



RESULTS UPDATE

Energy & Utility

Fair value: SEK4.8–9.1

Share price: SEK2.47

Gigasun

Q1 close to our estimate despite low sun radiation

Research analysts:

Örjan Rödén
DNB Carnegie Investment Bank AB

Q1(25) EBIT close to our estimate. Gigasun reported EBIT of SEK3m, close to our SEK6m estimate. Sales of SEK46m were below our SEK50m estimate. Similar to Q4, sun radiation was below normal levels, whereas we had expected a normal situation. Gigasun did not install any new capacity during the quarter, so installed capacity of 340 MW was therefore unchanged Q/Q. The capacity growth Y/Y was 19%. Net interest costs of SEK-22m were higher than our SEK-20m forecast. The outstanding bond, which will be repaid in November this year, has a temporarily higher interest rate in 2025.

Unchanged EBIT estimates but higher financial net during 2024. We leave our EBIT estimates unchanged but raise our costs for the financial net due to the higher interest on the bond in 2025e. Gigasun is pursuing a strategic review to manage its capital situation, although the company did not release any news on the topic.

Unchanged valuation. We leave our fair value range unchanged. We use value creation of European power producers, defined as EBIT margin and EBIT growth, as a base. We apply this to a regression model, where we compare value creation with P/E multiples for 2026e and derive a justified P/E multiple for Gigasun, which we apply to our 2026 net profit forecast. This forms the high end of our fair value range. In the low end, we have assumed that interest costs stay at their current elevated levels, and have annualised the last year's interest. We apply the same P/E multiple. Given the still-high interest costs that result in a net loss, the geographical mix, and a small market capitalisation relative to the peer group, we apply a discount of 15% in both scenarios.

Changes in this report				Key figures (SEK)					Share price – 5-year	
	From	To	Ch	2024	2025e	2026e	2027e			
EPS adj. 2025e	0.49	0.17	-66%	218	272	301	323			
EPS adj. 2026e	0.65	0.65	+0%	146	193	213	223			
EPS adj. 2027e	0.74	0.75	+0%	61	100	109	115			
Upcoming events				EPS	-0.61	0.17	0.65	0.75		
				EPS adj.	-0.61	0.17	0.65	0.75		
				DPS	0.00	0.00	0.00	0.00	High/Low (12M) SEK4/2.2	
				Sales growth Y/Y	0%	25%	11%	7%		
				EPS adj. growth Y/Y	+chg	+chg	281%	15%		
				EBIT margin	27.8%	36.8%	36.3%	35.6%		
				P/E adj.	n.m.	14.5	3.8	3.3		
				EV/EBIT	22.9	16.4	16.0	16.1	Perf. 3M 6M 12M YTD Abs. -19.09 -14.09 -38.88 -3.85 Rel. -11.76 -15.34 -36.50 -5.40	
				EV/EBITA	22.9	16.4	16.0	16.1		
				EV/EBITDA	9.5	8.5	8.2	8.3		
				P/BV	0.2	0.2	0.2	0.2		
				Dividend yield	0.0%	0.0%	0.0%	0.0%		
				FCF yield	-114.1%	-173.9%	-74.0%	-72.3%	Perf. 3M 6M 12M YTD Abs. -19.09 -14.09 -38.88 -3.85 Rel. -11.76 -15.34 -36.50 -5.40	
				Equity/Total Assets	22.8%	21.7%	21.5%	23.0%		
				ROCE	3.6%	5.0%	5.0%	4.9%		
				ROE adj.	-5.7%	1.7%	6.4%	6.9%		
				Net IB debt/EBITDA	8.5	7.7	7.5	7.7		

Source: DNB Carnegie (estimates), FactSet, Infront & company data

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Equity story

Near term: within 12M

We expect Gigasun to be burdened in the short term by still uncompetitive interest rates as interest payments are reflecting previous, higher interest rates in China. The listed bond is also keeping interest rate costs high. However, the recent sharp fall in Chinese interest rates should reduce interest costs and we expect net profit to be positive in 2025. Management has communicated a strategic review to manage its financial situation, which might create some earnings volatility in the short term. However, the company is highly profitable on EBIT and continues to grow its installed base of clean energy sold at stable prices, which should underpin a positive outcome of the strategic review.

Long term outlook: 5Y+

We foresee strong growth prospects for clean energy in China. The energy mix is still dominated by coal fired power production, and conditions for solar energy are good given southern China's proximity to the equator. We expect Gigasun to reduce interest costs in line with lower Chinese interest rate levels, and therefore be profitable on the bottom line. Our view is that prices for equipment, solar panels and batteries are in a declining trend due to overcapacity and increasing economies of scale, which should reduce cash flow from investments over time.

