

Aiforia Technologies Plc

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Suunta jatkuu ylöspäin" published on 3/8/2024 at 8:35 am EET

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Direction continues upward

Aiforia's H2 was largely in line with our expectations and the company's sales pipeline is still promising. We still consider the company's competitive position as good and if Aiforia continues winning customers as expected, the potential will gradually begin to emerge more clearly in revenue. On the other hand, poor growth predictability and elevated financial risks argue for some caution in pricing the potential. At the current price, the potential carries more weight for us than the risks, and we reiterate our EUR 4.2 target price and Accumulate recommendation.

Building of growth foundation proceeded as expected in the big picture

Aiforia's H2 revenue grew by 39% to 1.44 MEUR from low comparison figures (Inderes: +50%), especially supported by major new European customers. Most of 2023 customer wins will not be visible in revenue until 2024. As expected, the result was clearly in the red (operating result -6.4 MEUR), but net cash at the end of the period was somewhat higher than we expected at 9 MEUR (cash assets 14 MEUR + 3 MEUR undrawn loan Business Finland). As expected, the company announced that it will explore different options for strengthening its capital structure over the next 12 months, including equity and debt financing, as well as subsidies and grants. In light of the management's comments, there is ongoing competitive tenderings in the company's market, so we expect the positive news flow to continue.

Digital pathology is catching on, although it is difficult to predict how fast the market will develop

The digitization of pathology is at a very early stage, and by 2020, only 14% of pathology samples were digitized worldwide. The technological limitations that were a barrier have mostly disappeared over time. With an aging population, the need for pathology analysis is expected to increase and there is already a shortage of pathologists. We believe there are clear demand drivers for solutions that increase efficiency and capacity. The competitive landscape in the young market is still being formed. However, given Aiforia's differentiating factors (customizability, cell-level detection, first commercialized predictive AI model) and significant clinical references, the company's competitiveness appears to be good. We believe the company is well positioned to become a long-term winner in its market.

Conditions for strong growth are good, although everything is not in the company's hands

We expect Aiforia's commercial success to more clearly translate into revenue in 2024-27, as the company's clinical customers expand their use of the software. We expect annual revenue growth to be a very high 75-90 % from a low base and EBIT margin to strengthen from a loss-making investment phase to 3% in 2027. We expect revenue in 2030 to already be 74 MEUR (target: >100 MEUR ~2030). Our estimate expects the company to reach a position as one of the few winners in the clinical market, which requires very strong strategy execution. Therefore, we believe that forecast risks must be compensated by a higher required return.

The potential is still more attractive than the risks at the current price

Aiforia's valuation (24e EV/S 22x, 25-26e 13-8x) relies on expectations of strong and scalable growth. With methods that price growth at various rates and confidence intervals, we can justify the value at a wide range of EUR 1.0-7.5 per share (previous EUR 0.7-8.0). Our confidence in the company's long-term growth is strong in the light of the evidence received. Risks come from uncertainty about the rate of growth and the additional financing we project will be needed in 2024. Supported by the company's good track record, we estimate that the dilution in a potential share issue would still be reasonable. As growth continues to strengthen, we see an attractive risk/reward ratio at the current share price.

Recommendation

Accumulate

(previous Accumulate)

EUR 4.20

(previous EUR 4.20)

Share price:

3.44



Key figures

	2023	2024e	2025e	2026e
Revenue	2.4	4.3	8.1	14.2
growth-%	49%	80%	88%	75%
EBIT adj.	-12.9	-11.4	-10.2	-6.9
EBIT-% adj.	-537.1 %	-263.0 %	-125.4 %	-48.6 %
Net Income	-12.9	-11.5	-10.5	-7.2
EPS (adj.)	-0.50	-0.44	-0.39	-0.26

P/E (adj.)	neg.	neg.	neg.	neg.
P/B	5.1	14a.2	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	34.4	21.9	13.2	8.0

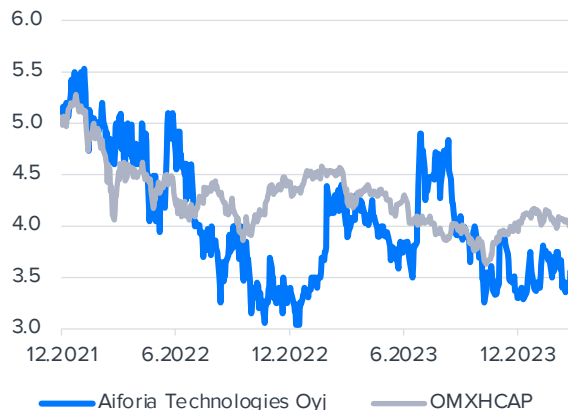
Source: Inderes

Guidance

(New guidance)

