

SciBase AB

Company report

22.2.2024 08:20



Anton Damstén
+46761265875
anton.damsten@inderes.com

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Cheaply priced potential locked behind financing risks

SciBase's revenue growth continued in Q4 in Germany and the US, with gross margin trending upwards. In our view, the company remains operationally on a credible path to build an attractive position in its markets. We believe this potential is now very attractively priced. At the same time, the falling share price has increased financing risks (equity issue 1-3x current MCAP expected in the next ~3-6 months) and is starting to cause uncomfortably high volatility in expected returns and dilution, and we now wait for these risks to subside. We lower our recommendation to Reduce (was Accumulate) and our target price to SEK 0.45 (was 0.80).

Gross margin improved markedly, while revenue and EBIT came in somewhat lower than our estimates

SciBase's Q4-revenues increased by 16% to 5.8 MSEK, somewhat below our estimate (6.2 MSEK). Meanwhile, the gross margin improved to 74% (Q4'22: 61%), with the electrode margin reaching 80%. A favorable product mix, higher US electrode sales, price increases, and positive currency effects drove the improvement. EBIT decreased to -16.6 MSEK (Q4'22: -13.6 MSEK) due to increased US expansion and product development costs. The number of electrodes sold increased by 5% to 12,044 (Q4'22: 11,444) and was driven by sales to new and existing customers. The growth was somewhat lower than in previous quarters, mainly due to inventory build-up due to the price increase of electrodes during Q3. At the end of the quarter, the company had cash and cash equivalents of 34 MSEK.

Investment case rests on an attractive foundation once financing risks are overcome

SciBase's medical device, Nevisense, is primarily used to significantly improve the accuracy of skin cancer diagnosis. We do not currently see any serious competition for the device, and it remains the only FDA-cleared point-of-care product for melanoma detection available in the US. The product has already achieved promising commercial momentum in Germany and the US, the two largest markets for skin cancer detection. SciBase's high-margin consumable-based business model is also highly recurring and scalable. We've written about the company in more detail in our recent [extensive report](#). The key near-term risks to the investment case are limited financing and negative cash flow during the ramp-up period. This exposes investors to an unknown level of dilution in future capital raises.

Price is very cheap, but investment returns are overshadowed by increased financing risks

With the Q4 report roughly in line with our expectations we have adjusted our estimates slightly, increasing near-term gross margin estimates and slightly decreasing our 2024 revenue growth estimate. While our 2024 growth estimate is modest, we expect increasing reimbursement coverage in the US to start driving clearly higher growth in 2025-2026, giving visibility to the timing of cash flow neutrality, providing strong positive drivers for the stock in 1,5-3-year timeframe. We project significant growth (2023-2027e CAGR 54 %) and profitability improvement for the upcoming years. However, in the next 12 months, US sales will still be picking up speed. Using valuation methodologies based on potential future cash flow generation, we can justify a fair value range of SEK 0.3 to 1.1 per share (down from 0.6-1.1 after adjusting equity raises for lower valuation). In absolute terms, SciBase's current valuation of 48 MSEK (0.40 SEK/share) is a bargain and close to being valued at net cash (Q4'23 34 MSEK). However, with negative cash flow, SciBase will need to raise significant financing relative to the current market cap (we estimate 1-3x) in the next ~6 months. Without clear positive short-term drivers, the risk of significant dilution calls for caution. Due to the heightened risks, we now set our target price towards the lower end of the range and wait for a better risk/reward ratio. However, if the financing is solved with good terms and the company succeeds in its US sales efforts, the expected returns could be very attractive.

Recommendation

Reduce

(prev. Accumulate)

0.45 SEK

(prev. 0.80 SEK)

Share price:

0.40



Key indicators

	2023	2024e	2025e	2026e
Revenue	23.2	31.9	50.4	81.5
growth-%	30 %	37 %	58 %	62 %
EBIT adj.	-53.9	-56.1	-46.9	-29.5
EBIT-% adj.	-232.0 %	-175.9 %	-93.1 %	-36.2 %
Net Income	-55.6	-56.7	-52.3	-39.6
EPS (adj.)	-0.51	-0.47	-0.44	-0.33

P/E (adj.)	neg.	neg.	neg.	neg.
P/B	2.3	neg.	neg.	neg.
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	neg.	neg.	neg.
EV/EBITDA	neg.	neg.	neg.	neg.
EV/S	2.8	2.4	2.7	2.3

