

niiio finance Group AG

Germany | Technology | MCap EUR 25.6m

30 September 2022

UPDATE



Significant sales and earnings growth; FY 22 guidance confirmed

What's it all about?

niiio posted significant revenue and earnings growth in H1 on the back of successful acquisitions and intensified sales activities. Revenues rose to EUR 3.7m in H1 22 from EUR 1.1m in H1 21. EBITDA increased to EUR 0.3m compared with EUR -0.2m, respectively. niiio expects revenues for FY'22 between EUR 7.5m and 7.9m (FY'21: EUR 2.4m), if no significant delays occur in client purchases. We reduce our sales forecast to EUR 7.5m from EUR 7.9m in FY'22 given the risk of order delays due to the heightened uncertainty. The company expects to achieve between break-even and a slightly positive EBITDA in FY'22, which is in-line with eAR. We maintain our BUY recommendation with unchanged PT of EUR 1.60.

BUY (BUY)

| | |
|---------------------|------------------------|
| Target price | EUR 1.60 (1.60) |
| Current price | EUR 0.79 |
| Up/downside | 103.0% |



MAIN AUTHOR

Levent Yilmaz

l.yilmaz@alsterresearch.com
+49 40 309293-52

niiio finance Group AG

Germany | Technology | MCap EUR 25.6m | EV EUR 23.5m

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Significant sales and earnings growth; Guidance confirmed

Significant revenue and earnings growth in H1 22 niiio posted significant revenue and earnings growth in H1 on the back of successful acquisitions and intensified sales activities, which lead to an expanded customer base in Germany with the largest municipal saving bank and Austria. Revenues rose to EUR 3.7m in H1 22 from EUR 1.1m in H1 21. EBITDA increased to EUR 0.3m compared with EUR -0.2m, respectively. ARR rose from 70% to 85%. niiio achieved key strategic milestones to implement its organic and inorganic growth plans.

FY 22 guidance confirmed under conditions niiio is seeing increasing momentum for solutions to digitalize asset and wealth management. The company expects therefore revenues for FY'22 between EUR 7.5m and 7.9m (FY'21: EUR 2.4m), if no significant delays occur in client purchases. We reduce our sales forecast to the lower end of the guided range, i.e. to EUR 7.5m from EUR 7.9m given the risk of order delays due to the heightened uncertainty. The company expects to achieve between break-even and a slightly positive EBITDA in FY'22, which is in-line with eAR and which looks well achievable given the positive EBITDA contribution already in H1 22.

SaaS Platform offers good prospects for organic growth Following the successful acquisitions and integration of PATRONAS and FixHub, niiio combines almost all product groups and market segments on one platform, which offers good prospects for organic growth due to high scalability and up/cross selling potential.

PT EUR 1.60, BUY reiterated. The fair value of EUR 1.60 per share for niiio finance group is based on our DCF model. We therefore reiterate to BUY with PT of EUR 1.60, which provides significant upside for investors willing to join niiio's journey to digitize the European Asset and Wealth Management industry.

| niiio finance Group | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------|---------|--------|---------|--------|--------|-------|
| Sales | 2.1 | 2.3 | 2.4 | 7.5 | 8.7 | 10.0 |
| <i>Growth yoy</i> | 358.1% | 12.3% | 3.3% | 215.0% | 15.0% | 15.0% |
| EBITDA | -0.6 | 0.0 | -0.9 | 0.5 | 1.5 | 2.3 |
| EBIT | -4.0 | -2.1 | -2.8 | -1.5 | -0.7 | 1.1 |
| Net profit | -4.2 | -2.2 | -3.2 | -1.7 | -0.9 | 0.9 |
| Net debt (net cash) | -0.9 | -1.1 | -2.1 | -0.2 | -1.0 | -2.6 |
| Net debt/EBITDA | 1.5x | -26.0x | 2.5x | -0.5x | -0.7x | -1.1x |
| EPS reported | -0.19 | -0.10 | -0.12 | -0.05 | -0.03 | 0.03 |
| DPS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| <i>Dividend yield</i> | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Gross profit margin | 129.5% | 116.9% | 108.0% | 90.0% | 93.0% | 94.0% |
| EBITDA margin | -28.9% | 1.9% | -35.7% | 7.0% | 17.0% | 23.0% |
| EBIT margin | -195.7% | -92.3% | -118.7% | -20.4% | -8.0% | 11.0% |
| ROCE | -27.4% | -16.3% | -11.9% | -6.9% | -3.2% | 5.5% |
| EV/EBITDA | -41.4x | 565.9x | -27.5x | 48.0x | 16.7x | 10.0x |
| EV/EBIT | -6.1x | -11.4x | -8.3x | -16.5x | -35.3x | 20.9x |
| PER | -4.3x | -8.2x | -6.3x | -15.3x | -29.4x | 27.5x |
| FCF yield | -5.8% | -1.8% | -3.4% | 0.5% | 4.6% | 7.9% |

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 1.64 / 0.72
Price/Book Ratio 1.8x

Ticker / Symbols

ISIN DE000A2G8332
WKN A2G833
Bloomberg NIIN:GR

Changes in estimates

| | | Sales | EBIT | EPS |
|--------------|-----|-------|------|--------|
| 2022E | old | 7,9 | -1,5 | -0,05 |
| | Δ | -4,5% | na | na |
| 2023E | old | 9,1 | -0,6 | -0,02 |
| | Δ | -4,5% | na | na |
| 2024E | old | 10,5 | 1,2 | 0,03 |
| | Δ | -4,5% | -0,1 | -10,0% |

