

Medicalgorithmics

Break-even within reach

In this report, we update our forecasts and valuation of Medicalgorithmics following the annual results release. We increase our Fair Value to PLN 40.7/share. Since the new FV implies 48% upside potential relative to the current share price, we reiterate our BUY recommendation. The large deal signed in January and the debt financing from Biofund saved the company from the new share issue risk; while reaching break-even is, in our opinion, a matter of a few next months. Thus, most likely by the end of 2025, the US revenue recovery process will close and soon after the company will regain its cash generating capacity. At the same time, we are concerned about the lack of visible progress in the VCAST launch; due to limited financing, we assume entry into the US in 2028.

Large IDTF contract yields profitability in 4Q25. January's major contract with a new unnamed IDTF client is a milestone in the company's strategy to rebuild its US business after losing the React contract. The contract is estimated by the company to generate PLN 30.9-46.0m revenue for the first 24 months of the term, with expected average monthly remuneration of PLN 1.1-1.7m in the first year and PLN 1.5-2.1m in the second year. The deal is currently in the integration stage, the operational phase should take off in 3Q25 and by the end of 2025 enter the target level of the number of procedures handled. At this point, MDG should see a jump in quarterly service revenue from PLN 6-7m in 1-3Q25 to PLN 11m in 4Q25 which, together with revenue from equipment sales, should allow it to reach operating profitability in 4Q25. Our valuation of the ECG business is PLN 177m or PLN 17.7 per share.

Loans from Biofund have de-risked the equity issue scenario. The company's major shareholder, Biofund, has granted the company two loans for a total of USD 5.4m, thereby removing the risk of a stock issue and providing financing until break-even. On the other hand, the first loan in particular carries a high interest rate and, taking into account the percentage of revenue from the new contracts, will be a significant cost for MDG (over PLN 4m in interest costs in total in 2026).

VCAST without visible progress. MDG's focus on the ECG business and limited financial capacity are negatively affecting VCAST – since CE certification in November, the product has not generated any revenue, the company has not signed a single distribution agreement and the registration process in the US has not begun. Therefore, we are pushing back by one year the assumed date for the start of certification (to 2026) and entry into the US market (to 2028). Our valuation of VCAST is PLN 237m or PLN 23.9 per share.

Recommendation and valuation. We increase our FV to PLN 40.7ps from PLN 40.1ps and as the new FV implies 48% upside vs. the current price, we maintain our BUY rating.

Figure 1. Medicalgorithmics financial forecasts summary

| PLN m | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|----------------|-------|-------|-------|-------|-------|-------|
| Revenues | 62.7 | 43.1 | 24.0 | 35.0 | 58.7 | 66.5 |
| EBITDA | 21.4 | 2.8 | -12.9 | -7.5 | 12.6 | 17.1 |
| Adj. EBITDA | 16.4 | 3.0 | -12.7 | -7.5 | 12.6 | 17.1 |
| EBIT | 17.2 | 0.4 | -16.5 | -11.2 | 6.1 | 8.8 |
| Net profit | -11.9 | -0.6 | -16.1 | -11.3 | 1.6 | 4.2 |
| EPS (PLN) | -1.59 | -0.06 | -1.62 | -1.13 | 0.16 | 0.42 |
| DPS (PLN) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| uFCF yield (%) | -8.4% | -5.1% | -5.4% | -5.5% | -3.0% | 0.3% |
| EV/EBITDA (x) | 4.9 | 101.6 | n.m. | n.m. | 24.3 | 18.0 |
| P/E (x) | n.m. | n.m. | n.m. | n.m. | 169.6 | 64.8 |

Source: Company, IPOPEMA Research

Healthcare

Medicalgorithmics

BUY

FV PLN 40.7 from PLN 40.1

48% upside

Price as of 15 May 2025 PLN 27.5

Maintained



Share data

| | |
|--------------------------------|-------------|
| Number of shares (m) | 10.0 |
| Market cap (EUR m) | 64 |
| 12M avg daily volume (k) | 18.6 |
| 12M avg daily turnover (EUR m) | 0.1 |
| 12M high/low (PLN) | 30.66/15.57 |
| WIG weight (%) | 0.03 |
| Reuters | MDG.WA |
| Bloomberg | MDG.PW |

