

Recommendation:
Speculative Investment

YD Ynvisible, S.A. |
| Next Level Communication

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April 26, 2011

YD Ynvisible, S.A.

YD Ynvisible, S.A. (Y7R.DE) is initiating a "Speculative Investment" with a potential share value of up to 3.77 Euros.

Developer of electrochromic displays

Ynvisible is a developer of electrochromic displays which have the potential to be printed on any surface or object, including paper, plastic, glass, ceramics, wood-based materials and cork. The company targets the mass production of low cost interactive electrochromic displays that are printed, flexible, transparent, low power, and sunlight-readable.

Multi-stage business development strategy

In a first stage of go-to-market, where a market push is needed, Ynvisible's displays will be manufactured in-house and by previously identified printed electronics partners, to meet the needs of the end clients; a set of small projects will be selected and setup to introduce the first generation of displays into the market. In a second stage of technology deployment, Ynvisible will establish production partnerships with key partners with the goal of mass producing the displays in conventional printing industry facilities.

Competitive advantages

Compared with conventional display technologies:

- lower cost
- variety of target substrates
- sticker format, which allows the direct application of the displays on a diversity of objects and surfaces
- variety of activation forms featured by the electronic components
- innovative interactive design

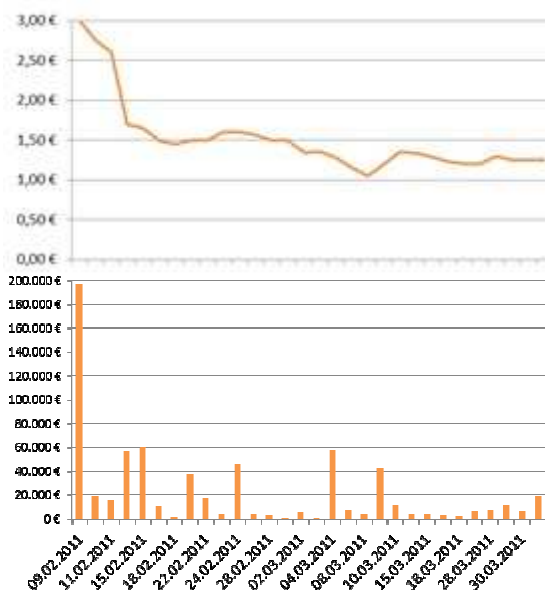
Strong business ecosystem

The Invisible Network (IN), an R&D association led by Ynvisible, comprises some of Portugal's most renowned laboratories, high-tech companies and industry leaders.

The collaboration with these industry partners is expected to yield commercial applications of Ynvisible's technology.

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Key Ratios and Statistics

Nr. of shares	10.875.450
Price (April 26th 2011)	1.39 EUR
Market Cap in mio. EUR	15.12
52-week-range	1.00 EUR – 3.15 EUR
Bloomberg	Y7R.GR
Reuters	Y7R.DE

Worst Case Scenario Revenues (mio. €)

2011	2012	2013	2014	2015
0.4	2.7	6.6	11.5	17.4

Best Case Scenario Revenues (mio. €)

2011	2012	2013	2014	2015
4.5	6.0	12.4	18.1	49.7

Worst Case Scenario EBIT (mio. €)

2011	2012	2013	2014	2015
-0.4	0.1	1.0	1.8	2.4

Best Case Scenario EBIT (mio. €)

2011	2012	2013	2014	2015
0.1	-1.4	2.1	7.9	30.0

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|A| COMPANY PROFILE

YD Ynvisible, S.A. is a developer of interactive electrochromic displays with the potential to be printed on many different surfaces, such as ceramics, cork, glass, paper, plastic and wood-based materials.

The main characteristics of Ynvisible's displays are interactivity, printability, low cost, low power consumption and flexibility. Ynvisible's R&D efforts have been focused on developing functional printing inks for conventional printing methods, which can be used to create multi-layer displays. Ynvisible's displays can be activated in different ways, such as by a timer, light sensors, movement sensors or touch.

|A|1 HISTORY

Ynvisible's spin-out from its parent company YDreams – Informática, S.A. took place on 21 January 2010 with the objective of creating an independent business unit to explore the know-how and intellectual property in the area of printed displays, that had been developed within YLabs (YDreams R&D department) in the previous years.

The company's roots date back to the year 2005 when YDreams – Informática, S.A. and the New University of Lisbon (UNL) started a joint research initiative named YInvisible. This initiative involved a multi-disciplinary team from YDreams' YLabs, and UNL's CENIMAT (Centre for Materials Research) and Photochemistry and Supramolecular Chemistry Group.

In mid-2006, the initiative was extended with the signing of three separate YInvisible R&D contracts between YDreams/UNL and three partners from different industrial areas. These projects were sponsored by the Portuguese Government's *Agência de Inovação* (ADI), and their purpose was to study the viability of assembling electrochromic displays using the materials manufactured or transformed by each of the industrial partners as substrates. The projects were named according to the specific substrate considered: YInvisible Paper, with Renova S.A.; YInvisible Textile, with Fábrica de Malhas Filobranca S.A.; and YInvisible Boards with Bi-silque S.A.

In late 2007, YDreams commissioned a feasibility study for the area of electrochromism to M3 Design. M3's conclusion was that the technology was appealing and that its industrialization seemed to be feasible. Furthermore, M3 Design stated that inkjet printing seemed to be a suitable deposition technology to achieve the production of the electrochromic displays.

Encouraged by the proof-of-technology from the YInvisible projects, the management of YDreams – Informática, S.A. used the second half of 2008 and 2009 to prepare the spin-out of Ynvisible as an independent business.

At the same time, YDreams undertook efforts to create a strong business ecosystem by putting together a partner network which could contribute to the development of new technologies and products in the area of interactive surfaces and invisible computing.

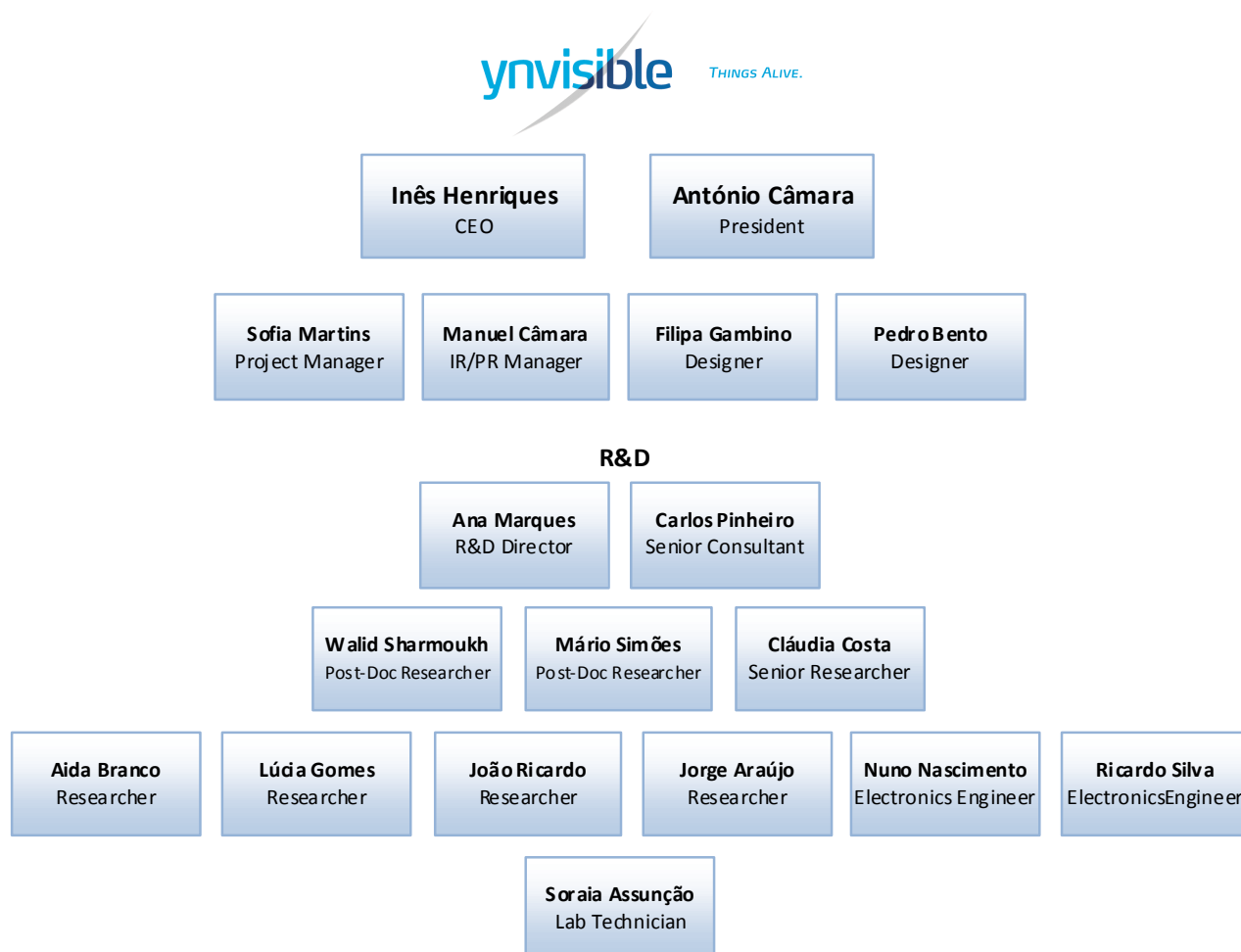
On 10 November 2008 the creation of the "Invisible Network" was announced. This network was constituted legally in March 2009

The network focuses on the development of scientific competencies and technologies giving way to a new generation of surfaces with interactive properties, which function in different formats to those we find today in computers or digital-based supports.

