

Savosolar

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Yhdistymisen jälkeinen muutosprosessi etenee” published on 05/08/2023 at 8:42 pm.

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Post-merger transformation process is moving forward

At group level, the operational performance in the early part of the year was more or less in line with our expectations. The transformation process related to the merger of Savosolar and Meriaura is progressing, including the change of the company's name and CEO. The share price has fallen closer to the fair value we have determined, and we raise our recommendation to Reduce (was Sell) with a target price of EUR 0.05 per share (was 0.06).

The merger with Meriaura raised group revenue to a new level

The early part of the year went more or less in line with our expectations for Savosolar. Revenue reached a new level of EUR 16.2 million (Q1'22: 1.4 MEUR, pro forma: 16.1 MEUR). The operating result was slightly below our expectations (EBIT: 0.2 MEUR, our estimate: 1.0 MEUR). In Marine Logistics, revenue increased by 10% (pro forma) thanks to favorable demand and good utilization rates. The operating result was EUR 1.2 million, roughly in line with the comparison period, but below our estimate mainly due to seasonal variations. In Renewable Energy, revenue remained low (0.2 MEUR) due to lack of orders and the operating result was negative at EUR -1.1 million, in line with our expectations.

The outlook is mostly unchanged

The sea freight market is seeing a normalization of spot prices after strong recent years. However, we expect Marine Logistics to benefit, especially in Q2, from improved utilization rates of special cargo vessels compared to last spring, when the vessels were in the yard. In Renewable Energy, no new orders were received during Q1, but the company's management believes that customers' investment decisions will take place later this year, thanks to e.g., Poland's EUR 435 million support package for renewable district heating. We lowered our Renewable Energy growth estimates for 2023, but in the big picture, our group-level estimates remained largely unchanged.

Post-merger change process underway - name and CEO to change

The merger of Savosolar (Renewable Energy business area), which manufactures solar thermal collectors and systems, and Meriaura (Marine Logistics business area), which operates in the sea freight sector, was completed at the end of 2022. The post-merger transformation process is progressing, as the CEO of Savosolar Group will change on May 11, 2023, and the Annual General Meeting (May 12, 2023) will vote to change the name of the group to Meriaura Group Plc. The incoming CEO Kirsi Suopelto has served as Savosolar's Chief Strategy Officer and Chairman of the Board, but she does not have a long operational background in either of the group's business areas, so we see her bringing a fresh perspective to the development of the company. The next step could be the development of a new strategy and financial targets, which we estimate could be published in H2 or next year.

Valuation has fallen closer to fair value

The share price has fallen since we initiated the coverage of Savosolar and is already closer to our fair value as determined by the sum of the parts. In the base case scenario of our sum-of-the-parts method, we assign a value of EUR 0 million to the Renewable Energy business and EUR 55 million to the Marine Logistics business. After a net debt of EUR 17 million, this would result in a market value of EUR 38 million (EUR 0.048/share). This calculation values Marine Logistics at normalized 2024e earnings and a normalized valuation multiple (EV/EBIT 9x). The growth performance of Renewable Energy plays a crucial role in creating a significant upside or downside margin – long-term market drivers are favorable, but so far business numbers have been weak.

Recommendation

Reduce
(previous Sell)

0.05 EUR
(previous EUR 0.06)

Share price:
0.058



Key figures

	2022	2023e	2024e	2025e
Revenue	8.6	73.2	76.7	82.7
growth-%	246%	748%	5%	8%
EBIT adj.	-3.8	3.3	2.6	3.8
EBIT-% adj.	-43.6 %	4.6 %	3.4 %	4.6 %
Net Income	-4.1	2.3	1.7	2.9
EPS (adj.)	-0.005	0.003	0.002	0.004

