

Meriaura Group

Company report

4/30/2024 8:00 am EEST



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✓ Inderes corporate customer

This report is a summary translation of the report “Työtaistelutoimet haitanneet alkuvuoden toimintaa” published on 4/30/2024 at 8:00 am EEST.

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Start of the year impacted by union strikes

Meriaura Group will report its Q1 2024 results on Friday, May 3. Port strikes and other industrial action have had a significant negative impact on the sea freight sector, which we estimate could lead to a year-on-year decline in Q1 results. In Renewable Energy side, we see a positive trend, but it may not be enough to offset the challenges of Marine Logistics. We made minor forecast cuts ahead of the Q1 report and reiterate our Reduce recommendation with a target price of EUR 0.04 (unchanged).

Industrial action hampered operations in Q1

The stoppage of freight traffic due to political strikes since March 11 and the overtime bans seen earlier in Q1 have hampered the sea freight sector in the Baltic sea region. For Meriaura's Marine Logistics business area, we expect a decrease in revenue to 14.0 MEUR (Q1'23: 16.0 MEUR) due to suboptimal capacity utilization, among other things. In Renewable Energy, we expect revenue to increase to 3.3 MEUR (Q1'23: 0.2 MEUR), mainly due to a large solar thermal project in Germany. At the group level, revenue would thus increase to 17.3 MEUR (Q1'23: 16.2 MEUR). We forecast Q1 EBIT to land at -0.1 MEUR (Q1'23: 0.2 MEUR) and net result at -0.4 MEUR (pro forma 2022: -0.1 MEUR). Q1 accounts for the majority of Meriaura's fairway dues for the year, which has a negative seasonal impact on results.

We slightly lowered our forecasts in both business areas

We lowered the group's revenue forecast by 2% and EBIT forecast by 11% for 2024, including changes in both business areas. In Marine Logistics, we have only slightly reduced the revenue forecasts, as the cargo not transported in Q1 will probably be transported, at least partially, in Q2. However, operational efficiency is suboptimal due to disruptions, which negatively impacts profitability. We have also lowered our Renewable Energy revenue forecasts, as we now estimate Rasol's annual revenue to be around 1 MEUR lower than before, due to lower demand for small and medium solar power systems after 2022. Rasol's 2023 financial statements are not yet public, so estimating 2024 revenue is challenging. The forecast changes for future years were more moderate, with EBIT forecasts for 2025-26 decreasing by only 3-4%. We also raised our investment assumptions for 2024-26 to match the reported ship orders.

Recent significant moves in terms of the company's strategy

The most important strategic decisions taken by the Meriaura Group in recent times are likely to be further discussed in its Q1 report. These include orders for two biofuel dry cargo ships (total investment 34 MEUR, deliveries in 2026). In addition, during the quarter, Meriaura Group announced its intention to sell a minority stake in Marine Logistics (Meriaura Oy) to Meriaura Invest, the group's main shareholder, in order to finance the growth of the Renewable Energy business. The sale of the minority stake is not yet certain and the valuation of the transaction is not clear. If the transaction is completed at a valuation below the group's current P/B ratio (1.0x), we believe it could have a negative impact on the valuation of the stock.

Recommendation

Reduce

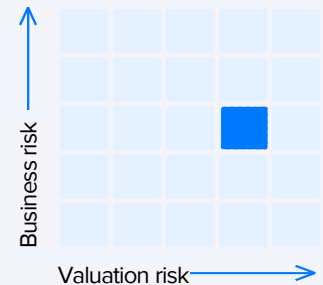
(previous Reduce)

EUR 0.04

(previous EUR 0.04)

Share price:

0.045



Key figures

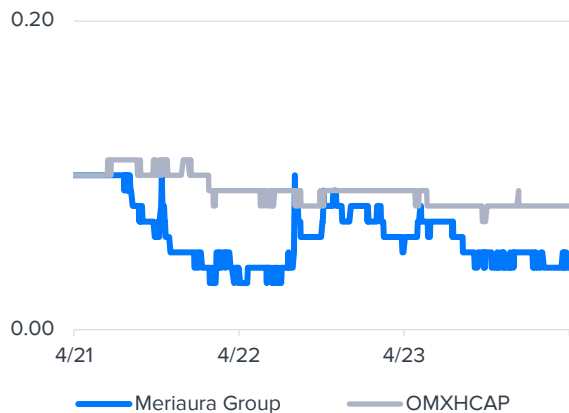
| | 2023 | 2024e | 2025e | 2026e |
|-------------------------|-------|-------|-------|-------|
| Revenue | 66.2 | 77.1 | 83.6 | 92.6 |
| growth-% | 666% | 16% | 8% | 11% |
| EBIT adj. | 1.0 | 2.9 | 4.1 | 5.5 |
| EBIT-% adj. | 1.6 % | 3.8 % | 4.9 % | 5.9 % |
| Net Income | -0.3 | 1.5 | 2.6 | 3.7 |
| EPS (adj.) | 0.000 | 0.002 | 0.003 | 0.004 |
| P/E (adj.) | neg. | 27.3 | 15.4 | 10.7 |
| P/B | 1.1 | 1.0 | 0.9 | 0.8 |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EV/EBIT (adj.) | 53.5 | 19.4 | 15.0 | 12.0 |
| EV/EBITDA | 8.8 | 6.8 | 6.3 | 5.8 |
| EV/S | 0.8 | 0.7 | 0.7 | 0.7 |

