Aiforia Technologies

Company report

8/28/2023

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✅ **Inderes corporate customer**

This report is a summary translation of the report "Matkasta ei tule viivotinsuoraa" published on 8/28/2023 at 8:35 am EEST.

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The journey won't be a straight line

Aiforia continues its successes on the customer front, but H1 revenue was well below our expectations. We see clear opportunities for the company to be one of the winners in its market in the long term. The downside to the potential is the low predictability of the growth rate also seen in H1 and the clearly elevated financial risks. At a rising valuation level, we believe that the compensation for these risks over a 12-month period is too thin. We lower our recommendation to Reduce (was Accumulate) and revise our target price to EUR 4.5 (was EUR 4.8).

Business progressed well, although the figures were well below our expectations

Aiforia's H1 revenue grew by 25% to EUR 0.92 million, clearly below our expectations (+70% excl. accounting change, Inderes: +135% and 1.72 MEUR). During the period, the company again won significant new contracts in Europe, driving strong growth in the order book (214% y/y, 126% from the beginning of the year). Mayo Clinic also started clinical use of Aiforia for breast cancer diagnosis in March. Profitability and cash flow (FCF -7.8 MEUR) were also below our expectations, driven by lower revenue. However, fixed costs were lower than we expected. Based on the company's comments, several tenders are underway in its key markets, and we expect the flow of positive customer news to continue.

We believe Aiforia is taking a strong 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. The 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, Veneto). We see the company as having a strong initial position in the clinical market and promising potential to grow to a significant size class.

Good prospects for strong scalable growth despite cut estimates

Revenue from the customers Aiforia has won appears to be growing at a slower pace than previously expected, so we cut our revenue estimates by 30-35% and earnings estimates by 5-30% for the coming years. We now expect Aiforia's growth to strengthen more clearly between 2024 and 2027, when we expect revenue to grow at a very strong annual rate of 46-126% and the EBIT margin to improve from a clearly loss-making investment phase to -1% in 2027. For 2030 we estimate a revenue of EUR 82 million (target: >100 MEUR ~2030). Our estimates require the company to gain a position among the winners of the clinical market. The company is not projected to have sufficient funding to cover the loss-making phase and we would see it as prudent to raise additional funding for the company by 2024-25 at the latest. The forecast risks are still very high, as it is not yet possible to obtain clear evidence of the company's sustainable growth rate.

We believe the valuation is at a neutral level after the short-term estimate cuts and share price rise

Aiforia's valuation (23-24e EV/S 42-23x, 25-26e 11-7x) relies on expectations of very strong and scalable growth. With methods that price growth at various rates and confidence intervals we can justify the company's value at a wide range of EUR 0.9-7.5 per share (previous EUR 2.3-8.0). Our confidence in the company's long-term growth is strong in the light of the evidence received. Over a 12-month horizon, we still think the valuation of the stock is fairly neutral. Risks are raised by the uncertainty of Aiforia's growth rate and the need for new funding, which we forecast by H1/2025 at the latest. Supported by the company's good track record, we estimate that the dilution in a potential share issue would still be reasonable.

Recommendation

Reduce
(previous Accumulate)

EUR 4.50
(previous EUR 4.80)

Share price:
4.54

Key figures

	2022	2023e	2024e	2025e
Revenue	1.9	2.7	5.6	11.7
growth-%	92%	46%	104%	110%
EBIT adj.	-10.2	-12.1	-12.4	-9.8
EBIT-% adj.	-546.2 %	-441.0 %	-222.3 %	-83.3 %
Net Income	-10.6	-12.2	-12.6	-10.1
EPS (adj.)	-0.41	-0.46	-0.44	-0.30

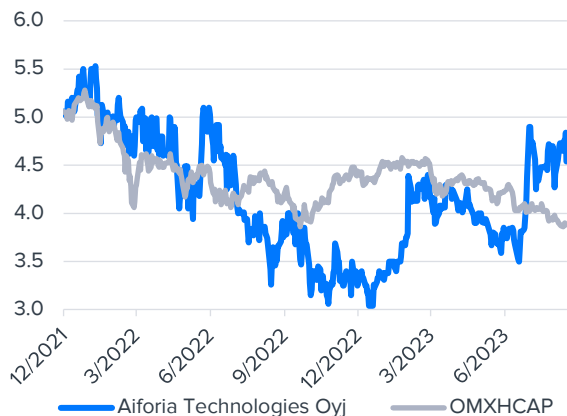|				
P/E (adj.)	neg.	neg.	neg.	neg.
P/B	2.8	7.0	23.0	neg.
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	neg.	neg.	neg.
EV/EBITDA	neg.	neg.	neg.	neg.
EV/S	32.9	41.5	22.7	11.4

