

## Order backlog provides confidence for topline development - Buy

MAX Automation has continued its improving trend in Q3, which has led the company to raise its guidance for FY 2022e. The current order backlog of EUR 339m provides a pretty good visibility for FY 2023e. The company's ability to pass on price increases to its customers, at least for the more recent orders, should ease the pressure on margins. The exceptional high Q3 EBITDA margin of 12.7% tends to be unsustainable and reflects the fluctuations that are possible in the project business. In order to reflect the new guidance, we increase our revenue/EBITDA estimates by 2%/12%. However, we are now more cautious for the EBITDA development in FY 2023e. Following the share price rally (3 months: +20%, SDAX: -8%), the upside potential is now limited to c.15%, considering our new TP of EUR 5.50. We continue to rate the shares a Buy.

### Increased guidance for FY 2022e

Following the strong performance in Q3, in particular on the earnings side (EBITDA of EUR 13.7m 46% ahead of our estimate), MAX Automation increased its guidance for FY 2022e by c.8% on the revenue side and even c.23% on the EBITDA side, at the mid-point of each new ranges. In order to reflect the new guidance, we increased our FY 2022e estimates for revenue and EBITDA by 2% and 12%, respectively.

### Order backlog of EUR 339m gives security

Driven by strong demand for recycling (Vecoplan) and e-mobility solutions (bdtronic) as well as from catch-up demand in the conventional auto business (Elwema), MAX Automation has reached a record level of order backlog of EUR 339m. This provides a pretty good visibility for topline development in FY 2023e. However, we are more concerned about the earnings and margin development, due to the current cost inflation and some unfavorable mix effects. As a consequence, for the sake of cautiousness, we downgrade our FY 2023e EBITDA estimate to EUR 34m (prev. EUR 39m), implying still a slight margin improvement of 30 bps yoy.

EURm	2020	2021	2022e	2023e	2024e
Revenues	307	349	418	433	455
EBITDA	6	26	32	34	41
EBIT	(19)	12	24	25	31
EPS	(0.90)	(0.05)	0.31	0.26	0.38
EPS adj	-	-	-	-	-
DPS	-	-	-	-	0.10
EV/EBITDA	37.1	7.9	9.0	7.4	5.9
EV/EBIT	-	17.6	11.9	10.3	7.9
P/E adj	-	-	-	-	-
P/B	3.15	3.26	1.94	1.76	1.54
ROE (%)	-	-	16.3	9.9	13.1
Div yield (%)	-	-	-	-	2.1
Net debt	85	73	86	54	42

Source: Pareto Securities

Target price (EUR)	5.5	▲	BUY
Share price (EUR)	4.8	-	HOLD
		▼	SELL

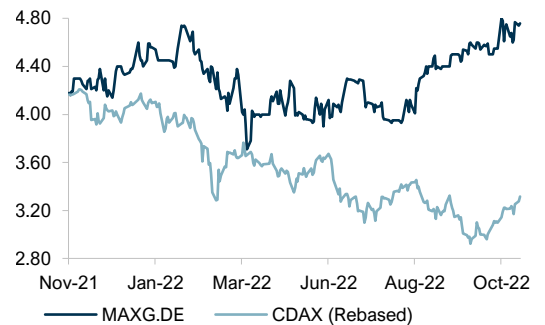
### Forecast changes

%	2022e	2023e	2024e
Revenues	2	2	2
EBITDA	12	(12)	-
EBIT adj	15	(17)	(1)
EPS reported	35	(21)	5
EPS adj	NM	NM	NM

Source: Pareto Securities

Ticker	MAXG.DE, MXH GR
Sector	Industrials
Shares fully diluted (m)	29.5
Market cap (EURm)	140
Net debt (EURm)	86
Minority interests (EURm)	2
Enterprise value 22e (EURm)	285
Free float (%)	37

### Performance



Source: FactSet

Pareto Securities AS has been paid by the issuer to produce this research report. This material is considered by Pareto Securities to qualify as an acceptable minor non-monetary benefit according to the EU MIFID 2 directive.

### Analysts

Zafer Rüzgar  
+49 69 58997 412, zafer.ruezgar@paretosec.com

## Review Q3 2022

MAX Automation reported another quarter with strong topline development. Backed by the high demand in recent quarters, Q3 revenues increased by 26% yoy to EUR 107m and thus achieved our estimate. We believe that the company has also benefited from price increases to some extent, even if the pass-through of higher prices for long-term projects might not be easy.

Particularly convincing and clearly above our expectation was the EBITDA of EUR 13.7m (PAsE: EUR 9.4m). The achieved EBITDA margin of 12.7% is the highest level in the recent past and reflects the group's profitability potential if all portfolio companies contribute positively to the earnings and no more loss-making units are burdening.

