

M1 Kliniken AG

Germany / Healthcare Facilities & Services
 Frankfurt
 Bloomberg: M12 GR
 ISIN: DE000A0STSQ8

Nine month
 results

RATING
BUY

PRICE TARGET
€ 13.20

Return Potential 30.7%
 Risk Rating High

ANOTHER PIECE OF THE STRATEGIC PUZZLE

In November, M1 bolstered its botox supply chain with the acquisition of Nutri Care GmbH and its fully owned subsidiary, Direct Apotheke Venlo BV. The latter will be able to supply M1 with competitively priced botox to help reduce procurement costs for the company's core injectables business. Meanwhile, nine month KPIs again featured an exceptionally strong showing by the Beauty segment. Performance was led by the German clinic network that contributed €42m in turnover with a 29% EBIT margin, including a 34% margin in the July-to-September period. We have upped our forecasts and TP to €13.2 (old: €11.9) to account for the better than expected earnings performance and remain Buy-rated on M1 Kliniken.

Better solution to secure botox supply The success of M1 hinges largely on its strong purchasing power that entrenches the beauty specialist as a price leader and drives a self-reinforcing business model, whereby affordable pricing attracts new clients into a complete lifestyle and beauty ecosystem. M1 had planned to bolster its botox supply and pricing power with the launch of a private label product via its Haemato subsidiary. But management recently reported they have terminated the agreement with Haemato's Korean partner and are shutting down their botox project noting that envisioned economics had unfavourably shifted with the recent market entrance of two new suppliers (see Haemato note of 13 December 2023). To buttress its botox supply chain, M1 recently purchased Nutri Care GmbH along with its fully owned subsidiary Direct Apotheke Venlo BV. The latter runs an online pharmacy business and also owns a Dutch pharma wholesaler that recently inked a multi-year supply deal with a top manufacturer of botulinum toxin for the EU market. The acquisition effectively replaces the aborted private label project and will allow M1 to reinforce its price leadership position as it continues its expansion. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

| | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--------------------|--------|--------|--------|--------|--------|--------|
| Revenue (€m) | 159.59 | 314.61 | 285.29 | 306.10 | 317.46 | 346.14 |
| Y/Y growth | 106.7% | 97.1% | -9.3% | 7.3% | 3.7% | 9.0% |
| EBIT (€m) | 4.41 | 12.14 | 9.35 | 15.21 | 17.99 | 23.40 |
| EBIT margin | 2.8% | 3.9% | 3.3% | 5.0% | 5.7% | 6.8% |
| Net income (€m) | 6.83 | 8.90 | 4.32 | 7.07 | 8.34 | 10.82 |
| EPS (diluted) (€) | 0.37 | 0.45 | 0.22 | 0.36 | 0.42 | 0.55 |
| DPS (€) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| FCF (€m) | 12.65 | 15.90 | 19.65 | 11.31 | 15.69 | 19.28 |
| Net gearing | 7.5% | -10.8% | -20.4% | -23.3% | -27.7% | -32.7% |
| Liquid assets (€m) | 21.96 | 37.87 | 35.15 | 39.12 | 49.72 | 63.88 |

RISKS

Risks include, but are not limited to the ability to retain management and key medical staff, legal and market risks.

COMPANY PROFILE

M1 Kliniken AG is a provider of aesthetic medical procedures at competitive prices. The company is headquartered in Berlin and controls an extensive network of ~58 beauty clinics across Germany, continental Europe, the UK, and Australia. The company also operates a pharmaceutical trade and parallel import business through its Haemato AG subsidiary.

