FARON PHARMACEUTICALS

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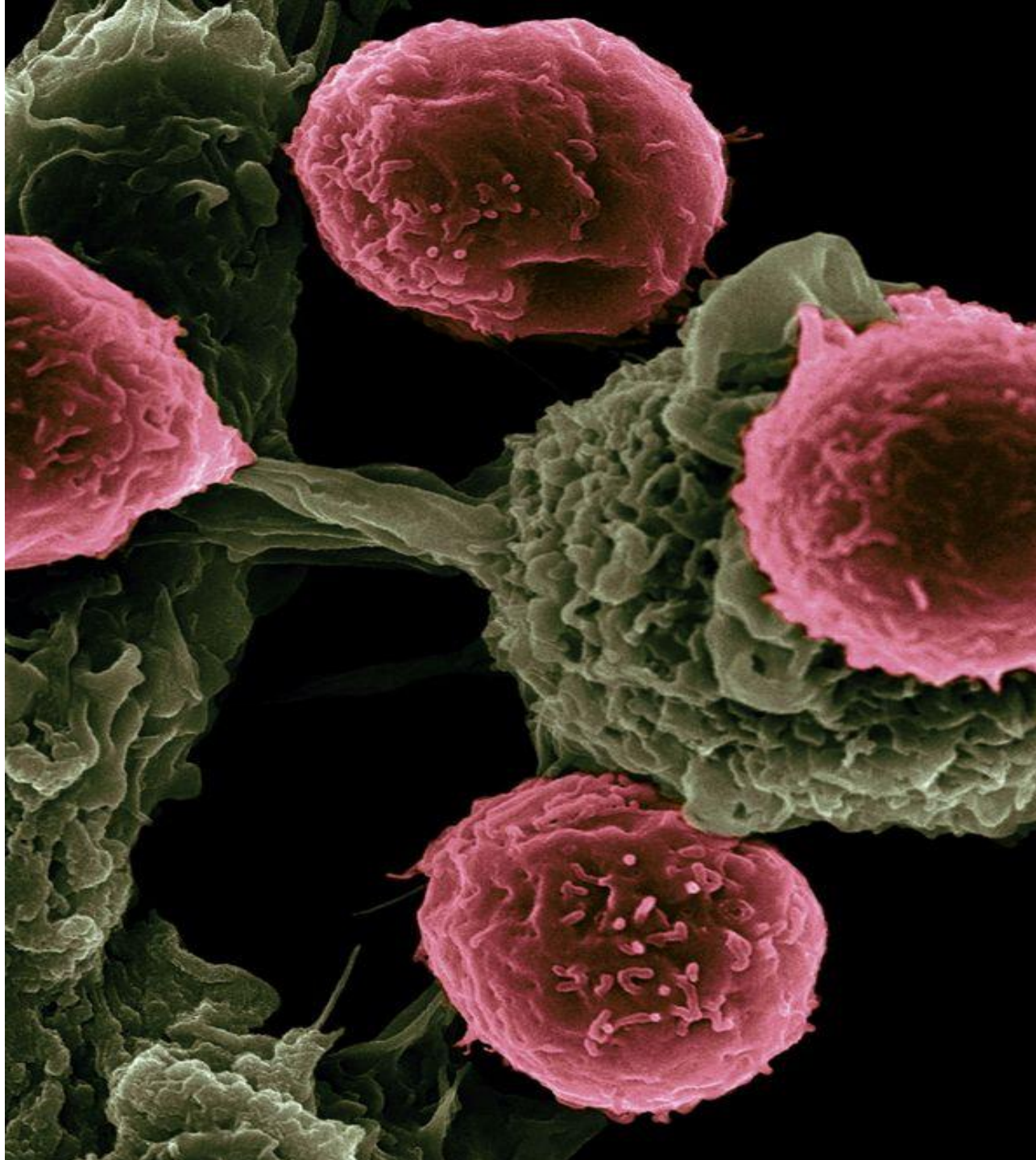


INDERES CORPORATE CUSTOMER

COMPANY REPORT

New trials set to get underway

Faron's early part of the year proceeded largely in line with our expectations, both operationally and financially. The most significant event of the period was the rights issue carried out in the spring, which removed the acute funding pressure and shifted the focus of the investment story back to the clinical program. The company's outlook remains essentially unchanged, so we reiterate our recommendation and target price. In our view, the key near-term risks relate to adherence to the BEXERA trial schedule and, consequently, the sufficiency of financing.

