EVALUATE RESEARCH

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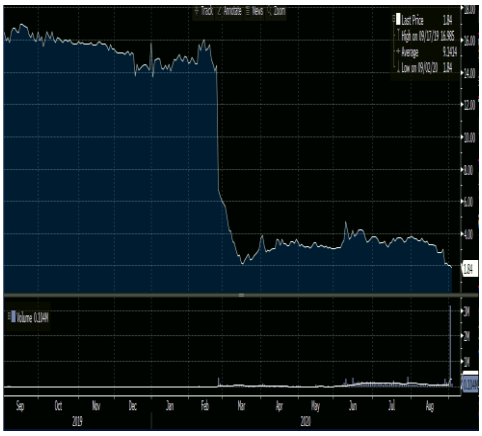
Aptorum Group Ltd. (APM_US)

Target Price	US$ 15.00
Current Price	US$ 1.78
Upside Potential	742%
Rating	BUY
Risk	Above Average

1HFY2020 Earnings Update Note Specialty Pharma

Market Cap.	US$54 mn
Shares Outstanding	30.4 mn
Free Float (FF %)	9.4 mn / 31%
52 Week Range (US$)	1.64 / 18.25
Hang Seng Index Level	25,185
Insider Holding %	69%



Clinical Pipeline Update and Upcoming Milestones

- SACT-1–lead program of the Smart-ACT platform, a repurposed drug for neuroblastoma and other cancer: Undergoing preparation and on track for IND submission to commence Phase 1b/2a human clinical trials targeting the US FDA's 505(b)(2) pathway. Further *in vitro* screening to assess SACT-1's potential effect on over 300 cancer cell lines has been completed and showed promising effect on including, but not limited to, colorectal cancer, leukemia and lymphoma.

- ALS-4–lead program of the Acticule platform, a small drug molecule candidate for the treatment of infections caused by Staphylococcus aureus including Methicillin-Resistant Staphylococcus aureus ("MRSA" one of the superbugs): ALS-4 is undergoing final stages of IND enabling studies and is targeted for regulatory submission in Q4 2020 to commence a Phase 1 human clinical trial thereafter.

- CLS-1–lead program of the Claves platform, a macromolecule approach for obesity: Currently in lead optimization stage, aimed for IND enabling studies to commence in 2021.

- NLS-2 NativusWell®–a natural supplement for woman's health, including menopause and osteoporosis: Undergoing registration in the United Kingdom, Europe and Asia, aimed for distribution to market in 2020.

Three new personnel appointed to Aptorum Group's team:

- Dr. Herman Weiss, M.D., Chief Executive Officer and Executive Director of Claves Life Sciences Limited and Senior Medical Advisor of Aptorum Group

- Dr. Kira Sheinerman, Senior Strategic Consultant of Aptorum Group

- Dr. Robbie Majzner, Scientific Advisor of Aptorum Group

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Financial Results: Losses reduce due to reduction in Interest expenses

The company reported a net loss of US$7 million for the first half of 2020 compared to a loss of US$9.6 million for the same period in 2019 mainly due to decline in interest expenses by US$3.6 million to US$0.1 million, partly offset by the increase in research and development expenses by US$1.6 million. The decrease in net interest expenses was mainly due to the convertible debts being fully repaid in 2019. The net interest expenses contained US$3.1 million amortization of beneficial conversion feature of their convertible debts. Research and development expenses were US$4.3 million compared to $2.7 million for the same period in 2019 due to the increase in consultation service provided by the company's consultants, advisory and contracted research organization due to ongoing development of projects.

General and administrative expenses were US$2.1 million for the first half of 2020 compared to US$3.2 million for the same period in 2019 due to a decrease in bonus related expenses to the directors, employees, external consultants and advisors. Also, there was a significant decline in business travel and sponsor related expenses in 2020 due to the outbreak of COVID-19. Legal and professional fees were US$1.5 million for the first half of 2020 compared to US$2.0 million for the same period in 2019 due to decline in the consultancy service fees during the period.

As of June 30, 2020, cash, restricted cash and marketable securities totaled approximately US$4.4 million and total equity was approximately US$17.5 million.

We believe that the company's existing cash, restricted cash and marketable securities, together with undrawn line of credit facility from related parties, will enable it to fund its operating and capital expenditure requirements till the end of 2021.

