

Aiforia Technologies Plc

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Potentiaali alkaa painamaan riskejä enemmän" published on 3/2/2023 at 10:21 pm

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Potential starting to weigh more than risks

Aiforia's growth strategy implementation has progressed convincingly. Considering this we believe even more in its ability to take a significant role in its target market in the next decade. The valuation clearly leans forward (23-24e EV/S 24-13x) and the risks of valuation multiples falling is still high. However, considering recent performance, we expect business growth to compensate sufficiently for this. We raise our target price to EUR 4.8 (previous EUR 4.0) and the recommendation to Accumulate (previous Reduce).

Strong growth successful in H2, albeit at a higher cost than we expected

Aiforia's turnover growth accelerated as expected in H2 (H2'22: +107%, H1'22: 72%) and its growth story took clear steps forward. Growth investments were higher than expected, which increases the risk of needing new funding a bit (2022 net cash: 22.0 MEUR, 2021: 35.2 MEUR). However, signs of strategy implementation progressing were positive and customer relationships won by the company seem to be progressing in light of turnover growth as well. Aiforia has also kept its promise and continued its success on the sales front. Supported by the performance, we feel we can now paint a more convincing picture of Aiforia achieving an attractive market position in pathology image recognition.

We believe Aiforia is taking a good market position in a very attractive market

Aiforia's image recognition software is designed to provide faster, more efficient and precise analysis of pathological samples. The company already has a global customer base in medical research. The product is now exported to a significantly larger clinical customer base. This market has started to form and Aiforia's competitive position seems good in light of the significant reference customers it has won (e.g. Mayo Clinic, NHS). We believe the company has an interesting preliminary position in the clinical market and promising conditions to grow to a significant size in the market. However, visibility into the growth rate remains a significant risk as expansion of large customers toward widespread use of the software can take longer than we anticipate.

Clear conditions for strong growth, but estimate risks are high

We expect Aiforia's growth to strengthen more clearly in 2023-2027, when we expect very strong annual turnover growth of 43-126% and EBIT margin to strengthen to 11% in 2027 after a loss-making investment phase. For 2030 we estimate EUR 85 million (target: >100 MEUR ~2030) turnover. Our estimates require Aiforia to gain a position among the winners of the clinical market. Exceptionally high estimates must be compensated by a higher than usual required return (WACC % 13.8%), especially in the short term, when no clear evidence of their sustainable growth rate is available.

Potential starting to weigh more than risks in valuation

Aiforia's valuation (23-24e EV/S 24-13x, 25-26e 7-4x) relies on expectations of very strong and scalable growth. With methods that price growth at various slopes and confidence intervals we can justify the company's value at a wide range of EUR 2.3-8.0 per share (previous EUR 1.4-8.0). Our confidence in the company's growth has been strengthened by recent performance. Negative scenarios look less likely to us than before and thus we feel the share's risk/return ratio has become attractive. Key risks are still related to the company's growth rate and fluctuations in valuation multiples. We also believe that the company will need new financing, although, when strong growth supports the valuation we expect the dilution of a possible share issue would be limited.

Recommendation

Accumulate
(previous Reduce)

EUR 4.80
(previous EUR 4.00)

Share price:
4.15



Key figures

	2022	2023e	2024e	2025e
Revenue	1.9	4.2	8.6	16.5
growth-%	92%	126%	103%	93%
EBIT adj.	-10.2	-11.2	-11.5	-7.6
EBIT-% adj.	-546.2 %	-264.4 %	-133.8 %	-46.0 %
Net Income	-10.6	-11.4	-11.7	-7.9
EPS (adj.)	-0.41	-0.44	-0.44	-0.28

P/E (adj.)	neg.	neg.	neg.	neg.
P/B	2.8	6.0	15.4	85.1
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	32.9	23.6	13.0	7.1

Source: Inderes

Guidance (Unchanged)

