

# MedApp S.A.



Fair Value: PLN 2.20

Update

Rating: n.a.

**While sales and operating costs in 2017 were likely lower than we had originally forecast due to later than expected software integrations at two Polish operators of hearth clinics and centers, we believe that in 2018E MedApp will sign a contract with a large client from the Middle East within the next few months. With regard to international sales, the close co-operation with Microsoft is of great help as the Redmond-based software giant does not only co-finance the development of Carna Life for 3D/4D applications, but also actively supports MedApp's distribution efforts with its own sales team. Although we now believe that our previous long-term revenue and profit estimates were too conservative due to MedApp's sales pipeline, we see a risk that the FDA approval (filed in mid-2017) might be granted a few weeks later than originally expected (Q3/18E instead of H1/18E) as the FDA asked MedApp to repeat the test of its application at a certified facility. Our new fair value, which is based on 140.9m shares (previously: 151m) after the planned issue of new shares to Polish and foreign institutional investors in H1/18E, is PLN 2.20 (previously: PLN 1.90).**

**9M/17 loss and cash burn were moderate and below our expectations.** Between January and September 2017, MedApp generated sales of PLN 69k, EBIT of PLN -1.5m and net income of PLN -1.1m. Operating and free cash flow equaled PLN -4.4m. As of 30 September 2017, MedApp's cash position amounted to PLN 17k. Due to business expansion we expect the company's monthly cash burn to increase from PLN 500k to PLN 1m in the short term.

**MedApp needs additional capital in H1/18E in order to expand its sales team and further develop the Carna Life solution.** Due to the active support of Microsoft's sales force, which uses Carna Life to increase sales of the Microsoft Azure cloud solution, and participation in various international fairs MedApp faces strong interest for its product. However, it currently only has one sales person inhouse, who needs support in order to market Carna Life effectively worldwide. Additional capital is also needed for further development of new functionalities e.g. based on artificial intelligence, which could result in new applications of Carna Life in the future.

in PLNm	2016	2017E	2018E	2019E	2020E	2021E
Net sales	0.03	0.09	5.96	18.17	41.88	68.54
EBITDA	-0.67	-2.20	-9.14	-4.38	8.92	24.12
EBIT	-0.93	-2.48	-9.44	-4.69	8.59	23.78
Net income	-0.68	-1.99	-7.62	-3.76	7.00	19.31
Diluted EPS	-0.01	-0.02	-0.06	-0.03	0.05	0.14
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RoE	-12.16%	-32.01%	-56.94%	-21.28%	36.25%	59.48%
Net gearing	-10.36%	-2.72%	-42.29%	-5.82%	-6.59%	-41.88%
EV/Sales	n.a	n.a	28.37x	9.32x	4.04x	2.47x
EV/EBITDA	n.a	n.a	n.a	n.a	18.98x	7.02x
P/E	n.a	n.a	n.a	n.a	27.18x	9.85x

## Company profile

MedApp S.A. has developed a cloud-based software platform, which allows to collect and analyze data from various telehealth devices of different providers. While the company currently concentrates on cardiology, the solution can be used in different medical areas. Carna Life already has CE registration for Europe and filed for FDA approval in mid-2017.

Website	www.medapp.pl
Sector	Mobile Health
Country	Poland
ISIN	PLYLWHT00012
Reuters	MDAP.WA
Bloomberg	MDA PW

## Share information

Last price	1.35
Number of shares (m)	125.50
Market cap. (PLNm)	169.43
Market cap. (EURm)	40.53
52-weeks range	PLN 1.65 / PLN 0.23
Average volume	9,319

## Performance

4-weeks	-15.63%
13-weeks	-15.09%
26-weeks	25.00%
52-weeks	400.00%
YTD	-18.18%

## Shareholder structure

Amida Capital Sp. z.o.o S.K.A	46.67%
Blu Ring Sp. z.o.o	19.52%
Omegia S.A.	16.29%
Free float	17.52%

## Financial calendar

Q4/17 report	February 14, 2018
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## Analyst

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## Recent results

### Revenues and Profitability

In 9M/17, MedApp generated revenues of PLN 69k (9M/16: PLN 11k), an EBIT of PLN -1.5m (PLN -692k) and net income of PLN -1.1m (PLN -747k), which was affected by a tax refund of PLN 409k. The largest cost position were administrative expenses of PLN 1.4m (9M/16: PLN 695k), which include personnel costs.

