

# SGT German Private Equity

Germany | Financial Services | MCap EUR 69.5m

24 May 2023

UPDATE



## Final 2022 results in line; Waiting for the deal-flow to resume; BUY

**BUY** (BUY)

<b>Target price</b>	<b>EUR 3.00 (3.00)</b>
Current price	EUR 1.50
Up/downside	100.0%

 **ResearchHub** 

### What's it all about?

SGT German Private Equity (SGF) has announced its FY22 results, which are in line with preliminary figures and slightly above the company's own guidance. The Private Equity ("PE") Asset Management segment drove the results with contributions from recurring management and advisory fees, while the Investment segment reported a loss due to the revaluation of equity investments. Despite the market challenges, SGF has established itself well in the private equity industry and is attractive to investors seeking exposure to the mid-market PE sector, where deal activity is expected to resume in 2023. In addition, SGF will continue to return cash to shareholders in the form of dividends (EUR 0.02) and share buybacks, which we believe will support the share price. Hence, we reiterate our BUY rating with an unchanged PT of EUR 3.00, implying a potential upside of 100%.

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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

Germany | Financial Services | MCap EUR 69.5m | EV EUR 66.1m

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## Final 2022 in line; Waiting for the deal-flow to resume; BUY

**Final results in line with prelims** SGT German Private Equity ("SGF") has released its FY22 results, which are broadly in line with the preliminary results announced in mid-February. In a challenging financial year, consolidated revenues increased by 20% to EUR 13.3m. Net profit was reported at just under EUR 6.9m, slightly below our expectations, but coupled with a lower average number of shares, this resulted in EPS of EUR 0.16, exactly in line with the pre-announced EPS and our estimates.

As expected, the main earnings driver was SGF's **"PE Asset Management"** segment which had been acquired at the beginning of 2021 and which contributed around EUR 0.22 per share. With AuM of in total > USD 800m, this good result has predominately been driven by recurring management fees on AuM and to a lesser extent consulting fees. By contrast, the **"Investment"** segment posted a loss of just under EUR 0.06 per share, which primarily reflects mark-to-market revaluation of its 12 active equity participations.

**Dividend and share buybacks** As in the previous year, the company proposes a dividend of EUR 0.02 per share. This corresponds with a dividend yield of 1.3%, which should be seen in conjunction with the completed share buyback program in 2022 worth EUR 5m. In total, SGF will have returned EUR ~6m to shareholders in the form of dividends and share buybacks in 2022. In addition, the company also announced its intention to initiate a further share buyback offer in the second half of 2023.

**Deal flow and outlook** The challenging macroeconomic environment, and in particular the interest rate hikes initiated by the world's major central banks, continued to impact global private equity activity, reflected in a significant slowdown in deal activities particularly in H2 22. Although, with Utimaco (cybersecurity software), the SGF Group has already made its first major portfolio investment, further PE transactions have been postponed. However, we expect the PE market to slowly recover and SGF to close at least one deal in the near future. Our estimates for 2023 are based on the closing of only one additional deal, with further upside potential in case of even more lively deal activities.

- 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	-51.0x	9.5x	25.4x	6.2x	4.6x	3.8x
EV/EBIT	-50.6x	11.6x	-12.4x	6.9x	5.0x	4.2x
PER	-29.2x	3.4x	9.1x	8.9x	7.6x	7.5x
FCF yield	-10.9%	-11.7%	17.2%	8.8%	14.2%	14.1%

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



Source: Company data, AlsterResearch

**High/low 52 weeks** 1.92 / 1.16  
**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	0.16
	Δ	0.0%	0.0%	7.6%
2024E	old	19.7	10.8	0.19
	Δ	0.0%	-3.6%	3.6%
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.

**Conclusion** SGF looks back at a difficult business year, which we believe the company managed rather well, particularly bearing in mind the challenges in conjunction with the turnaround on interest rates. Still, we see SGF having established itself as a valuable player in the PE asset management industry providing recurring fees on assets under management. SGF therefore is an attractive play for investors who want to gain access to the mid-market PE industry. In addition, SGF reiterated that it will continue to return cash to shareholders in the form of dividends and/or share buybacks, which should support the share price in our view. As a result, we reiterate our BUY case, with unchanged PT of EUR 3.00, reflecting a decent upside of 100%

#### 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%
<b>EPS</b>	<b>0.02</b>	<b>0.25</b>	<b>-0.02</b>	<b>-0.05</b>	<b>-0.02</b>	<b>0.26</b>	<b>0.34</b>	<b>-0.18</b>

