

Biohit Oyj

Company report

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This report is a summary translation of the report “H1-testistä positiivinen tulos” published on 8/10/2023 at 7:31 am EEST

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Positive result from H1 test

We reiterate our Accumulate recommendation for Biohit and raise our target price to EUR 2.4 (previous 2.1). The H1 report exceeded our expectations in terms of both revenue and earnings. The launch of the GastroPanel® fingertip blood test, during H1 and the partial periodization of China's revenue to H2 strengthen our growth expectations for the near future. The valuation picture remains attractive with estimate hikes.

Revenue increased driven by quick tests

Biohit's H1 revenue increased by 6.6% year-on-year to EUR 6.5 million exceeding our EUR 5.8 million estimate. Growth was broad based as quick tests grew by 40%, sales through distributors by 22% and sales by subsidiaries by 28-34%. The company reported that the profits from the China distribution agreement are periodized both to H1 and H2. This came as a surprise to us and means a stronger H2 than we previously expected. Biohit announced the launch of the GastroPanel® fingertip blood test in late H1, which should bring organic growth in H2 and coming years. Regarding the outlook, the company reiterated its EBIT guidance (growth from the 2022 level of 1.1 MEUR). A new part of the outlook was the revenue guidance of EUR 12-13 million for 2023. The guidance exceeds our previous expectation of EUR 11.3 million.

Earnings grew unsurprisingly

Biohit's EBIT was EUR 1.5 million and grew by 12% from EUR 1.3 million in the comparison period. The company's costs were in line with our expectations, so the earnings improvement and exceeding our expectations is explained by the higher revenue level. Biohit's fixed costs are high relative to overall costs, so revenue growth should scale well to the profit lines. This is also supported by a high sales margin and tight cost control. Biohit reported that it had successfully reduced fixed costs by some 2% from the comparison period.

Estimates rise especially in terms of the result

We raise our revenue forecast for 2023 by 10% due to the launch of the fingertip blood test and a good organic growth outlook, especially in quick tests. Our growth estimates for 2024-25 rise by 8-6%, as the company has achieved faster growth than we anticipated. In terms of EBIT, our estimate increases by 55% for 2023 as the high sales margin and a scalable cost structure raise earnings strongly with revenue growth. For 2024-25, our estimates increase by 39% and 25%. Reported EBIT is also supported by capitalization of R&D expenses initiated by the company in H1 (0.1 MEUR). Capitalizations reduce costs in the income statement in the short term, improving reported EBIT. Capitalization has no cash flow effect and in the longer term, depreciation of capitalization will depress reported earnings.

Valuation picture remains attractive

The share's EV/EBIT ratios for 2023 and 2024 are 14x and 11x (was 17x and 13x). Thus, the earnings multiples are slightly more attractive compared to the [initiation of coverage](#). The multiples for the peer group that deserves a higher valuation are 19x-24x for 2023 and 17x-21x for 2024. The 2023 EV/S ratio 2.1x is low compared to the company's own history and peers. The DCF model also indicates a moderate upside in the share. As a whole, the valuation picture has become slightly more attractive with the estimate changes.

Recommendation

Accumulate
(previous Accumulate)

EUR 2.40
(previous EUR 2.10)

Share price:
2.11



Key figures

| | 2022 | 2023e | 2024e | 2025e |
|--------------------|--------|--------|--------|--------|
| Revenue | 11.0 | 12.4 | 13.6 | 14.8 |
| growth-% | 17% | 13% | 10% | 9% |
| EBIT adj. | 1.1 | 1.9 | 2.2 | 2.6 |
| EBIT-% adj. | 10.3 % | 15.4 % | 16.0 % | 17.8 % |
| Net Income | 0.6 | 1.7 | 2.0 | 2.1 |
| EPS (adj.) | 0.04 | 0.11 | 0.13 | 0.14 |

| | | | | |
|-------------------------|-------|-------|-------|-------|
| P/E (adj.) | 39.3 | 19.9 | 16.2 | 15.2 |
| P/B | 3.1 | 3.5 | 2.9 | 2.6 |
| Dividend yield-% | 0.0 % | 0.0 % | 2.4 % | 2.8 % |
| EV/EBIT (adj.) | 16.3 | 13.5 | 11.1 | 8.9 |
| EV/EBITDA | 11.4 | 10.9 | 9.2 | 7.4 |
| EV/S | 1.7 | 2.1 | 1.8 | 1.6 |

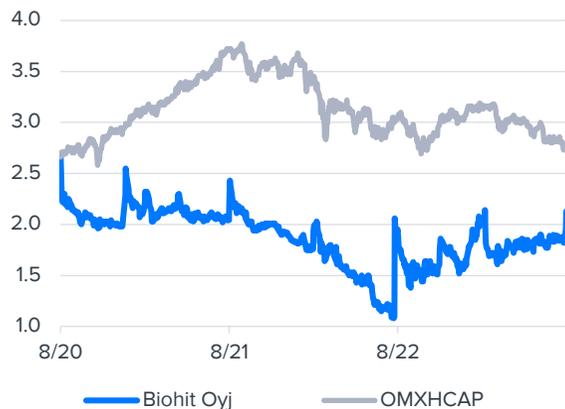
Source: Inderes

Guidance

(Adjusted)

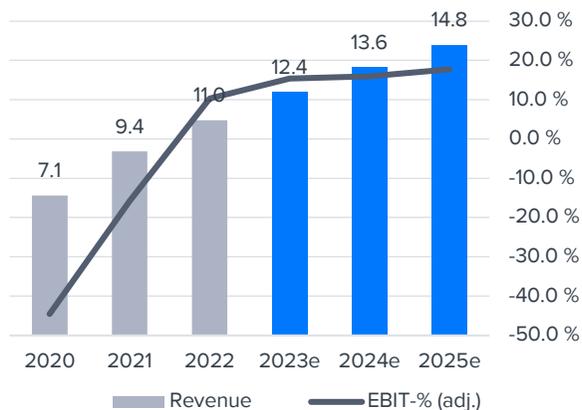
Biohit expects revenue to be EUR 12-13 million in 2023 (2022: EUR 11 million) and our EBIT to increase compared to 2022 (in 2022: EUR 1.1 million).

