Sernova Corp.

Canada, USA, Germany / Biotechnology
TSX, Canada; OTCQX, US; FSE, Germany
Bloomberg: SVA CN
ISIN: CA81732W1041

FY 22/23 results & pipeline update

RATING	**BUY**
PRICE TARGET	**CAD 3.80**
Return Potential	533.3%
Risk Rating	High

COHORT 2 UPDATE ON THE T1D STUDY WILL BE A KEY UPCOMING CATALYST

Sernova has published FY 22/23 financial statements and provided a business update. The figures were roughly as expected. The company reported no revenue and EBIT of CAD-39.2m (FBe: CAD-38.8m; FY 21/22: CAD-24.8m). The cash position & other ST investments amounted to CAD19.8m at YE 22/23 (FB: CAD20.0m; YE 21/22: CAD49.8m), which may fund operations into Q4 2024. We anticipate that the company will close a non-dilutive partnering deal in H1 2024 to substantially expand financial leeway. The company's latest updates at the International Pancreas & Islet Transplant Association (IPITA) congress in San Diego, CA, on 26 October 2023 confirmed encouraging prospects based on development progress achieved with the company's 1st generation (1G) and 3rd generation (3G) products for type 1 diabetes (T1D). We expect Sernova to provide a further update on the 1G product's 2nd cohort using the 10-channel Cell Pouch in Q1 2024. Achieving insulin independence in first patients with this larger Cell Pouch without the need for top-up via the portal vein would represent a major milestone and stock catalyst. Moreover, the company's much larger peer Vertex Pharmaceuticals had to pause the phase 2 study of their 1G programme VX-880 in T1D patients due to the death of two patients until an independent committee and regulators analyse all data. Although these deaths were apparently unrelated to VX-880, it will cost valuable time. Sernova's 1G hypothyroidism programme is on track to report preclinical data in H1 2024, progress toward an IND filing in H2 2024 and start patient enrolment shortly after. We reiterate our Buy rating and a CAD3.80 price target.

Preclinical haemophilia A programme received FDA orphan drug and rare disease paediatric designations in the US This is encouraging news as it may facilitate later clinical development and potential registration; the company also obtains 7 years of market exclusivity. Sernova is collaborating with the University of Piemonte Orientale (Italy) under the direction of Professor Antonia Follenzi MD, PhD, a pioneer of cell and gene therapy approaches to cure haemophilia. We expect this earlier-stage programme may enter clinical development by H2 2025 or H1 2026. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E
Revenue (CAD m)	0.00	0.00	0.00	0.00	40.00	0.00
Y-o-y growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (CAD m)	-5.26	-6.94	-24.75	-40.50	0.80	-34.40
EBIT margin	n.a.	n.a.	n.a.	n.a.	2.0%	n.a.
Net income (CAD m)	-5.32	-6.97	-24.42	-39.00	1.30	-34.30
EPS (diluted) (CAD)	-0.03	-0.03	-0.09	-0.13	0.00	-0.11
DPS (CAD)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (CADm)	-4.94	-6.86	-14.75	-30.44	3.86	-30.84
Net gearing	-124.4%	-99.3%	-7.9%	-69.7%	-135.2%	-152.7%
Liquid assets (CAD m)	3.95	27.87	49.78	19.81	23.61	17.71

RISKS

Risks include, but are not limited to development, regulatory, competition and financing risks.

COMPANY PROFILE

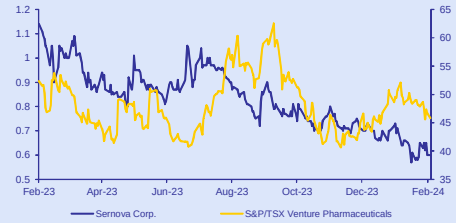
Sernova is a Canadian, clinical-stage biotech company focusing on the R&D of cell therapeutics towards potential 'functional cures' to treat chronic debilitating diseases. Sernova's core technology platform is the Cell Pouch System™, an implantable device containing immune-protected cells designed to create a natural environment where therapeutic cells can thrive. The company has a lead diabetes drug candidate in phase 1/2 clinical development, and preclinical programmes for hypothyroidism and haemophilia A.

