

FARON PHARMACEUTICALS

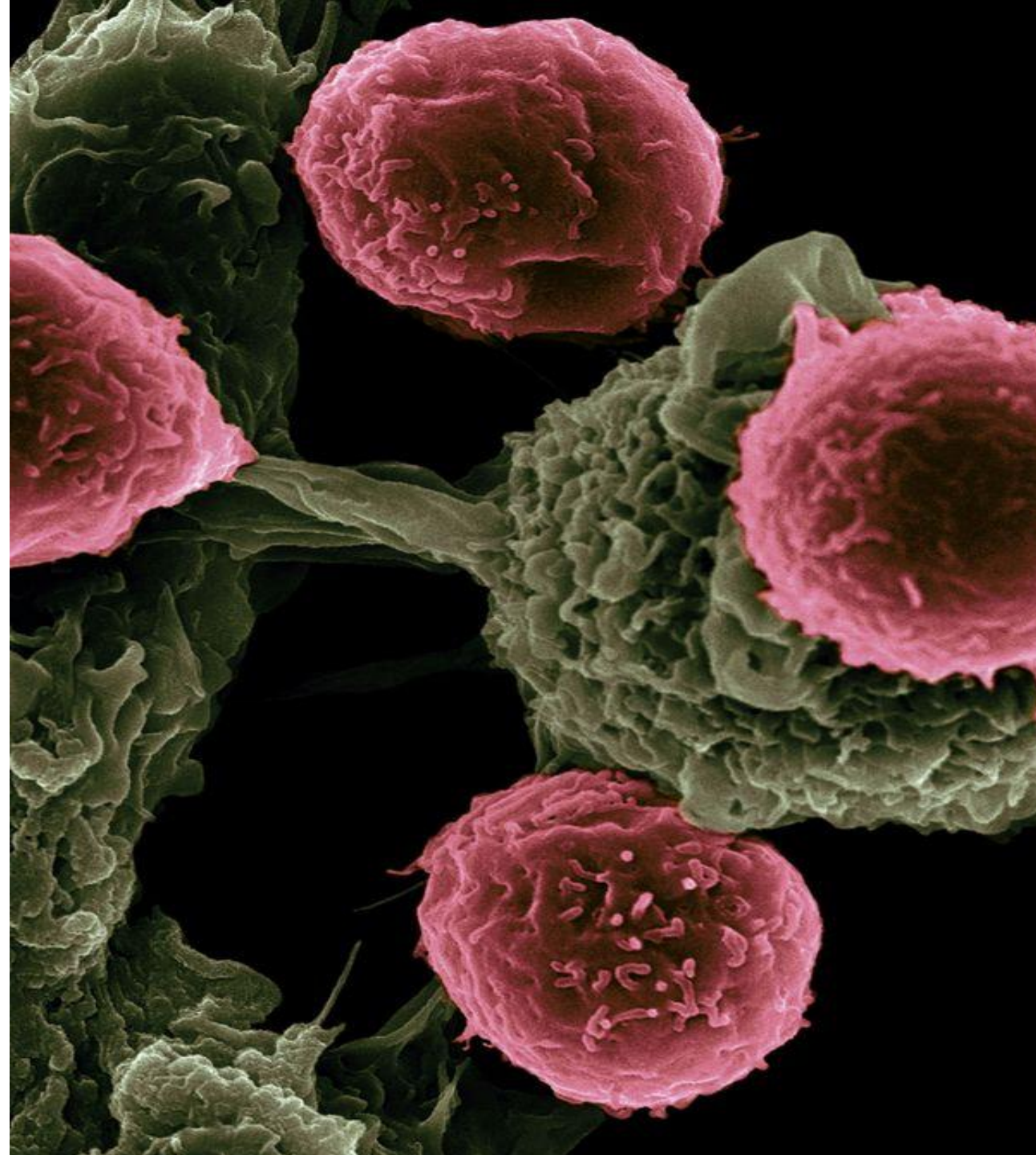
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INDERES CORPORATE CUSTOMER
COMPANY REPORT



Towards April readout

During the period, Faron updated its plans for the blood cancer trial BEXMAB based on feedback from the FDA. The October Capital Markets Day provided further details on future plans for both blood cancers and solid tumors. Patient enrollment in the BEXMAB study was completed in January after the period had ended, and future highlights include the planned readouts in April, which will now include all HMA-failed MDS patients for the first time. Faron also reported that bexmarilimab has received positive European Medicines Agency's opinion on Orphan Drug Designation. Solid tumor trials are expected to begin in 2025. Faron raised 12 MEUR in a directed issue in early February and the current cash runway lasts until December 2025, according to the company. In terms of numbers, we were surprised by the low level of the company's expenses. We reiterate our Accumulate recommendation and target price of EUR 2.8.

