

Performance One AG

Germany | Media | MCap EUR 4.1m

2 July 2024

UPDATE



PERFORMANCE ONE

Final figures confirm
prelims; Outlook released;
Remains a BUY.

What's it all about?

Performance One (PO1) navigated a turbulent economic environment in 2023, driven by global issues such as the Ukraine conflict, inflation, and rising interest rates. Despite these challenges, the company achieved stable sales and a slightly positive EBITDA, aided by a reduction in headcount. Looking ahead to 2024, PO1 offers conservative guidance, anticipating revenues between EUR 11.6m and EUR 12.6m with stable to improved EBITDA of EUR 0.0 to EUR 0.3m. The company remains optimistic about the demand for digital services and the potential cost benefits from AI-driven digitization. Overall, PO1 is positioned to benefit from the ongoing digitalization trend, with strong demand for digital consulting and implementation as well as its E-health offerings, which are the major driver for the company's growth. With only marginally adjusted estimates, we confirm our BUY rating and maintain a price target of EUR 14.20.

BUY (BUY)

Target price	EUR 14.20 (14.20)
Current price	EUR 3.48
Up/downside	308.0%



MAIN AUTHOR

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Performance One AG

Germany | Media | MCap EUR 4.1m | EV EUR 5.1m

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Final figures confirm prelims; Outlook released; Remains a BUY.

A challenging year 2023. In 2023, PO1 experienced a turbulent economic period, heavily influenced by global challenges. Despite the difficult but familiar conditions (keywords: Ukraine, inflation, rising interest rates), the company performed well and generated a stable level of sales. As the consumer segment, which usually accounts for the largest share of all marketing budgets, was particularly affected by the weakness, PO1's overall achievements are quite respectable.

Final figures in line. PO1 achieved sales of EUR 12.5m in the FY23, an increase of +6% compared to the previous year. The group did well in a difficult market environment and further expand its services, particularly in the area of digital marketing and data-driven solutions. As a result of revenue growth and cost cutting, EBITDA reached break-even with EUR 0.1m (EUR -0.7m FY22), mainly due to the reduction in headcount from 110 to 81 at balance sheet day. Personnel cost decreased from EUR 5.9m to EUR 5.4m, although this cost reduction is expected to show its full effect in 2024 due to the timing effect and one-off costs/ severance pay.

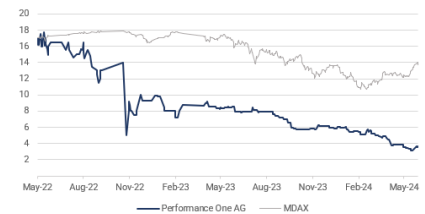
Forecasts cautious optimism. PO1 remains cautiously optimistic for FY24 and provides a rather conservative guidance as usual. The company expects slightly declining to stable revenues in a range of EUR 11.6m to EUR 12.6m with stable to improved EBITDA of EUR 0.0m to EUR 0.3m. This forecast is largely in line with the 2023 figures, but is also based on the assumption that the economic situation will not deteriorate and that demand for digital services will remain stable. In our view, AI-driven digitization has only just begun and should continue to drive demand for PO1's offerings over the long term. In addition, ramp-up costs for the E-health activities should disappear in the future which clearly supports PO1's profitability.

Conclusion. We believe PO1 is well positioned to benefit from the ongoing digitalization and shift of marketing budgets to digital channels. Demand for digital consulting and implementation remains strong. A main asset is E-Health Evolutions GmbH. This subsidiary is becoming an increasingly important pillar of PO1's growth strategy.

- continued -

Performance One AG	2021	2022	2023	2024E	2025E	2026E
Sales	12.4	11.8	12.5	12.2	14.1	15.8
Growth yoy	19.7%	-5.0%	6.3%	-2.7%	15.6%	12.0%
EBITDA	-1.5	-0.7	0.1	0.3	0.6	1.0
EBIT	-1.8	-1.2	-0.5	-0.2	0.3	0.7
Net profit	-1.5	-1.0	-0.5	-0.2	0.3	0.6
Net debt (net cash)	1.1	1.2	1.0	1.6	1.1	0.4
Net debt/EBITDA	-0.7x	-1.6x	9.8x	6.2x	1.6x	0.4x
EPS reported	-2.16	-0.96	-0.42	-0.15	0.23	0.49
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	65.0%	63.6%	59.7%	63.2%	64.6%	65.6%
EBITDA margin	-12.3%	-6.3%	0.8%	2.1%	4.6%	6.5%
EBIT margin	-14.6%	-10.3%	-3.6%	-1.4%	2.3%	4.2%
ROCE	-94.2%	-44.6%	-18.9%	-6.0%	10.4%	17.4%
EV/Sales	0.4x	0.5x	0.4x	0.5x	0.4x	0.3x
EV/EBITDA	-3.4x	-7.2x	52.7x	22.7x	8.1x	4.5x
EV/EBIT	-2.9x	-4.4x	-11.2x	-33.8x	15.7x	6.8x
PER	-1.6x	-3.6x	-8.3x	-23.6x	15.0x	7.1x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 8.50 / 3.10
Price/Book Ratio 7.1x

Ticker / Symbols
ISIN DE000A12UMB1
WKN A12UMB
Bloomberg PO1:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	12.6	-0.0	-0.06
	Δ	-3.2%	na%	na%
2025E	old	14.1	0.3	0.28
	Δ	0.0%	1.5%	-16.3%
2026E	old	15.8	0.6	0.57
	Δ	0.0%	3.8%	-14.4%

Key share data

Number of shares: (in m pcs) 1.19
Book value per share: (in EUR) 0.49
Ø trading vol.: (12 months) 941

Major shareholders

Management & Board 55.3%
Free Float 44.7%

Company description

Performance One AG is a German-based digital solutions provider. Its products and solutions are data and artificial intelligence (AI) driven, that help in digitalizing marketing and sales strategies. In its new business activities, Performance One offers data analysis services and develops business intelligence software called BIGNITE as well as an online platform for psychological self-therapy named couch.now.

