

Buy

PT: €86.00

Key data

Ticker	PHN IM
Price (9 September 2024)	€53.70
Upside to Price Target (%)	60.1
Market Cap (m)	€519.9
Free Float (%)	35.0
No. of Shares (m)	9.68
1mth perf (%)	18.5
3mth perf (%)	14.2
12mth perf (%)	1.7
12mth high-low (€)	64 - 44

Key financials

(In EUR M)

Year to Dec	2023A	2024E	2025E
Group revenue	100	111	124
EBITDA (rep.)	26.5	28.5	33.6
EBIT (rep.)	23.4	25.3	30.5
EPS (adj.)	1.60	1.79	2.15
DPS	0.85	0.89	1.08
Net debt/(cash)	(0.4)	(6.4)	(15)
ROCE (NOPAT) (%)	38.8	40.0	45.3
EPS (adj.) y/y (%)	2.3	12.0	20.3
Net debt/EBITDA	(0.0)	(0.2)	(0.4)
EV/Sales	5.2	4.7	4.1
EV/EBITDA (adj.)	19.8	18.2	15.2
EV/EBIT (adj.)	22.4	20.5	16.7
P/E (adj.)	33.6	30.0	25.0
Dividend yield (%)	1.6	1.7	2.0
Free CF yield (%)	(0.1)	2.3	3.3
EV/CE	8.7	8.2	7.6

Prices are as of close 9 September 2024

Completed: 9 September 2024 16:41EDT

Disseminated: 10 September 2024 01:00EDT

All sources unless otherwise stated: Company data, FactSet, Stifel estimates

Share price performance (indexed)



Strong Q2 with upside potential on International markets

Summary

- PharmaNutra delivered a strong set of Q2 results, with profitability significantly beating our expectations driving exceptional cash generation.
- While the outlook and the conference call tone was optimistic, the FY-24 guidance was unchanged, which appears overly conservative to us. These results should imply some earnings upgrades in our view, considering the underlying profitability of the business and depending on the discretionary start-up costs deployment.
- We believe Q2 results provided evidence that the trough is behind us and the market could be ready to take a new look at a story of long-term structural growth, especially as visibility starts to improve.

Key Points

Key numbers

- Q2 revenue increased by +24% YoY (vs SFe +25%; Q1: +1%) to €32m broadly in line with estimates, driven by exceptionally strong growth in the International markets (c.+50% vs SFe +38% and Q1 +10%) and a recovery in Italy (c.+14% vs SFe +21% and Q1 -3%). By product, ApportAL stood out, increasing +33% in Q2 (vs SFe +21% and +20% in Q1), while all important SiderAL came broadly aligned with expectations (+25% in Q2 vs SFe +28% and -2% in Q1). Cetilar's growth remained solid (+16% in Q2 vs +7% in Q1), allowing market share grabbing (4.4% in value in H1-24 vs 3.9% in H1-23). Akern accelerated sequentially (+14% in Q2 vs -6% in Q1).
- As for profitability, Adj. EBITDA was up +51% YoY to €11.2m, 17% above SFe (€9.6m), driven by price-mix and operating leverage, with margin expanding to 34.8% from 25.7% in Q2-23, despite c.270bps headwind from start-up costs (c.€1m). The beat was more limited at the bottom line, due to higher than expected tax charges.

Optimistic outlook, with upside potential to consensus

- Management expects the solid organic growth of H1 (+13%) to continue in H2 (consensus forecasts +9% in H2), driven by the ongoing strength of the International markets as well as the continuation of the recovery of the Italian business from the temporary dynamics in the wholesale channel. The launch of Germany and sucrosomial vitamin D3 and D12 are expected to be immaterial at this stage.
- As for profitability, management flagged the development of the key projects will continue and will lead to a temporary reduction in margins for FY-24. The current consensus of c.€28/29m for FY-24 implies a flattish EBITDA in H2 of c.€12m, with a margin of 22.4% (-220bps YoY). This looks in our view, overly conservative as if we assumed a similar underlying profitability (ex start up costs) to H1 (c.32%) in H2, this would equate to c.€5-6m additional one-off costs in H2.

Conference call take-aways. 1. SiderAL distribution to start in September. First sales feedback expected in Q1-25; 2. Sucrosomial vitamin D3 and B12 to be launched in Italy in Q4; 3. China is growing nicely (update expected in Q3-24). 4. International orders are up c.+20% YoY.