in PLNm	9M/17	9M/16	change y-o-y
<b>Net sales</b>	<b>0.07</b>	<b>0.01</b>	527.3%
<b>EBITDA</b>	<b>-1.54</b>	<b>-0.69</b>	121.8%
<i>EBITDA margin</i>	<i>n.a</i>	<i>n.a</i>	
<b>EBIT</b>	<b>-1.54</b>	<b>-0.69</b>	121.8%
<i>EBIT margin</i>	<i>n.a</i>	<i>n.a</i>	
<b>Net income</b>	<b>-1.14</b>	<b>-0.75</b>	52.2%
<i>Net margin</i>	<i>n.a</i>	<i>n.a</i>	

Source: Company information, East Value Research GmbH

### Balance sheet and Cash flow

As of 30 September 2017, MedApp had equity of PLN 6.6m, which corresponded to a share of 73.3% in the balance sheet total. While fixed assets were very small (PLN 57k) as the company outsources most of work, intangibles (software, patents, licenses, goodwill) equaled PLN 5.7m. We estimate the working capital at PLN -700k.

Between January and September 2017, MedApp generated an operating cash flow of PLN -4.4m, which resulted from the net loss. While cash flow from investing equaled PLN -40k, cash flow from financing, which resulted from a private placement, amounted to PLN 4.3m. We believe that the company's current monthly cash burn amounts to PLN 500k and could increase to PLN 1m in 2018E due to business expansion.

## Financial forecasts

### Revenues and Profitability

After an international roadshow with management, we have adjusted our model in order to account for MedApp's sales pipeline in the Middle East and US, planned investments in 2018E and 2019E as well as the fact that management now want to charge a fee-per-patient not just in Poland, but also in other countries (as part of a mixed model comprising a fee-per-exam plus fee-per-patient-per-month). Moreover, our forecasts for full-year 2017 now account for a later than expected integration of Carna Life at two Polish operators of heart clinics and centers (CarintArt and Intercard), which will only be completed at the end of February 2018 instead of Q4/17. In terms of the FDA approval, we now expect it to be granted in Q3/18E instead of H1/18E as MedApp has been obliged to repeat a test of its Carna Life solution at a certified facility.

We would like to emphasize the tremendous potential of the close co-operation with the software giant Microsoft, who not only supports the development of the Carna Life platform with respect to 3D/4D applications, but also actively does sales for MedApp on different international markets as it uses Carna Life to cross-sell its Azure cloud solution.

Country	Total population	No of practising doctors	No of hospitals
Poland	38,523,261	88,437	1,067
United States	323,995,528	820,251	5,627
Canada	35,362,905	91,268	719
Mexico	123,166,749	283,414	4,456
Germany	80,722,792	338,129	3,108
China	1,373,541,278	n.a	n.a
Azerbaijan	9,872,765	n.a	n.a
Kazakhstan	18,360,353	n.a	n.a
Kuwait	2,832,776	n.a	n.a
Qatar	2,258,283	n.a	n.a
Bahrain	1,378,904	n.a	n.a
Oman	3,355,262	n.a	n.a
Saudi Arabia	28,160,273	n.a	n.a
United Arab Emirates	5,927,482	n.a	n.a
<b>Total</b>	<b>2,047,458,611</b>	<b>1,621,499</b>	<b>14,977</b>

Source: CIA World Fact Book, OECD Health Data, East Value Research GmbH

Below is our detailed sales model for MedApp. We expect that over the next years MedApp's sales will grow at an average rate of 159.1% per year (previously: 145.8%).

*Patients:* We expect that in 2017 MedApp generated revenues based on a fee per patient, who use the Carna Life system, of PLN 52k (previously: PLN 60k). While the fee-per-patient-per-month equaled PLN 21 (PLN 25), gross margin reached 1%. Our new forecast for 2018E is PLN 1.5m with 6,100 patients (PLN 347k with 1,100 patients) as (1) in January 2018 MedApp signed 5-year contracts with two operators of heart clinics and centers in Southern Poland and (2) we now expect that the company will also generate fees-per-patient-per-month outside Poland. As the company acquires more medical facilities in Poland and abroad and adds more functionalities to its system (apart from ECG also prediction based on artificial intelligence and 3D/4D visualization for surgeons), we believe that the number of patients and the average fee per patient will grow by 2026E at a CAGR of 80% (30.6%) and 4.4% (5%) respectively. In the long run, we expect the segment to generate gross margins of c. 70% (c. 70%).

