FOM TECHNOLOGIES

Commissioned Equity Research

2022-03-24

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Interesting Technology

FOM Technologies has gained recognition as a pioneer of cutting-edge precision equipment for slot-die coating of new functional materials. The technology can be used for a variety of different research areas and the market potential can thus be described as high. The Danish company already has a strong global clientele with highly regarded universities and several fortune 500 companies.

FOM Technologies aim to grow and develop into a leading company within the slot-die coating technology, contributing to a cleaner and more sustainable world.

Record year 2021

2020 was a challenging year for FOM Technologies due to COVID-19 restrictions. However, in 2021 the company raised their financial guidance several times and the commercial journey described in the IPO memorandum started to materialize. FOM Technologies achieved this despite continuing supply challenges caused by the COVID-19 epidemic.

Aiming for Main Market

After a strong financial year 2021 and aggressive investments in innovation, a global distribution network and development of new products, FOM Technologies intend to work towards a listing on the Nasdaq Main Market – Small Cap in 2023.

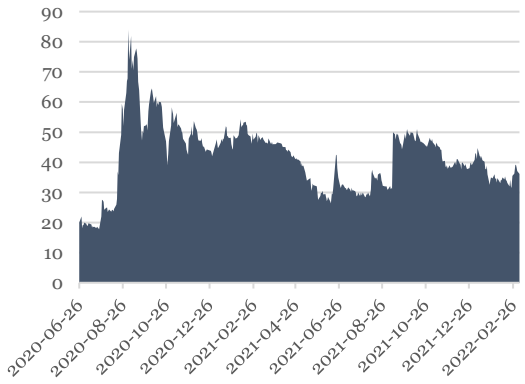
Attractive Growth Potential

Using a discounted cash flow valuation method, we establish a fair value per share of 49,0 DKK. For our base case scenario to materialize, FOM Technologies will have to increase both sales and profitability substantially.

Stockpicker considers the company's technology, in itself, to carry a value. The high value of insider ownership also signals management strong believe in the future of the company.

FOM TECHNOLOGIES	
Target Price	49,0 DKK
Recommendation	Buy
Risk	High
Bear Case Target Price	25,3 DKK
Bull Case Target Price	72,6 DKK
Sector	Industrial Goods and Services
Market	First North GM Denmark
Ticker	FOM
Latest Report	Annual Report 2021
Current Share Price	36,0 DKK
Market Cap	267 MDKK
No. of Shares (millions)	7,4
Date	2022-03-23

RETURN	6M	IPO
FOM	-19%	80%



OWNER	SHARES	%
Martin Kiener Fomt Holding ApS	2 250 000	30,3
Coridats Capital ApS C/O Michael Stadi	1 262 262	17,0
Saxo Capital Markets Uk Ltd (wlc) Bank	1 125 000	15,2
Ulstrup Invest ApS Søren Ulstrup	580 636	7,8

Largest shareholders per 2022-03-03 (source: FOM Technologies)

KEY FIGURES			
(MDKK)	2021	2022E	2023E
Revenue	24	30	50
EBIT	1,6	3,0	6,3
EV/S	11	9	5
EV/EBIT	164	87	42

Key Figures Base Case (source: Stockpicker)

History

FOM Technologies was founded in 2012-2013 as the machinery part of the R2R (Roll-to-roll) material research, is spun off from Risø National Laboratory for Sustainable Energy at the Technical University of Denmark (DTU). Back then, the company had one single product and specialized in benchtop roll coaters for organic solar cell research.

Founded in 2012 and listed 2020 on the Nasdaq First North Growth Market

2014-2016 FOM Technologies started gaining recognition, as a pioneer of cutting-edge precision machinery and equipment for slot-die coating of new functional materials. During these years the worldwide customer base was established.

FOM decided to develop a new business strategy during 2017-2018 where they focused on becoming the leading provider of slot-die coating technology for new functional materials. At the same time ownership changed, and a new management team was appointed.

In June 2020 FOM Technologies was listed on the Nasdaq First North Growth Market under the ticker FOM. With external capital and new investors, FOM expanded their staff, organization, and platform. The aim with the public listing was to scale sales and distribution internationally.

FOM stands for Functional Organic Materials

The company name abbreviation FOM stands for “Functional Organic Materials”.

Mission & Vision

The company's main mission is to help professionals around the world to discover, develop and commercialize new, innovative functional materials, through FOM Technologies equipment, technology and knowledge.

Aim to grow and develop company into the leading company within slot-die coating technology

FOM Technologies aim to grow and develop into a leading company within the slot-die coating technology, contributing to a cleaner and more sustainable world.

A Danish company

FOM Technologies was founded in Denmark and their headquarters are in Copenhagen. Besides Denmark, they also have an office in California, USA.

In addition to the offices, a dozen distributors, showrooms and cooperation partners can be found around the world.

Investments in Group Enterprises	Equity Share
FOM Technologies Inc. | USA	100%
MLMC Therapeutics ApS | Denmark	51%

As of today, material researchers globally often use an appliance called “spin coater”. Spin coating is an easy and simple method, but the technology has three major drawbacks. It is very time consuming, the material waste is large, and the scalability is non-existent or close to none.

FOM Technologies therefore invented the slot-die technology which resolves most of these issues. The technology is approx. 100 times faster than traditional spin coating, there is little to none waste of precious fluids and one can easily scale up from laboratory.

Slot-die coating allows you to produce ultra thin layers of almost any material

Slot-die coating

In simple terms, slot-die coating allows you to produce ultra thin layers of almost any material. This is done by dissolving or suspending the material into a coatable liquid referred to as “ink”.

The ink is then coated onto a desired substrate through slot-die head. The slot-die head distributes the ink uniformly across the width of the substrate as it passes by, and the ink is deposited neatly onto the surface with little or no waste. This results in excellent material efficiency and allows you to control the thickness of the coated layer by simply varying the ink pump rate and substrate travel speed. When the solvent evaporates from the substrate, a film of the desired material is left behind.