E-Health's focus is on digital healthcare services via software and applications (see below 'couch:now'; mental health super-app 'harmony'). The company's initiatives in these areas, including AI, could unlock a huge sales potential if successfully implemented. According to PO1, the E-health subsidiary alone is targeted to grow to EUR 58m in sales by 2027, with an EBITDA margin of over 25% in perspective. We slightly adjust our estimates for 2024 and 2025 to reflect the guidance, however, our long-term estimates remain untouched. Therefore, the BUY rating as well as the price target of EUR 14.20 are being confirmed.

E-Health Evolutions GmbH – in a nutshell.

E-Health Evolutions GmbH bundles the group's digital health activities and primarily markets the up-and-running platform couch:now and the mental health super app harmony, which is about to be launched in the second half of 2024. PO1 aims to further development the AI-driven services, strengthen the sales activities and boost the internationalization.

E-Health Evolutions GmbH was founded in 2021 by three founders (PO1 holds c. 70%) with a clear vision: Everyone has a basic right to mental health. E-Health Evolutions wants to help people all over the world to reduce their mental stress and strengthen their mental immune system. To this end, the company is developing the first holistic mental health super-app and building the mental health lifestyle brand.

In 2021, the successful launch of PBaaS platform couch:now (Psychological Counseling as a Service) took place. This offering was expanded by two theme worlds in 2022 to provide proof-of-market evaluation. In 2023, the effectiveness of the method in reducing stress was scientifically proven and health insurance companies already offer couch:now to their customers and employees.

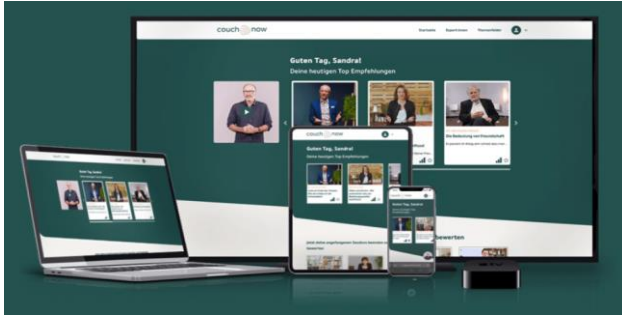
The following table displays the half-year performance of **Performance One AG**:

P&L data	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023	H2 2023
Sales	5.0	5.4	5.3	7.1	5.9	5.9	5.8	6.7
yoy growth in %	na	na	6.2%	32.3%	11.5%	-17.2%	-1.3%	13.9%
Gross profit	3.3	3.6	3.4	4.7	3.7	3.8	3.2	4.1
Gross margin in %	66.1%	67.0%	64.2%	65.6%	61.9%	65.3%	55.1%	61.2%
EBITDA	0.4	0.4	-0.4	-1.0	-0.7	0.3	0.0	0.1
EBITDA margin in %	7.2%	8.0%	-7.8%	-13.8%	-12.6%	5.5%	-0.3%	1.7%
EBIT	0.3	0.3	-0.6	-1.2	-1.2	-0.1	-0.3	-0.2
EBIT margin in %	6.4%	6.0%	-11.5%	-17.5%	-20.4%	-0.9%	-4.3%	-3.7%
EBT	0.3	0.3	-0.6	-1.3	-1.2	0.0	-0.3	-0.2
taxes paid	0.1	0.1	0.1	-0.3	0.0	0.0	0.0	0.0
tax rate in %	35.9%	33.7%	-12.5%	22.4%	-2.0%	-33.5%	-6.0%	21.4%
net profit	0.2	0.2	-0.6	-0.9	-1.1	0.0	-0.3	-0.2
yoy growth in %	na	na	na	na	na	na	na	na
EPS	0.20	0.21	-0.64	-2.25	-1.03	0.01	-0.24	-0.17

