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Research update

SMC Research

Small and Mid Cap Research



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3U Holding AG

Acceleration of growth with stable earnings announced

Rating: Buy (prev.: Hold) | **Price:** 2.50 € | **Price target:** 3.70 € (prev.: 4.40 €)

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Recent business development



Basic data

Based in:	Marburg
Sector:	Software / E-Commerce
Headcount:	277
Accounting:	IFRS
ISIN:	DE0005167902
Ticker:	UUU:GR
Price:	2.50 Euro
Market segment:	Prime Standard
Number of shares:	35.3 m
Market Cap:	88.3 m Euro
Enterprise Value:	117.4 m Euro
Free Float:	67.1 %
Price high/low (12M):	4.78 / 2.48 Euro
Ø turnover (Xetra, 12 M):	63,800 Euro / day

The last financial year of the 3U Group was marked by several special features and challenges. In terms of revenues, the sale of a subsidiary and a wind farm at the end of 2020 had to be compensated for, which was not entirely successful due to the below-average wind availability in the Renewable Energies segment and ongoing supply bottlenecks and rising purchase prices in the SHAC segment. Despite the very high growth of the software subsidiary weclapp, the group revenues of EUR 55.9 m remained below the previous year's figure as well as below the forecast and our estimate. Since weclapp recorded strong cost increases for the promotion of organic growth, for the initiation and realisation of two acquisitions and, last but not least, for the preparation of the now postponed IPO, the contributions to earnings of all three segments declined. The fact that 3U was nevertheless able to report higher EBIT and EBT was due to the first sales of office space from the real estate project in Würzburg and the sale of the parts of the Adelebsen property rented to third parties, which generated high other operating income. In 2022, however, the operating segments are expected to increase their revenues and results again, although strong cost growth is still expected for weclapp this year.

FY ends: 31.12.	2019	2020	2021	2022e	2023e	2024e
Sales (m Euro)	51.4	61.1	55.9	67.0	78.7	89.1
EBIT (m Euro)	5.5	5.9	6.8	4.4	6.9	6.8
Net profit	4.1	3.3	2.9	2.0	2.7	2.2
EPS	0.12	0.09	0.08	0.06	0.08	0.06
Dividend per share	0.04	0.05	0.05	0.05	0.05	0.06
Sales growth	7.2%	18.7%	-8.4%	19.7%	17.5%	13.2%
Profit growth	111.7%	-20.2%	-10.7%	-31.9%	34.0%	-15.9%
PSR	1.72	1.45	1.58	1.32	1.12	0.99
PER	21.6	27.0	30.3	44.4	33.1	39.4
PCR	18.9	18.5	-	5.4	9.0	9.5
EV / EBIT	21.3	19.8	17.4	26.7	17.0	17.3
Dividend yield	1.6%	1.9%	1.9%	2.0%	2.0%	2.4%

Sales down as expected

As announced and expected, the sales of the 3U group in 2021 remained below the previous year's figure at EUR 55.9 m, with the decline being somewhat stronger than it had been forecast (EUR 58 m). The most important reason for this was the sale of a subsidiary and a wind farm at the end of 2020, which together had contributed EUR 8.0 m to group sales in the previous year. An opposite effect resulted from weclapp's acquisition of ITscope GmbH last year, which contributed EUR 1.0 m to sales for the first time in the fourth quarter. Adjusted for these effects, 3U increased sales by 3.6 percent last year, with part of this increase being due to the fact that revenues from the sold subsidiary (intra-group in the previous year) are now considered external revenues.

weclapp highly dynamic

The group's growth driver was once again the cloud software specialist weclapp, whose revenues rose by 63 percent to just under EUR 12.0 m. Of this, EUR 1.0 m is attributable to the contribution of the new subsidiary ITscope, which was acquired in the summer and consolidated since the beginning of October. weclapp's organic growth amounted thus to almost 50 percent. Upon enquiry, 3U puts last year's growth for ITscope GmbH at over 30 percent (at EUR 4.4 m, before consolidation).