Total performance

| | |
|-----|-------|
| 1M | 15.1% |
| 3M | 6.2% |
| 12M | 5.6% |

Shareholders (% of equity)

| | |
|------------------|-------|
| Biofund | 50.0% |
| PZU pension fund | 7.1% |

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MEDICALGORITHMICS

BUY

FV PLN 40.7

Mkt Cap EUR 64m

Upside: +48%

| Valuation multiples | 2023 | 2024 | 2025E | 2026E | 2027E |
|---------------------|--------|-------|-------|-------|-------|
| P/E (x) | -526.1 | -10.5 | -24.3 | 169.6 | 64.8 |
| EV/EBITDA (x) | 101.6 | -13.2 | -39.2 | 24.3 | 18.0 |
| EV/Sales (x) | 6.6 | 7.1 | 8.4 | 5.2 | 4.6 |
| P/BV (x) | 3.3 | 2.2 | 4.2 | 4.1 | 3.8 |
| uFCF yield (%) | -5.1% | -5.4% | -5.5% | -3.0% | 0.3% |
| DY (%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| Per share | 2023 | 2024 | 2025E | 2026E | 2027E |
|-------------------------|------|------|-------|-------|-------|
| No. of shares (m units) | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| EPS (PLN) | -0.1 | -1.6 | -1.1 | 0.2 | 0.4 |
| BVPS (PLN) | 9.3 | 7.8 | 6.6 | 6.8 | 7.2 |
| uFCFPS (PLN) | -1.6 | -0.9 | -1.5 | -0.8 | 0.1 |
| DPS (PLN) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| Change YoY (%) | 2023 | 2024 | 2025E | 2026E | 2027E |
|----------------|--------|---------|--------|---------|-------|
| Revenues | -31.3% | -44.3% | 45.8% | 67.8% | 13.3% |
| Gross profit | -81.8% | n.m. | n.m. | -268.0% | 36.2% |
| EBITDA | -86.9% | n.m. | n.m. | -268.0% | 36.2% |
| EBIT | -97.5% | n.m. | -32.4% | n.m. | n.m. |
| Net profit | -95.1% | 2683.9% | -29.9% | n.m. | n.m. |

| Leverage and return | 2023 | 2024 | 2025E | 2026E | 2027E |
|-----------------------|-------|--------|--------|-------|-------|
| EBITDA margin (%) | 6.5% | -53.8% | -21.4% | 21.4% | 25.8% |
| EBIT margin (%) | 1.0% | -68.9% | -32.0% | 10.4% | 13.3% |
| Net margin (%) | -1.3% | -67.0% | -32.2% | 2.7% | 6.3% |
| Net debt / EBITDA (x) | -7.1 | -0.2 | -2.7 | 2.6 | 2.0 |
| Net debt / Equity (x) | -0.2 | 0.0 | 0.3 | 0.5 | 0.5 |
| Net debt / Assets (x) | -0.2 | 0.0 | 0.2 | 0.2 | 0.2 |
| ROE (%) | -0.6% | -19.0% | -15.8% | 2.4% | 6.1% |
| ROA (%) | -0.5% | -14.1% | -10.3% | 1.3% | 3.0% |

| Forecasts (PLNm) | 2023 | 2024 | 2025E | 2026E | 2027E |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenues, o/w: | 43.1 | 24.0 | 35.0 | 58.7 | 66.5 |
| Services | 35.3 | 21.6 | 31.2 | 53.6 | 61.0 |
| Devices | 7.8 | 2.4 | 3.8 | 5.1 | 5.5 |
| Services (USDm), o/w: | 8.4 | 5.0 | 8.1 | 14.4 | 15.9 |
| React | 3.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| New IDTF | 0.0 | 1.0 | 1.9 | 2.2 | 2.3 |
| Out of US | 4.6 | 4.4 | 4.7 | 5.1 | 5.5 |
| Costs, o/w: | -42.1 | -42.1 | -46.2 | -52.6 | -57.7 |
| Materials and energy | -7.2 | -3.6 | -3.0 | -4.3 | -4.7 |
| Employee costs | -18.1 | -18.2 | -22.3 | -23.6 | -25.0 |
| D&A | -2.4 | -3.6 | -3.7 | -6.5 | -8.3 |
| Third party services | -13.4 | -15.7 | -16.2 | -17.2 | -18.6 |
| Other | -1.1 | -1.0 | -1.0 | -1.0 | -1.1 |