Source: Inderes
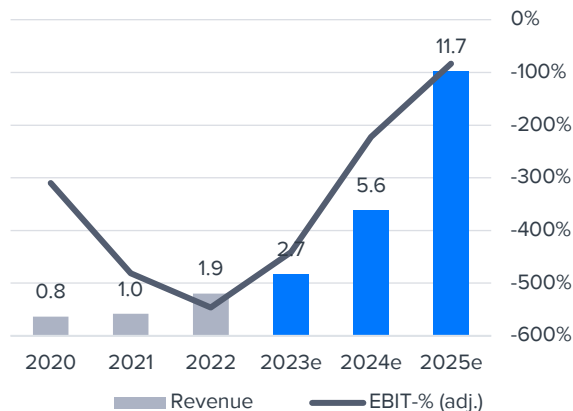
Guidance   (Unchanged)

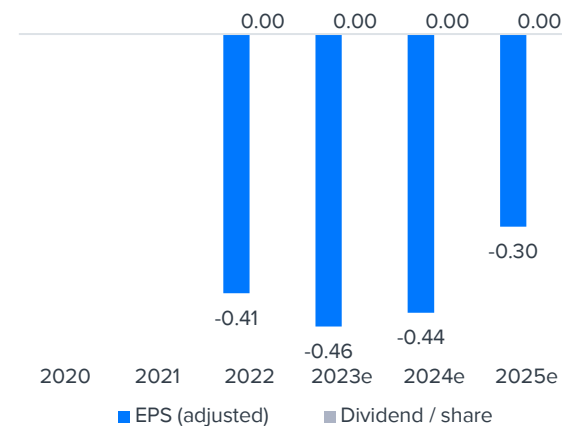Aiforia has not provided guidance for 2023.

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
- Cash flow still strongly negative, which increases financial risk

Valuation	2023e	2024e	2025e
Share price	4.54	4.54	4.54
Number of shares, millions	26.4	28.5	33.0
Market cap	120	120	120
EV	114	126	134
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/FCF	neg.	neg.	neg.
P/B	7.0	23.0	neg.
P/S	43.9	21.6	10.2
EV/Sales	41.5	22.7	11.4
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

Business building progressed well, figures missed our expectations in H1 (1/2)

Success on customer front was reflected in the order book, but to a limited extent in revenue

Aiforia's H1 revenue grew by 25% to EUR 0.92 million, well below our expectations (Inderes: +135% and 1.72 MEUR). The adoption of IFRS accounting deferred about a quarter of the period's revenue to future periods and adjusted for this, the increase in revenue would have been around 70%. Aiforia announced several customers won in the first half of the year (e.g. NHS Path Lake, Veneto Hospital District in Italy, major pharmaceutical companies) and the roll-out of its previous customer wins progressed (e.g. Mayo Clinic started clinical use). Advances received increased by 78%. Already almost 70% of revenue came from the US, which we expect to be the company's most important market in the coming years, together with the major countries of Western Europe.

The main driver of growth was the company's first major clinical accounts, with at least the Mayo Clinic starting clinical use of Aiforia for the analysis of tissue samples from breast cancer patients in March. New large contracts won in H1 will start generating revenue from H2 onwards. The company already has a handful of customers, each with the potential to grow individually to multi-million annual revenue in a good scenario. The company mentioned that the Veneto contract will start generating ongoing annual revenue of EUR +400,000 after the deployment phase. Compared to Aiforia's targets (~2030 revenue >100 MEUR), the reported figures are still very low. There is considerable uncertainty in the reported figures at the current stage of development, but overall, the reported figures turned negative relative to our estimates.

Front-loaded growth investments kept profitability in the red

Aiforia's H1 EBITDA decreased more than we had estimated to EUR -4.8 million and EBIT to EUR -6.2 million. We follow the development of the company's cash flows more closely than the figures in the income statement. The company's net cash outflow was EUR -7.7 million, while we expected a level of around EUR -7.5 million. The slightly faster cash consumption was due to lower-than-expected revenue. On the positive side, the level of fixed costs and investments was lower than expected. We estimate that the company's finances (net cash ~14 MEUR and cash and cash equivalents ~19 MEUR at the end of H1'23, plus ~5 MEUR of Business Finland's loan still not drawn) will be sufficient at the current rate of cash consumption until around early 2025, but as growth progresses and the company continues its successes on the customer front, we expect additional funding to be available on reasonable terms.

