

## Geothermal to become more crucial in view of looming heating gap - Buy

Daldrup & Soehne reported results for FY 2021, which were ahead of its own guidance. More important from our point of view are the significantly reduced one-off items in connection with the already sold power plant business. The figures provide a clearer picture of the operating development, which is expected to continue to improve. The company focused on the drilling business at the right time and should now benefit from the expected increase in demand for geothermal, as a result of higher use for heating purposes. Geothermal energy can contribute to the targeted gas reduction from Russia and help to avoid possible heating gaps. Backed by an expected significant EBIT growth and margin improvement in the years to come (5-years CAGR of 24%), we increase our TP to EUR 8.0 and rate the share now a Buy (prev. Hold).

### FY 2021 results above the company's guidance

The results for FY 2021 were slightly ahead of the company's guidance. Due to a strong commissioning of large projects and the related final invoicing, group revenues in H2 2021 significantly jumped to EUR 70.2m (PAsE: EUR 54.6m). However, down the P&L the positive impact of the unusual increase in revenues has been offset due to a related decrease in work in progress, so that total operating output in H2 amounted to EUR 22m (H2 2020: EUR 24.3m). Group EBIT amounted to EUR 0.9m in H2 or to EUR 1.58m in FY 2021 (PAsE: EUR 1.27m). The write-down of financial assets of EUR 4.44m was offset by a positive one-time gain in the same amount from a pledge of debt by J.D. Apparate- und Maschinenbau GmbH. The reported figures reflect an operating improvement. Worth mentioning, the company has achieved a positive net income in FY 2021 of EUR 0.8m, the first time since 2016.

### 2022e outlook implies margin improvement of 150bps yoy

For FY 2022e, the company guides a total operating output of EUR 42m (PAsE: EUR 43m) and an EBIT margin (of total operating output) of 4% to 6% (PAsE: 4.9%). The targeted EBIT margin range implies at the mid-point an EBIT of ~EUR 2m (PAsE: EUR 2.1m).

| EURm          | 2020   | 2021 | 2022e | 2023e | 2024e |
|---------------|--------|------|-------|-------|-------|
| Revenues      | 26     | 78   | 33    | 35    | 37    |
| EBITDA        | 4      | 4    | 4     | 5     | 5     |
| EBIT          | (4)    | 2    | 2     | 2     | 4     |
| EPS           | (0.87) | 0.13 | 0.23  | 0.28  | 0.49  |
| EPS adj       | (1.61) | 0.12 | 0.23  | 0.28  | 0.49  |
| DPS           | -      | -    | -     | -     | -     |
| EV/EBITDA     | 5.8    | 8.9  | 7.8   | 7.0   | 6.1   |
| EV/EBIT       | -      | 22.2 | 16.3  | 13.4  | 8.0   |
| P/E adj       | -      | 42.6 | 23.5  | 19.7  | 11.1  |
| P/B           | 1.06   | 1.60 | 1.61  | 1.49  | 1.31  |
| ROE (%)       | -      | 4.2  | 7.1   | 7.9   | 12.5  |
| Div yield (%) | -      | -    | -     | -     | -     |
| Net debt      | 5      | 5    | 1     | (1)   | (3)   |

Source: Pareto Securities

|                    |     |   |      |
|--------------------|-----|---|------|
| Target price (EUR) | 8.0 | ▲ | BUY  |
| Share price (EUR)  | 5.5 | — | HOLD |
|                    |     | ▼ | SELL |

### Forecast changes

| %            | 2022e | 2023e | 2024e |
|--------------|-------|-------|-------|
| Revenues     | (6)   | (7)   | NM    |
| EBITDA       | 22    | 22    | NM    |
| EBIT adj     | 40    | 35    | NM    |
| EPS reported | 18    | 18    | NM    |
| EPS adj      | (70)  | 18    | NM    |

Source: Pareto Securities

|                             |                         |
|-----------------------------|-------------------------|
| Ticker                      | 4DSG.DE, 4DS GR         |
| Sector                      | Renewables & Clean Tech |
| Shares fully diluted (m)    | 6.0                     |
| Market cap (EURm)           | 33                      |
| Net debt (EURm)             | 1                       |
| Minority interests (EURm)   | 0                       |
| Enterprise value 22e (EURm) | 34                      |

### Performance



Source: FactSet

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### Analysts

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The significant increase in H2 revenues is related to the final invoicing of the major multi-year contract with the Stadtwerke München, Munich's municipal utilities company. According to our estimates, the revenue contribution from this contract in 2021 was at around EUR 40m. Given the "Day-Rate" character of this contract (means significantly lower-risk service business), the earnings and margin contribution were already considered in the P&L over the term of contract. Consequently, H2 EBITDA was broadly unchanged, despite the jump in revenues. Given the significantly reduced one-time related write-downs, H2 EBIT turned positive.

