Aiforia Technologies Oyj

Company report

8/30/2024

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Growth is still gathering momentum

Aiforia's revenue growth stalled in the first half of the year, particularly in the US, although recent months' customer wins suggest that the company is continuing to capture the market. Our near-term forecasts have been reduced significantly and we now see a more likely need for additional capital, but customer wins and good sales prospects have improved visibility on revenue growth. After the share price increase (+17%), we think the stock looks quite correctly priced. We reiterate our EUR 4.6 target price and switch our recommendation to Reduce (previous Accumulate).

Positive news flow still not much reflected in revenue

Aiforia's H1 revenue grew by 43% to 1.37 MEUR (Inderes: +110%). The growth came exclusively from Europe, while in the US, contrary to our forecast, revenue decreased. Although a significant part of the current customer wins will not be seen in revenue until H2'24-2025, the ramp-up of new customers seems somewhat slower than expected. Aiforia's order book increased by 34% to 3.2 MEUR. Profitability and cash consumption were close to expectations (revenue -6.1 MEUR, net cash 11 MEUR). With several tenders in Europe, the positive news flow can be expected to continue.

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

Digitizing pathology is at a very early stage, with only 14% of pathology samples being digitized worldwide until 2020. The technological limitations that were an obstacle have largely vanished with time. With an aging population, the need for pathology analysis is rising and a shortage of pathologists already exists, creating clear demand drivers for solutions that increase efficiency and capacity. The competitive landscape in the young market is still evolving. With Aiforia's product's competitive strengths (customizability, cell-level detection, first commercialized predictive AI model) and significant clinical references, we believe Aiforia has clear potential to become one of the market's long-term winners.

Customer wins have already paved the way for clearly stronger revenue growth, but customer processes are slow

The H1 results show that some of the risks to the timing of Aiforia's growth have materialized, especially in the US, and we have revised our forecasts for the coming years to a more cautious stance (revenue -20-30%, EBIT -5-70%). We now expect customer wins to be more clearly reflected in revenue in 2025-28, when the product portfolio is likely to expand with CE marking and customers will have had time to extend the use of Aiforia to more of their pathology laboratory workflows. We then expect very high annual revenue growth of 60-75% and EBIT margin to strengthen from a loss-making investment phase to 7% in 2028. We expect revenue in 2030 to already be 57 MEUR (target: >100 MEUR ~2030). Of course, this will require Aiforia to execute a very strong strategy and continue to win new customers.

### We move aside at current prices to wait for the delayed acceleration in revenue growth

Aiforia's valuation (2024-26e EV/S 36-15x) relies on expectations of very strong and scalable growth. By pricing growth at various rates and confidence intervals we can justify a wide range of EUR 1.4-7.7 per share (previously EUR 1.4-8.0). Based on the evidence we have received, our confidence in the company's long-term growth is high. The risk is increased by the uncertainty of the growth rate (partly realized in H1), which affects the development of the cash position (a share issue now seems more likely). Nevertheless, new customer wins have provided a further growth base and reduced forecast risks (WACC-13.1% -> 12.7%). In our view, the new customer wins and CE approvals we expect justify the current valuation of the stock, but as growth continues to accelerate, we do not see any justification for a materially higher valuation in the near term, so we prefer to wait for the risk/reward ratio to improve.

Recommendation

Reduce
(was Accumulate)

4.60 EUR
(was 4.60 EUR)

Share price:
4.45

Business risk / Valuation risk
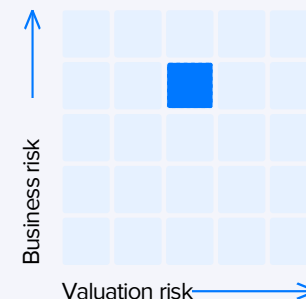
Key figures

	2023	2024e	2025e	2026e
Revenue	2.4	3.4	5.8	9.9
growth-%	49%	41%	71%	71%
EBIT adj.	-12.9	-12.1	-11.8	-10.1
EBIT-% adj.	-537%	-358%	-204%	-102%
Net Income	-12.9	-12.0	-11.9	-10.4
EPS (adj.)	-0.50	-0.42	-0.41	-0.36

P/E (adj.)	neg.	neg.	neg.	neg.
P/B	5.1	8.2	34.7	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	36.4	23.3	14.6