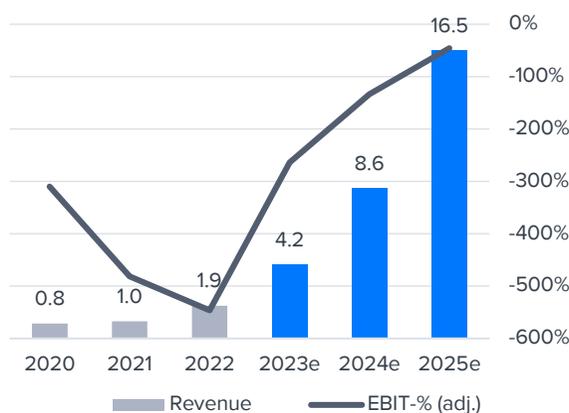
Aiforia has not provided guidance for 2023.

Share price



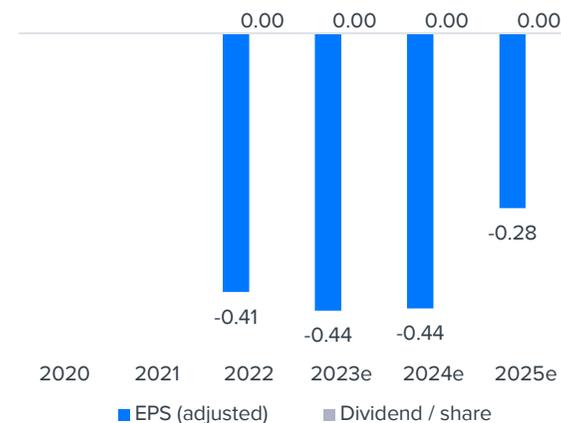
Source: Millistream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Significant market potential in increasing automation in pathology
- Early evidence of the product's competitiveness
- Plenty of room for growth especially increasing the number of sample types supported by clinical customers and technology
- SaaS business model provides continuity and scalability as growth is successful
- Aiforia's attractiveness as an acquisition target in a highly valued sector



Risk factors

- The business is only being built and the company's valuation virtually relies on future promises
- Falling behind ambitious objectives and drop in valuation that relies on successful strong growth
- Slower than expected progress in the implementation of new technology in a conservative industry, tightening regulations
- Competing technologies, changes in the company's position in the value chain of digital pathology, key personnel risks
- Data breach including personal health data

Valuation	2023e	2024e	2025e
Share price	4.15	4.15	4.15
Number of shares, millions	25.8	26.8	28.4
Market cap	107	107	107
EV	100	112	117
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/FCF	neg.	neg.	neg.
P/B	6.0	15.4	85.1
P/S	25.4	12.5	6.5
EV/Sales	23.6	13.0	7.1
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

Strong growth successful in H2, albeit at a higher cost than we expected

Growth was driven especially by the ramp-up of first large clinical clients

Aiforia's H2 turnover grew by a strong 107% to EUR 1.14 million, slightly below our estimate (Inderes: +120%). We believe the main driver of growth was the company's first large clinical customer relationships, of which Mayo Clinic has advanced furthest in implementation to our understanding. Several of these clients have potential for several million euros of annual turnover on the own. US turnover increased very strongly (+253%) and already represented 68% of 2022 turnover.

We feel H2 growth figures were positive and provided a small indication of the increase in revenue streams from major clients. It is challenging to predict the timing for implementation progression, so a slight estimate anomaly was not surprising and growth progressed excellently in the big picture. However, the figures were still low compared to the company's objectives (~2031 turnover > 100 MEUR).

Front-loaded growth investments depressed profitability more than we anticipated

Aiforia's H2 EBITDA decreased more than we expected to EUR -4.6 million and EBIT to EUR -5.8 million. The company is currently making significant front-loaded growth investments in line with its strategy and recruited a local team in Rochester in the US to support the cooperation of the Mayo Clinic customer relationship in H2. Strong growth is critical for Aiforia's value creation and therefore negative profitability is not a concern in the big picture.

