



Outperforming in difficult markets

Gigaset's Q1 figures will still reflect negative impacts from measures taken to dampen the spread of the coronavirus imposed in its key European markets during the winter lockdowns. Nonetheless, we believe that the group continues to outperform in its key segments. We continue with EUR 0.48 TP and continue to rate the shares a Buy.

Q1'21 expected to record recovery despite lockdown measures

The social restrictions that forced many of Gigaset's retail partners to close has continued in 2021, again impacting group sales, particularly in the first quarter. Nonetheless, we believe that the group continues to outperform. For Q1'21 (due 20 May) we forecast EUR 38.2m sales (+18%), an EBITDA improvement to EUR -4.7m loss (vs. EUR -7m loss) and EUR -6.3m (vs. EUR -8.1m) net income loss.

Reliance on Phone segment likely to decline mid-term

We believe that the group has a credible plan to mitigate a declining market for DECT cordless phones (where it is European leader) and invest the cash generated therefrom into building a stronger position in the Smartphone and fast expanding but highly fragmented Smart Home segments. Moreover, the recent exclusive agreement with Unify Software & Solutions to supply Gigaset terminals of desktop telephones could double sales for the Professional segment.

EURm	2019	2020	2021e	2022e	2023e
Revenues	258	214	240	277	303
EBITDA	29	2	19	22	26
EBIT	14	(13)	3	5	9
EPS	0.09	(0.08)	0.01	0.03	0.05
EPS adj	0.03	(0.08)	0.01	0.03	0.05
DPS	-	-	-	-	-
EV/EBITDA	4.3	60.2	6.4	5.4	4.6
EV/EBIT	8.8	-	40.3	22.2	13.5
P/E adj	10.6	-	23.9	11.1	6.5
P/B	2.43	20.96	8.38	7.42	4.61
ROE (%)	51.9	-	50.2	70.9	87.5
Div yield (%)	-	-	-	-	-
Net debt	76	76	82	82	81

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Target price (EUR)	0.48
Share price (EUR)	0.30

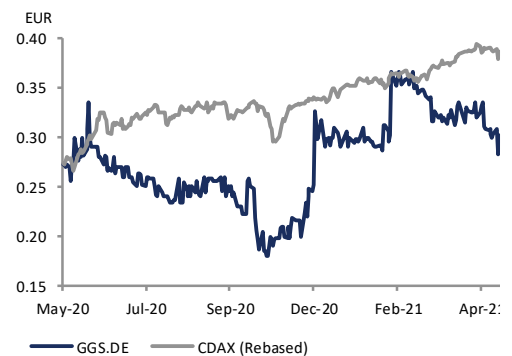
Forecast changes

%	2021e	2022e	2023e
Revenues	(2)	3	5
EBITDA	(9)	(8)	(4)
EBIT adj	(39)	(32)	(17)
EPS reported	(44)	(31)	(14)
EPS adj	(44)	(31)	(14)

Source: Pareto

Ticker	GGS.DE, GGS.GY
Sector	Hardware & Equipment
Shares fully diluted (m)	132.5
Market cap (EURm)	40
Net debt (EURm)	82
Minority interests (EURm)	0
Enterprise value 21e (EURm)	122
Free float (%)	26

Performance



Source: Factset

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2020 was a stressful year

Gigaset's 2020 headlines include sales down 17% to EUR 214m (PAS: 210m) and a positive EBITDA of EUR 1.9m (PAS: 0.4m). It was a year heavily influenced by measures taken to dampen the spread of the coronavirus with a substantial number of the group's POS outlets forced to close doors to the public. Management was quick to focus on liquidity management whilst also ensuring employee safety and in the circumstances, it is viewed as a reasonable result.

The current year has also been negatively impacted to date and the outlook remains uncertain. Nevertheless, guidance calls for a slight increase in sales and EBITDA and to maintain a positive free cash flow. We revise our model, now anticipating 2021E sales growth of 12% with a further recovery of 15% in 2022E; we cut our EBITDA estimates to EUR 19m / EUR 22.5m respectively.

Beyond the current year, the spill-over effects from the pandemic are likely to bring additional opportunities for Gigaset. In particular, the trend to home office brings a widespread need to update the European IT infrastructure and the technology employed in allowing the digital requirements of tomorrow. Moreover, the recently announced agreement with Unify Software will propel the Professional segment.

With EUR 0.48 target price, we remain with our Buy rating.