Aiforia has made significant front-loaded investments in growth in line with its strategy, particularly in the form of sales, deployments and product development recruitment. Strong growth is critical to the value creation of the company, so cash erosion is not a concern if it is matched by strong growth. H1 revenue growth was slow compared to growth efforts, but winning customers shows that investments are paying off. However, Aiforia's cash flow improvement was pushed slightly further in our scenario based on the slower growth in the H1 report.

Estimates MEUR / EUR	H1'22 Comparison	H1'23 Actualized	H1'23e Inderes	H1'23e Consensus	Consensus Low	Consensus High	Difference (%) Act. vs. inderes	2023e Inderes
Revenue	0.73	0.92	1.72				-47%	2.7
EBITDA	-3.51	-4.75	-4.27				-11%	-9.0
EBIT	-4.39	-6.18	-5.57				-11%	-12.1
PTP	-4.38	-6.25	-5.68				-10%	-12.2
EPS (adj.)	-0.17	-0.24	-0.21				-12%	-0.46
Revenue growth-%	72.1 %	25.5 %	135.0 %				-109.5 pp	46.5 %
EBIT-% (adj.)	-598.8 %	-672.0 %	-323.4 %				-348.5 pp	-441.0 %

Source: Inderes

Watch the H1 webcast:

Aiforia Technologies
Inderes Webcast

Business building progressed well, figures missed our expectations in H1 (2/2)

The company started to report on the order book, which brings additional visibility to the business

Aiforia started to report its order book, which increased by 214% year-on-year to EUR 2.4 million (0.8 MEUR) and by 126% compared to the beginning of the year (1.0 MEUR). The order book was boosted in particular by new contracts with the Italian Veneto Hospital District (1.2 MEUR) and the first NHS contract in the UK, both of which are for three years. All other contracts in the order book are recognized over a 12-month period. The Mayo Clinic contract is also conservatively accounted for in the order book, as the value of the account grows over time as the use of Aiforia's software expands.

The company was confident in its ability to win more new contracts in the future. Aiforia reported that during the period under review, significant public sector investment decisions in the use of AI in healthcare were made in the UK. In Europe and the US, we have seen several calls for tenders and proposals for AI-assisted diagnostic solutions for pathology samples, organized by both companies and public actors. Aiforia estimates that this reflects the fact that the digitalization rate of pathology has continued to increase, and AI-based image analysis solutions are becoming more common.

We think the market is at a very interesting stage of development and we believe that Aiforia's competitiveness is at a good level. However, due to the company's commercially early stage of development, visibility on the success and strength of growth will remain limited.

Estimates	H1'22	H1'23	H1'23e	H1'23e	Consensus		Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	0.73	0.92	1.72				-47%	2.7
EBITDA	-3.51	-4.75	-4.27				-11%	-9.0
EBIT	-4.39	-6.18	-5.57				-11%	-12.1
PTP	-4.38	-6.25	-5.68				-10%	-12.2
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Revenue growth-%	72.1 %	25.5 %	135.0 %				-109.5 pp	46.5 %
EBIT-% (adj.)	-598.8 %	-672.0 %	-323.4 %				-348.5 pp	-441.0 %

Source: Inderes

Watch the H1 webcast:

Estimates revised downwards, especially in the short term

We lowered our revenue estimates, especially for the coming years

Aiforia's H1 revenue landed clearly below our estimates. A significant part of the revenue miss was related to what we see as slower growth in software usage and billing than we had expected from already won customers. Of course, we knew this was a forecast risk beforehand. The speed of large customer roll-outs will have a major impact on Aiforia's revenue growth, as the company already has a handful of customers that each have the potential to grow individually to at least several million in annual revenue. We now expect billing from existing large customers to grow more slowly than before. This significantly lowered our revenue estimates, as large customers play a significant role in them. Of course, the long-term revenue potential of these already won customers has not changed and the company's customer acquisition is still going strong, so our long-term revenue estimates changed quite slightly.

Aiforia also changed its revenue recognition policy to comply with IFRS, which resulted in a more delayed recognition of project revenue in particular (old: recognition by stage of completion, new: by completion). As a result of this change, revenue was about 25% lower than under the previous FAS. The change will affect revenue, particularly in the short term, as the ramp-up of the company's large clinical customers will generate significant project income and recurring software revenue will be relatively lower. Accounting for this lowered the short-term revenue estimates, but the change will of course not affect the company's cash flows.