Aim to help researchers and scientist around the world by offering slot-die lab-scale equipment

Area of use

Through the fundamentals described above, slot-die coating can be used to produce high quality thin films with thicknesses ranging from tens of nanometers to hundreds of microns.

Historically this kind of coating has mainly been used in industrial production. FOM Technologies aim though is to help researchers and scientists around the world achieve output with outstanding precision, repeatability and scalability by offering them lab-scale coating equipment. The company's solutions can be used within e.g., energy harvesting, energy storage and smart materials.

Provides equipment to some of the most well-known companies and universities in the world

Leading supplier of lab-scale slot-die tools

FOM Technologies is a leading supplier of lab- and pilot-scale slot-die coating tools for advanced materials. They already provide equipment to some of the largest companies and universities in the world.

The Danish company works closely with their clients and suppliers to deliver high-quality cutting-edge solutions.

Michael Stadi | CEO

Michael Stadi spent 13 years working in investment banking and financial markets in Copenhagen, Stockholm and London. He co-founded the world's first long only carbon fund Klimainvest A/S back in 2007 and was nominated for E&Y – Entrepreneur of the Year Award in 2021.

Stadi has served as a board member of several start-up companies and has been the chief executive officer (CEO) for FOM Technologies since 2017.

Martin Kiener | Head of Sales & Founder

Kiener was responsible for spinning out and establishing FOM Technologies as a commercial entity separate from the DTU back in 2012. Since then, he has been working with sales and production innovation within the company.

Prior to starting FOM Technologies, he worked in the Danish tech sector for a decade. Martin Kiener plays a key part in growing the business into commercial success and is behind most of the established relationships with some of the largest corporations and most prestigious universities.

Management highly educated and experienced

Kamran Ahmed | VP & Head of Production

Kamran joined FOM Technologies in 2020 after relocating to Copenhagen from UK. He is a production engineer with project management experience in the design and manufacturing of production equipment.

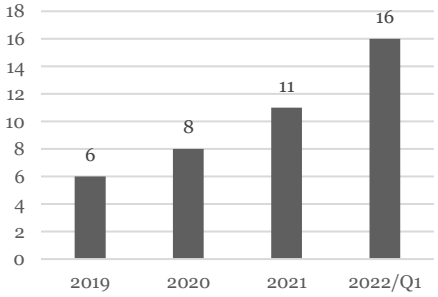
Prior to joining FOM, Kamran worked as a senior production and logistics engineer in the hypercar automotive industry. His main task in FOM Technologies will be to continue and drive overall production tasks with high-quality research and custom slot-die coating machines.

A small growing operative group of a dozen people

Operative Team

FOM Technologies consists of a team where a high percentage are PhD's in Chemistry, Nanotechnology or Chemical Engineering, to ensure that their clients needs will be met.

As of today, the number of employees in FOM Technologies is 16. During 2021 the company had 11 fulltime employees. In 2019 the number of employees was, on average, six and in 2020 eight.



No. of employees
(source: FOM Technologies)

Andreas Nielsen | Chairman of the Board

Andreas Nielsen is a lawyer and the managing partner of the Danish firm Bruun & Hjejle, which focuses on company law and transactions. He has experience from several current and previous board positions and holds a LLM (Master of Laws) from New York University.

Board Members

In addition to the chairman, FOM Technologies board consists of two members. They joined the board last year (in 2021) and have knowledge from separate business areas.

Karina Rothoff Brix is passionate about use of new technologies in growth companies and is the CEO at the Center for Lifelong Learning – DTU Learn for Life. Prior to that, she was CEO of the Copenhagen School of Entrepreneurship at CBS for nine years.

Experienced Board with knowledge from different business areas

Birgitte Jespersen Skade key areas of expertise include e.g., marketing, business strategy and brand management. Jespersen Skade has over 17 years of experience from International Marketing and holds a M.Sc. In International Business from Aarhus University.

Advisory Board | Academic

Four people belong to the company's advisory board. One of them is *Søren Ulstrup*, who is the managing director at SP Group A/S and a shareholder in FOM Technologies. The other three advisors all have Ph.D.'s and are professors in different subjects.

Dr. Devin MacKinzie has a Ph.D. in Material Science & Engineering from Florida and is the Washington Research Foundation professor of Clean Energy.

Jason Li-Ying is a professor in Innovation & Entrepreneurship at the Danish Technical University and holds a Ph.D. in Innovation Management from Hasselt University in Belgium.

Morten Madsen expertise includes electronic and optoelectronic devices based on semiconducting thin-films. He holds a Ph.D. in Functional Materials & Nanotechnology from the University of Southern Denmark and is a professor in Organic Solar Cells at the SDU NanoSYD.

OWNER	CAPITAL	CAPITAL %	VOTES %
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Largest shareholders per 2022-03-03
(source: FOM Technologies)

The founder Martin Kiener, CEO Michael Stadi and advisory board member Søren Ulstrup owns over 55 percent of FOM Technologies through companies.

At the IPO, the executive board and current owners had a one-year lock-up period. This period expired over half a year ago, but insiders, such as Kiener and Stadi, have not been involved in any substantial transactions and insider ownership is therefore to a large extent the same as after the IPO.

High value of insider ownership signals managements believe in the company

The high value of insider ownership signals managements believe in FOM Technologies' products and increases the incentive to make the company more profitable and create shareholder value.

FOM Technologies offers an incentive program consisting of warrants awarded to the Executive Board as well as to employees of the company.

Incentive program to Executive Board and employees

In 2021 the company issued 125 000 warrants to management and employees which gives the right to a subscription of 125 000 shares in the company at a nominal value of 0,10 DKK per share. These warrants can be exercised at a price of 20,00 DKK in two exercise windows (2023 and 2024).

