

LAIQON AG

Germany | Financial Services | MCap EUR 100.9m

25 November 2024

UPDATE



New anchor investor and influx of much needed cash; PT up - HOLD

What's it all about?

LAIQON AG has secured a strategic investment from the Joachim Herz Foundation, which will acquire a 9.93% stake through a cash capital increase. The foundation will purchase 2.1m new shares at EUR 6.00 each, an 18% premium to the current share price, generating EUR 12.6m in gross proceeds. The funds will support LAIQON's growth initiatives, including expanding distribution partnerships and developing its Digital Asset Platform but will also help reduce the company's elevated net debt position. We welcome the step as the investment is seen as a vote of confidence. We reiterate our HOLD rating albeit with higher PT of EUR 4.90 (previously EUR 4.50)

HOLD (HOLD)

Target price	EUR 4.90 (4.50)
Current price	EUR 5.30
Up/downside	-7.5%



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LAIQON AG

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

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New anchor investor and influx of much needed cash; HOLD

New anchor investor LAIQON AG has announced a strategic investment by the Hamburg-based Joachim Herz Foundation. The foundation will acquire a 9.93% stake in LAIQON through a cash capital increase without subscription rights. This long-term investment is intended to support LAIQON's business strategy. In total, the Joachim Herz Foundation has committed to acquire 2.1m new shares at a placement price of EUR 6.00 per share, representing a premium of 18% to the current share price. As a result of this capital increase, the share capital of LAIQON AG will increase from approx. EUR 19m to EUR 21.1m. According to the company, the gross proceeds of EUR 12.6m will primarily be used for the expansion of distribution cooperations, strategic partnerships and the further development of its digital Platform.

Recap H1 LAIQON's H1 results were mixed. The company reported a 7% yoy decline in revenues to EUR 14.8m, mainly due to the divestment of parts of its legacy business. Adjusted for this effect, however, revenues would have been approx. EUR 16.3m, representing growth of 17%. AuM increased to EUR 6.5bn, up 8% from EUR 6bn in H1 '23. The company also generated performance fees totaling approx. EUR 1m in H1 2024, a significant improvement compared to H1 2023. Despite these, adj. EBITDA remained negative at EUR -1.4m, although this was an improvement from EUR -3.7m in H1 '23. Reported EBITDA loss however widened by nearly EUR 1m to EUR 2.9m

Conclusion We welcome LAIQON's recent news. In our view, the capital increase at a premium is a strong signal that the Joachim Herz Foundation has confidence in the company's long-term strategy. LAIQON is currently at an inflection point with the launch of a collaboration with Union Investment planned for Q4 2024. If successful, the company is poised for significant AuM growth and revenue acceleration over the next 12-24 months. This collaboration is seen as a significant opportunity for LAIQON to expand its reach and potentially increase its AuM. More importantly, the fresh capital will provide LAIQON with much needed cash to support its growth initiatives and reduce the company's elevated net debt position. Given the accretive nature of the capital increase (i.e. above our fair value calculation), we raise our PT from EUR 4.50 to EUR 4.90. Our rating remains HOLD - too early to buy.

LAIQON AG	2021	2022	2023	2024E	2025E	2026E
Sales	26.1	21.6	30.7	30.4	35.0	39.2
Growth yoy	-5.8%	-17.4%	42.5%	-1.0%	15.0%	12.0%
EBITDA	4.6	-9.9	-4.7	-4.7	0.4	9.4
EBIT	0.7	-14.7	-11.1	-10.9	-5.5	3.9
Net profit	5.2	-10.2	-12.3	-10.6	-6.1	2.1
Net debt (net cash)	-8.4	7.6	30.4	21.7	24.7	20.9
Net debt/EBITDA	-1.8x	-0.8x	-6.5x	-4.6x	70.7x	2.2x
EPS reported	0.39	-0.67	-0.70	-0.55	-0.29	0.10
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	89.7%	83.0%	80.7%	80.5%	83.0%	84.0%
EBITDA margin	17.6%	-46.1%	-15.3%	-15.5%	1.0%	24.0%
EBIT margin	2.6%	-67.9%	-36.0%	-35.9%	-15.7%	9.9%
ROCE	0.7%	-12.3%	-8.7%	-9.3%	-5.0%	4.0%
EV/Sales	3.5x	5.0x	4.3x	4.0x	3.6x	3.1x
EV/EBITDA	20.1x	-10.9x	-28.0x	-26.0x	359.0x	12.9x
EV/EBIT	137.7x	-7.4x	-11.8x	-11.2x	-22.8x	31.2x
PER	13.8x	-7.9x	-7.5x	-9.6x	-18.5x	54.3x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 7.80 / 3.95
Price/Book Ratio 1.7x

