

SGT German Private Equity

Germany | Financial Services | MCap EUR 70.4m

30 May 2023

UPDATE



2nd PE transaction announced; AuMs now likely to exceed USD 1bn

What's it all about?

SGT German Private Equity (SGF) has announced that it has signed its second private equity deal, by acquiring German-based ELATEC GmbH, a leading provider of secure access management solutions. The transaction is valued at approx. EUR 400m and should help SGF to bring its total AuM above USD 1bn. ELATEC's strong financial performance, with CAGR growth of 30% in the last few years and high margins, makes it an attractive leveraged buyout investment for SGF. This transaction is expected to be highly accretive to SGF's earnings and operations, providing recurring and predictable management fees. In addition, the acquisition demonstrates SGF's ability to find and execute lucrative deals, reflecting the strength of its business model and management team. We therefore reiterate our BUY rating with an unchanged PT of EUR 3.00 and see even further upside in case of another deal approaching.

BUY (BUY)

Target price	EUR 3.00 (3.00)
Current price	EUR 1.52
Up/downside	97.4%

 **ResearchHub** 

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IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

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SGT German Private Equity

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2nd PE transaction announced; AuMs likely to exceed USD 1bn

2nd transaction in the books This morning, SGT German Private Equity ("SGF") announced that it has closed its second private equity deal within its "PE Asset Management" segment with the acquisition of German-based ELATEC GmbH, a leading international developer and provider of secure access management solutions. The company develops innovative RFID and mobile systems that enable secure, convenient and frictionless access to places, devices, equipment and data and runs a cloud-based integrated IoT platform with SaaS device management solutions. ELATEC employs more than 150 people and has a customer base of more than 1,200 worldwide. ELATEC has consistently shown strong growth with a CAGR of ~30% over the last few years. In addition, we expect attractive high EBITDA margins, making it a perfect candidate for a leveraged buyout transaction.

Exceeding USD 1bn in AuM. According to the company, the transaction is valued at approx. EUR 400m and will be partially financed with debt and equity. For SGF, the deal is expected to help push assets under management over the USD 1bn threshold. As usual, the transaction is subject to customary regulatory approvals. The seller was the US private equity firm Summit Partners. With more than USD 35bn AuM, the firm focuses on investing in three verticals: technology, healthcare and life sciences, as well as other growth industries. The firm currently holds investments in approximately 500 individual companies and began investing in ELATEC in 2018 by acquiring a majority stake from DPE Deutsche Private Equity.

Assessment In our view, this transaction is highly accretive to SGF's earnings and operations. After the cybersecurity company Utimaco, ELATEC is the second transaction within SGF's PE asset management portfolio. Total AuM should grow to more than USD 1bn, providing recurring and highly predictable management fees going forward. Our model assumed only one (slightly smaller) transaction in 2023. As a result, we believe our EPS estimate of EUR 0.17 looks increasingly conservative. In addition, as the PE market slowly adjusts/recovers from the sharp rise in interest rates last year, we could even foresee additional deals in the course of 2023,

-continued-

SGT German Private Equity	2020	2021	2022	2023E	2024E	2025E
Sales*	0.9	12.2	10.9	15.1	19.7	19.9
Growth yoy	-94.6%	1,279.3%	-10.5%	39.1%	30.3%	1.0%
EBITDA	-1.2	6.8	2.6	9.8	11.4	11.6
EBIT	-1.3	5.6	-5.3	8.8	10.4	10.6
Net profit	-0.6	14.5	6.9	7.8	9.2	9.3
Net debt (net cash)	-5.9	-4.7	-3.4	-8.7	-17.4	-25.6
Net debt/EBITDA	4.8x	-0.7x	-1.3x	-0.9x	-1.5x	-2.2x
EPS reported	-0.05	0.44	0.16	0.17	0.20	0.20
DPS	0.00	0.02	0.02	0.03	0.03	0.03
Dividend yield	0.0%	1.3%	1.3%	1.7%	2.0%	2.0%
Gross profit margin	100.0%	80.0%	63.9%	85.0%	83.0%	83.0%
EBITDA margin	-141.4%	55.8%	23.9%	65.0%	58.0%	58.0%
EBIT margin	-142.3%	46.1%	-48.8%	58.4%	52.9%	53.0%
ROCE	-4.4%	13.2%	-5.2%	8.3%	9.1%	8.6%
EV/EBITDA	-51.7x	9.7x	25.7x	6.3x	4.6x	3.9x
EV/EBIT	-51.4x	11.7x	-12.6x	7.0x	5.1x	4.2x
PER	-29.5x	3.5x	9.3x	9.0x	7.7x	7.6x
FCF yield	-10.8%	-11.6%	17.0%	8.7%	14.0%	14.0%

