

## Strong Q2 results despite challenging market environment: Buy, TP EUR 410

Hypoport has reported strong Q2 results with a revenue increase by 20% yoy and an EBIT increase by even 36% yoy. With an EBIT of EUR 13.3m, Q2 results were in line with our expectations. We see the strong earnings improvement yoy particularly positive as Hypoport has achieved it despite a somewhat muted growth of the mortgage finance transaction volumes compared to Q1 2022. This is the key message in our view from the Q2 results: Hypoport has successfully broadened its business model and remains on track despite a somewhat more challenging market environment in the residential real estate finance market. Thus, we stick to our Buy recommendation with a new target price of EUR 410 (EUR 500).

### Q2 results in more detail

Revenues have increased by 20% yoy to EUR 126m, fully in line with our forecast. The main driver has been the Europace platform, but the real estate and the insurance platform delivered also strong growth rates even if the increase in absolute terms was not as strong as for Europace. EBIT has increased by 36% yoy to EUR 13.3m, in line with our forecast of EUR 13.4m. EBIT margin amounted to 10.6%, an increase by 126 bps yoy. Net profit was up by 39% yoy to EUR 10.3m (PAsE: EUR 10.2m). In H1 Hypoport has reached revenues of EUR 263m (+23% yoy) and an EBIT of EUR 30.2m (+38% yoy). EBIT margin amounted to 11.5%, +125 bps yoy.

### Guidance

Hypoport sticks to its 2022e targets of achieving revenues of between EUR 500m and EUR 540m (PAsE: EUR 518m) and an EBIT of between EUR 51m and EUR 58m (PAsE: EUR 54m).

### Financials

We have reduced our earnings estimates as we expect revenue growth to come down because of the higher interest rates which should have c.p. a dampening impact on the demand for residential real estate loans.

| EURm          | 2020  | 2021  | 2022e | 2023e | 2024e |
|---------------|-------|-------|-------|-------|-------|
| Revenues      | 388   | 446   | 518   | 575   | 644   |
| EBITDA        | 64    | 77    | 85    | 96    | 111   |
| EBIT          | 36    | 48    | 54    | 62    | 74    |
| EPS           | 4.44  | 4.86  | 6.42  | 7.13  | 8.56  |
| EPS adj       | 4.44  | 4.86  | 6.42  | 7.13  | 8.56  |
| DPS           | -     | -     | -     | -     | -     |
| EV/EBITDA     | 53.2  | 43.7  | 19.0  | 16.7  | 14.3  |
| EV/EBIT       | 93.8  | 70.7  | 30.2  | 25.9  | 21.3  |
| P/E adj       | -     | -     | 37.0  | 33.3  | 27.8  |
| P/B           | 14.71 | 12.79 | 5.13  | 4.44  | 3.83  |
| ROE (%)       | 14.0  | 12.9  | 14.9  | 14.3  | 14.8  |
| Div yield (%) | -     | -     | -     | -     | -     |
| Net debt      | 156   | 148   | 129   | 101   | 88    |

Source: Pareto Securities

|                    |     |   |      |
|--------------------|-----|---|------|
| Target price (EUR) | 410 | ▲ | BUY  |
| Share price (EUR)  | 238 | - | HOLD |
|                    |     | ▼ | SELL |

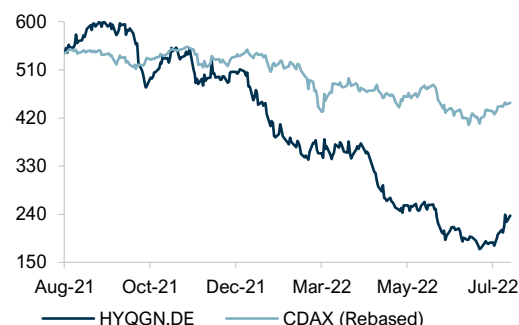
### Forecast changes

| %            | 2022e | 2023e | 2024e |
|--------------|-------|-------|-------|
| Revenues     | (1)   | (5)   | (7)   |
| EBITDA       | (3)   | (10)  | (14)  |
| EBIT adj     | (4)   | (14)  | (19)  |
| EPS reported | (5)   | (14)  | (21)  |
| EPS adj      | (5)   | (14)  | (21)  |

Source: Pareto Securities

|                             |                        |
|-----------------------------|------------------------|
| Ticker                      | HYQGN.DE, HYQ GR       |
| Sector                      | Diversified Financials |
| Shares fully diluted (m)    | 6.3                    |
| Market cap (EURm)           | 1,496                  |
| Net debt (EURm)             | 129                    |
| Minority interests (EURm)   | 2                      |
| Enterprise value 22e (EURm) | 1,628                  |

### Performance



Source: FactSet

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**Q2 2022**

| EUR m       | Q2 2022 | Q2 2022e | Q2 2021 | yoy    | H1 '22 | yoy    | 2022e | yoy  |
|-------------|---------|----------|---------|--------|--------|--------|-------|------|
| Revenues    | 126.1   | 126.2    | 105.2   | 20%    | 262.5  | 23%    | 522   | 17%  |
| EBIT        | 13.3    | 13.4     | 9.8     | 36%    | 30.2   | 38%    | 56    | 18%  |
| EBIT Margin | 10.6%   | 10.6%    | 9.3%    | 126 BP | 11.5%  | 125 BP | 10.8% | 9 BP |
| Net Profit  | 10.3    | 10.2     | 7.4     | 39.0%  | 22.8   | 35%    | 43    | 41%  |

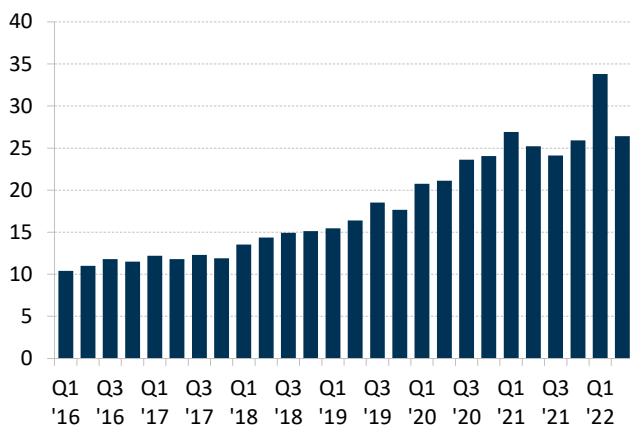
Source: Pareto Securities, Hypoport

**Credit platform with slow-down in transaction volumes**

Transaction volume in Q2 has increased by 5% yoy to EUR 26.4bn, a slow-down versus Q1 '22 when transaction volume had been up by 26% yoy. While the mortgage finance transaction volume was only up by 1% yoy, after a very strong Q1 2022 with an increase by 26% yoy, consumer loans transaction volume was very strong with an increase by 51% yoy to EUR 1.5bn, the highest quarterly level so far. Building finance volume was up by 13% yoy to EUR 3.7bn – for this product the interest rate increase has been clearly positive as it made this product more attractive again. In H1 mortgage / building finance transaction volume was up by 14% yoy which compares to a market growth of 10% yoy, i.e. Europace once again managed to increase its market share.