Source: Inderes

Guidance

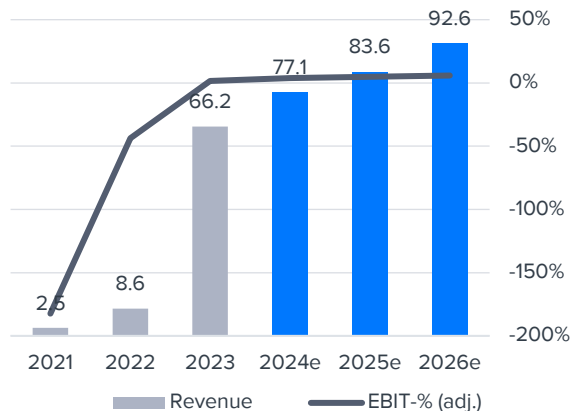
(No guidance)

Share price



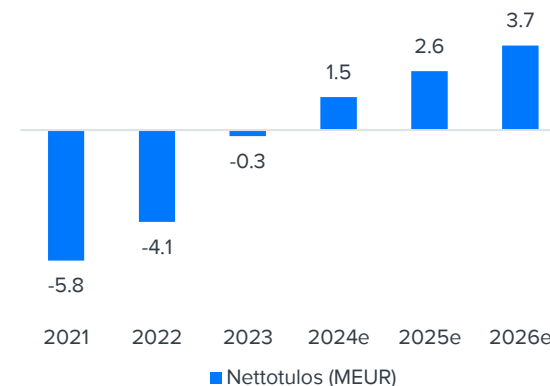
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

Net profit



Source: Inderes



Value drivers

- Growing demand for environmentally friendly solutions that reduce greenhouse gas emissions
- Unwinding the overcapacity in the global maritime cargo market
- Regulation, such as emissions trading, will make reducing CO2 emissions a competitive factor in both heat production and maritime freight
- Good position with emission reduction solutions in both business units



Risk factors

- The target market for the Renewable Energy unit at an early stage of its development
- The profitability turnaround of the Renewable Energy unit is unlikely to materialize in the next few years, which will eat into cash flow
- The market for Marine Logistics is cyclical

| Valuation | 2024e | 2025e | 2026e |
|----------------------------|-------|-------|-------|
| Share price | 0.04 | 0.04 | 0.04 |
| Number of shares, millions | 886.8 | 886.8 | 886.8 |
| Market cap | 40 | 40 | 40 |
| EV | 57 | 62 | 66 |
| P/E (adj.) | 27.3 | 15.4 | 10.7 |
| P/E | 27.3 | 15.4 | 10.7 |
| P/B | 1.0 | 0.9 | 0.8 |
| P/S | 0.5 | 0.5 | 0.4 |
| EV/Sales | 0.7 | 0.7 | 0.7 |
| EV/EBITDA | 6.8 | 6.3 | 5.8 |
| EV/EBIT (adj.) | 19.4 | 15.0 | 12.0 |
| Payout ratio (%) | 0.0 % | 0.0 % | 0.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % |

Source: Inderes

Small forecast cuts

Estimate revisions 2024e-2026e

- We lowered the group's revenue forecast by 2% and EBIT forecast by 11% for 2024, including changes in both business areas.
- In Maritime Logistics, we made only small revenue forecast cuts, as a significant part of the freight not transported in Q1 will be transported in Q2. However, operational efficiency is suboptimal, which negatively impacts profitability.
- We have also lowered our Renewable Energy revenue forecasts, as we now estimate Rasol's 2024 revenue to be around 1 MEUR lower than before, due to lower demand for small and medium solar power systems in Finland after 2022. Rasol's 2023 financial statements are not yet public, so estimating 2024 revenue is challenging.
- The forecast changes for future years were more moderate, with EBIT forecasts for 2025-26 decreasing by only 3-4%.
- We forecast Q1 EBIT to land at -0.1 MEUR (Q1'23: 0.2 MEUR). Q1 accounts for the majority of Meriaura's fairway dues for the year, which has a seasonal impact on results.
- We raised our investment assumptions for 2024-26 to match the reported ship orders of 34 MEUR.

Expectations for Q1'2024

| Estimates | Q1'23 | Q1'24 | Q1'24e | Q1'24e | Consensus | 2024e |
|------------------|------------|------------|---------|-----------|-----------|-------|
| MEUR / EUR | Comparison | Actualized | Inderes | Consensus | Low | High |
| Revenue | | | 17.3 | | | 77.1 |
| EBITDA | | | 1.3 | | | 8.4 |
| EBIT | | | -0.1 | | | 2.9 |
| Net profit | | | -0.4 | | | 1.5 |
| Revenue growth-% | 1019% | | 7% | | | 16% |
| EBIT-% | 1.0 % | | -0.8 % | | | 3.8 % |

Source: Inderes

| Estimate revisions | 2024e | 2024e | Change | 2025e | 2025e | Change | 2026e | 2026e | Change |
|--------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| MEUR / EUR | Old | New | % | Old | New | % | Old | New | % |
| Revenue | 78.5 | 77.1 | -2% | 85.2 | 83.6 | -2% | 94.8 | 92.6 | -2% |
| EBITDA | 8.7 | 8.4 | -4% | 9.8 | 9.7 | -1% | 11.6 | 11.3 | -2% |
| EBIT (exc. NRIs) | 3.3 | 2.9 | -11% | 4.2 | 4.1 | -3% | 5.7 | 5.5 | -4% |
| EBIT | 3.3 | 2.9 | -11% | 4.2 | 4.1 | -3% | 5.7 | 5.5 | -4% |
| PTP | 2.0 | 1.6 | -17% | 3.2 | 2.8 | -13% | 4.7 | 4.0 | -16% |