Key risks:

- High financial gearing
- The listed Swedish bond needs to be refinanced by November 2025
- Geopolitical risk associated with China

Company description

Gigasun is a solar energy development company founded by SolTech Energy Sweden AB (publ.) and Advanced Solar Power Hangzhou Inc. in China. Gigasun aims to contribute to a more sustainable energy mix by leveraging the clean, reliable and cost-effective energy of the sun. The company was founded in 2014, and in the same year its first two installations of 445 kW combined were built in China. From 2015 to 2024, the company's expansion of installations accelerated with very strong growth and the installed capacity today is ~338 MW. Today, it has 100% of its installed capacity in China. Gigasun is a pure power producer and thus not involved in production of solar panels. Installation of solar panels is outsourced to third parties.

Key industry drivers

- Transition to a sustainable society
- Declining prices of solar panels and batteries

Industry outlook

- We expect strong growth in solar power due to its low cost relative to other power generation methods, small scale and flexibility while using an idle asset, roof tops.

Largest shareholders, capital

Soltech Energy Sweden AB	30.4%
Advanced Solar Power (Har	29.3%
Isac Brandberg AB med när	3.5%

Cyclicality

Cyclicality: No
Not cyclical

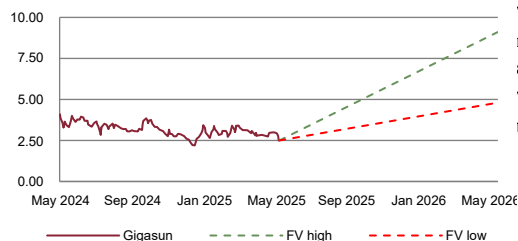
Key peers

RWE, Endesa, EDP, BKW, Neon, Iberdrola, AES, TransAlta, Boralex, Contact Energy

Valuation and methodology

We use value creation as a base for our fair value calculation. We have identified European power producers as peer group. We define value creation as the average EBIT growth over the forecast period + the EBIT margin for the current year. We apply this to a regression model where we compare value creation with P/E multiples and derive a justified P/E multiple for Gigasun, which we apply to our 2026 net profit forecast. This forms the high end of our fair value range. In the low end, we have assumed that interest stays at the current elevated levels and have annualised the last year's interest. Given the still high interest costs, which result in a net loss, the geographical mix, and a small market capitalisation relative to the peer group, we apply a discount of 15% in both scenarios.

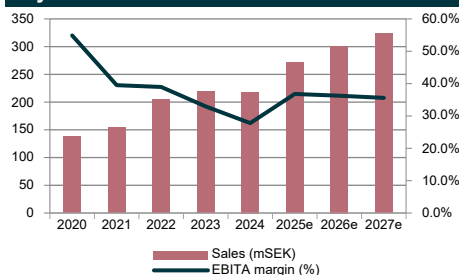
Fair value range 12M



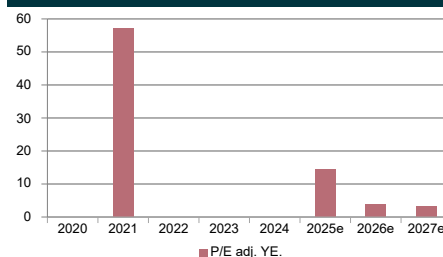
To reach the high end of our fair value range, Gigasun needs to meet our current EBIT forecasts and to reduce its financial net substantially by handling the outstanding bond and lower interest rates of the long and short-term debt in local currencies.

To reach the low end, the company needs to meet our current EBIT forecasts and stabilise financial costs at the current run rate.

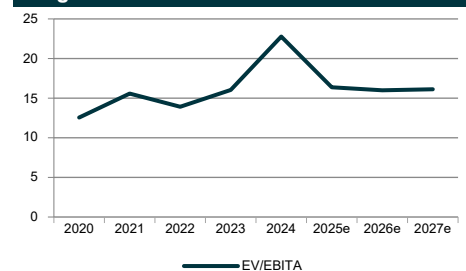
Key metrics



PE 12-months forward



Long-term valuation trend



Source: DNB Carnegie (estimates) & company data

Valuation and risks

We use value creation as a base for our fair value calculation. We have identified European power producers as peer group. We define value creation as the average EBIT growth over the forecast period + the EBIT margin for the current year. We apply this to a regression model where we compare value creation with P/E multiples for 2026e and derive a justified P/E multiple for Gigasun, which we apply to our 2026 net profit forecast.

This forms the high end of our fair value range.