Source: Inderes

Guidance   (Unchanged)
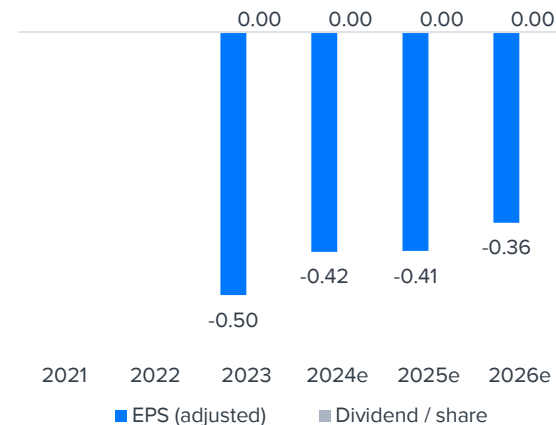
Aiforia has not provided guidance.

Share price

Source: Millistream Market Data AB

Legend: Aiforia Technologies Oyj — OMXHCAP

Revenue and EBIT-%

	2021	2022	2023	2024e	2025e	2026e
Revenue	1.0	1.6	2.4	3.4	5.8	9.9

Legend: Revenue — EBIT-% (adj.)
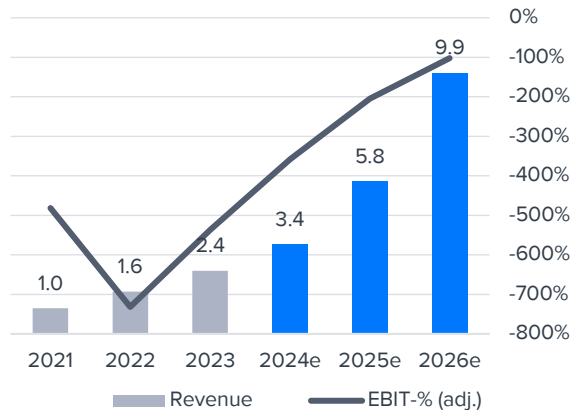
Source: Inderes

EPS and dividend

	2021	2022	2023	2024e	2025e	2026e
EPS (adjusted)			-0.50	-0.42	-0.41	-0.36
Dividend / share			0.00	0.00	0.00	0.00

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	4.45	4.45	4.45
Number of shares, millions	28.8	28.8	28.9
Market cap	128	128	128
EV	123	135	145
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	8.2	34.7	neg.
P/S	37.8	22.1	13.0
EV/Sales	36.4	23.3	14.6
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

Revenue lags behind sales, but Europe takes the lead in growth

Revenue well below our expectations, still waiting for stronger development in the US

Aiforia's H1 revenue grew by 43% to 1.37 MEUR, significantly lower than our expectations (Inderes: +110% and 2.0 MEUR). The main growth drivers in H1 were especially the larger accounts won in Europe, which became Aiforia's most important market (H1'24: 54% of revenue, +434% y/y), ahead of the US (H1'24: 34% of revenue, H2'23: 53%), which held the position in H2'23. The negative surprise in the report was a 30% year-on-year decline in US revenue. This appears to be due to revenue timing factors (the numbers are small in absolute terms), although with the support of the models introduced at the Mayo Clinic at the beginning of the year, we expected a different trend. In the short term, customer growth seems to be slower than expected. Aiforia's revenue consisted largely of software-based income and, to a lesser extent, project deliveries.

Result below our expectations, in line with revenue

Aiforia's H1 loss at EBITDA level decreased to -4.2 MEUR and EBIT to -6.1 MEUR. The overall cost level was quite in line with our expectations and the earnings miss was due to revenue falling 600 TEUR short of estimates. Aiforia has optimized its costs and capitalizations including fixed cash-flow expenses decreased further to 7.8 MEUR in H1 (H1'23: 8.4 MEUR). In 2024, the company is aiming for a level below 15 MEUR. On the other hand, the gross profit rose to 83.6% (74.1%), which we interpret as a result of the reduction of externally purchased cloud computing. Overall, Aiforia's cost discipline seems to have been somewhat tighter than we had previously expected.

Aiforia had a net cash position of 11 MEUR at the end of H1 (cash and cash equivalents of around 18 MEUR). Aiforia also has, according to our estimates, about 2 MEUR of undrawn loan from Business Finland. The overall cash burn rate was within expectations (~-7 MEUR). The successful directed share issue in the spring (~10 MEUR) showed us that Aiforia's financial situation is in good shape despite the cash consumption.