Exhibit 1: Q4'20 and 2020 sales by segment and key P&L details

EUR m	Q4 '19	Q4 '20	% yoy	PAS Q4E	FY '19	FY '20	% yoy
Revenues	100.4	80.7	-20%	76.4	257.9	214.2	-17%
<i>of which: Phones</i>	66.2	56.7	-14%	44.9	176.3	157.3	-11%
<i>of which: Professional</i>	19.0	14.0	-27%	15.4	56.6	41.1	-27%
<i>of which: Smartphones</i>	13.7	9.3	-32%	14.9	21.2	13.3	-37%
<i>of which: Smart Home</i>	1.4	0.6	-53%	1.2	3.7	2.4	-33%
<i>Change inventories</i>	-8.1	-7.9	-2%	0.4	2.9	-7.3	-354%
<i>Purchased goods</i>	-46.2	-34.1	-26%	-38.0	-130.9	-103.7	-21%
<i>Gross profit</i>	46.1	38.7	-16%	38.8	129.8	103.2	-21%
<i>Own production capitalised</i>	2.8	3.0	8%	1.7	9.2	10.2	11%
<i>Other op. income</i>	7.3	2.8	-62%	1.4	18.5	10.9	-41%
<i>Personnel expenses</i>	-16.5	-17.1	3%	-16.3	-59.4	-58.5	-2%
<i>Other op. expenses</i>	-22.7	-22.4	-1%	-22.1	-69.7	-63.9	-8%
EBITDA	16.9	4.9	-71%	3.4	28.5	1.9	n.a
EBITDA margin (%)	16.9%	6.1%	-10.7 pp	4.4%	11.1%	0.9%	n.a.
EBIT	12.8	1.3	-90%	-0.9	13.7	-13.0	n.a
EBIT margin (%)	12.7%	1.6%	-11.1 pp	-1.2%	5.3%	-6.1%	-3.7 pp
Pretax	13.3	1.1	-92%	-0.9	14.5	-14.0	n.a
Pretax margin (%)	13.3%	1.4%	-11.9 pp	-1.2%	5.6%	-6.5%	-4.2 pp
Net income	10.9	0.1	n.a	-0.1	11.3	-10.5	n.a

Source: Pareto Securities Research

Annual sales of EUR 214.2m (-17%) point to a drop of 20% in Q4'20 reflecting the lockdown measures at retail partners during the key Christmas trading quarter. Nonetheless the group generated positive EBITDA of EUR 1.9m in the year, meaning a better than anticipated EUR 4.9m in Q4'20.

The closure of partner shops led to sales declines in all segments, although the Q3 period after the first lockdowns showed that there remains strong demand for Gigaset products when consumers are again allowed to shop. With the onset

of the first lockdowns, there was a strong focus on cash management, optimising cost structures, reducing working capital, deferring tax payments and utilisation of the state short-time work benefit. The year-end cash balance increased to EUR 42m reflecting good cost control.

The main **Phones segment** produces and distributes DECT cordless phones and DECT/CAT-iq mobile component, largely to private consumers. Nearly all products are assembled at the group's Bocholt, NRW, production facilities. It has been facing a declining market for several years, although the group could partially compensate by increasing share (it is not only clear market leader in Germany, but also Europe – with 39% volume share / 41% value share).

However, with some 30,000 retail outlets forced to close given measures in different European countries to stem Covid-19, the segment's main distribution channels were significantly impacted in recent months.

Within the European top six markets for cordless phones (GER, FR, IT, HOL, UK, SP) 2020 saw a 2% volume decline but 1% value increase. Gigaset outperformed this E6 with volume growth of 3% and 2% growth in revenues. Nonetheless segmental sales decreased by 10.8% in 2020 to EUR 157m – showing a reasonable recovery from the -27% drop seen in H1'20 and reflecting the group's ability (unlike some Asian competitors) to respond quickly to shortages at retail.

Over the past ten years, the **Professional segment** has been providing SMEs with communication solutions, offering products in area of multi-cell systems, DECT-based cordless telephones, non-proprietary desk telephones, as well as mobile telephony. Selling products under its own PRO brand plus via OEM partners its systems can enable scaling up to 20,000 consumer devices in a company. The company believes that it has 24% share of the DECT multi-cell B2B market in Western Europe.

This division has also been impacted as corporate clients adopted a "wait and see" attitude through much of the pandemic, deferring numerous projects, a pattern continuously experienced through the year. With respect to segmental sales, Gigaset recorded a drop to EUR 41m, citing a noticeable impact from clients servicing the health industry.

The **Smartphones segment** provides a "Made in Germany" range of smartphones mainly in the low-mid-price segment (to EUR 350). As well as serving private customers, Gigaset also has a B2B operation working with business customers on numerous bespoke mobile solutions. The strategic goal is to expand and then further exploit brand recognition in the segment, currently supported by German singer celebrity Sasha.

According to Statista, global sales of mobile phones amounted to 1.29 billion in 2020 (-5.8%) whilst in Germany the sales volume fell 10% to 19.7 million units. This the segment most impacted by Covid-19 during Q1'20 since many retailers utilised a supply clause which allowed them to return unsold smartphones back to Gigaset (resulting in negative sales recorded). Although a good recovery was subsequently seen, Gigaset reported a drop of 37% to EUR 13.3m.

