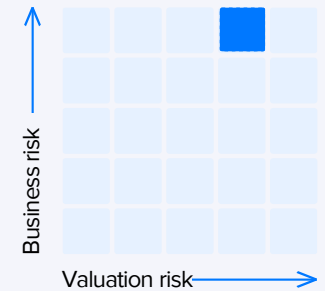
The stock is very difficult to value due to the uncertainty of earnings and cash flow turnaround. The valuation relies heavily on future projections, which carry an exceptionally high degree of forecasting risk. EV/S multiples are 7.5x-5.2x for 2024-2025 and continue to be above those of the peers. The DCF model suggests that the stock is roughly correctly priced. If Modulight catches up with its rapid growth, the stock does not seem overpriced. However, growth challenges, losses and low visibility mean that the risk/reward remains modest.

## Recommendation

**Reduce**  
(was Reduce)

**EUR 0.90**  
(was EUR 0.90)

**Share price:**  
1.14



## Key figures

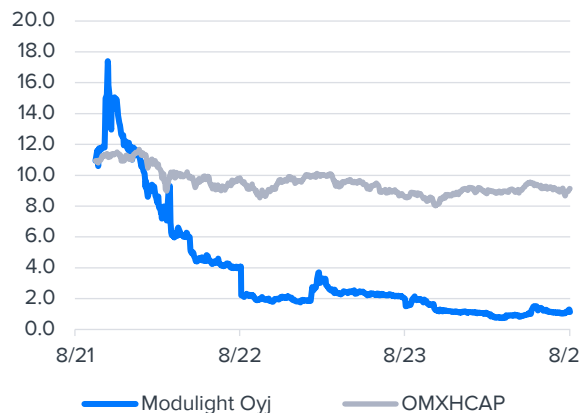
	2023	2024e	2025e	2026e
<b>Revenue</b>	4.0	5.0	8.4	11.1
<b>growth-%</b>	-12%	25%	67%	32%
<b>EBIT adj.</b>	-12.1	-7.8	-5.8	-3.3
<b>EBIT-% adj.</b>	-301.4%	-154.5%	-68.6%	-29.5%
<b>Net Income</b>	-11.8	-7.4	-5.5	-2.5
<b>EPS (adj.)</b>	-0.28	-0.17	-0.13	-0.06
<b>P/E (adj.)</b>	neg.	neg.	neg.	neg.
<b>P/B</b>	0.7	1.0	1.1	1.2
<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	7.5	5.2	4.2

Source: Inderes

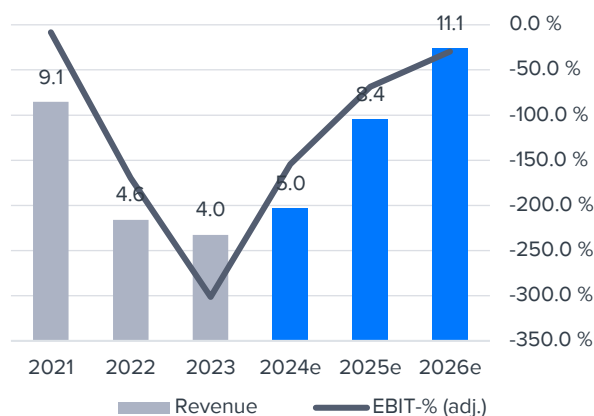
## Guidance

Modulight does not provide any guidance.

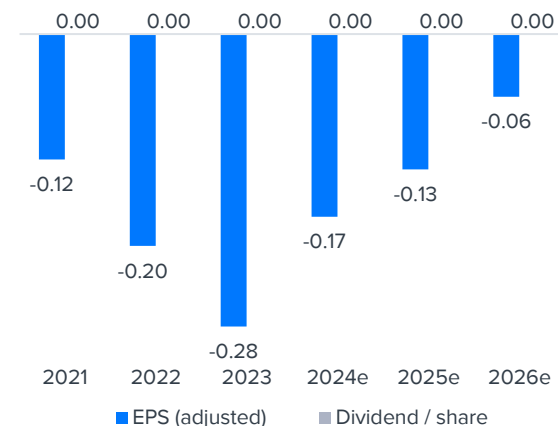
## Share price



## Revenue and EBIT-%



## EPS and dividend



## 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	1.14	1.14	1.14
Number of shares, millions	42.6	42.6	42.6
Market cap	49	49	49
EV	38	44	46
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	1.0	1.1	1.2
P/S	9.7	5.8	4.4
EV/Sales	7.5	5.2	4.2
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

