

# Nexstim

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Potentiaali houkuttelee taas" published on 8/18/2024 at 6:18 pm EEST.

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# Potential attracts again

Nexstim's H1 report was broadly in line with expectations and the company reaffirmed its outlook for the remainder of the year for comparable revenue growth and improved EBIT. Our forecast revisions are minor as the company's outlook remains largely unchanged. In the short term, the value of the stock may fluctuate significantly depending on the implementation of the Sinaptica agreement. We are raising our recommendation to Accumulate (previously Reduce) to reflect the improved risk/reward ratio resulting from the share price decline.

## Revenue was in line with expectations, supported by strong system sales

Nexstim's H1 revenue was 3.2 MEUR and almost in line with our forecast (3.4 MEUR). This represents an increase of 27% over the weak comparison period. The company delivered a total of 10 systems during the period, half of which were new NBS6 systems. Deliveries increased from 8 in the comparison period. Based on the reported revenue figures, we conclude that the majority of the NBS6 systems are supplied on a rental basis. This means that the revenue from the purchase price is recognized as recurring revenue over an extended period of time. The company reaffirmed its guidance for the remainder of the year, expecting comparable revenue growth and an improvement in EBIT. Based on H1, we believe that achieving this is realistic.

## No surprises in earnings performance

EBITDA of -0.5 MEUR and EBIT of -0.9 MEUR improved significantly year-on-year and were in line with our forecasts. Profitability was supported by high-margin recurring revenue growth. Cash flow from operating and investing activities was -0.24 MEUR, positively impacted by the repayment of trade receivables (0.96 MEUR) accumulated at the end of 2023. Cash and cash equivalents at the end of the period amounted to 3.0 MEUR strengthened by the R&D loan and the convertible bond issued in early summer. As a result, the company's cash position is currently in good shape.

## Forecasts revised only slightly as outlook largely unchanged

Our revenue forecasts remain virtually unchanged, as there were no material changes in the outlook for the H1 report. We are revising our cost projections slightly upward as headcount has grown faster than expected. This will have a slightly downward impact on the forecast for the coming years. Our H2'24 forecast includes 1 MEUR of revenue based on the letter of intent with Sinaptica in Alzheimer's disease. If the contract is finalized as expected, this could lead to even higher returns for the rest of the year. On the other hand, a no-deal would likely lead to a much weaker performance than our forecasts for H2.

## Collaboration agreements can cause big swings in stock price

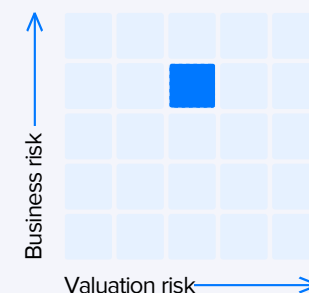
Our valuation is based on EV/S multiples and the DCF model. Nexstim's 2024e EV/S is 2.5x and decreases to 1.8x in 2025e. The multiples are moderate relative to the profitability potential. Beyond this year, visibility to growth prospects remains low. The DCF suggests a value of EUR 3.7 per share and a reasonable upside. We believe that the stock is moderately attractively priced after the share price decline and that the opportunities outweigh the risks. However, we would like to point out that the agreements and settlements with Sinaptica and Magnus Medical could have a significant impact on the share price one way or the other.

## Recommendation

**Accumulate**  
(was Reduce)

**EUR 3.40**  
(was EUR 3.40)

**Share price:**  
2.95



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	7.2	9.1	11.7	13.7
<b>growth-%</b>	-24%	26%	28%	17%
<b>EBIT adj.</b>	-1.2	0.0	0.9	1.8
<b>EBIT-% adj.</b>	-16.9 %	0.0 %	7.8 %	12.9 %
<b>Net Income</b>	-1.3	-0.1	0.8	1.6
<b>EPS (adj.)</b>	-0.18	-0.01	0.11	0.22
<b>P/E (adj.)</b>	neg.	neg.	26.5	13.2
<b>P/B</b>	6.9	7.9	6.1	4.2
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	1.9 %
<b>EV/EBIT (adj.)</b>	neg.	>100	23.5	11.0
<b>EV/EBITDA</b>	neg.	28.1	13.7	8.4
<b>EV/S</b>	3.1	2.5	1.8	1.4

Source: Inderes

## Guidance

(Unchanged)

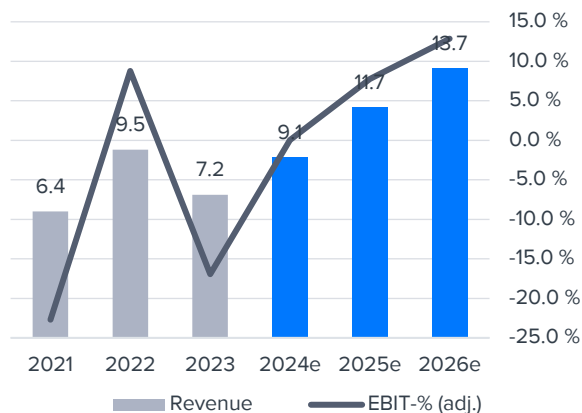
Based on business forecasts, the company expects that in 2024 the company's comparable revenue will grow and EBIT will improve in 2024.

