Sernova Corp.

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

Pipeline update and 9M 2023/24 results

RATING	**BUY**
PRICE TARGET	**CAD 1.90**
Return Potential	660.0%
Risk Rating	High

CELL POUCH FOR T1D DELAYED BUT ON TRACK FOR HYPOTHYROIDISM

Sernova has presented interim data from the phase 1/2 clinical trial of its Cell Pouch for treating type 1 diabetes (T1D) at the 2024 European Association for the Study of Diabetes (EASD) Annual Meeting in Madrid, Spain. All six patients in Cohort A achieved sustained insulin independence following islet transplantation, with the first patient maintaining insulin independence for over four years before the Cell Pouch was removed due to unrelated health issues. Importantly, the removed device demonstrated safety, with no signs of fibrosis, tissue degradation, or structural changes over the long term. This makes Sernova's Cell Pouch the only device that can harbour functioning islets (capable of producing insulin, glucagon, and somatostatin) that have remained healthy and active for more than five years after initial transplantation into the Cell Pouch. Unfortunately, there were delays in Cohort B due to immunosuppression issues in the first six patients. The company now plans to report interim results by YE 2024 following the first implantation in a recently enrolled patient and final data towards the end of Q1/25 or beginning of Q2/25; three additional patients will also be enrolled over the next few months. In addition, the company is on track to file an IND for the Cell Pouch in the indication hypothyroidism towards year-end. Following recent developments at Sernova (i.e. focus on 1G and 2G of T1D and hypothyroidism programmes, delay in closing a non-dilutive strategic deal), we have updated our SOTP valuation model and now see fair value for the share at CAD1.90 (previously CAD3.80). We maintain our Buy rating.

Overview of 9M 23/24 financial results On 17 September, Sernova reported 9M 23/24 financial results (as of 30 July 2024). The company reported no revenue and reduced its OPEX compared to the previous year. As a result, EBIT came in at CAD-27.0m (9M 22/23: CAD-28.7m). The net result was CAD-27.2m (9M 22/23: CAD-27.3m). The cash position dropped to CAD5.0m (FY 22/23: CAD19.8m). However, in August 2024, Sernova carried out a capital increase of CAD5.2m. The company's cash position should now be sufficient to finance operations into ~Q1 2025.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E
Revenue (CAD m)	0.0	0.0	0.0	0.0	0.0	30.0
Y-o-y growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (CAD m)	-5.3	-6.9	-24.8	-40.5	-37.3	-4.4
EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net income (CAD m)	-5.3	-7.0	-24.4	-39.0	-37.6	-4.6
EPS (diluted) (CAD)	-0.03	-0.03	-0.09	-0.13	-0.12	-0.01
DPS (CAD)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (CADm)	-4.9	-6.9	-14.8	-30.4	-22.9	-1.0
Net gearing	-124.4%	-99.3%	-7.9%	-69.7%	13.9%	711.2%
Liquid assets (CAD m)	3.9	27.9	49.8	19.8	2.2	16.2

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 for potential 'functional cures' of 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.

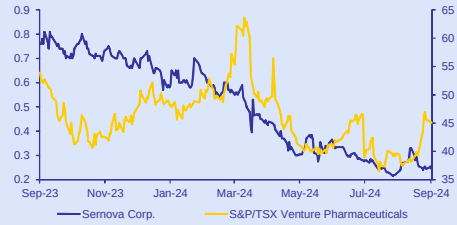
MARKET DATA

As of 26 Sep 2024

Closing Price	CAD 0.25
Shares outstanding	324.10m
Market Capitalisation	CAD 81.03m
52-week Range	CAD 0.22 / 0.81
Avg. Volume (12 Months)	300,553

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

STOCK OVERVIEW



COMPANY DATA

As of 30 Jul 2024

Liquid Assets	CAD 5.02m
Current Assets	CAD 6.23m
Intangible Assets	CAD 0.11m
Total Assets	CAD 7.46m
Current Liabilities	CAD 19.51m
Shareholders' Equity	CAD -12.55m