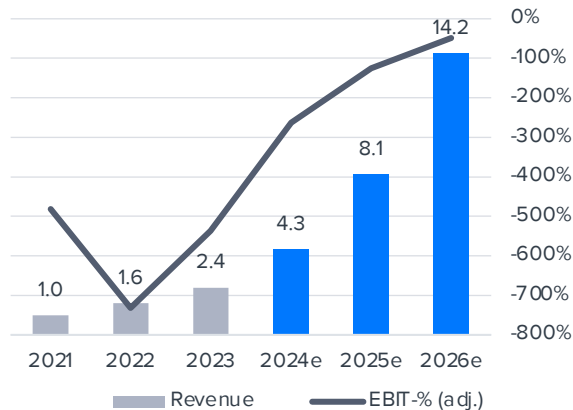
Aiforia has not provided guidance for 2024.

Share price



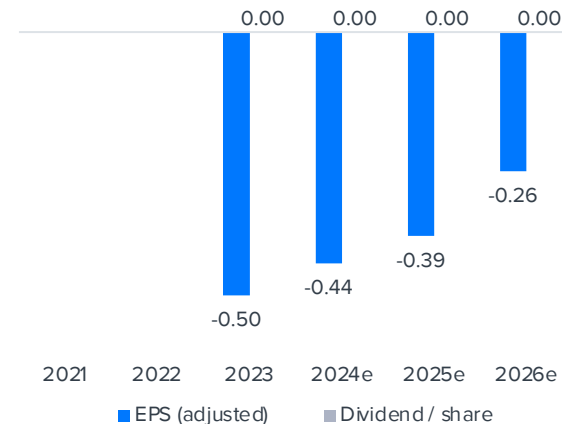
Source: Millistream Market Data AB

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	2024e	2025e	2026e
Share price	3.44	3.44	3.44
Number of shares, millions	26.4	27.2	27.5
Market cap	91	94	95
EV	95	107	114
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	14.2	neg.	neg.
P/S	21.0	11.5	6.6
EV/Sales	21.9	13.2	8.0
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

Growth base being built, result still heavily in the red but trend turned

Revenue was slightly below expected but comments on customers were strong as expected

Aiforia's H2 revenue grew somewhat less than we expected by 39% to 1.44 MEUR (Inderes: +50% and 1.55 MEUR). The main drivers of H2 growth were the larger customers won in Europe (introduction of Veneto and pharmaceutical development companies). The company commented that revenue consists mostly of software-based revenue and, to a small extent, of project deliveries. Of the latest big wins, Southampton (NHS) and Catania were not yet reflected in H2'23 revenue. In addition, Veneto is currently running a scanner tendering, which should end in the summer. After the scanners are installed, the volume of Veneto's Aiforia use will increase significantly. The company has previously estimated that Veneto will generate a continuous annual revenue of +400 TEUR after the implementation phase.

Aiforia did not report any new customers but commented that the sales pipeline looks promising, especially thanks to large competitive tendering in Europe (Italy, Spain, France, UK and Germany). The company commented that its predictive colon cancer AI model will progress to the commercialization phase in Q2-Q3.

Revenue in the Rest of Europe area grew by 188% to 0.55 MEUR. The US grew by 8% from the previous year, where we estimate that the share of software revenue has increased since Mayo introduced the first AI model last spring and has gradually expanded its use. Mayo now has 3 AI models in use.

The order backlog was roughly at the same level as at the end of H1'23 at 2.37 MEUR (H1'23 2.36 MEUR). The Catania contract (250 TEUR) was recorded in the order book. The Mayo Clinic contract is also conservatively accounted for in the order book, as the value of the account grows over time when the use of Aiforia's software expands.

Growth investments kept profitability in the red, but the earnings trend turned

Aiforia's H1 EBITDA decreased almost in line with our estimates to -4.6 MEUR and EBIT to -6.4 MEUR. The company's overall cost level was in line with our expectations and the small earnings undercut was due to revenue falling 100 TEUR short of estimates. On the cost side, a positive surprise was the clearly strengthened sales margin, which rose to 85%. The company has optimized its use of cloud capacity and, in addition, the share of very high-margin software revenue in revenue growth seems to have increased. Capitalizations including fixed cash-flow expenses decreased to 8.1 MEUR in H2 (H2'22: 8.4 MEUR). In 2024, the company aims to reach a level of under 15 MEUR.