Ticker / Symbols
ISIN DE000A12UP29
WKN A12UP2
Bloomberg LQAG:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	30.4	-10.9	-0.58
	Δ	0.0%	na%	na%
2025E	old	35.0	-5.5	-0.33
	Δ	0.0%	na%	na%
2026E	old	39.2	3.9	0.11
	Δ	0.0%	0.0%	-12.9%

Key share data

Number of shares: (in m pcs) 19.04
Book value per share: (in EUR) 3.18
Ø trading vol.: (12 months) 11,028

Major shareholders

DEWB 15.3%
Joachim Herz Foundation 9.9%
Plate Family Office (CEO) 8.1%
Free Float 52.3%

Company description

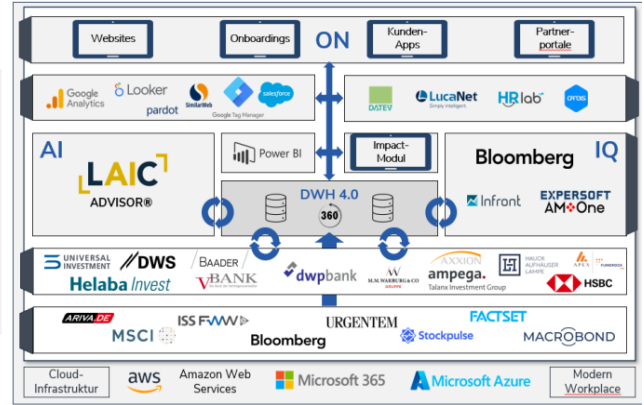
LAIQON is an independent asset and wealth manager with focus on actively managed non-benchmark funds as well as digitizing wealth management via its LAIC Advisor

Investment case in six charts

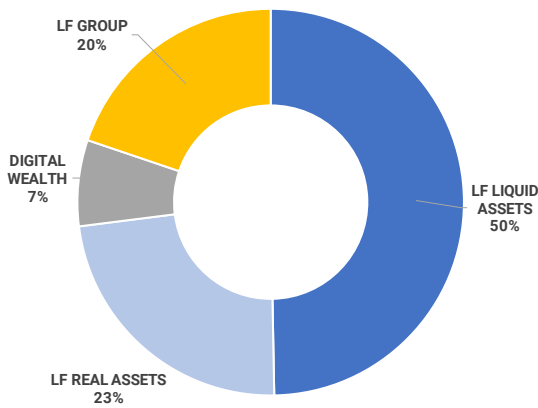
LAIQON in a nutshell



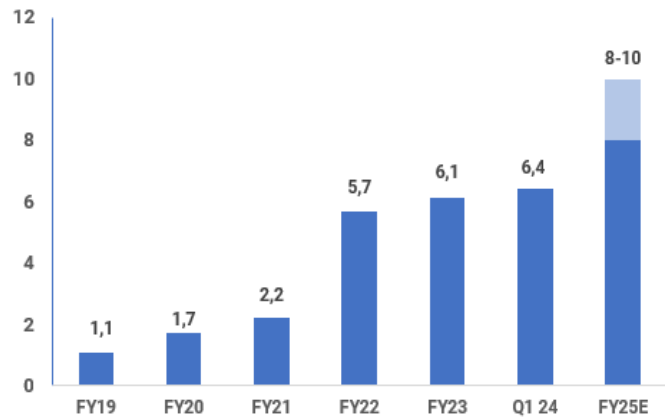
Digital Asset Platform 4.0



Segmental breakdown in %



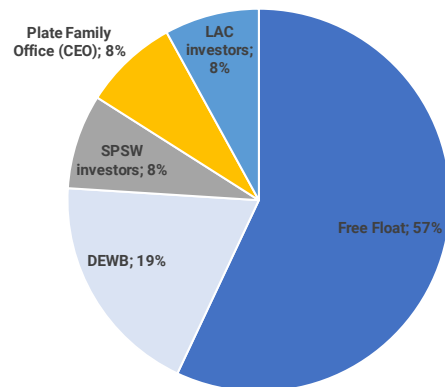
Assets under Management - Development and guidance



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 4.89 per share**:

Top-line growth: We expect LAIQON AG to grow revenues at a CAGR of 6.2% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from -9.3% in 2024E to 6.6% in 2031E.

