

UK – Food Processing

September 13, 2024

BUY

HIGH RISK

Objective: €1.00

Positives —

- ❖ Good industry outlook
- ❖ Good management
- ❖ Strong brand presence
- ❖ Strong client relationship

Negatives —

- ❖ Low market penetration
- ❖ Inflation
- ❖ Competition risk
- ❖ Limited pricing power

Rapid Nutrition PLC Rebalance upward – €1...!

- **Trading Call.** We are maintaining our BUY on Rapid Nutrition PLC (ALRPD.PA), however, we are adjusting our risk rating to HIGH from SPECULATIVE. Our price objective of €1.00 per share is unchanged. Month-to-date, the shares are up by 68%, outperforming the peer group that is down by 2% and the Euronext 100 that is up by 1.9%, respectively. We recommend accumulate the shares on weakness.
- **Rebalance Upward.** Following the termination of the second tranche of the Atlas convertible loan, the company strategic review of the growth outlook in 2024 beyond, the entrance in China, has led the company to expedite repayment of approximately €570.1K. This is more than half of the outstanding convertible loan. The remainder of the convertible loan is expected to be paid by year-end. **With this in mind, we believe that it's worthwhile to rebalance our risk rating to HIGH from SPECULATIVE.**
- **Asia Pacific Region.** We believe the recent foray into Japan and Korea should continue to boost the company's footprint in the Asia-Pacific region. In our view, this presents plenty of opportunities for the company to capture market share of the \$10-15 billion wellness market in the coming years. **We see this yielding a positive reaction for *Azurene* and the *SystemLS* brand from wellness consumers and equating to an increase in shareholder return.**
- **We continue to believe that management's strong commitment to plant-based technology should continue to strengthen revenues in 2024 and beyond, enhancing Rapid Nutrition PLC's brand value.**
- **Take Advantage of Volatility.** We expect the market to be volatile as we get closer towards the end of the third quarter and we see any pullback as an opportunity to accumulate the shares. We are maintaining our BUY MEDIUM RISK and our price objective of €1.00 per share.

Earnings/Share	Mar.	Jun.	Sep.	Dec.	Year	P/E Ratio
	2023	\$-	\$-	\$-	\$-	\$-
2024E	-	-	-	-	-	N/Ax
2025E	-	-	-	-	-	N/Ax

Market Profile

52-Week Range	€0.02-0.30	EPS Growth Rate (3-Yrs)	N/A%
Avg. Volume (3 Month)	1,828,651	EBITDA Growth Rate (3-Yrs)	N/A%
Shares Outstanding	56,550 M	ROE (LTM)	N/A%
Market Capitalization	€2,035.8 M	Debt to Total Cap.	51.9%
Floating Market Cap.	€1,161.3 M	Book Value Per Share	€0.04
Institutional Owner.	18.0%	Indicated Dividend/Yield	€0.00/0.0%
Insider Holdings	N/A%	Revenue (LTM)	\$A1,953 MM
Shares Float	57.0%	Shares Short	---

ALRPD.PA: €0.04

N100: 1,462.92

CAC40: 7,435.07

ALASI*: 889.66

**Alternext All Share Index*

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Please refer to the global disclaimer of this research at the end of document.



Peers Analysis Tracker

Despite the company's low market valuation compared to Herbalife Ltd. (HLF – Not Rated) €665.6 million, Nu Skin Enterprises, Inc. (NUS – Not Rated) €340.7 million, Shineco, Inc. (SISI – Not Rated) €4.5 million, and The Beauty Health Co. (SKIN – Not Rated) €163.7 million, we believe Rapid Nutrition PLC claims a niche position within the health, herbal and wellness sector. The company's strategy of diversifying into North America (US) and the Asia-Pacific region should be quite successful with growing brand awareness and consumer demand; accordingly, the company should see market valuation improving in 2024 and beyond.

Market valuation is improving...

