

Back in the red despite strong cloud numbers

Due to issues in the Service segment, Intershop reported a slightly negative EBIT number in Q2. On the other hand, Intershop reported better than expected cloud numbers in Q2. Although it will in our view be a stretch for Intershop to reach the EBIT target in 2022, we consider the investment case unbroken and keep our buy rating; our new price target is EUR 4.80.

EBIT back in the red in Q2

After nine profitable quarters in a row, Intershop reported a slightly negative EBIT number in Q2. Main reason was that Intershop lost money with five projects in the Service segment in H1. The issues have already been addressed, according to the CEO, including a management change. The need to invest continuously into R&D also weighed on margins: The respective expenses were up 35% yoy in the first half of 2022.

Good cloud numbers

On the other hand, Intershop reported strong cloud related KPIs in Q2. Incoming cloud orders were up 10%, cloud and subscription revenues, ARR, New ARR and Net New ARR leapt by 35%, 34%, 61% and 76% in Q2, respectively. Moreover, the cloud margin was at 55%, up from 51% for the full year 2021. This accelerated conversion of the cloud order entry into tangible results in the P&L was the main positive news yesterday. The churn rate remains close to zero, which underlines the stickiness of Intershop's cloud offering, in our view.

New price target EUR 4.80

Intershop stuck to the full year guidance, which aims at a 20% increase in cloud order entry and a rise of Net New ARR and group revenues by 10%. EBIT is still expected to be at least at EUR 1m. We think that especially the EBIT target might be a stretch after the losses incurred in H1 because of the issues in the Service segment. Notwithstanding, we don't think that a small miss would be a catastrophe and consider the investment case unbroken. We keep our buy rating; our new price target is EUR 4.80 (down from EUR 5.50).

EURm	2020	2021	2022e	2023e	2024e
Revenues	34	36	39	42	47
EBITDA	4	4	4	6	7
EBIT	1	1	1	2	3
EPS	0.06	0.06	0.03	0.11	0.18
EPS adj	0.06	0.06	0.03	0.11	0.18
DPS	-	-	-	-	-
EV/EBITDA	8.1	10.9	9.5	6.5	5.0
EV/EBIT	36.0	37.0	42.5	17.0	10.9
P/E adj	55.7	71.5	-	30.3	19.1
P/B	2.70	3.29	2.70	2.48	2.20
ROE (%)	5.0	4.7	2.6	8.5	12.2
Div yield (%)	-	-	-	-	-
Net debt	(9)	(9)	(9)	(10)	(12)

Source: Pareto Securities

Target price (EUR)	4.8	▲	BUY
Share price (EUR)	3.4	—	HOLD
		▼	SELL

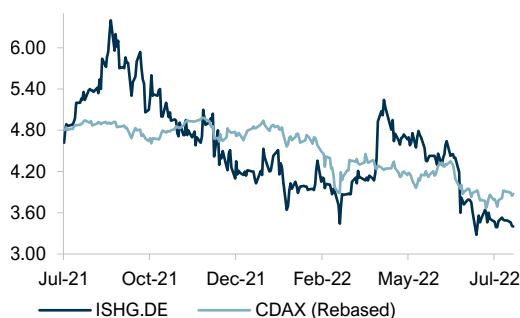
Forecast changes

%	2022e	2023e	2024e
Revenues	(2)	(4)	(4)
EBITDA	(26)	(15)	(16)
EBIT adj	(37)	(2)	(2)
EPS reported	(61)	(19)	(18)
EPS adj	(61)	(19)	(18)

Source: Pareto Securities

Ticker	ISHG.DE, ISH2 GY
Sector	Software & Services
Shares fully diluted (m)	14.2
Market cap (EURm)	48
Net debt (EURm)	-9
Minority interests (EURm)	0
Enterprise value 22e (EURm)	39
Free float (%)	0

