LeanVal RESEARCH

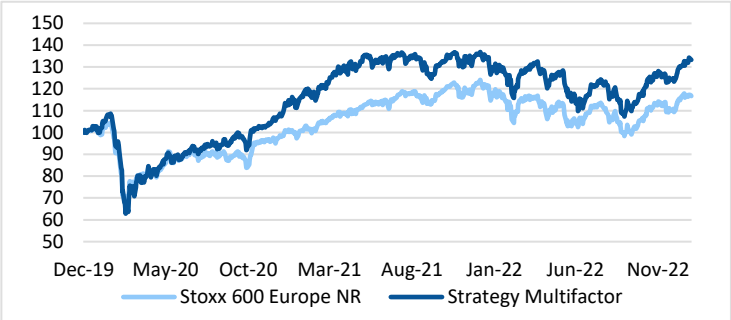
LeanVal Strategy Multifactor

Stocks in Focus

LeanVal Research stands for in-depth, independent, fundamental equity research. We use our own, functionally, and academically tested multi-factor approaches, which have proven to be strong performers and robust in a wide range of market phases. The factors are fundamental and technical and cover a broad range of areas which include value, quality, stability, growth, and momentum. This know-how is the basis for the four LeanVal model strategies: Sustainable Dividends, Quality Value, Growth Momentum, and Multifactor.

Based on the defined strategy, approximately 40 stocks are selected from the LeanVal universe quarterly and are made available as a portfolio. In the following report, five stocks from the Multifactor strategy are analyzed in more detail. The LeanVal equity strategies were launched in January 2020.

Performance indicator of the strategy vs. benchmark (31/12/2019 – 31/01/2023)



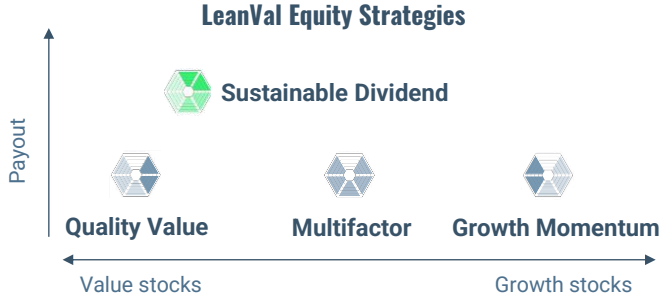
Performance of the model strategy in euros without costs. A positive performance in the past is no guarantee of a positive performance in the future and in no case represents a return or risk commitment for the future. Sources: Morningstar, LeanVal Research.

The LeanVal strategy "Multifactor" uses the five factors Value, Quality, Stability, Growth, and Momentum equally weighted for the stock selection. The result is a well-founded and comprehensive assessment of each stock. This makes it possible to identify the companies that appear to be the most attractive compared to their competitors based on the relative assessment. In addition, the combination of these five factors makes the selection robust against outliers, which minimizes the influence of individual factors compared to a one-dimensional approach.

The figure above is the back test of the strategy created with the LeanVal Screener according to the defined selection criteria.

In 2023, the strategy achieved a performance of 8.0%. Since the strategy's launch at year-end 2019, the total return (before costs) is 33.2%, outperforming the Stoxx 600 Europe NR Index by 16.5%. The dividend yield is 2.9% (trailing) or 3.3% (expected dividend T+1). The current P/E ratio is 18.9 (trailing) (T+1: 16.2).

LeanVal Equity Strategies



LeanVal Strategy Multifactor

Selection criteria

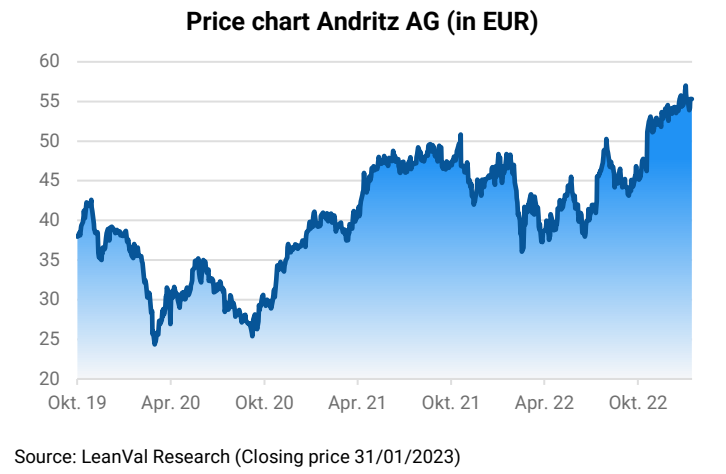
- Strong fundamental data
- Robust earnings
- High added value
- Attractive cash flows
- Stable momentum

