



Cloud margin with significant upside

At the end of 2021, Intershop expects the cloud margin to reach 62% of sales, which is clearly ahead of our past expectations. As the cloud business is the most important and the most dynamically growing business within Intershop, the higher than expected profitability has a significant impact on Intershop's assumed future earnings. Our new price target is EUR 5.90 (was EUR 4.60), the recommendation remains "buy".

A good gross margin in H1

Intershop delivered the sixth quarter in the black in a row and surprised with a higher than expected gross margin, which was at 48.5% in the 2nd quarter. That compares with 45.2% last year and 45.8% in the first quarter. This was mainly due to an improved profitability of the cloud and the service business. At the end of the year, Intershop expects the cloud margin to even hit 62% of sales.

A further increase of the cloud margin expected

Until now, we had expected the margin of the cloud business to remain below 50% even longer term. As the cloud business is clearly the most important and the most dynamically growing business within Intershop, the higher than expected profitability has a significant impact on Intershop's assumed future earnings, more than compensating for rising R&D expenses.

New price target EUR 5.90

Accordingly, we increase our DCF-based price target from EUR 4.60 to EUR 5.90 per share. Based on a resulting upside of close to 30%, our recommendation remains "buy". Also, a peer group comparison indicates further upside for the Intershop share.

EURm	2019	2020	2021e	2022e	2023e
Revenues	32	34	36	40	45
EBITDA	(2)	4	6	8	9
EBIT	(6)	1	2	3	4
EPS	(0.48)	0.06	0.12	0.23	0.30
EPS adj	(0.44)	0.06	0.12	0.23	0.30
DPS	-	-	-	-	-
EV/EBITDA	-	8.4	10.2	7.3	5.8
EV/EBIT	-	37.5	29.0	15.9	11.8
P/E adj	-	55.7	38.0	20.1	15.4
P/B	2.71	2.70	3.59	3.04	2.54
ROE (%)	-	5.0	9.9	16.3	18.0
Div yield (%)	-	-	-	-	-
Net debt	(6)	(7)	(8)	(10)	(12)

Source: Pareto

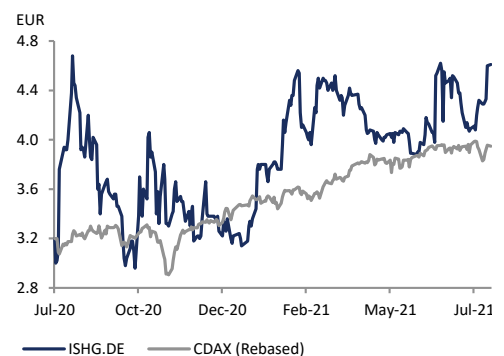
Target price (EUR)	5.9
Share price (EUR)	4.6

Forecast changes	2021e	2022e	2023e
%			
Revenues	-	-	-
EBITDA	(4)	3	15
EBIT adj	(1)	18	35
EPS reported	7	9	27
EPS adj	7	9	27

Source: Pareto

Ticker	ISHG.DE, ISH2 GY
Sector	Software & Services
Shares fully diluted (m)	14.2
Market cap (EURm)	65
Net debt (EURm)	-8
Minority interests (EURm)	0
Enterprise value 21e (EURm)	58
Free float (%)	51

Performance



Source: Factset

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Q1 wrap up

Exhibit 1: Q1 results

Intershop		Q2 2020	Actual		Pareto	
			Q2 2021	yoy (%)	Q2 2021	Delta (%)
Revenues	EURm	8.0	9.5	17.9	9.0	5
of which: Licenses	"	1.0	0.4	-58.1	1.2	-66
of which: Maintenance	"	2.0	2.0	1.2	2.0	0
of which: Cloud / Subscription	"	1.7	2.7	54.3	2.6	4
of which: Services	"	3.3	4.3	32.0	3.2	36
Gross profit	"	3.6	4.6	26.6	4.1	11.4
margin	%	45.2%	48.5%	332 BP	45.8%	278 BP
EBIT	EURm	0.2	0.6	217.9%	0.4	69.8
margin	%	2.5%	6.8%	0 BP	4.2%	258 BP
Other cloud-related KPI						
Incoming cloud orders	EURm	3.4	5.1	50.4	4.2	20
ARR from cloud	"	7.5	10.8	44.0	10.7	1
New ARR	"	0.5	0.9	81.4	0.8	4
Net new ARR	"	0.5	0.8	75.2	0.7	15
Implied churn	"	0.0	0.1	nm	0.1	-56