Listed on the Euronext Paris Stock Exchange

Aptorum Group became the first NASDAQ listed biopharmaceutical company admitted to trading on Euronext Paris. The Class A Ordinary Shares of Aptorum Group have commenced trading on the Professional Compartment of Euronext in Paris under the Euronext ticker symbol "APM" and ISIN Code: KYG6096M1069 since 24th July 2020.

Aptorum Group's cross-listing on the Euronext Paris Stock Exchange is expected to help in diversifying the company's investor base and enhance market visibility and global recognition which is aligned with the company's strategy for the European Union.

Positive Data on ALS-4: Submission in Q4 2020

Aptorum has announced two sets of positive data showing both significant *in vivo* activities of its lead compound ALS-4 against Methicillin-Resistant Staphylococcus aureus (MRSA, one of the "super-bugs") in wound infected and bacteraemia mouse models, respectively when compared to prevailing antibiotics. ALS-4 is currently undergoing final stages of IND enabling studies, which involves a 14-Day oral toxicity in rats and dogs, a functional

observation battery study in rats and a cardiovascular telemetry and respiratory study in dogs. Subject to the final IND-enabling studies results, ALS-4 is on track to target the regulatory submission in Q4 2020 subject to which it will commence Phase I clinical trials in Canada. The global market size of Staphylococcus aureus infections including MRSA in 2016 was USD2.97 billion and the expected global market size by 2025 will be US$3.91 billion.

Stock Upside from Strong Pipeline

We believe that Aptorum's projects satisfy large unmet needs in each of their respective therapeutic areas, and Aptorum would have the ability to capture a very significant portion of their target markets if successfully commercialized. We factor in a value of US$400 million which is 20% of the total DCF value of US$2 billion (lower estimate) which is attributable to the Aptorum Group from the Smart-ACT platform in 2020. Apart from the newly launched platform, the equity value of the Aptorum Group amounts to US$676 million. We thus arrive at a combined value for the Smart-ACT platform and existing new drug development business to US$1076 million for the Aptorum Group. Our DCF value is also supported by our sum-of-the-parts [SOTP] valuation in which we value each of the three lead projects separately, and obtained a value of US$450 million for ALS-4, US$154 million for NLS-1 and US$72 million for ALS-1.

We have included a very conservative estimate of the expected DCF value from the Smart-ACT platform at the end of the year 2020 in our calculations as we think the Smart-ACT platform can deliver incremental value to the shareholders at a faster pace in comparison to the existing new drug development model of the company. We have added the DCF value from the Smart-ACT platform in lump sum to the total equity value of Aptorum Group and would be in a stage to include revenue, earnings and free cashflow estimates from the Smart-ACT platform in our financial model as we see further progress and implementation going forward. According to the company, the Smart-ACT platform is expected to generate a sum-of-the-parts DCF value in the range of US$2.2 billion to US$4.4 billion by the end of 2020 developed from either the commercialization or out licensing monetization strategies.

Short Term PT US$15; 742% Upside

We maintain a one-year short term PT on Aptorum of US$15 per share implying an upside of 742% over the current price of US$1.78 for the stock. We had initiated coverage for Aptorum Group on 24 April 2019 with a target price of US$25 per share and had revised it upwards to US$35 per share on account of the expected incremental value from the newly launched Smart-ACT Platform. Interestingly, the stock reached a near-term high of $33.28 in June 2019, which is consistent with our long-term target price, and we believe helps to reaffirm both our thesis and valuation/target. We continue to maintain our long-term price target at US$35 per share with a one-year short-term price target of US$15 per share implying an upside of 742%. The long-term price target partly includes the conservative DCF value from the Smart-ACT Platform. Once the Smart-ACT Platform starts to deliver on the expected lines we will include the complete DCF value and revise the stock price accordingly.

The recent volatility and downside in the stock price is mainly attributed to the global economic downturn caused by the spread of the Covid-19 disease, which has become a global pandemic as declared by the World Health Organization. According to the company, despite the virus situation, the recent development progress and expansion of pipeline continue to operate on a business-as-usual basis and have not been affected by the recent COVID-19 pandemic. With the recent capital infusion completed by the company the fundamentals remain strong and on track to drive growth and create value for shareholders.

