

niiio finance Group AG

Germany | Technology | MCap EUR 15.0m

30 October 2023

UPDATE



Going private; Down to HOLD

What's it all about?

niiio finance group AG (“niiio”) announced that a majority of its investors has entered into an investor and shareholder agreement with Neptune TopCo GmbH, an investment company indirectly owned by Pollen Street Capital Limited. Over 68% of outstanding shares are part of this agreement, including Deutsche Tech Ventures GmbH. The deal involves shareholders exchanging their niiio shares for Neptune shares, maintaining an indirect interest in niiio. This strategic move is geared towards financing acquisitions – of which four are already in the final stage of negotiation – and fostering the company's economic development. The deal may lead to niiio's delisting from the stock exchange. In addition, outside investors might face uncertainty regarding their holdings given Neptune's/Pollens control over niiio. While the partnership benefits niiio strategically, the impact on outside investors remains unclear, prompting us to downgrade from BUY to HOLD with a new PT of EUR 0.50 (old EUR 1.20).

HOLD (BUY)

Target price	EUR 0.50 (1.20)
Current price	EUR 0.46
Up/downside	8.7%



MAIN AUTHOR

Thomas Wissler

t.wissler@alsterresearch.com
+49 40 309293-58

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niiio finance Group AG

Germany | Technology | MCap EUR 15.0m | EV EUR 18.6m

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+49 40 309293-58

Going private; Down to HOLD

Investor and shareholder agreement signed. niiio finance group AG ("niiio") announced that a majority of its shareholders have signed an investor and shareholder agreement with the investment company Neptune TopCo GmbH ("Neptune"). The company is indirectly owned by investment funds managed or advised by Pollen Street Capital Limited ("Pollen"). Pollen, headquartered in London, UK, is an asset manager specializing in the financial services industry. According to the press release, more than 68% of all outstanding shares are part of the shareholder agreement, which effectively means that more or less all "non-free float" investors are part of the agreement, including Deutsche Tech Ventures GmbH, the investment vehicle of CEO Johann Horch.

The acquisition will be effected by the existing shareholders contributing their shares in niiio to Neptune in exchange for new shares in Neptune. The existing shareholders will therefore continue to hold an indirect interest in niiio through this holding company.

The management and supervisory board of niiio welcome the conclusion of the investor agreement and support its implementation. The closing of the transaction is subject to several conditions. Upon closing of the transaction, the previous shareholder Volksbank BRAWO eG will sell its ~8% (eAR) stake in niiio to a subsidiary of Neptune.

Further acquisitions: One of the main parts of the above-mentioned investor and shareholder agreement is an investment plan with successive capital increases to finance further acquisitions and to support the economic development of the company. In this respect, Neptune is already in the final stages of acquiring four additional entities fundsaccess AG (its subsidiary company MiFID-Recorder GmbH), FundHero S.A. and its sister company FinTecc LLC. Combined, these four entities generated 2022 sales of approx. EUR 9.5-10m. In a subsequent transaction, Neptune intends to contribute these companies to the niiio finance group by way of a capital increase in kind.

-continued-

niiio finance Group	2020	2021	2022	2023E	2024E	2025E
Sales	2.3	2.4	7.5	8.4	9.4	10.5
<i>Growth yoy</i>	12.3%	3.3%	214.5%	12.0%	12.0%	11.0%
EBITDA	0.0	-0.9	0.8	1.2	1.9	2.1
EBIT	-2.1	-2.8	-2.6	-1.0	0.7	1.8
Net profit	-2.2	-3.2	-3.3	-1.4	0.5	1.5
Net debt (net cash)	-1.1	-2.1	3.6	1.6	0.4	-0.9
Net debt/EBITDA	-26.0x	2.5x	4.4x	1.3x	0.2x	-0.4x
EPS reported	-0.10	-0.12	-0.10	-0.04	0.01	0.05
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	116.9%	108.0%	112.3%	93.0%	94.0%	94.0%
EBITDA margin	1.9%	-35.7%	10.8%	14.0%	20.0%	20.0%
EBIT margin	-92.3%	-118.7%	-34.6%	-12.1%	7.6%	17.2%
ROCE	-16.3%	-11.9%	-11.5%	-5.3%	4.1%	10.1%
EV/EBITDA	321.3x	-15.1x	23.0x	14.0x	8.2x	6.7x
EV/EBIT	-6.5x	-4.5x	-7.1x	-16.3x	21.6x	7.8x
PER	-4.8x	-3.7x	-4.5x	-10.8x	33.3x	10.2x
FCF yield	-3.1%	-5.8%	2.9%	16.3%	10.3%	11.4%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 1.08 / 0.35
Price/Book Ratio 1.0x