Our profitability estimates down less than the ones for revenue

Aiforia's cost discipline remained tighter than expected in H1 and the company's fixed costs (incl. investments and those charged to the income statement) increased quite slightly. We therefore lowered our estimate of the increase in the company's cost level, especially for the period 2023-2025. However, lower revenue estimates pushed our profitability estimates for the coming years lower.

With our updated estimates, Aiforia's financial situation is tighter than before, and we now estimate the company's funding gap to be around EUR 5-10 million in 2025-2027. However, the company has provided clear preliminary evidence of its competitiveness in its target markets, so we believe it would be well placed to raise the necessary financing on good terms.

We added option schemes to our share volume estimates

We now include Aiforia's stock option schemes in our estimates. We added the net effect of the options granted by Aiforia (offsetting the positive cash effect of the subscription price) to our share volume estimates. Thus, we do not consider the cash impact of option exercise prices on the balance sheet side in our net cash or equity forecasts in advance.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	4.2	2.7	-35%	8.6	5.6	-35%	16.5	11.7	-29%
EBITDA	-8.1	-9.0	-11%	-6.2	-7.3	-18%	-1.0	-3.5	-256%
EBIT (exc. NRIs)	-11.2	-12.1	-8%	-11.5	-12.4	-8%	-7.6	-9.8	-29%
EBIT	-11.2	-12.1	-8%	-11.5	-12.4	-8%	-7.6	-9.8	-29%
PTP	-11.4	-12.2	-8%	-11.7	-12.6	-7%	-7.9	-10.1	-27%
EPS (excl. NRIs)	-0.44	-0.46	-5%	-0.44	-0.44	-1%	-0.28	-0.30	-10%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation seems quite neutral

Valuation methods rely on the long game

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 sales successes have already brought some visibility to the estimates, but the low predictability of the growth of customers won keeps the forecast risks high.

Short-term sales multiples provide some support for the company's valuation, although they are very high in absolute terms (2023-2024e EV/S 42-23x) due to the low revenue level. We approach multiple-based valuation through our 2024 and 2027 EV/S multiples and our estimates (see table on next page). Earnings-based multiples do not provide support yet while the investment phase continues. The multiple-based valuation for the next few years indicates a present value range of EUR 3.1-5.9 for the share. In light of this, the current valuation of the share seems neutral.

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 is on a downward

trajectory. We revised the assumptions of the pessimistic scenario downwards. The DCF scenarios indicate a present value of EUR 0.9-7.5 per share (previous EUR 2.3-8.0) and EUR 4.7 per share in the neutral scenario (previous EUR 5.0 €), which implies that the share is quite fairly priced.

We also see Aiforia as a potential acquisition target. Aiforia has clearly improved its strategic position as a result of significant customer gains in the clinical segment. In our view, the company has initially proven to be a leading player in its market and could be a logical acquisition target for players in the digital pathology value chain. A buyout option supports share pricing and also provides a degree of speculative safety as downside protection.

After the share price rise, the valuation looks neutral, but the long-term potential is still significant

With methods that price growth at various slopes and confidence intervals we can justify the wide EUR 0.9-7.5 per share range that depicts the high uncertainty of the company's value. After the price rise and estimate cuts caused by the H1 report, we think the valuation looks quite neutral, which is why we revise our recommendation to Reduce. We expect the company to raise additional funding between 2024 and 2025, but as growth progresses and the company continues its successes on the customer front, we expect additional funding to be available on reasonable terms. The implementation of the company's strategy has progressed well and, given the promising evidence, we see the company as an interesting long-term investment for investors with a high risk tolerance. In addition, the company's stock may benefit from the current AI boom, partly with good reason if market demand for Aiforia's AI solutions gets a boost.