One encouraging aspect was that the group was able to shift focus to its online shop during the pandemic, resulting in a near-doubling of direct to consumer sales to EUR 1.4m. This channel is likely to gain further importance going forward.

Focussed primarily on private households, the **Smart Home segment** has been in operation since 2012. Whilst still quite small today, this division operates in a huge, fast-growing, and heavily fragmented market offering security & alarm solutions, home comfort solutions, including energy management and smart home care. The software-based cloud approach allows users to be aware of

events at home via their smartphone and the portfolio was expanded with the launch of two new cameras last year.

Statista estimates global revenues for six categories of Smart Home at EUR 69 billion in 2020 and further assumes that it will grow to 156 billion by 2025. Thus, this is a division for which we have high hopes for fast growth going forward albeit that segmental sales dropped 33% at Gigaset in 2020 to EUR 2.4m.

Management highlight the collaboration with Swisscom AG which now offers Gigaset Smart Home solutions in all of its retail shops in Switzerland. It is seen as supporting the view that the group can exploit this market via other partners, including B2B2C collaborations when traditional shops are forced to close.

With EUR -7.3m change in inventories total operating performance (TOP) for 2020 was EUR 206.8m. **Cost of sales** as a ratio-to-TOP was stable in the period 50.1% meaning that following strong 320bp improvement in Q4'20, the annual gross margin was also stable at 49.9 (49.8%) with gross profit at EUR 103.2m (down 21%).

Other operating income at EUR 10.9m (down from EUR 18.5m in 2019) reflects a normalisation with the previous year boosted by EUR 3.3m rebate of legal fees plus EUR 3.8m reversal of tax liabilities. **Personnel costs** benefited from the furloughing of staff during the lockdown and totalled EUR -58.5m in 2020, -1.6% yoy and represents 28.3% ratio to TOP (a deterioration from 22.8% in 2019), given a slight increase in the average number of employees to 893 (887).

Other operating expenses fell 8% in 2020 to EUR 63.9m (28.3% ratio to TOP, compared to 22.8%). The key influence here was c.EUR 6m reduction in marketing costs to 20.1m (-9%), partly due to a reduction in new product launches in the face of the pandemic, whilst general administrative expenses eased nearly 5% to EUR 9.9m.

Consequently, **EBITDA** amounted to EUR 1.9m in 2020, much reduced from the EUR 28.5m profit in 19 (albeit that this was a touch better than expected following EUR 4.9m in Q4'20), a margin of 0.9%. After near-stable depreciation & amortisation of EUR 15m an **EBIT loss** of EUR -13m was reported (vs. EUR 13.7m profit), for EBIT margin of -6.1%. After EUR -0.9m financial result, there was a EUR^o-14m loss at the pretax level in 2020.

Despite the reduced business, tight control of **working capital** (EUR 29.5m released) meant that operating cash flow improved by over EUR 12m to 29.6m. **Cash flow from investing activities** totalled EUR 21.5m (following EUR 16.1m in 2019). In addition to broadly stable cash outflow in connection with own work capitalised (EUR 10.2m after EUR 9.9m), the 2020 year saw the first EUR 6.6m payment for proprietary rights in connection with the Unify Software & Solutions collaboration. Thus, at EUR 8.2m **free cashflow** improved EUR 7m yoy.

In 2020, **cashflow from financing** amounted to EUR -2.3m (2019: EUR -1,6m). With EUR 1.2m paid. the repayment of the 2018 credit facilities (which totalled EUR 13.5m) began and there was EUR 1.8m repayment of principal of leasing liabilities. Against that, the French subsidiary received EUR 1.2m financing support given Covid-19.

Per 31 December, **cash & equivalents** amounted to EUR 40.7m (up from EUR^o33.9m in 2019). Financial liabilities totalled EUR 16.5m (vs. EUR 15.9m), lease liabilities amounted to EUR 3.7m (EUR 4.4m) and pension provisions rose to EUR 98.3m (EUR 92.5m). Thus, **net debt** (for EV purposes) was yoy stable at EUR 76.4m). At EUR 204.5m Gigaset's balance sheet total slipped 8% during 2020 and included EUR 1.9m equity (down from EUR 18.5m) following the EUR 7.7m write-down of financial assets.

Revisions to forecasts: 2021-2023E

The social restrictions that forced many of Gigaset's retail partners to close has continued in 2021, again impacting group sales, particularly in the first quarter. Inevitably, therefore guidance for the current year remains unspecific, calling for a slight increase in both sales and EBITDA. With the publication of Q1'21E (due 20 May) there may be greater clarity in the economic environment and there could be more colour provided as to what investor might anticipate.

