

123fahrschule SE

Germany | Technology | MCap EUR 23.2m

12 May 2023

UPDATE



123fahrschule pays earn-out in new shares – Remains a BUY

What's it all about?

Since the acquisition, FahrerWerk has been an important part of 123fahrschule's (123fs) strategy, securing sales and earnings growth as well as access to well-trained driving instructors. All signs point to ongoing growth in the second half of the year, targeting to break even on EBITDA level in FY23. We expect this positive development to continue into 2024E, once online theory lessons will again be possible in Germany. After the summer break, the government is expected to introduce a bill to establish digital learning methods nationwide. Together with FahrerWerk, 123fs is in pole position to benefit from this in the long term. Overall, we see the investment case confirmed and reiterate to BUY.

BUY (BUY)

Target price	EUR 12.00 (12.00)
Current price	EUR 7.30
Up/downside	64.4%

 **ResearchHub**



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123fahrschule SE

Germany | Technology | MCap EUR 23.2m | EV EUR 25.0m

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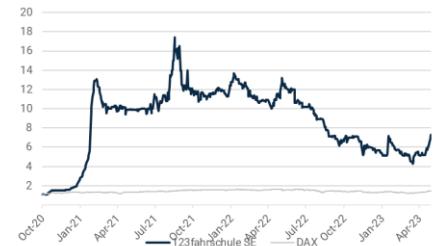
123fahrschule pays earn-out in new shares – Remains a BUY

FahrerWerk acquired in late 2021. FahrerWerk was acquired by 123fs in December 2021 and became an important revenue pillar and strategic component for 123fs. In addition to increasing revenue and earnings, 123fs continues to attract new driving instructors, which had been a bottleneck in its growth strategy due to a shortage of skilled labour. FahrerWerk currently has four training centers (in Erkrath, Recklinghausen, Wesel, and Berlin) with a capacity to educate up to 200 driving instructors per year.

Capital increase: Issue of 71,334 new shares against contribution in kind. Back in December 2021, 123fs acquired FahrerWerk from KlickVentures (which was already 123fs shareholder) for a purchase price EUR 0.6m plus additional (performance-related) earn-out component. Now, KlickVentures draws the agreed earn-out in the amount of EUR 642k. This claim had been granted as an option and corresponds to almost 75% of the first variable tranche of the purchase price (earn-out) according to the purchase agreement. For this purpose, 71,334 new shares (representing only 2.3% of shares outstanding) will be issued at a price of EUR 9.00 per share.

Strategic background and growth information. In the context of the introduction of the Citizen's Basic Income (Bürgergeld) in 2023, FahrerWerk has strongly promoted for the funding of driving instructor training by the Jobcenter and the Agentur für Arbeit. As a result, 123fs has been able to continuously fill the courses that started in the recent weeks with subsidized participants as well as self-payers. According to 123fs, there is strong interest in additional courses starting in H2 2023, as indicated by the large number of registrations already received.

Conclusion. Since the acquisition, FahrerWerk has been an important part of the company's strategy, securing sales and earnings, as well as access to well-trained driving instructors. With clear indication of continued revenue growth in the second half of the year, the target is to break even on EBITDA level in FY23. We expect this positive development to continue in 2024E once online theory lessons are allowed again in Germany. After the summer break, the government is expected to introduce a bill to establish digital learning methods nationwide. Overall, we see the investment case confirmed and reiterate to BUY.



Source: Company data, AlsterResearch

High/low 52 weeks 13.20 / 4.02
Price/Book Ratio 1.3x

Ticker / Symbols

ISIN DE000A2P4HL9
WKN A2P4HL
Bloomberg 123F:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	20.1	-3.6	-1.03
	Δ	0.0%	na%	na%
2024E	old	25.0	-1.6	-0.48
	Δ	0.0%	na%	na%
2025E	old	32.0	-0.5	-0.16
	Δ	0.0%	na%	na%

Key share data

Number of shares: (in m pcs) 3.18
Book value per share: (in EUR) 5.42
Ø trading volume: (12 months) 1,500

Major shareholders

venturecapital.de 14.4%
Delphi 9.1%
KlickVentures 8.1%
Free Float 54.7%

Company description

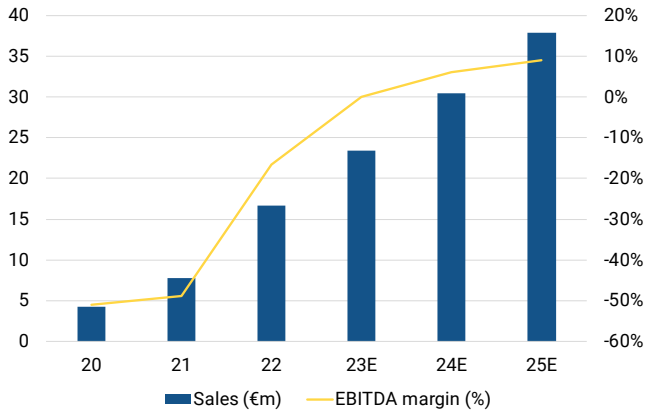
123fahrschule SE is the disruptive player of driving license training and education in Germany. The company's goal is the modernization as well as the digitization of products, services, and processes in order to provide a high-quality training for private and professional customers nationwide. In addition, 123fahrschule is aiming the consolidation of the highly fragmented market.

