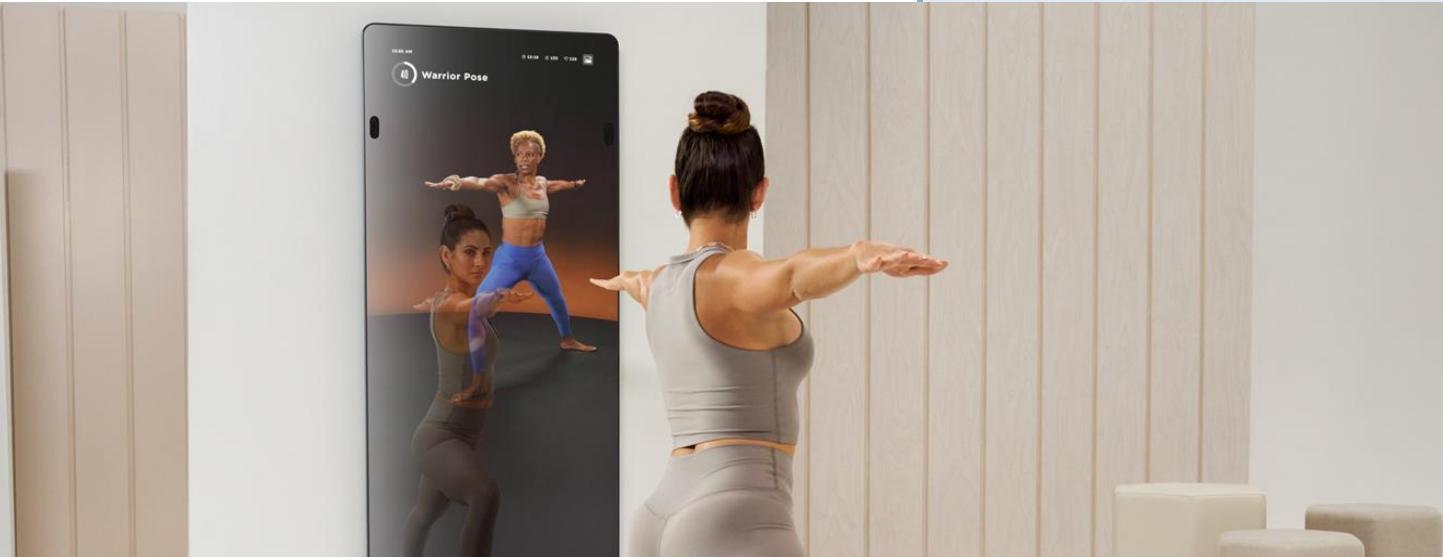


Interactive Strength Inc

United States of America | Technology | MCap USD 16.3m

27 February 2024

UPDATE



Completes acquisition of CLMBR and enters into distribution agreement

What's it all about?

Interactive Strength Inc (TRNR) is a luxury digital fitness company which back in August announced a definitive agreement to acquire all of the assets of CLMBR, Inc., the maker of a connected vertical climber. This acquisition has now closed, strengthening the operations of the now two brands, FORME and CLMBR. With the acquisition of CLMBR and its consumer base, TRNR has also gained access to a B2B channel, which is an important piece of the puzzle for further growth of the enlarged product portfolio. Yesterday, TRNR announced that the initial purchase order of c. 2,150 units is expected to generate in total more than USD 7m of net revenue. However, we now also believe that TRNR's dynamic will kick-in later as assumed and expect a still high burn rate. We anticipate the shift of sales volumes, lower our estimates, and expect a still high burn rate. Therefore, we confirm our Spec. BUY rating with a lowered PT of USD 1.50 (old USD 2.30).

Spec. BUY ([Spec. BUY](#))

Target price	USD 1.50 (2.30)
Current price	USD 0.80
Up/downside	87.5%



MAIN AUTHOR

Harald Hof

h.hof@alsterresearch.com
+49 40 309 293-58

alsterresearch.com

This research is the product of AlsterResearch, which is registered with the BaFin in Germany.

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

Interactive Strength Inc

United States of America | Technology | MCap USD 16.3m | EV USD 23.4m

Spec. BUY <small>(Spec. BUY)</small>	Target price Current price Up/downside	USD 1.50 (2.30) USD 0.80 87.5%	MAIN AUTHOR Harald Hof h.hof@alsterresearch.com +49 40 309 293-58
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Completes acquisition and enters into distribution agreement

Recap. Interactive Strength, Inc. (TRNR) is a luxury digital fitness company which back in August announced a definitive agreement to acquire all assets of CLMBR, Inc., the maker of a connected vertical climber. This acquisition has now closed, strengthening the operations of the now two brands, FORME and CLMBR.

Distribution agreement. With the acquisition of CLMBR and its consumer base, TRNR has also gained access to a B2B channel, which is an important piece of the puzzle for further growth of the enlarged product portfolio. The B2B revenue supported by the acquired sales and distribution partnership with WOODWAY, a state-of-the-art treadmill manufacturer, is expected to have a significant growth impact.

Impact. Yesterday, TRNR announced that the initial purchase order of c. 2,150 units (average USD 3,255 per unit eAR) is expected to generate in total more than USD 7m of net revenue. In addition, TRNR has ensured to have sufficient inventory to fulfill this order. The agreement spans an initial term of five years, with provisions for renewal, reflecting the expectation of a long-term relationship. To foster greater shared value and alignment between the parties, TRNR has issued 800,000 warrants to WOODWAY at an exercise price of USD 1.25 per share, which we believe is attractive for TRNR given the current share price.

Outlook updated. In August, TRNR expected the acquisition to close in Q4 23. With the shift to Q1 24, we believe that Q4 23 should show weaker sales but a reduction (yoY) in operating expenses, resulting in a lower but still high loss. Furthermore, the original forecast was for combined revenues of >USD 20m in 2024 and break-even in Q4 24. While TRNR has reaffirmed its break-even outlook, it has lowered its revenue expectations to USD 15-20m. Hence, the top line is expected to be significantly weaker in 2024, while operating expenses are expected to decline due to efficiency gains.