Other ICT business stable

Due to the continued strong growth, weclapp now contributes half of the revenue of the ICT segment and was responsible for its increase by a quarter to EUR 24.0 m. The rest of the ICT segment, however, stayed stable. While the revenues in Voice Business and especially Data Centre Services increased by 1 and 13 percent respectively, the telephony business with private customers, which had recorded an interim high the year before due to the pandemic, has now resumed the long-term downward trend and has shrunk by 17 percent to EUR 1.8 m. Since the current basis for call-by-call and pre-selection telephony in Germany expires at the end of 2022, this business could expire completely in the future, although an extension of the regulation is still possible.

Business figures	FY 20	FY 21	Change
Sales	61.05	55.94	-8.4%
ICT	19.3	24.0	+24.1%
Of which weclapp	7.3	12.0	+63.4%
Renewable Energies	9.1	6.3	-31.1%
SHAC	33.1	27.0	-18.6%
Of which Selfio	23.7	21.6	-8.8%
Gross profit	32.97	36.23	+9.9%
Gross margin	54.0%	64.8%	
EBITDA	11.55	11.27	-2.5%
ITC	5.0	4.5	-9.2%
Renewable Energies	8.8	4.6	-47.4%
SHAC	1.1	-0.5	-
EBITDA margin	18.9%	20.1%	
ITC	25.7%	18.8%	
Renewable Energies	96.4%	73.6%	
SHAC	3.3%	-2.0%	
EBIT	5.94	6.76	+13.8%
ITC	4.12	3.38	-18.0%
Renewable Energies	4.89	1.91	-61.0%
SHAC	0.69	-1.05	-
EBIT margin	9.7%	12.1%	
EBT	5.26	6.29	+19.5%
EBT margin	8.6%	11.2%	
Net profit	3.27	2.92	-10.7%
Net margin	5.4%	5.2%	
Free cash flow	0.03	-23.22	-

m Euro and percent, source: Company

Wind farms expecting strong growth

In 2021, there was a very significant decline in sales in the segment Renewable Energies, where, in addition to the disposal of the sold wind farm, the unfavourable weather conditions (fewer wind and sun hours compared to the previous year) and the expiry of the guaranteed feed-in tariff for part of the portfolio had a noticeable effect. As a result, segment sales fell by 31 percent to EUR 6.3 m. By the end of the year, however, the gap had been significantly reduced. Viewed inde-

pendently, the segment Renewable Energies generated sales of EUR 1.9 m in the fourth quarter, only 5.3 percent less than a year earlier. With regard to the current year and 2023, however, significant sales growth is to be expected here because 3U has succeeded in concluding very attractive power purchase agreements (PPAs) for all three wind farms, the conditions of which are significantly above the most recently received prices as well as above the previous feed-in tariff.

Selfio and SHAC segment weaker

On the other hand, there was a clearly disappointing development in the SHAC segment, whose revenues fell by almost 19 percent to just under EUR 27 m. In addition to last year's sale of the stake in ClimaLevel, this reflects the negative consequences of supply bottlenecks and price increases in the construction sector, which made themselves felt in a 8,8 percent decline in sales to EUR 21.6 m at Selfio, the segment's core company. As a result, the decline at Selfio intensified in the course of the year, with fourth-quarter sales of EUR 5.7 m being 17 percent lower than a year earlier. In contrast, the segment company Pelia, which is responsible for logistics as well as B2B business, made an increasing contribution to group revenue, but this is largely due to the deconsolidation of the important customer ClimaLevel.

Higher gross profit from asset sales

Despite the decline in sales, 3U was able to increase gross profit by 10 percent to EUR 36.2 m, for which several factors were responsible. In terms of operating activities, especially the dynamic growth of the high-margin cloud business had a stabilising effect on the Group's gross profit. Further impetus came from the positive change in inventories of EUR 2.0 m (previous year: EUR -0.4 m), in which, according to the company, construction progress on the "InnoHubs" project in Würzburg was particularly noticeable, and from own work capitalised, which almost quadrupled to just under EUR 0.8 m, which the company attributes to the development of an internal logistics software and to further product investments at weclapp. Above all, however, other operating income rose by almost 30 percent to EUR 6.9 m last year. This in-

cludes the sale of the parts of the Adelebsen property rented to third parties, which generated income of EUR 1.9 m, and the first partial disposals in Würzburg, which contributed EUR 2.8 m to the result.

