

SGT German Private Equity

Germany | Financial Services | MCap EUR 8.1m

14 August 2024

UPDATE

Pivotal moment by becoming "The Payments Group Holding"

What's it all about?

Yesterday's news from SGF signals a pivotal moment for the company with a strategic shift as it acquires three Internet payment service providers. In doing so, SGF is transforming itself into a major player in the FinTech sector focused on prepaid (e-money) services. The move marks SGF's transition from an investor-based model to a traditional operating business, which will ultimately lead to the company's name change to "The Payments Group Holding" today. As a first step, SGF will acquire 75% stakes in Funanga AG, Campamocha Ltd. and Surfer Rosa Ltd., creating a publicly traded FinTech group with approx. 50 employees. The projected transaction volume for 2025 exceeds EUR 140m, with net revenues of around EUR 15m. Given the high growth potential and margins of 45-50% (mwb est.), we believe the initial valuation is justified. After obtaining further information, we plan a complete review of SGF's future equity story. In the meantime, we maintain our current BUY rating, but set our PT at the company's "acquisition multiple" of EUR 2.40. The stock thus offers significant upside potential.

BUY (BUY)

Target price	EUR 2.40 (1.80)
Current price	EUR 0.84
Up/downside	184.0%

 ResearchHub 

MAIN AUTHOR

Thomas Wissler

t.wissler@mwb-research.com
+49 40 309 293-58

[mwb-research.com](https://www.mwb-research.com)

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Pivotal moment by becoming "The Payments Group Holding"

Pivotal moment Yesterday's press release marks a pivotal moment in the strategic direction of SGF. With the acquisition of three internet payment service providers, SGF is transforming into a significant FinTech player offering prepaid (e-money) payment services for numerous online merchants worldwide. This move signifies a strategic shift for SGF, transitioning from an investor-based business model to a more traditional company with operational activities. As part of this transaction, SGT German Private Equity will be renamed and will operate under the name The Payments Group Holding GmbH & Co. KGaA in future.

Acquiring majority stakes in three payment services companies In this initial phase, SGF is acquiring majority stakes (75% each) in Funanga AG, Berlin, Campamocha Ltd., Malta, and Surfer Rosa Ltd. from the Isle of Man. All three companies specialize in internet payment services and have already successfully collaborated in the past.

Transforming into a FinTech company The acquisition will lead to the establishment of a Germany-based, publicly traded FinTech group with approx. 50 employees. According to the company, the projected transaction volume for 2025 is expected to exceed EUR 140m, with an estimated net revenue of around EUR 15m for that year. The acquired companies have already been profitable and cash flow positive since 2023, with an anticipated annual revenue growth rate exceeding 50% from 21-25.

The targets The Payments Group (TPG) is a rapidly growing, vertically integrated e-money FinTech firm that offers both closed and open prepaid payment services to a wide array of online merchants globally. TPG provides a scalable, regulatory-compliant FinTech platform that enables online merchants to access previously untapped cash and prepaid markets, as well as embedded financial products. This expansion is expected to enhance their total addressable market (TAM) and increase their revenues significantly. TPG operates internationally and collaborates with notable clients which leverage TPG's extensive network of over 550,000 cash collection points globally and its online prepaid card fulfillment network to facilitate cashless and cash-based online payments worldwide.

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SGT German PE	2021	2022	2023	2024E	2025E	2026E
Sales	12.2	14.4	4.8	2.0	2.1	2.1
<i>Growth yoy</i>	1,279.3%	18.4%	-66.7%	-58.3%	5.0%	1.0%
EBITDA	6.8	2.6	-7.7	0.7	0.9	0.9
EBIT	5.6	-5.3	-82.5	0.7	0.9	0.9
Net profit	14.5	6.9	-81.5	0.6	0.7	0.6
Net debt (net cash)	-4.7	-3.4	-0.0	0.7	0.2	-0.3
Net debt/EBITDA	-0.7x	-1.3x	0.0x	1.0x	0.2x	-0.3x
EPS reported	0.44	0.16	-1.76	0.06	0.07	0.07
DPS	0.02	0.02	0.00	0.01	0.01	0.01
<i>Dividend yield</i>	2.4%	2.4%	0.0%	1.0%	1.3%	1.2%
Gross profit margin	80.0%	48.3%	4.7%	83.0%	83.0%	83.0%
EBITDA margin	55.8%	18.1%	-160.0%	33.0%	43.0%	43.0%
EBIT margin	46.1%	-36.9%	-1,721.1%	33.0%	43.0%	43.0%
ROCE	13.2%	-5.2%	-445.3%	3.4%	4.5%	4.6%
EV/Sales	0.3x	0.3x	1.7x	4.4x	3.9x	3.7x
EV/EBITDA	0.5x	1.8x	-1.1x	13.3x	9.2x	8.6x
EV/EBIT	0.6x	-0.9x	-0.1x	13.3x	9.2x	8.6x
PER	1.9x	5.1x	-0.5x	14.5x	12.0x	12.7x