The strong net cash collected by the company in the IPO (~35 MEUR at the end of 2021) had depleted faster than we expected and was EUR 22.0 million at the end of 2022 (Inderes: 24.3 MEUR). In our previous estimates, the company's cash assets would barely have sufficed to finance the cash-flow negative growth phase. The need to collect new financing before the cash-flow-positive phase that the company is aiming for and we expect by the end of 2025 has in our opinion reared its head.

The report did not provide new visibility into the rate of growth acceleration

We feel Aiforia's investment story is very promising, although due to the company's early commercial development phase visibility into the timing and intensity of growth is still very limited. As expected the company did not provide guidance. However, medium-term objectives were raised (New: 50 key customers, generating at least EUR 250,000 in annual recurring turnover per customer, Old: EUR 250,000 on average). In addition, the company commented that it is confident that its short-term goals will be achieved in 2023, which suggests that customer acquisition in the clinical segment still looks good. Although visibility to growth remains blurred, we feel that with the support of the proof of strategy implementation, we can now paint a more convincing picture of Aiforia achieving an attractive market position in pathology image recognition.

Estimates MEUR / EUR	H2'21	H2'22	H2'22e	H2'22e	Consensus		Difference (%)	2022
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	0.55	1.14	1.21				-6%	1.9
EBITDA	-2.17	-4.60	-3.42				-34%	-8.1
EBIT	-2.84	-5.81	-4.43				-31%	-10.2
PTP	-5.23	-6.23	-4.54				-37%	-7.6
EPS (adj.)	-0.20	-0.24	-0.18				-36%	-0.41
DPS	0.00	0.00	0.00					0.00
Revenue growth-%	35.6 %	107.1 %	120.0 %				-12.9 pp	91.8 %
EBIT-% (adj.)	-518.1 %	-512.2 %	-367.3 %				-144.9 pp	-546.2 %

Source: Inderes

Watch the H2 webcast:



Growth estimates up, profitability estimates down

Estimate revisions 2023e-2024e

- Turnover
 - We believe Aiforia's sales have progressed faster than our previous estimates and we raised our expectations of the number of customers to be won in the coming years.
 - At the same time, we took a slightly more cautious view to the speed of customer ramp-up in the next few years, as Aiforia continues to invest significantly in expanding its product and works on the customer implementation process.
- Costs and cash flow
 - We mainly raised our estimates of personnel costs in coming years, after the H2 cost level exceeded our estimate. However, we raised our sales margin estimates slightly, as we expect that the cost of the company's software cloud infra will fall more on customers than we anticipated in the past.
 - Mainly as a result of increases in cost estimates, the company's net cash will be EUR ~4-11 million negative in 2024-2026. We now see a high probability of new funding being collected with a share issue in 2024-2025. However, we believe the dilutive effect of a possible share issue would be limited if the company manages to continue strong business growth that supports its valuation level.

Estimate revisions	2022	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	1.9	1.9	-4%	4.0	4.2	5%	8.0	8.6	8%
EBITDA	-6.9	-8.1	-17%	-6.8	-8.1	-19%	-4.7	-6.2	-32%
EBIT (exc. NRIs)	-8.8	-10.2	-16%	-9.6	-11.2	-16%	-8.5	-11.5	-36%
EBIT	-8.8	-10.2	-16%	-9.6	-11.2	-16%	-8.5	-11.5	-36%
PTP	-8.9	-10.6	-19%	-9.9	-11.4	-15%	-8.7	-11.7	-35%
EPS (excl. NRIs)	-0.35	-0.41	-19%	-0.38	-0.44	-15%	-0.33	-0.44	-34%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation

Potential starting to weigh more than risks

We believe Aiforia's valuation relies on an expectation of scalable growth especially over the next decade. Only inaccurate valuation methods are available, so it is practically impossible to estimate the fair value of the company accurately. Aiforia's development in line with its highly ambitious plans has increased confidence in our estimates.

