

# CHAPTERS Group AG

Germany | Financial Services | MCap EUR 227.7m

11 September 2023

UPDATE



## Portfolio alignment via spin-off transaction – Reiterate to BUY

**BUY** (BUY)

<b>Target price</b>	<b>EUR 22.00 (22.00)</b>
Current price	EUR 13.80
Up/downside	59.4%



**MAIN AUTHOR**

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### What's it all about?

Yesterday, CHAPTERS Group announced the spin-off of its property services, consisting of four operating companies, via a 100% management buy-out. The divested companies stood for combined revenues of c. EUR 16m in 2022 and an adjusted EBTIDA of c. EUR 3m in 2022 (pro forma). CHAPTERS highlighted that the spin-off has a positive effect on the company's Base Value, as calculated per 31.12.2022, of c. EUR 0,07 per share, reflecting the value added by CHAPTERS. In our view, CHAPTERS has disposed of a relatively low-margin business compared to the other portfolio companies and has the opportunity to reallocate funds to further refine its strategy to acquire additional vertical market software (VMS) companies. For now, we leave our estimates unchanged. We will update our model upon the company's H1 report, which we expect to be published in the coming weeks. We reiterate our PT and BUY-rating.

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

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# CHAPTERS Group AG

Germany | Financial Services | MCap EUR 227.7m | EV EUR 253.8m

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## Portfolio alignment via spin-off transaction – Reiterate to BUY

**Spin-off of property services:** Yesterday, CHAPTERS Group announced the spin-off of its property services via a 100% management buy-out. The property services group ARUDI was part of the NGC Nachfolgekaptal investment platform and included the subsidiaries gelford GmbH Gebäudereinigung und Dienstleistungen, Diamant Gebäudereinigungsdienst GmbH, Calmund & Riemer GmbH, and Bastex Schädlingsbekämpfung & Hygienetechnik GmbH.

**Deal metrics:** The four operating companies of ARUDI stood for 580 employees and achieved combined revenues of c. EUR 16m in 2022 and an adjusted EBITDA of c. EUR 3m in 2022. This translates to an adj. EBITDA margin of c. 19%, below the company average of 25% (based on FY22 pro forma figures). Thereof, c. EUR 8m and 1.7m respectively was included in CHAPTERS' consolidated figures for FY22. CHAPTERS did not disclose further details of the transaction but highlighted that the spin-off has a positive effect on the company's Base Value, as calculated per 31.12.2022, of c. EUR 0,07 per share, which underlines the value added by CHAPTERS.

**Aligning the portfolio:** With the spin-off, CHAPTERS has disposed of a relatively low-margin business compared to the other portfolio companies. Funds from sale and also funds from redeemed shareholder loans, which were previously locked in ARUDI, can now be reallocated to further refine CHAPTERS' strategy to acquire additional vertical market software (VMS) companies. A few weeks ago, CHAPTERS had announced that it has founded mlog capital SAS in France, intended to acquire software companies in niche markets in France, serving as the French counterpart to Ookam Software. We expect mlog's portfolio to be filled in the short-term future.

**Conclusion:** Although the exit is not part of the declared strategy of CHAPTERS, we welcome this transaction. We consider this as an opportunity for the company to further set its focus on following its own strategy to grow as an international VMS aggregator. For now, we leave our estimates unchanged. We will update our model upon the company's H1 report, which we expect to be published in the coming weeks. We reiterate our PT and BUY-rating.

CHAPTERS Group AG	2020	2021	2022	2023E	2024E	2025E
Sales	15.7	28.7	42.1	65.2	78.2	90.0
<i>Growth yoy</i>	0.0%	82.5%	46.8%	55.0%	20.0%	15.0%
EBITDA	4.6	6.2	10.5	15.0	20.0	24.7
EBIT	1.1	0.9	2.5	2.2	5.8	10.9
Net profit	3.3	-1.2	-5.9	2.3	4.8	9.1
Net debt (net cash)	27.8	35.1	26.1	17.7	7.4	-6.7
Net debt/EBITDA	6.0x	5.7x	2.5x	1.2x	0.4x	-0.3x
EPS reported	0.98	-0.11	-0.37	0.14	0.29	0.55
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	84.7%	81.7%	83.2%	82.0%	83.0%	83.0%
EBITDA margin	29.3%	21.7%	25.0%	23.0%	25.5%	27.5%
EBIT margin	7.0%	3.3%	6.0%	3.4%	7.4%	12.1%
ROCE	2.7%	1.1%	1.7%	1.5%	3.7%	6.7%
EV/Sales	16.3x	9.2x	6.0x	3.8x	3.0x	2.5x
EV/EBITDA	55.5x	42.3x	24.2x	16.4x	11.8x	8.9x
EV/EBIT	233.2x	280.3x	101.1x	110.2x	40.8x	20.3x
PER	14.1x	-129.4x	-37.7x	99.4x	47.0x	24.9x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 9.10 / 15.90  
**Price/Book Ratio** 2.4x

### Ticker / Symbols

ISIN DE0006618309  
WKN 661830  
Bloomberg MCE:GR

### Changes in estimates

		Sales	EBIT	EPS
2023E	old	65.2	2.2	0.14
	Δ	0.0%	0.0%	0.0%
2024E	old	78.2	5.8	0.29
	Δ	0.0%	0.0%	0.0%
2025E	old	90.0	10.9	0.55
	Δ	0.0%	0.0%	0.0%

### Key share data

Number of shares: (in m pcs) 16.50  
Book value per share: (in EUR) 5.64  
Ø trading volume: (12 months) 1,800

### Major shareholders

Sator Grove 18.1%  
Mitchell Rales Trust /Foundation 15.4%  
MIT 9.7%  
TGV Langfrist 9.4%  
Sun Mountain 7.2%  
Free Float 35.2%

### Company description

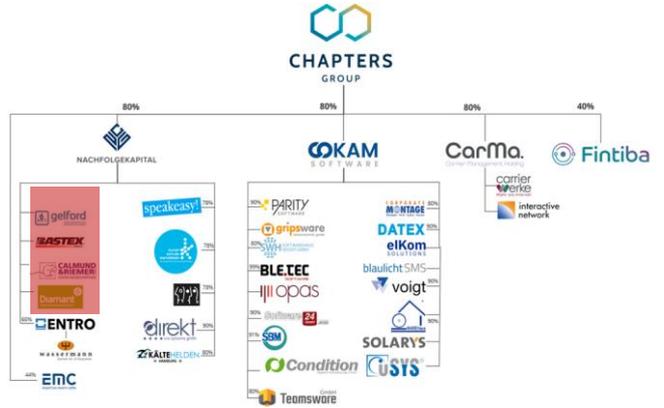
CHAPTERS Group is a holding company based in Hamburg, Germany. Through its investment platforms, CHAPTERS invests in companies with leading positions in attractive niches. The investment portfolio comprises of companies in the DACH region, but also in the Czech Republic and France.

# Investment case in six charts

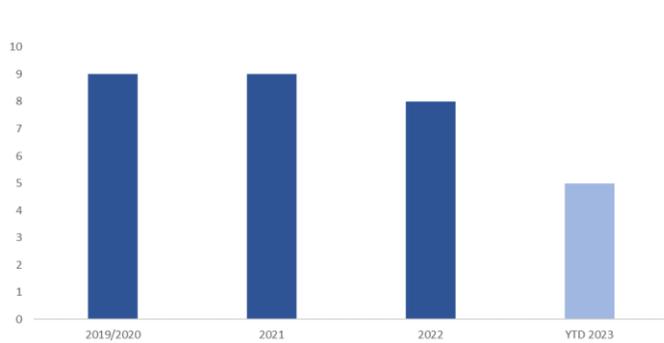
## Business model

Platform	Add-on
<ul style="list-style-type: none"> <li>Stand-alone companies in the lower midmarket</li> <li>Revenues &lt;EUR 10m</li> <li>Equity ticket up to 15m</li> </ul>	<ul style="list-style-type: none"> <li>Add-on investments for existing portfolio companies</li> <li>Strengthening platform investments</li> <li>Expanding value chain</li> </ul>

## Group structure



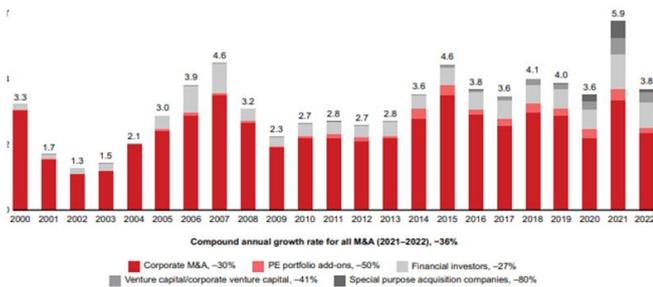
## Number of deals (majority stakes)