Weaker EBITDA in the target range

However, the increased gross profit was more than offset by high increases in other operating expenses (+20 percent to EUR 10.0 m) and personnel expenses (+14 percent to EUR 15.0 m), so that EBITDA, at EUR 11.3 m, remained slightly below the previous year's figure. Nevertheless, unlike with sales, which remained somewhat below the target range of EUR 58 to 63 m, 3U has thus achieved the EBITDA forecast (EUR 11 to 13 m) confirmed and concretised towards the lower end in November.

High expansion costs at weclapp

Decisive factors for the rise in costs were the further headcount growth at weclapp and the expenses in connection with last year's two acquisitions as well as with the preparation of the IPO. 3U puts the last two points alone, which were reflected, for example, in higher legal and consulting costs, at EUR 1.1 m. This almost doubled other operating expenses in the ICT segment to EUR 4.8 m, but the division's personnel expenses also showed very strong momentum, growing by 50 percent to EUR 8.7 m. This momentum reflects the segment's rapidly growing headcount, which increased by 45 percent to 136 full-time equivalents on average for the year. The strong cost increases meant that EBITDA in the ICT segment was also 9 percent below the previous year at EUR 4.5 m despite the dynamic growth in sales. As a result, the segment's EBITDA margin fell from 25.7 to 18.8 percent.

EBIT improved by 14 percent

Despite the slightly lower EBITDA, last year's EBIT improved by almost 14 percent to EUR 6.8 m, which was made possible by the 20 percent decrease in depreciation and amortisation to EUR 4.5 m. This decline resulted primarily from the sale of a wind farm, while depreciation on the purchase price components of the ITscope acquisition only burdened the

result pro rata, i.e., from the fourth quarter onwards. Broken down to the individual segments, the EBIT increase was generated in the "other activities" segment, whose contribution turned positive from EUR -2.3 m to EUR 2.5 m, while the results of the three core segments all deteriorated. The SHAC segment even had to accept a negative result before interest and taxes of EUR -1.0 m (previous year: EUR +0.7 m).

Net profit burdened by taxes and minority interests

As the financial result improved from EUR -0.7 m to EUR -0.5 m, the pre-tax result even increased by 20 percent to EUR 6.3 m. After taxes, where 3U had benefited in the previous year from the tax exemption of the sales of investments, and which have now normalised and therefore increased above average, only a very slight increase of 2 percent to EUR 4.0 m remained. Of this, EUR 1.1 m (62 percent more than in 2020) was attributable to minority shareholders, so that the net profit after taxes and minorities ultimately remained below the previous year's figure at EUR 2.9 m. The above-average increase in minority interests is due to the high profit contribution from the sale of office space from the property development in Würzburg, in which 3U holds "only" 75 percent.

High inventory and receivables build-up

In contrast to the first half of the year, when 3U was able to report a high operating cash flow surplus, this has slipped clearly into the red to EUR -9.5 m for the entire 2021. The decisive factor for this was the build-up of inventories and receivables, the change in which had a negative impact on the cash flow statement of EUR 17.1 m (previous year: EUR -2.2 m). Inventories reflect, among other things, the progress of construction work in Würzburg, while the increase in receivables reflects the first sales of space from this project.

High cash outflows for acquisitions

There were also significant cash outflows in 2021 in the investment cash flow, whose negative balance increased from EUR -4.8 m to EUR -13.8 m. The decisive factor for this was the cash component of the pur-

chase price for ITscope. As a result, the free cash flow, which had been still balanced in the previous year, amounted to EUR -23.2 m. This was partly financed by borrowing of EUR 15.0 m, which, less the payments for the dividend, repayments and rental and leasing costs, resulted in a positive cash flow from financing activities of EUR 9.2 m. Nevertheless, the balance sheet liquidity decreased significantly from EUR 26.4 m to EUR 12.7 m, which, when offset against the increased financial liabilities, corresponds to net financial debt of EUR 18.2 m or 1.6 times last year's EBITDA. At the end of 2020, the balance sheet contained net cash of EUR 9.3 m.

