Physitrack

Deeply undervalued & misunderstood

2025-05-27

LIND RESEARCH

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Investment thesis summary

physitrack Group

Ticker: PTRK
Sector: Technology
Exchange: Nasdaq First North, Sweden

Capital structure (Q1'25)

Price: SEK 12.0
MCAP: SEK 197m
Debt: €4.m
Cash: €0.3m
EV: €22m

Valuation (2025E)

EV/S: 1.4x
EV/Adj. EBIT: 18x
EV/Adj, EBITDA-C: 12x

Source: Lind Research & Koyfin

Lind is long Physitrack Group (PTRK) as a long-term **core** position in our portfolio, meaning we will actively engage with the company on shareholder value-unlocking initiatives. We believe the share of PTRK is severely mispriced, where the market is hung up on history rather than the future.

➔ **Neglected, misunderstood, and underfollowed**
- Due to historical lack of performance and microcaps going out of favor, no one is paying attention to the underlying improvements of the business, creating a mispricing of the stock.

➔ **Lifecare quality not showing in the valuation & Wellness is now back on track with the correct focus**
- The segment Lifecare is a great SaaS business with moats. We find that future growth and margin acceleration are not priced in. The valuation of Lifecare alone should be more than the current market value of the entire Group.
- Wellness enhanced software focus together with the cost reduction program creates an increasingly bright outlook.

➔ **Software inflection around the corner**
- Software revenue is rapidly expanding and will in some years be the only type of revenue, leading to margin expansion and increased stability. We also believe a stronger cash flow focus and new Wellness deals can be positive catalyst on the upside.

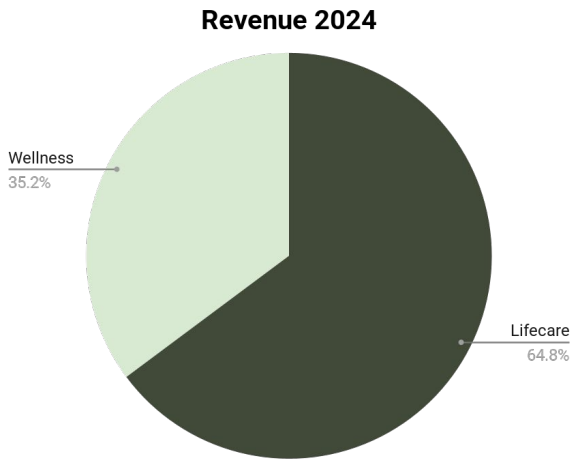
➔ **Further value-enhancing initiatives we suggest are:**
- Move from an EBITDA focus to a cash flow measurement in internal and external communications.
- Improve shareholder communication and segment reporting to highlight business unit performance.
- Even more strict cost programs for Wellness & reduce HQ costs as the need for M&A staffing is no more.
- Potential strategic sale or spin-off of the Wellness business to unlock further shareholder value.
- Look for a solution on the "wet blanket" among the shareholders.

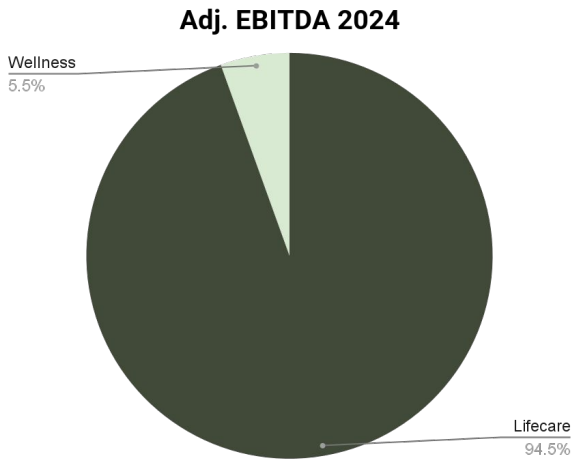
➔ **SOTP Valuation shows a significant margin of safety at current share price levels**
- Our SOTP valuation far exceeds the current market price. At current price levels, we expect the share can generate an IRR of +30% over the coming years, giving rise to a very attractive opportunity at a modest downside risk.
- Optimized value showcases an extreme upside, that can be reached if the correct strategic initiatives fall through.

Company overview

Company overview

Physitrack has two operating segments, Lifecare and Wellness.



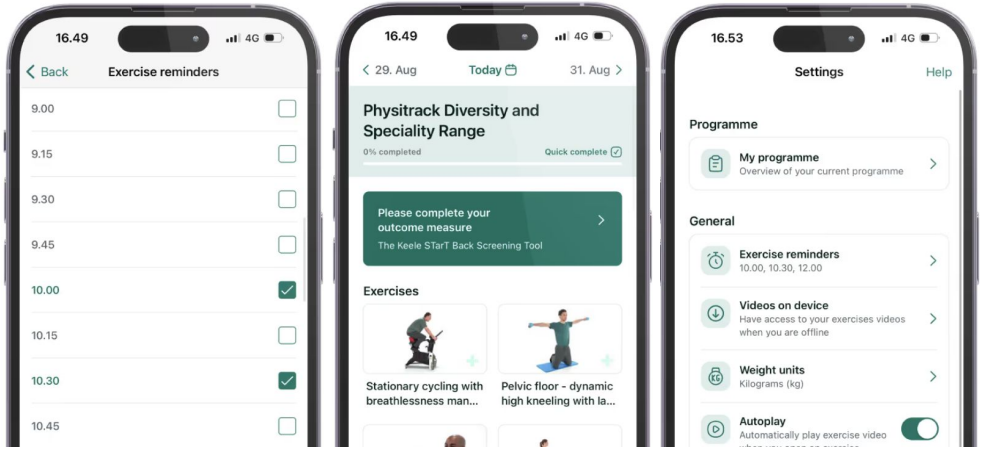


Physitrack Group operates in the digital healthcare sector, offering solutions across two primary business segments: **Lifecare** and **Wellness**. The company has a global presence, operating in 187 countries and serving customers across multiple time zones. Through its technology-driven platforms, Physitrack aims to support healthcare providers and corporate wellness programs. The Lifecare segment provides software solutions for physiotherapy and musculoskeletal care, while the Wellness segment offers employee wellbeing services through the Champion Health platform. The company had a revenue of €16.2m during 2024., Most of the profit comes from the Lifecare segment, which accounts for about 65% of the revenue.

Source: Physitracks Q4'24 report

Description: Lifecare

Lifecare: Digital Tools for Clinical Care



Source: Physitracks

Core Offerings and Technological Capabilities
The Lifecare segment delivers a cloud-based SaaS platform designed for healthcare professionals, including physiotherapists, occupational therapists, and surgeons. The platform supports various aspects of patient care, from initial consultations to long-term outcome tracking. Key features include:

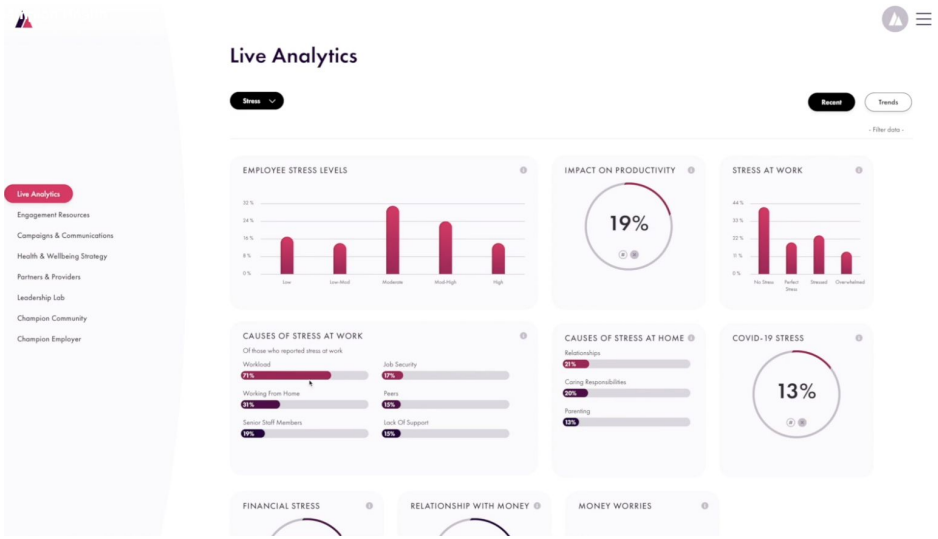
- **Exercise Prescription and Education:** A library of over 12,000 exercises with video tutorials and customizable templates, allowing practitioners to create tailored treatment plans.
- **Telehealth Integration**: Secure video consultations with features such as real-time exercise streaming, goniometric tools, and symptom tracking. The platform facilitates remote care, improving access for patients in different locations.
- **Outcomes Tracking and Analytics:** The PhysiApp client app collects patient-reported outcomes, including adherence rates and functional progress, which are visualized through dashboards to support data-driven treatment adjustments.

Market Reach and Client Base
Lifecare serves a range of healthcare providers, from small clinics to large hospitals and insurers. The platform's white-label option enables institutions to integrate it under their branding. Case studies indicate its use in post-discharge rehabilitation, where it has contributed to reduced readmission rates through real-time patient monitoring.

Product Development and Market Expansion
Recent developments in the Lifecare segment include AI-driven customer support tools and initiatives aimed at expanding access to digital physiotherapy services in underserved regions. The segment maintains a relatively low churn rate of 1.0%, suggesting strong customer retention.