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

Cost base reduction, realignment measures and management changes implemented in 9M 23/24 In April 2024, Sernova launched a restructuring programme involving a ~35% reduction in staff and the retirement of the CTO, Dr Philip Toleikis. In addition, David Swetlow was dismissed as CFO for misconduct (which had nothing to do with Sernova's finances) and replaced by Nicholas J. Rossettos, CPA, as interim CFO. Also Bertram von Plettenberg resigned from the Board of Directors. These measures made it possible to extend the cash runway. The company also decided to focus on the lead pouch-based 1G and 2G candidates (2G in partnership with Evotec) for T1D. Further investment in the 3G candidate for T1D, which aims to avoid immunosuppression based on conformal coating technology (CCT), was paused as performance of CCT was below expectations. The company is also moving forward with the submission of an IND application for its preclinical programme for postoperative hypothyroidism (submission planned for YE 2024). These are the programmes that will add the most value in the near future. Also, getting a second indication into the clinic will establish Sernova's Cell Pouch as a platform technology. Following delays in Cohort B of the T1D programme (see details in the pipeline development section), which may have postponed the potential closing of a non-dilutive deal, and an unsuccessful attempt in June to raise additional capital to strengthen its financial base, Cynthia Pussinen left the company and was replaced by Jonathan Rigby as the new CEO in August. He brings extensive experience in leading biotech companies, particularly in raising equity capital and guiding firms through Nasdaq listings. He has a proven track record of achieving operational and clinical milestones, resulting in strategic acquisitions that created substantial value for shareholders. Mr Rigby has served as CEO of several companies and currently sits on the boards of Oncolytics Biotech and IM Therapeutics. He was previously on the board of Xeris Pharmaceuticals, known for developing a treatment for severe hypoglycaemia in T1D. His academic background includes a degree in biological sciences from the University of Sheffield and an MBA from the University of Portsmouth. As a Type 1 diabetic himself, Mr Rigby is personally committed to advancing Sernova's T1D programmes.

New CEO raised CAD5.2m in an oversubscribed non-brokered private placement Mr Rigby demonstrated his fundraising skills and successfully closed a non-brokered private placement raising over CAD5.2m, which was oversubscribed by CAD1.2m (the initial target was to raise CAD 4m). The private placement involved securities subject to a four-month hold period under Canadian securities laws. Each unit in the offering was priced at CAD0.25 (premium to the last trading price of CAD0.215 on the date of the announcement) and comprised one common share and one warrant, with the warrant exercisable at CAD0.30 per share for 18 months. The proceeds will fund the company's ongoing phase 1/2 T1D clinical trial, advance its hypothyroidism programme and meet general corporate needs until ~Q1 2025.

We have updated our estimates for 2023/24E and subsequent years to reflect the delay in achieving pipeline development and financial milestones Sernova aimed to demonstrate superior performance of the larger Cell Pouch tested in Cohort B of the ongoing phase 1/2 study, including the potential achievement of insulin independence without top-ups via the portal vein. We anticipated that this milestone would support a non-dilutive deal. In light of Sernova's delay in generating the expected data and our projected upfront payments from entering into a non-dilutive partnership (which we have modelled as revenue), we have updated our financial forecasts. Changes to our forecasts are summarised in Table 1.