Balance sheet total strongly increased

However, the high investments and the ITscope acquisition have not only had a significant impact on liquidity, but also on the balance sheet as a whole. The largest change relates to intangible assets, into which the bulk of the purchase price of ITscope has flowed and which have additionally increased due to the consolidation of intangible assets already existing at ITscope. Overall, this item increased by EUR 28.2 m to EUR 30.6 m, which means that it now accounts for more than a quarter of the balance sheet total, which increased by 39 percent to EUR 119.0 m. As mentioned above, there were further strong increases in inventories and receivables. On the liabilities side, minority interests increased by EUR 6.0 m to EUR 6.9 m due to the issue of new weclapp shares to the sellers of ITscope and their share in the profits, which together with the net profit for the year ensured an increase in equity of almost 20 percent to EUR 62.1 m. Compared to the balance sheet total, this corresponds to a slightly lower but still very comfortable equity ratio of 52.2 percent.

Constant dividend

Even though last year's development was not free of weaknesses, the company is basically satisfied with the year 2021. This is also reflected in the Executive Board's proposal to distribute an unchanged dividend of 5 cents per share.

High revenues growth...

For the current year, 3U is aiming for a significant return to growth and intends to increase group sales by 16 to 25 percent to between EUR 65 and 70 m. The Executive Board again expects the greatest growth at weclapp. Adding the first full-year consolidation of ITscope, the subgroup's revenues are expected to increase by 60 percent; adjusted for this effect, the Executive Board anticipates organic growth of around 30 percent. Strong growth is also expected in the Renewable Energies segment, where 3U could benefit from both the agreed increase in electricity prices and the normalisation of wind conditions after 2021, which was a very weak year in this respect. For the first quarter, 3U was already able to report noticeably better wind availability. The situation is most difficult in the SHAC segment due to the supply situation, but 3U wants to increase sales here as well.

...and stable result planned

With the increasing sales and higher efficiency, the profitability of the SHAC segment is also to be improved and a balanced EBITDA to be achieved. 3U also expects an increase in EBITDA for the other two segments, although in the case of weclapp the company also refers to further rising expansion costs and their dampening effect on earnings, and against this backdrop has announced that net income after minorities at weclapp could remain below the level from 2021. Across the group, the Executive Board expects an EBITDA between EUR 10 and 12 m and a net profit between EUR 2 and 4 m. This planning again includes income from asset sales in the single-digit million range, but in view of the planned EBITDA improvement in all three segments, this is likely to be significantly below last year's figure of almost EUR 5 m.

IPO question open

A disappointing development in recent months was the postponement of weclapp's IPO, which was actually planned for the first half of 2022. The company justifies this step with the deterioration in the stock market environment for technology stocks since late autumn, which would have made it much more diffi-

cult to achieve the targeted issue valuation. The company has not yet abandoned its IPO plans but is making them dependent on the state of the market and is also examining other options for financing growth. In principle, however, the strategy of accelerating growth – also inorganically – with fresh capital is being maintained.

Founder moves to the Supervisory Board

Very unexpectedly, 3U announced at the beginning of April that founder and CEO Michael Schmidt would be leaving the Executive Board for health reasons on 25 May and would then move to the Supervisory Board on the basis of his 25.5 percent stake in share capital. In his place, Christoph Hellrung, who moved from the 3U board to the weclapp board last year as part of the IPO preparations, is to reinforce the management team of the parent company again.

Several model changes

The figures for 2021 are slightly below our estimates in terms of sales, but in some cases significantly above our estimates in terms of earnings. The reason for this was that the development of earnings benefited from asset sales to a greater extent than we had previously assumed. Regarding operating business, however, the development remained rather below our expectations, which prompted us to modify our estimates for 2022 and the following years in several places. The most important changes relate to the cost development at weclapp, the sales and margin assumptions for Selfio and the integration of the new power purchase agreements into the estimates for the Renewable Energies segment. However, the basic scenario remains unchanged, and is primarily based on the two pillars of significant and high-margin growth at weclapp and dynamic and increasingly profitable growth at Selfio. The postponement or even the possible cancellation of the weclapp IPO does not yet have any immediate consequences for our model, because the external growth that was to be financed with it had not been included in the model so far anyway.

