

Digital Workforce

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Kannattavampaa vahvaa kasvua luvassa" published on 3/1/2023 at 8:54 am

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More profitable strong growth ahead

We raise Digital Workforce's target price to EUR 5.5 (previous 4.5) reflecting estimate revisions. We reiterate our Buy recommendation. Digital Workforce's net sales grew strongly in line with our expectations in Q4. The result clearly exceeded our estimates supported by reported efficiency measures. The company also unexpectedly gave a guidance for 2023 and issued new, more realistic medium-term targets. We expect growth to continue as strong and with the rapid profitability turn and earnings focus, we again raised our earnings estimates clearly. We feel the share's valuation remains very attractive from a number of angles (2023e EV/S 1.1x, SOTP 5.6 and DCF 8.1), particularly considering the profitability turnaround.

Q4 grew as expected and profitability was better than estimated

Digital Workforce's Q4 net sales grew by 18% to EUR 7.2 million in line with our expectations. Growth was expected in continued services at the core of the strategy, which increased by almost 30% to EUR 3.9 million. Thus, the structure of net sales continued to improve. In the growth markets (UK and US) growth was 70% in Q4 (Q1-Q3 190%). Adjusted EBITDA increased to EUR 1.0 million or 14% of net sales in Q4 and clearly exceeded our estimate (-0.2 MEUR). The result was supported by net sales growth and efficiency measures. Net sales grew nicely (14%) throughout 2022 and profitability improved especially well in H2, although the full year result was negative. As expected, the Board of Directors proposed that no dividend be paid.

Guidance and new targets for 2025 indicate more profitable growth

Digital Workforce did not provide guidance for last year and thus the guidance was a positive surprise, although it does not say much. The company expects net sales growth to continue and the adjusted EBITDA to be positive in 2023, which based on market comments seems cautious. Thus, we raised our earnings estimates for the coming years clearly. The company will continue to invest in growth markets, but with greater care than before. We expect that the company's net sales will grow by 19% and EBITDA will be 4% in 2023 (Q4: 18% and 14%). The company also issued new medium-term targets. By the end of 2025, the company aims at net sales of EUR 50 million (~25% increase y-o-y) and over 10% adjusted EBITDA. We find these targets clearly more realistic and actually cautious in terms of profitability. Previous targets were very strong in terms of growth and at the expense of profitability (previous 100 MEUR net sales and positive profitability in 2026). We estimate that the company will grow to EUR 43 million in 2025 (19% y-o-y) and EBITDA will rise to 11%, driven by more profitable, continuous services. In addition, the company has EUR 18 million in cash, which also gives leeway for inorganic growth.

Valuation is very attractive from many angles

Digital Workforce's investment story is very attractive and the company has a strong historical track record of growth in the Nordic countries. We continue to examine the company's valuation through the EV/S ratio, DCF model, peer analysis and sum of the parts calculation. Digital Workforce's 2023-24e EV/S ratios are 1.1x-0.8x. In light of our net sales growth estimate (CAGR: ~20%) and profitability potential (EBITA >15%) the valuation is very moderate in our view after the investment phase. Our DCF model (EUR 8.1) and the sum of parts calculation (EUR 5.6) also indicate a clear upside in the share. With the profitability focus, earnings-based multiples will also start supporting the valuation in a few years (2025e adj. EBIT 11% -> EV/EBIT 6x).

Recommendation

Buy
(previous Buy)

EUR 5.50
(previous EUR 4.50)

Share price:
4.26



Key figures

	2022	2023e	2024e	2025e
Revenue	25.5	30.2	36.2	43.4
growth-%	14%	19%	20%	20%
EBIT adj.	-1.3	0.8	2.4	4.6
EBIT-% adj.	-5.0 %	2.7 %	6.5 %	10.5 %
Net Income	-3.0	0.7	2.1	3.9
EPS (adj.)	-0.15	0.06	0.19	0.34

P/E (adj.)	neg.	69.2	22.7	12.4
P/B	2.9	3.0	2.6	2.2
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	38.8	12.6	5.6
EV/EBITDA	neg.	27.7	11.1	5.2
EV/S	1.1	1.1	0.8	0.6