BEXMAB blood cancer study enters mature phase

The next significant news expected is the topline readout of responses from the BEXMAB study, which will be announced in April and include all end-stage MDS patients. Responses and their duration will also be monitored in the Q3'25 readout. Response data from some of the first-line MDS patients may also be available in April. We expect statistically more significant results from first-line patients during H2'25. The start of the pivotal Phase III MDS study is not yet known, but it can be expected at the earliest in H1'26. In solid tumors, the first investigator-initiated study (BLAZE) is scheduled to start in Q2'25.

At the beginning of February, Faron completed a 12 MEUR rights issue, as a result of which the company expects to have sufficient liquidity until December 2025. The funds will be used to continue the follow-up of patients in the BEXMAB trial. As part of the 31 MEUR offering last summer, the company expected to sign a partnership agreement during 2024, which did not

materialize. Understandably, no new information on partnering was provided in the context of the financial statements. We expect the April readout to be an important milestone for the negotiations.

Costs were lower than expected

The company's costs were clearly lower than our expectations. As a result, EBIT of -7.4 MEUR was better than our forecasts (-14.8 MEUR). Faron had cut both its administrative and R&D costs. In particular, the decrease in R&D costs surprised us as BEXMAB patient enrollment remained active in H2.

Estimate changes are minor

Our EBIT forecast for the current year is clearly improved by lower costs. Based on the earnings webcast, the cost level will increase towards the end of the year. Our forecasts are in line with the company's reported cash runway. We leave our forecasts for the coming years largely unchanged, as we do not see any material changes in the outlook. Our forecasts do not include the partnership agreement that Faron has said it is seeking. Depending on the terms, the agreement could have a significant impact on the company's financial position for the coming years.

Valuation picture is unchanged

Based on our DCF model, the share value is EUR 2.8. The stock is highly valued relative to its Nordic peers. We believe that the valuation premium is partly justified based on Faron's potential to move quickly towards commercialization, including in first-line MDS, and the potentially large number of indications. Solid tumors bring longer-term potential.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 2.80

(was EUR 2.80)

Share price:

EUR 2.03

Business risk



Valuation risk



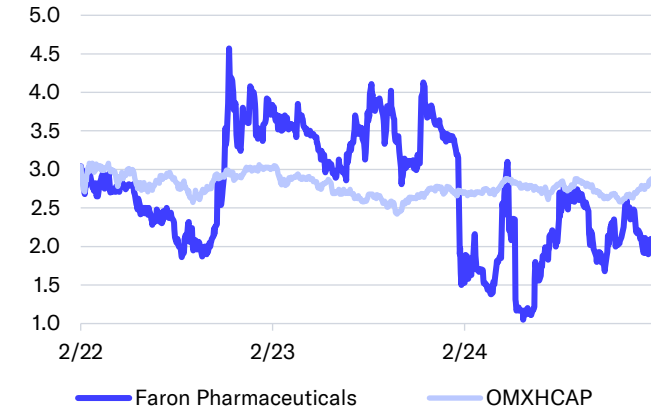
| | 2024 | 2025e | 2026e | 2027e |
|------------------|-------|-------|-------|-------|
| Revenue | 0.0 | 0.0 | 0.0 | 4.1 |
| growth-% | 0% | 0% | 0% | ##### |
| EBIT adj. | -18.7 | -18.9 | -30.5 | -27.1 |
| PTP | -26.0 | -20.4 | -32.1 | -29.0 |
| EPS (adj.) | -0.25 | -0.18 | -0.29 | -0.26 |
| Dividend | 0.00 | 0.00 | 0.00 | 0.00 |
| P/E (adj.) | neg. | neg. | neg. | neg. |
| P/B | neg. | 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 | >100 | >100 | >100 | 74.0 |

