

Break-even likely in 2024

While revenues and EBIT held up well in the second quarter, incoming cloud orders and net new ARR did not meet expectations. As a result, the company lowered the full year outlook and expects EBIT to remain in the red in 2023. On the grounds of a new PT of EUR 2.50, we continue to see significant upside of more than 30% for the shares, and our recommendation remains “buy”.

Q2 numbers ok, but not good enough to compensate a weak Q1

Intershop published a profit warning already on July 14th. While revenues and EBIT held up well in the second quarter, incoming cloud orders did not meet expectations and were down 32% in H1. Also, net new ARR were down 69% yoy. This was due to an increased churn in the quarter, that has been negligible over many previous quarters.

Slightly negative EBIT in 2023 expected, investment case intact

As a result, the company lowered the full year outlook and expects EBIT to remain in the red in 2023, albeit improving from 2022 levels. Fundamentally, the investment case seems to be largely intact: Intershop won four new clients in H1 (all B2B). The integration of the recent acquisition Sparque makes good progress, and the respective product has been fully integrated into Intershop's offering. The competitive landscape was described as largely unchanged.

New PT EUR 2.50

Mainly due to more cautious short-and midterm estimates, we lower our fair value from EUR 3.90 to EUR 2.50. We continue to see significant upside of more than 30% for the shares, and our recommendation remains “buy”. The decisive underlying assumption remains that Intershop's cloud business will be a long-term success story, of course.

| EURm | 2021 | 2022 | 2023e | 2024e | 2025e |
|---------------|------|--------|--------|-------|-------|
| Revenues | 36 | 37 | 38 | 42 | 46 |
| EBITDA | 4 | 0 | 3 | 5 | 7 |
| EBIT | 1 | (3) | (1) | 1 | 3 |
| EPS | 0.06 | (0.25) | (0.12) | 0.07 | 0.15 |
| EPS adj | 0.06 | (0.25) | (0.12) | 0.07 | 0.15 |
| DPS | - | - | - | - | - |
| EV/EBITDA | 10.9 | 78.4 | 7.6 | 3.9 | 2.9 |
| EV/EBIT | 37.0 | - | - | 15.1 | 7.5 |
| P/E adj | 71.5 | - | - | 26.9 | 11.9 |
| P/B | 3.29 | 2.65 | 2.03 | 1.89 | 1.63 |
| ROE (%) | 4.7 | - | - | 7.3 | 14.7 |
| Div yield (%) | - | - | - | - | - |
| Net debt | (9) | (5) | (5) | (5) | (7) |

Source: Pareto Securities

| | | | |
|--------------------|-----|---|------|
| Target price (EUR) | 2.5 | ▲ | BUY |
| Share price (EUR) | 1.8 | — | HOLD |
| | | ▼ | SELL |

Forecast changes

| % | 2023e | 2024e | 2025e |
|--------------|-------|-------|-------|
| Revenues | (6) | (6) | (7) |
| EBITDA | (31) | (21) | (20) |
| EBIT adj | NM | (51) | (39) |
| EPS reported | NM | (61) | (44) |
| EPS adj | NM | (61) | (44) |

Source: Pareto Securities

| | |
|-----------------------------|---------------------|
| Ticker | ISHG.DE, ISH2 GY |
| Sector | Software & Services |
| Shares fully diluted (m) | 14.6 |
| Market cap (EURm) | 26 |
| Net debt (EURm) | -5 |
| Minority interests (EURm) | 0 |
| Enterprise value 23e (EURm) | 22 |
| Free float (%) | 0 |

Performance



Source: FactSet

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H1 wrap up

Q2 numbers

| | | Actual | | |
|--------------------------------|------|--------------|-------------|-----------|
| Intershop | | Q2 2022 | Q2 2023 | yoy (%) |
| Revenues | EURm | 9.3 | 10.5 | 13 |
| of which: Licenses | " | 0.5 | 0.9 | 67 |
| of which: Maintenance | " | 1.9 | 1.8 | (9) |
| of which: Cloud / Subscription | " | 3.6 | 4.0 | 12 |
| of which: Services | " | 3.3 | 3.9 | 19 |
| Gross profit | " | 4.1 | 4.8 | 18 |
| margin | % | 43.6% | 45.6% | 193 BP |
| EBIT | EURm | (0.6) | 0.0 | nm |
| margin | % | -6.0% | 0.4% | nm |
| Other cloud-related KPI | | | | |
| Incoming cloud orders | EURm | 5.6 | 7.0 | 26 |
| ARR from cloud | " | 14.4 | 16.1 | 12 |
| New ARR | " | 1.4 | 0.9 | (34) |
| Net new ARR | " | 1.5 | 0.4 | (70) |
| Implied churn | " | (0.0) | 0.5 | nm |

