

Deutsche Rohstoff AG

Germany / Energy
 Frankfurt
 Bloomberg: DR0 GR
 ISIN: DE000A0XYG76

Update

RATING	ADD
PRICE TARGET	€ 51.00
Return Potential	18.3%
Risk Rating	High

WYOMING WELLS CONSISTENTLY PRODUCING 15% ABOVE BUDGET

DRAG's final 2023 numbers were very close to the preliminary figures published in February. Revenue climbed 18.9% to €196.7m (2022: €165.4m while EBITDA was 13.8% higher at €158.3m (2022: €139.1m). Revenue growth was driven by volume growth of 33% to 12,762 boepd (2022: 9,594 boepd) as the prices realised by DRAG for oil and gas after hedges fell by 3.5% and 33% respectively. Given the price differential between oil and gas (one barrel of oil equivalent of gas is worth only 20% of a boe of oil) and that gas volume was only half of oil volume, last year's oil and gas price declines had a roughly equal impact on sales. DRAG invested a record €180m in new wells last year. On a 100% working interest basis, 13.6 new wells started production, all of them in Wyoming. When it began operations in Wyoming in 2021/22, DRAG budgeted for an average reserve of 500,000 barrels of oil per well in the key Niobrara formation. In the 2023 annual report DRAG revealed that after the first 6 to 18 months of production, its Wyoming wells are producing at a rate ca. 15% above that expected for 500,000 barrel wells. We believe higher than budgeted production from new and existing wells was the main reason for the three upwards revisions to 2023 guidance made by DRAG last year. DRAG has so far developed only around 15% of its Wyoming acreage. The robust production figures delivered so far by DRAG in the state bode very well for coming years. However, the average levels of the oil futures strips for 2024 and 2025 are currently 6% and 5% below where they were at the time of our most recent note of 16 April. We now see fair value for the DRAG share at €51.0 (previously: €54.0). As the upside to our price target is below 25% we downgrade the recommendation from Buy to Add.

Dividends, buy backs and option settlements of €156m In the 2023 annual report DRAG announced a 2023 dividend of €1.75 (2022: €1.30), and in addition a €4m share buyback and €3m for cash settlement of the outstanding 190,000 options from the 2018 share option programme. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2022	2023	2024E	2025E	2026E	2027E
Revenue (€m)	165.44	196.65	238.14	198.98	208.83	208.53
Y-o-y growth	125.6%	18.9%	21.1%	-16.4%	5.0%	-0.1%
EBITDA (€m)	139.09	158.26	177.86	142.13	152.47	151.68
EBITDA margin	84.1%	80.5%	74.7%	71.4%	73.0%	72.7%
Net income (€m)	60.77	65.18	71.92	52.70	66.71	63.81
EPS (diluted) (€)	12.15	13.02	14.37	10.73	13.58	12.99
DPS (€)	1.30	1.75	1.75	1.75	1.75	1.75
FCF (€m)	60.27	-21.55	3.24	4.84	21.43	19.34
Net gearing	42.1%	42.2%	36.1%	32.7%	23.5%	17.6%
Liquid assets (€m)	54.20	82.19	10.35	4.43	17.10	27.68

RISKS

Risks include negative movements in the oil price and other raw materials prices, dry well risk, mechanical failure, loss of key personnel.

COMPANY PROFILE

Deutsche Rohstoff AG (DRAG) is a fast-growing oil and gas producer with 100% of its production in the United States. Critical metals such as tungsten account for around 10% of the company's assets. DRAG is based in Mannheim, Germany.

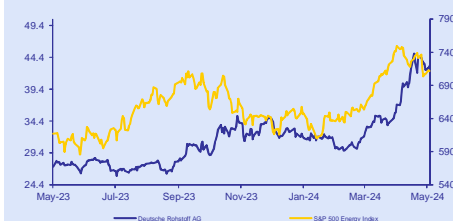
MARKET DATA

As of 07 May 2024

Closing Price	€ 43.10
Shares outstanding	5.00m
Market Capitalisation	€ 215.65m
52-week Range	€ 25.80 / 45.00
Avg. Volume (12 Months)	8,415

Multiples	2023	2024E	2025E
P/E	3.3	3.0	4.0
EV/Sales	1.5	1.2	1.5
EV/EBITDA	1.9	1.7	2.1
Div. Yield	4.1%	4.1%	4.1%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2023

Liquid Assets	€ 82.19m
Current Assets	€ 122.03m
Intangible Assets	€ 23.15m
Total Assets	€ 493.77m
Current Liabilities	€ 104.85m
Shareholders' Equity	€ 187.48m

SHAREHOLDERS

Management	10.0%
Institutional shareholders	19.0%
Free float	71.0%



The later measure will avert dilution of 4%. Together these measures are equivalent to €3.15 per share.

