

# Agtira AB: Big launch and a capital-light expansion in the cards

Johan Widmark | 2024-08-19 11:00

In terms of financials, Q2 was largely a repeat of Q1, with one-off replanting and remediation costs from the Q1 disease affecting the results. The production start in Haninge in Q4'24 will increase annual production rate to SEK 60m. With upcoming establishments in Kramfors (2,000 + 6,000 m<sup>2</sup>), Boden, and Coop Nord (where we are more uncertain about prospects), Agtira could raise ARR to SEK 120m, though this may take longer than expected. Our updated sales forecast is SEK 42m for 2024e and SEK 70m for 2025e. With SEK 20m in fresh financing and a more capital-light expansion strategy (via NP3 and Newsec partnerships), we now find support for a fair value of SEK 9-11 (previously 10-13) per share, factoring in a SEK 30m raise in 2025.

## Capital-light expansion going forward

Sales in Q2 reached SEK 7.1m with an EBITDA of -8.5m, similar to Q1. The Härnösand facility's utilization improved to 72%, up from 59% in Q1, though lower than the 95% in Q2'23. Cash at the end of Q2 was SEK 0.9m, but Agtira has secured a SEK 20m loan from major shareholders, ensuring runway until the Haninge facility starts in mid-Q4'24.

Over the past two years, Agtira's self-funded investments in Skellefteå, Birsta, and larger greenhouses in Östersund and Haninge have strained liquidity. The Kramfors NP3 deal, where Agtira will instead be a tenant and operator, and the Newsec partnership now offer a more capital-light expansion model, reducing future capital needs.

## SEK 120m ARR pushed forward

The production start in Haninge in Q4'24 will increase the annual production rate from around SEK 50m to over SEK 60m. Additionally, Agtira signed a 10-year agreement with Lidl Sweden in Q1'24, totaling SEK 400m over 10 years. To secure supply for this deal, Agtira will establish a 2,000 m<sup>2</sup> facility in Kramfors, with construction starting this quarter, with another 6,000 m<sup>2</sup> next year. Combined with other projects, Greenfood in Boden, and the Coop Nord system in Umeå, this could double ARR to SEK 120m in a few years, though we remain cautious about capacity and timeline, which is why the sales ramp-up in our updated forecast has been pushed slightly forward.

## Support for a Fair Value of SEK 9-11

Agtira's finances have been under pressure for some time, now alleviated by a SEK 20m shareholder loan. However, this is likely to become an issue again before achieving profitability. Overall, we expect the coming years to be very exciting for Agtira. Using a combination of target multiples and DCF (WACC 15%), we now find support for a fair value range of SEK 9-11 (10-13) per share, adjusted for a SEK 30m raise in 2025.

MSEK	2021	2022	2023	2024E	2025E
Revenue	14	26	36	42	70
EBITDA	-14	-27	-24	-22	-8
EBIT	-18	-29	-33	-30	-12
EPS Adjusted	-1.33	-1.53	-1.26	-1.20	-0.56
Sales Growth, %	10%	79%	39%	18%	67%
EBITDA Margin, %	-98%	-107%	-69%	-52%	-12%
EBIT Margin, %	-127%	-114%	-94%	-71%	-18%
EV/Sales	21.4	12.0	8.6	7.3	4.4
EV/EBITDA	-21.8	-11.2	-12.5	-14.0	-36.4
EV/EBIT	-16.9	-10.5	-9.2	-10.3	-24.7
P/E	-15.6	-14.1	-3.6	-2.2	-4.8

Source: Emergers

## Agtira

Fair Value, SEK (12-24 m)	9 - 11
Current Price, SEK	2.69
Shares (M)	28.2
Market Cap (MSEK)	76
Net Debt (MSEK)	26
EV (MSEK)	102
Market	First North



## Agtira in short

25 years ago, Pecka Nygård realized the environmental problems his fish farming in the sea brought with it. Agtira, formerly Peckas Naturodlingar, has since developed both a unique system for both aquaponics and vertical cultivation. The aquaponic facility consists of a pool for breeding freshwater fish connected to biobeds for vegetable growing. In this way, a closed cycle culture of both protein and vegetables free of antibiotics, hormones and pesticides has been created.