Source: Pareto Securities Research

Intershop delivered the sixth quarter in the black in a row and even surprised with a higher than expected gross margin, which was at 48.5% in the 2nd quarter. That compares with 45.2% last year and 45.8% in the first quarter. According to the company, this was due to a higher share of cloud and service business and an improved profitability of cloud that saw a y/y margin increase from 38% to 48% of sales in H1. At the end of the year, Intershop expects the cloud margin to even hit 62% of sales, partially due to better conditions from the recent contract renewal with Microsoft Azure, we believe.

EBIT more than tripled compared to last year and almost doubled compared to Q1, helped by a one-off gain of EUR 0.4m resulting from Corona-related government aids. Notwithstanding, the operating result of the important US market is already in the black excluding this one-off.

Stripping out this one-off effect, EBIT in the quarter was on last year's level and a bit below Q1, mainly due to increasing R&D and marketing expenditures. The management made clear that R&D expenses will remain at current levels for longer as Intershop needs to invest into the product.

Positively, the cloud business remained on track in Q2. The order entry (+50% y/y) even surpassed our expectations. From the total cloud order entry of 9.7m in H1, 65% came from new customers which underlines that Intershop is very active acquiring new clients. In fact, six new customers contributed to new ARR in H1. New cloud customers need six months to reach the margin level of 62% as established customers are usually more profitable.

Also, churn once again remained at very low levels in Q2, underpinning the stickiness of Intershop's software solutions.

Intershop wrestles with increased personnel fluctuation due to lockdowns, especially in Australia. In fact, Intershop has lost 5 employees net compared to 31.12.20 despite expanding the business. On the other hand, the management said that this fluctuation occasionally even gives Intershop to optimize the personnel setup.

Intershop did not change the full year guidance, which points at a slight increase of group revenues and slightly positive EBIT. Furthermore, Intershop still anticipates an increase of cloud order entry by at least 10% and a slight increase of net new ARR. The cloud related outlook appears increasingly conservative against the backdrop of recent strong numbers, in our view.

Valuation update

Exhibit 2: Our scenario for the cloud business

Cloud business (EURm)	2018	2019	2020	2021e	2022e	2023e	2024e
Order Entry	7.2	13.1	15.8	19.8	25.7	33.4	43.4
% yoy		81%	21%	25%	30%	30%	30%
New ARR	1.7	2.6	2.6	4.0	5.1	6.7	8.7
% yoy		53%	0%	52%	30%	30%	30%
Average contract length (year)	4.3	5.0	6.1	5.0	5.0	5.0	5.0
% yoy		19%	21%	-18%	0%	0%	0%
Churn	0.3	0.9	0.3	0.5	0.6	0.9	1.2
% yoy		nm	-67%	58%	37%	35%	34%
Net new ARR	1.4	1.7	2.3	3.5	4.5	5.8	7.5
% yoy		21%	36%	51%	29%	29%	29%
ARR	5.1	6.8	9.3	12.8	17.3	23.1	30.6
% yoy		32%	38%	37%	35%	34%	33%
Cloud revenues	5.4	6.4	7.3	10.8	15.3	21.1	28.6
% yoy		18%	14%	48%	42%	38%	36%

Source: Pareto Securities Research

As already mentioned, the company guidance, that foresees an increase of cloud order entry by at least 10% and only a slight increase of net new ARR, looks increasingly conservative after a H1 that saw cloud order entry up by 31% y/y and net new ARR up by almost 100% y/y. Consequently, we don't feel that we need to adjust our respective estimates, that anticipate an increase of full year order entry and net new ARR of 25% and 51%, respectively.

With regard to the P&L, we needed to finetune two important assumptions after H1: First of all, Intershop spent more on R&D in H1 than expected by us and also announced to keep investing into the product in order to remain competitive in the years to come. As a result, we now anticipate Intershop to spend 19.6% of revenues on R&D in 2021 and beyond (was 16% in 2021 and even lower beyond 2021). As a reminder, Intershop regularly capitalizes roughly one third of its R&D expenses on the balance sheet.