*Exams:* On international markets, MedApp plans to generate revenues based on the number of conducted and analyzed exams. While the company is already allowed to sell its Carna Life system in Europe and the Middle East, we believe that it will receive the FDA registration for the largest health market worldwide US in Q3/18E (accounts for >31m ECG exams per year alone). Given already existing contacts to distributors and the close partnership with Microsoft, which also includes sales and marketing activities e.g. in the Middle East and Kazakhstan, we have assumed that sales of this segment will ramp up significantly from 2018E.

Our model, which accounts for a much lower fee-per-exam and the fact that MedApp will offer its Carna Life system outside Poland with a fee-per-patient plus fee-per-exam package, shows sales in full-year 2018E of PLN 3.8m (PLN 5.2m) and a gross margin of 18% (18%). Our revenue forecast is based on 27k exams and an average fee per exam of PLN 142. As MedApp acquires more health facilities as clients and adds additional functionalities to its system, we expect that by 2026E the number of exams and the average fee per exam will increase at a CAGR of 50.4% (57.5%) and 5% (5%) respectively. In our view, the segment should generate gross margins of 60% (60%) in the long run.

*Integrations:* The third source, on which we have based our revenue model for MedApp, are Integrations. Based on our discussions with management, we believe that in the future the company will receive an average fee per integration of its cloud-based system at a medical facility of PLN 100k (in less developed countries, the fee will be lower, in more developed higher).

We expect that sales equaled PLN 40k (one integration at a price of PLN 40k) already in 2017 (previously: PLN 80k). However, from 2018E, when MedApp will install its system at medical facilities in developed countries, the number of integrations per year should reach up to 110 and the yearly revenues up to PLN 11m. We expect that the Integration segment will generate gross margins of 50% in the long run.

	2017E	2018E	2019E	2020E	2021E
<b>Patients</b>	<b>0.05</b>	<b>1.54</b>	<b>5.45</b>	<b>13.50</b>	<b>22.35</b>
<i>Share in total sales</i>	56.7%	25.8%	30.0%	32.2%	32.6%
Gross margin	1.0%	25.0%	45.0%	55.0%	65.0%
Number of patients	830	6,100	20,600	48,600	76,600
Average fee per patient per month	21	21	22	23	24
<b>Exams</b>	<b>0.00</b>	<b>3.83</b>	<b>10.72</b>	<b>24.38</b>	<b>40.70</b>
<i>Share in total sales</i>	0.0%	64.2%	59.0%	58.2%	59.4%
Gross margin	1.0%	18.0%	40.5%	50.0%	55.0%
Number of exams	0	27,000	72,000	156,000	248,000
Average fee per exam	135	142	149	156	164
<b>Integrations</b>	<b>0.04</b>	<b>0.60</b>	<b>2.00</b>	<b>4.00</b>	<b>5.50</b>
<i>Share in total sales</i>	43.3%	10.1%	11.0%	9.6%	8.0%
Gross margin	1.0%	15.0%	27.0%	37.0%	47.0%
Number of integrations	1	10	25	40	55
Average fee per integration	40,000	60,000	80,000	100,000	100,000
<b>Total sales</b>	<b>0.09</b>	<b>5.96</b>	<b>18.17</b>	<b>41.88</b>	<b>68.54</b>
change y-o-y	n.a	6362.7%	204.6%	130.5%	63.7%

