Canatu

Initiation of coverage

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Inderes corporate customer

This report is a summary translation of the report “Houkutteleva kasvutarina heijastuu myös arvostukseen” published on 9/17/2024 at 7:13 pm EEST

Attractive growth story also reflected in valuation

We initiate coverage of Canatu, a manufacturer of advanced carbon nanotubes (CNT) with a Reduce recommendation and a EUR 13.0 target price. Canatu's unique and patented production technology offers the company a competitive advantage and significant growth opportunities in markets that will mature to proper growth in coming years. The hidden growth potential in the company has also already been generously priced in the stock valuation and we believe that the risk/reward ratio favors waiting for better buying opportunities in one of the most promising growth stories on the Helsinki stock exchange.

A deep tech company developing advanced CNT

Canatu is a deep tech company that develops advanced CNT, related products and production equipment for the semiconductor industry, the automotive industry and medical diagnostics. In recent years, Canatu has moved from the technological development stage to commercialization and grown very quickly (2020-23 CAGR 108%). For this year, the company's guidance is revenue of 20-25 MEUR (growth 47-84%). Canatu already has several significant customers and its proven mass production capability provides credibility for continued strong growth. In addition, the company's unique and patented method of manufacturing CNTs seems to be a clear competitive advantage, which we believe is reflected in the company's high gross margins through good pricing power (2023: 71%).

Among markets in the early development stage, the semiconductor industry is maturing first

Canatu's target markets are still in a very early development stage but they offer the company a significant market potential (estimated 2-4 BNEUR) by the end of this decade. In the coming years, the key aspect of the company's growth is the introduction of the latest EUV lithography machines in the semiconductor industry. The use of these requires EUV pellicles that protect the photomask in the production process, which can be made from Canatu's CNT. The characteristics of CNTs produced using Canatu's patented method seem to be better suited for this purpose than competitors' products, which gives the company an attractive starting point to pursue a significant position in this market. In the automotive industry, the demand for film heaters developed by Canatu depends on the progress of self-driving cars and the development of the number of EVs. In medical diagnostics, CNT-based biosensors serve as a long-term growth option for the company.

We expect the company will achieve its demanding growth targets at a slightly slower pace

Canatu aims to achieve over 100 MEUR in revenue and adj. EBIT margin of above 30% in 2027. Considering the company's cost structure and planned recruitment and investments, we feel the profitability level can be achieved as growth materializes. We believe the key to growth will be the ramp-up of the reactor business, which will lead to growth in recurring revenues from royalties and non-discretionary consumables. Visibility for this is still very weak, but the market is clearly starting to move, as indicated by Canatu's first two reactor deliveries this year. With our estimates, Canatu will reach its goal in 2028.

High valuation requires strong earnings growth

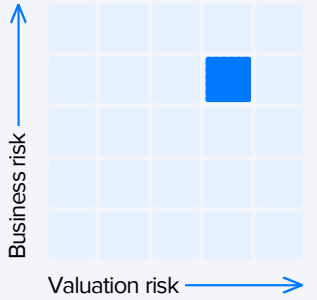
Expectations of strong scalable growth have been priced in Canatu's valuation (2024e EV/S 16x-18x depending on warrants and earnouts). With the company's investment profile and growth prospects, we believe a high valuation is justified but from the viewpoint of the risk/reward ratio, the current valuation leaves no room for bigger dents in the growth story. Through scenarios modeling growth and profitability at different rates, we have estimated a wide value range of some EUR 6-20 per share, which partly reflects the risks and opportunities associated with the company.

Recommendation

Reduce
(was -)

EUR 13.00
(was EUR -)

Share price:
12.90



Key figures

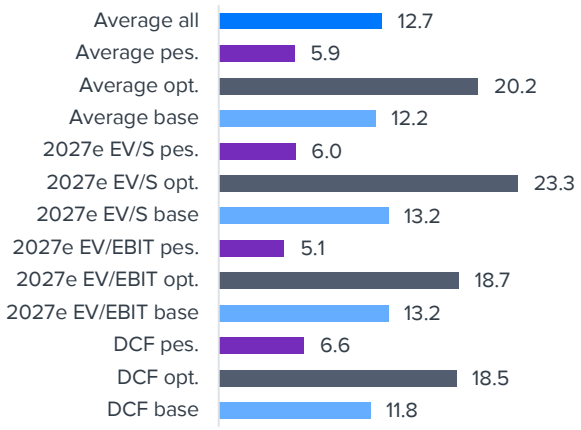
	2023	2024e	2025e	2026e
Revenue	13.6	22.7	30.3	41.3
growth-%	62%	67%	34%	36%
EBIT adj.	-0.6	-3.4	-2.4	-0.4
EBIT-% adj.	-4.7 %	-15.1 %	-7.9 %	-1.0 %
Net Income	-1.3	-4.0	-1.8	-0.3
EPS (adj.)	-0.04	-0.09	-0.04	0.01
P/E (adj.)	15.8	neg.	neg.	>100
P/B	2.9	4.0	4.1	4.1
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	9.6	neg.	neg.	neg.
EV/EBITDA	8.6	neg.	neg.	>100
EV/S	3.0	15.5	11.8	8.7

Source: Inderes

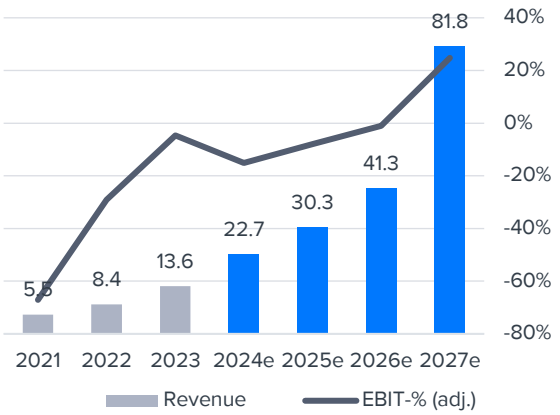
Guidance (Unchanged)

"Canatu's net turnover for the 2024 financial year is estimated to be between EUR 20 million and EUR 25 million.."

Valuation based on different methods (EUR/share)

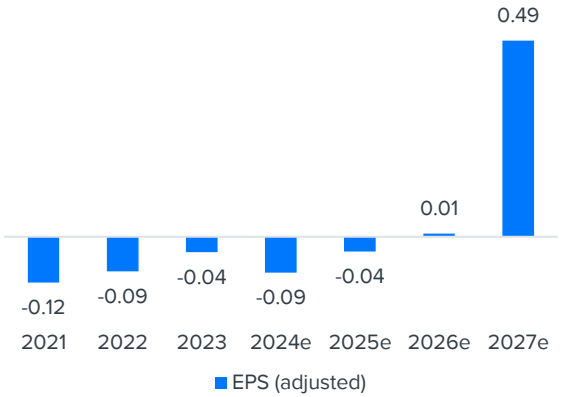


Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Growth in the semiconductor industry is the key value driver in the coming years
- Unique and patented manufacturing technology is a clear competitive advantage
- High gross margins indicate pricing power and clear scalability potential in profitability
- Automotive industry and diagnostics support longer-term growth outlook
- Optionality related to Canatu's technology and possible new application areas
- The capital-light business model allows for a high ROI

Risk factors

- Concentration, cyclicality and geopolitical risks in the semiconductor industry
- Dependency on individual significant customers
- Sustainability of the competitive advantage in Canatu's carbon nanotube manufacturing
- Competitive threat from other materials in Canatu's product areas
- The high valuation of the stock requires continued strong growth

Valuation	Current	>12e	>13e	>14e
Number of shares, million	34.0	38.4	41.2	44.3
Market cap	438	495	532	571
EV	351	369	372	411
EV/S 2024e	15.5	16.3	16.4	18.1
EV/S 2027e	4.3	4.5	4.5	5.0
EV/S 2028e	3.0	3.1	3.2	3.5
EV/EBIT 2027e	17.2	18.1	18.2	20.1
EV/EBIT 2028e	9.6	10.1	10.2	11.4
DCF value per share	13.5	12.9	12.9	12.0

Multiples have been calculated at the current share price, but the variable is the number of shares and the capital raised from exercising warrants (see page 32).

Contents

Canatu in brief

Canatu is a deep tech company developing advanced CNTs, related products and production equipment for the semiconductor industry, the automotive industry and medical diagnostics.

2004
Year of establishment

2024
SPAC listing

13.6 MEUR (62% vs. 2022)
Revenue 2023

108%
Average revenue growth (CAGR) 2020-2023

0.3 MEUR (2.1% of revenue)
EBITDA 2023

127
Headcount at the end of Q2'24

82% / 18%
Share of revenue by customers in the semiconductor industry/automotive industry

2004-2016

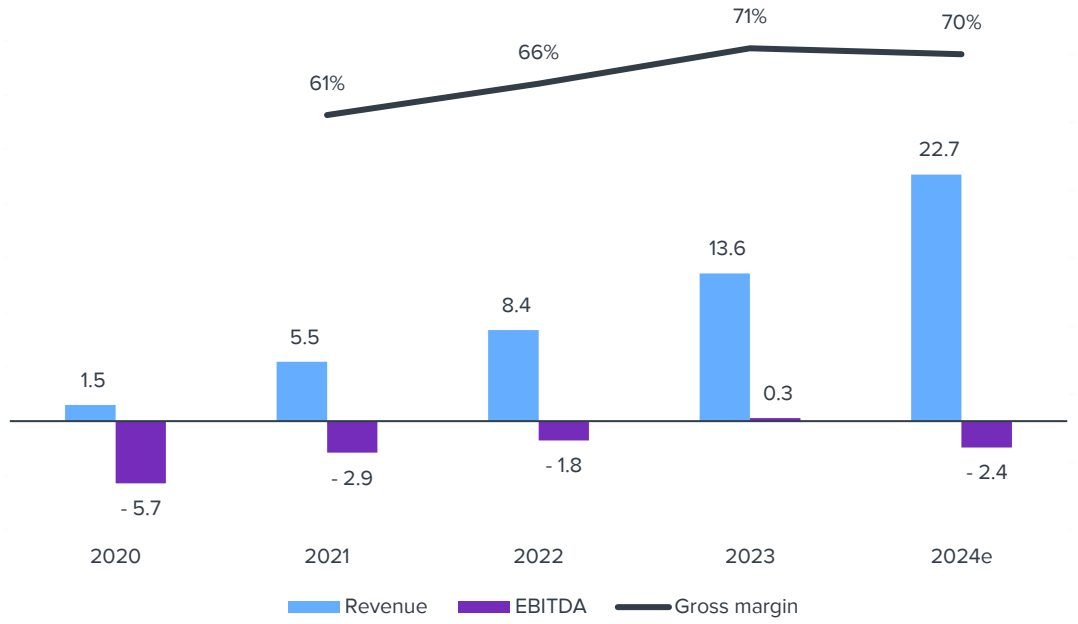
- 2004: Canatu is founded by four senior researchers from Aalto University
- 2007: First seed financing of EUR 250,000
- 2010-2013: About 18 MEUR funding raised for technological development
- 2015: Mass production for the automotive industry commences (touch sensors)
- 2016: 22 MEUR financing round

2017-2020

- 2017: Cooperation with IMEC begins to develop CNT-based EUV pellicles
- 2017: 12 MEUR funding round
- 2018: License agreement with DENSO for ADAS heating technology
- 2019: 17 MEUR financing round.
- 2019: Production plant in Vantaa
- 2020: First clinical trials of diagnostics products begin

2021-

- 2021: Mass production for the semiconductor industry starts
- 2022: 8 MEUR financing round
- 2024: First CNT reactor is delivered
- 2024: SPAC listing significantly increases capital to accelerate growth



Source: Canatu, Inderes

Company description and business model 1/8

A deep technology company developing advanced CNT

Canatu is a deep tech company developing advanced CNTs, related products and production equipment for the semiconductor industry, the automotive industry and medical diagnostics.

The company was founded in 2004 by four Aalto University researchers. Since then, approximately 80 MEUR of capital has been invested in Canatu to develop the company's patented and unique CNT manufacturing method. Canatu has 130 patents and over 50 patent applications in 38 different patent families.

In recent years, Canatu has moved from the technological development stage to commercialization and grown very quickly, especially among semiconductor industry customers. In 2023, the company's revenue was 13.6 MEUR and in 2020-2023 average annual growth was 108%. For this year, the company's revenue guidance is 20-25 MEUR. In the big picture, the company's market is still at a very early stage, offering significant growth potential in the long term.

Exceptionally for a fast-growing technology company, Canatu's EBITDA was already 0.3 MEUR in 2023 and EBIT was -0.6 MEUR. In our view, this reflects a sustainable business model, the competitive advantages offered by the company's technology and the pricing power, also indicated by high gross margins (2023: 71%).

At present, Canatu employs some 127 people and its headquarters and production facilities are located in Vantaa. In addition, the company has offices in the US, Japan, Taiwan and Vietnam, where most semiconductor industry customers are also found.

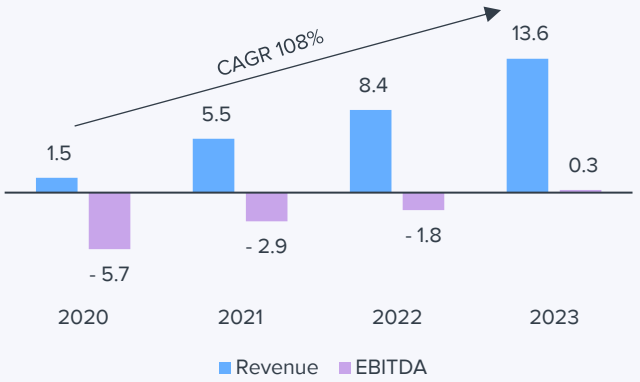
CNT in a nutshell

CNTs are basically rolled graphene tubes that can be up to several nanometers wide. They can be single, double or multi-walled, and their size, durability, elasticity and functionality can be modified in the desired direction during manufacturing depending on the intended use.

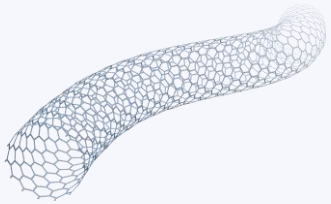
The microscopic scale of CNTs is indicated by the fact that one CNT is 100,000 times thinner than a piece of paper. Only one gram of this substance could cover an area the size of the Helsinki Olympic Stadium.

CNTs offer an exceptional combination of optical, electrical, thermal, mechanical and chemical properties. According to Canatu, they conduct electricity a thousand times better than copper, are 25 times more durable than steel, but the density is only half of aluminum. Additionally, according to Canatu, they conduct heat twice as well as diamonds, have high thermal and electrical conductivity, and remain thermally stable up to 1,500 degrees Celsius. They also penetrate light very well. Due to their properties, several different industrial applications have been developed and are under development for CNTs.

Revenue and EBITDA (MEUR)



CNT in a nutshell



- Basically rolled graphene tubes
- An exceptional combination of optical, electrical, thermal, mechanical, and chemical properties
- 100,000 times thinner than a piece of paper
- Conducts electricity a thousand times better than copper
- At least 25 times more durable than steel
- Only half the density of aluminium
- Conducts heat 2 times better than diamonds
- Can withstand temperatures of up to 1,500 degrees Celsius
- Penetrates light very well

Source: Inderes, Canatu

Company description and business model 2/8

Patented production process and proven mass production capability

CNT technology has been researched and developed for a long time, which is also reflected in Canatu's 20-year journey. As with many other high-tech solutions, the challenge has long been finding the right applications to commercialize it with a financially sound equation. In particular, mass production of products is often a challenge even if the technology has proven functional in a laboratory setting on a small scale.

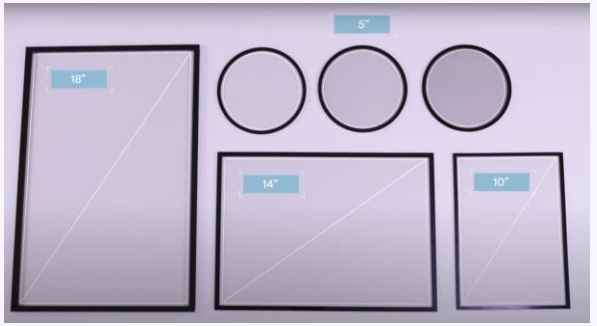
Canatu has already reached the mass-production stage, which gives significant credibility to growing the sales volumes of the company's solutions going forward. Canatu has mass-produced products for the automotive industry since 2015, and nearly one million touch sensors have been produced. Mass production of inspection membranes for the semiconductor industry began in 2021. In the Canatu context, mass production means that CNTs are annually produced from hundreds of grams to a few kilograms. For comparison, e.g., thousands of kilograms of CNTs are produced for car battery materials and naturally the quality and properties of these are significantly different from those of Canatu.

Canatu uses the patented Dry Deposition method in CNT production. First, in the so-called floating catalyst CVD synthesis*, CNT growth begins by feeding carbon gases into the reactor. The furnace is then heated to vaporize and decompose the carbon gases, leading to catalyst particles forming at the top of the reactor. These particles float down the reactor with a carrier gas toward the collection filter. At this point, CNTs start to grow on the catalyst particles. after which they are dry deposited onto the collection filter under atmospheric conditions. The CNTs can then be transferred from the collection filter onto a plastic substrate, creating a conductive film. Another option is to transfer them to a frame, creating a membrane. The properties of membranes and films can be further improved by post-processing, such as coating.

Canatu controls its CNT production from CNT materials to patented processes and patented reactors. In Canatu's view, the dry deposition method it has developed is better than the wet dispersion method used by competitors, and there are several reasons for this. Firstly, Canatu's production process practically consists of only two steps compared to the 9 stages of the competing method. The Canatu method also does not require ultrasonication that cuts or damages CNTs or surfactants, which makes Canatu's CNTs stronger and improves their properties (e.g. conductivity and electrochemical sensitivity). A simpler process that requires fewer stages is also a more cost-effective option for manufacturing CNTs.

The challenge of Canatu's dry deposition method is that the production volumes produced in one go are very small (tens or hundreds of grams). Thus, Canatu's production process is only suitable for advanced applications requiring extremely high quality.