Smart-ACT Platform - 3 Candidates for COVID-19

Aptorum Group also continues to focus on investigation of at least three small molecule drugs (collectively "SACT-COV19"), that have shown potential interference against two enzyme targets, namely, 3CL-Protease and RNA dependent RNA Polymerase ("RDRP"), with both playing pivotal roles in COVID-19's replication cycle. Specifically, 3CL-Protease is believed to mediate viral replication and transcription functions through extensive proteolytic processing, while RDRP is an enzyme that is believed to catalyze the replication of viral RNA from its RNA template. These selected candidates will undergo further preclinical assessment on efficacy against COVID-19. Aptorum Group has already filed patent applications on the above candidates.

For the ongoing investigation and preclinical work, Aptorum Group has collaborated with Toronto based Covar Pharmaceuticals and has also contracted with the University of Hong Kong to conduct this work. Covar Pharmaceutical's team (comprised of professionals previously from Patheon and Glaxo Wellcome) is highly experienced in drug discovery and development supported by its GMP manufacturing facility. The University of Hong Kong's Microbiology team was instrumental in the discovery of SARS virus during the 2003 epidemic, as well as currently being actively involved, in their own respective research interests, in developing vaccines for SARS-CoV-2 coronavirus and COVID-19 related monitoring physical device with other third parties.

Commercialization of Natural Supplement

Aptorum has already announced the commercialization of its natural supplement for women undergoing menopause and experiencing related symptoms. The supplement is made with extracted Chinese yam powder containing a bioactive ingredient "DOI", which is Aptorum Group's non-hormonal approach intended to meet certain growing consumer nutritional trends and concerns.

It is estimated that 1.2 billion women worldwide will be menopausal or postmenopausal by the year 2030. The global woman's health supplement market for menopausal symptoms is projected to reach over USD$50bn by 2025 with a CAGR rate of 16.4% (2016-2025). Initially, the supplement will be commercialized and sold in Hong Kong; the Company is seeking regulatory clearance to market the product in other major jurisdictions.

As part of the commercialization, Aptorum Group, through its wholly-owned subsidiary Nativus Life Sciences Limited, entered into a regional distribution agreement with Multipak Limited, a Hong Kong based group that operates household brands, including the Luk Yu tea bag and other health related products.

Through Multipak, Aptorum Group will be able to increase the accessibility of the product to a large consumer base regionally. The production of Aptorum Group's dioscorea opposita bioactive nutraceutical tablets has commenced production in Canada and will soon be marketed under the brand name NativusWell®.

Nativus's NativusWell® tablets are natural, non-hormonal supplements containing DOI. The yam powder with DOI utilizes a non-hormonal approach that is intended to boost the general wellness of women undergoing menopause. Third party scientific studies indicate that DOI, the naturally occurring bioactive ingredient in Chinese yam, appears to stimulate estradiol biosynthesis, induce estradiol and progesterone secretion and increase bone density, thereby potentially counteracting the progression of osteoporosis, one of the common symptoms associated with menopause.

SACT-1 for Neuroblastoma: IND Submission in 2H2020

Aptorum has announced positive data and development in relation to its repurposed drug candidate, SACT-1, for the treatment of neuroblastoma, a rare type of childhood cancer that develops in infants and young children. Subject to completion of current validation studies, Aptorum Group plans to leverage the 505(b) (2) pathway and submit an IND with the FDA for SACT-1 in Q4 2020. SACT-1 is the first repurposed drug candidate to be developed under the Smart-ACT® drug discovery platform, which employs a systematic approach to identify, repurpose and develop existing approved drugs against a currently identified universe of 7000+ (and increasing) orphan diseases.

Aptorum has established a new subsidiary, Smart Pharma, which operates its novel computational repurposed drug discovery, modelling and validation platform, i.e. the Smart-ACT platform. Abbreviated for Accelerated Commercialization of Therapeutics, Smart-ACT encompasses state-of-the-art technology to perform systematic screening and repurposing of approved drug molecules against thoughtfully selected therapeutic targets. The Smart-ACT platform for drug repurposing is a strategy to identify new indications, at a relatively low cost, for approved or investigational drugs that are outside the scope of the original medical uses. This helps in targeting a greater number of diseases and bringing the repurposed drug to the market at a much faster rate (approximately 3 to 8 years) than traditional drug development which takes anywhere between 10 to 17 years. Thus the drug repurposing approach appears to be attractive due to its superior risk management, smaller capital investment and quicker financial return.