Table 1: Changes to our forecasts (KPIs)

	2023/24E			2024/25E			2025/26E		
in CAD'000	old	new	Delta	old	new	Delta	old	new	Delta
Sales	40,000	0	*-100.0%*	0	30,000	-	20,000	0	*-100.0%*
OPEX	-39,200	-37,300		-34,400	-34,400		-27,600	-27,600	
EBIT	800	-37,300	-	-34,400	-4,400	-	-7,600	-27,600	-
Margin (%)	-	-	-	-	-	-	-	-	-
Net income	1,300	-37,630	-	-34,300	-4,600	-	-7,550	-27,650	-

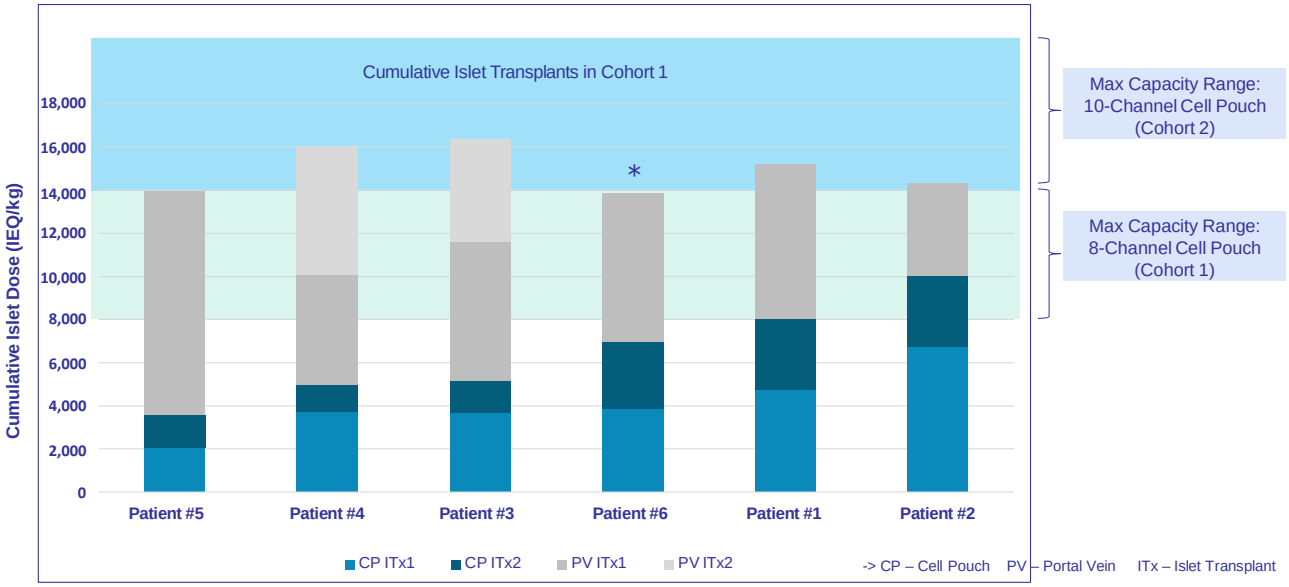
Source: First Berlin Equity Research

UPDATE ON THE 1G PROGRAMME IN PHASE 1/2 FOR T1D

1G product (Cell Pouch + implant of donor islets + immunosuppression) for T1D undergoing two-cohort phase 1/2 study in the US – mixed results presented at Wainwright/EASD conferences The company provided an update on the ongoing T1D phase 1/2 clinical trial for the Cell Pouch transplant system at a presentation at the Wainwright Investor Conference on 11 September (review of Cohort A and cohort B) and at the European Association for the Study of Diabetes (EASD) Conference on 12 September, in Madrid, Spain (focus on Cohort A). Key findings from the trial were:

Update on Cohort A 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 9 months to >4 years. All six patients received a supplemental islet transplant via the portal vein as planned. The cumulative amount of islets measured in each patient varied widely. The main reason for this is the variability and difference in the yield of donor islet pancreas. The company determined a threshold dose for achieving insulin independence of 14k IEQ/kg. Patient #6, which is below the threshold, continues to be followed and is receiving a decreased daily insulin dose. Unfortunately, three of the six patients experienced antibody mediated rejection and the lead investigator, Dr Piotr Witkowski at the University of Chicago, carried out adjustments to improve the maintenance immunosuppression regimen. An overview of the cumulative islet dosing results for the six patients is provided in Figure 1 below. This Figure shows that the 10-channel Cell Pouch used in Cohort B provides sufficient capacity to accommodate an optimal target range of islet dose that allowed insulin independence to be achieved in Cohort A. It can also be observed that the more islets the Cell Pouch accommodates, the lower the dose required to be administered via the portal vein to achieve insulin independence, indicating that the islets in the Pouch are healthy and functioning correctly.

