

SGT German Private Equity

Germany | Financial Services | MCap EUR 80.6m

28 June 2023

UPDATE



Upbeat statements on AlsterResearch's digital roundtable, Reiterate BUY

BUY (BUY)

Target price	EUR 3.00 (3.00)
Current price	EUR 1.74
Up/downside	72.4%

 **ResearchHub** 

What's it all about?

AlsterResearch hosted a well-attended digital roundtable with the managing directors of SGT German Private Equity (SGF). A recording is available [here](#). In a nutshell, SGF has successfully transformed its business from a pure-play venture capitalist to a well-established player in the lucrative world of private equity. For SGF, this comes with the comfort of highly predictable and recurring revenues from assets under management. The recently announced ELATEC transaction will push AuM over the USD 1bn threshold and suggests that SGF has established itself as a serious player in the fast-growing PE market. Given the potential upside to our estimates, we reiterate our BUY rating with an unchanged PT of EUR 3.00, supported by both our standalone valuation as well as relative to other listed P/E companies.

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

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SGT German Private Equity

Germany | Financial Services | MCap EUR 80.6m | EV EUR 77.2m

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Up/downside 72.4%

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Upbeat statements on AlsterResearch's digital roundtable; BUY

AlsterResearch hosted a well-attended digital roundtable with the two managing directors of SGT German Private Equity ("SGF"), Christoph Gerlinger and Carsten Geyer. As this was the first such meeting with us after the company completely overhauled its business model, questions focused mainly on the new business model, growth opportunities and the competitive landscape. A recording is available [here](#).

Focus on the highly recurring PE business In 2020/21, SGF (formerly German Startups Group) acquired 100% of the share capital of SGT Capital Pte. Ltd (SGTPTE) through a contribution in kind. In doing so, SGF changed its business model from a venture capital asset owner to a private equity asset manager with stable and recurring revenues from assets under management (AuM). According to management, SGF intends to divest its legacy (venture) portfolio over time and focus exclusively on managing its private equity funds. At the end of 2022, SGF still had 12 active investments, of which the three largest (Auction Tech, remerge and Mister Spex) accounted for approximately 82% of the book value of approximately EUR 15-16m.

Exceeding USD 1bn in AuM. Within the PE segment, SGF recently announced that it has signed its second private equity deal (after cybersecurity company Utimaco) by acquiring German-based ELATEC GmbH, a leading provider of secure access management solutions. For SGF, the deal should help push assets under management over the USD 1bn threshold. Based on this, our EPS estimate of EUR 0.17 looks increasingly conservative and offers significant upside in case of another transaction this year, which could still be within reach.

Valuation But even on current estimates, SGF's shares look significantly undervalued, both on a standalone basis and on a comparable basis. In our view, a 23E P/E of just over 10x does not accurately reflect the highly visible, recurring and growing nature of SGF's earnings. Similarly, other peers trade at a median 23E P/E of 17.2x, which also supports our positive view on SGF. An attractive dividend and share buyback policy additionally appeals to the equity story, which is why we reiterate our BUY rating with an unchanged PT of EUR 3.00 and note that >70% upside now looks increasingly unjustified as SGF has established itself well in the lucrative PE world.



Source: Company data, AlsterResearch

High/low 52 weeks 1.92 / 1.33
Price/Book Ratio 0.7x

Ticker / Symbols
ISIN DE000A1MMEV4
WKN A1MMEV
Bloomberg SGF:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	15.1	8.8	0.17
	Δ	0.0%	0.0%	0.0%
2024E	old	19.7	10.4	0.20
	Δ	0.0%	0.0%	0.0%
2025E	old	19.9	10.6	0.20
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 46.30
Book value per share: (in EUR) 2.38
Ø trading volume: (12 months) 5,000

Major shareholders

SGT Capital LLC 79.4%
Treasury shares 7.0%
Free Float 13.6%

Company description

SGT German Private Equity formerly known as "German Startup Group" via its 100% subsidiary SGT Capital Pte. Ltd, Singapore, is a global alternative investment and private equity asset manager generating sustainable and highly predictable asset management fees. The capital commitments are agreed upon on a long-term basis. In addition, its heritage venture capital portfolio consists of minority stakes in startups, which however will be sold over time.