Short-term valuation multiples begin to gradually support the company's valuation, although the multiples are still high in absolute terms (2023-2024e EV/S 24-13x) due to low turnover. We approach multiple-based valuation through our 2024 EV/S and 2027 EV/S and EV/EBIT ratios and our estimates (see table on next page). The multiple-based valuation for the next few years indicates a present value range of EUR 4.8-7.4 for the share. In light of this, the current valuation of the share seems attractive. If Aiforia continues to grow, especially the scenario for 2024 gives the valuation slightly more concrete support. However, it is still difficult to accurately assess the company's growth rate until greater visibility is gained over the next few years to the growth rate of major customers.

We use the DCF model as a second benchmark of company value. Our DCF model exceptionally continues for 15 years due to Aiforia's long growth path. The DCF model is very sensitive to the assumptions used, so it also acts as a guiding indicator. We approach the DCF model with three scenarios: an optimistic, pessimistic and neutral scenario that is in line with our current estimates. The key assumptions of the scenarios are depicted on the next page.

All of our DCF scenarios include strong growth at different levels. A more negative scenario is naturally

also possible. However, the implementation of the company's growth strategy has progressed convincingly and we believe the probability of a complete nosedive scenario has decreased. We raised our estimates in the pessimistic scenario. The DCF scenarios indicate a present value of EUR 2.3-8.0 per share (previous EUR 1.4-8.0) and EUR 5.0 per share in the neutral scenario (previous EUR 4.3). With the promising progress in growth, we reduced the cost of capital to 13.8% (WACC-%, previous 14.5%).

In addition to the above methods, we give the acquisition option a greater probability than before. We feel Aiforia has clearly improved its strategic position as a result of significant customer gains in the clinical segment. We also believe that the company has tentatively proved that it is among the leading players in its market. We see Aiforia as an attractive acquisition target for players in the digital pathology value chain. We feel the acquisition option supports share pricing closer to DCF value and also provides a degree of security against a drop in the valuation.

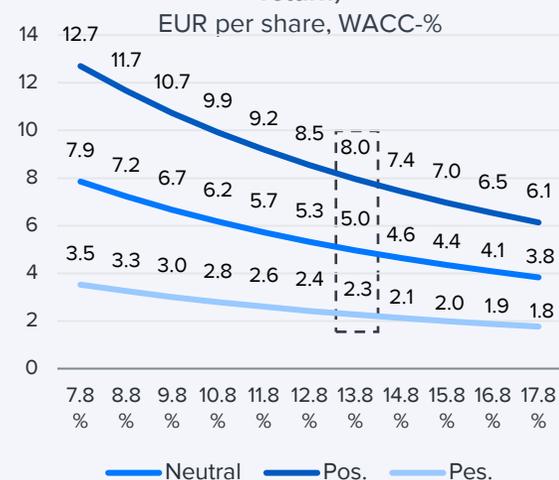
Valuation seems cautiously attractive for a long-term investor

With methods that price growth at various slopes and confidence intervals we can justify the wide EUR 2.3-8.0 per share range that depicts the high uncertainty of the company's value. We feel the current valuation seems cautiously attractive for a long-term investor with strong faith in the company's story and high risk tolerance. In today's environment of volatile required returns we still see risks of fluctuations in the valuation level. However, considering the company's story that has progressed well and promising performance, we are ready to tolerate this risk at the current valuation level.

Valuation	2023e	2024e	2025e
Share price	4.15	4.15	4.15
Number of shares, millions	25.8	26.8	28.4
Market cap	107	107	107
EV	100	112	117
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/FCF	neg.	neg.	neg.
P/B	6.0	15.4	85.1
P/S	25.4	12.5	6.5
EV/Sales	23.6	13.0	7.1
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

