

# SunMirror AG

Reuters: DYK.D

Bloomberg: DYK:GR

## Gold and Lithium in Australia

Founded in 2017, SunMirror is a Swiss based holding company that acquires equity stakes in pre-production mineral exploration companies with a focus on gold and lithium.

With Lithium 1 Pty. Ltd., SunMirror acquired two potentially highly valuable, but early-stage exploration projects in Australia in the beginning of 2020: (1) a 100% ownership in Moolyella, located in Northwest Australia, with a potential for lithium, nickel, and tin-tantalum containing minerals, and (2) a tenement of the Exploration Licence in the Kingston-Keith Mining Project, which is situated in a prolific gold and nickel production district in central Western Australia with a proven high-grade gold mining history. In August 2020, SunMirror took over Singapore based Pharlap Holdings Pte. Ltd. which holds a royalty on the Retention Licence covering future mine production from the Cape Lambert Magnetite Project of MCC Pty. Ltd. Located in Western Australia, Cape Lambert North holds undeveloped magnetite Banded Iron Formation (BIF) deposits, which SunMirror intends to quickly develop and export.

Valuing the equity of the Dusseldorf Stock Exchange-listed company we used a sum-of-the-parts valuation based on a Net Present Value (NPV) entity model (primary valuation method) and peer group multiples. We did not model any future acquisitions. Our valuation of the three assets calculates equity values of EUR 78.4 million or EUR 39.20 per share for SunMirror. These valuation findings should be considered highly speculative since neither preliminary economic assessments (PEAs) nor prefeasibility studies (PFSs) or bankable feasibility studies (BFSs) have been published yet.

Based on the review and evaluation reports by independent mining experts, which were not all in accordance with the requirements of the Valuation of Mineral Assets and Mineral Securities for Independent Expert's Reports ("Valmin Code"), the three existing projects are valued between EUR 194.4 and 200.0 million or EUR 97.20 and 100.00 per share (secondary valuation method).

Our favoured 50-50 mix of both valuation methods results in equity values of SunMirror of EUR 137.8 million or EUR 68.90 per share.

**Rating:** Buy (speculative) **Risk:** Very high  
**Value:** EUR 98.60 per share (based on valuation reports)  
**Value:** EUR 39.20 (based on sum-of-the-parts model)

German Security Number / ISIN: A2JCKK / CH0396131929				
Indices: -				
Transparency level: Dusseldorf Stock Exchange				
Weighted number of shares: 2,000,000 (basic)				
Market capitalization: EUR 3.4 mn				
Trading volume/day: n/a				
AGM: Expected Summer 2021				
P&L (EUR mn)	2020e	2021e	2022e	2023e
Sales	0.0	0.0	0.0	7.7
EBITDA	-0.7	-8.6	-0.9	6.9
EBIT	-0.8	-8.7	-1.0	6.8
EBT	-0.9	-9.3	-2.0	5.6
EAT	-0.9	-9.3	-2.0	5.6
% of sales	2020e	2021e	2022e	2023e
EBITDA	n/a	n/a	n/a	88.7%
EBIT	n/a	n/a	n/a	87.4%
EBT	n/a	n/a	n/a	72.4%
EAT	n/a	n/a	n/a	72.4%
Per share (EUR)	2020e	2021e	2022e	2023e
EPS (basic)	-0.47	-4.66	-1.02	2.80
Dividend	0.00	0.00	0.00	0.00
Book value	6.83	2.17	1.16	3.96
Cash flow	-0.31	-4.61	-0.97	2.85
B/S ratios (%)	2020e	2021e	2022e	2023e
Equity ratio	83.2%	25.4%	13.5%	34.3%
Gearing	516%	-15%	212%	240%
Multiples (x)	2020e	2021e	2022e	2023e
P/E ratio	n/a	n/a	n/a	n/a
EV/sales	n/a	n/a	n/a	n/a
EV/EBITDA	n/a	n/a	n/a	n/a
P/B ratio	0.0	n/a	n/a	n/a
Guidance (EUR mn)	2021e	2022e	2023e	
Sales	n/a	n/a	n/a	
EBIT	n/a	n/a	n/a	

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS

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# Table of Contents

Executive Summary	3
SunMirror in Figures	4
Listing on the Dusseldorf Stock Exchange	8
Equity Valued at EUR 68.90 per Share	9
Gold and Lithium in Australia	18
Company History, Management, and Shareholder Structure	27
Strengths and Weaknesses	29
Profit and Loss Account, 2020e-2026e	31
Segments, 2020e-2026e	32
Regions, 2020e-2026e	33
Balance Sheet (Assets), 2020e-2026e	34
Balance Sheet (Liabilities), 2020e-2026e	35
Balance Sheet (Assets, Normalized), 2020e-2026e	36
Balance Sheet (Liabilities, Normalized), 2020e-2026e	37
Cash Flow Statement, 2020e-2026e	38
Cape Lambert NPV Valuation (15% Base-case-scenario)	39
Cape Lambert NPV Valuation (10% Best-case-scenario)	40
Cape Lambert NPV Valuation (20% Worst-case-scenario)	41
Disclaimer	42

**Please note that each section begins with an extensive Executive Summary.**

# Executive Summary

## Business model overview

SunMirror, established effectively only this year by the reverse takeover of the shares of Dusseldorf listed shell company Dynastar AG, is a holding company that acquires equity stakes in exploration companies with a focus on gold and lithium. So far, SunMirror acquired two promising mineral explorers: **(1)** Australian Lithium 1 Pty. Ltd. and **(2)** Singapore based Pharlapp Holdings Pte. Ltd. Together, these companies own three Australian mineral projects, either through Exploration or Retention Licences. In addition, the company is in well-advanced negotiations to take over Roeborne Iron Ore Pty. Ltd., according to the management.

## No revenues until 2022e

Not untypical for exploration companies, SunMirror is expected not to generate any revenues until 2023e, according to our estimates which were backed by the management. During this period, the company is expected to generate total operating losses of EUR 10.5 million, in our view. After commencement of royalty payments for one of the assets, however, management expects SunMirror so become immediately profitable. Reflecting this, we anticipate the following results for the 2023e financial year: Consolidated sales of EUR 7.7 million; earnings before interest, tax, depreciation, and amortization (EBITDA) of EUR 6.9 million. Our forecasts are based on the current group of companies consolidated.

## Blended valuation methodologies

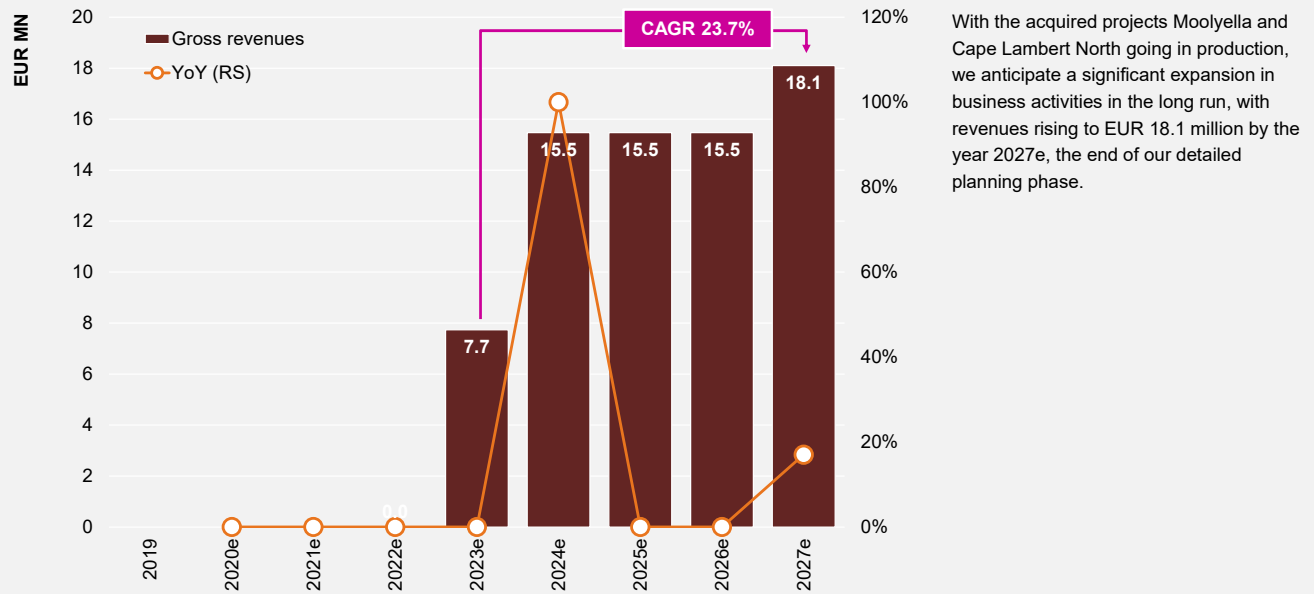
We calculate the value of the equity of the Dusseldorf Stock Exchange-listed company SunMirror AG based on a mix of **(1)** a NPV15% and peer group based sum-of-the-parts valuation of the group on a partially financed basis (EUR 9.9 million capex expected, partially equity financed) (primary valuation methodology) and **(2)** on the available independent, but partially not "Valmin Code" compliant valuation reports of the three existing mineral projects (secondary valuation method). While the latter results in values of between EUR 194.4 million and EUR 200.0 million or EUR 97.20 and EUR 100 per share, the former indicates sum-of-the-parts values of equity for SunMirror of EUR 78.4 million or EUR 39.20 per share. A 50-50 blended mix of both valuation methods results in equity values of SunMirror of EUR 137.8 million or EUR 68.90 per share.

## Weaknesses and Risks

We have identified the main weaknesses and downside risks, which could affect the company reaching our equity value range (for details and additional information, see also p. 29ff): **(1) Resource conversion:** While as of today no drilling has been done on the Moolyella and Kingston-Keith projects, there is no guarantee that future drill programs will be able to achieve the expected conversion rates as those modelled within our valuation. This means that there is a substantial risk that drilling may outline a lower tonnage or grade resource, which would negatively impact our valuation. **(2) Delay in timeline:** For Cape Lambert, Moolyella, and Kingston-Keith, we model project commissioning dates of 2023e, 2027e, and 2028e, respectively. Given that none of the projects have been operational, there is a significant risk for a delay in the timeline.