Andritz AG (Buy; EUR 67.00)

ISIN: AT0000730007
Country: Austria
Sector: Industrials
Industry: Industrials
Market Cap: EUR 5.4 billion

Andritz AG is an Austrian technology company operating in four segments: Hydro (Sales share 2022: 21%), Pulp & Paper (49%), Metals (21%), and Separation (9%). Hydro manufactures electromechanical equipment for hydropower plants such as turbines, generators, and auxiliary equipment. It also manufactures pumps for water transport and turbogenerators for thermal power plants. The Pulp & Paper segment includes equipment for the production and further processing of all types of pulp, paper, board, and tissue paper. The Metals division (95% shareholding in the Schuler Group) is, according to its own statements, the world market leader in forming technology. Its product range includes presses, dies, automation solutions, process know-how, and services for the metalworking industry. In the separation sector, products for solid-liquid separation are offered. These include both mechanical (centrifuges, filters, thickeners, or separators) and thermal technologies (dryers or coolers).

In the first nine months of 2022, impressive sales growth YOY of 14.5% was observed. Furthermore, in the third quarter growth of 24.3% was achieved compared to the same period of the previous year. All segments were able to present significantly improved figures, with the Metals division standing out positively with an increase of 18.6% in the first nine months. Similarly, the total order backlog increased by 47.5% to a value of EUR 7.45 billion. The Hydro segment had the largest percentage growth (+61.1%) with an increase in contracts to supply electromechanical orders for a hydropower plant in Senegal. The group reported an EBITDA of EUR 557 million, which corresponds to strong growth of around 15%. EBIT even increased by about 20% to EUR 378 million in the first nine months. The EBIT margin also improved slightly by 32 basis points to 7.25%. Especially due to the strong inflation of energy and raw material costs and disruptions in the global supply chains as a result of the war in Ukraine, material costs increased disproportionately by around 20%. Personnel costs, however, rose much more moderately by 8.5%. The bottom line was a net profit of EUR 262.3 million (+25%). The operating cash flow of EUR 443 million (Q1-Q3 2021: EUR 184 million) is also significantly higher than in the same period of the previous year.



In the recent past (5 years), a certain fluctuation in turnover could be observed. Sales increased from EUR 5.9 billion in 2017 to EUR 6.5 billion in 2021, with 2020 being the most successful year with a value of EUR 6.7 billion. This is partly due to the fact that Andritz operates in a competitive market where a few suppliers bid on a limited number of large projects. EBIT fluctuated even more, ranging from 266 million EUR (EBIT margin: 4.0%) in 2019 to 491.2 million EUR (7.6%) in 2021. Nonetheless, Andritz has always been able to achieve high positive value creation, measured by return on invested capital (ROIC). With a ROIC of 16.1% in the last three years, the company has been significantly more profitable than the sector (9.4%). Andritz has high liquidity, with a balance sheet total of 7.7 billion EUR and a cash position of 1.8 billion EUR in assets. This also puts into perspective the high gearing of 0.9 (sector: 0.6). Although the share price is currently trading close to an all-time high of around EUR 56. Next year's dividend yield of 3.2% at EUR 55.3 still appears attractive.

Going forward, sales are forecast to grow by 4% to 9% over the next three years. However, margins may come under slight pressure due to the ongoing war in Ukraine, which negatively impacts material procurement costs. On the positive side, Andritz hardly needs gas for production and has completely switched from gas to alternative energy at the end of 2022. A global recession would of course have an impact on Andritz's business. However, the order backlog is so high that no declines are expected in the short term. A P/E of 14.2 (sector: 18.2) and an Enterprise Value to EBITDA of 6.5 (sector: 9.5) for the next year make the stock look cheap in relative terms. There is also a clear upside in the absolute valuation.

