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Research update

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The Grounds AG

Successful restart with fresh capital

Rating: Speculative Buy (resumption) | **Price:** 1.26 € | **Price target:** 1.50 € (resumption)

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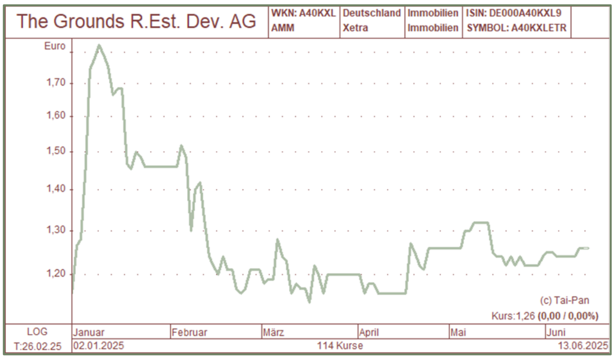
Current development



Basic data

Based in:	Berlin
Sector:	Residential properties
Headcount:	13
Accounting:	IFRS
ISIN:	DE000A40KXL9
Ticker:	AMMN:GR
Price:	1.26 Euro
Market segment:	Duesseldorf
Number of shares:	49.5 m
Market Cap:	62.3 m Euro
Enterprise Value:	149.4 m Euro
Free Float:	approx. 5.1 %
Price high/low (3M):	1.34 / 1.14 Euro
Ø turnover (Xetra, 3M):	<1,000 Euro / day

Recapitalisation successful

In 2023 and 2024, the Grounds was confronted with a very difficult market environment in which property sales were hardly possible on the one hand and increased interest rates caused a significant rise in costs on the other. This necessitated a recapitalisation, which was implemented at the end of 2024 with a capital reduction and subsequent capital increase. The share capital was initially reduced by a ratio of 2:1 to EUR 8.9 m and then increased by EUR 40.55 m to a total of EUR 49.45 m. As a result, Tempus Holdings 112, a fund managed by H.I.G. Capital, has become the controlling shareholder with 81.3 percent.

Equity and liquidity improved

As a result of the capital increase, The Grounds received net fresh funds of around EUR 40 m, which decisively contributed to the increase in liquidity from EUR 3.0 to EUR 27.6 m in the course of 2024 despite a high loss (see below). Equity was also significantly strengthened: As at 31 December 2024, it amounted to EUR 50.7 m, compared to EUR 21.0 m a year earlier. The equity ratio increased accordingly from 14.2 to 30.1 percent, while the LTV ratio was reduced from 67 to 51 percent.

FY ends: 31.12.	2022	2023	2024	2025e	2026e	2027e
Sales (m Euro)	36.8	23.8	12.9	9.3	27.6	44.5
EBIT (m Euro)*	3.3	-4.8	-9.2	0.3	2.0	5.3
Net profit*	1.2	-7.0	-10.7	-3.3	-1.5	0.8
EpS*	0.07	-0.40	-0.59	-0.05	-0.02	0.01
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Sales growth	16.3%	-35.2%	-45.8%	-27.8%	196.9%	60.9%
Profit growth	-76.3%	-	-	-	-	-
PSR	2.24	3.46	6.40	8.86	2.98	1.86
PER	70.6	-	-	-	-	101.9
EV / EBIT	47.4	-33.1	-17.3	503.3	79.6	30.1
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

* *up to and incl. 2024 with valuation result, from 2025 without*

Another debt-equity swap planned

The planned conversion of the bridge financing totalling EUR 17 m granted to The Grounds by H.I.G. in equity should further strengthen the equity base. The financing has a term until the end of 2029 and bears interest at 20 percent p.a. upon final maturity. The Grounds was also able to achieve significant relief with regard to the EUR 16.8 m convertible bond issued in 2021, which has now become a zero-coupon bond with a term until the end of February 2027 following two adjustments.

Portfolio and balance sheet adjusted

In addition to restructuring its financing, The Grounds also adjusted some balance sheet items last year and sold properties outside the strategic core. These measures included the withdrawal from the major development project in Bad Zwischenahn and a hotel development in Neu-Isenburg, the impairment of the balance sheet value of the project in Blankenfelde-Mahlow and the complete write-off of capitalised goodwill.