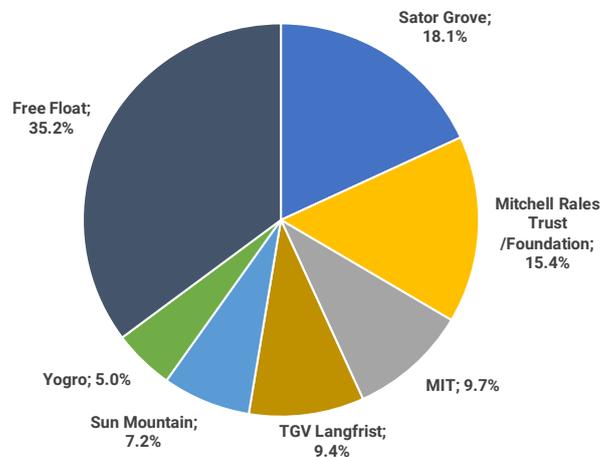
## Competitive landscape



## M&A deal market value (in trillions USD)



## Major shareholders



Source: Company data, AlsterResearch

# Company background

## CHAPTERS group in a nutshell

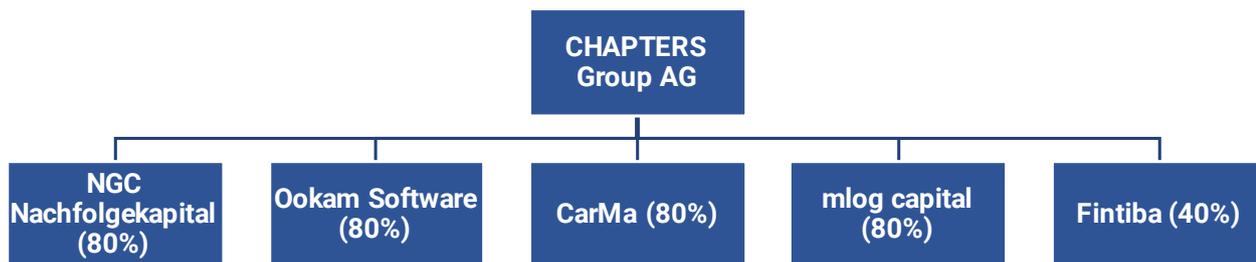
CHAPTERS Group AG (formerly: MEDIQON Group AG) is a holding company pursuing a multi-year growth model through acquisitions. The company's business model was established following the sale of the main assets of the former Medical Columbus AG to GHX Europe GmbH. Founded in 1998, Medical Columbus specialized in digital procurement processes for hospitals. The remaining company was renamed MEDIQON Group and repositioned with the gross proceeds from the sale of Medical Columbus of approximately EUR 12 million as a holding company for medium-sized service providers and software companies. While the first acquired companies were located in Germany, the group started to acquire targets in Austria and Switzerland, and more recently in the Czech Republic.

Currently, there are four main holdings, of which three are investment platforms with several portfolio companies underneath, and one direct investment, shown in the following table:

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### Group structure

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Source: Company data, AlsterResearch

1) **NGC Nachfolgekapital** was founded in March 2019 and specializes in the corporate succession of medium-sized German companies. At the end of FY22, NGC held 8 operating companies, four of which are add-on transactions to existing portfolio companies in the real estate services and education sectors. Since inception, NGC has recorded one exit. vetera GmbH, a software and service provider for veterinarians, was sold in 2022.

2) **Ookam Software was established in May 2019 as a long-term shareholder** for software companies, actively maintained network, access to experts and successor entrepreneurs. The goal is to strengthen the management, to develop the company sustainably as well as to secure the jobs of the employees and to promote talents. Ookam Software has currently a portfolio of 18 operating companies, including 4 acquisitions in 2023.

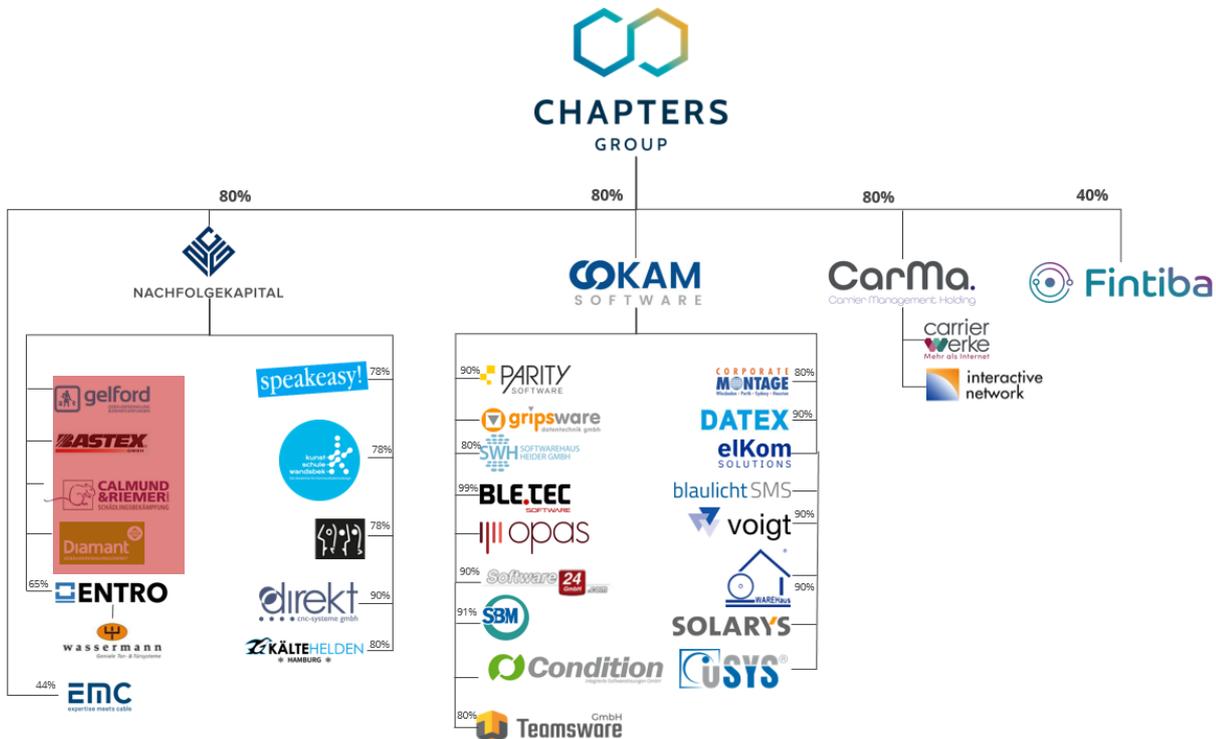
3) **CarMa** was founded in June 2021 and focuses on the telecommunications market in Germany. CarMa primarily provides services to the telecommunication industry with a focus on broadband and fiber networks.

4) **mlog capital SAS** was founded in July 2023. mlog aims to acquire software companies in niche markets in France, serving as the French counterpart to Ookam Software in France. Since mlog stands at its beginning, the platform has yet to establish a track-record.

5) Founded in 2016, **Fintiba** offers blocked accounts for foreigners coming to Germany, particularly international students and expats. The company has quickly gained a very high market share by enabling customers to open blocked accounts quickly and cost-effectively compared to traditional offerings (e.g. Deutsche Bank). Since its inception, Fintiba has served over 100 thousand international students. In the future, Fintiba plans to offer a comprehensive range of (financial) products and services needed by international students and young professionals in Germany. After an initial investment of 21.5% in 2021, CHAPTERS increased its minority stake to approximately 40%.

The portfolio structure looks as follows (simplified):

### Portfolio companies



Source: Company data (as of H1 2023)

The three platforms focus on different markets and pursue independent strategies that are determined by and under the responsibility of their respective management. Based on this decentralized style, the total group comprises of 31 companies (per 30 June 2023) in the software, education and building services sectors. The majority of investments are allocated to Ookam Software, which has acquired mostly vertical software companies. Vertical market software (VMS) is software developed for niche applications or for a specific clientele. There is typically little competition in vertical markets. One of the main advantages is long-term customer loyalty and thus a high proportion of recurring revenues.

### Investment process

With the exception of Fintiba, the Group's investments are made indirectly through the 3 investment platforms NGC, Ookam Software and CarMa. The investment

philosophy is not exit-driven, but rather an opportunistic approach with a multi-year or even longer investment horizon. Acquisition targets are usually established companies with a long track record. However, CHAPTERS also focuses on succession-related acquisitions, e.g. when there is no successor in a family business. Initially, the founders remain involved, even through a minority stake. Following a rigorous playbook, CHAPTERS nurtures acquired companies by allowing them to grow organically, through change management or through further M&A. The investment philosophy of CHAPTERS rests on two main pillars:

**a) Platform deals and b) Add-on acquisitions.**

**a) Platform investments** are stand-alone companies acquired through intermediary investment platforms. Platform deals typically target companies with established business models. Ideally, the target has a leading position in a niche market, particularly in the software segment. With annual revenues in the range of EUR 1-15 million, the target companies are relatively small, but offer significant potential to scale the business. In the case of majority investments, the equity ticket size can go up to EUR 15 million.