# Revenue missed, earnings beat

## Estimates vs. outcome Q2'24

- Revenue stood at 0.97 MEUR, down year-on-year and missing our forecast (1.3 MEUR).
- Revenue was negatively affected by delays in some deliveries.
- Modulight reported for the first time that the revenue generated by the PPT model in Q2 was in the six-figure range, i.e. at least EUR 100,000.
- EBIT exceeded our forecast by 0.5 MEUR. The main reason was that material costs were well below our expectations.
- Cash flow from operating and investing activities was -1.4 MEUR. Cash flow was positively impacted by a MEUR 1.0 reduction in working capital.
- As far as working capital is concerned, we do not expect similar items in the future.
- Net cash at the end of the period was 15.0 MEUR and cash and cash equivalents 20.6 MEUR (Q2'23: 32.7 MEUR).
- The company's cash position remains strong, but with the downward trend, financing risks are increasing.

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	1.10	0.97	1.30				-26%	5.0
EBIT	-2.10	-2.05	-2.53				-19%	-7.8
EPS (reported)	-0.05	-0.05	-0.06				-14%	-0.17
Revenue growth-%	101.4 %	-12.3 %	18.2 %				-30,5 pp	24.8 %
EBIT-% (adj.)	-190.9 %	-212.1 %	-194.6 %				-17,6 pp	-154.5 %

Source: Inderes

# Revenue forecast for the rest of the year down, EBIT up

## Estimate revisions 2024e-2026e

- We are lowering our revenue forecast for the current year by 16% to 5.0 MEUR.
- The decrease is based on Q2 performance and new information on the still low level of revenue generated by the PPT model. We do not expect the PPT model to generate significant revenue in the coming quarters.
- The forecast for the rest of the year is based on the assumption of rapid relative growth.
- We are keeping our forecasts for the coming years unchanged for now. Our forecasts are based on the commercialization of new projects. Visibility is limited and we await further information from the company.
- Based on the better-than-expected Q2 EBIT and revised cost calculations for the rest of the year, our EBIT guidance for the full year is going up.
- On the other hand, our earnings forecast for the next few years is slightly lower due to faster-than-expected hiring, which will increase the cost forecast for the next few years and weaken earnings.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	6.0	5.0	-16%	8.4	8.4	0%	11.1	11.1	0%
EBITDA	-6.4	-4.7	-27%	-2.3	-2.6	13%	-0.2	-0.2	-10%
EBIT	-9.4	-7.8	-18%	-5.7	-5.8	2%	-3.4	-3.3	-3%
EPS (excl. NRIs)	-0.22	-0.17	-20%	-0.10	-0.13	23%	-0.06	-0.06	-3%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# Valuation picture seems tight

## 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. It is very difficult to assess the earnings turnaround, which poses challenges for fair value measurement.

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 7.5x and 5.2x. The multiples are high compared to Lumibird SA which we consider the most suitable peer (EV/S: 1.5x and 1.4x) and the peer group of laser manufacturers (2.2x-2.5x). The median for large and highly profitable medical device companies is 5.7x-5.6x.

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 above 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 case in our DCF calculation gives the stock a value of EUR 1.0. The model therefore does not suggest upside for the stock. 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.

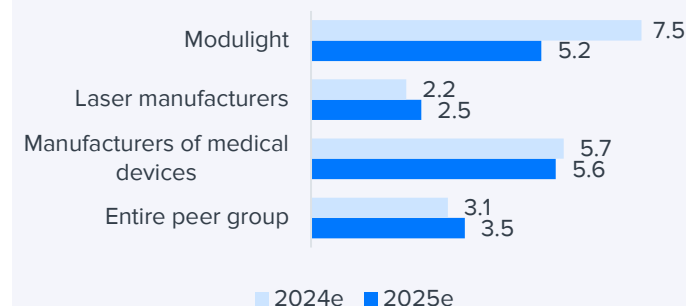
## We repeat our recommendations as the loss and fuzzy outlook overshadow the future

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	1.14	1.14	1.14
Number of shares, millions	42.6	42.6	42.6
Market cap	49	49	49
EV	38	44	46
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	1.0	1.1	1.2
P/S	9.7	5.8	4.4
EV/Sales	7.5	5.2	4.2
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 %

