

Digital support makes a difference

Following a disappointing summer necessitating a reduction in guidance, SYZYGY GROUP has turned the corner. Going forward, the group is well positioned to benefit from the fast-growing need for digital transformation on many levels of business and consumer life. Our lowered TP of EUR 7.0 (from EUR 8.0) is a blend of DCF and peer company multiples, all of which point to substantial upside potential for the shares. We confirm our Buy rating.

The rising importance of digital communication is a supportive background

SYZYGY GROUP is a leading consultancy and implementation partner for the digital transformation of marketing, helping its customers to set up appealing marketing presences in digital media. Within Germany, it is a top 15 internet agency, but has offices in four countries, pooling more than 600 digital specialists, together providing an international network of expertise across a range of disciplines. Furthermore, the rapid development of online communications has created additional revenue streams for SYZYGY GROUP in the form of providing digital experience services.

Clear improvement in Q3 compared to Q2 when forecasts were lowered

9M'23 revenues up 3.2% meant slight growth (0.3%) in Q3, compared to slight decrease reported in Q2. This was in line with the Q3 development forecast by Pareto and we are encouraged by the turnaround. In the core German market (80% of sales), the 6.4% development indicated for 9M implies 5.6% growth in Q3 (up from just 1.2% in Q2). Although the development in the UK/US deteriorated 19% in the quarter, there was an encouraging turnaround in Poland Q3 (+15% yoy). Underlying EBIT of EUR 3.9m (down 17%) meant an adjusted 7.2% margin (vs. 9.0% in 9M'22) which was slightly above expectations.

Substantial upside to the current share price envisaged

In setting our target price for SYZYGY GROUP, rather than just rely on our DCF model (as we did previously, since this best highlight long-term value in the shares) we now additionally review a blend of peer company multiples (which more reflect on market sentiment for similar business models). Both metrics point to substantial upside to the current share price, which we believe is depressed by uncertainty regarding SYZYGY and is unwarranted.

EURm	2021	2022	2023e	2024e	2025e
Revenues	60	71	72	78	84
EBITDA	15	12	10	12	14
EBIT	6	(5)	0	7	8
EPS	0.30	(0.56)	(0.15)	0.33	0.39
EPS adj	0.30	(0.56)	(0.15)	0.33	0.39
DPS	0.20	0.22	0.22	0.24	0.27
EV/EBITDA	7.3	7.1	5.7	4.3	3.6
EV/EBIT	16.6	-	-	7.3	5.9
P/E adj	21.3	-	-	10.2	8.8
P/B	1.53	1.58	1.15	1.17	1.15
ROE (%)	7.4	-	-	11.6	13.2
Div yield (%)	3.2	4.2	6.7	7.1	7.9
Net debt	20	11	11	7	3

Source: Pareto Securities

Target price (EUR)	7.0	▲	BUY
Share price (EUR)	3.4	—	HOLD
		▼	SELL

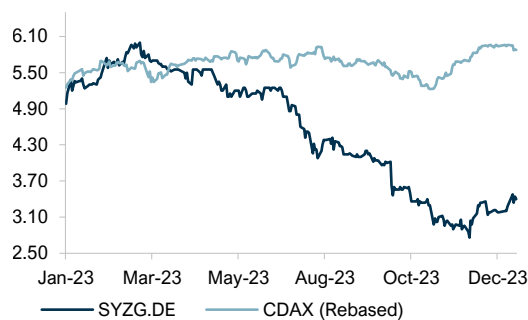
Forecast changes

%	2023e	2024e	2025e
Revenues	1	0	0
EBITDA	(7)	(6)	(5)
EBIT adj	20	(3)	(3)
EPS reported	(93)	(3)	(2)
EPS adj	(93)	(3)	(2)

Source: Pareto Securities

Ticker	SYZG.DE, SYZGY
Sector	Media
Shares fully diluted (m)	13.5
Market cap (EURm)	46
Net debt (EURm)	11
Minority interests (EURm)	0
Enterprise value 23e (EURm)	56
Free float (%)	50

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.

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Digital support that makes a difference

SYZGY is well positioned to benefit from the digitalisation trend

Overall, SYZGY GROUP reported 9M'23 results in line with expectations and confirmed FY guidance (lower single-digit percentage sales growth with a 5-7% margin before goodwill write-down), both of which look reasonable after 9M.

We view SYZGY GROUP as being well positioned to benefit from the increasing need for digital transformation at many levels of business and consumer life. It commands a strong position with online marketing campaigns in Germany and is a leading challenger in the rapidly growing sub-market providing digital experience services.

In setting our target price for SYZGY GROUP, rather than just rely on our DCF model (as we did previously, since this best highlight long-term value in the shares) we now additionally review a blend of peer company multiples (which more reflect on market sentiment for similar business models). Both metrics point to substantial upside to the current share price, which we believe is depressed by uncertainty regarding SYZGY and is unwarranted.

Taking an equal blend of the two derived values generates our new EUR 7.0 (prev. EUR 8.0) target price and we continue to rate the shares a Buy.

Company background

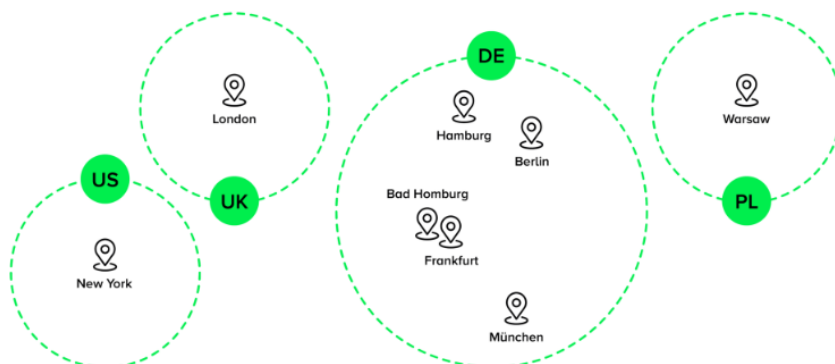
600 digital specialists across four countries

Founded in 1995, SYZGY GROUP is a leading consultancy and implementation partner for the digital transformation of marketing and sales, helping its customers to set up appealing marketing presences in digital media. Its services include strategic consulting and project planning, the conception and design as well as the technical realisation of websites, online campaigns, and mobile applications. These offerings are supplemented by affiliate and search engine marketing, plus computer generated imagery and online media planning.

Within Germany, it is a top 15 internet agency, but has offices in four countries, pooling more than 600 digital specialists, together providing an international network of expertise across a range of disciplines. The headquarters is located just north of Frankfurt in Bad Homburg and these two locations employ close to 50 staff in central and other support functions. There are some consultants also based there although the majority of the 400-plus digital consultants within Germany are located in the Munich, Berlin and Hamburg offices.

The loss of two key customers (one in financial services, the other international care hire) has meant that the US office has had to downsize from a peak of over 20 consultants to now less than ten, and likewise the loss of an automobile client in the UK meant that the London office has retrenched from 65 consultants prior to the Covid pandemic in 2020 to slightly less than 50 today. By contrast operations in Poland have been expanding, currently employing over 70 consultants.

SYZGY GROUP: Locations together provide an international network of digital experts



Source: company website

Core offerings to create a better digital experience

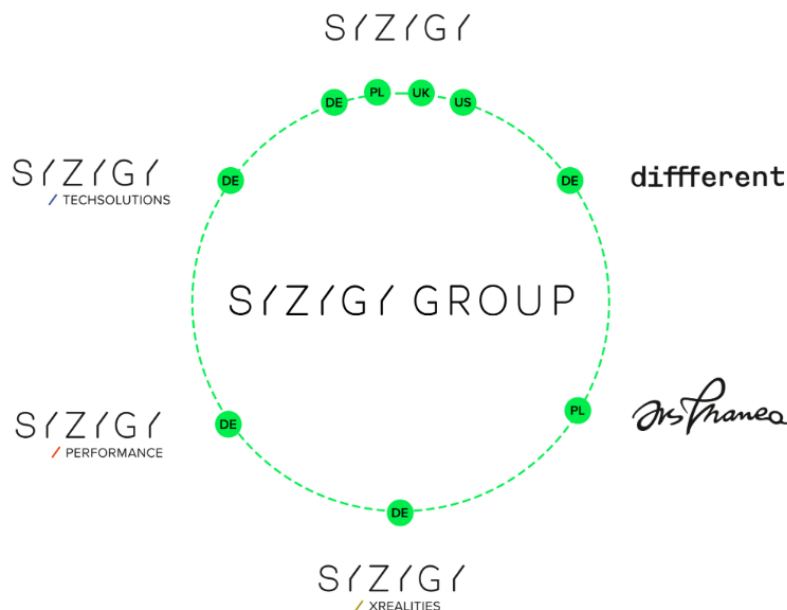
Given today's prominence of digital interactions between people and brands, the group's core offerings aim at creating better experiences through digitalisation and transformation, allowing brands to better engage with their customers. A people-centric approach is always data-driven, encompassing content, services, and technology, and normally activated through targeted media.