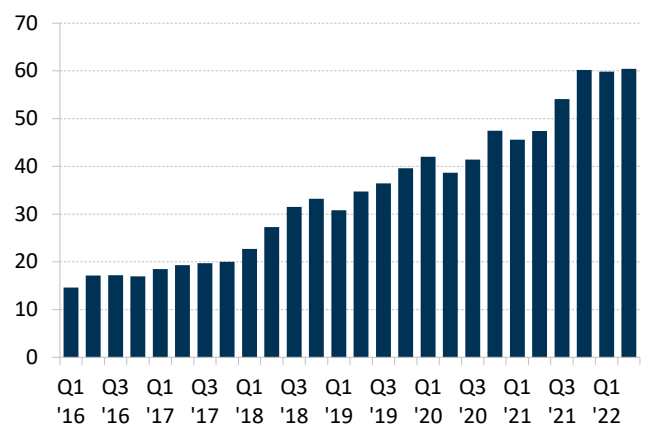
Revenues were up by 27% yoy to EUR 60m in Q2. Main drivers have been REM Capital and the strong consumer loans business, which comes along with higher margins than the mortgage finance business. EBIT was even up by 50% yoy to EUR 16.4m, which is equivalent to an EBIT margin of 27% (Q1 '22: 24%), a very good level. Main reason for the higher profitability seems to have been the corporate finance business. REM Capital managed to achieve a new project volume of EUR 1.5bn; neither comparable H1 '21 nor revenue figures were published. REM Capital has benefited from KfW support schemes for SMEs in relation to energy efficiency and renovation. We do not think, that the strong development of REM Capital can be extrapolated. Nevertheless, we expect the credit platform to continue growing double-digit in the next years on average. This should be even reachable if interest rates remain on the current level or even further rise as Europace should continue winning market share.

Development of Europace transaction volumes (EUR bn)



Source: Pareto Securities Research, Hypoport

Revenue development of credit platform (EUR m)

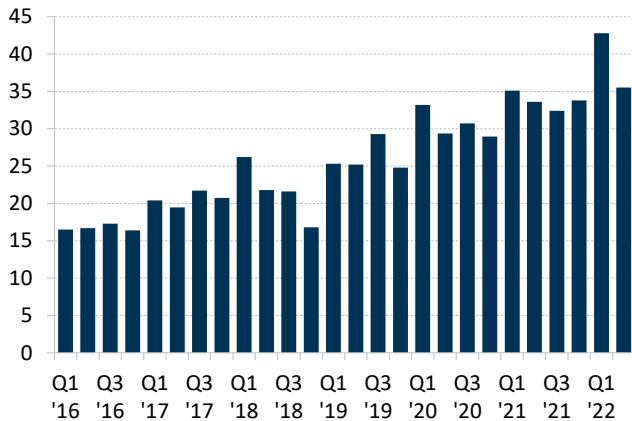


Source: Pareto Securities Research, Hypoport

**Private Clients with slow-down in Q2**

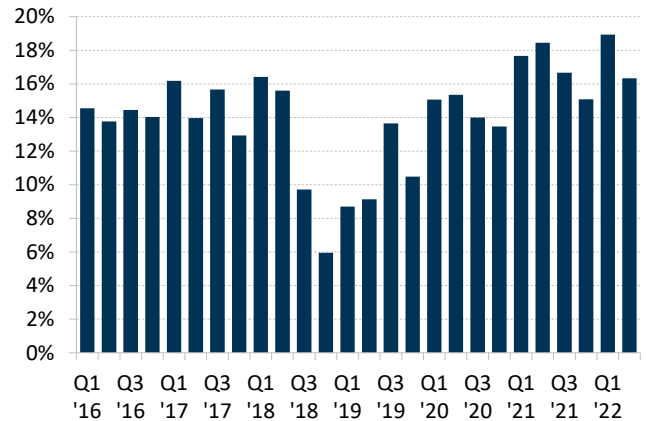
Transaction volume in Private Clients increased by 1% yoy to EUR 2.5bn, a sharp contraction versus Q1 '22 (+33% yoy). In H1 the transaction volume has increased by 18% yoy. According to Hypoport longer lead times for property sales and a slight dip in demand for follow-up financings were the main reasons for the qoq decline in transaction volumes at Private Clients. Negatively, the number of consultants declined by 10 qoq to 641. Revenues were up by 6% yoy to EUR 35.5m, EBIT was down by 6% yoy to EUR 5.8m. The main reason for the EBIT decline seems to have been a normalization of operating costs which had been on an unusually low level in Q2 2021 due to Covid-19.

Revenue development of retail clients (EUR m)



Source: Pareto Securities Research, Hypoport

EBIT margin development of retail clients



Source: Pareto Securities Research, Hypoport

### Real Estate Platform remains in growth mode

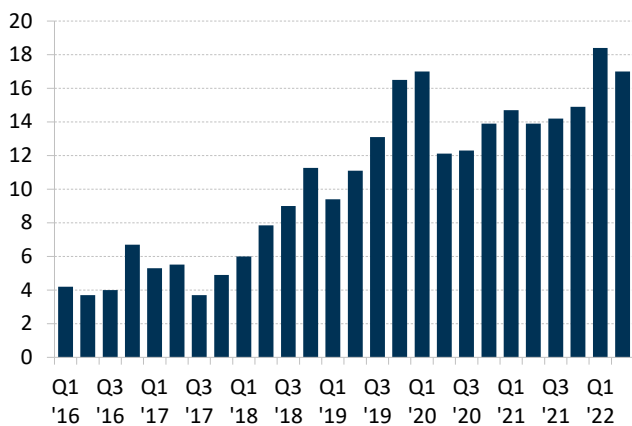
The real estate platform delivered good revenue growth with an increase by 22% yoy to EUR 17.0m in Q2, the property financing platform having been the key driver. Negatively, EBIT turned negative again (after a small profit in Q1) with EUR 1.6m. Hypoport continued to invest into the real estate platform which explains the negative EBIT result.

The property sales and management platform reported a strong decline of the volume that was marketed through FIO by 42% yoy to EUR 3.3bn, reflecting the more challenging real estate market in Germany. Revenues were up by 6% yoy to EUR 5.3m; the non-linear development of marketed volume and revenues can be explained by the fact that FIO's revenues are not directly linked to the volume of the real estate properties that are marketed via its software.

The property valuation platform had a good quarter with an increase of the valued real estate property volume by 19% yoy to EUR 9.0bn. Revenues increased by 10% yoy to EUR 6.5m in Q1. Profitability was negatively impacted by the BaFin's decision to roll back virtual viewings. The number of VALUE's contract partners increased by 8 qoq to 534.