Source: Company data; mwb research

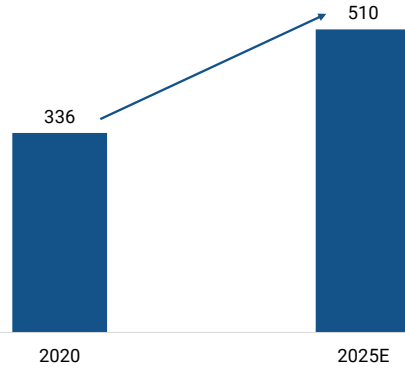
Investment case in six charts

E-mental-health platform: couch:now

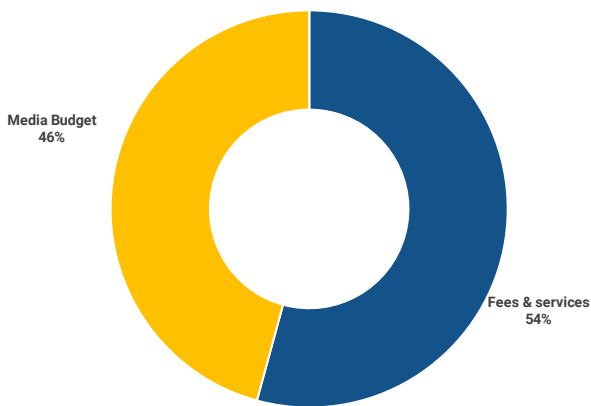


Global digital marketing spending

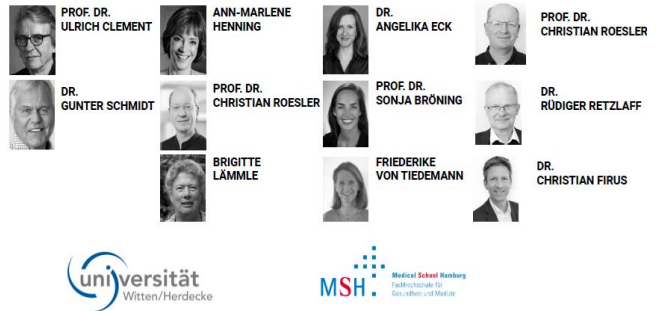
(in USD bn)



Segmental breakdown in %



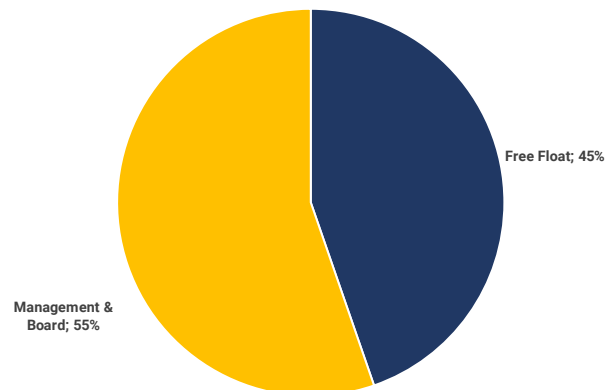
couch:now content created by >40 experts



Serving more than 150 well-known customers



Major Shareholders



Source: Company data, mwb research

SWOT analysis

Strengths

- Proven track-record with well-known Blue-Chip clients (>150 clients)
- Balanced client portfolio across several industries
- Experienced management team
- Management and workforce are incentivized via share program
- Agility and flexibility due to a lean organizational structure and a generally asset light business model
- BIGNITE is the USP-service which is being rolled-out
- couch:now is a strongly scalable B2C business model
- Revenue streams become more diversified and less cyclical due to implemented SaaS business model - increasing share of recurring revenues

Weaknesses

- As of now, fees and service revenues from Digital Services represent almost 100% of sales and are mostly project based which occurs with several risk factors
- Sales of digital services are partly performance and success-dependent
- High fixed cost base due to labor costs
- Steady need of technical innovation / development and hence IT costs

Opportunities

- Offered AI-driven Software-as-a-Service (SaaS) should meet market requirements of steady data analysis to derive fast management decision
- High sales growth opportunities with existing and new customers
- SaaS model is appealing and interesting for smaller customers, due to lower ramp-up costs and reduced integration barriers
- Growing demand for digital solutions in all industries
- Successful approval of couch:now by The Federal Institute for Drugs and Medical Devices enables reimbursement at health insurances

Threats

- Marketing budgets are among the first to be cut in times of economic downturn
- Fight for talents in field of IT and marketing
- Copycats: Digital players could try to adopt the business model
- Overall high market rivalry due to broad competition – fragmented market
- Marketing often only works via strong platforms such as google, facebook and amazon, which are known to have a strong market position

Valuation

DCF Model

The DCF model results in a **fair value of EUR 14.06 per share**:

Top-line growth: We expect Performance One AG to grow revenues at a CAGR of 9.0% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from -6.0% in 2024E to 18.9% in 2031E.

WACC. Starting point is a historical equity beta of 1.50. Unlevering and correcting for mean reversion yields an asset beta of 1.11. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.2%. 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 8.7%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	-0.2	0.3	0.6	1.0	1.2	1.4	1.5	1.8	
Depreciation & amortization	0.4	0.3	0.4	0.4	0.4	0.4	0.5	0.5	
Change in working capital	-0.4	0.1	0.1	0.1	0.1	0.0	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	-0.8	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.7	
Cash flow	-0.9	0.2	0.6	0.9	1.2	1.3	1.4	1.6	24.8
Present value	-0.8	0.2	0.5	0.7	0.8	0.8	0.8	0.8	13.2
WACC	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	8.7%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	16.9	Planning horizon avg. revenue growth (2024E-2031E)	9.0%
Mid-year adj. total present value	17.7	Terminal value growth (2031E - infinity)	2.0%
Net debt / cash at start of year	1.0	Terminal year ROCE	18.9%
Financial assets	0.2	Terminal year WACC	8.7%
Provisions and off b/s debt	na		
Equity value	16.8	Terminal WACC derived from	
No. of shares outstanding	1.2	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25.0%
		Equity beta	1.50
		Unlevered beta (industry or company)	1.11
		Target debt / equity	0.5
		Relevered beta	1.53
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	11.2%
Discounted cash flow / share upside/(downside)	14.06 304.1%		
Share price	3.66		

