



Double-digit sales growth should continue – Buy, TP EUR 540

Hypoport has reported strong EBIT figures for Q4 which were well above our forecast, while Q4 revenues were slightly below our expectation. The 2021 outlook for revenues (11-19% yoy) and EBIT (10-24% yoy) is strong, even if it is slightly below our expectation. Given the challenging market environment with ongoing lockdowns in Germany, we see Hypoport's 2021 growth targets positively. We stick to our Buy recommendation with a new target price of EUR 540 (EUR 520) as we expect Hypoport to gain further market share as it should benefit from the ongoing digitization in the banking/insurance and real estate industry. We see the recent share price decline as an investment opportunity. With a forecast annual EPS growth of 25% for the next years (2020-2023e) Hypoport offers strong earnings growth which justifies the company's valuation premium, in our view.

Strong EBIT development in Q4 2020

While revenues have increased by 15% yoy to EUR 102.9m and fell thus slightly short of our expectation (EUR 104.7m), EBIT was better than expected with an increase by 51% yoy to EUR 12.0m (PAsE: EUR 10.8m). The strong EBIT has mainly resulted from a very good performance of Europace which increased its EBIT by 64% yoy to EUR 14m, a new quarterly record level. Retail clients delivered also a good performance with an EBIT increase by 50% yoy to EUR 3.9m.

EURm	2018	2019	2020p	2021e	2022e
Revenues	266	337	388	457	531
EBITDA	39	51	63	78	98
EBIT	29	33	36	44	56
EPS	3.69	3.94	4.38	5.12	6.57
EPS adj	3.69	3.94	4.38	5.12	6.57
DPS	-	-	-	-	-
EV/EBITDA	24.9	40.0	54.2	39.6	31.0
EV/EBIT	33.3	62.4	94.6	69.8	54.2
P/E adj	40.2	79.9	-	91.3	71.1
P/B	6.04	11.05	16.26	12.71	10.78
ROE (%)	19.1	14.9	14.5	15.0	16.4
Div yield (%)	-	-	-	-	-
Net debt	49	90	82	53	12

Source: Pareto

Target price (EUR)	540
Share price (EUR)	468

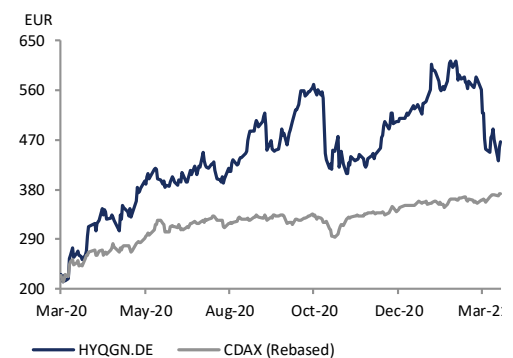
Forecast changes

%	2021e	2022e	2023e
Revenues	(0)	(0)	NM
EBITDA	(4)	(4)	NM
EBIT adj	(7)	(6)	NM
EPS reported	(11)	(10)	NM
EPS adj	(11)	(10)	NM

Source: Pareto

Ticker	HYQGN.DE, HYQ GR
Sector	Diversified Financials
Shares fully diluted (m)	6.5
Market cap (EURm)	3,036
Net debt (EURm)	53
Minority interests (EURm)	0
Enterprise value 21e (EURm)	3,089

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

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

Exhibit 1: Q4 2020

EUR m	Q4 2020	Q4 2020e	Q4 2019	yoy	Cons.	delta
Revenues	102.9	104.7	89.6	14.9%	na	na
EBIT	12.0	10.8	8.0	51.0%	na	na
EBIT Margin	11.7%	10.3%	8.9%	279 BP	na	na
Net Profit	10.1	7.7	5.4	85.6%	na	na

Source: Pareto Securities Research, Hypoport

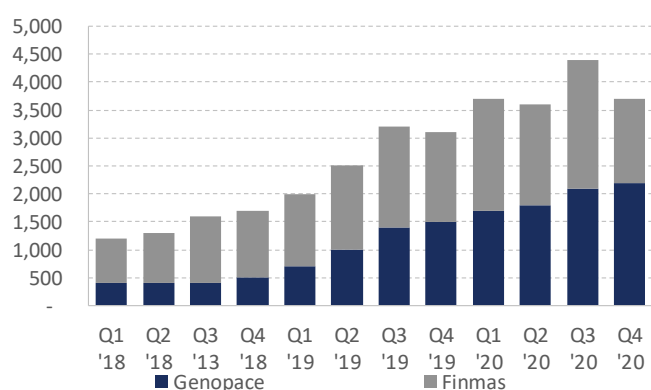
Credit platform with strong Q4 performance

The credit platform has delivered a strong Q4 performance with an increase of the transaction volume by 36% yoy to EUR 24bn, a new record level. Main driver was the mortgage loan business which reported an increase of the transaction volume by 41% yoy. Due to a cautious new business policy by the German banks, Hypoport's consumer loan transaction volume declined by 1% yoy. Revenues of the segment were up by 20% yoy to EUR 47.5m, EBIT increased even by 64% yoy to EUR 14.1m. EBIT margin amounted to 30%, an extraordinarily high level. This seems to have been mainly due to a positive contribution from REM Capital which normally generates large part of its revenues in Q4. For the full year the credit platform achieved revenues growth of 20% yoy and EBIT growth of 26% yoy; EBIT margin amounted to 23.2% in 2020 (2019: 22.0%).