Figure 1: Cumulative islet transplant doses in Cohort A



*Following portal vein islet transplant, graft function remains sub-optimal for Patient #6; only Insulin therapy reduced but ongoing

Source: First Berlin Equity Research, Sernova Corp

Removed Cell Pouch from patient #1 due to illness non-related to the treatment demonstrated that the islets were alive and healthy for >5 years Patient #1 who had the Cell Pouch implanted for more than five years had it removed due to nondiabetic health issues which required stopping immune suppression. The Cell Pouch, which had contained

donor islets, was examined after extraction. The results revealed that the Cell Pouch had developed a well-vascularised environment, with functioning islets producing insulin, glucagon, and somatostatin across all chambers. Importantly, no detrimental fibrotic tissue or degradation of the Pouch was found after more than five years in the body. Despite losing its flagship patient #1, this data represents a significant milestone in Sernova's efforts to develop a retrievable and implantable cell therapy for T1D, as it is currently the only device in the world with proven long-term islet survival and function.

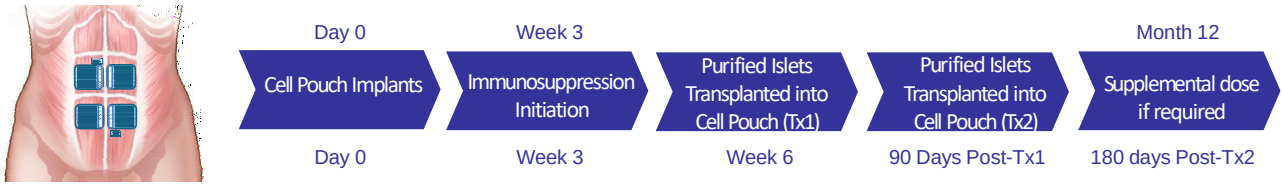
Cohort B using larger 10-channel Pouch – trial expanded from 7 to now 10 patients The size of the 10-channel Cell Pouch used in Cohort 2 was optimised for higher dosing (>50%) with optimal islet concentration so that patients can achieve insulin independence after two islets implants, with the aim of eliminating the need for top-up via the portal vein. Patients in Cohort B were additionally benefiting from an improved, more patient-friendly immunosuppression therapy intended to prevent rejection of the islets. This regimen should administer the less toxic Belatacept lowering the dose of Tacrolimus and also enabling lower doses of the drug Mycophenolate mofetil (MMF). Unfortunately six enrolled patients who received the higher capacity 10-channel Cell Pouch had issues with immunosuppression:

- When patient #1 developed severe neutropenia which suggested that the immunosuppression dose could have been too high, the lead scientist lowered the dose for all six patients enrolled at that point.
- Patient #2 showed persistent fasting and glucose stimulated blood C-peptide levels, which indicate insulin production after only one Cell Pouch Islet Transplant (CPITx1=3,900 IEQ/kg). 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 modest portal vein top-up (PVITx1=4,900 IEQ/kg) which suggests a lower total threshold in this Cell Pouch in combination with the new immunosuppression regimen required to achieve insulin independence close to 9,000 IEQ/kg.
- Surprisingly, no C-peptide was detectable in patients #3 to #6, suggesting that the islets may have died. The scientists determined later that patient #1 had a severe sensitivity to one of the immunosuppressive cocktail agents and that the lowered dose may have allowed the immune system to attack and kill the implanted islets. It appears that patient #2's islets survived because they were protected long enough at the higher starting dose of immunosuppression to stay protected at the lower maintenance dose. The company decided to give these patients the original higher dose of immunosuppression, implant islets via the portal vein and remove the Cell Pouches.
- Patient #7 was recently enrolled in the trial and is awaiting a donor pancreas to harvest the islets and conduct the first CPITx1 implant along with the original optimised immunosuppression regimen. Importantly, this immunosuppression regimen has been revised and is expected to provide better long-term tolerability for the patient, according to the lead investigator.
- The FDA granted approval to expand this Cohort by three additional patients to 10 patients, and the company immediately began searching for patients to enrol in the trial.