Estimates	H2'22	H2'23	H2'23e	H2'23e	Consensus		Difference (%)	2023
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Actualized
Revenue	1.03	1.44	1.55				-7%	2.4
EBITDA	-5.5	-4.6	-4.5				-3%	-9.7
EBIT	-6.9	-6.4	-6.2				-2%	-12.9
PTP	-7.3	-6.4	-6.3				-1%	-12.9
EPS (reported)	-0.28	-0.25	-0.24				3%	-0.50
DPS	0.00	0.00	0.00					0.00
Revenue growth-%	88.3 %	39.3 %	50.0 %				-10.7 pp	49.3 %
EBIT-%	-665.8 %	-442.5 %	-401.5 %				-41 pp	-537.1 %

Source: Inderes

Less cash consumed than expected, Aiforia explores financing options

As expected, the company is exploring additional financing options

We follow the development of the company's cash flows more closely than the figures in the income statement. At the end of the financial year, the company's net cash stood at 9 MEUR (cash assets some 14 MEUR), which was somewhat better than we expected. Aiforia also has 3 MEUR of undrawn loan from Business Finlan

To ensure a sufficient balance sheet position to finance growth well into the future, the company now also commented it is exploring different options for strengthening the capital structure over the next 12 months. The options include equity and debt instruments, as well as subsidies and grants. This came as no surprise to us and we expected the company to need additional funding this year. We

feel an optimal financing package could contain all three elements, although we conservatively assume that the whole package will consist of equity.

In H2, the company consumerd some 6.9 MEUR in cash and we already expected the company to raise additional funding this year. We believe the company is well positioned to increase equity financing as the business has progressed well and the company has achieved a leading position in the emerging market. Aiforia's peer IBEX, which is in a fairly similar development stage, raised funding of 55 MSUD by last fall with a roughly estimated valuation of 100-400 MUSD (valuation level is not public)

Estimates MEUR / EUR	H2'22	H2'23	H2'23e	H2'23e	Consensus		Difference (%)	2023
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	1.03	1.44	1.55				-7%	2.4
EBITDA	-5.5	-4.6	-4.5				-3%	-9.7
EBIT	-6.9	-6.4	-6.2				-2%	-12.9
PTP	-7.3	-6.4	-6.3				-1%	-12.9
EPS (reported)	-0.28	-0.25	-0.24				3%	-0.50
DPS	0.00	0.00	0.00					0.00
Revenue growth-%	88.3 %	39.3 %	50.0 %				-10.7 pp	49.3 %
EBIT-%	-665.8 %	-442.5 %	-401.5 %				-41 pp	-537.1 %

Source: Inderes

Watch the H2 webcast:



Limited forecast changes

Estimate revisions 2024e-2026e

- Our revenue forecasts are almost unchanged.
 - This year, clear revenue growth drivers include growth in Veneto (starting from H2 after the scanner acquisition ends), growth in Southampton, Catania and Mayo Clinic with the support of new AI models.
 - We expect the company to win 4 significant customers this year.
- The company commented that its goal for fixed costs is to reach a level below 15 MEUR this year (before capitalization).
 - Our cost forecasts are more conservative and we expect fixed operating costs to be around 16 MEUR before capitalization.

Estimate revisions	2023	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	2.5	2.4	-4%	4.5	4.3	-4%	8.1	8.1	0%
EBITDA	-9.4	-9.7	-3%	-6.7	-6.8	-2%	-4.0	-4.4	-13%
EBIT (exc. NRIs)	-12.6	-12.9	-2%	-11.2	-11.4	-2%	-10.3	-10.2	1%
EBIT	-12.6	-12.9	-2%	-11.2	-11.4	-2%	-10.3	-10.2	1%
PTP	-12.8	-12.9	-1%	-11.4	-11.5	-1%	-10.6	-10.5	1%
EPS (excl. NRIs)	-0.50	-0.50	-1%	-0.43	-0.44	-1%	-0.39	-0.39	1%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation

Valuation methods rely on the long game

We believe Aiforia's valuation relies on an expectation of scalable growth especially over the next decade. We discussed the background of our valuation in more detail in our [extensive report](#). 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 and support to the valuation, but the low predictability of the growth of won customers keeps the forecast risks high.

In the short term, sales multiples provide some support for the company's valuation. Due to low revenue, the multiples are very high in absolute terms (2024-25e EV/S 22-13x). We approach multiple-based valuation through our 2025 and 2027 EV/S multiples and our estimates (see next page). In the scenarios, we assume two share issues of 10 MEUR for 2024 and 2025, whose valuation is based on the current share price (EUR 3.44) at a 10% discount (EUR 3.10), which is a typical discount in a directed issue that we consider to be the most likely option. The multiple-based valuation for the next few years indicates a present value range of EUR 3.2-5.6 for the share. In light of the scenarios, the valuation seems cautiously attractive.

In addition, we have estimated the value of the stock with different valuations of the financing rounds (see next page and [the extensive report](#)), but this does not have much impact on the current value per share due to the moderate financing needs.

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 DCF modeling through three scenarios (see next page). All of our DCF scenarios include strong growth at different levels. A weaker scenario is possible, but the implementation of the company's growth strategy has progressed promisingly and the likelihood of a nosedive scenario is already quite limited in our opinion. The DCF scenarios indicate a present value of EUR 1.0-7.6 per share (previous 0.9-7.5) and in the neutral scenario EUR 4.6 per share (previous 4.8), relative to which the stock is attractively valued. The DCF model assumes that Aiforia closes its funding gap without dilution purely through debt, which we believe is quite unlikely.