Performance



Source: FactSet

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Q2 wrap up

Q2 numbers

Intershop		Actual			Pareto	
		Q2 2021	Q2 2022	yoy (%)	Q2 2022	Delta (%)
Revenues	EURm	9.5	9.3	-2	10.8	-14
of which: Licenses	"	0.4	0.5	24	0.4	38
of which: Maintenance	"	2.0	1.9	-5	2.0	-4
of which: Cloud / Subscription	"	2.7	3.6	35	3.4	5
of which: Services	"	4.3	3.3	-25	5.0	-35
Gross profit	"	4.6	4.1	-12	5.2	-23
margin	%	48.5%	43.6%	-491 BP	48.5%	-491 BP
EBIT	EURm	0.6	(0.6)	nm	0.1	nm
margin	%	6.8%	-6.0%	0 BP	1.2%	-714 BP
Other cloud-related KPI						
Incoming cloud orders	EURm	5.1	5.6	10	4.3	31
ARR from cloud	"	10.8	14.4	34	13.3	9
New ARR	"	0.9	1.4	61	0.3	342
Net new ARR	"	0.8	1.5	76	0.3	351
Implied churn	"	0.1	(0.0)	nm	0.0	nm

Source: Pareto Securities

After nine profitable quarters in a row, Intershop reported a slightly negative EBIT number in Q2. One reason for that was that Service revenues were down yoy as some projects did not work out as planned. In detail, Intershop saw five projects in H1 where the company lost money. The issues have already been addressed, according to the CEO, inter alia by a management change. Generally, the Service unit supports the implementation of Intershop products at the customer and does not pursue projects outside this field. It has currently an order backlog of EUR 3.2m and plans to realize EUR 6m revenues in H2.

What also weighed on margins was the need to invest continuously into R&D: The respective expenses were up 35% yoy in the first half of 2022. These necessary expenses are also the reason why Intershop believes it will take another two years before operating leverage will kick in and investors will see real earnings progress.

On the other hand, Intershop reported strong cloud related KPIs in Q2. Incoming cloud orders were up 10%, cloud and subscription revenues, ARR, New ARR and Net New ARR leapt by 35%, 34%, 61% and 76% in Q2, respectively. Almost 50% of the cloud order entry in H1 comes from seven new customers, the remainder from existing customers. Moreover, the cloud margin was at 55%, up from 51% for the full year 2021.

This accelerated conversion of cloud order entry into tangible results in the P&L was the main positive news yesterday, we think, although this was supported to some extent (EUR 0.3m in H1) by the recent acquisition of Sparque B.V., we understand. The churn rate remains close to zero, which underlines the stickiness of Intershop's cloud offering, in our view. Intershop stuck to the full year guidance, which aims at a 20% increase in cloud order entry and a rise of Net New ARR and group revenues by 10%. EBIT is still expected to be at least at EUR 1m.

Our conclusions from the Q2 report are as follows:

- Intershop is clearly active in a growth segment of the IT market: The B2B e commerce market is poised to grow by close to 20% p.a. in the next five years.
- Although it is understandable that Intershop increases the R&D budget in order to keep its product up to date, the company needs to make sure that costs are not growing faster than revenues in the mid- and long-term, we think. The main issues appear to be the service segment and wage cost inflation at present.
- Regarding the 2022 guidance, the top line related goals for 2022 appear to be achievable. To realize the EBIT target of at least EUR 1m, Intershop needs to realize EUR 1.5m in the second half of 2022, though, which compares with EUR 0.3m in H2 2021 and EUR 0.5m in H2 2020. So, the 2nd part of the guidance sounds ambitious from today's perspective.

Estimates update

Our updated scenario for the cloud business

Cloud business (EURm)	2019	2020	2021	2022e	2023e	2024e	2025e
Order Entry	13.1	15.8	18.3	22.8	28.5	35.7	44.6
% yoy	81%	21%	16%	25%	25%	25%	25%
New ARR	2.6	2.6	3.1	4.3	4.0	5.8	7.2
% yoy	53%	0%	20%	37%	-5%	43%	25%
Average contract length (years)	5.0	6.1	5.3	5.3	5.3	5.3	5.3
% yoy	19%	21%	-13%	0%	0%	0%	0%
Churn	0.9	0.3	0.3	0.0	0.7	0.8	1.0
% yoy	200%	-67%	-11%	-100%	nm	21%	25%
Net new ARR	1.7	2.3	2.8	4.3	3.4	5.0	6.2
% yoy	21%	36%	23%	49%	-21%	47%	25%
ARR	6.8	9.3	12.2	16.4	19.8	24.7	30.9
% yoy	32%	38%	31%	35%	21%	25%	25%
Cloud revenues	6.4	7.3	11.1	15.4	18.7	23.7	29.9
% yoy	18%	14%	52%	38%	22%	26%	26%