Key share data

Number of shares: (in m pcs) 32.49
Book value per share: (in EUR) 0.44
Ø trading volume: (12 months) 10,000

Major shareholders

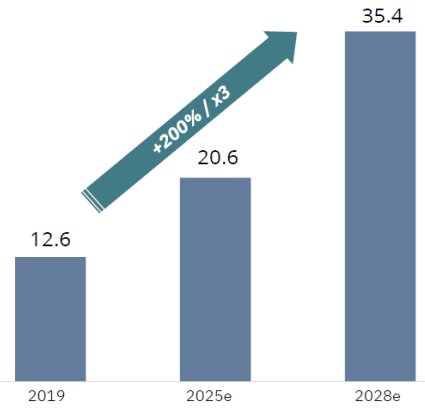
Management and Employees 24.5%
Deutsche Tech Ventures GmbH 35.7%
Supervisory Board 0.9%
Free Float 31.0%

Company description

niiio finance Group is a FinTech company that develops and distributes software solutions to banks and financial service providers under software as a service (SaaS) or licensed white label models. The company's product portfolio comprises portfolio management systems, robotic advisory tools and application program interface (API). It also develops a blockchain software solution. For all of its products, the company offers support and maintenance, as well as training for its customers.

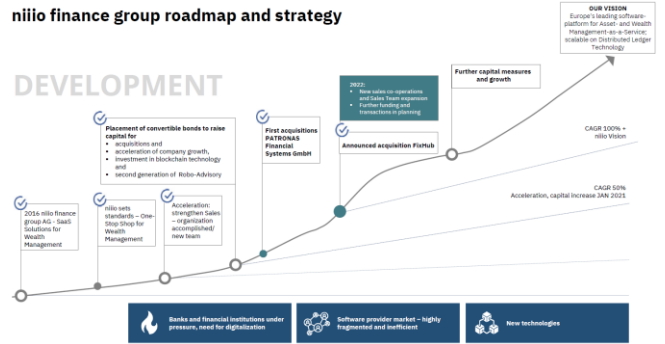
Investment case in six charts

European Wealth Tech Solution Market in EUR bn



Roadmap and Strategy

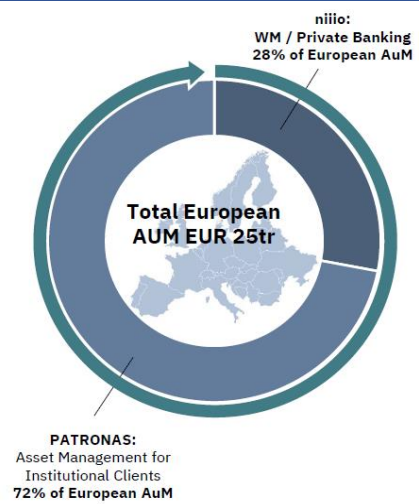
niio finance group roadmap and strategy



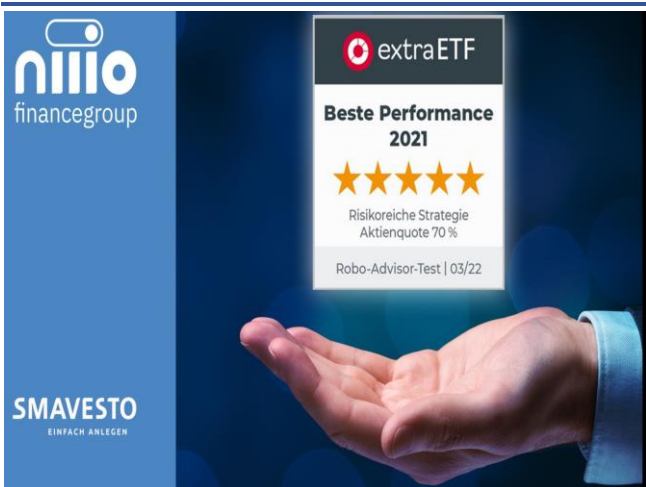
Cross-Selling and Internationalization



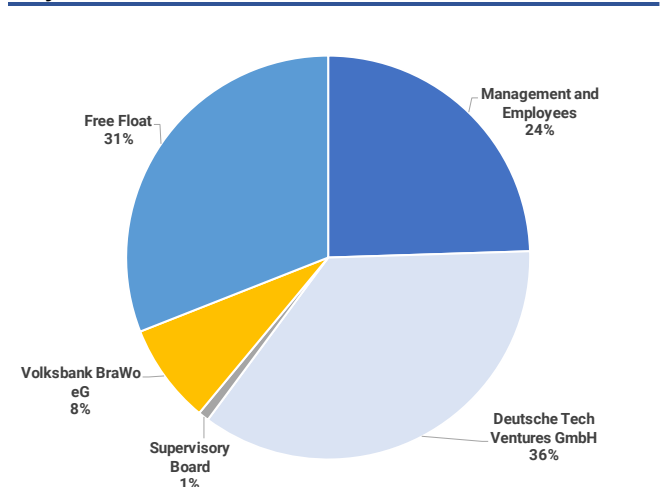
Expansion of Potential Market Size



Robo-Advisor Smavesto with Best Performance



Major shareholder



Source : Company data; AlsterResearch

SWOT analysis

Strengths

- One-stop-shop for software services providing one comprehensive platform for asset and wealth managers
- Highly innovative and agile
- Management with significant “skin in the game”
- Renowned clients base
- Almost 20 years of technical know-how and expertise in AWM
- Operating in native private cloud – to concentrate relevant solutions and microservices on platform