Source: Company data, AlsterResearch; incl. losses from fin. invest. & services received



Source: Company data, AlsterResearch

High/low 52 weeks 1.92 / 1.19
Price/Book Ratio 0.6x

Ticker / Symbols

ISIN DE000A1MMEV4
WKN A1MMEV
Bloomberg SGF:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	15.1	8.8	0.17
	Δ	0.0%	0.0%	0.0%
2024E	old	19.7	10.4	0.20
	Δ	0.0%	0.0%	0.0%
2025E	old	19.9	10.6	0.20
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 46.30
Book value per share: (in EUR) 2.38
Ø trading volume: (12 months) 5,000

Major shareholders

SGT Capital LLC 79.4%
Treasury shares 7.0%
Free Float 13.6%

Company description

SGT German Private Equity formerly known as "German Startup Group" via its 100% subsidiary SGT Capital Pte. Ltd, Singapore, is a global alternative investment and private equity asset manager generating sustainable and highly predictable asset management fees. The capital commitments are agreed upon on a long-term basis. In addition, its heritage venture capital portfolio consists of minority stakes in startups, which however will be sold over time.

which would then trigger a significant upgrade in estimates. In any case, apart from the commercial implications, the fact that SGF can find and execute lucrative deals even in difficult markets reflects the high quality of the new business model and management team.

With a rock solid balance sheet, a 23E P/E of ~9x as well as predictable earnings streams going forward, we reiterate our BUY rating with an unchanged PT of EUR 3.00 and note that a near 100% upside now looks increasingly unjustified as SGF has established itself well in the lucrative PE world.

As a reminder: SGF's "PE Asset Management" segment consists of its wholly-owned private equity company SGT Capital Pte. Ltd - a Singapore-based private equity asset manager, which was acquired through a reverse takeover in 2021. This transaction transformed the former German Startups Group from a pure asset owner into an asset manager, including recurring and highly predictable management fees on AuM. This shift in focus is also reflected in the renaming of the German Startups Group to today's SGT German Private Equity.

Half year performance table

P&L data	H1 2019	H2 2019	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022
Sales	8.7	13.5	1.0	1.4	2.9	11.1	7.1	3.8
yoy growth in %	-6.5%	35.4%	-88.4%	-89.9%	185.8%	716.8%	146.2%	-66.1%
Gross profit	7.8	10.5	1.0	1.4	2.9	8.7	7.1	-0.2
Gross margin in %	88.7%	78.0%	100.0%	100.0%	100.0%	78.1%	100.0%	-4.4%
EBITDA	1.5	3.4	-0.1	-1.0	0.6	6.2	6.3	-3.7
EBITDA margin in %	16.9%	25.0%	-7.4%	-76.6%	21.9%	55.5%	88.7%	-98.7%
EBIT	1.0	3.2	-0.1	-1.0	-0.4	6.0	5.7	-11.0
EBIT margin in %	11.3%	23.8%	-7.8%	-76.8%	-14.0%	54.2%	80.0%	-292.9%
EBT	0.7	2.9	-0.3	-0.5	-0.3	16.4	17.6	-10.9
taxes paid	0.3	-0.0	-0.1	0.0	-0.1	2.1	1.2	-1.3
tax rate in %	38.2%	-1.3%	40.3%	-4.0%	39.9%	12.8%	6.7%	12.2%
net profit	0.2	2.8	-0.2	-0.6	-0.2	14.3	16.5	-9.6
yoy growth in %	-88.6%	na%	na%	na%	na%	na%	na%	na%
EPS	0.02	0.25	-0.02	-0.05	-0.02	0.26	0.34	-0.18