Valuation and investment case. We believe Q2 results provided evidence that the trough is behind us and the market could be ready to take a new look at a story of long-term structural growth, especially as visibility starts to improve. Based on the guidance provided at last year's Investor Day, new business opportunities could unlock significant further growth in both sales (2022-30 CAGR +19% vs. +11% organic) and EBITDA (CAGR +20% vs. 13% organic), resulting in potentially significant long-term upside. Assuming the company's targets are achieved, we think a re-rating towards 6.5x EV/sales (vs current 4.5x and BioGaia 7.5x, 3Y sales CAGR +13%) could take the stock to >€100/share. The implied c.15% derating of its forward PE multiple to 30x from the 34x long-term average presents a compelling entry point, in our view.

Daniele Alibrandi | +39 (02) 8546 5766 | daniele.alibrandi@stifel.com

Stifel does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

All relevant disclosures and certifications appear on pages 4 - 7 of this report.

PharmaNutra: 2Q/H1-24 Results review

€ Mn	1Q23	2Q23	1H23	2H23	2023	1Q24	2Q24	2Q24E	Δ (%)	1H24	1H24E	Δ (%)
P&L												
NET REVENUES	23.6	26.0	49.6	50.6	100.2	23.7	32.3	32.5	-1%	56.1	56.3	0%
chge% YoY	25.3%	24.7%	25.0%	17.6%	21.1%	0.5%	24.3%	25.0%		13.0%	13.3%	
EBITDA	7.4	6.7	14.1	12.4	26.5	5.0	11.2	9.6	17%	16.2	14.6	11%
chge% YoY	40.2%	-6.6%	13.2%	4.1%	8.7%	-32.9%	68.5%	43.9%		15.3%	3.6%	
margin	31.3%	25.7%	28.3%	24.6%	26.4%	20.9%	34.8%	29.5%		28.9%	25.9%	
ONE-OFFS	0.8	(0.8)	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Adj. EBITDA	6.6	7.5	14.1	12.4	26.5	5.0	11.2	9.6	17%	16.2	14.6	11%
chge% YoY	25.0%	4.5%	13.2%	4.1%	8.7%	-24.8%	50.5%	28.5%		15.3%	3.6%	
margin	27.9%	28.7%	28.2%	24.5%	26.4%	20.9%	34.8%	29.5%		28.9%	25.8%	
D&A	(0.4)	(0.4)	(0.9)	(2.3)	(3.1)	(0.9)	(0.8)	(0.9)		(1.7)	(1.7)	
EBIT	7.0	6.2	13.2	10.2	23.4	4.1	10.4	8.8	19%	14.5	12.8	13%
chge% YoY	40.1%	-9.0%	11.7%	-9.4%	1.4%	-41.4%	67.0%	40.5%		9.8%	-2.7%	
margin	29.5%	24.0%	26.6%	20.1%	23.3%	17.2%	32.2%	26.9%		25.8%	22.8%	
Net Financial Result	0.1	(0.1)	0.0	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)		(0.2)	(0.1)	
PRE TAX PROFIT	7.1	6.1	13.2	10.1	23.3	4.0	10.2	8.7	18%	14.2	12.7	12%
Taxes	(1.7)	(4.3)	(6.0)	(4.5)	(10.4)	(1.4)	(4.0)	(2.9)		(5.4)	(4.3)	
Tax Rate (%)	-23.3%	-70.6%	-45.2%	-44.3%	-44.8%	-34.6%	-38.7%	-33.0%		-37.6%	-33.5%	
NET INCOME	5.4	1.8	7.2	5.6	12.8	2.6	6.3	5.8	8%	8.9	8.4	5%
