

Buy EUR 21.00 (EUR 16.30) Price EUR 11.50 Upside 82.6 %	Value Indicators: EUR DCF: 20.69	Warburg ESG Risk Score: 2.5 ESG Score (MSCI based): 2.0 Balance Sheet Score: 5.0 Market Liquidity Score: 0.5	Description: Bettingprovider with online and retail activities
	Market Snapshot: EUR m Market cap: 49.7 No. of shares (m): 4.3 EV: 43.1 Freefloat MC: 31.1 Ø Trad. Vol. (30d): 24.59 th	Shareholders: Freefloat 62.51 % Management 8.36 % Tullina AG 6.92 % Prime Capital Access S.A. 5.69 % Weiss media 6.52 %	Key Figures (WRe): 2023e Beta: 1.5 Price / Book: 4.7 x Equity Ratio: 32 %

New business represents huge opportunity

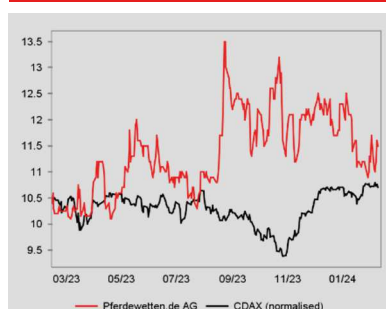
Pferdewetten.de AG has struggled to deliver decent results in recent years. While its core business in online betting on horseracing has consistently yielded stable profits (EBIT margin of typically 30% in the segment, 2022 revenue EUR 14.3m, EBIT EUR 4.5m), efforts in the online sports betting market have not been as successful, particularly with the re-entry in 2017 with www.sportwetten.de. Despite significant losses in this sector (EBIT alone at EUR -4.8m in 2021, EUR -3.4m in 2022), the company has been unable to establish a foothold in this highly competitive environment. The current estimate (WRe) incorporates a balanced result at a low level until 2025 (segment revenue EUR 1.7m, balanced EBIT).

The pivotal factor for the investment case is the entry to the retail sector in 2021/22, specifically sports betting in **physical shops**. Although this sector initially incurs substantial losses, with an estimated EBIT of nearly EUR -10m in the first representative fiscal year 2023, it demonstrates growth momentum that could transform the entire company.

The dynamics: The stationary betting market in Germany has seen little change over the past decades and remains resilient to online developments. Currently, there are approximately 2,700 betting shops in Germany (of which 1,150 are Tipico, 400 Tipwin, 300 Bet3000, and the rest miscellaneous). Due to stringent regulations, market changes are minimal. To start from scratch and put pressure on the market is virtually impossible – be it from a legal perspective or from the bookmaking/structural perspective. Here, pferdewetten.de has a unique advantage: leveraging its decades-long activity, the company secured the necessary approvals and licenses for the stationary betting market. With these approvals and its own infrastructure (especially its proprietary software and a betting book), the company is now uniquely positioned, both legally and structurally, to make significant strides in this sector. And it is doing just that: with a rapid pace of expansion, the company is winning existing shops from competitors under its brand “Sportwetten” in Germany (2022: 10, 2023: estimated 108, 2024 plan: 222, 2025 plan: 330, potential 400+; 80-85% franchise and around 15%-20% company-owned shops). Simultaneously, the shops are delivering financial results that underline the initial projections (average: franchise EBIT contribution EUR 56k per shop/year, company-owned shop EBIT contribution EUR 150k per shop/year, revenue contribution 270k each). Based on this, the company plans to break even in the retail segment in 2024 and estimates the threshold to be around 140 shops.

This presents intriguing potential in terms of stock valuation. While the estimates (WRe) currently do not foresee a significant contribution from the retail segment until 2025 due to limited reliable data, a calculated target price (EUR 21.00) emerges by applying an extremely high risk-discount (DCF, beta 1.5).

Considering the company's implicit assumptions regarding the breakeven point of the retail segment (140 shops) and the inclusion of planned incremental profit contributions from the new shops opened (franchise EBIT contribution EUR 56k and company-owned EBIT contribution EUR 150k), a completely different earnings scenario unfolds (compared to WRe). The EBIT margin could be around 20% from 2027 onwards. A DCF model based on these assumptions would easily lead to a target price of EUR 45, **a huge opportunity nonetheless (fair value between EUR 21.00 and EUR 45.00). The share continues to be rated Buy.**

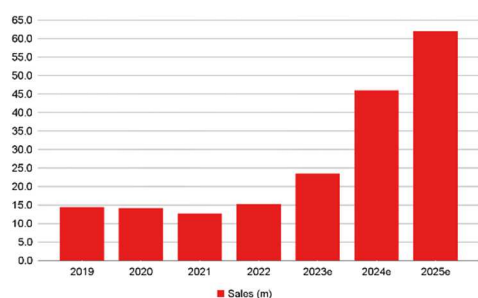


Rel. Performance vs CDAX:	
1 month:	-0.2 %
6 months:	1.0 %
Year to date:	-6.6 %
Trailing 12 months:	7.2 %

Company events:	
29.03.24	FY 2023
14.05.24	Q1
13.08.24	Q2
27.08.24	AGM

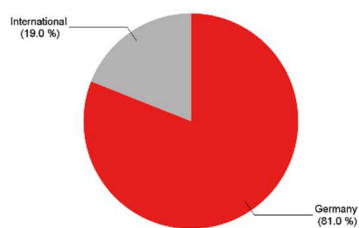
FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
Sales	59.3 %	14.4	14.2	12.7	15.3	23.5	46.0	62.0
Change Sales yoy		30.2 %	-1.8 %	-10.2 %	20.5 %	53.3 %	95.7 %	34.8 %
Gross profit margin		57.0 %	61.9 %	53.1 %	43.1 %	14.0 %	48.0 %	54.0 %
EBITDA	-	3.0	3.0	0.0	-2.5	-8.5	2.5	9.2
Margin		21.0 %	21.4 %	-0.1 %	-16.5 %	-36.0 %	5.5 %	14.9 %
EBIT	-	2.4	2.5	-0.6	-3.5	-9.7	1.3	8.0
Margin		16.9 %	17.9 %	-4.6 %	-23.2 %	-41.1 %	2.9 %	13.0 %
Net income	-	3.3	1.5	-0.2	-1.5	-5.2	1.5	5.3
EPS	-	0.77	0.34	-0.04	-0.32	-1.07	0.30	1.10
EPS adj.	-	0.77	0.34	-0.04	-0.32	-1.07	0.30	1.10
DPS	0.0 %	0.20	0.26	0.10	0.10	0.00	0.10	0.10
Dividend Yield		1.9 %	2.5 %	0.6 %	0.7 %	n.a.	0.9 %	0.9 %
FCFPS		0.94	0.36	0.46	-0.83	-1.22	0.33	1.21
FCF / Market cap		9.0 %	3.4 %	2.7 %	-6.1 %	-10.6 %	2.8 %	10.5 %
EV / Sales		2.4 x	2.4 x	5.0 x	3.5 x	2.2 x	1.1 x	0.7 x
EV / EBITDA		11.5 x	11.2 x	n.a.	n.a.	n.a.	19.3 x	4.7 x
EV / EBIT		14.3 x	13.4 x	n.a.	n.a.	n.a.	36.8 x	5.4 x
P / E		13.6 x	31.0 x	n.a.	n.a.	n.a.	38.3 x	10.5 x
P / E adj.		13.6 x	31.0 x	n.a.	n.a.	n.a.	38.3 x	10.5 x
FCF Potential Yield		10.9 %	5.4 %	0.3 %	-2.7 %	-9.6 %	4.6 %	15.2 %
Net Debt		-10.4	-11.6	-12.6	-11.5	-5.1	-6.7	-12.0
ROCE (NOPAT)		63.6 %	24.7 %	n.a.	n.a.	n.a.	13.9 %	n.a.
Guidance:	2023: Negative EBITDA in the high single-digit million range							

Sales development in EUR m



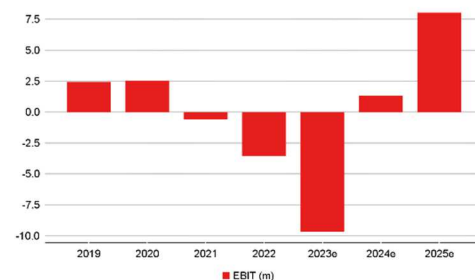
Source: Warburg Research

Sales by regions 2024e; WRe; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

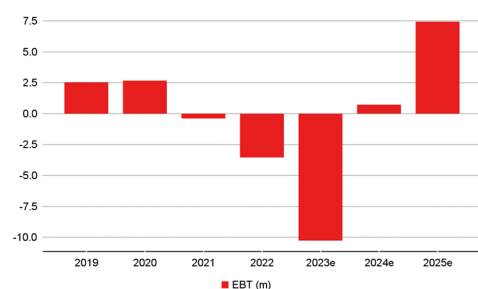
Company Background

- Pferdewetten.de has grown historically in the area of online offerings for betting on horse racing.
- This was gradually expanded to include the sports betting segment under the well-known brand "sportwetten.de" as well as online casino offers.
- The most important strategic step in the company's development to date took place with the entry into the retail betting market in 2022 with the opening of physical shops.

Competitive Quality

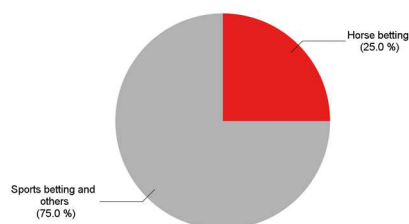
- Pferdewetten.de AG has a very good positioning in the niche market for horse betting and has valuable market know-how thanks to its own bookmaker software and important licenses.
- Approvals/licenses gave the company the opportunity to also operate in the sports-betting sector and in online casinos (especially the "sportwetten.de" brand). This forms an important barrier to market entry.
- Decades of experience from key players in management and shareholders form another important strategic basis - especially since the accelerated expansion of the retail business.

EBT development in EUR m



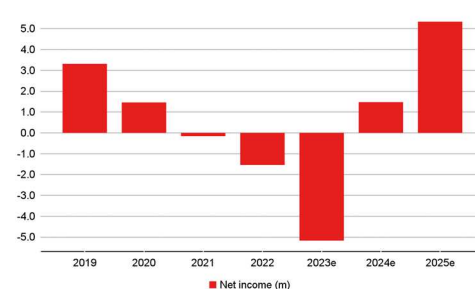
Source: Warburg Research

GGR by segment 2024e; in %



Source: Warburg Research

Net income development in EUR m



Source: Warburg Research

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Summary of Investment Case

Investment triggers

- The true impact of the retail segment is not widely known among most capital market participants. The initial figures from the retail sector indicate high profitability. The fact that an EBIT of more than EUR 30m is possible by the end of the decade will only slowly be realized by the capital market.
- Every retail shop opening, every quarterly report could – from now on – bring the stock closer to the pricing representative of this segment's potential.

Valuation

- In a base-case scenario, the fair value is EUR 21 per share.
- In a scenario aligned with the company's plans, the projected price target (PT) is EUR 45.

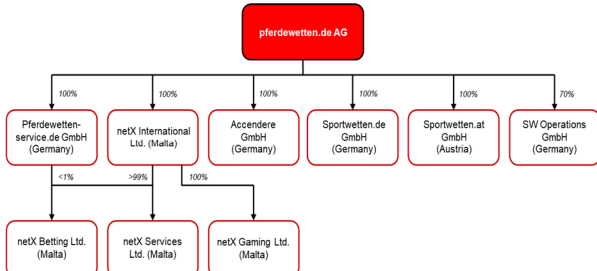

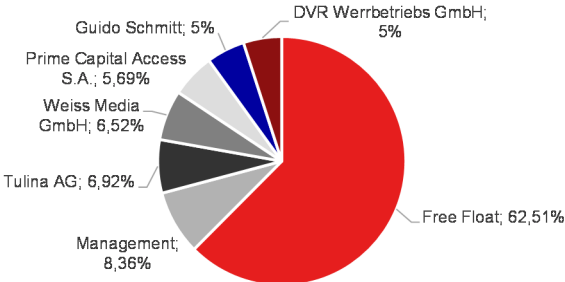
Growth

- The company is about to grow strongly, with the opening of new retail shops. The plan is to quadruple the number of stores from around 100 to 400+.
- Warburg estimates an increase in revenues (CAGR) of 59% annually until 2025 and a terminal margin of 17% until 2027.
- The plan of the company implies an increase in revenues of 80% (CAGR) until 2025 and a margin of 20%.