WACC. Starting point is a historical equity beta of 1.08. Unlevering and correcting for mean reversion yields an asset beta of 1.13. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.3%. 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 8.8%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	-8.7	-4.3	3.1	3.2	3.5	3.9	4.3	4.7	
Depreciation & amortization	6.2	5.9	5.5	5.2	4.9	4.7	4.4	4.2	
Change in working capital	3.6	-2.0	-2.6	-0.4	-0.2	-0.2	-0.2	-0.3	
Chg. in long-term provisions	-6.9	0.6	-0.6	1.4	0.9	0.9	0.9	0.9	
Capex	-0.9	-0.7	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9	
Cash flow	-6.7	-0.6	4.6	8.5	8.2	8.3	8.5	8.7	131.2
Present value	-6.6	-0.5	3.9	6.6	5.8	5.4	5.1	4.8	72.1
WACC	9.3%	9.2%	9.0%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	96.6	Planning horizon avg. revenue growth (2024E-2031E)	6.2%
Mid-year adj. total present value	100.8	Terminal value growth (2031E - infinity)	2.0%
Net debt / cash at start of year	21.7	Terminal year ROCE	6.6%
Financial assets	24.4	Terminal year WACC	8.8%
Provisions and off b/s debt	na		
Equity value	103.4	Terminal WACC derived from	
No. of shares outstanding	21.1	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25.0%
		Equity beta	1.08
		Unlevered beta (industry or company)	1.13
		Target debt / equity	0.5
		Relevered beta	1.55
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	11.3%

Discounted cash flow / share	4.89
upside/(downside)	-7.7%

Share price	5.30
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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%	3.4	3.5	3.7	3.8	4.0	2024E-2027E	3.4%
1.0%	3.8	4.0	4.2	4.4	4.7	2028E-2031E	21.9%
0.0%	4.4	4.6	4.9	5.2	5.5	terminal value	74.7%
-1.0%	5.1	5.5	5.8	6.3	6.8		
-2.0%	6.1	6.6	7.2	7.9	8.7		

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 -2.93 per share based on 2024E and EUR 5.82 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	-4.7	0.4	9.4	9.8	10.0
- Maintenance capex	1.8	1.7	1.6	1.5	1.4
- Minorities	-1.2	-0.7	0.2	0.3	0.3
- tax expenses	-1.3	-0.7	0.4	0.9	1.0
= Adjusted FCF	-4.1	0.1	7.2	7.1	7.2
Actual Market Cap	97.6	97.6	97.6	97.6	97.6
+ Net debt (cash)	21.7	24.7	20.9	12.7	4.9
+ 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	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>	-2.7	0.4	-3.5	-11.6	-19.4
= Actual EV'	95.0	98.0	94.2	86.0	78.2
Adjusted FCF yield	-4.3%	0.1%	7.6%	8.3%	9.3%
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	-58.4	0.8	102.9	101.9	103.5
- <i>EV Reconciliations</i>	-2.7	0.4	-3.5	-11.6	-19.4
Fair Market Cap	-55.8	0.4	106.3	113.5	122.9
No. of shares (million)	19.0	21.1	21.1	21.1	21.1
Fair value per share in EUR	-2.93	0.02	5.03	5.37	5.82
Premium (-) / discount (+)	-155.3%	-99.6%	-5.1%	1.3%	9.7%

Sensitivity analysis FV						
Adjusted hurdle rate	5.0%	-4.2	0.0	7.0	7.3	7.8
	6.0%	-3.4	0.0	5.8	6.2	6.6
	7.0%	-2.9	0.0	5.0	5.4	5.8
	8.0%	-2.5	0.0	4.4	4.8	5.2
	9.0%	-2.2	0.0	3.9	4.3	4.7