MARKET DATA

As of 19 Dec 2023

| | |
|-------------------------|----------------|
| Closing Price | € 10.10 |
| Shares outstanding | 19.64m |
| Market Capitalisation | € 198.39m |
| 52-week Range | € 5.78 / 10.25 |
| Avg. Volume (12 Months) | 10,386 |

| Multiples | 2022 | 2023E | 2024E |
|------------|------|-------|-------|
| P/E | 46.0 | 28.1 | 23.8 |
| EV/Sales | 0.8 | 0.8 | 0.7 |
| EV/EBIT | 25.3 | 15.5 | 13.1 |
| Div. Yield | 0.0% | 0.0% | 0.0% |

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2023

| | |
|----------------------|-----------|
| Liquid Assets | € 23.30m |
| Current Assets | € 115.29m |
| Intangible Assets | € 60.23m |
| Total Assets | € 203.23m |
| Current Liabilities | € 42.19m |
| Shareholders' Equity | € 146.35m |

SHAREHOLDERS

| | |
|-------------------|-------|
| MPH Healthcare AG | 69.1% |
| Free Float | 30.9% |

Prejuvenation trends driving Beauty treatments Segment sales were up some 29% to €53.2m in the nine months to October. Segment EBIT nearly trebled to €12.5m (9M/22: €3.4m) prodding the margin to 23.5% (9M/22: 8.2%). Germany led regional performance racking up €41.8m in sales and an EBIT margin of 29.2%, which easily overshoot M1's targeted 15% to 20% corridor for the sub-group. Meanwhile, international clinic results showed 91% Y/Y sales growth to €11.4m alongside a first positive EBIT result of €0.3m (9M/22: €-0.8m). On a quarterly basis, this means the international network delivered a 16% EBIT margin on turnover of €5.6m for Q3. The Trade segment outperformed our Q3 expectations with Haemato reporting a 5.7% EBITDA margin, and the Lifestyle & Aesthetics business again leading the performance.

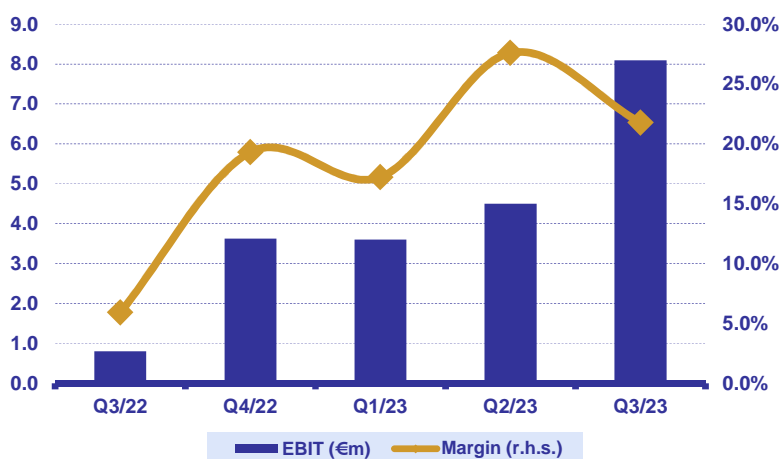
Table 1: Q3 results vs FBe and the prior year period

| EURm | Q3/23 | Q3/23E | Variance | Q3/22 | Variance | 9M/23 | 9M/22 | Variance |
|---------|-------|--------|----------|-------|----------|-------|-------|----------|
| Revenue | 85.8 | 72.2 | 19% | 75.3 | 14% | 236.6 | 214.0 | 11% |
| Beauty | 16.0 | 15.8 | 1% | 13.5 | 19% | 53.2 | 41.4 | 29% |
| Trade* | 69.8 | 56.4 | 24% | 61.8 | 13% | 183.4 | 172.6 | 6% |
| EBITDA | 7.0 | 5.2 | 35% | 3.5 | 100% | 16.9 | 10.9 | 55% |
| Margin | 8.2% | 7.2% | - | 4.6% | - | 7.1% | 5.1% | - |
| EBIT | 5.6 | 3.7 | 51% | 2.0 | 180% | 12.9 | 6.5 | 98% |
| Margin | 6.5% | 5.1% | - | 2.7% | - | 5.5% | 3.0% | - |