The annual report also gives inaugural 2025 guidance. Under its base case scenario DRAG is looking for revenue of €180m to €200m and EBITDA of €125m to €145m in 2025. The parameters underlying DRAG's 2024 and 2025 guidance, as well as our forecasts, are shown in figure 1. The company is also guiding towards 2025 expenditure on new wells of €100m to €110m. This figure roughly equates to 10 new Niobrara wells in Wyoming. We assume that capital expenditure on new wells remains constant at this level in 2026 and 2027.

Figure 1: DRAG 2024 guidance and First Berlin forecasts

€m	DRAG 23.04.24 (base case)	vs. prior year reported figure/ guidance	FBe* 05.05.24	FBe vs. DRAG base case
2024 volume (boepd)	14,700-15700	19.1%	14,974	-1.5%
2025 volume (boepd)	n.a.	n.a.	13,789	n.a.
2024 investments	145-165	7.4%	153	-1.3%
2025 investments	100-110	-32.3%	102	-2.7%
2024 revenue	210-230	11.9%	238	8.2%
2025 revenue	180-200	-13.6%	199	4.7%
2024 EBITDA	160-180	7.4%	178	4.6%
2025 EBITDA	125-145	-20.6%	142	5.3%
2024 oil price assumption (USD/bbl)	75.00	-3.3%	77.57	3.4%
2025 oil price assumption (USD/bbl)	75.00	0.0%	72.74	-3.0%
2024 gas price assumption (USD/MMBtu)	2.00	-20.9%	2.39	19.7%
2025 gas price assumption (USD/MMBtu)	2.00	0.0%	3.50	75.0%
2024 EURUSD exchange rate	1.12	3.6%	1.08	-3.7%
2025 EURUSD exchange rate	1.12	0.0%	1.08	-3.9%

* our forecasts based on current commodity futures strips and exchange rates

Source: DRAG; First Berlin Equity Research estimates

Our 2024 revenue forecast is 8.2% above the mid-point of DRAG's guidance. This is because our commodity and exchange rate assumptions are all more favourable than those made by DRAG. For 2025 our forecasts are also towards the top end of DRAG's guidance.

Figure 2: Summarised First Berlin forecasts 2024-2027

€000s	2023A	2024E	2025E	2026E	2027E
Volume (boepd)	12,762	14,974	13,789	13,669	13,788
Δ %	33.0%	17.3%	-7.9%	-0.9%	0.9%
Revenue	196,651	238,143	198,982	208,832	208,534
Δ %	18.9%	21.1%	-16.4%	5.0%	-0.1%
EBITDA	158,258	177,864	142,129	152,474	151,685
margin (%)	80.5%	74.7%	71.4%	73.0%	72.7%
Investments	198,443	153,014	102,183	102,183	102,183
Δ %					
Oil price/oil price futures price (USD/bbl)	77.58	77.57	72.74	69.24	66.81
Gas price/gas price futures (USD/MMBtu)	2.53	2.39	3.25	3.70	3.76
EURUSD exchange rate	1.08	1.08	1.08	1.08	1.08

Source: First Berlin Equity Research estimates



Figure 3: Evolution of DRAG's net debt position

€000's	FY/22	FY/23	FY/24E	FY/25E	FY/26E	FY/27E
Cash at bank	47,479	75,807	3,967	3,010	15,677	26,262
Securities classified as current assets	6,717	6,380	6,380	1,421	1,421	1,421
Total liquid assets	54,196	82,200	10,347	4,431	17,098	27,683
Securities classified as non-current assets	12,048	8,340	8,340	8,340	8,340	8,340
Total cash, current/non-current securities	66,244	90,540	18,687	12,771	25,438	36,023
Bonds	109,815	120,517	100,000	100,000	100,000	100,000
Bank liabilities	77	40,807	0	0	0	0
Total interest bearing debt	109,892	161,324	100,000	100,000	100,000	100,000
Equity	132,365	187,481	248,328	292,236	352,679	410,116
Net interest-bearing debt	55,696	79,124	89,653	95,569	82,902	72,317
Net gearing	42.1%	42.2%	36.1%	32.7%	23.5%	17.6%