At a corporate level, this means supporting clients with digital transformation and adaptation of their processes and technical infrastructures to provide their clients with the best digital experience. SYZYGY GROUP thus provides end-to-end support, nurturing new ideas, vetting, and then implementing viable business models, and validating the digital processes of bringing these to its clients' customers.

This encompasses a wide range of disciplines, often integrated, which are bundled across six subsidiary companies. At the centre and operating in all four countries, SYZYGY is a full-service digital marketing agency. It presents itself as a key consultancy and implementation partner for marketing and sales transformations for clients from medium-sized companies to large corporations or local authorities.

Clearly, **SYZYGY-Performance** enables performance marketing and digital media services. **SYZYGY-Techsolutions** is the enterprise technology specialist within the group. **SYZYGY-Xrealities** is a VR specialist. The latter two as well as the strategy and business design consultant, **different**, are based in Germany, whilst the **Ars Thanea** design studio, based in Poland has a focus on digital illustration, motion design and interactive design.

SYZYGY GROUP: Six group companies with overlapping touchpoints along the chain



Source: company website

Six subsidiaries have numerous overlapping touchpoints

As should be clear from the above, the six subsidiary companies have numerous overlapping touchpoints along the whole digital product cycle. One recent case study highlights this well. SYZYGY has a long-established relationship with the BMW Group and two years ago it secured a new contract with BMW Motorrad to position the bike's image as an adventure brand, injecting emotion into motorcycling experiences. This involved co-operative work with several SYZYGY subsidiaries.

As their digitalisation and transformation partner, SYZYGY supported BMW Motorrad around the early development of their platform strategy and worked with them to define customer journeys. Building on this, group consultants produced the concept for the user experience and developed the design for the experience scenarios, as well as creating a front-end prototype. Finally in highlighting the end-to-end nature of this tender win, SYZYGY brought the platform to life with a clear content strategy.

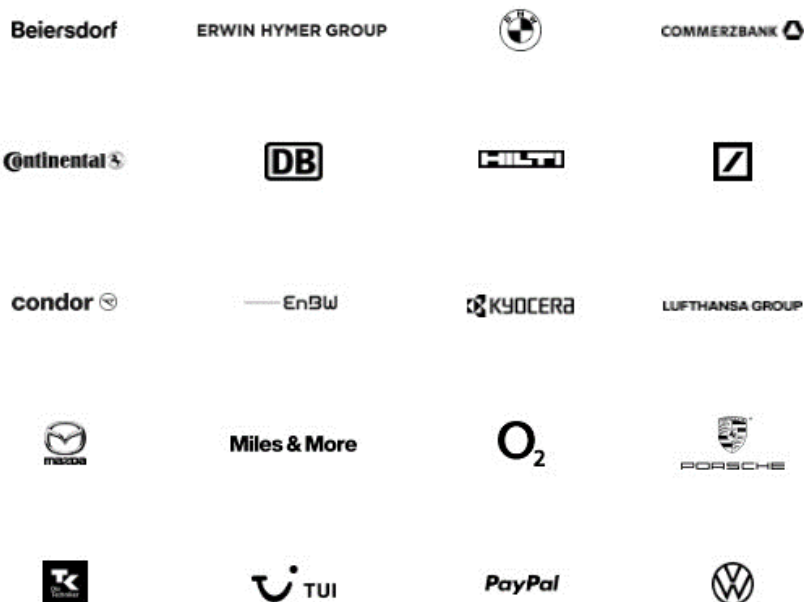
In our view, this highlights a major competitive advantage of the SYZGY GROUP, namely the ability to offer potential customers a full range of advisory services as they seek to manage digital transformation. In a review of this BMW case study in the 2022 Annual Report, SYZGY highlighted the following services provided to the one client:

- Strategy and concept development for platform and experience offerings
- Creation of UX concept (users experience)
- Design and front-end prototype
- Content strategy, creation, and maintenance
- Overall process management
- International roll-out

Diverse range of blue-chip list of clients

The group has a blue-chip list of clients which are found in a wide variety of industries, including Automotive, Transportation, Financial Services, Technology, Construction, Healthcare, FMCG, eCommerce, as well as local and state Associations.

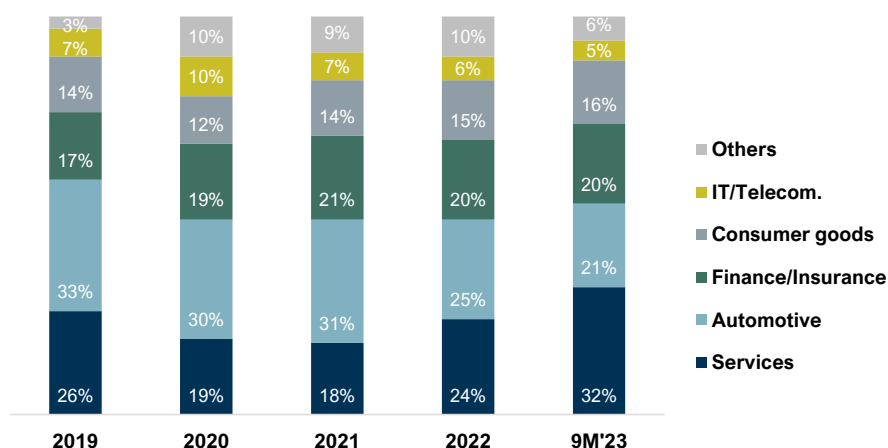
SYZGY GROUP: Blue-chip of clients, many with long-standing relationships



Source: company website

The group's accounts cluster these into broad sectors, the most important of which is Services, accounting for 32% of group revenues in 9M'23, some six percentage higher than the pre-covid 2019 level of 26% and reflects the degree to which SYZGY GROUP has broadened its business offering.

During the same period, the importance of Automotive clients has fallen from 33% to 21% of group revenues. On the other hand, the importance of clients involved with Finance / Insurance has increased slightly (9M'23 at 20% vs. 2019 17%) as has Consumer Goods clients (16% vs. 14%), whilst IT / Telecommunications declined slightly (5% vs. 7%), with other industries at 6% (from 3% in 2019).

SYZYG GROUP: Share of revenue by industry categories (2019-9M'23)

Source: Pareto, company data

Management Board

Effective 1 January 2024, there was a change in the Management Board since Franziska von Lewinski has notified the Supervisory Board that she will not be extending her contract as CEO and therefore left the company at end of 2023.

In a press release from November, it was confirmed that the SYZYG GROUP's Supervisory Board will decide on a successor in due course. Until such time, the group will move forward under its existing experienced management teams. Management Board members Frank Ladner as Chief Technology Officer (CTO) and Erwin Greiner as Chief Financial Officer (CFO) will continue to lead the successful work already under way.