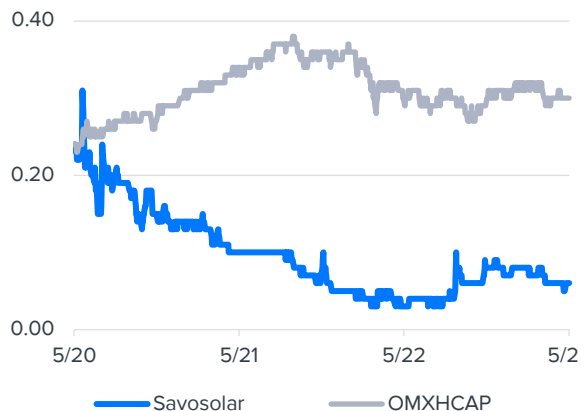
P/E (adj.)	neg.	20.5	27.8	16.0
P/B	1.5	1.2	1.2	1.1
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	18.2	22.5	15.1
EV/EBITDA	neg.	7.0	7.4	6.1
EV/S	8.1	0.8	0.8	0.7

Source: Inderes

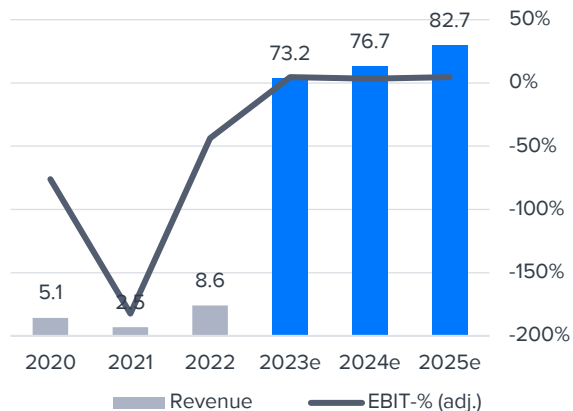
Guidance

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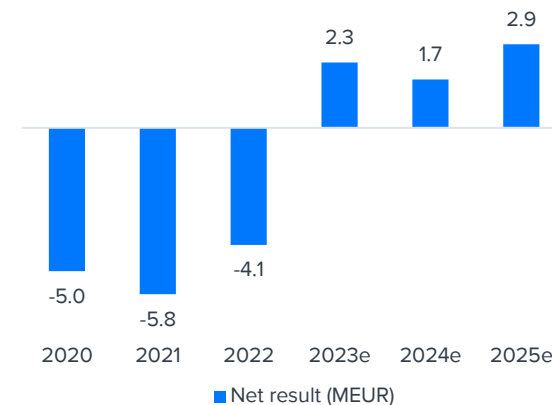
Share price



Revenue and EBIT %



Net result



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
- Savosolar well positioned 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 Maritime Logistics is cyclical
- Maritime Logistics cycle to turn down after peak years 2021-22

Valuation	2023e	2024e	2025e
Share price	0.06	0.06	0.06
Number of shares, millions	800.1	800.1	800.1
Market cap	46	46	46
EV	61	59	57
P/E (adj.)	20.5	27.8	16.0
P/E	20.5	27.8	16.0
P/FCF	13.4	20.8	15.9
P/B	1.2	1.2	1.1
P/S	0.6	0.6	0.6
EV/Sales	0.8	0.8	0.7
EV/EBITDA	7.0	7.4	6.1
EV/EBIT (adj.)	18.2	22.5	15.1
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Year started well in Marine Logistics, weaker in Renewable Energy

Q1 broadly meets our expectations

The early part of the year went more or less in line with our expectations for Savosolar. Revenue reached a new level of EUR 16.2 million (Q1'22: 1.4, Q1'22 pro forma: 16.1 MEUR, our estimate: 18.1 MEUR). The group-level operating result was EUR 0.2 million, slightly below our expectations (Q1'22: -1.2 MEUR, Q1'22 pro forma: 0.0 MEUR, our estimate: 1.0 MEUR). The net result remained negative at EUR -0.1 million, while we had forecast a net profit of EUR 0.7 million. We estimate that the small estimate misses were partly due to seasonal variation.

Further growth in Marine Logistics

In Marine Logistics, pro forma revenue grew by 10%, which was slightly better than our expectations. Growth was driven by favorable demand and good utilization rates. The operating result was EUR 1.2

million, roughly on par with the comparison period. Although the operating result was below our estimate (2.1 MEUR), we do not believe that the result can be interpreted as a major deterioration in business performance. The operating result for Q1 was affected by the timing of fairway dues in the early part of the year and also slightly by the 15-day stevedores' strike in Finland. In addition, quarterly comparison figures were not known before the Q1 results announcement, so the H1'2022 revenue and EBIT tilt to Q2 was more significant than we expected.

