

| | | | |
|---|--|--|---|
| <p>Buy</p> <p>EUR 150.00</p> <p>Price EUR 102.80</p> <p>Upside 45.9 %</p> | <p>Value Indicators: EUR</p> <p>DCF: 150.91</p> <p>FCF-Value Potential 24e: 69.06</p> <p>Peer group: 118.45</p> | <p>Warburg ESG Risk Score: 2.7</p> <p>ESG Score (MSCI based): 3.0</p> <p>Balance Sheet Score: 4.0</p> <p>Market Liquidity Score: 1.0</p> | <p>Description:</p> <p>B2B digital cameras for applications such as factory, medical, traffic or retail.</p> |
| | <p>Market Snapshot: EUR m</p> <p>Market cap: 1,022.1</p> <p>No. of shares (m): 9.9</p> <p>EV: 1,035.8</p> <p>Freefloat MC: 388.4</p> <p>Ø Trad. Vol. (30d): 708.18 th</p> | <p>Shareholders:</p> <p>Freefloat 38.00 %</p> <p>Norbert Basler 53.00 %</p> <p>Treasury shares 5.00 %</p> <p>Dr. Ley (CEO) 4.00 %</p> <p>Invesco 6.00 %</p> | <p>Key Figures (WRe): 2022e</p> <p>Beta: 1.1</p> <p>Price / Book: 7.0 x</p> <p>Equity Ratio: 64 %</p> <p>Net Fin. Debt / EBITDA: 0.2 x</p> <p>Net Debt / EBITDA: 0.3 x</p> |

Q1 exceeds expectations

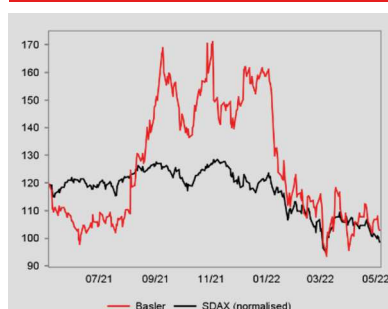
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|---------------------------------------|--------|--------|--------|-------|--------|--------|------|---|--|--|--|--|--|--|--|
| <p>Stated Figures Q1/2022:</p> | | | | | | | | <p>Comment on Figures:</p> <ul style="list-style-type: none"> Order intake increased by 25% to EUR 84.2m Strong revenue growth was driven by strong sales development in the recently acquired subsidiaries and a favourable RMB exchange rate Despite increased material costs and negative one-offs from the recent acquisitions, the higher sales volume yielded stronger margins than estimated | | | | | | | |
| FY End: 31.12. in EUR m | Q1 22 | Q1 22e | Q1 21 | yoy | 22e | 21 | yoy | | | | | | | | |
| Sales | 66.3 | 58.5 | 54.6 | 21 % | 270.5 | 214.7 | 26 % | | | | | | | | |
| EBT | 9.2 | 4.5 | 9.9 | -7 % | 33.6 | 28.0 | 20 % | | | | | | | | |
| Margin | 13.9 % | 7.7 % | 18.1 % | | 12.4 % | 13.0 % | | | | | | | | | |
| EPS | 0.68 | 0.34 | 0.77 | -12 % | 2.43 | 2.08 | 17 % | | | | | | | | |

Basler has published strong Q1 results that exceeded our expectations and confirmed its targets for the full year. Demand remained strong with an order intake of EUR 84.2m, 25% above the already solid volume of last year's first quarter. Although shortages prevented the top line from keeping up with order momentum, solid growth of 21.4% to EUR 66.3m exceeded our estimates (WRe EUR 58.5m). This was driven by an unexpectedly high contribution from the recently acquired Korean distributor (approx. EUR 6m) and a favourable RMB exchange rate.

The EBT margin declined to 13.9% from 18.1% in the exceptionally strong Q1 2021, but improved significantly from the Q4 2021 figure of 6.8% and was above the full-year target range of 9-12%. This far exceeded our expectations (WRe 7.7%), especially as shortages increased material costs, while price increases at the beginning of the year did not affect the high order backlog and thus a large part of Q1 sales. Moreover, the acquisition of the Korean distributors led to inventory adjustments, which also had a negative effect on the gross margin. However, despite a gross margin decline from 54.6% last year to 50.2%, Basler was able to achieve solid profitability thanks to a higher than anticipated sales volume and operating leverage. R&D costs were also EUR 1.4m below our estimates at EUR 7.4m, as development activities were still impacted by the aftermath of last year's cyber-attack.

After a strong start to the year with an order backlog of approx. EUR 150m, Basler has confirmed its guidance and is aiming for EUR 235-265m in sales with an EBT margin of 9-12%. The cautious outlook reflects the limited visibility for the availability of some critical components, such as FPAs, due to the chip shortage. Although Q1 was better than expected, bottlenecks may take longer to resolve, which could result in a slower than anticipated recovery in H2. Currently, management expects slight improvements in the second half of the year, but no substantial change in the supply situation.

We leave our full-year estimates above the guidance range. Even without a significant improvement in the supply situation, the price increases at the beginning of the year should have a positive impact on profitability in H2. Moreover, the negative effect from inventory adjustments related to the acquisitions of the Korean distributors should not have a material impact in the second half of the year. Against this background, we confirm our target price and our Buy recommendation for Basler.



Rel. Performance vs SDAX:

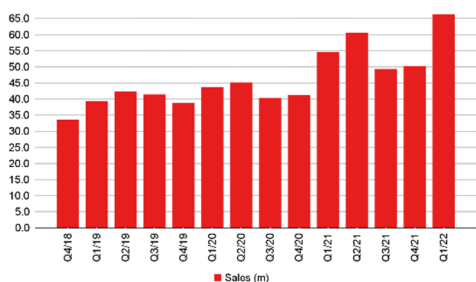
| | |
|---------------------|---------|
| 1 month: | 7.6 % |
| 6 months: | -8.5 % |
| Year to date: | -16.8 % |
| Trailing 12 months: | 8.4 % |

Company events:

| | |
|----------|--------------------|
| 23.05.22 | AGM |
| 23.06.22 | Warburg Highlights |
| 03.08.22 | Q2 |
| 08.11.22 | Q3 |