If fully vested and exercised, the implemented program will increase the FOM Technologies share pool by 1,69 percent from 7,42 million shares to 7,54 million shares in 2023.

The implemented program may be followed by similar warrant programs, which ultimately may increase the incentive warrant pool to 740 741 shares. This adds up to 9,98 percent of share capital, if fully vested and exercised by 2028.

The Danish firm already has a wide range of coating machines and equipment that they offer. Both the roll-based and sheet-based machines are produced in Scandinavia. In addition to the products mentioned below, FOM Technologies also supply custom slot-die solutions.

High-quality roll-based machines

FOM Technologies offer three different roll-based slot-die coating machines. The cutting-edge equipment is supposed to enable researchers, scientists, and professionals to cost-effectively develop and commercialize new functional materials.

Both standardized and custom-made slot-die coating solutions for research- and industrial use

Entry level FOM nanoRC is (as the name suggests) the roll-based machine with the most limited number of functions, and lower performance than the other two roll-based slot-die coating machines.

FOM arcRC is a machine for the intermediate level. It has a few more attributes than the nanoRC but is not as advanced as the *FOM moduloR2R*.

The differences between the machines are everything from slot-die size and substrate to installation and connectivity. FOM Technologies roll coaters enable researchers to simulate large-area coatings and R2R production during lab-scale research.

Standardized products include roll-based- and sheet-based slot-die machines on three different levels

High-quality sheet-based machines

The sheet-based slot-die coating machines can be found on three different levels: *Intermediate level - FOM VectorSC, Advanced level – FOM alphaSC and Industrial level - FOM Industrial S2S*.

Like the roll-based machines described earlier, there are several differences between the levels on sheet-based slot-die machines, such as slot-die size, substrate and drying.

Pricing from 100 000 DKK, which enables more people to use the slot-die technique

A product comparison matrix, for both roll-based- and sheet-based machines, can be found on FOM Technologies webpage. Sheet coaters by FOM enables coating on flexible or rigid substrates, simulating both R2R and S2S (sheet-to-sheet) processes in a compact form.

Slot-die heads

FOM Technologies offers customers slot-die heads for both research- and industrial use. The *Research Series* contains solutions for lab-scale applications, while the *Industrial Series* is mainly developed to support pilot-scale installations.

Customers can order slot-die heads in different standardized sizes or custom made.

Universities

The company strategically cooperates with several universities that want to do material research or teach slot-die coating.

FOM Technologies first customer was Linköping University from Sweden. Since then, the company has tied agreements with several prestigious universities around the world.

The company cooperates with universities from countries all over the world – Sweden, Italy, USA, Canada, Germany, China, Saudi Arabia, Singapore and so on.

Companies

Global companies have also shown interest in the company's technology. They often have their own R&D facilities and in-house laboratories. FOM Technologies clientele already, as of today, include several Fortune 500 companies.

Several big American companies, such as Apple and Microsoft, use FOM Technologies slot-die coating solutions, but they have agreements with companies all over the world and this segment is expected to grow rapidly.

During the second half of 2021 they received orders from several global companies, such as the Michelin Group and Xerox Holding. In December last year FOM also signed their first Power-to-X equipment contract with the Danish Firm Haldor Topsøe A/S, which is one of the leading players within energy storage and green fuel.

Research Institutions

Besides universities and companies, FOM Technologies supply slot-die solutions to several institutions involved in research activities.

Summary

In 2020 the Company had more than 60 international customers, including universities, research institutions and companies.

The strong global clientele of universities and companies is somewhat unusual for a small Danish firm with a turnover of 24 MDKK last year. In our view, the customer base with prestigious universities and Fortune 500 companies prove that FOM Technologies slot-die machines and equipment are of interest.

When you consider all material research areas where FOM Technologies slot-die coating solutions can be used, there is still plenty of room for growth in number of academic- and commercial clients.

Academic Clients

University of Washington [USA]
Massachusetts Institute of Technology [USA]
University of Toronto [Canada]
Helmholz Zentrum Berlin [Germany]
Institute of Chemistry Chinese Academy of Science [China]

A handful of FOM Technologies Academic Clients (source: FOM's IPO material 2020)

Commercial Clients

Haldor Topsøe [Denmark]
Michelin Group [France]
Epishine [Sweden]
Xerox Holding Corporation [USA]
Apple [USA]
PO Celltech [Israel]
Phillips66 [USA]
Microsoft [USA]

A few of FOM Technologies Commercial Clients (source: FOM Technologies)

The market for slot-die coating is new and immature. FOM Technologies mentioned in their business report from 2020 that there are a few companies that provide technology and machines with the same complexity, but due to the immature market it is hard to define the competitive situation.

Immature market

Access barriers

The company differentiates itself from others by offering flexible machines and products to a low price and a wider user area. The cost-effective machines allow customers easily to scale up from research.

Since we are talking about high-tech equipment and machines, with ultra high precision, the access barrier can be considered high.

Competing in this market probably requires deep knowledge, which the highly educated and experienced management team (and board) is an indication of.

High access barriers

Competitive advantage

FOM Technologies names seven competitive advantages in their IPO memorandum from June 2020.

One advantage is that they are 100 percent focusing on the slot-die coating technique. This includes development and selling of small and compact machines mainly for R&D Departments.

The company's equipment also enables scaling up, if research conclusions supports it.

Several competitive advantages

Both pricing and daily use of the equipment is cost-effective and there is a high focus on user-driven innovation. A combination of FOM Technologies being a spin-out from DTU, and having prestigious clients, also gives the company high credibility.

