

M1 Kliniken AG

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

Q3/22
 KPIs

RATING
BUY

PRICE TARGET
€ 11.10

Return Potential 129.3%
 Risk Rating High

M1 BEAUTY: TRAILBLAZING IN EASTERN EUROPE

Third quarter treatment numbers (97k) were in line with expectations and have M1 tracking well towards our 2022 target of 390k. The Beauty segment generated 9M/22 EBIT of €3.4m (9M/21: €2.9m), but earnings were somewhat lower than expected due to higher costs for the international clinic expansion. The beauty specialist opened a new clinic in Budapest, Hungary in September and unveiled plans on the earnings call for expansion into Bucharest, Romania. Meanwhile, the Trade segment (Haemato AG) contributed €3.1m in EBIT. We have dialled back our 2022 EBIT target to account for lower Beauty earnings and now assume €10m in CapEx for the botox clinical trials starting in 2023. Our rating remains Buy with a €11.1 target price (old: €11.7).

Treatment numbers encouraging Q3 treatment figures (97k) nearly matched Q2 (100k), despite the traditionally slower summer vacation season. 9M treatments topped 285k and improved 15% on the prior year period. Growth was propelled by a 60% surge in treatments at the expanding international clinic network to 45k. However, M1 does not publish like-for-like KPIs for Beauty results making it difficult to track organic treatment growth. 9M reporting gives us confidence in our full year treatment target of 395k. People like to feel beautiful during Christmas and the holiday season, which should provide a traditional YE business boost and push Q4 treatments above the six figure threshold.

Beauty segment profitability slightly off projected pace The German clinic network continues to perform within the targeted EBIT margin corridor of 15% to 20% and delivered operating income of €5.2m for the July-to-September period. M1 continued to expand abroad and has opened six new centres YTD (overleaf) and foreign operations contributed €6m (+50% Y/Y) to 9M Beauty sales. But the cost of ramping up operations abroad fluctuates depending on the market and clinic location, meaning the international locations generated 9M EBIT of minus €1.8m, which undershot our . . . (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

| | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|--------------------|-------|--------|--------|--------|--------|--------|
| Revenue (€m) | 77.22 | 159.59 | 314.61 | 285.32 | 315.09 | 351.70 |
| Y-o-y growth | 18.4% | 106.7% | 97.1% | -9.3% | 10.4% | 11.6% |
| EBITDA (€m) | 11.35 | 8.89 | 17.82 | 16.00 | 20.19 | 26.26 |
| EBITDA margin | 14.7% | 5.6% | 5.7% | 5.6% | 6.4% | 7.5% |
| Net income (€m) | 9.73 | 6.83 | 8.90 | 4.82 | 6.61 | 8.93 |
| EPS (diluted) (€) | 0.56 | 0.37 | 0.45 | 0.25 | 0.34 | 0.45 |
| DPS (€) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| FCF (€m) | -8.71 | 12.65 | 15.90 | 17.81 | 6.13 | 10.49 |
| Net gearing | -9.7% | 7.5% | -10.8% | -19.6% | -19.3% | -20.8% |
| Liquid assets (€m) | 9.10 | 21.96 | 37.87 | 28.80 | 30.30 | 35.52 |

RISKS

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

COMPANY PROFILE

M1 Kliniken AG is a provider of aesthetic medical procedures at competitive prices. The company is headquartered in Berlin and controls an extensive network of ~50 beauty clinics across Germany, continental Europe, the UK, and Australia. The company also operates a pharmaceutical trade and parallel import business through its Haemato AG subsidiary.