New trials are starting in the coming months

Faron is a clinical-stage drug development company with no revenue, and its value creation is based on the development of the investigational drug bexmarilimab (BEX). The company is preparing to start patient recruitment for the important Phase 2b BEXERA trial (in frontline high-risk MDS*) during H2'26. In this study, BEX is combined with the standard-of-care azacitidine. With the current funding, the first readout should take place in Q4'27. We believe the schedule is tight, and there is a possibility of delays. Regarding other blood cancers, Faron supports investigator-initiated trials in AML* and r/r MDS.

In solid tumors, the early-stage trials BEXAR and BLAZE have received trial approvals, and the company expects patient recruitment to begin during Q3'26. The BEXAR trial is investigating the safety and efficacy of BEX in combination with chemotherapy (doxorubicin) in soft tissue sarcoma. BLAZE, in turn, combines BEX with an immune checkpoint inhibitor (PD-1 inhibitor) in melanoma and advanced lung cancer. The FINPROVE breast cancer trial was canceled for BEX after the review period because it did not fit into the scope of the broader academic project. The core of value creation lies in the Faron-funded BEXERA trial, while other projects bring additional optionality.

Costs in line with expectations

EBIT was -11.1 MEUR (Q2'25: -11.8 MEUR). The loss was in line with our forecast (-10.7 MEUR). R&D expenses rose to 7.6 MEUR (7.1 MEUR), driven by the completion of the BEXMAB trial, the ramp-up of BEX manufacturing, and preparation costs for BEXERA. Administrative costs, on the other hand, fell to 3.5 MEUR (4.7 MEUR). The net result exceeded our expectations, which was partly due to the change in the fair value of the IPF options and the convertible bond. However, these items had no cash flow effect. The liquidation of subsidiaries also contributed 0.4 MEUR to the earnings.

We find the risk/reward ratio to be attractive

We made no significant changes to our forecasts, as the operating costs and the progress of the clinical program were in line with our expectations.

The baseline scenario in our DCF model gives the stock a value of EUR 0.75. We estimate the fair value range of the share to be roughly EUR 0.3–1.5. Our assessment is based on DCF scenarios, where the positive scenario relies on favorable clinical readouts, non-dilutive trial financing, and the schedule according to the company's plans. The negative scenario, on the other hand, represents weaker results, a greater increase in the number of shares than our estimates, and a delay in commercialization. Following the recent share issue, the financial position enables the full advancement of the trial program and limits near-term risks. Therefore, we believe the risk/reward ratio is attractive. However, we flag that in drug development, weak research results can lead to a permanent loss of capital.

Based on our estimate, the implementation of the research program will also require additional funding at the latest in H2'27, which the company is seeking through a partnership agreement. The financing situation entails binary risk: non-dilutive solutions (a partnership or grants) can support the share price, while a potential large share issue could put downward pressure on it.

Recommendation
Buy
(was Buy)

Target price:
EUR 0.75
(was EUR 0.75)

Share price:
EUR 0.47

Business risk

Valuation risk

	2025	2026e	2027e	2028e
Revenue	0.0	0.0	0.0	0.0
growth-%	0%	0%	0%	0%
EBIT adj.	-19.0	-22.6	-27.0	-27.6
PTP	-27.3	-20.0	-29.0	-28.6
EPS (adj.)	-0.23	-0.09	-0.12	-0.11
Dividend	0.00	0.00	0.00	0.00
P/E (adj.)	neg.	neg.	neg.	neg.
P/B	neg.	24.5	neg.	neg.
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	neg.	neg.	neg.
EV/EBITDA	neg.	neg.	neg.	neg.
EV/S	>100	>100	>100	>100