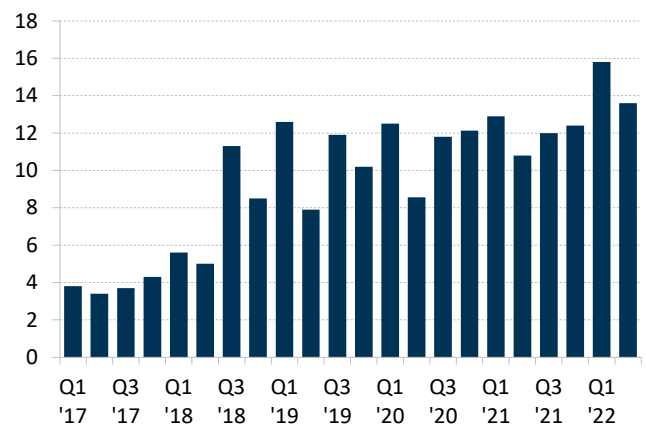
The property financing platform delivered a strong quarter with an increase of the financing volume by 42% yoy to EUR 740m. Revenues were even up by 73% yoy to EUR 5.2m, as Dr. Klein Institutional benefited from attractive individual transactions with particularly long fixed-interest rate periods.

Revenue dev. of the real estate platform (EUR m)



Source: Pareto Securities Research, Hypoport

Revenue dev. of the insurance platform (EUR m)



Source: Pareto Securities Research, Hypoport

## Insurance Platform with good top line development

Revenues of the insurance platform increased by 23% yoy to EUR 13.6m, EBIT was negative at EUR 1.2m. Note, that the strong revenue growth has been partially driven by the acquisition of AMEXPool, organic growth was at 10% for H1 2022 (which compares to a growth rate of 24% yoy for H1 2022). The volume of migrated premium volume has increased by 5% qoq to EUR 3.7bn; out of this migrated volume around 25% (Q1 '22: 24%) has been validated by Smart Insur.

Together with the real estate platform the insurance platform remains the mid-term growth driver of Hypoport. As the ongoing expansion of Smart Insur requires further investments we do however not expect any of these two units to reach black figures in 2022e.

## Financials

We have reduced our 2022e EPS estimate from EUR 6.76 to EUR 6.42 as the real estate market environment has become more challenging in H1 2022. Having reached an EBIT of EUR 30m in H1 we feel comfortable with our full-year forecast of EUR 54m. For 2023e and 2024e we have reduced our EPS estimates from EUR 8.27 to EUR 7.13 and from EUR 10.80 to EUR 8.56, respectively. Main reason for the earnings revision is that we calculate now with lower revenue growth as the real estate market environment has become more challenging in recent months and we do not expect the market environment to improve quickly. Hypoport has successfully broadened its business model in recent years. Therefore, we expect it to continue reaching double-digit revenue/EBIT growth even in a somewhat less favorable real estate market environment.

## Valuation and Recommendation

We stick to our Buy recommendation with a new target price of EUR 410 (EUR 500). We have reduced our short-term earnings estimates and have accordingly adjusted our earnings forecasts in the DCF model. We have also increased our WACC by 40 bps to 7.4% to take into account higher corporate spreads. Shares are attractively valued in our view with a 2023e PER of 33x given the strong earnings growth potential (EPS CAGR 2021-24e: +21%). We expect Hypoport to further win market share in mortgage financing while the real estate and insurance platform have both still huge growth potential which will however not be realized in the short term. The digitalization of the banking / insurance /real estate industry is not a sprint but rather a marathon. Thus, we expect Hypoport to continue winning market share in the coming years and further grow revenues double-digit.