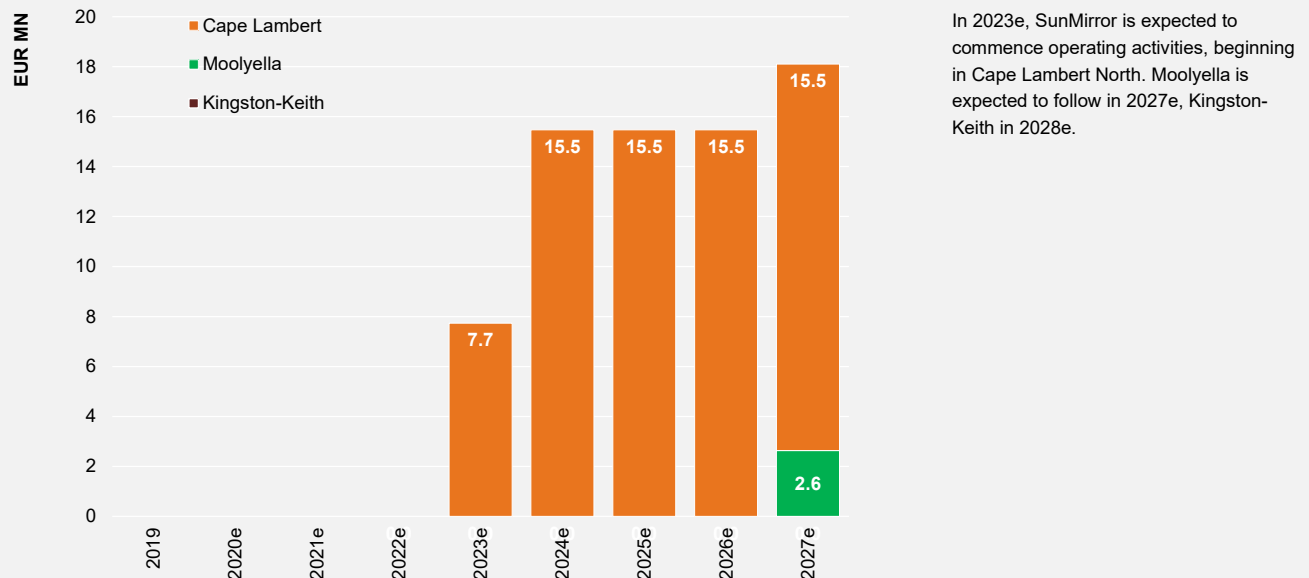
# SunMirror in Figures

FIGURE 1: GROSS SALES AND GROSS SALES GROWTH RATE, 2019-2027E



SOURCE: COMPANY INFORMATION, SPENE CAPITAL FORECASTS

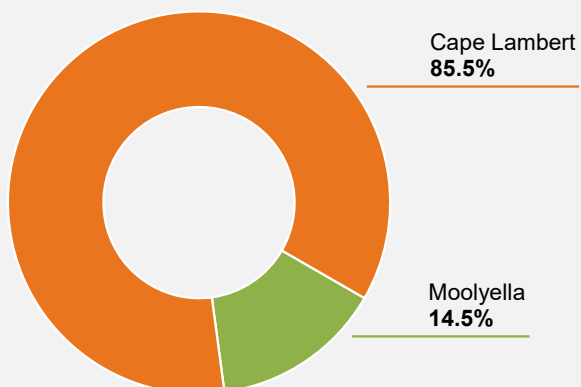
FIGURE 2: SALES BY PROJECT, 2019-2027E



SOURCE: COMPANY INFORMATION, SPENE CAPITAL FORECASTS

## SunMirror in Figures

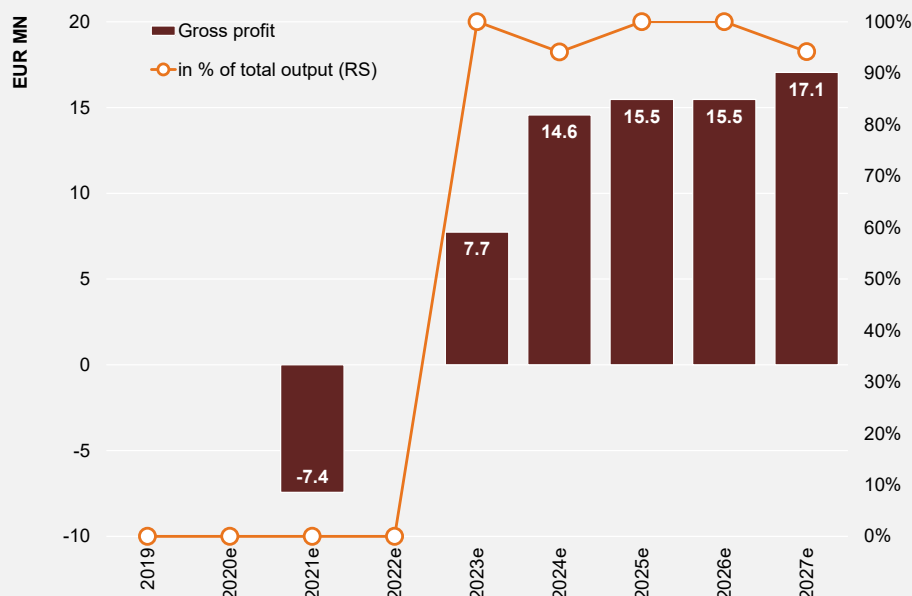
FIGURE 3: SALES BY PROJECT, 2027E



A broader distribution of business activities across three sources of revenue will keep the company's dependence from individual projects limited. In 2027e we expect a decrease in the share of revenues accounted for by Cape Lambert to 85.5%. The revenues generated by Moolyella will reach 14.5%, while Kingston-Keith will start its operational activities by the year 2028e, according to our projections.

SOURCE: COMPANY INFORMATION

FIGURE 4: GROSS PROFIT AND GROSS PROFIT MARGIN, 2019-2027E

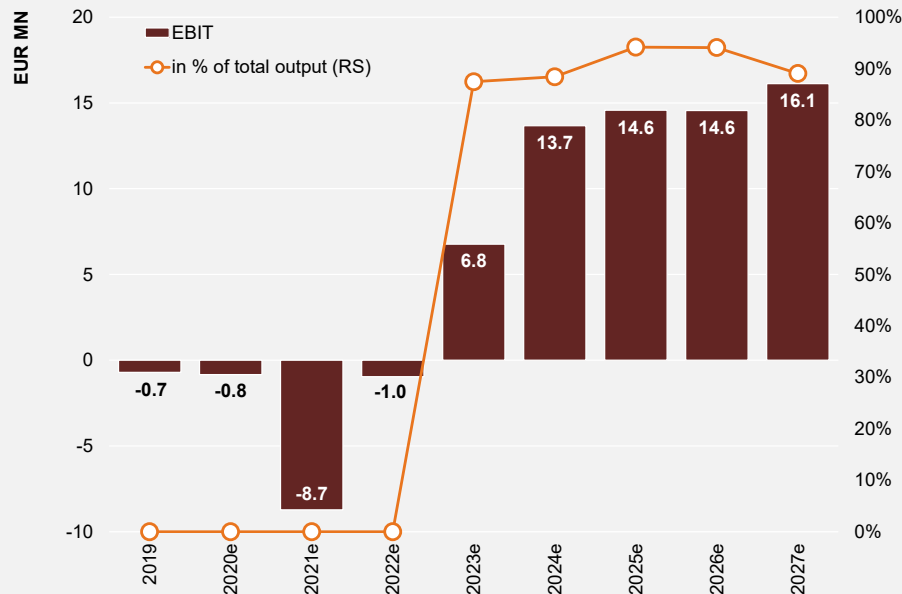


Total exploration and upfront costs are expected to be more than 50% of gross revenues, in our view. Royalty revenues generated by Cape Lambert, however, will not be impacted by material expenses.

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS

# SunMirror in Figures

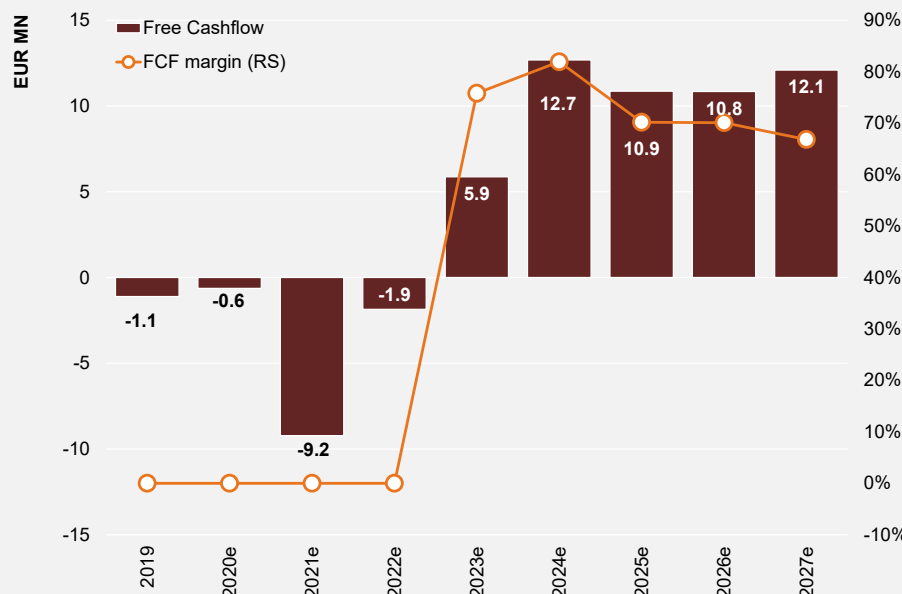
FIGURE 5: EBIT AND EBIT MARGIN, 2019-2027E



With high margin royalty revenues, which are not impacted by variable costs, and personnel and other operating costs being only of minor importance, our assessment indicates that SunMirror will finish out 2023e with a substantial profit for the first time. By 2027e, we forecast an EBIT increase to EUR 16.1 million for an EBIT margin of 89.1%.

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS

FIGURE 6: FREE CASH FLOWS AND FCF MARGIN, 2019-2027E

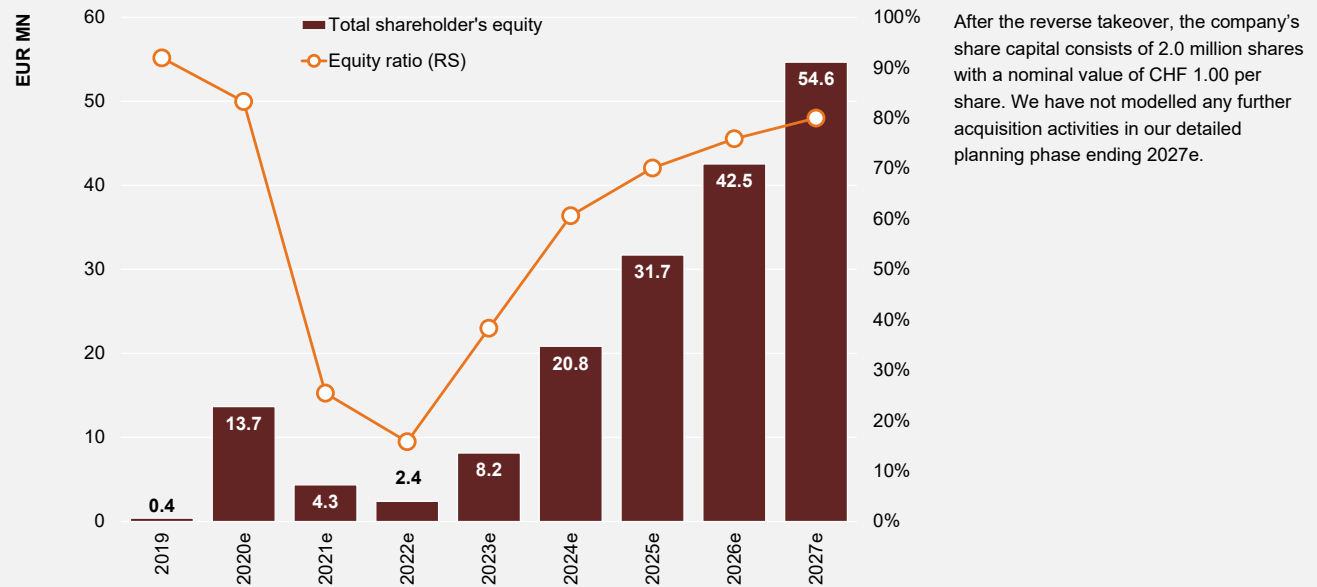


In general, the mining industry is a highly capital intense business model. In SunMirror's case, to date, investments were solely spent on M&A, which were mainly financed by issuing own shares. Other investments in property, plant, and equipment were insignificant. We have not modelled any additional acquisitions in the next three years of our detailed planning period.

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS

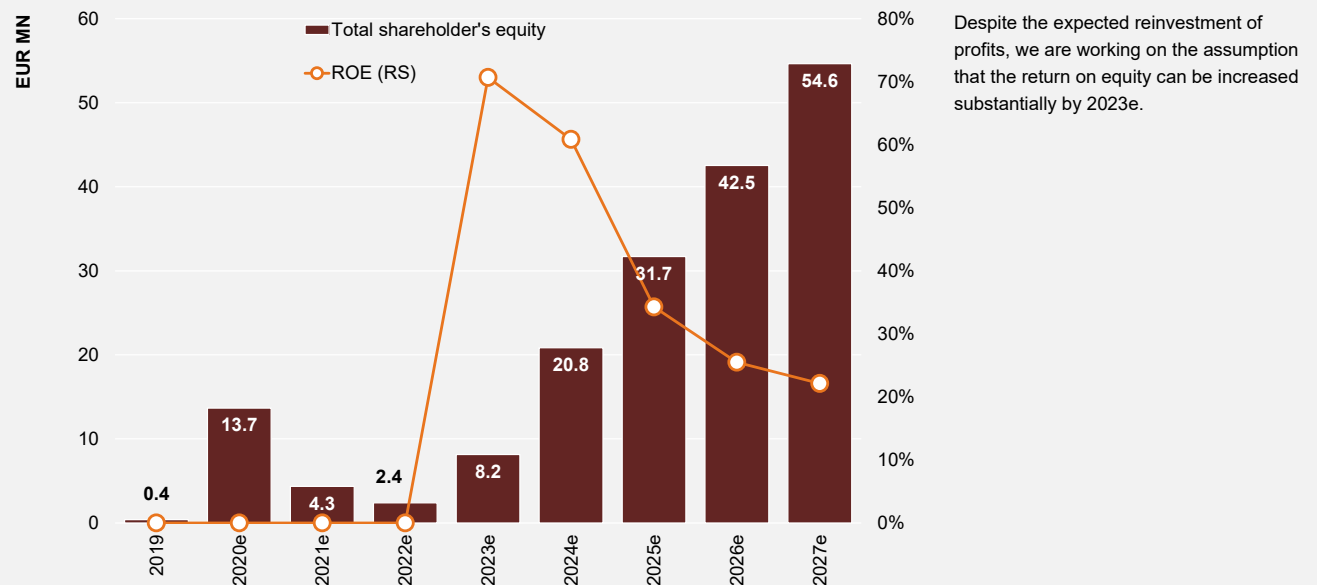
# SunMirror in Figures

FIGURE 7: EQUITY AND EQUITY RATIO, 2019-2027E



SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS

FIGURE 8: EQUITY AND RETURN ON EQUITY (ROE), 2019-2027E



SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS

## Listing on the Dusseldorf Stock Exchange

At the beginning of September 2020, SunMirror initiated a reverse takeover of Dynastar, a shell company listed on the Dusseldorf Stock Exchange. After the reverse takeover will have been completed, there will be 2,000,000 registered shares of SunMirror AG with a par value of CHF 1.00 per share. As of today, the total market cap of the company is EUR 3.4 million. In Q4/2020, according to the company, an upgrade to a regulated market with a secondary listing on an international stock exchange is planned.

### Requirements for admission

The Dusseldorf Stock Exchange operated by BÖAG Börsen AG is a non-EU-regulated exchange (Multilateral Trading Facility, short MTF) for companies with a minimum share capital of EUR 0.250 million, and a minimum free float of EUR 0.1 million. A prospectus is required. Financial reporting can be according to IFRSs, US GAAP, or German GAAP ("HGB").

### Follow-up obligations

In its General Conditions, the Dusseldorf open market stipulates compliance with these follow-up obligations:

- ⑤ **publication of a financial calendar** at the start of the financial year,
- ⑤ **publication of an annual report** no later than six months after the end of the reporting period,
- ⑤ **publication of half-yearly reports** no later than three months after the end of the reporting period,
- ⑤ **publication of potentially price-sensitive information** (ad hoc publicity),
- ⑤ **publication by the issuer of directors' dealings** no later than on the second exchange day on the issuer's website,
- ⑤ **publication of voting rights thresholds** (3.0%, 5.0%, 10.0%, 15.0%, 20.0%, 25.0%, 33.3%, 50.0%, 66.6%).

### Trading times

Equities are traded on the Dusseldorf Stock Exchange between Monday and Friday between 08:00 AM and 08:00 PM and on the electronic trading system Quotrix (Market Maker) between Monday and Friday between 08:00 AM and 10:00 PM. The value date is after two trading days.