Ticker / Symbols

ISIN DE000A2G8332
WKN A2G833
Bloomberg NIIN:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	8.4	-1.0	-0.04
	Δ	0.0%	na%	na%
2024E	old	9.4	0.7	0.01
	Δ	0.0%	0.0%	0.0%
2025E	old	10.5	1.8	0.05
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 32.66
Book value per share: (in EUR) 0.45
Ø trading volume: (12 months) 10,000

Major shareholders

Management and Employees 24.5%
Deutsche Tech Ventures GmbH 35.7%
Supervisory Board 1.4%
Free Float 30.5%

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.

In order to complete the integration, Neptune is considering, among other things,

- a) delisting niio shares from the stock exchanges (Düsseldorf and Frankfurt)
- b) acquiring further shares in the company by means of an off-market purchase and/or a voluntary takeover offer
- c) carrying out a capital increase of up to 10% of the company's share capital with simplified exclusion of subscription rights.

Our take First of all, we welcome the fact that niio finance has found a strategic partner that can help the company continue to build its European "one-stop shop" for asset and wealth management firms. The company appears committed to investing the necessary funds to pursue niio's buy and build strategy. Evidence of this can be seen in the contribution in kind of the four new companies, which further complements niio's product offering and also increases the company's scale to become a well-established player in this market.

In terms of shareholding, and upon execution of the Investor and Shareholder Agreement, we believe that Neptune/Pollen and its subsidiaries will gain almost complete control of niio. In fact, the various measures will most likely push Neptune's shareholding well above the 90% threshold (eAR), effectively meaning that Neptune can exercise full influence over the company without having to worry about the approval of outside investors.

This raises the question of how the new "owner" of niio will treat the remaining free float investors. While the planned delisting of niio's shares does not provide a good basis for existing investors, it remains to be seen whether Neptune will make a voluntary tender offer and, if so, on what terms. Given that the shares are trading near all-time lows and approximately 62% below our fair value calculation, we doubt that an adequate takeover price will be paid. Even using a 3-month VWAP as an indicative takeover price, we would arrive at a price of approximately EUR 0.53 per share, or 55% below our PT.

Conclusion From a strategic perspective, we welcome the quasi-takeover by Neptune/Pollen as it provides niio with the necessary funds to pursue its buy and build strategy. For outside investors, however, the question remains how the controlling investor will act in the future. For us, valuing niio finance therefore become less of a fundamental exercise but rather a special situation case. Given that we do not expect a large premium to be paid in case of a voluntary takeover offer, and given the imminent threat of a delisting, we no longer recommend to BUY the shares. Instead, we downgrade to HOLD with a new PT of EUR 0.50, until further news are being announced about the future fate of niio.

About the "targets"

fundsaccess AG, until now a wholly-owned subsidiary of Munich-based Finconomy AG, is a renowned provider of a software-as-a-service solution for legally compliant investment advice in the mass business, including for insurance companies. As part of the acquisition, the former competitor of niio's subsidiary DSER will strengthen and expand the group's reach in the area of wealth management services. Munich-based fundsaccess AG has 27 employees and generated revenues of EUR 7.2m in 2022. **MiFiD-Recorder GmbH**, with five employees and annual revenues of EUR 0.8m, is also part of the transaction.

FundHero S.A. is already a cooperation partner of niio's subsidiary PATRONAS and complements the group's product range in the asset management segment, in particular with its "Managed Services" for fund companies in the area of risk management and sustainability (EU Disclosure Regulation, SFDR). The company generated revenues of EUR 1.4m in 2022 and, together with its sister company FinTecc LLC, has 10 employees.

FinTecc LLC will also be acquired as part of the transaction and will focus on data development and data management, as well as becoming a near-shoring location for the Group's software development.

The number of employees in the niio group of companies will increase to more than 110 as a result of the acquisitions, and consolidated pro forma revenues would have been approximately EUR 17m in 2022.