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

# Investment case in six charts

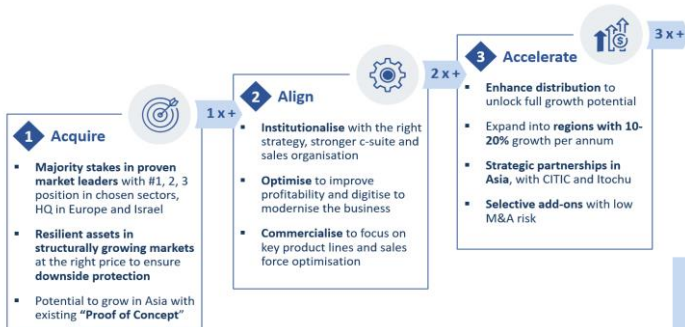
## Products & Services



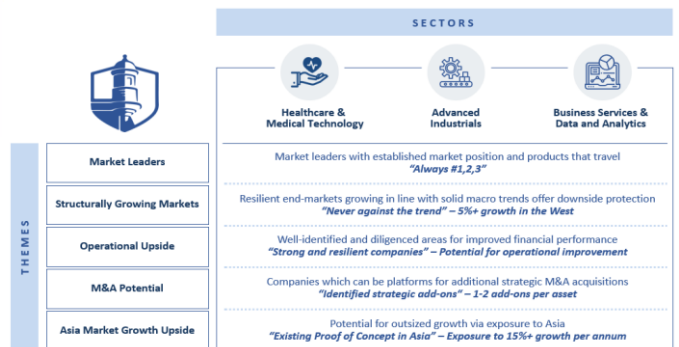
## New corporate structure



## Strategy - PE fund



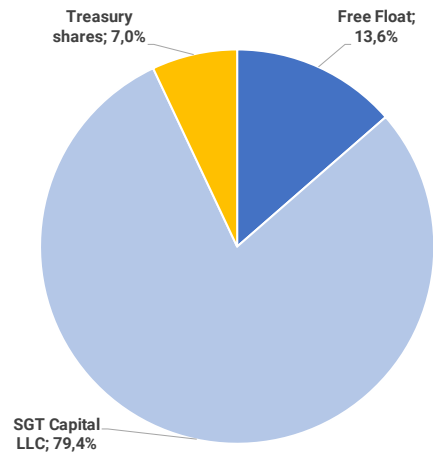
## Themes and Sectors



## 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 3.11 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	66.2
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	113.6
Mid-year adj. total present value	118.1
Net debt / cash at start of year	-3.4
Financial assets	22.7
Provisions and off b/s debt	0.0
Equity value	144.1
No. of shares outstanding	46.3
<b>Discounted cash flow / share upside/(downside)</b>	<b>3.11 / 107.5%</b>

<b>Share price</b>	<b>1.50</b>
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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%

## 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	2.5	25.3%	16.4%
1.0%	2.5	2.6	2.6	2.7	2.8	25.3%	16.4%
0.0%	2.7	2.8	2.9	3.0	3.1	25.3%	16.4%
-1.0%	3.0	3.1	3.2	3.4	3.6	25.3%	16.4%
-2.0%	3.4	3.5	3.7	3.9	4.2	25.3%	16.4%
						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
<b>EBITDA</b>	<b>9.8</b>	<b>11.4</b>	<b>11.6</b>	<b>11.7</b>	<b>11.8</b>
- 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
<b>= Adjusted FCF</b>	<b>8.8</b>	<b>10.2</b>	<b>10.3</b>	<b>9.3</b>	<b>9.1</b>
<b>Actual Market Cap</b>	<b>69.5</b>	<b>69.5</b>	<b>69.5</b>	<b>69.5</b>	<b>69.5</b>
+ 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
<b>= Actual EV'</b>	<b>37.3</b>	<b>27.4</b>	<b>17.8</b>	<b>9.4</b>	<b>1.6</b>
<b>Adjusted FCF yield</b>	<b>23.5%</b>	<b>37.2%</b>	<b>57.8%</b>	<b>98.7%</b>	<b>585.2%</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>125.4</b>	<b>145.5</b>	<b>147.0</b>	<b>133.2</b>	<b>129.9</b>
- <i>EV Reconciliations</i>	-32.2	-42.0	-51.7	-60.0	-67.9
<b>Fair Market Cap</b>	<b>157.6</b>	<b>187.6</b>	<b>198.6</b>	<b>193.2</b>	<b>197.8</b>
No. of shares (million)	46.3	46.3	46.3	46.3	46.3
<b>Fair value per share in EUR</b>	<b>3.40</b>	<b>4.05</b>	<b>4.29</b>	<b>4.17</b>	<b>4.27</b>
<b>Premium (-) / discount (+)</b>	<b>126.9%</b>	<b>170.1%</b>	<b>186.0%</b>	<b>178.2%</b>	<b>184.7%</b>