Conclusion. As previously stated, the transaction is expected to accelerate TRNR's path to commercialization, achieve immediate scalability across all operations, and establish a high-growth, profitable platform offering for connected fitness equipment and digital fitness services through both B2B and B2C channels. However, we now also believe that TRNR's dynamic will kick-in later as assumed. We anticipate a shift of sales volumes, lower our estimates, and expect a still high burn rate. Therefore, we confirm our Spec. BUY rating, but with a lowered PT of USD 1.50 (old USD 2.30).

Interactive Strength Inc	2021	2022	2023E	2024E	2025E
Sales	0.3	0.7	0.9	15.5	24.0
<i>Growth yoy</i>	na	110.8%	38.0%	1,548.9%	55.0%
EBITDA	-35.0	-47.7	-6.1	-2.1	-0.2
EBIT	-37.1	-53.8	-8.2	-4.6	-4.3
Net profit	-32.8	-58.2	-5.4	-2.7	-2.4
Net debt (net cash)	1.8	7.1	11.1	15.1	18.9
Net debt/EBITDA	-0.1x	-0.1x	-1.8x	-7.2x	-80.0x
EPS reported	-2.29	-4.06	-0.27	-0.14	-0.12
DPS	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	na	na	-362.8%	41.0%	42.0%
EBITDA margin	na	na	-647.0%	-13.5%	-1.0%
EBIT margin	na	na	-872.8%	-29.5%	-18.0%
ROCE	-212.1%	na	-25.8%	-14.9%	-13.2%
EV/EBITDA	-0.5x	-0.5x	-4.5x	-15.0x	-148.8x
EV/EBIT	-0.5x	-0.4x	-3.3x	-6.9x	-8.1x
PER	-0.3x	-0.2x	-3.0x	-5.9x	-6.8x
FCF yield	-335.2%	-307.8%	-51.3%	17.5%	27.3%

Source: Company data, AlsterResearch; report incl. CLMBR Inc. (M&A closed in Q1 24)



Source: Company data, AlsterResearch

High/low 52 weeks 8.50 / 0.60
Price/Book Ratio -4.2x

Ticker / Symbols
ISIN US45840Y1047
WKN A3D60R
Bloomberg TRNR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	1.0	-8.3	-0.27
	Δ	-5.1%	na%	na%
2024E	old	18.1	-4.1	-0.12
	Δ	-14.3%	na%	na%
2025E	old	26.5	-3.7	-0.10
	Δ	-9.3%	na%	na%

Key share data

Number of shares: (in m pcs) 20.31
Book value per share: (in USD) -0.19
Ø trading volume: (12 months) 25,000

Major shareholders

block.one	23.6%
Apeiron Investment Group	22.1%
Bradley James Wickens	12.0%
Free Float	37.0%

Company description

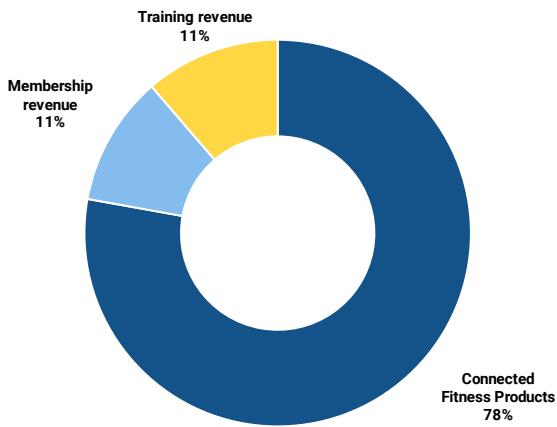
Interactive Strength, Inc., is a digital fitness platform that combines smart home gyms with live virtual personal training and coaching. The company delivers at-home fitness experience through connected hardware products, focused on strength training. In addition to the company's connected fitness hardware products, Interactive Strength offers personal training and health coaching through Video On-Demand, Custom Training, and Live 1:1 virtual personal training.

Investment case in six charts

Products & Services



Segmental breakdown in %



In-house personal trainers

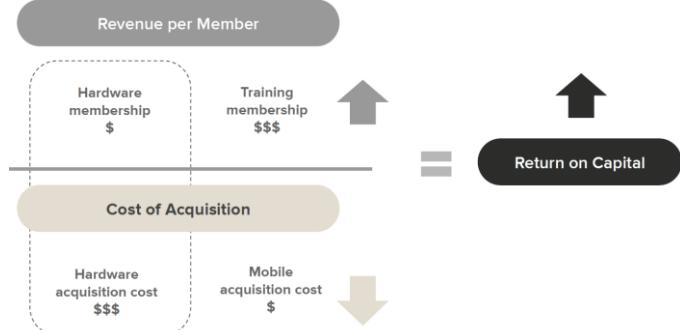


Source: Company data, AlsterResearch

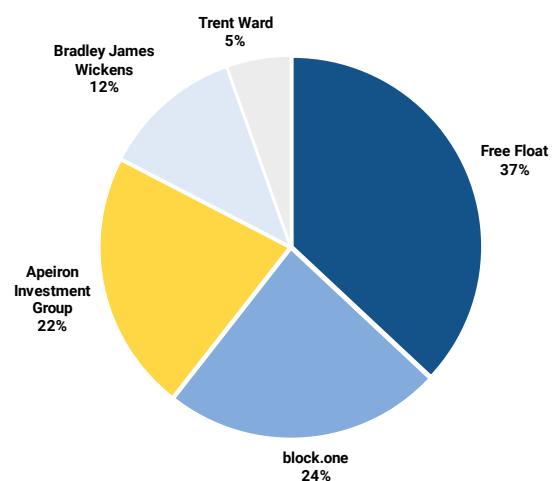
FORME average recurring revenue potential