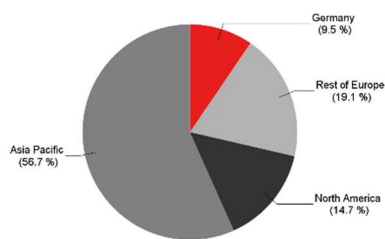
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|-------------------------|---------------|--------------------------------------|--------|--------|--------|--------|--------|--------|
| FY End: 31.12. in EUR m | CAGR (21-24e) | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| Sales | 19.5 % | 150.0 | 162.0 | 170.5 | 214.7 | 270.5 | 313.4 | 366.2 |
| Change Sales yoy | | -0.1 % | 8.0 % | 5.2 % | 26.0 % | 26.0 % | 15.9 % | 16.8 % |
| Gross profit margin | | 53.3 % | 50.9 % | 52.0 % | 52.4 % | 51.2 % | 51.5 % | 51.3 % |
| EBITDA | 19.1 % | 36.0 | 30.0 | 34.6 | 44.5 | 52.8 | 63.5 | 75.2 |
| Margin | | 24.0 % | 18.5 % | 20.3 % | 20.7 % | 19.5 % | 20.3 % | 20.5 % |
| EBIT | 22.3 % | 24.8 | 17.0 | 20.1 | 28.4 | 34.4 | 43.4 | 51.9 |
| Margin | | 16.6 % | 10.5 % | 11.8 % | 13.2 % | 12.7 % | 13.9 % | 14.2 % |
| EBT | | 24.5 | 16.9 | 20.4 | 28.0 | 33.6 | 42.6 | 51.1 |
| Margin | | 16.3 % | 10.4 % | 12.0 % | 13.0 % | 12.4 % | 13.6 % | 13.9 % |
| Net income | 21.0 % | 17.0 | 12.9 | 15.1 | 20.8 | 24.2 | 30.7 | 36.8 |
| EPS | 21.1 % | 1.76 | 1.29 | 1.51 | 2.08 | 2.43 | 3.08 | 3.69 |
| DPS | 21.3 % | 0.53 | 0.26 | 0.58 | 0.62 | 0.73 | 0.92 | 1.11 |
| Dividend Yield | | 0.9 % | 0.6 % | 1.1 % | 0.5 % | 0.7 % | 0.9 % | 1.1 % |
| FCFPS | | 0.93 | -0.97 | 1.38 | 0.96 | 1.75 | 2.13 | 2.41 |
| FCF / Market cap | | 1.6 % | -2.1 % | 2.6 % | 0.8 % | 1.7 % | 2.1 % | 2.3 % |
| EV / Sales | | 3.8 x | 3.0 x | 3.2 x | 5.5 x | 3.9 x | 3.3 x | 2.8 x |
| EV / EBITDA | | 15.7 x | 16.1 x | 15.6 x | 26.6 x | 19.7 x | 16.2 x | 13.5 x |
| EV / EBIT | | 22.8 x | 28.4 x | 26.9 x | 41.7 x | 30.3 x | 23.7 x | 19.6 x |
| P / E | | 32.7 x | 36.4 x | 35.8 x | 57.0 x | 42.3 x | 33.4 x | 27.9 x |
| FCF Potential Yield | | 4.5 % | 4.3 % | 4.6 % | 2.5 % | 3.4 % | 4.1 % | 4.9 % |
| ROE | | 24.1 % | 14.4 % | 13.9 % | 17.0 % | 17.6 % | 19.4 % | 20.1 % |
| ROCE (NOPAT) | | 23.8 % | 12.7 % | 12.8 % | 17.3 % | 17.1 % | 18.9 % | 21.1 % |
| Guidance: | | Sales EUR 235-265m, EBT margin 9-12% | | | | | | |

Sales development
in EUR m



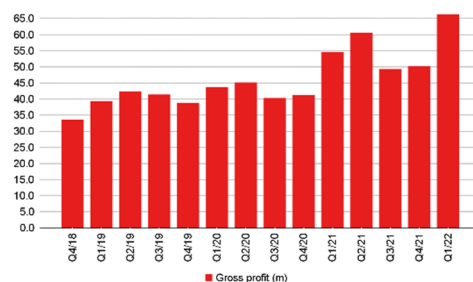
Source: Basler

Sales by regions
2021; in %



Source: Basler

Gross profit development
in EUR m



Source: Basler

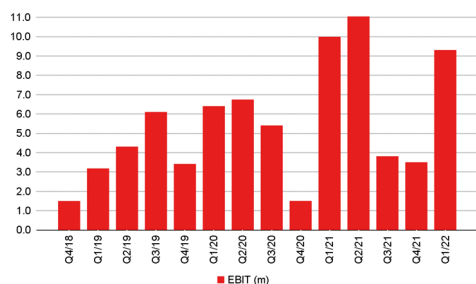
Company Background

- Basler is a provider of digital cameras for production, medical applications, traffic control or retail.
- Basler focuses on the mainstream and entry-level market segments.
- Customers are mainly OEMs. The customer base is well diversified and no single customer accounts for more than 10% of revenue. More than 60% of revenues are direct sales.

Competitive Quality

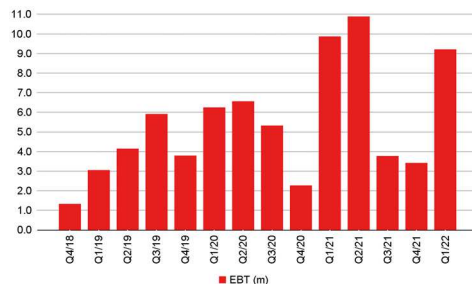
- In terms of units Basler is the world's largest developer and manufacturer of digital cameras in a fragmented, but consolidating, market for digital cameras for B2B-applications.
- High level of vision technology expertise: Basler has one of the largest developer pools in the sector and differentiates itself with camera software competence, which accounts for more than 50% of the value creation.
- State-of-the-art product portfolio: Basler is among the first movers in digital cameras based on GigE Vision and the USB3 Vision standard. It is also an early adopter of new sensor technology.
- High service and consulting quality through direct sales and Basler's network of specialised distributors.
- Basler is present in the most important markets for vision technology in South East Asia, Europe and the US.