Weaknesses

- Still loss making in 2022E
- Funding required for inorganic growth

Opportunities

- With the acquisition of PATRONAS, niiiio’s activity will expand to include institutional asset managers, large private and commercial banks.
- AWM firms need to cut costs and digitize
- More annual recurring revenues, assets under administration, customers and trading volumes
- European WealthTech solution market is expected to grow strongly

Threats

- Regulatory restrictions in the area of international cloud use exist, which impacts on the widespread use of it
- The cloud wealth management software market remains complex and competitive
- Funding market constraint due to rising interest rates and high inflation

Valuation

DCF Model

The DCF model results in a **fair value of EUR 1.57 per share**:

Top-line growth: We expect niii finance Group AG to continue benefitting from structural growth. Hence our growth estimates for 2022E-2029E is in the range of 9.9% p.a. The long-term growth rate is set at 2.0%.

EBIT margins are expected to be negative till 2023 due to high costs for developers and sales people. Given economies of scale and better take-up of its platform, EBIT is expected to be positive in 2024 and align towards the profitability of its peers in the long-run.

WACC. The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.00. Unlevering and correcting for mean reversion yields an asset beta of 0.91. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 8.3%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.2 this results in a long-term WACC of 7.5%.

| DCF (EURm) (except per share data and beta) | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | Terminal value |
|--|-------|-------|-------|-------|-------|-------|-------|-------|----------------|
| NOPAT | -1.5 | -0.7 | 1.0 | 2.1 | 2.8 | 3.3 | 3.4 | 3.3 | |
| Depreciation & amortization | 2.1 | 2.2 | 1.2 | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | |
| Change in working capital | -0.3 | -0.2 | -0.2 | -0.2 | -0.2 | -0.1 | -0.1 | -0.1 | |
| Chg. in long-term provisions | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | |
| Capex | -2.0 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | 0.0 | 0.0 | |
| Cash flow | -1.7 | 1.0 | 1.7 | 1.9 | 2.4 | 3.0 | 3.4 | 3.4 | 62.2 |
| Present value | -1.6 | 0.9 | 1.5 | 1.5 | 1.8 | 2.0 | 2.2 | 2.0 | 36.8 |
| WACC | 7.9% | 7.9% | 7.7% | 7.6% | 7.5% | 7.4% | 7.4% | 7.4% | 7.5% |

| DCF per share derived from | |
|---|---------------------|
| Total present value | 47.0 |
| Mid-year adj. total present value | 48.8 |
| Net debt / cash at start of year | -2.1 |
| Financial assets | 0.0 |
| Provisions and off b/s debt | 0.0 |
| Equity value | 50.9 |
| No. of shares outstanding | 32.5 |
| Discounted cash flow / share upside/(downside) | 1.57 / 98.9% |

| | |
|--------------------|-------------|
| Share price | 0.79 |
|--------------------|-------------|

| DCF avg. growth and earnings assumptions | |
|--|-------|
| Planning horizon avg. revenue growth (2022E-2029E) | 9.9% |
| Terminal value growth (2029E - infinity) | 2.0% |
| Terminal year ROCE | 15.5% |
| Terminal year WACC | 7.5% |

| Terminal WACC derived from | |
|--------------------------------------|-------|
| Cost of borrowing (before taxes) | 5.0% |
| Long-term tax rate | 25.0% |
| Equity beta | 1.00 |
| Unlevered beta (industry or company) | 0.91 |
| Target debt / equity | 0.2 |
| Relevered beta | 1.04 |
| Risk-free rate | 2.0% |
| Equity risk premium | 6.0% |
| Cost of equity | 8.3% |

| Sensitivity analysis DCF | | | | | | | | |
|---------------------------|-----|------------------|------|------|------|----------------|------------------------|--|
| Change in WACC (%-points) | | Long term growth | | | | | Share of present value | |
| | | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | | |
| 2.0% | 1.0 | 1.1 | 1.1 | 1.2 | 1.3 | 2022E-2025E | 4.8% | |
| 1.0% | 1.2 | 1.2 | 1.3 | 1.4 | 1.5 | 2026E-2029E | 17.1% | |
| 0.0% | 1.4 | 1.5 | 1.6 | 1.7 | 1.8 | terminal value | 78.2% | |
| -1.0% | 1.6 | 1.8 | 1.9 | 2.1 | 2.4 | | | |
| -2.0% | 2.0 | 2.2 | 2.5 | 2.9 | 3.4 | | | |

