

Ace in the hole – those horses are saddled for more

pferdewetten.de is among the leading online sports betting players in the German market with the focus still on horse betting. In 2022, it has started the largest growth initiative in the company's history by entering the Sports retail betting segment and expanding its retail shop network. The targeted number of 400 shops by 2026 will catapult group revenues to EUR 100m and EBITDA to EUR 18m in FY 2027e. The transformation is already in full swing and will take pferdewetten.de into a completely new dimension. This trend is seen and appreciated by investors, as can be seen from the recent, oversubscribed EUR 8m capital increase. With a TP of EUR 22.00 and an implied upside potential of >60%, we initiate the coverage on pferdewetten.de with a Buy.

Sports betting is a growth market

The European sports betting market is expected to grow by 9% p.a. between 2022 and 2027e and is thus the second fast growing gaming market in Europe. With gross gaming revenues of EUR 12-13bn it is the third largest market. In Germany a change in regulation has clarified the situation for the betting companies. Due to a somewhat looser regulation the shop betting market looks particularly attractive in the coming years, in our view.

Expansion of shop network as the growth driver

Having started opening betting shops in 2022 pferdewetten.de has today more than 120 franchise shops. By end of 2026, the company plans to increase the number of retail shops in its new segment Sports betting retail to around 400. As from the regulatory perspective the retail betting has fewer limitations compared with online betting and as the retail shops with its in-social experiences are very often the initial acquisition tool for future online players, we see the strategic rationale of expanding the retail shop network.

Group EBITDA of EUR 18m in reach

On the back of the already launched investment initiative, we forecast group revenues to reach the EUR 100m threshold by FY 2027e. In the same period, group EBITDA is expected to be at EUR 18.0m. The successfully placed capital increase of EUR 8m is in our view clear evidence that investors welcome and support the launched new strategy.

EURm	2021	2022	2023e	2024e	2025e
Revenues	13	15	24	49	71
EBITDA	(0)	(3)	(10)	2	9
EBIT	(1)	(4)	(11)	1	7
EPS	(0.04)	(0.35)	(1.70)	(0.10)	0.46
EPS adj	-	-	-	-	-
DPS	0.10	-	-	-	-
EV/EBITDA	-	-	-	30.7	9.4
EV/EBIT	-	-	-	63.7	11.7
P/E adj	-	-	-	-	-
P/B	4.33	2.27	4.99	3.94	3.48
ROE (%)	-	-	-	-	12.5
Div yield (%)	0.6	-	-	-	-
Net debt	(13)	(10)	(1)	1	12

Source: Pareto Securities

Target price (EUR)	22.0	▲	BUY
Share price (EUR)	13.5	-	HOLD
		▼	SELL

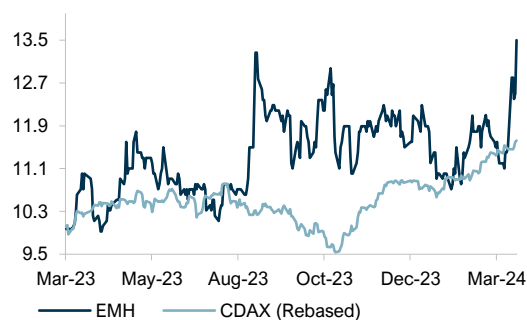
Forecast changes

%	2024e	2025e	2026e
Revenues	-	-	-
EBITDA	-	-	-
EPS reported	-	-	-
EPS adj	-	-	-

Source: Pareto Securities

Ticker	EMHn.DE, EMH GY
Sector	Gaming
Shares fully diluted (m)	5.6
Market cap (EURm)	76
Net debt (EURm)	-1
Minority interests (EURm)	-1
Enterprise value 23e (EURm)	57
Free float (%)	76

Performance



Source: FactSet

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

Analysts

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

Mark Josefson
+49 69 58997 437, mark.josefson@paretosec.com

Dr Philipp Häßler CFA
+49 69 58997 414, philipp.haessler@paretosec.com

Table of Contents

Table of Contents	2
Executive Summary	3
SWOT Analysis.....	4
Company profile and business model.....	5
Historical development and current set-up.....	5
Business model.....	7
Market and regulatory environment.....	13
Regulatory environment	13
German Market	14
Financials.....	18
Understanding the financials.....	18
Construction of our estimates	20
Revenue estimates for Sports betting retail.....	20
EBITDA estimates for Sports betting retail	23
Cash flow estimates	27
Balance sheet	28
Valuation.....	29
DCF model	30

Executive Summary

Among the market leaders in the German horse betting market

pferdewetten.de is offering all kinds of sports bets both online and in around 100 betting shops. It focuses on the German market and is among the TOP3 horse betting companies in Germany. Offering horse bets since more than 20 years in Germany it is one of the most experienced players in the market.

Sports betting as growth market

Germany is the third largest gaming market in Europe with gross gaming revenue of around EUR 12-13bn. The sports betting market has a share of 14% of the gaming market in Germany, horse betting has a market share of below 1%. Within Europe the sports betting market is forecasted to grow by 9% p.a. between 2022 and 2027e and is thus the market with the second largest growth rates within the European gaming market.

Regulatory environment has improved

With the new State Treaty on Gambling, which was enacted in 2021, the legal situation in Germany has been clarified. Since then, online gambling is permitted in Germany which enables players and providers to operate in a legal but strictly regulated market. At the same time various legally binding measures to protect the players were introduced. The sports betting market is a regulated market which requires the betting companies to fulfil a range of regulatory requirements. Even though the new State Treaty on Gambling is not perfect, we think that the regulatory environment has improved due to the clarification of the overall gaming market and the permissance of online gambling.

Retail betting allows cross selling potentials

Together with the general market drivers, we believe that there are two key organic growth drivers for pferdewetten.de. 1) increase the player retention and loyalty with additional offerings but also with higher incentives and 2) acquiring additional players and gaining market share. In addition to that, the management has started a comprehensive expansion of its retail network. The retail shops are very often the initial acquisition tool for future online players. Therefore, we believe, it does not only provide the entry base for new customers, but it also contributes to create a brand awareness. According to market research institutes, the in-shop social experiences are influencing factors for players. Furthermore, from the regulatory perspective, the retail betting has fewer limitations, compared with the online betting. This aspect is in particular important for "high rollers", customers with above average betting volume, crucial, when it comes to choosing a suitable vendor. Without the retail business, it would be almost impossible to address these attractive customers.

Significant earnings upside ahead

pferdewetten.de is currently within one of the largest growth initiatives in the company's history. Over the next three years, the company plans to increase the number of retail shops in its new segment Sports betting retail to around 400. pferdewetten.de has already shown in 2023, that the company is able to implement this expansion by stepping up to 126 stores by end of February, from only 10 in 2022. On the back of assumed revenues per franchise shop of EUR 220,000 and EBITDA of EUR 43,200 (even EUR 120,000 for own shop) we forecast for the Sport betting retail segment alone revenues of EUR 85.5m by 2027e and an EBITDA of EUR 14.4m. On group level, we estimate FY 2027e revenues of EUR 100.4m (implied 2023e-27e CAGR of c.44%) and an EBITDA of EUR 18.0m.

Clear support from investors for the new strategy

The massive expansion of retail shops requires external funding. In December 2023 the company announced that it has secured up to EUR 14m in debt capital from a financial investor. Furthermore, just recently the company successfully placed a capital increase of EUR 8m. According to the management, the offer was met by high investor demand and the capital increase was oversubscribed. In addition to the already implemented financing measures, the company also considers issuing a bond with a total amount of up to EUR 35m. The already completed financing measures are clear evidence that investors welcome and support the launched new strategy.

Valuation and recommendation

We value the shares based on our DCF model. Given the fact, that pferdewetten.de is in a transition period with massive investments and start-up costs, earnings will remain subdued over the next 12-18 months. Therefore, we refrain from using a peer group comparison as this would have misleading results. On the back of a WACC of 8.3% and a beta of 1.3, we derive a fair value for the share of EUR 22.0. Given the massive upside potential of >60%, we initiate coverage on pferdewetten.de with a Buy.

SWOT Analysis

Strengths

Established player with long experience

Having been active in the market for more than 20 years the company is clearly among the most experienced market participants. The company's management is very experienced and its core business, the horse betting business, has always been profitable.

Highly profitable and well capitalized

The company's core business, horse betting, is highly profitable with an EBIT margin of 15% (9M 2023). The group has been loss-making in 9M 2023 because of the build-up of the shop network and online betting activities. Having an equity ratio of around 25% (post the recent capital increase), the company is well capitalized and should be able to fund the further expansion of its shop network.

Broadly independent from economic cycles

Historical development of the gambling market has shown a broad independence from economic cycles. Despite inflationary trends and economic uncertainties, customer demand was robust over the past years. Looking forward, this enables a good planning reliability for pferdewetten.de.

Weaknesses

Relatively small player compared to some of its larger competitors

pferdewetten.de is a relatively small player in the European gaming market. Hence, it cannot so easily expand e.g. its shop network, expand into new geographic markets or start offering new gaming products. This can be a competitive disadvantage compared to the larger players.

Strong dependence on horse betting

In 9M 2023 the Horse betting segment achieved EUR 8.7m of revenues and contributed c.57% to the company's total revenues. The EBITDA of the segment was EUR 1.8m and was clearly the main earnings pillar in the past. Hence, the company is still highly dependent on the horse betting business although its importance should more and more decline in the coming years.

Opportunities

Shop openings more successful than expected

pferdewetten.de plans to have around 400 shops by 2026e with an average EBITDA contribution of around EUR 54-150k per shop. In case the company manages to open a higher number of shops and/or the shops are more profitable than planned, the company's profitability may turn out to be significantly higher.

International expansion accelerates

pferdewetten.de is still very much focused on the German market. In case of a successful international expansion the company's profitability may turn out to be much higher than forecasted by us.

Threats

Tighter regulation

The betting market is a highly regulated market, new players need a license and the market is supervised by the newly established Joint Gaming Authority of the Federal States (GGL), which is located in Halle. We see a tighter regulation, e.g. the introduction of a betting limit in betting shops, as a major threat for pferdewetten.de's business.

Market entry of new competitors

In case of new competitors with large financial power entering the market and offering more attractive conditions to the betting participants and/or pferdewetten.de's franchise partners the company's profitability should suffer.

Company profile and business model

pferdewetten.de is a betting company focusing on the German market. While it has focused on horse betting in the past, it has recently expanded into online sports betting and retail betting. Particularly, the planned build-up of 400 betting shops should be the key earnings driver in the coming years.

Historical development and current set-up

Pferdewetten.de's online offering for sports bets

The screenshot displays the pferdewetten.de website interface. At the top, there are navigation tabs for 'SPORTWETTEN', 'LIVIEWETTEN', and 'AKTIONEN'. A search bar is visible on the left. The main content area is divided into several sections: a '100€ WELCOME BONUS' promotion, a 'HEIMSIEG UND ACHTELFINALE? FREIBURG VS LENS' advertisement, and a 'WETTSCHEIN' section. Below these, there are multiple tables of betting odds for various sports, including Tennis, Football (UEFA Champions League, Bundesliga, etc.), and other leagues. The odds are presented in a grid format with columns for different bet types and outcomes.

Source: pferdewetten.de

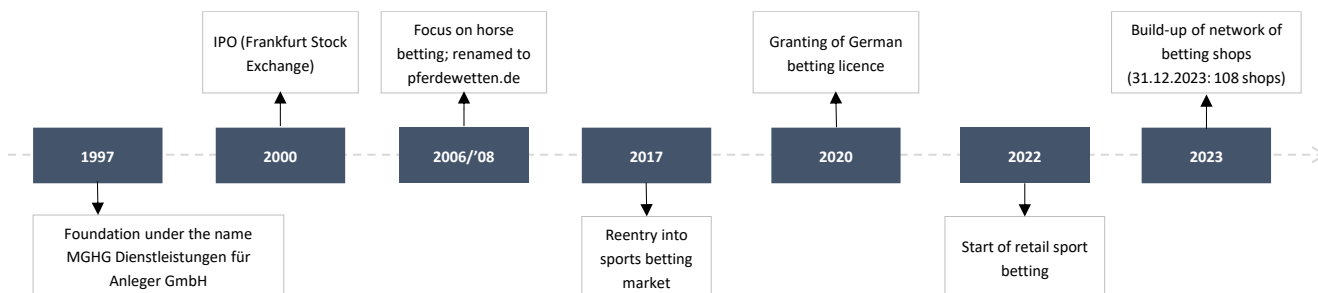
Business model

pferdewetten.de offers a wide range of sports bets with the clear focus on horse betting. The company has traditionally focused on online betting but has started opening retail bet shops under a franchise model and under its own operation in 2023. At the end of February it had 126 bet shops of which 3 were owned by pferdewetten.de. pferdewetten.de offers also business clients in Germany and abroad a wide range of services around online and retail betting.

History

pferdewetten.de was founded in 1997. The company's focus was the offering of stock exchange games and advice for investment decisions as well as the brokerage of financial services/products which were not subject to approval. In 2000 the company went public and was listed on the Frankfurt Stock Exchange. In 2002 the company moved its HQ to Munich, started offering online sport bets and changed its name to SPORTWETTEN.DE. Since 2003 the company offers online horse betting and from 2006 onwards the company's focus was on horse betting. In 2008 the company moved its HQ to Baden-Baden and was renamed to pferdewetten.de. In 2017 it has re-entered the sports betting market and in 2020 it has been granted a German betting licence (before it had been operating with a Maltese license). At the end of 2022 it has started building up a network of betting shops in Germany.

Historical development



Source: pferdewetten.de, Pareto Securities

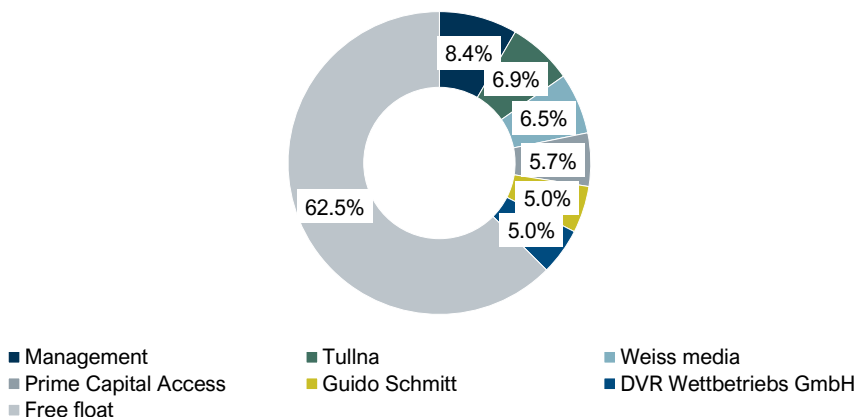
Management

Pierre Hofer (CEO): Pierre Hofer is CEO of the company. Pierre Hofer (born in 1971) has joined the company as a board member in 2010. Before joining pferdewetten.de he worked as COO for Racebet and then joined the Directorate for Thoroughbred Breeding and Racing.
Marc Schiedel (CFO): Marc Schiedel (age 52 years) has been appointed interim CFO for an initial period of six months, starting March 11, 2024. Mr Schiedel has 20 years of experience in the finance departments of various companies. Before joining pferdewetten.de he was Head of Accounting & Tax at Tipico.