€000's	FY/22	FY/23	FY/24E	FY/24E	FY/24E	FY/24E
Op. cashflow before working cap. expenditure	140,205	141,267	148,594	120,097	126,578	126,589
Cash inflow/(outflow) from working capital	2,527	-2,007	12,662	-8,072	2,030	-61
Op. cashflow after working cap. expenditure	142,732	139,260	161,257	112,025	128,609	126,527
Investments in intangibles	-6,034	-295	-5,000	-5,000	-5,000	-5,000
Investments in PPE	-82,915	-198,443	-153,014	-102,183	-102,183	-102,183
Other cashflow from investing	16,785	49,372	0	0	0	0
Cashflow from investing activities	-72,164	-149,366	-158,014	-107,183	-107,183	-107,183
Cashflow after investing	70,568	-10,106	3,243	4,842	21,426	19,344
A. Equity contributions from shareholders	-16,173	1,422	0	0	0	0
B. Interest paid	-6,726	-5,908	-6,776	-5,385	-5,385	-5,385
C. Dividends paid	-3,723	-6,606	-6,606	-6,606	-6,606	-6,606
D. FX	-45	6	0	0	0	0
Cashflow after investing plus A,B,C,D	43,901	-21,192	-10,139	-7,148	9,435	7,354

Source: DRAG; First Berlin Equity Research estimates

We expect operating cashflow to exceed investing cashflow in each of the four forecast years shown in figure 3 above. In consequence, we expect net gearing to fall from 42.2% at the end of 2023 to 17.6% at the end of 2027.

Changes to our forecasts in figure 4 below stem from: (1) a downward reduction in our 2025 volume forecast made to reflect the reduction in investment spending which we model between 2023 and 2025; and (2) a decrease in the average levels of the oil futures strips for 2024 and 2025 which are respectively currently 6% and 5% below where they were at the time of our most recent note of 16 April.

Figure 4: Changes to our forecasts

All figures in € 000s	2024E New	2024E Old	Δ	2025E New	2025E Old	Δ	2026E New	2026E Old	Δ	2027E New	2027E Old	Δ
Volume (boepd)	14,974	14,933	0.3%	13,789	14,870	-7.3%	13,669	13,825	-1.1%	13,788	14,612	-5.6%
Revenue	238,143	230,951	3.1%	198,982	213,145	-6.6%	208,832	215,528	-3.1%	208,534	223,172	-6.6%
EBITDA	177,864	170,372	4.4%	142,129	151,116	-5.9%	152,474	157,859	-3.4%	151,685	162,219	-6.5%
Dep. and amort.	73,989	73,782	0.3%	65,430	70,558	-7.3%	57,377	58,030	-1.1%	60,393	64,001	-5.6%
Op. income (EBIT)	103,876	96,590	8%	76,699	80,558	-5%	95,097	99,829	-5%	91,292	98,218	-7%
Net financial result	-9,438	-9,438	n.a.	-7,500	-7,500	n.a.	-7,500	-7,500	n.a.	-7,500	-7,500	n.a.
Pre-tax income (EBT)	94,438	87,152	8.4%	69,199	73,058	-5.3%	87,597	92,329	-5.1%	83,792	90,718	-7.6%
Income taxes	-19,832	-18,302	n.a.	-14,532	-15,342	n.a.	-18,395	-19,389	n.a.	-17,596	-19,051	n.a.
Net before mins.	74,606	68,850	8.4%	54,667	57,716	-5.3%	69,201	72,940	-5.1%	66,196	71,667	-7.6%
Minority interests	-2,689	-1,560	n.a.	-1,971	-771	n.a.	-2,495	-771	n.a.	-2,386	-529	n.a.
Net inc. after mins.	71,916	67,291	6.9%	52,697	56,944	-7.5%	66,707	72,168	-7.6%	63,809	71,138	-10.3%
EPS (€)	14.37	13.45	6.8%	10.73	11.38	-5.7%	13.58	14.42	-5.9%	12.99	14.22	-8.6%

Source: First Berlin Equity Research estimates

Recommendation lowered from Buy to Add, price target now €51.0 (previously: €54.0)

The decreases in our forecasts cause us to lower our price target for the DRAG share from €54.0 to €51.0. As the upside to our price target is below 25%, we downgrade the recommendation from Buy to Add.



