

Solar Foods

Company report

12/20/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Suuntana Yhdysvaltain terveys- ja suorituskategoria” published on 12/20/2024 at 8:00 am EET

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Heading toward US Health and Performance category

The Solar Foods Capital Markets Day provided a concrete insight into Solein's commercialization process, the upcoming O2 factory investment and the company's financial targets. The content of the Capital Markets Day focused on Solar Foods' role as a manufacturer of Solein, which is a capital-intensive route to scaling the business. We found the omission of capital-light businesses at the CMD disappointing, as they, along with financing solutions, are the key drivers of the share price at this stage in the company's development. With the share price decline, the price tag for future equity financing has increased, which inevitably weighs on the value of cash flows in the distant future. We lower our target price to EUR 5.0 (was EUR 10.0) and reiterate our Reduce recommendation.

Solar Foods to focus initially on the US Health & Performance Nutrition category

With its first product, Solein, Solar Foods focuses initially on the US Health & Performance Nutrition category. The category is particularly attractive due to consumers' high liquidity and the good growth outlook of the category. The annual size of the category in question is 300,000–500,000 tons in the US, so a market share of one percent would generate revenue of approximately 50–100 MEUR. Solein's first product applications are powders to be mixed with liquid, protein bars and ready-made protein drinks. At a later stage, the company plans to expand into other product categories and new market areas.

Company sees Factory O2 as a modular and highly profitable factory investment

Production at Solar Foods' future Factory O2 is scheduled to start in 2028. The planned factory investment of 317 MEUR is more expensive than we had previously expected but will be modular and implemented in three parts, which will smooth out the capital needs. The factory is expected to be highly profitable in the context of the manufacturing industry and capable of achieving an EBITDA of close to 70%. In our view, the underlying assumptions about Solein's selling prices are realistic, so expectations of the factory's profitability are linked to the company's ability to reduce Solein's manufacturing costs in line with its targets on an industrial scale. The company expects the future factory to deliver profitable EBITDA from 2030 onwards, which is in line with our expectations. By the end of the current decade, the company is targeting revenue of around 110 MEUR and EBITDA of around 38 MEUR, while by 2035 the targets are around 220 MEUR and EBITDA of 116 MEUR. The financial targets cover only food manufacturing and do not take into account the capital-light space and licensing businesses, although the targets for these businesses were stated to be unchanged. The sidelining of capital-light businesses in the CMD was, in our view, disappointing, as at the time of the IPO, the company announced a letter of intent with a major fermentation company to build an industrial-scale factory and discussions with several space operators.

Higher cost of capital and forecast changes pushed down our view of the stock's fair value

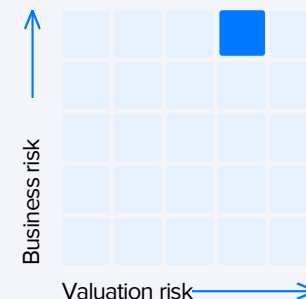
We have increased the cost of capital for Solar Foods in this update as the story, at least for now, is tied to a manufacturing business that is capital intensive and requires more investment than we expected. At the same time, the share price decline has increased the price of equity financing from a dilution perspective. The share value is particularly sensitive to changes in the cost of capital due to the distant cash flows, and as a result of this, the updated investment needs for the Factory O2 and forecast changes consisting of operational refinements, our fair value range has been reduced to EUR 1.2-10.6 (was EUR 2.2-15.3). Due to the early stage of development, share price movements and the price of equity financing will be driven by news flow in the short term.

Recommendation

Reduce
(was Reduce)

5.00 EUR
(was EUR 10.00)

Share price:
4.67



Key figures

	2023	2024e	2025e	2026e
Revenue	0.0	0.1	2.0	3.3
growth-%	50%	1335%	2209%	66%
EBIT adj.	-6.8	-6.0	-7.8	-11.1
EBIT-% adj.	-	-	-	-
Net Income	-9.0	-8.1	-9.3	-12.9
EPS (adj.)	-0.37	-0.30	-0.35	-0.49

P/E (adj.)	0.0	neg.	neg.	neg.
P/B	0.0	4.3	6.3	4.6
Dividend yield-%		0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)		neg.	neg.	neg.
EV/EBITDA		38.5	46.1	neg.
EV/S		>100	65.1	37.9

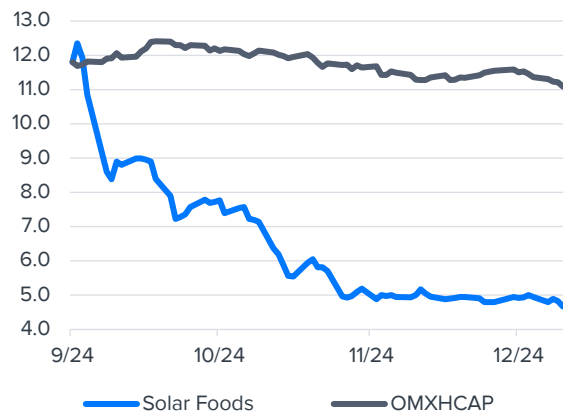
Source: Inderes

Guidance

(Unchanged)

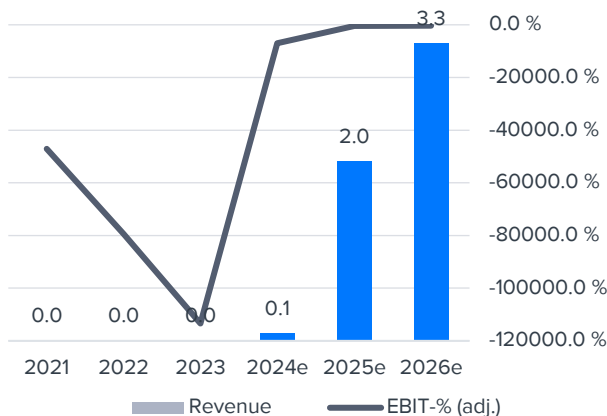
Solar Foods does not provide guidance for the current year.

