

FREELANCE.COM

Let Yourself be Carried Away

November 2, 2021

BUY

Target: €9.1

Potential: +17%

A pioneer in intermediation between companies and the self-employed

Founded in 1992, Freelance.com is a historical player in intermediation between companies and freelancers. After many setbacks in the 2000s, the year 2015 was marked by the arrival of the CBV group as the company's majority shareholder. Freelance.com then entered a new era and, to date, has achieved 22 consecutive quarters of *double-digit* growth.

One of the most complete offers in the sector

The group is constantly expanding its range of services and now has one of the most comprehensive offers on the market. In addition to its historical intermediation activity, the group offers services related to the management of subcontractors, compliance, and training for clients. The merger with INOP'S in 2020 will enable the group to offer project management services, in which it competes with IT services companies. Finally, Freelance.com also offers to freelancers wage portage, an activity that accounts for 35% of turnover today and is expected to generate more than half of turnover by 2022.

A changing labour market

Freelance.com operates in a job market in full transformation. For more than a decade now, we have been observing a resurgence in the number of self-employed people, and more particularly of intellectual service providers known as "freelancers". Driven by numerous trends, both generational (the desire for independence of *millennials* and generation Z) and structural (the need for flexibility, the digitalisation of companies), the number of freelancers has grown by more than 92% since 2009 and could bring the share of self-employed people to 20% of the working population by the end of the decade.

Billion euro turnover in sight

Benefiting from a mix of organic and external growth, the group has seen its turnover increase ninefold between 2015 and 2020. The acquisition of Helvetic Payroll, a Swiss wage portage specialist, has enabled the group to once again revise its growth objectives upwards and now expects to exceed €1 billion in turnover by 2025.

A valuation without external growth and *fully diluted*, showing limited potential

Our valuation model based on a DCF approach leads us to retain a valuation of € 519M. After taking into account the possible dilution at the end of this year (10.5M shares) and at the end of 2023 (1.5M shares), we obtain a CB of €9.1, which gives a potential of 17%.

Market Data

| | |
|-----------------|-----------------|
| Industry | Services |
| Share Price (€) | 7.8 |
| Market Cap (€M) | 291.8 |
| Market Segment | Euronext Growth |
| Bloomberg | ALFRE FP |

Actionnariat

| | |
|-----------------------|-------|
| Groupe CBV INGENIERIE | 62.0% |
| Vieujot Family | 17.9% |
| Administrators | 4.6% |
| Float | 15.5% |

| M€ (31/12) | 2020 | 2021e | 2022e | 2023e |
|--------------------|--------------|--------------|--------------|--------------|
| Sales (€M) | 325.0 | 476.3 | 743.4 | 841.6 |
| <i>Growth</i> | 37.1% | 46.6% | 56.1% | 13.2% |
| EBIT | 8.9 | 13.5 | 26.3 | 30.5 |
| <i>EBIT Margin</i> | 2.7% | 2.8% | 3.5% | 3.6% |
| Net Income | 8.3 | 10.0 | 18.6 | 21.7 |
| EPS € | 0.23 | 0.28 | 0.41 | 0.48 |
| <i>EPS growth</i> | 44% | 23% | 46% | 17% |
| Dividend | 0.00 | 0.00 | 0.00 | 0.00 |
| <i>Yield</i> | <i>n.a</i> | <i>n.a</i> | <i>n.a</i> | <i>n.a</i> |
| FCF | 8.0 | 13.4 | 15.4 | 27.5 |
| ROCE | 27% | <i>n.a</i> | <i>n.a</i> | <i>n.a</i> |
| EV/Sales (x) | | 0.7x | 0.4x | 0.4x |
| EV/EBIT (x) | | 25.7x | 12.7x | 10.1x |
| PE (x) | | 29.3x | 15.7x | 13.4x |
| Net debt | -14.8 | 52.8 | 37.4 | 9.9 |
| Gearing net | -30% | 45% | 27% | 6% |

Estimations Midcap Partners

Upcoming Event : Q3 Revenue - 22/11/2021

Analyst: Corentin MARTY
 Email : cmarty@midcapp.com
 Phone : +33 (0)1 78 95 71 67



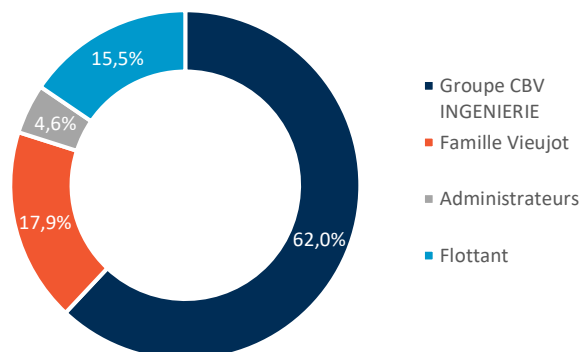
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I. OVERVIEW

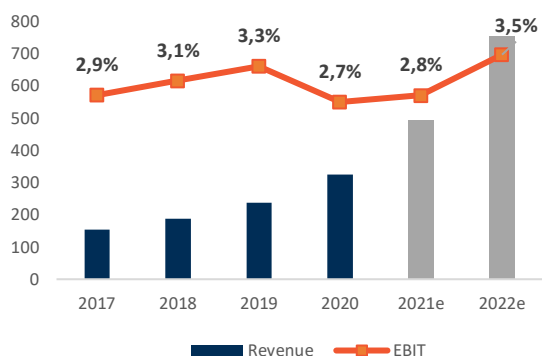
Description

Founded in 1992 under the name: "Groupement Des Freelances en Informatique", Freelance.com is a historical player in the intermediation between companies and freelancers. The arrival of the CBV Group in 2015 changed the game for Freelance.com, which has been on a 22-quarter run of *double-digit* growth, which is still ongoing. Thanks to various phases of incorporation of assets and external growth, the group now has one of the most complete offers for principals and freelancers.

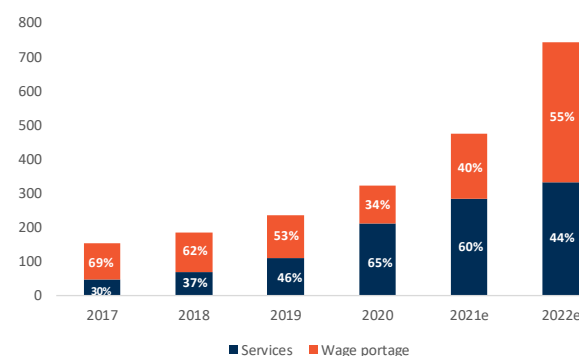
Shareholder structure



Evolution of the activity 2017-2022



Segmentation of the 2017-2022 turnover



SWOT analysis

Forces

- A position at the heart of the transformation of the labour market
- One of the most complete offers on the market with 7 services
- A domain name with high exposure
- A proven mix of organic and external growth

Opportunities

- A market dynamic (freelancing) that is not about to fade away
- Significant cross-selling potential within key accounts
- A market that should consolidate strongly

Weaknesses

- Profitability still low
- A market that remains highly fragmented
- International exposure still low

Threats

- The entry of new disruptive players on the market
- A consolidation that could benefit other players

II. A pioneer in intermediation between companies and freelancers

The beginning of a *success story*...

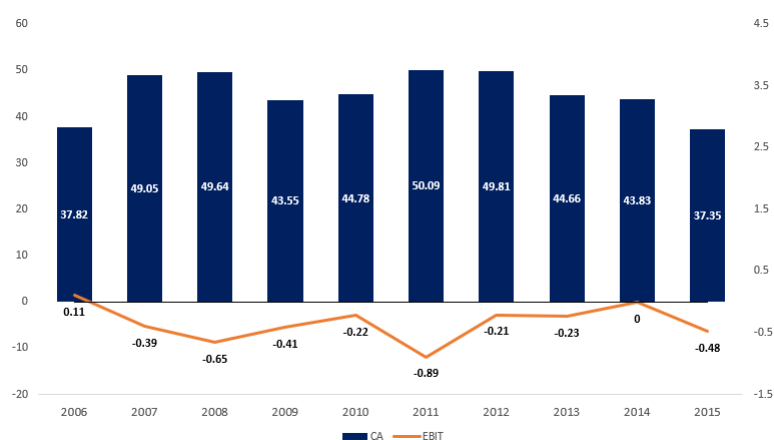
Created in 1992 under the name: "Groupement Des Freelances en Informatique" (GDFI), then bought out in 1996 by André Martinie and Sylvain Vieujot which gave birth to its new name, Freelance.com was a precursor of the concept of "freelancing" in France and in Europe. Imported from the United States, freelancing consists of putting independent workers in contact with companies (or principals). The development of this concept coincides in particular with the appearance and democratization of the Internet.

Positioning itself as the only player in France to address this market of independent workers, the beginnings of Freelance.com were a real success. With the launch of the first website dedicated to this activity: "Freelance Technologies", the company experienced a dazzling growth of 7 to 10% per month, enabling it to increase its turnover from 0 to 50 million in just 3 years. Freelance.com then became a very attractive young company as the General Manager of IBM and Vice President of IBM USA decided to join the company and take the reins. With this arrival, the young company gained in scope with the creation of structures in Europe (Germany, Belgium, Spain) as well as in the United States where Freelance.com Inc was created at the beginning of 2000 and became the parent company of the group. From this growth and internationalization of the company was born a project for an IPO on the Nasdaq involving a valuation of the company at 300M dollars accompanied by a fundraising of 75M dollars. Unfortunately, the bursting of the internet bubble put a stop to this project jeopardized the whole financial structure of the group with international operations that consumed a lot of cash. The following years were marked by a rationalisation plan that saw the closure of many subsidiaries, particularly in the United States. The group finally went public in 2005, this time on Alternext (Euronext Growth), raising €2.5M.

... followed by a decade of ups and downs

The decade following the IPO was punctuated by episodes of growth and decline. After breaking even in 2003, the group made a loss in 2007 and will continue to do so until 2015.

Sales and operating income between 2006 and 2015



Sources: Company, Midcap

The direct consequence of these results was the closure of various subsidiaries in 2009, with the closure of subsidiaries in Belgium, Switzerland, Spain and Dubai.

In spite of unconvincing financial performances, this period nevertheless allowed the creation of 2 activities which are today at the heart of the offer proposed by Freelance.com: 1) the activity of wage portage thanks to the purchase of the company PORTAGE.COM in 2005; 2) the activity of compliance and certification of documents with the purchase in 2007 of WEB PROFILS (now PROVIGIS)

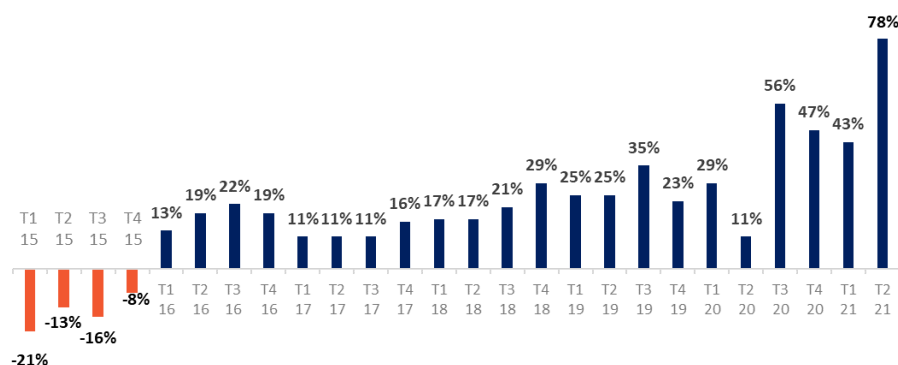
The arrival of CBV INGENIERIE in 2015

Real turning point in the company's history, CBV INGENIERIE becomes the main shareholder of Freelance.com, holding 64.49% of the capital and 57.06% of the voting rights of the company, following two capital increases of €1.3M and €4.1M carried out in 2015 and 2016. These shares are notably bought from André Martinie, considered as co-founder of Freelance.com. The takeover of the CBV group resulted in the arrival of a new management team: Claude Tempé (current Vice President and Spokesperson of the group) as Chief Executive Officer and Marc Guézou as Chief Financial Officer, with the aim of relaunching Freelance.com's business.