Source: Company data, mwb research; Forecasts outdated, will be reworked shortly



Source: Company data, mwb research

High/low 52 weeks 1.81 / 0.45
Price/Book Ratio 2.3x

Ticker / Symbols

ISIN DE000A1MMEV4
WKN A1MMEV
Bloomberg GAI:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	2.0	0.7	0.06
	Δ	0.0%	0.0%	0.0%
2025E	old	2.1	0.9	0.07
	Δ	0.0%	0.0%	0.0%
2026E	old	2.1	0.9	0.07
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 9.60
Book value per share: (in EUR) 0.37
Ø trading vol.: (12 months) 5,138

Major shareholders

Frankf. Aktienfonds f. Stiftungen 10.1%
Christoph Gerlinger and family 8.0%
Member of the Supervisory Board 5.4%
Free Float 71.7%

Company description

SGT German Private Equity - in the future known as "The Payments Group Holding" - is a listed investment holding based in Frankfurt, Germany. Together with its subsidiaries it will offer a comprehensive range of online payment services, including embedded financial services, prepaid technologies, and global payment and payout solutions. In addition, the company holds significant assets from its former Heritage VC portfolio.

Transaction In the initial phase, SGF will acquire 75% stakes in the three target companies through a combination of cash payments and use of the company's treasury shares. The total enterprise value for the three companies is set at EUR 92.5m. Specifically, SGF will pay approximately EUR 9.15m in cash for the first 10% of the shares, while the remaining 65% will be acquired through transferring 24.8m of the company's treasury shares. The calculation for the capital component assumes a share price of EUR 2.40 for SGF shares, which is roughly four times the price prior to the announcement. This valuation is based on SGF's net asset value (NAV), adjusted for the present value of future administrative costs, amounting to EUR 23.1m, or around EUR 2.40 per share.

Valuation The initial valuation of EUR 92.5m represents an EV/Sales multiple of approximately 6x for the year 2025 or an EV/EBITDA multiple of c. 12x (mwb est. assuming a c. 50% EBITDA margin). However, it is important to note that this valuation is based on an assumed share price of EUR 2.40 for SGF shares. In contrast, if measured against the previous day's closing price, the transaction would be valued at only EUR 32m, resulting in an EV/Sales multiple of around 2x and a corresponding EV/EBITDA multiple of 4.5x.

Given the growth potential and the potentially high margins – mwb estimates EBITDA margins to be between 45-50% - we believe this initial valuation is more than justified. The strong growth prospects and robust margins support the rationale for this valuation, indicating confidence in the future performance of the acquired companies within SGF's expanding portfolio.

Conclusion While the transaction does not align with the previously announced direction of AI investments, we welcome the decision made by SGF. This strategic move will transform SGF into a company with normal operating business activities. The acquisition of three established businesses allows SGF to present stable and, most importantly, growing and transparent financials going forward. Moreover, the payment services market appears to offer significant potential and high growth rates. The future Payments Holding Group, with its focus on closed and open prepaid (e-money) payment services, will occupy a niche that provides sustainable revenue and earnings opportunities.

Compared to other payment services, we believe this business will be highly profitable, with margins ranging from 45% to 50%. Based on an initial valuation, we consider a 2x EV/Sales multiple and a corresponding 4.5x EV/EBITDA multiple (based on valuing SGF's treasury shares with the previous day's closing price) to be attractive.

The acquisition of the payment service providers represents a strategic shift for SGF, moving away from its previous focus on AI investments towards a more traditional operating business model. The payments industry's growth potential and the acquired companies' profitability make this a promising move for SGF's future prospects. **After obtaining further information, we plan a complete review of SGF's future equity story. In the meantime, we maintain our current BUY rating, but set our PT at the company's "acquisition multiple" of EUR 2.40. The stock thus offers significant upside potential.**

+++ The following forecasts are outdated and will be reworked shortly +++

Valuation

DCF Model

The DCF model results in a **fair value of EUR 1.79 per share**:

Top-line growth: We expect SGT German Private Equity to grow revenues at a CAGR of 1.6% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 3.4% in 2024E to 0.1% in 2031E.

WACC. Starting point is a historical equity beta of -0.45. 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 (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	0.6	0.7	0.6	0.4	0.3	0.1	0.0	0.0	
Depreciation & amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in working capital	-1.4	-0.1	-0.1	0.0	0.0	0.1	-0.0	-0.0	
Chg. in long-term provisions	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Capex	0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.1	
Cash flow	-0.7	0.6	0.5	0.4	0.2	0.0	-0.1	-0.1	-1.7
Present value	-0.7	0.5	0.4	0.3	0.2	0.0	-0.1	-0.1	-0.9
WACC	8.1%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

DCF per share derived from	
Total present value	-0.3
Mid-year adj. total present value	-0.3
Net debt / cash at start of year	-0.0
Financial assets	17.4
Provisions and off b/s debt	0.0
Equity value	17.2
No. of shares outstanding	9.6
Discounted cash flow / share	1.79
upside/(downside)	111.8%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	1.6%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	0.1%
Terminal year WACC	8.1%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	-0.45
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	0.84
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Sensitivity analysis DCF							
Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%	1.8	1.8	1.8	1.8	1.8	2024E-2027E	-233.4%
1.0%	1.8	1.8	1.8	1.8	1.8	2028E-2031E	-18.9%
0.0%	1.8	1.8	1.8	1.8	1.8	terminal value	352.3%
-1.0%	1.8	1.8	1.8	1.7	1.7		
-2.0%	1.8	1.7	1.7	1.7	1.7		

Source: mwb research

FCF Yield Model

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

The adjusted Free Cash Flow Yield results in a fair value between EUR 2.58 per share based on 2024E and EUR 2.38 per share on 2028E estimates.

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

FCF yield in EURm	2024E	2025E	2026E	2027E	2028E
EBITDA	0.7	0.9	0.9	0.6	0.4
- 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	0.1	0.2	0.3	0.2	0.1
= Adjusted FCF	0.6	0.7	0.6	0.4	0.3
Actual Market Cap	39.1	39.1	39.1	39.1	39.1
+ Net debt (cash)	0.7	0.2	-0.3	-0.6	-0.7
+ 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	17.4	17.4	17.4	17.4	17.4
- Acc. dividend payments	0.0	0.1	0.2	0.3	0.3
<i>EV Reconciliations</i>	-16.7	-17.3	-17.9	-18.3	-18.5
= Actual EV'	22.4	21.8	21.2	20.8	20.6
Adjusted FCF yield	2.5%	3.1%	3.0%	2.2%	1.5%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	8.0	9.7	9.1	6.4	4.3
- <i>EV Reconciliations</i>	-16.7	-17.3	-17.9	-18.3	-18.5
Fair Market Cap	24.8	27.0	27.0	24.7	22.9
No. of shares (million)	9.6	9.6	9.6	9.6	9.6
Fair value per share in EUR	2.58	2.81	2.81	2.58	2.38
Premium (-) / discount (+)	205.2%	233.0%	232.8%	204.8%	181.8%

Sensitivity analysis FV						
Adjusted hurdle rate	5.0%	2.9	3.2	3.2	2.8	2.6
	6.0%	2.7	3.0	3.0	2.7	2.5
	7.0%	2.6	2.8	2.8	2.6	2.4
	8.0%	2.5	2.7	2.7	2.5	2.3
	9.0%	2.4	2.6	2.6	2.4	2.3

Source: Company data; mwb research

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Net sales	12.2	14.4	4.8	2.0	2.1	2.1
Sales growth	1,279.3%	18.4%	-66.7%	-58.3%	5.0%	1.0%
Change in finished goods and work-in-process	0.0	-3.5	-4.6	0.0	0.0	0.0
Total sales	12.2	10.9	0.2	2.0	2.1	2.1
Material expenses	2.4	3.9	0.0	0.3	0.4	0.4
Gross profit	9.7	7.0	0.2	1.7	1.7	1.8
Other operating income	0.1	0.8	0.5	0.0	0.0	0.0
Personnel expenses	0.4	0.8	1.0	0.8	0.6	0.6
Other operating expenses	2.7	4.4	7.4	0.2	0.2	0.2
EBITDA	6.8	2.6	-7.7	0.7	0.9	0.9
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	6.8	2.6	-7.7	0.7	0.9	0.9
Amortisation of goodwill and intangible assets	1.2	7.9	74.8	0.0	0.0	0.0
EBIT	5.6	-5.3	-82.5	0.7	0.9	0.9
Financial result	10.4	12.0	0.5	0.0	0.0	0.0
Recurring pretax income from continuing operations	16.0	6.7	-82.0	0.7	0.9	0.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	16.0	6.7	-82.0	0.7	0.9	0.9
Taxes	2.0	-0.1	-0.4	0.1	0.2	0.3
Net income from continuing operations	14.1	6.9	-81.5	0.6	0.7	0.6
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	14.1	6.9	-81.5	0.6	0.7	0.6
Minority interest	0.4	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	14.5	6.9	-81.5	0.6	0.7	0.6
Average number of shares	33.13	41.74	46.30	9.60	9.60	9.60
EPS reported	0.44	0.16	-1.76	0.06	0.07	0.07

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	0%	-24%	-95%	0%	0%	0%
Total sales	100%	76%	5%	100%	100%	100%
Material expenses	20%	27%	0%	17%	17%	17%
Gross profit	80%	48%	5%	83%	83%	83%
Other operating income	1%	6%	11%	0%	0%	0%
Personnel expenses	3%	5%	22%	40%	30%	30%
Other operating expenses	22%	31%	154%	10%	10%	10%
EBITDA	56%	18%	-160%	33%	43%	43%
Depreciation	0%	0%	0%	0%	0%	0%
EBITA	56%	18%	-160%	33%	43%	43%
Amortisation of goodwill and intangible assets	10%	55%	1,561%	0%	0%	0%
EBIT	46%	-37%	-1,721%	33%	43%	43%
Financial result	86%	83%	11%	0%	0%	0%
Recurring pretax income from continuing operations	132%	47%	-1,710%	33%	43%	43%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	132%	47%	-1,710%	33%	43%	43%
Taxes	16%	-1%	-9%	5%	11%	13%
Net income from continuing operations	116%	48%	-1,701%	28%	32%	30%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	116%	48%	-1,701%	28%	32%	30%
Minority interest	3%	0%	0%	0%	0%	0%
Net profit (reported)	119%	48%	-1,701%	28%	32%	30%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	10.4	2.5	0.0	0.0	0.0	0.1
Goodwill	72.2	72.2	0.0	0.0	0.0	0.0
Property, plant and equipment	0.0	0.2	0.1	0.1	0.1	0.1
Financial assets	17.6	22.7	17.4	17.4	17.4	17.4
FIXED ASSETS	100.2	97.6	17.6	17.6	17.6	17.6
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	11.0	1.7	1.1	0.5	0.6	0.7
Other current assets	0.1	0.2	0.2	0.2	0.2	0.2
Liquid assets	4.8	6.1	1.6	1.3	1.8	1.3
Deferred taxes	0.1	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	16.1	8.2	3.1	2.2	2.8	2.3
TOTAL ASSETS	116.3	105.8	20.7	19.8	20.4	19.9
SHAREHOLDERS EQUITY	42.3	99.4	16.9	17.5	18.1	18.6
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	2.0	0.0	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	0.5	0.0	0.1	0.1	0.1
Non-current liabilities	0.0	2.5	0.0	0.1	0.1	0.1
short-term liabilities to banks	0.2	0.7	1.6	2.0	2.0	1.0
Accounts payable	0.7	1.4	1.4	0.1	0.1	0.1
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)	70.2	0.6	0.8	0.1	0.1	0.1
Deferred taxes	1.9	1.2	0.0	0.0	0.0	0.0
Deferred income	1.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	73.9	4.0	3.8	2.2	2.2	1.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	116.3	105.8	20.7	19.8	20.4	19.9

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	9%	2%	0%	0%	0%	0%
Goodwill	62%	68%	0%	0%	0%	0%
Property, plant and equipment	0%	0%	1%	1%	1%	1%
Financial assets	15%	21%	84%	88%	85%	87%
FIXED ASSETS	86%	92%	85%	89%	86%	88%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	9%	2%	6%	3%	3%	3%
Other current assets	0%	0%	1%	1%	1%	1%
Liquid assets	4%	6%	8%	7%	9%	6%
Deferred taxes	0%	0%	1%	1%	1%	1%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	14%	8%	15%	11%	14%	12%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	36%	94%	82%	88%	89%	93%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	2%	0%	0%	0%	0%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	0%	0%	0%	0%	1%	1%
Non-current liabilities	0%	2%	0%	0%	1%	1%
short-term liabilities to banks	0%	1%	8%	10%	10%	5%
Accounts payable	1%	1%	7%	1%	1%	1%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	60%	1%	4%	0%	0%	0%
Deferred taxes	2%	1%	0%	0%	0%	0%
Deferred income	1%	0%	0%	0%	0%	0%
Current liabilities	64%	4%	18%	11%	11%	6%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	14.1	6.9	-81.5	0.6	0.7	0.6
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.1	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	1.1	0.0	0.3	0.0	0.0	0.0
Others	-9.0	-4.7	77.3	0.1	0.0	0.0
Cash flow from operations before changes in w/c	6.2	2.2	-3.8	0.7	0.7	0.6
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.6	-0.1	-0.1
Increase/decrease in accounts payable	0.4	4.1	-0.3	-1.2	0.0	0.0
Increase/decrease in other w/c positions	-12.5	4.6	1.4	-0.7	0.0	0.0
Increase/decrease in working capital	-12.1	8.6	1.1	-1.4	-0.1	-0.1
Cash flow from operating activities	-5.8	10.8	-2.7	-0.7	0.6	0.6
CAPEX	0.0	-0.0	-0.0	0.0	-0.0	-0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	5.6	-2.3	4.2	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	5.6	-2.4	4.2	0.0	-0.0	-0.0
Cash flow before financing	-0.2	8.4	1.5	-0.7	0.6	0.5
Increase/decrease in debt position	0.0	0.0	0.0	0.4	0.0	-1.0
Purchase of own shares	0.0	-7.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	-1.0	-0.9	0.0	-0.1	-0.1
Others	0.0	0.0	0.0	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	0.0	-8.0	-0.9	0.4	-0.1	-1.1
Increase/decrease in liquid assets	-0.2	0.4	0.6	-0.3	0.5	-0.6
Liquid assets at end of period	0.5	0.8	1.3	1.0	1.5	0.9

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	12.2	14.4	4.8	2.0	2.1	2.1
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
Total sales	12.2	14.4	4.8	2.0	2.1	2.1