Source: Company, Pareto Securities

H1 numbers

| | | Actual | | |
|--------------------------------|------|--------------|--------------|-----------|
| Intershop | | H1 2022 | H1 2023 | yoy (%) |
| Revenues | EURm | 18.5 | 19.4 | 5 |
| of which: Licenses | " | 1.3 | 1.0 | (24) |
| of which: Maintenance | " | 4.0 | 3.6 | (11) |
| of which: Cloud / Subscription | " | 6.7 | 7.8 | 16 |
| of which: Services | " | 6.5 | 7.1 | 8 |
| Gross profit | " | 8.6 | 8.4 | -2 |
| margin | % | 46.3% | 43.3% | -295 BP |
| EBIT | EURm | (0.5) | (0.8) | 55 |
| margin | % | -2.8% | -4.2% | -137 BP |
| Other cloud-related KPI | | | | |
| Incoming cloud orders | EURm | 14.3 | 9.7 | (32) |
| ARR from cloud | " | 14.4 | 16.1 | 12 |
| New ARR | " | 2.1 | 1.3 | (38) |
| Net new ARR | " | 2.3 | 0.7 | (69) |
| Implied churn | " | (0.1) | 0.6 | (531) |

Source: Company, Pareto Securities

Intershop published a profit warning already on July 14th. While revenues (EUR 10.5m; +13% yoy) and EBIT (plus EUR 0.1m compared to minus EUR 0.6m Q2 2022) held up well in the second quarter, incoming cloud orders did not meet expectations and were down 32% in H1 (despite being on a healthy level in Q2 again). Also, net new ARR were down 69% yoy. This was due to an increased churn in the quarter, that has been negligible over many previous quarters. According to Intershop, two customers terminated their contract with Intershop in Q2, of which one went bankrupt, and another decided for an alternative e-commerce platform, thereby consolidating his respective internal software landscape.

Moreover, the company lowered the outlook for the full year. The company cites customers' reluctance to invest as reasons for the lowered guidance. Intershop now expects only moderate revenue growth in 2023 (was more than 10% before). EBIT-wise, the company expects an improvement compared to last year (minus EUR 2.9m), but a number that is still in negative territory (was "balanced" before). Cloud orders are now expected to be between EUR 24-26m. Before that, Intershop has guided for at least 10% yoy growth (>EUR 28.5m). Net new ARR is now expected to be at EUR 1.5-2.5m (was more than EUR 3.5m before).

The lower expected net new ARR was the main reason for the profit warning, according to Intershop. We would like to highlight that apart from the increased churn mentioned above, Q2 numbers were satisfactory, but not good enough to compensate for a weak Q1. Otherwise, the investment case seems to be largely intact: Intershop won four new clients in H1 (all B2B). The integration of the recent acquisition Sparque makes good progress, and the respective product has been fully integrated into Intershop's offering. The competitive landscape was described as being largely unchanged.

Estimates update

Our updated scenario for the cloud business

| Cloud business (EURm) | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | 2026e |
|--|------|------|------|-------|-------|-------|-------|
| Order Entry | 15.8 | 18.3 | 25.9 | 25.0 | 27.5 | 31.6 | 38.0 |
| % yoy | 21% | 16% | 42% | -3% | 10% | 15% | 20% |
| New ARR | 2.6 | 3.1 | 3.9 | 2.6 | 4.4 | 4.9 | 5.7 |
| % yoy | 0% | 20% | 26% | -32% | 68% | 11% | 16% |
| Average contract length (years) | 6.1 | 5.3 | 5.7 | 7.5 | 5.7 | 5.7 | 5.7 |
| % yoy | 21% | -13% | 9% | 31% | -24% | 0% | 0% |
| Churn | 0.3 | 0.3 | 0.7 | 0.8 | 0.9 | 1.0 | 1.2 |
| % yoy | -67% | -11% | 170% | 8% | 12% | 21% | 19% |
| Net new ARR | 2.3 | 2.8 | 3.2 | 1.9 | 3.6 | 3.9 | 4.4 |
| % yoy | 36% | 23% | 12% | -41% | 90% | 8% | 15% |
| ARR | 9.3 | 12.2 | 15.4 | 17.3 | 20.8 | 24.7 | 29.1 |
| % yoy | 38% | 31% | 27% | 12% | 21% | 19% | 18% |
| Cloud revenues | 7.3 | 11.1 | 14.2 | 16.1 | 19.6 | 23.5 | 27.9 |
| % yoy | 14% | 52% | 28% | 13% | 22% | 20% | 19% |