Exhibit 3: Estimate changes

Intershop		2021e			2022e			2023e		
		Old	New	Chg.	Old	New	Chg.	Old	New	Chg.
Revenues	EURm	36.3	36.3	0%	39.9	39.9	0%	44.7	44.7	0%
EBIT	"	1.6	2.0	24%	3.0	3.5	18%	3.3	4.5	35%
Net result	"	1.6	1.7	7%	3.0	3.2	9%	3.3	4.2	27%
EPS	EUR	0.11	0.12	7%	0.21	0.23	9%	0.24	0.30	27%

Source: Pareto Securities Research

On the other hand, we were surprised by the positive gross margin development in Q2, which was at 48.5% of sales, while we had expected only 47% for the full year. In our view, there are two reasons for this: First, the gross margin of the service segment improved from ~19% in 2021 to 36% in H1 as the utilization rate improved.

Second, the cloud margin was at 48% in H1, which compares with ~40% in 2020. Moreover, the CEO expects the cloud margin to improve further to 62% at the end of the year. Accordingly, we adjusted our estimates as follows: First, we now cautiously expect a gross margin of the service segment of 25% in 2021 and beyond (was 19% before). Second, we expect the cloud margin to go up to 51.5% in 2021 (equally weighting 48% in the first 6 months and 55% for the 2nd half of the year) and to improve further to 62% of sales from 2022 onwards. Before that, we have expected the margin to improve from 43% in 2021 to only 49% in 2025e.

As the cloud business is clearly the most important and the most dynamically growing business within Intershop, this altered assumption has a significant impact on Intershop's assumed future profitability: We now expect the company to realize a group EBIT margin of around 11% in 2024 (was 8.4% before). The resulting estimated changes can be found above. In total, we arrive at the P&L as depicted below.

Exhibit 4: P&L

Profit & Loss	2018	2019	2020	2021e	2022e	2023e	2024e
Revenue	31.2	31.6	33.6	36.3	39.9	44.7	51.7
% yoy	-12.9%	1.4%	6.2%	7.9%	9.9%	12.2%	15.6%
Gross Profit	11.9	11.1	15.7	17.9	21.5	24.7	29.1
% of sales	38.2%	35.0%	46.6%	49.5%	53.9%	55.1%	56.2%
Total R&D	6.9	7.0	5.7	7.1	7.8	8.8	10.1
% of sales	22.2%	22.1%	17.1%	19.6%	19.6%	19.6%	19.6%
EBITDA	-3.7	-2.3	4.5	5.7	7.6	9.1	11.0
% of sales	-11.9%	-7.4%	13.2%	15.6%	19.1%	20.4%	21.3%
EBIT	-5.9	-6.5	1.0	2.0	3.5	4.5	5.8
% of sales	-19.0%	-20.4%	3.0%	5.5%	8.8%	10.0%	11.2%
Pretax Profit	-6.1	-6.6	0.9	1.7	3.2	4.2	5.5
% of sales	-19.4%	-21.0%	2.6%	4.8%	8.1%	9.5%	10.7%
Net Profit	-6.7	-6.8	0.8	1.7	3.2	4.2	5.5
% of sales	-21.6%	-21.4%	2.4%	4.8%	8.2%	9.5%	10.7%
EPS (EUR)	-0.20	-0.48	0.06	0.12	0.23	0.30	0.39
% yoy	226.2%	138.4%	-111.8%	115.4%	88.6%	30.7%	30.4%
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 Research