The 12 members of the Invisible Network represent different segments, including academic institutions, technology transfer centers, high tech companies and industrial groups.

|A|2 KEY MANAGEMENT AND EMPLOYEES

Ynvisible's team is currently composed of 18 people, including 7 researchers supported by a lab technician and supervised by an R&D Director, 2 electronics engineers, a project manager, 2 designers and the management team. Ynvisible is in the process of hiring a Business Development Director.



António Câmara – President

António Câmara is a Professor at Universidade Nova de Lisboa and has been a Visiting Professor at both Cornell University (1988-89) and MIT (1998-99). He was a Senior Consultant to the Expo98 project and a Senior Advisor to the National Geographical Information System. He has been YDreams' CEO and Chairman of the Board since the parent company was founded, and is currently Ynvisible's President.

Inês Henriques – Chief Executive Officer

Inês Henriques is Ynvisible's CEO. From 2007 to 2010, Inês led the research initiative at YDreams which has given way to Ynvisible. She has a degree in Environmental Engineering from Universidade

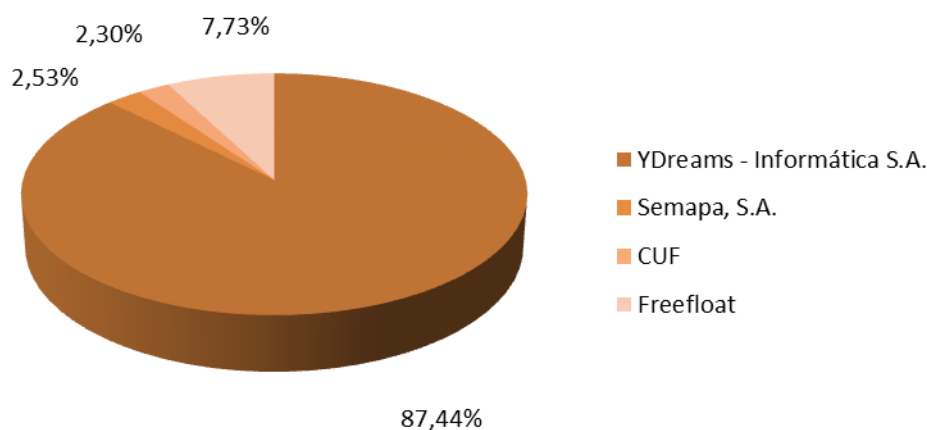
Nova de Lisboa and a PhD in Civil Engineering from Virginia Tech. She authored several scientific papers and patents, and received several awards for her research and academic achievements.

Ana Marques – R&D Director

Ana is Ynvisible's R&D Director. She has extensive experience in international R&D projects in both the academic and industrial fields, and has published numerous papers, book chapters and patents. Ana obtained her PhD from Instituto Superior Técnico in Materials Engineering and did a Post-Doc at Lehigh University, before joining Dow Corning in Belgium, where she worked as an R&D Chemist for three years.

|A|3 SHAREHOLDER STRUCTURE

Ynvisible's share capital is 326,263.50 EUR, divided into 10,875,450 shares. Each share is fully paid and has a par value of 0.03 EUR. The shares consist of 10,625,450 ordinary shares and 250,000 category A shares, held by CUF SGPS, which grant the owners priority over ordinary shares in case of a liquidation or merger of the company, while having the same voting rights and rights over dividends as ordinary shares. The free float at the time of the going public was 7.73 percent.



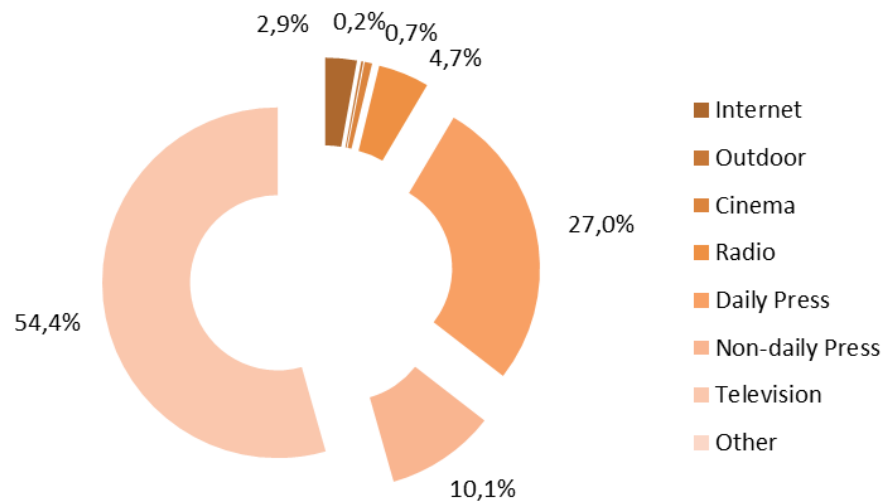
|B| MARKET OVERVIEW

|B|1 TARGET COUNTRIES

The management of Ynvisible aims to enter the following countries during the next five years: Brazil, France, Germany, Portugal, Spain and the United Kingdom.

Overview of the Brazilian Advertising Market (2008)

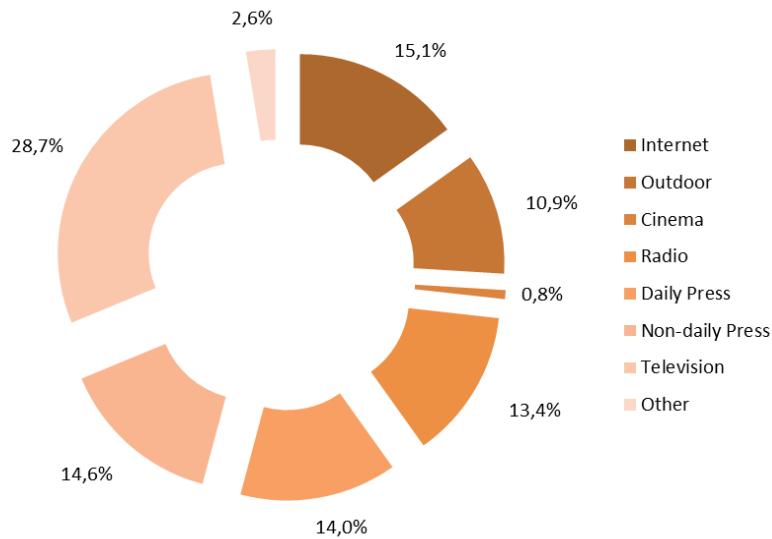
Source: IBOPE, Public Research



Developing markets such as the Brazilian market will continue to contribute to growth in global ad expenditure (source: ZenithOptimedia). China, Russia and Brazil follow closely behind the US as contributors to growth over the next three years, even though China's ad market is just 9 percent of the size of the US ad market, and Brazil's and Russia's are 5 percent with Brazil showing a total volume of 21.1 billion Euros in 2008. Similar to all the other developing markets traditional media are booked far more by advertising agencies in Brazil than in the five remaining countries of Ynvisible's choice. In 2008, print media stood for more than 37% of all ad spend in Brazil with non-daily publications having a share of 10.11%. Internet and Outdoor media are still in a very young state with 2.9% and 0.23%, respectively. We expect magazine advertising revenues to grow below the overall spending. Internet should become the main driver and outdoor is expected to stay stable with a slight increase in total ad spend.

Overview of the French Advertising Market (2008)

Source: TNS Media Intelligence, Public Research

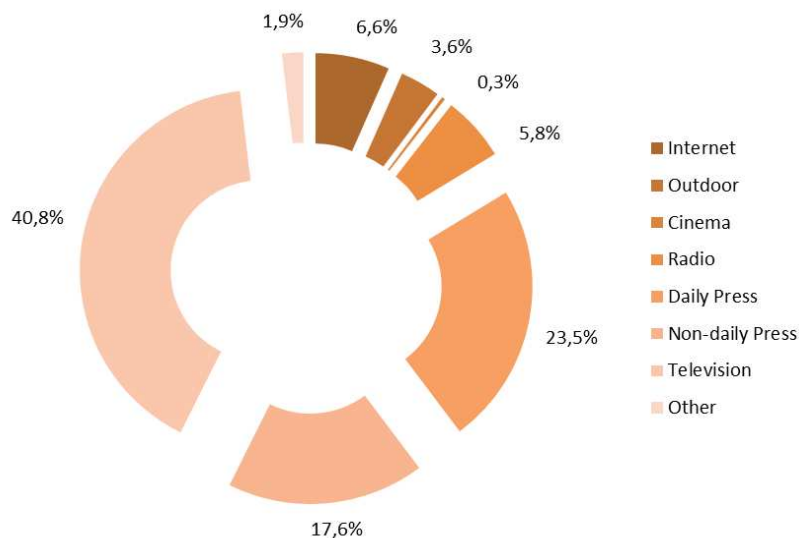


The French Advertising market is one of the most balanced and at the same time one of the most innovative markets in Europe. With annual ad spends of 25.3 billion Euros in 2008, it is the largest market approached by Ynvisible.