For 2021 we expect the credit platform to remain the growth driver within the group as Hypoport should continue to win market share. Banks are under pressure to reduce costs and to increase revenues which are negatively impacted from the low rate environment. Europace helps the banks to increase revenues by gaining access to the Europace credit platform while they can at the same time reduce costs by the using the platform for processing its own loan business.

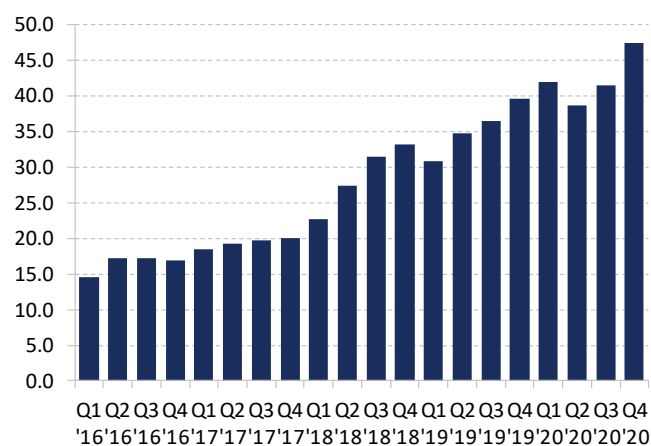
Note, that Europace has increased its market share in the German mortgage finance market (based upon new business figures published by the Bundesbank) by 6%-pts. yoy to 26.6% in 2020.

Exhibit 2: Development of transaction volumes (EUR m)



Source: Pareto Securities Research, Hypoport

Exhibit 3: Revenue development of credit platform (EUR m)



Source: Pareto Securities Research, Hypoport

Private Clients with good Q4 performance

2020 was a good year for the private clients unit with an increase of the transaction volume by 24% yoy to EUR 9.2bn, a new record level. Revenues increased by 17% yoy to EUR 122m and EBIT went even up by 60% yoy to EUR 17.7m which is equivalent to an EBIT margin of 14.5%. In Q4 revenues increased by 17% yoy to EUR 29m and EBIT was up by 50% yoy to EUR 3.9m. This unit was a beneficiary from the lockdowns as many of the traditional banks could not write

any new business during the lock-downs due to the lack of online/virtual business operations. Dr. Klein remained however fully operable during the lockdowns and continued to write business and gained further market share. Although most of the traditional retail banks should have invested into their digital capacities in H2 2020 and should thus be able to cope better with the second lock-down we nevertheless see Dr. Klein in pole position to win further market share. Positively, it has won 79 new consultants during 2020.

Exhibit 4: Revenue development of retail clients (EUR m)

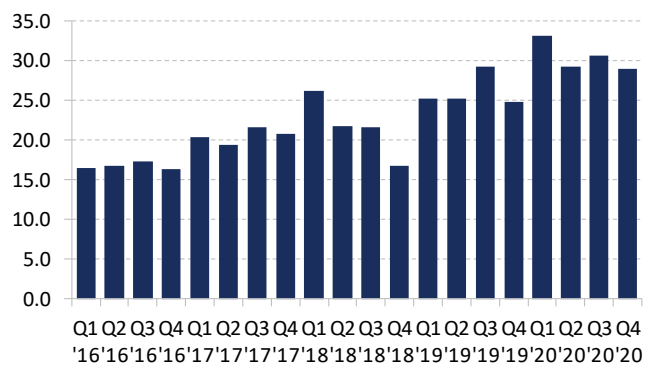
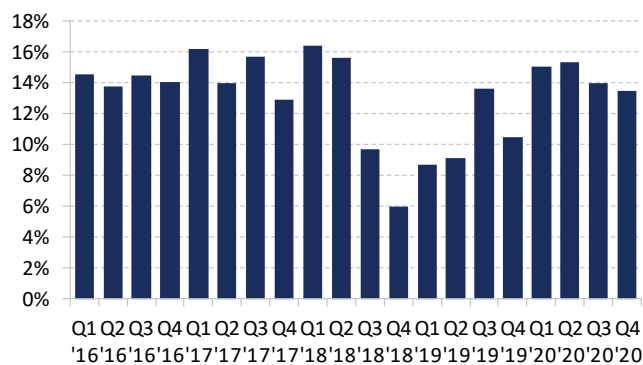


Exhibit 5: EBIT margin development of retail clients



Source: Pareto Securities Research, Hypoport

Source: Pareto Securities Research, Hypoport

Real Estate Platform remains in the investment phase

The real estate platform which comprises FIO, the property sales platform, VALUE, the property valuation platform, Dr. Klein, the property financing platform and FIO PRoMMise, the property management platform remains in the investment phase. While revenues increased by 5% yoy to EUR 53m, EBIT was negative at EUR 3.9m (2019: EUR 5.4m) as Hypoport has invested massively into this unit. Importantly, Hypoport reduced its project business in 2020 for strategic reasons which led to some revenue losses. Adjusted for this effect, revenues were up by 20% in 2020.

The property sales and management platforms reported a revenue decline by 19% yoy to EUR 19m in 2020 due to Hypoport's decision to forego individual project business in favour of a scalable platform business model. This had a negative revenue impact in 2020, for 2021 the CEO expects however positive revenue growth for this division again.