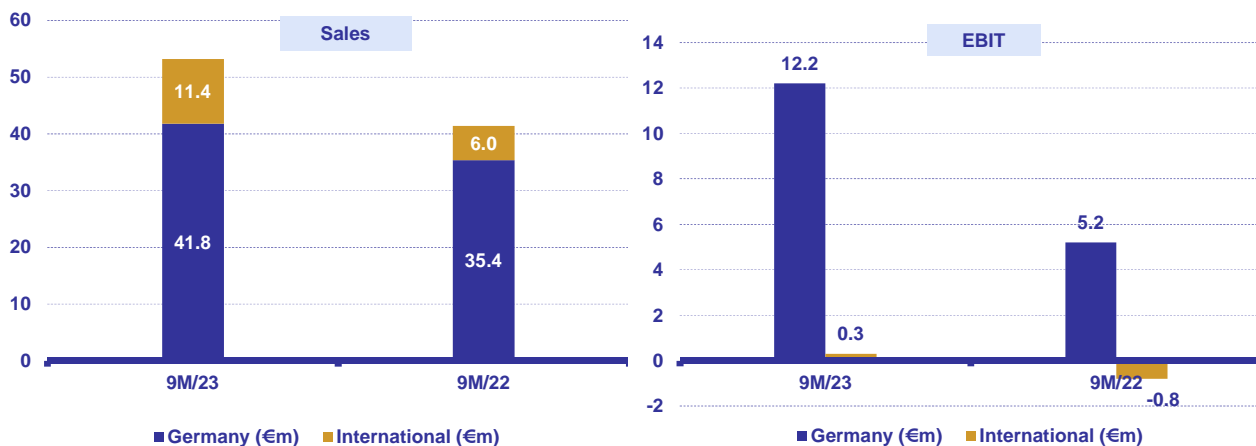
*Haemato results adjusted for eliminations

Source: First Berlin Equity Research; M1 Kliniken AG

Figure 1: Beauty segment quarterly earnings development



Source: First Berlin Equity Research; M1 Kliniken AG


Figure 2: Sales and EBIT performance of German vs international clinic network


Source: First Berlin Equity Research; M1 Kliniken AG

Other notes M1 is on track to open two new clinics in Q4, which would bring the total of Beauty centres to 60, thereby matching our projected total for YE23. The lifestyle & beauty specialist reiterated its sharpened focus on international expansion and is sizing up the American market. M1 wants to initially target the state of Florida. Although the ramp-up of the international network is a drag on earnings due to start-up costs, the first positive EBIT in Q3 should cheer investors.

Table 2: Changes to FBe and target price

| | old | new | revision | upside | dividend yield | total return |
|-----------------------|---------|---------|----------|---------|----------------|--------------|
| Price target (€) | 11.9 | 13.2 | 10.9% | 30.7% | 0.0% | 30.7% |
| | 2023E | | | 2024E | | |
| All figures in € '000 | old | new | revision | old | new | revision |
| Revenue | 297,899 | 306,101 | 2.8% | 305,874 | 317,464 | 3.8% |
| EBITDA | 18,878 | 21,983 | 16.4% | 21,034 | 25,666 | 22.0% |
| Margin (%) | 6.3% | 7.2% | - | 6.9% | 8.1% | - |
| EBIT | 12,131 | 15,208 | 25.4% | 13,371 | 17,987 | 34.5% |
| Margin (%) | 4.1% | 5.0% | - | 4.4% | 5.7% | - |

Source: First Berlin Equity Research estimates

Sticking to our Buy rating We have bumped up 2023 FBe to account for the outperformance of our 9M targets. Haemato brass also raised their 2023 EBIT guide to €10m to €12m (old: €6m to €8m), although the bulk of Haemato's good 9M results did not flow through cleanly to M1, due to high one-off eliminations. M1 is also beginning to realise higher efficiency gains on the back of this year's operational streamlining. This has led to faster than anticipated margin expansion at the Beauty segment. The net effect of the changes to our numbers points to a new TP of €13.2 (old: €11.9).