Further growth still in the pipeline and more deals on the way

The company's order book increased by 34% to 3.2 MEUR (H1'23 and H2'23: 2.4 MEUR). Of the transactions after the reporting period, the order book did not yet include the Spanish Castilla y León (0.5 MEUR) and the first order (0.3 MEUR) following the conclusion of the Fimlab framework agreement. The Mayo Clinic contract, on the other hand, is conservatively accounted for in the order book, as the value of the account grows over time when the use of Aiforia's software expands. In Veneto, a scanner tender is underway. 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's comments on the development of the sales pipeline were largely the same as before. The sales pipeline looks promising, especially in view of the large tenders in Europe (Italy, Spain, France, UK and Germany), where we believe further customer wins can still be expected. In the US, however, the outlook has deteriorated, and it now seems to us that customers are generally waiting for FDA approvals to facilitate the implementation of AI models before making purchase decisions. The FDA model is somewhat cumbersome, so progress in the US clinical market will probably require a relaxation of the regulatory model, which Aiforia's comments suggest could happen already in the near future. New CE-marked models can be expected to come out of the pipeline before the end of 2024, allowing for expanded sales to existing European customers and increased contract sizes for new sales.

Estimates	H1'23	H1'24	H1'24e	H1'24e	Consensus		Difference (%)	2024e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	0.96	1.37	2.02				-32%	4.3
EBITDA	-5.0	-4.2	-3.5				-19%	-7.0
EBIT	-6.4	-6.1	-5.6				-8%	-11.5
PTP	-6.5	-6.0	-5.7				-5%	-11.7
EPS (reported)	-0.25	-0.22	-0.20				-11%	-0.41
Revenue growth-%	67.4 %	42.8 %	110.0 %				-67.2 pp	41.2 %
EBIT-% (adj.)	-666.4 %	-442.6 %	-277.6 %				-165 pp	-266.2 %

Source: Inderes

Growth expectations shifted forward

Estimate revisions 2024-2026e

- Aiforia's H1 revenue growth was significantly slower than our forecast. In Europe, customers' processes to implement AI models seem to be slower than expected and the clinical market in the US seems to be progressing slower than expected. For these reasons, we significantly lowered our revenue forecasts for the next few years.
  - In the long term (approximately 10 years), we still expect the market to grow to approximately the same size as in our previous forecasts, so the impact of this change on our long-term revenue forecasts was small.
- Our result forecasts decreased in line with our revenue forecasts.
  - Aiforia maintained a very good cost discipline in H1 and seems willing to make frugal growth investments in the coming years to reach its profitability targets (positive EBIT in 2027). Therefore, we have slightly lowered our expectations for growth expenses.
  - However, the impact on our profitability forecasts for the coming years of the markedly lower revenue forecasts was much greater than that of the cost reduction. We now expect the company to reach positive EBIT in 2028, one year later than the company's target.
- With the changes, we consider the need for a share issue more likely than before and now forecast a share issue of 10 MEUR (previously 5 MEUR) in 2025.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	4.3	3.4	-22%	8.1	5.8	-29%	14.2	9.9	-30%
EBITDA	-7.0	-8.2	-18%	-4.4	-7.0	-60%	0.5	-3.9	-812%
EBIT (exc. NRIs)	-11.5	-12.1	-6%	-10.1	-11.8	-17%	-5.9	-10.1	-71%
EBIT	-11.5	-12.1	-6%	-10.1	-11.8	-17%	-5.9	-10.1	-71%
PTP	-11.7	-12.0	-3%	-10.4	-11.9	-15%	-6.2	-10.4	-67%
EPS (excl. NRIs)	-0.41	-0.42	-3%	-0.36	-0.41	-15%	-0.22	-0.36	-67%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation is at the right level in the short term

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 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.

Short-term sales multiples provide some support for the company's valuation, although they are very high in absolute terms (2024-25e EV/S 36-23x) due to the low revenue level. We approach multiple-based valuation through our 2025 and 2027 EV/S multiples and our estimates (see next page). In our scenarios, we now assume a share issue of 10 MEUR for 2025 (previously 5 MEUR) using the current share price with a 10% discount (€3.95), typical for a directed issue, as valuation. The company may need even more financing if its revenue growth is slower than we forecast. Debt may also be an option as cash-flow neutrality approaches. A multiples-based valuation for the next few years indicates a range of EUR 3.8-5.6/share in present value, against which the valuation of the stock seems reasonable.

