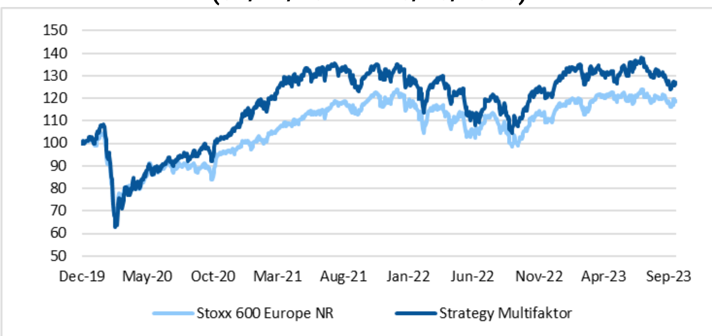

# LeanVal Strategy Multifactor

## 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 – 16/10/2023)**




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 5.1%. Since the strategy's launch at year-end 2019, the total return (before costs) is 26.8%, outperforming the Stoxx 600 Europe NR Index by 8.0%. The dividend yield is 3.2% (trailing) or 3.5% (expected dividend T+1). The current P/E ratio is 15.4 (trailing) (T+1: 13.4).

### LeanVal Equity Strategies


### LeanVal Strategy Multifactor


**Selection criteria**

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

**Heidelberg Materials AG (Hold; EUR 80)**

ISIN: DE0006047004
Country: Germany
Sector: Basic materials
Industry: Building materials
Market Cap: EUR 13.7 billion

Heidelberg Materials AG (formerly Heidelberg Cement AG) is one of the largest building materials companies in the world. Its main products are 1) cement and clinker (118.8 million tonnes produced in FY2022), 2) aggregates (293.7 million tonnes), and 3) ready-mixed concrete (45 million cubic metres) and asphalt (8.2 million tonnes). The company reports six segments: Western and Southern Europe-WSE (approximately 30% of revenue in 2022), North America-NA (23%), Northern and Eastern Europe (17%), Asia-Pacific (17%), Africa-Eastern Mediterranean (10%) and other services.

The latest financial update relates to the first half of 2023. Prices grew by around 8.5% across all business lines (excluding consolidation scope and currency effects) to counter input cost inflation, while volumes declined due to the weakness of the construction market. Reported sales increased by 5.3% to EUR 10.5 billion, with the main contributions coming from the NA and WSE segments. The cost of materials fell by 1.4% (around 39% of sales), while personnel costs rose by 7.7% (17%). For the profitability, the EBIT rose disproportionately by 45% to EUR 1.2 billion (the turnover margin expanded from 8.5% to 11.7%), with most of the EBIT growth generated by passing on inflation. In this context, the WSE segment recorded the highest EBIT increase (+77%), accounting for almost 35% of Group EBIT (compared to 29% in the previous year), followed by the NA segment (+70%), accounting for 18% of Group EBIT (against 21%). For the bottom-line, the EPS increased to EUR 3.86 (prior year: EUR 2.82), which was positive for operating cash flows (EUR 24.7m H1/23 vs. EUR -137.9m H1/22).

**Price chart Heidelberg Materials AG (in EUR)**


Source: LeanVal Research (Closing price 18/10/2023)

A better picture of the company comes with some insights into the industry and historical data. 1) Cement is a relatively cheap commodity with high trade volumes, a rising price (+3.6% US price per tonne, CAGR 2013-2022, Statista) and is irreplaceable (count for a small share of total construction costs). This leads to inelastic demand, whereby inflation can be passed on to end customers. The main factors for profitability are input costs (energy and transport), while higher margins are achieved in underdeveloped countries. These considerations have been important elements in the development of the historical growth of Heidelberg Materials. 2) Sales grew by 4.7% CAGR (2013-2022), while the EBIT margin was stable at 11.8%, both rates at the highest level among major competitors. Notably, EBIT improved by +13% in 2022 compared to pre-pandemic levels in 2019.

Regarding the balance sheet, goodwill has been a significant component. The value peaked at 31% of total assets in 2019 due to purchase price allocation posting. Later, due to impairments (i.e. EUR 2.7 billion in 2020), the weight reduces to roughly 25% in 2022. In the last financial year, equity was double the value of goodwill (compared to 1.6x in 2019), while long-term debt decreased to EUR 6.1 billion in 2022 (peaking at EUR 9.4 billion in 2019). The gearing ratio of 0.4x was also in line with main peers. Free cash flow yield was among highest in the industry, while it is forecasted to reach 11% in FY2023 (Holcim 7.5%, CRH 5.2%).