Competitive advantages
100 percent focus on slot die coating technology
Possible to scale up from research to production using FOM Technologies
Cost-optimized equipment
User-friendly user interface
High focus on user-driven innovation
High credibility
Strong clientele and track record

Competitive advantages
(source: FOM's IPO material 2020)

There is a demand for FOM Technologies machines and equipment, which last years revenue increase is prove of. It's also a born global business, since most of the the company's sales are to universities and R&D departments outside of Denmark and Europe.

R&D Spending

Growing R&D spending on material research driving demand

According to the Congressional Research Service, global R&D Expenditures have more than tripled in US dollars since 2000, to 2,2 trillion in 2019.

For FOM Technologies, the amount invested in material research is of highest interest. Unfortunately, it is hard to establish the number spent specifically on material research, but it plays a crucial part in many technological innovations.

According to FOM Technologies business report from 2020, the amount spent on material research is expected to grow fast during the next decade.

Research Areas

FOM Technologies solutions may be used for a variety of different research purposes

As previously mentioned, slot-die coating solutions can be used for many different research purposes. FOM Technologies mention three interesting segments in their IPO memorandum, where current customers use their technology.

One of them is *Energy Harvesting*, where solar is the most dominant research area for now.

Energy storage is another interesting segment, where batteries are the most researched area at the moment.

The third segment is *SMART Materials,* where Printed Electronics is currently the most dominant research area within this segment.

All segments mentioned above are expected to grow rapidly over the next few years.

Research Areas where FOM's Technology is used
Conductive foil for automotive industry
Printed electronics for MedTech research
Coating of membranes for water purification
Development of improved efficiency for solar cells
Growth boost of algae production within biofuel
Development of thin films for solar cells
Membranes for fuel cells
Development of future batteries

Examples of research areas where FOM's technology is used (source: FOM's IPO material 2020)

There are a few unlisted companies in Europe and US that offer similar coating services as FOM Technologies. Below is a short description of three of these companies.

Coatema

The German mid-sized company Coatema provides solutions for coating, printing and laminating. They focus on innovations for growing markets with new coating technologies requirements, such as printed electronics, packaging and renewables.

A few competitors offers slot-die coating technology

Like FOM Technologies, Coatema also offers laboratory machinery for coating purposes, but their customers mainly have big processing lines.

Kroenert

Both Coatema and Kroenert is part of the Altanoaer Technologie Holding GmbH (ATH), which is a management holding company stationed in Hamburg. ATH is owned by several non-profit foundations in Germany.

Coatema and Kroenert two EU-based competitors

Kroenert offers various coating machine series for customer needs such as manufacturing of technical products or packaging materials.

They also have their own Technology Center, where product development/optimization is done, and potential clients can test different coating and drying processes.

nTact

The American company nTact offers slot-die coating equipment for a wide range of high-tech applications and is probably the competitor that offers the most similar products and equipment as FOM Technologies.

nTact offers most similar equipment and products as FOM Technologies

The Texas-based company was established in 1988 and, according to the company's website, has partners such as Texas State University and Holst Centre.

nTact also mentions M. Braun Inertgas-Systeme GmbH as a partner on their website, but this must be old information, since FOM Technologies signed an exclusive cooperation and distribution agreement with the German company in May 2021.

As of today, nTact has around 30 employees and sales points can be found in the US, UK, Germany, China, Korea and Japan.

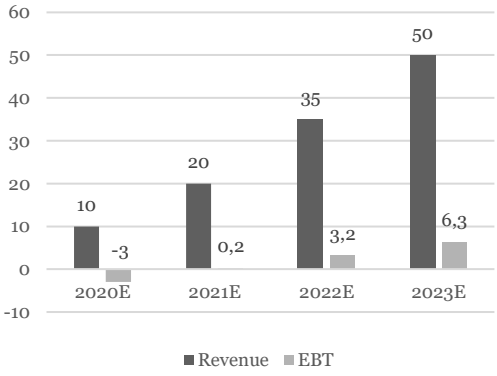
Revenue

Before the listing on Nasdaq First North Growth Market in 2020, FOM Technologies gave out a financial guidance for 2020-2023. They expected revenues to grow to approx. 50 MDKK in 2023 and earnings before tax (EBT) to be over 6 MDKK.

2020 was a challenging year for FOM Technologies due to COVID-19 restrictions, which resulted in negative growth compared to the previous year 2019.

However, in 2021 the commercial journey described in the IPO memorandum started to materialize. The revenue amounted to approx. 24 MDKK.

In the annual report for 2021, FOM Technologies gave out a financial guidance for the current year 2022. They expect revenues to be in the interval range from 26 to 30 MDKK. This is lower than the previously mentioned 35 MDKK in the IPO memorandum.



IPO estimates in MDKK (source: FOM's Investor Broschure)

EBT

In 2020, FOM Technologies estimated earnings before tax to reach 6,3 MDKK for the financial year 2023.

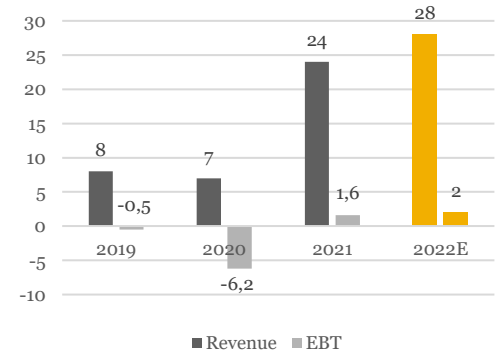
However, the company struggled with profitability during 2020 due to the low sales, caused by the COVID-19 epidemic.

FOM Technologies managed to turn things around in 2021 and earnings before tax were above the forecast from 2020, amounting to 1,6 MDKK.

Even though FOM Technologies raised the financial guidance for 2021 several times during last year, and beat their own expectations for the year, the financial earning guidance for 2022 was modest.

The company expects EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) to be in the range from 1 to 3 MDKK for the current financial year.

