

**Action Summary – 10 May 2021**

Analyst Theodore R. O'Neill *is initiating coverage of MBH Corporation PLC*

- **We are initiating coverage of MBH Corporation PLC with a Buy rating and a \$10.00 (£ 7.00) price target.** MBH is a holding company actively building a portfolio of profitable, earnings accretive, debt-free small to medium enterprises (SME) that are expected to have a higher-than-normal growth profile as part of a larger organization.
- **Multiple paths to growth.** In addition to organic, and accretive growth through acquisitions, those companies, as part of a larger organization, can compete more successfully for larger orders or higher volumes. As MBH acquisitions are industry agnostic, there is synergistic growth opportunity for sales between acquired companies.
- **Portfolio of businesses that should sort out well post COVID.** The company operates in eight verticals, which have largely been negatively impacted by COVID restrictions and should respond well when most restrictions are lifted.
- **Pipeline of acquisition opportunities.** Through its relationship with M&A specialist Unity Group, it has access to a pipeline of SME acquisition opportunities. Since 2018, MBH has completed 26 acquisitions.
- **Attractive valuation.** While our price target is significantly above where the stock has traded, it is based on what we believe is a conservative view on the discounted value of all future earnings even with the assumption of a large increase in share count as it continues to grow through acquisition. The shares trade significantly below peers.
- The shares are listed on the U.S. OTC exchange under the ticker MBHCF and on the Frankfurt and Dusseldorf exchanges under the ticker M8H.GR.

<b>5/7 Closing price: \$0.33</b>	<b>Market cap: \$24 million</b>	<b>Multiple of book: 0.28</b>	<b>2022 EV / Sales: 0.48</b>
<b>Shares outstanding: 72 million</b>	<b>Insider ownership: 70%</b>	<b>OTC avg. trading volume: 2,878</b>	<b>Dividend/Yield: 0.005 EUR / 1.7%</b>

**GAAP estimates GBP (Revenue in millions)**

Period	EPS	Revenue	Op Margin
FY19A	<u>£0.10</u>	<u>£50.8</u>	<u>7.8%</u>
1H20a	£0.01	£27.4	1.2%
2H20a	<u>£0.01</u>	<u>£33.0</u>	<u>(3.2%)</u>
FY20A	<u>£0.02</u>	<u>£60.4</u>	<u>(1.2%)</u>
1H21E	£0.00	£40.0	(0.1%)
2H21E	<u>£0.04</u>	<u>£50.0</u>	<u>6.6%</u>
FY21E	<u>£0.04</u>	<u>£90.0</u>	<u>3.6%</u>
1H22E	£0.06	£60.0	9.4%
2H22E	<u>£0.09</u>	<u>£80.0</u>	<u>13.0%</u>
FY22E	<u>£0.15</u>	<u>£140.0</u>	<u>11.5%</u>

Note: Numbers may not add due to rounding. See our full model in the back of this report.

**Cash balance (in millions)**

• 2019A	• £4.5
• 2020A	• £6.2
• 2021E	• £14.8
• 2022E	• £30.0

**Debt (in millions)**

• 2019A	• £0.7
• 2020A	• £29.9
• 2021E	• £35.0
• 2022E	• £40.0

**Adj. EBITDA (in millions)**

• 2019A	• £4.0
• 2020A	• £0.7
• 2021E	• £3.1
• 2022E	• £15.8

**Risks/Valuation**

- Risks include: Macro-economic conditions, loss of talent, COVID impact, trading volume is low on OTC
- Our \$10.00 target is derived using a discounted future earnings model

**Company description:** HQ in London, MBH Corporation PLC is a diversified investment holding company, listed on the Frankfurt and Dusseldorf Stock Exchanges and the OTC market in the US. The company acquires small to medium enterprises across multiple geographies and sectors that are well established, profitable and looking to scale.

## Investment Thesis

**We are initiating coverage of MBH Corporation PLC with a Buy rating and a \$10.00 (£ 7.00) price target.** MBH is a holding company actively building a portfolio of profitable, earnings accretive, debt-free small to medium enterprises (SME) that are expected to have a higher-than-normal growth profile as part of a larger organization. The company's operating model leaves management of the acquired companies to operate autonomously and fully accountable to develop and grow their businesses. As part of a larger organization, the acquired companies and in turn, MBH get the benefits of both worlds.

**Multiple paths to growth.** In addition to organic, and accretive growth through acquisitions, those companies, as part of a larger organization, can compete more successfully for larger orders or higher volumes. As MBH acquisitions are industry agnostic, there is synergistic growth opportunity for sales between acquired companies.