Hardly any selling activities

All in all, these measures had a significant negative impact on last year's result. At the same time, revenue was significantly down on the previous year due to the severe crisis in the sector, meaning that The Grounds suffered a significant loss of EUR -10.7 m in 2024. Especially the revenue from the sale of inventory properties fell by more than half to EUR 9.5 m, a large proportion of which resulted from the finished construction of previously sold projects, which was accounted for using the percentage-of-completion method. In the privatisation business, only two units were sold in 2024; in addition, the sale of seven properties, which had already been notarised in 2023, was completed last year and thus had an impact on revenue. Including rental income of EUR 1.8 m and other income of EUR 1.6 m (planning costs charged on), revenue totalled EUR 12.9 m, compared to EUR 23.8 m in the previous year. As a result of this and the above-mentioned measures, EBIT slipped further into the red from EUR -4.8 m to EUR -9.2 m. In contrast, the financial result, which benefited from the one-off income of EUR 3.0 m from the conversion of the bond into a zero-coupon bond, improved from EUR -4.3 m to EUR -3.6 m despite the 50 percent increase in interest expenses to EUR 6.6 m. After interest and taxes, the net loss increased by 86 percent to EUR -13.6 m. However, as the share of losses attributable to minority shareholders increased more than tenfold to EUR -2.9 m, the loss attributable to the shareholders of The Grounds “only” increased by 52 percent to the aforementioned EUR -10.7 m.

Business figures	FY 23	FY 24	*Change*
Revenue	23.80	12.89	*-45.8%*
Of which sales	21.46	9.53	*-55.6%*
Of which lettings	1.88	1.77	*-6.0%*
Gross profit	4.65	-3.02	-
Gross margin	*19.5%*	*-23.4%*	
Valuation result	-1.31	-0.26	-
EBIT	-4.80	-9.17	-
EBIT margin	*-20.2%*	*-71.1%*	
EBT	-8.82	-12.52	-
EBT margin	*-37.0%*	*-97.1%*	
Net profit	-7.05	-10.71	-
Net margin	*-29.6%*	*-83.0%*	
Free cash flow	-14.48	-10.58	-

In m Euro and percent; source: Company

High borrowing

The high loss was largely responsible for the fact that the free cash flow for 2024 was also clearly negative at EUR -10.6 m. However, as mentioned above, The Grounds was able to more than compensate for this and the high interest payments (EUR -5.9 m) with the high inflows from the capital increase and net borrowing (in particular the EUR 10 m increase in H.I.G.'s bridge financing), which together resulted in a financing cash flow of EUR +35.1 m. In total, this increased liquidity by EUR 24.5 m to EUR 27.6 m.

Real estate assets shape the balance sheet

Liquidity was therefore the third-largest asset item on the balance sheet at the turn of the year. Inventories continue, at EUR 92.6 m, to be the largest item by far, consisting largely of property development projects and the – now only few – properties in the privatisation portfolio. In relation to balance sheet total, which increased by 14 percent to EUR 168.3 m in 2024, inventories therefore accounted for almost 55 percent. Another EUR 35.1 m, or 21 percent, was attributable to properties held as an investment (investment properties), which remain in the portfolio for longer-term letting purposes. The largest item apart from property assets as at 31 December was other receivables amounting to EUR 7.8 m, which include loan receivables, bank balances pledged as collateral and receivables from investments and related companies.

Purchasing activities resumed

Not yet included in the balance sheet as at 31 December are 79 units whose purchase for EUR 20 m was notarised by The Grounds in December. These are semi-detached and terraced houses in Potsdam-Fahrland and Werder (Havel), which are earmarked for portfolio development. The company speaks here of a good opportunity that it was able to seize thanks to the new financial leeway. The management intends to continue along this path in the current year and take advantage of the after-effects of the crisis, and the focus is once again to be placed primarily on the portfolio development/privatisation segment.