In 2021, the company continued with aggressive investment in innovation, development of new products, establishment of strategic partnerships and building a global distribution network.



Reported 2019-2021 and FOM's avg. estimate for 2022 in MDKK (source: FOM's annual report 2021)

The commercial journey described in the IPO memorandum started to materialize in 2021

After a challenging 2020 due to COVID-19, the business case and the commercial journey described in the IPO memorandum started to materialize in 2021.

FOM Technologies stated that they expect continued growth in the top and bottom line during 2022 and starts the year with a strong pipeline of potential customer leads.

However, the financial guidance for 2022 was quite conservative in our opinion. Management expected revenue to be in the interval range from 26 to 30 MDKK and EBITDA to be between 1 and 3 MDKK.

During 2021 FOM Technologies raised their financial guidance several times and we therefore expect both revenue and earnings to be in the higher end of the guided interval in our base case.

FOM recently delivered the strongest annual report since founding the company and the revenue more than tripled in 2021 compared to 2020. They achieved this despite supply- and other challenges caused by the COVID-19 epidemic.

With highly regarded universities and companies as customers, and a competent management, we expect FOM Technologies to be able to grow rapidly during the next ten years.

Well positioned for rapid growth in both revenue and earnings

FORECAST

(MDKK)	**2021**	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**
Revenue	24,2	30,0	50,0	72,5	101,2	132,0	165,0	198,0	227,7	250,0	270,0
Growth		*24 %*	*67 %*	*45 %*	*40 %*	*30 %*	*25 %*	*20 %*	*15 %*	*10 %*	*8 %*
Gross profit	10,3	12,9	22,5	33,7	47,8	62,8	79,0	95,4	110,0	121,1	130,9
Gross-margin	*43 %*	*43 %*	*45%*	*47%*	*47%*	*47 %*	*48 %*	*48%*	*48%*	*48%*	*48%*
EBIT	1,6	3,0	6,3	11,7	18,1	25,5	33,3	41,8	49,9	56,0	61,2
EBIT margin	*7 %*	*10 %*	*13 %*	*16 %*	*18 %*	*19 %*	*20 %*	*21 %*	*22 %*	*22 %*	*23 %*
EBIT growth		*90 %*	*110 %*	*86 %*	*55 %*	*41 %*	*31 %*	*26 %*	*19 %*	*12 %*	*9 %*

Forecast MDKK (source: Stockpicker)

Revenue

Stockpicker expects FOM Technologies to be able to grow fast during the next ten years. This is based on several things.

Firstly, management have been able to materialize on expectations, which we value very highly. Secondly, the clientele already include fortune 500 companies and highly regarded universities, which in combination with the rapid growth 2021, indicates that there is a demand for FOM Technologies slot-die coating solutions.

Stockpicker expects sales to corporations to increase substantially

Currently, majority of sales go to academic instances, but long-term we primarily expect sales to corporations to drive turnover. Our revenue forecast results in a compounded annual growth rate (CAGR) of close to 25 percent the next ten years. If current customers return to buy (or replace) equipment and they manage to maintain high growth in number of customers, we find this number reasonable.

Profitability

We expect margins to improve significantly due to higher sales

We expect the gross margin to slowly increase to close to 50 percent in 2031 (2021: 43 percent).

In our estimations the EBIT margin will also increase to over 20 percent over the next ten years (2021: 7 percent). This is mainly due to lower staff costs in relation to revenue and a higher gross margin. Our estimates results in CAGR for earnings before interest and tax of about 35 percent.

Cash Flow

Negative operative cash flow last three years

FOM Technologies operative cash flow have been negative during the last three years.

In 2021 the cash flow from operation activities amounted to -3,9 MDKK. However, this was mainly due to an increase in receivables (2021: 7,9 MDKK, 2020: 2,3 MDKK) due to long payment terms for universities and research institutions. During the last six years, FOM Technologies have not recognized any credit losses caused by customers.

May need to raise capital soon in order to finance growth

Going forward we expect operative cash flow to be more in line with earnings. However, the number of employees have grown to 16 and the cash position at the end of 2021 was relatively small, which indicates that the company may need to raise capital soon in order to finance their growth.

DCF Valuation

To establish the fair value of the company, we perform a discounted cash flow analysis (DCF). We use a required rate of return of 10 percent, which results in a fair value per share of 49,00 DKK.

Fair value of 49,0 DKK per share

Our DCF valuation is largely based on revenue and result forecasts. Small, erroneous assumptions may therefore amplify variances in cash flow projections in later years of the model.

Since FOM Technologies have a short history, and a discounted cash flow analysis is highly sensitive to key variables (such as long-term revenue growth and EBIT), the level of uncertainty in our forecasts is high.

However, we still consider a DCF valuation method to be the best alternative in this case. As mentioned earlier, there are not any publicly listed companies offering the same type of products and equipment as FOM Technologies. Relative valuation, or other similar valuation methods, are therefore difficult.

High level of uncertainty in forecasts

Our DCF analysis is based on a required rate of return of 10 percent and a terminal growth rate of three percent. We use a tax rate of 22 percent, which is the corporate income tax (CIT) rate used in Denmark.

(MDKK)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
EBIT	3,0	6,3	11,7	18,1	25,5	33,3	41,8	49,9	56,0	61,2
FCF	2,0	4,4	8,4	13,1	18,6	24,3	30,6	36,6	41,2	45,0
Terminal value										643

KEY ASSUMPTIONS		**FAIR VALUE**	
Tax	22 %	Enterprise value (NPV)	362
WACC	10 %	Equity Value	362
Terminal Growth	3 %	**Fair value per share**	**49,0**

DCF Analysis (source: Stockpicker)

On the previous page we mentioned that the level of uncertainty in our forecasts are high. In order to highlight how our forecasts affect our results from the DCF valuation, we perform two separate sensitivity analyses.