### Share price



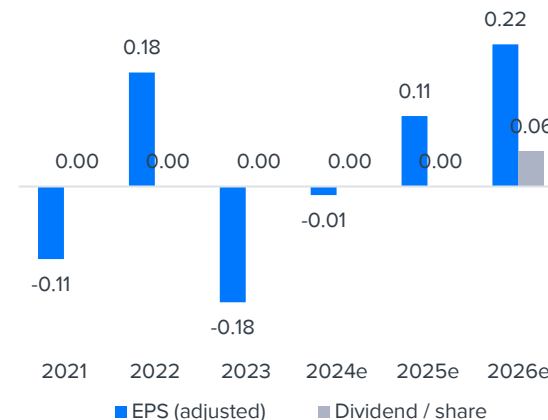
Source: Millstream Market Data AB

### Revenue and EBIT-%



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- Growing markets and underlying megatrends
- Growth in system base drives profitable and scalable recurring revenue
- Licensing agreement generates strong cash flow in the ongoing decade
- Opportunities for value creation from expanding the network of exclusive partner clinics



### Risk factors

- Tough competition in the therapy business can chip away at growth and margins
- Considerable uncertainty about the timing and level of license fees
- The company may fall behind the competition if the development of accelerated treatment protocols fails
- The company's resources are small compared to its competitors
- Possibility of new share issues cannot be excluded

Valuation	2024e	2025e	2026e
Share price	2.95	2.95	2.95
Number of shares, millions	7.27	7.27	7.27
Market cap	21	21	21
EV	23	21	19
P/E (adj.)	neg.	26.5	13.2
P/E	neg.	26.5	13.2
P/B	7.9	6.1	4.2
P/S	2.4	1.8	1.6
EV/Sales	2.5	1.8	1.4
EV/EBITDA	28.1	13.7	8.4
EV/EBIT (adj.)	>100	23.5	11.0
Payout ratio (%)	0.0 %	0.0 %	25.0 %
Dividend yield-%	0.0 %	0.0 %	1.9 %

Source: Inderes

# Investment profile (2/2)

- 1. Growth seeking company in a defensive industry**
- 2. Business model of systems, expansion of partner clinic network and licensing income**
- 3. Focus on challenging brain diseases and disorders, and their treatment and therapy**
- 4. Large, defensive industry supported by strong trends**
- 5. Some uncertainty related to the financing of growth**

## Potential



- Large target market supported by megatrends.
- Growing popularity of TMS treatments compared to pharmacological treatments.
- Licensing income provides cash flow.
- Strong position in diagnostic business.
- Revenue and profitability have developed in the right direction since 2019.
- The clinic network can generate cash flow-positive defensive business

## Risks



- The competitive situation in the therapy market is challenging.
- Competition in diagnostics has increased.
- The company is small compared to the cost structure and investment needs.
- Development of new indications requires long-term and uncertain research. A possible failure would undermine the long-term potential of the therapy business.
- Potential issues weaken the investor's expected return.

# Early year in line with expectations

## Estimates vs. outcome Q4'20

- Revenue of 3.2 MEUR was moderately below our forecast.
- However, a large portion of the system sales were made on a lease basis, which negatively impacted current reported revenue, but will generate recurring revenue in the longer term.
- EBITDA landed at -0.5 MEUR and EBIT was -0.9 MEUR. The figures were fully in line with our estimates.
- The combined cash flow from operating and investing activities was -0.2 MEUR, positively impacted by the repayment of trade receivables of 0.95 MEUR.
- Trade receivables were still at a relatively high level at the end of H1, which should provide a tailwind for cash flow in H2.
- After the recent R&D loan and convertible bond, the cash position was 3.0 MEUR, giving the company room to implement its growth plans.