Description Wellness

Wellness: Corporate Wellbeing Solutions



Source: Physitracks

Employee Wellbeing and Digital Health Tools

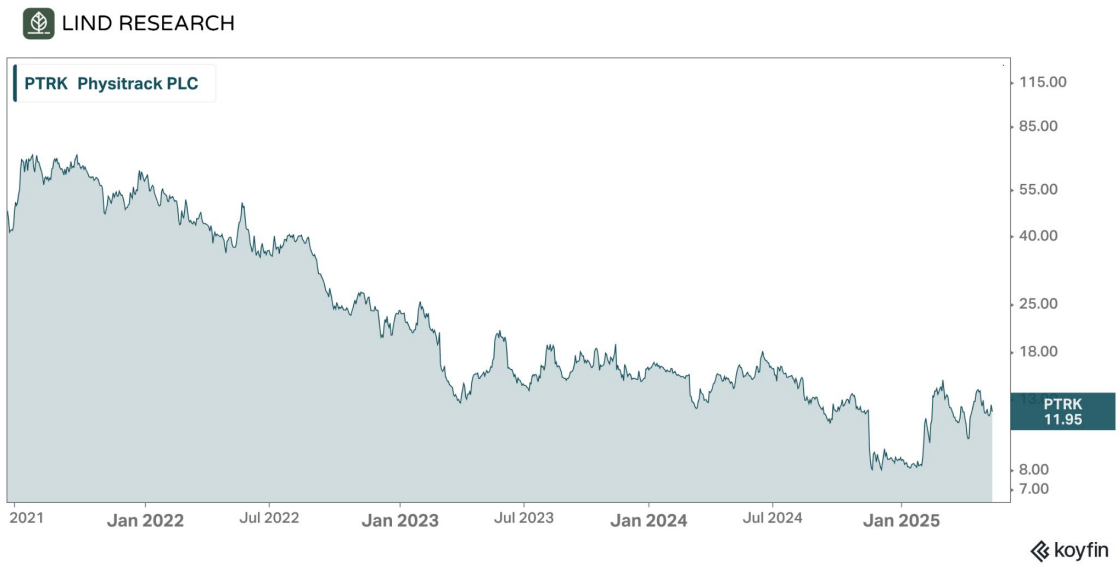
The Wellness segment, managed through Champion Health, provides corporate clients with tools to improve employee wellbeing and reduce absenteeism. The platform integrates SaaS technology with virtual healthcare services, covering areas such as mental health, ergonomics, and chronic disease prevention. Key features include:

- **Preventive Health Platforms:** A centralized employee wellness app offering assessments, stress management tools, and ergonomic guidance. Localized versions introduced in Sweden and Germany in 2024.
- **Virtual Care Services:** On-demand consultations with physiotherapists, nutritionists, and mental health professionals. Employers pay based on measurable outcomes, such as reduced absenteeism.
- **Data Analytics for Employers:** Aggregate health trend tracking tools that help HR teams allocate resources effectively.

Situation

Share price declines

Physitracks' journey as a public company has not been for the faint of heart.

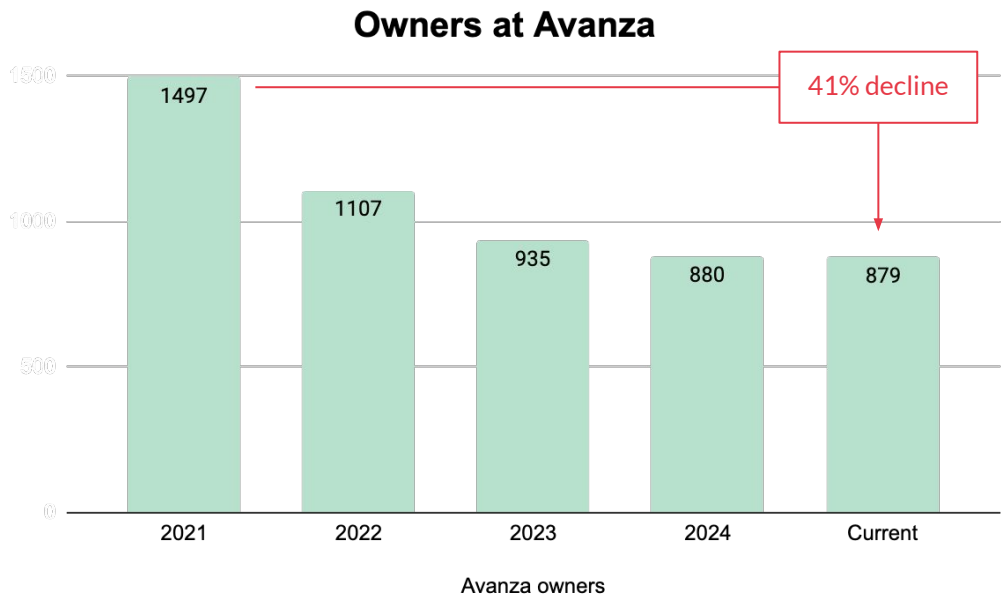


Source: Koyfin

- **Extreme declines since IPO:** The company's IPO was in late 2021, and soon after, its price hit a high of 73 SEK. Since then, it has steadily declined, reaching a low of about 8 SEK in late 2024.
- **Small rebound:** Currently, the share price has rebounded to some degree and trades between 12-14 SEK per share. As a genuine microcap company neglected by the market, the trading volumes are small.

Out of favor among retail owners

Significant decline in interest among retail investors.

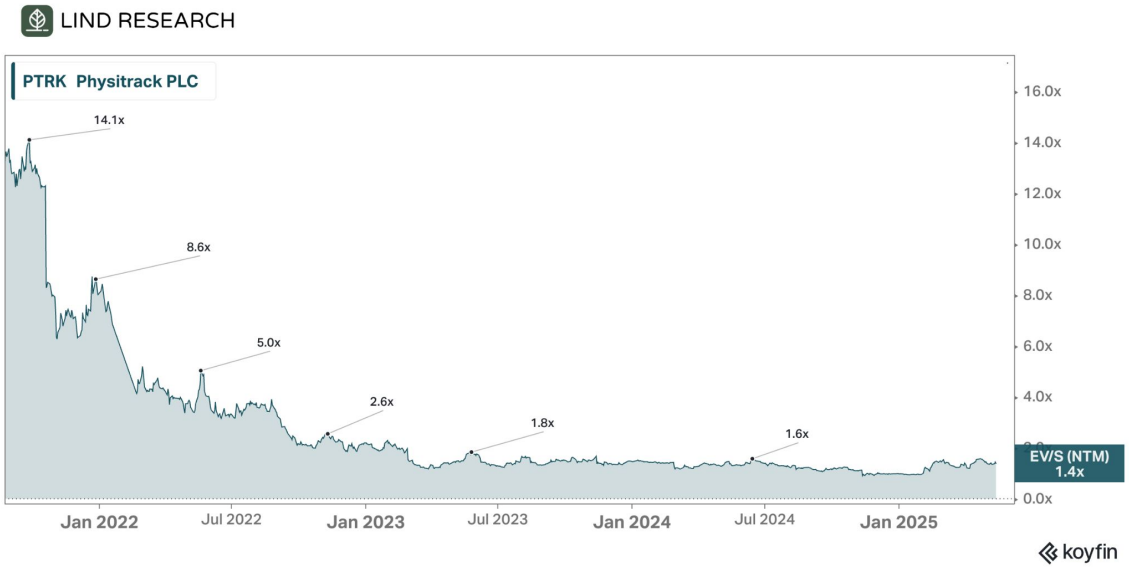


Source: Avanza

- **Declines interest:** The interest for Physitrack among retail investors has also fallen sharply
- **Lower general sentiment:** Investor sentiment is not enterally driven by the company's performance, but also by overall market appetite for microcap stocks.
- **Low interest = great opportunity:** Is the decreased retail interest a bad thing? Well not for us that want to own the share for value appreciation, as the interest can increase again and lead to higher valuation.

Valuation multiples declining

The valuation multiples have fallen into neglect territory.

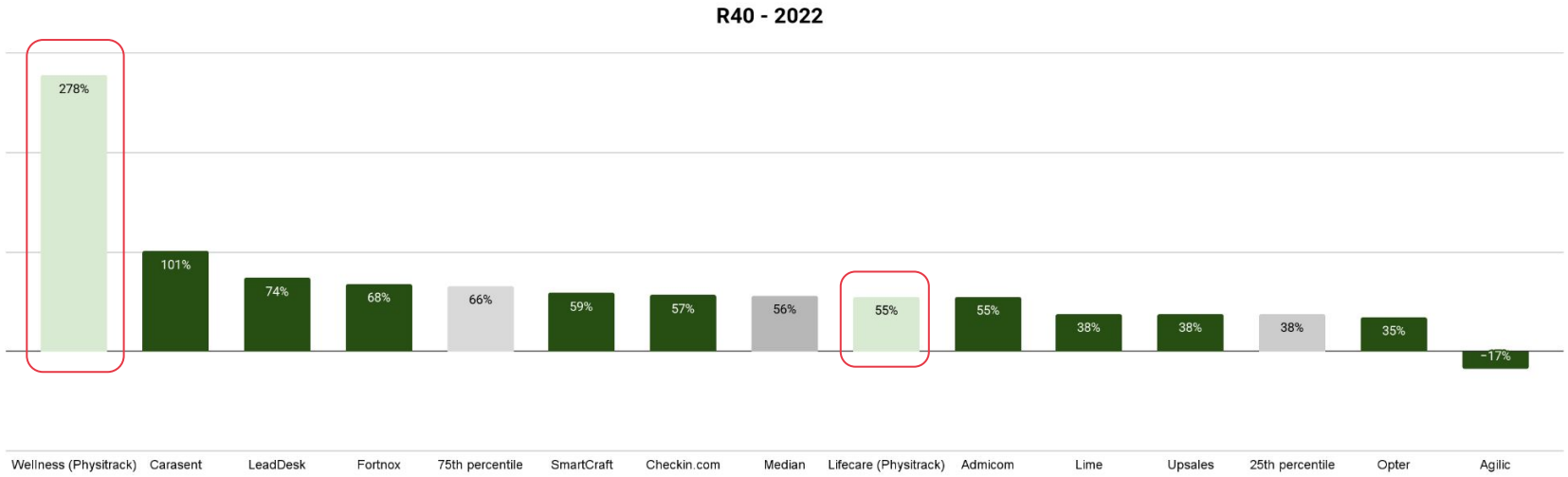


Source: Koyfin

- **From SaaS multiples to neglect:** The valuation of Phystrack's has gone from a high "SaaS" multiple to being neglected by the market.
- **Market valuations down**: Overall SaaS multiples has declines since the ZERP/Covid peak years. But PTRK's decline is quite unprecedented.
- **Not as bad as it looks**: Does the underlying performance warrant for a massive valuation drop as what we have seen? We believe it does not, especially when we put a focus on the quality of Lifecare.