Source: Inderes

Segment-specific estimates

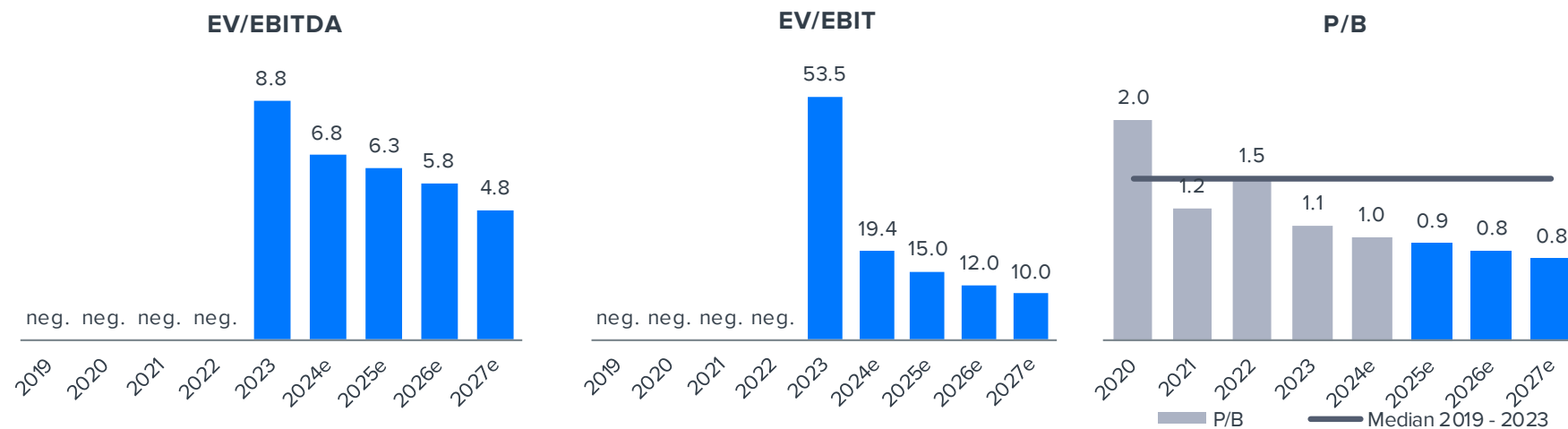
| Renewable Energy | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|-------------------------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 5.4 | 3.4 | 5.1 | 2.5 | 3.8 | 3.4 | 13.5 | 17.7 | 24.5 |
| -growth | 553% | -37% | 50% | -51% | 51% | -10% | 300% | 31% | 38% |
| Material margin | -0.5 | 0.1 | 0.9 | 0.1 | 0.2 | 0.5 | 2.7 | 3.9 | 5.4 |
| -% of revenue | -9% | 2% | 18% | 5% | 5% | 15% | 20% | 22% | 22% |
| Fixed costs | -4.4 | -4.4 | -4.4 | -4.3 | -4.2 | -4.1 | -4.3 | -4.4 | -4.6 |
| -% of revenue | -0.8 | -1.3 | -0.9 | -1.7 | -1.1 | -1.2 | -0.3 | -0.2 | -0.2 |
| EBITDA | -4.9 | -4.4 | -3.4 | -4.2 | -4.0 | -3.5 | -1.6 | -0.5 | 0.8 |
| -% of revenue | -90% | -128% | -67% | -167% | -105% | -105% | -12% | -3% | 3% |
| Depreciation and amortization | -0.7 | -0.6 | -0.5 | -0.4 | -0.3 | -0.3 | -0.3 | -0.4 | -0.5 |
| EBIT | -5.6 | -5.0 | -3.9 | -4.6 | -4.3 | -3.8 | -1.9 | -0.9 | 0.3 |
| -% of revenue | -103% | -146% | -76% | -182% | -113% | -112% | -14% | -5% | 1% |
| Marine Logistics | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
| Revenue | 52.4 | 56.7 | 51.0 | 52.9 | 69.4 | 62.8 | 63.6 | 65.8 | 68.1 |
| -growth | | 8% | -10% | 4% | 31% | -9% | 1% | 4% | 4% |
| EBITDA | | | 1.3 | 4.2 | 13.9 | 10.1 | 10.0 | 10.2 | 10.6 |
| -% of revenue | | | 2.5% | 8.0% | 20.0% | 16.2% | 15.7% | 15.5% | 15.5% |
| Depreciation and amortization | | | -0.1 | 0.0 | -5.0 | -5.0 | -5.1 | -5.2 | -5.4 |
| EBIT | 0.8 | -1.1 | 1.2 | 4.2 | 9.5 | 5.1 | 4.9 | 5.0 | 5.2 |
| -% of revenue | 1.6% | -2.0% | 2.4% | 8.0% | 13.6% | 8.2% | 7.7% | 7.6% | 7.6% |
| ROI* | 4% | 2% | 6% | 8% | 16% | 10% | 8% | 8% | 7% |
| Group total | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
| Revenue | 5.4 | 3.4 | 5.1 | 2.5 | 8.6 | 66.2 | 77.1 | 83.6 | 92.6 |
| -growth | | -37% | 50% | -51% | 246% | 666% | 16% | 8% | 11% |
| EBITDA | -4.9 | -4.4 | -3.4 | -4.2 | -3.6 | 6.3 | 8.4 | 9.7 | 11.3 |
| -% of revenue | -89.7% | -128.1% | -66.6% | -167.2% | -41.4% | 9.6% | 10.9% | 11.6% | 12.2% |
| Depreciation and amortization | -0.7 | -0.6 | -0.5 | -0.4 | -0.2 | -5.3 | -5.4 | -5.6 | -5.8 |
| EBIT | -5.6 | -5.0 | -3.9 | -4.6 | -3.8 | 1.0 | 2.9 | 4.1 | 5.5 |
| -% of revenue | -102.9% | -146.4% | -76.2% | -182.4% | -43.6% | 1.6% | 3.8% | 4.9% | 5.9% |