Source: Inderes

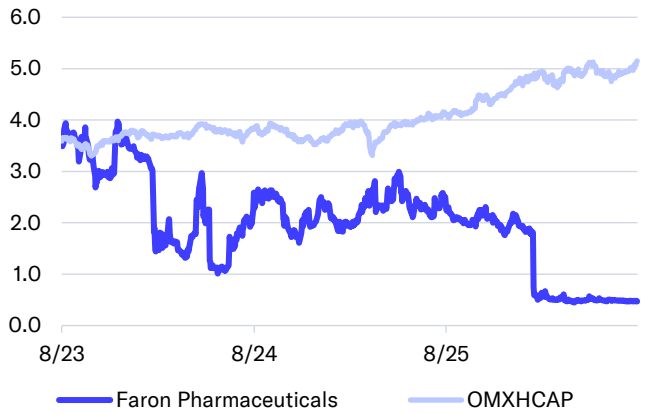
Guidance

Faron does not provide any guidance.

* MDS = myelodysplastic syndrome
* r/r MDS = relapsed or refractory MDS

*AML = acute myeloid leukemia

Share price



Source: Millistream Market Data AB

Value drivers

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

Risk factors

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

Valuation level	2026e	2027e	2028e
Share price	0.47	0.47	0.47
Number of shares, millions	222.8	246.1	265.5
Market cap	105	116	125
Enterprise value (EV)	97	127	154
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	24.5	neg.	neg.
P/S	>100	>100	>100
EV/Sales	>100	>100	>100
EV/EBITDA	neg.	neg.	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Dividend/earnings (%)	0.0%	0.0%	0.0%
Dividend yield-%	0.0%	0.0%	0.0%

Source: Inderes

Figures and clinical development in line with our expectations

H1 in line with expectations

- Operating result of -11.1 MEUR was roughly in line with our estimate (-10.7 MEUR).
- R&D costs were 7.6 MEUR (H1'25: 7.1 MEUR) and they increased slightly in connection with the completion of the BEXMAB trial and preparation costs for BEXERA.
- Administrative expenses were 3.5 MEUR (H1'25: 4.7 MEUR).
- The net result of -8.5 MEUR clearly beat our forecast (-11.3 MEUR), but the difference was due to non-cash items. The net result was boosted by the change in the fair value of IPF options and the convertible bond, as well as the liquidation of subsidiaries.
- At the end of the period, the cash position stood at 32.0 MEUR (13.5 MEUR) following the share issue.
- Cash flow from operating activities of -12.6 MEUR (-10.3 MEUR) was weighed down by the working capital commitment.
- The company estimates that its cash will be sufficient until Q4'27, which operationally means completing the first BEXERA readout. We believe this involves risks, as the recruitment schedule is tight and delays are possible.

Faron as an investment

- As a drug development company, Faron does not yet have revenue.
- The company's value creation is based on advancing research. If the results are good, the probability of commercializing the drug increases. In the commercial phase, we expect Faron to receive license payments from a larger pharmaceutical partner, who will handle the global sales and marketing of the drug.
- Poor research results most likely mean a permanent loss of capital for the investor.
- Bexmarilimab, which is being developed primarily for high-risk myelodysplastic syndrome and secondarily for several solid tumors, is advancing to clinical phase 2b. The trial will investigate preliminary efficacy and the most appropriate dose.
- Based on previous trials, bexmarilimab is safe and well tolerated. Despite the promising preliminary results, it is still too early to draw conclusions regarding efficacy.
- If the results are positive, the company can proceed to a pivotal Phase 3 study for marketing authorization, which is significantly larger in duration and patient numbers than Phase 2.
- The funding is sufficient until the first Phase 2b readout in Q4'27.