The Smart-ACT platform specifically comprises of a network of modules and processes that simulate the effectiveness of drug molecules against diseases for outcome prediction and selection. The Smart-ACT platform will initially focus on the screening and repurposing of drug molecules for orphan diseases and diseases with other rare unmet medical needs. Under the Smart-ACT platform, computational screening has been completed for 1,615 marketed drugs against 3 therapeutic target proteins which are related to poor prognosis of neuroblastoma (NB). Neuroblastoma is a type of cancer that forms in certain types of nerve tissue and most frequently in the adrenal glands as well as spine, chest, abdomen or neck. According to the Smart Pharma Group, the platform expects to successfully identify drug target pairs in the range of 500 to 1,000 per year, out of which 50% would be selected for further validation and testing. Smart Pharma has already filed patent applications related to the above repurposed drug candidates for the treatment of NB. The selected candidates under the SACT-1 program are currently being investigated and undergoing preclinical development. The global Neuroblastoma is anticipated to hold a market value of US$2.60 billion in 2017 and is expected to grow at a CAGR of 3.7% during the forecast period to reach US$3.23 billion in 2023.

Smart Pharma expects to target 5 – 10 new drug candidates per annum of which potentially 3-10 (subject to validation, FDA consent, etc.) may be ready to enter clinical phase for immediate trials and/or out-licensing purposes. APM would then engage with third party collaborators or licensors worldwide to co-develop all their new drug discoveries to fulfil unmet medical needs. Also, on approval from the US Food and Drug Administration [FDA], a 7-year of marketing exclusivity will be granted which makes it an attractive proposition for the Aptorum Group as well. The global market for drug repurposing was US$24.4 billion in 2015 and is expected to reach US$31.3 billion in 2020.

With the launch of this platform, Aptorum would be able to deliver incremental value for its shareholders in addition to its existing new drug development business. Aptorum's primary business projects are currently in the pre-clinical stage of development and the company expects to be able to submit applications of at least one of its lead projects for Investigational New Drug [IND] to the FDA or other regulatory agencies by 2020 or 2021.

Product Commercialization Or Out-Licensing

The Smart Pharma Group would be in a position to either commercialize the identified repurposed drugs in collaboration with various manufacturing, contract research organizations, and distribution partners or acquire intellectual property rights so it would be out-licensed to third party licensees to derive monetary value in the form of upfront, milestone payments, sublicensing fees and royalties.