EBIT development
in EUR m



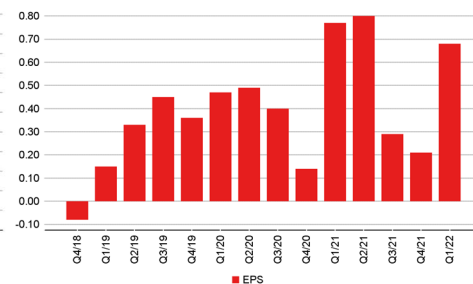
Source: Basler

EBT development
in EUR m



Source: Basler

EPS development
in EUR



Source: Basler

DCF model

| Figures in EUR m | Detailed forecast period | | | Transitional period | | | | | | | | | | Term. Value |
|-----------------------------|--------------------------|--------|--------|---------------------|--------|--------|--------|--------|--------|--------|---------|---------|---------|-------------|
| | 2022e | 2023e | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | |
| Sales | 270.5 | 313.4 | 366.2 | 425.4 | 492.8 | 569.4 | 656.1 | 753.9 | 864.1 | 987.9 | 1,126.6 | 1,281.7 | 1,458.0 | |
| Sales change | 26.0 % | 15.9 % | 16.8 % | 16.2 % | 15.8 % | 15.5 % | 15.2 % | 14.9 % | 14.6 % | 14.3 % | 14.0 % | 13.8 % | 13.8 % | 2.5 % |
| EBIT | 34.4 | 43.4 | 51.9 | 59.6 | 68.5 | 78.6 | 89.9 | 102.5 | 116.7 | 132.4 | 149.8 | 169.2 | 191.0 | |
| EBIT-margin | 12.7 % | 13.9 % | 14.2 % | 14.0 % | 13.9 % | 13.8 % | 13.7 % | 13.6 % | 13.5 % | 13.4 % | 13.3 % | 13.2 % | 13.1 % | |
| Tax rate (EBT) | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | 28.0 % | |
| NOPAT | 24.8 | 31.3 | 37.3 | 42.9 | 49.3 | 56.6 | 64.7 | 73.8 | 84.0 | 95.3 | 107.9 | 121.8 | 137.5 | |
| Depreciation | 18.4 | 20.1 | 23.3 | 27.7 | 32.0 | 37.0 | 42.6 | 49.0 | 56.2 | 64.2 | 73.2 | 83.3 | 94.8 | |
| in % of Sales | 6.8 % | 6.4 % | 6.4 % | 6.5 % | 6.5 % | 6.5 % | 6.5 % | 6.5 % | 6.5 % | 6.5 % | 6.5 % | 6.5 % | 6.5 % | |
| Changes in provisions | 0.3 | 0.0 | 0.0 | 0.3 | 0.3 | 0.4 | 0.4 | 0.5 | 0.6 | 0.6 | 0.7 | 0.8 | 0.9 | |
| Change in Liquidity from | | | | | | | | | | | | | | |
| - Working Capital | -2.7 | 5.5 | 8.5 | 9.4 | 11.5 | 13.0 | 14.7 | 16.6 | 18.7 | 21.0 | 23.6 | 26.4 | 30.0 | |
| - Capex | 23.1 | 24.8 | 28.3 | 33.2 | 38.9 | 44.7 | 50.0 | 55.7 | 61.9 | 68.7 | 75.9 | 83.8 | 94.8 | |
| Capex in % of Sales | 8.5 % | 7.9 % | 7.7 % | 7.8 % | 7.9 % | 7.9 % | 7.6 % | 7.4 % | 7.2 % | 6.9 % | 6.7 % | 6.5 % | 6.5 % | |
| - Other | 23.0 | 1.0 | 1.0 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Free Cash Flow (WACC Model) | 0.1 | 20.0 | 22.8 | 27.2 | 31.3 | 36.3 | 43.1 | 51.0 | 60.1 | 70.5 | 82.3 | 95.8 | 108.5 | 134 |
| PV of FCF | 0.1 | 18.2 | 19.4 | 21.5 | 23.0 | 24.8 | 27.5 | 30.3 | 33.2 | 36.3 | 39.5 | 42.8 | 45.1 | 1,143 |
| share of PVs | 2.50 % | | | 21.53 % | | | | | | | | | | 75.97 % |

Model parameter

| | | | |
|--------------------------|---------------|---------------------|-------------|
| Derivation of WACC: | | Derivation of Beta: | |
| Debt ratio | 8.00 % | Financial Strength | 0.90 |
| Cost of debt (after tax) | 2.1 % | Liquidity (share) | 1.20 |
| Market return | 7.50 % | Cyclicality | 1.30 |
| Risk free rate | 2.00 % | Transparency | 1.00 |
| | | Others | 0.90 |
| WACC | 7.37 % | Beta | 1.06 |

Valuation (m)

| | | | |
|----------------------------|--------------|------------------------------|---------------|
| Present values 2034e | 362 | | |
| Terminal Value | 1,143 | | |
| Financial liabilities | 54 | | |
| Pension liabilities | 2 | | |
| Hybrid capital | 0 | | |
| Minority interest | 0 | | |
| Market val. of investments | 0 | | |
| Liquidity | 52 | No. of shares (m) | 9.9 |
| Equity Value | 1,500 | Value per share (EUR) | 150.91 |

Sensitivity Value per Share (EUR)

| Beta | WACC | Terminal Growth | | | | | | | Beta | WACC | Delta EBIT-margin | | | | | | |
|------|-------|-----------------|--------|--------|--------|--------|--------|--------|------|-------|-------------------|---------|---------|---------|---------|---------|---------|
| | | 1.75 % | 2.00 % | 2.25 % | 2.50 % | 2.75 % | 3.00 % | 3.25 % | | | -1.5 pp | -1.0 pp | -0.5 pp | +0.0 pp | +0.5 pp | +1.0 pp | +1.5 pp |
| 1.26 | 8.4 % | 108.86 | 111.82 | 115.02 | 118.49 | 122.28 | 126.41 | 130.95 | 1.26 | 8.4 % | 102.63 | 107.92 | 113.20 | 118.49 | 123.78 | 129.07 | 134.36 |
| 1.16 | 7.9 % | 121.04 | 124.72 | 128.73 | 133.11 | 137.91 | 143.21 | 149.08 | 1.16 | 7.9 % | 115.44 | 121.33 | 127.22 | 133.11 | 138.99 | 144.88 | 150.77 |
| 1.11 | 7.6 % | 127.98 | 132.10 | 136.60 | 141.55 | 147.00 | 153.05 | 159.78 | 1.11 | 7.6 % | 122.85 | 129.08 | 135.32 | 141.55 | 147.79 | 154.02 | 160.26 |
| 1.06 | 7.4 % | 135.57 | 140.21 | 145.30 | 150.91 | 157.13 | 164.06 | 171.83 | 1.06 | 7.4 % | 131.06 | 137.67 | 144.29 | 150.91 | 157.53 | 164.15 | 170.76 |
| 1.01 | 7.1 % | 143.92 | 149.16 | 154.93 | 161.34 | 168.47 | 176.47 | 185.50 | 1.01 | 7.1 % | 140.20 | 147.25 | 154.29 | 161.34 | 168.38 | 175.42 | 182.47 |
| 0.96 | 6.9 % | 153.14 | 159.08 | 165.67 | 173.01 | 181.24 | 190.54 | 201.11 | 0.96 | 6.9 % | 150.45 | 157.97 | 165.49 | 173.01 | 180.53 | 188.05 | 195.57 |
| 0.86 | 6.4 % | 174.74 | 182.52 | 191.24 | 201.09 | 212.29 | 225.16 | 240.09 | 0.86 | 6.4 % | 175.09 | 183.76 | 192.42 | 201.09 | 209.75 | 218.42 | 227.08 |