Estimates MEUR / EUR	H1'23	H1'24	H1'24e	H1'24e	Consensus		2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	2.5	3.2	3.4				9.1
EBITDA	-1.1	-0.9	-0.5				0.8
EBIT	-1.4	-0.5	-0.9				0.0
EPS (reported)	-0.20	-0.14	-0.14				-0.01
DPS							0.00
Revenue growth-%	-63.1 %		34.9 %				25.9 %
EBIT-% (adj.)	-55.4 %	0.0 %	-40.8 %				0.0 %

Source: Inderes

# Forecasts revised only slightly while outlook remains largely unchanged

## Estimate revisions 2024e-2024e

- Nexstim's H1 revenue and outlook for the rest of the year were in line with our expectations, so our revenue forecasts remain virtually unchanged.
- The company also reiterated the guidance for the remainder of the year.
- Headcount at the end of the first half was slightly above our expectations and we have slightly increased our cost forecasts.
- Higher costs moderately reduce our earnings forecasts for the next few years.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	9.3	9.1	-2%	11.7	11.7	0%	13.7	13.7	-1%
EBITDA	0.8	0.8	0%	1.7	1.6	-6%	2.4	2.3	-2%
EBIT	0.0	0.0	178%	1.0	0.9	-11%	1.8	1.8	-3%
PTP	-0.1	-0.1	7%	0.9	0.8	-12%	1.6	1.6	3%
EPS (excl. NRIs)	-0.01	-0.01	7%	0.13	0.11	-12%	0.22	0.22	3%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# Price fall has improved the risk/reward ratio

## Valuation is based on the DCF model and EV/S ratio

We use the EV/S multiple to value Nexstim as earnings multiples will only moderate in a few years' time. A key tool is also the DCF model that models the current value of cash flows. We do not expect a dividend from Nexstim in the next few years, so the investor's return is based on value changes in the share. The margin of error in valuation is high due to the estimate risk and low business visibility. The valuation multiples may, therefore, fluctuate significantly as we have seen throughout the history of the share.

## DCF model indicates an upside in the share

Our DCF model indicates that the current value of Nexstim's cash flows is EUR 3.7 per share. The DCF model indicates a moderate undervaluation of the share and an upside that exceeds the required return. However, there is considerable uncertainty about the estimate materializing, which raises the share's risk profile. The weighted average cost of capital (WACC) we use in the model is 11.5%, which reflects the still loss-making business and, on the other hand, the potential for high profitability in a defensive industry. Investors should note that there are considerable uncertainties about the realization of estimated cash flows. The DFC model is also very sensitive to the assumptions used, especially when cash flows are far in the future. 54% of the DCF is explained by the terminal period after 2033. In our view, this is a moderate share and is largely explained by the income from Sinaptica and Magnus Medical, which are also subject to significant uncertainties.

## EV/S ratio is attractive

In our recent [extensive report](#), we outlined the fair range of the EV/S ratio to be about 2.5-3.5x. With this year's forecasts, the EV/S ratio is 2.5x. With 2025-2026 forecasts, the ratio decreases to 1.8x-1.4x. The closest peers, Neuronetics and Brainsways, have 2024 multiples of 0.6x and 3.7x, respectively, but their valuation utility is limited, as we have described in the extensive report. In our view, Nexstim's multiples are low relative to the profitability potential of the business. However, visibility to future growth is limited. Risks are related to growth uncertainty, but the cash position is now better.

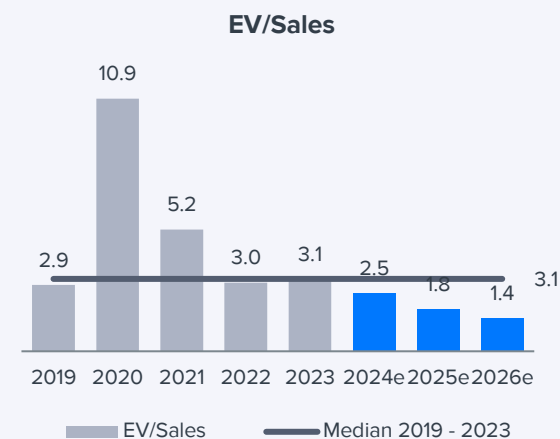
## Improved valuation picture

Nexstim's share price has fallen since our last update, which is a reasonable contribution to the stock's valuation picture as the outlook remains unchanged. Based on the EV/S ratio, the share is valued at an attractive level as the ratio falls below our fair value range with 2024-2025 estimates. DCF model also indicates an upside in the share. We feel the risk level of the stock is elevated due to a high forecast risk. However, we believe that the risk is currently adequately rewarded, which is why we are raising our recommendation to Accumulate and reiterating our target price of EUR 3.4.

Supported by its business model and good sales margin, Nexstim has the chance to achieve excellent profitability. If the company reaches or exceeds our growth estimate, the share has precondition for good development from the current share price level.