Estimates for 2022 lower

For 2022, we expect consolidated sales of EUR 67.0 m and are thus in the middle of the company's guidance. The same is true for our new EBITDA estimate of EUR 10.8 m, while we expect profit after tax and minorities to be at the lower end of the forecast range at EUR 2.0 m. Previously, our estimates were EUR 71.2 m for sales, EUR 13.2 m for EBITDA and EUR 3.0 m for net profit. The reduction reflects, on the one hand, the more difficult situation at Selfio, which has not yet improved significantly in the fourth quarter either, and the strong cost growth at weclapp, which, according to the Executive Board in the forecast report, will continue in the current year. On the other hand, we have significantly raised the estimates for the revenues and earnings of the wind farms, whose new PPAs were concluded at much more attractive conditions than we had previously assumed.

Target margin lower

The changes from 2022 also continue in the estimates for the subsequent periods, so that both our sales projection and the margins for the entire detailed forecast period are below the old values. Nevertheless, we assume that weclapp in particular will return to the old profitability level over time, which is also the most im-

portant reason for the continued assumed increase in margins until 2029. For Selfio, too, we assume a renewed growth dynamic and improved profitability, but overall the e-commerce business remains significantly below earlier estimates. At the end of the detailed forecast period, we assume consolidated revenues of EUR 169.2 m and an EBIT margin of 14.3 percent (previously we had assumed EUR 189.4 m and an EBIT margin of 16.7 percent for 2028). The table on the previous page shows the overall model business development resulting from our assumptions for the years 2022 to 2029; detailed overviews of the estimates for balance sheet, income statement and cash flows statement can be found in the Annex.

WACC unchanged

The noticeably reduced target EBIT margin compared to previous estimates is less of a challenge for 3U. We have therefore halved the safety discount, which we apply for risk reduction to the target EBIT margin of the detailed forecast period in order to determine the terminal value, to 15 percent. On this basis, we subsequently continue to use a "perpetual" growth rate of 1 percent. The discount rate also remained unchanged. We continue to discount the cash flows resulting from our estimates at a WACC rate of 6.8 percent, based on a cost of equity of 8.5 percent

m Euro	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028	12 2029
Sales	67.0	78.7	89.1	101.5	115.6	132.2	149.2	169.2
Sales growth		17.5%	13.2%	13.9%	13.9%	14.4%	12.9%	13.4%
EBIT margin	6.6%	8.8%	7.6%	8.1%	9.9%	11.6%	13.0%	14.3%
EBIT	4.4	6.9	6.8	8.3	11.4	15.4	19.4	24.2
Tax rate	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%
Adjusted tax payments	1.3	2.1	2.0	2.5	3.4	4.6	5.8	7.2
NOPAT	3.1	4.8	4.8	5.8	8.0	10.8	13.7	17.0
+ Depreciation & Amortisation	6.4	6.5	6.1	6.0	5.9	5.8	5.7	5.8
+ Increase long-term accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross operating cash flow	9.5	11.3	10.9	11.8	13.9	16.6	19.3	22.8
- Increase Net Working Capital	7.6	-0.5	-0.5	-0.6	-0.7	-0.8	-0.9	-1.0
- Investments in fixed assets	-4.7	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
Free cash flow	12.4	9.1	8.6	9.4	11.4	14.0	16.6	20.0

(consisting of: beta factor 1.3, risk-free interest rate 1.0 percent, risk premium 5.8 percent), borrowing costs of 4.0 percent, a target debt ratio of 30 percent and a tax rate for the tax shield of 30.0 percent.

Price target: EUR 3.70 per share

The model results in a fair market value of equity after minority interests of EUR 129.3 m or EUR 3.66 per share, from which we derive the new price target of

EUR 3.70 (previously: EUR 4.40; a sensitivity analysis for price target determination can be found in the Annex). The reduction primarily reflects the reduced growth assumptions at Selfio and the increased cost estimates at weclapp; the significantly increased net financial debt also had a dampening effect. The roll-over of the model to the new base year 2022 had an opposite effect. We continue to rate the estimation risk as slightly above average, awarding four out of six possible points.