Although traditional and considered old-fashioned, radio ads still have a strong market position (13.4% of the total ad spend in 2008), the innovative and still fast growing internet market already reached a market share of 15.1% - that is by far the strongest internet market among all the countries discussed. Similar to the internet market, the outdoor market, with a market share of almost 11%, is also by far the strongest among the other countries. Sales of advertising in magazines range is in the midfield when compared to the six remaining countries.

Overview of the German Advertising Market (2008)

Source: Nielsen Media Research, Public Research

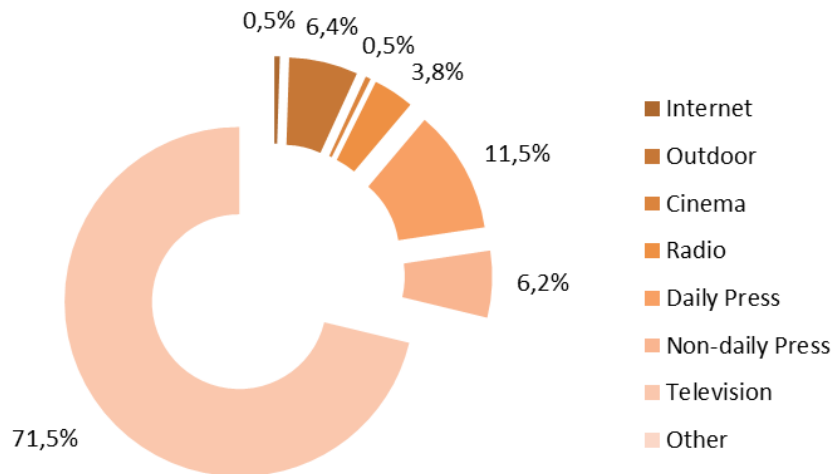


Germany, the second largest advertising market among the six countries is known for its strong print media segment, accounting for 43% of the 22.4 billion Euros in ad spending in 2008. Magazines, in

particular, have a market share of 17.6%, the highest percentage among all non-daily print media within the discussed countries. Major companies such as Axel Springer predict a shift of print sales to online sales as more and more publications transfer their contents to related websites. Therefore we can say that the print market will decline, while the internet market, with a market share of 6.6% in 2008, far behind the French market, is expected to continue to grow. The German Outdoor Market accounted for 3.6% of total ad spend in 2008, this segment is expected to continue its path to a higher acceptance with several players already well positioned.

Overview of the Portuguese Advertising Market (2008)

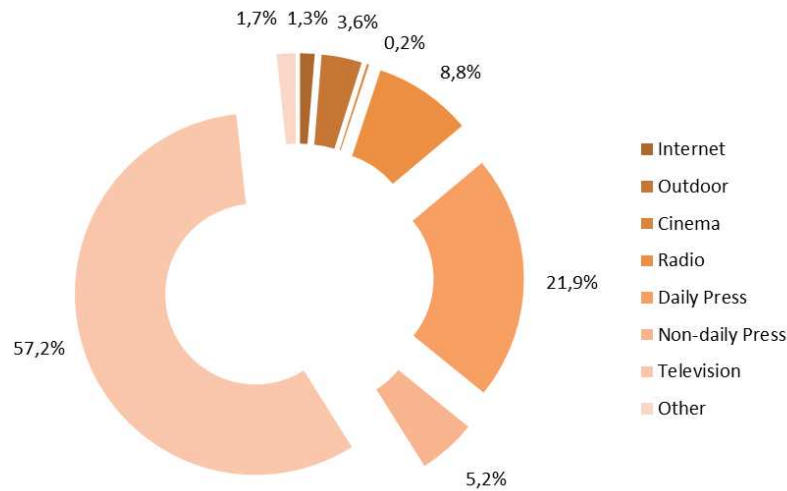
Source: Media Monitor, Public Research



With a volume of 4.7 billion Euros in 2008 the Portuguese Advertising Market is the smallest of the target markets. Television holds a major position with a market share of more than 71% in 2008 and it will continue as the main advertising tool in the foreseeable future. The Outdoor Market Segment seems to be quite developed with a market share of 6.4%. We expect the Outdoor as well as the Internet Market to gain additional market share in the future. Similar to the Spanish market the Portuguese ad spending in Magazines declined during the past years to a definitely low level of 6.2% in 2008. Major market players such as Impresa even changed their segment reports and united the daily with the non-daily press segment to press. Even at this low level, we do not foresee a significant increase in ad spend in magazines. Ynvisible's technology may become a game-changer for this financially strapped business.

Overview of the Spanish Advertising Market (2008)

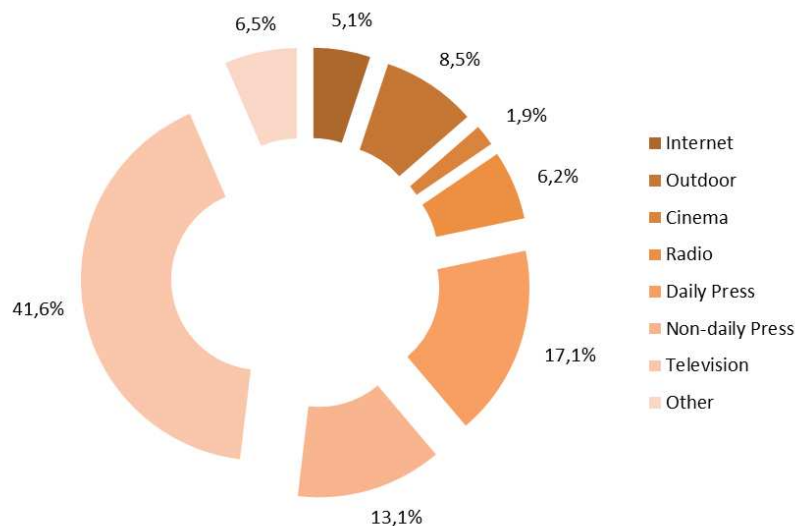
Source: Infoadex, Public Research



Spain, offering the same climatic conditions as Portugal, showed an Outdoor Advertising Market quite behind its Western neighbour. Only 3.6% of the total ad spend of almost 19 billion Euros in 2008 was generated in this innovative advertising media although the Outdoor Market is foreseen to increase above average in the next couple of years. Advertising in non-daily print media also does not seem to be an appealing segment as it had a market share of only 5.2% - the worst non-daily market in 2008. Experts do not foresee a significant change in the ad spend behavior of advertising agencies, although, again, Ynvisibles' technology might become a game-changer also in the Spanish market.

Overview of the United Kingdom Advertising Market (2008)

Source: Nielsen Media Research, Public Research



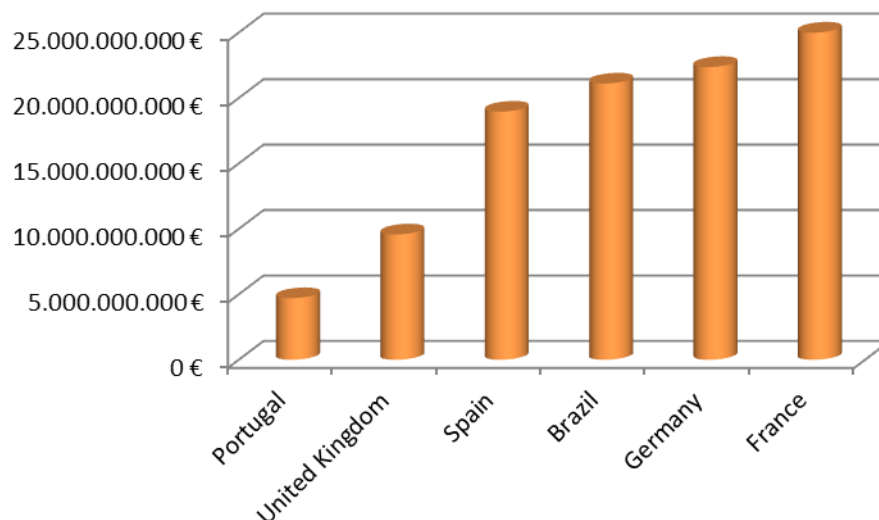
Due to its climatic conditions, the United Kingdom has the strongest advertisement in cinemas (1.9% market share) compared to the remaining five countries discussed. On the other hand, the Outdoor Market with total ad spend of more than 800 million Euros is the second strongest among the target countries. Magazines, with a market share of 13.1%, will face difficult times in the upcoming years.

|B|2 ADVERTISING INDUSTRY

Ynvisible will focus its activities on six selected countries: Brazil, France, Germany, Portugal, Spain and the United Kingdom. In 2008 these countries accounted for a total advertising spend of more than 100 billion Euros.

Overview of the Total Advertising Spendings in the six Target Countries in 2008

Source: IBOPE, Infoadex, Media Monitor, Nielsen Media Research, Public Research, TNS Media Intelligence



Even during the World economic crisis and in defiance of the decrease in advertising spending throughout all the established markets, countries like Brazil managed to become one of the few with a strong increase in the advertising industry. Together with India the 21 billion Euros (in 2008) advertising industry of Brazil is expected to achieve significant double-digit growth in ad spending in the upcoming years as well.

On the French advertising side, gross revenue for all media grew by 4.1% in 2008. This, however, hides a decline in net revenue (-2.2%; source: IREP). As in many other countries, the impact of the crisis had led to significant advertising budget reductions for the start of 2009, but it also resulted in new trade-offs. Year on year, TV managed to maintain its leading position among all media, remaining the favourite medium, with a strong viewing time of 3 hours and 24 minutes per day (Individuals 4+).

