

# niiio finance Group AG

Germany | Technology | MCap EUR 26.3m

10 November 2022

UPDATE



## niiio strengthens risk management with FundHero cooperation

### What's it all about?

niiio will cooperate with FundHero via its subsidiary PATRONAS. Thanks to managed risk services of FundHero, banks and financial service providers are able to determine and calculate all risk figures and thus fulfil the extensive regulatory reporting obligations. By strengthening its risk management solutions, niiio opens up further opportunities for cross- and up-selling as well as synergy potentials between asset and wealth management. We reiterate to BUY with PT of EUR 1.60 based on our DCF-valuation, which offers an upside potential of 97.5%

**BUY** (BUY)

<b>Target price</b>	<b>EUR 1.60 (1.60)</b>
Current price	EUR 0.81
Up/downside	97.5%



**MAIN AUTHOR**

**Levent Yilmaz**

[l.yilmaz@alsterresearch.com](mailto:l.yilmaz@alsterresearch.com)

+49 40 309293-52

# niiio finance Group AG

Germany | Technology | MCap EUR 26.3m | EV EUR 24.2m

**BUY** (BUY)

**Target price** EUR 1.60 (1.60)  
**Current price** EUR 0.81  
**Up/downside** 97.5%

**MAIN AUTHOR**

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

## niiio strengthens risk management with FundHero; BUY

**niiio strengthens risk management offering with FundHero cooperation** niiio will cooperate with FundHero via its subsidiary PATRONAS. Thanks to managed risk services of FundHero, banks and financial service providers are able to determine and calculate all risk figures and thus fulfil the extensive regulatory reporting obligations.

**Opportunities for cross- and up-selling as well as synergy potentials** By strengthening its risk management solutions, niiio opens up further opportunities for cross- and up-selling as well as synergy potentials between asset and wealth management (AWM).

**one-stop-shop solution in AWM** In the face of rapidly increasing regulatory requirements, technological change, changing customer demands and immense cost pressures, banks and financial service providers are faced with the need to automate and digitise AWM. They are increasingly relying on cloud-based third-party software solutions. In a highly fragmented market of numerous small niche providers of individual solutions, the goal of the niiio group is to establish itself as the leading one-stop-shop solution in AWM with its SaaS platform.

**Enabler of consistent process automation and maximum data consistency** With the One-Stop-Shop platform, niiio offers its customers an ecosystem that enables consistent process automation and maximum data consistency.

**BUY with PT of EUR 1.60** SaaS companies in the US are valued at an EV/NTM Revenue multiple of 4.9x with projected NTM sales growth of 15%-30%, according to Altimeter Capital. SaaS firms with growth of less than 15% are valued at 2.5x, respectively. The fair value of EUR 1.60 per share for niiio is based on our DCF model, which equals to an EV/NTM Sales multiple of 2.8x. We reiterate to BUY with PT of EUR 1.60, which provides c. 100% upside potential.

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	-42.6x	582.4x	-28.3x	49.4x	17.2x	10.3x
EV/EBIT	-6.3x	-11.8x	-8.5x	-16.9x	-36.3x	21.5x
PER	-4.4x	-8.4x	-6.5x	-15.7x	-30.2x	28.2x
FCF yield	-5.6%	-1.6%	-3.3%	0.5%	4.5%	7.7%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 1.64 / 0.72  
**Price/Book Ratio** 1.9x

**Ticker / Symbols**

ISIN DE000A2G8332  
WKN A2G833  
Bloomberg NIIN:GR

**Changes in estimates**

		Sales	EBIT	EPS
<b>2022E</b>	old	7,5	-1,5	-0,05
	Δ	0,0%	na	na
<b>2023E</b>	old	8,7	-0,7	-0,03
	Δ	0,0%	na	na
<b>2024E</b>	old	10,0	1,1	0,03
	Δ	0,0%	0,0	0,0%