Competitive quality

- With its origins in the horseracing-betting sector, the company boasts a unique combination of specific competitive factors today.
- Legal status: As the company already holds the essential permits necessary for gambling operations, its solid legal standing equals that of the established competition. New market entries are virtually impossible (extensive conditions, required licences, infrastructure).
- Technical infrastructure: With its proprietary software and established functional solutions, the company has a robust technical foundation.
- Betting business: The company runs its own betting book and brings decades of experience to the table.
- The brand "Sportwetten" (sportwetten.de), which translates as "sports betting", holds significant value.

Company Overview

Pferdewetten.de																																	
Pferdewetten.de AG, based in Duesseldorf, Germany, established in 1997, is a major player in the betting industry. Specializing in horse racing bets, it also offers sports betting through sportwetten.de. The company aims to attract a diverse customer base, both nationally and internationally, with its comprehensive range of services.																																	
Structure																																	
Segments	Horse Betting	Online Betting	Retail Betting																														
Focus	In horse betting, the company offers diverse options with fixed and variable odds across different countries.	The company markets bets on sports such as football, basketball, ice hockey (via sportwetten.de) and horse betting (via pferdewetten.de).	Traditional, in-person sports betting at physical locations such as betting shops or offices, providing an offline avenue for users to place their sports bets.																														
Revenue Q3/2023 by segments (in EUR m)	8.7	0.9	5.6																														
EBITDA 9m/2023 by segments	1.8	-2.0	-6.5																														
GGR (9m)	41.2																																
Sales by region																																	
German competitors	Tipico, Tipwin, Bet3000																																
Retail shops prognostization	<table><tr><td></td><td>2022</td><td>2023e</td><td>2024e</td><td>2025e</td><td>2026e</td></tr><tr><td>Warburg Research Scenario (WR)</td><td>10</td><td>108</td><td>220</td><td>280</td><td>340</td></tr><tr><td>Company plan (CP)</td><td>10</td><td>108</td><td>222</td><td>330</td><td>400</td></tr><tr><td>thereof own shops (WR)</td><td>0</td><td>3</td><td>30</td><td>45</td><td>56</td></tr><tr><td>thereof own shops (CP)</td><td>0</td><td>3</td><td>30</td><td>50</td><td>66</td></tr></table>				2022	2023e	2024e	2025e	2026e	Warburg Research Scenario (WR)	10	108	220	280	340	Company plan (CP)	10	108	222	330	400	thereof own shops (WR)	0	3	30	45	56	thereof own shops (CP)	0	3	30	50	66
	2022	2023e	2024e	2025e	2026e																												
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Biggest growth potentials	Own retail shops and also Online segment, Foreign expansion																																
Shareholder structure																																	

Source: Warburg Research

Competitive Quality

- Due to its extensive history in the sector, the company already holds the most important licenses for sports-betting operations. These form a significant barrier to market entry.
- The company has its own infrastructure (technology / bookmaker for betting).
- Its own brand ("Sportwetten", sportwetten.de) can be used successfully in the retail sector.

pferdewetten.de AG excels in regulatory compliance, securing licenses and legal protection.

Excellent positioning from a regulatory perspective

Development of gambling regulations

In recent years, gambling regulations have undergone several changes.

The **2007** German State Treaty on Gambling faced criticism from the EU for breaching the principles of free movement of services, leading to an infringement procedure. Amendments were made to align with EU regulations, but some concerns persisted, creating legal uncertainty. In **2014**, the EU Commission issued a landmark recommendation for online gambling principles. The situation escalated in **2016** when the European Court of Justice demanded that changes be made to the German State Treaty. In **2021**, the revised treaty was approved by the EU, showcasing Germany's steps toward EU-compatible gambling regulation.

Licensing requirements:

pferdewetten.de AG meets all legal requirements for the granting of gaming licenses. In order to obtain a license, the following criteria must be met:

- Completely transparent ownership and shareholding structure
- Reliability and expertise
- Own funds for long-term business operations
- Transparency in the distribution network

Licensing and general provisions:

In addition to the specific requirements for the issuance of licenses, there are also general provisions that apply to the issuance of licenses to gaming operators. These include:

- Player and youth protection
- Quarterly data delivery
- Prevention of money laundering

Besides fulfilling all the criteria for licenses and general provisions, pferdewetten.de AG meets the **highest compliance** and **youth protection standards**.

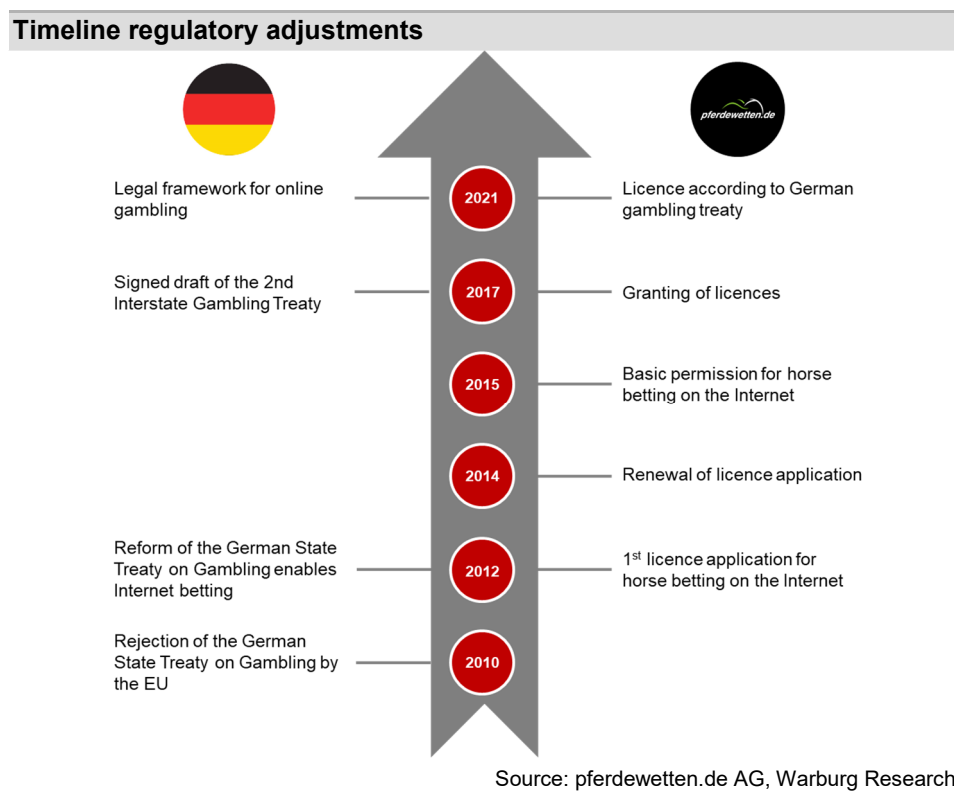
Managing regulatory changes

pferdewetten.de AG is in a strong position in the German gambling market as it holds German **licenses for all its activities**. The company is in constructive dialogue with the regulators and supports consistent legal requirements. The first license application to organize and broker horse-betting on the internet was submitted in 2012. Following a renewed license application in 2014, the company received the basic license for online horse betting in 2017, but without a specific license. Finally, in 2021, the license was

Track record of meeting regulatory needs

granted in accordance with the German State Treaty on Gambling, which provides legal protection for the gambling activities offered.

According to a study by Statista (*Largest gambling markets in Europe 2020*), Germany is one of the top three countries in terms of gross gambling revenue. However, based on a previous study by Statista (*Online share of gambling markets by country Europe 2019*) Germany is barely in the top 20 in Europe in terms of the online share of the gambling market. This underlines the potential that pferdewetten.de AG sees in the new online segment.



Brand and software

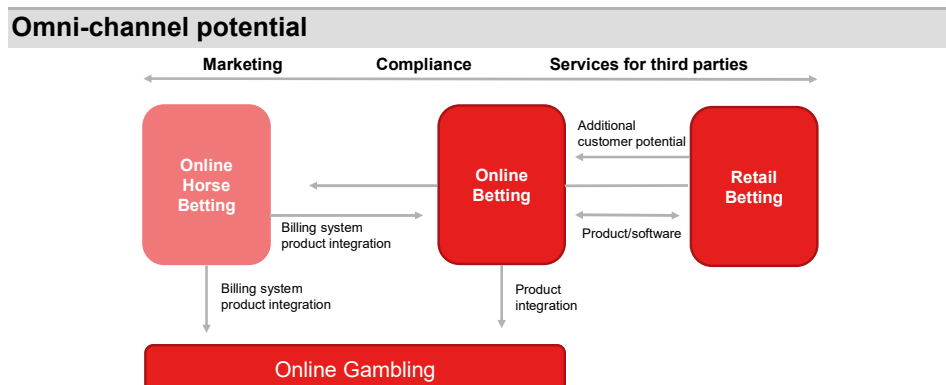
Besides the legal framework, the brand and the company's own software represent competitive advantages.

Brand: In 2017, the company re-entered the sports betting sector after successfully restoring profitability in its former core area, horse betting. A key asset from the past is the brand "sportwetten.de" ("sports betting"). This brand is expected to play a central role, especially in the retail expansion. The two dimensions of value creation, online and on the street, can be mutually complementary, fostering a symbiotic relationship.

Software and infrastructure: In early 2021, the company underwent a significant transformation by transitioning its sports-betting software to an in-house development. A substantial investment of around EUR 3.55m has so far been allocated to this software development initiative. With its dedicated team of bookmakers and the utilization of proprietary software, the company is now equipped with a maximally efficient infrastructure. This strategic move positions the business for optimal scalability, particularly with the opening of retail shops.

Omni-channel potential

With a legal framework, a brand, software and infrastructure, there is potential to expand the business model from the original business (horse betting) to online betting and online gambling as well as retail betting. Services for third parties are also possible.



Source: Warburg Research

These offerings have been in planning since the second half of 2023: commencement in Denmark with the joint venture "Jackpotbet.dk.", launch as a service provider under the brand "PLATIN/RACE" for regulated operators in Europe, Africa, and Latin America, initiation of the international expansion of sports betting retail to Austria and selected African markets.

Extensive management experience

pferdewetten.de AG boasts a wealth of management expertise, with a leadership team that brings years of industry knowledge and success. At the helm is Pierre Hofer, who has served as CEO since 2010. Hofer's connection with the horse-racing world dates back to his childhood, shaped by family involvement. He began his professional journey as the PR and Marketing Director at the Düsseldorfer Rennverein von 1844 e.V. Over the years, he has held multiple high-ranking positions in the top management of various companies within the betting industry.

Another key figure in the company is Marco Sunderbrink, who has been Managing Director since 2010. As a certified bookmaker, Sunderbrink brings a comprehensive understanding of the industry to the table. His career has seen him in roles such as procurator, sales manager, and commercial director in the WAZ Group.

Highlighting the oversight of the company is Jochen Dickinger, a member of the board of directors. One of four individuals holding this position, Dickinger is renowned for co-founding bet-at-home.com, one of the most successful betting-sector stories in the stock market. His presence on the board adds a strategic dimension to pferdewetten.de AG, drawing from his wealth of experience and success in the industry.