Source: East Value Research GmbH

	2017E		2018E		2019E		2020E		2021E	
in PLNm	new	old								
<b>Net sales</b>	<b>0.09</b>	<b>0.14</b>	<b>5.96</b>	<b>5.96</b>	<b>18.17</b>	<b>17.32</b>	<b>41.88</b>	<b>39.94</b>	<b>68.54</b>	<b>64.41</b>
<b>EBITDA</b>	<b>-2.20</b>	<b>-7.13</b>	<b>-9.14</b>	<b>-7.37</b>	<b>-4.38</b>	<b>-3.09</b>	<b>8.92</b>	<b>8.27</b>	<b>24.12</b>	<b>20.83</b>
<i>EBITDA margin</i>	<i>n.a</i>	<i>n.a</i>	-153.2%	-123.7%	-24.1%	-17.8%	21.3%	20.7%	35.2%	32.3%
<b>EBIT</b>	<b>-2.48</b>	<b>-7.41</b>	<b>-9.44</b>	<b>-7.66</b>	<b>-4.69</b>	<b>-3.40</b>	<b>8.59</b>	<b>7.94</b>	<b>23.78</b>	<b>20.49</b>
<i>EBIT margin</i>	<i>n.a</i>	<i>n.a</i>	-158.2%	-128.5%	-25.8%	-19.6%	20.5%	19.9%	34.7%	31.8%
<b>Net income</b>	<b>-1.99</b>	<b>-5.99</b>	<b>-7.62</b>	<b>-6.18</b>	<b>-3.76</b>	<b>-2.72</b>	<b>7.00</b>	<b>6.48</b>	<b>19.31</b>	<b>16.64</b>
<i>Net margin</i>	<i>n.a</i>	<i>n.a</i>	-127.7%	-103.7%	-20.7%	-15.7%	16.7%	16.2%	28.2%	25.8%

Source: East Value Research GmbH

### CAPEX and Working capital

In our model, we have assumed gross CAPEX of PLN 3.6m (previously: PLN 3.6m) in 2017E-2019E, which in our opinion will mainly increase intangibles as MedApp does not produce devices. We have forecast that working capital will grow by PLN 1.9m (PLN 2.1m) in 2017E and PLN 3.3m (PLN 3.1m) in 2018E and will amount to >21% (>20%) of total sales in the long run (cash conversion cycle of 60 days).

## Valuation

Due to the company's early-stage character we have decided to value MedApp by using a DCF approach only. This results in a fair value per share of PLN 2.20 (previously: PLN 1.90). Our valuation accounts for a number of shares of 140.9m after the planned share issue to Polish and foreign institutional investors in H1/18E. On 28 September 2017, MedApp's EGM approved the issue of up to 100m warrants/shares by 31 December 2025E.

### DCF model

in PLNm	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E				
<b>Net sales</b>	<b>5.96</b>	<b>18.17</b>	<b>41.88</b>	<b>68.54</b>	<b>97.62</b>	<b>126.23</b>	<b>157.37</b>	<b>187.68</b>	<b>220.56</b>				
(y-o-y change)	n.a	204.6%	130.5%	63.7%	42.4%	29.3%	24.7%	19.3%	17.5%				
<b>EBIT</b>	<b>-9.44</b>	<b>-4.69</b>	<b>8.59</b>	<b>23.78</b>	<b>41.69</b>	<b>55.71</b>	<b>70.89</b>	<b>83.80</b>	<b>97.73</b>				
(operating margin)	-158.2%	-25.8%	20.5%	34.7%	42.7%	44.1%	45.0%	44.6%	44.3%				
<b>NOPLAT</b>	<b>-7.64</b>	<b>-3.80</b>	<b>6.96</b>	<b>19.26</b>	<b>33.77</b>	<b>45.12</b>	<b>57.42</b>	<b>67.88</b>	<b>79.16</b>				
+ Depreciation & amortisation	0.30	0.31	0.33	0.34	0.36	0.38	0.40	0.42	0.44				
= Net operating cash flow	-7.35	-3.49	7.28	19.60	34.13	45.50	57.82	68.29	79.60				
- Total investments (Capex and WC)	-4.60	-3.90	-6.74	-3.52	-3.33	-6.37	-6.58	-13.79	-7.66				
Capital expenditure	-1.30	-1.31	-1.33	-1.09	-1.11	-1.13	-0.65	-0.67	-0.69				
Working capital	-3.30	-2.59	-5.41	-2.42	-2.22	-5.24	-5.93	-13.12	-6.97				
= Free cash flow (FCF)	-11.94	-7.39	0.54	16.08	30.80	39.13	51.24	54.50	71.94				
<b>PV of FCF's</b>	<b>-10.55</b>	<b>-5.68</b>	<b>0.36</b>	<b>9.34</b>	<b>15.54</b>	<b>17.16</b>	<b>19.53</b>	<b>18.06</b>	<b>20.73</b>				
PV of FCFs in explicit period	84.50												
PV of FCFs in terminal period	176.26												
<b>Enterprise value (EV)</b>	<b>260.75</b>												
+ Net cash / - net debt (31 December 2018)	8.28												
+ investments / - minorities	0.00												
<b>Shareholder value</b>	<b>269.03</b>												
<b>Post-money shares outstanding (m)</b>	<b>140.88</b>												
						<b>Terminal EBIT margin</b>							
<b>WACC</b>	<b>15.0%</b>					<b>41.3%</b>	<b>42.3%</b>	<b>43.3%</b>	<b>44.3%</b>	<b>45.3%</b>	<b>46.3%</b>	<b>47.3%</b>	
Cost of equity	15.0%					<b>11.0%</b>	3.62	3.69	3.75	3.82	3.88	3.95	4.01
Pre-tax cost of debt	6.0%					<b>12.0%</b>	3.12	3.17	3.22	3.28	3.33	3.39	3.44
Normal tax rate	19.0%					<b>13.0%</b>	2.71	2.75	2.80	2.84	2.89	2.93	2.98
After-tax cost of debt	4.9%					<b>14.0%</b>	2.37	2.41	2.45	2.49	2.53	2.57	2.61
Share of equity	100.0%					<b>15.0%</b>	2.10	2.13	2.16	<b>2.20</b>	2.23	2.26	2.30
Share of debt	0.0%					<b>16.0%</b>	1.87	1.89	1.92	1.95	1.98	2.01	2.04
<b>Fair value per share in PLN (today)</b>	<b>1.91</b>					<b>17.0%</b>	1.67	1.69	1.72	1.74	1.77	1.79	1.81
<b>Fair value per share in PLN (in 12 months)</b>	<b>2.20</b>												