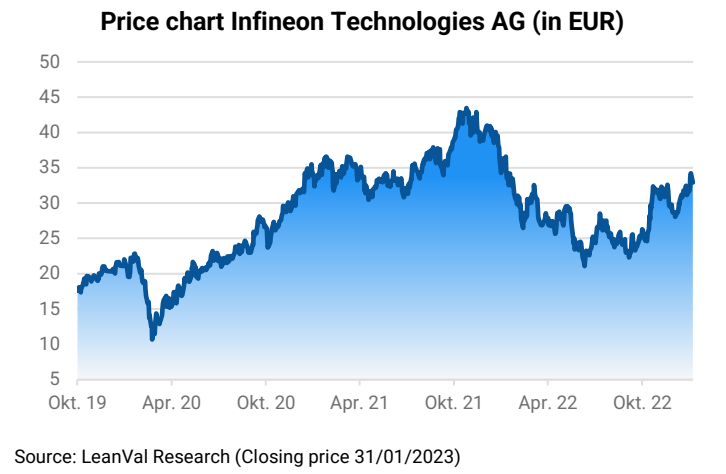
Author: Philip Wentlandt (Analyst)

Infineon Tech. AG (Hold; EUR 37.50)

ISIN: DE0006231004
Country: Germany
Sector: Technology
Industry: Hardware and Semiconductors
Market Cap: EUR 40.9 billion

Infineon Technologies AG is a German semiconductor company that ranks among the largest suppliers worldwide (12th place in 9M/2022). Founded in 1999 as a spin-off from Siemens AG, the group is currently divided into four segments. The Automotive-ATV segment (46% of revenues in 2022) manufactures microcontrollers, sensors, transmit and receive ICs, and power chips for the automotive industry; Power & Sensor Systems-PPS (29%) operates the power and sensor technologies business; Industrial Power Control-IPC (13%) sells products for industrial applications and renewable energy; Connected Secure Systems-CSS (13%) develops chips for security applications.

In the last fiscal year, demand for chips continued to remain high although there was a noticeable weakness in the consumer sector. More than half of Infineon's annual revenue growth was due to higher volumes, while the remaining contribution came from higher prices, improved product mix, and exchange rates. Overall, the group's sales rose by 29% to EUR 14.9bn in FY2022 driven by the two main segments ATV (+35%) and PPS (up 29%). Inflation hit corporate expenses, although the increase was disproportionately lower than the top line. The cost of goods sold increased by 19% (thanks to better purchasing management) and decreased their share of sales to 57% (vs. 61%), while research expenses grew 24% (almost flat to 13% of sales). On this basis, operating income soared by 96% (EUR 2.8bn) and the EBIT margin expanded to 20% (previously 13%).



Considering the company's top line over the last ten years, the result is a sustainable growth rate for turnover of around 14% per year (never below 6%). The operating margin averaged a solid 13% (minimum 7%/maximum 20%). Here, Infineon also benefited from acquisitions. In 2020, Infineon acquired the US company Cypress Semiconductor for EUR 9.4bn, thereby improving its market position in chips for the automotive industry. The deal was mainly funded by increasing liabilities (bank facilities) and by a private placement (only 10%). It also resulted in a higher percentage of goodwill on the balance sheet (27% vs. 7%). Nevertheless, the company deleveraged about 23% of its long-term debt in the following two years, as evident in the actual net debt-to-equity ratio lowered to 16% (40% in 2020). Beyond this acquisition, capital requirements were primarily covered with internal resources. By converting a large portion of profits into cash, operating cash flows grew at a stable annual growth and tripled to EUR 1.8bn in 2020 (from EUR 601m in 2013) and increased even faster to EUR 4bn in the last two fiscal years.

The pandemic and restrictions on international chip trade have exposed the limits of the global semiconductors supply chain. This has forced more public spending (e.g. USD 52bn committed from the US in 2023) and corporate investments into manufacturing. For example, Infineon's CAPEX to sales ratio grew to 16% in 2022 compared to 13% in the previous year. In the long run, this might impact the geopolitical condition but at the risk of misallocations. The short-term present cycle, which is strictly correlated with macroeconomic factors, will see weak results in the consumer sector for chips offset by resilient industrial spending.