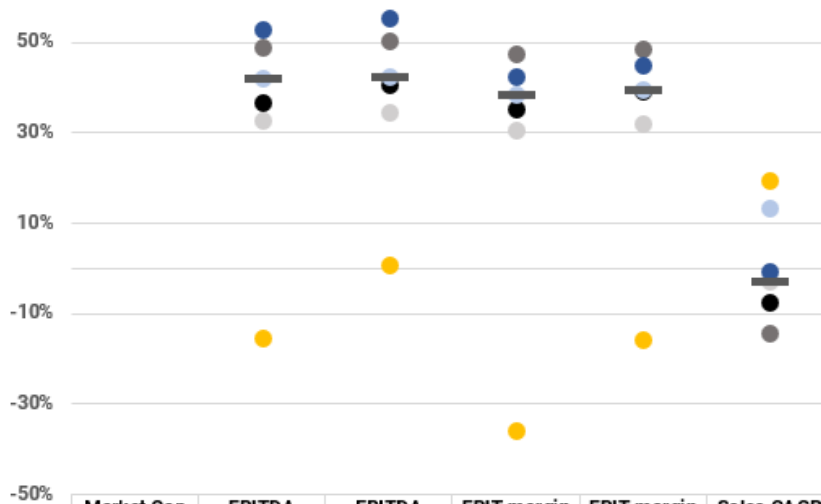
Source: Company data; mwb research

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.**

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 25 November 2024 the median market cap of the peer group was EUR 13,804.2m, 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



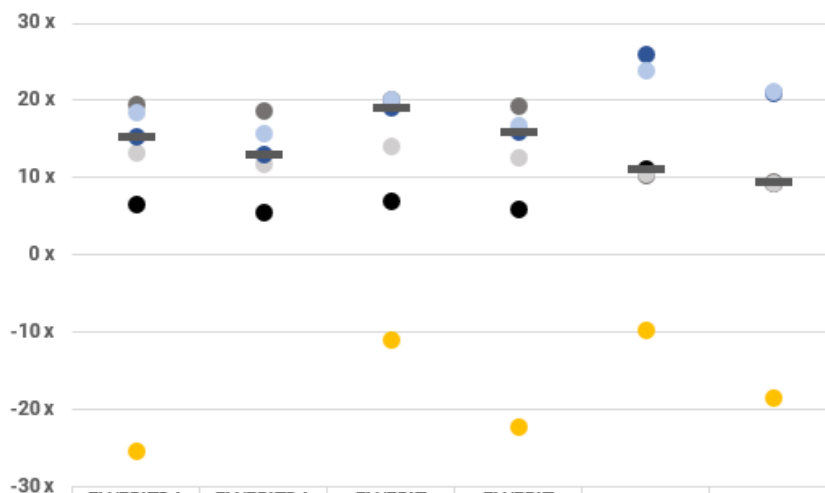
25-Nov-24

	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
● DWS Group GmbH & Co. KGaA	7.868	36,9%	40,7%	35,3%	39,1%	-7,3%
● Amundi SA	13.804	48,8%	50,5%	47,5%	48,6%	-14,1%
● Invesco Ltd.	7.659	32,7%	34,5%	30,8%	31,9%	-2,6%
● Charles Schwab Corp	138.920	52,9%	55,5%	42,5%	45,1%	-0,6%
● BlackRock, Inc.	154.203	42,0%	42,4%	38,5%	39,6%	13,2%
● LAIQON AG	98	-15,5%	1,0%	-35,9%	-15,7%	19,4%
– Peer Group Median	13.804	42,0%	42,4%	38,5%	39,6%	-2,6%

Source: FactSet, 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.