### Sensitivity analysis FV

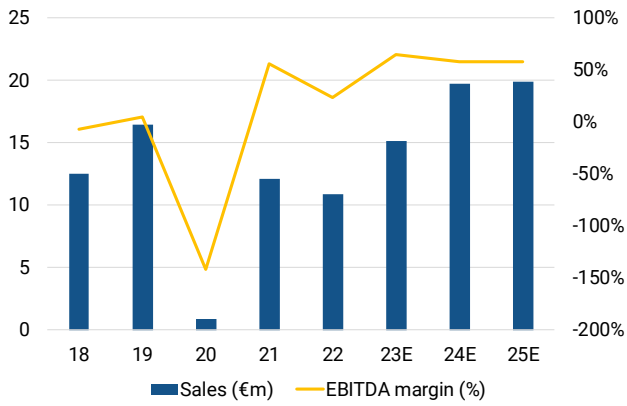
	5.0%	4.5	5.3	5.6	5.3	5.4
<b>Adjusted hurdle rate</b>	6.0%	3.9	4.6	4.8	4.7	4.7
	<b>7.0%</b>	<b>3.4</b>	<b>4.1</b>	<b>4.3</b>	<b>4.2</b>	<b>4.3</b>
	8.0%	3.1	3.7	3.9	3.8	3.9
	9.0%	2.8	3.4	3.6	3.5	3.6

Source: Company data; AlsterResearch

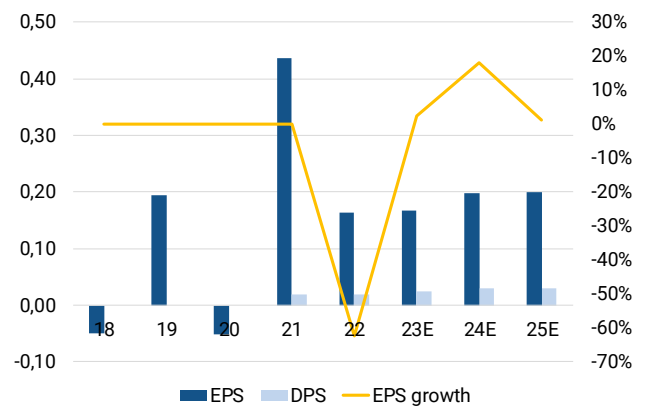
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

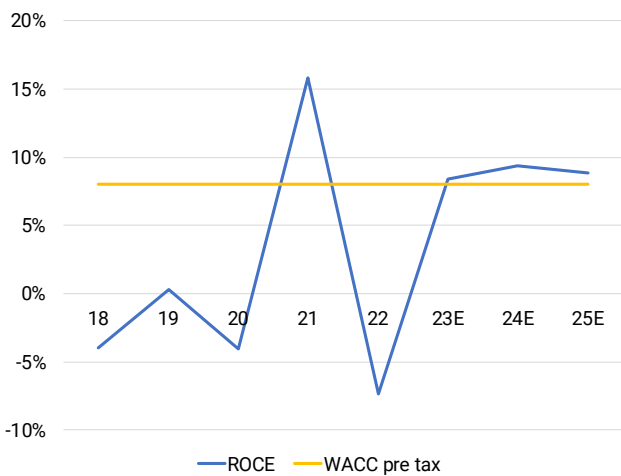
**Sales vs. EBITDA margin development**



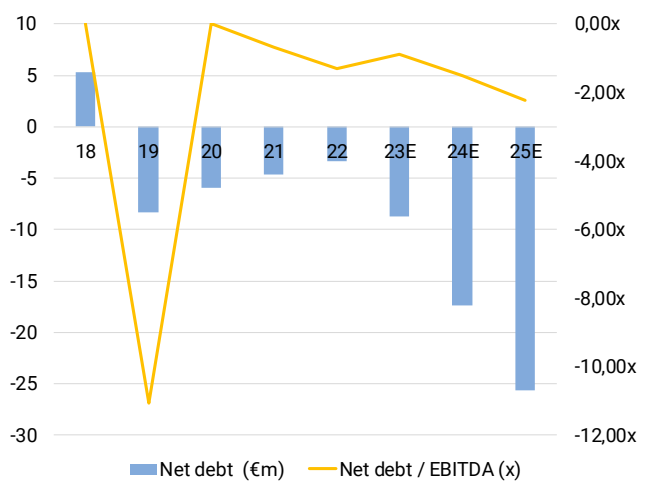
**EPS, DPS in EUR & yoy EPS growth**



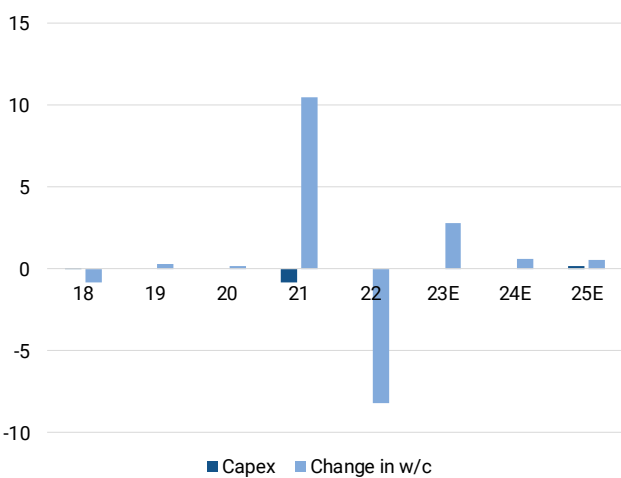
**ROCE vs. WACC (pre tax)**



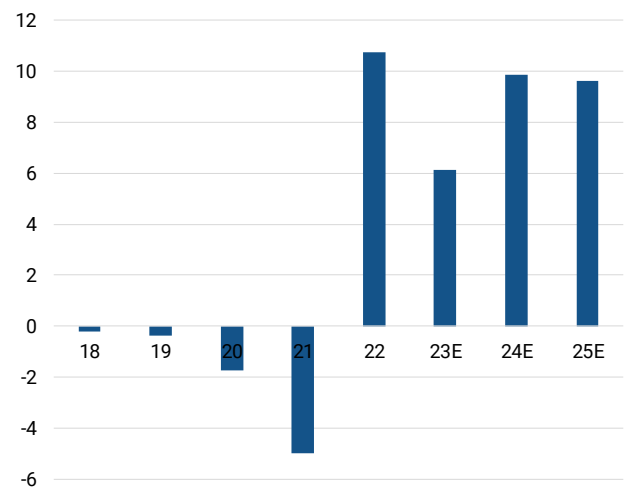
**Net debt and net debt/EBITDA**



**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
<b>Net sales</b>	<b>0.9</b>	<b>12.2</b>	<b>10.9</b>	<b>15.1</b>	<b>19.7</b>	<b>19.9</b>
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
<b>Total sales</b>	<b>0.9</b>	<b>12.2</b>	<b>10.9</b>	<b>15.1</b>	<b>19.7</b>	<b>19.9</b>
Material expenses	0.0	2.4	3.9	2.3	3.4	3.4
<b>Gross profit</b>	<b>0.9</b>	<b>9.7</b>	<b>7.0</b>	<b>12.9</b>	<b>16.4</b>	<b>16.5</b>
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
<b>EBITDA</b>	<b>-1.2</b>	<b>6.8</b>	<b>2.6</b>	<b>9.8</b>	<b>11.4</b>	<b>11.6</b>
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
<b>EBIT</b>	<b>-1.3</b>	<b>5.6</b>	<b>-5.3</b>	<b>8.8</b>	<b>10.4</b>	<b>10.6</b>
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
<b>Net income</b>	<b>-0.7</b>	<b>14.1</b>	<b>6.9</b>	<b>7.8</b>	<b>9.2</b>	<b>9.3</b>
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
<b>EPS reported</b>	<b>-0.05</b>	<b>0.44</b>	<b>0.16</b>	<b>0.17</b>	<b>0.20</b>	<b>0.20</b>

Profit and loss (common size)	2020	2021	2022	2023E	2024E	2025E
<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	0%	20%	36%	15%	17%	17%
<b>Gross profit</b>	<b>100%</b>	<b>80%</b>	<b>64%</b>	<b>85%</b>	<b>83%</b>	<b>83%</b>
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%
<b>EBITDA</b>	<b>-141%</b>	<b>56%</b>	<b>24%</b>	<b>65%</b>	<b>58%</b>	<b>58%</b>
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%
<b>EBIT</b>	<b>-142%</b>	<b>46%</b>	<b>-49%</b>	<b>58%</b>	<b>53%</b>	<b>53%</b>
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%
<b>Net income</b>	<b>-84%</b>	<b>116%</b>	<b>63%</b>	<b>51%</b>	<b>47%</b>	<b>47%</b>
Minority interest	21%	3%	0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>-63%</b>	<b>119%</b>	<b>63%</b>	<b>51%</b>	<b>47%</b>	<b>47%</b>