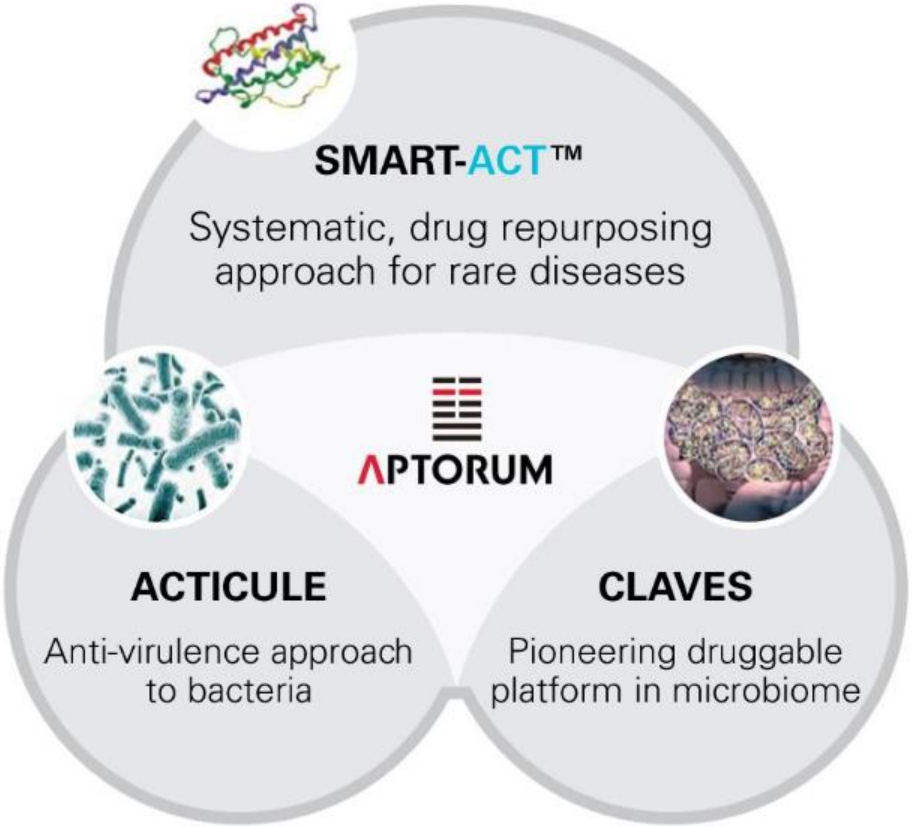
Drug Pipeline is Expanding

Apart from the main drug candidates the company plans to investigate and develop other possible candidates across the 3 main pillars of the company's business model, namely the Clave Life Sciences series, Smart-ACT Platform series and Acticule series. CLS-2 and CLS-3 in the Clave Life Sciences series are yet to be disclosed by the company along with SACT-2 and SACT-3 in Smart-ACT Platform. In the other category there are candidates such as VLS-2 and SPLS-1 which cater to Alzheimer's & Parkinson's and Liver Cancer respectively. SLS-1 caters to Robotic Catheter Platform for intra-operative guided cardiac catheterization. The company has not yet disclosed any further information about the above candidates and platforms but would do so going forward. The new drug candidates would eventually add incremental value to the company depending on the timeline of commercialization.

Price Chart


APM US $ S C 1.78 -0.27 Q1.77/1.78Q 14x29
On 02 Sep d Vol 567,326 O 1.93Q H 1.96K L 1.64Q Val 997,587
APM US Equity 95) Compare 96) Actions 97) Edit Line Chart
01/01/2017 - 09/03/2020 Last Px Local CCY Mov Avgs Key Events
2Y 3Y 5Y YTD 1Y 10Y 20Y Max Daily Table Edit Chart
Track Annotate News Zoom
Last Price 1.78
High on 06/04/19 32.55
Average 12.8646
Low on 09/02/20 1.78
Volume 0.567M
Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug
2019
2020

Aptorum's 3 Core Pillars



- Aptorum's 3 core pillars of therapeutic discovery and development, focused on novel therapeutics for unmet medical needs
- Ever expanding universe of proprietary intellectual property in relation to our pipeline products

→ Lead Projects → Other Candidates → Non-therapeutics Candidates

Projects	Candidate / Modality	Indication	Computational Discovery	*In Vitro* Validation	Existing PhI/II Clinical Safety Data[1]	*In Vivo* Validation	IND Preparation & Submission	PhII/III w/ Limited Population[2]
SACT's Series								
SACT-1	Repurposed Drug Molecule	Neuroblastoma	→	→	→	→		
SACT-2	Repurposed Drug Molecule	To be disclosed	→	→				
SACT-3	Repurposed Drug Molecule	To be disclosed	→	→				
SACT-COV19	Repurposed Drug Molecule	Coronavirus Disease 2019 (COVID-19)	→	→				

Projects	Candidate / Modality	Indication	Development Stage						NDA
			Target Identification & Selection	Lead Discovery	Lead Optimization	IND-Enabling	Phase 1	Phase 2	Phase 3
Acticule's Series									
ALS-4	Small molecule	Treatment of bacterial infections caused by Staphylococcus aureus including MRSA	→	→	→	→	→		
ALS-1	Small molecule	Treatment of viral infections caused by influenza virus A	→	→	→	→			
ALS-2	Small molecule	Treatment of bacterial infections caused by Staphylococcus aureus including MRSA	→	→	→				
ALS-3	Small molecule	Reviving existing antibiotics to overcome drug resistance	→	→	→				
Claves' Series									
CLS-1	Macromolecule	Treatment of Obesity	→	→	→	→			
CLS-2	To be disclosed	To be disclosed	→	→					
CLS-3	To be disclosed	To be disclosed	→	→					

1. Refers to the drug's existing Phase I/II safety data previously conducted by a third party. Does not refer to clinical trials conducted by Aptorum 2. Subject to FDA's approval

