

SGT German Private Equity

Germany | Financial Services | MCap EUR 5.8m

3 July 2024

UPDATE

Full-year figures reflect change in strategy; BUY reiterated

What's it all about?

SGT German Private Equity, soon to be German AI Group (GAI), released its FY23 results, highlighting its strategic shift towards AI. Revenues fell from EUR 13.2m to EUR 4.8m, missing the forecast by EUR 10m due to a failed PE transaction and virtually no new fundraising. The operating result (EBIT) continued to be negative due to one-off effects, including EUR 74.4m in goodwill amortization and EUR 5m in write-downs. With the strategic decision to discontinue the private equity business, GAI is now pursuing new promising avenues towards AI or a reverse listing. In doing so, GAI is leveraging the expertise of CEO Christoph Gerlinger, which we see as a promising strategic shift. We now see all negative implications from the PE asset management excursion being digested in FY23, which is why we believe GAI offers significant upside potential based purely on its NAV base of EUR 1.77. As such, we reiterate our BUY rating with a new PT of EUR 1.80 (previously: EUR 2.00), but note that a significantly higher value can be derived depending on the company's future path.

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

BUY (BUY)

Target price	EUR 1.80 (2.00)
Current price	EUR 0.60
Up/downside	200.0%

 ResearchHub 

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Germany | Financial Services | MCap EUR 5.8m | EV EUR 5.7m

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Full-year figures reflect change in strategy; BUY reiterated

SGT German Private Equity – in future Germain AI Group (GAI) – released its FY23 results. The 2023 annual result was dominated by the company's current strategy shift. In March, the company announced that it would close its recently (2021) acquired PE asset management business and focus on the lucrative AI market. Hence, several accounting entries had been necessary in order to reverse this transaction – in sum leading to a loss of more than EUR 80m for FY23.

Revenues below plan. In 2023, GAI generated total revenues of around EUR 4.8m (previous year EUR 13.2m). This was generated almost exclusively in the **PE asset management** segment, i.e. through management fees on assets under management (AuM) and, to a lesser extent, through consulting services. As a result, the original revenue guidance was missed by approximately EUR 10m, reflecting a private equity transaction signed in Q2 that ultimately did not close in FY23, as well as virtually no new money raised. On the other hand, there were no exits in the **investments** segment during the year, which is why revenues in this segment remained close to zero.

Steep losses driven by one-offs As expected, the operating result (EBIT) slipped deeper into the red. The main drivers were by far the value-reducing one-off effects related to the reversal of the PE asset management business. This included one-time expenses (non-cash goodwill amortization) of approximately EUR 74.4m. In addition, write-downs were required on investments in three portfolio companies, which contributed to an additional net loss of approx. EUR 5m. The bottom line was a net loss of around EUR 81.5m or an EPS of around EUR -1.76, which was well below the company's original expectations but in line with what we had expected following our downgrade in mid-March.

Discontinuation of the private equity business In March, GAI announced that it has decided to discontinue its recently acquired private equity business given limited success in closing lucrative deals and with it raising sufficient AuMs. Back in 2021, SGF acquired 100% of the shares of the Singapore-based private equity company "SGTPE" by way of a contribution in kind / non-cash capital increase. Going forward, GAI will now realign its business model and exclusively focus

-continued-

SGT German PE	2021	2022	2023	2024E	2025E	2026E
Sales	12.2	14.4	4.8	2.0	2.1	2.1
Growth yoy	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
Dividend yield	3.3%	3.3%	0.0%	1.5%	1.8%	1.7%
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%	3.8%	5.0%	4.9%
EV/Sales	0.1x	0.2x	1.2x	3.2x	2.8x	2.6x
EV/EBITDA	0.2x	0.9x	-0.7x	9.8x	6.6x	6.0x
EV/EBIT	0.2x	-0.5x	-0.1x	9.8x	6.6x	6.0x
PER	1.4x	3.7x	-0.3x	10.3x	8.5x	9.0x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 0.65 / 0.52
Price/Book Ratio 1.6x

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) 5,000

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 "German AI Group" - is a global alternative investment manager. After exiting the PE asset management business at the end of 2023, the company will focus on investments in the highly transformative field of artificial intelligence. In addition, the company holds significant assets from its former Heritage VC portfolio.

on investments in the field of artificial intelligence. The company sees attractive investment and entrepreneurial opportunities in the future due to the transformative power of this new technology. GAI intends to benefit from its sole Managing Director Christoph Gerlinger's many years of experience as a technology investor and entrepreneur, as well as his long-standing network and track record.