Source: Pareto Securities

We believe that Intershop will be able to meet its guidance regarding cloud order entry and Net New ARR (+10% each) in 2022 after the strong development of the cloud business. We are a little bit skeptical regarding the targets for group revenues (+10%) and EBIT (at least EUR 1m). Especially the EBIT target might be a stretch after the losses incurred in H1 because of the issues in the Service segment. We are at +8.5% for group revenues and at EUR 0.9m for EBIT. We even think that everything needs to work out fine in H2 to reach these numbers. Notwithstanding, we don't think that a small miss would be a catastrophe and consider the investment case unbroken. We understand however that the new CEO is highly reluctant to pull the guidance because that was a bad habit of Intershop in the past and he said at the beginning of his tenure that he wants Intershop to deliver on its promises in the future.

P&L

Profit & Loss	2019	2020	2021	2022e	2023e	2024e	2025e
Revenue	31.6	33.6	36.0	39.1	42.4	47.3	53.5
% yoy	1.4%	6.2%	7.1%	8.5%	8.5%	11.6%	13.1%
Gross Profit	11.1	15.7	17.7	19.1	23.2	26.2	30.0
% of sales	35.0%	46.6%	49.2%	48.8%	54.8%	55.4%	56.0%
R&D	4.6	3.8	5.7	7.6	8.0	8.4	8.8
% of sales	14.4%	11.2%	15.8%	19.5%	18.9%	17.8%	16.5%
EBITDA	-2.3	4.5	4.4	4.1	5.8	7.2	9.0
% of sales	-7.4%	13.2%	12.3%	10.5%	13.8%	15.2%	16.9%
EBIT	-6.5	1.0	1.3	0.9	2.2	3.3	4.8
% of sales	-20.4%	3.0%	3.6%	2.3%	5.2%	7.0%	8.9%
Pretax Profit	-6.6	0.9	0.9	0.5	1.8	2.9	4.4
% of sales	-21.0%	2.6%	2.5%	1.3%	4.3%	6.2%	8.2%
Net Profit	-6.8	0.8	0.8	0.5	1.6	2.5	3.8
% of sales	-21.4%	2.4%	2.2%	1.2%	3.8%	5.4%	7.1%
EPS (EUR)	-0.48	0.06	0.06	0.03	0.11	0.18	0.27
% yoy	138.4%	-111.8%	0.0%	-43.2%	250.1%	59.3%	49.8%
DPS (EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payout ratio	0%	0%	0%	0%	0%	0%	0%

Source: Pareto Securities

The changes to our estimates can be found in the table below. The percentage changes might look huge, but this is mainly because the earnings numbers are close to zero, so every small absolute change has a big impact on percentage changes.

Estimate changes

		2022e			2023e			2024e		
Intershop		Old	New	Chg.	Old	New	Chg.	Old	New	Chg.
Revenues	EURm	39.8	39.1	-2%	44.1	42.4	-4%	49.4	47.3	-4%
EBIT	"	1.4	0.9	-35%	2.3	2.2	-3%	3.4	3.3	-3%
Net result	"	1.2	0.5	-62%	2.0	1.6	-20%	3.1	2.5	-18%
EPS	EUR	0.08	0.03	-60%	0.14	0.11	-20%	0.22	0.18	-19%

Source: Pareto Securities

Valuation update

DCF

EUR m	2022e	2023e	Phase I			2027e	2028e	Phase II		2031e	Phase III
			2024e	2025e	2026e			2029e	2030e		
Revenues	39.1	42.4	47.3	53.5	60.9	68.3	75.3	81.6	87.0	91.2	
growth rate	8.5%	8.5%	11.6%	13.1%	13.9%	12.1%	10.3%	8.5%	6.6%	4.8%	
EBIT	0.9	2.2	3.3	4.8	6.6	7.5	8.5	9.4	10.2	10.9	
EBIT margin	2.3%	5.2%	7.0%	8.9%	10.8%	11.0%	11.3%	11.5%	11.8%	12.0%	
Tax	(0.3)	(0.7)	(1.0)	(1.5)	(2.1)	(2.4)	(2.7)	(3.0)	(3.2)	(3.4)	
Tax rate	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	
Depr. & Amort.	2.0	2.0	2.1	2.2	2.5	3.0	3.5	3.9	4.2	4.4	
% of sales	5.2%	4.8%	4.4%	4.2%	4.0%	4.5%	4.7%	4.8%	4.8%	4.9%	
Capex	(2.0)	(2.2)	(2.4)	(2.7)	(3.1)	(3.5)	(3.8)	(4.2)	(4.4)	(4.7)	
% of sales	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	
Change in NWC	(0.3)	(0.3)	(0.5)	(0.6)	(0.7)	(0.7)	(0.7)	(0.6)	(0.5)	(0.5)	
% of sales	0.7%	0.7%	1.0%	1.1%	1.1%	1.0%	0.9%	0.8%	0.6%	0.5%	
Free Cash Flow	0.4	1.1	1.5	2.2	3.2	4.0	4.8	5.5	6.2	6.8	108.1
growth rate		nm	38%	48%	45%	27%	20%	15%	12%	10%	3%
Present Value FCF	0.4	0.9	1.2	1.6	2.1	2.5	2.7	2.8	2.9	2.9	45.9