The arrival of the CBV group was also marked by the contribution of numerous companies via capital increases through incorporation of assets. In 2016, the new reference shareholder of Freelance.com incorporated its branch of activity of wage portage representing no less than 29 companies. This was a strategic contribution since Freelance.com had been present in this business sector since 2005 and in 2016 generated nearly 38% of its revenue from this segment. In 2017, the revenues generated by this activity exploded from €16M to €107M as well as the turnover which went from €44M to €155M, a growth of 250%. At the same time, the group is once again embarking on an internationalisation plan with the opening of subsidiaries in Berlin and Singapore in particular. Finally, in 2020, Freelance.com will enter into negotiations and finalise a majority stake in INOP'S and its database of 70,000 digital experts. With integration on 18 June 2020, Freelance.com will record sales of €325 million for the full year and proforma sales of €376 million.

The impetus provided by the arrival of the CBV group and the new management has totally transformed the dynamics and growth prospects of the Freelance.com group, as evidenced by the string of 22 consecutive quarters of *double-digit* growth.

Quarterly revenue growth between 2015 and 2021



Sources: Company, Midcap

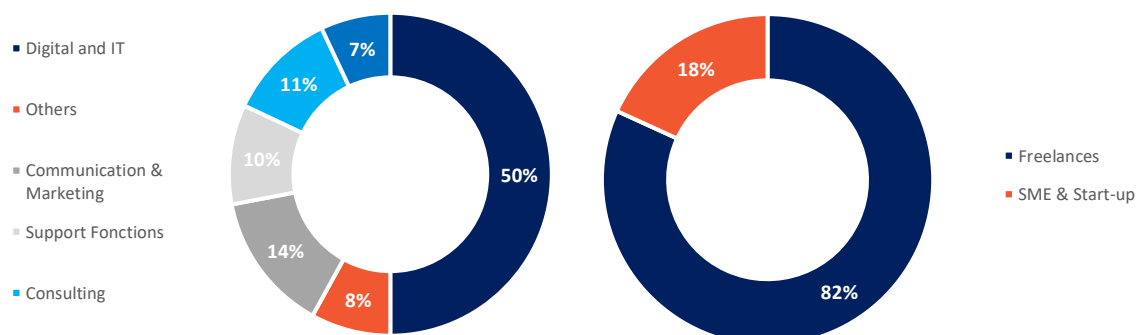
III. A complete offer that goes far beyond intermediation

The historical sourcing activity

As a precursor of this activity in France and in Europe, Freelance.com positions itself as an intermediary between companies expressing a need for human resources and independent consultants (or freelancers). If the operating mode is very similar to that of temporary employment agencies, the latter offer less specialized skills and less added value than those offered on the Freelance.com platform.

With a base of more than 370,000 independent consultants and experts, freelance.com is the leading intermediation network in France. While there are no less than 4,500,000 self-employed people in France, the group targets in particular the providers of intellectual services, who would represent about 1,000,000 freelancers. Through these 370,000 experts, more than 240 areas of expertise are covered with, not surprisingly, an overrepresented digital sector encompassing half of the providers present on the platform. Of its French talent base of around 220,000 experts, while 180,000 of them are individual freelancers, the merger with Inop's has also brought in freelancers based in more than 1,000 SMEs and start-ups accounting for the remaining 40,000.

Distribution of experts by area of expertise and structure



Sources: Company, Midcap

Once the client company has made contact with Freelance.com, the sourcing process can begin with the publication of the assignment on the platform. In order to carry out a first *screening* on the applications Freelance.com has **Freelance Partners** whose main objective is to ensure the skills of each candidate and their compatibility with the mission in question. Once this pre-selection is established, the presentation of the candidates to the client can begin. Once the client company has selected the freelancer of its choice, Freelance.com enters into a contract with both the company and the chosen candidate. Through this contract, Freelance.com commits itself to ensure that the mission runs smoothly during the whole duration of the mission. To do this, Freelance.com relies on periodic reports of intervention (RPI) which are filled out by the selected expert but also validated by the client. For this sourcing activity, Freelance.com is paid by the client company, via a commission, and then pays the contractual fee to the freelancer corresponding to the amount paid by the client deducted from the commission.

A sourcing activity completed by subcontracting management

The use of freelancers for a fixed period of time or during the realization of a specific project has been democratized in recent years. As a symbol of this democratization, a new position has appeared in some companies using freelancers: the Chief Freelance Officer. The emergence of a position dedicated to the management of freelancers demonstrates the importance of this task, both in terms of the administrative burden and the risks, particularly legal risks, associated with the relationship between clients and freelancers.

In order to accompany the principals, beyond the simple intermediation at the origin of the relationship, Freelance.com proposes a management offer for subcontractors covering :

- ✓ Administrative management: quotes, purchase orders, invoices, etc.
- ✓ Managing legal risks: adapting to different statutes, contractualization.
- ✓ Support for operational staff

By offering a complete management of subcontractors, the use of Freelance.com allows to free oneself from any administrative task related to the temporary hiring of a freelancer as well as the control of risks by a specialist in the field. Moreover, this offer does not imply any additional delays, on the contrary, since Freelance.com guarantees the setting up of a framework contract within 72 hours. Today, more than 6,000 service providers are managed by Freelance.com.

Provigis: the activity of compliance and certification of documents

Following the acquisition of WEB PROFILS in 2007, which later became PROVIGIS, Freelance.com offers its corporate clients outsourced management of supplier and subcontractor compliance. Thanks to a mix between robotic validation and human verification, PROVIGIS allows to **secure** the commercial relations between companies.

Why ensure supplier and subcontractor compliance?

The ordering companies are subject to an obligation of vigilance concerning their suppliers and subcontractors, an obligation that was notably reinforced in 2017. This obligation covers several areas such as: legal, environmental, social, safety etc. This obligation is imposed as soon as the contract concluded with the supplier or subcontractor is worth €5,000 excluding tax. If this is the case, the company must carry out these checks every 6 months. In the event of non-compliance with this obligation of vigilance, the principal is exposed to penal and financial sanctions.

Once the registration has been completed, the client simply integrates its suppliers into the PROVIGIS platform, which will then automatically initiate the registration and communication process with the suppliers. PROVIGIS then enables the systematic verification of 3 types of legal documents certifying :

- **The identification of the company** via the official registration data (Kbis extract for example).
- Payment of **social security contributions** via the authentication of certificates of vigilance (URSSAF in particular).
- The absence of **illegal work** through the management of nominative lists of foreign workers outside the European Union.

Thanks to an optical recognition module, the platform is able to read, verify and validate or not the authenticity of the scanned documents submitted by the suppliers. In addition to this automation, a human verification exists for certain specific documents such as scanned documents that cannot be automated, codes of conduct, etc. At any time, each client has access to a dashboard allowing him to check the compliance of his suppliers and subcontractors. An alert system is also integrated into the platform, alerting the client company when information entered and verified by the platform is about to become obsolete.

Once the authenticity of these documents is validated, the platform delivers a Provigis certificate of compliance. Good practices in corporate social responsibility (CSR) are becoming more and more a *must* for companies and therefore obviously apply to their suppliers and subcontractors. This is why Freelance.com has decided to integrate CSR aspects into its PROVIGIS certification process, allowing companies with these certifications to promote their good practices. Within this framework, PROVIGIS presents a certification in 3 levels:

- A **bronze** level which attests to the conformity of official documents concerning registration, the regularity of social contributions and the absence of illegal work.
- A **Silver** level which, in addition to the Bronze level, attests to a minimum score of 60% in the CSR questionnaire developed by Freelance.com.
- A **Gold** level for suppliers who commit themselves to the responsible buyer approach.

The different levels of Provigis certification



Source : *Provigis.com*

Today, the services offered by Freelance.com via its Provigis platform are compatible with all sectors of activity, including aerospace and defense, food processing, retail and energy. If this activity is not the most revenue-generating within the Freelance.com group (€2.4M in 2020, i.e. 0.7% of the turnover) with affordable prices, it nevertheless allows to **penetrate major accounts** and create a significant *cross-selling* potential given the many services offered by the group. The platform has more than 600 clients, including major accounts such as AXA, Total and Capgemini, among others.

Annual rate of PROVIGIS according to the chosen offer



Source : Provigis.com

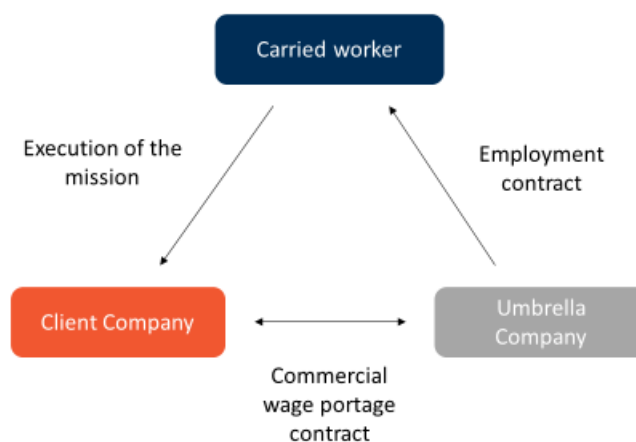
AD'Missions and Sage for wage portage

Started in 2005 with the acquisition of PORTAGE.COM, then completed in 2016 with the incorporation of nearly 29 companies owned by the CBV Group, the wage portage activity represents the second largest activity of the group today and should be the largest contributor to the turnover by 2022.

What is wage portage?

Wage portage is a tripartite contractual relationship between the freelancer, the client and the contractor, allowing the freelancer to provide services while enjoying the advantages of employee status.

Illustration of the tripartite relationship of wage portage



Source : Midcap

Just as in a traditional sourcing process, the consultant and the client company negotiate the conditions of the service directly: mission, duration, invoicing. Freelance.com, as the umbrella company, first signs an assignment contract with the client, but also an employment contract with the employee. Freelance.com is therefore remunerated both with the fees included in the assignment contract with the client company and with the management fees applied, which are either deducted from the freelancer's salary or paid by the client company.

The advantages of this form of employment are numerous for the self-employed. It obviously allows the self-employed worker to benefit from the advantages of employee status throughout the duration of the assignment, thus combining the freedom offered by freelancing with the security offered by salaried employment (health, unemployment, retirement, etc.). From a remuneration point of view, wage portage also offers certain guarantees. As a freelancer, cash flow is a key issue and is often subject to delays in payment. As a freelance worker via AD'Missions, the self-employed person benefits from a guarantee of receiving his or her salary at the end of each month, just like a traditional employee. In addition to this guarantee, AD'Missions also offers advances on salary in case of cash flow needs of freelancers.

Advantageous for the self-employed, wage portage is also advantageous for the clients. In addition to the flexibility it offers, this form of employment allows the client company to be relieved of the administrative aspects since it is the umbrella company, in this case Freelance.com, that takes care of the management aspect of the relationship.