MARKET DATA

As of 05 Feb 2024	
Closing Price	CAD 0.60
Shares outstanding	303.33m
Market Capitalisation	CAD 182.00m
52-week Range	CAD 0.57 / 1.14
Avg. Volume (12 Months)	171,250

Multiples	2022/23	2023/24E	2024/25E
P/E	n.a.	140.0	n.a.
EV/Sales	n.a.	4.1	n.a.
EV/EBIT	n.a.	202.7	n.a.
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Oct 2023	
Liquid Assets	CAD 19.81m
Current Assets	CAD 21.02m
Intangible Assets	CAD 0.32m
Total Assets	CAD 22.11m
Current Liabilities	CAD 9.59m
Shareholders' Equity	CAD 12.51m

SHAREHOLDERS

Evotec AG	5.3%
Management and Directors	9.0%
Freefloat and others	85.7%

Analyst: Christian Orquera, Tel. +49 (0)30 - 80 93 96 90

P&L KPI OVERVIEW OF 22/23 RESULTS

FY 2022/23 financial results roughly as expected Sernova reported EBIT of CAD-40.5m (FBe: CAD-38.8m; 21/22: CAD-24.8m). The substantial OPEX expansion YoY chiefly reflects higher R&D expenses of CAD32.0m (FBe: CAD30.2m; 21/22: CAD16.9m) for the ongoing 1G Cell Pouch phase 1/2 study that included a higher number of patients from the added second cohort and progress in the 2G Cell Pouch programme using iPSC islets. We note that 21/22 R&D expenses included one-off share-based compensation of approximately CAD2.4m. G&A also rose to CAD8.5m (FBe: CAD8.6m; 21/22: CAD7.9m). The net financial result increased to CAD1.5m (FBe: CAD 1.4m; 21/22: CAD333k) chiefly due to higher interest income of CAD1.5m (interest expense and a foreign exchange gain roughly offset each other). The net result amounted to CAD-39.0m (FBe: CAD-37.4m; 21/22: CAD-24.4m).

Table 1: P&L 2022/23 reported figures vs FB estimates and 2021/22 (KPIs)

in CAD'000	22/23	22/23E	Delta	21/22	Delta
Revenue	0	0	-	0	-
General & Administrative	-8,459	-8,600	-	-7,857	-
Research & Development	-32,043	-30,200	-	-16,897	-
OPEX	-40,502	-38,800	-	-24,754	-
EBIT	**-40,502**	**-38,800**	**-**	**-24,754**	**-**
margin	-	-	-	-	-
Net financial result	1,504	1,400	7%	333	351%
Net income / loss	**-38,998**	**-37,400**	**-**	**-24,421**	**-**

Source: First Berlin Equity Research, Sernova Corp

Balance sheet 2022/23 – Cash & ST investments down to CAD19.8m; cash runway into Q4/24, indicating financing measures in H1/24 Sernova's cash position including short-term investments declined to CAD19.8m at YE 22/23 (FB: CAD20.0m; YE 21/22: CAD49.8m), due to funding of ongoing operations. Based on the company's planned burn rate, management expects the cash runway to reach into Q4 2024. We therefore anticipate that the company will close a non-dilutive partnering deal in H1 2024 which would substantially strengthen the balance sheet and expand the cash runway. Sernova's equity position dropped to CAD12.5m at YE 22/23 (YE 21/22: CAD47.6m). The equity ratio (ER) declined to 57% at YE 22/23 (YE 21/22 ER: 91%). Accounts payables/accrued liabilities increased from CAD4.6m at YE 21/22 to CAD9.5m at YE 22/23 and are chiefly related to R&D and clinical trial expenses in cooperation with Evotec to develop the iPSC cells.