The next update on Cohort B is expected after the first islet implantation of patient #7 towards YE 2024 – the key milestone and catalyst for the share will be the update after the second implantation due by ~the end of Q1/25 or early Q2/25 Our news flow estimates are based on the company's Cohort B study design (see Figure 2 overleaf). Sernova's ultimate goal with the 10-channel Cell Pouch is that patients achieve insulin independence after two islets implants, without the need for top-up via the portal vein.

However, 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. While achieving insulin independence with the 10-channel Cell Pouch without top-ups would be a significant milestone and share price catalyst for Sernova, even if some of the islets miss the target, the findings from the work with human donor islets in the current study is providing critical determination of islet dose, islet concentration and immune suppressant doses and durations for implementation in the 2G products with off-the-shelf iPSC-ILC.

Figure 2: Timelines for the Cohort 2 trial design



Source: First Berlin Equity Research, Sernova Corp

Future Plans and outlook Sernova plans to complete Cohort B as soon as possible (FBe: Q3/25) and start a parallel confirmatory Cohort C with the optimised immune suppression regimen before the end of this year. Due to the delays in this programme, we have pushed back our assumption of a potential approval and market launch to 2029 (previously: 2028).

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 The company is working with Evotec on developing induced pluripotent stem cell (iPSC)-derived islet-like clusters to provide a scalable cell source for future treatments. 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.

Programme outlook Sernova is planning to start phase 1/2 clinical trials in 2026 (previously: Q4 2025).

3G PRODUCT ON HOLD DUE TO UNSATIYSFYING PERFORMANCE

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 seemed very promising to us. The CC technology offered potential to eliminate the need for immune suppression medication for its cell therapy treatment of T1D. However, the most recent preclinical report by Dr Alice Tomei, the lead investigator at the University of Miami Miller School of Medicine, was disappointing, as CC offered almost no advantage over unprotected cells. As a result, Sernova's management decided to optimise its limited resources by focusing on other, more promising programmes. While giving Ms Tomei the opportunity to improve the CC formulation, the company is also exploring other technologies that can provide the necessary protection (e.g. gene-editing technology to engineer ex-vivo transplantable, immune-protected therapeutic cells).

Programme outlook In view of the uncertainties surrounding this programme, we have postponed our earlier assumption of an IND application by two years to 2028 (previously: 2026) and a possible approval and market launch to 2034 (previously 2032).

THE CELL POUCH APPLIED TO HYPOTHYROIDISM – IND/CTA FILING FOR PHASE 1 STUDY PLANNED FOR Q4 2024

1G product for the treatment of postoperative hypothyroidism: 10-channel Cell Pouch + implant of own healthy tissue from thyroid gland Sernova's PH product candidate entails taking healthy tissue from each patient's thyroid gland avoiding the need for immunosuppression medication and placing it directly into the Cell Pouch to avoid hypothyroidism after surgery.

The company is completing preclinical studies and preparing the dossier for postoperative hypothyroidism – IND or CTA on track for submission in Q4 2024 The company has conducted preclinical studies in mouse models demonstrating proof-of-concept and plans to file the IND in Q4 2024. The product would then enter the clinic in H1 2025. Sernova is currently in ongoing discussions with Canadian and US regulatory authorities (Health Canada/FDA) to pre-determine how the product will be regulated in each jurisdiction to choose the most efficient regulatory pathway.