Exhibit 5: DCF

EUR m	Phase I					Phase II					Phase III	
	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e		
Revenues	36.3	39.9	44.7	51.7	60.9	70.2	79.2	87.4	94.4	99.5		
<i>growth rate</i>	7.9%	9.9%	12.2%	15.6%	17.8%	15.3%	12.8%	10.4%	7.9%	5.5%		
EBIT	2.0	3.5	4.5	5.8	7.4	8.5	9.6	10.6	11.4	11.9		
<i>EBIT margin</i>	5.5%	8.8%	10.0%	11.2%	12.2%	12.1%	12.1%	12.1%	12.0%	12.0%		
Tax	(0.6)	(1.1)	(1.4)	(1.8)	(2.3)	(2.7)	(3.0)	(3.3)	(3.6)	(3.8)		
<i>Tax rate</i>	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%		
Depr. & Amort.	2.0	2.2	2.5	2.8	3.2	4.4	5.3	6.1	6.7	7.2		
<i>% of sales</i>	5.4%	5.5%	5.6%	5.4%	5.2%	6.2%	6.7%	7.0%	7.1%	7.2%		
Capex	(2.7)	(3.0)	(3.4)	(3.9)	(4.6)	(5.3)	(6.0)	(6.6)	(7.2)	(7.6)		
<i>% of sales</i>	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%		
Change in NWC	(0.3)	(0.4)	(0.6)	(0.9)	(1.1)	(1.1)	(1.0)	(0.9)	(0.7)	(0.5)		
<i>% of sales</i>	0.9%	1.1%	1.3%	1.7%	1.9%	1.6%	1.3%	1.0%	0.8%	0.5%		
Free Cash Flow	0.3	1.2	1.6	2.0	2.5	3.8	4.9	5.8	6.6	7.3	125.7	
<i>growth rate</i>		nm	38%	25%	28%	49%	28%	19%	14%	11%	3%	
Present Value FCF	0.2	1.0	1.3	1.5	1.7	2.4	2.8	3.1	3.2	3.2	55.8	
PV Phase I		5.8				Risk free rate	3.5%	Targ. equity ratio			100%	
PV Phase II		14.6				Premium Equity	5.0%	Beta			1.1	
PV Phase III		55.8				Premium Debt	5.0%	WACC			9.0%	
Enterprise value		76.2				Sensitivity		Growth in phase III				
- Net Debt (Cash)		(7.1)						2.0%	2.5%	3.0%	3.5%	4.0%
- Leasing Liabilities		1.5				8.1%	6.23	6.63	7.09	7.66	8.37	
- Minorities & Peripherals		0.0				8.6%	5.76	6.09	6.47	6.93	7.50	
- Short call position		4.4				WACC	9.0%	5.35	5.63	5.95	6.33	6.78
+ Tax loss carryforwards (NPV)		7.1				9.5%	5.00	5.23	5.50	5.81	6.18	
						9.9%	4.68	4.88	5.11	5.37	5.68	
Equity value		84.5										
Number of shares		14.2										
Value per share (€)		5.90										
Current Price (€)		4.61										
Upside		28%										

Source: Pareto Securities Research

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 EUR 3.10, according to our calculations. Thus, we deduct EUR 4.4m (1.42m x EUR 3.10) from the fair value.

On the other hand, the short and mid-term margin outlook for Intershop has clearly improved after H1, making the tax loss carry forward more valuable for Intershop, we believe. Also, we cautiously increased the long-term margin assumption in the DCF framework above and now expect Intershop to sustainably earn an EBIT margin of 12% (was 8-9% before).

All in, we consider the latest results and statements very positive for the overall investment case and increase our price target from EUR 4.60 to EUR 5.90. Based on a resulting upside of close to 30%, our recommendation remains “buy”.

Exhibit 6: Peer group analysis

Company	Country	Market Cap in mEUR	EV/Sales 2021e	EV/Sales 2022e	EV/EBITDA 2021e	EV/EBITDA 2022e	EV/EBIT 2021e	EV/EBIT 2022e
Fabasoft AG	D	430	6.2	5.4	18.0	15.4	25.9	21.7
Mercell Holding AS	NOR	357	7.8	6.3	29.0	18.4	-26.4	-49.3
USU Software AG	D	233	2.3	2.0	18.8	15.6	28.9	20.7
Sidetrade SA	F	187	6.4	5.3	73.7	51.9	89.4	73.5
Generix Group SA	F	181	2.4	2.2	18.9	16.4	25.9	22.3
Serviceware SE	D	144	1.7	1.5	28.6	18.6	125.9	33.5
D4t4 Solutions plc	UK	142	5.2	4.6	38.2	24.2	43.5	26.2
24SevenOffice Group AB	SWE	138	6.3	4.8	87.7	38.6	-124.2	-146.9
Upsales Technology AB	SWE	137	16.9	13.8	70.7	51.1	109.2	68.3
LeadDesk Oyj	FIN	108	4.9	3.9	37.1	29.1	166.2	79.9
Access Intelligence Plc	UK	54	2.8	1.3	-164.6	11.6	-21.8	2474.2
House of Control Group AS	NOR	97	5.5	4.3	196.2	49.0	-29.7	-44.5
Sopheon plc	UK	91	3.9	3.6	28.4	25.9	283.7	183.3
Efecte Oyj	FIN	79	5.0	4.2	107.4	47.1	214.9	65.3
Median peers		139.8	5.1	4.3	33.0	25.1	36.2	29.9
Intershop (Pareto estimate)		65.5	1.8	1.4	11.2	7.5	32.0	16.4
relative		46.8%	34.5%	33.5%	34.0%	30.0%	88.4%	54.8%

Source: Pareto Securities Research

The peer group analysis supports the notion 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, provided that our scenario for the future development of the company earnings turns out to be correct.