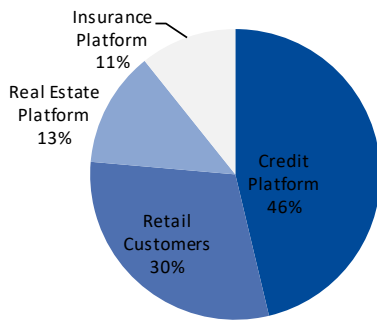
## DCF Model

| Expectations in EUR m            | Phase I    |              |            |              | Phase II              |              |              |              |                            |              | Phase III    |
|----------------------------------|------------|--------------|------------|--------------|-----------------------|--------------|--------------|--------------|----------------------------|--------------|--------------|
|                                  | 2022       | 2023         | 2024       | 2025         | 2026                  | 2027         | 2028         | 2029         | 2030                       | 2031         |              |
| <b>Revenues</b>                  | <b>518</b> | <b>575</b>   | <b>644</b> | <b>727</b>   | <b>829</b>            | <b>943</b>   | <b>1,069</b> | <b>1,208</b> | <b>1,362</b>               | <b>1,532</b> |              |
| growth rate                      | 6.0%       | 11.0%        | 2.0%       | 13.0%        | 14.0%                 | 13.7%        | 13.4%        | 13.1%        | 12.8%                      | 12.5%        |              |
| <b>EBIT</b>                      | <b>54</b>  | <b>62</b>    | <b>74</b>  | <b>94</b>    | <b>116</b>            | <b>136</b>   | <b>160</b>   | <b>187</b>   | <b>217</b>                 | <b>252</b>   |              |
| EBIT Margin                      | 10.4%      | 10.8%        | 11.6%      | 12.9%        | 14.0%                 | 14.5%        | 15.0%        | 15.5%        | 16.0%                      | 16.5%        |              |
| <b>Tax</b>                       | <b>-9</b>  | <b>-12</b>   | <b>-14</b> | <b>-18</b>   | <b>-25</b>            | <b>-29</b>   | <b>-34</b>   | <b>-40</b>   | <b>-46</b>                 | <b>-54</b>   |              |
| Tax rate                         | 1.7%       | 2.1%         | 2.2%       | 2.5%         | 2.9%                  | 3.1%         | 3.1%         | 3.3%         | 3.5%                       | 3.5%         |              |
| <b>Depreciation</b>              | <b>32</b>  | <b>34</b>    | <b>37</b>  | <b>39</b>    | <b>50</b>             | <b>58</b>    | <b>67</b>    | <b>75</b>    | <b>84</b>                  | <b>93</b>    |              |
| % of revenue                     | 6.2%       | 5.9%         | 5.7%       | 5.4%         | 6.0%                  | 6.2%         | 6.3%         | 6.2%         | 6.2%                       | 6.1%         |              |
| <b>Capex</b>                     | <b>-36</b> | <b>-39</b>   | <b>-42</b> | <b>-45</b>   | <b>-54</b>            | <b>-60</b>   | <b>-68</b>   | <b>-76</b>   | <b>-84</b>                 | <b>-93</b>   |              |
| % of revenue                     | 7.0%       | 6.8%         | 6.5%       | 6.2%         | 6.5%                  | 6.4%         | 6.3%         | 6.2%         | 6.2%                       | 6.1%         |              |
| <b>Change in Working Capital</b> | <b>-5</b>  | <b>-4</b>    | <b>-7</b>  | <b>-7</b>    | <b>-8</b>             | <b>-9</b>    | <b>-10</b>   | <b>-11</b>   | <b>-13</b>                 | <b>-14</b>   |              |
| % of revenue                     | 1.0%       | 0.7%         | 1.1%       | 1.0%         | 1.0%                  | 1.0%         | 1.0%         | 1.0%         | 1.0%                       | 1.0%         |              |
| <b>Free Cash Flow</b>            | <b>34</b>  | <b>41</b>    | <b>48</b>  | <b>63</b>    | <b>79</b>             | <b>96</b>    | <b>116</b>   | <b>135</b>   | <b>158</b>                 | <b>184</b>   | <b>4,083</b> |
| growth rate                      | nm         | 19.4%        | 16.6%      | 30.6%        | 25.4%                 | 21.7%        | 18.8%        | 17.0%        | 17.2%                      | 16.3%        | 2.8%         |
| <b>Present Value CF</b>          | <b>33</b>  | <b>37</b>    | <b>41</b>  | <b>50</b>    | <b>58</b>             | <b>66</b>    | <b>73</b>    | <b>80</b>    | <b>87</b>                  | <b>94</b>    | <b>2,090</b> |
| <b>PV Phase I</b>                |            | <b>160</b>   |            |              |                       |              |              |              |                            |              |              |
| <b>PV Phase II</b>               |            |              | <b>458</b> |              |                       |              |              |              |                            |              |              |
| <b>PV Phase III</b>              |            |              |            | <b>2,090</b> |                       |              |              |              |                            |              |              |
|                                  |            |              |            |              | <b>Debt rate</b>      |              | <b>3.0%</b>  |              | <b>Target equity ratio</b> |              | <b>70%</b>   |
|                                  |            |              |            |              | <b>Risk premium</b>   |              | <b>5.0%</b>  |              | <b>Beta</b>                |              | <b>1.1</b>   |
|                                  |            |              |            |              | <b>Risk-free rate</b> |              | <b>3.5%</b>  |              | <b>WACC</b>                |              | <b>7.4%</b>  |
| <b>Enterprise value</b>          |            | <b>2,709</b> |            |              | <b>Sensitivity</b>    |              |              |              | <b>Growth in Phase III</b> |              |              |
| <b>+ Cash</b>                    |            | <b>70</b>    |            |              | <b>Analysis</b>       |              | <b>1.8%</b>  | <b>2.3%</b>  | <b>2.8%</b>                | <b>3.3%</b>  | <b>3.8%</b>  |
| <b>- Debt</b>                    |            | <b>199</b>   |            |              |                       | <b>6.65%</b> | <b>414</b>   | <b>454</b>   | <b>503</b>                 | <b>568</b>   | <b>654</b>   |
| <b>Equity Value</b>              |            | <b>2,579</b> |            |              |                       | <b>7.02%</b> | <b>379</b>   | <b>412</b>   | <b>452</b>                 | <b>504</b>   | <b>571</b>   |
| <b>Number of shares</b>          |            | <b>6.3</b>   |            |              | <b>WACC</b>           | <b>7.39%</b> | <b>348</b>   | <b>376</b>   | <b>410</b>                 | <b>452</b>   | <b>505</b>   |
|                                  |            |              |            |              |                       | <b>7.76%</b> | <b>322</b>   | <b>345</b>   | <b>374</b>                 | <b>408</b>   | <b>452</b>   |
| <b>Value per share</b>           |            | <b>410</b>   |            |              |                       | <b>8.13%</b> | <b>298</b>   | <b>318</b>   | <b>342</b>                 | <b>371</b>   | <b>407</b>   |

Source: Hypoport, Pareto Securities

Investment Case in Charts

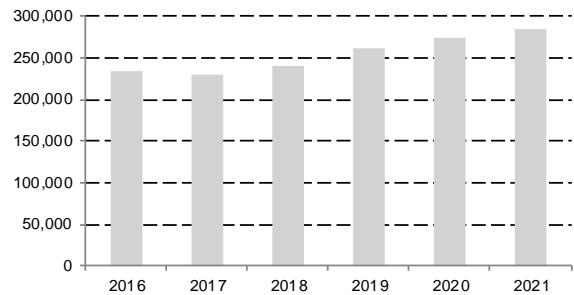
Revenues split (2021)



Credit Platform (Europace) & Retail Cust. (Dr. Klein) are the key revenue pillars, the Ins. Platf. should be the growth engine in the mid-term.

Source: Hypoport, Pareto Sec. Research

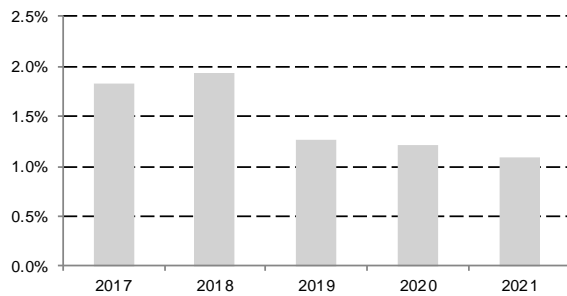
Market development (new mortgage loans in EUR m)



The overall market showed once again a good development in 2021 with an increase by 4% yoy.

Source: Hypoport, Pareto Sec. Research

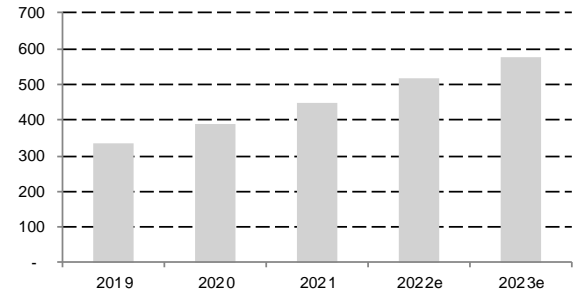
10YR Mortgage Rate development



10YR Mortgage rates on record low levels; we do not expect a sharp increase in the short term.

Source: Hypoport, Pareto Sec. Research

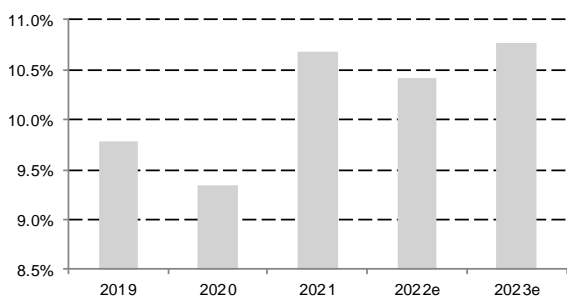
Revenues development (in EUR m)



Driven by the credit and the private clients platform revenue growth should remain strong in 2022e with an increase of 16% yoy.