Estimates	H1'25	H1'26	H1'26e	2026e
MEUR / EUR	**Comparison**	**Actualized**	**Inderes**	**Inderes**
Revenue	0.0	0.0	0.0	0.0
EBIT	-11.9	-11.1	-10.7	-22.6
PTP	-19.4	-8.5	-11.3	-20.0
EPS (reported)	-0.16	-0.06	-0.07	-0.09

Source: Inderes

Only small forecast revisions

Estimate revisions

- Our cost forecasts remain a matter of fine-tuning and timing adjustments following the report.
- We assume that the cost structure is in line with the company's reported cash runway.

Clinical program

- Based on the report, the clinical program has progressed largely according to plan.
- Central to value creation is the execution of the BEXERA trial on the scheduled timeline. Patient recruitment is expected to begin during H2'26, and the first readout is planned for Q4'27. The schedule is tight, but feasible.
- Other investigator-initiated trials in blood cancers in r/r MDS and AML are in the preparation phase. For the AML trial, the first patients are expected during H2'26.
- For solid tumors, clinical trial approvals for the BEXAR and BLAZE trials have now been secured, and the first patients are expected during Q3'26.

Long-term forecasts rely on the BEXERA trial

- The Phase 2b trial features a high-quality, randomized, double-blind study design. It provides high-quality data with a limited patient population (30/cohort).
- Based on the trial, the most appropriate dose will be selected for further development. High-quality data will also be generated on safety and efficacy. However, the small size of the trial limits its statistical power, i.e., the reliability of the conclusions.
- If the Phase 2b results are sufficiently strong, the trial will expand into a pivotal Phase 3 study for marketing authorization after an interim analysis. Phase 3 requires substantial funding, which Faron aims to finance through a licensing agreement.
- If the clinical development program progresses favorably, we consider obtaining marketing authorization for HR-MDS possible in 2029 at the earliest (accelerated approval), but more likely in 2031 at the earliest after a Phase 3 trial.
- We estimate the probability of success for bexmarilimab's drug development in high-risk MDS to be approximately 30%, based on historical averages, which we have discussed here.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	0.0	0.0	0%	0.0	0.0	0%	0.0	0.0	0%
EBIT	-22.6	-22.6	0%	-30.5	-27.0	11%	-31.2	-27.6	12%
PTP	-25.7	-20.0	22%	-33.9	-29.0	14%	-35.0	-28.6	18%
EPS (excl. NRIs)	-0.15	-0.09	41%	-0.20	-0.12	40%	-0.20	-0.11	45%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation on the attractive side

The valuation is based on risk-adjusted estimates

Faron is a very high-risk investment because the company's business depends virtually entirely on developing a single drug candidate. Weak trial results regarding safety or efficacy could destroy the invested capital, even entirely. Capital destruction is a relatively likely outcome based on the probabilities of successful drug development. In a positive scenario, Faron succeeds in commercialization first in frontline HR-MDS and later in other indications, which could lead to the share price multiplying from its current level. For other indications, the program relies on investigator-initiated trials that may not have been optimized for the purpose of applying for marketing authorization.

We estimate the probability of bexmarilimab entering the market to be ~30%. Potentially good results in future studies increase the probability. Our assessment is mainly based on historical probabilities, which we have discussed in this article. Our estimate for post-marketing authorization revenue relies on our assessed patient numbers, the potential sales price of the drug, royalty payments, and other variables, which are described in more detail in our extensive report (in Finnish).

DCF baseline scenario value EUR 0.75

Our valuation is based on risk-weighted estimates that consider the binary risk associated with the probability of success in drug development. In the absence of revenue, our estimate is based on a DCF calculation that models the present value of cash flows far in the future (in the 2030s). There are no changes in the DCF compared to our previous report.

We estimate the valuation through three DCF scenarios, which are presented in the chart below. Based on the scenarios, we determine the fair value of the share to be in a wide range of EUR 0.3-1.5. We note that the scenarios do not represent our view of the best and worst possible path for the business but are intended to provide investors with a perspective on the sensitivity of the valuation and various development paths that we believe are realistic.