Successful retail strategy

As of the latest expansion update, Pferdewetten.de AG is executing its retail strategy with a focus on expanding its retail shops against the established competition. By the end of September, the company stated that it had 83 locations, although there have been challenges due to delays in the approval process, resulting in a shift in revenue and earnings. The pace of expansion has been set back by approximately 12 months, prompting the need to adjust earnings projections for 2023. However, since April 2023, there has been a noticeable increase in momentum. The company is on track to meet its 2023 expansion goal and is currently operating 94 live retail shops. In June 2023, the company successfully acquired the first three retail shops for its own portfolio. The

remainder are to be operated within its franchise system. The company anticipates reaching the breakeven point in 2024, followed by significant profit growth.

A key strength of the company lies in its ability to attract shop-owners away from competitors' franchises. Offering highly competitive deals on an individual basis, Pferdewetten.de AG leverages its own cutting-edge technology, proprietary bookmakers, a robust brand ("sportwetten.de"), and decades of experience in the industry. Additionally, the company sometimes benefits from regulatory limitations that constrain leading competitors due to regulatory restrictions, such as distance regulations.

This strategy also yields powerful ancillary effects, including increased customer loyalty for the group, facilitated by a customer card for both in-shop and online betting, with no betting limits in physical shops, which tends to attract high-rollers. The company's marketing approach emphasizes, "The street promotes the brand."

Furthermore, a synergy effect can be realized as betting on horseracing is extended to the retail shops. The company is exploring the potential for additional services for third parties within the shops, opening up new avenues for revenue and partnerships. Overall, Pferdewetten.de AG's retail strategy is underpinned by a combination of technological prowess, brand strength, and a deep understanding of the market, positioning it for continued success in winning shops from the legacy competition.

Growth / Financials

- The retail division (stationary shops) is crucial for further development. Against this background, the old business is gradually taking a back seat. The opening of new retail shops is growing rapidly despite complex approval procedures.
- Depending on the further scenario, different active growth paths arise
- Two scenarios are shown below. One is the growth curve planned by the company for openings and general data per shop. The other is our more cautious model with fewer openings and lower framework data per shop (WRe).

Offline gambling remains the most important sector

The basis of the activities of pferdewetten.de is the robust market growth and structure: In the future the most important segment will be the offline sports betting. Currently, there are approximately 2,700 betting shops in Germany (of which 1,150 are Tipico, 400 Tipwin, 300 Bet3000, and the rest miscellaneous). A market with robust growth, which is only very slowly losing market share to online betting.

Optimistic outlook for the gambling market

Gambling market development

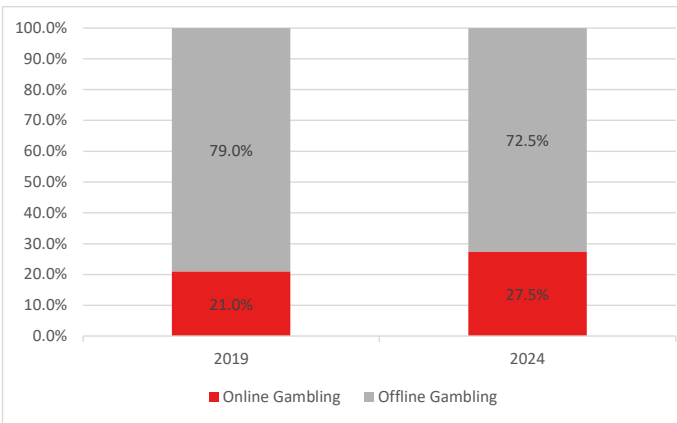
The success of pferdewetten.de AG depends on the market situation in the gambling sector. An advantage for the company is the **acquisition of market share from state-owned betting companies by private betting companies**. State-owned betting companies, such as Oddset, have steadily lost market share over time, which favours companies like pferdewetten.de AG.

Furthermore, online betting has gained market share, constituting the strongest revenue-generating segment of the company. Thus, the company benefits twofold – first, from the increase in the market share of private betting companies, and second, from growth in the online betting market. Goldmedia GmbH has projected an **increase in the online gambling share** from 21% in 2019 to 27.5% in 2024.

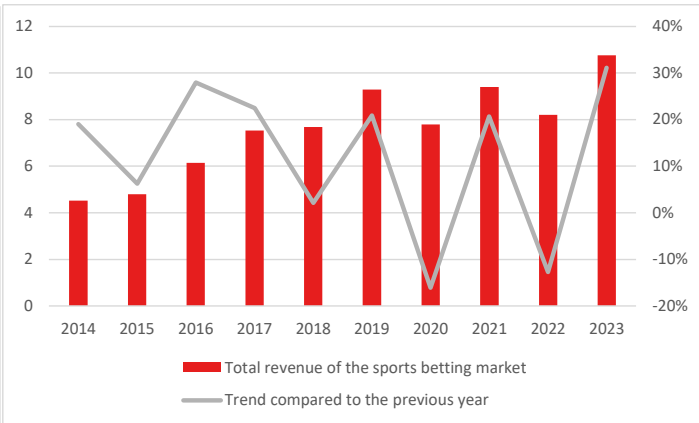
The company is in a favourable environment in terms of market volume. The sports betting market in Germany has a volume of **more than EUR 10bn in 2023** and is on a long-term upward trend. For the period beyond 2023, an **average annual growth rate (CAGR) of 4.6%** is expected, indicating robust growth.

Comparison of online gambling and offline gambling

Sports-betting market in Germany:
total revenue in EUR bn and year-on-year trend



Sources: Goldmedia GmbH, Warburg Research



Sources: Deutscher Sportwettenverband, Warburg Research

In addition to online sports betting and international expansion, the online casino is considered a promising potential business segment for the company. As of November 2023, the online casino was still in the start-up phase. Since 2021, the company has held an online casino license and is investing in the growing online casino market. Projections indicate **sustainable growth** in the online casino market from **EUR 1.79bn in 2023 to EUR 2.49bn in 2028**. This growth is based, among other things, on user behaviour. In particular, 65% of online casino players use their smartphones while, at the same time, two-thirds of players also use stationary offerings. This could create synergies that could be beneficial to the company.

Growth expectation scenarios

The greatest growth potential by far can be derived from the retail strategy: The growth expectations for the company are modelled in two ways below. At its core, the study is based on previous sales and earnings expectations (WRe, "Basic Assumptions"). This is broken down and described by area. The core aspect of growth expectations is a forecast for the individual areas. The most important area for the evaluation of the company is the retail area (stationary shops mostly taken over from competitors). These are modelled using two important vectors:

- **The number of shops opened (own and franchise)**
- **The economic success of the shops (sales and EBIT)**

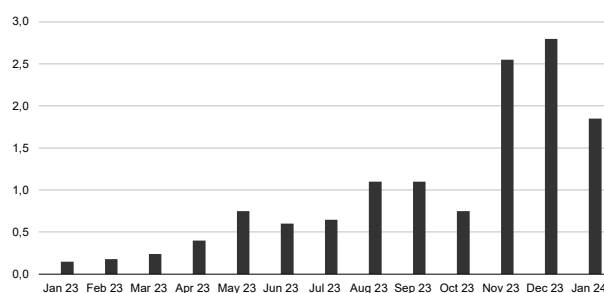
Economics of franchise and own shops (examples)

Franchise-Shop		Own Shop	
GGR (Year)	1,200,000	GGR (Year)	1,200,000
Margin	22,5 %	Revenue (NGR)	270,000
Revenue (NGR)	270,000	Operating costs of old operator	174,000
Share pw.de	20 %	Operating costs pw.de after takeover	120,000
Earnings pw.de	54,000	EBIT old operator	96,000
		EBIT pw.de after takeover	150,000

Source: Warburg Research

The main distinguishing criterion between the model (WRe, "Basic Assumptions") and the company's own forecast (we model here "Optimistic Assumptions" based on key data of the planning of the company) is the number of shops opened/taken over.

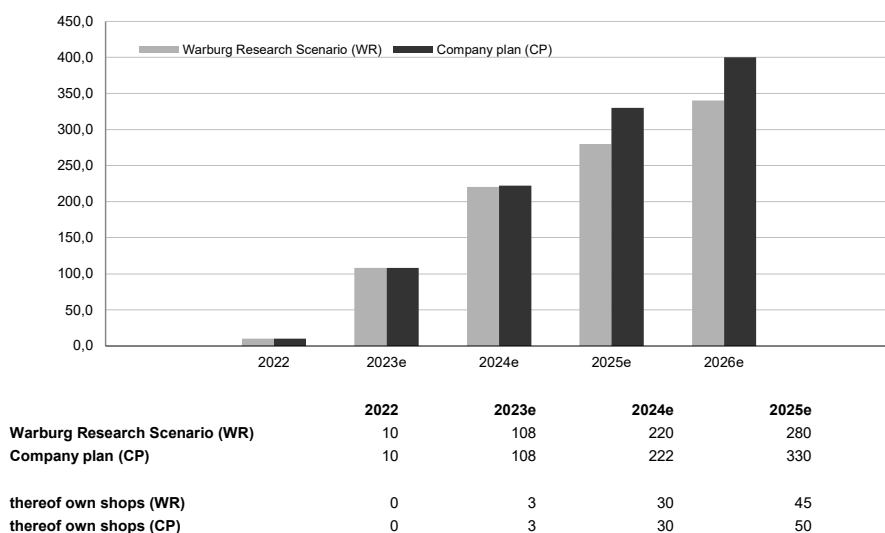
Impressive first results / Retail revenues per month



Source: Warburg Research, Trend January 2024 **not representative** ("Bundesliga" winter-break)

The number of shops has reached the planning stage after a strong recovery. The opening of new sports betting retail outlets gained significant momentum in 2023. The year 2023 marked the last year of losses, with the anticipation of reaching breakeven in 2024, followed by planned substantial profit growth in both scenarios.

Number of shops



Source: Warburg Research

Corporate planning also anticipates higher sales per shop (see table). However, the main distinction lies in the area of predicting profitability. While our forecasts anticipate the gradual achievement of breakeven by the division in 2024, the company's own forecast assumes the division's profitability from the 120th shop (annual average). From this point onwards, the complete additional profitability per shop is assumed in the corporate planning. The following table provides an overview of the different assumptions:

Key planning parameters

Assumptions/scenario	Basic (WRe)	Optimistic ("company")
Number of shops:	see graph	see graph
Avg. sales per shop (after opening phase)	200k	270k
EBIT per shop	reached after 180 shops	reached after 140 shops
own	150k	150k
franchise	54k	54k
EBIT-Margin		
2026	16%	18%
target / 2027	17%	20%
CAGR Sales 2022-2025	59%	80%
CAGR Sales 2026-2035	7%	8%

Source: Warburg Research

The following table shows the different assumptions:

- **Horse betting** is based on historic figures, returning to normal margins. Same assumptions in both scenarios.
- **Online sector** - A slightly higher pace is also assumed in the online betting sector in the optimistic scenario.
- **Others (new)** - The "new business" only slowly picks up in both segments becoming earnings-positive only after the planning period (projects for the second half of 2023: Establishment of a joint venture "Jackpotbet.dk" in Denmark. Service provider with the brand "PLATIN/RACE," catering to regulated operators in Europe, Africa, and Latin America. Initiating the global expansion of sports-betting retail operations into Austria and carefully selected markets in Africa) – same assumptions in both scenarios.
- **Retail sector** - the main difference is in the retail sector (number of shops and breakeven threshold). In the basic/optimistic scenario every shop above 200/120 units drives profitability as seen above.