Share price



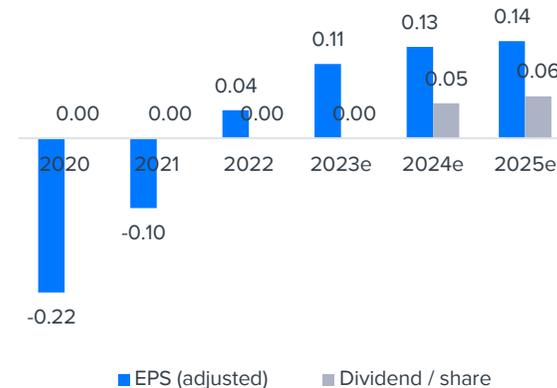
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Growth in new GastroPanel® products
- Increased operational efficiency
- Renewed distribution agreement in China
- Using the strong balance sheet to pay dividends or to create opportunities for inorganic growth



Risk factors

- Dependency on the Chinese market
- Small resources relative to competitors
- Failure in developing new products
- The aging of the current product portfolio and its loss of competitiveness
- Poor visibility of estimates

| Valuation | 2023e | 2024e | 2025e |
|----------------------------|-------|--------|--------|
| Share price | 2.11 | 2.11 | 2.11 |
| Number of shares, millions | 15.1 | 15.1 | 15.1 |
| Market cap | 32 | 32 | 32 |
| EV | 26 | 24 | 23 |
| P/E (adj.) | 19.9 | 16.2 | 15.2 |
| P/E | 19.9 | 16.2 | 15.2 |
| P/FCF | 40.1 | 21.7 | 19.4 |
| P/B | 3.5 | 2.9 | 2.6 |
| P/S | 2.6 | 2.3 | 2.2 |
| EV/Sales | 2.1 | 1.8 | 1.6 |
| EV/EBITDA | 10.9 | 9.2 | 7.4 |
| EV/EBIT (adj.) | 13.5 | 11.1 | 8.9 |
| Payout ratio (%) | 0.0 % | 38.3 % | 43.2 % |
| Dividend yield-% | 0.0 % | 2.4 % | 2.8 % |

Source: Inderes

Our estimates were beat in the top and bottom lines

Revenue grew moderately and outlook improved for H2

Biohit's revenue grew by 6.5% from the comparison period and exceeded our estimate by 12%. Growth was driven by a number of factors, the key one being the strong demand for quick tests, which pushed the products to a 40% growth. According to the company, the GastroPanel® fingertip blood test was launched in late H1, so it had only a limited impact on H1. The Italian and British subsidiaries grew by 28% and 34% and sales through distributors by 22%. According to the company, the growth was the result of removing sales barriers and that production chains and logistics worked better. Biohit has previously suffered from supply chain challenges for GastroPanel® products, so some of the growth is probably explained by pent-up demand erupting. We suspect that revenue based on the Chinese distribution agreement was fully recognized during H1 in the comparison period. Now, the company

reported that most of the revenue from this year's distribution agreement will be recognized in H2, improving the outlook for the near future. Biohit estimates that full-year revenue will be EUR 12-13 million, which would mean EUR 5.5-6.5 million revenue in H2. The company has not previously provided guidance on revenue development. The new guidance exceeds our previous revenue estimate of EUR 11.3 million.

EBIT grew as control continued

EBIT increased to EUR 1.5 million from EUR 1.3 million in the comparison period (+12%). Cost lines were in line with our expectations, and the earnings improvement is explained by revenue growth while the company continues to keep cost growth under close control. In terms of EBIT, Biohit reiterated its guidance on growth from the 2022 level, which was EUR 1.1 million. Based on H1, we are quite confident that the guidance will be achieved.

Receivables increased temporarily

Biohit's working capital increased strongly as receivables grew by EUR 1.6 million. However, according to the company, the increase is temporary and related to periodization of the revenues from the Chinese distribution agreement between H1 and H2. The increase in receivables turned operating cash flow EUR 0.4 million negative. However, we expect operating cash flow to turn clearly positive with receivables normalizing in H2. Cash flow from investments was EUR 0.1 million and cash flow from financing activities was EUR -0.1 million. Cash assets decreased by EUR -0.4 million to EUR 1.7 million. We feel Biohit's financial position remained strong and expect it to improve further in H2 as working capital normalizes.

| Estimates MEUR / EUR | H1'22 | H1'23 | H1'23e | H1'23e | Consensus | | Difference (%) | 2023e |
|-------------------------|------------|------------|---------|-----------|-----------|------|------------------|---------|
| | Comparison | Actualized | Inderes | Consensus | Low | High | Act. vs. inderes | Inderes |
| Revenue | 6.1 | 6.5 | 5.8 | | | | 12% | 12.4 |
| EBITDA | 1.5 | 1.8 | 1.1 | | | | 70% | 2.4 |
| EBIT | 1.3 | 1.5 | 0.8 | | | | 85% | 1.9 |
| PTP | 1.1 | 1.7 | 0.8 | | | | 110% | 1.9 |
| EPS (adj.) | 0.06 | 0.09 | 0.05 | | | | 96% | 0.11 |
| Revenue growth-% | 52.5 % | 6.6 % | -4.9 % | | | | 11.5 pp | 13.2 % |
| EBIT-% (adj.) | 21.3 % | 23.1 % | 14.0 % | | | | 9.1 pp | 15.4 % |