Shareholder structure

pferdewetten.de is listed on the General Standard market in Frankfurt. The total number of shares amounts to 5.6m, the market capitalization is around EUR 60m. Free float stands at 63%, main shareholders are the management with 8%, Tullna (7%), Weiss media GmbH (7%) and Guido Schmitt and DVR Wettbetriebs GmbH with each 5%.
 Note, that pferdewetten.de has raised around EUR 8m via a capital increase with subscription rights in March 2024. The company has issued 761.9k new shares for a subscription price of EUR 10.50. According to the company the capital increase was heavily oversubscribed. Proceeds from the capital increase are intended to use for the further build-up of the branch network, e.g. purchase of terminals and cashiers for the franchise shops but also for the acquisition of some shops.

Shareholder structure



Source: pferdewetten.de, Pareto Securities

Business model

Currently, pferdewetten.de is active in horse betting, sports online and sports retail betting. Furthermore, it offers different services around betting to private and commercial customers.

Horse betting segment

Horse betting is clearly pferdewetten.de's core business. This is the business it has the most experience with and where it is one of the market leaders in Germany. It offers both totalizator bets (bets which are passed on to the totalizator – see for more details on page 8) and bookmaker bets not only for Germany but globally around the clock. In 9M 2023 85% of the company's gross gaming revenue (GGR) came from the horse betting segment and this business achieved a positive EBITDA of EUR 1.8m (group: EUR -8.3m). When offering bookmaker bets it acts as a counterpart for the betting participants. Both risks and margins are higher for this type of business. When passing on totalizator bets pferdewetten.de realizes a lower margin as it receives only a fee but at the same time does not take on any risks.

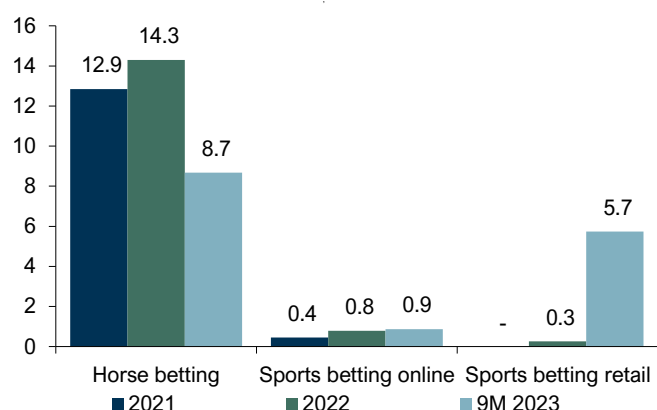
Sports online betting segment

The company has re-entered the sports betting market in 2017 and has continuously grown the business since then. In 9M 2023 it has achieved gross gaming revenues of EUR 0.9m, equivalent to 2% of group revenues. pferdewetten.de offers bets on more or less all types of sport on a global scale around the clock. Unlike in horse betting it offers only bookmaker bets i.e. takes on the risks arising from being a counterpart for the betting participants. The net margin (net gaming revenues as a % of the betting volume) is in this segment with 4% slightly higher than in horse betting. pferdewetten.de has its own software which it does not own but operates in a joint venture.

Sports retail betting segment

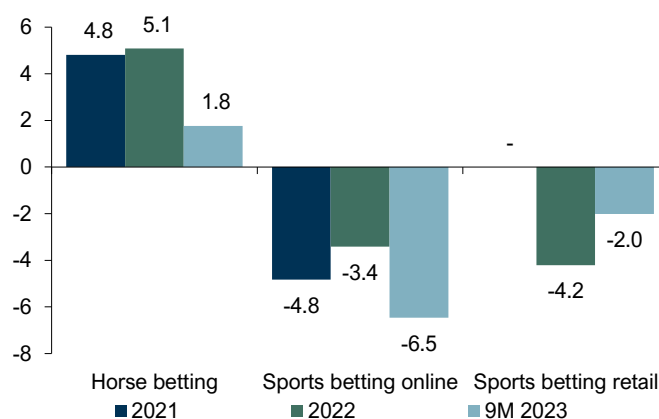
In 2022 pferdewetten.de has started building a network of betting shops in Germany. While the number of betting shops amounted to only 10 at the end of 2022, the number has increased to 126 by the end of February. The vast majority of the shops are operated from franchisees, so far only three shops are owned by pferdewetten.de. Under the franchise model pferdewetten.de receives a 20% franchise fees from the franchisee. If it owns the shops itself, the profitability of the shops is significantly higher. Pferdewetten.de targets to have 400 retail shops in Germany by 2026 (under the franchise model as well as under own operation). This unit has achieved gross gaming revenues of EUR 5.6m in 9M 2023 (14% of group revenues). See the financial section for additional details on the company's expansion plans.

Revenue development (EURm)



Source: pferdewetten.de, Pareto Securities

EBITDA development (EURm)



Source: pferdewetten.de, Pareto Securities

Service business

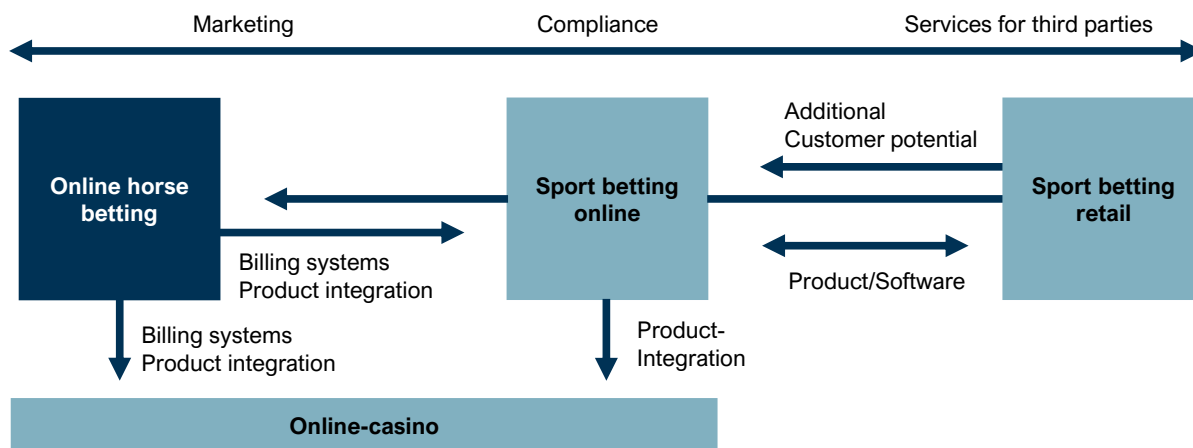
In the service business pferdewetten.de offers pool access and interfaces for so-called high rollers or professional bettors to international betting markets. These customers, private individuals and companies, get via pferdewetten.de's interfaces connections to global betting places and pferdewetten.de receives a fee for this service. Revenue contribution from this segment is relatively small but has relatively high margins.

Omnichannel strategy implemented

With the build-up of the shop network pferdewetten.de has successfully implemented an omnichannel strategy. Before it has been a pure online player. We see the company's strategic decision to operate as an omnichannel player positively as the company should be able to realize significant cost and revenue synergies. The software it uses for processing the bets and also the odds management system can be used both for its online and its shop business. With the shop openings it should be able to win additional customers who prefer going to a betting shop rather than betting online. For existing customers the shop may also be a positive factor as betting limits do not apply.

The final step in the company's omnichannel strategy is the offering of the online casino. The cross-selling potential with its existing activities is immanent.

Overview of pferdewetten.de's omnichannel strategy



Source: pferdewetten.de, Pareto Securities

Betting: how does it work?

As there are a wide range of different betting types for the various kind of sport we focus on horse bets as these are by far the most important bet type for the company.

Generally, horse bets can be differentiated by the type of bet (e.g. single or combination bets) or by the bet design between the participants (e.g. totalizator or bookmaker bet).

Single bets: Single bets are made for the outcome of single races. There are various types of single bets. A winning bet is won when the bet horse wins the race, an ita bet is won when the bet horse finishes in second place. Another bet type is the so-called double bet, the bet is won when the bet horse finishes in the bet order.

Combination bets: Combination bets are bets that are combined single bets i.e. various single bets are placed together.

pferdewetten.de offers three different types of bets to its customers. In case of the totalizator bet the company is just acting as a broker i.e. places the bets with the totalizator and receives a brokerage fee for this service. It has direct contact with a number of globally active totalizators via various channels. In case of the bookmaker bets pferdewetten.de acts as a bookmaker and takes on the betting risk. Last but not least pferdewetten.de offers also fixed-odds bets to its customers. However, in case of horse bets fixed-odds bets are rather an exception – this is different for other sport bets.

Totalizator bets

Totalizator bets and bookmaker bets are characterized by the fact that the betting odds are not determined by the betting operator but by the ratio of the betting stakes placed by the betting participants. In horse betting the betting stakes depend e.g. on the probability that a specific horse wins the race i.e. more people will bet on the favourite than people betting on the outsider. After the race the betting stakes will be paid out (pro rate depending on the betting stakes) to those who have placed the correct bet. In case of the favourite winning the race the betting stakes will be paid out to a relatively large number of people, i.e. the individual profits will be relatively small compared to the outcome that the outsider wins, as in this case the same amount of money is paid out to only a few people. Importantly, totalizator bets do not have any fix betting odds – these change with every new bet that is placed and the betting participants only know after all bets are placed (normally after the race has started) what the betting odds are. In horse betting such totalizator bets with variable betting odds are the predominant type of bet. The so-called totalizator plays an important role as he organizes the betting process. He collects the bets, updates the betting quotes and pays out the profits to the betting participants. He is, however, not the

counterpart of the betting participants as the total number of participants is the counterpart of each individual betting participant. This means that the totalizator does not take on any risks but receives a fee for managing the process. Not everybody is allowed to act as a totalizator, in Germany only certain privileged providers like e.g. racing clubs are allowed to act as totalizator.

How does a totalizator bet work?



Source: Pareto Securities

How does a bookmaker bet work?



Source: Pareto Securities

Bookmaker bets

Bookmaker bets are very similar to totalizator bets with the key difference that the betting participants have a concrete counterpart, which is normally the bookmaker. The betting quotas are normally based upon the totalizator betting quotas.

For pferdewetten.de the bookmaker bets are on the one hand more profitable as they come with higher margins (as pferdewetten.de takes the margin which otherwise the totalizator would keep) but on the other hand the company takes on the risk of being the counterpart of the betting participants. Normally the betting participants in the bookmaker bets follow the betting pattern of the betting participants in the totalizator bets. In this case pferdewetten.de receives the same margin as the totalizator does. However, if the betting pattern of the betting participants in the bookmaker bet differs significantly from that of the totalizator bet pferdewetten.de may incur losses. This would be e.g. the case if in the bookmaker bet one betting participant puts a large sum on an outsider, which wins the race. In this case the bet on the outsider would not impact the betting quotas of the totalizator bet but pferdewetten.de would have to pay out the high profit (based upon the totalizator betting odds). Another important difference between the totalizator and the bookmaker bet is the taxation. Principally both types of bets are taxed with a 5.3% betting tax. For the bookmaker bet the bookmaker has to pay the 5.3% betting tax, i.e. the tax is deducted from the customer's betting stake. In case of the totalizator bet the operator of the totalizator has to pay the tax. The totalizator gets, however, 96% of the tax refunded – the tax refund has to be invested into public performance tests for horses. This means that totalizator bets are more popular because they are charged with a lower tax.

Fixed-odds bets

Fixed-odds bets give the betting participants the betting odds in advance, i.e. the betting participant knows already with the placement of his bet what his profit will be. Fixed-odds bets are the most common betting type in sports betting (excl. horse betting). Similar to bookmaker bets both risks and potential profits are higher for pferdewetten.de.

Software

pferdewetten.de uses different software for the different bets. For horse bets it uses mainly the Challenger Platform, an online platform, which it has specifically developed for horse bets. The software covers both the front and the back end. For sports bets the company exclusively uses software from two partners (one for the frontend and one for the backend), which it, however, does not own. The two companies are not only service providers but also shareholders in the Joint Venture sportwetten Operations, in which pferdewetten.de holds a 69% stake. Importantly, pferdewetten.de has a purchase option for the software. pferdewetten.de aims to have a joint backend for all bet types it is offering as this would lead to a better CRM as it would contain all customer data. Cost savings could be realized as e.g. compliance topics have to be implemented only in one system.

Risk management

In our view a state-of-the-art risk management is the key success factor for any betting company. As explained on the previous pages, risk management does not play a role for the totalizator bets as these bets are only passed on to the bookmakers and pferdewetten.de receives a fee. As pferdewetten.de aligns its bookmaker bets with totalizator bets, the risk management plays a minor for these types of bets as well.

For the other bets, i.e. the sports bets, the odds management is, however, of key importance for the company as it acts as bookmaker. pferdewetten.de uses service providers like Sportradar, Begenius or L-Sports which provide the necessary data feeds and quote management systems to pferdewetten.de to be able to offer its customers a wide range of bets. pferdewetten.de uses the providers' base models to offer its odds for the different bets. The quote management is partially done automatically and partly done by pferdewetten.de's bookmakers. It can always decide how to position within the market, i.e. whether it wants to offer more attractive odds than its competitors or not. The company has one team of bookmakers in Munich which monitors the market and calculates the odds. Two months ago, pferdewetten.de has installed a team of bookmakers in Tunis. Thus, it can offer a better and longer availability of live bets which is not only attractive for its customers but also leads c.p. to better margins. Main risks for pferdewetten.de are that it miscalculates odds because of technical issues and/or misjudgments. Another risk factor is that bettors place bets at different betting companies and hedge their positions via arbitrage at the expense of the betting companies.

The development of the net gaming revenue margin (as a % of the gross gaming revenue margin) has been on average at 36% between 2018 and 9M 2023. It has, however, been relatively volatile with 55% in 2018 and 25% in 9M 2023. As the net gaming revenue margin depends on various factors (the share of high rollers, the share of totalizator bets and the share of horse bets) we think that the margins give only partially an insight into how successful pferdewetten.de's odds management is.

Example of a Sportwetten shop



Source: pferdewetten.de

Retail expansion

In 2022, the company decided to enter the retail market via shop openings. So far, most of the shops are operated by franchisees, which either operate one or more shops. Having had only ten shops at the end of 2022, the company managed to open almost 100 shops during 2023, an impressive achievement. Most of the shops were “acquired” from competitors like Happybet, Merkur, Tipbet, Bet3000 or Tipico, i.e. the franchisees changed their partners. A typical shop has around 80 sqm and is located in B locations in cities with a population of at least 20k inhabitants. The company has ambitious growth plans and targets to have 222 stores by the end of 2024 and to become No. 2 in the German retail sports betting market with around 400 shops by 2026. The main reasons for building up a large betting shop network are:

- 1) higher margins in the shops,
- 2) a shop-friendly regulation as there are e.g. no betting limits in the shop, i.e. pferdewetten.de can try to win the so-called high rollers,
- 3) higher customer retention by giving customer cards for both online and shop usage,
- 4) marketing reasons (a country wide shop presence increases the brand recognition),
- 5) synergy potential from a possible offering of horse betting in the shops.

pferdewetten.de has announced two important shop transactions in December 2023 and January 2024:

- In December it has announced that it has signed a letter of intent with the family Agirbas regarding 28 shops which will change to sportwetten.de by April 1, 2024, i.e. the franchisees will run under the sportwetten.de brand and pferdewetten.de will receive the 20% franchise fee.
- In January it has announced the acquisition of 25 shops in a two-step process. In a first step the SW Shops GmbH, a 100% subsidiary of pferdewetten.de AG, will acquire a 30% stake in a newly founded company, which owns the shops, for EUR 6.3m. In 2026 the latest, SW Shops plans to acquire the remaining 70% – the purchase price will be determined on the basis of the 2026 results. The company expects a 100% EBITDA contribution of the shops of EUR 3.5m p.a. Furthermore, it has been agreed upon with the partner to open additional franchise shops (which will be owned by a second company which will be set up together with the partner) which are planned to be taken over by pferdewetten.de by 2026 the latest. The reason for pferdewetten.de preferring operating the shops itself than having a franchise partner is that the former is more profitable for it as pferdewetten.de keeps the franchise fee. Thus, operating an own shop is roughly three times as profitable for pferdewetten.de than have a franchise partner operating it. However, investment needs for an own shop are with EUR 576k also significantly higher than for a franchise shop with EUR 32k. Another important reason for owning a significant number of shops is that pferdewetten.de cannot lose these shops (franchisees may change to another betting company which offers more attractive conditions) and as pferdewetten.de is not in a good negotiation position if it has only franchise shops as the franchisees could try to blackmail pferdewetten.de to get e.g. higher franchisee fees if it depends on them.