Canatu's CNT membranes with different-sized frames

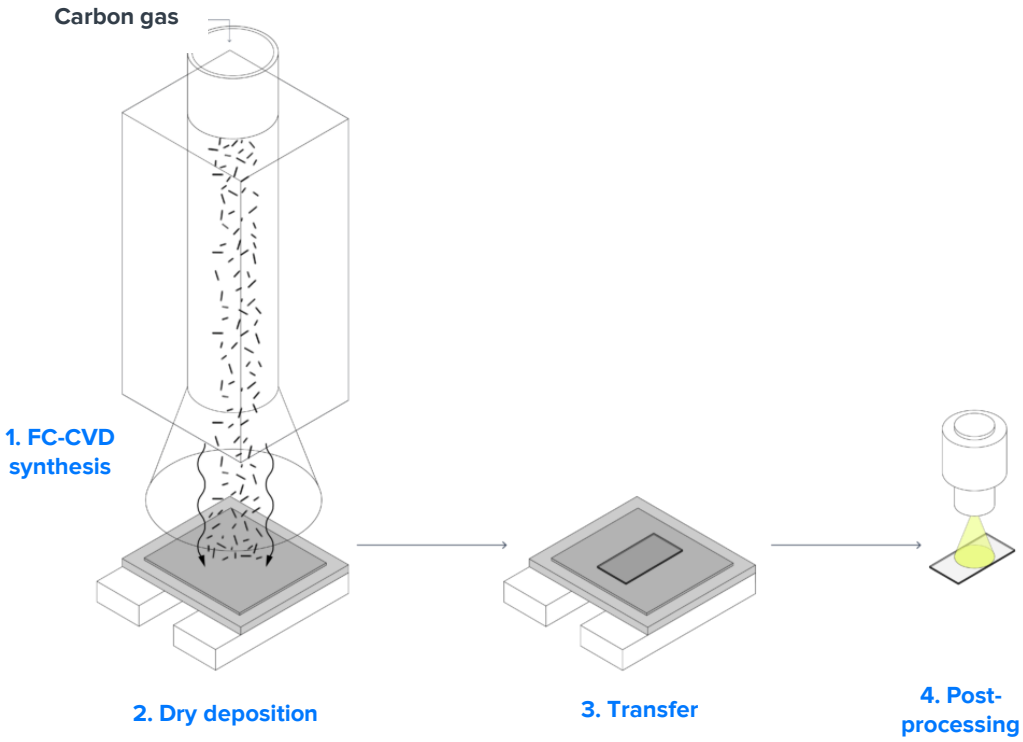


Canatu's S-100 reactor for the semiconductor industry

Source: Canatu *Floating catalyst vapor deposition (FC-CVD)

Production process of Canatu's CNT membranes

Dry deposition method developed and patented by Canatu



1. Carbon gases are fed into the reactor, causing catalyst particles to form at the top of the reactor. These particles float down in the furnace with the gas, and CNTs start to grow on them.
2. CNTs accumulate as dry deposition onto the collection filter under atmospheric conditions.
3. The CNTs are transferred from the collection filter to the frame, creating a membrane.
4. The membrane is post-processed to further improve its properties.

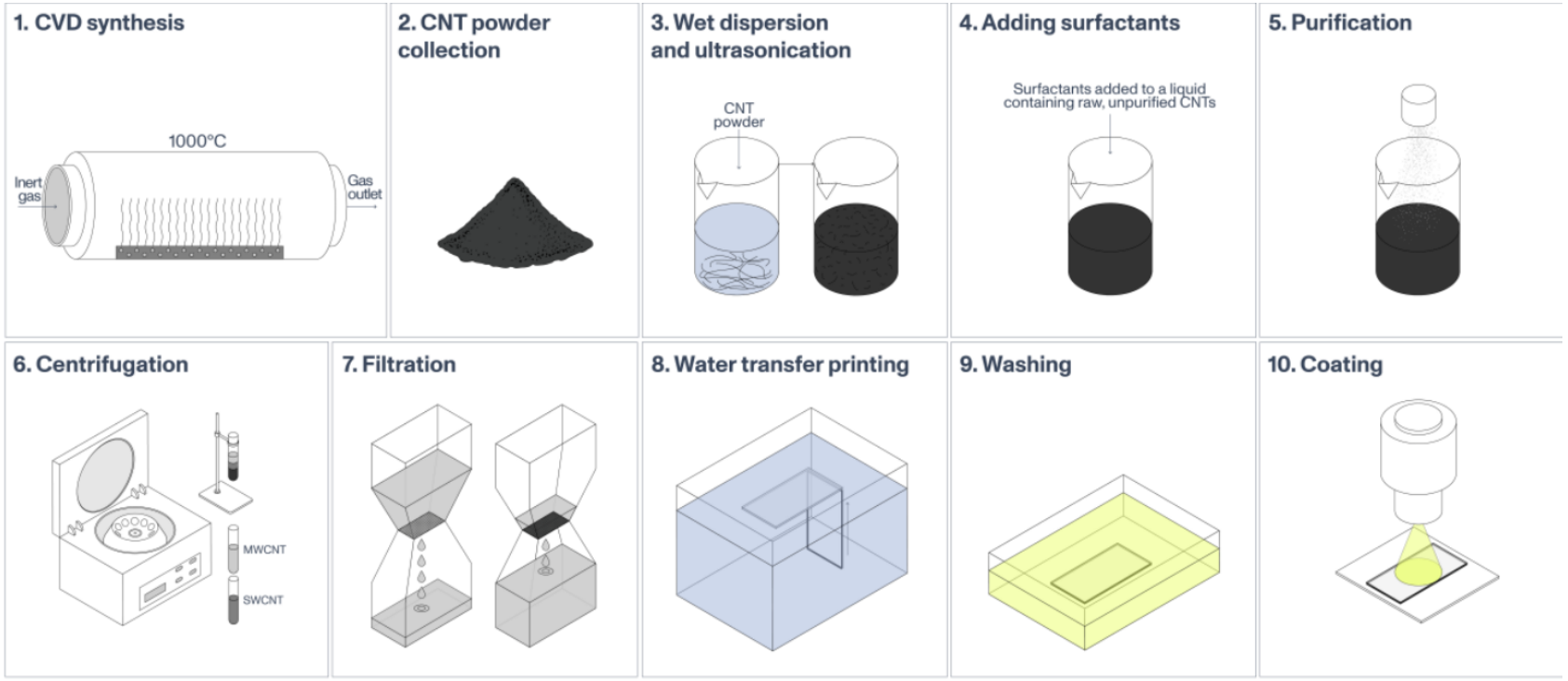
Benefits of Canatu's dry deposition method:

- A simpler production process
- CNTs have better properties: strength and durability, fewer defects, better conductivity and electrochemical sensitivity → Better performance in end products
- The duration and cost of production are lower than in the competing method

Source: Canatu, Inderes

Production process used by Canatu's competitors

Wet dispersion method



Challenges of wet dispersion:

- Considerably more process steps increase costs and duration
- The use of solvents and ultrasonication damage the structure of CNTs
- The advantage of the method is the ability to produce CNTs at a significant scale for applications with lower quality requirements (e.g. battery materials for cars).

Source: Canatu

Company description and business model 3/8

Production takes place in Canatu's own production plant

Canatu has its own production plant in Vantaa, where it has mass-produced products for the automotive industry since 2015 and for the semiconductor industry since 2021. Currently, the company mass-produces ten different products, such as 3D touch sensors, CNT membranes and CNT reactors.

In 2023, Canatu started the still ongoing 10 MEUR investment to increase production capacity. These are directed at a new cleanroom for the CNT plant, built to the semiconductor industry's highest standards, and an automated production line for CNT membranes. According to the company, this has significantly increased production capacity and shortened lead time. We believe the length of the production process for Canatu's products varies considerably between different products. A medical sensor can be manufactured in milliseconds while producing an advanced and high-quality filter can take tens of minutes.

Currently, Vantaa has four production lines: a fully automated production line for automotive industry and diagnostics products, a semi-automatic production line for semiconductor products, a sensor prototype manufacturing line, and a reactor assembly line. Apart from the production line for sensor prototypes, every part of the production lines, from the reactor structure to the dry deposition method for CNTs, is the result of Canatu's development.

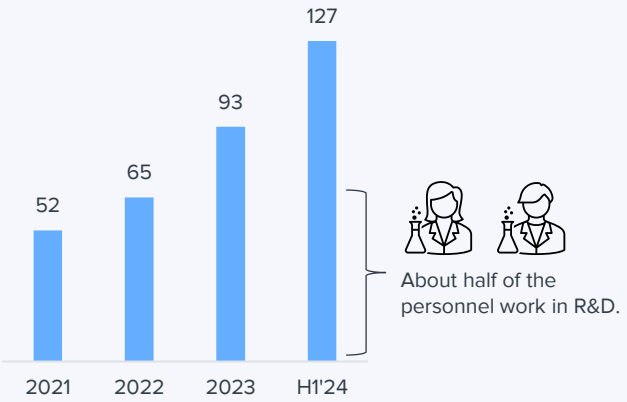
Canatu's key contract manufacturers include, e.g., Young Fast Optoelectronics and Hosiden Corporation. Key material suppliers include, e.g., Linde, Woikoski and Covestro. We believe subcontractors or material availability do not pose significant risks or bottlenecks to Canatu's production. Carbon gases needed for production are readily available, and electricity is needed to heat the reactors. Concentrating all of Canatu's production in one plant is currently a risk for the company in the event of a major fire, for example. However, the second production plant that is likely to be built in the next few years will reduce this.

R&D

Canatu's business requires significant investments in research and product development and roughly half of the company's employees work in R&D. In its product development, Canatu focuses on the continuous improvement and development of CNT synthesis. The company has a separate team focused on developing reactor products. The business units also carry out application development. This focuses on CNT membranes, conductive membranes, electrochemical sensors, and CNT reactors.

Canatu's product development strategy has always been to develop products together with the customer. This way, customers have partly financed product development projects and shared the risk associated with them. These development projects have generated some revenue in recent years, and similar development projects are also ongoing this year.

Headcount development



Source: Canatu, Inderes

Company description and business model 4/8

The customer base is concentrated and consists of large companies

Canatu's potential customer base consists of a rather limited number of large semiconductor and automotive industry players. In the semiconductor industry, customers can be both semiconductor manufacturer plants (5 worldwide) and companies designing and supplying equipment and accessories for them. In the automotive industry, customers include original equipment manufacturers and Tier1 automotive technology companies.

Canatu reaches out to customers through its own sales organization and typically the sales cycles are long. In addition, customers do not enter into cooperation lightly, so customer retention is typically high. This is partly reflected in the fact that all customers who have signed mass production contracts with Canatu to date are still the company's customers. Another example of the length of product development and sales cycles is that Canatu started developing its EUV technology products together with its first customers already in 2017, and the first products entered mass production in 2021. Also in the automotive industry, customer contracts related to individual products are typically very long (up to 10 years), so a single customer can generate a recurring revenue stream for a long time.

Due to the concentrated customer base and relatively early development phase, Canatu's current customer structure is still highly concentrated. In 2023, the largest customer accounted for about 44% of revenue, the two largest customers for about 74% and the five largest for about 90%. In 2023-2024, the company invoiced nearly 50 different customers. Due to non-disclosure agreements, the company cannot directly disclose the names of its customers, but we have understood that 2/5 of the chip manufacturers are the company's customers. From this and Canatu's focus on the most advanced pellicles for EUV lithography equipment, we deduce that at least TSMC is very likely to be one of these customers. Most likely, several names on the logo list of potential customers on the following page are or will be the company's customers in the future.

In the longer term, we estimate that the weight of individual customers will decrease somewhat from the present, but due to the concentrated nature of the semiconductor industry in particular, individual customers' share of revenue will continue to be high. Currently, Canatu has just under ten mass-production customers and dozens of mass-development customers.

An illustration of the different sales stages

Finding potential customers	Canatu utilizes various digital and personal marketing and communication strategies to raise brand awareness and identify potential customers.
Preliminary meeting and discussions	General discussions on the use purpose of the solution, technical requirements and mass production volumes.
Signing of NDA	At this stage, Canatu can provide the customer with standard samples and a technical proposal.
Proof-of-concept	The customer typically asks for an offer of tailored samples to ensure the technological readiness of the product for the use purpose.
Mass development	If the POC phase is successful, the project will move to this phase to further develop the solution. The phase may last up to a couple of years. There are currently dozens of customers at this stage.
Mass-production contract	The ultimate goal is for the customer to enter into a mass-production contract with Canatu. The company currently has just under 10 mass-production customers.

Source: Canatu, Inderes

Company description and business model 5/8

Semiconductor industry

CNTs are needed in the production process of advanced microchips

Semiconductors are the foundation of the digital world and all electronic devices, and this industry is developing rapidly as described by Moore's law (the number of transistors in an integrated circuit doubles about every two years). With higher transistor density, ever more powerful processors and chips can be manufactured that enable, e.g., the latest Apple iPhones or Nvidia AI chips. Technology based on extreme ultraviolet lithography (EUV) has long been developed in the industry, enabling increasingly advanced chips with more efficient production.

One of the key challenges with this technology has been the inadequacy of the properties of the pellicles used in the current equipment to withstand extreme temperatures and mechanical stress in EUV lithography machines. Canatu has been developing a solution to this problem since 2017 with the industry's leading research institute (IMEC) and two major industry players. EUV pellicles made from CNTs are now on the verge of a breakthrough with the introduction of the latest EUV lithography machines developed by ASML that will be introduced in the industry in 2025-2026.

Products for the semiconductor industry

Canatu's product range includes CNT membranes that can be used in EUV pellicles, debris filters and optical filters. In addition, Canatu manufactures and sells reactors with which the customer can directly manufacture CNT membranes for pellicles. CNT membranes have very thin and strong properties and can be tailored to meet the customer's needs. Canatu's CNT membranes are highly capable of transmitting EUV and X-rays, and can withstand temperatures above 1,500 °C.

Debris filters

Canatu's debris filters are used to inspect EUV masks before and after the lithography process. They stop particles coming from the EUV light source before they hit very sensitive and expensive optics or masks inside the lithography machine. The lithography machines supplied by ASML cost around 200-300 MEUR in total, and the masks inside them cost hundreds of thousands of euros alone. We believe debris filters of a single machine are replaced several times a year (we estimate that a single filter will last about a week). Calculated based on market potential estimates provided by Canatu, the price of a single filter would be around EUR 3,000-4,000. Canatu has mass-produced debris filters since 2021 and demand has been growing continuously.

Optical filters

Canatu's CNT membranes are well suited for optical filters, as they can be manufactured to transmit certain wavelengths of light (e.g. X-ray and EUV), but block others (e.g. visible light or infrared).

Canatu's optical filters can be used in various EUV and X-ray applications, including EUV mask inspection, X-ray astronomy, microscopy, and electron beam filtering. Canatu has developed optical filters with its customers for a long time, but they are not yet in mass production. In the medium term, however, they offer clear growth potential.

82% of revenue (2023)

Products

- CNT membranes
- Debris filters
- Optical filters
- EUV pellicle membranes
- Reactors for the production of CNT membranes

Potential customers in the semiconductor industry

Foundrys

tsmc, SAMSUNG, intel, SK hynix, Micron

Equipment, tools and materials

KLA, ASML, ZEISS, FST, ShinEtsu, BRUKER, Mitsui Chemicals, Lasertec, AsahiKASEI

Source: Canatu, Inderes

Company description and business model 6/8

EUV pellicles

EUV pellicles are particle filters used in the EUV lithography process to protect the mask from contamination while enabling high EUV light transmittance. According to Canatu, its pellicles made from CNTs offer up to 7-15% greater transmissibility than conventional composite pellicles. This allows chip manufacturers to have greater efficiency by processing more silicon wafers per hour. This efficiency saving can also delay the need for the next expensive equipment investment.

The market for EUV pellicles is just emerging with the latest EUV lithography machines, but this product area will play a critical role in Canatu's growth. It is also possible that EUV pellicles will be used in lower-power machines due to their improved properties, which would further increase market potential. In our view, pellicles need to be replaced in the EUV lithography machine every few days, so membrane sales would be a steady and predictable business.

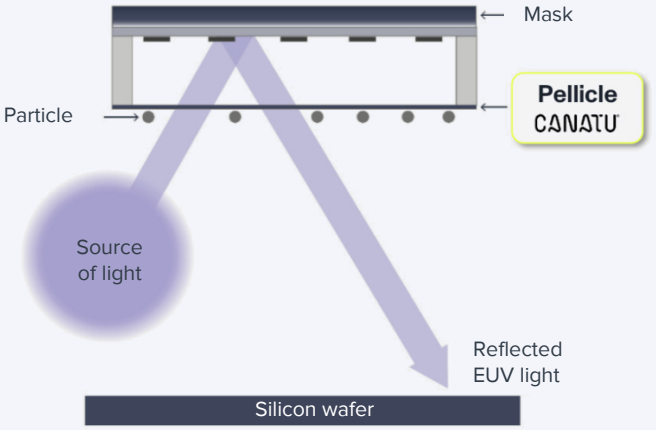
Currently, Canatu does not offer customers ready-made EUV pellicles that include framing and special coating, but this is also possible in the future. At present, the company supplies customers with CNT membranes to manufacture these pellicles and reactors that enable customers to manufacture these membranes in their production facilities.

Reactor business

In the next few years, the key factor for Canatu's growth will be the progress of the company's reactor business. In 2023, Canatu signed its first contracts to supply two reactors to customers in 2024. Most of the revenue related to reactor sales will be recognized this year, so the unit prices of the first reactors are estimated to be roughly 4-5 MEUR. In our understanding, these first reactor deliveries are related to product development projects that started in 2021, when Canatu's competitive position was even less clear and thus it had less bargaining power. Due to development since then, the position of CNTs in future pellicles has strengthened, which we believe offers better pricing power for Canatu in future reactor deals.

After the delivery of the reactor, Canatu will also generate recurring revenue through royalties and non-discretionary consumables. Royalties are linked to the volume of manufactured products and consumables protected by patents are also steadily delivered. We believe, Canatu's pricing for these recurring income streams is relatively high and they play an important role in achieving the company's growth targets.

Pellicles play an essential role in the semiconductor manufacturing process



Source: Canatu, Inderes

Company description and business model 7/8

Automotive industry

CNTs enabling self-driving cars

Increasing self-driving cars and improving the autonomous driving experience, especially in terms of safety and comfort, are key development areas in the industry. These require advanced driver-assistance systems (ADAS) and LiDAR cameras. Challenging weather conditions can hinder their functionality, e.g., due to snow, ice or fog sticking to camera lenses. CNT-based heaters developed by Canatu can solve this problem. They conduct heat very evenly and energy-efficiently without causing reflections or image distortions in the camera's field of view. Compared to the traditional metal heating wires currently used, the properties of Canatu's solution seem very competitive. Canatu's heaters have passed the 2,000-hour tests conducted at 85 degrees Celsius and 85% relative humidity, used in the automotive industry, predicting an operational life of up to 25 years. There is no precise visibility of the cost competitiveness of Canatu's heaters but gradually growing mass production over the coming years would suggest that this is in order as well.

Products for the automotive industry

Canatu's key products for the automotive industry are heaters for LiDAR and ADAS cameras, for which the company is gradually launching mass production. Furthermore, the company has historically developed 3D touch sensors, which can replace many mechanical controls throughout a vehicle's cabin. However, the importance of this product area for future growth is limited. In the future, Canatu's technology can be utilized in whole windshield heaters, and the company currently has an ongoing development project with a customer.