Projects	Candidate / Modality	Indication	Development Stage						
			Target Identification & Selection	Lead Discovery	Lead Optimization	IND-Enabling	Phase 1	Phase 2	Phase 3
Nativus' Series									
NLS-1	Small molecule	Treatment of Endometriosis	→	→	→	→			
Scipio's Series									
SPLS-1	83b-1 Novel Quinoline Derivative	Treatment of Liver Cancer	→	→					
Videns' Series									
VLS-2	MITA	Treatment of Alzheimer's & Parkinson's Disease	→	→	→				
VLS-4	Imaging Agent for MRI Diagnosis	Diagnosis of Alzheimer's Disease	→	→					

Projects	Modality	Target Customer	Formulation	Commercialization
Nativus Well® DOI (NLS-2)	Supplement	Women undergoing menopause	→ Targeted to launch in HK, UK, Europe in 2020 (registration ongoing)	

Projects	Candidate / Modality	Indication	Development Stage					
			Lab-based Phantom Trial	Animal Trial	IDE Application Approval	Safety/ Feasibility Clinical Study	Pivotal Clinical Study	Process of Obtaining PMA
Signate's Series								
SLS-1	Robotic Catheter Platform for Intra-Operative MRI-Guided Cardiac Cathcterization	Heart Rhythm Disorders by Cardiac Electrophysiology Intervention	on-going					

Income Statement ($ million)	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Revenue	**-**	**0.4**	**0.5**	**0.7**	**1.2**	**1.5**	**1.9**	**1,317.0**
y/y			*40%*	*35%*	*60%*	*30%*	*30%*	*67549%*
COGS	-	-0.3	-0.8	-0.5	-0.6	-0.6	-0.7	-0.6
as a % of sales	-	*83%*	*148%*	*66%*	*53%*	*42%*	*34%*	*0%*
Development expenses	*-2.6*	*-3.1*	*-6.9*	*-7.9*	*-7.4*	*-23.4*	*-18.0*	*-13.8*
Selling, General & Admin Expense	-2.9	-6.7	-10.8	-10.4	-9.6	-7.6	-4.7	-4.8
Other Operating expenses	*-0.3*	*-0.6*	*-0.2*	*-0.6*	*-0.7*	*-0.7*	*-0.8*	*-0.9*
Operating Income	**-5.7**	**-10.3**	**-18.2**	**-18.6**	**-17.1**	**-31.0**	**-22.2**	**1297.0**
y/y		*-81%*	*-76%*	*-2%*	*8%*	*-81%*	*28%*	*5943%*
Interest Expense	-	-4.5	-3.7	-1.1	-3.6	-3.6	-3.6	-3.6
Other recurring (expenses)/income	3.1	- 0.3	1.8	-	-	-	-	-
Pretax Income (reported)	**-2.6**	**-15.1**	**-20.1**	**-19.7**	**-20.7**	**-34.6**	**-25.8**	**1293.4**
y/y		*-491%*	*-33%*	*2%*	*-5%*	*-67%*	*25%*	*5114%*
Pretax Income (adjusted)	***-2.6***	***-15.1***	***-20.1***	***-19.7***	***-20.7***	***-34.6***	***-25.8***	***1293.4***
y/y		*-491%*	*-33%*	*2%*	*-5%*	*-67%*	*25%*	*5114%*
- Income Tax Expense	-	-	-	-	-	-	-	-
effective tax rate (%)	-	-	-	-	-	-	-	-
- Minority Interests	0.0	-0.3	-1.4	-1.4	-1.4	-1.4	-1.4	-1.4
Income Before XO Items	**-2.5**	**-14.8**	**-18.7**	**-21.2**	**-22.1**	**-36.0**	**-27.2**	**1292.0**
y/y		*-482%*	*-26%*	*-13%*	*-5%*	*-63%*	*24%*	*4845%*
- Extraordinary Loss Net of Tax	-	-	-	-	-	-	-	-
Net Income attributable to Aptorum Group Limited (reported)	**-2.5**	**-14.8**	**-18.7**	**-21.2**	**-22.1**	**-36.0**	**-27.2**	**1292.0**
y/y		*482%*	*26%*	*13%*	*5%*	*63%*	*-24%*	*4845%*
Exceptional (L)G	-	-	-	-	-	-	-	-
Net Income attributable to Aptorum Group Limited (adjusted)	**-2.5**	**-14.8**	**-18.7**	**-21.2**	**-22.1**	**-36.0**	**-27.2**	**1292.0**
y/y		*-482%*	*-26%*	*-13%*	*-5%*	*-63%*	*24%*	*4845%*
Basic EPS (reported)	-0.09	-0.53	-0.64	-0.70	-0.72	-1.15	-0.85	40.47
Basic EPS (adjusted)	-0.09	-0.53	-0.64	-0.70	-0.72	-1.15	-0.85	40.47
Basic Weighted Avg Shares	27.0	27.9	29.0	30.4	30.9	31.3	31.9	31.9
Diluted EPS (reported)	**-0.09**	**-0.53**	**-0.64**	**-0.70**	**-0.72**	**-1.15**	**-0.85**	**40.47**
Diluted EPS (adjusted)	**-0.09**	**-0.53**	**-0.64**	**-0.70**	**-0.72**	**-1.15**	**-0.85**	**40.47**
Diluted Weighted Avg Shares	27.0	27.9	29.0	30.4	30.9	31.3	31.9	31.9

