Linus Digital Finance

(CDAX, Software/IT, LDF GR)

WARBURG RESEARCH

Buy	
EUR 27.50	(EUR 50.00)
Price	EUR 12.10
Upside	127.3 %

Value Indicators:	EUR
DCF:	27.47

Warburg ESG Risk Score:	1.4
ESG Score (MSCI based):	n.a.
Balance Sheet Score:	2.8
Market Liquidity Score:	0.0

Description:

LINUS offers a digital real estate finance platform for institutional-grade investments

Market Snapshot:	EUR m
Market cap:	80.6
No. of shares (m):	6.7
EV:	304.7
Freefloat MC:	14.9
Ø Trad. Vol. (30d):	14.44 th

Shareholders:	
Freefloat	18.50 %
David Neuhoff	9.40 %
Dominik Pederzani	4.10 %
Arvantis Group Holding	64.80 %

Key Figures (WRe):	2022e
Beta:	1.3
Price / Book:	3.4 x
Equity Ratio:	9 %

Guidance withdrawn owing to uncertain market environment

Linus Digital Finance (Linus) published preliminary figures for H1 2022 and announced strategic adjustments in order to adapt to the current challenging market environment.

- Preliminary sales were reported at EUR 5.4m (+50.4% yoy) with an investment volume of EUR 218m (+41.2% yoy). However, depending on the source of income, Linus's operating income is reflected in the financial result as well, which has not yet been reported. Furthermore, as the company typically experiences a stronger second half of the year, H1 should not usually be in focus.
- Against the backdrop of the current market uncertainties, Linus withdrew its guidance for revenues of more than EUR 18m. Generally, the management expects the company's growth to continue and sees low to high double-digit growth rates with regards to financing volume, co-investment volume and revenue, but it refrains from quantifying this more specifically for the current year.
- In order to adapt to the current situation, Linus is reducing investment in private customers but is focusing on high net-worth individuals instead which should result in lower marketing expenses by the end of the year. Furthermore, the company is reducing personnel by 22 employees (about 20%) to apply an even stronger brake on costs. Therefore, the lower top-line assumption is offset by lower costs, which results in more or less unchanged bottom-line expectations.
- Our financial model was adjusted accordingly. For 2022 and 2023, growth expectations with regards to the investment volume were lowered as we assume generally lower market activity. Against the backdrop of rising interest rates and galloping construction cost inflation, the total investment volume in real-estate projects is set to decline. However, as banks become more risk averse, this could also lead to more demand for alternative financing in the short run.

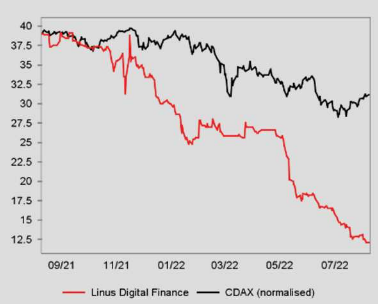
Overall, the withdrawal of the guidance is well framed in a highly uncertain market environment. Even though the project pipeline of Linus is still well filled, strong growth becomes an even more difficult task under the current conditions. However, in the long run, Linus's business model appears well intact and is unaffected by short-term obstacles. On the back of an increased risk-free interest rate and lower growth assumptions, our PT is reduced to EUR 27.50 but the Buy rating remains unchanged.

Changes in Estimates:

FY End: 31.12. in EUR m	2022e (old)	+ / -	2023e (old)	+ / -	2024e (old)	+ / -
Sales	18.7	-13.1 %	23.8	-25.0 %	30.4	-27.9 %
EBITDA	-5.6	n.m.	-3.6	n.m.	-1.5	n.m.
EBT	-0.9	n.m.	4.5	-59.2 %	9.0	-45.6 %

Comment on Changes:

- Lower growth assumptions due to an adverse market environment
- Risk-free interest rate increased to 2.75%



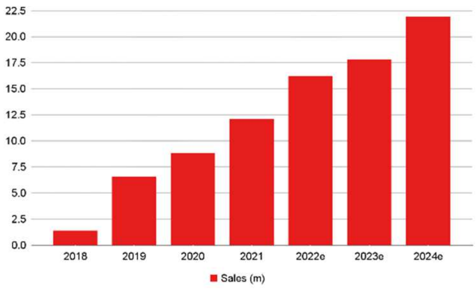
Rel. Performance vs CDAX:	
1 month:	-20.6 %
6 months:	-37.8 %
Year to date:	-40.5 %
Trailing 12 months:	-49.1 %

Company events:

FY End: 31.12. in EUR m	CAGR (21-24e)	2018	2019	2020	2021	2022e	2023e	2024e
Operating income	22.8 %	1.4	6.8	10.1	15.4	20.8	22.8	28.5
EBT	-	0.4	3.7	5.0	-12.9	-0.4	1.8	4.9
Margin		*26.6 %*	*56.9 %*	*56.0 %*	*-106.6 %*	*-2.7 %*	*10.3 %*	*22.3 %*
Net income	-	0.3	2.7	3.3	-11.0	-0.3	1.2	3.3
EPS	-	0.05	0.44	0.54	-1.72	-0.04	0.18	0.49
EPS adj.	-	0.05	0.44	0.54	-1.72	-0.04	0.18	0.49
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCFPS		0.01	1.08	0.47	-1.83	0.16	0.24	0.45
FCF / Market cap		n.a.	n.a.	n.a.	-5.0 %	1.3 %	1.9 %	3.7 %
EV / Sales		n.a.	n.a.	n.a.	19.0 x	18.8 x	21.0 x	20.8 x
EV / EBITDA		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV / EBIT		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P / E		n.a.	n.a.	n.a.	n.a.	n.a.	67.2 x	24.7 x
P / E adj.		n.a.	n.a.	n.a.	n.a.	n.a.	67.2 x	24.7 x
FCF Potential Yield		n.a.	n.a.	n.a.	-6.1 %	-1.4 %	-0.9 %	-0.6 %
Net Debt		0.4	58.9	121.4	156.3	224.1	292.8	376.3
ROCE (NOPAT)		73.5 %	8.0 %	2.6 %	n.a.	n.a.	n.a.	n.a.
Guidance:	No guidance for 2022							