In the outlook for 2023, management assumes sales of around EUR 15.5bn (2022: EUR 14.2bn) and investments of about EUR 3bn (2022: EUR 2.4bn) for new factories in Germany and Malaysia as well as new technologies. Here, public funding can partially compensate for these outflows. The latest chip technologies based on silicon carbide (SiC) and gallium nitride (GaN) appear to be more efficient in electrification and digitization. These can be used, for example, in solar systems, data centers, and electric vehicles. For example, electric cars require, on average, more than twice as many chips as internal combustion engine vehicles. This technology could thus be important for a new green technology cycle, which could increase the demand for semiconductors.

Author: Dario Maugeri (Analyst)

Publication date: 01/02/2023 15:00

JD Sports Fashion plc (Buy; GBX 195)

ISIN: GB00BM8Q5M07
Country: Great Britain
Sector: Retail cyclical
Industry: Retail cyclical
Market Cap: EUR 8.3 billion

JD Sports Fashion is a British retailer of sportswear, footwear, and outdoor articles. In addition to its home market, the group operates in other European countries, North America, and the Asia-Pacific region. The activities are composed of two segments: Sports Fashion (revenue share in FY22: 94%) and Outdoor (6%). The Sports Fashion segment includes various textiles and footwear for sports and leisure activities, soccer apparel for professional clubs, and accessories. The group pursues a multi-brand strategy (JD, Footpatrol, Scotts, Tessuti, Mainline, Sport Zone, Chausport, Finish Line, etc.). The Outdoor segment sells outdoor clothing, footwear, and equipment (tents, camping equipment, backpacks, etc.). In addition, JD Sports offers equipment in areas such as cycling, winter sports, climbing, water sports, fishing, horseback riding, etc.

On 11 January 2023, the group issued a brief trading update for the Christmas period (the most important period for the group) and H2, which only included sales percentages. For the six weeks to 31 December, group revenue increased by more than 20%. Additionally, businesses in North America recovered strongly and delivered growth of more than 20% in H2 (H1 NA revenue was down 4.2%). For H1 ended on 30 July, in which all fundamental data is provided, the group managed to increase sales, however, operating results struggled. Revenue was up 14% to GBP 4.4 billion. The following operating figures are all presented before exceptional items. Adjusted EBIT was down 11% to GBP 418 million with a margin of 9.5% (H1/22: 12%). Selling and distribution expenses increased by 24% mostly due to increased freight prices. Consequently, pre-tax income was down 13% to GBP 384 million (record set in H1/21 of GBP 440 million). This resulted from a decrease of GBP 115 million across the combined businesses in North America (H1/21 benefitted from government fiscal stimulus in the USA). Furthermore, net income before exceptional items for H1 was down 14% to GBP 302 million.

The group has enjoyed consistent revenue growth from 2017-2021, where sales have grown at a CAGR of 27%. FY22 was another strong year of growth for JD Sports, where revenue increased 39% to GBP 8.5 billion. Sales were largely helped by the reduction of Covid-19 restrictions, fiscal stimulus in the United States, and various acquisitions that the group completed during the period (e.g. DTLR Villa completed March 2021 and Marketing Investment Group completed April 2021 recorded post-acquisition revenue of GBP 383 million and GBP 175 million respectively). Since 2017, EBIT before exceptional items has had a CAGR of 33%. Furthermore, the group achieved a record result in FY22 with profit before tax and exceptional items increasing 125% to GBP 947 million. This is largely due to the premium sports business in the UK and the Republic of Ireland delivering a record result up 75% to GBP 437 million. Lastly, net income for FY22 was up just over 100% to GBP 459 million.

As economic uncertainty has caused supply chain disruptions and inflation has remained above 10% in the UK (core market), inventories increased by 43% in H1 FY23. If this persists, the group may begin to see a slight reduction in sales. Nevertheless, based on strong H2 and Christmas performance, the group expects full-year headline profit before tax and exceptional items for FY23 towards the higher end of current market expectations of GBP 933-985 million (GBP 958 million in FY22) and FY24 over GBP 1 billion. The stock has been one of the best performers in the STOXX 600 index YTD up over 29%. Paired with an attractive average return on invested capital in the last 3 years of 16.3% (sector average 7.9%) and a P/Earnings ratio of 13.3 (sector average 17.1) make JD Sports an attractive investment.