VALUATION MODEL

| All figures in EUR '000 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 306,101 | 317,464 | 346,137 | 378,628 | 402,996 | 421,483 | 435,399 | 447,211 |
| NOPLAT | 11,406 | 13,490 | 17,552 | 19,996 | 23,445 | 27,886 | 30,460 | 32,103 |
| (+) depreciation & amortisation | 6,775 | 7,680 | 7,523 | 7,808 | 7,942 | 7,377 | 7,525 | 7,352 |
| (=) Net operating cash flow | 18,181 | 21,170 | 25,075 | 27,805 | 31,388 | 35,263 | 37,985 | 39,455 |
| (-) Total investments (CapEx and WC) | -12,395 | -11,722 | -12,217 | -11,987 | -10,532 | -10,295 | -9,408 | -9,815 |
| (-) Capital expenditures | -10,124 | -10,925 | -9,788 | -9,355 | -8,456 | -8,629 | -8,137 | -8,620 |
| (-) Working capital | -2,271 | -797 | -2,430 | -2,632 | -2,076 | -1,667 | -1,271 | -1,195 |
| (=) Free cash flows (FCF) | 5,786 | 9,448 | 12,857 | 15,818 | 20,856 | 24,968 | 28,577 | 29,640 |
| PV of FCF's | 5,759 | 8,498 | 10,451 | 11,620 | 13,846 | 14,979 | 15,494 | 14,523 |

| All figures in EUR '000 | | Terminal EBIT margin | | | | | | | |
|------------------------------------|--------------|----------------------|-------|-------|--------------|--------------|--------------|-------|-------|
| | | 7.9% | 8.4% | 8.9% | 9.4% | 9.9% | 10.4% | 10.9% | |
| PV of FCFs in explicit period | 131,580 | 7.7% | 17.89 | 18.93 | 19.97 | 21.01 | 22.05 | 23.09 | 24.13 |
| PV of FCFs in terminal period | 129,063 | 8.7% | 15.21 | 16.01 | 16.81 | 17.62 | 18.42 | 19.23 | 20.03 |
| Enterprise value (EV) | 260,644 | 9.7% | 13.21 | 13.85 | 14.49 | 15.12 | 15.76 | 16.40 | 17.04 |
| + Net cash / - net debt | 29,181 | 10.7% | 11.67 | 12.18 | 12.70 | 13.21 | 13.73 | 14.24 | 14.76 |
| + Investments / minority interests | -30,304 | 11.7% | 10.44 | 10.86 | 11.28 | 11.70 | 12.12 | 12.55 | 12.97 |
| Shareholder value | 259,521 | 12.7% | 9.43 | 9.78 | 10.13 | 10.48 | 10.83 | 11.18 | 11.53 |
| Fair value per share in EUR | 13.20 | 13.7% | 8.60 | 8.89 | 9.18 | 9.47 | 9.77 | 10.06 | 10.35 |