Table 2: Balance Sheet 2022/23 vs 2021/22, (KPIs)

in CAD'000	2022/23	2021/22	Delta
Cash	8,722	3,776	*131%*
Short-term investments	11,084	46,000	*-76%*
Account receivables & others	1,218	1,315	*-7%*
Current Assets, Total	**21,023**	**51,091**	*-59%*
Property plant and equipment	393	402	*-2%*
Intangible assets	317	517	*-39%*
Deposits	259	224	*16%*
Other LT assets	114	251	*-55%*
Non-Current Assets, Total	**1,083**	**1,394**	*-22%*
Accounts payable	9,456	4,600	*106%*
Other current liabilities	136	140	*-3%*
Other LT liabilites	0	136	*-100%*
Total Liabilities	**9,592**	**4,876**	*97%*
Equity	12,514	47,608	*-74%*
Equity ratio	57%	91%	-

Source: Sernova Corp

Cash flow statement FY 2022/23 In FY 22/23, negative cash flow from operating activities increased to CAD-30.3m (FY 21/22: CAD-14.4m) chiefly due to higher operating expenses in connection with R&D. CAPEX plays a minor role at Sernova as it is largely externalised to CROs and partners such as a US GMP-certified contract manufacturer (Cell Pouch) and Evotec (iSPC islets). CAPEX declined to CAD99k in FY 22/23 from CAD329k in FY 21/22; whereas cash flow from other investments, chiefly in connection with change in funds in short-term marketable securities, amounted to CAD34.9m (FY 21/22: CAD-46.0m). Cash flow from financing activities was CAD503k, chiefly stemming from grant contribution receipts and research collaboration advances. In FY 21/22, cash flow from financing activities amounted to CAD36.7m, of which CAD27.1m stemmed from a private placement with the partner Evotec and CAD 9.4m from the exercise of warrants and options. Net cash flow was CAD4.9m (FY 21/22: CAD-24.1m).

Table 3: Cash flow statement 2022/23 vs 2021/22 (KPIs)

in CAD'000	2022/23	2021/22	Delta
Operating cash flow	-30,339	-14,421	*n.a.*
Cash flow from investing	34,781	-46,341	*n.a.*
Cash flow from financing	503	36,665	*-99%*
Net cash flow	4,946	-24,098	*n.a.*

Source Sernova Corp

NEXT UPDATE ON THE 1G PRODUCT FOR T1D PLANNED FOR Q1 2024

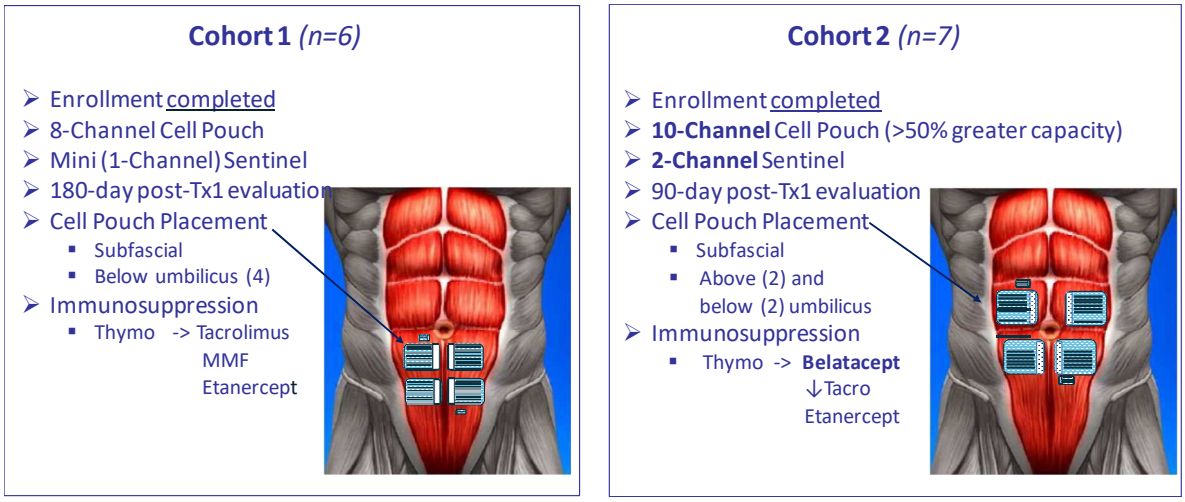
1G product (Cell Pouch + implant of donor islets + immunosuppression) for T1D undergoing two-cohort phase 1/2 study in the US – encouraging results presented at IPITA... In 2018, the company initiated a US single-arm two-cohort phase 1/2 clinical study led by Dr Piotr Witkowski at the University of Chicago to evaluate T1D patients with severe hypoglycaemia unawareness following the transplant of islets into the Cell Pouch System supported by immunosuppression (https://classic.clinicaltrials.gov/ct2/show/NCT03513939). On 26 October 2023, Sernova provided the latest scientific update at the International Pancreas & Islet Transplant Association (IPITA) congress in San Diego, CA. The company has reported the following interim results:

1) **Cohort 1 using small 8-channel Pouch:** All 6 patients enrolled in the first cohort achieved HbA1c values in the non-diabetic range (<6.5%) with persistent serum fasting and stimulated C-peptide levels, and the first 5 of the 6 have discontinued insulin therapy, having achieved sustained insulin independence for current durations from 6 months to 3.5 years. Patient #6 continues to be followed and is receiving a decreased daily insulin dose.

2) **Cohort 2 using larger 10-channel Pouch:** All 7 patients have been enrolled, of which at least 6 patients have received the higher capacity 10-channel Cell Pouch and at least 5 patients have received a first islet transplant. Recruitment of the last patient, #7, was completed at the end of December 2023 and is expected to be enrolled with Cell Pouch implants shortly. One of these patients (#2) showed persistent fasting and glucose-stimulated blood C-peptide levels, which indicate insulin production after only one Cell Pouch Islet Transplant (CPITx1). In the first cohort, patients started being C-peptide positive only after the second implant. Unfortunately, this patient's second islet transplant (CPITx2) was contaminated with Candida albicans fungus (most likely from the donor) and the CPITx2 islets and Pouches had to be explanted to prevent a systemic infection. The patient achieved insulin independence with a very modest portal vein top-up which is encouraging, plus the Cell Pouch performed as described holding all the contaminated islets in place allowing safe explantation.

…and the next update on Cohort 2 is planned for Q1 2024 – key milestone and catalyst for the stock The size of the 10-channel Cell Pouch has been optimised for higher dosing with optimal islet concentration so that patients achieve insulin independence after two implants of islets, eliminating the need for top-up via the portal vein. Based on Sernova's extensive experience with donor islets obtained in Cohort 1, we see good chances that Sernova will achieve the target optimal dose of implanted islets, leading to insulin independence. We note that this is a complex procedure when using donor pancreata, as this dose is not so easy to predict due to the varying quality and quantity of the islets extracted. As a result, achieving insulin independence with the 10-channel Cell Pouch without top-ups would be a significant milestone and share catalyst for Sernova. Patients in Cohort 2 are additionally benefiting from an improved, more patient-friendly immunosuppression therapy intended to prevent rejection of the cell islets. This regimen administers the less toxic Belatacept instead of Tacrolimus, enabling also lower doses of the drug Mycophenolate mofetil (MMF). As a result, this modified immunosuppression regimen is leading to improved patient tolerability, according to the lead investigators.

Figure 1: Overview of the multi-cohort phase 1/2 T1D and hypoglycaemia unawareness study



Source: First Berlin Equity Research, Sernova Corp

2G PRODUCT FOR T1D IS SET TO ENTER PHASE 1/2 CLINICAL TRIALS IN Q4 2025

The 2G product for T1D using 10-channel Cell Pouch + Evotec iPSC islets +immunosuppression Sernova's partner Evotec is at the late stage of preclinical development & optimisation of chemistry, manufacturing and control (CMC) efforts to bring the induced pluripotent stem cell islets (iPSCs) into the clinic. Sernova now states that the start of phase 1/2 clinical trials is planned for Q4 2025 (vs previous guidance of 2025). The main reason for the slight timeline extension is the complexity of scaling up iPSCs and therapeutic cell manufacturing.