Valuation	2024e	2025e	2026e
Share price	2.95	2.95	2.95
Number of shares, millions	7.27	7.27	7.27
Market cap	21	21	21
EV	23	21	19
P/E (adj.)	neg.	26.5	13.2
P/E	neg.	26.5	13.2
P/B	7.9	6.1	4.2
P/S	2.4	1.8	1.6
EV/Sales	2.5	1.8	1.4
EV/EBITDA	28.1	13.7	8.4
EV/EBIT (adj.)	>100	23.5	11.0
Payout ratio (%)	0.0 %	0.0 %	25.0 %
Dividend yield-%	0.0 %	0.0 %	1.9 %

Source: Inderes



# Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	0.12	0.10	4.78	4.00	2.69	<b>2.95</b>	<b>2.95</b>	<b>2.95</b>	<b>2.95</b>
Number of shares, millions	62.8	439.6	7.27	7.27	7.27	<b>7.27</b>	<b>7.27</b>	<b>7.27</b>	<b>7.27</b>
Market cap	7.5	43	35	29	20	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>
EV	9.5	45	33	28	23	<b>23</b>	<b>21</b>	<b>19</b>	<b>19</b>
P/E (adj.)	neg.	neg.	neg.	22.2	neg.	<b>neg.</b>	<b>26.5</b>	<b>13.2</b>	<b>14.3</b>
P/E	neg.	neg.	neg.	22.2	neg.	<b>neg.</b>	<b>26.5</b>	<b>13.2</b>	<b>14.3</b>
P/B	neg.	neg.	10.9	7.1	6.9	<b>7.9</b>	<b>6.1</b>	<b>4.2</b>	<b>3.4</b>
P/S	2.3	10.5	5.4	3.1	2.7	<b>2.4</b>	<b>1.8</b>	<b>1.6</b>	<b>1.5</b>
EV/Sales	2.9	10.9	5.2	3.0	3.1	<b>2.5</b>	<b>1.8</b>	<b>1.4</b>	<b>1.3</b>
EV/EBITDA	neg.	neg.	neg.	21.4	neg.	<b>28.1</b>	<b>13.7</b>	<b>8.4</b>	<b>8.7</b>
EV/EBIT (adj.)	neg.	neg.	neg.	33.6	neg.	<b>&gt;100</b>	<b>23.5</b>	<b>11.0</b>	<b>11.9</b>
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>25.0 %</b>	<b>50.0 %</b>
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>1.9 %</b>	<b>3.5 %</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
Neuronetics	31	42					0.6	0.6					
Brainsway	113	104		69.9		62.4	3.7	2.8		90.5			
Ambu	5339	5370	140.2	61.5	65.2	39.4	8.4	7.9	255.0	82.5	0.1		7.4
C Rad	125	113	22.4	17.3	19.7	15.5	3.2	2.5	37.1	24.3			5.3
Elekta	2188	2561	18.0	12.7	10.6	8.6	1.8	1.6	22.3	16.6	3.3	3.9	2.9
Optomed	98	90					5.7	5.6					4.4
Vitrolife	2612	2720	43.9	37.7	27.5	25.0	9.0	8.5	66.1	49.4	0.5	0.5	1.9
Xvivo Perfusion	1455	1415	361.7	136.2	167.4	87.0	26.6	19.2	463.5	173.3			8.6
<b>Nexstim (Inderes)</b>	<b>21</b>	<b>23</b>		<b>23.5</b>	<b>28.1</b>	<b>13.7</b>	<b>2.5</b>	<b>1.8</b>	<b>-221.5</b>	<b>26.5</b>	<b>0.0</b>	<b>0.0</b>	<b>7.9</b>
<b>Average</b>			<b>88.9</b>	<b>46.1</b>	<b>45.4</b>	<b>33.0</b>	<b>6.6</b>	<b>5.6</b>	<b>127.3</b>	<b>60.4</b>	<b>1.7</b>	<b>2.4</b>	<b>4.6</b>
<b>Median</b>			<b>22.4</b>	<b>28.3</b>	<b>19.7</b>	<b>20.8</b>	<b>4.5</b>	<b>4.0</b>	<b>37.1</b>	<b>38.1</b>	<b>2.0</b>	<b>2.6</b>	<b>4.7</b>
<b>Diff-% to median</b>				<b>-17%</b>	<b>43%</b>	<b>-34%</b>	<b>-44%</b>	<b>-54%</b>	<b>-697%</b>	<b>-30%</b>	<b>-100%</b>	<b>-100%</b>	<b>69%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	H1'25e	H2'25e	2025e	2026e	2027e