#### Review H2 2021

| EUR m                  | Actual      |             |               | PAsE        |              |
|------------------------|-------------|-------------|---------------|-------------|--------------|
|                        | H2 2021     | H2 2020     | % yoy         | PAsE        | Delta        |
| <b>Revenues</b>        | <b>70.2</b> | <b>14.3</b> | <b>390.9%</b> | <b>54.6</b> | <b>28.5%</b> |
| <b>EBITDA</b>          | <b>2.1</b>  | <b>2.5</b>  | <b>-14.0%</b> | <b>1.6</b>  | <b>29.2%</b> |
| EBITDA margin (of TOO) | 9.6%        | 10.1%       | -49 BP        | 3.1%        | 648 BP       |
| <b>EBIT</b>            | <b>0.9</b>  | <b>-5.1</b> | <b>nm</b>     | <b>0.6</b>  | <b>52.4%</b> |
| EBIT margin (of TOO)   | 4.1%        | -20.8%      | 2492 BP       | 1.1%        | 299 BP       |

Source: Daldrup & Soehne, Pareto Securities

Total operating output in FY 2021 amounted to EUR 44.9m (guidance: ~EUR 43m). The EBIT of EUR 1.6m implies an EBIT margin of 3.5%, which is at the higher end of the guided margin range of 2% to 4%.

One highlight of the FY 2021 is the positive net income of EUR 0.8m, as a consequence of the significantly reduced one-off costs in connection with the power plant business already sold.

#### Review FY 2021

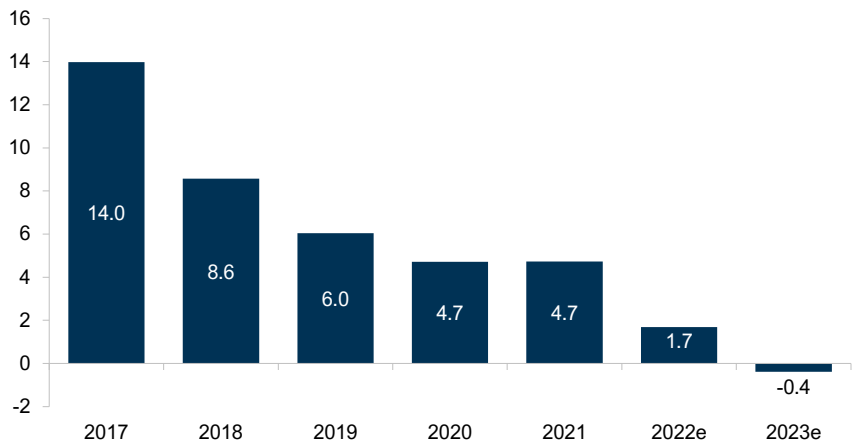
| EUR m                  | Actual      |             |               | PAsE        |               |
|------------------------|-------------|-------------|---------------|-------------|---------------|
|                        | FY 2021     | FY 2020     | % yoy         | PAsE        | Delta         |
| <b>Revenues</b>        | <b>78.1</b> | <b>26.2</b> | <b>198.1%</b> | <b>62.5</b> | <b>24.9%</b>  |
| <b>EBITDA</b>          | <b>4.0</b>  | <b>4.2</b>  | <b>-5.2%</b>  | <b>3.5</b>  | <b>13.7%</b>  |
| EBITDA margin (of TOO) | 8.8%        | 8.8%        | 3 BP          | 4.6%        | 420 BP        |
| <b>EBIT</b>            | <b>1.5</b>  | <b>-4.5</b> | <b>nm</b>     | <b>1.2</b>  | <b>nm</b>     |
| EBIT margin (of TOO)   | 3.4%        | neg.        | nm            | 1.6%        | nm            |
| <b>Net income</b>      | <b>0.8</b>  | <b>-5.2</b> | <b>nm</b>     | <b>1.0</b>  | <b>-17.4%</b> |

Source: Daldrup & Soehne, Pareto Securities

With the exit of the power plant business, Daldrup was able to further reduce net debt significantly over the past years and has improved its risk profile. We expect the positive trend to continue and even estimate a net cash position from FY 2023e onwards. The continued improvement should open opportunities for the management to invest in its core business. However, we have gathered from a call with the management that there is currently no technical need to invest into its drilling capacities in the short-term and that Capex is expected to remain at approximately EUR 1m in the foreseeable future.

Daldrup and Soehne has currently 40 drilling rigs in different sizes, of which the company classifies three rigs as large rigs for deep geothermal wells. In particular, the utilization of the large drills is decisive for the operating performance of the company. According to the management an utilization of two of the three rigs enables a decent profitability level for the company.