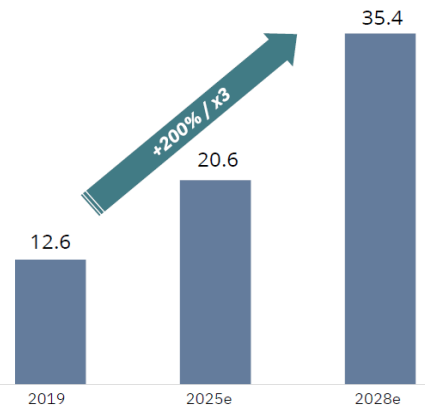
The following table displays the half-year performance of **niio finance Group AG**:

P&L data	H2 2019	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023
Sales	na	1.1	-0.0	1.1	2.6	3.7	3.9	4.1
yoy growth in %	na%	na%	na%	-1.6%	-14,359.6%	232.7%	50.5%	10.8%
Gross profit	na	1.0	-0.1	1.0	2.4	3.3	5.1	3.8
Gross margin in %	na%	92.0%	422.2%	86.6%	92.2%	90.5%	133.1%	94.6%
EBITDA	na	-0.2	0.0	-0.2	0.5	0.3	0.5	0.4
EBITDA margin in %	na%	-19.0%	-166.7%	-16.6%	18.8%	8.2%	13.2%	10.6%
EBIT	na	-1.3	0.1	-1.2	-0.2	-1.4	-1.2	-1.3
EBIT margin in %	na%	-117.5%	-744.4%	-107.3%	-7.8%	-37.7%	-31.7%	-32.4%
EBT	na	-1.3	-0.2	-1.5	-0.0	-1.5	-1.4	-1.5
taxes paid	na	-0.1	0.1	-0.0	0.2	0.2	0.2	0.2
tax rate in %	na%	6.0%	-24.9%	1.2%	-1,675.0%	-14.3%	-10.5%	-14.0%
net profit	na	-1.3	-0.2	-1.5	-0.2	-1.7	-1.6	-1.8
yoy growth in %	na%	na%	na%	na%	na%	na%	na%	na%
EPS	na	-0.05	-0.01	-0.06	-0.01	-0.05	-0.05	-0.05

Source: Company data; AlsterResearch

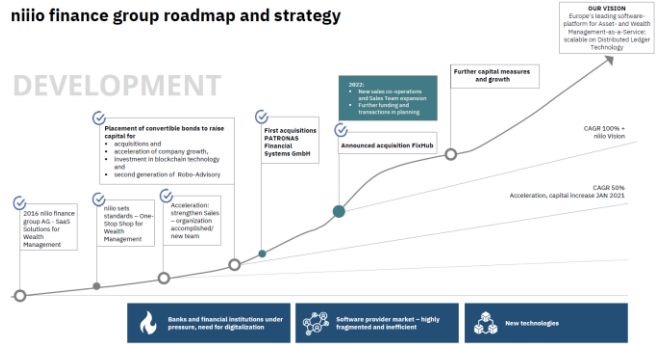
Investment case in six charts

European Wealth Tech Solution Market in EUR bn



Roadmap and Strategy

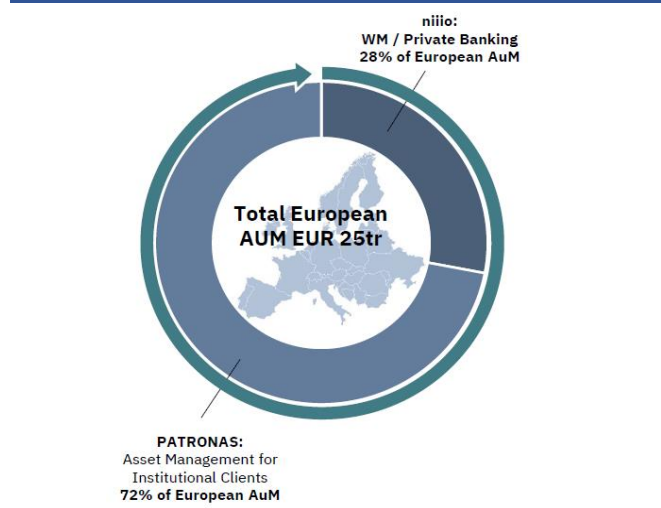
niiio finance group roadmap and strategy