<b>Revenue</b>	<b>2.5</b>	<b>4.7</b>	<b>7.2</b>	<b>3.2</b>	<b>5.9</b>	<b>9.1</b>	<b>4.5</b>	<b>7.2</b>	<b>11.7</b>	<b>13.7</b>	<b>14.2</b>
Nexstim	2.5	4.7	7.2	3.2	5.9	9.1	4.5	7.2	11.7	13.7	14.2
<b>EBITDA</b>	<b>-1.1</b>	<b>0.6</b>	<b>-0.5</b>	<b>-0.5</b>	<b>1.3</b>	<b>0.8</b>	<b>-0.6</b>	<b>1.5</b>	<b>1.6</b>	<b>2.3</b>	<b>2.2</b>
Depreciation	-0.3	-0.4	-0.7	-0.4	-0.4	-0.8	0.0	0.0	-0.6	-0.5	-0.6
<b>EBIT (excl. NRI)</b>	<b>-1.4</b>	<b>0.2</b>	<b>-1.2</b>	<b>-0.9</b>	<b>0.9</b>	<b>0.0</b>	<b>-0.6</b>	<b>1.5</b>	<b>0.9</b>	<b>1.8</b>	<b>1.6</b>
<b>EBIT</b>	<b>-1.4</b>	<b>0.2</b>	<b>-1.2</b>	<b>-0.9</b>	<b>0.9</b>	<b>0.0</b>	<b>-0.6</b>	<b>1.5</b>	<b>0.9</b>	<b>1.8</b>	<b>1.6</b>
Nexstim	-1.4	0.2	-1.2	-0.9	0.9	0.0	-0.6	1.5	0.9	1.8	1.6
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	0.0	0.0	-0.1	-0.1	-0.1
<b>PTP</b>	<b>-1.4</b>	<b>0.1</b>	<b>-1.3</b>	<b>-0.9</b>	<b>0.8</b>	<b>-0.1</b>	<b>-0.6</b>	<b>1.5</b>	<b>0.8</b>	<b>1.6</b>	<b>1.5</b>
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>-1.4</b>	<b>0.1</b>	<b>-1.3</b>	<b>-0.9</b>	<b>0.8</b>	<b>-0.1</b>	<b>-0.6</b>	<b>1.5</b>	<b>0.8</b>	<b>1.6</b>	<b>1.5</b>
<b>EPS (adj.)</b>	<b>-0.20</b>	<b>0.02</b>	<b>-0.18</b>	<b>-0.13</b>	<b>0.11</b>	<b>-0.01</b>	<b>-0.09</b>	<b>0.21</b>	<b>0.11</b>	<b>0.22</b>	<b>0.21</b>
<b>EPS (rep.)</b>	<b>-0.20</b>	<b>0.02</b>	<b>-0.18</b>	<b>-0.13</b>	<b>0.11</b>	<b>-0.01</b>	<b>-0.09</b>	<b>0.21</b>	<b>0.11</b>	<b>0.22</b>	<b>0.21</b>
<b>Key figures</b>	<b>H1'23</b>	<b>H2'23</b>	<b>2023</b>	<b>H1'24e</b>	<b>H2'24e</b>	<b>2024e</b>	<b>H1'25e</b>	<b>H2'25e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
<b>Revenue growth-%</b>	-63.1 %	73.5 %	-23.9 %	26.9 %	25.3 %	25.9 %	40.7 %	21.5 %	28.2 %	16.8 %	3.8 %
<b>Adjusted EBIT growth-%</b>	-159.5 %	-110.6 %	-246.7 %	-37.7 %	445.4 %	-100.3 %	-26.7 %	77.9 %	#####	93.2 %	-8.7 %
<b>EBITDA-%</b>	-43.0 %	11.6 %	-7.3 %	-14.7 %	21.5 %	8.9 %	-14.2 %	21.4 %	13.3 %	16.8 %	15.5 %
<b>Adjusted EBIT-%</b>	-55.4 %	3.4 %	-16.9 %	-27.2 %	14.6 %	0.0 %	-14.2 %	21.4 %	7.8 %	12.9 %	11.3 %
<b>Net earnings-%</b>	-57.6 %	2.4 %	-18.3 %	-28.8 %	13.7 %	-1.1 %	-14.2 %	21.4 %	6.9 %	11.9 %	10.6 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>3.0</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>4.0</b>
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	2.1	2.9	2.9	2.8	2.9
Tangible assets	0.4	0.3	0.2	0.3	0.4
Associated companies	0.5	0.7	0.7	0.7	0.7
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>7.3</b>	<b>5.9</b>	<b>6.8</b>	<b>7.6</b>	<b>8.8</b>
Inventories	0.9	1.0	1.4	1.5	1.6
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	1.9	3.4	2.7	2.9	3.0
Cash and equivalents	4.4	1.5	2.7	3.2	4.2
<b>Balance sheet total</b>	<b>10.2</b>	<b>9.9</b>	<b>10.6</b>	<b>11.4</b>	<b>12.8</b>