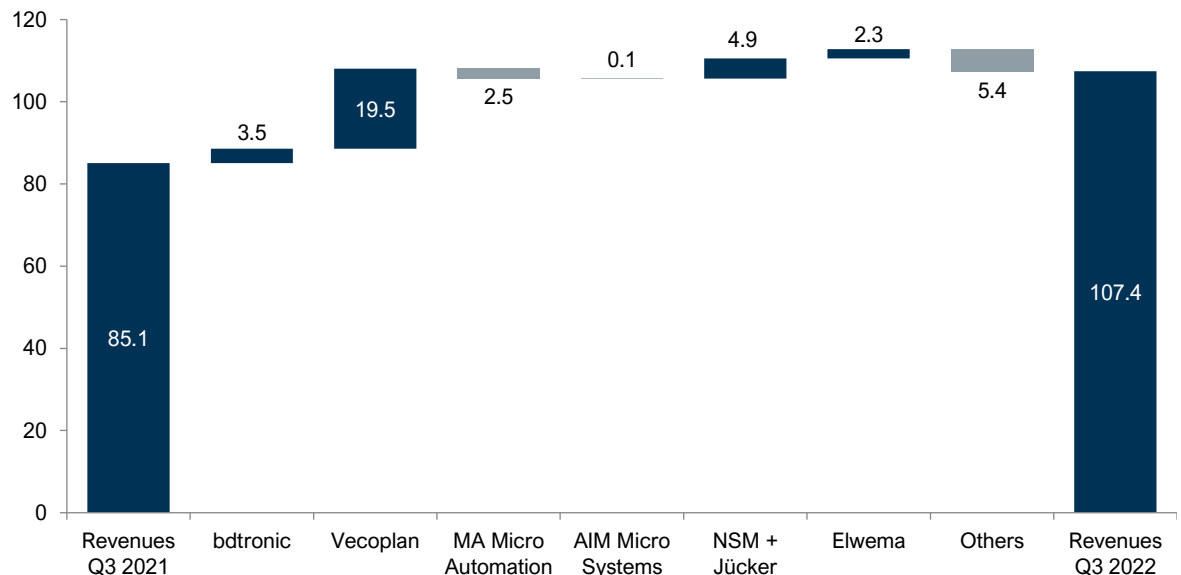
Nevertheless, the earnings development in Q3 seems a bit unusual as the EBITDA of close to EUR 14m is by far higher than the H1 level (~EUR 10m) and therefore, is unlikely to be repeated in the quarters to come. We trace this back to the nature of the project business in some of the portfolio companies such as Vecoplan (EBITDA: +174% yoy to EUR 6.7m) and MA Micro (+63% yoy to EUR 3.5m), where the final processing of larger projects can significantly impact earnings development in single quarters.

### Review Q3/9M 2022

EURm	Actual			PAsE		Actual		
	Q3 2022	Q3 2021	% yoy	Q3 2022e	Deviation	9M 2022	9M 2021	% yoy
<b>Revenues</b>	<b>107.4</b>	<b>85.1</b>	<b>26.2%</b>	<b>106.8</b>	<b>0.6%</b>	<b>298.1</b>	<b>229.3</b>	<b>30.0%</b>
<b>EBITDA</b>	<b>13.7</b>	<b>4.6</b>	<b>199.7%</b>	<b>9.4</b>	<b>45.6%</b>	<b>23.3</b>	<b>10.6</b>	<b>121.2%</b>
EBITDA margin	12.7%	5.4%	737 BP	8.8%	394 BP	7.8%	4.6%	323 BP
<b>EBIT</b>	<b>11.2</b>	<b>2.0</b>	<b>449.1%</b>	<b>6.9</b>	<b>62.2%</b>	<b>15.3</b>	<b>3.2</b>	<b>380.0%</b>
EBIT margin	10.4%	2.4%	802 BP	6.5%	396 BP	5.1%	1.4%	375 BP
<b>EBT</b>	<b>9.2</b>	<b>(0.3)</b>	<b>nm</b>	<b>4.9</b>	<b>88.6%</b>	<b>11.5</b>	<b>(3.0)</b>	<b>nm</b>
EBT margin	8.6%	neg.	nm	4.6%	402 BP	3.9%	neg.	nm
<b>Net income</b>	<b>6.9</b>	<b>(5.6)</b>	<b>nm</b>	<b>3.4</b>	<b>100.6%</b>	<b>5.2</b>	<b>(6.5)</b>	<b>nm</b>

Source: MAX Automation, Pareto Securities

### Revenue bridge Q3 2022



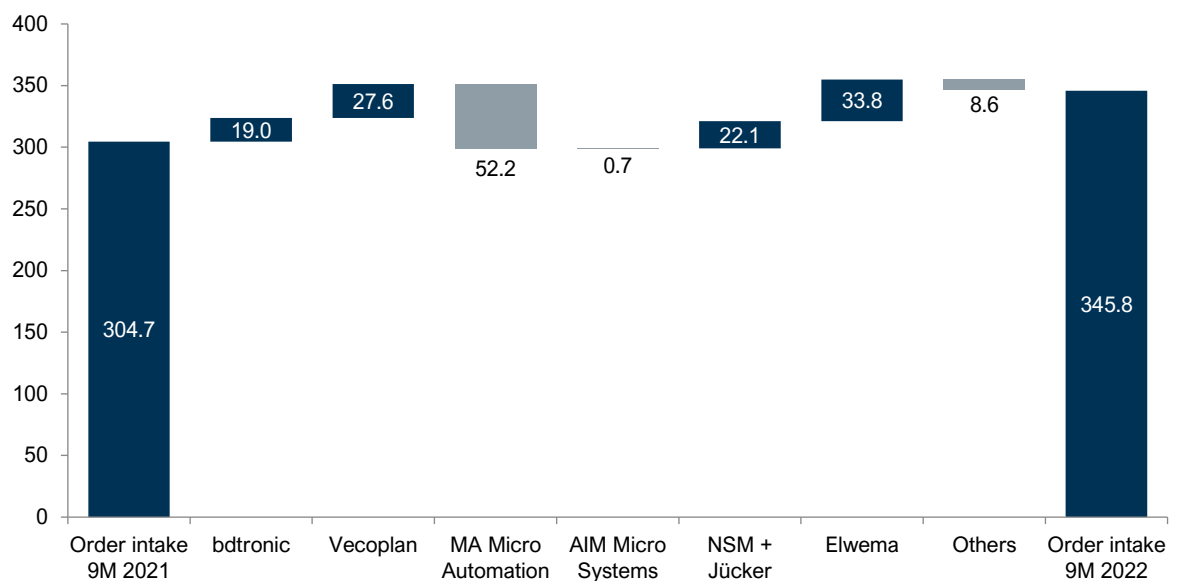
Source: MAX Automation, Pareto Securities

## FY 2022e guidance and our estimates

Backed by the strong Q3 development, MAX Automation has increased its guidance. The company now expects group revenues in the range of EUR 400m to EUR 440m (prev. EUR 360m to EUR 420m) and an operating EBITDA of EUR 30m to EUR 34m (prev. EUR 23m to EUR 29m). At the mid-point of the new ranges, the new guidance implies an increase of c.8% and c.23% on average.