Agtira has signed an offtake-agreement with Greenfood regarding 100% of the production from its own facility in Härnösand, a FaaS agreement with Lidl, systems are up and running at ICA Maxi Östersund, Sundsvall (Birsta) and Skellefteå, and LOI:s have been signed with Greenfood regarding 10 large vertical farming systems, Coop Nord, and additional ICA-stores, paving the way for its Farming-as-a-Service (FaaS) business model.

## Agtira Complete at ICA Maxi Östersund



Source: Agtira

### Agtira's systems: no environmental damage

Agtira's vision is that their aquaponic and vertical farming systems will help the food industry to adapt. In their facilities, which can be set up in urban environments, fish and vegetables can be produced on an industrial scale, without any pesticides, emissions and with minimal water supply. The system works simplified according to the following principle:

- a) Pools where fish are raised and grown, feed is added to the fish.
- b) The dirty but nutritious water with manure from the fish is removed from the basins into gravel beds where vegetables are grown. Bacteria in the gravel filter and purify the water at the same time as the nutrients from the manure are taken up by the vegetable plants.
- c) The purified water is returned to the fish tank.

As it is a closed cycle, you can make savings of up to 95% of water consumption compared to traditional cultivation. The bacterial flora that exists in the patented biobeds acts as an immune system against harmful microorganisms and the risk of external infections thus becomes non-existent.

## Farming as a Service

Agtira signs agreements with its customers through a Farming as a Service-model. Meaning, Agtira will construct, cultivate and harvest and the counter party commits to buy everything produced. It's a highly scalable business model but with the drawback of being very capital intense through the construction phase.

To offset the high capital expenditure, Agtira signed an agreement in June 2023 with NP3 Fastigheter for an expansion of up to 15,000 square meters of cultivation area. Meaning NP3 will construct, own and rent a facility where Agtira runs its vertical farming.

## Expected rollout plan

	Annual Production		Tomato	Est. Annual Sales, SEKm	Construction			
	Sqm	Cucumber			Status	Start	Operational	First Rev
Härnösand	11,000	1,600t	-	44.0	Operational	-	-	-
ICA Maxi Skellefteå	70	10t	-	0.3	Operational	-	Q4'22	Q1'23e
ICA Sundsvall/Birsta	90	10t	-	0.4	Operational	-	Q2'22	Q3'22e
ICA Maxi Östersund	1,200	85t	11t	4.8	Operational	-	Q1'23	Q2'23e
Haninge	3,000	500t	-	12.0	Under construction	-	Q4'24	Q1'25
<b>LOI / Deals Under Development</b>								
Kramfors 1	2,000	290t	-	8.0	n/a	Q3'24	Q3'25e	Q1'26e
Kramfors 2	6,000	870t	-	24.0	n/a	Q1'25	Q1'26e	Q2'26e
Greenfood Boden	7,125e	1,030t	-	28.5	n/a	n/a	n/a	n/a
Coop Nord	n/a	-	-	-	n/a	n/a	n/a	n/a
<b>Offtake Agreements</b>								
Lidl Sverige	10,000	-	-	40.0	-	-	-	-
Greenfood	11,000	-	-	33.0	-	-	-	-

Source: Agtira, Emergers

## Valuation

With regards to large recurring revenue, when the FaaS-agreements are written on 7-20 years, and the fact the high scalability with high margins, we see a basis for high valuation multiples. Through a combined DCF and target multiple valuation approach, with profit from 2026 and onwards, a discount rate of 15%, an EV/EBITDA-multiple of 10x, we now find support for a fair value of SEK 9-11 (10-13) per share.