In 2022, the glory days...

High R40 scores, thanks to M&A.

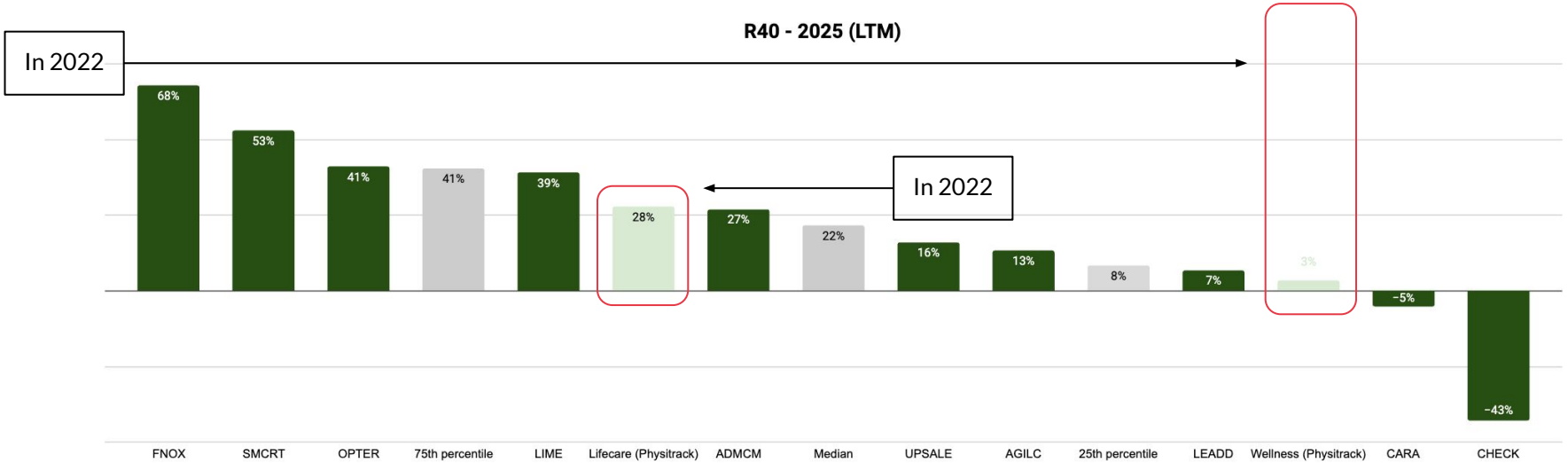


In 2022 Wellness R40 was heavily boosted by M&A and showcased an impressive growth. Lifecare had a steady R40 of 55%, mostly from organic growth and strong profitability. Both R40 would imply above median valuation levels compared to peers.

Source: Koyfin & Borsdata.se

But in 2025 it looks different

Lifecare improves compared to peers, while Wellness declines.



In 2025 there is a different picture. Wellness have now fallen to some of the lowest R40 scores compared to peers, while Lifecare actually has moved up and are an above median levels of R40.

Capital allocation doubts

Microcaps out of favor and aggressive M&A.

Overall, small and microcap companies has gone out of favor since 2022, this is partly an explanation of the share performance. So sentiment is one cause.

However, we find that the main reason for the decline is a failed M&A strategy within the Wellness segment.

Key observations:

- €13m in cash has evaporated and €4.7m new debt has been issued.
  - From €13.3m in net cash to about €4m in net debt. Most of this cash went into M&A.
- Revenue has doubled but Adj. EBIT is down. The "adjustments" have continued, and Adjusted EBIT has decreased for the Group since 2021. Consistent poor profit levels if the number is not adjusted.
- 140% increase in employees, even more than the revenue, showing negative scale.
- Wellness has shown growth, but no profit contribution.
- Lifecare is a healthy business with strong EBITDA margins. D&A has increased, which signals increased investments in the last few years, leading to lower EBIT expansion.
- Valuations have gone from having a high "SaaS" multiple and growth valuation, to being valued at low single digits of adjusted EBITDA. Driven both by lower investor sentiment and lack-luster reported performance.

Physitracks	2021*	Current	Change
Share price	SEK 59	SEK 14	-76%
EUR/SEK	10,3	11,2	9%
Share price (EUR)	€5,68	€1,26	-78%
Number of shares	13,7m	16,3m	19%
MCAP	€77,8m	€20,5m	-74%
- Cash	€13,3m	€0,7m	-95%
+ Debt	€0,0m	€4,8m	
+ Def. M&A Liab.	€5,9m	€0,4m	-93%
EV	€70,3m	€25,0m	-64%
Financials			
Group			
Revenue	€8,0m	€16,2m	102%
EBITDA	€0,9m	-€2,1m	
EBIT	-€0,5m	-€6,5m	
Adj. EBITDA	€2,6m	€3,9m	49%
Adj. EBIT	€1,5m	-€0,5m	
Godwill	€14,4m	€23,9m	65%
Nr. of Employees	36	86	139%
Lifecare			
Revenue	€6,9m	€10,5m	51%
Adj. EBITDA	€3,3m	€4,8m	43%
Adj. EBIT	€1,9m	€1,9m	-2%
Wellness			
Revenue	€1,0m	€5,7m	447%
Adj. EBITDA	€0,1m	€0,3m	307%
Adj. EBIT	€0,1m	€0,3m	326%
Valuation			
EV/S	8,8x	1,5x	-82%
EV/Adj. EBITDA	27x	6x	-76%
EV/Adj. EBIT	45x	-49x	

*Proforma

Source: Company flings & Lind Research

Lacking performance to targets

During the past three years, the company has not been able to live up to their goals.

Physitrack Group

	2022	2023	2024
Actual organic growth	27%	17%	10%
Target organic growth	**30%**	**30%**	**30%**
Over/under	*-3%*	*-13%*	*-20%*
Actual EBITDA margin	20%	45%	-13%
Actual Adj. EBITDA margin	28%	24%	24%
Target EBITDA margin	**43%**	**43%**	**43%**
Over/under	*-22%*	*2%*	*-55%*
Over/under Adj.	*-15%*	*-19%*	*-19%*

Updated growth targets, Q4'24

High-reaching financial goals

Top-line growth
Physitrack aims to achieve a doubling of revenue within the medium term, replacing the previous target set in 2021 that targeted an annual organic sales growth exceeding 30 per cent in the medium term.

Profit margins
Physitrack targets and EBITDA margin of 40-45% in the medium term, with potential short term margin contractions due to acquisitions impacting margins negatively.

Value and cash creation
Physitrack aims to reinvest profits and cash flows in organic growth initiatives to support further value and cash creation, paving the way for a strong dividend culture in the long run.

Due to heavy underperformance to target levels, the market does not really care about the companies stated financial goals.

Adjusted versus Reported numbers

Physitrack has a history of EO items, making it hard for investors what is actually “extraordinary”

Year	2021	2022	2023	2024
Revenue	**€8,0m**	**€12,5m**	**€14,8m**	**€16,2m**
EBITDA	**€0,9m**	**€2,5m**	**€6,6m**	**−€2,1m**
EO items	−€1,7m	−€0,9m	€3,2m	−€6,0m
Adj. EBITDA	**€2,6m**	**€3,4m**	**€3,5m**	**€3,9m**
EO % revenue	22%	7%	−21%	37%

Source: Company filings

- **M&A write-downs**: Almost all EO items have been related to M&A write-downs and M&A cost.
- **Adjusted vs. Reported for microcaps**: For a micro cap company, it’s not advisable to focus on adjusted numbers, because most investors only rely solely on reported numbers from different databases and does not even open up quarterly reports.
    - For an uninitiated viewer of Physitracks numbers it looks they have a scale issue as reported EBITDA is down since 2021 while revenue has doubled.
- **Convergence of reported & adjusted numbers:** The adjustments should now a be a thing of the past as there has not been any M&A activity for some years. We find it likely that there will be little EO items after 2025.

Opportunity

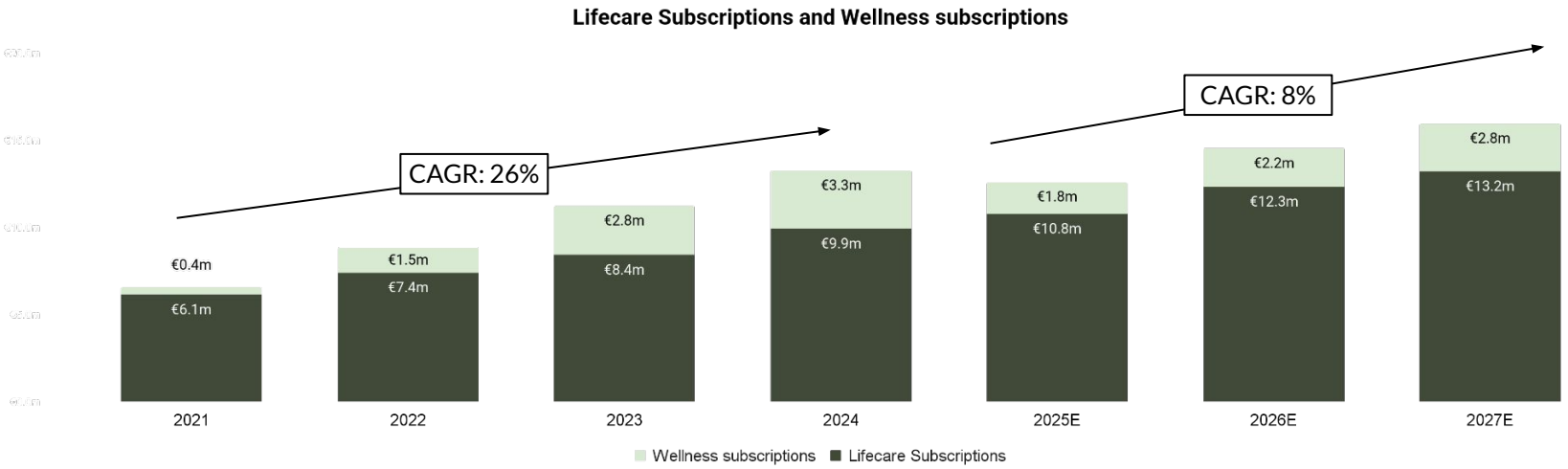
Market perception versus reality

The current market view is what that creates a great investment opportunity in Physitrack.