Freelance.com, via its Sage platform, also offers an international wage portage service to its base of independent experts and its client companies. If the advantages of wage portage described above are still valid internationally, expatriating or calling on foreign workers can be more complex than in one's home market. Sage offers solutions covering all the issues for a self-employed expatriate: compliance with the legislation in question, work permits, secure remuneration system, etc. For international contractors, Sage offers advice on the management and compatibility of external resources, which may differ from one country to another.

In 2020, the wage portage business generated nearly €112 million, i.e. 34.5% of the Freelance.com group's turnover, including €29 million abroad.

The implementation of projects with a commitment to results: INOP'S

Following the acquisition of a majority stake (75%) in INOP'S in June 2020, Freelance.com has added a new activity to its offering by positioning itself as an alternative to the large IT services companies.

With a base of 70,000 digital experts working for SMEs, start-ups or as freelancers themselves, INOP'S' primary objective is to penetrate major accounts with its project implementation offer with a commitment to success. This is a winning model for two main reasons: 1) companies need specific expertise that is difficult to find internally or via large IT services companies where consultants are also internalised; 2) much less aggressive pricing, since as an intermediary INOP'S charges a much lower commission than the average 20% charged by traditional IT services companies.

With more than 9,000 projects completed since the company's creation and 0 disputes reported with clients, INOP'S and its business are becoming a major pole of the Freelance.com group. With a turnover of around €85M in 2019 and €117M in 2020 (+35%), INOP'S is even growing faster than the group while being profitable.

In 2020, INOP'S and the project implementation business accounted for approximately 31% of the Group's pro forma sales.

Freelance.com, also a certified training organization

Finally, the last offer that the group is proposing concerns training. While the group already had a community of more than 1,400 trainers for its customers, Freelance.com decided to accelerate in this market segment with the acquisition of TMC France in 2021. With a claimed base of more than 200 clients, including Veepee, Barrière and Chronopost, where the company supports more than 60,000 learners, the integration of TMC France will considerably strengthen the group's offering in this sector. Another important element is the obligation for training centres to be in possession of Qualiopi quality certification as of 2022, a certification that TMC France has held since the end of 2020, making Freelance.com a certified training organisation.

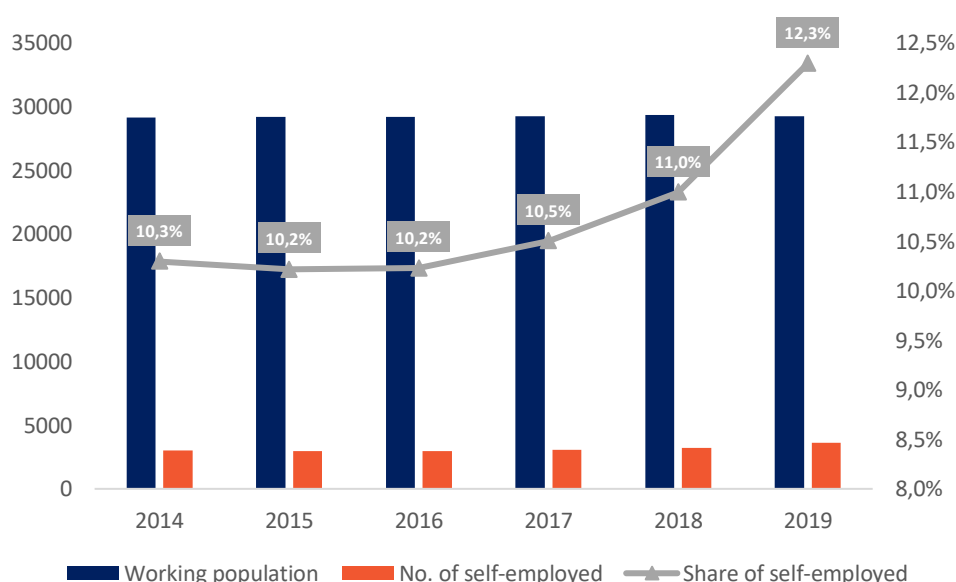
IV. A new way of thinking about work

Freelance.com is the symbol of a revolution that has been taking place in the labour market for a few years now and that was highlighted during the year 2020 marked by the Covid-19 pandemic. A revolution driven by many structural trends, both on the part of workers and on the part of companies.

Self-employment and the freelancing phenomenon

While self-employment was predominant until the early 1930s, wage employment gradually became the dominant form of employment in a rapidly industrializing society. This trend continued until the beginning of the millennium, before seeing a reversal and a strong return to self-employment in a society that is now becoming tertiary with the explosion in the supply of services. We then observe a democratization of outsourcing within companies as well as the creation of intermediation platforms such as Freelance.com. This resurgence in the number of self-employed workers is also supported by a regulatory framework that facilitates the creation of new businesses, which began in 2003 and accelerated in 2009 with the creation of the auto-entrepreneur regime in France. In 2016, 860,000 self-employed people worked under the auto-entrepreneur scheme, which was replaced in 2014 by the term micro-entrepreneur. The increase in the number of self-employed over the last two decades, and more particularly over the last few years, is also the consequence of a strong demand and awareness on the part of companies of the benefits of hiring independent expertise. Between 2014 and 2019, the number of self-employed people has grown from less than 3 million to 3.6 million, showing a CAGR growth of 3.7% when the working population shows a growth of only 0.1%. Today, almost 12.5% of the working population is estimated by the OECD to be self-employed, a figure that remains below the European average of over 15%.

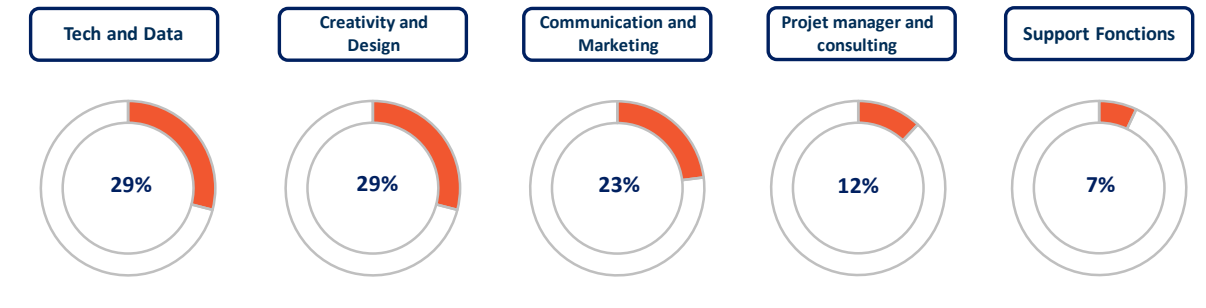
Labour force, number and share of self-employed in France between 2014 and 2019



Sources: INSEE, URSAFF, Midcap

If self-employment covers a multitude of sectors of activity ranging from farmers, to independent doctors, through construction trades, **we understand by "freelancers" all intellectual service providers** (marketing, graphic designers, developers etc.).

Distribution of freelancers by type of job

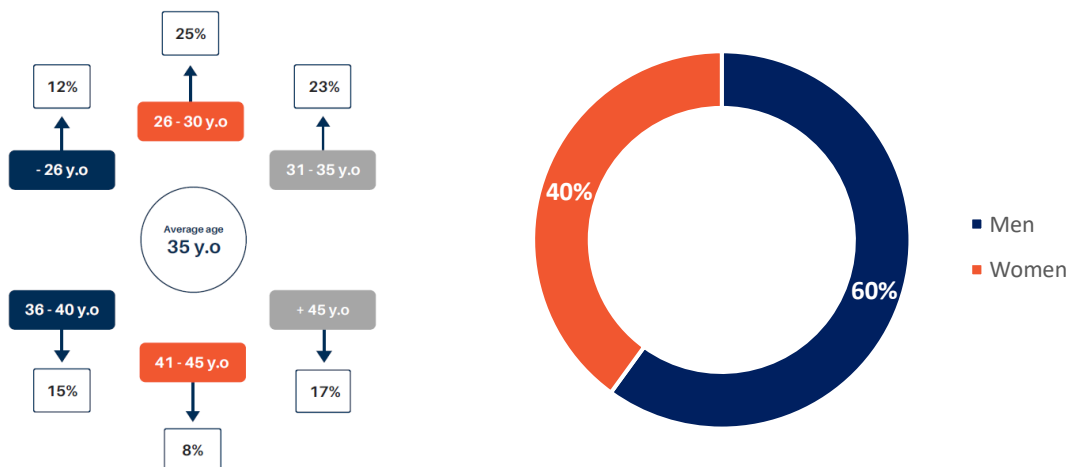


Source: Malt x BCG - Freelancing in Europe 2021

It is this share of freelancers that has literally exploded in recent years. With a majority of this population dedicated to digital and IT professions, the phenomenon of digitalisation of companies constitutes a real springboard for freelancers. Since 2009, the number of freelancers has increased by more than 92% according to Eurostat, which is an average annual growth rate of more than 6%. At this rate of growth, the **share of freelancers in the active population could reach 15% in the next 2 to 3 years and 20% by the end of the decade.**

Freelancing is above all a structural change in our way of conceiving work. Although it has developed greatly in France thanks to the regulatory framework that facilitates entrepreneurship, it is above all the symbol of a growing desire for independence on the part of workers. Although this movement started at the beginning of the century, we can also talk about a generational phenomenon: **60% of freelancers in France are under 40 years old.**

Segmentation of freelancers in France by age and gender

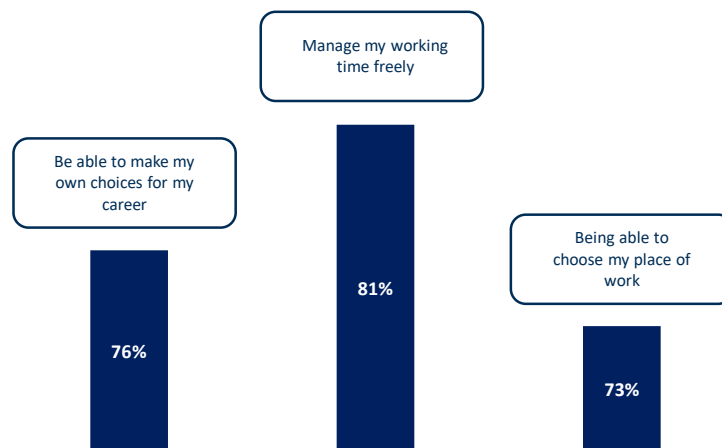


Source : Company

The acceleration in the number of self-employed people coincides quite significantly with the arrival of generation Y, better known as the *millennials*, on the labour market. A generation that has developed with the rise of digital technology and is described as: autonomous, no longer dreaming of the classic permanent job and wanting to have a real impact on society through their professional activity. These characteristics are perfectly in line with the essence of freelancing. Although associated with this generation of *millennials*, this phenomenon is expected to grow over the next few years with the entry into the workforce of generation Z (people born after 1996 or 2000 depending on the definition). According to a study by the American company Upwork, 50% of Generation Z on the job market today are freelancers.

It must be said that the advantages of freelancing are numerous: management of one's working time, choice of clients and projects, choice of workplace etc. This mode of work offers freedom as well as unprecedented flexibility beyond an opportunity to earn more. According to a study conducted by Malt in 2019, 1 in 2 freelancers earn more than when they were employees, a figure that rises to 79% if we focus on tech professions.