Profitability comparison franchise versus own shop

Shop KPI (EUR)	Franchise shop	Own shop
Betting wager	1,200,000	1,200,000
Net game revenue margin	22.5%	22.5%
Shop net game revenue	270,000	270,000
Operating costs	120,000	120,000
Franchise fee	20%	0%
EBITDA pferdewetten.de	54,000	150,000

Source: pferdewetten.de, Pareto Securities

pferdewetten.de plans to open around nine new shop per month in 2024 and increases the total number of shops to 222 by the end of 2024. We see the build-up of the shop network positively as it should help the company to significantly increase revenues in the coming years. Taking into account the planned shop openings in the next three years we see a revenue potential of up to EUR 85m and an EBITDA potential of up to EUR 14m (assuming a share of own shops of c.15%). The company’s retail expansion plans will be thus in our view the key revenue driver in the coming years. Main challenges for the build-up of the shop network are in our view the following ones:

- 1) **Funding:** The acquisition of 70% of the SW Shops GmbH and the takeover of additional shops require funding of c. EUR 16m. As already stated by the company it is looking for funding opportunities like e.g. issuing a bond.
- 2) **Profitability of the new shops:** The new shops (both the Franchise and the own shops) are not new shop openings but rather existing betting shops switching to pferdewetten.de as the new partner. This reduces the risk of future underperforming shops significantly in our view as the shop operators have already proven that they can successfully operate a betting shop. Nevertheless, it cannot be ruled out that an individual shop's profitability declines after becoming a partner of pferdewetten.de as the operator may quit or be less motivated when not working as an independent franchisee anymore (in case of a takeover by pferdewetten.de). Apart from this the shops' profitability can decline because there are new openings of other shops in the neighbourhood, or the location becomes less attractive for other reasons. Last but not least a franchisee can switch to another operator if he is unhappy, or competitors offer more attractive conditions. Regardless of existing contracts (which have normally a term of between three and four years with a six-month notice period) we think it is unlikely that pferdewetten.de loses large number of franchise partners because of regulatory reasons, high administrative costs for the franchisees to change the betting company and as customers do not like to undergo a new identification process with new customer card every few months.
- 3) **Regulation:** Currently, regulation on betting shops is less tight compared to online betting, particularly the lack of a monthly maximum betting limit is positive. The betting shops are thus particularly attractive for high rollers, which bet more often and place higher bets than normal customers and are thus very profitable customers. Although we do not expect a change in regulation, we cannot rule out such a development as the lighter regulation of betting shops is only partially justified in our view. In case of an introduction of a betting limit for the shops we would expect a significant negative revenue impact.

International expansion

Germany is by far the most important market for pferdewetten.de. However, it has expanded internationally in recent years. In 2017 it has entered the Austrian market with its horse betting and sports betting offering. The NGR contribution from Austria is, however, not significant for the group. In the UK it has been active via a cooperation in horse betting with a betting provider for many years. The cooperation has been terminated and pferdewetten.de has taken over the customers. In 2023 it has started operations in Denmark via a joint venture and is offering horse bets, sports bets and online casino via the website Jackpotbet.dk.

Furthermore, it has started as a service provider for betting companies with its new brand PLATIN/RACE. With PLATIN/RACE pferdewetten.de intends to act as a service provider for horse/dog betting companies in Europe, Africa and Latin America. Its service comprises the offering of live horse and dog races on 365 days, which means more than 150k horse race p.a. All kinds of bets are offered and pferdewetten.de offers a comprehensive risk analysis including IT support.

Online casino

Finally, pferdewetten.de plans to start offering online casino to its customers. It has not yet received the license but plans to apply for one within the next 15 months. The key challenge for pferdewetten.de should be the EUR 5m deposit with the authorities. We see the offering of an online casino positively, as we see significant synergy potential. On the one hand, we think that a significant part of pferdewetten.de's existing customers should be interested in online casino and on the other hand the company should be able to use its existing software (processing of the bets and odds management) for the online casino as well. Hence, we see additional revenue potential from the online casino business even if the short-term impact should be rather limited.

Market and regulatory environment

Regulatory environment

Before 2012 the German sports betting market was only regulated by the Rennwett- und Lotteriegesezt. In 2012 the Rennwett- und Lotteriegesezt was amended and the offering of horse bets was integrated into the State Treaty on Gambling. Also, a 5% betting tax (which has been increased to 5.3% in the meantime) was introduced with the new State Treaty. The next important step on the regulatory side was in 2021 the new State Treaty on Gambling which clarified the legal situation in Germany. The 16 federal states in whose jurisdiction gambling legislation falls agreed on this and thus created a uniform legal framework. Since then, online gambling is permitted in Germany which enables players and providers to operate in a legal but strictly regulated market. One important reason for the new State Treaty on Gambling was to bring back illegal betting to legal platforms. However, many players and observers of the market are sceptical whether this target has been reached.

Today, a license is needed to start as a provider of sport bets. Preconditions to receive a license are e.g. proof of reliability and expertise, a certain level of equity (at least EUR 5m) and disclosure of ownership and shareholding relationships. The sports betting provider needs a permission of the specific federal state, it has to comply with the player and youth protection laws, it needs to comply with money laundering laws, and it has to deliver selected data to the relevant authorities on a quarterly basis. The newly established Joint Gaming Authority of the Federal States (GGL), which is located in Halle, is responsible for supervising the online gaming market. An important task of the GGL is to monitor the legal market and take actions against the black market. It is estimated that the black market stands for around 7% of the total market.

Regulatory framework in Germany for sports bets

Regulation based upon State Treaty on Gambling 2021

(Newly established gaming authority in Halle is responsible for issuing licenses)

Key requirements for issuance of license

- Sufficient equity (EUR 5m)
- Disclosure of ownership and shareholding structure
- Proof of reliability and expertise
- Ensuring transparency so that the distribution network can be monitored

General provisions on the granting of permits

- Permission of the respective federal state necessary
- Focus on player and youth protection
- Data supply on a quarterly basis to the responsible authority
- Ensuring high money laundering standards

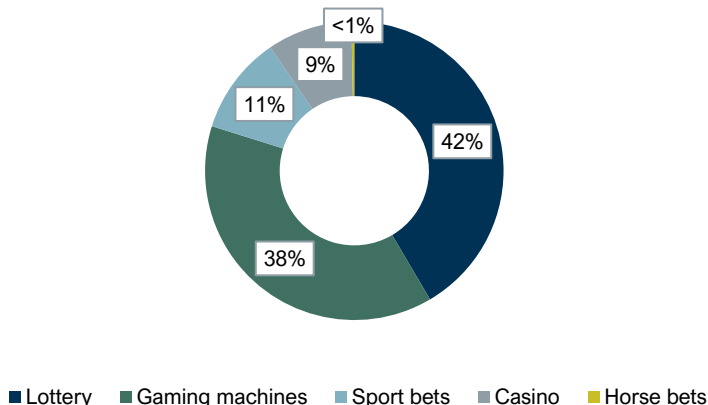
Source: *Gemeinsame Geschäftsstelle Glücksspiel*, *pferdewetten.de*, *Pareto Securities*

The key difference between the online and offline betting market is, that for the former a betting limit applies. For online betting a monthly limit of EUR 1,000 per, which applies to all betting providers and types of sport bets, is in place. A central file was introduced to monitor the cross-provider deposit limit.

German Market

The German gaming market had a volume of EUR 12.5bn in 2022 (gross gaming revenue less profit payouts), of which 93% was made up by the legal and 7% by the illegal market. Out of the total market 78% was attributable to the offline and 22% to online distribution channels. Looking at the market by the type of gaming, the public lotteries dominate the market with a share of 42%, followed by gaming machines in pubs and games halls (share of 38%). Sports betting has a share of 11% of the total gaming market. Within sports betting soccer (29% of all sports bets) is the most popular sports type in Germany, followed by boxing (9%), tennis (6%) and basketball (5%).

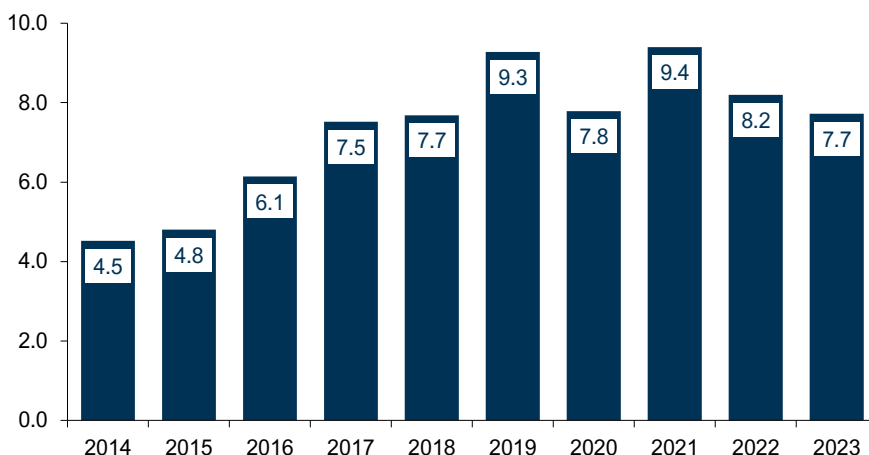
German gaming market (2022 volume: EUR 12.5bn)



Source: Gemeinsame Geschäftsstelle Glücksspiel, pferdewetten.de, Pareto Securities

The horse betting market has a share of roughly 3% of the total sports betting market in Germany. Gross gaming revenue in the German sports betting market has developed strongly between 2014 and 2023 with an annual growth rate of 6%. The decline in 2020 was due to the pandemic. Annual gross gaming volumes peaked in 2021 and have declined again since then; the decline in 2022 is attributable to the new regulation, i.e. the new State Treaty on Gambling. In 2023 gross gaming revenues have declined by 4% yoy to EUR 7.7bn.

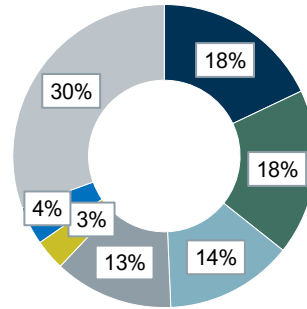
German sports bets market: Development of gross gaming revenues (EURbn)



Source: DSWV, Bundesfinanzministerium, pferdewetten.de, Pareto Securities

Within Europe Germany is the third largest gaming market after Italy and the UK. The European gaming market has a total estimated volume of EUR 115bn (gross gaming revenue) in 2023, the online share stands at 36%. Similar to the German market, gross gaming revenue fell sharply in 2020 due to the pandemic but have recovered since then. Unlike in Germany sports betting has with 35% a much higher share of the total market and is the second largest subsegment after Casinos.

European gaming market (2021 volume: EUR 88bn)

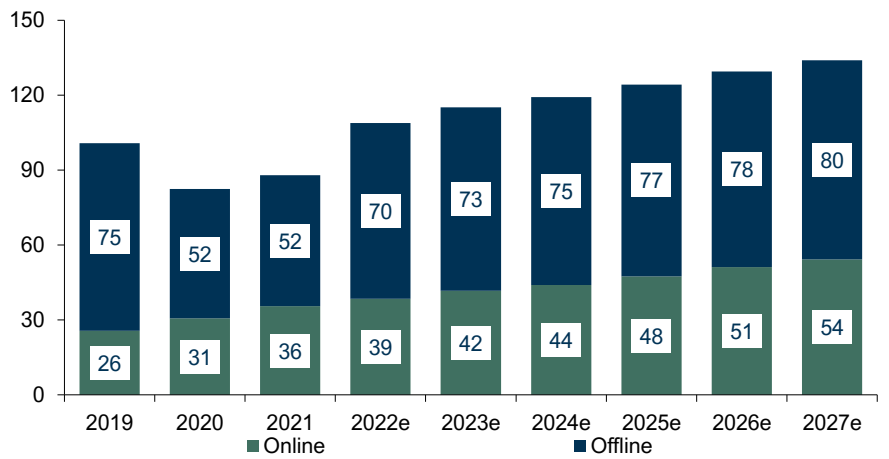


■ Italy ■ UK ■ Germany ■ France ■ NL ■ Sweden ■ Others

Source: EGBA, H2 Gambling Capital, Pareto Securities, pferdewetten.de

Gross gaming revenues are expected to grow by 4% p.a. between 2022 and 2027 to EUR 134bn. Key driver should be the online business (CAGR: 7%) which is forecasted to clearly outgrow the branch-based business.

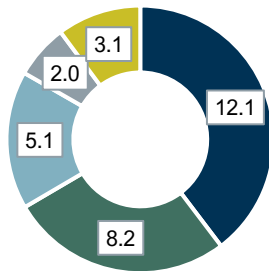
European gaming market forecast to grow by 4% p.a. (gross gaming revenues, EUR bn)



Source: EGBA, H2 Gambling Capital, Pareto Securities

Looking at the different segments of the online gaming market, the lottery segment (2022-'27e CAGR: 12%) should outgrow the other segments. While the sports betting market is forecasted to grow strongly as well with a CAGR of 9%, the horse betting is expected to grow by only 2% p.a.

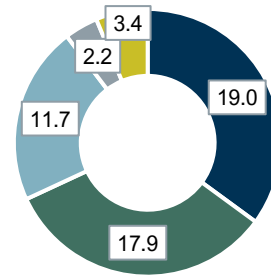
Breakdown of European gambling market 2020 (GGR, EUR bn)



■ Casino ■ Sports/Other ■ Lottery ■ Horseracing ■ Others

Source: EGBA, H2 Gambling Capital, Pareto Securities

Breakdown of European gambling market 2027e (GGR, EUR bn)

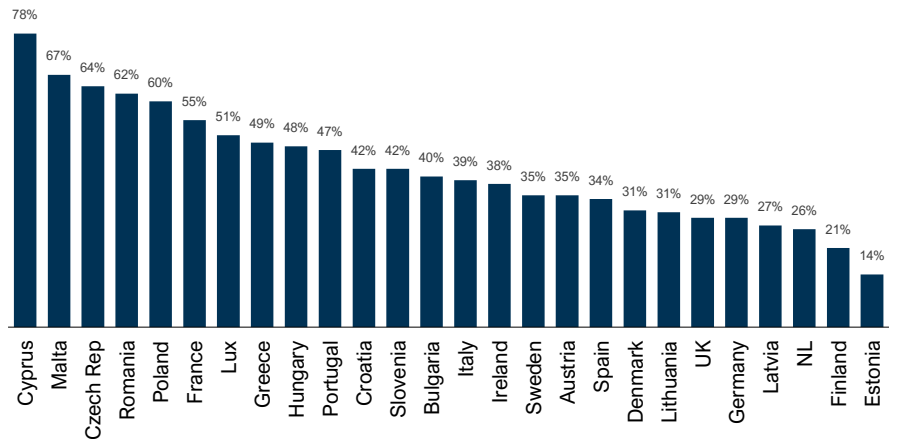


■ Casino ■ Sports/Other ■ Lottery ■ Horseracing ■ Others

Source: EGBA, H2 Gambling Capital, Pareto Securities

Looking at the importance of online sports betting in the different countries it can be seen from the graph below that the share of sports betting (of total gross gaming revenues) is in Germany with 29% well below the shares in other countries; the average in Europe stands at 42%. Assuming that there is no structural reason for the lower popularity of sport bets in Germany we expect this “under-penetration” to disappear in the coming years. Taking this into account with the overall expected market growth, we see good growth potential for the German online sports betting market – the horse betting market should, however, not grow significantly. At the same time, betting shops remain quite popular in Germany and we do not expect this to change quickly, the looser regulation being one important reason.