THE CELL POUCH APPLIED TO HAEMOPHILIA A – ON HOLD DUE TO FUNDING LIMITATIONS

Sernova's approach for haemophilia A: Cell Pouch + ex-vivo gene therapy – support from HemAcure Consortium In this process a blood sample is taken from the patient to correct the genetic defect in certain isolated cells ex-vivo. Subsequently, these cells are expanded and transplanted into a Cell Pouch previously implanted in the patient. These cells are expected to achieve a constant release of factor VIII. To support this endeavour, Sernova formed the HemAcure Consortium, a European team of experts in this field.

This earlier preclinical stage programme is not the focus of the company's efforts for the time being – the obtained orphan drug designation is encouraging news Preclinical studies have shown safety and long-term improvement in blood clotting in a haemophilia A mouse model. However, due to limited resources, the programme has been put on hold for the time being. We note that Sernova received FDA orphan drug and rare paediatric designations for the cell pouch programme in haemophilia A. This is encouraging news as it may facilitate a way for later clinical development and potential registration; it also gives 7 years of market exclusivity. Although this is positive, it is an earlier-stage programme that may be ~2 years away from entering clinical development and we have not yet included it in our valuation model.

VALUATION MODEL

Buy rating confirmed at lower price target Following the pipeline delays in the first nine months of this year, the share price has fallen by >60% YTD. This decline will lead to higher dilution in upcoming financing rounds. We have therefore adjusted our share price assumptions for future financing rounds accordingly. We have also changed our estimates for two non-dilutive upfront payments from licensing deals as follows (1) CAD30m in 2024/25 (previously: CAD40m in 2023/24) and (2) CAD20m in 2026/27 (previously: CAD20m in 2025/26). In addition, we have pushed back our assumptions for the potential market launch timeline of the 1G and 3G programmes for T1D as per Table 3 below and lowered the success probability of the 3G programme to 5% (previously: 20%) to reflect the increased uncertainty following the underperformance of CC technology. Based on an updated sum-of-the-parts valuation model, we have lowered our price target to CAD1.90 (previously: USD3.80). We maintain our Buy rating. We believe Sernova's shares will benefit from the recent appointment of the highly experienced manager Mr Rigby as the new CEO, which will boost investor confidence in the company's ability to deliver on its promising pipeline. Mr Rigby already passed his first test by successfully raising CAD5.2m in an oversubscribed transaction.

Table 2: "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%	2029
2G product	T1D - US	USD	261.7M	400K	225,000	90,000.0M	3.5%	3,969.7M	24%	17%	2030
3G product	T1D - US	USD	88.7M	1,600K	120,000	192,000.0M	3.5%	7,401.4M	24%	17%	2034
1G product	Hypothyroidism-US	USD	211.4M	50K	225,000	11,250.0M	9.0%	1,401.5M	22%	17%	2030
PACME PV		USD	603.5M			383,250.0M		13,323.3M			
Costs PV[4)]		USD	85.6M								
NPV		USD	517.9M								
Milestones PV		USD	23.9M								
Net cash (proforma)		USD	31.8M								
Fair Value		USD	573.6M								
Share Count (proforma)		408,939K									
Price Target		USD	1.40								
Price Target		CAD	1.90	(based on CAD-USD exchange rate of 0.74)							
Price Target		EUR	1.30	(based on EUR-USD exchange rate of 1.12)							

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

Table 3: Changes to SOTP model assumptions

Cell Pouch-Based Compound		Year of market launch	
		old	new
1G product	T1D - US	2028	2029
2G product	T1D - US	2030	2030
3G product	T1D - US	2032	2034
1G product	Hypothyroidism-US	2030	2030

