

FLASH NOTE

# Novavis Group - Buy

Target Price: PLN 2.08 | Close as of 06/03/2025: PLN 1.38

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## Connection conditions win at large-scale PV farm and 4Q24 results preview

### Connection conditions win at large-scale PV farm

The company announced that it has **won approval for connection conditions in a 53.5MW (NG5) large-scale PV farm project**. The aforementioned project is being carried out under a framework agreement with Iberdrola, where obtaining connection conditions from the Distribution System Operator involves winning a key milestone as a result of which the commissioning developer of the project (Iberdrola) will pay 45% of the agreed value of the project. We estimate that as a result of winning the connection conditions, **Novavis will recognize PLN 9mn in revenue on this project alone in 1Q25 at a high EBITDA margin of over 60%**. The connection conditions, in our opinion, will ensure the realization of 50% of the our sales revenue target for 2025 and 80% of our EBITDA target. At the same time, this will be the third PV farm in Novavis' history where connection conditions have been successfully obtained (previously two 3MW PV farms).

- We assume that Iberdrola will **transfer the amount of PLN 9mn to Novavis within 14 days** of reaching the milestone.
- The funds obtained **will allow Novavis to pay further deposits in applications for the right to connect PV farms to the grid** (in total by up to 300 MW of PV farm capacity). Increasing the scale of applications may translate into a higher likelihood of reaching key milestones in the future.
- Novavis will be able to **pay dividends from its standalone profit** (the one in 1-3Q24 amounted to PLN 7.4mn).
- Obtaining the right of connection for the first major PV farm **lends credibility to Novavis' business model**.

### 4Q24 results preview

Novavis will report Q4'24 results on April 30

In our view, Novavis will fail to achieve any milestones for the PV farms under development in Q4'24. As a result, we assume **revenue** in Q4'24 od 0.5mn PLN and an approximate PLN 2mn **EBITDA** loss and PLN 1.7mn net loss.

### OPINION: POSITIVE

*We expect a positive reaction to the winning of the connection conditions of the large-scale PV farm. The Q4'24 results, in our opinion, will be ignored by the market due to the significantly better result expected in Q1'25.*

In this document we are not changing our recommendation, forecasts, or price target for Novavis.

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