The property valuation platform had a successful year with a revenue increase by 42% yoy to EUR 21m. Due to a huge increase in staff numbers in 2019 this business remained loss making in 2020. We see however significant growth potential for this business. So far only 55% of the 700 contractual Europace partners use the services of the VALUE AG, i.e. there lies significant growth potential by using cross selling opportunities within the group.

The property financing platform recorded an increase of the financing volume by 6% yoy to EUR 1.8bn, revenues grew in line by 6% yoy to EUR 13m. This unit depends to a large extent on regulatory topics and the investment decisions of communal housing associations which are difficult to forecast. Hence, we do not see this unit as a growth driver going forward but rather expect strong revenue growth from the two other units, the valuation and sales platforms. According to the CEO break-even for the real estate property platform is expected for the next two to three years.

Exhibit 6: Revenue dev. of the real estate platform (EUR m)

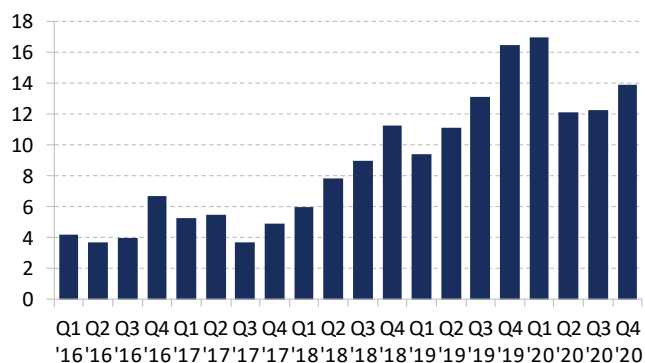
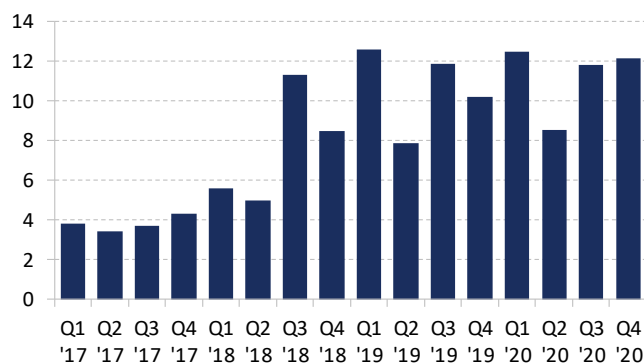


Exhibit 7: Revenue dev. of the insurance platform (EUR m)



Source: Pareto Securities Research, Hypoport

Source: Pareto Securities Research, Hypoport

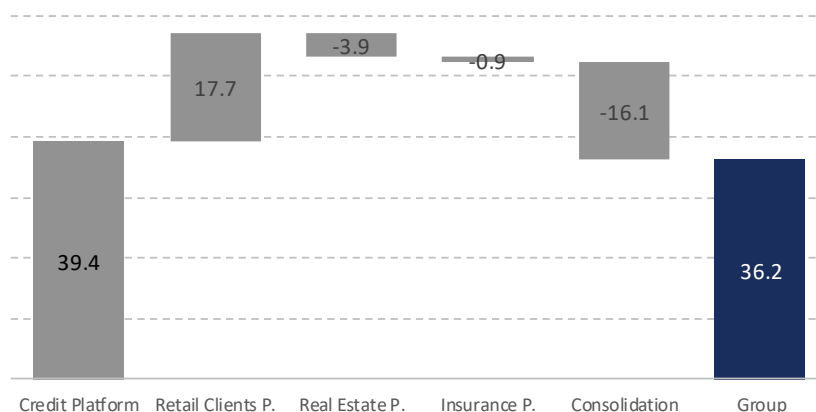
Insurance Platform with only moderate revenue growth in 2020

The insurance platform has reported only moderate revenue growth of 6% yoy in 2020, which compares to 38% growth in 2019. One reason was that Hypoport also reduced its project business and focused on expanding the platform. Additionally, the 2019 growth figure was overstated by acquisitions which played a lesser role in 2020 and last but not least the pandemic made it more difficult for Hypoport to win new customers. EBIT was negative at EUR 0.9m which is a slight improvement compared to 2019 (EUR -1.4m). This unit remains a growth driver for the group but in our view less in the short- than in the mid- to long-term.

Earnings should continue to suffer from growth investments

In 2020 Hypoport has invested EUR 40m into its business, for 2021 it targets P&L relevant investments of between EUR 40m and 45m. This should continue to burden profitability. Therefore, we do not expect the real estate or the insurance platform to be profitable in 2021. As can be seen from the graph below, the credit platform alone has generated an EBIT on the group level (not taking consolidation effects into account). This shows the earnings potential of the group if the two loss making units turn positive in the next years and reach EBIT margins of more than 5%.

Exhibit 8: EBIT Bridge (2020, EUR m)



Source: Pareto Securities Research, Hypoport

2021 Targets

Hypoport targets revenues of between EUR 430m and EUR 460m for 2021 which is equivalent to a growth rate of between 11% and 19% yoy. We forecast revenues of EUR 457m for 2021 (consensus: EUR 458m). Hypoport targets an EBIT of between EUR 40m and EUR 45m which would be equivalent to a growth rate of between 10% and 24% yoy and EBIT margin of 9.6% (mid-point), compared to 9.3% in 2020.