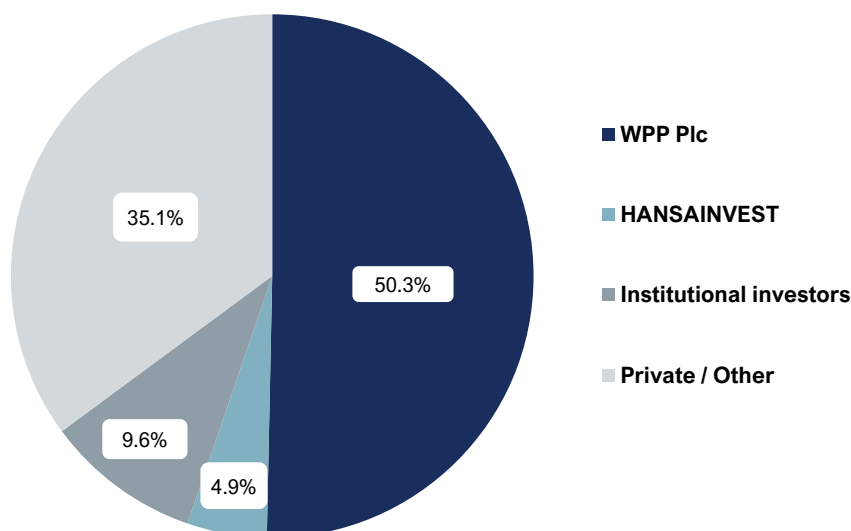
Both Ladner and Greiner have three-year contracts, and prior to Franziska von Lewinski joining the group at the start of 2021, they together oversaw the management of the SYZYG GROUP after the previous CEO Lars Lehne stepped down in March 2020. Similar to then, each of the subsidiary companies have MDs which successfully run the business operations, and the two Management Board members will continue to advise with their respective roles until a new CEO is found.

Frank Ladner (52) has been Chief Technology Officer (CTO) of SYZYG since 2017 and a member of the Management Board since January 2018. He recently had his contract extended to December 2026. In addition, he is Managing Director of SYZYG Deutschland GmbH and on the Supervisory Board of Polish subsidiary Ars Thanea. Before joining the group, he spent eight years as CTO at MRM / McCANN GmbH and, among other skills, his strength lies within Digital Marketing, Digital Strategy, Digital Transformation, E-Commerce, CRM, and User Experience.

Erwin Greiner (55) has been Chief Financial Officer (CFO) of SYZYG since 2001 and a member of the Management Board since January 2015. He recently had his contract extended to December 2026. In addition, he is Managing Director of group subsidiaries SYZYG-Performance Marketing GmbH and different GmbH; he is a Director at SYZYG-Digital Marketing Inc, SYZYG UK Ltd and Unique Digital Marketing Ltd; and is on the Supervisory Board of Ars Thanea. Before joining the group, he had financial roles at Debis Systemhaus and PWC Frankfurt, so clearly, his key strengths are seen within M&A, Strategy, Financial Management, and Auditing.

WPP with >50% stake

Since 2000, SYZYG shares have been listed on the Prime Standard in Frankfurt. In 2015 UK-listed WPP, then with near-30% stake in SYZYG AG, offered EUR 9 per share for outstanding shares and narrowly secured majority control. Subsequently, there has been a couple of periods of heavy speculation suggesting that WPP will increase its shareholding, but it remains eight years later with a 50.3% stake.

SYZYG GROUP: Current shareholder structure

Source: Pareto, company website

Although SYZYG GROUP operates independently from WPP, this relationship has been beneficial to SYZYG in that the group has additional leverage when pitching for a collaborative part of a global contract together with other WPP-related or owned companies. One example of this is Mazda which is a WPP global account and SYZYG has had a business relationship in Germany extending back many years. In 2022, SYZYG secured a new contract to support the brand positioning of Mazda Motors Germany and the complete implementation of communication.

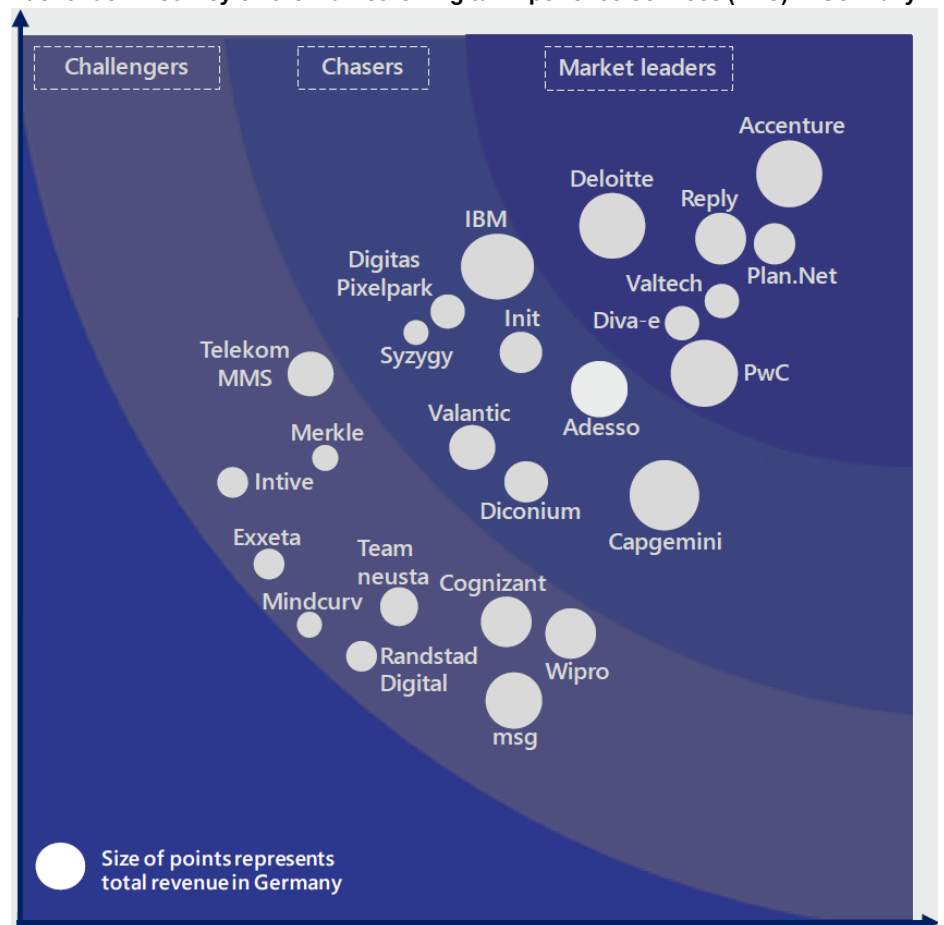
Today, investor attention is more on how WPP will reposition itself globally and to what extent it will further push for the consolidation of associated group companies to compete with other global agencies. Since 2022, Frank-Michael Schmidt (ex-Scholz & Friends) has been WPP country manager for Germany and he is currently overseeing the integration of the domestic operations of VML and Wunderman.

Theoretically SYZYG could also be integrated at a later stage, if WPP were to purchase the outstanding minorities. Given the group's deep digital experience however, we believe it more logical for WPP's German operations to build a digital expertise hub around SYZYG's leading position here, should it decide to take full control.

Strong market positioning in providing digital experience services

In the recently published fourth edition of the Luenendonk® Survey on the Market for Digital Experience Services in Germany, SYZYG shows up as one of the leading "chasers" to the "market leaders" for DX services. This is despite its much smaller revenue base than, for example number 1 rated Accenture (a WPP global rival). In the chart below, it can be seen that this study shows SYZYG to offer a DXS portfolio width and depth greater than Adesso and Caggemini (two other global rivals).

Luenendonk: Survey on the Market for Digital Experience Services (DXS) in Germany



Source: Luenendonk® Survey on the Market for Digital Experience Services (DXS) in Germany

We repeat here some comments on that chart from the authors:

“Two service providers with their roots in the digital agency market, SYZYGY and Digitas Pixelpark, have moved much closer to the DXS market leaders. Like Digitas Pixelpark, the SYZYGY GROUP is one of those service providers that offer digital experience services exclusively as a core service and also have a high level of expertise in the fields of strategy consulting, brand experience and digital experience.”

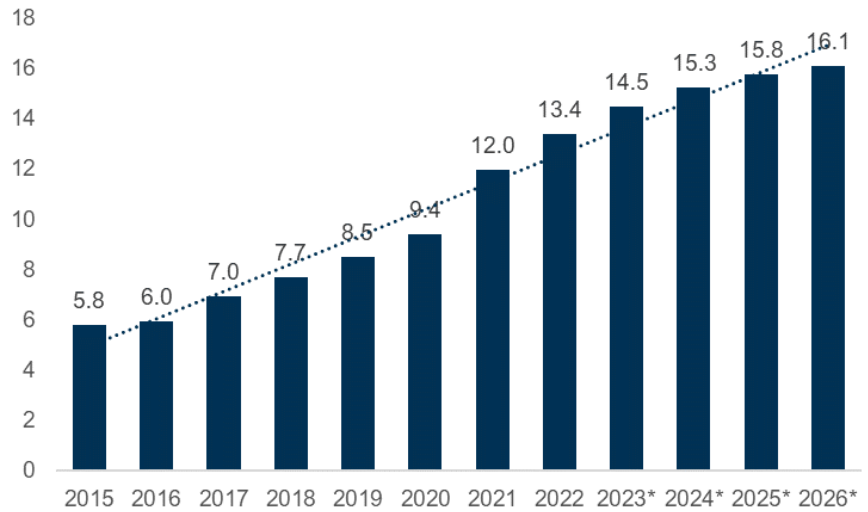
“In addition to the core brand SYZYGY, which among other things is the digital lead agency of Lufthansa, the SYZYGY. . . is also the digital lead agency for the Miles&More bonus platform, as well as for BSH household appliances.”

