# ParTec AG

Germany / Technology
Frankfurt
Bloomberg: JY0 GR
ISIN: DE000A3E5A34

Update

| | |
|---|---|
| **RATING** | **BUY** |
| **PRICE TARGET** | **€ 170.00** |
| Return Potential | 113.8% |
| Risk Rating | High |

## BIG YEAR AHEAD

**H1 results exceeded our estimates, with sales 15% above FBe at €10.7m, as revenues from Mare Nostrum V and Jupiter materialized earlier than anticipated (FBe: €9.3m). Stronger sales and a much stronger gross margin than modelled, led to positive EBIT of €3.6m (FBe: €-7.6m). A tax refund on the receivables written down in 2023 brought ParTec's net income to €5.7m. We expect 2024 to be tail-loaded, with H2 accounting for 86% of total sales. At its AGM on 6 August, ParTec announced a change in its strategy to focus on constructing and operating large AI machines. ParTec plans to act both as an EPC contractor, selling AI machines to private public partnerships, and as an AI Machine operator, constructing AI Machines and selling the computing hours. The company has since signed a memorandum of understanding with the Helmholtz-Zentrum Dresden-Rossendorf for the construction of a large AI supercomputer named ELBJUWEL, to be built and operated by ParTec. We expect a firm contract by the end of the year. We think there is ample demand for large AI machines, which means ELBJUWEL should be the first of a series of large AI machines. The reduction in short-term revenue estimates (2024E-2025E) driven by this strategic shift is compensated by widening gross profit and EBITDA margins from 2026E onwards. We remain buy-rated with an unchanged €170 price target.**

**Strategic shift towards AI Machines** At its AGM, held on 6 August 2024, ParTec announced, as we describe in greater detail overleaf, that it is changing its structure to focus on the construction and operation of large AI Machines. Previously, ParTec's goal was to tender for 1-2 large vendor projects per year, while constructing small AI Machines to sell to industry. Based on discussions with parties such as the Helmholtz-Zentrum Dresden Rossendorf (HZDR), with which ParTec signed a memorandum of understanding (MOU) on 22 October 2024, the company realized that there is extensive demand for large AI Machines. These large supercomputers will be similar in scale to the …
(p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

| | 2022 | 2023 | 2024E | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|---|
| Revenue (€ m) | 36.1 | 95.7 | 76.1 | 424.2 | 627.8 | 753.4 |
| Y-o-y growth | n.a. | 165.1% | -20.4% | 457.2% | 48.0% | 20.0% |
| EBIT (€ m) | 17.3 | -13.3 | 95.2 | 64.5 | 97.0 | 167.3 |
| EBIT margin | 47.9% | -13.9% | 125.1% | 15.2% | 15.5% | 22.2% |
| Net income (€ m) | 11.2 | -17.4 | 77.5 | 42.7 | 61.3 | 114.2 |
| EPS (diluted) (€) | 1.40 | -2.18 | 9.69 | 3.88 | 5.58 | 10.38 |
| DPS (€) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| FCF (€m) | 8.1 | 19.1 | -22.0 | -433.1 | 131.1 | 200.4 |
| Net gearing | 36.2% | 135.9% | 23.0% | 57.6% | 18.1% | -23.2% |
| Liquid assets (€ m) | 0.2 | 15.3 | 13.0 | 26.9 | 196.9 | 233.3 |

### RISKS

Risks include but are not limited to, a strong dependence on key persons that helped shape the company and ongoing and future patent litigation.

### COMPANY PROFILE

ParTec AG is a global leader in the development and manufacture of modular supercomputers and the high performance computing software that accompanies it. The company went public in July of 2023 with a direct listing on the Frankfurt stock exchange and had 72 employees as of 30 June 2024.