Financials

We have reduced our EPS estimates from EUR 5.74 to EUR 5.12 and from EUR 7.31 to EUR 6.57 for 2021e and 2022e, respectively. We have reduced our EBIT forecasts (for 2021e from EUR 47.6m to EUR 44.2m) and have taken into account a slightly higher number of shares.

Valuation and Recommendation

Our valuation is based upon a DCF (WACC: 7.0%, terminal value at 82% of total value, terminal growth: 2.75%). We have fine-tuned our earnings estimates for the next years and have rolled our DCF model one year forward. Based upon the new assumptions we have derived a new target price of EUR 540 (EUR 520). Given the share price upside of almost 20% to our target price we stick to our Buy rating. The shares are trading at a premium to other German financial service companies (HYP 2022e PER: 66x, average of selected German Financial Service companies 2022e PER: 20x) which is however justified in our view as Hypoport's earnings growth rates are significantly higher and as we think that Hypoport's earnings stability should be higher. In addition, other companies like Grenke or Ferratum should be much more impacted from the pandemic. JDC, which can be seen as a competitor of Hypoport in some areas, trades at a 2022e PER of 49x.

Comparing Hypoport's valuation to that of other platform providers like CTS (2022e PER: 147x), which will however suffer from the pandemic more than proportionately, or Scout 24 (2022e PER: 36x) or growing software companies like Nemetschek (2022e PER: 47x) Hypoport's valuation looks more to be in line.

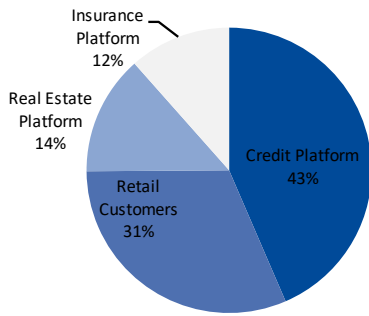
Exhibit 9: DCF valuation

Expectations in EUR m	Phase I				Phase II						Phase III
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Revenues	457	531	610	696	790	895	1,013	1,146	1,295	1,461	
growth rate	18.0%	16.0%	15.0%	14.0%	13.5%	13.4%	13.2%	13.1%	13.0%	2.8%	
EBIT	44	56	72	90	111	136	166	203	247	300	
EBIT Margin	9.7%	10.6%	11.8%	12.9%	14.0%	15.2%	16.4%	17.7%	19.1%	20.5%	
Tax	-9	-11	-15	-19	-24	-29	-36	-44	-53	-64	
Tax rate	21%	21%	21%	21%	22%	22%	22%	22%	22%	22%	
Depreciation	34	42	50	59	55	63	71	80	91	102	
% of revenue	7.4%	8.0%	8.2%	8.5%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	
Capex	-38	-44	-51	-60	-59	-66	-74	-83	-92	-103	
% of revenue	8.2%	8.2%	8.4%	8.6%	7.5%	7.4%	7.3%	7.2%	7.1%	7.0%	
Change in Working Capital	-2	-2	-2	-2	-2	-3	-3	-3	-4	-4	
% of revenue	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	
Free Cash Flow	30	41	54	68	81	101	124	154	189	231	
growth rate	nm	40.0%	31.4%	25.7%	8.1%	24.9%	23.7%	23.4%	23.0%	22.1%	
Present Value CF	28	37	45	53	58	68	79	91	105	119	
										2,907	
PV Phase I		162			Market Cap	2,143			Target equity ratio	80%	
PV Phase II		520			Risk premium	5.00%			Beta	1.0	
PV Phase III		2,907			Risk-free rate	3.50%			WACC	7.0%	
Enterprise value		3,589			Sensitivity				Growth in Phase III		
+ Cash		25			Analysis	1.8%	2.3%	2.8%	3.3%	3.8%	
- Debt		105				6.27%	538	595	669	767	
Equity Value		3,509				6.62%	491	539	599	676	
Number of shares		6.5			WACC	6.97%	451	491	540	603	
						7.31%	416	450	491	543	
Value per share		540				7.66%	385	414	449	492	
									492	545	

Source: Pareto Securities Research

Exhibit 10: Investment Case in Charts

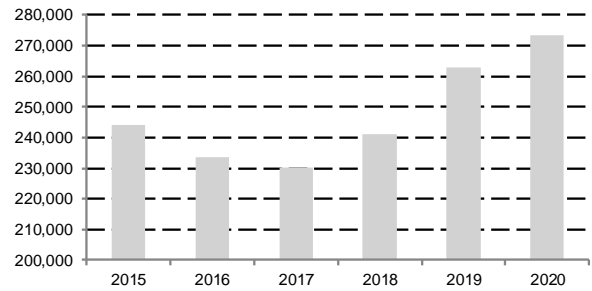
Revenues split (2020)



Credit Platform (Europace) & Retail Cust. (Dr. Klein) are the key revenue pillars, the Ins. Platf. should be the growth engine in the mid-term.

Source: Hypoport, Pareto Sec. Research

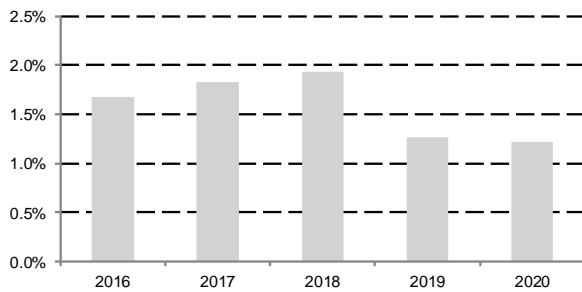
Market development (new mortgage loans in EUR m)



The overall market showed once again a good development in 2020 with an increase by 4% yoy.