Background to market developments

From a broad perspective, SYZYGY GROUP's relevant markets are the European markets for online advertising with a special focus on Germany (where c.80% of revenues are generated). For many years, the fastest growing marketing medium has been online advertising which has provided a supporting tailwind for the group's development. According to the Interactive Advertising Bureau (IAB Europe), this amounted to EUR 13 billion in 2022 and is forecast to increase through 2026, at which stage online advertising in Germany could be EUR 16bn.

In the five years prior to the Covid pandemic, the online market had recorded 10% compound growth, but then jumped by more than a quarter in 2021 and a further 12% in 2022 as the consequences of that pandemic encouraged numerous businesses and services to migrate online from traditional formats. This was clearly seen with online advertising in Germany, and this has been very supportive for SYZYGY.

Market development: Online advertising revenue in Germany 2015-2026 (EUR bn)



Source: IAB Europe, June 2022; *2023-26 IAB forecasts

Following that pandemic impetus, IAB anticipates the pace of development now slowing but nonetheless forecasts close to 5% annual growth from the 2022 level through 2026.

It is clear from the Luenendonk survey, however, that the rapid development of online communications has created additional revenue streams for SYZYGY GROUP in the form of providing digital experience services. Last year in the three component segments as defined within that survey, the market for management consulting increased by 18.5%, IT consultancy by 14.7% and digital agencies by a double-digit rate.

SYZYGY GROUP's origins stem from the latter segment but is now active in all three and the favourable market prospects underpin the view that the group might target high single-digit percentage revenue growth in a normal year.

Review of recent results and mid-term outlook

Overall, SYZYGY GROUP reported 9M'23 results in line with expectations and confirmed FY guidance (lower single-digit percentage sales growth with a 5-7% margin before goodwill write-down), both of which look reasonable after 9M.

SYZYGY GROUP: Key highlights from P&L: Q3 / 9M reported compared to PAsE

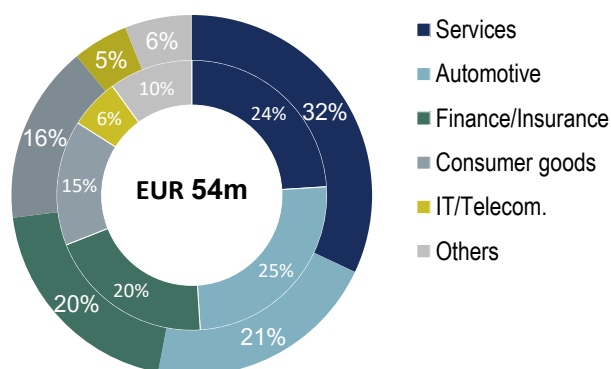
EUR m	Q3'22	Q3'23	yoy	PAsE	delta	9M'22	9M'23	yoy
Revenues	18.3	18.4	0%	18.4	0%	52.7	54.4	3.2%
of which: Germany	13.6	14.4	6%	14.5	-1%	40.8	43.4	6%
of which: UK & US	2.6	2.1	-19%	2.2	-5%	7.5	6.3	-15%
of which: Poland	1.7	2.0	15%	1.8	11%	4.7	4.7	0%
Corporate & Consolidation	0.4	0.0	n.m.	0.0	n.m.	-0.3	-0.1	-79%
EBITDA	2.99	2.77	-7%	2.5	10%	8.78	7.55	-14%
EBITDA margin (%)	16.3%	15.1%	-125bp	13.7%		16.7%	13.9%	-160bp
Underlying EBIT	1.65	1.70	3%	1.5	15%		3.93	n.m.
Underlying margin (%)	9.0%	9.3%	27bp	12.1%		0.0%	7.2%	926bp
Reported EBIT	1.65	1.23	-25%	1.2	0%	4.75	-0.75	n.m.
Reported EBIT margin (%)	9.0%	6.7%	-230bp	6.7%		9.0%	-1.4%	-233bp
of which: Germany	1.7	1.3	-25%	1.2		4.5	-0.6	
of which: UK & US	0.3	0.1	-64%	0.1		0.9	0.4	
of which: Poland	0.3	0.4	23%	0.2		0.8	0.8	
Corporate & Consolidation	-0.6	-0.5	n.m.	-0.2		-1.4	-1.3	
Pretax	1.6	0.9	-41%	0.9	3%	4.06	-1.95	n.m.
Pretax margin (%)	8.7%	5.1%	-360bp	4.9%		7.7%	-3.6%	
Net income	1.1	0.6	-50%	0.8	-34%	2.90	-2.71	n.m.
EPS	0.08	0.04	-50%	0.06	-34%	0.22	-0.20	n.m.

Source: Pareto Securities

Slight revenue growth in Q3, compared to slight decrease reported in Q2

SYZYG GROUP reported 9M'23 revenues of EUR 54.4m (+3.2%), implying slight growth (0.3%) in Q3, compared to slight decrease reported in Q2. This was in line with the Q3 development forecast by Pareto and we are encouraged by the turnaround. In the core German market (80% of sales), the 6.4% development indicated for 9M implies 5.6% growth in Q3 (up from just 1.2% in Q2). Although the development in the UK/US deteriorated 19% in the quarter, there was an encouraging turnaround in Poland Q3 (+15% yoy).

Sales to clients within the services sector accounted for 32% of 9M total, up 9 percentage points from its importance within FY'22 sales, whilst consumer goods clients saw its share increase one percentage to 16%. By contrast, sales to companies in the automotive industry reduced in importance four percentage points to 25% and telecommunications eased one percentage point to 5%. Sales to clients in finance / Insurance was stable of 20% of 9M'23.

SYZYG GROUP: Revenue by segment 9M 2023 (outer circle) compared to FY'22 (inner)

Source: Pareto Securities

Operating result burdened by impairments and restructuring expenses

Operating income of EUR -0.7m after 9M was after EUR 4.2m impairment (charged in Q2) and EUR -0.5m restructuring and transformation expenses levied in Q3. Adjusting for these exceptional items, the underlying EBIT of EUR 3.9m (down 17%) meant an adjusted 7.2% margin (vs. 9.0% in 9M'22) which was slightly above expectations post the H1 update (which had necessitated a lowering of annual targets).

Excluding EUR 4.2m impairment and EUR 226k of transformation expenses, the underlying 9M EBIT for German operations was EUR 3.8m implying c.8.8% margin (vs. 11.0%) is slightly disappointing, reflecting client hesitancy to sanction new projects during the summer. Adding-back EUR 248k transformation expenses in the UK/USA there was a lowering of margins to 10.4% (11.6%) and a slight dip to 17.0% margin in Poland (17.5%) but both of which were each a touch better than expected.

The financial result increased to EUR -1.2m in 9M'23 (EUR -0.7m) and net income was indicated at EUR -2.7m after 9M'23 (from EUR 3.0m) which was in line with Pareto estimates.

Cash flows

Per end of September, SYZYG GROUP had liquidity reserves totalling EUR 2.2m, corresponding to a decline of EUR 6.7m compared with December 31, 2022. Liquid funds decreased by EUR 5.7m to EUR 2.8million. The securities portfolio was liquidated (realising EUR 0.8m), with no securities now being held. The change in liquid funds is largely due to the dividend paid to shareholders and the repayment of debt capital items.