123fahrschule SE	2020	2021	2022	2023E	2024E	2025E
Sales	4.3	7.8	16.7	20.1	25.0	32.0
<i>Growth yoy</i>	47.2%	81.8%	114.8%	20.8%	24.3%	28.1%
EBITDA	-2.2	-3.8	-2.7	-0.5	1.5	2.7
EBIT	-2.9	-5.7	-5.6	-3.6	-1.6	-0.5
Net profit	-2.0	-4.5	-4.3	-3.2	-1.5	-0.5
Net debt (net cash)	-0.0	-3.1	1.8	3.3	3.5	3.6
Net debt/EBITDA	0.0x	0.8x	-0.7x	-6.5x	2.3x	1.3x
EPS reported	-1.57	-1.85	-1.39	-1.00	-0.47	-0.16
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%
EBITDA margin	-50.9%	-48.9%	-16.0%	-2.5%	6.0%	8.5%
EBIT margin	-66.9%	-73.9%	-33.8%	-17.7%	-6.6%	-1.6%
ROCE	-34.6%	-35.5%	-28.9%	-19.3%	-9.2%	-3.1%
EV/EBITDA	-10.7x	-5.3x	-9.4x	-52.6x	17.8x	9.9x
EV/EBIT	-8.1x	-3.5x	-4.4x	-7.4x	-16.2x	-51.6x
PER	-4.6x	-3.9x	-5.3x	-7.3x	-15.4x	-45.4x
FCF yield	19.6%	-40.3%	-16.0%	-1.1%	3.5%	-0.2%

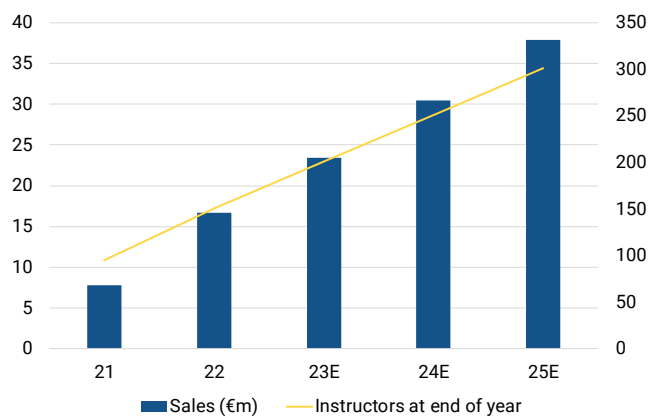
Source: Company data, AlsterResearch

Investment case in six charts

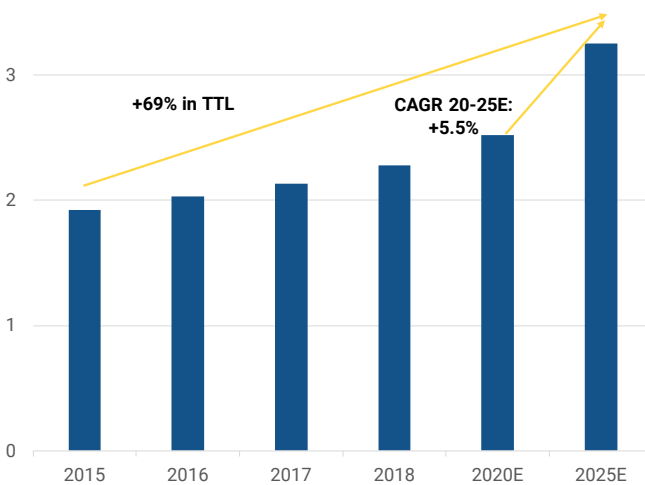
Expected sales growth and EBITDA margin



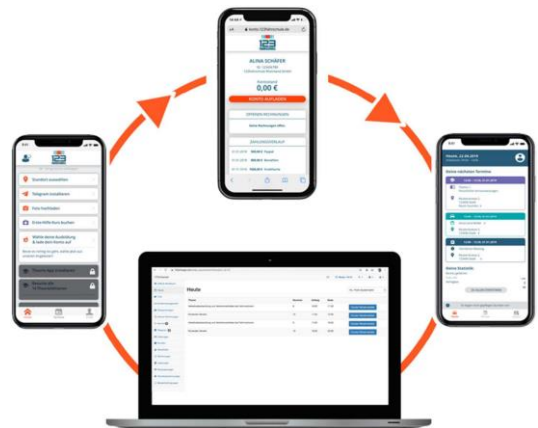
Increasing number of instructors drives top-line



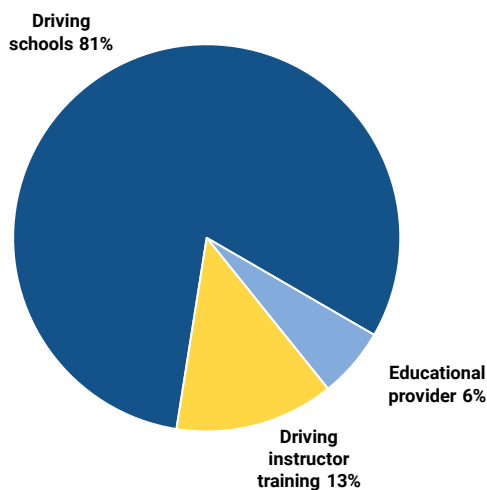
Total market growth 2015-2025E
in EUR bn