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.

Despite the obvious risks, the risk/reward ratio remains attractive

With methods that price growth at various rates and confidence intervals, we can justify the wide EUR 1.0-7.6 (previous 0.7-8.0) per share range that depicts the high uncertainty of the company's value. After the H2 report, Aiforia's growth story remains unchanged in our eyes. The implementation of the company's strategy has progressed well and, given the promising evidence, we still see the company as an interesting long-term investment for investors with a high risk tolerance.

Valuation	2024e	2025e	2026e
Share price	3.44	3.44	3.44
Number of shares, millions	26.4	27.2	27.5
Market cap	91	94	95
EV	95	107	114
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	14.2	neg.	neg.
P/S	21.0	11.5	6.6
EV/Sales	21.9	13.2	8.0
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: Iderees

Sensitivity of the DCF value to the required return,



Source: Iderees

Valuation in graphs

Estimated future valuation ranges, 2025e and 2027e

2025e, MEUR	Low	High
Revenue	8.1	8.1
EV/S, LTM	16	24
EV/S, NTM	9.1	13.7
EV	130	195
Net cash	6.4	6.4
Market cap	137	202
Per share	4.1	6.0
Per share currently	3.2	4.7

2027e, MEUR	Low	High
Revenue	26.2	26.2
EV/S, LTM	8	12
EV/S, NTM	5.2	7.8
EV	210	315
Net cash	1	1
Market cap	211	316
Per share	6.2	9.3
Per share currently	3.7	5.6

NTM = 12 months forward-looking
LTM = 12 months backward-looking

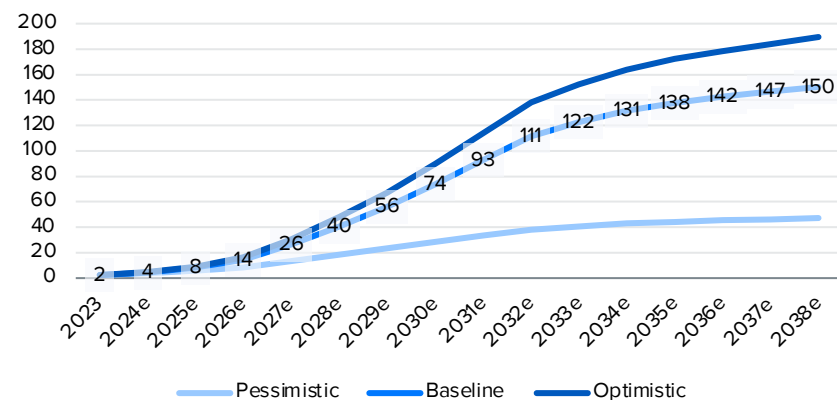
The scenarios include 10 MEUR directed share issues for 2024 and 2025 (total 20 MEUR), assuming a valuation level of EUR 3.10/share (share price -10%).

Sensitivity of scenarios to valuation levels of 20 MEUR funding rounds in total, €/share at present

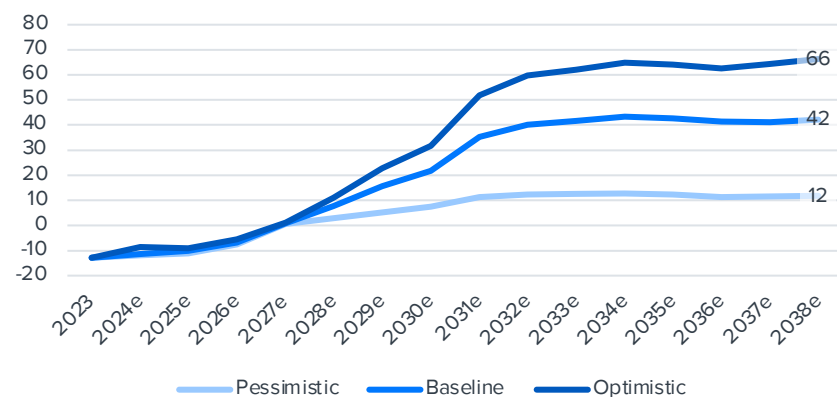
Valuation level	Low		High		Average
	2025e	2027e	2025e	2027e	
Share price	3.2	3.8	4.8	5.7	4.4
Share price -10%	3.2	3.7	4.7	5.6	4.3
Share price -35%	3.0	3.5	4.4	5.2	4.0