Source: Pareto Securities

In view of lackluster H1 numbers, we expect cloud order entry to remain 3% below last year. For 2024, we assume order entry to get back on the growth trajectory and to expand by 10%. From 2025 onwards, we expect order entry to pick up again and expect 15% growth in 2025 and 20% p.a. for 2026. These look like bold estimates, but these are levels that have already been realized by Intershop in the past.

Despite the increased churn in H1 2023 (4% of the ARR at the end of last year in H1 already) we continue to expect only a slightly higher churn rate of 5% of ARR for the full year, in line with Intershop's respective comments during the conference call. We additionally assume that it will take a bit longer than usual to convert orders into net new ARR in 2023, in line with respective observations made in H1.

We continue to believe that the Service segment will deliver an improving gross profit in 2023 but we cautiously assume that it will take two years to fully restore the gross margin at around 33% of sales. Otherwise, we left our estimates largely untouched.

As a result of these changes, the expected revenue growth is at 4.1%, EBIT at minus EUR 1.1m and net new ARR is at EUR 1.9m in 2023, all in-line with Intershop's recent guidance. We expect Intershop to be back in positive territory at the EBIT level in 2024, in-line with management's expectation to reach break-even at group revenues of around EUR 40m.

P&L

| Profit & Loss | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | 2026e |
|----------------------|---------|-------|---------|--------|---------|--------|-------|
| Revenue | 33.6 | 36.0 | 36.8 | 38.3 | 41.9 | 45.7 | 50.2 |
| % yoy | 6.2% | 7.1% | 2.2% | 4.1% | 9.3% | 9.2% | 9.7% |
| Gross Profit | 15.7 | 17.4 | 15.7 | 18.1 | 22.1 | 24.8 | 27.6 |
| % of sales | 46.6% | 48.3% | 42.7% | 47.2% | 52.7% | 54.3% | 54.9% |
| R&D | 3.8 | 5.7 | 6.9 | 7.2 | 7.6 | 7.9 | 8.3 |
| % of sales | 11.2% | 15.8% | 18.6% | 18.8% | 18.0% | 17.3% | 16.6% |
| EBITDA | 4.5 | 4.4 | 0.4 | 2.9 | 5.4 | 6.7 | 7.9 |
| % of sales | 13.2% | 12.3% | 1.1% | 7.5% | 12.9% | 14.7% | 15.8% |
| EBIT | 1.0 | 1.3 | -2.9 | -1.1 | 1.4 | 2.6 | 3.5 |
| % of sales | 3.0% | 3.6% | -7.9% | -2.9% | 3.3% | 5.6% | 7.0% |
| Pretax Profit | 0.9 | 0.9 | -3.4 | -1.7 | 0.9 | 2.1 | 3.1 |
| % of sales | 2.6% | 2.5% | -9.3% | -4.3% | 2.2% | 4.6% | 6.1% |
| Net Profit | 0.8 | 0.8 | -3.6 | -1.7 | 1.0 | 2.2 | 3.2 |
| % of sales | 2.4% | 2.2% | -9.7% | -4.5% | 2.3% | 4.9% | 6.4% |
| EPS (EUR) | 0.06 | 0.06 | -0.25 | -0.12 | 0.07 | 0.15 | 0.22 |
| % yoy | -111.8% | 0.0% | -547.3% | -52.8% | -156.4% | 126.7% | 44.5% |
| 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 seem 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

| | | 2023e | | | 2024e | | | 2025e | | |
|------------|------|-------|-------|------|-------|------|------|-------|------|------|
| Intershop | | Old | New | Chg. | Old | New | Chg. | Old | New | Chg. |
| Revenues | EURm | 40.6 | 38.3 | -6% | 44.7 | 41.9 | -6% | 49.3 | 45.7 | -7% |
| EBIT | " | 0.2 | -1.1 | nm | 2.9 | 1.4 | -52% | 4.3 | 2.6 | -40% |
| Net result | " | -0.4 | -1.7 | nm | 2.5 | 1.0 | -61% | 4.0 | 2.2 | -45% |
| EPS | EUR | -0.03 | -0.12 | nm | 0.17 | 0.07 | -61% | 0.27 | 0.15 | -44% |