At a glance

Exhibit 7: 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	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		Guidance Revenue slight increase EBIT slightly positive		Pareto Revenue yoy 7.9% EBIT EUR 2m EBIT margin 5.5%	Consensus EUR 36m EUR 1.4m 3.9%		
2020	Sales (EURm) y/y	33.6 6.2%	EBITDA Margin	4.5 13.2%	EBIT (EURm) Margin	1.0 3.0%	5Y sales CAGR Organic growth y/y	1.2% 4.7%
Sales & EBIT split	Sales split by product / service 		Sales split by region 		Group financial development 			
Management & shareholder structure	 Markus Klahn Chief Executive Officer (since 2021) • 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 AG.		Shareholder structure 					
# of employees FY 2020	299							

Source: Pareto Securities Research

PROFIT & LOSS (fiscal year) (EURm)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Revenues	34	36	31	32	34	36	40	45
EBITDA	0	3	(4)	(2)	4	6	8	9
Depreciation & amortisation	(2)	(2)	(2)	(4)	(3)	(4)	(4)	(5)
EBIT	(2)	0	(6)	(6)	1	2	3	4
Net interest	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	(3)	0	(6)	(7)	1	2	3	4
Taxes	(0)	(1)	(1)	(0)	(0)	(0)	0	0
Minority interest	-	-	-	-	-	-	-	-
Net profit	(3)	(1)	(7)	(7)	1	2	3	4
EPS reported	(0.28)	(0.06)	(0.20)	(0.48)	0.06	0.12	0.23	0.30
EPS adjusted	(0.21)	(0.06)	(0.19)	(0.44)	0.06	0.12	0.23	0.30
DPS	-	-	-	-	-	-	-	-
BALANCE SHEET (EURm)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Tangible non current assets	1	1	1	1	1	1	1	2
Other non-current assets	10	10	10	12	11	11	12	12
Other current assets	6	6	5	7	7	7	8	8
Cash & equivalents	11	9	7	8	12	12	14	17
Total assets	27	25	23	28	29	31	35	39
Total equity	16	15	14	16	17	18	22	26
Interest-bearing non-current debt	3	2	2	0	5	5	5	5
Interest-bearing current debt	1	1	2	1	-	-	-	-
Other Debt	7	7	6	10	8	8	9	9
Total liabilities & equity	27	25	23	28	29	31	35	39
CASH FLOW (EURm)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Cash earnings	(0)	2	(5)	(0)	5	4	5	7
Change in working capital	(0)	(0)	1	(1)	(0)	(0)	(0)	(1)
Cash flow from investments	(2)	(3)	(3)	(3)	(2)	(3)	(3)	(3)
Cash flow from financing	(1)	(1)	5	6	1	-	-	-
Net cash flow	(4)	(2)	(2)	0	4	1	2	3
CAPITALIZATION & VALUATION (EURm)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Share price (EUR end)	3.21	5.2	3.94	3.00	3.14	4.61	4.61	4.61
Number of shares end period	11	11	35	14	14	14	14	14
Net interest bearing debt	(7)	(6)	(4)	(6)	(7)	(8)	(10)	(12)
Enterprise value	28	50	133	36	37	58	56	53
EV/Sales	0.8	1.4	4.3	1.2	1.1	1.6	1.4	1.2
EV/EBITDA	-	17.7	-	-	8.4	10.2	7.3	5.8
EV/EBIT	-	-	-	-	37.5	29.0	15.9	11.8
P/E reported	-	-	-	-	55.7	38.0	20.1	15.4
P/E adjusted	-	-	-	-	55.7	38.0	20.1	15.4
P/B	2.2	3.7	10.1	2.7	2.7	3.6	3.0	2.5
FINANCIAL ANALYSIS & CREDIT METRICS	2016	2017	2018	2019	2020	2021e	2022e	2023e
ROE adjusted (%)	-	-	-	-	5.0	9.9	16.3	18.0
Dividend yield (%)	-	-	-	-	-	-	-	-
EBITDA margin (%)	0.3	7.9	-	-	13.2	15.6	19.1	20.4
EBIT margin (%)	-	1.2	-	-	3.0	5.5	8.8	10.0
NIBD/EBITDA	(63.06)	(2.18)	1.13	2.64	(1.60)	(1.36)	(1.28)	(1.37)
EBITDA/Net interest	4.30	8.53	-	-	35.60	22.65	30.49	36.92