Although the EUR 4.2m impairment impacted reported net income in 9M'23 (EUR -2.7m), it similarly increased depreciation / amortisation up to EUR 8.3m. Thus, at EUR 6.0m cash flow from operations in the period was EUR 0.9m lower than 9M'22 reflecting the weaker underlying results. With a higher (EUR 4.5m) sum invested in working capital this year, operating cash flow was EUR 1.5m compared to EUR 3.7m in nine-months 2022.

SYZGY GROUP: Cash flows – nine months and full year comparisons (EUR m)

EUR m	9M'22	FY'22	9M'23	FY'23E
Net income	2.9	-7.5	-2.7	-2.1
Depreciation/amortisation	4.0	16.8	8.3	9.6
Other	0.0	-0.3	0.4	-0.6
CF before NWC	6.9	8.9	6.0	6.9
Change NWC	-3.2	3.6	-4.5	0.3
Operating Cash Flow	3.7	12.6	1.5	7.3
Capex	-0.9	-0.6	-0.2	-0.5
Other investing	-2.6	-4.5	-0.1	-0.5
Cash flow from investments	-3.4	-5.1	-0.3	-1.0
Free cash flow	0.2	7.4	1.1	6.3
Dividends	-2.7	-2.7	-3.0	-3.0
Net change in interest bearing debt	2.7	1.0	-3.3	-4.6
Minority payments	-0.2	-0.2	-0.1	-0.1
Cash flow from financing	-0.2	-1.9	-6.4	-7.7
FX/Other	0.1	0.1	-0.4	-0.4
Net change in cash & liquid assets	0.1	5.7	-5.7	-1.9
Cash at period start	2.1	2.1	7.8	7.8
Cash at period end	2.3	7.8	2.8	5.9

Source: Pareto Securities

On the other hand, cash flow from investing was only EUR -0.3m in 9M'23 compared to a sum of EUR -3.4m in 9M'22. Changes in non-current assets of EUR 0.5m, interest payments for lease obligations according to IFRS 16 of EUR 0.4m and investments in intangible assets and fixed assets of EUR 0.2 m adversely affected cash flow. Against that, the sale of securities was a positive factor, generating EUR 0.8m.

Thus, free cash flow of EUR 1.1m was clearly better than EUR 0.2m in the comparative period. The main items in the EUR -6.4m cash flow from financing activities included payment of a dividend to SYZGY AG shareholders amounting to EUR 3.0m and the repayment of lease liabilities of EUR 2.8m.

Balance sheet structure

The balance sheet structure has changed a little over the past year. Total assets decreased by EUR 11.8m to EUR 87.4m in the period under review compared to December 31, 2022, representing a fall of 12%, or 19% below the balance sheet sum one year earlier.

The key factor in the balance sheet contraction was the EUR 15.1m decline (yoy) in goodwill following impairments amounting to EUR 11.4m last December and EUR 4.2m in June. Of the remaining EUR 39.1m goodwill, EUR 24.6m relates to German assets which have been performing well and for which we envisage little risk of write down.

A further EUR 6.6m goodwill relates to Polish subsidiary Ars Thanea and EUR 8.3m to SYZGY UK Ltd operations. Recent results indicate that the design studio, with a focus on digital illustration, motion design and interactive design has turned the corner and neither do we see a reduction there as necessary, although the UK has yet to see a noticeable improvement.

In total non-current assets declined to EUR 66.2m, down EUR 5.4m compared to the December 2022 balance sheet and EUR 17.1m compared to September last year. There has been a modest reduction in fixed assets, now at EUR 24.9m, due to depreciation being higher than new capex.

Within EUR 21.2m current assets, the largest position relates to receivables (EUR 16.3m per September) whilst cash & liquid funds amounted to EUR 2.8m.

SYZYGY GROUP: Balance sheet assets (EUR m)

EUR m	9M'22	FY'22	9M'23	yoy
Tangible non-current assets	26.8	26.9	24.9	-7%
Goodwill	54.2	43.0	39.1	-28%
Total other non-current assets	2.3	1.7	2.2	-7%
Non-current assets	83.3	71.6	66.2	-21%
Receivables	19.3	16.2	16.3	-16%
Prepaid/Other current assets	2.5	2.5	2.2	-15%
Marketable securities	1.1	1.1	0.0	-100%
Cash and liquid assets	2.3	7.8	2.8	24%
Current assets	25.2	27.6	21.2	-16%
Total assets	108.5	99.2	87.4	-19%

Source: Pareto

SYZYGY GROUP: Shareholders & Liabilities (EUR m)

EUR m	9M'22	FY'22	9M'23	yoy
Interest-bearing non-current debt	19.5	19.9	18.8	-4%
Pension Provisions	0.0	0.0	0.0	n.m.
Other non-current debt/Tax	0.9	0.5	0.7	-29%
Non-current liabilities	20.5	20.4	19.5	-5%
Contract liabilities/Adv payments	7.5	6.1	4.6	-38%
Accounts payable	3.4	8.8	6.8	99%
Other current debt	22.0	18.8	16.5	-25%
Current liabilities	32.9	33.7	27.9	-15%
Total equity	55.2	45.1	40.0	-27%
Total liabilities	108.5	99.2	87.4	-19%

Source: Pareto

At EUR 40.0m, equity was down by EUR 5.1m compared to December 2022, and EUR 15.2m down yoy. In addition to net income of EUR -2.6m, the dividend distribution of EUR 3.0m reduced retained earnings. This was partly offset by a positive change in other comprehensive income of EUR 0.6m. The latter is due to currency translation adjustment from foreign business operations. The equity ratio increased by 1 percentage point to 46 per cent due to the relatively larger drop in total assets.

Non-current liabilities amounted to EUR 19.5m per 9M'23, about one million euros below the level at the last fiscal year end and compared to September 2022. Within this, the largest amount are long-term financial liabilities of EUR 18.8m, which we believe is largely finance leases with some bank financing (specific amounts not given with quarterly report).

At EUR 27.9m, current liabilities were significantly below both the level as at year-end 2022 and that of 9M'22. Compared to December, this drop mainly involves a fall of EUR 2.0m in accounts payable, of EUR 1.9m in other current liabilities and of EUR 1.5m in contract liabilities.

Full-year 2023 guidance is confirmed and looks reasonable

The FY'23 guidance has been confirmed, now calling for low single-digit revenue growth and an underlying EBIT margin in the 5-7% corridor, both of which look comfortable in our view. We model 2.5% revenue growth (to EUR 72.3m) and EUR 5.5m EBIT before exceptional items for an implied 7.6% underlying margin.

The latter is before the EUR 4.2m impairment (charged in Q2) and a total of EUR 1m assumed for transformation expenses (with EUR 474k applied in Q3 and PAsE EUR 526k for Q4). Thus, we currently assume underlying profit in Q4'23 of EUR 1.6m, or EUR 1.1m for reported EBIT. For FY'23 that would mean EUR 0.3m reported EBIT.

SYZYGY GROUP: Minor changes to Pareto estimates 2023-25E

EUR m	2023E			2024E			2025E		
	Old	New	Chg.	Old	New	Chg.	Old	New	Chg.
Revenues	71.9	72.3	0.6%	78.0	78.0	0.0%	83.6	83.7	0.1%
Underlying EBIT	4.6	5.5	20%	7.6	7.3	-3%	8.5	8.3	-3%
Underlying margin (%)	6.4%	7.6%	124 bp	9.7%	9.4%	-32 bp	10.2%	9.9%	-27 bp
EBIT	0.4	0.3	-19%	7.6	7.3	-3%	8.5	8.3	-3%
EBIT margin (%)	0.5%	0.4%	-10 bp	9.7%	9.4%	-32 bp	10.2%	9.9%	-27 bp
Pretax	-1.1	-1.2	n.a	6.6	6.3	-4%	7.6	7.4	-3%
Net result	-1.0	-2.1	n.a	4.7	4.5	-5%	5.4	5.2	-3%
EPS	-0.07	-0.15	n.a	0.35	0.33	-5%	0.40	0.39	-3%

Source: Pareto Securities

For 2024E, we model a steady improvement in demand as the year progresses in anticipating 7.8% revenue growth to EUR 78m, rising to EUR 83.7m in 2025E. Although Poland is expected to grow nicely and the UK should also begin to recover, these two forecast years will largely reflect group developments in Germany.