**b) Add-on acquisitions**, the second pillar, aim to strategically strengthen existing portfolio companies through bolt-on acquisitions to extend the value chain, e.g. to increase share of wallet where customer groups overlap. While ticket sizes can vary, these deals tend to be smaller in size as they would be integrated into an existing platform company.

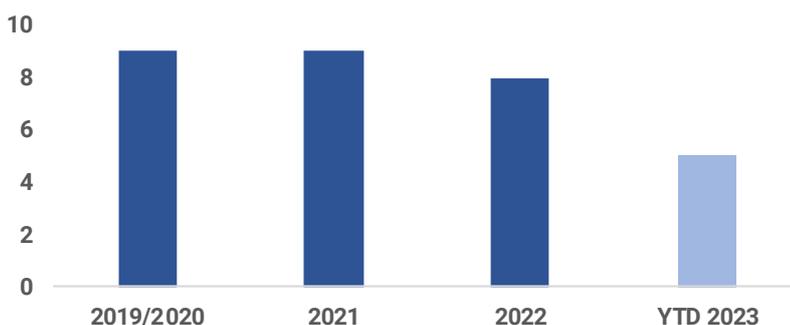
**Investment focus**

Platform	Add-on
<ul style="list-style-type: none"> <li>• Stand-alone companies in the lower midmarket</li> <li>• Revenues &lt;EUR 10m</li> <li>• Equity ticket up to 15m</li> </ul>	<ul style="list-style-type: none"> <li>• Add-on investments for existing portfolio companies</li> <li>• Strengthening platform investments</li> <li>• Expanding value chain</li> </ul>

Source: Company data; AlsterResearch

The following chart shows the deal flow of CHAPTERS Group AG since the repositioning of the business model:

**Development deal flow (majority interests)**



Source: Company data, AlsterResearch

CHAPTERS operates in a sub-niche of the highly competitive M&A market, avoiding competition from larger "Mittelstand" peers, which place these targets in the "too small, too difficult" category. However, the reduced competition also allows for attractive acquisition multiples. According to CHAPTERS, the average multiple is around 6x EBITDA, which should provide significant valuation upside.

There are several investment companies that can serve as models for CHAPTERS in terms of long-term and entrepreneurial investing, such as Berkshire Hathaway, Constellation Software or Danaher. In fact, CHAPTERS Group has close relationships with former Danaher managers who provide valuable expertise in operational change management for acquired targets. CHAPTERS relies on this tight network and best practices to replicate this value-creating approach.

Since 2019, CHAPTERS has gained transaction experience from more than 30 company acquisitions. As a listed company, CHAPTERS has access to capital and also has established means of bridge financing through a perpetual bond (volume EUR 25 million). As a result, CHAPTERS has the financial strength and flexibility to structure transactions and actively support the development of its portfolio companies. Decisions regarding the operational development of the portfolio are made independently. Thanks to this decentralized style, CHAPTERS remains agile and can operate with lean personnel structures.

**The investment criteria can be summarized as follows:**

CHAPTERS follows a stringent investment approach, which includes a well-defined and diligent screening and selection process. The most important criteria are:

- Sales between EUR 1-15m, Positive cashflows
- Investments in micro and lower midmarket companies
- Add-on acquisitions for existing portfolio companies
- Generally, majority interests
- Leading position in niche markets
- Acquisition multiple : on average approx. ~6x EBITDA

Additional soft factors are:

- Europe-based
- Target company has scalability potential (organic or M&A driven)
- Major focus on asset-light business models; vertical market software, building services, telecommunication services

## Management

**Jan-Hendrik Mohr** has been Chairman of the Management Board of MEDIQON Group AG since October 2021, having been a member of the Management Board since March 2020. Prior to his appointment to the Management Board, Mr. Mohr accompanied the company as a shareholder for several years. Mr. Mohr is the founder of JMX Capital GmbH and previously worked for Investment-aktiengesellschaft für langfristige Investoren TGV, McKinsey & Company and Hauck & Aufhäuser.

**Marlene Carl** was appointed to the Management Board of MEDIQON Group AG in October 2021 and is responsible for Finance. Ms. Carl has been working for the company as an authorized signatory since August 2020. Ms. Carl previously worked

for various European banks in Hamburg, London and Frankfurt. Her previous positions include Berenberg, NBIC Bank and KfW.

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## Management

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**Jan-Hendrik Mohr, CEO**



**Marlene Carl, CFO**

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Source: Company data; AlsterResearch

## Supervisory Board

The Company's Board of Directors is strongly staffed and consists of well-connected, experienced investment industry professionals in addition to the management team.

**Dr. Matthias Saggau** is founder and owner of MSA Capital GmbH. Among other things, he was active in an advisory role for Fiducia Treuhand AG, which acts as investment advisor for the Investmentaktiengesellschaft für langfristige Investoren TGV. After studying business administration in Leipzig, obtaining his doctorate at the Technical University of Chemnitz and taking his first steps in asset management at National-Bank in Essen, he worked as an analyst and portfolio manager for Investmentaktiengesellschaft für langfristige Investoren TGV.

**Edda Heidbrink** has been practicing lawyer with a focus on commercial and corporate law as well as labor law, also working in management positions for various medium-sized companies in the areas of law and human resources since 2002. Since 2018, she also is systemic coach and change manager (INeKO Institute of the University of Cologne). Currently she is active as managing director of Knälmann Ventures.

**Dr. Martin Possienke** is managing director of Falkenstein Management GmbH. Studies in human medicine and doctorate in medicine. Subsequent training as Certified European Financial Analyst (CEFA). Co-Head of Research at equinet Bank AG for 10 years, followed by 7 years on the Board of Sparta AG.

**Paul Buser**, Co-CEO of Sator Grove LLC, has been elected to join CHAPTER's Supervisory Board on the recent AGM. Mr. Buser's previous stations have been at Boston Consulting Group and at the University of Notre Dame as Investment Director and Executive in Residence. Since 2021, he is MD at Sator Grove.

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## Supervisory board

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**Dr. Matthias Saggau,**  
MSA Capital



**Edda Heidbrink,**  
Knälmann Ventures



**Dr. Martin Possienke,**  
Falkenstein Management



**Paul Buser,**  
Sator Grove

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Source: Company data, AlsterResearch,

## Shareholders

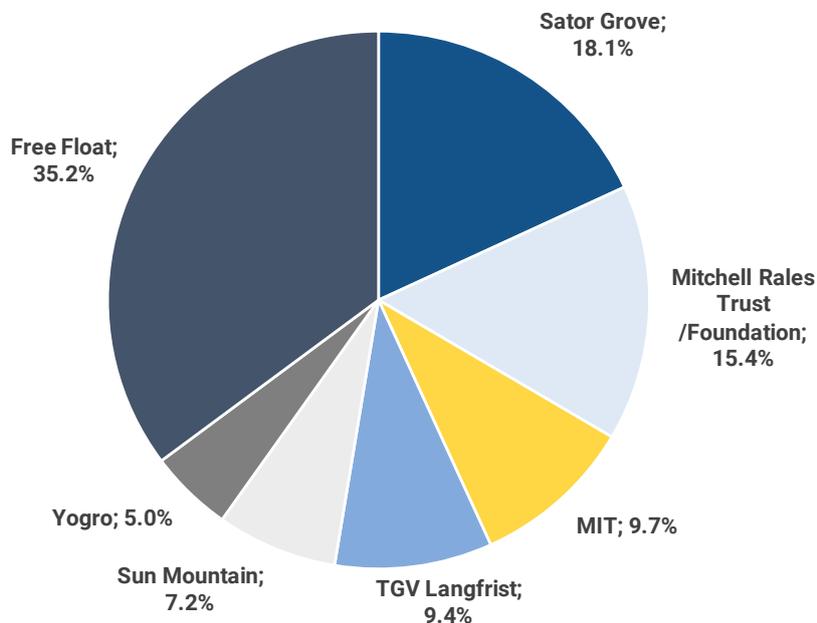
With c. 16.5m shares outstanding, CHAPTERS Group's shareholder base consists in large parts of institutional investors. Following a capital increase in 2022, CHAPTERS announced that Mitchell Rales and Sator Grove have joined the company's shareholder base.