Source: Hypoport, Pareto Sec. Research

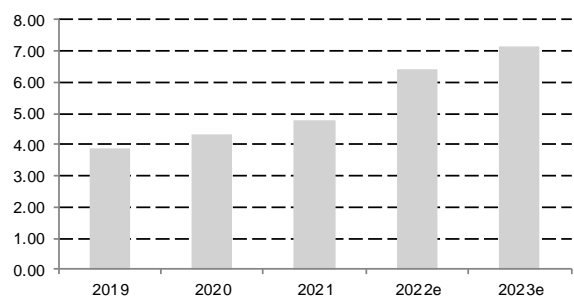
EBIT margin development



We forecast EBIT margin to slightly decline in 2022e to 10.4% due to higher costs and a slightly lower profit contribution from REM Capital.

Source: Hypoport, Pareto Sec. Research

EPS development (in EUR)



We forecast EPS CAGR of 21% (2021-'24e).

Source: Hypoport, Pareto Sec. Research

Source: Pareto Securities Research, Hypoport

At a Glance

| Business Units                        | Credit Platform   | Private Clients   | Real Estate Platform   | Insurance Platform   |   |  |
|---------------------------------------|---|---|--|--|---|--|
|                                       |   | <br>DIE PARTNER FÜR IHRE FINANZEN   |  |  |   |  |
| Products/ applications                | Through its credit platform Europace the company is enabling banks to distribute loans of more than 700 banks to its customers. Banks can also use Europace to solely process their own loan business.  | Dr. Klein is the brand through which Hypoport is servicing retail customers. Dr. Klein's more than 600 IFAs advise customers on different financial products, the focus being clearly on mortgage loans.  | Hypoport is brokering real estate loans to institutional customers via Dr. Klein Inst. Clients. Following the acquisitions of Value and FIO Hypoport offers also real estate valuation and different software (e.g. for brokering real estate) solutions.    | Hypoport's youngest business unit targets the insurance market. Idea is to build an Europace for the insurance industry, i.e. an online insurance market place which comprises products comparison, advice tools and processing of the policies and claims management. |   |  |
| Customers                             | Customers range from mortgage brokers via Postbank to savings and mutual banks. Savings and mutual banks are serviced via two separate joint ventures.<br><br>Although we do not have any figures we do not see Europace being dependent on a few single customers.   | Customers are normal retail customers with average financing needs. Mortgage customers should be above average incomes.<br><br>Very diversified customer base, no dependence on single customers at all.  | Customers of Dr. Klein are professional real estate investors, mainly public housing investors. Customers of FIO and Value are mainly banks.<br><br>We do not have any figures, but the dependence on single customers may be somewhat higher for Dr. Klein. | Potential customers include insurance brokers, IFAs and insurance companies. At the moment HYP has only customers which use certain parts of the software.<br><br>Revenues are still on low level, i.e. customer dependence not an issue yet.                          |   |  |
| Market share/ positioning             | Overall market share of Europace in GER in mortgage loans is around 30%. Market share of around 50% among mortgage brokers, market share of between 10-15% among savings and mutual banks.  | No figures available, we estimate that Dr. Klein has a market share of around 15% among the brokers, 3% of the total market.  | No figures available, but Dr. Klein's market share should be around 20%. FIO has a market share of above 80% among the savings banks with its real estate brokerage software.  | Market share not yet meaningful as this unit is still in the ramp-up phase.  |   |  |
| Drivers                               | Main driver is the demand for mortgage loans which is impacted by level of interest rates and demand for apartments/housing.  | Main driver is the demand for mortgage loans which is impacted by level of interest rates and demand for apartments/housing.  | High dependence on the public hand; even if the need for more public housing is high, the process until construction starts and a loan is needed may take long. Winning market share of FIO & Value among banks.   | Overall growth of insurance premiums and growing need for insurers and brokers to increase efficiency.   |   |  |
| Main competitors                      | Interhyp is the only competitor offering a comparable solution.   | Main competitors are mortgage brokers like Interhyp, Swiss Life Select and Planet Home. IFAs like MLP, OVB or DVAG focus more on insurance/investment products.   | mainly savings banks, but also mutual and private banks for the brokerage business. Value's main competitor is Sprengnetter, FIO's competitors are other software companies.   | At the moment similar software solutions are offered by Acturis and Finanzsoft/sofair.   |   |  |
| Entry barriers/ competitive advantage | Entry barriers depend on the different business units. Highest entry barriers exist in our view in Hypoport's strongest growing unit, Europace. With the underlying technology and the extensive customer relationships HYP has a decisive competitive advantage compared to other players.                                       |   |  |  |   |  |
| Strategy & Guidance                   | <b>Strategy:</b><br>(I) Winning more customers for Europace to realize economies of scale.<br>(II) Build-up of an insurance marketplace in the mid-to-long term.<br>(III) Developing Private Clients further which should continue to benefit from the housing boom in Germany.<br>(IV) Further develop the real estate platform. |   | <b>Guidance 2022:</b><br>Revenue: EUR 500m-540m<br>EBIT: EUR 51m-58m   | <b>Pareto Estimates</b><br>Revenue: 518<br>y/y: 16.0%<br>EBIT: 54.0  | <b>Consensus</b><br>Revenue: 518<br>16.0%<br>EBIT: 55.3 |  |
| 2020                                  | Sales (EUR m) 446.3<br>y/y 15.1%  | EBITDA (EURm) 77.1<br>Margin 17.3%  | EBIT (EURm) 47.7<br>Margin 10.7%   | EPS 3Y hist. CAGR 9.4%   |   |  |
| Sales & EBIT Split                    |   |   |  |  |   |  |
| Shareholder structure & management    | <b>CEO</b><br><br><b>Ronald Slabke</b><br>Major shareholder and CEO (since 2010)<br>• With Hypoport since 2002<br>• >20 years experience in the banking industry<br>• prior to becoming CEO he was board member of Hypoport (since 2002). He joined Dr. Klein & Co GmbH & Co. KG in 1996, he became a board member in 2000.       | <b>Board Member (since 2010)</b><br><br><b>Stephan Gawarecki</b><br>• With Dr. Klein since 2004<br>• almost 20 years experience in the banking/insurance industry<br>• Prior to his career at Dr. Klein Mr. Gawarecki worked for FinanceScout24 and Deutscher Ring<br>• Mr. Gawarecki is responsible for the segments Private Clients and Insurance Platform. |  | <b>Shareholder structure</b><br>   |   |  |
| # of employees FY 2020                | 2,131   |   |  |  |   |  |