PV Phase I	6.2	Risk free rate	3.5%	Targ. equity ratio	100%
PV Phase II	13.8	Premium Equity	5.0%	Beta	1.2
PV Phase III	45.9	Premium Debt	0.5%	WACC	9.5%

Enterprise value	65.9	Sensitivity	Growth in phase III				
- Net Debt (Cash)	(9.1)		2.0%	2.5%	3.0%	3.5%	4.0%
- Leasing Liabilities	10.2	8.6%	5.09	5.39	5.75	6.18	6.70
- Minorities & Peripherals	0.0	9.0%	4.69	4.94	5.23	5.58	6.00
- Short call position	2.4	WACC	9.5%	4.34	4.55	4.80	5.08
+ Tax loss carryforwards (NPV)	5.7	10.0%	4.03	4.21	4.42	4.66	4.93
		10.5%	3.76	3.91	4.09	4.29	4.52

Equity value	68.1
Number of shares	14.2
Value per share (€)	4.80
Current Price (€)	3.41
Upside	41%

Source: Pareto Securities

Because of the earnings adjustments in the coming years, we lower the fair value per share from EUR 5.50 to EUR 4.80. Still, we see a significant upside of more than 40% for the share, and our recommendation remains “buy”.

As a reminder, Intershop has issued a convertible bond, which gives the buyer the right to buy 1.42m Intershop shares at a strike price of EUR 2.19 per share. This option, which expires in July 2025, is worth around EUR 1.69, according to our calculations. Thus, we deduct EUR 2.4m (1.42m x EUR 1.69) from the fair value. All other things being equal, this number gets smaller over time because of the diminishing time value of the option.

Peer group analysis

Company	Country	Market Cap in mEUR	EV/Sales 2022e	EV/Sales 2023e	EV/EBITDA 2022e	EV/EBITDA 2023e	EV/EBIT 2022e	EV/EBIT 2023e
Fabasoft AG	D	230	3.2	2.9	10.0	8.9	15.0	13.4
Mercell Holding AS	NOR	309	5.3	4.5	19.6	14.5	218.5	44.3
USU Software AG	D	179	1.4	1.2	10.6	8.5	14.9	11.1
Sidetrade SA	F	161	4.5	3.7	47.7	26.7	69.6	34.0
Generix Group SA	F	215	2.5	2.3	24.7	20.3	34.8	27.8
D4t4 Solutions plc	UK	113	2.9	2.5	17.5	13.3	19.2	14.3
LeadDesk Oyj	FIN	52	1.9	1.6	15.7	10.2	-39.7	238.8
Access Intelligence Plc	UK	54	1.9	1.6	69.2	14.4	-24.9	86.8
House of Control Group AS	NOR	34	1.7	1.5	nm	10.6	-31.9	48.2
Efecte Oyj	FIN	68	3.1	2.6	327.1	130.4	-327.1	-652.2
Median peers		136.8	2.7	2.4	19.6	13.8	15.0	30.9
Intershop (Pareto estimate)		48.4	1.3	1.1	12.0	8.2	53.8	21.7
relative		35.4%	47.2%	48.0%	61.2%	59.6%	359.2%	70.1%

Source: Factset, Pareto Securities

The peer group analysis supports our view that the Intershop share offers further upside: Compared to a broad set of European software providers with a similar size, the Intershop share does not look expensive regarding EV / Sales and EV / EBITDA multiples.