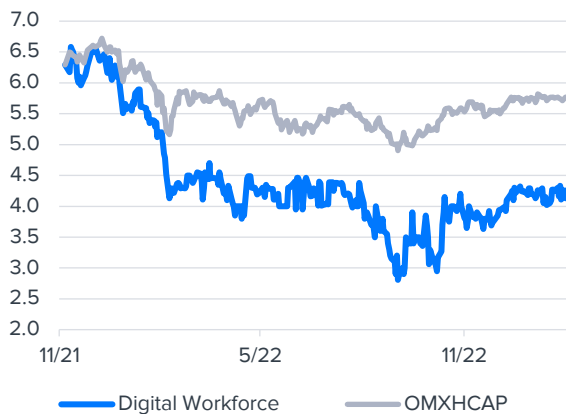
Source: Inderes

Guidance

(New guidance)

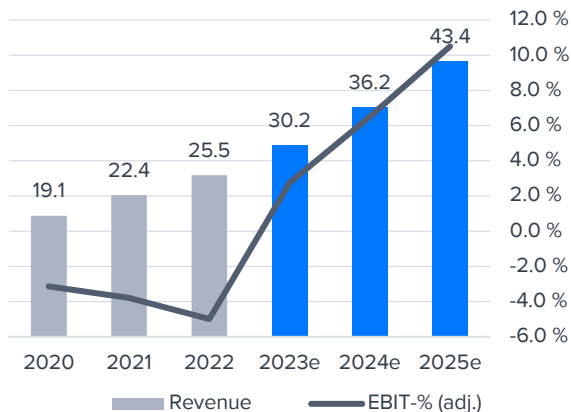
Digital Workforce's full-year 2023 revenue is expected to be higher than in 2022 and profitability is expected to be positive on an adjusted EBITDA basis.

Share price



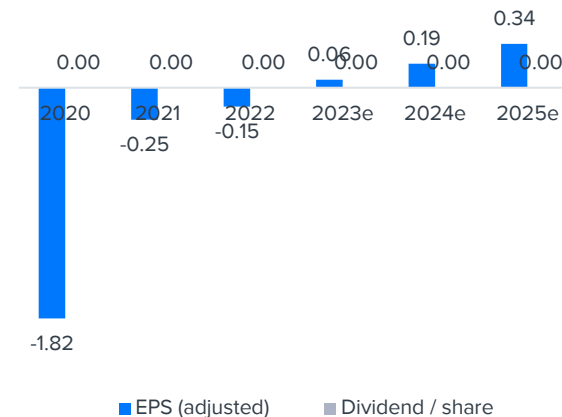
Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Success in new markets (US and UK) and accelerating growth
- Commercialization of the self-service platform will open clear new market potential and enable accelerated growth
- Increasing the net sales share of continuous services with better margins drives earnings growth and makes the investor profile more attractive
- Improving scalability
- M&A



Risk factors

- Success of the growth strategy especially in the US
- Building the self-service facility of the platform
- Productivity of investments
- Developing large RPA technologies and their expansion to maintenance
- Reacting to market and technological changes
- Development of the employee image and success in recruitment
- Wage inflation and managing attrition
- M&A

Valuation	2023e	2024e	2025e
Share price	4.26	4.26	4.26
Number of shares, millions	11.2	11.2	11.2
Market cap	48	48	48
EV	32	30	26
P/E (adj.)	69.2	22.7	12.4
P/E	69.2	22.7	12.4
P/FCF	>100	20.1	11.4
P/B	3.0	2.6	2.2
P/S	1.6	1.3	1.1
EV/Sales	1.1	0.8	0.6
EV/EBITDA	27.7	11.1	5.2
EV/EBIT (adj.)	38.8	12.6	5.6
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Q4 grew as expected and profitability was better than estimated

Growth was driven by strategic services and was in line with our expectations

Digital Workforce's Q4 net sales grew by 18% to EUR 7.2 million in line with our expectations. Growth was expected in continued services at the core of the strategy, which increased by almost 30% to EUR 3.9 million. Thus, the structure of net sales continued to improve. We estimate that about half of the growth was generated by volume growth from existing customers and half from new customers, like in Q3. Expert services grew by 8% and strategically important continuous services by 28%.