Key assumptions Basic Scenario (WRe)

Basic scenario (WRe)

in EUR m	2021	2022	9m/2023	2023e	2024e	2025e	2026e	Comment
Sales	12,7	15,3	15,1	23,5	46,0	62,0	70,1	
thereof Horse	12,3	14,3	8,7	10,2	11,6	10,0	5,2	Moderate growth
thereof Online	0,4	0,8	0,9	1,0	1,5	1,7	1,9	Moderate growth
thereof Others (new)	0,0	0,0	0,0	0,0	0,1	0,3	1,0	Establishing small business
thereof Retail	0,0	0,3	5,6	12,3	32,8	50,0	62,0	Revenue based on opened shops
EBIT	-0,6	-3,5	-8,3	-9,7	1,3	8,0	11,4	
thereof Horse	4,5	4,2	1,3	1,5	3,5	3,0	1,5	Return to historic profitability (30-40%)
thereof Online	-4,8	-3,4	-2,0	-1,5	-1,0	0,0	0,5	Reach of sector profitability in 2026
thereof Others (new)	0,0	0,0	0,0	-1,0	-1,0	-1,0	0,0	initial losses, long-term 15% profitability assumed
thereof Retail	0,0	-4,2	-7,1	-9,7	-1,2	5,0	9,4	Reaching profitability in 2025
EBIT extraord. Effects	-0,2	-0,2	-0,5	0	0	0	0	

Planning of the Retail segment

Shops

per year end	0	10	83	108	220	280	340	WRe planning of slowly opened shops
average	0	3	43	61	164	250	310	
Thereof:								
Franchise shops	0	3	43	58	134	205	254	82% franchise shops
Sales		0,3	5,6	11,7	26,8	41,0	50,8	
Sales per Shop		0,09	0,13	0,20	0,20	0,20	0,20	reaching 0.2m after opening phase
Own shops		0	0	3	30	45	56	Target: 18% own shops
Sales		0,0	0,0	0,6	6,0	9,0	11,2	
Sales per Shop		0,00	0,00	0,20	0,20	0,20	0,20	reaching 0.2m after opening phase
Shops "in profitability"						70	130	Shops (average per year) above 180
Thereof:								
Franchise						57	107	
EBIT per shop						0,05	0,05	
EBIT						3,1	5,8	
Own						13	23	
EBIT per shop						0,15	0,15	
EBIT						1,9	3,5	

Source: Warburg Research

Key assumptions Optimistic Scenario (based on company key data)
Optimistic scenario

in EUR m	2021	2022	9m/2023	2023e	2024e	2025e	2026e	
Sales	12,7	15,3	15,1	23,5	46,7	88,8	112,7	
thereof Horse	12,3	14,3	8,7	10,2	11,6	10,0	5,2	Moderate growth
thereof Online	0,4	0,8	0,9	1,0	2,0	4,0	8,0	Revenue to double per year
thereof Others (new)	0,0	0,0	0,0	0,0	0,1	0,3	1,0	Establishing small business
thereof Retail	0,0	0,3	5,6	12,3	33,0	74,5	98,6	Revenue based on opened shops
EBIT	-0,6	-3,5	-8,3	-10,7	3,3	11,7	18,5	
thereof Horse	4,5	4,2	1,3	1,5	3,5	3,0	1,5	Return to historic profitability (30-40%)
thereof Online	-4,8	-3,4	-2,0	-1,5	-1,0	0,0	0,9	Reach of sector profitability in 2026 (11%)
thereof Others (new)	0,0	0,0	0,0	-1,0	-1,0	-1,0	0,0	initial losses, long-term 15% profitability assumed
thereof Retail	0,0	-4,2	-7,1	-9,7	1,8	9,7	16,0	Reaching profitability >140 shops (avg.)
EBIT extraord. Effects	-0,2	-0,2	-0,5	0,0	0,0	0,0	0,0	

Planning of the Retail segment
Shops

per year end	0	10	83	108	222	330	400	Company planning of opened shops
average		3	43	61	165	276	365	

Thereof:

Franchise shops	0	3	43	58	135	226	299	82% franchise
Sales		0,3	5,6	11,7	27,0	61,0	80,7	
Sales per Shop		0,09	0,13	0,20	0,2	0,27	0,27	reaching 0.27m after opening phase
Own shops		0	0	3	30	50	66	Target: 18% own shops
Sales		0,0	0	0,6	6,0	13,5	17,8	
Sales per Shop		0,00	0	0,20	0,20	0,27	0,27	reaching 0.27m after opening phase

Shops "in profitability"

					25	136	225	Shops (average per year) above 140
Thereof:								
Franchise					21	112	185	
EBIT per shop					0,05	0,05	0,05	
EBIT					1,1	6,0	10,0	
Own					5	24	41	
EBIT per shop					0,15	0,15	0,15	
EBIT					0,7	3,7	6,1	

Source: Warburg Research

Additional upside from capital increase

Additional potential beyond the scenarios outlined in this study is represented by the further capital increase announced on January 26, 2024. Management has set the issuance of up to 0.76m shares at EUR 10.50 each, amounting to a volume of EUR 8m.

The objective is to further increase the proportion of shops held in the company's portfolio and thereby enhance profitability. The capital increase is not yet explicitly accounted for in this research as the placement is not finalized. In general, **multiple arbitrage** arises as an opportunity from capital increases.

As a rule, stationary betting shops can be taken over at a multiple of around 5x or 6x based on all income for the group. This is usually significantly less than it costs the group to raise capital on the capital market.

Potential **bond financing** is also worth considering as a scenario. As announced, the company is exploring the possibility of a "Nordic Bond" to fund the acquisition of a remaining 70% of 25 shops (Nordic Bonds are a specialized form of corporate bonds that have gained traction in the Scandinavian countries and are similar to high-yield bonds with easier documentation requirements). The down-payment of EUR 6.3m will be funded by the capital increase. If this scenario of complete acquisition materializes in 2024, several effects will unfold: Naturally, there will be revenue share earnings (20%) similar to a franchise for the 30% down-payment (regular shop). An almost immediate "30% pro forma EBITDA" will be shown due to the share of the 30%. With the planned increase in the share to over 50%, there will be a consolidation of figures, resulting in a significant EBITDA increase.

Valuation

- The valuation of the base-case scenario (WRe) leads to an attractive DCF value per share of EUR 21.
- The optimistic case (company) leads to a DCF value per share of EUR 45.
- Overall the risk/reward profile is very attractive

Retail forms a huge opportunity in terms of the valuation

Scenario DCF models

As outlined in the preceding section within the context of revenue and earnings expectations, there are two scenarios.

One is the base scenario (WRe), comprising the existing projections for revenue and earnings. The other is an optimistic scenario that incorporates, as a central assumption, the pace of retail shop openings as planned by the company. Simultaneously, as described in the previous section, the second scenario also considers the revenue and earnings parameters per shop, as expected by the company, while the base scenario applies lower values. Consequently, the values utilized within the framework of the Discounted Cash Flow (DCF) models differ as follows:

Key planning and DCF parameters

Assumptions/scenario	Basic (WRe)	Optimistic ("company")
Number of shops:	see graph	see graph
Avg. sales per shop (after opening phase)	200k	270k
EBIT per shop	reached after 180 shops	reached after 140 shops
own	150k	150k
franchise	54k	54k
EBIT-Margin		
2026	16%	18%
target / 2027	17%	20%
CAGR Sales 2022-2025	59%	80%
CAGR Sales 2026-2035	7%	8%
BETA	1,50	1,50
WACC	11%	11%
Fair Value	20,69	44,76

Source: Warburg Research

The model takes the convertible bond issued in 2022 with a volume of EUR 8m into account as debt capital. A dilutive effect of shares convertible at EUR 12.50 (640k/13%) is not taken into account, as this conversion would also reduce risk premiums to a comparable extent leading to a negligible net effect.

Both models are displayed in detail below:

Basic

DCF model - pferdewetten.de AG

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	23.5	46.0	62.0	70.1	76.4	83.2	89.9	97.1	103.9	110.1	115.6	120.2	123.9	2.0 %
Sales change	53.3 %	95.7 %	34.8 %	13.0 %	9.0 %	9.0 %	8.0 %	8.0 %	7.0 %	6.0 %	5.0 %	4.0 %	3.0 %	
EBIT	-9.7	1.3	8.0	11.4	12.6	13.7	15.3	16.5	17.7	18.7	19.7	20.4	21.1	17.0 %
EBIT-margin	-41.1 %	2.9 %	13.0 %	16.3 %	16.5 %	16.5 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	
Tax rate (EBT)	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	16.8
NOPAT	-7.7	1.1	6.4	9.1	10.1	11.0	12.2	13.2	14.1	15.0	15.7	16.4	16.8	
Depreciation	1.2	1.2	1.2	1.8	1.9	2.1	2.2	2.4	2.6	2.8	2.9	3.0	3.1	2.5 %
in % of Sales	5.1 %	2.6 %	1.9 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	
Change in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Change in liquidity from														
- Working Capital	-0.2	-0.5	-0.4	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	3.1
- Capex	0.6	0.6	0.6	1.8	1.9	2.1	2.2	2.4	2.6	2.8	2.9	3.0	3.1	
Capex in % of Sales	2.6 %	1.3 %	1.0 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC-model)	-6.9	2.2	7.4	8.7	9.7	10.7	12.0	13.0	14.0	14.9	15.6	16.3	16.8	55.3
PV of FCF	-7.1	2.0	6.2	6.5	6.5	6.5	6.5	6.4	6.2	5.9	5.6	5.3	4.9	
share of PVs	0.9 %			51.7 %										47.4 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.0 %	Financial Strength	1.50
Cost of debt	5.0 %	Liquidity	1.50
Market return	8.3 %	Cyclicality	1.50
Risk free rate	2.8 %	Transparency	1.50
Risk premium	5.5 %	Others	1.50
Cost of equity	11.0 %		
WACC	11.00 %	Beta	1.50

Valuation (m)

Present values until 2035e	61.4	No. of shares (m)	5.5
Terminal Value	55.3		
Financial liabilities	0.0	Value per share (EUR)	20.69
Pension liabilities	0.0		
Hybrid capital	0.0		
Minority interest	15.0		
Market val. of investments	0.0		
Liquidity	11.5		
Equity Value	113.2		

Sensitivity Value per share (EUR)

Terminal Growth									Delta EBIT-margin						
Beta	(WACC)	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	-1.50 pp	-1.00 pp	-0.50 pp	0.0	0.50 pp	1.00 pp	1.50 pp
1.68	(12.0 %)	17.50	17.68	17.87	18.07	18.28	18.50	18.73	16.14	16.78	17.43	18.07	18.71	19.35	19.99
1.59	(11.5 %)	18.64	18.85	19.07	19.31	19.55	19.81	20.09	17.27	17.95	18.63	19.31	19.99	20.66	21.34
1.55	(11.3 %)	19.26	19.49	19.73	19.98	20.25	20.53	20.82	17.88	18.58	19.28	19.98	20.68	21.38	22.07
1.50	(11.0 %)	19.91	20.16	20.42	20.69	20.98	21.28	21.61	18.53	19.25	19.97	20.69	21.41	22.13	22.85
1.45	(10.8 %)	20.60	20.86	21.15	21.44	21.76	22.09	22.44	19.22	19.96	20.70	21.44	22.18	22.93	23.67
1.41	(10.5 %)	21.32	21.61	21.92	22.24	22.58	22.95	23.33	19.94	20.71	21.47	22.24	23.01	23.77	24.54
1.32	(10.0 %)	22.91	23.25	23.61	23.99	24.40	24.84	25.30	21.54	22.36	23.17	23.99	24.81	25.63	26.44

Source: Warburg Research

Optimistic

DCF model - pferdewetten.de AG

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	23.5	46.7	88.8	112.7	136.4	148.7	160.5	173.4	185.5	196.7	206.5	214.8	221.2	2.0 %
Sales change	53.3 %	98.7 %	90.2 %	26.9 %	21.0 %	9.0 %	8.0 %	8.0 %	7.0 %	6.0 %	5.0 %	4.0 %	3.0 %	
EBIT	-10.7	3.3	11.7	18.5	27.3	29.7	32.1	34.7	37.1	39.3	41.3	43.0	44.2	20.0 %
EBIT-margin	-45.4 %	7.0 %	13.2 %	16.4 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	
Tax rate (EBT)	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %
NOPAT	-8.5	2.6	9.4	14.8	21.8	23.8	25.7	27.7	29.7	31.5	33.0	34.4	35.4	
Depreciation	2.2	1.9	2.2	2.8	3.4	3.7	4.0	4.3	4.6	4.9	5.2	5.4	5.5	2.5 %
in % of Sales	9.4 %	4.0 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	
Change in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in liquidity from														
- Working Capital	-0.2	-0.5	-0.4	0.3	0.4	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1
- Capex	0.6	0.6	0.6	2.8	3.4	3.7	4.0	4.3	4.6	4.9	5.2	5.4	5.5	
Capex in % of Sales	2.6 %	1.3 %	0.7 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC-model)	-6.7	4.4	11.4	14.4	21.5	23.4	25.4	27.5	29.5	31.3	32.9	34.3	35.3	116.5
PV of FCF	-6.9	4.0	9.4	10.8	14.4	14.2	13.8	13.5	13.0	12.5	11.8	11.1	10.3	
share of PVs	2.6 %			50.5 %										46.9 %