Source: Pareto Securities

Valuation update

DCF

| EUR m | 2023e | 2024e | Phase I | | | Phase II | | | Phase III | | | |
|--------------------------------|-------|-------|---------|-------|-------|----------------|-------|---------------------|--------------------|-------|-----------|--|
| | 2023e | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | Phase III | |
| Revenues | 38.3 | 41.9 | 45.7 | 50.2 | 55.5 | 60.8 | 65.7 | 70.2 | 74.1 | 77.3 | | |
| growth rate | 4.1% | 9.3% | 9.2% | 9.7% | 10.7% | 9.4% | 8.1% | 6.9% | 5.6% | 4.3% | | |
| EBIT | (1.1) | 1.4 | 2.6 | 3.5 | 4.7 | 5.2 | 5.6 | 6.0 | 6.3 | 6.6 | | |
| EBIT margin | nm | 3.3% | 5.6% | 7.0% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% | | |
| Tax | 0.3 | (0.4) | (0.8) | (1.1) | (1.5) | (1.6) | (1.8) | (1.9) | (2.0) | (2.1) | | |
| Tax rate | 32% | 32% | 32% | 32% | 32% | 32% | 32% | 32% | 32% | 32% | | |
| Depr. & Amort. | 2.4 | 2.3 | 2.3 | 2.4 | 2.5 | 2.9 | 3.1 | 3.4 | 3.6 | 3.8 | | |
| % of sales | 6.3% | 5.5% | 5.1% | 4.8% | 4.5% | 4.7% | 4.8% | 4.8% | 4.8% | 4.9% | | |
| Capex | (2.1) | (2.3) | (2.5) | (2.8) | (3.1) | (3.2) | (3.4) | (3.6) | (3.8) | (3.9) | | |
| % of sales | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.3% | 5.2% | 5.2% | 5.1% | 5.1% | | |
| Change in NWC | (0.1) | (0.3) | (0.3) | (0.4) | (0.5) | (0.5) | (0.5) | (0.4) | (0.4) | (0.4) | | |
| % of sales | 0.3% | 0.7% | 0.7% | 0.8% | 0.8% | 0.8% | 0.7% | 0.6% | 0.6% | 0.5% | | |
| Free Cash Flow | (0.6) | 0.7 | 1.2 | 1.6 | 2.2 | 2.7 | 3.1 | 3.4 | 3.7 | 3.9 | 62.2 | |
| growth rate | | nm | 85% | 34% | 35% | 21% | 14% | 11% | 8% | 7% | 3% | |
| Present Value FCF | (0.5) | 0.6 | 1.0 | 1.2 | 1.5 | 1.6 | 1.7 | 1.7 | 1.7 | 1.7 | 26.4 | |
| | | | | | | | | | | | | |
| PV Phase I | | 3.7 | | | | Risk free rate | 3.5% | | Targ. equity ratio | | 100% | |
| PV Phase II | | 8.5 | | | | Premium Equity | 5.0% | | Beta | | 1.2 | |
| PV Phase III | | 26.4 | | | | Premium Debt | 0.5% | | WACC | | 9.5% | |
| Enterprise value | | 38.6 | | | | Sensitivity | | Growth in phase III | | | | |
| - Net Debt (Cash) | | (5.3) | | | | | 2.0% | 2.5% | 3.0% | 3.5% | 4.0% | |
| - Leasing Liabilities | | 9.5 | | | | 8.6% | 2.70 | 2.87 | 3.07 | 3.31 | 3.61 | |
| - Minorities & Peripherals | | 0.0 | | | | 9.0% | 2.48 | 2.62 | 2.78 | 2.98 | 3.21 | |
| - Short call position | | 0.5 | | | | 9.5% | 2.28 | 2.40 | 2.54 | 2.70 | 2.89 | |
| + Tax loss carryforwards (NPV) | | 3.1 | | | | 10.0% | 2.10 | 2.21 | 2.32 | 2.46 | 2.61 | |
| | | | | | | 10.5% | 1.95 | 2.04 | 2.14 | 2.25 | 2.38 | |
| Equity value | | 37.0 | | | | | | | | | | |
| Number of shares | | 14.6 | | | | | | | | | | |
| Value per share (€) | | 2.50 | | | | | | | | | | |
| Current Price (€) | | 1.91 | | | | | | | | | | |
| Upside | | 31% | | | | | | | | | | |

Source: Pareto Securities

Mainly due to the more cautious short-and midterm estimates, we lower our fair value from EUR 3.90 to EUR 2.50. Additionally, the time value of the tax loss carryforwards decreases in value as we lower our earnings expectations.