Source: Inderes

Revenue development in DCF scenarios, Fiscal periods 2023-2038e, MEUR



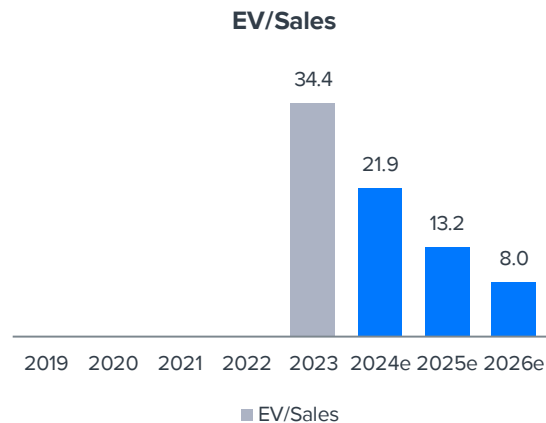
Profitability development under different scenarios (EBIT), Fiscal periods 2023-2038e, MEUR



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price				3.23	3.49	3.44	3.44	3.44	3.44
Number of shares, millions				25.8	26.0	26.4	27.2	27.5	27.5
Market cap				83	91	91	94	95	95
EV				62	82	95	107	114	113
P/E (adj.)				neg.	neg.	neg.	neg.	neg.	>100
P/E				neg.	neg.	neg.	neg.	neg.	>100
P/B				2.8	5.1	14.2	neg.	neg.	neg.
P/S				51.9	37.8	21.0	11.5	6.6	3.6
EV/Sales					34.4	21.9	13.2	8.0	4.3
EV/EBITDA				neg.	neg.	neg.	neg.	neg.	15.0
EV/EBIT (adj.)				neg.	neg.	neg.	neg.	neg.	>100
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	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		Revenue growth-%		EBIT-%		Rule of 40
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2025e
Sectra AB	3653	3611	73.4	58.5	66.2	57.6	14.7	12.9	18%	14%	20%	22%	36%
ContextVision AB	46	41	16.0	15.4	9.4	8.8	3.5	3.3	-1%	4%	22%	22%	26%
Roche Holding AG	200193	225364	11.0	10.1	9.5	8.8	3.6	3.4	1%	6%	33%	34%	40%
Feedback PLC	19	11					6.1	4.0	48%	51%	-227%	-144%	-93%
PainChek Ltd	26	24		19.3			4.7	2.7	50%	72%	-22%	14%	86%
Renalytix PLC	49	36					6.4	2.7	72%	137%	-531%	-220%	-83%
Diagnos Inc	13	15				2.4	111.2	5.3		1989%			
CellaVision AB	505	500	25.2	20.5	21.3	17.7	7.2	6.3	20%	14%	29%	31%	45%
RaySearch Laboratories AB	335	352	23.4	17.6	8.3	7.3	3.5	3.1	12%	11%	15%	18%	29%
Aiforia Technologies Oyj (Inderes)	91	95	-8.3	-10.5	-13.9	-24.1	21.9	13.2	80%	88%	-263%	-125%	-37%
Average			29.8	23.6	22.9	17.1	17.9	4.9	24%	230%	-73%	-25%	
Median	46.0	36.1	23.4	18.5	9.5	8.8	6.1	3.4	18%	14%	15%	18%	33%
Diff-% to median	97%	162%	-136%	-157%	-246%	-375%	259%	289%	345%	531%			-212%

Source: Refinitiv / Inderes

Income statement

Income statement	H1'22	H2'22	2022	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	2025e	2026e	2027e
Revenue	0.6	1.0	1.6	1.0	1.4	2.4	2.0	2.3	4.3	8.1	14.2	26.2
EBITDA	-4.0	-5.5	-9.5	-5.0	-4.7	-9.7	-3.5	-3.4	-6.8	-4.4	-0.5	7.6
Depreciation	-0.9	-1.3	-2.2	-1.4	-1.7	-3.2	-2.1	-2.5	-4.5	-5.8	-6.5	-6.8
EBIT (excl. NRI)	-4.9	-6.9	-11.8	-6.4	-6.5	-12.9	-5.5	-5.8	-11.4	-10.2	-6.9	0.8
EBIT	-4.9	-6.9	-11.8	-6.4	-6.5	-12.9	-5.5	-5.8	-11.4	-10.2	-6.9	0.8
Net financial items	0.0	-0.4	-0.4	-0.1	0.1	0.0	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3
PTP	-4.9	-7.3	-12.2	-6.5	-6.4	-12.9	-5.6	-5.9	-11.5	-10.5	-7.2	0.5
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	-4.9	-7.3	-12.2	-6.5	-6.4	-12.9	-5.6	-5.9	-11.5	-10.5	-7.2	0.5
EPS (adj.)				-0.25	-0.25	-0.50	-0.21	-0.22	-0.44	-0.39	-0.26	0.02
EPS (rep.)				-0.25	-0.25	-0.50	-0.21	-0.22	-0.44	-0.39	-0.26	0.02