At a glance

At a glance

Business units	Licenses	Maintenance	Cloud / Subscription	Services				
Products & services	Intershop Commerce Suite builds the core of the product offering. The commerce platform can be employed "ready-to-use" or on a modular basis according to customers' needs. Intershop's solutions contain commerce management, product information management, experience management as well as omni-channel order management. Deployment modes are either on-premise, per private cloud or as CaaS (Commerce-as-a-Service). Services include strategic digital consulting, project management, complete or partly operation of the commerce business (Full Service Commerce), as well as training and support.							
Customers	Globally, more than 300 customers, which are mainly active in the manufacturing, retail / wholesale, automotive, and energy industries.							
	Top 25 customers account for c. 66% of revenue.							
Market share & positioning	In its relevant market segment, Intershop accounts for c. 5% of market share, while in the total e-commerce software market Intershop solutions are implemented in less than 2% of all online shops. Intershop is an engineering-driven company, with a focus on a strong performance and a reliable system, thus a quality-oriented company.							
Drivers	Increasing internet penetration (+) Underlying growth in e-commerce business and associated shift from brick-and-mortar retail to e-commerce / omni-channel commerce (+) Changing B2B buyer demographics towards a more digital native buyer group (+) Amazon move into B2B e-commerce business (substitution via marketplaces and strong independent online shops) (-)							
Main competitors	Main competitors: Hybris (by SAP), WebSphere Commerce (by IBM), Oracle NetSuiteCommerce (B2B solution by Oracle), Oracle Commerce Platform (by Oracle), CloudCraze (B2B solution recently acquired by salesforce.com), Salesforce Commerce (formerly Demandware, B2C solution by salesforce.com), Magento Commerce (recently acquired by Adobe)							
	Non-listed competitors: Insite Software (B2B solution), OROCommerce (B2B solution), Shopware (strong German presence), OXID eSales (strong German presence)							
Strategy, guidance & consensus	<div><div>Strategy: (I) "Cloud first" (II) B2B Focus, tilted towards SMB via CaaS offering (III) Extending technological functionalities and sales channels via Microsoft partnership (IV) Strengthening marketing capabilities</div><div><div>Guidance</div><div>Revenue +10% yoy</div><div>EBIT at least EUR 1m</div></div><div><div>Revenue yoy</div><div>EBIT margin</div></div><div><div>Pareto</div><div>EUR 39m</div><div>8.5%</div><div>EUR 0.9m</div><div>2.3%</div></div><div><div>Consensus</div><div>EUR 40m</div><div>10.6%</div><div>EUR 1.2m</div><div>3.0%</div></div></div>							
2021	Sales (EURm) y/y	36.0 7.1%	EBITDA Margin	4.4 12.3%	EBIT (EURm) Margin	1.3 3.6%	5Y sales CAGR Org. growth y/y	1.4% 4.7%
Sales & EBIT split	<div><div>Sales split by product / service</div><div><div><div>License Sales</div><div>Maintenance Sales</div><div>Cloud & Subscription Sales</div><div>Service Sales</div></div></div><div><div>Sales split by region</div><div><div><div>Europe</div><div>U.S.A.</div><div>Asia/Pacific</div></div></div></div><div><div>Group financial development</div><div><div><div>Group Sales</div><div>EBIT margin (rhs)</div></div></div></div></div>							
Management & shareholder structure	<div><div><div>Markus Klahn Chief Executive Officer (since 2021)</div></div><div><div>• With Intershop since 2018, first as Chief Sales Officer</div><div>• >20 years experience in the software industry</div><div>• Responsibilities: Corporate Strategy</div><div>• Prior to joining Intershop, Mr Klahn was active in the ERP and SaaS business after having been on the management board of proALPHA Consulting AG.</div></div></div> <div><div>Shareholder structure</div><div><div><div>Shareholder Value Management AG / Shareholder Value Beteiligungen AG</div><div>Frankfurter Inv.-ges. m. var. Kapital (SICAV)</div><div>Free Float</div></div></div></div>							
# of employees FY 2021	288							