Revenue in Renewable Energy remained low

In Renewable Energy, revenue remained low (0.2 MEUR) due to lack of orders and the operating result was negative at EUR -1.1 million, in line with our expectations. Due to the lack of orders, operations

have been adjusted in Q1 to reduce costs. During the quarter, Savosolar completed and handed over to the customer the industrial process heat solar thermal power plant in Verdun, France, which was mainly delivered in 2022. According to the company, the delivery was the smoothest and most efficient of the company's deliveries to date, which could lead to a cautious interpretation that the operational efficiency of the business has improved.

Estimates MEUR / EUR	Q1'22	Q1'23	Q1'23e	Q1'23e	Consensus		Difference (%)
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes
Revenue	1.4	16.2	18.1				-10%
EBITDA	-1.1		2.3				
EBIT	-1.2	0.2	1.0				-80%
PTP	-1.2		0.7				
Net result	-1.2	-0.1	0.7				-114%
Revenue growth-%	95.0 %	1019.6 %	1150.0 %				-130.4 pp
EBIT-%	-81.3 %	1.2 %	5.5 %				-4.3 pp

Source: Inderes

No significant changes in the outlook

Moderate estimate revisions

- Although the Q1 result was below our estimates, we did not see the need to make any significant changes to the estimates at group level. We expect Marine Logistics' revenue and result to be again weighted towards Q2 within H1 this year. Better-than-expected growth in Marine Logistics led to small increases in group-level revenue estimates (2-3%).
- We significantly lowered our Renewable Energy revenue estimates for 2023, but this did not have a significant impact on the company's figures.
- Our long-term EBIT estimates remained unchanged.
- During Q1, the number of shares increased by 2.1% due to subscriptions under the Warrant Plan 3-2021. Savosolar raised EUR 0.92 million in capital before expenses through the subscription of stock options. We included growth in the number of shares and new capital in our estimates.

Operational earnings drivers 2023-2024e:

- According to Savosolar, demand and supply in Marine Logistics is expected to continue in Q2 at the level of the early part of the year.
- We expect the improvement in the utilization rates of the special cargo open-deck carriers (2) in Q2 to support the year-on-year performance.
- In our view, sea freight rates are on a downward trend (from high levels), which will initially be reflected in particular in spot-priced transport.
- The Marine Logistics business continued to develop the EcoVoy concept, which allows customers to purchase near carbon-free biofuel-based sea transport.
- In Renewable Energy, regulation and investment subsidies are important drivers for new orders. The Polish EUR 435 million support package will be available in June 2023 and Savosolar expects investment decisions from customers during 2023.
- With the merger, Savosolar aims to offer its customers more comprehensive solutions to achieve growth.

Estimate revisions	2023e			2024e			2025e		
	Old	New	Change	Old	New	Change	Old	New	Change
MEUR / EUR									
Revenue	72.0	73.2	2%	74.6	76.7	3%	80.7	82.7	2%
EBITDA	8.5	8.7	2%	8.0	8.0	0%	9.5	9.4	0%
EBIT (exc. NRIs)	3.2	3.3	5%	2.6	2.6	1%	3.8	3.8	0%
EBIT	3.2	3.3	5%	2.6	2.6	1%	3.8	3.8	0%
PTP	2.0	2.3	15%	1.6	1.7	5%	2.9	2.9	2%
EPS (excl. NRIs)	0.00	0.00	13%	0.00	0.00	3%	0.00	0.00	0%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation (1/2): Summary

Valuation summary

The fact that Savosolar consists of two very different business units makes it a challenging investment to evaluate. We view the Renewable Energy unit as a potential relatively capital-intensive growth business. However, its cash flows are unlikely to turn positive in the near term and even long-term growth would require a significant positive turnaround in the company's business. The long-term performance of Renewable Energy is highly uncertain, which makes it challenging to value. The Marine Logistics business unit, on the other hand, we consider as a capital-intensive store of value, whose performance fluctuates due to the cyclical nature of the maritime freight market. The valuation of Marine Logistics can therefore be more easily approached through a normalized performance level. In both business areas, efforts are being made to adapt to the green transition before regulation forces to do so. This may create benefits or competitive advantages in the future as regulation tightens, which we have also tried to take into account to some extent in our estimates.