Digital Workforce commented that net sales in the company's growth markets (especially UK and US) increased by 70% in Q4 (Q1-Q3 190%). The initial level is relatively low, with net sales outside the EU being close to 8% of net sales in 2021, so the impact on overall growth is still limited. Growth in these markets is at the core of the strategy and the

company commented that it will continue making growth investments in these markets as planned.

In connection with the important Outsmart platform at the core of the strategy, the company has won and launched the first customer projects, enabling holistic automation of business processes. However, the current year is crucial for the platform.

Result improved clearly and exceeded our estimates

Digital Workforce's adjusted EBITDA increased to EUR 1.0 million or 14% of net sales in Q4 and clearly exceeded our estimate (-0.2 MEUR). The profitability turnaround can be considered very successful and was driven by net sales growth and efficiency measures. We have adjusted the Q4 EBITDA for EUR 0.2 million restructuring expenses and EBIT also for the EUR 0.6 million write-down.

Net sales grew nicely (14%) throughout 2022 and profitability was strong in H2, although the full year result was negative. As expected, the Board of Directors proposed that no dividend be paid.

Strong balance sheet enables growth investments in line with the strategy

With the profitability turnaround, cash flow will improve this year and even further in coming years compared to the preceding strong investment phase. The company's balance sheet is strong after the IPO (equity ratio 55%) and at the end of 2022 cash assets amounted to EUR 18 million, which enables investments in selected markets in line with the company's growth strategy also in future.

Estimates MEUR / EUR	H2'21	H2'22	H2'22e	H2'22e	Consensus		Difference (%)	2022
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	11.3	13.5	13.5				0%	25.5
EBITDA (adj.)	-0.3	0.5	-1.0				149%	-0.9
EBITDA	-0.7	-0.2	-1.0				81%	-1.7
EBIT	-0.8	-0.9	-1.2				28%	-2.6
PTP	0.7	-1.1	-1.3				15%	-3.0
EPS (reported)	0.06	-0.10	-0.12				14%	
DPS	0.00	0.00	0.00					0.00
Revenue growth-%		19.7 %	20.1 %				-0.4 pp	13.9 %
EBITDA-%	-6.1 %	-1.5 %	-7.6 %				6.1 pp	-6.7 %

Source: Inderes

We raised our earnings estimates clearly

Clear adjustments to earnings estimates driven by profitability turnaround and targets

We have made clear adjustments to our earnings estimates, especially based on the profitability focus and efficiency improvements. The company is not slowing down growth investments, but efficiency measures were related to the Nordic countries and overlaps in different countries and customers. Our net sales estimates for the next few years are largely unchanged, but growth markets are growing better than expected.

We expect more profitable growth

Digital Workforce did not provide guidance for last year and thus the guidance for this year was a positive surprise, although it does not say much. The company expects net sales growth to continue and the adjusted EBITDA to be positive in 2023, which based on market comments seems cautious. We expect that the company's net sales will grow by 19% and EBITDA will be 4% in 2023 (Q4: 18% and 14%).

New medium-term targets

The company also issued new medium-term targets. By the end of 2025, the company aims at net sales of EUR 50 million (~25% increase y-o-y) and over 10% adjusted EBITDA. We find these targets clearly more realistic and actually cautious in terms of profitability. Previous targets were very strong in terms of growth and at the expense of profitability (previous 100 MEUR net sales and positive profitability in 2026). We estimate that the company will grow to EUR 43 million in 2025 (19% y-o-y) and EBITDA will rise to 11%, driven by more profitable, continuous services.

We find it very likely that the company will continue to grow inorganically in coming years. With the profitability turnaround, cash flow also strengthens the balance sheet (equity ratio 55%). Thus the company's EUR 18 million cash position also gives leeway for inorganic growth. Naturally, we do not yet include acquisitions in our estimates.

