

CHAPTERS Group AG

Germany | Financial Services | MCap EUR 560.9m

6 September 2024

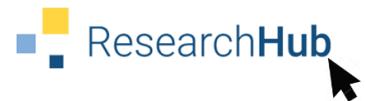
UPDATE



Ookam stake increased to 100%, capital raise completed; BUY

BUY (BUY)

Target price	EUR 28.00 (27.00)
Current price	EUR 24.40
Up/downside	14.8%



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What's it all about?

CHAPTERS Group AG has increased its stake in Ookam Software, its largest investment platform, from 80% to 100%, enhancing its control and financial flexibility. Ookam, founded in 2019, has acquired 23 companies across Germany, Austria, the Czech Republic, and Slovakia. Further, CHAPTERS recently completed an oversubscribed capital increase, raising EUR 84.9m, with key investors, including Spotify founder Daniel Ek's family office, significantly increasing their stakes, underlining their strong commitment and confidence in CHAPTERS. After model adjustments, we raise our PT to EUR 28.00 and reiterate to BUY.

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 560.9m | EV EUR 564.4m

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Ookam stake increased to 100%, capital raise completed; BUY

Stake in Ookam increased to 100%. CHAPTERS Group announced that it has increased its 80% stake in Ookam Software GmbH, its first VMS (vertical market software) investment platform, to 100%. Founded in 2019, Ookam Software has acquired 23 operating companies in Germany, Austria, the Czech Republic and Slovakia and established sub-platforms in several industry clusters. The company will continue to focus on organic and external growth within Ookam's established clusters and alongside its business unit heads. In addition, CHAPTERS highlights additional flexibility to explore additional financing opportunities. In addition to capital increases such as the recent one, the company is considering raising debt to finance future growth.

Capital increase completed. In mid-August, CHAPTERS completed the capital increase announced in April. In a private placement, CHAPTERS issued 3,438,322 new shares at a price of EUR 24.70 per share for gross proceeds of EUR 84.9m. The issue was significantly oversubscribed as CHAPTERS had originally planned to raise EUR 60-80m.

Shareholder base further expanded: The strong interest in the recent capital increase once again underlines the strong commitment and confidence of CHAPTERS' shareholder base. According to the company, Antheia, the family office of Spotify founder Daniel Ek, significantly increased its stake in CHAPTERS and is now the third largest shareholder after existing shareholders Sator Grove and Mitch Rales, co-founder of Danaher Corp., who also participated in the capital increase. In addition, several family offices joined the investor base, improving the free float.

Conclusion. The increase in Ookam's shareholding should provide CHAPTERS with more flexible financing options. A higher retention of profits is likely to be reinvested in Ookam, while CHAPTERS' cash can be used primarily for further M&A transactions. Our model adjustments reflect the recently implemented capital increase, increasing the number of shares from 19.55 to 22.98m. This is offset by the increased stake in Ookam, which should improve CHAPTERS' financials (e.g. increased share of high-margin VMS business, less minorities). We raise our PT to EUR 28.00 (before: EUR 27.00) and reiterate our BUY recommendation.

CHAPTERS Group	2021	2022	2023	2024E	2025E	2026E
Sales	28.7	42.1	70.8	106.1	127.4	146.5
<i>Growth yoy</i>	82.5%	46.8%	68.2%	50.0%	20.0%	15.0%
EBITDA	6.2	10.5	10.8	24.9	36.3	47.8
EBIT	0.9	2.5	-1.7	14.0	24.7	37.3
Net profit	-1.2	-5.9	-4.1	8.8	18.2	30.0
Net debt (net cash)	35.1	26.1	3.6	-76.9	-107.3	-144.7
Net debt/EBITDA	5.7x	2.5x	0.3x	-3.1x	-3.0x	-3.0x
EPS reported	-0.11	-0.37	-0.22	0.38	0.79	1.31
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	81.7%	83.2%	81.7%	84.0%	85.0%	85.5%
EBITDA margin	21.7%	25.0%	15.3%	23.5%	28.5%	32.6%
EBIT margin	3.3%	6.0%	-2.4%	13.2%	19.4%	25.5%
ROCE	1.1%	1.7%	-0.9%	4.3%	7.1%	10.0%
EV/Sales	20.8x	14.0x	8.0x	4.6x	3.6x	2.8x
EV/EBITDA	95.9x	55.9x	52.3x	19.4x	12.5x	8.7x
EV/EBIT	635.6x	233.9x	-336.3x	34.5x	18.4x	11.1x
PER	-228.8x	-66.6x	-109.1x	63.8x	30.8x	18.7x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 26.60 / 11.50
Price/Book Ratio 3.6x