Reasons why freelancers have chosen to become independent

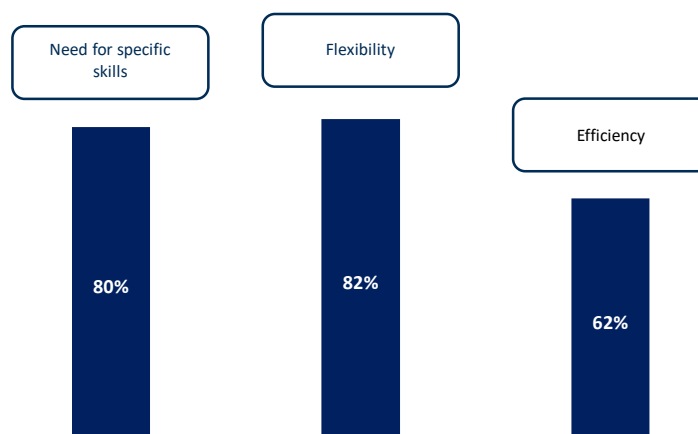


Source: Malt x BCG - Freelancing in Europe 2021

With the number of freelancers on the rise, companies have become aware of the importance of this expertise in recent years. It is clear that organizations are moving more and more towards open networks where ecosystems of talented individuals collaborate on projects. **Indeed, it seems inconceivable that companies would do without nearly 15% and soon 20% of the resources available on the labour market.**

Furthermore, freelancing also offers great flexibility to companies, as they can call on an independent expert for a mission and not just for a period of time. The project implementation activity with a commitment to results that the group offers is a perfect illustration of this. This flexibility is reflected in the figures, since according to the Gartner Research Circle, while the average recruitment time is 9 months internally and 6 months externally, it is only 6 days for the recruitment of a freelancer. While using freelancers offers companies a certain amount of freedom, it is also an opportunity to acquire specific expertise. Freelancers are characterized by a specialized knowledge in a specific field of competence that is often not available in-house. According to a survey conducted by Viadeo, nearly 70% of companies recruiting freelancers do so due to a lack of internal skills.

Needs of companies using freelancers, according to the freelancers



Source: Malt x BCG - Freelancing in Europe 2021

According to INSEE, with an average annual remuneration of around €40,000, the freelance market (in the sense of intellectual service providers) is **worth €40 billion**. At the European level, among the 33 million self-employed workers, between 9 and 10 million would be intellectual service providers. With an average annual remuneration of €30,000, the size of the European market would be close to €300 billion.

Wage portage: a status combining the freedom of freelancing and the security of wage employment

Just like the creation of the auto-entrepreneur status, which became micro-entrepreneur, the wage portage represents a new regulatory evolution that responds to the increase in the number of self-employed but also favours the continuation of this boom.

If it appeared in the 80s, it is in 2008 that a first law appeared in order to establish a legal structure around this form of employment with its introduction in the labor code. But it is the order of April 2, 2015 framing the device and its conditions that allowed the explosion of the use of the portage salarial. This ordinance was at the origin of 3 major changes:

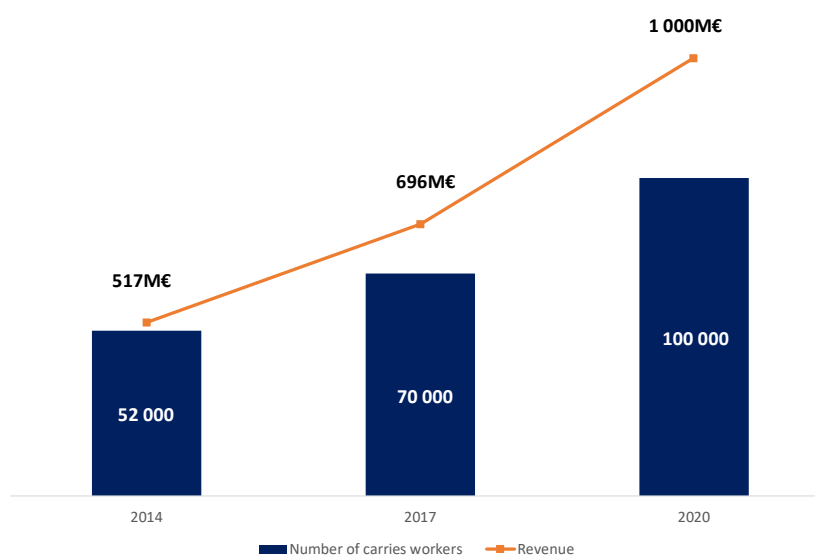
- The reduction of the minimum wage for a carried employee from €2,900 to €2,414
- Recognition of the rights of carried employees at the employment centre
- The opening of this type of contract to non-executives and to holders of a fixed-term contract (previously executives on fixed-term contracts)

These changes made it possible to broaden the target population. This order also aimed to ensure the protection of the carried employee with the obligation for the porting company to justify a financial guarantee allowing, even in case of default, the payment of salaries to the carried self-employed.

The latest evolution of the framework around freelance administration dates back to 2016 with the creation of a fully-fledged professional branch dedicated to this form of employment. Following the creation of this branch, a collective agreement was signed in March 2017, once again offering greater social protection to carried employees.

Following the various regulatory changes and more particularly the April 2015 ordinance, the number of carried employees has grown very significantly. In 2014, 52,000 employees were ported. This figure would have doubled in 6 years since in 2020 nearly 100,000 employees were carried in France and this despite a year in decline for the sector as a result of the health crisis. The sector's turnover has more than doubled since the 2015 order, rising from €517 million in 2014 to €1,300 million in 2019, a figure that will also fall in 2020 to around €1 billion.

Number of carried employees and turnover of the sector in France in 2014, 2017 and 2020



Sources: Company, FIFO, Midcap

According to a study carried out by IFOP and Freelance.com in 2019 on a sample of 1,001 private sector executives, 40% of the latter said they intended to experiment wage portage over the next five years. The same study was conducted a year earlier and showed a 9 point increase in this score compared to 2018. This intention is even stronger if we look only at the youngest executives with a score of 51% for those under 35 years old or for executives with 3 to 5 years of seniority in their company with a score of 53%. The results of this study show once again the generational nature of this change in our way of conceiving work.

The concept of wage portage is not only attractive in France. **In Europe, there are no less than 7 million carried workers**, with France, the UK, Sweden and Switzerland leading the way. The future is therefore bright for freelance administration, which is reaching out to new generations as well as to traditional employees, particularly executives, who are more senior and wish to put their experience and expertise to good use, since 52% of carried employees are over 50 years old. In addition, new regulatory developments could once again increase the target population and therefore the wage portage market. Whereas before the 2015 order, this type of contract only concerned executives, today 41% of ported employees are technicians or supervisors, compared to 34% in 2019. Thus, according to the FEPS (Federation of Umbrella Companies), the wage portage market could reach 3.5 billion euros in France by 2030 and more than 8 billion euros if the regulations become more flexible.

The year 2020 symbolizes the need for flexibility and security

If the year 2020 was complicated for the majority of business sectors, including those where freelance.com is exposed with a drop of more than 20% for the freelance market, it also showed a deep need for flexibility for companies and security for employees.

The emergence of Covid-19 and the containment periods decreed by the various international governments have created a climate of uncertainty that has frozen a large number of permanent hires. In this environment, the use of freelancers for a specific duration or project allows for continuity of activity without jeopardizing the budget in the long term. The health crisis will undoubtedly be another **wake-up call for companies** and should reinforce the trend towards open networked organizations composed of ecosystems of individuals and talents collaborating on projects. An example of this trend can be Google: the American company employed 220,000 people in 2019, 54% of whom were self-employed.

On the workers' side, if the volatility and delays concerning income have always been an issue for freelancers, this is even more true in case of a downturn in the economy. This is when wage portage makes sense. If the wage portage market was in sharp decline during the health crisis, attesting to the drop in demand from companies, it is still a status that provides significant security. At the height of the crisis, **nearly 40% of the carried employees on assignment benefited from partial unemployment**. The year 2020 should therefore support the growth observed in this market for several years and enable the FEPS forecasts of a market of 3.5 billion euros, in France alone, to be reached by 2030.

Finally, 2020 was also the year of the democratization of Work From Home (WFH): more than 44% of employees have worked from home in Europe since the beginning of the health crisis (about 41% in France), a rate that stood at 16% in 2019. However, teleworking is not a new phenomenon, it has been developing strongly for more than a decade. An obvious correlation can be established with the rise in the number of freelancers, as the home is the most used workplace among freelancers.

Workplace for freelancers in France, Germany and Spain






Source: Malt x BCG - Freelancing in Europe 2021

Like WFH, the sense of freedom and independence it provides could tempt employees to the joys of freelancing. According to a study by Forbes, 80% of workers surveyed in the US would be willing to turn

down a job if it did not include WFH and **50% of teleworkers would plan to become their own boss in the future**. Like the growth in self-employment, the teleworking craze is not expected to stop any time soon as a 30% increase in demand for teleworking is anticipated by 2030 as a large proportion of Generation Z enter the workforce.

A dynamic and still highly fragmented market

There are now a multitude of platforms dedicated to freelancing (see appendix). Each of them tries to stand out by its offer, with related services like Freelance.com, or by a specificity on the field of activity. Among all these platforms, only 3 are currently listed, including 2 in the United States:

| Company | Quote | CA 2020 | Market Cap |
|---|--------|---------|-------------|
|  | NYSE | 166M€ | 6.2 billion |
|  | NASDAQ | 327M€ | 5.3 billion |
|  | ASX | 35,5M€ | 217M€ |

If this market is still very fragmented today, it is likely that we will see consolidation in the coming years. A phenomenon similar to that observed in the temporary employment market a few years ago, which is related to that of the freelancing one, and which gave rise to three behemoths: Randstad, Adecco and Manpower accompanied by some much smaller pursuers.

It is in this logic of consolidation that the market is very dynamic, especially in France where we have identified 3 unlisted competitors: Malt, Crème de la Crème and Comet. Malt, which seems to be the biggest of these 3 competitors, has raised more than 80 million euros in June 2021, following a 25-million-euro round in 2019, with the aim of financing the company's external growth and in particular its development in Europe. The other two players, Crème de la Crème and Comet, meanwhile, raised €3m and €11m respectively in 2018.

Freelance.com is not to be outdone in this consolidation of the French and European market, with the highly structuring acquisitions of INOP'S and Helvetic Payroll in 2020 and 2021, completed by two smaller acquisitions in 2021 with Coworkees and TMC France.

In our opinion, Freelance.com stands out because of its offer for companies, particularly large accounts (management and compliance of subcontractors, project implementation, training, internationalisation), which also represents a significant cross-selling potential. Taken one by one, it is possible to find several players offering the same services, but none of them offers all of these services in the same package.

V. Financial outlook

A mix of organic and external growth that pays off

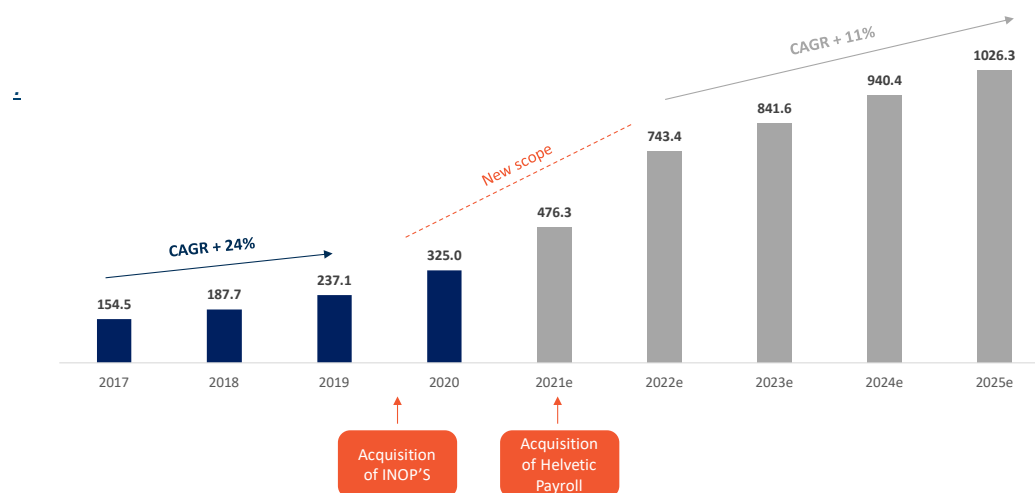
Taking advantage of the markets in which it is positioned, Freelance.com is in the midst of a hyper-growth phase with a turnover that has more than doubled over the last 4 financial years, rising from €154M in 2017 to €325M in 2020, driven by a mix of *double-digit* organic growth and major external growth operations.