Fair value calculation, high-end of range

Net profit, SEKm	39
Justified P/E	16
Fair value, SEKm	618
Shares, m	57.2
Value per share, SEK	10.8
Discount	15%
Fair value per share, SEK	9.1

Source: Company data, Carnegie Research

In the low end of our fair value range, we assume that interest costs stay at the current elevated levels and have annualised the last year's interest. The rest of the assumptions are intact.

Fair value calculation, low-end of range

Net profit, 2025e, adj. interest cost, SEKr	21
Justified P/E	16
Fair value, SEKm	330
Shares, m	57.2
Value per share, SEK	5.8
Discount	15%
Fair value per share, SEK	4.8

Source: Company data, Carnegie Research

Given the still high interest costs, which result in a net loss, the geographical mix, and a small market capitalisation relative to the peer group, we apply a discount of 15% in both scenarios. Note that an industrial buyer would probably consider the gross value, e.g. SEK10.8 per share in the high-end scenario, as the relevant valuation metric.

Risks

Financial risks

Gigasun needs to refinance its outstanding bond listed in Sweden in less than a year, and the outcome of this process is uncertain. Interest costs are currently too high to generate a positive net profit, which increases the financial risk further.

Geopolitical risks

Given its 100% exposure to China, Gigasun is exposed to geopolitical risks. Even if all operations are domestic, i.e. no exposure to exports from China, geopolitical risks related to China are elevated, in our view.

Interim figures

SEKm	2024				2025				2024	2025e	2026e	2027e
	Q1	Q2	Q3	Q4	Q1	Q2e	Q3e	Q4e				
Sales	41	65	71	42	46	84	85	57	218	272	301	323
Growth	0%	-1%	8%	-10%	14%	29%	20%	35%	0%	25%	11%	7%
Adj EBIT	4	28	28	1	3	41	42	14	61	100	109	115
Adj EBIT margin	10.4%	43.2%	39.1%	2.0%	6.9%	48.6%	49.5%	24.7%	27.8%	36.8%	36.3%	35.6%
EO	0	0	0	0	0	0	0	0	0	0	0	0
EBIT	4	28	28	1	3	41	42	14	61	100	109	115
EBIT margin	10.4%	43.2%	n.m.	2.0%	6.9%	48.6%	49.5%	24.7%	28%	37%	36%	36%
Net financials	-20	-23	-22	-22	-24	-23	-23	-20	-87	-90	-71	-70
Pre-tax Profit	-16	5	6	-21	-21	18	19	-6	-26	10	39	45
Tax	0	1	0	-8	0	0	0	0	-7	0	0	0
Tax rate	0%	-13%	0%	-37%	0%	0%	0%	0%	-27%	0%	0%	0%
Net profit	-16	6	6	-29	-21	18	19	-6	-33	10	39	45
EPS (SEK)	-0.3	0.1	0.1	-0.5	-0.4	0.3	0.3	-0.1	-0.6	0.2	0.6	0.7
EPS Adj (SEK)	-0.3	0.1	0.1	-0.5	-0.4	0.3	0.3	-0.1	-0.6	0.2	0.6	0.7