3G PRODUCT FOR T1D MAY INCLUDE MILD IMMUNOSUPPRESSION

The 3G product for T1D using 10-channel Cell Pouch + induced pluripotent stem cell islets + conformal coating immunoprotection Sernova's preclinical conformal coating (CC) immune protection technology which encapsulates islets in a thin capsule capable of conforming to the islet shape and size is in our view very promising. The CC technology offers the potential to lower or ideally eliminate (mid to long-term goal) the need for immune suppression medication for its cell therapy treatment of T1D. The lead investigator, Dr. Alice Tomei, provided an update on the 3G product for the T1D program at the IPITA conference in San Diego. Preclinical data in a gold standard rat model demonstrated that the final optimised conformal coating (CC) formulation works well, exhibiting significantly improved cell compatibility and overall biocompatibility. The main takeaways were:

- **Insulin independence of CC+Abatacept achieved in rat model** The performance of the optimised CC formulation has been enhanced by the addition of the mild immune modulating agent (IMA) Abatacept, resulting in sustained normal blood glucose levels and complete insulin independence in a rat model. We believe there may still be room for further preclinical optimisation of the combo CC+IMA (e.g. potential replacement of Abatacept with Belatacept which has shown a greater inhibition of T-cell activation, improving the frequency of administration, etc) until the programme undergoes phase 1/2 clinical studies. The good safety profile of Abatacept/Belatacept+CC makes it an attractive commercial solution.
- **Progress in up-scaling of CC production** The company has achieved substantial progress in the production scale-up process with a 500% increase in conformal coating production capacity and an 89% overall islet encapsulation yield, which is also good news.

PEER VERTEX PAUSED ITS LEAD 1G PROGRAMME FOR T1D

Phase 1/2 study of VX-880 paused – iPSCs islets + immunosuppression for T1D patients with impaired hypoglycemic awareness and severe hypoglycemia VX-880 is Vertex's lead drug candidate using allogeneic, stem cell-derived islet cells delivered by an infusion into the portal vein in combination with immunosuppressive therapy. Following two patient deaths, Vertex Pharmaceuticals announced on 8 January that the study had been placed on a protocol-specified pause until the independent data monitoring committee and global regulators review all data. The company clarified that the deaths were unrelated to VX-880 and expects to present all data at an upcoming medical meeting. One of the two patients who died was Mr Brian Shelton, 66, the first patient who received VX-880. The ongoing phase 1/2 study in 17 patients entails three parts: (a) administration of 50% of the targeted dose to two patients; (b) administration of 100% of the targeted dose to five patients; and (c) concurrent administration of the full dose to all patients. The company also announced that at the time of the last data cut-off, all 17 patients were fully enrolled and the 14 patients treated demonstrated islet cell engraftment and insulin production. After >90 days of follow-up, 13 of the patients achieved A1c levels <7% and required no insulin administration. We recall that according to the data reported in October 2023, only two of the patients had been in therapy for at least 1 year (i.e. 12 and 21 months), and unfortunately, one of them has now passed away. The company assesses the safety of the product as consistent with the administration of immunosuppressants, perioperative period, and medical history. Nevertheless, this interruption is a setback for the company that will cost valuable time.

VX-264 continues without interruption– iPSCs islets + immunoprotective device for T1D patients In March 2023, the FDA approved the initiation of the VX-264 multipart (similar to VX-880) phase 1/2 open-label study. By early January 2024, several of the projected 17 patients had been enrolled and dosed. The company reported that part A (50% of targeted dose) had been initiated and has enrolled and dosed multiple patients; the company was conducting preparations for Part B (100% of targeted dose).

THE CELL POUCH APPLIED TO HYPOTHYROIDISM – PHASE 1/2 STUDY PLANNED TO BEGIN IN 2024

1G product for the treatment of postoperative hypothyroidism (PH): 10-channel Cell Pouch + implant of own healthy tissue from thyroid gland – IND or CTA submission set for H1 2024 Sernova's PH product candidate entails taking healthy tissue from each patient's thyroid gland and placing it into the Cell Pouch to avoid hypothyroidism after surgery. The company has conducted preclinical studies in mouse models demonstrating proof-of-concept and is completing a final IND-enabling preclinical study. Sernova plans to report this preclinical data in H1 2024 and file the IND in H2 2024. The product would then enter the clinic shortly after. The company has been in discussions with Canadian and US regulatory authorities (Health Canada/FDA) to determine how the product will be regulated in each jurisdiction and choose the most efficient regulatory pathway.