ADAS heaters

Canatu's wireless ADAS heaters provide high transmissibility and constant heating for the entire field of view of the ADAS camera. The image sharpness remains virtually unchanged as the heater has a low opacity and a neutral color. According to Canatu's management, the company's heaters consume 40% less power than conventional wired heaters.

In 2021, Canatu signed a major co-development agreement with DENSO for reactors developed for CNT membrane manufacturing for the automotive industry. In April 2024, this new H-100 reactor became operational, which has significantly increased the production capacity of CNT membranes. In the coming years, we expect the growth of the automotive industry to come mainly from this product area.

LiDAR heaters

Canatu's LiDAR heater provides high penetration for near-infrared rays combined with efficient heating power and handling capability. The solution is compatible with 905-1550 nanometer LiDAR systems. Future demand for LiDAR heaters, in particular, largely depends on the speed at which autonomous driving technology develops.

18% of revenue (2023)

Products

- Heaters for LiDAR cameras
- Heaters for ADAS cameras
- 3D touch sensors (not significant)
- Windshield heaters (in development phase)

Potential customers in the automotive

OEMs

Tier1 technology integrators

Source: Canatu, Inderes

Company description and business model 8/8

Diagnostics

CNT-based biosensors are a long-term growth option

Canatu's diagnostics business is still in very early development, but in the long run (probably closer to the 2030s), it could grow into a third pillar for the company if successful.

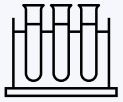
Here, Canatu is developing CNT-based biosensors aiming to enable a fast and potentially affordable alternative to existing diagnostic methods, such as laboratory testing. CNT-based biosensors can be used to detect various biomarker-leaving analytes (e.g. DNA mutations, pathogens, hormones, and drug molecules) and to test multiple biomarkers in a single sample simultaneously. The testing solutions under Canatu's development can detect paracetamol overdoses and lung and breast cancer, in addition to which the company has identified dozens of other potentially suitable use areas.

According to Canatu, the company's CNTs offer high accuracy outside the laboratory, which could potentially open up significant opportunities for point-of-care testing. With Canatu's CNTs, the accuracy of point-of-care testing measured by signal-to-noise ratio can potentially be over 10 times better than biosensors using conventional materials (e.g. gold and carbon paste). Based on unpeer-reviewed E. coli tests carried out by Canatu, the company's CNTs can potentially produce results on 86 bacterial cells per ml, whereas the industry standard for this type of bacteria is 300,000 bacterial cells per ml.

Canatu has a mass-production capacity of tens of millions of CNT-based biosensors annually, and the necessary production line has already been established. According to Canatu, it is cost-effective to manufacture the biosensors in-house due to their small surface area and patented method based on click chemistry.

Point-of-care testing is still at an early stage in the industry and, in general, long product development cycles and regulatory requirements in medicine may result in slower development than expected. Thus, at this point, we consider this business area an option for the stock, until there is concrete evidence of a breakthrough in the business. The first step is to find a major healthcare company with which to develop this solution in cooperation.

So far, Canatu has collaborated with Finnish universities and Helsinki University Hospital to develop electrode strips that can detect levels of various pain medications in the blood. Their efficacy has been demonstrated in three early clinical trials. This includes clinical validation of a test strip designed to measure paracetamol levels in small blood samples collected from fingertips.



~0% of revenue (2023)

CNT-based biosensors

- Possibly an inexpensive alternative to laboratory testing in the future
- Point-of-care testing as an industry is still at a very early stage of development
- Canatu has mass production capacity for tens of millions of biosensors annually
- Commercialization requires finding a strategic partner with whom to develop and promote the solution

Potential customers in diagnostics

Leading players in healthcare and veterinary medicine

SIEMENS Healthineers
zoetis
TELEDYNE TECHNOLOGIES INCORPORATED
Abbott
ThermoFisher SCIENTIFIC
Roche

Source: Canatu, Inderes

Business model summary

CANATU

CNT technology platform and patented manufacturing method

Own production plant in Vantaa and mass production capability since 2015

	Semiconductor industry	Automotive industry	Diagnostics
Industry	82% of revenue 2023 High gross margin potential	18% of revenue 2023 Medium gross margin potential	0% of revenue 2023 High gross margin potential
Product sales	Inspection membranes CNT membranes	LiDAR heaters ADAS heaters 3D touch sensors	In the future: CNT-based biosensors (test strips)
Equipment sales and licensing	S100 reactors Non-discretionary consumables + royalties	In the future: H100 reactors Consumables + royalties	
Potential customers	Foundries (5 fabs in the world) Equipment, tools and material manufacturers	OEMs Tier1 automotive technology integrators	Leading players in healthcare and veterinary medicine

Source: Inderes, Canatu

Investment profile

A fast-growing deep technology company

Canatu is a fast-growing deep technology company with a capital-light business model that enables strong profitability and ROIC while growth continues. Canatu already has several significant customers both in the semiconductor and automotive industries and its proven mass production capability provides credibility for continued strong growth. In addition, the company's unique and patented method for CNT manufacturing seems to be a clear competitive advantage. The threshold for entering the industry is also high and there are only a few noteworthy competitors. All of the company's target markets are undergoing a technological transformation, which Canatu is contributing to. As the market is in an early stage, it is naturally challenging to assess the precise market potential. However, it is clear that the size of the market will not be a bottleneck for the company.

Potential and value drivers

Growth in the semiconductor industry will be the key value driver for the stock in the next few years. Here, customer investments in the latest EUV lithography equipment are creating growing demand for CNT-based filters and EUV pellicles.

The growth of the reactor business will bring more continuity to Canatu's business in the coming years through royalty income and sales of consumables. Deliveries of individual reactors also have a significant impact on revenue development in the company's current scale.

The automotive industry and diagnostics support the long-term growth outlook: In the automotive industry, Canatu can achieve significant revenue already in the medium term, but the diagnostic business is still in a very early development stage. If successful, both can become important new pillars for Canatu.

Optionality related to Canatu's CNT technology: Due to its versatile properties, several different application areas can be found for CNTs, and Canatu is currently developing projects to expand the company's technology to new applications. If successful, these can further increase the company's long-term growth potential.

High gross margins: Canatu's gross margins (2023: 71%) have been high and improving in recent years, which we believe indicate good pricing power and a functional production process. In light of this and the company's operational cost structure, Canatu's adjusted EBIT margin target of over 30% seems achievable when growth is realized.

Capital-light business model: The technology used to manufacture Canatu's CNTs has been developed to be scalable. Thus, the company can increase its production and the technology can be applied to new uses with relatively moderate investments. This is supported by the fact that customers typically want to be involved in developing these solutions with Canatu from the very beginning.

Key risks

The semiconductor industry is concentrated and cyclical: The timing and size of major chip manufacturers' investments in the latest EUV lithography equipment may also be reflected in the demand outlook for Canatu's products and the market's development pace. A concentrated customer base also means that Canatu is highly dependent on individual large customers.

Geopolitical risks related to the semiconductor industry: A significant part of the industry's components, raw materials and chip manufacturing are concentrated in Taiwan. This is particularly relevant to EUV lithography, which is important for the demand for Canatu's products. Thus, the rise in geopolitical tensions between China and Taiwan could have a significant impact on Canatu's business.

Sustainability of Canatu's technological competitive advantage: The rapidly developing and growing industry will certainly attract increasing competition in the long term, which could weaken Canatu's competitive position that currently seems very strong.

Competitive threat from other materials: Although CNTs appear to be a very competitive material in terms of their properties for many applications, technological advances may allow another material to become a better option in terms of properties and/or cost-competitiveness, at least in certain application areas.

The high valuation of the stock requires continued strong growth: Canatu's valuation priced clear growth expectations already at the time of the SPAC arrangement. In light of the strong earnings growth outlook, high multiples are justified, but they do not leave much room for disappointment.

Investment profile

1. **A fast-growing deep technology company with high market potential**
2. **Unique and patented production technology is a clear competitive advantage**
3. **Significant customer wins and mass production capability demonstrate the maturation of the technology to the commercialization phase**
4. **High gross margins indicate pricing power and clear scalability potential in profitability**
5. **The capital-light business model allows for a high ROIC if growth continues**

Potential

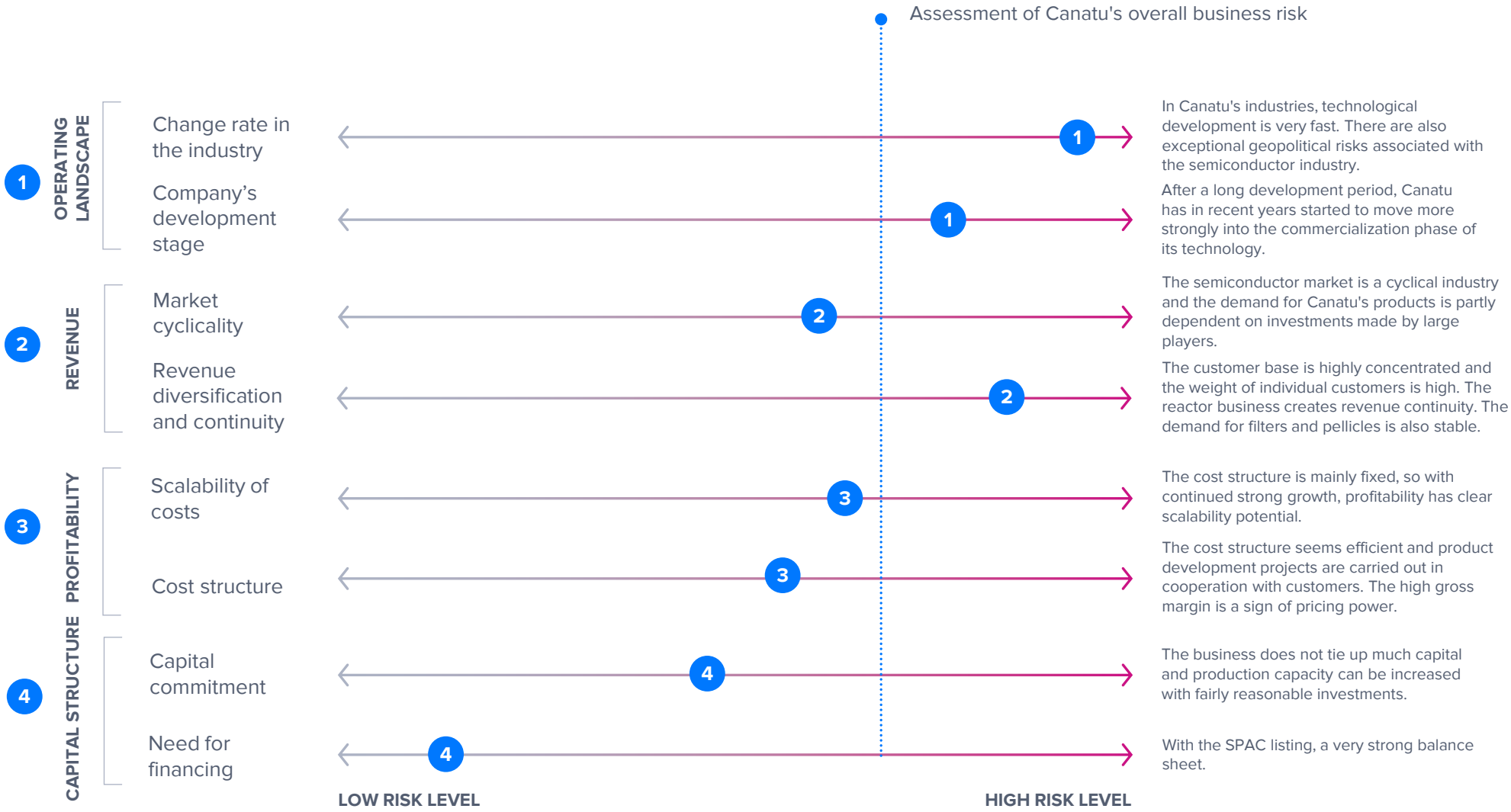
- Growth in the semiconductor industry is the key value driver in the coming years
- Growth of the reactor business brings continuity to the business model
- Automotive industry and medical diagnostics support the longer-term growth outlook
- Optionality related to Canatu's CNT technology and possible new application areas

Risks

- Concentration, cyclicality and geopolitical risks in the semiconductor industry
- Dependency on individual significant customers
- Sustainability of the competitive advantage in Canatu's CNT production in the long term
- Competitive threat from other materials in Canatu's product areas
- The high valuation of the stock requires continued strong growth

Source: Inderes

Risk profile of the business model



Source: Inderes

Markets 1/5

Semiconductor industry

The semiconductor industry is a huge, concentrated cyclical and growing industry

As a whole, the semiconductor industry is a huge industry, where the manufacturing of microchips has been concentrated in the hands of a few companies, and a huge and diverse value chain has been built around these. The semiconductor market for the following industries (smartphones, PCs, servers, data centers and storage, industrial electronics, automotive industry, consumer electronics, and wired and wireless infrastructure) was around 595 BNUSD in 2023. The market is expected to grow at an average annual rate of 9%, reaching nearly 1,100 BNUSD in 2030.

Interesting for Canatu is that under 7 nanometer EUV chips are the fastest-growing segment and their market share is expected to grow continuously. The three largest chip manufacturers (Intel, Samsung and TSMC) have publicly announced planned investments of over 300 BNUSD in new production capacity. Canatu's management estimates that about 70-80% of these investments will be directed to semiconductor manufacturing equipment, creating significant opportunities for the company.

Historically, the semiconductor industry has been cyclical, as the investments of large chip manufacturers are linked to the end market demand outlook for semiconductor products, which is naturally dependent on the economic outlook. Thus, even though the long-term growth drivers of the market are strong, the market can see large fluctuations in individual years along with the investment rate.

There are exceptional geopolitical risks associated with the semiconductor industry, as a significant proportion of components, raw materials and chip manufacturing are concentrated in Taiwan. This is particularly relevant to EUV lithography, which is important for the demand for Canatu's products . TSMC is practically the only chip manufacturer in the world capable of manufacturing the most advanced chips. Thus, the escalation of geopolitical tensions between China and Taiwan would have major spill-over effects on the industry as a whole and, consequently, on Canatu.

Growth drivers for the market

In many industries, technological development is dependent on semiconductors equipped with increasingly smaller circuits and offering better processing capacity. Currently, AI, consumer electronics and data processing are the main drivers of development as. e.g., Nvidia's AI chips, the latest iPhones, or control systems for self-driving cars need ever more advanced semiconductors.

Increasingly efficient and smaller circuits require the introduction of EUV lithography, as it allows for more accurate patterning and more efficient production compared to traditional DUV lithography (deep ultraviolet light). Chip manufacturers will therefore invest increasingly in EUV lithography machines during the decade, and its share of production volumes is expected to rise from 17% to 28% in 2025-2030.

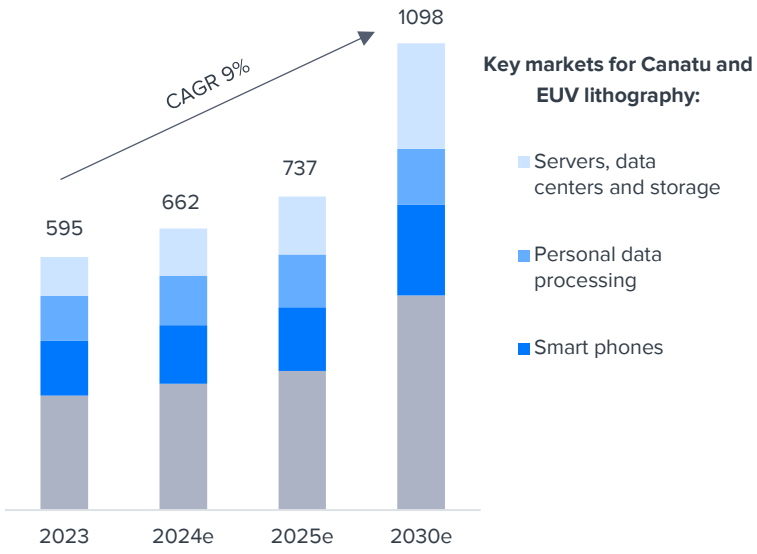
The only manufacturer of EUV lithography equipment in the world (ASML) is bringing all the equipment needed for manufacturing the newest chips to the market in increasing numbers from 2025 onwards. These devices have higher power (measured in watts), which also requires better properties of pellicles (e.g. heat tolerance). Thus, pellicles made from more advanced materials (CNTs and graphene) are expected to achieve a leading position in EUV lithography equipment by 2027. This is supported by the fact that composite pellicles used in current lower-power equipment cannot be used in lithography machines of above 600 watts.

More advanced pellicles can also be used in lower-power devices, and the improved properties would also generate efficiency gains. It has been estimated that approximately 200 ASML EUV lithography devices of under 600 watts are in use worldwide. At present, however, Canatu's financial targets rely only on CNT-based pellicles being introduced to devices of above 500 watts.

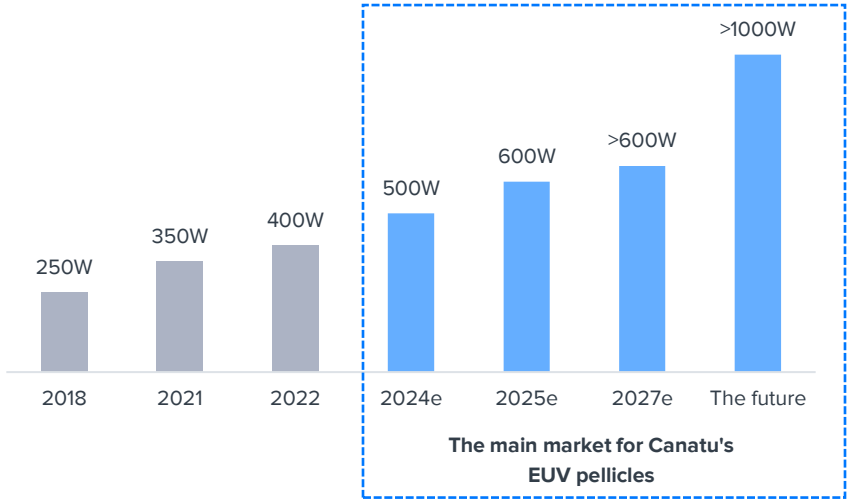
We believe some semiconductor manufacturers have tied the production of pellicles directly to their manufacturing process, into which heavy investments have already been made over the years. This slows down the adoption of more advanced pellicles in lower-power devices, even though the efficiency gains and cost savings would otherwise be evident.

