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Midsummer

Reinstating coverage with new fair value following rights issue

Resuming coverage at fair value of SEK 2.5–3.3

We reinstate coverage of Midsummer with a new fair value of SEK 2.5–3.3 per share following its latest rights issue. This capital raise should allow the company to return to profitability in a controlled manner, which on our forecasts implies a breakeven in EBIDA in 2025. Our new estimate for 2025 EBITDA is SEK 1m (17m), while noting that the percentage change is significant. We now assign a lower fair value of SEK 2.5–3.3 per share (4.5–5.0) owing to the reduced sales forecasts for 2024 and the revised number of shares. Midsummer is on the brink of a substantial expansion in its business as the new factory in Italy is proceeding as planned, providing favourable conditions for the company to take a share of the structurally fast-growing European market for solar energy. At the same time, the SEK 175m contribution from the Italian state looks set to be paid out largely as planned. Risks remain high but will diminish as the expansion of the operations in Italy continues.

Estimates adjusted for lower prices but higher volumes in 2025e

We now make a number of estimate changes. The most crucial are our lower sales estimates, as lower component prices for inverters and electronic parts take down the price of sold products as well as for purchased materials. On the margin, it is favourable, as this reduces investment costs for end-customers. At the same time, we have adopted a more rapid expansion of Italian production in 2025e, as the company focuses on its product offering on the B2B segment and flat roofs with flexible structures, an area where Midsummer stands strongest against competing products. The consumer market has weakened recently on account of higher interest rates, falling real wages, and normalising electricity prices, leaving the B2B market as the major driver of demand in the near term.

New valuation range of SEK 2.5–3.3 based on EV/S multiples

Our new fair value is SEK 2.5–3.3 (4.5–5.0). At the higher end of this interval, we assign an EV/S multiple of 3x to 2024e sales, in line with a range mainly of larger US solar companies, and then discounted to present value. Midsummer largely lacks relevant competitors, but we believe these form the best comparison group at present. At the lower end of the range, we consider sales being 20% below our forecasts but with valuation assumptions otherwise the same.

Change in estimates

	23e	24e	25e
Total Revenues	0.0%	-3.5%	7,2%
EBIT, adj.	0.0%	N.m.	N.m.
EPS, adj.	0.0%	N.m.	N.m.

Upcoming events

Q4 - report	23 February 2024
Q1 - report	01 May 2024

Company facts (SEKm)

Number of shares	114m
Market capitalisation	131
Net debt	158
EV	271
Free float	79%
Daily trading volume, average	332k
Bloomberg Ticker	MIDS SS EQUITY

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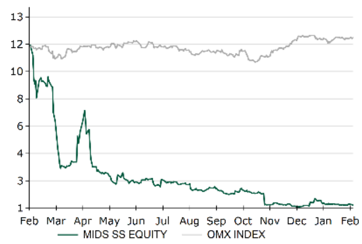
Forecast (SEKm)

	2022	2023e	2024e	2025e
Total Revenues	79	96	391	618
Revenue growth	-42%	22%	>100%	58%
EBITDA, adj.	-164	-153	-44	1
EBIT, adj.	-198	-190	-84	-39
EPS, adj.	-2.8	-1.7	-0.4	-0.2
EPS growth, adj.	N.m.	N.m.	N.m.	N.m.
BV/share	2.6	1.8	1.3	1.3
EBIT-marg. adj.	Neg.	Neg.	Neg.	Neg.
ROE, adj.	Neg.	Neg.	Neg.	Neg.
ROCE, adj.	Neg.	Neg.	Neg.	Neg.
EV/Sales	13.0x	2.8x	0.9x	0.6x
EV/EBITDA	-	-	-	258.8x
P/E, adj.	-4.1x	-0.7x	-2.3x	-4.9x
P/BV	4.5x	0.6x	0.7x	0.8x
FCF yield	-22%	-122%	-13%	-4%
Net debt / EBITDA	-3.6x	-1.2x	1.9x	7.0x

Value and risk

Fair value	SEK2.5–3.3
Share price	SEK1.0
Risk level	Hög

Price performance 12 months



Conflicts of interest

	Yes	No
Liquidity provider		✓
Certified adviser		✓
Transactions 12m	✓	

Investment case

We believe the demand for renewable energy will remain robust owing to higher electricity prices in Europe versus historically – with the exception of the outlying year of 2022 – which spurs financial incentives, beyond the environmental reasons, to invest in solar power. Unlike wind power and other forms of renewable energy, solar power is small scale, has short lead times thanks to a simple authorisation process, and the energy is produced close to where it is consumed, which eliminates the need for large power grid investments. A solar power installation lifts the value of a property, offering a solid incentive for the property owner to invest in solar power. Although Sweden is the company's domestic market, we see the greatest potential lying in other European markets. There is a clearly better relationship in Europe between the opportunity cost for purchasing energy and the benefit that a photovoltaic system can produce in the form of self-consumed energy or external sales to the power grid.