With no further exceptional items anticipated, there ought to be a strong recovery in EBIT. For 2024E, we model margins recovering 180bp to 9.7% to generate EUR 7.3m operating profit, which would be the second highest (absolute level and margin) in the group's recent history. With all segments back to speed in 2025, we would anticipate further margin expansion towards the 10% level supporting EUR 8.3m EBIT.

TP EUR 7.0: Buy rating confirmed with significant upside potential

In setting our target price for SYZYG GROUP, rather than just rely on our DCF model (as we did previously, since this best highlight long-term value in the shares) we now additionally review a blend of peer company multiples (which more reflect on market sentiment for similar business models). Both metrics point to substantial upside to the current share price, which we believe is depressed by uncertainty regarding SYZYG AG (first time need to lower guidance and search for new CEO) and the prevailing discount is unwarranted.

Peer multiples point to EUR 5.1

For the peer analysis, we review FactSet consensus data for 2024 for seven companies, based in the advertising market. Although some are a good size larger than SYZYG GROUP and operate more on an international scale, we view their valuations as being reflective of consumer sentiment towards the sector today. From this, we impute valuations for SYZYG AG based on four commonly viewed ratios.

Peer values: Derived values implied by peer multiples vary between EUR 3.3 and EUR 6.9

Company	Share Price EUR	Mkt. Cap. EUR m	Div. Yield 2024	PE 2024E	EV/EBIT 2024E	EV/Sales 2024E
Criteo SA Sponsored ADR	24.8	1,396	0.0	8.8	5.1	0.93
Omnicom Group Inc	86.3	17,086	3.5	11.1	7.7	1.18
Publicis Groupe SA	82.9	20,762	4.0	11.6	8.4	1.48
Reply S.p.A.	113.5	4,231	1.0	20.2	12.9	1.65
SAP SE	141.2	165,162	1.5	23.0	16.3	4.73
S4 Capital plc	0.5	282	1.7	6.1	4.5	0.49
WPP Plc	7.4	7,977	5.4	7.8	6.3	0.94
Median			3.5	11.1	7.7	1.18
SYZYG AG	3.22	43.47	8.1	8.9	6.4	0.64
relativ			233%	81%	84%	54%
Est. DPS / EPS / EBIT / Sales			0.24	0.33	7.3	78.0
Forecasts Net debt (incl. pensions)					11	11
No. Shares at year end					13.5	13.5
Fair value per share at peer median			6.9	3.7	3.3	6.0

Source: Pareto Securities

The lowest implied value implied by this analysis is EUR 3.3 for SYZYG AG based on EV/EBIT multiples. Even though this value is slightly above the current level of the group's share price, we see it as heavily deflated since we still view 2024 as a recovery year for the group with revenues gradually recovering through the year and our forecast 9.4% EBIT margin still below the natural level (of c.10%). For the same reason, the EUR 3.7 implied by applying PE multiples is seen as too low.

By contrast, the EUR 6.9 fair value for SYZYG GROUP implied by applying the sector dividend yield would be a much better guide given the strong track record that the group has in maintaining a steady dividend payment, even in difficult years. Based on EV/sales a target of EUR 6.0 is found.

The average of all four peer value indications is EUR 5.1. In our view, the EUR 5.1 benchmark found by comparing to peer multiples adds further credence to a target price substantially above the prevailing level.

DCF points to EUR 8.9

Within the DCF model, we previously raised company beta to 1.4 (from 1.2) given the need for a second goodwill write-down within six months (there had also been a hit of EUR 11m with the 2022 accounts). With other assumptions maintained (28% tax rate applied, 75% equity ratio assumed), this raised the calculation of WACC to 9.0%.

With only minor adjustments to our near-term forecasts, our DCF points to EUR 8.9 as fair value

EUR m	Phase I					Phase II					Phase III
	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	
Revenues	72.3	78.0	83.7	89.1	94.6	100.2	105.2	110.1	114.7	119.2	
<i>growth rate</i>	8.3%	7.8%	7.3%	6.4%	6.2%	5.9%	5.1%	4.6%	4.2%	3.9%	
EBIT	0.3	7.3	8.3	8.8	9.6	10.4	10.8	11.1	11.4	11.9	
<i>EBIT margin</i>	0.4%	9.4%	9.9%	9.9%	10.2%	10.3%	10.2%	10.0%	9.9%	10.0%	
Tax	-0.8	-1.6	-2.0	-2.3	-2.6	-2.9	-3.0	-3.1	-3.2	-3.3	
<i>Tax rate</i>	244%	22%	24%	26%	27%	28%	28%	28%	28%	28%	
Depr. & Amort.	9.6	5.2	5.2	5.3	5.4	5.4	5.5	5.5	5.5	5.5	
<i>% of sales</i>	13.3%	6.6%	6.2%	6.0%	5.7%	5.4%	5.2%	5.0%	4.8%	4.6%	
Capex	-0.5	-1.7	-1.9	-2.0	-2.2	-2.4	-2.7	-2.7	-3.0	-3.6	
<i>% of sales</i>	0.7%	2.2%	2.2%	2.3%	2.3%	2.4%	2.5%	2.4%	2.6%	3.0%	
Change in WC	0.3	0.5	0.3	0.0	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	
<i>% of sales</i>	-0.5%	-0.7%	-0.4%	0.0%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	
Free Cash Flow	9.0	9.6	10.0	9.8	9.9	10.2	10.3	10.4	10.4	10.1	136
<i>growth rate</i>	nm	6.5%	3.7%	-1.9%	1.5%	2.3%	1.3%	1.5%	-0.8%	-2.0%	1.5%
Present Value FCF	9.0	8.8	8.4	7.5	7.0	6.6	6.1	5.7	5.2	4.6	62
PV Phase I	41		Risk free rate			3.5%		Targ. equity ratio		75%	
PV Phase II	28		Premium Equity			5.0%		Beta		1.4	
PV Phase III	62		Premium Debt			3.0%		WACC		9.0%	
Enterprise value	131		Sensitivity			Growth in phase III					
- Net Debt (Cash)	11					0.5%	1.0%	1.5%	2.0%	2.5%	
- Pension Provisions	0					8.1%	9.3	9.7	10.1	10.6	11.2
- Minorities & Peripherals	0					8.6%	8.8	9.1	9.5	9.9	10.4
			WACC			9.0%	8.3	8.6	8.9	9.3	9.7
Equity value	120					9.5%	7.9	8.1	8.4	8.7	9.1
Number of shares	13.5					10.0%	7.5	7.7	8.0	8.2	8.5
Value per share (€)	8.9										

Source: Pareto Securities

Beyond the detailed forecast period, revenue growth slows to below 5% during phase II, which could be cautious given the likely strong demand for support in digital transformation and marketing services offered by Syzygy. Terminal growth is assumed at 1.5%.

Although EBIT margin is forecast to peak at 10.3% within our model, we assume this edging-back to 10% in the longer-term.

With no write-downs assumed going forward, depreciation and amortization will fall significantly in 2024E (to around EUR 5.2m) and is expected to slowly grow again from this level as investments increase again. It is clear from the 9M figures that net capex in the current year will be offset by the sale of securities (EUR 0.8m) but is expected to rise again next year. In the absence of larger projects, capex is assumed at 2.5-3.0% ratio to sales with working capital investment at less than 1% p.a.

The DCF-derived value is EUR 8.9 and better reflects the longer-term prospects of the group. It is also close to the level that WPP bid when it first made a general offer for SYZYGY.

Taking an equal blend of the peer company valuation (EUR 5.1) and DCF (EUR 8.9) yields a EUR 7.0 target price.

With EUR 7.0 seen as fair value, significantly above (>100%) the current depressed share price, we retain a Buy rating on SYZYG GROUP.