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%	9.1	9.5	10.0	10.5	11.1	2024E-2027E	2.9%
1.0%	10.6	11.1	11.8	12.5	13.3	2028E-2031E	18.9%
0.0%	12.5	13.2	14.1	15.1	16.2	terminal value	78.2%
-1.0%	14.9	15.9	17.2	18.7	20.5		
-2.0%	18.2	19.8	21.7	24.0	27.0		

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 1.73 per share based on 2024E and EUR 18.95 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	0.3	0.6	1.0	1.4	1.8
- Maintenance capex	0.0	0.1	0.1	0.2	0.2
- Minorities	-0.0	0.0	0.1	0.1	0.1
- tax expenses	0.0	0.0	0.0	0.0	0.0
= Adjusted FCF	0.3	0.5	0.8	1.2	1.4
Actual Market Cap	4.4	4.4	4.4	4.4	4.4
+ Net debt (cash)	1.6	1.1	0.4	-0.6	-1.9
+ 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>	1.6	1.1	0.4	-0.6	-1.9
= Actual EV'	5.9	5.4	4.8	3.8	2.5
Adjusted FCF yield	4.3%	9.2%	17.0%	30.7%	58.4%
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	3.6	7.1	11.6	16.6	20.7
- <i>EV Reconciliations</i>	1.6	1.1	0.4	-0.6	-1.9
Fair Market Cap	2.1	6.1	11.2	17.2	22.6
No. of shares (million)	1.2	1.2	1.2	1.2	1.2
Fair value per share in EUR	1.73	5.10	9.40	14.44	18.95
Premium (-) / discount (+)	-50.4%	46.6%	170.2%	314.9%	444.4%

Sensitivity analysis FV						
	5.0%	2.9	7.5	13.3	20.0	25.9
Adjusted hurdle rate	6.0%	2.2	6.1	11.0	16.8	21.8
	7.0%	1.7	5.1	9.4	14.4	18.9
	8.0%	1.3	4.4	8.2	12.7	16.8
	9.0%	1.0	3.8	7.2	11.3	15.1

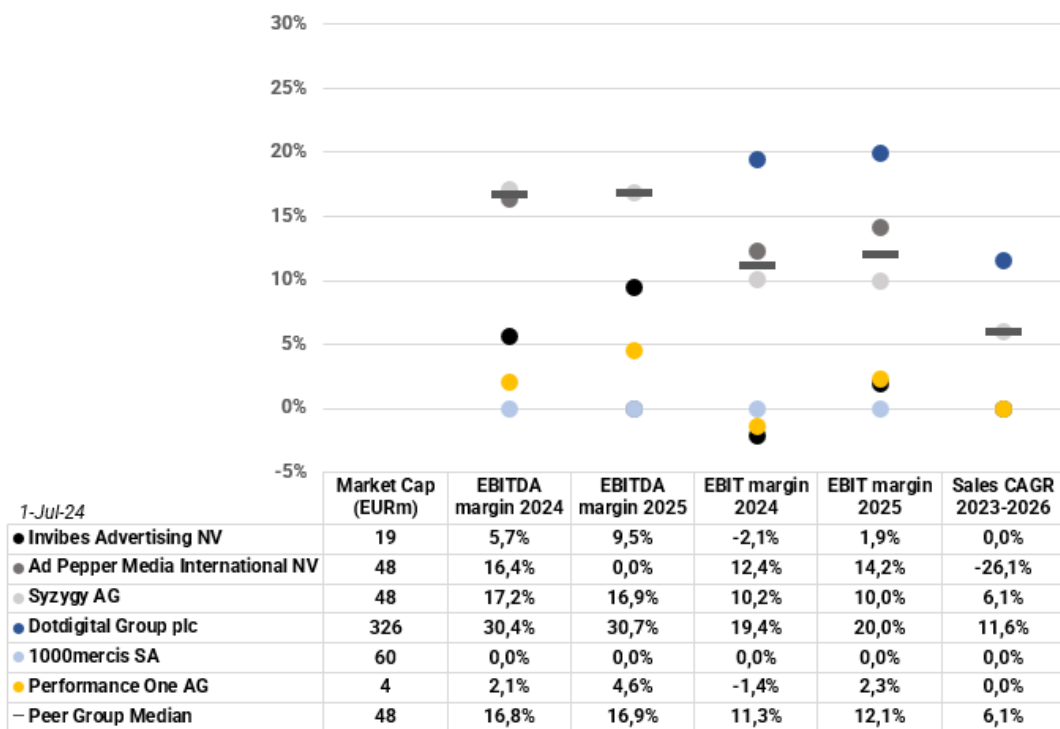
Source: Company data; mwb research

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.**

Peer group analysis

A peer group or comparable company (“comps”) analysis is a methodology that calculates a company’s relative value – how much it should be worth based on how it compares to other similar companies. Given that **Performance One AG** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of Performance One AG consists of the stocks displayed in the chart below. As of 2 July 2024 the median market cap of the peer group was EUR 47.8m, compared to EUR 4.1m for Performance One AG. In the period under review, the peer group was more profitable than Performance One AG. The expectations for sales growth are #WERT! for the peer group than for Performance One AG.