Ticker / Symbols

ISIN DE0006618309
WKN 661830
Bloomberg CHG:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	100.5	12.4	0.39
	Δ	5.6%	13.1%	-1.6%
2025E	old	120.6	20.3	0.78
	Δ	5.6%	21.7%	1.2%
2026E	old	138.7	30.2	1.30
	Δ	5.6%	23.4%	0.6%

Key share data

Number of shares: (in m pcs) 22.99
Book value per share: (in EUR) 6.73
Ø trading vol.: (12 months) 11,290

Major shareholders

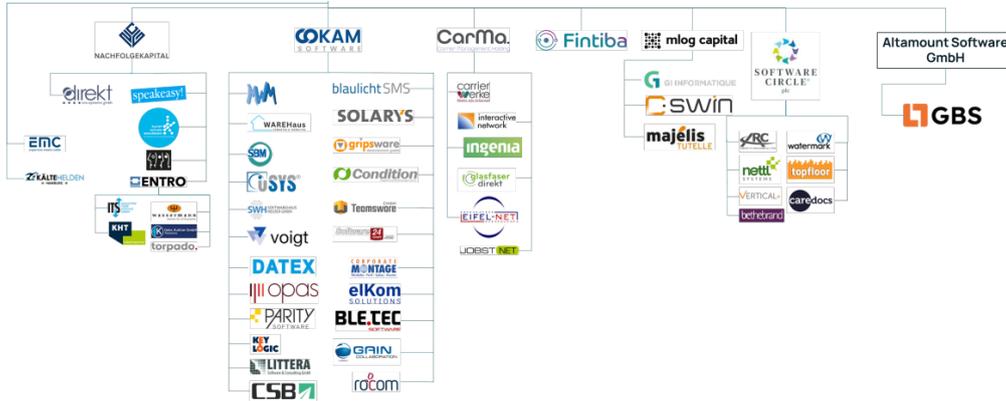
Sator Grove 15.4%
Mitchell Rales Trust /Foundation 14.4%
Antheia 10.9%
Free Float 39.3%

Company description

CHAPTERS Group is a holding company based in Hamburg, Germany. Through its investment platforms, CHAPTERS primarily invests in vertical market software (VMS) 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

Group structure



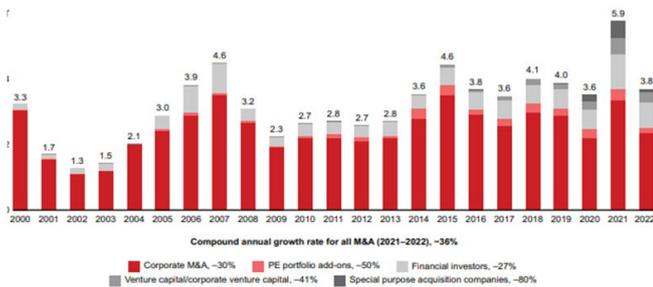
Business model

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

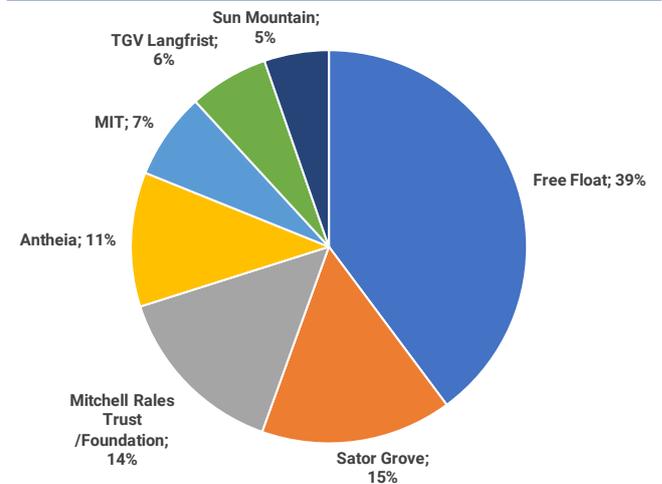
Competitive landscape



M&A deal market value (in trillions USD)



