

# Equity Research | AGTIRA: New LOIs propel Agtira towards profitability

**With a third quarter in line with expectations and a cash injection of SEK 70m following a rights issue, Agtira is making significant strides toward becoming THE partner for Swedish grocery food chains. Two new LOIs have been signed, marking Agtira's entry into new territory with LIDL Sverige and ICA Maxi Hälla. While details are currently limited, 2024 is anticipated to be a pivotal year, where we expect the installation of three new systems, projecting the company's ARR to reach SEK 97m. We maintain our forecast and fair value range of SEK 14-16 per share over the next 12-24 months.**

## **Cash injection laying the foundation for continued growth**

The Q3 report was largely in line with our expectations. Sales amounted to SEK 9.9m (including other income), OPEX totalling SEK 10.3m, resulting in a better-than-anticipated EBIT of SEK -7.2m. Sales grew by 62% YoY, but the third quarter saw a slight decline in net revenue from SEK 8.6m in Q2 to SEK 7.3m. Historically, sales declines have been attributed to changes in cultivation areas in Agtira's own 11,000 square meters facility in Härnösand, although this is not addressed in the report. The SEK 80m rights issue was subscribed at 61%, leaving 27% in the hands of guarantors, which, in today's conditions, we view as a positive outcome. This means Agtira secured approximately SEK 70m in cash, demonstrating strong support from its owners and setting the stage for a highly interesting 2024.

## **Two new LOI:s paving the way for an eventful 2024**

The LOI signed with LIDL Sverige in October aims to make LIDL self-sufficient in Swedish-grown cucumbers. Agtira and LIDL are no strangers to each other, as LIDL has been a retailer of Agtira's cucumbers and tomatoes. The fact that the two parties are now looking to deepen their relationship proves Agtira's value proposition as a "Farmer at Your Service." Another ICA Maxi has chosen to jump aboard the vertical farming train. This time, it's ICA Maxi Hälla in Västerås that has signed an LOI to make the store self-sufficient in cucumbers. Even though no financials have been disclosed, comparing it with the firm deal made with ICA Maxi Haninge would indicate sales of about SEK 4m per year.

## **Estimating ARR of SEK 96.5m by H2'24**

With three systems already operational, we expect an additional three to be installed during 2024: Greenfood in Boden, Greenfood/ICA Maxi in Haninge, and Coop Nord in Umeå. The matter of when these systems become operational will significantly impact the reported annual sales. But once in place, Agtira should have a basis for annual recurring revenues (ARR) of almost SEK 97m. The deals signed so far indicate an annual yield from the produce of SEK 4 – 5.5m per 1,000 sqm of cultivation area. And according to the company, 12,000 sqm are already in operation, with an additional 15,000 sqm covered in customer agreements. Therefore the future looks promising, and our only remaining concern is the question regarding a real estate partner that can keep up with a faster-paced rollout. NP3 Fastigheter is a solid start, but this relationship needs to deepen, or



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Agtira needs to find additional partners to truly unleash the potential in the Farming as a Service business model. We will keep our forecast for now until more information regarding upcoming systems unveils and continue to see support for a fair value range of SEK 14-16 per share in 12-24 months.

Read the full report here [https://www.emergers.se/agtira\\_q/](https://www.emergers.se/agtira_q/)

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