Source: Inderes

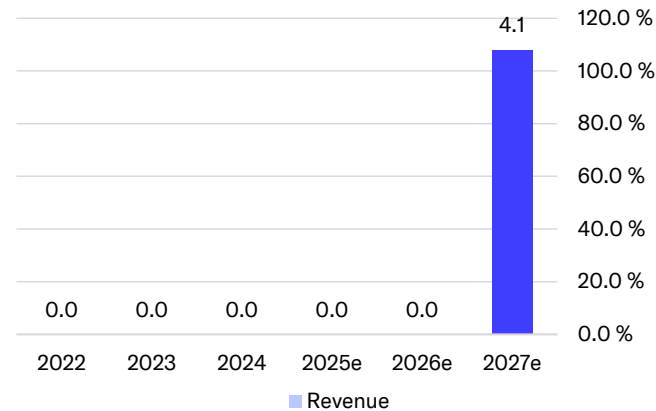
Guidance

Faron does not provide any guidance

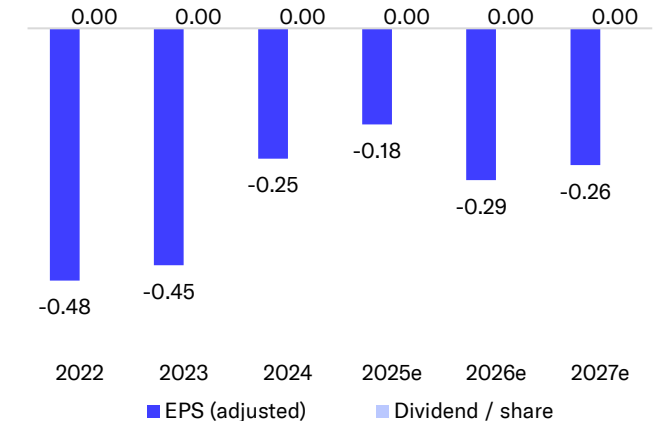
Share price



Revenue and EBIT-%



EPS and dividend



Value drivers

- High need for new cancer drugs
- Target market is estimated to grow to 140 BNUSD by 2030 (CAGR 16.4%)
- The pharmaceutical sector is very defensive
- Possibility of globally sold drugs whose annual revenue potential is calculated in billions and
- Faron's cash flow in hundreds of millions
- Potential can also materialize through a cooperation agreement or acquisition

Risk factors

- Drug development requires substantial front-loaded investments
- Failed drug development is likely to result in permanent loss of invested capital
- Success depends on the safety and efficacy of drug candidates, which may prove insufficient in studies
- If market entry is successful, the market share, sales price and royalties involve uncertainties
- The financing situation in the sector is challenging

| Valuation | 2025e | 2026e | 2027e |
|-----------------------------------|-------|-------|-------|
| Share price | 2.03 | 2.03 | 2.03 |
| Number of shares, millions | 111.6 | 111.6 | 111.6 |
| Market cap | 227 | 227 | 227 |
| EV | 239 | 271 | 300 |
| P/E (adj.) | neg. | neg. | neg. |
| P/E | neg. | neg. | neg. |
| P/B | neg. | neg. | neg. |
| P/S | >100 | >100 | 55.9 |
| EV/Sales | >100 | >100 | 74.0 |
| 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

Surprisingly low costs

Estimates vs. outcome

- Costs were significantly lower than expected, resulting in a better than forecast EBIT of -7.4 MEUR.
- Both administrative and R&D costs decreased year-on-year
- In particular, the decrease in R&D costs was surprising, as we understand that there has been no change in the activity of the BEXMAB trial.
- Cash and cash equivalents at the end of the period amounted to 9.5 MEUR. The cash position was strengthened by a 12 MEUR (gross) issue in February. According to the company, the funds should last until December 2025.
- The funds will be sufficient to complete the BEXMAB study and prepare for the Phase III trial.

| Estimates | H2'23 | H2'24 | H2'24e | H2'24e | Consensus | | Difference (%) | 2024 |
|----------------|------------|------------|---------|-----------|-----------|------|------------------|-------|
| MEUR / EUR | Comparison | Actualized | Inderes | Consensus | Low | High | Act. vs. inderes | Tot |
| Revenue | 0.0 | 0.0 | 0.0 | | | | -100% | 0.0 |
| EBIT | -15.8 | -7.4 | -14.8 | | | | 50% | -18.7 |
| PTP | -17.2 | -11.6 | -15.3 | | | | 25% | -26.0 |
| EPS (reported) | -0.25 | -0.11 | -0.15 | | | | 25% | |

Source: Inderes

No major changes in estimates

Estimate revisions 2024e-2026e

- Our profit forecast for the current year is slightly higher, based on the assumption of lower costs.
- Costs should be weighted towards the end of the year.
- The inclusion of first-line patients will provide a stronger foundation for Faron's ongoing Phase III trial in first-line MDS.
- We expect the data from Phase II to help inform the design of the next phase.
- Our forecast for the coming years remains unchanged, as there have been no material changes in the outlook.

| Estimates | H2'23 | H2'24 | H2'24e | H2'24e | Consensus | | Difference (%) | 2024 |
|----------------|------------|------------|---------|-----------|-----------|------|------------------|-------|
| MEUR / EUR | Comparison | Actualized | Inderes | Consensus | Low | High | Act. vs. inderes | Tot |
| Revenue | 0.0 | 0.0 | 0.0 | | | | -100% | 0.0 |
| EBIT | -15.8 | -7.4 | -14.8 | | | | 50% | -18.7 |
| PTP | -17.2 | -11.6 | -15.3 | | | | 25% | -26.0 |
| EPS (reported) | -0.25 | -0.11 | -0.15 | | | | 25% | |