Trading of SunMirror shares on the Dusseldorf Stock Exchange is in EUR.



## Equity Valued at EUR 68.90 per Share

We value the equity of the Dusseldorf Stock Exchange-listed junior mining investment company SunMirror AG using a Net Present Value (NPV) and peer group multiple based sum-of-the-parts valuation of the existing projects on a partially financed basis (EUR 9.9 million capex expected so far, 100% equity financed) and on the available, partially non-Valmin Code-compliant valuation reports of the three projects. While the independent appraisers calculate a medium equity value of the projects of EUR 197.2 million or—based on 2.0 million shares outstanding—of EUR 98.60 per share, our sum-of-the-parts valuation of the three assets calculates a significant lower equity value of EUR 78.4 million or EUR 39.20 per share for SunMirror. Our favoured 50-50 mix of both valuation methods results in an equity value of SunMirror of EUR 137.8 million or EUR 68.90 per share.

### Specific difficulties valuing SunMirror

Generally speaking, mineral assets can be classified into four types of properties:

- ⑤ **Speculative** assets have very little assurance of mineral potential.
- ⑤ **Exploration** properties have enough potential that expenditure of exploration capital is warranted.
- ⑤ **Development** properties are the outcome of a successful exploration exercise.
- ⑤ **Producing** assets are those that are in production.

Exploration properties are characterized by the fact that an economically viable mineral deposit has not been demonstrated to exist. As information on production potential and the timing of that production is so poor, projections of income become largely meaningless. The value of an exploration property lies in its potential for the existence and discovery of economically viable mineral deposit. Only a small number of exploration properties will ultimately become mining properties. Until the exploration potential is reasonably well tested, they have little value. We see the following difficulties in valuing SunMirror:

- ⑤ **No long track record:** The value of a mining stock roughly follows the market value of its reserves, with a premium typically paid to companies with long term histories of successfully bringing those reserves to market – which is not the case with SunMirror.
- ⑤ **No feasibility studies:** Reserves are evaluated through feasibility studies which independently verify the value of a deposit by comparing the estimated size and grade of the deposit with the expected costs of extracting it all. In SunMirror's case, a feasibility study has not been provided yet.
- ⑤ **Limited number of deposits:** In contrast to major mining companies, SunMirror is a pure exploration company which does not own hundreds of deposits staked or mined. Should a feasibility study be negative, the value of the company will likely collapse.

Valuing a mining project is a highly uncertain exercise. For profitable investments, stocks should be trading at significant discounts to the NPV findings, in our view.

**Our NPV and peer group multiple based sum-of-the-parts valuation of the three assets Cape Lambert, Kingston-Keith, and Moolyella calculates equity values of EUR 53.9 million or EUR 26.90 per share, EUR 16.4 million or EUR 8.20 per share, and EUR 8.2 million or EUR 4.10 per share, respectively. In total, the sum-of-the-parts value of equity for SunMirror sums up to EUR 78.4 million or EUR 39.20 per share.**

### Growth assumptions

Given the cash flow characteristic of the Cape Lambert royalty asset, our assessment indicates that, coupled with our assumed exploration scenario, a long-term standardized net present value (NPV) model is the most suitable valuation method for this asset. Because of the risk of the project we apply a 15% discount rate. For the valuation of the two remaining assets Moolyella (Lithium) and Kingston-Keith (gold), we used peer group multiples.

In valuing SunMirror, we did not model any further acquisitions.

In our sum-of-the-parts valuation model, we made the following long-term growth assumptions:

- ☉ **Cape Lambert's** project valuation is solely based on royalty schemes the company intends to generate. We expect production to begin by the year 2023e with an initial production volume of 25 million tonnes, which should increase to 50 million tonnes per year in 2024e. We have assumed royalties of AUD 0.50 per ton (EURAUD 1.6158), which translates into annual licence revenues of approximately EUR 15.5 million for the period 2024e-2052e. These revenues have been discounted using a discount rate of 15.0%.
- ☉ **Kingston-Keith** is expected to have an exploitation time of 20 years, starting in 2028e and ending in 2048e. Total gold reserves are estimated to be 35 million tonnes. Peak revenues are expected to be EUR 42.6 million, after considering smelter margins of 8.0%, peak net revenues should be 39.1 million. We have assumed a total mining volume of 1,750 tonnes per year, a strip rate of 0.14, and average gold intercepts according to the valuation report of 4.00 g per ton. Average extraction rate should be 90.0% and we have assumed an average gold price of 1,750 USD per ounce in our calculations.
- ☉ **Moolyella's** lithium exploitation is expected to begin in 2027e. From 2029e onwards, we expect annual revenues of EUR 5.6 million. This assumption is based on 1.00% average lithium oxide (Li<sub>2</sub>O) intercepts according to the existing evaluation report and an average lithium price of USD 7.50 per kilogram (EURUSD 1.1900 assumed).

Our forecasts are based on the current group of companies consolidated; we did not consider additional acquisitions by SunMirror.

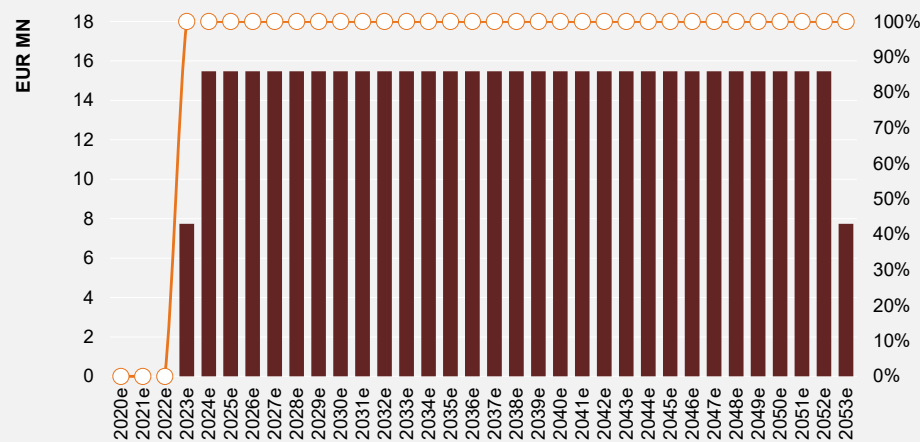
### Valuation of Cape Lambert (royalty)

Applying a 15% discount rate (base-case scenario), our discounted cash flow model indicates a present equity value of EUR 71.8 million (for calculation details please see pages 39ff).

Equity value of EUR 35.90 per share  
(base-case-scenario).

At 2.0 million shares, this corresponds to an equity value of EUR 35.90 per SunMirror share.

FIGURE 9: CAPE LAMBERT EBIT AND EBIT MARGIN, 2020E-2053E



SOURCE: COMPANY DATA, SPHENE CAPITAL FORECASTS

#### Expanded scenario analysis using alternative discount rates

In the following Table 1, we have applied different discount factors ranging from 10% (best-case-scenario) to 20% (worst-case-scenario). It indicates that equity values of under EUR 49.0 million and over EUR 115.1 million, or under EUR 24.50 and over EUR 57.60 per share, are hardly to attain by variations of the discount factor.

Simulation with share price estimates between EUR 24.50 (20% NPV worst-case-scenario) and EUR 57.60 (10% NPV best-case-scenario) per share.

TABLE 1: CAPE LAMBERT NPV SCENARIO ANALYSIS

Discount rate	%	Best case					Base case					Worst case
		10%	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
Value	EUR mn	115.1	103.8	94.0	85.6	78.3	71.8	66.1	61.1	56.6	52.6	49.0
Value per share	EUR	57.60	51.90	47.00	42.80	39.20	35.90	33.10	30.60	28.30	26.30	24.50

SOURCE: SPHENE CAPITAL FORECASTS

#### Applying a small operator discount

In our fundamental valuation model, we assume that SunMirror will follow an extraction plan that maximizes the value of its assets to the owners. This, in turn, requires that an optimal amount of capital is installed at the commencement of production. Major mining companies have access to financial markets, so they are able to raise the appropriate amount of capital. In the case of junior mining companies, however, capital is often severely constrained. Junior mining companies tend to invest in less costly used and sometimes miss-sized equipment causing production inefficiencies which lower the present value of the receipts from extraction.

We have therefore applied a 25% discount on the NPV values:

TABLE 2: CAPE LAMBERT NPV SCENARIO ANALYSIS INCLUDING A 25% JUNIOR MINING DISCOUNT

Discount rate	%	Best case						Base case						Worst case
		10%	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%		
Value	EUR mn	86.3	77.9	70.5	64.2	58.7	53.9	49.6	45.8	42.5	39.5	36.8		
Value per share	EUR	43.20	38.90	35.30	32.10	29.40	26.90	24.80	22.90	21.20	19.70	18.40		

SOURCE: SPHENE CAPITAL FORECASTS

**Valuation of Kingston-Keith (gold)**

We calculate the value of Kingston-Keith based on the management's expectations of the mineral reserves of this asset by using peer group multiples. In our peer group, we have included Australian junior gold explorers with market caps similar to that of SunMirror. It should be noted that there is no JORC compliant resources and reserves report available for SunMirror; the results should therefore be treated with caution.

TABLE 3: KINGSTON-KEITH PEER GROUP VALUATION

	Mineral resources (mn ounces)	Enterprise Value (AUD mn)	EV/ounce (x)
Horizon Minerals	1.150	62.9	54.7
Black Cat Syndicate	1.100	82.3	74.8
Ausgold	1.200	49.1	40.9
Calidus Resources	1.250	147.7	118.2
Bardoc Gold	3.100	140.0	45.2
Rand Mining	2.055	115.4	56.2
<b>Median</b>			<b>55.4</b>
<b>Kingston-Keith</b>	<b>0.636</b>	<b>35.3</b>	

SOURCE: COMPANY DATA, BLOOMBERG, SPHENE CAPITAL

**Valuation of Kingston-Keith**

Deducting a 25% discount and applying FX of 1.6158 (EURAUD), the equity value of the Kingston-Keith asset is EUR 16.4 million or EUR 8.20 per share:

TABLE 4: KINGSTON-KEITH VALUATION

Peer group valuation	AUD mn	35.3
FX	EURAUD	1.6158
Discount	%	25.0%
<b>Kingston-Keith</b>	<b>EUR mn</b>	<b>16.4</b>
<b>Kingston-Keith</b>	<b>EUR</b>	<b>8.20</b>

SOURCE: COMPANY DATA, BLOOMBERG, SPHENE CAPITAL FORECASTS

### Valuation of Moolyella (Lithium)

We calculate the value of the Moolyella Lithium asset based on management's expectations of the mineral reserves of this asset by using global Lithium explorers. As in the case of Kingston-Keith, there is no resources and reserves report available by SunMirror; the results should therefore be treated with caution. In addition, no long-term offtake agreement is in place.

**TABLE 5: MOOLYELLA PEER GROUP VALUATION**

	Mineral resources (mn t LCE)	Grade (%)	Contained LiO2 (mn t)	EV (AUD mn)	EV/t (x)
Lake Resources	5.4	2.00%	0.108	47.4	438.9
European Lithium	11.0	1.00%	0.110	40.7	370.7
European Metals	11.4	0.65%	0.074	70.5	951.4
Galan Lithium	2.1	1.50%	0.031	31.7	1,027.4
Liontown Resources	156.0	1.40%	2.184	331.0	151.6
Sayona Mining	20.9	1.01%	0.211	26.1	123.6
<b>Median</b>					<b>404.8</b>
<b>Moolyella</b>	<b>43.7</b>	<b>0.46%</b>	<b>0.203</b>	<b>17.7</b>	

SOURCE: COMPANY DATA, BLOOMBERG, SPHENE CAPITAL

### Valuation of Moolyella

Deducting a 25% discount and applying FX of 1.6158 (EURAUD), the equity value of the Moolyella asset translates into EUR 8.2 million or EUR 4.10 per share:

**TABLE 6: MOOLYELLA VALUATION**

Peer group valuation	AUD mn	17.7
FX	EURAUD	1.6158
Discount	%	25.0%
<b>Moolyella</b>	<b>EUR mn</b>	<b>8.2</b>
<b>Moolyella</b>	<b>EUR</b>	<b>4.10</b>

SOURCE: COMPANY DATA, BLOOMBERG, SPHENE CAPITAL FORECASTS

### Sum-of-the-parts valuation of SunMirror

Adding up the valuation results, our sum-of-the-parts value of the three assets of SunMirror totals EUR 78.4 million. Based on 2.0 million outstanding shares, this translates into an equity value per share of EUR 39.20.

TABLE 7: SUNMIRROR SUM-OF-THE-PARTS VALUATION SUMMARY

	Equity value (EUR mn)	Equity value per share (EUR)
Moolyella	8.2	4.10
Kingston-Keith	16.4	8.20
Cape Lambert North (base-case scenario)	53.9	26.90
<b>SunMirror</b>	<b>78.4</b>	<b>39.20</b>

SOURCE: COMPANY DATA, BLOOMBERG, SPHENE CAPITAL FORECASTS

**Challenges using peer group methodology**

The peer group valuation method allows the value estimated for a mining project to be benchmarked against other mining projects which are already established in the market. The methodology thus is a central tool for ensuring that value estimates are in line with what the market would actually pay for a project.

Notwithstanding, the peer group methodology has substantial challenges when valuing SunMirror:

- Ⓢ There is **no true comparable** in the mining industry, since each property is unique with respect to key factors such as geology, mineralization, costs, and stage of exploration. From this it follows that subjective judgment is needed to identify similar properties.
- Ⓢ There is only a **limited number of transactions** for mineral properties.
- Ⓢ There is a high importance of the **effective valuation date**, since the value of a property will vary widely from day to day, because of the volatility of mineral prices.