MARKET DATA

As of 23 Nov 2022

| | |
|-------------------------|---------------|
| Closing Price | € 4.84 |
| Shares outstanding | 19.64m |
| Market Capitalisation | € 95.07m |
| 52-week Range | € 3.72 / 7.72 |
| Avg. Volume (12 Months) | 11,863 |

| Multiples | 2021 | 2022E | 2023E |
|------------|------|-------|-------|
| P/E | 10.7 | 19.7 | 14.4 |
| EV/Sales | 0.4 | 0.4 | 0.4 |
| EV/EBITDA | 6.8 | 7.6 | 6.0 |
| Div. Yield | 0.0% | 0.0% | 0.0% |

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2022

| | |
|----------------------|-----------|
| Liquid Assets | € 37.90m |
| Current Assets | € 110.20m |
| Intangible Assets | € 60.40m |
| Total Assets | € 198.10m |
| Current Liabilities | € 43.40m |
| Shareholders' Equity | € 139.90m |

SHAREHOLDERS

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



. . . targets. The sales / treatment number was also marginally lower than expected in Q3, which is likely traced to the higher mix of international centres with varying price points. We have thus reduced our 2022 EBIT target to €9.5m.

Table 1: 9M segment breakdown

| | Unit | 9M/22 | | | 9M/21 | | |
|---------|------|--------|--------|-------------|--------|--------|-------------|
| | | Beauty | Trade* | M1 Kliniken | Beauty | Trade* | M1 Kliniken |
| Revenue | €m | 41.4 | 172.6 | 214.0 | 37.8 | 198.2 | 236.0 |
| EBIT | €m | 3.4 | 3.1 | 6.5 | 2.9 | 5.0 | 7.8 |
| Margin | % | 8.2 | 1.8 | 3.0 | 7.5 | 2.5 | 3.3 |

*Haemato results adjusted for eliminations

Source: First Berlin Equity Research; M1 Kliniken AG

Clinic expansion shifting eastward M1 has opened another 6 M1 Beauty centres YTD with new premises in London-Westfield and Glasgow in the UK, Brisbane in Australia, Salzburg in Austria, one in Wolfsburg, Germany, and now in Budapest, Hungary. We reckon the company can push the number to 59 by YE22 and factor in a 2022 weighted average of 50 centres for our model.

Q3 continues Haemato's EBIT margin streak of >3% Haemato's improved profitability was sparked by the shift towards Lifestyle & Aesthetics (L&A) business and less emphasis on the high volume Specialty Pharma activities. The company said the Q3 business mix was similar to H1 when the self-payer Lifestyle & Aesthetics segment contributed some 20% to the overall topline.

Stripping out the €25m in test-kit sales booked in 9M/21 (€217m), 9M/22 revenues of €188m were only 1.8% off last year's pace. But compared to 9M/20, sales rose 7%. Q3 turnover showed a 3% Y/Y increase to €67m and just eclipsed FBe. The company reported a nine month EBIT margin of 3.6% vs 1.0% in 9M/20, which is a better comp for the current business than the 4.0% margin notched in 9M/21 on the back of test kit sales. The KPI was also 3.4% on a quarterly basis.

Table 2: Updated FBe and target price

| | old | new | revision | upside | dividend yield | total return |
|----------------------------|---------|---------|----------|---------|----------------|--------------|
| Price target (€) | 11.7 | 11.1 | -5.1% | 85.3% | 0.0% | 85.3% |
| | 2022E | | | 2023E | | |
| All figures in €'000 | old | new | revision | old | new | revision |
| Revenue ¹ | 286,507 | 285,319 | -0.4% | 315,088 | 315,088 | 0.0% |
| Beauty revenue | 59,409 | 58,221 | -2.0% | 67,126 | 67,126 | 0.0% |
| Trade revenue ¹ | 250,108 | 250,108 | 0.0% | 273,086 | 273,086 | 0.0% |
| Gross profit | 54,315 | 53,127 | -2.2% | 60,742 | 60,742 | 0.0% |
| Margin (%) | 19.0% | 18.6% | - | 19.3% | 19.3% | - |
| EBIT | 10,557 | 9,453 | -10.5% | 13,107 | 13,107 | 0.0% |
| Margin (%) | 3.7% | 3.3% | - | 4.2% | 4.2% | - |

¹after eliminations

Source: First Berlin Equity Research estimates

We have dialled down our 2022 group EBIT target to €9.5m (old: €10.6m). Our model now also factors in investment costs of €10m for the botox clinical trials across the next two years. Updated FBe points to a new price target of €11.1 (old: €11.7). We remain Buy-rated on M1 Kliniken.