- Financial liabilities are also related to the lease of the company building.
- The beta takes into consideration Basler's strong track record, the high equity ratio and the cyclicality
- The structural growth of the vision technology market forms the basis of Basler's revenue increases.
- Payment for the acquisitions of DATVISION and IOVIS are accounted for in the "others" line

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

| in EUR m | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e | |
|---|---------------|--------------|--------------|----------------|----------------|----------------|----------------|--------------|
| Net Income before minorities | 17.0 | 12.9 | 15.1 | 20.8 | 24.2 | 30.7 | 36.8 | |
| + Depreciation + Amortisation | 11.1 | 12.9 | 14.5 | 16.2 | 18.4 | 20.1 | 23.3 | |
| - Net Interest Income | -0.3 | -0.1 | 0.4 | -0.4 | -0.8 | -0.8 | -0.8 | |
| - Maintenance Capex | 2.9 | 5.0 | 4.4 | 7.5 | 8.1 | 9.4 | 11.0 | |
| + Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| = Free Cash Flow Potential | 25.6 | 20.9 | 24.9 | 29.8 | 35.3 | 42.2 | 49.9 | |
| FCF Potential Yield (on market EV) | 4.5 % | 4.3 % | 4.6 % | 2.5 % | 3.4 % | 4.1 % | 4.9 % | |
| WACC | 7.37 % | 7.37 % | 7.37 % | 7.37 % | 7.37 % | 7.37 % | 7.37 % | |
| = Enterprise Value (EV) | 564.9 | 482.6 | 539.5 | 1,183.5 | 1,041.7 | 1,029.3 | 1,016.0 | |
| = Fair Enterprise Value | 346.7 | 283.8 | 337.8 | 404.4 | 478.6 | 572.2 | 676.6 | |
| - Net Debt (Cash) | -0.4 | -0.4 | -0.4 | -0.4 | 11.8 | -0.6 | -13.9 | |
| - Pension Liabilities | 1.6 | 1.6 | 1.6 | 1.6 | 1.9 | 1.9 | 1.9 | |
| - Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Market value of minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| + Market value of investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| = Fair Market Capitalisation | 345.5 | 282.6 | 336.6 | 403.2 | 464.9 | 570.8 | 688.6 | |
| Number of shares, average | 9.6 | 9.9 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | |
| = Fair value per share (EUR) | 35.83 | 28.42 | 33.64 | 40.43 | 46.62 | 57.25 | 69.06 | |
| premium (-) / discount (+) in % | | | | | -54.6 % | -44.3 % | -32.8 % | |
| Sensitivity Fair value per Share (EUR) | | | | | | | | |
| | 10.37 % | 24.67 | 20.16 | 24.03 | 28.79 | 32.83 | 40.77 | 49.57 |
| | 9.37 % | 27.31 | 22.33 | 26.61 | 31.87 | 36.49 | 45.13 | 54.74 |
| | 8.37 % | 30.59 | 25.01 | 29.80 | 35.69 | 41.01 | 50.54 | 61.13 |
| WACC | 7.37 % | 35.83 | 28.42 | 33.64 | 40.43 | 46.62 | 57.25 | 69.06 |
| | 6.37 % | 40.23 | 32.90 | 39.19 | 46.93 | 54.32 | 66.45 | 79.94 |
| | 5.37 % | 47.74 | 39.05 | 46.51 | 55.69 | 64.69 | 78.84 | 94.60 |
| | 4.37 % | 58.69 | 48.01 | 57.17 | 68.46 | 79.80 | 96.91 | 115.96 |

- Assumptions on the beta and the wacc are consistent with indicators used in our DCF model
- The capex requirements for machinery and plant are low.

| Valuation | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|-------------------------------------|--------|--------|--------|---------|--------|--------|--------|
| Price / Book | 7.4 x | 4.5 x | 4.7 x | 9.2 x | 7.0 x | 6.1 x | 5.2 x |
| Book value per share ex intangibles | 3.57 | 4.10 | 5.00 | 6.28 | 5.64 | 7.29 | 9.39 |
| EV / Sales | 3.8 x | 3.0 x | 3.2 x | 5.5 x | 3.9 x | 3.3 x | 2.8 x |
| EV / EBITDA | 15.7 x | 16.1 x | 15.6 x | 26.6 x | 19.7 x | 16.2 x | 13.5 x |
| EV / EBIT | 22.8 x | 28.4 x | 26.9 x | 41.7 x | 30.3 x | 23.7 x | 19.6 x |
| EV / EBIT adj.* | 22.8 x | 28.4 x | 26.9 x | 41.7 x | 30.3 x | 23.7 x | 19.6 x |
| P / FCF | 61.9 x | n.a. | 39.1 x | 123.1 x | 58.8 x | 48.3 x | 42.6 x |
| P / E | 32.7 x | 36.4 x | 35.8 x | 57.0 x | 42.3 x | 33.4 x | 27.9 x |
| P / E adj.* | 32.7 x | 36.4 x | 37.0 x | 57.0 x | 42.3 x | 33.4 x | 27.9 x |
| Dividend Yield | 0.9 % | 0.6 % | 1.1 % | 0.5 % | 0.7 % | 0.9 % | 1.1 % |
| FCF Potential Yield (on market EV) | 4.5 % | 4.3 % | 4.6 % | 2.5 % | 3.4 % | 4.1 % | 4.9 % |