- **Perception**: Physitracks capital allocation is bad.
  - **Reality**: It is true that the M&A activity has not created value within Wellness, however Lifecare has shown strong growth. Management has stated that the M&A agenda is behind them and now there is a focus on profitable growth and increasing cash flow. History is not always what will happen in the future.
- **Perception**: Physitrack operates businesses with low scalability, as profits have shrunk with increased revenue.
  - **Reality**: Most of Physitracks revenue is highly scalable software subscriptions (slide). The reason for the decline in profitability is due to M&A activity within Wellness, and write-downs of M&A.
  - **Reality**: Lifecare is a highly attractive business with strong moats and high-growth prospects and strong margins (*slide* & *slide*).
  - **Reality**: Wellness is also turning to a focus on software revenue, with an increasing part of the revenue mix coming from subscriptions at increasing margins (*slide*, *slide* & *slide*).
- **Perception**: Management has neglected the issues in Wellness.
  - **Reality**: Management has been constraint due to different earn-out agreements with the sellers of Champion Health. Now when those issues has been settled the management has acted swiftly to try and move Wellness to strong profitability (*slide*).

Subscription revenue growth

Lifecare's strong performance plus Wellness transformation has created strong underlying subscription revenue growth. The dip in 2025 is because of the Wellnow divestment, making historical figures distorted to some degree.



Between 2021 and 2024 the subscription revenue increased with a CAGR of 26%. We believe for the next years the CAGR will be around 8%. This is lower than historically, but still a healthy growth rate.

Source: Lind Research

Lifecare segment is a great business

We find that the Lifecare segment is a great business with wide moats and growth drive by large secular trends.

➔ Lifecare is a wide moat business

- Physiotherapists, Chiropractors, and other license users rely on Physitrack platforms to run almost their whole customer interactions.
  - **Wide lock-in effects and switching costs** — Users of the platforms have their own clients tied to the platform and treatment history that they do not want to lose by switching to a competitor. They are also used to the system, and most see no reason to change it. The average ARPU per user during 2024 were below €157 per year. The combination of low cost and significant switching cost creates a very robust churn dynamic, which shows in a less than 1% monthly churn rate.
  - **Wide economies of scale** — The number of exercises in the database continue to expand and capital is present on improving the product. With 67 000 average license users in 2024, Physitrack can amortize their investment cost over a significant client base and stay ahead of competitors.
  - **Narrow Network effects** — The license users them self have hundreds of thousands of clients that use Physitracks apps. These end-clients likely by them self promote or are used to use the apps if they go to a new clinic, promoting the service further. Data by end-users that rates and likes different exercises also helps improve the products.

➔ Market growth fueled by macro trends

- **Aging Global Demographic** — The global geriatric population is projected to reach 1.5 billion by 2050, up from 703 million in 2019. This demographic shift significantly benefits Physitracks Lifecare business, as older adults are more susceptible to musculoskeletal disorders requiring physiotherapy interventions. The aging population represents a growing user base for digital physiotherapy platforms.
- **Digitalization of Health Care** — Healthcare providers are increasingly adopting digital tools to enhance service delivery and patient outcomes. Technologies including telerehabilitation, virtual reality, and wearable sensors are transforming physiotherapy practices.
- **Rising Prevalence of Chronic Conditions** — A fundamental driver for physiotherapy services is the increasing global burden of chronic diseases. This prevalence creates sustained demand for rehabilitation services and digital physiotherapy platforms that can help manage these conditions effectively over time.

Lifecare SaaS metrics

Based partly on our suggestion, PTRK has started to show increased transparency into their SaaS metrics, which makes the underlying quality of the company easier to analyze.

Lifecare

Period	Q1'25	Q4'24	Q1'24	Q/Q	YoY
ARR	€11.2m	€10.9m	€9.6m	3.4%	16.4%
New ARR**	€1.6m				
Returning ARR**	€9.6m				
Monthly churn	-1.0%	-1.0%	-1.0%	0.0pp	0.0pp
NRR	99.7%	100.3%	99.9%	-0.6pp	-0.2pp
SaaS Gross Margin	91.1%	88.4%	93.5%	2.7pp	-2.4pp
ARPL	162	161	146	0.6%	11.0%
Licenses*	69,307	67,439	66,095	2.8%	4.9%

Estimate based on ARPL and ARR

***Estiamted using NRR*

- **High Gross margin:** A gross margin above 80% is usually the sign of a true software business. Lifecare has around 90%.
- **Growth engine:** Q/Q the growth comes from more users, while on a Y/Y basis it's mostly due to the earlier price increases. This is a good way to understand future growth prospects. User growth will likely come gradually, while price increases are lumpy.
- **Healthy NRR & Churn:** Current NRR and churn signals a healthy SaaS business. What truly shines is that people do not stop using the software, a strong indication of a software moat. However, the NRR is not really expanding. So looking into more add-ons systems or the like to sell would be advised.

Lifecare financials

Growth accelerations and expanding margins.

	2021	2022	2023	2024	2025E	2026E	2027E	CAGR & Averages '21-'24	CAGR & Averages '24-'27E
Lifecare									
Revenue	**€6.9m**	**€8.6m**	**€9.5m**	**€10.5m**	**€11.3m**	**€12.8m**	**€13.7m**	**15%**	**9%**
% growth		24%	10%	10%	8%	13%	6%		
- SaaS Revenue	€6.1m	€7.4m	€8.4m	€9.9m	€10.8m	€12.3m	€13.2m	17%	10%
% growth		21%	14%	18%	9%	14%	7%		
- Average Licenses	*49,500*	*51,000*	*56,184*	*65,071*	*70,203*	*75,117*	*79,624*	10%	7%
% growth		3%	10%	16%	8%	7%	6%		
- ARPU	*€124*	*€145*	*€150*	*€153*	*€153*	*€164*	*€166*	7%	3%
% growth		17%	3%	2%	1%	7%	1%		
- Custom app maint. Revenue	€0.4m	€0.3m	€0.4m	€0.5m	€0.5m	€0.5m	€0.4m	4%	-5%
% growth		-32%	33%	25%	5%	-10%	-10%		
- Custom app set-up Revenue	€0.4m	€0.9m	€0.7m	€0.1m	€0.1m	€0.1m	€0.1m	n.m.	n.m.
% growth		148%	-25%	-90%	n.m	n.m.	n.m.		
OPEX	**€3.6m**	**€4.4m**	**€5.1m**	**€5.7m**	**€6.0m**	**€6.7m**	**€7.0m**	**16%**	**7%**
% growth		21%	17%	12%	5%	11%	4%		
% of revenue	52%	51%	54%	55%	53%	52%	51%	52%	52%
Adj. EBITDA	**€3.3m**	**€4.3m**	**€4.4m**	**€4.8m**	**€5.3m**	**€6.2m**	**€6.7m**	13%	12%
% growth		28%	3%	8%	12%	16%	9%		
% margin	48%	49%	46%	45%	47%	48%	49%	48%	48%
D&A	**€1.4m**	**€1.6m**	**€2.4m**	**€2.9m**	**€3.1m**	**€3.3m**	**€3.6m**	**27%**	**7%**
% growth		12%	50%	20%	5%	9%	6%		
% of revenue	363%	19%	25%	28%	27%	26%	26%	92%	26%
Adj. EBIT	**€1.9m**	**€2.7m**	**€2.0m**	**€1.9m**	**€2.3m**	**€2.8m**	**€3.1m**	-1%	19%
% growth		40%	-26%	-6%	22%	25%	11%		
% margin	27%	31%	21%	18%	20%	22%	23%	24%	22%

- **Subscription growth**: Strong underlying subscription growth, driven primarily by volume increases and to some degree price adjustments.
- **Revenue acceleration:** Total growth rate for Lifecare will converge to the growth seen for subscriptions, leading to an acceleration during the coming years.
- **CAPEX cycle down**: CAPEX level likely to grow less than revenue due to AI cost enhancements and Lifecare coming off a significant product update cycle[12].
- **Higher margins**: Cost focus + the higher margin revenue (subscriptions instead of one-offs) should lead to a EBITDA margins returning to similar levels as seen in 2021-2022. This in combination with less CAPEX spending expansion should create EBIT margins in the range of 23-25%.

Source: 1. https://vimeo.com/1062325525/e2479a3ad2, 2. https://www.physitrackgroup.com/press-release?slug=physitrack-plc-unveils-patient-app-revamp-a-dynamic-new-home-screen-gamification-and-bite-sized-education

Getting Wellness back on track (2/2)

Recent events make us believe that management share our view of a focus on profitable growth and value creation. The key is to focus on costs and the profitable software revenue streams.

- **December 5, 2024 — Strategic restructuring of Champion Health Plus & departure of Champion Health co-founders** link
- **December 27, 2024 — Settlement over Champion Health SPA** link
  - We believe this is extra important. It's likely that the main reason for Physitrack to have been a bit "slow" to act on improvements in Champion Health and also maybe the Nordic delays was due to the agreements in the SPA where the sellers and the Group's interest did not align fully. After this agreement was reached the company has been swift to act on activities to improve Wellness.
- **January 13, 2025 — Champion Health cost saving program** link
- **February 4, 2025 — Champion Health Nordic SEK 1.1m Milestone Deal** link
  - First deal in Sweden for Champion Health, after a long delay of launching the service. 60% is software.
- **March 28, 2025 — Divestment of German Wellness (Wellnow)** link
  - Reduction of none-profitable revenue streams and with an earn-out potential.

Getting Wellness back on track (1/2)

We believe the quality of Lifecare warrants a focus, but Wellness is improving also.