SGT German Private Equity	2020	2021	2022	2023E	2024E	2025E
Sales*	0.9	12.2	10.9	15.1	19.7	19.9
Growth yoy	-94.6%	1,279.3%	-10.5%	39.1%	30.3%	1.0%
EBITDA	-1.2	6.8	2.6	9.8	11.4	11.6
EBIT	-1.3	5.6	-5.3	8.8	10.4	10.6
Net profit	-0.6	14.5	6.9	7.8	9.2	9.3
Net debt (net cash)	-5.9	-4.7	-3.4	-8.7	-17.4	-25.6
Net debt/EBITDA	4.8x	-0.7x	-1.3x	-0.9x	-1.5x	-2.2x
EPS reported	-0.05	0.44	0.16	0.17	0.20	0.20
DPS	0.00	0.02	0.02	0.03	0.03	0.03
Dividend yield	0.0%	1.1%	1.1%	1.4%	1.7%	1.7%
Gross profit margin	100.0%	80.0%	63.9%	85.0%	83.0%	83.0%
EBITDA margin	-141.4%	55.8%	23.9%	65.0%	58.0%	58.0%
EBIT margin	-142.3%	46.1%	-48.8%	58.4%	52.9%	53.0%
ROCE	-4.4%	13.2%	-5.2%	8.3%	9.1%	8.6%
EV/EBITDA	-59.9x	11.2x	29.6x	7.3x	5.5x	4.8x
EV/EBIT	-59.5x	13.5x	-14.5x	8.1x	6.1x	5.2x
PER	-33.8x	4.0x	10.6x	10.4x	8.8x	8.7x
FCF yield	-9.4%	-10.1%	14.8%	7.6%	12.3%	12.2%

Source: Company data, AlsterResearch; incl. losses from fin. invest. & services received

As a reminder: SGF's "PE Asset Management" segment consists of its wholly-owned private equity company SGT Capital Pte. Ltd - a Singapore-based private equity asset manager, which was acquired through a reverse takeover in 2021. This transaction transformed the former German Startups Group from a pure asset owner into an asset manager, including recurring and highly predictable management fees on AuM. This shift in focus is also reflected in the renaming of the German Startups Group to today's SGT German Private Equity.

Half year performance table

P&L data	H1 2019	H2 2019	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022
Sales	8.7	13.5	1.0	1.4	2.9	11.1	7.1	3.8
yoy growth in %	-6.5%	35.4%	-88.4%	-89.9%	185.8%	716.8%	146.2%	-66.1%
Gross profit	7.8	10.5	1.0	1.4	2.9	8.7	7.1	-0.2
Gross margin in %	88.7%	78.0%	100.0%	100.0%	100.0%	78.1%	100.0%	-4.4%
EBITDA	1.5	3.4	-0.1	-1.0	0.6	6.2	6.3	-3.7
EBITDA margin in %	16.9%	25.0%	-7.4%	-76.6%	21.9%	55.5%	88.7%	-98.7%
EBIT	1.0	3.2	-0.1	-1.0	-0.4	6.0	5.7	-11.0
EBIT margin in %	11.3%	23.8%	-7.8%	-76.8%	-14.0%	54.2%	80.0%	-292.9%
EBT	0.7	2.9	-0.3	-0.5	-0.3	16.4	17.6	-10.9
taxes paid	0.3	-0.0	-0.1	0.0	-0.1	2.1	1.2	-1.3
tax rate in %	38.2%	-1.3%	40.3%	-4.0%	39.9%	12.8%	6.7%	12.2%
net profit	0.2	2.8	-0.2	-0.6	-0.2	14.3	16.5	-9.6
yoy growth in %	-88.6%	na%	na%	na%	na%	na%	na%	na%
EPS	0.02	0.25	-0.02	-0.05	-0.02	0.26	0.34	-0.18