Conclusion

The 3U Group ended the last financial year with an 8.4 percent decline in sales, a 13.8 percent improvement in EBIT and a 10.7 percent lower profit after taxes and minorities. As the figures this time were shaped by negative consolidation effects on the one hand and high income from asset sales on the other, they somewhat obscure the view of the operating development of the three business segments. Of these, the ICT segment continued its dynamic growth, driven by the software subsidiary weclapp, at an unchanged pace, while the other two business segments had to contend with declines in sales due to adverse general conditions. This and the high cost increases at weclapp, with which the company is preparing itself for further growth, have had a strong impact on operating profitability this time, but this was compensated for at group level by asset sales.

For 2022, 3U expects strong revenue growth and a renewed improvement in operating profitability, which, in combination with the expected lower contribution from asset sales, should allow for a more or less constant Group EBITDA.

Compared to our previous expectations, the guidance is slightly lower, which is mainly due to the lower revenue and earnings momentum at Selfio and the high expansion costs of weclapp. We have therefore made our estimates somewhat more cautious, but nevertheless expect strong sales and earnings growth in the coming years. As before, our projection is based on organic development; further acquisitions, which are a declared part of weclapp's strategy, represent additional value potential outside our model. This is why the postponement of the weclapp IPO, the announcement of which last autumn had driven the 3U share massively upwards, has no immediate impact on our estimates for the time being.

Overall, we see the fair value at EUR 3.70 per share, which means a very high price potential of almost 50 percent compared to the stock market price that has fallen significantly since our last update. Accordingly, we change our rating from previously "Hold" to now "Buy".

Annex I: SWOT analysis

Strengths

- The 3U Group has been profitable since 2016, and revenues have grown organically every year since 2017.
- With weclapp, the portfolio contains a very fast-growing company that is increasingly shaping the group's development. The e-commerce provider Selfio also has promising growth prospects.
- weclapp's business is based on recurring revenues, is highly scalable and already very profitable.
- With the conclusion of attractive PPAs, the Renewable Energies Segment is also very soundly positioned for the future.
- Solid balance sheet and liquidity position that can be used for further expansion of the core investments.

Opportunities

- By opening up further sales channels and through internationalisation, weclapp intends to further accelerate growth, multiply its sales and increase the profitability again in the medium term.
- With the acquisitions of ITscope and FinanzGeek, weclapp has added two very promising areas to its product portfolio and could exploit great synergies in terms of sales and technology.
- Selfio intends to continue to profit from the trend towards e-commerce and to significantly increase sales in the next few years.
- Especially at weclapp, growth is to be additionally accelerated by acquisitions.
- The resumption of the weclapp IPO plans could also give the share price a strong boost in the short term.

Weaknesses

- The margins in the e-commerce segment are very low, and recently the SHAC segment was operating at a loss.
- The share of repeat purchases is still very low at Selfio due to the business model; this requires the new customer business to grow even more quickly.
- Weclapp, by far the biggest hope, is still a small company with annual sales of EUR 12 m.
- In preparation for further growth, costs at weclapp have recently risen significantly faster than sales.
- In 2021, profits declined in all three business segments, and revenues were also down in two segments.

Threats

- Efforts to improve Selfio's profitability could fail given the intense price competition in e-commerce.
- With the war in Ukraine and China's continued Zero-Covid policy, there are two major risks to international supply chains, which could put a strain on Selfio in particular.
- Due to the surprisingly announced move of the founder and CEO to the Supervisory Board, the formative personality of the last few years is relinquishing operational responsibility.
- Experience shows that the planned acquisition course entails risks such as the misjudgement of a target or integration problems.
- Given the rapid pace of technological progress and the limited resources compared to many competitors, weclapp could lose its technological edge.

Annex II: Balance sheet and P&L estimation

Balance sheet estimation

m Euro	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
ASSETS									
I. Total non-current assets	69.9	68.2	63.5	59.1	54.9	50.9	46.9	43.1	39.1
1. Intangible assets	30.6	29.7	28.7	27.9	27.3	26.7	26.3	26.0	25.8
2. Tangible assets	37.2	36.5	32.8	29.2	25.7	22.2	18.6	15.1	11.4
II. Total current assets	49.2	48.8	54.4	59.1	64.5	71.0	78.6	87.0	96.8
LIABILITIES									
I. Equity	62.1	62.6	65.2	67.1	69.9	74.5	80.9	88.8	98.7
II. Accruals	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.9
III. Liabilities									
1. Long-term liabilities	40.7	37.9	36.0	34.2	32.1	29.6	26.3	22.3	17.5
2. Short-term liabilities	14.6	14.7	14.9	15.2	15.6	16.0	16.6	17.2	17.8
TOTAL	119.0	117.0	117.9	118.2	119.4	121.9	125.6	130.1	135.9