Source: Hypoport, Pareto Sec. Research

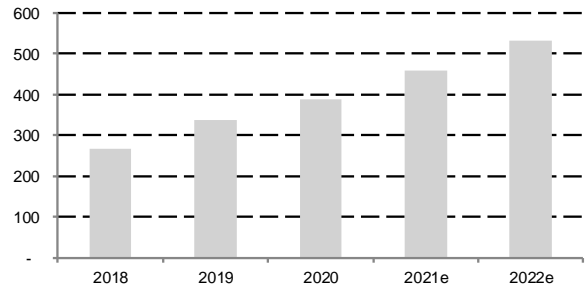
10YR Mortgage Rate development



10YR Mortgage rates on record low levels; we do not expect a sharp increase in the short term.

Source: Hypoport, Pareto Sec. Research

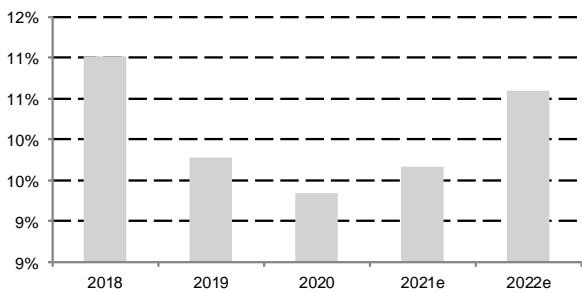
Revenues development (in EUR m)



Driven by the the credit and the private clients platform revenue growth should remain strong in 2021e with an increase of 18%.

Source: Hypoport, Pareto Sec. Research

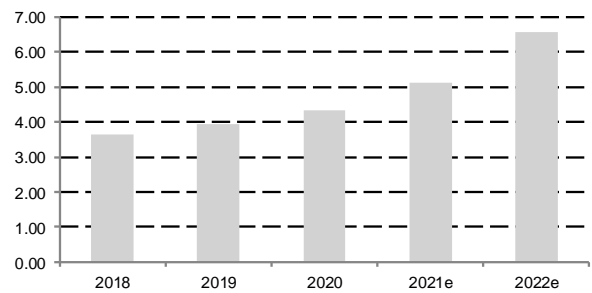
EBIT margin development



We forecast EBIT margin to increase in 2021e by 40bps to 9.7% due to the expected strong revenue growth.

Source: Hypoport, Pareto Sec. Research

EPS development (in EUR)



We forecast EPS CAGR of 23% (2020-'22e).

Source: Hypoport, Pareto Sec. Research

Source: Pareto Securities Research, Hypoport

Exhibit 11: At a Glance

Business Units	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	
		 DIE PARTNER FÜR IHRE FINANZEN			
Products/ applications	Through its credit platform Europace the company is enabling banks to distribute loans of more than 600 banks to its customers. Banks can also use Europace to solely process their own loan business.	Dr. Klein is the brand through which Hypoport is servicing retail customers. Dr. Klein's more than 600 IFAs advise customers on different financial products, the focus being clearly on mortgage loans.	Hypoport is brokering real estate loans to institutional customers via Dr. Klein Inst. Clients. Following the acquisitions of Value and FIO Hypoport offers also real estate valuation and different software (e.g. for brokering real estate) solutions.	Hypoport's youngest business unit targets the insurance market. Idea is to build an Europace for the insurance industry, i.e. an online insurance marketplace which comprises products comparison, advice tools and processing of the policies and claims management.	
Customers	Customers range from mortgage brokers via Postbank to savings and mutual banks. Savings and mutual banks are serviced via two separate joint ventures.	Customers are normal retail customers with average financing needs. Mortgage customers should be above average incomes.	Customers of Dr. Klein are professional real estate investors, mainly public housing investors. Customers of FIO and Value are mainly banks.	Potential customers include insurance brokers, IFAs and insurance companies. At the moment HYP has only customers which use certain parts of the software.	
	Although we do not have any figures we do not see Europace being dependent on a few single customers.	Very diversified customer base, no dependence on single customers at all.	We do not have any figures, but the dependence on single customers may be somewhat higher for Dr. Klein.	Revenues are still on low level, i.e. customer dependence not an issue yet.	
Market share/ positioning	Overall market share of Europace in GER in mortgage loans is around 33%. Market share of around 50% among mortgage brokers, market share of only 7% among savings/ 5% with mutual banks.	No figures available, we estimate that Dr. Klein has a market share of around 10%.	No figures available, but Dr. Klein's market share should be around 20%. FIO has a market share of above 80% among the savings banks with its real estate brokerage software.	Market share not yet meaningful as this unit is still in the ramp-up phase.	
Drivers	Main driver is the demand for mortgage loans which is impacted by level of interest rates and demand for apartments/housing.	Main driver is the demand for mortgage loans which is impacted by level of interest rates and demand for apartments/housing.	High dependence on the public hand; even if the need for more public housing is high, the process until construction starts and a loan is needed may take long. Winning market share of FIO & Value among banks.	Overall growth of insurance premiums and growing need for insurers and brokers to increase efficiency.	
Main competitors	Interhyp is the only competitor offering a comparable solution.	Main competitors are mortgage brokers like Interhyp, Swiss Life Select and Planet Home. IFAs like MLP, OVB or DVAG focus more on insurance/investment products.	Mainly savings banks, but also mutual and private banks for the brokerage business. FIO's competitors are other software companies.	At the moment similar software solutions are offered by Acturis and Finanzsoft/softair.	
Entry barriers/ competitive advantage	Entry barriers depend on the different business units. Highest entry barriers exist in our view in Hypoport's strongest growing unit, Europace. With the underlying technology and the extensive customer relationships HYP has a decisive competitive advantage compared to other players.				
Strategy & Guidance	Strategy: (I) Winning more customers for Europace to realize economies of scale. (II) Build-up of an insurance marketplace in the mid-to-long term. (III) Developing Private Clients further which should continue to benefit from the housing boom in Germany. (IV) Further develop the real estate platform.		Guidance 2021: Revenue: EUR 430m-460m EBIT: EUR 40m-45m	Pareto Estimates Revenue: 457 y/y EBIT: 44.2	Consensus Revenue: 458 EBIT: 44.2
2020	Sales (EUR m) 387.6 y/y 15.0%	EBITDA (EURm) 63.2 Margin 16.3%	EBIT (EURm) 36.2 Margin 9.3%	EPS 3Y hist. CAGR	11.8%
Sales & EBIT Split					
Shareholder structure & management	CEO Ronald Slabke Major shareholder and CEO (since 2010) • With Hypoport since 2002 • >20 years experience in the banking industry • prior to becoming CEO he was board member of Hypoport (since 2002). He joined Dr. Klein & Co GmbH & Co. KG in 1996, he became a board member in 2000.		Board Member (since 2010) Stephan Gawarecki • With Dr. Klein since 2004 • almost 20 years experience in the banking/insurance industry • Prior to his career at Dr. Klein Mr. Gawarecki worked for FinanceScout 24 and Deutscher Ring • Mr. Gawarecki is responsible for the segments Private Clients and Insurance Platform.		
# of employees FY 2019	1,941				