We use the discounted cash flow (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 is very sensitive to the assumptions used, so it also acts as a guiding indicator. We approach the DCF model through three scenarios (see next page), which include varying degrees of strong growth. A weaker scenario is also possible, but the implementation of the company's growth strategy has progressed promisingly and the likelihood of a nosedive is already quite limited in our opinion. The DCF

scenarios indicate a present value of EUR 1.4-7.7 per share (previous 1.4-8.0) and in the neutral scenario EUR 4.9 per share (previous 5.0), relative to which the stock is slightly discounted. The DCF model assumes that Aiforia will only use debt for any new financing. This is a bit optimistic, but as cash-flow neutrality approaches, it is a viable financing option. As customer wins continued, we lowered our required rate of return slightly to 12.7% (previous 13.1%).

After rising share price and lowered forecasts, we stand aside to witness an interesting growth story

With methods that price growth at various rates and confidence intervals, we can justify the wide EUR 1.4-7.7 (previous 1.4-8.0) per share range that depicts the high uncertainty of the company's value. The implementation of Aiforia'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. If the company progresses according to our forecasts, the return potential would become attractive again in the medium term, and winning new customers and revenue growth becoming visible in figures would be clear positive drivers. However, we believe that the delay in the expected strong growth (regulation, customer slowness, slower opening of the US market) justifies a more cautious view in the short term.

We also see Aiforia as a potential acquisition target. The company is strategically well-positioned thanks to having gained significant customers in the clinical segment. In our view, the company has 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.

Valuation	2024e	2025e	2026e
Share price	4.45	4.45	4.45
Number of shares, millions	28.8	28.8	28.9
Market cap	128	128	128
EV	123	135	145
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	8.2	34.7	neg.
P/S	37.8	22.1	13.0
EV/Sales	36.4	23.3	14.6
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-%
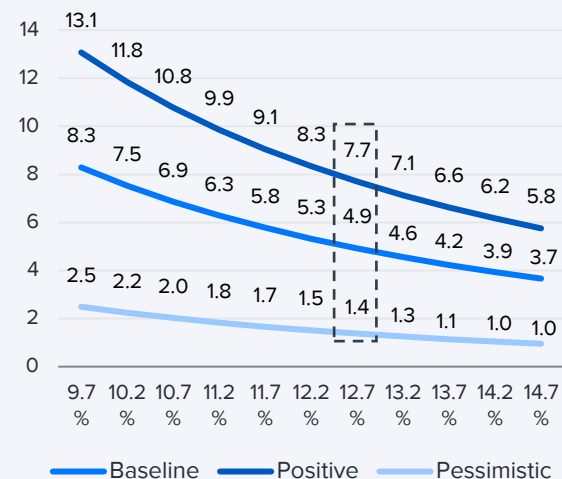
Source: Inderes

Valuation in graphs

Estimated future valuation ranges,
2025e and 2027e

2025e, MEUR	Low	High
Revenue	5.8	5.8
EV/S, LTM	**24**	**30**
EV/S, NTM	14.0	17.5
EV	139	174
Net cash	2.9	2.9
Market cap	142	177
Per share	**4.5**	**5.6**
Per share currently	**3.8**	**4.8**

2027e, MEUR	Low	High
Revenue	17.1	17.1
EV/S, LTM	**12**	**16**
EV/S, NTM	7.5	10.0
EV	205	273
Net cash	-9	-9
Market cap	195	264
Per share	**6.2**	**8.4**
Per share currently	**4.1**	**5.6**

Source: Inderes
NTM = next 12 months
LTM = last 12 months

The scenarios include a directed share issue of 10 MEUR in 2025 assuming a valuation level of EUR 4.01 per share (share price at the time of the update -10%).

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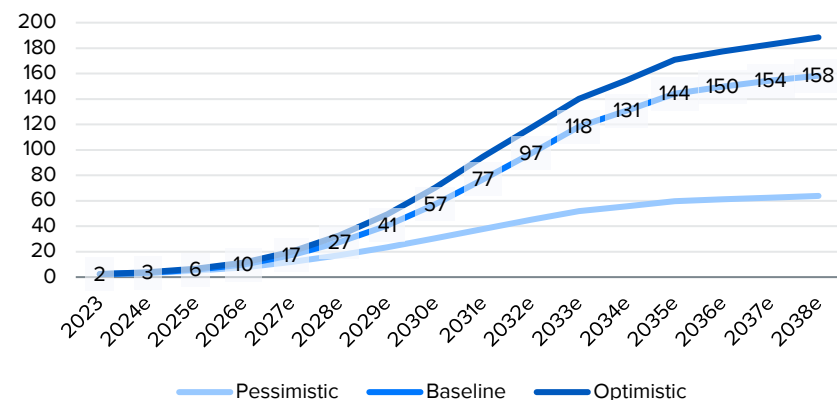
Profitability development under different scenarios (EBIT),
Fiscal periods 2023-2038e, MEUR