In principle, Midsummer differentiates itself from all other photovoltaic companies in the OECD region by being a product supplier rather than an installer, like the other companies in this industry. It produces thin-film solar cells, a specific type of cell, which are markedly different from traditional solar panels in their production and transport. Midsummer produces locally and with limited energy and material consumption. Through this, it has secured a market-leading position in terms of carbon footprint, with a lower footprint than wind and hydropower, and, notably, than traditional solar panels. We expect thin-film solar cells to develop strongly versus traditional panels. Traditional panels have lost their great competitive advantage: a fully globalised world with a massive dependence on Chinese exports and lower fossil fuel prices, which have been the key production factors with traditional panels.

Midsummer's most important end-market at present is flat roofs for commercial properties. External parties forecast 15 GW annually in installed capacity, which is the equivalent of a SEK 130–150bn TAM per year. On top of this comes a replacement market of 6 GW, or SEK 40–50bn, where old roofs are exchanged for new ones containing photovoltaic technology. The company operates with the part of the market that cannot withstand the weight of traditional panels, or where such panels are not feasible for various reasons, and where price competition with traditional panels is thus limited. Based on these external forecasts for the total photovoltaic market, we see barely measurable market share for Midsummer, despite the higher sales forecasts than historically.

Midsummer is constructing a brand-new factory in Italy. The company's production capacity will thus increase from today's 1–2 MW to 52 MW, a sizeable expansion of its operations.

Company profile

Midsummer is a European solar cell producer. The technology is built around a proprietary production process that effectively means different semiconductor materials are deposited on a carrier, e.g., a steel substrate. Midsummer's technology is based on a special thin-film technique, CIGS, comprising copper, indium, gallium, and selenium. This is a cutting-edge technology in the thin-film solar cell niche.

It sells its products under the Slim and Wave brand names, offering lighter construction that either blends in with the existing tiled roof, or replaces a traditional folded sheet metal roof. These products appeal to many customers who do not favour the visible changes that a traditional photovoltaic installation brings, and they are targeted mainly at the private market. Its Bold brand is the most popular product on the market at present. The lighter construction allows for installation on weaker flat roof structures, mainly on commercial properties that cannot bear the weight of a traditional solar cell installation. In general, it sells all its products at a clear premium to traditional panels, although the price to customers differs only minimally because of the simpler installation and lower materials costs beyond the cost for the panels themselves versus installing traditional panels.

Valuation

We value Midsummer using an EV/S multiple of 3x based on 2024e sales, discounted to present value with a WACC of 25%. The EV/S multiple is line with those of larger companies listed in the US. Today, Midsummer is a small, local Swedish player, but we believe the company will, thanks to expansion in Europe, be considered a large, regional actor and thus be valued in line with similar companies, even if its business model differs considerably from that of its peer group.

Reinitiating coverage with new fair value of SEK 2.5–3.3 per share

We reinitiate coverage of Midsummer following the completed capital raise. Our new fair value is SEK 2.5–3.3 per share (4.5–5.0) following updates to forecasts and the revised number of shares. Overall, its development is running according to plan, with focus mostly directed on the construction of the new Italian factory. The contribution from the Italian state looks set to be paid out largely as planned. Rationalisation measures in the Swedish operations are also running according to plan, in our view. We consider the demand from industrial players to be healthier than before, as solar cells are a relatively simple way to reduce the cost profile, especially in southern Europe. The increasingly warm climate is raising the demands for cooling, which pushes up electricity consumption and also applies upward pressure to electricity prices in the warmer summer months.

Revised forecasts based on new assumptions

We have updated the assumptions in our model, the most important of which are:

- Compared with previous forecasts, we have postponed quarterly payments totalling EUR 15.5m by one quarter, meaning the final part-payment of EUR 2.5m now falls in 2025 rather than 2024, which affects other income items between the years, although the overall total remains the same in our model

- We anticipate lower revenues, but also lower costs for materials purchases, owing to the large negative price changes to components like electronics, inverters, etc, which have a negative impact on our 2024 sales forecasts

- The company has announced a cost-savings programme of around SEK 40m in its Swedish operations, which has a positive effect

- We assume a more rapid expansion of production in Italy, as the company focuses all the more on one product, Midsummer Bold, for which we expect demand to be the strongest in the coming years, prompting an increase in our forecasts for 2025

- We have also applied a higher share of variable costs for raw materials and supplies, reducing operational leverage with a negative impact on numbers

- The recently completed capital raise bolsters the balance sheet but also increases the number of shares by 60%

As we previously stated, there remains considerable uncertainty regarding forecasts, both in terms of timing and also extent, as the company is undergoing a significant production expansion from today's 1–2 MW in Järfälla to 52 MW, of which 50 MW will stem from the Italian factory. That said, the uncertainty will diminish as time goes on and the production expansion is completed. We thus believe that the risk in our forecasts has narrowed versus our previous update but remains considerable.

