

Navigating a Challenging H2-23 Through Enhanced Efficiency

Eevia Health Plc (publ) ("Eevia Health", "Eevia" or "the Company") concludes a transformative 2023, marked by a sharp decline in net sales during H2-23, mainly stemming from the shift away from heavy reliance on a single customer toward a more diversified customer base. Nonetheless, Eevia has demonstrated proof of efficiency, both in terms of production as well as the overall cost structure, underscored by the full year gross margin of 58% and a positive EBITDA result of EUR 0.8m. Based on current estimates and an applied EV/S multiple of 1.2x, a potential present value per share of SEK 2.0 (2.4) is derived in a Base scenario.

▪ The Reported Net Sales Fell Short of Our Estimates...

The reported net sales during Q4-23 amounted to EUR 0.3m, representing a significant decrease of -78% YoY and -65% QoQ compared to Q3-23. The repercussions of the major customer's sudden cessation of order placements are clearly evident, compounded by temporary labeling issues on several batches, resulting in product returns and consequently, a negative impact on sales. The net sales did not meet our expectations of EUR 0.9m, as Analyst Group had anticipated a faster recovery from the loss of the major customer. Eevia's ongoing marketing efforts have yet to yield results, and the Company could face a challenging H1-24 before these efforts materialize into actual sales contracts. However, Analyst Group remains confident that reducing customer concentration is vital in the long term and that the underlying momentum is not adequately reflected in the Q4 numbers.

▪ ...Partially Offset by Robust Gross Margin Performance

Eevia delivered a gross profit of approx. EUR 0.2m, corresponding to a gross margin of 57% during the quarter, in line with the margin for the full year, and up from 38% in the last quarter. A change in product mix was the key factor behind the margin improvement. Looking at the full year, Eevia's streamlined production and reduced OPEX cost base became apparent further down the P&L, as the full year EBITDA result amounted to EUR 0.8m, marking the Company's first full year with positive EBITDA. Analyst Group believes that Eevia, with a more diversified customer base and leaner operations, is well positioned to leverage the underlying market trends and the Company's robust product portfolio to regain historic growth.

▪ Updated Valuation Range in All Scenarios

Analyst Group estimates a prolonged recovery period to offset the loss of the major customer, resulting in downward revisions to our net sales estimates. However, the robust profitability demonstrated during 2023 instills confidence in Eevia's scalable business model, suggesting improved operating margins as top-line growth returns. Consequently, we've raised the target multiple to EV/S 1.2x (1.0), reflecting the Company's strong underlying profitability. Overall, the estimated increase in gross margins partially mitigates the impact of reduced sales in our forecasts, leading to an updated valuation range across all scenarios.

VALUATION RANGE

Bear
SEK 0.8

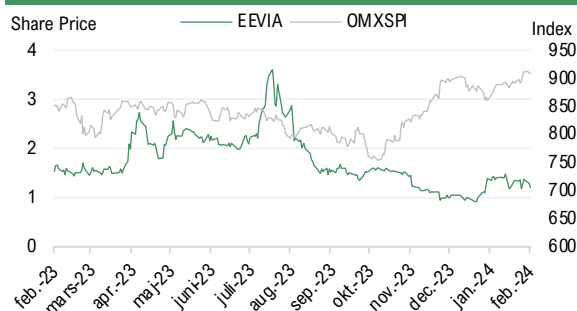
Base
SEK 2.0

Bull
SEK 3.6

KEY INFORMATION

Share Price (2024-02-21) (SEK)	1.2
Shares Outstanding	35,713,884
Market Cap (SEKm)	42.9
Net cash(-)/debt(+) (SEKm)	7.4
Enterprise Value (SEKm)	50.3
List	Spotlight Stock Market
Quarterly report 1 2024	2024-05-20

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)	2023	2024E	2025E	2026E
Net sales	4,9	6,6	11,3	17,3
Total Revenue	5,2	6,6	11,3	17,3
Gross Profit	3,2	3,8	6,9	11,1
Gross Margin	64,2%	57,0%	61,0%	64,5%
EBITDA	0,8	1,0	3,3	6,7
EBITDA margin	15,3%	15,5%	29,5%	39,0%
EBIT	0,0	0,0	2,1	5,2
EBIT margin	-1,0%	-0,7%	18,3%	29,9%
P/S	0,8x	0,6x	0,3x	0,2x
EV/S	0,9x	0,7x	0,4x	0,3x
EV/EBITDA	6,0x	4,4x	1,3x	0,7x
EV/EBIT	neg.	neg.	2,2x	0,9x

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Other

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