Estimate revisions MEUR / EUR	2022	2022	Change %	2023e	2023e	Change %	2024e	2024e	Change %
	Inderes	Actualized		Old	New		Old	New	
Revenue	25.5	25.5	0%	29.9	30.2	1%	35.3	36.2	2%
EBITDA	-2.6	-1.7	35%	-0.4	1.2	383%	1.6	2.7	69%
EBIT (exc. NRIs)	-2.1	-1.3	41%	-0.5	0.8	251%	1.3	2.4	85%
EBIT	-2.9	-2.6	12%	-0.8	0.8	202%	1.1	2.4	106%
PTP	-3.2	-3.0	6%	-0.9	0.7	173%	1.1	2.3	108%
EPS (excl. NRIs)	-0.21	-0.15	30%	-0.07	0.06	193%	0.10	0.19	89%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation picture is very attractive with several indicators

Digital Workforce's investment story is very attractive and the company has a strong historical track record of growth in the Nordic countries. We continue to examine the company's valuation through the EV/S ratio, DCF model, peer analysis and sum of the parts calculation. With the profitability focus, earnings-based multiples will also start supporting the valuation in a few years.

Valuation multiples are moderate considering the growth outlook and share of recurring net sales

Digital Workforce's 2023-2024 EV/S ratios are 1.1x-0.8x. Considering our net sales growth estimate for 2023e-2025e (CAGR: ~20%) and profitability potential (EBITA >15%) the valuation is very moderate in our view after the investment phase. With the profitability focus, earnings-based multiples will also start supporting the valuation in a few years. With the 2024-25 EBITDA estimates of 7% and 11% the EV/EBIT ratios are 13x and 6x which is very attractive considering also the moderate profitability level. We believe the company has potential for profitability of over 15% (Q4'22 14%).

Cash flow model (DCF)

The per share value of our cash flow calculation for Digital Workforce is EUR 8.1 which indicates a clear upside for the share. However, we point out that our long-term growth and profitability estimates still involve uncertainty, which in part limits the usefulness of the model, although visibility has continued to improve. The weight of terminal cash flows (54%) is more modest with the profitability turn (previous 71%). We still use a highish WACC (10,9%).

Sum of the parts

We also examine Digital Workforce's valuation through a sum of the parts calculation due to the different

business profiles. The usefulness of the calculation is, however, limited by the fact that the businesses cannot and will not be separated. The calculation is still a good valuation method among others.

We apply the lower end of the EV/S range 0.8x of IT service companies for professional services. The low ratio reflects the weaker growth and profitability profile of professional services. However for recurring net sales we apply the higher end of IT service companies' valuation or the median of the entire peer group 2.0x. If the profitability potential of the business begins to materialize, a higher valuation level can still be accepted for recurring net sales.

Using Digital Workforce's 2023 net sales and the above multiples, the total debt-free value is EUR 47 million. With strong net cash the market cap is EUR 62 million or the value per share EUR 5.6.

Peer group

No clear peer group that operates with a similar business model is available for Digital Workforce as compared to expert companies, the company has significantly more recurring business with better margins. The median EV/S multiples of the peer group for 2023-2024 are around 2.1x-1.8x. The EV/S ratio for IT service companies for 2023 is 0.9x and the corresponding ratio for software companies is 3.3x. We feel Digital Workforce's valuation is very moderate compared to the bottom level seen for IT service companies. If the company's growth rate accelerates closer to the 25% target and the profitability turnaround progresses well, we believe a clearly higher level than the median of the IT service company peers can be accepted for the company. However, we do not see any justification for examining the company's valuation relative to software companies.

Valuation	2023e	2024e	2025e
Share price	4.26	4.26	4.26
Number of shares, millions	11.2	11.2	11.2
Market cap	48	48	48
EV	32	30	26
P/E (adj.)	69.2	22.7	12.4
P/E	69.2	22.7	12.4
P/FCF	>100	20.1	11.4
P/B	3.0	2.6	2.2
P/S	1.6	1.3	1.1
EV/Sales	1.1	0.8	0.6
EV/EBITDA	27.7	11.1	5.2
EV/EBIT (adj.)	38.8	12.6	5.6
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Sum of the parts 2023e

Net sales from professional services	10.9
Net sales from continuous services	19.3