Source: Inderes

Guidance

(Unchanged)

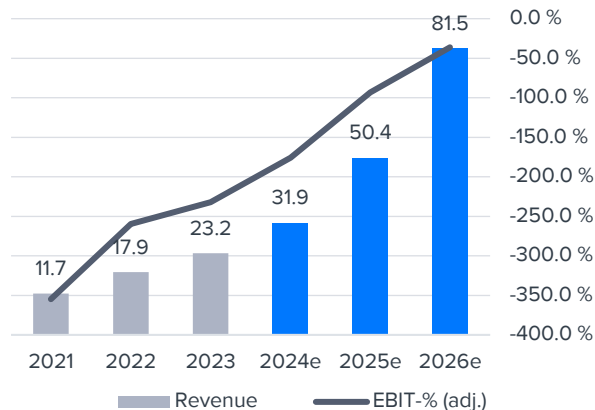
SciBase provides no guidance.

Share price



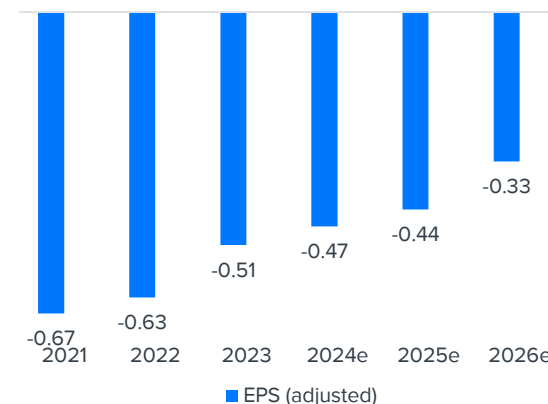
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

Earnings per share



Source: Inderes

Value drivers

- The US market provides a large market for the proven Nevisense platform
- Gaining FDA approval to use Nevisense for NMSC detection in the USA would further increase the market size
- Further growth on the German market through on-boarding new clients, increased sales of electrodes, and further price increases of electrodes
- Clinical adoption of Nevisense for assessing the skin's barrier function would give access to a market valued at 6-7 BNSEK

Risk factors

- Unprofitable operations that are funded through equity issues
- Failure or significant delays in growing sales on the US market
- Competition from similar or substitution products
- Any potential new regulatory hurdles leading to delays and additional expenses

Valuation	2024e	2025e	2026e
Share price	0.40	0.40	0.40
Number of shares, million:	119.8	119.8	119.8
Market cap	48	48	48
EV	77	135	186
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	neg.	neg.	neg.
P/S	1.5	1.0	0.6
EV/Sales	2.4	2.7	2.3
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

Gross margin improved markedly, while revenues came in below our estimates

Revenues increased by 16% year-on-year

Revenue for the fourth quarter increased by 16% to 5.8 MSEK, which was somewhat below our estimate of 6.2 MSEK. Cleared for currency effects the increase would have been 10%. German sales grew 36% due to increased electrode sales driven by new and existing customers. US sales increased by 34% year-over-year due to several new collaborations with dermatology networks. The number of electrodes sold in the quarter increased by 5% to 12,044 (Q4'22: 11,444). According to SciBase, the lower growth rate was due to inventory build-up in Germany during Q3 following the announced price increase for electrodes on August 1.

Gross margins improved significantly

The overall gross margin improved to 74%, significantly better than our estimate of 68%. The

margin for electrodes was even better at 80%. The improvement was mainly due to higher electrode sales, currency effects and electrode price increases in Germany. The overall gross margin would have been closer to 72% in constant currency. SciBase's target is an overall gross margin of 70%.

Increased operating costs across the board leading to lower EBIT

SciBase's operating costs increased to 21 MSEK, which was higher than our estimate of 18 MSEK. Operating costs increased across the board, with higher costs for both sales and marketing, administration and development. As a result, the company's quarterly EBIT decreased to -16.6 MSEK compared to -13.6 MSEK in Q4'22. The increased costs were mainly related to the US expansion and product development. As SciBase continues on its

growth path, costs are expected to increase at a slower rate than revenues.