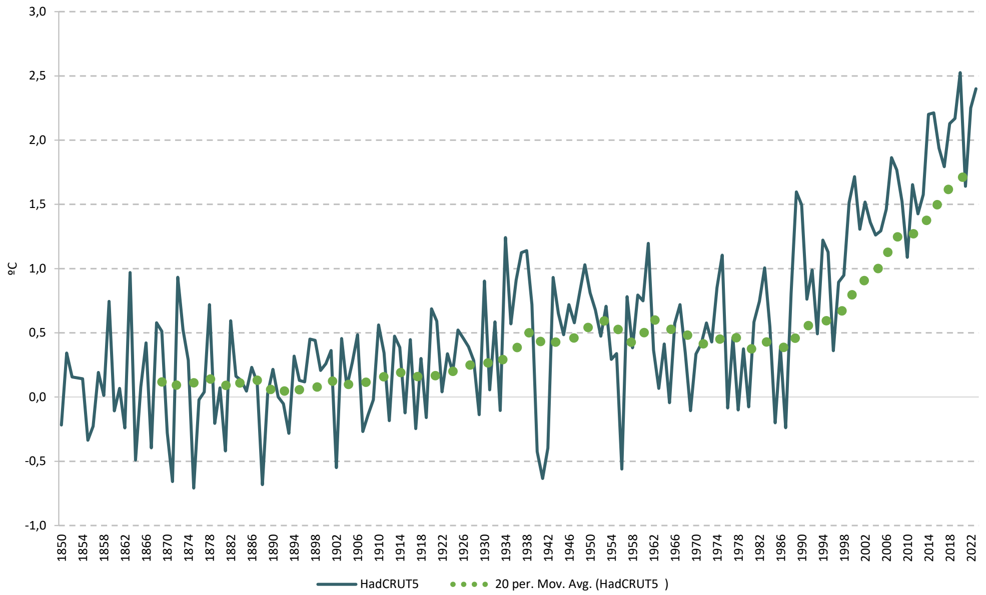
Our model does not account for the company's planned large investments in Sweden, with indicated capacity of 200 MW, which has resulted in a grant of around SEK 350m from the EU. The grant is based on high counterpart funding requirements, and although we see good opportunities for financing from the Swedish government (via its The Industrial Leap programme), we need more concrete evidence of successful counterpart funding before we include the investment in our model.

B2B flat roof demand to replace waning demand from the private market

Substantial demand pattern changes in solar panels in recent years

There have been considerable changes in the demand over the past few years. Higher interest rates and weak real wage growth have dampened solar energy investment inclination in the private market markedly, according to the company. Industrial sources confirm this. More normalised electricity prices compared with the high levels that plagued 2022 have also impacted the private market's willingness to invest. On the other hand, structural changes in the commercial market have developed positively. Generally speaking, profits in the business world remain good, maintaining the investment appetite there. Above all, though, the climate impact is increasingly visible. The summer of 2023 was extremely warm, the second-warmest year in measurable history in Europe, and the Mediterranean region is increasingly becoming the hotspot that some climate scientists have been warning about. Although temperature changes have been ongoing since 1990, the trend is now too patent to ignore.

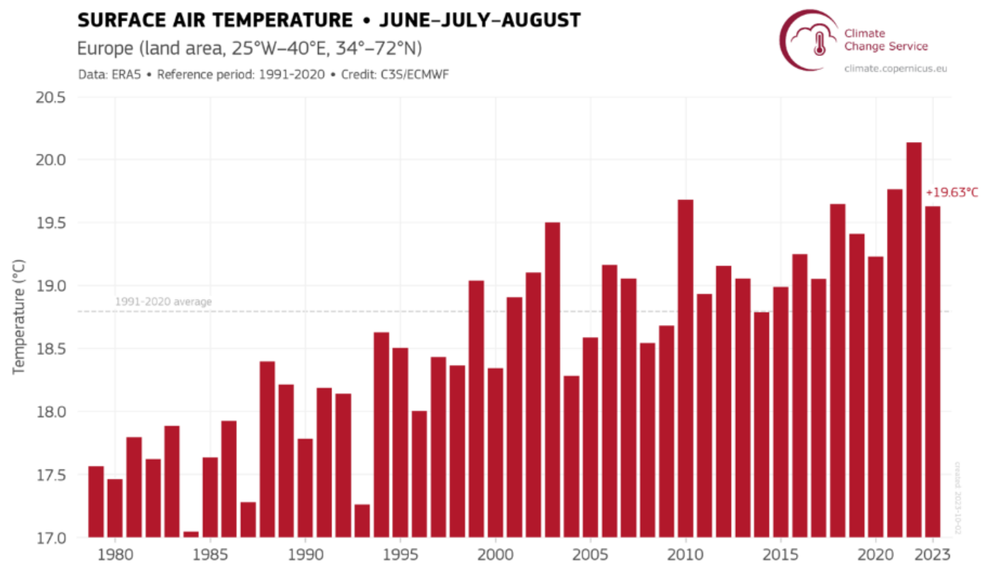
Exhibit 1: Annual temperatures, deviation from the period 1850–1900, European average