Share of online sports betting of total gross gaming revenues



Source: EGBA, H2 Gambling Capital, Pareto Securities

Competitive environment

We focus on the German market and differentiate between horse betting and retail sports betting. We do not look at the online sports betting market as there are many competitors as the entry barriers quite low and as we do not see this as the key market for pferdewetten.de in the next years.

Horse betting

Main competitors in the German horse betting market are Racebets.com (which was acquired by the Swedish company Betsson in 2016) and Wettstar.de (which is a subsidiary of the French PMU, holding a 51% stake, and the “Betriebsgesellschaft der Galopp-Rennvereine mbH”). There are no concrete market shares available but pferdewetten.de estimates that the market shares of these three players are comparable. However, both Racebets.com and Wettstar.de belong to large betting companies and are thus in a much better competitive situation as the financial power of their parent companies is significantly

bigger than that of pferdewetten.de. PMU is the No. 1 in horsebetting in Europe. Hence, in case of necessary investments or higher marketing spending pferdewetten.de cannot compete with these two companies.

Retail sports betting

In the German retail sports betting market the main competitors are Tipico, Tipwin and Bet3000. Tipico is the clear No. 1 with around 1,100 shops, followed by Tipwin (400 shops) and Bet3000 (300 shops). The barriers to enter the offline betting market are quite high as a new entrant has to open a meaningful number of shops. This is not easy as a new player has to find the right locations and the right people to run the shops. Starting such a branch network from scratch i.e. without taking over existing branches is not easy and should take some time.

Overview of the main players in the German retail betting market (P&L as of 2022)

Company	# bet shops Germany	Sports betting	Horse betting	Online Casino	Total NGR (EUR m)	Adj. EBITDA margin
pferdewetten.de	108	Yes	Yes	No	15	-16%
Tipico	c. 1150	Yes	No	Yes	1,103	34%
Tipwin	c. 400	Yes	Yes	Yes	na	na
Bet3000	c. 300	Yes	Yes	No	na	na
Tiptorro	c. 200	Yes	No	No	na	na
Happy Bet	40	Yes	No	No	na	na
Gauselmann Group (Merkur)	na	Yes	Yes	Yes	3,630	na
Admiral / Novomatic (2021)	na	Yes	Yes	Yes	1,630	36%
Racebets / Betsson (2023)	na	Yes	Yes	Yes	948	28%

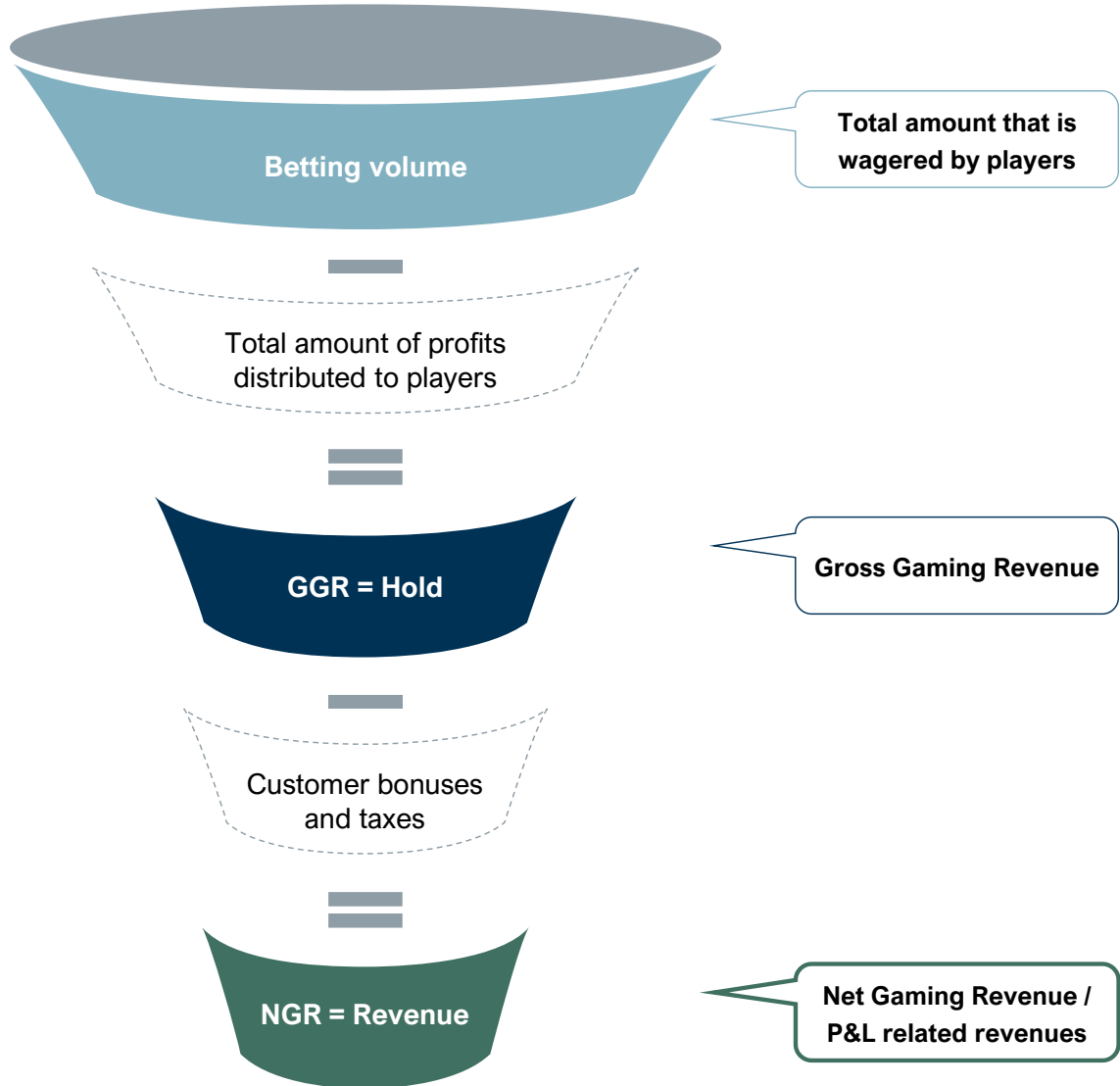
Source: Companies, Pareto Securities

Financials

Understanding the financials

Before we go into the financial details and discuss our estimates thoroughly, we want to depict the key drivers and influencing factors of the company's topline development.

Revenue composition of pferdewetten.de



Source: pferdewetten.de, Pareto Securities

The pattern above is exemplary for the gambling industry, which also illustrates the main impacting factors that drive the company's organic growth. The betting volume basically reflects the market volume of the relevant industry (e.g. horse betting or football betting). As shown in the market section of this report, the expected annual growth rates for the years to come are in the range of 2% to 4%.

The growth drivers for the betting volume are increasing leisure spending, improving retail customer experiences, expanding product offerings and types of sports as well as curbing illegal gambling.

The GGR is one of the most relevant money KPIs. It is defined as the bets minus the wins of the player. Basically, the GGR is the money that remains at the betting shop. Other than simple customer statistics, the GGR reflects the customer activity and provides the basis for earnings. Therefore, the GGR comes first in mind when companies are compared with each other. However, it has still to be reduced by customer bonuses and taxes to achieve the NGR, the net gaming revenue. From the P&L perspective, the NGR is the most relevant KPI, as it reflects how much the shop actually achieves as its income.

Development of betting KPIs on Group level

Group (EURm)	2019	2020	2021	2022	LTM Q3 2023
Betting volume	446.3	494.2	470.2	452.5	501.5
Profits distributed to players	401.3	452.4	430.1	411.5	445.4
% share	89.9%	91.5%	91.5%	90.9%	88.8%
GGR	45.0	41.8	40.0	41.0	56.1
GGR margin (% of betting volume)	10.1%	8.5%	8.5%	9.1%	11.2%
Customer bonus/taxes	30.6	27.6	27.3	25.7	36.3
NGR	14.4	14.2	12.7	15.3	19.8
NGR margin (% of GGR)	32.1%	33.9%	31.8%	37.4%	35.3%
NGR margin (% of betting volume)	3.2%	2.9%	2.7%	3.4%	3.9%

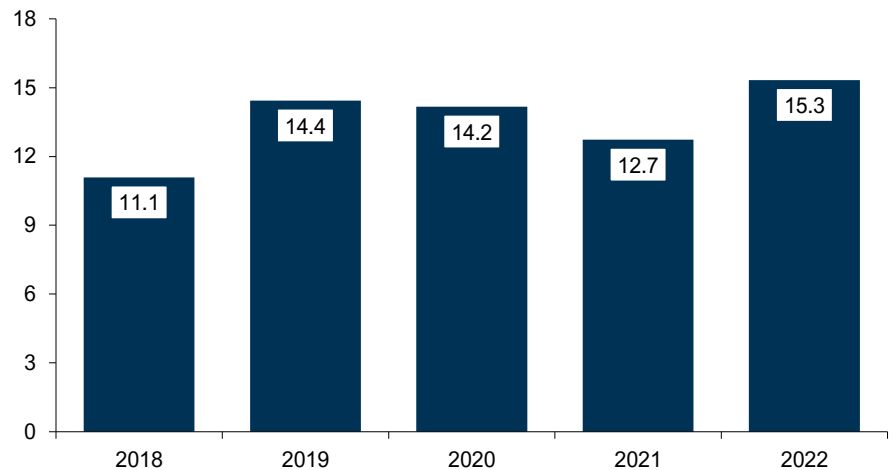
Source: pferdewetten.de, Pareto Securities

Despite some yoy fluctuations, the betting volume remained broadly stable over the past years. We believe that this is mainly related to the fact, that the company was focused only on the Horse betting segment, where growth potential in the past was rather limited due to regulatory changes and the niche character of the market. In the past, growth was mainly driven by the number of races.

The GGR, after paying out money to the players, has declined slightly over the period. This can be explained by less favorable odds from the company's perspective as well as by a luckier hand of the players. Nevertheless, the GGR margin is pretty much stable in the range of 8.5% to 10%. The recent improvement to 11.2% on LTM Q3 2023 basis is still in the range of the industry average. A further increase, however, is rather unlikely as the company has to provide the players more favorable odds and higher pay-out perspectives in order to incentivize them.

Over the past years, pferdewetten.de has achieved an increasing revenue trend. FY 2022 revenues (NGR) of EUR 15.3m already exceeded the pre-Covid level. Taking into account the company's FY 2023e revenue growth target (increase in low-double-digit percentage range), the revenue CAGR of 8.4% since 2018 could even accelerate further.

Revenue development FY 2018-2022 in EURm



Source: pferdewetten.de, Pareto Securities

However, due to the fact, that 93%-95% of historical revenues were related to the Horse betting business and the new promising segment Sport betting retail had no impact (FY 2022: EUR 0.3m), the historical revenue development has only limited informative value for the future development. Noteworthy with regard to the revenue development is that the revenue quality has improved over the past years, which can be seen from the higher NGR margin. While the NGR margin in the Horse betting segment is pretty stable, the improvement can be traced back to increasing share of the other segments. Going forward, we expect this trend to continue, as the Sport betting retail in particular should have a higher NGR margin.

Construction of our estimates

Revenue estimates for Sports betting retail

Together with the general market drivers, we believe that there are two key organic growth drivers for pferdewetten.de. 1) Increase the player retention and loyalty with additional offerings but also with higher incentives and 2) acquiring additional players and gaining market share.

We know from the discussions with the management, that there are certain initiatives to increase revenues through higher marketing and product integration as well as through cross-selling. However, we believe the significant growth driver over the next three years will derive from the acquisition of shops and expansion of its retail network in Germany.

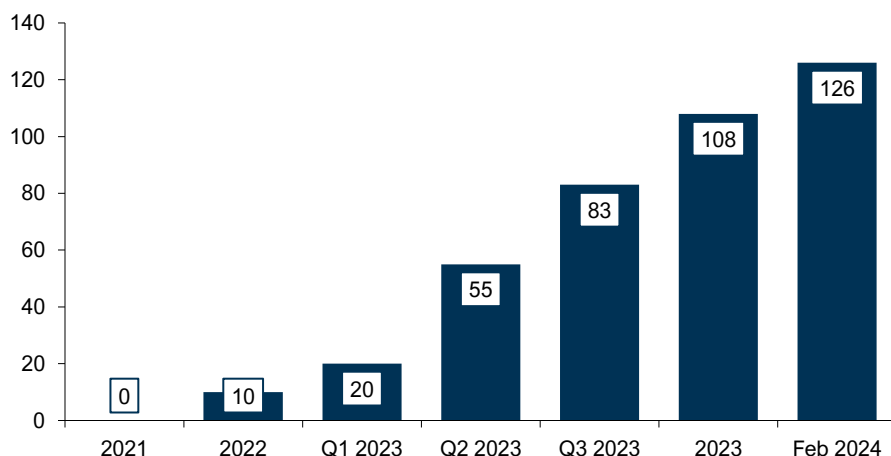
This game changing growth initiative is already underway, and the related impacts are expected to be visible already in FY 2024e. Consequently, the expansion of the retail network is the backbone of our estimates. With the continuously growing everyday use of internet and the digitalization, the planned expansion of the brick-and-mortar business might appear misleading at first glance. However, we have to bear in mind, that the retail shops are very often the initial acquisition tool for future online players. Therefore, we believe, it does not only provide the entry base for new customers, but it also contributes to create a brand awareness. According to market research institutes, the in-shop social experiences are influencing factors for players. Furthermore, from the regulatory perspective, the retail betting has fewer limitations, compared with the online betting. This aspect is in particular important for “high rollers”, customers with above average betting volume, crucial, when it comes to choosing a suitable vendor. Without the retail business, it would be almost impossible to address these attractive customers.

From the perspective of pferdewetten.de it has also to be mentioned, that the company's already available shop software provides a competitive edge and should make the targeted expansion easier. With regard to profitability, the shop business enables pferdewetten.de to achieve attractive margins, which we will show further down this report.

Even if the international expansion is also gaining traction with the foundation of a JV in Denmark in 2023 (Jackpotbet.dk) we focus on the German business, as this is going to be much more decisive, in our view.

In the following section, we want to show the planned ramp-up of shops and its financial impact in granularity. We believe that after a successful expansion of the Sport betting retail segment the company will reach a new level of size and profitability.