Cash flow in line with expectations

Operating cash flow (OCF) for the period came in at -17 MSEK, which was roughly in line with EBITDA. Investments for the quarter amounted to a low 0.1 MSEK, mainly consisting of acquisitions of fixed assets. SciBase's cash and cash equivalents decreased to 34 MSEK during the quarter. According to the Q4 report, based on the current strategic plan, SciBase's board assesses that the group needs additional capital during the next 12-month period and is currently evaluating different financing options. At the current burn rate of ~15-17 MSEK/quarter, we estimate that financing would be needed in the next six months.

Estimates	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus	Difference (%)	2023	
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Actualized
Revenue	5.0	5.8	6.2				-8 %	23.2
EBITDA	-10.0	-15.7	-13.2				19 %	-50.6
EBIT	-13.6	-16.6	-14.0				19 %	-53.9
PTP	-15.5	-20.5	-14.0				47 %	-55.6
EPS (adj.)	-0.23	-0.17	-0.13				31 %	-0.51
Revenue growth-%	26.4 %	16.1 %	25.8 %				-9.6 pp	29.9 %
EBIT-% (adj.)	-274.7 %	-242.3 %	-223.7 %				-18.6 pp	-220.7 %

Source: Inderes

Estimate revisions

- We have fine-tuned our revenue and cost estimates for the upcoming years to better align with Q4'2023.
- We have slightly lowered our revenue estimates for 2024-2026, while increasing our gross margin estimate to 70% in 2024 and 71% thereafter. We also slightly increased our cost projections to better reflect the levels seen in Q4.

Estimate revisions	2023	2023	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	23.7	23.2	-2 %	33.8	31.9	-6 %	53.1	50.4	-5 %
EBITDA	-48.1	-50.6	5 %	-48.2	-52.7	9 %	-39.4	-44.0	12 %
EBIT (exc. NRIs)	-51.3	-53.9	5 %	-51.0	-56.1	10 %	-42.9	-46.9	10 %
EBIT	-51.3	-53.9	5 %	-51.0	-56.1	10 %	-42.9	-46.9	10 %
PTP	-49.1	-55.6	13 %	-51.2	-56.7	11 %	-47.0	-52.3	11 %
EPS (excl. NRIs)	-0.45	-0.51	13 %	-0.43	-0.47	11 %	-0.39	-0.44	11 %
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

The financing risks depress potential

The current low valuation is undoubtedly appealing; however, the financing risks looms large

SciBase's investment story looks quite attractive at first glance. The opportunity to get in on the ground floor of an innovative and potentially lucrative medical device could promise high returns. Additionally, with a share price decline of 34% since our last report, the company's valuation is undoubtedly low. However, the financing risks loom large and increase as the valuation declines. With unprofitable operations, a cash position of 34 MSEK, and a burn rate of 15-17 MSEK per quarter, a financing solution will be needed in the near term. However, raising capital through an equity issue will be expensive and dilutive to the shareholders at the current low valuation. With a burn rate at 15 MSEK a quarter, the company would likely look to raise 50 to 150 MSEK, which at the current share price would mean about 125 to 375 million new shares (119m outstanding shares as of Feb 2024). However, as is typical, we would expect the issue to be priced below market, increasing the share count even further.

In our view, the key challenge for the company over the next 12 months is the amount of capital that needs to be raised relative to the company's market capitalization. Market capitalization is, of course, dependent on the share price, over which the company has little control. Especially since the expected operational drivers are still a few years away and the need for capital is imminent. Therefore, we believe that it will be difficult for the company to overcome the downward pressure from the expected equity issue, the loss-making operations and the question mark over when the US sales will be unlocked. Clear signs of a recovery in US sales would undoubtedly be a positive for the stock. However, given the ongoing reimbursement expansion, we do not expect this driver to fully materialize until 2025-2026.

Valuation based on multiples and DCF-model

We approach the multiple-based valuation by applying a low and high multiple to our 2025e and 2028e estimates. To account for likely future equity issues, we have adjusted net debt and the number of shares to reflect hypothetical share issues of SEK 75 million in 2024 and 2025 (was 2026), at 0.40 SEK/share (was 0.75 SEK/share), respectively. Our multiple-based valuation (see next page) gives a per-share value ranging from 0.3 to 1.0 SEK.