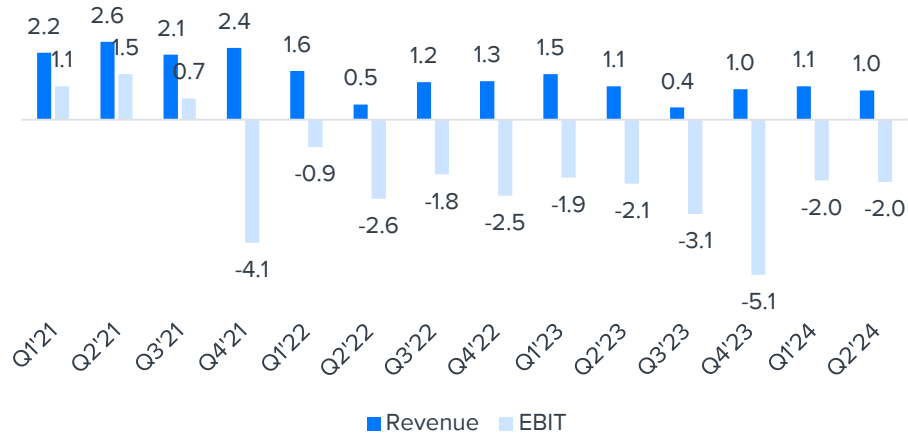
Source: Inderes

## EV/S ratios



# Business development graphs

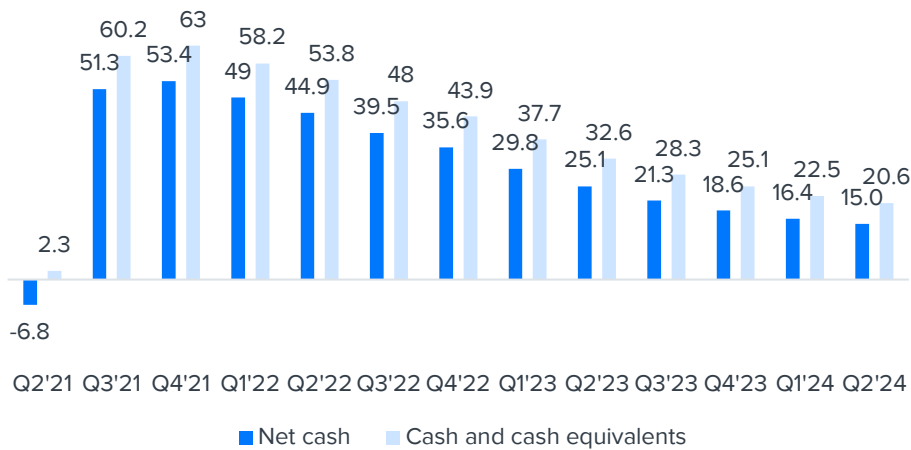
## Revenue and EBIT, MEUR



## 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>1.14</b>	<b>1.14</b>	<b>1.14</b>	<b>1.14</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>49</b>	<b>49</b>	<b>49</b>	<b>49</b>
EV	430	90	20	<b>38</b>	<b>44</b>	<b>46</b>	<b>46</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>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>
P/S	53.3	27.3	9.5	<b>9.7</b>	<b>5.8</b>	<b>4.4</b>	<b>3.4</b>
EV/Sales	47.4	19.6	4.9	<b>7.5</b>	<b>5.2</b>	<b>4.2</b>	<b>3.2</b>
EV/EBITDA	>100	neg.	neg.	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>15.9</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	5671	5912	16.2	24.3	13.2	17.9	2.8	2.9	21.0	32.5	1.7	1.4	2.6
Coherent Corp	10689	13487	15.2	21.3	12.2	15.0	2.9	3.2	25.9	46.4			1.7
Cutera Inc	15	323					1.7	2.5					0.4
IPG Photonics Corp	2716	1748	7.8	58.7	5.9	17.4	1.5	2.0	14.4	46.8			1.3
Lumentum	3211	4682	15.1	145.0	10.6	36.2	2.9	3.8	11.5	52.9			2.3
Lumibird SA	221	310	14.2	14.1	8.1	7.9	1.5	1.4	20.1	15.6			1.1
Medtronic	98728	114405	15.3	15.2	13.5	13.5	4.1	3.9	16.0	16.3	3.2	3.3	2.1
Nexstim	20	23				23.0	3.3	2.6					7.6
nLIGHT	509	405					2.2	2.1					
Optomed	98	90					5.7	5.6					4.4
Revenio Group	858	855	32.6	30.5	28.6	26.3	8.9	8.2	43.4	41.2	1.2	1.3	8.5
Stryker	117117	126457	28.6	24.7	26.0	22.7	6.9	6.2	32.5	28.2	0.9	0.9	6.9
Theralase	28	28					41.4	80.5					19.0
Xvivo Perfusion	1455	1415	361.7	136.2	167.4	87.0	26.6	19.2	463.5	173.3			8.6
<b>Modulight Oyj (Inderes)</b>	<b>49</b>	<b>38</b>	<b>-4.9</b>	<b>-7.6</b>	<b>-6.9</b>	<b>-17.1</b>	<b>7.5</b>	<b>5.2</b>	<b>-6.6</b>	<b>-8.9</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>
<b>Average</b>			<b>56.3</b>	<b>52.2</b>	<b>31.7</b>	<b>26.7</b>	<b>8.0</b>	<b>10.3</b>	<b>72.0</b>	<b>50.4</b>	<b>1.7</b>	<b>1.7</b>	<b>5.1</b>
<b>Median</b>			<b>15.3</b>	<b>24.7</b>	<b>13.2</b>	<b>20.3</b>	<b>3.1</b>	<b>3.5</b>	<b>21.0</b>	<b>41.2</b>	<b>1.4</b>	<b>1.3</b>	<b>2.6</b>