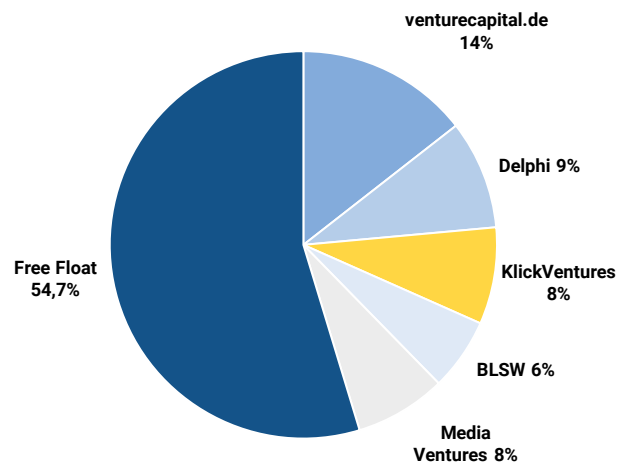
Completely digital interaction via own ecosystem



Segment reporting introduced with FY 2022



Major shareholder



Source: Company data; AlsterResearch

Company background

















Products & services

123fahrschule SE is the disruptive force in the German driving school market. The company's goal is the modernization as well as the digitization of products, services, and processes. 123fahrschule aims to provide high-quality training for private and business customers nationwide. 123fahrschule operates digitally via its proprietary software and e-learning solutions, while many competitors still rely on premise theory lessons in a classroom. However, it is due to the regulatory framework that despite the digital approach physical sites (classrooms) must be operated regionally – at least one site per operating area (e.g., Berlin, Hamburg etc). Therefore, the company runs almost 50 schools at different locations in urban areas across Germany. The company currently employs 160 people, of which 97 are driving instructors (end of December 2021).

Covering the complete value chain

The 123fahrschule application (app) sets new standards by combining all necessary functions: students attend online classes, schedule driving lessons, learn for their theoretical exam, pay bills, and organize all the documents needed for a driving license. This app is a major USP in comparison to other driving schools in Germany. Furthermore, 123fahrschule owns a growing number of physical locations (e.g., Rhine and Ruhr Area, Hamburg, Berlin, Munich, Dresden, Leipzig). In total, a network of almost 50 driving schools was built up already (December 2021). 123fahrschule covers the full customer journey from the acquisition process to customer conversion, followed by the start of theory and practical lessons, as well as the passing of all exams needed, until the driving license is obtained. With the most recent acquisition of a driving school in Leipzig and in the Niederrhine region, 123fahrschule augments its portfolio by the B2B sector (e.g., truck and bus driver) activities. The product portfolio covers nearly all driving licenses in Germany.



Product portfolio of 123fahrschule covers 99% of demand

✓ M		✓ BE	
✓ A		✓ C1E	
	B1 	✓ CE	
✓ B		✓ D1E	
✓ C1		✓ DE	
✓ C		T	
✓ D1		T	
✓ D		✓ F	

Class B1 not provided, as EU regulation not implemented in Germany.
Source: Company data; AlsterResearch

Management

The management team of 123fahrschule has a broad and very deep know-how, gained nationally and internationally. Overall, the team combines numerous stations in small- to large-sized players, in disruptive pioneers (e.g., klicktel, pkw.de, weg.de) and market leaders (e.g., HRS). With this broad base of knowledge and experience, we believe that the company is well on track to transform the driving school market in Germany.

	
Boris Polenske	Timo Beyer
CEO since 2020 Formerly CEO of klicktel, PKW.de and BEWERTET.DE	COO since 2021 Formerly Senior Vice President at HRS and CEO at Comvel and responsible for weg.de.

Source: Company data; AlsterResearch

The management is incentivized via a stock option plan covering 181,448 shares, thus aligning management and shareholder objectives. This stock option programme is linked to the following targets, of which one goal must be achieved successfully:

- Market capitalization above EUR 100m
- Annual sales above EUR 100m
- EBIT above EUR 10m.

Financing milestones

After the founding in 2016, several venture capital firms invested in 123fahrschule, both prior to the reverse IPO and in following capital increases. Additional capital requirements could probably be covered by existing shareholders. However, with raised funds, the company is perceived to be financed for the time being.

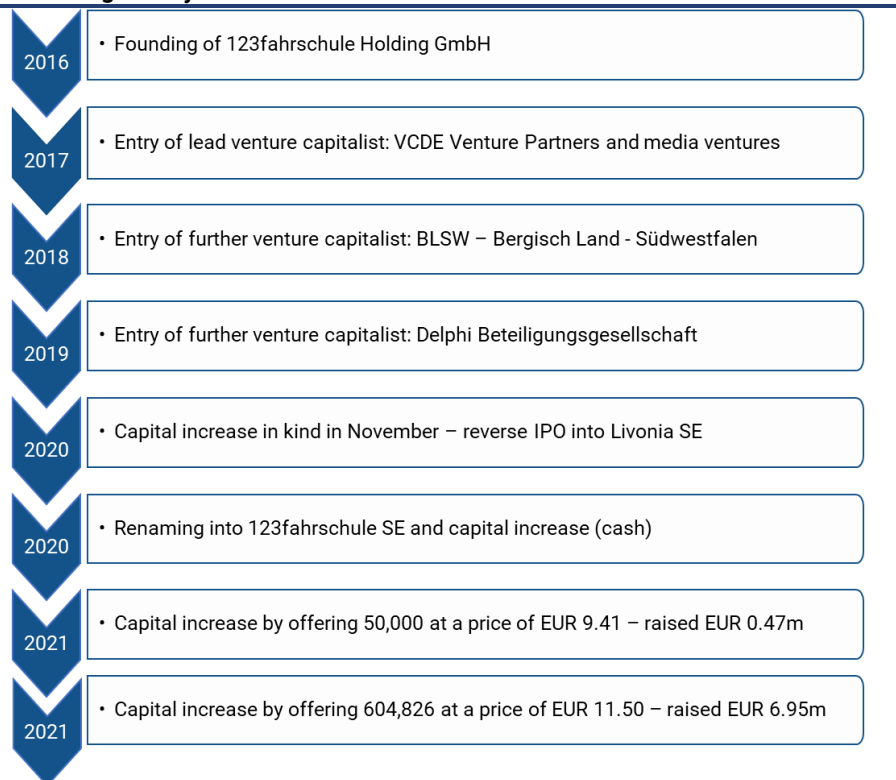
Eye-catching fleet soon throughout Germany