VALUATION MODEL

Buy rating and price target confirmed Sernova's FY 2022/23 financial results as well as the pipeline review and outlook, were in line with our expectations. We believe 2024 will be an eventful year for Sernova. We anticipate the company will report positive data from Cohort 2 of the ongoing phase 1/2 study for the 1G product in T1D in Q1 2024. We also see the company on track to file the IND for the 1G product in hypothyroidism in H2 2024 so that the product candidate can enter phase 1/2 clinical trials. Thanks to the experienced executives Cynthia Pussinen (CEO) and Dr Modestus Obochi (CBO), who joined the team last year, we expect the company to successfully close a non-dilutive partnering deal in H1 2024 which will substantially strengthen its balance sheet. We believe the achievement of these milestones will act as strong catalyst and trigger a rise in the share price. Our sum-of-the-parts valuation model still yields a price target for Sernova of USD2.80 (CAD3.80). We reiterate our Buy rating.

Table 4: "Sum-of-the-parts" valuation model

Cell Pouch-Based Compound	Project[1]	Present Value		Patient Pop (K)	Treatment Cost (USD)	Market Size (USDM)	Market Share (%)	Peak Sales (USDM)	PACME Margin[2] (%)	Discount Factor (%)	Year of market launch
1G product	T1D - US	USD	41.6M	400K	225,000	90,000.0M	0.5%	550.7M	24%	17%	2028
2G product	T1D - US	USD	230.3M	400K	225,000	90,000.0M	3.5%	4,088.8M	24%	17%	2030
3G product	T1D - US	USD	482.3M	1,600K	120,000	192,000.0M	3.5%	9,769.9M	24%	17%	2032
1G product	Hypothyroidism-US	USD	197.4M	150K	225,000	33,750.0M	3.0%	1,401.5M	22%	17%	2030
PACME PV		USD	951.6M			405,750.0M		15,810.9M			
Costs PV[4]		USD	86.0M								
NPV		USD	865.6M								
Milestones PV		USD	29.3M								
Net cash (proforma)		USD	40.6M								
Fair Value		USD	935.5M								
Share Count (proforma)		329,049K									
Price Target		USD	2.80								
Price Target		CAD	3.80	(based on CAD-USD exchange rate of 0.74)							
Price Target		EUR	2.60	(based on EUR-USD exchange rate of 1.06)							

1) A project typically refers to a specific indication or, where necessary or relevant, a combination between indication and geographic market

2) PACME (Profit After Costs and Marketing Expenses) reflects the company's profit share on future revenues. This share may be derived in the form of royalties (outsourced marketing/manufacturing) or operating EBITDA margin (in-house model), or some mix of both (depending on the specific parameters of partnership agreements)

3) Remaining market exclusivity after the point of approval

4) Includes company-level R&D, G&A, Financing Costs and CapEx; COGS and S&M are factored into the PACME margin for each project