We use a DCF model to illustrate the long-term potential of the company. We arrive at a DCF equity value for SciBase of 137 MSEK or SEK 1.1 per share. We use a long-term operating profit margin of 25%, a terminal growth rate of 2.5%, and a WACC of 14%. However, our DCF assumes SciBase will finance its growth with debt, which is unlikely due to negative cash flow, making the DCF skew towards optimism. More on valuation methodology can be found in our [extensive report](#).

Fair value and recommendation

Based on our valuation, we have estimated a fair value range of SEK 0.3-1.1 per share (was 0.6-1.1), with the lower end of the range represented by the EV/S multiple of 3x 2025e sales and the upper end by the DCF model. Given the looming financing risks and uncertainty around the timing and cost of ramping up US sales, we believe the drivers currently justify a valuation towards the lower end of the range. Consequently, we have downgraded our recommendation to Reduce (was Accumulate) and lowered our target price to SEK 0.45 (was 0.80), as we see the increased financing risks weighing on the risk/reward of the stock. However, if the financing risks are resolved on good terms for existing shareholders and the company succeeds operationally, the expected returns could be very attractive.

Valuation	2024e	2025e	2026e
Share price	0.40	0.40	0.40
Number of shares, millions	119.8	119.8	119.8
Market cap	48	48	48
EV	77	135	186
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	neg.	neg.	neg.
P/S	1.5	1.0	0.6
EV/Sales	2.4	2.7	2.3
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

Valuation graphs

EV/sales valuation (MSEK)	Low	High
Revenue 2025e	50	50
EV/sales multiple	3.0x	5.0x
EV	151	252
Net debt ¹	-62	-62
Market cap	214	315
Per share ¹	0.4	0.6
Discounted to today	0.3	0.5

Revenue 2028e	183	183
EV/sales multiple	3.0x	5.0x
EV	549	915
Net debt ¹	23	23
Market cap	526	892
Per share ¹	1.1	1.8
Discounted to today	0.6	1.0

EV/EBIT valuation (MSEK)	Low	High
EBIT 2028e	31	31
EV/EBIT multiple	15.0x	20.0x
EV	466	621
Net debt ¹	23	23
Market cap	442	598
Per share ¹	0.9	1.2
Discounted to today	0.5	0.6

Source: Inderes

1) Adjusted for hypothetical equity issues of 75 MSEK in 2024 and 2025 at 0.40 SEK/share

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	4.36	4.62	5.52	3.82	0.83	0.40	0.40	0.40	0.40
Number of shares, millions	16.6	54.8	68.5	68.5	119.8	119.8	119.8	119.8	119.8
Market cap	72	253	378	262	99	48	48	48	48
EV	46	212	312	243	65	77	135	186	217
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/E	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/B	2.3	5.4	5.3	10.4	2.3	neg.	neg.	neg.	neg.
P/S	7.8	26.6	32.2	14.6	4.3	1.5	1.0	0.6	0.4
EV/Sales	5.0	22.2	26.6	13.6	2.8	2.4	2.7	2.3	1.7
EV/EBITDA	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	71.4
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	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 %	0.0 %	0.0 %

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
Revenio Group Oyj	721	718	24.6	20.0	21.6	17.9	6.9	6.1	33.2	26.6	1.5	1.8	6.5
Roche Holding AG	198,936	224,310	10.7	9.7	9.6	8.7	3.6	3.4	14.5	13.0	4.1	4.5	7.3
STRATA Skin Sciences Inc	16	22		6.6	5.7	1.8	0.7	0.5		8.1			
CellaVision AB	532	527	26.5	21.6	22.4	18.7	7.6	6.6	34.0	27.3	1.0	1.1	7.2
Sectra AB	3,723	3,682	74.6	59.5	67.4	58.6	15.0	13.2	100.6	87.0	0.6	0.7	23.7
ContextVision	49	45	10.8	9.3	8.0	7.3	3.5	3.2	14.9	13.0	5.6	6.3	
Aiforia Technologies	95	81					13.5	8.1				27.3	4.1
Episurf Medical AB	22	18					7.2	4.7					2.4
Dignitana AB	12	13		6.8	12.4	3.9	1.4	1.0		9.7			
Senzime AB	64	59					8.2	3.3					3.2
SciBase AB (Inderes)	4	7	-1.4	-2.9	-1.5	-3.1	2.4	2.7	-0.8	-0.9	0.0	0.0	-3.5
Average			29.4	19.1	21.0	16.7	6.7	5.0	39.5	26.4	2.6	6.9	7.7
Median			24.6	9.7	12.4	8.7	7.0	4.0	33.2	13.0	1.5	3.1	6.5
Diff-% to median			-106 %	-130 %	-112 %	-135 %	-66 %	-33 %	-103 %	-107 %	-100 %	-100 %	-154 %