Meanwhile, our segmental forecasts Q1'21E and the years 2021E through 2022E are presented below. We forecast EUR 38.2m sales (+18%) for the first quarter and an EBITDA improvement to EUR -4.7m loss (vs. EUR -7m loss recorded in Q1'20. We model EUR -6.3m (vs. EUR -8.1m) net income loss.

Despite the lockdowns, we believe that the group has outperformed in the key Phones segment, given that it had secured good inventory and supported by strong development of ecommerce (at trading partners as well as Gigaset's own online operations). Moreover, the Smartphone segment is likely to reverse the phenomena of reporting negative sales which should help compensate the likely further reduction within the Professional segment.

We anticipate a strong recovery in the gross margin from the depressed Q1'20 level (influenced by the need to take back and write-down smartphones) and further model continued modest savings in personnel expenses, as well as other operating expenses in Q1'21. Our forecast EUR -4.7m EBITDA (-12.4% margin) would represent the nadir, from which we can expect steady recovery as the year progresses, particularly now that the vaccination rates finally provide hope of returning to normal business life.

Exhibit 2: Q1'21E and 2021 – 2023E sales by segment and key P&L details

EUR m	Q1 '20	Q1 '21E	% yoy	FY '20	FY '21E	FY '22E	% yoy	FY '23E	% yoy
Revenues	32.4	38.2	18%	214.2	240.0	276.8	15%	303.4	10%
<i>of which: Phones</i>	25.3	24.8	-2%	157.3	165.2	156.9	-5%	149.1	-5%
<i>of which: Professional</i>	9.6	8.4	-13%	41.1	45.2	79.0	75%	102.8	30%
<i>of which: Smartphones</i>	-3.7	4.0	n.a	13.3	24.6	32.0	30%	38.4	20%
<i>of which: Smart Home</i>	1.2	1.0	-17%	2.4	5.0	8.8	75%	13.1	50%
<i>Change inventories</i>	2.4	0.5	-79%	-7.3	2.0	1.0	-50%	1.0	0%
<i>Purchased goods</i>	-18.6	-19.1	3%	-103.7	-116.4	-138.4	19%	-157.8	14%
<i>Gross profit</i>	16.2	19.6	21%	103.2	125.6	139.4	11%	146.6	5%
<i>Own production capitalised</i>	2.2	2.5	13%	10.2	9.7	9.7	0%	9.7	0%
<i>Other op. income</i>	3.1	2.0	-36%	10.9	8.5	9.0	6%	9.5	6%
<i>Personnel expenses</i>	-15.9	-15.5	-3%	-58.5	-60.0	-66.4	11%	-69.8	5%
<i>Other op. expenses</i>	-13.1	-13.4	2%	-63.9	-64.8	-69.2	7%	-69.8	1%
EBITDA	-7.4	-4.7	n.a	1.9	19.0	22.5	18%	26.3	17%
EBITDA margin	-23.0%	-12.4%	10.6 pp	0.9%	7.9%	8.1%	0.2 pp	8.7%	0.5 pp
EBIT	-11.5	-8.7	n.a	-13.0	3.0	5.5	82%	8.9	63%
EBIT margin	-35.4%	-22.9%	12.5 pp	-6.1%	1.3%	2.0%	0.7 pp	2.9%	1 pp
Pretax	-11.6	-8.9	n.a	-14.0	2.4	5.1	115%	8.7	71%
Pretax margin	-35.9%	-23.3%	12.7 pp	-6.5%	1.0%	1.8%	0.9 pp	2.9%	1 pp
Net income	-8.1	-6.3	n.a	-10.5	1.7	3.6	115%	6.2	71%

Source: Pareto Securities Research

Encouraged by further signs of outperformance, we model EUR 240m (+15%) and EUR 19m EBITDA for 2021E, both of which would beat guidance which calls for "slight improvement" in sales and EBITDA.

Furthermore, we anticipate a significant recovery from next year. In addition to a return to a more normal business environment in particular with respect to the group's main distribution channels, (with over 100 trading days impacted by

Covid-19 restrictions to some extent in 2021), there should be the first contribution from the deal for the Professional segment to supply Unify (see below). We forecast EUR 277m (+15%) sales in 2022E with an EBITDA of EUR°22.5m.

Gigaset Communications has signed an exclusive agreement with Unify Software & Solutions, under which the latter will purchase the next generation of Gigaset terminals of desktop telephones to include within its own solutions packages for Unify's own clients. To enable the deal, Gigaset acquired the requisite licenses for the software components and interfaces for a sum of EUR 15m (spread across 2020 and 2021).

Although other details remain confidential, it seems to us that this agreement not only provides greater mid-term visibility with respect to planning but could potentially double the group's B2B sales and also create a positive halo effect on Gigaset's other products and services. Concrete is that in the period through 2025 approximately five million devices will be supplied to the partner. We currently envisage this deal to boost sales from H2'22, with a full 12-months influence in 2023.