Model parameter

Derivation of WACC:

Debt ratio	0.0 %
Cost of debt	5.0 %
Market return	8.3 %
Risk free rate	2.8 %
Risk premium	5.5 %
Cost of equity	11.0 %
WACC	11.00 %

Derivation of Beta:

Financial Strength	1.50
Liquidity	1.50
Cyclicality	1.50
Transparency	1.50
Others	1.50
Beta	1.50

Valuation (m)

Present values until 2035e	132.0	No. of shares (m)	5.5
Terminal Value	116.5		
Financial liabilities	0.0	Value per share	44.76
Pension liabilities	0.0		
Hybrid capital	0.0		
Minority interest	15.0		
Market val. of investments	0.0		
Liquidity	11.5		
Equity Value	244.9		

Sensitivity Value per share (EUR)

Beta	(WACC)	Terminal Growth						Delta EBIT-margin							
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	-1.50 pp	-1.00 pp	-0.50 pp	0.0	0.50 pp	1.00 pp	1.50 pp
1.68	(12.0 %)	38.05	38.44	38.84	39.26	39.70	40.16	40.65	35.99	37.08	38.17	39.26	40.35	41.43	42.52
1.59	(11.5 %)	40.46	40.90	41.37	41.86	42.37	42.92	43.50	38.40	39.55	40.70	41.86	43.01	44.17	45.32
1.55	(11.3 %)	41.76	42.23	42.74	43.27	43.83	44.42	45.05	39.70	40.89	42.08	43.27	44.46	45.65	46.84
1.50	(11.0 %)	43.12	43.64	44.18	44.76	45.37	46.01	46.69	41.08	42.31	43.53	44.76	45.99	47.21	48.44
1.45	(10.8 %)	44.56	45.12	45.72	46.34	47.00	47.70	48.45	42.54	43.81	45.07	46.34	47.61	48.87	50.14
1.41	(10.5 %)	46.09	46.70	47.34	48.02	48.74	49.50	50.32	44.09	45.40	46.71	48.02	49.32	50.63	51.94
1.32	(10.0 %)	49.41	50.13	50.89	51.69	52.55	53.47	54.45	47.49	48.89	50.29	51.69	53.10	54.50	55.90

Source: Warburg Research

Peer Group

Pferdewetten.de can be viewed within a peer group of companies in the betting segment in general:

Key data

Company	LC	Price in LC	MC in LC m	EV in LC m	23e	EPS 24e	25e	23e	Sales 24e	25e	23e	EBITDA 24e	25e	23e	EBIT 24e	25e
888 Holdings Plc	GBP	0.83	369.7	1,793.7	0.04	0.11	0.19	1,710.5	1,790.0	1,879.2	308.0	341.0	379.9	191.0	224.4	265.8
bet-at-home.com AG	EUR	2.99	21.0	-15.0	-0.19	-0.06	0.04	46.7	49.8	53.7	-0.2	1.5	2.5	-1.7	-0.5	0.4
Betsson AB Class B	SEK	111.50	15,271.3	29,861.4	14.99	15.13	16.67	10,737.9	11,875.1	12,825.6	2,910.6	3,228.6	3,483.5	2,378.8	2,609.7	2,851.4
Churchill Downs Incorporated	USD	122.31	9,123.7	13,959.7	5.05	5.65	7.35	2,451.8	2,735.7	3,043.0	1,010.6	1,130.1	1,281.5	575.0	762.7	868.6
Entain PLC	GBP	9.52	6,083.9	8,437.2	0.42	0.43	0.64	4,717.0	4,994.5	5,234.8	961.0	1,032.3	1,118.8	632.6	725.0	830.5
Evolution AB	SEK	1,217.80	260,242.8	254,758.0	56.34	60.20	70.25	20,460.4	24,116.1	28,080.4	14,380.1	16,982.0	19,811.1	13,002.0	15,431.4	18,171.3
International Game Technology PLC	USD	26.52	5,364.7	11,196.6	1.96	2.27	2.56	4,286.0	4,425.0	4,520.0	1,771.5	1,866.0	1,966.0	989.5	1,077.5	1,151.3
Kambi Group plc Class B	SEK	140.00	4,241.1	3,697.3	6.93	10.00	11.25	2,021.9	2,237.7	2,402.4	670.2	795.1	886.0	240.4	308.2	450.4
Kindred Group plc Shs Swedish Depo	SEK	123.00	26,446.0	23,562.1	7.03	9.44	12.50	16,095.7	17,293.8	18,581.0	2,679.8	3,302.5	3,923.3	1,771.5	2,489.8	3,106.4
Sportradar Group AG Class A	USD	10.41	3,091.0	2,968.0	0.09	0.28	0.43	953.5	1,139.1	1,294.6	179.0	215.3	255.0	84.7	125.9	174.4
ZEAL Network SE	EUR	30.60	662.6	646.4	0.69	1.08	1.34	114.5	127.7	141.5	33.2	43.5	52.0	24.4	35.0	43.0
pferdewetten.de AG	EUR	11.20	54.2	48.9	-1.03	0.22	0.47	20.5	34.0	48.0	-8.2	1.9	4.6	-9.4	0.7	3.4

Source: Warburg Research, FactSet; as of 25.01.2024

Multiples

Company	LC	Price in LC	MC in LC m	EV in LC m	P / E			EV / Sales			EV / EBITDA			EV / EBIT		
					23e	24e	25e	23e	24e	25e	23e	24e	25e	23e	24e	25e
888 Holdings Plc	GBP	0.83	369.7	1,793.7	22.3 x	7.4 x	4.3 x	1.0 x	1.0 x	1.0 x	5.8 x	5.3 x	4.7 x	9.4 x	8.0 x	6.7 x
bet-at-home.com AG	EUR	2.99	21.0	-15.0	n.a.	n.a.	74.8 x	-0.3 x	-0.3 x	-0.3 x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Betsson AB Class B	SEK	111.50	15,271.3	29,861.4	7.4 x	7.4 x	6.7 x	2.8 x	2.5 x	2.3 x	10.3 x	9.2 x	8.6 x	12.6 x	11.4 x	10.5 x
Churchill Downs Incorporated	USD	122.31	9,123.7	13,959.7	24.2 x	21.6 x	16.6 x	5.7 x	5.1 x	4.6 x	13.8 x	12.4 x	10.9 x	24.3 x	18.3 x	16.1 x
Entain PLC	GBP	9.52	6,083.9	8,437.2	23.3 x	22.6 x	15.2 x	1.8 x	1.7 x	1.6 x	8.8 x	8.2 x	7.5 x	13.3 x	11.6 x	10.2 x
Evolution AB	SEK	1,217.80	260,242.8	254,758.0	21.7 x	20.3 x	17.4 x	12.5 x	10.6 x	9.1 x	17.7 x	15.0 x	12.9 x	19.6 x	16.5 x	14.0 x
International Game Technology PLC	USD	26.52	5,364.7	11,196.6	13.5 x	11.7 x	10.3 x	2.6 x	2.5 x	2.5 x	6.3 x	6.0 x	5.7 x	11.3 x	10.4 x	9.7 x
Kambi Group plc Class B	SEK	140.00	4,241.1	3,697.3	20.2 x	14.0 x	12.4 x	1.8 x	1.7 x	1.5 x	5.5 x	4.7 x	4.2 x	15.4 x	12.0 x	8.2 x
Kindred Group plc Shs Swedish Depo	SEK	123.00	26,446.0	23,562.1	17.5 x	13.0 x	9.9 x	1.5 x	1.4 x	1.3 x	8.8 x	7.1 x	6.0 x	13.3 x	9.5 x	7.6 x
Sportradar Group AG Class A	USD	10.41	3,091.0	2,968.0	119.4 x	36.7 x	24.5 x	3.1 x	2.6 x	2.3 x	16.6 x	13.8 x	11.6 x	35.0 x	23.6 x	17.0 x
ZEAL Network SE	EUR	30.60	662.6	646.4	44.7 x	28.5 x	22.8 x	5.6 x	5.1 x	4.6 x	19.5 x	14.9 x	12.4 x	26.5 x	18.5 x	15.0 x
Average					31.4 x	18.3 x	19.5 x	3.5 x	3.1 x	2.8 x	11.3 x	9.6 x	8.5 x	18.1 x	14.0 x	11.5 x
Median					22.0 x	17.1 x	15.2 x	2.6 x	2.5 x	2.3 x	9.5 x	8.7 x	8.1 x	14.4 x	11.8 x	10.3 x
pferdewetten.de AG	EUR	11.20	54.2	48.9	neg.	50.9 x	23.8 x	2.4 x	1.4 x	1.0 x	n.a.	26.2 x	10.7 x	n.a.	73.0 x	14.6 x
Valuation difference to Median					n.a.	-66%	-36%	10%	75%	125%	n.a.	-67%	-25%	n.a.	-84%	-29%
Fair value per share based on Median					n.a.	3.77	7.15	12.16	18.77	23.84	n.a.	4.46	8.68	n.a.	2.72	8.25

Source: Warburg Research, FactSet; as of 25.01.2024

In the analysis of the company and its comparison group, it becomes apparent that pferdewetten.de is not yet comparably profitable within the observation period due to the structure of its new business model. Should the company demonstrate significant profitability in the years 2026 and beyond, a multiplication of the EBIT by a double-digit factor would reveal substantial valuation reserves that align with the previously mentioned valuation levels.

Company & Products

Company profile

pferdewetten.de AG is a leading betting company in Germany

pferdewetten.de AG, headquartered in Düsseldorf, Germany, has become a significant player in the betting industry since its establishment in 1997. The betting offerings of pferdewetten.de AG primarily revolve around horseracing bets but also include sports betting on football, tennis, ice hockey, and basketball, to name but a few. The sports-betting section is marketed on the website sportwetten.de. In addition to these two betting areas, the company also provides solutions in the realm of services. This comprehensive range of offerings aims to attract both national and international customers.

The products available to customers include:

- Retail sports betting
- Online sports betting
- Horseracing bets

pferdewetten.de AG: A spectrum of betting products

Segments and product portfolio

In recent years, Pferdewetten.de AG has significantly expanded its product range. In addition to traditional horseracing bets, the company now also offers online sports betting and retail sports betting. Until November 2023, horseracing continued to be the main revenue driver for the company, accounting for 57.38% of the total revenue.

However, since their reintroduction in 2017, online sports betting and retail sports betting have gained considerable market share. This diversification of the offering has contributed to an alteration in the revenue structure of the company, with sports betting, both online and in retail, making an increasing contribution to the overall revenue.

Product portfolio of pferdewetten.de AG

The company divides its range of offerings into three different segments, also distinguishing between various types of bets:

Online and offline horse betting

The processing of horseracing bets is primarily conducted over the website. In the German-speaking region, relevant websites include **www.lotus-wetten.de** and the main website of the company in the horse betting sector, **www.pferdewetten.de**. The use of the latter website comes with the advantage of lower marketing costs, as its name, which translates as "horsebetting", makes the immediate association. It thus tends to be automatically utilized and generates natural user traffic. The website **www.betbird.com** was created for the international sector.

In addition to the differentiation according to sales channel (online or offline) or region (DACH or international), the betting activities of the company can also be differentiated according to the type of bet. Bookmaker bets, totalizator bets, and fixed-odds bets are particularly relevant for pferdewetten.de:

- **Bookmaker bets:** A bookmaker's bet is a bet in which the bookmaker bears the risk, as is the case with fixed-odds bets. Unlike fixed-price bets, where the possible win is fixed, you cannot know what odds will be paid when you place a bookmaker's bet. The contingent odds displayed by the bookmaker are merely an indication.