Major shareholders



Source: Company data, mwb research

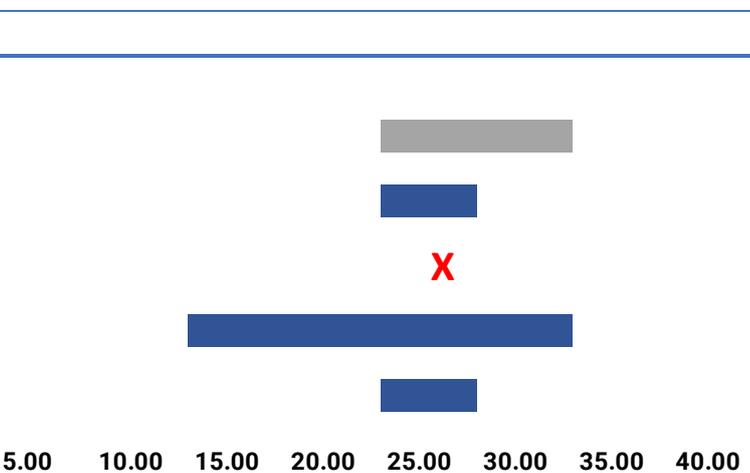
Valuation

In order to derive at a fair value for CHAPTERS Group we have conducted several valuation approaches. We note however that valuing an investment 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	27.66-37.43
SOTP		25.20
Average		28.33
adj. FCF yield		16.22-37.58
DCF		28.68



Source: mwb research

Valuation

DCF Model

The DCF model results in a **fair value of EUR 28.31 per share**:

Top-line growth: We expect CHAPTERS Group AG to grow revenues at a CAGR of 8.0% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 4.3% in 2024E to 9.9% in 2031E.

WACC. Starting point is a historical equity beta of 1.24. Unlevering and correcting for mean reversion yields an asset beta of 1.07. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.6%. With pre-tax cost of borrowing at 5.0%, a tax rate of 30.0% and target debt/equity of 0.5 this results in a long-term WACC of 8.3%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	10.2	19.7	30.1	33.5	39.3	40.1	41.0	42.0	
Depreciation & amortization	10.9	11.6	10.4	10.4	10.8	11.3	11.7	12.0	
Change in working capital	5.6	5.0	4.5	3.3	1.9	1.0	1.0	1.0	
Chg. in long-term provisions	3.1	1.9	1.7	1.3	0.7	0.4	0.4	0.4	
Capex	-7.5	-8.9	-10.3	-11.3	-11.9	-12.2	-12.5	-12.8	
Cash flow	22.4	29.2	36.4	37.1	40.8	40.6	41.6	42.7	694.8
Present value	21.8	26.3	30.2	28.5	28.9	26.5	25.1	23.7	388.6
WACC	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	599.6	Planning horizon avg. revenue growth (2024E-2031E)	8.0%
Mid-year adj. total present value	624.1	Terminal value growth (2031E - infinity)	2.0%
Net debt / cash at start of year	3.6	Terminal year ROCE	9.9%
Financial assets	30.3	Terminal year WACC	8.3%
Provisions and off b/s debt	na		
Equity value	650.8	Terminal WACC derived from	
No. of shares outstanding	23.0	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	30.0%
		Equity beta	1.24
		Unlevered beta (industry or company)	1.07
		Target debt / equity	0.5
		Relevered beta	1.44
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	10.6%
Discounted cash flow / share upside/(downside)	28.31 / 16.0%		
Share price	24.40		

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%	20.6	21.2	21.9	22.8	23.7	2024E-2027E	17.8%
1.0%	22.8	23.7	24.7	25.8	27.1	2028E-2031E	17.4%
0.0%	25.7	26.9	28.3	29.9	31.9	terminal value	64.8%
-1.0%	29.6	31.3	33.3	35.8	38.8		
-2.0%	34.9	37.5	40.7	44.7	50.1		