Exhibit 3: DCF model points to EUR 0.48 target on 12-months view

EUR m	Phase I					Phase II					Phase III	
	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e		
Jahre	0.7	1.66	2.7	3.7	4.7	5.7	6.7	7.7	8.7	9.7		
Revenues	240	277	303	325	346	367	385	400	413	421		
<i>growth rate</i>	12.1%	10.6%	8.3%	9.3%	7.1%	6.0%	5.0%	4.0%	3.0%	2.0%		
EBIT	3	5	9	10	12	13.5	15.0	16.4	17.7	18.9		
<i>EBIT margin</i>	1.3%	2.0%	2.9%	3.0%	3.5%	3.7%	3.9%	4.1%	4.3%	4.5%		
Tax	-1	-1	-3	-3	-4	-4.1	-4.5	-4.9	-5.3	-5.7		
<i>Tax rate</i>	23%	27%	28%	30%	30%	30%	30%	30%	30%	30%		
Depr. & Amort.	16	17	17	18	18	18	19	19	20	20		
<i>% of sales</i>	6.7%	6.1%	5.7%	5.4%	5.2%	5.0%	4.9%	4.8%	4.8%	4.8%		
Capex	-19	-14	-15	-16	0	-9	-14	-18	-19	-21		
<i>% of sales</i>	7.9%	5.1%	4.9%	4.9%	0.0%	2.5%	3.8%	4.4%	4.7%	5.0%		
Change in WC & P	-3	-4	-4	-5	0	0	0	0	0	0		
<i>% of sales</i>	1.2%	1.4%	1.4%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Free Cash Flow	-3.5	3.2	4.7	3.5	26.3	18.5	14.7	13.2	12.8	12.2	167.7	
<i>growth rate</i>		<i>nm</i>	47.5%	-24.7%	<i>nm</i>	-29.7%	-20.1%	-10.4%	-3.1%	-4.4%	1.0%	
Present Value FCF	-3.3	2.8	3.8	2.6	18.1	11.7	8.6	7.1	6.4	5.6	77.1	
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PV Phase I		24				Risk free rate	3.50%		Targ. equity ratio		65%	
PV Phase II		39				Premium Equity	5.00%		Beta		1.50	
PV Phase III		77				Premium Debt	1.50%		WACC		8.37%	
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Enterprise value		141				Sensitivity	Growth in phase III					
- Net Debt (Cash)		-22					0.0%	0.5%	1.0%	1.5%	2.0%	
- Pension Provisions		98					7.5%	0.5	0.6	0.6	0.7	0.8
- Minorities & Peripherals		0					8.0%	0.5	0.51	0.55	0.61	0.7
+/- Other EV items		0					WACC	8.4%	0.4	0.44	0.48	0.53
							8.8%	0.4	0.39	0.42	0.46	0.5
							9.2%	0.3	0.3	0.4	0.4	0.4
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Equity value		64										
Number of shares		132.5										
Value per share (€)		0.48										
Current Price (€)		0.30										
Upside		61%										

Source: Pareto

Through to 2023, it may be that the total balance sheet shrinks a little further, although we model equity recovering towards EUR 9m. It is likely that more of the 2018 credit facility will be repaid over the next three years, although much of this will be paid from cash reserves, so that net debt could remain broadly stable through the period.

We continue to refer to the DCF model in setting our 12-months target price. We apply a WACC of 8.3% (including a risk-free rate of 3.5%, market premium of 5.0%, a beta of 1.5 and 30% normal tax rate). We conservatively now model 4.5% terminal margin which we know is below the 6.5% level that management has previously targeted for the longer-term although it is likely that the significant cooperation with Unify will both boost the top line but at the expense of depressing EBIT margins.

We continue to view EUR 0.48 as an appropriate TP. Given over 60% upside from last night's closing price we continue with our previous Buy rating.