Valuation	2023e	2024e	2025e
Share price	4.54	4.54	4.54
Number of shares, millions	26.4	28.5	33.0
Market cap	120	120	120
EV	114	126	134
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/FCF	neg.	neg.	neg.
P/B	7.0	23.0	neg.
P/S	43.9	21.6	10.2
EV/Sales	41.5	22.7	11.4
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

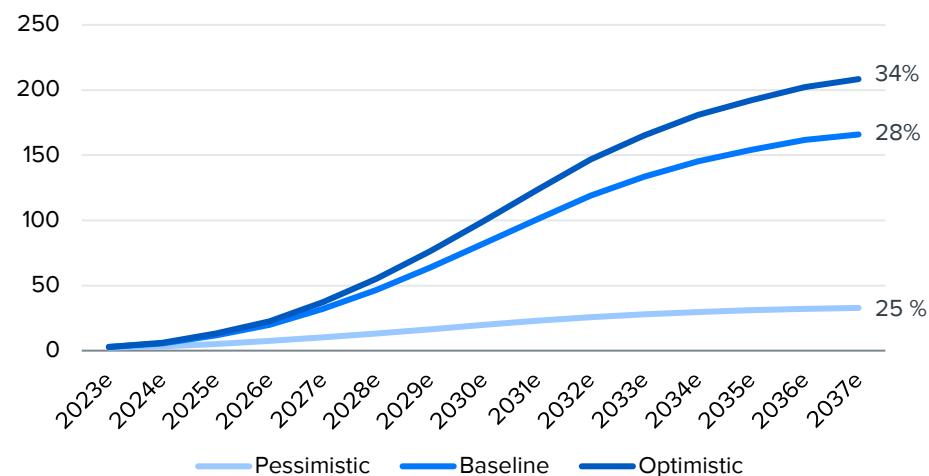### Sensitivity of the DCF value to the required return,
EUR per share, WACC-%
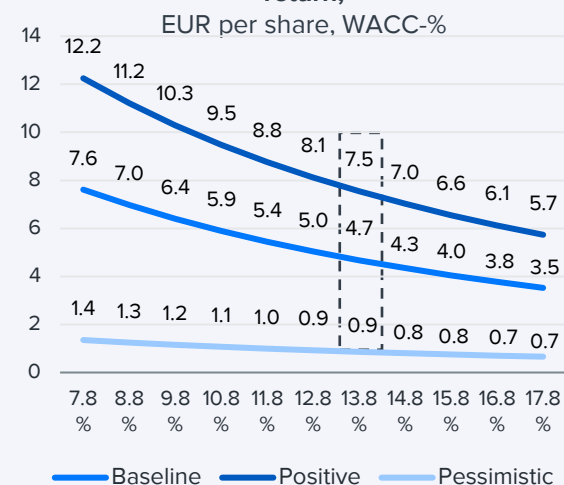
Source: Inderes

Valuation in graphs

Estimated future valuation ranges,
2024e and 2027e

2024e, MEUR	Low	High
Revenue	5.6	5.6
EV/S, LTM	**20**	**30**
EV/S, NTM	9.5	14.3
EV	111	167
Net cash	-6	-6
Market cap	105	161
Per share	**3.7**	**5.6**
Per share currently	**3.1**	**4.7**

2027e, MEUR	Low	High
Revenue	32.0	32.0
EV/S, LTM	**8**	**12**
EV/S, NTM	5.5	8.2
EV	256	384
Net cash	-19	-19
Market cap	237	365
Per share	**6.9**	**10.6**
Per share currently	**3.8**	**5.9**

Source: Inderes
NTM = 12 months forward-looking
LTM = 12 months backward-looking

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

Pessimistic — Baseline — Optimistic

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price				5.22	3.23	4.54	4.54	4.54	4.54
Number of shares, millions				25.8	25.8	26.4	28.5	33.0	34.3
Market cap				135	83	120	120	120	120
EV				99	61	114	126	134	140
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	7.0	23.0	neg.	neg.
P/S				>100	44.7	43.9	21.6	10.2	6.1
EV/Sales					32.9	41.5	22.7	11.4	7.1
EV/EBITDA				neg.	neg.	neg.	neg.	neg.	>100
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