In the case of bookmaker bets, pferdewetten.de AG itself acts as the bookmaker and thus as the contracting party for the betting participant. The advantage of this type of bet is a higher margin, as the bookmaker takes over the odds of the totalizer. These odds include the bookmaker's margin, which the bookmaker can then collect for himself. On the other hand, the risk is also higher, as the bookmaker runs the risk of losing money if the majority of bettors are successful.

- **Tote Bets (pool betting):** Tote bets or race club bets are placed by pferdewetten.de directly with the racetrack operator or organizer. Here, the bettor cannot know until the start of the race what winnings he will receive if he wins, as the bets are pooled and the bettor is betting on variable contingency odds. Contingent odds depend on the amount of money wagered on a horse to win. A starter's odds are not fixed until the start of the race.

In this process, the betting participants bet against each other so that the counterparty to the bet is all of the other betting participants. Consequently, no winnings can be paid out that are higher than the amount of the total stakes, so there is no risk for the betting provider. A so-called totalizer is set up to handle this betting process. The totalizer receives a fee for its services, which is deducted from the winnings of each bet before it is paid out. pferdewetten.de is not allowed to operate a totalizer itself, as only racing clubs are authorized to do so. The background of these regulations is that these risk-free earnings are intended to maintain the racing clubs. Nevertheless, the company can place bets with providers of totalizers, which generates a commission.

- **Fixed-price bets:** Unlike a bookmaker or toto bet, a fixed-price bet has a fixed price and a fixed pay-out. Subsequent price changes don't affect the odds. If the horse or runner does not start the race for any reason, a fixed-price bet is considered a loser.

In this type of betting, pferdewetten.de AG acts as a betting operator. To provide the odds the company requires trained specialists. In contrast to classic sports betting, however, the majority of the odds for horse betting are traditionally offered as variable odds, meaning that fixed price betting also plays a subordinate role for pferdewetten.de AG.

Online sports betting

The company's return to the sports-betting business was decided in 2017. With the acquisition of www.sportwetten.de, the company markets bets on sports such as football, basketball, and ice hockey. The subsidiary sportwetten.de GmbH is primarily responsible for marketing and customer support. In addition to the typical customer acquisition measures (primarily vouchers), the company is also involved in brand-building through sponsorships. For example, sportwetten.de positioned itself as a sponsor of the German football clubs, VfL Bochum and Rot-Weiss Essen. In contrast to the horse-betting market, the sports betting market is significantly more competitive due to its far higher volume. In 2022, the company launched its own software in order to generate fresh earnings potential.

pferdewetten.de AG is expected to open its own online casino in 2024 to gain more profitability.

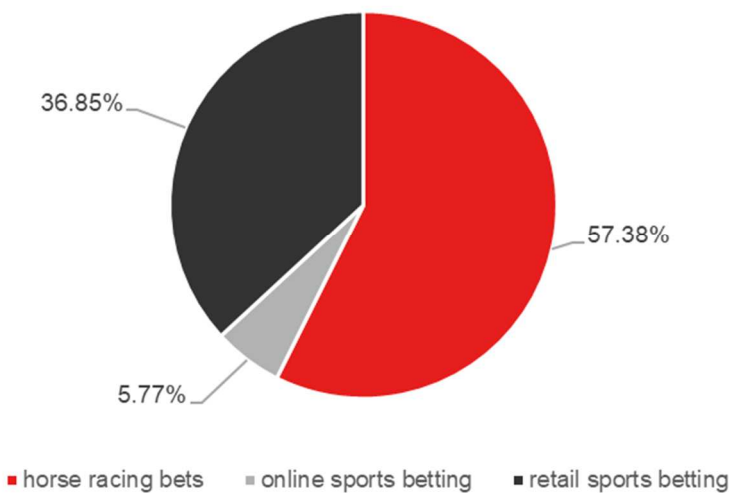
Retail sports-betting

In 2022, the company decided to venture into the retail sports-betting. As of Q3/23, pferdewetten.de AG was operating a total of 94 retail shops through franchises and three of its own retail shops. At the end of 2023, pferdewetten.de AG announced the signing of a Letter of Intent (LOI) with a renowned German sports-betting company for the acquisition of 25 retail shops to be operated under the sportwetten.de license from April 1, 2024.

Service offerings

In addition to its main business areas, the company is also active in the field of service offerings. With its subsidiaries, such as Accendere AG and SW Operations GmbH, the company provides comprehensive service packages in the online and retail betting sector to business clients, both domestically and internationally. The pferdewetten.de Group, in particular, offers a diverse range of individual consulting and training services for the execution and processing of sports and horse betting. The services provided include, among others, server services, web development, and risk management.

Revenue by segment (Q3/23)



Source: pferdewetten.de AG, Warburg Research

Product portfolio

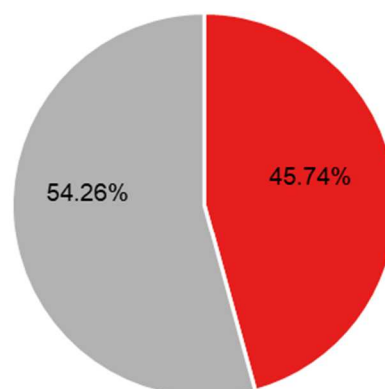
	Online and offline horse betting	In German-speaking region, relevant websites include www.lotus-wetten.de and the main website of the company in the horse betting sector, www.pferdewetten.de . The use of the latter website address provides the advantage of lower marketing costs, as it is automatically utilized due to its name and generates natural user traffic. For the international sector, the website www.betbird.com was created.
	Online sports betting	In the field of online sports betting, the company distributes its products through the main platform sportwetten.de . The company markets bets on sports such as football, basketball, and ice hockey.
	Retail sports betting	The company continues its expansion in retail sports betting. This strategy has been pursued by the company since 2022, steadily expanding its retail network. In Q3/23, the company has 94 locations and 3 proprietary shops . A significant expansion of the network is planned for the future.

Sources: pferdewetten.de AG; Warburg Research

Regional segmentation

pferdewetten.de AG generates 45.74% of its revenue domestically, while the rest is generated internationally, the majority in European countries. Thanks to the company's strong online presence, it is easier for the company to tap into international markets compared to less digitalized enterprises. Despite this digital strength, the company aims to establish itself in the retail sector and is therefore expanding its presence. Additionally, the introduction of an online casino is planned for the year 2024. This could lead to an increase in the share of international revenue.

Revenue by region



■ Germany ■ International

Locations

The company operates four different locations across Europe. The headquarters of Pferdwetten.de AG is in Düsseldorf. In addition, the firm has physical locations in Munich (Germany), Birkharkaha (Malta) and Vienna (Austria).

pferdewetten.de AG, locations



Sources: pferdewette.de AG, Warburg Research

pferdewetten.de AG plans rapid growth, and is targeting 330 outlets by 2025

Retail shops address specific industry challenges

pferdewetten.de AG currently has a total of 94 retail shops in Germany (11/2023). Contrary to expectations, this number is less influenced by online competition or pandemic effects than by licensing and regulation. Lengthy approval procedures have also set pferdewetten.de AG back in terms of its time-line and financial planning. The current trend among competitors in the sector is towards more own shops (higher margin) and expansion abroad. **pferdewetten.de AG operates three shops itself.** In order to keep up with the competition, pferdewetten.de AG is aiming for rapid growth in the coming years. In December 2023, SW Shops GmbH (a wholly-owned subsidiary of pferdewetten.de AG) signed a letter of intent with a reputable company in the German sports-betting industry. The agreement includes the acquisition of 25 own retail shops to expand the retail sports-betting business and these are expected to operate under the sportwetten.de license from 1 April 2024. The number of outlets is expected to increase to 330 by the end of 2025. The management is convinced that a total of 400 retail outlets should be possible for pferdewetten.de in the German market.

Retail shops development (franchise and own shops)

	2022	2023e	2024e	2025e	2026e
Warburg Research Scenario (WR)	10	108	220	280	340
Company plan (CP)	10	108	222	330	400
thereof own shops (WR)	0	3	30	45	56
thereof own shops (CP)	0	3	30	50	66

Source: pferdewetten.de AG, Warburg Research

Retail Store “Sportwetten”



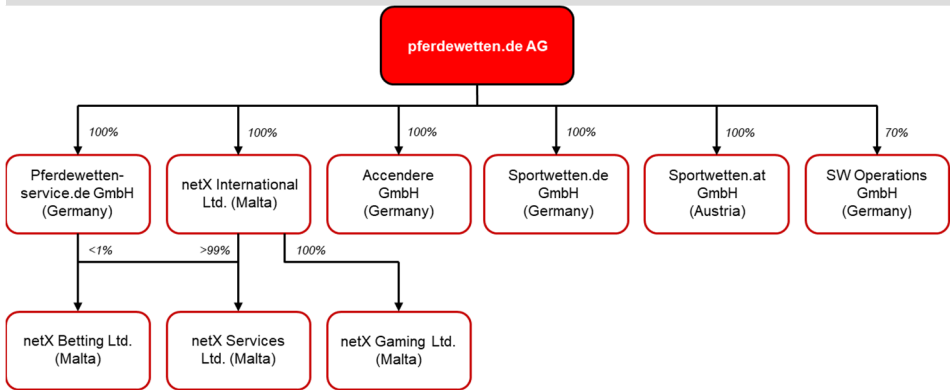
Source: Warburg Research

Group structure

The company pferdewetten.de AG acts as the parent company and has nine subsidiaries. These include netX International Ltd, netX Betting Ltd, netX Services Ltd and netX Gaming Ltd, which are based in Birkirkara, Malta. pferdewetten.at GmbH has its registered office in Vienna, Austria. All other subsidiaries are based in Germany

Pferdewetten-service.de GmbH and netX International Ltd. are the parent companies of netX Betting Ltd. and netX Service Ltd., respectively. netX International Ltd. holds over 99% stake in both companies, while Pferdewetten-service.de GmbH holds only less than 1% in both companies. Furthermore, netX International Ltd. is the sole owner of netX Gaming Ltd. with a 100% stake.

pferdewetten.de AG structure



Sources: pferdewetten.de AG, Warburg Research

Management and shareholders

Management team

Pierre Hofer is the sole member of the management board of pferdewetten.de AG. As the executive body, the management board manages the company's business with the aim of creating sustainable value on its own responsibility and in the interests of the company. In addition, pferdewetten.de AG has only one further level below the management board.



Pierre Hofer (Chief Executive Officer)

Pierre Hofer has been CEO of pferdewetten.de AG since July 2010 and has an extensive background in horse racing. Prior to joining Pferdeservice.de, he gained valuable experience as Managing Director at other betting providers, including Racebets and sportwetten.de.



Marco Sunderbrink (Managing Director)

Marco Sunderbrink has been managing the business operations of pferdewetten.de AG since 2010, where he successfully served as a certified bookmaker. He has a solid professional background that includes roles as a procurator, sales manager, and commercial director in the WAZ Group. As Managing Director, he is responsible for the success and commercial orientation of pferdewetten.de AG.