Source: Inderes

Valuation table

| Valuation | | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e | 2028e |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Share price | 2.91 | 3.24 | 3.71 | 3.77 | 2.24 | 2.03 | 2.03 | 2.03 | 2.03 |
| Number of shares, millions | 46.9 | 53.2 | 59.8 | 68.8 | 104.6 | 111.6 | 111.6 | 111.6 | 111.6 |
| Market cap | 136 | 172 | 222 | 259 | 234 | 227 | 227 | 227 | 227 |
| EV | 135 | 169 | 228 | 265 | 237 | 239 | 271 | 300 | 316 |
| 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 | neg. | 58.8 | neg. | neg. | neg. | neg. | neg. | neg. | neg. |
| P/S | >100 | >100 | >100 | >100 | >100 | >100 | >100 | 55.9 | 17.8 |
| EV/Sales | >100 | >100 | >100 | >100 | >100 | >100 | >100 | 74.0 | 24.8 |
| EV/EBITDA | neg. | neg. | neg. | neg. | neg. | neg. | neg. | neg. | neg. |
| 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 Company | Market cap MEUR | EV MEUR | EV/EBIT | | EV/EBITDA | | EV/S | | P/E | | Dividend yield-% | | P/B 2025e |
|--|--------------------|-------------|--------------|--------------|--------------|--------------|----------------|----------------|--------------|--------------|------------------|------------|--------------|
| | | | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | |
| Alligator Bioscience | 312 | 311 | | 34.7 | | 34.7 | 37.3 | 29.1 | | | | | |
| Bavarian Nordic | 1821 | 1585 | 7.1 | 10.1 | 5.1 | 6.5 | 1.8 | 2.1 | 9.5 | 15.3 | | | 1.1 |
| Bergenbio | 6 | | 0.5 | 0.3 | 0.5 | 0.3 | | | | | | | 2.6 |
| BioArctic | 1592 | 1551 | 16.6 | 21.3 | 17.2 | 20.9 | 9.8 | 10.5 | 21.9 | 31.6 | | | 10.6 |
| Bioinvent international | 144 | 61 | | | | | 2.1 | 2.1 | 2.5 | | | | 0.9 |
| Calliditas Therapeutics | | | | | | | | | | | | | |
| EGETIS Therapeutics | 163 | 142 | | 5.1 | | 7.0 | 6.8 | 2.3 | | 6.3 | | | 4.1 |
| IRLAB Therapeutics | 68 | 68 | 11.9 | | 11.5 | | 3.0 | 11.3 | 147.0 | | | | 3.0 |
| Medivir | | | | | | | | | | | | | |
| Nykode Therapeutics | 72 | | 1.3 | 1.3 | 1.4 | 1.3 | | | | | | | 0.8 |
| Oncopeptides | 15 | 5 | | | | | 0.5 | 0.3 | | | | | 4.0 |
| Orphazyme | | | | | | | | | | | | | |
| PCI Biotech Holding | 5 | 3 | | | | | | | | | | | |
| Vicore Pharma Holdings | 172 | 129 | | | | | | | | | | | 2.0 |
| Zealand Pharma | 6666 | 5615 | | | | | 44.7 | 16.4 | | | | | 5.2 |
| Faron Pharmaceuticals (Inderes) | 227 | 239 | -12.7 | -8.9 | -12.8 | -9.0 | 59755.1 | 67739.3 | -11.1 | -7.0 | 0.0 | 0.0 | -12.5 |
| Average | 566 | 571 | 6.3 | 9.5 | 6.0 | 9.2 | 22.3 | 6.7 | 45.2 | 12.7 | | | 3.4 |
| Median | 67 | 61 | 4.2 | 5.1 | 3.3 | 6.5 | 5.7 | 2.5 | 15.7 | 9.2 | | | 2.8 |
| Diff-% to median | 240% | 295% | -401% | -274% | -492% | -238% | ##### | ##### | -171% | -176% | | | -546% |

Source: Refinitiv / Inderes

Income statement

| Income statement | H1'23 | H2'23 | 2023 | H1'24 | H2'24 | 2024 | H1'25e | H2'25e | 2025e | 2026e | 2027e | 2028e |
|------------------------------------|-------|-------|-------|-------|-------|-------|--------|--------|-------|-------|-------|-------|
| Revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.1 | 12.7 |
| EBITDA | -12.6 | -15.6 | -28.2 | -11.1 | -7.2 | -18.3 | -7.3 | -11.4 | -18.7 | -30.2 | -26.9 | -16.8 |
| Depreciation | -0.2 | -0.2 | -0.3 | -0.2 | -0.2 | -0.4 | -0.1 | -0.1 | -0.2 | -0.3 | -0.2 | -0.2 |
| EBIT (excl. NRI) | -12.8 | -15.8 | -28.6 | -11.3 | -7.4 | -18.7 | -7.4 | -11.5 | -18.9 | -30.5 | -27.1 | -17.0 |
| EBIT | -12.8 | -15.8 | -28.6 | -11.3 | -7.4 | -18.7 | -7.4 | -11.5 | -18.9 | -30.5 | -27.1 | -17.0 |
| 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 | 0.0 |
| Net financial items | -0.9 | -1.5 | -2.4 | -3.1 | -4.2 | -7.3 | -0.8 | -0.8 | -1.5 | -1.7 | -1.8 | 0.0 |
| PTP | -13.7 | -17.2 | -30.9 | -14.4 | -11.6 | -26.0 | -8.1 | -12.3 | -20.4 | -32.1 | -29.0 | -17.0 |
| 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 |
| Minority interest | 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 | -13.7 | -17.2 | -30.9 | -14.4 | -11.5 | -25.9 | -8.1 | -12.3 | -20.4 | -32.1 | -29.0 | -17.0 |
| EPS (adj.) | -0.20 | -0.25 | -0.45 | -0.14 | -0.11 | -0.25 | -0.07 | -0.11 | -0.18 | -0.29 | -0.26 | -0.15 |
| EPS (rep.) | -0.20 | -0.25 | -0.45 | -0.14 | -0.11 | -0.25 | -0.07 | -0.11 | -0.18 | -0.29 | -0.26 | -0.15 |