Peer Group – Key data

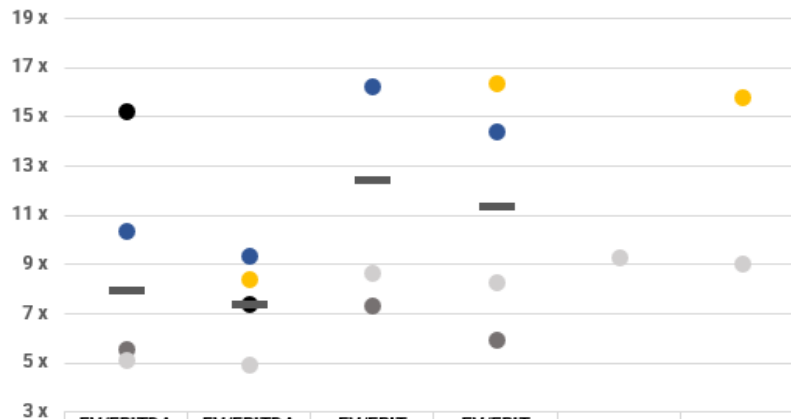


Source: AlphaSense, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to Performance One AG results in a range of fair values from EUR na to EUR 4.66.

Peer Group – Multiples and valuation



1-Jul-24

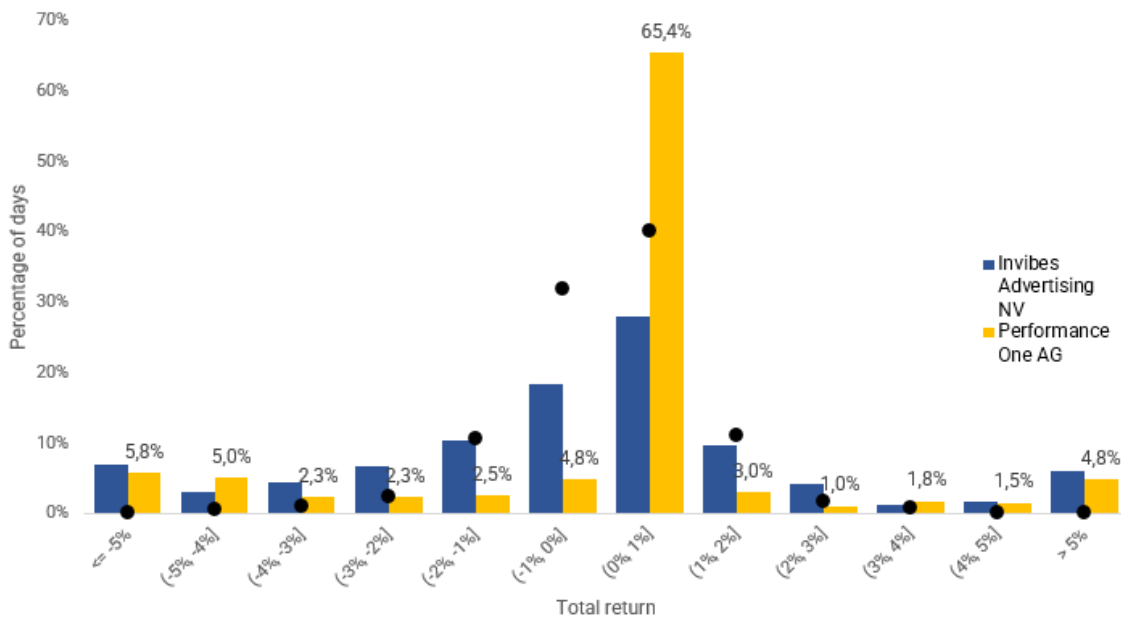
	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
● Invibes Advertising NV	15,2x	7,4x	9999,0x	36,2x	9999,0x	185,3x
● Ad Pepper Media International NV	5,6x	0,0x	7,4x	5,9x	22,9x	0,0x
● Syzygy AG	5,1x	4,9x	8,7x	8,3x	9,3x	9,1x
● Dotdigital Group plc	10,4x	9,4x	16,3x	14,4x	21,0x	20,1x
● 1000mercis SA	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x
● Performance One AG	23,5x	8,4x	-35,1x	16,4x	-24,9x	15,8x
– Peer Group Median	8,0x	7,4x	12,5x	11,4x	22,0x	20,1x
Fair Value (EUR)	0,37	2,70	-3,09	1,84	-3,23	4,66

Source: AlphaSense, mwb research

Risk

The chart displays the **distribution of daily returns of Performance One AG** over the last 3 years, compared to the same distribution for Invibes Advertising NV. We have also included the distribution for the index DAX. The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For Performance One AG, the worst day during the past 3 years was 11/11/2022 with a share price decline of -64.3%. The best day was 15/11/2022 when the share price increased by 60.0%.

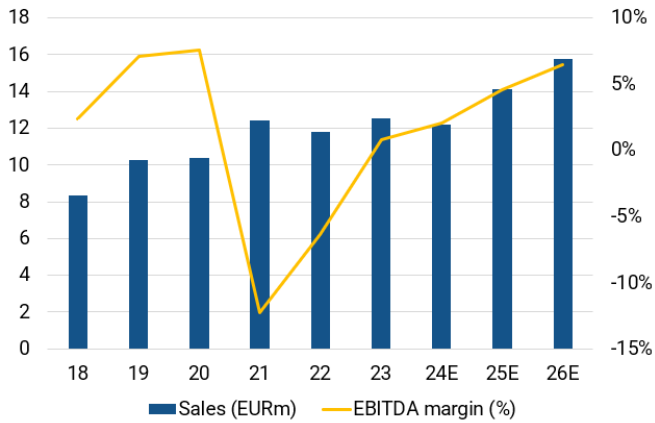
Risk – Daily Returns Distribution (trailing 3 years)