Share price



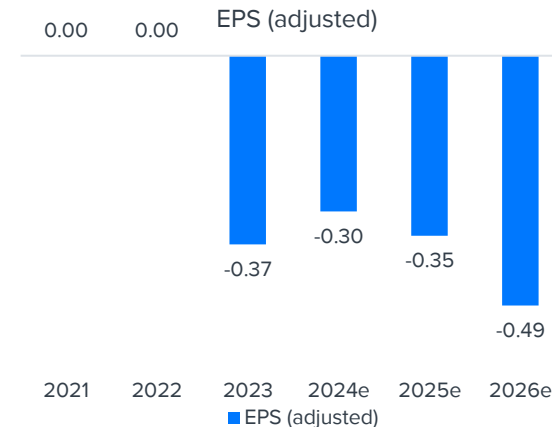
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Market leadership in the company's niche and ability to create new products
- Large and growing target market
- Opportunity to bring to the market a product with a superior environmental impact
- Success in the licensing business would enable a profitable and capital-light business
- Potential takeover target



Risk factors

- Financial risks
- Risks associated with food regulatory approval processes for products
- Market viability of products yet to be proven on an industrial scale
- Solein's high mineral content may limit its uses beyond expectations

Valuation	2024e	2025e	2026e
Share price	4.67	4.67	4.67
Number of shares, millions	26.6	26.6	26.6
Market cap	124	124	124
EV	123	129	125
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	4.3	6.3	4.6
P/S	>100	62.6	37.7
EV/Sales	>100	65.1	37.9
EV/EBITDA	38.5	46.1	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Estimate changes more concentrated in the distant future

Estimate changes for the next few years are small

As part of the report, we have lowered our revenue forecast for the current year due to the later-than-expected start of commercialization of Solein in the US. Solar Foods plans to expand into other product categories and new target markets beyond the US Health & Performance Nutrition category, but based on management comments, the European or Japanese markets are not expected at least during 2025.

The most important change to the forecast relates to Solein's productivity. In its CMD, Solar Foods said that it had increased Solein's productivity at its demonstration plant. This is a key indicator demonstrating the growth rate of Solein inside the bioreactor. In connection with the IPO, Solar Foods produced 1 kg of Solein per hour per the bioreactor's cubic meter. At the CMD, the company announced that it had reached 1.5 kg, with a target of 2.0 kg/m³/h. The realized leap is significant in the context of the manufacturing industry, and the improvement of this indicator will, in principle, enable larger production with almost fixed equipment, which raised our estimates. With the efficiency leap, the company is planning practical changes in Vehkala's O1 factory and to

increase its production capacity from the current 160 tons to 230 tons in 2026, which put a slight upward pressure on our 2026-2027 forecasts.

Main change relates to factory investments and Solein's gross margins

In the overall picture of our projections, the main change in the estimates relates to the size of the Factory O2 investment. The investment plan presented at the CMD exceeded our forecast of around 210 MEUR and the investment cost of 200-270 MEUR indicated in the company's IPO prospectus for a 1,200 m³ bioreactor plant located in the cold zone. The planned factory investment of 292-317 MEUR is modular and implemented in three parts (134 MEUR, 48 MEUR and 135 MEUR), which balances its capital needs and reduces the risk associated with the ramp-up of the factory. Contrary to the calculations in the prospectus, the factory would have twice as many bioreactors, but their combined volume would remain unchanged.

According to Solar Foods' calculations, the external financing need for the first 134 MEUR could be cut to 69 MEUR through various operational decisions and if 40 MEUR of the current 76 MEUR of undrawn IPCEI

funding were allocated to the factory investment (the rest would be used for operational expenses related to the factory investment). If the remaining 69 MEUR of the factory investment is financed with 50% debt and 50% equity according to the current plans, this would imply an equity issue requirement of approximately 34.5 MEUR for the first stage of the fixed factory investment.

The company expects the industrial-scale factory to be profitable at EBITDA level from the year of commissioning of the first part of the factory investment and to reach group-scale profitability in 2030. This assumption indicates that the company expects fixed indirect costs to be around 35-45 MEUR. The new factory is expected to reach full capacity in 2033. At its Capital Markets Day, Solar Foods outlined its expectations, e.g. for the development of Solein's selling price and manufacturing costs over the next almost ten years. As a result, we have slightly increased our forecasts for Solein's projected sales prices, but at the same time revised down the factory utilization rate in line with the expectations indicated by the company.

Estimate revisions MEUR / EUR	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	0.2	0.1	-53%	2.0	2.0	0%	2.8	3.3	17%
EBITDA	3.0	3.2	5%	1.8	2.8	52%	-1.0	-0.5	47%
EBIT (exc. NRIs)	-6.1	-6.0	3%	-8.8	-7.8	11%	-11.6	-11.1	4%
EBIT	-6.1	-6.0	3%	-8.8	-7.8	11%	-11.6	-11.1	4%
PTP	-8.2	-8.1	2%	-10.3	-9.3	9%	-13.4	-12.9	3%
EPS (excl. NRIs)	-0.31	-0.30	2%	-0.39	-0.35	9%	-0.50	-0.49	3%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Estimates overall picture

We postponed Factory 03 investment and extended forecast horizon

Solar Foods' CMD fleshed out the company's expectations for the Solein commercialization process, the upcoming Factory 02 investment and the company's own ambitions as a manufacturer of Solein. In new product categories, manufacturing the products from the company's own balance sheet is generally justified as it allows for tighter quality control and better retention of production-related trade secrets and know-how within the company. In the case of Solar Foods, however, scaling up production still requires significant external capital, which will act as a bottleneck to growth. As the expected investment in Factory 02 is higher in euro terms (but

not in terms of production volume) than our previous forecasts, and the company does not expect to reach full capacity utilization until 2033, we have postponed the next investment in Factory 03, which will be twice as large in terms of production capacity, from 2035 to 2036.

Our forecasts for the licensing business remain unchanged, and we expect the company to generate its first revenue from this business in 2028. Admittedly, ignoring this business at the Capital Markets Day does, in our view, raise the forecast risk on this critical income stream for the investment story (given that our forecasts call for the generation of licensing revenue from 11 industrial-scale factories in 2040). Given the significant investment required to produce Solein, we

consider outsourcing the factory investment to a partner or joint venture to be a particularly attractive option at the current stage of Solar Foods' development, which is suffering from a lack of financing.

	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	2038e	2039e	2040e
Group revenue (MEUR)	0	0	2	3	4	26	62	160	239	256	266	267	295	365	461	535	663	734
Revenue growth			2283%	65%	23%	528%	144%	157%	50%	7%	4%	0%	10%	24%	26%	16%	24%	11%
Group EBIT (MEUR)	-7	-6	-8	-11	-20	-28	-8	34	69	72	82	80	92	106	103	136	198	236
EBIT-%		-7110%	-391%	-336%	-483%	-111%	-13%	21%	29%	28%	31%	30%	31%	29%	22%	26%	30%	32%
Solein productivity (kg/m3/h)		1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60	1.60	1.60	1.65	1.80	1.80	1.80
Volume of Solein sold (tons)		3	80	160	201	1,384	3,749	9,622	14,411	14,832	14,832	14,832	14,832	17,355	23,964	31,809	43,162	49,669
Theoretical production capacity (tons)		160	160	190	230	4,172	8,114	15,998	17,049	17,049	17,049	17,049	17,049	33,868	52,264	56,995	56,995	56,765
Production capacity utilization		0%	50%	84%	88%	33%	46%	60%	85%	87%	87%	87%	87%	51%	46%	56%	76%	88%
Price per kilogram of Solein sold (EUR/kg)		30.0	25.0	20.6	20.2	17.0	16.3	16.0	15.7	15.7	15.2	14.7	14.3	13.4	12.1	10.9	10.8	10.7
Production cost of Solein sold (EUR/kg)		67.9	32.2	30.0	27.0	18.5	7.1	5.4	5.0	5.0	4.8	4.8	4.8	6.0	6.7	5.3	4.3	3.9
Food production revenue (MEUR)		0	2	3	4	24	61	154	226	232	225	219	212	233	290	346	465	530
License business revenue (MEUR)		0	0	0	0	2	1	6	13	24	40	48	82	132	171	189	198	204
Share of licensing in group revenue		0%	0%	0%	0%	8%	2%	4%	6%	9%	15%	18%	28%	36%	37%	35%	30%	28%
Number of 12x200 m3 plants required for licensing ¹		0.0	0.0	0.0	0.0	0.1	0.0	0.3	0.5	1.0	1.7	2.1	3.8	6.4	8.9	10.0	10.6	11.1

1) Assuming that the partner selling price is the same as Solar Foods' and that Solar Foods' commission is 5% of revenue.

DCF relies on three different scenarios

Due to the early stage of development, news flow and sentiment drive pricing in the short term

Given the early stage of Solar Foods' development, the company's earnings are focused on the long term and neither multiples for the next few years nor balance sheet-based valuation provide reliable benchmarks for pricing the stock. As a result, we believe that the valuation of the company needs to be weighted with different future scenarios and their probabilities. The binary nature of the expected return makes it particularly challenging for a company like Solar Foods to set a sustainable price target over time, as we believe that news flow and market sentiment will drive the expected return over a 12-month horizon. If the licensing revenue progress remains subdued, we see the share price drivers as being dependent on low-cost financing solutions from partners and public institutions.

As a result of what was seen at Solar Foods' CMD – the higher-than-expected investment needs, the sidelining of capital-light businesses and the share price decline – we have increased the company's WACC to 14.8% (was 12.7%). The revised level is still moderate in our view given Solar Foods' risk profile but reflects our expectation of the company's ability to raise low-cost funding in the form of both grants and loans.

Our DCF model covers three different scenarios

In valuing Solar Foods, the DCF model illustrates the long-term potential, and our model exceptionally extends to 2041 due to the early stage of the business. Given the very wide range of possible outcomes for Solar Foods' future, we approach the DCF modeling through three scenarios. At the current

stage of development, the model's assumptions are particularly uncertain, as the cash flows are concentrated more than a decade ahead, so it does not provide a clear basis for short-term valuation.

The baseline scenario is consistent with our current projections, which we have illustrated on the previous page. The equity value for Solar Food according to the DCF model in the baseline scenario is EUR 5.2 per share.

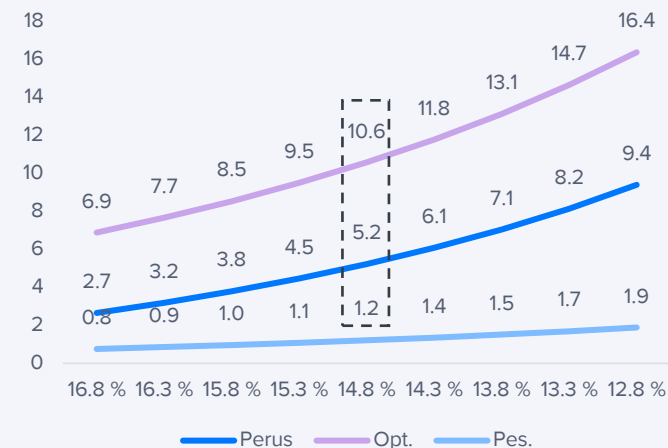
In the optimistic scenario, the price per kilo of Solein remains higher than in the baseline scenario, supported by the company's product development innovations (e.g. Solein processing, new microbes and precision fermentation). This will support both food production and license income, resulting in an 11% increase in revenue compared to our baseline scenario and an 18% increase in EBIT. This growth is driven by pricing and license revenue, as in our optimistic scenario the company's own production capacity is based on Factory 01, 02 and 03, as in the baseline scenario. The value per share in this scenario is EUR 10.6. In the scenario, Solar Foods' revenue is more heavily weighted toward licensing than in the baseline, which increases the company's relative profitability and return on capital.

In our view, this scenario does not fully reflect the potential for precision fermentation that the success of the HYDROCOW project would offer, but at this stage of development we recognize it mainly as a positive option.

Valuation	2024e	2025e	2026e
Share price	4.67	4.67	4.67
Number of shares, millions	26.6	26.6	26.6
Market cap	124	124	124
EV	123	129	125
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	4.3	6.3	4.6
P/S	>100	62.6	37.7
EV/Sales	>100	65.1	37.9
EV/EBITDA	38.5	46.1	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

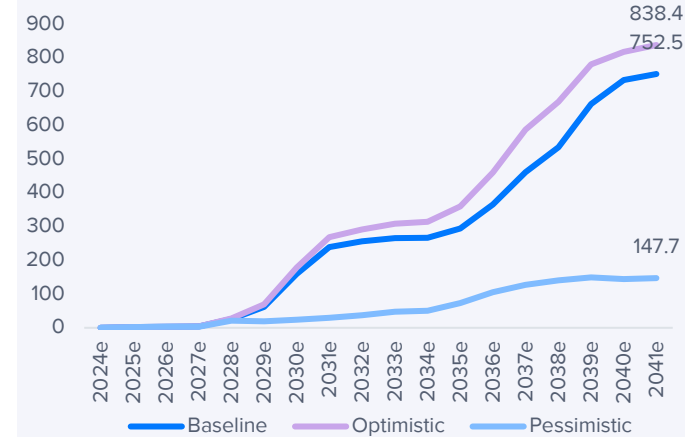
Sensitivity of the DCF value to the required return, EUR per share, WACC-%



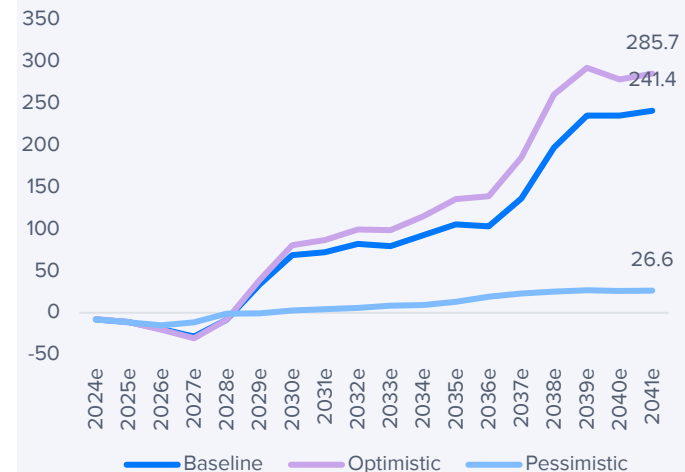
DCF relies on three different scenarios

In our pessimistic scenario, the financial environment tightens and Solar Foods does not receive funding for the Factory 02 investment. The company's remaining 76 MEUR share of the IPCEI notification will remain unused and the company will have to reduce its cost structure and focus its business entirely on licensing. In this scenario, the company's revenue remains at 80% of our baseline and consists of license revenue and the sale of production from Factory 01. Despite the high relative share of license revenue, the company's EBIT of 18% remains lower than in the other scenarios. In the pessimistic scenario, despite the high margins of the licensing business, it is practically the only source of support for the group's fixed cost structure. In this scenario, however, the company manages to turn around its earnings and does not become a takeover target due to a weak negotiating position, which we see as another possible outcome in a very negative scenario. In the negative scenario, Solar Foods is valued at EUR 1.2 per share.

Revenue in different forecast scenarios (MEUR)



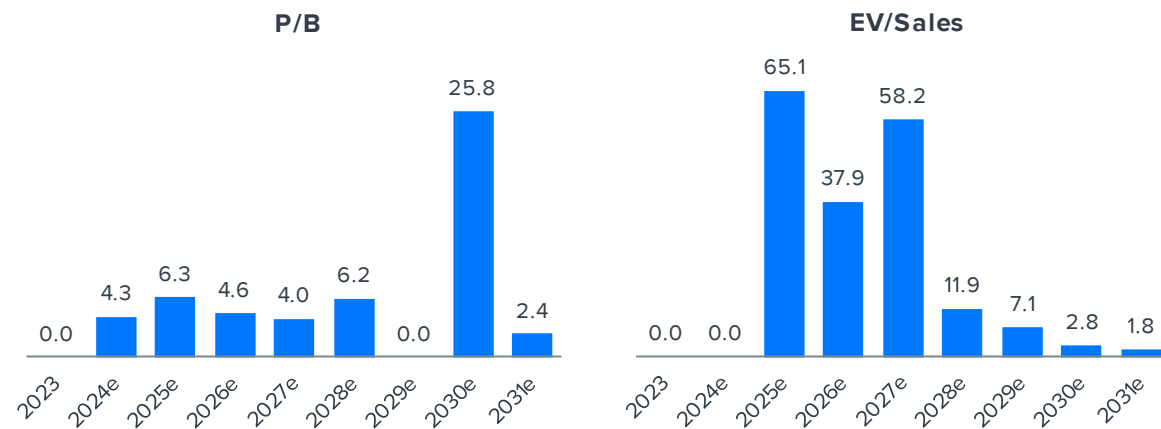
EBIT in different forecast scenarios (MEUR)



Valuation table

Valuation	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e
Share price		4.67	4.67	4.67	4.67	4.67	4.67	4.67	4.67
Number of shares, millions		26.6	26.6	26.6	26.6	26.6	26.6	26.6	26.6
Market cap		124	124	124	124	124	124	124	124
EV		123	129	125	236	303	442	450	420
P/E (adj.)		neg.	neg.	neg.	neg.	neg.	neg.	11.5	2.7
P/E		neg.	neg.	neg.	neg.	neg.	neg.	11.5	2.7
P/B		4.3	6.3	4.6	4.0	6.2	neg.	25.8	2.4
P/S		>100	62.6	37.7	30.6	4.9	2.0	0.8	0.5
EV/Sales		>100	65.1	37.9	58.2	11.9	7.1	2.8	1.8
EV/EBITDA		38.5	46.1	neg.	neg.	neg.	41.7	7.8	4.2
EV/EBIT (adj.)		neg.	neg.	neg.	neg.	neg.	neg.	13.3	6.1
Payout ratio (%)		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 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/S		Revenue growth-%		EBIT-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Aiforia	101	96	28.4	18.7	41%	71%	-358%	-204%	7.2
Betolar	17	13	12.7	4.2	0%	200%	-800%	-167%	2.9
Biorettec	43	42	10.2	6.8	7%	69%	-106%	-52%	39.0
Nightingale	169	104	23.9	17.9	4%	50%	-427%	-273%	3.2
Solar Foods (Inderes)	124	123	1433.3	65.1	1335%	2209%	-6946%	-394%	4.3
Average			18.8	11.9	0.1	1.0	-4.2	-1.7	13.1
Median			18.3	12.3	0.1	0.7	-3.9	-1.9	5.2
Diff-% to median			7726%	428%	24500%	3064%	1670%	112%	-18%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	2025e	2026e	2027e
Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	2.0	3.3	4.1
Food sales	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	2.0	3.3	4.1
Licensing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	-0.9	-1.8	-0.5	0.8	0.3	-0.2	3.4	3.2	2.8	-0.5	-11.6
Depreciation	-1.0	-1.4	-2.9	-4.2	-7.1	-4.2	-5.0	-9.2	-10.6	-10.6	-8.0
EBIT (excl. NRI)	-1.9	-3.2	-3.4	-3.4	-6.8	-4.4	-1.6	-6.0	-7.8	-11.1	-19.6
EBIT	-1.9	-3.2	-3.4	-3.4	-6.8	-4.4	-1.6	-6.0	-7.8	-11.1	-19.6
Net financial items	-0.1	-2.2	-0.7	-1.5	-2.2	-1.4	-0.7	-2.1	-1.5	-1.8	-4.3
PTP	-2.0	-5.4	-4.0	-4.9	-9.0	-5.7	-2.3	-8.1	-9.3	-12.9	-24.0
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-2.0	-5.4	-4.0	-4.9	-9.0	-5.7	-2.3	-8.1	-9.3	-12.9	-24.0
Net earnings	-2.0	-5.4	-4.0	-4.9	-9.0	-5.7	-2.3	-8.1	-9.3	-12.9	-24.0
EPS (adj.)			-0.16	-0.20	-0.37	-0.22	-0.09	-0.30	-0.35	-0.49	-0.90
EPS (rep.)			-0.16	-0.20	-0.37	-0.22	-0.09	-0.30	-0.35	-0.49	-0.90

Key figures	2021	2022	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	2025e	2026e	2027e
Revenue growth-%	0.0 %	0.0 %			49.8 %	770.6 %	1540.1 %	1334.5 %	2208.9 %	66.1 %	23.3 %
Adjusted EBIT growth-%		68.9 %		8.3 %	113.8 %	30.3 %	-53.5 %	-12.1 %	30.9 %	42.2 %	76.7 %
EBITDA-%	0.0 %	0.0 %		18360.3 %	5561.8 %	-1094.8 %	4654.9 %	3722.9 %	141.3 %	-15.8 %	-286.7 %
Adjusted EBIT-%						-31352.2 %	-2224.1 %	-6945.8 %	-393.8 %	-337.2 %	-483.0 %
Net earnings-%							-3196.3 %	-9368.4 %	-469.4 %	-391.8 %	-589.6 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e	2027e
Non-current assets	23.2	30.3	28.8	25.3	24.6	142
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Intangible assets	5.6	9.5	11.9	13.0	13.4	16.0
Tangible assets	17.5	20.1	16.9	12.3	11.1	126
Associated companies	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.1	0.7	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0	0.0
Current assets	11.1	23.1	21.1	15.6	18.1	6.5
Inventories	0.0	0.0	0.0	0.4	0.7	0.8
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0
Receivables	1.7	6.7	6.0	8.1	8.1	4.1
Cash and equivalents	9.5	16.4	15.1	7.1	9.3	1.6
Balance sheet total	34.3	53.4	50.0	40.9	42.6	149

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e
Equity	21.4	25.1	29.0	19.7
Share capital	0.0	0.0	0.0	0.0
Retained earnings	-8.5	-17.5	-25.6	-34.9
Hybrid bonds	12.4	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0
Other equity	17.5	42.6	54.5	54.5
Minorities	0.0	0.0	0.0	0.0
Non-current liabilities	12.1	18.9	14.0	12.0
Deferred tax liabilities	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0
Interest bearing debt	12.1	18.9	14.0	12.0
Convertibles	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0
Current liabilities	0.8	9.3	7.0	9.2
Interest bearing debt	0.0	2.0	0.0	0.0
Payables	0.8	2.4	7.0	9.2
Other current liabilities	0.0	5.0	0.0	0.0
Balance sheet total	34.3	53.4	50.0	40.9

DCF calculation

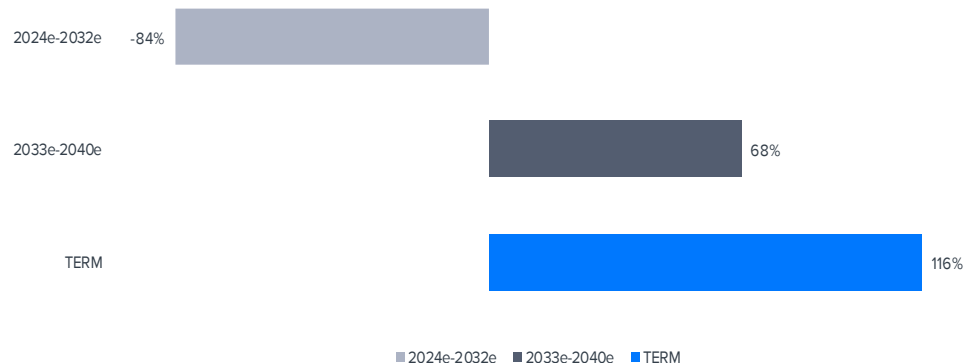
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	2038e	2039e	2040e	2041e	TERM
Revenue growth-%	49.8 %	1334.5 %	2208.9 %	66.1 %	23.3 %	528.3 %	143.6 %	157.1 %	49.5 %	7.2 %	3.8 %	0.5 %	10.2 %	24.0 %	26.3 %	15.9 %	24.0 %	10.7 %	2.5 %	2.5 %
EBIT-%	-113419.2 %	-6945.8 %	-393.8 %	-337.2 %	-483.0 %	-111.2 %	-13.4 %	21.2 %	28.8 %	28.3 %	31.0 %	29.8 %	31.4 %	28.9 %	22.4 %	25.5 %	29.8 %	32.1 %	32.1 %	32.1 %
EBIT (operating profit)	-6.8	-6.0	-7.8	-11.1	-19.6	-28.4	-8.4	33.8	68.8	72.4	82.4	79.7	92.5	106	103	136	198	236	241	
+ Depreciation	7.1	9.2	10.6	10.6	8.0	17.3	18.9	24.2	30.3	30.8	31.6	31.9	32.0	32.4	43.3	49.3	48.7	49.9	51.3	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-13.6	-17.1	-19.6	-17.9	-24.7	-38.4	-47.0	-48.3	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.2	-2.4	-1.4	-1.5	-2.7	-2.6	-1.1	-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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	1.4	0.4	-0.2	-3.6	2.0	-17.5	10.3	-14.2	-10.9	-4.5	-3.2	0.1	-3.0	-9.3	-13.8	-11.1	-20.2	-10.5	-2.7	
Operating cash flow	1.8	3.6	2.6	-4.1	-9.6	-28.6	20.9	43.9	88.1	98.7	108	95.8	103	108	112	147	187	228	242	
+ 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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-14.2	-7.7	-7.1	-9.9	-125.5	-55.1	-142.2	-29.4	-35.7	-29.6	-24.8	-22.0	-20.2	-182.5	-185.9	-34.5	-56.7	-56.0	-57.0	
Free operating cash flow	-12.4	-4.1	-4.5	-14.0	-135.1	-83.8	-121.3	14.5	52.5	69.2	82.8	73.8	82.8	-75.0	-73.9	113	130	172	185	
+/- Other	0.0	11.9	0.0	20.0	28.0	28.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-12.4	7.7	-4.5	6.0	-107.1	-55.8	-121.3	14.5	52.5	69.2	82.8	73.8	82.8	-75.0	-73.9	113	130	172	185	1538
Discounted FCFF		7.7	-3.9	4.5	-70.5	-32.0	-60.6	6.3	19.9	22.8	23.8	18.5	18.1	-14.3	-12.2	16.3	16.3	18.8	17.6	147
Sum of FCFF present value		144	136	140	135	206	238	298	292	272	249	226	207	189	203	216	199	183	164	164

Enterprise value DCF	144
- Interest bearing debt	-20.9
+ Cash and cash equivalents	16.4
-Minorities	0.0
-Dividend/capital return	0.0
Equity value DCF	139
Equity value DCF per share	5.2

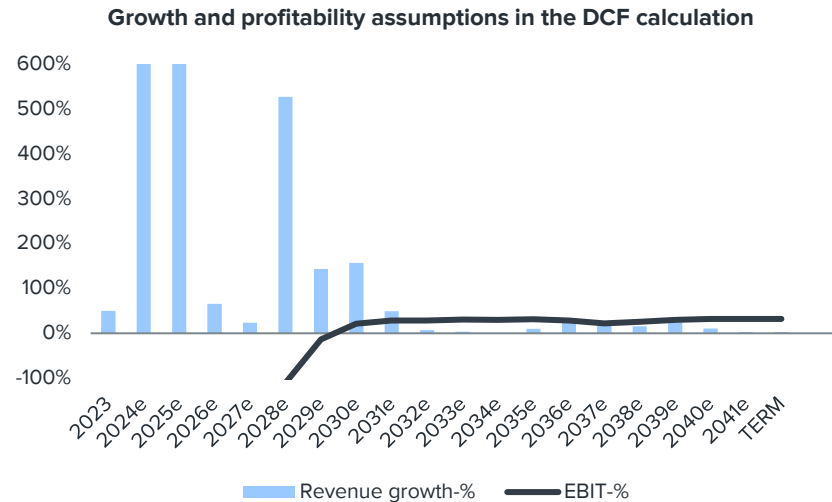
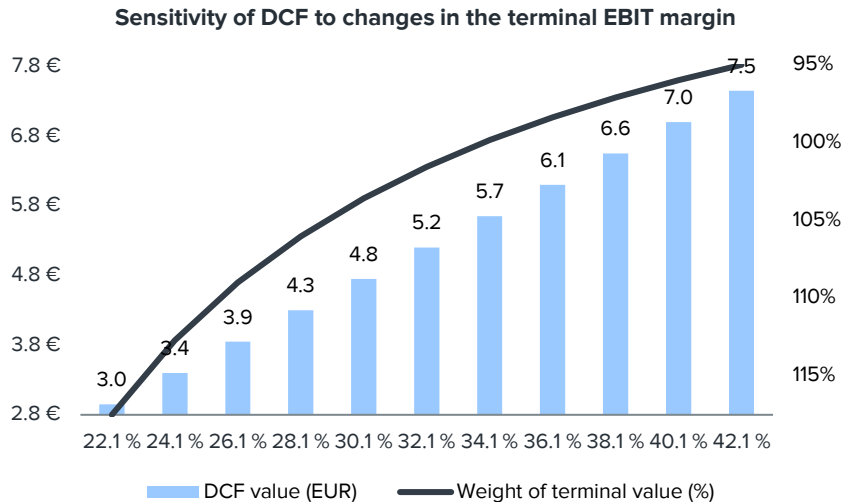
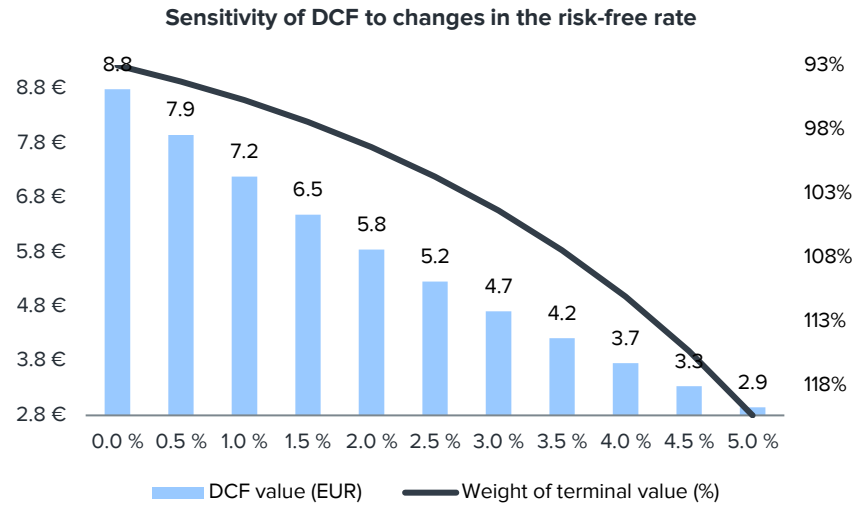
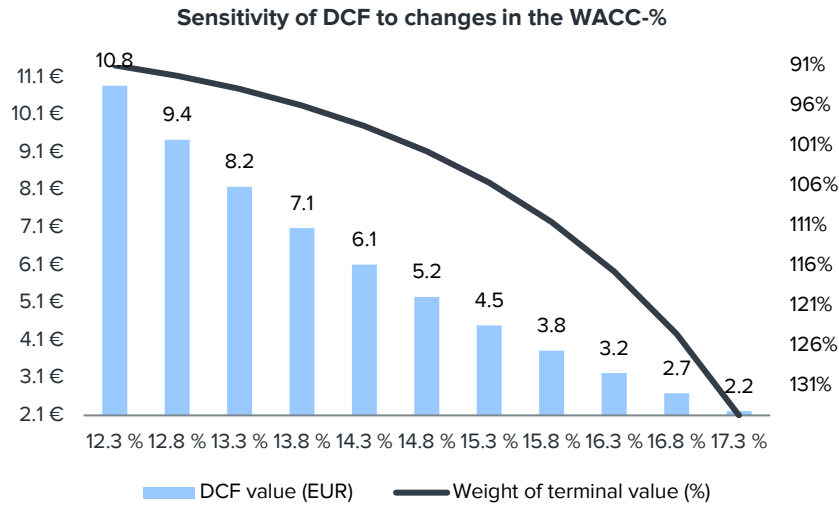
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	30.0 %
Cost of debt	7.0 %
Equity Beta	3.00
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	18.8 %
Weighted average cost of capital (WACC)	14.8 %