**Net debt (EURm) significantly reduced over past years**



Source: Daldrup & Soehne, Pareto Securities

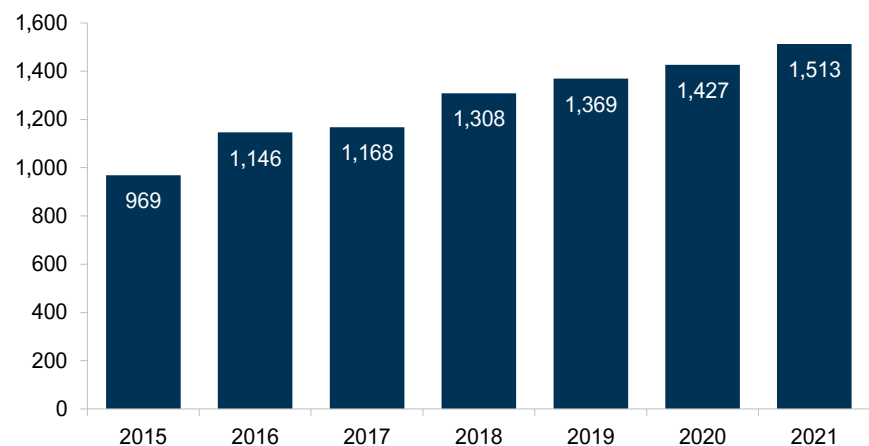
**FY 2022e outlook and our estimates**

For FY 2022e, the company guides a total operating output of EUR 42m (PAsE: EUR 43m) and an EBIT margin (of total operating output) of 4% to 6% (PAsE: 4.9%). The targeted EBIT margin range implies at the mid-point an EBIT of ~EUR 2m (PAsE: EUR 2.1m). The order backlog per end of March 2022 amounted to a decent level of EUR 20m. Furthermore, the pipeline for potential order intake was at ~EUR 104m.

We cautiously estimate for Daldrup & Soehne a growth of ~5% per year over the years to come, as we are not able to precisely predict the potential impetus for demand from the current market developments. However, we can note, that the potential of the geothermal energy is not being sufficiently exploited.

Additional growth impetus for the sector is to be expected in any case by the increasing use of renewable and geothermal energy to supply heat to households. According to Fraunhofer-Gesellschaft, the heating sector accounts for 56% of the German energy demand. However, only 15% of heat is currently based on renewable sources. Given the expected acceleration in the energy and heat transition as a result of the targeted reduction in natural gas dependence on Russia, this share is highly likely to increase. German municipal utilities have a good distribution infrastructure for district heating, which should make it easier for them to invest in this renewable energy source. Unlike PV and wind, the advantage of geothermal is its baseload capability and is therefore highly predictable with regard to future output.

**Geothermal energy consumption for heating in Germany (in GWh)**



Source: Federal Ministry for Economic Affairs and Climate Action, Pareto Securities

According to the Federal Ministry for Economic Affairs and Climate Action the use of geothermal sources for the heating in Germany has outperformed the overall market development. Over the past five years, the geothermal energy consumption for heating has grown with a CAGR of 5.7%, compared to the overall use of renewable energy sources for heating of 3.4%.

The market environment for geothermal energy is expected to remain favorable for the years to come and Daldrup & Soehne has positioned itself well in time by focusing on the drilling business. However, the current order situation is still far from reflecting the market potential. Backed by a higher topline development and efficiency gains, we expect further improvements for the EBIT and the EBIT margin in the years to come. For the current year, the management targets a margin improvement of 150 bps yoy. We increased our EBIT estimate for FY 2022e to EUR 2.1m (prev. EUR 1.5m) and now forecast an EBIT margin (of TOO) of 4.9% (prev. 3.1%). Given the expected lower D&A from FY 2024e onwards (end of D&A of large drilling rigs and no immediate replacement need), we assume the EBIT margin (of total operating output) to more than double over the next years. We forecast an EBIT growth CAGR of c.24% over the next five years or an EBIT margin (of TOO) of 8.7% by end of 2026e.

## Valuation

We continue to value to shares based on our DCF model.

As a result of rolling our DCF model and higher assumptions for mid and long-term profitability, we now derive a fair value of EUR 8.0 (prev. EUR 4.6) per share.