*Adjustments made for: -

Consolidated profit and loss

| In EUR m | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 150.0 | 162.0 | 170.5 | 214.7 | 270.5 | 313.4 | 366.2 |
| Change Sales yoy | -0.1 % | 8.0 % | 5.2 % | 26.0 % | 26.0 % | 15.9 % | 16.8 % |
| COGS | 70.1 | 79.5 | 81.7 | 102.2 | 132.0 | 152.0 | 178.3 |
| Gross profit | 79.9 | 82.4 | 88.7 | 112.5 | 138.5 | 161.4 | 187.9 |
| <i>Gross margin</i> | <i>53.3 %</i> | <i>50.9 %</i> | <i>52.0 %</i> | <i>52.4 %</i> | <i>51.2 %</i> | <i>51.5 %</i> | <i>51.3 %</i> |
| Research and development | 18.8 | 17.9 | 21.7 | 29.9 | 36.7 | 41.6 | 47.7 |
| Sales and marketing | 23.0 | 31.5 | 30.6 | 34.9 | 44.1 | 50.8 | 59.0 |
| Administration expenses | 12.7 | 15.8 | 17.4 | 20.4 | 23.2 | 25.4 | 29.2 |
| Other operating expenses | 1.4 | 1.0 | 0.2 | 0.3 | 1.0 | 1.2 | 1.2 |
| Other operating income | 0.8 | 0.8 | 1.1 | 1.3 | 0.9 | 1.0 | 1.1 |
| Unfrequent items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA | 36.0 | 30.0 | 34.6 | 44.5 | 52.8 | 63.5 | 75.2 |
| <i>Margin</i> | <i>24.0 %</i> | <i>18.5 %</i> | <i>20.3 %</i> | <i>20.7 %</i> | <i>19.5 %</i> | <i>20.3 %</i> | <i>20.5 %</i> |
| Depreciation of fixed assets | 3.2 | 5.0 | 6.3 | 6.3 | 6.4 | 6.5 | 7.2 |
| EBITA | 32.8 | 25.0 | 28.3 | 38.2 | 46.4 | 57.0 | 68.0 |
| Amortisation of intangible assets | 7.9 | 8.0 | 8.2 | 9.8 | 12.0 | 13.6 | 16.1 |
| Goodwill amortisation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 24.8 | 17.0 | 20.1 | 28.4 | 34.4 | 43.4 | 51.9 |
| <i>Margin</i> | <i>16.6 %</i> | <i>10.5 %</i> | <i>11.8 %</i> | <i>13.2 %</i> | <i>12.7 %</i> | <i>13.9 %</i> | <i>14.2 %</i> |
| EBIT adj. | 24.8 | 17.0 | 20.1 | 28.4 | 34.4 | 43.4 | 51.9 |
| Interest income | 0.2 | 1.0 | 1.1 | 0.2 | 0.2 | 0.2 | 0.2 |
| Interest expenses | 0.5 | 1.1 | 0.8 | 0.6 | 1.0 | 1.0 | 1.0 |
| Other financial income (loss) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBT | 24.5 | 16.9 | 20.4 | 28.0 | 33.6 | 42.6 | 51.1 |
| <i>Margin</i> | <i>16.3 %</i> | <i>10.4 %</i> | <i>12.0 %</i> | <i>13.0 %</i> | <i>12.4 %</i> | <i>13.6 %</i> | <i>13.9 %</i> |
| Total taxes | 7.5 | 4.0 | 5.3 | 7.2 | 9.4 | 11.9 | 14.3 |
| Net income from continuing operations | 17.0 | 12.9 | 15.1 | 20.8 | 24.2 | 30.7 | 36.8 |
| Income from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income before minorities | 17.0 | 12.9 | 15.1 | 20.8 | 24.2 | 30.7 | 36.8 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 17.0 | 12.9 | 15.1 | 20.8 | 24.2 | 30.7 | 36.8 |
| <i>Margin</i> | <i>11.3 %</i> | <i>7.9 %</i> | <i>8.9 %</i> | <i>9.7 %</i> | <i>8.9 %</i> | <i>9.8 %</i> | <i>10.0 %</i> |
| Number of shares, average | 9.6 | 9.9 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| EPS | 1.76 | 1.29 | 1.51 | 2.08 | 2.43 | 3.08 | 3.69 |
| EPS adj. | 1.76 | 1.29 | 1.46 | 2.08 | 2.43 | 3.08 | 3.69 |

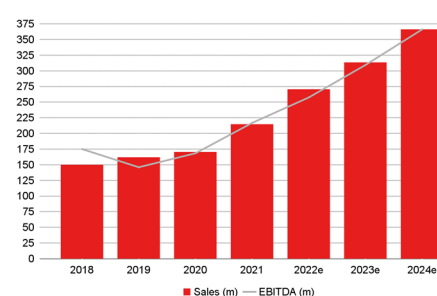
*Adjustments made for:

Guidance: Sales EUR 235-265m, EBT margin 9-12%

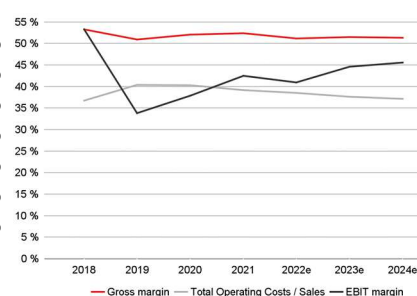
Financial Ratios

| | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Total Operating Costs / Sales | 36.7 % | 40.4 % | 40.3 % | 39.2 % | 38.5 % | 37.6 % | 37.1 % |
| Operating Leverage | 140.8 x | -3.9 x | 3.4 x | 1.6 x | 0.8 x | 1.6 x | 1.2 x |
| EBITDA / Interest expenses | 78.2 x | 28.3 x | 45.0 x | 75.4 x | 52.8 x | 63.5 x | 75.2 x |
| Tax rate (EBT) | 30.6 % | 23.9 % | 26.0 % | 25.8 % | 28.0 % | 28.0 % | 28.0 % |
| Dividend Payout Ratio | 30.0 % | 20.1 % | 38.4 % | 29.8 % | 30.0 % | 30.0 % | 30.0 % |
| Sales per Employee | 249,589 | 200,944 | 210,964 | 248,528 | 281,802 | 326,483 | 381,458 |