Valuation, EV/S 2023e

Professional services, 0.8x	8.8
Continuous services, 2x	38.5

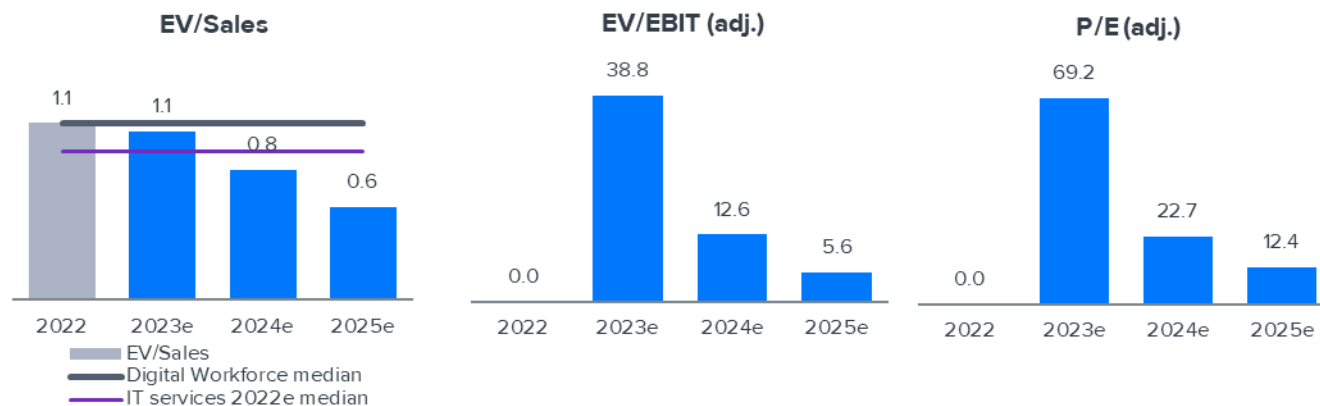
EV	47.3
Net debt	-15.5

Market cap	62.8
per share	5.6

Valuation table

Valuation	2022	2023e	2024e	2025e	2026e	2027e
Share price	3.94	4.26	4.26	4.26	4.26	4.26
Number of shares, millions	11.2	11.2	11.2	11.2	11.2	11.2
Market cap	44	48	48	48	48	48
EV	28	32	30	26	20	12
P/E (adj.)	neg.	69.2	22.7	12.4	8.5	6.5
P/E	neg.	69.2	22.7	12.4	8.5	6.5
P/FCF	neg.	>100	20.1	11.4	8.0	6.2
P/B	2.9	3.0	2.6	2.2	1.7	1.4
P/S	1.7	1.6	1.3	1.1	0.9	0.8
EV/Sales	1.1	1.1	0.8	0.6	0.4	0.2
EV/EBITDA	neg.	27.7	11.1	5.2	2.8	1.3
EV/EBIT (adj.)	neg.	38.8	12.6	5.6	2.9	1.3
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	50.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	7.7 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Admicom*	213	207	16.7	14.9	16.5	14.7	6.2	5.7	20.9	19.3	2.8	3.0	6.6
Basware*	580	634	53.0	38.7	22.7	19.2	3.7	3.5	95.7	57.6			5.7
Efecte*	71	70	360.8	63.2	88.1	38.3	2.8	2.5	1114.7	65.8			17.4
Heeros*	29	31	36.6	25.0	12.3	10.2	2.7	2.4	43.7	29.8			4.0
Leaddesk*	61	64	43.7	21.6	15.1	10.5	2.1	1.8	135.7	29.8			3.8
Qt Group*	1783	1761	36.2	24.5	34.0	24.1	9.1	6.9	42.7	30.7			10.4
Lime Technologies AB	305	322	33.0	28.4	20.7	18.5	6.4	5.6	41.9	35.5	1.2	1.3	13.4
Upsales Technology AB	114	108	29.9	23.0	23.9	18.7	6.9	5.4	39.4	29.9	1.5	1.6	22.4
Carasent ASA	120	60	78.0	23.7	13.5	7.9	2.7	2.3	166.0	97.7			1.1
FormPipe Software AB	119	120	27.0	17.2	12.3	9.4	2.4	2.2	35.1	23.3	2.9	1.7	2.8
Digia*	158	171	9.1	8.0	7.4	6.6	0.9	0.9	11.1	10.1	3.2	3.4	1.9
Gofore*	419	389	14.2	12.1	13.1	11.2	2.1	1.8	19.3	17.4	1.9	2.2	4.0
Loihde*	81	48	16.1	8.5	10.1	6.3	0.3	0.3	29.8	17.6	1.6	2.3	1.0
Innofactor*	46	56	9.5	8.2	6.4	5.7	0.7	0.7	11.0	9.9	5.5	6.3	1.6
Netum Group*	46	47	13.2	10.6	12.2	10.1	1.4	1.2	16.0	13.5	3.7	3.9	3.7
Nixu*	95	96	25.0	18.3	18.7	14.9	1.4	1.3	35.5	25.4			5.0
Silli Solutions*	131	120	9.2	7.5	7.3	6.1	0.9	0.8	14.0	11.8	1.9	2.3	2.4
Solteq*	25	57	65.3	15.9	9.0	6.6	0.8	0.7		29.8		2.3	1.1
Tietoevry*	3559	4140	10.1	9.2	8.6	8.0	1.3	1.2	11.7	10.9	5.0	5.2	2.0
Vincit*	75	61	7.2	5.6	6.6	5.2	0.6	0.5	11.0	9.0	5.3	5.7	1.8