Source: East Value Research GmbH

## Peer Group

There are several telehealth/digital health companies on the Warsaw Stock Exchange, which however offer software that only works with their own devices. Most comparable companies to MedApp can be found on international markets.

### Telehealth/digital health companies, which are listed in Poland:

- (1) *Medicalgorithmics S.A.*: Medicalgorithmics (MDG), which is based in Warsaw/Poland, is a producer and supplier of innovative technologies in the area of distant cardio-diagnostics. The company focuses on distant monitoring and analysis of the heart based on a proprietary technology called PocketECG. Apart from cardiac telemetry, the system is also used in clinical trials on drugs relating to cardiac safety as well as research projects. Medicalgorithmics, which generates most of its revenues in North America, is listed on the Warsaw Stock Exchange. In fiscal-year 2016, it generated sales of PLN 127.9m and an EBIT margin of 36.4%. MDG's current market capitalization is PLN 642m.
- (2) *BRASTER S.A.*: BRASTER, which is based in Warsaw/Poland, has developed a telehealth device that allows non-invasive early-stage detection of breast cancer. In 2016, it generated sales of PLN 427k and an EBIT of PLN -14.7m. BRA's current market capitalization is PLN 72.4m.
- (3) *Telemedycyna Polska S.A.*: Telemedycyna Polska, which is headquartered in Katowice/Poland, is a Polish leader in the area of telesurveillance of cardiology patients. The company owns a Center for Monitoring of the Heart with experienced doctors from the area of non-invasive cardiology diagnostics. Telemedycyna Polska specializes in 24/7 cardiologic treatment and ECG exams online and by phone. In 2016, the company had revenues of PLN 5.4m and an EBIT margin of 0.5%. Telemedycyna's current market capitalization is PLN 12.2m.
- (4) *Infoscan S.A.*: Infoscan, which is based in Warsaw/Poland, has been active in the area of telemedicine since 2007. As the first one in Poland, the company provides description of breath problems during sleep. It works together with c. 30 clinics and doctors in Poland, who are already using its services in their daily work. Moreover, the company co-operates with leading scientific facilities in Poland e.g. the Medical University in Warsaw, Marie-Curie University in Lublin, Military Technical Academy and Medical Institute. In 2016, Infoscan generated revenues of PLN 76k and an EBIT of PLN -1.4m. Infoscan's current market capitalization is PLN 49.2m.
- (5) *Nestmedic S.A.*: Nestmedic, which is based in Wroclaw/Poland, has developed a telehealth device for pregnant women, which allows them to conduct a CTG (cardiotocographic) exam at home. Nestmedic, which likely generated first revenues in 2017, had an EBIT of PLN -1m in 2016. The company's current market capitalization is PLN 40.1m.