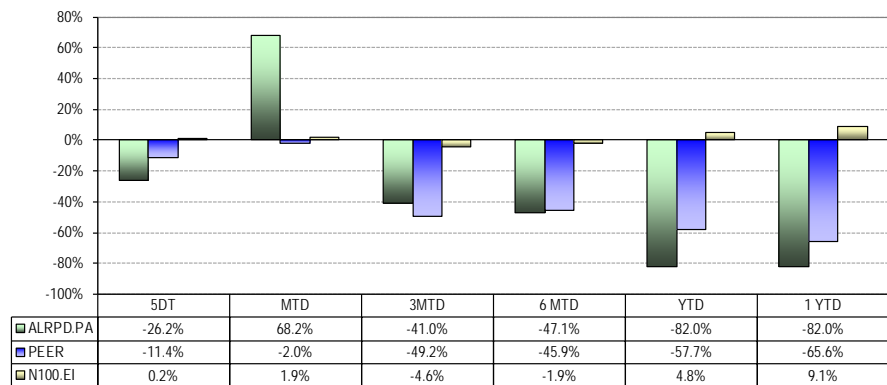
Exhibit 1. Rapid Nutrition PLC Peer Current Capitalization Analysis (€Mil.)*

Ticker	ALRPD	SISI	NUS	SKIN	HLF
Current Share Price	€ 0.04	€ 0.40	€ 6.86	€ 1.32	€ 6.61
Shares Outstanding	56.6	11.2	49.7	124.0	100.7
Market Capitalization	€ 2.0	€ 4.5	€ 340.7	€ 163.7	€ 665.6
- Cash & Short Term Investments	0.3	0.6	219.8	317.1	339.3
+ Total Debt	0.1	27.3	506.4	514.9	2,316.1
Total Enterprise Value (TEV)	€ 1.9	€ 31.2	€ 627.3	€ 361.5	€ 2,642.4
Book Value of Common Equity	0.1	32.6	622.4	62.8	(940.8)
+ Pref. Equity Min Int	-	9.7	-	-	-
+ Total Debt	0.1	27.3	506.4	514.9	2,316.1
Total Capital	€ 0.2	€ 69.7	€ 1,128.8	€ 577.7	€ 1,375.3
Share Statistics					
Float	32.3	9.5	48.7	80.6	70.1
% Held by Insiders	19.8%	15.8%	2.1%	8.2%	1.5%
% Held by Institutions	18.0%	0.1%	85.6%	65.3%	72.9%
% Float	57.0%	84.2%	98.0%	65.0%	69.6%

*Prices as of September 10, 2024. Peers: Herbalife Ltd. (HLF – Not Rated), Nu Skin Enterprises, Inc. (NUS – Not Rated), Shineco, Inc. (SISI – Not Rated), and The Beauty Health Co. (SKIN – Not Rated) \$1 = €0.9062; 1AUD = €0.6067. Source: Company data and The Zephyrin Group, Inc. (ZGI) research

MTD, ALRPD.PA shares are up by 68.2% vs. the peer group that is down by 2.0% and the Euronext Index that is up by 1.9%, respectively.

Exhibit 2. Rapid Nutrition PLC To-date Performance Tracker



Note: N100 = Euronext 100 Index; Peers = HLF, NUS, SISI & SKIN. Source: Industry Data & The Zephyrin Group, Inc. (ZGI) research