Renewable Energy cost breakdown based on Inderes' estimate from Q4'2022 onwards

Valuation table

| Valuation | 2019 | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e | 2027e |
|----------------------------|-------|-------|-------|-------|-------|--------------|--------------|--------------|--------------|
| Share price | 0.90 | 0.15 | 0.05 | 0.07 | 0.05 | 0.04 | 0.04 | 0.04 | 0.04 |
| Number of shares, millions | 17.2 | 62.9 | 165.2 | 783.1 | 886.8 | 886.8 | 886.8 | 886.8 | 886.8 |
| Market cap | 16 | 9.5 | 8.0 | 53 | 42 | 40 | 40 | 40 | 40 |
| EV | 15 | 7.6 | 4.1 | 70 | 56 | 57 | 62 | 66 | 62 |
| P/E (adj.) | neg. | neg. | neg. | neg. | neg. | 27.3 | 15.4 | 10.7 | 9.0 |
| P/E | neg. | neg. | neg. | neg. | neg. | 27.3 | 15.4 | 10.7 | 9.0 |
| P/B | 4.3 | 2.0 | 1.2 | 1.5 | 1.1 | 1.0 | 0.9 | 0.8 | 0.8 |
| P/S | 4.5 | 1.9 | 3.2 | 6.2 | 0.6 | 0.5 | 0.5 | 0.4 | 0.4 |
| EV/Sales | 4.3 | 1.5 | 1.7 | 8.1 | 0.8 | 0.7 | 0.7 | 0.7 | 0.6 |
| EV/EBITDA | neg. | neg. | neg. | neg. | 8.8 | 6.8 | 6.3 | 5.8 | 4.8 |
| EV/EBIT (adj.) | neg. | neg. | neg. | neg. | 53.5 | 19.4 | 15.0 | 12.0 | 10.0 |
| Payout ratio (%) | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |

Source: Inderes



Peer group valuation

| Peer group valuation | Market cap | EV | EV/EBIT | | EV/EBITDA | | EV/S | | P/E | | Dividend yield-% | | P/B |
|---------------------------------|------------|-----------|-------------|-------------|------------|------------|-------------|-------------|-------------|-------------|------------------|--------------|-------------|
| Company | MEUR | MEUR | 2024e | 2025e | 2024e | 2025e | 2024e | 2025e | 2024e | 2025e | 2024e | 2025e | 2024e |
| Safe Bulkers | 512 | 890 | 7.8 | 9.3 | 5.1 | 5.5 | 3.3 | 3.5 | 6.4 | 7.4 | 4.6 | 4.1 | |
| Eurodry | 53 | 148 | 9.8 | 10.3 | 5.0 | 5.1 | 2.2 | 2.1 | 8.3 | 7.0 | | | 0.5 |
| Start Bulk Carriers | 2607 | 3487 | 8.5 | 7.3 | 6.2 | 5.4 | 3.7 | 3.3 | 6.1 | 5.0 | 10.0 | 11.3 | 1.2 |
| Kawasaki Kisen Kaisha | 8905 | 8875 | | | 11.6 | 10.9 | 1.6 | 1.6 | 10.5 | 9.3 | 5.0 | 3.9 | 1.0 |
| Golden Ocean Group | 2584 | 3823 | | 10.5 | 7.5 | 7.6 | 4.8 | 4.6 | 8.4 | 7.6 | 11.2 | 10.8 | 1.4 |
| Meriaura Group (Inderes) | 40 | 57 | 19.4 | 15.0 | 6.8 | 6.3 | 0.7 | 0.7 | 27.3 | 15.4 | 0.0 | 0.0 | 1.0 |
| Average | | | 8.7 | 9.4 | 7.1 | 6.9 | 3.1 | 3.0 | 7.9 | 7.3 | 7.7 | 7.5 | 1.0 |
| Median | | | 8.5 | 9.8 | 6.2 | 5.5 | 3.3 | 3.3 | 8.3 | 7.4 | 7.5 | 7.5 | 1.1 |
| Diff-% to median | | | 128% | 53% | 10% | 15% | -77% | -78% | 229% | 108% | -100% | -100% | -12% |