Source: Hypoport, Pareto Securities

| <b>PROFIT &amp; LOSS (fiscal year) (EURm)</b> | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  | <b>2022e</b> | <b>2023e</b> | <b>2024e</b> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenues</b>                               | <b>195</b>   | <b>266</b>   | <b>337</b>   | <b>388</b>   | <b>446</b>   | <b>518</b>   | <b>575</b>   | <b>644</b>   |
| <b>EBITDA</b>                                 | <b>30</b>    | <b>39</b>    | <b>52</b>    | <b>64</b>    | <b>77</b>    | <b>85</b>    | <b>96</b>    | <b>111</b>   |
| Depreciation & amortisation                   | (7)          | (10)         | (19)         | (28)         | (29)         | (32)         | (34)         | (37)         |
| <b>EBIT</b>                                   | <b>23</b>    | <b>29</b>    | <b>33</b>    | <b>36</b>    | <b>48</b>    | <b>54</b>    | <b>62</b>    | <b>74</b>    |
| Net interest                                  | (0)          | (1)          | (2)          | (3)          | (3)          | (4)          | (5)          | (6)          |
| <b>Profit before taxes</b>                    | <b>23</b>    | <b>28</b>    | <b>31</b>    | <b>33</b>    | <b>44</b>    | <b>50</b>    | <b>57</b>    | <b>68</b>    |
| Taxes   | (5)          | (6)          | (7)          | (6)          | (14)         | (9)          | (12)         | (14)         |
| Minority interest                             | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Net profit</b>                             | <b>18</b>    | <b>22</b>    | <b>24</b>    | <b>28</b>    | <b>31</b>    | <b>40</b>    | <b>45</b>    | <b>54</b>    |
| EPS reported                                  | 3.10         | 3.69         | 3.90         | 4.44         | 4.86         | 6.42         | 7.13         | 8.56         |
| <b>EPS adjusted</b>                           | <b>3.10</b>  | <b>3.69</b>  | <b>3.90</b>  | <b>4.44</b>  | <b>4.86</b>  | <b>6.42</b>  | <b>7.13</b>  | <b>8.56</b>  |
| DPS   | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>BALANCE SHEET (EURm)</b>                   | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  | <b>2022e</b> | <b>2023e</b> | <b>2024e</b> |
| Tangible non current assets                   | 4            | 10           | 35           | 98           | 102          | 113          | 124          | 135          |
| Other non-current assets                      | 68           | 211          | 269          | 342          | 358          | 363          | 364          | 355          |
| Other current assets                          | 54           | 53           | 62           | 79           | 87           | 92           | 98           | 104          |
| Cash & equivalents                            | 14           | 32           | 25           | 34           | 49           | 70           | 100          | 116          |
| <b>Total assets</b>                           | <b>141</b>   | <b>306</b>   | <b>392</b>   | <b>552</b>   | <b>596</b>   | <b>638</b>   | <b>686</b>   | <b>711</b>   |
| Total equity                                  | 83           | 153          | 178          | 221          | 253          | 294          | 339          | 392          |
| Interest-bearing non-current debt             | 13           | 71           | 98           | 168          | 173          | 175          | 177          | 179          |
| Interest-bearing current debt                 | 3            | 10           | 16           | 22           | 24           | 24           | 24           | 25           |
| Other Debt                                    | 42           | 71           | 98           | 141          | 145          | 145          | 146          | 114          |
| <b>Total liabilities &amp; equity</b>         | <b>141</b>   | <b>306</b>   | <b>392</b>   | <b>552</b>   | <b>596</b>   | <b>638</b>   | <b>686</b>   | <b>711</b>   |
| <b>CASH FLOW (EURm)</b>                       | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  | <b>2022e</b> | <b>2023e</b> | <b>2024e</b> |
| Cash earnings                                 | 24           | 35           | 45           | 53           | 65           | 70           | 79           | 70           |
| Change in working capital                     | (16)         | 6            | 1            | (5)          | (0)          | (5)          | (4)          | (7)          |
| Cash flow from investments                    | (21)         | (86)         | (60)         | (60)         | (45)         | (44)         | (47)         | (50)         |
| Cash flow from financing                      | 5            | 63           | 7            | 22           | (4)          | 2            | 2            | 3            |
| Net cash flow                                 | (8)          | 19           | (7)          | 9            | 16           | 21           | 30           | 16           |
| <b>VALUATION (EURm)</b>                       | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  | <b>2022e</b> | <b>2023e</b> | <b>2024e</b> |
| <b>Share price (EUR end)</b>                  | <b>145.4</b> | <b>148.2</b> | <b>315.0</b> | <b>515.0</b> | <b>511.0</b> | <b>237.6</b> | <b>237.6</b> | <b>237.6</b> |
| Number of shares end period                   | 6            | 6            | 6            | 6            | 6            | 6            | 6            | 6            |
| Net interest bearing debt                     | 2            | 49           | 90           | 156          | 148          | 129          | 101          | 88           |
| <b>Enterprise value</b>                       | <b>867</b>   | <b>975</b>   | <b>2,060</b> | <b>3,399</b> | <b>3,369</b> | <b>1,628</b> | <b>1,600</b> | <b>1,586</b> |
| EV/Sales                                      | 4.4          | 3.7          | 6.1          | 8.8          | 7.5          | 3.1          | 2.8          | 2.5          |
| <b>EV/EBITDA</b>                              | <b>28.8</b>  | <b>24.9</b>  | <b>39.5</b>  | <b>53.2</b>  | <b>43.7</b>  | <b>19.0</b>  | <b>16.7</b>  | <b>14.3</b>  |
| EV/EBIT                                       | 37.2         | 33.3         | 62.4         | 93.8         | 70.7         | 30.2         | 25.9         | 21.3         |
| P/E reported                                  | 46.9         | 40.2         | 80.7         | -            | -            | 37.0         | 33.3         | 27.8         |
| <b>P/E adjusted</b>                           | <b>46.9</b>  | <b>40.2</b>  | <b>80.7</b>  | <b>-</b>     | <b>-</b>     | <b>37.0</b>  | <b>33.3</b>  | <b>27.8</b>  |
| P/B   | 10.5         | 6.0          | 11.1         | 14.7         | 12.8         | 5.1          | 4.4          | 3.8          |
| <b>FINANCIAL ANALYSIS</b>                     | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  | <b>2022e</b> | <b>2023e</b> | <b>2024e</b> |
| ROE adjusted (%)                              | 25.1         | 19.0         | 14.7         | 13.9         | 12.9         | 14.8         | 14.2         | 14.8         |
| Dividend yield (%)                            | -            | -            | -            | -            | -            | -            | -            | -            |
| EBITDA margin (%)                             | 15.5         | 14.7         | 15.5         | 16.5         | 17.3         | 16.5         | 16.7         | 17.2         |
| EBIT margin (%)                               | 12.0         | 11.0         | 9.8          | 9.3          | 10.7         | 10.4         | 10.8         | 11.6         |
| NIBD/EBITDA                                   | 0.07         | 1.25         | 1.72         | 2.45         | 1.93         | 1.51         | 1.06         | 0.79         |
| EBITDA/Net interest                           | -            | 33.73        | 33.30        | 22.49        | 22.53        | 21.43        | 19.04        | 18.11        |