VALUATION MODEL

| All figures in EUR '000 | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Sales | 285,319 | 315,088 | 351,703 | 387,362 | 418,791 | 444,738 | 463,104 | 477,275 |
| NOPLAT | 7,089 | 9,830 | 13,384 | 18,085 | 21,920 | 25,795 | 28,775 | 30,460 |
| (+) depreciation & amortisation | 6,544 | 7,084 | 8,410 | 8,344 | 8,528 | 8,324 | 7,482 | 7,369 |
| (=) Net operating cash flow | 13,634 | 16,914 | 21,794 | 26,428 | 30,448 | 34,120 | 36,257 | 37,829 |
| (-) Total investments (CapEx and WC) | -868 | -16,461 | -17,700 | -12,718 | -12,129 | -10,875 | -10,198 | -9,840 |
| (-) Capital expenditures | -7,763 | -13,417 | -14,287 | -9,413 | -9,125 | -8,398 | -8,311 | -8,374 |
| (-) Working capital | 6,895 | -3,043 | -3,414 | -3,305 | -3,004 | -2,477 | -1,887 | -1,466 |
| (=) Free cash flows (FCF) | 12,766 | 453 | 4,094 | 13,710 | 18,319 | 23,245 | 26,059 | 27,990 |
| PV of FCF's | 12,629 | 405 | 3,309 | 10,017 | 12,099 | 13,878 | 14,063 | 13,654 |

| All figures in EUR '000 | | Terminal EBIT margin | | | | | | | |
|------------------------------------|---------|----------------------|-------|-------|-------|-------|-------|-------|-------|
| | | 6.6% | 7.1% | 7.6% | 8.1% | 8.6% | 9.1% | 9.6% | |
| PV of FCFs in explicit period | 126,511 | 7.6% | 15.73 | 16.79 | 17.85 | 18.90 | 19.96 | 21.02 | 22.08 |
| PV of FCFs in terminal period | 118,789 | 8.6% | 13.09 | 13.90 | 14.71 | 15.52 | 16.33 | 17.14 | 17.95 |
| Enterprise value (EV) | 245,300 | 9.6% | 11.13 | 11.76 | 12.40 | 13.04 | 13.67 | 14.31 | 14.95 |
| + Net cash / - net debt | 15,061 | 10.6% | 9.62 | 10.12 | 10.63 | 11.14 | 11.65 | 12.16 | 12.67 |
| + Investments / minority interests | -41,497 | 11.6% | 8.41 | 8.83 | 9.24 | 9.65 | 10.06 | 10.48 | 10.89 |
| Shareholder value | 218,864 | 12.6% | 7.43 | 7.77 | 8.11 | 8.45 | 8.79 | 9.13 | 9.47 |
| Fair value per share in EUR | 11.10 | 13.6% | 6.62 | 6.90 | 7.18 | 7.46 | 7.74 | 8.02 | 8.30 |

| | | Terminal growth rate | | | | | | | |
|-------------------------|-------|----------------------|-------|-------|-------|-------|-------|-------|-------|
| | | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% | |
| Cost of equity | 11.4% | 7.6% | 16.11 | 16.90 | 17.82 | 18.90 | 20.20 | 21.77 | 23.73 |
| Pre-tax cost of debt | 4.5% | 8.6% | 13.62 | 14.17 | 14.80 | 15.52 | 16.36 | 17.34 | 18.52 |
| Tax rate | 25.0% | 9.6% | 11.70 | 12.09 | 12.54 | 13.04 | 13.61 | 14.26 | 15.03 |
| After-tax cost of debt | 3.4% | 10.6% | 10.17 | 10.46 | 10.78 | 11.14 | 11.55 | 12.00 | 12.52 |
| Share of equity capital | 90.0% | 11.6% | 8.93 | 9.15 | 9.39 | 9.65 | 9.95 | 10.27 | 10.64 |
| Share of debt capital | 10.0% | 12.6% | 7.90 | 8.07 | 8.25 | 8.45 | 8.67 | 8.91 | 9.18 |
| WACC | 10.6% | 13.6% | 7.04 | 7.17 | 7.31 | 7.46 | 7.63 | 7.81 | 8.01 |

*Please note our model runs through 2030 and we have only shown the abbreviated version for formatting purposes



INCOME STATEMENT

| All figures in EUR '000 | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|--------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Revenues | 77,217 | 159,591 | 314,610 | 285,319 | 315,088 | 351,703 |
| Cost of goods sold | -45,611 | -122,807 | -259,305 | -232,192 | -254,345 | -278,962 |
| Gross profit | 31,606 | 36,784 | 55,305 | 53,127 | 60,742 | 72,742 |
| Personnel expenses | -12,622 | -16,685 | -22,129 | -20,880 | -22,992 | -27,211 |
| Other operating expenses | -7,913 | -11,866 | -16,232 | -16,868 | -18,335 | -20,272 |
| Other operating income | 283 | 655 | 879 | 618 | 775 | 997 |
| EBITDA | 11,354 | 8,888 | 17,823 | 15,997 | 20,191 | 26,256 |
| Depreciation & amortisation | -3,402 | -4,483 | -5,688 | -6,544 | -7,084 | -8,410 |
| Operating income (EBIT) | 7,952 | 4,405 | 12,135 | 9,453 | 13,107 | 17,846 |
| Net financial result | 3,045 | -2,248 | 963 | -1,009 | -1,110 | -1,221 |
| Other financial results | 1,768 | 6,622 | 1,327 | 1,300 | 1,352 | 1,406 |
| Pre-tax income (EBT) | 12,765 | 8,779 | 14,425 | 9,744 | 13,349 | 18,031 |
| Tax result | -3,036 | -1,352 | -3,545 | -2,436 | -3,337 | -4,508 |
| Minority interests | 0 | -602 | -1,975 | -2,485 | -3,404 | -4,598 |
| Net income / loss | 9,729 | 6,825 | 8,905 | 4,823 | 6,608 | 8,926 |
| Diluted EPS (in €) | 0.56 | 0.37 | 0.45 | 0.25 | 0.34 | 0.45 |

Ratios

| | | | | | | |
|---------------|-------|-------|-------|-------|-------|-------|
| Gross margin | 40.9% | 23.0% | 17.6% | 18.6% | 19.3% | 20.7% |
| EBITDA margin | 14.7% | 5.6% | 5.7% | 5.6% | 6.4% | 7.5% |
| EBIT margin | 10.3% | 2.8% | 3.9% | 3.3% | 4.2% | 5.1% |
| Net margin | 12.6% | 4.3% | 2.8% | 1.7% | 2.1% | 2.5% |
| Tax rate | 23.6% | 15.4% | 24.6% | 25.0% | 25.0% | 25.0% |

Expenses as % of revenues

| | | | | | | |
|-----------------------------|-------|-------|------|------|------|------|
| Personnel costs | 16.3% | 10.5% | 7.0% | 7.3% | 7.3% | 7.7% |
| Other operating expenses | 10.2% | 7.4% | 5.2% | 5.9% | 5.8% | 5.8% |
| Depreciation & amortisation | 4.4% | 2.8% | 1.8% | 2.3% | 2.2% | 2.4% |

Y-Y Growth

| | | | | | | |
|------------------|-------|--------|--------|--------|-------|-------|
| Revenues | 18.4% | 106.7% | 97.1% | -9.3% | 10.4% | 11.6% |
| Operating income | 22.7% | -44.6% | 175.5% | -22.1% | 38.7% | 36.2% |
| Net income/ loss | 46.7% | -29.8% | 30.5% | -45.8% | 37.0% | 35.1% |



BALANCE SHEET

| All figures in EUR '000 | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|---------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | |
| Current assets, total | 59,317 | 122,406 | 110,195 | 94,739 | 101,138 | 111,778 |
| Cash and cash equivalents | 9,098 | 21,960 | 37,868 | 28,805 | 30,303 | 35,519 |
| Short-term investments | 23,626 | 32,184 | 18,155 | 18,700 | 19,261 | 19,838 |
| Receivables | 22,243 | 20,480 | 16,308 | 17,229 | 19,104 | 21,508 |
| Inventories | 1,520 | 42,327 | 35,202 | 27,264 | 29,646 | 32,004 |
| Other current assets | 2,830 | 5,455 | 2,662 | 2,742 | 2,824 | 2,909 |
| Non-current assets, total | 33,498 | 66,336 | 87,916 | 89,135 | 95,468 | 101,345 |
| Property, plant & equipment | 15,990 | 15,763 | 15,267 | 16,860 | 18,599 | 19,934 |
| Goodwill & other intangibles | 8,455 | 38,328 | 60,393 | 60,018 | 64,613 | 69,156 |
| Financial assets | 8,971 | 12,003 | 12,003 | 12,003 | 12,003 | 12,003 |
| Other assets | 82 | 242 | 253 | 253 | 253 | 253 |
| Total assets | 92,815 | 188,741 | 198,111 | 183,874 | 196,606 | 213,124 |
| Shareholders' equity & debt | | | | | | |
| Current liabilities, total | 14,431 | 58,070 | 43,417 | 26,078 | 28,626 | 31,444 |
| Short-term debt | 2,376 | 25,536 | 18,432 | 0 | 0 | 0 |
| Accounts payable | 7,778 | 15,841 | 12,845 | 12,724 | 13,937 | 15,286 |
| Accruals | 1,940 | 3,506 | 3,821 | 4,203 | 4,623 | 5,086 |
| Other current liabilities | 2,337 | 13,187 | 8,319 | 9,151 | 10,066 | 11,073 |
| Long-term liabilities, total | 10,163 | 15,353 | 14,791 | 10,585 | 10,757 | 10,933 |
| Long-term debt | 84 | 5,027 | 4,375 | 0 | 0 | 0 |
| Other liabilities | 994 | 1,569 | 2,289 | 2,295 | 2,302 | 2,309 |
| Minority interests | 0 | 29,565 | 44,877 | 47,362 | 50,766 | 55,364 |
| Shareholders' equity | 68,222 | 85,754 | 95,026 | 99,849 | 106,457 | 115,383 |
| Total consolidated equity and debt | 92,815 | 188,741 | 198,111 | 183,874 | 196,606 | 213,124 |
| Ratios | | | | | | |
| Current ratio (x) | 9.6 | 7.9 | 4.1 | 2.1 | 2.5 | 3.6 |
| Quick ratio (x) | 9.1 | 7.6 | 4.0 | 1.4 | 1.7 | 2.6 |
| Net debt/(net cash) | -14,473 | -25,234 | -6,638 | 8,603 | -15,061 | -28,805 |
| Net debt / EBITDA | -0.6 | 1.0 | -0.8 | -1.8 | -1.5 | -1.4 |
| Net gearing | -21.2% | -29.4% | -7.0% | 8.6% | -14.1% | -25.0% |
| Equity ratio | 73.5% | 61.1% | 70.6% | 80.1% | 80.0% | 80.1% |
| Book value per share (in €) | 3.9 | 4.4 | 4.8 | 5.1 | 5.4 | 5.9 |
| Return on equity (ROE) | 14.3% | 8.0% | 9.4% | 4.8% | 6.2% | 7.7% |



CASH FLOW STATEMENT

| All figures in EUR '000 | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|---------------------------------|----------------|---------------|---------------|----------------|---------------|---------------|
| Net income | 9,729 | 7,427 | 10,880 | 7,308 | 10,012 | 13,524 |
| Depreciation and amortisation | 3,402 | 4,483 | 5,644 | 6,544 | 7,084 | 8,410 |
| Tax expense | 3,016 | 1,352 | 3,545 | 2,436 | 3,337 | 4,508 |
| Other adjustments | -4,067 | -4,213 | -1,150 | -1,300 | -1,352 | -1,406 |
| Net interest result | 261 | 417 | 437 | 1,009 | 1,110 | 1,221 |
| Operating cash flow | 12,341 | 9,466 | 19,356 | 15,997 | 20,191 | 26,256 |
| Changes in working capital | -12,034 | -595 | -3,650 | 7,654 | -2,180 | -2,431 |
| Tax paid | -5,677 | -726 | -30 | -2,436 | -3,337 | -4,508 |
| Net operating cash flow | -5,370 | 9,538 | 15,686 | 21,215 | 14,673 | 19,317 |
| CapEx | -1,346 | -1,446 | -1,335 | -4,701 | -9,896 | -10,237 |
| Other investments and disposals | -2,071 | 4,390 | 1,069 | 1,300 | 1,352 | 1,406 |
| Interest income | 81 | 172 | 479 | 0 | 0 | 0 |
| Cash flow from investing | -3,336 | 3,116 | 213 | -3,401 | -8,544 | -8,831 |
| Free cash flow | -8,706 | 12,654 | 15,899 | 17,814 | 6,129 | 10,486 |
| Debt financing, net | -65 | 4,043 | -4,219 | -22,807 | 0 | 0 |
| Equity financing, net | 0 | 0 | 14,485 | 0 | 0 | 0 |
| Paid dividend | -5,250 | -129 | -1,658 | 0 | 0 | 0 |
| Interest expense | -3 | -335 | -506 | -1,009 | -1,110 | -1,221 |
| Redemption rights | -2,261 | -3,201 | -4,075 | -3,062 | -3,522 | -4,050 |
| Cash flow from financing | -7,579 | 378 | 4,027 | -26,878 | -4,631 | -5,270 |
| Consolidation adjustments | 0 | -4,175 | 0 | 0 | 0 | 0 |
| Net cash flow | -16,285 | 8,857 | 19,913 | -9,064 | 1,498 | 5,216 |
| Cash, start of the year | 25,383 | 9,098 | 21,960 | 37,868 | 28,805 | 30,303 |
| Cash, end of the year | 9,098 | 21,960 | 37,868 | 28,805 | 30,303 | 35,519 |
| EBITDA/share (in €) | 0.65 | 0.48 | 0.91 | 0.81 | 1.03 | 1.34 |
| Y-Y Growth | | | | | | |
| Operating cash flow | 100.0% | -23.3% | 104.5% | -17.4% | 26.2% | 30.0% |
| Free cash flow | n.m. | n.m. | 25.6% | 12.1% | -65.6% | 71.1% |
| EBITDA/share | 52.0% | -26.3% | 89.7% | -10.2% | 26.2% | 30.0% |

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

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

ASSET RECOMMENDATION

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

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

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

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

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

RECOMMENDATION & PRICE TARGET HISTORY

| Report No.: | Date of publication | Previous day closing price | Recommendation | Price target |
|----------------|---------------------|----------------------------|----------------|--------------|
| Initial Report | 2 December 2021 | €6.98 | Buy | €14.00 |
| 2...1 | ↓ | ↓ | ↓ | ↓ |
| 2 | 2 December 2021 | €6.98 | Buy | €14.00 |
| 3 | 31 March 2022 | €7.22 | Buy | €14.00 |
| 4 | 7 June 2022 | €6.54 | Buy | €14.00 |
| 5 | 18 August 2022 | €5.02 | Buy | €11.70 |
| 6 | 31 August 2022 | €4.70 | Buy | €11.70 |
| 7 | Today | €4.84 | Buy | €11.10 |

INVESTMENT HORIZON

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Legally required information regarding

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

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