Source: mwb research

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 16.22 per share based on 2024E and EUR 37.58 per share on 2028E 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	2024E	2025E	2026E	2027E	2028E
EBITDA	24.9	36.3	47.8	52.0	59.6
- Maintenance capex	3.2	6.4	6.4	6.8	7.4
- Minorities	-0.4	-2.4	-3.9	-4.4	-5.1
- tax expenses	3.6	6.8	11.2	12.5	14.6
= Adjusted FCF	18.6	25.5	34.1	37.0	42.7
Actual Market Cap	560.9	560.9	560.9	560.9	560.9
+ Net debt (cash)	-76.9	-107.3	-144.7	-182.5	-223.1
+ 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	30.3	30.3	30.3	30.3	30.3
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	-107.2	-137.6	-175.0	-212.8	-253.4
= Actual EV'	453.7	423.3	385.8	348.1	307.5
Adjusted FCF yield	4.1%	6.0%	8.8%	10.6%	13.9%
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	265.6	364.1	486.9	529.0	610.3
- <i>EV Reconciliations</i>	-107.2	-137.6	-175.0	-212.8	-253.4
Fair Market Cap	372.8	501.7	661.9	741.8	863.7
No. of shares (million)	23.0	23.0	23.0	23.0	23.0
Fair value per share in EUR	16.22	21.83	28.80	32.27	37.58
Premium (-) / discount (+)	-33.5%	-10.5%	18.0%	32.3%	54.0%

Sensitivity analysis FV						
	5.0%	20.8	28.2	37.3	41.5	48.2
Adjusted hurdle rate	6.0%	18.1	24.5	32.3	36.1	42.0
	7.0%	16.2	21.8	28.8	32.3	37.6
	8.0%	14.8	19.8	26.1	29.4	34.3
	9.0%	13.6	18.3	24.1	27.2	31.7

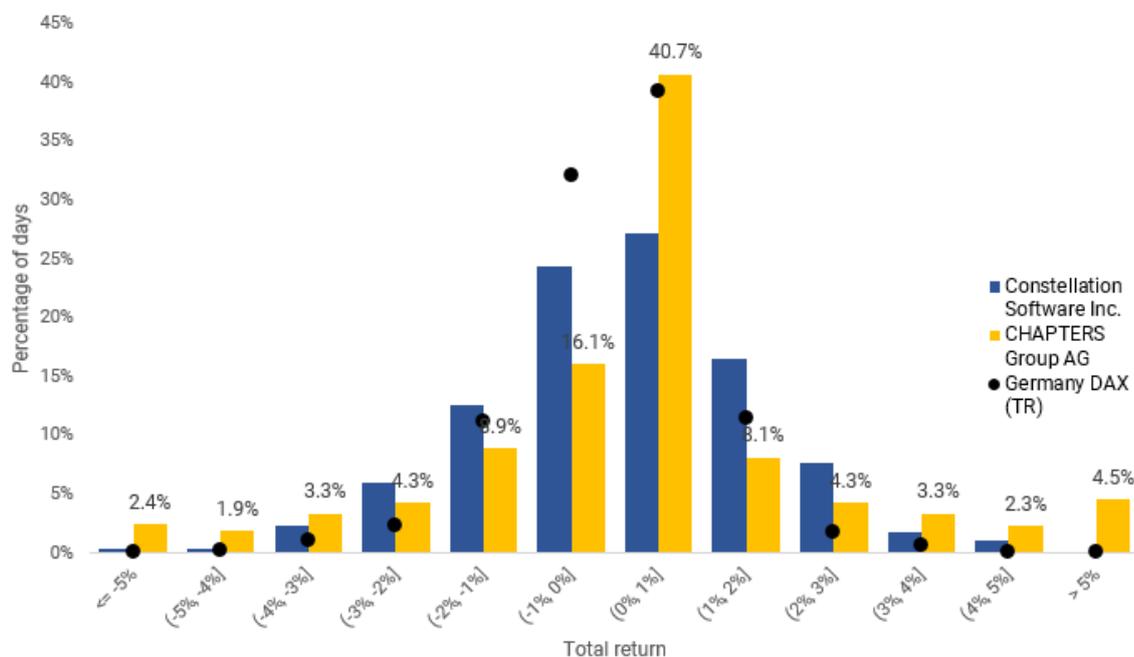
Source: Company data; mwb research

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. 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.**

Risk

The chart displays the **distribution of daily returns of CHAPTERS Group AG** over the last 3 years, compared to the same distribution for Constellation Software Inc.. We have also included the distribution for the index Germany DAX (TR). The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For CHAPTERS Group AG, the worst day during the past 3 years was 20/12/2021 with a share price decline of -13.5%. The best day was 29/09/2023 when the share price increased by 18.1%.