EV/Sales

■ EV/Sales
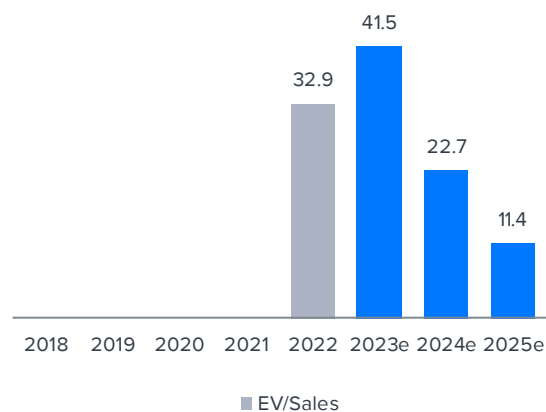
Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		Revenue growth-%		EBIT-%		Rule of 40
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2024e
Sectra AB	2731	2659	70.5	59.1	62.2	52.1	13.6	11.9	23%	15%	19%	20%	35%
ContextVision AB	55	52	12.5	11.1	10.6	9.7	4.8	4.4	13%	8%	39%	40%	48%
Roche Holding AG	221290	245288	11.9	11.0	10.2	9.5	3.9	3.7	-5%	4%	33%	34%	38%
INIFY Laboratories AB									0%	0%	0%	0%	0%
Feedback PLC	14	2					1.4	0.9	67%	48%	-428%	-289%	-241%
PainChek Ltd	23	19					5.7	3.8	93%	50%	-59%	-22%	28%
Renalytix PLC	122	109					32.9	11.2	-9%	194%		-429%	-235%
Diagnos Inc	26	27					65.9	20.9	20%	215%			
CellaVision AB	346	351	25.7	19.9	20.7	16.5	6.4	5.6	-3%	15%	25%	28%	43%
RaySearch Laboratories AB	213	238	34.2	20.9	7.7	6.4	3.1	2.7	15%	12%	9%	13%	25%
Aiforia Technologies Oyj (Inderes)	**120**	**114**	**-9.4**	**-10.2**	**-12.8**	**-17.4**	**41.5**	**22.7**	**46%**	**104%**	**-441%**	**-222%**	**-119%**
Average			30.9	24.4	22.3	18.8	15.3	7.2	21%	56%	-45%	-67%	
Median	**54.7**	**52.0**	**25.7**	**19.9**	**10.6**	**9.7**	**5.7**	**4.4**	**14%**	**15%**	**14%**	**13%**	**28%**
Diff-% to median	*119%*	*118%*	*-137%*	*-151%*	*-220%*	*-280%*	*633%*	*411%*	*232%*	*590%*			*-524%*

Source: Refinitiv / Inderes

Income statement

Income statement	H1'21	H2'21	2021	H1'22	H2'22	2022	H1'23	H2'23e	2023e	2024e	2025e	2026e
Revenue	0.4	0.5	1.0	0.7	1.1	1.9	0.9	1.8	2.7	5.6	11.7	19.7
EBITDA	-1.3	-2.2	-3.5	-3.5	-4.6	-8.1	-4.9	-4.1	-9.0	-7.3	-3.5	1.1
Depreciation	-0.6	-0.7	-1.2	-0.9	-1.2	-2.1	-1.3	-1.7	-3.1	-5.1	-6.3	-7.4
EBIT (excl. NRI)	-1.9	-2.8	-4.7	-4.4	-5.8	-10.2	-6.2	-5.9	-12.1	-12.4	-9.8	-6.3
EBIT	-1.9	-2.8	-4.7	-4.4	-5.8	-10.2	-6.2	-5.9	-12.1	-12.4	-9.8	-6.3
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	-6.3	-6.0	-12.2	-12.6	-10.1	-6.6
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	-6.3	-6.0	-12.2	-12.6	-10.1	-6.6
EPS (adj.)				-0.17	-0.24	-0.41	-0.24	-0.23	-0.46	-0.44	-0.30	-0.19
EPS (rep.)				-0.17	-0.24	-0.41	-0.24	-0.23	-0.46	-0.44	-0.30	-0.19

Key figures	H1'21	H2'21	2021	H1'22	H2'22	2022	H1'23	H2'23e	2023e	2024e	2025e	2026e
Revenue growth-%	-4.3 %		14.7 %	72.1 %	107.1 %	91.8 %	25.5 %	60.0 %	46.5 %	103.5 %	110.5 %	68.3 %
Adjusted EBIT growth-%	53.7 %		78.1 %	137.2 %	104.8 %	117.6 %	40.9 %	1.2 %	18.2 %	2.6 %	-21.2 %	-35.5 %
EBITDA-%	-299.8 %	-396.5 %	-354.2 %	-479.1 %	-405.0 %	-434.1 %	-530.0 %	-227.8 %	-329.5 %	-130.3 %	-29.7 %	5.3 %
Adjusted EBIT-%	-434.3 %	-518.1 %	-481.4 %	-598.8 %	-512.2 %	-546.2 %	-672.0 %	-323.9 %	-441.0 %	-222.3 %	-83.3 %	-31.9 %
Net earnings-%	-550.0 %	-954.7 %	-777.7 %	-597.6 %	-548.6 %	-567.8 %	-679.8 %	-330.0 %	-447.6 %	-225.9 %	-85.8 %	-33.5 %