In order to reflect the new guidance, we adjust our estimates. We are slightly up on the revenue side by 2% to EUR 418m, which is almost at the mid-point of the guidance range. Although we believe that the order backlog of EUR 339m will allow to reach the upper end of the guidance range, we are somewhat cautious as it cannot be ruled out that delays in the project business may lead to revenue shifts into 2023. Backed by higher topline development and a more favorable revenue mix, we increase our EBITDA estimate by 12% to EUR 31.7m.

### Order intake bridge 9M 2022



Source: MAX Automation, Pareto Securities

Order development in recent quarters was driven by demand for sustainable solutions such as recycling (Vecoplan) and e-mobility (bdtronic) as well as from catch-up demand from conventional automotive customers (Elwema). The current order backlog of EUR 339m provides a pretty good visibility for FY 2023e.

Even though there are currently no signs of a decline in demand (VDMA order intake for machinery and plant manufacturers in September: +5% yoy, nine months: +1% yoy), we are cautiously optimistic for the coming year. Following two years of strong growth (2021: +14% yoy, 2022e: +20% yoy), we estimate an unchanged slight revenue increase in FY 2023e of 3% yoy. Given the potential and the ability for price increases, we acknowledge that this may turn out to be conservative.

We downgrade our estimate for the EBITDA in FY 2023e to EUR 34m from EUR 39m as we reflect cost inflation as well as some uncertainties in high-margin businesses. Order intake in the MA Micron Automation segment (micro assembly systems for optical components as well as for medical devices) with EUR 3.3m was the lowest level in recent quarters. This is related to delayed demand from customers, where single orders can be in the amount of EUR 20-30m. Considering the very attractive margins in that business (9 months EBITDA margin of 19.2% and EUR 10.2m EBITDA), delayed orders of one to two quarters could have significant earnings and margin impact, which can be hardly compensated by other segments. However, we expect some tailwind for the earnings development in FY 2023e from significant lower losses in non-core activities.

## Valuation

We continue to value the shares based on our DCF and peer group model. Furthermore, the company's listed investment Zeal Network (TIMA) is included with the corresponding share (5.69%) of the related market capitalization.

With a new TP of EUR 5.50 (prev. EUR 5.40), we continue to rate the shares a Buy.

### Peer group valuation

Company	EV/EBIT 2022e	EV/EBIT 2023e	EV/Sales 2022e	EV/Sales 2023e
Blue Cap AG	9.2	13.2	0.5	0.5
GESCO AG	5.9	5.0	0.5	0.5
INDUS Holding AG	17.2	7.2	0.6	0.6
MS Industrie AG	16.7	10.6	0.6	0.5
<b>Median</b>	<b>12.9</b>	<b>8.9</b>	<b>0.6</b>	<b>0.5</b>
<b>MAX Automation SE</b>	<b>10.9</b>	<b>8.6</b>	<b>0.6</b>	<b>0.5</b>
relative	83.8%	96.0%	96.0%	89.2%
<b>Fair value per share at peer median</b>	<b>4.6</b>	<b>3.7</b>	<b>3.7</b>	<b>4.1</b>
<b>Fair value / share (average)</b>	<b>4.03</b>			

Source: FactSet, Pareto Securities

### DCF model

EUR m	Phase I					Phase II					Phase III
	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
<b>Revenues</b>	<b>418</b>	<b>433</b>	<b>455</b>	<b>477</b>	<b>501</b>	<b>524</b>	<b>545</b>	<b>564</b>	<b>581</b>	<b>595</b>	
growth rate	19.8%	3.5%	5.0%	5.0%	5.0%	4.5%	4.0%	3.5%	3.0%	2.5%	
<b>EBIT</b>	<b>21</b>	<b>23</b>	<b>30</b>	<b>33</b>	<b>37</b>	<b>40</b>	<b>43</b>	<b>45</b>	<b>48</b>	<b>51</b>	
EBIT margin	5.1%	5.4%	6.5%	6.8%	7.4%	7.6%	7.8%	8.0%	8.3%	8.5%	
<b>Tax</b>	<b>-6.4</b>	<b>-7.0</b>	<b>-8.9</b>	<b>-9.8</b>	<b>-11.1</b>	<b>-11.9</b>	<b>-12.8</b>	<b>-13.6</b>	<b>-14.4</b>	<b>-15.2</b>	
Tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	
<b>Depr. &amp; Amort.</b>	<b>10.5</b>	<b>10.8</b>	<b>11.4</b>	<b>11.9</b>	<b>12.5</b>	<b>12.9</b>	<b>13.4</b>	<b>13.8</b>	<b>14.2</b>	<b>14.5</b>	
% of sales	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.4%	2.4%	2.4%	
<b>Capex</b>	<b>-10.5</b>	<b>-10.3</b>	<b>-11.6</b>	<b>-12.2</b>	<b>-12.8</b>	<b>-13.3</b>	<b>-13.7</b>	<b>-14.1</b>	<b>-14.5</b>	<b>-14.9</b>	
% of sales	2.5%	2.4%	2.6%	2.6%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	
<b>Change in WC &amp; P</b>	<b>-32.2</b>	<b>19.5</b>	<b>-6.7</b>	<b>-7.3</b>	<b>-2.9</b>	<b>-3.0</b>	<b>-3.1</b>	<b>-3.2</b>	<b>-3.3</b>	<b>-3.4</b>	
% of sales	7.7%	-4.5%	1.5%	1.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
<b>Free Cash Flow</b>	<b>-17.3</b>	<b>36.3</b>	<b>13.8</b>	<b>15.2</b>	<b>22.6</b>	<b>24.5</b>	<b>26.3</b>	<b>28.2</b>	<b>29.9</b>	<b>31.7</b>	<b>450.3</b>
growth rate	nm	nm	-61.9%	10.1%	48.5%	8.2%	7.6%	6.9%	6.3%	5.7%	2.0%
<b>Present Value FCF</b>	<b>-17.1</b>	<b>32.8</b>	<b>11.5</b>	<b>11.6</b>	<b>15.7</b>	<b>15.6</b>	<b>15.4</b>	<b>15.0</b>	<b>14.7</b>	<b>14.2</b>	<b>201.8</b>