Thus, the DCF model is highly sensitive to the assumptions used. Investors should look at DCF in this type of share more as indicative than a precise indicator of share value. The weighted average cost of capital (WACC) in our DCF model is 12%, which is a typical level for the industry. From a business perspective, WACC is raised by uncertainty of the timing of revenue, the drug's sales price, the achievable revenue, and the terms of possible cooperation agreements, including the royalty percentage. On the other hand, the industry's defensive nature and the strong cash flows resulting from market entry limit the risk level.

As a positive option for investors, there is a scenario where a larger pharmaceutical company acquires Faron or licenses the rights to bexmarilimab at a significant premium relative to the current valuation. We consider the probability of an acquisition to be low at this stage and do not see it having a significant impact on the expected return. In our opinion, a licensing agreement is a significantly more probable option, which is reflected in the optimistic scenario of our fair value range. The table below provides investors with examples of industry agreements from recent years for reference.

DCF valuation ranges

	Optimistic	Pessimistic
Probability of success (baseline scenario ~30%)	50%	20%
Share dilution (baseline scenario ~20%)	10%	50%
Duration of the study program	Based on estimates	Commercialization delay of 1 year
Value of the stock	1.5	0.25

Source: Inderes

The optimistic scenario assumes a successful Phase 2b study that supports the implementation of the pivotal phase. The trial will be funded with a minor increase in the number of shares and will take place in accordance with our forecasts.

The pessimistic scenario is based on clinically uncertain results regarding efficacy and safety, meaning the uncertainty of success remains high. The study program is delayed from the plan, and its financing will increase the number of shares more than we estimate.

Examples of industry agreements 2025–26

Year	Company	Indication	Advance payment	Total value
2025	Vigil Neuroscience	Alzheimer's	470	470
2025	BerGenBio	AML/MDS, NSCLC	65	65
2025	Cantargia	HS, SS	33	613
2025	MaaT Pharma	GVHD	11	29
2025	LTZ Therapeutics	Blood cancers and solid tumors	50	0
2026	Dark Blue Therapeutics	AML and solid tumors	0	840
2026	Terns Pharmaceuticals	CML	6700	6700
2026	Ajax Therapeutics	Myelofibrosis	0	2300
2026	Kartos Therapeutics	Myelofibrosis	450	1750
2026	Innate Pharma	TCL	75	580

Source: Inderes,
contract values in MUSD

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	3.24	3.71	3.77	2.24	2.45	**0.47**	**0.47**	**0.47**	**0.47**
Number of shares, millions	53.2	59.8	68.8	104.6	118.6	**222.8**	**246.1**	**265.5**	**265.5**
Market cap	172	222	259	234	290	**105**	**116**	**125**	**125**
EV	169	228	265	237	303	**97**	**127**	**154**	**167**
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	**neg.**	**neg.**	**neg.**	**neg.**
P/E	neg.	neg.	neg.	neg.	neg.	**neg.**	**neg.**	**neg.**	**neg.**
P/B	58.8	neg.	neg.	neg.	neg.	**24.5**	**neg.**	**neg.**	**neg.**
P/S	>100	>100	>100	>100	>100	**>100**	**>100**	**>100**	**>100**
EV/Sales	>100	>100	>100	>100	>100	**>100**	**>100**	**>100**	**>100**
EV/EBITDA	neg.	neg.	neg.	neg.	neg.	**neg.**	**neg.**	**neg.**	**neg.**
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	neg.	**neg.**	**neg.**	**neg.**	**neg.**
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**