Source: Inderes

Balance sheet

| Assets | 2023 | 2024 | 2025e | 2026e | 2027e |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Non-current assets | 1.3 | 1.5 | 1.3 | 1.1 | 0.9 |
| Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Intangible assets | 1.1 | 1.6 | 1.5 | 1.2 | 1.0 |
| Tangible assets | 0.2 | -0.1 | -0.2 | -0.1 | 0.0 |
| Associated companies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other non-current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred tax assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current assets | 8.9 | 11.1 | 9.5 | 9.5 | 9.5 |
| Inventories | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Receivables | 2.1 | 1.6 | 2.5 | 2.5 | 2.5 |
| Cash and equivalents | 6.9 | 9.5 | 7.0 | 7.0 | 7.0 |
| Balance sheet total | 10.2 | 12.5 | 10.8 | 10.6 | 10.4 |

Source: Inderes

| Liabilities & equity | 2023 | 2024 | 2025e | 2026e | 2027e |
|--------------------------------|--------------|-------------|--------------|--------------|--------------|
| Equity | -15.2 | -9.8 | -18.2 | -50.3 | -79.3 |
| Share capital | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 |
| Retained earnings | -172.2 | -197.4 | -217.8 | -249.9 | -278.9 |
| 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 | 154 | 185 | 197 | 197 | 197 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-current liabilities | 10.4 | 12.1 | 17.1 | 44.2 | 68.7 |
| 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 | 9.4 | 8.1 | 16.6 | 43.7 | 68.2 |
| Convertibles | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long-term liabilities | 0.9 | 4.0 | 0.5 | 0.5 | 0.5 |
| Current liabilities | 15.0 | 10.2 | 11.9 | 16.7 | 21.0 |
| Interest bearing debt | 3.5 | 3.7 | 2.9 | 7.7 | 12.0 |
| Payables | 11.5 | 6.4 | 9.0 | 9.0 | 9.0 |
| Other current liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Balance sheet total | 10.2 | 12.5 | 10.8 | 10.6 | 10.4 |