Source: Refinitiv / Inderes

Income statement

| Income statement | 2021 | 2022 | Q1'23 | Q2'23 | Q3'23 | Q4'23 | 2023 | Q1'24e | Q2'24e | Q3'24e | Q4'24e | 2024e | 2025e | 2026e | 2027e |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 2.5 | 8.6 | 16.2 | 15.3 | 15.7 | 19.0 | 66.2 | 17.3 | 19.6 | 18.5 | 21.6 | 77.1 | 83.6 | 92.6 | 99.5 |
| Renewable Energy | 0.0 | 3.8 | 0.2 | 0.3 | 0.2 | 2.7 | 3.4 | 3.3 | 3.3 | 3.5 | 3.4 | 13.5 | 17.7 | 24.5 | 28.9 |
| Marine Logistics | 0.0 | 4.9 | 16.0 | 15.0 | 15.5 | 16.4 | 62.8 | 14.0 | 16.3 | 15.0 | 18.3 | 63.6 | 65.8 | 68.1 | 70.6 |
| EBITDA | -4.2 | -3.6 | 1.5 | 1.1 | 1.7 | 2.1 | 6.3 | 1.3 | 2.3 | 2.0 | 2.8 | 8.4 | 9.7 | 11.3 | 12.8 |
| Depreciation | -0.4 | -0.2 | -1.3 | -1.3 | -1.4 | -1.2 | -5.3 | -1.4 | -1.4 | -1.5 | -1.2 | -5.4 | -5.6 | -5.8 | -6.6 |
| EBIT (excl. NRI) | -4.6 | -3.8 | 0.2 | -0.2 | 0.3 | 0.8 | 1.0 | -0.1 | 0.9 | 0.6 | 1.7 | 2.9 | 4.1 | 5.5 | 6.2 |
| EBIT | -4.6 | -3.8 | 0.2 | -0.2 | 0.3 | 0.8 | 1.0 | -0.1 | 0.9 | 0.6 | 1.7 | 2.9 | 4.1 | 5.5 | 6.2 |
| Renewable Energy | | | -1.1 | -1.3 | -0.7 | -0.7 | -3.8 | -0.4 | -0.5 | -0.5 | -0.5 | -1.9 | -0.9 | 0.3 | 0.8 |
| Marine Logistics | | | 1.2 | 1.0 | 1.0 | 1.9 | 5.1 | 0.3 | 1.4 | 1.0 | 2.2 | 4.9 | 5.0 | 5.2 | 5.4 |
| Net financial items | -1.2 | -0.3 | -0.2 | -0.3 | -0.2 | -0.6 | -1.4 | -0.3 | -0.3 | -0.2 | -0.6 | -1.3 | -1.3 | -1.5 | -1.6 |
| PTP | -5.8 | -4.1 | -0.1 | -0.5 | 0.0 | 0.2 | -0.3 | -0.4 | 0.6 | 0.4 | 1.1 | 1.6 | 2.8 | 4.0 | 4.6 |
| Taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | -0.1 | -0.1 | -0.2 | -0.2 | -0.2 | -0.2 |
| Net earnings | -5.8 | -4.1 | -0.1 | -0.5 | 0.0 | 0.3 | -0.3 | -0.4 | 0.6 | 0.3 | 1.0 | 1.5 | 2.6 | 3.7 | 4.4 |
| EPS (rep.) | -0.03 | -0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -0.0005 | 0.0007 | 0.0003 | 0.0011 | 0.0016 | 0.0029 | 0.0042 | 0.0050 |
| Key figures | 2021 | 2022 | Q1'23 | Q2'23 | Q3'23 | Q4'23 | 2023 | Q1'24e | Q2'24e | Q3'24e | Q4'24e | 2024e | 2025e | 2026e | 2027e |
| Revenue growth-% | -51.2 % | 245.8 % | | | | | 666.5 % | 6.9 % | 28.4 % | 18.2 % | 13.7 % | 16.5 % | 8.4 % | 10.9 % | 7.4 % |
| Adjusted EBIT growth-% | | | | | | | | | | | | 182.6 % | 39.2 % | 33.8 % | 12.2 % |
| EBITDA-% | -167.2 % | -41.4 % | 9.3 % | 7.2 % | 10.6 % | 10.8 % | 9.6 % | 7.3 % | 11.6 % | 10.8 % | 13.1 % | 10.9 % | 11.6 % | 12.2 % | 12.9 % |
| Adjusted EBIT-% | -182.4 % | -43.6 % | 1.0 % | -1.4 % | 1.7 % | 4.4 % | 1.6 % | -0.8 % | 4.5 % | 3.0 % | 7.6 % | 3.8 % | 4.9 % | 5.9 % | 6.2 % |
| Net earnings-% | -231.2 % | -47.1 % | -0.5 % | -3.3 % | 0.1 % | 1.5 % | -0.4 % | -2.4 % | 3.0 % | 1.6 % | 4.6 % | 1.9 % | 3.1 % | 4.0 % | 4.4 % |

Source: Inderes

Balance sheet

| Assets | 2022 | 2023 | 2024e | 2025e | 2026e |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Non-current assets | 50.6 | 49.4 | 54.3 | 60.8 | 68.0 |
| Goodwill | 0.0 | 3.5 | 3.5 | 3.5 | 3.5 |
| Intangible assets | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 |
| Tangible assets | 46.5 | 41.8 | 46.7 | 53.1 | 60.4 |
| Associated companies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other non-current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred tax assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current assets | 13.8 | 18.4 | 21.2 | 22.8 | 25.1 |
| Inventories | 3.4 | 2.5 | 2.8 | 2.8 | 3.1 |
| Other current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Receivables | 6.6 | 8.2 | 9.5 | 10.2 | 11.2 |
| Cash and equivalents | 3.8 | 7.7 | 9.0 | 9.8 | 10.8 |
| Balance sheet total | 64.4 | 67.8 | 75.6 | 83.5 | 93.2 |