WACC

Fair value per share drops to 35,4 DKK using a WACC of 12%

In the first scenario we change the used WACC (Weighted Average Cost of Capital) to illustrate how it affects fair value per share.

With a required rate of return of 12 percent, the fair value per share drops to 35,4 DKK. If we lower the WACC to eight percent, the fair value per share rises to 73,9 DKK per share.

SENSITIVITY ANALYSIS (WACC)

WACC	12 %	10 %	8 %
Fair value per share (DKK)	35,4	49,0	73,9

Sensitivity analysis (Source: Stockpicker)

Revenue

If we lower our revenue forecast each year with 10 percent, without changing the cost base, the fair value per share drops to 25,3 DKK. Stockpicker considers this to be our *bear case scenario*.

Revenue forecasts subject to uncertainty and strongly affects fair value estimations

However, it is important to keep in mind that the company's technology, in itself, carries a value. If we look at the balance sheet, FOM Technologies seems to have taken a cautious approach when it comes to valuation of assets. Hidden values, where assets are not accurately reflected on the balance sheet, may therefore exist and would further reduce downside. An example of this is FOM Technologies conservative value approach to the 51 percent subsidiary MLMC Therapeutics Aps, where a patent has already been granted.

In our *bull case scenario*, FOM Technologies revenues are 10 percent higher each year than in our base case. In an optimistic scenario with higher sales, the fair value increases to 72,6 DKK per share.

SENSITIVITY ANALYSIS (REVENUE FORECAST)

Revenue	***0,9x***	***1,0x***	***1,1x***
Fair value per share (DKK)	25,3	49,0	72,6
WACC	10 %	10 %	10 %

Sensitivity analysis (Source: Stockpicker)

STRENGTHS

- Customer base with prestigious universities and Fortune 500 companies
- Experienced management and board with credible estimates
- Strong strategic partners
  (such as M. Braun)
- Wide user area and market

WEAKNESSES

- Dependent on one technology, slot-die coating
- Negative free cash flow last few years
- Small cash position

OPPORTUNITIES

- Slot-die coating becomes widely used within R&D Departments
- Increased sales to corporations
- Recurring customers
- Potential values in subsidiaries

THREATS

- Risks associated with FOM being a relatively new- and small company
  (such as key-persons leaving the company)
- COVID-19 restrictions
- Tightened competition
- May need to raise capital

NEWS (since listing on First North Growth Market)

2022-03-14	Changes to the board
2022-03-10	Resolutions of Annual General Meeting in FOM Technologies A/S
2022-03-08	FOM obtains membership of the Danish Quantum Community
2022-02-24	Annual report 2021 – presents record result and aims for main market - small cap listing in 2023
2022-02-23	Ordinary annual general meeting 2022
2021-02-14	Election of new Chairman in FOM Technologies
2022-02-10	Raises guidance for revenue and EBITDA for the 2021 annual report
2022-01-14	Implementation of incentive and retention program
2021-09-09	Selected (as the only non-US company) for a US state funded science consortium of Fortune 500 companies and universities
2021-08-30	Best H1 revenue result for FOM Technologies historically
2021-08-13	Oak Ridge National Laboratory (ORNL) in the U.S., awards FOM Technologies a contract for Slot Die coating equipment
2021-08-11	FOM Technologies add two new distributors to the global distribution network
2021-08-10	Los Alamos National Laboratory (LANL) awards FOM Technologies contract for Slot Die coating equipment
2021-06-16	Leading German Research Institute awards FOM Technologies and strategic partner Mbraun a contract for R/D equipment
2021-05-21	Implementation of incentive and retention program
2021-04-27	FOM Technologies and M. Braun enter cooperation and distribution agreement
2021-03-26	U.S. Government - Department of Energy returns to buy new and more advanced equipment from FOM Technologies
2021-03-12	Danish Patent & Trademark office awards patent to FOM Technologies 51 procent owned subsidiary
2021-03-11	Annual General Meeting
2021-03-07	Publishing of sales contracts
2021-03-05	Contract to FOM Technologies to develop Space-based solar energy sheets to the U.S. Air Force
2021-02-25	Release of annual report 2020
2021-02-24	Ordinary general assembly 2021
2021-01-29	FOM Technologies establish US subsidiary in Silicon Valley
2020-12-07	FOM Technologies publishes financial calendar for 2021
2020-12-03	Financial forecast changed to interval guidance
2020-10-30	Transactions by persons discharging managerial responsibilites
2020-10-28	Implementation of incentive and retention program
2020-09-03	FOM Technologies secures Slot Die equipment sales to First Solar, Inc.
2020-08-28	Financial report H1 2020 [January 1st - June 30th, 2020]
2020-08-19	FOM Technologies wins tender to supply SDU with Slot Die coating equipment
2020-07-27	U.S. Government - Department of Energy awards FOM Technologies contract for Slot Die coating equipment

The market for slot-die coating is new and immature. FOM Technologies mentioned in their business report from 2020 that there are a few companies that provide similar technology and machines, but due to the immature market it is hard to find any publicly listed peers.

FOM Technologies is listed on the First North Growth Market under the sector "Industrial Goods and Services". In the table below you can find a selection of 20 companies that are listed in Sweden or Denmark and is active within the industries Machinery, Equipment & Components or Healthcare Equipment & Supplies.