### DCF model

| EUR m                       | Phase I     |             |             |             |             | Phase II    |             |             |             |             | Phase III   |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                             | 2022e       | 2023e       | 2024e       | 2025e       | 2026e       | 2027e       | 2028e       | 2029e       | 2030e       | 2031e       |             |
| <b>Revenues</b>             | <b>33</b>   | <b>35</b>   | <b>37</b>   | <b>38</b>   | <b>40</b>   | <b>42</b>   | <b>44</b>   | <b>46</b>   | <b>47</b>   | <b>49</b>   |             |
| growth rate                 | -           | 5.4%        | 5.3%        | 5.1%        | 4.9%        | 4.6%        | 4.3%        | 3.9%        | 3.6%        | 3.0%        |             |
| <b>EBIT</b>                 | <b>2.1</b>  | <b>2.4</b>  | <b>3.7</b>  | <b>4.3</b>  | <b>4.6</b>  | <b>4.6</b>  | <b>4.6</b>  | <b>4.6</b>  | <b>4.6</b>  | <b>4.4</b>  |             |
| EBIT margin                 | 6.4%        | 6.9%        | 10.2%       | 11.3%       | 11.4%       | 11.0%       | 10.6%       | 10.2%       | 9.8%        | 9.0%        |             |
| <b>Tax</b>                  | <b>-0.1</b> | <b>-0.1</b> | <b>-0.1</b> | <b>-0.2</b> | <b>-0.2</b> | <b>-0.2</b> | <b>-1.3</b> | <b>-1.3</b> | <b>-1.3</b> | <b>-1.2</b> |             |
| Tax rate                    | 4%          | 4%          | 4%          | 4%          | 4%          | 4%          | 28%         | 28%         | 28%         | 28%         |             |
| <b>Depr. &amp; Amort.</b>   | <b>2.3</b>  | <b>2.2</b>  | <b>1.1</b>  | <b>0.8</b>  | <b>0.8</b>  | <b>0.9</b>  | <b>1.0</b>  | <b>1.1</b>  | <b>1.1</b>  | <b>1.2</b>  |             |
| % of sales                  | 7.0%        | 6.3%        | 3.0%        | 2.0%        | 2.0%        | 2.2%        | 2.3%        | 2.4%        | 2.4%        | 2.4%        |             |
| <b>Capex</b>                | <b>-0.9</b> | <b>-0.9</b> | <b>-0.9</b> | <b>-1.0</b> | <b>-1.0</b> | <b>-1.0</b> | <b>-1.1</b> | <b>-1.1</b> | <b>-1.2</b> | <b>-1.2</b> |             |
| % of sales                  | 2.7%        | 2.7%        | 2.6%        | 2.5%        | 2.4%        | 2.4%        | 2.5%        | 2.5%        | 2.5%        | 2.5%        |             |
| <b>Change in WC &amp; P</b> | <b>0.9</b>  | <b>-0.2</b> | <b>-0.2</b> | <b>-0.2</b> | <b>-0.2</b> | <b>-0.2</b> | <b>-0.3</b> | <b>-0.3</b> | <b>-0.3</b> | <b>-0.3</b> |             |
| % of sales                  | -2.7%       | 0.6%        | 0.6%        | 0.6%        | 0.6%        | 0.6%        | 0.6%        | 0.6%        | 0.6%        | 0.6%        |             |
| <b>Free Cash Flow</b>       | <b>4.3</b>  | <b>3.4</b>  | <b>3.5</b>  | <b>3.8</b>  | <b>4.0</b>  | <b>4.1</b>  | <b>3.0</b>  | <b>3.0</b>  | <b>3.0</b>  | <b>2.8</b>  | <b>54.4</b> |
| growth rate                 | nm          | -22.6%      | 4.5%        | 7.1%        | 7.1%        | 2.2%        | -26.6%      | 0.3%        | -0.5%       | -5.8%       | 2.0%        |
| <b>Present Value FCF</b>    | <b>4.2</b>  | <b>3.0</b>  | <b>2.9</b>  | <b>2.9</b>  | <b>2.9</b>  | <b>2.8</b>  | <b>1.9</b>  | <b>1.8</b>  | <b>1.6</b>  | <b>1.4</b>  | <b>27.7</b> |

|                     |           |                       |       |                           |       |
|---------------------|-----------|-----------------------|-------|---------------------------|-------|
| <b>PV Phase I</b>   | <b>16</b> | <b>Risk free rate</b> | 3.00% | <b>Targ. equity ratio</b> | 80%   |
| <b>PV Phase II</b>  | <b>10</b> | <b>Premium Equity</b> | 5.00% | <b>Beta</b>               | 1.1   |
| <b>PV Phase III</b> | <b>28</b> | <b>Premium Debt</b>   | 2.00% | <b>WACC</b>               | 7.32% |

|                                  |           |                    |                            |             |             |             |             |     |
|----------------------------------|-----------|--------------------|----------------------------|-------------|-------------|-------------|-------------|-----|
| <b>Enterprise value</b>          | <b>53</b> | <b>Sensitivity</b> | <b>Growth in phase III</b> |             |             |             |             |     |
| - Net Debt (Cash)                | 5         |                    | <b>1.0%</b>                | <b>1.5%</b> | <b>2.0%</b> | <b>2.5%</b> | <b>3.0%</b> |     |
| - Pension Provisions             | 0         | <b>6.6%</b>        | 8.2                        | 8.7         | 9.3         | 10.0        | 11.0        |     |
| - Minorities & Peripherals       | 0         | <b>7.0%</b>        | 7.8                        | 8.2         | 8.7         | 9.3         | 10.0        |     |
| + MV of financial assets         |           | <b>WACC</b>        | <b>7.3%</b>                | 7.3         | <b>7.7</b>  | <b>8.1</b>  | 8.6         | 9.2 |
| - Paid-out dividends for last FY | 0         | <b>7.7%</b>        | 6.9                        | 7.2         | 7.6         | 8.0         | 8.5         |     |
| + Other EV items (power plants)  | 0         | <b>8.1%</b>        | 6.6                        | 6.8         | 7.2         | 7.5         | 8.0         |     |

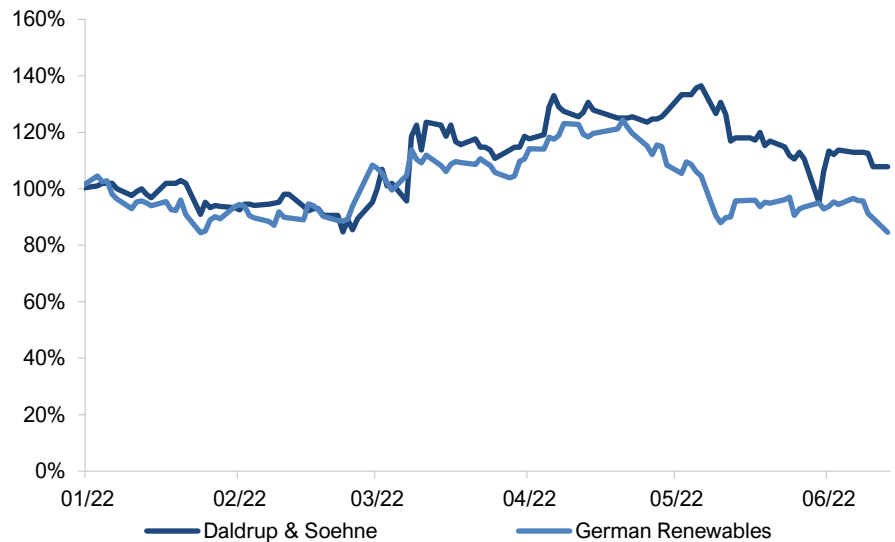
|                            |             |
|----------------------------|-------------|
| <b>Equity value</b>        | <b>48</b>   |
| Number of shares           | 5.99        |
| <b>Value per share (€)</b> | <b>8.09</b> |
| <b>Current Price (€)</b>   | <b>5.40</b> |
| <b>Upside</b>              | <b>50%</b>  |

Source: Pareto Securities

Our new TP of EUR 8.0 implies a FY 2022e EV/EBITDA of 11.2x (5-year average: 9.0x). Taking into account the bright market prospects for geothermal energy, we consider a multiple expansion for the share as justified. Geothermal energy can contribute to the targeted reduction in gas from Russia, especially since it will not be possible to fully compensate for suppliers from Russia in the short term. Furthermore, we consider the expected margin improvement, as a result of higher topline and reduced D&A assumptions as a main trigger for the share price development.

With a significant upside potential of 50%, we now rate the shares a Buy (prev. Hold).

#### Shares have ytd outperformed the sector



Source: FactSet, 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>25</b>   | <b>39</b>     | <b>25</b>     | <b>26</b>     | <b>78</b>   | <b>33</b>    | <b>35</b>    | <b>37</b>    |
| <b>EBITDA</b>                                 | <b>5</b>    | <b>(12)</b>   | <b>(7)</b>    | <b>4</b>      | <b>4</b>    | <b>4</b>     | <b>5</b>     | <b>5</b>     |
| Depreciation & amortisation                   | (4)         | (4)           | (4)           | (9)           | (2)         | (2)          | (2)          | (1)          |
| <b>EBIT</b>                                   | <b>1</b>    | <b>(16)</b>   | <b>(11)</b>   | <b>(4)</b>    | <b>2</b>    | <b>2</b>     | <b>2</b>     | <b>4</b>     |
| Net interest                                  | (1)         | (2)           | (2)           | (1)           | (1)         | (1)          | (1)          | (1)          |
| Other financial items                         | -           | -             | -             | -             | -           | -            | -            | -            |
| <b>Profit before taxes</b>                    | <b>0</b>    | <b>(18)</b>   | <b>(12)</b>   | <b>(5)</b>    | <b>1</b>    | <b>1</b>     | <b>2</b>     | <b>3</b>     |
| Taxes   | 0           | (0)           | 0             | (0)           | (0)         | (0)          | (0)          | (0)          |
| Minority interest                             | 0           | (1)           | (0)           | 0             | -           | -            | -            | -            |
| <b>Net profit</b>                             | <b>(0)</b>  | <b>(17)</b>   | <b>(12)</b>   | <b>(5)</b>    | <b>1</b>    | <b>1</b>     | <b>2</b>     | <b>3</b>     |
| EPS reported                                  | (0.02)      | (2.91)        | (2.04)        | (0.87)        | 0.13        | 0.23         | 0.28         | 0.49         |
| <b>EPS adjusted</b>                           | <b>0.04</b> | <b>(0.02)</b> | <b>(0.93)</b> | <b>(1.61)</b> | <b>0.12</b> | <b>0.23</b>  | <b>0.28</b>  | <b>0.49</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                   | 36          | 113           | 10            | 8             | 7           | 6            | 4            | 4            |
| Other non-current assets                      | 23          | 3             | 0             | 0             | 0           | 0            | 0            | 0            |
| Other current assets                          | 42          | 24            | 34            | 27            | 28          | 26           | 27           | 28           |
| Cash & equivalents                            | 1           | 2             | 3             | 3             | 3           | 6            | 9            | 11           |
| <b>Total assets</b>                           | <b>102</b>  | <b>142</b>    | <b>46</b>     | <b>38</b>     | <b>39</b>   | <b>38</b>    | <b>40</b>    | <b>43</b>    |
| Total equity                                  | 46          | 55            | 23            | 18            | 19          | 20           | 22           | 25           |
| Interest-bearing non-current debt             | -           | -             | 9             | 8             | 8           | 8            | 8            | 8            |
| Interest-bearing current debt                 | -           | -             | -             | -             | -           | -            | -            | -            |
| Other Debt                                    | 56          | 87            | 14            | 13            | 12          | 10           | 10           | 10           |
| <b>Total liabilities &amp; equity</b>         | <b>102</b>  | <b>142</b>    | <b>46</b>     | <b>38</b>     | <b>39</b>   | <b>38</b>    | <b>40</b>    | <b>43</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                                 | 7           | 50            | 6             | 2             | (5)         | 5            | 3            | 3            |
| Change in working capital                     | 3           | (15)          | (2)           | (0)           | 5           | (1)          | 0            | 0            |
| Cash flow from investments                    | (15)        | (31)          | (0)           | 1             | 1           | (1)          | (1)          | (1)          |
| Cash flow from financing                      | 6           | (4)           | (2)           | (1)           | 0           | -            | -            | -            |
| Net cash flow                                 | (5)         | 12            | 0             | 0             | 0           | 3            | 2            | 2            |
| <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>11.8</b> | <b>8.0</b>    | <b>3.68</b>   | <b>3.23</b>   | <b>5.1</b>  | <b>5.5</b>   | <b>5.5</b>   | <b>5.5</b>   |
| Number of shares end period                   | 5           | 6             | 6             | 6             | 6           | 6            | 6            | 6            |
| Net interest bearing debt                     | 13          | 9             | 6             | 5             | 5           | 1            | (1)          | (3)          |
| <b>Enterprise value</b>                       | <b>77</b>   | <b>76</b>     | <b>28</b>     | <b>24</b>     | <b>35</b>   | <b>34</b>    | <b>32</b>    | <b>30</b>    |
| EV/Sales                                      | 3.1         | 1.9           | 1.1           | 0.9           | 0.5         | 1.0          | 0.9          | 0.8          |
| <b>EV/EBITDA</b>                              | <b>16.3</b> | -             | -             | <b>5.8</b>    | <b>8.9</b>  | <b>7.8</b>   | <b>7.0</b>   | <b>6.1</b>   |
| EV/EBIT                                       | 67.8        | -             | -             | -             | 22.2        | 16.3         | 13.4         | 8.0          |
| P/E reported                                  | -           | -             | -             | -             | 38.9        | 23.5         | 19.7         | 11.1         |
| <b>P/E adjusted</b>                           | <b>-</b>    | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>42.6</b> | <b>23.5</b>  | <b>19.7</b>  | <b>11.1</b>  |
| P/B   | 1.4         | 1.3           | 0.9           | 1.1           | 1.6         | 1.6          | 1.5          | 1.3          |
| <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 (%)                              | 0.5         | -             | -             | -             | 3.8         | 7.1          | 7.9          | 12.5         |
| Dividend yield (%)                            | -           | -             | -             | -             | -           | -            | -            | -            |
| EBITDA margin (%)                             | 19.2        | -             | -             | 15.9          | 5.1         | 13.4         | 13.2         | 13.2         |
| EBIT margin (%)                               | 4.6         | -             | -             | -             | 2.0         | 6.4          | 6.9          | 10.2         |
| NIBD/EBITDA                                   | 2.75        | (0.69)        | (0.85)        | 1.13          | 1.20        | 0.32         | (0.20)       | (0.71)       |
| EBITDA/Net interest                           | 4.55        | -             | -             | 7.73          | 5.11        | 6.79         | 7.05         | -            |

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|        |   |
|--------|---|
| "Buy"  | Pareto Securities Research expects this financial instrument's total return to exceed 10% over the next 12 months                   |
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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                       | 240,958       | 0.57%         |
| Pareto Bank                   | 15,310,160    | 21.92%        |
| Selvaag Bolig                 | 4,314,865     | 4.60%         |
| Sparebank 1 Nord-Norge        | 4,420,827     | 4.40%         |
| Sparebank 1 SMN               | 2,144,655     | 1.65%         |
| Sparebank 1 SR-Bank           | 2,063,265     | 0.81%         |
| SpareBank 1 Østfold Aker shus | 1,232,229     | 9.95%         |
| SpareBank 1 Østlandet         | 3,833,163     | 3.61%         |
| Sparebanken Møre              | 817,307       | 1.65%         |
| Sparebanken Sør               | 433,744       | 2.77%         |
| Sparebanken Vest              | 6,862,344     | 6.39%         |
| NEXT Biometrics               | 710,901       | 0.78%         |
| SpareBank 1 Sørøst-Norge      | 1,771,308     | 2.81%         |

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 |
|-------------------------|-------------------|----------------|
| AF Gruppen              | 0                 | 1,825          |
| Aker ASA                | 500               | 2,694          |
| Aker BP                 | 0                 | 30,574         |
| Aker Carbon Capture     | 0                 | 4,926          |
| Aker Clean Hydrogen     | 0                 | 140,540        |
| Aker Horizons           | 0                 | 125,848        |
| Aker Offshore Wind      | 0                 | 165,118        |
| Aprilia Bank ASA        | 0                 | 22,875         |
| B2Holding AS            | 0                 | 10,940         |
| Bonheur                 | 0                 | 32,088         |
| Borregaard ASA          | 0                 | 650            |
| Bouvet                  | 0                 | 940            |
| BRABank                 | 0                 | 31,499         |
| BW Energy               | 0                 | 112,160        |
| BW Offshore             | 0                 | 17,976         |
| Cloudberry Clean Energy | 0                 | 101,750        |
| Desert Control          | 0                 | 31,500         |
| DNB                     | 0                 | 50,245         |
| DNO                     | 0                 | 70,258         |
| Elkem                   | 0                 | 72,067         |
| Elmeria Group ASA       | 0                 | 30,503         |
| ELOP                    | 0                 | 140,000        |
| Equinor                 | 0                 | 2,623          |
| Europris                | 0                 | 16,608         |
| Flex LNG                | 0                 | 717            |
| Frontline               | 0                 | 12,190         |
| Gaming Innovation Group | 0                 | 25,912         |
| Gjensidige Forsikring   | 0                 | 7,846          |
| Greg Seafood            | 0                 | 8,889          |
| Hafnia Ltd.             | 0                 | 90,530         |

| Company                       | Analyst holdings* | Total holdings |
|-------------------------------|-------------------|----------------|
| Huddly                        | 0                 | 995,173        |
| HydrogenPro                   | 0                 | 38,966         |
| Kalera                        | 0                 | 31,752         |
| Kitron                        | 0                 | 19,336         |
| Komplett Bank                 | 0                 | 209,400        |
| Kongsberg Gruppen             | 0                 | 281            |
| KWS                           | 75                | 75             |
| Leroy Seafood Group           | 0                 | 39,363         |
| Meltwater                     | 0                 | 30,700         |
| MerCell                       | 0                 | 24,863         |
| Mowi                          | 0                 | 399            |
| MPC Container Ships           | 0                 | 21,695         |
| NEXT Biometrics               | 0                 | 710,901        |
| Nordic Semiconductor          | 0                 | 8,756          |
| Norco                         | 0                 | 590            |
| Norse Atlantic                | 0                 | 40,000         |
| Norsk Hydro                   | 0                 | 84,189         |
| Norske Skog                   | 0                 | 107,499        |
| Northern Drilling Ltd.        | 0                 | 115,919        |
| Odjell Drilling               | 0                 | 28,581         |
| Okeanis Eco Tankers           | 0                 | 3,920          |
| Orkla                         | 0                 | 23,648         |
| Panoro Energy                 | 0                 | 29,463         |
| Pareto Bank                   | 0                 | 1,339,814      |
| Pexip Holding                 | 0                 | 156,883        |
| PGS                           | 0                 | 11,676         |
| Protector Forsikring          | 0                 | 15,300         |
| Pryme                         | 0                 | 5,000          |
| Pyrum Innovations             | 0                 | 100            |
| REC Silicon                   | 0                 | 34,281         |
| Salmar                        | 0                 | 2,604          |
| Sandnes Sparebank             | 0                 | 4,013          |
| Scatec                        | 0                 | 31,074         |
| Seadrill Ltd                  | 0                 | 596            |
| Selvaag Bolig                 | 0                 | 3,093          |
| Sparebank 1 Nord-Norge        | 0                 | 3,350          |
| Sparebank 1 SMN               | 0                 | 15,884         |
| Sparebank 1 SR-Bank           | 0                 | 17,404         |
| SpareBank 1 Østfold Aker shus | 0                 | 1,252          |
| SpareBank 1 Østlandet         | 0                 | 9,621          |
| Sparebanken Sør               | 0                 | 16,435         |
| Sparebanken Vest              | 0                 | 17,463         |
| Sparebanken Øst               | 0                 | 1,500          |
| Stolt-Nielsen                 | 0                 | 1,817          |
| Storbrand                     | 0                 | 39,798         |
| Subsea 7                      | 0                 | 23,187         |
| Telenor                       | 0                 | 13,602         |
| TGS                           | 0                 | 600            |
| Vov                           | 0                 | 9,331          |
| Vov Green Metals              | 0                 | 19,681         |
| Vår Energi                    | 0                 | 84,672         |
| Wallenius Wilhelmsen          | 0                 | 5,150          |
| XXL                           | 0                 | 20,523         |
| Yara                          | 0                 | 18,537         |
| Zaptec                        | 0                 | 15,610         |

*This overview is updated monthly (last updated 16.05.2022).*

\*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                 | Quantafuel                       |
| Aker Offshore Wind                  | Sega Robotics                    |
| Alva Industries AS                  | Salmon Evolution                 |
| Apriila Bank ASA                    | Sartorius-Herbst                 |
| Arcane Crypto                       | Seagems Norway                   |
| Bar Ramsund Group Pte. Ltd.         | Seajacks                         |
| Biomega Group AS                    | Shamar Petroleum                 |
| Bonheur                             | Slate European Holdings          |
| Boreal Holding AS                   | Smart Wirres Inc.                |
| Brooge Petroleum and Gas            | Swedencare                       |
| BW LPG                              | TEMP TON GmbH                    |
| BW Offshore                         | Tier klinik Hofheim GbR          |
| Cabonline Group Holding AB          | Trønderenergi AS                 |
| Cavali AS                           | Vegfinans AS                     |
| Cloudberry Clean Energy             | Vestby Logistikk Holding         |
| Dampskibsselskabet NORDEN A/S       | Viking ACQ 1 AS, SPAC            |
| DNO                                 | Vår Energi                       |
| Documaster AS                       | Waldorf Production UK Ltd        |
| ELOP                                | Waste Plastic Upcycling wheel.me |
| Enapter AG                          | Xeneta AS                        |
| Ensurge Micropower                  | Ymber AS                         |
| Enviv AS (Books)                    | ZTL Payment Solution AS          |
| Esmalza Holding                     |                                  |
| First Camp Group AB                 |                                  |
| Flex LNG                            |                                  |
| FREYR Battery                       |                                  |
| Funkwerk AG                         |                                  |
| Global Agrarjes (Fertiberia group)  |                                  |
| Galat LNG                           |                                  |
| GramCar Carriers                    |                                  |
| Green Transition Holding            |                                  |
| Greenfood                           |                                  |
| Grøntvedt AS                        |                                  |
| Hafslund Eco                        |                                  |
| Hagal AS                            |                                  |
| Halodi Robotics AS                  |                                  |
| HKN Energy Ltd                      |                                  |
| HMH Holding                         |                                  |
| Ice Group                           |                                  |
| Immunopharma                        |                                  |
| InoBat Auto                         |                                  |
| International Petroleum Corporation |                                  |
| JP/Politikens Forlag                |                                  |
| Kalera                              |                                  |
| Kebony                              |                                  |
| Kentech Global Plc                  |                                  |
| Keppel FELS Limited                 |                                  |
| KMC Properties                      |                                  |
| Komplett ASA                        |                                  |
| Kruse Smith                         |                                  |
| Kvitbjørn Varme                     |                                  |
| Lakers Holding AS                   |                                  |
| Lerøy Seal Food Group               |                                  |
| Lumina AS                           |                                  |
| Malorama Holding AS                 |                                  |
| Mathesa Bostadsbolaget AB           |                                  |
| Mer cell                            |                                  |
| Mime Petroleum                      |                                  |
| Modex AS                            |                                  |
| Multitude SE                        |                                  |
| Navios Maritime Acquisitions        |                                  |
| Navios Maritime Holdings            |                                  |
| Nordic Hallibut                     |                                  |
| Noreco                              |                                  |
| Norlandia Health & Care Group AS    |                                  |
| Norwegian Block Exchange            |                                  |
| Odjell Oceanwind                    |                                  |
| Otello Corporation                  |                                  |
| Pareto Bank                         |                                  |
| PetroNor E&P                        |                                  |
| PHM Group                           |                                  |
| Ping Petroleum UK Limited           |                                  |
| poLight                             |                                  |
| Pronofa AS                          |                                  |
| Protector Forsikring                |                                  |
| Pryme                               |                                  |
| Pyrum Innovations                   |                                  |

This overview is updated monthly (this overview is for the period 30.04.2021 – 30.04.2022).

## Appendix C

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

| Distribution of recommendations | % distribution |
|---------------------------------|----------------|
| Buy                             | 77%            |
| Hold                            | 22%            |
| Sell                            | 1%             |

| Distribution of recommendations (transactions*) | % 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 16.05.2022).

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

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|                             |                           |                          |
|-----------------------------|---------------------------|--------------------------|
| Cibus Nordic Real Estate AB | Josemaria Resources       | Sedana Medical           |
| Green Landscaping Group AB  | Implantica                | Studentbostäder i Norden |
| Hexatonic                   | Isot Medical AB           | Surigical Science        |
| Hexicon                     | Media & Games Invest plc. | VNV Global               |

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. | Shamar Petroleum        |
| ByggPartner i Dalarna Holding | Mentice AB                | Surigical Science       |
| Cibus Nordic Real Estate      | Minesto                   | Tethys Oil              |
| Isot Medical                  | Sällängen Property Invest | Vostok Emerging Finance |
| 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 Residentials Danmark AB | Delarka                          | Logistri Fastighets AB     |
| Backaheden Fastighets AB       | Fleming Properties AB            | Mälarsen AB                |
| Bonäsudden Holding AB (publ)   | Halmslätten Fastighets AB (publ) | One Publicus Fastighets AB |
| Borglanda Fastighets AB        | Korsängen Fastighets AB (publ)   | Origa Care AB (publ)       |
| Bosjö Fastigheter AB           | Krona Public Real Estate AB      | Præsarium Property 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 16.05.2022).

## 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 *                    | Inter shop Communications AG | OVB Holding AG      |
| Biotech *                      | Leifheit                     | Procredit Holding * |
| CORESTATE Capital Holding S.A. | Logwin *                     | PSI SOFTWARE AG *   |
| Daldrup & Söhne                | Manz AG *                    | PWO *               |
| Demire                         | MAX Automation SE            | S&T AG *            |
| EpiGenomics AG *               | Merkur Bank                  | SMT Scharf AG *     |
| Gesco *                        | MLP *                        | Surteco Group *     |
| Ger ry Weber                   | Mühl Produkt & Service AG    | Szygy AG *          |
| GFT Technologies *             | mutares                      | TAKKT AG            |
| Gigasat *                      | Northern Data AG             | Viscom *            |
| Heidelberg Pharma *            |                              |                     |

\* 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              |
| Dermapharma Holding SE      | MAX Automation SE            | OVB Holding AG      |
| Enapter                     | Mer kur Bank                 | Segfried Holding AG |
| Express2ion Biotechnologies |                              |                     |

This overview is updated monthly (last updated 16.05.2022).