Source: Inderes

Estimates rise especially in terms of the result

Estimate revisions 2023e-2025e

- We raise growth estimates by 10% for 2023.
- The estimate change is based on the organic growth of the GastroPanel® fingertip blood test launched in late H1 and other quick tests.
- The periodization of revenue generated by the Chinese distribution agreement strengthens the second half of the year. Previously, we had expected revenue to be fully directed at H1.
- Our revenue estimates for 2024-2025 rise by 8-6% due to the company's strong organic growth outlook.
- As long-term visibility is low, we still maintain a rather conservative growth estimates.
- Our EBIT estimate for 2023 increases by +55% and our estimates for 2024-2025 increase by 39-25%
- The strong growth is based on the result scaling to revenue growth thanks to high sales margins and a cost structure that focuses on fixed costs.

| Estimate revisions MEUR / EUR | 2023e | 2023e | Change | 2024e | 2024e | Change | 2025e | 2025e | Change |
|----------------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| | Old | New | % | Old | New | % | Old | New | % |
| Revenue | 11.3 | 12.4 | 10% | 12.6 | 13.6 | 8% | 13.9 | 14.8 | 6% |
| EBITDA | 1.7 | 2.4 | 39% | 2.1 | 2.6 | 27% | 2.6 | 3.1 | 21% |
| EBIT (exc. NRIs) | 1.2 | 1.9 | 55% | 1.6 | 2.2 | 39% | 2.1 | 2.6 | 25% |
| EBIT | 1.2 | 1.9 | 55% | 1.6 | 2.2 | 39% | 2.1 | 2.6 | 25% |
| PTP | 1.2 | 1.9 | 55% | 1.6 | 2.2 | 39% | 2.1 | 2.6 | 25% |
| EPS (excl. NRIs) | 0.07 | 0.11 | 64% | 0.09 | 0.13 | 44% | 0.11 | 0.14 | 24% |
| DPS | 0.00 | 0.00 | | 0.05 | 0.05 | 0% | 0.06 | 0.06 | 0% |

Source: Inderes

Valuation picture remains attractive

Earnings multiples are moderate considering growth and profitability potential

Biohit's P/E ratios are 20x and 16x (previously 26x and 20x) for 2023-2024. However, we believe that the company's valuation is better described by the EV/EBIT ratio that considers the large net cash, and that is 14x for 2023 and 11x for 2024 (previously 17x and 13x). The multiples for the peer group that deserves a higher valuation (Abbott, BioMerieux, Bio-Rad, DiaSorin and Qiagen) are 19x-24x for 2023 and 17x-21x for 2024. Earnings multiples continue to fall in the coming years, although the lack of visibility means that the reliability of the estimates suffer when assessing the longer term. Therefore, we rely mainly on 2023-2024 multiples in our examination. We find the multiples attractive considering the growth rate we expect, defensive demand, and the medium-term potential for improving profitability. The profitability potential is indicated by the EBIT margin of mature diagnostic companies in 2022 of 17.1% (Bloomberg Global In Vitro Diagnostic Competitors Index companies). The company's own historical earnings multiples cannot be compared because of the loss-making business.

On revenue basis, the share is cheap compared to history and the peers

Biohit's revenue-based EV/S ratio for 2023 is 2.1x (previously 1.8x) and will decrease to 1.8x in 2024 (previously 1.6x). The ratios are well below the company's own recent history with the median for 2018-2022 being 3.6x. Pricing relative to the company's own history is favorable, especially in view of the current turnaround. The multiples of Biohit's larger and more mature peers are 3.0x-5.3x for 2023 and 2.8x-4.9x for 2024.

Cash flow calculation indicates a reasonable upside

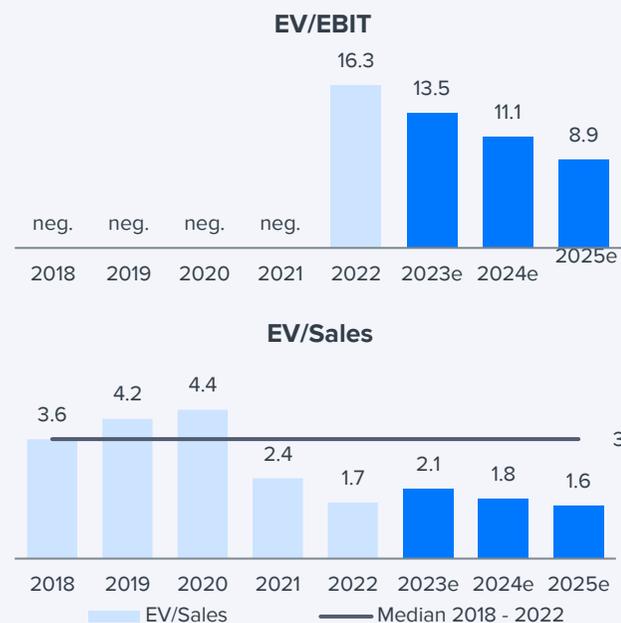
Based on the DCF model the current per share value of future cash flows is EUR 2.4 and indicates a reasonable upside in the share price. Our terminal growth assumption is 2.5%, based on the growth outlook of the health care needs of the aging population. In the terminal, we expect the EBIT to be 20%. We have used a weighted average cost of capital (WACC) of 10.5%. WACC is elevated by the risks related to the materialization of the estimates and the aging product portfolio. On the other hand, a strong balance sheet, indications of a turnaround and defensiveness of the industry lower the WACC.