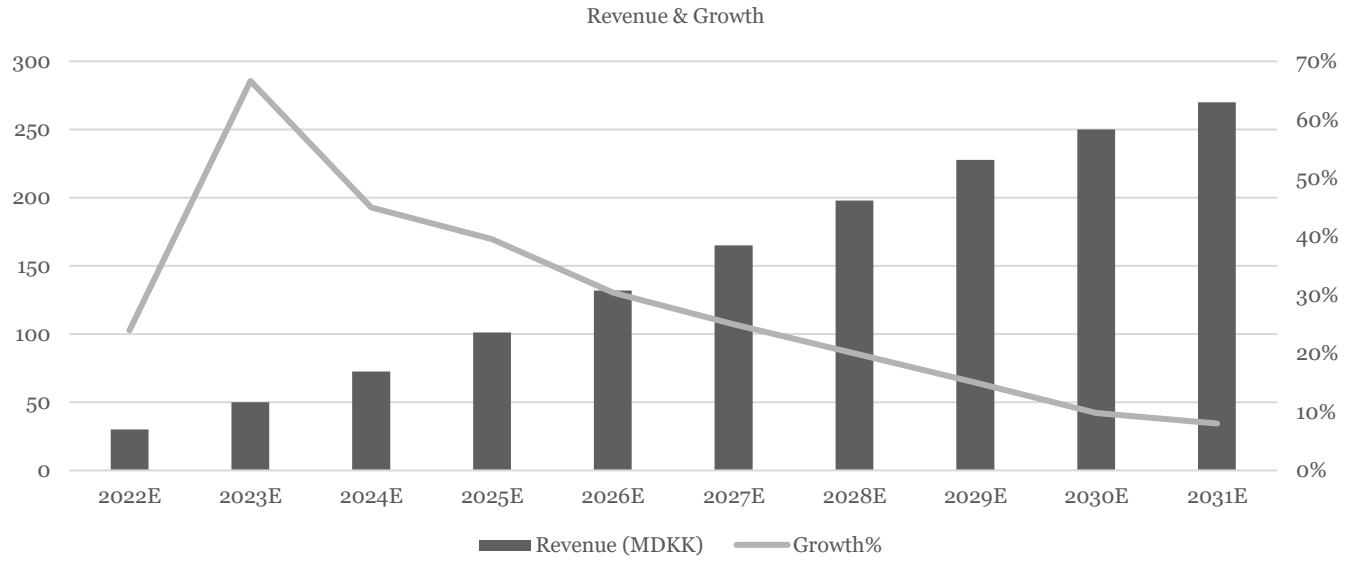
It's important to keep in mind that none of the companies mentioned below offer the same type of equipment and machines or is even active on the same market as FOM Technologies.

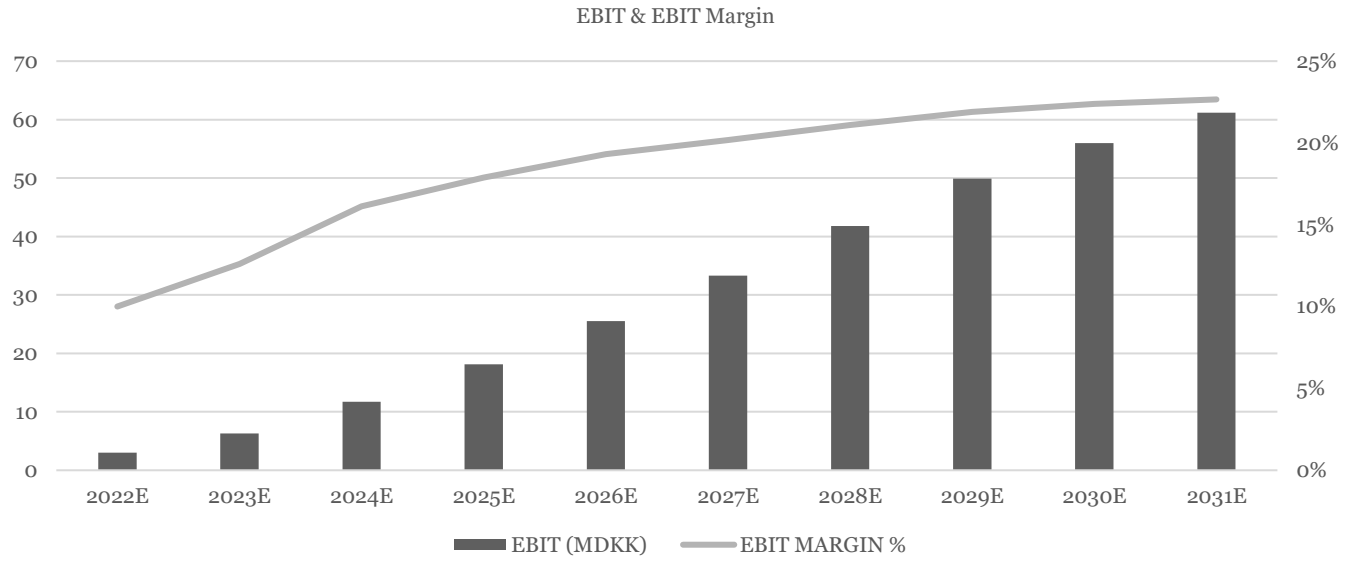
The figures below have not been reviewed or corrected and there might be new information available.

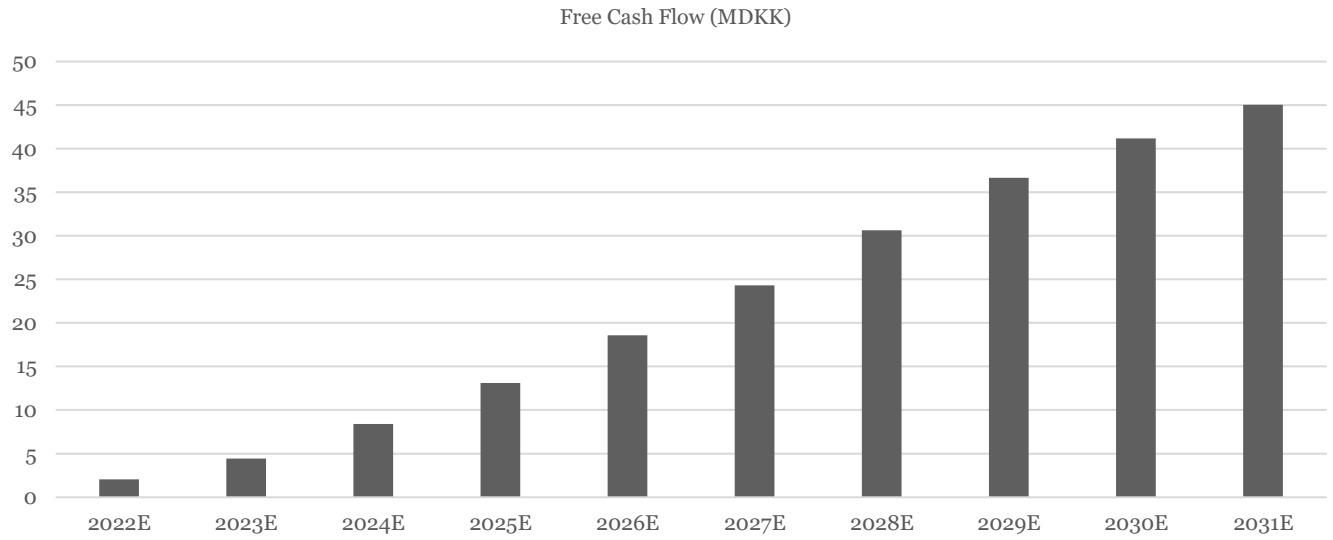
Difficult to find publicly listed peers

COMPANY	TICKER	COUNTRY	CURRENCY	RETURN 1-YEAR	MARKET CAP	P/E	P/S	EV/S	EV/EBITDA	CAGR (3-YEAR)	INDUSTRY
Brd. Klee	KLEE B	Denmark	DKK	65%	228	149,7	1,2	1,1	9,6	-1%	Machinery, Equipment & Components
LED iBond International	LEDIBOND	Denmark	DKK	-90%	38	-	4,9	1,7	-	6%	Machinery, Equipment & Components
NTR Holding	NTR B	Denmark	DKK	4%	124	23,3	1,9	1,9	8,6	-8%	Machinery, Equipment & Components
Scandinavian Brake Systems	SBS	Denmark	DKK	-51%	35	0,2	0,2	0,7	-	-39%	Machinery, Equipment & Components
Cell Impact	CI B	Sweden	SEK	-57%	1226	-	15,0	14,8	-	131%	Machinery, Equipment & Components
EatGood	EATG	Sweden	SEK	2%	38	-	10,0	8,8	-	-27%	Machinery, Equipment & Components
Envirologic	ENVI B	Sweden	SEK	-23%	39	-	1,0	0,8	343,2	17%	Machinery, Equipment & Components
Finepart	FINE	Sweden	SEK	71%	91	-	10,1	8,2	-	7%	Machinery, Equipment & Components
Freemelt	FREEM	Sweden	SEK	-	366	-	20,5	15,8	-		Machinery, Equipment & Components
Glunz & Jensen	GJ	Denmark	DKK	15%	131	13,9	1,0	1,6	8,2	-16%	Machinery, Equipment & Components
Impact Coatings	IMPC	Sweden	SEK	-54%	580	-	10,6	8,3	-	42%	Machinery, Equipment & Components
Odico	ODICO	Denmark	DKK	-62%	87	-	24,0	24,0	-		Machinery, Equipment & Components
Rentunder	RENT	Sweden	SEK	19%	31	-	2,7	2,5	-	53%	Machinery, Equipment & Components
SAFEATSEA	SAFE	Sweden	SEK	-52%	20	-	1,7	1,0	-	4%	Machinery, Equipment & Components
Scape Technologies	SCAPE	Denmark	DKK	-51%	50	-	6,6	7,2	-	1%	Machinery, Equipment & Components
Skako	SKAKO	Denmark	DKK	-7%	177	13,4	0,5	0,6	7,3	2%	Machinery, Equipment & Components
TC TECH	TCT	Sweden	SEK	-41%	82	-	89,8	82,3	-	167%	Machinery, Equipment & Components
Chemometec	CHEMM	Denmark	DKK	52%	14766	109,0	41,3	40,9	79,5	27%	Healthcare Equipment & Supplies
Scandinavian Medical Solutions	SMSMED	Denmark	DKK	-	143	17,5	2,0	1,6	10,8	-	Healthcare Equipment & Supplies
ViroGates	VIRO	Denmark	DKK	-23%	437	-	59,4	57,0	-	31%	Healthcare Equipment & Supplies
Ossur	OSSR	Denmark	DKK	-8%	16730	42,5	3,8	4,3	20,7	5%	Healthcare Equipment & Supplies

Source: Börsdata (trailing twelve months, downloaded 2022-03-22)
Note: figures not corrected or reviewed and there might be new data available







Appendix (Source: Stockpicker)

About Us

Stockpicker was founded in 1997 as a media company providing Swedish retail investors with the digital newspaper Newsletter. The focus of Newsletter was, and still is, providing its readers with stock analysis. Since then, Stockpicker has expanded its offering to retail investors and listed companies. Today Stockpicker provides 6 different email newsletters to an audience of well over 50 000 readers.

Services for companies have evolved from investor targeting and IPO marketing to a full range of services helping small- and mid-Cap listed companies with their communication to the investor community. An important part of a fair valuation of a listed company is the support of commissioned research. Since Stockpicker has extensive experience from analyzing stocks and a team of well-educated analysts, the services are very well appreciated among our listed customers.

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Stockpicker AB uses 12-month target prices. Target prices are based on different valuation methods depending on circumstances. Target prices may be altered due to new information available without notice. Investment recommendations are defined below:

Target price *(compared to share price)*	**Recommendation**
> 10 %	Buy
From -10 to 10 %	Hold
< -10 %	Reduce

And risk levels are defined as follows: low, moderate and high.

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