| P&L (PLNm) | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|-----------------------------------|--------------|-------------|--------------|--------------|-------------|-------------|
| Revenues | 62.7 | 43.1 | 24.0 | 35.0 | 58.7 | 66.5 |
| Opex | 46.3 | 42.1 | 42.1 | 46.2 | 52.6 | 57.7 |
| Other operating income (cost) net | 0.8 | -0.5 | 1.6 | 0.0 | 0.0 | 0.0 |
| Adj. EBITDA | 16.4 | 3.0 | -12.7 | -7.5 | 12.6 | 17.1 |
| EBITDA | 21.4 | 2.8 | -12.9 | -7.5 | 12.6 | 17.1 |
| EBIT | 17.2 | 0.4 | -16.5 | -11.2 | 6.1 | 8.8 |
| Financial income (cost) net | 8.0 | -0.7 | 0.8 | -2.7 | -4.1 | -3.6 |
| Pre-tax profit | 25.3 | -0.2 | -15.8 | -13.9 | 2.0 | 5.2 |
| Income tax | 0.2 | -0.3 | -0.3 | 2.6 | -0.4 | -1.0 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Discontinued | -37.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit | -11.9 | -0.6 | -16.1 | -11.3 | 1.6 | 4.2 |

| BALANCE SHEET (PLNm) | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Non-current assets | 65.9 | 78.4 | 83.4 | 90.0 | 94.8 | 99.0 |
| PP&E | 0.9 | 0.8 | 0.5 | 0.4 | 0.4 | 0.3 |
| Right-of-use assets | 1.1 | 1.5 | 1.8 | 2.3 | 2.7 | 3.1 |
| Goodwill | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 |
| Intangibles | 44.9 | 53.7 | 59.5 | 65.7 | 70.2 | 74.0 |
| Other non-current assets | 0.0 | 3.4 | 2.6 | 2.6 | 2.6 | 2.6 |
| Current assets | 56.1 | 43.2 | 22.4 | 23.4 | 41.4 | 42.3 |
| Inventories | 8.8 | 9.3 | 9.4 | 11.8 | 18.8 | 20.8 |
| Trade receivables | 21.1 | 8.4 | 7.5 | 9.4 | 12.6 | 14.2 |
| Cash and equivalents | 26.2 | 25.5 | 5.5 | 2.3 | 10.0 | 7.2 |
| Other current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total assets | 122.0 | 121.6 | 105.8 | 113.4 | 136.2 | 141.3 |
| Equity | 94.7 | 92.6 | 77.2 | 65.9 | 67.5 | 71.7 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-current liabilities | 17.1 | 16.8 | 19.7 | 34.2 | 54.2 | 54.2 |
| Loans and borrowings | 4.2 | 2.5 | 5.5 | 20.0 | 40.0 | 40.0 |
| Other non-current liabilities | 12.8 | 14.3 | 14.2 | 14.2 | 14.2 | 14.2 |
| Current liabilities | 10.3 | 12.3 | 9.0 | 13.3 | 14.5 | 15.4 |
| Trade payables | 4.5 | 4.4 | 3.4 | 7.8 | 9.0 | 9.9 |
| Loans and borrowings | 5.0 | 3.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| Other current liabilities | 0.8 | 4.6 | 3.3 | 3.3 | 3.3 | 3.3 |
| Equity & liabilities | 122.0 | 121.6 | 105.8 | 113.4 | 136.2 | 141.3 |
| Cash conversion cycle (days) | 55.0 | 85.3 | 73.8 | 48.6 | 20.5 | 7.9 |
| Gross debt (PLN m) | 9.3 | 5.7 | 7.7 | 22.2 | 42.2 | 42.2 |
| Net debt (PLN m) | -16.9 | -19.8 | 2.2 | 20.0 | 32.2 | 35.1 |