DCF calculation

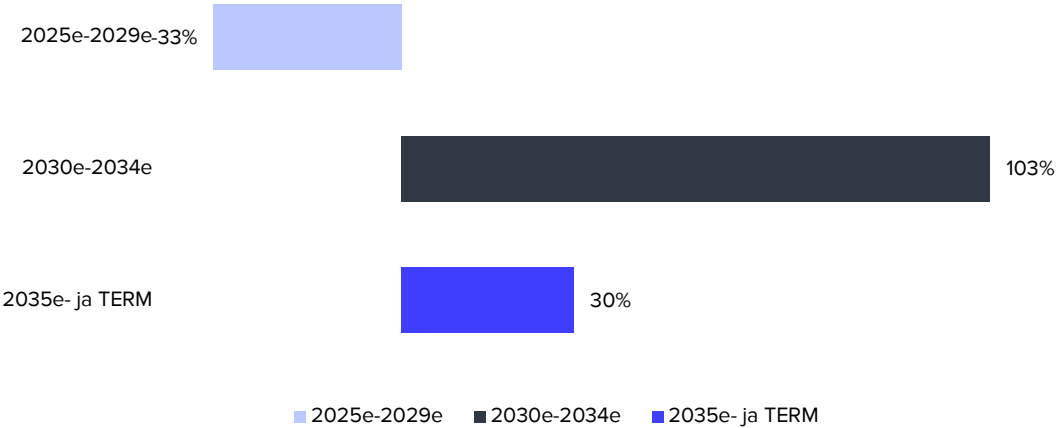
| DCF model | 2024 | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | 2035e | 2036e | 2037e | 2038e | 2039e | 2040e | 2041e | TERM |
|---|-------|-------|-------|-------|----------|--------|-----------------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|-------|----------|
| Revenue growth-% | NA | NA | NA | NA | 214.5 % | 75.0 % | 127.3 % | 68.1 % | 74.0 % | 31.7 % | 22.9 % | 7.9 % | 6.2 % | 4.6 % | -41.3 % | -45.0 % | -39.3 % | 0.0 % | -100.0 % |
| EBIT-% | NA | NA | NA | NA | -133.6 % | 17.5 % | 63.8 % | 77.2 % | 86.6 % | 89.3 % | 91.1 % | 91.4 % | 91.7 % | 91.9 % | 85.5 % | 73.0 % | 54.5 % | 0.0 % | 0.0 % |
| EBIT (operating profit) | -18.7 | -18.9 | -30.5 | -27.1 | -17.0 | 3.9 | 32.4 | 65.8 | 128 | 174 | 219 | 237 | 252 | 264 | 145 | 67.8 | 30.7 | 0.0 | |
| + Depreciation | 0.4 | 0.2 | 0.3 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | |
| - Paid taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -13.2 | -25.7 | -34.9 | -43.7 | -47.4 | -50.5 | -52.9 | -28.9 | -13.6 | -6.1 | 0.0 | |
| - Tax, financial expenses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 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 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Change in working capital | -4.6 | 1.6 | 0.0 | 0.0 | 0.6 | -0.3 | -1.6 | -0.5 | -3.2 | -2.3 | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Operating cash flow | -22.8 | -17.1 | -30.2 | -26.9 | -16.3 | 3.8 | 30.9 | 52.3 | 99.7 | 137 | 176 | 190 | 202 | 212 | 116 | 54.3 | 24.6 | 0.1 | |
| + Change in other long-term liabilities | 3.1 | -3.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.5 | 0.0 | 0.0 | 0.0 | |
| - Gross CAPEX | -0.6 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | |
| Free operating cash flow | -20.3 | -20.6 | -30.3 | -27.0 | -16.3 | 3.7 | 30.9 | 52.3 | 99.7 | 137 | 176 | 190 | 202 | 211 | 115 | 54.2 | 24.6 | 0.0 | |
| +/- Other | 34.7 | 12.0 | 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 | 0.0 | 0.0 | 0.0 | |
| FCFF | 14.3 | -8.6 | -30.3 | -27.0 | -16.3 | 3.7 | 30.9 | 52.3 | 99.7 | 137 | 176 | 190 | 202 | 211 | 115 | 54.2 | 24.6 | 0.0 | 0.4 |
| Discounted FCFF | | -7.9 | -24.6 | -19.6 | -10.6 | 2.1 | 15.9 | 24.1 | 41.0 | 50.4 | 57.6 | 55.5 | 52.7 | 49.3 | 24.0 | 10.1 | 4.1 | 0.0 | 0.1 |
| Sum of FCFF present value | | 324 | 332 | 357 | 376 | 387 | 385 | 369 | 345 | 304 | 253 | 196 | 140 | 87.5 | 38.2 | 14.2 | 4.1 | 0.1 | 0.1 |
| Enterprise value DCF | | 324 | | | | | | | | | | | | | | | | | |
| - Interest bearing debt | | -11.8 | | | | | | | | | | | | | | | | | |
| + Cash and cash equivalents | | 9.5 | | | | | | | | | | | | | | | | | |
| -Minorities | | 0.0 | | | | | | | | | | | | | | | | | |
| -Dividend/capital return | | 0.0 | | | | | | | | | | | | | | | | | |
| Equity value DCF | | 322 | | | | | 2025e-2029e-33% | | | | | | | | | | | | |
| Equity value DCF per share | | 2.9 | | | | | | | | | | | | | | | | | |

WACC

| | |
|---|--------|
| Tax-% (WACC) | 20.0 % |
| Target debt ratio (D/(D+E)) | 0.0 % |
| Cost of debt | 10.0 % |
| Equity Beta | 1.58 |
| Market risk premium | 4.75% |
| Liquidity premium | 2.00% |
| Risk free interest rate | 2.5 % |
| Cost of equity | 12.0 % |
| Weighted average cost of capital (WACC) | 12.0 % |