Source: Company data; Sales incl. losses from financial investments and services received

Investment case in six charts

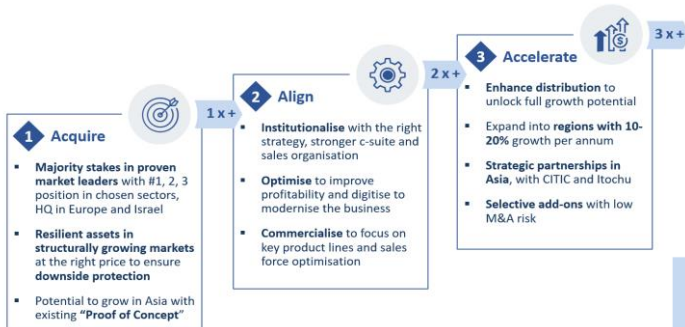
Products & Services



New corporate structure



Strategy - PE fund



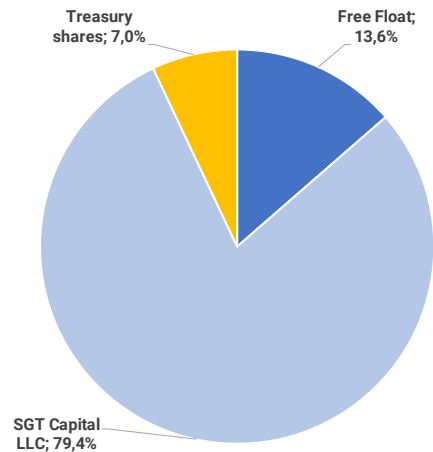
Themes and Sectors



Heritage VC portfolio - core holdings



Major shareholder



Source : Company data; AlsterResearch

SWOT analysis

Strengths

- Experienced and high caliber management team with over 100 years of cumulative investment experience.
- Background of market leading private equity, asset management, investment banking, and consulting firms.
- Access to deal flow.
- Network of financing banks, partnering co-investors, institutional clients, portfolio company managers, investment banks and consulting firms.
- Track record of the predecessor fund with > USD 1bn AuM and a return in excess of 2.2x MoM.
- Highly scalable and profitable business with EBIT margins of ~60%

Weaknesses

- Heritage venture capital value creation highly volatile and therefore less appropriate for a stock market listing
- Complex merger structure that needs capital market education.
- Limited free float.

Opportunities

- Once capital has been raised, highly predictable sales and earnings streams.
- Stock listing offers access to fresh capital and publicity of being the only German listed PE company.
- Presence in Germany and Singapore could offer unique opportunities to grow.

Threats

- Costly and time-consuming regulations could become a burden for market participants.
- Fierce competition among PE investors could drive up acquisition multiples and consequently dilute investors' returns.
- Follow-up investment funds depend on future investment success.

Valuation

DCF Model

The DCF model results in a **fair value of EUR 3.13 per share**:

Top-line growth: We expect SGT German Private Equity to continue benefitting from structural growth. Hence our growth estimates for 2023E-2030E is in the range of 4.7% p.a. The long-term growth rate is set at 2.0%.

EBIT margins. In accordance with other PE firms, we are modelling EBIT margin in the 50% range. Given the asset light business model, we keep EBIT margins constant at these levels.

