

# Lloyd Fonds AG (“LAIQON” as of 2023)

Germany | Financial Services | MCap EUR 83.9m

17 October 2022

INITIATION



## Unique Asset & Wealth Management Platform; BUY

### What’s it all about?

We initiate coverage of Lloyd Fonds AG with a BUY recommendation and a PT of EUR 10.00 offering an upside potential of 76.7%. Lloyd Fonds AG is an innovative financial services company that generates returns for its partners and customers with active, sustainable and digital investment solutions. Two recent acquisitions are lifting Lloyd Fonds AG into a different sphere now offering the necessary size and scale in order to become a sizeable market player. Its platform model should further help the company to grow, both organically and through acquisitions. Appealing to the equity story is also a well incentivized and dedicated management.

### BUY (INITIATION)

Target price	EUR 10.00 (none)
Current price	EUR 5.66
Up/downside	76.7%



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Germany | Financial Services | MCap EUR 83.9m | EV EUR 96.6m

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## Unique Asset & Wealth Management Platform; BUY

**Does what?** Lloyd Fonds AG (LF) / LAIQON is an **innovative financial services company** that offers investment solutions to private and institutional clients. Its product offering covers the entire spectrum, from benchmark-free, alpha generating equity, fixed income and mixed funds products, over tailor made personal wealth and asset management solutions as well as innovative digital investment approaches such as its own robo-advisor growney or AI based wealth products (LAIC).

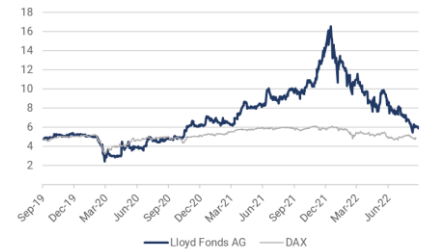
**Scalable business model** With EUR 5.5bn AuM by year end (eAR) Lloyd Fonds / LAIQON ranks among the top quantile out of over 700 asset managers in Germany. As such, LF / LAIQON benefits from **significant scale advantages** vs. a predominantly sub-scale competition, allowing the company to heavily invest in new and innovative technologies, products and solutions. In addition, its in-house developed platform DAP 4.0 combines all products and services on one technological platform, hence ultimately improving customers’ experience by having all relevant information in one place and which facilitates cross selling opportunities across its well diversified product spectrum. Likewise, **highly decorated asset manager** who have consistently performed well among peers appeals to the equity story, so does its **experienced and well incentivized management team of the group**, that has demonstrated that it can execute on its clear vision of becoming a well established name in the German market.

**High AuM growth target.** In terms of growth, LF / LAIQON has clearly demonstrated that it can outpace the market. AuMs in Germany have increased - on average - by c. 9% p.a. At the same time, LF / LAIQON has increased its assets 5.5-fold since 2019. Whilst this has been mainly the result of consistently delivering good performance over time, it also reflects a spree of lucrative M&A deals, such as the acquisition of BV Holding, SPSW, Lange Assets & Consulting or robo-advisor growney. Going forward, the company aims to increase AuM organically and through acquisitions to EUR 8-10bn by 2025, which we view – in light of current market sentiment – as ambitious but realistic, also bearing in mind, LF / LAIQON additional cross selling opportunities.

**Initiate with BUY** In our view, non of the above is currently accurately reflected in Lloyd Fonds share price. A **name change into LAIQON** will start a new chapter for the company. We therefore initiate with a BUY recommendation and PT of EUR 10.00.

Lloyd Fonds AG	2019	2020	2021	2022E	2023E	2024E
Sales	8.2	27.7	26.1	31.1	42.9	57.1
<i>Growth yoy</i>	3.9%	237.3%	-5.8%	19.0%	38.0%	33.0%
EBITDA	-10.5	6.6	4.3	-5.4	0.2	6.0
EBIT	-11.8	2.8	0.3	-9.5	-4.8	1.3
Net profit	-0.1	-0.7	5.2	-6.6	-1.7	1.1
Net debt (net cash)	0.3	10.6	12.7	18.8	17.9	12.5
Net debt/EBITDA	-0.0x	1.6x	3.0x	-3.5x	83.4x	2.1x
EPS reported	-0.01	-0.05	0.39	-0.45	-0.11	0.07
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	94.8%	96.1%	89.7%	89.6%	90.5%	90.6%
EBITDA margin	-128.2%	23.6%	16.4%	-17.4%	0.5%	10.6%
EBIT margin	-143.5%	10.1%	1.3%	-30.7%	-11.1%	2.2%
ROCE	-13.0%	3.1%	0.4%	-10.6%	-5.6%	1.5%
EV/EBITDA	-8.0x	14.4x	22.6x	-19.0x	474.3x	15.9x
EV/EBIT	-7.1x	33.7x	280.0x	-10.8x	-21.4x	75.9x
PER	-619.1x	-106.8x	14.6x	-12.7x	-50.9x	82.6x
FCF yield	0.8%	-3.6%	24.3%	-5.6%	1.0%	5.9%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 16.98 / 4.98  
**Price/Book Ratio** 1.7x

### Ticker / Symbols

ISIN DE000A12UP29  
WKN A12UP2  
Bloomberg L10A:GR

### Changes in estimates

		Sales	EBIT	EPS
2022	old	00.0	00.0	00.0
	Δ	-	-	-
2023	old	00.0	00.0	00.0
	Δ	-	-	-
2024	old	00.0	00.0	00.0
	Δ	-	-	-

### Key share data

Number of shares: (in m pcs) 14.82  
Book value per share: (in EUR) 3.25  
Ø trading volume: (12 months) 20,000

### Major shareholders

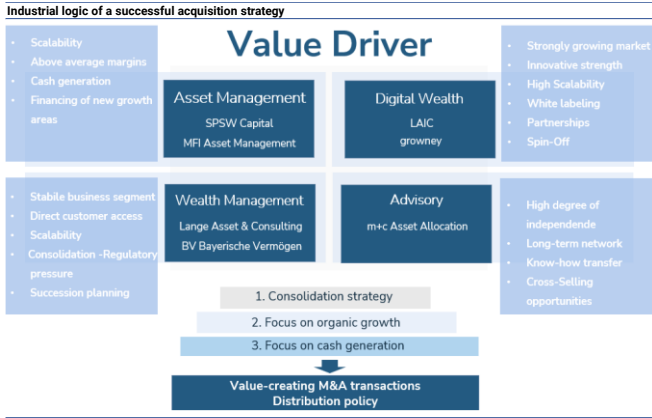
DEWB 21.0%  
SPSW investors 10.0%  
Plate Family Office (CEO) 10.0%  
Free Float 51.0%

### Company description

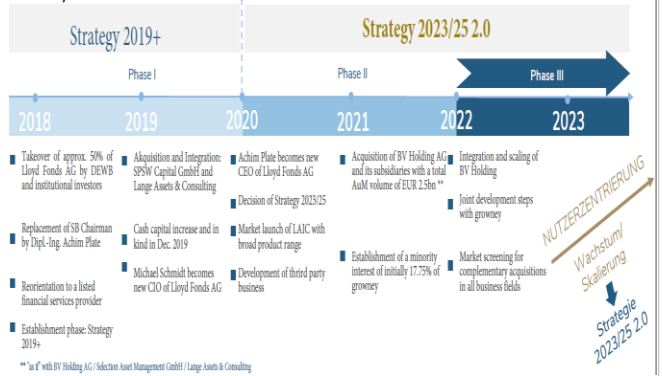
Lloyd Fonds is an independent asset and wealth manager with focus on actively managed non-benchmark funds as well as digitizing wealth management via its LAIC Advisor

# Investment case in six charts

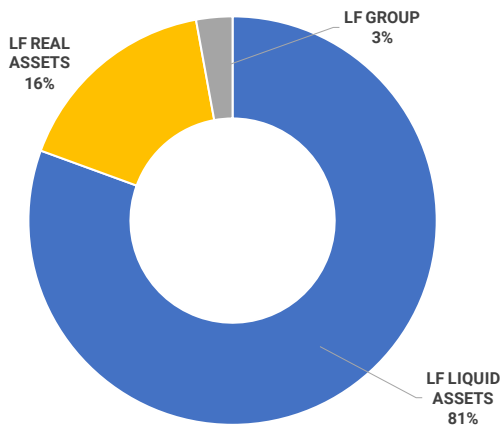
## Industrial logic of a successful acquisition strategy



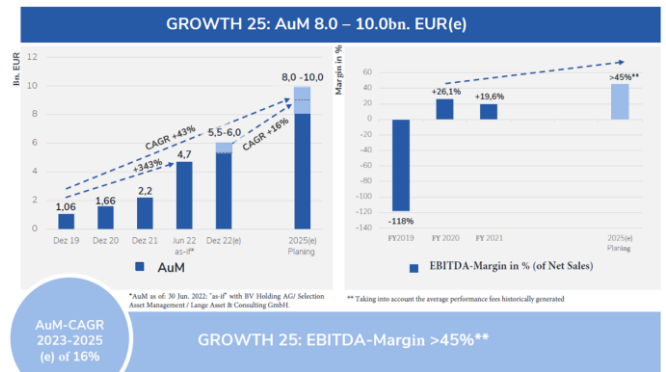
## Group Strategy



## Sales by segment in %



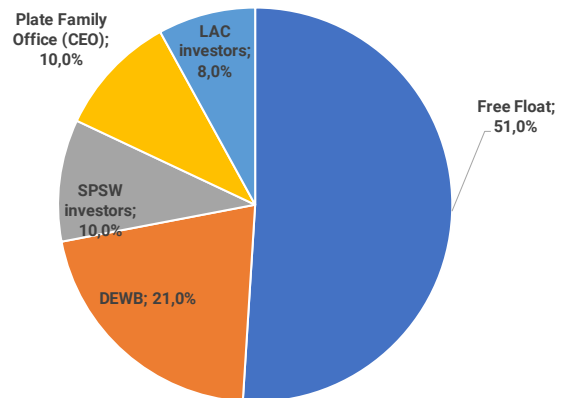
## AuMs in EURm



## Platform Strategy - Wealth Experience - UX

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

## Major shareholder



Source: Company data; AlsterResearch

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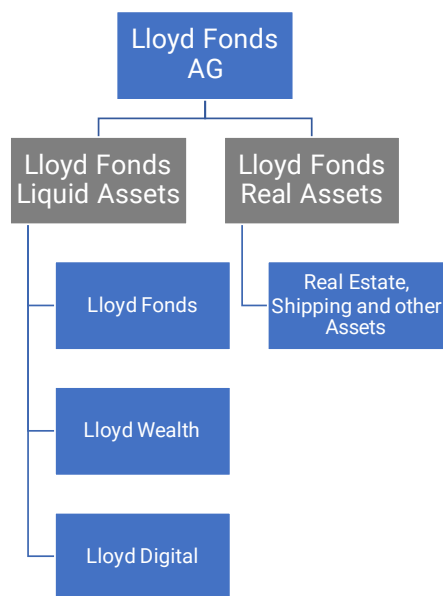
# Company background

## Products & services

Lloyd Fonds AG (renamed LAIQON AG, 1 Jan. 2023) is an innovative financial services company that generates returns for its partners and customers with active, sustainable and digital investment solutions. Founded in 1995, the bank-independent company has been listed on the stock exchange since 2005.

The company is structured around two distinct business segments, The LLOYD FONDS LIQUID ASSETS and the LLOYD FONDS REAL ASSETS. Both units have separate sub-units as displayed below:

### Business Segments



Source: Company data

Lloyd Fonds Real Assets will hardly play a role in the future because the fund units will be sold.