P&L estimation

m Euro	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
Sales	55.9	67.0	78.7	89.1	101.5	115.6	132.2	149.2	169.2
Gross profit	29.4	36.5	46.0	52.3	61.0	71.6	84.7	97.8	113.5
EBITDA	11.3	10.8	13.4	12.9	14.3	17.3	21.2	25.1	30.0
EBIT	6.8	4.4	6.9	6.8	8.3	11.4	15.4	19.4	24.2
EBT	6.3	3.2	5.4	5.3	6.7	9.9	14.0	18.3	23.2
EAT (before minorities)	4.0	2.3	3.8	3.7	4.7	6.9	9.8	12.8	16.3
EAT	2.9	2.0	2.7	2.2	2.8	4.4	6.5	8.7	11.1
EPS	0.08	0.06	0.08	0.06	0.08	0.13	0.19	0.25	0.32

Annex III: Cash flows estimation and key figures

Cash flows estimation

m Euro	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
CF operating	-9.5	16.3	9.8	9.3	10.1	12.2	14.9	17.6	21.2
CF from investments	-13.8	-4.7	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
CF financing	9.2	-4.7	-3.1	-3.8	-3.9	-4.9	-6.7	-8.9	-11.3
Liquidity beginning of year	26.4	12.7	19.6	24.5	28.3	32.7	38.1	44.4	51.3
Liquidity end of year	12.7	19.6	24.5	28.3	32.7	38.1	44.4	51.3	59.4

Key figures

Percent	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
Sales growth	-8.4%	19.7%	17.5%	13.2%	13.9%	13.9%	14.4%	12.9%	13.4%
Gross margin	52.5%	54.4%	58.5%	58.7%	60.1%	61.9%	64.0%	65.5%	67.1%
EBITDA margin	20.1%	16.1%	17.0%	14.5%	14.0%	14.9%	16.0%	16.8%	17.7%
EBIT margin	12.1%	6.6%	8.8%	7.6%	8.1%	9.9%	11.6%	13.0%	14.3%
EBT margin	11.2%	4.8%	6.8%	5.9%	6.6%	8.6%	10.6%	12.2%	13.7%
Net margin (after minorities)	5.2%	3.0%	3.4%	2.5%	2.8%	3.8%	4.9%	5.8%	6.6%

Annex IV: Sensitivity analysis

WACC	Perpetual cash flow growth				
	2.0%	1.5%	1.0%	0.5%	0.0%
5.8%	5.53	4.99	4.57	4.22	3.94
6.3%	4.81	4.40	4.07	3.80	3.56
6.8%	4.25	3.93	3.66	3.44	3.25
7.3%	3.79	3.53	3.32	3.13	2.97
7.8%	3.41	3.20	3.02	2.87	2.74

Disclaimer

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Charts

The charts were made with Tai-Pan (www.lp-software.de).

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II) Preparation and updating

The present financial analysis was prepared by: Dipl. Volkswirt Dr. Adam Jakubowski

Participants in the preparation of the present financial analysis: -

The present analysis was finished on 13.04.2022 at 7:50 and published on 13.04.2022 at 8:10.

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Date	Investment recomm.	Price target	Conflict of interests
17.11.2021	Hold	4.40 Euro	1), 3), 4)
31.08.2021	Buy	3.80 Euro	1), 3), 4)
19.05.2021	Hold	3.50 Euro	1), 3), 4)
18.03.2021	Buy	3.00 Euro	1), 3), 4)
19.11.2020	Buy	2.60 Euro	1), 3), 4)
13.10.2020	Buy	2.40 Euro	1), 3), 4)
18.08.2020	Buy	2.40 Euro	1), 3)
14.05.2020	Buy	2.05 Euro	1), 3)

In the course of the next twelve months, sc-consult GmbH will presumably prepare the following financial analyses for the company: one report, one update and two comments.

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