Source: Company data; Sales incl. losses from financial investments and services received

Investment case in six charts

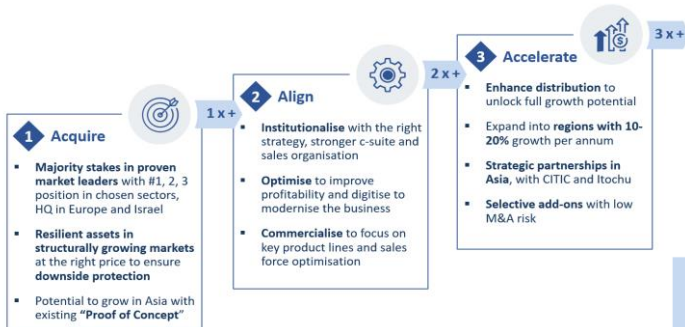
Products & Services



New corporate structure



Strategy - PE fund



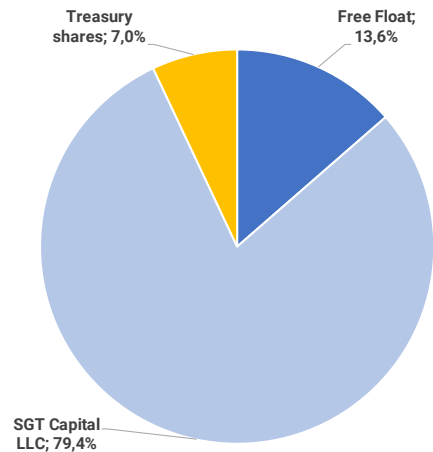
Themes and Sectors



Heritage VC portfolio - core holdings



Major shareholder



Source : Company data; AlsterResearch

SWOT analysis

Strengths

- Experienced and high caliber management team with over 100 years of cumulative investment experience.
- Background of market leading private equity, asset management, investment banking, and consulting firms.
- Access to deal flow.
- Network of financing banks, partnering co-investors, institutional clients, portfolio company managers, investment banks and consulting firms.
- Track record of the predecessor fund with > USD 1bn AuM and a return in excess of 2.2x MoM.
- Highly scalable and profitable business with EBIT margins of ~60%

Weaknesses

- Heritage venture capital value creation highly volatile and therefore less appropriate for a stock market listing
- Complex merger structure that needs capital market education.
- Limited free float.

Opportunities

- Once capital has been raised, highly predictable sales and earnings streams.
- Stock listing offers access to fresh capital and publicity of being the only German listed PE company.
- Presence in Germany and Singapore could offer unique opportunities to grow.

Threats

- Costly and time-consuming regulations could become a burden for market participants.
- Fierce competition among PE investors could drive up acquisition multiples and consequently dilute investors' returns.
- Follow-up investment funds depend on future investment success.

Valuation

DCF Model

The DCF model results in a **fair value of EUR 3.12 per share**:

Top-line growth: We expect SGT German Private Equity to continue benefitting from structural growth. Hence our growth estimates for 2023E-2030E is in the range of 4.7% p.a. The long-term growth rate is set at 2.0%.

EBIT margins. In accordance with other PE firms, we are modelling EBIT margin in the 50% range. Given the asset light business model, we keep EBIT margins constant at these levels.

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 1.00. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.3%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.5 this results in a long-term WACC of 8.1%.

DCF (EUR m) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	7.8	9.2	9.3	8.3	8.1	8.0	7.7	7.8	
Depreciation & amortization	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Change in working capital	-2.8	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	
Chg. in long-term provisions	0.2	0.3	0.1	0.0	0.0	0.0	0.0	0.0	
Capex	0.0	0.0	-0.2	-0.4	-0.6	-0.8	-1.0	-1.0	
Cash flow	6.1	9.9	9.6	8.3	7.9	7.5	7.1	7.1	119.6
Present value	5.9	8.7	7.9	6.3	5.5	4.9	4.3	4.0	66.3
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

DCF per share derived from	
Total present value	113.8
Mid-year adj. total present value	118.2
Net debt / cash at start of year	-3.4
Financial assets	22.7
Provisions and off b/s debt	0.0
Equity value	144.3
No. of shares outstanding	46.3
Discounted cash flow / share upside/(downside)	3.12 / 105.0%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2023E-2030E)	4.7%
Terminal value growth (2030E - infinity)	2.0%
Terminal year ROCE	7.3%
Terminal year WACC	8.1%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.30
Unlevered beta (industry or company)	1.00
Target debt / equity	0.5
Relevered beta	1.38
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.3%

Share price	1.52
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Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	0.5%	1.0%	1.5%	2.0%	2023E-2026E	2027E-2030E
2.0%	2.3	2.4	2.4	2.5	2.6	25.3%	16.4%
1.0%	2.5	2.6	2.6	2.7	2.8		
0.0%	2.7	2.8	2.9	3.0	3.1		
-1.0%	3.0	3.1	3.2	3.4	3.6		
-2.0%	3.4	3.5	3.7	3.9	4.2		
						terminal value	58.3%

Source: AlsterResearch

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 3.40 per share based on 2023E and EUR 4.27 per share on 2027E estimates. **We value SGT German Private Equity on 2023 estimates and which supports the DCF based fair value calculations.**

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	9.8	11.4	11.6	11.7	11.8
- Maintenance capex	0.0	0.0	0.0	0.0	0.0
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	1.1	1.3	1.3	2.3	2.7
= Adjusted FCF	8.8	10.2	10.3	9.3	9.1
Actual Market Cap	70.4	70.4	70.4	70.4	70.4
+ Net debt (cash)	-8.7	-17.4	-25.6	-32.6	-39.2
+ 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	22.7	22.7	22.7	22.7	22.7
- Acc. dividend payments	0.8	2.0	3.4	4.8	6.0
<i>EV Reconciliations</i>	-32.2	-42.0	-51.7	-60.0	-67.9
= Actual EV'	38.2	28.3	18.7	10.4	2.5
Adjusted FCF yield	23.0%	36.0%	55.0%	89.9%	366.6%
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	125.4	145.5	147.0	133.2	129.9
- <i>EV Reconciliations</i>	-32.2	-42.0	-51.7	-60.0	-67.9
Fair Market Cap	157.6	187.6	198.6	193.2	197.8
No. of shares (million)	46.3	46.3	46.3	46.3	46.3
Fair value per share in EUR	3.40	4.05	4.29	4.17	4.27
Premium (-) / discount (+)	123.9%	166.5%	182.2%	174.5%	181.0%

Sensitivity analysis FV

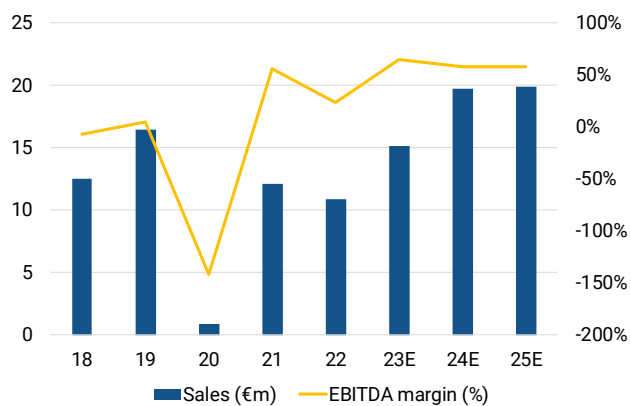
	5.0%	4.5	5.3	5.6	5.3	5.4
Adjusted hurdle rate	6.0%	3.9	4.6	4.8	4.7	4.7
	7.0%	3.4	4.1	4.3	4.2	4.3
	8.0%	3.1	3.7	3.9	3.8	3.9
	9.0%	2.8	3.4	3.6	3.5	3.6

Source: Company data; AlsterResearch

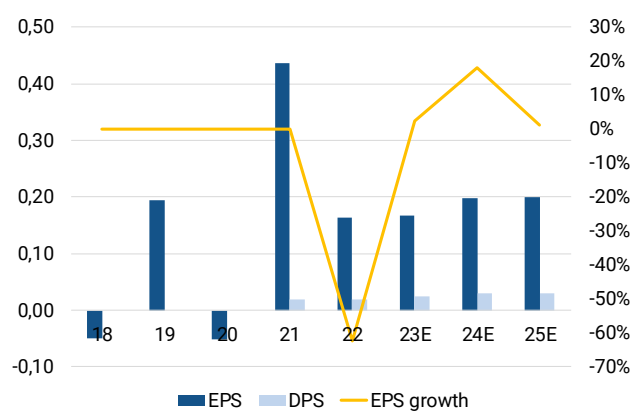
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

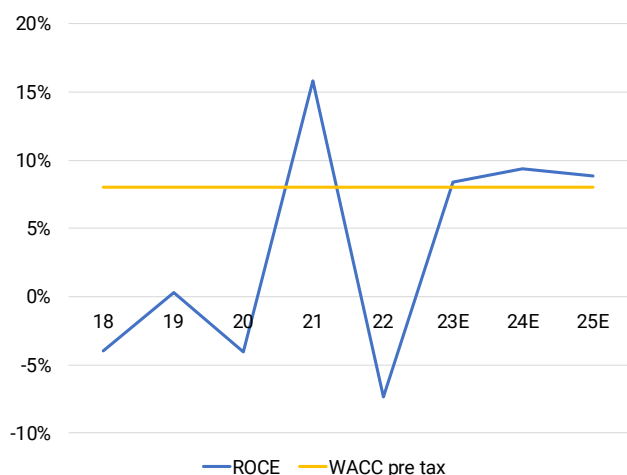
Sales vs. EBITDA margin development



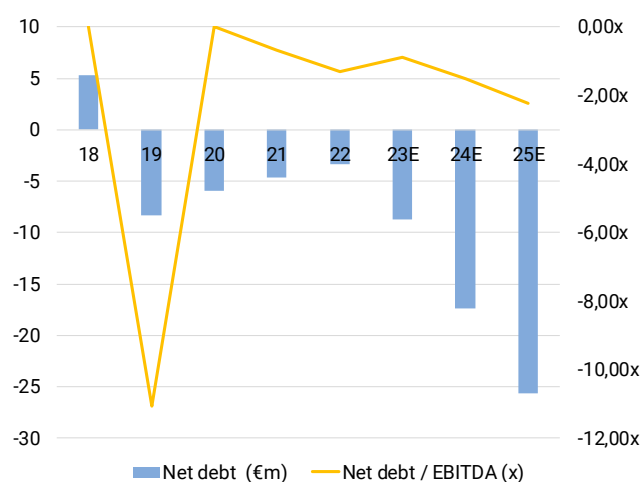
EPS, DPS in EUR & yoy EPS growth



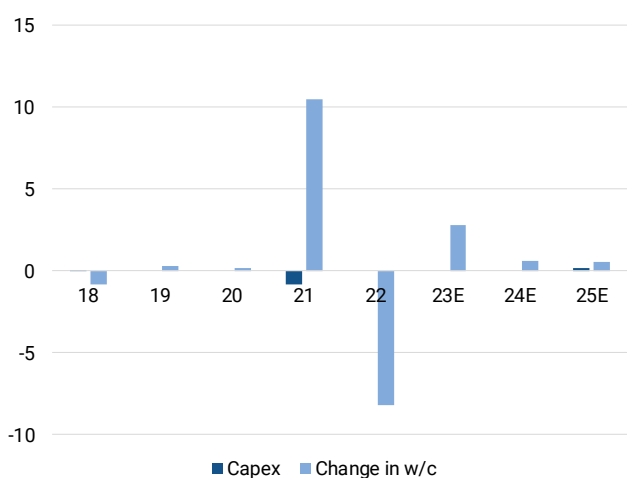
ROCE vs. WACC (pre tax)



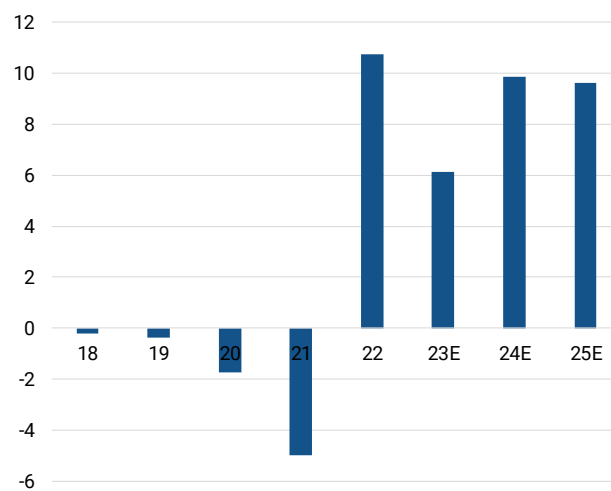
Net debt and net debt/EBITDA



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	0.9	12.2	10.9	15.1	19.7	19.9
Sales growth	-94.6%	1,279.3%	-10.5%	39.1%	30.3%	1.0%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	0.9	12.2	10.9	15.1	19.7	19.9
Material expenses	0.0	2.4	3.9	2.3	3.4	3.4
Gross profit	0.9	9.7	7.0	12.9	16.4	16.5
Other operating income	0.1	0.1	0.8	0.5	0.0	0.0
Personnel expenses	0.1	0.4	0.8	1.1	1.4	1.4
Other operating expenses	2.1	2.7	4.4	2.4	3.6	3.6
EBITDA	-1.2	6.8	2.6	9.8	11.4	11.6
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	-1.3	6.8	2.6	9.8	11.4	11.6
Amortisation of goodwill and intangible assets	0.0	1.2	7.9	1.0	1.0	1.0
EBIT	-1.3	5.6	-5.3	8.8	10.4	10.6
Financial result	0.4	10.4	12.0	0.0	0.0	0.0
Recurring pretax income from continuing operations	-0.8	16.0	6.7	8.8	10.4	10.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-0.8	16.0	6.7	8.8	10.4	10.6
Taxes	-0.1	2.0	-0.1	1.1	1.3	1.3
Net income from continuing operations	-0.7	14.1	6.9	7.8	9.2	9.3
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-0.7	14.1	6.9	7.8	9.2	9.3
Minority interest	0.2	0.4	0.0	0.0	0.0	0.0
Net profit (reported)	-0.6	14.5	6.9	7.8	9.2	9.3
Average number of shares	10.74	33.13	41.74	46.30	46.30	46.30
EPS reported	-0.05	0.44	0.16	0.17	0.20	0.20

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	0%	20%	36%	15%	17%	17%
Gross profit	100%	80%	64%	85%	83%	83%
Other operating income	12%	1%	8%	3%	0%	0%
Personnel expenses	15%	3%	7%	7%	7%	7%
Other operating expenses	239%	22%	41%	16%	18%	18%
EBITDA	-141%	56%	24%	65%	58%	58%
Depreciation	1%	0%	0%	0%	0%	0%
EBITA	-142%	56%	24%	65%	58%	58%
Amortisation of goodwill and intangible assets	0%	10%	73%	7%	5%	5%
EBIT	-142%	46%	-49%	58%	53%	53%
Financial result	48%	86%	110%	0%	0%	0%
Recurring pretax income from continuing operations	-94%	132%	62%	58%	53%	53%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-94%	132%	62%	58%	53%	53%
Taxes	-10%	16%	-1%	7%	6%	6%
Net income from continuing operations	-84%	116%	63%	51%	47%	47%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-84%	116%	63%	51%	47%	47%
Minority interest	21%	3%	0%	0%	0%	0%
Net profit (reported)	-63%	119%	63%	51%	47%	47%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	0.1	10.4	2.5	1.5	0.5	-0.3
Goodwill	0.0	72.2	72.2	72.2	72.2	72.2
Property, plant and equipment	0.0	0.0	0.2	0.2	0.2	0.2
Financial assets	22.2	17.6	22.7	22.7	22.7	22.7
FIXED ASSETS	22.3	100.2	97.6	96.6	95.6	94.8
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	11.0	1.7	4.1	5.4	6.0
Other current assets	0.4	0.1	0.2	0.2	0.2	0.2
Liquid assets	5.9	4.8	6.1	8.7	17.4	25.6
Deferred taxes	0.0	0.1	0.1	0.1	0.1	0.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	6.3	16.1	8.2	13.2	23.2	32.0
TOTAL ASSETS	28.6	116.3	105.8	109.8	118.7	126.8
SHAREHOLDERS EQUITY	28.2	42.3	99.4	106.3	114.3	122.2
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.0	2.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.0	0.0	0.5	0.6	0.9	1.0
Non-current liabilities	0.0	0.0	2.5	0.6	0.9	1.0
short-term liabilities to banks	0.0	0.2	0.7	0.0	0.0	0.0
Accounts payable	0.2	0.7	1.4	0.8	1.2	1.2
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)	0.0	70.2	0.6	0.9	1.2	1.2
Deferred taxes	0.1	1.9	1.2	1.2	1.2	1.2
Deferred income	0.0	1.0	0.0	0.0	0.0	0.0
Current liabilities	0.3	73.9	4.0	2.9	3.5	3.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	28.6	116.3	105.8	109.8	118.7	126.8

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	0%	9%	2%	1%	0%	-0%
Goodwill	0%	62%	68%	66%	61%	57%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	78%	15%	21%	21%	19%	18%
FIXED ASSETS	78%	86%	92%	88%	81%	75%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	0%	9%	2%	4%	5%	5%
Other current assets	1%	0%	0%	0%	0%	0%
Liquid assets	21%	4%	6%	8%	15%	20%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	22%	14%	8%	12%	19%	25%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	99%	36%	94%	97%	96%	96%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	0%	2%	0%	0%	0%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	0%	0%	0%	1%	1%	1%
Non-current liabilities	0%	0%	2%	1%	1%	1%
short-term liabilities to banks	0%	0%	1%	0%	0%	0%
Accounts payable	1%	1%	1%	1%	1%	1%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	0%	60%	1%	1%	1%	1%
Deferred taxes	0%	2%	1%	1%	1%	1%
Deferred income	0%	1%	0%	0%	0%	0%
Current liabilities	1%	64%	4%	3%	3%	3%
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	-0.7	14.1	6.9	7.8	9.2	9.3
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	1.2	7.9	1.0	1.0	1.0
Others	-0.9	-10.6	-6.3	0.2	0.3	0.1
Cash flow from operations before changes in w/c	-1.6	4.7	8.5	8.9	10.5	10.4
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.0	-11.0	9.3	-2.4	-1.3	-0.6
Increase/decrease in accounts payable	0.0	0.5	0.8	-0.6	0.4	0.0
Increase/decrease in other w/c positions	-0.1	0.0	-1.9	0.2	0.3	0.0
Increase/decrease in working capital	-0.2	-10.5	8.2	-2.8	-0.6	-0.6
Cash flow from operating activities	-1.8	-5.8	10.8	6.1	9.9	9.8
CAPEX	0.0	0.8	0.0	0.0	0.0	-0.2
Payments for acquisitions	-0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-9.2	0.0	-2.4	0.0	0.0	0.0
Income from asset disposals	11.3	4.8	0.1	0.0	0.0	0.0
Cash flow from investing activities	2.1	5.6	-2.4	0.0	0.0	-0.2
Cash flow before financing	0.3	-0.2	8.4	6.1	9.9	9.6
Increase/decrease in debt position	-3.3	0.0	2.6	-2.8	0.0	0.0
Purchase of own shares	-1.1	0.0	-7.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	-0.7	-0.8	-1.2	-1.4
Others	-0.3	0.0	-2.9	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-4.6	0.0	-8.0	-3.6	-1.2	-1.4
Increase/decrease in liquid assets	-4.3	-0.2	0.4	2.5	8.7	8.2
Liquid assets at end of period	0.5	0.4	0.8	3.3	12.0	20.2