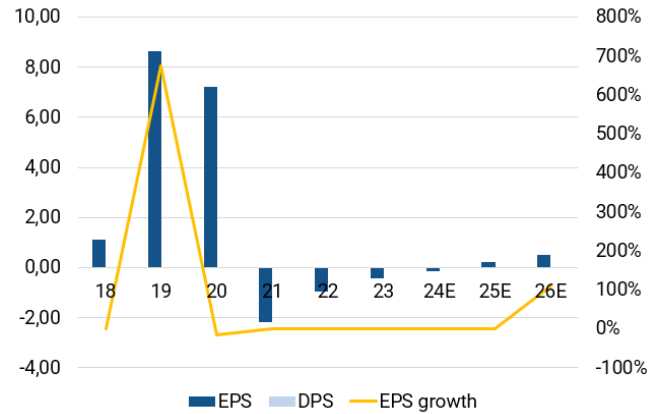
Source: AlphaSense, mwb research

Financials in six charts

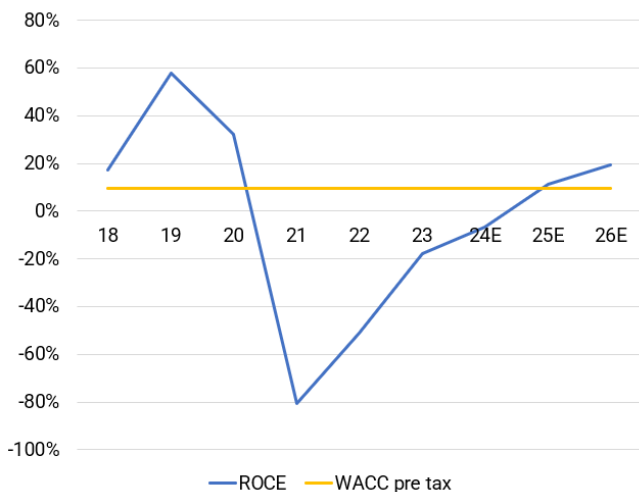
Sales vs. EBITDA margin development



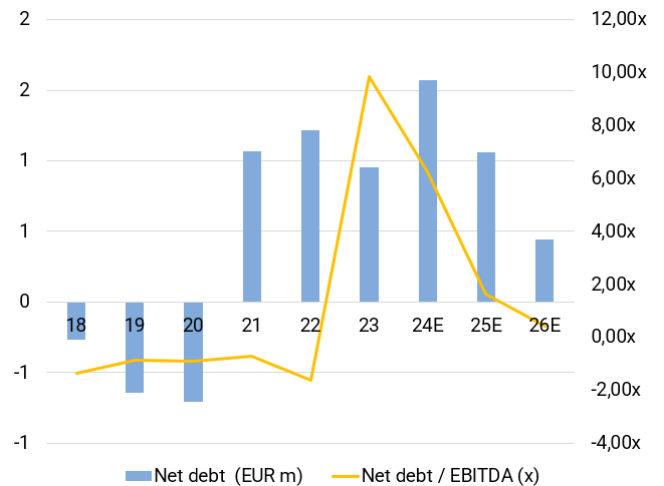
EPS, DPS in EUR & yoy EPS growth



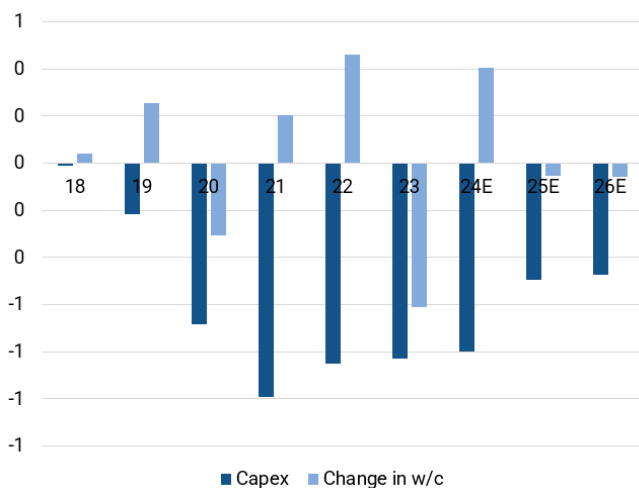
ROCE vs. WACC (pre tax)