Valuation table

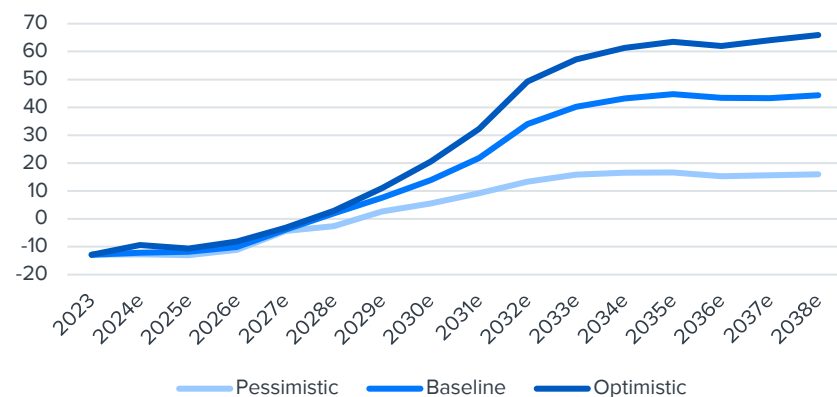| Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price			5.22	3.23	3.49	4.45	4.45	4.45	4.45
Number of shares, millions			25.8	25.8	26.0	28.8	28.8	28.9	29.0
Market cap			135	83	91	128	128	128	129
EV			99	62	82	123	135	145	148
P/E (adj.)			neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/E			neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/B			3.5	2.8	5.1	8.2	34.7	neg.	neg.
P/S			>100	51.9	37.8	37.8	22.1	13.0	7.5
EV/Sales			>100	38.9	34.4	36.4	23.3	14.6	8.7
EV/EBITDA			neg.	neg.	neg.	neg.	neg.	neg.	59.6
EV/EBIT (adj.)			neg.	neg.	neg.	neg.	neg.	neg.	neg.
Payout ratio (%)			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 %

Source: Inderes

EV/Sales

EV/Sales
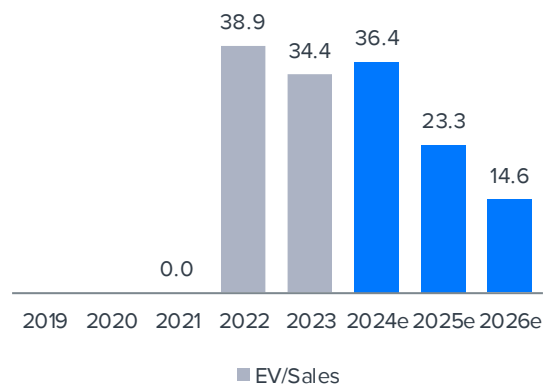
Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		Revenue growth-%		EBIT-%		Rule of 40
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2025e
Sectra AB	4093	4025	90.3	71.2	74.9	60.2	16.2	13.8	21%	18%	18%	19%	37%
ContextVision AB	40	33	13.0	12.5	7.7	7.1	2.8	2.7	-1%	4%	22%	22%	26%
Roche Holding AG	246129	277721	13.0	11.9	11.2	10.3	4.3	4.0	2%	6%	33%	34%	40%
Feedback PLC	9	0					0.1	0.1	17%	91%	-345%	-185%	-94%
PainChek Ltd	38	36		28.4			6.9	4.0	50%	72%	-22%	14%	86%
Renalytix PLC	22	8					1.9	0.9	40%	104%	-534%	-181%	-77%
Diagnos Inc	21	22					111.7	108.1		5%			
CellaVision AB	570	563	31.1	24.4	25.8	21.1	8.3	7.3	17%	15%	27%	30%	45%
RaySearch Laboratories AB	472	478	26.3	21.4	10.7	9.9	4.6	4.2	15%	12%	18%	19%	31%
Aiforia Technologies Oyj (Inderes)	**128**	**123**	**-10.2**	**-11.4**	**-15.1**	**-19.4**	**36.4**	**23.3**	**41%**	**71%**	**-358%**	**-204%**	**-133%**
Average			**34.7**	**28.3**	**26.1**	**21.7**	**17.4**	**16.1**	**18%**	**33%**	**-87%**	**-25%**	
Median	**37.9**	**33.3**	**26.3**	**22.9**	**11.2**	**10.3**	**4.6**	**4.0**	**17%**	**14%**	**18%**	**19%**	**35%**
Diff-% to median	*238%*	*270%*	*-139%*	*-150%*	*-235%*	*-287%*	*686%*	*479%*	*142%*	*427%*			*-481%*