WACC. The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.30. 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 (EUR m) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	7.8	9.2	9.3	8.3	8.1	8.0	7.7	7.8	
Depreciation & amortization	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Change in working capital	-2.8	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	
Chg. in long-term provisions	0.2	0.3	0.1	0.0	0.0	0.0	0.0	0.0	
Capex	0.0	0.0	-0.2	-0.4	-0.6	-0.8	-1.0	-1.0	
Cash flow	6.1	9.9	9.6	8.3	7.9	7.5	7.1	7.1	119.6
Present value	5.9	8.8	7.9	6.4	5.6	4.9	4.3	4.0	66.7
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

DCF per share derived from	
Total present value	114.5
Mid-year adj. total present value	119.0
Net debt / cash at start of year	-3.4
Financial assets	22.7
Provisions and off b/s debt	0.0
Equity value	145.0
No. of shares outstanding	46.3
Discounted cash flow / share upside/(downside)	3.13 80.0%

Share price	1.74
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DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2023E-2030E)	4.7%
Terminal value growth (2030E - infinity)	2.0%
Terminal year ROCE	7.3%
Terminal year WACC	8.1%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.30
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		
	2.0%	1.0%	0.5%	1.0%	1.5%	2.0%	2023E-2026E	2027E-2030E
	2.0%	2.4	2.4	2.5	2.5	2.6	25.3%	16.4%
1.0%	2.5	2.6	2.7	2.7	2.8			
0.0%	2.7	2.8	2.9	3.0	3.1			
-1.0%	3.0	3.1	3.2	3.4	3.6			
-2.0%	3.4	3.5	3.7	4.0	4.2			
						terminal value	58.3%	

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 3.40 per share based on 2023E and EUR 4.27 per share on 2027E estimates. **We value SGT German Private Equity on 2023 estimates and which supports the DCF based fair value calculations.**

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	9.8	11.4	11.6	11.7	11.8
- 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	1.1	1.3	1.3	2.3	2.7
= Adjusted FCF	8.8	10.2	10.3	9.3	9.1
Actual Market Cap	80.6	80.6	80.6	80.6	80.6
+ Net debt (cash)	-8.7	-17.4	-25.6	-32.6	-39.2
+ 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	22.7	22.7	22.7	22.7	22.7
- Acc. dividend payments	0.8	2.0	3.4	4.8	6.0
<i>EV Reconciliations</i>	-32.2	-42.0	-51.7	-60.0	-67.9
= Actual EV'	48.4	38.5	28.9	20.6	12.7
Adjusted FCF yield	18.1%	26.4%	35.6%	45.3%	71.8%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	125.4	145.5	147.0	133.2	129.9
- <i>EV Reconciliations</i>	-32.2	-42.0	-51.7	-60.0	-67.9
Fair Market Cap	157.6	187.6	198.6	193.2	197.8
No. of shares (million)	46.3	46.3	46.3	46.3	46.3
Fair value per share in EUR	3.40	4.05	4.29	4.17	4.27
Premium (-) / discount (+)	95.6%	132.8%	146.6%	139.8%	145.5%

Sensitivity analysis FV

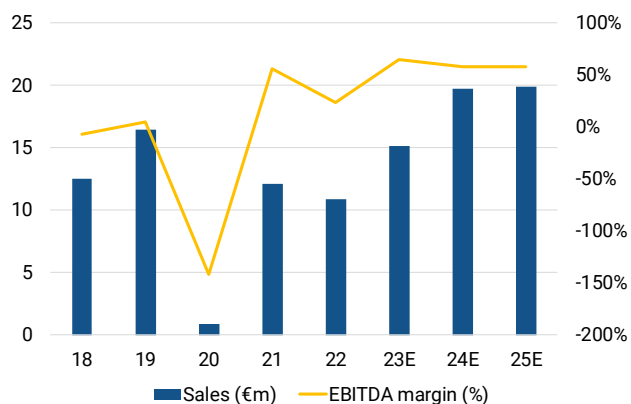
	5.0%	4.5	5.3	5.6	5.3	5.4
Adjusted hurdle rate	6.0%	3.9	4.6	4.8	4.7	4.7
	7.0%	3.4	4.1	4.3	4.2	4.3
	8.0%	3.1	3.7	3.9	3.8	3.9
	9.0%	2.8	3.4	3.6	3.5	3.6

