

Acquisitions remain high on the agenda

Kontron published strong Q2 figures that were a notch better than consensus expectations. The company sticks to the guidance for 2023 regarding revenues and EBITDA (EUR 1,200m@11% EBITDA margin) but the management now believes that the guided EUR 66m net income will be exceeded. Importantly, there might be up to 3 additional deals in 2023. Moreover, it seems that even larger deals can be expected next year. Our DCF now indicates a price target of EUR 29 (was EUR 28 before), which translates into an upside of close to 40%. The recommendation thus remains "buy".

Good Q2 numbers

Kontron published strong Q2 figures that were a notch better than consensus expectations. While revenues were in-line, gross profit and EBITDA exceeded expectations and were above 40% and 11% of revenue, respectively. The organic growth was above 15% in Q2. Thus, it is fair to assume that Kontron is gaining market share.

EBITDA guidance unchanged

Kontron sticks to the guidance for 2023 regarding revenues and EBITDA (EUR 1,200m@11% EBITDA margin) but the management now believes that the guided EUR 66m net income will be exceeded. Also, the 2025 guidance was re-iterated (revenues of EUR 2bn@13%). Importantly, there might be up to 3 additional deals in 2023. Moreover, it seems that even larger deals can be expected next year.

New PT EUR 29

Our DCF now indicates a price target of EUR 29 (was EUR 28 before), which translates into an upside of close to 40%. As usual, we doublecheck our result by a SOTP approach. As a result, we arrive at a re-assuring price level of EUR 37 per share, which is even above our DCF-derived fair value. The recommendation thus remains "buy".

EURm	2021	2022	2023e	2024e	2025e
Revenues	1,342	1,096	1,293	1,783	2,040
EBITDA	126	70	134	171	234
EBIT	63	(2)	94	115	157
EPS	0.75	3.66	1.13	1.35	1.87
EPS adj	0.75	3.66	1.13	1.35	1.87
DPS	0.35	1.00	0.56	0.67	0.94
EV/EBITDA	7.5	12.2	9.6	8.4	6.2
EV/EBIT	15.2	-	13.8	12.5	9.3
P/E adj	19.5	4.2	18.4	15.4	11.1
P/B	2.23	1.53	2.06	1.91	1.72
ROE (%)	11.7	44.2	11.3	12.9	16.3
Div yield (%)	2.4	6.5	2.7	3.2	4.5
Net debt	14	(118)	(29)	111	143

Source: Pareto Securities

Target price (EUR)	29	▲	BUY
Share price (EUR)	21	—	HOLD
		▼	SELL

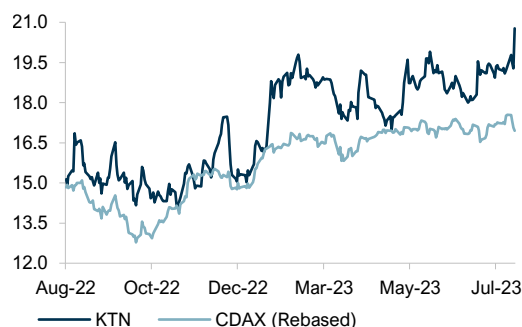
Forecast changes

%	2023e	2024e	2025e
Revenues	1	3	2
EBITDA	(5)	(18)	(10)
EBIT adj	2	(13)	(2)
EPS reported	3	(14)	(2)
EPS adj	3	(14)	(2)

Source: Pareto Securities

Ticker	KTN.DE, KTN GY
Sector	Hardware & Equipment
Shares fully diluted (m)	63.6
Market cap (EURm)	1,322
Net debt (EURm)	-29
Minority interests (EURm)	1
Enterprise value 23e (EURm)	1,294
Free float (%)	0

Performance



Source: FactSet

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Wrap up Q2 2023 results

Q2 2023 – continuing operations (except EPS)

Kontron AG (EURm)	Actual			Pareto		Consensus	
	Q2 2022	Q2 2023	yoy (%)	Q2 2023	Delta (%)	Q2 2023	Delta (%)
Revenues	246	283	15	282	0.4	279	1.5
Gross profit margin	93 37.8%	115 40.6%	24 277 bps	109 38.7%			
EBITDA margin	24.8 10.1%	31.3 11.1%	26 97 bps	29.9 10.6%	4.8	30.1 10.8%	4.1 27 bps
Europe	18	18	0				
Global	2	5	139				
Software & Solutions	4	8	84				
EBIT margin	12.6 5.1%	22.2 7.9%	77 274 bps	20.9 7.4%			
Net Income margin	8.9 3.6%	17.5 6.2%	96 255 bps	17.0 6.0%	2.5	16.7 3.9%	4.7 231 bps
EPS	0.20	0.30	49	0.27	11.5		

Source: KTN, Pareto Securities

Kontron published strong Q2 figures that were a notch better than consensus expectations. While revenues were in-line, gross profit and EBITDA exceeded expectations and were above 40% and 11% of revenue, respectively. The organic growth was above 15% in Q2. Thus, it is fair to assume that Kontron is gaining market share.

Segment-wise, Global and Software & Solution exhibited a strong development. In Global, this was due to the further easing and the successful restructuring programme in North America. In Software & Solutions, the progress resulted from the good order situation plus contributions from acquisitions in the second half of the previous year. Kontron has ambitious plans with the segment that exhibited 66% gross margin in H1: More than 50% of group revenues should come from Software & Solutions by 2027. In 2020, 4% of the backlog were software-related, now it's more than 20%.

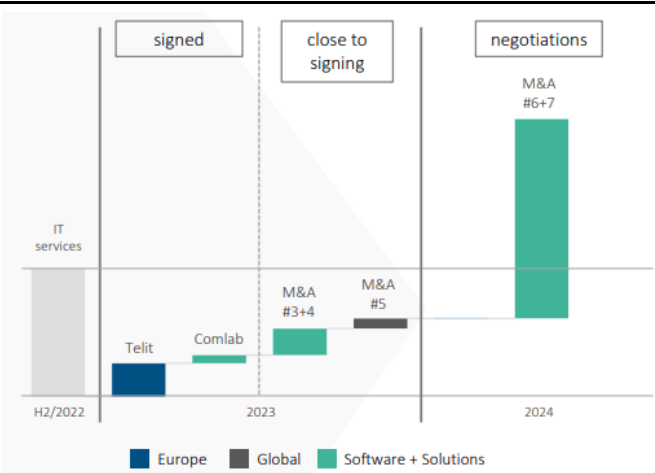
The biggest segment Europe saw a drop of the EBITDA margin from 10.4% to 9.5%. This was due to burdens from transforming the remaining IT Service entities in Austria, Romania and Hungary (Moldovia has been sold in June) into units fulfilling service level agreements ("Operational Technology Service"). This transformation is supposed to be finished by 2024 and Kontron targets an EBITDA margin of 12% upon completion.

Order entry remained at a high level of EUR 310m in the second quarter, resulting in a book-to-bill ratio of 1.1x (Europe: 1.0x). Overdue orders were reduced and are now at EUR 72m, so the supply chain issues seem to be largely resolved. The order backlog was at EUR 1.6bn at the end of the quarter. In Software & Solutions, orders can range from 2-3 years to up to 10 years (Service).

Kontron sticks to the guidance for 2023 regarding revenues and EBITDA (EUR 1,200m@11% EBITDA margin) but management now believes that the guided EUR 66m net income will be exceeded. Also, the 2025 guidance was re-iterated (revenues of EUR 2bn@13%). Importantly, the 2023 guidance only includes the two deals (Comlab and the Cellular Automotive Module bought from Telit) that have already been closed, but there might be up to 3 additional deals in 2023. Moreover, it seems that even bigger deals can be expected next year (see below).

Both acquisitions were said to be slightly profitable on the EBITDA level already in 2023 but are expected to increase margins substantially in the coming years. The Comlab acquisition should be instrumental to enter the Swiss train market. KTN has high hopes regarding the high-speed train rail tracks, the European grid of which is supposed to grow from 11,000km to 33,000km.

M&A revenues H2 / 2022 to H2 / 2024



Source: KTN

Estimates update

We expect the two acquisitions that have already been announced (Comlab and the Cellular Automotive Module bought from Telit) to contribute revenues of EUR 60m @ ~2% EBITDA margin in 2023. We furthermore assume that KTN will close another 2-3 acquisitions with annualized revenues of EUR 130m in H2 2023, of which EUR 33m are expected to be consolidated already in 2023. For these additional acquisitions, we assume an EV / Sales multiple of 0.6x. Considering the minor net deconsolidation effect in H1 2023, we estimate the total portfolio effect to be close to EUR 90m in 2023. For the remainder of the year, we cautiously assume that KTN will grow organically by 6% yoy, which together with ~15% organic growth realized in H1 adds up to ~10% organic growth for the full year. Finally, we believe that the existing business ex acquisitions can realize an EBITDA margin of 11%. In total, we arrive at revenues of EUR 1,293m and EBITDA of EUR 134m for 2023. Without acquisitions, revenues would be at EUR 1.2bn and EBITDA of EUR 133m, bang in-line with the respective company guidance. We are also comfortably above the guided net income of EUR 66m.

For 2024, we anticipate an even larger portfolio effect from acquisitions: First, Comlab and the Cellular Automotive Module bought from Telit should contribute another EUR 65m. Second, the (hypothetical) acquisitions expected to be closed in the second half of 2023 are assumed to contribute EUR 98m in 2024, too. Third, we expect Kontron to acquire more targets with annualized revenues of EUR 250m in 2024e as guided, applying the same acquisition multiple of 0.6x sales as in 2023. This adds up to a portfolio effect of more than EUR 400m in 2024. Supposing that Kontron can realize 5% EBITDA margin on all these newly acquired activities in the first year of consolidation and 11% on all existing activities, these sizeable M&A activities have a certain dilutive effect on the group margin, which we therefore expect to remain slightly below 10% during the year. Together with our basic assumption of 6% organic growth during the year, we arrive at revenues of EUR 1,783m and EBITDA of EUR 171m.

Assuming another EUR 150m of annualized revenues to be acquired in 2025 results in revenues of EUR 2,040m and EBITDA of EUR 234m. The expected margin is below the 13% targeted by the company, but the final margin will ultimately depend on the profitability of the acquired assets, of course, which cannot be accurately forecasted by us

In total, we arrive at the P&L depicted below.

P&L

Profit & Loss	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Revenue	504	882	991	1,123	1,255	1,342	1,096	1,293	1,783	2,040	2,163
% yoy	7.6%	75.1%	12.3%	13.3%	11.7%	6.9%	-18.3%	18.0%	37.9%	14.4%	6.0%
EBITDA	34	68	91	112	130	126	70	134	171	234	260
% of sales	6.8%	7.7%	9.1%	9.9%	10.4%	9.4%	6.4%	10.4%	9.6%	11.5%	12.0%
EBIT	24	42	62	62	69	63	-2	94	115	158	171
% of sales	4.8%	4.7%	6.2%	5.5%	5.5%	4.7%	-0.2%	7.3%	6.5%	7.7%	7.9%
Pretax Profit	20	35	56	54	61	54	-11	88	107	148	162
% of sales	4.0%	4.0%	5.7%	4.8%	4.8%	4.0%	-1.0%	6.8%	6.0%	7.3%	7.5%
Net Profit	15	23	45	49	56	48	232	72	86	119	130
% of sales	2.9%	2.6%	4.5%	4.4%	4.4%	3.6%	21.2%	5.6%	4.8%	5.8%	6.0%
EPS	0.33	0.43	0.70	0.74	0.85	0.75	3.66	1.13	1.35	1.87	2.04
% yoy	-8.9%	30.8%	61.3%	6.4%	14.8%	-11.9%	385.3%	-69.1%	19.6%	38.9%	9.1%
DPS	0.10	0.13	0.16	0.00	0.30	0.35	1.00	0.56	0.67	0.94	1.02
Payout ratio	30%	30%	23%	0%	35%	46%	27%	50%	50%	50%	50%

Source: KTN, Pareto Securities

The consensus estimates published by Factset are obviously ex acquisitions. They also imply margins for 2025 that are below the margin targets communicated by the company. Consensus expects a margin of 11-12% for 2025, while KTN guides for 13%. Our reading remains that if KTN can actually deliver on its promises, there is still upgrade potential on the sell-side, with respective implications for the share price.

Pareto vs consensus

	2023e			2024e			2025e		
	Pareto	Cons.	Delta	Pareto	Cons.	Delta	Pareto	Cons.	Delta
Revenues	1,293.4	1,218.9	6.1%	1,783.5	1,360.0	31.1%	2,040.5	1,492.8	36.7%
EBITDA	134.3	129.3	3.9%	171.4	150.4	14.0%	234.4	171.8	36.4%
EBIT	94.3	83.0	13.6%	115.3	100.1	15.2%	157.7	119.0	32.5%
Net result	71.8	69.1	3.8%	85.8	85.1	0.9%	119.2	102.3	16.5%
EPS	1.13	1.07	5.2%	1.35	1.32	2.2%	1.87	1.58	18.3%
EPS adj.	1.13	1.09	3.2%	1.35	1.34	0.7%	1.87	1.64	14.3%

Source: Factset, Pareto Securities

Valuation update

DCF

EUR m	Phase I					Phase II					Phase III
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	
Revenues	1,293	1,783	2,040	2,163	2,293	2,419	2,540	2,654	2,760	2,857	
<i>growth rate</i>	18%	38%	14%	6%	6%	5%	5%	4%	4%	4%	
EBITDA	134	171	234	260	298	310	320	329	337	343	
<i>EBITDA margin</i>	10.4%	9.6%	11.5%	12.0%	13.0%	12.8%	12.6%	12.4%	12.2%	12.0%	
Depr. & Amort. (FA)	23	33	50	60	60	80	79	77	78	79	
<i>% of sales</i>	1.8%	1.8%	2.5%	2.8%	2.6%	3.3%	3.1%	2.9%	2.8%	2.8%	
Depr. & Amort. (RoU)	17	23	27	28	30	32	33	35	36	37	
<i>% of sales</i>	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	
EBIT	94	115	158	171	208	198	208	217	223	227	
<i>EBIT margin</i>	7.3%	6.5%	7.7%	7.9%	9.1%	8.2%	8.2%	8.2%	8.1%	7.9%	
Tax	(17)	(23)	(32)	(34)	(42)	(40)	(42)	(43)	(45)	(45)	
<i>Tax rate</i>	18%	20%	20%	20%	20%	20%	20%	20%	20%	20%	
Capex	(38)	(52)	(59)	(63)	(66)	(70)	(74)	(77)	(80)	(83)	
<i>% of sales</i>	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	
Acquisitions (ex NWC)	(86)	(119)	(72)	0	0	0	0	0	0	0	
<i>% of sales</i>	6.7%	6.7%	3.5%	0.0%	0.0%	1.5%	2.2%	2.5%	2.7%	8.9%	
Change in WC & P	(21)	(51)	(27)	(13)	(14)	(14)	(15)	(16)	(16)	(17)	
<i>% of sales</i>	1.6%	2.9%	1.3%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
Free Cash Flow	(44)	(97)	19	122	147	154	157	158	160	160	2,801
<i>growth rate</i>	nm	nm	nm	nm	21%	5%	2%	1%	1%	0%	3%
Present Value FCF	(42)	(86)	15	91	101	97	91	84	78	72	1,256

PV Phase I	78	Risk free rate	3.5%	Targ. equity ratio	100%
PV Phase II	422	Premium Equity	5.0%	Beta	1.1
PV Phase III	1,256	Premium Debt	2.5%	WACC	8.9%
Enterprise value	1,756	Sensitivity	Growth in phase III		
- Net debt (cash)	118		2.0%	2.5%	3.0%
- Pension provisions	-7		3.5%	4.0%	4.0%
- Minorities & Peripherals	-2		8.0%	30.1	32.1
- Leasing liabilities	-43		8.5%	27.7	29.3
- Paid-out dividends for last FY	-64		8.9%	30.1	27.0
+ Outstanding purchase price	59		9.3%	23.7	24.9
			9.8%	22.1	23.1
				24.3	25.6
				27.2	27.2
Equity value	1,818				
Number of shares (m)	63.6				
Value per share (€)	29.0				
Current Price (€)	20.8				
Upside	40%				

Source: Pareto Securities

Our DCF now indicates a price target of EUR 29 (was EUR 28 before), which translates into an upside of close to 40%. Please be aware that we book the expected cash outflows for future acquisitions partially in the "Acquisition" column and partially as investments into net working capital (NWC), which consequently is included in the line "Change of WC & P".

EUR 59m of the purchasing price for the IT Service activities are still to be paid by Vinci in the next 12 months, which we add to the equity value.

As usual, we doublecheck our result by a SOTP approach by multiplying the average multiple of relevant peers with EUR 130m EBITDA that we would roughly expect for KTN in 2023 if there were no acquisitions. As a result, we arrive at a re-assuring price level of EUR 37 per share, which is clearly above our DCF-derived fair value. The recommendation thus remains "buy".

Significant re-rating potential

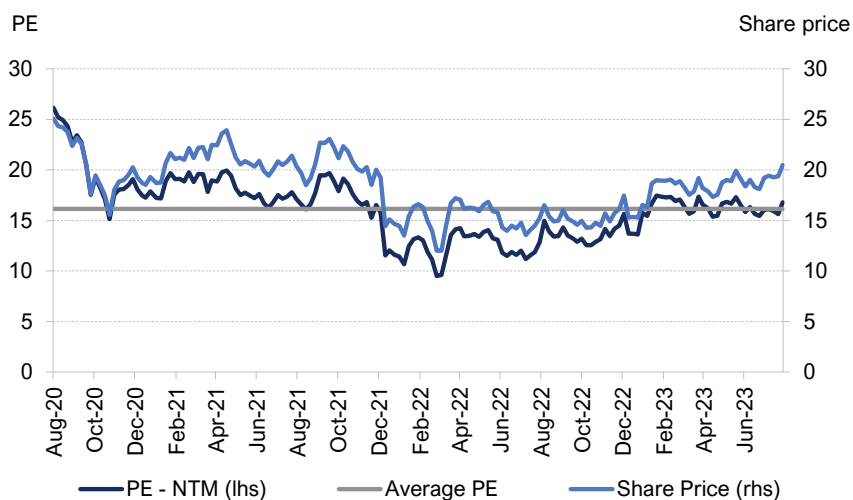
Division	EBITDA 2023e (mEUR)	Peers	EV/ EBITDA x	EV (m EUR)
IoT Business		~130 <i>Advantech, Seco Spa</i>	17.7x	2,301
Enterprise value				2,301
- Net debt (cash)				118
- Pension provisions				-7
- Minorities & Peripherals				-2
- Leasing liabilities				-43
- Paid-out dividends for last FY				-64
+ Outstanding purchase price				59
Equity value				2,363
Number of shares (m)				63.6
Value per share (EUR)				37.2
Current Price (EUR)				20.8
Upside				79%

Source: Factset, Pareto Securities

Peer multiples

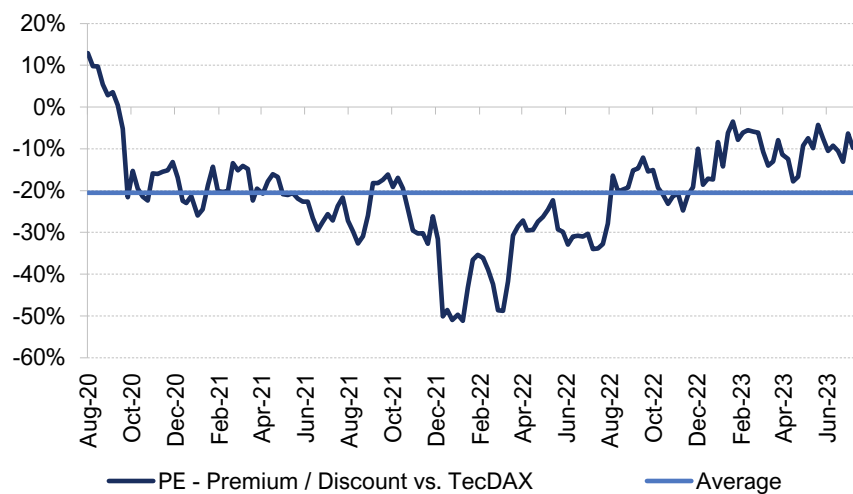
Company	Country	Share price (EUR)	MV (m EUR)	Beta	P/E		EV/EBITDA		EV/EBIT		DY FY1	EBITDA margin	EBITDA/ Assets	
					FY1	FY2	FY1	FY2	FY1	FY2				
IoT														
Advantech Co., Ltd.	TAIWAN	353	8,742	1.1	29.3	26.7	22.4	19.8	23.8	21.2	2.8%	19.8%	21.4%	
SECO S.p.A.	ITALY	4	575	0.7	26.5	17.9	13.1	10.0	20.0	14.2	0.0%	18.3%	7.4%	
Median IoT					0.9	27.9	22.3	17.7	14.9	21.9	17.7	1.4%	19.0%	14.4%

Source: Factset, Pareto Securities

Historical PE (consensus-based)

Source: Factset, Pareto Securities

Kontron continues to trade on a 12m forward PE multiple of ~16x. Excluding the net cash position, it is more around 15.3x, i.e., even below historical levels, that were already not particularly ambitious. Moreover, Kontron continues to trade at a clear discount to the TecDax, to which Kontron has been included this year. This also appears unsuitable for one of the few European IoT pure plays with excellent growth prospects.

Premium vs. TecDAX

Source: Factset, Pareto Securities

KTN at a glance

Business Units	Europe	Global	Software & Solutions						
Products/ applications	Contains the divisions Industrial IoT (industrial, medical, defense), ODM, Services (remaining IT Service activities in AT, HU and RO) and Communications (5G solutions).	Acts as sales channels for Industrial IoT Europe in the US and Asia, with proprietary solutions in avionics. Global supply chain hub in Taiwan.	Software: Supplies connectivity SW language for IOT grids. Transport: Supplies communication / data for high speed trains.						
Customers	Industrial: Dräger, Kuka, B&R Industrial Automation, Thales. ODM: TGW, Vector, Gorenje. Communications: DARS, TELEKOM SLOVENIJE, Railway Slovenia, Ukrtelecom	Americas: GE HC, Rockwell, Medtronic, Micron, Caterpillar, TK. Asia: Air China, GE, CRCC, FoxConn	Software: Infineon, Hauser, Zeiss. Transport: DB, SNCF, NRT.						
Market share/ positioning	Market leader in Europe for IoT solutions. Otherwise serving niche markets.	Serving niches markets.	European market leader in transport.						
Drivers	Strong demand for IoT solutions and 5G connectivity. ODM additionally driven by return of production from China	Recovery of avionics. Otherwise same as for Europe.	Early adoption of 5G connectivity. Roll-out of European solutions in US and China.						
Main competitors	Beckhoff, ABB, Seco and Eurotech in IoT. Bechtle, Cancom, and other IT services companies in IT Service.	Mercury, Curtiss Wright, Advantech and Adlink.	In Transport: Nokia, Huawei, Atos.						
Entry barriers/ competitive advantage	High market fragmentation. Limited economies of scale and the dominance of niche markets prevent big players from entering the IoT space. Kontron is in a privileged position through the technology and production collaboration with FoxConn / Ennoconn.								
Strategy & Guidance	Strategy: (I) Concentrate on IoT solutions, longer-term full exit from IT Service conceivable (II) Benefit from megatrends (increased device and machine connectivity, security/firewall requirements, outsourcing) (III) Increase the share of proprietary software in IoT solutions. (IV) Support growth by frequent acquisitions, esp. turnarounds at low multiples.		Revenues: EUR 1,200m y/y 9.5% EBITDA margin 11.0%	Guidance (08/2023) EUR 1,293m EUR 134m EUR 129m	PASe EUR 1,293m EUR 134m EUR 129m	Consensus EUR 1,219m EUR 129m			
2022	Sales (EURm) y/y	1,096	EBITDA (EURm) Margin	70 6.4%	EBIT adj. (EURm) Margin	-2 -0.2%	Sales 5Y hist. CAGR	4%	
Sales & EBIT Split	Sales split by region 			Sales split by division 		EBITDA split by division 		Group financial 	
Shareholder structure & management	CEO Hannes Niederhauser CEO (since 2011) • Hannes Niederhauser joined the company in 2011 as CEO. Following his studies in electrical engineering at the Graz University of Technology, the Austrian-born manager worked as a developer of microchips and in the embedded computer segment. Prior he has been the main shareholder and CEO of Kontron AG from 1999 to 2007, which became the world's largest provider in the field of embedded computing.	CFO, CCO Clemens Billek CFO, CCO (since 2022) • Clemens Billek is responsible for the topics law, compliance, internal audit, risk management and corporate governance. He started his career at the stock exchange supervisory authority in the Austrian Takeover Commission (later returning as head of the office) and at an international investment bank. Clemens Billek has extensive professional experience in the fields of compliance, legal and IR at listed companies and in the field of digitalization respectively as the founder of a telemedicine platform.	Shareholder structure 						
# of employees FY 2022	4,475								

Source: Company, Pareto Securities

PROFIT & LOSS (fiscal year) (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Revenues	991	1,123	1,255	1,342	1,096	1,293	1,783	2,040
EBITDA	91	112	130	126	70	134	171	234
Depreciation & amortisation	(29)	(50)	(62)	(64)	(72)	(40)	(56)	(77)
EBIT	62	62	68	63	(2)	94	115	157
Net interest	(5)	(8)	(8)	(8)	(9)	(6)	(9)	(9)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	56	54	61	54	(11)	88	107	148
Taxes	(8)	(5)	(6)	(5)	(2)	(16)	(21)	(30)
Minority interest	(3)	(0)	1	(1)	1	1	1	1
Net profit	45	49	56	48	232	72	86	119
EPS reported	0.70	0.74	0.85	0.75	3.66	1.13	1.35	1.87
EPS adjusted	0.70	0.74	0.85	0.75	3.66	1.13	1.35	1.87
DPS	0.16	-	0.30	0.35	1.00	0.56	0.67	0.94
BALANCE SHEET (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Tangible non current assets	37	38	80	86	65	107	182	225
Other non-current assets	273	392	403	424	493	503	566	604
Other current assets	366	483	481	545	445	506	658	738
Cash & equivalents	172	312	282	297	438	348	208	177
Total assets	848	1,226	1,247	1,352	1,441	1,464	1,615	1,744
Total equity	367	385	409	423	636	643	693	768
Interest-bearing non-current debt	113	283	262	311	320	320	320	320
Interest-bearing current debt	-	-	-	-	-	-	-	-
Other Debt	366	549	565	608	479	494	596	649
Total liabilities & equity	848	1,226	1,247	1,352	1,441	1,464	1,615	1,744
CASH FLOW (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Cash earnings	48	82	112	84	(0)	94	118	169
Change in working capital	(12)	2	29	12	45	(21)	(51)	(27)
Cash flow from investments	(63)	(56)	(77)	(66)	144	(100)	(171)	(131)
Cash flow from financing	(21)	84	(66)	(20)	(91)	(64)	(36)	(43)
Net cash flow	(45)	141	(30)	15	141	(89)	(140)	(32)
VALUATION (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Share price (EUR end)	15.8	21.3	19.3	14.7	15.3	20.8	20.8	20.8
Number of shares end period	66	66	65	64	64	64	64	64
Net interest bearing debt	(58)	(30)	(20)	14	(118)	(29)	111	143
Enterprise value	998	1,385	1,232	951	856	1,294	1,433	1,465
EV/Sales	1.0	1.2	1.0	0.7	0.8	1.0	0.8	0.7
EV/EBITDA	11.0	12.4	9.5	7.5	12.2	9.6	8.4	6.2
EV/EBIT	16.2	22.4	18.0	15.2	-	13.8	12.5	9.3
P/E reported	22.6	28.6	22.6	19.5	4.2	18.4	15.4	11.1
P/E adjusted	22.6	28.6	22.6	19.5	4.2	18.4	15.4	11.1
P/B	2.9	3.8	3.1	2.2	1.5	2.1	1.9	1.7
FINANCIAL ANALYSIS	2018	2019	2020	2021	2022	2023e	2024e	2025e
ROE adjusted (%)	12.9	13.1	14.0	11.6	43.9	11.2	12.9	16.3
Dividend yield (%)	1.0	-	1.6	2.4	6.5	2.7	3.2	4.5
EBITDA margin (%)	9.1	9.9	10.4	9.4	6.4	10.4	9.6	11.5
EBIT margin (%)	6.2	5.5	5.4	4.7	-	7.3	6.5	7.7
NIBD/EBITDA	(0.64)	(0.26)	(0.16)	0.11	(1.69)	(0.22)	0.65	0.61
EBITDA/Net interest	17.56	14.54	16.89	15.02	8.14	23.24	20.07	25.46

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Appendix A

Disclosure requirements in accordance with Commission Delegated Regulation (EU) 2016/958 and the FINRA Rule 2241

The below list shows companies where Pareto Securities AS - together with affiliated companies and/or persons – owns a net long position of the shares exceeding 0,5 % of the total issued share capital in any company where a recommendation has been produced or distributed by Pareto Securities AS.

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

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

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

This overview is updated monthly (last updated 15.06.2023).

*Analyst holdings refer to positions held by the Pareto Securities AS analyst covering the company.

Appendix B

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

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

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Akerhus Energi Varme AS	Ziton AS
American Shipping Company	
Archer	
B2Holding AS	
Bekkt og Strøm AS, Siv Vattenkraft AB	
Benchmark Holdings	
Biolvent	
Bluewater Holding	
Borr Drilling	
Cadeler	
CCS Finansiering AS	
CERAFILTEC	
Cloudberry Clean Energy	
COOL Company	
DNO	
Dolphin Drilling	
Edda Wind	
EDR Certified Origin Physical Gold Plc	
Eidesvik Offshore	
Endura ASA	
Fertiberia Corporate S.L.U.	
First Camp Group	
Fishbase Group AS	
Floatel	
Golar LNG	
Hafnia Ltd.	
Hertha BSC	
Hospitality Invest	
House of Control	
HydrogenPro	
Idavang AS	
Instabank ASA	
Island Green Power Ltd	
Kezzler AS	
KMC Properties	
Komplett Bank	
Kraft Bank	
Kron AS	
Kruse Smith	
Kvitbjørn Energi AS	
Magnora ASA	
Maha Energy	
Memmo Family	
Mime Petroleum	
Morrow Bank	
Mutar es SE & Co. KGaA	
Nor Am Drilling	
Nordic Unmanned	
Noreco	
Norlandia Health & Care Group	
Norse Atlantic	
Norske Skog	
Northern Ocean	
PGS	
PHM Group Holding Holding	
Polight ASA	
Prosafe	
Proximar Seafood	
Pulpac AB	
Quality Living Residential AS	
ReFuels	
ReFuels N.V.	
RelyOn Nutec AS	
Salmon Evolution	
Scala Eiendom	
Schleier International B.V.	
Seacrest Petroleum	
Skandia GreenPower	
Standard Supply AS	
Tasik Toba Subsea AS	
Tise AS	
Treasure ASA	
Vantage Drilling International	
Viking Venture 27 AS	
Viking Venture 28 AS	
Waldorf Production Ltd.	
Wattrif EV	

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

Appendix C

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

Distribution of recommendations

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

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	100%
Hold	0%
Sell	0%

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

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Appendix D

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Artificial Solutions International AB	Hexicon AB	Xspray Pharma AB
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Borglunda Fastighets AB	Logistri Fastighets AB	Preserium Property AB
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Appendix E

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

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epigenomics AG	MPLP SE	Szygy AG
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GFT Technologies SE	Mutar es SE & Co. KGaA	VERIANOSSE
Gigaset AG	OVB Holding AG	Viscom AG
Heidelber g Pharma AG	ProCredit Holding AG	WPU - Waste Plastic Upcycling AS
INTERSHOP Communications AG	Progress-Werk Oberkirch AG	

Appendix F

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

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Delignit	Leifheit AG	SMT Scharf AG
Dermaphar m Holding SE	Logwin AG	Surteco AG
Enapter AG	MAX Automation SE	Szygy AG
epigenomics AG	Mer kur Privatbank AG	Viscom AG
Expr es 2 on Biotech Holding AB	MPLP SE	

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