Source: AlsterResearch

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 0.32 per share based on 2022E and EUR 1.71 per share on 2026E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

| FCF yield in EURm | 2022E | 2023E | 2024E | 2025E | 2026E |
|------------------------------------|---------------|-------------|--------------|--------------|---------------|
| EBITDA | 0.5 | 1.5 | 2.3 | 2.6 | 3.4 |
| - Maintenance capex | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| - Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| - tax expenses | -0.1 | -0.0 | 0.0 | 0.2 | 0.5 |
| = Adjusted FCF | 0.6 | 1.5 | 2.2 | 2.4 | 2.9 |
| Actual Market Cap | 25.6 | 25.6 | 25.6 | 25.6 | 25.6 |
| + Net debt (cash) | -0.2 | -1.0 | -2.6 | -4.5 | -6.9 |
| + Pension provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| + Off B/S financing | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| - Financial assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| - Acc. dividend payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>EV Reconciliations</i> | -0.3 | -1.0 | -2.7 | -4.5 | -6.9 |
| = Actual EV' | 25.3 | 24.6 | 22.9 | 21.1 | 18.7 |
| Adjusted FCF yield | 2.4% | 6.2% | 9.8% | 11.4% | 15.6% |
| base hurdle rate | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| ESG adjustment | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| adjusted hurdle rate | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Fair EV | 10.3 | 25.3 | 37.4 | 40.2 | 48.7 |
| - <i>EV Reconciliations</i> | -0.3 | -1.0 | -2.7 | -4.5 | -6.9 |
| Fair Market Cap | 10.5 | 26.4 | 40.1 | 44.7 | 55.6 |
| No. of shares (million) | 32.5 | 32.5 | 32.5 | 32.5 | 32.5 |
| Fair value per share in EUR | 0.32 | 0.81 | 1.23 | 1.38 | 1.71 |
| Premium (-) / discount (+) | -58.9% | 3.0% | 56.6% | 74.6% | 117.1% |

Sensitivity analysis FV

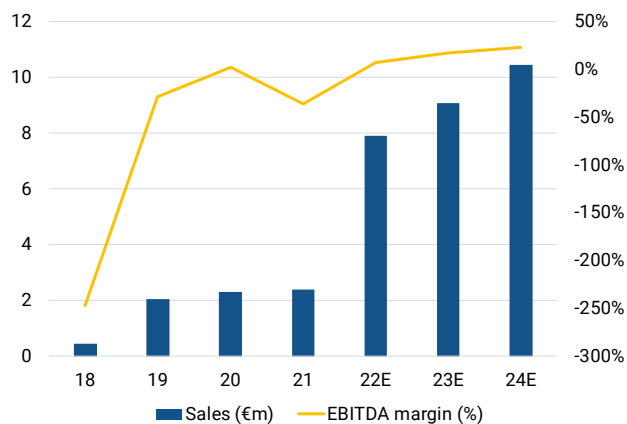
| | | | | | | |
|-----------------------------|-------------|------------|------------|------------|------------|------------|
| | 4.0% | 0.5 | 1.2 | 1.8 | 2.0 | 2.5 |
| Adjusted hurdle rate | 5.0% | 0.4 | 1.0 | 1.5 | 1.6 | 2.0 |
| | 6.0% | 0.3 | 0.8 | 1.2 | 1.4 | 1.7 |
| | 7.0% | 0.3 | 0.7 | 1.1 | 1.2 | 1.5 |
| | 8.0% | 0.2 | 0.6 | 0.9 | 1.1 | 1.3 |

Source: Company data; AlsterResearch

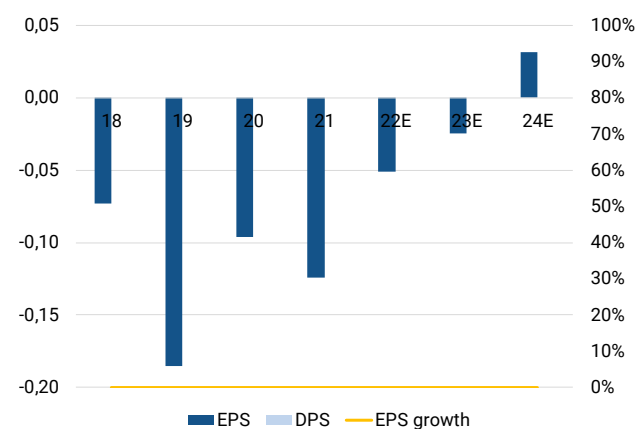
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable, based on the overall Leeway ESG Score. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Financials in six charts

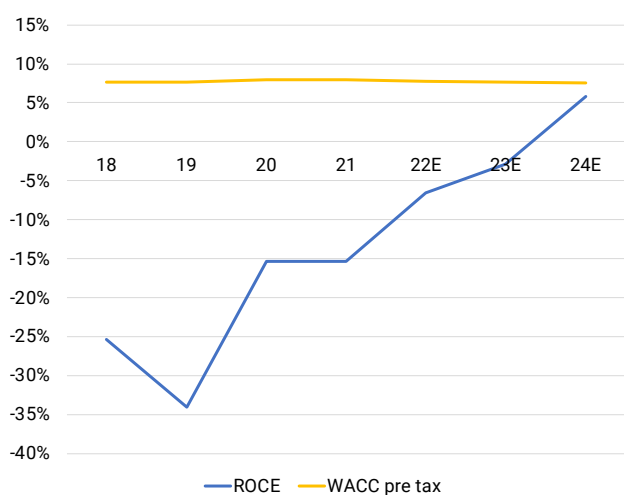
Sales vs. EBITDA margin development



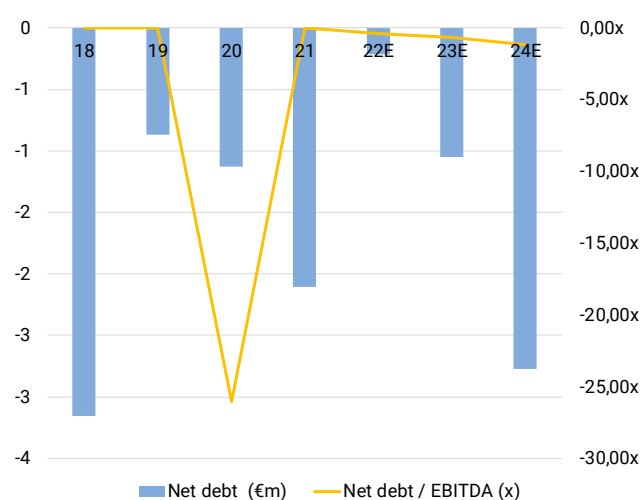
EPS, DPS in EUR & yoy EPS growth



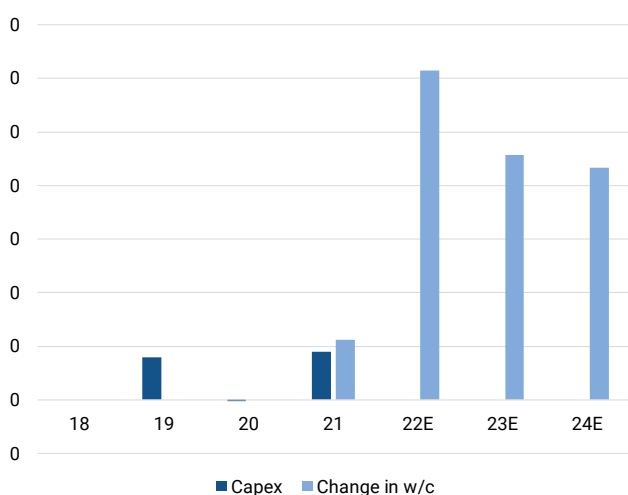
ROCE vs. WACC (pre tax)



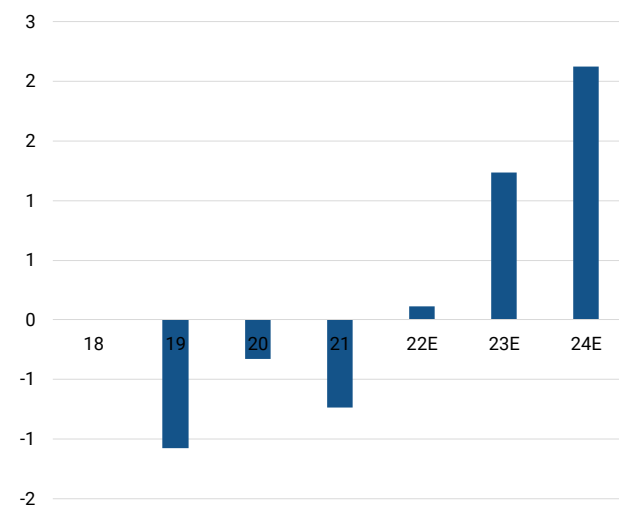
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

| Profit and loss (EURm) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|--------------|--------------|--------------|--------------|--------------|-------------|
| Net sales | 2.1 | 2.3 | 2.4 | 7.5 | 8.7 | 10.0 |
| Sales growth | 358.1% | 12.3% | 3.3% | 215.0% | 15.0% | 15.0% |
| Change in finished goods and work-in-process | 1.1 | 0.5 | 0.6 | 0.0 | 0.0 | 0.0 |
| Total sales | 3.2 | 2.8 | 3.0 | 7.5 | 8.7 | 10.0 |
| Material expenses | 0.5 | 0.1 | 0.4 | 0.8 | 0.6 | 0.6 |
| Gross profit | 2.7 | 2.7 | 2.6 | 6.8 | 8.1 | 9.4 |
| Other operating income | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 |
| Personnel expenses | 2.4 | 1.9 | 2.3 | 5.2 | 5.4 | 5.9 |
| Other operating expenses | 1.0 | 0.8 | 1.2 | 1.1 | 1.3 | 1.3 |
| EBITDA | -0.6 | 0.0 | -0.9 | 0.5 | 1.5 | 2.3 |
| Depreciation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITA | -0.6 | 0.0 | -0.9 | 0.5 | 1.5 | 2.3 |
| Amortisation of goodwill and intangible assets | 3.4 | 2.2 | 2.0 | 2.1 | 2.2 | 1.2 |
| EBIT | -4.0 | -2.1 | -2.8 | -1.5 | -0.7 | 1.1 |
| Financial result | -0.0 | -0.1 | -0.4 | -0.2 | -0.2 | -0.1 |
| Recurring pretax income from continuing operations | -4.1 | -2.2 | -3.2 | -1.8 | -0.9 | 1.0 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before taxes | -4.1 | -2.2 | -3.2 | -1.8 | -0.9 | 1.0 |
| Taxes | 0.2 | -0.0 | 0.0 | -0.1 | -0.0 | 0.0 |
| Net income from continuing operations | -4.2 | -2.2 | -3.2 | -1.7 | -0.9 | 0.9 |
| Result from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | -4.2 | -2.2 | -3.2 | -1.7 | -0.9 | 0.9 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit (reported) | -4.2 | -2.2 | -3.2 | -1.7 | -0.9 | 0.9 |
| Average number of shares | 22.83 | 22.83 | 25.99 | 32.49 | 32.49 | 32.49 |
| EPS reported | -0.19 | -0.10 | -0.12 | -0.05 | -0.03 | 0.03 |