Positively, the value of the short call embedded into the convertible bond issued by Intershop has decreased because of the lower share price, the lower number of calls and because of the diminishing time value of the option. As a reminder, Intershop has issued a convertible bond, which gave the buyer the right to buy 1.42m Intershop shares (now 1.0m) at a strike price of EUR 2.19 per share. This option, which expires in July 2025, is worth around EUR 0.50, according to our calculations. Thus, we deduct EUR 0.5m (1.0m x EUR 0.50) from the fair value.

All in, we continue to see significant upside of more than 30% for the shares, and our recommendation remains “buy”. The decisive underlying assumption remains that Intershop’s cloud business will be a long-term success story, of course.

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 slight growth</div><div>Revenue yoy</div><div>EBIT yoy improvement but negative</div></div><div><div>Pareto</div><div>EUR 39m</div><div>7.2%</div><div>EUR -0.1m</div><div>-0.2%</div></div><div>Consensus</div></div> | | | | | | | |
| 2022 | Sales (EURm) y/y | 36.8 2.2% | EBITDA Margin | 0.4 1.1% | EBIT (EURm) Margin | -2.9 -7.9% | 5Y sales CAGR Org. growth y/y | 0.4% 4.7% |
| Sales & EBIT split | <div><div>Sales split by product / service</div><div><div>■ License Sales ■ Maintenance Sales ■ Cloud & Subscription Sales</div></div><div><div>Sales split by region</div><div><div>■ Europe ■ U.S.A. ■ Asia/Pacific</div></div><div><div>Group financial development</div><div><div>■ Group Sales — EBIT margin (rhs)</div></div></div></div></div> | | | | | | | |
| Management & shareholder structure | <div><div><div>Markus Klahn Chief Executive Officer (since 2021)<ul style="list-style-type: none">• With Intershop since 2018, first as Chief Sales Officer• >20 years experience in the software industry• Responsibilities: Corporate Strategy• Prior to joining Intershop, Mr Klahn was active in the ERP and SaaS business after having been on the management board of proALPHA Consulting</div></div><div><div>Petra Stappenbeck Chief Financial Officer (since 2023)<ul style="list-style-type: none">• Graduated in business administration• With Intershop since 2012• More than 30 years of experience in finance and controlling• Prior to joining Intershop, Mrs Stappenbeck held leading management positions at Jenoptik AG and Hochtief AG.</div></div><div><div>Shareholder structure</div><div><div>■ Shareholder Value Management AG / Shareholder Value Beteiligungen AG ■ Frankfurter Inv.-ges. m. var. Kapital (SICAV) ■ Free Float</div></div></div></div> | | | | | | | |
| # of employees FY 2022 | 288 | | | | | | | |