Supervisory board

Members of the supervisory board

Markus Alexander Knoss

Member of the Supervisory Board
since August 2014

Chairman of the Supervisory Board
and Manager Business Development
DACH of BankM AG

Sergey Lychak, CFA, CIAA, MMgt

Member of the Supervisory Board
since October 2008

Deputy Chairman of the Supervisory
Board and CEO of Lando Consulting
GmbH

Lars-Wilhelm Baumgarten

Member of the Supervisory Board
since September 2016

Managing Director of Baumgarten
sports & more GmbH

Jochen Dickinger

Member of the Supervisory Board
since November 2016

Co-founder of bet-at-home.com

Sources: pferdewetten.de AG, Warburg Research

Shareholder structure

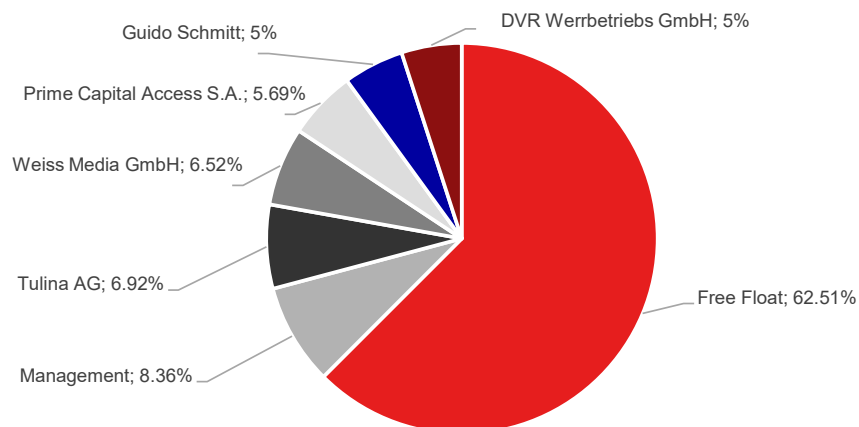
The ownership structure of pferdewetten.de AG consists of a free float of 62.51%, which has increased significantly in recent years. The management holds the largest single stake in the company with 8.36%. The involvement of the managers makes sense because it incentivizes them to increase shareholder value and, in turn, increase their own shareholding. In addition to the management, Tulina AG, Weiss Media GmbH, Prime Capital Access S.A. and DVR Werbetriebs GmbH hold more than 5% of the company's shares. In addition, Guido Schmitt, a private investor from Düsseldorf, holds a 5%-stake in the company.

The company also **issued a convertible bond (ISIN DE000A2YN777)**. Shareholders may subscribe up to EUR 5,000,000, with oversubscription also possible. Ownership of 956 shares entitles the holder to subscribe for one convertible bond with a nominal value of EUR 1,000. Each EUR 1,000 nominal amount of the convertible bond can be converted into 80 new shares in pferdewetten.de AG. The subscription price per new share is EUR 12.50.

By resolution of the General Meeting of 20 September 2016, pferdewetten.de AG established a stock option programme 2016 for the management board and employees of the company and its subsidiaries with fulfilment from conditional capital ("equity-settled transaction").

Of the maximum number of subscription rights to be issued in the amount of 197,500 ordinary shares, up to 44% could be issued to members of the management board, up to 30% could be issued to managing directors of affiliated companies, and up to 26% could be issued to employees of affiliated companies. Subscription rights could be issued continuously during the term of the authorization. The stock options may only be exercised after a vesting period of four years from the date of grant (lock-up period).

Shareholder structure



Sources: pferdewetten.de AG, Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	23.5	46.0	62.0	70.1	76.4	83.2	89.9	97.1	103.9	110.1	115.6	120.2	123.9	2.0 %
Sales change	53.3 %	95.7 %	34.8 %	13.0 %	9.0 %	9.0 %	8.0 %	8.0 %	7.0 %	6.0 %	5.0 %	4.0 %	3.0 %	
EBIT	-9.7	1.3	8.0	11.4	12.6	13.7	15.3	16.5	17.7	18.7	19.7	20.4	21.1	17.0 %
EBIT-margin	-41.1 %	2.9 %	13.0 %	16.3 %	16.5 %	16.5 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	
Tax rate (EBT)	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	16.8
NOPAT	-7.7	1.1	6.4	9.1	10.1	11.0	12.2	13.2	14.1	15.0	15.7	16.4	16.8	
Depreciation	1.2	1.2	1.2	1.8	1.9	2.1	2.2	2.4	2.6	2.8	2.9	3.0	3.1	2.5 %
in % of Sales	5.1 %	2.6 %	1.9 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Change in Liquidity from														
- Working Capital	-0.2	-0.5	-0.4	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	3.1
- Capex	0.6	0.6	0.6	1.8	1.9	2.1	2.2	2.4	2.6	2.8	2.9	3.0	3.1	
Capex in % of Sales	2.6 %	1.3 %	1.0 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	0.0
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	-6.9	2.2	7.4	8.7	9.7	10.7	12.0	13.0	14.0	14.9	15.6	16.3	16.8	17
PV of FCF	-7.1	2.0	6.2	6.5	6.5	6.5	6.5	6.4	6.2	5.9	5.6	5.3	4.9	
share of PVs	0.90 %			51.72 %										47.38 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.50
Cost of debt (after tax)	3.5 %	Liquidity (share)	1.50
Market return	8.25 %	Cyclicality	1.50
Risk free rate	2.75 %	Transparency	1.50
		Others	1.50
WACC	11.00 %	Beta	1.50

Valuation (m)

Present values 2035e	61		
Terminal Value	55		
Financial liabilities	0		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	15		
Market val. of investments	0		
Liquidity	11	No. of shares (m)	5.5
Equity Value	113	Value per share (EUR)	20.69

Sensitivity Value per Share (EUR)

		Terminal Growth									Delta EBIT-margin						
Beta	WACC	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.68	12.0 %	17.50	17.68	17.87	18.07	18.28	18.50	18.73	1.68	12.0 %	16.14	16.78	17.43	18.07	18.71	19.35	19.99
1.59	11.5 %	18.64	18.85	19.07	19.31	19.55	19.81	20.09	1.59	11.5 %	17.27	17.95	18.63	19.31	19.99	20.66	21.34
1.55	11.3 %	19.26	19.49	19.73	19.98	20.25	20.53	20.82	1.55	11.3 %	17.88	18.58	19.28	19.98	20.68	21.38	22.07
1.50	11.0 %	19.91	20.16	20.42	20.69	20.98	21.28	21.61	1.50	11.0 %	18.53	19.25	19.97	20.69	21.41	22.13	22.85
1.45	10.8 %	20.60	20.86	21.15	21.44	21.76	22.09	22.44	1.45	10.8 %	19.22	19.96	20.70	21.44	22.18	22.93	23.67
1.41	10.5 %	21.32	21.61	21.92	22.24	22.58	22.95	23.33	1.41	10.5 %	19.94	20.71	21.47	22.24	23.01	23.77	24.54
1.32	10.0 %	22.91	23.25	23.61	23.99	24.40	24.84	25.30	1.32	10.0 %	21.54	22.36	23.17	23.99	24.81	25.63	26.44

- We anticipate strong sales growth as a result of entering the sports betting market.

Valuation	2019	2020	2021	2022	2023e	2024e	2025e
Price / Book	2.9 x	2.6 x	4.7 x	3.5 x	4.7 x	4.5 x	3.3 x
Book value per share ex intangibles	3.04	3.49	2.77	2.68	1.36	1.59	2.63
EV / Sales	2.4 x	2.4 x	5.0 x	3.5 x	2.2 x	1.1 x	0.7 x
EV / EBITDA	11.5 x	11.2 x	n.a.	n.a.	n.a.	19.3 x	4.7 x
EV / EBIT	14.3 x	13.4 x	n.a.	n.a.	n.a.	36.8 x	5.4 x
EV / EBIT adj.*	14.3 x	13.4 x	n.a.	n.a.	n.a.	36.8 x	5.4 x
P / FCF	11.1 x	29.6 x	37.6 x	n.a.	n.a.	35.3 x	9.5 x
P / E	13.6 x	31.0 x	n.a.	n.a.	n.a.	38.3 x	10.5 x
P / E adj.*	13.6 x	31.0 x	n.a.	n.a.	n.a.	38.3 x	10.5 x
Dividend Yield	1.9 %	2.5 %	0.6 %	0.7 %	n.a.	0.9 %	0.9 %
FCF Potential Yield (on market EV)	10.9 %	5.4 %	0.3 %	-2.7 %	-9.6 %	4.6 %	15.2 %
*Adjustments made for: -							

Consolidated profit & loss

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Sales	14.4	14.2	12.7	15.3	23.5	46.0	62.0
Change Sales yoy	30.2 %	-1.8 %	-10.2 %	20.5 %	53.3 %	95.7 %	34.8 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	1.8	0.9	0.0	0.0	0.0
Total Sales	14.4	14.2	14.6	16.2	23.5	46.0	62.0
Material expenses	6.2	5.4	7.8	9.6	20.2	23.9	28.5
Gross profit	8.2	8.8	6.8	6.6	3.3	22.1	33.5
Gross profit margin	57.0 %	61.9 %	53.1 %	43.1 %	14.0 %	48.0 %	54.0 %
Personnel expenses	3.3	3.7	4.6	6.4	7.5	11.5	13.6
Other operating income	0.4	0.5	0.9	1.0	1.4	2.8	3.7
Other operating expenses	2.4	2.6	3.0	3.8	5.6	10.8	14.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	3.0	3.0	0.0	-2.5	-8.5	2.5	9.2
Margin	21.0 %	21.4 %	-0.1 %	-16.5 %	-36.0 %	5.5 %	14.9 %
Depreciation of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	3.0	3.0	0.0	-2.5	-8.5	2.5	9.2
Amortisation of intangible assets	0.6	0.5	0.6	1.0	1.2	1.2	1.2
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.4	2.5	-0.6	-3.5	-9.7	1.3	8.0
Margin	16.9 %	17.9 %	-4.6 %	-23.2 %	-41.1 %	2.9 %	13.0 %
EBIT adj.	2.4	2.5	-0.6	-3.5	-9.7	1.3	8.0
Interest income	0.2	0.1	0.2	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0	0.0	0.6	0.6	0.6
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	2.5	2.7	-0.4	-3.5	-10.3	0.7	7.4
Margin	17.6 %	18.8 %	-3.1 %	-23.1 %	-43.7 %	1.6 %	12.0 %
Total taxes	-0.8	1.2	-0.2	-1.0	-3.6	0.3	2.6
Net income from continuing operations	3.3	1.5	-0.2	-2.5	-6.7	0.5	4.8
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	3.3	1.5	-0.2	-2.5	-6.7	0.5	4.8
Minority interest	0.0	0.0	0.0	-1.0	-1.5	-1.0	-0.5
Net income	3.3	1.5	-0.2	-1.5	-5.2	1.5	5.3
Margin	23.0 %	10.3 %	-1.2 %	-10.0 %	-22.0 %	3.2 %	8.6 %
Number of shares, average	4.3	4.3	4.4	4.8	4.8	4.8	4.8
EPS	0.77	0.34	-0.04	-0.32	-1.07	0.30	1.10
EPS adj.	0.77	0.34	-0.04	-0.32	-1.07	0.30	1.10

*Adjustments made for:

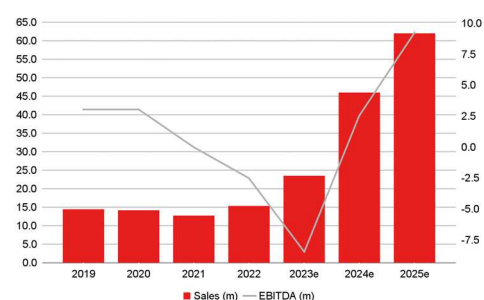
Guidance: 2023: Negative EBITDA in the high single-digit million range

Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	79.0 %	78.6 %	114.5 %	122.1 %	136.0 %	94.5 %	85.1 %
Operating Leverage	6.7 x	-2.3 x	n.a.	24.7 x	3.2 x	n.a.	14.5 x
EBITDA / Interest expenses	178.3 x	189.4 x	n.m.	n.m.	n.m.	4.2 x	15.4 x
Tax rate (EBT)	-30.5 %	45.3 %	59.6 %	29.5 %	35.0 %	35.0 %	35.0 %
Dividend Payout Ratio	26.1 %	77.0 %	n.m.	n.m.	0.0 %	101.9 %	10.0 %
Sales per Employee	n.a.	787,389	669,895	666,565	839,286	1,352,941	1,476,190