Key figures	H1'22	H2'22	2022	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	2025e	2026e	2027e
Revenue growth-%	34.7 %		64.9 %	67.4 %	39.2 %	49.3 %	110.0 %	60.1 %	80.1 %	88.4 %	75.1 %	84.1 %
Adjusted EBIT growth-%	163.9 %		150.7 %	31.1 %	-5.8 %	9.6 %	-13.6 %	-10.0 %	-11.8 %	-10.2 %	-32.1 %	-111.2 %
EBITDA-%	-695.8 %	-536.2 %	-593.3 %	-517.3 %	-329.0 %	-404.5 %	-171.5 %	-145.8 %	-157.8 %	-54.7 %	-3.2 %	28.8 %
Adjusted EBIT-%	-850.7 %	-665.8 %	-731.9 %	-666.4 %	-450.6 %	-537.1 %	-274.1 %	-253.2 %	-263.0 %	-125.4 %	-48.6 %	3.0 %
Net earnings-%	-846.5 %	-707.1 %	-756.9 %	-679.8 %	-444.8 %	-539.0 %	-278.5 %	-257.0 %	-267.0 %	-129.1 %	-50.7 %	1.8 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	10.2	13.2	14.1	14.0	13.7
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	8.7	11.8	13.0	13.1	12.9
Tangible assets	1.5	1.3	1.2	0.9	0.7
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	0.1	0.1	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	26.3	15.0	7.6	10.1	10.9
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	1.6	1.0	1.4	2.1	2.9
Cash and equivalents	24.7	14.0	6.1	8.0	8.0
Balance sheet total	36.5	28.2	21.7	24.1	24.5

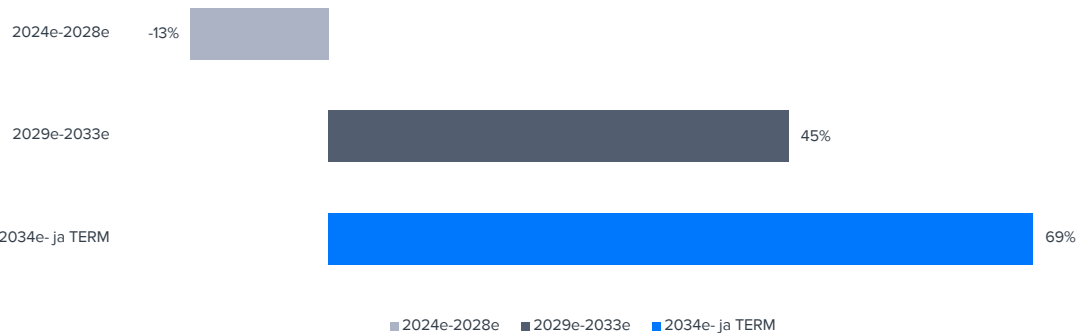
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	29.3	17.9	6.4	-4.1	-11.4
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-26.5	-38.3	-49.8	-60.3	-67.5
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	55.7	56.1	56.1	56.1	56.1
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	3.0	6.2	11.1	20.3	25.4
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	3.0	5.1	10.0	19.3	24.3
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	1.1	1.1	1.1	1.1
Current liabilities	4.2	4.1	4.3	7.8	10.5
Interest bearing debt	0.7	0.7	0.0	2.3	3.6
Payables	3.5	3.4	4.3	5.5	6.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	36.5	28.2	21.7	24.1	24.5

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	2038e	TERM
Revenue growth-%	49.3 %	80.1%	88.4 %	75.1 %	84.1%	54.0 %	39.0 %	31.7 %	25.3 %	20.4 %	9.7 %	7.4 %	4.8 %	3.4 %	2.9 %	2.5 %	2.5 %
EBIT-%	-537.1 %	-263.0 %	-125.4 %	-48.6 %	3.0 %	19.3 %	28.0 %	29.5 %	38.0 %	36.0 %	34.0 %	33.0 %	31.0 %	29.0 %	28.0 %	28.0 %	28.0 %
EBIT (operating profit)	-12.9	-11.4	-10.2	-6.9	0.8	7.8	15.7	21.8	35.2	40.1	41.6	43.4	42.7	41.3	41.0	42.1	
+ Depreciation	3.2	4.5	5.8	6.5	6.8	7.1	8.0	8.8	9.7	10.9	11.8	12.3	12.6	12.9	13.1	13.1	
- Paid taxes	0.0	0.0	0.0	0.0	0.1	1.5	2.3	2.2	0.1	-8.0	-8.3	-8.6	-8.5	-8.2	-8.1	-8.4	
- Tax, financial expenses	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	-0.1	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	0.4	0.5	0.6	0.6	0.5	0.3	0.2	0.1	0.5	0.3	0.1	0.4	0.3	0.2	0.2	0.2	
Operating cash flow	-9.3	-6.3	-3.8	0.1	8.2	16.7	26.2	32.9	45.5	43.3	45.2	47.4	47.1	46.2	46.1	46.9	
+ Change in other long-term liabilities	1.1	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	
- Gross CAPEX	-6.2	-5.5	-5.6	-6.2	-6.8	-7.4	-8.2	-9.0	-9.9	-10.9	-11.8	-12.3	-12.6	-12.9	-13.1	-13.0	
Free operating cash flow	-14.3	-11.8	-9.4	-6.0	1.4	9.2	18.1	23.9	35.6	32.4	33.4	35.1	34.5	33.3	33.0	33.9	
+/- Other	0.8	0.7	0.5	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-13.6	-11.1	-8.9	-6.0	1.4	9.2	18.1	23.9	35.6	32.4	33.4	35.1	34.5	33.3	33.0	33.9	307
Discounted FCFF		-10.0	-7.0	-4.1	0.8	4.9	8.5	9.9	12.9	10.4	9.4	8.7	7.5	6.3	5.5	5.0	45.2
Sum of FCFF present value		114	124	131	135	134	129	121	111	97.9	87.5	78.2	69.5	62.0	55.7	50.2	45.2
Enterprise value DCF		114															
- Interest bearing debt		-5.8															
+ Cash and cash equivalents		14.0															
-Minorities		0.0															
-Dividend/capital return		0.0															
Equity value DCF		122															
Equity value DCF per share		4.6															