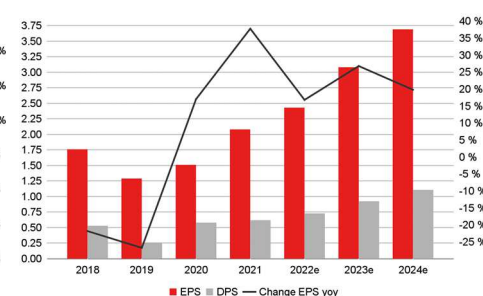
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

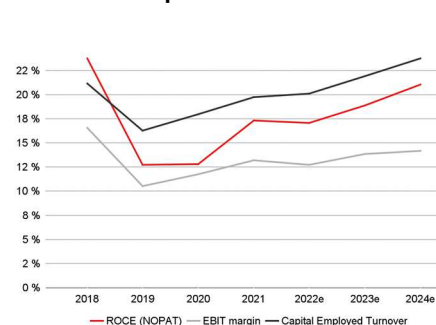
Consolidated balance sheet

| In EUR m | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | | | |
| Goodwill and other intangible assets | 40.8 | 62.0 | 64.8 | 66.0 | 90.5 | 96.4 | 102.0 |
| thereof other intangible assets | 6.5 | 3.0 | 3.7 | 6.5 | 8.6 | 10.8 | 13.2 |
| thereof Goodwill | 12.7 | 27.5 | 27.5 | 27.5 | 45.5 | 45.5 | 45.5 |
| Property, plant and equipment | 22.5 | 30.6 | 29.3 | 28.7 | 31.9 | 30.7 | 30.1 |
| Financial assets | 1.7 | 4.6 | 2.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long-term assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed assets | 65.1 | 97.2 | 96.3 | 94.7 | 122.4 | 127.2 | 132.2 |
| Inventories | 21.0 | 20.9 | 20.0 | 37.1 | 35.6 | 40.7 | 46.9 |
| Accounts receivable | 18.2 | 19.4 | 19.5 | 33.3 | 31.1 | 34.3 | 40.1 |
| Liquid assets | 31.8 | 35.2 | 47.9 | 54.8 | 33.3 | 45.7 | 59.0 |
| Other short-term assets | 2.8 | 8.5 | 6.5 | 7.3 | 7.3 | 7.3 | 7.3 |
| Current assets | 73.9 | 84.0 | 93.8 | 132.5 | 107.2 | 128.0 | 153.3 |
| Total Assets | 139.0 | 181.2 | 190.1 | 227.3 | 229.7 | 255.1 | 285.4 |
| Liabilities and shareholders' equity | | | | | | | |
| Subscribed capital | 3.2 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Capital reserve | 5.3 | 22.4 | 22.6 | 26.8 | 26.8 | 26.8 | 26.8 |
| Retained earnings | 66.5 | 74.8 | 87.1 | 94.2 | 118.4 | 149.1 | 185.9 |
| Other equity components | 0.5 | -4.2 | -4.8 | -2.4 | -8.3 | -16.5 | -26.8 |
| Shareholders' equity | 75.5 | 103.0 | 114.9 | 128.7 | 147.0 | 169.4 | 195.9 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total equity | 75.5 | 103.0 | 114.9 | 128.7 | 147.0 | 169.4 | 195.9 |
| Provisions | 8.3 | 8.2 | 9.4 | 16.0 | 10.4 | 10.6 | 10.9 |
| thereof provisions for pensions and similar obligations | 1.2 | 0.9 | 1.1 | 1.6 | 1.9 | 1.9 | 1.9 |
| Financial liabilities (total) | 39.8 | 50.0 | 45.1 | 54.4 | 45.1 | 45.1 | 45.1 |
| Short-term financial liabilities | 1.8 | 5.3 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 |
| Accounts payable | 7.4 | 10.6 | 11.1 | 18.8 | 17.8 | 20.6 | 24.1 |
| Other liabilities | 7.9 | 9.4 | 9.7 | 9.4 | 9.4 | 9.4 | 9.4 |
| Liabilities | 63.4 | 78.2 | 75.2 | 98.6 | 82.7 | 85.8 | 89.5 |
| Total liabilities and shareholders' equity | 139.0 | 181.2 | 190.1 | 227.3 | 229.7 | 255.1 | 285.4 |

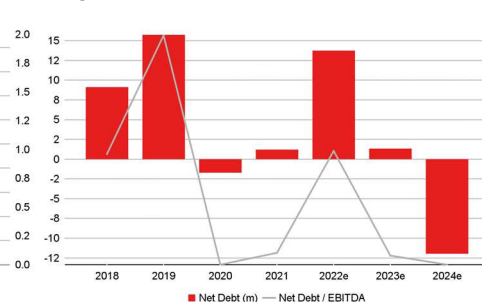
Financial Ratios

| | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|---|--------|--------|--------|--------|--------|--------|--------|
| Efficiency of Capital Employment | | | | | | | |
| Operating Assets Turnover | 2.8 x | 2.7 x | 3.0 x | 2.7 x | 3.3 x | 3.7 x | 3.9 x |
| Capital Employed Turnover | 1.8 x | 1.4 x | 1.5 x | 1.7 x | 1.7 x | 1.8 x | 2.0 x |
| ROA | 26.1 % | 13.2 % | 15.7 % | 21.9 % | 19.8 % | 24.1 % | 27.8 % |
| Return on Capital | | | | | | | |
| ROCE (NOPAT) | 23.8 % | 12.7 % | 12.8 % | 17.3 % | 17.1 % | 18.9 % | 21.1 % |
| ROE | 24.1 % | 14.4 % | 13.9 % | 17.0 % | 17.6 % | 19.4 % | 20.1 % |
| Adj. ROE | 24.1 % | 14.4 % | 13.4 % | 17.0 % | 17.6 % | 19.4 % | 20.1 % |
| Balance sheet quality | | | | | | | |
| Net Debt | 9.1 | 15.7 | -1.7 | 1.2 | 13.7 | 1.3 | -12.0 |
| Net Financial Debt | 8.0 | 14.9 | -2.8 | -0.4 | 11.8 | -0.6 | -13.9 |
| Net Gearing | 12.1 % | 15.3 % | -1.5 % | 0.9 % | 9.4 % | 0.8 % | -6.1 % |
| Net Fin. Debt / EBITDA | 22.2 % | 49.6 % | n.a. | n.a. | 22.4 % | n.a. | n.a. |
| Book Value / Share | 7.8 | 10.3 | 11.5 | 12.9 | 14.7 | 16.9 | 19.6 |
| Book value per share ex intangibles | 3.6 | 4.1 | 5.0 | 6.3 | 5.6 | 7.3 | 9.4 |

