

LAIQON AG

Germany | Financial Services | MCap EUR 100.9m

16 May 2024

UPDATE



Capital increase at a premium mirrors market confidence; BUY

What's it all about?

LAIQON successfully completed a 5.3% capital increase by issuing 928K new shares at EUR 6.25, a 15% premium over the previous closing price. This will raise the share capital to EUR 18.4m, generating EUR 5.8m in gross proceeds. The new shares were allocated to existing shareholders, new investors, and board members. This capital boost will enhance LAIQON's balance sheet and support its GROWTH 25 strategy to increase assets under management (AuM) from EUR 6.4bn to EUR 8-10bn by 2025E, in particular helped by the game changing partnership with Union Investment to launch a new fund product shortly. LAIQON aims to scale its business, targeting EBITDA margins above 45% by 2025. The capital increase de-risks an investment, which is why we maintain our BUY rating with a slight PT reduction to EUR 10.00 (old EUR 10.50).

BUY (BUY)

Target price	EUR 10.00 (10.50)
Current price	EUR 5.48
Up/downside	82.5%



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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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LAIQON AG

Germany | Financial Services | MCap EUR 100.9m | EV EUR 131.3m

BUY (BUY)

Target price EUR 10.00 (10.50)
Current price EUR 5.48
Up/downside 82.5%

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Capital increase at a premium mirrors market confidence; BUY

Successful capital increase LAIQON has successfully completed a capital increase of 5.3% of its share capital by issuing 928K new shares at an issue price of EUR 6.25, a premium of 15% over yesterday's closing price. Accordingly, the share capital will increase to EUR 18.4m and the cash inflow will amount to EUR 5.8m (gross proceeds). The newly issued shares were placed with existing long-term shareholders, new investors and members of the Management and Supervisory Boards.

Our view: We welcome the move to raise fresh capital for several reasons: While on the one hand the company's balance sheet could use a capital boost (net debt at YE23 of around EUR 30m), we also see lucrative growth prospects for LAIQON that can be exploited and hence could generate shareholder value for existing and new investors. With its GROWTH 25 strategy, LAIQON aims to grow its AuM to EUR 8-10bn from currently EUR 6.4bn (as of Q1 24). In particular, the company is focusing on the implementation of further distribution partnerships, with the cooperation of the renowned fund manager Union Investment (UI) being a major milestone. UI is the 3rd largest asset manager in Germany, and the cooperation is aimed at the joint launch of a new type of fund-based asset management product. The product launch with UI is planned to take place successively from Q4 24 onwards.

Scalable asset management platform In recent years, LAIQON has made significant progress towards establishing itself as an asset management factory. The company now aims at scaling its business and hence to monetize on significantly higher AuMs. By 25E, LAIQON plans to raise EBITDA margins above 45%, which reflects the potential LAIQON's platform has on offer (mwb est. of 22.5% do not include performance fees).

Conclusion: We welcome yesterday's announcement as we see ample growth opportunities for the company. The cash injection will provide LAIQON the financial means in order to execute on its growth strategy. In addition, the capital increase helps to de-risk an investment in LAIQON as its main balance sheet ratios will improve with the additional cash inflow. We therefore maintain our BUY rating, however slightly lower our PT from EUR 10.50 to EUR 10.00 mainly reflecting dilution effects. The stock now yields an upside potential of 80%, making LAIQON an attractive value proposition for long-term oriented investors.

LAIQON AG	2021	2022	2023	2024E	2025E	2026E
Sales	26.1	21.6	30.7	40.9	50.7	58.3
<i>Growth yoy</i>	-5.8%	-17.4%	42.5%	33.0%	24.0%	15.0%
EBITDA	4.6	-9.9	-4.7	6.1	11.4	13.7
EBIT	0.7	-14.7	-11.1	-0.1	5.5	8.1
Net profit	5.2	-10.2	-12.3	-1.5	3.5	5.7
Net debt (net cash)	-8.4	7.6	30.4	20.0	8.4	-7.2
Net debt/EBITDA	-1.8x	-0.8x	-6.5x	3.3x	0.7x	-0.5x
EPS reported	0.39	-0.67	-0.70	-0.08	0.19	0.31
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	89.7%	83.0%	80.7%	89.0%	90.0%	90.0%
EBITDA margin	17.6%	-46.1%	-15.3%	15.0%	22.5%	23.5%
EBIT margin	2.6%	-67.9%	-36.0%	-0.2%	10.9%	13.9%
ROCE	0.7%	-12.3%	-8.7%	-0.1%	4.5%	6.5%
EV/Sales	3.5x	5.0x	4.3x	3.0x	2.2x	1.6x
EV/EBITDA	20.1x	-10.9x	-28.0x	19.7x	9.6x	6.8x
EV/EBIT	137.7x	-7.4x	-11.8x	-1,608.1x	19.9x	11.5x
PER	14.2x	-8.2x	-7.8x	-66.4x	28.9x	17.6x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 8.70 / 4.70
Price/Book Ratio 1.7x