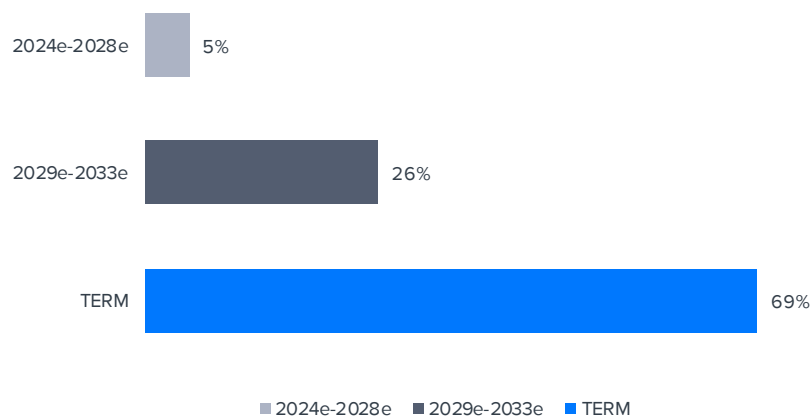
Source: Inderes

| Liabilities & equity | 2022 | 2023 | 2024e | 2025e | 2026e |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Equity | 35.4 | 40.0 | 41.4 | 44.0 | 47.8 |
| Share capital | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Retained earnings | -50.0 | -50.3 | -48.8 | -46.2 | -42.5 |
| Hybrid bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revaluation reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other equity | 84.9 | 89.8 | 89.8 | 89.8 | 89.8 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-current liabilities | 17.5 | 18.1 | 21.5 | 23.9 | 27.9 |
| Deferred tax liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Provisions | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Interest bearing debt | 17.3 | 17.9 | 21.2 | 23.7 | 27.6 |
| Convertibles | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long term liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current liabilities | 11.4 | 9.7 | 12.6 | 15.6 | 17.6 |
| Interest bearing debt | 3.2 | 3.2 | 5.3 | 7.9 | 9.2 |
| Payables | 8.2 | 6.6 | 7.3 | 7.7 | 8.3 |
| Other current liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Balance sheet total | 64.4 | 67.8 | 75.6 | 83.5 | 93.2 |

DCF calculation

| DCF model | 2023 | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | TERM |
|---|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue growth-% | 666.5 % | 16.5 % | 8.4 % | 10.9 % | 7.4 % | 5.0 % | 5.0 % | 5.0 % | 5.0 % | 5.0 % | 2.5 % | 2.5 % |
| EBIT-% | 1.6 % | 3.8 % | 4.9 % | 5.9 % | 6.2 % | 6.2 % | 6.2 % | 6.2 % | 5.5 % | 5.5 % | 5.5 % | 5.5 % |
| EBIT (operating profit) | 1.0 | 2.9 | 4.1 | 5.5 | 6.2 | 6.5 | 6.8 | 7.1 | 6.6 | 7.0 | 7.2 | |
| + Depreciation | 5.3 | 5.4 | 5.6 | 5.8 | 6.6 | 6.6 | 6.7 | 7.3 | 7.3 | 7.3 | 7.4 | |
| - Paid taxes | 0.1 | -0.2 | -0.2 | -0.2 | -0.2 | -0.3 | -0.3 | -0.4 | -0.5 | -0.5 | -0.5 | |
| - Tax, financial expenses | -0.2 | -0.2 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | 0.0 | |
| + Tax, financial income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Change in working capital | -2.4 | -0.8 | -0.4 | -0.7 | -0.4 | -0.3 | -0.3 | -0.1 | -0.1 | -0.1 | -0.2 | |
| Operating cash flow | 3.7 | 7.3 | 9.0 | 10.4 | 12.1 | 12.5 | 12.7 | 13.8 | 13.3 | 13.6 | 13.8 | |
| + Change in other long-term liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Gross CAPEX | -4.1 | -10.3 | -12.1 | -13.1 | -6.6 | -6.8 | -7.0 | -7.2 | -7.5 | -7.7 | -7.7 | |
| Free operating cash flow | -0.3 | -3.1 | -3.1 | -2.7 | 5.6 | 5.7 | 5.7 | 6.6 | 5.8 | 5.9 | 6.0 | |
| +/- Other | 4.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| FCFF | 4.5 | -3.1 | -3.1 | -2.7 | 5.6 | 5.7 | 5.7 | 6.6 | 5.8 | 5.9 | 6.0 | 94.2 |
| Discounted FCFF | | -2.9 | -2.7 | -2.2 | 4.0 | 3.8 | 3.5 | 3.7 | 3.0 | 2.8 | 2.6 | 40.7 |
| Sum of FCFF present value | | 56.4 | 59.3 | 61.9 | 64.1 | 60.0 | 56.3 | 52.8 | 49.1 | 46.1 | 43.3 | 40.7 |
| Enterprise value DCF | | 56.4 | | | | | | | | | | |
| - Interest bearing debt | | -21.1 | | | | | | | | | | |
| + Cash and cash equivalents | | 7.7 | | | | | | | | | | |
| -Minorities | | 0.0 | | | | | | | | | | |
| -Dividend/capital return | | 0.0 | | | | | | | | | | |
| Equity value DCF | | 43.0 | | | | | | | | | | |
| Equity value DCF per share | | 0.049 | | | | | | | | | | |