**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**

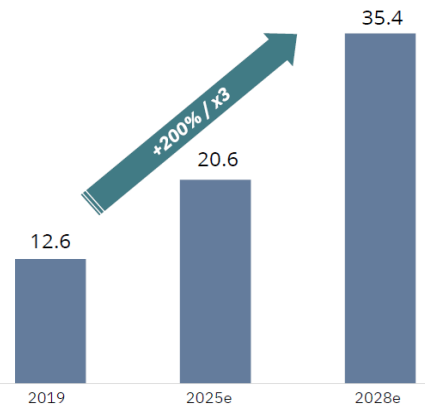
Management and Employees 24.5%  
Deutsche Tech Ventures GmbH 35.7%  
Supervisory Board 0.9%  
Free Float 31.0%

**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.

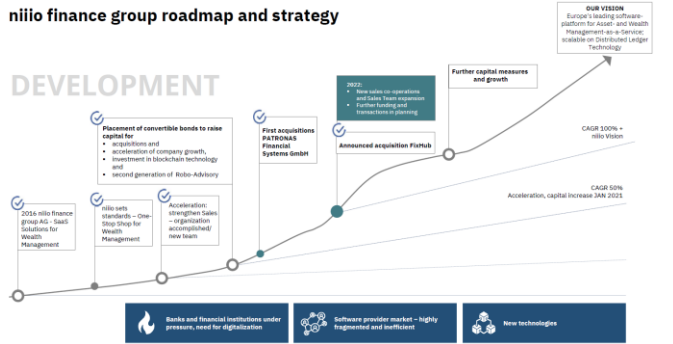
# Investment case in six charts

## European Wealth Tech Solution Market in EUR bn

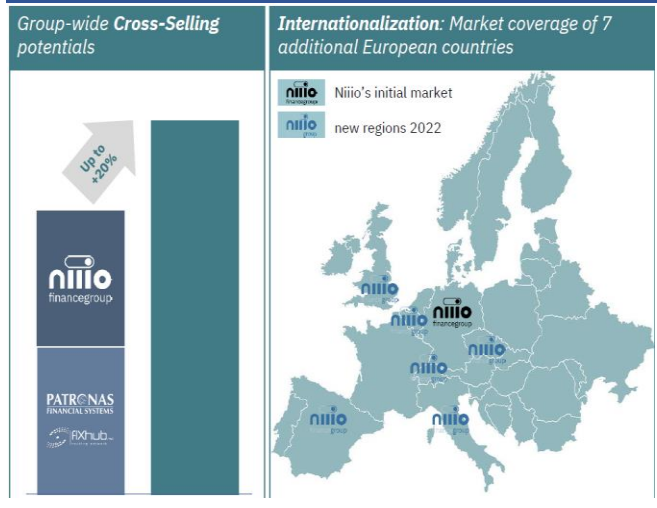


## Roadmap and Strategy

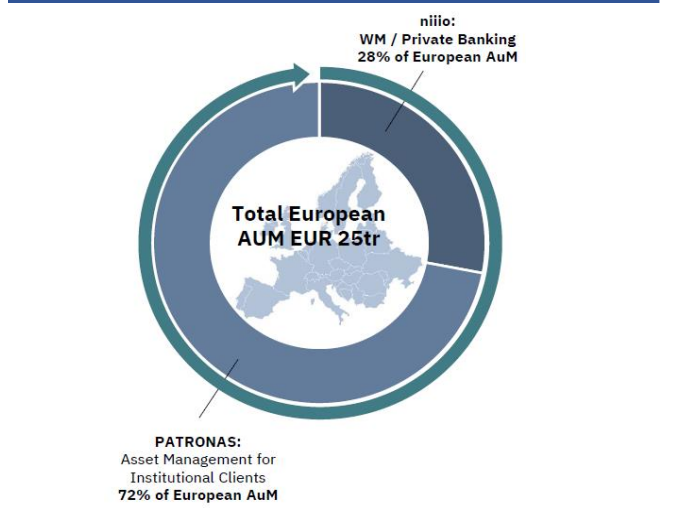
### niio finance group roadmap and strategy