Source: EEA, Copernicus, Penser by Carnegie

In addition to pure climate changes, societal changes also have an impact. Extremely high summer temperatures increase the demand for electrical power from modern activities like supermarkets, data centres, and offices. Since 1980, average summer temperatures have risen by 2 degrees, demonstrating the greater need for cooling.

Exhibit 2: Summer temperatures in Europe



Source: Climate Change Service

As climate change also reduces hydropower production and complicates the cooling of nuclear power plants, with rivers seeing low water levels and/or too high water temperatures, only solar and wind power remain. Wind power produces the most during the winter months. Solar power, which produces the most in the summer and in daylight, when it is warmest and the electricity need is the greatest, is thus particularly well disposed to deal with this new climate-impacted energy landscape. The increased demand combined with the lower production from hydro and nuclear power, for example, also raises the price level on warmer, sunnier days, which is a further positive factor in solar energy's favour.

Investments in solar energy offer rapid payback, with fewer uncertainties

The world is uncertain, which typically affects the willingness of companies to invest. At the same time, we believe solar energy offers an appealing investment thanks to the short lead times, implying quick payback, and fewer uncertainties in the form of market risks or approval processes. The effect on the cost base if electricity is consumed for own use and on the revenue stream if surplus production is sold on the market is immediate. Overall, we believe the demand for solar energy solutions will remain robust in the coming years, as confirmed by external experts like SolarPower Europe (Exhibit 3).

New TAM calculations

According to the company, external parties have adjusted their calculations for the total addressable market (TAM) given the new energy landscape. The key demand factors are now the B2B market, split as follows:

Flat roofs that cannot bear the weight of traditional panels – TAM of 15 GW/year, or SEK 130–150bn in value

Many industrial roofs cannot bear the weight of traditional panels, which are around 20–25kg each. Traditional panels require heavy-duty fastenings into the roof construction, which can compromise the guarantees from roof providers if the water-repellent coating is damaged. There are thus considerable total flat roof areas for which owners either cannot or will not install traditional panels. According to the company, external parties estimate the TAM for this market segment at 15 GW/year of installed capacity, or SEK 130–150bn in value at the price that Midsummer plans to sell for. TÜV Süd, a key player in certification and inspection, states that just 25% of roofs examined in a recently completed survey in Germany had the possibility of installing traditional panels without restrictions. 8% of the surveyed roofs could not bear traditional panels at all, according to the survey. Midsummer's strategy is to market its products to customers interested in installing solar panels but which have rejected traditional panels owing to their weight or other considerations, such as waterproofing.

Flat roofs in need of replacement for which the owner wants to integrate solar panels – 6 GW, or SEK 50–60bn

Numerous buildings in Europe are facing mandatory roof replacement because their technical lifetime has been reached. Installing solar panels as part of roof replacement is attractive, as the revenues from solar energy offset part of the investment cost for the change. External parties have calculated the TAM for this segment at 6 GW/year, or SEK 50–60bn in value.

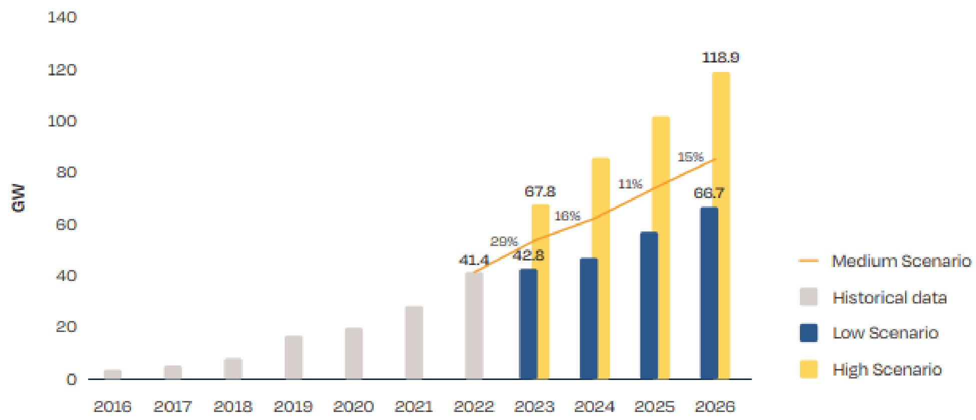
Customers who do not want to install traditional panels for varying reasons of CSR – 4 GW/year, or SEK 35–40bn in value