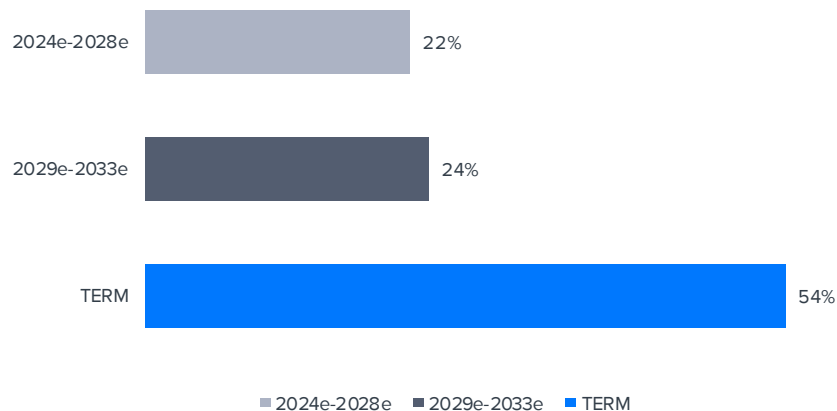
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>4.1</b>	<b>2.8</b>	<b>2.7</b>	<b>3.5</b>	<b>5.2</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-51.0	-52.3	-52.4	-51.6	-50.0
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	55.0	55.0	55.0	55.0	55.0
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>2.6</b>	<b>3.6</b>	<b>3.1</b>	<b>2.3</b>	<b>1.5</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	2.6	3.6	3.1	2.3	1.5
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>3.5</b>	<b>3.4</b>	<b>4.8</b>	<b>5.6</b>	<b>6.2</b>
Interest bearing debt	0.9	0.8	1.0	0.8	0.5
Payables	2.7	2.6	3.8	4.8	5.7
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>10.2</b>	<b>9.9</b>	<b>10.6</b>	<b>11.4</b>	<b>12.8</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-23.9 %	25.9 %	28.2 %	16.8 %	3.8 %	12.0 %	10.0 %	8.0 %	6.0 %	3.0 %	2.5 %	2.5 %
EBIT-%	-16.9 %	0.0 %	7.8 %	12.9 %	11.3 %	13.0 %	16.0 %	18.0 %	20.0 %	20.0 %	20.0 %	20.0 %
<b>EBIT (operating profit)</b>	<b>-1.2</b>	<b>0.0</b>	<b>0.9</b>	<b>1.8</b>	<b>1.6</b>	<b>2.1</b>	<b>2.8</b>	<b>3.4</b>	<b>4.0</b>	<b>4.1</b>	<b>4.2</b>	
+ Depreciation	0.7	0.8	0.6	0.5	0.6	0.6	0.7	0.6	0.6	0.6	0.6	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	-0.2	-0.5	-0.7	-0.8	-0.8	-0.8	
- 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	
+ 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	-1.7	1.5	0.7	0.6	-0.7	0.4	0.1	0.1	0.0	0.0	0.0	
<b>Operating cash flow</b>	<b>-2.2</b>	<b>2.4</b>	<b>2.3</b>	<b>2.9</b>	<b>1.5</b>	<b>2.8</b>	<b>3.0</b>	<b>3.4</b>	<b>3.8</b>	<b>3.9</b>	<b>4.0</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	
- Gross CAPEX	-1.5	-0.6	-0.7	-0.7	-0.8	-0.9	-0.9	-0.4	-0.5	-0.5	-0.5	
<b>Free operating cash flow</b>	<b>-3.7</b>	<b>1.8</b>	<b>1.6</b>	<b>2.2</b>	<b>0.7</b>	<b>2.0</b>	<b>2.1</b>	<b>3.0</b>	<b>3.3</b>	<b>3.4</b>	<b>3.5</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-3.7	1.8	1.6	2.2	0.7	2.0	2.1	3.0	3.3	3.4	3.5	42.0
<b>Discounted FCFF</b>		<b>1.7</b>	<b>1.4</b>	<b>1.7</b>	<b>0.5</b>	<b>1.3</b>	<b>1.2</b>	<b>1.5</b>	<b>1.5</b>	<b>1.4</b>	<b>1.3</b>	<b>15.8</b>
Sum of FCFF present value		29.4	27.7	26.3	24.6	24.1	22.8	21.6	20.1	18.6	17.1	15.8
<b>Enterprise value DCF</b>		<b>29.4</b>										
- Interest bearing debt		-4.4										
+ Cash and cash equivalents		1.5										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>26.4</b>										
<b>Equity value DCF per share</b>		<b>3.7</b>										