Source: DNB Carnegie (estimates) & company

Financial statements

Profit & loss (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Sales	0	105	139	154	204	219	218	272	301	323
COGS	0	na	na	na	na	na	na	na	na	na
Gross profit	0	105	139	154	204	219	218	272	301	323
Other income & costs	0	-15	-24	-43	-55	-72	-73	-78	-88	-100
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
EBITDA	0	90	115	111	149	147	146	193	213	223
Depreciation PPE	0	-27	-37	-48	-67	-72	-82	-91	-101	-105
Depreciation lease assets	0	0	0	0	0	0	0	0	0	0
Amortisation development costs	0	0	0	0	0	0	0	0	0	0
Amortisation other intangibles	0	-2	-2	-2	-3	-3	-3	-3	-3	-3
Impairments / writedowns	0	0	0	0	0	0	0	0	0	0
EBITA	0	61	76	61	79	72	61	100	109	115
Amortization acquisition related	0	0	0	0	0	0	0	0	0	0
Impairment acquisition related	0	0	0	0	0	0	0	0	0	0
EBIT	0	61	76	61	79	72	61	100	109	115
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
Net financial items	0	-79	-163	-37	-114	-150	-87	-90	-71	-70
of which interest income/expenses	0	-82	-122	-130	-135	-121	-88	-90	-71	-70
of which interest on lease liabilities	0	0	0	0	0	0	0	0	0	0
of which other items	0	3	-41	93	20	-29	2	0	0	0
Pre-tax profit	0	-18	-87	24	-35	-78	-26	10	39	45
Taxes	0	4	-10	-7	6	2	-7	0	0	0
Post-tax minorities interest	0	-1	-1	0	0	0	0	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Net profit	0	-15	-98	16	-29	-76	-33	10	39	45
Adjusted EBITDA	0	90	115	111	149	154	146	193	213	223
Adjusted EBITA	0	61	76	61	79	79	61	100	109	115
Adjusted EBIT	0	61	76	61	79	79	61	100	109	115
Adjusted net profit	0	-15	-98	16	-29	-69	-33	10	39	45
Sales growth Y/Y	na	+chg	32.2%	10.6%	32.8%	7.5%	-0.4%	24.5%	10.8%	7.2%
EBITDA growth Y/Y	na	+chg	27.8%	-3.9%	34.6%	-1.6%	-0.7%	32.7%	10.2%	4.6%
EBITA growth Y/Y	na	+chg	25.2%	-20.4%	30.9%	-9.1%	-15.9%	64.9%	9.2%	5.2%
EBIT growth Y/Y	na	+chg	25.2%	-20.4%	30.9%	-9.1%	-15.9%	64.9%	9.2%	5.2%
EBITDA margin	nm	85.9%	83.0%	72.1%	73.1%	67.0%	66.8%	71.2%	70.8%	69.0%
EBITA margin	nm	58.0%	54.9%	39.5%	39.0%	32.9%	27.8%	36.8%	36.3%	35.6%
EBIT margin	nm	58.0%	54.9%	39.5%	39.0%	32.9%	27.8%	36.8%	36.3%	35.6%
Tax rate	na	na	na	na	na	na	na	na	na	na
Cash flow (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	0	90	115	111	149	147	146	193	213	223
Paid taxes	0	6	-1	-3	-2	0	0	0	0	0
Change in NWC	0	16	-38	99	131	18	107	-40	35	-119
Non cash adjustments	0	-6	-4	-10	7	30	-25	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Total operating activities	0	45	-34	104	177	29	134	63	177	34
Capex tangible assets	0	-433	-136	-296	-359	-248	-302	-319	-286	-140
Capitalised development costs	0	0	0	0	0	0	0	0	0	0
Capex - other intangible assets	0	-47	0	0	0	0	0	0	0	0
Acquisitions/divestments	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	0	-28	1	-3	55	-9	12	0	0	0
Total investing activities	0	-509	-135	-299	-305	-258	-290	-319	-286	-140
Net financial items	0	-79	-163	-37	-114	-150	-87	-90	-71	-70
Lease payments	0	0	0	0	0	0	0	0	0	0
Dividend paid and received	0	0	0	0	0	0	0	0	0	0
Share issues & buybacks	0	0	146	227	17	170	0	0	0	0
Change in bank debt	0	484	49	47	6	23	224	200	125	75
Other cash flow items	0	0	0	-1	-1	-6	0	0	0	0
Total financing activities	0	484	195	273	21	187	224	200	125	75
Operating cash flow	0	45	-34	104	177	29	134	63	177	34
Free cash flow	0	-436	-171	-192	-182	-219	-168	-256	-109	-106
Net cash flow	0	20	26	78	-106	-41	68	-56	16	-31
Change in net IB debt	0	-464	-25	41	-106	-65	-153	-256	-109	-106
Capex / Sales	nm	412.5%	98.2%	193.0%	176.2%	113.3%	138.2%	117.4%	94.9%	43.4%
NWC / Sales	nm	-38.0%	-41.8%	-63.3%	-107.2%	-145.2%	-172.2%	-137.7%	-123.3%	-101.9%

Source: DNB Carnegie (estimates) & company data

Financial statements, cont.