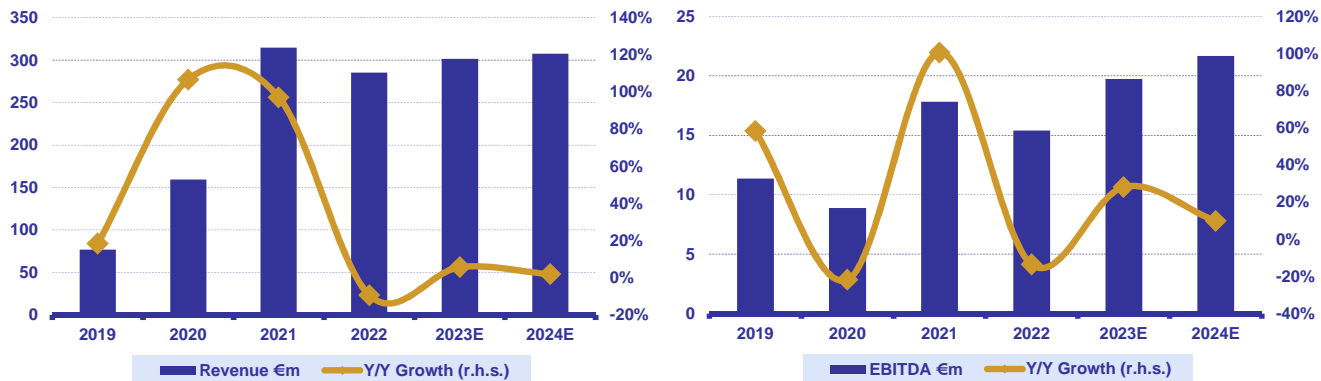
| | | Terminal growth rate | | | | | | | |
|-------------------------|--------------|----------------------|-------|-------|--------------|--------------|--------------|-------|-------|
| | | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% | |
| Cost of equity | 11.5% | 7.7% | 18.08 | 18.91 | 19.87 | 21.01 | 22.37 | 24.01 | 26.06 |
| Pre-tax cost of debt | 4.5% | 8.7% | 15.61 | 16.19 | 16.85 | 17.62 | 18.51 | 19.55 | 20.80 |
| Tax rate | 25.0% | 9.7% | 13.69 | 14.11 | 14.59 | 15.12 | 15.73 | 16.44 | 17.26 |
| After-tax cost of debt | 3.4% | 10.7% | 12.16 | 12.47 | 12.82 | 13.21 | 13.65 | 14.14 | 14.71 |
| Share of equity capital | 90.0% | 11.7% | 10.91 | 11.15 | 11.41 | 11.70 | 12.02 | 12.38 | 12.79 |
| Share of debt capital | 10.0% | 12.7% | 9.87 | 10.06 | 10.26 | 10.48 | 10.72 | 10.99 | 11.29 |
| WACC | 10.7% | 13.7% | 9.00 | 9.15 | 9.30 | 9.47 | 9.66 | 9.86 | 10.09 |

*Please note our model runs through 2033 and we have only shown the abbreviated version for formatting purposes



COMPANY SNAPSHOT

Figure 3: Sales and earnings developments



Source: First Berlin Equity Research; M1 Kliniken AG

M1 Kliniken AG was founded in 2012 with a vision to exploit a market opportunity in the beauty and lifestyle services segment. The company was a first mover and has helped make cosmetic procedures affordable for the mainstream with its “highest quality at the best price” approach, while also succeeding in making treatments feel less clinical with lifestyle branding and concepts.

Today, M1 Kliniken operates a network of 58 beauty clinics across Germany, continental Europe, the UK, and Australia with US expansion in the hopper. The lifestyle and beauty specialist is headquartered in Berlin, Germany, and is led by Attila Strauss and Kilian Brenske.