- **In our view, we view Wellness is of less quality than Lifecare**
  - Lifecare has wide moats and Wellness does not
    - **Narrow lock-in effects/switching costs** — The buyer of the software and the users are not the same. While there might exist a narrow lock-in effect from the user perspective, we do not find that the buyer have any significant switching costs. They will likely shop-around for the cheapest alternative and switch solution quite often.
    - **No economies of scale —** Is not as clear and not present in our view.
    - **Narrow/none network effects** — We do not view the network effects of the business as strong, more users on the platform does not lead to more value for the user. One can argue that there are a sort of local network effects on corporation using the service, but they are not that wide.
- **Huge market, but many players**
  - The corporate wellness market is huge. But this also leads to fierce competition. Manu companies also view health initiatives as “forced to have” or “nice to haves” then “need to haves”. When budgets gets pressured, will one replace the corporate wellness program with a cheaper alternative or the patient software that you run your business on?
- **Less quality warrants less investment**
  - Moats can be emerging, but we are less certain of that. In that sense Lifecare warrant more re-investments then Wellness as the segment has the possibility of value creative growth.
- **Management is now doing the correct things with Wellness**
  - There is a strong indication that the management team now have decided to take Wellness to profitability and then focus on growing the business, this is the correct decision in our view.

Wellness financials

Transforming Wellness to being software first.

	2021	2022	2023	2024	2025E	2026E	2027E	'21-'24	'24-'27E
Wellness									
Revenue	**€1.0m**	**€3.9m**	**€5.3m**	**€5.7m**	**€4.1m**	**€4.2m**	**€4.9m**	**76%**	**-5%**
% growth		271%	37%	8%	-28%	4%	15%		
- SaaS Revenue	€0.4m	€1.5m	€2.8m	€3.3m	€1.8m	€2.2m	€2.8m	100%	-6%
% growth		254%	93%	18%	-45%	20%	25%		
- Other Revenue	€0.6m	€2.4m	€2.5m	€2.4m	€2.2m	€2.0m	€2.1m	55%	-4%
% growth		282%	3%	-4%	-5%	-10%	5%		
OPEX	**€1.0m**	**€3.8m**	**€5.3m**	**€5.4m**	**€3.5m**	**€3.3m**	**€3.7m**	**78%**	**-12%**
% growth		290%	41%	1%	-36%	-5%	12%		
% of revenue	93%	98%	101%	95%	85%	78%	76%	95%	80%
Adj. EBITDA	**€0.1m**	**€0.1m**	**€0.0m**	**€0.3m**	**€0.6**	**€0.9**	**€1.2**	56%	61%
% growth		20%	-156%	-669%	120%	52%	26%		
% margin	7%	2%	-1%	5%	15%	22%	24%	5%	20%
D&A	**€0.0m**	**€0.1m**	**€0.2m**	**€0.6m**	**€0.4m**	**€0.4m**	**€0.5m**	**405%**	**-6%**
% growth		1117%	326%	149%	-31%	4%	15%		
% of revenue	0%	1%	4%	10%	10%	10%	10%	3%	10%
Adj. EBIT	**€0.1m**	**€0.0m**	**-€0.3m**	**-€0.3m**	**€0.2**	**€0.5**	**€0.7**	-266%	-230%
% growth		-53%	-989%	9%	-166%	148%	35%		
% margin	7%	1%	-5%	-5%	5%	12%	14%	-1%	10%

- **Subscription revenue growth**: The subscription revenue has shown robust growth despite other challenges for Wellness. We expect to see an acceleration due to increased software focus, NEXA and Champion Health Nordic launch. 2025 SaaS revenue is affected by the Wellnow divestment.
- **Other revenue decline**: The divestment of Wellnow in Germany will reduce “other” revenue from clinical care.
- **Operational leverage**: Due to the improved margin characteristics of the software revenue, we expect Wellness to be able to reach EBIT margins of 8-14% in the upcoming years.

Wellness SaaS metrics

Based partly on our suggestion, PTRK has started to show increased transparency into their SaaS metrics, which makes the underlying quality of the company easier to analyze.

Wellness

Period	Q1'25	Q4'24	Q1'24	Q/Q	YoY
ARR	€1.0m	€1.0m	€0.6m	6.2%	82.0%
New ARR**	€0.5m				
Returning ARR**	€0.6m				
Monthly	-0.7%	-1.5%	-1.7%	0.8pp	1.0pp
NRR	99.3%	99.0%	98.3%	0.3pp	1.0pp
SaaS Gross Margin	84.2%	72.1%	60.6%	12.1pp	23.6pp
ARPL	9	8	9	12.5%	0.0%
Licenses*	112,144	118,844	61,633	-5.6%	82.0%

Estimate based on ARPL and ARR

***Estiamted using NRR*

- **Gross margin:** Wellness also show high software based gross margins.
- **Growth engine:** The main driver is and should be new licenses. What type of churn characteristics these will have is too early to tell.
- **Healthy NRR & Churn:** The churn looks stable and also the NRR. However, as the expansion of licensors is heavy, it's hard to say how this will look going forward. A large part of current ARR comes from new signed clients.

Capital light with attractive return potential

PTRK operates with negative working capital and light investment needs, this creates an attractive operating model with high capital turnover and strong return potential.

	2021	2022	2023	2024	2025E	2026E	2027E	CAGR & avg. margins '21-'24	'24-'27E
Capital Expenditures									
Maintenenace CapEx	€0.3m	€0.9m	€0.7m	€0.7m	€0.6m	€0.7m	€0.7m		
Growth CapEx	€1.3m	€3.6m	€2.7m	€2.8m	€2.5m	€2.7m	€2.8m		
CapEx	**€1.7m**	**€4.5m**	**€3.4m**	**€3.5m**	**€3.1m**	**€3.4m**	**€3.5m**	28%	0%
Non-current assets									
Goodwill	€14.4m	€27.2m	€23.9m	€17.9m	€14.9m	€14.9m	€14.9m		
Intagible assets	€2.6m	€10.3m	€10.2m	€8.4m	€8.0m	€7.6m	€7.1m		
PP&E	€0.0m	€0.1m	€0.1m	€0.1m	€0.2m	€0.2m	€0.2m		
Financial assets	€0.1m	€0.1m	€0.1m	€0.1m	€0.2m	€0.2m	€0.2m		
Total non-current assets	**€17.2m**	**€37.7m**	**€34.3m**	**€26.4m**	**€23.2m**	**€22.8m**	**€22.3m**	15%	-5%

Return on Capital	2021	2022	2023	2024	2025E	2026E	2027E	CAGR & avg. margins '21-'24	'24-'27E
Non-current Asset	€17.2m	€37.7m	€34.3m	€26.4m	€23.2m	€22.8m	€22.3m		
Net Working Capital	-€1.5m	-€3.4m	-€1.8m	-€1.6m	-€1.4m	-€1.4m	-€1.5m		
Capital Employed	€15.7m	€34.3m	€32.4m	€24.8m	€21.8m	€21.5m	€20.9m	16%	-6%
Godwill	€14.4m	€27.2m	€23.9m	€17.9m	€14.9m	€14.9m	€14.9m		
Adj. Capital Employed	€1.3m	€7.1m	€8.6m	€6.9m	€6.9m	€6.6m	€6.0m	75%	-5%
Capital turnover	6.2x	1.8x	1.7x	2.3x	2.2x	2.6x	3.1x		
Adj. EBIT	€1.2m	€1.8m	€0.8m	€0.4m	€1.3m	€2.2m	€2.6m	-30%	87%
% margin	15%	14%	6%	2%	8%	13%	14%		
Adj. ROCE	**92%**	**25%**	**10%**	**6%**	**18%**	**34%**	**44%**	33%	32%

- **Capital light business:** PTRK operates a capital light business and even has negative working capital. When adjusting for the goodwill, the capital employed was around €6.9m in 2024. Given the trajectory and management comments related to CAPEX we do not expect the capital base to expand.
- **High ROCE potential:** Capital turnover has increased from 1.8x to 2.3x in 2024, and we think it will further expand going forward. The high capital turnover creates opportunity for strong ROCE characteristics, as a relatively low margin will still lead to ROCE of +20%.

Group total

	2021	2022	2023	2024	2025E	2026E	2027E	CAGR & avg. margins '21-'24	'24-'27E
Group total									
Revenue	**€8.0m**	**€12.5m**	**€14.8m**	**€16.2m**	**€15.1m**	**€16.7m**	**€18.1m**	**27%**	**4%**
% growth		57%	18%	9%	-7%	11%	8%		
- Lifecare	€6.9m	€8.6m	€9.5m	€10.5m	€11.2m	€12.7m	€13.5m	15%	9%
- Wellness	€1.0m	€3.9m	€5.3m	€5.7m	€3.9m	€4.0m	€4.6m	76%	-7%
- HQ	€0.0m	€0.0m	€0.0m	€0.0m	€0.0m	€0.0m	€0.0m		
Reported EBITDA	**€0.9m**	**€2.5m**	**€6.6m**	**-€2.1m**	**-€0.2m**	**€3.9m**	**€5.7m**	-233%	-240%
EO items	-€1.7m	-€0.9m	€3.2m	-€6.0m	-€5.0m	-€2.0m	-€1.0m		
Adj. EBITDA	**€2.6m**	**€3.4m**	**€3.5m**	**€3.9m**	**€4.8m**	**€5.9m**	**€6.7m**	14%	20%
% margin	33%	28%	23%	24%	32%	35%	37%	27%	35%
- Lifecare	€3.3m	€4.3m	€4.4m	€4.8m	€5.3m	€6.1m	€6.6m	13%	12%
- Wellness	€0.1m	€0.1m	€0.0m	€0.3m	€0.6m	€0.7m	€1.1m	56%	59%
- HQ	-€0.8m	-€0.9m	-€0.9m	-€1.1m	-€1.0m	-€0.9m	-€1.0m		
D&A	€1.4m	€1.7m	€2.7m	€3.5m	€3.6m	€4.0m	€4.4m	35%	8%
Adj. EBIT	**€1.2m**	**€1.8m**	**€0.8m**	**€0.4m**	**€1.2m**	**€2.0m**	**€2.3m**	-30%	80%
% margin	15%	14%	6%	2%	8%	12%	13%	9%	11%
- Lifecare	€1.9m	€2.7m	€2.0m	€1.9m	€2.0m	€2.5m	€2.7m	-1%	13%
- Wellness	€0.1m	€0.0m	-€0.3m	-€0.3m	€0.2m	€0.3m	€0.6m	-266%	-228%
CapEx	€1.7m	€4.5m	€3.4m	€3.5m	€3.0m	€3.3m	€3.4m	28%	0%
Adj. EBITDA - C	**€1.0m**	**-€1.0m**	**€0.1m**	**€0.4m**	**€1.8m**	**€2.6m**	**€3.3m**	-25%	100%
% margin	12%	-8%	0%	3%	12%	15%	18%	2%	15%
Operating cash flow	**€2.3m**	**€2.9m**	**€3.5m**	**€3.6m**	**€4.4m**	**€5.7m**	**€6.6m**	16%	22%
% cash con. on Adj. EBITDA	69%	68%	80%	93%	91%	97%	99%	77%	95%
% margin	29%	23%	24%	22%	29%	34%	37%	24%	33%
Operating FCF	**€0.6m**	**-€1.6m**	**€0.1m**	**€0.1m**	**€1.4m**	**€2.4m**	**€3.2m**	-42%	196%
% margin	8%	-13%	1%	1%	9%	14%	18%	-1%	14%
Adj. Capital employed	€1.3m	€7.1m	€8.6m	€6.9m	€6.8m	€6.5m	€5.7m	75%	-6%

The key drivers of our projections are explained in the Lifecare and Wellness slides.

