

# Eevia Health



## Transformative Journey to Diversify the Customer Base

Eevia Health Plc (publ) ("Eevia Health", "Eevia" or "the Company") has entered into a transformational phase, with a clear focus on diversifying the customer base through increased marketing and sales efforts. Looking ahead, this is estimated to result in a period of inhibited sales growth, however, Analyst Group sees this as vital in the long run, as the customer concentration risk is expected to decrease significantly. Analyst Group estimates a turnover of EUR 8.9m by 2024, and with an applied EV/S multiple of 1.0x, a potential present value per share of 2.4 (4.9) is derived in a Base scenario.

### Large Customer Dependency has Become Evident

The reported net sales during the third quarter amounted to EUR 0.9m, corresponding to a decrease of -20% YoY, and -54% QoQ compared to Q2-23. The reduction is primarily attributed to a major customer temporarily delaying order placements due to inventory buildup, which has had a significant impact, considering that this customer represented the majority of the net sales during H1-23. Eevia expects to receive recurring orders from this customer in late 2024 or early 2025. Hence, Eevia started Q3-23 with a reduced short-term sales order base, which led to a rapid escalation in marketing and sales activities, with the aim to broaden and diversify the customer base to mitigate the loss of sales and reduce Eevia's dependence on a single customer.

### Shift in Product Mix Dampened the Gross Margin

The gross profit amounted to EUR 0.3m (0.7), corresponding to a gross margin of 38% during the quarter, which was down from 63% in Q3-22, and down from 68% in the previous quarter. The decrease in gross margin stems from a change in the product mix. Going into 2024, Analyst Group estimates a gross margin of 52.5%, where high-margin products, such as pine bark extract, are estimated to drive increased profitability.

### Increased Marketing Efforts Pave the Way for Growth

After the end of Q3, the Company attended Supply Side West, a premier nutraceutical tradeshow in Las Vegas. Following a successful exhibition, the Company is currently witnessing a surge in interest from potential new customers and is diligently working to convert these opportunities into actual sales contracts. The increased Customer Acquisition Costs (CAC) are estimated to show results during the latter part of H1-24.

### Updated Valuation Range

As Eevia Health is expected to experience a few bumpy quarters with declining growth, Analyst Group therefore lowers the top-line estimates for the coming years but anticipates a stronger margin development during this period. Additionally, we have switched the target year for our valuation to 2024 to account for a greater degree of uncertainty. This, in combination with the updated forecasts, results in an updated valuation range across all scenarios.

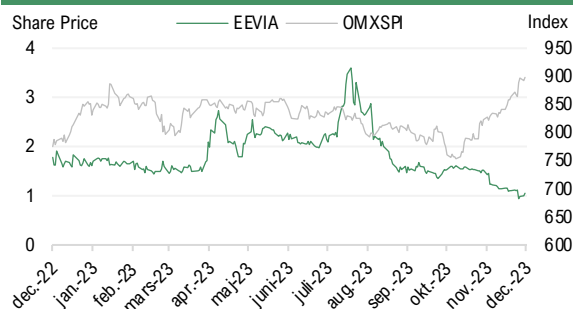
### VALUATION RANGE

**Bear** SEK 1.0      **Base** SEK 2.4      **Bull** SEK 4.2

### KEY INFORMATION

Share Price (2023-12-19) (SEK)	1.1
Shares Outstanding	35,713,884
Market Cap (SEKm)	37.5
Net cash(-)/debt(+) (SEKm)	3.7
Enterprise Value (SEKm)	41.2
List	Spotlight Stock Market
Quarterly report 4 2023	2024-02-14

### SHARE PRICE DEVELOPMENT



### OWNERS (SOURCE: HOLDINGS 2023-01-06)

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

Estimates (EURm)	2023E	2024E	2025E	2026E
Net sales	5.5	8.9	15.5	22.8
<b>Total Revenue</b>	<b>5.6</b>	<b>8.9</b>	<b>15.5</b>	<b>22.8</b>
<b>Gross Profit</b>	<b>3.2</b>	<b>4.7</b>	<b>8.7</b>	<b>13.7</b>
Gross Margin	57.4%	52.5%	56.5%	60.0%
<b>EBITDA</b>	<b>0.8</b>	<b>1.1</b>	<b>3.6</b>	<b>7.0</b>
EBITDA margin	14.6%	12.5%	23.3%	30.5%
<b>EBIT</b>	<b>0.0</b>	<b>0.0</b>	<b>2.3</b>	<b>5.4</b>
EBIT margin	0.2%	0.4%	15.0%	23.6%
P/S	0.6x	0.4x	0.2x	0.1x
EV/S	0.7x	0.4x	0.2x	0.2x
EV/EBITDA	4.6x	3.3x	1.0x	0.5x
EV/EBIT	434.7x	93.4x	1.6x	0.7x

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