## Cash flow distribution



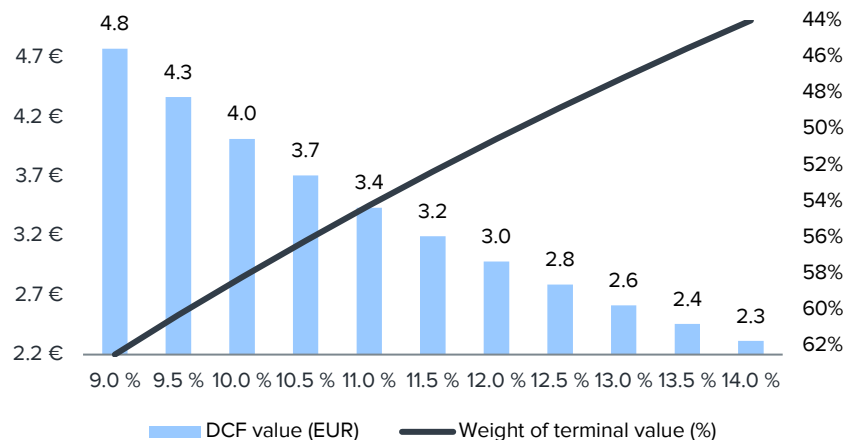
## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.63
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>11.7 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>11.0 %</b>

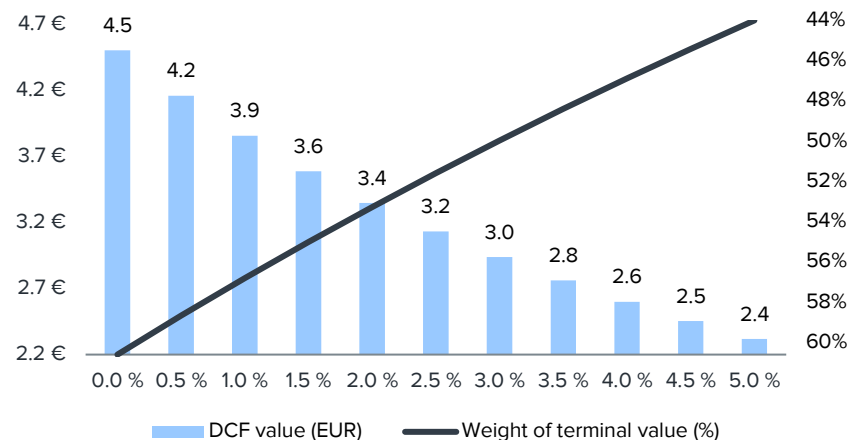
Source: Inderes

# DCF sensitivity calculations and key assumptions in graphs

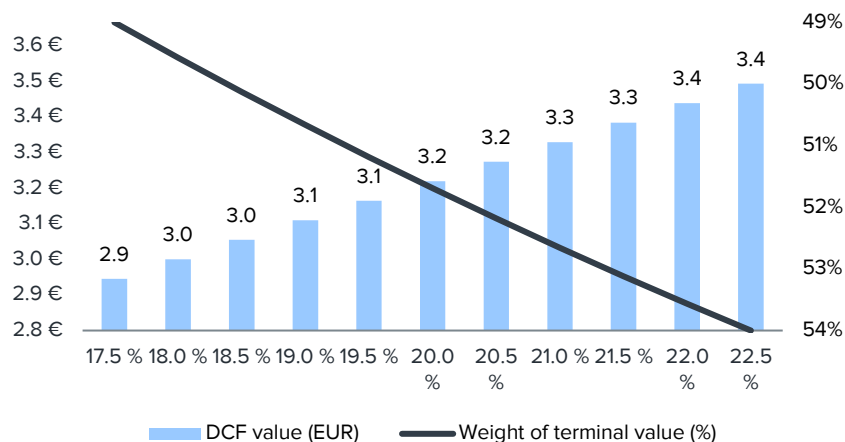
Sensitivity of DCF to changes in the WACC-%