For marketing reasons: The fleet also contains top level cars



Source: Company data; AlsterResearch

Financing history

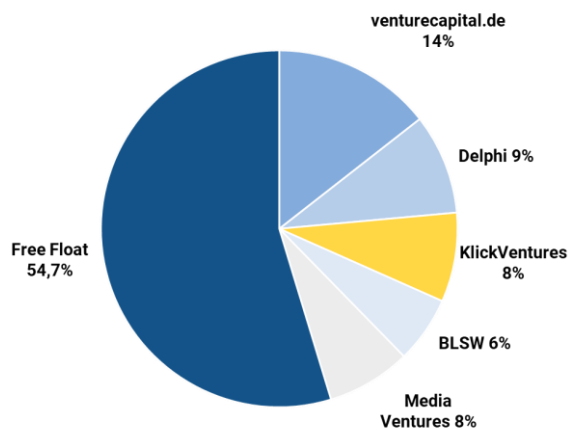


Source: Company data; AlsterResearch

Shareholders structures

The current shareholder structure reflects the early investments of VC firms. KlickVentures is the investment vehicle of CEO Boris Polenske.

Shareholder structure



Source: Company data; AlsterResearch

SWOT analysis

Strengths

- Scalable B2C business model
- First mover advantage in a roll-up business model
- Experienced management team
- Knowledge and learnings of customer behaviour can be adopted & scaled
- Diversified revenue streams (B2C business) across Germany
- Agility and flexibility due to a lean organisational structure
- Favourable purchase multiples visible in low goodwill despite several M&A transactions (HGB)
- Own education of driving instructors solves skilled worker bottleneck

Weaknesses

- Steady need of technical innovation / development and hence IT costs
- Constant implementation of changed regulations regarding software and continued education of instructors necessary
- International expansion unlikely due to the heterogenous regulatory environment across Europe

Opportunities

- German driving school market in transition: consolidation & digitization
- Highly fragmented market offers attractive M&A opportunities
- Covid-19 could serve as catalyst for increasing online penetration
- Roll-up model provides above-average growth opportunities in a stable growing market

Threats

- Overall high market rivalry due to broad competitions – fragmented market
- Copycats: Digital players could adopt the business model
- Easing of regulatory framework needed for faster expansion
- Return of pandemic related barriers e.g., no driving exams or bottleneck of exam dates

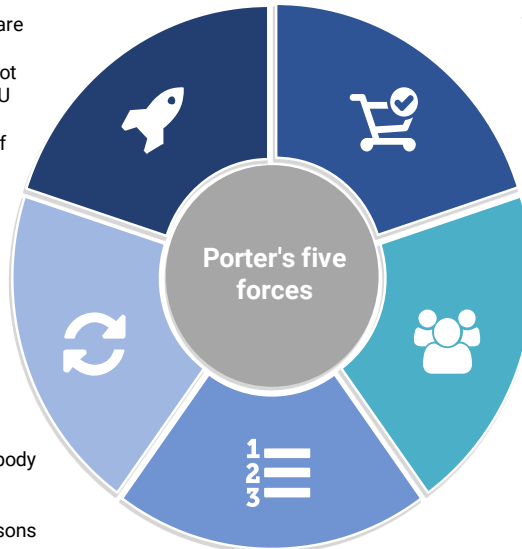
Porter's Five Forces

Threat of new entrants

- Barrier to entry are rather low, however, in-depth IT know-how, reputation and financial resources are needed
- Entry of international competition not expected. Legal situation in other EU countries is absolutely not comparable. International scaling of the business model hardly possible
- Nevertheless, digitization is at an early stage, therefore enough room for copycats to enter the market

Threat of substitutes

- There are **no substitutes** as everybody who wants to drive a vehicle in Germany needs an official driving license – after passing driving lessons



Bargaining power of suppliers

- The company is not dependent on any specific supplier. Therefore, no supplier has any bargaining power over 123fahrerschule

Bargaining power of customers

- B2C market – therefore students have clearly no bargaining power

Competitive rivalry

- Strong rivalry among existing driving schools, but mainly locally. There are no nationwide available offerings by single schools
- Highly fragmented market with plenty of really small (one-man-show) and several smaller players, however, this environment offers huge potential for the aimed M&A strategy

Source: AlsterResearch

Valuation

DCF Model

The DCF model results in a **fair value of EUR 11.73 per share**:

Top-line growth: We expect 123fahrschule SE to grow revenues at a CAGR of 15.3% between 2023E and 2030E. The long-term growth rate is set at 1.5%.