Sensitivity of the DCF value to the required return,



Source: Inderes

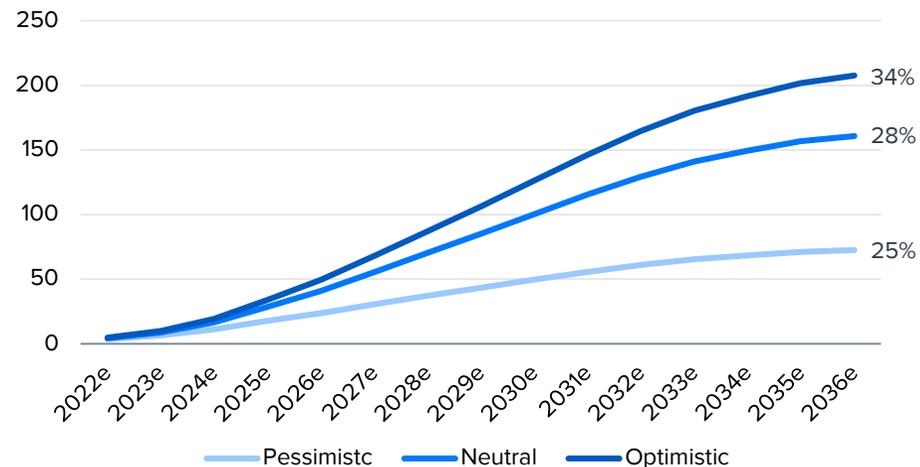
Valuation in graphs

Estimated future valuation ranges,
2024e and 2027e

2024e, MEUR	Low	High
Revenue	8.6	8.6
EV/S, LTM	20	30
EV/S, NTM	10.4	15.6
EV	172	257
Net cash	-4	-4
Market cap	167	253
Per share	6.2	9.4
Per share at present	4.9	7.4

2027e, MEUR	Low	High
Revenue	40.8	40.8
EBIT	4.6	4.6
EV/S, LTM	8	12
EV/S, NTM	5.9	8.8
EV/EBIT, LTM	45	70
EV/EBIT, NTM	18.8	29.3
EV (Revenue)	326	490
EV (EBIT)	208	324
EV average	267	407
Net cash	-5	-5
Market cap	262	402
Per share	9.2	14.1
Per share at present	4.8	7.4