## LLOYD FONDS LIQUID ASSETS

The LLOYD FONDS LIQUID ASSET segment is by far the largest unit within the group, representing c. 81% of 2021 sales. It consists of three sub-segments, namely,

- **LLOYD FONDS** business segment is positioned as a specialist provider of benchmark-free equity, bond and mixed funds with a clear focus on active alpha strategies. All funds, managed by experienced fund managers with a proven track record, take into account an integrated sustainability approach in the investment process.
- **LLOYD WEALTH** business segment, proactive, holistic 360 degree implementation of the individual goals of wealthy clients in personal asset management is carried out via Lange Assets & Consulting GmbH and Bayerische Vermögen GmbH.
- **LLOYD DIGITAL** business segment, digital and risk-optimised investment solutions for private investors and institutional clients are offered via its subsidiaries WealthTech LAIC and FinTech growney.

**Business Segments**

<p><b>Active Asset Management</b></p> <p><b>LLOYD FONDS</b> Specials provider for active alpha strategies</p> <ul style="list-style-type: none"> <li>Active Equity Funds</li> <li>Active Mixed Funds</li> <li>Active Bond Funds</li> <li>Active Hedge funds</li> <li>BV-Funds</li> <li>Special Mandates</li> </ul>	<p><b>Wealth Management</b></p> <p><b>LLOYD WEALTH</b> Proactive 360°- implementation of individual wealth goals</p> <ul style="list-style-type: none"> <li>360° Individual Mandates</li> <li>Family Office Mandates</li> <li>PVV-Strategy (Premium Wealth Management)</li> <li>Special Mandates</li> <li>Funds Strategies</li> <li>m+c Asset Allocation Advice</li> </ul>	<p><b>Digital Wealth</b></p> <p><b>LAIC &amp; growney</b> AI-based investment solutions for all risk classes and client groups</p> <ul style="list-style-type: none"> <li>LAIC Mixed Funds</li> <li>LAIC Institutional Funds</li> <li>Funds Annuity</li> <li>LAIC Wealth</li> <li>LAIC Token</li> <li>growney Deposit</li> <li>growney Pension</li> </ul>
<p>Token Plattform -&gt; LLOYD TOKEN GmbH</p>		

Source: Company data

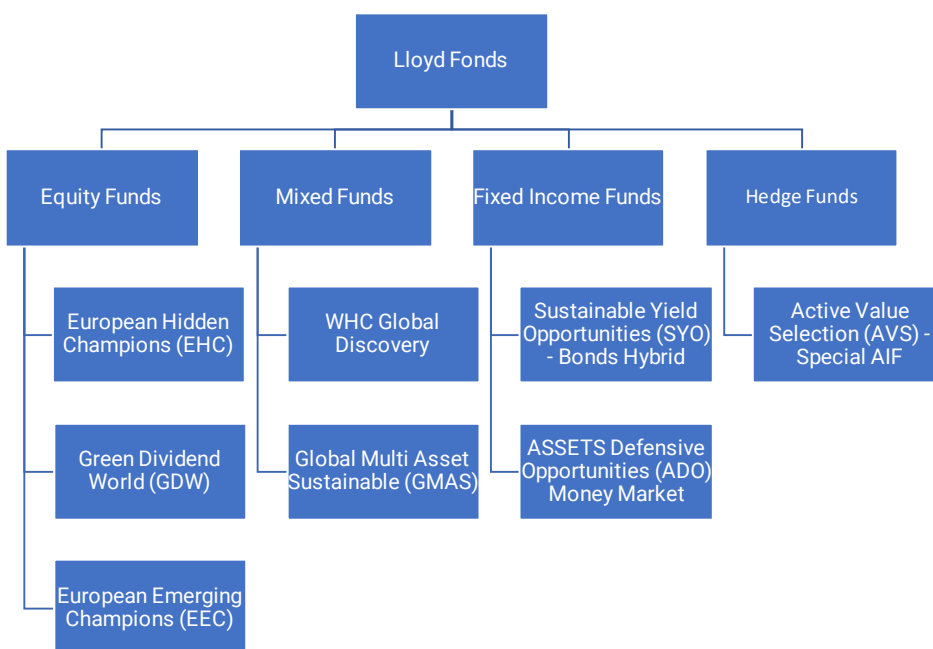
The following pages give an overview of the sub segments of LLOYD FONDS LIQUID ASSETS

**LLOYD FONDS**

The LLOYD FONDS business segment is positioned as a specialist provider of benchmark-free equity, fixed income and mixed funds with a clear focus on active alpha strategies. SPSW Capital GmbH provides the financial portfolio management for these securities.

The Investment team has a long-term track record and consists of several equity fund manager, bond manager and mixed fund manager and a team of analysts.

**Lloyd Fonds**



Source: Company data

In addition, SPSW Capital manages a share mandate for a Scandinavian pension fund and, from August 2021, a fixed-income mandate for a pension fund based in Germany.

The actual value, returns and growth opportunities of a given company and its stock market value form the core of fund management activities.

Their performance is reflected in the awards that are regularly received. Thus, **Lloyd Fonds AG received the Golden Bull for ADO as well as for SYO under the €uro Fund Awards 2022.**

Lloyd Fonds AG / LAIQON AG intends to play a leading role in sustainable investing area due to strong client interest, which is likely to drive the company forward. The fund managers therefore pursue an integrated sustainability strategy in their investment process. The GDW fund was categorized in accordance with Article 9, the ADO, SYO, GMAS, WHC and EHC funds in accordance with Article 8 of the Sustainable Finance Disclosure Regulation (SFDR). The strategies applied by individual funds, such as GMAS and potentially also the SYO, are to be expanded to take full account of sustainable investing in accordance with Article 9.

## **LLOYD WEALTH**

In the LLOYD WEALTH business segment, proactive, holistic 360 degree implementation of the individual goals of wealthy clients in personal wealth management is carried out via Lange Assets & Consulting GmbH (LAC) and Bayerische Vermögen GmbH (BV).

The ideas of standardized BV/LAC solutions are:

- Personal support from a permanent wealth manager,
- Rule-based decisions - no subjective forecasts,
- Ongoing adjustment within the framework of the agreed guidelines,
- Active risk and opportunity management.

The capital increase in March 2022 through contributions in kind in the context of the acquisition of BV Holding AG was carried out with the exclusion of shareholders' subscription rights in the amount of 570,384 new shares. Since then, BV Holding AG / Selection Asset Management GmbH and Lange Assets & Consulting GmbH have been fully consolidated since April 1, 2022 and June 30, 2022, respectively, into the Group.

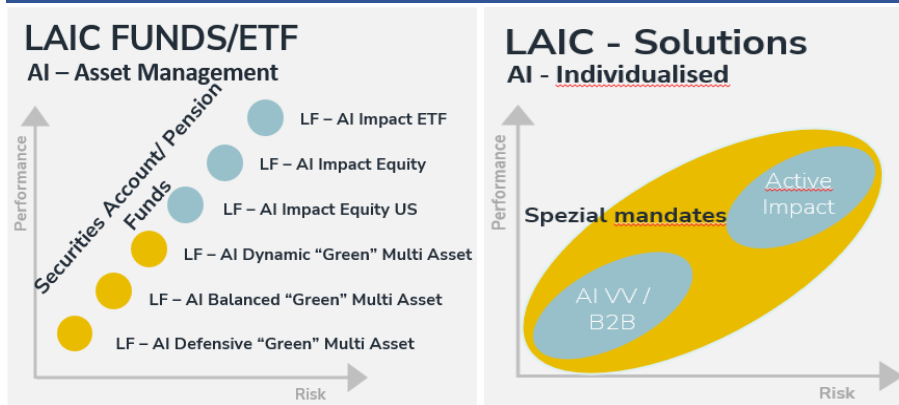
## **LLOYD DIGITAL**

In the LLOYD DIGITAL business segment, digital and risk-optimised investment solutions for portfolio optimization are made available to private investors and institutional clients via the WealthTech LAIC and the FinTech/robo-advisor growney.

## **LAIC**

LAIC offers individual custodian accounts, five mixed funds, two pension insurance schemes and an institutional fund as of June 30, 2022.

## LAIC Funds/ETFs/Solutions



Source: Company data

LAIC ADVISOR as a highly scalable portfolio manager utilizes Bayesian neural networks for daily forecasting of 5,000 stocks and more than 15,000 funds/ETFs. AI enables the ever-increasing amount of data to be consistently incorporated into allocation decisions.

### growney

growney is growing strongly with its robo advisor and manages around EUR 0.4bn AuM in Q4 '22. The important asset here is the very simple and user-centric access to professionally managed wealth accumulation. It offers ETF savings plans and 10 investment strategies. Other attractive financial products, such as overnight and fixed-term deposits and digital pension insurance products are also available.

Lloyd Fonds AG completed the cash capital increase in growney GmbH at the end of February 2022. In a first step, Lloyd Fonds AG acquired a 17.75% stake in growney GmbH through cash contributions totalling EUR 3m. The share is to be increased to 86.5% by the end of 2022.

Again, the following pages give an overview of the sub segments of LLOYD FONDS REAL ASSETS, which will be wind down.

## LLOYD FONDS REAL ASSETS

The LLOYD FONDS REAL ASSETS business segment includes real estate, shipping and other assets. Lloyd Fonds still manages assets from the old business model, which is, however, being successively scaled down.

### Real Estate

The real estate team was managing three active funds investing in Germany and the Netherlands in 2022. The portfolio comprises a leased floor area of around 28,000 square meters. The portfolio breaks down into 60% office and 40% hotel investments.

### Shipping

The fleet under management by Lloyd Fonds AG was composed of a total of five product and crude oil tankers in a total of five ship funds as of June 30, 2022. In addition, two secondary market funds for ship investments are under management. The portfolio of these secondary market funds consisted of 13 container ships and 17 tankers.

### Other assets

Aircraft, UK life insurance and private equity is part of this unit. Lloyd Fonds AG manages two aircraft funds. Lloyd Treuhand GmbH manages four funds investing in traded UK endowment policies and supervises two wind farm funds.



### Strategy 2023/25 2.0

The aim of the Strategy 2023/25 2.0 is to position Lloyd Fonds AG / LAIQON AG as an **innovative quality leader in asset management in Germany**. It is intended to ensure **future organic and scalable growth through the established platform strategy**. All actions are independent, individual, transparent and user-centered towards the customers.

**Four distribution channels** will be implemented and following steps taken to boost sales:

- Customer needs 2025 as a strategy driver
- Community scaling through sales platform
- Corporate social responsibility as a value benchmark
- Individualization and standardization
- Growth target: clear development of direct customer relationships

Wealth, technology, people and their perfect interplay are the three central factors for offering clients and partners an excellent service. This interplay is enabled by the cloud-based Digital Asset Platform 4.0 and the associated extensive network of technology and distribution partners. AI enables the ever-increasing amount of data to be consistently incorporated into allocation decisions.

The goal is to provide customers with the best possible user experience in an innovative and tangible way.

From Q4 2022 onwards, the company will scale its consistent platform strategy in group sales across all products and solutions with its new market presence.

### Focus on SDG/impact investing

Another focus will be sustainable investing. Here, the Group wants to take a leading role in the future with its products, which should comply with Articles 8 and 9 of the Disclosure Regulation SFDR.