Source: Hypoport, Pareto Securities

PROFIT & LOSS (fiscal year) (EURm)	2015	2016	2017	2018	2019	2020p	2021e	2022e
Revenues	139	157	195	266	337	388	457	531
EBITDA	25	28	30	39	51	63	78	98
Depreciation & amortisation	(6)	(5)	(7)	(10)	(19)	(27)	(34)	(42)
EBIT	19	23	23	29	33	36	44	56
Net interest	(0)	(0)	(0)	(1)	(2)	(2)	(2)	(2)
Profit before taxes	19	23	23	28	31	34	42	54
Taxes	(3)	(5)	(5)	(6)	(7)	(6)	(9)	(11)
Minority interest	-	-	-	-	-	-	-	-
Net profit	16	18	18	22	25	28	33	43
EPS reported	2.63	3.02	3.10	3.69	3.94	4.38	5.12	6.57
EPS adjusted	2.63	3.02	3.10	3.69	3.94	4.38	5.12	6.57
DPS	-	-	-	-	-	-	-	-
BALANCE SHEET (EURm)	2015	2016	2017	2018	2019	2020p	2021e	2022e
Tangible non current assets	3	3	4	10	35	36	34	30
Other non-current assets	38	52	68	211	269	267	270	275
Other current assets	31	35	54	53	62	61	63	65
Cash & equivalents	25	22	14	32	25	23	55	98
Total assets	96	112	141	306	392	387	423	467
Total equity	53	64	83	153	178	206	239	282
Interest-bearing non-current debt	7	6	13	71	98	100	102	104
Interest-bearing current debt	4	4	3	10	16	5	5	5
Other Debt	32	37	42	71	98	76	76	76
Total liabilities & equity	96	112	141	306	392	387	423	467
CASH FLOW (EURm)	2015	2016	2017	2018	2019	2020p	2021e	2022e
Cash earnings	24	26	24	35	45	37	67	85
Change in working capital	3	(8)	(16)	6	1	1	(2)	(2)
Cash flow from investments	(7)	(13)	(21)	(86)	(60)	(31)	(36)	(42)
Cash flow from financing	(7)	(7)	5	63	7	(10)	2	2
Net cash flow	13	(2)	(8)	19	(7)	(2)	31	43
CAPITALIZATION & VALUATION (EURm)	2015	2016	2017	2018	2019	2020p	2021e	2022e
Share price (EUR end)	80.5	77.8	145.4	148.2	315.0	515.0	467.5	467.5
Number of shares end period	6	6	6	6	6	6	6	6
Net interest bearing debt	(13)	(12)	2	49	90	82	53	12
Enterprise value	473	451	867	975	2,057	3,427	3,089	3,048
EV/Sales	3.4	2.9	4.4	3.7	6.1	8.8	6.8	5.7
EV/EBITDA	18.9	15.9	28.8	24.9	40.0	54.2	39.6	31.0
EV/EBIT	24.6	19.4	37.2	33.3	62.4	94.6	69.8	54.2
P/E reported	30.6	25.8	46.9	40.2	79.9	-	91.3	71.1
P/E adjusted	30.6	25.8	46.9	40.2	79.9	-	91.3	71.1
P/B	9.3	7.2	10.5	6.0	11.0	16.3	12.7	10.8
FINANCIAL ANALYSIS & CREDIT METRICS	2015	2016	2017	2018	2019	2020p	2021e	2022e
ROE adjusted (%)	34.7	31.0	25.1	19.0	14.8	14.5	14.9	16.4
Dividend yield (%)	-	-	-	-	-	-	-	-
EBITDA margin (%)	18.0	18.1	15.5	14.7	15.3	16.3	17.0	18.5
EBIT margin (%)	13.9	14.8	12.0	11.0	9.8	9.3	9.7	10.6
NIBD/EBITDA	(0.54)	(0.41)	0.07	1.25	1.75	1.30	0.68	0.12
EBITDA/Net interest	-	70.63	-	33.73	30.00	28.74	36.29	44.95