<b>Diff-% to median</b>			<b>-132%</b>	<b>-131%</b>	<b>-153%</b>	<b>-184%</b>	<b>141%</b>	<b>50%</b>	<b>-131%</b>	<b>-122%</b>	<b>-100%</b>	<b>-100%</b>	<b>-62%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	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>1.0</b>	<b>1.3</b>	<b>1.7</b>	<b>5.0</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	1.0	1.3	1.7	5.0	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>-1.2</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-4.7</b>	<b>-2.6</b>	<b>-0.2</b>	<b>2.9</b>
Depreciation	-1.9	-0.7	0.1	-0.2	-2.9	-3.6	-0.7	-0.8	-0.8	-0.8	-3.1	-3.2	-3.1	-2.9
<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>-2.0</b>	<b>-1.9</b>	<b>-1.8</b>	<b>-7.8</b>	<b>-5.8</b>	<b>-3.3</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	0.4	0.3	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>-1.9</b>	<b>-1.8</b>	<b>-1.7</b>	<b>-7.4</b>	<b>-5.5</b>	<b>-3.2</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	0.0	0.6	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>-1.9</b>	<b>-1.8</b>	<b>-1.7</b>	<b>-7.4</b>	<b>-5.5</b>	<b>-2.5</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>-0.05</b>	<b>-0.04</b>	<b>-0.04</b>	<b>-0.17</b>	<b>-0.13</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>-0.05</b>	<b>-0.04</b>	<b>-0.04</b>	<b>-0.17</b>	<b>-0.13</b>	<b>-0.06</b>	<b>0.00</b>

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	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 %	-4.2 %	156.9 %	66.7 %	24.8 %	67.2 %	32.0 %	30.0 %	
<b>Adjusted EBIT growth-%</b>	935.2 %	0.2 %	-87.8 %	174.6 %	102.3 %	55.7 %	3.9 %	966.1 %	-61.3 %	-64.2 %	-36.0 %	-25.7 %	-43.3 %	-100.0 %	
<b>EBITDA-%</b>	-129.0 %	-83.3 %	-33.6 %	#####	-213.5 %	-212.0 %	-124.0 %	-126.5 %	-86.6 %	-59.5 %	-93.0 %	-30.5 %	-1.5 %	20.1 %	
<b>Adjusted EBIT-%</b>	-169.5 %	-127.5 %	-19.1 %	#####	-496.5 %	-301.4 %	-186.6 %	-212.1 %	-148.1 %	-106.6 %	-154.5 %	-68.6 %	-29.5 %	0.0 %	
<b>Net earnings-%</b>	-185.9 %	-124.1 %	-9.7 %	#####	-487.3 %	-293.1 %	-177.2 %	-202.0 %	-140.4 %	-100.7 %	-146.6 %	-65.1 %	-22.8 %	-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>34.3</b>	<b>34.3</b>
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	7.7	8.9	9.0	8.6	9.4
Tangible assets	19.9	24.9	25.5	25.7	25.0
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>21.7</b>	<b>16.8</b>	<b>14.6</b>
Inventories	2.3	2.6	1.8	2.5	2.4
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	4.5	2.5	2.0	2.6	2.8
Cash and equivalents	43.9	25.1	17.9	11.7	9.4
<b>Balance sheet total</b>	<b>78.3</b>	<b>64.0</b>	<b>56.2</b>	<b>51.1</b>	<b>48.9</b>