Source: Refinitiv / Inderes

Income statement

Income statement	H1'22	H2'22	2022	H1'23	H2'23	2023	H1'24	H2'24e	2024e	2025e	2026e	2027e
Revenue	0.6	1.0	1.6	1.0	1.4	2.4	1.4	2.0	3.4	5.8	9.9	17.1
EBITDA	-4.0	-5.5	-9.5	-5.0	-4.7	-9.7	-4.2	-4.0	-8.2	-7.0	-3.9	2.5
Depreciation	-0.9	-1.3	-2.2	-1.4	-1.7	-3.2	-1.9	-2.1	-3.9	-4.9	-6.3	-6.4
EBIT (excl. NRI)	-4.9	-6.9	-11.8	-6.4	-6.5	-12.9	-6.1	-6.1	-12.1	-11.8	-10.1	-3.9
EBIT	-4.9	-6.9	-11.8	-6.4	-6.5	-12.9	-6.1	-6.1	-12.1	-11.8	-10.1	-3.9
Net financial items	0.0	-0.4	-0.4	-0.1	0.1	0.0	0.1	0.1	0.2	-0.1	-0.3	-0.3
PTP	-4.9	-7.3	-12.2	-6.5	-6.4	-12.9	-6.0	-6.0	-12.0	-11.9	-10.4	-4.2
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	-6.0	-6.0	-12.0	-11.9	-10.4	-4.2
EPS (adj.)				-0.25	-0.25	-0.50	-0.21	-0.21	-0.42	-0.41	-0.36	-0.15
EPS (rep.)				-0.25	-0.25	-0.50	-0.21	-0.21	-0.42	-0.41	-0.36	-0.15

Key figures	H1'22	H2'22	2022	H1'23	H2'23	2023	H1'24	H2'24e	2024e	2025e	2026e	2027e
Revenue growth-%	34.7 %		64.9 %	67.4 %	39.2 %	49.3 %	42.8 %	40.1 %	41.2 %	71.1 %	71.1 %	72.4 %
Adjusted EBIT growth-%	163.9 %		150.7 %	31.1 %	-5.8 %	9.6 %	-5.2 %	-6.4 %	-5.8 %	-2.4 %	-14.5 %	-61.3 %
EBITDA-%	-695.8 %	-536.2 %	-593.3 %	-517.3 %	-329.0 %	-404.5 %	-306.0 %	-198.1 %	-241.9 %	-120.5 %	-39.0 %	14.6 %
Adjusted EBIT-%	-850.7 %	-665.8 %	-731.9 %	-666.4 %	-450.6 %	-537.1 %	-442.6 %	-301.0 %	-358.4 %	-204.4 %	-102.1 %	-22.9 %
Net earnings-%	-846.5 %	-707.1 %	-756.9 %	-679.8 %	-444.8 %	-539.0 %	-434.8 %	-298.5 %	-353.7 %	-206.1 %	-105.2 %	-24.7 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	**10.2**	**13.2**	**14.4**	**14.9**	**14.2**
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	8.7	11.8	13.3	13.9	13.4
Tangible assets	1.5	1.3	1.2	1.0	0.8
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**	**14.0**	**9.7**	**10.3**
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	1.2	1.7	2.3
Cash and equivalents	24.7	14.0	12.8	8.0	8.0
Balance sheet total	**36.5**	**28.2**	**28.4**	**24.6**	**24.5**

