

Performance One AG

Germany | Media | MCap EUR 14.3m

7 September 2022

INITIATION



PERFORMANCE ONE

The growth enabler ready to take-off – Initiate with BUY

What's it all about?

Performance One is a digital marketing agency which supports clients in optimizing their online presence. Digital Services, represent the core activities of the group, and represent almost 100% of sales in 2021. In recent years, the company turned its activities towards data-driven, innovative solutions and built the foundation for a scalable Software-as-a-Service business model. These activities are summarized under the term Innovation Products and include the products BIGNITE and couch:now. Performance One IPOed in May 2022 and now looks set to unleash its full growth potential. We initiate coverage of Performance One with a BUY recommendation and a price target of EUR 26.00 offering an upside potential of 92.6%.

BUY (INITIATION)

Target price	EUR 26.00 (na)
Current price	EUR 13.50
Up/downside	92.6%



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Performance One AG

Germany | Media | MCap EUR 14.3m | EV EUR 15.2m

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The growth enabler ready to take-off – Initiate with BUY

Tailormade digital marketing from a one-stop-shop Performance One supports clients in optimizing their online presence. In doing so, one goal is clearly defined: To reach the right people at the right time in the right place with the right information. And to achieve this, Performance One takes care of setting up the appropriate infrastructure, evaluates its own and the company's data and analyses both with the help of an in-house developed artificial intelligence. Based on the results, marketing budgets are used more efficiently and hence campaigns are more successful.

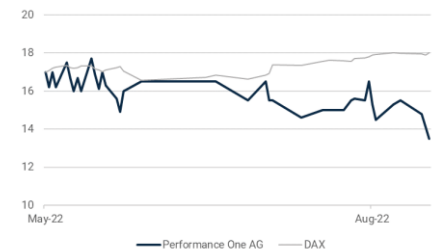
From project business to BIGNITE-SaaS Performance One has developed a software tool that takes the complexity out of obtaining and analyzing data to increase efficiency of marketing spendings and to improve clients' revenues as well as profits. The trial phase with existing clients is up and running since 2021. The new product is repositioning Performance One and diversifying revenue streams from the highly competitive agency business towards recurring SaaS-sales. With the implementation of this strategy, Performance One is increasingly focusing on its USP - the digital and data-driven approach of successful marketing campaigns.

E-health platform couch:now launched Fueled by the pandemic, the company realized that the need for psychological counselling has risen sharply. Performance One hence detected a lucrative business opportunity which is an in-house developed, AI-driven counselling platform called couch:now. By using questionnaires and a variety of videos, Performance One has created a highly scalable digital service for customers, who additionally benefit from overall lower prices, as well as significantly reduced waiting times vs. conventional therapy places where waiting times averages approx. 6 months. The company is currently aiming for reimbursement by health insurances, which would be an enormous booster.

Initiate with BUY, PT EUR 26.00 Performance One offers an attractive opportunity for investors willing to participate in the long-term growth potential of a structurally growing market. With its asset light data-driven approach, the company is likely to benefit from this growth, visible in a CAGR growth of 30% (21-24E) and returns (>40% by 2024E) significantly exceeding capital costs in the mid-term. An ambitious, entrepreneur driven management with significant skin in the game (management and supervisory board hold >60%) even expects a potential of up to EUR 50m in sales and an EBIT margin of up to 10% by 25E, leaving ample upside potential to our estimates.

Performance One AG	2019	2020	2021	2022E	2023E	2024E
Sales	10.3	10.4	12.4	14.2	18.8	27.6
<i>Growth yoy</i>	23.5%	0.7%	19.7%	14.4%	32.0%	47.2%
EBITDA	0.7	0.8	-1.5	0.4	1.1	2.1
EBIT	0.7	0.6	-1.8	-0.0	0.6	1.6
Net profit	0.5	0.4	-1.5	-0.0	0.5	1.4
Net debt (net cash)	-0.7	-0.8	0.9	0.9	0.3	-1.1
Net debt/EBITDA	-1.0x	-1.1x	-0.6x	2.3x	0.3x	-0.5x
EPS reported	8.67	7.71	-2.16	-0.03	0.46	1.29
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	59.5%	66.6%	65.0%	65.0%	66.0%	66.5%
EBITDA margin	7.1%	7.6%	-12.3%	2.7%	5.7%	7.7%
EBIT margin	6.7%	6.2%	-14.6%	-0.3%	3.1%	5.9%
ROCE	46.5%	26.9%	-101.4%	-2.2%	25.3%	41.7%
EV/EBITDA	18.5x	17.1x	-10.0x	39.9x	13.7x	6.2x
EV/EBIT	19.7x	21.0x	-8.4x	-406.5x	25.2x	8.1x
PER	1.6x	1.8x	-6.2x	-457.7x	29.4x	10.5x
FCF yield	70.9%	107.6%	-10.0%	4.4%	9.1%	18.0%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 17.70 / 13.50
Price/Book Ratio -135.6x

Ticker / Symbols

ISIN DE000A12UMB1
WKN A12UMB
Bloomberg PO1:GR

Changes in estimates

		Sales	EBIT	EPS
2022	old	00.0	00.0	00.0
	Δ	-	-	-
2023	old	00.0	00.0	00.0
	Δ	-	-	-
2024	old	00.0	00.0	00.0
	Δ	-	-	-

Key share data

Number of shares: (in m pcs) 1.06
Book value per share: (in EUR) -0.10
Ø trading volume: (12 months) 500

Major shareholders

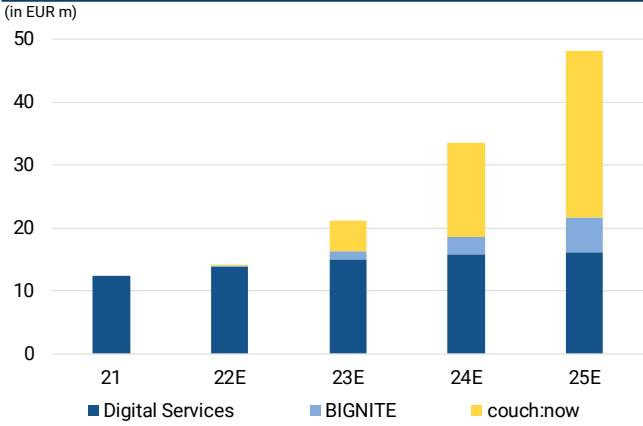
Management 35.0%
Supervisory Board 26.5%
MuM Industrieb. 21.0%
Free Float 10.4%

Company description

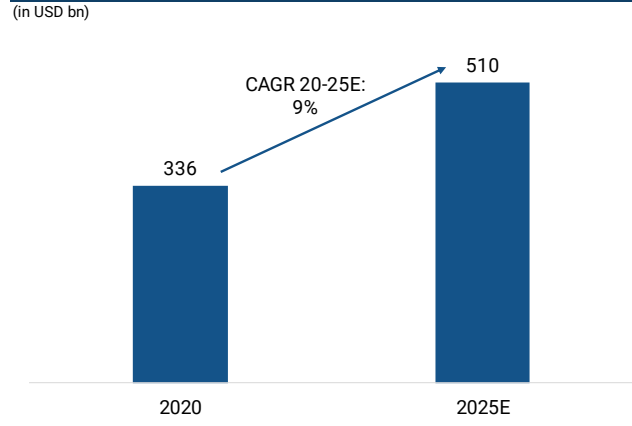
Performance One AG is a German-based digital solutions provider. Its products and solutions are data and artificial intelligence (AI) driven, that help in digitalizing marketing and sales strategies. In its new business activities, Performance One offers data analysis services and develops business intelligence software called BIGNITE as well as an online platform for psychological counseling named couch:now.

Investment case in six charts

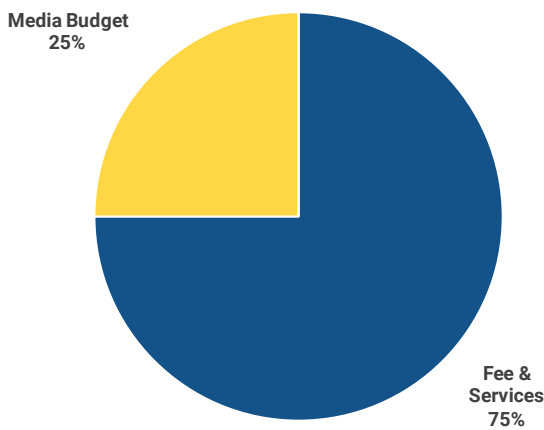
Innovation Products expected to boost top-line growth



Global digital marketing spending



Sales split in % in 2021



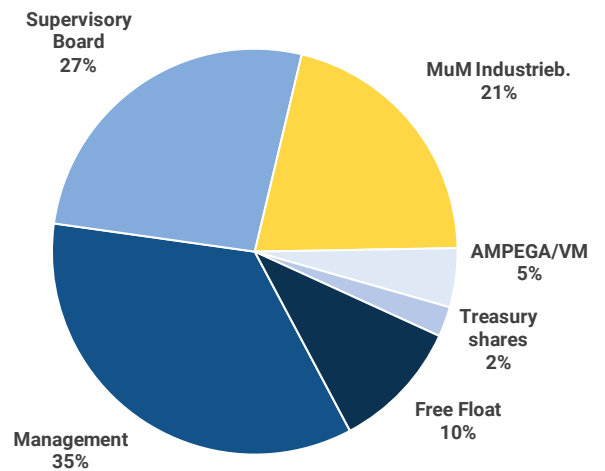
couch:now content created by >40 experts



Serving more than 150 well-known customers



Major shareholder



Source: Company data, AlsterResearch

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Company background

Products & services

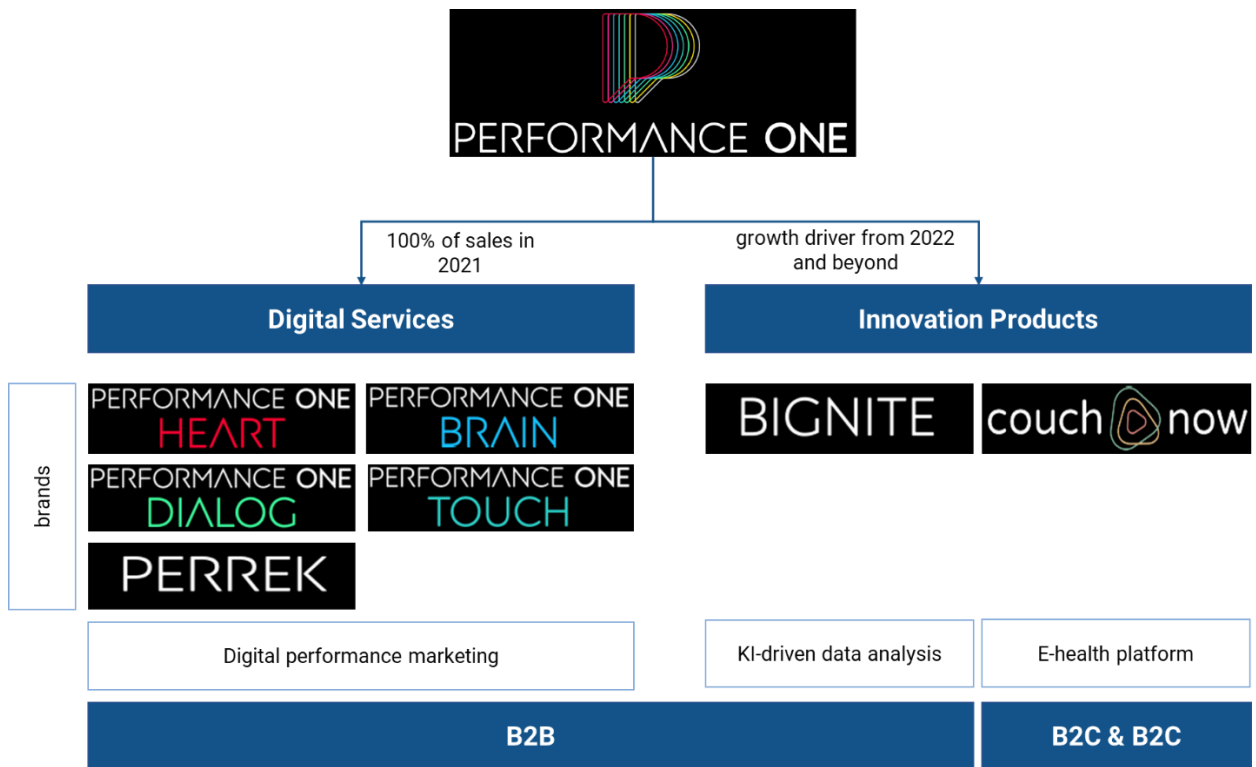
Performance One – In a nutshell

Performance One AG is a digital marketing agency and offers a broad package of AI driven services. The company offers the full range for digital transformation and strategy in marketing and sales. Performance One is a consulting and implementation company that creates, manages, and designs digital experiences and products for brands, companies, and people. This includes strategy development, digital marketing, and data analytics which together are the core services. These products and services, called Digital Services, represent the core activities of the group, and represent almost 100% sales in 2021. In recent years, the company turned its activities towards data-driven, innovative solutions which are the connecting element today and build the foundation for a scalable business model. These activities are summarized under the term Innovation Products.

Company structure separates Digital Services and Innovation Products

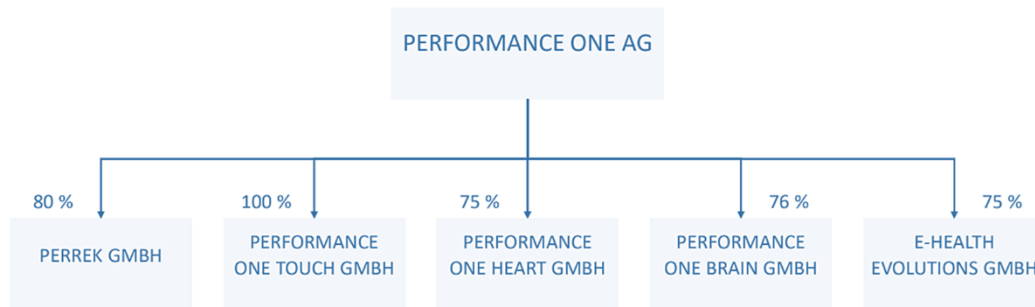
Performance One operates with two business units, which are **Digital Services** and **Innovation Products**. In addition, the company works with different brands for different topics and services. Headquartered in Mannheim, Germany, the company employs 114 people.

Performance One overview – Business units, brands, products and services and end-markets



Source: Company data, AlsterResearch

Performance One – legal company structure



Source: Company data, AlsterResearch

Digital Services

The group's corporate brand is **PERFORMANCE ONE**. For the different topics of communication/ products and services, the company uses five brands: BRAIN, HEART, DIALOG, TOUCH and PERREK.

- BRAIN – Focused on smart data consulting and specialized on data science as well as data analytics.
- TOUCH – Concentrating on cloud and automation services as well as digital performance
- HEART – Specialized on creative services and human experiences and emotions
- DIALOG – Stands for performance and digital marketing
- PERREK – Core service is performance recruiting

Performance One's – core business: performance marketing

What is performance marketing?

Performance marketing comprises the implementation, evaluation, and optimization of advertising measures with clearly measurable performance. Based on the data, the efficiency of the individual advertising measures can be precisely analyzed and adjusted to reach the pre-formulated key performance indicators accordingly. In online marketing, this type of advertising works particularly well, as all measures carried out, from large advertisements to individual social media posts, can be analyzed and adjusted, if needed.

Overview of important elements of digital marketing



Source: AlsterResearch

Bread and Butter-Business: Digital Services

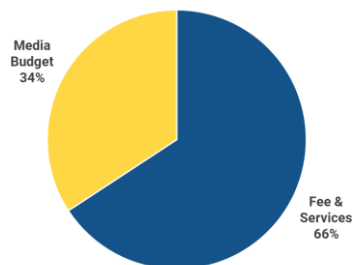
Performance One's bread and butter business is digital performance marketing of all types. Search engine optimization (SEO), search engine advertising (SEA), display advertising or social media advertising are just examples, as Performance One offers holistic digital marketing solutions, consulting, implementation, measuring and services in this area.

Defined areas of relevance covered by Performance One are:

- E-Business (Infrastructure, Software)
- E-Commerce
- Digital Communication
- Data, Research and AI
- Customer Experience
- Social Media
- Search
- Ad-Tech
- Digital Transformation/Strategy
- IoT
- Platforms

The company uses all common platforms (from Google to Facebook and LinkedIn to Amazon) to satisfy the requests of its own customers. This includes classic digital marketing, brand and customer experience, technology, automation and cloud solutions, digital personnel marketing as well as smart data and AI solutions that determine the success of marketing campaigns.

Sales structure in 2021



Source: Company data, AlsterResearch

In 2021, all revenues were generated with Digital Service activities. There are two major revenue streams: 75% are fees and services, while 25% are generated via media budgets. These are marketing services that are purchased in bulk from platforms, for example, and then passed on to the Performance One customer with a mark-up margin. The recently established Innovation Products segment has not made any significant contribution to group revenues until today.

Innovation Products: BIGNITE and couch:now

With the product-brands **BIGNITE** and **couch:now**, Performance One markets two software-as-a-service (SaaS) application. For both, the market entry took place in 2021 and the services are currently being rolled out. The significance of these offerings is expected to grow due to the Software-as-a-Service business model, which comes along with secured recurring revenues, high scalability, and a diversification from current project business. Both applications were developed in-house and programmed, using internal and external resources. Common and widespread programming languages were used to allow easy integration and, if necessary, to easily implement a change from external resources.

B2B-Kicker: BIGNITE - a business intelligence solution via SaaS

The service BIGNITE was developed in cooperation with the University of Mannheim and is marketed as cloud-based solution. The core of BIGNITE is based on artificial intelligence (AI) that provides the data for smart business decisions independently of the business, product, or industry. For this purpose, forecasts are derived from the existing data of Performance One and customer-specific data of all kinds, which depict future demand. This helps Performance One’s customers to use marketing budgets more efficiently. In other words, when demand at a client is high, (performance) marketing measures are scaled back, and resources – mostly money - are saved. If the capacity utilisation and demand is (too) low, on the other hand, higher marketing efforts can be used to ensure better capacity utilisation / higher demand / more orders, leading to higher sales and earnings, respectively.

The SaaS-business model has many advantages for Performance One. SaaS solutions can usually be implemented quickly and easily in existing customer structures. Therefore, the willingness to purchase is high if a corresponding benefit is immediately visible. After that, the subscription models ensure regular and predictable revenues for Performance One. And after a one-time implementation at the customers, the switching costs and with its willingness to change are usually very low.

B2C-Kicker: E-Mental-Health platform: couch:now

couch:now is a digital platform that offers psychotherapeutic self-help and counseling. The platform and its content were created in collaboration with universities, doctors, and therapists. The offer is sorted by topics which can be accessed by everyone. The market entry took place already, and the subjects ‘couple counseling’ and ‘loneliness’ are online available. Other therapeutic topics and addiction counseling are expected to follow soon.

For the time being, private customers are addressed. Performance One currently aims to be certified by the ZPP – Zentrale Prüfstelle Prävention as digital prevention application. With this licensing, the offerings on couch:now would be actively offered by health insurers and patients would be eligible for reimbursement. This would ultimately increase the acceptance rate at customers which would then significantly increase the addressable market. As the approval process started already, an certification could take place in early 2023.

couch:now: A cooperation with professionals, experts and two universities



	PROF. DR. ULRICH CLEMENT		ANN-MARLENE HENNING		DR. ANGELIKA ECK		PROF. DR. CHRISTIAN ROESLER	
	DR. GUNTER SCHMIDT		PROF. DR. CHRISTIAN ROESLER		PROF. DR. SONJA BRÖNING		DR. RÜDIGER RETZLAFF	
			BRIGITTE LÄMMLE		FRIEDERIKE VON TIEDEMANN		DR. CHRISTIAN FIRUS	

Source: Company data, AlsterResearch

Distribution, clients and resellers of couch:now

Currently, customers include just German-speaking and tech-savvy users who book a course of their choice. Performance One is aiming for a health insurance reimbursement for the individual courses. In addition, health insurers should also request the offer in order to place it among their own insurance holders. The next step of distribution is B2B marketing: Companies could provide the courses to their employees as part of employee retention and disease prevention programs. Sales launch was in August and first customers were won already. In the mid-term, the fourth pillar of growth is the internationalization of the content through adopting to country specifics such as different languages.

Management

	
<p>Denis Lademann Co-Founder and Member of the Board, CEO since 2009 (year of foundation)</p>	<p>Tobias Reinhardt Co-Founder and Member of the Board CEO since 2009 (year of foundation)</p>

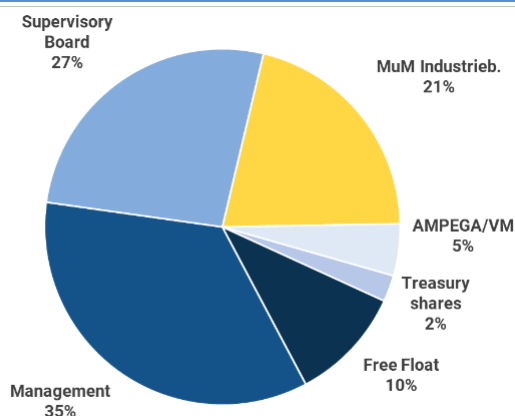
Source: Company data; AlsterResearch

Shareholders

The 1,057,524 shares of Performance One have been listed in the m:access segment of the Munich Stock Exchange and on the Frankfurt Stock Exchange since May 2022. Since September, the stock is also traded on Berlin stock exchange. The inclusion of trading in the XETRA segment is in preparation, and a listing could follow in H2 2022.

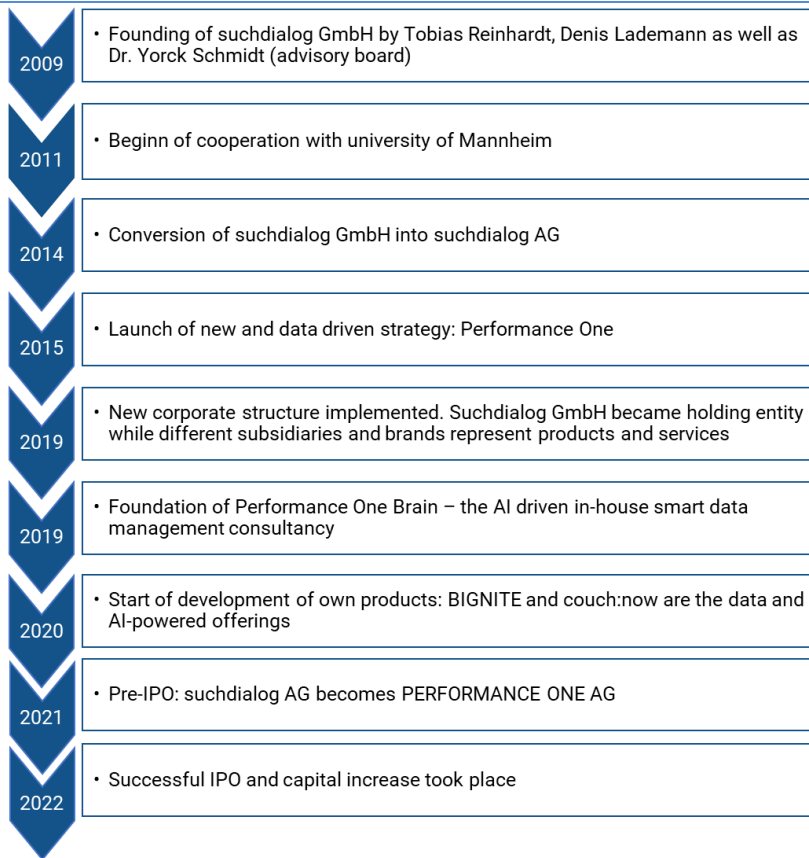
On a positive note, in addition to the supervisory board and management (together hold +60% of shares outstanding), employees also hold shares of the company. Therefore, the complete team has an incentive to deliver performance, which is aligned with investors. In the current times of a shortage of skilled workers, this is an interesting incentive for the workforce and an even stronger signal to employees and investors. As further institutional investors are involved, the free float is just 10%. The shareholder structure since the IPO is as follows:

Shareholder structure



Source: Company data, AlsterResearch

Performance One's History



Source: Company data, AlsterResearch

Quality

Customers

Digital Services: Well-known Blue-Chip Customers

Performance marketing and digital marketing are the company's core businesses. In the Digital Services activities, Performance One serves a very broad client base with over 150 clients across all industries. This is remarkable because the relatively young agency has been able to win numerous top brands. In H1 2021, the company won further high-class customers like Hays, Wüstenrot, Würth and chemie.de. Performance One usually only takes care of a part of a client's entire marketing budget. For example, the amazon shop is managed as a sales channel for Mercedes' merchandise. However, the mentioned customers are very selective, which clearly proves the quality of Performance One's services and products.

Blue chip customers from all industries



Source: Company data, AlsterResearch

With over 150 customers served per year, there is no cluster risk for the company. The distribution of customer projects over the course of the year is also very balanced. For example, ATU is likely to be more active depending on the tire change season, while HDI as an insurance company implements more marketing before the general cancellation period in November. Almost every customer who maintains an online presence is eligible for this field of services.

BIGNITE: Market penetration needed

BIGNITE is a relatively new offer and is currently in progress of winning over existing and new customers. First tests with existing customers went well, but a valid forecast of customer acquisition and retention as well as sales potential is difficult to formulate. However, the product brings many advantages in the evaluation of data and serves to increase customers' sales. Using a simple integration process via interfaces, the SaaS is implemented and ready for use at the customer within 8-10 hours. Such low hurdles increase the chance of economic success at Performance One, as customers are not scared by expensive ramp-up costs or long-term contracts.

Performance One's target customer is the German Mittelstand, irrelevant of industry or product. The target customers are those companies that plan to increasingly implement digital solutions and are on their path from the old economy towards digitization (e.g., implementation of online-stores or focusing direct-to-consumer (D2C) sales activities). The focus is on the individual sales structures and thus on marketing activities. BIGNITE as a data analytics tool assumes that the user already

has relevant data that can be evaluated with appropriate analyses, hence, BIGNITE is more an approach of optimization in established structures.

couch:now: Successful market entry and launch of further topics

With around 18m people in Germany suffering from mental illness each year, virtually every of those is a potential customer for couch:now (as long as an internet connection is given, and matching topic is available on couch:now). The number of potential users is expected to grow, as there is 1) a rethinking in society towards digital offers, 2) a digital generation is growing up who is more familiar with the use of media and the barriers to disclose intimate data on the Internet are falling accordingly and 3) health insurances in Germany include digital offers in their reimbursement catalog as digital offers usually costs less compared to traditional 1-on-1 therapies. A single session costs between 40 and 200 EUR in Germany, which corresponds to a complete digital program offered by couch:now.

It is not essential for customers to have (severe) mental disorders in order to choose an offer from couch:now. Programs such as 'Couples counseling' or 'Loneliness' are requested from those who do not have access to a therapy, avoid the cost of it, or are too shy to seek for help. This is accompanied with a trend toward self-optimization. People want to optimize their life, feelings or thinking and work independently and flexibly on their own situation. Therefore, a comparably low-threshold offer at very modest cost is correspondingly attractive for this customer group.

With costs of EUR 150-200, the programs are affordable for every interested and needy user, compared to classical therapies which quickly cost thousands of euros. Therefore, no specific customer group is identified. However, it is assumed that clients are more likely to be female and aged between 30-55 years. These customers treat themselves thoughtfully and carefully and seek for self-optimization, which includes the continuous improvement of their own life situation. Whether through health courses, sports, or a subscription to an e-health provider like couch:now.

Competition

Digital Services:

Small-scale agency market in Germany

According to the Statistische Bundesamt (report published in 2021; market data from 2018), there are currently some 33,800 businesses in Germany that call themselves "advertising agencies". Roughly two-thirds of the agencies achieves sales of less than EUR 250,000 per year. With a share of 55%, sole proprietors (self-employed service providers such as designers, programmers, photographers, etc.) make up the majority - ahead of corporations (31%) and business partnerships (10%). About 254,000 employees and entrepreneurs work in agencies. Together, these companies generated a total sales volume of EUR 34.2bn p.a.

One third realizes the bulk of the sector's turnover

The industry sales in 2018 was over EUR 34bn. Only 31% of the companies have sales of more than EUR 250,000, but they realized 95% (EUR 32.5bn) of the sector's sales. Almost 88% of total agencies employ only up to nine people and generate EUR 7.1bn of 21% of total market volume. In addition, only 6% of the agencies have more than 20 employees but generate 67% or EUR 22.9bn of market volume. Therefore, there is just a small number of agencies in Germany, that are comparable in size, sales volume, and workforce to compete with companies such as Performance One.

Market rivalry high – barriers to entry low

In general, the industry is considered to be highly competitive. The battle for the marketing budget is intense. Also, many projects only run for a limited time and therefore a new tendering process is common among clients. This allows new players to quickly gain a foothold in the market. And as part of annual tendering processes, buyers try to squeeze suppliers by a few percentage points each year. Overall, the marketing industry is a classic service industry: with a handful of clients and a fresh approach - or competitive bids - it is possible to enter the market with a newly established agency.

There are only very few methods to protect the own business because 1) switching costs are low, 2) the service is not protected by patents, and 3) regulatory hurdles are virtually non-existent. Therefore, the contact to the customer is the crucial key of success as well as the constant delivery of high-quality work. In addition, Performance One's USP is the data driven approach. With an increasingly usage of data, the company set itself apart from smaller competitors, as those cannot afford the investment into AI-technology and therefore, cannot offer comparable products to clients.

Innovation Products:

BIGNITE

BIGNITE as a new service is used in Performance One's Digital Services business unit. Therefore, comparable competitive conditions apply to this product as to the entire Digital Services activities and the marketing market in total.

couch:now

Rivalry in E-health offerings is high – due to academic research and start-ups

Numerous universities are researching in the field of psychotherapy and from these scientific works several mental E-health services have emerged. These companies find their roots partly back in 2004 and have a competitive edge compared to newcomers such as couch:now. However, these companies have a clear weakness, which is not obvious to customers at first sight:

- 1) Other offers are based on a single approach, which is behavioral therapy, vs. couch:now which usually incorporates approaches from several experts.
- 2) Almost all of the offers originate from a small number of researchers/universities. This means that there is no differentiation between those offers and they are very comparable. Hence, no USP given.
- 3) Just a few apps on the markets are granted the status of a Digitale Gesundheitsanwendung (DiGA), which is highest certification. Another certification is that one of the ZPP - Zentrale Zulassungsstelle Prävention. Both approvals allow for reimbursement by the health insurances.

Currently, only 35 DiGAs are available, of which 14 focus on psychological topics

Product	Company	Topics
	GAIA	Depression
	GET.ON	Panic disorder, chronic pain, vaginismus,
	Sympatient	Anxiety
	Mindable Health	Agoraphobia and panic disorder
	Nichtraucher Helden	Mental and behavioral disorders caused by tobacco
	IVPNetworks	Depression
	Selfapy	Depression, anxiety, panic disorder,
	mementor DE	Non-organic insomnia
	GAIA	Agoraphobia and panic disorder
	GAIA	Mental and behavioral disorders caused by alcohol

Source: Federal Institute for Drugs and Medical Devices (Bundesinstitut für Arzneimittel und Medizinprodukte)

DiGA and ZPP approvals confirm quality and boosts sales...

In 2019, the German Bundestag passed a digital health care law that allows medical professionals the usage of apps. DiGA, digitale Gesundheitsanwendung, are so-called digital health apps which are approved by the Federal Institute for Drugs and Medical Devices for reimbursement by health insurance companies. The approval process requires a prove that whether the manufacturer's claims are correct, and the app really does bring a health benefit to those who use it. ZPP (Zentrale Prüfstelle Prävention) approvals are possible since mid-2021. These apps are focusing prevention programs and are directly supported by health insurances.

For DiGA-patients, a mandatory diagnosis is necessary at the beginning of the therapy. Once a diagnosis has been made, doctors and psychotherapists can prescribe DiGAs, while ZPP-programs can be directly offered and paid by insurance companies. Therefore, the decisive factor for the commercial success of Performance One is the ZPP approval of the couch:now offers to be included in the reimbursement catalogue and the prevention programs.

...as long as patients' confidence is gained

couch:now works with a sensitive topic, namely the health of a patient's mind. Despite appropriate data protection measures, the skepticism of customers to disclose their own mental problems and data is likely to be correspondingly high. However, the demand for counseling is significant and classical therapeutic offerings are out of reach against the backdrop of capacity bottlenecks among therapists. However, skepticism may vanish once health insurers promote the service and include it in their prevention programs. With this step, couch:now would clearly gain user confidence, since hardly any other organization in Germany protects its data as strong as the health insurance companies.

Blueprint for couch:now

Below, just two of the existing offerings are presented, due to their direct and competing market position compared to couch:now, Selfapy and HelloBetter. The success of these competitors is evidence that couch:now could achieve a similar successful business model, given a market that is chronically undersupplied with psychological help and just started its digitization process. Hence, there is ample room for growth in our view, even if couch:now will become only certified by the Zentrale Prüfstelle Prävention. Therefore, the offers of couch:now are not medically recognized 'therapy', they are prevention programs with lower barriers to entry.

Selfapy

Product: Online therapy via smartphone
Founded: 2016
Total users: over 40,000 (as of August 2022)

The Berlin-based startup currently offers three online courses: depression, anxiety disorders and panic disorders. The focus of the treatment is on behavioral therapy and promises effective help for psychological stress and is available free of charge on prescription. The costs are covered 100% by all statutory health insurance companies. The health insurers provide an activation link to provide access to the app.

Around 40,000 Germans use/have used Selfapy. The company employs 100 people, of whom 25 have studied psychology.

HelloBetter

Product: Online therapy via smartphone
Founded: 2015
Total users: over 40,000 (as of August 2022)

The GET.ON Institut für Online Gesundheitstraining was founded as a university spin-off by the three psychologists in Hamburg with the support of BARMER health insurance. The training itself has been developed at the university in Lüneburg since 2011. Today, the company is headquartered in Berlin.

The online therapy course can be prescribed by doctors and psychotherapists free of charge on prescription. Without cost absorption by the health insurance, the HelloBetter Depression program costs e.g., EUR 799.

The start-up currently offers five courses that, at first glance, do not fall under the heading of mental illness. While 'stress and burnout' as well as 'panic' still sound plausible, 'vaginismus', 'chronic pain' or 'diabetes and depression' are tailored to very small target groups. However, according to the company, more than 40,000 patients used the offering in the past years already.

Suppliers

Qualified work force needed

Performance One relies on an in-house production and the creative development of marketing content and strategies. Therefore, external suppliers are less crucial, but the access to competent and creative employees. In addition to many creative minds and specialized IT crowd, the company naturally needs a strong sales team to compete in a fragmented market with high rivalry.

Performance One is perceived to be an attractive employer who understands the HR market. The subsidiary PERREK is active in performance recruitment and knows how to attract professionals. In addition, the group should attract interest from employees through its customers such as Mercedes or football clubs. Through cooperations with universities, there is access to the workforce of tomorrow and the AI-driven and state-of-the-art projects and products such as BIGNITE and couch:now should be seen as 'exciting' by applicants. Hence, the lack of skilled workers does not materially affect the company as it has found successful ways of managing these obstacles.

Social media placement costs money

Performance One distributes and places the content of the marketing campaigns on the well-known platforms such as amazon, facebook, google, LinkedIn and Co. However, these companies have only one interest: To grab the marketing budget of their customers. To this end, the platform providers have constantly implemented technical adjustments to their codes, so that organic optimization of campaigns is becoming increasingly difficult. The area of SEO is particularly worth mentioning here. Due to these constantly raised barriers, customers are increasingly forced to purchase placements on the platforms. This and an increasing concentration with a few providers (monopoly position) increase the risk for buyers of digital advertising space such as Performance One.

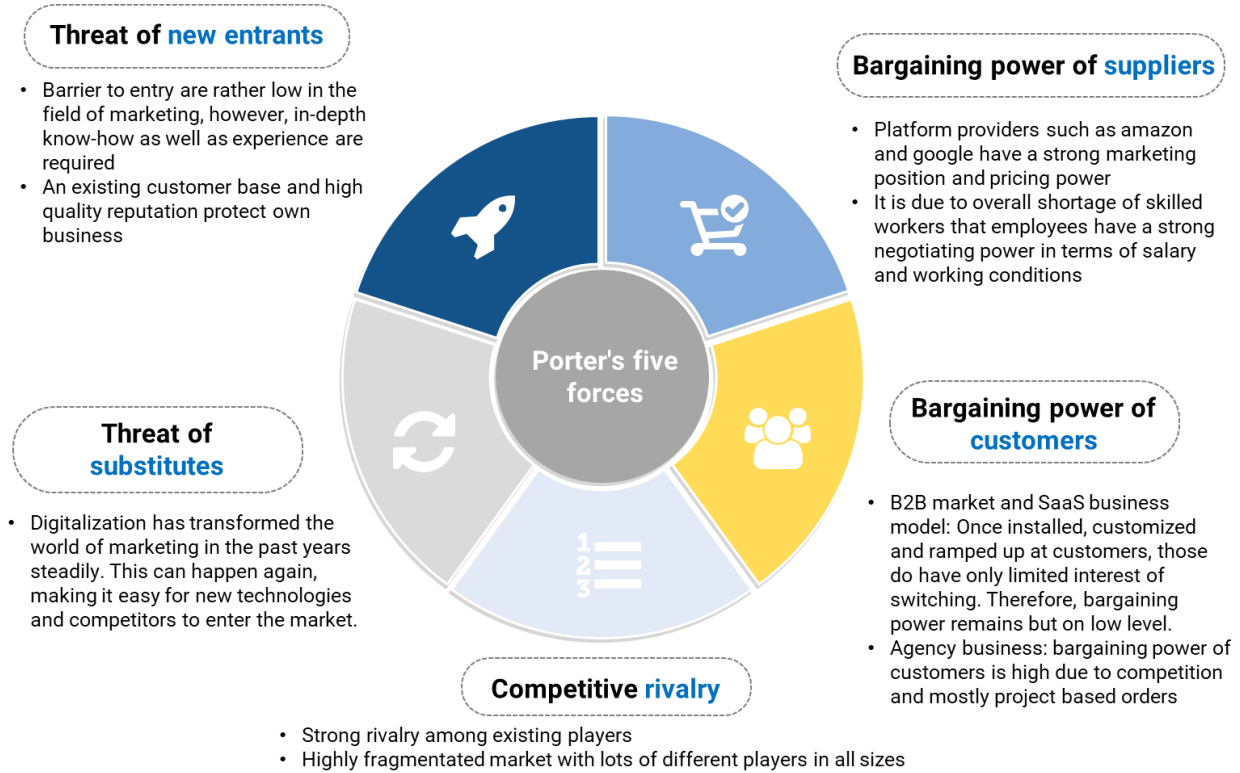
Data security and protection

Especially for the offers of couch:now data protection is very important. Communication with end customers as well as the handling of confidential and private data requires the highest level of security. To ensure this and to meet legal requirements, consumer data is stored in Germany. The data is saved anonymized.

Porter's five forces

To summarize the competitive landscape and Performance One's positioning herein, a Porter's Five Forces has been conducted. The result is displayed below:

Fragmented market leaves ample room for specialized players like Performance One



Source: AlsterResearch

SWOT analysis

Strengths

- Proven track-record with well-known Blue-Chip clients (>150 clients)
- Balanced client portfolio across several industries
- Experienced management team
- Management and workforce are incentivized via share program
- Agility and flexibility due to a lean organizational structure and a generally asset light business model
- BIGNITE is the USP-service which is being rolled-out
- couch:now is a strongly scalable B2C business model
- Revenue streams become more diversified and less cyclical due to implemented SaaS business model - increasing share of recurring revenues

Weaknesses

- As of now, fees and service revenues from Digital Services represent almost 100% of sales and are mostly project based which occurs with several risk factors
- Sales of digital services are partly performance and success-dependent
- High fixed cost base due to labor costs
- Steady need of technical innovation / development and hence IT costs

Opportunities

- Offered AI-driven Software-as-a-Service (SaaS) should meet market requirements of steady data analysis to derive fast management decision
- High sales growth opportunities with existing and new customers
- SaaS model is appealing and interesting for smaller customers, due to lower ramp-up costs and reduced integration barriers
- Growing demand for digital solutions in all industries
- Successful approval of couch:now by The Federal Institute for Drugs and Medical Devices enables reimbursement at health insurances

Threats

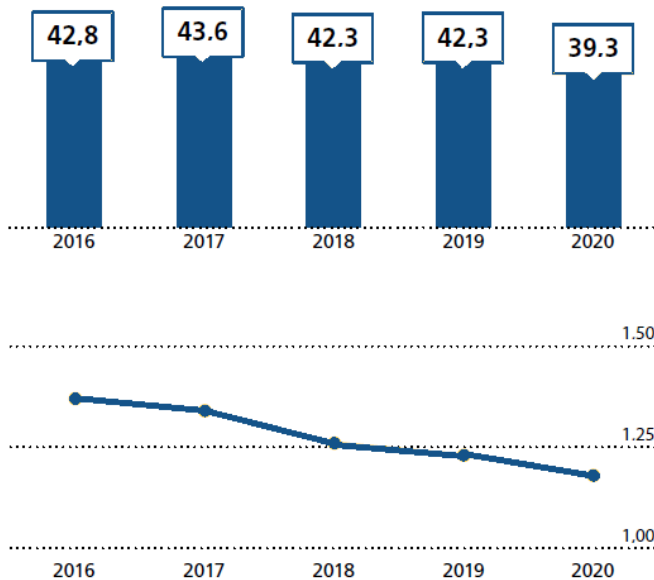
- Marketing budgets are among the first to be cut in times of economic downturn
- Fight for talents in field of IT and marketing
- Copycats: Digital players could try to adopt the business model
- Overall high market rivalry due to broad competition – fragmented market
- Marketing often only works via strong platforms such as google, facebook and amazon, which are known to have a strong market position

Growth

German advertising market: pandemic-related decline

According to the latest update from Dialog Marketing Monitor 2021, the advertising market has settled at a constant level in recent years, but the market volume declined in 2020 due to the pandemic. The lockdown measures taken by the public as well as the retail sector and the tense economic situation led to a cutback in advertising budgets. Overall, German advertising market declined by c. 7% to EUR 39.3bn. For the first time, dialog marketing, with EUR 20.4bn, exceeded traditional media, with EUR 18.9bn, in terms of advertising expenditure. (Excursus: Dialog marketing focuses on addressing the audience directly (letter, mailing, online marketing, etc.) while traditional marketing is a more general approach (out-of-home, print, etc.). For Performance One, the market development was rather positive as online marketing was the main beneficiary of the pandemic years in comparison to traditional marketing. In 2020, for example, digital advertising spending grew by 14% yoy.

German Advertising market declined in 2020 (in EUR bn; in % of GSP)



Source: Company data, AlsterResearch

2021 market volumes are not available yet, but as in the rest of the economy, a recovery is likely to have started in 2021. The outlook in the current market environment is difficult. The impact of the war in Ukraine, supply chain issues, Covid-19 and the interest rate swing on consumption remains challenging to predict. If the global economy does move into a recession, marketing budgets, would be among the first to experience the cost cutting measures of companies.

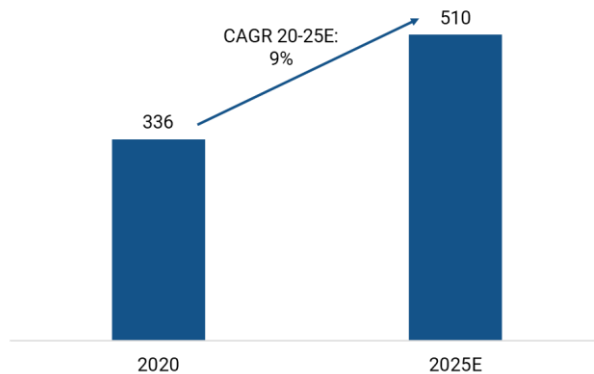
Growth at Performance One

In terms of growth prospects, a distinction must be made between the company's two business segments: Digital Services and Innovation Products with its two growth drivers: BIGNITE and couch:now.

In **Digital Services**, the company should grow in line with the market. It is a highly competitive business with many smaller and bigger players. Therefore, it remains a fight for customer's marketing budgets and generally, only one of many pitches is won.

As mentioned above already, the market of digital marketing has been outstanding during the pandemic and is expected to further grow on high single-digit rates per year (CAGR of c. 9%).

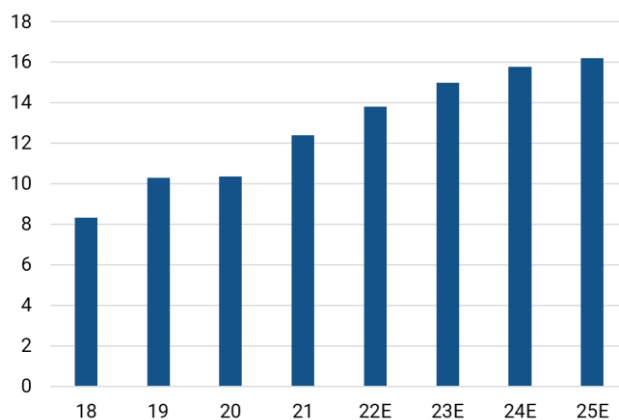
Global spending digital marketing (in USD bn)



Source: Company data, AlsterResearch

Therefore, the bread-and-butter-business of Performance One is expected to grow on comparable levels. In our view, this steady, structural growth should subdue some of the competitive pressure as market participants are not yet forced to compete on market shares.

Guided sales growth Digital Services (in EURm)

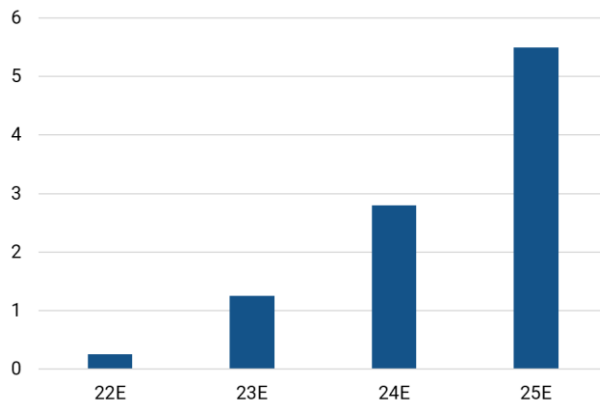


Source: Company data, AlsterResearch

BIGNITE offers cross-selling-opportunity

Digital Services are expected to be boosted by the **BIGNITE**-activities, the complementary activity of Performance One. BIGNITE enables the evaluation of marketing measures and the control of campaigns. Hence, existing and new clients who are convinced by the use of BIGNITE's data evaluated are very likely to also order the group's performance marketing offers, too: Firstly, every measure leads to new data and insights that make it necessary to adjust the campaigns – and as long as the resources are to be used efficiently, adjustments work best in-house. Secondly, clients should opt for the one-stop-shop offer due to comfort reasons and seamless integration into Performance One's other product offerings.

Guided top-line contribution of BIGNITE with recurring revenues (in EUR m)



Source: Company data, AlsterResearch

However, **BIGNITE** is a new service which at first has to convince customers. Even if trials and tests with existing customers went well, a sound forecast of sales is difficult to predict and comes with the usual inherent risk of a business start-up.

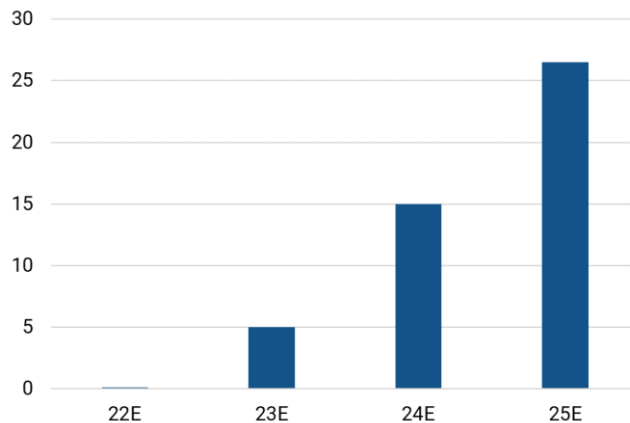
The third growth area is **couch:now**. This is a classical, digital B2C business and is therefore subject to completely different market economics. But Performance One's broad know-how from its marketing offer should ensure that couch:now is placed well with potential customers and advice seeking users. For example, in Germany 2.5 million people search for the service of 'couple counselling' on the internet every year. In addition to couples counselling, topics such as 'burnout', 'loneliness' or 'stress', can complement the portfolio. Hence, there is room to enlarge the service.

One in four adults in Germany is affected by mental illnesses

Based on epidemiological studies of Deutsche Gesellschaft für Psychiatrie und Psychotherapie, Psychosomatik und Nervenheilkunde e.V, some 28% of the adult population in Germany is affected by a mental illness every year. This corresponds to around 18 million people (in 2018). Due to the Corona pandemic, this number is likely to have increased significantly in the last three years. According to Deutsche Psychotheapeuten Vereinigung, about 40% more patient inquiries were registered in psychotherapeutical / medical offices. Therefore, the need in Germany is great, but alternative offers are not available against the backdrop of capacity bottlenecks among therapists.

In Germany, the main growth driver for online therapies is the lack of in-patient therapy. Patients wait an average of half a year for psychological support or help. And during this time, the symptoms often get worse, and the patients are demoralized. Finally, patients take the opportunity to close the gap in the health care system with Internet services. The potential of this market is huge. With the acceptance of health insurances (reimbursement) for couch:now and together with the company's expertise in placing its offering online, Performance One should succeed the figures of other offerings such as Selfapy or HelloBetter.

Guided sales contribution of e-health application couch:now (in EUR m)

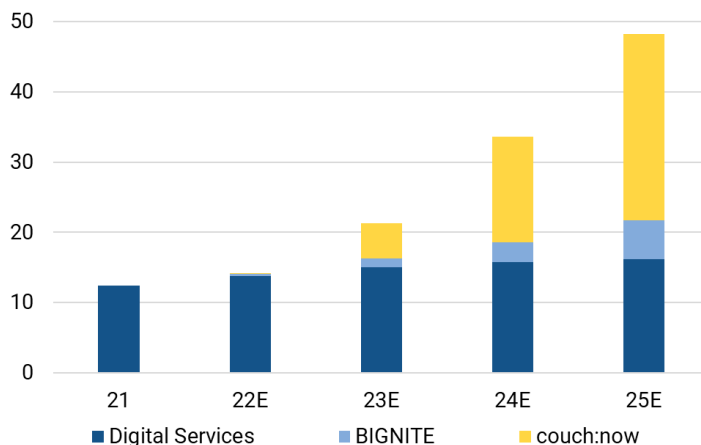


Source: Company data, AlsterResearch

Guided top-line growth assumption of Performance One

In total, guided top-line growth of Performance One looks as follows. This overview comprises the sales development of the different contributors Digital Services, BIGNITE and couch:now.

Total guided sales expectations of Performance One (in EURm)



Source: Company data, AlsterResearch

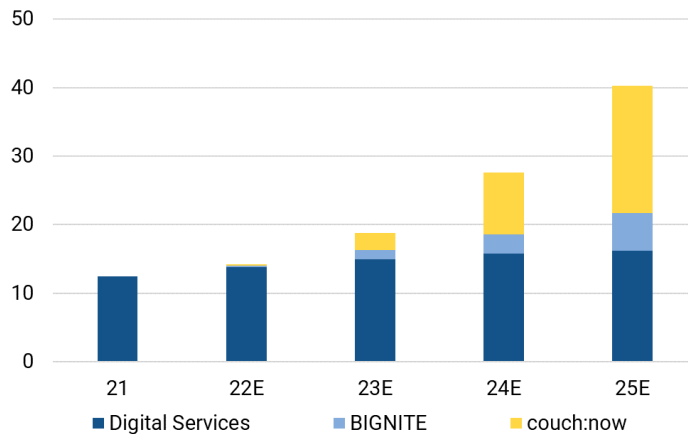
Top-line growth assumption of AlsterResearch

The annual sales growth for the core business, Digital Services, is modelled in the range of 5% and 10%. However, this is driven by the new business area BIGNITE. We expect the new product BIGNITE to be very successful in the market. With real-time evaluation and higher forecast reliability, marketing activities can be better managed. This inevitably leads to better marketing results and also to better KPIs at customers. As soon as the quality of the product is established, BIGNITE should become a trigger in Digital Services. All in all, we value the management’s predicted forecast for Digital Services and BIGNITE reliable.

That said, our model assumptions regarding couch:now is less strong compared to the company’s guidance. We are not questioning the success of couch:now, but we are doing the mathematical plausibility check. In 2024E, Performance One is targeting around EUR 15m in revenue to be generated with the healthcare platform. An average offer currently costs EUR 150-200. At the midpoint of EUR 175, this would mean that around 85,700 customers would have to be acquired annually, or 7,140 customers per month. The two established competitors Selfapy (founded in 2016) and HelloBetter (founded in 2015) have each served 40,000 customers since

their launch. Therefore, Performance One's goals appear correspondingly ambitious. Our assumptions foresee an average monthly customer acquisition of 1,200 in 2023E, 4,280 in 2024E and 8,830 in 2025E. Since Performance One has favorable access to years of expertise in online marketing, its medium-term performance should clearly outperform existing and upcoming peers.

Sales assumptions of AlsterResearch (in EUR m)



Source: Company data, AlsterResearch

Growth table (EURm)	2019	2020	2021	2022E	2023E	2024E
Sales	10.3	10.4	12.4	14.2	18.8	27.6
Sales growth	23.5%	0.7%	19.7%	14.4%	32.0%	47.2%
EBIT	0.7	0.6	-1.8	-0.0	0.6	1.6
EBIT margin	6.7%	6.2%	-14.6%	-0.3%	3.1%	5.9%
Net profit	0.5	0.4	-1.5	-0.0	0.5	1.4

Source: Company data; AlsterResearch

Bottom-line development: Ready for scaling with new products

The company has been active on the market since 2009 and was profitable since 2015. Only the extraordinary expenses for IPO preparation led to extraordinary expenses. However, the structure for growth was already created before the IPO. And now, the course is being set for further growth. The structures have been set up so that the focus is now on marketing and sales of the company's own products. With a low share of variable costs, attractive economies of scale can be achieved with every customer acquired.

Performance One's core business as well as the new product categories have extremely low predictability and visibility – due to project business and short-term contracts. Therefore, the company always has to work towards contract renewals. However, the company's management and the team have years of experience, so this obstacle is adequately dealt with. As a result, due to customer orders won over and over again, approximately 70% of sales can be perceived to be recurring.

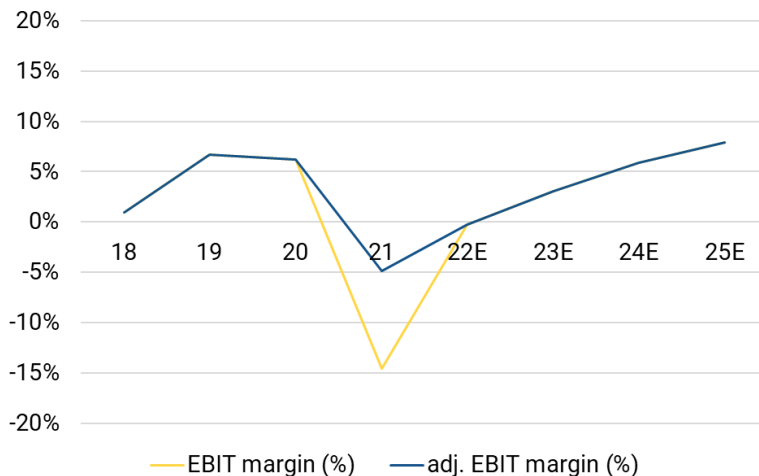
Vulnerable income statement

Overall, the profit and loss statement shows characteristics of weakness in a tensed economic environment. It is due to the high fixed cost base in an agency business (mainly labor costs), that a lost order or project can have a greater impact on profitability. This must be considered in the current market situation, because an impending (global) recession could have a greater impact on the cyclical marketing sector. Anyway, the likelihood of a recession is considered low, and the very likely cost inflation has been taken into account with a successively increasing cost base. Also, the structural growth element of focusing the digital pocket of the market should somewhat cushion any potential negative effect of a recession - similar to the drop in marketing spending during the Covid-19 crisis.

Earnings improvement expected

In the fiscal year 2021, the market launch of new products and the IPO had a negative impact on EBIT. However, the IPO accounted for the larger share of the extraordinary charge. In total, extraordinary expenses of EUR 1.2m were spent on the various IPO measures for preparation and implementation. These special expenses were non-recurring and will not recur in 2022 or in the future. Accordingly, the margin should recover in the current financial year. The chart below depicts the adjusted and reported EBIT margin development.

Assumed EBIT margin development of AlsterResearch (in %)



Source: Company data, AlsterResearch

In mid-term, the company should achieve a group EBITDA-margin above 10% / EBIT-margin above 8%. Taking the modelled peer group into account, best in class EBIT-margins reach >22%, while the mean EBIT margin 22E-24E is 11%. Therefore, Performance One still offers room for improvement to investors.

Half-year figures

P&L data	1H2020	2H2020	1H2021	2H2021
Sales	4.98	5.38	5.29	7.11
yoy growth in %	na	na	6.2%	32.3%
Gross profit	3.08	3.37	3.12	4.11
Gross margin in %	61.9%	62.6%	58.9%	57.7%
EBITDA	0.36	0.43	-0.43	-1.09
EBITDA margin in %	7.2%	7.9%	-8.2%	-15.3%
EBIT	0.32	0.32	-0.56	-1.24
EBIT margin in %	6.4%	6.0%	-10.6%	-17.5%
EBT	0.32	0.32	-0.57	-1.25
taxes paid	0.11	0.11	0.07	-0.28
tax rate in %	35.7%	33.2%	-12.4%	22.5%
net profit	0.21	0.21	-0.64	-0.97
yoy growth in %	na	na	na	na

Source: Company data; AlsterResearch

Theme

Operating success and IPO

In 2021, the company grew significantly above its own expectation by almost 20% yoy. This was also driven by the solid demand in online marketing. New products will start to contribute to top-line growth from 2022 onwards.

With the IPO-preparation, which finally took place in May 2022, the company achieved higher awareness through numerous media contributions in the press. This also should have a positive impact on the operating business, as new clients should have taken note of Performance One.

Product launches and milestones

Launch of BIGNITE took place in 2021. Performance One established its SaaS offering, a business intelligence software.

Successful launch of E-Mental-Health-platform couch:now with the first program "Couples counseling" followed by the second program 'loneliness' in first half 2022.

Distribution channels of couch:now

couch:now is already available to the self-payer, who accesses the service via a browser. At present, couch:now is not designed for use via smartphone. But commercialization in the app stores should have a significant impact on sales figures. The couch:now app is expected in 2023.

The same applies to an ZPP approval, so that costs can be reimbursed by health insurers. This approval should have a correspondingly strong impact on sales figures, and the share price as well.

Another sales channel is the cooperation with employers (B2B). Corporate clients can partner with couch:now and offer the services to their employees as preventive measures and as part of health and wellbeing programs.

Xetra Listing planned

From the perspective of the capital market, the listing in the XETRA trading system is a decisive step. This should follow shortly (expected in H2 2022) and simplify the access for investors. Also increased capital market awareness should arise from an active research coverage and continuous investor communication.

Outlook 2022

In FY 2021, Performance One had guided revenue growth of 5-10%, but ended the year with revenue growth of about 20%. For fiscal year 2022 and against the backdrop of current macroeconomic environment, a low case as well as a base case outlook were published.

- **Low case: Decline in demand and downward economic trend**
Sales between EUR 11m and EUR 12m and an EBITDA of EUR -0.8 and EUR 0.0m.
- **Base case: stable economic development**
Sales between EUR 13m and EUR 14m and an EBITDA of EUR 0.0 to 0.5m

Valuation

DCF Model

The DCF model results in a **fair value of EUR 26.68 per share**:

Top-line growth: We expect Performance One to continue benefitting from structural growth. Hence our growth estimates for 2022E-2029E is in the range of 19.3% p.a. The long-term growth rate is set at 2.0%.

EBIT margins are expected to recover after one-off cost for IPO and capital increase. In addition, margins should be supported by the roll-out of the SaaS activities (15% eAR). Therefore, group margins should reach higher levels compared to pure advertising activities (5% eAR). On group level, margins are expected at c. 10% in the mid-term.

WACC. The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.50. Unlevering and correcting for mean reversion yields an asset beta of 1.26. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0%, this yields cost of equity of 15.2%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 1.0 this results in a long-term WACC of 9.5%.

DCF (EUR m) (except per share data and beta)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	-0.0	0.5	1.4	2.7	2.7	2.7	2.8	2.9	
Depreciation & amortization	0.4	0.5	0.5	0.7	1.0	1.2	1.4	1.5	
Change in working capital	0.3	0.2	0.5	0.6	0.1	0.2	0.2	0.1	
Chg. in long-term provisions	-0.1	0.1	0.2	0.3	0.0	0.0	0.0	0.0	
Capex	-0.6	-0.8	-1.1	-1.6	-1.7	-1.8	-1.9	-2.0	
Cash flow	0.1	0.5	1.4	2.6	2.2	2.5	2.6	2.6	35.8
Present value	0.1	0.5	1.1	1.9	1.5	1.5	1.5	1.3	18.5
WACC	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.5%

DCF per share derived from	
Total present value	27.8
Mid-year adj. total present value	29.1
Net debt / cash at start of year	0.9
Financial assets	na
Provisions and off b/s debt	na
Equity value	28.2
No. of shares outstanding	1.1
Discounted cash flow / share upside/(downside)	26.68 / 97.6%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2022E-2029E)	19.3%
Terminal value growth (2029E - infinity)	2.0%
Terminal year ROCE	19.8%
Terminal year WACC	9.5%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.50
Unlevered beta (industry or company)	1.26
Target debt / equity	1.0
Relevered beta	2.21
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	15.2%

Share price	13.50
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Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%	2022E-2025E	2026E-2029E
2.0%	19.2	19.8	20.5	21.3	22.1	12.9%	20.8%
1.0%	21.5	22.3	23.2	24.2	25.4		
0.0%	24.4	25.4	26.7	28.1	29.7		66.3%
-1.0%	28.0	29.5	31.2	33.2	35.6		
-2.0%	32.8	34.9	37.4	40.4	44.0		

Source: AlsterResearch

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 4.38 per share based on 2022E and EUR 56.83 per share on 2026E estimates. **Our DCF based PT is best captured using the 2024 estimates.** It thus supports the DCF based fair value calculations.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2022E	2023E	2024E	2025E	2026E
EBITDA	0.4	1.1	2.1	3.9	4.3
- Maintenance capex	0.0	0.0	0.0	0.0	0.0
- Minorities	-0.0	0.0	0.1	0.1	0.2
- tax expenses	-0.0	0.1	0.2	0.4	0.4
= Adjusted FCF	0.4	1.0	1.9	3.4	3.8
Actual Market Cap	14.3	14.3	14.3	14.3	14.3
+ Net debt (cash)	0.9	0.3	-1.1	-3.9	-6.3
+ Pension provisions	0.0	0.0	0.0	0.0	0.0
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	0.0	0.0	0.0	0.0	0.0
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	0.9	0.3	-1.1	-3.9	-6.3
= Actual EV'	15.1	14.6	13.1	10.3	8.0
Adjusted FCF yield	2.5%	6.6%	14.1%	32.6%	47.2%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	5.5	13.8	26.5	48.2	53.8
- <i>EV Reconciliations</i>	0.9	0.3	-1.1	-3.9	-6.3
Fair Market Cap	4.6	13.5	27.6	52.2	60.1
No. of shares (million)	1.1	1.1	1.1	1.1	1.1
Fair value per share in EUR	4.38	12.79	26.10	49.33	56.83
Premium (-) / discount (+)	-67.5%	-5.3%	93.3%	265.4%	321.0%

Sensitivity analysis FV

	5.0%	6.5	18.0	36.1	67.6	77.2
Adjusted hurdle rate	6.0%	5.2	15.0	30.3	56.9	65.3
	7.0%	4.4	12.8	26.1	49.3	56.8
	8.0%	3.7	11.2	23.0	43.6	50.5
	9.0%	3.2	9.9	20.5	39.2	45.5

Source: Company data; AlsterResearch

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable, based on the overall Leeway ESG Score. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Peer Group

Even though companies are rarely exactly comparable to peers due to rarely sufficient resemblance characteristics in terms size of revenues and profitability, geographical exposure, competitive strength or business activities, a peer group analysis has been conducted. In addition, most listed marketing agencies have a market capitalization above a billion euro and belong to the category of global players.

For Performance One, we have assembled a peer group consisting of other European listed agencies that have a digital approach and mostly have a double-digit market capitalization. The peer group is restricted to European peers. Through web-based applications, the global use of the products is always possible.

Invibes Advertising NV is a Belgium-based company that specializes in digital advertising. Its solutions are supported by an in-feed format that's integrated into media content. Invibes Advertising NV develops its own technology to help brands better communicate with consumers through in-feed ad formats. Its technology is distributed in a closed network of media sites, including Bertelsmann, Hearst, Unify, Groupe Marie Claire, Axel Springer, and others. Clients include brands such as Mercedes, Samsung, Levi's, and IBM.

Ad Pepper Media International NV is a Netherlands-based company active in the advertising and marketing sector. The company provides online services, strategies and solutions for interactive media, direct marketing, and technology. Display, performance, e-mail, affiliate, and search-engine marketing, as well as semantic targeting and ad serving product groups cover the range of its online advertising formats.

Szyzyg AG is a Germany-based digital marketing company. The company's activities include, among others, digital production services, such as film and computer-generated imagery, Search Engine Marketing (SEM), Facebook advertising and affiliate marketing, and display and real time advertising. The company operates through offices in London in the United Kingdom, New York in the United States and Warsaw in Poland, as well as through offices in Berlin, Frankfurt, Hamburg and Munich in Germany.

Dotdigital Group Plc is a United Kingdom-based company that is engaged in providing intuitive software as a service (SaaS) via an omnichannel marketing automation platform and managed services to digital marketing professionals. The Company's dotdigital Engagement Cloud is a SaaS marketing platform that enables companies to create, test and send data-driven automated campaigns across channels, including email, SMS, social, advertising, mobile, Web and offline. Its technology integrates with existing e-commerce and customer relationship management (CRM) platforms to create a robust marketing engine that supports insight-driven activities and improves business growth.

1000mercis SA is a France-based company engaged in advertising and marketing sector. The company creates conquest and loyalty marketing solutions for businesses through interactive marketing and publicity and through mobile marketing. It provides services through inactive media, such as Internet, mobile phones, among others. It provides database analysis with knowledge of online statistical models and a test and learns approach.

The Pebble Group plc is a United Kingdom-based holding company. The principal activity of the company is the sale of products, services and technology to the promotional merchandise industry. The Brand Addition segment is a provider of promotional products and related services. The Facilisgroup segment provides technology solutions and a digital commerce platform to small and mid-size (SME) promotional product distributors in the United States and Canada through subscription-based services. In addition, the group provides tools for business management and analysis and is designed to streamline processes and increase productivity for promotional products distributors.

S4Capital Plc is a United Kingdom-based digital advertising and marketing services company. The company operates through three segments: Content, Data and Digital Media, and Technology Services. The group offers creative content, campaigns and assets at a global scale for paid, social and earned media from digital platforms that are focused to convert consumers at possible touchpoints. In addition, S4Capital provides technology and services practice that encompasses full-service campaign management analytics, production and advertisement serving as well as platform and systems integration and transition. Its technology service activities are engaged in digital transformation services.

Company name	Sales		ROCE		Share price	% of 52 wk high	Market Cap	EV	EBITDA Margin			EBIT margin		
	2021	2021	2021	2021					2022	2023	2024	2022	2023	2024
Invibes Advertising NV	23	24,3%	13,90	-37%	61	58	5,8%	10,2%	15,1%	1,7%	6,0%	10,7%		
ad pepper media International N	112	12,0%	2,06	-66%	44	27	7,9%	12,5%	16,4%	17,0%	8,1%	12,4%		
Szyzgy AG	60	5,9%	5,56	-22%	75	71	18,2%	18,4%	18,2%	9,6%	10,9%	10,8%		
Dotdigital Group plc	66	20,3%	0,97	-71%	291	248	33,0%	32,1%	31,6%	22,1%	21,3%	20,7%		
1000mercis SA	69	2,6%	28,60	-5%	59	59	9,0%	9,8%	na	2,5%	3,7%	na		
Pebble Group PLC	134	11,2%	1,20	-37%	201	196	13,6%	13,4%	13,7%	8,3%	8,5%	8,2%		
S4 Capital PLC	799	9,0%	1,52	-85%	851	911	12,9%	14,2%	15,9%	11,9%	13,2%	14,0%		
Median		11,2%			75	71	12,9%	13,4%	16,1%	9,6%	8,5%	11,6%		
Mean		12,2%			226	224	14,3%	15,8%	18,5%	10,4%	10,2%	12,8%		
Performance One AG	12	-86,8%	13,50	-24%	14	15	2,7%	5,7%	7,7%	-0,3%	3,1%	5,9%		

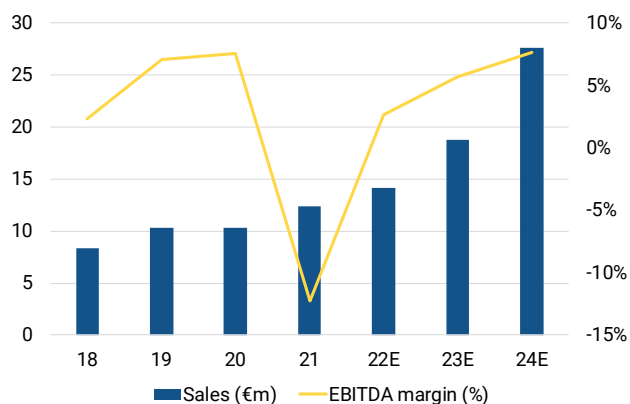
Company name	EV/Sales			EV/EBITDA			EV/EBIT			P/E Ratio		
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
Invibes Advertising NV	1,8x	1,3x	1,0x	30,8x	12,7x	6,7x	107,8x	21,6x	9,4x	213,6x	25,8x	10,6x
ad pepper media International N	0,9x	1,0x	0,9x	12,1x	7,8x	5,4x	5,6x	12,1x	7,2x	20,6x	51,5x	22,9x
Szyzgy AG	1,1x	1,0x	0,9x	5,8x	5,3x	5,0x	11,0x	8,9x	8,3x	18,1x	15,3x	13,7x
Dotdigital Group plc	2,7x	3,2x	2,9x	8,3x	9,9x	9,3x	12,4x	14,9x	14,1x	18,3x	21,5x	20,5x
1000mercis SA	0,9x	0,8x		9,6x	8,1x		34,8x	21,6x		36,0x	23,3x	
Pebble Group PLC	1,3x	1,2x	1,2x	9,4x	8,9x	8,5x	15,4x	14,1x	14,1x	18,8x	18,5x	17,5x
S4 Capital PLC	0,8x	0,7x	0,6x	6,4x	4,8x	3,5x	6,9x	5,1x	4,0x	10,5x	8,2x	6,0x
Median	1,1x	1,0x	1,0x	9,4x	8,1x	6,0x	12,4x	14,1x	8,8x	18,8x	21,5x	15,6x
Mean	1,4x	1,3x	1,2x	11,8x	8,2x	6,4x	27,7x	14,0x	9,5x	48,0x	23,4x	15,2x
Performance One AG	1,1x	0,8x	0,5x	39,9x	13,7x	6,2x	-406,5x	25,2x	8,1x	-457,7x	29,4x	10,5x

Performance One AG	Sales			EBITDA			EBIT			EPS		
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
Financial data (eAR)	14	19	28	0	1	2	0	1	2	-0,03	0,46	1,29
Fair multiple	1,1x	1,0x	1,0x	9,4x	8,1x	6,0x	12,4x	14,1x	8,8x	18,8x	21,5x	15,6x
Fair EV	15,0	18,3	26,3	3,6	8,6	12,8	-0,5	8,2	14,4			
Net debt (cash)	0,9	0,9	0,9	0,9	0,9	0,9	0,9	0,9	0,9			
Pension provisions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0			
Fair equity value	14,1	17,4	25,5	2,7	7,8	11,9	-1,3	7,3	13,5			
Number of shares	1,1	1,1	1,1	1,1	1,1	1,1	1,1	1,1	1,1			
Fair value per share	13,35	16,47	24,07	2,54	7,35	11,27	-1,26	6,89	12,80	-0,56	9,88	20,13

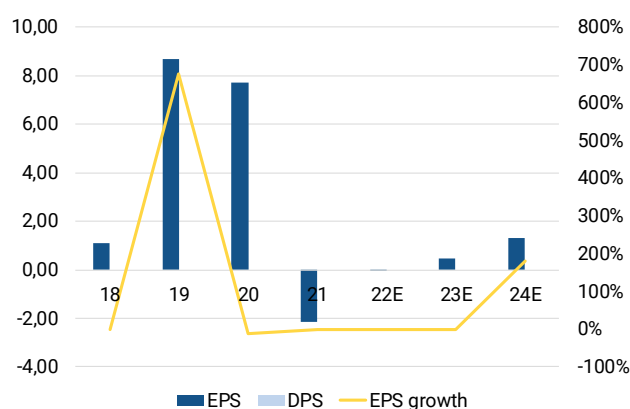
Source: Company data; AlsterResearch

Financials in six charts

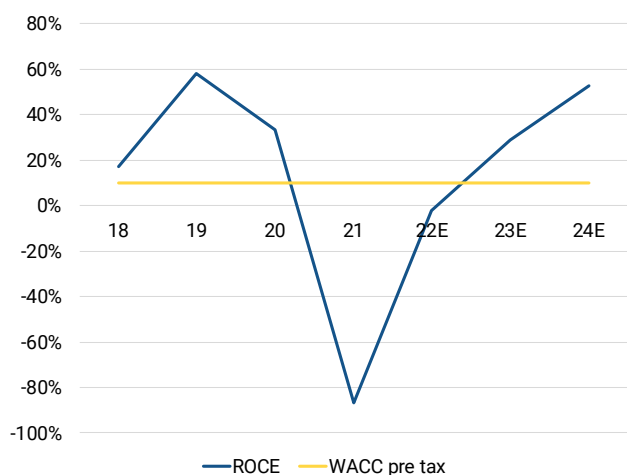
Sales vs. EBITDA margin development



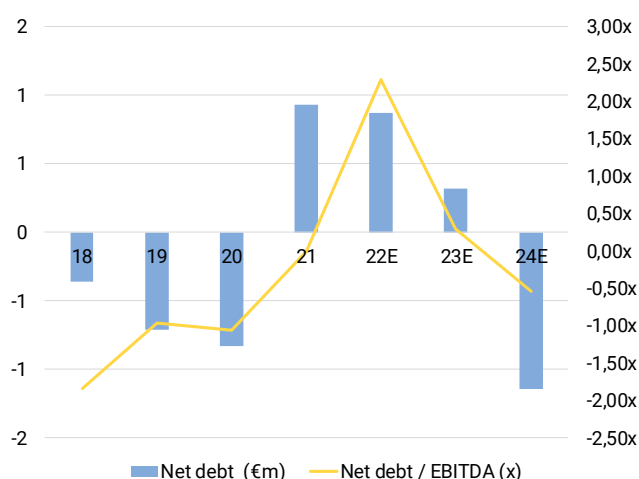
EPS, DPS in EUR & yoy EPS growth



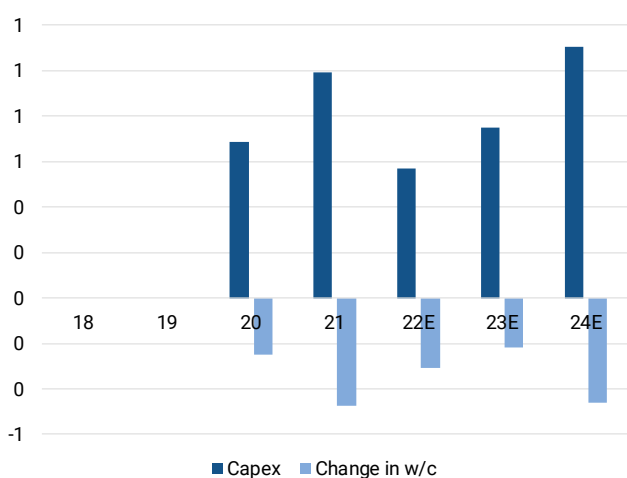
ROCE vs. WACC (pre tax)



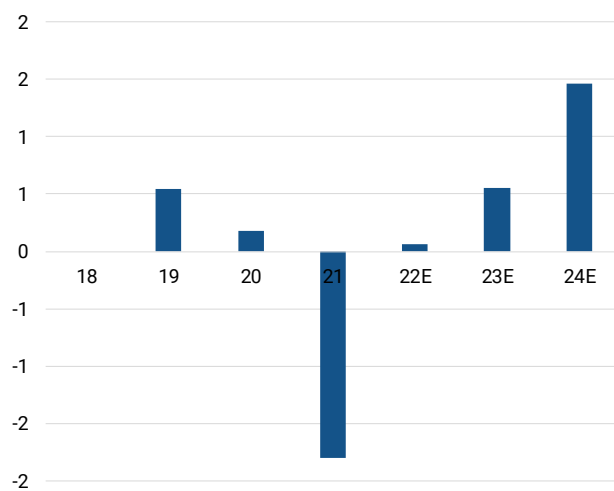
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EUR m)	2019	2020	2021	2022E	2023E	2024E
Net sales	10.3	10.4	12.4	14.2	18.8	27.6
Sales growth	23.5%	0.7%	19.7%	14.4%	32.0%	47.2%
Change in finished goods and work-in-process	0.2	0.4	0.8	1.0	1.3	1.9
Total sales	10.5	10.8	13.2	15.2	20.0	29.5
Material expenses	4.4	3.9	5.2	5.9	7.6	11.1
Gross profit	6.1	6.9	8.1	9.2	12.4	18.4
Other operating income	0.2	0.1	0.1	0.1	0.1	0.2
Personnel expenses	3.5	4.4	6.0	6.1	7.9	11.3
Other operating expenses	2.1	1.8	3.7	2.8	3.6	5.1
EBITDA	0.7	0.8	-1.5	0.4	1.1	2.1
Depreciation	0.0	0.1	0.1	0.1	0.2	0.2
EBITA	0.7	0.7	-1.7	0.2	0.9	1.9
Amortisation of goodwill and intangible assets	0.0	0.1	0.1	0.3	0.3	0.3
EBIT	0.7	0.6	-1.8	-0.0	0.6	1.6
Financial result	0.0	-0.0	-0.0	0.0	0.0	0.0
Recurring pretax income from continuing operations	0.7	0.6	-1.8	-0.0	0.6	1.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	0.7	0.6	-1.8	-0.0	0.6	1.6
Taxes	0.2	0.2	-0.2	-0.0	0.1	0.2
Net income from continuing operations	0.5	0.4	-1.6	-0.0	0.5	1.4
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.5	0.4	-1.6	-0.0	0.5	1.4
Minority interest	0.0	0.0	0.1	0.0	-0.0	-0.1
Net profit (reported)	0.5	0.4	-1.5	-0.0	0.5	1.4
Average number of shares	0.05	0.05	0.71	1.06	1.06	1.06
EPS reported	8.67	7.71	-2.16	-0.03	0.46	1.29

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	2%	4%	7%	7%	7%	7%
Total sales	102%	104%	107%	107%	107%	107%
Material expenses	42%	38%	42%	42%	41%	40%
Gross profit	60%	67%	65%	65%	66%	67%
Other operating income	1%	1%	1%	1%	1%	1%
Personnel expenses	34%	43%	48%	43%	42%	41%
Other operating expenses	20%	17%	30%	20%	19%	19%
EBITDA	7%	8%	-12%	3%	6%	8%
Depreciation	0%	1%	1%	1%	1%	1%
EBITA	7%	7%	-13%	2%	5%	7%
Amortisation of goodwill and intangible assets	0%	1%	1%	2%	2%	1%
EBIT	7%	6%	-15%	-0%	3%	6%
Financial result	0%	-0%	-0%	0%	0%	0%
Recurring pretax income from continuing operations	7%	6%	-15%	-0%	3%	6%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	7%	6%	-15%	-0%	3%	6%
Taxes	2%	2%	-2%	-0%	0%	1%
Net income from continuing operations	5%	4%	-13%	-0%	3%	5%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	5%	4%	-13%	-0%	3%	5%
Minority interest	0%	0%	1%	0%	-0%	-0%
Net profit (reported)	5%	4%	-12%	-0%	3%	5%

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	0.2	0.7	1.4	1.4	1.5	1.8
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.0	0.0	0.1	0.2	0.4	0.7
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	0.2	0.8	1.5	1.6	1.9	2.5
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	1.6	1.3	1.8	1.8	2.3	3.3
Other current assets	0.0	0.0	0.1	0.1	0.1	0.1
Liquid assets	0.8	1.4	0.6	0.6	1.2	2.6
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.1	0.1	0.1	0.2
CURRENT ASSETS	2.4	2.8	2.6	2.6	3.7	6.2
TOTAL ASSETS	2.6	3.5	4.1	4.2	5.6	8.7
SHAREHOLDERS EQUITY	1.1	1.5	-0.1	-0.1	0.4	1.9
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.6	1.5	1.5	1.5	1.5
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.3	0.3	0.3	0.3	0.4	0.6
Non-current liabilities	0.3	0.9	1.8	1.8	1.9	2.0
short-term liabilities to banks	0.1	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.7	0.6	1.5	1.7	2.2	3.2
Advance payments received on orders	0.0	0.0	0.3	0.3	0.4	0.6
Other liabilities (incl. from lease and rental contracts)	0.3	0.3	0.5	0.6	0.8	1.1
Deferred taxes	0.0	0.2	0.0	0.0	0.0	0.0
Deferred income	0.1	0.0	0.0	0.0	0.0	0.0
Current liabilities	1.2	1.1	2.3	2.5	3.3	4.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	2.6	3.5	4.1	4.2	5.6	8.7

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	7%	20%	34%	33%	27%	20%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	1%	1%	1%	5%	7%	8%
Financial assets	0%	0%	0%	0%	0%	0%
FIXED ASSETS	8%	21%	36%	38%	34%	29%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	60%	37%	45%	41%	40%	37%
Other current assets	0%	1%	3%	3%	2%	2%
Liquid assets	31%	40%	14%	15%	21%	30%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	1%	2%	3%	3%	2%
CURRENT ASSETS	92%	79%	64%	62%	66%	71%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	42%	42%	-2%	-2%	7%	21%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	16%	37%	35%	27%	17%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	11%	9%	8%	7%	7%	6%
Non-current liabilities	11%	25%	45%	42%	33%	23%
short-term liabilities to banks	4%	0%	0%	0%	0%	0%
Accounts payable	27%	18%	36%	40%	39%	36%
Advance payments received on orders	0%	0%	7%	7%	7%	6%
Other liabilities (incl. from lease and rental contracts)	13%	9%	13%	13%	13%	13%
Deferred taxes	0%	5%	0%	0%	0%	0%
Deferred income	3%	0%	0%	0%	0%	0%
Current liabilities	47%	32%	56%	60%	59%	55%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	0.0	0.4	-1.6	-0.0	0.5	1.4
Depreciation of fixed assets (incl. leases)	0.0	0.1	0.3	0.1	0.2	0.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.3	0.3	0.3
Others	0.0	0.0	0.0	-0.1	0.1	0.2
Cash flow from operations before changes in w/c	0.0	0.6	-1.3	0.3	1.1	2.1
Increase/decrease in inventory	0.0	0.2	-0.7	0.0	0.0	0.0
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.1	-0.5	-1.0
Increase/decrease in accounts payable	0.0	0.0	1.2	0.2	0.5	1.0
Increase/decrease in other w/c positions	0.0	0.0	0.0	0.0	0.2	0.5
Increase/decrease in working capital	0.0	0.2	0.5	0.3	0.2	0.5
Cash flow from operating activities	0.5	0.9	-0.8	0.6	1.3	2.6
CAPEX	0.0	-0.7	-1.0	-0.6	-0.8	-1.1
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	-0.1	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-0.2	-0.7	-1.0	-0.6	-0.8	-1.1
Cash flow before financing	0.3	0.1	-1.8	0.1	0.6	1.5
Increase/decrease in debt position	0.0	0.5	1.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	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
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.0	0.4	1.0	0.0	0.0	0.0
Increase/decrease in liquid assets	0.3	0.6	-0.8	0.1	0.6	1.5
Liquid assets at end of period	0.8	1.4	0.6	0.6	1.2	2.6

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022E	2023E	2024E
Domestic	10.3	10.4	12.4	14.2	18.8	27.6
Europe (ex domestic)	0.0	0.0	0.0	0.0	0.0	0.0
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	10.3	10.4	12.4	14.2	18.8	27.6

Regional sales split (common size)	2019	2020	2021	2022E	2023E	2024E
Domestic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
Per share data						
Earnings per share reported	8.67	7.71	-2.16	-0.03	0.46	1.29
Cash flow per share	9.57	14.53	-1.35	0.60	1.23	2.43
Book value per share	20.22	27.47	-0.10	-0.10	0.39	1.75
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	1.6x	1.8x	-6.2x	-457.7x	29.4x	10.5x
P/CF	1.4x	0.9x	-10.0x	22.6x	10.9x	5.6x
P/BV	0.7x	0.5x	-135.6x	-138.4x	34.9x	7.7x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	70.9%	107.6%	-10.0%	4.4%	9.1%	18.0%
EV/Sales	1.3x	1.3x	1.2x	1.1x	0.8x	0.5x
EV/EBITDA	18.5x	17.1x	-10.0x	39.9x	13.7x	6.2x
EV/EBIT	19.7x	21.0x	-8.4x	-406.5x	25.2x	8.1x
Income statement (EURm)						
Sales	10.3	10.4	12.4	14.2	18.8	27.6
yoy chg in %	23.5%	0.7%	19.7%	14.4%	32.0%	47.2%
Gross profit	6.1	6.9	8.1	9.2	12.4	18.4
Gross margin in %	59.5%	66.6%	65.0%	65.0%	66.0%	66.5%
EBITDA	0.7	0.8	-1.5	0.4	1.1	2.1
EBITDA margin in %	7.1%	7.6%	-12.3%	2.7%	5.7%	7.7%
EBIT	0.7	0.6	-1.8	-0.0	0.6	1.6
EBIT margin in %	6.7%	6.2%	-14.6%	-0.3%	3.1%	5.9%
Net profit	0.5	0.4	-1.5	-0.0	0.5	1.4
Cash flow statement (EURm)						
CF from operations	0.5	0.9	-0.8	0.6	1.3	2.6
Capex	0.0	-0.7	-1.0	-0.6	-0.8	-1.1
Maintenance Capex	0.0	0.1	0.1	0.0	0.0	0.0
Free cash flow	0.5	0.2	-1.8	0.1	0.6	1.5
Balance sheet (EURm)						
Intangible assets	0.2	0.7	1.4	1.4	1.5	1.8
Tangible assets	0.0	0.0	0.1	0.2	0.4	0.7
Shareholders' equity	1.1	1.5	-0.1	-0.1	0.4	1.9
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	0.4	0.9	1.8	1.8	1.9	2.0
Net financial debt	-0.7	-0.8	0.9	0.9	0.3	-1.1
w/c requirements	0.8	0.7	0.1	-0.2	-0.3	-0.5
Ratios						
ROE	42.9%	28.1%	2,297.6%	32.0%	125.2%	77.9%
ROCE	46.5%	26.9%	-101.4%	-2.2%	25.3%	41.7%
Net gearing	-64.4%	-55.8%	-1,331.8%	-845.8%	77.7%	-61.9%
Net debt / EBITDA	-1.0x	-1.1x	-0.6x	2.3x	0.3x	-0.5x

Source: Company data; AlsterResearch

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