Source: Inderes

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Income statement

Income statement	H1'24	H2'24	2024	H1'25	H2'25	2025	H1'26	H2'26e	2026e	2027e	2028e	2029e
Revenue	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.1**
EBITDA	**-11.1**	**-7.2**	**-18.3**	**-11.8**	**-7.0**	**-18.8**	**-11.2**	**-11.4**	**-22.5**	**-26.7**	**-27.4**	**-14.4**
Depreciation	-0.2	-0.2	-0.4	-0.1	-0.1	-0.2	0.1	-0.2	-0.1	-0.3	-0.2	-0.2
EBIT (excl. NRI)	**-11.3**	**-7.4**	**-18.7**	**-11.9**	**-7.1**	**-19.0**	**-11.1**	**-11.5**	**-22.6**	**-27.0**	**-27.6**	**-14.5**
EBIT	**-11.3**	**-7.4**	**-18.7**	**-11.9**	**-7.1**	**-19.0**	**-11.1**	**-11.5**	**-22.6**	**-27.0**	**-27.6**	**-14.5**
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-3.1	-4.2	-7.3	-7.5	-0.8	-8.3	2.6	0.0	2.6	-2.0	-1.0	-1.0
PTP	**-14.4**	**-11.6**	**-26.0**	**-19.4**	**-7.8**	**-27.3**	**-8.5**	**-11.5**	**-20.0**	**-29.0**	**-28.6**	**-15.5**
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
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**-14.4**	**-11.5**	**-25.9**	**-19.4**	**-7.8**	**-27.3**	**-8.5**	**-11.5**	**-20.0**	**-29.0**	**-28.6**	**-15.5**
EPS (adj.)	**-0.14**	**-0.11**	**-0.25**	**-0.16**	**-0.07**	**-0.23**	**-0.04**	**-0.05**	**-0.09**	**-0.12**	**-0.11**	**-0.06**
EPS (rep.)	**-0.14**	**-0.11**	**-0.25**	**-0.16**	**-0.07**	**-0.23**	**-0.04**	**-0.05**	**-0.09**	**-0.12**	**-0.11**	**-0.06**

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	**1.5**	**1.3**	**1.4**	**1.1**	**0.9**
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	1.6	1.3	1.3	1.1	0.8
Tangible assets	-0.1	0.0	0.0	0.0	0.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**11.1**	**15.8**	**40.4**	**11.7**	**5.5**
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	1.6	3.5	2.5	2.5	2.5
Cash and equivalents	9.5	12.3	37.9	9.2	3.0
Balance sheet total	**12.5**	**17.2**	**41.8**	**12.8**	**6.4**

Source: Inderes

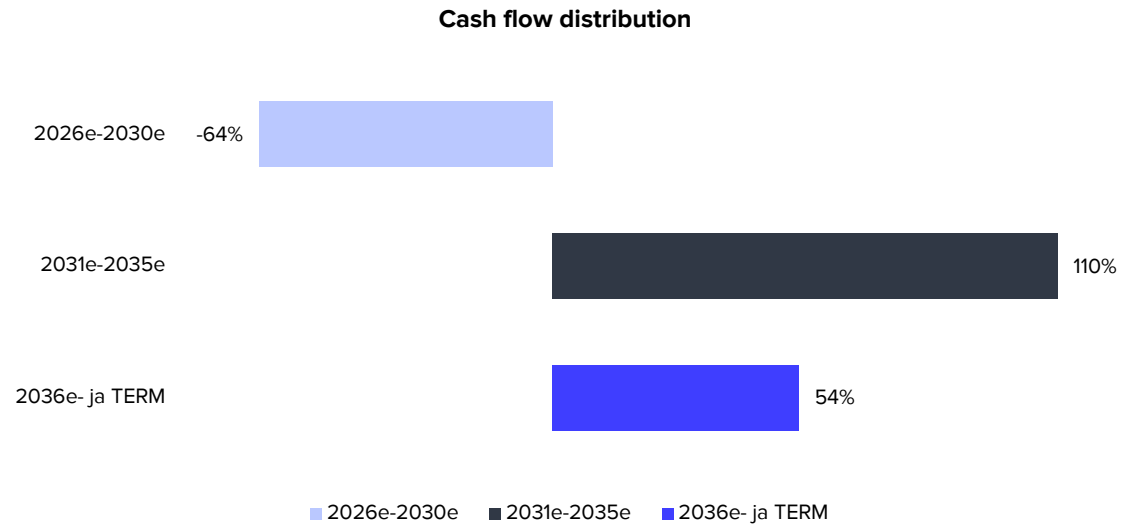
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**-9.8**	**-18.5**	**4.3**	**-14.7**	**-33.3**
Share capital	2.7	2.7	2.7	2.7	2.7
Retained earnings	-197.4	-222.9	-242.9	-271.9	-300.5
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	185	202	244	254	264
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**12.1**	**16.8**	**30.5**	**20.5**	**29.4**
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	8.1	0.0	0.0	0.0	18.9
Convertibles	0.0	14.2	30.0	20.0	10.0
Other long-term liabilities	4.0	2.6	0.5	0.5	0.5
Current liabilities	**10.2**	**18.9**	**7.0**	**7.0**	**10.3**
Interest bearing debt	3.7	10.3	0.0	0.0	3.3
Payables	6.4	8.6	7.0	7.0	7.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**12.5**	**17.2**	**41.8**	**12.8**	**6.4**