Author: Philip Wentlandt (Analyst)

Publication date: 01/02/2023 15:00

LPP SA (Buy; PLN 12,500)

ISIN: PLLPP0000011
Country: Poland
Sector: Consumer Cyclical
Industry: Other cyclical
Market Cap: PLN 19.9 billion

LPP

LPP SA is a Polish fashion retailer that reports in two geographical segments EU Member States (share of turnover 2021/22: 91%) and Other countries (9%). With approximately 1,840 stores, LPP is primarily represented in Central and Eastern Europe in addition to its main market Poland (a good 40% of turnover). The products are available in a total of about 40 countries worldwide, including an online presence. The company pursues a multi-brand strategy with five brands, each of which is aimed at specific target groups: Reserved and Sinsay (together accounting for around three-quarters of group sales), Cropp, House, and Mohito. The goods are produced by contract manufacturers, mainly in China and Bangladesh.

The current 2022/2023 business year (beginning 01.02.22) marked a turning point in the company's history with Russia's attack on Ukraine on 24 February. In the previous year, Russia still generated around 19% and Ukraine 7% of the Group's turnover, which were the second and third most important countries for the Group after Poland (39%). The Russian operations (about 550 stores and one distribution center) were stopped one week after the war started. In May, LPP announced that it would sell its Russian business at a book loss to a Chinese consortium and withdraw from the country after 20 years. In Ukraine, the group's 160 stores were temporarily closed to protect staff and only gradually reopened (around 100). In this turbulent period from mid-February to early March, the share price halved from a good PLN 15,000 to just PLN 8,000.

Source: LeanVal Research (Closing price 31/01/2023)

Despite these challenges, sales developed well in the nine months to the end of October thanks to new shop openings, high like-for-like sales, and a growing online business. Excluding the Russian business, sales amounted to PLN 11.74 billion, an increase of roughly 48% compared to the same period last year. Operating profit, on the other hand, increased by only 5.2% to PLN 1.02 billion, bringing the margin to 8.7%, compared to 12.3% previously. The main reasons for this were cost increases in all areas due to inflation. This applies both to the purchase prices of clothing and to the costs of shops and distribution (energy, wages, logistics, marketing, etc.), which almost doubled from PLN 3.05 billion to PLN 4.5 billion (+48%). Management announced that it would increase sales prices in all markets and for all brands by between 7-19% in response to the increased costs.

In recent years, LPP has been on a growth trajectory, driving expansion. Turnover has grown at double-digit rates every year since 2016 (PLN 6 billion), with an increase of at least 13%. This development was slowed by the pandemic when lockdowns caused a decline of -21%. In the following year, 2021/22, catch-up effects led to a whopping increase of 79% to a record value of PLN 14 billion. There was a similar development in the operating result, which almost doubled from 2017 (approx. PLN 750 million) to 2021/22 (approx. PLN 1480 million) and, with the exception of the pandemic year, increased steadily. It is important to emphasize that this development is exclusively attributable to organic growth. Intangible assets account for only 3% of the balance sheet total (of which trademarks account for less than 1%). On the other hand, there is a steady increase in capital expenditure, which burdens the free cash flow, as well as growing debt, especially leasing liabilities (net debt to EBIT 2021/22: 2.3x).

For 2022/23, management expects a 40% increase in sales to PLN 16bn and an operating margin between 8-9%. Despite inflation, LPP has not yet seen a decline in demand for clothing. Nevertheless, the company remains cautious and is targeting double-digit sales growth in 2023/24 with an improvement in EBIT margin. The sales area is to be expanded by 18% with a focus on Western Europe and the Sinsay brand (low-price segment). This would allow LPP to benefit from higher demand in the current economic situation. Management has taken the necessary steps after the outbreak of war and has proven to be able to expand successfully into new markets. If the growth story can be continued, the share appears attractive at the current price level (highs in January 2022 above PLN 18,000).