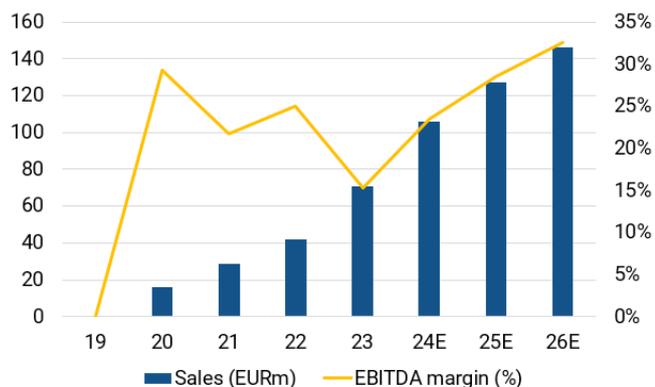
Risk – Daily Returns Distribution (trailing 3 years)



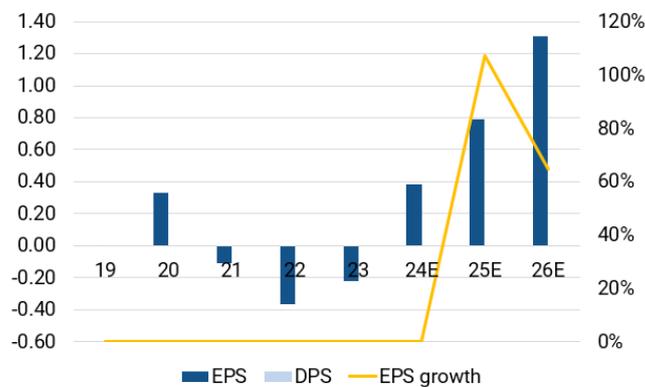
Source: FactSet, mwb research

Financials in six charts

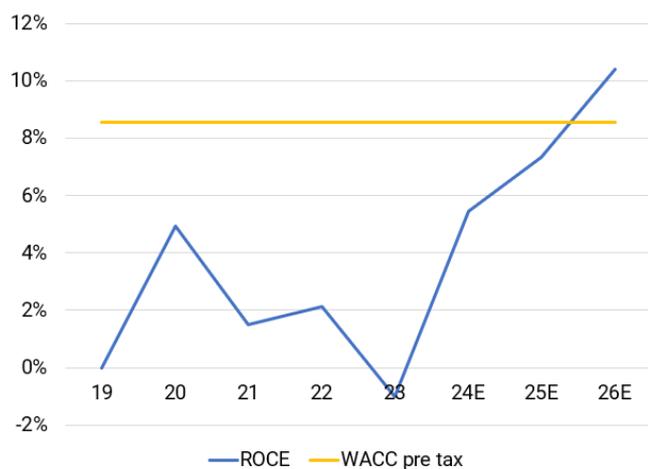
Sales vs. EBITDA margin development



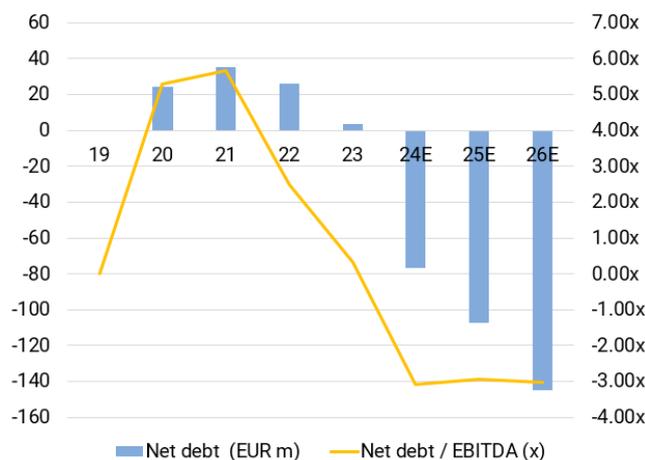
EPS, DPS in EUR & yoy EPS growth



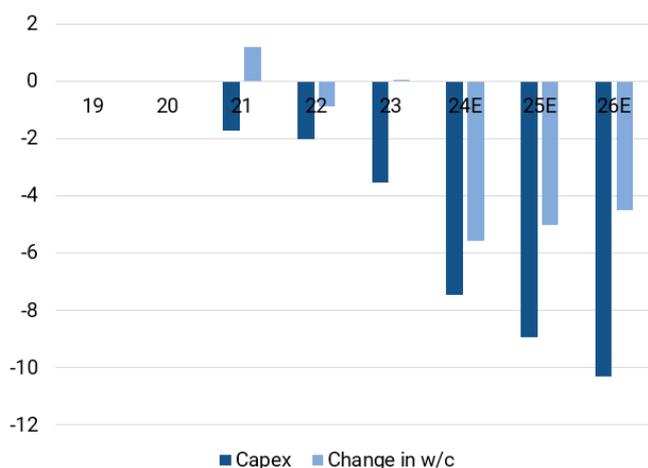
ROCE vs. WACC (pre tax)