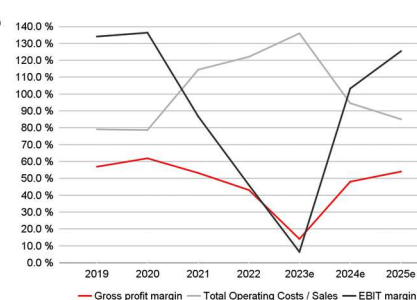
Sales, EBITDA

in EUR m

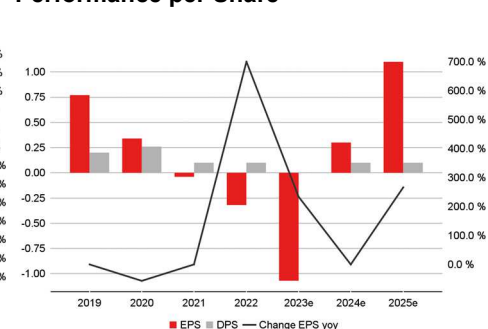


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

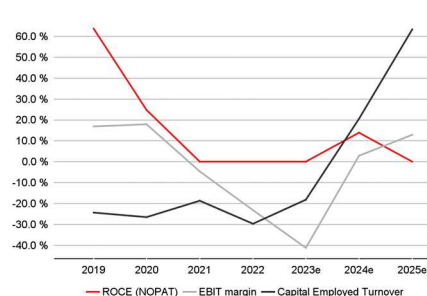
Consolidated balance sheet

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Assets							
Goodwill and other intangible assets	2.7	2.4	4.1	6.0	5.3	4.6	3.9
thereof other intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
thereof Goodwill	1.3	1.3	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	1.3	1.2	1.5	1.5	1.6	1.7	1.8
Financial assets	5.9	8.2	5.6	7.3	7.3	7.3	7.3
Other long-term assets	0.5	0.5	1.0	0.3	0.3	0.3	0.3
Fixed assets	10.4	12.3	12.1	15.2	14.6	14.0	13.4
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	2.1	2.3	2.3	1.2	1.9	3.7	4.9
Liquid assets	11.4	12.5	13.8	11.5	13.1	14.7	20.0
Other short-term assets	4.2	4.4	6.0	7.8	7.8	7.8	7.8
Current assets	17.7	19.2	22.1	20.5	22.8	26.2	32.7
Total Assets	28.0	31.5	34.2	35.7	37.4	40.1	46.1
Liabilities and shareholders' equity							
Subscribed capital	4.3	4.3	4.5	4.8	4.8	4.8	4.8
Capital reserve	2.2	2.2	3.2	9.2	9.2	9.2	9.2
Retained earnings	8.7	9.3	8.0	5.0	-0.7	0.8	5.6
Other equity components	0.6	1.7	0.8	0.0	-1.4	-2.5	-3.0
Shareholders' equity	15.8	17.5	16.4	19.0	11.9	12.3	16.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	15.8	17.5	16.4	19.0	11.9	12.3	16.6
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	1.0	0.8	1.2	0.0	8.0	8.0	8.0
Short-term financial liabilities	0.2	0.2	0.3	0.0	0.0	0.0	0.0
Accounts payable	2.1	2.8	2.1	1.6	2.4	4.7	6.3
Other liabilities	9.1	10.4	14.5	15.1	15.1	15.1	15.1
Liabilities	12.1	14.0	17.8	16.7	25.5	27.8	29.4
Total liabilities and shareholders' equity	28.0	31.5	34.2	35.7	37.4	40.1	46.1

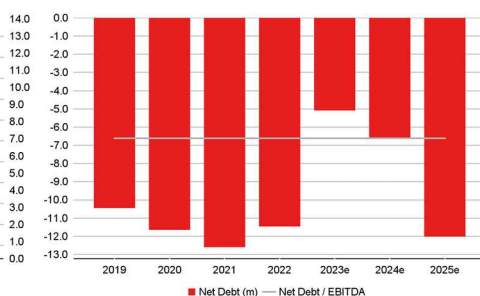
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Efficiency of Capital Employment							
Operating Assets Turnover	10.5 x	22.4 x	7.6 x	12.7 x	20.8 x	63.0 x	144.2 x
Capital Employed Turnover	2.7 x	2.4 x	3.4 x	2.0 x	3.4 x	8.2 x	13.4 x
ROA	31.9 %	11.9 %	-1.3 %	-10.2 %	-35.5 %	10.6 %	39.9 %
Return on Capital							
ROCE (NOPAT)	63.6 %	24.7 %	n.a.	n.a.	n.a.	13.9 %	n.a.
ROE	23.0 %	8.8 %	-0.9 %	-8.7 %	-33.5 %	12.2 %	36.9 %
Adj. ROE	23.0 %	8.8 %	-0.9 %	-8.7 %	-33.5 %	12.2 %	36.9 %
Balance sheet quality							
Net Debt	-10.4	-11.6	-12.6	-11.5	-5.1	-6.7	-12.0
Net Financial Debt	-10.4	-11.6	-12.6	-11.5	-5.1	-6.7	-12.0
Net Gearing	-66.0 %	-66.6 %	-77.0 %	-60.4 %	-42.7 %	-54.2 %	-72.2 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	3.7	4.0	3.7	3.9	2.5	2.5	3.4
Book value per share ex intangibles	3.0	3.5	2.8	2.7	1.4	1.6	2.6

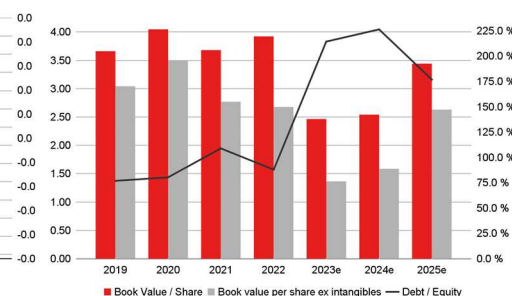
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

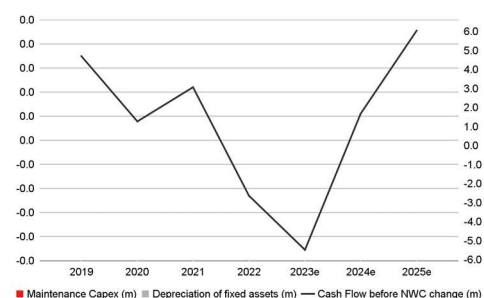
In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	3.3	1.5	-0.2	-2.5	-6.7	0.5	4.8
Depreciation of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.6	0.5	0.6	1.0	1.2	1.2	1.2
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.8	-0.7	2.6	-1.2	0.0	0.0	0.0
Cash Flow before NWC change	4.7	1.3	3.1	-2.6	-5.5	1.7	6.0
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-1.1	-0.1	0.0	1.0	-0.7	-1.8	-1.2
Increase / decrease in accounts payable	0.9	0.7	-0.7	-0.5	0.9	2.3	1.6
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-0.3	0.6	-0.7	0.5	0.2	0.5	0.4
Net cash provided by operating activities [1]	4.4	1.9	2.3	-2.1	-5.3	2.2	6.4
Investments in intangible assets	0.0	0.0	0.0	-1.7	-0.5	-0.5	-0.5
Investments in property, plant and equipment	-0.1	-0.1	-0.1	-0.3	-0.1	-0.1	-0.1
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.3	0.3	0.3	5.9	0.0	0.0	0.0
Income from asset disposals	0.0	0.4	0.9	2.8	0.0	0.0	0.0
Net cash provided by investing activities [2]	-0.6	-0.3	0.3	-5.0	-0.6	-0.6	-0.6
Change in financial liabilities	0.0	0.0	0.0	0.0	8.0	0.0	0.0
Dividends paid	-0.7	-0.9	-1.2	-0.5	-0.5	0.0	-0.5
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	5.6	0.0	0.0	0.0
Other	0.0	0.3	-0.1	-0.3	0.0	0.0	0.0
Net cash provided by financing activities [3]	-0.7	-0.5	-1.3	4.7	7.5	0.0	-0.5
Change in liquid funds [1]+[2]+[3]	3.1	1.1	1.3	-2.3	1.6	1.6	5.4
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	11.4	12.5	13.8	11.5	13.1	14.7	20.0

Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Cash Flow							
FCF	4.1	1.5	2.0	-4.0	-5.9	1.6	5.8
Free Cash Flow / Sales	28.3 %	10.9 %	15.9 %	-26.3 %	-25.1 %	3.4 %	9.4 %
Free Cash Flow Potential	3.8	1.8	0.2	-1.5	-4.9	2.3	6.6
Free Cash Flow / Net Profit	123.2 %	105.5 %	-1292.3 %	261.5 %	113.9 %	106.8 %	109.4 %
Interest Received / Avg. Cash	1.7 %	1.0 %	1.7 %	0.3 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	3.6 %	1.8 %	2.0 %	4.5 %	15.0 %	7.5 %	7.5 %
Management of Funds							
Investment ratio	0.7 %	0.6 %	0.6 %	12.5 %	2.6 %	1.3 %	1.0 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	16.8 %	16.0 %	12.5 %	186.7 %	50.0 %	50.0 %	50.0 %
Avg. Working Capital / Sales	-0.5 %	-1.6 %	-1.2 %	-0.4 %	-1.7 %	-1.6 %	-1.9 %
Trade Debtors / Trade Creditors	103.5 %	81.4 %	109.6 %	79.4 %	79.2 %	78.7 %	77.8 %
Inventory Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables collection period (days)	54	58	65	29	30	29	29
Payables payment period (days)	121	188	97	59	43	72	81
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

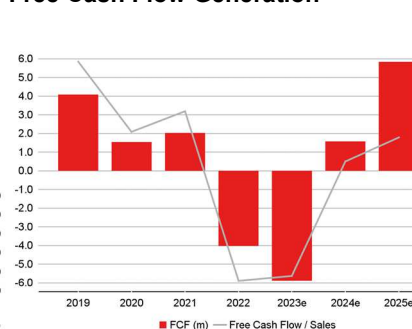
CAPEX and Cash Flow

in EUR m



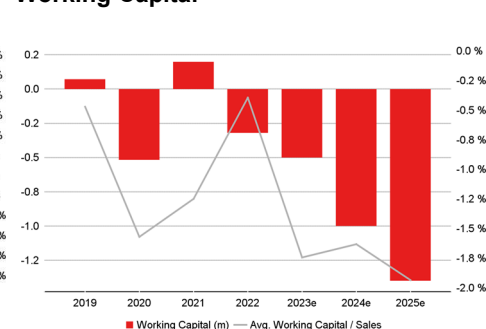
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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INVESTMENT RECOMMENDATION

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

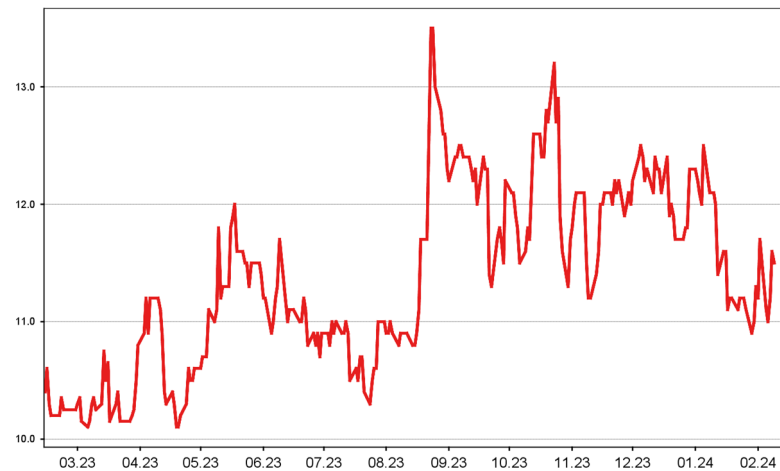
Rating	Number of stocks	% of Universe
Buy	150	71
Hold	48	23
Sell	7	3
Rating suspended	7	3
Total	212	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	47	82
Hold	7	12
Sell	0	0
Rating suspended	3	5
Total	57	100

PRICE AND RATING HISTORY PFERDEWETTEN.DE AS OF 12.02.2024



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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