Midsummer's products are produced solely in Europe and, according to calculations by external parties, have by far a lower carbon footprint than any other energy source, including hydro and wind power. Traditional solar panels, which largely consist of silicon, glass, and aluminium, are an energy-intensive product, for which much of their production can be fossil fuel-dependent. They are mostly produced in Asia, with China accounting for 90% of the panels' key component: the silicon layer. Most panels produced in Europe thus also contain components from China. Those customers who cite CSR factors for not installing traditional products have scarcely any other options, of which Midsummer is one of the very few.

How do our forecasts for the company compare with official market projections?

According to the latest projections from SolarPower Europe, annual installed capacity will be between 66.7 GW and 118.9 GW in 2026 (not to be confused with the TAM calculations above, which are of course considerably higher than actual installed capacity). If we take the midpoint of this interval and Midsummer's planned production of 52 MW, this suggests a market share of 0.1%, which does not seem unreasonable given the strong drivers on which the company can capitalise.

Exhibit 3: Annual installed capacity, EU27



Source: SolarPower Europe

Valuation

As before, we value the share using EV/S for 2024e, discounted to present value with a WACC of 25%. Unlike previously, though, we now provide a range with explicit value assumptions for the lower and higher ends of the interval.

Upper end of our valuation range – EV/S of 3x our forecasts for 2024

At the upper end of our valuation range, we assume an EV/S of 3x our sales forecasts for 2024, which is the level at which the large, globally operating western players in the photovoltaic industry trade. In principle, there are no direct peers to Midsummer as a European producer of thin-film solar cells. Other companies in the photovoltaic industry are either installers of standard panels, primarily based in the US, or producers of traditional panels, mostly in China. We have thus used a group of photovoltaic installers from the US as the best alternative as a peer group. Our approach is based on Midsummer successfully expanding its production to 52 MW/year thanks to its factory in Italy and thus becoming a dominant regional player, similar to the large photovoltaic companies in the US, even if its business model differs considerably.

In calculating our fair value, we have adjusted for net debt and have discounted the value with a WACC of 25%.

Exhibit 4: Fair value calculations, upper end of the range

Sales 2024e, SEKm	353
EV/S multiple	3
Enterprise value 2024e, SEKm	1 058
Net debt 2024e, SEKm	-203
Equity value 2024e, SEKm	855
WACC	25,0%
Value, SEKm	684
Shares, m	207,1
Value per share	3,3

Source: Midsummer, FactSet, Penser by Carnegie

Lower end of our valuation range – 20% lower forecasts for 2024

At the lower end of our valuation range, we assume 20% lower sales forecasts for 2024, while our other assumptions are unchanged. 2024 will be characterised by a clear increase in operations, and the risk of setbacks should be considered high.

Exhibit 5: Fair value calculations, lower end of the range

Sales 2024e, SEKm	282
EV/S multiple	3
Enterprise value 2024e, SEKm	846
Net debt 2024e, SEKm	-203
Equity value 2024e, SEKm	643
WACC	25,0%
Value, SEKm	515
Shares, m	207,1
Value per share	2,5

Source: Midsummer, FactSet, Penser by Carnegie

Sensitivity analysis – fair value

The following table illustrates the sensitivity of EV/S and WACC:

Exhibit 6: Sensitivity analysis - fair value

	Difference to our sales estimate		
EV/S	**-20,0%**	**0,0%**	**20,0%**
1,5	0,9	1,3	1,7
2,5	1,9	2,6	3,3
3,0	2,5	3,3	4,1
3,5	3,0	4,0	4,9
4,5	4,1	5,3	6,6

Source: Midsummer, FactSet, Penser by Carnegie

Exhibit 7: DCF - summary

Valuation output	
Sum of PV of FCF (explicit period)	191
PV of terminal value (perpetuity formula)	87
Enterprise value	**278**
Latest net debt	158
Minority interests & other	0
Equity value	**120**
No. of shares outstanding (millions)	207
Equity value per share	**0,6**

WACC assumptions	
Risk free nominal rate	2,5%
Risk premium	5,5%
Small cap premium	6,0%
Additional risk premium	0,1
WACC	**25,0%**