Elevated valuation multiples

The current share price level also looks pricy when looking at group-level earnings-based valuation multiples. EV/EBIT multiples at group level are very high (2023-24: 18-23x), as Renewable Energy is weighing on earnings and Marine Logistics has high depreciation. EV/EBITDA multiples are quite affordable (2023-24: ~7x), but the capital-intensive nature of Marine Logistics means that a large part of EBITDA will be spent over time on investments required for fleet maintenance and replacement. As regards the balance sheet, Savosolar is valued at a P/B ratio of 1.2x (2023e). The median P/B ratio for

freight shipping companies is 0.9x, so Savosolar's valuation can't be based purely on the value of its current assets.

The sum of the parts below the current share price

We believe that the sum-of-the-parts valuation method is the most appropriate for determining the value of Savosolar. In the baseline scenario of our sum-of-the-parts method, the Renewable Energy unit would be valued at EUR 0 million and Marine Logistics at EUR 55 million (EV/EBIT 9.0x or 1.1x the market value of vessels as of 06/14/2022). Considering the net debt of EUR 17 million in 2022, this would give a fair market value of EUR 38 million and a share value of EUR 0.048.

Value per share EUR 0.04-0.06

Based on the sum of the parts and earnings-based and balance sheet valuation multiples, we estimate the fair value of the stock at EUR 0.04-0.06 (EV/EBITDA 6-8x, P/B 0.8-1.2x at 2024 estimates). Therefore, we set the target price at EUR 0.05 and the recommendation at Reduce (was Sell), as the share price has fallen closer to fair value. Justifying a higher share price would require better visibility of the performance of the Renewable Energy business. In our view, a turnaround would require a significant improvement in the competitiveness of the business relative to the past. Emission reduction targets and tighter regulation are likely to support the long-term competitiveness of the Renewable Energy segment, but growth trends and cost structures in recent years suggest that a turnaround is not yet around the corner. The clarification of the strategy following the merger of Savosolar and Meriaura may provide new perspectives on the company's business and valuation.

Valuation	2023e	2024e	2025e
Share price	0.06	0.06	0.06
Number of shares, millions	800.1	800.1	800.1
Market cap	46	46	46
EV	61	59	57
P/E (adj.)	20.5	27.8	16.0
P/E	20.5	27.8	16.0
P/FCF	13.4	20.8	15.9
P/B	1.2	1.2	1.1
P/S	0.6	0.6	0.6
EV/Sales	0.8	0.8	0.7
EV/EBITDA	7.0	7.4	6.1
EV/EBIT (adj.)	18.2	22.5	15.1
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Factors supporting the valuation of Savosolar:

- Emissions reduction and regulation create demand for company's solutions
- Proprietary technology and experience in solar thermal
- Marine Logistics prepared to reduce emissions even before emissions trading started

Factors negatively affecting the valuation of Savosolar:

- Renewable Energy unit's turnaround not yet in sight
- Marine Logistics earnings likely to fall after the cyclical peak in 2022

Valuation (2/2): Sum of the parts

Sum of the parts and scenarios

There is significant uncertainty about the long-term performance of the Renewable Energy unit. Therefore, we find it useful to look at the fair value of Savosolar Group through different scenarios. The value of the Renewable Energy unit varies between scenarios, but for Marine Logistics we have developed only one scenario based on a normalized result in the SOTP calculation.

Sum of the parts - Renewable Energy

The baseline scenario for the valuation of the Renewable Energy business unit assumes a clearly positive business trend with revenue growth and an improvement in the material margin, but EBIT in 2026 would still be negative. Even in the baseline scenario, the business is a burden on the Group's cash flows, but on the other hand, a positive development would raise hopes for a long-term turnaround in the profitability of the business. We value the business at EUR 0 million in the baseline scenario, consisting of negative cash flows of EUR -12 million in 2023-2026 and a residual value of EUR 12 million in 2026. The residual value of EUR 12 million assumes that the profit outlook in 2026 would be clearly upward and the business could be turned profitable within a few years, although during the first couple of years, cash flow would still suffer from small losses and expansion investments.