Cash flow distribution

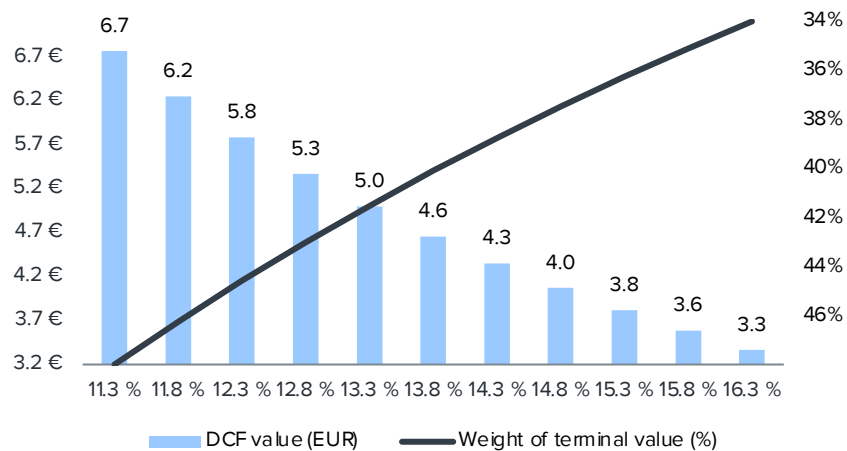


WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	5.0 %
Cost of debt	6.0 %
Equity Beta	1.85
Market risk premium	4.75%
Liquidity premium	3.00%
Risk free interest rate	2.5 %
Cost of equity	14.3 %
Weighted average cost of capital (WACC)	13.8 %

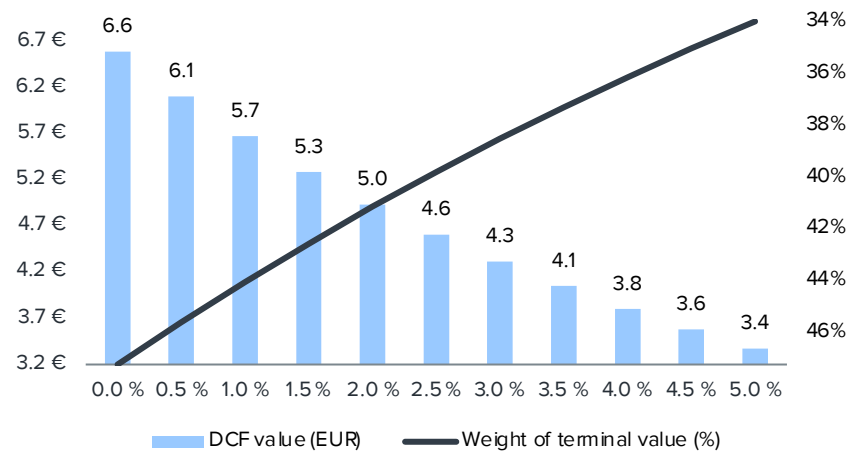
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