| CASH FLOW (PLNm) | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|-----------------------------|-------------|-------------|--------------|-------------|-------------|--------------|
| Operating cash flow | 6.3 | 0.2 | -13.1 | -4.7 | 3.2 | 13.3 |
| Net income | -11.9 | -0.6 | -16.1 | -11.3 | 1.6 | 4.2 |
| D&A | 4.2 | 2.4 | 3.6 | 3.7 | 6.5 | 8.3 |
| Change in WC | -26.5 | -3.7 | 0.1 | 0.1 | -9.0 | -2.9 |
| Other | 40.5 | 2.1 | -0.7 | 2.7 | 4.1 | 3.6 |
| Investment cash flow | -1.8 | 2.0 | -7.4 | -8.7 | -9.8 | -10.9 |
| Change in PP&E | -12.4 | -11.3 | -10.0 | -8.7 | -9.8 | -10.9 |
| Other | 10.6 | 13.3 | 2.6 | 0.0 | 0.0 | 0.0 |
| Financial cash flow | 10.0 | -2.8 | 0.4 | 10.3 | 14.3 | -5.3 |
| Change in equity | 13.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in debt | -3.0 | -3.6 | 2.0 | 14.5 | 20.0 | 0.0 |
| Dividend | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| RoU increase | 0.0 | 0.0 | -0.4 | -1.5 | -1.6 | -1.6 |
| Interest | 0.0 | 0.0 | 0.8 | -2.7 | -4.1 | -3.6 |
| Other | -0.9 | 0.8 | -2.0 | 0.0 | 0.0 | 0.0 |
| Change in cash | 14.5 | -0.7 | -20.0 | -3.2 | 7.7 | -2.9 |
| Cash as of eop | 26.2 | 25.5 | 5.5 | 2.3 | 10.0 | 7.2 |

Source: Company data, IPOPEMA Research

Valuation

We value Medicalgorithmics using a sum-of-the-parts valuation. We value the Kardiolytics using the rNPV method (risk-adjusted net present value) probability weighing its subsequent phases. We value the ECG business using a DCF model. Based on our forecasts, we arrive at fair value of PLN 40.7 per share, i.e. 48% above the current market price, which implies a BUY recommendation.

Figure 2. Medicalgorithmics: SOTP valuation (PLNm)

| | PLNm | PLN/share |
|--|--------------|-------------|
| ECG business - DCF valuation (Enterprise value) | 176.4 | 17.7 |
| Kardiolytics - rNPV valuation (Enterprise value) | 237.5 | 23.9 |
| Enterprise value | 413.8 | 41.6 |
| Net cash (1Q25E) | -9.2 | -0.9 |
| Fair value | 404.6 | 40.7 |

Source: Company, IPOPEMA Research

rNPV valuation – Kardiolytics

Figure 3. Kardiolytics: Valuation assumptions

| Phase | Year | Probability of success | Cumulative probability of success |
|-----------------------------|-------------|------------------------|-----------------------------------|
| Development | 2025 | 100% | 100% |
| Clinical trial | 2026 | 75% | 75% |
| FDA registration | 2027 | 75% | 56% |
| Commercial sale | 2028 | 100% | 56% |
| Average annual sales (USDm) | 38.5 | | |
| Peak sales (USDm) | 56.9 | | |
| rNPV (PLNm) | 237.5 | | |
| rNPV (PLN/share) | 23.9 | | |