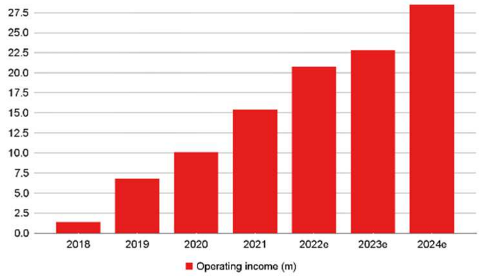
Analyst
Marius Fuhrberg
mfuhrberg@warburg-research.com
+49 40 309537-185

Sales development
in EUR m



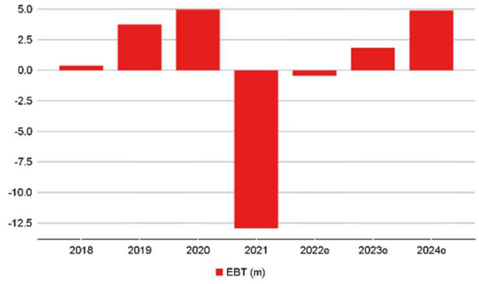
Source: Warburg Research

Operating income
in EUR m



Source: Warburg Research

EBT development
in EUR m



Source: Warburg Research

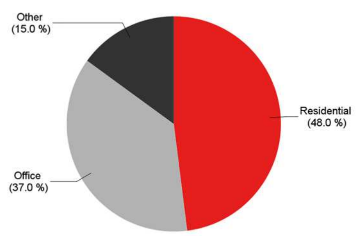
Company Background

- Linus provides loans to mid-sized real-estate developers with ticket sizes between EUR 3-100m which are fronted by the Linus fund in which the company holds 3% and…
- … syndicated thereafter to external co-investors, offering access for semi-professional and professional to the high-yield real-estate development debt market at investment volumes from EUR 50k
- The Linus platform will provide a secondary marketplace for the co-investors, bringing tradability into the rather illiquid asset class of real-estate investments.
- Revenue is generated by fees for brokering the loans and the collection of an interest spread which fuels the financial result.

Competitive Quality

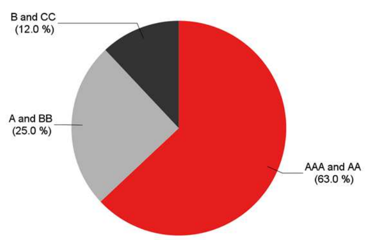
- Linus combines the best aspects of the financing vehicles of private debt funds and FinTech-based crowd-investment platforms.
- For sponsors, Linus combines the important attributes of offering flexible financing in every project phase and asset class and the advantage of very quick decision-making in a streamlined decision process.
- Co-investors are attracted by high-yield investments in specific real-estate projects at manageable risks to which usually only institutional investors have access.
- The purely digital investment process ensures the highest convenience for investors and a secondary market is in the making to enable the tradability of the investments.
- A strong track record with more than EUR 800m capital deployed across more than 51 projects creates a strong track record in a rather short period of time which is used to fuel the growth momentum.

Loan portfolio
per asset class



Source: Warburg Research

Risk distribution in loan Portfolio
internal classification



Source: Warburg Research

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	
Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Sales change	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*2.0 %*
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
EBIT-margin	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	
Tax rate (EBT)	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	*33.0 %*	
NOPAT	-0.3	1.2	3.3	5.7	9.1	13.2	16.1	17.4	18.6	19.7	20.7	21.5	22.0	
Depreciation	0.4	0.5	0.6	0.7	0.8	0.9	1.0	1.0	1.1	1.2	1.2	1.3	1.3	
in % of Sales	*2.1 %*	*2.1 %*	*2.1 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	-1.3	-0.3	0.3	0.3	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	
- Capex	0.4	0.4	0.5	0.7	0.8	0.9	1.0	1.0	1.1	1.2	1.2	1.3	1.3	
Capex in % of Sales	*2.0 %*	*2.0 %*	*1.9 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	1.1	1.6	3.0	5.4	9.1	12.9	15.9	17.2	18.4	19.5	20.5	21.4	21.9	22
PV of FCF	1.0	1.4	2.4	3.9	5.9	7.7	8.6	8.4	8.2	7.9	7.5	7.1	6.6	83
share of PVs	**3.01 %**			**44.97 %**										**52.03 %**

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.20
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.50
Market return	8.25 %	Cyclicality	1.40
Risk free rate	2.75 %	Transparency	1.30
		Others	1.30
WACC	**10.12 %**	**Beta**	**1.34**

Valuation (m)

Present values 2034e	77		
Terminal Value	83		
Financial liabilities	0		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	23	No. of shares (m)	6.7
Equity Value	**183**	**Value per share (EUR)**	**27.47**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	1.25 %	1.50 %	1.75 %	**2.00 %**	2.25 %	2.50 %	2.75 %
1.52	11.1 %	23.40	23.64	23.89	24.15	24.43	24.73	25.04
1.43	10.6 %	24.82	25.10	25.40	25.71	26.04	26.39	26.77
1.39	10.4 %	25.59	25.90	26.22	26.56	26.92	27.31	27.72
1.34	10.1 %	26.41	26.75	27.10	**27.47**	27.87	28.29	28.74
1.29	9.9 %	27.29	27.65	28.03	28.44	28.87	29.34	29.83
1.25	9.6 %	28.21	28.61	29.03	29.47	29.95	30.46	31.01
1.16	9.1 %	30.25	30.72	31.23	31.77	32.35	32.97	33.64

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.52	11.1 %	23.42	23.67	23.91	24.15	24.39	24.64	24.88
1.43	10.6 %	24.93	25.19	25.45	25.71	25.97	26.23	26.49
1.39	10.4 %	25.76	26.03	26.29	26.56	26.83	27.10	27.36
1.34	10.1 %	26.64	26.92	27.19	**27.47**	27.75	28.02	28.30
1.29	9.9 %	27.58	27.86	28.15	28.44	28.72	29.01	29.30
1.25	9.6 %	28.58	28.88	29.17	29.47	29.77	30.07	30.36
1.16	9.1 %	30.81	31.13	31.45	31.77	32.09	32.41	32.73

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Net Income before minorities	0.3	2.7	3.3	-11.1	-0.3	1.2	3.3
+ Depreciation + Amortisation	0.0	0.2	0.2	0.3	0.4	0.5	0.6
- Net Interest Income	0.0	0.2	1.3	3.3	4.5	5.0	6.6
- Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Free Cash Flow Potential	**0.4**	**2.6**	**2.3**	**-14.1**	**-4.4**	**-3.3**	**-2.7**
FCF Potential Yield (on market EV)	n/a	n/a	n/a	-6.1 %	-1.4 %	-0.9 %	-0.6 %
WACC	10.12 %	10.12 %	10.12 %	10.12 %	10.12 %	10.12 %	10.12 %
= Enterprise Value (EV)	**n.a.**	**n.a.**	**n.a.**	**230.7**	**304.7**	**373.4**	**456.9**
= Fair Enterprise Value	**3.5**	**25.7**	**22.5**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
- Net Debt (Cash)	156.3	156.3	156.3	156.3	224.1	292.8	376.3
- Pension Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Other	-157.9	-157.9	-157.9	-157.9	0.0	0.0	0.0
- Market value of minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation	**5.1**	**27.3**	**24.1**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Number of shares, average	6.1	6.1	6.1	6.4	6.7	6.7	6.7
= Fair value per share (EUR)	**0.84**	**4.51**	**3.99**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
premium (-) / discount (+) in %							

Sensitivity Fair value per Share (EUR)

	13.12 %	0.64	3.22	2.85	n.a.	n.a.	n.a.	n.a.
	12.12 %	0.68	3.46	3.07	n.a.	n.a.	n.a.	n.a.
	11.12 %	0.72	3.75	3.32	n.a.	n.a.	n.a.	n.a.
WACC	**10.12 %**	**0.84**	**4.51**	**3.99**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
	9.12 %	0.82	4.52	3.99	n.a.	n.a.	n.a.	n.a.
	8.12 %	0.89	5.05	4.46	n.a.	n.a.	n.a.	n.a.
	7.12 %	0.98	5.72	5.05	n.a.	n.a.	n.a.	n.a.

Valuation

	2018	2019	2020	2021	2022e	2023e	2024e
Price / Book	n.a.	n.a.	n.a.	9.6 x	3.4 x	3.2 x	2.8 x
Book value per share ex intangibles	0.02	0.46	0.96	3.70	3.52	3.71	4.21
EV / Sales	n.a.	n.a.	n.a.	19.0 x	18.8 x	21.0 x	20.8 x
EV / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV / EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV / EBIT adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P / FCF	n.a.	n.a.	n.a.	n.a.	74.2 x	51.4 x	26.7 x
P / E	n.a.	n.a.	n.a.	n.a.	n.a.	67.2 x	24.7 x
P / E adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	67.2 x	24.7 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	n.a.	n.a.	n.a.	-6.1 %	-1.4 %	-0.9 %	-0.6 %

*Adjustments made for: -

Company Specific Items

	2018	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Operating income	1,391,463.41	6,798,327.08	10,110,676.51	15,406,459.00	20,771,320.00	22,807,510.00	28,500,260.00

Consolidated profit & loss

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Sales	**1.4**	**6.6**	**8.9**	**12.1**	**16.2**	**17.8**	**21.9**
Change Sales yoy	n.a.	369.7 %	34.6 %	36.9 %	33.9 %	9.8 %	23.1 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Sales	**1.4**	**6.6**	**8.9**	**12.1**	**16.2**	**17.8**	**21.9**
Material expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross profit	**1.4**	**6.6**	**8.9**	**12.1**	**16.2**	**17.8**	**21.9**
Gross profit margin	*100.0 %*	*100.0 %*	*100.0 %*	*100.0 %*	*100.0 %*	*100.0 %*	*100.0 %*
Personnel expenses	0.5	1.6	2.3	7.2	9.7	9.8	11.0
Other operating income	0.0	0.0	0.0	0.3	0.0	0.0	0.0
Other operating expenses	0.4	2.3	3.9	21.1	11.0	10.7	12.1
Unfrequent items	0.0	0.9	1.3	0.0	0.0	0.0	0.0
EBITDA	**0.4**	**3.7**	**3.9**	**-15.9**	**-4.5**	**-2.7**	**-1.1**
Margin	*30.7 %*	*56.1 %*	*44.2 %*	*-130.9 %*	*-28.0 %*	*-15.0 %*	*-5.0 %*
Depreciation of fixed assets	0.0	0.1	0.2	0.3	0.4	0.4	0.5
EBITA	**0.4**	**3.5**	**3.7**	**-16.2**	**-4.9**	**-3.1**	**-1.6**
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**0.4**	**3.5**	**3.7**	**-16.2**	**-5.0**	**-3.2**	**-1.7**
Margin	*27.3 %*	*53.5 %*	*41.8 %*	*-133.7 %*	*-30.7 %*	*-17.7 %*	*-7.7 %*
EBIT adj.	**0.4**	**3.5**	**3.7**	**-16.2**	**-5.0**	**-3.2**	**-1.7**
Interest income	0.0	3.2	10.7	14.4	0.0	0.0	0.0
Interest expenses	0.0	3.0	9.5	13.2	0.0	0.0	0.0
Other financial income (loss)	0.0	0.0	0.0	0.4	0.0	0.0	0.0
EBT	**0.4**	**3.7**	**5.0**	**-12.9**	**-0.4**	**1.8**	**4.9**
Margin	*26.6 %*	*56.9 %*	*56.0 %*	*-106.6 %*	*-2.7 %*	*10.3 %*	*22.3 %*
Total taxes	0.1	1.1	1.6	-1.8	-0.1	0.6	1.6
Net income from continuing operations	**0.3**	**2.7**	**3.3**	**-11.1**	**-0.3**	**1.2**	**3.3**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**0.3**	**2.7**	**3.3**	**-11.1**	**-0.3**	**1.2**	**3.3**
Minority interest	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Net income	**0.3**	**2.7**	**3.3**	**-11.0**	**-0.3**	**1.2**	**3.3**
Margin	*21.0 %*	*40.4 %*	*37.0 %*	*-91.1 %*	*-1.8 %*	*6.9 %*	*14.9 %*
Number of shares, average	6.1	6.1	6.1	6.4	6.7	6.7	6.7
EPS	**0.05**	**0.44**	**0.54**	**-1.72**	**-0.04**	**0.18**	**0.49**
EPS adj.	0.05	0.44	0.54	-1.72	-0.04	0.18	0.49

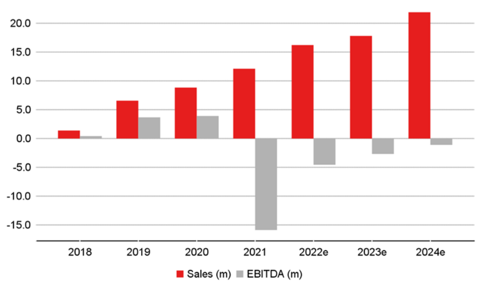
*Adjustments made for:

Guidance: No guidance for 2022

Financial Ratios

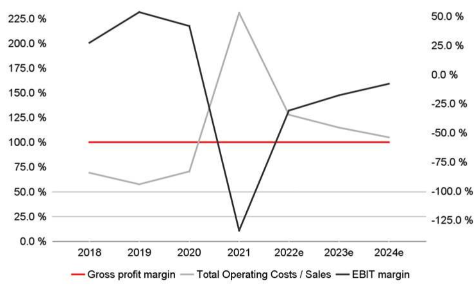
	2018	2019	2020	2021	2022e	2023e	2024e
Total Operating Costs / Sales	69.3 %	57.6 %	70.5 %	230.9 %	128.0 %	115.0 %	105.0 %
Operating Leverage	n.a.	2.2 x	0.1 x	n.a.	-2.0 x	-3.8 x	-2.0 x
EBITDA / Interest expenses	44.7 x	1.2 x	0.4 x	n.m.	n.a.	n.a.	n.a.
Tax rate (EBT)	20.7 %	29.0 %	33.1 %	13.8 %	33.0 %	33.0 %	33.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	280,041	411,070	442,705	n.a.	n.a.	n.a.	n.a.

Sales, EBITDA
in EUR m



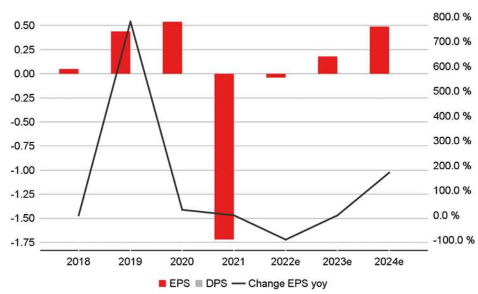
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

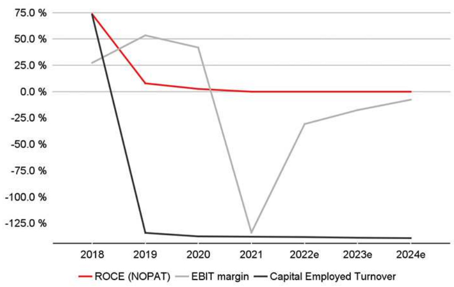
Consolidated balance sheet

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Assets							
Goodwill and other intangible assets	0.0	0.0	0.0	0.5	0.5	0.5	0.4
thereof other intangible assets	0.0	0.0	0.0	0.5	0.5	0.5	0.4
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.0	0.0	0.2	0.3	0.3	0.3	0.3
Financial assets	0.1	57.1	120.0	157.9	226.8	297.1	383.6
Other long-term assets	0.3	4.8	7.0	16.0	16.0	16.0	16.0
Fixed assets	**0.5**	**62.0**	**127.3**	**174.8**	**243.6**	**313.9**	**400.3**
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.4	2.5	2.9	4.2	2.0	1.7	2.1
Liquid assets	0.2	3.2	4.1	23.4	24.5	26.0	29.0
Other short-term assets	0.1	0.7	2.9	7.1	7.1	7.1	7.1
Current assets	**0.7**	**6.4**	**9.8**	**34.6**	**33.5**	**34.8**	**38.2**
Total Assets	**1.2**	**68.4**	**137.1**	**209.4**	**277.1**	**348.6**	**438.5**
Liabilities and shareholders' equity							
Subscribed capital	0.0	0.0	0.0	6.4	6.4	6.4	6.4
Capital reserve	0.0	0.0	0.2	29.1	29.1	29.1	29.1
Retained earnings	0.2	2.8	5.6	-11.2	-11.5	-10.3	-7.0
Other equity components	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	0.2	2.8	5.8	24.3	24.0	25.2	28.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**0.2**	**2.9**	**5.8**	**24.3**	**24.0**	**25.2**	**28.5**
Provisions	0.1	1.3	2.6	1.3	1.3	1.3	1.3
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	0.6	62.1	125.6	179.7	248.5	318.8	405.3
Short-term financial liabilities	0.0	0.0	0.0	50.2	50.2	50.2	50.2
Accounts payable	0.2	0.4	0.5	1.2	0.4	0.4	0.5
Other liabilities	0.2	1.7	2.6	2.9	2.9	2.9	2.9
Liabilities	**1.0**	**65.5**	**131.3**	**185.1**	**253.1**	**323.4**	**410.0**
Total liabilities and shareholders' equity	**1.2**	**68.4**	**137.1**	**209.4**	**277.1**	**348.6**	**438.5**

Financial Ratios

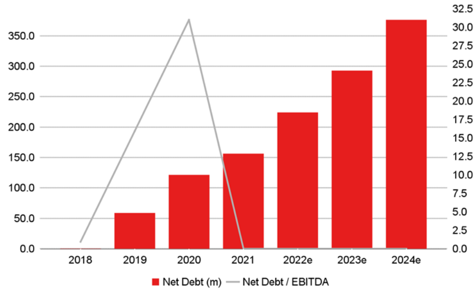
	2018	2019	2020	2021	2022e	2023e	2024e
Efficiency of Capital Employment							
Operating Assets Turnover	5.0 x	3.2 x	3.5 x	3.8 x	8.7 x	11.4 x	11.7 x
Capital Employed Turnover	2.3 x	0.1 x	0.1 x	0.1 x	0.1 x	0.1 x	0.1 x
ROA	58.7 %	4.3 %	2.6 %	-6.3 %	-0.1 %	0.4 %	0.8 %
Return on Capital							
ROCE (NOPAT)	73.5 %	8.0 %	2.6 %	n.a.	n.a.	n.a.	n.a.
ROE	779.9 %	174.9 %	75.5 %	-73.4 %	-1.2 %	5.0 %	12.2 %
Adj. ROE	779.9 %	174.9 %	75.5 %	-73.4 %	-1.2 %	5.0 %	12.2 %
Balance sheet quality							
Net Debt	0.4	58.9	121.4	156.3	224.1	292.8	376.3
Net Financial Debt	0.4	58.9	121.4	156.3	224.1	292.8	376.3
Net Gearing	213.1 %	2063.0 %	2101.6 %	643.6 %	933.9 %	1160.8 %	1320.4 %
Net Fin. Debt / EBITDA	94.6 %	1596.2 %	3099.9 %	n.a.	n.a.	n.a.	n.a.
Book Value / Share	0.0	0.5	1.0	3.8	3.6	3.8	4.3
Book value per share ex intangibles	0.0	0.5	1.0	3.7	3.5	3.7	4.2

ROCE Development



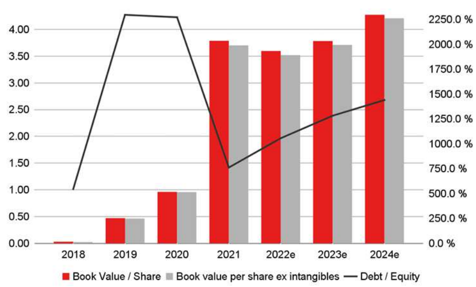
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

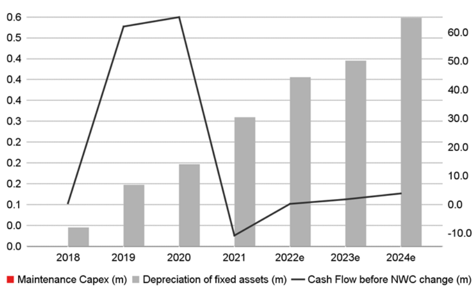
Consolidated cash flow statement

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Net income	0.3	2.7	3.3	-11.1	-0.3	1.2	3.3
Depreciation of fixed assets	0.0	0.1	0.2	0.3	0.4	0.4	0.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.1	59.1	61.6	0.0	0.0	0.0	0.0
Cash Flow before NWC change	**0.4**	**62.1**	**65.3**	**-10.8**	**0.1**	**1.7**	**3.9**
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-0.5	-2.1	-1.0	-1.3	2.2	0.3	-0.4
Increase / decrease in accounts payable	0.1	1.9	0.3	0.7	-0.8	0.0	0.1
Increase / decrease in other working capital positions	0.1	-55.2	-61.5	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-0.3	-55.4	-62.2	-0.6	1.3	0.3	-0.3
Net cash provided by operating activities [1]	**0.1**	**6.6**	**3.0**	**-11.4**	**1.5**	**2.0**	**3.6**
Investments in intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments in property, plant and equipment	0.0	0.0	-0.2	-0.3	-0.4	-0.4	-0.5
Payments for acquisitions	0.0	-3.7	-0.4	0.0	0.0	0.0	0.0
Financial investments	-0.1	0.0	0.0	-53.9	-68.8	-70.3	-86.5
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	**-0.2**	**-3.8**	**-0.6**	**-54.2**	**-69.2**	**-70.8**	**-87.1**
Change in financial liabilities	0.1	0.3	-1.1	54.1	68.8	70.3	86.5
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	-0.6	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	25.8	0.0	0.0	0.0
Other	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	**0.1**	**0.3**	**-1.6**	**79.9**	**68.8**	**70.3**	**86.5**
Change in liquid funds [1]+[2]+[3]	**0.0**	**3.1**	**0.9**	**14.3**	**1.1**	**1.6**	**3.0**
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	0.2	3.2	4.1	18.4	24.5	26.0	29.0

Financial Ratios

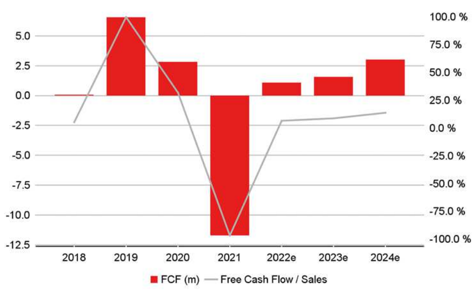
	2018	2019	2020	2021	2022e	2023e	2024e
Cash Flow							
FCF	0.1	6.6	2.8	-11.7	1.1	1.6	3.0
Free Cash Flow / Sales	5.3 %	99.7 %	31.9 %	-96.6 %	6.7 %	8.8 %	13.8 %
Free Cash Flow Potential	0.4	2.6	2.3	-14.1	-4.4	-3.3	-2.7
Free Cash Flow / Net Profit	25.3 %	247.0 %	86.3 %	106.1 %	-368.3 %	127.2 %	92.2 %
Interest Received / Avg. Cash	0.7 %	190.6 %	290.7 %	105.0 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.9 %	9.6 %	10.1 %	8.7 %	0.0 %	0.0 %	0.0 %
Management of Funds							
Investment ratio	5.0 %	0.9 %	2.4 %	2.6 %	2.5 %	2.5 %	2.5 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	143.5 %	35.5 %	99.6 %	92.7 %	92.6 %	92.6 %	92.6 %
Avg. Working Capital / Sales	6.9 %	17.4 %	24.7 %	21.8 %	14.0 %	8.1 %	6.6 %
Trade Debtors / Trade Creditors	254.1 %	567.1 %	555.3 %	339.5 %	500.0 %	425.0 %	420.0 %
Inventory Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables collection period (days)	111	137	118	126	45	35	35
Payables payment period (days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

CAPEX and Cash Flow
in EUR m



Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital

Source: Warburg Research

LEGAL DISCLAIMER

This research report (“investment recommendation”) was prepared by the Warburg Research GmbH, a fully owned subsidiary of the M.M.Warburg & CO (AG & Co.) KGaA and is passed on by the M.M.Warburg & CO (AG & Co.) KGaA. It is intended solely for the recipient and may not be passed on to another company without their prior consent, regardless of whether the company is part of the same corporation or not. It contains selected information and does not purport to be complete. The investment recommendation is based on publicly available information and data ("information") believed to be accurate and complete. Warburg Research GmbH neither examines the information for accuracy and completeness, nor guarantees its accuracy and completeness. Possible errors or incompleteness of the information do not constitute grounds for liability of M.M.Warburg & CO (AG & Co.) KGaA or Warburg Research GmbH for damages of any kind whatsoever, and M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are not liable for indirect and/or direct and/or consequential damages. In particular, neither M.M.Warburg & CO (AG & Co.) KGaA nor Warburg Research GmbH are liable for the statements, plans or other details contained in these investment recommendations concerning the examined companies, their affiliated companies, strategies, economic situations, market and competitive situations, regulatory environment, etc. Although due care has been taken in compiling this investment recommendation, it cannot be excluded that it is incomplete or contains errors. M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH, their shareholders and employees are not liable for the accuracy and completeness of the statements, estimations and the conclusions derived from the information contained in this investment recommendation. Provided a investment recommendation is being transmitted in connection with an existing contractual relationship, i.e. financial advisory or similar services, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH shall be restricted to gross negligence and wilful misconduct. In case of failure in essential tasks, M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are liable for normal negligence. In any case, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH is limited to typical, expectable damages. This investment recommendation does not constitute an offer or a solicitation of an offer for the purchase or sale of any security. Partners, directors or employees of M.M.Warburg & CO (AG & Co.) KGaA, Warburg Research GmbH or affiliated companies may serve in a position of responsibility, i.e. on the board of directors of companies mentioned in the report. Opinions expressed in this investment recommendation are subject to change without notice. All rights reserved.

COPYRIGHT NOTICE

This work including all its parts is protected by copyright. Any use beyond the limits provided by copyright law without permission is prohibited and punishable. This applies, in particular, to reproductions, translations, microfilming, and storage and processing on electronic media of the entire content or parts thereof.

DISCLOSURE ACCORDING TO §85 OF THE GERMAN SECURITIES TRADING ACT (WPHG), MAR AND MIFID II INCL. COMMISSION DELEGATED REGULATION (EU) 2016/958 AND (EU) 2017/565

The valuation underlying the investment recommendation for the company analysed here is based on generally accepted and widely used methods of fundamental analysis, such as e.g. DCF Model, Free Cash Flow Value Potential, NAV, Peer Group Comparison or Sum of the Parts Model (see also http://www.mmwarburg.de/disclaimer/disclaimer.htm#Valuation). The result of this fundamental valuation is modified to take into consideration the analyst’s assessment as regards the expected development of investor sentiment and its impact on the share price.

Independent of the applied valuation methods, there is the risk that the price target will not be met, for instance because of unforeseen changes in demand for the company’s products, changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rate etc. For investments in foreign markets and instruments there are further risks, generally based on exchange rate changes or changes in political and social conditions.

This commentary reflects the opinion of the relevant author at the point in time of its compilation. A change in the fundamental factors underlying the valuation can mean that the valuation is subsequently no longer accurate. Whether, or in what time frame, an update of this commentary follows is not determined in advance.

Additional internal and organisational arrangements to prevent or to deal with conflicts of interest have been implemented. Among these are the spatial separation of Warburg Research GmbH from M.M.Warburg & CO (AG & Co.) KGaA and the creation of areas of confidentiality. This prevents the exchange of information, which could form the basis of conflicts of interest for Warburg Research GmbH in terms of the analysed issuers or their financial instruments.

The analysts of Warburg Research GmbH do not receive a gratuity – directly or indirectly – from the investment banking activities of M.M.Warburg & CO (AG & Co.) KGaA or of any company within the Warburg-Group.

All prices of financial instruments given in this investment recommendation are the closing prices on the last stock-market trading day before the publication date stated, unless another point in time is explicitly stated.

M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are subject to the supervision of the Federal Financial Supervisory Authority, BaFin. M.M.Warburg & CO (AG & Co.) KGaA is additionally subject to the supervision of the European Central Bank (ECB).

SOURCES

All **data and consensus estimates** have been obtained from FactSet except where stated otherwise.

The **Warburg ESG Risk Score** is based on information © 2020 MSCI ESG Research LLC. Reproduced by permission. Although Warburg Research's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for, or a component, of any financial instruments or products indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damage (including lost profits) even if notified of the possibility.

Additional information for clients in the United States

1. This research report (the “Report”) is a product of Warburg Research GmbH, Germany, a fully owned subsidiary of M.M.Warburg & CO (AG & Co.) KGaA, Germany (in the following collectively “Warburg”). Warburg is the employer of the research analyst(s), who have prepared the Report. The research analyst(s) reside outside the United States and are not associated persons of any U.S. regulated broker-dealer and therefore are not subject to the supervision of any U.S. regulated broker-dealer.

2. The Report is provided in the United States for distribution solely to "major U.S. institutional investors" under Rule 15a-6 of the U.S. Securities Exchange Act of 1934 by CIC.

3. CIC (Crédit Industriel et Commercial) and M.M. Warburg & CO have concluded a Research Distribution Agreement that gives CIC Market Solutions exclusive distribution in France, the US and Canada of the Warburg Research GmbH research product.

4. The research reports are distributed in the United States of America by CIC (“CIC”) pursuant to a SEC Rule 15a-6 agreement with CIC Market Solutions Inc (“CICI”), a U.S. registered broker-dealer and a related company of CIC, and are distributed solely to persons who qualify as “Major U.S. Institutional Investors” as defined in SEC Rule 15a-6 under the Securities Exchange Act of 1934.

5. Any person who is not a Major U.S. Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein.

Reference in accordance with section 85 of the German Securities Trading Act (WpHG) and Art. 20 MAR regarding possible conflicts of interest with companies analysed:

-1- Warburg Research, or an affiliated company, or an employee of one of these companies responsible for the compilation of the research, hold a **share of more than 5%** of the equity capital of the analysed company.

-2- Warburg Research, or an affiliated company, within the last twelve months participated in the **management of a consortium** for an issue in the course of a public offering of such financial instruments, which are, or the issuer of which is, the subject of the investment recommendation.

-3- Companies affiliated with Warburg Research **manage financial instruments**, which are, or the issuers of which are, subject of the investment recommendation, in a market based on the provision of buy or sell contracts.

-4- MMWB, Warburg Research, or an affiliated company, reached an agreement with the issuer to provide **investment banking and/or investment services** and the relevant agreement was in force in the last 12 months or there arose for this period, based on the relevant agreement, the obligation to provide or to receive a service or compensation - provided that this disclosure does not result in the disclosure of confidential business information.

-5- The company compiling the analysis or an affiliated company had reached an **agreement on the compilation of the investment recommendation** with the analysed company.

-6a- Warburg Research, or an affiliated company, holds a **net long position of more than 0.5%** of the total issued share capital of the analysed company.

-6b- Warburg Research, or an affiliated company, holds a **net short position of more than 0.5%** of the total issued share capital of the analysed company.

-6c- The issuer holds shares of more than 5% of the total issued capital of Warburg Research or an affiliated company.

-7- The company preparing the analysis as well as its affiliated companies and employees have **other important interests** in relation to the analysed company, such as, for example, the exercising of mandates at analysed companies.

Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Linus Digital Finance	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A2QRHL6.htm

INVESTMENT RECOMMENDATION

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	**Buy:**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold:**	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	**Sell:**	The price of the analysed financial instrument is expected to fall over the next 12 months.
"-"	**Rating suspended:**	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

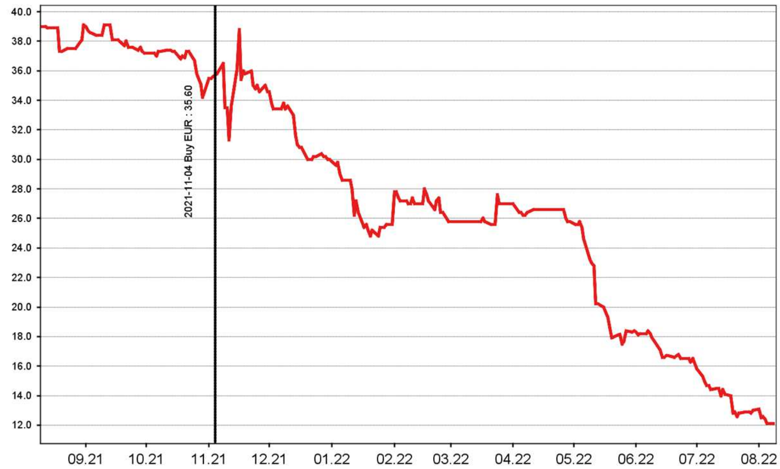
Rating	Number of stocks	% of Universe
Buy	163	76
Hold	43	20
Sell	6	3
Rating suspended	3	1
Total	**215**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	49	83
Hold	7	12
Sell	1	2
Rating suspended	2	3
Total	**59**	**100**

PRICE AND RATING HISTORY LINUS DIGITAL FINANCE AS OF 09.08.2022



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

EQUITIES

Matthias Rode Head of Equities	+49 40 3282-2678 mrode@mmwarburg.com		

RESEARCH

Michael Heider Head of Research	+49 40 309537-280 mheider@warburg-research.com	**Philipp Kaiser** Real Estate	+49 40 309537-260 pkaiser@warburg-research.com
Henner Rüschmeier Head of Research	+49 40 309537-270 hrueschmeier@warburg-research.com	**Thilo Kleibauer** Retail, Consumer Goods	+49 40 309537-257 tkleibauer@warburg-research.com
Stefan Augustin Cap. Goods, Engineering	+49 40 309537-168 saugustin@warburg-research.com	**Andreas Pläsier** Banks, Financial Services	+49 40 309537-246 aplaesier@warburg-research.com
Jan Bauer Renewables	+49 40 309537-155 jbauer@warburg-research.com	**Malte Schaumann** Technology	+49 40 309537-170 mschaumann@warburg-research.com
Jonas Blum Telco, Media, Construction	+49 40 309537-240 jblum@warburg-research.com	**Oliver Schwarz** Chemicals, Agriculture	+49 40 309537-250 oschwarz@warburg-research.com
Christian Cohrs Industrials & Transportation	+49 40 309537-175 ccohrs@warburg-research.com	**Simon Stippig** Real Estate	+49 40 309537-265 sstippig@warburg-research.com
Dr. Christian Ehmann BioTech, Life Science	+49 40 309537-167 cehmann@warburg-research.com	**Cansu Tatar** Cap. Goods, Engineering	+49 40 309537-248 ctatar@warburg-research.com
Felix Ellmann Software, IT	+49 40 309537-120 fellmann@warburg-research.com	**Marc-René Tonn** Automobiles, Car Suppliers	+49 40 309537-259 mtonn@warburg-research.com
Jörg Philipp Frey Retail, Consumer Goods	+49 40 309537-258 jfrey@warburg-research.com	**Robert-Jan van der Horst** Technology	+49 40 309537-290 rvanderhorst@warburg-research.com
Marius Fuhrberg Financial Services	+49 40 309537-185 mfuhrberg@warburg-research.com	**Andreas Wolf** Software, IT	+49 40 309537-140 awolf@warburg-research.com
Mustafa Hidir Automobiles, Car Suppliers	+49 40 309537-230 mhidir@warburg-research.com		
Thor Höfs Software, IT	+49 40 309537-255 thoefs@warburg-research.com		

INSTITUTIONAL EQUITY SALES

Marc Niemann Head of Equity Sales, Germany	+49 40 3282-2660 mniemann@mmwarburg.com	**Maximilian Martin** Austria, Poland	+49 69 5050-7413 mmartin@mmwarburg.com
Klaus Schilling Head of Equity Sales, Germany	+49 69 5050-7400 kschilling@mmwarburg.com	**Christopher Seedorf** Switzerland	+49 40 3282-2695 cseedorf@mmwarburg.com
Tim Beckmann United Kingdom	+49 40 3282-2665 tbeckmann@mmwarburg.com		
Lea Bogdanova United Kingdom, Ireland	+49 69 5050-7411 lbogdanova@mmwarburg.com		
Jens Buchmüller Scandinavia, Austria	+49 69 5050-7415 jbuchmueller@mmwarburg.com		
Alexander Eschweiler Germany, Luxembourg	+49 40 3282-2669 aeschweiler@mmwarburg.com	**Sophie Hauer** Roadshow/Marketing	+49 69 5050-7417 shauer@mmwarburg.com
Matthias Fritsch United Kingdom	+49 40 3282-2696 mfritsch@mmwarburg.com	**Juliane Niemann** Roadshow/Marketing	+49 40 3282-2694 jniemann@mmwarburg.com

SALES TRADING

Oliver Merckel Head of Sales Trading	+49 40 3282-2634 omerckel@mmwarburg.com	**Marcel Magiera** Sales Trading	+49 40 3282-2662 mmagiera@mmwarburg.com
Elyaz Dust Sales Trading	+49 40 3282-2702 edust@mmwarburg.com	**Bastian Quast** Sales Trading	+49 40 3282-2701 bquast@mmwarburg.com
Michael Ilgenstein Sales Trading	+49 40 3282-2700 milgenstein@mmwarburg.com	**Jörg Treptow** Sales Trading	+49 40 3282-2658 jtreptow@mmwarburg.com

MACRO RESEARCH

Carsten Klude Macro Research	+49 40 3282-2572 cklude@mmwarburg.com	**Dr. Christian Jasperneite** Investment Strategy	+49 40 3282-2439 cjasperneite@mmwarburg.com

Our research can be found under:

Warburg Research	research.mmwarburg.com/en/index.html	Refinitiv	www.refinitiv.com
Bloomberg	RESP MMWA GO	Capital IQ	www.capitaliq.com
FactSet	www.factset.com		

For access please contact:

Andrea Schaper Sales Assistance	+49 40 3282-2632 aschaper@mmwarburg.com	**Kerstin Muthig** Sales Assistance	+49 40 3282-2703 kmuthig@mmwarburg.com