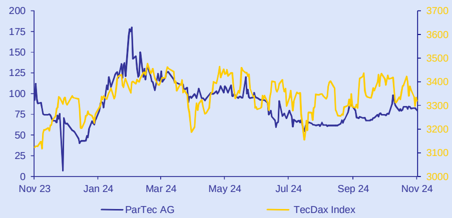
### MARKET DATA

As of 21 Nov 2024

| | |
|---|---|
| Closing Price | € 79.50 |
| Shares outstanding | 8.00m |
| Market Capitalisation | € 636.00m |
| 52-week Range | € 6.95 / 180.00 |
| Avg. Volume (12 Months) | 684 |

| Multiples | 2023 | 2024E | 2025E |
|---|---|---|---|
| P/E | n.a. | 11.5 | 20.9 |
| EV/Sales | 11.5 | 14.4 | 2.6 |
| EV/EBIT | n.a. | 11.5 | 17.0 |
| Div. Yield | 0.0% | 0.0% | 0.0% |

### STOCK OVERVIEW




### COMPANY DATA

As of 30 Jun 2024

| | |
|---|---|
| Liquid Assets | € 15.31m |
| Current Assets | € 78.39m |
| Intangible Assets | € 2.91m |
| Total Assets | € 81.99m |
| Current Liabilities | € 69.74m |
| Shareholders' Equity | € 1.93m |

### SHAREHOLDERS

| | |
|---|---|
| BF Tec Holding GmbH | 60.5% |
| HSC Beteiligungs GmbH | 15.6% |
| R. Falter | 5.0% |
| Prof. Dr. Tichy | 5.0% |
| Free Float | 13.9% |

**Analyst:** Simon Scholes,Alexander Rihane, Tel. +49 (0)30 - 80 93 96 94

... previously planned Vendor projects, with the main differences being the floating point (FP) precision for which they are optimized, and the customers they are sold to. Vendor projects are primarily funded with grants, subsidies and public money. These projects involve tender offers, large amounts of paperwork, potential payment delays and little to no negotiating power for the parties bidding for the contracts. The planned large AI machines such as the ELBJUWEL, which is to be constructed for the HZDR, are instead funded by public private partnerships (PPP). Here, ParTec is able to negotiate more favourable terms, with up-front licensing payments and the ability for ParTec to tailor the project to the needs of the customer.

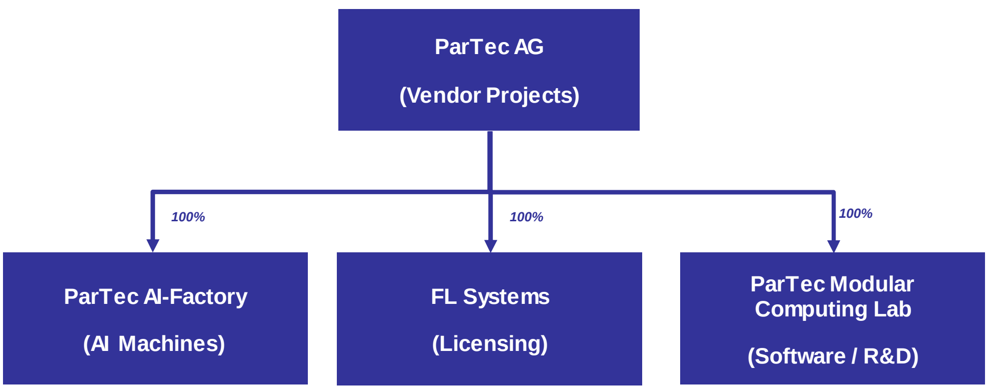
**ELBJUWEL supercomputer** ParTec and the HZDR signed an MOU on 22 October regarding the joint construction and operation of an AI-focused supercomputer named ELBJUWEL. Once constructed, ParTec will sell access to AI supercomputing in the form of “GPU-hours”. We expect the HZDR to receive a fixed percentage of the available GPU-hours in return for an equity contribution at the project level. This new business segment of selling Infrastructure as a Service (IaaS) will be comparable to cloud supercomputing providers such as Microsoft Azure or Amazon Web Services. Due to the interplay between ParTec’s ParaStation Modulo software and the patented dynamic modular system architecture (dMSA), ParTec is able to provide GPU-hours at a price substantially below that offered by Azure, while maintaining very attractive EBITDA margins over 80%. Additionally, the data involved in calculations using GPU-hours purchased from ParTec remain on site at the HZDR, instead of being stored in Microsoft’s servers. We estimate that ELBJUWEL should be operational in H2/26, building the basis of ParTec’s IaaS segment.