Conclusion: FY23 was significantly impacted by the company's change in strategy. As such, several one-time charges weighed on the FY results. The bottom line, however, is that the venture into the PE asset management business is likely to have been income-neutral or slightly positive for existing investors. Going forward, we believe that GAI has several lucrative assets on its balance sheet and therefore the current depressed share price level looks overdone. As the success of the new business is currently difficult to assess, we have opted to value GAI at its net asset value, which we currently see at EUR 1.77. This represents an upside of 200% from today's level, which is why we reiterate our BUY rating with a new PT of EUR 1.80 (old EUR 2.00). A significantly higher value can be derived depending on the company's future path.

The following table displays the quarterly performance of **SGT German Private Equity**:

P&L data	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023	H2 2023
Sales	0.7	0.3	2.9	9.3	9.1	5.3	4.7	0.1
yoy growth in %	na%	na%	305.8%	2,992.8%	213.6%	-42.6%	-48.7%	-97.4%
Gross profit	0.6	0.2	2.7	6.6	7.8	-0.8	2.7	-2.4
Gross margin in %	90.1%	80.0%	94.1%	71.8%	85.5%	-15.1%	57.1%	-1,777.5%
EBITDA	-0.1	-1.0	0.6	7.2	6.3	-3.7	0.5	-8.2
EBITDA margin in %	-10.6%	-345.9%	21.9%	77.6%	69.6%	-69.7%	11.3%	-5,987.8%
EBIT	-0.1	-1.0	-0.4	6.0	5.7	-11.0	0.3	-82.8
EBIT margin in %	-11.1%	-348.5%	-14.0%	64.9%	62.8%	-206.8%	6.8%	-60,504.9%
EBT	-0.3	-0.5	-0.3	16.3	17.6	-10.9	0.5	-82.5
taxes paid	-0.1	0.0	-0.1	2.1	1.2	-1.3	0.3	-0.8
tax rate in %	40.3%	-4.0%	46.3%	12.8%	6.7%	12.2%	61.6%	0.9%
net profit	-0.2	-0.5	-0.2	3.6	16.5	-9.6	0.2	-81.7
yoy growth in %	na%	na%	na%	na%	na%	na%	-98.7%	na%
EPS	-0.02	-0.04	-0.02	0.26	0.34	-0.18	0.00	-1.76

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

SWOT analysis

Strengths

- Experienced and high caliber management
- Access to deal flow.
- Network of partnering co-investors, institutional clients, portfolio company managers, investment banks and consulting firms.

Weaknesses

- Heritage venture capital value creation highly volatile and therefore less appropriate for a stock market listing

Opportunities

- New focus on AI - a transformative business segment
- Stock listing offers access to fresh capital and publicity of being the only German listed PE company.

Threats

- Execution risk in establishing its new business model

Valuation

DCF Model

The DCF model results in a **fair value of EUR 1.84 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 0.0%.

ROCE. Returns on capital are developing from 3.8% in 2024E to 0.1% in 2031E.

WACC. Starting point is a historical equity beta of 1.30. Unlevering and correcting for mean reversion yields an asset beta of 1.70. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 16.0%. 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 11.9%.

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	na
Present value	-0.7	0.5	0.4	0.3	0.1	0.0	-0.1	-0.0	na
WACC	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	na%

DCF per share derived from	
Total present value	0.2
Mid-year adj. total present value	0.2
Net debt / cash at start of year	-0.0
Financial assets	17.4
Provisions and off b/s debt	0.0
Equity value	17.7
No. of shares outstanding	9.6
Discounted cash flow / share upside/(downside)	1.84 206.8%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	1.6%
Terminal value growth (2031E - infinity)	0.0%
Terminal year ROCE	0.1%
Terminal year WACC	11.9%

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)	1.70
Target debt / equity	0.5
Relevered beta	2.34
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	16.0%

Share price	0.60
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Sensitivity analysis DCF							
Change in WACC (%-points)	Long term growth					Share of present value	
	-1.0%	-0.5%	0.0%	0.5%	1.0%		
2.0%	1.8	1.8	1.8	1.8	1.8	2024E-2027E	245.5%
1.0%	1.8	1.8	1.8	1.8	1.8	2028E-2031E	24.2%
0.0%	1.8	1.8	1.8	1.8	1.8	terminal value	-169.7%
-1.0%	1.8	1.8	1.8	1.8	1.8		
-2.0%	1.8	1.8	1.8	1.8	1.8		

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	5.8	5.8	5.8	5.8	5.8
+ 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'	-11.0	-11.6	-12.1	-12.5	-12.8
Adjusted FCF yield	-5.1%	-5.8%	-5.3%	-3.6%	-2.4%
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 (+)	329.8%	369.0%	368.7%	329.3%	296.9%

