

5 September 2024

<b>Current Price (A\$)</b>	<b>0.02</b>
Shares in issue (m)	629
Mkt Cap (A\$m)	13
Net debt (A\$m)	-5
EV (A\$m)	8
BVPS (c)	32.2

#### Share price performance

1m	15.0%
3m	-30.3%
12m	-62.9%
12 m high/low	0.1/0
Ave daily vol (30D)	457,108

#### Shareholders

Copia Investment	4.1%
Brand Fletcher	3.8%
Spo Equities	2.7%
Carolan Martin	2.6%
Davies Robert Franci	2.5%
Triglavcanin Garry	2.3%
Garner Paul Charles	1.6%
Copulos Group	0.9%
Northgold Pty Ltd	0.9%
John Todd Morris	0.8%
Total for top 10	22.2%
Free float	80.9%
Source: Bloomberg	29 Aug 24

**Next news** Q1 Update

#### Business description

Hydrogen shipping and project developer



#### Research

**Adam Forsyth**

adam.forsyth@longspur.com  
+44 (0) 131 357 6770

**Max Campbell**

max.campbell@longspur.com  
+44 (0) 7900 206039

#### Distribution

**Adam Robertson**

adam.robertson@longspur.com  
+44 (0) 203 940 6602

## MoU CONFIRMS MAJOR SUPPORT

Provaris has been able to share details of its memorandum of understanding (MoU) with German energy major Uniper. This will be a 40ktpa deal for 10 years which will support a long-term charter for the Provaris H2Neo hydrogen vessel and the H2Leo hydrogen storage barge. Key milestones have been outlined with a binding contract now expected in Q2 2025.

### 10 Year Agreement Will Support Long-Term Vessel Charter

This will be for a 10 year supply of green hydrogen compliant with the Renewable Fuel of Non-Biological Origin standard making it eligible for EU policy support. The volume will be 40ktpa which equates to c.300MW of hydrogen electrolysis with an outline of preferred sites in the Nordics currently underway. Delivery will be to ports in the Netherlands and Germany using the Provaris proprietary hydrogen shipping solution recently shown to be the most economic way of moving hydrogen over these distances (see [Progress for Provaris](#), Longspur Research, 2 September 2024). The contract will support a long-term charter for the Provaris H2Neo hydrogen carrier and the H2Leo barge.

### Binding Agreement Expected in Q2 2025

The deal is a tripartite agreement with Uniper and Norwegian Hydrogen with the latter developing the hydrogen supply sites under a term sheet for a hydrogen sales and purchase agreement (SPA). Importantly announced today are milestones to move the MoU to a binding contract. These see term sheets for the hydrogen SPA and a shipping agreement with Provaris to be completed by Q4 2024 and with the binding contractual agreements signed in Q2 2025.

A\$,000 June	2022a	2023a	2024a	2025e	2026e	2027e
Sales	367	586	255	0	0	0
EBITDA	-6,342	-12,200	-6,222	-6,723	-6,891	-2,000
PBT	-6,758	-12,407	-6,135	-6,723	-13,685	-25,843
EPS	-13.2	-24.2	-1.1	-0.7	-0.6	-0.5
CFPS	-9.4	-12.8	-1.1	-0.7	-17.6	-16.2
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	-	-	-	-	-	-
(Cash)	11,617	5,070	457	249	219,087	562,093
Debt/EBITDA	2	0	0	0	32	281
P/E	0.0	0.0	0.0	0.0	0.0	0.0
EV/EBITDA	1.8	0.4	0.1	0.0	-31.8	-281.1
EV/sales	na	na	na	na	na	na
FCF yield	-407.5%	-556.5%	-48.0%	-29.4%	-764.0%	-704.4%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## FINANCIAL MODEL

### Profit and Loss Account

AU\$,000, Dec	2022a	2023e	2024a	2025e	2026e	2027e
<b>Turnover</b>						
Project income	367	586	255	0	0	0
Central costs and fees	0	0	0	0	0	0
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total</b>	<b>367</b>	<b>586</b>	<b>255</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating profit</b>						
Project income	367	586	-2,314	0	0	0
Central costs and fees	-7,125	-12,993	-3,908	-6,723	-6,891	-2,000
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Operating profit</b>	<b>-6,758</b>	<b>-12,407</b>	<b>-6,222</b>	<b>-6,723</b>	<b>-6,891</b>	<b>27,950</b>
<b>P&amp;L Account</b>	<b>2022a</b>	<b>2023a</b>	<b>2024a</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
Turnover	367	586	255	0	0	0
Operating Profit	-6,758	-12,407	-6,222	-6,723	-6,891	-2,000
Investment income	0	0	0	0	0	0
Net Interest	0	0	87	0	-6,795	-23,843
Pre Tax Profit (UKSIP)	-6,758	-12,407	-6,135	-6,723	-13,685	-25,843
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	0	0	0	0	0
Pre Tax Profit (IFRS)	-6,758	-12,407	-6,135	-6,723	-13,685	-25,843
Tax	0	0	0	0	0	0
Post tax exceptionals	0	0	0	0	0	0
Minorities	0	0	0	0	3,397	11,921
Net Profit	-6,758	-12,407	-6,135	-6,723	-10,288	-13,921
Dividend	0	0	0	0	0	0
Retained	-6,758	-12,407	-6,135	-6,723	-10,288	-13,921
EBITDA	-6,342	-12,200	-6,222	-6,723	-6,891	-2,000
EPS (p) (UKSIP)	-13	-24	-1	-1	-1	0
EPS (p) (IFRS)	-13	-24	-1	-1	-1	0
FCFPS (p)	-9	-13	-1	-1	-18	-16
Dividend (p)	0	0	0	0	0	0