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	0.44	0.16	-1.76	0.06	0.07	0.07
Cash flow per share	-0.18	0.26	-0.06	-0.07	0.06	0.06
Book value per share	1.28	2.38	0.37	1.82	1.88	1.94
Dividend per share	0.02	0.02	0.00	0.01	0.01	0.01
Valuation						
P/E	1.9x	5.1x	-0.5x	14.5x	12.0x	12.7x
P/CF	-4.8x	3.3x	-14.5x	-11.4x	13.1x	14.1x
P/BV	0.7x	0.4x	2.3x	0.5x	0.4x	0.4x
Dividend yield (%)	2.4%	2.4%	0.0%	1.0%	1.3%	1.2%
FCF yield (%)	-20.7%	30.6%	-6.9%	-8.8%	7.6%	7.1%
EV/Sales	0.3x	0.3x	1.7x	4.4x	3.9x	3.7x
EV/EBITDA	0.5x	1.8x	-1.1x	13.3x	9.2x	8.6x
EV/EBIT	0.6x	-0.9x	-0.1x	13.3x	9.2x	8.6x
Income statement (EURm)						
Sales	12.2	14.4	4.8	2.0	2.1	2.1
yoy chg in %	1,279.3%	18.4%	-66.7%	-58.3%	5.0%	1.0%
Gross profit	9.7	7.0	0.2	1.7	1.7	1.8
Gross margin in %	80.0%	48.3%	4.7%	83.0%	83.0%	83.0%
EBITDA	6.8	2.6	-7.7	0.7	0.9	0.9
EBITDA margin in %	55.8%	18.1%	-160.0%	33.0%	43.0%	43.0%
EBIT	5.6	-5.3	-82.5	0.7	0.9	0.9
EBIT margin in %	46.1%	-36.9%	-1,721.1%	33.0%	43.0%	43.0%
Net profit	14.5	6.9	-81.5	0.6	0.7	0.6
Cash flow statement (EURm)						
CF from operations	-5.8	10.8	-2.7	-0.7	0.6	0.6
Capex	0.0	-0.0	-0.0	0.0	-0.0	-0.0
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	-5.8	10.8	-2.7	-0.7	0.6	0.5
Balance sheet (EURm)						
Intangible assets	82.6	74.7	0.0	0.0	0.0	0.1
Tangible assets	0.0	0.2	0.1	0.1	0.1	0.1
Shareholders' equity	42.3	99.4	16.9	17.5	18.1	18.6
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	0.2	3.2	1.6	2.1	2.1	1.1
Net financial debt	-4.7	-3.4	-0.0	0.7	0.2	-0.3
w/c requirements	10.3	0.3	-0.2	0.4	0.5	0.6
Ratios						
ROE	33.3%	6.9%	-481.7%	3.2%	3.7%	3.4%
ROCE	13.2%	-5.2%	-445.3%	3.4%	4.5%	4.6%
Net gearing	-11.0%	-3.4%	-0.1%	4.0%	1.0%	-1.4%
Net debt / EBITDA	-0.7x	-1.3x	0.0x	1.0x	0.2x	-0.3x

Source: Company data; mwb research

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Contacts

mwb research AG
Mittelweg 142
20148 Hamburg
Germany

Tel.: +49 40 309 293-52
Email.: contact@mwb-research.com
Website: www.mwb-research.com
Research: www.research-hub.de

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@mwb-research.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@mwb-research.com

ABED JARAD
Junior Analyst
Tel: +49 40 309 293-54
E-Mail: a.jarad@mwb-research.com

JENS-PETER RIECK
Junior Analyst
Tel: +49 40 309 293-54
E-Mail: jp.riek@mwb-research.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@mwb-research.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@mwb-research.com

ALEXANDER ZIENKOWICZ

Sales

HOLGER NASS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: h.nass@mwb-research.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@mwb-research.com

mwb fairtrade
Wertpapierhandelsbank AG
Rottenbacher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
Website: www.mwbfairtrade.com
E-Mail: info@mwbfairtrade.com

Sales / Designated Sponsoring / Corporate Finance

ALEXANDER DEUSS
Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995-23
E-Mail: sguenon@mwbfairtrade.com

JAN NEYNABER
Institutional Sales
Tel: +49 69 1387-1255
E-Mail: jneynaber@mwbfairtrade.com

DIRK WEYERHÄUSER
Corporate Finance
Tel: +49 69 1387-1250
E-Mail: dweyerhaeuser@mwbfairtrade.com

Locations

HAMBURG (Research)
Mittelweg 142
20148 Hamburg
+49 40 309 293-52

HAMBURG (Corporates & Markets)
Kleine Johannisstraße 4
20457 Hamburg
+49 40 360 995-0

FRANKFURT A.M.
Unterlindau 29
60323 Frankfurt am Main
+49 40 360 995-22

MUNICH
Rottenbacher Str. 28
82166 Gräfelfing
+49 89-85852-0

BERLIN
Kurfürstendamm 151
10709 Berlin

HANNOVER
An der Börse 2
30159 Hannover

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