Source: Inderes

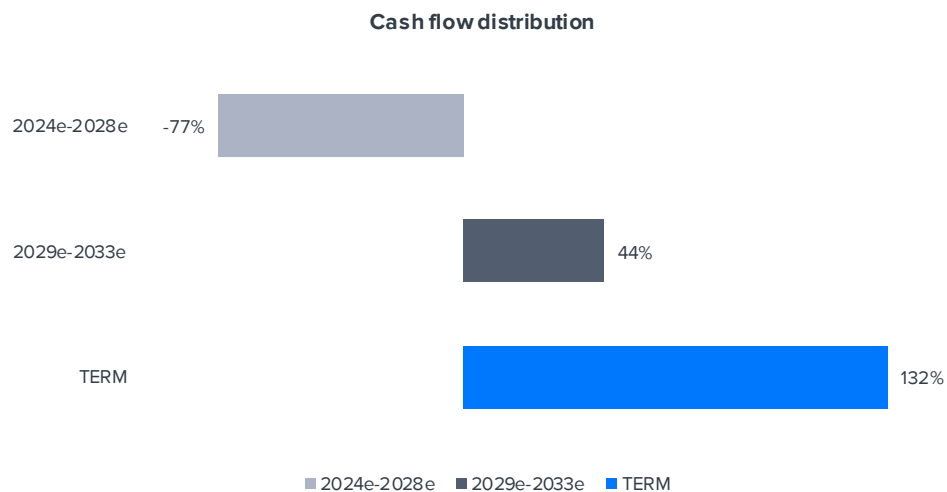
Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>67.6</b>	<b>55.7</b>	<b>48.3</b>	<b>42.9</b>	<b>40.3</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-7.8	-19.7	-27.1	-32.5	-35.1
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	75.3	75.3	75.3	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>5.0</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	5.0	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>2.9</b>	<b>3.3</b>	<b>3.6</b>
Interest bearing debt	1.7	2.0	2.0	2.0	2.0
Payables	2.5	1.7	0.9	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>56.2</b>	<b>51.1</b>	<b>48.9</b>