Witted Megacorp*	55	45	28.8	8.7	27.9	8.6	0.6	0.5	36.2	14.0			2.6
Bouvet	576	589	15.0	13.8	12.6	11.8	1.9	1.7	19.3	17.8	4.5	4.9	12.0
Enea	196	228	21.4	18.2	8.4	8.0	2.6	2.5	26.1	22.3			0.9
Netcompany Group	1646	1895	16.7	14.2	13.2	11.4	2.4	2.1	19.2	16.1	0.4	0.9	3.0
Digital Workforce (Inderes)	48	32	38.8	12.6	27.7	11.1	1.1	0.8	69.2	22.7	0.0	0.0	3.0
Average			39.7	18.1	17.2	12.0	2.6	2.2	83.9	26.4	3.0	3.2	5.3
Median (all)			21.4	14.9	12.6	10.1	2.1	1.8	28.0	19.3	2.9	2.7	3.0
Diff.-% to median			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	-48%	-53%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	-1%
Median (software companies)			36.4	24.1	18.6	16.6	3.3	3.0	43.2	30.3	2.1	1.6	6.1
Diff.-% to median			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	-68%	-72%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	-52%
Median (IT service companies)			15.0	10.6	9.0	8.0	0.9	0.9	19.1	15.1	3.6	3.6	2.0
Diff.-% to median			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	13%	-7%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	51%

Source: Refinitiv and *adjusted Inderes' estimate / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	2020	2021	H1'22	H2'22	2022	H1'23e	H2'23e	2023e	2024e	2025e	2026e
Revenue	19.1	22.4	12.0	13.5	25.5	14.4	15.8	30.2	36.2	43.4	51.6
Professional services	10.1	10.7	4.8	5.7	10.5	5.2	5.8	10.9	11.2	11.4	11.5
Continuous services	9.0	11.7	7.1	7.8	15.0	9.2	10.0	19.3	25.0	32.0	40.0
EBITDA	-0.4	-1.0	-1.6	-0.1	-1.7	0.2	0.9	1.2	2.7	4.9	7.0
Depreciation	-0.2	-0.3	-0.1	-0.8	-0.9	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3
EBIT (excl. NRI)	-0.6	-0.8	-1.5	0.3	-1.3	0.1	0.8	0.8	2.4	4.6	6.7
EBIT	-0.6	-1.2	-1.7	-0.9	-2.6	0.1	0.8	0.8	2.4	4.6	6.7
Net financial items	-0.2	-2.3	-0.2	-0.2	-0.4	-0.1	-0.1	-0.1	0.0	0.0	0.0
PTP	-0.8	-3.5	-1.9	-1.1	-3.0	0.0	0.7	0.7	2.3	4.5	6.7
Taxes	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.7	-1.1
Net earnings	-0.9	-3.6	-1.9	-1.1	-3.0	0.0	0.7	0.7	2.1	3.9	5.6
EPS (adj.)	-1.82	-0.25	-0.15	0.00	-0.15	0.00	0.06	0.06	0.19	0.34	0.50
EPS (rep.)	-1.82	-0.62	-0.17	-0.10	-0.27	0.00	0.06	0.06	0.19	0.34	0.50