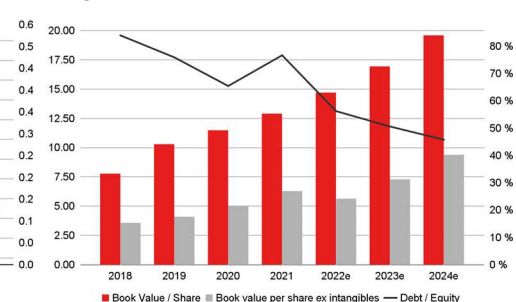
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

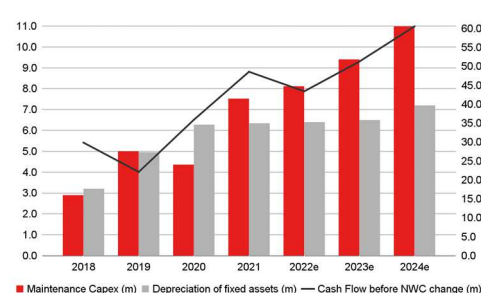
Consolidated cash flow statement

| In EUR m | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net income | 17.0 | 12.9 | 15.1 | 20.8 | 24.2 | 30.7 | 36.8 |
| Depreciation of fixed assets | 3.2 | 5.0 | 6.3 | 6.3 | 6.4 | 6.5 | 7.2 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 7.9 | 8.0 | 8.2 | 9.8 | 12.0 | 13.6 | 16.1 |
| Increase/decrease in long-term provisions | 0.0 | -0.1 | 1.1 | 6.6 | 0.3 | 0.0 | 0.0 |
| Other non-cash income and expenses | 1.7 | -3.7 | 5.1 | 5.1 | 0.5 | 0.5 | 0.5 |
| Cash Flow before NWC change | 29.9 | 22.1 | 35.9 | 48.6 | 43.4 | 51.3 | 60.6 |
| Increase / decrease in inventory | 2.2 | 0.1 | 0.9 | -17.1 | 1.5 | -5.1 | -6.2 |
| Increase / decrease in accounts receivable | -6.4 | -1.1 | -0.1 | -13.8 | 2.2 | -3.2 | -5.8 |
| Increase / decrease in accounts payable | -4.5 | 3.2 | 0.5 | 7.8 | -1.0 | 2.8 | 3.5 |
| Increase / decrease in other working capital positions | 5.8 | 0.5 | 0.1 | -0.1 | -5.6 | 0.2 | 0.3 |
| Increase / decrease in working capital (total) | -2.9 | 2.7 | 1.5 | -23.2 | -2.9 | -5.3 | -8.2 |
| Net cash provided by operating activities [1] | 27.0 | 24.7 | 37.3 | 25.3 | 40.5 | 46.0 | 52.3 |
| Investments in intangible assets | -13.6 | -29.3 | -20.6 | -11.8 | -18.5 | -19.5 | -21.7 |
| Investments in property, plant and equipment | -4.5 | -5.1 | -2.7 | -3.9 | -4.6 | -5.3 | -6.6 |
| Payments for acquisitions | -7.7 | 0.0 | 0.0 | 0.0 | -23.0 | -1.0 | -1.0 |
| Financial investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.1 | 0.1 | 0.2 | 0.4 | 0.1 | 0.1 | 0.1 |
| Net cash provided by investing activities [2] | -25.7 | -34.2 | -23.3 | -15.3 | -46.0 | -25.7 | -29.2 |
| Change in financial liabilities | 4.8 | -1.8 | 2.3 | 10.4 | -9.3 | 0.0 | 0.0 |
| Dividends paid | -6.5 | -5.1 | -2.6 | -5.8 | -6.2 | -7.3 | -9.2 |
| Purchase of own shares | -3.3 | 20.8 | -0.2 | -3.9 | 0.0 | 0.0 | 0.0 |
| Capital measures | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | -0.5 | -1.0 | -0.8 | 0.1 | -0.6 | -0.6 | -0.6 |
| Net cash provided by financing activities [3] | -5.5 | 13.0 | -1.3 | -3.1 | -16.1 | -7.9 | -9.8 |
| Change in liquid funds [1]+[2]+[3] | -4.2 | 3.5 | 12.7 | 7.0 | -21.6 | 12.4 | 13.3 |
| Effects of exchange-rate changes on cash | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash and cash equivalent at end of period | 31.8 | 35.3 | 47.9 | 54.8 | 33.3 | 45.7 | 59.0 |