Peer Group – Multiples and valuation



25-Nov-24

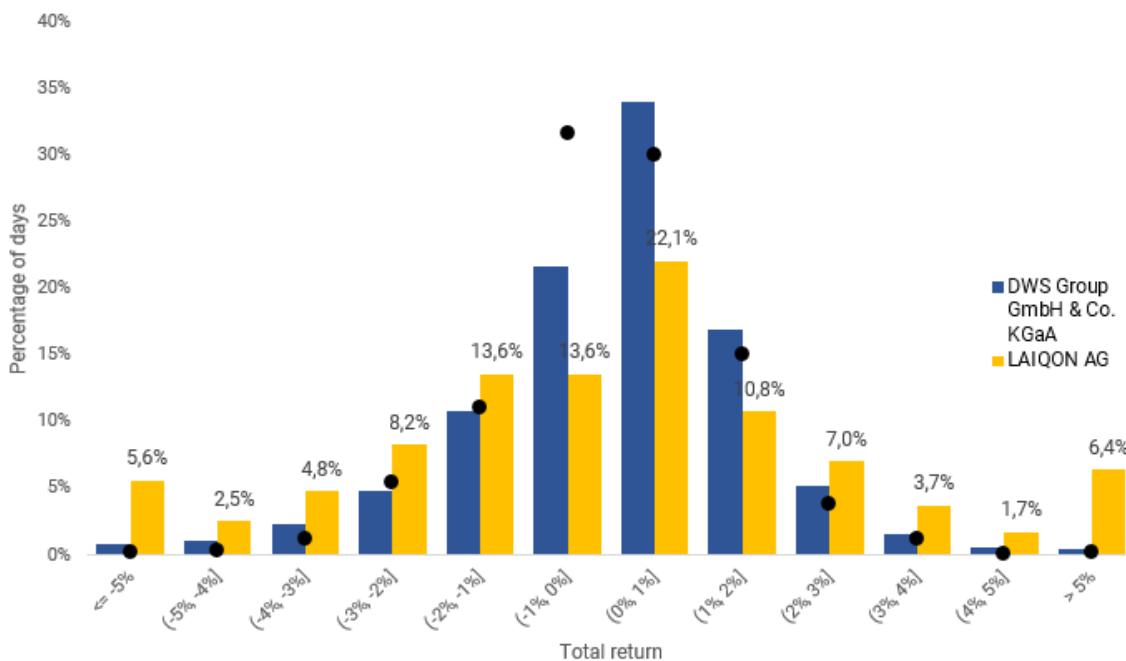
	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
● DWS Group GmbH & Co. KGaA	6,7x	5,7x	7,0x	5,9x	11,1x	9,3x
● Amundi SA	19,7x	18,7x	20,2x	19,4x	10,5x	9,6x
● Invesco Ltd.	13,2x	11,8x	14,1x	12,7x	10,6x	9,4x
● Charles Schwab Corp	15,4x	13,1x	19,1x	16,1x	26,0x	21,1x
● BlackRock, Inc.	18,5x	15,7x	20,1x	16,9x	24,0x	21,2x
● LAIQON AG	-25,3x	349,6x	-10,9x	-22,2x	-9,6x	-18,5x
– Peer Group Median	15,4x	13,1x	19,1x	16,1x	11,1x	9,6x
Fair Value (EUR)	-4,95	-0,81	-12,09	-5,23	-6,17	-2,77

Source: FactSet, 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 Germany SDAX. 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 21/10/2024 when the share price increased by 15.5%.

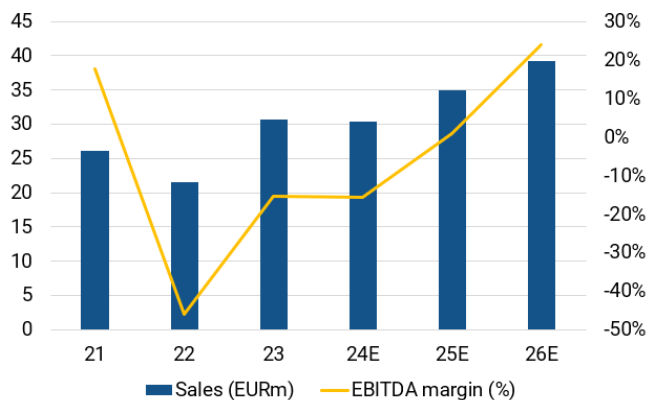
Risk – Daily Returns Distribution (trailing 3 years)