Valuation summary

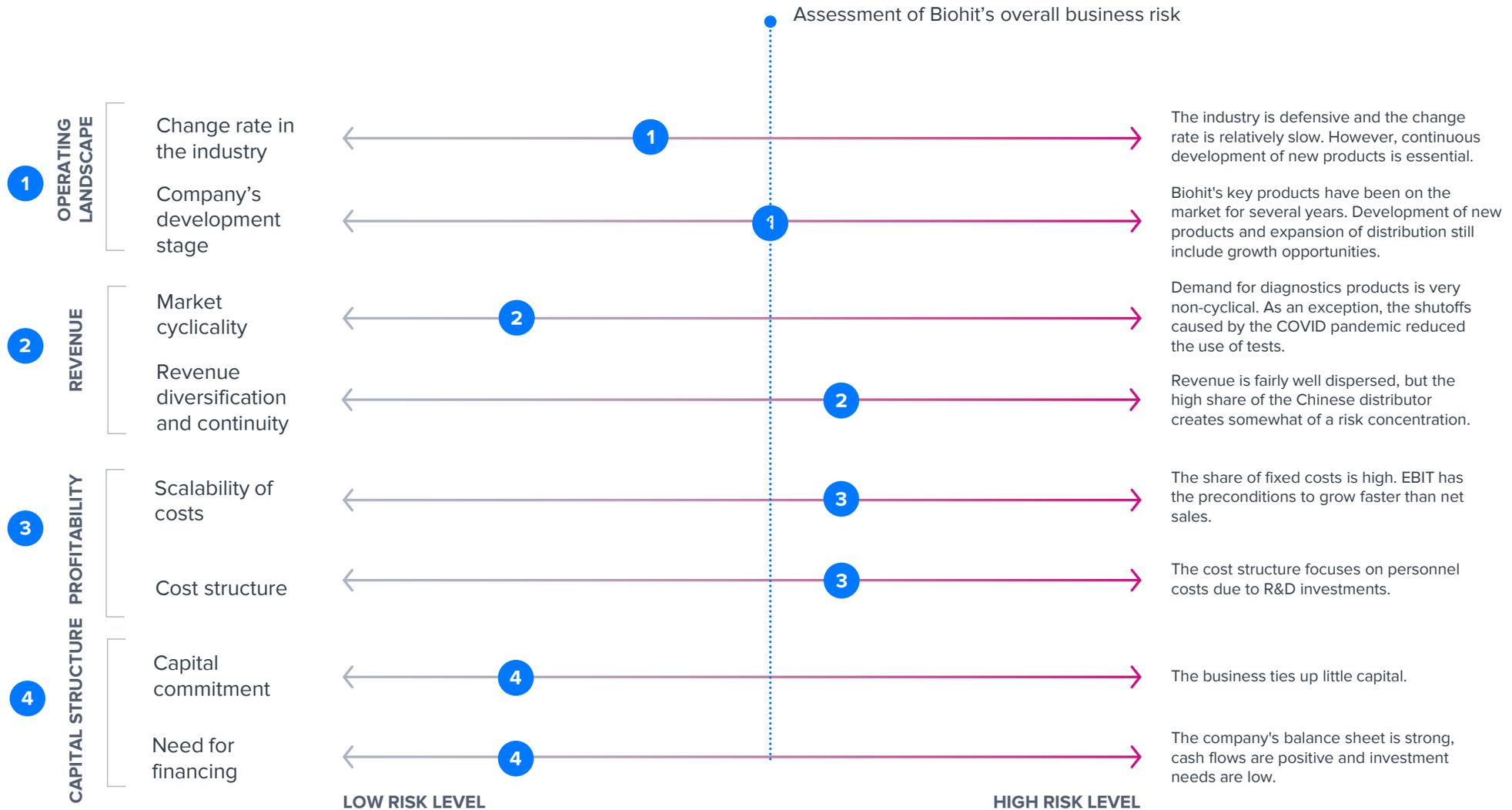
Our view on the fair value of Biohit's share is EUR 1.7-3.0 (previously 1.5-2.5), which would correspond to a 2023 EV/EBIT range of 10x-21x and EV/S range of 1.6x-3.1x. Earnings and revenue multiples play a key role in our view and they indicate that the share is modestly valued relative to earnings and net sales growth. We feel that the discount to the peers and the company's own history is relatively high, although the peer group we use does not correspond particularly well with Biohit. The DCF model also indicates an upside in the share and meets our required return.

| Valuation | 2023e | 2024e | 2025e |
|----------------------------|-------|--------|--------|
| Share price | 2.11 | 2.11 | 2.11 |
| Number of shares, millions | 15.1 | 15.1 | 15.1 |
| Market cap | 32 | 32 | 32 |
| EV | 26 | 24 | 23 |
| P/E (adj.) | 19.9 | 16.2 | 15.2 |
| P/E | 19.9 | 16.2 | 15.2 |
| P/FCF | 40.1 | 21.7 | 19.4 |
| P/B | 3.5 | 2.9 | 2.6 |
| P/S | 2.6 | 2.3 | 2.2 |
| EV/Sales | 2.1 | 1.8 | 1.6 |
| EV/EBITDA | 10.9 | 9.2 | 7.4 |
| EV/EBIT (adj.) | 13.5 | 11.1 | 8.9 |
| Payout ratio (%) | 0.0 % | 38.3 % | 43.2 % |
| Dividend yield-% | 0.0 % | 2.4 % | 2.8 % |

Source: Inderes



Risk profile of the business model



Investment profile

1. **Diagnostics company executing an earnings turnaround**
2. **Defensive and large market**
3. **Potential for scalable growth in the coming years**
4. **Future estimates and the success of the earnings turnaround involve uncertainty**
5. **A strong balance sheet and cash flows provide leeway**

Potential



- The large market offers room and opportunities for growth
- The new GastroPanel® quick tests work as growth spearheads
- Possibility to further improve operational performance
- Possibility to increase EBIT faster than net sales in the coming years
- Net sales are defensive by nature and customer retention is at a good level