We assume that ownership of ELBJUWEL will split 51/49 between ParTec and HZDR respectively. To finance the ca. €440m in CapEx required to construct the machine, we model a roughly 60/40 split between equity and debt. We assume that ParTec will raise ca. €250m in new equity, possibly in tandem with an upgrade from the Scale segment of the market to Prime Standard.

**Change in company structure** After indicating a strategic shift away from vendor projects, ParTec’s management made two key announcements at the AGM on 6 August 2024:

1. The company announced plans to create two new subsidiaries to draw clear distinctions between the business segments. ParTec AI-Factory (AI Machines) and ParTec Modular Computing Lab (Software/R&D) (see figure 1 below) were registered on 30 September 2024 and are both 100% owned by ParTec AG;
2. The company announced that Hugo Falter, previously Chief Operating Officer and co-CEO, will be stepping down from his management roles and will be joining the supervisory board.

**Figure 1: ParTec’s new corporate structure**




*Source: ParTec AG, First Berlin Equity Research*

**Patent infringement lawsuit filed against NVIDIA** On 28 October 2024, ParTec filed a patent infringement lawsuit against NVIDIA at the Unified Patent Court (UPC) in Munich. This is ParTec's second patent infringement suit, following the lawsuit filed against Microsoft Corporation on 10 June 2024. The lawsuit seeks an injunction requiring NVIDIA to refrain from distributing essential products of its GPU product portfolio in patent-protected countries in Europe. In addition, ParTec seeks information regarding the sales activities carried out to date and damages caused. So far, ParTec has been using NVIDIA's GPU's in the construction of its supercomputers. Because ParTec's supercomputer solutions are hardware-agnostic, the company does not rely on delivery of NVIDIA GPU's to construct AI machines. ParTec can instead use any of the other currently available GPU's to construct its supercomputers.

**H1 results above our estimates** Sales for H1/24, which split ~50/50 between Mare Nostrum V and Jupiter, came in 15% above our estimates at €10.7m (FBe: €9.3m). While this represents an 80% decrease with respect to H1/23 (€54.4m), this reduction is in line with our expectations. The majority of ParTec's revenue is generated in its vendor segment, in which payments are made based on the achievement of milestones. As most of the milestones are set for the second half of the year, we expect H2/24 will be much stronger, bringing full year revenues to €76.1m. EBIT at €3.5m came in above our estimates (FBe: €-7.5m), primarily because cost of goods sold was much lower than modelled at €0.3m (FBe: €7.4m). Net income of €5.7m was above our estimate, as €-3.1m in income taxes and €8.4m in other taxes delivered a €5.4m positive net contribution to the bottom line. The €8.4m in 'other taxes' are comprised of refunds on corporate taxes and VAT paid on the €27.7m trade receivables, which were written-down in 2023.

**Figure 2: Comparison First Berlin estimates vs H1 results**

| All figures in €m | H1/24A | H1/24E | Delta | 2023A |
|---|---|---|---|---|
| Sales | 10.7 | 9.3 | 14.5% | 105.2 |
| EBIT | 3.5 | -7.6 | n.a. | -13.31 |
| *margin* | *32.4%* | *-81.9%* | - | *-12.7%* |
| Net income | 5.7 | -10.2 | n.a. | -17.45 |
| *margin* | *53.2%* | *-109.5%* | - | *-16.6%* |
| EPS (diluted) | 0.71 | -1.28 | n.a. | n.m. |