International providers of cloud-based health software that works together with different devices:

- (6) *Wearable Intelligence*: Wearable Intelligence is one of several startups that work on applications of wearable technologies e.g. Google Glass for enterprise markets. The company currently has four products on the market, which provide healthcare professionals and energy field workers with a hands-free workflow system for performing standardized checklists and procedures. Investors include Lightspeed Venture Partners, Andreessen Horowitz, First Round Capital, Google Ventures, Kleiner Perkins Caufield & Byers, Initialized Capital and Subtraction Capital.
- (7) *Tactio Health Group*: Tactio Health, which is based in Montreal/Canada, builds remote patient monitoring systems using mobile apps and off-the shelf connected health devices. The solution is targeted both at patients and health professionals. The platform assists in tracking e.g. blood pressure, heart activity, diabetes, body weight and cholesterol.
- (8) *mHealth Alert Inc.*: mHealth Alert, which is based in San Francisco/US, is an eHealth platform for health care prevention and preventive care management. The platform, which works together with different telehealth devices, is targeted at insurance companies, health professionals, corporations and individuals.
- (9) *MedWeb*: MedWeb has developed platforms for health professionals, which facilitate electronic acquisition, viewing, communication/transmission, publishing, and storage of medical data captured by numerous devices and associated with a variety of medical subspecialties including radiology, orthopedics, dermatology, ophthalmology, stroke evaluation, dentistry, and general exams as well as workflow management. The solutions can be easily integrated with existing HIS and RIS systems.
- (10) *MedM*: MedM has developed a complete Remote Patient Monitoring software package. It includes apps, which are able to connect to different medical devices, optional fixed gateway (MedM Hub), cloud services, cloud portal, and a range of EMR/EHR integration APIs. The software is targeted at health professionals.
- (11) *IQMax Inc.*: IQMax, which is based in Charlotte/US, has developed the IQMax Connected Healthcare Platform. It provides access to data from disparate systems, decision support tools and secure cross-enterprise communications system. Thus, healthcare facilities gain access to the right information at the right time on any device that affects patient care.
- (12) *Ideal Life Inc.*: The Ideal Life platform simplifies how patients, doctors and caregivers track, learn about, and manage health conditions. The company's platform, which is targeted at health professionals and patients, monitors and manages chronic conditions including congestive heart failure, diabetes, hypertension, obesity and asthma.

(13) *FRUCT Oy*: Fruct, which is based in Helsinki/Finland, has developed the FRUCT MD cloud-based platform that collects and analyzes health parameters. It automates management of multiple health parameters from various medical devices and enriches them by relevant context data.

