

# Equity Research | AGTIRA: Lidl deal solid stepping stone for Agtira towards FaaS-profitability

**With the fresh 10-year deal to supply Lidl from a new 10,000 sqm production facility in a FaaS-setup, Agtira is now about to get all the pieces in place for its rollout of vertical farming systems to the Swedish grocery market. Along with the partnership with real estate company NP3 Fastigheter and three new systems operational in 2024, Agtira is on pace for an ARR of SEK 97m by the end of 2024, and profitability in 2025. Encouraged by the positive news flow, we find support for a fair value of SEK 14-16 per share.**

## **We estimate SEK 400m over 10 years with Lidl alone**

Agtira has now signed an agreement with Lidl Sweden aiming to supply cucumbers to all Lidl 205 stores in Sweden. This deal marks Agtira's first nationwide contract with a supermarket chain. The agreement includes the establishment of a 10,000 square meter production facility, based on the Farming-as-a-Service (FaaS) model, which at an estimated SEK 4m in sales / 1,000 sqm suggests SEK 400m in revenue of the 10 year contract length, when producing at full scale. Following a busy ending to 2023, with a cash injection of approximately SEK 70m and two other LOIs signed, the foundation for continued growth is set. As we expect an additional three systems to be up and running before year end 2024, the Greenfood system in Boden, the Greenfood/ICA Maxi system in Haninge and the Coop Nord system in Umeå, Agtira should have a basis of almost SEK 97m in annual recurring revenue (ARR) by the end of the year.

## **Break-even at 25,000 sqm cultivation area**

According to the company's own estimates, a cultivation area ranging from 24,000 to 26,000 sqm is required to reach the break-even. Comparing the yield per sqm from the already installed systems and finalized deals, 1,000 sqm yields approximately SEK 4 to 5.5m per year. This implies that Agtira would need sales of SEK 100 to 137 million to break even. This aligns with our forecast where we anticipate Agtira reaching profitability in 2025. Simultaneously, the company has over 35,000 sqm of cultivation area either already in production or covered by LOIs, translating to sales of SEK 140 to 200m.

## **Strong outlook in the Nordics**

Although the Swedish market alone holds the potential to propel Agtira into the realm of a billion SEK company, the company is strategically looking towards long-term expansion into the Nordic countries. An initial LOI with a Norwegian retailer was signed in 2022. With robust ownership backing, Agtira is poised to make 2024 the year where the growth story truly takes off. All in all, we continue to find support for a fair value range of SEK 14-16 per share.



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Read the full report here [https://www.emergers.se/agtira\\_r24/](https://www.emergers.se/agtira_r24/)

## Contact

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**Johan Widmark**  
[johan@emergers.se](mailto:johan@emergers.se)

## About Emergers

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