Figure 5: Changes to our valuation model

€m	New	Old	% Δ
PV11 1876 Resources (DRAG's stake 96.09%)	188.4	198.0	-4.9%
PV11 Elster Oil & Gas (DRAG's stake: 93.0%)	13.0	14.3	-9.4%
PV11 Salt Creek Oil & Gas/Bright Rock Energy (DRAG's stakes: 100.0%/ 98.49%)	64.7	69.1	-6.4%
PV11 other proven reserves (DRAG's stake:100%)	55.1	59.7	-7.8%
PV11 hedging gains/(losses)	-2.8	-6.4	-56.0%
Subtotal: US oil and gas activities	318.3	334.8	-4.9%
Almonty (13.11% equity stake plus promissory notes and debentures)	24.3	24.0	1.4%
Ceritech (DRAG's stake: 72.46%)	0.3	0.4	-36.6%
Premier1 Lithium	0.5	0.0	n.a.
Total enterprise value	343.4	359.2	-0.4
Cash and securities held in current assets	82.2	82.2	0.0%
Proceeds from option exercise	5.8	5.8	0.5%
Bonds	120.5	120.5	0.0%
Bank debt	40.8	40.8	
Net debt	73.3	73.3	0.0%
Equity value	270.1	285.9	-5.5%
No. shares outstanding (m)	5.01	5.00	0.0%
Fully diluted no shares	5.30	5.29	0.0%
Equity value per share (€)	51.00	54.00	-5.6%

Source: First Berlin Equity Research estimates



INCOME STATEMENT

All figures in € 000s	2022A	2023A	2024E	2025E	2026E	2027E
Revenues	165,439	196,651	238,143	198,982	208,832	208,534
Cost of materials	30,343	34,294	41,677	39,741	39,395	39,738
Personnel/G&A expenses	21,719	24,681	33,850	31,138	30,867	31,136
Other operating income	25,710	20,582	15,248	14,026	13,904	14,025
EBITDA	139,088	158,258	177,864	142,129	152,474	151,685
Depreciation and amortisation	47,656	64,290	73,989	65,430	57,377	60,393
Operating income (EBIT)	91,431	93,968	103,876	76,699	95,097	91,292
Net financial result	-5,493	-8,229	-9,438	-7,500	-7,500	-7,500
Other financial items	0	0	0	0	0	0
Pre-tax income (EBT)	85,938	85,739	94,438	69,199	87,597	83,792
Taxes	-19,752	-18,255	-19,832	-14,532	-18,395	-17,596
Profit before minorities	66,186	67,483	74,606	54,667	69,201	66,196
Minority interests	-5,420	-2,308	-2,689	-1,971	-2,495	-2,386
Net income / loss	60,766	65,175	71,916	52,697	66,707	63,809
EPS (in €)	12.15	13.02	14.37	10.73	13.58	12.99
Ratios						
EBITDA margin on revenues	84.1%	80.5%	74.7%	71.4%	73.0%	72.7%
EBIT margin on revenues	55.3%	47.8%	43.6%	38.5%	45.5%	43.8%
Net margin on revenues	36.7%	33.1%	30.2%	26.5%	31.9%	30.6%
Tax rate	23.0%	21.3%	21.0%	21.0%	21.0%	21.0%
Y-Y Growth						
Revenues	125.6%	18.9%	21.1%	-16.4%	5.0%	-0.1%
Operating income	180.6%	2.8%	10.5%	-26.2%	24.0%	-4.0%
Net income/ loss	145.1%	7.3%	10.3%	-26.7%	26.6%	-4.3%