Figure 4: 2022 segment breakdown



Source: First Berlin Equity Research; M1 Kliniken AG



INCOME STATEMENT

| All figures in EUR '000 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E |
|--------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Revenues | 77,217 | 159,591 | 314,610 | 285,291 | 306,101 | 317,464 |
| Cost of goods sold | -45,611 | -122,807 | -259,305 | -235,211 | -249,040 | -256,033 |
| Gross profit | 31,606 | 36,784 | 55,305 | 50,080 | 57,061 | 61,431 |
| Personnel expenses | -12,622 | -16,685 | -22,129 | -20,946 | -20,575 | -21,413 |
| Other operating expenses | -7,913 | -11,866 | -16,232 | -15,207 | -15,066 | -15,457 |
| Other operating income | 283 | 655 | 879 | 1,483 | 562 | 1,106 |
| EBITDA | 11,354 | 8,888 | 17,823 | 15,410 | 21,983 | 25,666 |
| Depreciation & amortisation | -3,402 | -4,483 | -5,688 | -6,062 | -6,775 | -7,680 |
| Operating income (EBIT) | 7,952 | 4,405 | 12,135 | 9,348 | 15,208 | 17,987 |
| Net financial result | 3,045 | -2,248 | 963 | 31 | -643 | -677 |
| Other financial results | 1,768 | 6,622 | 1,327 | 854 | 888 | 924 |
| Pre-tax income (EBT) | 12,765 | 8,779 | 14,425 | 10,232 | 15,454 | 18,233 |
| Tax result | -3,036 | -1,352 | -3,545 | -3,162 | -3,863 | -4,558 |
| Minority interests | 0 | -602 | -1,975 | -2,753 | -4,520 | -5,333 |
| Net income / loss | 9,729 | 6,825 | 8,905 | 4,317 | 7,070 | 8,342 |
| Diluted EPS (in €) | 0.56 | 0.37 | 0.45 | 0.22 | 0.36 | 0.42 |

Ratios

| | | | | | | |
|---------------|-------|-------|-------|-------|-------|-------|
| Gross margin | 40.9% | 23.0% | 17.6% | 17.6% | 18.6% | 19.4% |
| EBITDA margin | 14.7% | 5.6% | 5.7% | 5.4% | 7.2% | 8.1% |
| EBIT margin | 10.3% | 2.8% | 3.9% | 3.3% | 5.0% | 5.7% |
| Net margin | 12.6% | 4.3% | 2.8% | 1.5% | 2.3% | 2.6% |
| Tax rate | 23.6% | 15.4% | 24.6% | 30.9% | 25.0% | 25.0% |

Expenses as % of revenues

| | | | | | | |
|-----------------------------|-------|-------|------|------|------|------|
| Personnel costs | 16.3% | 10.5% | 7.0% | 7.3% | 6.7% | 6.7% |
| Other operating expenses | 10.2% | 7.4% | 5.2% | 5.3% | 4.9% | 4.9% |
| Depreciation & amortisation | 4.4% | 2.8% | 1.8% | 2.1% | 2.2% | 2.4% |

Y-Y Growth

| | | | | | | |
|------------------|-------|--------|--------|--------|-------|-------|
| Revenues | 18.4% | 106.7% | 97.1% | -9.3% | 7.3% | 3.7% |
| Operating income | 22.7% | -44.6% | 175.5% | -23.0% | 62.7% | 18.3% |
| Net income/ loss | 46.7% | -29.8% | 30.5% | -51.5% | 63.8% | 18.0% |