Revenue development and terminal EBIT % of DCF scenarios
MEUR and % of revenue

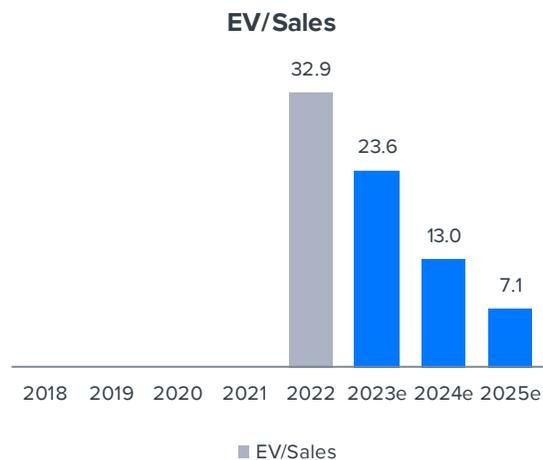


Source: Inderes
NTM = 12 months forward looking
LTM = 12 months looking back

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price				5.22	3.23	4.15	4.15	4.15	4.15
Number of shares, millions				25.8	25.8	25.8	26.8	28.4	28.4
Market cap				135	83	107	107	107	107
EV				99	61	100	112	117	118
P/E (adj.)				neg.	neg.	neg.	neg.	neg.	neg.
P/E				neg.	neg.	neg.	neg.	neg.	neg.
P/FCF				neg.	neg.	neg.	neg.	neg.	neg.
P/B				3.6	2.8	6.0	15.4	85.1	neg.
P/S				>100	44.7	25.4	12.5	6.5	3.8
EV/Sales					32.9	23.6	13.0	7.1	4.1
EV/EBITDA				neg.	neg.	neg.	neg.	neg.	18.9
EV/EBIT (adj.)				neg.	neg.	neg.	neg.	neg.	neg.
Payout ratio (%)				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 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		Revenue growth-%		EBIT-%		Rule of 40
	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2024e
Sectra AB	2465	2421	69.2	59.9	56.5	49.7	12.0	10.6	19%	13%	17%	18%	31%
ContextVision AB	59	56	13.7	11.8	11.4	10.1	4.9	4.6	10%	8%	36%	38%	46%
Roche Holding AG	220858	241501	11.7	10.7	10.1	9.2	3.9	3.7	-4%	6%	34%	35%	41%
INIFY Laboratories AB	32	32											
Feedback PLC	27	15					0.1	0.1	67%	48%	-428%	-289%	-241%
PainChek Ltd	22	18					5.0	3.3	93%	50%	-59%	-22%	28%
Renalytix PLC	158	129					13.1	4.8	122%	171%	-402%	-111%	60%
Diagnos Inc	17	18					44.0	9.4	19%	372%			
CellaVision AB	431	431	26.1	20.5	21.3	17.2	7.0	6.1	2%	15%	27%	30%	45%
RaySearch Laboratories AB	259	297	59.1	28.5	9.0	7.7	3.6	3.2	12%	14%	6%	11%	25%
Aiforia Technologies Oyj (Inderes)	107	100	-8.9	-9.7	-12.3	-18.1	23.6	13.0	126%	103%	-264%	-134%	-31%
Average			36.0	26.3	21.7	18.8	10.4	5.1	38%	77%	-96%	-36%	
Median	45.5	43.8	26.1	20.5	11.4	10.1	5.0	4.6	19%	15%	12%	15%	31%
Diff-% to median	135%	128%	-134%	-147%	-208%	-280%	375%	186%	563%	588%			-200%

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	H1'21	H2'21	2021	H1'22	H2'22	2022	H1'23e	H2'23e	2023e	2024e	2025e	2026e
Revenue	0.4	0.5	1.0	0.7	1.1	1.9	1.7	2.5	4.2	8.6	16.5	28.6
EBITDA	-1.3	-2.2	-3.5	-3.5	-4.6	-8.1	-4.3	-3.8	-8.1	-6.2	-1.0	6.3
Depreciation	-0.6	-0.7	-1.2	-0.9	-1.2	-2.1	-1.3	-1.7	-3.1	-5.3	-6.6	-7.8
EBIT (excl. NRI)	-1.9	-2.8	-4.7	-4.4	-5.8	-10.2	-5.6	-5.6	-11.2	-11.5	-7.6	-1.6
EBIT	-1.9	-2.8	-4.7	-4.4	-5.8	-10.2	-5.6	-5.6	-11.2	-11.5	-7.6	-1.6
Net financial items	-0.5	-2.4	-2.9	0.0	-0.4	-0.4	-0.1	-0.1	-0.2	-0.2	-0.3	-0.3
PTP	-2.3	-5.2	-7.6	-4.4	-6.2	-10.6	-5.7	-5.7	-11.4	-11.7	-7.9	-1.9
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
Net earnings	-2.3	-5.2	-7.6	-4.4	-6.2	-10.6	-5.7	-5.7	-11.4	-11.7	-7.9	-1.9
EPS (adj.)				-0.17	-0.24	-0.41	-0.22	-0.22	-0.44	-0.44	-0.28	-0.07
EPS (rep.)				-0.17	-0.24	-0.41	-0.22	-0.22	-0.44	-0.44	-0.28	-0.07

Key figures	H1'21	H2'21	2021	H1'22	H2'22	2022	H1'23e	H2'23e	2023e	2024e	2025e	2026e
Revenue growth-%	-4.3 %		14.7 %	72.1 %	107.1 %	91.8 %	135.0 %	120.0 %	125.9 %	103.3 %	92.6 %	73.0 %
Adjusted EBIT growth-%	53.7 %		78.1 %	137.2 %	104.8 %	117.6 %	26.9 %	-3.9 %	9.3 %	2.9 %	-33.8 %	-79.2 %
EBITDA-%	-299.8 %	-396.5 %	-354.2 %	-479.1 %	-405.0 %	-434.1 %	-247.6 %	-153.8 %	-192.1 %	-71.8 %	-5.9 %	21.9 %
Adjusted EBIT-%	-434.3 %	-518.1 %	-481.4 %	-598.8 %	-512.2 %	-546.2 %	-323.4 %	-223.7 %	-264.4 %	-133.8 %	-46.0 %	-5.5 %
Net earnings-%	-550.0 %	-954.7 %	-777.7 %	-597.6 %	-548.6 %	-567.8 %	-329.8 %	-228.1 %	-269.6 %	-136.7 %	-47.8 %	-6.6 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	4.8	9.1	13.1	15.7	16.9
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	4.7	8.4	12.1	14.3	15.3
Tangible assets	0.1	0.5	1.0	1.3	1.6
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	0.1	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	39.1	26.3	11.5	2.6	3.6
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	1.0	1.6	2.1	2.6	3.6
Cash and equivalents	38.1	24.7	9.4	0.0	0.0
Balance sheet total	43.9	35.3	24.6	18.2	20.5