We have also developed two additional scenarios for Renewable Energy, one negative and one positive. In a negative scenario, the result never turns positive, resulting in a closure of operations in 2026 and a total negative impact of EUR 20 million on cash flows in 2023-2026. In a positive scenario, revenue more than

tenfolds to EUR 50 million, material margin improves to 25% and fixed costs increase to EUR 10 million (2022: -4,5), resulting in an EBIT of EUR 2.5 million (5% of revenue). In this case, an EV/EBIT valuation factor of 15x, suitable for a growth business, would turn the value of the business positive at EUR 38 million.

Sum of the parts - Marine Logistics

We seek to determine the value of Marine Logistics by looking at the estimated normalized earnings level and the normalized earnings-based valuation multiples. As sea freight rates have been exceptionally high in 2021-2022, we estimate that earnings levels will gradually decline in the coming years as market prices return to normal levels. The marine logistics industry is capital-intensive and cyclical, which is why we believe the business should be valued at a relatively moderate EV/EBIT of 9x relative to normalized earnings. Peers are priced with an EV/EBIT multiple of 7x in the 2024 projections, but we do not consider this to be a normalized multiple; the consensus projections are likely to still be positively impacted by the current boom in the shipping sector.

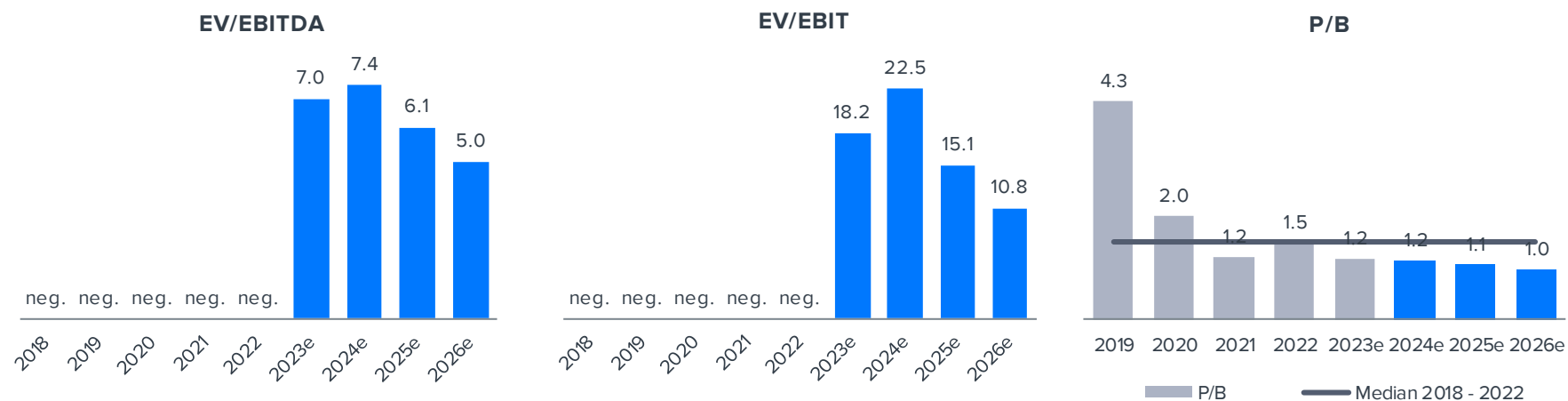
We forecast Meriaura's operating result to normalize in 2024 and use this as the base year for the valuation, as we expect the 2023 result to still clearly benefit from the current strong stage of the cycle. For 2024, we forecast a revenue of EUR 70 million and an EBIT of EUR 6.1 million (8.8% of revenue), whereby a 9x EV/EBIT multiple would give an operating value of EUR 55 million, which is about 1.1 times the market value of the company's ships on 07/14/2022 (EUR 50.8 MEUR).