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	0.9	12.2	10.9	15.1	19.7	19.9
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	0.9	12.2	10.9	15.1	19.7	19.9

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	0.44	0.16	0.17	0.20	0.20
Cash flow per share	-0.16	-0.18	0.26	0.13	0.21	0.21
Book value per share	2.63	1.28	2.38	2.30	2.47	2.64
Dividend per share	0.00	0.02	0.02	0.03	0.03	0.03
Valuation						
P/E	-29.5x	3.5x	9.3x	9.0x	7.7x	7.6x
P/CF	-9.3x	-8.6x	5.9x	11.5x	7.1x	7.2x
P/BV	0.6x	1.2x	0.6x	0.7x	0.6x	0.6x
Dividend yield (%)	0.0%	1.3%	1.3%	1.7%	2.0%	2.0%
FCF yield (%)	-10.8%	-11.6%	17.0%	8.7%	14.0%	14.0%
EV/Sales	73.1x	5.4x	6.2x	4.1x	2.7x	2.2x
EV/EBITDA	-51.7x	9.7x	25.7x	6.3x	4.6x	3.9x
EV/EBIT	-51.4x	11.7x	-12.6x	7.0x	5.1x	4.2x
Income statement (EURm)						
Sales	0.9	12.2	10.9	15.1	19.7	19.9
yoy chg in %	-94.6%	1,279.3%	-10.5%	39.1%	30.3%	1.0%
Gross profit	0.9	9.7	7.0	12.9	16.4	16.5
Gross margin in %	100.0%	80.0%	63.9%	85.0%	83.0%	83.0%
EBITDA	-1.2	6.8	2.6	9.8	11.4	11.6
EBITDA margin in %	-141.4%	55.8%	23.9%	65.0%	58.0%	58.0%
EBIT	-1.3	5.6	-5.3	8.8	10.4	10.6
EBIT margin in %	-142.3%	46.1%	-48.8%	58.4%	52.9%	53.0%
Net profit	-0.6	14.5	6.9	7.8	9.2	9.3
Cash flow statement (EURm)						
CF from operations	-1.8	-5.8	10.8	6.1	9.9	9.8
Capex	0.0	0.8	0.0	0.0	0.0	-0.2
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	-1.8	-5.0	10.8	6.1	9.9	9.6
Balance sheet (EURm)						
Intangible assets	0.1	82.6	74.7	73.7	72.7	71.9
Tangible assets	0.0	0.0	0.2	0.2	0.2	0.2
Shareholders' equity	28.2	42.3	99.4	106.3	114.3	122.2
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	0.0	0.2	3.2	0.6	0.9	1.0
Net financial debt	-5.9	-4.7	-3.4	-8.7	-17.4	-25.6
w/c requirements	-0.2	10.3	0.3	3.3	4.2	4.8
Ratios						
ROE	-2.6%	33.3%	6.9%	7.3%	8.0%	7.6%
ROCE	-4.4%	13.2%	-5.2%	8.3%	9.1%	8.6%
Net gearing	-21.0%	-11.0%	-3.4%	-8.2%	-15.2%	-21.0%
Net debt / EBITDA	4.8x	-0.7x	-1.3x	-0.9x	-1.5x	-2.2x

Source: Company data; AlsterResearch

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