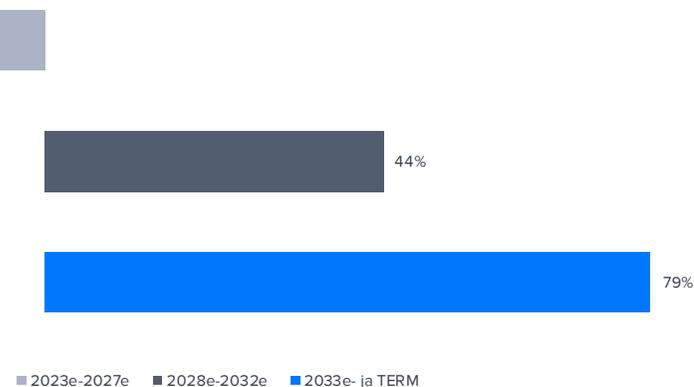
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	37.8	29.3	17.9	6.9	1.3
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-17.7	-28.4	-39.8	-51.5	-59.4
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	55.5	57.6	57.6	58.3	60.5
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	2.7	2.2	2.0	3.9	8.2
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	2.7	2.2	2.0	3.9	8.2
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	3.3	3.9	4.7	7.4	11.1
Short term debt	0.2	0.5	0.0	0.5	1.5
Payables	2.4	2.0	3.4	5.6	8.3
Other current liabilities	0.7	1.3	1.3	1.3	1.3
Balance sheet total	43.9	35.3	24.6	18.2	20.5

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	TERM
Revenue growth-%	91.8 %	125.9 %	103.3 %	92.6 %	73.0 %	42.8 %	35.9 %	26.7 %	21.2 %	18.0 %	15.0 %	12.0 %	9.0 %	6.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	-546.2 %	-264.4 %	-133.8 %	-46.0 %	-5.5 %	11.3 %	19.9 %	24.9 %	28.1 %	32.0 %	34.0 %	32.0 %	30.0 %	28.0 %	28.0 %	28.0 %	28.0 %
EBIT (operating profit)	-10.2	-11.2	-11.5	-7.6	-1.6	4.6	11.1	17.5	23.9	32.1	39.3	41.4	42.3	41.8	43.9	45.0	
+ Depreciation	2.1	3.1	5.3	6.6	7.8	8.6	9.8	11.1	12.2	12.4	12.4	12.4	12.5	12.5	12.5	12.5	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	0.9	2.2	2.6	2.4	-3.8	-7.8	-8.2	-8.4	-8.3	-8.7	-9.0	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	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	
- Change in working capital	-0.3	0.8	1.7	1.6	1.7	1.9	2.9	3.0	3.0	3.1	3.0	2.8	2.3	1.7	1.5	0.8	
Operating cash flow	-8.5	-7.3	-4.4	0.6	7.9	16.0	26.0	34.1	41.4	43.8	46.8	48.3	48.6	47.6	49.1	49.3	
+ 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	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-6.4	-7.1	-7.9	-7.9	-8.6	-9.4	-10.3	-11.3	-12.4	-12.4	-12.4	-12.4	-12.5	-12.5	-12.5	-12.3	
Free operating cash flow	-14.8	-14.4	-12.3	-7.2	-0.7	6.6	15.7	22.8	29.0	31.4	34.4	35.9	36.2	35.2	36.6	37.0	
+/- Other	2.1	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	-12.7	-14.4	-12.3	-7.2	-0.7	6.6	15.7	22.8	29.0	31.4	34.4	35.9	36.2	35.2	36.6	37.0	335
Discounted FCFF		-12.9	-9.7	-5.0	-0.4	3.5	7.4	9.4	10.5	10.0	9.6	8.8	7.8	6.7	6.1	5.4	49.1
Sum of FCFF present value		106	119	129	134	134	131	124	114	104	93.7	84.0	75.2	67.4	60.7	54.6	49.1
Enterprise value DCF		106															
- Interesting bearing debt		-2.7															
+ Cash and cash equivalents		24.7															
-Minorities		0.0															
-Dividend/capital return		0.0															
Equity value DCF		128															
Equity value DCF per share		5.0															