*Source: First Berlin Equity Research estimates*

**Forecasts revised** For 2024E we expect delays in revenues related to the Jupiter supercomputer. This is the reason for the reduction in our 2024E sales forecast (see figure 3 overleaf). Due to the €94m effect of consolidating the value of the "ParaStation Modulo" software into the newly created subsidiary "ParTec Modular Computing Lab", our 2024E EBITDA margin forecast is 126%. Adjusted for this one-off effect, we expect 2024E AEBITDA to come in at €2m. We expect the shift away from Vendor projects to similarly sized AI Machines to result in a reduction in near-term revenues. We have reduced our vendor segment forecasts to reflect this strategic shift. Besides ELBJUWEL, which as mentioned above, we assume will be 51% owned by ParTec, we expect a contract to be signed in the near future, for the construction of a second large AI machine. We expect this machine will be sold entirely to a PPP. Because there is little revenue visibility until a contract, an MOU or an LOI is signed, we assume construction will begin in H2/25. As we have reduced vendor project sales for 2024E and all subsequent years, and revenues from the second AI supercomputer project are split over 2025E and 2026E, 2025E revenues are now lower than previously modelled. If, as we expect, the contract for the construction of ELBJUWEL is signed by end 2024, the supercomputer should be operational by H2/26. Operating the ELBJUWEL with the HZDR will lay the foundation for ParTec's IaaS segment, which has an EBITDA margin in excess of 80%.

This explains our modelled 11 percentage point EBITDA margin increase for 2026E. The reduction in short-term revenues is compensated by a long-term widening of both the gross profit and EBITDA margin.

**Figure 3: Changes to our forecasts 2024E-2026E**

| All figures in €m | 2024E Old | 2024E New | 2024E Delta | 2025E Old | 2025E New | 2025E Delta | 2026E Old | 2026E New | 2026E Delta |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 202 | 76 | -62% | 527 | 424 | -20% | 589 | 628 | 7% |
| EBITDA | 22 | 96 | 336% | 97 | 74 | -23% | 120 | 195 | 63% |
| *margin* | *11%* | *126%* | *-* | *18%* | *18%* | *-* | *20%* | *31%* | *+11 pp* |
| Adjusted EBITDA* | 22 | 2 | -93% | 97 | 74 | -23% | 120 | 195 | 63% |
| *margin* | *11%* | *2%* | *-9 pp* | *18%* | *18%* | *-* | *20%* | *31%* | *+11 pp* |
| Net income | 15 | 78 | 429% | 73 | 43 | -42% | 92 | 61 | -33% |
| *margin* | *7%* | *102%* | *n.m.* | *14%* | *10%* | *-4 pp* | *16%* | *10%* | *-6 pp* |

**AEBITDA is adjusted for the one-off €94m consolidation of ParaStation Modulo*

*Source: First Berlin Equity Research estimates*

**ELBJUWEL to improve liquidity position** We also expect the signing of the ELBJUWEL contract to trigger a series of upfront payments, totalling a low single digit €m sum. These upfront payments should improve ParTec's liquidity position, which at H1/24 amounted to €0.3m, excluding credit lines from the major shareholders. These credit lines amount to approximately €8m.

# VALUATION MODEL

**We remain Buy-rated on ParTec with an unchanged price target of €170** We believe that the strategic shift towards constructing and selling, or constructing and operating large selling AI Machines is promising for three main reasons: (1) ParTec currently has no real competition in the AI Machine segment; (2) Selling GPU-hours through the IaaS segment will give ParTec recurring revenues; and (3) the shift in product mix is expected to increase ParTec's long-term gross profit margin to above 45% (previously: 30%). Our Buy recommendation and €170 price target are both unchanged.

**Figure 4: DCF model**

| DCF valuation model<br>All figures in EUR '000 | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E |
|---|---|---|---|---|---|---|---|---|
| **Net sales** | **76,135** | **424,222** | **627,849** | **753,418** | **858,947** | **961,151** | **1,060,505** | **1,156,475** |
| **NOPLAT** | **81,529** | **51,695** | **78,691** | **127,449** | **198,414** | **242,546** | **283,140** | **321,102** |
| + depreciation & amortisation | 342 | 9,779 | 97,617 | 97,854 | 76,624 | 61,917 | 50,589 | 40,905 |
| Net operating cash flow | 81,871 | 61,475 | 176,308 | 225,303 | 275,038 | 304,463 | 333,728 | 362,007 |
| - total investments (CAPEX and WC) | -6,435 | -486,198 | -28,423 | -11,642 | -11,271 | -11,114 | -10,322 | -9,469 |
| Capital expenditures | -5,300 | -440,000 | -1,078 | 0 | 0 | 0 | 0 | 0 |
| Working capital | -1,135 | -46,198 | -27,346 | -11,642 | -11,271 | -11,114 | -10,322 | -9,469 |
| Free cash flows (FCF) | 75,436 | -424,724 | 147,885 | 213,661 | 263,767 | 293,349 | 323,406 | 352,537 |
| **PV of FCF's** | **74,408** | **-367,900** | **112,494** | **142,730** | **154,681** | **151,073** | **146,262** | **140,014** |