BALANCE SHEET

| All figures in EUR '000 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E |
|---|---------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | |
| Current assets, total | 59,317 | 122,406 | 110,195 | 107,308 | 109,219 | 121,768 |
| Cash and cash equivalents | 9,098 | 21,960 | 37,868 | 35,148 | 39,118 | 49,721 |
| Short-term investments | 23,626 | 32,184 | 18,155 | 17,102 | 17,615 | 18,144 |
| Receivables | 22,243 | 20,480 | 16,308 | 21,773 | 18,498 | 19,326 |
| Inventories | 1,520 | 42,327 | 35,202 | 27,586 | 28,118 | 28,531 |
| Other current assets | 2,830 | 5,455 | 2,662 | 5,699 | 5,869 | 6,046 |
| Non-current assets, total | 33,498 | 66,336 | 87,916 | 89,716 | 93,292 | 96,772 |
| Property, plant & equipment | 15,990 | 15,763 | 15,267 | 17,178 | 18,066 | 18,919 |
| Goodwill & other intangibles | 8,455 | 38,328 | 60,393 | 60,270 | 62,731 | 65,123 |
| Financial assets | 8,971 | 12,003 | 12,003 | 12,003 | 12,229 | 12,465 |
| Other assets | 82 | 242 | 253 | 265 | 265 | 265 |
| Total assets | 92,815 | 188,741 | 198,111 | 197,025 | 202,510 | 218,540 |
| Shareholders' equity & debt | | | | | | |
| Current liabilities, total | 14,431 | 58,070 | 43,417 | 37,466 | 31,150 | 33,289 |
| Short-term debt | 2,376 | 25,536 | 18,432 | 2,842 | 0 | 0 |
| Accounts payable | 7,778 | 15,841 | 12,845 | 19,222 | 14,208 | 14,652 |
| Accruals | 1,940 | 3,506 | 3,821 | 3,977 | 4,375 | 4,812 |
| Other current liabilities | 2,337 | 13,187 | 8,319 | 11,425 | 12,568 | 13,824 |
| Long-term liabilities, total | 10,163 | 15,353 | 14,791 | 16,508 | 16,719 | 16,936 |
| Long-term debt | 84 | 5,027 | 4,375 | 3,125 | 3,125 | 3,125 |
| Other liabilities | 994 | 1,569 | 2,289 | 3,059 | 3,064 | 3,070 |
| Shareholders' equity | 68,222 | 85,754 | 95,026 | 93,619 | 100,689 | 109,030 |
| Minority interests | 0 | 29,565 | 44,877 | 49,432 | 53,953 | 59,286 |
| Total equity | 68,222 | 115,319 | 139,903 | 143,051 | 154,641 | 168,316 |
| Total consolidated equity and debt | 92,815 | 188,741 | 198,111 | 197,025 | 202,510 | 218,540 |
| Ratios | | | | | | |
| Current ratio (x) | 9.6 | 7.9 | 4.1 | 2.1 | 2.5 | 2.9 |
| Quick ratio (x) | 9.1 | 7.6 | 4.0 | 1.4 | 1.7 | 2.1 |
| Net debt/(net cash) | -14,473 | -25,234 | -6,638 | 8,603 | -15,061 | -29,181 |
| Net debt / EBITDA | -0.6 | 1.0 | -0.8 | -1.9 | -1.6 | -1.8 |
| Net gearing | -21.2% | -29.4% | -7.0% | 9.2% | -15.0% | -26.8% |
| Equity ratio | 73.5% | 61.1% | 70.6% | 72.6% | 76.4% | 77.0% |
| Book value per share (in €) | 3.9 | 4.4 | 4.8 | 4.8 | 5.1 | 5.6 |
| Return on equity (ROE) | 14.3% | 8.0% | 9.4% | 4.6% | 7.0% | 7.7% |



CASH FLOW STATEMENT

| All figures in EUR '000 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E |
|---------------------------------|----------------|---------------|---------------|----------------|---------------|---------------|
| Net income | 9,729 | 7,427 | 10,880 | 7,070 | 11,590 | 13,675 |
| Depreciation and amortisation | 3,402 | 4,483 | 5,644 | 5,862 | 6,775 | 7,680 |
| Tax expense | 3,016 | 1,352 | 3,545 | 3,163 | 3,863 | 4,558 |
| Other adjustments | -4,067 | -4,213 | -1,150 | -729 | -888 | -924 |
| Net interest result | 261 | 417 | 437 | 199 | 869 | 913 |
| Operating cash flow | 12,341 | 9,466 | 19,356 | 15,566 | 22,209 | 25,902 |
| Changes in working capital | -12,034 | -595 | -3,650 | 7,585 | -1,203 | 409 |
| Tax paid | -5,677 | -726 | -30 | -2,164 | -3,863 | -4,558 |
| Net operating cash flow | -5,370 | 9,538 | 15,686 | 20,769 | 16,916 | 21,518 |
| CapEx | -1,346 | -1,446 | -1,335 | -1,773 | -6,492 | -6,749 |
| Other investments and disposals | -2,071 | 4,390 | 1,069 | 28 | 888 | 924 |
| Interest income | 81 | 172 | 479 | 630 | 0 | 0 |
| Cash flow from investing | -3,336 | 3,116 | 213 | -1,115 | -5,604 | -5,825 |
| Free cash flow | -8,706 | 12,654 | 15,899 | 19,654 | 11,313 | 15,692 |
| Debt financing, net | -65 | 4,043 | -4,219 | -13,405 | -2,842 | 0 |
| Equity financing, net | 0 | 0 | 14,485 | 0 | 0 | 0 |
| Paid dividend | -5,250 | -129 | -1,658 | -1,823 | 0 | 0 |
| Interest expense | -3 | -335 | -506 | -399 | -869 | -913 |
| Share buy-back | 0 | 0 | 0 | -2,146 | 0 | 0 |
| Redemption rights | -2,261 | -3,201 | -4,075 | -4,594 | -3,632 | -4,176 |
| Cash flow from financing | -7,579 | 378 | 4,027 | -22,367 | -7,343 | -5,089 |
| Consolidation adjustments | 0 | -4,175 | 0 | 0 | 0 | 0 |
| Net cash flow | -16,285 | 8,857 | 19,913 | -2,720 | 3,970 | 10,603 |
| Cash, start of the year | 25,383 | 9,098 | 21,960 | 37,868 | 35,148 | 39,118 |
| Cash, end of the year | 9,098 | 21,960 | 37,868 | 35,148 | 39,118 | 49,721 |
| EBITDA/share (in €) | 0.65 | 0.48 | 0.91 | 0.78 | 1.12 | 1.31 |
| Y-Y Growth | | | | | | |
| Operating cash flow | 100.0% | -23.3% | 104.5% | -19.6% | 42.7% | 16.6% |
| Free cash flow | n.m. | n.m. | 25.6% | 23.6% | -42.4% | 38.7% |
| EBITDA/share | 52.0% | -26.3% | 89.7% | -13.5% | 42.7% | 16.8% |

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Anschrift:

First Berlin Equity Research GmbH
Friedrichstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

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First Berlin Equity Research GmbH

Authored by: Ellis Acklin, Senior Analyst

All publications of the last 12 months were authored by Ellis Acklin.

Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin

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The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

| Category | | 1 | 2 |
|--------------------------------------|--|---------------|-------------|
| Current market capitalisation (in €) | | 0 - 2 billion | > 2 billion |
| Strong Buy ¹ | An expected favourable price trend of: | > 50% | > 30% |
| Buy | An expected favourable price trend of: | > 25% | > 15% |
| Add | An expected favourable price trend of: | 0% to 25% | 0% to 15% |
| Reduce | An expected negative price trend of: | 0% to -15% | 0% to -10% |
| Sell | An expected negative price trend of: | < -15% | < -10% |

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

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The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

| Report No.: | Date of publication | Previous day closing price | Recommendation | Price target |
|----------------|---------------------|----------------------------|----------------|--------------|
| Initial Report | 2 December 2021 | €6.98 | Buy | €14.00 |
| 2...2 | ↓ | ↓ | ↓ | ↓ |
| 3 | 31 March 2022 | €7.22 | Buy | €14.00 |
| 4 | 7 June 2022 | €6.54 | Buy | €14.00 |
| 5 | 18 August 2022 | €5.02 | Buy | €11.70 |
| 6 | 31 August 2022 | €4.70 | Buy | €11.70 |
| 7 | 24 November 2022 | €4.84 | Buy | €11.10 |
| 8 | 2 May 2023 | €7.78 | Buy | €10.50 |
| 9 | 26 June 2023 | €7.28 | Buy | €10.50 |
| 10 | 28 September 2023 | €9.16 | Buy | €11.90 |
| 11 | Today | €10.10 | Buy | €13.20 |

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

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Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

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