Key figures	2020	2021	H1'22	H2'22	2022	H1'23e	H2'23e	2023e	2024e	2025e	2026e
Revenue growth-%	11.3 %	17.1 %	8.0 %		13.9 %	20.2 %	17.1 %	18.6 %	19.8 %	20.0 %	18.7 %
EBITDA-%	-2.1 %	-4.3 %	-13.4 %	-0.8 %	-6.7 %	1.7 %	5.8 %	3.8 %	7.4 %	11.3 %	13.7 %
Adjusted EBIT-%	-3.1 %	-3.8 %	-12.7 %	1.9 %	-5.0 %	0.5 %	4.7 %	2.7 %	6.5 %	10.5 %	13.0 %
Net earnings-%	-4.7 %	-16.0 %	-15.7 %	-8.3 %	-11.8 %	0.1 %	4.3 %	2.3 %	5.8 %	8.9 %	10.9 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	0.8	1.6	1.5	1.4	1.3
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	0.7	1.5	1.4	1.3	1.1
Tangible assets	0.1	0.0	0.1	0.1	0.2
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	25.8	26.3	24.7	28.7	34.8
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	6.0	8.2	8.2	9.8	11.7
Cash and equivalents	19.8	18.1	16.5	18.9	23.1
Balance sheet total	26.5	27.9	26.2	30.1	36.1

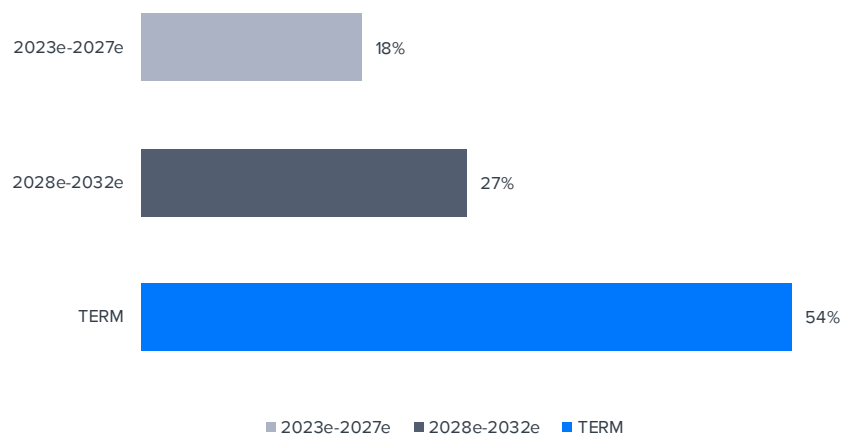
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	18.3	15.4	16.1	18.2	22.1
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-9.8	-12.7	-12.0	-9.9	-6.0
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	28.0	28.0	28.0	28.0	28.0
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	1.3	2.3	1.0	1.0	1.0
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	1.3	2.3	1.0	1.0	1.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	6.9	10.2	9.1	10.9	13.0
Short term debt	0.2	0.2	0.0	0.0	0.0
Payables	6.7	10.0	9.1	10.9	13.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	26.5	27.9	26.2	30.1	36.1