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
<b>Intangible assets (exl. Goodwill)</b>	<b>0.1</b>	<b>10.4</b>	<b>2.5</b>	<b>1.5</b>	<b>0.5</b>	<b>-0.3</b>
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
<b>FIXED ASSETS</b>	<b>22.3</b>	<b>100.2</b>	<b>97.6</b>	<b>96.6</b>	<b>95.6</b>	<b>94.8</b>
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
<b>CURRENT ASSETS</b>	<b>6.3</b>	<b>16.1</b>	<b>8.2</b>	<b>13.2</b>	<b>23.2</b>	<b>32.0</b>
<b>TOTAL ASSETS</b>	<b>28.6</b>	<b>116.3</b>	<b>105.8</b>	<b>109.8</b>	<b>118.7</b>	<b>126.8</b>
<b>SHAREHOLDERS EQUITY</b>	<b>28.2</b>	<b>42.3</b>	<b>99.4</b>	<b>106.3</b>	<b>114.3</b>	<b>122.2</b>
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
<b>Non-current liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>2.5</b>	<b>0.6</b>	<b>0.9</b>	<b>1.0</b>
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
<b>Current liabilities</b>	<b>0.3</b>	<b>73.9</b>	<b>4.0</b>	<b>2.9</b>	<b>3.5</b>	<b>3.6</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>28.6</b>	<b>116.3</b>	<b>105.8</b>	<b>109.8</b>	<b>118.7</b>	<b>126.8</b>

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
<b>Intangible assets (excl. Goodwill)</b>	<b>0%</b>	<b>9%</b>	<b>2%</b>	<b>1%</b>	<b>0%</b>	<b>-0%</b>
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%
<b>FIXED ASSETS</b>	<b>78%</b>	<b>86%</b>	<b>92%</b>	<b>88%</b>	<b>81%</b>	<b>75%</b>
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%
<b>CURRENT ASSETS</b>	<b>22%</b>	<b>14%</b>	<b>8%</b>	<b>12%</b>	<b>19%</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>99%</b>	<b>36%</b>	<b>94%</b>	<b>97%</b>	<b>96%</b>	<b>96%</b>
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%
<b>Non-current liabilities</b>	<b>0%</b>	<b>0%</b>	<b>2%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
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%
<b>Current liabilities</b>	<b>1%</b>	<b>64%</b>	<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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
<b>Cash flow from operating activities</b>	<b>-1.8</b>	<b>-5.8</b>	<b>10.8</b>	<b>6.1</b>	<b>9.9</b>	<b>9.8</b>
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
<b>Cash flow from investing activities</b>	<b>2.1</b>	<b>5.6</b>	<b>-2.4</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.2</b>
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
<b>Cash flow from financing activities</b>	<b>-4.6</b>	<b>0.0</b>	<b>-8.0</b>	<b>-3.6</b>	<b>-1.2</b>	<b>-1.4</b>
Increase/decrease in liquid assets	-4.3	-0.2	0.4	2.5	8.7	8.2
<b>Liquid assets at end of period</b>	<b>0.5</b>	<b>0.4</b>	<b>0.8</b>	<b>3.3</b>	<b>12.0</b>	<b>20.2</b>

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
<b>Total sales</b>	<b>0.9</b>	<b>12.2</b>	<b>10.9</b>	<b>15.1</b>	<b>19.7</b>	<b>19.9</b>

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%
<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	2020	2021	2022	2023E	2024E	2025E
<b>Per share data</b>						
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
<b>Valuation</b>						
P/E	-29.2x	3.4x	9.1x	8.9x	7.6x	7.5x
P/CF	-9.1x	-8.5x	5.8x	11.3x	7.0x	7.1x
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 (%)	-10.9%	-11.7%	17.2%	8.8%	14.2%	14.1%
EV/Sales	72.1x	5.3x	6.1x	4.0x	2.6x	2.2x
EV/EBITDA	-51.0x	9.5x	25.4x	6.2x	4.6x	3.8x
EV/EBIT	-50.6x	11.6x	-12.4x	6.9x	5.0x	4.2x
<b>Income statement (EURm)</b>						
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
<b>Cash flow statement (EURm)</b>						
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
<b>Balance sheet (EURm)</b>						
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
<b>Ratios</b>						
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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Company	Disclosure
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24-May-23 09:38:07

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