Author: Mathias Kimmes (Analyst)

Pandora A/S (Buy; DKK 650)

ISIN: DK0060252690
Country: Denmark
Sector: Consumer Cyclical
Industry: Retail cyclical
Market Cap: DKK 50.0 billion

Pandora A/S is a Danish company engaged in the manufacture and sale of jewelry and claims to be the world's largest jewelry manufacturer. The company operates two segments, Moments and Collabs (73% of 9M/2022 sales) and Style and Upstream Innovation (27%). Its product offerings include charms, bracelets, rings, necklaces, and earrings, which are manufactured in two of its own production facilities in Thailand. The Moments and Collabs division bundles the core products, while the Style and Upstream Innovation division includes newer product categories and innovations. Pandora distributes its products through retail outlets such as concept stores, shop-in-shops, gold and silver shops, and unbranded boutiques. In addition, there are various e-commerce activities. The company is represented in more than 100 countries. The most important markets for Pandora are the USA (31%), the United Kingdom (13%), Italy (10%), Germany (5%), China (4%), France (4%), and Australia (4%).

Pandora published its quarterly figures on 8 November 2022. In the first nine months, sales increased by 15.5% to DKK 16.6 billion. Organic growth accounted for 8% and favorable exchange rate conditions (strong USD) for about 6%. EBIT improved by 12% to DKK 3.5 billion (9M/2021: DKK 3.2 billion), with an EBIT margin of 21.3%, slightly below last year (22%). Of high importance are the full-year figures (to be published 8 Feb 2023), as the fourth quarter is very profitable and cash-generative due to normal seasonality - about 40% of sales are earned in the period from the end of November (Black Friday) to the end of December. For the full year 2022, Pandora forecasts organic growth between 4% and 6% and an EBIT margin of 25.0-25.5%.

Looking back at the last few years, the average free cash flow of DKK 5.6 billion per year is particularly noteworthy. This is largely returned to shareholders in the form of dividends and share buybacks (2022: DKK 5.3bn, equivalent to 13% of average market capitalization). Furthermore, the capital - with a CAPEX of around 5% of sales (approx. DKK 1.3 billion) - will be used to expand the very profitable (ø 40% EBIT margin) and cash-generating distribution network. In 2022, the current approx. 2,500 concept stores (+70-100) and a total of around 6,500 sales outlets (+100-125) are to be expanded. According to the company, these will pay for themselves within one year. Pandora also announced its intention to increase its annual production capacity by around 60% in 2021. To this end, DKK 1 billion will be invested in a new plant in Vietnam (capacity: 60 million units) and the expansion of an existing plant (20 million) in Thailand. The new production facilities are expected to be operational in Thailand by the end of 2023 and in Vietnam by the end of 2024. Through better geographical diversification with the first production facility outside Thailand, as well as a 10% higher inventory level (+ DKK 0.3 billion), Pandora aims to become more resilient to potential supply disruptions. This means that it can now cover a demand of around 30 weeks.

In August, the first collection with lab-created diamonds (same characteristics as mined diamonds but only 5% carbon emissions) and 100% recycled silver and gold was launched. On average, products set with diamonds sell for 15 times more than products without diamonds. Pandora has also committed to making all of its jewelry from recycled silver and gold by 2025 (2021: 54%).

It is worth noting the risk that Pandora is dependent on physical stores, as only 26% of sales are currently generated online. Also, intangible assets of around DKK 7 billion (of which DKK 4.4 billion is goodwill) are equal to the accounting equity. Overall, however, Pandora seems well positioned to continue to create value for shareholders and to continue to generate high free cash flows (FCF return T+1: 10.4%; sector: 5.6%). With a low net debt/adj. EBIT ratio of 0.5 (sector: 1.8) and an EV/EBIT of 8.1 (sector: 12.9) next year, the share appears attractive.

Author: Lars Dreßen (Analyst)

Notes on investment strategy - investment recommendation pursuant to Section 85 of the German Securities Trading Act (WpHG) in conjunction with the German Securities Trading Act (WpHG). VO (EU) No. 596/2014

General

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Summary of the valuation fundamentals

The valuations underlying the investment recommendations for stocks analyzed by LeanVal Research GmbH are based on generally accepted and widely used methods of fundamental analysis, such as the DCF model, peer group comparisons, NAV valuations, and - where possible - a sum-of-the-parts model. The calculated scores (Value, Quality, Stability, Growth) are the result of a proprietary model of LeanVal Research GmbH. They result from the comparison of fundamental key figures of the quantitatively analyzed company in relation to comparable companies within a sector (or region). Information on the general approach can be found at www.leanval.investments. The absolute target price and the associated absolute assessment (undervalued, neutrally, overvalued) are determined using a forward-looking DCF or ROIC (return on invested capital) method. Estimates of future earnings serve as the basis for this. The earnings estimates are either based on a consensus or are made by LeanVal Research GmbH itself.