## Profit and loss statement

in PLNm	2016	2017E	2018E	2019E	2020E	2021E
<b>Revenues</b>	<b>0.03</b>	<b>0.09</b>	<b>5.96</b>	<b>18.17</b>	<b>41.88</b>	<b>68.54</b>
Cost of goods sold	0.00	-0.09	-4.80	-10.83	-20.79	-29.05
<b>Gross profit</b>	<b>0.02</b>	<b>0.00</b>	<b>1.16</b>	<b>7.33</b>	<b>21.10</b>	<b>39.49</b>
Other operating income	0.05	0.10	0.10	0.10	0.11	0.11
Personnel expenses	-0.45	-1.00	-4.10	-4.60	-5.06	-5.57
Marketing expenses	0.00	-1.00	-6.00	-6.90	-6.91	-9.60
Other operating expenses	-0.29	-0.30	-0.31	-0.31	-0.32	-0.32
<b>EBITDA</b>	<b>-0.67</b>	<b>-2.20</b>	<b>-9.14</b>	<b>-4.38</b>	<b>8.92</b>	<b>24.12</b>
Depreciation & amortisation	-0.27	-0.28	-0.30	-0.31	-0.33	-0.34
<b>Operating income</b>	<b>-0.93</b>	<b>-2.48</b>	<b>-9.44</b>	<b>-4.69</b>	<b>8.59</b>	<b>23.78</b>
Net financial result	-0.11	0.02	0.03	0.04	0.05	0.06
<b>EBT</b>	<b>-1.04</b>	<b>-2.46</b>	<b>-9.41</b>	<b>-4.65</b>	<b>8.64</b>	<b>23.84</b>
Income tax	0.36	0.47	1.79	0.88	-1.64	-4.53
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income</b>	<b>-0.68</b>	<b>-1.99</b>	<b>-7.62</b>	<b>-3.76</b>	<b>7.00</b>	<b>19.31</b>
Diluted EPS	-0.01	-0.02	-0.06	-0.03	0.05	0.14
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<b>Share in total sales</b>						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-8.28 %	-99.00 %	-80.50 %	-59.64 %	-49.63 %	-42.38 %
Gross profit	91.72 %	1.00 %	19.50 %	40.36 %	50.37 %	57.62 %
Other operating income	179.92 %	108.35 %	1.71 %	0.57 %	0.25 %	0.16 %
Personnel expenses	-1780.55 %	-1083.54 %	-68.74 %	-25.32 %	-12.08 %	-8.12 %
Marketing expenses	0.00 %	-1083.54 %	-100.60 %	-38.00 %	-16.50 %	-14.00 %
Other operating expenses	-1134.37 %	-325.06 %	-5.11 %	-1.71 %	-0.75 %	-0.47 %
EBITDA	-2643.27 %	-2382.79 %	-153.24 %	-24.09 %	21.29 %	35.19 %
Depreciation & amortisation	-1066.65 %	-305.74 %	-4.97 %	-1.71 %	-0.78 %	-0.50 %
Operating income	-3709.92 %	-2688.53 %	-158.21 %	-25.80 %	20.51 %	34.69 %
Net financial result	-426.49 %	21.67 %	0.50 %	0.22 %	0.12 %	0.09 %
EBT	-4136.41 %	-2666.85 %	-157.70 %	-25.58 %	20.63 %	34.78 %
Income tax	1431.79 %	506.70 %	29.96 %	4.86 %	-3.92 %	-6.61 %
Minorities	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Net income	-2704.62 %	-2160.15 %	-127.74 %	-20.72 %	16.71 %	28.17 %

## Balance Sheet

in PLNm	2016	2017E	2018E	2019E	2020E	2021E
Cash and equivalents	0.08	0.20	8.28	0.92	1.50	17.64
Financial assets	0.70	0.00	0.00	0.00	0.00	0.00
Inventories	0.01	0.00	0.00	0.00	0.00	0.00
Trade accounts and notes receivables	0.02	0.35	4.90	8.96	16.64	20.66
Other current assets	0.70	1.20	1.26	1.32	1.39	1.46
<b>Current assets, total</b>	<b>1.50</b>	<b>1.75</b>	<b>14.44</b>	<b>11.20</b>	<b>19.53</b>	<b>39.75</b>
Property, plant and equipment	0.03	0.03	0.03	0.03	0.03	0.03
Other intangible assets	0.00	1.20	2.20	3.20	4.20	4.95
Goodwill	5.94	5.44	5.44	5.44	5.44	5.44
Other assets	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax assets	0.36	0.00	0.00	0.00	0.00	0.00
<b>Non-current assets, total</b>	<b>6.33</b>	<b>6.67</b>	<b>7.67</b>	<b>8.67</b>	<b>9.67</b>	<b>10.43</b>
<b>Total assets</b>	<b>7.83</b>	<b>8.42</b>	<b>22.11</b>	<b>19.88</b>	<b>29.20</b>	<b>50.18</b>
Trade payables	0.11	0.03	1.32	2.82	5.13	6.76
Other short-term liabilities	2.21	1.20	1.22	1.25	1.27	1.30
Short-term financial debt	0.23	0.00	0.00	0.00	0.00	0.00
Pension provisions	0.00	0.00	0.00	0.00	0.00	0.00
Provisions	0.01	0.00	0.00	0.00	0.00	0.00
<b>Current liabilities, total</b>	<b>2.56</b>	<b>1.23</b>	<b>2.54</b>	<b>4.07</b>	<b>6.40</b>	<b>8.06</b>
Long-term financial debt	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax liabilities	0.00	0.00	0.00	0.00	0.00	0.00
<b>Long-term liabilities, total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total liabilities</b>	<b>2.56</b>	<b>1.23</b>	<b>2.54</b>	<b>4.07</b>	<b>6.40</b>	<b>8.06</b>
<b>Shareholders equity, total</b>	<b>5.26</b>	<b>7.19</b>	<b>19.57</b>	<b>15.81</b>	<b>22.81</b>	<b>42.11</b>
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total equity and liabilities</b>	<b>7.83</b>	<b>8.42</b>	<b>22.11</b>	<b>19.88</b>	<b>29.20</b>	<b>50.18</b>