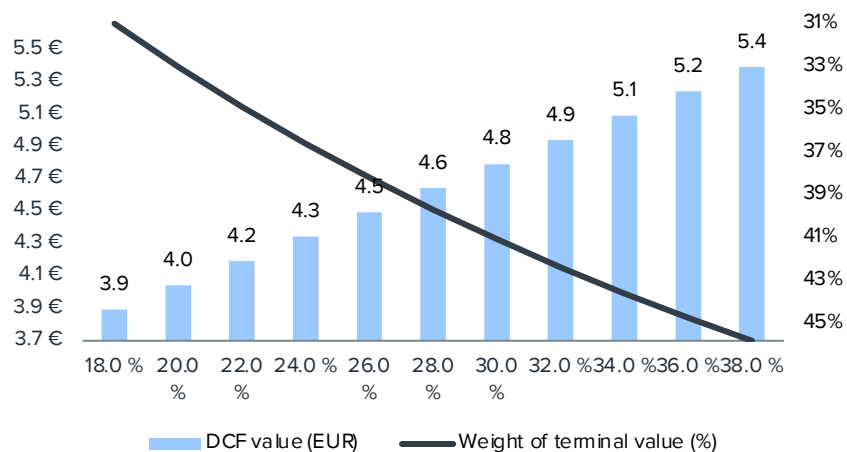
Sensitivity of DCF to changes in the WACC-%



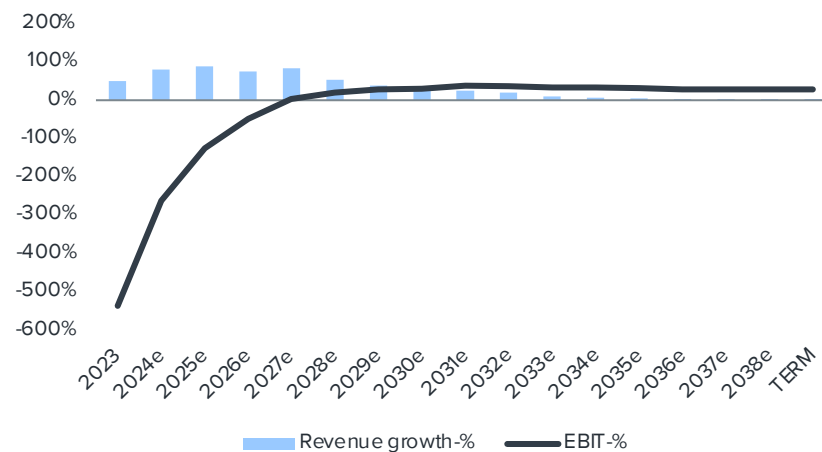
Sensitivity of DCF to changes in the risk-free rate



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	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	1.0	1.6	2.4	4.3	8.1	EPS (reported)	-0.47	-0.50	-0.44	-0.39	
EBITDA	-3.5	-9.5	-9.7	-6.8	-4.4	EPS (adj.)	-0.47	-0.50	-0.44	-0.39	
EBIT	-4.7	-11.8	-12.9	-11.4	-10.2	OCF / share	-0.37	-0.36	-0.24	-0.14	
PTP	-7.6	-12.2	-12.9	-11.5	-10.5	FCF / share	-0.59	-0.52	-0.42	-0.33	
Net Income	-7.6	-12.2	-12.9	-11.5	-10.5	Book value / share	1.13	0.69	0.24	-0.15	
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	43.9	36.5	28.2	21.7	24.1	Revenue growth-%	15%	65%	49%	80%	88%
Equity capital	37.9	29.3	17.9	6.4	-4.1	EBITDA growth-%	114%	176%	2%	-30%	-35%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	78%	151%	10%	-12%	-10%
Net debt	-35.2	-21.0	-8.1	3.9	13.6	EPS (adj.) growth-%				-12%	-12%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-354.2 %	-593.3 %	-404.5 %	-157.8 %	-54.7 %
EBITDA	-3.5	-9.5	-9.7	-6.8	-4.4	EBIT (adj.)-%	-481.4 %	-731.9 %	-537.1 %	-263.0 %	-125.4 %
Change in working capital	2.0	-0.1	0.4	0.5	0.6	EBIT-%	-481.4 %	-731.9 %	-537.1 %	-263.0 %	-125.4 %
Operating cash flow	-1.4	-9.7	-9.3	-6.3	-3.8	ROE-%	-39.0 %	-36.2 %	-54.8 %	-95.0 %	-934.9 %
CAPEX	-3.8	-7.6	-6.2	-5.5	-5.6	ROI-%	-20.9 %	-31.8 %	-45.4 %	-56.6 %	-60.3 %
Free cash flow	-5.3	-15.2	-13.6	-11.1	-8.9	Equity ratio	86.4 %	80.3 %	63.5 %	29.4 %	-17.2 %
						Gearing	-92.8 %	-71.6 %	-45.4 %	60.6 %	-329.2 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S		38.9	34.4	21.9	13.2						
EV/EBITDA (adj.)		neg.	neg.	neg.	neg.						
EV/EBIT (adj.)		neg.	neg.	neg.	neg.						
P/E (adj.)		neg.	neg.	neg.	neg.						
P/B		2.8	5.1	14.2	neg.						
Dividend-%		0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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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 €
12/7/2023	Accumulate	4.20 €	3.45 €
2/29/2024	Accumulate	4.20 €	3.45 €



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