### DCF Key Assumptions

WACC	15%
Long-term EBITDA-margin	24%
Long-term CAPEX as share of sales	5%
Terminal Value EBITDA-multiple	6x
Total NPV, MSEK	295
NPV per share, SEK	9.4

Source: Emergers

## Agtira

### Income Statement

MSEK	2021	2022	2023	2024E	2025E	2026E
Sales	14.3	25.5	35.5	42.0	70.0	100.0
Operating Costs	-28.3	-52.9	-60.0	-63.8	-78.4	-95.2
EBITDA	-14.0	-27.3	-24.4	-21.8	-8.4	4.8
Depreciation	-4.1	-1.8	-8.9	-7.8	-5.0	-6.0
Amortisation of Goodwill	0.0	0.0	0.0	0.0	1.0	2.0
EBIT	-18.1	-29.2	-33.4	-29.6	-12.4	0.8
Non-recurring Items	0.0	0.0	0.0	0.0	0.0	0.0
Associated Companies	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Items	-0.9	5.6	-2.2	-4.3	-4.3	-4.3
<b>Pre-tax Result</b>	<b>-19.0</b>	<b>-23.6</b>	<b>-35.5</b>	<b>-33.9</b>	<b>-16.7</b>	<b>-3.4</b>
Tax	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	1.0	2.0
<b>Net Result</b>	<b>-19.0</b>	<b>-23.6</b>	<b>-35.5</b>	<b>-33.9</b>	<b>-15.7</b>	<b>-1.4</b>

### Capital Expenditure

	2021	2022	2023	2024E	2025E	2026E
Capital Expenditure, Absolute	6.3	7.9	15.4	31.0	5.0	5.0
As a Pct of Sales	43.8	31.1	43.4	73.9	7.1	5.0
Depreciation Multiple	1.5	4.3	1.7	4.0	1.0	0.8

### Key Ratios

Share Price: SEK 2.69

	2021	2022	2023	2024E	2025E	2026E
Share Price at 31 Dec	20.80	21.60	4.52	2.69	2.69	2.69
Number of Shares (Millions)	14.25	15.45	28.18	28.18	28.18	28.18
Market Cap	296.4	333.7	127.4	75.8	75.8	75.8
Enterprise Value	305.6	327.0	120.6	69.0	69.0	69.0
EPS (Reported)	-1.33	-1.53	-1.26	-1.20	-0.56	-0.05
EPS (Adjusted)	-1.33	-1.53	-1.26	-1.20	-0.56	-0.05
CEPS	-1.33	-1.53	-1.26	-1.20	-0.56	-0.05
P/CEPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value/Share	4.8	4.2	3.1	0.8	0.2	0.0
P/BV	4.3	5.1	1.5	3.4	17.5	-68.7
Dividend	0.00	0.00	0.00	0.00	1.00	2.00
Dividend Yield (%)	0.0	0.0	0.0	0.0	37.2	74.3
Dividend Payout Ratio (%)	0.0	0.0	0.0	0.0	-179.8	-3915.8
EV/Sales	21.4	12.0	8.6	7.3	4.4	3.1
EV/EBITDA	-21.8	-11.2	-12.5	-14.0	-36.4	63.1
EV/EBIT	-16.9	-10.5	-9.2	-10.3	-24.7	361.8
P/E (Adjusted)	-15.6	-14.1	-3.6	-2.2	-4.8	-52.7
Sales Growth, Y/Y (%)	10.0	78.6	39.1	18.1	66.8	42.9
EBITDA Margin (%)	-97.9	-107.0	-68.8	-52.0	-12.0	4.8
EBIT Margin (%)	-126.6	-114.2	-93.9	-70.6	-17.7	0.8
Tax Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0

### Financial Position

	2021	2022	2023	2024E	2025E	2026E
Interest-Bearing Net Debt	9	-7	-7	-7	-7	-7
Net Debt/Equity	0.1	-0.1	-0.4	4.2	26.1	-110.2
Equity Ratio	0.7	0.7	0.6	0.5	0.1	0.0
Net Debt/EBITDA	-0.7	0.2	0.3	0.3	0.8	-1.4

Source: Emergers, Company reports

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