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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 %	Companies	No. of shares	Holdings in %
ArcticZymes Technologies	598,575	124%	SpareBank 1 Ringerike Hadeland	100,000	0.64%
Bonheur	241,145	0.57%	Sparebank 1 SMN	1,875,442	1.44%
DOF	2,366,346	0.75%	Sparebank 1 SR-Bank	1,850,014	0.72%
Pareto Bank	16,235,830	23.38%	SpareBank 1 Østfold Akershus	1215,116	9.81%
Quantafuel	1,119,887	0.89%	SpareBank 1 Østlandet	3,825,292	3.60%
Sandnes Sparebank	126,013	0.55%	Sparebanken Møre	305,239	3.09%
Selvaag Bolig	3,176,925	3.39%	Sparebanken Sør	433,744	2.77%
SpareBank 1 BV	1,771,308	2.81%	Sparebanken Vest	6,805,073	6.34%
Sparebank 1 Nord-Norge	4,144,124	4.13%			

Pareto Securities AS may hold financial instruments in companies where a recommendation has been produced or distributed by Pareto Securities AS in connection with rendering investment services, including Market Making.

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	Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings
AF Gruppen	0	1,825	Fjordkraft Holding	0	12,855	Panoro Energy	0	30,344
Aker ASA	500	2,405	Flex LNG	0	3,532	Pareto Bank	0	2,412,220
Aker BP	0	23,631	Frontline	0	78,708	Pexip Holding	0	62,433
Aker Carbon Capture	0	120,621	Gjensidige Forsikring	0	7,723	PGS	0	11,676
Aker Offshore Wind	0	165,278	Golden Ocean Group	0	1,433	Protector Forsikring	0	12,000
Aker Solutions	0	3,728	Grieg Seafood	0	8,907	Quantafuel	0	1,119,887
American Shipping Co.	0	13,300	Hafnia Ltd.	0	10,000	REC Silicon	0	36,816
Aprila Bank ASA	0	22,675	Huddly	0	988,874	Salmar	0	2,709
Archer	0	30,170	Hunter Group ASA	0	308,500	Salmon Evolution	0	100,000
ArcticZymes Technologies	0	598,575	HydrogenPro	0	37,552	Sandnes Sparebank	0	124,013
Atlantic Sapphire	0	13,610	Ice Fish Farm	0	2,000	Scatec	0	20,412
Austevoll Seafood	0	29,235	ice Group ASA	0	200,000	Seadrill Ltd	0	6,215
Avance Gas	0	3,362	Kalera	0	53,027	Selvaag Bolig	0	52,050
B2 Holding AS	0	20,075	Kitron	0	18,386	Sparebank 1 Nord-Norge	0	3,350
BASF	270	270	Komplett Bank	0	10,1400	Sparebank 1 SMN	0	12,740
Belships	0	17,965	Kongsberg Gruppen	0	36,023	Sparebank 1 SR-Bank	0	8,505
Bonheur	0	32,275	KWS	75	75	SpareBank 1 Østfold Akershus	0	1,252
Borregaard ASA	0	650	Lerøy Seafood Group	0	40,478	SpareBank 1 Østlandet	0	8,621
Bouvet	0	2,940	Mercell	0	23,038	Sparebanken Sør	0	16,435
BRABank	0	74,607	Mowi	0	3,761	Sparebanken Vest	0	16,735
BW Energy	0	55,050	MPC Container Ships	0	39,437	Sparebanken Øst	0	1,500
BW Offshore	0	16,076	Nordic Semiconductor	0	4,681	Stolt-Nielsen	0	1,817
Cloudberry Clean Energy	0	52,031	Noreco	0	790	Storebrand	0	25,698
DNB	0	45,115	Norsk Hydro	0	113,219	Subsea 7	0	9,226
DNO	0	151,978	Norske Skog	0	98,225	Telenor	0	9,752
DOF	0	2,366,346	NTS	0	2,272	Vow	0	8,681
Elkem	0	35,426	Ocean Yield	0	104,370	Wallenius Wilhelmsen	0	57,570
Entra	0	9,977	OHT	0	6,650	XXL	0	18,823
Equinor	0	2,900	Okeanis Eco Tankers	0	22,000	Yara	0	14,133
Europpris	0	11,414	Orkla	0	20,540	Zaptec	0	4,000

This overview is updated monthly (last updated 15.07.2021).