BALANCE SHEET

All figures in € 000s	2022A	2023A	2024E	2025E	2026E	2027E
Assets						
Current assets, total	89,814	122,032	61,682	47,527	62,266	72,789
Cash and cash equivalents	54,196	82,187	10,347	4,431	17,098	27,683
Inventories	130	1,521	568	475	498	498
Receivables	28,733	29,603	43,580	36,414	38,216	38,162
Prepayments	863	2,066	2,381	1,990	2,088	2,085
Other current assets	4,884	5,422	3,572	2,985	3,132	3,128
Deferred tax assets	1,008	1,233	1,233	1,233	1,233	1,233
Non-current assets, total	260,512	371,733	438,752	480,505	530,311	577,101
Intangible assets	33,652	23,148	25,492	27,836	30,180	32,524
Advanced payments	277	399	399	399	399	399
Advances to suppliers/ assets under construction	0	17,006	0	0	0	0
Producing oil plants	161,897	255,063	324,368	357,807	398,078	435,790
Exploration and evaluation	30,357	24,389	31,016	34,213	38,064	41,670
Plant and machinery	276	19,544	24,854	27,417	30,502	33,392
Other equipment	109	1,613	2,051	2,263	2,517	2,756
Equity investments	15,407	15,407	15,407	15,407	15,407	15,407
Loans to other investors	6,489	6,824	6,824	6,824	6,824	6,824
Securities classified as fixed assets	12,048	8,340	8,340	8,340	8,340	8,340
Total assets	350,326	493,765	500,434	528,032	592,578	649,890
Shareholders' equity & debt						
Current liabilities, total	49,865	104,850	42,032	35,120	36,859	136,806
Bank debt	0	40,807	0	0	0	0
Bond debt	9,815	20,517	0	0	0	100,000
Accounts payable	11,376	26,551	7,144	5,969	6,265	6,256
Other current liabilities	28,674	16,975	34,888	29,151	30,594	30,550
Long-term liabilities, total	100,077	100,000	100,000	100,000	100,000	0
Bond debt	100,000	100,000	100,000	100,000	100,000	0
Bank debt	77	0	0	0	0	0
Other long term liabilities	0	0	0	0	0	0
Provisions	32,653	48,514	57,154	47,756	50,120	50,048
Minority interests	3,403	7,109	8,571	9,313	10,033	10,536
Shareholders' equity	128,962	180,372	239,757	282,923	342,646	399,580
Consolidated equity	132,365	187,481	248,328	292,236	352,679	410,116
Accruals and deferrals	174	83	83	83	83	83
Deferred tax liabilities	35,192	52,837	52,837	52,837	52,837	52,837
Total consolidated equity and debt	350,326	493,765	500,434	528,032	592,578	649,890
Ratios						
Current ratio (x)	1.80	1.16	1.47	1.35	1.69	0.53
Quick ratio (x)	1.80	1.15	1.45	1.34	1.68	0.53
Financial leverage	42.1%	42.2%	36.1%	32.7%	23.5%	17.6%
Book value per share (€)	25.78	36.04	47.90	57.59	69.75	81.34
Net cash (debt)	-55,696	-79,137	-89,653	-95,569	-82,902	-72,317
Return on equity (ROE)	62.3%	42.2%	34.2%	20.2%	21.5%	17.4%