Source: Company data; AlsterResearch

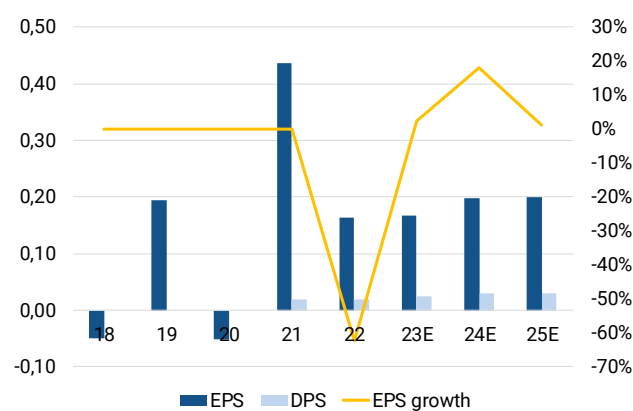
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments 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

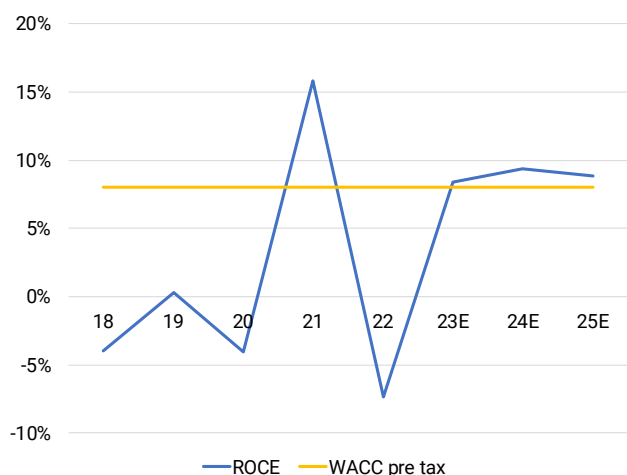
Sales vs. EBITDA margin development



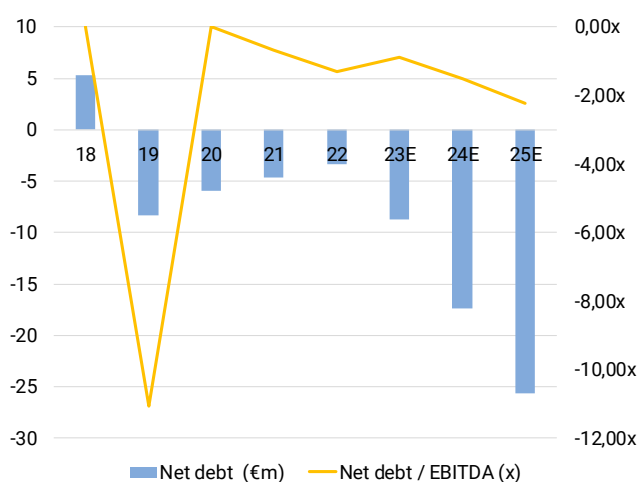
EPS, DPS in EUR & yoy EPS growth



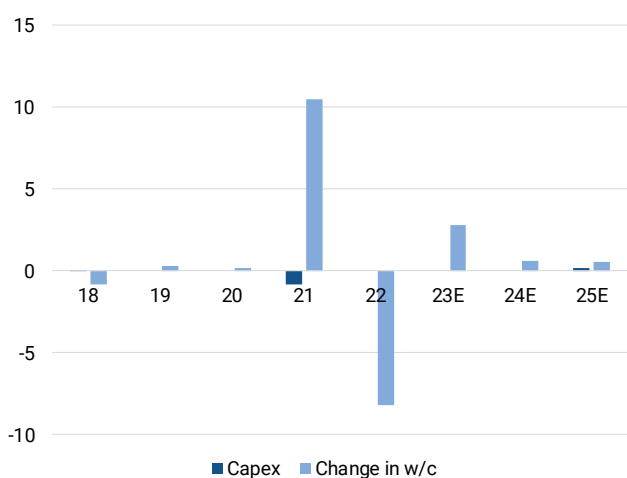
ROCE vs. WACC (pre tax)



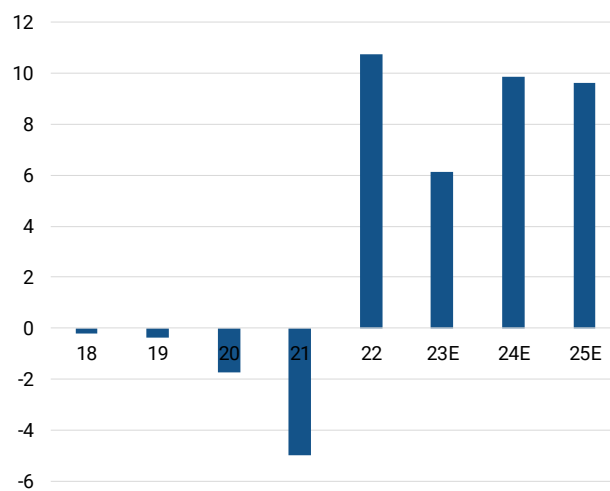
Net debt and net debt/EBITDA



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	0.9	12.2	10.9	15.1	19.7	19.9
Sales growth	-94.6%	1,279.3%	-10.5%	39.1%	30.3%	1.0%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	0.9	12.2	10.9	15.1	19.7	19.9
Material expenses	0.0	2.4	3.9	2.3	3.4	3.4
Gross profit	0.9	9.7	7.0	12.9	16.4	16.5
Other operating income	0.1	0.1	0.8	0.5	0.0	0.0
Personnel expenses	0.1	0.4	0.8	1.1	1.4	1.4
Other operating expenses	2.1	2.7	4.4	2.4	3.6	3.6
EBITDA	-1.2	6.8	2.6	9.8	11.4	11.6
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	-1.3	6.8	2.6	9.8	11.4	11.6
Amortisation of goodwill and intangible assets	0.0	1.2	7.9	1.0	1.0	1.0
EBIT	-1.3	5.6	-5.3	8.8	10.4	10.6
Financial result	0.4	10.4	12.0	0.0	0.0	0.0
Recurring pretax income from continuing operations	-0.8	16.0	6.7	8.8	10.4	10.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-0.8	16.0	6.7	8.8	10.4	10.6
Taxes	-0.1	2.0	-0.1	1.1	1.3	1.3
Net income from continuing operations	-0.7	14.1	6.9	7.8	9.2	9.3
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-0.7	14.1	6.9	7.8	9.2	9.3
Minority interest	0.2	0.4	0.0	0.0	0.0	0.0
Net profit (reported)	-0.6	14.5	6.9	7.8	9.2	9.3
Average number of shares	10.74	33.13	41.74	46.30	46.30	46.30
EPS reported	-0.05	0.44	0.16	0.17	0.20	0.20