All numbers are adjusted for probability of success

Balance Sheet (US$ million)	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Assets								
+ Cash & Near Cash Items	16.73	26.11	5.29	3.47	23.56	4.00	0.35	1,294.00
+ Short-Term Investments	3.07	1.13	1.27	1.27	1.27	1.27	1.27	1.27
+ Accounts & Notes Receivable	-	0.00	0.04	0.06	0.09	0.12	0.16	0.18
+ Inventories	-	0.03	0.03	0.16	0.20	0.21	0.22	0.20
+ Other Current Assets	0.48	1.45	1.40	1.40	1.40	1.40	1.40	1.40
Total Current Assets	**20.28**	**28.72**	**8.03**	**6.36**	**26.52**	**7.00**	**3.40**	**1,297.05**
+ Long-Term Investments	7.40	7.09	7.11	0.29	0.29	0.29	0.29	0.29
+ Gross Fixed Assets	0.35	4.76	8.67	10.03	10.74	11.28	11.68	11.98
- Accumulated Depreciation	0.00	-0.50	-1.58	-2.48	-3.02	-3.58	-4.17	-4.77
+ Net Fixed Assets	0.35	4.26	7.09	7.54	7.72	7.69	7.51	7.21
+ Other Long-Term Assets	2.06	3.59	0.41	7.22	7.22	7.22	7.22	7.22
+ Goodwill & other Intangible Assets	1.47	1.41	1.31	1.31	1.31	1.31	1.31	1.31
Total Long-Term Assets	**11.28**	**16.35**	**15.92**	**16.37**	**16.55**	**16.52**	**16.34**	**16.04**
Total Assets	**31.56**	**45.07**	**23.95**	**22.73**	**43.07**	**23.52**	**19.73**	**1,313.09**
Liabilities & Shareholders' Equity								
+ Accounts Payable	0.65	1.25	2.59	0.18	0.23	0.24	0.24	0.23
+ Short-Term Borrowings	0.48	10.15	0.05	11.00	11.00	11.00	11.00	11.00
+ Other Short-Term Liabilities	0.20	0.79	0.04	0.04	0.04	0.04	0.04	0.04
Total Current Liabilities	**1.33**	**12.18**	**2.67**	**11.22**	**11.27**	**11.28**	**11.29**	**11.27**
+ Long-Term Borrowings	-	0.14	0.10	-	25.00	25.00	25.00	25.00
+ Other Long-Term Liabilities	-	-	6.33	6.40	6.40	6.40	6.40	6.40
Total Liabilities	**1.33**	**12.33**	**9.10**	**17.62**	**42.67**	**42.68**	**42.69**	**42.67**
+ Total Preferred Equity	-	-	-	-	-	-	-	-
+ Share Capital & APIC	33.2	52.0	53.9	63.9	79.9	94.9	116.9	116.9
+ Retained Earnings & Other Equity	-2.92	-18.86	-37.56	-58.74	-80.88	-116.87	-144.10	1147.85
Total Shareholders' Equity	**30.24**	**33.11**	**16.36**	**5.18**	**-0.96**	**-21.95**	**-27.17**	**1264.78**
+ Minority Interest	**-0.01**	**-0.37**	**-1.51**	**-0.08**	**1.35**	**2.78**	**4.21**	**5.64**
Total Liabilities & Equity	**31.56**	**45.07**	**23.95**	**22.72**	**43.06**	**23.51**	**19.72**	**1313.09**