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**4.8**	**9.1**	**12.7**	**14.7**	**15.7**
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	4.7	8.4	11.7	13.4	14.1
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**	**13.5**	**4.8**	**2.6**
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	1.4	1.7	2.6
Cash and equivalents	38.1	24.7	12.2	3.1	0.0
Balance sheet total	**43.9**	**35.3**	**26.2**	**19.5**	**18.2**

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**37.8**	**29.3**	**17.0**	**5.2**	**-2.6**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-17.7	-28.4	-40.6	-53.2	-63.3
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**	**5.7**	**9.4**	**12.8**
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	5.7	9.4	12.8
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	**3.3**	**3.9**	**3.5**	**4.9**	**8.1**
Short term debt	0.2	0.5	0.0	0.0	0.9
Payables	2.4	2.0	2.2	3.6	5.9
Other current liabilities	0.7	1.3	1.3	1.3	1.3
Balance sheet total	**43.9**	**35.3**	**26.2**	**19.5**	**18.2**

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 %	46.5 %	103.5 %	110.5 %	68.3 %	62.2 %	45.9 %	36.4 %	28.9 %	23.0 %	18.0 %	12.0 %	9.0 %	6.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	-546.2 %	-441.0 %	-222.3 %	-83.3 %	-31.9 %	-1.4 %	12.7 %	20.3 %	24.6 %	29.0 %	34.0 %	32.0 %	30.0 %	28.0 %	28.0 %	28.0 %	28.0 %
EBIT (operating profit)	**-10.2**	**-12.1**	**-12.4**	**-9.8**	**-6.3**	**-0.4**	**5.9**	**12.9**	**20.2**	**29.3**	**40.5**	**42.7**	**43.6**	**43.2**	**45.3**	**46.5**	
+ Depreciation	2.1	3.2	5.1	6.3	7.4	8.0	9.0	10.1	11.1	11.3	11.4	11.4	11.4	11.4	11.4	11.4	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.9	2.0	1.5	-7.4	-8.5	-8.7	-8.6	-9.0	-9.3	
- 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	0.4	1.1	1.3	1.1	2.1	2.9	3.4	3.7	3.8	3.6	2.9	2.4	1.7	1.5	0.8	
Operating cash flow	**-8.5**	**-8.5**	**-6.1**	**-2.1**	**2.1**	**9.6**	**19.0**	**28.4**	**36.9**	**45.8**	**48.0**	**48.4**	**48.7**	**47.7**	**49.2**	**49.4**	
+ 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	-6.8	-7.2	-7.2	-7.9	-8.6	-9.4	-10.3	-11.3	-11.3	-11.4	-11.4	-11.4	-11.4	-11.4	-11.2	
Free operating cash flow	**-14.8**	**-15.3**	**-13.3**	**-9.4**	**-5.8**	**1.0**	**9.5**	**18.0**	**25.6**	**34.5**	**36.7**	**37.0**	**37.3**	**36.3**	**37.8**	**38.2**	
+/- 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	-15.3	-13.3	-9.4	-5.8	1.0	9.5	18.0	25.6	34.5	36.7	37.0	37.3	36.3	37.8	38.2	346
Discounted FCFF		**-14.6**	**-11.2**	**-6.9**	**-3.7**	**0.6**	**4.8**	**7.9**	**9.9**	**11.7**	**10.9**	**9.7**	**8.6**	**7.3**	**6.7**	**6.0**	**54.1**
Sum of FCFF present value		102	116	128	135	138	138	133	125	115	103	92.4	82.7	74.1	66.8	60.1	54.1
Enterprise value DCF		**102**															
- Interest bearing debt		-2.7															
+ Cash and cash equivalents		24.7															
-Minorities		0.0															
-Dividend/capital return		0.0															
Equity value DCF		**124**															
Equity value DCF per share		**4.7**															