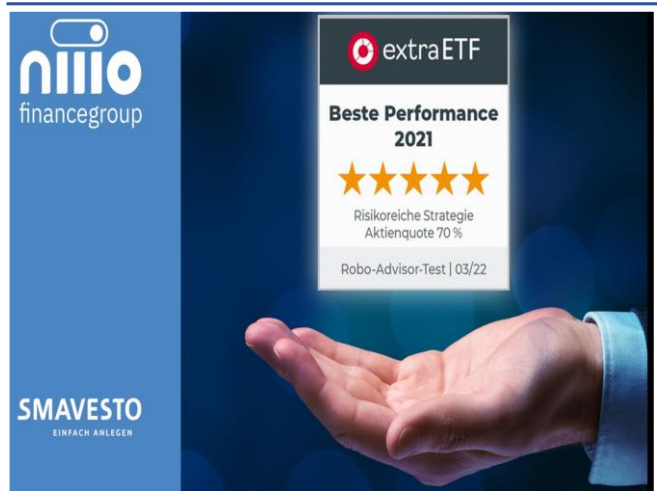
Cross-Selling and Internationalization



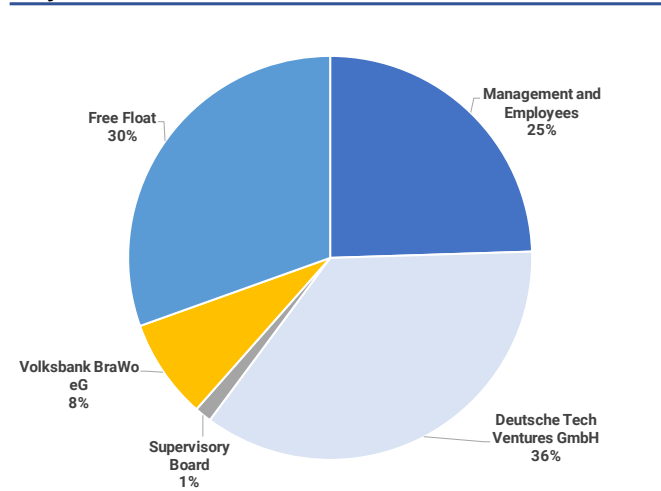
Expansion of Potential Market Size



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

- Loss making in 2022
- 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 1.23 per share**:

Top-line growth: We expect niii finance Group AG to continue benefitting from structural growth. Hence our growth estimates for 2023E-2030E is in the range of 7.2% 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 1.00. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.3%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.5 this results in a long-term WACC of 8.1%.

DCF (EURm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	-1.0	0.7	1.6	2.4	2.9	2.9	2.6	2.7	
Depreciation & amortization	2.2	1.2	0.3	0.2	0.3	0.3	0.2	0.2	
Change in working capital	1.7	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.0	
Chg. in long-term provisions	-0.0	0.1	0.1	0.1	0.0	0.0	0.1	0.0	
Capex	-0.4	-0.4	-0.4	-0.4	-0.4	0.0	0.0	0.0	
Cash flow	2.5	1.4	1.5	2.2	2.7	3.2	2.8	2.9	48.5
Present value	2.4	1.2	1.2	1.7	2.0	2.1	1.8	1.7	27.8
WACC	8.7%	8.4%	8.2%	8.1%	8.0%	8.0%	8.0%	8.0%	8.1%

DCF per share derived from	
Total present value	42.0
Mid-year adj. total present value	43.7
Net debt / cash at start of year	3.6
Financial assets	0.0
Provisions and off b/s debt	0.0
Equity value	40.1
No. of shares outstanding	32.7
Discounted cash flow / share upside/(downside)	1.23 / 166.7%

Share price	0.46
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DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2023E-2030E)	7.2%
Terminal value growth (2030E - infinity)	2.0%
Terminal year ROCE	13.6%
Terminal year WACC	8.1%

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)	1.00
Target debt / equity	0.5
Relevered beta	1.38
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.3%

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%	0.8	0.9	0.9	0.9	1.0	2023E-2026E	15.8%
1.0%	0.9	1.0	1.0	1.1	1.2	2027E-2030E	18.0%
0.0%	1.1	1.2	1.2	1.3	1.4	terminal value	66.2%
-1.0%	1.3	1.4	1.5	1.6	1.8		
-2.0%	1.6	1.7	1.9	2.1	2.4		

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 0.59 per share based on 2023E and EUR 1.79 per share on 2027E 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	2023E	2024E	2025E	2026E	2027E
EBITDA	1.2	1.9	2.1	3.1	3.9
- 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	0.2	0.4	0.7
= Adjusted FCF	1.3	1.9	1.9	2.7	3.2
Actual Market Cap	15.0	15.0	15.0	15.0	15.0
+ Net debt (cash)	1.6	0.4	-0.9	-3.1	-5.8
+ 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>	1.6	0.4	-0.9	-3.1	-5.8
= Actual EV'	16.6	15.4	14.1	11.9	9.2
Adjusted FCF yield	7.6%	12.1%	13.7%	22.7%	34.4%
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	20.9	31.1	32.2	45.1	52.7
- <i>EV Reconciliations</i>	1.6	0.4	-0.9	-3.1	-5.8
Fair Market Cap	19.3	30.7	33.1	48.2	58.5
No. of shares (million)	32.7	32.7	32.7	32.7	32.7
Fair value per share in EUR	0.59	0.94	1.01	1.48	1.79
Premium (-) / discount (+)	28.8%	104.3%	120.5%	220.8%	289.7%