**Portfolio of businesses that should sort out well post COVID.** The company operates in eight verticals, which have largely been negatively impacted by COVID restrictions and should sort out nicely: Construction Services, Education, Engineering, Food & Beverage, Health, Leisure, Property and Transport

**Pipeline of acquisition opportunities.** Through its relationship with M&A specialist Unity Group, it has access to a pipeline of SME acquisition opportunities. Since 2018, MBH has completed 26 acquisitions.

**Attractive valuation.** While our price target is significantly above where the stock has traded, it is based on what we believe is a conservative view on the discounted value of all future earnings even with the assumption of a large increase in diluted shares as it continues to grow through acquisition. Our target is also supported by the significant discount at which the shares trade relative to peers shown in Figures 4 and 8.

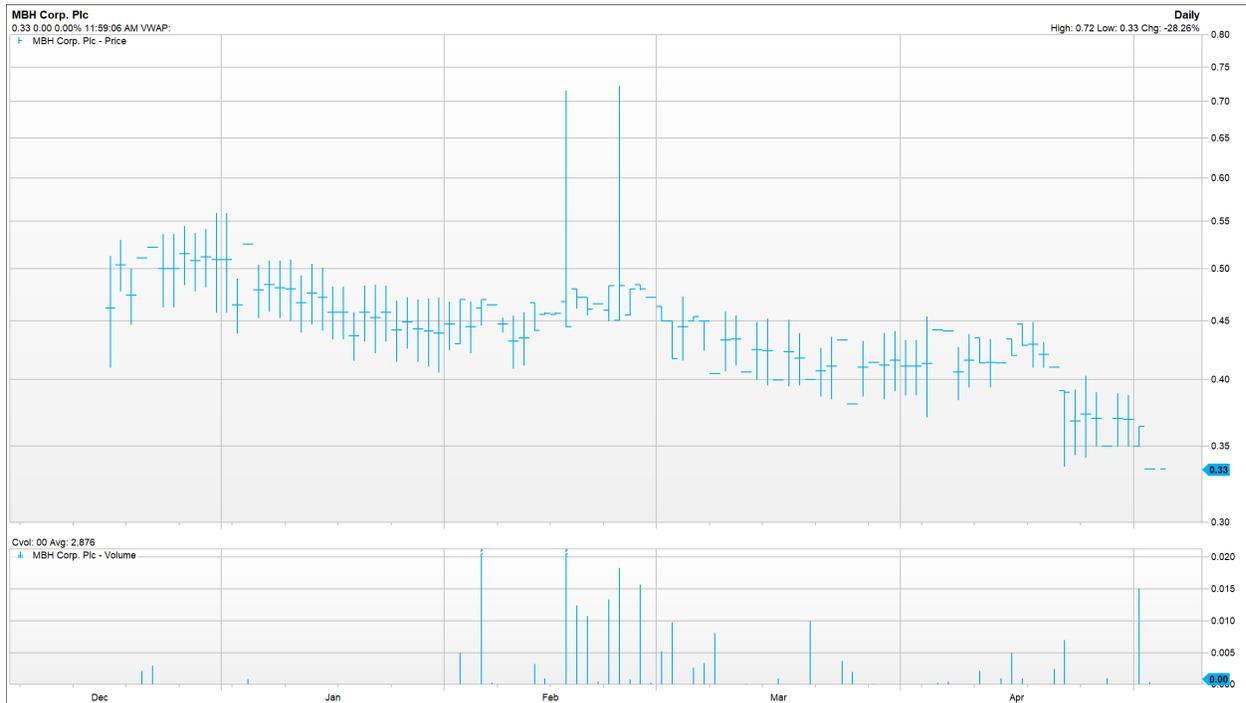
The shares are listed on the U.S. OTC exchange under the ticker MBHCF and on the Frankfurt exchange under the ticker M8H.GR

The company reports semi-annually and while it does not report in U.S. GAAP, we have come as close as we can to that format here in our financial presentation and estimates. Our model is denominated in GBP.