Aiming for balanced EBIT

With regard to the current year, however, The Grounds does not yet anticipate any major contribution to earnings from the newly acquired properties, for which selling activities are not expected to start until next year. The sale of the 34 semi-detached houses under construction in Erkner, which The Grounds had already sold but had to buy back at the end of 2023 and which it has since been completing on its own account, will also not start until the second half of the year. As there are currently no further projects under construction, no significant revenue is expected this year according to the percentage-of-completion method. Although planning permission has already been granted for the Central Offices property, marketing efforts have so far been unsuccessful, which is why a change in planning cannot be ruled out. Planning permission is still pending for the largest project by far, the Börde Bogen neighbourhood development in Magdeburg. As soon as this is available, selling activities for the first construction site could begin, meaning that construction work and revenue realisation could start in 2026 if the project is successful. In

Real estate portfolio

	Units	Usable space in thou. m^2	Rental revenue in thou. €
Investment properties	414	26.1	1,644
Portfolio development / privatisation	11	1.6	129

Property development	Location	Project	Usable space / gross floor space in thou. m2	Status
Central Offices	Magdeburg	Commercial	17.1	Building permit, in the sales process
Börde Bogen	Magdeburg	Mostly residential	67.9	in planning
Terra Homes	Erkner	Residential	4.3	Under construction, in the sales process
Highfly	Blankenfelde-Mahlow	Mostly residential	32.1	Building permit, in planning
Betty	Königs Wusterhausen	Residential	6.6	in planning

Source: Company

2025, revenue will therefore still be on a lower level; the management is forecasting EUR 9 to 11 m, of which EUR 2.5 m is to come from the debtor warrant for a logistics property sold in 2020. The Grounds expects a noticeable increase in income from letting and reports significantly higher rents from new lettings; in addition, the remaining units in the privatisation portfolio (3 of 11 were already notarised at the end of April) and some properties from the inventories are to be sold. To this end, the portfolios in Rauen (27 units) and Schorfheide (38 units) were reclassified to the portfolio development/privatisation segment. In the absence of last year's special effects and thanks to higher selling margins, the reduced revenue level should nevertheless be sufficient to achieve a balanced EBIT.

Basic assumptions

In view of the high level of financial liabilities, a balanced EBIT in 2025 is likely to be accompanied by a significantly negative financial result and therefore also a negative pre-tax and net result. However, our estimates are based on the assumption that the planned debt-to-equity swap will actually be realised at the end of the year, which is why we no longer include the – bullet – interest on the bridge financing in the income statement estimate. In terms of portfolio development, we have opted for a three-pronged approach. We have assumed constant development for the investment portfolio, while for property development we have modelled the completed development and marketing of existing properties, but no new commitments. On the other hand, we expect growth with regard to portfolio development, where the team has its roots and its greatest expertise and where the strategic focus is to lie. But, as the project developments still account for a great share of the portfolio, their inherently high level of uncertainty regarding the amount and timing of the resulting cash flows (which especially applies to projects in the early phase in which The Grounds' largest ones still are), there is low visibility of the business development.

Completion of development projects

In order to avoid at least the largest swings caused by block deals, we have assumed in our model that The Grounds will continue all property developments in the portfolio itself and market them gradually by way of individual sales. This also applies to the Central Offices project, for which we have assumed the conver-

m Euro	12 2025	12 2026	12 2027	12 2028	12 2029	12 2030	12 2031	12 2032
Sales	9.3	27.6	44.5	81.9	81.6	75.6	67.1	65.9
Sales growth		196.9%	60.9%	84.2%	-0.3%	-7.4%	-11.3%	-1.8%
EBIT margin	3.4%	7.2%	11.9%	14.7%	15.6%	15.6%	16.0%	17.0%
EBIT*	**0.3**	**2.0**	**5.3**	**12.0**	**12.8**	**11.8**	**10.7**	**11.2**
Tax rate	0.0%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%
Adjusted tax payments	0.0	0.5	1.5	3.3	3.5	3.2	3.0	3.1
NOPAT	**0.3**	**1.4**	**3.8**	**8.7**	**9.3**	**8.5**	**7.8**	**8.1**
+ Depreciation & Amortisation	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1
+ Increase long-term accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Others*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross operating cash flows	0.4	1.5	3.9	8.8	9.3	8.6	7.8	8.2
- Increase Net Working Capital	1.5	13.2	11.5	11.5	11.5	-3.5	-3.5	-3.5
- Investments in fixed assets	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Free cash flows	**1.9**	**14.7**	**15.3**	**20.2**	**20.7**	**5.1**	**4.3**	**4.6**

*SMC estimation model; *without valuation results* sion to residential use. This assumption allowed us to smooth out the expected business development somewhat. Due to the successive development and marketing of the projects, we estimate a strong ramp-up in revenue between 2026 and 2028/2029, from EUR 27.6 m to almost EUR 82 m. Subsequently, the shrinking development portfolio causes revenue levels to fall again. As for 2025, we are in line with the management's forecast and do not think that the project business will make a significant revenue contribution. We are therefore expecting revenue of just EUR 9.3 m, of which EUR 2.5 m will come from the debtor warrant.