In addition to our sum-of-the-parts valuation of the group (primary valuation method), we value SunMirror’s shares using the available valuation reports of the three projects, provided by independent geologists. We explicitly state that these valuation reports were not all prepared in accordance with the requirements of the Valuation of Mineral Assets and Mineral Securities for Independent Expert’s Reports (“Valmin Code”) and should be interpreted by investors with caution. These reports result in equity values between EUR 194.4 and 200.0 million, or between EUR 97.20 and 100.00 per share. Values derived from the valuation reports therefore are substantially above our long-term NPV and peer group findings.

### Valuation reports

The following Table 8 presents the valuation figures derived from the partially non-Valmin Code-compliant valuation reports of the three mineral projects, issued by independent geologists.

TABLE 8: VALUATION OF INDEPENDENT GEOLOGISTS

Valuation company	Valmin compliant	Project		Lower end	Middle	Upper end
Ashgill Australia Pty. Ltd.	no	Moolyella	EUR mn	14.0	16.8	19.6
Geonomik Pty. Ltd.	no	Kingston-Keith	EUR mn		8.4	
Al Maynard & Associates Pty. Ltd.	yes	Cape Lambert North	EUR mn		172.0	
		<b>Total</b>	<b>EUR mn</b>	<b>194.4</b>	<b>197.2</b>	<b>200.0</b>
		<b>Value per share</b>	<b>EUR</b>	<b>97.20</b>	<b>98.60</b>	<b>100.00</b>

SOURCE: VALUATION REPORTS, SPHENE CAPITAL

### No classification of the mineral deposits

It should be explicitly noted however, that only the valuation report on Cape Lambert has been prepared in general accordance with the requirements of the Valuation of Mineral Assets and Mineral Securities for Independent Expert’s Reports (Valmin Code) as adopted by the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM).

In their reports, the geologists did not perform a classification of the mineral deposits into mineral resources (potentially valuable, and for which reasonable prospects exist for eventual economic extraction) or mineral reserves (valuable and legally, economically, and technically feasible to extract). Therefore, the valuation reports should be interpreted by investors with caution, in our view.

### Narrow valuation range

With the exception of Ashgill Australia’s valuation of Moolyella, a valuation range was not provided by the valuation geologists. The bandwidth of the valuation results therefore is relatively narrow and ranges from EUR 194.4 million to 200.0 million or from EUR 97.20 to 100.00 per share.

Using a 50-50 mix of both valuation methods results in equity values of SunMirror of EUR 137.8 million or EUR 68.90 per share.

**Given the limited information provided, we prefer a 50-50 mix of our own sum-of-the-parts model and the available, partially non-Valmin Code-compliant valuation findings**

Given the limited information provided at this stage of exploration, we prefer a 50-50 mix of our sum-of-the-parts valuation and the independent valuation reports.

TABLE 9: 50-50-MIX OF THE VALUATION FINDINGS

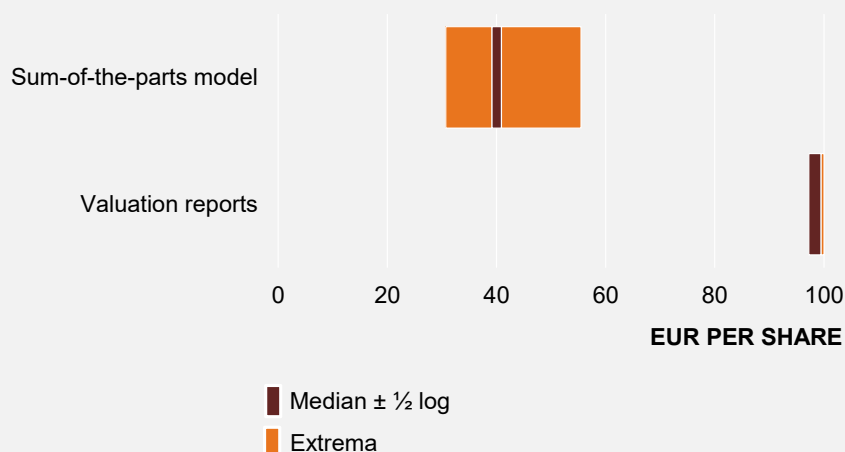
	50-50 Mix valuation (EUR mn)	50-50 Mix valuation per share (EUR)
Sum-of-the-parts valuation	78.4	39.20
Valuation reports	197.2	98.60
<b>Total</b>	<b>137.8</b>	<b>68.90</b>

SOURCE: VALUATION REPORTS, SPHENE CAPITAL FORECASTS

In Figure 10 below, we have summarized the results of our valuation methods by presenting the relevant bear-case (NPV20%), bull-case (NPV10%), and base-case (NPV 15%) scenario values in our NPV methodology and the minimum, medium, and maximum values of the independent valuation reports.

The summary of the valuation results indicates that the independent valuation results differ significantly from the intrinsic NPV15% values

FIGURE 10: SUMMARY OF VALUATION RESULTS



We consider a 50-50 mix of both valuation models to be the appropriate valuation method.

SOURCE: VALUATION REPORTS, SPHENE CAPITAL FORECASTS

**Downside risks for reaching our equity value**

We have identified the following weaknesses and downside risks, which could affect the company reaching our equity value range: **(1) Resource conversion:** While as of today no drilling has been done on the Moolyella and Kingston-Keith projects, there is no guarantee that future drill programs will be able to achieve the expected conversion



rates as those modelled within our valuation. So far, neither preliminary economic assessments (PEAs) nor prefeasibility studies (PFSs) or bankable feasibility studies (BFSs), the latter being the most up-to-date and accurate assessment by experienced engineering consultants, have been published. This means that there is a substantial risk that drilling may outline a lower tonnage or grade resource, which would negatively impact our valuation. **(2) Delay in timeline:** For Cape Lambert, Moolyella, and Kingston-Keith, we model project commissioning dates of 2023e, 2027e, and 2028e, respectively. Given that none of the projects have been operational, there is a significant risk for a delay in the timeline which in turn would result in significant deviations from our valuation findings.

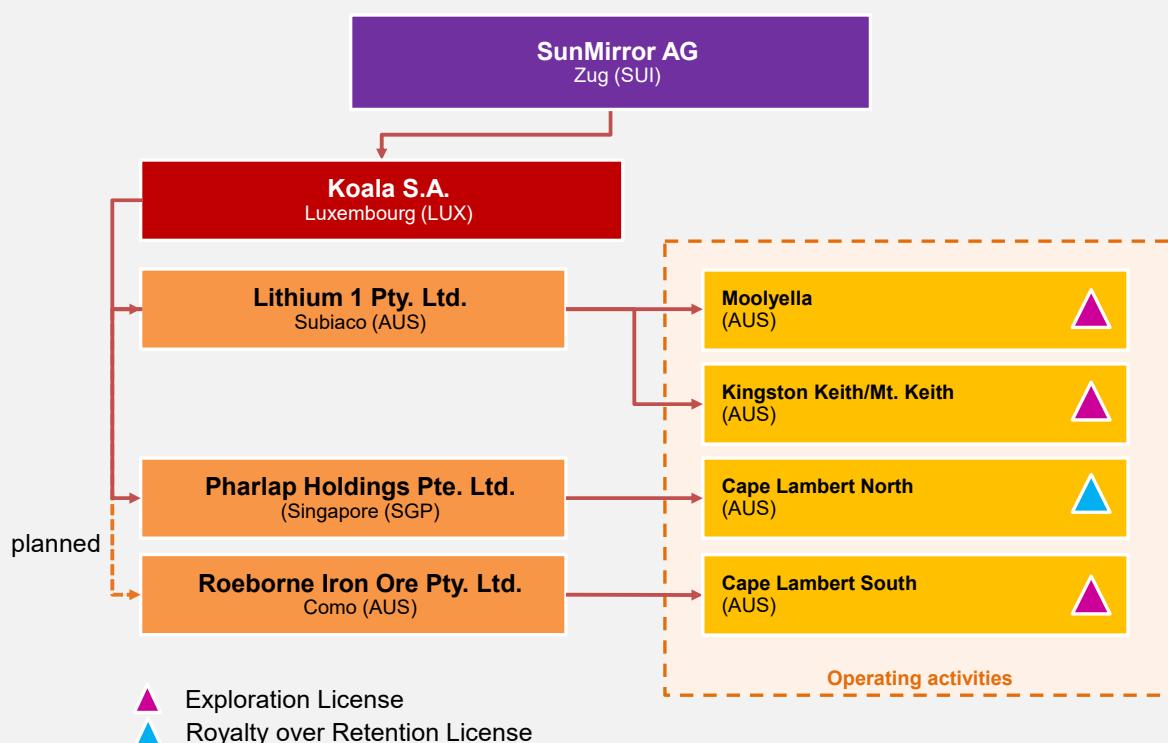
### **Catalysts for performance**

We consider the most important catalysts for the performance of SunMirror's share price in the coming quarters to be the release of the Moolyella and Kingston-Keith project resource updates and feasibility studies as key potential re-rating/de-risking points for the company.

## Gold and Lithium in Australia

Founded in 2017, SunMirror is a holding company that acquires equity stakes in exploration companies with a focus on gold and lithium. So far, SunMirror has acquired two companies: Australian Lithium 1 Pty. Ltd. and Singapore based Pharlap Holdings Pte. Ltd. Together, these companies own three Australian mineral projects, either through Exploration or Retention Licences. In addition, the company is in well-advanced negotiations to take over Roeborne Iron Ore Pty. Ltd., according to the management.

FIGURE 11: ORGANIGRAM (AS PER AUGUST 2020)



SOURCE: COMPANY INFORMATION, SPHENE CAPITAL

NOTE: ALL HOLDINGS 100%

### Exploration holding company

Founded in 2017, SunMirror is a Luxembourg based holding company that acquires equity stakes in mineral exploration companies with a focus on gold and lithium. With **Lithium 1 Pty. Ltd.**, SunMirror acquired two potentially highly valuable projects in Australia in the beginning of 2020:

Lithium 1 is a typical junior mining company.

- ⑤ a 100% ownership in **Moolyella**, located in Northwest Australia, with a robust potential for lithium, nickel, and tin-tantalum containing minerals, and
- ⑤ a tenement of the Exploration Licence in the **Kingston-Keith/Mt. Keith** Mining Project, which is situated in a prolific gold and nickel production district in central Western Australia with a proven high-grade gold mining history.

In addition, SunMirror took over Singapore based **Pharlap Holdings Pte. Ltd.** in August 2020:

- The company acquired an Exploration and Retention Licence on the mineral assets contained within the **Cape Lambert Magnetite** projects owned by MCC Australia Sanjin Mining Pty. Ltd. and Artemis Resources Ltd. The licence generates payments of EUR 0.50 per ton on mined magnetite Banded Iron Formation (BIF) ore. According to the company, Cape Lambert has an annual capacity of up to 50 million tonnes.

FIGURE 12: LOCATION OF SUNMIRROR ASSETS



SOURCE: COMPANY INFORMATION, SPHENE CAPITAL

### Further acquisitions on the horizon

According to the management, SunMirror is in well-advanced negotiations to take over 100% of **Roebourne Iron Ore Pty. Ltd.** which owns

- an Exploration Licence in **Cape Lambert South**, located in Northwest Australia.

Since the acquisition of Cape Lambert South has not been finalized yet, we have not considered it in our company valuation considerations.

The existing projects of SunMirror will be presented on the following pages.

**Situated in the Pilbara Mineral Fields, 157 km south-east of Port Hedland in the state of Western Australia, the Moolyella project area encompasses the historic Moolyella tin fields that were large scale mined for tin and tantalum from 1898 to 1986, but since that time has been intermittently mined on a small scale only. Geochemical assays for historical Moolyella rock-chip sampling program conducted in 2011 and 2012 over an area of 2 square kilometres confirmed significant lithium results.**

### Lithium in Moolyella

It is not until recently that the lithium potential in the Pilbara region has been investigated. Geochemical assays for historical Moolyella rock-chip sampling program conducted in 2011 and 2012 over an area of 2 square kilometres included occurrences of lithium at the Archean Pilbara Craton, with highest Lithium Oxides (Li<sub>2</sub>O) rock-chip results of up to 1.8%. These could indicate the Moolyella lithium project to host substantial lithium presence in Intrusive Pegmatite, not the least when compared to advanced lithium projects at Pilgangoora, about 100 km West of Moolyella.

### What is lithium?

Lithium is a soft, silvery-white alkali metal. With atomic number 3, lithium is the lightest metal and the lightest solid chemical element. Like all alkali metals, lithium is highly reactive and flammable. Lithium never occurs freely in nature, but only in (usually ionic) compounds, such as pegmatitic minerals, which were once the main source of lithium.

### What is lithium used for?

Being an essential metal with widespread applications in next generation technologies, lithium and its compounds are an integral component of high-energy density, rechargeable lithium batteries and lithium-ion batteries, commonly used for portable electronics and full-electric, plug-in hybrid, and hybrid vehicles (EVs, PEV, and HEVs), respectively. Due to the growth in EV technology as well as due to concerns over increased CO<sub>2</sub> pollution from combustion engines and rising fuel costs, lithium has been put into widespread use in EV (electric vehicles) batteries.

Lithium finds widespread application in secondary batteries (rechargeable batteries) as cathode materials (e.g. LiFePO<sub>4</sub>, LiCoO<sub>2</sub>, LiMn<sub>2</sub>O<sub>4</sub>, LiNi<sub>x</sub>Co<sub>y</sub>Mn<sub>z</sub>O<sub>2</sub>) as well as in primary batteries (single-discharge batteries) as anode materials.

Apart from the use in energy storage, electric mobility, and cordless devices, lithium compounds are also used in a far wider spectrum of industrial applications including heat-resistant glass and ceramics, lithium grease lubricants, flux additives for iron, steel, and aluminium production, enamels and ceramics, lubricating greases, pharmaceutical products, or aluminium products.