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	0%	0%	0%	0%	0%	0%
Total sales	100%	100%	100%	100%	100%	100%
Material expenses	0%	20%	36%	15%	17%	17%
Gross profit	100%	80%	64%	85%	83%	83%
Other operating income	12%	1%	8%	3%	0%	0%
Personnel expenses	15%	3%	7%	7%	7%	7%
Other operating expenses	239%	22%	41%	16%	18%	18%
EBITDA	-141%	56%	24%	65%	58%	58%
Depreciation	1%	0%	0%	0%	0%	0%
EBITA	-142%	56%	24%	65%	58%	58%
Amortisation of goodwill and intangible assets	0%	10%	73%	7%	5%	5%
EBIT	-142%	46%	-49%	58%	53%	53%
Financial result	48%	86%	110%	0%	0%	0%
Recurring pretax income from continuing operations	-94%	132%	62%	58%	53%	53%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-94%	132%	62%	58%	53%	53%
Taxes	-10%	16%	-1%	7%	6%	6%
Net income from continuing operations	-84%	116%	63%	51%	47%	47%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-84%	116%	63%	51%	47%	47%
Minority interest	21%	3%	0%	0%	0%	0%
Net profit (reported)	-63%	119%	63%	51%	47%	47%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. Goodwill)	0.1	10.4	2.5	1.5	0.5	-0.3
Goodwill	0.0	72.2	72.2	72.2	72.2	72.2
Property, plant and equipment	0.0	0.0	0.2	0.2	0.2	0.2
Financial assets	22.2	17.6	22.7	22.7	22.7	22.7
FIXED ASSETS	22.3	100.2	97.6	96.6	95.6	94.8
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	11.0	1.7	4.1	5.4	6.0
Other current assets	0.4	0.1	0.2	0.2	0.2	0.2
Liquid assets	5.9	4.8	6.1	8.7	17.4	25.6
Deferred taxes	0.0	0.1	0.1	0.1	0.1	0.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	6.3	16.1	8.2	13.2	23.2	32.0
TOTAL ASSETS	28.6	116.3	105.8	109.8	118.7	126.8
SHAREHOLDERS EQUITY	28.2	42.3	99.4	106.3	114.3	122.2
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.0	2.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.0	0.0	0.5	0.6	0.9	1.0
Non-current liabilities	0.0	0.0	2.5	0.6	0.9	1.0
short-term liabilities to banks	0.0	0.2	0.7	0.0	0.0	0.0
Accounts payable	0.2	0.7	1.4	0.8	1.2	1.2
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)	0.0	70.2	0.6	0.9	1.2	1.2
Deferred taxes	0.1	1.9	1.2	1.2	1.2	1.2
Deferred income	0.0	1.0	0.0	0.0	0.0	0.0
Current liabilities	0.3	73.9	4.0	2.9	3.5	3.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	28.6	116.3	105.8	109.8	118.7	126.8

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	0%	9%	2%	1%	0%	-0%
Goodwill	0%	62%	68%	66%	61%	57%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	78%	15%	21%	21%	19%	18%
FIXED ASSETS	78%	86%	92%	88%	81%	75%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	0%	9%	2%	4%	5%	5%
Other current assets	1%	0%	0%	0%	0%	0%
Liquid assets	21%	4%	6%	8%	15%	20%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	22%	14%	8%	12%	19%	25%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	99%	36%	94%	97%	96%	96%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	0%	2%	0%	0%	0%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	0%	0%	0%	1%	1%	1%
Non-current liabilities	0%	0%	2%	1%	1%	1%
short-term liabilities to banks	0%	0%	1%	0%	0%	0%
Accounts payable	1%	1%	1%	1%	1%	1%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	0%	60%	1%	1%	1%	1%
Deferred taxes	0%	2%	1%	1%	1%	1%
Deferred income	0%	1%	0%	0%	0%	0%
Current liabilities	1%	64%	4%	3%	3%	3%
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	-0.7	14.1	6.9	7.8	9.2	9.3
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	0.0	1.2	7.9	1.0	1.0	1.0
Others	-0.9	-10.6	-6.3	0.2	0.3	0.1
Cash flow from operations before changes in w/c	-1.6	4.7	8.5	8.9	10.5	10.4
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.0	-11.0	9.3	-2.4	-1.3	-0.6
Increase/decrease in accounts payable	0.0	0.5	0.8	-0.6	0.4	0.0
Increase/decrease in other w/c positions	-0.1	0.0	-1.9	0.2	0.3	0.0
Increase/decrease in working capital	-0.2	-10.5	8.2	-2.8	-0.6	-0.6
Cash flow from operating activities	-1.8	-5.8	10.8	6.1	9.9	9.8
CAPEX	0.0	0.8	0.0	0.0	0.0	-0.2
Payments for acquisitions	-0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-9.2	0.0	-2.4	0.0	0.0	0.0
Income from asset disposals	11.3	4.8	0.1	0.0	0.0	0.0
Cash flow from investing activities	2.1	5.6	-2.4	0.0	0.0	-0.2
Cash flow before financing	0.3	-0.2	8.4	6.1	9.9	9.6
Increase/decrease in debt position	-3.3	0.0	2.6	-2.8	0.0	0.0
Purchase of own shares	-1.1	0.0	-7.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	-0.7	-0.8	-1.2	-1.4
Others	-0.3	0.0	-2.9	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	-4.6	0.0	-8.0	-3.6	-1.2	-1.4
Increase/decrease in liquid assets	-4.3	-0.2	0.4	2.5	8.7	8.2
Liquid assets at end of period	0.5	0.4	0.8	3.3	12.0	20.2