INCOME STATEMENT

All figures in CAD '000	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E
Revenue	**0**	**0**	**0**	**0**	**0**	**30,000**
Cost of goods sold	0	0	0	0	0	0
Gross profit	0	0	0	0	0	30,000
General & Administrative	-2,501	-2,299	-7,857	-8,459	-9,300	-9,400
Research & Development	-2,759	-4,638	-16,897	-32,043	-28,000	-25,000
Total operating expenses (OPEX)	**-5,260**	**-6,937**	**-24,754**	**-40,502**	**-37,300**	**-34,400**
Operating income (EBIT)	**-5,260**	**-6,937**	**-24,754**	**-40,502**	**-37,300**	**-4,400**
Net financial result	-62	-29	333	1,504	-330	-200
Non-operating income/expenses	0	0	0	0	0	0
Pre-tax income (EBT)	**-5,321**	**-6,966**	**-24,421**	**-38,998**	**-37,630**	**-4,600**
Income taxes	0	0	0	0	0	0
Net income / loss	**-5,321**	**-6,966**	**-24,421**	**-38,998**	**-37,630**	**-4,600**
Diluted EPS (CAD)	**-0.03**	**-0.03**	**-0.09**	**-0.13**	**-0.12**	**-0.01**
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%	24.9%	27.3%
Research & Development	52.4%	66.9%	68.3%	79.1%	75.1%	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**	**3,189**	**17,090**
Cash	3,949	27,874	3,776	8,722	2,233	16,191
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**	**4,019**	**17,865**
Shareholders' Equity & Debt						
Current Liabilities, Total	**1,848**	**1,476**	**4,740**	**9,592**	**20,139**	**20,142**
Accounts payable	878	1,358	4,600	9,456	20,000	20,000
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**	**-16,120**	**-2,277**
Total Consolidated Equity and Debt	**5,726**	**29,820**	**52,485**	**22,106**	**4,019**	**17,865**
Ratios						
Current ratio (x)	2.49	19.19	10.78	2.19	0.16	0.85
Quick ratio (x)	2.49	19.19	10.78	2.19	0.16	0.85
Net gearing	-124.4%	-99.3%	-7.9%	-69.7%	13.9%	711.2%
Book value per share (€)	0.02	0.11	0.17	0.04	n.a.	n.m.
Net debt	-3,949	-27,874	-3,776	-8,722	-2,233	-16,191
Equity ratio	55.4%	94.1%	90.7%	56.6%	-401.1%	-12.7%

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**	**-37,630**	**-4,600**
Interest, net	62	29	-333	-1,504	330	200
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**	**-37,300**	**-4,400**
Depreciation and amortisation	225	220	440	446	403	215
EBITDA	**-5,035**	**-6,716**	**-24,314**	**-40,056**	**-36,897**	**-4,185**
Derivative liability	0	0	0	0	0	0
Share based payments	683	218	7,451	3,903	3,700	3,500
Changes in w orking capital	863	518	2,947	4,986	10,808	61
Cash interest net	-62	-29	333	1,504	-330	-200
Other adjustments	-389	-835	-839	-676	0	0
Operating cash flow	**-3,939**	**-6,844**	**-14,421**	**-30,339**	**-22,719**	**-825**
CapEx	-5	-17	-329	-99	-150	-160
Free cash flow	**-4,945**	**-6,861**	**-14,750**	**-30,438**	**-22,869**	**-985**
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	5,350	15,000
Other financiing activities	564	1,093	155	503	-54	-57
Cash flow from financing	**5,097**	**30,997**	**36,665**	**503**	**5,296**	**14,943**
Net cash flows	**2,152**	**23,925**	**-24,098**	**4,946**	**-6,489**	**13,958**
Cash, start of the year	1,797	3,949	27,874	3,776	8,722	2,233
Cash, end of the year	**3,949**	**27,874**	**3,776**	**8,722**	**2,233**	**16,191**

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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.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

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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	6 February 2024	CAD0.60	Buy	CAD3.80
3	Today	CAD0.25	Buy	CAD1.90

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