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	**29.3**	**17.9**	**15.6**	**3.7**	**-6.7**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-26.5	-38.3	-50.2	-62.2	-72.6
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	65.8	65.8	65.8
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**3.0**	**6.2**	**9.0**	**14.7**	**22.1**
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	7.9	13.6	21.0
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**	**3.8**	**6.2**	**9.1**
Interest bearing debt	0.7	0.7	0.0	1.4	3.3
Payables	3.5	3.4	3.8	4.7	5.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**36.5**	**28.2**	**28.4**	**24.6**	**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 %	41.2 %	71.1 %	71.1 %	72.4 %	60.8 %	48.0 %	40.6 %	34.3 %	26.7 %	21.7 %	10.5 %	10.3 %	3.8 %	3.2 %	2.5 %	2.5 %
EBIT-%	-537.1 %	-358.4 %	-204.4 %	-102.1 %	-22.9 %	7.3 %	18.6 %	24.3 %	28.5 %	35.0 %	34.0 %	33.0 %	31.0 %	29.0 %	28.0 %	28.0 %	28.0 %
EBIT (operating profit)	**-12.9**	**-12.1**	**-11.8**	**-10.1**	**-3.9**	**2.0**	**7.6**	**13.9**	**21.9**	**34.0**	**40.2**	**43.2**	**44.7**	**43.4**	**43.3**	**44.3**	
+ Depreciation	3.2	3.9	4.9	6.3	6.4	5.7	6.7	7.1	7.4	8.6	9.5	10.3	10.8	11.2	11.4	11.4	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	0.3	1.1	1.4	1.1	0.0	-7.3	-8.6	-8.9	-8.6	-8.6	-8.9	
- 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	0.2	0.5	0.5	0.5	0.5	0.4	0.3	0.8	0.6	0.4	0.7	0.8	0.3	0.3	0.2	
Operating cash flow	**-9.3**	**-7.9**	**-6.5**	**-3.3**	**3.0**	**8.5**	**15.8**	**22.6**	**31.1**	**43.1**	**42.7**	**45.6**	**47.4**	**46.3**	**46.3**	**47.1**	
+ 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	-5.2	-5.3	-5.6	-5.8	-6.0	-6.9	-7.2	-7.6	-8.6	-9.5	-10.3	-10.8	-11.2	-11.4	-11.3	
Free operating cash flow	**-14.3**	**-13.1**	**-11.8**	**-8.9**	**-2.9**	**2.5**	**8.9**	**15.4**	**23.5**	**34.5**	**33.2**	**35.3**	**36.6**	**35.1**	**34.9**	**35.8**	
+/- Other	1.4	10.5	1.1	0.3	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	-12.9	-2.7	-10.7	-8.6	-2.9	2.5	8.9	15.4	23.5	34.5	33.2	35.3	36.6	35.1	34.9	35.8	361
Discounted FCFF		**-2.5**	**-9.2**	**-6.5**	**-1.9**	**1.5**	**4.7**	**7.2**	**9.8**	**12.8**	**10.9**	**10.3**	**9.5**	**8.1**	**7.1**	**6.5**	**65.4**
Sum of FCFF present value		134	136	145	152	154	152	148	140	130	118	107	96.5	87.0	79.0	71.9	65.4
Enterprise value DCF		**134**															
- Interest bearing debt		-5.8															
+ Cash and cash equivalents		14.0															
-Minorities		0.0															
-Dividend/capital return		0.0															
Equity value DCF		**142**															
Equity value DCF per share		**4.9**															
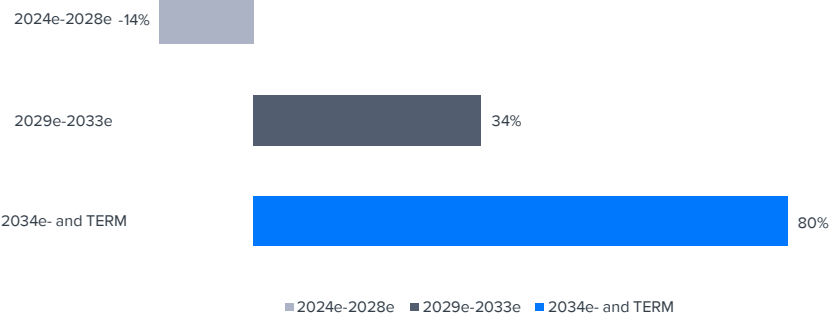
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	5.0 %
Cost of debt	6.0 %
Equity Beta	1.70
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
Cost of equity	**13.1 %**
Weighted average cost of capital (WACC)	**12.7 %**

Source: Inderes

Cash flow distribution

- 2024e-2028e: -14%
- 2029e-2033e: 34%
- 2034e- and TERM: 80%

Legend: 2024e-2028e ■ 2029e-2033e ■ 2034e- and TERM ■

DCF sensitivity calculations and key assumptions in graphs

Sensitivity of DCF to changes in the WACC-%

Bar values (DCF value EUR): 7.5, 6.9, 6.3, 5.8, 5.3, 4.9, 4.6, 4.2, 3.9, 3.7, 3.4

X-axis: 10.2 %, 10.7 %, 11.2 %, 11.7 %, 12.2 %, 12.7 %, 13.2 %, 13.7 %, 14.2 %, 14.7 %, 15.2 %

Legend: DCF value (EUR) — Weight of terminal value (%)