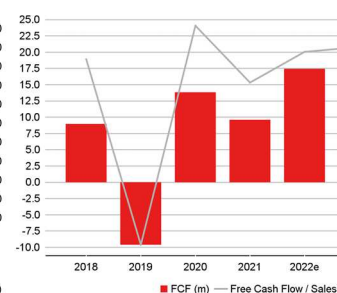
Financial Ratios

| | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Cash Flow | | | | | | | |
| FCF | 9.0 | -9.6 | 13.8 | 9.6 | 17.4 | 21.2 | 24.0 |
| Free Cash Flow / Sales | 6.0 % | -5.9 % | 8.1 % | 4.5 % | 6.4 % | 6.8 % | 6.6 % |
| Free Cash Flow Potential | 25.6 | 20.9 | 24.9 | 29.8 | 35.3 | 42.2 | 49.9 |
| Free Cash Flow / Net Profit | 52.7 % | -74.6 % | 91.6 % | 46.3 % | 72.1 % | 69.1 % | 65.4 % |
| Interest Received / Avg. Cash | 0.5 % | 2.9 % | 2.7 % | 0.4 % | 0.5 % | 0.5 % | 0.4 % |
| Interest Paid / Avg. Debt | 1.3 % | 2.4 % | 1.6 % | 1.2 % | 2.0 % | 2.2 % | 2.2 % |
| Management of Funds | | | | | | | |
| Investment ratio | 12.0 % | 21.2 % | 13.7 % | 7.3 % | 8.5 % | 7.9 % | 7.7 % |
| Maint. Capex / Sales | 1.9 % | 3.1 % | 2.6 % | 3.5 % | 3.0 % | 3.0 % | 3.0 % |
| Capex / Dep | 161.8 % | 265.4 % | 160.6 % | 97.2 % | 125.5 % | 123.5 % | 121.4 % |
| Avg. Working Capital / Sales | 17.9 % | 19.0 % | 17.1 % | 18.6 % | 18.6 % | 16.5 % | 16.0 % |
| Trade Debtors / Trade Creditors | 246.9 % | 183.1 % | 175.9 % | 176.9 % | 174.7 % | 166.5 % | 166.4 % |
| Inventory Turnover | 3.3 x | 3.8 x | 4.1 x | 2.8 x | 3.7 x | 3.7 x | 3.8 x |
| Receivables collection period (days) | 44 | 44 | 42 | 57 | 42 | 40 | 40 |
| Payables payment period (days) | 39 | 49 | 49 | 67 | 49 | 49 | 49 |
| Cash conversion cycle (Days) | 115 | 91 | 82 | 122 | 91 | 88 | 87 |

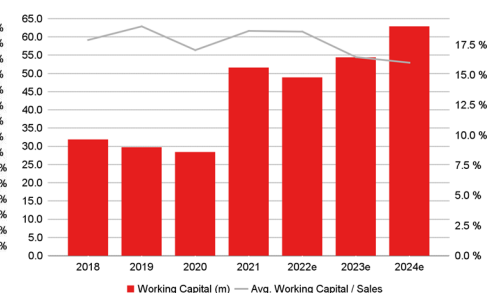
CAPEX and Cash Flow
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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- 7- The company preparing the analysis as well as its affiliated companies and employees have **other important interests** in relation to the analysed company, such as, for example, the exercising of mandates at analysed companies.

This report has been made accessible to the company analysed.

| Company | Disclosure | Link to the historical price targets and rating changes (last 12 months) |
|---------|------------|---|
| Basler | 3, 5 | http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005102008.htm |

INVESTMENT RECOMMENDATION

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

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

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

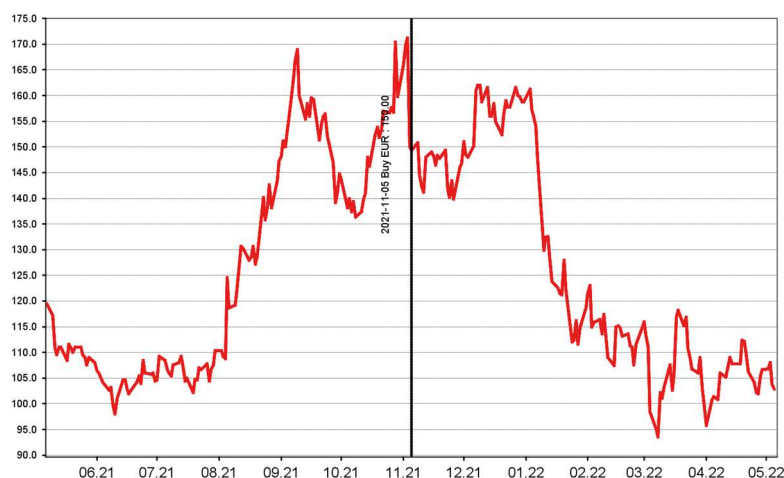
| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 170 | 81 |
| Hold | 36 | 17 |
| Sell | 3 | 1 |
| Rating suspended | 2 | 1 |
| Total | 211 | 100 |

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

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

| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 50 | 85 |
| Hold | 7 | 12 |
| Sell | 0 | 0 |
| Rating suspended | 2 | 3 |
| Total | 59 | 100 |

PRICE AND RATING HISTORY BASLER AS OF 06.05.2022



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

EQUITIES

Matthias Rode +49 40 3282-2678
Head of Equities mrode@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Stefan Augustin +49 40 309537-168
Cap. Goods, Engineering saugustin@warburg-research.com

Jan Bauer +49 40 309537-155
Renewables jbauer@warburg-research.com

Jonas Blum +49 40 309537-240
Telco, Media, Construction jblum@warburg-research.com

Christian Cohrs +49 40 309537-175
Industrials & Transportation ccohrs@warburg-research.com

Dr. Christian Ehmann +49 40 309537-167
BioTech, Life Science cehmann@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marius Fuhrberg +49 40 309537-185
Financial Services mfuhrberg@warburg-research.com

Mustafa Hidir +49 40 309537-230
Automobiles, Car Suppliers mhidir@warburg-research.com

Thor Höfs +49 40 309537-255
Software, IT thoefs@warburg-research.com

Philipp Kaiser +49 40 309537-260
Real Estate pkaiser@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Simon Stippig +49 40 309537-265
Real Estate sstippig@warburg-research.com

Cansu Tatar +49 40 309537-248
Cap. Goods, Engineering ctatar@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Robert-Jan van der Horst +49 40 309537-290
Technology rvanderhorst@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Marc Niemann +49 40 3282-2660
Head of Equity Sales, Germany mniemann@mmwarburg.com

Klaus Schilling +49 69 5050-7400
Head of Equity Sales, Germany kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lea Bogdanova +49 69 5050-7411
United Kingdom, Ireland lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Alexander Eschweiler +49 40 3282-2669
Germany, Luxembourg aeschweiler@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Maximilian Martin +49 69 5050-7413
Austria, Poland mmartin@mmwarburg.com

Christopher Seedorf +49 40 3282-2695
Switzerland cseedorf@mmwarburg.com

Sophie Hauer +49 69 5050-7417
Roadshow/Marketing shauer@mmwarburg.com

Juliane Niemann +49 40 3282-2694
Roadshow/Marketing jniemann@mmwarburg.com

SALES TRADING

Oliver Merckel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Marcel Magiera +49 40 3282-2662
Sales Trading mmagiera@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3282-2658
Sales Trading jtreptow@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

Warburg Research research.mmwarburg.com/en/index.html
Bloomberg RESP MMWA GO
FactSet www.factset.com

Refinitiv www.refinitiv.com
Capital IQ www.capitaliq.com

For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com