Up until late September, 2008 in Germany was a year of consolidation for the TV industry, especially commercial broadcasters. However, with the near collapse of property lender Hypo Real Estate (HRE), the financial crisis, which up until then was widely considered an American problem, finally reached Germany. Consequently, advertisers became cautious, too. Leading FMCG brands, for example, claim to have spent the same amount on advertising as in the preceding years, but moved toward short-term bookings. No general trend was evident throughout the industry – some advertisers were spending less than before, while others were using the opportunity to gain awareness and spent more on their campaigns than they did previously.

In 2008, the Portuguese GDP registered negative growth of 0.8%, leaving the Portuguese economy at a value of 166 billion Euros. Inflation registered identical values to 2007, remaining at a level of 2.6%. In Television there were no new developments. The aerial channels (TVI, SIC, RTP1 and RTP2) continued to be the preference of the Portuguese people, with approximately 85% of ratings

attributed to these channels. In advertising, the total investment for 2008 was 4.7 billion Euros (6% more than in 2007), of which the largest portion was dedicated to television, with 70% of all investments. The traditional sectors, such as the Food Industry, Personal Hygiene and Equipments and Services, were the main investors in communication.

As a result of the worldwide economic crisis, which began at the start of the second quarter of 2008, the advertising market has suffered tremendously in Spain: its 2008 net value accounted for 7,103 million Euros, a loss of 881 million Euros, 11% in one single year. Television maintained its position as the dominant advertising medium, accounting for 43.4% of all spend (3.082 million Euros) and followed the same trend as the overall advertising market, decreasing by 11%. Finally four of the most heavily promoted advertising categories experienced a sharp decline in 2008: the automotive industry remained first in the rankings with 11.3% of media expenditure but this fell by 19.9% compared to 2007. Telecommunications, with a share of 7.6%, cut its advertising spend by 3.2%, while Retail (7.3% share) reduced its spending by 9%. The Finance sector was the most heavily affected by the crisis as its advertising spend had fallen by 22.1%. Only the Food sector showed strength with an increase in spending to a market share of 8.3%.

In the United Kingdom leading advertising sectors, by spend, changed little in 2008. Retail remained the heaviest-promoted category across all media, with TV achieving an increased share of total expenditure, up to 43%. Finance, the second-largest TV category in 2007, dropped back to fourth position, although the proportion allocated to television jumped to 45%. Entertainment and the Media filled second place (42% spent on TV), with Food rising from fourth to third position, as advertisers within that category increased their proportion of spending on television from 57% to 68%.

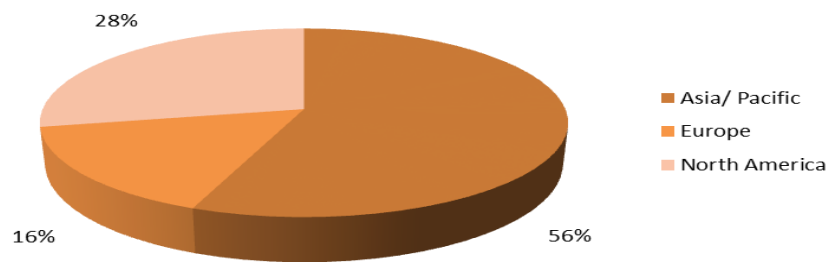
Out of the six main advertising segments Cinema, Internet, Outdoor, Press (daily, non-daily), Radio and Television, Ynvisibles' technology is able to offer an upside to the non-daily press as well as for the Outdoor Market. In general the penetration and acceptance of innovative ways of advertising differ from country to country.

|B|3 PRINTED ELECTRONICS

Printed electronics is a set of printing methods used to create electrical devices. The market for printed and potentially printed electronics, including organics, inorganics and composites, will – according to IDTechEx – rise from 1.18 billion USD in 2007 to 48.2 billion USD in 2017. IDTechEx foresees a market volume of 330 billion USD in 2027.

In 2007, most of the work dedicated to the printed electronics sector took place in Europe, the USA and Japan, whereby Europe was in the lead in many aspects. For instance, the first printed electronics factories appeared there. However, by spend, we see that in 2007 56% of the market spend is in East Asia. This is because the biggest component - OLED display modules - are made there and bought by companies making devices, such as MP3 players. However, it disguises the fact that many of the devices are then sold to North America and Europe.

On the next page you will find a chart (source: IDTechEx) demonstrating the market by territory in 2007:



Dr. Peter Harrop, Chairman of IDTechEx says, that “Electronics and electrics printed on paper or laminated into paper will be a major part of the \$300 billion plus printed electronics market in twenty years from now.”

The market volume of the e-paper display market – where Ynvisible is active in – will rise from 1.2 billion USD in 2014 to 7.5 billion USD in 2020. The forecast source for this is again IDTechEx.

|C| BUSINESS SEGMENTS

Ynvisible wants to attract several existing markets with its differentiating technology, mainly the publishing, advertising and mass-consumer industry. The aimed applications are:

1. Corporate Communication
2. Greeting Cards
3. Magazines
4. Packaging
5. Point of Sale Displays
6. Outdoor Advertising

Further announced applications such as interactive clothing or intelligent furniture will not have significant impact on the revenues of Ynvisible during the next three years and are therefore not taken into account in this research report.

|C|1 CORPORATE COMMUNICATION

Corporate communication is the communication issued by a corporate organization, body, or institute to all its public(s). "Publics" here can be both internal (employees, stakeholders, i.e. share and stock holders) and external (agencies, channel partners, media, government, industry bodies and institutes, educational institutes and general public).

This segment is too fragmented to give revenue outlooks and trends for the upcoming years within a common census. In each target country there are several micro to big-sized companies serving the market with many different types of media.

|C|2 GREETING CARD INDUSTRY

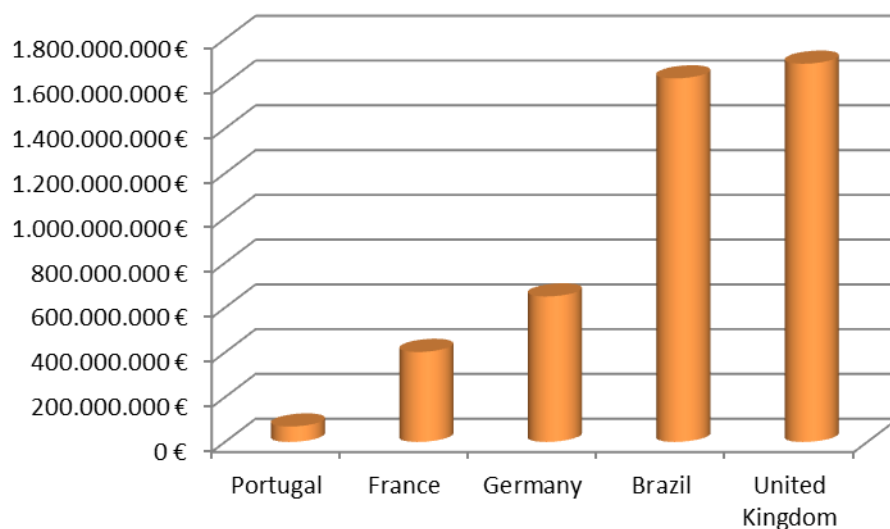
The custom of sending greeting cards can be traced back to the ancient Chinese, who exchanged messages of good will to celebrate the New Year, and to the early Egyptians, who conveyed their greetings on papyrus scrolls. Although the first known published Christmas card appeared in London in 1843, the first known valentine card can be traced back to 1415 in the United States.

As in all segments Ynvisible is targeting selected European as well as the Brazilian market in terms of including its technology in local greeting cards. Public Research estimates that the annual market volume of Western European countries and Brazil is more than 12 billion Euros. Referring to the selected markets France, Germany, Portugal, the United Kingdom and Brazil the market volume is around 4.4 billion Euros.

On the next page you will find a graph demonstrating the market volume of the target markets. The exchange rate for the volume of the British market is 0.87 EUR/USD.

Overview of the Country Sales

Source: Public Research and Greeting Card Associations of the countries

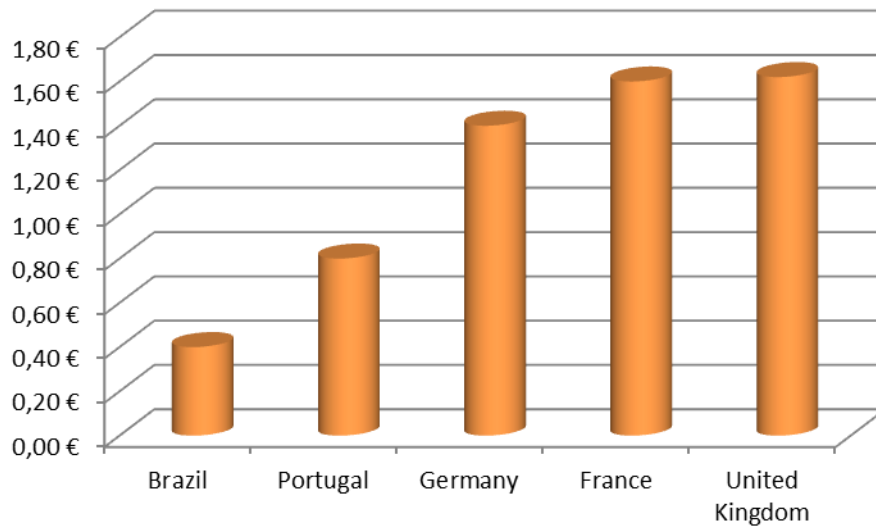


The UK greeting card industry with sales of almost 1.7 billion Euros annually is the most successful greeting card industry in Europe with an average of 17 greetings cards sent per person and year. The average inhabitant of France does send four cards per year and in Germany six cards per year and person are sent.