- **Revenue:** We expect PTRK to reach around €18m in revenue by 2027. This can be compared to the companies' goal of doubling the revenue in the mid-term. We feel our projection are quite conservative, given the underlying growth of Lifecare licensors and potential in price increases + add-on products.
- **OPEX**: Due to cost optimizations and cut-off of Wellness parts with low scalability, we expect the OPEX to grow slower than the revenue, giving rise to increased Group EBITDA margins that are inline with overall Lifecare profitability.
- **CAPEX**: Given the trajectory and management comments related to CAPEX we do not expect the capital base to expand.
- **Cash flow & earnings**: We believe EBIT margins will reach around 13% by 2027, but that EBITDA-C and OPCF will actually be higher than EBIT. Overall, we expect to see a strong expansion of both reported profits and cash flow.

Value optimization

How to reach optimized value

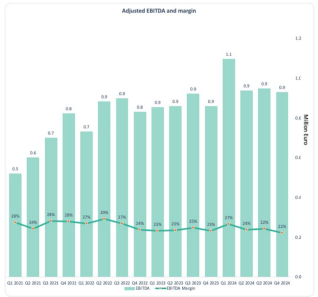
We believe that are significant value enhancing opportunities for PTRK to implement to reach an improved valuation. Our Optimized valuation indicates a share price potential of +65 SEK by the end of 2027.

- **Move from an EBITDA reporting focus to a cash flow**
  - EBITDA is not cash flow, especially for PTRK that invest in intangible CapEx to the platform. The company should talk and obsess about a cash flow measurement, not EBITDA. *(slide)*
- **Improve segment reporting to highlight business unit performance**
  - We think the underlying performance is actually quite hidden, as core KPIs are not reported clearly in tables and the segment reporting focuses on EBITDA. Changing this could lead to an increased awareness in the market for the underlying performance of the segments and thus the value. *(slide)*
- **Even more strict cost programs for Wellness**
  - We believe cash flow should be prioritized above all else, and argue that even more cost-cutting could be warranted in Wellness. In a 2–3 years period, the segment should be able to reach similar OPEX % of revenue levels like Lifecare.
- **Reduce HQ costs as the need for M&A staffing is no more**
  - Despite decrease in market capitalization and less future focus on M&A the HQ cost has been increasing. We think there should be opportunity for cost-saving on the HQ level. *(slide)*
- **Potential strategic sale or spin-off of the Wellness business to unlock further shareholder value**
  - We argue that in its current state, the Wellness division acts as a wet blanket on the valuation of the Group. If the ongoing improvements does not materialize during 2025, we argue a strategic sale of the business would be the best choice to unlock shareholder value. *(slide)*
- **Solve the wet blanket issue**
  - Two major shareholders seem to be selling stock when there is a spike in interest in the share, this creates a latent selling pressure or a “wet blanket” which causes the share price never to reflect the underlying performance. Solving this by introducing a new prominent investor as a major shareholder would benefit the valuation greatly. *(slide)*

Improve reporting 1: Change internal and external focus from EBITDA

We think EBITDA is a poor measurement of underlying earnings power due to CapEx dependence.

Quarterly history of Adjusted EBITDA and Adjusted EBITDA Margin (2021-2024)



Reconciliation table for alternative key performance measures

Adjusted EBITDA and adjusted EBITDA margin less CAPEX				
EUR (€), unless otherwise stated	3 Month period ended / Year ended			
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
EBITDA	(4,700,700)	4,664,448	(2,085,989)	6,631,527
CAPEX	(808,223)	(878,884)	(3,490,384)	(3,417,287)
EBITDA less CAPEX	(5,508,923)	3,785,564	(5,576,373)	3,214,240
(+) Total items affecting comparability	5,630,093	(3,812,513)	5,989,560	(3,154,990)
Adjusted EBITDA less CAPEX	121,170	(26,949)	413,187	59,250

Profit margins

Physitrack targets and EBITDA margin of 40-45% in the medium term, with potential short term margin contractions due to acquisitions impacting margins negatively.

- Cash used in investing activities totalled EUR 3.5m, compared to EUR 5.1m in the previous year. Excluding deferred consideration payments of EUR 1.6m in the prior year, investments in the platform was flat year on year.

Source: Physitrack Q4'24 report.

- **Few CapEx comments**: PTRK is rather CapEx heavy, with significant intangible investments into development. However, the comments on the trends are few, this should be improved.
- **EBITDA is not cash flow:** We think EBITDA is a poor measure of cash flow, as it does not include CapEx. We advise the use of more cash flow related measures instead, like EBIT, EBITDA minus CapEx or Operating cash flow minus CapEx. PTRK should have goals for those measures, not EBITDA.

Improve reporting 2: Make segment performance more visible

We believe PTRK should implement clearer segment reporting with KPIs, to better showcase the improvements.

Financial Review

Division Review - Wellness

12 month period ended 31 December 2024

€'000s	2024	2023	Var	%
Revenue	5,694	5,228	466	9%
Adj EBITDA	278	(49)	326	669
Adj EBITDA margin	5%	-1%		

Financial Review

Division Review - Lifecare

12 month period ended 31 December 2024

€'000s	2024	2023	Var	%
Revenue	10,486	9,518	968	10
Adj EBITDA	4,771	4,402	369	12
Adj EBITDA margin	46%	46%		

Source: Physitrack Q4'24 report.

Trading Performance

For the year ending 31 December 2024, Wellness revenue grew to EUR 5.7m, with 50% (51% in 2023) derived from subscription revenue. Adjusted EBITDA increased from EUR -49k to EUR 278k, reflecting the division's performance during the year.

Adjusted EBITDA for the division rose by 12% to EUR 4.9m, with a robust EBITDA margin of 46%, remaining consistent with the prior year.

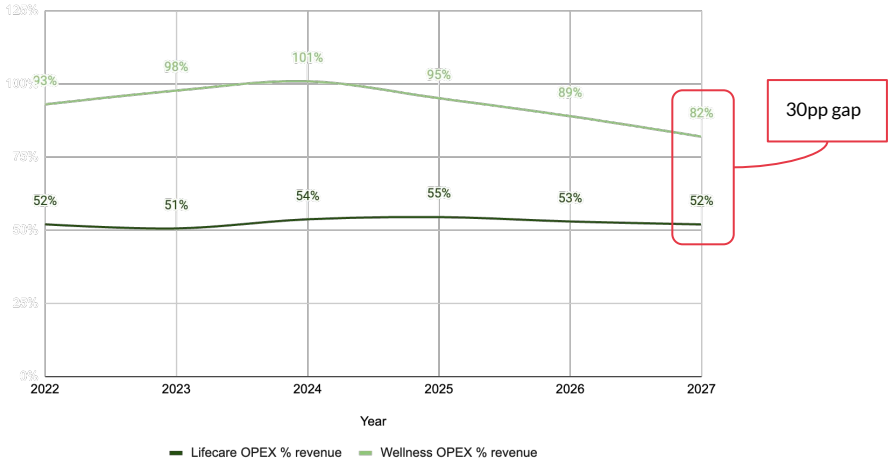
The strategy to expand and enhance the user base continues to deliver tangible results. As of 31 December 2024, subscription licenses grew by 10%, rising from an average of 61,000 licenses in December 2023 to 67,000 in December 2024. Subscription revenue now accounts for 99% of Lifecare's total Q4 revenue, compared to 92% in the same period last year. While this shift toward subscription-based growth has moderated short-term revenue increases as one-off revenues have dropped off, it positions the division for predictable, long-term growth.

- **EBITDA is not cash flow**: As stated earlier, we think EBITDA is a poor measure of cash flow, as it does not include CapEx. We advise the use of more cash flow related measures instead like EBIT, EBITDA minus CapEx or Operating cash flow minus CapEx.
- **Segment KPIs are hidden**: Many of the core operational KPIs are presented in the "Trading performance" comment. These should be included in the tables with additional information on ARPU and churn. Wellness subscription revenue is not clearly stated in the report at all, despite it being a clear value driver.
- **Already better:** Q1'25 report saw great improvements in the reporting, but we still find there is more to do in visualizing each segment's value and strength.

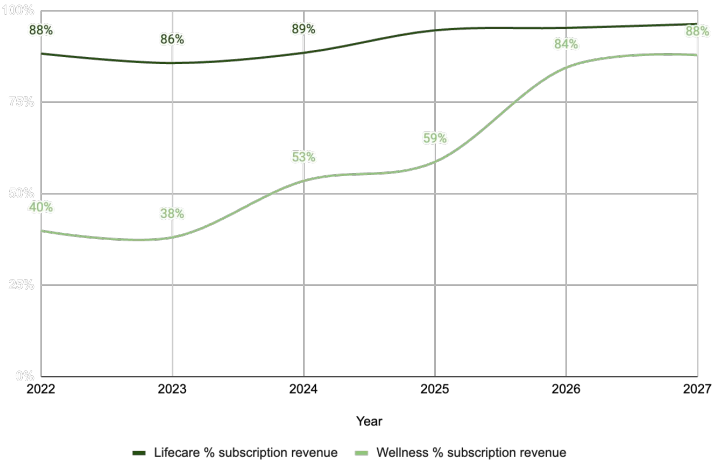
Even tighter ship at Wellness

We believe the margins in Wellness should be steered towards Lifecare levels, now when the business is transforming too much of revenue being software subscriptions.