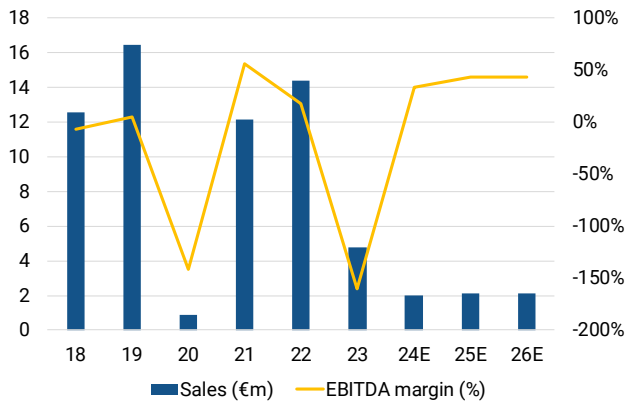
Sensitivity analysis FV						
Adjusted hurdle rate	5.0%	2.9	3.2	3.2	2.8	2.6
	6.0%	2.7	3.0	3.0	2.7	2.5
	7.0%	2.6	2.8	2.8	2.6	2.4
	8.0%	2.5	2.7	2.7	2.5	2.3
	9.0%	2.4	2.6	2.6	2.4	2.3

Source: Company data; mwb research

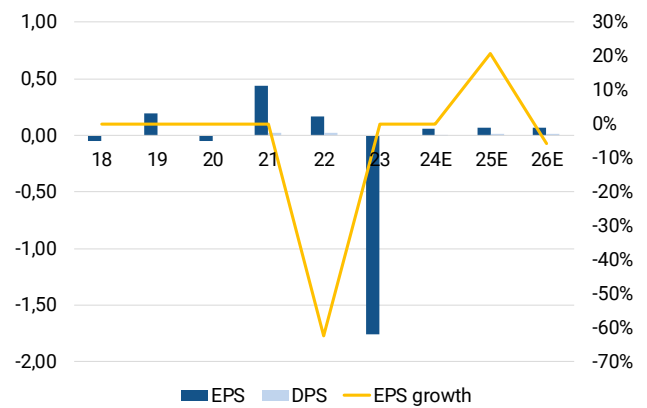
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

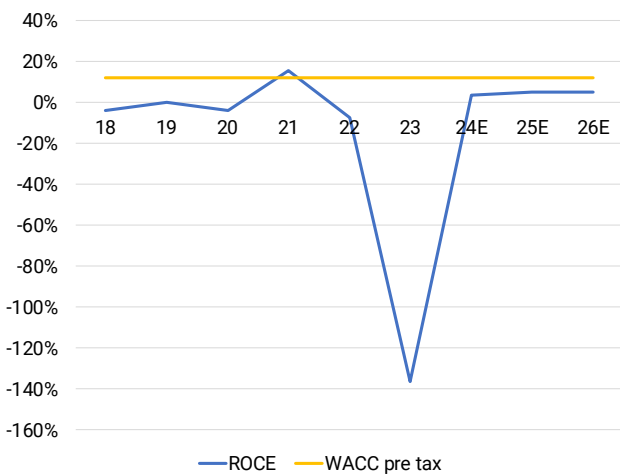
Sales vs. EBITDA margin development



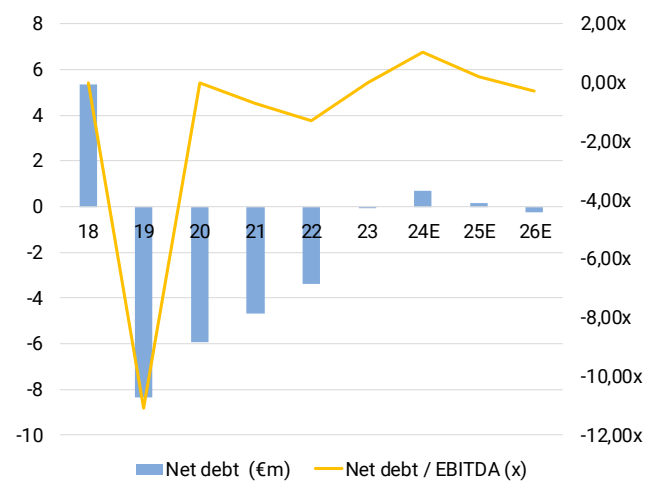
EPS, DPS in EUR & yoy EPS growth



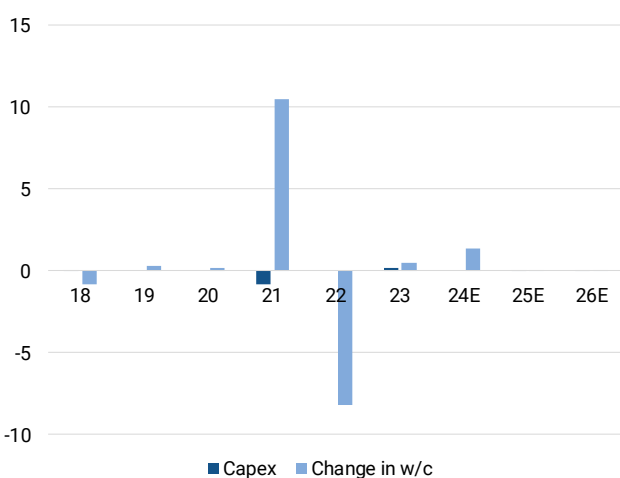
ROCE vs. WACC (pre tax)