Development of franchise shops over past quarters (cumulated numbers)



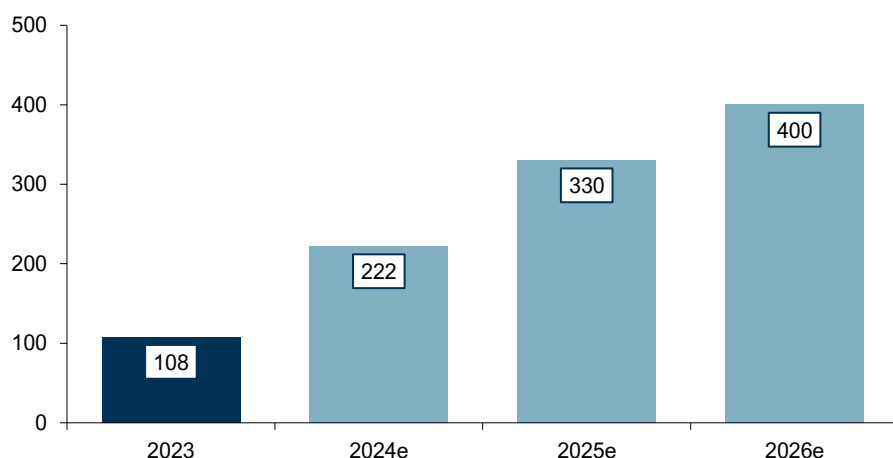
Source: pferdewetten.de, Pareto Securities

By end of FY 2026e, pferdewetten.de aims to have 400 shops, of which the major portion (c.80%) is targeted to be operated by franchisees. Taking into account the 126 stores as of end of February, this demonstrates the huge growth potential in the years to come, and simultaneously seems to be ambitious. However, to achieve its goal, pferdewetten.de has to add on average 97 shops to its network each year. Comparing this figure to the expansion in 2023 (98 shops), the 400 shops target looks realistic and achievable.

In its press releases from January 1, 2024 and December 4, 2023, the company has reported that LOIs were signed to take over 25 and 28 shops, respectively. These two acquisitions alone would account for more than 50% of the planned expansion in one year. We therefore believe, that with its increasing focus on retail shops, pferdewetten.de can attract also other operators of competitors' shops to switch to pferdewetten.de.

According to current statistics, there are approximately 2,700 retail shops in Germany. The targeted 400 shops would imply a market share of 14%-15% and would place pferdewetten.de within the top three shop operators.

Planned shop openings (cumulated numbers)



Source: pferdewetten.de, Pareto Securities

In the following graph, we illustrate the financial metrics for operating a retail betting shop, provided by pferdewetten.de. The key assumption is, that on average EUR 100,000/per shop of betting volume can be generated on a monthly basis, leading to EUR 1.2m per year. Applying an average gross profit margin of 22.5% leads to net gaming revenue (NGR), which at the same time is also the revenue recognized in pferdewetten.de's P&L. As per franchise agreement, 35.5% or EUR 96,000, respectively is the profit share of the franchisee, while pferdewetten.de books a profit share of 20% or EUR 54,000, respectively. In its own shop, on the other hand, the company books a profit of EUR 150,000, which is almost three times higher, as there is no profit distribution for a potential franchisee.

Exemplary P&L of franchise and own shops

	Franchise shop:	Own shop:	
Betting wager exemplary, per year and in EUR	1,200,000	1,200,000	
Shop turnover/NGR assumed gross profit rate of 22.5%	270,000	270,000	Corresponds to P&L revenues of pferdewetten.de
Operating costs of shop	120,000	120,000	
Earnings impact for pferdewetten.de assumed franchise fee of 20%	54,000	150,000	Corresponds to P&L EBITDA of pferdewetten.de
Profit of franchisee	96,000		

Source: pferdewetten.de, Pareto Securities

In our core scenario we assume that pferdewetten.de will be able to implement its shop expansion plan. From a recent presentation of the company, we know that per end of February 2024, pferdewetten.de has increased the number of franchise shops to 126, meaning additional 18 shops over the first two months of the year. For sake of simplification, we have assumed an equally distributed increase of shops over the coming quarters and years. Only for Q2 and Q3 2024e we have explicitly factored in the announced take-over of 25 franchise shops. Furthermore, we do not assume a seasonality, which is however not unusual in the business, with Q4 being the strongest quarter, followed by Q1. Due to summer break in major football leagues, Q3 is usually the weakest quarter. We take the average NGR of EUR 270,000 per shop, shown in the above graph, as the starting point of our calculation. However, to factor in some fluctuations in the number of shops and underperforming shops, we apply a discount of 20%, resulting in annual NGRs of EUR 220,000. Furthermore, we believe that despite the fact, that franchise shops are already in operation, following the acquisition and change of brand, it will take three to four months to achieve the run-rate of EUR 270,000/year or EUR 22,500/month, respectively.

Expansion of franchise and own shops

Franchise shops	2023	Q1	Q2	Q3	Q4	2024e	Q1	Q2	Q3	Q4	2025e	Q1	Q2	Q3	Q4	2026e	2027e
New shops	98	22	28	28	15	92	20	20	20	20	80	15	15	15	15	60	-
Total number of shops	108	130	158	185	200	200	220	240	260	280	280	295	310	325	340	340	340
Share of franchise shops	100%	98%	98%	97%	96%	96%	94%	92%	91%	90%	90%	89%	88%	87%	86%	86%	86%
Shop turnover/NGR (EURm)		6.6	8.0	9.5	10.5	34.7	11.5	12.6	13.7	14.8	52.6	15.7	16.5	17.3	18.1	67.5	73.4
thereof revenue new shops		0.8	1.0	1.0	0.5		0.7	0.7	0.7	0.7		0.5	0.5	0.5	0.5		
thereof revenue existing shops		5.8	7.0	8.5	10.0	31.3	10.8	11.9	13.0	14.0	49.7	15.1	15.9	16.7	17.6	65.3	73.4
pferdewetten.de revenue (EURm)		6.6	8.0	9.5	10.5	34.7	11.5	12.6	13.7	14.8	52.6	15.7	16.5	17.3	18.1	67.5	73.4

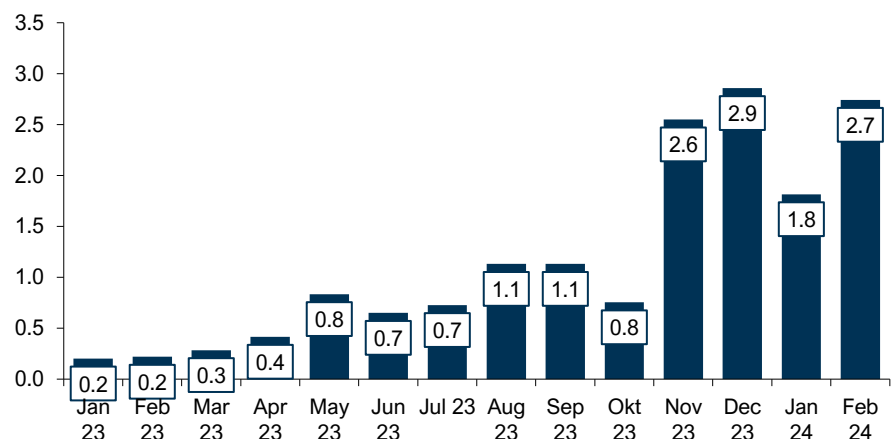
Own shops	2023	Q1	Q2	Q3	Q4	2024e	Q1	Q2	Q3	Q4	2025e	Q1	Q2	Q3	Q4	2026e	2027e
New shops	-	2	2	2	2	8	6	6	6	6	24	6	6	6	6	24	-
Total number of shops	-	2	4	6	8	8	14	20	26	32	32	38	44	50	56	56	56
Share of own shops		2%	2%	3%	4%	4%	6%	8%	9%	10%	10%	11%	12%	13%	14%	14%	14%
Shop turnover/NGR (EURm)		0.1	0.2	0.3	0.4	0.9	0.6	1.0	1.3	1.6	4.5	1.9	2.3	2.6	2.9	9.7	12.1
thereof revenue new shops		0.1	0.1	0.1	0.1		0.2	0.2	0.2	0.2		0.2	0.2	0.2	0.2		
thereof revenue existing shops		0.0	0.1	0.2	0.3	0.6	0.4	0.8	1.1	1.4	3.7	1.7	2.1	2.4	2.7	8.9	12.1
pferdewetten.de revenue (EURm)		0.1	0.2	0.3	0.4	0.9	0.6	1.0	1.3	1.6	4.5	1.9	2.3	2.6	2.9	9.7	12.1

Total shops	2023	Q1	Q2	Q3	Q4	2024e	Q1	Q2	Q3	Q4	2025e	Q1	Q2	Q3	Q4	2026e	2027e
New shops	98	24	30	30	17	100	26	26	26	26	104	21	21	21	21	84	-
Total number of shops	108	132	162	191	208	208	234	260	286	312	312	333	354	375	396	396	396
Revenues																	
thereof franchise shops		6.6	8.0	9.5	10.5	34.7	11.5	12.6	13.7	14.8	52.6	15.7	16.5	17.3	18.1	67.5	73.4
thereof own shops		0.1	0.2	0.3	0.4	0.9	0.6	1.0	1.3	1.6	4.5	1.9	2.3	2.6	2.9	9.7	12.1
pferdewetten.de revenue (EURm)		6.7	8.2	9.8	10.9	35.6	12.2	13.6	15.0	16.4	57.1	17.6	18.7	19.9	21.0	77.2	85.5

Source: pferdewetten.de, Pareto Securities

The following graph with the monthly revenue development in the Sports betting retail segment reflects already what can be expected from the ongoing network expansion. While January revenues/NGRs were low due to winter break in major football leagues, the more normal run-rate in February of c.EUR 2.7m suggests Q1e revenues of >EUR 6m, which is in-line with our cautious estimate.

Monthly revenue development in Sport betting retail segment

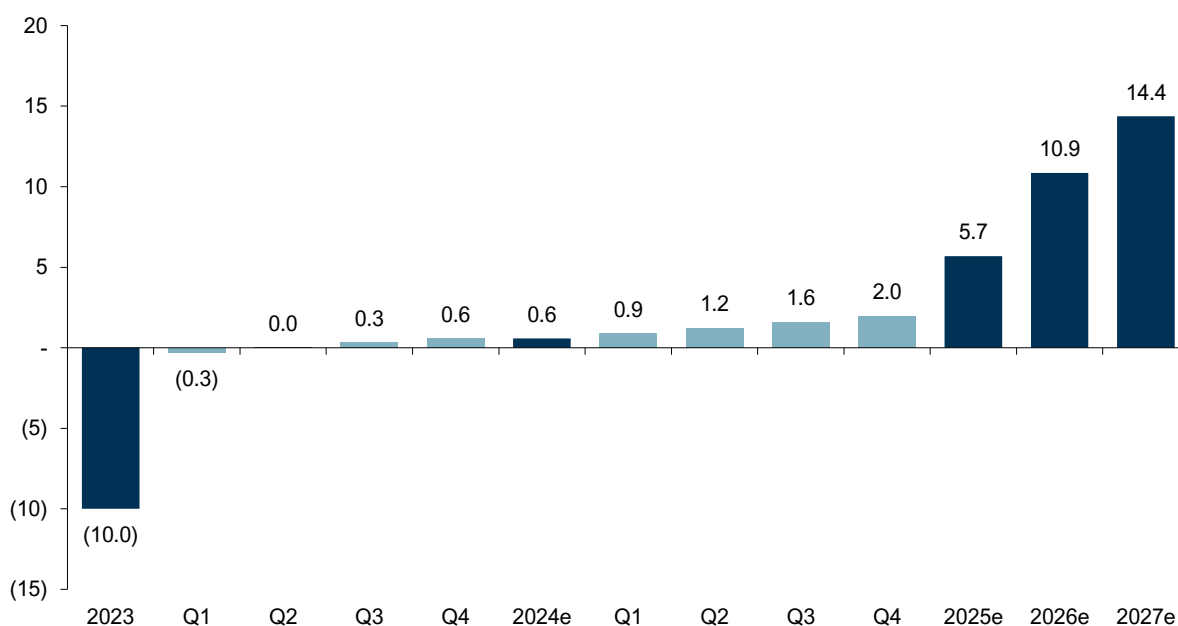


Source: pferdewetten.de, Pareto Securities

EBITDA estimates for Sports betting retail

The earnings development in the still young business segment was in the red in 2022 with an EBITDA of EUR -4.2m. For the FY 2023e we estimate an EBITDA loss of EUR -10m. The weakening development is a result of the start-up costs in conjunction with the network expansion. As already outlined, our basic assumption for the EBITDA contribution of a franchise shop is EUR 54,000 and EUR 150,000 for an own shop. However, our safety margin of 20% on revenues has the same impact on earnings, which is why we consider an EBITDA per shop of EUR 43,200 and EUR 120,000, respectively. However, on group level some general costs such as marketing and administration can push earnings into the red before a critical size of revenues is reached. According to our estimates, with a number of 190 shops pferdewetten.de should be able to achieve sustainable positive earnings.

Sports betting retail EBITDA projection (EURm)



Source: pferdewetten.de, Pareto Securities

According to our estimates, more than 80% of the costs that are impacting EBITDA are variable and thus allow only limited earnings improvement potential through cost savings. Therefore, we believe a key driver for earnings is the improvement of the GGR (gross gaming revenue) margin, which is the quotient of GGR to betting volume.

There are certain factors such as betting volume and success rate, that are influencing the margin. A high roller (player with large betting amounts) with a high success rate will nevertheless make a high contribution to earnings in absolute terms but will also have a dilutive impact on the margins. In order to improve the margin a proper risk management, where disadvantageous bets can be avoided, is key. However, to expand the customer bets to a broader basis and reduce dependency on high volumes is also key. The latter should be achieved by expanding the network of shops.

After 9M 2023, the GGR amounted to 23.6%. For the full year 2023, the management calculated with 22.5%. In the coming years, after a successful roll-out of the shops, the management targets to achieve a sustainable GGR margin of at least 26%.

According to the management, an improvement of 1% in the GGR margin would result in an increase in the annual EBITDA by EUR 250,000.

In order to show the possible earnings impact from the change in the margin, we have run the following sensitivity analysis. According to our calculation, an increase of 1% in the GGR results c.p. in 4% higher EBITDA contribution from franchise shops. An increase of the GGR margin to the targeted ratio by pferdewetten.de of 26% would even imply a 16% higher EBITDA. Keeping everything else equal, a 1% higher GGR would lead in absolute terms to a EUR 0.5m higher EBITDA in FY 2025e, compared to our base case estimate of EUR 5.7m.