| Profit and loss (common size) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|--------------|-------------|--------------|-------------|-------------|-------------|
| Net sales | 100% | 100% | 100% | 100% | 100% | 100% |
| Change in finished goods and work-in-process | 53% | 22% | 25% | 0% | 0% | 0% |
| Total sales | 153% | 122% | 125% | 100% | 100% | 100% |
| Material expenses | 24% | 5% | 17% | 10% | 7% | 6% |
| Gross profit | 129% | 117% | 108% | 90% | 93% | 94% |
| Other operating income | 4% | 4% | 2% | 1% | 1% | 1% |
| Personnel expenses | 114% | 83% | 95% | 69% | 62% | 59% |
| Other operating expenses | 48% | 36% | 50% | 15% | 15% | 13% |
| EBITDA | -29% | 2% | -36% | 7% | 17% | 23% |
| Depreciation | 0% | 0% | 0% | 0% | 0% | 0% |
| EBITA | -29% | 2% | -36% | 7% | 17% | 23% |
| Amortisation of goodwill and intangible assets | 167% | 94% | 83% | 27% | 25% | 12% |
| EBIT | -196% | -92% | -119% | -20% | -8% | 11% |
| Financial result | -1% | -3% | -15% | -3% | -3% | -1% |
| Recurring pretax income from continuing operations | -197% | -96% | -134% | -23% | -11% | 10% |
| Extraordinary income/loss | 0% | 0% | 0% | 0% | 0% | 0% |
| Earnings before taxes | -197% | -96% | -134% | -23% | -11% | 10% |
| Taxes | 8% | -1% | 1% | -1% | -1% | 0% |
| Net income from continuing operations | -205% | -95% | -135% | -22% | -10% | 9% |
| Result from discontinued operations (net of tax) | 0% | 0% | 0% | 0% | 0% | 0% |
| Net income | -205% | -95% | -135% | -22% | -10% | 9% |
| Minority interest | 0% | 0% | 0% | 0% | 0% | 0% |
| Net profit (reported) | -205% | -95% | -135% | -22% | -10% | 9% |

Source: Company data; AlsterResearch

| Balance sheet (EURm) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Intangible assets (exl. Goodwill) | 2.3 | 2.1 | 6.9 | 4.8 | 2.7 | 1.5 |
| Goodwill | 10.6 | 9.4 | 10.7 | 14.8 | 14.8 | 14.8 |
| Property, plant and equipment | 0.1 | 0.1 | 0.4 | 0.4 | 0.4 | 0.4 |
| Financial assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| FIXED ASSETS | 13.0 | 11.5 | 18.0 | 20.0 | 17.8 | 16.6 |
| Inventories | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts receivable | 0.4 | 0.2 | 0.8 | 1.0 | 1.2 | 1.4 |
| Other current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liquid assets | 2.0 | 2.2 | 7.5 | 5.7 | 6.5 | 5.6 |
| Deferred taxes | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Deferred charges and prepaid expenses | 0.1 | 0.0 | 0.0 | 0.2 | 0.2 | 0.2 |
| CURRENT ASSETS | 2.5 | 2.5 | 8.4 | 7.0 | 8.0 | 7.3 |
| TOTAL ASSETS | 15.6 | 14.1 | 26.5 | 27.0 | 25.8 | 24.0 |
| SHAREHOLDERS EQUITY | 13.2 | 11.0 | 11.3 | 16.2 | 15.3 | 16.2 |
| MINORITY INTEREST | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term debt | 0.0 | 0.0 | 5.2 | 5.0 | 5.0 | 3.0 |
| Provisions for pensions and similar obligations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other provisions | 0.4 | 1.1 | 7.1 | 0.6 | 0.7 | 0.8 |
| Non-current liabilities | 0.4 | 1.1 | 12.3 | 5.6 | 5.7 | 3.8 |
| short-term liabilities to banks | 1.2 | 1.0 | 0.2 | 0.5 | 0.5 | 0.0 |
| Accounts payable | 0.1 | 0.3 | 0.4 | 0.2 | 0.2 | 0.2 |
| Advance payments received on orders | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities (incl. from lease and rental contracts) | 0.1 | 0.1 | 0.2 | 2.5 | 2.1 | 1.7 |
| Deferred taxes | 0.6 | 0.6 | 2.0 | 2.0 | 2.0 | 2.0 |
| Deferred income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current liabilities | 2.0 | 2.0 | 2.8 | 5.2 | 4.8 | 3.9 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 15.6 | 14.1 | 26.5 | 27.0 | 25.8 | 23.9 |

| Balance sheet (common size) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Intangible assets (excl. Goodwill) | 15% | 15% | 26% | 18% | 10% | 6% |
| Goodwill | 68% | 67% | 41% | 55% | 57% | 62% |
| Property, plant and equipment | 1% | 0% | 1% | 1% | 1% | 2% |
| Financial assets | 0% | 0% | 0% | 0% | 0% | 0% |
| FIXED ASSETS | 84% | 82% | 68% | 74% | 69% | 69% |
| Inventories | 0% | 0% | 0% | 0% | 0% | 0% |
| Accounts receivable | 2% | 1% | 3% | 4% | 5% | 6% |
| Other current assets | 0% | 0% | 0% | 0% | 0% | 0% |
| Liquid assets | 13% | 15% | 28% | 21% | 25% | 24% |
| Deferred taxes | 1% | 1% | 0% | 0% | 0% | 0% |
| Deferred charges and prepaid expenses | 0% | 0% | 0% | 1% | 1% | 1% |
| CURRENT ASSETS | 16% | 18% | 32% | 26% | 31% | 31% |
| TOTAL ASSETS | 100% | 100% | 100% | 100% | 100% | 100% |
| SHAREHOLDERS EQUITY | 85% | 78% | 43% | 60% | 59% | 68% |
| MINORITY INTEREST | 0% | 0% | 0% | 0% | 0% | 0% |
| Long-term debt | 0% | 0% | 20% | 18% | 19% | 13% |
| Provisions for pensions and similar obligations | 0% | 0% | 0% | 0% | 0% | 0% |
| Other provisions | 3% | 8% | 27% | 2% | 3% | 3% |
| Non-current liabilities | 3% | 8% | 47% | 21% | 22% | 16% |
| short-term liabilities to banks | 7% | 7% | 1% | 2% | 2% | 0% |
| Accounts payable | 1% | 2% | 1% | 1% | 1% | 1% |
| Advance payments received on orders | 0% | 0% | 0% | 0% | 0% | 0% |
| Other liabilities (incl. from lease and rental contracts) | 1% | 1% | 1% | 9% | 8% | 7% |
| Deferred taxes | 4% | 4% | 8% | 8% | 8% | 8% |
| Deferred income | 0% | 0% | 0% | 0% | 0% | 0% |
| Current liabilities | 13% | 14% | 11% | 19% | 19% | 16% |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 100% | 100% | 100% | 100% | 100% | 100% |

Source: Company data; AlsterResearch

| Cash flow statement (EURm) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Net profit/loss | -4.2 | -2.2 | -3.2 | -1.7 | -0.9 | 0.9 |
| Depreciation of fixed assets (incl. leases) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 3.4 | 2.2 | 2.0 | 2.1 | 2.2 | 1.2 |
| Others | -0.2 | -0.3 | 0.6 | 0.0 | 0.1 | 0.1 |
| Cash flow from operations before changes in w/c | -1.0 | -0.3 | -0.6 | 0.4 | 1.4 | 2.2 |
| Increase/decrease in inventory | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Increase/decrease in accounts receivable | 0.0 | 0.0 | -0.1 | -0.3 | -0.2 | -0.2 |
| Increase/decrease in accounts payable | 0.0 | 0.0 | 0.0 | -0.2 | -0.0 | -0.0 |
| Increase/decrease in other w/c positions | 0.0 | 0.0 | 0.0 | 0.2 | -0.0 | -0.0 |
| Increase/decrease in working capital | 0.0 | 0.0 | -0.1 | -0.3 | -0.2 | -0.2 |
| Cash flow from operating activities | -1.0 | -0.3 | -0.7 | 0.1 | 1.2 | 2.0 |
| CAPEX | -0.0 | 0.0 | -0.0 | 0.0 | 0.0 | 0.0 |
| Payments for acquisitions | -1.1 | -0.2 | -0.7 | -2.0 | -0.4 | -0.4 |
| Financial investments | 0.0 | 0.0 | -6.6 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | -1.2 | -0.2 | -0.8 | -2.0 | -0.4 | -0.4 |
| Cash flow before financing | -2.2 | -0.5 | -1.5 | -1.9 | 0.8 | 1.6 |
| Increase/decrease in debt position | 1.3 | 0.0 | 5.0 | 0.1 | 0.0 | -2.5 |
| Purchase of own shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 0.0 | 0.8 | 9.3 | 0.0 | 0.0 | 0.0 |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | -0.5 | -0.2 | -8.3 | 0.0 | 0.0 | 0.0 |
| Effects of exchange rate changes on cash | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | 0.8 | 0.6 | 6.0 | 0.1 | 0.0 | -2.5 |
| Increase/decrease in liquid assets | -1.4 | 0.1 | 5.3 | -1.8 | 0.8 | -0.9 |
| Liquid assets at end of period | 2.0 | 2.2 | 7.5 | 5.7 | 6.5 | 5.6 |

Source: Company data; AlsterResearch

| Regional sales split (EURm) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------------|------------|------------|------------|------------|------------|-------------|
| Domestic | 0.0 | 0.0 | 2.1 | 4.0 | 4.5 | 5.3 |
| Europe (ex domestic) | 0.0 | 0.0 | 0.0 | 3.9 | 4.5 | 5.3 |
| The Americas | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Asia | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Rest of World | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total sales | 2.1 | 2.3 | 2.4 | 7.5 | 8.7 | 10.0 |

| Regional sales split (common size) | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Domestic | 0.0% | 0.0% | 87.7% | 53.0% | 52.4% | 52.6% |
| Europe (ex domestic) | 0.0% | 0.0% | 0.0% | 51.7% | 52.4% | 52.6% |
| The Americas | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Asia | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Rest of World | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total sales | 100% | 100% | 100% | 100% | 100% | 100% |

Source: Company data; AlsterResearch

| Ratios | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------------------|---------|--------|---------|--------|--------|-------|
| Per share data | | | | | | |
| Earnings per share reported | -0.19 | -0.10 | -0.12 | -0.05 | -0.03 | 0.03 |
| Cash flow per share | -0.05 | -0.01 | -0.03 | 0.00 | 0.04 | 0.06 |
| Book value per share | 0.58 | 0.48 | 0.44 | 0.50 | 0.47 | 0.50 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Valuation | | | | | | |
| P/E | -4.3x | -8.2x | -6.3x | -15.3x | -29.4x | 27.5x |
| P/CF | -17.3x | -55.0x | -29.7x | 189.0x | 21.8x | 12.7x |
| P/BV | 1.4x | 1.6x | 1.8x | 1.6x | 1.7x | 1.6x |
| Dividend yield (%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FCF yield (%) | -5.8% | -1.8% | -3.4% | 0.5% | 4.6% | 7.9% |
| EV/Sales | 12.0x | 10.6x | 9.8x | 3.4x | 2.8x | 2.3x |
| EV/EBITDA | -41.4x | 565.9x | -27.5x | 48.0x | 16.7x | 10.0x |
| EV/EBIT | -6.1x | -11.4x | -8.3x | -16.5x | -35.3x | 20.9x |
| Income statement (EURm) | | | | | | |
| Sales | 2.1 | 2.3 | 2.4 | 7.5 | 8.7 | 10.0 |
| yoy chg in % | 358.1% | 12.3% | 3.3% | 215.0% | 15.0% | 15.0% |
| Gross profit | 2.7 | 2.7 | 2.6 | 6.8 | 8.1 | 9.4 |
| Gross margin in % | 129.5% | 116.9% | 108.0% | 90.0% | 93.0% | 94.0% |
| EBITDA | -0.6 | 0.0 | -0.9 | 0.5 | 1.5 | 2.3 |
| EBITDA margin in % | -28.9% | 1.9% | -35.7% | 7.0% | 17.0% | 23.0% |
| EBIT | -4.0 | -2.1 | -2.8 | -1.5 | -0.7 | 1.1 |
| EBIT margin in % | -195.7% | -92.3% | -118.7% | -20.4% | -8.0% | 11.0% |
| Net profit | -4.2 | -2.2 | -3.2 | -1.7 | -0.9 | 0.9 |
| Cash flow statement (EURm) | | | | | | |
| CF from operations | -1.0 | -0.3 | -0.7 | 0.1 | 1.2 | 2.0 |
| Capex | -0.0 | 0.0 | -0.0 | 0.0 | 0.0 | 0.0 |
| Maintenance Capex | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Free cash flow | -1.1 | -0.3 | -0.7 | 0.1 | 1.2 | 2.0 |
| Balance sheet (EURm) | | | | | | |
| Intangible assets | 12.9 | 11.5 | 17.6 | 19.6 | 17.4 | 16.2 |
| Tangible assets | 0.1 | 0.1 | 0.4 | 0.4 | 0.4 | 0.4 |
| Shareholders' equity | 13.2 | 11.0 | 11.3 | 16.2 | 15.3 | 16.2 |
| Pension provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liabilities and provisions | 1.6 | 2.2 | 12.5 | 6.1 | 6.2 | 3.8 |
| Net financial debt | -0.9 | -1.1 | -2.1 | -0.2 | -1.0 | -2.6 |
| w/c requirements | 0.2 | -0.1 | 0.4 | 0.8 | 1.0 | 1.2 |
| Ratios | | | | | | |
| ROE | -32.2% | -20.0% | -28.5% | -10.3% | -5.7% | 5.7% |
| ROCE | -27.4% | -16.3% | -11.9% | -6.9% | -3.2% | 5.5% |
| Net gearing | NaN% | NaN% | NaN% | NaN% | NaN% | NaN% |
| Net debt / EBITDA | 1.5x | -26.0x | 2.5x | -0.5x | -0.7x | -1.1x |

Source: Company data; AlsterResearch

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Contacts

SRH AlsterResearch AG
Himmelstr. 9
22299 Hamburg

Tel: +49 40 309 293-52
E-Mail: info@alsterresearch.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-53
E-Mail: h.gabert@alsterresearch.com

Sales

MARKUS KÖNIG-WEISS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: mkw@alsterresearch.com

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-52
E-Mail: h.hof@alsterresearch.com

LEVENT YILMAZ
Senior Analyst
Tel: +49 40 309 293-52
E-Mail: l.yilmaz@alsterresearch.com

KATHARINA SCHLÖTER
Analyst
Tel: +49 40 309 293-52
E-Mail: k.schloeter@alsterresearch.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@alsterresearch.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@alsterresearch.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@alsterresearch.com

mwb fairtrade Wertpapierhandelsbank AG
Rottenbucher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
E-Mail: info@mwbfairtrade.com

Equity Capital Markets / Trading

KAI JORDAN
Member of the Board
Tel: +49 40 36 0995-22
E-Mail: kjordan@mwbfairtrade.com

ALEXANDER DEUSS
Head of Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995 - 23
E-Mail: sguenon@mwbfairtrade.com

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