Source: Company, Pareto Securities

PROFIT & LOSS (fiscal year) (EURm)	2017	2018	2019	2020	2021	2022e	2023e	2024e
Revenues	36	31	32	34	36	39	42	47
EBITDA	3	(4)	(2)	4	4	4	6	7
Depreciation & amortisation	(2)	(2)	(4)	(3)	(3)	(3)	(4)	(4)
EBIT	0	(6)	(6)	1	1	1	2	3
Net interest	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	0	(6)	(7)	1	1	1	2	3
Taxes	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)
Minority interest	-	-	-	-	-	-	-	-
Net profit	(1)	(7)	(7)	1	1	0	2	3
EPS reported	(0.06)	(0.20)	(0.48)	0.06	0.06	0.03	0.11	0.18
EPS adjusted	(0.06)	(0.19)	(0.44)	0.06	0.06	0.03	0.11	0.18
DPS	-	-	-	-	-	-	-	-
BALANCE SHEET (EURm)	2017	2018	2019	2020	2021	2022e	2023e	2024e
Tangible non current assets	1	1	1	1	1	1	1	1
Other non-current assets	10	10	12	12	21	21	21	21
Other current assets	6	5	7	5	6	6	7	8
Cash & equivalents	9	7	8	12	12	12	14	15
Total assets	25	23	28	29	40	40	42	45
Total equity	15	14	16	17	17	18	19	22
Interest-bearing non-current debt	2	2	0	3	3	3	3	3
Interest-bearing current debt	1	2	1	-	-	-	-	-
Other Debt	7	6	10	10	19	19	19	20
Total liabilities & equity	25	23	28	29	40	40	42	45
CASH FLOW (EURm)	2017	2018	2019	2020	2021	2022e	2023e	2024e
Cash earnings	2	(5)	(0)	3	6	3	4	5
Change in working capital	(0)	1	(1)	1	(1)	(0)	(0)	(0)
Cash flow from investments	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(2)
Cash flow from financing	(1)	5	6	1	(3)	-	-	-
Net cash flow	(2)	(2)	0	4	0	0	1	2
VALUATION (EURm)	2017	2018	2019	2020	2021	2022e	2023e	2024e
Share price (EUR end)	5.2	3.94	3.00	3.14	4.03	3.40	3.40	3.40
Number of shares end period	11	35	14	14	14	14	14	14
Net interest bearing debt	(6)	(4)	(6)	(9)	(9)	(9)	(10)	(12)
Enterprise value	50	133	36	36	48	39	38	36
EV/Sales	1.4	4.3	1.2	1.1	1.3	1.0	0.9	0.8
EV/EBITDA	17.7	-	-	8.1	10.9	9.5	6.5	5.0
EV/EBIT	-	-	-	36.0	37.0	42.5	17.0	10.9
P/E reported	-	-	-	55.7	71.5	-	30.3	19.1
P/E adjusted	-	-	-	55.7	71.5	-	30.3	19.1
P/B	3.7	10.1	2.7	2.7	3.3	2.7	2.5	2.2
FINANCIAL ANALYSIS	2017	2018	2019	2020	2021	2022e	2023e	2024e
ROE adjusted (%)	-	-	-	5.0	4.7	2.6	8.5	12.2
Dividend yield (%)	-	-	-	-	-	-	-	-
EBITDA margin (%)	7.9	-	-	13.2	12.3	10.5	13.8	15.2
EBIT margin (%)	1.2	-	-	3.0	3.6	2.3	5.2	7.0
NIBD/EBITDA	(2.18)	1.13	2.64	(1.93)	(2.06)	(2.26)	(1.79)	(1.70)
EBITDA/Net interest	8.53	-	-	35.60	11.49	10.48	14.89	18.36

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Appendix A

Disclosure requirements in accordance with Commission Delegated Regulation (EU) 2016/958 and the FINRA Rule 2241

The below list shows companies where Pareto Securities AS - together with affiliated companies and/or persons – owns a net long position of the shares exceeding 0,5 % of the total issued share capital in any company where a recommendation has been produced or distributed by Pareto Securities AS.

Companies	No. of shares	Holdings in %
Bonheur	240,858	0.57%
Pareto Bank	15,305,077	21.91%
Selvaag Bolig	4,311,865	4.60%
Sparebank 1 Nord-Norge	4,421,827	4.40%
Sparebank 1 SMN	2,177,355	1.68%
Sparebank 1 SR-Bank	2,071,099	0.81%
Sparebank 1 Østfold Akerhus	1,232,429	9.95%
SpareBank 1 Østlandet	3,836,463	3.61%
Sparebanken Møre	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 Sørøst-Norge	1,771,308	2.81%

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Please find below an overview of material interests in shares held by employees in Pareto Securities AS, in companies where a recommendation has been produced or distributed by Pareto Securities AS. "By material interest" means holdings exceeding a value of NOK 50 000.