The semiconductor industry market

Estimated size of the semiconductor market in certain industries (BNUSD)



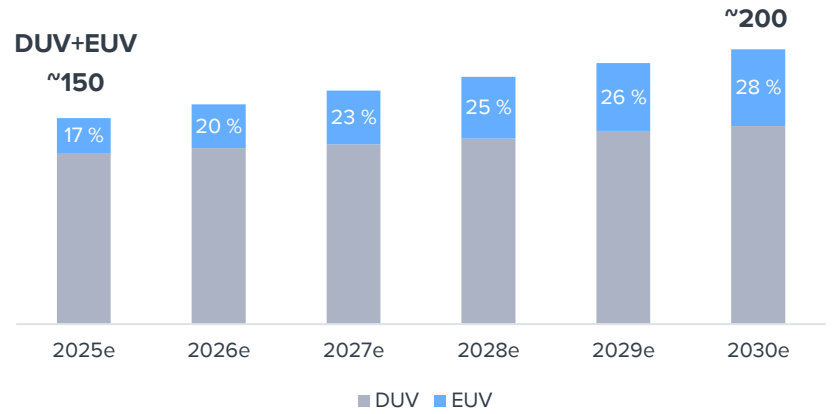
Expected power increase in EUV lithography machines



Key market growth drivers and characteristics:

- The growth of the end product market for semiconductors (e.g. AI, consumer electronics and data processing) supports the market outlook
- Continuous technological development increases the need for EUV lithography to enable the production of smaller and more advanced semiconductors
- The semiconductor industry is cyclical and investments by semiconductor and chip manufacturers can fluctuate strongly on an annual basis
- The concentration of the market in Asia (notably Taiwan and TSMC) keeps geopolitical risks afloat

Expected development of EUV lithography production volumes (million wafers)



Sources: ASML, Canatu, Inderes

Markets 2/5

Pellicles offer the greatest market potential for Canatu

The market for advanced pellicles is still at an early development stage but growth is expected to be strong by the end of the decade with the introduction of the latest EUV lithography equipment. However, the market is clearly starting to move now, which is also partly indicated by Canatu's first two reactor deliveries this year after a long development phase.

According to market research commissioned by Canatu, the market size for CNT-based pellicles will grow to approximately 1-2 BNEUR by 2030. The final size of the market depends on the extent to which advanced pellicles are introduced in chip manufacturing. Although it is practically impossible to assess the exact market potential at this point, Canatu faces a massive and attractive opportunity in this product area.

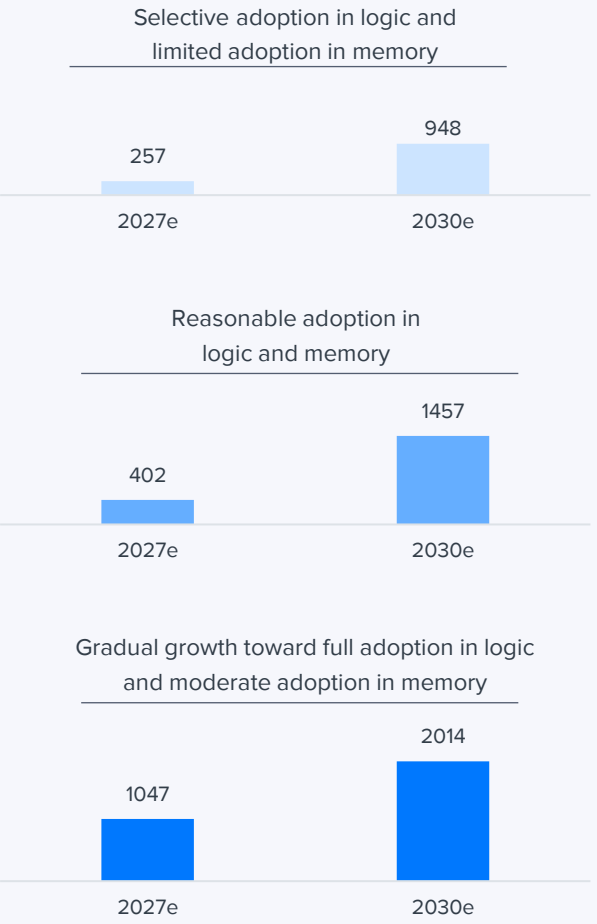
In market research commissioned by Canatu, the market potential of advanced pellicles has been evaluated in three different scenarios. In the first scenario, membranes are introduced in the production of logic circuits (mainly high-power devices) but are not commonly used in memory circuit production (not financially viable enough). EUV lithography is always used in the production of advanced logic chips, whereas memory chips can be made with other technologies. In this scenario, the market size in 2027 would be around 260 MEUR and grow to 950 MEUR by 2030.

In the second scenario, advanced pellicles are adopted at a moderate pace in logic and memory chip production, thus also being used in older devices. The market size would then be approximately 400 MEUR in 2027 and approximately 1.5 BNEUR in 2030.

In the third scenario, the advanced pellicles demonstrate their full potential for efficiency improvement and are fully adopted in logic chips manufacturing and, to a reasonable extent, in memory chips. In addition, they prove a good alternative to composite pellicles and increase the use of pellicles especially among chip manufacturers. This would push the total market size to over 1 BNEUR in 2027 and increase to 2 BNEUR by 2030.

Canatu has also estimated that if pellicle demand was fully met by selling Canatu reactors, the market would reach some hundreds of millions of euros in 2030. According to the company, this is thanks to the high power of its reactors. In this scenario, a significant share of the market value would be recurring revenue from royalties and consumables.

The market potential of CNT-based pellicles in different scenarios (MEUR)*



Source: The view of Canatu's management based on market research. *If the demand for pellicles were to be met only by selling Canatu's CNT reactors, the market would be worth some hundreds of millions of euros in 2030 due to the high efficiency of the reactors

Markets 3/5

Market potential of inspection consumables

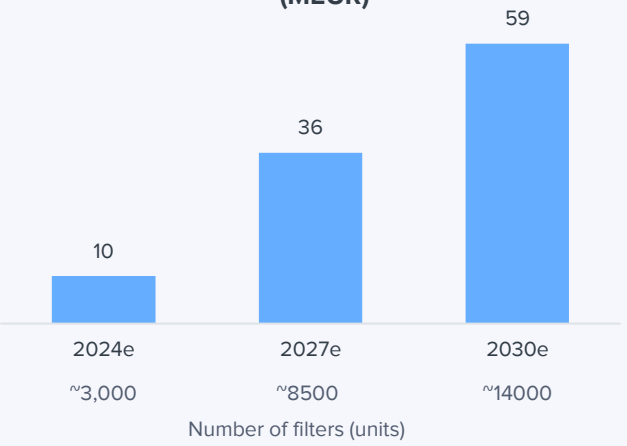
Inspection consumables are used in many quality control phases of the EUV lithography process. Currently, Canatu's membranes have been developed for patterned mask inspection, where the market potential is estimated to be around 10 MEUR this year. This market is expected to grow to around 60 MEUR by 2030. Thus, the market potential in this product area is considerably more limited than in pellicles.

However, Canatu sees opportunities to expand inspection consumables to unpatterned mask inspection. In this case, the market for inspection membranes is estimated to be about 2-5 times larger, or about 120-300 MEUR in 2030.

CNTs can play an even bigger role in semiconductors in the long term

Research projects are currently underway in the semiconductor industry to find a future replacement for silicon as a raw material for silicon wafers. At the moment, it seems that at some point in the 2030s, technological progress will require replacing silicon. Due to their properties, CNTs are considered a potential material to replace silicon. If this scenario were to materialize, it would enable Canatu to take a larger share of the semiconductor industry value chain. Therefore, the company has the potential to continue strong growth in the very favorable scenario even in the coming decades.

Market potential in inspection membranes (MEUR)*



Source: The view of Canatu's management based on market research. *This estimate only covers patterned mask inspectors. Unpatterned mask inspection has a 2-5x potential

Markets 4/5

Automotive industry

Market potential

In the automotive industry, Canatu's market is still at an early development stage and very different scenarios can be sketched for its development depending on how the key industry technology trends (self-driving cars and electric vehicles) develop in the coming years. Current market estimates are based on the assumption that Canatu would develop and manufacture all products for customers. If the business model ultimately shifts more towards reactor sales, the market size would be clearly smaller than current estimates due to the high efficiency of the reactors. However, in this scenario, Canatu's recurring revenue would be significantly higher through royalties and sales of non-discretionary consumables.

According to market research commissioned by Canatu, the market for the company's current products (camera heaters and LiDAR heaters) would grow from around 18 MEUR to over 200 MEUR in 2024-2030. However, the greatest potential in the automotive industry would be for heaters for whole windshields, increasing the market potential to over 800 MEUR by 2030.

Currently, windshield heaters are in a preliminary development stage, so their potential growth contribution should be treated with caution. However, even with today's products alone, the automotive industry offers clear growth potential for Canatu.

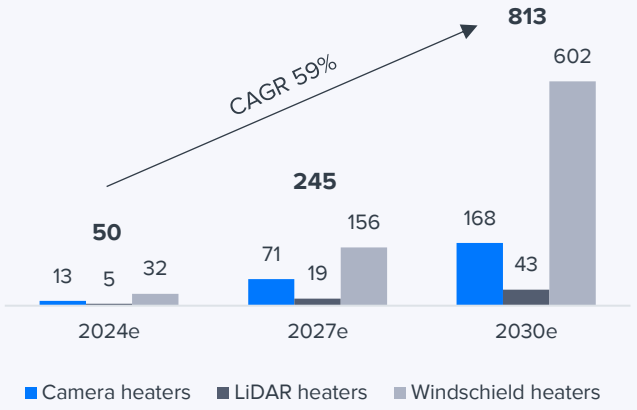
Growth drivers for the market

Semiconductors are especially used in autonomous vehicles, so Canatu's growth is partly dependent on the degree of adoption of autonomous driving. The closer you get to full automation, the more ADAS and LiDAR systems are needed, and thus Canatu's heaters.

On the Autonomous driving scale (0-5) described by the Society of Automobile Engineer (SAE), levels 4 and 5, in particular, need six available LiDAR systems while none are required at level 2. However, some car manufacturers have also introduced LiDAR systems for level 2 vehicles, and Canatu's market estimates suggest that front camera implementation rates at this level would increase from 1% to 20% by 2030. Without this, Canatu's growth in the automotive industry will require a stronger pull from self-driving cars (levels 3-5), which is expected to account for about 5% of vehicles manufactured in 2030 (2024: ~1%).

The growth of electric vehicles (EVs) offers potential for Canatu, especially in terms of windshield heaters under development. Battery life in EVs is one of the most important factors that could be influenced by more efficient heating solutions. The number of EVs produced is estimated to increase from 12 million in 2024 to 40 million in 2030. Currently, approximately 10% of EVs in Europe have windshield heaters, but their implementation rate depends largely on the climate in the region. Overall, Canatu estimates that the global share of EVs with heated windshields is expected to grow from around 3% in 2024 to around 13% in 2024-2030.

Market potential in the automotive industry (MEUR)



Key growth drivers of the market:

- Increased autonomy of cars
- Growing number of EVs
- Beneficial properties and energy efficiency of CNT-based solutions

Source: The view of Canatu's management based on market research

Markets 5/5

Diagnostics

Market potential

Highly sensitive point-of-care testing based on CNT-based bio-sensors is still in an early development phase of the industry. Thus, the assessment of the market potential is still done with a very broad brush at this stage. If the technology breakthrough succeeds, the market potential is naturally huge. In the negative scenario, no material business is formed in this area.

In market research commissioned by Canatu, the market potential of diagnostics for 2030 is outlined in two scenarios. The scenarios include the sale of CNT-based test strips only, but not the sale of point-of-care testing devices themselves. Geographically, the estimates cover North America and Europe.

In the first scenario, Canatu's solution replaces the current test cycles for breast cancer and lung cancer tests and paracetamol overdose tests. In this scenario, the market size is estimated to be 441 MEUR.

In the second scenario, Canatu's solution replaces the current test cycles as in the previous scenario but is also used in a larger screening group and more frequently for treatment monitoring in breast and lung cancer patients. In addition, the participation rate of lung cancer patients is expected to be higher. In this scenario, the market size would be close to 1.1 BNEUR.

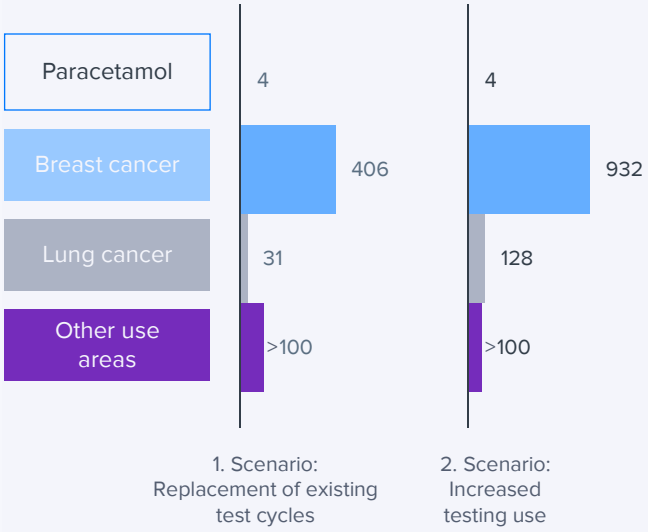
Other uses (e.g. testosterone and immunosuppressants) have been identified for Canatu's solution in addition to those mentioned above. Expansion to these is estimated to increase the market potential by more than 100 MEUR. In addition, dozens of potential application areas have been identified.

Growth drivers for the market

The growing popularity of electrochemical biosensor solutions supports point-of-care testing, as these methods can potentially be used to rapidly study various biomarkers at the point of care. If successful, this could replace blood tests in certain regions that currently require laboratory analysis. This could naturally lead to significant cost savings and at the same time improve people's health, as, e.g., many diseases or cancers could be screened at an earlier stage in a larger group of people. For example, based on tests conducted by Canatu, their sensitivity and cost-effectiveness might enable breast cancer detection at an earlier stage very cost-effectively.

However, Canatu's point-of-care tests have not yet been peer-reviewed, and growing the business would require partnerships with one or more major healthcare operators which the company is currently mapping. Thus, we see diagnostics as a real option at this stage, which, if realized, will significantly increase Canatu's long-term growth potential.

Market potential in diagnostics



Key growth drivers of the market:

- The potential of point-of-care testing to improve efficiency in health care
- Beneficial properties of CNT-based solutions in point-of-care testing

Source: The view of Canatu's management based on market research

Competition 1/2

There is a limited number of competitors developing advanced CNTs at the moment

Due to the early development of Canatu's market, the competitive field is still developing. Currently, there are only a few competitors based on advanced CNTs in the industries selected by the company. From this viewpoint, the competitive situation seems very interesting for Canatu, as the company now can be among the first to stake out market shares in the rapidly growing markets. At the same time, the threshold for entering the industry is very high, as shown by the roughly 20-year development period of Canatu's technology and the around 80 MEUR already invested in it. Over time, the rapidly growing market will certainly attract increasing competition, but in the meantime, we estimate that Canatu can build moats, e.g., through strong customer relationships, an efficient and patented production process and technology, and products with excellent features.

Canatu will naturally also compete with existing products made from other materials and solutions under development. Although CNTs appear to be a very competitive material in terms of their properties for many applications, technological advances may allow another material to become a better option in terms of properties and/or cost-competitiveness, at least in certain application areas. The assessment of this technological risk, particularly when assessing the long-term competitive position, is very difficult for an investor.

Competition in the semiconductor industry

CNT-based EUV pellicles face competition from membranes made of polysilicon, composite and graphene. CNT-based solutions seem to be highly competitive in terms of, e.g., transmission rate, heat resistance, strength and particle contamination resistance.

According to Canatu, the company's pellicles can produce up to 7-15% higher transmission rate than composite. In practice, this can mean the same degree of efficiency gains for the semiconductor manufacturing process, i.e. very significant financial savings for chip manufacturers. From this viewpoint, we assume that the pricing of Canatu's solutions may also be higher than for competing materials. Our understanding is that the production process of competing materials also involves significantly more stages than Canatu's dry deposition method. Thus, in the end, Canatu's method may also be more cost-competitive than others.

Canatu has identified only two Japanese companies (Mitsui Chemicals and LINTEC) that are currently major competitors in CNT-based pellicles. Both companies are currently launching R&D projects with the industry research institute IMEC to develop CNT-based pellicles with wet dispersion. Mitsui Chemicals is building a production plant for these, expected to be completed at the end of 2025. LINTEC has also announced investments of more than 30 MEUR by the end of 2025 to build up production capacity.

Main competitors

Semiconductor industry

LINTEC – Linking your dreams

Mitsui Chemicals

Automotive industry

CHASM™

GEOMATEC

oribay group automotive

Diagnostics

Metrohm DropSens

iGii

LYTEN

Zimmer & Peacock

PARAGRAF

GROLLTEX

= Competitor using CNTs

Source: Canatu, Inderes

Competition 2/2

Both Mitsui and LINTEC are conventional industrial conglomerates that operate in various product areas. Mitsui Chemicals' revenue is approximately 11 BNEUR and LINTEC's is 1.7 BNEUR. The profitability of both is around 10% measured by EBITDA. For these companies, the production of CNT-based pellicles is, therefore, only one small product area among others. We believe this creates a competitive advantage for Canatu that focuses solely on CNTs, thanks to a better focus. The concentration is also reflected in the unique method developed by the company for the production of CNTs, which is the company's most important competitive asset. We have discussed the advantages of Canatu's dry deposition method over wet dispersion used by competitors on pages 7-9.

As Canatu's competitive advantage relies especially on its CNT production technology, assessing this sustainability is key to the investor. Canatu has 130 patents and over 50 pending patent applications, which protect its technology. In addition, the company has several trade secrets related to the dry deposition method itself and the production reactor technology. Thus, copying the technology or manufacturing methods, e.g., by disassembling Canatu's reactor, should not be possible, at least not at a reasonable cost for competitors.

In the big picture, the semiconductor industry is highly competitive, and due to technological developments, competing production methods are likely to progress in terms of the quality and cost of the final product. Thus, competition will most likely increase in the long term, but in the meantime, we believe Canatu will also enjoy the growth and good margins generated by its competitive advantage.

Competition in the automotive industry

There are several players in the automotive industry that manufacture various heater products from CNT-based heaters to simple vehicle heating wires. Of the competitors identified by Canatu, only US-based CHASM Advanced Materials, founded in 2015, utilizes CNT-based heaters. The company has raised an estimated 70 MUSD in funding since its inception. In addition to heaters, CHASM develops CNT solutions, e.g., for car battery materials.

In terms of the competitive situation, it is important for both Canatu and CHASM to find significant automotive industry partners (such as DENSO for Canatu) with whom to develop these solutions toward mass production. As the market is in a very early stage, we see room for several operators to develop their solutions, and only in the longer term will the wheat be separated from the chaff.

Among other competitors, Geomatec and Oribay Group Automotive produce film heaters utilizing metal heating wires and nanotechnology. Compared to simple heating wires, CNT-based heaters seem competitive in many ways. They are, e.g., more energy efficient, they do not have lens reflection, so the image quality is better and they distribute heat evenly to the heated surface.

Competition in diagnostics

There are many companies in the diagnostic market that manufacture different materials used in biosensors and ready-made biosensors. Among the competitors in point-of-care testing identified by Canatu, only the Spanish company Metrohm DropSens, manufactures electrodes from CNTs, among other materials, that can be used in biosensor manufacturing. However, according to Canatu, this company does not produce the CNTs it uses itself.

Other competitors consist of companies that utilize other materials in point-of-care testing applications. These materials include, e.g., carbon paste, graphene foam, gold and platinum. In point-of-care testing, Canatu aims to operate in areas where it does not expect these other materials to be as competitive as CNTs. At this point, however, Canatu's market in diagnostics is still at such an early development stage that there may be many changes in the competitive field and market dynamics along the way before the company has commercial solutions on the market.

Strategy

The strategy focuses on technology commercialization in selected industries

After a long product development phase, Canatu's technology has matured to the point where several potential applications have been found. In its strategy, Canatu has decided at this stage to focus on the semiconductor and automotive industries, as well as diagnostics, where solutions developed together with its customers for years are now ready for commercialization (excluding diagnostics). In each of these industries, Canatu sees the potential of CNT-based solutions to renew and develop the industry, and the margin potential is also high through the high value-added of the solutions.

At first glance, Canatu's target industries seem very different, and the question arises as to why the strategy has not focused solely on, e.g., the semiconductor industry. However, Canatu's CNT technology scales very well for different applications, so expanding into different industries does not require significant investments. Thus, it is worthwhile at this stage to seek attractive growth pockets in several different industries, while customers who join the collaboration from the very beginning still finance some of these R&D projects. This optionality related to the company's technology can expand the company's growth potential considerably in the long term.

SPAC listing enables acceleration of growth investments

Canatu has a preliminary plan to invest the funds from the listing through the following three criteria: 1) customer support, 2) limited technology risk and 3) high ROIC potential.

Potential investments in the semiconductor industry include reactor technology development and improved automation of mass production. For example, the production of EUV pellicles would require a fully automated production line to prevent contamination of the membranes during the process. Canatu is also exploring possibilities to increase production capacity (second production plant) and expand its product offering. Investments in the semiconductor industry are provisionally planned to be some 20-25 MEUR in 2025-2026.

In the automotive industry, Canatu plans to invest around 10-15 MEUR in 2025-2027 to develop reactor technology and improve automation in mass production. In diagnostics, the planned investments in recruitment and obtaining authority approvals are approximately 5-10 MEUR. The timing of these investments depends on the pace of development in the industry and of Canatu's products.

Financial targets

Canatu's financial targets are to achieve over 100 MEUR in revenue and an EBIT margin adjusted for goodwill amortization of over 30% in 2027. The company is not planning to distribute dividends in the short or medium term; instead, capital is justifiably allocated to growth.

In achieving the revenue target, the semiconductor industry plays a major role, the automotive industry a medium role, and diagnostics a limited role. The revenue target is based on the assumption that CNT-based pellicles will only be used in 500 watts or over 500 watts EUV lithography equipment. In addition, CNT-based inspection membranes are assumed to be used only in patterned mask inspection. Thus, the use of CNT-based pellicles also in lower-power lithography devices and/or the introduction of inspection membranes in other phases of the mask manufacturing process could increase the organic growth potential far beyond the assumptions of the current targets.

Canatu expects the current level of investment (2024: 5-6 MEUR) to be sufficient to achieve the financial targets, and the capital received from the SPAC listing offers additional opportunities. In addition, the company has estimated that achieving the targets will require 25-35 employees per year. With this information and assuming the company's gross margin (2023: 71%) remains roughly stable, the company should reach its targeted profitability levels in 2027, if growth is realized.

Everything thus depends on growth, to which the strong development of recent years gives credibility. In the coming years, however, revenue must take far greater leaps compared to history, into which there naturally is no precise visibility at this stage. In our view, the focus will be on the ramp-up of the reactor business, i.e., how many reactors Canatu can deliver to its customers in the next few years and how many CNTs are produced with them, which will lead to growth in recurring revenue from royalties and consumables.

Investment strategy and financial targets

Target industry	Key investment targets	Potential expansion areas	Investments and timing	Weight in targets
Semiconductor industry	• Reactor technology development • Increasing automation in production • Second production plant and increasing capacity • Expansion of the product offering	• CNT-based transistors • Optical filters	**20-25 MEUR** 2025-2026	Large
The automotive industry	• Reactor technology development • Increasing automation in production	• Windshield heaters • Headlight heaters • Solar cells	**10-15 MEUR** 2025-2027	Medium
Diagnostics	• Recruitment • Obtaining regulatory approvals	• CNT-based biosensors	**5-10 MEUR** 2025-	Low

Investment criteria

- Customer support
- Limited technology risk
- High ROIC potential

>100 MEUR
Revenue 2027

>30%
Adjusted EBIT-% 2027

Inderes' comments on the financial targets

- With approximately the current gross margin and planned recruitment/investments, the profitability target can well be achieved when growth materializes
- The targets are based only on the current investment level (5-6 MEUR/year) and the above-mentioned investments enabled by the SPAC capital offer additional potential on top of that
- The strong performance of recent years gives credibility to the ambitious growth target
- Key for growth is the ramp-up of the reactor business in the next few years and the recurring revenue it enables

Source: Inderes, Canatu

Financial position 1/3

Strong growth in recent years

Canatu's revenue has grown strongly in recent years (2020-2023 CAGR 108%) driven by the semiconductor industry (2023: 11.1 MEUR), where the company has delivered increasing volumes of EUV lithography debris filters since 2021. In addition, the first reactor deal signed in 2023 already generated an advance payment, but the biggest revenue impact is visible this year. The growing demand is driven by the growing need for high-quality chips in the semiconductor industry, which will increase the investment of these manufacturers in EUV lithography equipment. For the automotive industry, revenue in recent years (2023: 2.4 MEUR) has mainly come from touch sensor sales (not an essential product for future growth) and, to a small extent, from mass development projects for ADAS systems and solar cells.

Thanks to high gross margins, Canatu's accelerating growth has also been visible in the bottom line as annually shrinking losses, even though the company has simultaneously recruited and invested heavily in growth. In 2023, EBITDA reached +0.3 MEUR. It should be noted, however, that last year's result was significantly supported by other operating income (2.9 MEUR) related to grants for R&D purposes. Canatu expects to continue receiving certain grants for, e.g., the development of the diagnostics business, but in the semiconductor industry, these will be less important in the future.

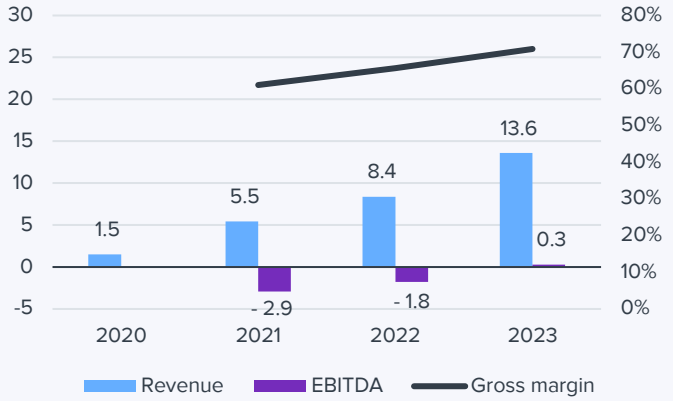
Cost structure

Canatu's gross margins (2023: 71%) have been high and improving in recent years, which we believe indicate good pricing power and a functional production process. The company has estimated that gross margins will remain at a good level in the future, and they may still have potential for improvement through economies of scale. By industry, gross margins in the semiconductor industry are higher than in the automotive industry.

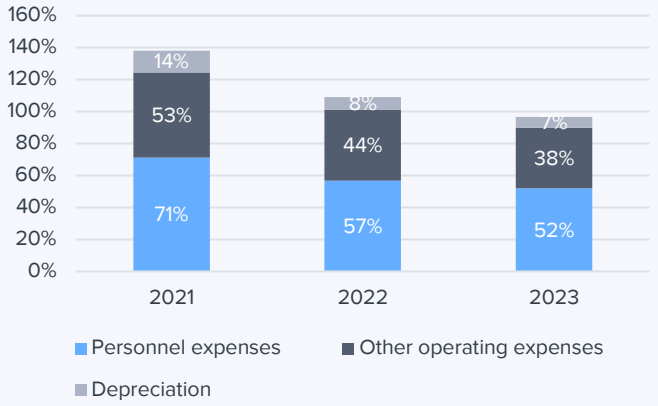
Canatu's operational cost structure is mostly fixed and consists of personnel costs and other operating costs, which historically have grown largely in line with the growth in the headcount. The relative share of these expense items in revenue has declined in recent years, reflecting the scalable business model. As growth continues, we still see clear scalability potential in both cost items with the company approaching its EBIT target of over 30%.

In recent years, Canatu's depreciation has been around 0.7-0.9 MEUR per year, mainly related to investments in production machinery and equipment. We estimate that the depreciation rate will increase somewhat in the coming years depending on the size of the investments made by Canatu.

Past development



Cost structure, % of revenue



Source: Inderes

Financial position 2/3

Cash flow

Historically, Canatu's cash flow from operating activities (2023: -3.4 MEUR) and free cash flow after investments (2023: -4.7 MEUR) (-8.1 MEUR) has been clearly in the red, reflecting the early development phase of the company. If the company succeeds in generating growth, the result and cash flow will quickly turn clearly inot black with the company's business model and cost structure. With Canatu's business profile, ROIC should also be excellent with favorable business development.

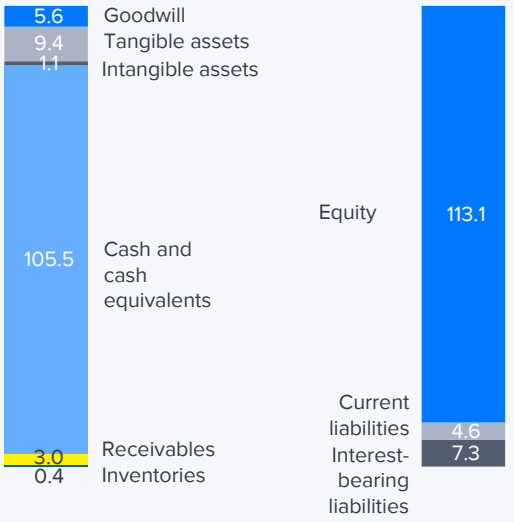
Balance sheet and financial position

Thanks to the capital raised in the SPAC listing, Canatu's balance sheet is very strong. Canatu's first official balance sheet as a listed company will be given in connection with the 2024 financial statements, but the prospectus presented a pro forma balance sheet for the end of 2023. It assumes the transaction would have taken place at that time, considering, e.g., the costs of Lifeline SPAC I (2.85 MEUR) resulting from the arrangement and the earnout including the transfer tax (5.1 MEUR). The arrangement will generate approximately 750 KEUR in transaction costs for Canatu, which we assume will be reflected in the 2024 financial expenses.

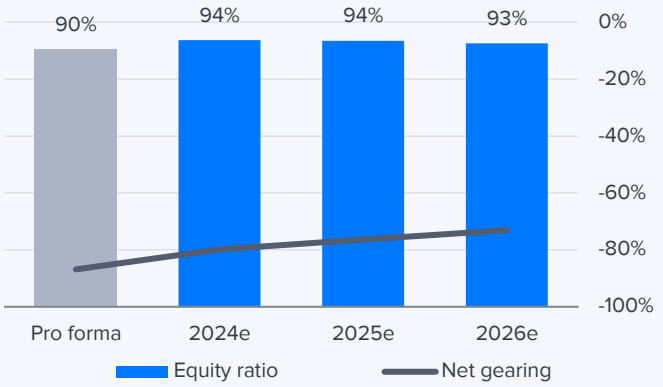
Canatu's balance sheet assets consist mainly of liquid assets after the transaction. In the coming years, these will be invested to some extent in a possible second production plant and increasing production capacity, which will be reflected as growing tangible assets. The transaction also generates some goodwill in the balance sheet, which is amortized over 10 years. Of course, this has no cash flow effect and should, thus, be adjusted when calculating adjusted earnings figures. Canatu has not capitalized its R&D expenditure on the balance sheet, so there are very little intangible assets on the balance sheet.

The liabilities side of the balance sheet consists almost entirely of equity. Interest-bearing bank loans amounted to 4.4 MEUR in the pro forma balance sheet, and the remaining 2.9 MEUR related to loans from Business Finland, which have now been converted into grants and do not need to be repaid. Current liabilities consisting mainly of trade payables and accruals amounted to 4.6 MEUR in the pro forma balance sheet, while receivables amounted to only 3.0 MEUR. In recent years, Canatu's growth has not tied up working capital, which supports the business' ability to generate cash flow. However, we estimate that individual reactor deals with large customers may fluctuate receivables development in the short term, depending on the payment terms of the agreements.

Pro forma balance sheet Dec 31, 2023



Development of balance sheet key figures



Source: Inderes

Financial position 3/3

The structure of the transaction may further cause dilution

In the merger of Canatu and Lifeline SPAC I, the fixed purchase price was paid with some 21.8 million new shares and some 1.7 million new option rights in exchange for all Canatu shares, option rights and other rights convertible into Canatu shares. At the time of the transaction, this indicated a 234.7 MEUR value of the share capital and an estimated 230 MEUR EV. In addition, the arrangement includes an earnout to be paid in shares (at most some 6.5 million shares) and an option program (some 0.5 million options), which may be payable (options take effect) if the volume-weighted average share price of Canatu rises to over EUR 14, EUR 18 and EUR 22 per share in the future.

Immediately after the merger, the shareholders of Lifeline SPAC I held a total of 31% of Canatu's A series shares. Approximately 53% of the shares are held by Canatu's previous shareholders. The remaining 16% were transferred to institutional and professional investors who joined at the time of the merger, to whom Canatu's old shareholders and employees sold shares at the same EV of 230 MEUR used in the transaction.

If Canatu's share price develops favorably in the future, investor, founder and sponsor warrants related to the SPAC structure, B shares, Canatu's possible earnout, and option programs will cause further dilution to the share capital. The final increase in the number of shares will also depend on how the founder and sponsor warrants are exercised (normal or net subscription), which also affects the amount of capital Canatu receives from these warrants.

In the table below, we have calculated the potential increase in the share capital at different share prices. For sponsor and founder warrants, we assume a standard subscription, which would bring Canatu an additional 34 MEUR in capital. For investor warrants, the company will raise an additional 39 MEUR of capital, and their 5-year subscription period will begin 30 days after the listing. The most significant share capital dilution will occur by the time Canatu's stock reaches a price of over EUR 14. Therefore, it is advisable for Canatu investors or those considering investing in the company to examine the company's valuation at least with this diluted number of shares (44.3 million shares).

In addition, Canatu's new long-term incentive program for management and employees could result in an increase of approximately 2.2 million shares in the share capital in the coming years.

Growth of Canatu's number of shares at different share prices

Share price (EUR)	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0
Series A shares	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Investor warrants*			3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Series B shares convertible into series A shares	0.4	0.4	1.5	1.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Sponsor and founder warrants**				2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Shares paid for Canatu	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8
Earnout					1.9	1.9	1.9	1.9	3.7	3.7	3.7	3.7	6.5
Options 2024-I	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Options 2024-II					0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.5
Total shares	**34.0**	**34.0**	**38.4**	**41.2**	**44.3**	**44.3**	**44.3**	**44.3**	**46.3**	**46.3**	**46.3**	**46.3**	**49.3**
Increase in number of shares from initial situation	*0%*	*0%*	*13%*	*21%*	*30%*	*30%*	*30%*	*30%*	*36%*	*36%*	*36%*	*36%*	*45%*

Source: Inderes, *39 MEUR additional capital for Canatu (subscription price EUR 11.5), **34 MEUR additional capital for Canatu if the subscription is carried out with a normal subscription (subscription price EUR 12.0). If a net subscription is implemented, there will be little new capital, but the increase in the number of shares is smaller.

Estimates 1/4

Basis for the estimates

We forecast Canatu's revenue development through the company's three industries. The semiconductor industry is a key driver in our forecasts, accounting for almost 90% of revenue. We expect the growth support from the automotive industry to be more limited, accounting for some 10% of revenue over the longer term. Due to the very early development phase of diagnostics, we treat it more as an option at this stage, and we expect very low revenue at the end of the decade,

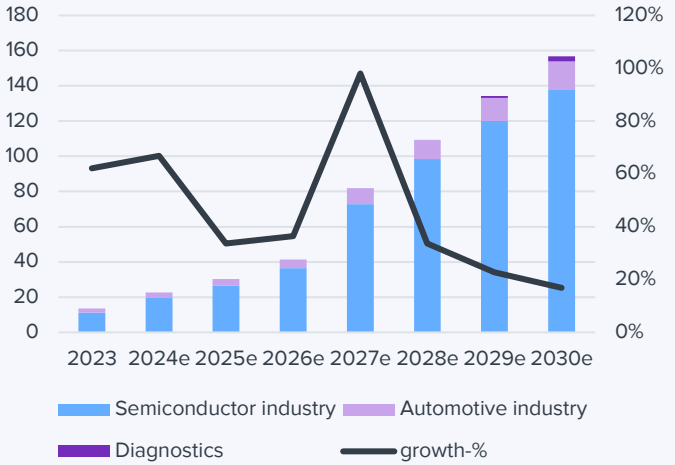
Accurate forecasting of Canatu's development is very difficult, as the company's market is still at an early development stage and the visibility of the reactor business, which is key to growth, is still highly limited. However, the company seems to be very well positioned in the EUV pellicle market, which is expected to grow strongly in the coming years, and the historical growth record also adds credibility to the story. We also expect sales of inspection membranes to continue to grow strongly in the coming years. Thus, the financial targets provided by the company serve as a framework for our forecasts. However, we assume a slightly slower development than the targets, and with our forecast, over 100 MEUR in revenue and over 30% adjusted EBIT will be achieved one year later than the target, in 2028. In the big picture, our forecasts should be seen as a possible future scenario, because, in reality, the range of outcomes, either good or bad, is very wide.

Canatu's profitability is in practice defined by the gross margin and the level of operating costs. Even though the company's customers are large and thus have a strong bargaining position, we feel the company can continue to maintain its gross margin at approximately the current level (~70%), as Canatu also anticipates. With Canatu's products, customers can achieve significant added value in both production processes and end product quality, and it is currently one of the only companies in the world that can supply them. At the same time, the threshold for entering the industry is very high due to the highly complex technology. Canatu's unique and patented technology also supports pricing power.

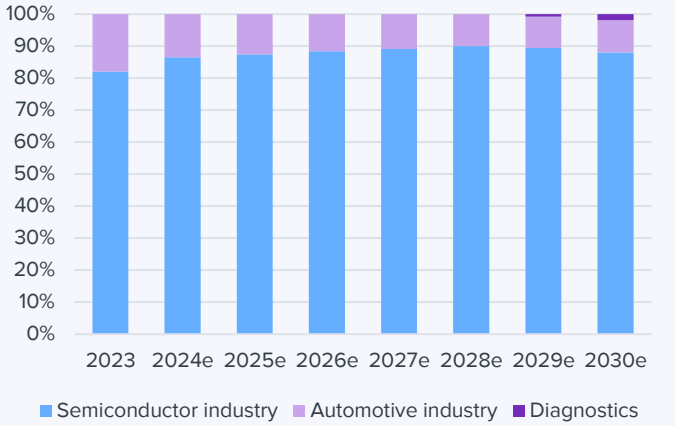
Canatu estimates that achieving its financial targets will require recruitment of some 25-35 new full-time employees annually. Other operating expenses have historically grown in line with the headcount, and this is expected to continue in the future. In the short term, becoming a listed company will increase costs more than this due to increasing corporate governance and reporting requirements. Our forecasts are in line with the above, and we expect the number of personnel to increase by good 30 people per year until 2027.

Canatu estimates that investments in fixed assets will be 5-6 MEUR in 2024. The company has also estimated that investments at this level are sufficient to achieve its financial targets. In the next few years, we assume investments to be 6 MEUR per year and to rise to 7 MEUR in the long term. Reflecting this, the depreciation level will also gradually increase in the coming years. Reflecting the pro forma calculations in the prospectus, we have assumed that the SPAC transaction will generate goodwill of 5.6 MEUR, which will be amortized over 10 years. We have adjusted these amortizations when calculating adjusted earnings figures.

Revenue and growth



Revenue distribution



Source: Inderes

Estimates 2/4

Reactor business assumptions

In the semiconductor industry, we believe the growth of Canatu's reactor business is by far the most important revenue driver in the coming years. At this point, however, the visibility of predicting this business is very limited, and Canatu has not said much about the pricing of reactors or related consumables or royalties. This is understandable as discussions are ongoing on future reactor deals, and it would not be in the company's interest to provide too much information to the outside at this point.

In the table below, we make rough assumptions about the potential development of the reactor business. We stress that virtually every variable is subject to considerable uncertainty, and the reality may differ clearly from these assumptions. In the longer term, however, the reactor business will largely consist of recurring royalty income and the sale of consumables, while, in the short term, selling an individual reactor will have a significant impact on growth. In 2025-2026, we assume the main focus is on reactor sales, after which royalty revenue becomes emphasized as mass production of pellicles accelerates when customers introduce the latest generation of EUV lithography equipment.

The biggest pendulum in the assumptions comes from how much royalty Canatu will receive for every CNT membrane made with its reactor for EUV pellicles. In the longer term, possibly increasing competition may also materially affect received royalties. In addition, the number of produced membranes is naturally a key variable, which, in turn, depends on the number of reactors sold and their efficiency (how many pellicles can be produced per year). Canatu has stated that a single customer may need more than one reactor, but the visibility of delivery volumes and production capacity is weak overall. There is also no visibility of the value of delivered consumables.

We believe a single pellicle is designed to last in production of approximately 10,000 wafers (wafer run). ASML's various EUV lithography devices produce about 150-200 silicon wafers per hour, so calculated this way, a single pellicle lasts about 2-3 days. A single device could thus need about 120-180 pellicles per year.

The estimates of pellicle pricing differ by source but based on these and the market potential estimates offered by Canatu, we estimate the price of a single pellicle is roughly 15-25 KEUR. Thus, we find it is possible that Canatu could receive a royalty of several thousand euros for each pellicle because, without the company's technology, it would, in practice, be impossible to produce them. Below, we have outlined what kind of production volumes/royalties we forecast would be achievable in the coming years. With these assumptions, a single reactor could produce around 250-550 pellicles per year. Initially, these sound like relatively small numbers but seem possible considering post-processing and quality controls included in the pellicle production process.

Reactor business assumptions	2025e	2026e	2027e	2028e	2029e	2030e
Reactor price (MEUR)	6.0	6.0	7.0	7.0	7.0	7.0
Sales of new reactors (units)	2	2	4	5	5	5
Reactor equipment base (units)	4	6	10	15	20	25
Non-discretionary consumables per reactor (MEUR)	0.8	0.8	0.8	1.0	1.0	1.0
Royalty/pellicle (KEUR)		4.0	4.0	4.0	4.0	4.0
Manufactured pellicles (units)		1,550	4,800	7,200	10,800	13,500
Royalty/pellicle (KEUR)		8.0	8.0	8.0	8.0	8.0
Manufactured pellicles (units)		775	2,400	3,600	5400	6,750
Reactor sales (MEUR)	12.0	12.0	28.0	35.0	35.0	35.0
Sales of consumables (MEUR)	0.8	2.4	8.0	15.0	20.0	25.0
Royalty revenue (MEUR)	0.5	6.2	19.2	28.8	43.2	54.0
Total (EUR)	**13.3**	**20.6**	**55.2**	**78.8**	**98.2**	**114.0**

Source: Inderes

Estimates 3/4

Automotive industry assumptions

Canatu has estimated the role of the automotive industry in achieving its financial targets to be medium-sized. We believe the growth rate depends largely on how quickly ADAS and LiDAR heaters can be delivered to customers in large volumes. So far, the revenue from the automotive industry (2023: 2.4 MEUR) has mainly come from selling touch sensors and, to a small extent, from mass development projects for ADAS systems and solar cells. Canatu has estimated that the transition from an active development phase to mass production will typically take 2-4 years in the automotive industry. Current development projects will likely support revenue development more strongly in 2027 and beyond. The potential development and commercialization of windshield heaters will provide a significant growth option in the long term if the plans materialize.

In 2021, Canatu signed a major co-development agreement with DENSO for reactors developed for CNT membrane manufacturing for the automotive industry. In April 2024, this new H-100 reactor became operational, which has significantly increased the production capacity of CNT membranes. Therefore, mass production of heaters is currently being launched, and we expect this to moderately support revenue growth in the coming years. In absolute euros, however, the volumes are considerably lower than the semiconductor industry in our forecast. As a whole, we expect revenue from the automotive industry to grow to 15.8 MEUR by 2030, which would correspond to an annual growth of 31% from the 2023 baseline.

Estimates for 2024

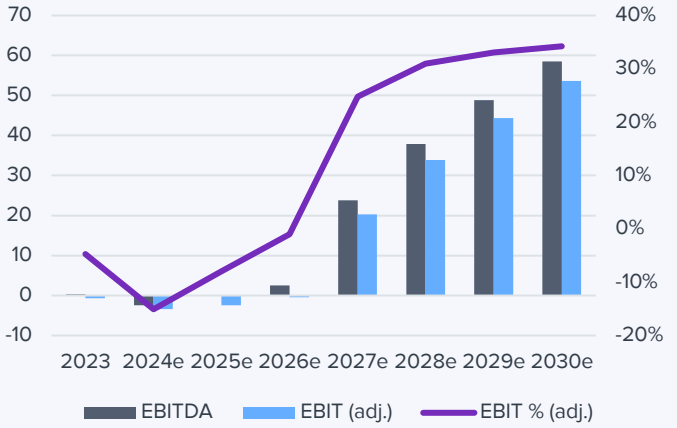
Canatu's guidance is that 2024 revenue will be 20-25 MEUR, which would mean a 47-48% growth year-on-year. The outlook is based on H1's actualized revenue (11.1 MEUR) and an estimate based on the current order backlog. The semiconductor industry is expected to have a very significant impact on the revenue forecast, the automotive industry a limited impact, and diagnostics a negligible impact.

We believe a significant part of Canatu's growth this year comes from the delivery of the first two reactors to customers in the semiconductor industry. This leads to a rough conclusion that the unit prices of these are estimated to be around 4-5 MEUR. We estimate the pricing of future reactors is somewhat higher than this with Canatu's improved competitive position.

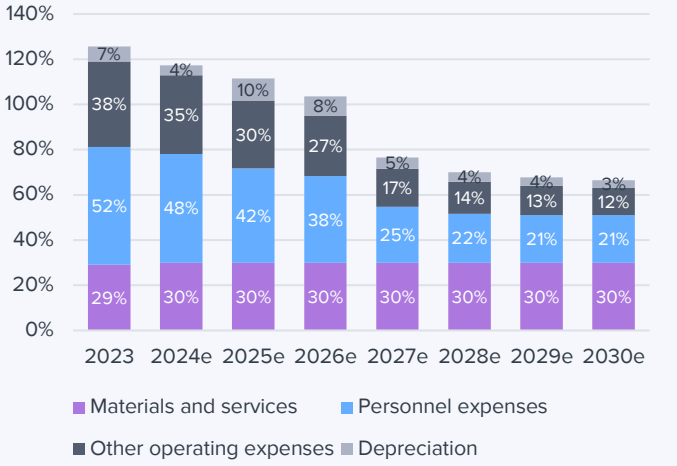
We predict that this year's revenue will be in the middle of the guidance range at 22.7 MEUR, which would mean an increase of 67%. In our forecast, the semiconductor industry will grow by 76% to 19.6 MEUR and the automotive industry by 25% to 3.1 MEUR.

Despite the strong growth, we forecast that Canatu's result will decrease from the previous year and adjusted EBIT will be -3.4 MEUR. This year, the company has continued strong recruitment and other investments, and with the SPAC listing, the company will also bear certain costs previously attributable to Lifeline SPAC I and other new costs arising from the listing. We also expect other operating income (2024e 0.5 MEUR) to shrink clearly from 2023 (2.9 MEUR), when the loan received from Business Finland turned into a grant.

Revenue and EBIT (adj.)



Cost structure, % of revenue



Source: Inderes

Estimates 4/4

We have included -0.75 MEUR in non-recurring transaction costs from the listing in the 2024 financing costs. Otherwise, we have considered the transaction costs and transfer taxes through the pro forma balance sheet at the end of 2023, based on which we have built balance sheet forecasts for 2024.

Estimates for 2025-2026

In 2025-2026, we estimate that Canatu's revenue will grow by 34-36% per year, where new reactor deliveries in the semiconductor industry (35-38% growth) are the main driver and royalties and consumable still play a smaller role. We also expect inspection membrane sales to develop strongly (37-21%) from the assumed starting level in 2024 (9.6 MEUR). The automotive industry is expected to continue growing by 25% for the next few years.

We expect Canatu to continue strong recruitment and other investments in the next few years to enable long-term growth. As a result, costs continue to rise almost in line with revenue growth for the next few years, and thus the adjusted EBIT (-8% and -1%) will still be in the red.

Estimates for 2027-2030

In 2027, we expect a significant growth leap in Canatu's revenue (81.8 MEUR, +98%), as royalties from the reactor business and sales of consumables significantly impact the figures in the semiconductor industry (+99% growth). At that time, we also expect the growth of the automotive industry (+87%) to accelerate as mass production projects progress.

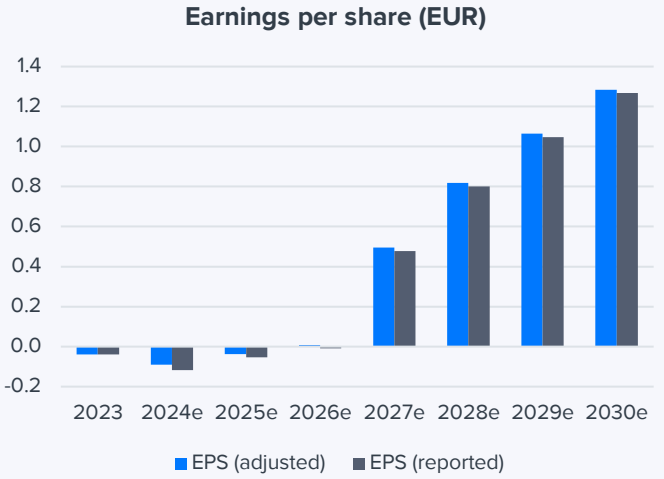
With the stable gross margin (70%) we assume, growth will scale strongly to profitability, and we expect Canatu's adjusted EBIT margin to reach 25%, although we also expect operational costs will continue to grow strongly.

In 2028, supported by the same drivers, we expect revenue to grow by 35% to 109 MEUR and adjusted EBIT to reach 31%. For 2029-2030, we predict that growth will calm down to 23-17%, which still requires extremely good performance to continue after a strong trajectory. EBIT will then rise to 33-34%.

Long-term estimates

For 2031-2032, we forecast 12% and 5% growth, after which our terminal growth assumption is 3%. We assume that the EBIT margin will stabilize from 34% to 32%, which is also our terminal assumption.

In light of Canatu's market potential estimates, the company also has the potential to perform stronger than our forecasts in each of its industries, both in terms of growth and profitability. Especially a breakthrough in diagnostics already this decade would put upward pressure on the forecasts. There also seem to be several possible application areas for Canatu's CNT technology, which, if realized, could strengthen the long-term growth potential. This optionality can also be thought to provide some security for the uncertain long-term growth forecasts, e.g., in a situation where one of the current product areas does not ultimately grow as expected. Changes in the competitive field can also cause significant changes in the dynamics of Canatu's industries, so some restraint should be maintained in long-term assumptions at this stage.



Source: Inderes

Summary of estimates

	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e
Semiconductor	**11.1**	**19.6**	**26.5**	**36.5**	**72.9**	**98.4**	**120**	**138**
growth-%		*76%*	*35%*	*38%*	*99%*	*35%*	*22%*	*15%*
Reactors		10.0	13.3	20.6	55.2	78.8	98.2	114
growth-%			*33%*	*55%*	*168%*	*43%*	*25%*	*16%*
CNT products		9.6	13.2	15.9	17.7	19.6	21.8	24.0
growth-%			*37%*	*21%*	*11%*	*11%*	*11%*	*10%*
Automotive	**2.4**	**3.1**	**3.8**	**4.8**	**8.9**	**10.9**	**13.2**	**15.8**
growth-%		25%	25%	25%	87%	22%	21%	20%
Medical diagnostic							**1.0**	**3.0**
growth-%								*200%*
Revenue total	**13.6**	**22.7**	**30.3**	**41.3**	**81.8**	**109**	**134**	**157**
growth-%	*62%*	*67%*	*34%*	*36%*	*98%*	*34%*	*23%*	*17%*
Gross margin	**9.6**	**15.9**	**21.2**	**28.9**	**57.3**	**76.5**	**93.9**	**110**
Gross margin-%	*71%*	*70%*	*70%*	*70%*	*70%*	*70%*	*70%*	*70%*
OPEX	-12.2	-18.8	-21.7	-26.9	-34.0	-39.1	-45.6	-51.7
% of sales	*90%*	*83%*	*72%*	*65%*	*42%*	*36%*	*34%*	*33%*
Other income	2.9	0.5	0.5	0.5	0.5	0.5	0.5	0.5
EBITDA	**0.3**	**-2.4**	**0.0**	**2.5**	**23.8**	**37.9**	**48.8**	**58.5**
EBITDA-%	*2%*	*-11%*	*0%*	*6%*	*29%*	*35%*	*36%*	*37%*
D&A	-0.9	-1.0	-3.0	-3.5	-4.1	-4.6	-5.0	-5.4
EBIT	**-0.6**	**-3.4**	**-3.0**	**-1.0**	**19.7**	**33.3**	**43.8**	**53.1**
EBIT-%	*-5%*	*-15%*	*-10%*	*-2%*	*24%*	*30%*	*33%*	*34%*
EBIT (adj,)	**-0.6**	**-3.4**	**-2.4**	**-0.4**	**20.3**	**33.9**	**44.3**	**53.7**
EBIT-% (adj.)	*-5%*	*-15%*	*-8%*	*-1%*	*25%*	*31%*	*33%*	*34%*
Net financials	-0.7	-1.6	0.7	0.6	0.6	0.7	0.7	0.7
Pre-tax profit	**-1.3**	**-5.0**	**-2.3**	**-0.4**	**20.3**	**34.0**	**44.5**	**53.8**
Taxes	0.0	1.0	0.5	0.1	-4.1	-6.8	-8.9	-10.8
Net income	**-1.3**	**-4.0**	**-1.8**	**-0.3**	**16.2**	**27.2**	**35.6**	**43.0**
EPS (adj.)	**-0.04**	**-0.09**	**-0.04**	**0.01**	**0.49**	**0.82**	**1.06**	**1.28**
EPS (reported)	**-0.04**	**-0.12**	**-0.05**	**-0.01**	**0.48**	**0.80**	**1.05**	**1.27**

Source: Inderes

Balance sheet

Assets	Pro forma	2024e	2025e	2026e
Non-current assets	**16.1**	**21.1**	**24.1**	**27.1**
Goodwill	0.0	0.0	0.0	0.0
Intangible assets	6.7	7.2	6.8	6.4
Tangible assets	9.4	13.9	17.3	20.7
Associated companies	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0
Current assets	**109**	**95.3**	**90.6**	**88.5**
Inventories	0.4	0.5	0.6	0.8
Other current assets	0.0	0.0	0.0	0.0
Receivables	3.0	4.5	6.1	8.3
Cash and equivalents	106	90.3	83.9	79.4
Balance sheet total	**125**	**116**	**115**	**116**

Source: Inderes

Liabilities & equity	Pro forma	2024e	2025e	2026e
Equity	**113**	**109**	**107**	**107**
Share capital	0.1	0.1	0.1	0.1
Retained earnings	-3.0	-7.0	-8.8	-9.1
Hybrid bonds	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0
Other equity	116	116	116	116
Minorities	0.0	0.0	0.0	0.0
Non-current liabilities	**6.1**	**2.0**	**0.8**	**0.0**
Deferred tax liabilities	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0
Interest bearing debt	6.1	2.0	0.8	0.0
Convertibles	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0
Current liabilities	**5.9**	**5.3**	**6.7**	**8.6**
Interest bearing debt	1.2	1.2	1.2	1.2
Payables	4.6	4.1	5.5	7.4
Other current liabilities	0.0	0.0	0.0	0.0
Balance sheet total	**125**	**116**	**115**	**116**

Valuation 1/5

Strong growth is justifiably priced into the share upfront

Canatu is a welcome exception to the Helsinki Stock Exchange, where technology companies with similar growth figures or a large, emerging market potential are scarce. This already attracts the interest of many growth-focused investors. In addition, the due diligence work carried out by Lifeline SPAC I's esteemed team itself increases trust and, in our opinion, gives Canatu a certain quality label in the eyes of many investors.

Canatu's investor story is promising at the moment, as the company's competitive technology, proven mass-production capability and significant customers already won, grant credibility for the future growth. Thus, the investor does not have to bear such a high risk in terms of the technology or the business model working, and the risks are more related to the success of commercialization and the growth rate. The capital-light business model also enables strong profitability and ROIC as growth continues.

Considering Canatu's investor story, it is not surprising that the purchase price paid for the company already in connection with the SPAC transaction contained a lot of future growth expectations. Since then, the valuation has increased further on the stock exchange, so the bar for future scalable growth has been set even higher. One of the highest revenue multiples on the Helsinki stock exchange in absolute terms (2024e EV/S 16x-18x) speaks volumes about expectations.

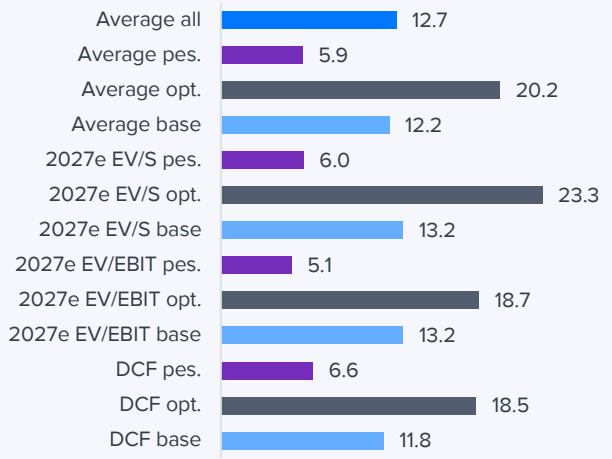
Valuation summary and investment view

Canatu's value relies on cash flows generated far in the future, to which precise visibility is naturally still very weak. Therefore, at this stage, valuation should be approached through different scenarios and aim to assess the expectations priced into the share and thus the risk/reward ratio.

Considering the long-term potential scenarios discussed in the following pages, a very wide value range can be sketched for Canatu's stock at this point, depending on the growth and profitability assumptions. The average value of all methods is EUR 12.7, while the pessimistic and optimistic scenarios give a value range of around EUR 6-20. In each scenario, we assume that the company will eventually reach its revenue target of over 100 MEUR, but in the neutral scenario, it will be slightly later than the target schedule and in the pessimistic scenario in the 2030s.

With the neutral scenario method, the value is close to the current share price, so the company must perform closer to the optimistic scenario to achieve a good expected return at the current valuation. Thus, we feel the risk/reward ratio currently favors waiting for better buying opportunities, as the high short-term valuation leaves no room for major disappointments. The pessimistic scenario partly reflects this, as even there, growth is strong and the accepted multiples are relatively high, but the expected return is clearly negative.

Summary of valuation methods (EUR/share)



Source: Inderes

Valuation 2/5

However, in a very favorable scenario, Canatu has the potential to become one of the next long-term success stories of the Helsinki stock exchange if the optionality of the company's technology is realized properly. This would enable the company to maintain strong growth even in the 2030s by expanding into new product areas and industries. Also, in a favorable scenario, significant customers in the semiconductor industry could support growth even more clearly than we expect, in which case the floor could be wiped even with our current optimistic scenario. We feel that this optionality in the company supports the high valuation of the share if the growth story progresses on track.

In the next few years, we expect the progress in the reactor business to be the key value driver for the share. New reactor deals and the start of mass production of the first customers create the foundation for continuous and scalable royalty income and the sales of consumables to play a significant role in revenue growth. However, we estimate this will take some time and expect the strongest growth to occur in 2027. Thus, investors still need patience, which, combined with high multiples in the short term, can cause share price fluctuations as expectations change from time to time along with market sentiment.

Valuation multiples turn moderate if strong growth materializes

With our estimates, Canatu's result will still be slightly loss-making in the next few years, so earnings multiples do not yet support the valuation. However, if strong earnings growth materializes, the multiples quickly turn reasonable reflecting the company's long-term value creation potential. For 2027, EV/EBIT is 17x-20x and 10x-11x for 2028, depending on the effect warrants and the earnout have on the number of shares (and net cash). In particular, the multiples for 2028 are already very attractive if the growth outlook still is good at that time.

Canatu's 2024 EV/S ratio (16x-18x) is one of the highest in absolute terms on the Helsinki stock exchange, which indicates the strong growth expectations loaded into the share. As growth materializes, the valuation will naturally begin to decline rapidly, and in 2027-2028, the ratios of 3x-5x are already moderate with the current growth and profitability profile.

Valuation level	2024e	2025e	2026e
Share price	12.9	12.9	12.9
Number of shares, million	34.0	34.0	34.0
Market cap	438	438	438
EV	351	356	360
P/E (adj.)	neg.	neg.	>100
P/E	neg.	neg.	neg.
P/Cash flow	neg.	neg.	neg.
P/B	4.0	4.1	4.1
P/S	19.3	14.5	10.6
EV/Sales	15.5	11.8	8.7
EV/EBITDA	neg.	neg.	>100
EV/EBIT (adj.)	neg.	neg.	neg.
Dividend/earnings (%)	0.0%	0.0%	0.0%
Dividend yield-%	0.0%	0.0%	0.0%

Source: Inderes

Development of Canatu's valuation multiples considering warrants and the earnout

Valuation level	Current	>12e	>13e	>14e
Number of shares, million	34.0	38.4	41.2	44.3
Market cap	438	495	532	571
EV	351	369	372	411
EV/S 2024e	15.5	16.3	16.4	18.1
EV/S 2027e	4.3	4.5	4.5	5.0
EV/S 2028e	3.0	3.1	3.2	3.5
EV/EBIT 2027e	17.2	18.1	18.2	20.1
EV/EBIT 2028e	9.6	10.1	10.2	11.4
DCF value per share	13.3	12.8	12.7	11.8

Multiples have been calculated at the current share price, but the variable is the number of shares and the capital raised from exercising warrants (see page 32).

Source: Inderes

Valuation 3/5

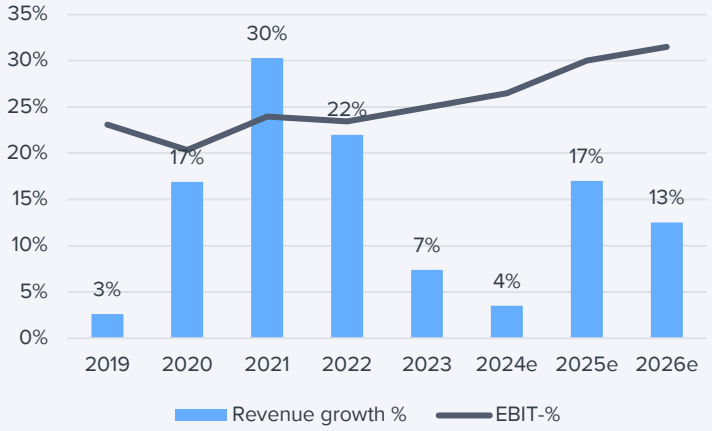
Semiconductor peers are priced high

We have compiled Canatu's peer group of listed companies in the semiconductor industry. The long list includes industry giants from chip manufacturers to Nvidia, but the focus has been on various equipment, accessory and material suppliers. It is difficult to find individual good peers for Canatu in this group due to their significantly larger size and different business profiles. Overall, however, we feel the peer group valuation provides guidelines for how Canatu could be priced when the company's business has grown into a more mature stage. There are currently no companies listed on the Helsinki Stock Exchange that are particularly relevant peers in terms of size or profile.

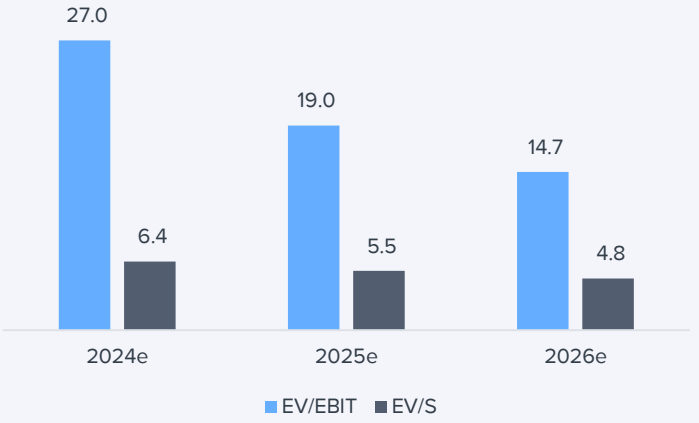
The median EV/EBIT ratios for the peer group are 27x-19x for the next few years and the corresponding EV/S ratios are 6x-5x. The multiples for this year are high, which partly reflects the expected strong earnings growth for many companies over the next year. This shows the cyclicality typical of the sector, where after strong growth years (2020-2022), the pace has slowed down with the economic outlook. From next year onwards, growth in the sector (2025e: 17%) is, however, expected to pick up significantly again. On average, companies in the semiconductor sector are very profitable (2024e EBIT: 27%). However, some companies constantly have very high investment needs, so the development is not quite as rosy in terms of cash flow. In terms of both growth and profitability, company-specific differences are huge.

If Canatu can maintain its strong growth and profitability starts to scale as planned, we see potential to stay above the average level of the sector in the medium term. The clearly smaller size class and weaker liquidity than among the peers depress the relative valuation. Overall, however, the growth profile that is clearly better than for an average company, supports a high valuation at this time. Our estimates expect that Canatu's 2025e EV/S ratio will be more than 100% higher than the median of the peer group but will fall below the median level by 2027.

Peer group growth and EBIT % (median)



Peer group's EV/EBIT and EV/S



Source: Refinitiv, Inderes

Valuation 4/5

The DCF model is sensitive to changes in different parameters

We approach Canatu's DCF model through three different scenarios, as in the company's current development phase the growth and profitability assumptions still involve significant uncertainty. The weight of the terminal period in the DCF model is approximately 70%, reflecting Canatu's cash flow concentrating on the distant future. This is perfectly normal with the company's growth profile, although the value being focused on the distant future naturally also increases the risks.

According to our DCF model, the value of Canatu's share in the neutral scenario based on our forecasts is approximately EUR 13.3 with the current number of shares (34 million). The DCF value should also be looked at through the number of shares (and additional capital) that is likely to be diluted by warrants and the earnout. Using the number of shares considering these (44.3 million), the DCF value in the neutral scenario is EUR 11.8.

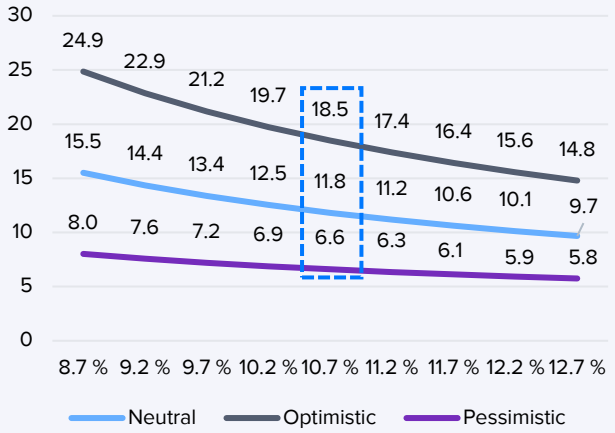
In the optimistic scenario, we have raised the growth and profitability assumptions so that Canatu will generate good 70% more EBIT in the forecast period. Terminal profitability is also clearly higher than in the neutral scenario. In this scenario, the company would in practice achieve its target and continue its strong scalable growth also thereafter. With these assumptions, the value of the share would be EUR 18.5.

In the pessimistic scenario, we have lowered the growth and profitability assumptions so that Canatu will generate some 60% less EBIT during the forecast period and the terminal profitability will be lower than in the neutral scenario. In this case, the company would not reach its 100 MEUR revenue target until the 2030s. With these assumptions, the value of the share would be EUR 6.6.

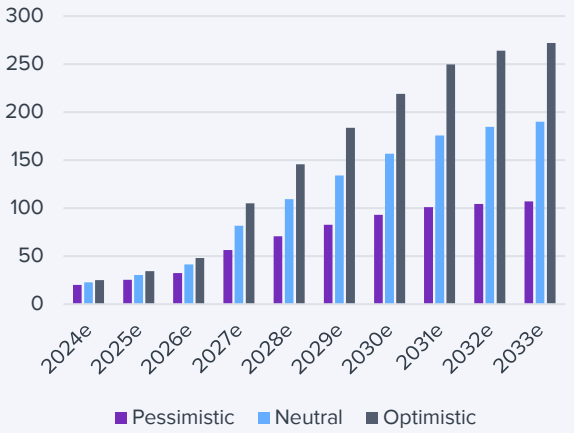
We feel the large dispersion between the scenarios reflects the significant risk and potential associated with a promising, relatively early-stage investment story like Canatu's, which relies on strong growth.

We have used a 10.7% WACC in our DCF model, which is also the ROE requirement applied in the model. In light of high growth expectations, the required return could also be somewhat higher. On the other hand, Canatu's significant customer relationships and mass production ability prove that the company's business model works, which eliminates risks associated with this. In the graph below, we illustrate the effect of the used required return on the DCF value. If the company progresses toward its targets in the next few years, we see the potential for the required return to fall to a single-digit level.

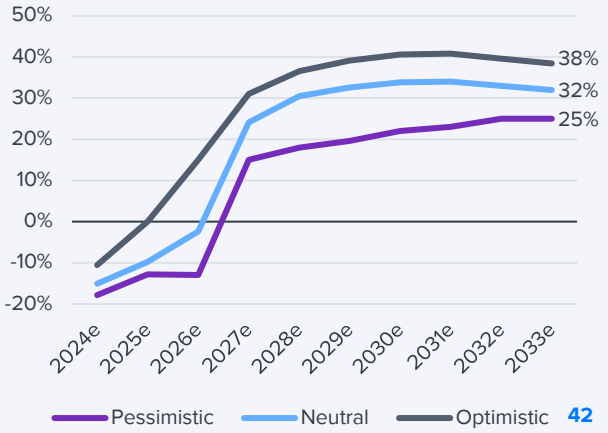
DCF value in different scenarios



Revenue in different scenarios (MEUR)



EBIT % in different scenarios



Source: Inderes, NB! the number of shares used in the scenarios is 44.3 million, which considers the warrants and the earnout.

Valuation 5/5

Scenarios by 2027

We examine Canatu's valuation in three different scenarios based on 2027 using different assumptions about the company's growth rate and business scalability. We examine the valuation both through earnings multiples (EV/EBIT) and revenue (EV/S).

In the neutral scenario based on our current forecasts, we assume that based on Canatu's strong scalable growth, the company will be priced at high multiples in 2027. We have assumed that the company would then be priced at roughly the same multiples as the semiconductor industry peers are priced on average at the moment (EV/EBIT 27x and EV/S 8x). Thus, at the end of 2027, the value of the share would be EUR 16-18.5, which, discounted to the present with a 10.7% required return, would amount to EUR 11.5-13.2. The neutral scenario ends up close to the current share price, which indicates that there are plenty of growth expectations loaded into the share.

In the optimistic scenario, we expect the company to meet its financial targets in 2027. Even stronger growth than in the neutral scenario would also be reflected in the acceptable valuation (EV/EBIT 30x and EV/S 12x), which would already, to some extent, reflect the valuation of the sector's star companies. With these assumptions, the share's value at the end of 2027 would be EUR 26.1-32.5, or EUR 18.7-23.3 discounted to the present. The expected return is therefore excellent if the company achieves its targets, and the growth outlook is strong thereafter.

In the pessimistic scenario, we assume that Canatu's revenue and profitability will fall clearly short of the targets, and the longer-term growth outlook will also be slower. Even in this scenario, growth is still strong, and profitability is at a reasonable level. We assume that the slower development will also be reflected in acceptable valuation multiples (EV/EBIT 20x and EV/S 4x), which would still be quite high in the context of the Helsinki stock exchange. With these assumptions, the share's value at the end of 2027 would be EUR 7.1-8.4, or EUR 5.1-6.0 discounted to the present. The return expectation would thus be clearly negative, even though the figures develop quite well in absolute terms in this scenario as well. This indicates that the current valuation has set the bar high and that there is no room for greater disappointment from an investor's point of view.

EV/EBIT

Scenarios by 2027	Pessimistic	Current estimates	Optimistic
Revenue	56.4	81.8	105.0
Growth (CAGR 24-27)	*43%*	*57%*	*67%*
EBIT % (adj.)	*15%*	*25%*	*31%*
EBIT (adj.)	8.5	20.3	32.6
x valuation multiple (EV/EBIT)	20x	27x	30x
EV 2027e (MEUR)	**169**	**547**	**977**
Net cash 2027e*	146	163	179
Value of share capital (MEUR)	**316**	**710**	**1,155**
Per share (EUR)	*7.1*	*16.0*	*26.1*
Potential	*-45%*	*24%*	*102%*
Annual expected return	*-17%*	*7%*	*24%*
Per share currently (EUR)	*5.1*	*11.5*	*18.7*

EV/S

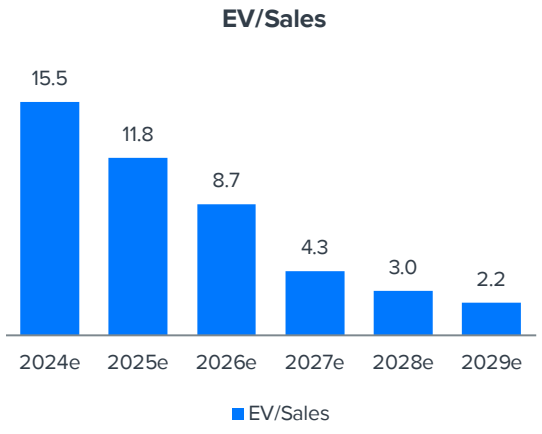
Scenarios by 2027	Pessimistic	Current estimates	Optimistic
Revenue	56.4	81.8	105.0
Growth (CAGR 24-27)	*43%*	*57%*	*67%*
x valuation multiple (EV/S)	4x	8x	12x
EV 2027e (MEUR)	**226**	**655**	**1,260**
Net cash 2027e*	146	163	179
Value of share capital (MEUR)	**372**	**817**	**1,439**
Per share (EUR)	*8.4*	*18.5*	*32.5*
Potential	*-35%*	*43%*	*152%*
Annual expected return	*-12%*	*12%*	*32%*
Per share currently (EUR)	*6.0*	*13.2*	*23.3*

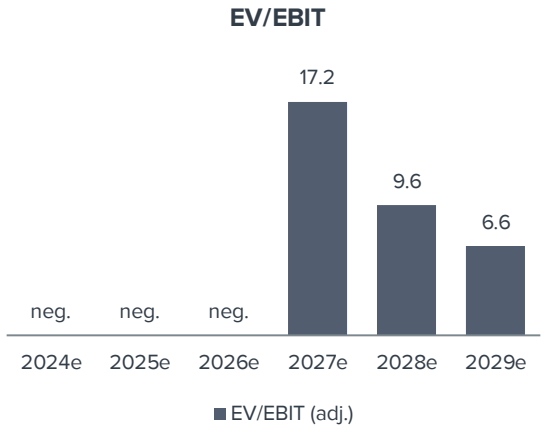
Source: Inderes, NB! the number of shares used in the scenarios is 44.3 million, which considers the warrants and the earnout. *includes capital earned from warrants

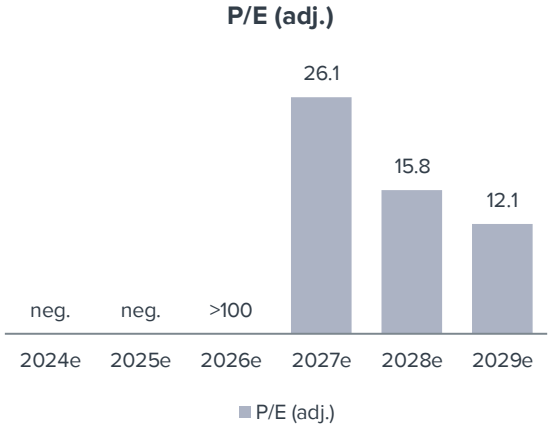
Valuation table

Valuation	2024e	2025e	2026e	2027e	2028e	2029e	2030e
Share price	12.9	12.9	12.9	12.9	12.9	12.9	12.9
Number of shares, millions	34.0	34.0	34.0	34.0	34.0	34.0	34.0
Market cap	438	438	438	438	438	438	438
EV	351	356	360	348	325	292	251
P/E (adj.)	neg.	neg.	>100	26.1	15.8	12.1	10.0
P/E	neg.	neg.	neg.	27.0	16.1	12.3	10.2
P/FCF	neg.	neg.	neg.	39.1	18.9	13.7	11.0
P/B	4.0	4.1	4.1	3.6	2.9	2.4	1.9
P/S	19.3	14.5	10.6	5.4	4.0	3.3	2.8
EV/Sales	15.5	11.8	8.7	4.3	3.0	2.2	1.6
EV/EBITDA	neg.	neg.	>100	14.7	8.6	6.0	4.3
EV/EBIT (adj.)	neg.	neg.	neg.	17.2	9.6	6.6	4.7
Payout ratio (%)	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 %

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		Revenue growth-%		EBIT-%		Rule of 40
Company	**MEUR**	**MEUR**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2025e**
TSMC	692599	663533	19.4	15.1	12.5	10.0	8.4	6.8	31%	23%	43%	45%	68%
Intel	80206	105522	120.6	21.8	11.0	7.1	2.2	2.1	-3%	8%	2%	10%	18%
Micron	86900	91286	60.2	8.3	10.8	5.0	4.1	2.7	62%	53%	7%	32%	85%
Samsung	289160	239492	8.1	5.6	4.2	3.3	1.1	1.0	20%	12%	14%	18%	30%
SK Hynix	80137	92473	5.6	3.7	3.7	2.6	2.0	1.5	114%	33%	36%	41%	74%
Broadcom	688652	742594	29.0	22.0	26.1	21.4	16.0	13.7	44%	17%	55%	62%	79%
Qualcomm	166847	168215	14.3	13.1	12.8	11.7	4.9	4.4	8%	9%	34%	34%	43%
AMD	221265	218010	38.7	24.3	25.6	19.1	9.5	7.4	13%	29%	24%	30%	59%
Texas Instruments	162899	166678	35.0	27.3	26.7	21.0	11.8	10.3	-10%	14%	34%	38%	52%
Nvidia	2575125	2551447	34.2	24.1	34.1	23.5	22.6	16.0	112%	42%	66%	66%	108%
GlobalFoundries	19439	18914	27.9	17.6	8.8	7.6	3.1	2.8	-9%	13%	11%	16%	29%
ASML	287661	287210	33.6	21.0	30.2	19.5	10.4	7.9	1%	32%	31%	38%	70%
Applied Materials	139014	136536	19.3	16.7	18.3	16.0	5.6	5.0	3%	12%	29%	30%	42%
Lam Research	88552	87775	22.0	18.5	20.6	17.5	6.6	5.6	-14%	17%	30%	30%	47%
KLA Corporation	88987	90898	26.7	21.4	24.3	19.8	10.3	8.8	-6%	17%	39%	41%	58%
ASM	28056	27438	35.5	25.8	28.6	21.6	9.4	7.5	11%	26%	27%	29%	55%
VAT Group	12842	13081	44.5	31.1	38.7	27.5	12.5	9.5	12%	32%	28%	30%	62%
Besi	9028	8970	39.7	22.6	35.4	20.9	13.9	9.4	14%	47%	35%	42%	89%
Aixtron	1776	1696	12.0	9.8	10.9	8.9	2.7	2.5	1%	8%	22%	25%	33%
Teradyne	18773	18359	37.1	24.0	30.4	20.7	7.3	6.0	4%	23%	20%	25%	48%
Soitec	3331	3317	16.3	17.6	10.0	9.9	3.4	3.4	-10%	-1%	21%	19%	18%
Camtek	3199	3047	26.7	21.8	25.9	21.6	8.0	6.9	34%	17%	30%	32%	49%
Veeco Instruments	1560	1533	14.4	11.9	13.1	11.4	2.4	2.2	8%	11%	17%	18%	29%
Coherent	10370	15695	24.9	18.4	17.5	13.8	3.7	3.2	-9%	17%	15%	17%	34%
Axcelis Technologies	2899	2446	12.7	10.2	12.0	10.0	2.7	2.3	-8%	13%	21%	23%	36%
Entegris	14950	18385	27.2	21.9	21.3	17.7	6.2	5.4	-5%	14%	23%	25%	39%
Onto Innovation	8411	7704	33.2	24.1	30.6	23.2	8.7	7.4	22%	18%	26%	31%	49%
Mitsui Chemicals	4860	8844	20.2	10.0	7.8	6.5	0.8	0.8	-9%	7%	5%	6%	13%
Lintec	1559	1256	23.9	17.0	8.4	5.9	0.7	0.7	-3%	8%			
Tokyo Electron	71490	68550	28.2	19.6	21.4	15.5	5.9	4.7	-15%	26%		28%	54%
Lasertec	13803	13559	56.2	35.4	26.6	18.3	10.4	8.4	45%	24%			
Advantest	31264	31142			43.6	29.6	10.1	8.2	-12%	23%			
Canatu (Inderes)	**438**	**351**	**neg.**	**neg.**	**neg.**	**neg.**	**15.5**	**11.8**	**67%**	**34%**	**-15%**	**-8%**	**26%**
Average			**30.6**	**18.8**	**20.4**	**15.3**	**7.1**	**5.8**	**14%**	**20%**	**27%**	**30%**	
Median			**27.2**	**19.6**	**20.9**	**16.7**	**6.4**	**5.5**	**4%**	**17%**	**27%**	**30%**	
Diff-% to median							***143%***	***113%***					

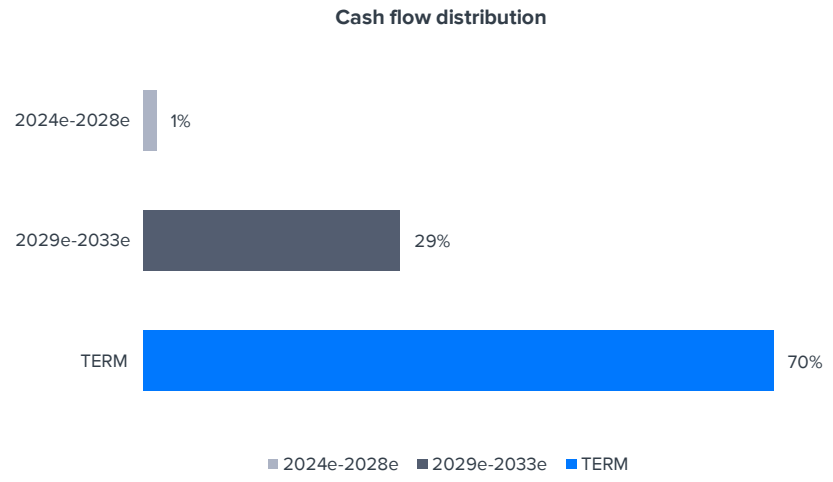
Source: Refinitiv / Inderes

DCF calculation

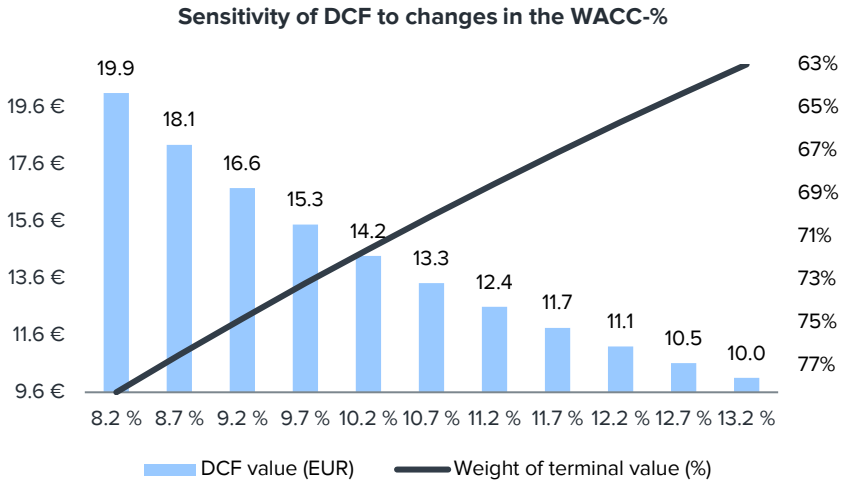
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	62.1 %	66.8 %	33.6 %	36.4 %	98.0 %	33.6 %	22.7 %	16.9 %	12.1 %	5.0 %	3.0 %	3.0 %
EBIT-%	-4.7 %	-15.1 %	-9.8 %	-2.4 %	24.1 %	30.5 %	32.6 %	33.9 %	34.0 %	33.0 %	32.0 %	32.0 %
EBIT (operating profit)	**-0.6**	**-3.4**	**-3.0**	**-1.0**	**19.7**	**33.3**	**43.8**	**53.1**	**59.8**	**60.9**	**60.8**	
+ Depreciation	0.9	1.0	3.0	3.5	4.1	4.6	5.0	5.4	5.7	6.0	6.1	
- Paid taxes	0.0	1.0	0.5	0.1	-4.1	-6.8	-8.9	-10.8	-12.1	-12.3	-12.2	
- Tax, financial expenses	0.0	-0.3	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	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	
- Change in working capital	0.5	-2.1	-0.3	-0.4	-1.6	-1.1	-1.0	-0.9	-0.8	-0.4	-0.2	
Operating cash flow	**0.8**	**-3.9**	**0.3**	**2.3**	**18.2**	**30.1**	**39.1**	**47.0**	**52.8**	**54.4**	**54.5**	
+ 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	-10.3	-6.0	-6.0	-6.5	-7.0	-7.0	-7.0	-7.0	-7.0	-7.0	-7.0	
Free operating cash flow	**-9.5**	**-9.9**	**-5.7**	**-4.2**	**11.2**	**23.1**	**32.1**	**40.0**	**45.8**	**47.4**	**47.5**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-9.5	-9.9	-5.7	-4.2	11.2	23.1	32.1	40.0	45.8	47.4	47.5	635
Discounted FCFF		**-9.6**	**-5.0**	**-3.3**	**8.0**	**15.0**	**18.7**	**21.1**	**21.8**	**20.4**	**18.5**	**247**
Sum of FCFF present value		353	362	367	371	363	348	329	308	286	266	247
Enterprise value DCF		**353**										
- Interest bearing debt		-7.3										
+ Cash and cash equivalents		106										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		**451**										
Equity value DCF per share		**13.3**										

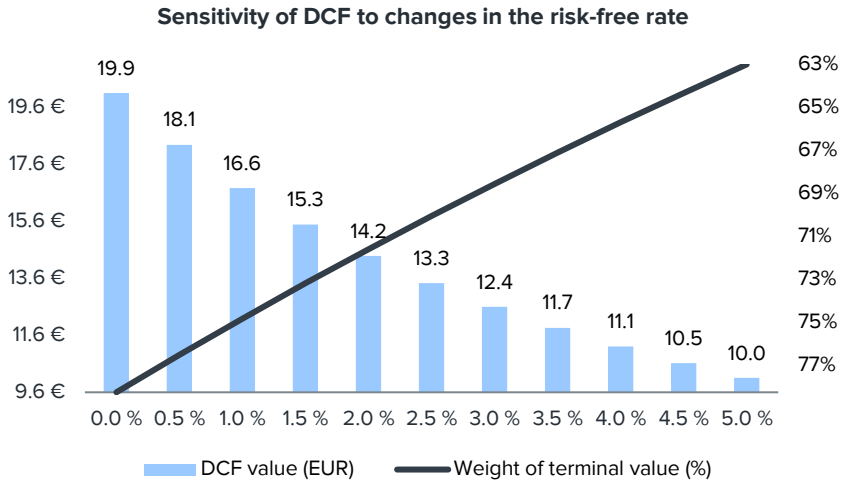
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	8.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
Cost of equity	**10.7 %**
Weighted average cost of capital (WACC)	**10.7 %**

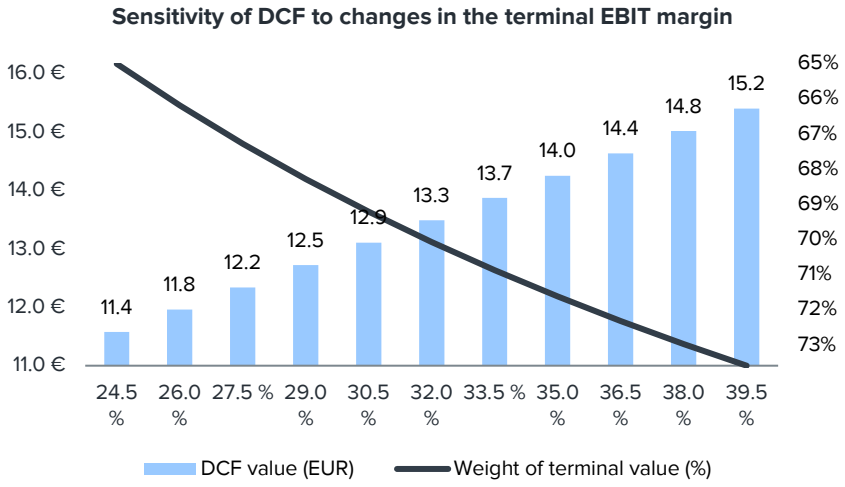
Source: Inderes

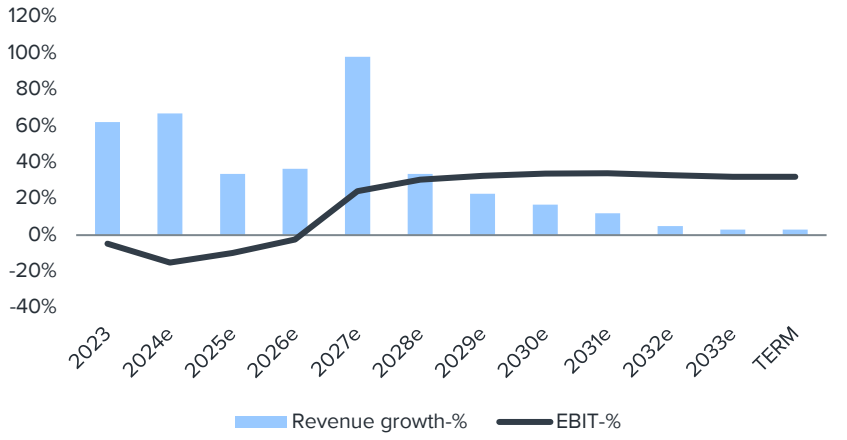


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2024e	2025e	2026e	2027e
Revenue	22.7	30.3	41.3	81.8
EBITDA	-2.4	0.0	2.5	23.8
EBIT	-3.4	-3.0	-1.0	19.7
PTP	-5.0	-2.3	-0.4	20.3
Net Income	-4.0	-1.8	-0.3	16.2
Extraordinary items	0.0	0.0	0.0	0.0

Balance sheet	2024e	2025e	2026e	2027e
Balance sheet total	116.4	114.7	115.6	138.0
Equity capital	109.1	107.3	107.0	123.2
Goodwill	0.0	0.0	0.0	0.0
Net debt	-87.1	-81.9	-78.2	-89.9

Cash flow	2024e	2025e	2026e	2027e
EBITDA	-2.4	0.0	2.5	23.8
Change in working capital	-2.1	-0.3	-0.4	-1.6
Operating cash flow	-3.9	0.3	2.3	18.2
CAPEX	-6.0	-6.0	-6.5	-7.0
Free cash flow	-9.9	-5.7	-4.2	11.2

Valuation multiples	2024e	2025e	2026e	2027e
EV/S	15.5	11.8	8.7	4.3
EV/EBITDA	neg.	neg.	>100	14.7
EV/EBIT (adj.)	neg.	neg.	neg.	17.2
P/E (adj.)	neg.	neg.	>100	26.1
P/B	4.0	4.1	4.1	3.6
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes

Per share data	2024e	2025e	2026e	2027e
EPS (reported)	-0.12	-0.05	-0.01	0.48
EPS (adj.)	-0.09	-0.04	0.01	0.49
OCF / share	-0.11	0.01	0.07	0.54
FCF / share	-0.29	-0.17	-0.12	0.33
Book value / share	3.21	3.16	3.15	3.63
Dividend / share	0.00	0.00	0.00	0.00

Growth and profitability	2024e	2025e	2026e	2027e
Revenue growth-%	67%	34%	36%	98%
EBITDA growth-%	-970%	-100%	-41744%	837%
EBIT (adj.) growth-%	434%	-30%	-83%	-4997%
EPS (adj.) growth-%	133%	-59%	-121%	6331%
EBITDA-%	-10.7 %	0.0 %	6.1 %	29.0 %
EBIT (adj.)-%	-15.1 %	-7.9 %	-1.0 %	24.8 %
EBIT-%	-15.1 %	-9.8 %	-2.4 %	24.1 %
ROE-%	-3.6 %	-1.7 %	-0.3 %	14.1 %
ROI-%	-2.9 %	-2.0 %	-0.3 %	17.6 %
Equity ratio	93.7 %	93.5 %	92.5 %	89.3 %
Gearing	-79.8 %	-76.4 %	-73.1 %	-72.9 %

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Date	Recommendation	Target	Share price
9/17/2024	Reduce	13.00 €	12.90 €

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