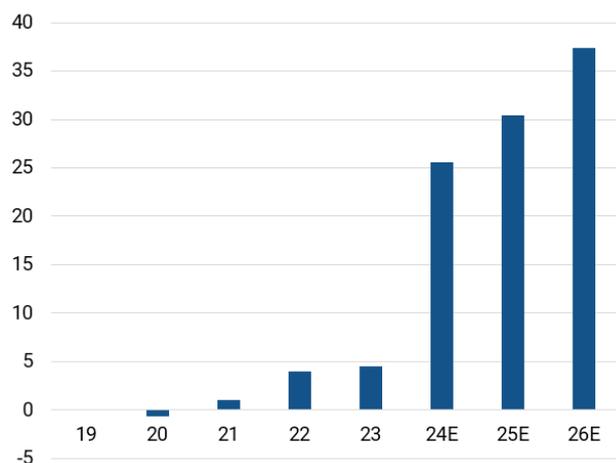
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Net sales	28.7	42.1	70.8	106.1	127.4	146.5
Sales growth	82.5%	46.8%	68.2%	50.0%	20.0%	15.0%
Change in finished goods and work-in-process	-0.7	0.1	-1.1	0.0	0.0	0.0
Total sales	27.9	42.2	69.7	106.1	127.4	146.5
Material expenses	4.5	7.2	11.9	17.0	19.1	21.2
Gross profit	23.4	35.0	57.8	89.2	108.3	125.2
Other operating income	3.0	7.7	7.6	17.0	22.3	26.7
Personnel expenses	13.6	20.2	37.0	49.4	56.0	62.3
Other operating expenses	6.6	12.0	17.6	31.8	38.2	42.0
EBITDA	6.2	10.5	10.8	24.9	36.3	47.8
Depreciation	0.1	0.0	0.0	3.2	6.4	6.4
EBITA	6.1	10.5	10.8	21.8	29.9	41.4
Amortisation of goodwill and intangible assets	5.2	8.0	12.4	7.8	5.2	4.0
EBIT	0.9	2.5	-1.7	14.0	24.7	37.3
Financial result	-2.6	-8.3	-3.0	-2.0	-2.0	-0.1
Recurring pretax income from continuing operations	-1.6	-5.8	-4.7	12.0	22.6	37.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-1.6	-5.8	-4.7	12.0	22.6	37.3
Taxes	0.6	0.8	1.7	3.6	6.8	11.2
Net income from continuing operations	-2.3	-6.6	-6.4	8.4	15.8	26.1
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-2.3	-6.6	-6.4	8.4	15.8	26.1
Minority interest	1.1	0.7	2.3	0.4	2.4	3.9
Net profit (reported)	-1.2	-5.9	-4.1	8.8	18.2	30.0
Average number of shares	11.00	16.07	18.15	22.99	22.99	22.99
EPS reported	-0.11	-0.37	-0.22	0.38	0.79	1.31