ROCE. Returns on capital are developing from -19.3% in 2023E to 12.9% in 2030E.

WACC. Starting point is a historical equity beta of 1.40. Unlevering and correcting for mean reversion yields an asset beta of 1.17. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 16.4%. With pre-tax cost of borrowing at 5.0%, a tax rate of 30.0% and target debt/equity of 1.5 this results in a long-term WACC of 8.7%.

DCF (EURm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	-3.1	-1.5	-0.5	0.4	0.9	2.3	2.7	2.7	
Depreciation & amortization	3.1	3.1	3.2	3.3	3.4	2.8	2.9	2.9	
Change in working capital	0.8	0.6	-0.3	0.0	0.2	0.4	0.7	0.9	
Chg. in long-term provisions	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	
Capex	-2.2	-2.5	-2.6	-2.3	-3.3	-3.2	-3.1	-3.1	
Cash flow	-1.4	-0.1	-0.1	1.5	1.3	2.4	3.2	3.5	49.5
Present value	-1.6	-0.2	-0.1	1.3	1.0	1.7	2.1	2.1	31.0
WACC	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	8.7%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	37.4	Planning horizon avg. revenue growth (2023E-2030E)	15.3%
Mid-year adj. total present value	39.1	Terminal value growth (2030E - infinity)	1.5%
Net debt / cash at start of year	1.8	Terminal year ROCE	12.9%
Financial assets	0.1	Terminal year WACC	8.7%
Provisions and off b/s debt	na		
Equity value	37.3		
No. of shares outstanding	3.2		
Discounted cash flow / share upside/(downside)			
	11.73 60.7%		
		Terminal WACC derived from	
		Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	30.0%
		Equity beta	1.40
		Unlevered beta (industry or company)	1.17
		Target debt / equity	1.5
		Relevered beta	2.40
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	16.4%
Share price			
	7.30		

Sensitivity analysis DCF

Change in WACC (%-points)		Long term growth					Share of present value		
		0.5%	1.0%	1.5%	2.0%	2.5%			
2.0%		7.8	8.2	8.6	9.1	9.6	2023E-2026E	-1.3%	
1.0%		9.0	9.4	10.0	10.6	11.3	2027E-2030E	18.6%	
0.0%		10.4	11.0	11.7	12.5	13.5	terminal value	82.7%	
-1.0%		12.2	13.1	14.1	15.2	16.6			
-2.0%		14.6	15.8	17.3	19.0	21.2			

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 -5.88 per share based on 2023E and EUR 13.58 per share on 2027E 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	2023E	2024E	2025E	2026E	2027E
EBITDA	-0.5	1.5	2.7	3.8	4.4
- Maintenance capex	1.0	1.5	2.5	1.2	1.2
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	-0.4	-0.2	-0.1	0.1	0.1
= Adjusted FCF	-1.1	0.2	0.3	2.6	3.1
Actual Market Cap	23.2	23.2	23.2	23.2	23.2
+ Net debt (cash)	3.3	3.5	3.6	2.2	0.9
+ 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	0.0	0.0	0.0	0.0	0.0
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	3.3	3.5	3.6	2.2	0.9
= Actual EV'	26.5	26.7	26.8	25.4	24.1
Adjusted FCF yield	-4.1%	0.8%	1.1%	10.3%	12.8%
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	-15.4	2.9	4.2	37.5	44.1
- <i>EV Reconciliations</i>	3.3	3.5	3.6	2.2	0.9
Fair Market Cap	-18.7	-0.5	0.6	35.3	43.2
No. of shares (million)	3.2	3.2	3.2	3.2	3.2
Fair value per share in EUR	-5.88	-0.16	0.17	11.11	13.58
Premium (-) / discount (+)	-180.5%	-102.3%	-97.6%	52.2%	86.0%

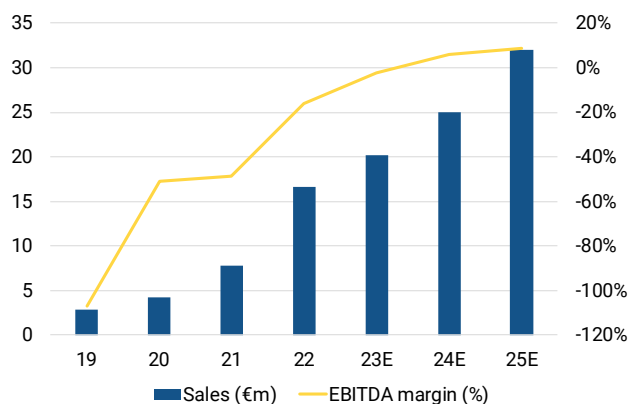
Sensitivity analysis fair value						
Adjusted hurdle rate	5.0%	-7.8	0.2	0.7	15.8	19.1
	6.0%	-6.7	-0.0	0.4	13.1	15.9
	7.0%	-5.9	-0.2	0.2	11.1	13.6
	8.0%	-5.3	-0.3	0.0	9.6	11.8
	9.0%	-4.8	-0.4	-0.1	8.5	10.5