Updates

The recipients are not entitled to the publication of updated analyses. LeanVal Research GmbH reserves the right to update analyses without prior notice. A regular update of this document is not intended.

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LeanVal Research GmbH has taken internal organizational and regulatory precautions to avoid conflicts of interest in the preparation and dissemination of financial analyses. In particular, there are internal information barriers that prevent analysts from accessing insider information. Compliance is monitored by the Compliance Officer.

Explanation of the recommendation system

The relative assessment is based on the various scores of the individual companies in the areas of Value, Quality, Stability, Growth, and Momentum which are compared with the average scores of the overall market and/or also with the respective sectors. The companies are ranked on a scale from 0 to 100. From this, the three ratings "unattractive" (0 to 30 on the scale), "neutral" (31 to 70 on the scale), and "attractive" (71 to 100 on the scale) are derived. The relative assessment can change at short notice due to the high complexity of the scores and the multiple interdependencies between the companies analyzed.

LeanVal Research GmbH's rating system for absolute valuation comprises the ratings "undervalued", "fairly valued" and "overvalued". The rating of a share is based on the expected return for the next six to twelve months. The expected return is composed of the prognostic change in the share price and the expected dividend yield. Changes in the discount factor or projected cash flows can lead to significant changes in the target price.

Rating system of the absolute valuation	
Buy	Potential > +15%
Hold	Low upside and downside potential
Sell	Potential < - 15%

Detailed overview

Date	Corporation	Relative Assessment	Absolute Valuation	Current Price	Price Target	Analyst
31/01/23	Andritz AG	Attractive	Buy	EUR 54.80	EUR 67.00	Philip Wentlandt (Analyst)
31/01/23	Infineon Technologies AG	Attractive	Hold	EUR 32.92	EUR 37.50 (initial coverage)	Dario Maugeri (Analyst)
31/01/23	JD Sports Fashion plc	Attractive	Buy	GBX 162.75	GBX 195 (initial coverage)	Philip Wentlandt (Analyst)
31/01/23	LPP SA	Attractive	Buy	PLN 10,120	PLN 12,500 (initial coverage)	Mathias Kimmes (Analyst)
31/01/23	Pandora A/S	Attractive	Buy	DKK 566.00	DKK 650.00 (initial coverage)	Lars Dreßen (Analyst)

Conflicts of interest

In the financial analyses, circumstances or relationships that could give rise to conflicts of interest because they could jeopardize the impartiality - of the employees of LeanVal Research GmbH who prepared the analysis, - of LeanVal Research GmbH as the company responsible for the preparation or of companies affiliated with it, or - of other persons or companies working for LeanVal Research GmbH and contributing to the preparation, must be disclosed. Information on interests or conflicts of interest that must be disclosed exists in particular if

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2. the above-mentioned persons or companies manage financial instruments which themselves or their issuers are the subjects of the financial analysis on a market by placing buy or sell orders (market-making/designated sponsoring),
3. the above-mentioned persons or companies have been involved in the management of a consortium for an issue by way of a public offering of such financial instruments which are themselves or whose issuers are the subject of the financial analysis within the previous twelve months,
4. the above-mentioned persons or companies have been bound by an agreement on services in connection with investment banking transactions with issuers who are themselves or whose financial instruments are the subject of the financial analysis within the previous twelve months or have received a service or a promise of service from such an agreement within this period, insofar as no confidential business information is affected by the disclosure of this information,
5. the above-mentioned persons or companies have entered into an agreement with issuers, who themselves or whose financial instruments are the subject of the financial analysis, for the preparation of the financial analysis,
6. the above-mentioned persons hold management or supervisory board mandates with issuers whose financial instruments are the subject of the financial analysis, or
7. the above-mentioned persons or companies have any other significant financial interests in relation to the issuers whose financial instruments are the subject of the financial analysis.