Risks

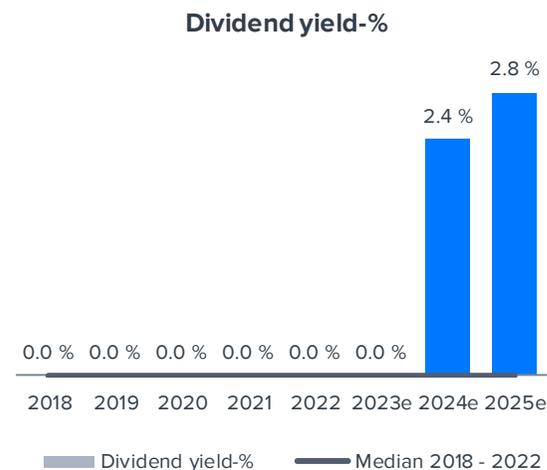
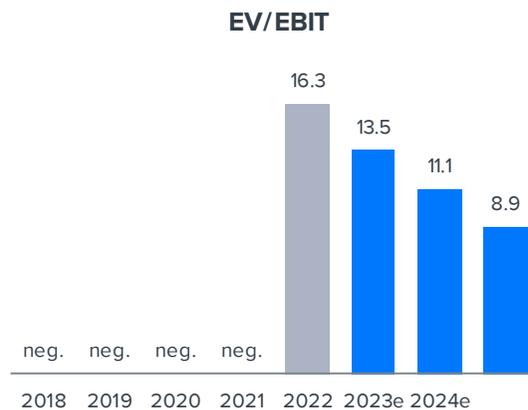
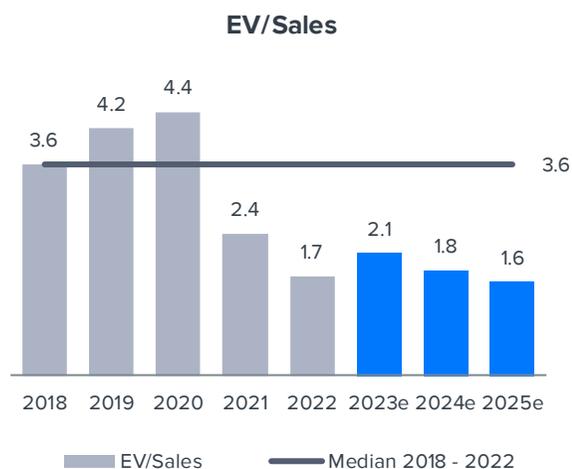


- The company's resources are small compared to its competitors
- Success is required in product development to build future growth as the current product portfolio is relatively old
- Visibility into the future is relatively poor
- Dependency on the Chinese market

Valuation table

| Valuation | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | 2026e |
|----------------------------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| Share price | 2.96 | 3.36 | 2.48 | 1.84 | 1.57 | 2.11 | 2.11 | 2.11 | 2.11 |
| Number of shares, millions | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.1 | 15.1 | 15.1 | 15.1 |
| Market cap | 44 | 51 | 37 | 28 | 24 | 32 | 32 | 32 | 32 |
| EV | 35 | 42 | 32 | 22 | 18 | 26 | 24 | 23 | 22 |
| P/E (adj.) | neg. | neg. | neg. | neg. | 39.3 | 19.9 | 16.2 | 15.2 | 13.9 |
| P/E | neg. | neg. | neg. | neg. | 39.3 | 19.9 | 16.2 | 15.2 | 13.9 |
| P/FCF | neg. | neg. | neg. | neg. | 42.0 | 40.1 | 21.7 | 19.4 | 18.0 |
| P/B | 2.8 | 3.4 | 4.2 | 3.8 | 3.1 | 3.5 | 2.9 | 2.6 | 2.3 |
| P/S | 4.5 | 5.0 | 5.2 | 3.0 | 2.2 | 2.6 | 2.3 | 2.2 | 2.0 |
| EV/Sales | 3.6 | 4.2 | 4.4 | 2.4 | 1.7 | 2.1 | 1.8 | 1.6 | 1.4 |
| EV/EBITDA | neg. | 70.5 | neg. | 44.0 | 11.4 | 10.9 | 9.2 | 7.4 | 6.0 |
| EV/EBIT (adj.) | neg. | neg. | neg. | neg. | 16.3 | 13.5 | 11.1 | 8.9 | 7.8 |
| Payout ratio (%) | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 38.3 % | 43.2 % | 46.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 2.4 % | 2.8 % | 3.3 % |