Source: Company, IPOPEMA Research

Figure 4. Medicalgorithmics: Kardiolytics assumptions

| | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | Terminal |
|-----------------------------------|--------------|----------------|----------|--------|--------|--------|--------|--------|--------|--------|----------|
| Phase | Develop ment | Clinical trial | Approval | Market | Market | Market | Market | Market | Market | Market | Market |
| Price (USD) | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 |
| No. of trials (m) | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| TAM | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| Market share | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Peak sales | 62.5 | 62.5 | 62.5 | 62.5 | 62.5 | 62.5 | 62.5 | 62.5 | 62.5 | 62.5 | 62.5 |
| Sales curve | 0% | 0% | 0% | 5% | 19% | 36% | 51% | 65% | 75% | 84% | 91% |
| Revenues (USDm) | 0.0 | 0.0 | 0.0 | 3.1 | 11.9 | 22.5 | 31.9 | 40.6 | 46.9 | 52.5 | 56.9 |
| Costs | -2.2 | -2.4 | -2.7 | -2.9 | -3.0 | -3.0 | -3.1 | -3.2 | -3.2 | -3.3 | -3.4 |
| Revenues less COGS and tax (USDm) | 0.0 | 0.0 | 0.0 | 2.2 | 8.2 | 15.5 | 21.9 | 28.0 | 32.3 | 36.1 | 39.2 |
| Success rate | 100% | 75% | 75% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Cumulative probability of success | 100% | 100% | 75% | 56% | 56% | 56% | 56% | 56% | 56% | 56% | 56% |
| Risk adj net FCF (USDm) | -2.2 | -2.4 | -2.0 | -0.4 | 2.9 | 7.0 | 10.6 | 14.0 | 16.3 | 18.5 | 20.1 |
| Discount | 88% | 78% | 69% | 61% | 54% | 48% | 43% | 38% | 33% | 29% | 26% |
| USDPLN | 3.84 | 3.73 | 3.83 | 3.83 | 3.83 | 3.83 | 3.83 | 3.83 | 3.83 | 3.83 | 3.83 |
| Net present CF (PLNm) | -7.5 | -7.1 | -5.3 | -1.0 | 6.1 | 12.9 | 17.3 | 20.1 | 20.8 | 20.8 | 20.1 |
| rNPV (PLNm) | 237.5 | | | | | | | | | | |

Source: Company, IPOPEMA Research

DCF valuation – ECG business

To value Medicalgorithmics' ECG business, we use a DCF model based on our free cash flows forecasts on consolidated numbers for the 2025E-2034E period. We applied a 5.5% equity risk premium, 5.5% risk free rate and 1.0% debt risk premium to reflect effective average costs of long-term financing. We assume standard unlevered beta at 1.0x and 2.0% growth rate in terminal year.

Figure 5. Medicalgorithmics ECG business DCF 2025E-2034E valuation

| PLN m | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | Terminal |
|--------------------------|--------------|-------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| NOPAT | -9.1 | 4.9 | 7.1 | 9.7 | 11.5 | 14.2 | 17.8 | 22.7 | 27.1 | 32.8 | 32.8 |
| + Depreciation | 3.7 | 6.5 | 8.3 | 10.4 | 12.5 | 15.1 | 15.7 | 16.2 | 16.5 | 16.8 | - |
| + Change in operating WC | 0.7 | -9.7 | -3.8 | -3.4 | -2.8 | -3.5 | -3.2 | -4.0 | -3.5 | -4.3 | -4.3 |
| + Capital expenditure | -6.0 | -6.8 | -7.4 | -7.2 | -7.5 | -7.7 | -7.9 | -8.2 | -8.4 | -8.7 | - |
| Free cash flow | -10.7 | -5.1 | 4.3 | 9.4 | 13.8 | 18.1 | 22.4 | 26.7 | 31.7 | 36.6 | 28.4 |
| WACC | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 11.0% | 11.0% | 11.0% | 11.0% | 11.0% | 11.0% |
| PV FCF 2025E-2034E | 61.4 | | | | | | | | | | |
| Terminal growth | 2.0% | | | | | | | | | | |
| PV TV | 114.9 | | | | | | | | | | |
| Enterprise Value | 176.4 | | | | | | | | | | |

Source: Company, IPOPEMA Research

Figure 6. Medicalgorithmics ECG business WACC calculation

| PLN m | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|------------------------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| Risk free rate | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Equity risk premium | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Unlevered beta | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Cost of equity | 11.7% | 12.8% | 12.9% | 13.0% | 11.8% | 11.1% | 11.3% | 11.0% | 11.0% | 11.0% |
| Risk free rate | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Debt risk premium | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Tax rate | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% |
| After tax cost of debt | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% |
| Weight of debt | 13.4% | 28.3% | 29.5% | 31.0% | 15.6% | 1.8% | 5.5% | 0.0% | 0.0% | 0.0% |
| Weight of equity | 86.6% | 71.7% | 70.5% | 69.0% | 84.4% | 98.2% | 94.5% | 100.0% | 100.0% | 100.0% |
| WACC | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 11.0% | 11.0% | 11.0% | 11.0% | 11.0% |