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|        |   |
|--------|---|
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|--------------------------------|---------------|---------------|
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| Pareto Bank                    | 15,305,077    | 21.91%        |
| Selvaag Bolig                  | 4,311,865     | 4.60%         |
| Sparebank 1 Nor d-Nor ge       | 4,421,827     | 4.40%         |
| Sparebank 1 SMN                | 2,177,355     | 1.68%         |
| Sparebank 1 SR-Bank            | 2,071,099     | 0.81%         |
| SpareBank 1 Østf old Aker shus | 1,232,429     | 9.95%         |
| SpareBank 1 Østlandet          | 3,836,463     | 3.61%         |
| Sparebanken Mø re              | 705,030       | 1.43%         |
| Sparebanken Sør                | 433,449       | 2.77%         |
| Sparebanken Vest               | 6,861,419     | 6.39%         |
| NEXT Biometrics                | 710,901       | 0.78%         |
| SpareBank 1 Sør est-Nor ge     | 1,771,308     | 2.81%         |

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| Aker BP                  | 0                 | 28,786         |
| Aker Carbon Capture      | 0                 | 4,926          |
| Aker Horizons            | 0                 | 180,838        |
| Aprila Bank ASA          | 0                 | 22,675         |
| ArcticZymes Technologies | 0                 | 684            |
| Austevoll Seafood        | 0                 | 1,898          |
| Avance Gas               | 0                 | 4,000          |
| Awilco LNG               | 0                 | 30,000         |
| Banheur                  | 0                 | 32,088         |
| Bør regaard ASA          | 0                 | 650            |
| Bouvet                   | 0                 | 1,240          |
| BW Energy                | 0                 | 116,561        |
| BW Off shore             | 0                 | 9,650          |
| Cir ca Group             | 0                 | 6,550          |
| Cloudberry Clean Energy  | 0                 | 100,250        |
| Crayon                   | 0                 | 1,080          |
| Desert Control           | 0                 | 32,500         |
| DNB                      | 0                 | 49,534         |
| DNO                      | 0                 | 70,258         |
| Elkem                    | 0                 | 95,817         |
| Elmer a Group ASA        | 0                 | 10,119         |
| ELOP                     | 0                 | 140,000        |
| Equinor                  | 0                 | 2,623          |
| Europris                 | 0                 | 17,708         |
| Flex LNG                 | 0                 | 717            |
| Frontline                | 0                 | 11,740         |
| Gaming Innovation Group  | 0                 | 25,912         |
| Gjensidige Forsikring    | 0                 | 7,671          |

| Company                        | Analyst holdings* | Total holdings |
|--------------------------------|-------------------|----------------|
| GramCarriers                   | 0                 | 3,000          |
| Grieg Seafood                  | 0                 | 5,334          |
| Hafnia Ltd.                    | 0                 | 145,195        |
| Huddly                         | 0                 | 959,514        |
| HydrogenPro                    | 0                 | 36,641         |
| Kitron                         | 0                 | 28,536         |
| Komplett Bank                  | 0                 | 197,800        |
| Kongsberg Gruppen              | 0                 | 281            |
| KWS                            | 75                | 75             |
| Lerøy Seafood Group            | 0                 | 35,021         |
| Meltwater                      | 0                 | 30,700         |
| Mer cell                       | 0                 | 24,863         |
| Mowi                           | 0                 | 859            |
| MPC Container Ships            | 0                 | 15,045         |
| NEXT Biometrics                | 0                 | 710,901        |
| Nordic Semiconductor           | 0                 | 10,532         |
| Nor eco                        | 0                 | 500            |
| Norse Atlantic                 | 0                 | 40,000         |
| Norsk Hydro                    | 0                 | 84,189         |
| Norske Skog                    | 0                 | 104,249        |
| Northern Drilling Ltd.         | 0                 | 181,419        |
| Odfjell Drilling               | 0                 | 28,581         |
| Okeanis Eco Tankers            | 0                 | 1,420          |
| Orkla                          | 0                 | 24,336         |
| Panoro Energy                  | 0                 | 28,373         |
| Pareto Bank                    | 0                 | 1,334,731      |
| Pexip Holding                  | 0                 | 310,883        |
| Protector Forsikring           | 0                 | 15,300         |
| Pryme                          | 0                 | 7,401          |
| PyrumInnovations               | 0                 | 100            |
| Quantafuel                     | 0                 | 8,797          |
| REC Silicon                    | 0                 | 31,391         |
| SailMar                        | 0                 | 104            |
| Sandnes Sparebank              | 0                 | 3,731          |
| Scatec                         | 0                 | 31,009         |
| Seadrill Ltd                   | 0                 | 2,171          |
| Sparebank 1 Nor d-Nor ge       | 0                 | 4,350          |
| Sparebank 1 SMN                | 0                 | 18,584         |
| Sparebank 1 SR-Bank            | 0                 | 17,509         |
| SpareBank 1 Østf old Aker shus | 0                 | 1,252          |
| SpareBank 1 Østlandet          | 0                 | 12,921         |
| Sparebanken Sør                | 0                 | 16,140         |
| Sparebanken Vest               | 0                 | 16,538         |
| Stolt-Nielsen                  | 0                 | 2,000          |
| Stor ebrand                    | 0                 | 7,127          |
| Subsea 7                       | 0                 | 35,132         |
| Telenor                        | 0                 | 9,284          |
| TGS                            | 0                 | 600            |
| Vow                            | 0                 | 10,431         |
| Vow Green Metals               | 0                 | 19,681         |
| Vår Energi                     | 0                 | 58,585         |
| Wallenius Wilhelmsen           | 0                 | 2,000          |
| Yara                           | 0                 | 18,660         |
| Zaptec                         | 0                 | 11,610         |

This overview is updated monthly (last updated 25.07.2022).

\*Analyst holdings refers to positions held by the Pareto Securities AS analyst covering the company.

## Appendix B

Disclosure requirements in accordance with Article 6(1)(c)(iii) of Commission Delegated Regulation (EU) 2016/958