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 | 2023e | 2024e | 2023e | 2024e | 2023e | 2024e | 2023e | 2024e | 2023e | 2024e | 2023e |
| Abbott Laboratories | 167368 | 175513 | 22.1 | 20.5 | 18.9 | 17.5 | 4.8 | 4.6 | 24.0 | 22.8 | 1.9 | 2.0 | 4.7 |
| bioMérieux SA | 11124 | 11115 | 18.8 | 17.0 | 13.0 | 11.8 | 3.0 | 2.8 | 24.3 | 21.9 | 0.8 | 0.9 | 2.8 |
| Bio Rad Laboratories Inc | 10628 | 10145 | 24.3 | 20.7 | 19.0 | 16.7 | 4.0 | 3.7 | 31.6 | 28.2 | | | 1.4 |
| Boule Diagnostics AB | 33 | 45 | 12.3 | 10.2 | 7.9 | 6.8 | 0.9 | 0.9 | 14.9 | 11.3 | 2.0 | 2.9 | 0.8 |
| DiaSorin SpA | 5259 | 6145 | 21.5 | 19.1 | 15.4 | 14.0 | 5.2 | 4.9 | 25.1 | 22.4 | 1.0 | 1.0 | 3.3 |
| Immunovia AB | 5 | 2 | | 0.2 | | 0.1 | 0.4 | 0.0 | | 0.2 | | | 0.4 |
| Qiagen NV | 9290 | 9837 | 19.7 | 17.9 | 15.0 | 13.6 | 5.3 | 4.9 | 21.1 | 19.3 | | | 2.6 |
| Q-linea AB | 52 | 59 | | | | | 63.1 | 11.6 | | | | | 0.3 |
| SD Biosensor | 909 | 851 | 4.9 | 3.6 | 3.9 | 3.0 | 1.8 | 1.8 | 5.5 | 4.2 | 9.0 | 9.0 | 0.5 |
| Sysmex | 12387 | 12148 | 24.6 | 23.7 | 17.7 | 16.3 | 4.6 | 4.2 | 38.5 | 36.2 | 0.9 | 0.9 | 5.0 |
| Exact Sciences Corp | 13945 | 15405 | | | 92.4 | 56.1 | 6.8 | 6.0 | | | | | 5.0 |
| OraSure Technologies Inc | 435 | 267 | 35.1 | | 4.4 | 97.0 | 0.8 | 1.5 | 32.0 | | | | 1.3 |
| Biohit Oyj (Inderes) | 32 | 26 | 13.5 | 11.1 | 10.9 | 9.2 | 2.1 | 1.8 | 19.9 | 16.2 | 0.0 | 2.4 | 3.5 |
| Average | | | 20.4 | 14.8 | 20.7 | 23.0 | 9.1 | 4.8 | 24.1 | 18.5 | 2.6 | 2.8 | 2.3 |
| Median | | | 21.5 | 17.9 | 15.2 | 14.0 | 4.6 | 4.2 | 24.3 | 21.9 | 1.4 | 1.5 | 2.0 |
| Diff-% to median | | | -37% | -38% | -28% | -34% | -55% | -58% | -18% | -26% | -100% | 56% | 73% |

Source: Refinitiv / Inderes

Income statement

| Income statement | H1'21 | H2'21 | 2021 | H1'22 | H2'22 | 2022 | H1'23 | H2'23e | 2023e | H1'24e | H2'24e | 2024e | 2025e | 2026e |
|---------------------|-------|-------|-------|-------|-------|------|-------|--------|-------|--------|--------|-------|-------|-------|
| Revenue | 4.0 | 5.4 | 9.4 | 6.1 | 4.9 | 11.0 | 6.5 | 5.9 | 12.4 | 7.0 | 6.6 | 13.6 | 14.8 | 15.9 |
| EBITDA | -0.2 | 0.7 | 0.5 | 1.5 | 0.1 | 1.6 | 1.8 | 0.7 | 2.4 | 1.5 | 1.1 | 2.6 | 3.1 | 3.7 |
| Depreciation | -1.0 | -1.0 | -2.0 | -0.2 | -0.3 | -0.5 | -0.3 | -0.3 | -0.5 | -0.2 | -0.3 | -0.5 | -0.5 | -0.8 |
| EBIT (excl. NRI) | -1.2 | -0.3 | -1.5 | 1.3 | -0.2 | 1.1 | 1.5 | 0.4 | 1.9 | 1.3 | 0.9 | 2.2 | 2.6 | 2.9 |
| EBIT | -1.2 | -0.3 | -1.5 | 1.3 | -0.2 | 1.1 | 1.5 | 0.4 | 1.9 | 1.3 | 0.9 | 2.2 | 2.6 | 2.9 |
| Net financial items | 0.0 | 0.2 | 0.2 | -0.2 | -0.1 | -0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| PTP | -1.2 | -0.1 | -1.3 | 1.1 | -0.2 | 0.9 | 1.5 | 0.4 | 1.9 | 1.3 | 0.9 | 2.2 | 2.6 | 2.9 |
| Taxes | 0.0 | -0.2 | -0.2 | -0.2 | -0.1 | -0.3 | -0.1 | -0.1 | -0.2 | -0.1 | -0.1 | -0.2 | -0.5 | -0.6 |
| Net earnings | -1.2 | -0.3 | -1.5 | 0.9 | -0.3 | 0.6 | 1.4 | 0.3 | 1.7 | 1.2 | 0.8 | 2.0 | 2.1 | 2.3 |
| EPS (rep.) | -0.08 | -0.02 | -0.10 | 0.06 | -0.02 | 0.04 | 0.09 | 0.02 | 0.11 | 0.08 | 0.05 | 0.13 | 0.14 | 0.15 |

| Key figures | H1'21 | H2'21 | 2021 | H1'22 | H2'22 | 2022 | H1'23 | H2'23e | 2023e | H1'24e | H2'24e | 2024e | 2025e | 2026e |
|------------------------|---------|---------|---------|----------|---------|----------|--------|----------|--------|---------|---------|--------|--------|--------|
| Revenue growth-% | | -24.7 % | 31.4 % | 52.5 % | -9.5 % | 17.0 % | 6.6 % | 21.6 % | 13.2 % | 8.0 % | 12.0 % | 9.9 % | 8.5 % | 7.5 % |
| Adjusted EBIT growth-% | | -91.2 % | -53.4 % | -208.3 % | -38.6 % | -176.2 % | 15.4 % | -335.5 % | 68.9 % | -13.5 % | 116.5 % | 14.1 % | 20.8 % | 9.5 % |
| EBITDA-% | -5.0 % | 13.2 % | 5.4 % | 24.6 % | 2.2 % | 14.7 % | 26.9 % | 11.1 % | 19.4 % | 21.3 % | 17.1 % | 19.3 % | 21.2 % | 23.4 % |
| Adjusted EBIT-% | -30.0 % | -5.2 % | -15.8 % | 21.3 % | -3.5 % | 10.3 % | 23.1 % | 6.9 % | 15.4 % | 18.5 % | 13.3 % | 16.0 % | 17.8 % | 18.1 % |
| Net earnings-% | -30.0 % | -5.6 % | -16.0 % | 14.8 % | -6.2 % | 5.5 % | 21.5 % | 5.2 % | 13.8 % | 17.1 % | 11.8 % | 14.5 % | 14.2 % | 14.5 % |