Sensitivity of EBITDA (EUR) per franchise shop

		Betting volume				
		-20%	-10%	0%	10%	20%
		768,000	864,000	960,000	1,056,000	1,152,000
NGR margin	20.5%	31,488	35,424	39,360	43,296	47,232
	21.5%	33,024	37,152	41,280	45,408	49,536
	22.5%	34,560	38,880	43,200	47,520	51,840
	23.5%	36,096	40,608	45,120	49,632	54,144
	24.5%	37,632	42,336	47,040	51,744	56,448

Source: pferdewetten.de, Pareto Securities

Sensitivity of EBITDA (EUR) per franchise shop

		Betting volume				
		-20%	-10%	0%	10%	20%
		768,000	864,000	960,000	1,056,000	1,152,000
NGR margin	19.0%	29,184	32,832	36,480	40,128	43,776
	20.8%	31,872	35,856	39,840	43,824	47,808
	22.5%	34,560	38,880	43,200	47,520	51,840
	24.3%	37,248	41,904	46,560	51,216	55,872
	26.0%	39,936	44,928	49,920	54,912	59,904

Source: pferdewetten.de, Pareto Securities

Percentage change to base case scenario

		Betting volume				
		-20%	-10%	0%	10%	20%
		768,000	864,000	960,000	1,056,000	1,152,000
NGR margin	20.5%	-27%	-18%	-9%	0%	9%
	21.5%	-24%	-14%	-4%	5%	15%
	22.5%	-20%	-10%	0%	10%	20%
	23.5%	-16%	-6%	4%	15%	25%
	24.5%	-13%	-2%	9%	20%	31%

Source: pferdewetten.de, Pareto Securities

Percentage change to base case scenario

		Betting volume				
		-20%	-10%	0%	10%	20%
		768,000	864,000	960,000	1,056,000	1,152,000
NGR margin	19.0%	-32%	-24%	-16%	-7%	1%
	20.8%	-26%	-17%	-8%	1%	11%
	22.5%	-20%	-10%	0%	10%	20%
	24.3%	-14%	-3%	8%	19%	29%
	26.0%	-8%	4%	16%	27%	39%

Source: pferdewetten.de, Pareto Securities

Sensitivity of EBITDA (EUR) per own shop

		Betting volume				
		-20%	-10%	0%	10%	20%
		768,000	864,000	960,000	1,056,000	1,152,000
NGR margin	20.5%	87,467	98,400	109,333	120,267	131,200
	21.5%	91,733	103,200	114,667	126,133	137,600
	22.5%	96,000	108,000	120,000	132,000	144,000
	23.5%	100,267	112,800	125,333	137,867	150,400
	24.5%	104,533	117,600	130,667	143,733	156,800

Source: pferdewetten.de, Pareto Securities

Sensitivity of EBITDA (EUR) per own shop

		Betting volume				
		-20%	-10%	0%	10%	20%
		768,000	864,000	960,000	1,056,000	1,152,000
NGR margin	19.0%	81,067	91,200	101,333	111,467	121,600
	20.8%	88,533	99,600	110,667	121,733	132,800
	22.5%	96,000	108,000	120,000	132,000	144,000
	24.3%	103,467	116,400	129,333	142,267	155,200
	26.0%	110,933	124,800	138,667	152,533	166,400

Source: pferdewetten.de, Pareto Securities

Percentage change to base case scenario

		Betting volume				
		-20%	-10%	0%	10%	20%
		768,000	864,000	960,000	1,056,000	1,152,000
NGR margin	20.5%	-27%	-18%	-9%	0%	9%
	21.5%	-24%	-14%	-4%	5%	15%
	22.5%	-20%	-10%	0%	10%	20%
	23.5%	-16%	-6%	4%	15%	25%
	24.5%	-13%	-2%	9%	20%	31%

Source: pferdewetten.de, Pareto Securities

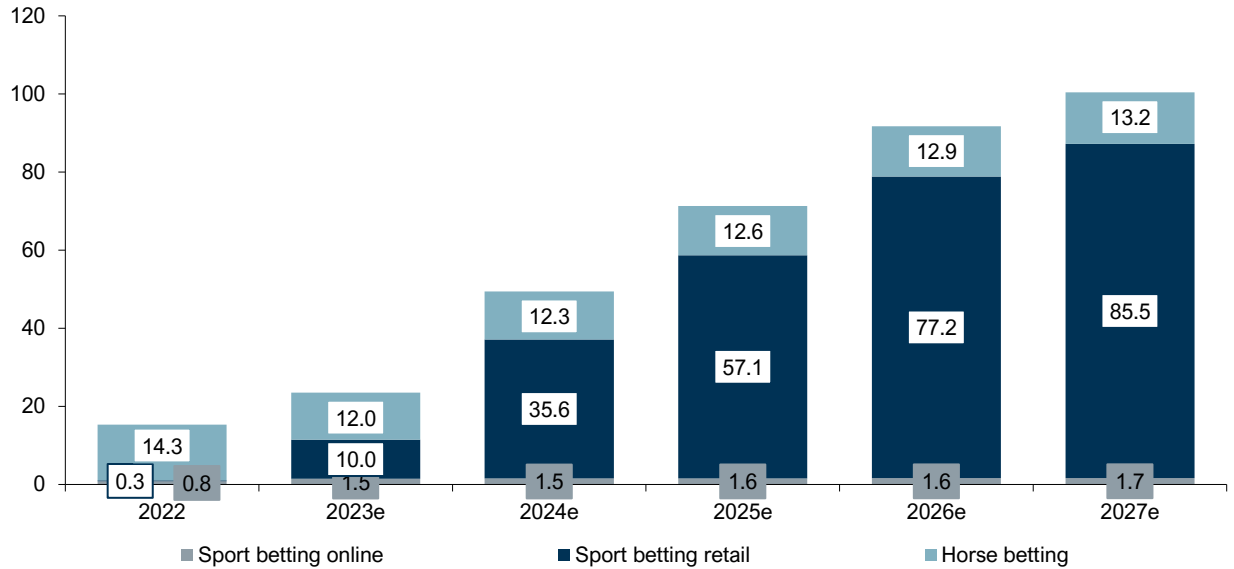
Percentage change to base case scenario

		Betting volume				
		-20%	-10%	0%	10%	20%
		768,000	864,000	960,000	1,056,000	1,152,000
NGR margin	19.0%	-32%	-24%	-16%	-7%	1%
	20.8%	-26%	-17%	-8%	1%	11%
	22.5%	-20%	-10%	0%	10%	20%
	24.3%	-14%	-3%	8%	19%	29%
	26.0%	-8%	4%	16%	27%	39%

Source: pferdewetten.de, Pareto Securities

As already outlined, the Sports betting retail segment is expected to be the growth driver in the years to come. For the other business segments, we forecast a development in accordance with the overall betting market and assume average growth rates of c.2.5% per year. The Sport betting online segment should continue on a rather low level for the time being. However, the online business should very likely benefit from the expansion of the retail shops, due to the cross-selling potentials. Backed by the Sport betting retail segment, we forecast group revenues to reach the EUR 100m threshold by FY 2027e.

Revenue (EURm) composition in the years to come

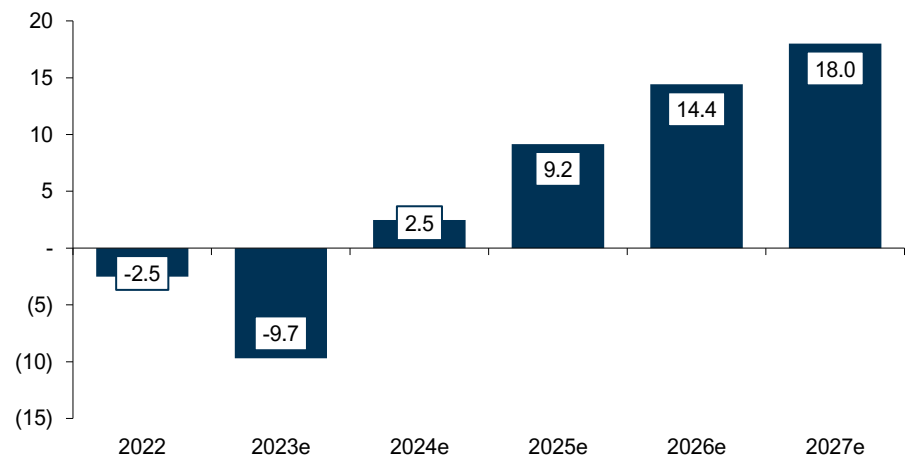


Source: pferdewetten.de, Pareto Securities

Within the P&L a significant increase is to be expected at the cost of sales. Cost of sales is basically the compensation of the franchisee and thus a highly variable item. As a result of the increasing importance of the franchise business, we forecast the gross margin to decline due to higher cost of sales. Over the mid-term, we expect the gross margin to remain stable at levels around 42.5%. In the long-term, we believe that an above average growth of the online business will have a positive impact on the gross margin and should help to elevate the margin again above 50%.

As a consequence of the increased number of own shops, employees and personnel costs are expected to increase over the years to come. By FY 2026e, we forecast pferdewetten.de to have 160 employees.

Group EBITDA (EURm)



Source: pferdewetten.de, Pareto Securities

P&L forecast

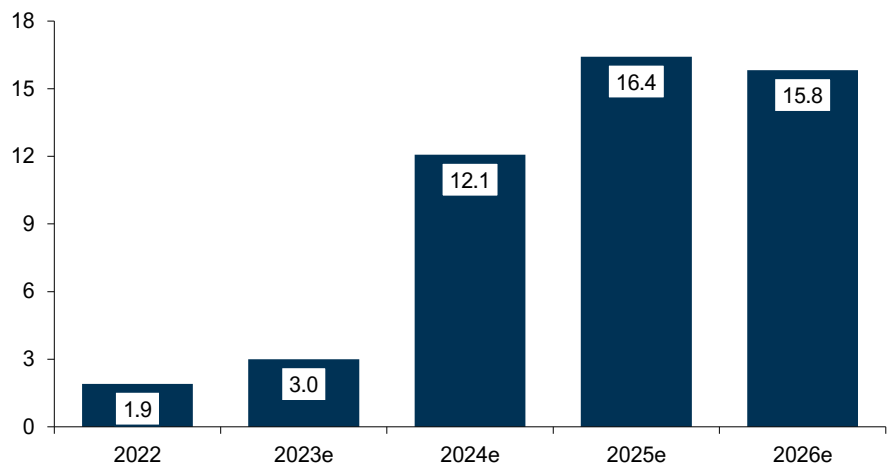
EURm	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Revenue	14.2	12.7	15.3	23.5	49.4	71.3	91.8	100.4
% yoy	-1.8%	-10.2%	20.5%	53.3%	110.4%	44.2%	28.7%	9.5%
Sport Betting Online	0.6	0.4	0.8	1.5	1.5	1.6	1.6	1.7
Sport Betting Retail	0.0	0.0	0.3	10.0	35.6	57.1	77.2	85.5
Horse Betting	13.6	12.3	14.3	12.0	12.3	12.6	12.9	13.2
Other operating income	0.5	0.9	1.0	1.0	1.0	1.0	1.0	1.0
% of sales	3.8%	7.0%	6.7%	4.3%	2.0%	1.4%	1.1%	1.0%
Cost of materials	(5.4)	(7.8)	(9.6)	(14.8)	(27.7)	(42.0)	(54.0)	(58.8)
% of sales	-38.0%	-61.3%	-62.5%	-63.0%	-56.1%	-59.0%	-58.9%	-58.5%
Gross Profit	9.3	7.6	7.6	9.7	22.7	30.2	38.8	42.7
Gross margin	65.8%	60.1%	49.8%	41.3%	45.9%	42.4%	42.2%	42.5%
Personnel expenses	(3.7)	(4.6)	(6.4)	(7.5)	(9.4)	(11.3)	(13.8)	(14.2)
% of sales	-26.2%	-36.3%	-41.5%	-32.0%	-18.9%	-15.9%	-15.1%	-14.2%
Other operating expenses	(2.6)	(3.0)	(3.8)	(11.9)	(10.9)	(9.7)	(10.5)	(10.4)
% of sales	-18.2%	-23.9%	-24.7%	-50.6%	-22.0%	-13.7%	-11.5%	-10.4%
EBITDA	3.0	(0.0)	(2.5)	(9.7)	2.5	9.2	14.4	18.0
EBITDA margin	21.4%	-0.1%	-16.5%	-41.3%	5.0%	12.9%	15.7%	17.9%
Sport Betting Online	(1.9)	(4.8)	(3.4)	(2.3)	(1.0)	0.3	0.3	0.3
Sport Betting Retail	-	-	(4.2)	(10.0)	0.6	5.7	10.9	14.4
Horse Betting	5.0	4.8	5.1	2.6	2.9	3.2	3.2	3.3
Depreciation & Amortization	(0.5)	(0.6)	(1.0)	(1.2)	(1.7)	(2.7)	(3.4)	(3.8)
% of sales	-3.5%	-4.5%	-6.7%	-5.1%	-3.5%	-3.8%	-3.8%	-3.8%
EBIT	2.5	(0.6)	(3.5)	(10.9)	0.7	6.5	11.0	14.2
EBIT margin	17.9%	-4.6%	-23.1%	-46.4%	1.5%	9.1%	12.0%	14.2%
Financial Result	0.1	0.2	0.0	(0.5)	(1.5)	(3.0)	(3.0)	(3.0)
EBT	2.7	(0.4)	(3.5)	(11.4)	(0.7)	3.5	8.0	11.3
EBT margin	18.9%	-3.1%	-23.1%	-48.5%	-1.5%	5.0%	8.7%	11.2%
Taxes	(1.2)	0.2	1.0	3.2	0.2	(1.0)	(2.2)	(3.2)
Tax rate	-45.2%	-59.7%	-29.5%	-28.0%	-28.0%	-28.0%	-28.0%	-28.0%
Minority Interest	-	-	(1.0)	-	-	-	-	-
Net Profit	1.5	(0.2)	(1.5)	(8.2)	(0.5)	2.5	5.8	8.1

Source: pferdewetten.de, Pareto Securities

Cash flow estimates

Less surprisingly, the massive expansion of the retail network will require high Capex. We assume for the franchise shops an average investment of EUR 30,000 per shop, mainly for betting terminals and other IT infrastructure. According to the management, for the acquired own shops, pferdewetten.de is paying a multiple of 6x on EBIT of the target company. We have therefore adopted this assumption for our modelling. According to our calculation, the network expansion will require an investment budget of EUR 46.5m from FY 2023e to FY 2026e. We consider this growth Capex, which we assume for the years up to FY 2026e, rather as a one-off growth Capex that is highly unlikely to continue on this level. The maintenance Capex, which is mainly related to the update of terminals and IT infrastructure should be in the range of EUR 0.2m per year.

Capex planning (EURm)



Source: pferdewetten.de, Pareto Securities

Working capital plays a rather subordinated role for the company's cash flow. Given the fact, that the company has early payment collection and pay-out usually takes place later and even with certain time lag, we assume a slight positive impact from the WC. In our forecast period, we calculated with a stable WC ratio of -2%.

Key cash flow items (EURm)

EURm	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
EBITDA	3.0	(0.0)	(2.5)	(9.7)	2.5	9.2	14.4	18.0
Taxes	(1.2)	0.2	1.0	3.2	0.2	(1.0)	(2.2)	(3.2)
Change in NWC	(0.6)	0.7	(0.5)	(0.1)	(0.5)	(0.4)	(0.4)	(0.2)
Others	0.6	1.4	(0.1)	0.6	1.8	2.1	2.1	1.6
Operating Cash Flow	1.9	2.3	(2.1)	(6.0)	4.0	9.9	13.8	16.3
Capex	(0.1)	(0.1)	(1.9)	(3.0)	(12.1)	(16.4)	(15.8)	(0.2)
thereof maintenance Capex	(0.1)	(0.1)	(1.9)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
FCF	1.6	2.6	(7.1)	(9.0)	(8.1)	(6.6)	(2.0)	16.1

Source: pferdewetten.de, Pareto Securities

As reflected in the negative FCF during the high investment phase, pferdewetten.de is dependent on external sources of funding. With the successful capital increase (gross proceeds of EUR 8m), the first step has been taken. As published in a note on 5 September 2023, the company considers issuing a bond with a total volume of up to EUR 35m. After the end of the investment phase, we believe that pferdewetten.de will be able to enjoy a strong FCF conversion of up to 90% from FY 2027e onwards.