Terminal value assumptions	
Long term growth rate	4,0%
Long term EBIT margin	17,5%
Depreciation (% of sales)	3,0%
Capex (% of sales)	3,0%
Working cap. (% of sales)	1,0%
Tax rate	10%

Source: Midsummer, Penser by Carnegie

Exhibit 8: DCF - sensitivity analysis

		Long-term growth rate				
		3,0%	3,5%	4,0%	4,5%	5,0%
	24,0%	0,7	0,7	0,7	0,8	0,8
	24,5%	0,6	0,6	0,6	0,7	0,7
WACC	25,0%	0,5	0,6	0,6	0,6	0,6
	25,5%	0,5	0,5	0,5	0,5	0,6
	26,0%	0,4	0,4	0,5	0,5	0,5

		Long-term EBIT margin				
		12,5%	15,0%	17,5%	20,0%	22,5%
	24,0%	0,5	0,6	0,7	0,9	1,0
	24,5%	0,4	0,5	0,6	0,8	0,9
WACC	25,0%	0,3	0,5	0,6	0,7	0,8
	25,5%	0,3	0,4	0,5	0,6	0,7
	26,0%	0,2	0,3	0,5	0,6	0,7

Source: Midsummer, Penser by Carnegie

Income statement

	2019	2020	2021	2022	2023e	2024e	2025e
Net sales	**184**	**72**	**94**	**53**	**50**	**353**	**580**
Other operating income	17	47	42	26	47	38	38
Total revenues	**201**	**119**	**136**	**79**	**96**	**391**	**618**
Cost of goods sold	-107	-41	-92	-100	-87	-282	-464
Gross profit	**94**	**78**	**44**	**-21**	**10**	**109**	**154**
Other Operating Expenses	-85	-128	-117	-143	-163	-153	-153
EBITDA	**9**	**-50**	**-73**	**-67**	**-153**	**106**	**30**
Items affecting comparability	0	0	0	97	0	150	29
EBITDA, adjusted	**9**	**-50**	**-73**	**-164**	**-153**	**-44**	**1**
Depreciation	-32	-24	-38	-34	-37	-40	-40
EBITA, adjusted	**-23**	**-74**	**-111**	**-198**	**-190**	**-84**	**-39**
EBIT	**-23**	**-74**	**-111**	**-101**	**-190**	**66**	**-10**
EBIT, adjusted	**-23**	**-74**	**-111**	**-198**	**-190**	**-84**	**-39**
Net Financial Items	-12	-18	-19	4	-5	-3	-3
Profit before tax	**-35**	**-92**	**-130**	**-97**	**-195**	**62**	**-13**
Profit before tax, adjusted	**-35**	**-92**	**-130**	**-194**	**-195**	**-87**	**-42**
Taxes	-5	0	1	1	0	0	0
Net income	**-40**	**-92**	**-130**	**-96**	**-195**	**62**	**-13**
Net income, adjusted	**-40**	**-92**	**-130**	**-193**	**-195**	**-87**	**-42**
Sales Growth	*-*	*-41%*	*14%*	*-42%*	*22%*	*>100%*	*58%*
Gross Margin	*50.9%*	*>100%*	*46.9%*	*Neg.*	*19.5%*	*30.9%*	*26.6%*
EBIT Margin, Adjusted	*Neg.*	*Neg.*	*Neg.*	*Neg.*	*Neg.*	*Neg.*	*Neg.*
EPS, Adjusted	*-1.30*	*-1.99*	*-2.18*	*-2.84*	*-1.70*	*-0.42*	*-0.20*
EPS Growth, Adjusted	*-*	*N.m.*	*N.m.*	*N.m.*	*N.m.*	*N.m.*	*N.m.*

Source: Midsummer, Carnegie

Cash flow statement

	2019	2020	2021	2022	2023e	2024e	2025e
EBIT	-23	-74	-111	-101	-190	66	-10
Other Cash flow Items	19	2	20	-32	82	37	37
Changes in working capital	-69	-7	28	24	16	-73	19
Cash flow from operating activities	**-73**	**-80**	**-63**	**-109**	**-92**	**29**	**46**
Investments in Fixed Assets	-31	-29	-90	-42	-40	-35	-35
Investments in intangible fixed assets	-14	-24	-25	-20	-28	-20	-20
Cash flow from Investments	**-45**	**-53**	**-115**	**-62**	**-68**	**-55**	**-55**
Free cash flow	**-118**	**-133**	**-179**	**-171**	**-159**	**-26**	**-9**
New share issue / repurchase	0	248	126	0	230	0	0
Other items	176	-9	-7	13	-14	0	0
Cash flow from financing	**176**	**239**	**119**	**13**	**216**	**0**	**0**
Cash flow	**58**	**106**	**-60**	**-158**	**57**	**-26**	**-9**
Net debt	**111**	**-2**	**56**	**243**	**177**	**203**	**212**