External growth should continue to be dynamic over the next few years for Freelance.com. With a complete offer, the group knows how to be opportunistic on the market of mergers and acquisitions with the objective :

- To offer new services to companies, as it was the case with the acquisition of INOP'S in 2020, which enabled the group to add to its already comprehensive offer the implementation of projects with a commitment to results, in the image of the large It services companies;
- To complement existing proposals, which should be the case with the acquisition of Helvetic Payroll. Freelance.com announced in May 2021 that it had entered into exclusive negotiations with Helvetic, the leader in wage portage in Switzerland, which achieved a turnover of €153M in 2020. The acquisition should be finalised in the next few weeks. The acquisitions of Coworkees and TMC France, which are smaller in scale, have also completed the existing sourcing and training offerings.

For the next few years, our estimates are based on organic CAGR growth of 9.9% between 2021 and 2025, driven by: i) the penetration of new major accounts offering ever greater cross-selling potential; ii) significant business growth in a very dynamic wage portage market. These assumptions seem prudent to us in view of the growth history and forecasts for both the overall self-employed market and the wage portage market. As for external growth, we expect the acquisition of Helvetic Payroll to be completed by the end of the year and the Swiss company to be consolidated in November and December 2021. **This new scope should enable us to exceed €1 billion in sales by 2025.**

Historical and estimated evolution of the turnover between 2017 and 2025



Sources: Company, Midcap

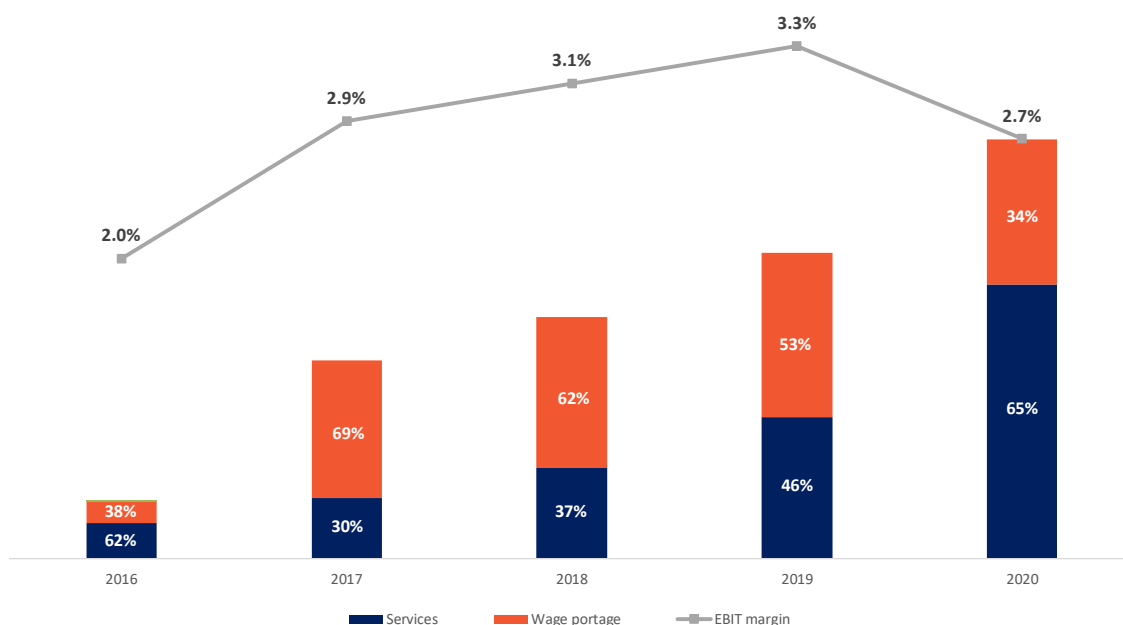
Volatile sales segmentation

While there are currently 7 services in the Freelance.com offer, the turnover is generated by three areas of activity:

- Services, this division covers almost all services, including sourcing, project implementation, subcontractor management and training.
- Wage portage with ad'missions and sage
- Compliance and the Provigis platform

While the services division and the wage portage division generate more than 99% of the group's revenues, their share of turnover has varied considerably over the years, leading to a certain volatility in the operating margin.

Historical evolution of the sales and EBIT margin segmentation between 2016 and 2020



Sources: Company, Midcap

To establish our estimates on the margins that the group could achieve over the next few years, we have established assumptions on the gross margins of each service offered by Freelance.com:

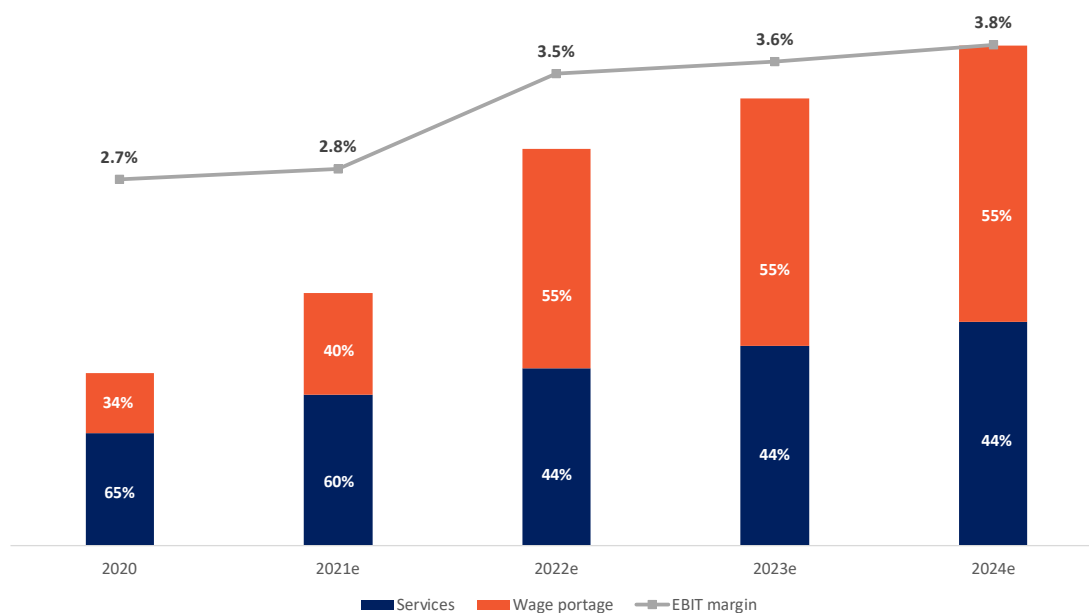
| Services | Sourcing | Subcontractor management | Compliance | Wage Portage | Project Implementation | International |
|--------------|----------|--------------------------|------------|--------------|------------------------|---------------|
| Gross margin | 15% | 5% | 90% | 10% | 13% | 20% |

However, the lack of segmentation within the services division makes it difficult to read the margin on this division. The subcontractor management activity should be the one generating the most revenue, ahead of the sourcing activity which has a higher gross margin.

This seems to be confirmed by the graph above, which shows a marked decline in the EBIT margin in 2020, while the turnover generated by the services activity grows significantly, from 46% to 65%.

Despite the acquisition of Inop's, which is highly accretive for the services division with an estimated gross margin of 13%, it is indeed wage portage that should continue to be the best-margined activity, also benefiting from an export portion that has historically exceeded 20%. This observation should be accentuated with the acquisition of Helvetic Payroll, which has a gross margin higher than the 10% observed at Freelance.com for the umbrella activity and whose 2020 turnover of €153M should more than double the size of the group's freelance activity (€112M in 2020).

Estimated evolution of the segmentation of the turnover and EBIT margin between 2020 and 2024



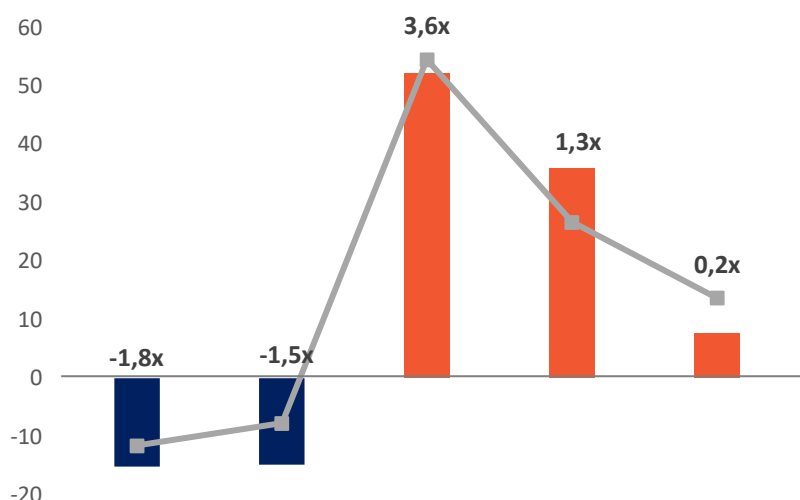
Source : Midcap

An acquisition impacting the financial structure

Regarding debt, while the group had a negative net debt of €15M, this should increase significantly in 2021 as part of the acquisition of Helvetic Payroll will be settled in cash for an amount of nearly €88.5M (CHF 94M), to which could be added €5.5M (CHF 6M) conditional on the 2021 turnover and payable in 2022. The cash portion of the acquisition will be financed by a bank loan, the main consequence of which will be to significantly increase the group's net debt and leverage in the short term.

Without any new acquisition, the growth in business and profitability driven by this new scope should enable it to reduce its net debt and its debt leverage, which should fall below 1 during 2023.

Historical and estimated changes in net debt and leverage between 2019 and 20 23



Source : Midcap

A dilutive aspect to consider

While part of the acquisition of Helvetic Payroll will be financed by debt, a second part will be financed by shares. 7,500,000 new shares will be issued to Helvetic Payroll shareholders, each with one warrant. These warrants, of which there are also 7,500,000, have a parity of 5 warrants for 1 new Freelance.com share, leading to a potential additional dilution of 1,500,000 new shares. These warrants expire on 31 December 2023 and have an exercise price (for the exercise of 5 warrants) of €5.996 (share price on 11/1/2021: €7.79).

In addition to the warrants linked to the acquisition of Helvetic Payroll, the end of 2021 will also correspond to the maturity of 10,548,984 convertible bonds issued in 2016 and fully subscribed by the CBV Group. The parity being 1 bond for 1 new freelance.com share, and the nominal value of the bond being €1.05 (vs. price on 11/1/2021 of €7.79), 10,548,984 new shares should be created on 22 December 2021.

Potential dilution at 22/12/2021 and 31/12/2023

| | |
|--|-------------------|
| Nombre d'action en circulation au 21/09/2021 | 37,459,685 |
| Apport Helvetic Payroll | 7,500,000 |
| OCA 2016 | 10,548,984 |
| Nombre d'action potentiel au 31/12/2021 | 55,508,669 |
| BSA Helvetic Payroll 2021 | 1,500,000 |
| Nombre d'action potentiel au 31/12/2023 | 57,008,669 |

Souces: Company, Midcap

Finally, there is also a free share allocation plan for the benefit of the Group's corporate officers and employees based on the achievement of performance objectives. Voted in 2017 and effective in 2018, this allocation plan is spread over 5 years, i.e. until 2023, and could result in 600,000 new shares each year. As an example, AGM 2018 and AGM 2019 granted 279,064 and 306,000 free shares respectively.

VI. Extra-financial analysis

Since 2019, Freelance's raison d'être places ESG issues at the heart of its mission. By taking this new step, it becomes a committed and responsible player that strives to deploy this ambition on a daily basis through its strategic choices as well as the implementation of its CSR (Corporate Social Responsibility) policy that creates value for all its stakeholders. Freelance formalizes these challenges through the realization of a charter of social and environmental responsibility, defining the objectives, principles and codes of conduct to follow to achieve its ambitions of responsible development. This charter is accompanied by ambitious CSR commitments based on three main issues:

- Environmental protection through the fight against climate change, the preservation of natural resources and biodiversity, and raising stakeholder awareness of the importance of environmental issues;
- To promote a stimulating work environment in compliance with labour standards, fighting discrimination and improving the well-being of employees;
- Collaboration with responsible partners who meet the same CSR principles adopted by the group.

Environment

The Freelance Group's CSR mission reflects its desire to join the club of responsible groups. Environmental responsibility is a main pillar of the group's CSR strategy. This commitment takes shape through the Green IT policy, which aims to limit the environmental impact of all the group's activities as much as possible, in particular through the responsible use of natural resources, reducing paper printing, minimizing the group's energy consumption by putting computer equipment on standby after a period of 10 minutes of inactivity, and encouraging employees to unsubscribe from newsletters

Finally, in order to make a transparent commitment to climate action, Freelance.com is also committed to a low-carbon transition; this is achieved by minimising travel to the office through the implementation of a teleworking system that reduces the company's carbon impact on the environment. In addition, the group intuitively encourages its employees to reduce the emissions linked to their home-work journeys and encourages them to use public transport by paying 50% of their transport costs.

However, the group does not put in place KPI's to monitor the evolution of its environmental performance. This implies a lack of in-depth analysis and benchmarking with peers in the sector.

Social

Freelance.com pays particular attention to the relationship with its employees, ensuring their safety and the application of a sustainable and attractive employment policy. Well-being, flexibility and equality are at the service of the group's ambition.

The group considers that the social pillar is one of the most important aspects to be developed in its responsible business strategy. Several indicators have been put in place to allow a relevant description of the company's social performance.

Freelance.com has an ambitious human resources management policy. It is based on the development of expertise, the creation of a collaborative and stimulating work environment, the guarantee of a good balance between professional and private life and the development of diversity. The aim is to attract the best talent and guarantee the company's performance.

- Ensuring good skills management

In a competitive environment, the group strives to offer a motivating and progressive career path to all its employees. This is achieved through training, which is an integral part of the HR policy aimed at ensuring the development and maintenance of employees' skills for the proper performance of their positions and responsibilities, for safety at work and for professional development.

The group encourages each of its employees to be a player in its development by offering them a multitude of training courses and certifications in several fields (services, communications, general training, behaviour and relationships, environmental responsibility, etc.) so that the company can have committed teams as well as the best expertise deemed essential to the development of the group's activities and the achievement of its performance objectives.

Performance monitoring indicators

| Training specialty | Number of trainees trained | Total number of training hours |
|--|----------------------------|--------------------------------|
| Behavioural and relational skills | 743 | 11240 |
| Multi-skilled services | 653 | 16593 |
| Multipurpose communication specialties | 338 | 5286 |
| General training | 79 | 8103 |
| Other specialties | 7390 | 155694 |

Source: company

- Equal opportunities

As a bearer of the values of fairness and responsibility, the group is working to be an exemplary player and pioneer in the field of social innovation. Offering the same opportunities for professional development and success to all employees, based on the richness and diversity of their profiles, is a priority commitment for the group.

The Group's human rights policy is clear: to guarantee equal opportunities for all employees and to ensure respect for and diversity of opinion. This non-discrimination policy is reflected in the implementation of an action plan that governs the entire human resources management process, such as hiring, training, advancement and professional promotion.

In terms of recruitment, the group favours diversity of profiles. A reinforced action plan has been put in place to guarantee diversity and equal opportunities as well as the continuous improvement of working conditions for both new recruits and former employees. This is marked by the evolution of the share of female employees in the total workforce (58% in 2020 vs 56% in 2019). At the same time, Freelance.com is committed to the professional inclusion of people with disabilities by giving them special attention in order to facilitate their integration (supply of office supplies adapted to people with reduced mobility ...)

Performance monitoring indicators

| Year | Men | Women |
|------|-----|-------|
| 2020 | 59 | 82 |
| 2019 | 49 | 63 |

| Age | -25 | 25 à 29 | 30 à 34 | 35 à 39 | 40 à 44 | 45 à 49 | 50 + | Total |
|------|-----|---------|---------|---------|---------|---------|------|-------|
| 2020 | 18 | 25 | 33 | 21 | 12 | 15 | 17 | 141 |
| 2019 | 17 | 25 | 25 | 10 | 14 | 12 | 9 | 112 |

| Year | Hiring | Dismissals |
|------|--------|------------|
| 2020 | 27 | 0 |
| 2019 | 36 | 0 |

Source : Enterprise

- Work organization, health and safety

Freelance.com evolves in an environment where health and safety are major issues for the success of the CSR policy. The company is committed to ensuring a work space that respects health and safety standards and more specifically in a context marked by the health crisis to reduce risks:

- Signs, fire extinguisher plans and safety instructions are present throughout the group's perimeter;
- Periodic verification of electrical installations and limitation of contact with dangerous products.

The average number of hours worked by employees per week is 36 hours and 30 minutes spread over the days of the week. Employees have eight days off per year, as well as a range of benefits and services:

- Reimbursement of 50% of the fare ;
- 70% of the mutual insurance contributions are paid by the company
- Provision of a holiday allowance to facilitate the departure of employees on holiday;
- Coverage of the costs of participation in extra-professional activities.

Performance monitoring indicator

| Year | Absenteeism rate | Number of accidents |
|------|------------------|---------------------|
| 2020 | 4.86% | 1 |
| 2019 | 4.24% | 5 |

Source : Enterprise

Governance

With regard to corporate governance and with reference to Article L.225-37 of the French Commercial Code, the company has established a report on the principles of corporate governance implemented by the group.

- Composition and structure of the Board of Directors

The general management of Freelance.com is ensured by Mr. Sylvestre Blavet, who combines his functions with those of Chairman of the Board. This uniqueness of the functions of Chief Executive Officer and Chairman of the Board of Directors was confirmed at the Board of Directors meeting held on 17 and 18 December 2018.

The company is administered by a six-member Board of Directors as follows:

- Sylvestre Blaver, Chairman and CEO (with a gross annual remuneration of €198,000) ;
- Yassir Khalid, Director ;

- Mohamed Benboubker, Director ;
- Olivier Martin, Director ;
- Jérôme Teissier, Director ;
- Claude Tempe, Director.

At this level, there is almost no independence of the board of directors and no gender equality in the composition of the board of directors. The low level of publication in relation to the independence of the Board of Directors and the absence of women in the composition of the Board of Directors are not in line with the company's ambitions and good governance practices. These points therefore represent important areas for improvement for the Group.

- Regulated agreement

In accordance with Articles L.225-38, the company shall publicly disclose the status of regulated agreements authorized by its Board of Directors during the fiscal year in question. For the financial year ending 31 December 2020, the agreements concerned are as follows:

- **Agreement for the domiciliation of offices located at No. 254 rue du Faubourg Saint Honoré in Paris**, entered into on 18/12/2018 and authorised by the Board of Directors at its meeting of 18 December 2018 with the company "Groupe CBV Ingénierie". The joint director concerned is Sylvestre Blavet, representative of Cour du Moulin, Chairman of Groupe CBV Ingénierie and Chairman of the Board of Directors of Freelance.com. The total amount of the transaction is €111,675.60 for the year 2020, of which €55,837.80 is re-invoiced to CBV.
- **Service agreement**, entered into on 11 September 2019 and authorised by the Board of Directors at its meeting on 26 July 2019 with the company JOHLO SARL. The joint director concerned is Claude Tempe, manager of the company and director of Freelance.com. The total amount of the transaction amounts to €126,568 for the year 2020, of which €6,568 reimburse expenses.
- **Service agreement**, entered into on July 3, 2020 and authorized by the Board of Directors at its meeting of July 2, 2020 with the company TEESI. The joint director concerned is Laurent Levy, manager of the company and director of Freelance.com. The total amount of the transaction is €146,000 for the year 2020.

VII. Valuation

For our valuation approach, we decided to base our model on the DCF method. The lack of listed companies in this market does not allow us to include an approach based on stock market comparables. However, we will present the valuation multiples of the listed companies we have identified for information purposes.

FCF discounting method

For this approach, we make the following assumptions:

Normative flows

- Sales growth of 21% CAGR between 2021 and 2025 (including 9.9% organic growth), driven in particular by the acquisition of INOP'S and especially Helvetic Payroll. We then aim to achieve sales growth of 3.5% in 2030.
- EBITDA and EBIT margin of 4.5% and 4.2% in 2030.
- A normalized tax rate of 22% after 2021, taking into account the high proportion of Swiss-based business after the acquisition of Helvetic Payroll.
- A level of WCR that is still negative and that we are aiming at -1.5% of sales in 2030.

Discount rate

- A risk-free rate of 0.0239% (10-year OAT at 10/21/2021)
- An equity risk premium of 6.9%.
- A beta of 0.97 integrating 84% equity and 16% debt financing (for a cost of debt of 3.1%).
- A size, liquidity and specific risk premium of 2%.
- **A perpetual growth rate of 2%** justified by a freelancing trend that should continue to accelerate with the entry of future generations into the job market and the group's exposure to digital professions and the digitalisation of companies.
- **A WACC of 7.8%**.

DCF scenario

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|----------------|-------|-------|-------|-------|---------|---------|---------|---------|---------|---------|
| CA | 476.3 | 743.4 | 841.6 | 940.4 | 1,026.3 | 1,108.5 | 1,184.9 | 1,253.1 | 1,311.1 | 1,356.9 |
| % var | 46.6% | 56.1% | 13.2% | 11.7% | 9.1% | 8.0% | 6.9% | 5.8% | 4.6% | 3.5% |
| EBITDA | 14.7 | 28.0 | 32.7 | 38.1 | 42.3 | 46.6 | 50.7 | 54.5 | 58.0 | 61.1 |
| % var | 89.9% | 17.0% | 16.4% | 11.2% | 10.0% | 8.8% | 7.6% | 6.4% | 5.3% | 4.5% |
| % revenue | 3.1% | 3.8% | 3.9% | 4.0% | 4.1% | 4.2% | 4.3% | 4.3% | 4.4% | 4.5% |
| D&A | 1.2 | 1.7 | 2.2 | 2.8 | 3.3 | 3.4 | 3.5 | 3.4 | 3.2 | 3.2 |
| % revenue | 0.3% | 0.2% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.2% | 0.2% |
| EBIT | 13.5 | 26.3 | 30.5 | 35.3 | 39.0 | 43.1 | 47.2 | 51.1 | 54.8 | 57.9 |
| % revenue | 2.8% | 3.5% | 3.6% | 3.8% | 3.8% | 3.9% | 4.0% | 4.1% | 4.2% | 4.3% |
| Tax rate | -2.2 | -5.8 | -6.7 | -7.7 | -8.5 | -9.4 | -10.2 | -11.1 | -11.9 | -12.6 |
| Tax rate | 16.4% | 22.1% | 21.9% | 21.7% | 21.7% | 21.7% | 21.7% | 21.7% | 21.7% | 21.7% |
| D&A | 1.2 | 1.7 | 2.2 | 2.8 | 3.3 | 3.4 | 3.5 | 3.4 | 3.2 | 3.2 |
| CAPEX | -2.9 | -3.0 | -3.4 | -3.8 | -4.1 | -3.3 | -3.1 | -3.1 | -3.1 | -3.2 |
| % revenue | -0.6% | -0.4% | -0.4% | -0.4% | -0.4% | -0.3% | -0.3% | -0.3% | -0.2% | -0.2% |
| Change in WRC | 5.9 | 0.7 | -8.2 | -3.2 | 0.7 | 1.5 | 2.3 | 3.1 | 3.8 | 4.5 |
| % revenue | 1.2% | 0.1% | -1.0% | -0.3% | 0.1% | 0.1% | 0.2% | 0.2% | 0.3% | 0.3% |
| FCF | 3.8 | 18.5 | 30.9 | 29.9 | 29.0 | 32.4 | 35.0 | 37.2 | 39.1 | 40.8 |
| Discounted FCF | 3.8 | 17.1 | 26.4 | 23.7 | 21.4 | 22.1 | 22.2 | 21.9 | 21.4 | 20.7 |

Source : Midcap

If the company's share capital is currently composed of 37.5M shares, **we have decided to take into account the significant dilution that** should take place at the end of the year. Part of this dilution is linked to the 2016 convertibles notes with a parity of 1 bond for 1 share, the number of new shares would therefore reach 10,548,984. As a reminder, the nominal value of each bond is €1.05. We also take into account the dilution linked to the acquisition of Helvetic Payroll, i.e. the 7,500,000 new shares as well as the 1,500,000 shares potentially created in case of exercise of the warrants. As a counterpart to this dilution, we adjust the net debt with the amount that will be received following the exercise of the warrants, i.e. € 8.99 million (exercise price of € 5.996) discounted at the same rate as our WACC, which gives us € 7.74 million. As a reminder, the exercise of these warrants is set for December 31, 2023.

Summary of fully diluted DCF and sensitivity analysis

| Synthèse | | Sensitivity table | | | | | | |
|---------------------------|--------------|------------------------|------|------|------|------|------|-----|
| | | Price | WACC | | | | | |
| | | | 6.8% | 7.3% | 7.8% | 8.3% | 8.8% | |
| Cumulated NPV of FCF | 200.7 | | | | | | | |
| Discounted Terminal Value | 366.7 | | | | | | | |
| Enterprise Value | 567.4 | | | | | | | |
| Net debt | 52.8 | | | | | | | |
| Warrants 2023 | -7.7 | | | | | | | |
| Provisions | 1.4 | | | | | | | |
| Non-controlling interest | 1.8 | | | | | | | |
| Equity Value | 519.2 | | | | | | | |
| Number of shares | 57.0 | | | | | | | |
| Value per share | 9.1 | | | | | | | |
| | | Perpetuity growth rate | 1.0% | 9.8 | 8.9 | 8.1 | 7.4 | 6.4 |
| | | | 1.5% | 10.5 | 9.4 | 8.6 | 7.8 | 6.6 |
| | | | 2.0% | 11.3 | 10.1 | 9.1 | 8.3 | 6.9 |
| | | | 2.5% | 12.4 | 10.9 | 9.8 | 8.8 | 7.3 |
| | | | 3.0% | 13.7 | 11.9 | 10.5 | 9.4 | 7.7 |

Source : Midcap

Market comparison method (not retained)

Here are the three rated players in the freelancing field:

- **Fiverr** (market capitalization: €6.2bn - €166m turnover in 2020). Fiverr International Ltd is an Israeli platform that connects companies and freelancers offering digital services in more than 200 categories, across seven verticals, including graphic design, digital marketing, programming, video and animation.
- **Upwork** (market capitalization: €5.3 billion - turnover of €327 million in 2020). Upwork is an American platform for hiring, managing and paying freelancers, whether they are developers, designers, writers, marketers etc.
- **Freelancer** (market capitalisation: €217M - turnover of €35.5M). Freelancer is an Australian freelancing platform whose core business is the provision of a marketplace for freelancing and crowdsourcing. The company connects companies and freelancers in over 247 countries making it the largest freelancing platform.

Our decision not to use this valuation method is based on three main reasons:

- The lack of listed players, only three of which one is not monitored (Freelancer)
- The possibility of retaining only one multiple (EV/Sales) given that these three players are not profitable

- The differences within each business model, whether geographical (the three companies address a large part of the international market) or technological (platform in the form of a marketplace, payment services etc.)






For information purposes, we present the valuation multiples of these three companies, which are far from those of Freelance.com, partly explained by the reasons stated above.

Multiples of comparable companies












| Sociétés | Market Cap. | VE/CA | | | VE/EBIT | | | P/E | | |
|---------------|-------------|-------|-------|-------|---------|-------|-------|-------|-------|-------|
| | | 2020e | 2021e | 2022e | 2020e | 2021e | 2022e | 2020e | 2021e | 2022e |
| Fiverr | 5,447 | 32.7x | 21.9x | 16.7x | - | - | - | - | - | - |
| Upwork | 5,379 | 10.6x | 12.4x | 9.9x | - | - | - | - | - | - |
| Freelancer | 219 | 3.6x | n.a | n.a | - | - | - | - | - | - |
| Freelance.com | 378.3 | 0.6x | 0.7x | 0.5x | 21.8x | 26.3x | 12.7x | 18.6x | 30.1x | 16.1x |










Source : Midcap

VIII. Management

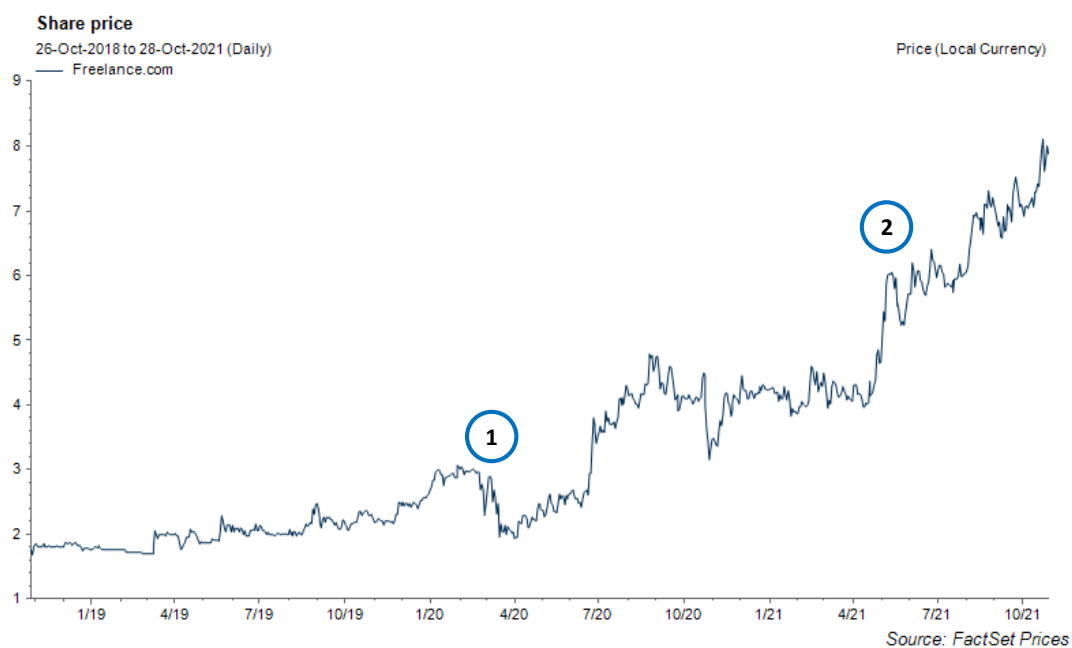
| Membres | Description |
|---|--|
|  | <p>Laurent Levy, Directeur Général Délégué</p> <p>With 25 years of experience in the digital industry, Laurent Levy has worked with the largest international companies in the intellectual services sector. For more than 15 years, he has worked with large ESNs such as Steria, Transiciel, Capgemini and Atos Origin. He was also the founder and manager of the European security centre for the Capgemini group for 5 years. In addition, he organized and directed the implementation of high-growth activities as Director of France and member of the management committee of large subsidiaries of international groups. Finally, in 2009, he founded the INOP'S group which became part of the Freelance.com group in June 2020.</p> |
|  | <p>Claude Tempé, Vice-Président – Senior Advisor – Porte-parole</p> <p>Claude Tempé is a graduate of the University of Paris Dauphine and holds a DEES in applied mathematics. He has a strong knowledge of the consulting and digital fields thanks to his various experiences. Claude Tempé began his career at EY before creating his own consulting firm in 2000 (CARTEM), which was bought by the ALTI group in 2003, where he became Deputy Managing Director. He joined Freelance.com in 2015 as CEO and gave new impetus to the group. In 2018 he left his position as CEO and took on the roles of Vice President, Senior Advisor and Spokesperson of the group.</p> |
|  | <p>Florent Canetti, Directeur Administratif et Financier</p> <p>Florent Canetti is a graduate of Emlyon and Aix-Marseille III in Mathematics Applied to Social Sciences and holds a DU in corporate law in difficulty from Paris 1 Panthéon-Sorbonne. He joined the Freelance.com group as CFO France in 2018 after more than 15 years of experience in various finance departments of industrial companies, startups or NGOs.</p> |
|  | <p>Mohamed Benboubker, Directeur de Freelance.com Maroc</p> <p>An engineer by training, Mohamed worked at Procter & Gamble in marketing before joining the Unilever Group as a management controller. In 2000, he created the Moroccan subsidiary of Freelance.com specialized in IT management and since 2010, he has developed new activities of interim and recruitment within the Group.</p> |
|  | <p>Bernard Rozinthe, Directeur SAGE SA</p> <p>Graduated from INSA Toulouse, in energetic engineering, Bernard ROZINTHE has developed for more than 30 years, profit centers in the services to companies in nuclear environment and various industrial sectors in France and abroad. He then had an experience in development projects and management of hotel establishments. He joined the CBV Group at the end of 2009 as head of the subsidiary dedicated to international assignments of the Freelance Group - SAGE SA. He developed the international activity from the Geneva office, through 2 new entities ADMISSIONS CH and ERGONOS Consulting, incorporated to the group in 2016. From this Swiss entity, are managed the incorporated entities and the network of partners in Europe, Middle East, Africa, Asia, Pacific and North America.</p> |