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

|                                     |                           |
|-------------------------------------|---------------------------|
| Aker ASA                            | Salmon Evolution          |
| Aker CleanHydrogen                  | Sartorius-Herbst          |
| Aker Offshore Wind                  | Seagems Norway            |
| Alva Industries AS                  | Seajacks                  |
| Apriila Bank ASA                    | Shamaran Petroleum        |
| Arctane Crypto                      | Stato European Holdings   |
| Bar Ramsund Group Pte. Ltd.         | Swedencare                |
| Biomega Group AS                    | TEMPTON GmbH              |
| Bonheur                             | Tier klinik HofheimGbr    |
| Boreal Holding AS                   | Trønder energi AS         |
| Broodge Petroleum and Gas           | Vestby Logistikk Holding  |
| BW LPG                              | Vår Energi                |
| BW Offshore                         | Waldorf Production UK Ltd |
| Cabonline Group Holding AB          | Waste Plastic Upcycling   |
| Cavai AS                            | Wattif EV                 |
| Cloudberry Clean Energy             | wheel.me                  |
| Dampskibsselskabet NORDEN A/S       | Xeneta AS                 |
| DNO                                 | Ymber AS                  |
| Documaster AS                       | ZTL Payment Solution AS   |
| ELOP                                | Ørn Software              |
| Enapter AG                          |                           |
| Ensurge Micropower                  |                           |
| Esmailizadeh Holding                |                           |
| First Camp Group AB                 |                           |
| Flex LNG                            |                           |
| FREYR Battery                       |                           |
| Funkwerk AG                         |                           |
| Global Agrarjes (Fertiberia group)  |                           |
| Golar LNG                           |                           |
| Gram Carriers                       |                           |
| Green Transition Holding            |                           |
| Greentood                           |                           |
| Grøntvedt AS                        |                           |
| Hafslund Eco                        |                           |
| Hagal AS                            |                           |
| HMH Holding                         |                           |
| Ice Group                           |                           |
| Immunopharma                        |                           |
| InoBat Auto                         |                           |
| International Petroleum Corporation |                           |
| JP/Politikken's Forlag              |                           |
| Kalera                              |                           |
| Kebony                              |                           |
| Kentech Global Plc                  |                           |
| Keppel FELS Limited                 |                           |
| KMC Properties                      |                           |
| Komplett ASA                        |                           |
| Kruse Smith                         |                           |
| Kvitbjørn Varme                     |                           |
| Lakers Holding AS                   |                           |
| Leray Seafood Group                 |                           |
| Lumarine AS                         |                           |
| Mathesa Bostadsbolaget AB           |                           |
| Mer cell                            |                           |
| Mime Petroleum                      |                           |
| Modex AS                            |                           |
| Multitude SE                        |                           |
| Navios Maritime Acquisitions        |                           |
| Navios Maritime Holdings            |                           |
| Nordic Halibut                      |                           |
| Noreco                              |                           |
| Norwegian Block Exchange            |                           |
| Odjell Oceanwind                    |                           |
| Okea AS                             |                           |
| Otellio Corporation                 |                           |
| Pandion Energy                      |                           |
| Pareto Bank                         |                           |
| PetroNor E&P                        |                           |
| PHM Group                           |                           |
| Ping Petroleum UK Limited           |                           |
| poLight                             |                           |
| Prinofa AS                          |                           |
| Protector Forsikring                |                           |
| Pryme                               |                           |
| Prym Innovations                    |                           |
| Qred Holding                        |                           |
| Quantafuel                          |                           |
| Saga Robotics                       |                           |

This overview is updated monthly (this overview is for the period 31.05.2021 – 31.05.2022).

## Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11 (4)

Distribution of recommendations

| Recommendation | % distribution |
|----------------|----------------|
| Buy            | 78%            |
| Hold           | 21%            |
| Sell           | 1%             |

Distribution of recommendations (transactions\*)

| Recommendation | % distribution |
|----------------|----------------|
| Buy            | 89%            |
| Hold           | 11%            |
| Sell           | 0%             |

\* Companies under coverage with which Pareto Securities Group has on-going or completed public services in the previous 12 months

This overview is updated monthly (last updated 14.06.2022).

## Appendix D

This section applies to research reports prepared by Pareto Securities AB.

Disclosure of positions in financial instruments

The beneficial holding of the Pareto Group is 1 % or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

The Pareto Group has material holdings of other financial instruments than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

Disclosure of assignments and mandates

Overview over issuers of financial instruments where Pareto Securities AB has prepared or distributed investment recommendation, where Pareto Securities AB has been lead manager or co-lead manager or has rendered publicly known not immaterial investment banking services over the previous twelve months:

|                             |                           |                          |
|-----------------------------|---------------------------|--------------------------|
| ADDVise                     | Mentice                   | Studentbostäder i Norden |
| BioInvent                   | Media & Games Invest plc. | Swedencare               |
| Cibus Nordic Real Estate AB | Oscar Properties          | VEF                      |
| Egetis Therapeutics         | Sedana Medical            | VNV Global               |
| Hexatronic                  | Shamaran Petroleum Corp   |                          |

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universe:

|                               |                           |                    |
|-------------------------------|---------------------------|--------------------|
| Africa Energy Corp.           | Media & Games Invest plc. | Shamaran Petroleum |
| ByggPartner i Dalarna Holding | Mentice AB                | Surgical Science   |
| Cibus Nordic Real Estate      | Minesto                   | Tethys Oil         |
| Isolf Medical                 | Sällängen Property Invest | VEF                |
| Logistri Fastighets AB        | SciBase Holding           |                    |
| Magnolia Bostad               | Sedana Medical            |                    |

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

Member of the Pareto Group is providing Business Management services to the following companies:

|                                 |                                 |                            |
|---------------------------------|---------------------------------|----------------------------|
| Aarhus Residential's Denmark AB | Fleming Properties AB           | Mälarsen AB                |
| Backaheden Fastighets AB        | Halmlätten Fastighets AB (publ) | One Publicus Fastighets AB |
| Bonäsudden Holding AB (publ)    | Korsängen Fastighets AB (publ)  | Origa Car AB (publ)        |
| Borglanda Fastighets AB         | Krona Public Real Estate AB     | Preserium Property AB      |
| Bosjö Fastigheter AB            | Logistri Fastighets AB          |                            |

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

This overview is updated monthly (last updated 15.07.2022).

## Appendix E

Disclosure requirements in accordance with Article 6(1)(c)(i) of Commission Delegated Regulation (EU) 2016/958

Designated Sponsor

Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the

|                                |                              |                     |
|--------------------------------|------------------------------|---------------------|
| 2G Energy *                    | Heidelberg Pharma *          | Northern Data AG    |
| Biotech *                      | Inter shop Communications AG | OVH Holding AG      |
| CORESTATE Capital Holding S.A. | Leifheit                     | Procredit Holding * |
| Daldrup & Söhne                | Logwin *                     | PSI SOFTWARE AG *   |
| Demi re                        | Manz AG *                    | PWO *               |
| Epigenomics AG *               | MAX Automation SE            | S&T AG *            |
| Gesco *                        | Merkur Bank                  | SMT Scharf AG *     |
| Ger ry Weber                   | MLP *                        | Surteco Group *     |
| GFT Technologies *             | Mühl Produkt & Service AG    | Szygy AG *          |
| Gigaset *                      | mutares                      | Viscom *            |

\* The designated sponsor services include a contractually agreed provision of research services.

## Appendix F

Disclosure requirements in accordance with Article 6(1)(c)(iv) of Commission Delegated Regulation (EU) 2016/958

Sponsored Research

Pareto Securities has entered into an agreement with these companies about the preparation of research reports and – in return – receives compensation.

|                             |                              |                        |
|-----------------------------|------------------------------|------------------------|
| Baywa                       | Ger ry Weber                 | Mynaric                |
| BB Biotech                  | Hypoport AG                  | mutares                |
| CLIQ Digital                | Inter shop Communications AG | Northern Data AG       |
| Daldrup & Söhne             | Leifheit                     | OHB SE                 |
| Dermaphar m Holding SE      | MAX Automation SE            | OVH Holding AG         |
| Enapter                     | Mer kur Bank                 | Siegl Fried Holding AG |
| Expr es2ion Biotechnologies |                              |                        |

This overview is updated monthly (last updated 15.07.2022).