Source: Midsummer, Carnegie

Balance sheet

	2019	2020	2021	2022	2023e	2024e	2025e
ASSETS							
Other intangible assets	31	45	53	54	64	64	64
Tangible fixed assets	36	67	142	137	165	180	195
Other fixed assets	25	15	12	21	21	21	21
Total fixed assets	**93**	**127**	**208**	**213**	**250**	**265**	**280**
Inventories	24	27	30	20	24	128	178
Accounts receivable	6	23	23	3	3	55	89
Other current assets	118	126	71	223	223	223	223
Cash and cash equivalents	111	218	159	2	59	34	25
Total current assets	**259**	**393**	**283**	**249**	**310**	**439**	**515**
TOTAL ASSETS	**352**	**520**	**491**	**461**	**559**	**704**	**794**
EQUITY AND LIABILITIES							
Equity	100	256	253	175	211	273	260
Total equity	**100**	**256**	**253**	**175**	**211**	**273**	**260**
Long-term interest-bearing liabilities	214	209	208	10	210	210	210
Long-term lease liabilities	0	0	0	15	15	15	15
Other long-term liabilities	1	0	0	2	2	2	2
Total long-term liabilities	**215**	**209**	**208**	**27**	**227**	**227**	**227**
Short-term interest-bearing liabilities	8	6	8	215	7	7	7
Accounts payable	16	34	10	21	24	128	172
Short-term lease liabilities	-	-	-	5	5	5	5
Other current liabilities	12	14	13	18	85	64	123
Total current liabilities	**36**	**55**	**30**	**259**	**122**	**204**	**307**
TOTAL EQUITY AND LIABILITIES	**352**	**520**	**491**	**461**	**559**	**704**	**794**

Source: Midsummer, Carnegie

Growth and margins

	2019	2020	2021	2022	2023e	2024e	2025e
Revenue growth	-	-41%	14%	-42%	22%	>100%	58%
EBITDA growth, adjusted	-	N.m.	N.m.	N.m.	N.m.	N.m.	N.m.
EBIT growth, adjusted	-	N.m.	N.m.	N.m.	N.m.	N.m.	N.m.
EPS growth, adjusted	-	N.m.	N.m.	N.m.	N.m.	N.m.	N.m.
Gross margin	50.9%	>100%	46.9%	Neg.	19.5%	30.9%	26.6%
EBITDA margin	4.9%	Neg.	Neg.	Neg.	Neg.	29.9%	5.2%
EBITDA margin, adjusted	4.9%	Neg.	Neg.	Neg.	Neg.	Neg.	0.2%
EBIT margin	Neg.	Neg.	Neg.	Neg.	Neg.	18.6%	Neg.
EBIT margin, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Profit margin, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.

Source: Midsummer, Carnegie

Return

	2019	2020	2021	2022	2023e	2024e	2025e
ROE, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
ROCE, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
ROIC, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.

Source: Midsummer, Carnegie

Capital efficiency

	2019	2020	2021	2022	2023e	2024e	2025e
Inventory / total revenue	12%	22%	22%	26%	25%	33%	29%
Accounts receivable / total revenue	3%	19%	17%	4%	4%	14%	14%
Accounts payable / COGS	15%	83%	11%	21%	28%	45%	37%
Total short-term liabilities / total cost	19%	33%	15%	>100%	49%	71%	52%
Working capital / total revenue	60%	>100%	74%	>100%	>100%	55%	32%
Capital turnover rate	0.6x	0.3x	0.3x	0.2x	0.2x	0.8x	1.2x

Source: Midsummer, Carnegie

Financial position

	2019	2020	2021	2022	2023e	2024e	2025e
Net debt	111	-2	56	243	177	203	212
Equity ratio	29%	49%	51%	38%	38%	39%	33%
Net debt / equity	1.1x	0.0x	0.2x	1.4x	0.8x	0.7x	0.8x
Net debt / EBITDA	12.3x	0.0x	-0.8x	-3.6x	-1.2x	1.9x	7.0x

Source: Midsummer, Carnegie

Per share data

	2019	2020	2021	2022	2023e	2024e	2025e
EPS	-1.30	-1.99	-2.18	-1.42	-1.70	0.30	-0.06
EPS, adjusted	-1.30	-1.99	-2.18	-2.84	-1.70	-0.42	-0.20
FCF per share	-3.82	-2.85	-3.01	-2.53	-1.39	-0.12	-0.04
Book value per share	3.24	5.50	4.26	2.59	1.84	1.32	1.26
Number of shares, m	30.9	46.6	59.4	67.7	114	207	207
Number of shares after dilution, average	30.9	46.6	59.4	67.7	114	207	207