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	-2%	0%	-2%	0%	0%	0%
Total sales	98%	100%	98%	100%	100%	100%
Material expenses	16%	17%	17%	16%	15%	14%
Gross profit	82%	83%	82%	84%	85%	86%
Other operating income	11%	18%	11%	16%	18%	18%
Personnel expenses	47%	48%	52%	47%	44%	43%
Other operating expenses	23%	29%	25%	30%	30%	29%
EBITDA	22%	25%	15%	24%	28%	33%
Depreciation	0%	0%	0%	3%	5%	4%
EBITA	21%	25%	15%	21%	23%	28%
Amortisation of goodwill and intangible assets	18%	19%	18%	7%	4%	3%
EBIT	3%	6%	-2%	13%	19%	25%
Financial result	-9%	-20%	-4%	-2%	-2%	-0%
Recurring pretax income from continuing operations	-6%	-14%	-7%	11%	18%	25%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-6%	-14%	-7%	11%	18%	25%
Taxes	2%	2%	2%	3%	5%	8%
Net income from continuing operations	-8%	-16%	-9%	8%	12%	18%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-8%	-16%	-9%	8%	12%	18%
Minority interest	4%	2%	3%	0%	2%	3%
Net profit (reported)	-4%	-14%	-6%	8%	14%	20%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	9.6	9.5	17.2	11.6	8.9	7.8
Goodwill	41.9	59.5	99.9	119.9	114.9	109.9
Property, plant and equipment	1.4	3.5	7.1	14.2	14.2	15.2
Financial assets	27.5	57.1	30.3	30.3	30.3	30.3
FIXED ASSETS	80.5	129.6	154.4	176.0	168.3	163.2
Inventories	1.2	2.4	4.0	4.2	4.8	5.3
Accounts receivable	1.8	3.9	7.7	8.4	10.1	11.6
Other current assets	2.3	2.2	3.2	3.2	3.2	3.2
Liquid assets	11.1	26.3	50.8	177.9	208.3	245.7
Deferred taxes	0.0	0.0	0.2	0.2	0.2	0.2
Deferred charges and prepaid expenses	6.6	4.9	3.5	3.2	3.8	4.4
CURRENT ASSETS	23.0	39.7	69.5	197.2	230.5	270.5
TOTAL ASSETS	103.5	169.3	223.9	373.2	398.8	433.7
SHAREHOLDERS EQUITY	41.1	90.6	122.1	215.4	231.2	257.3
MINORITY INTEREST	0.7	1.6	2.0	2.0	2.0	2.0
Long-term debt	46.2	52.4	54.4	76.0	76.0	76.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	1.1	1.9	6.3	9.4	11.3	13.0
Non-current liabilities	47.3	54.3	60.7	85.4	87.3	89.0
short-term liabilities to banks	0.0	0.0	0.0	25.0	25.0	25.0
Accounts payable	1.1	1.8	3.1	2.3	2.6	2.9
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)	9.9	16.9	26.9	31.8	38.2	43.9
Deferred taxes	2.5	2.7	5.1	5.1	5.1	5.1
Deferred income	0.9	1.3	4.1	6.1	7.3	8.4
Current liabilities	14.4	22.8	39.2	70.4	78.3	85.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	103.5	169.3	223.9	373.2	398.8	433.7

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	9%	6%	8%	3%	2%	2%
Goodwill	41%	35%	45%	32%	29%	25%
Property, plant and equipment	1%	2%	3%	4%	4%	4%
Financial assets	27%	34%	14%	8%	8%	7%
FIXED ASSETS	78%	77%	69%	47%	42%	38%
Inventories	1%	1%	2%	1%	1%	1%
Accounts receivable	2%	2%	3%	2%	3%	3%
Other current assets	2%	1%	1%	1%	1%	1%
Liquid assets	11%	16%	23%	48%	52%	57%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	6%	3%	2%	1%	1%	1%
CURRENT ASSETS	22%	23%	31%	53%	58%	62%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	40%	54%	55%	58%	58%	59%
MINORITY INTEREST	1%	1%	1%	1%	0%	0%
Long-term debt	45%	31%	24%	20%	19%	18%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	1%	1%	3%	3%	3%	3%
Non-current liabilities	46%	32%	27%	23%	22%	21%
short-term liabilities to banks	0%	0%	0%	7%	6%	6%
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)	10%	10%	12%	9%	10%	10%
Deferred taxes	2%	2%	2%	1%	1%	1%
Deferred income	1%	1%	2%	2%	2%	2%
Current liabilities	14%	13%	17%	19%	20%	20%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	-2.2	-6.6	-6.4	8.4	15.8	26.1
Depreciation of fixed assets (incl. leases)	0.5	0.5	1.0	3.2	6.4	6.4
Amortisation of goodwill	0.0	0.0	0.0	5.0	5.0	5.0
Amortisation of intangible assets	4.7	7.5	11.4	7.8	5.2	4.0
Others	1.0	3.7	2.0	3.1	1.9	1.7
Cash flow from operations before changes in w/c	4.0	5.1	8.1	27.4	34.3	43.2
Increase/decrease in inventory	0.0	0.0	0.0	-0.3	-0.5	-0.5
Increase/decrease in accounts receivable	0.0	0.0	0.0	-0.7	-1.7	-1.5
Increase/decrease in accounts payable	0.0	0.0	0.0	-0.7	0.3	0.3
Increase/decrease in other w/c positions	-1.2	0.9	-0.1	7.3	7.0	6.3
Increase/decrease in working capital	-1.2	0.9	-0.1	5.6	5.0	4.5
Cash flow from operating activities	2.8	5.9	8.0	33.0	39.4	47.7
CAPEX	-1.7	-2.0	-3.6	-7.5	-8.9	-10.3
Payments for acquisitions	-27.2	-23.2	-52.0	-30.0	0.0	0.0
Financial investments	-18.8	-35.1	11.6	0.0	0.0	0.0
Income from asset disposals	0.4	6.2	5.3	0.0	0.0	0.0
Cash flow from investing activities	-47.3	-54.1	-38.7	-37.5	-8.9	-10.3
Cash flow before financing	-44.6	-48.2	-30.7	-4.5	30.4	37.4
Increase/decrease in debt position	12.6	2.1	14.3	46.6	0.0	0.0
Purchase of own shares	-0.1	-0.1	-0.7	0.0	0.0	0.0
Capital measures	35.7	57.1	35.4	84.9	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-1.1	0.3	0.9	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	47.1	59.4	49.8	131.5	0.0	0.0
Increase/decrease in liquid assets	2.5	11.3	19.2	127.0	30.4	37.4
Liquid assets at end of period	11.1	26.3	50.8	177.9	208.3	245.7