The following chart provides an overview of the shareholder structure:

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### Major shareholders

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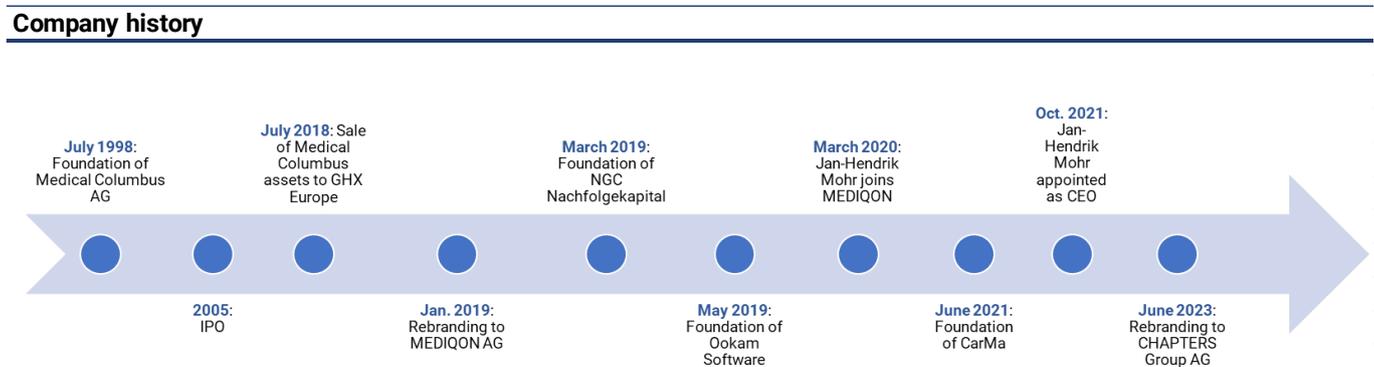
Source: Company data; AlsterResearch

**Sator Grove LLC** holds a share of approx. 18% in CHAPTERS Group. Sator Grove is a US-based investment company with approx. USD 450m of Assets under Management. Among its shareholdings is the Munich-based process mining platform Celonis, which was valued with USD 13bn after their last financing round in 2022. Paul Buser, Co-CEO of Sator Grove LLC, just recently joined CHAPTERS' Supervisory Board.

With a share of 15.4%, Mitchell Rales Trust is the second largest shareholder of CHAPTERS. Mitchell Rales is a co-founder of the **Danaher Group** and has served as Chairman of Danaher's Executive Committee since 1984. Danaher is a U.S. holding company with a strong track record of long-term investment. Danaher's portfolio consists of core platforms and complementary businesses. Danaher's approach of integrating its acquisitions to create synergies and drive growth has resulted in a market capitalization of roughly USD 200 billion. CHAPTERS' close relationship with Danaher's professionals and the addition of Mitchell Rales is a testament to CHAPTERS' potential, and potentially a catalyst for attracting further anchor shareholders.

Further shareholders are MIT with 9.7%, Investmentaktiengesellschaft für langfristige Investoren TGV with 9.4%, and Sun Mountain Capital, holding 7.2% of CHAPTERS Group AG. The Swiss-based Yogro holds a share of 5.0%. Consequently, the free float stands at approx. 35%.

The following table shows a brief company history:



Source: Company data; AlsterResearch

# SWOT analysis

## Strengths

- Attractive portfolio with leading companies in niche markets
- Focus on vertical market software provides high-margin recurring revenues due to high customer stickiness
- Lower middle market offers attractive prices and accommodates a streamlined M&A process
- Close knit network in order to generate constant deal flow
- Stringent playbook for operational improvement

## Weaknesses

- Limited capacities to accommodate greater deal flow
- Still relatively short track record - measures have yet to take effect
- No shareholder returns planned

## Opportunities

- Expansion of Fintiba's product offering
- Optimization of acquired companies can generate operating leverage
- Present value can be significantly higher than the purchase price
- Focusing the portfolio could additionally trigger valuation upside
- Potential synergies within the portfolio

## Threats

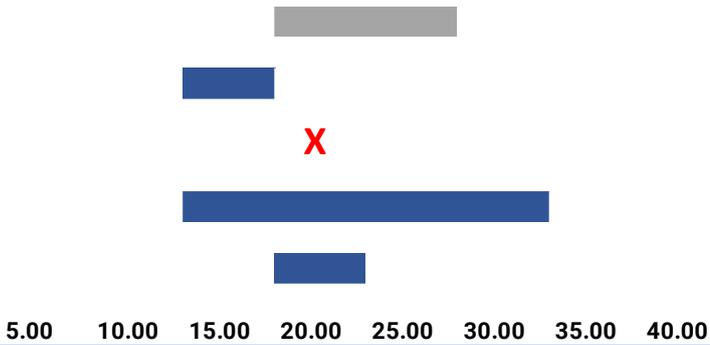
- Increasing competition could slow down the deal flow
- Elevated acquisition multiples might hinder growth opportunities
- Rising cost of debt might reduce returns

## Valuation

In order to derive at a fair value for CHAPTERS Group we have conducted several valuation approaches. We note however that valuing an asset management firm, traditional valuation techniques often provide pitfalls and hence do not 100% accurately reflect the true value of the company. These are:

1. DCF Model
2. Adj. FCF yield
3. Peer group analysis
4. Sum of the part (SOTP) valuation

The following table summarizes the potential range of fair values for CHAPTERS, using the different valuation approaches.

Valuation overview - in EUR		Fair Value
Peer Group VMS	EV/ EBITDA	18.47-25.43
SOTP		19.00
Average		21.94
adj. FCF yield		16.44-33.44
DCF		21.86
		

Source: AlsterResearch

### AlsterResearch valuation toolbox

As discussed later, a **peer group comparison** often comes with challenges in finding the appropriate peers. More often than not, comparable companies differ quite significantly in terms of size, growth rates, profitability and/or geographical exposure. Also, different stages in the life cycle of a company might command different risk-/reward profiles. All these elements have a significant impact on the appropriate fair value computation. We compiled a peer group, which consists of listed VMS aggregators, which we deem as a fitting comparison for CHAPTERS.

The **Sum-of-the-part (SOTP) valuation** is the most appropriate valuation technique when it comes to private equity, venture capital or holding companies. The SOTP arrives at an estimated net asset value (NAV) by adding the value of the portfolio components, subtracting the net debt or adding the net liquidity. The main advantage over other valuation models is that differing valuation levels of different group companies can be more accurately reflected.

Our proprietary **adj. FCF yield valuation** technique values a company on a stand-alone basis. However, the FCF yield observation is a relatively static approach where the cash flows of *one specific year* in the future will be taken as the basis for valuing the entire company, i.e. taking a private equity view, where all cash flows and earnings belong to the potential buyer. An additional pitfall is that cash flows are not discounted to today's value. Hence, the adj. FCF yield only derives at meaningful results if a company has stable future cash flows. For CHAPTERS, constantly buying and selling portfolio companies, steady cash flows are difficult to predict.

Our **DCF derived fair value** valuation is the most appropriate valuation method for companies in its growth phase but with “easy” to predict future cash flows. Again, CHAPTERS buys portfolio companies, which makes future cash flows and growth rates hard to predict.

## DCF Model

The DCF model results in a **fair value of EUR 21.86 per share**:

**Top-line growth:** We expect CHAPTERS Group AG to grow revenues at a CAGR of 11.4% between 2023E and 2030E. The long-term growth rate is set at 2.0%.

**ROCE.** Returns on capital are developing from 1.5% in 2023E to 13.7% in 2030E.

**WACC.** Starting point is a historical equity beta of 1.25. Unlevering and correcting for mean reversion yields an asset beta of 1.05. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.5%. With pre-tax cost of borrowing at 6.0%, a tax rate of 30.0% and target debt/equity of 0.5 this results in a long-term WACC of 8.4%.

DCF (EURm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	1.9	4.8	9.1	12.5	15.4	18.7	20.4	23.8	
Depreciation & amortization	12.8	14.2	13.9	14.9	14.3	13.7	14.3	13.6	
Change in working capital	-0.7	-0.7	1.1	0.8	-0.2	-1.5	0.6	0.6	
Chg. in long-term provisions	1.1	0.6	0.5	0.4	0.5	0.5	0.4	0.4	
Capex	-6.5	-7.8	-9.0	-9.9	-10.9	-12.0	-12.9	-13.8	
Cash flow	8.5	11.1	15.6	18.7	19.1	19.4	22.8	24.6	392.0
Present value	8.3	10.0	13.0	14.3	13.5	12.7	13.8	13.7	217.4
WACC	8.4%	8.4%	8.4%	8.4%	8.4%	8.3%	8.3%	8.3%	8.4%

DCF per share derived from	
Total present value	316.7
Mid-year adj. total present value	329.7
Net debt / cash at start of year	26.1
Financial assets	57.1
Provisions and off b/s debt	na
Equity value	360.7
No. of shares outstanding	16.5
<b>Discounted cash flow / share upside/(downside)</b>	<b>21.86 / 58.4%</b>

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2023E-2030E)	11.4%
Terminal value growth (2030E - infinity)	2.0%
Terminal year ROCE	13.7%
Terminal year WACC	8.4%

Terminal WACC derived from	
Cost of borrowing (before taxes)	6.0%
Long-term tax rate	30.0%
Equity beta	1.25
Unlevered beta (industry or company)	1.05
Target debt / equity	0.5
Relevered beta	1.42
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.5%

<b>Share price</b>	<b>14.00</b>
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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%		15.9	16.4	17.0	17.6	18.3	2023E-2026E	14.4%
1.0%		17.7	18.3	19.1	20.0	21.0	2027E-2030E	17.0%
0.0%		19.9	20.8	21.9	23.1	24.6	terminal value	68.6%
-1.0%		22.8	24.1	25.7	27.5	29.8		
-2.0%		26.9	28.8	31.2	34.2	38.2		

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 16.44 per share based on 2023E and EUR 33.44 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
<b>EBITDA</b>	<b>15.0</b>	<b>20.0</b>	<b>24.7</b>	<b>29.7</b>	<b>32.7</b>
- Maintenance capex	0.7	1.1	1.6	2.0	2.4
- Minorities	-0.4	-0.8	-1.5	-2.1	-2.6
- tax expenses	0.8	1.7	3.3	4.5	5.5
<b>= Adjusted FCF</b>	<b>13.9</b>	<b>17.9</b>	<b>21.4</b>	<b>25.3</b>	<b>27.3</b>
<b>Actual Market Cap</b>	<b>231.0</b>	<b>231.0</b>	<b>231.0</b>	<b>231.0</b>	<b>231.0</b>
+ Net debt (cash)	17.7	7.4	-6.7	-23.3	-39.9
+ 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	57.1	57.1	57.1	57.1	57.1
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	-39.4	-49.7	-63.8	-80.4	-97.0
<b>= Actual EV'</b>	<b>191.5</b>	<b>181.3</b>	<b>167.2</b>	<b>150.6</b>	<b>134.0</b>
<b>Adjusted FCF yield</b>	<b>7.3%</b>	<b>9.9%</b>	<b>12.8%</b>	<b>16.8%</b>	<b>20.4%</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>231.8</b>	<b>298.8</b>	<b>357.4</b>	<b>421.8</b>	<b>454.7</b>
- <i>EV Reconciliations</i>	-39.4	-49.7	-63.8	-80.4	-97.0
<b>Fair Market Cap</b>	<b>271.3</b>	<b>348.5</b>	<b>421.2</b>	<b>502.2</b>	<b>551.7</b>
No. of shares (million)	16.5	16.5	16.5	16.5	16.5
<b>Fair value per share in EUR</b>	<b>16.44</b>	<b>21.12</b>	<b>25.53</b>	<b>30.44</b>	<b>33.44</b>
<b>Premium (-) / discount (+)</b>	<b>19.1%</b>	<b>53.1%</b>	<b>85.0%</b>	<b>120.6%</b>	<b>142.3%</b>

### Sensitivity analysis FV

	4.0%	23.5	30.2	36.4	43.2	47.2
<b>Adjusted hurdle rate</b>	5.0%	19.3	24.7	29.9	35.6	38.9
	<b>6.0%</b>	<b>16.4</b>	<b>21.1</b>	<b>25.5</b>	<b>30.4</b>	<b>33.4</b>
	7.0%	14.4	18.5	22.4	26.8	29.5
	8.0%	12.9	16.6	20.1	24.0	26.5

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. 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.**

## Sum-of-the-parts model (NAV)

The DCF and FCF return valuation methods commonly used at AlsterResearch are not applicable to an investment company like CHAPTERS Group. Instead, we use the most appropriate approach in this case, i.e. we create a sum-of-the-parts valuation by adding the value of the portfolio components, subtracting the net debt or adding the net liquidity and arrive at an estimated net asset value (NAV).

The following portfolio companies have been taken into consideration:

Segment	Corporation	Business description	Share	Purchase	Country
RE services	Diamant	Real Estate Services	100%	2022	Germany
	Bastex / Calmund & Riemer	Real Estate Services	80%	2021/2022	Germany
	Gelford	Real Estate Services	92%	2020	Germany
	Kältehelden	Real Estate Services	64%	2020	Germany
	Wassermann	Real Estate Services	52%	2022	Germany
VMS Software	blaulicht	Public Sector Software	80%	2022	Austria
	BleTec	Industrial Software	79%	2020	Germany
	Condition	Public Sector Software	80%	2023	Germany
	Corporate Montage Europe	Industrial Software	64%	2021	Germany
	DATEX	Construction & Real Estate Software	72%	2021	Germany
	elkom	Financial & Accounting Software	80%	2021	Germany
	gripsware	Construction & Real Estate Software	80%	2019	Germany
	direkt-cnc systeme	Industrial Software	72%	2021	Germany
	OPAS	Public Sector Software	80%	2020	Germany
	Software24.com	Construction & Real Estate Software	72%	2021	Germany
	Softwarehaus Heider	Education Software	80%	2019	Germany
	Solarys Informatik	Public Sector Software	80%	2022	Austria
	Teamsware	Construction & Real Estate Software	72%	2023	Germany
	Usys	Public Sector Software	80%	2023	Czech Rep
	Voigt Software	Construction & Real Estate Software	72%	2022	Germany
WAREHaus	Construction & Real Estate Software	72%	2022	Germany	
winKita (SBM)	Education Software	73%	2022	Germany	
Minority stakes	Fintiba	Financial Services	40%	2021	Germany
	e-m-c direct	Industrial goods	44%	2019	Germany
Education	Speakeasy	Language courses & certification	75%	2020	Germany
	Kunstschule Wandsbek	Vocational school	100%	2021	Germany
	DIE NEUE SCHULE	Language courses & certification	92%	2023	Germany

Source: Company data; AlsterResearch

We have applied fair industry multiples to the three main segments – RE Services, VMS, as well as Education. Also, we did a Back-of-the-envelope calculation of Fintiba. A detailed description of CHAPTERS' portfolio companies can be found below. We have used CHAPTERS' "last FY pro forma" data, for portfolio companies, adjusted EBITDA and net debt and the number of shares. Based on Damodaran's average industry EBITDA margins for RE services (c. 12.2%) and education (c. 12.1%), we arrive at an adj. EBITDA-margin for VMS of c. 35%.

Note, we used a back-of-the-envelope calculation for an interest margin for Fintiba, which would definitely serve as an equity kicker. With a presumed market share of 30%, Fintiba serves c. 30k students that are currently studying in Germany from non-EU countries. Also, we conservatively calculate with half of the legally required amount of EUR 11,208. At an interest rate of 3.5%, this would generate around EUR 11m, to be split between Sutor and Fintiba depending on their agreement.

**Sum of the part (SOTP) valuation - in EURm**

Segments	adj. EBITDA*	fair multiple (trailing)	EV	avg. industry EBITDA	Remarks
Vertical market software	7.7	<b>22.6x</b>	175	35.0%	pro forma adj. EBITDA 2022; fair multiples & industry EBITDA based on: own peer group (VMS), RE services, Education, Fintiba on broad industry peer groups (Damodaran, Western Europe)
RE Services	2.8	<b>5.4x</b>	15	12.2%	
Education	0.8	<b>11.5x</b>	9	12.1%	
Fintiba**	2.0	<b>26.3x</b>	52		
<b>Fair enterprise value</b>			<b>252</b>		
Net debt			26		
Securities portfolio			35		
Own share in perpetual bond			10		as per FY22
Shareholder loans			44		
<b>Fair equity value</b>			<b>314</b>		
Number of shares			16.5		
<b>Fair value per share - EUR</b>			<b>19.0</b>		

\*AlsterResearch estimates \*\*40% minority stake

Source: Company data; AlsterResearch

## Peer group

A peer group analysis has been conducted using a small peer group of listed serial acquirers and VMS aggregators. Given that CHAPTERS Group differs quite significantly in terms of size, financial health and growth trajectory, we still consider this peer group fitting as the peer group shares a M&A-supported growth model and the focus on VMS, as the majority of CHAPTERS' value is allocated to this area.

The following table gives an overview of CHAPTER Group's peer group:

Company name	Market data									
	Sales		Share price	% of 52 wk high	Market Cap	EV	EBITDA Margin			Sales CAGR
	2022	ROCE 2022					2023	2024	2025	
Constellation Software Inc.	6,304	31.9%	1892.62	39%	39,987	41,255	25.4%	26.6%	na	na
Roper Technologies Inc	5,114	5.7%	459.40	4%	49,023	53,886	39.9%	40.3%	39.8%	9.5%
Vitec Software Group AB (publ)	186	6.6%	48.76	nm	1,822	1,939	38.3%	39.5%	40.1%	19.7%
<b>Median</b>		<b>6.6%</b>			<b>39,987</b>	<b>41,255</b>	<b>38.3%</b>	<b>39.5%</b>	<b>39.9%</b>	<b>14.6%</b>
<b>Mean</b>		<b>14.7%</b>			<b>30,277</b>	<b>32,360</b>	<b>34.5%</b>	<b>35.5%</b>	<b>39.9%</b>	<b>14.6%</b>
CHAPTERS Group AG	42	2.1%	14.00	-12%	231	249	23.0%	25.5%	27.5%	28.8%

Source: FactSet Estimates; AlsterResearch; figures are all estimates

Company name	EV/Sales			EV/EBITDA			P/E Ratio		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Constellation Software Inc.	5.3x	4.5x	na	20.9x	17.0x	na	34.5x	26.4x	na
Roper Technologies Inc	9.5x	8.9x	8.0x	23.7x	22.0x	20.2x	29.8x	27.6x	25.4x
Vitec Software Group AB (publ)	8.2x	7.0x	6.1x	21.5x	17.8x	15.1x	54.9x	42.5x	35.8x
<b>Median</b>	<b>8.2x</b>	<b>7.0x</b>	<b>7.1x</b>	<b>21.5x</b>	<b>17.8x</b>	<b>17.7x</b>	<b>34.5x</b>	<b>27.6x</b>	<b>30.6x</b>
<b>Mean</b>	<b>7.7x</b>	<b>6.8x</b>	<b>7.1x</b>	<b>22.1x</b>	<b>18.9x</b>	<b>17.7x</b>	<b>39.8x</b>	<b>32.2x</b>	<b>30.6x</b>
CHAPTERS Group AG	3.8x	3.0x	2.5x	16.6x	11.9x	9.1x	100.9x	47.7x	25.3x

Source: FactSet Estimates; AlsterResearch; figures are all estimates

CHAPTERS Group AG	Sales			EBITDA			EPS		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Financial data (eAR)	65	78	90	15	20	25	0.14	0.29	0.55
<b>Fair multiple</b>	<b>8.2x</b>	<b>7.0x</b>	<b>7.1x</b>	<b>21.5x</b>	<b>17.8x</b>	<b>17.7x</b>	<b>34.5x</b>	<b>27.6x</b>	<b>30.6x</b>
Fair EV	537	551	635	322	356	437			
Net debt (cash)	18	18	18	18	18	18			
Pension provisions	0	0	0	0	0	0			
<b>Fair equity value</b>	<b>519</b>	<b>534</b>	<b>617</b>	<b>305</b>	<b>338</b>	<b>420</b>			
Number of shares	16.5	16.5	16.5	16.5	16.5	16.5			
<b>Fair value per share</b>	<b>31.47</b>	<b>32.34</b>	<b>37.40</b>	<b>18.47</b>	<b>20.48</b>	<b>25.43</b>	<b>4.79</b>	<b>8.12</b>	<b>16.96</b>

Source: FactSet Estimates; AlsterResearch; figures are all estimates

## Serial acquirers and VMS aggregators:

**Constellation Software Inc.** is engaged principally in the development, installation and customization of software as well as in the provisioning of related professional services and support for customers globally across over 100 diverse markets. The Company acquires, manages and builds vertical market software (VMS) businesses that develop specialized, mission-critical software solutions to address the specific needs of its particular industries. It sells on-premise software licenses on both a perpetual and specified-term basis. The Company operates through six segments, including Volaris, Harris, Topicus, Vela, Jonas and Perseus. Each of its segments operates as mini-Constellations, conglomerates of small vertical market software companies with similar economic characteristics. Its services include software licensing, professional services, maintenance and hardware services. It operates in three principal geographical areas, Canada, the United States, and United Kingdom/Europe.

**Roper Technologies, Inc.** is a diversified technology company. The Company operates businesses that design and develop vertical software and technology enabled products for a variety of defensible niche markets. The Company operates through three segments: Application Software, Network Software and Technology Enabled Products. The Application Software segment includes Aderant, CBORD/Horizon, CliniSys, Data Innovations, Deltek, Frontline Education, IntelliTrans, PowerPlan, Strata, Vertafore. The Network Software segment includes ConstructConnect, DAT, Foundry, iPipeline, iTradeNetwork, Loadlink, MHA, SHP, SoftWriters. The Technology Enabled Products segment includes CIVCO Medical Solutions, FMI, Inovonics, IPA, Neptune, Northern Digital, rf IDEAS, Verathon. Aderant is a comprehensive management software solution for law and other professional services firms, including business development, calendar/docket matter management and others. CBORD/Horizon is a campus solutions software.

**Vitec Software Group AB** (publ) is a Sweden-based company that produces software products. The Company's offer consists of software solutions, consulting services and support services. The Company operates through six business areas. The Brokerage area offers software for real estate brokers. The Real Estate area offers software for property managers. The Media area offers the Balance business system, which supports the administrative processes of the Company's customers' companies. The Energy area provides software for forecasting of electricity, heat and wind power; technical management and maintenance of the distribution networks. The Capitex area offers software for banks and insurance companies. The 3L System area offers software for construction, real estate and yellow pages companies. The Company's subsidiaries include Futursoft OY, AutoData Norge AS, Tietomitta OY, Aloc A/S, Norwegian Fox Publish AS, Norwegian Insurance Computer Environment AS (Nice AS) and MV-Nordic A/S.

## Base Value

The following table provides a somewhat different NAV calculation for CHAPTERS. In fact, the NAV valuation displayed below is conducted by the company itself on a half-yearly basis, in order to provide some sort of transparency on the value creation on the portfolio company level. The company refers to this calculation as base value. The calculation method looks as follows:

- Based on the purchase price paid in relation to the adjusted EBITDA of the operating company on which the purchase was based, there is a multiple for 100% of the shares. Multiplied by the adjusted EBITDA of the respective FY under review, this results in the enterprise value.
- After deducting the net debt (loans from banks and vendors plus cash on hand not required for operations) at the level of the respective acquisition company, this results in an equity value for 100% of the shares in the respective company.
- The sum of the proportionate equity value attributable to CHAPTERS Group plus the shareholder loans of all associated companies provided by CHAPTERS Group for the purchase results in the Base Value of the associated companies.

In any case, CHAPTERS' base value uses a static entry multiple. By this, CHAPTERS highlights its intrinsic value creation of its portfolio. We see this as a good indicator of historical development, but less so of an appropriate market valuation.

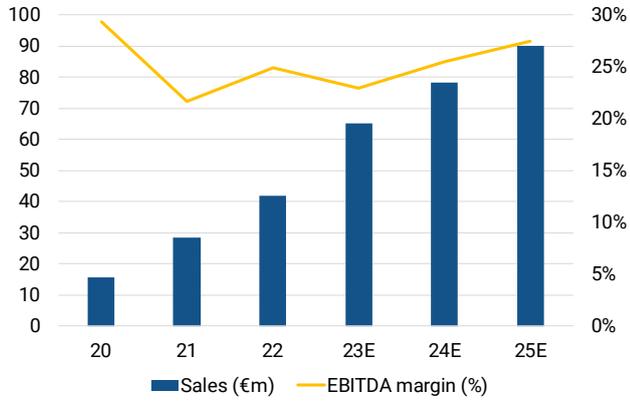
### Development of base value

	2020	2021	2022
Base Value associated company	€ 21.84 MM	€ 39.85 MM	€ 60.62 MM
thereof amount invested by MEDIQON Group AG	€ 21.01 MM	€ 36.99 MM	€ 53.39 MM
+ Securities	€ 6.03 MM	€ 17.09 MM	€ 36.69 MM
+ Cash balance	€ 0.61 MM	€ 3.65 MM	€ 17.71 MM
+/- Other assets/liabilities	€ 0.18 MM	€ 0.32 MM	€ -0.03 MM
- Perpetual bond (net)	€ 17.12 MM	€ 9.33 MM	€ 10.17 MM
= <b>Total Base Value</b>	<b>€ 11.54 MM</b>	<b>€ 51.58 MM</b>	<b>€ 104.81 MM</b>
/ Number of shares at the end of the year	3,333,186	10,999,513	16,066,600
= <b>Base Value per share</b>	<b>€ 3.46</b>	<b>€ 4.69</b>	<b>€ 6.52</b>