### Implementation Sustainability: Integration - Transformation - Impact

<b>Professions</b>	<b>Implementation - integration and customer preferences</b>		
<b>Lloyd Fonds AG</b>  Partnerships: <ul style="list-style-type: none"> <li>• PRI</li> <li>• Science Based Target Initiative</li> <li>• Carbon Disclosure Project</li> <li>• CO<sup>2</sup> Neutrality since 2020: Reforestation projects with PLANT-MY-TREE</li> <li>• FNG-Seal 2022</li> <li>• Austrian Eco-label</li> </ul> Team: 5-member Team led by Dr. Robin Braun. Advised by Michael Schmidt, member of the Sustainable Finance Advisory Board	<b>Lloyd Funds</b> <ul style="list-style-type: none"> <li>• Clear balancing of positive contributions and controversies</li> <li>• Pursuing a forward-looking SDG transition pathway</li> <li>• Reinforce transition</li> <li>• Article 9 Funds*: GDW, GMAS (in planning)</li> <li>• Article 8 Funds*: ADO, SYO, WHC, EHC</li> </ul>	<b>Lloyd Wealth</b> <ul style="list-style-type: none"> <li>• Consideration of individual investment preferences with regards to sustainability</li> <li>• Integration into investment decisions</li> <li>• Range of services fully in accordance with Article 8*</li> </ul>	<b>Lloyd Digital</b> <ul style="list-style-type: none"> <li>• LAIC ADVISOR takes into account, among other things, individual sustainability preferences</li> <li>• Article 9* Funds (in planning): LF - Atacama Global Impact Equities; LF - AI Impact Equity; LF - AI Impact Equity US</li> <li>• Article 8 Funds*: Two LAIC mixed funds with focus on sustainability growth; mix of negative selection/best-in-class</li> </ul>
			Externer Support 

Source: Company data

Note: \* SFDR: Sustainable Finance Disclosure Regulation; Regulation EU 2019/2088 of the EUROPEAN PARLIAMENT and of the COUNCIL of 27.11.2019 on sustainability-related disclosure requirements in the financial services sector; GDW: Lloyd Fonds - Green Dividend World, GMAS: Lloyd Fonds - Multi Asset Sustainable, ADO: Lloyd Fonds - ASSETS Defensive Opportunities, SYO: Lloyd Fonds - Sustainable Yield Opportunities, WHC: Lloyd Fonds - WHC Global Discovery, EHC: Lloyd Fonds - European Hidden Champions

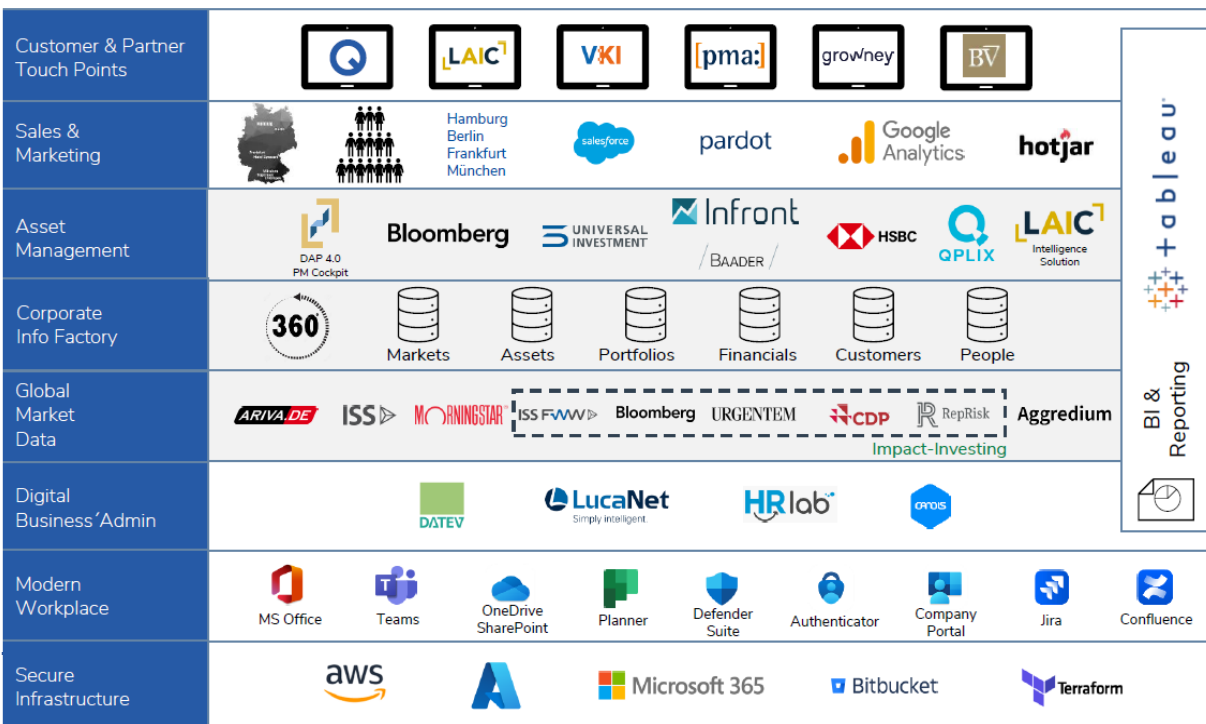
The **new strategy** builds on the acquisition of growney GmbH and BV Holding AG in 2022 and their successful integration within the Lloyd Fonds Group.

All activities are independent, individual, transparent and client-centric. In this way, it should be possible to specifically address the investment needs of private individuals to institutional investors.

The new strategy aims to ensure organic and scalable growth through the platform strategy that has been set up. It is based on **six positioning priorities**:

- I. Lloyd Fonds AG is to be renamed LAIQON AG on 1 January 2023, an integrated listed and bank-independent asset manager. The Q at the center of the name seeks to express the fact that LAIQON is positioning itself as a premium quality provider in fund and asset management.
- II. The company is active in four major growth markets, namely asset management, wealth management, digital wealth and advisory. This makes it a full-service provider, offering private and institutional clients a very broad portfolio of products.
- III. The cloud-based **Digital Asset Platform (DAP) 4.0** is the digital heart and a central component of the platform strategy. In this way, it creates the basis for offering user-centric solutions for all client groups.

**DAP 4.0**



Source: Company data

- IV. Sustainable investing as a symbiosis of client and climate goals is what drives the company forward. One priority is therefore Sustainable /impact investing.
- V. Lloyd Fonds Group / LAIQON AG offers around 50 wealth products and solutions as of August 2022. All solutions are based on IQ, i.e. the skills and experience of the fund and asset managers, as well as on the knowledge of the developers and digital experts, who continue to work on artificial intelligence. By combining human and AI, it will be possible to drive forward the development of premium solutions.
- VI. Wealth, technology, people and their perfect interaction are the three core factors that make it possible to offers clients and partners an outstanding product range with solutions addressing a maximum variety of problems.

### DAP 4.0

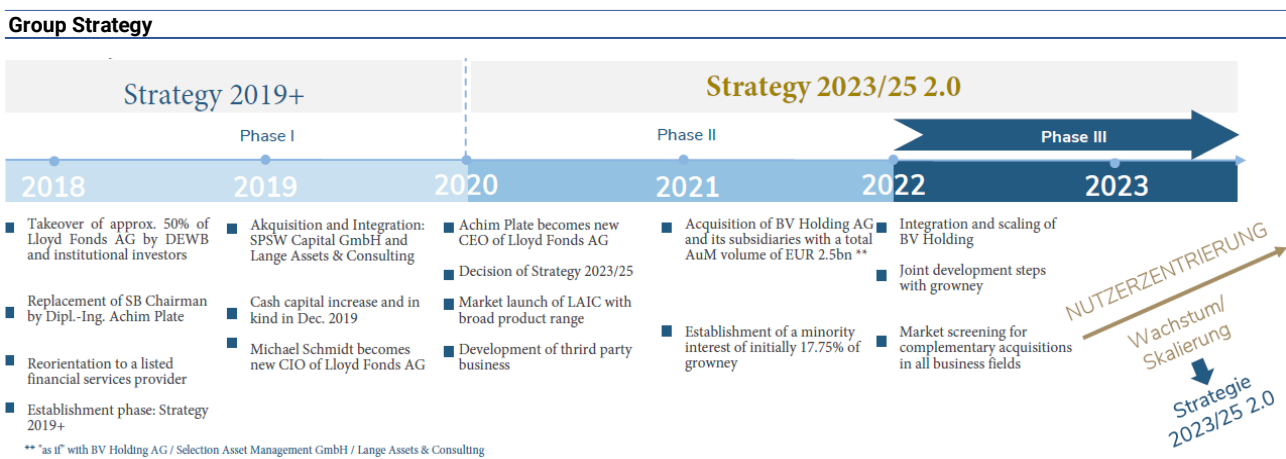
The technical enabler of the new business model is the in-house developed DAP 4.0, which processes the data from a multitude of databases and systems. DAP 4.0 is key for standardization and scaling to offer white label products. The development of such a digital asset platform would cost around EUR 4m.

It supports fund managers with data and analyses in preparing investment decisions for mutual funds.

In addition, the data and systems are used for the integration of sustainability parameters. DAP 4.0 also supports the preparation of customised solutions for clients in personal wealth management.

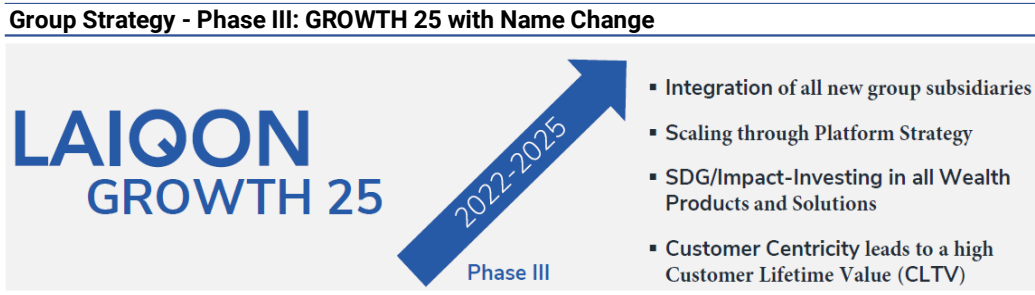
The data and systems of DAP 4.0 are the core for controlling the algorithm-based portfolio management in LAIC-ADVISOR®. In the process, a digitally available, hybrid investment platform was developed, which, in addition to product solutions that can be digitally concluded, also offers its own sales partner portal.

The following graph gives an overview of the evolution of Lloyd Fonds AG / LAIQON AG and its strategies:



Source: Company data




**Phase III of the Group Strategy – Growth 25** - with name change to LAIQON on 1 Jan. 2023 can be seen in the following chart:



Source: Company data

## Management

The management of Lloyd Fonds AG / LAIQON AG consists of experienced and seasoned managers with a broad range of skills and backgrounds.

		
<b>Achim Plate, CEO</b> since 2020.	<b>Stefan Mayerhofer Chief Wealth Officer (CWO)</b> since 2022.	<b>Alexander Gröbner, Head of Finance</b> since 2022.

**Achim Plate** is **CEO** of Lloyd Fonds AG since 2020. Mr Plate has been responsible for the development of the corporate strategy since 1 Jan. 2020. In the business segment LLOYD FONDS LIQUID ASSETS, he is responsible for the business areas LLOYD FONDS, LLOYD DIGITAL, including sales, the business segment LLOYD FONDS REAL ASSETS as well as the Group departments Finance, HR, IR, PR and IT. Mr Plate has also a 10% stake in the company and is founder as well as board member at SPSW Capital. Mr Plate is a graduate engineer and was formerly CEO of D+S Europe AG as well as D+S Online AG.

**Stefan Mayerhofer** is **Chief Wealth Officer (CWO)** and **board member** of Lloyd Fonds AG since 2022. Mr Mayerhofer is also board member of BV Holding AG. He replaced former CIO Michael Schmidt after the acquisition of BV Holding AG due to sales-driven strategy.

**Alexander Gröbner** is **Head of Finance** since 2022. Mr Gröbner is also board member of BV Holding AG. In addition, he is responsible for regulatory matters within the Lloyd Fonds group and for the integration of BV Holding AG. He was formerly with Neue Vermögen AG and Bayerische Hypotheken- und Wechsel-Bank AG.

On top of the management board, second level management team consists of the following key people:

**Dr. Robin Braun** will start as **Head of Group Sustainability** on January 1, 2023. Together with his team, he will drive forward the further development of the sustainability strategy for the Group and all product brands. He comes from the DWS

Group, where he most recently worked as Senior Business Manager Responsible Investments within the Investment Division since 2018.

**Manuel Woelki** is **Head of Marketing & Digital Sales** since 2022. Mr Woelki was Head of Media and Brand Strategy at Zurich Gruppe Deutschland.

**Dr. Claas Müller-Lankenau** is **Head of Technology** since 2021. Mr Müller-Lankenau has many years of top management consulting experience and comprehensive expertise in the area of information technology as well as in the management of digital transformation processes, especially for financial service providers and asset managers. Since 2007, he has worked for Berg & Lund Company, a medium-sized consultancy specialising in corporate strategy and digital transformation.

## Shareholders

After several capital increases in 2022, the total number of shares rose to 15.5m.

### Number of shares outstanding - in m pcs.

	2021	2022	2023	
<b>No of shares, start of year</b>	<b>13,30</b>	<b>13,30</b>	<b>15,49</b>	
17. Feb		0,62		Capital increase at EUR 12; Gross proceeds of EUR 7.38m
01. Mrz		0,57		Capital increase against contributions in kind (98% of BV Holding)
16. Jun		1,00		Convertible Bond conversion
<b>No of shares, year end</b>	<b>13,30</b>	<b>14,79</b>	<b>15,49</b>	2022 No. of shares - pro rata accounting

Source: Company data, AlsterResearch

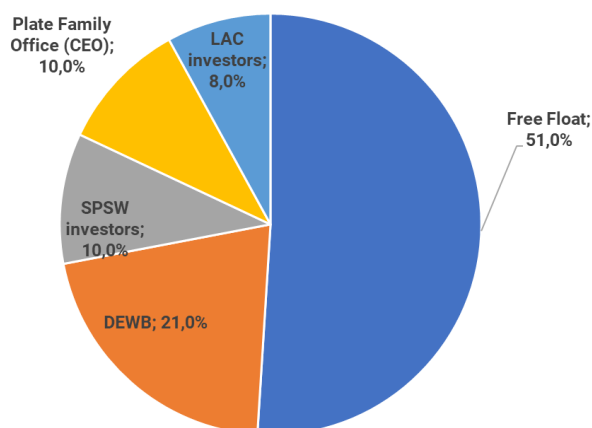
Note: 14.79m = average number of shares in 2022

Largest shareholder is DEWB Effecten GmbH with 21% followed by SPSW-Investoren and Family Office Achim Plate each with 10%. Lange Assets & Consulting GmbH Investoren have a share of 8.0%.

Family Office Achim Plate is the family office of the CEO of Lloyd Fonds AG. He has been buying shares in the downturn in 2022 because he expects a recovery in the stock price due to the good prospects. DEWB is an investment company with a focus on digital finance.

SPSW Capital is an investment company, which manages some of the Lloyd Funds (WHC Global Discovery, Global Multi Asset Sustainable and Active Value Selection). SPSW Capital was founded as SPS Investments in 2010 among others by Achim Plate. Achim Plate is also board member at SPSW Capital.

### Major Shareholder



Source: Company data, AlsterResearch

# Quality

## Customers

In Germany, 50m **private investors** in 21 million households invest their money in funds, either directly by acquiring shares in mutual funds for their portfolio or indirectly by paying contributions into life insurance policies or occupational pension schemes, according to BVI and ECB.

**Insurers, pension funds and other pension providers are also professional large-scale investors**, who in turn invest a significant portion of the contributions received in funds. The management companies set up these so called "Spezialfonds" specifically for institutional investors, which also include churches, pension funds and foundations.

The company is active in four major growth markets, namely asset management, wealth management, digital wealth and advisory. This makes it a full-service provider, offering the entire investment sphere, i.e. **private AND institutional clients** a very broad portfolio of products.

- Wealthy clients in personal wealth management are served by its subsidiary **Lange Assets & Consulting (LAC)** and **Bayerische Vermögen (BV)**.
- Digital and risk-optimised investment solutions for portfolio optimization are made available to private investors and institutional clients via the WealthTech **LAIC** and the robo-advisor **growney**.

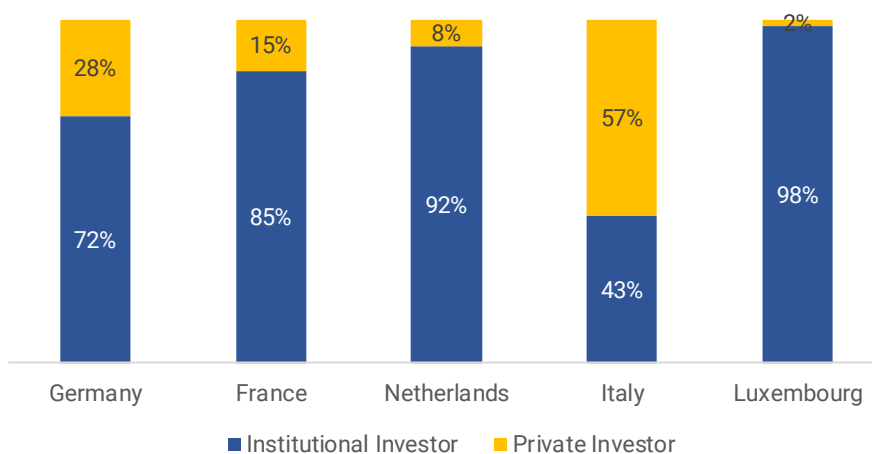
Existing clients will remain with Lloyds Fonds AG / LAIQON AG and new ones will be won if performance of the group's funds and solutions have a similar or better risk adjusted performance than comparable products. Next to service, performance will decide who the marginal asset gatherer will be.

In the German fund market, institutional investors have a market share of 72% and private investors have 28%.

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### Fund assets in Europe, distributed by Investor Group

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Source: BVI based on ECB as of March 2022

## Competition

### Fierce competition

The Asset and Wealth Management industry is a highly competitive market place, not least due to the relatively high profitability and recurring nature of returns on AuMs. In addition, the scalability of the industry makes market participants fight fiercely for every new client.

At the same time, Asset & Wealth Managers struggle with a lack of profitability and high cost-income ratios due to:

- Changed market environment within the sector: FinTechs and neo-banks operate with new technologies in the market
- Technological change e.g. shift to cloud-based solutions and AI
- Increasing regulatory requirements, e.g. MIFID2, ESG
- Changing client demands: less complexity, fast processes and a digital customer world
- Fragmented IT infrastructure

For example, profit margins of European Wealth Management firms have fallen by 45% between 2002 and 2020, according to Deloitte. In order to achieve the same profitability with the same AuMs, Asset and Wealth Managers must reduce their costs by c. 50%. In addition, digitized Wealth Management firms have a significant cost benefit. Whilst traditional wealth management companies need around EUR 100m in order to break even, fintech asset manager have a c. 50% lower threshold, i.e. EUR 50m AuM.

### Highly fragmented market place

A total of around 700 fund companies are active in the German market, ranging from independent fund boutiques (operating only one or few fund vehicles) to banks, pension funds or subsidiaries of insurance companies. BVI's 116 members manage assets with a volume of some EUR 4tn and thus cover over 95% of the German market.

AuM of the German fund industry stood at EUR 4,334bn as of 31.12.2021, according to BVI. Open-ended Spezialfonds had a volume of EUR 2,188bn (50.5%), followed by open-ended retail funds with EUR 1,471bn (34%), discretionary mandates of EUR 634bn (15%) and closed-ended funds of EUR 41bn (1%).

### Types of Funds in Germany

	Open-ended Spezialfonds		Open-ended retail funds		Discretionary mandates		Closed-ended funds		Total in EUR bn
	in EUR bn	Share	in EUR bn	Share	in EUR bn	Share	in EUR bn	Share	
2011	846	47%	651	37%	286	16%			1783
2012	982	48%	730	36%	325	16%			2037
2013	1070	51%	716	34%	318	15%			2104
2014	1231	52%	789	33%	363	15%			2383
2015	1339	52%	882	34%	378	15%			2599
2016	1482	53%	915	33%	403	14%	1	0%	2801
2017	1593	53%	1021	34%	379	13%	6	0%	2999
2018	1621	55%	972	33%	353	12%	9	0%	2955
2019	1874	55%	1114	33%	392	12%	15	0%	3395
2020	1994	52%	1182	31%	653	17%	21	1%	3850
2021	2188	50%	1471	34%	634	15%	41	1%	4334

Source: BVI

Lloyd Fonds AG / LAIQON AG is among the largest independent wealth managers in Germany with AuM of EUR 4.7bn as of 30 June 2022.

### Independent AM/Wealth Manager in Germany - AuM as per 31.12.21

AM/Wealth Manager	AuM (EUR bn)	AM/Wealth Manager	AuM (EUR bn)
Flossbach von Storch AG	80.8	Lloyd Fonds AG / LAIQON AG	4.7
HQ Holding	60.1 (est.)	Bellevue AM Deutschland	4.4 (est.)
Feri Trust	56.6	Capitell	3.0
DJE Kapital	17.4	Huber, Reuss	3.0
Lupus Alpha	14.5	Sauren	2.8
Acadis	13.6	Eyb & Wallwitz	2.8
VZ Vermögenszentrum	10.4 (est.)	Tresides AM	2.5
PEH Gruppe	10.0 (est.)	SK VV	2.5
Grüner Fisher	7.4	TBF Global	1.3
Scalabe Capital	6.0	Loys AG	1.1
Aramea AM	5.0		

Source: Institutional Money

Note: Lloyd Fonds AG as of 30 June 2022

In order to reach a critical size and in order to scale on its platform, Lloyds Fonds / LAIQON AG has pursued (and is likely to continue) an aggressive acquisition strategy. AuM for example reached a mere EUR 1bn in 2019, whereas AuMs by year end 22 are likely to be north of EUR 5.5bn. Besides, its external growth path, performance of the underlying fund vehicle are key in order to successfully compete in this market.

The **performance of the Lloyd funds** is reflected in the **awards that they received**. Citywire has awarded the active asset management of the Lloyd Fonds Group in 2020: as the **best fund company for "Bonds - Global Flexible"** (Lloyd Fonds AG) and "Mixed Funds - Flexible EUR" (SPSW Capital GmbH). The Citywire Group ratings take into account the performance and expertise in the respective sector as a whole. In addition to fund performance, factors such as the experience of the individual managers and the entire team were also evaluated.

For example, Dr Maximilian Thaler **received a AAA rating as fund advisor of the "Lloyd Fonds - European Hidden Champions"** in May 2020. The top 10% of managers in terms of risk-adjusted fund performance receive a AAA rating from Citywire.

Also, Lloyd Fonds received the **Golden Bull for ADO as well as for SYO under the €uro Fund Awards 2022**. The Scope ratings of Lloyd based on return and risk in the last 5 years can be seen in the following table:



Lloyd Fonds Rating					
Name	Rank	Scope Fund Rating	Return p.a.	Risk	Group
			5 Years		
Lloyd Fonds - Assets Defensive opportunities AK I	9 out of 72	B - Good	0.04%	3.18%	Absolute Return Multi Strategy Low Risk
Lloyd Fonds - ASSETS Defensive Opportunities AK R	9 out of 72	B - Good	-0.29%	3.24%	Absolute Return Multi Strategy Low Rik
Lloyd Fonds - Active Value Selection	28 out of 78	C - Average	0.54%	19.56%	Absolute Return Multi Strategy High Risk
Lloyd Fonds - Global Multi Asset Sustainable R	420 out of 771	D- Below Average	1.93%	11.97%	Mixed Funds Global flexible
Lloyd Fonds - Global Multi Asset Sustainable I	420 out of 771	D- Below Average	2.48%	11.94%	Mixed Funds Global Flexible
Lloyd Fonds - European Hidden Champions - AK R	48 out of 133	C - Average	8.00% (3y)	24.78% (3y)	Stocks Europe Mid/Small Caps
Lloyd Fonds - WHC Global Discovery R	571 out of 771	E - Weak	-1.12%	17.76%	Mixed Funds Global flexible
Lloyd Fonds - Green Dividend World AK S1	NA	NA	-6.49% (1y)	13.61% (1y)	Stocks World Dividends
Lloyd Fonds - Sustainable Yield opportunities - I	NA	NA	0.26% (3y)	10.38% (3y)	Bonds Hybrid
Lloyd Fonds - European Emerging Champions - AK S	NA	NA	-23.96%	20.35%	Stock Central/Eastern Europe

Source: ScopeExplorer

LAIC funds have no Scope rating because of the short-term track record and small peer group.

LAIC Funds Rating					
Name	Rank	Scope Fund Rating	Return p.a.	Risk	Group
			1 Year		
Balanced Digital Selection - Ak RC	NA	NA	-4.16%	7.67%	Mixed Funds Global Balanced
Defensive Digital Selection - RC	NA	NA	-3.33%	6.20%	Mixed Funds Global Conservative
Sustainable Digital Selection AC -RC	NA	NA	-11.00%	9.72%	Mixed Funds Global Balanced
Dynamic Digital Selection AK I	NA	NA	-9.22%	9.65%	Mixed Funds Global Dynamic
Digital Insitutional Europe	NA	NA	-18.52%	14.11%	Stocks Europe

Source: ScopeExplorer

## Competition at growney

Within the fintech segment, positive performance indicators are even more important in order to successfully compete against other fintech products. Here, **growney was the test winner in Stiftung Warentest's robo-advisor comparison in 2021**. For the first time, Stiftung Warentest has awarded the grade "very good" to a digital asset manager: to growney, for the automated investment of EUR 100,000.

Also, growney is one the best robo-advisor in Germany this year too based on performance and costs. Investors who invested EUR 10,000 would have made - on average 12.9% p.a. over the last 5 years, with standard costs of only EUR 84.00 p.a. (0.5%).

Robo-Advisor Comparison		
Robo-Advisor	Performance 5 Years up to 31 Aug'22	Standard costs p.a. Investment amount: € 10,000
quirion	13.6%	€ 65.0
visualvest	18.8%	€ 85.0
<b>growney</b>	<b>12.9%</b>	<b>€ 84.0</b>
fintego	15.4%	€ 90.0
whitebox	11.9%	€ 115.0
investify	14.8%	€ 130.0

Source: brokervergleich.de, AlsterResearch

## Competitive Quality

To cut a long story short, Lloyd Fonds AG / LAIQON AG competitive quality, rests on a distinct set of competitive features, such as

- **scale** of being among the top 20 (eAR) independent asset and wealth management firms in Germany featuring nearly EUR 5.5bn AuM by year end,
- **its platform strategy** that can leverage the projected high demand for quality-oriented wealth products and services,
- a **highly diversified range of products and solutions** addressing almost all client groups from standardized products to individual solutions.
- a **highly decorated and capable asset management team** that has consistently performed well among its peer group and that has received a variety of awards over a long period of time.

Finally, Lloyd Fonds / LAIQON AG banks on an **experienced and seasoned management team**, which has a clear strategy to grow and that uses its own capital market listing in order to fund its external growth strategy.

# 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

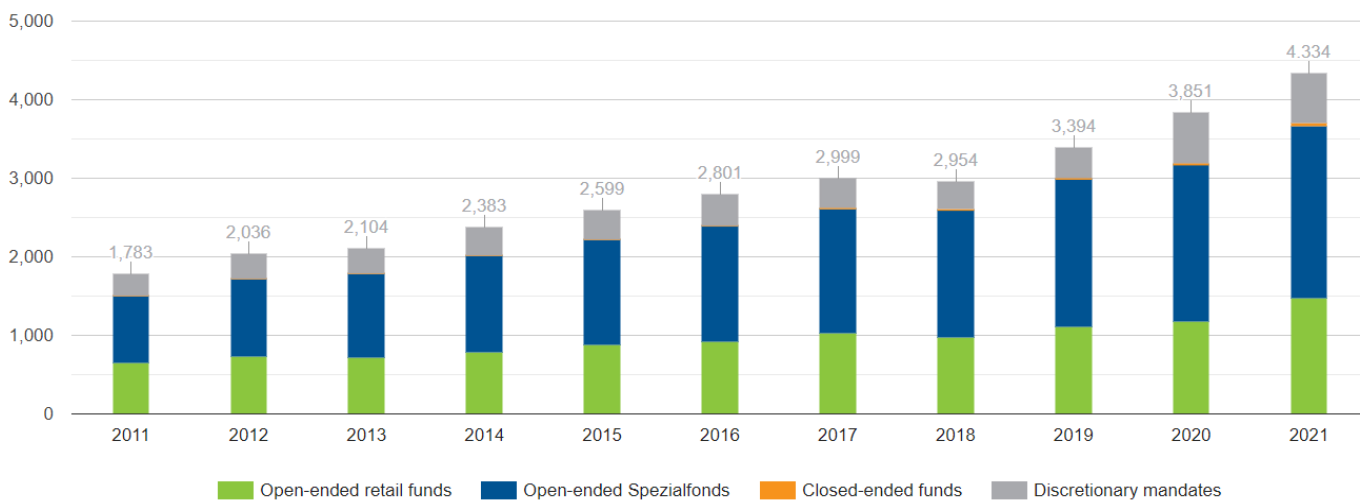
- Prolonged bear market could lead to fund outflows
- Underperformance of funds could lead to outflows
- Weak performance would lead to lower performance fees
- Integration of acquired companies could last longer than expected
- Higher interest rates and taxes likely to lead to lower stock returns in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

# Growth

## Market growth

Investments in equity funds in Germany are not as high as – for example – in the US or in some other European countries. Politicians however have detected the problem, which is why the coalition agreement contains good approaches for the urgently needed reform of the German pension system. A central element is the so-called equity pension, which the Labour Minister has meanwhile confirmed as a fixed component of his "Pension Package 2". However, it is uncertain when the planned introduction of a partially funded statutory pension is to start, as is the financing, according to BVI. The following chart displays the development of AuMs in Germany between 2011 and 2021 and which has been growing on an average of 9.3% (CAGR 2011-2021).

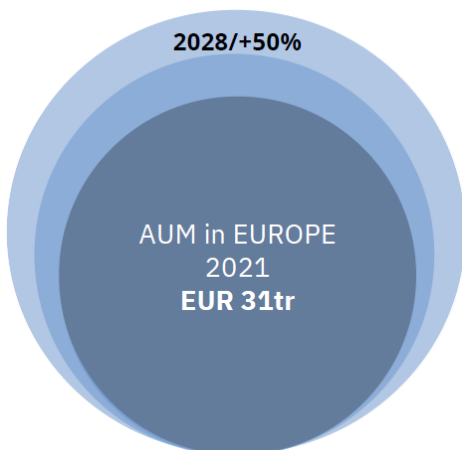
**Assets under management of the German fund industry in EUR bn (as of 31.12.)**



Source: BVI

Taking the European market as an example, AuMs are expected to increase from EUR 31tr in 2021 with a CAGR of 5% by 2028, according to estimates of EFAMA.

**Assets under Management in Europe**

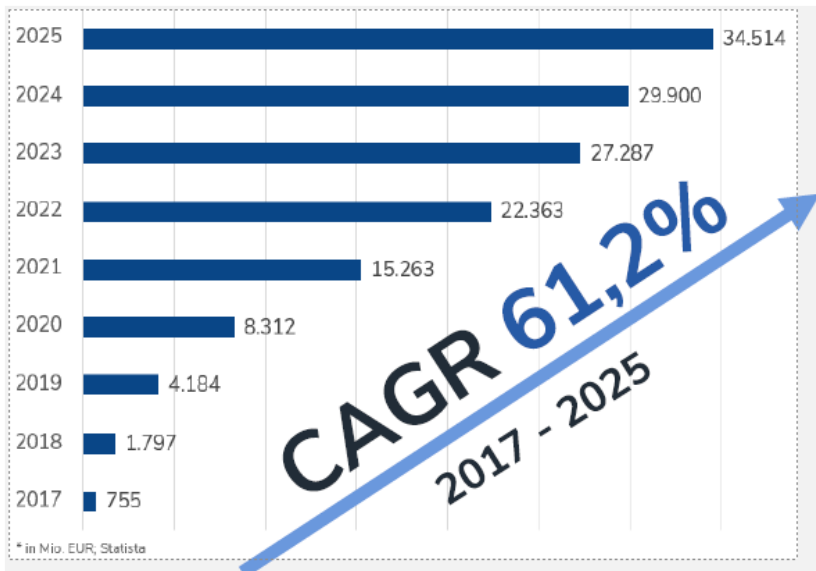


Source: EFAMA

**Digital solutions – a very lucrative pocket of the market**

A particularly attractive corner of the asset and wealth management market are digital solutions, such as AI based wealth-tech products or robo-advisors. In the broadest sense, the German market for digital solutions is expected to grow from EUR 15.3bn in 2021 to EUR 34.5bn in 2025, according to Statista and which therefore would represent disproportionate growth rates (see chart below).

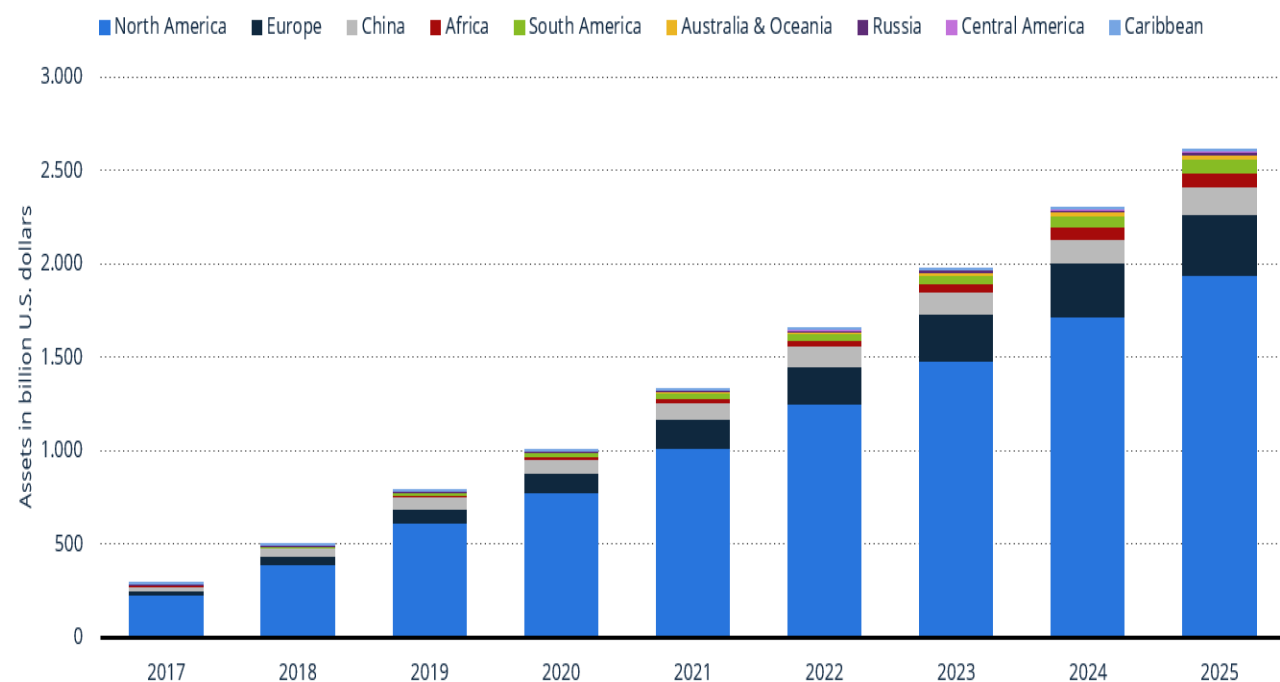
**Development of the German market for Digital Solutions**



Source: Statista

Robo-advisors in particular are forecasted to contribute strongly to overall growth of digital solutions. In fact, AuMs of robo-advisors worldwide are expected to grow by 100% from 2021 to 2025.

**Assets under management of robo-advisors worldwide from 2017 to 2025, by region (in billion U.S. dollars)**



Source: Statista

## Growth at Lloyd Fonds

Lloyd Fonds AG / LAIQON AG has managed to consistently outgrow market growth. **Lloyd Fonds AG' AuM grew by 44.6% between 2019 and 2021 on average**, whereas AuM of the German fund industry grew on average by only 12.0%. We believe Lloyd Fonds AG will continue outperforming market growth as the company is striving to make the best possible use of opportunities, which will be derived from the following factors:

- Positioning in growth markets such as digital wealth and advisory
- User centric infrastructure
- High competitiveness of products
- Cross selling opportunities across its platform
- Additional growth through differentiated niche products and scale advantage within distribution

With these growth levers, the Lloyd Fonds Group / LAIQON AG sees a further increase its AuM to EUR 5.5 to 6.0bn by year end 2022. Given weak equity markets, and to be rather on the conservative side, we forecast Lloyd Fonds to end up at the lower end of the guidance, i.e. EUR 5.5bn AuM by end of FY'22. This includes a contribution of c. EUR 0.4bn AuM by growney, which will be consolidated by end of FY'22.

### GROWTH 25

With GROWTH 25, the expected continued disproportionate growth in AuM should be the main driver of future results. The company has following initiatives planned to reach its goals:

- Homepage with own digital onboarding route
- Development of a group app with high "user-experience" in the sense of a continuous customer journey
- Individual user interfaces
- Smart partner portal
- Transparent reporting across all channels
- Development and communication of an own impact strategy
- Location and time-independent transparency

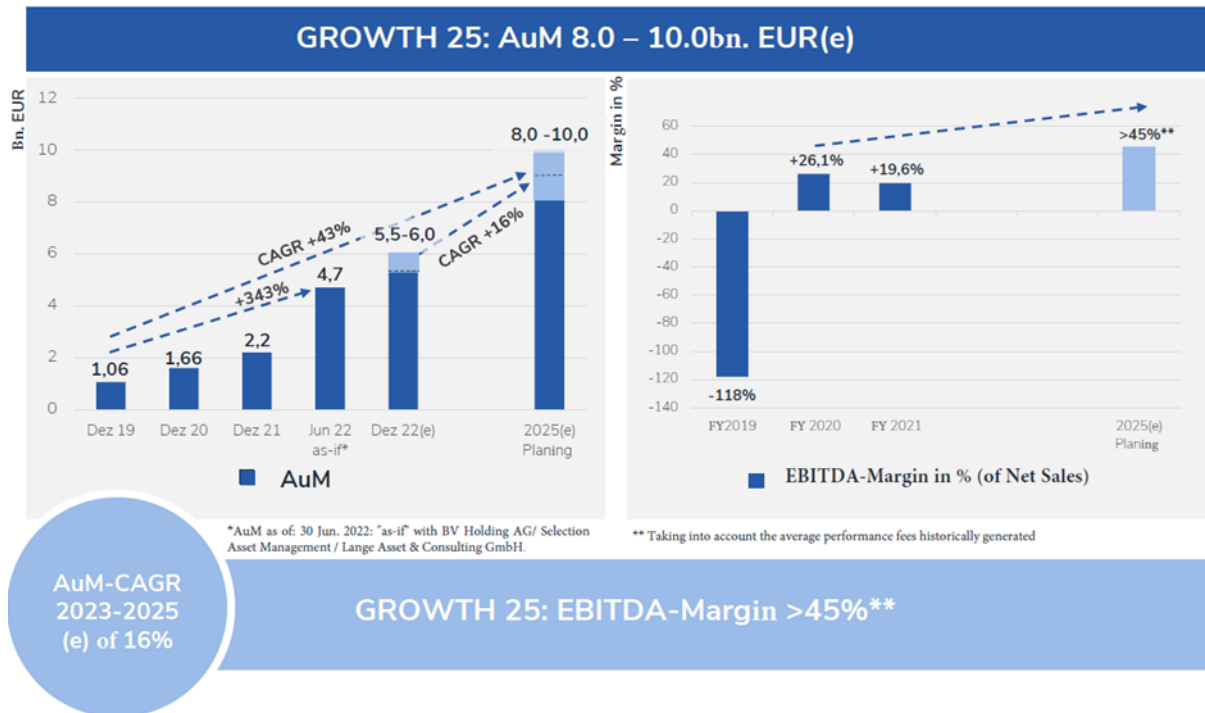
The company plans to increase **AuM** organically and through acquisitions to **EUR 8-10bn by 2025 (eAR: EUR 8.5bn)**. While the guidance looks relatively ambitious, it looks reasonable given that Lloyds Fonds / LAIQON AG has demonstrated in the past that it can grow AuM faster than peers. Hence, and given the company's clear roadmap to growth, we expect Lloyd Fonds AG to continue outperforming larger peers.

### EBITDA margin of over 45% expected in 2025

Lloyd Fonds AG / LAIQON AG is aiming to achieve an EBITDA margin of over 45% in relation to net sales by the end of 2025. This is calculated by taking into account the average historically generated performance fees of the product range of Lloyd Fonds AG. The company generated EUR 8.9m performance fees in 1H'21 and EUR 14.8m in 2020. There was no performance-fee earned in 1H '22. To be more conservative, we expect EBITDA margin of only 13.2% in 2025 leaving ample upside potential once the equity markets start recovering.

AlsterResearch estimates sales of EUR 68m for 2025, which represents a CAGR growth of 27% (2021 - 2025).

**AuM Growth Plan**



Source: Company data

The following table summarizes AlsterResearch’s top- and bottom-line forecasts, which we consider rather conservative. Bottom line should grow disproportionately given tax loss carried forward of >40m, which should lead to low tax rates in the years to come.

Growth table (EURm)	2019	2020	2021	2022E	2023E	2024E
Sales	8.2	27.7	26.1	31.1	42.9	57.1
Sales growth	3.9%	237.3%	-5.8%	19.0%	38.0%	33.0%
EBIT	-11.8	2.8	0.3	-9.5	-4.8	1.3
EBIT margin	-143.5%	10.1%	1.3%	-30.7%	-11.1%	2.2%
Net profit	-0.1	-0.7	5.2	-6.6	-1.7	1.1

Source: Company data; AlsterResearch

## Theme

**Pro forma (“as if”) AuM in the first half of 2022: EUR 4.7bn** As of 30 June 2022, assets of around EUR 4.7bn were under management in the “as if” view. Since 2020, this represents a compound annualized growth rate of c. 80%. In this numbers, BV Holding AG / Selection Asset Management GmbH was fully consolidated from April 1, 2022 and Lange Assets & Consulting GmbH was fully consolidated as of June 30, 2022.

The guidance for Group assets under management as of 31 December indicates a figure of EUR 5.5 – 6.0bn, which we look realistic, albeit potentially on the lower end of the range, given current market sentiment.

**Pro forma sales in the first half of 2022: EUR 13.4m** In the “as if” view from January 1, 2022, fixed sales rose by 44% over the first half of 2021 from EUR 9.3m to EUR 13.4m, equivalent to a CAGR of roughly 54% since 2019. In H1 2021, performance fees of around EUR 8.9m had additionally been collected due to strong equity markets.

**“As if” EBITDA in the first half of 2022: EUR -4.4m** In the “as if” view from January 1, 2022, the greater number of companies consolidated within the Lloyd Fonds Group / LAIQON AG also led to higher cost of materials, staff costs and other operating expenses of EUR 3.4m. In addition, non-recurring acquisition costs of EUR 1.4 million arose in the first half of 2022 but are eliminated in the “as if” view. “As if” EBITDA in the first half of 2022 stands at EUR -4.4m, which was lower than what one analyst has expected (EUR 1.5m).

Lloyd Fonds Liquid Assets segment is usually the largest EBITDA contributor. But that segment had a negative EBITDA in 1H'22 mainly because of a fall in performance fees given weak stocks markets and higher costs/expenses. The business just suffered a net asset outflow of EUR 90m in 1H 2022.

### Business Segments Results

	Lloyd Fonds Liquid Assets		Lloyd Fonds Real Assets		Lloyd Fonds Group		Total	
	H1-2021	H1-2022	H1-2021	H1-2022	H1-2021	H1-2022	H1-2021	H1-2022
EUR thous.								
External Sales	15.870	7.053	1.105	719	1.181	1.077	18.156	8.849
Cost of sales	-286	-463	0	0	-1.043	-1.136	-1.329	-1.599
Staff costs	-3.635	-6.283	-897	-641	-1.364	-959	-5.896	-7.883
Other operating income/expenses	-2.420	-5.047	-597	-515	-928	-771	-3.945	-6.333
Share of profit of associates	575	281	-347	0	0	0	228	281
Segment EBITDA	10.104	-4.459	-736	-437	-2.154	-1.789	7.214	-6.685

Source: Company data; The Lloyd Fonds Group segment comprises staff costs for accounting, legal, communication, marketing, Management Board, rental, office and IT expenses.





## 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 -4.70 per share based on 2022E and EUR 8.71 per share on 2026E 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	2022E	2023E	2024E	2025E	2026E
<b>EBITDA</b>	<b>-5.4</b>	<b>0.2</b>	<b>6.0</b>	<b>9.2</b>	<b>10.8</b>
- Maintenance capex	1.4	1.4	1.4	1.3	1.3
- Minorities	-1.2	-0.3	0.2	0.5	0.8
- tax expenses	-0.9	-0.2	0.1	0.4	0.9
<b>= Adjusted FCF</b>	<b>-4.8</b>	<b>-0.6</b>	<b>4.4</b>	<b>6.9</b>	<b>7.7</b>
<b>Actual Market Cap</b>	<b>83.9</b>	<b>83.9</b>	<b>83.9</b>	<b>83.9</b>	<b>83.9</b>
+ Net debt (cash)	18.8	17.9	12.5	4.3	-7.2
+ Pension provisions	0.0	0.0	0.0	0.0	0.0
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	17.3	17.3	17.3	17.3	17.3
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	1.6	0.6	-4.8	-13.0	-24.4
<b>= Actual EV'</b>	<b>85.4</b>	<b>84.5</b>	<b>79.1</b>	<b>70.9</b>	<b>59.4</b>
<b>Adjusted FCF yield</b>	<b>-5.6%</b>	<b>-0.7%</b>	<b>5.5%</b>	<b>9.7%</b>	<b>13.0%</b>
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%
<b>Fair EV</b>	<b>-68.1</b>	<b>-8.9</b>	<b>62.3</b>	<b>98.7</b>	<b>110.7</b>
- <i>EV Reconciliations</i>	1.6	0.6	-4.8	-13.0	-24.4
<b>Fair Market Cap</b>	<b>-69.6</b>	<b>-9.5</b>	<b>67.1</b>	<b>111.7</b>	<b>135.1</b>
No. of shares (million)	14.8	15.5	15.5	15.5	15.5
<b>Fair value per share in EUR</b>	<b>-4.70</b>	<b>-0.62</b>	<b>4.32</b>	<b>7.20</b>	<b>8.71</b>
<b>Premium (-) / discount (+)</b>	<b>-183.1%</b>	<b>-110.9%</b>	<b>-23.6%</b>	<b>27.2%</b>	<b>53.8%</b>

### Sensitivity analysis FV

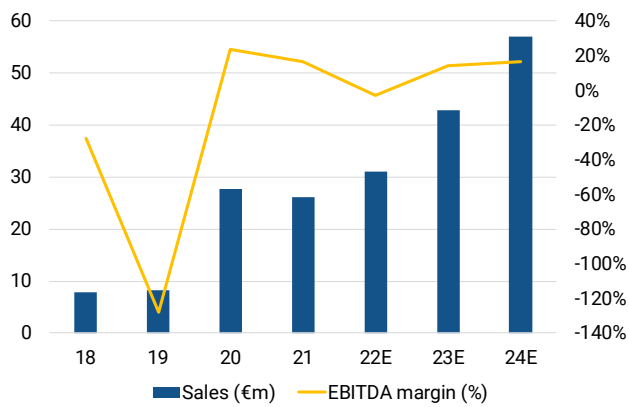
	5.0%	-6.5	-0.8	5.9	9.7	11.6
<b>Adjusted hurdle rate</b>	6.0%	-5.5	-0.7	5.0	8.3	9.9
	<b>7.0%</b>	<b>-4.7</b>	<b>-0.6</b>	<b>4.3</b>	<b>7.2</b>	<b>8.7</b>
	8.0%	-4.1	-0.5	3.8	6.4	7.8
	9.0%	-3.7	-0.5	3.4	5.8	7.1

Source: Company data; AlsterResearch

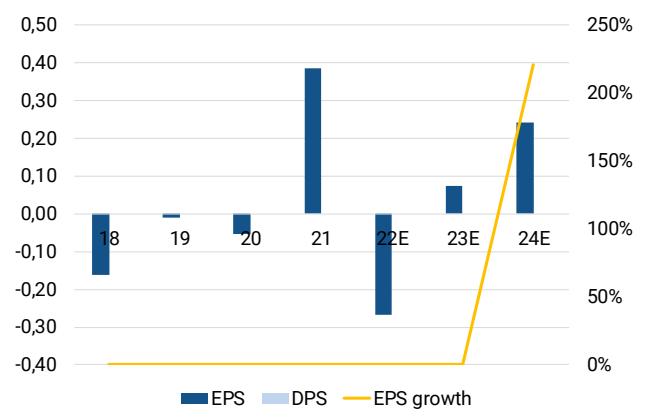
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

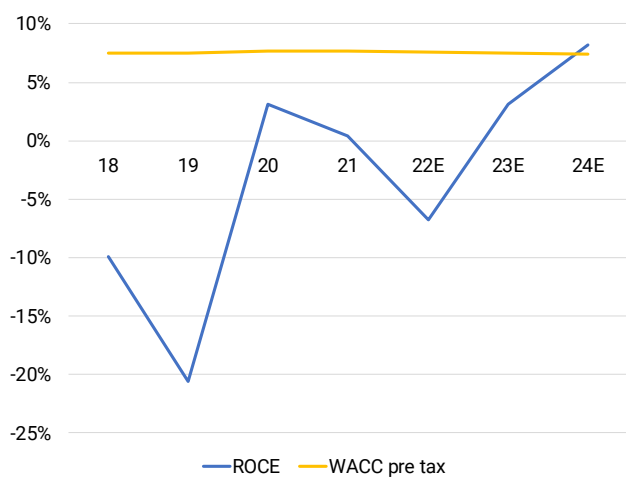
**Sales vs. EBITDA margin development**



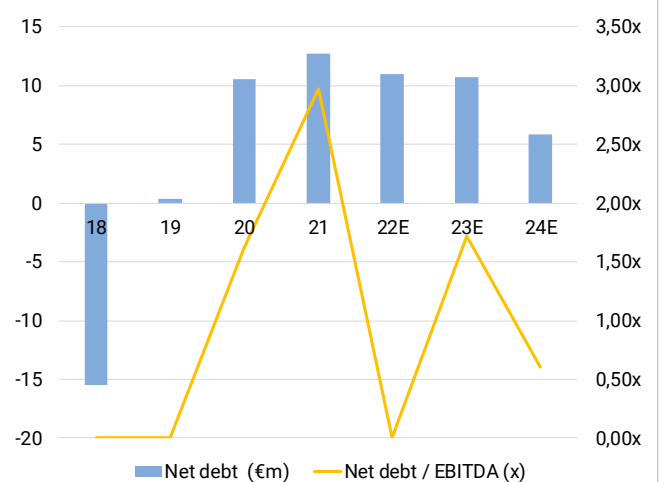
**EPS, DPS in EUR & yoy EPS growth**



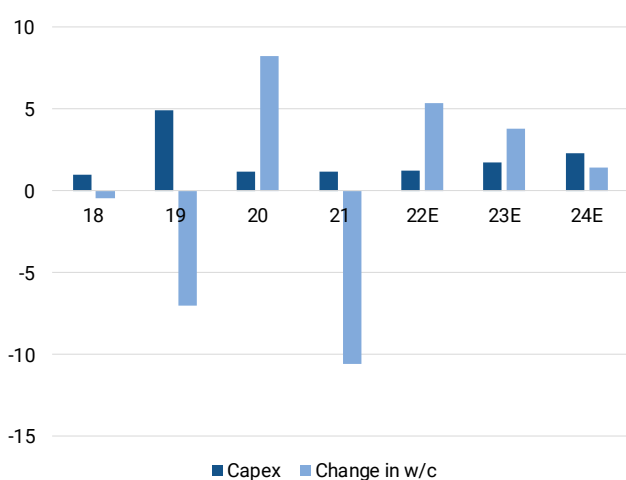
**ROCE vs. WACC (pre tax)**



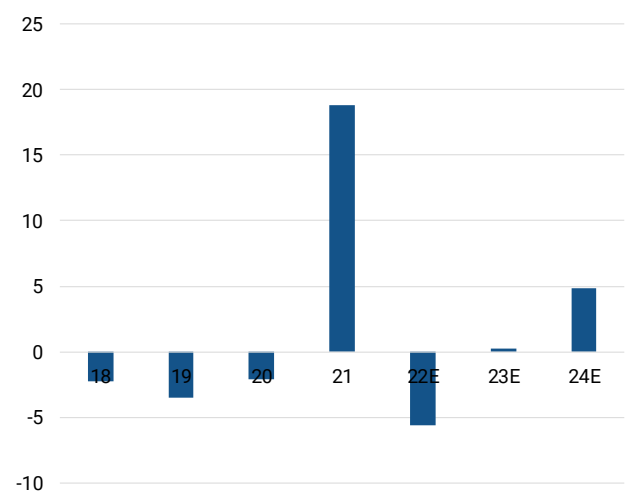
**Net debt and net debt/EBITDA**



**Capex & chgn in w/c requirements in EURm**



**Free Cash Flow in EURm**



Source: Company data; AlsterResearch

## Financials

Profit and loss (EURm)	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>8.2</b>	<b>27.7</b>	<b>26.1</b>	<b>31.1</b>	<b>42.9</b>	<b>57.1</b>
Sales growth	3.9%	237.3%	-5.8%	19.0%	38.0%	33.0%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>8.2</b>	<b>27.7</b>	<b>26.1</b>	<b>31.1</b>	<b>42.9</b>	<b>57.1</b>
Material expenses	0.4	1.1	2.7	3.2	4.1	5.4
<b>Gross profit</b>	<b>7.8</b>	<b>26.7</b>	<b>23.4</b>	<b>27.9</b>	<b>38.8</b>	<b>51.7</b>
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Personnel expenses	8.7	11.7	11.3	20.2	23.6	28.5
Other operating expenses	9.6	8.4	7.8	13.1	15.0	17.1
<b>EBITDA</b>	<b>-10.5</b>	<b>6.6</b>	<b>4.3</b>	<b>-5.4</b>	<b>0.2</b>	<b>6.0</b>
Depreciation	0.9	1.8	1.6	1.4	1.4	1.4
EBITA	-11.4	4.8	2.7	-6.8	-1.2	4.7
Amortisation of goodwill and intangible assets	0.3	2.0	2.3	2.7	3.6	3.4
<b>EBIT</b>	<b>-11.8</b>	<b>2.8</b>	<b>0.3</b>	<b>-9.5</b>	<b>-4.8</b>	<b>1.3</b>
Financial result	6.7	-5.8	6.1	0.9	2.5	0.1
Recurring pretax income from continuing operations	-5.1	-3.0	6.4	-8.7	-2.3	1.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-5.1	-3.0	6.4	-8.7	-2.3	1.4
Taxes	-5.0	-4.0	-0.2	-0.9	-0.2	0.1
Net income from continuing operations	-0.1	1.0	6.6	-7.8	-2.0	1.3
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-0.1</b>	<b>1.0</b>	<b>6.6</b>	<b>-7.8</b>	<b>-2.0</b>	<b>1.3</b>
Minority interest	0.0	-1.7	-1.5	1.2	0.3	-0.2
Net profit (reported)	-0.1	-0.7	5.2	-6.6	-1.7	1.1
Average number of shares	10.17	13.27	13.33	14.82	15.51	15.51
<b>EPS reported</b>	<b>-0.01</b>	<b>-0.05</b>	<b>0.39</b>	<b>-0.45</b>	<b>-0.11</b>	<b>0.07</b>

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	0%	0%	0%	0%	0%	0%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Material expenses	5%	4%	10%	10%	10%	9%
<b>Gross profit</b>	<b>95%</b>	<b>96%</b>	<b>90%</b>	<b>90%</b>	<b>91%</b>	<b>91%</b>
Other operating income	0%	0%	0%	0%	0%	0%
Personnel expenses	106%	42%	43%	65%	55%	50%
Other operating expenses	117%	30%	30%	42%	35%	30%
<b>EBITDA</b>	<b>-128%</b>	<b>24%</b>	<b>16%</b>	<b>-17%</b>	<b>1%</b>	<b>11%</b>
Depreciation	11%	6%	6%	4%	3%	2%
EBITA	-139%	17%	10%	-22%	-3%	8%
Amortisation of goodwill and intangible assets	4%	7%	9%	9%	8%	6%
<b>EBIT</b>	<b>-143%</b>	<b>10%</b>	<b>1%</b>	<b>-31%</b>	<b>-11%</b>	<b>2%</b>
Financial result	82%	-21%	23%	3%	6%	0%
Recurring pretax income from continuing operations	-62%	-11%	25%	-28%	-5%	2%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-62%	-11%	25%	-28%	-5%	2%
Taxes	-61%	-14%	-1%	-3%	-1%	0%
Net income from continuing operations	-1%	4%	25%	-25%	-5%	2%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>-1%</b>	<b>4%</b>	<b>25%</b>	<b>-25%</b>	<b>-5%</b>	<b>2%</b>
Minority interest	0%	-6%	-6%	4%	1%	-0%
<b>Net profit (reported)</b>	<b>-1%</b>	<b>-3%</b>	<b>20%</b>	<b>-21%</b>	<b>-4%</b>	<b>2%</b>

Source: Company data; AlsterResearch

Balance sheet (EURm)	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets (exl. Goodwill)</b>	<b>57.6</b>	<b>56.2</b>	<b>54.8</b>	<b>72.0</b>	<b>68.4</b>	<b>65.0</b>
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	12.8	11.5	9.9	9.8	9.7	9.5
Financial assets	13.2	16.8	19.3	17.3	17.3	17.3
<b>FIXED ASSETS</b>	<b>83.7</b>	<b>84.5</b>	<b>84.0</b>	<b>99.1</b>	<b>95.4</b>	<b>91.7</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	4.1	18.9	6.2	7.7	9.4	10.9
Other current assets	2.6	1.8	9.9	9.9	9.9	9.9
Liquid assets	14.5	8.4	16.3	9.2	7.1	9.5
Deferred taxes	0.0	0.0	0.5	0.5	0.5	0.5
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>21.2</b>	<b>29.1</b>	<b>33.0</b>	<b>27.3</b>	<b>27.0</b>	<b>30.9</b>
<b>TOTAL ASSETS</b>	<b>104.8</b>	<b>113.7</b>	<b>117.0</b>	<b>126.4</b>	<b>122.4</b>	<b>122.7</b>
<b>SHAREHOLDERS EQUITY</b>	<b>38.1</b>	<b>37.9</b>	<b>43.3</b>	<b>55.0</b>	<b>53.0</b>	<b>54.2</b>
MINORITY INTEREST	3.1	4.9	5.1	5.1	5.1	5.1
Long-term debt	14.1	17.7	18.3	15.0	15.0	12.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	34.7	27.8	0.3	1.6	2.1	2.9
<b>Non-current liabilities</b>	<b>48.8</b>	<b>45.5</b>	<b>18.6</b>	<b>16.6</b>	<b>17.1</b>	<b>14.9</b>
short-term liabilities to banks	0.7	1.3	10.7	13.0	10.0	10.0
Accounts payable	4.1	3.7	25.3	22.1	22.3	23.5
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)	-3.2	6.9	0.0	0.0	0.0	0.0
Deferred taxes	13.2	12.6	13.9	15.5	15.5	15.5
Deferred income	0.1	0.9	0.0	0.2	0.4	0.6
<b>Current liabilities</b>	<b>14.8</b>	<b>25.5</b>	<b>50.0</b>	<b>50.8</b>	<b>48.3</b>	<b>49.6</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>104.8</b>	<b>113.7</b>	<b>117.0</b>	<b>127.5</b>	<b>123.5</b>	<b>123.8</b>

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets (excl. Goodwill)</b>	<b>55%</b>	<b>49%</b>	<b>47%</b>	<b>57%</b>	<b>56%</b>	<b>53%</b>
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	12%	10%	8%	8%	8%	8%
Financial assets	13%	15%	16%	14%	14%	14%
<b>FIXED ASSETS</b>	<b>80%</b>	<b>74%</b>	<b>72%</b>	<b>78%</b>	<b>78%</b>	<b>75%</b>
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	4%	17%	5%	6%	8%	9%
Other current assets	3%	2%	8%	8%	8%	8%
Liquid assets	14%	7%	14%	7%	6%	8%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
<b>CURRENT ASSETS</b>	<b>20%</b>	<b>26%</b>	<b>28%</b>	<b>22%</b>	<b>22%</b>	<b>25%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>36%</b>	<b>33%</b>	<b>37%</b>	<b>44%</b>	<b>43%</b>	<b>44%</b>
MINORITY INTEREST	3%	4%	4%	4%	4%	4%
Long-term debt	13%	16%	16%	12%	12%	10%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	33%	24%	0%	1%	2%	2%
<b>Non-current liabilities</b>	<b>47%</b>	<b>40%</b>	<b>16%</b>	<b>13%</b>	<b>14%</b>	<b>12%</b>
short-term liabilities to banks	1%	1%	9%	10%	8%	8%
Accounts payable	4%	3%	22%	18%	18%	19%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	-3%	6%	0%	0%	0%	0%
Deferred taxes	13%	11%	12%	12%	13%	13%
Deferred income	0%	1%	0%	0%	0%	0%
<b>Current liabilities</b>	<b>14%</b>	<b>22%</b>	<b>43%</b>	<b>40%</b>	<b>39%</b>	<b>40%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>101%</b>	<b>101%</b>	<b>101%</b>

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	-11.8	1.9	6.6	-7.8	-2.0	1.3
Depreciation of fixed assets (incl. leases)	1.3	3.7	3.9	1.4	1.4	1.4
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	2.7	3.6	3.4
Others	4.9	1.8	-1.1	3.3	0.6	0.7
Cash flow from operations before changes in w/c	-5.6	7.3	9.4	-0.4	3.5	6.7
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	0.9	-14.2	2.4	-1.5	-1.7	-1.5
Increase/decrease in accounts payable	3.4	1.9	1.8	-3.2	0.2	1.2
Increase/decrease in other w/c positions	2.7	4.1	6.3	1.7	0.3	0.1
Increase/decrease in working capital	7.0	-8.3	10.6	-2.9	-1.3	-0.2
<b>Cash flow from operating activities</b>	<b>1.4</b>	<b>-0.9</b>	<b>20.0</b>	<b>-3.3</b>	<b>2.3</b>	<b>6.5</b>
CAPEX	-4.9	-1.2	-1.2	-1.2	-1.3	-1.1
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-46.7	0.0	-0.1	-2.0	0.0	0.0
Income from asset disposals	-4.6	0.3	0.1	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-56.2</b>	<b>-0.9</b>	<b>-1.1</b>	<b>-3.2</b>	<b>-1.3</b>	<b>-1.1</b>
Cash flow before financing	-54.8	-1.9	18.9	-6.6	1.0	5.4
Increase/decrease in debt position	4.6	-0.8	-14.0	-1.1	-3.0	-3.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	18.0	0.0	0.0	7.4	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	20.7	0.1	5.0	-6.9	0.0	0.0
Effects of exchange rate changes on cash	3.4	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>46.6</b>	<b>-0.7</b>	<b>-9.0</b>	<b>-0.6</b>	<b>-3.0</b>	<b>-3.0</b>
Increase/decrease in liquid assets	-8.2	-2.6	9.8	-7.2	-2.0	2.4
<b>Liquid assets at end of period</b>	<b>9.1</b>	<b>6.5</b>	<b>16.3</b>	<b>9.2</b>	<b>7.1</b>	<b>9.5</b>

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022E	2023E	2024E
Domestic	8.2	27.7	26.1	31.1	42.9	57.1
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
<b>Total sales</b>	<b>8.2</b>	<b>27.7</b>	<b>26.1</b>	<b>31.1</b>	<b>42.9</b>	<b>57.1</b>

Regional sales split (common size)	2019	2020	2021	2022E	2023E	2024E
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%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
<b>Per share data</b>						
Earnings per share reported	-0.01	-0.05	0.39	-0.45	-0.11	0.07
Cash flow per share	0.05	-0.20	1.38	-0.32	0.06	0.33
Book value per share	3.75	2.85	3.25	3.71	3.41	3.49
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
<b>Valuation</b>						
P/E	-619.1x	-106.8x	14.6x	-12.7x	-50.9x	82.6x
P/CF	123.8x	-27.9x	4.1x	-17.8x	99.3x	17.0x
P/BV	1.5x	2.0x	1.7x	1.5x	1.7x	1.6x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	0.8%	-3.6%	24.3%	-5.6%	1.0%	5.9%
EV/Sales	10.2x	3.4x	3.7x	3.3x	2.4x	1.7x
EV/EBITDA	-8.0x	14.4x	22.6x	-19.0x	474.3x	15.9x
EV/EBIT	-7.1x	33.7x	280.0x	-10.8x	-21.4x	75.9x
<b>Income statement (EURm)</b>						
Sales	8.2	27.7	26.1	31.1	42.9	57.1
yoy chg in %	3.9%	237.3%	-5.8%	19.0%	38.0%	33.0%
Gross profit	7.8	26.7	23.4	27.9	38.8	51.7
Gross margin in %	94.8%	96.1%	89.7%	89.6%	90.5%	90.6%
EBITDA	-10.5	6.6	4.3	-5.4	0.2	6.0
EBITDA margin in %	-128.2%	23.6%	16.4%	-17.4%	0.5%	10.6%
EBIT	-11.8	2.8	0.3	-9.5	-4.8	1.3
EBIT margin in %	-143.5%	10.1%	1.3%	-30.7%	-11.1%	2.2%
Net profit	-0.1	-0.7	5.2	-6.6	-1.7	1.1
<b>Cash flow statement (EURm)</b>						
CF from operations	1.4	-0.9	20.0	-3.3	2.3	6.5
Capex	-4.9	-1.2	-1.2	-1.2	-1.3	-1.1
Maintenance Capex	0.9	1.8	1.6	1.4	1.4	1.4
Free cash flow	-3.5	-2.1	18.8	-4.6	1.0	5.4
<b>Balance sheet (EURm)</b>						
Intangible assets	57.6	56.2	54.8	72.0	68.4	65.0
Tangible assets	12.8	11.5	9.9	9.8	9.7	9.5
Shareholders' equity	38.1	37.9	43.3	55.0	53.0	54.2
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	49.4	46.8	29.3	29.6	27.1	24.9
Net financial debt	0.3	10.6	12.7	18.8	17.9	12.5
w/c requirements	-0.1	15.2	-19.1	-14.5	-12.9	-12.6
<b>Ratios</b>						
ROE	-0.2%	2.7%	15.3%	-14.2%	-3.8%	2.3%
ROCE	-13.0%	3.1%	0.4%	-10.6%	-5.6%	1.5%
Net gearing	NaN%	NaN%	NaN%	NaN%	NaN%	NaN%
Net debt / EBITDA	-0.0x	1.6x	3.0x	-3.5x	83.4x	2.1x

Source: Company data; AlsterResearch

## Conflicts of interest

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Company	Disclosure
Lloyd Fonds AG	2, 8



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