Ticker / Symbols
ISIN DE000A12UP29
WKN A12UP2
Bloomberg LQAG:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	40.8	-0.4	-0.05
	Δ	0.2%	na%	na%
2025E	old	50.6	5.2	0.20
	Δ	0.2%	5.9%	-5.3%
2026E	old	58.3	8.1	0.33
	Δ	0.0%	0.0%	-5.0%

Key share data

Number of shares: (in m pcs) 18.41
Book value per share: (in EUR) 3.18
Ø trading vol.: (12 months) 9,042

Major shareholders

DEWB 19.0%
SPSW investors 8.0%
Plate Family Office (CEO) 8.0%
Free Float 57.0%

Company description

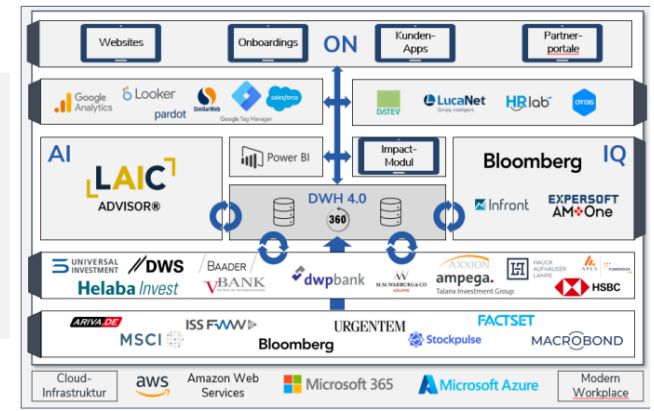
LAIQON (formerly Lloyd Fonds AG) is an independent asset and wealth manager with focus on actively managed non-benchmark funds as well as digitizing wealth management via its LAIC Advisor

Investment case in six charts

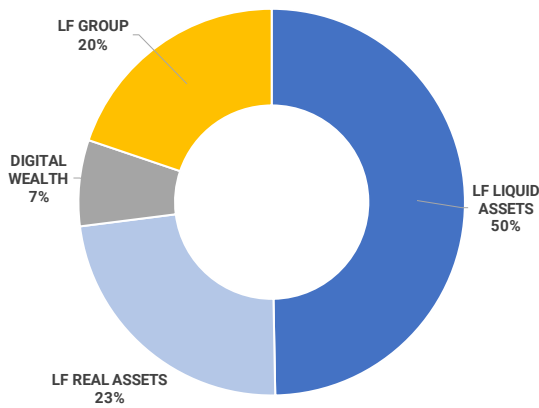
LAIQON in a nutshell



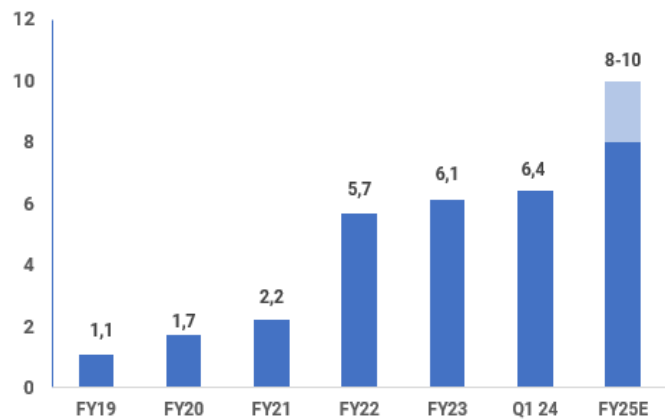
Digital Asset Platform 4.0



Segmental breakdown in %



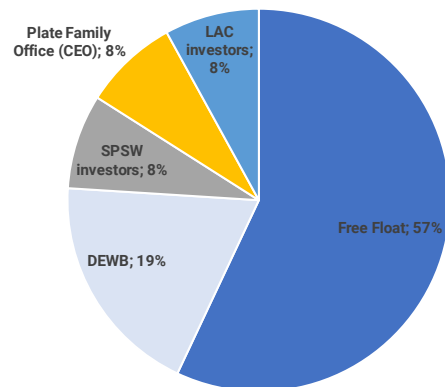
Assets under Management - Development and guidance



Platform Strategy - Wealth Experience - UX

Clients	<ul style="list-style-type: none"> Focus on Evolving Customer Needs Focus is on the Client's Wealth Goals Dynamic Customer Segmentation Without Standards Permanent Availability of Modern Reporting Structures Service Excellence Centre and Contact Management
Wealth Solutions	<ul style="list-style-type: none"> Maximum Transparency in Asset Management Client-Specific Risk-Reward Profiles Product Portfolio Individualised in Article 8/9 Focus on Personal Sustainability Preferences Fully Individualised Risk Management
Wealth Products	<ul style="list-style-type: none"> Positioning as a Full-Service Provider Clear Defined and Scalable Strategies Product Portfolio consisting of Article 8/9 Solutions Optimised Investment Decisions Through Data and AI Forward-Looking Digital Solutions
Platform Strategy	<ul style="list-style-type: none"> DAP 4.0 Supports All Functions and Areas Digitally Supported Touch Points Data and KPI-Driven Marketing Digital Optimisation and Automation Potential