Source: Company, Pareto Securities

| PROFIT & LOSS (fiscal year) (EURm) | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---------------|---------------|-------------|-------------|---------------|---------------|--------------|--------------|
| Revenues | 31 | 32 | 34 | 36 | 37 | 38 | 42 | 46 |
| EBITDA | (4) | (2) | 4 | 4 | 0 | 3 | 5 | 7 |
| Depreciation & amortisation | (2) | (4) | (3) | (3) | (3) | (4) | (4) | (4) |
| EBIT | (6) | (6) | 1 | 1 | (3) | (1) | 1 | 3 |
| Net interest | (0) | (0) | (0) | (0) | (1) | (1) | (0) | (0) |
| Other financial items | - | - | - | - | - | - | - | - |
| Profit before taxes | (6) | (7) | 1 | 1 | (3) | (2) | 1 | 2 |
| Taxes | (1) | (0) | (0) | (0) | (0) | (0) | 0 | 0 |
| Minority interest | - | - | - | - | - | - | - | - |
| Net profit | (7) | (7) | 1 | 1 | (4) | (2) | 1 | 2 |
| EPS reported | (0.20) | (0.48) | 0.06 | 0.06 | (0.25) | (0.12) | 0.07 | 0.15 |
| EPS adjusted | (0.19) | (0.44) | 0.06 | 0.06 | (0.25) | (0.12) | 0.07 | 0.15 |
| DPS | - | - | - | - | - | - | - | - |
| BALANCE SHEET (EURm) | | | | | | | | |
| Tangible non current assets | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 |
| Other non-current assets | 10 | 12 | 12 | 21 | 24 | 24 | 24 | 24 |
| Other current assets | 5 | 7 | 5 | 6 | 6 | 6 | 6 | 7 |
| Cash & equivalents | 7 | 8 | 12 | 12 | 10 | 9 | 10 | 11 |
| Total assets | 23 | 28 | 29 | 40 | 41 | 40 | 41 | 43 |
| Total equity | 14 | 16 | 17 | 17 | 14 | 13 | 14 | 16 |
| Interest-bearing non-current debt | 2 | 0 | 3 | 3 | 5 | 4 | 4 | 4 |
| Interest-bearing current debt | 2 | 1 | - | - | 1 | 1 | - | - |
| Other Debt | 6 | 10 | 10 | 19 | 22 | 22 | 22 | 23 |
| Total liabilities & equity | 23 | 28 | 29 | 40 | 41 | 40 | 41 | 43 |
| CASH FLOW (EURm) | | | | | | | | |
| Cash earnings | (5) | (0) | 3 | 6 | (1) | 1 | 3 | 5 |
| Change in working capital | 1 | (1) | 1 | (1) | 0 | (0) | (0) | (0) |
| Cash flow from investments | (3) | (3) | (2) | (2) | (3) | (2) | (2) | (3) |
| Cash flow from financing | 5 | 6 | 1 | (3) | 2 | - | - | - |
| Net cash flow | (2) | 0 | 4 | 0 | (2) | (2) | 1 | 2 |
| VALUATION (EURm) | | | | | | | | |
| Share price (EUR end) | 3.94 | 3.00 | 3.14 | 4.03 | 2.58 | 1.81 | 1.81 | 1.81 |
| Number of shares end period | 35 | 14 | 14 | 14 | 14 | 15 | 15 | 15 |
| Net interest bearing debt | (4) | (6) | (9) | (9) | (5) | (5) | (5) | (7) |
| Enterprise value | 133 | 36 | 36 | 48 | 31 | 22 | 21 | 19 |
| EV/Sales | 4.3 | 1.2 | 1.1 | 1.3 | 0.9 | 0.6 | 0.5 | 0.4 |
| EV/EBITDA | - | - | 8.1 | 10.9 | 78.4 | 7.6 | 3.9 | 2.9 |
| EV/EBIT | - | - | 36.0 | 37.0 | - | - | 15.1 | 7.5 |
| P/E reported | - | - | 55.7 | 71.5 | - | - | 26.9 | 11.9 |
| P/E adjusted | - | - | 55.7 | 71.5 | - | - | 26.9 | 11.9 |
| P/B | 10.1 | 2.7 | 2.7 | 3.3 | 2.6 | 2.0 | 1.9 | 1.6 |
| FINANCIAL ANALYSIS | | | | | | | | |
| ROE adjusted (%) | - | - | 5.0 | 4.7 | - | - | 7.3 | 14.7 |
| Dividend yield (%) | - | - | - | - | - | - | - | - |
| EBITDA margin (%) | - | - | 13.2 | 12.3 | 1.1 | 7.5 | 12.9 | 14.7 |
| EBIT margin (%) | - | - | 3.0 | 3.6 | - | - | 3.3 | 5.6 |
| NIBD/EBITDA | 1.13 | 2.64 | (1.93) | (2.06) | (13.18) | (1.59) | (0.97) | (1.03) |
| EBITDA/Net interest | - | - | 35.60 | 11.49 | 0.79 | 5.18 | 11.64 | 14.53 |

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| | |
|--------|---|
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Appendix A