PROFIT & LOSS (fiscal year) (EURm)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Revenues	282	293	280	258	214	240	277	303
EBITDA	30	30	22	29	2	19	22	26
Depreciation & amortisation	(18)	(18)	(14)	(15)	(15)	(16)	(17)	(17)
EBIT	13	12	9	14	(13)	3	5	9
Net interest	(1)	(1)	(1)	1	(1)	(1)	(0)	(0)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	12	11	7	15	(14)	2	5	9
Taxes	(7)	(3)	(4)	(3)	3	(1)	(1)	(3)
Minority interest	-	-	-	-	-	-	-	-
Net profit	4	8	3	11	(10)	2	4	6
EPS reported	0.03	0.06	0.03	0.09	(0.08)	0.01	0.03	0.05
EPS adjusted	0.03	0.06	0.03	0.03	(0.08)	0.01	0.03	0.05
DPS	-	-	-	-	-	-	-	-
BALANCE SHEET (EURm)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Tangible non current assets	25	23	23	28	22	31	27	24
Other non-current assets	65	62	50	51	74	68	69	70
Other current assets	84	93	103	108	67	64	62	60
Cash & equivalents	47	49	37	37	42	33	31	30
Total assets	222	227	213	223	205	196	189	184
Total equity	18	24	25	19	2	5	5	9
Interest-bearing non-current debt	-	-	14	13	15	11	9	7
Interest-bearing current debt	-	-	-	7	5	5	5	5
Other Debt	123	121	101	91	85	76	70	64
Total liabilities & equity	222	227	213	223	205	196	189	184
CASH FLOW (EURm)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Cash earnings	31	31	16	22	0	18	22	25
Change in working capital	(13)	(16)	(26)	(5)	30	(3)	(4)	(4)
Cash flow from investments	(11)	(12)	(14)	(16)	(21)	(19)	(14)	(15)
Cash flow from financing	(1)	(1)	12	(2)	(3)	(5)	(6)	(6)
Net cash flow	7	2	(12)	(0)	5	(9)	(2)	(0)
CAPITALIZATION & VALUATION (EURm)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Share price (EUR end)	0.82	0.61	0.30	0.34	0.30	0.30	0.30	0.30
Number of shares end period	132	132	132	132	132	132	132	132
Net interest bearing debt	33	32	50	76	76	82	82	81
Enterprise value	142	113	89	121	116	122	122	121
EV/Sales	0.5	0.4	0.3	0.5	0.5	0.5	0.4	0.4
EV/EBITDA	4.7	3.7	4.0	4.3	60.2	6.4	5.4	4.6
EV/EBIT	11.1	9.2	10.5	8.8	-	40.3	22.2	13.5
P/E reported	25.2	10.2	11.5	4.0	-	23.9	11.1	6.5
P/E adjusted	25.2	10.2	11.5	10.6	-	23.9	11.1	6.5
P/B	6.1	3.3	1.6	2.4	21.0	8.4	7.4	4.6
FINANCIAL ANALYSIS & CREDIT METRICS	2016	2017	2018	2019	2020	2021e	2022e	2023e
ROE adjusted (%)	24.2	37.6	13.8	19.5	-	50.2	70.9	87.5
Dividend yield (%)	-	-	-	-	-	-	-	-
EBITDA margin (%)	10.8	10.4	7.9	11.1	0.9	7.9	8.1	8.7
EBIT margin (%)	4.6	4.2	3.0	5.3	-	1.3	2.0	2.9
NIBD/EBITDA	1.10	1.06	2.26	2.67	39.60	4.31	3.65	3.07
EBITDA/Net interest	28.09	27.71	20.78	-	2.04	28.44	53.69	-

PROFIT & LOSS (fiscal year) (EURm)	1Q'20	2Q'20	3Q'20	4Q'20	1Q'21e	2Q'21e	3Q'21e	4Q'21e
Revenues	32	43	58	81	38	49	61	92
EBITDA	(7)	(1)	5	5	(5)	4	7	12
Depreciation & amortisation	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
EBIT	(11)	(4)	1	1	(9)	0	3	8
Net interest	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	(12)	(5)	1	1	(9)	(0)	3	8
Taxes	4	1	(0)	(1)	3	0	(1)	(2)
Minority interest	-	-	-	-	-	-	-	-
Net profit	(8)	(3)	1	0	(6)	(0)	2	6
EPS reported	(0.06)	(0.02)	0.01	0.00	(0.05)	(0.00)	0.02	0.05
EPS adjusted	(0.06)	(0.02)	0.01	0.00	(0.05)	(0.00)	0.02	0.05
DPS	-	-	-	-	-	-	-	-
BALANCE SHEET (EURm)	1Q'20	2Q'20	3Q'20	4Q'20	1Q'21e	2Q'21e	3Q'21e	4Q'21e
Tangible non current assets	27	26	25	22	22	22	22	31
Other non-current assets	55	59	52	74	73	72	69	68
Other current assets	83	75	80	67	56	47	57	64
Cash & equivalents	20	29	26	42	39	44	32	33
Total assets	185	188	183	205	190	185	180	196
Total equity	11	5	(3)	2	(6)	(5)	(2)	5
Interest-bearing non-current debt	16	14	16	15	14	13	11	11
Interest-bearing current debt	4	7	5	5	5	5	5	5
Other Debt	61	64	68	85	78	74	67	76
Total liabilities & equity	185	188	183	205	190	185	180	196
CASH FLOW (EURm)	1Q'20	2Q'20	3Q'20	4Q'20	1Q'21e	2Q'21e	3Q'21e	4Q'21e
Cash earnings	(6)	0	2	4	(4)	4	7	11
Change in working capital	(5)	9	3	23	5	5	(15)	2
Cash flow from investments	(3)	(2)	(6)	(10)	(3)	(3)	(3)	(11)
Cash flow from financing	(2)	2	(1)	(1)	(1)	(2)	(2)	(1)
Net cash flow	(17)	9	(3)	16	(3)	5	(12)	2
CAPITALIZATION & VALUATION (EURm)	1Q'20	2Q'20	3Q'20	4Q'20	1Q'21e	2Q'21e	3Q'21e	4Q'21e
Share price (EUR end)	0.28	0.26	0.23	0.30	0.33	0.30	0.30	0.30
Number of shares end period	132	132	132	132	132	132	132	132
Net interest bearing debt	93	90	92	76	79	72	84	82
P/E reported	5.0	-	-	-	-	-	-	23.9
P/E adjusted	-	-	-	-	-	-	-	23.9
P/B	3.5	6.8	-	21.0	-	-	-	8.4
FINANCIAL ANALYSIS & CREDIT METRICS	1Q'20	2Q'20	3Q'20	4Q'20	1Q'21e	2Q'21e	3Q'21e	4Q'21e
Dividend yield (%)	-	-	-	-	-	-	-	-
EBITDA margin (%)	-	-	8.7	6.1	-	8.8	11.8	13.3
EBIT margin (%)	-	-	2.4	1.6	-	0.1	5.3	9.2
NIBD/EBITDA	3.68	6.35	6.31	45.54	18.20	8.42	6.61	4.16
EBITDA/Net interest	-	39.58	48.87	2.04	5.04	10.58	14.23	28.44