There is also a difference in pricing. While people spend an average of 1.62 Euros per card in the United Kingdom, the population of Brazil is spending only 0.40 Euros per card and the Portuguese spend 0.80 Euros per card.

Overview of the Average Card Price

Source: Public Research and Greeting Card Associations of the countries



The world's largest publicly owned creator, manufacturer and distributor of social expression products is the American Greetings Corporation (NYSE: AM) with annual net sales of around 1.7 billion USD and a market capitalization of almost 900 million USD as per March 2011. Below you can see some figures of the American Greetings Corporation:

	2007	2008	2009
Net sales	\$1.744.798.000	\$1.730.784.000	\$1.646.399.000
Total revenue	\$1.794.290.000	\$1.776.451.000	\$1.690.738.000
Operating (loss) income	\$89.580.000	\$128.805.000	-\$253.204.000
Net (loss) income	\$42.378.000	\$83.003.000	-\$227.759.000
EBIT Margin	5,13%	7,44%	-15,38%

In March 2011 the European subsidiary of the American Greetings Corporation, UK Greetings Ltd., has acquired Watermark Publishing Limited to strengthen its presence in the UK market.

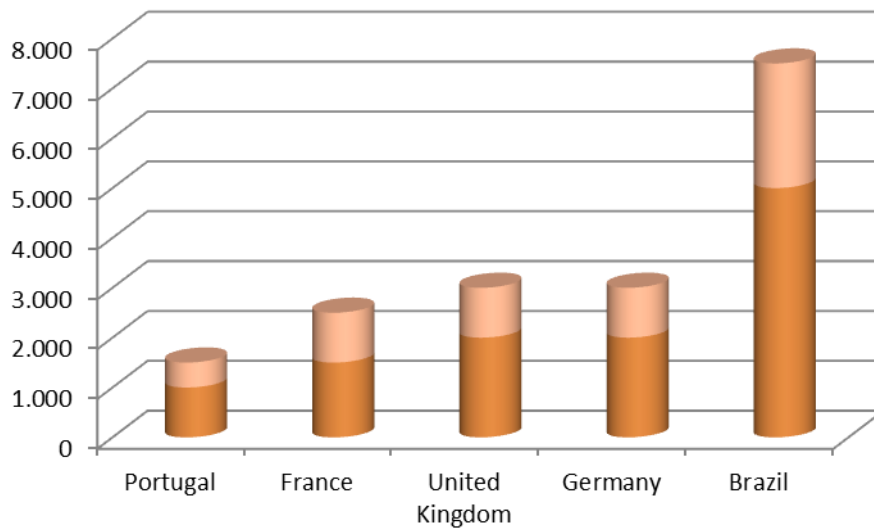
According to the Greeting Card Association there are more than 800 greeting card publishers in the United Kingdom, ranging from individual studios and small family-run companies to major corporations. Different countries show different scenarios so that in Germany, for example, only 70 publishing companies are registered.

The average number of copies a publisher is producing of one design/one card type is between 1,000 and 7,500 copies depending on the country discussed.

The smallest number of copies can be found in Portugal where 1,000 to 1,500 copies per design/card are published at the beginning. The number of copies obviously depends on the size of the country. Therefore the highest number of copies per card/design can be found in Brazil with a range of 5,000 to 7,500 copies.

Overview of the Number of Copies per Design

Source: Public Research, AVG



Competition is intense, with an influx of small players taking advantage of quality digital printing and the small runs that makes this possible. In a poll carried out for Canada Post, 8 out of 10 (80%) people said they prefer getting greeting cards rather than cyberspace greetings.

The licensing of designs is a common way of granting the right to use the property on specific products or technologies to a manufacturer or a retailer. The average royalties vary from four to twelve percent depending on the quality and value of the products being made. Although royalties can rise up to 15 percent this only occurs for the properties that are most in demand (usually entertainment ones, for example Disney characters).

|C|3 MAGAZINES

The European Countries (ex Malta) have shown a still strong demand on magazine advertising, worth more than 16 billion Euro in 2008, although it has a decreasing tendency. The average market share of magazine advertising has been 11.8%.

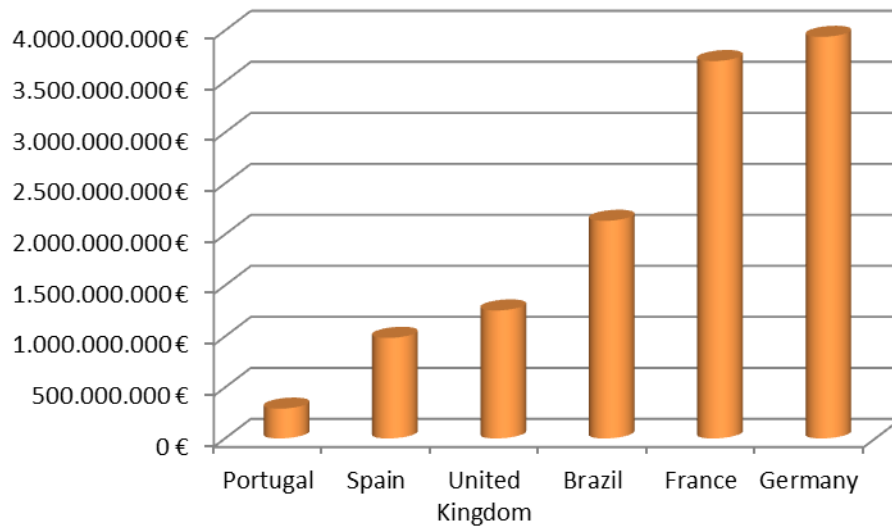
The five European markets, selected by the management of Ynvisible to roll-out their products France, Germany, Portugal, Spain and the United Kingdom amounted to 10.2 billion Euros in gross revenues in 2008, with Germany being the most powerful market, offering a market share of 17.6% resulting in almost 4 billion Euros in revenues. The weakest magazine market is the Spanish one, reaching a total market share of only 5.2%, reflecting around 1 billion Euros in annual revenues.

The Brazilian market, another market targeted by the management of Ynvisible, had sales of 2.1 billion Euros in magazine advertising in 2008. This reflected 10.11% of the total ad spending. Contrary to all the European markets the Brazilian magazine segment will grow in the upcoming years, not in terms of market share, but in terms of total ad spending: 2.1 billion Euros in 2008.

On the next page you can find an overview of the European and Brazilian magazine advertising market:

Overview of the Total Magazine Advertising Spending in the six Target Countries in 2008

Source: IBOPE, Infoadex, Media Monitor, Nielsen Media Research, Public Research, TNS Media Intelligence



|C|4 PACKAGING

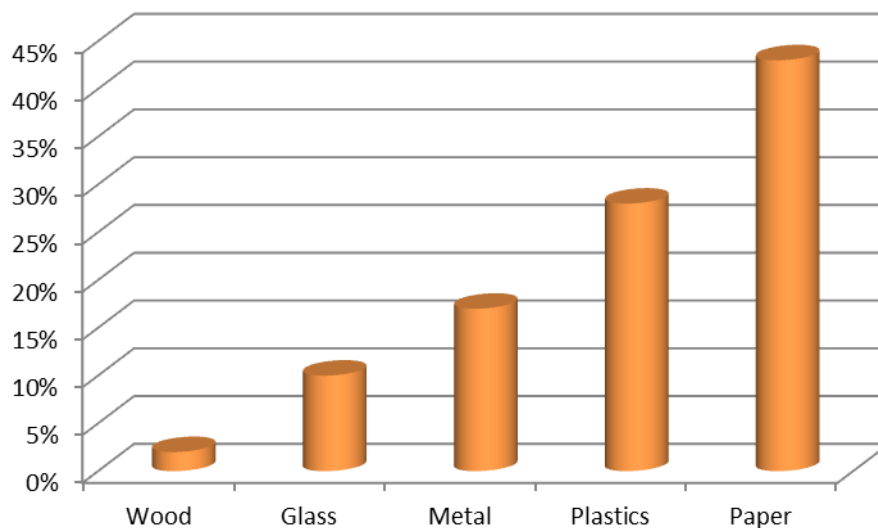
“The packaging of tomorrow has to be target-group specific, convenience orientated and intelligent” stated IGBCE in its sector report about the packaging industry. The term “packaging industry” covers the two segments packaging materials and packaging machines. In 2006 the packaging industry had a volume of 527 billion USD worldwide, split between 500 billion USD for packaging materials and 27 billion USD for packaging machines.

The principal customer of the packaging industry is the food and drink industry. Almost two thirds of all produced packages are dedicated to these two industries. In second place you can find the Healthcare industry with packaging revenues of 87.3 billion USD.

Below you will find a table with the percentage of the individual segments in the packaging industry:

Overview of the Market Share of different materials in the Packaging Industry

Source: IGBCE, Public Research



The development of the aforementioned segments between 1991 and 2008 shows clearly that metal-based packaging as well as glass-based packaging are becoming significantly less in demand with a decrease of 39% each. The biggest winner is paper packaging with an increase of 23% in this period. Plastics and even wood-based packages increased as well.

In Germany the packaging industry employed around 400,000 people in 2009 being the fifth largest industry in the country (source: DVI).

The next table is a showcase of the development of the total number of companies present in this industry in Germany.

Segment	Nr. of Companies 2005	Nr. of companies 2009
Paper/ Board	302	314
Plastics	220	234
Metal	137	137
Wood	26	41
Glass	59	52

|C|5 POINT-OF-SALE MARKETING

Point-of-sale (POS) or also known as POP (Point-of-Purchase) advertising is a category in Marketing communication specialized in sales promotion to attract shoppers. POS displays can include shelf edging, dummy packs, display packs, display stands, mobiles, posters, and banners. POS can also refer to systems used to record transactions between the customer and the trade.

"All of my clients are looking at what digital in-store advertising means to them and how it can affect the brand relationship with consumers," says John Paulson, the New York-based president of G2 Interactive, a digital marketing arm of ad giant WPP Group, whose clients include among others Coca-Cola, Heineken, Kodak, Kraft, Pfizer, or Procter & Gamble. "It is certainly on everybody's agenda."

POS advertising is developing very fast because of its less limited possibilities. The American retail giant Wal-Mart had tested a virtual mirror that helped clients to test make-up products. This feature became a must have for companies like L'Oréal and in fact it helped, and continues to help, generate increased sales.

Despite this, a poll carried out by the POS Marketing Association POSMA demonstrated that traditional advertising formats such as shop windows still do have impact:

“Which communication medium do you use frequently to get guidance for your buying decision?”

(Multiple answers were permitted)

Instore TV	10,47%
Instore Radio	12,64%
Electric Displays	14,17%
Shopping Cart	16,06%
Floor Graphics	16,79%
Big ads at the parking place	18,05%
Customer Magazines	18,51%
Shelf Stopper	19,54%
Banner	21,07%
Flyer	22,00%
Special Placements for Product Launch	26,77%
Product Sampling with Promotion	
Personal	27,35%
Poster	27,73%
Shop Window	32,49%

Conclusion: New features are developing in this fast growing segment of the advertising industry (an 87% increase in revenues in Europe between 2006 and 2010). In the end, “innovation” is the key word to success).

|C|6 OUTDOOR ADVERTISING

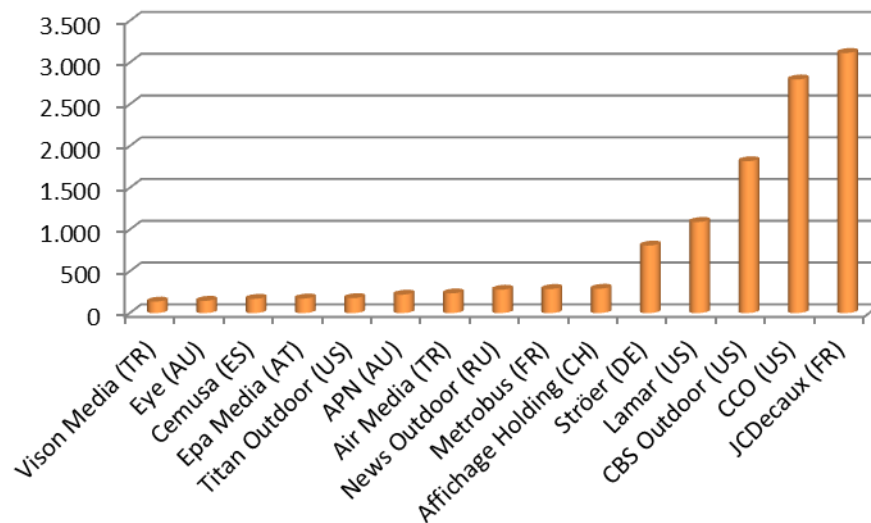
Outdoor is a fast-growing media industry. MAGNAGLOBAL expects global Out-of-Home advertising revenues to grow by 7.7% in the period between 2010 and 2012. Increasing urbanization and mobility combined with the digitalization and innovation of the media will be the driver for this trend.

In its report commenting on the new forecast, MAGNAGLOBAL says that “continued format innovation and creative executions are critical parts of this trend, as plain billboards, posters, transit and street furniture all afford a wide range of possibilities with physical media. Digital outdoor advertising is growing for relatively obvious reasons. The advent of inexpensive digital displays and cheap to connect networks has fostered an expansion in the number of outdoor surfaces available for commercial messaging which is inherently more flexible (in terms of time-of-day targeting or altering creative content) than historical applications of outdoor advertising. Further, these trends have enabled suppliers to develop inventory in new environments—new stores and more rural areas – much more cheaply than ever before. Interaction with mobile devices, especially with short code messages, has made the medium more engaging for consumers as well.”

The countries of the European Union (ex Malta), basically all potential markets for Ynvisible, have had total outdoor ad spendings of 7.6 billion Euros in 2008. The average market share of outdoor advertising was 5.6% of total ad spendings. (Source: International Key Facts 2009)

Overview of the Revenues of Selected Out-of-Home Advertisers (in mio. Euros)

Source: Public Research, JCDecaux



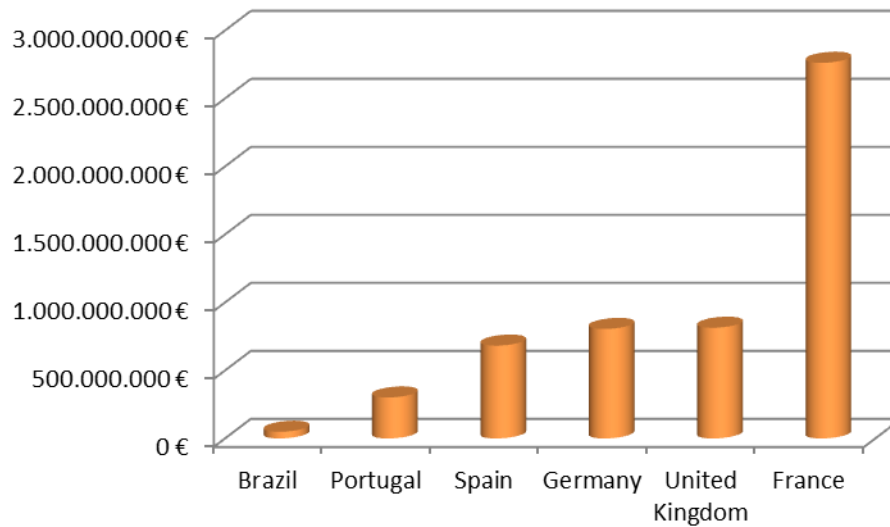
Outdoor advertising consists of three principal segments: advertising on billboards, advertising on and in public transportation vehicles, stations and airports and advertising on Street Furniture. A billboard is the most traditional and continues to be the most utilized form of outdoor advertising. Other outdoor advertising activities, such as advertising on shopping trolleys or in gas stations, are grouped together as “Ambient Media”. The newest is advertising on Street Furniture: bus shelters, free-standing information panels and large-format advertising panels as well as multi-service columns.

There are not as many reliable and comparable sources of data for outdoor advertising as there are for other types of media. According to ZenithOptimedia the world’s outdoor advertising market had a volume of 29 billion USD (20.7 billion Euros), 6.6 percent of the total ad spending of 438,9 billion USD (313.5 billion Euros) in 2010.

The six countries targeted by Ynvisible, Brazil, France, Germany, Portugal, Spain and the United Kingdom had a total outdoor ad spending of 5.4 billion Euros in 2008. Below you will find a table showing the split between the individual countries:

Overview of the Outdoor Advertising Spending in the six Target Countries in 2008

Source: IBOPE, Infoadex, Media Monitor, Nielsen Media Research, Public Research, TNS Media Intelligence



The Outdoor Media Centre, formerly known as the Outdoor Advertising Association, is the trade association for UK outdoor media owners. According to its figures the UK outdoor advertising market had a volume of 880 mio. GBP (1.01 bio. Euros) in 2010. This represents 5.0% of the total UK ad spending of 17.6 bio GBP (20.3 bio. Euros) in 2010.

The market share of outdoor advertising in Germany is around 3.6% of the total ad spending of almost 23 billion Euros in 2010.

|D| COMPETITOR ANALYSIS

The market for printed and potentially printed electronics, including organics, inorganics and composites, will – according to IDTechEx – rise from 1.18 billion USD in 2007 to 48.2 billion USD in 2017

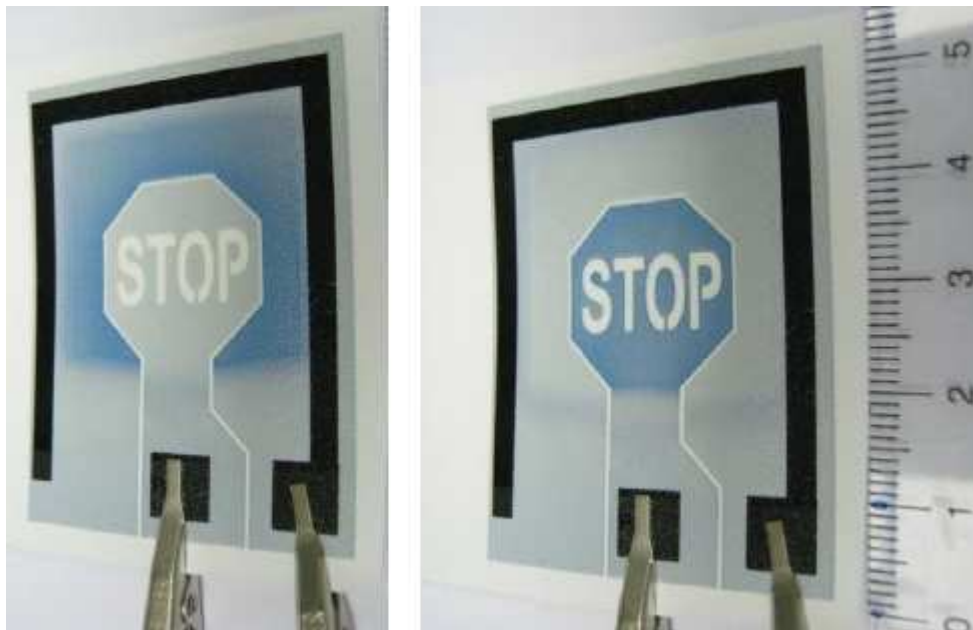
Ynvisible's competitors can be divided in (1) companies that are developing electrochromic displays and (2) companies that are developing and selling other technologies that have similar functional characteristics.

|D|1 DEVELOPERS OF ELECTROCHROMIC DISPLAYS

Paper Display

Located in Norrköping, Sweden, Paper Display manufactures and sells low cost displays printed on paper substrates for applications including smart labels, smart packaging and printed surfaces.

Paper Display has the advantage of having two important partners: AGFA, who is supplying its PEDOT-coated paper, and Acreo (the mother company of Paper Display), who has developed the display technology. Paper Display is offering its technology for a price of 0,50 cents per square centimeter. The main disadvantage of Paper Display is the limited visual effects that are possible using its technology, as the displays are monochromatic and the visual effect consists of alternating a given image between its positive and negative sides.



Acreo had revenues of 196.8 million SEK (17.9 million Euros) in 2009.

Prelonic

Founded in 2007, Prelonic Technologies GmbH aims to become a leading player in development and mass production of integrated and printed electronic modules, such as display modules, sensor modules and RFID modules. Prelonic's goal is to develop products that are thin, flexible and can be customized to every form and application. Prelonic is building up printed batteries and display technologies.

Founder Dr. Eibensteiner is initially targeting the European market of games, greeting cards and advertising applications. Although there has been no partnership announced officially, tech2b has been named as a supporter of the Austria-based company. One of Prelonic's revenue streams is probably a FP7 project, led by the University of Dublin, where Prelonic is part of a consortium to develop a one way diagnosis card for cholesterol. This project has a duration of three years and it started in 2010.

Below you will find an image of a Prelonic product in 2009:



NTERA

NTERA was created in 1997 as a spin-off from University College Dublin and today the company is the leading developer of advanced, fully printable electrochromic displays, color change applications for Smart Cards, Smart Packaging, and Smart Objects.

NTERA's displays can be viewed from virtually any angle and under a wide range of lighting conditions. Furthermore, the company says that its displays can be mass produced and printed, among others, on paper, greeting cards and tickets.

With funding of more than 30 million USD in private equity, NTERA is the most serious competitor of Ynvisible and its market presence is more advanced. Similar in scope to the renowned E-Ink™ Esquire cover (October 2008), in February 2011, the issue of Canvas Magazine incorporated the world's first interactive printed electronics cover using NTERA's technology.

NTERA has already established several industry partnerships. Among its partners are Blue Spark Technologies, DuPont, GSI Technologies and Plextronics.

NTERA underwent a restructuring in late 2009 and stated in early 2010 that they were seeking \$10 million USD in additional funding. By the end of 2008, the company's accumulated losses had reached almost €37 million.



AVESO

Aveso is a spin-out of the Dow Chemical Company, dedicated to electrochromic display technologies. It was founded in 2004 and has thus far secured funding of about \$20 million. The company targets applications such as smart sensor labels, authentication labels, smart cards, as well as flexible, wireless data devices (<http://www.fashiontec.com/aveso.html>).

In contrast to traditional electrochromic systems, the Aveso proprietary system separates the function of the redox material from the dye. Aveso holds global patents that protect the enabling electro-active ink technology at the core of its technology, as well as construction and design for printed, passive matrix displays and other device architectures for updateable applications.



|D|2 DEVELOPERS OF SIMILAR TECHNOLOGIES

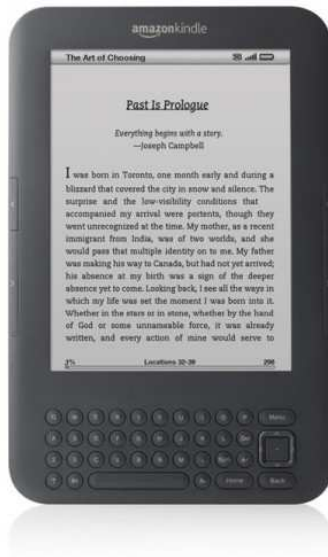
E-INK

Incorporated in April 1997, E-INK is the pioneer in e-paper displays. Merged in 2007 with the Korean TFT LCD company Hydix Technologies, the merged company, E-INK Holdings Inc., published revenues of 25.2 billion NTD, corresponding to 870.16 million USD for its fiscal year 2010. Its net profit was 4 billion NTD (138.1 million USD). Using electrophoretic technology, E-INK produces the front-plane of the e-paper displays used in most e-readers in the market, such as the Kindle, the Sony Reader, and others.

E-INK-based displays currently support a variety of solutions for touch. These solutions include inductive touch sensors, resistive sensor, capacitive sensors, or infrared sensors.

Found in most major electronic reader devices, EPD controllers and E-INK's EPD low-power consumption display technology have been key factors in the rapid growth of the eReader market and the expanding range of mobile applications, such as eBooks, eNewspapers, tablet PCs, laptop secondary displays, eNotebooks, and eDictionaries.

E Ink has partnered with major semiconductor firms to build integrated power management ICs (PMIC) that are compliant with E-INK voltage requirements for E-INK-based displays.



|E| SWOT ANALYSIS

Strengths

- Invisible Network
The “Invisible Network”, an R&D association joined by some of Portugal’s most renowned laboratories, high-tech companies and industry leaders will – in case of successful completion of main projects – lead to long-term partnerships with the participating industries. Furthermore, there is ongoing knowledge transfer taking place that will help minimize the time-to-market period.
- YDreams
Ynvisible’s mother company YDreams continues to support Ynvisible with manpower, industry and client network contacts, and potential financial support.
- Multi-Substrate Strategy
A multi-substrate strategy has been pursued right from the start of the Ynvisible initiative within YDreams, placing Ynvisible in a comfortable position to target a wide range of materials, such as paper, plastics, glass, wood-based materials, ceramics or cork. Competitors mainly focus on one or two surfaces.
- Interactivity
Using Ynvisible’s technology enables the customer to choose from a wide range of interactive features regarding the activation of the product. Ynvisibles’ displays can be activated at the push of a button, by shaking or through a motion sensor, as well as in several additional ways, such as change in lighting or temperature conditions. These options provide great potential to the creative departments using Ynvisibles’ displays.

Weaknesses

- Patent Portfolio
So far the company has submitted seven patents, only one of which has already been granted. The remaining six patents are still pending. To protect its main assets, the knowledge on new chromogenic compounds/molecular systems, the formulations of its functional inks and the special display technology used in Ynvisible’s interactive objects and products, Ynvisible is using an extensive multi-level patent portfolio.
- Partnership Dependency
In the current stage, Ynvisible is in need of external help to finish its products. The company needs to buy the necessary electric power supply from third parties, whether it prefers to use small standard batteries or printed thin film batteries. Printing on an industrial scale is also planned to be outsourced, and even small parts, such as the electronic control components, have to be bought from third parties.
- Financial Resources
Ynvisible’s limited financial resources do not allow the company and its management to make mistakes in its way to the market. Although many development and production alternatives, product positioning strategies and business models, may fit with Ynvisible’s technology, the company does not have the financial capacity to explore all these paths, and will need to make efficient decisions in order to succeed.
- Monochromatic Products (currently)
- Low In-House Manufacturing Capacity of up to 1,000 displays per day (estimate for the second semester of 2011)

Opportunities

- Polychromatic Displays
Development of polychromatic displays will further open business opportunities to the company. In addition, Ynvisible will be able to offer the same standard in color as competing technologies. Ynvisible foresees the production of polychromatic displays within the next two years.
- Pixel-based Displays
Obviously far away but nevertheless achievable is the production of pixel-based displays, that would allow direct content editing. Whether Ynvisible will reach this stage is uncertain, but if the company succeeds, its valuation will increase dramatically.
- Scale-Up of Manufacturing Capacity
The semi-industrial printer and additional equipment that Ynvisible intends to purchase in the second semester of 2011 is expected to enable the company to produce up to 1,000 displays per day. This number is sufficient for some of the target applications, but not for all. This capacity excludes large print media companies as potential clients in this stage of business development. In order to achieve a high enough production capacity, the company could acquire additional printers of the same size or even more powerful, to scale-up its printing capacity and thereby be able to approach high-copy business. As an alternative, the company could also set up large-scale production with one or more industrial partners.

Threats

- Time-to-Market
The time-to-market is a critical factor. Delays will threaten the share performance, making share points more expensive to achieve and lowering the potential share targets. Furthermore, the company needs to generate revenues to avoid the need to ask for more capital.
- Patentability
Most of Ynvisible's IP portfolio is composed of recently-submitted patent applications. Because patent submissions are only publicly available 18 months after the date of submittal, it is possible that some of the patents submitted by Ynvisible will not be granted due to other documents with earlier priority dates. In addition, electrochromism is a phenomenon that has been known for many years, and the IP space in the area of electrochromic displays is already somewhat occupied.
- Grants and Subsidies
Grants and subsidies are an inherent part of Ynvisible's business plan and they have been paid constantly during the past years. If this research and development activities support were to be discontinued in the next two or three years, the company's development could be hindered significantly.

|F| COMPANY VALUATION

|F|1 PROFIT AND LOSS FORECAST AND DCF

Discounted Cash-Flow Model with corporate tax rate of 26.5%, WACC 14.71% and Beta 1.2.

	2011	2012	2013	2014	2015
REVENUES					
Project Business	3.975.000 €	5.200.000 €	4.200.000 €	0 €	0 €
Licensing	0 €	0 €	7.676.000 €	17.539.000 €	49.227.000 €
Other	487.000 €	824.000 €	554.000 €	574.000 €	500.000 €
Total Revenues	4.462.000 €	6.024.000 €	12.430.000 €	18.113.000 €	49.727.000 €
OPERATING COSTS					
Costs of Sales	2.030.000 €	3.640.000 €	4.731.000 €	4.076.000 €	12.964.000 €
R&D	1.110.000 €	1.716.000 €	2.867.000 €	2.746.000 €	2.977.000 €
Personnel Costs	435.000 €	974.000 €	1.373.000 €	1.623.000 €	1.664.000 €
External Supplies	743.000 €	796.000 €	1.079.000 €	1.155.000 €	1.271.000 €
Other	65.000 €	250.000 €	275.000 €	664.000 €	927.000 €
Total Operating Costs	4.383.000 €	7.376.000 €	10.325.000 €	10.264.000 €	19.803.000 €
OPERATING RESULTS					
	79.000 €	-1.352.000 €	2.105.000 €	7.849.000 €	29.924.000 €
Adapted Taxes on EBIT	20.935 €	-358.280 €	557.825 €	2.079.985 €	7.929.860 €
(NOPLAT)	58.065 €	-993.720 €	1.547.175 €	5.769.015 €	21.994.140 €
Depreciations	65.000 €	250.000 €	275.000 €	664.000 €	927.000 €
(Operative) Gross-Cash-flow	123.065 €	-743.720 €	1.822.175 €	6.433.015 €	22.921.140 €
Investments in Long-term Asstes	388.000 €	428.000 €	4.265.000 €	464.000 €	536.000 €
Increase (+Decrease) of Working Capital	-130.000 €	212.000 €	230.000 €	-1.971.000 €	-4.015.000 €
oFCF	-134.935 €	-1.383.720 €	-2.672.825 €	7.940.015 €	26.400.140 €
Net Present Value					
	-124.269 €	-1.110.929 €	-1.870.713 €	4.844.587 €	14.042.368 €
Net present Value (2011-2015)	15.781.043 €				
Terminal Value	25.174.660 €				
Total	40.955.703 €				
Number of Shares	10.875.450				
Price per Share	3.77 €				

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|F|2 BALANCE SHEET

	2011	2012	2013	2014	2015
ASSETS					
Non-Current Assets	323.398 €	501.023 €	1.490.880 €	1.291.451 €	900.140 €
Current Assets	2.554.722 €	2.299.633 €	3.980.854 €	12.277.544 €	42.373.950 €
<i>Client Receivables</i>	<i>1.230.000 €</i>	<i>533.000 €</i>	<i>1.217.254 €</i>	<i>1.797.749 €</i>	<i>5.045.800 €</i>
<i>State (sales tax)</i>	<i>-26.346 €</i>	<i>29.504 €</i>	<i>0 €</i>	<i>0 €</i>	<i>0 €</i>
<i>Liquid Assets</i>	<i>1.224.459 €</i>	<i>1.481.316 €</i>	<i>2.366.380 €</i>	<i>10.215.791 €</i>	<i>37.064.147 €</i>
<i>Other debtors</i>	<i>14.003 €</i>	<i>14.003 €</i>	<i>14.003 €</i>	<i>14.003 €</i>	<i>14.003 €</i>
<i>Accrued Income</i>	<i>112.606 €</i>	<i>241.810 €</i>	<i>383.216 €</i>	<i>250.000 €</i>	<i>250.000 €</i>
<i>Deferred Costs</i>	<i>0 €</i>	<i>0 €</i>	<i>0 €</i>	<i>0 €</i>	<i>0 €</i>
Total Assets	2.878.120 €	2.800.657 €	5.471.734 €	13.568.995 €	43.274.090 €
EQUITY					
Capital	1.555.850 €	3.555.850 €	3.555.850 €	3.555.850 €	3.555.850 €
Retained Earnings	-240.048 €	-160.319 €	-1.513.487 €	591.234 €	6.269.799 €
Net income	79.730 €	-1.353.169 €	2.104.721 €	5.678.565 €	22.442.491 €
Total Equity	1.395.531 €	2.042.363 €	4.147.084 €	9.825.649 €	32.268.141 €
LIABILITIES					
Third Parties Credits - Short Term	1.482.589 €	758.438 €	1.324.793 €	3.743.490 €	11.006.093 €
Suppliers	779.860 €	540.303 €	875.972 €	712.959 €	1.656.996 €
State (sales tax)	0 €	0 €	108.217 €	383.672 €	1.242.476 €
State (income tax)	73.476 €	101.030 €	123.471 €	138.930 €	138.930 €
Other debtors and creditors	0 €	0 €	0 €	0 €	0 €
State (corporate tax)	0 €	0 €	0 €	2.169.949 €	7.480.830 €
Deferred Income	581.989 €	0 €	0 €	0 €	0 €
Accrued Costs	47.265 €	117.104 €	217.134 €	337.980 €	486.861 €
Total Liabilities	1.482.589 €	758.438 €	1.324.793 €	3.743.490 €	11.006.093 €
Total Equity and Liabilities	2.878.120 €	2.800.801 €	5.471.878 €	13.569.139 €	43.274.234 €

|G| CONCLUSION

The aim of Ynvisible is to create a product that can have the potential of becoming a game-changer in our everyday life. The feedback from potential clients on Ynvisible's interactive electrochromic displays has been consistently positive and curious.

On its way to become a main player in this competitive market, Ynvisible has to face four main challenges:

- it has to find the right positioning of its products
- mass market production has to be reached, so that the cost of the technology can benefit from economies of scale
- essential partnerships have to be established with key suppliers (such as battery producers, etc.)
- a fast market entry is needed

Our main concern is the small size of the company. All in all, 18 individuals are responsible of taking the right decisions of where to go and what to do. The danger of focusing on wrong things or of becoming defocused is real, especially as the management has to select a set of small projects that will be build-up in house to introduce the first generation of displays into the market.

The greeting card industry, with far more than 4 billion Euros of revenues in the six target countries, could be a fast and easy option to step into the market, but, in terms of the right positioning of its product, Ynvisible aims to start with more sophisticated projects. Sophisticated projects like its Irish competitor NTERA has recently performed by launching an interactive cover for the bi-monthly Canvas Magazine, a premier international publication dedicated to art and culture based in Dubai.

Having raised more than 30 million USD in private equity, NTERA was able to spend much more money in research and development, trial and error, than Ynvisible can spend, and most of the relevant competitors have more financial means available than the Portuguese company.

On the other hand, Ynvisible has been structured in an extremely efficient way, having a very small overhead due to the support of the mother company YDreams.

YDreams should be considered as one of the keys to the success of Ynvisible, as it has developed over 500 interactivity projects for clients all over the world, such as Adidas, Vodafone, Nokia, Coca-Cola, JCDecaux or L'Oréal. YDreams commands more than 100 employees, among which there are several skilled designers, as well as networked sales people.

In our point of view, Ynvisible's technology will have a significant impact in advertising, namely in the media industry. The six target countries have had ad spends of more than 100 billion Euros in 2008. The relevant advertising sectors are the outdoor and magazine markets, which stand in total for 5.4 billion Euros and 12.3 billion Euros, respectively. Combined, the advertising market has had a volume of 17.3 billion Euros, in which Ynvisible's technology could potentially be integrated in.

Taking a look at our worst and best case scenario regarding the company's revenues in 2015 (17.4 million Euros/ 49.7 million Euros), the market share of Ynvisible in this market would reach 0.1 and 0.3 percent, respectively, by 2015.

All in all, we consider the shares of Ynvisible to be a promising investment within the speculative investment universe. The fair valuation per share should be considered to be between 2.18 Euro and 3.77 Euros, subject to its progress in the four main challenges identified above.

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For the company valuation, common and recognized types of valuation models were used, such as Discounted Cashflow Models (DCF Model), Peergroup Analysis and adapted individual assessment procedures. Within the DCF Model, we calculate the Present and Terminal Value of the issuer, which represent the discounted free cashflows of the issuer. This gross rental method thus determines the capitalized value, by using the forecasted future success of the issuer, as well as its interest rate.

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Within the Peergroup Analysis, we compare companies by correlating business ratios like Price-Earnings-Ratio, Price-Equity-Ratio, Enterprise Value/ Revenues Ratio, Enterprise Value/ EBITDA Ratio or Enterprise Value/ EBIT Ratio. The comparativeness of the figures is deduced out of the business activity and the business outlook of the companies.

The individual assessment procedures foresee the calculation of the company value by analysing and valuing the single company elements (assets and liabilities) at a certain key date. The calculated net asset value can be reached under the assumption of continuance (asset value) or under the assumption of a scheduled liquidation (liquidation value).

The numbers underlying the business valuation are figures out of the profit and loss calculation, the cash flow statement and the balance sheet. There are used date based estimations which therefore are fraught with risk. Furthermore, the figures and numbers can change anytime without prior notice.

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