Source: Company data, Longspur Research estimates

### KEY POINTS

- No modelled grant income from 2024 and then first revenues from the first Norwegian project in 2028
- This then builds beyond the forecast period presented above

## Balance Sheet

AU\$,000, Dec	2022a	2023a	2024a	2025e	2026e	2027e
Fixed Asset Cost	1	0	0	0	298,660	768,781
Fixed Asset Depreciation	0	0	0	0	0	0
Net Fixed Assets	1	0	0	0	298,660	768,781
Goodwill	0	0	0	0	0	0
Other intangibles	5,386	0	0	0	0	0
Investments	0	0	0	0	0	0
Stock	0	0	0	0	0	0
Trade Debtors	0	0	0	0	0	0
Other Debtors	343	159	483	483	483	483
Trade Creditors	-771	-782	-571	-585	-600	-600
Other Creditors <1yr	0	0	-12	-12	-12	-12
Creditors >1yr	0	0	0	0	0	0
Provisions	-62	-115	-129	-129	-129	-129
Pension	0	0	0	0	0	0
Capital Employed	4,897	-738	-229	-243	298,403	768,524
Cash etc	11,617	5,070	744	249	-10,024	-37,535
Borrowing <1yr	0	0	0	0	0	0
Borrowing >1yr	0	0	287	0	209,062	524,558
Net Borrowing	-11,617	-5,070	-457	-249	219,087	562,093
Share Capital	85,812	85,901	21,078	316,532	2,352,852	5,558,222
Share Premium	0	0	0	-288,955	2,280,475	5,415,326
Retained Earnings	-73,019	-85,426	-24,812	-31,535	-38,426	-40,426
Other	3,721	3,856	3,963	3,963	3,963	3,963
Minority interest	0	0	0	0	41,402	99,999
Capital Employed	4,897	-738	-229	-243	298,403	768,524
Net Assets	16,514	4,332	229	6	79,316	206,431
Total Equity	16,514	4,332	229	6	79,316	206,431

Source: Company data, Longspur Research estimates

## KEY POINTS

- We have assumed capex commences in FY26 with spend on electrolyzers and part payments on vessels however this can be brought leftwards into 2025 to arrange long lead items
- This has a corresponding rise in net debt and equity with the associated funding required for the capex

## Cashflow

AU\$,000, Dec	2022a	2023a	2024a	2025e	2026e	2027e
Operating profit	-6,758	-12,407	-6,222	-6,723	-6,891	-2,000
Depreciation	416	207	0	0	0	0
Provisions	0	0	0	0	0	0
Other	1,159	5,388	255	0	0	0
Working capital	376	248	-380	14	15	0
Operating cash flow	-4,807	-6,565	-6,348	-6,708	-6,876	-2,000
Tax paid	0	0	0	0	0	0
Capex (less disposals)	0	0	0	0	-298,660	-470,121
Investments	0	0	0	0	0	0
Net interest	0	0	-4	0	-3,397	-11,921
Net dividends	0	0	0	0	0	0
Residual cash flow	-4,807	-6,565	-6,352	-6,708	-308,933	-484,042
Equity issued	9,823	0	1,775	6,500	44,799	70,518
Change in net borrowing	0	6,547	4,613	208	219,335	343,006
Adjustments	38	0	-36	0	0	0
Total financing	9,861	6,547	6,352	6,708	264,134	413,524

Source: Company data, Longspur Research estimates

## KEY POINTS

- Cash outflows for project and administration costs until FY26 when capex commences
- Assumed raises in FY25, FY26 and FY27 assuming there is no farmout of projects and a portion of these are equity funded.

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Longspur Research  
10 Castle Street,  
Edinburgh. EH2 3AT  
UK

Longspur Capital  
20 North Audley Street,  
London. W1K 6WE  
UK