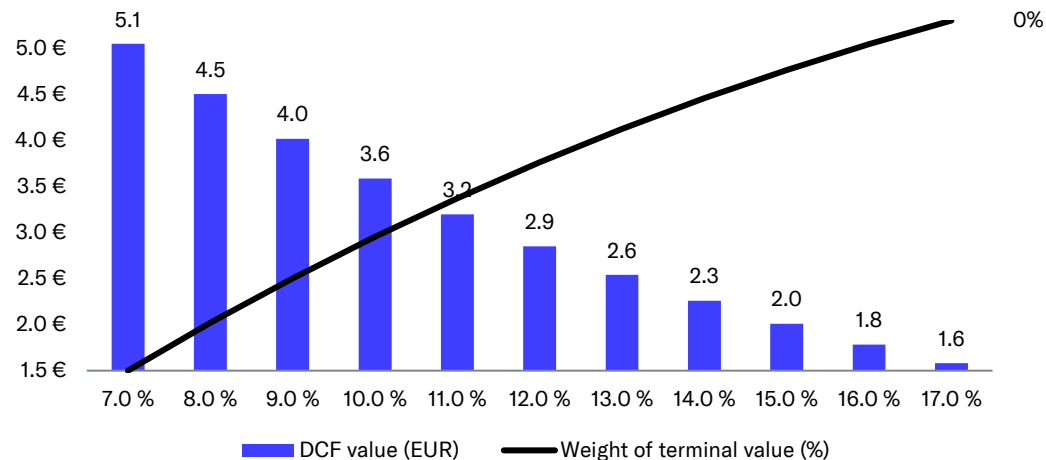
Source: Inderes

Cash flow distribution

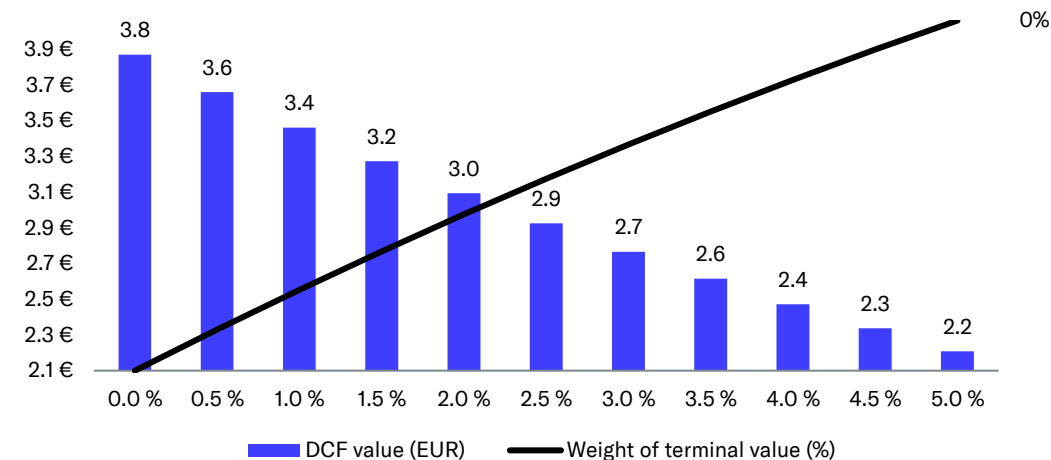


DCF sensitivity calculations and key assumptions in graphs

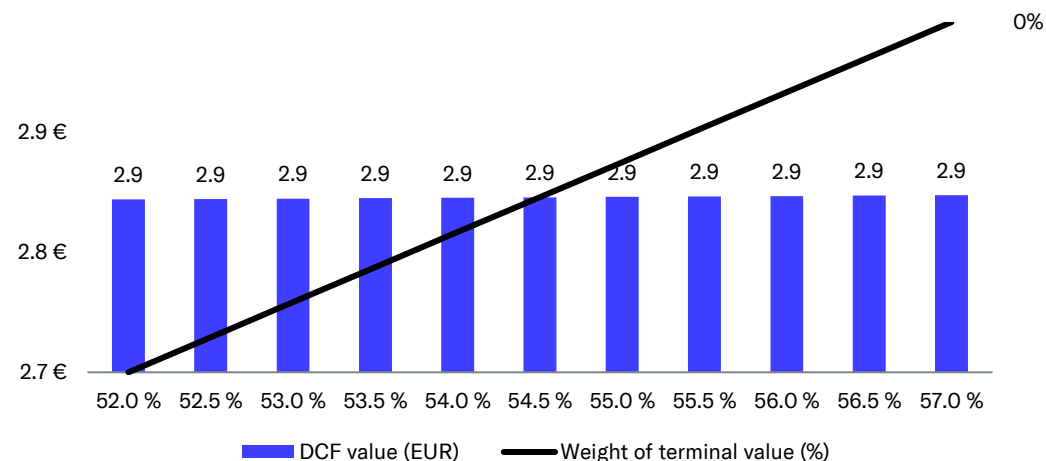
Sensitivity of DCF to changes in the WACC-%



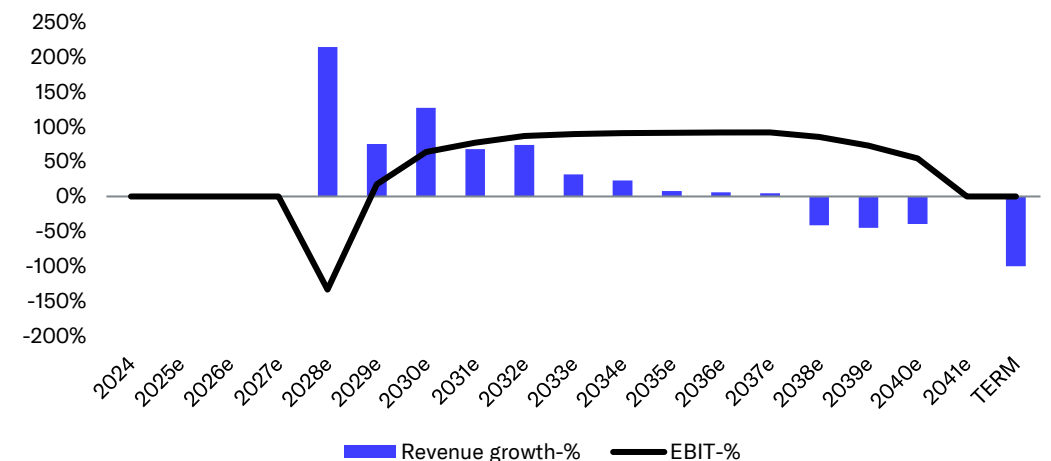
Sensitivity of DCF to changes in the risk-free rate