ONE-OFFS	0.8	(2.8)	(2.1)	(0.6)	(2.6)	0.0	0.0	0.0		0.0	0.0	
Adj. NET INCOME	4.6	4.6	9.3	6.2	15.5	2.6	6.3	5.8	8%	8.9	8.4	5%
chge% YoY	32.9%	-2.1%	12.8%	-9.4%	2.7%	-43.2%	34.8%	25.1%		-4.1%	-9.0%	
Adj. EPS	0.48	0.48	0.96	0.64	1.60	0.27	0.65	0.60	8%	0.92	0.87	5%
Cash Flow & Balance Sheet												
Capex	-3.6	-6.0	-9.6	-3.1	-12.7	-0.8	-0.5	-0.9		-1.3	-1.7	
FCF	(5.7)	(3.7)	(9.4)	8.8	(0.6)	(3.1)	9.6	9.9		6.6	6.8	
NET DEBT / (CASH)	(2.9)	10.0	10.0	0.0	2.6	6.0	4.6	4.4	4%	4.5	4.4	2%
NET DEBT/EBITDAx	(0.4) x	1.3 x	0.7 x	0.0 x	0.1 x	1.2 x	0.4 x	0.5 x		0.3 x	0.3 x	
Net Revenue drivers												
Sales volumes (K)												
LB1 (Italy)	1,067	1,253	2,320	2,133	4,453	1,006	1,367	1,506	-9%	2,373	2,512	-6%
chge% YoY	15.7%	13.2%	14.3%	5.8%	10.1%	-5.7%	9.1%	20.2%		2.3%	8.3%	
LB2 (Row)	1,756	2,295	4,051	5,195	9,246	1,565	2,901	3,164	-8%	4,466	4,729	-6%
chge% YoY	10.0%	61.1%	34.1%	25.8%	29.3%	-10.9%	26.4%	37.9%		10.2%	16.7%	
Total	2,823	3,548	6,371	7,328	13,699	2,571	4,268	4,670		6,839	7,241	
chge% YoY	12.9%	40.1%	26.2%	19.3%	22.4%	-8.9%	20.3%	31.6%		7.3%	13.7%	
Sales by product line												
Sideral	16.1	18.7	34.8	36.5	71.3	15.7	23.3	23.9	-3%	39.1	39.7	-2%
chge% YoY	14.5%	26.0%	20.4%	22.0%	21.2%	-2.3%	24.6%	28.0%		12.2%	14.0%	
Cetilar	2.4	2.5	4.9	5.1	10.0	2.6	2.9	3.1	-7%	5.5	5.7	-4%
chge% YoY	75.3%	-0.4%	26.7%	20.1%	23.2%	7.3%	15.8%	24.5%		11.6%	16.0%	
Apportal	1.8	2.2	4.1	4.0	8.1	2.2	3.0	2.7	9%	5.2	4.9	5%
chge% YoY	0%	15%	7.8%	-10.2%	-2.0%	20%	33%	21%		27%	21%	
UltraMag	0.3	0.3	0.6	0.4	1.0	0.2	0.4	0.3	23%	0.7	0.6	14%
chge% YoY	33.0%	39.4%	36.5%	-1.6%	16.9%	0.0%	32.6%	7.6%		15.9%	2.0%	
Others	0.6	0.7	1.4	1.2	2.6	0.6	0.8	0.8	-7%	1.4	1.4	-4%
chge% YoY	10.8%	-3.9%	2.5%	10.2%	6.0%	-7.4%	6.1%	14.1%		-0.2%	4.0%	
Total FP	21.2	24.5	45.7	47.3	93.0	21.4	30.3	30.9	-2%	51.7	52.3	-1%
chge% YoY	17.8%	20.8%	19.4%	17.6%	18.5%	0.6%	24.0%	26.4%		13.1%	14.4%	
Raw Materials	0.8	0.4	1.2	1.0	2.2	0.9	0.7	0.4	72%	1.6	1.3	22%
chge% YoY	3.7%	-34.2%	-12.8%	10.3%	-3.9%	10.3%	67.5%	-2.6%		11.0%	11.0%	
Akern	1.5	1.2	2.7	2.3	5.0	1.4	1.3	1.2	8%	2.8	2.7	4%
chge% YoY	na	na	na	19.4%	156.6%	-5.9%	14.4%	5.5%		2.8%	-1.0%	
Total	23.6	26.0	49.6	50.6	100.2	23.7	32.3	32.5	-1%	56.1	56.3	0%
chge% YoY	25.3%	24.7%	25.0%	17.6%	21.1%	0.5%	24.3%	25.0%		13.0%	13.3%	

Source: Company accounts, Stifel Research and Estimates

Key Information

Target Price Methodology/Risks

A weighted average of DCF valuation, computed using a WACC of 7.0% and a terminal growth rate of 4.0%, and peer multiples.

- **Macroeconomic and country risk:** Any deterioration in its key markets due to macro-related issues.
- **Strategy execution risk:** Slower/faster-than-expected delivery against the 2022-30 business plan.
- **Operational risk:** Lack of skilled workforce or labor cost inflation; global supply chain constraints leading to higher manufacturing costs; new HQ construction delays; higher-than-budgeted costs to develop the US market.
- **Capital allocation:** Cheap/expensive M&A or capital injections to accelerate growth.
- **Competition risk:** New product launches undermining/strengthening its leadership in the oral iron market or in the muscle painkillers segment.
- **Regulatory risk:** Change in food supplements regulation.
- **Technological risk:** From the obsolescence of patented technologies and approvals in new markets.

Investment case summary

PharmaNutra's competitive advantage stems from its proprietary raw materials employed in its products and its patented technologies, which serve as a valuable barrier to entry from the competition. In the past 20 years, the company grew revenue from zero to ~€100m, maintaining healthy profitability and strong free cash generation. As the company is still at an earlier stage of development while enjoying a clear leading position in the OTC oral iron supplements market in Italy, we believe it can benefit from multiple growth opportunities going forward, both organically and externally.

Business description

Established by Andrea and Roberto Lacorte in 2003, PharmaNutra (PHN) is an Italian operator active in the R&D, commercialisation, and distribution of nutraceutical products and medical devices. The company is the market leader in the OTC oral iron supplement segment, with its SiderAL product line retaining a ~54% market share in Italy. It also focuses on topical muscle pain treatments through its Cetilar product line. Its flagship products are covered by patents. PHN's business model relies on R&D, with a widespread distribution network in Italy, including ~150 scientific sales representatives, providing access to doctors and pharmacies. Abroad, PHN operates in 85 countries through 50 exclusive key partners, selected among the world's primary pharmaceutical companies. As of H1-23, PharmaNutra had 20 patents, 40 trademarks, 21 proprietary raw materials and over 30 products backed by 158 observational studies.

Senior management

- Andrea Lacorte, Chairman and co-founder
- Roberto Lacorte, CEO, Vice-chariman and co-founder
- Carlo Volpi, COO
- Francesco Sarti, CFO
- Germano Tarantino, Chief Scientific Officer

Major shareholders

- Andrea Lacorte, Chairman: 31.4%
- Roberto Lacorte, CEO: 23.1%
- Carlo Volpi, COO: 10.5%
- Free Float: 35.0%

Important Disclosures and Certifications

I, Daniele Alibrandi, research analyst, certify that the views expressed in this research report accurately reflect my personal views about the subject securities or issuers; and I, Daniele Alibrandi, certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

Our European Policy for Managing Research Conflicts of Interest is available at www.stifel.com/institutional/ImportantDisclosures.

Completed: 9 September 2024 16:41EDT

Disseminated: 10 September 2024 01:00EDT

PharmaNutra (PHN IM) as of September 06, 2024 (in EUR)

09/07/2021	10/27/2021	03/21/2022
70.40	68.00	65.40
B:80.00	B:88.00	B:86.00



*Represents the value(s) that changed.

Buy=B; Hold=H; Sell=S; Discontinued=D; Suspended=SU; Discontinued=D; Initiation=I

For a price chart with our ratings and any applicable target price changes for PHN IM go to <http://stifel2.bluematrix.com/sellside/Disclosures.action?ticker=PHN IM>

Stifel is party to an agreement with PharmaNutra relating to the production of the research (this includes agreements concerning the production of company sponsored research).

PharmaNutra is a client of Stifel or an affiliate was a client of Stifel or an affiliate within the past 12 months.

Stifel or an affiliate expects to receive or intends to seek compensation for investment banking services from PharmaNutra in the next 3 months.

Stifel or an affiliate is a market maker or liquidity provider in the securities of PharmaNutra.

PharmaNutra is provided with non-investment banking, securities related services by Stifel or an affiliate or was provided with non-investment banking, securities related services by Stifel or an affiliate within the past 12 months.

Stifel or an affiliate has received compensation for non-investment banking, securities related services from PharmaNutra in the past 12 months.

The equity research analyst(s) responsible for the preparation of this report receive(s) compensation based on various factors, including Stifel's overall revenue, which includes investment banking revenue.

Investment Rating System

Our investment rating system is defined as follows:

Buy - We expect a total return of greater than 10% over the next 12 months with total return equal to the percentage price change plus dividend yield.

Speculative Buy¹ - We expect a total return of greater than 30% over the next 12 months, with total return equal to the percentage price change plus dividend yield, accompanied by substantially higher than normal risk including the possibility of a binary outcome.

Hold - We expect a total return between -5% and 10% over the next 12 months with total return equal to the percentage price change plus dividend yield.

Sell - We expect a total return below -5% over the next 12 months with total return equal to the percentage price change plus dividend yield.

Occasionally, we use the ancillary rating of **Suspended (SU)** to indicate a long-term suspension in rating and/or target price, and/or coverage due to applicable regulations or Stifel policies. Alternatively, **Suspended** may indicate the analyst is unable to determine a “reasonable basis” for rating/target price or estimates due to lack of publicly available information or the inability to quantify the publicly available information provided by the company and it is unknown when the outlook will be clarified. **Suspended** may also be used when an analyst has left the firm.

¹ This rating is only utilised by Stifel Canada.

Of the securities we rate, 51% are rated Buy, 1% are rated Speculative Buy, 24% are rated Hold, 1% are rated Sell and 24% are rated Suspended.

Within the last 12 months, Stifel or an affiliate has provided investment banking services for 15%, 4%, 6% and 6% of the companies whose shares are rated Buy (includes Speculative Buy), Hold, Sell and Suspended, respectively.

Within the last 12 months, Stifel or an affiliate has provided material services for 33%, 40%, 21%, 33% and 17% of the companies whose shares are rated Buy, Speculative Buy, Hold, Sell and Suspended, respectively.

The securities of the company or companies mentioned in this report may not be registered in certain states or other jurisdictions and as a result, the securities may not be eligible for sale in some states or jurisdictions. Additionally, the securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of, the U.S. Securities and Exchange Commission. The information contained herein is not an offer to sell or the solicitation of an offer to buy any security in any state or jurisdiction where such an offer or solicitation would be prohibited.

Additional Disclosures

Please visit the [Stifel Research Page](#) for the current research disclosures applicable to the companies mentioned in this publication that are within the Stifel coverage universe. For a discussion of target price methodology and risks pertaining to the covered companies mentioned in this report, please refer to the [Stifel Research Library](#) or the most recently published company-specific report on the applicable names.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are as of the date of this publication and are subject to change without notice. These opinions do not constitute a personal recommendation and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Stifel or any of its affiliates may have positions in the securities mentioned and may make purchases or sales of such securities from time to time in the open market or otherwise and may sell to or buy from customers such securities on a principal basis; such transactions may be contrary to recommendations in this report. Past performance should not and cannot be viewed as an indicator of future performance. Unless otherwise noted, the financial instruments mentioned in this report are priced as of market close on the previous trading day and presumed performance is calculated always over the next 12 months.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

References to “**Stifel**” (collectively “Stifel”) refer to SFC and other associated affiliated subsidiaries including (i) Stifel, Nicolaus & Company, Incorporated (“**SNC**”); (ii) Keefe, Bruyette & Woods, Incorporated (“**KBWI**”), which are both U.S. broker-dealers registered with the United States Securities and Exchange Commission (“**SEC**”) and members of the Financial Industry National Regulatory Authority (“**FINRA**”), respectively; (iii) Stifel Nicolaus Canada Inc. (“**Stifel Canada**”), which is authorised and regulated by the Canadian Investment Regulatory Organization (“**CIRO**”); (iv) Stifel Nicolaus Europe Limited (“**SNEL**”), which is authorised and regulated by the Financial Conduct Authority (“**FCA**”) (FRN 190412) and is a member of the London Stock Exchange and also trades under the name Keefe, Bruyette & Woods Europe (“**KBW Europe**”); (v) Stifel Europe AG (“**STEA**”), which is regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; “**BaFin**”) and is a member of Deutsche Boerse and SIX Swiss Exchange and (vi) Stifel Schweiz AG (“**STSA**”), which is representative of STEA in Switzerland and regulated by the Eidgenössische Finanzmarktaufsicht (“**FINMA**”). SNEL, STEA and STSA are collectively referred to as **Stifel Europe**.

Registration of non-US Analysts: Any non-US research analyst employed by Stifel contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and

therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Global Research Notes: Research analysts contributing content to these reports are subject to different regulatory requirements based on the jurisdiction in which they operate. Clients seeking additional information should contact the Stifel entity through which they conduct business.