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| Companies | No. of shares | Holdings in % |
|-----------------------------|---------------|---------------|
| Austevoll Seafood | 1,052,265 | 0.52% |
| Bonheur | 243,584 | 0.57% |
| Huddly | 1,170,943 | 0.56% |
| Pareto Bank | 14,732,232 | 21.09% |
| Pexip Holding | 879,095 | 0.84% |
| Sparebank 1 Nord-Norge | 5,013,471 | 4.99% |
| Sparebank 1 SMN | 2,944,812 | 2.27% |
| Sparebank 1 SR-Bank | 2,440,402 | 0.95% |
| SpareBank 1 Østfold Akerhus | 1,237,140 | 9.99% |
| SpareBank 1 Østlandet | 6,628,097 | 6.24% |
| Sparebanken Møre | 566,833 | 1.15% |
| Sparebanken Sør | 333,149 | 0.80% |
| Sparebanken Vest | 8,470,868 | 7.72% |
| NEXT Biometrics | 700,000 | 0.76% |
| SpareBank 1 Sør-est-Norge | 2,757,852 | 4.37% |

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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 |
|------------------------------|-------------------|----------------|
| Adevinta | 0 | 17,950 |
| Aker ASA | 500 | 2,238 |
| Aker BP | 0 | 18,910 |
| Aker Horizons | 0 | 302,397 |
| Aker Solutions | 0 | 1,388 |
| AMSC ASA | 0 | 3,800 |
| Aprila Bank ASA | 0 | 22,675 |
| Atlantic Sapphire | 0 | 7,500 |
| AURELIUSEquity Opportunities | 0 | 500 |
| Austevoll Seafood | 0 | 3,548 |
| Awilco LNG | 0 | 30,000 |
| Belships | 0 | 40,000 |
| Biolinvent | 0 | 15,000 |
| BlueNord | 0 | 1,000 |
| Bonheur | 0 | 30,714 |
| Borrregaard ASA | 0 | 523 |
| Bouvet | 0 | 980 |
| BW Energy | 0 | 108,416 |
| BW Offshore | 0 | 4,900 |
| Cool Company | 0 | 5,000 |
| Crayon | 0 | 9,082 |
| DNB | 0 | 33,447 |
| DNO | 0 | 71,391 |
| Edda Wind | 0 | 5,000 |
| Elkem | 0 | 42,520 |
| Elmeragroup ASA | 0 | 37,305 |
| Embracer Group | 0 | 11,509 |
| Equinor | 0 | 4,034 |
| Eurpris | 0 | 17,745 |
| Flex LNG | 0 | 895 |

| Company | Analyst holdings* | Total holdings |
|------------------------------|-------------------|----------------|
| Frontline | 0 | 8,000 |
| Gaming Innovation Group | 0 | 10,000 |
| Gjensidige Forsikring | 519 | 1,960 |
| Grieg Seafood | 0 | 13,491 |
| Hafnia Ltd. | 0 | 119,770 |
| Huddly | 0 | 1,170,943 |
| HydrogenPro | 0 | 34,922 |
| International Petroleum Corp | 0 | 5,511 |
| Kahoot | 0 | 26,641 |
| Kambi Group plc | 0 | 430 |
| Kitron | 0 | 2,314 |
| Komplett Bank | 0 | 130,300 |
| Kongsberg Gruppen | 0 | 500 |
| Lea bank | 0 | 16,355 |
| Lerøy Seafood Group | 0 | 38,401 |
| Mowi | 0 | 6,004 |
| Multitude | 0 | 2,443 |
| NEXT Biometrics | 0 | 700,000 |
| NorAm Drilling | 0 | 6,883 |
| NORBIT ASA | 0 | 1,706 |
| Nordic Semiconductor | 0 | 11,398 |
| Norsk Hydro | 0 | 75,711 |
| Norske Skog | 0 | 95,406 |
| Norwegian Air Shuttle | 0 | 4,009 |
| Odjell Drilling | 0 | 2,081 |
| Okeanis Eco Tankers | 0 | 6,206 |
| Orkla | 0 | 7,426 |
| Panoro Energy | 0 | 34,733 |
| Pareto Bank | 0 | 761,886 |
| PetroTal | 0 | 74,000 |
| Pexip Holding | 0 | 879,095 |
| Protector Forsikring | 0 | 7,300 |
| Pyrum Innovations | 0 | 100 |
| Quantafuel | 0 | 23,665 |
| REC Silicon | 0 | 32,539 |
| Sailor | 0 | 1,224 |
| Sandnes Sparebank | 0 | 2,500 |
| Scatec | 0 | 20,129 |
| Seadrill Ltd | 0 | 10,489 |
| Solstad Offshore | 0 | 122,500 |
| Sparebank 1 Nord-Norge | 725 | 7,794 |
| Sparebank 1 SMN | 0 | 6,450 |
| Sparebank 1 SR-Bank | 0 | 7,572 |
| SpareBank 1 Østlandet | 1,100 | 11,100 |
| Sparebanken Møre | 0 | 1,080 |
| Sparebanken Sør | 0 | 15,840 |
| Sparebanken Vest | 0 | 2,009 |
| Sparebanken Øst | 0 | 1,100 |
| Stolt-Nielsen | 0 | 3,800 |
| Storebrand | 100 | 3,110 |
| Storlytel | 0 | 11,390 |
| Subsea 7 | 0 | 21,470 |
| Teekay Tankers | 0 | 208 |
| Telenor | 0 | 3,005 |
| TGS | 0 | 10,830 |
| Transocean | 0 | 10,000 |
| Vafaris | 0 | 3,100 |
| Vestas Wind Systems | 0 | 1,235 |
| Vår Energi | 0 | 160,229 |
| Webstep | 0 | 2,000 |
| Wilh. Wilhelmsen Holding | 0 | 229 |
| Yara | 0 | 17,149 |
| Zaptec | 0 | 16,200 |

This overview is updated monthly (last updated 15.06.2023).

*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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American Shipping Company
Archer
B2Holding AS
Bekke og Strøm AS, SV Vattenkraft AB
Benchmark Holdings
Biolyvent
Bluestar Holding
Borger Drilling
Cadeler
CCS Finansiering AS
CERAFILTEC
Cloudberry Clean Energy
COOL Company
DNO
Dolphin Drilling
Edda Wind
EdR Certified Origin Physical Gold Plc
Eidesvik Offshore
Endur ASA
Fertiberia Corporate S.L.U.
First Camp Group
Fishbase Group AS
Floatel
Golar LNG
Harnia Ltd.
Hertha BSC
Hospitality Invest
House of Control
HydrogenPro
Idavang AS
Instabank ASA
Island Green Power Ltd
Keszler AS
KMC Properties
Komplett Bank
Kraft Bank
Kron AS
Krus Smith
Kvitbjørn Energi AS
Magnora ASA
Maha Energy
Memmo Family
Mime Petroleum
Morrow Bank
Mutares SE & Co. KGaA
NorAm Drilling
Nordic Unmanned
Norco
Norlandia Health & Care Group
Norse Atlantic
Norste Skog
Northern Ocean
PGS
PHM Group Holding Holding
Polight ASA
Prorsaf
Proxima Seafood
Pulpac AB
Quality Living Residential AS
ReFuels
ReFuels N.V.
RelyOn Nutec A/S
Salmon Evolution
Scala Eiendom
Schletter International B.V.
Seacrest Petroleum
Skandia GreenPower
Standard Supply AS
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Tise AS
Treasure AS
Vantage Drilling International
Viking Venture 27 AS
Viking Venture 28 AS
Waldorf Production Ltd.
Wattrif EV

This overview is updated monthly (this overview is for the period 01.06.2022 – 31.05.2023).

Appendix C

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

Distribution of recommendations

| Recommendation | % distribution |
|----------------|----------------|
| Buy | 73% |
| Hold | 25% |
| Sell | 2% |

Distribution of recommendations (transactions*)

| Recommendation | % distribution |
|----------------|----------------|
| Buy | 100% |
| Hold | 0% |
| 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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Adtraction Group AB
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Cinis Fertilizer AB
Hanza AB
Hexicon AB
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Korsängen Fastighets AB (publ)
Krona Public Real Estate AB
Logistri Fastighets AB
Målaråsen AB
One Publicus Fastighets AB
Origo Care AB (publ)
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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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Kontron AG
Leifheit AG
Logwin AG
manz AG
MAX Automation SE
Merkur Privatbank AG
Meta Wolf AG
MLP SE
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Szygy AG
TTL Beteiligungs- und Grundbesitz AG
Uzin Utz SE
VERIANOSSE
Viscom AG
WPU - Waste Plastic Upcycling AS

Appendix F

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

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Gesco AG
GFT Technologies SE
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Heidelberg Pharma AG
Hypoport SE
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Leifheit AG
Logwin AG
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Szygy AG
Viscom AG

This overview is updated monthly (last updated 17.07.2023).