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	17.9	5.1	5.1	7.2	5.8	23.2	6.8	7.3	9.8	8.1	31.9	50.4	81.5	129
EBITDA	-42.8	-10.0	-12.8	-12.0	-15.7	-50.6	-12.8	-13.2	-12.7	-14.0	-52.7	-44.0	-26.3	3.0
Depreciation	-3.7	-0.8	-1.0	-0.7	-0.9	-3.4	-0.9	-0.9	-0.9	-0.9	-3.5	-3.0	-3.2	-3.5
EBIT (excl. NRI)	-46.4	-10.8	-13.8	-12.7	-16.6	-53.9	-13.7	-14.1	-13.6	-14.8	-56.1	-46.9	-29.5	-0.4
EBIT	-46.4	-10.8	-13.8	-12.7	-16.6	-53.9	-13.7	-14.1	-13.6	-14.8	-56.1	-46.9	-29.5	-0.4
Net financial items	3.2	-0.1	2.5	-0.1	-3.9	-1.6	-0.1	-0.1	-0.1	-0.1	-0.6	-5.3	-10.1	-14.0
PTP	-43.2	-10.9	-11.4	-12.8	-20.5	-55.6	-13.8	-14.2	-13.7	-15.0	-56.7	-52.3	-39.6	-14.4
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	0.0	0.0
Net earnings	-43.2	-10.9	-11.4	-12.8	-20.5	-55.6	-13.8	-14.2	-13.7	-15.0	-56.7	-52.3	-39.6	-14.4
EPS (adj.)	-0.63	-0.15	-0.09	-0.11	-0.17	-0.51	-0.12	-0.12	-0.11	-0.12	-0.47	-0.44	-0.33	-0.12
EPS (rep.)	-0.63	-0.15	-0.09	-0.11	-0.17	-0.51	-0.12	-0.12	-0.11	-0.12	-0.47	-0.44	-0.33	-0.12

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	52.6 %	20.9 %	36.5 %	46.7 %	16.1 %	29.9 %	31.2 %	44.5 %	34.6 %	39.9 %	37.3 %	57.9 %	61.6 %	58.7 %
Adjusted EBIT growth-%	11.6 %	11.2 %	18.0 %	11.9 %	21.7 %	16.2 %	26.9 %	1.7 %	6.7 %	-10.7 %	4.1 %	-16.4 %	-37.2 %	-98.6 %
EBITDA-%	-239.1 %	-193.8 %	-252.1 %	-165.8 %	-272.9 %	-217.5 %	-189.8 %	-179.5 %	-130.4 %	-173.0 %	-165.0 %	-87.2 %	-32.3 %	2.4 %
Adjusted EBIT-%	-259.5 %	-209.4 %	-271.9 %	-175.7 %	-288.0 %	-232.0 %	-202.6 %	-191.3 %	-139.2 %	-183.8 %	-175.9 %	-93.1 %	-36.2 %	-0.3 %
Net earnings-%	-241.3 %	-211.8 %	-223.2 %	-176.4 %	-356.3 %	-239.1 %	-204.6 %	-193.2 %	-140.7 %	-185.5 %	-177.6 %	-103.6 %	-48.6 %	-11.1 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	9.2	8.6	8.5	9.0	9.9
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	0.0	0.0	0.0	0.0	0.0
Tangible assets	9.2	8.6	8.5	9.0	9.9
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	40.6	55.7	41.2	62.1	95.9
Inventories	7.3	11.9	13.4	21.2	34.2
Other current assets	0.6	0.6	0.6	0.6	0.6
Receivables	13.9	9.1	20.8	30.3	44.8
Cash and equivalents	18.8	34.1	6.4	10.1	16.3
Balance sheet total	49.9	64.3	49.7	71.2	106