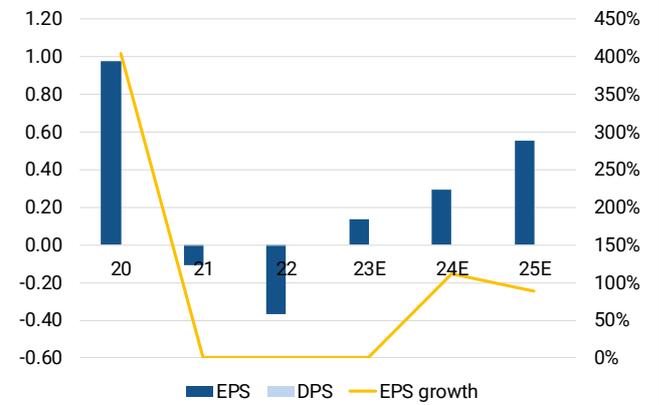
Source: Company data

# Financials in six charts

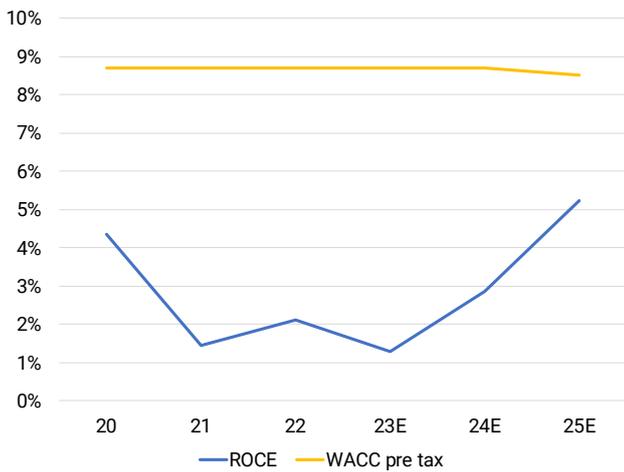
**Sales vs. EBITDA margin development**



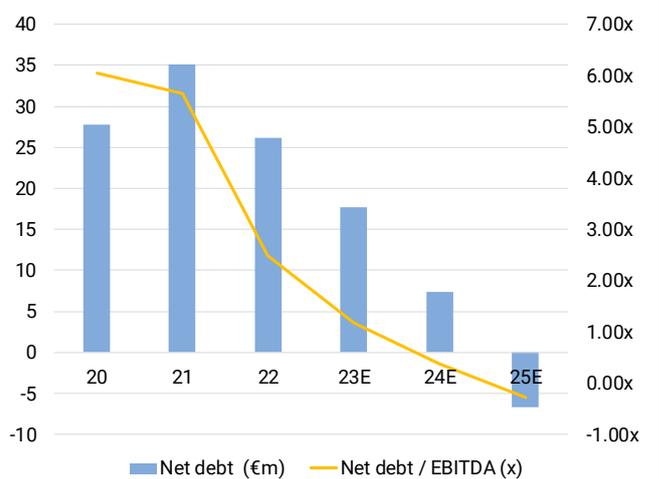
**EPS, DPS in EUR & yoy EPS growth**



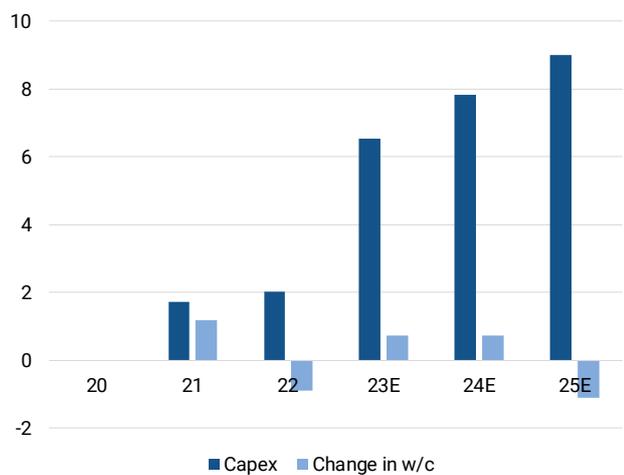
**ROCE vs. WACC (pre tax)**



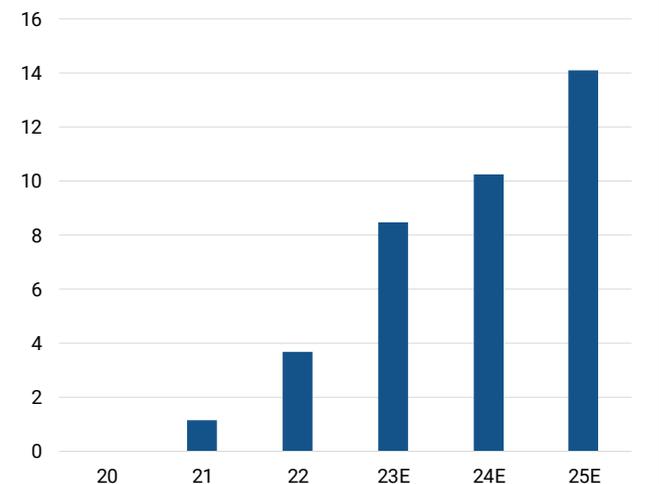
**Net debt and net debt/EBITDA**



**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
<b>Net sales</b>	<b>15.7</b>	<b>28.7</b>	<b>42.1</b>	<b>65.2</b>	<b>78.2</b>	<b>90.0</b>
Sales growth	0.0%	82.5%	46.8%	55.0%	20.0%	15.0%
Change in finished goods and work-in-process	0.0	-0.7	0.1	0.0	0.0	0.0
<b>Total sales</b>	<b>15.7</b>	<b>27.9</b>	<b>42.2</b>	<b>65.2</b>	<b>78.2</b>	<b>90.0</b>
Material expenses	2.4	4.5	7.2	11.7	13.3	15.3
<b>Gross profit</b>	<b>13.3</b>	<b>23.4</b>	<b>35.0</b>	<b>53.5</b>	<b>64.9</b>	<b>74.7</b>
Other operating income	2.1	3.0	7.7	10.4	13.3	15.3
Personnel expenses	8.1	13.6	20.2	30.0	36.0	39.6
Other operating expenses	2.7	6.6	12.0	18.9	22.3	25.6
<b>EBITDA</b>	<b>4.6</b>	<b>6.2</b>	<b>10.5</b>	<b>15.0</b>	<b>20.0</b>	<b>24.7</b>
Depreciation	0.0	0.1	0.0	0.9	1.5	2.1
EBITA	4.6	6.1	10.5	14.1	18.5	22.7
Amortisation of goodwill and intangible assets	3.5	5.2	8.0	11.9	12.7	11.8
<b>EBIT</b>	<b>1.1</b>	<b>0.9</b>	<b>2.5</b>	<b>2.2</b>	<b>5.8</b>	<b>10.9</b>
Financial result	2.2	-2.6	-8.3	0.5	0.0	0.0
Recurring pretax income from continuing operations	3.3	-1.6	-5.8	2.7	5.8	10.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.3	-1.6	-5.8	2.7	5.8	10.9
Taxes	0.0	0.6	0.8	0.8	1.7	3.3
Net income from continuing operations	3.3	-2.3	-6.6	1.9	4.0	7.6
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>3.3</b>	<b>-2.3</b>	<b>-6.6</b>	<b>1.9</b>	<b>4.0</b>	<b>7.6</b>
Minority interest	0.0	1.1	0.7	0.4	0.8	1.5
Net profit (reported)	3.3	-1.2	-5.9	2.3	4.8	9.1
Average number of shares	3.33	11.00	16.07	16.50	16.50	16.50
<b>EPS reported</b>	<b>0.98</b>	<b>-0.11</b>	<b>-0.37</b>	<b>0.14</b>	<b>0.29</b>	<b>0.55</b>

Profit and loss (common size)	2020	2021	2022	2023E	2024E	2025E
<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	0%	-2%	0%	0%	0%	0%
<b>Total sales</b>	<b>100%</b>	<b>98%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Material expenses	15%	16%	17%	18%	17%	17%
<b>Gross profit</b>	<b>85%</b>	<b>82%</b>	<b>83%</b>	<b>82%</b>	<b>83%</b>	<b>83%</b>
Other operating income	13%	11%	18%	16%	17%	17%
Personnel expenses	52%	47%	48%	46%	46%	44%
Other operating expenses	17%	23%	29%	29%	29%	29%
<b>EBITDA</b>	<b>29%</b>	<b>22%</b>	<b>25%</b>	<b>23%</b>	<b>26%</b>	<b>28%</b>
Depreciation	0%	0%	0%	1%	2%	2%
EBITA	29%	21%	25%	22%	24%	25%
Amortisation of goodwill and intangible assets	22%	18%	19%	18%	16%	13%
<b>EBIT</b>	<b>7%</b>	<b>3%</b>	<b>6%</b>	<b>3%</b>	<b>7%</b>	<b>12%</b>
Financial result	14%	-9%	-20%	1%	0%	0%
Recurring pretax income from continuing operations	21%	-6%	-14%	4%	7%	12%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	21%	-6%	-14%	4%	7%	12%
Taxes	0%	2%	2%	1%	2%	4%
Net income from continuing operations	21%	-8%	-16%	3%	5%	8%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>21%</b>	<b>-8%</b>	<b>-16%</b>	<b>3%</b>	<b>5%</b>	<b>8%</b>
Minority interest	0%	4%	2%	1%	1%	2%
<b>Net profit (reported)</b>	<b>21%</b>	<b>-4%</b>	<b>-14%</b>	<b>4%</b>	<b>6%</b>	<b>10%</b>

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
<b>Intangible assets (excl. Goodwill)</b>	<b>6.4</b>	<b>9.6</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>
Goodwill	21.6	41.9	59.5	50.9	42.1	34.8
Property, plant and equipment	0.5	1.4	3.5	5.9	8.3	10.7
Financial assets	6.9	27.5	57.1	57.1	57.1	57.1
<b>FIXED ASSETS</b>	<b>35.4</b>	<b>80.5</b>	<b>129.6</b>	<b>123.4</b>	<b>117.0</b>	<b>112.1</b>
Inventories	0.3	1.2	2.4	3.1	3.5	4.0
Accounts receivable	1.2	1.8	3.9	5.9	7.1	8.1
Other current assets	0.7	2.3	2.2	2.2	2.2	2.2
Liquid assets	4.2	11.1	26.3	34.8	45.0	59.1
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	8.0	6.6	4.9	8.2	9.8	11.2
<b>CURRENT ASSETS</b>	<b>14.4</b>	<b>23.0</b>	<b>39.7</b>	<b>54.0</b>	<b>67.5</b>	<b>84.6</b>
<b>TOTAL ASSETS</b>	<b>49.8</b>	<b>103.5</b>	<b>169.3</b>	<b>177.4</b>	<b>184.5</b>	<b>196.8</b>
<b>SHAREHOLDERS EQUITY</b>	<b>8.4</b>	<b>41.1</b>	<b>90.6</b>	<b>92.5</b>	<b>96.5</b>	<b>104.2</b>
MINORITY INTEREST	-0.2	0.7	1.6	1.6	1.6	1.6
Long-term debt	32.1	46.2	52.4	52.4	52.4	52.4
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.6	1.1	1.9	3.0	3.6	4.1
<b>Non-current liabilities</b>	<b>32.7</b>	<b>47.3</b>	<b>54.3</b>	<b>55.4</b>	<b>56.0</b>	<b>56.5</b>
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.4	1.1	1.8	3.0	3.4	3.9
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)	6.8	9.9	16.9	19.6	21.1	24.3
Deferred taxes	1.4	2.5	2.7	2.7	2.7	2.7
Deferred income	0.3	0.9	1.3	2.6	3.1	3.6
<b>Current liabilities</b>	<b>8.9</b>	<b>14.4</b>	<b>22.8</b>	<b>27.9</b>	<b>30.4</b>	<b>34.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>49.8</b>	<b>103.5</b>	<b>169.3</b>	<b>177.4</b>	<b>184.5</b>	<b>196.8</b>

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
<b>Intangible assets (excl. Goodwill)</b>	<b>13%</b>	<b>9%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
Goodwill	43%	41%	35%	29%	23%	18%
Property, plant and equipment	1%	1%	2%	3%	5%	5%
Financial assets	14%	27%	34%	32%	31%	29%
<b>FIXED ASSETS</b>	<b>71%</b>	<b>78%</b>	<b>77%</b>	<b>70%</b>	<b>63%</b>	<b>57%</b>
Inventories	1%	1%	1%	2%	2%	2%
Accounts receivable	2%	2%	2%	3%	4%	4%
Other current assets	1%	2%	1%	1%	1%	1%
Liquid assets	9%	11%	16%	20%	24%	30%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	16%	6%	3%	5%	5%	6%
<b>CURRENT ASSETS</b>	<b>29%</b>	<b>22%</b>	<b>23%</b>	<b>30%</b>	<b>37%</b>	<b>43%</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>17%</b>	<b>40%</b>	<b>54%</b>	<b>52%</b>	<b>52%</b>	<b>53%</b>
MINORITY INTEREST	-0%	1%	1%	1%	1%	1%
Long-term debt	64%	45%	31%	30%	28%	27%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	1%	1%	1%	2%	2%	2%
<b>Non-current liabilities</b>	<b>66%</b>	<b>46%</b>	<b>32%</b>	<b>31%</b>	<b>30%</b>	<b>29%</b>
short-term liabilities to banks	0%	0%	0%	0%	0%	0%
Accounts payable	1%	1%	1%	2%	2%	2%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	14%	10%	10%	11%	11%	12%
Deferred taxes	3%	2%	2%	2%	1%	1%
Deferred income	1%	1%	1%	1%	2%	2%
<b>Current liabilities</b>	<b>18%</b>	<b>14%</b>	<b>13%</b>	<b>16%</b>	<b>16%</b>	<b>18%</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)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	0.0	-2.2	-6.6	1.9	4.0	7.6
Depreciation of fixed assets (incl. leases)	0.0	0.5	0.5	0.9	1.5	2.1
Amortisation of goodwill	0.0	3.3	5.6	11.9	12.7	11.8
Amortisation of intangible assets	0.0	1.3	1.8	0.0	0.0	0.0
Others	0.0	1.1	3.4	1.1	0.6	0.5
Cash flow from operations before changes in w/c	0.0	4.1	4.8	15.7	18.8	22.0
Increase/decrease in inventory	0.0	-1.4	-1.1	-0.7	-0.4	-0.5
Increase/decrease in accounts receivable	0.0	0.0	0.0	-2.0	-1.2	-1.1
Increase/decrease in accounts payable	0.0	0.2	2.0	1.2	0.4	0.5
Increase/decrease in other w/c positions	0.0	0.0	0.0	0.7	0.5	2.2
Increase/decrease in working capital	0.0	-1.2	0.9	-0.7	-0.7	1.1
<b>Cash flow from operating activities</b>	<b>0.0</b>	<b>2.9</b>	<b>5.7</b>	<b>15.0</b>	<b>18.1</b>	<b>23.1</b>
CAPEX	0.0	-1.7	-2.0	-6.5	-7.8	-9.0
Payments for acquisitions	0.0	-27.2	-17.1	0.0	0.0	0.0
Financial investments	0.0	-18.5	-34.1	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>0.0</b>	<b>-47.4</b>	<b>-53.2</b>	<b>-6.5</b>	<b>-7.8</b>	<b>-9.0</b>
Cash flow before financing	0.0	-44.5	-47.5	8.5	10.3	14.1
Increase/decrease in debt position	0.0	11.7	2.5	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	36.0	57.2	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	3.8	3.1	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>0.0</b>	<b>51.5</b>	<b>62.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	0.0	7.0	15.2	8.5	10.3	14.1
<b>Liquid assets at end of period</b>	<b>4.2</b>	<b>11.2</b>	<b>26.4</b>	<b>34.9</b>	<b>45.2</b>	<b>59.3</b>

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	15.7	28.7	42.1	65.2	78.2	90.0
Europe (ex domestic)	0.0	0.0	0.0	0.0	0.0	0.0
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>15.7</b>	<b>28.7</b>	<b>42.1</b>	<b>65.2</b>	<b>78.2</b>	<b>90.0</b>

Regional sales split (common size)	2020	2021	2022	2023E	2024E	2025E
Domestic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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	2020	2021	2022	2023E	2024E	2025E
<b>Per share data</b>						
Earnings per share reported	0.98	-0.11	-0.37	0.14	0.29	0.55
Cash flow per share	-0.00	0.25	0.35	0.87	1.03	1.31
Book value per share	2.53	3.74	5.64	5.61	5.85	6.31
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
<b>Valuation</b>						
P/E	14.1x	-129.4x	-37.7x	99.4x	47.0x	24.9x
P/CF	-10,347.2x	54.9x	38.9x	15.9x	13.4x	10.6x
P/BV	5.5x	3.7x	2.4x	2.5x	2.4x	2.2x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-0.0%	1.8%	2.6%	6.3%	7.5%	9.5%
EV/Sales	16.3x	9.2x	6.0x	3.8x	3.0x	2.5x
EV/EBITDA	55.5x	42.3x	24.2x	16.4x	11.8x	8.9x
EV/EBIT	233.2x	280.3x	101.1x	110.2x	40.8x	20.3x
<b>Income statement (EURm)</b>						
Sales	15.7	28.7	42.1	65.2	78.2	90.0
yoy chg in %	0.0%	82.5%	46.8%	55.0%	20.0%	15.0%
Gross profit	13.3	23.4	35.0	53.5	64.9	74.7
Gross margin in %	84.7%	81.7%	83.2%	82.0%	83.0%	83.0%
EBITDA	4.6	6.2	10.5	15.0	20.0	24.7
EBITDA margin in %	29.3%	21.7%	25.0%	23.0%	25.5%	27.5%
EBIT	1.1	0.9	2.5	2.2	5.8	10.9
EBIT margin in %	7.0%	3.3%	6.0%	3.4%	7.4%	12.1%
Net profit	3.3	-1.2	-5.9	2.3	4.8	9.1
<b>Cash flow statement (EURm)</b>						
CF from operations	0.0	2.9	5.7	15.0	18.1	23.1
Capex	0.0	-1.7	-2.0	-6.5	-7.8	-9.0
Maintenance Capex	0.0	0.1	0.0	0.7	1.1	1.6
Free cash flow	0.0	1.2	3.7	8.5	10.3	14.1
<b>Balance sheet (EURm)</b>						
Intangible assets	28.0	51.6	69.0	60.4	51.6	44.3
Tangible assets	0.5	1.4	3.5	5.9	8.3	10.7
Shareholders' equity	8.4	41.1	90.6	92.5	96.5	104.2
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	32.7	47.3	54.3	55.4	56.0	56.5
Net financial debt	27.8	35.1	26.1	17.7	7.4	-6.7
w/c requirements	1.0	1.9	4.5	6.0	7.2	8.2
<b>Ratios</b>						
ROE	38.6%	-5.5%	-7.3%	2.1%	4.2%	7.3%
ROCE	2.7%	1.1%	1.7%	1.5%	3.7%	6.7%
Net gearing	329.7%	85.5%	28.8%	19.1%	7.7%	-6.4%
Net debt / EBITDA	6.0x	5.7x	2.5x	1.2x	0.4x	-0.3x

Source: Company data; AlsterResearch

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