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0
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	28.7	42.1	70.8	106.1	127.4	146.5

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	-0.11	-0.37	-0.22	0.38	0.79	1.31
Cash flow per share	0.25	0.37	0.44	1.30	1.43	1.80
Book value per share	3.74	5.64	6.73	9.37	10.06	11.20
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-228.8x	-66.6x	-109.1x	63.8x	30.8x	18.7x
P/CF	97.3x	65.9x	55.3x	18.8x	17.0x	13.6x
P/BV	6.5x	4.3x	3.6x	2.6x	2.4x	2.2x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	1.0%	1.5%	1.8%	5.3%	5.9%	7.4%
EV/Sales	20.8x	14.0x	8.0x	4.6x	3.6x	2.8x
EV/EBITDA	95.9x	55.9x	52.3x	19.4x	12.5x	8.7x
EV/EBIT	635.6x	233.9x	-336.3x	34.5x	18.4x	11.1x
Income statement (EURm)						
Sales	28.7	42.1	70.8	106.1	127.4	146.5
yoy chg in %	82.5%	46.8%	68.2%	50.0%	20.0%	15.0%
Gross profit	23.4	35.0	57.8	89.2	108.3	125.2
Gross margin in %	81.7%	83.2%	81.7%	84.0%	85.0%	85.5%
EBITDA	6.2	10.5	10.8	24.9	36.3	47.8
EBITDA margin in %	21.7%	25.0%	15.3%	23.5%	28.5%	32.6%
EBIT	0.9	2.5	-1.7	14.0	24.7	37.3
EBIT margin in %	3.3%	6.0%	-2.4%	13.2%	19.4%	25.5%
Net profit	-1.2	-5.9	-4.1	8.8	18.2	30.0
Cash flow statement (EURm)						
CF from operations	2.8	5.9	8.0	33.0	39.4	47.7
Capex	-1.7	-2.0	-3.6	-7.5	-8.9	-10.3
Maintenance Capex	0.0	0.0	0.0	3.2	6.4	6.4
Free cash flow	1.0	3.9	4.5	25.5	30.4	37.4
Balance sheet (EURm)						
Intangible assets	51.6	69.0	117.1	131.5	123.8	117.7
Tangible assets	1.4	3.5	7.1	14.2	14.2	15.2
Shareholders' equity	41.1	90.6	122.1	215.4	231.2	257.3
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	47.3	54.3	60.7	110.4	112.3	114.0
Net financial debt	35.1	26.1	3.6	-76.9	-107.3	-144.7
w/c requirements	1.9	4.5	8.6	10.3	12.3	14.0
Ratios						
ROE	-5.5%	-7.3%	-5.2%	3.9%	6.9%	10.1%
ROCE	1.1%	1.7%	-0.9%	4.3%	7.1%	10.0%
Net gearing	85.5%	28.8%	2.9%	-35.7%	-46.4%	-56.2%
Net debt / EBITDA	5.7x	2.5x	0.3x	-3.1x	-3.0x	-3.0x

Source: Company data; mwb research

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