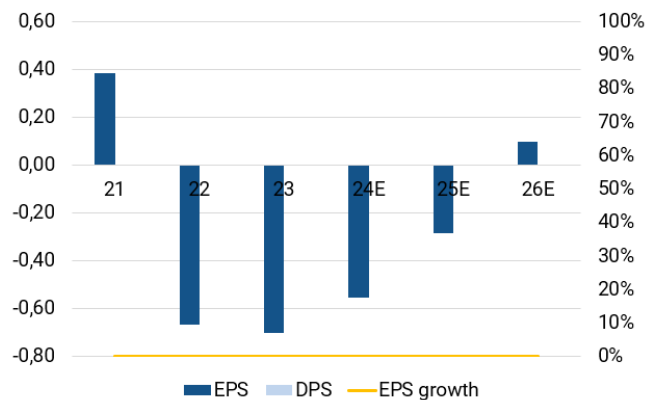
Source: FactSet, mwb research

Financials in six charts

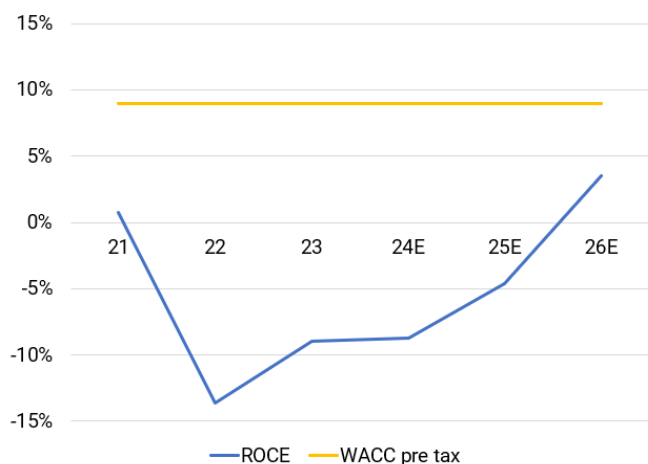
Sales vs. EBITDA margin development



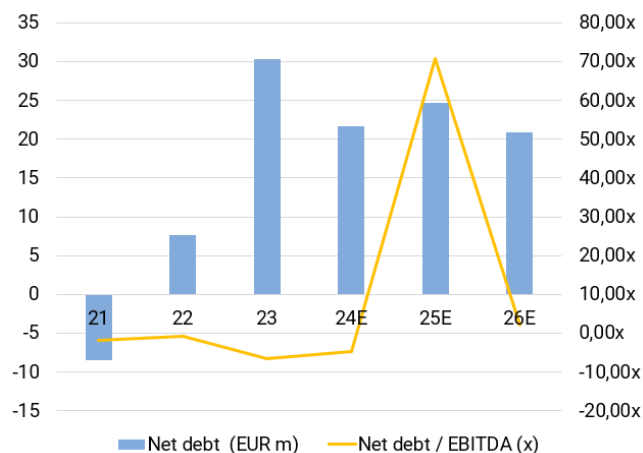
EPS, DPS in EUR & yoy EPS growth



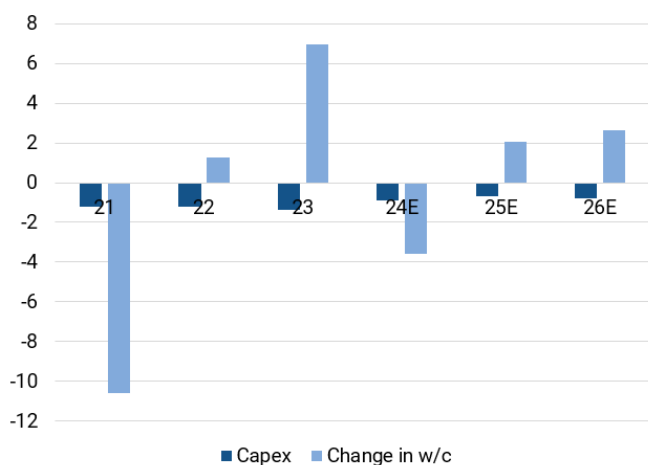
ROCE vs. WACC (pre tax)



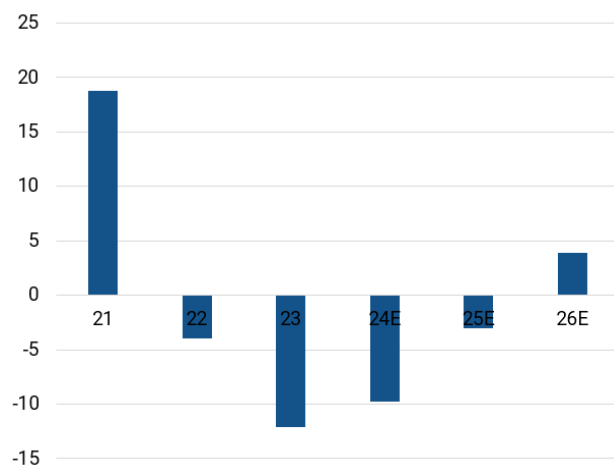
Net debt and net debt/EBITDA



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	26.1	21.6	30.7	30.4	35.0	39.2
Sales growth	-5.8%	-17.4%	42.5%	-1.0%	15.0%	12.0%
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	30.4	35.0	39.2
Material expenses	2.7	3.7	5.9	5.9	6.0	6.3
Gross profit	23.4	17.9	24.8	24.5	29.1	32.9
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Personnel expenses	11.3	17.1	20.2	19.2	19.3	14.9
Other operating expenses	7.5	10.7	9.3	10.0	9.5	8.6
EBITDA	4.6	-9.9	-4.7	-4.7	0.4	9.4
Depreciation	1.6	2.0	2.5	1.8	1.7	1.6
EBITA	3.0	-11.9	-7.2	-6.6	-1.4	7.8
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	-10.9	-5.5	3.9
Financial result	5.7	-1.6	-8.9	-2.1	-2.0	-1.2
Recurring pretax income from continuing operations	6.4	-16.3	-20.0	-13.0	-7.5	2.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	6.4	-16.3	-20.0	-13.0	-7.5	2.7
Taxes	-0.2	-5.7	-7.1	-1.3	-0.7	0.4
Net income from continuing operations	6.6	-10.5	-12.9	-11.7	-6.7	2.3
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	-11.7	-6.7	2.3
Minority interest	-1.5	0.4	0.6	1.2	0.7	-0.2
Net profit (reported)	5.2	-10.2	-12.3	-10.6	-6.1	2.1
Average number of shares	13.37	15.21	17.48	19.04	21.14	21.14
EPS reported	0.39	-0.67	-0.70	-0.55	-0.29	0.10

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%	19%	17%	16%
Gross profit	90%	83%	81%	81%	83%	84%
Other operating income	0%	0%	0%	0%	0%	0%
Personnel expenses	43%	79%	66%	63%	55%	38%
Other operating expenses	29%	50%	30%	33%	27%	22%
EBITDA	18%	-46%	-15%	-16%	1%	24%
Depreciation	6%	9%	8%	6%	5%	4%
EBITA	11%	-55%	-23%	-22%	-4%	20%
Amortisation of goodwill and intangible assets	9%	13%	13%	14%	12%	10%
EBIT	3%	-68%	-36%	-36%	-16%	10%
Financial result	22%	-8%	-29%	-7%	-6%	-3%
Recurring pretax income from continuing operations	25%	-75%	-65%	-43%	-21%	7%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	25%	-75%	-65%	-43%	-21%	7%
Taxes	-1%	-27%	-23%	-4%	-2%	1%
Net income from continuing operations	25%	-49%	-42%	-39%	-19%	6%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	25%	-49%	-42%	-39%	-19%	6%
Minority interest	-6%	2%	2%	4%	2%	-1%
Net profit (reported)	20%	-47%	-40%	-35%	-17%	5%

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	12.3	11.2	10.5
Financial assets	19.3	16.8	24.4	24.4	24.4	24.4
FIXED ASSETS	84.0	117.5	124.8	119.5	114.3	109.6
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	2.3	4.2	5.9	6.7	6.7	7.5
Other current assets	4.4	6.9	5.9	5.9	5.9	5.9
Liquid assets	26.2	11.2	8.0	13.3	8.3	-0.9
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	25.8	20.9	12.5
TOTAL ASSETS	117.0	139.8	144.6	145.3	135.2	122.1
SHAREHOLDERS EQUITY	43.3	66.6	55.6	56.4	49.7	52.0
MINORITY INTEREST	5.1	5.5	-0.9	-0.9	-0.9	-0.9
Long-term debt	10.6	16.5	36.4	35.0	33.0	20.0
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	27.4	28.0	27.4
Non-current liabilities	40.0	44.9	70.7	62.4	61.0	47.4
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	6.5	4.9	3.4
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	-3.0	-3.5	-3.9
Deferred taxes	12.2	17.1	17.7	17.7	17.7	17.7
Deferred income	0.2	0.4	0.5	0.5	0.5	0.6
Current liabilities	28.6	22.9	19.2	21.6	19.6	17.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	117.0	139.8	144.6	139.5	129.4	116.3