Source: Inderes

Balance sheet

| Assets | 2021 | 2022 | 2023e | 2024e | 2025e |
|----------------------------|------------|-------------|-------------|-------------|-------------|
| Non-current assets | 0.6 | 1.1 | 1.3 | 1.9 | 2.5 |
| Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Intangible assets | 0.1 | 0.0 | 0.1 | 0.5 | 1.0 |
| Tangible assets | 0.4 | 1.0 | 1.2 | 1.4 | 1.4 |
| Associated companies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other investments | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| 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 | 9.0 | 9.9 | 11.2 | 12.7 | 13.6 |
| Inventories | 0.8 | 0.9 | 1.0 | 1.0 | 1.0 |
| Other current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Receivables | 2.7 | 2.8 | 3.0 | 3.0 | 3.0 |
| Cash and equivalents | 5.5 | 6.2 | 7.2 | 8.7 | 9.6 |
| Balance sheet total | 9.6 | 11.0 | 12.5 | 14.6 | 16.1 |

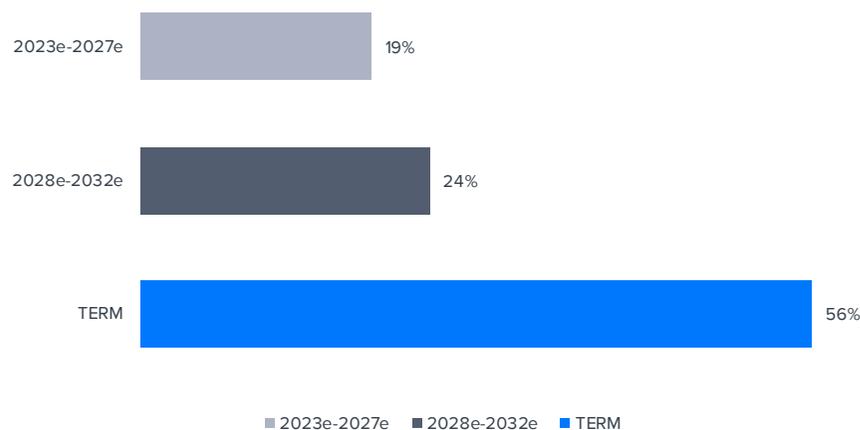
Source: Inderes

| Liabilities & equity | 2021 | 2022 | 2023e | 2024e | 2025e |
|--------------------------------|------------|-------------|-------------|-------------|-------------|
| Equity | 7.4 | 7.6 | 9.2 | 11.1 | 12.5 |
| Share capital | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| Retained earnings | 1.0 | 1.8 | 3.4 | 5.4 | 6.7 |
| Hybrid bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revaluation reserve | -1.1 | -1.7 | -1.7 | -1.7 | -1.7 |
| Other equity | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-current liabilities | 0.1 | 0.6 | 0.6 | 0.6 | 0.7 |
| Deferred tax liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Provisions | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 |
| Long term debt | 0.2 | 0.7 | 0.7 | 0.7 | 0.8 |
| 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 | 2.1 | 2.9 | 2.7 | 2.9 | 2.9 |
| Short term debt | 0.0 | 0.3 | 0.3 | 0.3 | 0.3 |
| Payables | 2.1 | 2.6 | 2.5 | 2.6 | 2.7 |
| Other current liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Balance sheet total | 9.6 | 11.0 | 12.5 | 14.6 | 16.1 |

DCF calculation

| DCF model | 2022 | 2023e | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | TERM |
|---|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Revenue growth-% | 17.0 % | 13.2 % | 9.9 % | 8.5 % | 7.5 % | 7.5 % | 7.0 % | 7.0 % | 6.0 % | 5.0 % | 2.5 % | 2.5 % |
| EBIT-% | 10.3 % | 15.4 % | 16.0 % | 17.8 % | 18.1 % | 19.0 % | 20.0 % | 22.0 % | 22.0 % | 20.0 % | 20.0 % | 20.0 % |
| EBIT (operating profit) | 1.1 | 1.9 | 2.2 | 2.6 | 2.9 | 3.2 | 3.7 | 4.3 | 4.6 | 4.4 | 4.5 | |
| + Depreciation | 0.5 | 0.5 | 0.5 | 0.5 | 0.8 | 1.1 | 1.3 | 1.2 | 1.3 | 1.3 | 1.4 | |
| - Paid taxes | -0.3 | -0.4 | -0.2 | -0.5 | -0.6 | -0.6 | -0.7 | -0.9 | -0.9 | -0.9 | -0.9 | |
| - Tax, financial expenses | -0.1 | 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 | 0.3 | -0.4 | 0.1 | 0.1 | -0.3 | -0.3 | -0.3 | -0.3 | -0.2 | -0.1 | -0.1 | |
| Operating cash flow | 1.6 | 1.6 | 2.5 | 2.7 | 2.9 | 3.4 | 3.9 | 4.3 | 4.8 | 4.7 | 4.9 | |
| + 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 | -1.0 | -0.7 | -1.0 | -1.1 | -1.1 | -1.2 | -1.2 | -1.3 | -1.4 | -1.4 | -1.4 | |
| Free operating cash flow | 0.6 | 0.9 | 1.5 | 1.6 | 1.8 | 2.2 | 2.6 | 3.0 | 3.4 | 3.2 | 3.5 | |
| +/- Other | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| FCFF | 0.6 | 0.8 | 1.5 | 1.6 | 1.8 | 2.2 | 2.6 | 3.0 | 3.4 | 3.2 | 3.5 | 44.5 |
| Discounted FCFF | | 0.8 | 1.3 | 1.3 | 1.3 | 1.4 | 1.5 | 1.6 | 1.6 | 1.4 | 1.4 | 17.5 |
| Sum of FCFF present value | | 31.0 | 30.3 | 29.0 | 27.7 | 26.4 | 25.0 | 23.5 | 21.9 | 20.2 | 18.8 | 17.5 |
| Enterprise value DCF | | 31.0 | | | | | | | | | | |
| - Interest bearing debt | | -0.9 | | | | | | | | | | |
| + Cash and cash equivalents | | 6.2 | | | | | | | | | | |
| -Minorities | | 0.0 | | | | | | | | | | |
| -Dividend/capital return | | 0.0 | | | | | | | | | | |
| Equity value DCF | | 36.3 | | | | | | | | | | |
| Equity value DCF per share | | 2.4 | | | | | | | | | | |