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 non-monetary benefit according to the EU MiFID II Directive.

Basis and methods for assessment

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

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

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

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

Validity of the publication or report

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

No individual investment or tax advice

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

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

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

Sources

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

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

Ratings

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

Analysts Certification

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

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

Limitation of liability

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

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

Risk information

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

Conflicts of interest

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

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

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

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

Distribution restriction

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

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

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

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

Distribution in Singapore

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

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

Additional provisions on Recommendations distributed in the Canada

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

Distribution in United Kingdom

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

Copyright

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

Appendix A

Disclosure requirements pursuant to the Norwegian Securities Trading Regulations section 3-10 (2) and section 3-11 (1), letters a-b

The below lists shows companies where Pareto Securities AS - together with affiliated companies and/or persons – own a portion of the shares exceeding 5 % of the total share capital in any company where a recommendation has been produced or distributed by Pareto Securities AS.

Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
Helgeland Sparebank	2,015,935	9.66%	SpareBank 1 Østfold Akershus	1,139,560	9.20%
Pareto Bank ASA	16,234,886	23.24%	Sparebanken Vest	6,803,873	6.34%

Pareto Securities AS or its affiliates own as determined in accordance with FINRA Rule 2241, 1 % or more of the equity securities of:

Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
DOF ASA	3,712,491	1.27%	SpareBank 1 Østfold Akershus	1,139,560	9.20%
Helgeland Sparebank	2,015,935	9.66%	SpareBank 1 Østlandet	3,432,736	3.20%
Pareto Bank ASA	16,234,886	23.24%	Sparebanken Møre	305,239	3.09%
Selvaag Bolig ASA	2,893,099	3.09%	Sparebanken Sør	433,544	2.77%
SpareBank 1 BV	1,633,220	2.59%	Sparebanken Vest	6,803,873	6.34%
SpareBank 1 Nord-Norge	3,984,132	3.97%	Totens Sparebank	78,246	1.28%
SpareBank 1 SMN	1,875,442	1.44%			

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	Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings
Aker ASA	500	2,259	Fjordkraft Holding	0	12,605	PGS	0	11,676
Aker BP	0	32,441	Flex LNG	0	14,312	Prolector Forsikring	0	12,000
Aker Carbon Capture	0	240,368	Frontline	0	82,308	Quantafuel	0	1,119,190
Aker Offshore Wind	0	167,028	Gjensidige Forsikring	0	7,400	REC Silicon	0	37,051
American Shipping Company	0	13,300	Golden Ocean Group	0	1,433	SailMar	0	105
Aprila Bank ASA	0	22,675	Grieg Seafood	0	12,753	Sandnes Sparebank	0	126,013
Archer	0	30,170	Hafnia Limited	0	137,330	Sbanken ASA	0	4,520
Arcus	0	2,784	HydrogenPro	0	37,851	Scatec Solar	0	20,000
Atlantic Sapphire	0	10,010	Ice Group ASA	0	200,000	Schibsted ASAB Aksjer	0	155
Austevoll Seafood	0	29,135	Komplett Bank	0	99,300	Selvaag Bolig	0	51,900
Avance Gas	0	3,362	Kongsberg Gruppen	0	35,581	Skitude	0	12,695
Avactor	0	44,376	KWS	75	75	SpareBank 1 Nord-Norge	0	1,850
B2Holding AS	0	14,075	Lerøy Seafood Group	0	18,142	SpareBank 1 SMN	0	12,740
BASF	270	270	Mowi	0	4,600	SpareBank 1 SR-Bank	0	8,343
Bonheur	0	32,275	MPC Container Ships	0	45,944	Sparebank 1 Østfold Akershus	0	1,252
Borregaard ASA	0	650	Nordic Semiconductor	0	5,406	SpareBank 1 Østlandet	0	8,621
Bouvet	0	294	Norsk Hydro	0	106,867	Sparebanken Sør	0	16,235
BRABank	0	74,607	Norske Skog	0	8,225	Sparebanken Vest	0	15,535
BW Energy	0	43,825	Norwegian Energy Company	0	790	Sparebanken Øst	0	1,500
BW LPG	0	10,800	Norwegian Finans Holding	0	3,210	Stolt-Nielsen	0	1,817
BW Offshore	0	11,326	Norwegian Property	0	22,425	Storebrand	0	9,732
DNB	0	29,908	NTS	0	2,272	Subsea 7	0	9,226
DNO	0	155,978	Ocean Yield	0	72,970	Telenor	0	7,454
DOF	0	2,366,346	OHT	0	6,650	TGS-NOPEC	0	1,300
Elkem	0	35,426	Okeanis Eco Tankers	0	22,000	Volue	0	15,148
Entra	0	9,977	Orkla	0	19,542	VOW	0	5,981
Equinor	0	2,552	Panoro Energy	0	10,502	Wallenius Wilhelmsen	0	46,100
Europris	0	11,263	Pareto Bank	0	2,411,276	XXL	0	22,534
Fjord1 ASA	0	50,000	Pexip Holding	0	32,283	Yara	0	14,595

This overview is updated monthly (last updated 15.03.2021).