Sensitivity of DCF to changes in the risk-free rate

Bar values (DCF value EUR): 7.4, 6.8, 6.2, 5.7, 5.3, 4.9, 4.6, 4.3, 4.0, 3.7, 3.5

X-axis: 0.0 %, 0.5 %, 1.0 %, 1.5 %, 2.0 %, 2.5 %, 3.0 %, 3.5 %, 4.0 %, 4.5 %, 5.0 %

Legend: DCF value (EUR) — Weight of terminal value (%)

Sensitivity of DCF to changes in the terminal EBIT margin

Bar values (DCF value EUR): 4.0, 4.1, 4.3, 4.5, 4.7, 4.9, 5.1, 5.3, 5.5, 5.7, 5.9

X-axis: 18.0 %, 20.0 %, 22.0 %, 24.0 %, 26.0 %, 28.0 %, 30.0 %, 32.0 %, 34.0 %, 36.0 %, 38.0 %

Legend: DCF value (EUR) — Weight of terminal value (%)

Growth and profitability assumptions in the DCF calculation

X-axis: 2023, 2024e, 2025e, 2026e, 2027e, 2028e, 2029e, 2030e, 2031e, 2032e, 2033e, 2034e, 2035e, 2036e, 2037e, 2038e, TERM

Legend: Revenue growth-% — EBIT-%

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
Revenue	1.0	1.6	2.4	3.4	5.8
EBITDA	-3.5	-9.5	-9.7	-8.2	-7.0
EBIT	-4.7	-11.8	-12.9	-12.1	-11.8
PTP	-7.6	-12.2	-12.9	-12.0	-11.9
Net Income	-7.6	-12.2	-12.9	-12.0	-11.9
Extraordinary items	0.0	0.0	0.0	0.0	0.0

Per share data	2021	2022	2023	2024e	2025e
EPS (reported)		-0.47	-0.50	-0.42	-0.41
EPS (adj.)		-0.47	-0.50	-0.42	-0.41
OCF / share		-0.37	-0.36	-0.28	-0.23
FCF / share		-0.59	-0.50	-0.09	-0.37
Book value / share		1.13	0.69	0.54	0.13
Dividend / share		0.00	0.00	0.00	0.00

Balance sheet	2021	2022	2023	2024e	2025e
Balance sheet total	43.9	36.5	28.2	28.4	24.6
Equity capital	37.9	29.3	17.9	15.6	3.7
Goodwill	0.0	0.0	0.0	0.0	0.0
Net debt	-35.2	-21.0	-8.1	-4.9	7.1

Growth and profitability	2021	2022	2023	2024e	2025e
Revenue growth-%	15%	65%	49%	41%	71%
EBITDA growth-%	114%	176%	2%	-16%	-15%
EBIT (adj.) growth-%	78%	151%	10%	-6%	-2%
EPS (adj.) growth-%				-16%	0%
EBITDA-%	-354.2 %	-593.3 %	-404.5 %	-241.9 %	-120.5 %
EBIT (adj.)-%	-481.4 %	-731.9 %	-537.1 %	-358.4 %	-204.4 %
EBIT-%	-481.4 %	-731.9 %	-537.1 %	-358.4 %	-204.4 %
ROE-%	-39.0 %	-36.2 %	-54.8 %	-71.4 %	-123.5 %
ROI-%	-20.9 %	-31.8 %	-45.4 %	-51.3 %	-56.0 %
Equity ratio	86.4 %	80.3 %	63.5 %	55.0 %	15.0 %
Gearing	-92.8 %	-71.6 %	-45.4 %	-31.1 %	191.1 %

Cash flow	2021	2022	2023	2024e	2025e
EBITDA	-3.5	-9.5	-9.7	-8.2	-7.0
Change in working capital	2.0	-0.1	0.4	0.2	0.5
Operating cash flow	-1.4	-9.7	-9.3	-7.9	-6.5
CAPEX	-3.8	-7.6	-6.2	-5.2	-5.3
Free cash flow	-5.3	-15.2	-12.9	-2.7	-10.7

Valuation multiples	2021	2022	2023	2024e	2025e
EV/S		38.9	34.4	36.4	23.3
EV/EBITDA		neg.	neg.	neg.	neg.
EV/EBIT (adj.)		neg.	neg.	neg.	neg.
P/E (adj.)		neg.	neg.	neg.	neg.
P/B		2.8	5.1	8.2	34.7
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 €
3/8/2024	Accumulate	4.20 €	3.44 €
5/30/2024	Accumulate	4.60 €	3.79 €
8/30/2024	Reduce	4.60 €	4.45 €

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