Cash flow distribution



Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	5.0 %
Cost of debt	6.0 %
Equity Beta	1.85
Market risk premium	4.75%
Liquidity premium	3.00%
Risk free interest rate	2.5 %
Cost of equity	14.3 %
Weighted average cost of capital (WACC)	13.8 %

Source: Inderes

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	0.8	1.0	1.9	4.2	8.6	EPS (reported)			-0.41	-0.44	-0.44
EBITDA	-1.6	-3.5	-8.1	-8.1	-6.2	EPS (adj.)			-0.41	-0.44	-0.44
EBIT	-2.6	-4.7	-10.2	-11.2	-11.5	OCF / share			-0.33	-0.28	-0.16
PTP	-2.8	-7.6	-10.6	-11.4	-11.7	FCF / share			-0.49	-0.56	-0.46
Net Income	-2.8	-7.6	-10.6	-11.4	-11.7	Book value / share			1.13	0.69	0.26
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share			0.00	0.00	0.00
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	5.3	43.9	35.3	24.6	18.2	Revenue growth-%	33%	15%	92%	126%	103%
Equity capital	0.9	37.8	29.3	17.9	6.9	EBITDA growth-%	-25%	114%	135%	0%	-24%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-13%	78%	118%	9%	3%
Net debt	1.3	-35.2	-22.0	-7.4	4.4	EPS (adj.) growth-%				7%	-1%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	-189.8 %	-354.2 %	-434.1 %	-192.1 %	-71.8 %
EBITDA	-1.6	-3.5	-8.1	-8.1	-6.2	EBIT (adj.)-%	-310.1 %	-481.4 %	-546.2 %	-264.4 %	-133.8 %
Change in working capital	-1.2	2.1	-0.3	0.8	1.7	EBIT-%	-310.1 %	-481.4 %	-546.2 %	-264.4 %	-133.8 %
Operating cash flow	-2.8	-1.4	-8.5	-7.3	-4.4	ROE-%	-386.3 %	-39.1 %	-31.6 %	-48.2 %	-94.3 %
CAPEX	-0.8	-3.8	-6.4	-7.1	-7.9	ROI-%	-77.0 %	-20.9 %	-28.1 %	-43.0 %	-73.5 %
Free cash flow	-3.6	-5.2	-12.7	-14.4	-12.3	Equity ratio	16.8 %	86.3 %	82.9 %	72.8 %	38.1 %
						Gearing	146.0 %	-93.0 %	-75.1 %	-41.3 %	63.0 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S			32.9	23.6	13.0						
EV/EBITDA (adj.)			neg.	neg.	neg.						
EV/EBIT (adj.)			neg.	neg.	neg.						
P/E (adj.)			neg.	neg.	neg.						
P/B			2.8	6.0	15.4						
Dividend-%			0.0 %	0.0 %	0.0 %						

Source: Inderes

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Date	Recommendation	Target price	Share price
24-06-22	Sell	4.00 €	4.58 €
26-08-22	Reduce	4.00 €	3.52 €
03-12-22	Reduce	4.00 €	3.50 €
03-03-23	Accumulate	4.80 €	4.15 €



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