In July, the group raised its financial target for the second time this year. Profit from continuing operations is now expected to be between EUR 2.7 and EUR2.9 billion (Q1 forecast: EUR2.5 to EUR2.65 billion; FY2022: EUR2.5 billion). The construction sector as a whole is considered weak (i.e. Europe is expected to decline by 1.1%), but more in details, management expects that orders for infrastructure and parts of commercial construction should compensate for the weak residential market. Downward pressure from emerging markets or overall declining volumes may be a risk in the coming quarters. Capital expenditures of over €1 billion per year are expected, including carbon capture projects. Shareholders capital return appears attractive and exceeds peers: share buyback of up to EUR300 million to be completed in 2023 (EUR1 billion program started in 2021) and dividend yield (t+1) of 3.8%.

Author: Dario Maugeri (Analyst)

LeanVal RESEARCH

**Pandora A/S (Hold; DKK 900)**

ISIN: DK0060252690
Country: Denmark
Sector: Retail cyclical
Industry: Retail cyclical
Market Cap: DKK 67.8 billion

PANDORA

Pandora A/S is a Danish company active in the manufacture and sale of jewelry and, based on its own information, is the world's largest jewelry manufacturer. The company operates the two segments Moments incl. Collabs (73% of sales 2022) and Style (27%). Its product range includes pendants (charms), bracelets, rings, necklaces and earrings, which are manufactured at two of its own production facilities in Thailand. The division Moments incl. Collabs bundles the core products, while the division Style includes newer product categories and innovation. Pandora distributes products through retail outlets such as concept stores, shop-in-shops, gold and silver stores and unbranded boutiques. In addition, there are various e-commerce activities. The company is represented with its product range in more than 100 countries. The most important markets for Pandora are the US (30%), the UK (14%), Italy (10%), Germany (5%), Australia (5%), France (4%) and China (3%).

In H1 2023, Pandora achieved organic growth of 3% on revenues of DKK 11.7 billion. EBIT declined by around 4% to DKK 2.4 billion, resulting in a lower EBIT margin of 20.8% (H1 2022: 22.6%). While better operating leverage and price increases had a positive impact, planned investments, salary and other cost increases, unfavorable exchange rates (weaker USD) and the silver price led to a decline in margins. This was in line with management's expectations for Q1-3, while in Q4 the margin is expected to be above last year's level.

Year-on-year, the number of Pandora-owned concept stores increased by 212 to 1,712 (67% of total concept stores, +6 percentage points). Other outlets operated by Pandora also recorded an increase of 111 to 493 (12% of outlets, +3 percentage points), while third parties in particular lost share (-163 to 315). This development is positive, as Pandora operates its outlets more economically than third parties. Thus, Pandora reported like-for-like growth of 4% in the second quarter, while third parties reported a decline of 5%.

As a supplement to the analysis from February 1, 2023, it is particularly interesting to take a look at the detailed revised outlook. Based on Pandora's results in the first half of the year, management increased the outlook for the full year 2023. Organic growth is now expected to be 2-5% (previously -2 to +3%). On the one hand, the targeted organic growth is composed of an expected like-for-like sales growth of 0-2% (previously -4 to 0%) and the expansion of the sales network of 4%. On the other hand, the gradual sale of outlets to partners is expected to have a negative impact on organic growth of -1 to -2%. Meanwhile, the EBIT margin is still forecast at around 25%. The forecast for newly opened concept stores in 2023 has also been raised significantly to 75-125 (previously 50-100). According to the company, these should amortize within one year and be characterized by high profitability (ø 40% EBIT margin) and cash generation.

Pandora sees medium-term organic growth (until 2026) at 7-9% (2022: 7%), of which 3% from network expansion and 4-6% from like-for-like growth. This is expected to be accompanied by an EBIT margin of 26-27% (2022: 25.5%). While investments are expected to remain at 5% of sales in the long term, in the medium term (2024-2026) they will be in the range of 6-7%. Investments will be made in particular in the remodeling (35%) and expansion (20%) of sales outlets, digitization (25%) and production (20%). Thanks to its asset-light business model, Pandora is targeting a combined free cash flow of DKK 16-17 billion for the period 2024-2026, of which DKK 14-17 billion is expected to be returned to shareholders in the form of dividends and share buybacks. This compares to average annual free cash flow of DKK 5.6 billion in recent years. Overall, Pandora is progressing well with the implementation of its "Phoenix" strategy, so the new targets seem achievable. In addition, the expansion into India, Japan and South Korea - which are among the top 10 largest jewelry markets in the world - should offer further growth potential that has not yet been priced in.