IX. Annexes

| | |
|---|---|
|  | <p>Fiverr International Ltd is an Israeli platform that connects companies and freelancers offering digital services in over 200 categories, in more than seven verticals, including graphic design, digital marketing, programming, video and animation.</p> |
|  | <p>Upwork is an American platform for hiring, managing and paying freelancers, whether they are developers, designers, writers, marketers etc.</p> |
|  | <p>Freelancer is an Australian freelancing platform whose core business is the provision of a marketplace for freelancing and crowdsourcing. The company connects businesses and freelancers in over 247 countries making it the largest freelancing platform. In addition to its marketplace, the company also offers a payment service.</p> |
|  | <p>Malt is a French unlisted company, whose main activity is to connect freelancers with client companies through a marketplace mainly in France and Europe.</p> |
|  | <p>Created in 2015, Crème de la Crème is one of the most selective platforms in terms of freelancers since only 10% of the applications are retained, these 10% representing the Crème de la Crème.</p> |
|  | <p>Founded in 2016, Comet is a French platform connecting freelancers with Tech/Data profiles with large groups.</p> |
|  | <p>PeoplePerHour is a UK-based company founded in 2007. It connects over three million freelancers, offering up to 8,800 skills to companies worldwide.</p> |
|  | <p>Toptal, founded in 2010, is a global remote company that provides an independent online platform with no corporate headquarters. It connects companies with freelance software engineers, designers, financial experts and product/project managers.</p> |
|  | <p>Guru is an independent marketplace founded in 1998 in Pittsburgh under the name eMoonlighter.com. It allows companies to find freelancers for custom work in areas such as Programming, Design & Art, Writing/Translation, ...</p> |
|  | <p>DesignCrowd is an online crowdsourcing platform founded in 2007 in Sydney, Australia. It connects businesses with freelancers specialising in custom design and graphic design by offering web design, logo creation, t-shirts, business cards, etc.</p> |
|  | <p>With over 20 years of experience in its field, Nexxt offers a suite of customizable solutions and technology for any company looking to find the best independent talent to grow.</p> |

| | |
|---|---|
|  | <p>TaskRabbit is an American online marketplace founded in 2008 that connects freelancers with local demands. It allows customers to get immediate help with everyday tasks such as cleaning, commuting, deliveries, handyman, etc.</p> |
|  | <p>Crowdspring is an online marketplace for outsourced creative services founded in 2007. It is considered the most secure graphic design marketplace, including logo and website design in the world.</p> |
|  | <p>Writeraccess is a content creation platform created in 2000 in the United States offering the talent, tools and training clients need to grow their agency and master their content marketing.</p> |
|  | <p>99Designs is a graphic design marketplace founded in 2008 in Melbourne, Australia and headquartered in San Francisco. They connect clients with independent creative experts from around the world to help them build their brand through custom and memorable design.</p> |
|  | <p>Catalant is an independent marketplace founded in 2013 in Boston, Massachusetts. It uses a machine learning algorithm to recommend independent consultants with the skills and expertise needed for client projects.</p> |
|  | <p>DesignHill is an online crowdsourcing platform founded in 2014 with headquarters in Washington, DC. It runs highly interactive design competitions and offers graphic design services to meet client demands.</p> |
|  | <p>Skyword connects writers, graphic designers, videographers, photographers and other functional creatives with leading brands looking to connect with their audience through the best possible storytelling.</p> |
|  | <p>Bark is a leading global marketplace of services, founded in 2014. It supports its customers to find independent professionals in many fields such as gardening, health, wedding and event planning, but also business services.</p> |
|  | <p>Gigster is a website founded in San Francisco, California, that allows users to create on-demand technology projects.</p> |

X. Stock market data



DONNEES BOURSIERES

Volumes moyens journaliers (k titres)

| | |
|---------------|------|
| 3 mois | 27.6 |
| 6 mois | 27.1 |
| 1 an | 26.7 |
| 3 ans | 19.2 |

Performance du titre

| | |
|--------------------------|-------|
| Plus haut 12 mois | 8.1 |
| Plus bas 12 mois | 3.1 |
| Perf YTD | 85.8% |

① Acquisition of INOP'S

② Acquisition of Helvetic Payroll

XI. Financial data (1/2)

| Income Statement (€M) | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|--|--------------|--------------|--------------|---------------|--------------|--------------|
| Total sales | 187.7 | 237.1 | 325.0 | 476.3 | 743.4 | 841.6 |
| <i>Growth</i> | <i>n.a</i> | 26.3% | 37.1% | 46.6% | 56.1% | 13.2% |
| Gross margin | 43.7 | 34.8 | 39.3 | 60.9 | 98.5 | 112.4 |
| <i>% of Sales</i> | 23.3% | 14.7% | 12.1% | 12.8% | 13.3% | 13.4% |
| External expenses | -76.6 | -113.1 | -208.6 | -317.8 | -512.6 | -595.9 |
| Payroll | -103.1 | -113.1 | -103.3 | -138.6 | -193.9 | -203.0 |
| Taxes and fees | -2.9 | -2.8 | -3.3 | -4.8 | -7.2 | -8.1 |
| Others | 0.9 | 0.2 | 0.0 | -0.4 | -1.3 | -1.6 |
| ROC | 6.0 | 8.4 | 9.9 | 14.7 | 28.4 | 32.9 |
| <i>% of Sales</i> | 3.2% | 3.5% | 3.0% | 3.1% | 3.8% | 3.9% |
| Net depreciation, amortization and provisions | 0.2 | 0.5 | 0.9 | 1.2 | 1.7 | 2.2 |
| EBITDA | 5.8 | 7.8 | 8.9 | 13.5 | 26.7 | 30.7 |
| <i>% of Sales</i> | 3.1% | 3.3% | 2.7% | 2.8% | 3.6% | 3.7% |
| Net financial income | -0.7 | -0.7 | -0.7 | -0.7 | -0.7 | -0.7 |
| Non-recurring income | 0.4 | -0.2 | 1.2 | 0.0 | 0.0 | 0.0 |
| Income Tax | -1.0 | -1.0 | -0.6 | -2.2 | -5.8 | -6.7 |
| <i>Corporation tax rate</i> | 18% | 15% | 6% | 16% | 22% | 22% |
| Minority | 0.0 | 0.0 | 0.5 | 0.6 | 1.2 | 1.4 |
| Net income | 4.5 | 5.9 | 8.3 | 10.0 | 19.0 | 21.9 |
| Balance Sheet (€M) | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
| Goodwill | 35.65 | 35.65 | 48.619 | 187.9798 | 187.9798 | 187.9798 |
| Tangible and intangible assets | 3.1 | 3.6 | 4.6 | 7.7 | 11.4 | 15.2 |
| Other non-current assets | 1.4 | 1.4 | 1.5 | 1.5 | 1.5 | 1.5 |
| Deferred taxes | 0.0 | 0.0 | 0.9 | 0.9 | 0.9 | 0.9 |
| Current assets | 49.1 | 63.1 | 97.9 | 131.7 | 197.4 | 218.4 |
| Cash | 20.3 | 26.6 | 53.3 | 66.7 | 82.1 | 109.6 |
| Adjustment account | 0.4 | 0.5 | 1.3 | 1.3 | 1.3 | 1.3 |
| Assets | 109.9 | 130.8 | 208.1 | 397.8 | 482.6 | 534.9 |
| Shareholders equity group | 33.5 | 39.7 | 47.8 | 116.1 | 134.7 | 156.4 |
| Minorities | 0.0 | 0.0 | 1.2 | 1.8 | 3.0 | 4.4 |
| Provisions for liabilities and charges | 1.6 | 1.1 | 1.4 | 1.4 | 1.4 | 1.4 |
| Financial debt | 11.4 | 11.5 | 38.5 | 119.5 | 119.5 | 119.5 |
| Current liabilities | 62.4 | 77.6 | 117.5 | 157.2 | 222.2 | 251.5 |
| Adjustment account | 0.9 | 0.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| Liabilities | 109.9 | 130.8 | 208.1 | 397.8 | 482.6 | 534.9 |
| Cash flow statement (€M) | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
| Operating cash flow | 3.8 | 6.1 | 8.1 | 10.4 | 19.1 | 22.6 |
| ΔWCR | -3.8 | 1.0 | 1.9 | 5.9 | -0.7 | 8.2 |
| Cash flow generated by the activity | 0.0 | 7.1 | 10.0 | 16.2 | 18.4 | 30.8 |
| Net capex | -1.5 | -1.3 | -2.0 | -2.9 | -3.0 | -3.4 |
| FCF | -1.6 | 5.8 | 8.0 | 13.4 | 15.4 | 27.5 |
| Disposal of tangible and intangible fixed assets | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| Change of scope of consolidation | 0.0 | 0.0 | -7.9 | -92.0 | 0.0 | 0.0 |
| Contribution in kind | 0.0 | 0.0 | 0.0 | -47.4 | 0.0 | 0.0 |
| Cash flow from investing oper. | -1.4 | -1.2 | -9.9 | -142.2 | -3.0 | -3.4 |
| Change in borrowings | -1.5 | 0.0 | 26.7 | 81.0 | 0.0 | 0.0 |
| Interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other net cash flow from financing oper. | 3.9 | 0.0 | 0.0 | 58.4 | 0.0 | 0.0 |
| Cash flow from financing oper. | 2.5 | 0.0 | 26.7 | 139.4 | 0.0 | 0.0 |
| Change in exchange rate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in net cash over the year | 1.0 | 6.0 | 26.8 | 13.4 | 15.4 | 27.5 |

Source: Company - Midcap Partners

XII. Financial data (2/2)

| KEY RATIOS | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|------------------------------|--------|--------|--------|-------|-------|-------|
| Revenue growth | 21.5% | 26.3% | 37.1% | 46.6% | 56.1% | 13.2% |
| Reported EBITDA margin | 23.3% | 14.7% | 12.1% | 12.8% | 13.3% | 13.4% |
| Adjusted EBITDA margin | 3.2% | 3.5% | 3.0% | 3.1% | 3.8% | 3.9% |
| EBIT margin | 3.1% | 3.3% | 2.7% | 2.8% | 3.5% | 3.6% |
| Net margin | 2.4% | 2.5% | 2.7% | 2.2% | 2.7% | 2.7% |
| Reported EPS | 0.13 | 0.16 | 0.23 | 0.28 | 0.41 | 0.48 |
| Dividend per share | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividende Yield | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NWC as a % of Revenue | -7.1% | -6.1% | -6.0% | -5.4% | -3.3% | -3.9% |
| FCF | -1.6 | 5.8 | 8.0 | 13.4 | 15.4 | 27.5 |
| FCF yield | | | | 3.8% | 4.5% | 8.7% |
| Conversion rate (FCF/EBITDA) | -27.3% | 74.3% | 89.5% | 98.9% | 57.7% | 89.3% |
| CAPEX/Sales | 0.8% | 0.6% | 0.6% | 0.6% | 0.4% | 0.4% |
| ROE | 13.3% | 14.9% | 16.9% | 8.4% | 13.5% | 13.5% |
| ROA | 4.1% | 4.5% | 4.0% | 2.5% | 3.9% | 4.1% |
| ROCE (after tax) | 25.2% | 34.0% | 27.0% | 9.2% | 18.2% | 21.7% |
| Gearing, net | -26.6% | -38.1% | -30.3% | 44.8% | 27.1% | 6.2% |
| Financial leverage | -1.5x | -1.8x | -1.5x | 3.6x | 1.3x | 0.3x |
| EV/Sales | | | | 0.7x | 0.5x | 0.4x |
| EV/EBITDA | | | | 24.1x | 12.2x | 9.6x |
| EV/EBIT | | | | 26.3x | 13.0x | 10.3x |
| PE | | | | 30.1x | 16.1x | 13.8x |

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2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

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| Company | Conflict Type |
|-----------|---------------|
| FREELANCE | G |

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