

# Multitude SE

Financial Services - Finland



**Buy** (old: Buy)

14.10.2024

**EUR 12.00** (old: EUR 12.00)

## Sensible strategic acquisition of stake in Lea Bank ASA

**Topic:** Multitude announced to have acquired a 9.9% stake in Lea Bank ASA with an option to acquire further 8.7%, once having received the approval from the regulatory authorities in Norway and Sweden. Here are our key takeaways:

- **Complementary risk profile as good strategic fit.** Lea Bank is active in the consumer lending space with a strong regional footprint across Nordic countries and Spain. As Lea Bank is offering prime loans to consumers, the risk profile is significantly lower compared to Multitude's consumer lending segment "ferratum" and is hence diversifying the business. Thanks to a business model that is similar (consumer lending) but different (risk profiles), we see certain synergy potentials, especially in the field of (1) referrals/product cooperations, (2) joint development projects and (3) cross-selling. Still, for now the acquisition is only a financial investment that is not being consolidated.
- **Attractive financial profile.** With a loan book of c. € 587m (as of H1'24 mainly financed with customer deposits at moderate interest rates), Lea Bank should generate some € 48m in net interest income and € 55m in total income in FY24e (assuming similar sequential growth as in H1), while provision for loan losses should amount to only c. € 30m, due to the relatively low risk profile, with low default rates. The lean cost structure, should allow Lea Bank to achieve an EBT of € 7-8m that could result in a nice dividend. In light of the profitable, growing business model with a lower risk profile, the paid valuation of c. 13x PE'24e is appropriate in our view.

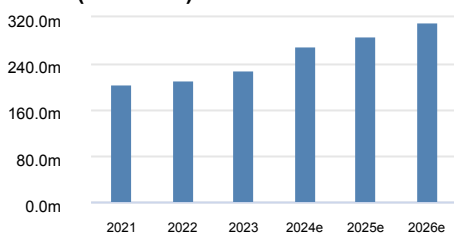
Apart from that, Multitude is seen to be fully on track to come close to its **EBIT guidance of € 67.5m** (vs eNuW: € 61.4m), thanks to moderate growth especially in the SME and Wholesale banking segment, further improved risk management visible in declining impairments and ongoing tight cost control resulting in stable OPEX.

As the stock still is undebatable cheap **for a growing, highly profitable, resilient and dividend paying company**, trading at only **4x PE'25**, we reiterate **BUY** with an unchanged PT of **€ 12 PT**, based on our residual income model. With that, Multitude remains one of our NuWays Alpha picks.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	204.2	212.5	230.5	270.1	288.6	312.0
Sales growth	-11.4%	4.1%	8.5%	17.2%	6.8%	46.8%
EBITDA	42.5	48.9	60.5	76.3	84.8	96.1
Net debt (if net cash=0)	-111.6	-104.6	-69.2	-72.8	-82.1	-104.5
FCF	60.2	-45.2	147.0	-1.2	5.0	14.8
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.11	0.54	0.76	0.98	1.21	1.53
EBITDA margin	20.8%	23.0%	26.2%	28.3%	29.4%	30.8%
ROCE	3.7%	4.0%	5.3%	6.0%	6.3%	6.9%
EV/sales	0.0	0.0	0.0	0.1	0.1	-0.2
EV/EBITDA	0.0	0.1	0.1	0.4	0.2	-0.7
PER	47.9	9.6	6.9	5.3	4.3	3.4
Adjusted FCF yield	-412.8%	-234.6%	-206.1%	-171.2%	-125.4%	-96.9%

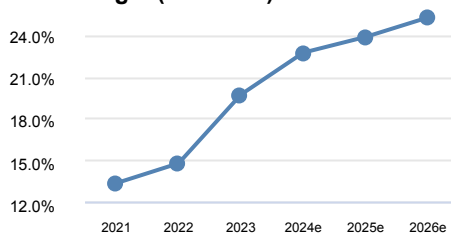
Source: Company data, NuWays, Close price as of 10.10.2024

### Sales (2021-26e)



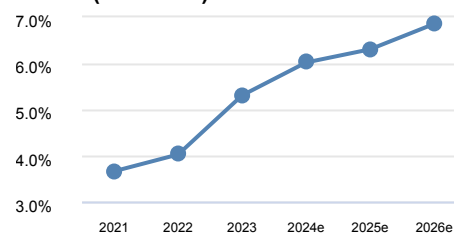
Source: NuWays Research

### EBIT margin (2021-26e)



Source: NuWays Research

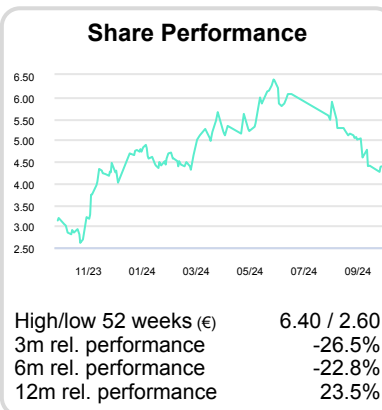
### ROCE (2021-26e)



Source: NuWays Research

### Company description

As a pioneer in digital banking solutions, Multitude is a global service provider for developing and operating a global financial platform and offering real-time scoring, lending and banking services to consumers and companies.



### Market data

Share price (in €)	4.38
Market cap (in € m)	113.1
Number of shares (in m pcs)	21.8
Enterprise value (in € m)	30.0
Ø trading volume (6 months)	2,259

### Identifier

Bloomberg	E4I GR
Reuters	E4I.DE
WKN	A40G1Q
ISIN	MT0002810100

### Key shareholders

Jorma Jokela	55.2%
Universal	4.9%
Dorval	4.8%
Ferratum Oyj	0.7%

### Estimates changes

	2024e	2025e	2026e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

### Comment on changes

### Guidance

- EBIT FY24: € 67.5m
- Net income FY26: € 30m

## Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
<b>Sales</b>	<b>204.2</b>	<b>212.5</b>	<b>230.5</b>	<b>270.1</b>	<b>288.6</b>	<b>312.0</b>
Sales growth	-11.4%	4.1%	8.5%	17.2%	6.8%	46.8%
Cost of sales	71.9	84.6	89.3	107.1	112.5	118.1
<b>Gross profit</b>	<b>132.3</b>	<b>127.8</b>	<b>141.2</b>	<b>163.0</b>	<b>176.2</b>	<b>193.9</b>
Sales and marketing	15.6	12.4	14.2	14.3	15.2	16.4
General and administration	33.0	34.0	34.1	38.4	40.4	43.2
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	-0.6	0.0	0.0	0.0	0.3	0.3
Other operating expenses	40.4	32.6	32.5	34.0	36.0	38.5
<b>Total operating expenses</b>	<b>89.7</b>	<b>78.9</b>	<b>80.7</b>	<b>86.7</b>	<b>91.3</b>	<b>97.8</b>
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>42.5</b>	<b>48.9</b>	<b>60.5</b>	<b>76.3</b>	<b>84.8</b>	<b>96.1</b>
Depreciation	2.9	2.6	2.5	2.7	2.9	3.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	12.4	14.9	12.6	12.2	13.0	14.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>27.2</b>	<b>31.4</b>	<b>45.5</b>	<b>61.5</b>	<b>68.9</b>	<b>78.9</b>
Interest income	3.6	0.1	0.1	0.1	0.1	0.1
Interest expenses	26.1	17.9	26.6	37.0	38.6	40.6
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-22.5	-17.8	-26.5	-36.9	-38.5	-40.5
<b>Recurring pretax income from continuing operations</b>	<b>4.7</b>	<b>13.6</b>	<b>19.0</b>	<b>24.5</b>	<b>30.5</b>	<b>38.4</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>4.7</b>	<b>13.6</b>	<b>19.0</b>	<b>24.5</b>	<b>30.5</b>	<b>38.4</b>
Income tax expense	2.4	1.8	2.6	3.3	4.1	5.1
<b>Net income (pro forma)</b>	<b>2.3</b>	<b>11.8</b>	<b>16.4</b>	<b>21.3</b>	<b>26.4</b>	<b>33.3</b>
Income from discontinued operations (net of tax)	5.8	0.0	0.0	0.0	0.0	0.0
Extraordinary items (net of tax)	3.3	3.7	5.4	6.0	6.0	6.0
<b>Net profit (reported)</b>	<b>-6.8</b>	<b>8.1</b>	<b>11.1</b>	<b>15.3</b>	<b>20.4</b>	<b>27.3</b>
Average number of shares	21.6	21.7	21.8	21.8	21.8	21.8
<b>EPS reported</b>	<b>-0.32</b>	<b>0.37</b>	<b>0.51</b>	<b>0.70</b>	<b>0.94</b>	<b>1.25</b>

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
<b>Sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Cost of sales	35.2%	39.8%	38.7%	39.6%	39.0%	37.9%
<b>Gross profit</b>	<b>64.8%</b>	<b>60.2%</b>	<b>61.3%</b>	<b>60.4%</b>	<b>61.0%</b>	<b>62.1%</b>
Sales and marketing	7.7%	5.8%	6.2%	5.3%	5.3%	5.2%
General and administration	16.2%	16.0%	14.8%	14.2%	14.0%	13.9%
Research and development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating income	-0.3%	0.0%	0.0%	0.0%	0.1%	0.1%
Other operating expenses	19.8%	15.3%	14.1%	12.6%	12.5%	12.3%
<b>Total operating expenses</b>	<b>43.9%</b>	<b>37.2%</b>	<b>35.0%</b>	<b>32.1%</b>	<b>31.6%</b>	<b>31.4%</b>
Unusual or infrequent items	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBITDA</b>	<b>20.8%</b>	<b>23.0%</b>	<b>26.2%</b>	<b>28.3%</b>	<b>29.4%</b>	<b>30.8%</b>
Depreciation	1.4%	1.2%	1.1%	1.0%	1.0%	1.0%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	6.1%	7.0%	5.5%	4.5%	4.5%	4.5%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>13.3%</b>	<b>14.8%</b>	<b>19.7%</b>	<b>22.8%</b>	<b>23.9%</b>	<b>25.3%</b>
Interest income	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expenses	12.8%	8.4%	11.5%	13.7%	13.4%	13.0%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>2.3%</b>	<b>6.4%</b>	<b>8.2%</b>	<b>9.1%</b>	<b>10.6%</b>	<b>12.3%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>2.3%</b>	<b>6.4%</b>	<b>8.2%</b>	<b>9.1%</b>	<b>10.6%</b>	<b>12.3%</b>
Tax rate	50.2%	13.4%	13.4%	13.3%	13.3%	13.3%
<b>Net income (pro forma)</b>	<b>1.1%</b>	<b>5.5%</b>	<b>7.1%</b>	<b>7.9%</b>	<b>9.2%</b>	<b>10.7%</b>
Income from discontinued operations (net of tax)	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Extraordinary items (net of tax)	1.6%	1.7%	2.3%	2.2%	2.1%	1.9%
<b>Net profit (reported)</b>	<b>-3.3%</b>	<b>3.8%</b>	<b>4.8%</b>	<b>5.6%</b>	<b>7.1%</b>	<b>8.7%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	35.8	31.4	29.5	29.5	28.5	27.5
Property, plant and equipment	5.0	7.7	7.7	7.2	6.7	6.2
Financial assets	6.2	21.1	62.1	70.1	77.1	77.1
<b>FIXED ASSETS</b>	<b>47.1</b>	<b>60.2</b>	<b>99.3</b>	<b>106.8</b>	<b>112.3</b>	<b>110.8</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	451.7	507.1	575.9	633.2	692.0	749.0
Other assets and short-term financial assets	15.9	24.8	22.6	22.6	22.6	22.6
Liquid assets	301.6	153.3	283.7	307.1	299.8	303.0
Deferred taxes	7.0	7.6	6.5	6.5	6.5	7.6
Deferred charges and prepaid expenses	1.3	0.2	2.8	2.8	2.8	0.2
<b>CURRENT ASSETS</b>	<b>777.5</b>	<b>693.0</b>	<b>891.6</b>	<b>972.2</b>	<b>1,023.7</b>	<b>1,082.4</b>
<b>TOTAL ASSETS</b>	<b>824.5</b>	<b>753.2</b>	<b>990.9</b>	<b>1,079.0</b>	<b>1,136.0</b>	<b>1,193.2</b>

<b>SHAREHOLDERS EQUITY</b>	<b>174.8</b>	<b>180.0</b>	<b>183.6</b>	<b>194.8</b>	<b>209.5</b>	<b>229.1</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Bonds (long-term)	141.8	47.4	47.8	93.6	103.0	113.3
other interest-bearing liabilities	2.9	5.0	10.3	10.3	10.3	5.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>NON-CURRENT LIABILITIES</b>	<b>144.7</b>	<b>52.4</b>	<b>58.1</b>	<b>103.9</b>	<b>113.2</b>	<b>118.3</b>
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.4	15.6	13.4	13.4	13.4	13.4
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	3.5	0.9	2.3	2.3	2.3	2.3
Other liabilities (incl. from lease and rental contracts)	499.9	503.4	732.4	763.6	796.4	829.2
Deferred taxes	0.2	1.0	1.2	1.2	1.2	1.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>505.0</b>	<b>520.8</b>	<b>749.1</b>	<b>780.4</b>	<b>813.2</b>	<b>845.8</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>824.6</b>	<b>753.2</b>	<b>990.9</b>	<b>1,079.0</b>	<b>1,136.0</b>	<b>1,193.2</b>

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	4.3%	4.2%	3.0%	2.7%	2.5%	2.3%
Property, plant and equipment	0.6%	1.0%	0.8%	0.7%	0.6%	0.5%
Financial assets	0.8%	2.8%	6.3%	6.5%	6.8%	6.5%
<b>FIXED ASSETS</b>	<b>5.7%</b>	<b>8.0%</b>	<b>10.0%</b>	<b>9.9%</b>	<b>9.9%</b>	<b>9.3%</b>
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	54.8%	67.3%	58.1%	58.7%	60.9%	62.8%
Other assets and short-term financial assets	1.9%	3.3%	2.3%	2.1%	2.0%	1.9%
Liquid assets	36.6%	20.4%	28.6%	28.5%	26.4%	25.4%
Deferred taxes	0.8%	1.0%	0.7%	0.6%	0.6%	0.6%
Deferred charges and prepaid expenses	0.2%	0.0%	0.3%	0.3%	0.3%	0.0%
<b>CURRENT ASSETS</b>	<b>94.3%</b>	<b>92.0%</b>	<b>90.0%</b>	<b>90.1%</b>	<b>90.1%</b>	<b>90.7%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>21.2%</b>	<b>23.9%</b>	<b>18.5%</b>	<b>18.1%</b>	<b>18.4%</b>	<b>19.2%</b>
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Long-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bonds (long-term)	17.2%	6.3%	4.8%	8.7%	9.1%	9.5%
other interest-bearing liabilities	0.4%	0.7%	1.0%	1.0%	0.9%	0.4%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>NON-CURRENT LIABILITIES</b>	<b>17.6%</b>	<b>7.0%</b>	<b>5.9%</b>	<b>9.6%</b>	<b>10.0%</b>	<b>9.9%</b>
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	0.2%	2.1%	1.3%	1.2%	1.2%	1.1%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.4%	0.1%	0.2%	0.2%	0.2%	0.2%
Other liabilities (incl. from lease and rental contracts)	60.6%	66.8%	73.9%	70.8%	70.1%	69.5%
Deferred taxes	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>61.2%</b>	<b>69.1%</b>	<b>75.6%</b>	<b>72.3%</b>	<b>71.6%</b>	<b>70.9%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	-3.5	11.8	16.4	15.3	20.4	27.3
Depreciation of fixed assets (incl. leases)	3.7	2.6	2.5	2.7	2.9	3.1
Amortisation of goodwill & intangible assets	13.5	14.9	12.6	12.2	13.0	14.0
Other costs affecting income / expenses	78.0	-107.5	-111.1	-126.0	-137.6	-151.9
Cash flow from operating activities	54.5	-51.9	142.8	-2.7	3.5	13.3
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-152.9	-167.4	-211.5	-164.3	-171.3	-175.1
Increase/decrease in accounts payable	-12.6	17.4	227.2	31.2	32.9	32.8
Increase/decrease in other working capital positions	145.4	193.9	221.7	241.1	259.1	280.3
Increase/decrease in working capital	-20.0	43.8	237.4	108.0	120.7	138.0
<b>Cash flow from operating activities</b>	<b>71.7</b>	<b>-34.3</b>	<b>157.8</b>	<b>12.2</b>	<b>19.3</b>	<b>30.5</b>
CAPEX	11.5	10.9	10.8	13.4	14.4	15.7
Payments for acquisitions	0.0	0.0	0.0	1.0	0.0	0.0
Financial investments	0.7	0.0	1.0	8.0	7.0	0.0
Income from asset disposals	-1.4	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-13.7</b>	<b>-10.9</b>	<b>-11.8</b>	<b>-22.4</b>	<b>-21.4</b>	<b>-15.7</b>
Cash flow before financing	58.0	-45.2	143.3	-14.3	-7.7	7.2
Increase/decrease in debt position	-39.6	-184.1	-6.8	45.8	9.4	5.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	50.0	87.1	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	2.6	4.1	5.7	7.6
Others	-3.3	-3.7	-6.0	-8.0	-9.0	-9.0
Effects of exchange rate changes on cash	-0.1	-2.3	-0.2	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>7.1</b>	<b>-100.7</b>	<b>-15.4</b>	<b>33.7</b>	<b>-5.3</b>	<b>-11.6</b>
Increase/decrease in liquid assets	65.0	-148.3	130.4	23.5	-7.4	3.2
<b>Liquid assets at end of period</b>	<b>301.6</b>	<b>153.3</b>	<b>283.7</b>	<b>307.1</b>	<b>299.8</b>	<b>303.0</b>

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
<b>P&amp;L growth analysis</b>						
Sales growth	-11.4%	4.1%	8.5%	17.2%	6.8%	46.8%
EBITDA growth	-24.5%	16.7%	42.2%	56.1%	40.3%	129.3%
EBIT growth	-40.2%	9.9%	67.0%	95.9%	51.7%	176.6%
EPS growth	-129.0%	1660.6%	-261.2%	87.7%	84.7%	5803.3%
<b>Efficiency</b>						
Sales per employee	286.4	278.5	283.5	313.0	316.1	395.9
EBITDA per employee	59.7	64.1	74.4	88.4	92.9	121.9
No. employees (average)	713	763	813	863	913	788
<b>Balance sheet analysis</b>						
Avg. working capital / sales	203.5%	198.3%	219.7%	205.7%	215.0%	174.2%
Inventory turnover (sales/inventory)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts receivable turnover	480.9	480.9	480.9	480.9	480.9	480.9
Accounts payable turnover	7.2	67.2	54.7	45.6	43.4	41.3
<b>Cash flow analysis</b>						
Free cash flow	60.2	-45.2	147.0	-1.2	5.0	14.8
Free cash flow/sales	29.5%	-21.3%	63.8%	-0.4%	1.7%	4.8%
FCF / net profit	neg.	neg.	894.0%	neg.	24.4%	54.5%
Capex / sales	6.0%	5.1%	5.1%	7.9%	7.4%	5.0%
<b>Solvency</b>						
Net debt	-111.6	-104.6	-69.2	-72.8	-82.1	-104.5
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	0.0%	32.2%	37.4%	37.4%	37.4%	37.4%
Interest paid / avg. debt	16.2%	15.1%	26.2%	47.3%	45.0%	26.8%
<b>Returns</b>						
ROCE	3.7%	4.0%	5.3%	6.0%	6.3%	6.9%
ROE	-3.9%	4.5%	6.0%	7.8%	9.7%	11.9%
Adjusted FCF yield	-412.8%	-234.6%	-206.1%	-171.2%	-125.4%	-96.9%
Dividend yield	0.0%	2.3%	3.7%	5.0%	6.7%	9.0%
DPS	0.0	0.1	0.2	0.3	0.4	0.5
EPS reported	-0.32	0.37	0.51	0.70	0.94	1.25
Average number of shares	21.6	21.7	21.8	21.8	21.8	21.8
<b>Valuation ratios</b>						
P/BV	0.6	0.6	0.6	0.6	0.5	0.5
EV/sales	0.0	0.0	0.0	0.1	0.1	-0.2
EV/EBITDA	0.0	0.1	0.1	0.4	0.2	-0.7
EV/EBIT	0.0	0.1	0.1	0.5	0.3	-0.9