Focus on Return on Capital



Major Shareholders



Company background

In a Nutshell

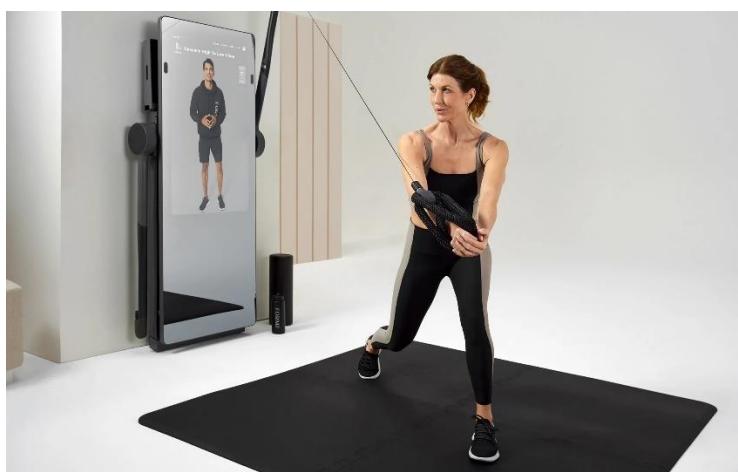
Interactive Strength is a well-known American exercise equipment and media company that was founded in 2017. The company is known for its premium smart home gym FORME Studio and FORME Lift, which are mirrored cable machines, equipped with screens that allow users to access live and on-demand fitness classes as well as 1:1 personal fitness training. Of course, the home gym sector experienced a huge hype in the past pandemic years, as Covid opened a totally new market of sport and fitness products. However, due to supply chain bottlenecks during the pandemic, FORME was not able to begin shipments until late 2022. Recently, the company reported on the acquisition of CLMBR, a manufacturer of innovative and connected vertical climbing machines that offer an efficient and effective full-body strength and cardio workout.

For luxury fitness customers, the environment in which they work out plays a decisive role. They prefer first-class gyms or private fitness areas equipped with state-of-the-art equipment and appealing design. Discretion and privacy are also important factors for luxury fitness clients, which is why the home gym is so attractive. These are the crucial factors that make Interactive Strength meaningful to its clients.

The interactive platform offers a wide range of workout classes, including strength training, yoga, meditation, and many more. Users can participate in these classes from the comfort of their homes while being led by professional instructors in real-time or choosing from a selection of pre-recorded classes.

The company offers an immersive and interactive workout experience that connects users to a community of fellow fitness enthusiasts and provides real-time performance metrics during workouts. In addition, the subscription-based membership gives users access to an extensive library of recorded classes and video content.

FORME Lift – innovative and connectcabel mirror offers 1:1 personal training



Source: Company data; AlsterResearch

SWOT analysis

Strengths

- High-quality products for the luxurious fitness market with recession-independent clients.
- Attractive revenue model with high share of recurring revenues.
- Interactive fitness platform offers a unique and engaging workout experience, combining live and on-demand classes
- Standalone offering with One-to-One fitness training.
- Dynamic and experienced management team.
- Product portfolio grows via CLMBR acquisition.

Weaknesses

- Interactive Strength was founded in 2017 and did not launch its products until 2021.
- At this stage, Interactive Strength is small and loss-making with potentially cash demand.
- Interactive Strength's exercise equipment and subscription services come with premium price points, making them less accessible to budget-conscious consumers.
- The company's business model heavily relies on subscription revenue, which could pose challenges if user retention rates decline or if competition intensifies.
- Interactive Strength has faced market access challenges during pandemic.

Opportunities

- Market penetration and US growth strategy.
- Expansion in Europe - first collaborations announced.
- Expected sound market environment for fitness products.
- Growth in its user base by attracting fitness enthusiasts and individuals looking for convenient and effective workout solutions.
- The company could expand its product line to include other fitness-related equipment or offerings.
- Interactive Strength could form further strategic partnerships to enhance its services and target new customer segments (e.g., further hotels)
- Acquired distribution partnership with WOODWAY offers faster growth.

Threats

- The company operates in a competitive market environment with several players in place
- Easy to copy business model with various companies offering similar exercise equipment and digital fitness solutions.
- Economic downturns or uncertainties can affect consumer spending.
- Rapid advancements in technology and new entrants in the market may pose a threat to Interactive Strength's position as first mover in the connected fitness industry.

Valuation

DCF Model

The DCF model results in a **fair value of USD 1.48 per share**:

Top-line growth: We expect Interactive Strength Inc to grow revenues at a CAGR of 77.8% between 2023E and 2030E. The long-term growth rate is set at 2.5%.

ROCE. Returns on capital are developing from -25.8% in 2023E to 18.9% in 2030E.

WACC. Starting point is a historical equity beta of 1.75. Unlevering and correcting for mean reversion yields an asset beta of 0.95. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 16.8%. With pre-tax cost of borrowing at 5.0%, a tax rate of 20.0% and target debt/equity of 2.0 this results in a long-term WACC of 8.3%.

DCF (USDm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	-5.9	-3.3	-3.0	-1.5	2.5	3.3	4.2	5.1	
Depreciation & amortization	2.1	2.5	4.1	6.0	6.5	6.3	6.2	6.3	
Change in working capital	-2.1	2.7	2.3	4.7	2.8	1.2	0.8	0.2	
Chg. in long-term provisions	-2.8	0.6	0.7	0.3	0.5	0.2	0.1	0.1	
Capex	-0.6	-7.0	-8.4	-8.9	-6.9	-7.1	-7.5	-7.7	
Cash flow	-9.3	-4.5	-4.4	0.6	5.4	3.8	3.9	4.0	70.8
Present value	-9.4	-4.3	-3.9	0.5	4.1	2.7	2.5	2.4	41.1
WACC	7.7%	7.7%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	8.3%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	35.8	Planning horizon avg. revenue growth (2023E-2030E)	77.8%
Mid-year adj. total present value	37.1	Terminal value growth (2030E - infinity)	2.5%
Net debt / cash at start of year	7.1	Terminal year ROCE	18.9%
Financial assets	9.4	Terminal year WACC	8.3%
Provisions and off b/s debt	na	Terminal WACC derived from	
Equity value	30.0	Cost of borrowing (before taxes)	5.0%
No. of shares outstanding	20.3	Long-term tax rate	20.0%
Discounted cash flow / share upside/(downside)	1.48 84.4%	Equity beta	1.75
Share price	0.80	Unlevered beta (industry or company)	0.95
		Target debt / equity	2.0
		Relevered beta	2.47
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	16.8%