Company	Analyst holdings*	Total holdings
AF Gruppen	0	1,675
Aker ASA	500	2,694
Aker BP	0	28,796
Aker Carbon Capture	0	4,926
Aker Horizons	0	180,838
Aprila Bank ASA	0	22,675
ArcticZymes Technologies	0	684
Austevoll Seafood	0	1,698
Avance Gas	0	4,000
Awilco LNG	0	30,000
Bonheur	0	32,088
Borregaard ASA	0	650
Bouvet	0	1,240
BW Energy	0	116,561
BW Offshore	0	9,650
Circa 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
Elmeria 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
GramCar Carriers	0	3,000
Grieg Seafood	0	5,334
Hafslund	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
Merrell	0	24,863
Mowi	0	859
MPC Container Ships	0	15,045
NEXT Biometrics	0	710,901
Nordic Semiconductor	0	10,532
Norco	0	500
Norse Atlantic	0	40,000
Norsk Hydro	0	84,189
Norske Skog	0	104,249
Northern Drilling Ltd.	0	181,419
Odjell 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
Pyrum Innovations	0	100
Quantafuel	0	8,797
REC Silicon	0	31,391
Salmor	0	104
Sandnes Sparebank	0	3,731
Scatec	0	31,009
Seadrill Ltd	0	2,171
Sparebank 1 Nord-Norge	0	4,350
Sparebank 1 SMN	0	18,584
Sparebank 1 SR-Bank	0	17,509
SpareBank 1 Østfold Akerhus	0	1,252
SpareBank 1 Østlandet	0	12,921
Sparebanken Sør	0	16,140
Sparebanken Vest	0	16,538
Stolt-Nielsen	0	2,000
Storbrand	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 refer 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:

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Aker Clean Hydrogen	Sartorius-Herbst
Aker Offshore Wind	Seagems Norway
Alva Industries AS	Seajacks
Aprilia Bank ASA	Shamaran Petroleum
Arctane Crypto	State European Holdings
Bartramundi Group Pte. Ltd.	Swedencare
Biomega Group AS	TEMPTONGmbH
Bonheur	Tierklinik Hofheim GbR
Boreal Holding AS	Trønderenergi AS
Broege Petroleum and Gas	Vestby Logistikk Holding
BW LPG	Vår Energi
BW Offshore	Waldorf Production UK Ltd
Cabonline Group Holding AB	Waste Plastic Upcycling
Cavali 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	
Ensorge Micropower	
Esmailizadeh Holding	
First Camp Group AB	
Flex LNG	
FREYR Battery	
Funkwerk AG	
Global Agrarjes (Fertiberia group)	
Golar LNG	
Gramcar Carriers	
Green Transition Holding	
Greentood	
Grøntvedt AS	
Hafslund Eco	
Hagal AS	
HMH Holding	
Ice Group	
Immunopharma	
InoBat Auto	
International Petroleum Corporation	
JP/Politiken's Forlag	
Kalera	
Kebony	
Kentech Global Pte	
Keppel FELS Limited	
KMC Properties	
Komplett ASA	
Kruse Smith	
Kvitbjørn Varmer	
Lakers Holding AS	
Lerøy Seafood Group	
Lumina AS	
Mathesabostadsbolaget AB	
MerCell	
Mime Petroleum	
Modex AS	
Multitude SE	
Navios Maritime Acquisitions	
Navios Maritime Holdings	
Nordic Hallbut	
Noreco	
Norwegian Block Exchange	
Odjell Oceanwind	
Okea AS	
Otello Corporation	
Pandion Energy	
Pareto Bank	
PetroNor E&P	
PHM Group	
Ping Petroleum UK Limited	
poLight	
Prinofa AS	
Protector Forsikring	
Pryme	
Pyrum 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

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Biolnvent	Media & Games Invest plc.	Swedencare
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Logistri Fastighets AB	SciBase Holding	
Magnolia Bostad	Sedana Medical	

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Borglunda Fastighets AB	Krona Public Real Estate AB	Preservium Property AB
Bosjö Fastigheter AB	Logistri Fastighets AB	

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Appendix E

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

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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 Produktion & Service AG	Szyggy 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

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Enapter	Merkur Bank	Sieglfried Holding AG
Exprès2ion Biotechnologies		

This overview is updated monthly (last updated 15.07.2022).