Source: Midsummer, Carnegie

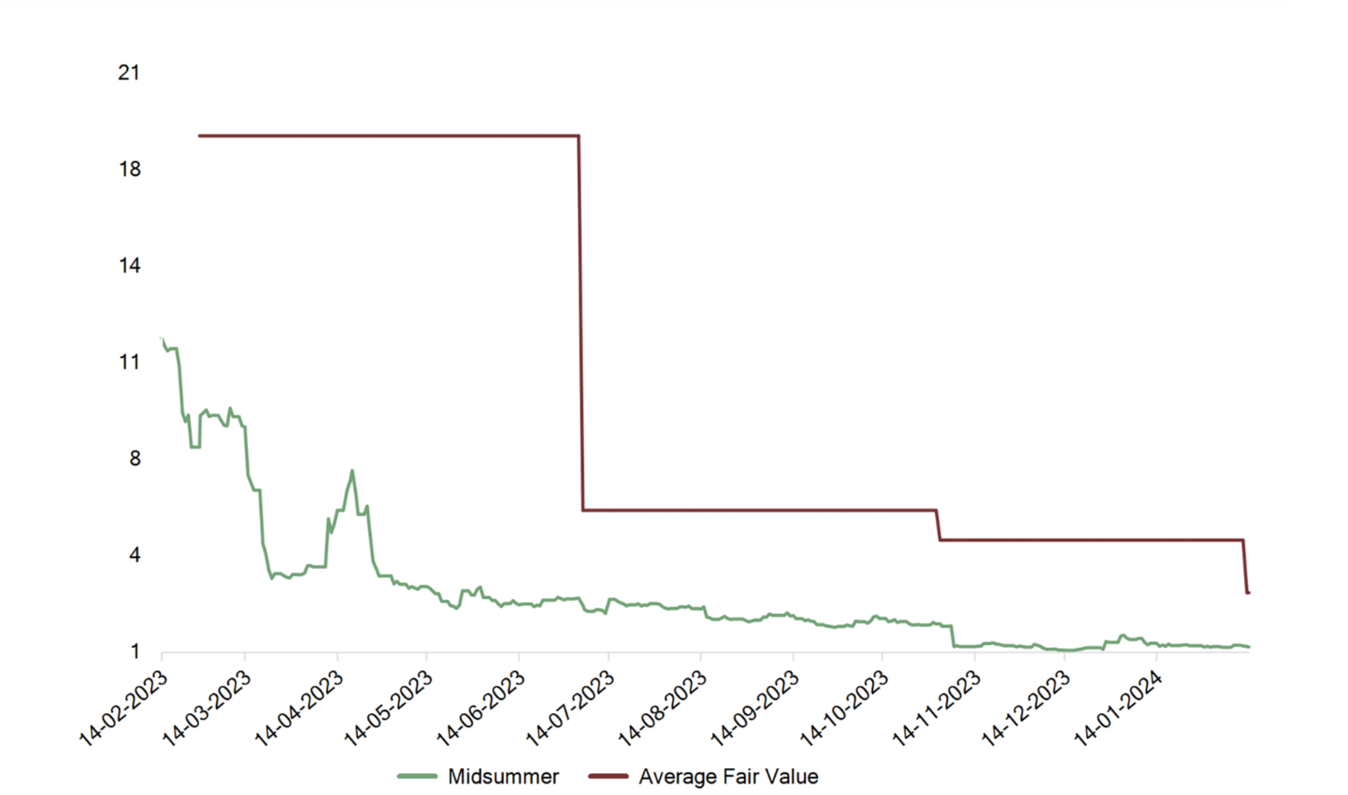
Valuation

	2019	2020	2021	2022	2023e	2024e	2025e
P/E, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
P/BV	8.2x	2.0x	3.6x	4.5x	0.6x	0.7x	0.8x
P/FCF	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
FCF-yield	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Payout ratio, adjusted	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Sales	4.7x	4.2x	7.1x	13.0x	2.8x	0.9x	0.6x
EV/EBITDA, adjusted	104.0x	Neg.	Neg.	Neg.	-1.8x	-8.2x	256.5x
EV/EBIT, adjusted	Neg.	Neg.	Neg.	Neg.	-1.4x	-4.3x	-9.4x
EV	938	501	965	1,024	271	363	363
Share price, year end	26.8	10.8	15.3	11.5	1.0	1.0	1.0

Source: Midsummer, Carnegie

Share price and average fair value chart

Midsummer (MIDS SS EQUITY)



Source: Penser by Carnegie, IDC

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