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

Cash flow distribution

- 2023e-2027e: -35%
- 2028e-2032e: 44%
- 2033e- ja TERM: 91%

■ 2023e-2027e ■ 2028e-2032e ■ 2033e- ja TERM
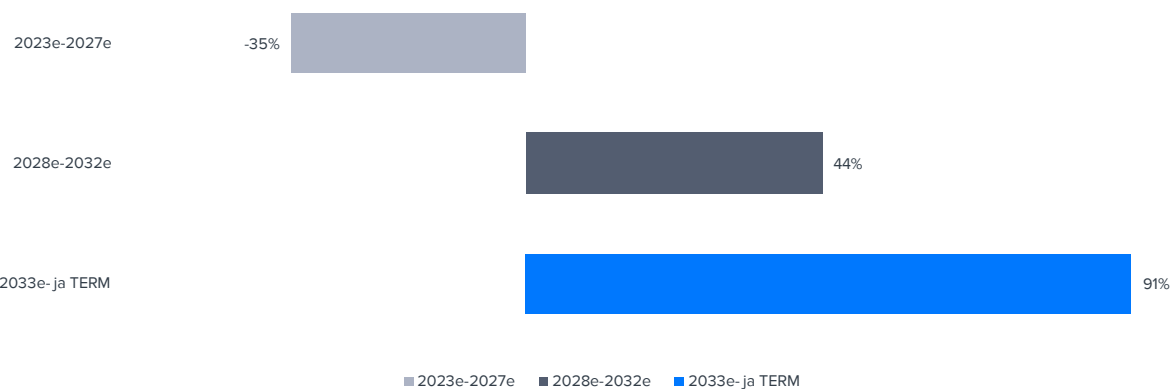
Summary

Income statement	2020	2021	2022	2023e	2024e
Revenue	0.8	1.0	1.9	2.7	5.6
EBITDA	-1.6	-3.5	-8.1	-8.9	-7.3
EBIT	-2.6	-4.7	-10.2	-12.1	-12.4
PTP	-2.8	-7.6	-10.6	-12.2	-12.6
Net Income	-2.8	-7.6	-10.6	-12.2	-12.6
Extraordinary items	0.0	0.0	0.0	0.0	0.0

Per share data	2020	2021	2022	2023e	2024e
EPS (reported)			-0.41	-0.46	-0.44
EPS (adj.)			-0.41	-0.46	-0.44
OCF / share			-0.33	-0.32	-0.21
FCF / share			-0.49	-0.58	-0.47
Book value / share			1.13	0.64	0.18
Dividend / share			0.00	0.00	0.00

Balance sheet	2020	2021	2022	2023e	2024e
Balance sheet total	5.3	43.9	35.3	26.2	19.5
Equity capital	0.9	37.8	29.3	17.0	5.2
Goodwill	0.0	0.0	0.0	0.0	0.0
Net debt	1.3	-35.2	-22.0	-6.5	6.2

Growth and profitability	2020	2021	2022	2023e	2024e
Revenue growth-%	33%	15%	92%	46%	104%
EBITDA growth-%	-25%	114%	135%	10%	-18%
EBIT (adj.) growth-%	-13%	78%	118%	18%	3%
EPS (adj.) growth-%				13%	-5%
EBITDA-%	-189.8 %	-354.2 %	-434.1 %	-324.8 %	-130.3 %
EBIT (adj.)-%	-310.1 %	-481.4 %	-546.2 %	-441.0 %	-222.3 %
EBIT-%	-310.1 %	-481.4 %	-546.2 %	-441.0 %	-222.3 %
ROE-%	-386.3 %	-39.1 %	-31.6 %	-52.9 %	-113.0 %
ROI-%	-77.0 %	-20.9 %	-28.1 %	-44.1 %	-66.4 %
Equity ratio	16.8 %	86.3 %	82.9 %	65.0 %	26.7 %
Gearing	146.0 %	-93.0 %	-75.1 %	-38.3 %	119.7 %

Cash flow	2020	2021	2022	2023e	2024e
EBITDA	-1.6	-3.5	-8.1	-8.9	-7.3
Change in working capital	-1.2	2.1	-0.3	0.4	1.1
Operating cash flow	-2.8	-1.4	-8.5	-8.5	-6.1
CAPEX	-0.8	-3.8	-6.4	-6.8	-7.2
Free cash flow	-3.6	-5.2	-12.7	-15.3	-13.3

Valuation multiples	2020	2021	2022	2023e	2024e
EV/S			32.9	41.5	22.7
EV/EBITDA (adj.)			neg.	neg.	neg.
EV/EBIT (adj.)			neg.	neg.	neg.
P/E (adj.)			neg.	neg.	neg.
P/B			2.8	7.0	23.0
Dividend-%			0.0 %	0.0 %	0.0 %

Source: Inderes

Disclaimer and recommendation history

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
6/24/2022	Sell	4.00 €	4.58 €
8/26/2022	Reduce	4.00 €	3.52 €
12/3/2022	Reduce	4.00 €	3.50 €
3/3/2023	Accumulate	4.80 €	4.15 €
8/28/2023	Reduce	4.50 €	4.54 €

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