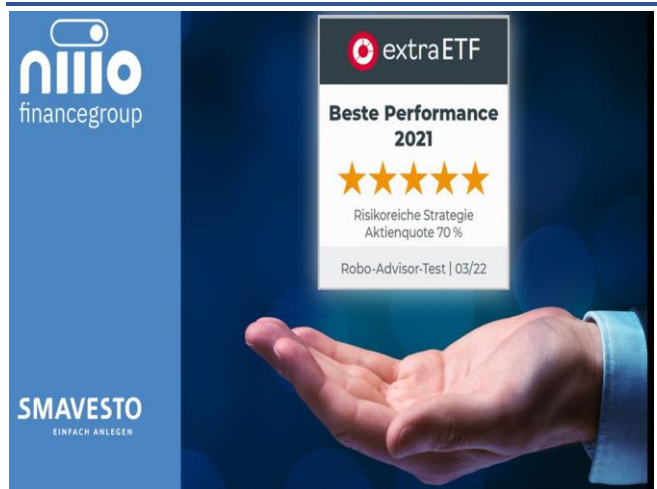
## Cross-Selling and Internationalization



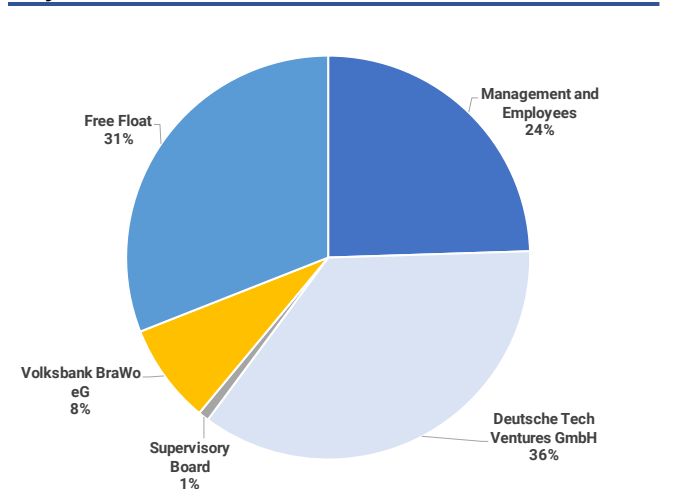
## Expansion of Potential Market Size



## 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 1.58 per share**:

**Top-line growth:** We expect niio 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 0.92. 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 7.6%.

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	62.0
Present value	-1.6	0.9	1.5	1.5	1.8	2.1	2.2	2.0	37.0
WACC	7.9%	7.9%	7.7%	7.6%	7.6%	7.5%	7.5%	7.5%	7.6%

DCF per share derived from	
Total present value	47.3
Mid-year adj. total present value	49.1
Net debt / cash at start of year	-2.1
Financial assets	0.0
Provisions and off b/s debt	0.0
Equity value	51.2
No. of shares outstanding	32.5
<b>Discounted cash flow / share upside/(downside)</b>	<b>1.58 / 94.5%</b>

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	7.6%

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)	0.92
Target debt / equity	0.2
Relevered beta	1.05
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	8.3%

<b>Share price</b>	<b>0.81</b>
--------------------	-------------

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	1.2	2022E-2025E	4.8%	
1.0%	1.2	1.2	1.3	1.4	1.5	2026E-2029E	17.2%	
0.0%	1.4	1.5	1.6	1.7	1.9	terminal value	78.1%	
-1.0%	1.7	1.8	1.9	2.1	2.4			
-2.0%	2.0	2.3	2.5	2.8	3.3			

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
<b>EBITDA</b>	<b>0.5</b>	<b>1.5</b>	<b>2.3</b>	<b>2.6</b>	<b>3.4</b>
- 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
<b>= Adjusted FCF</b>	<b>0.6</b>	<b>1.5</b>	<b>2.2</b>	<b>2.4</b>	<b>2.9</b>
<b>Actual Market Cap</b>	<b>26.3</b>	<b>26.3</b>	<b>26.3</b>	<b>26.3</b>	<b>26.3</b>
+ 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
<b>= Actual EV'</b>	<b>26.1</b>	<b>25.3</b>	<b>23.7</b>	<b>21.8</b>	<b>19.4</b>
<b>Adjusted FCF yield</b>	<b>2.2%</b>	<b>6.0%</b>	<b>9.5%</b>	<b>11.1%</b>	<b>15.0%</b>
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%
<b>Fair EV</b>	<b>10.3</b>	<b>25.3</b>	<b>37.4</b>	<b>40.2</b>	<b>48.7</b>
- <i>EV Reconciliations</i>	-0.3	-1.0	-2.7	-4.5	-6.9
<b>Fair Market Cap</b>	<b>10.5</b>	<b>26.4</b>	<b>40.1</b>	<b>44.7</b>	<b>55.6</b>
No. of shares (million)	32.5	32.5	32.5	32.5	32.5
<b>Fair value per share in EUR</b>	<b>0.32</b>	<b>0.81</b>	<b>1.23</b>	<b>1.38</b>	<b>1.71</b>
<b>Premium (-) / discount (+)</b>	<b>-60.0%</b>	<b>0.3%</b>	<b>52.3%</b>	<b>69.9%</b>	<b>111.2%</b>