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

Appendix B

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letters e-f, ref the Securities Trading Act Section 3-10

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

24SevenOffice Scandinavia	DOF Subsea AS	Mercell	Talos Energy Inc
2G Energy	Element ASA	Mintra Group	Tise AS
Acconer AB	ELOP	Modex AS	Trønderenergi AS
Africa Energy Corp Corp	Endur ASA	MPC Container Ships	Watercircles Forsikring ASA
Aker ASA	Fertiberia S.A.R.L.	Mutares SE & Co. KGaA	West Coast Salmon
Aker Horizons	Fjordkraft Holding	Navigator Holdings Ltd.	Wheel.me
Akershus Energi	Flexistore AS	Navios	-
Akva Group	Genel Energy	Next Biometrics Group	-
Alussa Energy Acquisition Corp (Freyr)	Golden Ocean Group	Nordic Halibut	-
American Tanker, Inc.	Goliath Offshore	Norske Skog	-
Aprila Bank ASA	Hafnia Ltd.	Norwegian Block Exchange	-
Arctic Fish	Helgeland Sparebank	Odjell SE	-
Arendals Fossekompani	HKN Energy Ltd	OHT	-
BioInvent	Hofseth BioCare	Panoro Energy	-
Boreal Holding AS	House of Control	Pelagia Holding AS	-
Borr Drilling Limited	Huddy AS	PetroTal	-
BRABank	HydrogenPro	Pexip Holding	-
Brooge Energy Limited	Ice Group Scandinavia Holdings AS	Pioneer Property Group ASA	-
Bulk Infrastructure Holding	Idavang A/S	Proximar Seafood	-
BW Energy	Instabank ASA	Quantafuel	-
CentralNic Group PLC	Kalera AS	REC Silicon	-
Cibus Nordic Real Estate	Keppel FELS Limited	Saga Robotics	-
Circa Group	Klaveness Combination Carriers ASA	Salmon Evolution	-
Cloudberry Clean Energy	KLP	Scorpio Bulkers	-
CrayoNano AS	Komplett Bank	Seafire AB	-
CRC Holding B.V. ("Pryme")	Kongsberg Automotive	Siccar Point Energy	-
Digiplex	Kraft Bank	Skitude	-
DOF	Meltwater	Sparebanken Vest	-

This overview is updated monthly (this overview is for the period 31.02.2020 – 31.02.2021).

Appendix C

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

Distribution of recommendations

Recommendation	% distribution
Buy	67%
Hold	29%
Sell	3%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	91%
Hold	9%
Sell	0%

* Companies under coverage with which Pareto Securities Group has on-going or completed public investment banking services in the previous 12 months.
This overview is updated monthly (last updated 15.03.2021).

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

24SevenOffice Scandinavia AB	Cibus Nordic Real Estate AB	Isofol Medical AB	Vicore Pharma
Azelio	Climeon AB	Re:NewCell	VNV Global
Bionvent	Egetis Therapeutics	Surgical Science	
Biovica International	Implantica	Swedencare 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:

Africa Energy Corp.	Logistri Fastighets AB	Minesto	Shamaran Petroleum
ByggPartner i Dalarna Holding	Magnolia Bostad	Saltängen Property Invest	Surgical Science
Cibus Nordic Real Estate	Media & Games Invest plc.	SciBase Holding	Tethys Oil
Isofol Medical	Mentice AB	Sedana Medical	Vostok Emerging Finance

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:

Bosjö Fastigheter AB	Bråviken Logistik	Halmslätten	Mälåråsen
Bonäsudden	Delarka	Logistri	Sydsvenska Hem

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 16.03.2021).

Appendix E

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter d, ref the Securities Trading Act Section 3-10

Designated Sponsor

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

2G Energy *	Gigaset *	MLP *	SMT Scharf AG *
Biotest *	Heidelberg Pharma *	mutares	Surteco Group *
CORESTATE Capital Holding S.A.	Intershop Communications AG	OVB Holding AG	Syzygy AG *
Daldrup & Söhne	Leifheit	Procredit Holding *	TAKKT AG
Demire	Logwin *	PSI SOFTWARE AG *	Viscom *
Epigenomics AG*	Manz AG *	PWO *	
Gesco *	MAX Automation SE	RIB Software *	
GFT Technologies *	Merkur Bank	S&T AG *	

* The designated sponsor services include a contractually agreed provision of research services.

Appendix F

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter g, ref the Securities Trading Act Section 3-10

Sponsored Research

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

Adler Modemaerkte	Dermapharm Holding SE	MAX Automation SE	OHB SE
Baywa	Hypoport AG	Merkur Bank	OVB Holding AG
BB Biotech	Intershop Communications AG	mutares	Siegfried Holding AG
Daldrup & Söhne	Leifheit		

This overview is updated monthly (last updated 16.03.2021).