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 | 2022 | 2023 | 2024 | 2025e | 2026e | Per share data | 2022 | 2023 | 2024 | 2025e | 2026e |
|---------------------------|-------|-------|-------|-------|-------|--------------------------|-------|-------|-------|-------|-------|
| Revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EPS (reported) | -0.48 | -0.45 | -0.25 | -0.18 | -0.29 |
| EBITDA | -27.4 | -28.2 | -18.3 | -18.7 | -30.2 | EPS (adj.) | -0.48 | -0.45 | -0.25 | -0.18 | -0.29 |
| EBIT | -27.4 | -28.6 | -18.7 | -18.9 | -30.5 | OCF / share | -0.39 | -0.36 | -0.22 | -0.15 | -0.27 |
| PTP | -28.7 | -30.9 | -26.0 | -20.4 | -32.1 | FCF / share | -0.38 | 0.01 | 0.14 | -0.08 | -0.27 |
| Net Income | -28.6 | -30.9 | -25.9 | -20.4 | -32.1 | Book value / share | -0.19 | -0.22 | -0.09 | -0.16 | -0.45 |
| 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 | 2022 | 2023 | 2024 | 2025e | 2026e | Growth and profitability | 2022 | 2023 | 2024 | 2025e | 2026e |
| Balance sheet total | 11.3 | 10.2 | 12.5 | 10.8 | 10.6 | Revenue growth-% | 0% | 0% | 0% | 0% | 0% |
| Equity capital | -11.5 | -15.2 | -9.8 | -18.2 | -50.3 | EBITDA growth-% | 32% | 3% | -35% | 2% | 62% |
| Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EBIT (adj.) growth-% | 30% | 4% | -35% | 1% | 62% |
| Net debt | 6.0 | 6.0 | 2.3 | 12.5 | 44.4 | EPS (adj.) growth-% | 20% | -6% | -45% | -26% | 58% |
| Cash flow | 2022 | 2023 | 2024 | 2025e | 2026e | | | | | | |
| EBITDA | -27.4 | -28.2 | -18.3 | -18.7 | -30.2 | | | | | | |
| Change in working capital | 4.3 | 3.7 | -4.6 | 1.6 | 0.0 | | | | | | |
| Operating cash flow | -23.1 | -24.6 | -22.8 | -17.1 | -30.2 | | | | | | |
| CAPEX | -0.4 | -0.2 | -0.6 | -0.1 | -0.1 | | | | | | |
| Free cash flow | -22.5 | 0.8 | 14.3 | -8.6 | -30.3 | | | | | | |
| Valuation multiples | 2022 | 2023 | 2024 | 2025e | 2026e | | | | | | |
| EV/S | >100 | >100 | >100 | >100 | >100 | | | | | | |
| EV/EBITDA | neg. | neg. | neg. | neg. | neg. | | | | | | |
| EV/EBIT (adj.) | neg. | neg. | neg. | neg. | neg. | | | | | | |
| P/E (adj.) | neg. | neg. | neg. | neg. | neg. | | | | | | |
| P/B | neg. | neg. | neg. | neg. | neg. | | | | | | |
| Dividend-% | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | | | | | | |

Source: Inderes

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| | |
|------------|--|
| Buy | The 12-month risk-adjusted expected shareholder return of the share is very attractive |
| Accumulate | The 12-month risk-adjusted expected shareholder return of the share is attractive |
| 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 |
|------------|----------------|--------|-------------|
| 8/8/2022 | Accumulate | 2.80 € | 2.44 € |
| 8/26/2022 | Accumulate | 2.80 € | 2.22 € |
| 10/17/2022 | Accumulate | 2.50 € | 1.97 € |
| 1/10/2023 | Reduce | 3.00 € | 3.71 € |
| 3/6/2023 | Reduce | 3.00 € | 3.74 € |
| 4/18/2023 | Reduce | 3.60 € | 3.85 € |
| 8/30/2023 | Accumulate | 4.00 € | 3.64 € |
| 11/14/2023 | Accumulate | 3.50 € | 3.00 € |
| 12/22/2023 | Reduce | 3.50 € | 3.69 € |
| 3/4/2024 | Reduce | 2.00 € | 1.89 € |
| 3/14/2024 | Reduce | 2.00 € | 1.85 € |
| 5/23/2024 | Reduce | 2.40 € | 2.78 € |
| 6/5/2024 | Buy | 2.00 € | 1.31 € |
| 7/30/2024 | Accumulate | 2.50 € | 1.95 € |
| 8/29/2024 | Accumulate | 2.80 € | 2.39 € |
| 12/11/2024 | Accumulate | 2.80 € | 2.24 € |
| 2/28/2025 | Accumulate | 2.80 € | 2.03 € |



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