### Sensitivity analysis FV

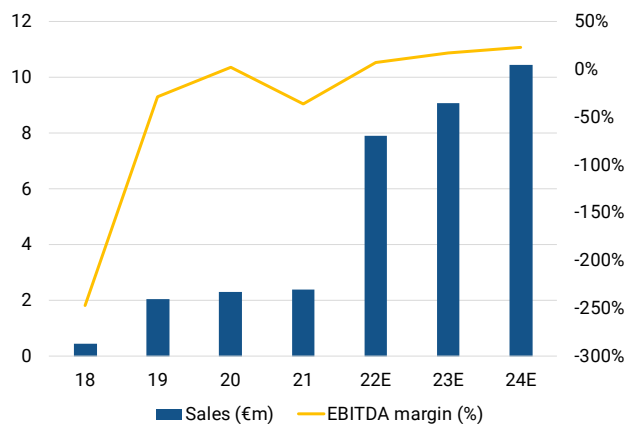
	4.0%	0.5	1.2	1.8	2.0	2.5
<b>Adjusted hurdle rate</b>	5.0%	0.4	1.0	1.5	1.6	2.0
	<b>6.0%</b>	<b>0.3</b>	<b>0.8</b>	<b>1.2</b>	<b>1.4</b>	<b>1.7</b>
	7.0%	0.3	0.7	1.1	1.2	1.5
	8.0%	0.2	0.6	0.9	1.1	1.3

Source: Company data; AlsterResearch

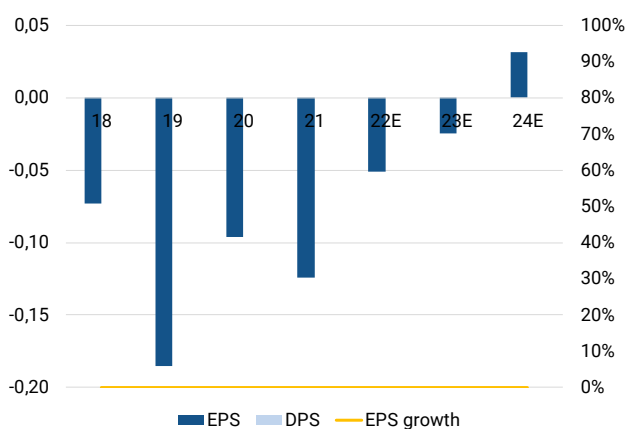
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments 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

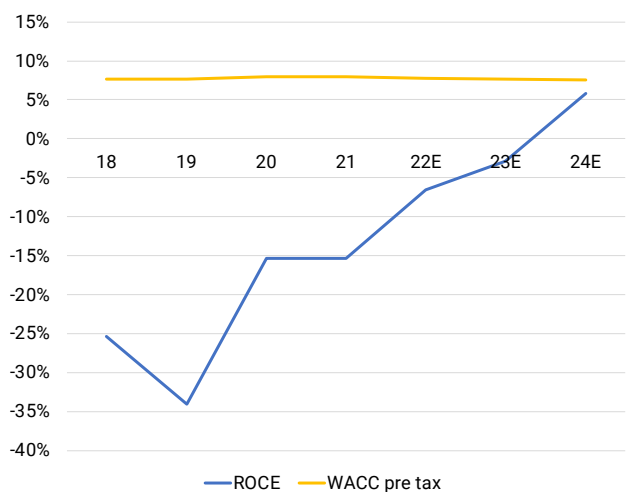
**Sales vs. EBITDA margin development**



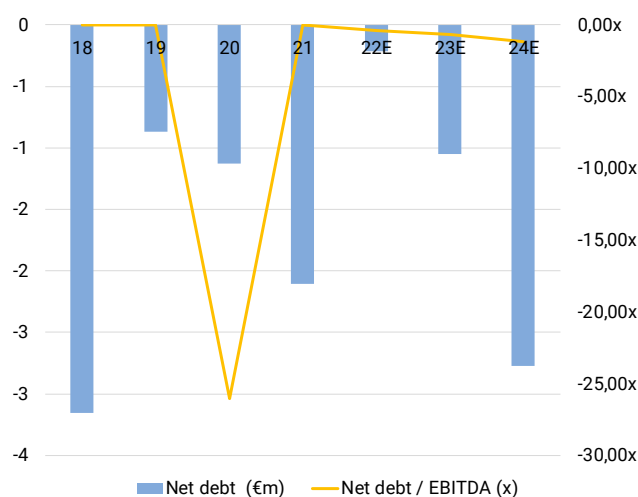
**EPS, DPS in EUR & yoy EPS growth**



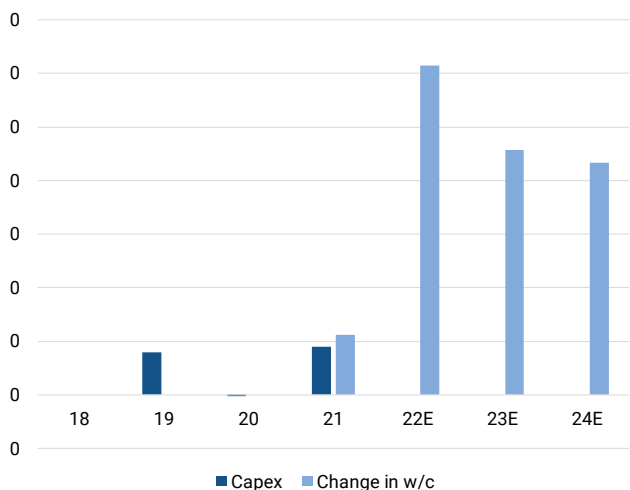
**ROCE vs. WACC (pre tax)**



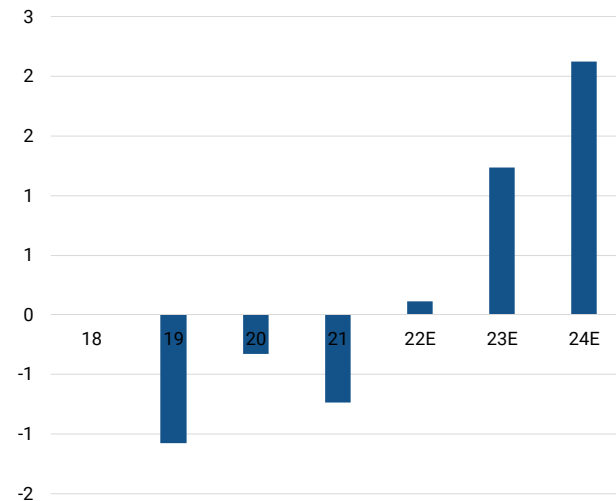
**Net debt and net debt/EBITDA**



**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
<b>Net sales</b>	<b>2.1</b>	<b>2.3</b>	<b>2.4</b>	<b>7.5</b>	<b>8.7</b>	<b>10.0</b>
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
<b>Total sales</b>	<b>3.2</b>	<b>2.8</b>	<b>3.0</b>	<b>7.5</b>	<b>8.7</b>	<b>10.0</b>
Material expenses	0.5	0.1	0.4	0.8	0.6	0.6
<b>Gross profit</b>	<b>2.7</b>	<b>2.7</b>	<b>2.6</b>	<b>6.8</b>	<b>8.1</b>	<b>9.4</b>
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
<b>EBITDA</b>	<b>-0.6</b>	<b>0.0</b>	<b>-0.9</b>	<b>0.5</b>	<b>1.5</b>	<b>2.3</b>
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
<b>EBIT</b>	<b>-4.0</b>	<b>-2.1</b>	<b>-2.8</b>	<b>-1.5</b>	<b>-0.7</b>	<b>1.1</b>
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
<b>Net income</b>	<b>-4.2</b>	<b>-2.2</b>	<b>-3.2</b>	<b>-1.7</b>	<b>-0.9</b>	<b>0.9</b>
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
<b>EPS reported</b>	<b>-0.19</b>	<b>-0.10</b>	<b>-0.12</b>	<b>-0.05</b>	<b>-0.03</b>	<b>0.03</b>

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	53%	22%	25%	0%	0%	0%
<b>Total sales</b>	<b>153%</b>	<b>122%</b>	<b>125%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Material expenses	24%	5%	17%	10%	7%	6%
<b>Gross profit</b>	<b>129%</b>	<b>117%</b>	<b>108%</b>	<b>90%</b>	<b>93%</b>	<b>94%</b>
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%
<b>EBITDA</b>	<b>-29%</b>	<b>2%</b>	<b>-36%</b>	<b>7%</b>	<b>17%</b>	<b>23%</b>
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%
<b>EBIT</b>	<b>-196%</b>	<b>-92%</b>	<b>-119%</b>	<b>-20%</b>	<b>-8%</b>	<b>11%</b>
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%
<b>Net income</b>	<b>-205%</b>	<b>-95%</b>	<b>-135%</b>	<b>-22%</b>	<b>-10%</b>	<b>9%</b>
Minority interest	0%	0%	0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>-205%</b>	<b>-95%</b>	<b>-135%</b>	<b>-22%</b>	<b>-10%</b>	<b>9%</b>

Source: Company data; AlsterResearch



Balance sheet (EURm)	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets (exl. Goodwill)</b>	<b>2.3</b>	<b>2.1</b>	<b>6.9</b>	<b>4.8</b>	<b>2.7</b>	<b>1.5</b>
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
<b>FIXED ASSETS</b>	<b>13.0</b>	<b>11.5</b>	<b>18.0</b>	<b>20.0</b>	<b>17.8</b>	<b>16.6</b>
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
<b>CURRENT ASSETS</b>	<b>2.5</b>	<b>2.5</b>	<b>8.4</b>	<b>7.0</b>	<b>8.0</b>	<b>7.3</b>
<b>TOTAL ASSETS</b>	<b>15.6</b>	<b>14.1</b>	<b>26.5</b>	<b>27.0</b>	<b>25.8</b>	<b>24.0</b>
<b>SHAREHOLDERS EQUITY</b>	<b>13.2</b>	<b>11.0</b>	<b>11.3</b>	<b>16.2</b>	<b>15.3</b>	<b>16.2</b>
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
<b>Non-current liabilities</b>	<b>0.4</b>	<b>1.1</b>	<b>12.3</b>	<b>5.6</b>	<b>5.7</b>	<b>3.8</b>
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
<b>Current liabilities</b>	<b>2.0</b>	<b>2.0</b>	<b>2.8</b>	<b>5.2</b>	<b>4.8</b>	<b>3.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>15.6</b>	<b>14.1</b>	<b>26.5</b>	<b>27.0</b>	<b>25.8</b>	<b>23.9</b>

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets (excl. Goodwill)</b>	<b>15%</b>	<b>15%</b>	<b>26%</b>	<b>18%</b>	<b>10%</b>	<b>6%</b>
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%
<b>FIXED ASSETS</b>	<b>84%</b>	<b>82%</b>	<b>68%</b>	<b>74%</b>	<b>69%</b>	<b>69%</b>
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%
<b>CURRENT ASSETS</b>	<b>16%</b>	<b>18%</b>	<b>32%</b>	<b>26%</b>	<b>31%</b>	<b>31%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>85%</b>	<b>78%</b>	<b>43%</b>	<b>60%</b>	<b>59%</b>	<b>68%</b>
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%
<b>Non-current liabilities</b>	<b>3%</b>	<b>8%</b>	<b>47%</b>	<b>21%</b>	<b>22%</b>	<b>16%</b>
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%
<b>Current liabilities</b>	<b>13%</b>	<b>14%</b>	<b>11%</b>	<b>19%</b>	<b>19%</b>	<b>16%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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
<b>Cash flow from operating activities</b>	<b>-1.0</b>	<b>-0.3</b>	<b>-0.7</b>	<b>0.1</b>	<b>1.2</b>	<b>2.0</b>
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
<b>Cash flow from investing activities</b>	<b>-1.2</b>	<b>-0.2</b>	<b>-0.8</b>	<b>-2.0</b>	<b>-0.4</b>	<b>-0.4</b>
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
<b>Cash flow from financing activities</b>	<b>0.8</b>	<b>0.6</b>	<b>6.0</b>	<b>0.1</b>	<b>0.0</b>	<b>-2.5</b>
Increase/decrease in liquid assets	-1.4	0.1	5.3	-1.8	0.8	-0.9
<b>Liquid assets at end of period</b>	<b>2.0</b>	<b>2.2</b>	<b>7.5</b>	<b>5.7</b>	<b>6.5</b>	<b>5.6</b>