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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 – own a portion of the shares exceeding 5 % of the total 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 %
Bonheur ASA	241,145	0.57%	SpareBank 1 SMN	1,875,442	1.44%
DOF ASA	2,366,346	0.77%	SpareBank 1 SR-Bank ASA	1,849,852	0.72%
Helgeland Sparebank	2,015,935	9.66%	SpareBank 1 Østfold Akershus	1,139,560	9.20%
Pareto Bank ASA	16,235,486	23.24%	SpareBank 1 Østlandet	3,825,292	3.57%
Polaris Media ASA	292,380	0.60%	Sparebanken Møre	305,239	3.09%
Quantafuel	1,119,190	0.81%	Sparebanken Sør	433,744	2.77%
Selvaag Bolig ASA	2,893,099	3.09%	Sparebanken Vest	6,803,873	6.34%
SpareBank 1 BV	1,621,940	2.57%	Totens Sparebank	78,246	1.28%
SpareBank 1 Nord-Norge	4,123,817	4.11%	Zenterio AB	663,468	0.74%

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Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings
AF Gruppen	0	1,675	Fjordkraft Holding	0	12,855	Panoro Energy	0	25,304
Aker ASA	500	2,359	Frontline	0	82,308	Pareto Bank	0	2,412,276
Aker BP	0	25,324	Gjensidige Forsikring	0	7,548	Pexip Holding	0	46,683
Aker Carbon Capture	0	190,368	Golden Ocean Group	0	1,433	PGS	0	11,676
Aker Horizons	0	2,082	Grieg Seafood	0	12,523	Protector Forsikring	0	12,000
Aker Offshore Wind	0	168,028	Hafnia Limited	0	16,300	Quantafuel	0	1,119,887
American Shipping Company	0	13,300	Huddly	0	884,242	REC Silicon	0	35,551
Aprila Bank ASA	0	22,675	Hunter Group ASA	0	308,500	SalMar	0	105
Archer	0	30,170	HydrogenPro	0	37,151	Sandnes Sparebank	0	126,013
Atlantic Sapphire	0	13,610	Ice Group ASA	0	200,000	Scatec Solar	0	20,284
Austevoll Seafood	0	29,235	Kitron	0	6,986	Selvaag Bolig	0	51,900
Avance Gas	0	3,362	Komplett Bank	0	99,300	Skitude	0	12,695
B2Holding AS	0	14,075	Kongsberg Gruppen	0	35,431	SpareBank 1 Nord-Norge	0	3,350
BASF	270	270	KWS	75	75	SpareBank 1 SMN	0	12,740
Bonheur	0	32,275	Lerøy Seafood Group	0	42,352	SpareBank 1 SR-Bank	0	8,413
Borregaard ASA	0	650	Mercell	0	23,038	Sparebank 1 Østfold Akershus	0	1,252
Bouvet	0	294	Mowi	0	4,614	SpareBank 1 Østlandet	0	8,621
BRABank	0	74,607	MPC Container Ships	0	44,624	Sparebanken Sør	0	16,435
BW Energy	0	56,125	Nordic Semiconductor	0	5,406	Sparebanken Vest	0	15,535
BW Offshore	0	16,076	Noreco	0	790	Sparebanken Øst	0	1,500
Cloudberry Clean Energy	0	50,000	Norsk Hydro	0	107,219	Stolt-Nielsen	0	1,817
DNB	0	30,055	Norske Skog	0	98,225	Storebrand	0	24,732
DNO	0	151,978	Norwegian Finans Holding	0	3,210	Subsea 7	0	9,226
DOF	0	2,366,346	NTS	0	2,272	Telenor	0	7,584
Elkem	0	35,426	Ocean Yield	0	99,370	VOW	0	7,081
Entra	0	10,477	OHT	0	6,650	Wallenius Wilhelmsen	0	62,550
Equinor	0	2,738	Okeanis Eco Tankers	0	22,000	XXL	0	17,423
Europis	0	11,621	Orkla	0	19,552	Yara	0	14,788

This overview is updated monthly (last updated 30.04.2021).