Author: Lars Dreßen (Analyst)

**Price chart Pandora A/S (in DKK)**


Source: LeanVal Research (Closing price 18/10/2023)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### Puma SE (Buy; EUR 65)

ISIN: DE0006969603
Country: Germany
Sector: Consumer Cyclical
Industry: Other cyclical
Market Cap: EUR 7.6 billion

Puma SE is a German manufacturer of sporting goods and textiles. The company reports in the seven segments Europe (share of sales in 2022: 23%), EEMEA (Eastern Europe, Middle East and Africa; 16%), North America (30%), Latin America (13%), Greater China (6%), Rest of Asia/Pacific (excluding Greater China; 7%) and stichd (5%). In the regional segments, Puma develops and sells a wide range of footwear (around half of Group sales), textiles (around one third) and accessories. The products are worn in professional and popular sports as well as in leisure activities. The Group distinguishes between various sports categories: Team Sports (soccer, handball, volleyball, rugby and cricket), Athletics, Motorsports, Golf and Basketball. The segment stichd comprises the production of socks, underwear, swimwear and fan articles.

Puma was able to surprise positively with its figures for the second quarter of 2023. Sales increased by 11.1% in constant currency to approximately EUR 2,120 million (+5.9% in the reporting currency euro) and thus exceeded management's expectations for the full year (high single-digit percentage). The Group excelled particularly in the EMEA (+25.0%; EUR 846 million) and Asia/Pacific (+24.4%; EUR 413 million) regions, while the market in the Americas (-4.4%; EUR 862 million) weakened. Puma cited the difficult macroeconomic market environment in North America as well as the relative dependence on wholesale business in the off-price segment as reasons. Operating profit (EBIT) decreased by 21.2% to EUR 115 million with a margin of 5.4% (Q2 2022: 7.3%).

Price chart Puma SE (in EUR)


Source: LeanVal Research (Closing price 18/10/2023)

This was caused, among other things, by a 170 basis point decline in the gross profit margin to 44.8% (Q2 2022: 46.5%) due to currency effects, higher procurement prices and freight costs, and sales promotions.

The current decline in earnings is a minor setback for the extraordinary success story of the last five years. Since 2018, sales have grown at double-digit rates in every year except the pandemic year 2020 (-4.9%). The compound average growth rate (CAGR) stands at an impressive 16.2%. After growth of 30% in 2021, 2022 saw the next record sales of EUR 8.5 billion (+24.4%). In terms of EBIT, a similarly successful development can be observed over the last five years with a growth rate (CAGR) of 17.4%. Thus, Puma is able to convert the higher sales into a higher EBIT with margins in the range of 7.3 - 8.0% (exception 2020: 4.0%). In 2022, EBIT reached the record level of EUR 641 million (+15.0%) with a margin of 7.6%.

With regard to its balance sheet, Puma is in a stable position. The strong growth was achieved organically, as a result of which intangible assets accounted for only 7% of total assets at the end of 2022. The equity ratio of around 37% could still be improved (2018: 54%), but was in a solid range. Debt consisted mainly of lease liabilities of EUR 1.3 billion (in particular for stores, warehouses and offices) on total assets of EUR 6.8 billion (19%). However, it is worth mentioning the high level of inventories of EUR 2.2 billion (33% vs. long-term average of 26%). Compared to 2021, this represented an increase of 50% due to earlier product purchases because of disrupted supply chains and higher procurement prices. However, the target is to return to normal inventory levels in the course of 2023.

For the remainder of 2023, management remained cautious at the end of the half-year, mainly due to the macroeconomic environment (recession risks) and volatile demand in the retail sector, especially in North America and Europe. For the moment, guidance was only confirmed: 1) currency-adjusted sales growth in the high single-digit percentage range (2022: 24.4%) and 2) EBIT in the range of EUR 590 - 670 million (2022: EUR 641 million). At the same time, however, a possible increase was envisaged, as lower procurement prices and freight costs should improve profitability towards the end of the year. However, in early October, rumors circulated that the third quarter could be weaker than expected and jeopardize the annual targets (share price down 11.5% on October 5). However, management assured that the third quarter would be "in line with original expectations" and confirmed its full-year guidance. Despite this short-term uncertainty, Puma still appears attractive.