## Trading History

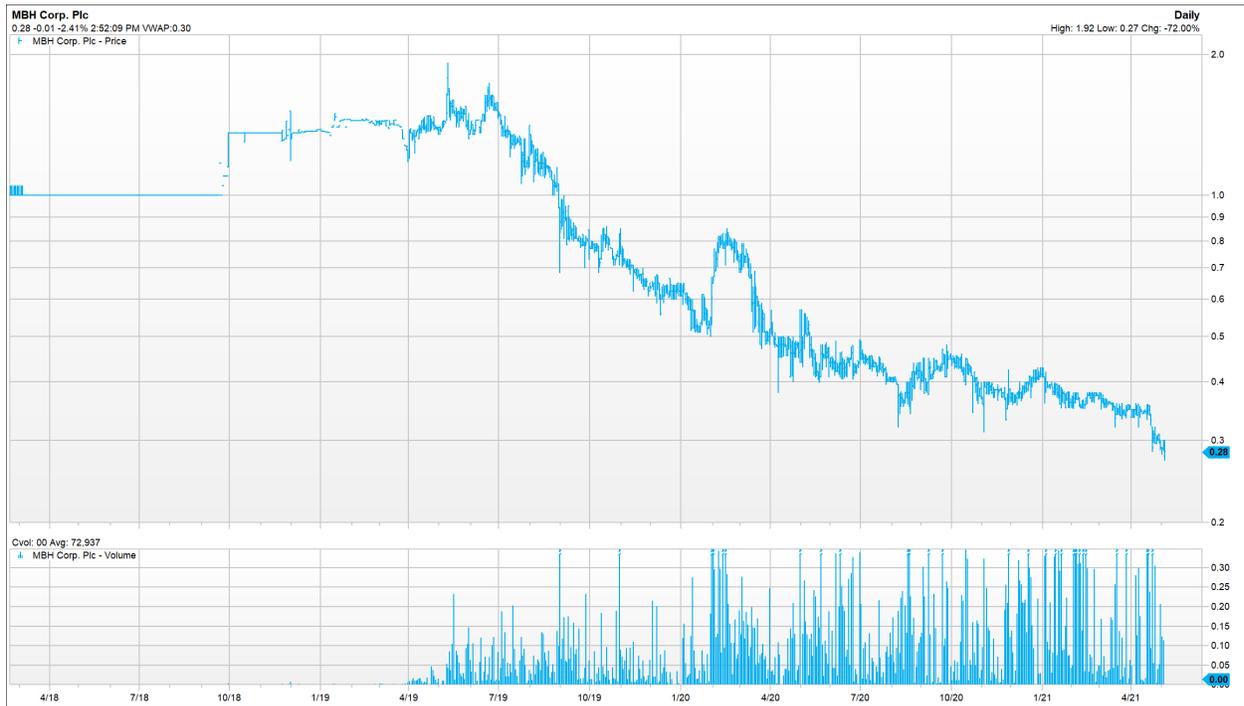
The shares have traded on the OTC since December 2020 so the short history of trading and low volume on that exchange is not unusual (see Figure 1). The company has been public since early 2018 and has a rich history of trading and volume in Europe (see Figure 2).

*Figure 1 – MBH Corporation PLC – Trading on OTC since December 2020*



Source: FactSet

Figure 2 –MBH Corporation PLC – Trading History Since Inception



Source: FactSet

## Valuation Methodology

We believe MBHCF is undervalued and we support that belief with two valuation techniques, both of which suggest the shares are undervalued at the current price. For the purposes of determining our price target we use a discounted future earnings model. For the purpose of confirming our price target we look at comparable company valuations:

- 1) The discounted value of all future earnings was used for our price target (see Figure 3)
- 2) Valuation relative to peers (see Figure 4)

## Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$10.00 (€7.00) is based on a discounted future earnings model (Figure 3). For the purposes of deriving an earnings-based price target, we assume the company continues to grow and that growth decline over time to the same rate as GDP. The model sums up all earnings per share, discounted at 7% to arrive at a per share valuation. Note, this model understates future novel product developments, probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is €7.03, which we round down to £7.00 and at 1.40 conversion equals \$9.80, which we round up to \$10.00.

Figure 3 – MBH Corporation Plc– Implied Price Target Calculation

Discounted Earnings			£7.03
	Year 1 is 2021	Forecast EPS	Discounted EPS
	1	0.04	£0.04
	2	0.15	£0.13
	3	0.30	£0.23
	4	0.45	£0.31
	5	0.60	£0.37
	Terminal Value		£5.96

Source: Litchfield Hills Research LLC

### Valuation Relative to Peers

If we compare MBHCF to a simple average of its peers (Figure 4), the shares sell at a significant discount on every metric. These metrics indicate the stock price should be more than 100% higher than where it is today. This supports our \$10 price target. If the shares traded for \$10.00 today, its 2022 Sales Multiple would be 5.95 which would be above average but 50% below the same multiple for Boston Omaha (BOMN-NR). Details on each of the peers can be found in Figure 8 near the back of the report. The companies we used in Figure 8 are in similar lines of business although none of them are a perfect match.

Figure 4 – MBH Corporation Plc– Summary Discount to Peers

	2022 Sales Multiple	Price to Book	2022 PE	2022 EV / Revenue	2022 EV / EBITDA
Peers	1.61	2.16	13.01	1.99	9.70
MBHCF	0.18	0.28	2.40	0.48	2.76
<b>Discount to Peers</b>	<b>89%</b>	<b>87%</b>	<b>82%</b>	<b>76%</b>	<b>72%</b>

Source: Litchfield Hills Research LLC and Refinitiv Eikon

### Notes on our Financial Forecasts

Obviously, the company does not report in US GAAP, however, what we show in our published financials is our best translation into US GAAP. Because our financial model's, income statement, balance sheet and cash flow are fully integrated and rely on GAAP data, we may have to infer some balance sheet or income statement items in order to tie it all together. When we do that, we make the adjustment in the last line in the cash flow.