Cash Flow ($ million)	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
+ Net Income	-2.56	-15.13	-20.12	-21.18	-22.14	-35.99	-27.23	1291.95
+ Depreciation & Amortization	0.06	0.68	1.30	0.50	0.54	0.56	0.58	0.60
+ Other Non-Cash Adjustments	-3.08	4.81	4.22	1.43	1.43	1.43	1.43	1.43
+ Changes in Working Capital	-0.20	-0.39	1.22	-2.55	-0.03	-0.03	-0.04	-0.03
Cash From Operating Activities	**-5.78**	**-10.04**	**-13.38**	**-21.79**	**-20.20**	**-34.02**	**-25.25**	**1293.95**
+ Disposal of Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
+ Capital Expenditures	-3.06	-6.06	-0.91	-0.95	-0.71	-0.54	-0.40	-0.30
+ Increase in Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
+ Decrease in Investments	16.05	0.00	1.00	0.00	0.00	0.00	0.00	0.00
+ Other Investing Activities	-0.19	0.00	-0.20	0.00	0.00	0.00	0.00	0.00
Cash From Investing Activities	**12.80**	**-6.06**	**-0.11**	**-0.95**	**-0.71**	**-0.54**	**-0.40**	**-0.30**
+ Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
+ Change in Short-Term Borrowings	0.48	14.96	-0.05	10.95	0.00	0.00	0.00	0.00
+ Increase in Long-Term Borrowing	0.00	0.00	6.33	-0.10	25.00	0.00	0.00	0.00
+ Decrease in Long-term Borrowing	0.00	0.00	-13.60	0.00	0.00	0.00	0.00	0.00
+ Increase in Capital Stocks	8.60	10.52	0.00	10.00	16.00	15.00	22.00	0.00
+ Decrease in Capital Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
+ Other Financing Activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	**9.08**	**25.48**	**-7.32**	**20.86**	**41.00**	**15.00**	**22.00**	**0.00**
Effect of Exchange Rate Changes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Changes in Cash	**16.10**	**9.38**	**-20.81**	**-1.89**	**20.08**	**-19.56**	**-3.65**	**1293.65**
Opening cash	0.62	16.73	26.11	5.29	3.47	23.56	4.00	0.35
Closing cash	16.73	26.11	5.29	3.47	23.56	4.00	0.35	1294.00

DCF model	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
(in $ million)														
EBIT	-5.7	-10.3	-18.2	-18.6	-17.1	-31.0	-22.2	1,297.0	217.4	3.9	5.5	5.7	7.5	9.7
% growth		*81%*	*76%*	*2%*	*-8%*	*81%*	*-28%*	*-5943%*	*-83%*	*-98%*	*43%*	*3%*	*31%*	*29%*
Taxes @	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	7.0%	10.0%	12.0%
EBIAT	-5.7	-10.3	-18.2	-18.6	-17.1	-31.0	-22.2	1,297.0	217.4	3.9	5.3	5.3	6.8	8.5
% growth		*81%*	*76%*	*4%*	*5%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*
+ D&A	0.1	0.7	1.3	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
- Capital expenditures	-3.1	-6.1	-0.9	-1.0	-0.7	-0.5	-0.4	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4	-0.4
- Change in net WC	-0.2	-0.4	1.2	-2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Firm	-8.9	-16.1	-16.6	-21.6	-17.3	-31.0	-22.1	1,297.3	217.7	4.1	5.6	5.6	7.0	8.8
FCY y/y growth		*81%*	*3%*	*30%*	*-20%*	*79%*	*-29%*	*-5983%*	*-83%*	*-98%*	*35%*	*0%*	*26%*	*25%*

Total Market Value

	Cost of capital				
Terminal Growth	**10.0%**	**11.0%**	**12.0%**	**13.0%**	**14.0%**
3.0%	805	734	673	620	573
3.3%	808	736	675	621	574
3.5%	811	738	676	622	574
3.8%	815	740	677	623	575
4.0%	817	742	678	623	575

WACC	***12.0%***
PV of Free Cash Flow	627
PV of Terminal Value	39
Add: Net Cash	9
Total Equity Value + Value of Smart ACT Platform	676+400=1076
Shares outstanding	30.4
DCF value	**35**

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