Major Shareholders



Source: Company data, mwb research

SWOT analysis

Strengths

- Among the largest independent asset and wealth management firms in Germany
- Broad product offering due to platform model
- Strategic management with innovative vision
- Proportion of fixed revenues on the rise
- Scalable business model
- AuM Growth above Industry

Weaknesses

- Some funds have fallen more than market in the 2022 downturn
- High personal costs in a market downturn
- Relative high cost-income ratio
- Premium to peer group

Opportunities

- Market recovery could lead to fund inflows
- Outperformance of funds could lead to inflows
- Platform model with cross selling opportunities
- Active management could cushion sell-off
- Company should benefit from latest acquisitions

Threats

- Prolonged bear market could lead to fund outflows
- Underperformance of funds could lead to outflows
- Weak performance would lead to lower performance fees
- Integration of acquired companies could last longer than expected
- Higher interest rates and taxes likely to lead to lower stock returns in the future

Valuation

DCF Model

The DCF model results in a **fair value of EUR 10.04 per share**:

Top-line growth: We expect LAIQON AG to grow revenues at a CAGR of 8.9% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from -0.1% in 2024E to 8.5% in 2031E.

WACC. Starting point is a historical equity beta of 0.71. Unlevering and correcting for mean reversion yields an asset beta of 1.23. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 12.1%. 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 9.3%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	0.1	4.6	6.3	8.2	9.5	10.0	10.0	10.1	
Depreciation & amortization	6.2	5.9	5.6	5.3	5.1	4.9	4.7	4.5	
Change in working capital	-1.2	-1.0	-1.3	-0.5	-0.5	-0.5	-0.6	-0.6	
Chg. in long-term provisions	2.5	3.8	6.1	2.3	2.4	2.6	2.7	2.8	
Capex	-1.2	-1.0	-1.2	-1.2	-1.3	-1.4	-1.4	-1.5	
Cash flow	6.4	12.3	15.5	14.1	15.3	15.6	15.4	15.3	212.8
Present value	6.0	10.5	12.2	10.2	10.1	9.4	8.5	7.7	107.7
WACC	9.8%	9.7%	9.5%	9.4%	9.4%	9.4%	9.4%	9.4%	9.3%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	182.4	Planning horizon avg. revenue growth (2024E-2031E)	8.9%
Mid-year adj. total present value	190.8	Terminal value growth (2031E - infinity)	2.0%
Net debt / cash at start of year	30.4	Terminal year ROCE	8.5%
Financial assets	24.4	Terminal year WACC	9.3%
Provisions and off b/s debt	na		
Equity value	184.9	Terminal WACC derived from	
No. of shares outstanding	18.4	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25.0%
		Equity beta	0.71
		Unlevered beta (industry or company)	1.23
		Target debt / equity	0.5
		Relevered beta	1.69
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	12.1%

Discounted cash flow / share	
Discounted cash flow / share	10.04
upside/(downside)	83.2%

Share price	5.48
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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%	7.4	7.7	7.9	8.1	8.4	2024E-2027E	21.4%
1.0%	8.2	8.5	8.8	9.2	9.6	2028E-2031E	19.6%
0.0%	9.3	9.6	10.0	10.5	11.1	terminal value	59.0%
-1.0%	10.5	11.0	11.6	12.3	13.1		
-2.0%	12.2	12.9	13.8	14.8	16.1		

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 3.84 per share based on 2024E and EUR 13.58 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	6.1	11.4	13.7	17.4	19.2
- Maintenance capex	1.8	1.8	1.7	1.6	1.5
- Minorities	-0.2	0.4	0.6	0.9	1.1
- tax expenses	-0.2	0.4	1.1	3.0	3.5
= Adjusted FCF	4.6	8.8	10.3	11.9	13.1
Actual Market Cap	100.9	100.9	100.9	100.9	100.9
+ Net debt (cash)	20.0	8.4	-7.2	-22.3	-38.6
+ 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	24.4	24.4	24.4	24.4	24.4
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	-4.4	-16.0	-31.6	-46.6	-63.0
= Actual EV'	96.5	84.9	69.3	54.2	37.9
Adjusted FCF yield	4.8%	10.4%	14.8%	22.0%	34.5%
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	66.3	126.1	146.9	170.3	187.0
- <i>EV Reconciliations</i>	-4.4	-16.0	-31.6	-46.6	-63.0
Fair Market Cap	70.7	142.1	178.5	217.0	250.0
No. of shares (million)	18.4	18.4	18.4	18.4	18.4
Fair value per share in EUR	3.84	7.72	9.69	11.78	13.58
Premium (-) / discount (+)	-29.9%	40.9%	76.9%	115.0%	147.8%

Sensitivity analysis FV						
	5.0%	5.3	10.5	12.9	15.5	17.6
Adjusted hurdle rate	6.0%	4.4	8.9	11.0	13.3	15.3
	7.0%	3.8	7.7	9.7	11.8	13.6
	8.0%	3.4	6.9	8.7	10.6	12.3
	9.0%	3.0	6.2	7.9	9.7	11.3

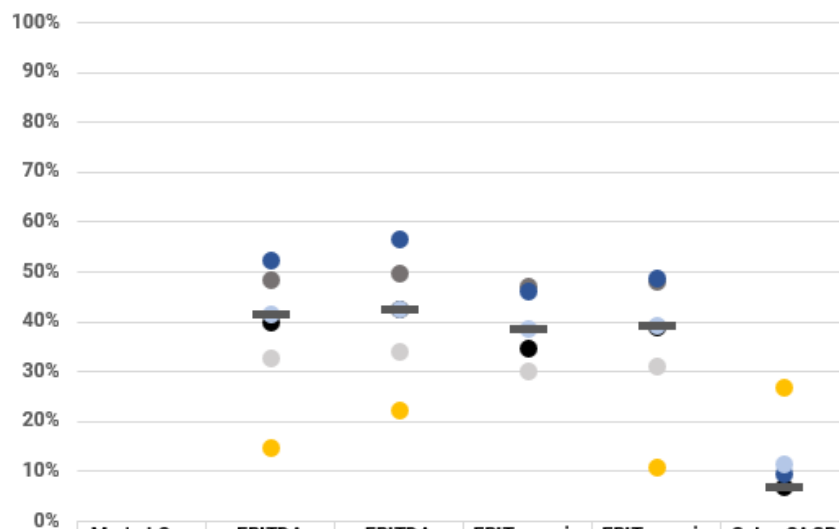
Source: Company data; mwb research

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.**

Peer group analysis

A peer group or comparable company (“comps”) analysis is a methodology that calculates a company’s relative value – how much it should be worth based on how it compares to other similar companies. Given that **LAIQON AG** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of LAIQON AG consists of the stocks displayed in the chart below. As of 16 May 2024 the median market cap of the peer group was EUR 13,912.5m, compared to EUR 100.9m for LAIQON AG. In the period under review, the peer group was more profitable than LAIQON AG. The expectations for sales growth are lower for the peer group than for LAIQON AG.

Peer Group – Key data



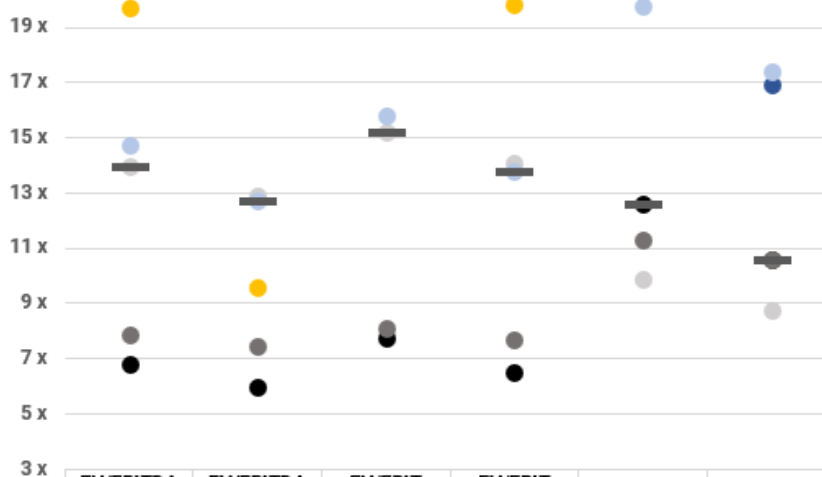
16-May-24	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
● DWS Group GmbH & Co KgaA	8.516	40,0%	42,6%	34,9%	39,1%	7,0%
● Amundi SA	13.913	48,7%	49,9%	47,3%	48,1%	-13,8%
● Invesco Ltd	6.657	32,8%	34,0%	30,2%	31,1%	-6,3%
● Charles Schwab Corp	132.798	52,3%	56,7%	46,2%	48,9%	9,8%
● BlackRock Inc	111.389	41,5%	42,7%	38,6%	39,4%	11,7%
● LAIQON AG	101	15,0%	22,5%	-0,2%	10,9%	27,1%
– Peer Group Median	13.913	41,5%	42,7%	38,6%	39,4%	7,0%

Source: AlphaSense, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to LAIQON AG results in a range of fair values from EUR na to EUR 6.80.

Peer Group – Multiples and valuation



16-May-24

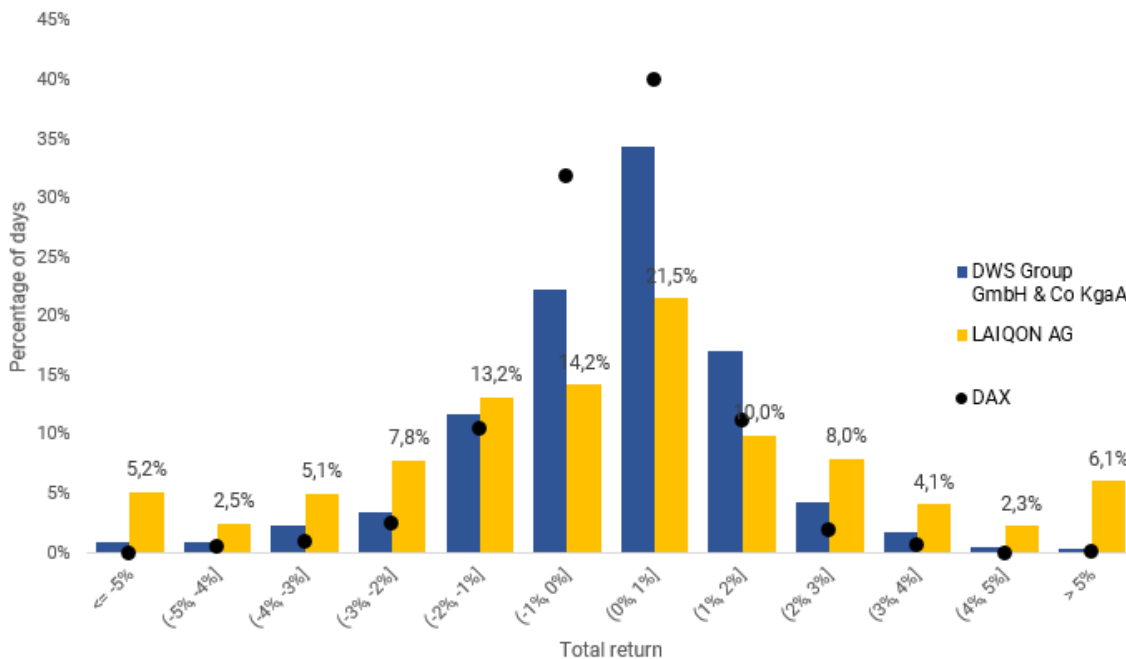
	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
● DWS Group GmbH & Co KgaA	6,8x	6,0x	7,8x	6,5x	12,6x	10,6x
● Amundi SA	7,9x	7,4x	8,1x	7,7x	11,3x	10,6x
● Invesco Ltd	14,0x	12,9x	15,2x	14,1x	9,9x	8,7x
● Charles Schwab Corp	42,7x	34,3x	48,4x	39,7x	22,2x	17,0x
● BlackRock Inc	14,7x	12,7x	15,8x	13,8x	19,8x	17,4x
● LAIQON AG	19,7x	9,6x	-1608,1x	19,9x	-66,4x	28,9x
– Peer Group Median	14,0x	12,7x	15,2x	13,8x	12,6x	10,6x
Fair Value (EUR)	3,58	6,80	-1,15	3,04	-1,04	2,01

Source: AlphaSense, mwb research

Risk

The chart displays the **distribution of daily returns of LAIQON AG** over the last 3 years, compared to the same distribution for DWS Group GmbH & Co KgaA. We have also included the distribution for the index DAX. 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 LAIQON AG, the worst day during the past 3 years was 24/01/2022 with a share price decline of -14.4%. The best day was 06/05/2022 when the share price increased by 14.9%.

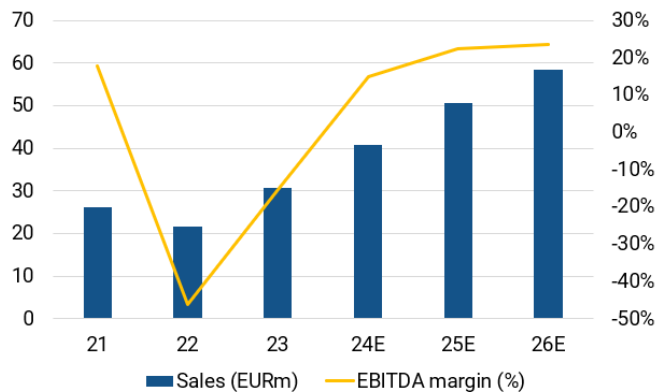
Risk – Daily Returns Distribution (trailing 3 years)



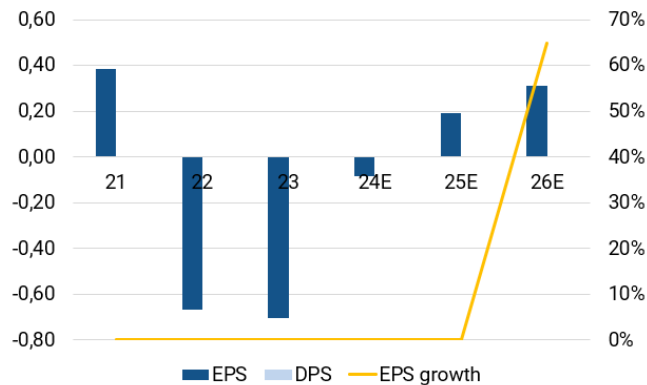
Source: AlphaSense, mwb research

Financials in six charts

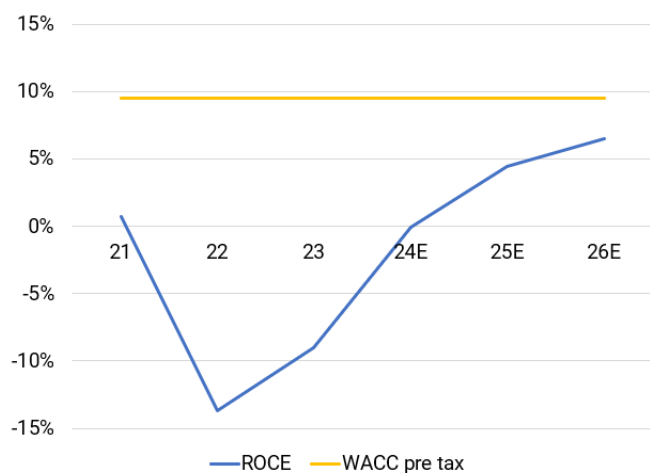
Sales vs. EBITDA margin development



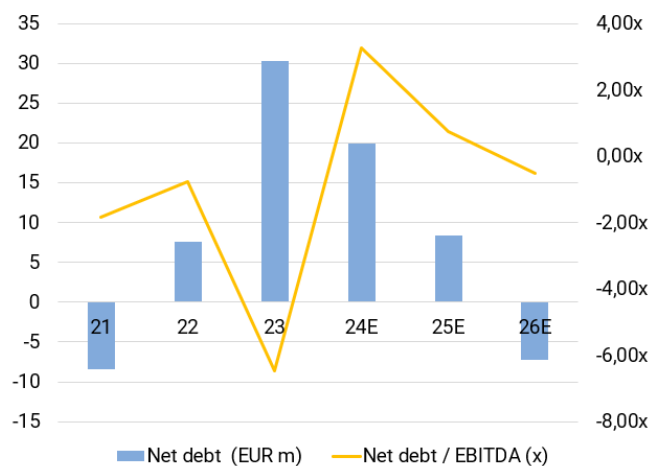
EPS, DPS in EUR & yoy EPS growth



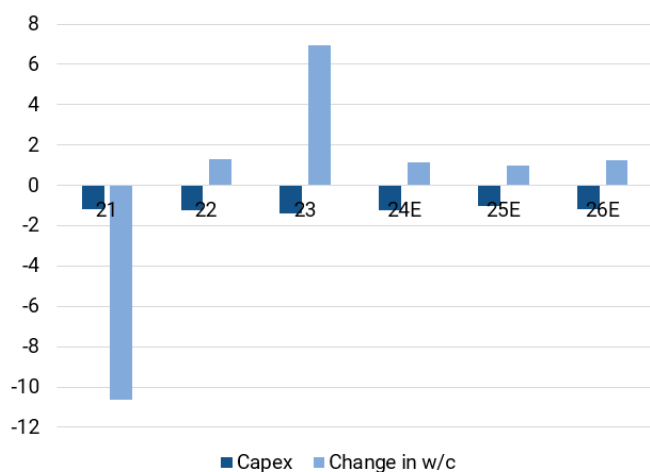
ROCE vs. WACC (pre tax)



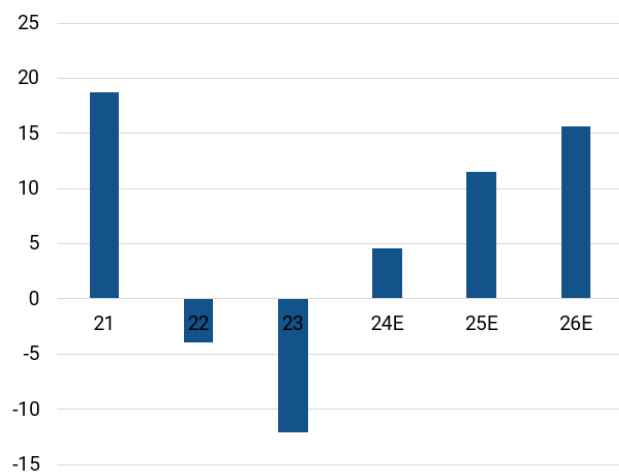
Net debt and net debt/EBITDA



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	26.1	21.6	30.7	40.9	50.7	58.3
Sales growth	-5.8%	-17.4%	42.5%	33.0%	24.0%	15.0%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	26.1	21.6	30.7	40.9	50.7	58.3
Material expenses	2.7	3.7	5.9	4.5	5.1	5.8
Gross profit	23.4	17.9	24.8	36.4	45.6	52.5
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Personnel expenses	11.3	17.1	20.2	19.6	21.3	23.9
Other operating expenses	7.5	10.7	9.3	10.6	12.9	14.9
EBITDA	4.6	-9.9	-4.7	6.1	11.4	13.7
Depreciation	1.6	2.0	2.5	1.8	1.8	1.7
EBITA	3.0	-11.9	-7.2	4.3	9.6	12.0
Amortisation of goodwill and intangible assets	2.3	2.7	3.9	4.4	4.1	3.9
EBIT	0.7	-14.7	-11.1	-0.1	5.5	8.1
Financial result	5.7	-1.6	-8.9	-1.8	-1.2	-0.6
Recurring pretax income from continuing operations	6.4	-16.3	-20.0	-1.9	4.3	7.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	6.4	-16.3	-20.0	-1.9	4.3	7.5
Taxes	-0.2	-5.7	-7.1	-0.2	0.4	1.1
Net income from continuing operations	6.6	-10.5	-12.9	-1.7	3.9	6.4
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	6.6	-10.5	-12.9	-1.7	3.9	6.4
Minority interest	-1.5	0.4	0.6	0.2	-0.4	-0.6
Net profit (reported)	5.2	-10.2	-12.3	-1.5	3.5	5.7
Average number of shares	13.33	15.21	17.48	18.41	18.41	18.41
EPS reported	0.39	-0.67	-0.70	-0.08	0.19	0.31

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	0%	0%	0%	0%	0%	0%
Total sales	100%	100%	100%	100%	100%	100%
Material expenses	10%	17%	19%	11%	10%	10%
Gross profit	90%	83%	81%	89%	90%	90%
Other operating income	0%	0%	0%	0%	0%	0%
Personnel expenses	43%	79%	66%	48%	42%	41%
Other operating expenses	29%	50%	30%	26%	26%	25%
EBITDA	18%	-46%	-15%	15%	23%	24%
Depreciation	6%	9%	8%	5%	3%	3%
EBITA	11%	-55%	-23%	10%	19%	21%
Amortisation of goodwill and intangible assets	9%	13%	13%	11%	8%	7%
EBIT	3%	-68%	-36%	-0%	11%	14%
Financial result	22%	-8%	-29%	-4%	-2%	-1%
Recurring pretax income from continuing operations	25%	-75%	-65%	-5%	8%	13%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	25%	-75%	-65%	-5%	8%	13%
Taxes	-1%	-27%	-23%	-0%	1%	2%
Net income from continuing operations	25%	-49%	-42%	-4%	8%	11%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	25%	-49%	-42%	-4%	8%	11%
Minority interest	-6%	2%	2%	0%	-1%	-1%
Net profit (reported)	20%	-47%	-40%	-4%	7%	10%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	54.8	90.3	87.2	82.9	78.7	74.8
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	9.9	10.4	13.2	12.6	11.8	11.3
Financial assets	19.3	16.8	24.4	24.4	24.4	24.4
FIXED ASSETS	84.0	117.5	124.8	119.8	114.9	110.5
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	2.3	4.2	5.9	9.0	9.7	11.2
Other current assets	4.4	6.9	5.9	5.9	5.9	5.9
Liquid assets	26.2	11.2	8.0	10.0	11.6	17.2
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	33.0	22.4	19.8	24.9	27.2	34.3
TOTAL ASSETS	117.0	139.8	144.6	144.7	142.2	144.8
SHAREHOLDERS EQUITY	43.3	66.6	55.6	59.7	63.5	69.9
MINORITY INTEREST	5.1	5.5	-0.9	-0.9	-0.9	-0.9
Long-term debt	10.6	16.5	36.4	30.0	20.0	10.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	29.3	28.3	34.3	36.8	40.6	46.6
Non-current liabilities	40.0	44.9	70.7	66.8	60.6	56.6
short-term liabilities to banks	7.2	2.3	1.9	0.0	0.0	0.0
Accounts payable	3.7	4.3	3.1	4.9	5.6	6.4
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)	5.3	-1.2	-4.0	-4.1	-5.1	-5.8
Deferred taxes	12.2	17.1	17.7	17.7	17.7	17.7
Deferred income	0.2	0.4	0.5	0.6	0.8	0.9
Current liabilities	28.6	22.9	19.2	19.1	18.9	19.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	117.0	139.8	144.6	144.7	142.2	144.8

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	47%	65%	60%	57%	55%	52%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	8%	7%	9%	9%	8%	8%
Financial assets	16%	12%	17%	17%	17%	17%
FIXED ASSETS	72%	84%	86%	83%	81%	76%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	2%	3%	4%	6%	7%	8%
Other current assets	4%	5%	4%	4%	4%	4%
Liquid assets	22%	8%	6%	7%	8%	12%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	28%	16%	14%	17%	19%	24%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	37%	48%	38%	41%	45%	48%
MINORITY INTEREST	4%	4%	-1%	-1%	-1%	-1%
Long-term debt	9%	12%	25%	21%	14%	7%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	25%	20%	24%	25%	29%	32%
Non-current liabilities	34%	32%	49%	46%	43%	39%
short-term liabilities to banks	6%	2%	1%	0%	0%	0%
Accounts payable	3%	3%	2%	3%	4%	4%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	5%	-1%	-3%	-3%	-4%	-4%
Deferred taxes	10%	12%	12%	12%	12%	12%
Deferred income	0%	0%	0%	0%	1%	1%
Current liabilities	24%	16%	13%	13%	13%	13%
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	6.6	-10.5	-12.9	-1.7	3.9	6.4
Depreciation of fixed assets (incl. leases)	3.9	4.7	6.4	1.8	1.8	1.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	4.4	4.1	3.9
Others	-1.2	4.3	2.7	2.5	3.8	6.1
Cash flow from operations before changes in w/c	9.3	-1.5	-3.8	7.0	13.5	18.1
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	2.4	-5.3	-7.1	-3.0	-0.8	-1.5
Increase/decrease in accounts payable	1.8	-0.9	-0.2	1.8	0.6	0.8
Increase/decrease in other w/c positions	6.3	4.9	0.4	0.0	-0.8	-0.6
Increase/decrease in working capital	10.6	-1.3	-6.9	-1.2	-1.0	-1.3
Cash flow from operating activities	20.0	-2.8	-10.7	5.8	12.6	16.8
CAPEX	-1.2	-1.2	-1.4	-1.2	-1.0	-1.2
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.1	-7.3	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-1.1	-8.5	-1.3	-1.2	-1.0	-1.2
Cash flow before financing	18.8	-11.2	-12.1	4.6	11.6	15.6
Increase/decrease in debt position	-14.0	-6.8	9.0	-8.3	-10.0	-10.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	12.0	0.0	5.8	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	5.0	0.0	-0.2	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	-9.0	5.3	8.8	-2.5	-10.0	-10.0
Increase/decrease in liquid assets	9.8	-6.0	-3.2	2.1	1.6	5.6
Liquid assets at end of period	16.3	10.4	7.1	9.2	10.8	16.4

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	26.1	21.6	30.7	40.9	50.7	58.3
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	26.1	21.6	30.7	40.9	50.7	58.3

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

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	0.39	-0.67	-0.70	-0.08	0.19	0.31
Cash flow per share	1.50	-0.18	-0.61	0.22	0.59	0.82
Book value per share	3.25	4.38	3.18	3.24	3.45	3.80
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	14.2x	-8.2x	-7.8x	-66.4x	28.9x	17.6x
P/CF	3.7x	-30.2x	-8.9x	25.3x	9.3x	6.7x
P/BV	1.7x	1.3x	1.7x	1.7x	1.6x	1.4x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	27.3%	-3.3%	-11.2%	4.0%	10.7%	15.0%
EV/Sales	3.5x	5.0x	4.3x	3.0x	2.2x	1.6x
EV/EBITDA	20.1x	-10.9x	-28.0x	19.7x	9.6x	6.8x
EV/EBIT	137.7x	-7.4x	-11.8x	-1,608.1x	19.9x	11.5x
Income statement (EURm)						
Sales	26.1	21.6	30.7	40.9	50.7	58.3
yoy chg in %	-5.8%	-17.4%	42.5%	33.0%	24.0%	15.0%
Gross profit	23.4	17.9	24.8	36.4	45.6	52.5
Gross margin in %	89.7%	83.0%	80.7%	89.0%	90.0%	90.0%
EBITDA	4.6	-9.9	-4.7	6.1	11.4	13.7
EBITDA margin in %	17.6%	-46.1%	-15.3%	15.0%	22.5%	23.5%
EBIT	0.7	-14.7	-11.1	-0.1	5.5	8.1
EBIT margin in %	2.6%	-67.9%	-36.0%	-0.2%	10.9%	13.9%
Net profit	5.2	-10.2	-12.3	-1.5	3.5	5.7
Cash flow statement (EURm)						
CF from operations	20.0	-2.8	-10.7	5.8	12.6	16.8
Capex	-1.2	-1.2	-1.4	-1.2	-1.0	-1.2
Maintenance Capex	0.0	0.0	0.0	1.8	1.8	1.7
Free cash flow	18.8	-4.0	-12.1	4.6	11.6	15.6
Balance sheet (EURm)						
Intangible assets	54.8	90.3	87.2	82.9	78.7	74.8
Tangible assets	9.9	10.4	13.2	12.6	11.8	11.3
Shareholders' equity	43.3	66.6	55.6	59.7	63.5	69.9
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	47.2	47.2	72.7	66.8	60.6	56.6
Net financial debt	-8.4	7.6	30.4	20.0	8.4	-7.2
w/c requirements	-1.4	-0.1	2.8	4.0	4.2	4.8
Ratios						
ROE	15.3%	-15.8%	-23.2%	-2.8%	6.1%	9.1%
ROCE	0.7%	-12.3%	-8.7%	-0.1%	4.5%	6.5%
Net gearing	-19.4%	11.4%	54.7%	33.4%	13.2%	-10.3%
Net debt / EBITDA	-1.8x	-0.8x	-6.5x	3.3x	0.7x	-0.5x

Source: Company data; mwb research

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