STEA & STSA Sponsored research: At STEA & STSA, analysts may produce issuer paid research ('sponsored research'). This research is produced by analysts in accordance with local regulatory requirements relating to such research. In certain jurisdictions, this issuer paid research may be deemed to be independent research albeit not produced to the same conflicts of interest standards required by all jurisdictions for independent research. Where research has been paid for by an issuer, this will be clearly labelled. Please see our [European Policy for Managing Research Conflicts of Interest](#) for additional information.

Country Specific and Jurisdictional Disclosures

United States: Research produced and distributed by Stifel Europe is distributed by Stifel Europe to "Major US Institutional Investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended. SNC may also distribute research prepared by Stifel Europe directly to US clients, including US clients that are not Major US Institutional Investors. In these instances, SNC accepts responsibility for the content. Stifel Europe is a non-US broker-dealer and accordingly, any transaction by a US client in the securities discussed in the document must be effected by SNC. US clients wishing to place an order should contact their SNC representative.

UK: This report is distributed in the UK by SNEL, which is authorised and regulated by the Financial Conduct Authority (FCA). In these instances, SNEL accepts responsibility for the content. Research produced by Stifel Europe is not intended for use by and should not be made available to retail clients as defined by the FCA.

European Economic Area (EEA): This report is distributed in the EEA by STEA, which is authorized and regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin"). In these instances, STEA accepts responsibility for the content. Research produced by Stifel Europe is not intended for use by and should not be made available to retail clients as defined under MiFID II.

The complete preceding 12-month recommendations history related to recommendation(s) in this research report is available at <https://stifel2.bluematrix.com/sellside/MAR.action>

Australia: Research produced by Stifel is distributed by SNEL under the Australian Securities and Investments Commission ("ASIC") Class Order [CO 03/1099] exemption from the requirement to hold an Australian Financial Services Licence ("AFSL"). This research may only be distributed to a "Wholesale Client" within the meaning of section 761G of the Corporations Act 2001 (Cth).

Brunei: This document has not been delivered to, registered with or approved by the Brunei Darussalam Registrar of Companies, Registrar of International Business Companies, the Brunei Darussalam Ministry of Finance or the Autoriti Monetari Brunei Darussalam. This document and the information contained within will not be registered with any relevant Brunei Authorities under the relevant securities laws of Brunei Darussalam. The interests in the document have not been and will not be offered, transferred, delivered or sold in or from any part of Brunei Darussalam. This document and the information contained within is strictly private and confidential and is being distributed to a limited number of accredited investors, expert investors and institutional investors under the Securities Markets Order, 2013 ("Relevant Persons") upon their request and confirmation that they fully understand that neither the document nor the information contained within have been approved or licensed by or registered with the Brunei Darussalam Registrar of Companies, Registrar of International Business Companies, the Brunei Darussalam Ministry of Finance, the Autoriti Monetari Brunei Darussalam or any other relevant governmental agencies within Brunei Darussalam. This document and the information contained within must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the document or information contained within is only available to, and will be engaged in only with Relevant Persons.

Canada: Stifel Canada is a member of CIRO and a participant of the TSX, and TSX Venture Exchange. All relevant disclosures required by regulatory rules (including CIRO) and Stifel Canada's recommendation statistics and research dissemination policies can be obtained at www.Stifel.com/Research or by calling Stifel Canada's Compliance Department. Stifel Canada will provide, upon request, a statement of its financial condition and a list of the names of its Directors and senior officers. Research produced by Stifel Europe is distributed in Canada by Stifel Canada in reliance on the international dealer exemption. This material is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a "permitted client" as defined under applicable Canadian securities laws.

Republic of South Africa: Research produced by Stifel is distributed by SNEL to “Clients” as defined in FSCA FAIS Notice 20 of 2018 (the “FAIS Notice”) issued by the Financial Sector Conduct Authority. Research distributed by SNEL is pursuant to an exemption from the licensing requirements under Section 7(1) of the Financial Advisory and Intermediary Services Act, 2002.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The securities discussed in this report may not be available for sale in all jurisdictions and may have adverse tax implications for investors. Clients are advised to speak with their legal or tax advisor prior to making an investment decision.

Additional Information Is Available Upon Request

© 2024 Stifel. This report is produced for the use of Stifel customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel.