

LAIQON AG

Germany | Financial Services | MCap EUR 136.4m

27 September 2023

UPDATE



Delivering the game changing cooperation with Union Invest; BUY

What's it all about?

LAIQON (LQAG) has just announced the ground-breaking news that it has signed the long-awaited cooperation agreement with Union Investment - the EUR 430bn heavyweight investment arm of the German Cooperative Financial Services Network. The purpose of the cooperation is to jointly launch new investment products incorporating AI-based investment decisions for both traditional and sustainable (ESG-compliant) investments. The new product offering is targeted at the approximately 19m customers of the Volks- und Raiffeisenbanken in Germany. In April, LQAG had already hinted at a possible agreement, following which LQAG had already launched a new convertible bond of EUR 20m in order to stem the necessary investments. We believe that this cooperation is a game changer for LQAG with both positive reputational and financial implications. We therefore reiterate our BUY rating with an unchanged PT of EUR 10.75.

BUY (BUY)

Target price	EUR 10.75 (10.75)
Current price	EUR 7.80
Up/downside	37.8%



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LAIQON AG

Germany | Financial Services | MCap EUR 136.4m | EV EUR 172.9m

BUY (BUY)

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Current price EUR 7.80
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Delivering the game changing cooperation with Union Invest

Cooperation agreement signed and sealed. LAIQON AG (LQAG) today announced the groundbreaking news that it has signed a Memorandum of Understanding (MoU) with Union Investment to jointly develop, launch and market new investment products. As a reminder: Back in April, LQAG hinted at a possible agreement and its strategic implications. Moreover, LQAG partially justified its recent EUR 20m convertible bond issue with the forthcoming investments required for this cooperation agreement.

About Union Investment Union Investment ("UI") is the investment arm of the German cooperative financial services network "Volks- und Raiffeisenbanken". The investment company serves 5.8m clients and currently has more than EUR 430bn in AuM. This makes UI one of the top 5 fund managers in Germany in terms of AuM. With nearly 19m customers, the cooperative financial services network is the largest banking cluster in Germany, ahead of public-sector banks and private commercial banks.

Subject of the cooperation The objective of the cooperation is the joint launch of a novel fund-based investment product ("iFVV product") for customers of the cooperative financial services network. The iFVV product will enable individual fund asset management based on AI-generated decision parameters with both traditional and sustainable (ESG-compliant) investments.

Our view: The impact of this collaboration between LQAG and Union Investment is significant and multifaceted, encompassing strategic, financial and reputational aspects. First and foremost, it underscores LQAG's ability to deliver on its promises. Furthermore, the fact that UI, a renowned and respected institution, is willing to partner with LQAG speaks volumes about the quality of LQAG's product offering and therefore strengthens its reputation in the market in our view. *-continued-*

LAIQON AG	2020	2021	2022	2023E	2024E	2025E
Sales	27.7	26.1	21.6	36.7	48.8	60.5
<i>Growth yoy</i>	237.3%	-5.8%	-17.4%	70.0%	33.0%	24.0%
EBITDA	6.6	18.3	-9.9	-0.7	6.3	12.7
EBIT	2.8	14.3	-14.7	-6.7	0.6	7.3
Net profit	-0.7	18.8	-10.2	-3.2	-0.2	5.1
Net debt (net cash)	10.6	12.7	36.5	30.9	22.8	12.7
Net debt/EBITDA	1.6x	0.7x	-3.7x	-42.1x	3.6x	1.0x
EPS reported	-0.05	1.41	-0.67	-0.18	-0.01	0.29
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	96.1%	100.0%	83.0%	88.0%	89.0%	90.0%
EBITDA margin	23.6%	70.0%	-46.1%	-2.0%	13.0%	21.0%
EBIT margin	10.1%	54.9%	-67.9%	-18.3%	1.3%	12.0%
ROCE	3.1%	18.5%	-12.3%	-7.1%	0.7%	7.9%
EV/EBITDA	22.4x	8.2x	-17.4x	-228.0x	25.1x	11.7x
EV/EBIT	52.4x	10.4x	-11.8x	-24.9x	247.8x	20.5x
PER	-147.2x	5.5x	-11.7x	-42.3x	-749.2x	26.7x
FCF yield	-2.6%	17.7%	-4.0%	3.8%	5.7%	7.2%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 8.90 / 4.98
Price/Book Ratio 1.8x

Ticker / Symbols

ISIN DE000A12UP29
WKN A12UP2
Bloomberg LQAG:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	36.7	-6.7	-0.18
	Δ	-0.0%	na%	na%
2024E	old	48.8	0.6	-0.01
	Δ	0.0%	0.0%	na%
2025E	old	60.5	7.3	0.29
	Δ	-0.0%	-0.0%	0.1%

Key share data

Number of shares: (in m pcs) 17.48
Book value per share: (in EUR) 4.38
Ø trading volume: (12 months) 20,000

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.

From a financial perspective, this partnership has the potential to be a game changer for LAIQON. It could lead to a significant increase in AUM. Comparable collaborations and products promoted by UI typically operate in the "EUR billion" range. Even at a conservative estimate, assuming an additional EUR 1bn in AuM and a management fee of 0.5%, LQAG could potentially generate approximately EUR 2.5m in pro rata annual revenues.

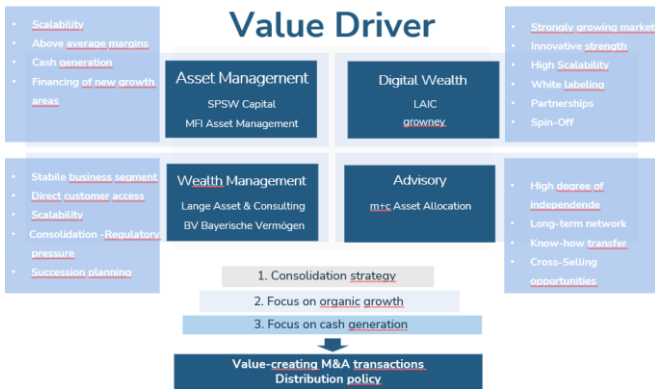
In our view, this collaboration has the potential to bring the company closer to its ambitious target of EUR 8-10bn AuM by 2025, a significant increase from its current level of EUR 5.9bn as at June 30.

Finally, this collaboration underscores LQAG's strength as a group. It highlights the company's scalable platform, its specialized product knowledge and its valuable AI infrastructure. These strengths position LQAG as a formidable player in the financial industry, capable of delivering innovative solutions and attracting strategic partnerships.

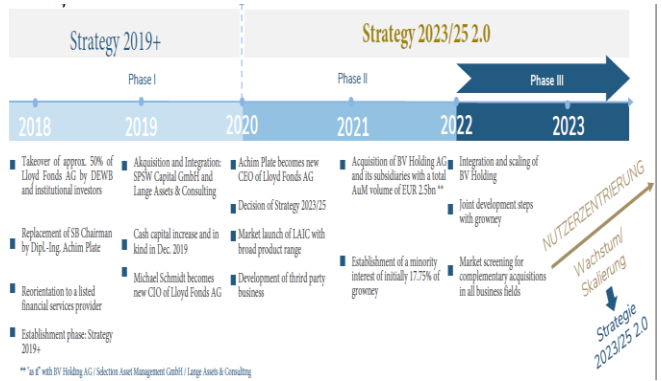
Conclusion The collaboration with UI has far-reaching implications for LQAG. It not only enhances the company's financial prospects, but also strengthens its reputation and highlights its core strengths. This development represents an important step towards achieving LQAG's long-term strategic goals, which is why we reiterate our BUY rating with – for the time being - unchanged PT of EUR 10.75.

Investment case in six charts

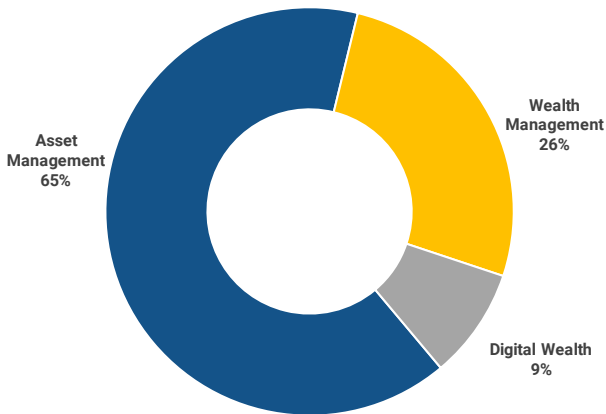
Industrial logic of a successful acquisition strategy



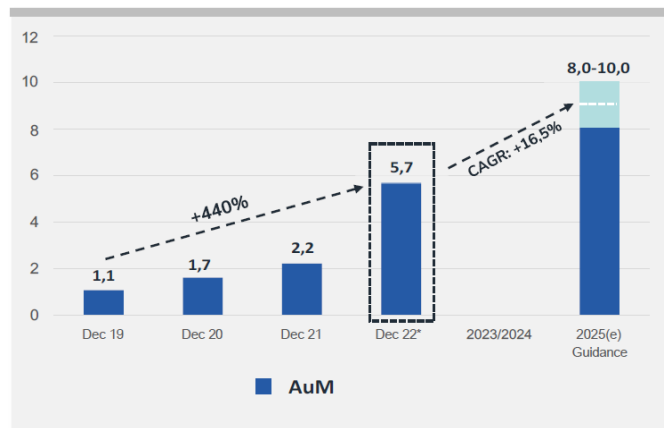
Group Strategy



Segments of LAIQON AG after 2023 (% AuM)



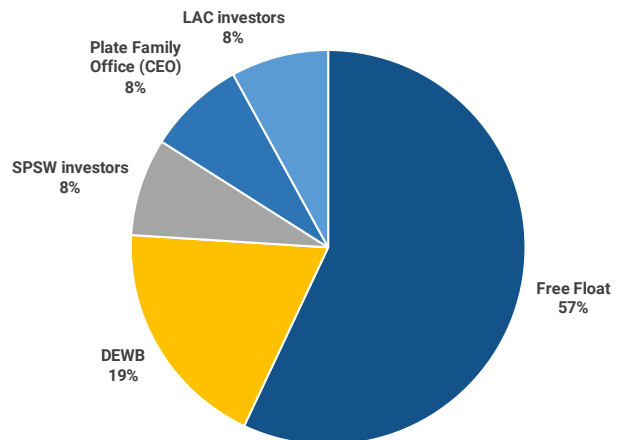
Medium-term guidance of EUR 8.0bn - 10.0bn



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 shareholder



Source: Company data; AlsterResearch

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 10.75 per share**:

Top-line growth: We expect LAIQON AG to continue benefitting from structural growth. Hence our growth estimates for 2023E-2030E is in the range of 12.0% p.a. The long-term growth rate is set at 2.0%.

EBIT margins. We expect an improvement of EBIT margins based on our assumption of higher revenues due to acquisitions and the platform strategy. A market recovery should also lead to higher performance fees. Economies of scale of the One-Stop-Shop-model should boost profitability in expectation of more product sales/additional service offering per client.

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 1.05. Combined with a risk-free rate of 2.5% and an equity risk premium of 6.0% this yields cost of equity of 10.8%. With pre-tax cost of borrowing at 5.0%, a tax rate of 35.0% 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)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	-5.5	0.6	5.6	6.4	8.0	9.6	10.3	11.0	
Depreciation & amortization	6.0	5.7	5.4	5.2	5.0	4.8	4.7	4.5	
Change in working capital	3.0	3.0	-0.8	1.4	0.8	0.8	0.8	0.9	
Chg. in long-term provisions	1.5	0.6	0.6	0.3	0.2	0.2	0.2	0.2	
Capex	-1.1	-1.0	-1.2	-1.3	-1.4	-1.5	-1.5	-1.6	
Cash flow	3.9	9.0	9.7	11.9	12.5	13.9	14.4	15.0	242.6
Present value	3.8	8.0	8.0	9.1	8.7	8.9	8.5	8.1	135.9
WACC	9.0%	9.0%	8.9%	8.8%	8.8%	8.8%	8.8%	8.8%	8.3%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	199.1	Planning horizon avg. revenue growth (2023E-2030E)	12.0%
Mid-year adj. total present value	207.7	Terminal value growth (2030E - infinity)	2.0%
Net debt / cash at start of year	36.5	Terminal year ROCE	13.9%
Financial assets	16.8	Terminal year WACC	8.3%
Provisions and off b/s debt	na		
Equity value	187.9	Terminal WACC derived from	
No. of shares outstanding	17.5	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	35.0%
		Equity beta	1.30
		Unlevered beta (industry or company)	1.05
		Target debt / equity	0.5
		Relevered beta	1.39
		Risk-free rate	2.5%
		Equity risk premium	6.0%
		Cost of equity	10.8%

Discounted cash flow / share upside/(downside)	10.75 37.8%
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Share price	7.80
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Sensitivity analysis DCF							Share of present value		
Change in WACC (%-points)		Long term growth					2023E-2026E	2027E-2030E	terminal value
		1.0%	1.5%	2.0%	2.5%	3.0%			
2.0%		7.2	7.5	7.8	8.2	8.7			14.5%
1.0%		8.3	8.6	9.1	9.6	10.2			17.2%
0.0%		9.6	10.1	10.7	11.5	12.4			68.3%
-1.0%		11.3	12.1	13.0	14.1	15.5			
-2.0%		13.7	14.9	16.4	18.2	20.6			

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 -1.80 per share based on 2023E and EUR 11.30 per share on 2027E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2023E	2024E	2025E	2026E	2027E
EBITDA	-0.7	6.3	12.7	14.0	17.5
- Maintenance capex	1.5	1.4	1.3	1.3	1.3
- Minorities	-0.6	-0.0	0.9	1.1	1.4
- tax expenses	-0.4	-0.0	0.7	1.3	3.1
= Adjusted FCF	-1.2	5.0	9.8	10.3	11.7
Actual Market Cap	136.4	136.4	136.4	136.4	136.4
+ Net debt (cash)	30.9	22.8	12.7	-0.0	-13.8
+ 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	16.8	16.8	16.8	16.8	16.8
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	14.2	6.0	-4.0	-16.8	-30.5
= Actual EV'	150.5	142.4	132.4	119.6	105.9
Adjusted FCF yield	-0.8%	3.5%	7.4%	8.6%	11.0%
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	-17.2	71.2	139.8	146.9	167.0
- <i>EV Reconciliations</i>	14.2	6.0	-4.0	-16.8	-30.5
Fair Market Cap	-31.4	65.2	143.8	163.7	197.5
No. of shares (million)	17.5	17.5	17.5	17.5	17.5
Fair value per share in EUR	-1.80	3.73	8.22	9.37	11.30
Premium (-) / discount (+)	-123.0%	-52.2%	5.4%	20.1%	44.9%

Sensitivity analysis FV

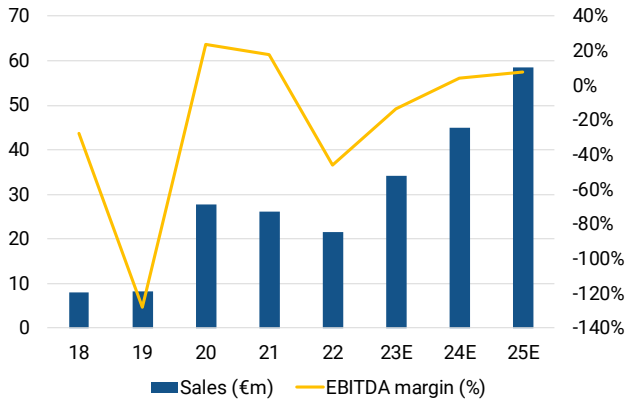
	5.0%	-2.2	5.4	11.4	12.7	15.1
Adjusted hurdle rate	6.0%	-2.0	4.4	9.6	10.8	12.9
	7.0%	-1.8	3.7	8.2	9.4	11.3
	8.0%	-1.7	3.2	7.2	8.3	10.1
	9.0%	-1.6	2.8	6.4	7.5	9.2

Source: Company data; AlsterResearch

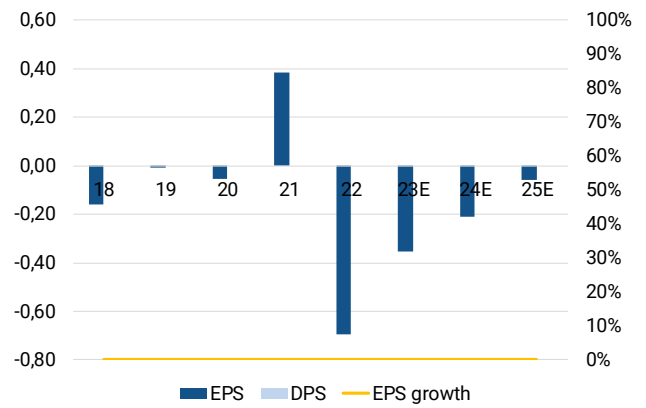
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

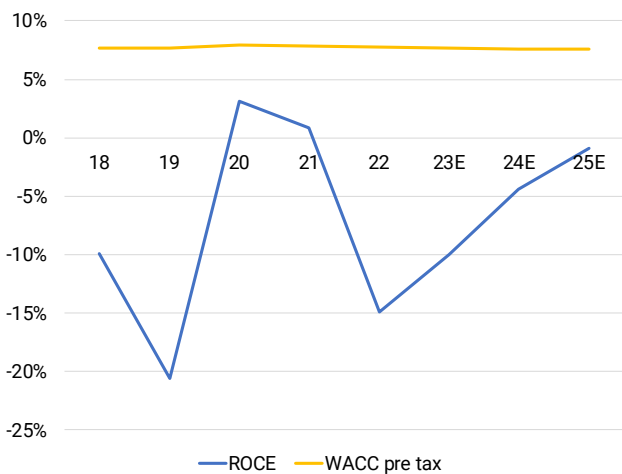
Sales vs. EBITDA margin development



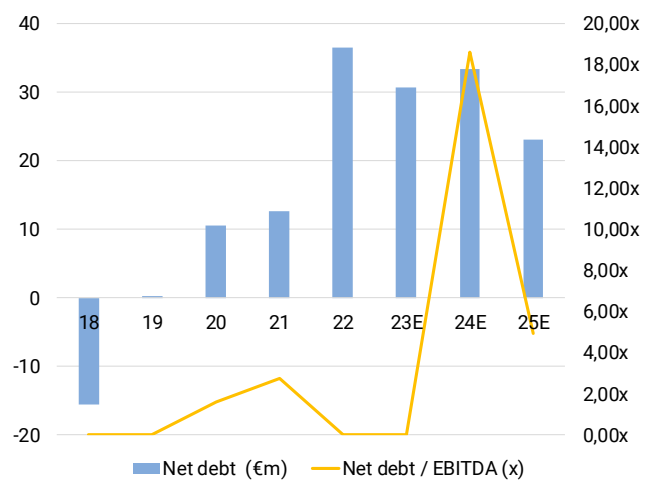
EPS, DPS in EUR & yoy EPS growth



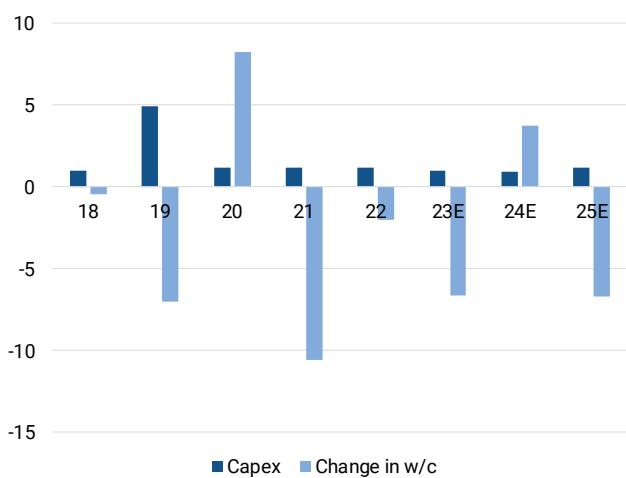
ROCE vs. WACC (pre tax)



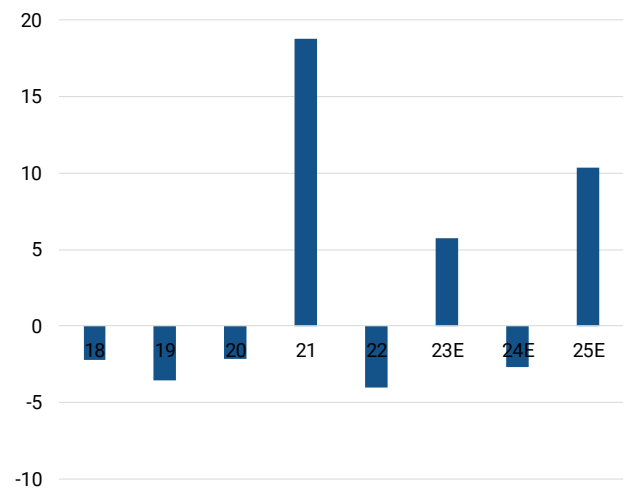
Net debt and net debt/EBITDA



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	27.7	26.1	21.6	36.7	48.8	60.5
Sales growth	237.3%	-5.8%	-17.4%	70.0%	33.0%	24.0%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	27.7	26.1	21.6	36.7	48.8	60.5
Material expenses	1.1	0.0	3.7	4.4	5.4	6.0
Gross profit	26.7	26.1	17.9	32.3	43.4	54.4
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Personnel expenses	11.7	0.4	17.1	20.9	23.9	25.4
Other operating expenses	8.4	7.5	10.7	12.1	13.2	16.3
EBITDA	6.6	18.3	-9.9	-0.7	6.3	12.7
Depreciation	1.8	1.6	2.0	1.5	1.4	1.3
EBITA	4.8	16.7	-11.9	-2.2	4.9	11.4
Amortisation of goodwill and intangible assets	2.0	2.3	2.7	4.5	4.3	4.1
EBIT	2.8	14.3	-14.7	-6.7	0.6	7.3
Financial result	-5.8	5.7	-1.6	2.5	-0.9	-0.6
Recurring pretax income from continuing operations	-3.0	20.1	-16.3	-4.2	-0.2	6.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-3.0	20.1	-16.3	-4.2	-0.2	6.7
Taxes	-4.0	-0.2	-5.7	-0.4	-0.0	0.7
Net income from continuing operations	1.0	20.3	-10.5	-3.8	-0.2	6.0
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.0	20.3	-10.5	-3.8	-0.2	6.0
Minority interest	-1.7	-1.5	0.4	0.6	0.0	-0.9
Net profit (reported)	-0.7	18.8	-10.2	-3.2	-0.2	5.1
Average number of shares	13.27	13.33	15.21	17.48	17.48	17.48
EPS reported	-0.05	1.41	-0.67	-0.18	-0.01	0.29

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	4%	0%	17%	12%	11%	10%
Gross profit	96%	100%	83%	88%	89%	90%
Other operating income	0%	0%	0%	0%	0%	0%
Personnel expenses	42%	1%	79%	57%	49%	42%
Other operating expenses	30%	29%	50%	33%	27%	27%
EBITDA	24%	70%	-46%	-2%	13%	21%
Depreciation	6%	6%	9%	4%	3%	2%
EBITA	17%	64%	-55%	-6%	10%	19%
Amortisation of goodwill and intangible assets	7%	9%	13%	12%	9%	7%
EBIT	10%	55%	-68%	-18%	1%	12%
Financial result	-21%	22%	-8%	7%	-2%	-1%
Recurring pretax income from continuing operations	-11%	77%	-75%	-11%	-0%	11%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-11%	77%	-75%	-11%	-0%	11%
Taxes	-14%	-1%	-27%	-1%	-0%	1%
Net income from continuing operations	4%	78%	-49%	-10%	-0%	10%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	4%	78%	-49%	-10%	-0%	10%
Minority interest	-6%	-6%	2%	2%	0%	-1%
Net profit (reported)	-3%	72%	-47%	-9%	-0%	8%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. Goodwill)	56.2	54.8	90.3	85.8	81.5	77.4
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	11.5	9.9	10.4	10.1	9.6	9.5
Financial assets	16.8	19.3	16.8	16.8	16.8	16.8
FIXED ASSETS	84.5	84.0	117.5	112.6	107.9	103.7
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	18.9	6.2	9.9	8.0	9.4	11.6
Other current assets	1.8	9.9	0.9	0.9	0.9	0.9
Liquid assets	8.4	16.3	10.4	-5.9	-0.8	2.3
Deferred taxes	0.0	0.5	1.1	1.1	1.1	1.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	29.1	33.0	22.3	4.1	10.6	15.9
TOTAL ASSETS	113.7	117.0	139.8	116.7	118.5	119.5
SHAREHOLDERS EQUITY	37.9	43.3	66.6	62.8	62.6	68.6
MINORITY INTEREST	4.9	5.1	5.5	5.5	5.5	5.5
Long-term debt	17.7	18.3	44.6	15.0	12.0	10.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	27.8	0.3	0.3	1.8	2.4	3.0
Non-current liabilities	45.5	18.6	44.9	16.8	14.4	13.0
short-term liabilities to banks	1.3	10.7	2.3	10.0	10.0	5.0
Accounts payable	3.7	25.3	16.0	19.3	23.5	24.9
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	6.9	0.0	2.5	0.0	0.0	0.0
Deferred taxes	12.6	13.9	2.0	2.0	2.0	2.0
Deferred income	0.9	0.0	0.0	0.4	0.5	0.6
Current liabilities	25.5	50.0	22.9	31.6	36.0	32.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	113.7	117.0	139.8	116.7	118.5	119.5

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	49%	47%	65%	73%	69%	65%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	10%	8%	7%	9%	8%	8%
Financial assets	15%	16%	12%	14%	14%	14%
FIXED ASSETS	74%	72%	84%	96%	91%	87%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	17%	5%	7%	7%	8%	10%
Other current assets	2%	8%	1%	1%	1%	1%
Liquid assets	7%	14%	7%	-5%	-1%	2%
Deferred taxes	0%	0%	1%	1%	1%	1%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	26%	28%	16%	4%	9%	13%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	33%	37%	48%	54%	53%	57%
MINORITY INTEREST	4%	4%	4%	5%	5%	5%
Long-term debt	16%	16%	32%	13%	10%	8%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	24%	0%	0%	2%	2%	3%
Non-current liabilities	40%	16%	32%	14%	12%	11%
short-term liabilities to banks	1%	9%	2%	9%	8%	4%
Accounts payable	3%	22%	11%	17%	20%	21%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	6%	0%	2%	0%	0%	0%
Deferred taxes	11%	12%	1%	2%	2%	2%
Deferred income	1%	0%	0%	0%	0%	1%
Current liabilities	22%	43%	16%	27%	30%	27%
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	1.9	6.6	-10.5	-3.8	-0.2	6.0
Depreciation of fixed assets (incl. leases)	3.7	3.9	4.7	1.5	1.4	1.3
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	4.5	4.3	4.1
Others	1.8	-1.1	1.0	1.5	0.6	0.6
Cash flow from operations before changes in w/c	7.3	9.4	-4.8	3.7	6.1	12.0
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-14.2	2.4	-5.3	1.9	-1.3	-2.2
Increase/decrease in accounts payable	1.9	1.8	1.4	3.3	4.2	1.3
Increase/decrease in other w/c positions	4.1	6.3	5.9	-2.2	0.1	0.1
Increase/decrease in working capital	-8.3	10.6	2.0	3.0	3.0	-0.8
Cash flow from operating activities	-0.9	20.0	-2.8	6.7	9.1	11.2
CAPEX	-1.2	-1.2	-1.2	-1.1	-1.0	-1.2
Payments for acquisitions	0.0	0.0	-13.6	0.0	0.0	0.0
Financial investments	0.0	-0.1	-2.2	0.0	0.0	0.0
Income from asset disposals	0.3	0.1	8.6	0.0	0.0	0.0
Cash flow from investing activities	-0.9	-1.1	-8.4	-1.1	-1.0	-1.2
Cash flow before financing	-1.9	18.9	-11.2	5.6	8.1	10.0
Increase/decrease in debt position	-0.8	-14.0	4.5	-21.9	-3.0	-7.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	12.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.1	5.0	-11.3	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	-0.7	-9.0	5.3	-21.9	-3.0	-7.0
Increase/decrease in liquid assets	-2.6	9.8	-5.9	-16.3	5.1	3.0
Liquid assets at end of period	6.5	16.3	10.4	-5.9	-0.8	2.3