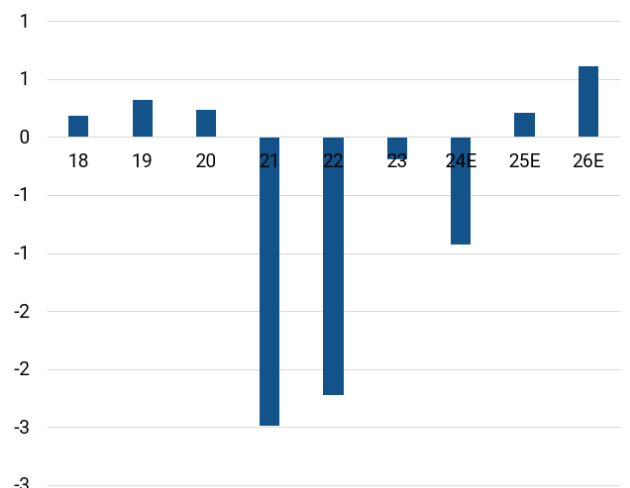
Net debt and net debt/EBITDA



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	12.4	11.8	12.5	12.2	14.1	15.8
Sales growth	19.7%	-5.0%	6.3%	-2.7%	15.6%	12.0%
Change in finished goods and work-in-process	0.8	0.8	0.8	0.7	0.9	1.0
Total sales	13.2	12.6	13.3	12.9	15.0	16.8
Material expenses	5.2	5.1	5.8	5.2	5.9	6.4
Gross profit	8.1	7.5	7.5	7.7	9.1	10.4
Other operating income	0.1	0.2	0.4	0.0	0.1	0.1
Personnel expenses	6.0	5.9	5.4	5.3	5.9	6.5
Other operating expenses	3.7	2.5	2.4	2.1	2.7	2.9
EBITDA	-1.5	-0.7	0.1	0.3	0.6	1.0
Depreciation	0.1	0.2	0.3	0.0	0.1	0.1
EBITA	-1.7	-1.0	-0.2	0.2	0.5	0.9
Amortisation of goodwill and intangible assets	0.1	0.2	0.3	0.4	0.2	0.2
EBIT	-1.8	-1.2	-0.5	-0.2	0.3	0.7
Financial result	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0
Recurring pretax income from continuing operations	-1.8	-1.2	-0.5	-0.2	0.3	0.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-1.8	-1.2	-0.5	-0.2	0.3	0.6
Taxes	-0.2	0.0	0.1	0.0	0.0	0.0
Net income from continuing operations	-1.6	-1.3	-0.5	-0.2	0.3	0.6
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-1.6	-1.3	-0.5	-0.2	0.3	0.6
Minority interest	0.1	0.2	0.1	0.0	-0.0	-0.1
Net profit (reported)	-1.5	-1.0	-0.5	-0.2	0.3	0.6
Average number of shares	0.71	1.09	1.13	1.19	1.19	1.19
EPS reported	-2.16	-0.96	-0.42	-0.15	0.23	0.49

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	7%	7%	6%	6%	6%	6%
Total sales	107%	107%	106%	106%	106%	106%
Material expenses	42%	43%	46%	43%	42%	41%
Gross profit	65%	64%	60%	63%	65%	66%
Other operating income	1%	2%	3%	0%	0%	1%
Personnel expenses	48%	50%	43%	44%	42%	41%
Other operating expenses	30%	22%	19%	18%	19%	19%
EBITDA	-12%	-6%	1%	2%	5%	6%
Depreciation	1%	2%	2%	0%	1%	1%
EBITA	-13%	-8%	-1%	2%	4%	6%
Amortisation of goodwill and intangible assets	1%	2%	2%	3%	1%	1%
EBIT	-15%	-10%	-4%	-1%	2%	4%
Financial result	-0%	-0%	-0%	-0%	-0%	-0%
Recurring pretax income from continuing operations	-15%	-11%	-4%	-2%	2%	4%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-15%	-11%	-4%	-2%	2%	4%
Taxes	-2%	0%	0%	0%	0%	0%
Net income from continuing operations	-13%	-11%	-4%	-2%	2%	4%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-13%	-11%	-4%	-2%	2%	4%
Minority interest	1%	2%	0%	0%	-0%	-0%
Net profit (reported)	-12%	-9%	-4%	-1%	2%	4%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E
Intangible assets (excl. Goodwill)	1.4	1.7	2.0	2.3
Goodwill	0.1	0.1	0.1	0.1
Property, plant and equipment	0.1	0.0	0.0	0.4
Financial assets	0.2	0.0	0.0	0.0
FIXED ASSETS	1.7	1.8	2.1	2.7
Inventories	0.0	0.0	0.0	0.0
Accounts receivable	1.8	1.7	1.2	1.4
Other current assets	0.1	0.2	0.4	0.4
Liquid assets	0.6	0.7	0.7	0.1
Deferred taxes	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.1	0.1	0.0	0.1
CURRENT ASSETS	2.6	2.6	2.4	2.1
TOTAL ASSETS	4.3	4.5	4.5	4.8
SHAREHOLDERS EQUITY	-0.1	0.6	0.6	0.9
MINORITY INTEREST	0.0	0.0	0.0	0.0
Long-term debt	1.5	1.9	1.7	1.7
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0
Other provisions	0.3	0.2	0.2	0.2
Non-current liabilities	1.8	2.1	1.8	1.9
short-term liabilities to banks	0.1	0.0	0.0	0.0
Accounts payable	1.5	1.2	1.4	1.5
Advance payments received on orders	0.3	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.5	0.5	0.7	0.5
Deferred taxes	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0
Current liabilities	2.4	1.8	2.1	2.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	4.2	4.5	4.5	4.8