Source: Company data, NuWays

## Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

### Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

- (1) or any other person belonging to the same group with it was part of a consortium within the past twelve months that issued the financial instruments of the analysed company by way of a public offer.
- (2) or any other person belonging to the same group with it has entered into an agreement on the production of the research report with the analysed company.
- (3) or any other person belonging to the same group with it has been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement within the past twelve month.
- (4) The analysed company holds 5% or more of the share capital of NuWays AG.
- (5) holds (a) a net short position or (b) a net long position of 0.5% of the outstanding share capital of the analysed company.
- (6) or any other person belonging to the same group with it is a market maker or liquidity provider in the financial instruments of the issuer.
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company.
- (8) The research report has been made available to the analysed company prior to its publication. Thereafter, only factual changes have been made to the report.

**Conflicts of interest that existed at the time when this research report was published:**

Company	Disclosures
Multitude SE	2

### Historical target price and rating changes for Multitude SE

Company	Date	Analyst	Rating	Target Price	Close
Multitude SE	10.04.2024	Jarchow, Frederik	Buy	EUR 12.00	EUR 5.44
	21.11.2023	Jarchow, Frederik	Buy	EUR 10.00	EUR 3.16

## 1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by NuWays AG exclusively to selected recipients in the European Union (EU) or, in individual cases, also in other countries. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of NuWays AG. Reproduction of this document, in whole or in part, is not permitted without prior permission NuWays AG. All rights reserved.

Under no circumstances shall NuWays AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

## 2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

## 3. Organisational Requirements

NuWays AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of NuWays AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

## 4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the relevant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjust-

ment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

NuWays AG uses the following three-step rating system for the analysed companies:

**Buy:** Sustainable upside potential of more than 20% within 12 months

**Sell:** Sustainable downside potential of more than 20% within 12 months.

**Hold:** Upside/downside potential is limited. No immediate catalyst visible.

The decision on the choice of the financial instruments analysed in this document was solely made by NuWays AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of NuWays AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

## 5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. NuWays AG has checked the information for plausibility but not for accuracy or completeness.

## 6. Competent Supervisory Authority

NuWays AG is an affiliated company of Hauck Aufhäuser Lampe Privatbank AG which is under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

## 7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany and the European Union (EU). The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state. If this communication is distributed in the United Kingdom it is solely directed at (i) investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO") or (ii) high net-worth entities as defined in article 49 of the FPO. This document should not be distributed or forwarded, either directly or indirectly, to any other individuals.

## 8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: [www.nuways-ag.com](http://www.nuways-ag.com)

Date of publication creation: 14/10/2024 07:51 AM

Date of publication dissemination: 14/10/2024 07:51 AM

## Contacts

### NuWays AG

Mittelweg 16-17  
20148 Hamburg  
Germany

+49 170 119 8648  
info@nuways-ag.com  
www.nuways-ag.com



**Christian Sandherr**

Co-CEO/Analyst

christian.sandherr@nuways-ag.com



**Frederik Jarchow**

Co-CEO/Analyst

frederik.jarchow@nuways-ag.com



**Philipp Sennewald**

Analyst

philipp.sennewald@nuways-ag.com



**Henry Wendisch**

Analyst

henry.wendisch@nuways-ag.com



**Mark Schüssler**

Analyst

mark-hendrik.schuessler@nuways-ag.com



**Konstantin Völk**

Analyst

konstantin.voelk@nuways-ag.com

## Find us on Social Media

Instagram



Twitter/X



LinkedIn