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	27.7	26.1	21.6	36.7	48.8	60.5
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	27.7	26.1	21.6	36.7	48.8	60.5

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	1.41	-0.67	-0.18	-0.01	0.29
Cash flow per share	-0.20	1.38	-0.32	0.30	0.44	0.57
Book value per share	2.85	3.25	4.38	3.59	3.58	3.92
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-147.2x	5.5x	-11.7x	-42.3x	-749.2x	26.7x
P/CF	-38.4x	5.7x	-24.7x	26.1x	17.7x	13.8x
P/BV	2.7x	2.4x	1.8x	2.2x	2.2x	2.0x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-2.6%	17.7%	-4.0%	3.8%	5.7%	7.2%
EV/Sales	5.3x	5.7x	8.0x	4.6x	3.3x	2.5x
EV/EBITDA	22.4x	8.2x	-17.4x	-228.0x	25.1x	11.7x
EV/EBIT	52.4x	10.4x	-11.8x	-24.9x	247.8x	20.5x
Income statement (EURm)						
Sales	27.7	26.1	21.6	36.7	48.8	60.5
yoy chg in %	237.3%	-5.8%	-17.4%	70.0%	33.0%	24.0%
Gross profit	26.7	26.1	17.9	32.3	43.4	54.4
Gross margin in %	96.1%	100.0%	83.0%	88.0%	89.0%	90.0%
EBITDA	6.6	18.3	-9.9	-0.7	6.3	12.7
EBITDA margin in %	23.6%	70.0%	-46.1%	-2.0%	13.0%	21.0%
EBIT	2.8	14.3	-14.7	-6.7	0.6	7.3
EBIT margin in %	10.1%	54.9%	-67.9%	-18.3%	1.3%	12.0%
Net profit	-0.7	18.8	-10.2	-3.2	-0.2	5.1
Cash flow statement (EURm)						
CF from operations	-0.9	20.0	-2.8	6.7	9.1	11.2
Capex	-1.2	-1.2	-1.2	-1.1	-1.0	-1.2
Maintenance Capex	1.8	1.6	2.0	1.5	1.4	1.3
Free cash flow	-2.1	18.8	-4.0	5.6	8.1	10.0
Balance sheet (EURm)						
Intangible assets	56.2	54.8	90.3	85.8	81.5	77.4
Tangible assets	11.5	9.9	10.4	10.1	9.6	9.5
Shareholders' equity	37.9	43.3	66.6	62.8	62.6	68.6
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	46.8	29.3	47.2	26.8	24.4	18.0
Net financial debt	10.6	12.7	36.5	30.9	22.8	12.7
w/c requirements	15.2	-19.1	-6.1	-11.3	-14.2	-13.3
Ratios						
ROE	2.7%	46.9%	-15.8%	-6.0%	-0.3%	8.8%
ROCE	3.1%	18.5%	-12.3%	-7.1%	0.7%	7.9%
Net gearing	27.9%	29.4%	54.8%	49.2%	36.4%	18.6%
Net debt / EBITDA	1.6x	0.7x	-3.7x	-42.1x	3.6x	1.0x

Source: Company data; AlsterResearch

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