Cash flow distribution



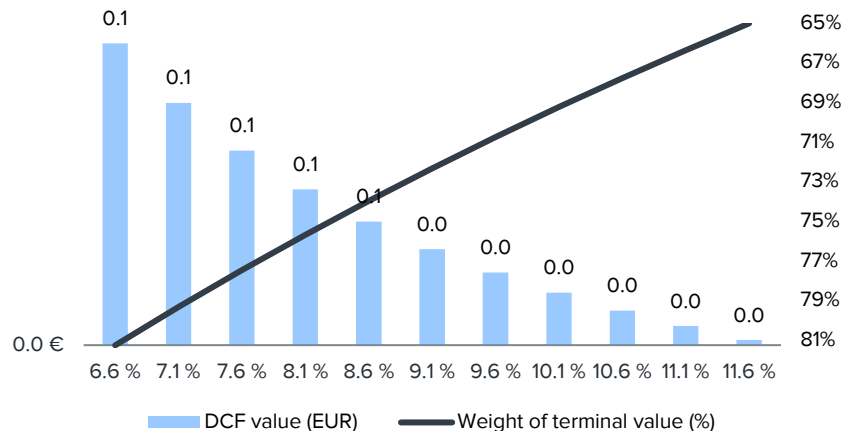
WACC

| | |
|--|--------------|
| Tax-% (WACC) | 20.0 % |
| Target debt ratio (D/(D+E)) | 10.0 % |
| Cost of debt | 5.0 % |
| Equity Beta | 1.50 |
| Market risk premium | 4.75% |
| Liquidity premium | 0.00% |
| Risk free interest rate | 2.5 % |
| Cost of equity | 9.6 % |
| Weighted average cost of capital (WACC) | 9.1 % |

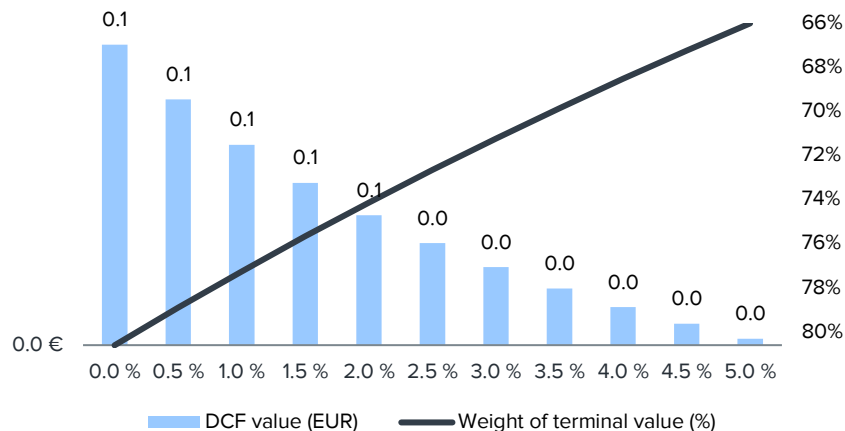
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

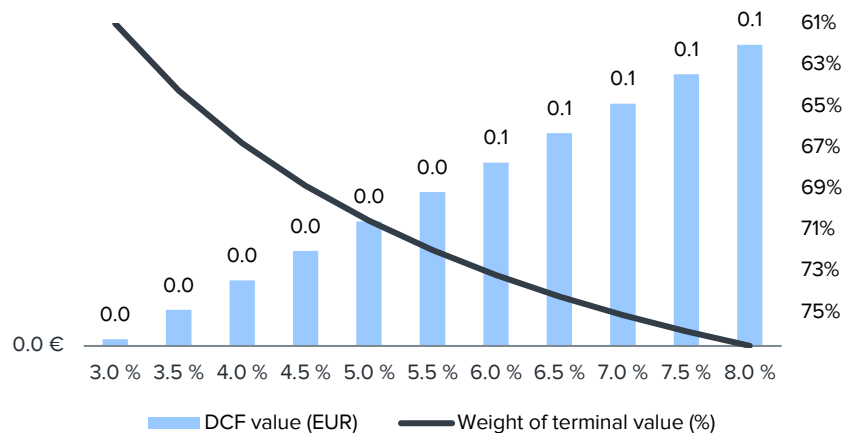
Sensitivity of DCF to changes in the WACC-%



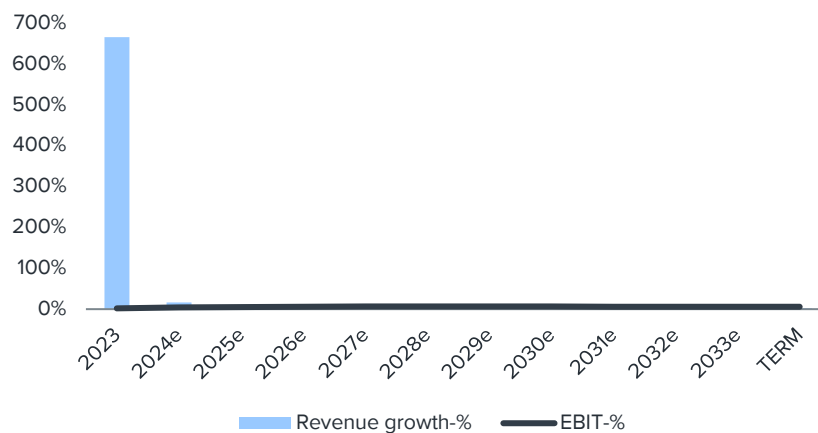
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