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	13.9 %	18.6 %	19.8 %	20.0 %	18.7 %	15.0 %	10.0 %	8.0 %	7.0 %	7.0 %	2.0 %	2.0 %
EBIT-%	-10.2 %	2.7 %	6.5 %	10.5 %	13.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %
EBIT (operating profit)	-2.6	0.8	2.4	4.6	6.7	8.9	9.8	10.6	11.3	12.1	12.3	
+ Depreciation	0.9	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	
- Paid taxes	0.0	0.0	-0.2	-0.7	-1.1	-1.5	-2.0	-2.1	-2.3	-2.4	-2.5	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	1.0	-0.9	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.0	
Operating cash flow	-0.7	0.3	2.6	4.4	6.2	8.0	8.3	8.9	9.6	10.2	10.3	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-1.7	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	
Free operating cash flow	-2.4	0.1	2.4	4.2	6.0	7.7	8.1	8.6	9.3	9.9	9.9	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-2.4	0.1	2.4	4.2	6.0	7.7	8.1	8.6	9.3	9.9	9.9	113
Discounted FCFF		0.1	2.0	3.1	4.0	4.6	4.4	4.2	4.1	4.0	3.6	40.5
Sum of FCFF present value		74.5	74.5	72.5	69.4	65.4	60.8	56.4	52.1	48.0	44.1	40.5
Enterprise value DCF		74.5										
- Interesting bearing debt		-2.5										
+ Cash and cash equivalents		18.1										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		90.2										
Equity value DCF per share		8.1										

Cash flow distribution



Wacc

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	6.0 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	11.6 %
Weighted average cost of capital (WACC)	10.9 %

Source: Inderes

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	19.1	22.4	25.5	30.2	36.2	EPS (reported)	-1.82	-0.62	-0.27	0.06	0.19
EBITDA	-0.4	-1.0	-1.7	1.2	2.7	EPS (adj.)	-1.82	-0.25	-0.15	0.06	0.19
EBIT	-0.6	-1.2	-2.6	0.8	2.4	OCF / share	2.51	-0.43	-0.07	0.03	0.23
PTP	-0.8	-3.5	-3.0	0.7	2.3	FCF / share	2.26	-0.49	-0.22	0.01	0.21
Net Income	-0.9	-3.6	-3.0	0.7	2.1	Book value / share	-1.22	3.18	1.38	1.44	1.63
Extraordinary items	0.0	-0.4	-1.3	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	9.4	26.5	27.9	26.2	30.1	Revenue growth-%	11%	17%	14%	19%	20%
Equity capital	-0.6	18.3	15.4	16.1	18.2	EBITDA growth-%	-55%	136%	79%	-168%	132%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-45%	42%	50%	-165%	184%
Net debt	-1.0	-18.3	-15.6	-15.5	-17.9	EPS (adj.) growth-%	-24%	-86%	-41%	-141%	205%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	-2.1 %	-4.3 %	-6.7 %	3.8 %	7.4 %
EBITDA	-0.4	-1.0	-1.7	1.2	2.7	EBIT (adj.)-%	-3.1 %	-3.8 %	-5.0 %	2.7 %	6.5 %
Change in working capital	1.6	-1.5	1.0	-0.9	0.2	EBIT-%	-3.1 %	-5.5 %	-10.2 %	2.7 %	6.5 %
Operating cash flow	1.2	-2.4	-0.7	0.3	2.6	ROE-%	454.8 %	-40.5 %	-17.8 %	4.4 %	12.2 %
CAPEX	-0.5	0.0	-1.7	-0.3	-0.3	ROI-%	-33.9 %	-11.5 %	-13.8 %	4.7 %	12.9 %
Free cash flow	1.1	-2.8	-2.4	0.1	2.4	Equity ratio	-6.5 %	69.0 %	55.4 %	61.6 %	4.0 %
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	156.2 %	-100.0 %	-101.2 %	-96.4 %	-98.2 %
EV/S		2.4	1.1	1.1	0.8						
EV/EBITDA (adj.)		neg.	neg.	27.7	11.1						
EV/EBIT (adj.)		neg.	neg.	38.8	12.6						
P/E (adj.)	0.0	neg.	neg.	69.2	22.7						
P/B	0.0	4.0	2.9	3.0	2.6						
Dividend-%		0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
14-05-22	Accumulate	4.50 €	3.85 €
19-08-22	Accumulate	4.50 €	4.03 €
04-11-22	Buy	4.50 €	2.95 €
01-03-23	Buy	5.50 €	4.26 €



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