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
<b>Total sales</b>	<b>2.1</b>	<b>2.3</b>	<b>2.4</b>	<b>7.5</b>	<b>8.7</b>	<b>10.0</b>

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%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
<b>Per share data</b>						
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
<b>Valuation</b>						
P/E	-4.4x	-8.4x	-6.5x	-15.7x	-30.2x	28.2x
P/CF	-17.8x	-56.5x	-30.5x	194.3x	22.4x	13.0x
P/BV	1.5x	1.7x	1.9x	1.8x	1.9x	1.8x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-5.6%	-1.6%	-3.3%	0.5%	4.5%	7.7%
EV/Sales	12.3x	10.9x	10.1x	3.5x	2.9x	2.4x
EV/EBITDA	-42.6x	582.4x	-28.3x	49.4x	17.2x	10.3x
EV/EBIT	-6.3x	-11.8x	-8.5x	-16.9x	-36.3x	21.5x
<b>Income statement (EURm)</b>						
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
<b>Cash flow statement (EURm)</b>						
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
<b>Balance sheet (EURm)</b>						
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
<b>Ratios</b>						
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	-6.6%	-10.3%	-18.5%	-1.5%	-6.6%	-16.2%
Net debt / EBITDA	1.5x	-26.0x	2.5x	-0.5x	-0.7x	-1.1x

Source: Company data; AlsterResearch

## Conflicts of interest

Disclosures regarding research publications of SRH AlsterResearch AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures. It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analyzed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if SRH AlsterResearch AG

- (1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, acquired the financial instruments of the analyzed company,
- (2) has entered into an agreement on the production of the research report with the analyzed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analyzed company or have received services or a promise of services under the term of such an agreement,
- (4) or its affiliate(s) holds a) 5% or more of the share capital of the analyzed company, or b) the analyzed company holds 5% or more of the share capital of SRH AlsterResearch AG or its affiliate(s),
- (5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analyzed company or derivatives thereof,
- (6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analyzed company such as, for example, exercising mandates in the interest of the analyzed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
niiio finance Group AG	2, 8

# Important disclosures

**1. General Information/Liabilities** This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by SRH AlsterResearch AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of SRH AlsterResearch AG. Reproduction of this document, in whole or in part, is not permitted without prior permission SRH AlsterResearch AG. All rights reserved. Under no circumstances shall SRH AlsterResearch AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

**2. Responsibilities** This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analyzed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

**3. Organizational Requirements** SRH AlsterResearch AG took internal organizational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of AlsterResearch AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

**4. Information Concerning the Methods of Valuation/Update** The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made. The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate. The operating cash flow is calculated as EBITDA less maintenance capex and taxes. Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value. Detailed information on the valuation principles and methods used and the underlying assumptions can be found at <https://www.alsterresearch.com>.

