

September 30th, 2022
Research update

SMC Research

Small and Mid Cap Research

 **Platz 1**
Europe
Industrials
(2018)

 **Platz 2**
German
Software & IT
(2018)

 **Platz 1**
German
Software & IT
(2017)

Mehrfacher Gewinner
der renommierten
Refinitiv Analyst Awards

The Grounds AG

Good figures and promising acquisitions

Rating: Buy (unchanged) | **Price:** 1.97 € | **Price target:** 3.10 € (prev.: 3.60 €)

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Recent business development



Basic data

Based in:	Berlin
Sector:	Residential properties
Headcount:	15
Accounting:	IFRS
ISIN:	DE000A2GSSV5
Ticker:	AMMN:GR
Price:	1.97 Euro
Market segment:	Düsseldorf
Number of shares:	17.8 m
Market Cap:	35.1 m Euro
Enterprise Value:	85.0 m Euro
Free Float:	approx. 27.0 %
Price high/low (12M):	2.68 / 1.88 Euro
Ø turnover (Xetra, 12 M):	6,700 Euro / day

The Grounds reports a business development according to plan for the first half of the year, which has been reflected in a significant growth in revenues and earnings. Mainly thanks to the contribution of proceeds from the privatisation of existing flats and the realisation of proceeds from new construction projects progressing in step with construction activities, revenues increased by 334 percent to EUR 21.4 m. EBIT increased by 78 percent to EUR 2.9 m, while both net profit and free cash flow multiplied to EUR 1.4 m and EUR 10.8 m respectively. Despite the deterioration in the general conditions, the company remains confident about its future development and has confirmed its forecast for the current year. It envisages a growth in revenues to between EUR 35 and 38 m as well as a slightly declining EBIT year-on-year of between EUR 8 and 9 m. Looking ahead to the next few years, the basis for growth has been further improved in recent months through the acquisition of three new residential projects. Among them is a project in Blankenfelde in which 186 terraced houses are to be built for an investment sum of over EUR 100 m.

FY ends: 31.12.	2019	2020	2021	2022e	2023e	2024e
Sales (m Euro)	13.9	31.3	31.6	36.8	59.3	81.1
EBIT (m Euro)*	2.0	6.0	9.1	8.1	26.0	13.0
Net profit*	0.0	3.6	5.1	4.0	16.7	5.9
EpS*	0.00	0.22	0.29	0.22	0.94	0.33
Dividend per share	0.00	0.00	0.00	0.00	0.15	0.17
Sales growth	-55.2%	124.3%	1.0%	16.5%	61.2%	36.7%
Profit growth	-	-	41.6%	-21.9%	319.8%	-64.8%
PSR	2.52	1.12	1.11	0.95	0.59	0.43
PER	-	9.7	6.9	8.8	2.1	6.0
EV / EBIT	43.1	14.2	9.3	10.6	3.3	6.5
Dividend yield	0.0%	0.0%	0.0%	0.0%	7.6%	8.6%

* up to and incl. 2022 with valuation result, from 2023 without

Strong increase in revenues

In the first half of the current financial year, The Grounds had revenues of EUR 21.4 m, a 334 percent increase on the same period last year. The majority of the revenues (EUR 20.3 m) were generated from the sale of inventory properties, which is made up of the classic privatisation of existing flats (in Meppen, Dallgow-Döberitz and Berlin Pankow) and the realisation of revenues in step with the construction progress of new properties that have already been sold. According to the company, especially the completion of the shell and the meanwhile advanced interior construction of the Magdeburg LennéQuartier, the commencement of shell construction of the Property Garden project, also in Magdeburg, and the land component of the Terra Homes new construction project in Erkner, which was sold in the spring, made significant contributions to revenues. Rental revenues, on the other hand, accounted for only a small part of the half-year revenues at EUR 0.9 m, despite the significant increase of 28 percent. This applies even more to the remaining revenues generated by The Grounds from the operation of the logistics property sold the year before last, which amounted to less than EUR 0.2 m.

Gross profit increases by 72 percent

With the strong increase in proceeds from property sales, the cost of materials has also risen strongly, the largest part of the latter representing the book value of the sold properties. Its increase by 452 percent to EUR 17.3 m is thus clearly disproportionately higher than that of the revenues. Less the cost of materials and plus other operating income (EUR 0.1 m) and the positive change in inventories (EUR 0.4 m), a gross profit of EUR 4.6 m was thus achieved, 72 percent more than a year ago. In relation to revenues, this corresponds to 21.6 percent, compared to 54.4 percent in the previous year. The decline is mainly due to the significant shift in the revenue structure towards proceeds from property sales, which has a lower gross margin compared to rental revenue.

Business figures	HY 21	HY 22	Change
Revenues	4.92	21.38	+334.3%
<i>Of which sales</i>	2.60	20.32	+681.6%
<i>Of which lettings</i>	0.70	0.89	+28.3%
Gross profit	2.68	4.61	+72.0%
<i>Gross margin</i>	54.4%	21.6%	
Valuation result	0.64	0.25	-61.7%
EBIT	1.61	2.87	78.0%
<i>EBIT margin</i>	32.7%	13.4%	
Financial result	-1.03	-0.97	-
EBT	0.58	1.89	+225.5%
<i>EBT margin</i>	11.8%	8.9%	
Net profit	0.04	1.44	+3,996.4%
<i>Net margin</i>	0.7%	6.7%	
Free cash flow	0.30	10.77	+3,475.8%

In m Euro and percent; source: Company

Moderate increase in costs

In addition, The Grounds recorded a moderate valuation gain of EUR 0.2 m (previous year: EUR 0.6 m), which resulted from the purchase of additional properties for the investment portfolio. In terms of costs, the development remained moderate this time. Although personnel expenses increased by 36 percent to just under EUR 1.1 m, reflecting among other things the further increase in staff to 15 employees (previous year: 12), other operating expenses fell by 7 percent to EUR 0.8 m. Depreciation and amortisation also increased significantly, albeit at a low level in absolute terms (from EUR 77,000 to 99,000).

EBIT and EBT significantly improved

The combination of higher revenues on the one hand and only moderately increased costs on the other resulted in a strong EBIT growth of 78 percent to EUR 2.9 m. Since at the same time the financial result improved slightly to below EUR -1.0 m thanks to only a slight increase in interest expenses and high financial income (from loans extended to joint ventures), the pre-tax result more than tripled to EUR 1.9 m.

Half-year net profit multiplied

Since income taxes, which had been increased by a special effect in the previous year, declined by a quarter to EUR 0.4 m despite the higher EBT, the half-year result multiplied from EUR 35,000 in the previous year to EUR 1.4 m.

High cash flow surplus

As a result of the intensive sales of properties, inventories were reduced by around 20 percent to EUR 29.9 m in the first half of the year. Together with the higher result, the halved contract assets and increased customer prepayments, this led to an operating cash flow of EUR 13.1 m, which thus increased by almost 150 percent compared to the previous year. As in the previous year, the investment cash flow was shaped by the expansion of the investment portfolio (purchase of a further 24 units in Fehrbellin in the Berlin area) and showed a negative balance of EUR -2.3 m (previous year: EUR -5.0 m). In total, this results in a clearly positive free cash flow of EUR 10.8 m, a multiple of last year's figure of EUR +0.3 m. The Grounds used these funds for interest and lease payments (EUR -1.3 m), but primarily for a net repayment of EUR 8.1 m. Overall, liquidity increased by EUR 1.4 m to EUR 3.8 m in the course of the first six months.

Three acquisitions in summer

However, the positive free cash flow is likely to diminish significantly in the second half of the year because The Grounds has now made several acquisitions that were not yet included in the figures as of the half-year reporting date. This includes, in particular, a large new construction project in Blankenfelde, in which The Grounds has a 51 percent stake. The project comprises the construction of 186 three-storey terraced houses with a gross floor area (GFA) of around 32,000 sqm and an investment volume of more than EUR 100 m, to be realised in several construction phases. The joint venture partners are aiming to start construction of the first phase at the beginning of 2023, and completion is scheduled for 2024. Another new residential construction project in Königs Wusterhausen (also in the Berlin area) is still in a yet earlier planning phase: 90 units with a usable floor space of 6,600

sqm are to be built on a 5,600 sqm plot that The Grounds acquired in July. Finally, at the end of August, the company reported the purchase of an apartment building (22 units, usable space: 1,100 sqm) in Berlin Lichtenberg. Although the flats are already legally subdivided and thus suitable for privatisation, the property is nevertheless to be included in the investment portfolio and held for longer. The Grounds expects a special value creation potential here from the existing possibilities for adding storeys and densification, which are put at a total of 27 additional units (attic extension and courtyard development). These are then to be marketed by way of individual privatisation.

Real estate assets shape the balance sheet

As a result of these acquisitions, the balance sheet total, which declined slightly to EUR 98.4 m in the first half of the year (beginning of the year: EUR 102.9 m), is also expected to increase again at the end of the year. The largest asset position is now the investment portfolio, which amounts to EUR 31.8 m and thus about one third of all assets. Compared to the beginning of the year, it has grown slightly due to the purchase of the 24 units in Fehrbellin, but at the same time five apartment buildings in Stendal with a value of EUR 1.8 m were declared as held for sale and reclassified. Upon enquiry, The Grounds explains this step with the high vacancy rate of the properties concerned, whose disposal will reduce the average vacancy rate of the portfolio by 1.6 percentage points. In terms of income, the sale will not leave any significant traces in the current year because the agreed sales price roughly corresponds to the market value recognised in the balance sheet. Another almost one-third of the balance sheet total is accounted for by inventory properties (EUR 29.9 m), followed by other receivables with EUR 15.1 m (15 percent), which mainly include a loan to the Börde Bogen joint venture.

LTV and equity improved

On the liabilities side, financial liabilities (bank loans and bond) account for the majority of the balance sheet total with EUR 52.7 m. Compared to the turn of the year, these have thus decreased by 13 percent, which is reflected in a reduced LTV ratio from 69 to

61. The equity position has also improved. In absolute terms, equity increased by 6 percent to EUR 27.0 m thanks to the half-year profit, which in relation to the lower balance sheet total corresponds to an equity ratio of 27.4 percent, 2.8 percentage points higher than at the end of 2021.

Forecast confirmed

Based on the half-year figures and the plans for the remaining six months, The Grounds has confirmed the forecast for 2022. Accordingly, revenues are expected to rise slightly this year to between EUR 35 m and EUR 38 m, while EBIT is expected to be between EUR 8 m and EUR 9 m, slightly below the previous year's level. The forecast explicitly does not include the contribution of the debtor warrant from the sale of the logistics property at the end of 2020, from which The Grounds could still receive up to EUR 9.75 m. The Executive Board now expects this income for 2023. On the other hand, the forecast figures include a significant valuation effect that could result both from the acquisition of the 22 units in Lichtenberg and from the higher valuation of the investment portfolio. The Grounds points to increased uncertainty in this regard, although, upon enquiry, management says that this only refers to market developments (interest rates, large transactions with a guidance function for valuers). On the other hand, the operational development of the investment portfolio, which according to the company is shaped by lively new letting activities and significantly rising rents apart from the five properties earmarked for sale, does not make an appreciation seem unlikely.

Business performance according to plan

In other respects, too, The Grounds reports an overall satisfactory business performance, progressing according to plan. This applies not least to the current construction projects, which have so far all remained clearly within budget despite the massive cost increases in the construction sector. More than 90 percent of the LennéQuartiers project has already been assigned to contractors, and the shell construction work for Property Garden and Terra Homes has already been contracted without any budget overruns. The Grounds is also relaxed about the contracting of

the next stages and the next projects and reports clear signals of an easing of the cost development in the construction sector. Neither is the company experiencing any serious deterioration in marketing. The privatisation of the remaining units in Meppen is proceeding somewhat slower than originally planned, but is clearly progressing, while the pace in Dallgow-Döberitz is even faster. Sales of new-build apartments also continue to be robust. After the Property Garden project was completely sold in April, The Grounds also reports great interest for the planned additional flats in Berlin Lichtenberg. Finally, the company is also relaxed about rising interest rates. While in the case of new construction projects, the advance payments of the buyers cover a large part of the financing in the construction phase, higher interest rates for properties in the investment portfolio can be more than compensated by the increasing average rent. In the short term, energy costs could represent a higher risk in the rental business, which could lead to increased rental losses. But The Grounds is relaxed in this respect as well, pointing to the low proportion of gas heating systems in the portfolio. Especially in the weaker part of the portfolio (Stendal/Prignitz sub-portfolio), the relatively high proportion of state-financed rents should also have a stabilising effect.

Estimates adjusted

We have adjusted our estimates in several places in response to the half-year figures, recent acquisitions and market developments. Among other things, we have somewhat slowed down the pace of growth of the investment portfolio and of inventories. In addition, we have shifted the revenues from the development projects somewhat into the future. In doing so we reacted, among other things, to the company's decision to construct the office building in the centre of Magdeburg on its own, which is likely to entail higher but later returns. On the other hand, the recent acquisitions result in better-predictable future earnings, with which we have partially replaced and specified the generalized growth assumptions used previously. Nevertheless, it is still a rough approximation of the actual development, which can be very volatile over time in the property development business.

Operating EBIT in 2022 lower

Specifically, we now expect revenues of EUR 36.8 m for 2022, which still represents growth of 16.5 percent compared to 2021, but is below the last estimate of EUR 37.5 m. This is due to lower growth in rental revenues and slight shifts in revenues from property sales. The EBIT estimate remains unchanged at EUR 8.1 m, but now includes a valuation gain of EUR 3.0 m, so that the operating EBIT estimate has been lowered accordingly. We have thus taken into account the lower profitability of property sales in the first half of the year as well as any margin burdens possibly resulting from the strong price increases in many areas. After interest, taxes and minorities, we expect a profit of EUR 4.0 m (previously: EUR 4.1 m).

Revenue jump in 2024

Due to the postponement of the realisation of the office project in Magdeburg, we have reduced the revenues estimate for 2023 from previously EUR 66.4 m to EUR 59.3 m. For 2024, however, we expect a strong increase to EUR 81 m, not least on the basis of the recent project acquisitions, before we allow the

revenues level to decline again to just under EUR 70 m at the end of the detailed forecast period in 2029, in step with the declining degree of concretisation.

Target margin unchanged

Also largely unchanged is the model's target margin, which is 17.7 percent at EBIT level in 2029. On average for the years 2024 to 2029, it is thus 16.9 percent, which does not include valuation effects. These are now included in the EBIT estimate for 2022 and make a noticeable contribution to the margin of 21.9 percent. The maximum value is assumed to be reached in 2023, when the assumed return from the debtor warrant for the logistics property sold in 2020 leads to a jump to almost 44 percent. The table below summarises the model business development for the next eight years resulting from our assumptions. Further details are to be found in the Annex.

Discount rate increased

A change important for the model result was made with regard to the discount rate: Due to the rise in interest rates on the markets, we have adjusted the

m Euro	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028	12 2029
Sales	36.8	59.3	81.1	74.8	67.8	66.3	65.1	69.4
Sales growth		61.2%	36.7%	-7.7%	-9.3%	-2.4%	-1.8%	6.7%
EBIT margin	21.9%	43.8%	16.1%	18.8%	15.4%	16.2%	17.1%	17.7%
EBIT*	8.1	26.0	13.0	14.1	10.5	10.8	11.1	12.3
Tax rate	25.0%	27.0%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%
Adjusted tax payments	2.0	7.0	3.6	3.9	2.9	3.0	3.1	3.4
NOPAT	6.0	19.0	9.4	10.2	7.6	7.8	8.1	8.9
+ Depreciation & Amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Increase long-term accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Others*	-2.8	0.3	0.3	0.0	0.0	0.0	0.0	0.0
Gross operating cash flows	3.3	19.2	9.7	10.2	7.6	7.8	8.1	9.0
- Increase Net Working Capital	6.1	-3.9	-3.9	-3.9	-3.9	-3.9	-2.9	-2.9
- Investments in fixed assets	-7.5	-15.1	-15.1	-15.1	-15.1	-15.1	-15.1	-15.1
Free cash flows	1.9	0.3	-9.3	-8.7	-11.3	-11.1	-9.9	-9.0

SMC estimation model

**2022 with valuation result, subsequently without*

long-term average value for the German current yield (as an assumed safe interest rate) from 1.0 to 1.5 percent. In combination with unchanged values for the market risk premium (5.8 percent) and the beta factor (1.4), this results in equity costs according to CAPM of 9.6 percent. At the same time, we have also raised the assumed borrowing cost from 4.50 to 4.75 percent. Together with an unchanged target capital structure of 78 percent debt and a tax rate for the tax shield of 27.5 percent, this now results in a weighted average cost of capital (WACC) of 4.8 percent (previously: 4.6 percent).

Price target: EUR 3.60 per share

The model results in a fair market value of equity of EUR 55.2 m or EUR 3.10 per share, which we set as the new price target (previously: EUR 3.60; a sensitivity analysis for determining the price target can be found in the Annex). We have left the rating of the estimation risk unchanged, for which we continue to assign four points on a scale of 1 (low) to 6 (high).

Conclusion

As announced, The Grounds grew significantly in the first half of the year. While revenues increased by 334 percent to EUR 21.4 m, EBIT improved by 78 percent to EUR 2.9 m. After interest and taxes, a profit of EUR 1.4 m was thus generated in the first six months, a multiple of last year's figure. The free cash flow was just as strong with a surplus of EUR 10.8 m.

The downside of the positive cash flow is that the growth of real estate assets did not continue in the first half of the year; instead, inventories decreased significantly, while the investment portfolio was only slightly expanded. With regard to the latter, however, The Grounds has since been able to announce another acquisition. In addition, the company secured three new residential construction projects during the summer months, which offer very high revenue potential for the coming years. The Highfly project in Blankenfelde-Mahlow alone, in which 186 terraced houses are to be built and in which The Grounds has acquired a

51 percent stake, will reach an investment volume of more than EUR 100 m.

The company is thus continuing its successful development. Although the general conditions are currently challenging, the management is still relaxed with regard to the development of interest rates as well as demand and construction costs. The company sees its focus on the Berlin region as an important guarantee for success.

We also see no reason to change our basic estimation scenario. In response to the half-year figures, the latest news and the changed macroeconomic situation (especially rising interest rates), we have modified our estimates in several places, but we still see the company in a promising position and moderately valued.

On this basis, we reaffirm our "Buy" rating with the new price target of EUR 3.10.

Annex I: SWOT analysis

Strengths

- With its focus on residential real estate, The Grounds addresses a very attractive market that is fundamentally characterised by a noticeable excess demand.
- In the future, the combination of the business areas of development, investment portfolio management and privatisation offers an attractive risk-reward profile that fuses the advantages of the three areas.
- Last year, the planned figures were clearly exceeded and the EBIT increased by more than 50 percent. Profits also increased strongly in the first half of the year.
- The management team has a strong track record in building and managing large, listed real estate companies.

Opportunities

- The existing development pipeline offers great earnings potential that can be realised gradually over the next few years.
- The announced construction of a chip gigafactory in Magdeburg is likely to significantly increase the potential of project developments there.
- A high profit of a maximum of almost EUR 10 m could accrue to The Grounds from the debtor warrant.
- The average rents in the investment portfolio are in part significantly below the market level, which offers considerable potential for rising rental revenues and for appreciation gains.
- A successful implementation of the growth plans should quickly bring The Grounds into another order of magnitude. Together with the stronger capital market presence, this should also noticeably improve the perception of the share by investors.

Weaknesses

- Because of their dependence on individual projects and sale deals, revenues and earnings are highly volatile and difficult to forecast.
- The expansion of the investment portfolio, which is intended to achieve greater stability of earnings, is only beginning.
- The privatisation portfolio is still small and recently even shrinking. It still needs to be increased significantly to ensure a continuous flow of privatisation proceeds.
- Due to the high capital intensity of the business model, the planned strong growth requires access to external sources of financing.
- The realisation of the current development pipeline still requires financing as well.

Threats

- The demand for real estate is highly sensitive to interest rates and is likely to suffer noticeably from the current rise in interest rates. At the same time, this has a negative impact – at least temporarily – on the profitability of the business model, especially in investment portfolio management.
- Real estate development is one of the riskier business models. Potential risks include political and regulatory interference, legacy issues, planning errors, and financial and/or time budget overruns.
- Currently, supply and capacity bottlenecks in the construction sector are causing increased cost and time risks, which are being exacerbated by the war in Ukraine.
- Interventionist housing policies could be further intensified.
- Insufficient or too expensive acquisitions could hamper further development.

Annex II: Balance sheet and P&L estimation

Balance sheet estimation

m Euro	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
ASSETS									
I. Total non-current assets	41.1	51.6	66.6	81.7	96.7	111.7	126.8	141.8	156.8
1. Intangible assets	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
2. Tangible assets	0.7	0.7	0.7	0.8	0.8	0.9	0.9	0.9	1.0
3. Properties held as investment	31.1	41.6	56.6	71.6	86.6	101.6	116.6	131.6	146.6
II. Total current assets	61.8	57.0	75.9	79.6	86.2	89.6	93.7	97.9	102.6
1. Inventories	38.0	33.0	38.0	43.0	48.0	53.0	58.0	62.0	66.0
LIABILITIES									
I. Equity	25.3	29.5	46.7	48.8	53.9	55.9	58.6	61.4	64.7
II. Accruals	0.9	1.0	1.1	1.2	1.3	1.4	1.5	1.6	1.7
III. Liabilities									
1. Long-term liabilities	46.2	46.2	61.2	71.7	82.2	91.2	100.2	107.7	115.2
2. Short-term liabilities	30.5	32.0	33.5	39.7	45.5	52.9	60.2	69.0	77.9
TOTAL	102.9	108.6	142.5	161.3	182.9	201.3	220.4	239.7	259.4

P&L estimation

m Euro	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
Sales	31.6	36.8	59.3	81.1	74.8	67.8	66.3	65.1	69.4
Gross profit	10.7	8.3	26.9	13.8	15.0	14.5	14.9	15.3	16.7
EBITDA*	7.0	4.6	23.0	10.0	11.1	10.5	10.8	11.1	12.3
EBIT*	9.1	8.1	26.0	13.0	14.1	10.5	10.8	11.1	12.3
EBT	7.0	5.7	23.6	10.0	10.5	6.3	6.0	5.7	6.3
EAT (before minorities)*	5.1	4.2	17.2	7.3	7.6	4.6	4.3	4.1	4.6
EAT*	5.1	4.0	16.7	5.9	6.2	3.2	4.1	3.9	4.4
EPS*	0.29	0.22	0.94	0.33	0.35	0.18	0.23	0.22	0.24

* 2021 and 2022 with valuation result, from 2023 without

Annex III: Cash flows estimation and key figures

Cash flows estimation

m Euro	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
CF operating	7.0	7.6	13.6	3.7	3.7	0.7	0.5	1.3	1.7
CF from investments	-14.7	-7.5	-15.1	-15.1	-15.1	-15.1	-15.1	-15.1	-15.1
CF financing	9.5	0.0	15.0	9.7	12.5	12.4	13.4	13.7	13.7
Liquidity beginning of year	0.6	2.4	2.4	16.0	14.3	15.5	13.5	12.3	12.2
Liquidity end of year	2.4	2.4	16.0	14.3	15.5	13.5	12.3	12.2	12.6

Key figures

percent	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
Sales growth	1.0%	16.5%	61.2%	36.7%	-7.7%	-9.3%	-2.4%	-1.8%	6.7%
Gross margin	33.8%	22.5%	45.3%	17.0%	20.1%	21.4%	22.5%	23.6%	24.0%
EBITDA margin	22.3%	12.4%	38.8%	12.4%	14.8%	15.5%	16.3%	17.1%	17.8%
EBIT margin	28.8%	21.9%	43.8%	16.1%	18.8%	15.4%	16.2%	17.1%	17.7%
EBT margin	22.3%	15.4%	39.8%	12.4%	14.0%	9.3%	9.0%	8.8%	9.1%
Net margin (after minorities)	16.1%	10.8%	28.2%	7.3%	8.3%	4.7%	6.2%	6.1%	6.3%

Annex IV: Sensitivity analysis

WACC	Perpetual cash flows growth				
	2.0%	1.5%	1.0%	0.5%	0.0%
3.8%	13.45	9.38	6.76	4.94	3.59
4.3%	8.93	6.40	4.64	3.34	2.34
4.8%	6.05	4.35	3.10	2.14	1.37
5.3%	4.08	2.87	1.94	1.20	0.61
5.8%	2.64	1.75	1.04	0.46	-

Disclaimer

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Charts

The charts were made with Tai-Pan (www.lp-software.de).

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Following conflicts of interests occurred in this report: 1), 3), 4)

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II) Preparation and updating

The present financial analysis was prepared by: Dipl. Volkswirt Dr. Adam Jakubowski

Participants in the preparation of the present financial analysis: -

The present analysis was finished on 30.09.2022 at 8:15 and published on 30.09.2022 at 8:35.

For the preparation of its financial analyses, the sc-consult GmbH uses a five-tier rating scheme with regard to price expectation in the next twelve months. Additionally, estimation risk is quantified on a scale from 1 (low) to 6 (high). The ratings are as follows:

Strong Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as below average (1 to 2 points).
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The price targets published within the assessment are calculated with common methods of financial mathematics, especially with the DCF (discounted cash flow) method, the sum of the parts valuation and a peer group analysis. The valuation methods are affected by economic framework conditions, especially by the development of the interest rates.

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In the past 24 months, sc-consult GmbH has published the following financial analyses for the company:

Date	Investment recomm.	Price target	Conflict of interests
21.04.2022	Buy	3.60 Euro	1), 3)
07.02.2022	Buy	3.90 Euro	1), 3)
08.10.2021	Buy	3.60 Euro	1), 3), 4)
09.07.2021	Buy	3.60 Euro	1), 3), 4)

In the course of the next twelve months, sc-consult GmbH will presumably prepare the following financial analyses for the company: two updates.

The publishing dates for the financial analyses are not yet fixed at the present moment.

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