## Cash Flow Statement

in PLNm	2016	2017E	2018E	2019E	2020E	2021E
Net income	-0.68	-1.99	-7.62	-3.76	7.00	19.31
Depreciation & amortisation	0.27	0.28	0.30	0.31	0.33	0.34
Change of working capital	-0.08	-1.93	-3.30	-2.59	-5.41	-2.42
Others	-0.69	-0.35	0.00	0.00	0.00	0.00
<b>Net operating cash flow</b>	<b>-1.18</b>	<b>-3.99</b>	<b>-10.62</b>	<b>-6.04</b>	<b>1.91</b>	<b>17.23</b>
<b>Cash flow from investing</b>	<b>-0.02</b>	<b>-0.99</b>	<b>-1.30</b>	<b>-1.31</b>	<b>-1.33</b>	<b>-1.09</b>
Free cash flow	-1.20	-4.98	-11.92	-7.36	0.58	16.13
<b>Cash flow from financing</b>	<b>1.26</b>	<b>5.10</b>	<b>20.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Change of cash	0.05	0.12	8.08	-7.36	0.58	16.13
Cash at the beginning of the period	0.03	0.08	0.20	8.28	0.92	1.50
Cash at the end of the period	0.08	0.20	8.28	0.92	1.50	17.64

## Financial ratios

Fiscal year	2016	2017E	2018E	2019E	2020E	2021E
<b>Profitability and balance sheet quality</b>						
Gross margin	n.a	1.00%	19.50%	40.36%	50.37%	57.62%
EBITDA margin	n.a	-2382.79%	-153.24%	-24.09%	21.29%	35.19%
EBIT margin	n.a	-2688.53%	-158.21%	-25.80%	20.51%	34.69%
Net margin	n.a	-2160.15%	-127.74%	-20.72%	16.71%	28.17%
Return on equity (ROE)	-12.16%	-32.01%	-56.94%	-21.28%	36.25%	59.48%
Return on assets (ROA)	-7.33%	-23.91%	-34.59%	-19.14%	23.79%	38.36%
Return on capital employed (ROCE)	-11.61%	-27.95%	-39.05%	-24.02%	30.51%	45.73%
Economic Value Added (in PLN)	-1.40	-3.09	-10.59	-6.17	3.53	12.92
Net debt (in PLNm)	-0.55	-0.20	-8.28	-0.92	-1.50	-17.64
Net gearing	-10.36%	-2.72%	-42.29%	-5.82%	-6.59%	-41.88%
Equity ratio	67.24%	85.39%	88.52%	79.53%	78.09%	83.93%
Current ratio	0.59	1.42	5.69	2.75	3.05	4.93
Quick ratio	0.31	0.45	5.19	2.43	2.84	4.75
Net interest cover	-8.70	124.06	314.54	117.19	-171.80	-396.26
Net debt/EBITDA	0.82	0.09	0.91	0.21	-0.17	-0.73
Tangible BVPS	-0.01	0.01	0.11	0.07	0.12	0.26
CAPEX/Sales	24733.89%	1073.57%	21.75%	7.22%	3.17%	1.60%
Working capital/Sales	-6359.09%	351.01%	60.74%	34.20%	27.76%	20.50%
Cash Conversion Cycle (in days)	-17347	1280	200	85	55	25
<b>Trading multiples</b>						
EV/Sales	6717.18	1833.67	28.37	9.32	4.04	2.47
EV/EBITDA	-254.12	-76.95	-18.52	-38.67	18.98	7.02
EV/EBIT	-181.06	-68.20	-17.93	-36.10	19.70	7.12
P/Tangible BVPS	-202.73	96.89	12.73	18.35	10.95	5.19
P/E	-200.11	-84.98	-23.60	-50.52	27.18	9.85
P/FCF	-140.61	-34.00	-14.21	-23.03	290.72	10.50

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