# DCF calculation

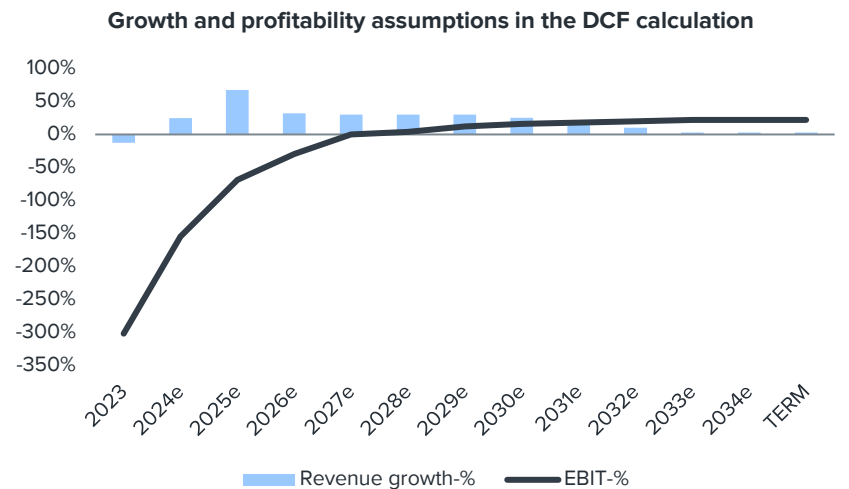
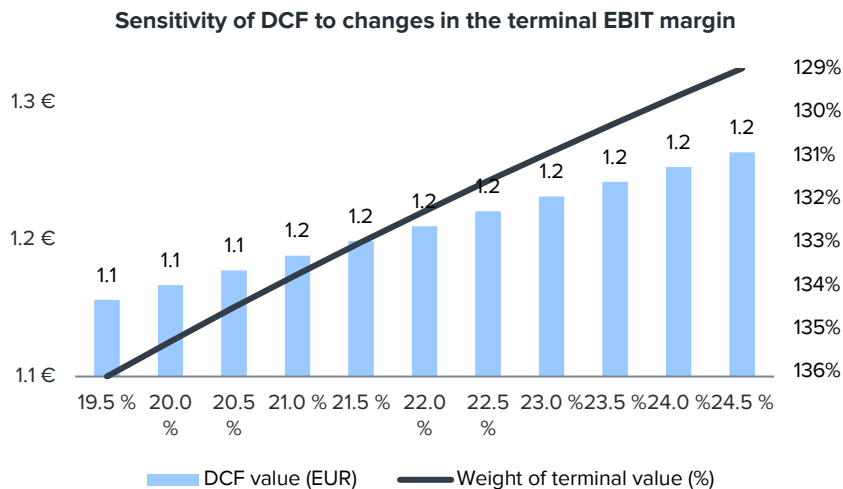
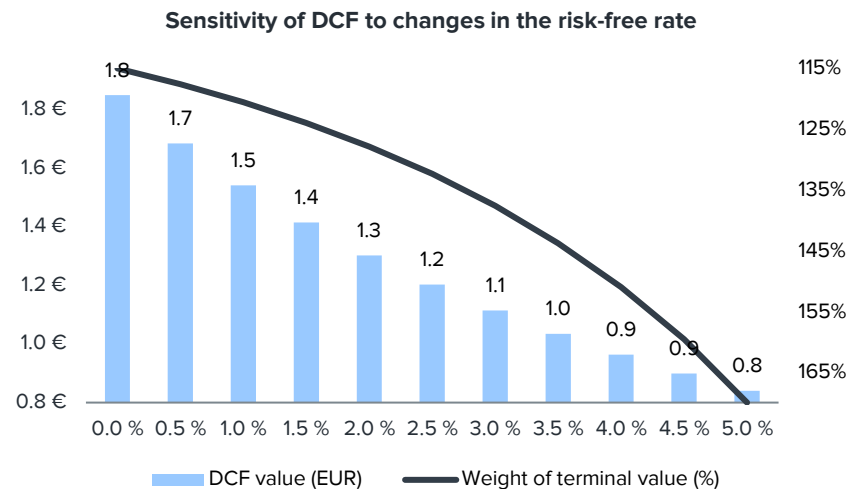
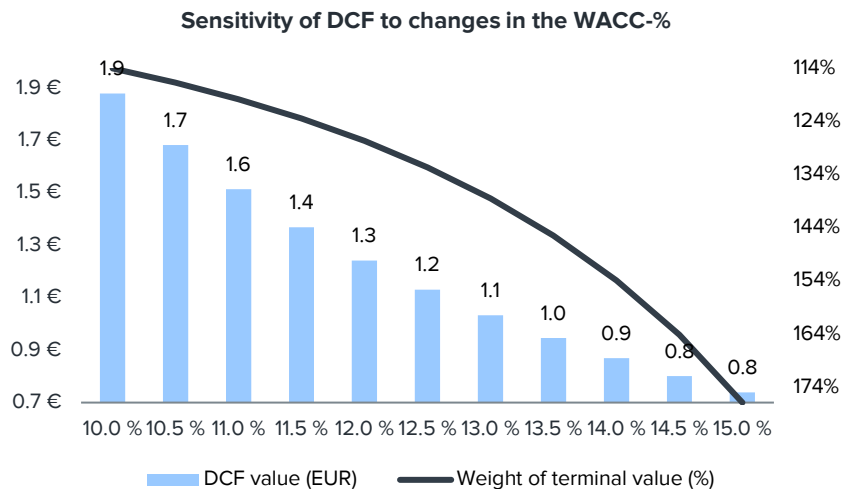
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-12.5 %	24.8 %	67.2 %	32.0 %	30.0 %	30.0 %	30.0 %	25.0 %	20.0 %	10.0 %	3.0 %	3.0 %	3.0 %
EBIT-%	-301.4 %	-154.5 %	-68.6 %	-29.5 %	0.0 %	4.0 %	12.0 %	16.0 %	18.0 %	20.0 %	22.0 %	22.0 %	22.0 %
<b>EBIT (operating profit)</b>	<b>-12.1</b>	<b>-7.8</b>	<b>-5.8</b>	<b>-3.3</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	3.2	3.1	2.9	2.7	2.8	2.8	2.9	2.9	2.9	2.9	
- Paid taxes	0.0	0.0	0.0	0.6	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	0.4	-0.9	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>-5.1</b>	<b>-3.5</b>	<b>0.7</b>	<b>3.1</b>	<b>2.8</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	-2.0	
<b>Free operating cash flow</b>	<b>-17.3</b>	<b>-8.1</b>	<b>-6.5</b>	<b>-2.4</b>	<b>0.1</b>	<b>-0.2</b>	<b>1.7</b>	<b>3.1</b>	<b>4.3</b>	<b>6.0</b>	<b>7.0</b>	<b>8.2</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	-8.1	-6.5	-2.4	0.1	-0.2	1.7	3.1	4.3	6.0	7.0	8.2	88.7
<b>Discounted FCFF</b>		<b>-7.7</b>	<b>-5.6</b>	<b>-1.8</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.9</b>	<b>1.5</b>	<b>1.8</b>	<b>2.2</b>	<b>2.3</b>	<b>2.4</b>	<b>26.2</b>
Sum of FCFF present value		22.2	29.9	35.5	37.3	37.2	37.3	36.5	35.0	33.2	31.0	28.6	26.2
<b>Enterprise value DCF</b>		<b>22.2</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>40.8</b>											
<b>Equity value DCF per share</b>		<b>1.0</b>											