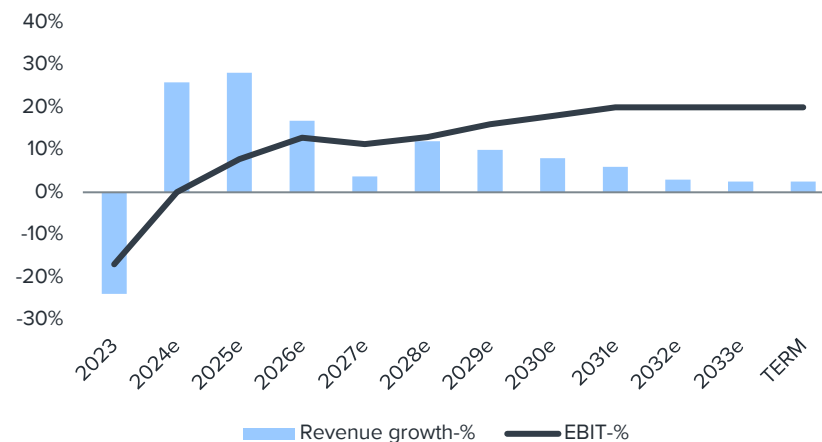
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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	6.4	9.5	7.2	<b>9.1</b>	<b>11.7</b>	EPS (reported)	-0.11	0.18	-0.18	<b>-0.01</b>	<b>0.11</b>
EBITDA	-1.0	1.3	-0.5	<b>0.8</b>	<b>1.6</b>	EPS (adj.)	-0.11	0.18	-0.18	<b>-0.01</b>	<b>0.11</b>
EBIT	-1.5	0.8	-1.2	<b>0.0</b>	<b>0.9</b>	OCF / share	-0.25	0.14	-0.31	<b>0.32</b>	<b>0.31</b>
PTP	-0.7	1.3	-1.3	<b>-0.1</b>	<b>0.8</b>	FCF / share	-0.41	-0.05	-0.51	<b>0.24</b>	<b>0.22</b>
Net Income	-0.8	1.3	-1.3	<b>-0.1</b>	<b>0.8</b>	Book value / share	0.44	0.56	0.39	<b>0.37</b>	<b>0.49</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	10.0	10.2	9.9	<b>10.6</b>	<b>11.4</b>	Revenue growth-%	56%	49%	-24%	<b>26%</b>	<b>28%</b>
Equity capital	3.2	4.1	2.8	<b>2.7</b>	<b>3.5</b>	EBITDA growth-%	-66%	-230%	-140%	<b>-254%</b>	<b>92%</b>
Goodwill	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	EBIT (adj.) growth-%	-56%	-158%	-247%	<b>-100%</b>	<b>28728%</b>
Net debt	-1.3	-1.0	3.0	<b>1.4</b>	<b>-0.1</b>	EPS (adj.) growth-%	1121%	-257%	-201%	<b>-93%</b>	<b>-935%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-15.8 %	13.8 %	-7.3 %	<b>8.9 %</b>	<b>13.3 %</b>
EBITDA	-1.0	1.3	-0.5	<b>0.8</b>	<b>1.6</b>	EBIT (adj.)-%	-22.7 %	8.8 %	-16.9 %	<b>0.0 %</b>	<b>7.8 %</b>
Change in working capital	-0.6	-0.3	-1.7	<b>1.5</b>	<b>0.7</b>	EBIT-%	-22.7 %	8.8 %	-16.9 %	<b>0.0 %</b>	<b>7.8 %</b>
Operating cash flow	-1.8	1.0	-2.2	<b>2.4</b>	<b>2.3</b>	ROE-%	-96.0 %	36.0 %	-38.5 %	<b>-3.5 %</b>	<b>25.8 %</b>
CAPEX	-1.2	-1.4	-1.5	<b>-0.6</b>	<b>-0.7</b>	ROI-%	-27.2 %	11.4 %	-16.6 %	<b>0.0 %</b>	<b>13.6 %</b>
Free cash flow	-3.0	-0.4	-3.7	<b>1.8</b>	<b>1.6</b>	Equity ratio	31.9 %	39.8 %	28.6 %	<b>25.7 %</b>	<b>31.0 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	-40.6 %	-23.4 %	105.6 %	<b>50.1 %</b>	<b>-3.3 %</b>
EV/S	5.2	3.0	3.1	<b>2.5</b>	<b>1.8</b>						
EV/EBITDA	neg.	21.4	neg.	<b>28.1</b>	<b>13.7</b>						
EV/EBIT (adj.)	neg.	33.6	neg.	<b>&gt;100</b>	<b>23.5</b>						
P/E (adj.)	neg.	22.2	neg.	<b>neg.</b>	<b>26.5</b>						
P/B	10.9	7.1	6.9	<b>7.9</b>	<b>6.1</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
5/30/2022	Reduce	4.60 €	4.85 €
8/15/2022	Reduce	4.40 €	4.73 €
9/8/2022	Reduce	4.40 €	4.06 €
1/10/2023	Reduce	4.30 €	4.25 €
2/28/2023	Accumulate	4.50 €	3.96 €
7/5/2023	Accumulate	4.20 €	3.51 €
8/21/2023	Accumulate	3.60 €	3.05 €
9/26/2023	Reduce	3.00 €	2.89 €
1/3/2024	Accumulate	3.00 €	2.69 €
2/28/2024	Accumulate	3.00 €	2.40 €
4/28/2024	Accumulate	3.00 €	2.26 €
6/10/2024	Accumulate	4.00 €	3.64 €
6/12/2024	Reduce	3.40 €	3.38 €
8/19/2024	Accumulate	3.40 €	2.95 €



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