Source: Company data; AlsterResearch

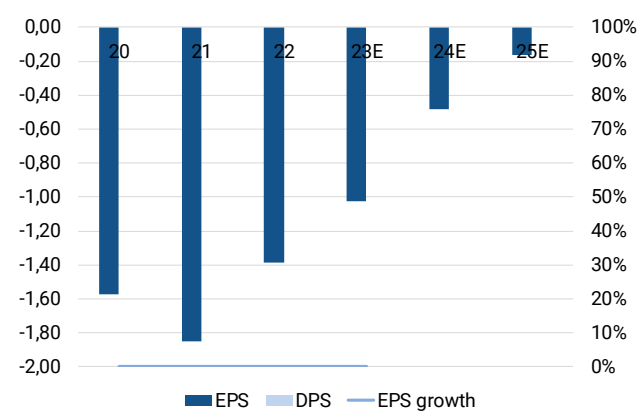
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

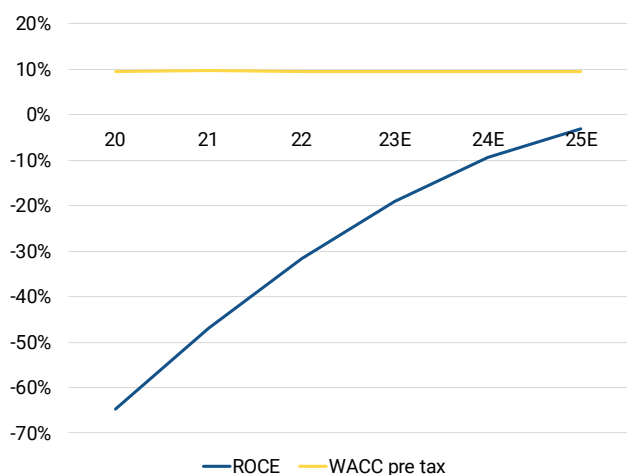
Sales vs. EBITDA margin development



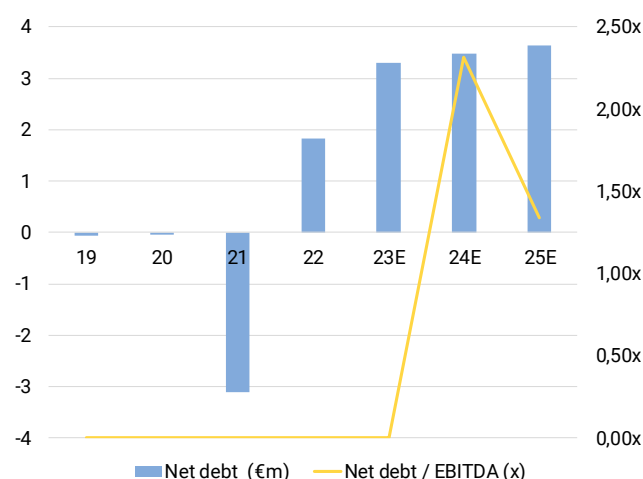
EPS, DPS in EUR & yoy EPS growth



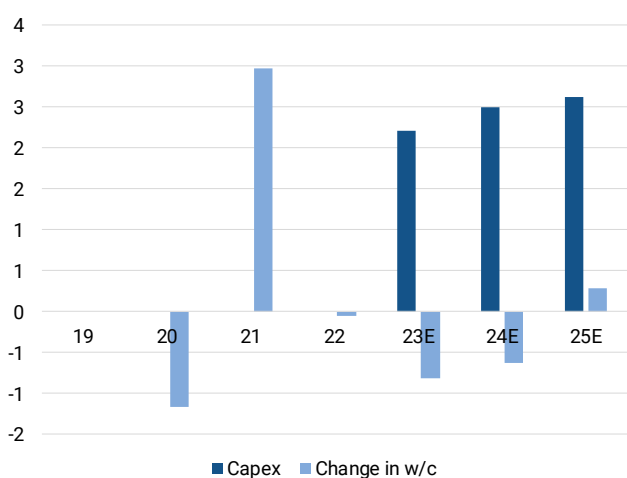
ROCE vs. WACC (pre tax)



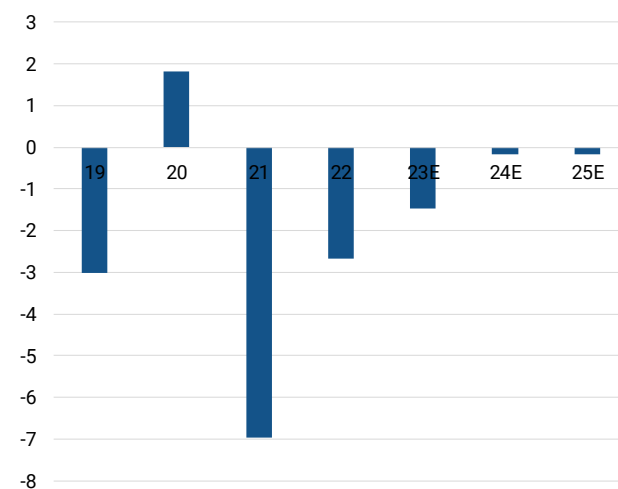
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EUR m)	2020	2021	2022	2023E	2024E	2025E
Net sales	4.3	7.8	16.7	20.1	25.0	32.0
Sales growth	47.2%	81.8%	114.8%	20.8%	24.3%	28.1%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	4.3	7.8	16.7	20.1	25.0	32.0
Material expenses	0.0	0.0	0.0	0.0	0.0	0.0
Gross profit	4.3	7.8	16.7	20.1	25.0	32.0
Other operating income	0.2	0.3	1.1	0.0	0.0	0.0
Personnel expenses	3.6	6.2	12.0	13.5	15.8	20.0
Other operating expenses	3.1	5.6	8.4	7.1	7.8	9.3
EBITDA	-2.2	-3.8	-2.7	-0.5	1.5	2.7
Depreciation	0.0	0.1	1.0	1.0	1.1	1.1
EBITA	-2.2	-3.9	-3.6	-1.5	0.4	1.6
Amortisation of goodwill and intangible assets	0.7	1.8	2.0	2.0	2.1	2.1
EBIT	-2.9	-5.7	-5.6	-3.6	-1.6	-0.5
Financial result	-0.0	-0.0	-0.0	-0.1	-0.1	-0.1
Recurring pretax income from continuing operations	-2.9	-5.7	-5.7	-3.6	-1.7	-0.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-2.9	-5.7	-5.7	-3.6	-1.7	-0.6
Taxes	-0.9	-1.3	-1.4	-0.4	-0.2	-0.1
Net income from continuing operations	-2.0	-4.5	-4.3	-3.2	-1.5	-0.5
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-2.0	-4.5	-4.3	-3.2	-1.5	-0.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-2.0	-4.5	-4.3	-3.2	-1.5	-0.5
Average number of shares	1.26	2.42	3.11	3.18	3.18	3.18
EPS reported	-1.57	-1.85	-1.39	-1.00	-0.47	-0.16

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%	0%	0%	0%	0%	0%
Gross profit	100%	100%	100%	100%	100%	100%
Other operating income	6%	4%	6%	0%	0%	0%
Personnel expenses	84%	80%	72%	67%	63%	62%
Other operating expenses	72%	73%	50%	36%	31%	29%
EBITDA	-51%	-49%	-16%	-3%	6%	8%
Depreciation	0%	2%	6%	5%	4%	3%
EBITA	-51%	-51%	-22%	-8%	2%	5%
Amortisation of goodwill and intangible assets	16%	23%	12%	10%	8%	7%
EBIT	-67%	-74%	-34%	-18%	-7%	-2%
Financial result	-1%	-0%	-0%	-0%	-0%	-0%
Recurring pretax income from continuing operations	-68%	-74%	-34%	-18%	-7%	-2%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-68%	-74%	-34%	-18%	-7%	-2%
Taxes	-21%	-16%	-8%	-2%	-1%	-0%
Net income from continuing operations	-47%	-58%	-26%	-16%	-6%	-2%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-47%	-58%	-26%	-16%	-6%	-2%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	-47%	-58%	-26%	-16%	-6%	-2%

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	0.8	1.0	1.7	0.7	-0.4	-1.9
Goodwill	8.7	8.2	9.2	9.2	9.2	9.2
Property, plant and equipment	0.9	1.5	4.5	4.7	5.2	6.0
Financial assets	0.0	0.1	0.0	0.0	0.0	0.0
FIXED ASSETS	10.3	10.9	15.4	14.6	13.9	13.3
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.4	0.4	3.5	3.6	4.5	5.3
Other current assets	0.6	1.8	2.3	2.3	2.3	2.3
Liquid assets	0.0	3.2	0.3	0.4	1.0	0.4
Deferred taxes	0.3	1.6	3.0	3.0	3.0	3.0
Deferred charges and prepaid expenses	0.1	0.0	0.2	0.2	0.3	0.3
CURRENT ASSETS	1.4	7.0	9.3	9.5	11.0	11.3
TOTAL ASSETS	11.8	17.9	24.8	24.1	25.0	24.6
SHAREHOLDERS EQUITY	7.9	15.8	16.8	14.2	12.7	12.2
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.0	0.0	1.5	2.5	2.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.4	0.3	0.5	0.5	0.6	0.6
Non-current liabilities	0.4	0.3	0.5	2.0	3.1	2.6
short-term liabilities to banks	0.0	0.1	2.2	2.2	2.0	2.0
Accounts payable	0.0	0.1	1.1	1.2	1.3	1.4
Advance payments received on orders	1.2	1.0	1.3	2.4	3.5	3.5
Other liabilities (incl. from lease and rental contracts)	1.3	0.6	2.0	1.6	1.7	1.8
Deferred taxes	1.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.9	1.0	1.3	1.6
Current liabilities	3.5	1.8	7.5	7.8	9.8	10.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	11.8	17.9	24.8	24.1	25.6	25.2

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	6%	6%	7%	3%	-2%	-8%
Goodwill	74%	46%	37%	38%	37%	37%
Property, plant and equipment	7%	9%	18%	20%	21%	24%
Financial assets	0%	1%	0%	0%	0%	0%
FIXED ASSETS	88%	61%	62%	61%	56%	54%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	4%	2%	14%	15%	18%	21%
Other current assets	5%	10%	9%	10%	9%	9%
Liquid assets	0%	18%	1%	2%	4%	1%
Deferred taxes	3%	9%	12%	12%	12%	12%
Deferred charges and prepaid expenses	1%	0%	1%	1%	1%	1%
CURRENT ASSETS	12%	39%	38%	39%	44%	46%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	67%	88%	68%	59%	51%	50%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	0%	0%	6%	10%	8%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	3%	2%	2%	2%	2%	2%
Non-current liabilities	3%	2%	2%	8%	12%	11%
short-term liabilities to banks	0%	0%	9%	9%	8%	8%
Accounts payable	0%	1%	5%	5%	5%	6%
Advance payments received on orders	10%	5%	5%	10%	14%	14%
Other liabilities (incl. from lease and rental contracts)	11%	3%	8%	7%	7%	7%
Deferred taxes	8%	0%	0%	0%	0%	0%
Deferred income	0%	0%	4%	4%	5%	7%
Current liabilities	30%	10%	30%	32%	39%	42%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	102%	102%

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	-1.2	-4.5	-4.3	-3.2	-1.5	-0.5
Depreciation of fixed assets (incl. leases)	0.5	0.0	0.9	1.0	1.1	1.1
Amortisation of goodwill	0.0	1.8	2.1	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	2.0	2.1	2.1
Others	1.3	-1.3	-1.4	0.1	0.1	0.0
Cash flow from operations before changes in w/c	0.7	-4.0	-2.7	-0.1	1.7	2.7
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	0.6	-1.3	-3.7	-0.1	-0.9	-0.8
Increase/decrease in accounts payable	0.6	-1.8	3.6	0.1	0.1	0.1
Increase/decrease in other w/c positions	0.0	0.1	0.2	0.8	1.4	0.4
Increase/decrease in working capital	1.2	-3.0	0.1	0.8	0.6	-0.3
Cash flow from operating activities	1.8	-7.0	-2.7	0.8	2.3	2.5
CAPEX	0.0	0.0	0.0	-2.2	-2.5	-2.6
Payments for acquisitions	-10.8	-2.2	-5.5	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	-2.1	0.0	0.0	0.0
Cash flow from investing activities	-10.8	-2.2	-7.6	-2.2	-2.5	-2.6
Cash flow before financing	-9.0	-9.1	-10.2	-1.4	-0.2	-0.2
Increase/decrease in debt position	0.0	0.1	2.1	1.5	0.8	-0.5
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	8.8	12.4	5.4	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	-0.2	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	8.8	12.3	7.5	1.5	0.8	-0.5
Increase/decrease in liquid assets	-0.2	3.1	-2.7	0.1	0.6	-0.7
Liquid assets at end of period	0.0	3.2	0.4	0.5	1.1	0.5

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	4.3	7.8	16.7	20.1	25.0	32.0
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	4.3	7.8	16.7	20.1	25.0	32.0

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	-1.57	-1.85	-1.39	-1.00	-0.47	-0.16
Cash flow per share	1.43	-2.94	-1.17	-0.08	0.25	-0.01
Book value per share	6.21	6.53	5.42	4.48	4.01	3.85
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-4.6x	-3.9x	-5.3x	-7.3x	-15.4x	-45.4x
P/CF	5.1x	-2.5x	-6.2x	-94.5x	28.9x	-493.5x
P/BV	1.2x	1.1x	1.3x	1.6x	1.8x	1.9x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	19.6%	-40.3%	-16.0%	-1.1%	3.5%	-0.2%
EV/Sales	5.4x	2.6x	1.5x	1.3x	1.1x	0.8x
EV/EBITDA	-10.7x	-5.3x	-9.4x	-52.6x	17.8x	9.9x
EV/EBIT	-8.1x	-3.5x	-4.4x	-7.4x	-16.2x	-51.6x
Income statement (EURm)						
Sales	4.3	7.8	16.7	20.1	25.0	32.0
yoy chg in %	47.2%	81.8%	114.8%	20.8%	24.3%	28.1%
Gross profit	4.3	7.8	16.7	20.1	25.0	32.0
Gross margin in %	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%
EBITDA	-2.2	-3.8	-2.7	-0.5	1.5	2.7
EBITDA margin in %	-50.9%	-48.9%	-16.0%	-2.5%	6.0%	8.5%
EBIT	-2.9	-5.7	-5.6	-3.6	-1.6	-0.5
EBIT margin in %	-66.9%	-73.9%	-33.8%	-17.7%	-6.6%	-1.6%
Net profit	-2.0	-4.5	-4.3	-3.2	-1.5	-0.5
Cash flow statement (EURm)						
CF from operations	1.8	-7.0	-2.7	0.8	2.3	2.5
Capex	0.0	0.0	0.0	-2.2	-2.5	-2.6
Maintenance Capex	0.0	0.1	1.0	1.0	1.5	2.5
Free cash flow	1.8	-7.0	-2.7	-1.4	-0.2	-0.2
Balance sheet (EURm)						
Intangible assets	9.5	9.2	10.9	9.9	8.8	7.4
Tangible assets	0.9	1.5	4.5	4.7	5.2	6.0
Shareholders' equity	7.9	15.8	16.8	14.2	12.7	12.2
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	0.4	0.4	2.6	4.2	5.1	4.6
Net financial debt	-0.0	-3.1	1.8	3.3	3.5	3.6
w/c requirements	-0.8	-0.7	1.1	-0.0	-0.4	0.3
Ratios						
ROE	-25.3%	-28.4%	-25.6%	-22.4%	-11.8%	-4.2%
ROCE	-34.6%	-35.5%	-28.9%	-19.3%	-9.2%	-3.1%
Net gearing	-0.4%	-19.6%	10.9%	23.0%	27.3%	29.8%
Net debt / EBITDA	0.0x	0.8x	-0.7x	-6.5x	2.3x	1.3x

Source: Company data; AlsterResearch

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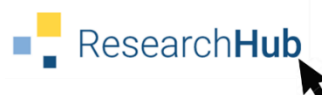
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