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	47%	65%	60%	57%	58%	61%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	8%	7%	9%	8%	8%	9%
Financial assets	16%	12%	17%	17%	18%	20%
FIXED ASSETS	72%	84%	86%	82%	85%	90%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	2%	3%	4%	5%	5%	6%
Other current assets	4%	5%	4%	4%	4%	5%
Liquid assets	22%	8%	6%	9%	6%	-1%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	28%	16%	14%	18%	15%	10%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	37%	48%	38%	39%	37%	43%
MINORITY INTEREST	4%	4%	-1%	-1%	-1%	-1%
Long-term debt	9%	12%	25%	24%	24%	16%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	25%	20%	24%	19%	21%	22%
Non-current liabilities	34%	32%	49%	43%	45%	39%
short-term liabilities to banks	6%	2%	1%	0%	0%	0%
Accounts payable	3%	3%	2%	4%	4%	3%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	5%	-1%	-3%	-2%	-3%	-3%
Deferred taxes	10%	12%	12%	12%	13%	14%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	24%	16%	13%	15%	14%	15%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	96%	96%	95%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	6.6	-10.5	-12.9	-11.7	-6.7	2.3
Depreciation of fixed assets (incl. leases)	3.9	4.7	6.4	1.8	1.7	1.6
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	-6.9	0.6	-0.6
Cash flow from operations before changes in w/c	9.3	-1.5	-3.8	-12.4	-0.3	7.2
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	-0.7	-0.0	-0.8
Increase/decrease in accounts payable	1.8	-0.9	-0.2	3.4	-1.6	-1.5
Increase/decrease in other w/c positions	6.3	4.9	0.4	0.9	-0.4	-0.4
Increase/decrease in working capital	10.6	-1.3	-6.9	3.6	-2.0	-2.6
Cash flow from operating activities	20.0	-2.8	-10.7	-8.9	-2.3	4.6
CAPEX	-1.2	-1.2	-1.4	-0.9	-0.7	-0.8
Payments for acquisitions	0.0	-13.6	0.0	0.0	0.0	0.0
Financial investments	-0.1	-2.2	0.1	0.0	0.0	0.0
Income from asset disposals	0.1	8.6	0.0	0.0	0.0	0.0
Cash flow from investing activities	-1.1	-8.5	-1.3	-0.9	-0.7	-0.8
Cash flow before financing	18.8	-11.2	-12.1	-9.8	-3.0	3.8
Increase/decrease in debt position	-2.9	4.5	17.2	-3.3	-2.0	-13.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	12.0	0.0	18.4	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-6.1	-11.3	-8.4	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	15.1	-2.0	-13.0
Increase/decrease in liquid assets	9.8	-6.0	-3.2	5.3	-5.0	-9.2
Liquid assets at end of period	16.3	10.4	7.1	12.4	7.4	-1.7

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	26.1	21.6	30.7	30.4	35.0	39.2
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	30.4	35.0	39.2

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	-0.55	-0.29	0.10
Cash flow per share	1.49	-0.18	-0.61	-0.56	-0.19	0.14
Book value per share	3.23	4.38	3.18	2.96	2.35	2.46
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	13.8x	-7.9x	-7.5x	-9.6x	-18.5x	54.3x
P/CF	3.6x	-29.2x	-8.6x	-9.4x	-27.8x	36.7x
P/BV	1.6x	1.2x	1.7x	1.8x	2.3x	2.2x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	28.2%	-3.4%	-11.6%	-10.6%	-3.6%	2.7%
EV/Sales	3.5x	5.0x	4.3x	4.0x	3.6x	3.1x
EV/EBITDA	20.1x	-10.9x	-28.0x	-26.0x	359.0x	12.9x
EV/EBIT	137.7x	-7.4x	-11.8x	-11.2x	-22.8x	31.2x
Income statement (EURm)						
Sales	26.1	21.6	30.7	30.4	35.0	39.2
yoy chg in %	-5.8%	-17.4%	42.5%	-1.0%	15.0%	12.0%
Gross profit	23.4	17.9	24.8	24.5	29.1	32.9
Gross margin in %	89.7%	83.0%	80.7%	80.5%	83.0%	84.0%
EBITDA	4.6	-9.9	-4.7	-4.7	0.4	9.4
EBITDA margin in %	17.6%	-46.1%	-15.3%	-15.5%	1.0%	24.0%
EBIT	0.7	-14.7	-11.1	-10.9	-5.5	3.9
EBIT margin in %	2.6%	-67.9%	-36.0%	-35.9%	-15.7%	9.9%
Net profit	5.2	-10.2	-12.3	-10.6	-6.1	2.1
Cash flow statement (EURm)						
CF from operations	20.0	-2.8	-10.7	-8.9	-2.3	4.6
Capex	-1.2	-1.2	-1.4	-0.9	-0.7	-0.8
Maintenance Capex	0.0	0.0	0.0	1.8	1.7	1.6
Free cash flow	18.8	-4.0	-12.1	-9.8	-3.0	3.8
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	12.3	11.2	10.5
Shareholders' equity	43.3	66.6	55.6	56.4	49.7	52.0
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	47.2	47.2	72.7	62.4	61.0	47.4
Net financial debt	-8.4	7.6	30.4	21.7	24.7	20.9
w/c requirements	-1.4	-0.1	2.8	0.2	1.8	4.1
Ratios						
ROE	15.3%	-15.8%	-23.2%	-20.8%	-13.6%	4.4%
ROCE	0.7%	-12.3%	-8.7%	-9.3%	-5.0%	4.0%
Net gearing	-19.4%	11.4%	54.7%	38.5%	49.8%	40.2%
Net debt / EBITDA	-1.8x	-0.8x	-6.5x	-4.6x	70.7x	2.2x

Source: Company data; mwb research

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