Change in WACC (%-points)	Long term growth					Share of present value
	1.5%	2.0%	2.5%	3.0%	3.5%	
2.0%	0.5	0.6	0.7	0.8	0.9	2023E-2026E
1.0%	0.8	0.9	1.0	1.2	1.4	2027E-2030E
0.0%	1.1	1.3	1.5	1.7	1.9	terminal value
-1.0%	1.6	1.8	2.1	2.4	2.8	
-2.0%	2.3	2.6	3.0	3.6	4.4	

Source: AlsterResearch

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between USD -3.45 per share based on 2023E and USD 5.29 per share on 2027E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in USDm	2023E	2024E	2025E	2026E	2027E	
EBITDA	-6.1	-2.1	-0.2	3.8	10.1	
- Maintenance capex	0.1	0.1	0.2	0.3	0.4	
- Minorities	0.0	0.0	0.0	0.0	0.0	
- tax expenses	-2.1	-1.1	-1.0	-0.4	1.3	
= Adjusted FCF	-4.1	-1.2	0.6	3.9	8.3	
Actual Market Cap	16.3	16.3	16.3	16.3	16.3	
+ Net debt (cash)	11.1	15.1	18.9	17.6	11.7	
+ Pension provisions	0.0	0.0	0.0	0.0	0.0	
+ Off b/s financing	0.0	0.0	0.0	0.0	0.0	
- Financial assets	0.0	0.0	0.0	0.0	0.0	
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0	
<i>EV Reconciliations</i>	11.1	15.1	18.9	17.6	11.7	
= Actual EV'	27.4	31.4	35.1	33.9	27.9	
Adjusted FCF yield	-15.1%	-3.7%	1.7%	11.5%	29.8%	
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%	
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%	
Fair EV	-59.0	-16.7	8.3	55.7	119.2	
- <i>EV Reconciliations</i>	11.1	15.1	18.9	17.6	11.7	
Fair Market Cap	-70.1	-31.8	-10.6	38.0	107.5	
No. of shares (million)	20.3	20.3	20.3	20.3	20.3	
Fair value per share in USD	-3.45	-1.57	-0.52	1.87	5.29	
Premium (-) / discount (+)	-531.5%	-295.8%	-164.9%	134.1%	561.3%	
Sensitivity analysis fair value						
Adjusted hurdle rate	5.0%	-4.6	-1.9	-0.4	3.0	7.6
	6.0%	-3.9	-1.7	-0.5	2.3	6.3
	7.0%	-3.5	-1.6	-0.5	1.9	5.3
	8.0%	-3.1	-1.5	-0.6	1.5	4.6
	9.0%	-2.8	-1.4	-0.6	1.3	4.0

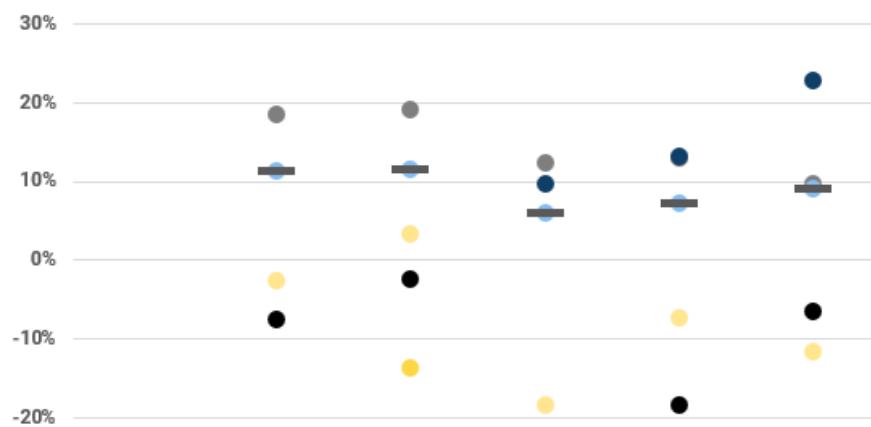
Source: Company data; AlsterResearch

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Peer group analysis

A peer group or comparable company ("comps") analysis is a methodology that calculates a company's relative value – how much it should be worth based on how it compares to other similar companies. Given that **Interactive Strength Inc** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of Interactive Strength Inc consists of the stocks displayed in the chart below. As of 27 February 2024 the median market cap of the peer group was USD 1,549.8m, compared to USD 16.3m for Interactive Strength Inc. In the period under review, the peer group was more profitable than Interactive Strength Inc. The expectations for sales growth are lower for the peer group than for Interactive Strength Inc.