Author: Mathias Kimmes (Analyst)

**Rheinmetall AG (Buy; EUR 330)**

ISIN: DE0007030009
Country: Germany
Sector: Industrials
Industry: Industrials
Market Cap: EUR 11.7 billion

Rheinmetall AG is a German technology group focusing on defence and security technology as well as automotive. The company divides its business into five segments: Vehicle Systems (share of sales in 2022: 35%), Weapon and Ammunition (20%), Electronic Solutions (13%), Sensors and Actuators (21%) and Materials and Trade (12%). The Vehicle Systems division produces various wheeled and tracked military vehicles for combat and support tasks as well as logistics. The Weapon and Ammunition division supplies weapon and ammunition systems such as automatic cannons. It also supplies protection systems for vehicles, aircraft and ships. The Electronic Solutions unit includes air defense and radar systems, products for protection in cyberspace and training solutions. The Sensors and Actuators business unit is aimed at customers in the automotive and industrial sectors and supplies them with products such as pumps, valves, throttle and control valves, actuators and technologies for exhaust gas recirculation. The Materials and Trade segment combines the development of components for engines and aftermarket activities.

Rheinmetall published its half-year report for fiscal 2023 at the beginning of August. Compared with the same period of the previous year, sales increased by 17.3% to EUR 3.4 billion. The biggest jump in sales was generated by the Vehicle Systems division (+19%). The increase was particularly attributable to projects for the supply of tactical vehicles. Order intake in this segment increased fivefold. The backlog (Rheinmetall's own key figure comprising order backlog, nominated backlog (based on written agreements of expected orders for civilian customers) and frame backlog (expected orders from existing framework agreements) increased by 4.3 billion (+17%) to 30.1 billion. In H1, EBIT also expanded by 4.3% to 193 million euros, resulting in a margin of 5.7% (H1/2022: 6.3%). Overall, the Group achieved a net profit for the period of 125 million euros, a decrease of 6.7%. This was due to the 27 million euro increase in interest expense. In addition, the Group divested its large-bore pistons business, which was acquired by the Swedish Koncentra Verkstads group for double-digit millions amount. A buyer is also being sought for the small-bore business. The aim is to reduce dependence on the internal combustion engine industry and focus on electric vehicles.

**Price chart Rheinmetall AG (in EUR)**


Source: LeanVal Research (Closing price 18/10/2023)

Looking at the recent past (2018-2022), a moderate average growth rate (CAGR) of 2% was achieved in sales. In 2020 and 2021, Rheinmetall suffered significant sales losses due to reduced demand from the automotive sector as a result of the corona pandemic. However, the Defence segment proved to be solid during this period. In 2022, strong sales growth of 16% was achieved as a result of the war in Ukraine. During the aforementioned period, average EBIT growth of 8% was achieved. The EBIT margin also increased from 8.6% in 2018 to 11.1% in 2022. At the same time, absolute EBIT increased from EUR 531 million in 2018 to EUR 779 million in 2022. Rheinmetall demonstrates extremely solid financial stability, as evidenced, among other things, by the gearing ratio of 0.3x (sector median 0.7x). The net debt to adjusted EBIT ratio of 0.4x is also significantly better than the sector median of 2.0x. The company also stands out positively with its profitability, measured by return on invested capital. With an average of 10.7% over the last three years, this is significantly better than the sector with 8.6%.

The defense sector as a whole, and thus Rheinmetall, is currently benefiting from a super-cycle in defense spending, driven by the Ukraine-Russia war and most recently by the conflict in Israel. It is predicted that the company could receive 20-25% of the additional defense spending from Germany (100 billion special budget plus an increase to 2% of GDP), although little money has been spent so far. In addition, the focus on automotive parts for the electrical market should provide additional growth. Rheinmetall confirmed its forecast of sales of between €7.4 billion and €7.6 billion for 2023, while its EBIT margin is also expected to be around 12%. The share appears attractive in both absolute and relative terms.

Author: Philip Wentlandt (Analyst)

LeanVal RESEARCH

**Ryanair Holdings plc (Buy; 20 EUR)**

ISIN: IE00BYTBXV33
Country: Ireland
Sector: Industrials
Industry: Aerospace, defense and transport
Market Cap: EUR 17.2 billion

The Ryanair Holdings plc is the largest airline in Europe in terms of passenger numbers. The group bundles its activities into three segments: Ryanair DAC (revenue share FY23: 99%), Malta Air (<1%), and Other Airlines (<1%). Ryanair DAC comprises the core brand Ryanair. The Malta Air division consists of the airline of the same name, which was established in 2019. The Other Airlines division combines the Buzz (Poland) and Lauda Europe (Malta) brands. The company operates as a low-cost airline and offers low-cost flight connections in Europe, North Africa, and the Middle East. Revenue is also generated from the sale of special seats, baggage surcharges, or in-flight products.