*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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2GEnergy	EcoOnline	KLP	PHM Group
Avanzia Bank S.A.	ELOP	Komplett ASA	Pronofa AS
Africa Energy Corp Corp	Endur ASA	Komplett Bank	Proximar Seafood
Aker ASA	Energiean Israel Finance Ltd.	Kraft Bank	Pryme
Aker Clean Hydrogen	Enviv AS (Bookis)	Lakers Holding AS	Quantafuel
Aker Horizons	Fertiberia S.A.R.L.	Lumarine AS	RECSilicon
Akershus Energi	Fjordkraft Holding	Maha Energy	Saga Robotics
Akva Group	Flexistore AS	Malorama Holding AS	Salmon Evolution
Alussa Energy Acquisition Corp (Freyr)	Funkwerk AG	Meltwater	Scorpio Bulkers
Arcane Crypto	Genel Energy	Mercell	Seafire AB
Arctic Fish	Gjensidige Forsikring	Mintra Group	SFL Corporation Ltd
ArendalsFossekompagni	Golden Ocean Group	Modex AS	SGL TransGroup International
Attensi	Goliath Offshore	MPC Container Ships	Siccar Point Energy
Belships	Halodi Robotics AS	Mutares SE & Co. KGaA	Skitude
BioInvent	Heimdall Power	Müller Medien GmbH (United Vertica Smart Wires Inc.	
Biomega Group AS	HKN Energy Ltd	Navigat or Holdings Ltd.	Strandline Resources Limited
Bonheur	Hofseth BioCare	Navios	Talos Energy Inc
Brooge Energy Limited	House of Control	Next Biometrics Group	Tise AS
Bulk Infrastructure Holding	Huddly	Nordic Halibut	Trønderenergi AS
BW Energy	HydrogenPro	Norlandia Health & Care Group AS	Vegfinans AS
BWLPG	Ice Group Scandinavia Holdings AS	Norse Atlantic	Viking ACQ 1 AS, SPAC
CentralNic Group PLC	Idavang A/S	Norske Skog	Vow
Circa Group	Instabank ASA	Norwegian Block Exchange	Watercircles Forsikring
Cloudberry Clean Energy	Kalera	OHT	West Coast Salmon
Crayo Nano AS	Kentech Global Plc	Panoro Energy	Wheel.me
Dampskibsselskabet NORDEN A/S	Keppel FELS Limited	Pelagia Holding AS	Xeneta AS
DigiPlex	Kistoplc.	PetroNor E&P	Ørn Software (View Software)

This overview is updated monthly (this overview is for the period 31.06.2020 – 31.06.2021).

Appendix C

Disclosure requirements in accordance with Article 6(3) of Commission Delegated Regulation (EU) 2016/958

Distribution of recommendations

Recommendation	% distribution
Buy	67%
Hold	31%
Sell	2%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	93%
Hold	7%
Sell	0%

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

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Appendix D

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Biovica International	Green Landscaping Group AB	Re:NewCell	VNV Global
Cibus Nordic Real Estate 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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Daldrup & Söhne	Intershop Communications AG	OVH Holding AG	TAKKT AG
Demire	Leifheit	Procredit Holding *	Viscom *
Epigenomics AG*	Logwin *	PSI SOFTWARE AG *	
Gesco *	Manz AG *	PWO *	
Gerry Weber	MAX Automation SE	S&T AG *	

* 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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Baywa	Enapter	Leifheit	OHB SE
BB Biotech	Expres2ion Biotechnologies	MAX Automation SE	OVH Holding AG
CLIQ Digital	Gerry Weber	Merkur Bank	Siegfried Holding AG
Daldrup & Söhne	Hypoport AG	Mynaric	

This overview is updated monthly (last updated 15.07.2021).