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	5.0	8.4	EPS (reported)	-0.12	-0.20	-0.28	-0.17	-0.13
EBITDA	0.4	-5.9	-8.5	-5.4	-2.6	EPS (adj.)	-0.12	-0.20	-0.28	-0.17	-0.13
EBIT	-0.8	-7.8	-12.1	-7.8	-5.8	OCF / share	-0.01	-0.08	-0.18	-0.12	-0.08
PTP	-5.1	-8.6	-11.8	-7.4	-5.5	FCF / share	-0.23	-0.40	-0.41	-0.19	-0.15
Net Income	-5.1	-8.6	-11.8	-7.4	-5.5	Book value / share	1.79	1.59	1.31	1.13	1.01
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	87.5	78.3	64.0	56.2	51.1	Revenue growth-%	-10%	-49%	-12%	25%	67%
Equity capital	76.2	67.6	55.7	48.3	42.9	EBITDA growth-%	-92%	-1428%	44%	-36%	-53%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-116%	935%	56%	-36%	-26%
Net debt	-53.4	-35.6	-18.6	-10.9	-4.7	EPS (adj.) growth-%	-198%	69%	38%	-38%	-26%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	4.9 %	-129.0 %	-212.0 %	-108.2 %	-30.5 %
EBITDA	0.4	-5.9	-8.5	-5.4	-2.6	EBIT (adj.)-%	-8.3 %	-169.5 %	-301.4 %	-154.5 %	-68.6 %
Change in working capital	-0.9	2.6	1.0	0.4	-0.9	EBIT-%	-8.3 %	-169.5 %	-301.4 %	-154.5 %	-68.6 %
Operating cash flow	-0.4	-3.3	-7.5	-5.1	-3.5	ROE-%	-11.8 %	-11.9 %	-19.1 %	-14.2 %	-12.0 %
CAPEX	-9.6	-13.7	-9.7	-3.0	-3.1	ROI-%	-1.5 %	-9.6 %	-17.6 %	-13.2 %	-11.0 %
Free cash flow	-10.0	-17.0	-17.3	-8.1	-6.5	Equity ratio	87.0 %	86.3 %	87.1 %	86.0 %	83.8 %
						Gearing	-70.1%	-52.7 %	-33.4 %	-22.6 %	-10.9 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	47.4	19.6	4.9	7.5	5.2						
EV/EBITDA	>100	neg.	neg.	neg.	neg.						
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	neg.						
P/E (adj.)	neg.	neg.	neg.	neg.	neg.						
P/B	6.4	1.9	0.7	1.0	1.1						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

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	0.90 €	0.83 €
8/19/2024	Reduce	0.90 €	1.14 €



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