| Income statement | 2021 | 2022 | 2023 | 2024e | 2025e | Per share data | 2021 | 2022 | 2023 | 2024e | 2025e |
|---------------------------|-------|-------|-------|--------------|--------------|--------------------------|----------|---------|--------|---------------|---------------|
| Revenue | 2.5 | 8.6 | 66.2 | 77.1 | 83.6 | EPS (reported) | -0.03 | -0.01 | 0.00 | 0.00 | 0.00 |
| EBITDA | -4.2 | -3.6 | 6.3 | 8.4 | 9.7 | EPS (adj.) | -0.03 | -0.01 | 0.00 | 0.00 | 0.00 |
| EBIT | -4.6 | -3.8 | 1.0 | 2.9 | 4.1 | OCF / share | -0.03 | 0.00 | 0.00 | 0.01 | 0.01 |
| PTP | -5.8 | -4.1 | -0.3 | 1.6 | 2.8 | FCF / share | -0.03 | -0.02 | 0.01 | 0.00 | 0.00 |
| Net Income | -5.8 | -4.1 | -0.3 | 1.5 | 2.6 | Book value / share | 0.04 | 0.05 | 0.05 | 0.05 | 0.05 |
| Extraordinary items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Dividend / share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance sheet | 2021 | 2022 | 2023 | 2024e | 2025e | Growth and profitability | 2021 | 2022 | 2023 | 2024e | 2025e |
| Balance sheet total | 8.2 | 64.4 | 67.8 | 75.6 | 83.5 | Revenue growth-% | -51% | 246% | 666% | 16% | 8% |
| Equity capital | 6.5 | 35.4 | 40.0 | 41.4 | 44.0 | EBITDA growth-% | 22% | -14% | -277% | 33% | 16% |
| Goodwill | 0.0 | 0.0 | 3.5 | 3.5 | 3.5 | EBIT (adj.) growth-% | 17% | -17% | -128% | 183% | 39% |
| Net debt | -3.8 | 16.7 | 13.3 | 17.5 | 21.8 | EPS (adj.) growth-% | -56% | -85% | -94% | -623% | 78% |
| Cash flow | 2021 | 2022 | 2023 | 2024e | 2025e | EBITDA-% | -167.2 % | -41.4 % | 9.6 % | 10.9 % | 11.6 % |
| EBITDA | -4.2 | -3.6 | 6.3 | 8.4 | 9.7 | EBIT (adj.)-% | -182.4 % | -43.6 % | 1.6 % | 3.8 % | 4.9 % |
| Change in working capital | -0.5 | -0.3 | -2.4 | -0.8 | -0.4 | EBIT-% | -182.4 % | -43.6 % | 1.6 % | 3.8 % | 4.9 % |
| Operating cash flow | -4.7 | -3.8 | 3.7 | 7.3 | 9.0 | ROE-% | -103.4 % | -19.4 % | -0.7 % | 3.6 % | 6.1 % |
| CAPEX | 0.2 | -49.5 | -4.1 | -10.3 | -12.1 | ROI-% | -76.2 % | -12.0 % | 1.8 % | 4.6 % | 5.7 % |
| Free cash flow | -4.5 | -16.9 | 4.5 | -3.1 | -3.1 | Equity ratio | 79.5 % | 55.0 % | 58.9 % | 54.9 % | 52.7 % |
| Valuation multiples | 2021 | 2022 | 2023 | 2024e | 2025e | Gearing | -58.8 % | 47.2 % | 33.3 % | 42.3 % | 49.6 % |
| EV/S | 1.7 | 8.1 | 0.8 | 0.7 | 0.7 | | | | | | |
| EV/EBITDA (adj.) | neg. | neg. | 8.8 | 6.8 | 6.3 | | | | | | |
| EV/EBIT (adj.) | neg. | neg. | 53.5 | 19.4 | 15.0 | | | | | | |
| P/E (adj.) | neg. | neg. | neg. | 27.3 | 15.4 | | | | | | |
| P/B | 1.2 | 1.5 | 1.1 | 1.0 | 0.9 | | | | | | |
| Dividend-% | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | | | | | | |

Source: Inderes

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| | |
|------------|--|
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| Accumulate | The 12-month risk-adjusted expected shareholder return of the share is attractive |
| Reduce | The 12-month risk-adjusted expected shareholder return of the share is weak |
| Sell | The 12-month risk-adjusted expected shareholder return of the share is very weak |

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Recommendation history (>12 mo)

| Date | Recommendation | Target | Share price |
|------------|----------------|--------|-------------|
| 3/9/2023 | Sell | 0.06 € | 0.078 € |
| 5/8/2023 | Reduce | 0.05 € | 0.058 € |
| 8/28/2023 | Sell | 0.04 € | 0.062 € |
| 11/6/2023 | Reduce | 0.04 € | 0.049 € |
| 11/30/2023 | Reduce | 0.04 € | 0.048 € |
| 3/1/2024 | Reduce | 0.04 € | 0.048 € |
| 4/30/2024 | Reduce | 0.04 € | 0.045 € |



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