SRH AlsterResearch AG uses the following three-step rating system for the analyzed companies:

- **Buy:** Sustainable upside potential of more than 10% within 12 months
- **Sell:** Sustainable downside potential of more than 10% within 12 months.
- **Hold:** Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of SRH AlsterResearch AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analyzed in this document was solely made by SRH AlsterResearch AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of SRH AlsterResearch AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

**5. Date and time of first publication of this financial analysis**  
10-Nov-22 10:08:18

## 6. Risk information

- Stock exchange investments and investments in companies (shares) are always speculative and involve the risk of total loss.
- This is particularly true in respect of investments in companies which are not established and/or small and have no established business or corporate assets.
- Share prices may fluctuate significantly. This is particularly true for shares with low liquidity (market breadth). Even small orders can have a significant impact on the share price.
- In the case of shares in narrow markets, it may also happen that there is no or very little actual trading there and that published prices are not based on actual trading but have only been provided by a stockbroker.
- In such markets a shareholder cannot expect to find a buyer for his shares at all and/or at reasonable prices. In such narrow markets there is a very high possibility of manipulating prices and in such markets there are often considerable price fluctuations.
- An investment in shares with low liquidity and low market capitalization is therefore highly speculative and represents a very high risk.
- There is no regulated market for unlisted shares and securities and a sale is not possible or only possible on an individual basis.

**7. Major Sources of Information** Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. SRH AlsterResearch AG has checked the information for plausibility but not for accuracy or completeness.

**8. Competent Supervisory Authority** SRH AlsterResearch AG are under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M. This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

**9. Specific Comments for Recipients Outside of Germany** This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

**10. Miscellaneous** According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published free of charge under <https://www.alsterresearch.com>.

## Contacts

**SRH AlsterResearch AG**  
Himmelstr. 9  
22299 Hamburg

Tel: +49 40 309 293-52  
E-Mail: [info@alsterresearch.com](mailto:info@alsterresearch.com)

### Team Assistant

**HANNAH GABERT**  
Team Assistant  
Tel: +49 40 309 293-53  
E-Mail: [h.gabert@alsterresearch.com](mailto:h.gabert@alsterresearch.com)

### Sales

**MARKUS KÖNIG-WEISS**  
Head of Sales  
Tel: +49 40 309 293-52  
E-Mail: [mkw@alsterresearch.com](mailto:mkw@alsterresearch.com)

### Research

**HARALD HOF**  
Senior Analyst  
Tel: +49 40 309 293-52  
E-Mail: [h.hof@alsterresearch.com](mailto:h.hof@alsterresearch.com)

**LEVENT YILMAZ**  
Senior Analyst  
Tel: +49 40 309 293-52  
E-Mail: [l.yilmaz@alsterresearch.com](mailto:l.yilmaz@alsterresearch.com)

**KATHARINA SCHLÖTER**  
Analyst  
Tel: +49 40 309 293-52  
E-Mail: [k.schloeter@alsterresearch.com](mailto:k.schloeter@alsterresearch.com)

**THOMAS WISSLER**  
Senior Analyst  
Tel: +49 40 309 293-58  
E-Mail: [t.wissler@alsterresearch.com](mailto:t.wissler@alsterresearch.com)

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

**ALEXANDER ZIENKOWICZ**  
Senior Analyst  
Tel: +49 40 309 293-56  
E-Mail: [a.zienkowicz@alsterresearch.com](mailto: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](mailto:info@mwbfairtrade.com)

### Equity Capital Markets / Trading

**KAI JORDAN**  
Member of the Board  
Tel: +49 40 36 0995-22  
E-Mail: [kjordan@mwbfairtrade.com](mailto:kjordan@mwbfairtrade.com)

**ALEXANDER DEUSS**  
Head of Institutional Sales  
Tel: +49 40 36 0995-22  
E-Mail: [adeuss@mwbfairtrade.com](mailto:adeuss@mwbfairtrade.com)

**SASCHA GUENON**  
Head of Designated Sponsoring  
Tel: +49 40 360 995 - 23  
E-Mail: [sguenon@mwbfairtrade.com](mailto:sguenon@mwbfairtrade.com)

Our research can be found under



<b>RESEARCH HUB</b>	<a href="http://www.research-hub.de">www.research-hub.de</a>
<b>BLOOMBERG</b>	<a href="http://www.bloomberg.com">www.bloomberg.com</a>
<b>FACTSET</b>	<a href="http://www.factset.com">www.factset.com</a>
<b>THOMSON REUTERS / REFINITIV</b>	<a href="http://www.refinitiv.com">www.refinitiv.com</a>
<b>CAPITALIQ</b>	<a href="http://www.capitaliq.com">www.capitaliq.com</a>