Lifecare OPEX % revenue and Wellness OPEX % revenue



Lifecare % software revenue and Wellness % software revenue

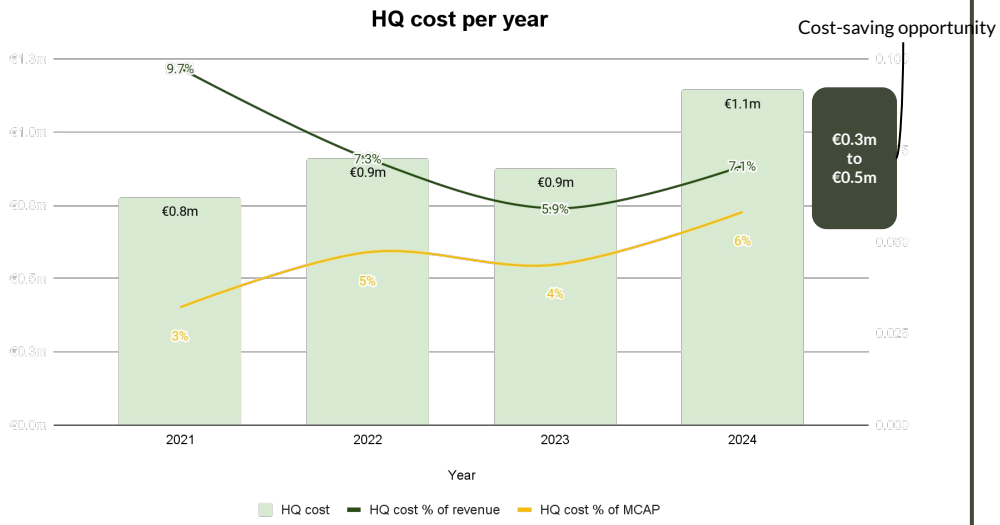


Based on current Wellness OPEX levels, we model a decline to 82% of revenue. However, when comparing to Lifecare, there is likely more room for improvements. We believe PTRK could most aggressively move Wellness close to Lifecare when it comes to margins by cutting unnecessary costs and utilizing AI improvements.

Source: Lind Research & Company filings

Align HQ costs with current market conditions

We believe there is an opportunity for HQ to slim down further, saving €0.3-0.5m annually.



Source: Lind Research

- **Less M&A focus**: Going forward, there will be less of a focus on M&A, this should imply the staffing and other HQ cost related to transactions should be reduced.
- **High cost compared to MCAP**: HQ cost is now at a 7% of total Market capitalization, ideally it should be in the 3-5% region (€0.5-0.8m).
- **Equal belt tightening**: Due to a cost-saving focus in Wellness and the organization as a whole, we find it prudent that HQ costs also should be looked at. This is good for the morale within the whole Group.
- **Turn every stone and optimize**: We find it likely that there should be up to €0.5m in cost reduction at the HQ level, taking HQ cost to reasonable levels compared to current market capitalization.

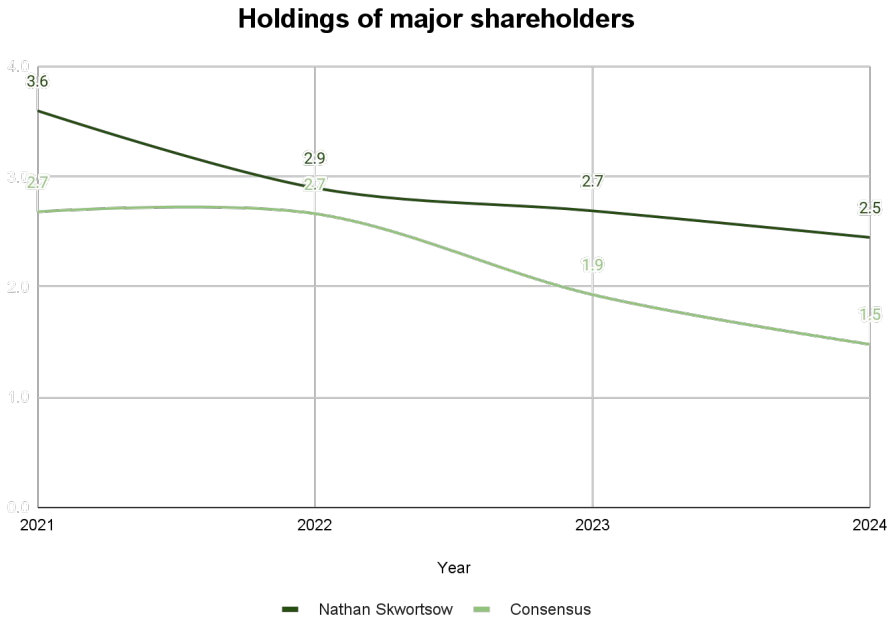
Evaluate a strategic sale of Wellness

We argue that if the ongoing changes do not improve Wellness materially, a strategic sale would of rationale.

- **There should be plenty of strategic acquires.**
  - A likely buyer would be the large corporate Wellness company that is one of the customers that use Champion Health like a white-label solution.
  - The partner in the milestone £1.1 million deal is unnamed, but we feel it fit the description of PAM Group.
  - Even if the partner is not PAM, a corporation like them would have the financial muscle and the strategic rationale to acquire PTRK's Wellness segment.
- **Wellness is now mostly software, which should warrant a premium.**
  - In 2026 we expect Wellness to generate a revenue of €4.2m and an Adj. EBITDA of €0.9m, with mostly software income.
  - General M&A multiples within the sector ranges from 3-4x Revenue and 10-13x EBITDA.
- **Even at conservatives M&A multiples, the value is far exceeding what the market current implies.**
  - A lowball value of Wellness in a strategic sale ranges between **€10-15m**, in our estimate.
  - The good thing is that there should be many potential bidders for this type of software, as it adds value to an ecosystem.

The wet blanket issue

Two of the major shareholders has been quiet sellers of the stock, causing a wet blanket issue.

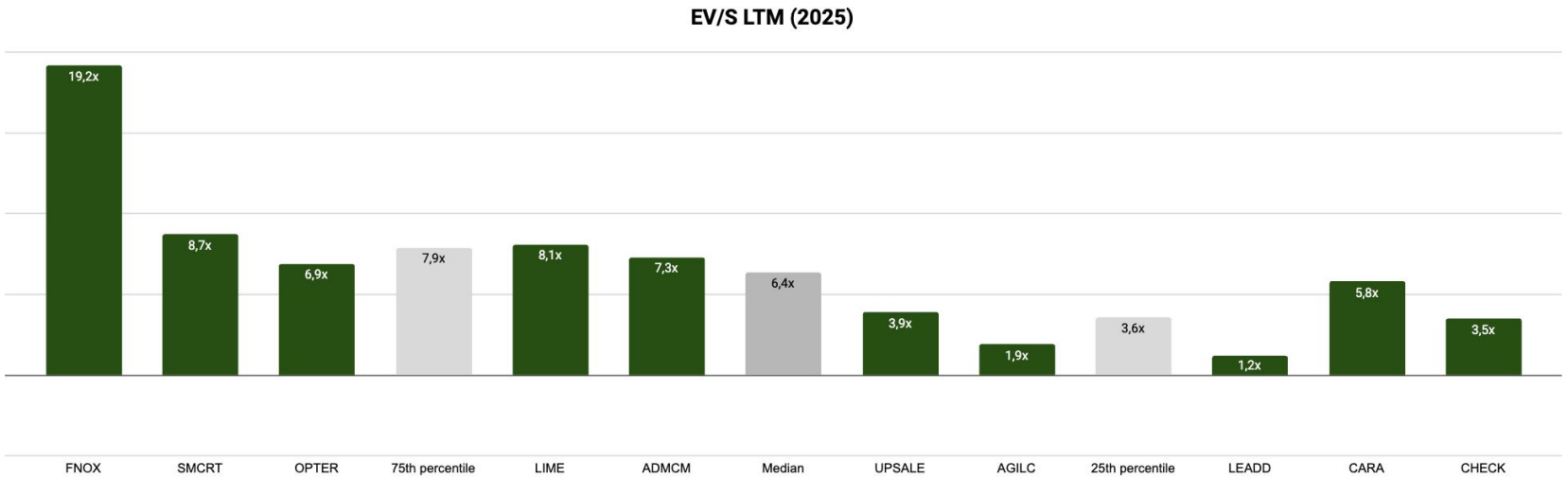


- **Two major owners:** Other than Henrik Molin (CEO) who is also the majority shareholders, there are two others that own abound 10% or more of PTRK. That is the co-founder, whom is no longer active, Nathan Skwortsow and Consensus Asset Management that was a cornerstone investor in the IPO.
- **The wet blanket**: It is quite evident that both these shareholders are selling stock when an opportunity arises. We believe this causes a major weakness in the share price, as there is always a latent selling pressure. We call this a “wet blanket”. Consensus now holds under 10% of the company, so they might no longer be a seller.
- **A new owner should enter**: We believe it would be a major improvement if most or all of the shares owned by Nathan and Consensus could be sold in a block trade to a new prominent investor. This would remove the wet blanket issue, so when there is actually good news and underlying performance there can be a buying pressure instead.
- **Get engaged to solve:** We believe the company should actively engage to try and find a new long-term investor.

Valuation

SaaS revenue is still highly valued

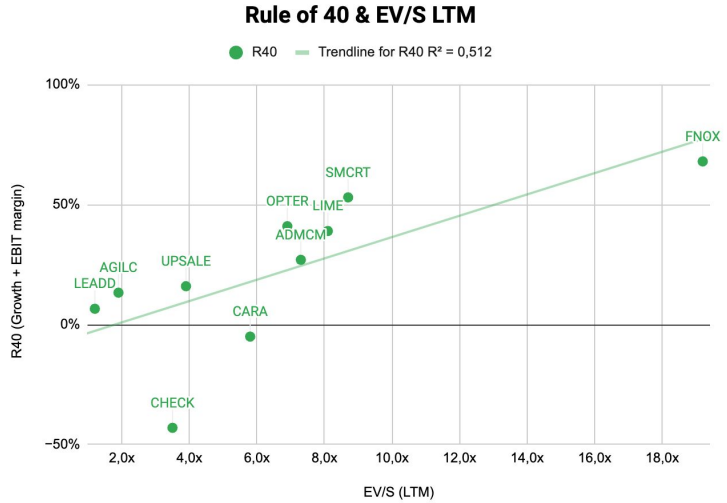
Despite valuation multiple declines in recent years, the median EV/S on LTM basis is still above 6.0x.