EUR 7.0 TP gives equal weighting to peer comparison and DCF model

Fair value peers / share (av.)	5.1	+	Fair value DCF	8.9
Target Price (equal weighting)	7.0			

Source: Pareto Securities

PROFIT & LOSS (fiscal year) (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Revenues	66	64	56	60	71	72	78	84
EBITDA	8	11	10	15	12	10	12	14
Depreciation & amortisation	(2)	(5)	(6)	(8)	(17)	(10)	(5)	(5)
EBIT	6	5	4	6	(5)	0	7	8
Net interest	0	(0)	(1)	(1)	(1)	(1)	(1)	(1)
Other financial items	0	-	-	-	-	-	-	-
Profit before taxes	7	5	3	5	(6)	(1)	6	7
Taxes	(2)	(2)	(1)	(1)	(1)	(1)	(2)	(2)
Minority interest	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Net profit	5	3	2	4	(7)	(2)	5	5
EPS reported	0.35	0.26	0.15	0.30	(0.56)	(0.15)	0.33	0.39
EPS adjusted	0.35	0.26	0.15	0.30	(0.56)	(0.15)	0.33	0.39
DPS	0.39	-	0.15	0.20	0.22	0.22	0.24	0.27
BALANCE SHEET (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Tangible non current assets	7	32	31	30	27	24	21	17
Other non-current assets	59	61	60	57	45	41	41	41
Other current assets	32	25	17	24	20	17	16	14
Cash & equivalents	12	1	6	2	8	6	9	11
Total assets	110	119	113	113	99	88	86	84
Total equity	54	53	54	56	45	39	39	40
Interest-bearing non-current debt	17	36	31	24	20	17	16	14
Interest-bearing current debt	-	-	-	-	-	-	-	-
Other Debt	39	31	28	33	34	32	31	30
Total liabilities & equity	110	119	113	113	99	88	86	84
CASH FLOW (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Cash earnings	6	10	9	8	9	7	9	10
Change in working capital	11	(15)	1	0	4	0	1	0
Cash flow from investments	(5)	4	(4)	(5)	(5)	(1)	(2)	(2)
Cash flow from financing	(7)	(10)	(2)	(7)	(2)	(8)	(5)	(6)
Net cash flow	5	(11)	5	(4)	6	(2)	3	2
VALUATION (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Share price (EUR end)	8.0	7.3	5.7	6.3	5.3	3.28	3.40	3.40
Number of shares end period	14	14	13	14	14	14	14	14
Net interest bearing debt	(5)	31	26	20	11	11	7	3
Enterprise value	103	129	102	106	82	56	53	49
EV/Sales	1.6	2.0	1.8	1.8	1.2	0.8	0.7	0.6
EV/EBITDA	12.6	11.9	10.6	7.3	7.1	5.7	4.3	3.6
EV/EBIT	16.9	23.5	25.6	16.6	-	-	7.3	5.9
P/E reported	22.9	28.2	37.2	21.3	-	-	10.2	8.8
P/E adjusted	22.9	28.2	37.2	21.3	-	-	10.2	8.8
P/B	2.0	1.8	1.4	1.5	1.6	1.1	1.2	1.2
FINANCIAL ANALYSIS	2018	2019	2020	2021	2022	2023e	2024e	2025e
ROE adjusted (%)	8.6	6.5	3.9	7.3	-	-	11.6	13.1
Dividend yield (%)	4.9	-	2.6	3.2	4.2	6.7	7.1	7.9
EBITDA margin (%)	12.4	16.9	17.4	24.2	16.4	13.7	16.0	16.1
EBIT margin (%)	9.2	8.6	7.2	10.6	-	0.4	9.4	9.9
NIBD/EBITDA	(0.66)	2.89	2.65	1.37	0.95	1.16	0.57	0.21
EBITDA/Net interest	-	35.90	13.85	14.79	13.65	7.29	12.49	15.03

PROFIT & LOSS (fiscal year) (EURm)	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23e
Revenues	17	17	18	18	19	17	18	18
EBITDA	3	3	3	3	3	2	3	2
Depreciation & amortisation	(1)	(1)	(1)	(13)	(1)	(5)	(2)	(1)
EBIT	2	1	2	(10)	2	(4)	1	1
Net interest	(0)	(1)	(0)	(0)	(1)	(0)	(0)	(0)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	1	1	2	(10)	1	(4)	1	1
Taxes	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Minority interest	(0)	(0)	(0)	0	(0)	(0)	(0)	0
Net profit	1	1	1	(10)	1	(4)	1	1
EPS reported	0.08	0.05	0.08	(0.77)	0.06	(0.30)	0.04	0.05
EPS adjusted	0.08	0.05	0.08	(0.77)	0.06	(0.30)	0.04	0.05
DPS	-	-	-	-	-	-	-	-
BALANCE SHEET (EURm)	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23e
Tangible non current assets	29	28	27	27	27	26	25	24
Other non-current assets	57	57	57	45	45	41	41	41
Other current assets	23	22	23	20	20	19	18	17
Cash & equivalents	2	4	2	8	4	4	3	6
Total assets	111	110	108	99	95	91	87	88
Total equity	57	57	55	45	46	43	40	39
Interest-bearing non-current debt	23	22	20	20	20	20	19	17
Interest-bearing current debt	-	-	-	-	-	-	-	-
Other Debt	31	31	34	34	29	29	29	32
Total liabilities & equity	111	110	108	99	95	91	87	88
CASH FLOW (EURm)	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23e
Cash earnings	3	2	2	2	3	1	2	1
Change in working capital	(1)	(4)	2	7	(3)	(1)	(1)	5
Cash flow from investments	(2)	1	(2)	(2)	1	(2)	0	(1)
Cash flow from financing	(0)	3	(3)	(2)	(5)	2	(3)	(1)
Net cash flow	0	2	(2)	6	(4)	1	(2)	4
VALUATION (EURm)	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23e
Share price (EUR end)	6.1	5.9	4.63	5.3	5.5	5.1	3.56	3.28
Number of shares end period	14	14	14	14	14	14	14	14
Net interest bearing debt	18	17	16	11	16	15	16	11
P/E reported	20.1	21.0	16.1	-	-	-	-	-
P/E adjusted	20.1	21.0	16.1	-	-	-	-	-
P/B	1.4	1.4	1.1	1.6	1.6	1.6	1.2	1.1
FINANCIAL ANALYSIS	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23e
Dividend yield (%)	-	-	-	-	-	-	-	-
EBITDA margin (%)	17.5	16.2	16.3	15.6	15.9	10.4	15.1	13.2
EBIT margin (%)	9.6	8.5	9.0	-	9.1	-	6.7	5.9
NIBD/EBITDA	1.64	1.45	1.22	1.35	1.30	1.38	1.40	1.48
EBITDA/Net interest	15.29	11.80	13.24	13.65	8.39	9.39	7.24	5.95

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Appendix A

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

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

Companies	No. of shares	Holdings in %
Austevoll Seafood	1,051,640	0.52 %
Bonheur	243,238	0.57 %
Pareto Bank	16,190,207	23.18 %
Pexip Holding	809,595	0.78 %
SpareBank 1 Nord-Norge	5,006,421	4.99 %
SpareBank 1 SMN	2,944,305	2.27 %
SpareBank 1 SR-Bank	2,468,327	0.97 %
SpareBank 1 Østfold Akerhus	1,232,613	9.95 %
SpareBank 1 Østlandet	6,990,591	6.58 %
Sparebanken Møre	376,703	0.76 %
Sparebanken Sør	495,000	1.19 %
Sparebanken Vest	9,071,469	8.27 %
SpareBank 1 Sørøst-Norge	2,874,322	4.56 %

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

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

Company	Analyst holdings*	Total holdings
2020 Bulkers		15,534
2G Energy		340
ABB Ltd.		580
Aker ASA	500	2,247
Aker BP		9,969
Aker Carbon Capture		8,976
Aker Horizons		502,071
AMSC ASA		3,600
Aprilia Bank		22,675
Atlantic Sapphire		38,072
Austevoll Seafood		2,923
B3 Consulting Group		2,000
Bakkafrost		600
BB Biotech		460
Biolinvent		15,000
Bonheur		30,368
Bouvet		5,500
BW Energy		73,459
BW LPG		1,950
BW Offshore		3,000
Cloudberry Clean Energy		8,690
Cool Company		5,610
Crayon		21,151
Deep Value Driller		7,800
Dermapharm Holding SE		750
DNB		16,402
DNO		74,331
Elkem		65,170
Elmera Group ASA		32,755
Embracer Group		32,520