Peer Group – Key data

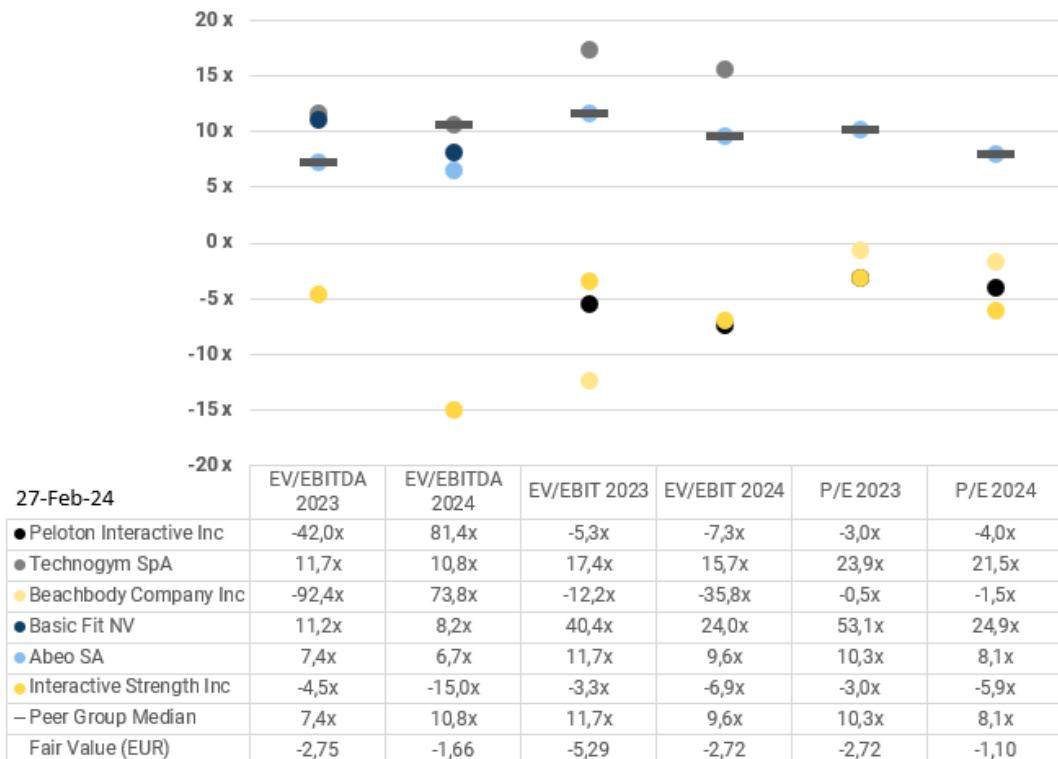


27-Feb-24	Market Cap (EURm)	EBITDA margin 2023	EBITDA margin 2024	EBIT margin 2023	EBIT margin 2024	Sales CAGR 2022-2025
● Peloton Interactive Inc	1.550	-7,4%	-2,3%	-42,8%	-18,3%	-6,5%
● Technogym SpA	1.875	18,7%	19,2%	12,6%	13,2%	9,8%
● Beachbody Company Inc	1.168	-2,4%	3,5%	-18,3%	-7,2%	-11,5%
● Basic Fit NV	1.683	35,5%	38,9%	9,8%	13,3%	22,9%
● Abeo SA	105	11,5%	11,7%	6,1%	7,3%	9,2%
● Interactive Strength Inc	16	-647,0%	-13,5%	-872,8%	-29,5%	238,9%
– Peer Group Median	1.550	11,5%	11,7%	6,1%	7,3%	9,2%

Source: Sentieo, AlsterResearch

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2023, EV/EBITDA 2024, EV/EBIT 2023, EV/EBIT 2024, P/E 2023 and P/E 2024. Applying these to Interactive Strength Inc results in a range of fair values from USD -5.29 to USD -1.10.

Peer Group – Multiples and valuation

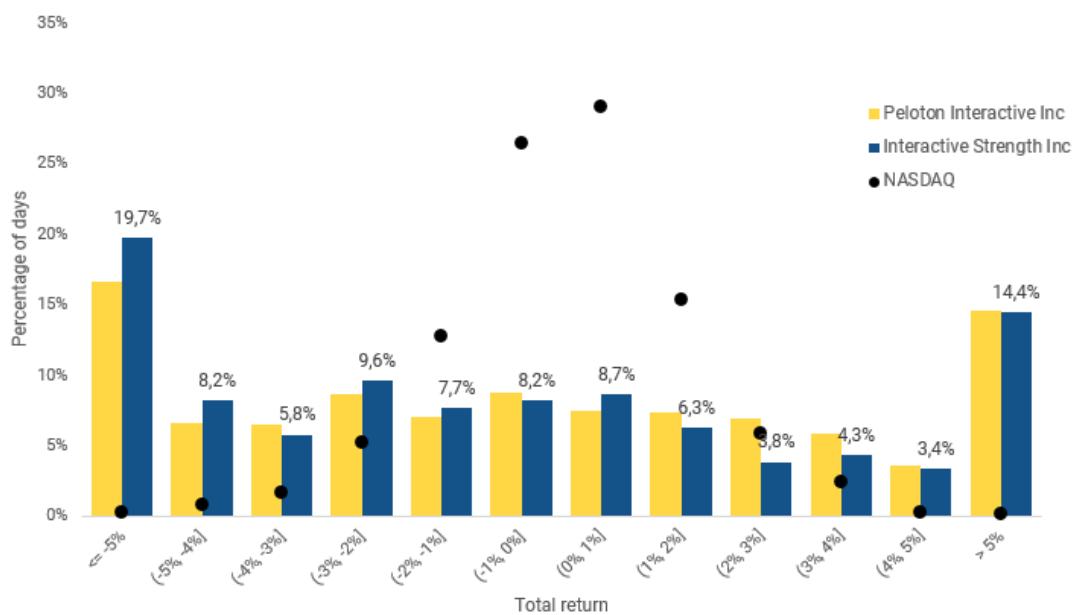


Source: Sentieo, AlsterResearch

Risk

A peer group or comparable company ("comps") analysis is a methodology that calculates a company's relative value — how much it should be worth based on how it compares to other similar companies. Given that **Interactive Strength Inc** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of Interactive Strength Inc consists of the stocks displayed n the below. As of 27 February 2024 the median market cap of the peer group was USD 1,549.8m, compared to USD 16.3m for Interactive Strength Inc. In the period under review, the peer group was more profitable than Interactive Strength Inc. The expectations for sales growth are lower for the peer group than for Interactive Strength Inc.