Profitable again from 2027

In terms of earnings, we are also aligning ourselves with the management guidance for 2025 and expect EBIT to be only slightly positive at EUR 0.3 m. After interest and taxes, this corresponds to a loss of EUR -3.3 m. Even in 2026, the estimated EBIT surplus of EUR 2.0 m is unlikely to be sufficient to show a positive net profit; rather, we see a net loss of EUR -1.5 m. Subsequently, however, the significant increase in revenue will lead to more sufficient earnings; by the end of the detailed forecast period in 2032, we expect an EBIT margin of 17 percent, a level that The Grounds regularly exceeded before the outbreak of the crisis. The model business development for the next eight years, which results from all these assumptions and which we assume for determining the fair value, is summarised in the table above; further details can be found in the Annex.

Discount rate

We discount the free cash flows resulting from these assumptions with WACC (Weighted Average Cost of Capital) at an interest rate on borrowed capital of 5.5 percent. The cost of equity is determined using the Capital Asset Pricing Model (CAPM). For the safe interest rate, we base our assumption of 2.5 percent on the German current yield and use a market risk premium of 5.6 percent, a value average for Germany (source: Survey – Market Risk Premium and Risk-Free Rate used for 96 countries in 2024). We use a fundamentally derived value of 1.4 as the beta, resulting in a WACC rate of 5.9 percent with a capital structure of 70.0 percent debt and a tax rate for the tax shield of 27.5 percent. To determine the terminal value, we use the EBIT at the end of the detailed forecast period and a "perpetual" cash flow growth rate of 1.0 percent.

Price target now EUR 1.50

The estimates result in a fair value after minority interests of EUR 98.1 m or EUR 1.50 per share (a sensitivity analysis to determine the target price can be found in the Annex). It should be noted that we have already assumed the conversion of H.I.G.'s bridge financing into equity and have therefore calculated a diluted number of shares of 65.5 m. We consider the forecast risk of our estimates to be significantly above average, which we express by awarding 5 risk points (on a scale of 1 (low) to 6 (high)).

Conclusion

The Grounds got into difficult waters in 2023 and 2024 in the wake of the real estate crisis. The freezing of the transaction market led to a massive decline in selling activities, while the rising interest rate level resulted in higher costs. This caused the focus to be placed on securing the company's continued existence, which resulted in extensive capital measures at the end of 2024. Their core elements were the restructuring of a bond, a capital reduction and a large cash capital increase, from which The Grounds received fresh funds totalling around EUR 40 m. The capital increase was mainly subscribed by Tempus Holdings 112, a fund managed by H.I.G. Capital, which has become the controlling shareholder with 81.3 percent.

With the fresh capital, The Grounds has shifted its focus back to growth and has been already active in acquisitions before the turn of the year with the purchase of 79 residential units in the Berlin area. The company reports attractive purchasing conditions and sees many further opportunities in a market still strongly influenced by the crisis. These are to be utilised to a greater extent, and the management intends to focus much more clearly on the business with the upgrading and – predominantly – individual marketing of inventory properties. However, the new construction projects in the portfolio are to be further developed and marketed as planned.

Due to their large weight in the current portfolio, new construction projects are therefore likely to continue to have a significant impact on the figures in the coming years. However, this will not be the case until 2026; for the current year, the company is only expecting revenue of between EUR 9 and 11 m, which is expected to come from letting, the sale of some inventory flats and a debtor warrant. A balanced EBIT is to be achieved on this basis, which is likely to be accompanied by a still clearly negative net result. Compared to 2024, however, in which a loss of EUR -10.7 m was incurred on revenue of EUR 12.9 m, a very significant improvement is expected.

We have based our estimates for 2025 on management guidance and are expecting revenue of EUR 9.3 m and EBIT of EUR 0.3 m. For the coming years, we have modelled growth in the business with the privatisation of existing residential properties and the gradual completion and marketing of new construction projects. Based on this scenario, we see the fair value at EUR 1.50, having assumed a significantly higher number of shares of 65 million due to the expected conversion of a large bridge financing by the major shareholder into equity. Nevertheless, our model shows an attractive upside potential of almost 20 percent. At the same time, however, the low visibility and difficulty in forecasting future developments must be emphasised, which is why our estimates are currently subject to an increased forecasting risk. The combination of considerable price potential and increased forecast risk results in a “Speculative Buy” rating in our valuation scheme.

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. This applies in particular to the target region of Berlin and the surrounding area.
- The combination of the business areas of development, investment portfolio management and privatisation offers in principle an attractive risk-reward profile that fuses the advantages of the three areas.
- The management team have a strong track record in building and managing large, listed real estate companies.
- Last year's capital measures strengthened the financing situation.
- H.I.G. is a financially strong major shareholder behind the company.

Weaknesses

- Because of their dependence on individual projects and sale deals, revenue and earnings are highly volatile and difficult to forecast.
- The business is currently clearly dominated by project development, which limits the diversification effect of the three-pillar strategy.
- As a result of the crisis in the real estate market, The Grounds suffered a significant drop in revenue and high losses in 2023 and 2024.
- The former shareholders have suffered heavy losses as a result of the crisis.
- The real estate business is capital-intensive and requires a stable financing environment. This is especially true for the pillars of portfolio development and new construction projects, which are financed on a short-term basis.
- The shareholder structure results in a clear dominance of the major shareholder and contributes to the low liquidity on the stock exchange.

Opportunities

- Following the H.I.G. investment and the capital increase, The Grounds can switch back into expansion mode. The first acquisitions have already been realised.
- The deep crisis in the real estate sector is likely to create many attractive acquisition opportunities.
- The portfolio of property development projects offers very high earnings potential.
- The average rents in the investment portfolio are in part significantly below the market level, which offers considerable potential for rising rental revenue and for appreciation gains.

Threats

- The economic weakness in Germany could further dampen demand for real estate.
- The realisation of the income from the debtor warrant could be delayed again or not occur at all, which would mean another negative EBIT for 2025.
- A rise in interest rates would have a negative impact on profitability.
- Real estate development involves a variety of risks such as political and regulatory interference, legacy issues, planning errors, and financial and/or time budget overruns.
- Interventionist housing policies could intensify further.

Annex II: Balance sheet and P&L estimation

Balance sheet estimation

m Euro	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
ASSETS									
I. Total non-current assets	38.9	28.8	28.8	28.8	28.8	28.8	28.9	28.9	28.9
1. Intangible assets	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Tangible assets	0.3	0.2	0.1	0.1	0.1	0.2	0.2	0.1	0.1
3. Properties held as investment	35.1	25.1	25.1	25.1	25.1	25.1	25.1	25.1	25.1
II. Total current assets	129.1	137.4	139.1	141.8	149.8	157.8	164.4	169.6	175.0
1. Inventories	92.6	102.6	92.6	82.6	72.6	62.6	67.6	72.6	77.6
LIABILITIES									
I. Equity	50.7	67.4	65.7	66.6	72.7	78.9	83.6	87.0	90.5
II. Accruals	1.2	1.7	2.2	2.7	3.2	3.7	4.2	4.8	5.3
III. Liabilities									
1. Long-term liabilities	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0
2. Short-term liabilities	61.4	42.4	45.3	46.5	47.9	49.3	50.7	52.0	53.4
TOTAL	**168.3**	**166.5**	**168.2**	**170.8**	**178.9**	**186.9**	**193.6**	**198.8**	**204.2**

P&L estimation

m Euro	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
Sales	12.9	9.3	27.6	44.5	81.9	81.6	75.6	67.1	65.9
Gross profit	-3.7	3.9	5.6	8.9	15.6	16.4	15.5	14.4	14.9
EBITDA*	-6.8	0.4	2.1	5.3	12.1	12.8	11.9	10.8	11.2
EBIT*	-9.2	0.3	2.0	5.3	12.0	12.8	11.8	10.7	11.2
EBT	-12.5	-3.3	-2.4	1.3	8.4	9.6	9.0	7.9	8.4
EAT (before minorities)*	-13.6	-3.3	-1.7	0.9	6.1	6.9	6.5	5.8	6.1
EAT*	-10.7	-3.3	-1.5	0.8	5.3	6.1	5.3	4.3	4.6
EPS*	-0.59	-0.05	-0.02	0.01	0.08	0.09	0.08	0.07	0.07

** 2024 with valuation result, from 2025 without*

Annex III: Cash flows estimation and key figures

Cash flows estimation

m Euro	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
CF operating	-10.0	-1.7	11.6	12.5	17.7	18.5	3.1	2.4	2.7
CF from investments	-0.5	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
CF financing	35.1	0.0	0.0	0.0	0.0	-0.8	-1.8	-2.4	-2.6
Liquidity beginning of year	3.0	27.6	25.8	37.4	49.8	67.4	85.0	86.2	86.1
Liquidity end of year	27.6	25.8	37.4	49.8	67.4	85.0	86.2	86.1	86.2

Key figures

percent	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
Sales growth	-45.8%	-27.8%	196.9%	60.9%	84.2%	-0.3%	-7.4%	-11.3%	-1.8%
Gross margin	-28.7%	41.9%	20.1%	19.9%	19.1%	20.1%	20.5%	21.5%	22.7%
EBITDA margin	-52.7%	4.7%	7.5%	12.0%	14.8%	15.7%	15.7%	16.1%	17.1%
EBIT margin	-71.1%	3.4%	7.2%	11.9%	14.7%	15.6%	15.6%	16.0%	17.0%
EBT margin	-97.1%	-35.8%	-8.6%	2.9%	10.3%	11.7%	11.9%	11.8%	12.7%
Net margin (after minorities)	-83.0%	-35.8%	-5.3%	1.8%	6.5%	7.5%	7.0%	6.4%	6.9%

Annex IV: Sensitivity analysis

	Perpetual cash flows growth				
WACC	**2.0%**	**1.5%**	**1.0%**	**0.5%**	**0.0%**
4.9%	2.57	2.23	1.98	1.78	1.62
5.4%	2.15	1.90	1.71	1.56	1.44
5.9%	1.83	1.64	**1.50**	1.38	1.28
6.4%	1.58	1.44	1.32	1.23	1.15
6.9%	1.38	1.27	1.18	1.10	1.04

Disclaimer

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Charts

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

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7) At the time of the publication of the report, sc-consult GmbH or persons involved in the preparation of the report are in the possession of a net short position exceeding a threshold 0.5% of the total issued share capital of the issuer, which was calculated in accordance with the article 3 of the regulation (EU) No. 236/2012 and with chapters III and IV of the Commission Delegated Regulation (EU) No. 918/2012 (6).

8) At the time of the publication of the report, sc-consult GmbH or persons involved in the preparation of the report are in the possession of a net long position exceeding a threshold 0.5% of the total issued share capital of the issuer, which was calculated in accordance with the article 3 of the regulation (EU) No. 236/2012 and with chapters III and IV of the Commission Delegated Regulation (EU) No. 918/2012 (6).

9) At the time of the publication of the report, the issuer holds holdings exceeding 5 % of its total issued share capital in the sc-consult GmbH

10) sc-consult GmbH has included the company's shares in a virtual portfolio managed by sc-consult GmbH

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

Within the framework of compliance regulations, sc-consult GmbH has established structures and processes for the identification and disclosure of conflicts of interests. The responsible compliance representative is currently managing director Dipl.-Kfm. Holger Steffen (e-mail: holger.steffen@sc-consult.com).

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 16.06.2025 at 7:45 and published on 16.06.2025 at 8:20.

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).
Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as average (3 to 4 points).
Speculative Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as above average (5 to 6 points).
Hold	We expect that the price of the analysed financial instrument will remain stable (between -10 and +10 percent). The forecast risk (1 to 6 points) has no further impact on the

	rating. The rating "hold" is also used in cases where we perceive a price potential of more than 10 percent, but explicitly mentioned temporary factors prevent a short-term realization of the price potential.
Sell	We expect that the price of the analysed financial instrument will drop by at least 10 percent. The forecast risk (1 to 6 points) has no further impact on the rating.

The expected change in price refers to the current share price of the analysed company. This price and any other share prices used in this analysis are XETRA closing prices as of the last trading day before publication. If the share is not traded on XETRA, the closing price of another public stock exchange is used with a separate note to that effect.

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.

The rating resulting from these methods reflects current expectations and can change anytime subject to company-specific or economic changes.

More detailed explanations of the models used by SMC Research can be found at:
http://www.smc-research.com/impressum/modellerlaeuterungen

An overview of the recommendations prepared and distributed by SMC Research in the last 12 months can be found at: http://www.smc-research.com/publikationsuebersicht

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
17.10.2023	Buy	2.60 Euro*	1), 3)

**before capital reduction and capital increase*

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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