Sum of the parts MEUR	Scenario		
	Negative	Baseline	Positive
Renewable Energy			
Revenue 2026e	4	16.1	50
EBIT 2026e	-5	-1.5	2.5
EBIT-% 2026e	-125%	-9%	5%
EV/EBIT (x)	4.0x	0.0x	15.0x
Enterprise value (EV)	-20	0	38
+			
Marine Logistics			
Revenue 2024e		70	
EBIT 2024e		6.1	
EBIT-% 2024e		8.8%	
EV/EBIT (x)		9.0x	
Enterprise value (EV)	55	55	55
EV/Market value of ships 06/14/2022	1.1x	1.1x	1.1x
=			
Total enterprise value (EV)	35	55	93
Net debt 2022	-17	-17	-17
Fair market value	18	38	76
Fair share price	0.023	0.048	0.095
Current share price	0.058	0.058	0.058
Current market capitalization	46	46	46
Change	-60%	-17%	64%

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	0.60	0.90	0.15	0.05	0.07	0.06	0.06	0.06	0.06
Number of shares, millions	3.53	17.2	62.9	165.2	783.1	800.1	800.1	800.1	800.1
Market cap	2.1	16	9.5	8.0	53	46	46	46	46
EV	3.9	15	7.6	4.1	70	61	59	57	55
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	20.5	27.8	16.0	11.0
P/E	neg.	neg.	neg.	neg.	neg.	20.5	27.8	16.0	11.0
P/FCF	neg.	neg.	neg.	neg.	neg.	13.4	20.8	15.9	13.5
P/B	1.6	4.3	2.0	1.2	1.5	1.2	1.2	1.1	1.0
P/S	0.4	4.5	1.9	3.2	6.2	0.6	0.6	0.6	0.5
EV/Sales	0.7	4.3	1.5	1.7	8.1	0.8	0.8	0.7	0.6
EV/EBITDA	neg.	neg.	neg.	neg.	neg.	7.0	7.4	6.1	5.0
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	neg.	18.2	22.5	15.1	10.8
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	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Safe Bulkers	399	678	5.0	4.5	3.7	3.3	2.3	2.1	3.7	3.2	5.5	9.8	361.0
Eurodry	40	80	36.8	7.7	7.1	4.2	1.5	1.5	9.4	4.9	2.6		0.4
Start Bulk Carriers	1758	2669	7.6	6.2	5.4	4.7	3.3	3.0	5.8	4.2	15.8	20.0	0.9
Kawasaki Kisen Kaisha	5277	4656			5.6	5.1	0.7	0.8	1.2	6.8	12.1	4.7	0.6
Golden Ocean Group	1555	2531		8.8	6.7	6.4	4.0	3.6	7.2	6.1	11.4	13.7	0.9
Savosolar (Inderes)	46	61	18.2	22.5	7.0	7.4	0.8	0.8	20.5	27.8	0.0	0.0	1.2
Average			16.4	6.8	5.7	4.8	2.4	2.2	5.5	5.0	9.5	12.0	72.7
Median			7.6	6.9	5.6	4.7	2.3	2.1	5.8	4.9	11.4	11.8	0.9
Diff-% to median			141%	226%	25%	58%	-64%	-63%	257%	466%	-100%	-100%	42%

Source: Refinitiv / Inderes

Income statement

Income statement	2020	2021	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	5.1	2.5	8.6	16.2	19.4	17.8	19.8	73.2	76.7	82.7	90.7
Renewable Energy	0.0	0.0	3.8	0.2	0.2	1.2	1.8	3.4	7.1	10.7	16.1
Marine Logistics	0.0	0.0	4.9	16.0	19.2	16.6	18.0	69.8	69.5	72.0	74.6
EBITDA	-3.4	-4.2	-3.6	1.5	3.0	1.7	2.4	8.7	8.0	9.4	11.0
Depreciation	-0.5	-0.4	-0.2	-1.3	-1.3	-1.3	-1.3	-5.3	-5.4	-5.6	-5.9
EBIT (excl. NRI)	-3.9	-4.6	-3.8	0.2	1.7	0.4	1.1	3.3	2.6	3.8	5.0
EBIT	-3.9	-4.6	-3.8	0.2	1.7	0.4	1.1	3.3	2.6	3.8	5.0
Renewable Energy			-4.3	-1.1	-1.1	-0.8	-0.9	-3.9	-3.5	-2.5	-1.5
Marine Logistics			0.5	1.2	2.7	1.2	2.0	7.2	6.1	6.3	6.6
Net financial items	-1.1	-1.2	-0.3	-0.2	-0.3	-0.3	-0.3	-1.1	-0.9	-0.9	-0.8
PTP	-5.0	-5.8	-4.1	-0.1	1.4	0.1	0.8	2.3	1.7	2.9	4.3
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-5.0	-5.8	-4.1	-0.1	1.4	0.1	0.8	2.3	1.7	2.9	4.2
EPS (rep.)	-0.08	-0.03	-0.01	-0.0001	0.0017	0.0002	0.0010	0.0028	0.0021	0.0036	0.0053