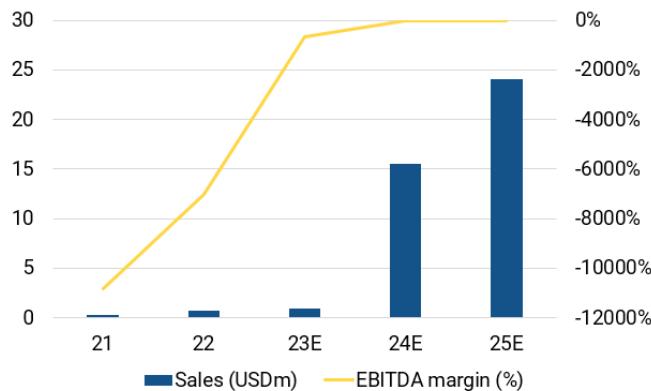
Risk – Daily Returns Distribution (trailing 3 years)



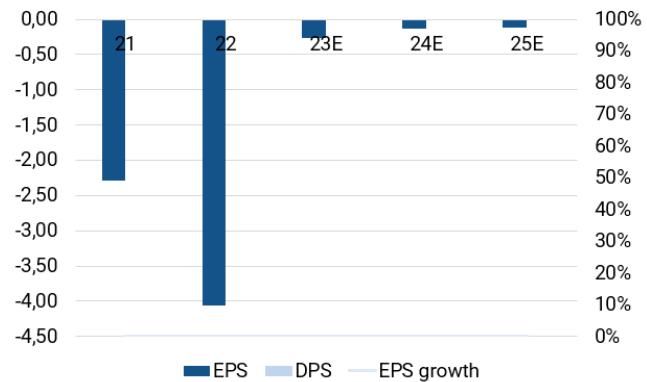
Source: Sentieo, AlsterResearch

Financials in six charts

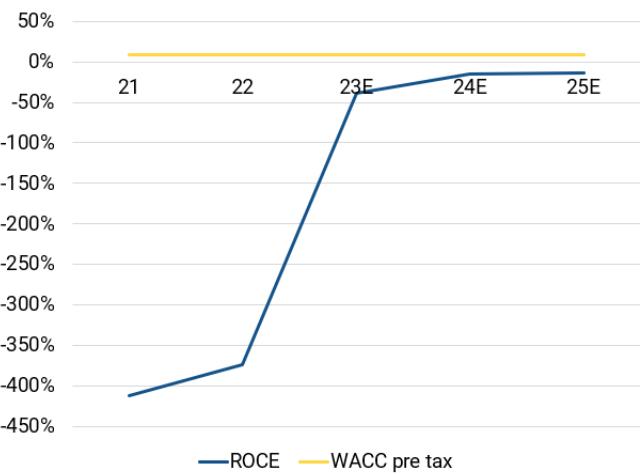
Sales vs. EBITDA margin development



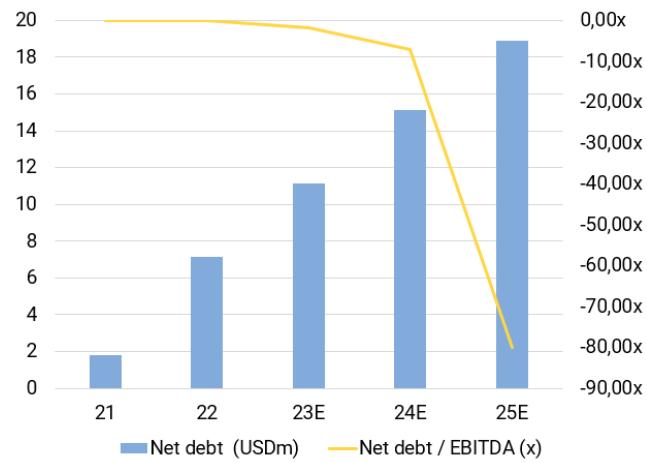
EPS, DPS in USD & yoy EPS growth



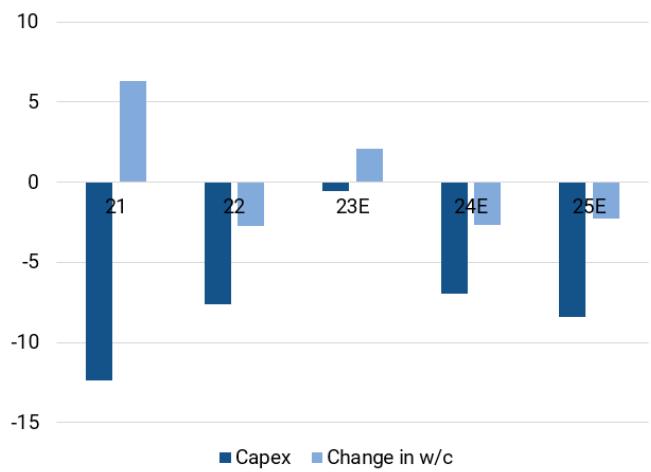
ROCE vs. WACC (pre tax)



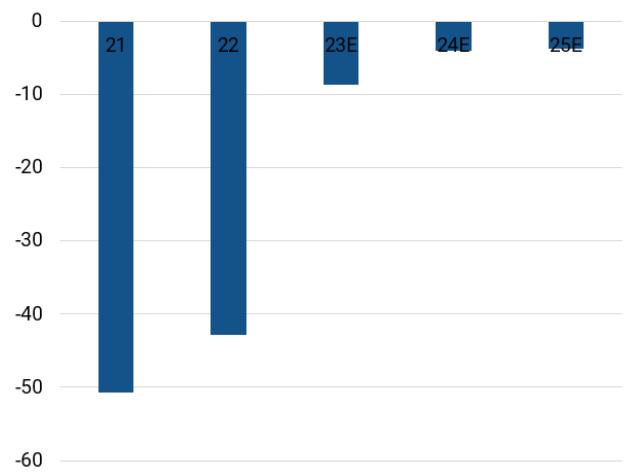
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in USDm



Free Cash Flow in USDm



Source: Company data; AlsterResearch

Financials

Profit and loss (USDm)	2020	2021	2022	2023E	2024E	2025E
Sales	0.0	0.3	0.7	0.9	15.5	24.0
Sales growth	NaN%	Infinity%	110.8%	38.0%	1,548.9%	55.0%
Cost of sales	0.4	5.2	9.5	4.3	9.1	13.9
Gross profit	-0.4	-4.8	-8.9	-3.4	6.4	10.1
SG&A expenses	8.1	16.0	25.5	3.2	5.9	8.4
Research and development	8.0	16.3	20.0	1.4	2.3	3.6
Other operating expenses (income)	0.0	0.0	-0.5	0.2	2.7	2.4
EBITDA	-0.0	-35.0	-47.7	-6.1	-2.1	-0.2
Depreciation	0.1	0.7	1.1	0.1	0.1	0.2
EBITA	-0.1	-35.7	-48.8	-6.2	-2.2	-0.4
Amortisation of goodwill and intangible assets	0.0	1.4	5.0	2.0	2.3	3.9
EBIT	-0.1	-37.1	-53.8	-8.2	-4.6	-4.3
Financial result	3.8	4.3	-4.4	0.7	0.8	0.9
Recurring pretax income from continuing operations	3.7	-32.8	-58.2	-7.5	-3.8	-3.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.7	-32.8	-58.2	-7.5	-3.8	-3.4
Taxes	-1.5	0.0	0.0	-2.1	-1.1	-1.0
Net income from continuing operations	5.2	-32.8	-58.2	-5.4	-2.7	-2.4
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	5.2	-32.8	-58.2	-5.4	-2.7	-2.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	5.2	-32.8	-58.2	-5.4	-2.7	-2.4
Average number of shares	14.33	14.33	14.33	20.31	20.31	20.31
EPS reported	0.36	-2.29	-4.06	-0.27	-0.14	-0.12