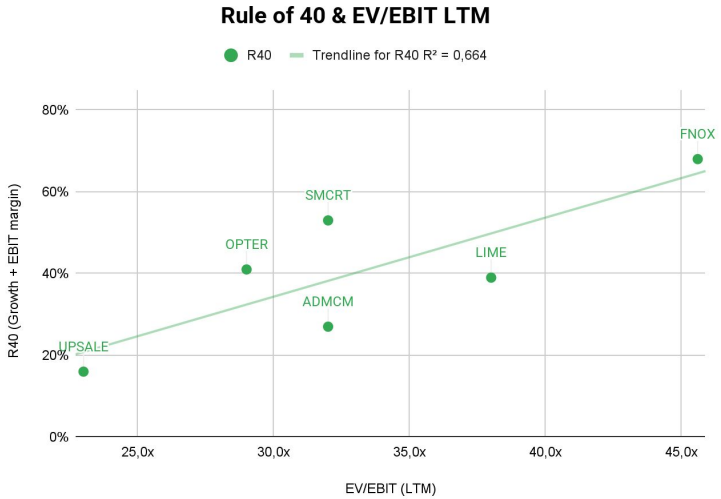


Valuations on LTM basis is not always correlated to R40 scores, but in general a SaaS company with high growth and profitability will have relatively high EV/S valuation.

R40 and SaaS valuation

SaaS valuations correlate to revenue/ARR growth and profitability.





SaaS companies are often looked and valued by ARR/NTM revenue and multiples of that. Increasingly, investors focus on clear profitability and positive unit economics, but they also understand that a true SaaS company has sticky revenues and those revenue streams are worth a lot. In general, there is a high correlation between valuation multiples and the combination of growth and profitability for a SaaS company. Growth + EBIT margin of around 40% leads to an EV/S of about 7.5x and EV/EBIT of 32x.

Source: Koyfin & Borsdata.se

Valuation - Base case

Even at modest forecast assumptions, the current share price indicates a significant margin of safety to underlying value.

SOTP-valuation	Anchor	Metric	Multiple	Value	Per share (SEK)
Lifecare	EV/EBIT ('27E)	€3.1m	14.0x	€44m	30
Wellness	EV/EBIT ('27E)	€0.7m	8.0x	€5m	4
HQ	Annual cost	-€1.2m	3.0x	-€4m	-2
Total				**€46m**	**31**

Discounted value	
EV 2027	**€46m**
FCF 24-27	€4.5m
RroR	20%
PV	**€31m**
Debt	€4.2m
Cash obligations	€0.4m
Cash	€0.3m
MCAP	€27m
EUR/SEK	10.9
MCAP SEKm	**293**
Nr of shares	16.3m
Share price	**18.0**
Current price	11.9
MoS	**51%**

IRR-calculation	Share price	EV
Current	SEK 11.9	SEK 241m
At 2027	SEK 28.1	SEK 501m
IRR	*39%*	*32%*

History & forecast	'21-'24	'24-'27E
Revenue CAGR	27%	5%
EBITDA-m avg.	27%	34%
EBIT-m avg.	9%	12%
EBITDAC-m avg.	2%	14%

Valuation multiples

Period	2024	2025E	2026E	2027E
Current EV	€22.1m			
EV/S	1.4x	1.4x	1.3x	1.2x
EV/ Adj. EBITDA	5.7x	4.7x	3.7x	3.3x
EV/ Adj. EBIT	55.2x	17.4x	9.9x	8.4x

- **SOTP the best way:** We believe a SOTP is the best way to value PTRK, given the different segments and our view of current quality varies.
- **Modest assumptions:** Our Base scenario is based mostly on the current profitability route, with strengthening margins and revenue CAGR at a modest 5% over the coming years.
- **IRR of +30%:** We believe a EV/EBIT multiple of 14x is motivated for Lifecare and using a modest 8x for Wellness. This would indicate a EV of €46m at end of 2027 and a stock price around 30 SEK. Indicating an IRR of 30-40%.
- **Large margin of safety:** Even using a high Required Rate of Return of 20% would imply a current share price valuation of 18 SEK, leading to a significant margin of safety at current price levels.
- **Attractive valuation multiples**: Our estimates imply a EV/Adj. EBIT below 10x at 2026E, attractive given the SaaS profile of Physitrack in our view.

Valuation - Optimized and low case

Optimized case

SOTP-valuation

	Anchor	Metric	Multiple	Value	Per share (SEK)
Lifecare	EV/EBIT ('27E)	€4.8m	18.0x	€87m	58
Wellness	EV/S ('27E)	€6.2m	2.5x	€15m	10
HQ	Annual cost	-€0.6m	3.0x	-€2m	-1
Total				**€101m**	**67**

Discounted value	
EV 2027	**€101m**
FCF 24-27	€8.3m
RroR	20%
PV	**€68m**
Debt	€4.2m
Cash obligations	€0.4m
Cash	€0.3m
MCAP	€63m
EUR/SEK	10.9
MCAP SEKm	**689**
Nr of shares	16.3m
Share price	**42.3**
Current price	11.9
MoS	**256%**

IRR-calculation	Share price	EV
Current	SEK 11.9	SEK 241m
At 2027	SEK 64.7	SEK 1,097m
IRR	*91%*	*78%*

History & forecast	'21-'24	'24-'27E
Revenue CAGR	27%	8%
EBITDA-m avg.	27%	43%
EBIT-m avg.	9%	24%
EBITDAC-m avg.	2%	24%

Valuation multiples

Period	2024	2025E	2026E	2027E
Current EV	€22.1m			
EV/S	1.4x	1.4x	1.2x	1.1x
EV/ Adj. EBITDA	5.7x	3.5x	2.8x	2.3x
EV/ Adj. EBIT	55.2x	7.4x	5.1x	3.8x

The Optimized case yields an extremely high return potential. Here we assume stronger growth, improved margins, Lifecare valuation closer to SaaS multiples and that Wellness is sold to a strategic acquirer at a decent price.

Low case

SOTP-valuation

	Anchor	Metric	Multiple	Value	Per share (SEK)
Lifecare	EV/EBIT ('27E)	€2.7m	10.0x	€27m	18
Wellness	EV/EBIT ('27E)	€0.6m	6.0x	€4m	3
HQ	Annual cost	-€1.0m	3.0x	-€3m	-2
Total				**€28m**	**19**

Discounted value	
EV 2027	**€28m**
FCF 24-27	€4.7m
RroR	20%
PV	**€20m**
Debt	€4.2m
Cash obligations	€0.4m
Cash	€0.3m
MCAP	€16m
EUR/SEK	10.9
MCAP SEKm	**173**
Nr of shares	16.3m
Share price	**10.6**
Current price	11.9
MoS	**-11%**

IRR-calculation	Share price	EV
Current	SEK 11.9	SEK 241m
At 2027	SEK 16.0	SEK 305m
IRR	*12%*	*9%*

History & forecast	'21-'24	'24-'27E
Revenue CAGR	27%	4%
EBITDA-m avg.	27%	35%
EBIT-m avg.	9%	11%
EBITDAC-m avg.	2%	15%

Valuation multiples

Period	2024	2025E	2026E	2027E
Current EV	€22.1m			
EV/S	1.4x	1.5x	1.3x	1.2x
EV/ Adj. EBITDA	5.7x	4.6x	3.7x	3.3x
EV/ Adj. EBIT	55.2x	18.3x	11.3x	9.4x

Our Low case with very modest assumptions on future performance and modest valuation levels indicates a valuation close to current share price levels, but still an IRR of 10% over the coming three years.

Drivers of stock price

We believe there are a handful of catalysts in the coming year that can trigger revaluation of PTRK.

- **Cashflow focus and more transparency**
  - After dialog with the company and by looking at the Q1'25 report, we believe PTRK will listen to our feedback and improve the segment transparency and create increased focus on cashflow measures, rather than EBITDA. This will not trigger an immediate revaluation, but rather a gradual during the coming quarters as the market better grasps the underling quality of Lifecare and the improvements in Wellness.
- **Champion Healths £1.1 million deal starting to give effect from Q2**
  - Hopefully, the first of many larger Wellness deals, will start brining in income from Q2.
- **More Wellness deals**
  - We find that the market has doubts about Wellness future prospects. Announced deals that show progress will most likely lead to outsized positive reactions in the stock.
- **Improved profitability starting to show**
  - We expect that the clear focus on recurring revenue and software income will lead to a gradually improved profitability, and potentially triggering improved valuation in the market.
- **Increased interest for small and microcap stocks**
  - We expect to see an improved sentiment when it comes to small and microcap growth companies in the coming years due to lower interested rates and more risk appetite.

Key risks

Given current valuation we deem the risk as low, and inappropriately already priced into the stock.

- **Low liquidity and overhang: Low risk**
  - PTRK is a true microcap, so the liquidity risk is high. We also believe there are some older shareholders that might be a seller when liquidity arrives. That could both be an opportunity, and a risk.
- **Wellness never deliveries value: Medium risk**
  - Management sees Wellness potential as huge and if things goes right it could be a business many times bigger than Lifecare in a handful of years. But you can never know, so there is a risk that investment continues to go into Wellness, and it never translates to value. On the positive side of this risk is Wellness will no longer be a drag on cash flow and profitability, so it can actually be viewed as a long-term option with asymmetric upside.
- **M&A spree yet again: Low risk**
  - A core part of why we believe that PTRK is valued as it is, is due to M&A related issues and write-offs, especially within the Wellness segment. We deem the risk as low, but there is always a risk that the company would start up the M&A agenda again.

End.