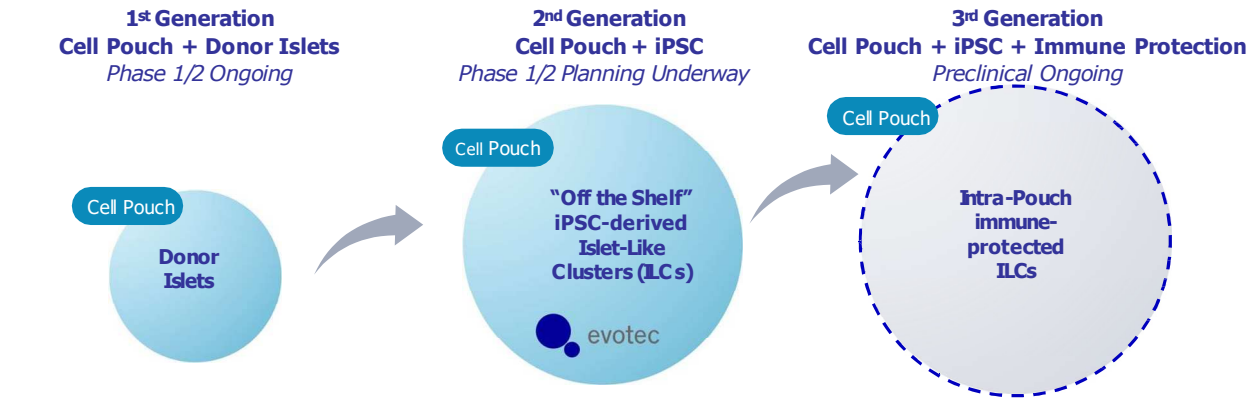
SERNOVA'S R&D PIPELINE & T1D STRATEGY

Figure 2: Snapshot of the R&D pipeline focusing on diabetes, thyroid disease and haemophilia A

	Indication	Therapeutic Cell Source	Discovery	Pre-Clinical	Phase 1/2	Phase 3	BLA	Anticipated Milestones / Notes
Cell Pouch™	Type 1 Diabetes	Human donor islet cells	1G drug candidate					Ph 1/2 updated at ADA, EASD and IPITA, further update due in Q1 2024
		iPSC islets (evotec)	2G drug candidate					Ph 1/2 clinical trial initiation anticipated in Q4 2025
		Intra-pouch Immune-protected ILCs	3G drug candidate					Preclinical assessment ongoing, last immune protection update was at IPITA
	Thyroid Diseases / Hypothyroidism							IND filing and Ph 1/2 clinical trial initiation anticipated in 2024
	Hemophilia A							Preclinical dosing optimising ongoing

Source: First Berlin Equity Research, Sernova Corp

Figure 3: Cell Pouch development strategy in T1D with successive product generations until functional cure



- Insulin-dependent T1D patients with a history of hypoglycemic events
- Functional cures observed in phase 1/2 clinical trial
- Cohort 2 ongoing using optimised dose / islet density

- Broad T1D population
- ILC s = unlimited supply
- Similar potency to human islets
- ILCs are cryopreserved for improved commercial logistics, providing competitive advantage

- Broader T1D population
- Maintains all advantages of 2nd Gen
- Eliminate requirement for immunosuppressants

Source: First Berlin Equity Research, Sernova Corp

INCOME STATEMENT

All figures in CAD '000	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E
Revenue	**0**	**0**	**0**	**0**	**40,000**	**0**
Cost of goods sold	0	0	0	0	0	0
Gross profit	0	0	0	0	40,000	0
General & Administrative	-2,501	-2,299	-7,857	-8,459	-9,200	-9,400
Research & Development	-2,759	-4,638	-16,897	-32,043	-30,000	-25,000
Total operating expenses (OPEX)	**-5,260**	**-6,937**	**-24,754**	**-40,502**	**-39,200**	**-34,400**
Operating income (EBIT)	**-5,260**	**-6,937**	**-24,754**	**-40,502**	**800**	**-34,400**
Net financial result	-62	-29	333	1,504	500	100
Non-operating income/expenses	0	0	0	0	0	0
Pre-tax income (EBT)	**-5,321**	**-6,966**	**-24,421**	**-38,998**	**1,300**	**-34,300**
Income taxes	0	0	0	0	0	0
Net income / loss	**-5,321**	**-6,966**	**-24,421**	**-38,998**	**1,300**	**-34,300**
Diluted EPS (CAD)	**-0.03**	**-0.03**	**-0.09**	**-0.13**	**0.00**	**-0.11**
Ratios						
EBIT Margin on Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA Margin on Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net Margin on Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Expenses as % of OPEX						
Sales & Marketing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General & Administrative	47.6%	33.1%	31.7%	20.9%	23.5%	27.3%
Research & Development	52.4%	66.9%	68.3%	79.1%	76.5%	72.7%
Y-Y Growth						
Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Operating income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net income/ loss	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