Sensitivity analysis FV

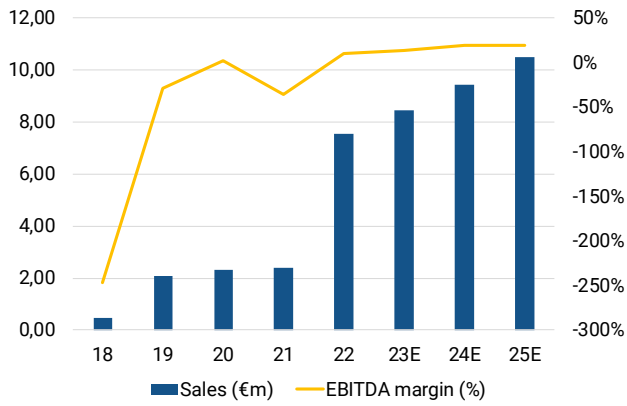
	4.0%	0.9	1.4	1.5	2.2	2.6
Adjusted hurdle rate	5.0%	0.7	1.1	1.2	1.8	2.1
	6.0%	0.6	0.9	1.0	1.5	1.8
	7.0%	0.5	0.8	0.9	1.3	1.6
	8.0%	0.4	0.7	0.8	1.1	1.4

Source: Company data; AlsterResearch

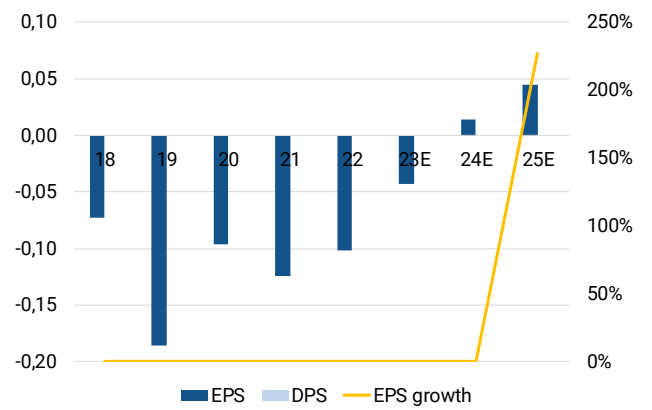
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