Key figures	2020	2021	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	49.8 %	-51.2 %	245.8 %	1018.7 %	2732.7 %	2119.8 %	247.9 %	748.0 %	4.7 %	7.9 %	9.6 %
Adjusted EBIT growth-%									-21.1 %	44.4 %	32.7 %
EBITDA-%	-66.6 %	-167.2 %	-41.4 %	9.2 %	15.5 %	9.8 %	12.3 %	11.9 %	10.5 %	11.4 %	12.1 %
Adjusted EBIT-%	-76.2 %	-182.4 %	-43.6 %	1.0 %	8.5 %	2.2 %	5.7 %	4.6 %	3.4 %	4.6 %	5.6 %
Net earnings-%	-97.3 %	-231.2 %	-47.1 %	-0.6 %	7.2 %	0.8 %	4.2 %	3.1 %	2.2 %	3.5 %	4.6 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	1.4	50.6	50.9	51.0	51.7
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	0.5	4.1	4.1	4.1	4.1
Tangible assets	0.5	46.5	46.8	47.0	47.6
Associated companies	0.2	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.2	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	6.8	13.8	20.1	20.9	22.3
Inventories	1.9	3.4	6.6	6.7	7.1
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	0.8	6.6	8.4	8.7	9.3
Cash and equivalents	4.1	3.8	5.1	5.4	5.8
Balance sheet total	8.2	64.4	71.0	71.9	74.0

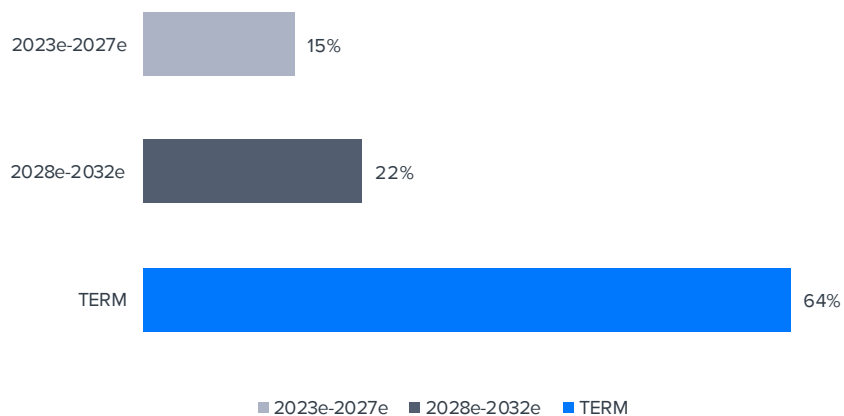
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	6.5	35.4	38.6	40.2	43.1
Share capital	0.5	0.5	0.5	0.5	0.5
Retained earnings	-45.9	-50.0	-47.8	-46.1	-43.2
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	51.9	84.9	85.8	85.8	85.8
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	0.3	17.5	9.9	9.4	8.6
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.2	0.2	0.2	0.2	0.2
Long term debt	0.1	17.3	9.7	9.2	8.4
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	1.3	11.4	22.5	22.3	22.3
Short term debt	0.1	3.2	9.7	9.2	8.4
Payables	1.2	8.2	12.8	13.1	13.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	8.2	64.4	71.0	71.9	74.0