DCF calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	2038e	2039e	2040e	2041e	TERM
Revenue growth-%							141.0 %	113.7 %	75.8 %	75.3 %	40.9 %	23.8 %	12.3 %	3.9 %	0.0 %	0.0 %	-100.0 %	0.0 %
EBIT-%							-12.1 %	45.2 %	67.2 %	80.8 %	85.7 %	88.1 %	89.1 %	89.2 %	88.8 %	85.4 %	0.0 %	0.0 %
EBIT (operating profit)	**-19.0**	**-22.6**	**-27.0**	**-27.6**	**-14.5**	**-6.2**	**-1.6**	**12.9**	**33.7**	**71.0**	**106**	**135**	**153**	**160**	**159**	**153**	**0.0**	
+ Depreciation	0.2	0.0	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.5	-2.6	-6.7	-14.2	-21.2	-27.0	-30.7	-31.9	-31.8	-30.6	0.0	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	0.2	-0.6	0.0	0.0	2.4	-0.3	-0.3	-0.8	0.9	2.3	-2.6	-1.6	-1.2	-1.7	-1.8	0.0	0.0	
Operating cash flow	**-18.5**	**-23.2**	**-26.7**	**-27.4**	**-12.0**	**-6.3**	**-1.4**	**9.6**	**28.0**	**59.2**	**82.4**	**107**	**122**	**126**	**125**	**122**	**0.0**	
+ Change in other long-term liabilities	-1.4	-2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.5	0.0	0.0	0.0	
- Gross CAPEX	-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	0.0	0.0	0.0	0.0	
Free operating cash flow	**-20.1**	**-25.3**	**-26.7**	**-27.4**	**-12.0**	**-6.3**	**-1.4**	**9.6**	**28.0**	**59.2**	**82.4**	**107**	**122**	**126**	**125**	**122**	**0.0**	
+/- Other	32.0	42.8	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	11.9	17.5	-26.7	-27.4	-12.0	-6.3	-1.4	9.6	28.0	59.2	82.4	107	122	126	125	122	0.0	0.0
Discounted FCFF		**16.8**	**-22.9**	**-21.0**	**-8.2**	**-3.9**	**-0.8**	**4.7**	**12.2**	**23.0**	**28.6**	**33.0**	**33.6**	**31.0**	**27.6**	**24.1**	**0.0**	**0.0**
Sum of FCFF present value		178	161	184	205	213	217	218	213	201	178	149	116	82.7	51.7	24.1	0.0	0.0
Enterprise value DCF		**178**																
- Interest bearing debt		-24.5																
+ Cash and cash equivalents		12.3																
+ Associated companies		0.0																
-Minorities		0.0																
-Dividend/capital return		0.0																
Equity value DCF		**165**																
Equity value DCF per share		**0.74**																