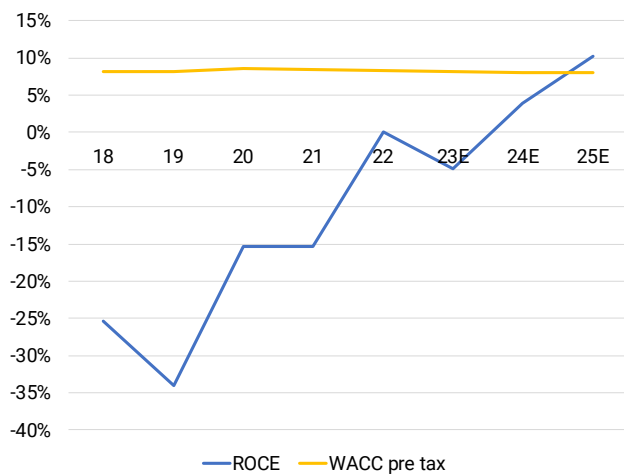
Sales vs. EBITDA margin development



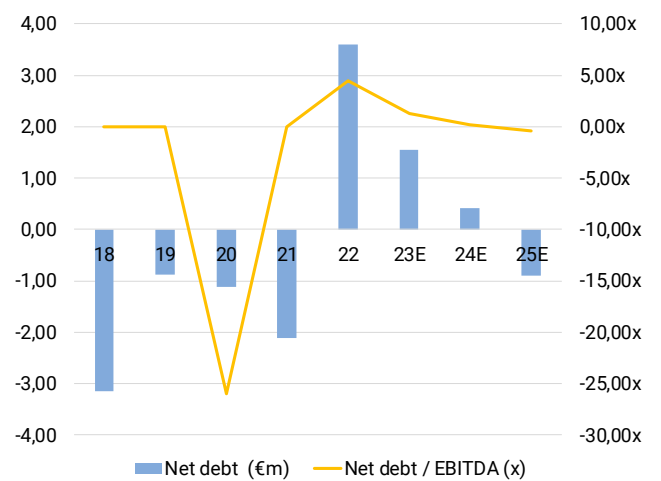
EPS, DPS in EUR & yoy EPS growth



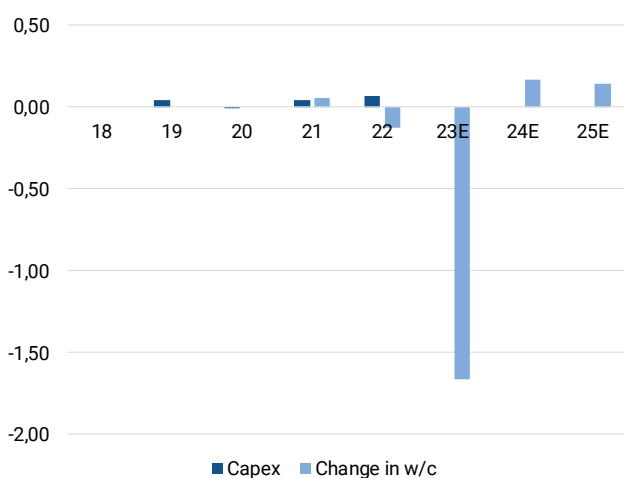
ROCE vs. WACC (pre tax)



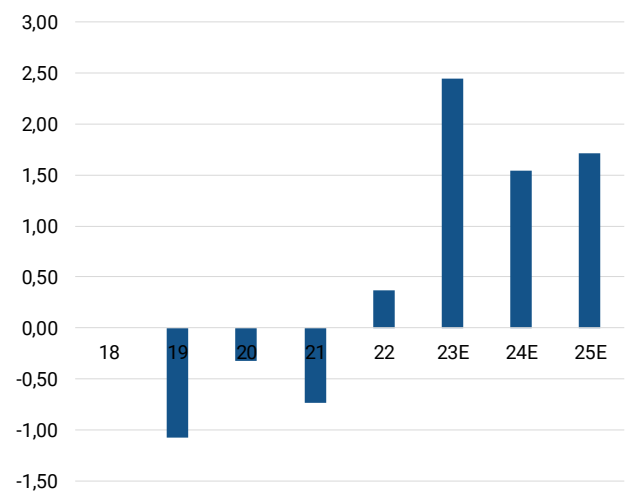
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EURm)	2020	2021	2022	2023E	2024E	2025E
Net sales	2.3	2.4	7.5	8.4	9.4	10.5
Sales growth	12.3%	3.3%	214.5%	12.0%	12.0%	11.0%
Change in finished goods and work-in-process	0.5	0.6	1.5	0.0	0.0	0.0
Total sales	2.8	3.0	9.1	8.4	9.4	10.5
Material expenses	0.1	0.4	0.6	0.6	0.6	0.6
Gross profit	2.7	2.6	8.5	7.8	8.9	9.9
Other operating income	0.1	0.0	0.3	0.1	0.1	0.1
Personnel expenses	1.9	2.3	5.6	5.5	5.9	6.5
Other operating expenses	0.8	1.2	2.3	1.3	1.2	1.4
EBITDA	0.0	-0.9	0.8	1.2	1.9	2.1
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	0.0	-0.9	0.8	1.2	1.9	2.1
Amortisation of goodwill and intangible assets	2.2	2.0	3.4	2.2	1.2	0.3
EBIT	-2.1	-2.8	-2.6	-1.0	0.7	1.8
Financial result	-0.1	-0.4	-0.3	-0.4	-0.2	-0.2
Recurring pretax income from continuing operations	-2.2	-3.2	-2.9	-1.5	0.5	1.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-2.2	-3.2	-2.9	-1.5	0.5	1.6
Taxes	-0.0	0.0	0.4	-0.1	0.0	0.2
Net income from continuing operations	-2.2	-3.2	-3.3	-1.4	0.5	1.5
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-2.2	-3.2	-3.3	-1.4	0.5	1.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-2.2	-3.2	-3.3	-1.4	0.5	1.5
Average number of shares	22.83	25.99	32.49	32.66	32.66	32.66
EPS reported	-0.10	-0.12	-0.10	-0.04	0.01	0.05