*Analyst holdings refers 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

24SevenOffice Scandinavia	CRC Holding B.V. ("Pryme")	Klaveness Combination Carriers ASA	Quantafuel
2G Energy	Digiplex	KLP	REC Silicon
Acconer AB	DOF	Komplett Bank	Saga Robotics
Advanzia Bank S.A.	DOF Subsea AS	Kongsberg Automotive	Salmon Evolution
Africa Energy Corp Corp	EcoOnline AS	Kraft Bank	Scorpio Bulkers
Aker ASA	Element ASA	Maha Energy	Seafire AB
Aker Clean Hydrogen	ELOP	Meltwater	SGL TransGroup International A/S
Aker Horizons	Endur ASA	Mercell	Siccar Point Energy
Akershus Energi	Energean Israel Finance Ltd.	M intra Group	Skitude
Akva Group	Fertiberia S.A.R.L.	Modex AS	Sparebanken Vest
Alussa Energy Acquisition Corp (Freyr)	Fjordkraft Holding	MPC Container Ships	Strandline Resources Limited
American Tanker, Inc.	Flexistore AS	Mutares SE & Co. KGaA	Talos Energy Inc
Aprila Bank ASA	Genel Energy	Müller Medien GmbH (United Vertical Media)	Tise AS
Arctic Fish	Gjensidige Forsikring	Navigator Holdings Ltd.	Trønderenergi AS
Arendals Fossekompagni	Golden Ocean Group	Navios	Vow
Attensi AS	Goliath Offshore	Next Biometrics Group	Watercircles Forsikring ASA
Belships	Halnia Ltd.	Nordic Halibut	West Coast Salmon
BioInvent	Heimdall Power	Norse Atlantic	Wheel.me
Boreal Holding AS	HKN Energy Ltd	Norske Skog	Ørn Software
Borr Drilling Limited	Hofseth BioCare	Norwegian Block Exchange	
Brooge Energy Limited	House of Control	Odjell SE	
Bulk Infrastructure Holding	Huddly	OHT	
BW Energy	HydrogenPro	Panoro Energy	
CentralNic Group PLC	Ice Group Scandinavia Holdings AS	Pelagia Holding AS	
Cibus Nordic Real Estate	Idavang A/S	PetroNor E&P	
Circa Group	Instabank ASA	PetroTal	
Cloudberry Clean Energy	Kalera AS	Pexip Holding	
CrayoNano AS	Keppel FELS Limited	Proximar Seafood	

This overview is updated monthly (this overview is for the period 31.03.2020 – 31.03.2021).

Appendix C

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

Distribution of recommendations

Recommendation	% distribution
Buy	68%
Hold	29%
Sell	3%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	95%
Hold	5%
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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Bionvent	Egetis Therapeutics	Re:NewCell	VNV Global
Biovica International	Implantica	Surgical Science	

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Isofol Medical	Mentice AB	Sedana Medical	Vostok Emerging Finance

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:

Bosjö Fastigheter AB	Bråviken Logistik	Halmslätten	Målaråsen
Bonäsudden	Delarka	Logistri	Sydsvenska Hem

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 15.04.2021).

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 provision of the designated sponsor services.

2G Energy *	Gigaset *	MLP *	Surteco Group *
Biotest *	Heidelberg Pharma *	mutares	Szygy AG *
CORESTATE Capital Holding S.A.	Intershop Communications AG	OVB Holding AG	TAKKT AG
Daldrup & Söhne	Leifheit	Procredit Holding *	Viscom *
Demire	Logwin *	PSISOFTWARE AG *	
Epigenomics AG*	Manz AG *	PWO *	
Gesco *	MAX Automation SE	S&T AG *	
GFT Technologies *	Merkur Bank	SMT Scharf 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

Sponsored Research

Pareto Securities has entered into an agreement with these companies about the preparation of research reports and – in return - receives compensation.

Adler Modemaerkte	Dermapharm Holding SE	MAX Automation SE	OHB SE
Baywa	Hypoport AG	Merkur Bank	OVB Holding AG
BB Biotech	Intershop Communications AG	mutares	Siegfried Holding AG
Daldrup & Söhne	Leifheit		

This overview is updated monthly (last updated 15.04.2021).