CASH FLOW STATEMENT

All figures in € 000s	2022A	2023A	2024E	2025E	2026E	2027E
Net profit before minorities	66,186	67,483	74,606	54,667	69,201	66,196
Writedowns/writeups of fixed assets	39,790	63,384	73,989	65,430	57,377	60,393
Increase/decrease in provisions	18,882	-5	0	0	0	0
Changes in working capital	2,527	-2,007	12,662	-8,072	2,030	-61
Gains/losses from disposal of fixed assets	-10,145	-14,388	0	0	0	0
Gains/losses from disposal of securities	1,868	-2,884	0	0	0	0
Income taxes paid/received	5,493	8,229	0	0	0	0
Income tax payments	17,863	17,420	0	0	0	0
Other	267	2,028	0	0	0	0
Operating cash flow	142,732	139,260	161,257	112,025	128,609	126,527
Investment in property, plant equipment	-82,915	-198,443	-153,014	-102,183	-102,183	-102,183
Investment in intangible assets	-6,034	-295	-5,000	-5,000	-5,000	-5,000
Proceeds from disposal of tangible/intangible assets	6,490	37,933	0	0	0	0
Free cash flow	60,273	-21,545	3,243	4,842	21,426	19,344
Management of short term financial assets, other	10,295	11,439	0	0	0	0
Investing cash flow	-72,164	-149,366	-158,014	-107,183	-107,183	-107,183
Equity financing	-16,173	1,967	0	0	0	0
Debt financing	21,334	82,567	0	0	0	0
Debt repayment	-29,439	-30,322	-61,324	0	0	0
Interest paid	-6,725	-7,939	0	0	0	0
Dividends, share buybacks	-3,728	-6,712	-10,759	-10,759	-8,759	-8,759
Cash settlement of options			-3,000	0	0	0
Other	0	0	0	0	0	0
Financing cash flow	-34,732	39,561	-72,083	-10,759	-8,759	-8,759
Other	-5,132	-1,464	0	0	0	0
Change in cash and equivalents	30,704	27,991	-71,840	-5,916	12,667	10,585
FX/consolidation effects	0	0	0	0	0	0
Cash and current cash equivs., start of the year	23,492	54,196	82,187	10,347	4,431	17,098
Cash and current cash equivs., end of the year	54,196	82,187	10,347	4,431	17,098	27,683
EBITDA/share (in €)	27.80	31.62	35.53	28.93	31.04	30.88
Y-Y Growth						
Operating cash flow	175.4%	-2.4%	15.8%	-30.5%	14.8%	-1.6%
Free cash flow	9528.3%	n.m.	n.m.	49.3%	342.5%	-9.7%
EBITDA/share	108.5%	13.7%	12.4%	-18.6%	7.3%	-0.5%

Imprint / Disclaimer

First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:

First Berlin Equity Research GmbH
Friedrichstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

Authored by: Simon Scholes, Analyst

All publications of the last 12 months were authored by Simon Scholes.

Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin

The production of this recommendation was completed on 8 May 2024 at 16:23

Person responsible for forwarding or distributing this financial analysis: Martin Bailey

Copyright© 2024 First Berlin Equity Research GmbH No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

CONFLICTS OF INTEREST

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set forth in accordance with Article 34 (2) lit. (b) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 lit. (b) of such article shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

In addition, First Berlin shall pursuant to Article 5 of the Commission Delegated Regulation (EU) 2016/958 disclose in their recommendations all relationships and circumstances that may reasonably be expected to impair the objectivity of the financial analyses, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them under a contract, including a contract of employment, or otherwise, who was involved in producing financial analyses, concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates.

With regard to the financial analyses of Deutsche Rohstoff AG the following relationships and circumstances exist which may reasonably be expected to impair the objectivity of the financial analyses: The author, First Berlin, or a company associated with First Berlin reached an agreement with the Deutsche Rohstoff AG for preparation of a financial analysis for which remuneration is owed.

Furthermore, First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest:

- The author, First Berlin, or a company associated with First Berlin owns a net long or short position exceeding the threshold of 0.5 % of the total issued share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;

- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

With regard to the financial analyses of Deutsche Rohstoff AG the following of the aforementioned potential conflicts of interests or the potential conflicts of interest mentioned in Article 6 paragraph 1 of the Commission Delegated Regulation (EU) 2016/958 exist: The author, First Berlin, or a company associated with First Berlin reached an agreement with the Deutsche Rohstoff AG for preparation of a financial analysis for which remuneration is owed.

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	22 July 2010	€7.45	Buy	€13.20
2...41	↓	↓	↓	↓
42	19 December 2022	€25.10	Buy	€34.00
43	23 March 2023	€25.70	Buy	€38.00
44	4 May 2023	€27.20	Buy	€40.00
45	25 August 2023	€26.15	Buy	€44.00
46	25 October 2023	€32.00	Buy	€50.00
47	28 November 2023	€31.25	Buy	€47.00
48	18 March 2023	€35.25	Buy	€46.00
49	16 April 2024	€40.50	Buy	€54.00
50	Today	€43.10	Add	€51.00

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

EXCLUSION OF LIABILITY (DISCLAIMER)

RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

This report is not intended for distribution in the USA and/or Canada.