### Lithium processing

Lithium carbonate and lithium hydroxide are the two lithium compounds employed for battery cathode production, with carbonate currently making up the bulk of usage. In brine production lithium chloride is extracted from alkaline brine lakes before being converted to carbonate. The spodumene produced by hard rock mining requires further processing to produce carbonate – a particularly energy intensive, and therefore costly process.

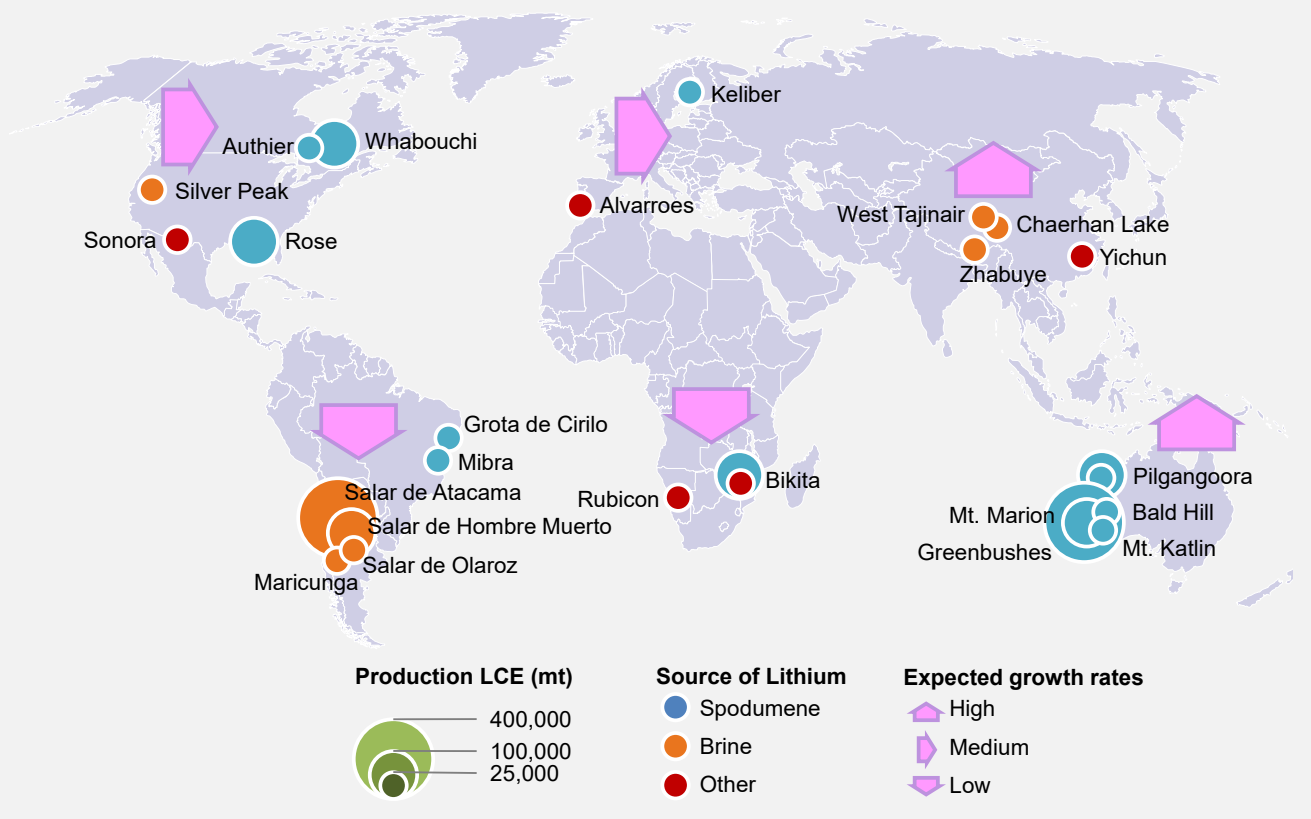
### Major lithium resources in Southern America and Australia

According to United States Geological Survey, lithium reserves are estimated to be more than 14 million tonnes. Confirmed resources defined as known deposits only are considerably greater and are reported to amount to approximately 34 million tonnes.

In 2014 the global lithium production reached roughly 32,000 tonnes, corresponding to 170,000 tonnes LCE. Therefore, the theoretical static range of lithium reaches 435 years.

58.8% of all lithium resources or 20.1 million tonnes are located in South America, especially in Chile, Bolivia, and Argentina. 4.4 million tonnes are located in North America and 5.4 million tonnes in China. European (1.2 million tonnes) and African (1.0 million tonnes) lithium deposits are of minor importance.

FIGURE 13: GLOBAL LITHIUM RESOURCES (2020)



SOURCE: S&P GLOBAL, SPHENE CAPITAL

**According to S&P, lithium supply is set to triple until 2025e**

Two types of lithium deposits have to be distinguished: Spodumene (hard rock) and, due to its solubility as an ion, brine deposits. While Australia is home to the majority of spodumene mines, brine production is concentrated in South America, mainly in Chile, Bolivia, and Argentina.

In the forthcoming years, S&P forecasts substantial growth in lithium supply. New mines and brine lakes coupled with expanded output from several existing projects should put global lithium production above 1.5 million tonnes on a lithium carbonate equivalent (LCE) basis by the year 2025e.

- Ⓢ **Australia**, presently the largest producing nation, should maintain its leading market position, with existing mines (many of which came in operation in the last three years) steadily ramping up production, bringing over 400,000 million tonnes LCE of new supply by 2025e.

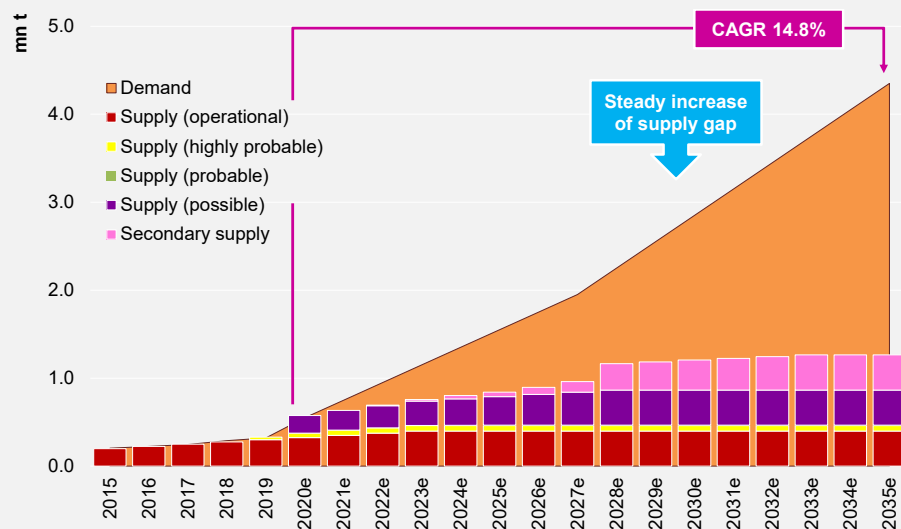
- ⑤ **South America** is also expected to see supply growth, with new brine lakes to begin production and most existing salars to increase output.
- ⑤ **North America's** share of lithium supply is set to increase to over 5%, with several new mines set to come online before 2025e.
- ⑤ **Europe** is expected to add only one new lithium source by 2025e, marginally increasing its share of global supply. This means that Europe looks set to remain dependent on non-domestic supply, despite the European Commission's efforts to develop the sector and to ensure security of raw material supply.

**But demand should even outgrow supply**

Despite the current oversupply, there is a strong argument that demand could outgrow supply in the medium term, with the following roots.

- ⑤ Accelerating demand for **electric vehicles**, driven by rising concerns for the environment, leading to a strong increase in EV penetration,
- ⑤ Growing usage and demand from **portable consumer electronics**,
- ⑤ Increasing demand from the **glass-making industry**,
- ⑤ **Reduced investment pipeline** due to current low prices,
- ⑤ Forced **market exit** of smaller players due to current pricing pressures.

FIGURE 14: LITHIUM SUPPLY AND DEMAND, 2015-2035E



SOURCE: ROCK TECH LITHIUM, SPHENE CAPITAL

**Initial evaluation of Moolyella**

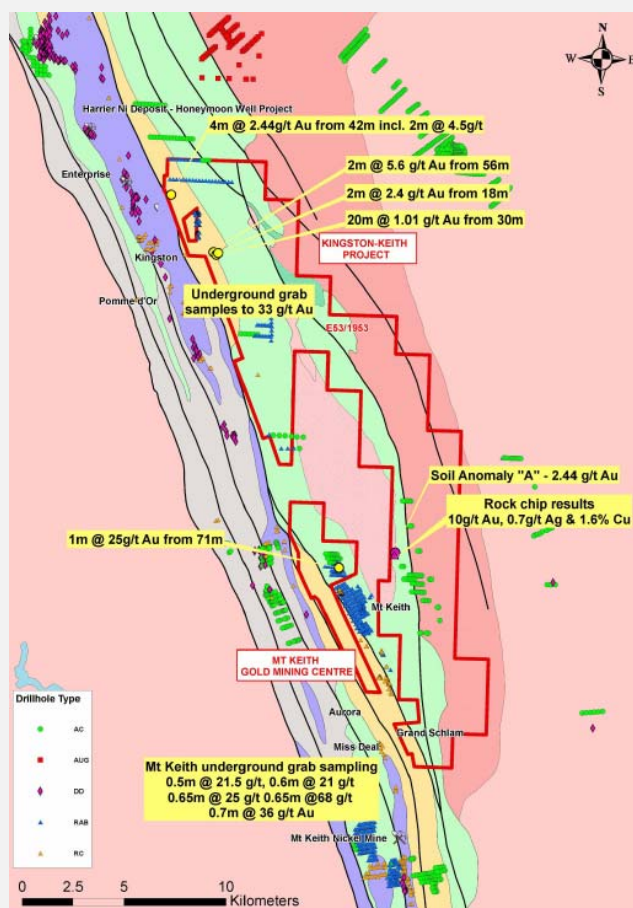
Based on the (non-43-101-compliant) review and evaluation reports by independent mining experts Ashgill Australia Pty. Ltd., Moolyella's in the ground commodities value can be estimated between GBP 12.5 million and GBP 17.5 million or EUR 14.0 million and EUR 19.6 million (GBPEUR 1.1214).

Located 450 km north of Kalgoorlie in the state of Western Australia, between the Mount Keith nickel mine operated by BHP in the south and Matilda gold mine in the north, the Kingston-Keith project comprises an Exploration Licence covering an area of 152 square kilometres. Geologically, the project lies in the Wiluna Mine Sequence of the Norseman Wiluna Greenstone Belt, a particularly fertile sequence of rocks where mineralizing processes have created gold and nickel sulphide ore bodies.

### Infrastructure

There is sufficient infrastructure in the area to support exploration, project development, and mining operations including transportation (only 2 km to the national Goldfields Highway which links the major mining centres of Newman in the north and Kalgoorlie in the south), a natural gas pipeline with a feeder line into the Mount Keith mine, and two mining towns (Wiluna and Leister, two service centres for the Wiluna Gold Mine and other mines on a fly-in/fly-out basis and a total population of approximately 1,200).

FIGURE 15: KINGSTON-KEITH SMAMPLING RESULTS



According to the evaluation report by Geonimik Pty. Ltd., several geochemical anomalies remain untested. A gold-copper-silver soil anomaly with a peak value of 2.44 g/t Au, with follow-up rock chips returning 10 g/t Au, 0.7 g/t Ag and 0.52-0.16 & Cu, warrants drill testing.

SOURCE: GEONOMIK PTY. LTD.

### Exploration licence covering an area of 152 square kilometres

The project is held as an Exploration Licence comprising 60 sub-blocks, covering an area of 152 square kilometres. The tenement was granted to Duketon Consolidated

Pty. Ltd. in March 2020 for a period of five years. The annual expenditure commitment is currently AUD 60,000.

### Geology of the Kingston-Keith project

Geologically, the Kingston-Keith project lies in the Wiluna mine sequence, also known as the Agnew-Bellevue-Kathleen-Mt. Keith-Kingston-Matilda-Wiluna gold corridor. The Agnew-Wiluna Greenstone Belt in the Yilgarn Craton of Western Australia is a narrow package of complexly deformed Archean supracrustal rocks that hosts two of the world's largest komatiite-hosted nickel sulphide deposits, the Mt. Keith and Perseverance deposits. According to the valuation reports, felsic to intermediate volcanic rocks are intercalated with syn-volcanic massive sulphides of inferred exhalative origin in these areas. In addition, the Agnew and the Wiluna gold deposits have produced 3.8 and 8.0 million ounces of gold, respectively,

According to the valuation report by Geonomik, the Kingston-Keith project is an under-explored, highly prospective area with significant potential for the discovery of economic gold deposits.

### Kingston-Keith drilling results

Drilling by exploration companies around historical workings and mines has highlighted the grade and tenor of the mineralized system. Significant gold intercepts in drilling include:

TABLE 10: KINGSTON-KEITH DRILLING RESULTS

Length (m)	Result (g/t)	Depth (m)
1	25.0	71
20	1.0	30
4	2.4	42
2	2.4	18
2	5.6	56
8	5.8	16

SOURCE: GEONOMIK PTY. LTD.

### Evaluation of Kingston-Keith

The exploration potential based on current and known resources and reserves projects in the area is valued by Geonomik in the vicinity of USD 10 million or EUR 8.4 million (EURUSD 1.1900).

Given the prolific nature and success of exploration for gold and base metals found in the region, and with a successful exploration and resource drilling program within the leases, a valuation of up to USD 1 billion could be achievable, according to the (non-43-101-compliant) Geonomik valuation report.



In August 2020, SunMirror took over Singapore based Pharlap Holdings which holds a royalty on the Retention Licence covering future mine production from the Cape Lambert Magnetite Project of MCC Australia Sanjin Mining Pty. Ltd. Cape Lambert North is located in Western Australia and holds undeveloped magnetite Banded Iron Formation (BIF) deposits within the Cleaverville Formation which SunMirror intends to quickly develop and exploit.

### Infrastructure

In August 2020, SunMirror acquired Singapore based Pharlap Holdings. Pharlap Holdings owns a royalty on the Retention Licence on mineral assets contained within the Cape Lambert Iron projects (Cape Lambert North) owned by MCC Australia Sanjin Mining Pty. Ltd.

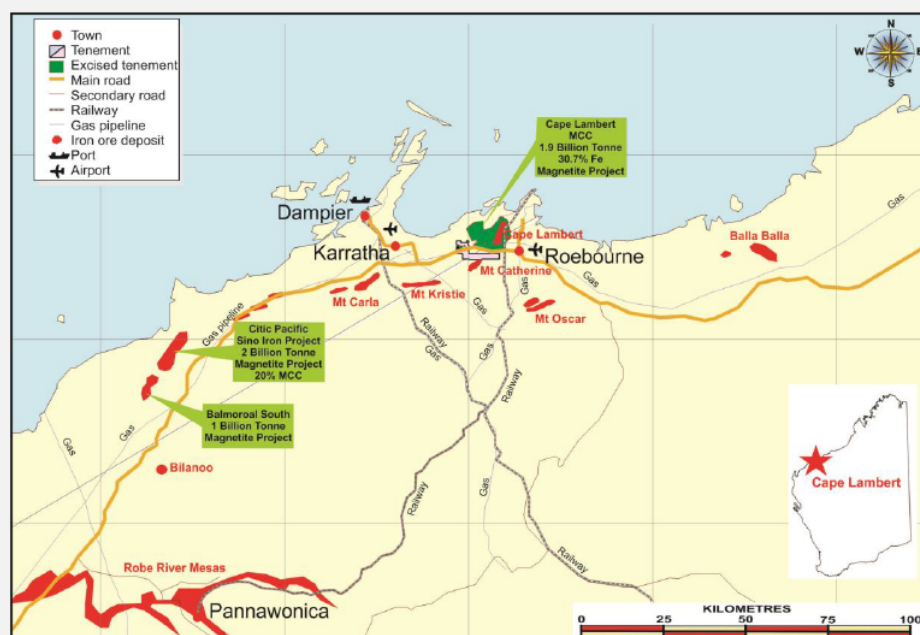
The project is located approximately 20 km east of Karratha and 8 km west of Roebourne in Western Australia (for geographical details, please see the following exhibit 16). According to the valuation reports by Al Maynard & Associates, access to the tenement is via the North West Coastal Highway which passes through the tenement. Access to the Banded Iron Formation (BIF) in the east is via a well-defined station track which joins the highway 30km east of Karratha and 1km west of the Rio rail line.

Due to the low relief and nature of the soils the station tracks within the tenements are suitable for traffic in dry periods only.

A Retention Licence is a holding title for a mineral resource which has been identified but, due to existing circumstances, cannot be mined or explored until a later date. A Retention Licence will allow the holder more time to develop the resource and to obtain financing.

Whilst a Retention Licence is in force, the holder may not remove more than 1,000 tonnes of material from the land covered by the licence.

FIGURE 16: LOCATION OF CAPE LAMPERT IRON PROJECTS



According to the valuation report by Al Maynard & Associates, the tenement covers Banded Iron Formation (BIF) units within the Cleaverville Formation with the ARV tenement along strike south from the main 1.9 billion tonnes @ 30.7% Fe Cape Lambert Magnetite deposit owned MCC.

SOURCE: AL MAYNARD & ASSOCIATES

### Royalties

The royalties on the Retention Licence cover future mine production for the Cape Lambert Magnetite Project (R47/18) owned by MCC Australia Sanjin Mining Pty. Ltd.

Should R47/18 lapse, the area covered by the Retention licence and within the Exploration licence boundaries would

There is an additional Exploration Licence (E47/3373) held by Artemis Resources Ltd. (ARV) on their Nickol River Iron and Gold Project, located to the south of the MCC Retention Licence, which SunMirror has not acquired so far.

revert to the owners of the granted Exploration licence.

**TABLE 11: CAPE LAMBERT TENEMENTS**

Tenement No.	Holder	Granted date	End date	Area (km <sup>2</sup> )	Area (blocks)	Status
R47/18	MCC Australia Sanjin Mining Pty. Ltd.	22 03 2019	21 03 2022	83.68	n/a	Granted
E47/3373	Artemis Resources Ltd.	05 11 2019	04 11 2024	~30	10	Granted

SOURCE: AL MAYNARD & ASSOCIATES

### Evaluation of Cape Lambert

According to the (Valmin-compliant) valuation report of Cape Lambert North by Al Maynard & Associates (AM&A), the publicly quoted resources by MCC Australia Sanjin Mining Pty. Ltd. on the Retention Licence R47/18 total 1.9 billion tonnes of which there are 1.4 billion tonnes of Indicated and approximately 0.5 billion tonnes Inferred at an average grade of 30.7% Fe.

The royalty on the MCC Cape Lambert Magnetite project is AUD 0.50 per ton of all minerals including magnetite BIF ore at a rate of up to 50 million tonnes per year. According to the AM&A valuation report and using both the Prospectivity Enhancement Multiplier (PEM) and Ratings System of Prospectivity (also known as Kilburn) methods, the discounted value of this royalty over a projected 30-year project life is AUD 278 million or EUR 172.0 million (EURAUD 1.6158).

AM&A used two valuation methods: (1) the multiple of exploration expenditure method (MEE) which has been adjusted by a subjective factor (also called the prospectivity enhancement multiplier or PEM), based on previous expenditure on a mineral asset with or without future committed exploration expenditure, and (2) the modified Kilburn Geological Engineering/Geoscience Method which is a rating method based on the basic acquisition cost (BAC) of the mineral asset that applies incremental, fractional or integer ratings to a BAC cost.

# Company History, Management, and Shareholder Structure

SunMirror is a holding company that has acquired two companies in 2020: Lithium 1 Pty. Ltd. and Pharlap Holdings Pte. Ltd. and is in negotiations to take over Roeborne Iron Ore Pty. Ltd. Together, these companies own four Australian mineral projects, either through Exploration or Retention Licences.

## Overview of Company History

The following Figure 17 provides an overview of SunMirror's corporate history:

FIGURE 17: OVERVIEW OF COMPANY HISTORY

<b>Milestones</b>	<b>2017</b> Foundation of Dynastar AG and listing on the Dusseldorf Stock Exchange	<b>08/2020</b> Capital increase by CHF 500,000 to CHF 825,000	<b>08/2020</b> Capital increase in kind to CHF 2,000,000 Contribution in kind of Couno Resources	<b>09/2020e</b> Rebranding of Dynastar AG into SunMirror AG
<b>Acquisitions</b>	<b>02/2020</b> Acquisition of Lithium 1 Pty. Ltd.		<b>08/2020</b> Acquisition of Pharlap Holdings Pte. Ltd.	

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL

## Board of Directors with many years of experience

SunMirror's Board of Directors, which we classify as strongly entrepreneurial on the one side, but without dedicated mining industry expertise on the other side, currently has the following members.

- ☞ Chairman of the Board is Mr. **Mr. Nigel Green**. Mr Green has extensive experience overseeing the management of large-scale financial operations. He holds a bachelor's degree from London Metropolitan University. Mr. Green started his career as an investment banker in London and then joined a boutique private bank in Zurich.
- ☞ **Mr. Charles Etonde** is approved by the Luxembourg financial authority (CSSF) as an investment vehicles Board Member. Since becoming a fully qualified French lawyer (Paris Bar) in 2004, Mr. Etonde has been employed by BDO, BNP Paribas, and Arendt & Medernach. His expertise is focused on the structure and approval of unregulated and regulated investment vehicles.
- ☞ **Mr. Alexandre Taskiran** has extensive experience in valuation mandates, mergers, and private placements across various industries (telecom, consumer goods, retail, hotel and leisure, financial sector) both for industry specific clients and for private equity groups. With more than 15 years of experience as financial controller and accountant, Mr Taskiran has been a chartered accountant in

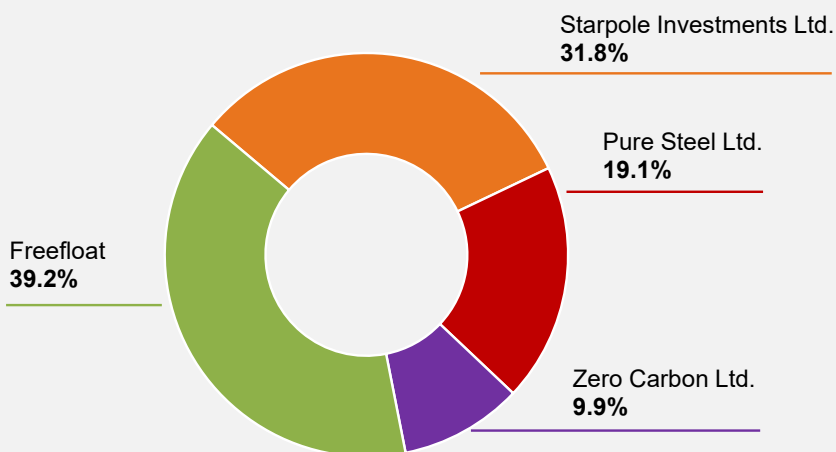
Luxembourg since 2006 and member of the regulatory board of Chartered Accountants Organization in Luxembourg since 2015.

The share capital of the company, which is domiciled in Switzerland, currently comprises CHF 2.0 million of 2,000,000 bearer shares (basic) at a par value of CHF 1.00 per share. The company's principal shareholders are three holding companies which together hold 60.8% of the shares. As of September 21, 2020, the free float of the share is 39.2%.

### 2.0 million outstanding shares (basic)

SunMirror AG has initiated a reverse-takeover of Dynastar AG which is listed on the Open Market of the Dusseldorf Stock Exchange at the beginning of September 2020. After the reverse-takeover will have been completed, the company's share capital of CHF 2.0 million will be composed of 2.0 million shares with a par value of CHF 1.00 per share.

FIGURE 18: SUNMIRROR OWNERSHIP STRUCTURE (AS OF AUGUST 2020)



After completion of the reverse-takeover, initiated in September 2020, 39.2% of SunMirror shares can be considered free float.

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL

### Majority of the shares held by institutional investors

After the reverse-takeover of Dynastar, there are three major shareholders holding an interest of more than 3.0%. The largest individual shareholder of the company with an interest of 31.8% is Starpole Investments Ltd. Other known institutional investors are Pure Steel Ltd. (19.1%), and Zero Carbon Ltd. (9.9%). No other institutional investors holding more than 3.0% of SunMirror's share capital are known at this time.

The free float amounts to 39.2%.

## Strengths and Weaknesses

In our opinion, the following are SunMirror's **opportunities and strengths** as a company:

### Strengths

- ⑤ **Potentially attractive assets:** Within a short period of time, SunMirror was able to acquire two potentially attractive companies with three mineral assets in areas, where geology is similar to that of nearby producing mines. For investors, the main attraction of exploration companies like SunMirror is the potentially massive increase in share price in case the company succeeds in developing new deposits.
- ⑤ **No specific country risk premium:** Strategy of SunMirror is the acquisition of projects in developed countries. Following this risk-averse strategy, SunMirror avoids insecure and politically unstable regions like the Congo and Venezuela, or countries with low respect for property rights and the rule of law, like Russia or Mongolia. The political risk of a government introducing or increasing royalties or ownership, and banning exports of a specific ore is negligible, in our view. Therefore, no specific valuation country risk premium needs to be applied, in our view.
- ⑤ **Solid gearing:** With an equity ratio of 91.9% (year-end 2019), SunMirror has a solid balance sheet structure. In addition, there are no interest-bearing debt obligations.
- ⑤ **Experienced management:** SunMirror's team of founders, which has worked together successfully in the past, has many years of experience in establishing and positioning companies in new niches. In addition, the current management team is highly incentivized through own shareholdings, offering investors "skin in the game".
- ⑤ **Access to the capital market:** In view of an environment marked by fragmented structures, admission to listing on the Dusseldorf Stock Exchange represents a considerable reputation boost and financing medium, in our view.

In our opinion, the following are SunMirror's **weaknesses and risks** as a company:

### Weaknesses

- ⑤ **Typical junior mining risks:** In the mineral exploration business, significantly less than 1% of prospective mines eventually reach production. Typically, it takes 7 to 10 years from mineral showings to the start of a new mine. Therefore, SunMirror will depend on capital markets to obtain funds for their projects for some time.
- ⑤ **Limited evaluation reports:** For Moolyella and Kingston-Keith, SunMirror has published only limited evaluation reports which should therefore be considered with caution. In addition, since no exploration work has been completed so far, no Mineral Resource Estimates is available either, let alone a Preliminary Economic Assessment (PEA), Pre-Feasibility Study (PFS) or Bankable Feasibility Study (BFS).
- ⑤ **Resource conversion:** While as of today no drilling has been done on the Moolyella and Kingston-Keith projects, there is no guarantee that future drill programs will be able to achieve the expected conversion rates as those modelled within our valuation model. This means that there is a substantial risk that drilling may outline a lower tonnage or grade resource, which would negatively impact our valuation.

- ⑤ **No revenues or cash flows:** According to the business plan of the company, SunMirror will not generate any revenues until 2023e. We expect the company to generate pre-tax losses of EUR -0.9 and -9.3 million in the current and the next financial year, respectively. Even after 2023e, SunMirror will not generate cash flows from an existing mine, neither could it generate cash flows that will be sufficient to cover the development costs of other mines.
- ⑤ **Delay in timeline:** For Moolyella and Kingston-Keith, we model a project commissioning date of 2027e and 2028e, respectively. Given that none of the projects have been operational, there is a significant risk for a delay in the timeline, in our view.
- ⑤ **Risks in diversification:** SunMirror's strategy is to acquire assets and projects in different countries, continents, and (base and precious) metals. However, splitting management attention on many different projects, each with different circumstances and geological attributes, comes at a price, in our view.
- ⑤ **Risk of external growth:** SunMirror's corporate strategy focuses on takeovers and mergers which require tying up management resources and making large integration investments. In our opinion, although SunMirror can point to the previous projects Lithium 1 Pty. Ltd. and Pharlapp Holdings Pte. Ltd., no assurance can be given that future takeovers will not negatively affect day-to-day business.
- ⑤ **Currency translation risk:** SunMirror is exposed to currency risks: SunMirror's foreign subsidiaries expose it to exchange rate risks from currency translation between its reporting currency, EUR, and currently mainly the Australian Dollar. According to the company, SunMirror does not engage in currency hedging.
- ⑤ **Lack of long-term history:** SunMirror has existed in its current business structure only for a short time. Short- and medium-term financial forecasts are therefore marked by considerable uncertainty, particularly regarding further project acquisition, expected sales and revenue performance, as well as the company's future strategic direction.
- ⑤ **Unknown trading volume:** As of today, average daily trading volume is unknown. For junior mining companies like SunMirror, trading volume is highly important, since the more liquid a stock is, the easier it is for investors to dispose of the stocks when it is time to take profits.
- ⑤ **Risks of a potential stock overhang:** From our point of view, SunMirror is exposed to the risk of a stock overhang by existing shareholders. In our view, some principal shareholders may not consider acquiring an equity investment in SunMirror to be strategically important. In addition, there is no hard lock-up agreement for the existing shareholders.
- ⑤ **Dependence on management:** In our opinion, SunMirror is dependent on the current Board of Directors finding geologists and mining experts with winning track records (previous discoveries, successful company exits in the past), since this know-how does not exist within the current management team.
- ⑤ **Sentiment towards the overall sector and the specific commodity:** Junior mining companies are cyclical in nature and highly dependent on market sentiment. When commodities lose their appeal, related junior mining stocks might come under significant pressure, because they do not generate cash flows during their exploration and development phases.

## Profit and Loss Account, 2020e-2026e

SWISS GAAP (31.12.)		2020e	2021e	2022e	2023e	2024e	2025e	2026e
<b>Gross revenues</b>	EUR mn	0.000	0.000	0.000	7.736	15.472	15.472	15.472
YoY	%	n/a	n/a	n/a	n/a	100.0%	0.0%	0.0%
Changes in inventories	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Own work capitalized	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other operating income	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total output</b>	EUR mn	0.000	0.000	0.000	7.736	15.472	15.472	15.472
YoY	%	n/a	n/a	n/a	n/a	100.0%	0.0%	0.0%
<b>Total exploration, mining, and upfront costs</b>	EUR mn	0.000	-7.434	0.000	0.000	-0.908	0.000	0.000
In % of total output	%	n/a	n/a	n/a	0.0%	-5.9%	0.0%	0.0%
Total exploration and upfront costs	EUR mn	0.000	-7.434	0.000	0.000	-0.908	0.000	0.000
Total mining costs	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Gross profit</b>	EUR mn	0.000	-7.434	0.000	7.736	14.565	15.472	15.472
YoY	%	n/a	n/a	-100.0%	n/a	88.3%	6.2%	0.0%
In % of total output	%	n/a	n/a	n/a	100.0%	94.1%	100.0%	100.0%
Personnel costs	EUR mn	-0.222	-0.444	-0.394	-0.405	-0.416	-0.428	-0.440
In % of total output	%	n/a	n/a	n/a	-5.2%	-2.7%	-2.8%	-2.8%
Other operating expenses	EUR mn	-0.524	-0.740	-0.465	-0.467	-0.469	-0.471	-0.474
In % of total output	%	n/a	n/a	n/a	-6.0%	-3.0%	-3.0%	-3.1%
<b>EBITDA</b>	EUR mn	-0.745	-8.618	-0.858	6.865	13.679	14.573	14.559
YoY	%	22.3%	n/a	-90.0%	-899.7%	99.3%	6.5%	-0.1%
In % of total output	%	n/a	n/a	n/a	88.7%	88.4%	94.2%	94.1%
Depreciation	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Amortisation	EUR mn	-0.100	-0.100	-0.100	-0.100	0.000	0.000	0.000
<b>EBIT</b>	EUR mn	-0.845	-8.718	-0.958	6.765	13.679	14.573	14.559
YoY	%	19.1%	931.3%	-89.0%	-805.9%	102.2%	6.5%	-0.1%
YoY	EUR mn	-0.136	-7.872	7.759	7.723	6.915	0.894	-0.014
In % of total output	%	n/a	n/a	n/a	87.4%	88.4%	94.2%	94.1%
Income from participations	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net financial result	EUR mn	-0.099	-0.600	-1.080	-1.160	-1.160	-1.160	-1.160
Extraordinary items	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>EBT</b>	EUR mn	-0.944	-9.318	-2.038	5.605	12.519	13.413	13.399
In % of total output	%	n/a	n/a	n/a	72.4%	80.9%	86.7%	86.6%
Income taxes	EUR mn	0.000	0.000	0.000	0.000	0.000	-2.683	-2.680
In % of EBT (implied tax rate)	%	0.0%	0.0%	0.0%	0.0%	0.0%	-20.0%	-20.0%
Other taxes	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Net income</b>	EUR mn	-0.944	-9.318	-2.038	5.605	12.519	10.730	10.719
In % of total output	%	n/a	n/a	n/a	72.4%	80.9%	69.4%	69.3%
Minorities	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Nr of shares (basic)	mn	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Nr of shares (diluted)	mn	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>EPS (basic)</b>	EUR	-0.47	-4.66	-1.02	2.80	6.26	5.37	5.36
<b>EPS (diluted)</b>	EUR	-0.47	-4.66	-1.02	2.80	6.26	5.37	5.36

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS

## Segments, 2020e-2026e

SWISS GAAP (31.12.)		2020e	2021e	2022e	2023e	2024e	2025e	2026e
<b>Net revenues</b>	<b>EUR mn</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>7.736</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>
Kingston-Keith	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Moolyella	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cape Lambert	EUR mn	0.000	0.000	0.000	7.736	15.472	15.472	15.472
Project Nr. 4	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>YoY</b>	<b>%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Kingston-Keith	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Moolyella	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cape Lambert	%	n/a	n/a	n/a	n/a	100.0%	0.0%	0.0%
Project Nr. 4	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>in % of net revenues</b>	<b>%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Kingston-Keith	%	n/a	n/a	n/a	0.0%	0.0%	0.0%	0.0%
Moolyella	%	n/a	n/a	n/a	0.0%	0.0%	0.0%	0.0%
Cape Lambert	%	n/a	n/a	n/a	100.0%	100.0%	100.0%	100.0%
Project Nr. 4	%	n/a	n/a	n/a	0.0%	0.0%	0.0%	0.0%
<b>Gross profit</b>	<b>EUR mn</b>	<b>0.000</b>	<b>-7.434</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.908</b>	<b>0.000</b>	<b>0.000</b>
Kingston-Keith	EUR mn	0.000	-7.434	0.000	0.000	0.000	0.000	0.000
Moolyella	EUR mn	0.000	0.000	0.000	0.000	-0.908	0.000	0.000
Cape Lambert	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>YoY</b>	<b>%</b>	<b>n/a</b>	<b>n/a</b>	<b>-100.0%</b>	<b>n/a</b>	<b>n/a</b>	<b>-100.0%</b>	<b>n/a</b>
Kingston-Keith	%	n/a	n/a	-100.0%	n/a	n/a	n/a	n/a
Moolyella	%	n/a	n/a	n/a	n/a	n/a	-100.0%	n/a
Cape Lambert	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>in % of gross revenues</b>	<b>%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>0.0%</b>	<b>-5.9%</b>	<b>0.0%</b>	<b>0.0%</b>
Kingston-Keith	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Moolyella	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cape Lambert	%	n/a	n/a	n/a	0.0%	0.0%	0.0%	0.0%

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS



## Regions, 2020e-2026e

SWISS GAAP (31.12.)		2020e	2021e	2022e	2023e	2024e	2025e	2026e
<b>Gross Sales</b>	<b>EUR mn</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>7.736</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>
Europe	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Asia	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
USA	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Rest of World	EUR mn	0.000	0.000	0.000	7.736	15.472	15.472	15.472
<b>YoY</b>	<b>%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Europe	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
USA	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of World	%	n/a	n/a	n/a	n/a	100.0%	0.0%	0.0%
<b>as of total sales</b>	<b>%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Europe	%	n/a	n/a	n/a	0.0%	0.0%	0.0%	0.0%
Asia	%	n/a	n/a	n/a	0.0%	0.0%	0.0%	0.0%
USA	%	n/a	n/a	n/a	0.0%	0.0%	0.0%	0.0%
Rest of World	%	n/a	n/a	n/a	100.0%	100.0%	100.0%	100.0%

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS

## Balance Sheet (Assets), 2020e-2026e

SWISS GAAP (31.12.)		2020e	2021e	2022e	2023e	2024e	2025e	2026e
<b>ASSETS</b>								
<b>Non-current assets</b>	<b>EUR mn</b>	<b>16.300</b>	<b>16.200</b>	<b>16.100</b>	<b>16.000</b>	<b>16.000</b>	<b>16.000</b>	<b>16.000</b>
<b>Intangible assets</b>	<b>EUR mn</b>	<b>0.300</b>	<b>0.200</b>	<b>0.100</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Formation expenses	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Trademarks and franchises	EUR mn	0.300	0.200	0.100	0.000	0.000	0.000	0.000
<b>Long-term assets</b>	<b>EUR mn</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Property	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Plant and equipment	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other long-term assets	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Prepaid advances	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Financial assets</b>	<b>EUR mn</b>	<b>16.000</b>	<b>16.000</b>	<b>16.000</b>	<b>16.000</b>	<b>16.000</b>	<b>16.000</b>	<b>16.000</b>
Participations	EUR mn	16.000	16.000	16.000	16.000	16.000	16.000	16.000
Other long-term assets	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Loans to affiliated companies	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Prepaid advances	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Current assets</b>	<b>EUR mn</b>	<b>0.117</b>	<b>0.900</b>	<b>0.961</b>	<b>7.053</b>	<b>19.959</b>	<b>30.690</b>	<b>41.409</b>
Inventory	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
DIO	d	n/a	0	n/a	n/a	0	n/a	n/a
Trade receivables	EUR mn	0.025	0.025	0.025	0.412	0.799	0.799	0.799
DSO	d	n/a	n/a	n/a	19	19	19	19
Receivables from affiliated companies	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Receivables due from related parties	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other current assets	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash and cash equivalents	EUR mn	0.092	0.875	0.936	6.641	19.160	29.891	40.610
thereof collateralized	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Deferred taxes	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other deferred items	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Equity deficit	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total assets</b>	<b>EUR mn</b>	<b>16.417</b>	<b>17.100</b>	<b>17.061</b>	<b>23.053</b>	<b>35.959</b>	<b>46.690</b>	<b>57.409</b>
SOURCE: COMPANY INFORMATION. SPHENE CAPITAL FORECASTS								

## Balance Sheet (Liabilities), 2020e-2026e

SWISS GAAP (31.12.)		2020e	2021e	2022e	2023e	2024e	2025e	2026e
<b>LIABILITIES AND EQUITY</b>								
<b>Total shareholder's equity</b>	<b>EUR mn</b>	<b>13.667</b>	<b>4.350</b>	<b>2.311</b>	<b>7.916</b>	<b>20.435</b>	<b>31.166</b>	<b>41.885</b>
Equity ratio	%	83.2%	25.4%	13.5%	34.3%	56.8%	66.8%	73.0%
Share capital	EUR mn	1.111	1.111	1.111	1.111	1.111	1.111	1.111
Capital reserve	EUR mn	14.221	14.221	14.221	14.221	14.221	14.221	14.221
Currency adjustments	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Profit reserves	EUR mn	-0.720	-1.665	-10.982	-13.021	-7.416	5.103	15.834
Profit/Loss of period	EUR mn	-0.944	-9.318	-2.038	5.605	12.519	10.730	10.719
Equity deficit	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Own shares	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Minorities	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Special items	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Pension reserves	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other provisions	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Current liabilities</b>	<b>EUR mn</b>	<b>0.250</b>	<b>0.250</b>	<b>0.250</b>	<b>0.637</b>	<b>1.024</b>	<b>1.024</b>	<b>1.024</b>
Bank debt	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Trade payables	EUR mn	0.250	0.250	0.250	0.637	1.024	1.024	1.024
DPO	d	n/a	n/a	n/a	30	24	24	24
Prepayments	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other current liabilities	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Liabilities due to related parties	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Non-current liabilities</b>	<b>EUR mn</b>	<b>2.500</b>	<b>12.500</b>	<b>14.500</b>	<b>14.500</b>	<b>14.500</b>	<b>14.500</b>	<b>14.500</b>
Bank debt	EUR mn	2.500	12.500	14.500	14.500	14.500	14.500	14.500
Other non-current liabilities	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Deferred taxes	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other deferred items	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total liabilities and shareholder's equity</b>	<b>EUR mn</b>	<b>16.417</b>	<b>17.100</b>	<b>17.061</b>	<b>23.053</b>	<b>35.959</b>	<b>46.690</b>	<b>57.409</b>
SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS								