| All figures in thousands | |
|---|---|
| PV of FCFs in explicit period (2024E-2037E) | 1,305,611 |
| PV of FCFs in terminal period | 773,100 |
| Enterprise value (EV) | 2,078,712 |
| + Pro forma net cash / - net debt | -206,938 |
| + Investments / minority interests | 0 |
| Shareholder value | 1,871,774 |
| Diluted number of shares | 11,000 |
| Fair value per share in EUR | 170.16 |

| | |
|---|---|
| Terminal growth: | 3.0% |
| Terminal EBIT margin: | 39.8% |

| WACC | 13.9% |
|---|---|
| Cost of equity | 15.8% |
| Pre-tax cost of debt | 8.0% |
| Tax rate | 23.0% |
| After-tax cost of debt | 6.2% |
| Share of equity capital | 80.0% |
| Share of debt capital | 20.0% |
| Price target | 170.00 |

Terminal growth rate

| WACC | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% | 4.0% | 4.5% |
|---|---|---|---|---|---|---|---|
| 10.9% | 249.19 | 256.44 | 264.56 | 273.71 | 284.10 | 296.00 | 309.77 |
| 11.9% | 213.52 | 218.75 | 224.55 | 231.00 | 238.22 | 246.36 | 255.60 |
| 12.9% | 184.56 | 188.42 | 192.66 | 197.32 | 202.49 | 208.23 | 214.66 |
| 13.9% | 160.67 | 163.57 | 166.72 | 170.00 | 173.94 | 178.09 | 182.69 |
| 14.9% | 140.67 | 142.88 | 145.26 | 147.85 | 150.66 | 153.73 | 157.10 |
| 15.9% | 123.74 | 125.44 | 127.27 | 129.24 | 131.37 | 133.68 | 136.19 |
| 16.9% | 109.26 | 110.58 | 112.00 | 113.52 | 115.16 | 116.92 | 118.82 |

* for layout purposes the model shows numbers only to 2031, but runs until 2038

# INCOME STATEMENT

| All figures in EUR '000 | 2022A | 2023A | 2024E | 2025E | 2026E |
|---|---|---|---|---|---|
| **Revenues** | **36,093** | **95,685** | **76,135** | **424,222** | **627,849** |
| Changes in inventories | 3,474 | 9,511 | 0 | 0 | 0 |
| Cost of goods sold | 16,192 | 76,257 | 58,624 | 301,198 | 370,431 |
| **Gross profit** | **23,374** | **28,939** | **17,511** | **123,024** | **257,418** |
| Personnel costs | 3,111 | 5,269 | 8,755 | 19,090 | 25,114 |
| Other operating income | 145 | 1,306 | 94,407 | 4,242 | 6,278 |
| Other operating expenses | 2,822 | 37,998 | 7,613 | 33,938 | 43,949 |
| **EBITDA** | **17,586** | **-13,021** | **95,549** | **74,239** | **194,633** |
| Depreciation and amortisation | 288 | 292 | 342 | 9,779 | 97,617 |
| **Operating income (EBIT)** | **17,298** | **-13,313** | **95,207** | **64,460** | **97,016** |
| Net financial result | -372 | -3,341 | -4,022 | -8,963 | -17,343 |
| **Pre-tax income (EBT)** | **16,927** | **-16,654** | **91,185** | **55,497** | **79,673** |
| Income taxes | 5,728 | 793 | 13,678 | 12,764 | 18,325 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| **Net income / loss** | **11,198** | **-17,447** | **77,507** | **42,733** | **61,349** |
| **Diluted EPS (in €)** | **1.40** | **-2.18** | **9.69** | **3.88** | **5.58** |

| | | | | | |
|---|---|---|---|---|---|
| **Ratios** | | | | | |
| Gross margin | 55.1% | 20.3% | 23.0% | 29.0% | 41.0% |
| EBITDA margin on revenues | 48.7% | -13.6% | 125.5% | 17.5% | 31.0% |
| EBIT margin on revenues | 47.9% | -13.9% | 125.1% | 15.2% | 15.5% |
| Net margin on revenues | 31.0% | -18.2% | 101.8% | 10.1% | 9.8% |
| Tax rate | 33.8% | -4.8% | 15.0% | 23.0% | 23.0% |
| **Expenses as % of revenues** | | | | | |
| Personnel costs | 8.6% | 5.5% | 11.5% | 4.5% | 4.0% |
| Depreciation and amortisation | 0.8% | 0.3% | 0.4% | 2.3% | 15.5% |
| Other operating expenses | 7.8% | 39.7% | 10.0% | 8.0% | 7.0% |
| **Y-Y Growth** | | | | | |
| Revenues | n.a. | 165.1% | -20.4% | 457.2% | 48.0% |
| Operating income | n.a. | n.m. | n.m. | -32.3% | 50.5% |
| Net income/ loss | n.a. | n.m. | n.m. | -44.9% | 43.6% |

# BALANCE SHEET

| All figures in EUR '000 | 2022A | 2023A | 2024E | 2025E | 2026E |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets, total** | **71,624** | **74,431** | **70,950** | **149,410** | **350,123** |
| Cash and cash equivalents | 158 | 15,308 | 13,042 | 22,404 | 192,443 |
| Receivables | 62,680 | 23,882 | 20,859 | 58,113 | 77,406 |
| Inventories | 6,348 | 15,859 | 17,667 | 49,512 | 60,893 |
| Other current assets | 2,438 | 19,381 | 19,381 | 19,381 | 19,381 |
| **Non-current assets, total** | **3,374** | **3,614** | **102,572** | **540,978** | **452,571** |
| Property, plant & equipment | 42 | 104 | 5,365 | 444,292 | 356,556 |
| Goodw ill & other intangibles | 3,293 | 3,038 | 96,735 | 88,028 | 79,226 |
| Other assets | 39 | 472 | 472 | 8,657 | 16,790 |
| **Total assets** | **74,999** | **78,044** | **173,522** | **690,388** | **802,694** |
| **Shareholders' equity & debt** | | | | | |
| **Current liabilities, total** | **29,346** | **31,716** | **42,986** | **76,948** | **273,214** |
| Short-term debt | 2,252 | 6,380 | 20,000 | 31,062 | 224,000 |
| Accounts payable | 20,351 | 24,835 | 22,486 | 45,386 | 48,714 |
| Shareholder loans | 6,743 | 500 | 500 | 500 | 500 |
| **Long-term liabilities, total** | **25,712** | **50,075** | **56,775** | **258,445** | **113,137** |
| Long-term debt | 5,131 | 3,838 | 10,000 | 202,938 | 48,938 |
| Other liabilities | 20,581 | 46,237 | 46,775 | 55,508 | 64,200 |
| **Minority interests** | **0** | **0** | **0** | **0** | **0** |
| **Shareholders' equity** | **19,941** | **-3,746** | **73,761** | **354,994** | **416,343** |
| Share capital | 8,000 | 8,000 | 8,000 | 11,000 | 11,000 |
| Capital reserve | 800 | 800 | 800 | 236,300 | 236,300 |
| Loss carryforw ard / retained earnings | 11,141 | -12,546 | 64,961 | 107,694 | 169,043 |
| **Total consolidated equity and debt** | **74,999** | **78,044** | **173,522** | **690,388** | **802,694** |
| **Ratios** | | | | | |
| Current ratio (x) | 2.44 | 2.35 | 1.65 | 1.94 | 1.28 |
| Quick ratio (x) | 2.22 | 1.85 | 1.24 | 1.30 | 1.06 |
| Net debt | 7,225 | -5,090 | 16,958 | 211,596 | 80,495 |
| Net gearing | 36.2% | 135.9% | 23.0% | 59.6% | 19.3% |
| Equity ratio | 26.6% | -4.8% | 42.5% | 51.4% | 51.9% |
| Book value per share (in €) | 2.49 | n.m. | 9.22 | 32.27 | 37.85 |
| Return on equity (ROE) | 56.2% | n.m. | 105.1% | 12.0% | 14.7% |
| Days of sales outstanding (DSO) | 633.9 | 91.1 | 100.0 | 50.0 | 45.0 |
| Days inventory outstanding | 143.1 | 75.9 | 110.0 | 60.0 | 60.0 |
| Days payables outstanding (DPO) | 458.7 | 118.9 | 140.0 | 55.0 | 48.0 |

# CASH FLOW STATEMENT

| All figures in EUR '000 | 2022A | 2023A | 2024E | 2025E | 2026E |
|---|---|---|---|---|---|
| **EBIT** | **17,298** | **-13,313** | **95,207** | **64,460** | **97,016** |
| Depreciation and amortisation | 288 | 292 | 342 | 9,779 | 97,617 |
| **EBITDA** | **17,586** | **-13,021** | **95,549** | **74,239** | **194,633** |
| Changes in working capital | -25,594 | 34,838 | -1,135 | -46,198 | -27,346 |
| Other adjustments | 16,122 | -2,630 | -111,162 | -21,179 | -35,109 |
| **Operating cash flow** | **8,114** | **19,187** | **-16,748** | **6,862** | **132,178** |
| Investments in PP&E | -30 | -98 | -5,300 | -440,000 | -1,078 |
| **Free cash flow** | **8,084** | **19,089** | **-22,048** | **-433,138** | **131,101** |
| Other investments | 0 | -131 | 0 | 0 | 0 |
| **Investment cash flow** | **-30** | **-229** | **-5,300** | **-440,000** | **-1,078** |
| Debt financing, net | 1,821 | 3,607 | 19,782 | 204,000 | 38,938 |
| Equity financing, net | 0 | 0 | 0 | 243,000 | 0 |
| Dividends paid | -10,000 | -6,240 | 0 | 0 | 0 |
| Other financing | 0 | -382 | 0 | 0 | 0 |
| **Financing cash flow** | **-8,179** | **-3,015** | **19,782** | **447,000** | **38,938** |
| **Net cash flows** | **-95** | **15,943** | **-2,266** | **13,862** | **170,038** |
| Cash, start of the year | -2,150 | -2,096 | 15,308 | 13,042 | 26,904 |
| **Cash, end of the year** | **-2,245** | **13,847** | **13,042** | **26,904** | **196,943** |
| **EBITDA/share (in €)** | **2.20** | **-1.63** | **11.94** | **6.75** | **17.69** |

| | | | | | |
|---|---|---|---|---|---|
| **Y-Y Growth** | | | | | |
| Operating cash flow | n.a. | 136.5% | n.m. | n.m. | 1826.2% |
| Free cash flow | n.a. | 136.1% | n.m. | n.m. | n.m. |
| EBITDA/share | n.a. | n.m. | n.m. | -43.5% | 162.2% |

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## ASSET VALUATION SYSTEM

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

### ASSET RECOMMENDATION

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

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

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

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

### RISK ASSESSMENT

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

## RECOMMENDATION & PRICE TARGET HISTORY

| Report No.: | Date of publication | Previous day closing price | Recommendation | Price target |
|---|---|---|---|---|
| Initial Report | 26 March 2024 | €119.00 | Buy | €220.00 |
| ... | ↓ | ↓ | ↓ | ↓ |
| 2 | 11 July 2024 | €64.50 | Buy | €170.00 |
| 3 | Today | €79.50 | Buy | €170.00 |

## INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

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**Legally required information regarding**

- **key sources of information in the preparation of this research report**

- **valuation methods and principles**
- **sensitivity of valuation parameters**

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