Q1 results for the period ended 30 June saw total group revenue grow by 40% to EUR 3.65 billion. From this, scheduled revenues rose by 57% to EUR 2.47 billion resulting from passengers increasing by 11% to 50.4 million (load factor of 95%, +3 pts YOY) and average fare prices rising by 42% to EUR 49. EBIT for the period improved to EUR 711 million compared to EUR 240 million last year resulting in an EBIT margin of 19.5% (Q1/FY22: 9.2%). Moreover, FY24 fuel requirements are roughly 85% hedged at USD 89 Bbl providing some relief to potential cost increases as Brent and WTI crude oil may become volatile if the Israel/Hamas conflict continues for an extended period. Since the end of June, Brent and WTI have increased by roughly 21% and 24% respectively. As of 30 June 2023, the group's total fleet of aircraft totals 558, of which 119 are Boeing 737-8200 "Gamechangers" which offer 4% more seating, require 16% less fuel, and are 40% quieter than the group’s current Boeing 737 next gen fleet.

**Price chart Ryanair Holdings plc (in EUR)**


Source: LeanVal Research (Closing price 18/10/2023)

As the COVID pandemic severely disrupted operations in FY21 and FY22, results for FY23 are compared with FY20 to provide a better overview of business developments. Revenue for the latest financial year saw sales rise 27% to EUR 10.8 billion. One reason for this sales improvement is the result of passengers flown increasing by 13% to 168.6 million while the average fair price rose by 11% to EUR 41. From this, EBIT improved by 28% to EUR 1.4 billion resulting in an EBIT margin of 13.4% compared to 13.3% in FY20. Net income returned to above EUR 1 billion reaching EUR 1.3 billion vs the EUR 649 million achieved in FY20. Owing to the stability of the group, all of its B737 fleet (95% of the entire fleet) is unencumbered. This has resulted in an average gearing ratio (debt/equity) since 2019 of 0.88x (EasyJet 1.5x) and a net debt to adjusted EBIT ratio of 4.2x (EasyJet 7.7x). Moreover, the group has zero goodwill and minimal intangible assets, which has led to an average equity/intangibles ratio of 35.5x since 2019 (EasyJet 4.5x).

One downside is its huge reliance on its predominately sole supplier of airplanes, Boeing. Boeing suffered multiple supply chain challenges earlier this year resulting in repeated delivery delays of expected B-8200s (Gamechanger's). Consequently, the group revised its expected traffic growth for FY24 to 183.5 million (+9% YOY) compared to 185 million. Nevertheless, in May, Ryanair signed an order with Boeing worth USD 40 billion for 300 Boeing 737 Max-10 aircraft (21% more seats, 20% less fuel consumption, and 50% quieter than the current Boeing 737 next gen fleet). This investment paired with the investment into B-8200s puts the company on its way to achieving its goal of growing its traffic to 300 million passengers annually by FY34. Furthermore, the group noted that Q2 bookings were strong, however, price increases are expected to be much lower than that in Q1 resulting from strong Q2/FY23 comparables. Thus, the company expects Q2 prices to rise by a low double-digit percentage. Lastly, Ryanair stated they remain "cautiously optimistic" that FY24 profit after tax will be "modestly" ahead of the prior year. Based on an absolute and relative valuation, Ryanair appears attractive.

Author: Philip Wentlandt (Analyst)

# Disclaimer

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

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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.

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**Compliance**

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**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 |
|---|---|---|---|---|---|---|
| 18/10/23 | Heidelberg Materials AG | Attractive | Hold | EUR 71.98 | EUR 80.00 | Dario Maugeri (Analyst) |
| 18/10/23 | Pandora A/S | Attractive | Hold | DKK 822.8 | DKK 900.00 | Lars Dreßen (Analyst) |
| 01/02/23 | | Attractive | Buy | DKK 566.00 | DKK 650.00 (initial coverage) | Lars Dreßen (Analyst) |
| 18/10/23 | Puma SE | Attractive | Buy | EUR 51.42 | EUR 65.00 (initial coverage) | Mathias Kimmes (Analyst) |
| 18/10/23 | Rheinmetall AG | Attractive | Buy | EUR 267.10 | EUR 330.00 | Philip Wentlandt (Analyst) |
| 31/10/23 | | Attractive | Buy | EUR 164.50 | EUR 200.00 (initial coverage) | Philip Wentlandt (Analyst) |
| 18/10/23 | Ryanair Holdings plc | Attractive | Buy | EUR 14.59 | EUR 20.00 (initial coverage) | Philip Wentlandt (Analyst) |

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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,
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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:


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