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	0.9	12.2	10.9	15.1	19.7	19.9
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
Total sales	0.9	12.2	10.9	15.1	19.7	19.9

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%
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	-0.05	0.44	0.16	0.17	0.20	0.20
Cash flow per share	-0.16	-0.18	0.26	0.13	0.21	0.21
Book value per share	2.63	1.28	2.38	2.30	2.47	2.64
Dividend per share	0.00	0.02	0.02	0.03	0.03	0.03
Valuation						
P/E	-33.8x	4.0x	10.6x	10.4x	8.8x	8.7x
P/CF	-10.6x	-9.9x	6.7x	13.1x	8.2x	8.2x
P/BV	0.7x	1.4x	0.7x	0.8x	0.7x	0.7x
Dividend yield (%)	0.0%	1.1%	1.1%	1.4%	1.7%	1.7%
FCF yield (%)	-9.4%	-10.1%	14.8%	7.6%	12.3%	12.2%
EV/Sales	84.7x	6.2x	7.1x	4.7x	3.2x	2.8x
EV/EBITDA	-59.9x	11.2x	29.6x	7.3x	5.5x	4.8x
EV/EBIT	-59.5x	13.5x	-14.5x	8.1x	6.1x	5.2x
Income statement (EURm)						
Sales	0.9	12.2	10.9	15.1	19.7	19.9
yoy chg in %	-94.6%	1,279.3%	-10.5%	39.1%	30.3%	1.0%
Gross profit	0.9	9.7	7.0	12.9	16.4	16.5
Gross margin in %	100.0%	80.0%	63.9%	85.0%	83.0%	83.0%
EBITDA	-1.2	6.8	2.6	9.8	11.4	11.6
EBITDA margin in %	-141.4%	55.8%	23.9%	65.0%	58.0%	58.0%
EBIT	-1.3	5.6	-5.3	8.8	10.4	10.6
EBIT margin in %	-142.3%	46.1%	-48.8%	58.4%	52.9%	53.0%
Net profit	-0.6	14.5	6.9	7.8	9.2	9.3
Cash flow statement (EURm)						
CF from operations	-1.8	-5.8	10.8	6.1	9.9	9.8
Capex	0.0	0.8	0.0	0.0	0.0	-0.2
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	-1.8	-5.0	10.8	6.1	9.9	9.6
Balance sheet (EURm)						
Intangible assets	0.1	82.6	74.7	73.7	72.7	71.9
Tangible assets	0.0	0.0	0.2	0.2	0.2	0.2
Shareholders' equity	28.2	42.3	99.4	106.3	114.3	122.2
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	0.0	0.2	3.2	0.6	0.9	1.0
Net financial debt	-5.9	-4.7	-3.4	-8.7	-17.4	-25.6
w/c requirements	-0.2	10.3	0.3	3.3	4.2	4.8
Ratios						
ROE	-2.6%	33.3%	6.9%	7.3%	8.0%	7.6%
ROCE	-4.4%	13.2%	-5.2%	8.3%	9.1%	8.6%
Net gearing	-21.0%	-11.0%	-3.4%	-8.2%	-15.2%	-21.0%
Net debt / EBITDA	4.8x	-0.7x	-1.3x	-0.9x	-1.5x	-2.2x

Source: Company data; AlsterResearch

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