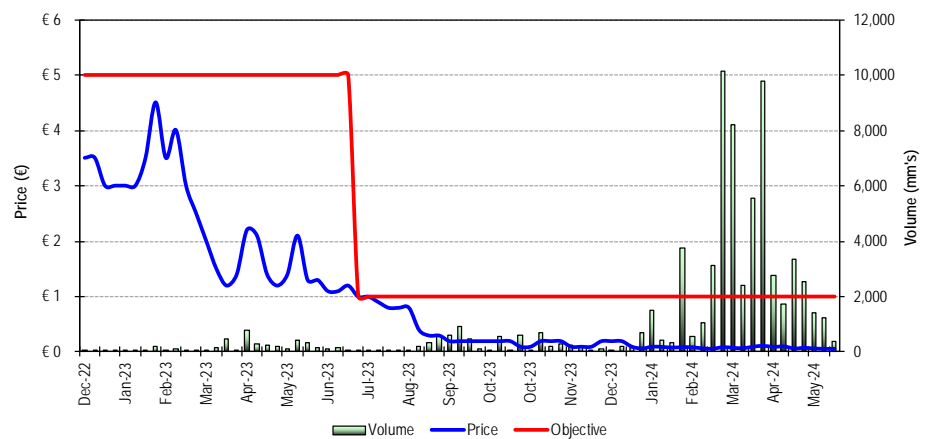
Company Description

Rapid Nutrition PLC, a natural healthcare company, researches, develops, and produces a range of science-based health and wellness products in the United Kingdom, Australia, the United States, and the rest of Europe. The company offers scientific-based health food supplements under the *Leisa's Secret* and *SystemLS* brands. The company also provides oral anti-viral therapy products to combat flu and common cold under the name *Azurene*. In addition, the company offers online fitness streaming services under the name *DiCED* which is currently available in approximately 54 countries. As of the end of 2023, Plant Based accounted for approximately 59.0% of total revenues and Health & Supplemental Products accounted for approximately 41.0% of total revenues. The company distributes its products in the United Kingdom, Australia, the United States, Brazil, France, Italy, Switzerland, Saudi Arabia, Ghana, Japan, South Korea, China, Jamaica, and in the Caribbean. The company Australian subsidiaries (Rapid Nutrition Pty Ltd.) was incorporated in 2001. The U.K parent company was incorporated in 2012 and is based in London, the United Kingdom.

Risk

Risk to our investment conclusion and price objectives include: 1- a sharp decline of the global economy, 2- adverse consumer behavior change, 3- lower than expected market expansion, 4- liquidity and 5- high dependence on one market.

Exhibit 3. Rapid Nutrition PLC Rating Price Volume Chart*



Source: Industry data and The Zephyrin Group, Inc. (ZGI) research *Split adjusted 1:1000

Date	Price	Target	Rating	Notable Reports
09-Feb-22	€0.03	€1.00	Buy SR	Emerging Growth – €1.00...!
06-May-22	€0.07	--	--	The right path – €1.00...!
16-Jun-22	€0.03	--	--	Remain Optimistic – €1.00...!
30-Aug-22	€0.02	--	--	It's all about September...!



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Rating System: STRONG BUY – The stock, securities or shares are expected to achieve a total return of 20% or more over the next 12-18 months, or are expected to outperform its industry and the S&P 500. BUY – The stock, securities or shares are expected to achieve a total return of 15% or more over the next 12-18 months, or are expected to outperform its industry peers and the S&P 500. HOLD – The stock, securities or shares are expected to achieve a total return of 10% or less, or are expected to perform in-line with its industry peers and the S&P 500 over the next 12-18 months. SELL – The stock, securities or shares are expected to underperform its industry peers and the S&P 500 over the next 12-18 months. STRONG SELL – The stock, securities or shares are expected to underperform its industry peers and the S&P 500 over the next 6-12 months. SUSPENDED – The stock, securities or shares are temporarily suspended due to market events that made coverage impracticable. Small and mid-sized company stocks involve greater risks than those customarily associated with larger companies.

Risk Rating: LOW RISK (LR) – Return of 0-10%; MEDIUM RISK (MR) – Return of 0-20%; HIGH RISK (HR) – Return of 0-30% and SPECULATIVE RISK (SR) – Return of 0-50%. **Distribution of Rating:** Strong Buy = 0 (0.0%); Buy = 16 (35.6%); Hold = 10 (22.2%); Sell = 6 (13.3%); Strong Sell = 1 (2.2%), Suspended = 12 (26.7%).

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