Source: Company, IPOPEMA Research

Figure 7. Medicalgorithmics ECG business DCF sensitivity (PLNm)

| | g (%) | | | | |
|------|-------|-------|-------|-------|-------|
| | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% |
| | 11.9% | 145.9 | 150.4 | 155.4 | 160.9 |
| | 11.4% | 154.3 | 159.5 | 165.2 | 171.6 |
| WACC | 10.9% | 163.8 | 169.7 | 176.4 | 183.8 |
| | 10.4% | 174.5 | 181.4 | 189.1 | 197.8 |
| | 9.9% | 186.6 | 194.6 | 203.7 | 213.9 |

Source: Company, IPOPEMA Research

Financial forecasts

Figure 8. Medicalgorithmics 2021-2028E financials

| P&L (PLN m) | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E | 2028E |
|---------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenues | 85.3 | 62.7 | 43.1 | 24.0 | 35.0 | 58.7 | 66.5 | 74.7 |
| COGS | 94.3 | 46.3 | 42.1 | 42.1 | 46.2 | 52.6 | 57.7 | 62.8 |
| Other operating income, net | -16.1 | 0.8 | -0.5 | 1.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Adj. EBITDA | 7.1 | 16.4 | 3.0 | -12.7 | -7.5 | 12.6 | 17.1 | 22.3 |
| EBITDA | -14.7 | 21.4 | 2.8 | -12.9 | -7.5 | 12.6 | 17.1 | 22.3 |
| Operating profit | -25.1 | 17.2 | 0.4 | -16.5 | -11.2 | 6.1 | 8.8 | 11.9 |
| Finance costs | 2.8 | 8.0 | -0.7 | 0.8 | -2.7 | -4.1 | -3.6 | -2.4 |
| Pretax profit | -22.3 | 25.3 | -0.2 | -15.8 | -13.9 | 2.0 | 5.2 | 9.5 |
| Income tax | 3.4 | 0.2 | -0.3 | -0.3 | 2.6 | -0.4 | -1.0 | -1.8 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Discontinued | -161.8 | -37.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit | -180.6 | -11.9 | -0.6 | -16.1 | -11.3 | 1.6 | 4.2 | 7.7 |
| EPS (PLN) | -38.83 | -1.59 | -0.06 | -1.62 | -1.13 | 0.16 | 0.42 | 0.78 |
| EBITDA margin | -17.2% | 34.2% | 6.5% | -53.8% | -21.4% | 21.4% | 25.8% | 29.9% |
| EBIT margin | -29.4% | 27.4% | 1.0% | -68.9% | -32.0% | 10.4% | 13.3% | 16.0% |
| Net margin | -211.8% | -18.9% | -1.3% | -67.0% | -32.2% | 2.7% | 6.3% | 10.3% |
| ROE | -141.8% | -16.7% | -0.6% | -19.0% | -15.8% | 2.4% | 6.1% | 10.2% |
| Balance Sheet (PLN m) | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E | 2028E |
| Current assets | 106.7 | 56.1 | 43.2 | 22.4 | 23.4 | 41.4 | 42.3 | 48.4 |
| Cash and equivalents | 2.3 | 26.2 | 25.5 | 5.5 | 2.3 | 10.0 | 7.2 | 9.4 |
| Trade and other receivables | 6.9 | 21.1 | 8.4 | 7.5 | 9.4 | 12.6 | 14.2 | 16.0 |
| Inventories | 7.1 | 8.8 | 9.3 | 9.4 | 11.8 | 18.8 | 20.8 | 22.9 |
| Other | 90.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-current assets | 7.7 | 65.9 | 78.4 | 83.4 | 90.0 | 94.8 | 99.0 | 101.5 |
| PPE | -6.4 | 0.9 | 0.8 | 0.5 | 0.4 | 0.4 | 0.3 | 0.3 |
| Right-of-use assets | 9.5 | 1.1 | 1.5 | 1.8 | 2.3 | 2.7 | 3.1 | 3.6 |
| Intangibles | 3.7 | 44.9 | 53.7 | 59.5 | 65.7 | 70.2 | 74.0 | 76.0 |
| Goodwill | 0.8 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 |
| Other | 0.1 | 0.0 | 3.4 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| Total assets | 114.4 | 122.0 | 121.6 | 105.8 | 113.4 | 136.2 | 141.3 | 149.9 |