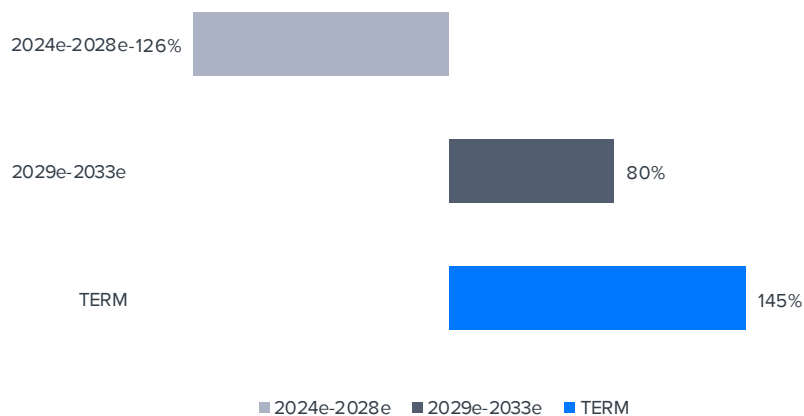
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	25.2	43.1	-13.7	-65.9	-105.5
Share capital	3.4	6.0	6.0	6.0	6.0
Retained earnings	-615.2	-668.4	-725.1	-777.3	-816.9
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-0.7	0.0	0.0	0.0	0.0
Other equity	638	705	705	705	705
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	5.2	4.2	39.4	102	158
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	0.0	0.0	35.2	97.6	154
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	5.2	4.2	4.2	4.2	4.2
Current liabilities	19.4	17.1	23.9	35.3	52.9
Interest bearing debt	0.0	0.0	0.0	0.0	0.0
Payables	15.4	17.1	23.9	35.3	52.9
Other current liabilities	4.0	0.0	0.0	0.0	0.0
Balance sheet total	49.9	64.3	49.7	71.2	106

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	29.9 %	37.3 %	57.9 %	61.6 %	58.7 %	41.6 %	31.9 %	26.9 %	14.3 %	5.0 %	2.5 %	2.5 %
EBIT-%	-232.0 %	-175.9 %	-93.1 %	-36.2 %	-0.3 %	17.0 %	21.2 %	22.8 %	22.1 %	24.0 %	25.0 %	25.0 %
EBIT (operating profit)	-53.9	-56.1	-46.9	-29.5	-0.4	31.1	51.2	69.9	77.2	88.2	94.2	
+ Depreciation	3.4	3.5	3.0	3.2	3.5	4.0	4.7	5.5	6.4	7.3	8.2	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-13.0	-15.8	-17.8	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.9	-2.4	-1.6	
+ 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	
- Change in working capital	-2.1	-6.3	-5.9	-9.9	-15.3	-17.2	-18.7	-20.8	-14.0	-12.9	-10.7	
Operating cash flow	-52.7	-59.0	-49.9	-36.3	-12.3	17.9	37.2	54.7	53.7	64.4	72.3	
+ Change in other long-term liabilities	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-2.8	-3.4	-3.5	-4.0	-5.0	-6.0	-7.0	-8.0	-9.0	-10.0	-11.0	
Free operating cash flow	-56.5	-62.4	-53.4	-40.3	-17.3	11.9	30.2	46.7	44.7	54.4	61.3	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-56.5	-62.4	-53.4	-40.3	-17.3	11.9	30.2	46.7	44.7	54.4	61.3	546
Discounted FCFF		-55.7	-41.8	-27.7	-10.4	6.3	14.0	19.0	15.9	17.0	16.8	150
Sum of FCFF present value		103	159	201	228	239	232	218	199	183	166	150
Enterprise value DCF		103										
- Interest bearing debt		0.0										
+ Cash and cash equivalents		34.1										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		137										
Equity value DCF per share		1.1										