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	245.8 %	748.0 %	4.7 %	7.9 %	9.6 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	-43.6 %	4.6 %	3.4 %	4.6 %	5.6 %	6.7 %	6.7 %	6.7 %	6.7 %	6.0 %	6.0 %	6.0 %
EBIT (operating profit)	-3.8	3.3	2.6	3.8	5.0	6.4	6.7	7.0	7.4	6.9	7.1	
+ Depreciation	0.2	5.3	5.4	5.6	5.9	6.1	6.2	6.4	6.6	6.7	6.9	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	-0.3	-0.5	-0.2	-0.2	-0.3	-0.1	-0.2	-0.2	0.1	0.1	-0.1	
Operating cash flow	-3.8	8.2	7.8	9.2	10.6	12.2	12.7	13.2	13.9	13.7	13.9	
+ 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	-49.5	-5.6	-5.6	-6.3	-7.1	-7.3	-7.5	-7.8	-8.1	-8.3	-7.6	
Free operating cash flow	-53.4	2.6	2.2	2.9	3.4	4.9	5.1	5.4	5.9	5.4	6.3	
+/- Other	36.5	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-16.9	3.5	2.2	2.9	3.4	4.9	5.1	5.4	5.9	5.4	6.3	98.6
Discounted FCFF		3.3	1.9	2.3	2.5	3.3	3.2	3.0	3.0	2.5	2.7	42.7
Sum of FCFF present value		70.5	67.2	65.2	62.9	60.4	57.1	54.0	51.0	47.9	45.4	42.7
Enterprise value DCF		70.5										
- Interesting bearing debt		-20.5										
+ Cash and cash equivalents		3.8										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		53.8										
Equity value DCF per share		0.067										

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

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	5.1	2.5	8.6	73.2	76.7	EPS (reported)	-0.08	-0.03	-0.01	0.00	0.00
EBITDA	-3.4	-4.2	-3.6	8.7	8.0	EPS (adj.)	-0.08	-0.03	-0.01	0.00	0.00
EBIT	-3.9	-4.6	-3.8	3.3	2.6	OCF / share	-0.05	-0.03	0.00	0.01	0.01
PTP	-5.0	-5.8	-4.1	2.3	1.7	FCF / share	-0.06	-0.03	-0.02	0.00	0.00
Net Income	-5.0	-5.8	-4.1	2.3	1.7	Book value / share	0.07	0.04	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	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	7.0	8.2	64.4	71.0	71.9	Revenue growth-%	50%	-51%	246%	748%	5%
Equity capital	4.7	6.5	35.4	38.6	40.2	EBITDA growth-%	-22%	22%	-14%	-343%	-8%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-22%	17%	-17%	-189%	-21%
Net debt	-2.0	-3.8	16.7	14.3	13.0	EPS (adj.) growth-%	-80%	-56%	-85%	-154%	-26%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	-66.6 %	-167.2 %	-41.4 %	11.9 %	10.5 %
EBITDA	-3.4	-4.2	-3.6	8.7	8.0	EBIT (adj.)-%	-76.2 %	-182.4 %	-43.6 %	4.6 %	3.4 %
Change in working capital	0.3	-0.5	-0.3	-0.5	-0.2	EBIT-%	-76.2 %	-182.4 %	-43.6 %	4.6 %	3.4 %
Operating cash flow	-3.2	-4.7	-3.8	8.2	7.8	ROE-%	-120.6 %	-103.4 %	-19.4 %	6.1 %	4.2 %
CAPEX	-0.7	0.2	-49.5	-5.6	-5.6	ROI-%	-77.7 %	-76.2 %	-12.0 %	5.9 %	4.5 %
Free cash flow	-3.9	-4.5	-16.9	3.5	2.2	Equity ratio	66.2 %	79.5 %	55.0 %	54.3 %	56.0 %
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	-41.9 %	-58.8 %	47.2 %	37.0 %	32.2 %
EV/S	1.5	1.7	8.1	0.8	0.8						
EV/EBITDA (adj.)	neg.	neg.	neg.	7.0	7.4						
EV/EBIT (adj.)	neg.	neg.	neg.	18.2	22.5						
P/E (adj.)	neg.	neg.	neg.	20.5	27.8						
P/B	2.0	1.2	1.5	1.2	1.2						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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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 €



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