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

Source: Inderes



Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	0.0	0.0	0.0	**0.0**	**0.0**
EBITDA	-28.2	-18.3	-18.8	**-22.6**	**-26.7**
EBIT	-28.6	-18.7	-19.0	**-22.6**	**-27.0**
PTP	-30.9	-26.0	-27.3	**-20.0**	**-29.0**
Net Income	-30.9	-25.9	-27.3	**-20.0**	**-29.0**
Extraordinary items	0.0	0.0	0.0	**0.0**	**0.0**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	10.2	12.5	17.2	**41.8**	**12.8**
Equity capital	-15.2	-9.8	-18.5	**4.3**	**-14.7**
Goodwill	0.0	0.0	0.0	**0.0**	**0.0**
Net debt	6.0	2.3	12.2	**-7.9**	**10.8**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	-28.2	-18.3	-18.8	**-22.6**	**-26.7**
Change in working capital	3.7	-4.6	0.2	**-0.6**	**0.0**
Operating cash flow	-24.6	-22.8	-18.5	**-23.2**	**-26.7**
CAPEX	-0.2	-0.6	-0.1	**0.0**	**0.0**
Free cash flow	0.8	14.3	11.9	**17.5**	**-26.7**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	>100	>100	>100	**>100**	**>100**
EV/EBITDA	neg.	neg.	neg.	**neg.**	**neg.**
EV/EBIT (adj.)	neg.	neg.	neg.	**neg.**	**neg.**
P/E (adj.)	neg.	neg.	neg.	**neg.**	**neg.**
P/B	neg.	neg.	neg.	**24.5**	**neg.**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	-0.45	-0.25	-0.23	**-0.09**	**-0.12**
EPS (adj.)	-0.45	-0.25	-0.23	**-0.09**	**-0.12**
OCF / share	-0.36	-0.22	-0.16	**-0.10**	**-0.11**
OFCF / share	0.01	0.14	0.10	**0.08**	**-0.11**
Book value / share	-0.22	-0.09	-0.16	**0.02**	**-0.06**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	0%	0%	0%	**0%**	**0%**
EBITDA growth-%	-3%	35%	-3%	**-21%**	**-18%**
EBIT (adj.) growth-%	-4%	35%	-2%	**-19%**	**-19%**
EPS (adj.) growth-%	6%	45%	7%	**61%**	**-31%**

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/8/2022	Accumulate	2.80 €	2.44 €
8/26/2022	Accumulate	2.80 €	2.22 €
10/17/2022	Accumulate	2.50 €	1.97 €
1/10/2023	Reduce	3.00 €	3.71 €
3/6/2023	Reduce	3.00 €	3.74 €
4/18/2023	Reduce	3.60 €	3.85 €
8/30/2023	Accumulate	4.00 €	3.64 €
11/14/2023	Accumulate	3.50 €	3.00 €
12/22/2023	Reduce	3.50 €	3.69 €
3/4/2024	Reduce	2.00 €	1.89 €
3/14/2024	Reduce	2.00 €	1.85 €
5/23/2024	Reduce	2.40 €	2.78 €
6/5/2024	Buy	2.00 €	1.31 €
7/30/2024	Accumulate	2.50 €	1.95 €
8/29/2024	Accumulate	2.80 €	2.39 €
12/11/2024	Accumulate	2.80 €	2.24 €
2/28/2025	Accumulate	2.80 €	2.03 €
4/15/2025	Accumulate	3.20 €	2.70 €
6/3/2025	Reduce	3.00 €	3.02 €
7/29/2025	Accumulate	3.00 €	2.23 €
8/28/2025	Reduce	2.50 €	2.44 €
10/24/2025	Accumulate	2.50 €	2.01 €
2/10/2026	Reduce	1.50 €	1.89 €
3/5/2026	Reduce	0.65 €	0.70 €
3/12/2026	Buy	0.75 €	0.52 €
8/27/2026	Buy	0.75 €	0.47 €

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