Profit and loss (common size)	2020	2021	2022	2023E	2024E	2025E
Sales	na	100%	100%	100%	100%	100%
Cost of sales	na	1,599%	1,402%	463%	59%	58%
Gross profit	na	-1,499%	-1,302%	-363%	41%	42%
SG&A expenses	na	4,955%	3,747%	340%	38%	35%
Research and development	na	5,046%	2,931%	150%	15%	15%
Other operating expenses (income)	na	0%	-77%	20%	18%	10%
EBITDA	na	-10,822%	-7,001%	-647%	-14%	-1%
Depreciation	na	231%	168%	15%	1%	1%
EBITA	na	-11,053%	-7,169%	-662%	-14%	-2%
Amortisation of goodwill and intangible assets	na	447%	734%	210%	15%	16%
EBIT	na	-11,500%	-7,903%	-873%	-30%	-18%
Financial result	na	1,334%	-647%	77%	5%	4%
Recurring pretax income from continuing operations	na	-10,166%	-8,550%	-796%	-25%	-14%
Extraordinary income/loss	na	0%	0%	0%	0%	0%
Earnings before taxes	na	-10,166%	-8,550%	-796%	-25%	-14%
Taxes	na	1%	0%	-223%	-7%	-4%
Net income from continuing operations	na	-10,167%	-8,550%	-573%	-18%	-10%
Result from discontinued operations (net of tax)	na	0%	0%	0%	0%	0%
Net income	na	-10,167%	-8,550%	-573%	-18%	-10%
Minority interest	na	0%	0%	0%	0%	0%
Net profit (reported)	na	-10,167%	-8,550%	-573%	-18%	-10%

Source: Company data; AlsterResearch

Balance sheet (USDm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. Goodwill)	3.1	11.0	13.2	11.7	15.5	18.9
Goodwill	0.0	0.0	0.0	16.9	16.9	16.9
Property, plant and equipment	0.7	2.2	1.4	1.4	2.0	3.0
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	3.8	13.2	14.6	30.0	34.5	38.8
Inventories	0.0	2.1	4.6	2.4	3.8	5.0
Accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0
Other current assets	-0.0	-0.0	0.0	0.0	0.0	0.0
Liquid assets	0.7	5.6	3.8	6.9	3.9	4.1
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	1.3	1.2	1.4	0.0	0.2	0.2
CURRENT ASSETS	2.1	8.9	9.8	9.3	7.8	9.3
TOTAL ASSETS	5.9	22.1	24.4	39.2	42.3	48.1
SHAREHOLDERS EQUITY	-13.4	10.1	-2.7	13.6	10.8	8.4
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.5	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	4.7	0.0	3.0	0.2	0.8	1.4
Non-current liabilities	4.7	0.5	3.0	0.2	0.8	1.4
short-term liabilities to banks	9.3	6.9	11.0	18.0	19.0	23.0
Accounts payable	4.1	2.1	7.7	7.2	7.0	8.0
Advance payments received on orders	0.0	0.0	0.0	0.1	0.8	1.2
Other liabilities (incl. from lease and rental contracts)	0.4	0.3	0.5	0.1	2.3	3.6
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.8	2.1	4.9	0.1	1.6	2.4
Current liabilities	14.6	11.5	24.2	25.5	30.7	38.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	5.9	22.1	24.4	39.2	42.3	48.1

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	53%	50%	54%	30%	37%	39%
Goodwill	0%	0%	0%	43%	40%	35%
Property, plant and equipment	12%	10%	6%	4%	5%	6%
Financial assets	0%	0%	0%	0%	0%	0%
FIXED ASSETS	64%	60%	60%	76%	82%	81%
Inventories	1%	9%	19%	6%	9%	10%
Accounts receivable	0%	0%	0%	0%	0%	0%
Other current assets	-0%	-0%	0%	0%	0%	0%
Liquid assets	12%	26%	16%	18%	9%	9%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	23%	5%	6%	0%	0%	0%
CURRENT ASSETS	36%	40%	40%	24%	18%	19%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	-229%	46%	-11%	35%	26%	18%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	2%	0%	0%	0%	0%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	80%	0%	12%	0%	2%	3%
Non-current liabilities	80%	2%	12%	0%	2%	3%
short-term liabilities to banks	159%	31%	45%	46%	45%	48%
Accounts payable	71%	10%	32%	18%	17%	17%
Advance payments received on orders	0%	0%	0%	0%	2%	2%
Other liabilities (incl. from lease and rental contracts)	7%	1%	2%	0%	6%	7%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	13%	10%	20%	0%	4%	5%
Current liabilities	250%	52%	99%	65%	73%	79%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (USDm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	-11.2	-32.8	-58.2	-5.4	-2.7	-2.4
Depreciation of fixed assets (incl. leases)	0.1	0.7	1.1	0.1	0.1	0.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	1.4	5.0	2.0	2.3	3.9
Others	-3.7	-1.5	14.0	-2.8	0.6	0.7
Cash flow from operations before changes in w/c	-14.8	-32.1	-38.0	-6.1	0.3	2.4
Increase/decrease in inventory	-0.0	-3.4	-2.4	2.2	-1.4	-1.2
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts payable	0.4	-1.2	3.9	-0.6	-0.1	1.0
Increase/decrease in other w/c positions	0.3	-1.7	1.3	-3.7	4.2	2.5
Increase/decrease in working capital	0.7	-6.3	2.8	-2.1	2.7	2.3
Cash flow from operating activities	-14.1	-38.4	-35.3	-8.2	3.0	4.6
CAPEX	-3.3	-12.4	-7.6	-0.6	-7.0	-8.4
Payments for acquisitions	0.0	0.0	0.0	-16.9	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-3.3	-12.4	-7.6	-17.5	-7.0	-8.4
Cash flow before financing	-17.4	-50.8	-42.9	-25.7	-4.0	-3.8
Increase/decrease in debt position	8.6	14.3	9.1	7.0	1.0	4.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	4.1	2.6	21.7	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	8.5	3.5	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.4	-0.2	-0.1	0.0	0.0	0.0
Cash flow from financing activities	16.7	21.8	11.7	28.7	1.0	4.0
Increase/decrease in liquid assets	-0.7	-29.0	-31.2	3.1	-3.0	0.2
Liquid assets at end of period	0.0	1.7	0.2	3.3	0.3	0.5