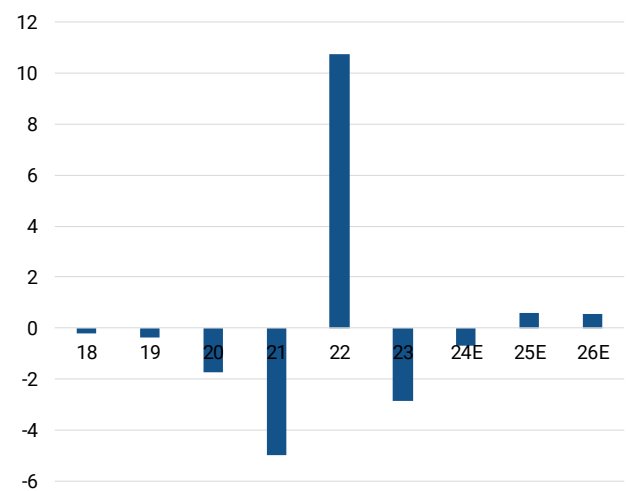
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

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 (exl. 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	-0.7	-0.2	0.3
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	0.2	0.8	1.3
TOTAL ASSETS	116.3	105.8	20.7	17.8	18.4	18.9
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	0.0	0.0	0.0
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	0.2	0.2	0.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	116.3	105.8	20.7	17.8	18.4	18.9

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%	98%	95%	92%
FIXED ASSETS	86%	92%	85%	99%	96%	93%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	9%	2%	6%	3%	3%	4%
Other current assets	0%	0%	1%	1%	1%	1%
Liquid assets	4%	6%	8%	-4%	-1%	1%
Deferred taxes	0%	0%	1%	1%	1%	1%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	14%	8%	15%	1%	4%	7%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	36%	94%	82%	98%	98%	98%
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%	1%	1%	1%
Non-current liabilities	0%	2%	0%	1%	1%	1%
short-term liabilities to banks	0%	1%	8%	0%	0%	0%
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%	1%	0%
Deferred taxes	2%	1%	0%	0%	0%	0%
Deferred income	1%	0%	0%	0%	0%	0%
Current liabilities	64%	4%	18%	1%	1%	1%
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	0.0	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	1.2	7.9	74.8	0.0	0.0	0.0
Others	-10.6	-6.3	4.5	0.1	0.0	0.0
Cash flow from operations before changes in w/c	4.7	8.5	-2.2	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	-11.0	9.3	0.6	0.6	-0.1	-0.1
Increase/decrease in accounts payable	0.5	0.8	-0.1	-1.2	0.0	0.0
Increase/decrease in other w/c positions	0.0	-1.9	-1.0	-0.7	0.0	0.0
Increase/decrease in working capital	-10.5	8.2	-0.5	-1.4	-0.1	-0.1
Cash flow from operating activities	-5.8	10.8	-2.7	-0.7	0.6	0.6
CAPEX	0.8	0.0	-0.2	0.0	-0.0	-0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	-2.4	0.4	0.0	0.0	0.0
Income from asset disposals	4.8	0.1	4.0	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	2.6	-1.2	-1.6	0.0	0.0
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	-0.7	-0.8	0.0	-0.1	-0.1
Others	0.0	-2.9	1.0	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	-1.0	-1.6	-0.1	-0.1
Increase/decrease in liquid assets	-0.2	0.4	0.5	-2.3	0.5	0.4
Liquid assets at end of period	0.4	0.8	1.3	-1.0	-0.5	-0.1

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	1.4x	3.7x	-0.3x	10.3x	8.5x	9.0x
P/CF	-3.4x	2.3x	-10.4x	-8.1x	9.3x	10.0x
P/BV	0.5x	0.3x	1.6x	0.3x	0.3x	0.3x
Dividend yield (%)	3.3%	3.3%	0.0%	1.5%	1.8%	1.7%
FCF yield (%)	-29.3%	43.0%	-9.7%	-12.4%	10.7%	10.0%
EV/Sales	0.1x	0.2x	1.2x	3.2x	2.8x	2.6x
EV/EBITDA	0.2x	0.9x	-0.7x	9.8x	6.6x	6.0x
EV/EBIT	0.2x	-0.5x	-0.1x	9.8x	6.6x	6.0x
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	0.8	0.0	-0.2	0.0	-0.0	-0.0
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	-5.0	10.8	-2.9	-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	0.1	0.1	0.1
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%	3.8%	5.0%	4.9%
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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