Cash flow distribution

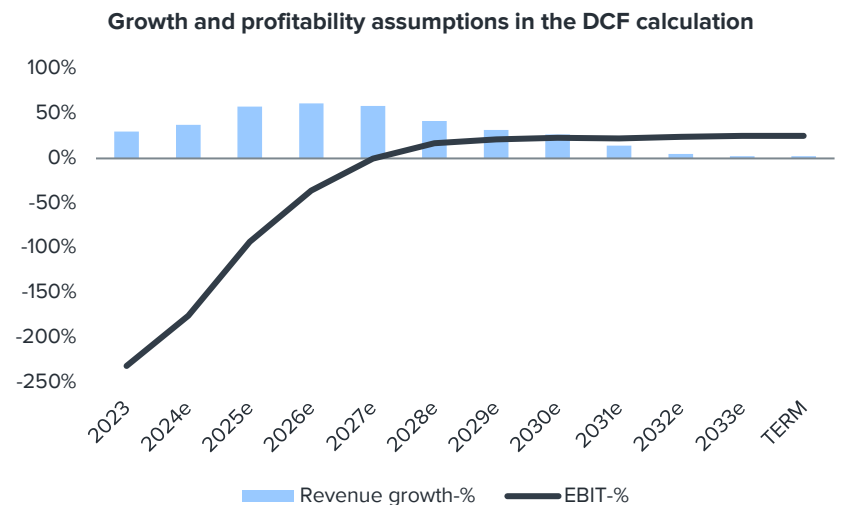
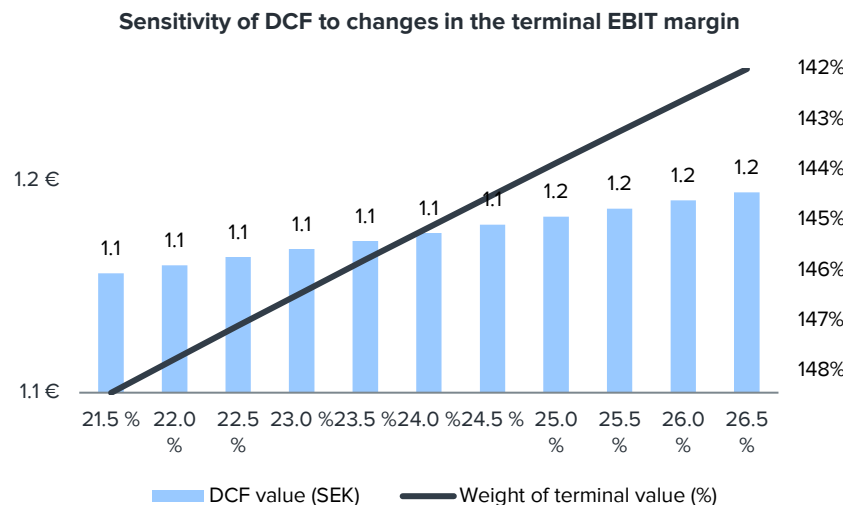
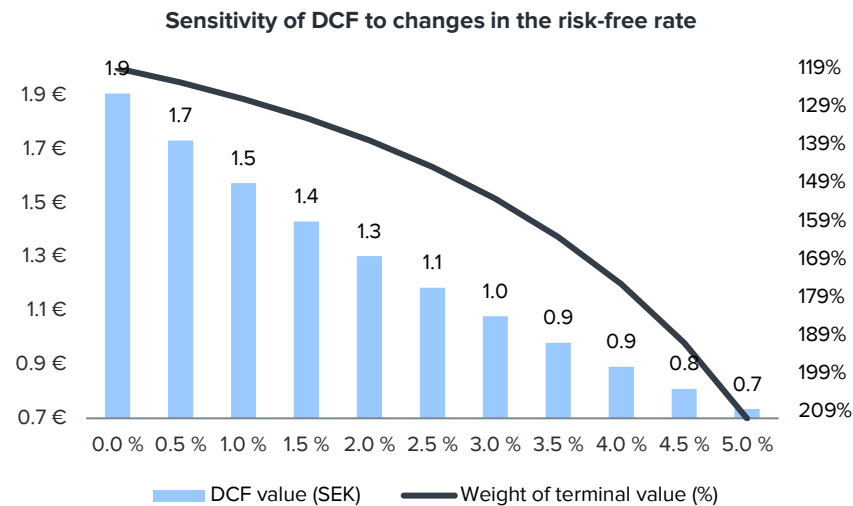
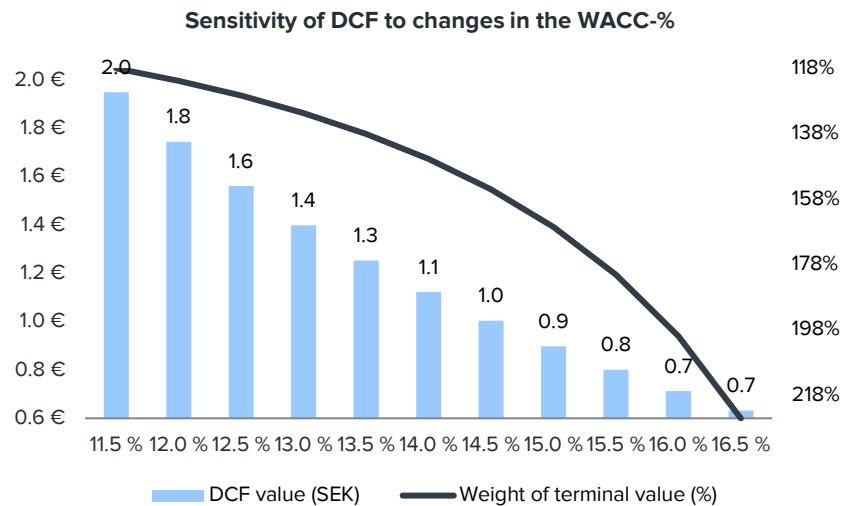