Profit and loss (common size)	2020	2021	2022	2023E	2024E	2025E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	22%	25%	20%	0%	0%	0%
Total sales	122%	125%	120%	100%	100%	100%
Material expenses	5%	17%	8%	7%	6%	6%
Gross profit	117%	108%	112%	93%	94%	94%
Other operating income	4%	2%	4%	1%	1%	1%
Personnel expenses	83%	95%	75%	65%	62%	62%
Other operating expenses	36%	50%	31%	15%	13%	13%
EBITDA	2%	-36%	11%	14%	20%	20%
Depreciation	0%	0%	0%	0%	0%	0%
EBITA	2%	-36%	11%	14%	20%	20%
Amortisation of goodwill and intangible assets	94%	83%	45%	26%	12%	3%
EBIT	-92%	-119%	-35%	-12%	8%	17%
Financial result	-3%	-15%	-4%	-5%	-3%	-2%
Recurring pretax income from continuing operations	-96%	-134%	-39%	-17%	5%	16%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-96%	-134%	-39%	-17%	5%	16%
Taxes	-1%	1%	5%	-1%	0%	2%
Net income from continuing operations	-95%	-135%	-44%	-16%	5%	14%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-95%	-135%	-44%	-16%	5%	14%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	-95%	-135%	-44%	-16%	5%	14%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. Goodwill)	2.1	6.9	7.1	4.9	3.7	3.4
Goodwill	9.4	10.7	12.9	12.9	12.9	12.9
Property, plant and equipment	0.1	0.4	0.4	0.4	0.4	0.4
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	11.5	18.0	20.3	18.1	17.0	16.7
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.2	0.4	0.5	1.2	1.3	1.4
Other current assets	0.0	0.4	0.3	0.3	0.3	0.3
Liquid assets	2.2	7.5	3.8	3.9	2.6	2.9
Deferred taxes	0.1	0.1	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.1	0.2	0.2	0.2
CURRENT ASSETS	2.5	8.4	4.7	5.5	4.3	4.8
TOTAL ASSETS	14.1	26.5	25.0	23.7	21.3	21.5
SHAREHOLDERS EQUITY	11.0	11.3	14.5	13.1	13.6	15.1
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	5.2	6.5	5.0	3.0	2.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	1.1	7.1	0.7	0.7	0.8	0.8
Non-current liabilities	1.1	12.3	7.3	5.7	3.8	2.8
short-term liabilities to banks	1.0	0.2	0.9	0.5	0.0	0.0
Accounts payable	0.3	0.4	0.3	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	0.2	0.0	2.1	1.7	1.3
Deferred taxes	0.6	2.0	2.1	2.1	2.1	2.1
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	2.0	2.8	3.3	4.9	4.0	3.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	14.1	26.5	25.0	23.7	21.3	21.5

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	15%	26%	28%	21%	17%	16%
Goodwill	67%	41%	52%	54%	61%	60%
Property, plant and equipment	0%	1%	1%	1%	2%	2%
Financial assets	0%	0%	0%	0%	0%	0%
FIXED ASSETS	82%	68%	81%	77%	80%	78%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	1%	1%	2%	5%	6%	7%
Other current assets	0%	1%	1%	1%	1%	1%
Liquid assets	15%	28%	15%	17%	12%	13%
Deferred taxes	1%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	1%	1%	1%
CURRENT ASSETS	18%	32%	19%	23%	20%	22%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	78%	43%	58%	55%	64%	70%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	20%	26%	21%	14%	9%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	8%	27%	3%	3%	4%	4%
Non-current liabilities	8%	46%	29%	24%	18%	13%
short-term liabilities to banks	7%	1%	3%	2%	0%	0%
Accounts payable	2%	1%	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%	0%	9%	8%	6%
Deferred taxes	4%	8%	8%	9%	10%	10%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	14%	11%	13%	21%	19%	17%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	-2.2	-3.2	-3.3	-1.4	0.5	1.5
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	2.2	2.0	3.4	2.2	1.2	0.3
Others	-0.3	0.6	0.2	-0.0	0.1	0.1
Cash flow from operations before changes in w/c	-0.3	-0.6	0.3	0.8	1.7	1.9
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	0.0	-0.1	0.0	-0.6	-0.1	-0.1
Increase/decrease in accounts payable	0.0	0.0	0.1	-0.1	-0.0	0.0
Increase/decrease in other w/c positions	0.0	0.0	0.0	2.4	-0.0	-0.0
Increase/decrease in working capital	0.0	-0.1	0.1	1.7	-0.2	-0.1
Cash flow from operating activities	-0.3	-0.7	0.4	2.4	1.5	1.7
CAPEX	0.0	-0.0	-0.1	0.0	0.0	0.0
Payments for acquisitions	-0.2	-0.7	-5.7	-0.4	-0.4	-0.4
Financial investments	0.0	-6.6	0.0	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	-0.2	-0.8	-5.8	-0.4	-0.4	-0.4
Cash flow before financing	-0.5	-1.5	-5.3	2.0	1.1	1.3
Increase/decrease in debt position	0.0	5.0	1.7	-1.9	-2.5	-1.0
Purchase of own shares	0.0	0.0	-0.0	0.0	0.0	0.0
Capital measures	0.8	9.3	0.1	0.0	0.0	0.0
Dividends paid	0.0	0.0	-0.4	0.0	0.0	0.0
Others	-0.2	-8.3	-0.3	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	0.6	6.0	1.2	-1.9	-2.5	-1.0
Increase/decrease in liquid assets	0.1	5.3	-3.7	0.1	-1.4	0.3
Liquid assets at end of period	2.2	7.5	3.8	3.9	2.6	2.9

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	0.0	2.1	4.0	4.5	5.3	6.0
Europe (ex domestic)	0.0	0.3	3.5	4.2	4.7	5.5
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	2.3	2.4	7.5	8.4	9.4	10.5

Regional sales split (common size)	2020	2021	2022	2023E	2024E	2025E
Domestic	0.0%	87.7%	53.1%	53.3%	56.1%	57.2%
Europe (ex domestic)	0.0%	12.5%	46.5%	49.8%	49.7%	52.4%
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	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported	-0.10	-0.12	-0.10	-0.04	0.01	0.05
Cash flow per share	-0.01	-0.03	0.01	0.07	0.05	0.05
Book value per share	0.48	0.44	0.45	0.40	0.42	0.46
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-4.8x	-3.7x	-4.5x	-10.8x	33.3x	10.2x
P/CF	-32.1x	-17.4x	34.1x	6.1x	9.7x	8.8x
P/BV	1.0x	1.1x	1.0x	1.1x	1.1x	1.0x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-3.1%	-5.8%	2.9%	16.3%	10.3%	11.4%
EV/Sales	6.0x	5.4x	2.5x	2.0x	1.6x	1.3x
EV/EBITDA	321.3x	-15.1x	23.0x	14.0x	8.2x	6.7x
EV/EBIT	-6.5x	-4.5x	-7.1x	-16.3x	21.6x	7.8x
Income statement (EURm)						
Sales	2.3	2.4	7.5	8.4	9.4	10.5
yoy chg in %	12.3%	3.3%	214.5%	12.0%	12.0%	11.0%
Gross profit	2.7	2.6	8.5	7.8	8.9	9.9
Gross margin in %	116.9%	108.0%	112.3%	93.0%	94.0%	94.0%
EBITDA	0.0	-0.9	0.8	1.2	1.9	2.1
EBITDA margin in %	1.9%	-35.7%	10.8%	14.0%	20.0%	20.0%
EBIT	-2.1	-2.8	-2.6	-1.0	0.7	1.8
EBIT margin in %	-92.3%	-118.7%	-34.6%	-12.1%	7.6%	17.2%
Net profit	-2.2	-3.2	-3.3	-1.4	0.5	1.5
Cash flow statement (EURm)						
CF from operations	-0.3	-0.7	0.4	2.4	1.5	1.7
Capex	0.0	-0.0	-0.1	0.0	0.0	0.0
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	-0.3	-0.7	0.4	2.4	1.5	1.7
Balance sheet (EURm)						
Intangible assets	11.5	17.6	20.0	17.8	16.6	16.3
Tangible assets	0.1	0.4	0.4	0.4	0.4	0.4
Shareholders' equity	11.0	11.3	14.5	13.1	13.6	15.1
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	2.2	12.5	8.1	6.2	3.8	2.8
Net financial debt	-1.1	-2.1	3.6	1.6	0.4	-0.9
w/c requirements	-0.1	0.0	0.3	1.0	1.1	1.3
Ratios						
ROE	-20.0%	-28.5%	-22.8%	-10.5%	3.3%	9.8%
ROCE	-16.3%	-11.9%	-11.5%	-5.3%	4.1%	10.1%
Net gearing	-10.3%	-18.5%	24.8%	11.8%	3.0%	-6.0%
Net debt / EBITDA	-26.0x	2.5x	4.4x	1.3x	0.2x	-0.4x

Source: Company data; AlsterResearch

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Contacts

SRH AlsterResearch AG
Mittelweg 142
20148 Hamburg

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

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
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 40 309 293-53
E-Mail: h.hof@alsterresearch.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@alsterresearch.com

LEVENT YILMAZ
Senior Analyst
Tel: +49 40 309 293-111
E-Mail: l.yilmaz@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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