Balance sheet

pferdewetten.de's business model is basically very asset light, which is also reflected in its balance sheet. Investments in fixed assets were relatively low in the past. On the assets side, the financial investments include the concession payments. Furthermore, we have included the intended acquisition of the 30% stake in a newly founded company (includes 25 already operating shops) in the financial investments from FY 2024e onwards.

The dominant position on the liabilities side is the customer liabilities (included in other current liabilities) of EUR 12.9m in FY 2022. These liabilities are subject to very short-term terms and are due immediately upon customer request.

Key balance sheet items (EURm)

EURm	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Fixed and intangible assets	3.5	5.5	7.6	9.4	15.2	28.9	41.3	37.8
Financial Investments	0.5	1.0	7.3	7.3	11.8	11.8	11.8	11.8
Receivables	2.3	2.3	1.2	1.8	3.8	5.5	7.1	7.7
Other current assets	12.7	11.7	8.2	8.2	8.2	8.2	8.2	8.2
Cash and cash equivalents	12.5	13.8	11.5	9.9	42.9	32.5	26.7	37.2
Equity	17.5	16.4	19.9	11.7	19.2	21.7	27.5	34.0
Equity Ratio	56%	48%	56%	32%	23%	25%	29%	33%
Minorities	-	0.0	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Other long term liabilities	0.6	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Payables	2.8	2.1	1.6	2.3	4.8	6.9	8.9	9.7
Other current liabilities	9.8	15.8	14.9	15.9	18.8	21.2	23.6	24.8
Interest bearing debt	0.8	1.2	1.1	9.1	44.1	44.1	44.1	44.1
thereof convertible bond	-	-	-	8.0	8.0	8.0	8.0	8.0
thereof lease liabilities	0.8	1.2	1.1	1.1	1.1	1.1	1.1	1.1
Total assets / liabilities	31.5	34.2	35.7	36.6	81.9	86.9	95.0	102.7
Net debt	(11.7)	(12.6)	(10.3)	(0.8)	1.2	11.6	17.5	6.9
Net debt/EBITDA	-3.8x	nm	4.1x	nm	0.5x	1.3x	1.2x	0.4x

Source: pferdewetten.de, Pareto Securities

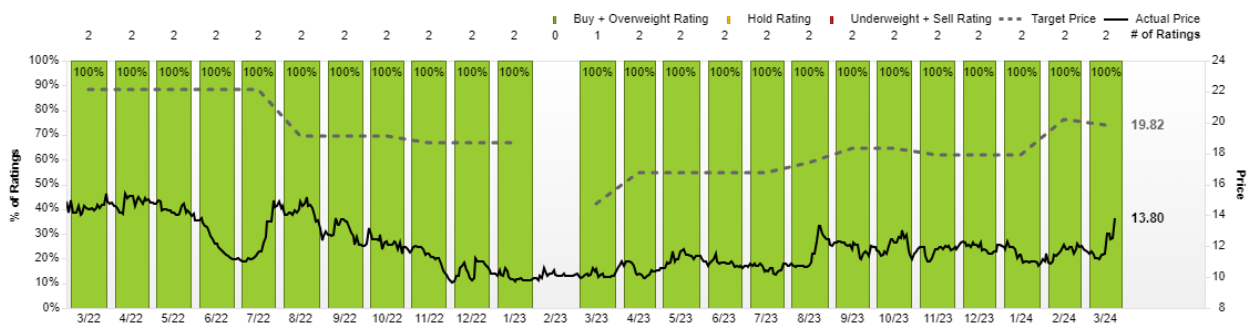
Following the successfully placed capital increase, the company's equity increased to estimated EUR 20m, despite the losses in FY 2023e. The equity ratio of around 25% is very solid, in our view.

pferdewetten.de's healthy balance sheet has scope for leveraging. The company is currently running on a net cash position, which is expected to change in connection with the financing of the network expansion. Once the network expansion has been completed, latest in FY 2027e, the company should be able to rapidly deleverage.

Valuation

We initiate coverage on pferdewetten.de with a TP of EUR 22.00 and a Buy rating. Our TP is based on a three stage DCF model. Despite a broad range of listed international peer companies, we refrain from adding a peer group comparison in our valuation. Given the fact, that pferdewetten.de is in a transition period with massive investments and start-up costs, earnings will remain subdued over the next 12-18 months. Therefore, we believe that the result of a peer group comparison would be distorted and imply misleading results. However, for purposes of illustration, we show a peer group model at the end of this section.

pferdewetten.de recommendation chart



Source: FactSet, Pareto Securities

pferdewetten.de's shares are currently covered by two brokers. With an average TP of EUR 19.82, both brokers have a buy rating on the shares.

The consensus estimates for FY 2024e imply a faster expansion of the retail network than expected by us, reflected in higher forecasts for revenues and earnings.

For FY 2025e, we are broadly in-line with consensus estimates for revenues and EBITDA. Down the P&L, we are behind the average, mainly due to higher D&A as well as higher financing costs.

PAS estimates vs consensus

EURm	2024e			2025e			2026e		
	Pareto	Cons.	Delta	Pareto	Cons.	Delta	Pareto	Cons.	Delta
Revenues	49.4	51.7	-4.4%	71.3	72.1	-1.1%	91.8	86.3	6.3%
EBITDA	2.5	3.4	-26.2%	9.2	9.3	-0.9%	14.4	12.7	13.5%
EBITDA margin	5.0%	6.5%	-148 BP	12.9%	12.8%	2 BP	15.7%	14.7%	100 BP
EBIT	0.7	1.8	-57.7%	6.5	7.6	-14.6%	11.0	11.0	0.2%
EBIT margin	1.5%	3.4%	-189 BP	9.1%	10.5%	-905 BP	12.0%	12.7%	-73 BP
EBT	(0.7)	1.1	nm	3.5	7.0	-49.4%	8.0	10.0	-19.7%
Net profit	(0.5)	1.5	nm	2.5	5.0	-49.0%	5.8	6.8	-15.0%
EPS	(0.10)	0.30	nm	0.49	1.02	-51.9%	1.11	1.38	-19.4%

Source: FactSet, Pareto Securities

DCF model

We are using a three phase DCF model.

In phase I we have made detailed forecasts of the future revenues, earnings and cash flows until FY 2026e. As a reminder, this is also the phase, where pferdewetten.de will have major investments into the expansion of its retail network, which are expected to burden cash flow and require additional external funding.

In phase II, we assume a normalization of the growth trends towards moderate increases (2.0%-2.5% per year). In the long-term, we calculate with elevated but stable EBIT margins of around 13%.

In our calculation, we apply a long-term growth rate of 2%, reflecting the overall market trend for the betting industry and a WACC of 8.3%. The WACC is a result of a risk-free rate of 2.5% and equity risk premium of 5% and a beta of 1.3.

DCF model

EURm	Phase I					Phase II					Phase III
	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	
Revenues	49.4	71.3	91.8	100.4	102.9	105.4	107.9	110.3	112.7	115.1	
growth rate	110.4%	44.2%	28.7%	9.5%	2.5%	2.4%	2.3%	2.3%	2.2%	2.1%	
EBIT	0.7	6.5	11.0	14.2	13.6	14.0	14.3	14.6	14.9	15.2	
EBIT margin	1.5%	9.1%	12.0%	14.2%	13.3%	13.3%	13.3%	13.3%	13.3%	13.3%	
Tax	(0.2)	(1.8)	(3.1)	(4.0)	(3.8)	(3.9)	(4.0)	(4.1)	(4.2)	(4.3)	
Tax rate	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	
Depr. & Amort.	1.7	2.7	3.4	3.8	3.9	2.1	1.2	0.7	0.5	0.2	
% of sales	3.5%	3.8%	3.8%	3.8%	3.8%	2.0%	1.1%	0.6%	0.4%	0.2%	
Capex	(12.1)	(16.4)	(15.8)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	
% of sales	24.4%	23.0%	17.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	
Change in WC & P	0.5	0.4	0.4	0.2	0.1	0.1	0.1	0.1	0.1	0.1	
% of sales	-1.0%	-0.6%	-0.4%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Free Cash Flow	(9.3)	(8.6)	(4.1)	14.0	13.5	12.0	11.3	11.1	11.0	11.0	179.0
growth rate	nm	-6.9%	-52.9%	nm	-3.3%	-11.5%	-5.7%	-2.1%	-0.1%	-0.2%	2.0%
Present Value FCF	(8.7)	(7.5)	(3.3)	10.4	9.3	7.6	6.6	6.0	5.5	5.1	82.3

PV Phase I	0.1	Risk free rate	2.50%	Target eq ratio	80%		
PV Phase II	30.7	Premium Equity	5.00%	Beta	1.30		
PV Phase III	82.3	Premium Debt	5.00%	WACC	8.3%		
Enterprise value	113.1	Sensitivity	Growth in phase III				
- Net Debt (Cash)	(10.3)		1.0%	1.5%	2.0%	2.5%	3.0%
- Pension Provisions	-	7.5%	23.2	24.6	26.2	28.1	30.5
- Minorities & Peripherals	(0.9)	7.9%	21.5	22.7	24.1	25.7	27.6
+ MV of financial assets		8.3%	20.1	21.1	22.2	23.6	25.2
- Paid-out dividends for last FY	-	8.7%	18.8	19.6	20.6	21.8	23.1
+/- Other EV items		9.1%	17.6	18.3	19.2	20.2	21.3
Equity value	124						
Number of shares	5.6						
Value per share (€)	22.2						
Current Price (€)	13.5						
Upside	65%						

Source: Pareto Securities

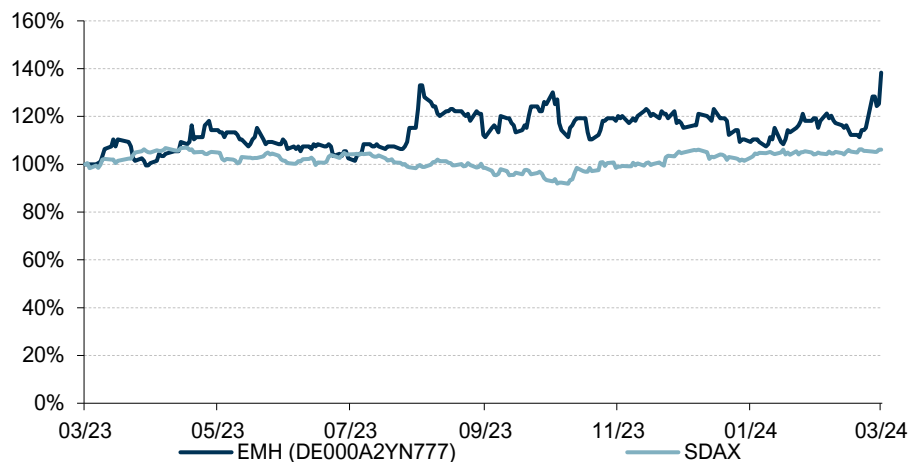
Peer group overview

Company	Currency	MarketCap	PE			EV/EBIT			EV/EBITDA			EV/Sales		
			2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
888 Holdings Plc	GBP	391	7.5x	4.5x	4.0x	9.3x	7.5x	6.4x	6.0x	5.1x	4.4x	1.2x	1.1x	0.9x
bet-at-home.com AG	EUR	18	neg.	52.2x	neg.	42.0x	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Betsson AB Class B	SEK	14,367	7.4x	6.4x	5.8x	5.0x	3.9x	3.2x	4.0x	3.2x	2.6x	1.0x	0.9x	0.7x
Churchill Downs Incorporated	USD	8,677	21.7x	16.6x	14.2x	18.1x	14.7x	12.6x	11.9x	10.0x	8.4x	4.9x	4.2x	3.5x
Entain PLC	GBP	5,011	20.3x	13.1x	9.3x	12.3x	10.4x	9.1x	8.3x	7.7x	7.2x	1.7x	1.6x	1.6x
FL Entertainment NV Class A	EUR	3,873	11.5x	9.8x	8.6x	10.1x	8.9x	8.4x	8.0x	7.2x	6.8x	1.3x	1.2x	1.1x
International Game Technology PLC	USD	4,318	12.7x	9.7x	8.4x	10.4x	8.3x	7.7x	5.4x	4.8x	4.5x	2.1x	2.0x	1.8x
Kambi Group plc Class B	SEK	2,601	16.5x	12.8x	10.5x	9.5x	7.3x	4.7x	3.0x	2.5x	1.9x	0.9x	0.8x	0.6x
Lottomatica Group S.P.A.	EUR	2,763	11.3x	8.8x	7.6x	9.0x	7.0x	5.8x	6.7x	5.4x	4.6x	2.3x	1.9x	1.7x
Playtech plc	GBP	1,379	8.7x	7.9x	6.8x	5.4x	5.0x	4.5x	3.7x	3.5x	3.1x	1.0x	0.9x	0.8x
Rank Group Plc	GBP	309	12.5x	8.9x	6.5x	10.8x	8.7x	5.5x	4.8x	4.3x	3.4x	0.7x	0.6x	0.5x
Sportradar Group AG Class A	USD	3,417	37.4x	27.2x	22.0x	20.9x	14.8x	13.8x	13.8x	10.7x	8.0x	2.6x	2.2x	1.8x
ZEAL Network SE	EUR	681	36.0x	25.1x	16.9x	20.9x	15.0x	10.5x	16.3x	12.3x	9.1x	4.9x	4.2x	3.5x
Median			12.6x	9.8x	8.5x	10.2x	8.3x	7.7x	6.0x	5.1x	4.5x	1.3x	1.2x	1.1x
pferdewetten.de			neg.	29.7x	13.1x	neg.	11.5x	7.3x	25.9x	8.1x	5.6x	1.3x	1.0x	0.9x
relative			-	301.5%	154.0%	-	138.1%	94.7%	-	158.2%	124.1%	99.2%	88.5%	77.5%

Source: FactSet, Pareto Securities

Over the past 12 months the shares have outperformed the SDAX by >30%. Ytd the positive performance has continued with an increase of c.12%. We could observe a clear acceleration of the share performance from mid-March onwards, following the successful capital increase. This confirms our view, that investors are giving credit to the company's expansion strategy in the retail business.

pferdewetten.de shares vs SDAX



Source: FactSet, Pareto Securities

PROFIT & LOSS (fiscal year) (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Revenues	11	14	14	13	15	24	49	71
EBITDA	1	3	3	(0)	(3)	(10)	2	9
Depreciation & amortisation	(0)	(1)	(0)	(1)	(1)	(1)	(2)	(3)
EBIT	1	2	3	(1)	(4)	(11)	1	7
Net interest	0	0	0	0	0	(1)	(2)	(4)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	1	3	3	(0)	(4)	(11)	(1)	4
Taxes	(1)	1	(1)	0	1	3	0	(1)
Minority interest	-	-	-	-	(1)	-	-	-
Net profit	(1)	3	1	(0)	(2)	(8)	(1)	3
EPS reported	(0.13)	0.77	0.34	(0.04)	(0.35)	(1.70)	(0.10)	0.46
EPS adjusted	-	-	-	-	-	-	-	-
DPS	0.16	0.20	0.26	0.10	-	-	-	-
BALANCE SHEET (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Tangible non current assets	0	1	1	1	2	4	10	24
Other non-current assets	3	3	3	5	13	13	17	16
Other current assets	9	12	15	14	9	10	12	14
Cash & equivalents	8	11	12	14	11	10	43	33
Total assets	21	28	31	34	36	37	82	87
Total equity	13	16	17	16	19	11	18	21
Interest-bearing non-current debt	-	1	1	1	1	8	43	43
Interest-bearing current debt	-	0	0	0	0	-	-	-
Other Debt	8	11	13	17	16	18	21	23
Total liabilities & equity	21	28	31	34	36	37	82	87
CASH FLOW (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Cash earnings	2	4	2	2	(2)	(6)	5	10
Change in working capital	(0)	0	(1)	1	(1)	(0)	(1)	(0)
Cash flow from investments	0	(0)	(0)	0	(5)	(3)	(12)	(16)
Cash flow from financing	-	-	0	0	6	8	41	(4)
Net cash flow	1	3	1	1	(2)	(2)	33	(10)
VALUATION (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Share price (EUR end)		10.7	11.5	15.9	10.2	12.1	13.5	13.5
Number of shares end period	4	4	4	4	4	5	6	6
Net interest bearing debt	(8)	(10)	(12)	(13)	(10)	(1)	1	12
Enterprise value		36	38	58	34	57	76	86
EV/Sales		2.5	2.7	4.6	2.2	2.4	1.5	1.2
EV/EBITDA		11.8	12.5	-	-	-	30.7	9.4
EV/EBIT		14.7	15.0	-	-	-	63.7	11.7
P/E reported		14.0	33.9	-	-	-	-	29.7
P/E adjusted		-	-	-	-	-	-	-
P/B		2.9	2.8	4.3	2.3	5.0	3.9	3.5
FINANCIAL ANALYSIS	2018	2019	2020	2021	2022	2023e	2024e	2025e
ROE adjusted (%)	-	-	-	-	-	-	-	-
Dividend yield (%)		1.9	2.3	0.6	-	-	-	-
EBITDA margin (%)	10.5	21.0	21.4	-	-	-	5.0	12.9
EBIT margin (%)	7.2	16.9	17.9	-	-	-	2.4	10.4
NIBD/EBITDA	(7.16)	(3.44)	(3.84)	1018.08	4.09	0.08	0.49	1.27
EBITDA/Net interest	-	-	-	9.29	-	-	1.28	2.38

This page has been left blank intentionally.