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Standardized Information Sheet for Shares on the organized market pursuant to §64 par. 2 WpHG

LeanVal RESEARCH

This information sheet provides general information on the main characteristics of a share traded on an organized market. It is taken from the Annex to Section 4 (3) of the Ordinance on the Specification of Conduct Rules and Organizational Requirements for Securities Services Companies (WpDVerOV).

An organized market is defined as German or European trading venues (stock exchanges) that are approved, regulated, and supervised by government bodies. The stock corporations whose shares are admitted to trading there must comply with detailed publication requirements. Many stock corporations provide information such as half-yearly and annual financial reports as well as notifications of price-relevant events on their websites, for example under "Investor Relations".

Please inform yourself about the specific opportunities and risks of a particular share, for example on the websites of the respective stock corporation, or ask your investment advisor.

What is a share?

A share is a security with which you acquire a share in the capital stock of a stock corporation. When you buy a share, you become a shareholder of this stock corporation in the amount of the capital share of your shares. Through your shares, you participate in the economic development of the company through price increases and dividend payments, but also share in losses, in extreme cases up to the amount of your investment.

For whom are shares a possible form of investment?

Shares are a possible investment for you if you

- have a basic knowledge of the stock markets

- want to invest directly in a company

- want to take advantage of the opportunities associated with a share, and

- are willing and able to bear the risks of an equity investment.

What rights are associated with a share?

When you buy a share, you leave your money to the stock corporation for an indefinite period of time, so it will not be paid back to you on a specific maturity date, for example. By selling your shares, you can get out of your participation in a stock corporation.

There are various rights associated with a share. The rights can vary depending on the type of share: ordinary shares are the rule; they carry the rights set out in the Stock Corporation Act and the Articles of Association of the stock corporation (see points 1 to 3), for example, voting and subscription rights. In addition, there are preferred shares: these grant certain privileges, for example, an increased dividend entitlement, although voting rights are generally omitted.

In particular, they have the following rights:

1. voting rights and right to information: they can participate in the stock corporation's Annual General Meeting and vote there, as well as request information.

2. right to a share in profits (dividend): if the company generates a (balance sheet) profit, the company's Annual General Meeting can resolve to pay this out to the shareholders. As a rule, you are then entitled to a share of these profits in proportion to your share in the capital stock, unless the Articles of Association stipulate otherwise. The prerequisite is that you hold the shares on the record date relevant for the payment of the dividend.

3. subscription right: If the share capital of a stock corporation is increased, new shares are issued. If you already have shares in this stock corporation, you are entitled to buy new shares. This allows you to keep your share in the capital stock constant. However, this subscription right can be excluded by a resolution of the Annual General Meeting.

What opportunities does a share offer?

By buying a share, you have the opportunity to make price gains. If the price at the time you sell the share is higher than at the time you bought it, you can make a profit. You will also receive a dividend if the Annual General Meeting decides to pay a dividend.

What risks do you run when you buy a share?

1. creditworthiness/issuer risk: the stock corporation can become insolvent, i.e., it has too much debt or is insolvent. Then you may lose all the money you have invested (total loss).

2. price change risk: the market price of the share (price) depends on supply and demand and can fall if the stock market develops negatively as a result of the general development of the market, for example, because the economic or industry outlook deteriorates. Reasons for the fall in the share price can also be company-specific. Examples include a deterioration in business prospects or missed earnings targets.

3. dividend risk: the stock corporation does not pay a dividend or the dividend is lower than expected. This may be the case, for example, if the stock corporation makes no profit or a lower profit than expected or if the Annual General Meeting decides not to pay out a profit.

4. currency risk: if a share is listed on the stock exchange in a currency other than euros, the exchange rate will also affect your profit or loss.

5. risk of delisting/revocation of admission: the stock corporation may delist the stock or revoke its admission to trading on the stock exchange. In this case, you may not be able to sell the share at all or only at a large discount.

When can you buy or sell shares?

Shares traded on an organized market can generally be bought or sold on any trading day. There may be difficulties in selling or larger price discounts if there is no sufficient exchange trading of the share.

What are the costs?

In addition to this information sheet, you will receive a formalized cost breakdown. This contains information on the costs and incidental expenses incurred for the purchase or sale of a share and, if applicable, for a securities account (securities account fee). Costs can be avoided or reduced by comparing price lists. The costs reduce a possible return.

Location, Date, handed over by: