

Eevia Health



Record-Level Margins Generate Substantial Bottom-Line Profits

Eevia Health Plc (publ) ("Eevia Health", "Eevia" or "the Company") is at a stage where the Company is scaling up the production capacity, focusing on higher margin extracts, and developing new proprietary ingredients targeting eye disorders, which constitute strong value drivers ahead. Having a broad product portfolio with a market demand, Eevia is estimated to enter a rapid growth phase where an EBIT of EUR 4.8m is forecasted. Based on an applied EV/EBIT multiple of 4.5x on the estimated EBIT of EUR 4.8m in year 2026, and a discount rate of 12%, this yields an implied value per share of SEK 4.9 (3.8) in a Base scenario. Given that Eevia takes steps in the right direction and is able to capitalise on the structural market trends, Analyst Group see a potential for the Company to reduce the valuation discount going forward.

▪ Riding on the ESG-Trend by Offering Organic and Sustainable Health Ingredients

The raw material that Eevia uses is sourced from nearby areas in Northern and Central Europe which minimizes the carbon footprint, the traceability of the products and allows for a more resilient supply chain that is less affected by global disruptions. Moreover, the wild organic raw material is taken from abundant resources that are either not utilized at all or underutilized which respects the natural ecosystem. Lastly, Eevia selects suppliers carefully in accordance with the Company's quality and sustainability criteria. Having high-quality organic raw material close to the production site in Seinäjoki gives Eevia a competitive advantage to deliver and capitalise on the sustainability trends.

▪ Long-term Customers are Vital

In August 2023, Eevia reached an exclusive sales agreement with the Company's long-term customer Select Ingredients for a new special formulation for a tart cherry extract which will be marketed under the tradename CherryMax®. The sales agreement has binding volumes and minimum sales volume per year. This cooperation is expected to generate a total sales value of over USD 1m in 2024, with additional growth in the following years. This is Eevia's largest sales contract related to the tart cherry product line as of today, which Analyst Group sees as a positive sign as it validates the demand for the product line, increases Eevia's future revenue potential, and is in line with the Company's strategy to grow organically with existing customers.

▪ Reduced Risk

Given the directed share issue during August 2023, which resulted in a cash infusion of approximately SEK 11.5m before transaction fees, as well as strong operating results, we are of the opinion that Eevia will be able to lower the Company's debt burden and find better sources of financing going forward. As a result, we lower our applied discount rate from 14% to 12% to reflect the reduced financing risk and improvement in the capital structure. Therefore, we increase our valuation range to SEK 4.9 (3.8) in a Base scenario, adjusted for the new share count.

VALUATION RANGE

Bear
SEK 1.3

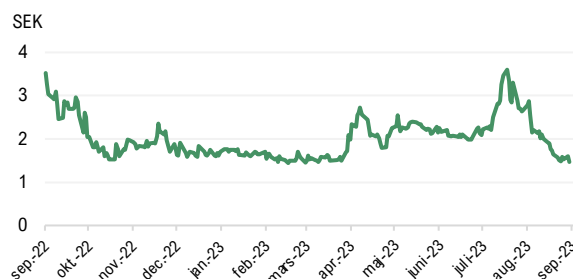
Base
SEK 4.9

Bull
SEK 7.2

KEY INFORMATION

Share Price (2023-09-19) (SEK)	1.47
Shares Outstanding	35,713,884
Market Cap (SEKm)	52.5
Net cash(-)/debt(+) (SEKm)	0.4
Enterprise Value (SEKm)	52.9
List	Spotlight Stock Market
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SHARE PRICE DEVELOPMENT



OWNERS (SOURCE: HOLDINGS 2023-01-06)

Betulum AS	12.0%
Stein Ulve	7.5%
Futur Pension	6.8%
Marzoze Actives S.L.	5.0%
Daniel Johnsson	4.1%

ESTIMATES (EURm)	2023E	2024E	2025E	2026E
Net sales	7.4	21.8	28.3	30.6
Total Revenue	7.6	22.0	28.5	30.8
COGS	-3.6	-14.0	-17.7	-19.0
Gross Profit	4.1	8.0	10.8	11.8
Gross margin	55.3%	36.7%	38.1%	38.5%
Total operating costs	-4.2	-6.0	-6.3	-7.0
EBIT	-0.1	2.0	4.5	4.8
EBIT margin	neg.	9.3%	15.9%	15.6%
P/S	0.6x	0.2x	0.2x	0.1x
EV/S	0.6x	0.2x	0.2x	0.1x
EV/EBIT	neg.	2.2x	1.0x	0.9x

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Other

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