BALANCE SHEET

All figures in CAD '000	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E
Assets						
Current Assets, Total	**4,605**	**28,327**	**51,091**	**21,023**	**24,569**	**18,614**
Cash	3,949	27,874	3,776	8,722	23,613	17,715
Short-term investments	0	0	46,000	11,084	0	0
Accounts receivables	507	449	1,147	1,053	800	750
Other current assets	149	4	168	165	156	149
Non-Current Assets, Total	**1,120**	**1,493**	**1,394**	**1,083**	**830**	**775**
Property plant and equipment	203	176	402	393	440	502
Intangible assets	917	717	517	317	117	0
Deposits	0	212	224	259	259	259
Other LT assets	0	388	251	114	14	14
Total Assets	**5,726**	**29,820**	**52,485**	**22,106**	**25,399**	**19,389**
Shareholders' Equity & Debt						
Current Liabilities, Total	**1,848**	**1,476**	**4,740**	**9,592**	**7,939**	**7,786**
Accounts payable	878	1,358	4,600	9,456	7,800	7,644
Other current liabilities	-	117	140	136	139	142
Longterm Liabilities, Total	**703**	**276**	**136**	**0**	**0**	**0**
Other liabilities	703	276	136	0	0	0
Shareholders Equity	**3,174**	**28,068**	**47,608**	**12,514**	**17,460**	**11,603**
Total Consolidated Equity and Debt	**5,726**	**29,820**	**52,485**	**22,106**	**25,399**	**19,389**
Ratios						
Current ratio (x)	2.49	19.19	10.78	2.19	3.09	2.39
Quick ratio (x)	2.49	19.19	10.78	2.19	3.09	2.39
Net gearing	-124.4%	-99.3%	-7.9%	-69.7%	-135.2%	-152.7%
Book value per share (€)	0.02	0.11	0.17	0.04	0.06	0.04
Net debt	-3,949	-27,874	-3,776	-8,722	-23,613	-17,715
Equity ratio	55.4%	94.1%	90.7%	56.6%	68.7%	59.8%

CASH FLOW STATEMENT

All figures in CAD '000	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E
Net income	**-5,321**	**-6,966**	**-24,421**	**-38,998**	**1,300**	**-34,300**
Interest, net	62	29	-333	-1,504	-500	-100
Tax provision	0	0	0	0	0	0
Non-operating items	0	0	0	0	0	0
EBIT	**-5,260**	**-6,937**	**-24,754**	**-40,502**	**800**	**-34,400**
Depreciation and amortisation	225	220	440	446	403	215
EBITDA	**-5,035**	**-6,716**	**-24,314**	**-40,056**	**1,203**	**-34,185**
Derivative liability	0	0	0	0	0	0
Share based payments	683	218	7,451	3,903	3,700	3,500
Changes in working capital	863	518	2,947	4,986	-1,392	-95
Cash interest net	-62	-29	333	1,504	500	100
Other adjustments	-389	-835	-839	-676	0	0
Operating cash flow	**-3,939**	**-6,844**	**-14,421**	**-30,339**	**4,011**	**-30,681**
CapEx	-5	-17	-329	-99	-150	-160
Free cash flow	**-4,945**	**-6,861**	**-14,750**	**-30,438**	**3,861**	**-30,841**
Other investments	2,000	-212	-46,012	34,881	11,084	0
Cash flow from investing	**994**	**-229**	**-46,341**	**34,781**	**10,934**	**-160**
Debt Financing, net	0	0	0	0	0	0
Equity Financing, net	4,533	31,025	36,510	0	0	25,000
Other financiing activities	564	1,093	155	503	-54	-57
Cash flow from financing	**5,097**	**30,997**	**36,665**	**503**	**-54**	**24,943**
Net cash flows	**2,152**	**23,925**	**-24,098**	**4,946**	**14,891**	**-5,898**
Cash, start of the year	1,797	3,949	27,874	3,776	8,722	23,613
Cash, end of the year	**3,949**	**27,874**	**3,776**	**8,722**	**23,613**	**17,715**

Y-Y Growth						
Operating Cashflow	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Free cashflow	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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Anschrift:
First Berlin Equity Research GmbH
Friedrichstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680
Fax: +49 (0) 30-80 93 9 687
E-Mail: info@firstberlin.com

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First Berlin Equity Research GmbH

Authored by: Christian Orquera, Analyst
All publications of the last 12 months were authored by Christian Orquera.

Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin

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Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy[1]	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

[1] The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

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Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	19 October 2023	CAD0.73	Buy	CAD3.80
2	Today	CAD0.60	Buy	CAD3.80

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