## Balance Sheet (Assets, Normalized), 2020e-2026e

SWISS GAAP (31.12.)		2020e	2021e	2022e	2023e	2024e	2025e	2026e
<b>ASSETS</b>	%							
<b>Non-current assets</b>	%	<b>99.3%</b>	<b>94.7%</b>	<b>94.4%</b>	<b>69.4%</b>	<b>44.5%</b>	<b>34.3%</b>	<b>27.9%</b>
<b>Intangible assets</b>	%	<b>1.8%</b>	<b>1.2%</b>	<b>0.6%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Formation expenses	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Trademarks and franchises	%	1.8%	1.2%	0.6%	0.0%	0.0%	0.0%	0.0%
<b>Long-term assets</b>	%	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Property	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plant and equipment	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other long-term assets	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Prepaid advances	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Financial assets</b>	%	<b>97.5%</b>	<b>93.6%</b>	<b>93.8%</b>	<b>69.4%</b>	<b>44.5%</b>	<b>34.3%</b>	<b>27.9%</b>
Participations	%	97.5%	93.6%	93.8%	69.4%	44.5%	34.3%	27.9%
Other long-term assets	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans to affiliated companies	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Prepaid advances	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Current assets</b>	%	<b>0.7%</b>	<b>5.3%</b>	<b>5.6%</b>	<b>30.6%</b>	<b>55.5%</b>	<b>65.7%</b>	<b>72.1%</b>
Inventory	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Trade receivables	%	0.2%	0.1%	0.1%	1.8%	2.2%	1.7%	1.4%
Receivables from affiliated companies	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Receivables due from related parties	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other current assets	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash and cash equivalents	%	0.6%	5.1%	5.5%	28.8%	53.3%	64.0%	70.7%
thereof collateralized	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred taxes	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other deferred items	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity deficit	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total assets</b>	%	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS

## Balance Sheet (Liabilities, Normalized), 2020e-2026e

SWISS GAAP (31.12.)		2020e	2021e	2022e	2023e	2024e	2025e	2026e
<b>LIABILITIES AND EQUITY</b>								
<b>Total shareholder's equity</b>	%	<b>83.2%</b>	<b>25.4%</b>	<b>13.5%</b>	<b>34.3%</b>	<b>56.8%</b>	<b>66.8%</b>	<b>73.0%</b>
Share capital	%	6.8%	6.5%	6.5%	4.8%	3.1%	2.4%	1.9%
Capital reserve	%	86.6%	83.2%	83.4%	61.7%	39.5%	30.5%	24.8%
Currency adjustments	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit reserves	%	-4.4%	-9.7%	-64.4%	-56.5%	-20.6%	10.9%	27.6%
Profit/Loss of period	%	-5.8%	-54.5%	-11.9%	24.3%	34.8%	23.0%	18.7%
Equity deficit	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Own shares	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Minorities	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Special items	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pension reserves	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Current liabilities</b>	%	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.2%</b>	<b>1.8%</b>
Bank debt	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Trade payables	%	1.5%	1.5%	1.5%	2.8%	2.8%	2.2%	1.8%
Prepayments	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other current liabilities	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liabilities due to related parties	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Non-current liabilities</b>	%	<b>15.2%</b>	<b>73.1%</b>	<b>85.0%</b>	<b>62.9%</b>	<b>40.3%</b>	<b>31.1%</b>	<b>25.3%</b>
Bank debt	%	15.2%	73.1%	85.0%	62.9%	40.3%	31.1%	25.3%
Other non-current liabilities	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other deferred items	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total liabilities and shareholder's equity</b>	%	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS								

## Cash Flow Statement, 2020e-2026e

SWISS GAAP (31.12.)		2020e	2021e	2022e	2023e	2024e	2025e	2026e
Net income	EUR mn	-0.944	-9.318	-2.038	5.605	12.519	10.730	10.719
Depreciation & Amortisation	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Income from sale of assets	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Δ inventory	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Δ trade receivables	EUR mn	0.000	0.000	0.000	-0.387	-0.387	0.000	0.000
Δ other receivables	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Δ deferred tax assets	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Δ provisions	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Δ other long-term provisions	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Δ other short-term provisions	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Δ trade payables	EUR mn	0.216	0.000	0.000	0.387	0.387	0.000	0.000
Δ special items	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Δ deferred liabilities	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Currency adjustments	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other operational adjustments	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Operating cash flow</b>	<b>EUR mn</b>	<b>-0.629</b>	<b>-9.218</b>	<b>-1.938</b>	<b>5.705</b>	<b>12.519</b>	<b>10.730</b>	<b>10.719</b>
Investments in financial assets	EUR mn	-16.000	0.000	0.000	0.000	0.000	0.000	0.000
Investments in intangible assets	EUR mn	0.001	0.000	0.000	0.000	0.000	0.000	0.000
Investments in tangible assets	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other operational adjustments	EUR mn	16.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Cash flow from investing</b>	<b>EUR mn</b>	<b>0.001</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Free cash flow</b>	<b>EUR mn</b>	<b>-0.629</b>	<b>-9.218</b>	<b>-1.938</b>	<b>5.705</b>	<b>12.519</b>	<b>10.730</b>	<b>10.719</b>
Δ Capital stock	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Δ Capital reserves	EUR mn	14.221	0.000	0.000	0.000	0.000	0.000	0.000
Δ Bank debt	EUR mn	2.500	10.000	2.000	0.000	0.000	0.000	0.000
Δ other interest-bearing liabilities	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Less prior-year dividend	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other operational adjustments	EUR mn	-16.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Financing cash flow</b>	<b>EUR mn</b>	<b>0.721</b>	<b>10.000</b>	<b>2.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Net cash inflow	EUR mn	0.092	0.782	0.062	5.705	12.519	10.730	10.719
Currency adjustments	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net cash opening balance	EUR mn	0.000	0.092	0.875	0.936	6.641	19.160	29.891
<b>Net cash closing balance</b>	<b>EUR mn</b>	<b>0.092</b>	<b>0.875</b>	<b>0.936</b>	<b>6.641</b>	<b>19.160</b>	<b>29.891</b>	<b>40.610</b>

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS

## Cape Lambert NPV Valuation (15% Base-case-scenario)

SWISS GAAP (31.12.)		2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e
EBIT	EUR mn	0.000	0.000	0.000	7.736	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472
Total Capex	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Free Cashflow</b>	<b>EUR mn</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>7.736</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>
Discount rate	%	15.0%											
<b>PV of FCF</b>	<b>EUR mn</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>5.087</b>	<b>8.846</b>	<b>7.692</b>	<b>6.689</b>	<b>5.817</b>	<b>5.058</b>	<b>4.398</b>	<b>3.824</b>	<b>3.326</b>
		<b>2032e</b>	<b>2033e</b>	<b>2034e</b>	<b>2035e</b>	<b>2036e</b>	<b>2037e</b>	<b>2038e</b>	<b>2039e</b>	<b>2040e</b>	<b>2041e</b>	<b>2042e</b>	<b>2043e</b>
EBIT	EUR mn	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472
Total Capex	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Free Cashflow</b>	<b>EUR mn</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>
Discount rate	%	15.0%											
<b>PV of FCF</b>	<b>EUR mn</b>	<b>2.892</b>	<b>2.515</b>	<b>2.187</b>	<b>1.901</b>	<b>1.653</b>	<b>1.438</b>	<b>1.250</b>	<b>1.087</b>	<b>0.945</b>	<b>0.822</b>	<b>0.715</b>	<b>0.622</b>
		<b>2044e</b>	<b>2045e</b>	<b>2046e</b>	<b>2047e</b>	<b>2048e</b>	<b>2049e</b>	<b>2050e</b>	<b>2051e</b>	<b>2052e</b>	<b>2053e</b>		
EBIT	EUR mn	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	7.736		
Total Capex	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
<b>Free Cashflow</b>	<b>EUR mn</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>7.736</b>		
Discount rate	%	15.0%											
<b>PV of FCF</b>	<b>EUR mn</b>	<b>0.541</b>	<b>0.470</b>	<b>0.409</b>	<b>0.355</b>	<b>0.309</b>	<b>0.269</b>	<b>0.234</b>	<b>0.203</b>	<b>0.177</b>	<b>0.077</b>		
<b>Sum of PV</b>	<b>EUR mn</b>	<b>71.807</b>											
Nr of shares (basic)	1,000	2,000											
<b>NPV per share</b>	<b>EUR</b>	<b>35.90</b>											

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS

## Cape Lambert NPV Valuation (10% Best-case-scenario)

SWISS GAAP (31.12.)		2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e
EBIT	EUR mn	0.000	0.000	0.000	7.736	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472
Total Capex	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Free Cashflow</b>	<b>EUR mn</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>7.736</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>
Discount rate	%	10.0%											
<b>PV of FCF</b>	<b>EUR mn</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>5.812</b>	<b>10.568</b>	<b>9.607</b>	<b>8.734</b>	<b>7.940</b>	<b>7.218</b>	<b>6.562</b>	<b>5.965</b>	<b>5.423</b>
		<b>2032e</b>	<b>2033e</b>	<b>2034e</b>	<b>2035e</b>	<b>2036e</b>	<b>2037e</b>	<b>2038e</b>	<b>2039e</b>	<b>2040e</b>	<b>2041e</b>	<b>2042e</b>	<b>2043e</b>
EBIT	EUR mn	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472
Total Capex	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Free Cashflow</b>	<b>EUR mn</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>
Discount rate	%	10.0%											
<b>PV of FCF</b>	<b>EUR mn</b>	<b>4.930</b>	<b>4.482</b>	<b>4.074</b>	<b>3.704</b>	<b>3.367</b>	<b>3.061</b>	<b>2.783</b>	<b>2.530</b>	<b>2.300</b>	<b>2.091</b>	<b>1.901</b>	<b>1.728</b>
		<b>2044e</b>	<b>2045e</b>	<b>2046e</b>	<b>2047e</b>	<b>2048e</b>	<b>2049e</b>	<b>2050e</b>	<b>2051e</b>	<b>2052e</b>	<b>2053e</b>		
EBIT	EUR mn	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	7.736		
Total Capex	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
<b>Free Cashflow</b>	<b>EUR mn</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>7.736</b>		
Discount rate	%	10.0%											
<b>PV of FCF</b>	<b>EUR mn</b>	<b>1.571</b>	<b>1.428</b>	<b>1.298</b>	<b>1.180</b>	<b>1.073</b>	<b>0.975</b>	<b>0.887</b>	<b>0.806</b>	<b>0.733</b>	<b>0.333</b>		
<b>Sum of PV</b>	<b>EUR mn</b>	<b>115.062</b>											
Nr of shares (basic)	1,000	2,000											
<b>NPV per share</b>	<b>EUR</b>	<b>57.60</b>											

SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS



## Cape Lambert NPV Valuation (20% Worst-case-scenario)

SWISS GAAP (31.12.)		2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e
EBIT	EUR mn	0.000	0.000	0.000	7.736	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472
Total Capex	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Free Cashflow</b>	<b>EUR mn</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>7.736</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>
Discount rate	%	20.0%											
<b>PV of FCF</b>	<b>EUR mn</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>4.477</b>	<b>7.462</b>	<b>6.218</b>	<b>5.182</b>	<b>4.318</b>	<b>3.598</b>	<b>2.999</b>	<b>2.499</b>	<b>2.082</b>
		<b>2032e</b>	<b>2033e</b>	<b>2034e</b>	<b>2035e</b>	<b>2036e</b>	<b>2037e</b>	<b>2038e</b>	<b>2039e</b>	<b>2040e</b>	<b>2041e</b>	<b>2042e</b>	<b>2043e</b>
EBIT	EUR mn	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472
Total Capex	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Free Cashflow</b>	<b>EUR mn</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>
Discount rate	%	20.0%											
<b>PV of FCF</b>	<b>EUR mn</b>	<b>1.735</b>	<b>1.446</b>	<b>1.205</b>	<b>1.004</b>	<b>0.837</b>	<b>0.697</b>	<b>0.581</b>	<b>0.484</b>	<b>0.404</b>	<b>0.336</b>	<b>0.280</b>	<b>0.234</b>
		<b>2044e</b>	<b>2045e</b>	<b>2046e</b>	<b>2047e</b>	<b>2048e</b>	<b>2049e</b>	<b>2050e</b>	<b>2051e</b>	<b>2052e</b>	<b>2053e</b>		
EBIT	EUR mn	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	15.472	7.736		
Total Capex	EUR mn	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
<b>Free Cashflow</b>	<b>EUR mn</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>15.472</b>	<b>7.736</b>		
Discount rate	%	20.0%											
<b>PV of FCF</b>	<b>EUR mn</b>	<b>0.195</b>	<b>0.162</b>	<b>0.135</b>	<b>0.113</b>	<b>0.094</b>	<b>0.078</b>	<b>0.065</b>	<b>0.054</b>	<b>0.045</b>	<b>0.019</b>		
<b>Sum of PV</b>	<b>EUR mn</b>	<b>49.039</b>											
Nr of shares (basic)	1,000	2.000											
<b>NPV per share</b>	<b>EUR</b>	<b>24.50</b>											
SOURCE: COMPANY INFORMATION, SPHENE CAPITAL FORECASTS													

This analysis was prepared by



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Buy	We expect a stock to rise by at least 10%.
Hold	We expect a stock to move within 10% of the benchmark.
Sell	We expect a stock to fall by at least 10% and underperform the benchmark.

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<b>Risk</b>	<b>Estimated probability</b> that the result of the analysed company differs from our forecast earnings by more than 20% due to company-or market-specific reasons
Very high	>80%
High	50-80%
Medium	20-50%
Low	<20%

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<b>Date/Time of publication:</b>	<b>Current share price/Price target:</b>	<b>Rating/Validity:</b>	<b>Conflict of Interest (key)</b>
21 09 2020/07:30 h	EUR 1.70/EUR 68.90	Buy/36 months	1, 2, 8

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