This page has been left blank intentionally.

This page has been left blank intentionally.

This page has been left blank intentionally.

Disclaimer and legal disclosures

Origin of the publication or report

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

Content of the publication or report

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

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

Sponsored research

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

Basis and methods for assessment

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

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

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

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

Validity of the publication or report

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

No individual investment or tax advice

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

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

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

Sources

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

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

Sustainability reports

In accordance with disclosure requirements pursuant to the Norwegian Securities Dealers Association Industry Standard no. 3, link to the company's sustainability reports or similar can be found at https://paretosec.com/compliance/downloads/Sustainability_reports.pdf.

Ratings

Equity ratings:

"Buy"	Pareto Securities Research expects this financial instrument's total return to exceed 10% over the next 12 months
"Hold"	Pareto Securities Research expects this financial instrument's total return to be between -10% and 10% over the next 12 months
"Sell"	Pareto Securities Research expects this financial instrument's total return to be negative by more than 10% over the next 12 months
"Not Rated"	A recommendation, target price, and/or financial forecast have not been disclosed. This may be due to legal, regulatory, or policy constraints, or where Pareto Securities Research lacks sufficient fundamental information to rate the financial instrument. The previous recommendation and, if applicable, the target price, are no longer valid and should not be relied upon.

Analysts Certification

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

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

Limitation of liability

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

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

Risk information

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

Conflicts of interest

Companies in the Pareto Securities Group, affiliates or staff of companies in the Pareto Securities Group, may perform services for, solicit business from, make a market in, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

In addition Pareto Securities Group, or affiliates, may from time to time have a broking, advisory or other relationship with a company which is the subject of or referred to in the relevant Research, including acting as that company's official or sponsoring broker and providing investment banking or other financial services. It is the policy of Pareto to seek to act as corporate adviser or broker to some of the companies which are covered by Pareto Securities Research. Accordingly companies covered in any Research may be the subject of marketing initiatives by the Investment Banking Department.

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

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

Distribution restriction

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

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

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

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

Distribution in Singapore

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

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

Additional provisions on Recommendations distributed in the Canada

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

Distribution in United Kingdom

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

Copyright

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

Appendix A

Disclosure requirements in accordance with Commission Delegated Regulation (EU) 2016/958 and the FINRA Rule 2241

The below list shows companies where Pareto Securities AS - together with affiliated companies and/or persons – owns a net long position of the shares exceeding 0,5 % of the total issued share capital in any company where a recommendation has been produced or distributed by Pareto Securities AS.

Companies	No. of shares	Holdings in %
Austevoll Seafood	1,051,640	0.52 %
Bonheur	243,488	0.57 %
Pareto Bank	16,183,849	21.08 %
Pexip Holding	724,595	0.69 %
SpareBank 1 Nord-Norge	5,006,421	4.99 %
SpareBank 1 SMN	2,945,805	2.27 %
SpareBank 1 SR-Bank	2,468,177	0.97 %
SpareBank 1 Østfold Åkerhus	1,234,613	9.97 %
SpareBank 1 Østlandet	6,991,771	6.58 %
Sparebanken Sør	495,000	1.19 %
Sparebanken Vest	9,124,657	8.32 %

Pareto Securities AS may hold financial instruments in companies where a recommendation has been produced or distributed by Pareto Securities AS in connection with rendering investment services, including Market Making.

Please find below an overview of material interests in shares held by employees in Pareto Securities AS, in companies where a recommendation has been produced or distributed by Pareto Securities AS. "By material interest" means holdings exceeding a value of NOK 50 000.

Company	Analyst holdings*	Total holdings
2020 Bulker s		13,924
2G Energy		340
ABB Ltd.		580
ABL Group		34,508
Aker ASA	500	2,241
Aker BP		13,105
Aker Carbon Capture		8,976
AMSC ASA		3,640
Aprila Bank		22,675
Austevoll Seafood		2,923
B3 Consulting Group		2,000
BB Biotech		460
Beer enberg		51,600
Belships		10,000
Biolvent		15,000
Bonheur		30,618
Bouvet		3,500
BW Energy		50,959
BW LPG		450
BW Offshore		5,222
Cool Company		610
Crayon		21,346
Deep Value Driller		8,600
Dermaphar m Holding SE		750
DNB		16,402
DNO		82,731
DOF		1,250
Elkem		75,670
Elmera Group ASA		32,755
Embrace Group		42,520

Company	Analyst holdings*	Total holdings
Encavis AG		630
Equinor		5,156
Europris		15,018
Flex LNG		295
Frontline		7,429
Gaming Innovation Group		10,010
Genel Energy		5,700
Getinge		260
GFT Technologies		270
Gjensidige Forsikring	519	3,010
Golden Ocean Group		995
Greg Seafood		11,801
Hafslund		108,178
Hennes & Mauritz B		1,085
Høegh Autoliners		2,463
International Petroleum Corp		7,676
International Seaways		192
Kinnevik AB		495
Kitron		21,138
Komplett ASA		247,114
Kongsberg Gruppen		170
Kontron AG		350
Leabank		16,355
Lerøy Seafood Group		84,075
Link Mobility Group		115,000
Lundin Mining Corp.		7,652
Magnor ASA		23,201
Morrow Bank		171,200
Mowi		10,476
MPC Container Ships		6,290
Multitude		2,443
Mutar es SE & Co. KGaA		433
NorAm Drilling		6,883
NORBIT		4,070
Nordic Semiconductor		23,951
Norsk Hydro		79,216
Norske Skog		81,764
Norwegian Air Shuttle		3,507
Okeanis Eco Tankers		6,822
Orkla		7,086
Panoro Energy		36,833
Pareto Bank		827,365
PetroTal		20,000
Pexip Holding		724,595
Prøttector Forsikring		9,436
PSI Software		300
Quantafuel		16,665
REC Silicon		7,739
Salmor		224
Sandnes Sparebank		2,500
SATSASA		12,000
Scorpio Tankers		5,306
Seadrill Ltd		10,910
Securitas AB		656
SpareBank 1 Nord-Norge	725	744
SpareBank 1 SMN		7,443
SpareBank 1 SR-Bank		10,347
SpareBank 1 Østlandet	1,100	2,280
Sparebanken Møre		950
Sparebanken Sør		15,000
Sparebanken Vest		966
Stolt-Nielsen		2,000
Stora Enso		1,396
Storbrand	100	2,400
Stroytel		22,115
Subsea 7		21,141
Telenor		3,563
Telia Company		5,000
TGS		11,530
Thule Group		800
TORM		2,000
Transocean		10,000
Valaris		3,427
Vestas Wind Systems		1,275
Viscom		1,300
Volue		69,415
Vår Energi		279,546
Wallenius Wilhelmsen		2,500
Yara		18,449
Zaptec	0	21,500

This overview is updated monthly (last updated 15.03.2024).

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

Appendix B

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

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

Acr oud AB	Proximar Sea food
Advanzia Bank S.A.	Quality Living Residential AS
Alva Industri er AS	ReFuelis
AMSC ASA	RelyOn Nutec A/ S
APK AS	Saga Robotics ASA
Ar cher	Salmon Evolution
Ar geo AS	Seacrest Petr oleo Ber muda Ltd
Austevoll Sea food	Shamar an Petr oleum
Ayfie Gr oup AS	Solstad Off shore
Beer enber g Services AS	Spar ebanken Ser
Bonheur ASA	SSCP Lager Bidco AB
Bor r Drilling	Talos Production Inc.
BP Inv3 Topco Limited (TWMA)	Tasik Toba Subsea AS
BW Ener gy	Tomagruppen
BW Epic Kosan	Tr easur e ASA
BW Gr oup Limited	Vester ålen Havbruk AS
Cabonline Gr oup Holding	wheel.me
Cadeler	Ziton A/ S
Capsol Technologies ASA	
CEMAsys AS	
Clemens Kraft AS	
DEAG Deutsche Entertainment AG	
Delignit	
Desert Contr ol AS	
DOF	
Dolphin Drilling	
Edda Wind	
Eidesvik Off shore	
EIK Servering AS	
Ener gy Drilling Pte. Ltd.	
Far fiber ia Corporate S.L.U.	
Fiashbase Gr oup AS	
Floatel	
Fr edrikstad Ener gi AS	
Fr oy ASA	
GC Rieber Shipping ASA	
Gjensidige Forsikring ASA	
Golar LNG	
Golden Ener gy Off shore Services AS	
Gr entvedt	
Her tha BSC GmbH & Co. KGaA	
HMH Holding B.V.	
Huddly AS	
HydrogenPro	
HÖRMANN Industries GmbH	
Inin Gr oup AS	
Insr ASA	
Instabank ASA	
International Petr oleum Corp. ("IPC")	
Katjes International GmbH&CO	
Kezzler AS	
Klaviness Combination Carriers ASA	
KMC Pr ope r ties	
Krow Bidco AS	
Lif eRI Gr oup Midco GmbH	
Logistic Contr actors AS	
LoneStar Gr oup	
Miner va Topco AS	
Mintra Gr oup	
Mintra holding AS	
Mor row Bank	
Mutar es SE & Co. KGaA	
NEXT Biometrics Gr oup ASA	
Nor dic Aqua Par tners AS	
Nor dic Hallbut AS	
Nor dic Unmanned	
Nor se Atlantic	
Nor sk Renewables AS	
OKEA	
Otovo ASA	
Par eto Bank	
Pent field Shipping LLC	
PGS	
PGSASA	
PHM Gr oup Holding	
Point Resources Holding AS	
Prosa fe	
Protector Forsikring ASA	

This overview is updated monthly (this overview is for the period 01.03.2023 – 29.02.2024).

Appendix C

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

Distribution of recommendations	
Recommendation	% distribution
Buy	77%
Hold	22%
Sell	2%

Distribution of recommendations (transactions*)	
Recommendation	% distribution
Buy	95%
Hold	5%
Sell	0%

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

This overview is updated monthly (last updated 15.03.2024).

Appendix D

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

Disclosure of positions in financial instruments

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

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

Disclosure of assignments and mandates

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

ADDVise Gr oup AB	Gaming Innovation Gr oup	Xspr ay Phar ma AB
Art ificial Solutions International AB	HANZA AB	VEFA B
Awar dit AB	Hexicon AB	Vicor e Phar ma Holding AB
Biovica International AB	Renewcell AB	VNV Global AB
Camurus	Xbrane Biophar ma AB	Webr oc Ventur es AB
Cibus Nor dic Real Estate AB		

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

Adtr action AB	Mentice AB	Sedana Medical AB
Implantica AG	Modelon AB	VEF
Lundin Gold		

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

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

Aar hus Residentials	Hallsell Pr ope r ty Invest AB	Målar åsen AB
Backaheden Fastighets AB	Kors ången Fastighets AB (publ)	One Publicus Fastighets AB
Bonåsudden Holding AB (publ)	Kr on Public Real Estate AB	Origa Car e AB (publ)
Bor glanda Fastighets AB	Logistri Fastighets AB	Pr eser vium Pr ope r ty AB
Fleming Pr ope r ties AB		

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

This overview is updated monthly (last updated 18.03.2024).

Appendix E

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

Designated Sponsor

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

2G Ener gy AG	IVU T raff ic AG	Pr yme B.V.
ad pepper media International N.V.	Kontr on AG	PSI AG
Biotech AG	Logwin AG	Pyrum Innovations AG
Biotech AG Pf.d.	manz AG	Salmones Camanchaca S.A.
Cor estate Capital Holding S.A.	MAX Automation SE	Seven Principles AG
Daldr up & Söhne AG	Mer kur Privatbank AG	SHOP APOTHEKE EUROPE N.V.
DEMIRE AG	Meta Wolf AG	SMT Schar f AG
DF Deutsche Forfait AG	MPL SE	Surteco AG
epigenomics AG	MPC Container Ships ASA	SYZGY AG
For is AG	Muehlhahn AG	TTL Beteiligungs- und Gr undbesitz AG
Gesco AG	Mutar es SE & Co. KGaA	Uzin Utz SE
GFT Technologies SE	OVB Holding AG	VERIANOSSE
Heidelber g Phar ma AG	Pr oCredit Holding AG	Viscom AG
INTERSHOP Communications AG	Pr ogress-Wer k Ober kir ch AG	WPU - Waste Plastic Upcycling AS

Appendix F

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

Sponsored Research

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

2G Ener gy AG	Gesco AG	Mynar ic AG
BB Biotech AG	GFT Technologies SE	OHB SE
Biotech AG	Heidelber g Phar ma AG	pf er dewetten.de
Biotech AG Pf.d.	Hypopor t SE	Pr oCredit Holding AG
Cliq Digital AG	INTERSHOP Communications AG	Pr ogress-Wer k Ober kir ch AG
Daldr up & Söhne AG	Kontr on AG	PSI AG
Delignit	Logwin AG	Siegr ied Holding AG
Der maphar m Holding SE	MAX Automation SE	SMT Schar f AG
Enapter AG	Mer kur Privatbank AG	Surteco AG
epigenomics AG	MPL SE	SYZGY AG
execut Gr oup	Mutar es SE & Co. KGaA	Viscom AG
Expr es2ion Biotech Holding AB		

This overview is updated monthly (last updated 15.03.2024).