WACC

Tax-% (WACC)	20.6 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	10.0 %
Equity Beta	2.00
Market risk premium	4.75 %
Liquidity premium	2.70 %
Risk free interest rate	2.5 %
Cost of equity	14.7 %
Weighted average cost of capital (WACC)	14.0 %

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	11.7	17.9	23.2	31.9	50.4	EPS (reported)	-0.67	-0.63	-0.51	-0.47	-0.44
EBITDA	-38.7	-42.8	-50.6	-52.7	-44.0	EPS (adj.)	-0.67	-0.63	-0.51	-0.47	-0.44
EBIT	-41.6	-46.4	-53.9	-56.1	-46.9	OCF / share	-0.61	-0.65	-0.49	-0.49	-0.42
PTP	-41.8	-43.2	-55.6	-56.7	-52.3	FCF / share	-0.66	-0.70	-0.52	-0.52	-0.45
Net Income	-41.8	-43.2	-55.6	-56.7	-52.3	Book value / share	1.13	0.37	0.40	-0.11	-0.55
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	85.5	49.9	64.3	49.7	71.2	Revenue growth-%	23 %	53 %	30 %	37 %	58 %
Equity capital	70.8	25.2	43.1	-13.7	-65.9	EBITDA growth-%	20 %	11 %	18 %	4 %	-17 %
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	20 %	12 %	16 %	4 %	-16 %
Net debt	-65.6	-18.8	-34.1	28.8	87.5	EPS (adj.) growth-%	-40 %	-5 %	-18 %	-8 %	-8 %
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-329.6 %	-239.1 %	-217.5 %	-165.0 %	-87.2 %
EBITDA	-38.7	-42.8	-50.6	-52.7	-44.0	EBIT (adj.)-%	-354.8 %	-259.5 %	-232.0 %	-175.9 %	-93.1 %
Change in working capital	0.3	-2.0	-2.1	-6.3	-5.9	EBIT-%	-354.8 %	-259.5 %	-232.0 %	-175.9 %	-93.1 %
Operating cash flow	-38.3	-44.7	-52.7	-59.0	-49.9	ROE-%	-71.0 %	-89.9 %	-162.8 %	-385.7 %	131.4 %
CAPEX	-1.7	-7.8	-2.8	-3.4	-3.5	ROI-%	-70.7 %	-96.7 %	-158.0 %	-173.8 %	-176.3 %
Free cash flow	-41.4	-47.6	-56.5	-62.4	-53.4	Equity ratio	82.8 %	50.6 %	66.9 %	-27.5 %	-92.6 %
						Gearing	-92.7 %	-74.6 %	-79.2 %	-211.2 %	-132.8 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	26.6	13.6	2.8	2.4	2.7						
EV/EBITDA (adj.)	neg.	neg.	neg.	neg.	neg.						
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	neg.						
P/E (adj.)	neg.	neg.	neg.	neg.	neg.						
P/B	5.3	10.4	2.3	neg.	neg.						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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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	Share price
01/02/2024	Reduce	0.80 SEK	0.75 SEK
09/02/2024	Accumulate	0.80 SEK	0.61 SEK
22/02/2024	Reduce	0.45 SEK	0.40 SEK



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Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

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