Cash flow distribution



WACC

| | |
|--|---------------|
| Tax-% (WACC) | 20.0 % |
| Target debt ratio (D/(D+E)) | 10.0 % |
| Cost of debt | 6.0 % |
| Equity Beta | 1.60 |
| Market risk premium | 4.75% |
| Liquidity premium | 1.00% |
| Risk free interest rate | 2.5 % |
| Cost of equity | 11.1 % |
| Weighted average cost of capital (WACC) | 10.5 % |

Source: Inderes

Summary

| Income statement | 2020 | 2021 | 2022 | 2023e | 2024e | Per share data | 2020 | 2021 | 2022 | 2023e | 2024e |
|---------------------------|-------|-------|-------|-------|-------|--------------------------|---------|---------|---------|---------|---------|
| Revenue | 7.1 | 9.4 | 11.0 | 12.4 | 13.6 | EPS (reported) | -0.22 | -0.10 | 0.04 | 0.11 | 0.13 |
| EBITDA | -1.2 | 0.5 | 1.6 | 2.4 | 2.6 | EPS (adj.) | -0.22 | -0.10 | 0.04 | 0.11 | 0.13 |
| EBIT | -3.2 | -1.5 | 1.1 | 1.9 | 2.2 | OCF / share | 0.00 | -0.03 | 0.10 | 0.11 | 0.16 |
| PTP | -3.3 | -1.3 | 0.9 | 2.1 | 2.2 | FCF / share | -0.02 | -0.04 | 0.04 | 0.05 | 0.10 |
| Net Income | -3.3 | -1.5 | 0.6 | 1.6 | 2.0 | Book value / share | 0.58 | 0.49 | 0.50 | 0.61 | 0.74 |
| Extraordinary items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Dividend / share | 0.00 | 0.00 | 0.00 | 0.00 | 0.05 |
| Balance sheet | 2020 | 2021 | 2022 | 2023e | 2024e | Growth and profitability | 2020 | 2021 | 2022 | 2023e | 2024e |
| Balance sheet total | 10.8 | 9.6 | 11.0 | 12.5 | 14.6 | Revenue growth-% | -29% | 31% | 17% | 13% | 10% |
| Equity capital | 8.8 | 7.4 | 7.6 | 9.2 | 11.1 | EBITDA growth-% | -298% | -143% | 217% | 46% | 11% |
| Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EBIT (adj.) growth-% | 125% | -53% | -176% | 69% | 14% |
| Net debt | -5.7 | -5.3 | -5.3 | -6.2 | -7.7 | EPS (adj.) growth-% | 134% | -55% | -140% | 166% | 23% |
| Cash flow | 2020 | 2021 | 2022 | 2023e | 2024e | EBITDA-% | -16.5 % | 5.4 % | 14.7 % | 19.0 % | 19.3 % |
| EBITDA | -1.2 | 0.5 | 1.6 | 2.4 | 2.6 | EBIT (adj.)-% | -44.6 % | -15.8 % | 10.3 % | 15.4 % | 16.0 % |
| Change in working capital | 1.2 | -0.8 | 0.3 | -0.4 | 0.1 | EBIT-% | -44.6 % | -15.8 % | 10.3 % | 15.4 % | 16.0 % |
| Operating cash flow | 0.0 | -0.5 | 1.6 | 1.6 | 2.5 | ROE-% | -28.3 % | -18.5 % | 8.0 % | 19.2 % | 19.4 % |
| CAPEX | -0.3 | -0.1 | -1.0 | -0.7 | -1.0 | ROI-% | -25.9 % | -17.7 % | 14.3 % | 20.7 % | 19.8 % |
| Free cash flow | -0.3 | -0.6 | 0.6 | 0.8 | 1.5 | Equity ratio | 81.6 % | 76.7 % | 68.7 % | 73.4 % | 76.2 % |
| | | | | | | Gearing | -64.7 % | -72.4 % | -69.8 % | -68.0 % | -69.2 % |
| Valuation multiples | 2020 | 2021 | 2022 | 2023e | 2024e | | | | | | |
| EV/S | 4.4 | 2.4 | 1.7 | 2.1 | 1.8 | | | | | | |
| EV/EBITDA (adj.) | neg. | 44.0 | 11.4 | 10.9 | 9.2 | | | | | | |
| EV/EBIT (adj.) | neg. | neg. | 16.3 | 13.5 | 11.1 | | | | | | |
| P/E (adj.) | neg. | neg. | 39.3 | 19.9 | 16.2 | | | | | | |
| P/B | 4.2 | 3.8 | 3.1 | 3.5 | 2.9 | | | | | | |
| Dividend-% | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 2.4 % | | | | | | |

Source: Inderes

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| | |
|------------|--|
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| 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 | Share price |
|-----------|----------------|--------|-------------|
| 6/30/2023 | Accumulate | 2.10 € | 1.78 € |
| 8/10/2023 | Accumulate | 2.40 € | 2.11 € |



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