Source: Company data; AlsterResearch

Regional sales split (USDm)	2020	2021	2022	2023E	2024E	2025E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0
Europe (ex domestic)	0.0	0.0	0.0	0.0	0.0	0.8
The Americas	0.0	0.3	0.7	0.9	14.7	22.8
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	0.0	0.3	0.7	0.9	15.5	24.0

Regional sales split (common size)	2020	2021	2022	2023E	2024E	2025E
Domestic	na	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	na	0.0%	0.0%	0.0%	0.3%	3.2%
The Americas	na	100.0%	100.0%	100.0%	95.0%	95.0%
Asia	na	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	na	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	na	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported						
Earnings per share reported	0.36	-2.29	-4.06	-0.27	-0.14	-0.12
Cash flow per share	-0.99	-2.68	-2.46	-0.41	0.14	0.22
Book value per share	-0.94	0.70	-0.19	0.67	0.53	0.42
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	2.2x	-0.3x	-0.2x	-3.0x	-5.9x	-6.8x
P/CF	-0.8x	-0.3x	-0.3x	-1.9x	5.7x	3.7x
P/BV	-0.9x	1.1x	-4.2x	1.2x	1.5x	1.9x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-123.2%	-335.2%	-307.8%	-51.3%	17.5%	27.3%
EV/Sales	Infinityx	55.9x	34.4x	29.1x	2.0x	1.5x
EV/EBITDA	-8,275.2x	-0.5x	-0.5x	-4.5x	-15.0x	-148.8x
EV/EBIT	-177.3x	-0.5x	-0.4x	-3.3x	-6.9x	-8.1x
Income statement (USDm)						
Sales	0.0	0.3	0.7	0.9	15.5	24.0
yoY chg in %	NaN%	Infinity%	110.8%	38.0%	1,548.9%	55.0%
Gross profit	-0.4	-4.8	-8.9	-3.4	6.4	10.1
Gross margin in %	-Infinity%	-1,499.1%	-1,302.2%	-362.8%	41.0%	42.0%
EBITDA	-0.0	-35.0	-47.7	-6.1	-2.1	-0.2
EBITDA margin in %	-Infinity%	-10,822.0%	-7,001.5%	-647.0%	-13.5%	-1.0%
EBIT	-0.1	-37.1	-53.8	-8.2	-4.6	-4.3
EBIT margin in %	-Infinity%	-11,500.3%	-7,903.4%	-872.8%	-29.5%	-18.0%
Net profit	5.2	-32.8	-58.2	-5.4	-2.7	-2.4
Cash flow statement (USDm)						
CF from operations	-14.1	-38.4	-35.3	-8.2	3.0	4.6
Capex	-3.3	-12.4	-7.6	-0.6	-7.0	-8.4
Maintenance Capex	0.0	0.0	0.0	0.1	0.1	0.2
Free cash flow	-17.4	-50.8	-42.9	-8.8	-4.0	-3.8
Balance sheet (USDm)						
Intangible assets	3.1	11.0	13.2	28.6	32.4	35.8
Tangible assets	0.7	2.2	1.4	1.4	2.0	3.0
Shareholders' equity	-13.4	10.1	-2.7	13.6	10.8	8.4
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	14.0	7.4	14.0	18.2	19.8	24.4
Net financial debt	8.6	1.8	7.1	11.1	15.1	18.9
w/c requirements	-4.1	-0.1	-3.2	-4.9	-4.0	-4.3
Ratios						
ROE	-38.8%	-326.1%	2,130.4%	-39.7%	-25.4%	-28.2%
ROCE	-26.3%	-212.1%	-478.1%	-25.8%	-14.9%	-13.2%
Net gearing	-63.9%	17.9%	-261.6%	81.9%	139.6%	223.6%
Net debt / EBITDA	-2,858.3x	-0.1x	-0.1x	-1.8x	-7.2x	-80.0x

Source: Company data; AlsterResearch

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Contacts

SRH AlsterResearch AG
Mittelweg 142
20148 Hamburg

Tel: +49 40 309 293-52
E-Mail: info@alsterresearch.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@alsterresearch.com

Sales

HOLGER NASS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: h.nass@alsterresearch.com

mwb fairtrade Wertpapierhandelsbank AG
Rottenbucher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
E-Mail: info@mwbfairtrade.com

Our research can be found under

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@alsterresearch.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@alsterresearch.com

LEVENT YILMAZ
Senior Analyst
Tel: +49 40 309 293-92
E-Mail: l.yilmaz@alsterresearch.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@alsterresearch.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@alsterresearch.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@alsterresearch.com

Equity Capital Markets / Trading

KAI JORDAN
Member of the Board
Tel: +49 40 36 0995-22
E-Mail: kjordan@mwbfairtrade.com

ALEXANDER DEUSS
Head of Institutional Sales
Tel: +49 40 36 0995- 22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995 - 23
E-Mail: sguenon@mwbfairtrade.com

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