You will note in our forecasts that we have made generous assumptions about the growth in share count.

## Company Overview

Begun in 2018, MBH is a holding company that is building a portfolio of profitable, earnings accretive, debt-free small to medium enterprises (SME) that are expected to have a higher-than-normal growth profile as part of a larger organization. Unlike traditional models, MBH are neither looking to 'strip and flip' the businesses it acquires, nor is it about proving its managerial skills by buying struggling businesses and hoping to turn them around where others have failed. It also has no plan to merge all the businesses into one cohesive brand with centralized command and control structure. Its decentralized approach, allows the entrepreneurs that built their businesses to continue to grow them in the way they see fit. It allows MBH nearly unlimited flexibility to scale and bring disparate businesses from different sectors and geographies under one holding group.

The businesses that it seeks for acquisition are typically many years old, with a good track record of profits and typically still run by the founder who often has decades of experience in their industry. Inevitably before finding MBH, these founders will have talked to other buyers in the marketplace. Big competitors, Private Equity firms and the like. The reason they are still independent when they come to MBH is that they value their independence. They like the way they do business, they like their team and the way it works together. Their brand might not mean much outside of their country or even their niche, but it is their brand and their clients trust it. They have no interest in selling to others but will come to MBH because it allows them to scale in their own way. Ensuring that MBH keeps that promise to the Founders that join is the key to attracting them in the first place and the result of attracting them offers MBH the chance to arbitrage the price a small business can be acquired for and the price a big PLC typically trades at. The primary purpose of existence is to provide a platform for those excellent, cash producing businesses to thrive under the ownership of MBH. Most of the shareholders in MBH are the founders themselves and they have visibility of their own contribution and the contribution of the other founders in MBH.

The model is ultimately very simple:

- Allow good, well run businesses to swap their private shares for public shares but continue to run their business as before. As co-owners of MBH they too benefit when it brings in other companies and enjoys the value creation afforded in the P/E arbitrage.
- Provide the businesses with the corporate governance tools, resources and infrastructure for the acquired companies to grow
- Strongly incentivizes the management of acquired companies to improve their financial results and organic growth
- Providing financial systems and business process optimization to support the acquired companies

For its target companies, MBH is sector agnostic. It is focused on a small percentage of the top performing small businesses that are owner operated and well run. As a 'buy and hold' strategy it is looking for long term sustainable entities.

## Acquisition Specifics

MBH Acquires 100% ownership of owner operated, profitable, cash generating small businesses across multiple industries and geographies. Target companies have EBIT's of \$1MM to \$10MM and MBH does not pay more than 5x EBITDA + NAV. All consideration is paid in locked up stock or bonds. No cash is used. For the founders of these businesses, merely being part of a PLC levels the playing field with the big corporates they are competing against. This, in of itself, should lead to organic growth. However, it is not solely dependent on that as MBH can both scale up by acquiring like businesses and through synergies with other MBH companies. Its ultimate aim is to end up with many of the best small businesses across multiple sectors and geographies.

Business owners' interests are aligned with the interests of MBH and are compensated in accordance with their contribution to profits. Bonus shares (3x incremental) are issued to the contributing businesses if they are able to achieve better results than date of acquisition. Allocated shares are locked up for one year from issue date with an Orderly Market Agreement to protect mass selling of shares in the Company for a further three years from date of lock up. If the business does not perform in its first year with MBH it reserves the right to unwind the deal at no cost to protect structural integrity and value for all shareholders.

While the constant creation of shares is dilutive, each acquisition is structured to be EPS accretive. MBH also has the option to acquire companies by issuing interest bearing debt, which it has done in 2020 and 2021.

## Acquisitions

The company is industry and geographically agnostic in its pursuit of high-quality acquisitions and has completed 26 since it began in 2018 and nearly half of these were completed in 2020 (see Figure 5)

Figure 5 – MBH Corporation PLC – Completed Acquisition Table

Announce Date	Close Date	Target	Transaction Value	EV / EBITDA	Target Industry
05 May '21	05 May '21	Intercity Private Hire Ltd.		2.6 -	Other Transportation
15 Mar '21	15 Mar '21	4X Ltd.	-	-	Other Transportation
15 Feb '21	15 Feb '21	Boulder Sausage		3.0 -	Food: Meat/Fish/Dairy
26 Jan '21	26 Jan '21	3Ks Engineering Co. Ltd.		3.6 -	Industrial Machinery
14 Dec '20	14 Dec '20	Victoria Gosden Travel Ltd.		1.5 -	Other Transportation
26 Nov '20	26 Nov '20	Academy 1 Sports Ltd.		3.4 -	Miscellaneous Commercial Services
09 Nov '20	09 Nov '20	NVQ Nail & Beauty Specialist Academy Ltd.		0.6 -	Other Consumer Services
30 Oct '20	Pending	C&B Pty Ltd.		8.8 -	Engineering & Construction
30 Oct '20	30 Oct '20	Cobul Constructions Pty Ltd.		8.8 -	Engineering & Construction
02 Sep '20	02 Sep '20	Meeting of the Minds, Inc.	-	-	Real Estate Development
02 Sep '20	02 Sep '20	Everyday Realty Services, Inc.	-	-	Real Estate Development
17 Aug '20	17 Aug '20	Riide Ltd.		8.1 -	Packaged Software
31 Jul '20	31 Jul '20	GS Contracts Joinery Ltd.		1.9 -	Miscellaneous Commercial Services
30 Jun '20	Pending	Learning Wings Pte Ltd.		0.9 -	Other Consumer Services
09 Jun '20	09 Jun '20	Logistica Training Ltd.		4.7 -	Personnel Services
16 Mar '20	16 Mar '20	Robinsons Caravans Ltd.		9.6 -	Specialty Stores
11 Nov '19	11 Nov '19	KS Training Ltd.		0.3	2.5 Other Consumer Services
30 Oct '19	30 Oct '19	UK Sports Training Ltd.		0.3	3.2 Other Consumer Services
18 Oct '19	18 Oct '19	Gaysha Ltd.		1.2 -	Homebuilding
21 Aug '19	10 Jan '20	Samuel Hobson House Ltd.		2.1	13.5 Medical/Nursing Services
17 Jun '19	17 Jun '19	Asia Pacific Energy Ventures Pte Ltd.		39.0 -	Engineering & Construction
18 Apr '19	03 Jun '19	Guildprime Specialist Contracts Ltd.	-	-	Wholesale Distributors
21 Jan '19	21 Jan '19	The International School of Beauty Therapy Ltd.	-	-	Other Consumer Services
08 Dec '18	08 Dec '18	du Boulay Contracts Ltd.	-	-	Engineering & Construction
01 Aug '18	03 Sep '18	Corsora Ltd.		12.5	9.7 Real Estate Development
02 May '18	22 Aug '18	Uovo Group Plc		13.2 -	Miscellaneous Commercial Services

Source: FactSet Mergers; LTM, EUR, millions

MBH groups these companies into eight verticals:

Construction Services, Education, Engineering, Food & Beverage, Health, Leisure, Property and Transport. Of these, the company recognizes, based on revenue, three operating segments:

- Construction Services
- Education
- Leisure

For 2020, revenue and EBIT for those segments is shown here in Figure 6.

Figure 6 – MBH Corporation PLC – Reported Segment Details

31 December 2020	Reportable segments				All Other Segments	Total
	Education	Construction Services	Leisure	Total Reportable segments		
	£'000	£'000	£'000	£'000		
<b>Total Segment Revenue from continuing operations (Note 5)*</b>	11,161	34,734	11,912	57,807	2,594	<b>60,401</b>
<b>Adjusted EBIT</b>	1,511	(1,251)	1,279	1,539	393	<b>1,932</b>
<b>Segment Assets</b>	18,422	12,857	5,391	36,670	3,698	<b>40,368</b>
<b>Segment Liabilities</b>	(4,938)	(8,893)	(5,275)	(19,106)	(2,834)	<b>(21,940)</b>

Source: 2020 Annual Report

Revenue by vertical and how each vertical is grouped by segment is shown in Figure 7.

Figure 7 – MBH Corporation PLC – Revenue by Vertical

	Reportable segments								All Other Segments		Total	
	Education		Construction Services		Leisure		Total Reportable segments		2020	2019	2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Primary geographical location</b>												
United Kingdom	10,963	9,367	18,919	15,161	11,912	-	41,794	24,528	2,372	336	44,166	24,864
Oceania	-	-	15,815	25,916	-	-	15,815	25,916	-	-	15,815	25,916
Asia	198	-	-	-	-	-	198	-	-	-	198	-
North America	-	-	-	-	-	-	-	-	222	-	222	-
	<b>11,161</b>	<b>9,367</b>	<b>34,734</b>	<b>41,077</b>	<b>11,912</b>	<b>-</b>	<b>57,807</b>	<b>50,444</b>	<b>2,594</b>	<b>336</b>	<b>60,401</b>	<b>50,780</b>
<b>Major products/ services</b>												
Course Training services	10,420	8,542	-	-	-	-	10,420	8,542	-	-	10,420	8,542
Other Education Training services	741	825	-	-	-	-	741	825	-	-	741	825
Commercial Refurbishment services	-	-	34,734	41,077	-	-	34,734	41,077	-	-	34,734	41,077
Sale of goods (caravans)	-	-	-	-	11,912	-	11,912	-	-	-	11,912	-
Transportation services	-	-	-	-	-	-	-	-	1,294	-	1,294	-
Health and care services	-	-	-	-	-	-	-	-	1,078	-	1,078	-
Property related services	-	-	-	-	-	-	-	-	222	-	222	-
Other services	-	-	-	-	-	-	-	-	-	336	-	336
	<b>11,161</b>	<b>9,367</b>	<b>34,734</b>	<b>41,077</b>	<b>11,912</b>	<b>-</b>	<b>57,807</b>	<b>50,444</b>	<b>2,594</b>	<b>336</b>	<b>60,401</b>	<b>50,780</b>
<b>Timing of Revenue Recognition</b>												
At a point in time	10,420	28	-	15,161	11,912	-	22,332	15,189	-	336	22,332	15,525
Over time	741	9,339	34,734	25,916	-	-	35,475	35,255	2,594	-	38,069	35,255
	<b>11,161</b>	<b>9,367</b>	<b>34,734</b>	<b>41,077</b>	<b>11,912</b>	<b>-</b>	<b>57,807</b>	<b>50,444</b>	<b>2,594</b>	<b>336</b>	<b>60,401</b>	<b>50,780</b>

Source: 2020 Annual Report

## Dividend

MBH pays an annual dividend of 0.005 EUR per year. In 2021, every Principal (formerly Business Owner of the acquired company) took this 2020 dividend in MBH stock instead of cash.

## Competition

There are no direct public comparables. We compare it to a list of holding companies, see Figure 8.

## Management

**Callum Laing**, Chief Executive Director and CEO Appointed: 16 January 2017

Skills and experience: Callum has more than two decades of experience in starting, building, buying, and selling over half a dozen businesses in a range of sectors, including recruitment, sport and lifestyle, information technology, and telecommunications. He has published three best-selling books on business, has interviewed and published more than 2,000 interviews with entrepreneurs and sits as High Commissioner to the World Business Angel Investor Forum in Singapore.

**Victor Tan**, Chief Financial Officer Appointed: 16 February 2018

Skills and experience: Victor has experience in Big 4 chartered accounting firms, start-up/SMEs to large listed multinational companies. Undertaken and led numerous due diligence activities, has been involved in restructuring, post-acquisition integration and has held senior management roles in South East Asia and the United Kingdom. Founder of Unity Group. Member of the Institute of Chartered Accountants in Australia since 2003

**Victoria Sylvester**, Executive Director and MBH Principal Appointed: 29 May 2019

Skills and experience: Victoria joined the Issuer as Executive Director in 2019. She has extensive experience in leading businesses and is an MBH Principal of her own company in the Group, Acacia. Vikki started her business aged 21 and supported by her fantastic team, has grown the business over the past 19 years, bringing the business into MBH in 2018. Vikki has experience in the UK education sector and social care, as well as experience of supporting business turnaround with other companies and voluntary roles within education related governing boards.

**Svetlana Coronado**, Non-Executive Chair Appointed 1 June 2020.

Skills and experience: Lana boasts a wealth of experience spanning across IT consulting, media and the finance industries. Her career includes roles at Credit Suisse, Merrill Lynch, and her most recent position as a partner at Stone Peak Private Equity. Lana's previous multiple Board role experiences, a particular interest in the small and mid-sized enterprises sector and a warming ability to form friendships in her partnerships, she utilizes her vast experience to help small and medium sized businesses achieve their full potential. Currently based in Las Vegas, Nevada USA

Figure 8 – MBH Corporation Plc – Comp Table

Ticker	Company Name	5/521 Close	Market Cap \$MM		EV \$MM	2022 Sales Multiple	Price to Book	2022 EV / Revenue	2022 EV / EBITDA	2022 PE
BVTJ.J	Bidvest Group Ltd	\$11.81	4,093	1,820	5,954	0.63	2.33	0.92	7.23	12.27
RILY.O	B. Riley Financial Inc	\$72.31	1,966	2,623	4,589		2.69			
CODI.K	Compass Diversified Holdings	\$26.60	1,726	1,953	3,679	0.92	1.59	1.96	10.97	11.64
RAVN.O	Raven Industries Inc	\$40.56	1,455	-31	1,425	3.19	4.39	3.12	18.90	37.80
BOMN.O	Boston Omaha Corp	\$27.54	805	-122	683	13.99	1.86	11.87	50.94	
SPLP.K	Steel Partners Holdings LP	\$20.27	465	2,440	2,911		0.87			
BVH	Bluegreen Vacations Holding Corp	\$18.30	352	525	877	0.47	1.88	1.17	7.44	10.70
HCHC.K	HC2 Holdings Inc	\$4.31	335	385	720		0.58			
SWKH.O	SWK Holdings Corp	\$16.08	206	8	213	5.00	0.86	5.19		6.28
CRAWA.PK	Crawford United Corp		95	15	110	0.90	3.35	1.05	7.21	11.53
ELLH.PK	Elah Holdings Inc		74	-16	58		4.64			
GEG.O	Great Elm Group Inc	\$2.52	67	65	132		1.13			6.30
ALJJ.O	ALJ Regional Holdings Inc	\$1.35	57	97	154		3.81			
STRR.O	Star Equity Holdings Inc	\$2.86	14	42	56	<u>0.13</u>	<u>0.33</u>	<u>0.52</u>	<u>6.43</u>	<u>7.54</u>
	<b>AVERAGE</b>					<u>3.15</u>	<u>2.16</u>	<u>3.22</u>	<u>15.59</u>	<u>13.01</u>
M8H.DE	MBH Corporation PLC	\$0.36	25	41	67	0.18	0.28	0.48	2.76	2.40
	<b>MBH Discount to Peers</b>					<b>-94%</b>	<b>-87%</b>	<b>-85%</b>	<b>-82%</b>	<b>-82%</b>

Source: Litchfield Hills Research LLC and Refinitiv Eikon (formerly Thomson Reuters Eikon)

Figure 9 – MBH Corporation Plc – Income Statement (000)

December year-end	2018 Year	2019A Year	2020A		2020A Year	2021E		2021E Year	2022E		2022E Year
			1H20A	2H20A		1H21E	2H21E		1H22E	2H22E	
<b>Total revenue</b>	£12,511	£50,780	£27,367	£33,034	£60,401	£40,000	£50,000	£90,000	£60,000	£80,000	£140,000
<i>Growth</i>		306%			19%	46%	51%	49%		60%	56%
Cost of Goods	8,672	38,572	21,723	26,025	47,748	31,400	38,000	69,400	45,600	60,800	106,400
<b>Gross Profit</b>	<b>3,839</b>	<b>12,208</b>	<b>5,644</b>	<b>7,009</b>	<b>12,653</b>	<b>8,600</b>	<b>12,000</b>	<b>20,600</b>	<b>14,400</b>	<b>19,200</b>	<b>33,600</b>
<b>Gross Margin</b>	<b>30.7%</b>	<b>24.0%</b>	<b>20.6%</b>	<b>21.2%</b>	<b>20.9%</b>	<b>21.5%</b>	<b>24.0%</b>	<b>22.9%</b>	<b>24.0%</b>	<b>24.0%</b>	<b>24.0%</b>
Administrative Expense	2,280	8,094	5,216	7,492	12,708	8,000	8,000	16,000	8,250	8,300	16,550
% of total revenue	18%	16%	19%	23%	21%	20%	16%	18%	14%	10%	12%
Finance costs, net	20	128	104	590	694	650	700	1,350	500	500	1,000
% of total revenue	0%	0%	0%	2%	1%	2%	1%	2%	1%	1%	1%
Total Operating Expenses	2,300	8,222	5,320	8,082	13,402	8,650	8,700	17,350	8,750	8,800	17,550
<b>Operating Income</b>	<b>1,539</b>	<b>3,986</b>	<b>324</b>	<b>(1,073)</b>	<b>(749)</b>	<b>(50)</b>	<b>3,300</b>	<b>3,250</b>	<b>5,650</b>	<b>10,400</b>	<b>16,050</b>
<b>Operating Margin</b>		<b>7.8%</b>	<b>1.2%</b>	<b>-3.2%</b>	<b>-1.2%</b>	<b>-0.1%</b>	<b>6.6%</b>	<b>3.6%</b>	<b>9.4%</b>	<b>13.0%</b>	<b>11.5%</b>
Total Other Items	(121)	(69)	389	1,455	1,844	100	100	200	100	100	200
<b>Pre-Tax Income</b>	<b>1,418</b>	<b>3,917</b>	<b>713</b>	<b>382</b>	<b>1,095</b>	<b>50</b>	<b>3,400</b>	<b>3,450</b>	<b>5,750</b>	<b>10,500</b>	<b>16,250</b>
<b>Pre-Tax Margin</b>			<b>2.6%</b>	<b>1.2%</b>	<b>1.8%</b>	<b>0.1%</b>	<b>6.8%</b>	<b>3.8%</b>	<b>9.6%</b>	<b>13.1%</b>	<b>11.6%</b>
Taxes (benefit)	172	299	52	(324)	(272)	5	340	345	575	1,050	1,625
Tax Rate	12.1%	7.6%	7.3%	-84.8%	-24.8%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Net Income (loss)</b>	<b>£1,246</b>	<b>£3,618</b>	<b>£661</b>	<b>£706</b>	<b>£1,367</b>	<b>£45</b>	<b>£3,060</b>	<b>£3,105</b>	<b>£5,175</b>	<b>£9,450</b>	<b>£14,625</b>
<b>Net Margin</b>		<b>7.1%</b>	<b>2.4%</b>	<b>2.1%</b>	<b>2.3%</b>	<b>0.1%</b>	<b>6.1%</b>	<b>3.5%</b>	<b>8.6%</b>	<b>11.8%</b>	<b>10.4%</b>
<b>EPS, as reported</b>	<b>£0.11</b>	<b>£0.10</b>	<b>£0.01</b>	<b>£0.01</b>	<b>£0.02</b>	<b>£0.00</b>	<b>£0.04</b>	<b>£0.04</b>	<b>£0.06</b>	<b>£0.09</b>	<b>£0.15</b>
Diluted Shares Outstanding	11,116	34,937	46,125	64,447	55,286	71,200	80,000	75,600	90,000	100,000	95,000

Source: Company reports and Litchfield Hills Research LLC

Figure 10 – MBH Corporation Plc – Balance Sheet (000)

December year-end	FY2022E	FY2021E	FY2020A	FY2019A	FY2018A
<b>Balance sheet</b>					
Current Assets					
Cash and S.T.I.	£30,040	£14,765	£6,217	£4,508	£1,523
Accounts receivable	30,000	24,000	18,953	21,197	8,280
Inventories	7,000	5,000	4,057	172	0
Other assets	1,000	500	0	0	0
<b>Total Current Assets</b>	<b>68,040</b>	<b>44,265</b>	<b>29,227</b>	<b>25,877</b>	<b>9,803</b>
Net PP&E	9,000	8,000	7,416	1,150	246
Other non-current assets	4,000	3,000	2,600	2,284	192
<b>Total Assets</b>	<b>£176,040</b>	<b>£135,265</b>	<b>£134,012</b>	<b>£69,066</b>	<b>£42,678</b>
Current Liabilities					
Trade payables	£22,000	£18,000	£15,725	£15,287	£5,382
Contingent consideration	2,000	1,000	3,945	3,258	2,988
Loan and other borrowings	2,000	1,500	4,670	1,072	1,218
Other current liabilities	2,000	1,000	888	719	403
<b>Total current liabilities</b>	<b>28,000</b>	<b>21,500</b>	<b>25,228</b>	<b>20,336</b>	<b>9,991</b>
Interest bearing borrowings	40,000	35,000	29,943	709	484
Other Liabilities	0	0	19,060	4,740	3,848
<b>Total Liabilities</b>	<b>68,000</b>	<b>56,500</b>	<b>74,231</b>	<b>25,785</b>	<b>14,323</b>
Stockholders' Equity					
Preferred stock	0	0	0	0	0
Share Capital	0	0	0	0	0
Additional paid-in-capital	85,000	70,000	53,821	38,417	27,109
Retained earnings	23,040	8,765	5,960	4,864	1,246
Cum. Other comp and treasury stock	0	0	0	0	0
<b>Total stockholders' equity</b>	<b>108,040</b>	<b>78,765</b>	<b>59,781</b>	<b>43,281</b>	<b>28,355</b>
<b>Total Liabilities and equity</b>	<b>£176,040</b>	<b>£135,265</b>	<b>£134,012</b>	<b>£69,066</b>	<b>£42,678</b>

Source: Company reports and Litchfield Hills Research LLC

*Figure 11 – MBH Corporation Plc – Cash Flow (000)*

	FY22E	FY21E	FY20A	FY19A
Net Income	\$14,625	\$3,105	\$1,367	\$3,618
Trade receivables	(6,000)	(5,047)	2,244	(12,917)
Inventories	(2,000)	(943)	(3,885)	(172)
Other assets	(500)	(500)	0	0
Net PP&E	(1,000)	(584)	(6,266)	(904)
Goodwill & Intangibles	(15,000)	14,769	(55,014)	(7,318)
Other non-current	(1,000)	(400)	(316)	(2,092)
Trade payables	4,000	2,275	438	9,905
Contract liabilities	0	0	0	0
Contingent consideration	1,000	(2,945)	687	270
Loan and other borrowings	500	(3,170)	3,598	(146)
Other current liabilities	1,000	112	169	316
Interest bearing borrowings	5,000	5,057	29,234	225
Other Liabilities	0	(19,060)	14,320	892
Preferred stock	0	0	0	0
Share Capital	0	0	0	0
Additional paid-in-capital	15,000	16,179	15,404	11,308
Cum. trans. adj. and treasury stock	0	0	0	0
Dividends	(350)	(300)	(271)	0
Total Cash Flow	\$15,275	\$8,548	\$1,709	\$2,985

Source: Litchfield Hills Research LLC

**Disclosures:**

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## MBH Corporation PLC MBHCF - Buy-\$10.00 (£ 7.00) PT

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