| Equity | 47.4 | 94.7 | 92.6 | 77.2 | 65.9 | 67.5 | 71.7 | 79.5 |
| Minority Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term liabilities | 14.7 | 17.1 | 16.8 | 19.7 | 34.2 | 54.2 | 54.2 | 54.2 |
| Long-term debt | 7.0 | 4.2 | 2.5 | 5.5 | 20.0 | 40.0 | 40.0 | 40.0 |
| Other long-term liabilities | 7.7 | 12.8 | 14.3 | 14.2 | 14.2 | 14.2 | 14.2 | 14.2 |
| Short-term liabilities | 52.3 | 10.3 | 12.3 | 9.0 | 13.3 | 14.5 | 15.4 | 16.3 |
| Short-term debt | 5.2 | 5.0 | 3.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| Trade and other payables | 4.7 | 4.5 | 4.4 | 3.4 | 7.8 | 9.0 | 9.9 | 10.7 |
| Other short-term liabilities | 42.4 | 0.8 | 4.6 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 |
| Total equity & liabilities | 114.4 | 122.0 | 121.6 | 105.8 | 113.4 | 136.2 | 141.3 | 149.9 |
| Net debt | 10.0 | -16.9 | -19.8 | 2.2 | 20.0 | 32.2 | 35.1 | 32.8 |
| Net debt/EBITDA (x) | -0.7 | -0.8 | -7.1 | -0.2 | -2.7 | 2.6 | 2.0 | 1.5 |
| Cash flow (PLN m) | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E | 2028E |
| CF from operations | -6.5 | 6.3 | 0.2 | -13.1 | -4.7 | 3.2 | 13.3 | 17.5 |
| Net profit | -180.6 | -11.9 | -0.6 | -16.1 | -11.3 | 1.6 | 4.2 | 7.7 |
| D&A | 10.4 | 4.2 | 2.4 | 3.6 | 3.7 | 6.5 | 8.3 | 10.4 |
| Chg. In WC | 7.8 | -26.5 | -3.7 | 0.1 | 0.1 | -9.0 | -2.9 | -3.0 |
| Other | 155.9 | 40.5 | 2.1 | -0.7 | 2.7 | 4.1 | 3.6 | 2.4 |
| CF from investment | -15.8 | -1.8 | 2.0 | -7.4 | -8.7 | -9.8 | -10.9 | -11.1 |
| CF from financing | 17.7 | 10.0 | -2.8 | 0.4 | 10.3 | 14.3 | -5.3 | -4.1 |
| Beginning cash | 16.2 | 11.7 | 26.2 | 25.5 | 5.5 | 2.3 | 10.0 | 7.2 |
| Ending cash | 11.7 | 26.2 | 25.5 | 5.5 | 2.3 | 10.0 | 7.2 | 9.4 |
| DPS (PLN) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Source: Company, IPOPEMA Research

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NII – Net interest income – interest income minus interest expense.

Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value – price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

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|--------|---|
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| | Number | % |
|-------|--------|------|
| Buy | 18 | 56% |
| Hold | 8 | 25% |
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| Total | 32 | 100% |

Rating History – Medicalgorithmics

| Date | Recommendation | Fair Value | Price at recommendation | Author |
|------------|----------------|------------|-------------------------|------------------|
| 06.09.2023 | BUY | PLN 45.2 | PLN 36.0 | Łukasz Kosiarski |
| 16.11.2023 | BUY | PLN 41.2 | PLN 27.4 | Łukasz Kosiarski |
| 30.06.2024 | BUY | PLN 42.6 | PLN 28.8 | Łukasz Kosiarski |
| 28.11.2024 | BUY | PLN 40.1 | PLN 19.2 | Łukasz Kosiarski |
| 16.05.2025 | BUY | PLN 40.7 | PLN 27.5 | Łukasz Kosiarski |