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	32%	39%	45%	48%	38%	33%
Goodwill	2%	2%	1%	1%	1%	1%
Property, plant and equipment	1%	1%	1%	8%	9%	9%
Financial assets	4%	0%	0%	0%	0%	0%
FIXED ASSETS	39%	41%	47%	57%	49%	44%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	42%	37%	27%	30%	30%	28%
Other current assets	3%	4%	10%	9%	8%	7%
Liquid assets	13%	15%	15%	2%	11%	19%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	2%	2%	1%	2%	2%	2%
CURRENT ASSETS	61%	59%	53%	43%	51%	56%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	-2%	14%	12%	19%	23%	30%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	34%	42%	37%	35%	31%	26%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	8%	5%	4%	5%	5%	5%
Non-current liabilities	42%	47%	41%	40%	36%	31%
short-term liabilities to banks	3%	0%	0%	0%	0%	0%
Accounts payable	34%	27%	31%	31%	31%	29%
Advance payments received on orders	7%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	12%	12%	15%	10%	10%	10%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	56%	39%	47%	41%	41%	39%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	97%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	-1.6	-1.3	-0.5	-0.2	0.3	0.6
Depreciation of fixed assets (incl. leases)	0.3	0.4	0.6	0.0	0.1	0.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.4	0.2	0.2
Others	0.0	-0.1	0.0	0.1	0.0	0.0
Cash flow from operations before changes in w/c	-1.3	-0.9	0.0	0.3	0.7	1.0
Increase/decrease in inventory	-0.7	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.7	0.2	0.0	-0.2	-0.2	-0.2
Increase/decrease in accounts payable	1.2	-0.3	0.0	0.1	0.2	0.2
Increase/decrease in other w/c positions	0.0	-0.3	0.6	-0.3	0.1	0.1
Increase/decrease in working capital	-0.2	-0.5	0.6	-0.4	0.1	0.1
Cash flow from operating activities	-1.5	-1.4	0.6	-0.1	0.7	1.1
CAPEX	-1.0	-0.9	-0.8	-0.8	-0.5	-0.5
Payments for acquisitions	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0
Cash flow from investing activities	-1.0	-0.9	-0.8	-0.8	-0.5	-0.5
Cash flow before financing	-2.5	-2.2	-0.2	-0.9	0.2	0.6
Increase/decrease in debt position	1.0	1.5	-0.2	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	2.0	0.3	0.3	0.3	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.0	0.0	0.2	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	-1.2	-0.0	0.0	0.0	0.0
Cash flow from financing activities	1.0	2.3	0.2	0.3	0.3	0.0
Increase/decrease in liquid assets	-1.5	0.1	0.0	-0.6	0.5	0.6
Liquid assets at end of period	0.6	0.6	0.7	0.1	0.6	1.2

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	12.4	11.8	12.5	12.2	14.1	15.8
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	12.4	11.8	12.5	12.2	14.1	15.8

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	-2.16	-0.96	-0.42	-0.15	0.23	0.49
Cash flow per share	-2.11	-1.25	0.56	-0.12	0.50	0.79
Book value per share	-0.10	0.56	0.49	0.77	1.02	1.57
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-1.6x	-3.6x	-8.3x	-23.6x	15.0x	7.1x
P/CF	-1.6x	-2.8x	6.2x	-30.1x	7.0x	4.4x
P/BV	-35.0x	6.3x	7.1x	4.5x	3.4x	2.2x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-60.6%	-35.8%	16.2%	-3.3%	14.3%	22.8%
EV/Sales	0.4x	0.5x	0.4x	0.5x	0.4x	0.3x
EV/EBITDA	-3.4x	-7.2x	52.7x	22.7x	8.1x	4.5x
EV/EBIT	-2.9x	-4.4x	-11.2x	-33.8x	15.7x	6.8x
Income statement (EURm)						
Sales	12.4	11.8	12.5	12.2	14.1	15.8
yoy chg in %	19.7%	-5.0%	6.3%	-2.7%	15.6%	12.0%
Gross profit	8.1	7.5	7.5	7.7	9.1	10.4
Gross margin in %	65.0%	63.6%	59.7%	63.2%	64.6%	65.6%
EBITDA	-1.5	-0.7	0.1	0.3	0.6	1.0
EBITDA margin in %	-12.3%	-6.3%	0.8%	2.1%	4.6%	6.5%
EBIT	-1.8	-1.2	-0.5	-0.2	0.3	0.7
EBIT margin in %	-14.6%	-10.3%	-3.6%	-1.4%	2.3%	4.2%
Net profit	-1.5	-1.0	-0.5	-0.2	0.3	0.6
Cash flow statement (EURm)						
CF from operations	-1.5	-1.4	0.6	-0.1	0.7	1.1
Capex	-1.0	-0.9	-0.8	-0.8	-0.5	-0.5
Maintenance Capex	0.0	0.0	0.0	0.0	0.1	0.1
Free cash flow	-2.5	-2.2	-0.2	-0.9	0.2	0.6
Balance sheet (EURm)						
Intangible assets	1.5	1.8	2.1	2.3	2.1	2.2
Tangible assets	0.1	0.0	0.0	0.4	0.5	0.6
Shareholders' equity	-0.1	0.6	0.6	0.9	1.2	1.9
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	2.0	2.1	1.8	1.9	1.9	2.0
Net financial debt	1.1	1.2	1.0	1.6	1.1	0.4
w/c requirements	0.1	0.5	-0.2	-0.1	-0.0	-0.0
Ratios						
ROE	2,297.6%	-210.2%	-94.4%	-21.2%	25.1%	34.6%
ROCE	-94.2%	-44.6%	-18.9%	-6.0%	10.4%	17.4%
Net gearing	-1,524.4%	200.1%	171.6%	172.0%	86.7%	23.8%
Net debt / EBITDA	-0.7x	-1.6x	9.8x	6.2x	1.6x	0.4x

Source: Company data; mwb research

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