Source: Inderes

Cash flow distribution



DCF sensitivity calculations and key assumptions in graphs



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	0.0	0.0	0.0	0.1	2.0	EPS (reported)			-0.37	-0.30	-0.35
EBITDA	-0.9	-1.8	0.3	3.2	2.8	EPS (adj.)			-0.37	-0.30	-0.35
EBIT	-1.9	-3.2	-6.8	-6.0	-7.8	OCF / share			0.07	0.13	0.10
PTP	-2.0	-5.4	-9.0	-8.1	-9.3	FCF / share			-0.51	0.29	-0.17
Net Income	-2.0	-5.4	-9.0	-8.1	-9.3	Book value / share			1.02	1.09	0.74
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	30.1	34.3	53.4	50.0	40.9	Revenue growth-%	0%	0%	50%	1335%	2209%
Equity capital	26.2	21.4	25.1	29.0	19.7	EBITDA growth-%		108%	-118%	860%	-12%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%		69%	114%	-12%	31%
Net debt	-16.5	2.7	4.6	-1.1	4.9	EPS (adj.) growth-%				-17%	16%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-21662.8 %	-45068.8 %	5561.8 %	3722.9 %	141.3 %
EBITDA	-0.9	-1.8	0.3	3.2	2.8	EBIT (adj.)-%	-47056.8 %	-79456.2 %	-113419.2 %	-6945.8 %	-393.8 %
Change in working capital	-0.1	-0.7	1.4	0.4	-0.2	EBIT-%	-47056.8 %	-79456.2 %	-113419.2 %	-6945.8 %	-393.8 %
Operating cash flow	-1.0	-2.5	1.8	3.6	2.6	ROE-%	-15.3 %	-22.7 %	-38.7 %	-29.8 %	-38.3 %
CAPEX	-10.6	-15.0	-14.2	-7.7	-7.1	ROI-%	-12.9 %	-10.1 %	-17.1 %	-13.4 %	-20.9 %
Free cash flow	-11.6	-17.5	-12.4	7.7	-4.5	Equity ratio	87.1 %	62.3 %	47.1 %	58.0 %	48.1 %
						Gearing	-63.0 %	12.4 %	18.1 %	-3.8 %	24.9 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S				>100	65.1						
EV/EBITDA				38.5	46.1						
EV/EBIT (adj.)				neg.	neg.						
P/E (adj.)			0.0	neg.	neg.						
P/B	0.0	0.0	0.0	4.3	6.3						
Dividend-%				0.0 %	0.0 %						

Source: Inderes

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Date	Recommendation	Target	Share price
9/12/2024	Sell	11.00 €	12.35 €
9/27/2024	Reduce	10.00 €	8.90 €
12/20/2024	Reduce	5.00 €	4.67 €



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