Balance sheet (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Acquired intangible assets	0	0	0	0	0	0	0	0	0	0
Other fixed intangible assets	0	47	42	45	45	40	40	37	34	32
Capitalised development	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	955	980	1,374	1,724	1,789	2,123	2,352	2,536	2,571
Lease assets	0	0	0	0	0	0	0	0	0	0
Other IB assets (1)	0	0	0	0	0	0	0	0	0	0
Other non-IB assets	0	na	na	na	na	na	na	na	na	na
Fixed assets	0	1,102	1,118	1,511	1,819	1,899	2,234	2,460	2,642	2,674
Inventories (2)	0	0	0	0	0	0	0	0	0	0
Receivables (2)	0	23	24	36	36	41	45	54	60	65
Prepaid exp. & other NWC items (2)	0	26	42	20	31	15	160	160	160	160
IB current assets (1)	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	25	26	60	0	0	0	0
Cash & cash equivalents (1)	0	50	73	161	61	19	90	34	50	19
Current assets	0	99	139	242	155	135	294	248	270	243
Total assets	0	1,201	1,257	1,753	1,973	2,034	2,528	2,708	2,912	2,917
Shareholders' equity	0	175	203	499	521	570	577	587	626	671
Minorities	0	0	0	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	0	0	0	0	0
Total equity	0	175	203	499	521	570	577	587	626	671
Deferred tax	na	7	8	12	13	21	27	27	27	27
LT IB debt (1)	0	788	883	912	0	800	1,034	1,034	1,034	1,034
Other IB provisions (1)	0	0	0	0	0	0	0	0	0	0
Other non-IB liabilities	0	64	62	68	74	0	0	0	0	0
LT liabilities	0	860	953	992	87	821	1,062	1,062	1,062	1,062
ST IB debt (1)	0	37	0	47	1,019	229	290	490	615	690
Payables (2)	0	102	57	130	228	247	408	503	527	404
Accrued exp. & other NWC items (2)	0	27	45	84	119	167	191	65	82	90
Other ST non-IB liabilities	0	0	0	0	0	0	0	0	0	0
Liabilities - assets held for sale	0	0	0	0	0	0	0	0	0	0
Current liabilities	0	166	102	261	1,365	643	889	1,059	1,224	1,184
Total equity and liabilities	0	1,201	1,257	1,753	1,973	2,034	2,528	2,708	2,912	2,917
Net IB debt (=1)	0	776	809	798	958	1,010	1,235	1,491	1,600	1,706
Net working capital (NWC) (=2)	0	-80	-36	-158	-279	-357	-394	-354	-389	-270
Capital employed (CE)	0	999	1,085	1,469	1,546	1,603	1,914	2,124	2,288	2,407
Capital invested (CI)	0	922	986	1,261	1,491	1,472	1,769	2,035	2,182	2,333
Equity / Total assets	nm	15%	16%	28%	26%	28%	23%	22%	22%	23%
Net IB debt / EBITDA	nm	8.6	7.0	7.2	6.4	6.9	8.5	7.7	7.5	7.7
Per share data (SEK)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Adj. no. of shares in issue YE (m)	0.00	0.01	0.43	38.75	39.64	46.93	57.20	57.20	57.20	57.20
Diluted no. of Shares YE (m)	0.00	0.01	0.43	39.09	41.58	48.87	59.56	59.56	59.56	59.56
EPS	na	-6108.00	-451.14	0.81	-0.73	-1.68	-0.61	0.17	0.65	0.75
EPS adj.	na	-6108.00	-451.14	0.81	-0.73	-1.52	-0.61	0.17	0.65	0.75
CEPS	na	5,616	-272.15	3.35	1.00	-0.03	0.96	1.74	2.39	2.56
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BVPS	na	34,976	469.6	12.9	13.1	12.1	10.1	10.3	10.9	11.7
Performance measures	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
ROE	nm	-17.5%	-52.2%	4.6%	-5.8%	-14.0%	-5.7%	1.7%	6.4%	6.9%
Adj. ROCE pre-tax	na	na	3.5%	12.0%	6.6%	3.2%	3.6%	5.0%	5.0%	4.9%
Adj. ROIC after-tax	na	na	8.0%	5.4%	5.8%	5.4%	3.7%	5.3%	5.2%	5.1%
Valuation	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
FCF yield	0.0%	-296.1%	-115.9%	-130.5%	-124.0%	-148.8%	-114.1%	-173.9%	-74.0%	-72.3%
Dividend yield YE	na	na	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend payout ratio	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend + buy backs yield YE	na	na	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Sales YE	na	na	na	16.99	8.52	5.98	6.37	6.03	5.80	5.74
EV/EBITDA YE	na	na	na	23.5	11.7	8.9	9.5	8.5	8.2	8.3
EV/EBITA YE	na	na	na	43.0	21.9	18.2	22.9	16.4	16.0	16.1
EV/EBITA adj. YE	na	na	na	43.0	21.9	16.5	22.9	16.4	16.0	16.1
EV/EBIT YE	na	na	na	43.0	21.9	18.2	22.9	16.4	16.0	16.1
P/E YE	na	na	na	>50	nm	nm	nm	14.5	3.8	3.3
P/E adj. YE	na	na	na	>50	nm	nm	nm	14.5	3.8	3.3
P/BV YE	na	na	na	3.59	1.43	0.51	0.26	0.24	0.23	0.21
Share price YE (SEK)				46.3	18.7	6.15	2.60	2.50		

Source: DNB Carnegie (estimates) & company data

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