<b>PV Phase I</b>	<b>55</b>	<b>Risk free rate</b>	3.50%	<b>Targ. equity ratio</b>	80%
<b>PV Phase II</b>	<b>75</b>	<b>Premium Equity</b>	5.00%	<b>Beta</b>	1.40
<b>PV Phase III</b>	<b>202</b>	<b>Premium Debt</b>	2.00%	<b>WACC</b>	9.2%

<b>Enterprise value</b>	<b>331</b>	<table border="1"> <thead> <tr> <th rowspan="2">Sensitivity</th> <th colspan="5">Growth in phase III</th> </tr> <tr> <th>1.0%</th> <th>1.5%</th> <th>2.0%</th> <th>2.5%</th> <th>3.0%</th> </tr> </thead> <tbody> <tr> <td><b>WACC 8.3%</b></td> <td>6.6</td> <td>7.1</td> <td>7.5</td> <td>8.1</td> <td>8.8</td> </tr> <tr> <td><b>8.7%</b></td> <td>6.1</td> <td>6.4</td> <td>6.8</td> <td>7.3</td> <td>7.8</td> </tr> <tr> <td><b>9.2%</b></td> <td>5.6</td> <td>5.9</td> <td>6.2</td> <td>6.6</td> <td>7.1</td> </tr> <tr> <td><b>9.6%</b></td> <td>5.1</td> <td>5.4</td> <td>5.7</td> <td>6.0</td> <td>6.4</td> </tr> <tr> <td><b>10.1%</b></td> <td>4.7</td> <td>5.0</td> <td>5.2</td> <td>5.5</td> <td>5.8</td> </tr> </tbody> </table>	Sensitivity	Growth in phase III					1.0%	1.5%	2.0%	2.5%	3.0%	<b>WACC 8.3%</b>	6.6	7.1	7.5	8.1	8.8	<b>8.7%</b>	6.1	6.4	6.8	7.3	7.8	<b>9.2%</b>	5.6	5.9	6.2	6.6	7.1	<b>9.6%</b>	5.1	5.4	5.7	6.0	6.4	<b>10.1%</b>	4.7	5.0	5.2	5.5	5.8
Sensitivity	Growth in phase III																																										
	1.0%		1.5%	2.0%	2.5%	3.0%																																					
<b>WACC 8.3%</b>	6.6		7.1	7.5	8.1	8.8																																					
<b>8.7%</b>	6.1		6.4	6.8	7.3	7.8																																					
<b>9.2%</b>	5.6		5.9	6.2	6.6	7.1																																					
<b>9.6%</b>	5.1		5.4	5.7	6.0	6.4																																					
<b>10.1%</b>	4.7		5.0	5.2	5.5	5.8																																					
- Net Debt (Cash)	73																																										
- Pension Provisions	1																																										
- Minorities & Peripherals	1																																										
+ MV of financial assets	34																																										
- Paid-out dividends for last FY	0																																										
+/- Other EV items																																											
<b>Equity value</b>	<b>291</b>																																										
Number of shares	41.2																																										
<b>Value per share (€)</b>	<b>7.05</b>																																										
<b>Current Price (€)</b>	<b>4.76</b>																																										
<b>Upside</b>	<b>48%</b>																																										

Source: Pareto Securities

<b>PROFIT &amp; LOSS (fiscal year) (EURm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
<b>Revenues</b>	<b>376</b>	<b>277</b>	<b>425</b>	<b>307</b>	<b>349</b>	<b>418</b>	<b>433</b>	<b>455</b>
<b>EBITDA</b>	<b>29</b>	<b>24</b>	<b>(1)</b>	<b>6</b>	<b>26</b>	<b>32</b>	<b>34</b>	<b>41</b>
Depreciation & amortisation	(9)	(10)	(15)	(25)	(14)	(11)	(11)	(11)
<b>EBIT</b>	<b>20</b>	<b>12</b>	<b>(31)</b>	<b>(19)</b>	<b>12</b>	<b>24</b>	<b>25</b>	<b>31</b>
Net interest	(3)	(3)	(4)	(9)	(8)	(10)	(11)	(11)
Other financial items	-	-	-	-	-	-	-	-
<b>Profit before taxes</b>	<b>17</b>	<b>10</b>	<b>(34)</b>	<b>(29)</b>	<b>3</b>	<b>14</b>	<b>13</b>	<b>20</b>
Taxes	(3)	2	(1)	2	(4)	(4)	(4)	(6)
Minority interest	(0)	5	1	(0)	(1)	(1)	(1)	(2)
<b>Net profit</b>	<b>14</b>	<b>(31)</b>	<b>(35)</b>	<b>(26)</b>	<b>(1)</b>	<b>11</b>	<b>11</b>	<b>16</b>
EPS reported	0.49	(1.05)	(1.18)	(0.90)	(0.05)	0.31	0.26	0.38
<b>EPS adjusted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
DPS	0.60	0.90	0.23	-	-	-	-	0.10
<b>BALANCE SHEET (EURm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
Tangible non current assets	32	25	64	59	55	55	55	55
Other non-current assets	80	63	69	50	49	96	96	96
Other current assets	186	245	184	125	143	276	199	227
Cash & equivalents	26	32	41	48	30	104	136	148
<b>Total assets</b>	<b>323</b>	<b>364</b>	<b>357</b>	<b>282</b>	<b>278</b>	<b>532</b>	<b>487</b>	<b>527</b>
Total equity	139	92	68	40	41	103	115	133
Interest-bearing non-current debt	-	-	-	114	1	-	-	-
Interest-bearing current debt	-	-	-	1	86	-	-	-
Other Debt	184	273	289	127	150	428	371	394
<b>Total liabilities &amp; equity</b>	<b>323</b>	<b>364</b>	<b>357</b>	<b>282</b>	<b>278</b>	<b>532</b>	<b>487</b>	<b>527</b>
<b>CASH FLOW (EURm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
Cash earnings	12	101	(68)	58	36	(38)	62	16
Change in working capital	7	(80)	44	(33)	(9)	32	(19)	7
Cash flow from investments	(7)	(13)	(7)	(9)	(3)	(57)	(10)	(12)
Cash flow from financing	(27)	0	39	(20)	(42)	137	-	-
Net cash flow	3	7	7	7	(18)	74	32	12
<b>VALUATION (EURm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
<b>Share price (EUR end)</b>	<b>8.1</b>	<b>4.80</b>	<b>4.59</b>	<b>4.22</b>	<b>4.40</b>	<b>4.76</b>	<b>4.76</b>	<b>4.76</b>
Number of shares end period	28	29	29	29	29	41	41	41
Net interest bearing debt	47	46	101	85	73	86	54	42
<b>Enterprise value</b>	<b>275</b>	<b>183</b>	<b>237</b>	<b>210</b>	<b>204</b>	<b>285</b>	<b>253</b>	<b>244</b>
EV/Sales	0.7	0.7	0.6	0.7	0.6	0.7	0.6	0.5
<b>EV/EBITDA</b>	<b>9.5</b>	<b>7.6</b>	<b>-</b>	<b>37.1</b>	<b>7.9</b>	<b>9.0</b>	<b>7.4</b>	<b>5.9</b>
EV/EBIT	13.8	14.8	-	-	17.6	11.9	10.3	7.9
P/E reported	16.5	-	-	-	-	15.3	18.6	12.5
<b>P/E adjusted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
P/B	1.6	1.5	2.0	3.1	3.3	1.9	1.8	1.5
<b>FINANCIAL ANALYSIS</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
ROE adjusted (%)	-	-	-	-	-	-	-	-
Dividend yield (%)	7.4	18.8	5.0	-	-	-	-	2.1
EBITDA margin (%)	7.7	8.7	-	1.8	7.4	7.6	7.9	9.0
EBIT margin (%)	5.3	4.4	-	-	3.3	5.7	5.7	6.8
NIBD/EBITDA	1.63	1.91	(113.10)	15.08	2.84	2.71	1.57	1.02
EBITDA/Net interest	-	-	-	-	1.52	4.24	-	-

## Disclaimer and legal disclosures

### Origin of the publication or report

This publication or report originates from Pareto Securities AS, reg. no. 956 632 374 (Norway), Pareto Securities AS, Frankfurt branch, reg. no. DE 320 965 513 / HR B 109177 (Germany) or Pareto Securities AB, reg. no. 556206-8956 (Sweden) (together the Group Companies or the "Pareto Securities Group") acting through their common unit Pareto Securities Research. The Group Companies are supervised by the Financial Supervisory Authority of their respective home countries.

### Content of the publication or report

This publication or report has been prepared solely by Pareto Securities Research.

Opinions or suggestions from Pareto Securities Research may deviate from recommendations or opinions presented by other departments or companies in the Pareto Securities Group. The reason may typically be the result of differing time horizons, methodologies, contexts or other factors.

### Sponsored research

Please note that if this report is labelled as "sponsored research" on the front page, Pareto Securities has entered into an agreement with the company about the preparation of research reports and receives compensation from the company for this service. Sponsored research is prepared by the Research Department of Pareto Securities without any instruction rights by the company. Sponsored research is however commissioned for and paid by the company and such material is considered by Pareto Securities to qualify as an acceptable minor non-monetary benefit according to the EU MiFID II Directive.

### Basis and methods for assessment

Opinions and price targets are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioral technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts, price targets and projections in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the publication or report, provided that the relevant company/issuer is treated anew in such later versions of the publication or report.

Pareto Securities Research may provide credit research with more specific price targets based on different valuation methods, including the analysis of key credit ratios and other factors describing the securities creditworthiness, peer group analysis of securities with similar creditworthiness and different DCF-valuations. All descriptions of loan agreement structures and loan agreement features are obtained from sources which Pareto Securities Research believes to be reliable, but Pareto Securities Research does not represent or warrant their accuracy. Be aware that investors should go through the specific complete loan agreement before investing in any bonds and not base an investment decision based solely on information contained in this publication or report.

Pareto Securities Research has no fixed schedule for updating publications or reports.

Unless otherwise stated on the first page, the publication or report has not been reviewed by the issuer before dissemination. In instances where all or part of a report is presented to the issuer prior to publication, the purpose is to ensure that facts are correct.

### Validity of the publication or report

All opinions and estimates in this publication or report are, regardless of source, given in good faith and may only be valid as of the stated date of this publication or report and are subject to change without notice.

### No individual investment or tax advice

The publication or report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This publication or report has been prepared by Pareto Securities Research as general information for private use of investors to whom the publication or report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this publication or report, we recommend consulting your financial advisor.

The information contained in this publication or report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

### Sources

This publication or report may be based on or contain information, such as opinions, recommendations, estimates, price targets and valuations which emanate from Pareto Securities Research' analysts or representatives, publicly available information, information from other units or companies in the Group Companies, or other named sources.

To the extent this publication or report is based on or contains information emanating from other sources ("Other Sources") than Pareto Securities Research ("External Information"), Pareto Securities Research has deemed the Other Sources to be reliable but neither the companies in the Pareto Securities Group, others associated or affiliated with said companies nor any other person, guarantee the accuracy, adequacy or completeness of the External Information.

### Ratings

Equity ratings:

"Buy"	Pareto Securities Research expects this financial instrument's total return to exceed 10% over the next 12 months
"Hold"	Pareto Securities Research expects this financial instrument's total return to be between -10% and 10% over the next 12 months
"Sell"	Pareto Securities Research expects this financial instrument's total return to be negative by more than 10% over the next 12 months

### Analysts Certification

The research analyst(s) whose name(s) appear on research reports prepared by Pareto Securities Research certify that: (i) all of the views expressed in the research report accurately reflect their personal views about the subject security or issuer, and (ii) no part of the research analysts' compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analysts in research reports that are prepared by Pareto Securities Research.

The research analysts whose names appears on research reports prepared by Pareto Securities Research received compensation that is based upon various factors including Pareto Securities' total revenues, a portion of which are generated by Pareto Securities' investment banking activities.

### Limitation of liability

Pareto Securities Group or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this publication or report. In no event will entities of the Pareto Securities Group or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages resulting from the information in this publication or report.

Neither the information nor any opinion which may be expressed herein constitutes a solicitation by Pareto Securities Research of purchase or sale of any securities nor does it constitute a solicitation to any person in any jurisdiction where solicitation would be unlawful. All information contained in this research report has been compiled from sources believed to be reliable. However, no representation or warranty, express or implied, is made with respect to the completeness or accuracy of its contents, and it is not to be relied upon as authoritative.

### Risk information

The risk of investing in certain financial instruments, including those mentioned in this document, is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

### Conflicts of interest

Companies in the Pareto Securities Group, affiliates or staff of companies in the Pareto Securities Group, may perform services for, solicit business from, make a market in, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report. In addition Pareto Securities Group, or affiliates, may from time to time have a broking, advisory or other relationship with a company which is the subject of or referred to in the relevant Research, including acting as that company's official or sponsoring broker and providing investment banking or other financial services. It is the policy of Pareto to seek to act as corporate adviser or broker to some of the companies which are covered by Pareto Securities Research. Accordingly companies covered in any Research may be the subject of marketing initiatives by the Investment Banking Department.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Pareto Securities Research are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of the Group Companies and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Pareto Securities Research that no link exists between revenues from capital markets activities and individual analyst remuneration. The Group Companies are members of national stockbrokers' associations in each of the countries in which the Group Companies have their head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Pareto Securities Conflict of Interest Policy.

The guidelines in the policy include rules and measures aimed at achieving a sufficient degree of independence between various departments, business areas and sub-business areas within the Pareto Securities Group in order to, as far as possible, avoid conflicts of interest from arising between such departments, business areas and sub-business areas as well as their customers. One purpose of such measures is to restrict the flow of information between certain business areas and sub-business areas within the Pareto Securities Group, where conflicts of interest may arise and to safeguard the impartialness of the employees. For example, the Investment Banking departments and certain other departments included in the Pareto Securities Group are surrounded by arrangements, so-called Chinese Walls, to restrict the flows of sensitive information from such departments. The internal guidelines also include, without limitation, rules aimed at securing the impartialness of, e.g., analysts working in the Pareto Securities Research departments, restrictions with regard to the remuneration paid to such analysts, requirements with respect to the independence of analysts from other departments within the Pareto Securities Group rules concerning contacts with covered companies and rules concerning personal account trading carried out by analysts.

#### Distribution restriction

The securities referred to in this publication or report may not be eligible for sale in some jurisdictions and persons into whose possession this document comes should inform themselves about and observe any such restrictions. This publication or report is not intended for and must not be distributed to private customers in the US, or retail clients in the United Kingdom, as defined by the Financial Conduct Authority (FCA).

This research is only intended for and may only be distributed to institutional investors in the United States and U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Pareto Securities Inc. at 150 East 52nd Street, New York, NY 10022, Tel. 212 829 4200.

Pareto Securities Inc. is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of FINRA & SIPC. U.S. To the extent required by applicable U.S. laws and regulations, Pareto Securities Inc. accepts responsibility for the contents of this publication. Investment products provided by or through Pareto Securities Inc. or Pareto Securities Research are not FDIC insured, may lose value and are not guaranteed by Pareto Securities Inc. or Pareto Securities Research. Investing in non-U.S. securities may entail certain risks. This document does not constitute or form part of any offer for sale or subscription, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements. The information available about non-U.S. companies may be limited, and non-U.S. companies are generally not subject to the same uniform auditing and reporting standards as U.S. companies. Market rules, conventions and practices may differ from U.S. markets, adding to transaction costs or causing delays in the purchase or sale of securities. Securities of some non-U.S. companies may not be as liquid as securities of comparable U.S. companies. Fluctuations in the values of national currencies, as well as the potential for governmental restrictions on currency movements, can significantly erode principal and investment returns.

Pareto Securities Research may have material conflicts of interest related to the production or distribution of this research report which, with regard to Pareto Securities Research, are disclosed herein.

#### Distribution in Singapore

Pareto Securities Pte Ltd holds a Capital Markets Services License is an exempt financial advisor under Financial Advisers Act, Chapter 110 ("FAA") of Singapore and a subsidiary of Pareto Securities AS.

This report is directed solely to persons who qualify as "accredited investors", "expert investors" and "institutional investors" as defined in section 4A(1) Securities and Futures Act, Chapter 289 ("SFA") of Singapore. This report is intended for general circulation amongst such investors and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. You should seek advice from a financial adviser regarding the suitability of any product referred to in this report, taking into account your specific financial objectives, financial situation or particular needs before making a commitment to purchase any such product. Please contact Pareto Securities Pte Ltd, 16 Collyer Quay, # 27-02 Income at Raffles, Singapore 049318, at +65 6408 9800 in matters arising from, or in connection with this report.

#### Additional provisions on Recommendations distributed in the Canada

Canadian recipients of this research report are advised that this research report is not, and under no circumstances is it to be construed as an offer to sell or a solicitation of or an offer to buy any securities that may be described herein. This research report is not, and under no circumstances is it to be construed as, a prospectus, offering memorandum, advertisement or a public offering in Canada of such securities. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this research report or the merits of any securities described or discussed herein and any representation to the contrary is an offence. Any securities described or discussed within this research report may only be distributed in Canada in accordance with applicable provincial and territorial securities laws. Any offer or sale in Canada of the securities described or discussed herein will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that Pareto Securities AS, its affiliates and its authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.

#### Distribution in United Kingdom

This publication is issued for the benefit of persons who qualify as eligible counterparties or professional clients and should be made available only to such persons and is exempt from the restriction on financial promotion in s21 of the Financial Services and Markets Act 2000 in reliance on provision in the FPO.

#### Copyright

This publication or report may not be mechanically duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws. Any infringement of Pareto Securities Research's copyright can be pursued legally whereby the infringer will be held liable for any and all losses and expenses incurred by the infringement.



## 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 %
Bonheur	239,445	0.56%
Huddly	1070,395	0.51%
Pareto Bank	14,732,219	21.09%
Selvaag Bolig	4,361,772	4.65%
Sparebank 1Nord-Norge	4,472,477	4.45%
Sparebank 1SMN	2,348,960	18.1%
Sparebank 1SR-Bank	2,375,835	0.93%
SpareBank 1Østfold Akerhusus	1,233,804	9.96%
SpareBank 1Østlandet	4,458,934	4.20%
Sparebanken Møre	566,833	1.5%
Sparebanken Sør	333,249	2.13%
Sparebanken Vest	7,279,243	6.78%
NEXT Biometrics	700,000	0.76%
SpareBank 1Sørøst-Norge	2,553,659	4.05%

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
AAC Clyde Space	0	72,700
Adevinta	0	2,000
Aker ASA	500	2,329
Aker BP	0	13,315
Aker Horizons	0	170,761
AMSC ASA	0	4,880
Atlantic Sapphire	0	7,500
Austevoll Seafood	0	2,348
AutoStore	0	3,525
Avance Gas	0	4,280
Awilco LNG	0	30,000
Belships	0	40,000
BioInvent	0	5,000
Bonheur	0	30,575
Borregaard ASA	0	515
Bouvet	0	980
BW Energy	0	81,325
BW Offshore	0	4,900
Cloudberry Clean Energy	0	100,000
Crayon	0	2,380
Desert Control	0	28,000
DNB	0	34,030
DNO	0	30,391
Elkem	0	65,376
Elmera Group ASA	0	29,405
Embracer Group	0	6,600
Equinor	0	1616
Europris	0	17,208
Flex LNG	0	1185
Frontline	0	17,100

Company	Analyst holdings*	Total holdings
Gaming Innovation Group	0	15,000
Gjensidige Forsikring	59	1,160
Grieg Seafood	0	14,374
Hafnia Ltd.	0	126,000
Huddly	0	1070,395
Hunter Group	0	53,996
HydrogenPro	0	34,922
International Petroleum Corp	0	5,511
Kitron	0	9,226
Komplett Bank	0	63,800
Kongsberg Gruppen	0	270
KWS	75	75
Lea bank	0	16,355
Lerøy Seafood Group	0	38,631
Media and Games Invest	0	5,000
Meltwater	0	24,000
Mowi	0	1,488
NEXT Biometrics	0	700,000
NORBIT ASA	0	3,656
Nordic Semiconductor	0	13,019
Noreco	0	500
Norsk Hydro	0	83,711
Norske Skog	0	79,949
Northern Drilling Ltd.	0	188,000
Odjell Drilling	0	30,381
Orkla	0	11016
Panoro Energy	0	12,733
Pareto Bank	0	761,873
Petro Tal	0	74,000
Pexip Holding	0	430,795
Protector Forsikring	0	10,300
Pyrum Innovations	0	100
Quantafuel	0	17,665
REC Silicon	0	31,990
Sandnes Sparebank	0	2,500
Sandvik	0	1,000
Scatec	0	30,129
Seadrill Ltd	0	7,850
SignUp Software	0	1,264
Sparebank 1Nord-Norge	0	5,000
Sparebank 1SMN	0	10,164
Sparebank 1SR-Bank	0	7,445
Sparebanken Møre	0	1,080
Sparebanken Sør	0	15,940
Sparebanken Vest	0	3,294
Stolt-Nielsen	0	2,233
Storebrand	100	1,750
Storytel	0	4,390
Subsea 7	0	24,640
Telenor	0	1,954
TGS	0	600
TORM	0	2,500
Transocean	0	13,000
Valaris	0	2,000
Vestas Wind Systems	0	1,235
Vow	0	3,281
Vår Energi	0	95,937
Yara	0	15,914
Zaptec	0	14,010

This overview is updated monthly (last updated 17. 10. 2022).

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



## Appendix B

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

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

Add Energy	Swedencare
Aker ASA	TEMPTON GmbH
Aker Clean Hydrogen	Tierklinikk Hofheim GbR
Aker Offshore Wind	Tise AS
Akershus Energi Varme AS	Trenderenergi AS
Alva Industries AS	Vestby Logistikk Holding
American Shipping Company	Viking Venture 27 AS
Aprila Bank ASA	Vår Energi
B2Holding AS	Waldorf Production UK Ltd
Bekk og Strøm AS, SV Vattenkraft AB	Waste Plastic Upcycling
BioInvent	Wattif EV
Bioomega Group AS	wheel.me
Boreal Holding AS	Ymber AS
Borr Drilling	Ørn Software
Broege Petroleum and Gas	
BW LPG	
BW Offshore	
Cabonline Group Holding AB	
Cavai AS	
Cloudberry Clean Energy	
DNO	
Dolphin Drilling	
ELOP	
Enapter AG	
Ensurge Micropower	
Esmaelzadeh Holding	
First Camp Group AB	
Flex LNG	
Global Agrajes (Fertberia group)	
Golar LNG	
Gram Car Carriers	
Green Transition Holding	
Greenfood	
Hafslund Eco	
HMH Holding	
Hospitality Invest	
House of Control	
Ice Group	
Idavang A/S	
InoBat Auto	
International Petroleum Corporation	
Island Green Power Ltd	
Kalera	
Kebody	
KMC Properties	
Kruse Smith	
Kvitebjørn Energi AS	
Magnora	
Memmo Family	
Mime Petroleum	
Modex AS	
Multitude SE	
Navios Maritime Holdings	
NorAm Drilling	
Nordic Halibut	
Norske Skog	
Norwegian Block Exchange	
Offjell Oceanwind	
Okea AS	
Otello Corporation	
Pandion Energy	
Pareto Bank	
PHM Group	
poLight	
Polight ASA	
Pronofa AS	
Protector Forsikring	
Pryme	
Pyrum Innovations	
Qred Holding	
Quantafuel	
Saga Robotics	
Salmon Evolution	
Sartorius-Herbst	
Schletter International B.V	
Seagems Norway	
Shamaran Petroleum	
Slate European Holdings	

This overview is updated monthly (this overview is for the period 30.09.2021–31.10.2022).

## Appendix C

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

Distribution of recommendations	
Recommendation	% distribution
Buy	78%
Hold	21%
Sell	1%

Distribution of recommendations (transactions*)	
Recommendation	% distribution
Buy	88%
Hold	12%
Sell	0%

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

This overview is updated monthly (last updated 17.10.2022).

## Appendix D

This section applies to research reports prepared by Pareto Securities AB.

### Disclosure of positions in financial instruments

The beneficial holding of the Pareto Group is 1 % or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

The Pareto Group has material holdings of other financial instruments than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

### Disclosure of assignments and mandates

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

ADDvise	Media & Games Invest plc.	Swedencare
Cibus Nordic Real Estate AB	Oscar Properties	VEF
Egetis Therapeutics	Shamaran Petroleum Corp	VNV Global
Mentice	Studentbostäder i Norden	

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universe:

Africa Energy Corp.	Media & Games Invest plc.	Shamaran Petroleum
ByggPartner i Dalarna Holding	Mentice AB	Signup Software
Implantica	SciBase Holding	Tethys Oil
Isofol Medical	Sedana Medical	VEF
Linkfire		

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

Member of the Pareto Group is providing Business Management services to the following companies:

Aarhus Residential Denmark AB	Fleming Properties AB	Målaräsen AB
Backaheden Fastighets AB	Halmstälten Fastighets AB (publ)	One Publicus Fastighets AB
Bonäsudden Holding AB (publ)	Korsängen Fastighets AB (publ)	Origa Care AB (publ)
Borglanda Fastighets AB	Krona Public Real Estate AB	Preservium Property AB
Bosjö Fastigheter AB	Logistri Fastighets AB	

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

This overview is updated monthly (last updated 17.10.2022).

## Appendix E

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

### Designated Sponsor

Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the provision of the designated sponsor services.

2G Energy AG	IVU Traffic AG	PSI AG
ad pepper media International N.V.	Kontron AG	Pyrum Innovations AG
Biotech AG	Leifheit AG	Questback Group AS
Biotech AG Pfd.	Logwin AG	Salmones Camanchaca S.A.
Corestate Capital Holding S.A.	manz AG	Seven Principles AG
Daldrup & Söhne AG	MAX Automation SE	SHOP APOTHEKE EUROPE N.V.
DEMIRE AG	Merkur Privatbank AG	SMT Scharf AG
DF Deutsche Fortfait AG	Meta Wolf AG	Stratec SE
epigenomics AG	MLP SE	Surteco AG
Foris AG	MPC Container Ships ASA	Szyggy AG
GERRY WEBER International AG	Muehlhahn AG	TTL Beteiligungs- und Grundbesitz AG
Gesco AG	Mutares SE & Co. KGaA	Uzin Utz SE
GFT Technologies SE	OVB Holding AG	VERIANOS SE
Gigaset AG	ProCredit Holding AG	Viscom AG
Heidelberg Pharma AG	Progress-Werk Oberkirch AG	windeln.de SE
INTERSHOP Communications AG	Pryme B.V.	WPU - Waste Plastic Upcycling AS

## Appendix F

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

### Sponsored Research

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

2G Energy AG	Gesco AG	Mutares SE & Co. KGaA
BayWa AG	GFT Technologies SE	Mynatic AG
BB Biotech AG	Gigaset AG	OHB SE
Biotech AG	Heidelberg Pharma AG	ProCredit Holding AG
Biotech AG Pfd.	Hypoport SE	Progress-Werk Oberkirch AG
Citec Digital AG	INTERSHOP Communications AG	PSI AG
Daldrup & Söhne AG	Kontron AG	Siegfried Holding AG
Dermapharm Holding SE	Leifheit AG	SMT Scharf AG
Enapter AG	Logwin AG	Surteco AG
epigenomics AG	MAX Automation SE	Szyggy AG
Expres2ion Biotech Holding AB	Merkur Privatbank AG	Viscom AG
GERRY WEBER International AG	MLP SE	

This overview is updated monthly (last updated 12.10.2022).