

Equity Research | AGTIRA: Capitalizing on rising global focus on food tech

Agtira continues to build momentum in its roll-out. The LOI with Greenfood now has turned into a framework agreement for the construction of at least ten vegetable systems over three years, with an indicative order value of SEK 50-100m, and the first InStore has now been up and running at ICA Maxi Sundsvall for almost two months. In addition, the orders of three Agtira Herbs systems we believe will both lower the threshold for new firm orders and open doors into new markets. With an eventful second half of 2022 ahead, with a financing solution and new orders as primary triggers, we continue to see support for a fair value of SEK 32-46 per share in 12-24 months.

City Greens – urban farming from Agtira and Greenfood

It has been an eventful first six months where a LOI and later a framework agreement was signed with Greenfood regarding a minimum of ten Agtira Greens with an estimated revenue for Agtira of SEK 50-100m annually, based on the company's Farming as a Service-model. There are many synergies between the two companies, where Greenfood gets a supplier of greens, and Agtira gets a buyer of their products. We believe this to be a perfect match for Agtira considering Greenfood's vast distribution network. Also, construction sites are probably easier to find, compared to building on existing parking lots outside supermarkets. The agreement also covers co-branding the produce with the new brand "City Greens".

Macro trends shines new light on food security

Ever since the Covid pandemic grabbed a hold of the world, and major supply chain disruptions became part of the everyday life, the importance of food security has grown. The war in Ukraine has created new long-term challenges as we've seen a surge in fertilizer and soft commodity prices. In stark contrast to the general market slowdown in the past six months, investments in agtech companies increased [16% in Q1'22, where global agtech companies collected USD 3.3 billion across 222 deals](#). According to a new report by PitchBook this is mainly driven by concerns over food security, data-driven productivity gains and environmentally friendly agricultural techniques. Agtira checks all of these boxes as the company's systems can produce both greens and proteins in a circular way using 95% less water compared to traditional farming, without pesticides or fertilizers.

Several triggers base for revaluation

With the first system now operational, and the branding opportunities of In Store-farming that comes with it, we believe it will be easier for Agtira to land additional firm orders. We expect that the recurring revenue from InStore will be notable during H2'22, but that it will take Agtira at least one more year to report black figures on EBITDA-level, with SEK 4m in 2023e and SEK 19m in 2024e, although this will depend somewhat on what business model Agtira will use going forward. While Norwegian sector colleague Kalera, a vertical farming company operational in the US, trades at a multiple of 45x Sales, Agtira trades at around 9x Sales 2022e, suggesting there is room



for a considerable revaluation. As both macro trends and money flows speak in Agtira's favour, we expect an eventful H2'22 where we believe a solution to financing and new firm orders to be the primary triggers. All in all, we continue to see support for a fair value of SEK 32 – 46 per share in 12-24 months.

Read the full report here https://www.emergers.se/agtira_h/

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