Company	Analyst holdings*	Total holdings
Encavis AG		630
Eneti		525
Equinor		4,873
Europris		15,018
Evolution		52
Flex LNG		595
Frontline		11,820
Gaming Innovation Group		10,010
Genel Energy		5,700
Getinge		260
GFT Technologies		270
Gjensidige Forsikring	519	3,040
Grieg Seafood		11,801
Halfnia Ltd.		93,223
Hennes & Mauritz B		1,085
Høegh Autoliners		10,963
International Petroleum Corp		7,676
Kahoot		1,724
Kambi Group plc		430
Kinnevik AB		495
Kitron		21,138
Komplett ASA		111,754
Kontron AG		350
Lea bank		16,355
Lerøy Seafood Group		127,350
Lundin Mining Corp.		7,652
Morrow Bank		171,200
Mowi		10,256
MPC Container Ships		7,190
Multitude		2,443
Mutares SE & Co. KGaA		433
NorAm Drilling		6,883
Nordic Semiconductor		10,127
Norsk Hydro		77,351
Norske Skog		86,806
Norwegian Air Shuttle		63,507
Odjell Drilling		2,186
Okeanis Eco Tankers		8,012
Orkla		7,286
Otovo ASA		35,400
Panoro Energy		36,833
Pareto Bank		833,723
Petro Tal		20,000
Pexip Holding		809,595
Protector Forsikring		9,436
PSI Software		300
QleanAir		3,498
Quantafuel		16,812
REC Silicon		5,739
SaMar		224
Sandnes Sparebank		2,500
Scorpio Tankers		2,227
Seddrill Ltd		10,910
Securitas AB		656
Siem Offshore		2,000
Solstad Offshore		124,000
SpareBank 1 Nord-Norge	725	744
SpareBank 1 SMN		5,943
SpareBank 1 SR-Bank		10,497
SpareBank 1 Sørøst-Norge		3,000
SpareBank 1 Østlandet	1,100	1,100
Sparebanken Møre		950
Sparebanken Sør		15,000
Sparebanken Vest		966
Standard Supply		20,000
Stolt-Nielsen		2,100
Stora Enso		1,396
Storebrand	100	2,600
Storytel		17,115
Subsea 7		20,971
Telenor		4,183
Telia Company		5,000
TGS		11,595
Thule Group		800
Tomra Systems ASA		500
Transocean		10,000
Valaris		3,427
Vestas Wind Systems		1,275
Viscom		1,300
Volue		21,000
Vår Energi	0	284,626
Yara	0	18,424
Zaptec	0	24,800

This overview is updated monthly (last updated 15.12.2023).

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

Appendix B

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

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

Acroud AB	PHM Group Holding
Advanzia Bank S.A.	Point Resources Holding AS
Alva Industrier AS	Prosafe
AM SC ASA	Protector Forsikring ASA
APK AG	PuPac AB
Archer	Quality Living Residential AS
Argeo AS	ReFuels
Austevoll Seafood	RelyOn Nutec A/S
Ayfie Group AS	Salmon Evolution
Beerenberg Services AS	Scala Eiendom
Benchmark Holdings	Seacrest Petroleum
BlueNord	Shamaran Petroleum
Bonheur AS	Skandia GreenPower
Borr Drilling	Sparebanken Sør
BW Epic Kosan	SSCP Lager Bidco AB
BW Group Limited	Standard Supply
Cabonline Group Holding	Tasik Toba Subsea AS
Cadeler	Treasure ASA
CCS Finansiering AS	Vantage Drilling International
CEM Asys AS	Vesterålen Havbruk AS
CERAFILTEC	Viking Venture 28 AS
Clemens Kraft AS	Waldorf Production Ltd.
COOL Company	Watfif EV
DEAG Deutsche Entertainment AG	wheel.me
Delignit	Ziton A/S
Dessert Control AS	
DQF	
Dolphin Drilling	
Edda Wind	
EdR Certified Origin Physical Gold Plc	
Eidesvik Offshore	
EIK Servicing AS	
Endur ASA	
Energy Drilling Pte. Ltd.	
Fertiberia Corporate S.L.U.	
First Camp Group	
Fishbase Group AS	
Floatel	
Fredrikstad Energi AS	
Froy ASA	
GC Rieber Shipping ASA	
Gjensidige Forsikring ASA	
Golar LNG	
Golden Energy Offshore Services AS	
Grøntvedt AS	
Halnia Ltd.	
Hertha BSC GmbH & Co. KGaA	
HMH Holding B.V.	
Huddly AS	
HydrogenPro	
HÖRMANN Industries GmbH	
Idavang A/S	
Instabank ASA	
International Petroleum Corp.	
Katjes International GmbH&CO	
Kezzler AS	
Klaveness Combination Carriers ASA	
KMC Properties	
Kraft Bank	
Kron AS	
Krow Bidco AS	
Kruse Smith	
LoneStar Group	
Maha Energy	
Mime Petroleum	
Mintra Group	
Morrow Bank	
Mutares SE & Co. KGaA	
NEXT Biometrics Group ASA	
Nordic Aqua Partners AS	
Nordic Unmanned	
Norlandia Health & Care Group	
Norse Atlantic ASA	
Northern Ocean	
OKEA	
Otovo ASA	
Pareto Bank	
PGS ASA	

This overview is updated monthly (this overview is for the period 01.12.2022 – 30.11.2023).

Appendix C

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

Distribution of recommendations	
Recommendation	% distribution
Buy	73%
Hold	26%
Sell	2%
Distribution of recommendations (transactions*)	
Recommendation	% distribution
Buy	92%
Hold	8%
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 15.12.2023).

Appendix D

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

Disclosure of positions in financial instruments

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

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

Disclosure of assignments and mandates

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

ADDvisse Group AB	Hanza AB	Xbrane Biopharma AB
Adtraction Group AB	Hexicon AB	Xsray Pharma AB
Artificial Solutions International AB	Media & Games Invest plc	Vicore Pharma Holding AB
Boute Diagnostics AB	Renewcell AB	VNV Global AB
Cibus Nordic Real Estate AB		

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

Adtraction AB	Media & Games Invest plc.	Sedana Medical AB
Implantica AG	Mentice AB	VEF
Lundin Gold	Modelon AB	

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

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

Aarhus Rssidentials	Hallsell Property Invest AB	Målaråsen AB
Backåheden Fastighets AB	Korsängen Fastighets AB (publ)	One Publicus Fastighets AB
Bonåsudden Holding AB (publ)	Krona Public Real Estate AB	Origa Care AB (publ)
Borglândia Fastighets AB	Logistri Fastighets AB	Preservium Property AB
Fleming Properties AB		

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

This overview is updated monthly (last updated 15.12.2023).

Appendix E

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

Designated Sponsor

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

2G Energy AG	IVU Traffic AG	Pryme B.V.
ad pepper media International N.V.	Kontron AG	PSI AG
Biotest AG	Logwin AG	Pyrum Innovations AG
Biotest AG Pfd.	manz AG	Salmones Camanchaca S.A.
Corestate Capital Holding S.A.	MAX Automation SE	Seven Principles AG
Daldrup & Söhne AG	Merkur Privatbank AG	SHOP APOTHEKE EUROPE N.V.
DEMIRE AG	MetaWolf AG	SMT Scharf AG
DF Deutsche Forfait AG	M LP SE	Surteco AG
epigenomics AG	MPC Container Ships ASA	SYZYGY AG
Foris AG	M uehlhahn AG	TTL Beteiligungs- und Grundbesitz AG
Gesco AG	M utares SE & Co. KGaA	Uzin Utz SE
GFT Technologies SE	OVV Holding AG	VERIANOS SE
Gigaset AG	ProCredit Holding AG	Viscom AG
Heidelberg Pharma AG	Progress-Werk Oberkirch AG	WPU - Waste Plastic Upcycling AS
INTERSHOP Communications AG		

Appendix F

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

Sponsored Research

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

2G Energy AG	Gesco AG	Mutares SE & Co. KGaA
BB Biotech AG	GFT Technologies SE	Mynaric AG
Biotest AG	Gigaset AG	OHB SE
Biotest AG Pfd.	Heidelberg Pharma AG	ProCredit Holding AG
Clig Digital AG	Hypoport SE	Progress-Werk Oberkirch AG
Daldrup & Söhne AG	INTERSHOP Communications AG	PSI AG
Delignit	Kontron AG	Siegfried Holding AG
Dermapharm Holding SE	Logwin AG	SMT Scharf AG
Enapter AG	MAX Automation SE	Surteco AG
epigenomics AG	Merkur Privatbank AG	SYZYGY AG
exceet Group	M LP SE	Viscom AG
Expres2ion Biotech Holding AB		

This overview is updated monthly (last updated 02.01.2023).